Fifteenth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

FRANKLIN D. RICHARDS
Commissioner

For the year ending
December 31, 1948

FIFTEENTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1948

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

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1949

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price 35 cents

LETTER OF TRANSMITTAL

To the Congress of the United States:

In accordance with Section 5 of the National Housing Act, as amended, I transmit herewith the Fifteenth Annual Report of the Federal Housing Administration. This report covers the calendar year 1948.

Respectfully,

FRANKLIN D. RICHARDS, *Commissioner.*

CONTENTS

	Page
PART I. GENERAL REVIEW:	
Significant Developments in 1948:	
Provisions of the 1948 Housing Act and Other Legislation	1
Industry Meetings	4
Plans for the 1949 Economy Housing Program	4
Minority Group Housing	5
Insured Financing for Prefabricators	5
Yield Insurance	6
Field Organization	7
Volume of Insurance	7
Mortgage Insurance	9
Rental Housing	12
One- to Four-Family Homes	13
Title I Insurance	15
Scope of Title I	15
Insurance Operations under Title I	17
Claims and Recoveries	18
Financial Position	18
Publications	20
PART II. STATISTICS OF INSURING OPERATIONS:	
Home Mortgage Insurance under Titles II and VI:	
Volume of Business	21
Status of processing	23
State Distribution	23
Totals for the year	23
Cumulative totals	24
Financial Institutions	26
Originations and holdings	26
Transfers	28
Terminations and Foreclosures	30
Disposition	30
Yearly trend	31
State distribution	31
Mortgage Characteristics	35
Section 203 trends	36
Section 603 trends	38
Amount of mortgage	40
Monthly mortgage payment	41
Property Characteristics	43
Valuation for single-family home	43
Cost of single- and two-family homes	44
Loan-value ratio under Section 203	45
Loan-cost ratio under Section 603	47
Value- and cost-group averages	49
Number of rooms	52

	Page
PART II—Continued	
Home Mortgage Insurance under Titles II and VI—Continued	
Property Characteristics—Continued	
Floor area	54
Floor area group averages	54
Family units	56
Borrower Characteristics	57
Annual income trends	57
Income group averages	58
Loans with VA-Guaranteed Second Mortgages	60
Mortgage principal	61
Value- and cost-group averages	61
Income group averages	64
Rental Housing Mortgage Insurance under Titles II and VI:	
Volume of Business	66
State Distribution	68
Financial Institutions	68
Terminations and Foreclosures	71
Project Characteristics	72
Yearly trends	72
Size of project	74
Type of structure	74
Land value per dwelling unit	75
Size of dwelling unit	76
Monthly rental	76
Rentals by dwelling size groups	77
Size of dwelling by rental groups	79
Mortgage allocable to dwellings	80
Ratio of mortgage amount to replacement cost	80
Property Improvement Loan Insurance under Title I:	
Volume of Business	82
State Distribution	84
Financial Institutions	86
Characteristics of Insured Loans	88
Type of property and improvement	88
Size of insured loan	91
Duration of loan	92
Number of payments prior to claim	93
PART III. ACCOUNTS AND FINANCE:	
Gross Income and Operating Exepnses, 1948	95
Cumulative Gross Income and Operating Expenses, by Years	95
Administrative Expenses	97
Government Corporation Control Act	97
Capital and Operating Reserves of Combined FHA Funds	97
Combined Income and Expenses, all FHA Funds	99
Title I: Property Improvement Loan Insurance:	
Loans Insured and Claims Paid	101
Recoveries	101
Title I Insurance Fund and Title I Claims Account	103
Title I Insurance Liability Limitation	107
Title II: Mutual Mortgage Insurance Fund	109
Limitation on Title II Insurance Liability	109

	Page
PART III—Continued	
Title II: Mutual Mortgage Insurance Fund—Continued	
Mutual Mortgage Insurance Fund Capital	110
Income and Expenses	111
Investments	112
Properties Acquired under the Terms of Insurance	113
Certificates of Claim and Refunds to Mortgagors	115
Mutual Mortgage Participation Payments	116
Title II: Housing Insurance Fund	117
Housing Insurance Fund Capital and Net Income	117
Investments	120
Property Acquired under the Terms of Insurance	120
Certificates of Claim and Refunds to Mortgagors	121
Title VI: War Housing Insurance Fund	122
Limitation on Title VI Insurance Liability	122
War Housing Insurance Fund Capital	123
Income and Expenses	124
Investments	125
Properties Acquired under the Terms of Insurance	126
Certificates of Claim and Refunds to Mortgagors	128
Title VII: Housing Investment Insurance Fund	129
Administrative Expense Account	130

Functions of the Federal Housing Administration

Under authority provided in Titles I, II, VI, and VII of the National Housing Act of June 27, 1934, as amended, the Federal Housing Administration operates an insurance program designed to encourage improvement in housing standards and conditions and to guide the creation of a sound mortgage market. The FHA itself makes no loans and does no building.

Title I, Housing Renovation and Modernization:

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

Title II, Mortgage Insurance:

Section 203 of Title II authorizes the insurance of mortgages in amounts up to $16,000 on one- to four-family homes.

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

Title VI, War Housing Insurance:

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

Section 608 (added in 1942) authorizes the insurance of mortgages in amounts up to $5,000,000 on rental housing projects.

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

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

Section 611 (added in 1948) in order to encourage the application of cost-reduction techniques through large-scale modernized construction operations authorizes the insurance of mortgages, including construction advances, on projects of 25 or more new single-family dwellings.

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

Title VII (added in 1948) authorizes the insurance of a minimum amortization charge and an annual return on outstanding investments in rental projects for moderate-income families, where no mortgage financing is involved.

Part I

GENERAL REVIEW

Significant Developments in 1948

Two notable events of 1948 were the passage of the Housing Act of 1948, which placed increased responsibilities on the Federal Housing Administration, and the writing of a record volume of FHA insurance during the year.

Provisions of the 1948 Housing Act and Other Legislation

Public Law 468, Eightieth Congress, approved March 31, 1948, extended from March 31 to April 30 the expiration date of the authority to issue commitments for the insurance of new-construction mortgages under Sections 603 and 608 of the National Housing Act, and substituted value for necessary current cost as the basis for considering applications under Section 603 received during the period of the extension. This law also increased the insurance authorization under Title VI from $4,950,000,000 to $5,350,000,000.

The chief purposes of the Housing Act of 1948 (Public Law 901, 80th Congress, approved August 10) were to stimulate the production through private enterprise of housing in the lower price and rental ranges where the greatest demand exists, and to aid the transition from emergency to normal peacetime conditions in home financing. The provisions of the act that directly affected FHA operations took the form of amendments to the National Housing Act, including the following:

Title I was amended to provide insurance coverage for loans in amounts up to $10,000, with maturities up to 7 years, to finance the alteration, repair, improvement, or conversion of existing structures used or to be used as apartment houses or dwellings for two or more families. The maximum amount of a Title I "Class 3" loan to finance the construction of a single-family dwelling was increased from $3,000 to $4,500. The limitation on aggregate outstanding insurance liability under Title I was increased from $165,000,000 to $200,000,000.

Section 203 of Title II was amended by increasing the maximum amount of a 90 percent mortgage from $5,400 to $6,300, and the maximum amount of a 90–80 percent mortgage from $8,600 to $9,500 (90 percent of the first $7,000 of appraised value and 80 percent of the remainder up to $11,000). The 25-year maximum maturity formerly applicable only to mortgages of $5,400 or less on single-family owner-occupied homes now applies to mortgages up to $16,000 on property approved for insurance before construction is begun.

Section 203 was further amended by the addition of a new subsection 203(b)(2)(D) to authorize the insurance of mortgages on single-family dwellings up to 95 percent of appraised value when the loan is made to an owner-occupant, or 85 percent when made to an operative builder. The maximum amount of such a loan is $6,000, and the maximum maturity is 30 years.

Section 204 was amended to permit the inclusion of a limited amount of foreclosure costs in the debentures issued with respect to mortgages insured under Section 203(b)(2)(B) when the amount of mortgage principal amortized before foreclosure is less than 10 percent of the appraised value of the property. Inclusion of these costs was formerly limited to mortgages accepted for insurance before July 1, 1944. Similar costs may be included in debentures issued with respect to mortgages insured under the new Section 203(b)(2)(D), and mortgages on cooperative projects and projects for low-income families insured under Section 207. Section 204 was further amended to provide that when the amount realized from a property insured under Section 207 and conveyed to the FHA exceeds the claims of the FHA and the mortgagee against the property the excess is to be credited to the Housing Insurance Fund instead of being refunded to the mortgagor.

Section 207 was amended to provide for:

(1) Insurance of mortgages in amounts up to $50,000,000 when the mortgagor is a governmental agency or a limited-dividend, redevelopment, or housing corporation restricted by Federal or State laws or regulations of State banking or insurance departments. Other mortgages insured under Section 207 may not exceed $5,000,000.

(2) Insurance of mortgages up to 90 percent of estimated value on special projects for low-income families and on cooperative projects, and mortgages up to 95 percent of replacement costs as of December 31, 1947, on cooperative projects for veterans. Other mortgages insured under Section 207 may not exceed 80 percent of estimated value, and may not exceed the estimated cost of the completed physical improvements.

(3) Limitation of maximum mortage amount attributable to dwelling use to $8,100 per family dwelling unit; or, for a cooperative project, to $8,100 per dwelling unit or $1,800 per room if the FHA finds that the per-room basis more adequately meets the needs of the cooperative.

(4) Amortization within a maximum term of 40 years for mortgages on cooperative projects or projects for low-income families. Other mortgages insured under Section 207 are to provide for amortization "within such term as the Commissioner shall prescribe."

The insurance authorization under Title VI was increased from $5,350,000,000 to $5,750,000,000, with an additional $400,000,000 to be made available at the discretion of the President.

Under Section 608 of Title VI, the authority to issue commitments of mortgage insurance on new construction, which had expired April 30, was extended to March 31, 1949, with the stipulation that in selecting tenants no discrimination should be made against families with children. The limitation on maximum mortgage amount was amended to provide for (1) not over $5,000,000, (2) not over 90 percent of necessary current cost, (3) not to exceed the cost of the completed physical improvements, (4) not over 90 percent of the FHA estimate of replacement costs as of December 31, 1947, and (5) not over $8,100 per family dwelling unit. The former limitations were $5,000,000, 90 percent of necessary current cost, cost of the completed physical improvements, and $1,500 to $1,800 per room.

Section 609 was amended to provide for insurance of lenders against loss on notes given by purchasers in part payment for houses the manufacture of which was financed under this section, and for a premium charge of not over 1 percent for such insurance.

Section 610 was amended to include mortgages on additional types of permanent housing sold by the Government.

Section 611, providing for the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings, was added to Title VI "in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes." The amount of the blanket mortgage may not exceed 80 percent of the estimated value of the completed project, and further may not exceed a sum computed on the basis of $6,000 or 80 percent of valuation per dwelling unit, whichever is less. The maximum interest rate permitted is 4 percent per annum, or 4½ percent if the Commissioner determines that the mortgage market demands it. The mortgage may provide for release of individual dwellings from the mortgage lien. Occupancy preference is to be given to World War II veterans and their families and to hardship cases. to here

Title VII, Insurance for Investments in Rental Housing for Families of Moderate Income, was added to the National Housing Act to encourage investments in rental housing for moderate-income families, where no mortgage financing is involved. It authorizes the insurance of a minimum annual amortization charge of 2 percent of the established investment and an annual return of 2¾ percent on the outstanding investment. The aggregate insurance liability outstanding at any one time may not exceed $1,000,000,000. A revolving fund of $10,000,000 is established for carrying out the provisions of this title.

Industry Meetings

In order that all elements of the building industry might have a clear understanding of the nature of the changes in the FHA program brought about by the provisions of the Housing Act of 1948, and might appreciate the underlying purposes of the legislation, the Federal Housing Administration and the National Association of Home Builders jointly sponsored a series of meetings held in 120 cities throughout the country in September, soon after the new housing act became effective. To these meetings were invited builders, dealers, representatives of lending institutions and labor organizations, and other industry groups. Approximately 14,500 persons attended.

In discussing the new legislation and the consequent amendments to FHA administrative rules and regulations, the meetings stressed possibilities of reducing housing costs at all price and rental levels without sacrifice of sound standards or fair return, the need for an expanded production of good housing at lower prices, and the importance of cooperation between industry and government if the desired results were to be attained.

Plans for the 1949 Economy Housing Program

The industry meetings held in September 1948 highlighted several aspects of the housing market: (1) The demand for moderate- and high-priced housing was rapidly being satisfied; (2) with the passing of the critical phase of the postwar housing emergency consumers were better able to resist prices they could not afford to pay and were becoming more selective from the standpoint of quality, so that a lessening of demand for new housing seemed inevitable unless prices and rents at all levels could be reduced; (3) the demand at the lower price and rent levels was not only the largest but the most constant; (4) to bring down costs without sacrifice of quality it would be necessary to effect economies at every stage of planning, building, and marketing.

Confident that a series of economies could be effected which in the aggregate would represent substantial reductions, the FHA in the remaining months of the year made plans to take part in an intensive campaign beginning early in 1949, to promote the realization of such economies.

The economy housing program represents a joint effort by all constituent parts of the home building industry and all agencies of government, Federal and local, concerned with housing. It encompasses both conventional and insured financing. It emphasizes sound construction, good design, and livability, combined with increased efficiency in production, and in particular seeks to provide a greater volume of good housing at the lower price levels where demand is most insistent. By the end of the year plans were nearly completed for a series of meetings in February at which the program would be inaugurated.

Minority Group Housing

A conference held in Washington September 21–24 marked the completion of the first year of service of the five racial relations advisers appointed by the FHA in August 1947. The conference had as its chief purposes the presentation of reports by the racial relations advisers on their activities during the year, an evaluation of their accomplishments, and discussions of common problems and possibilities of increased usefulness in the future.

The efforts of these men have been of great value in stimulating the interest of builders, financial institutions, and others in finding ways to meet the urgent housing needs of minorities. FHA field directors have been instructed to cooperate to the fullest extent in such efforts. Particular encouragement is being given to steps taken by minority groups themselves, such as the formation of savings and loan associations, the organization of housing cooperatives, and work done by established builders and financial institutions among members of these groups. It is realized, however, that the work done by these groups can only supplement the major task that needs to be done.

Insured Financing for Prefabricators

Three loans to manufacturers of prefabricated houses were insured in 1948 under the provisions of Section 609 of the National Housing Act.

The first loan, which was insured in February under the original provisions of the section, was made by the Trust Company of New Jersey to the Housemart, Inc., of Cleveland, Ohio, to finance the manufacture in the Housemart's Cleveland plant of 194 houses to be sold to a Cleveland building company.

The second and third loans, which were insured under the amended provisions, were made by the County Trust Company of Tarrytown, N. Y.: one to Reliance Homes, Inc., Philadelphia, for the production of

230 houses to be purchased by two Philadelphia builders; the other to the New Jersey Permacrete Corporation, Philadelphia, for the production of 100 houses to be purchased by the Burlington Housing Corporation for erection at Burlington, N. J.

Interest of lenders in the Section 609 insurance was accelerated by the provisions in the Housing Act of 1948 affecting purchases of manufactured houses financed with insured loans. By the end of the year 14 applications for insurance under the new provisions, involving a total of $6,826,964, were under consideration by the FHA. The number of houses covered by these applications was 3,887.

Yield Insurance

FHA rules and regulations for the rental housing yield insurance program provided in the Housing Act of 1948 were issued on November 12.

Yield insurance is available to individuals, unincorporated groups, corporations, trusts, and other legal entities approved by the FHA. The purpose of the insurance is to attract equity capital into the production of housing for families of moderate income, where no mortgage financing is involved. The FHA is authorized to insure the minimum amortization charge of 2 percent of the established investment (including all approved costs prior to initial occupancy), and an annual return of 2¾ percent on the outstanding investment. An annual premium of one-half of 1 percent of the outstanding investment is charged for the insurance.

When the earnings of a project in any year amount to more than 3½ percent in addition to the minimum amortization charge, 50 percent of the excess may be added to the return for the year, which may not, however, total more than 5 percent. The remainder of the excess earnings may be applied to amortization of the investment over and above the minimum amortization charge.

When the net income for the year is less than the sum of the minimum annual amortization charge and the insured annual return, the investor may make claim under the insurance contract for the difference and receive payment in cash of an amount not exceeding 2 percent of the established investment plus 2¾ percent of the outstanding investment.

If aggregate claims paid under the contract amount to 15 percent or more of the established investment, the FHA has the option of acquiring the project in exchange for 2¾ percent debentures with a total face value of 90 percent of the outstanding investment, guaranteed by the Government and maturing in 40 years or less. If aggregate operating losses exceed 5 percent of the established investment,

the investor may convey the project to the FHA in return for similar debentures.

Field Organization

The record volume of business handled in 1948 and the expansion of the FHA program resulting from the Housing Act of 1948 placed a greatly increased burden of work on the field organization. At the end of the year there were 120 field offices, 7 more than at the end of 1947. The number of insuring offices increased by 3 during the year, and the number of valuation stations by 5. There was a decrease of 1 service office. The total at the end of 1948 included 68 insuring offices, in which applications for mortgage insurance are received and undergo complete processing; 12 service offices which receive applications for mortgage insurance and prepare architectural and valuation reports; and 40 valuation stations in which technical personnel are located for special assignments.

Volume of Insurance

Insurance written by the FHA in the 14½ years from its establishment in 1934 through 1948 totaled $14,569,243,203. It was estimated that $7,276,341,716, or about half of the total amount of insurance written, was outstanding at the end of the year.

The $3,340,865,390 of insurance written in 1948 is by far the largest volume for any one year. It represents an increase of nearly 87 percent over the volume for 1947, which itself greatly exceeded that for any previous year.

As can be seen from Chart I and Table 1, there was an increase in

YEARLY VOLUME OF FHA INSURANCE WRITTEN
1934 - 1948

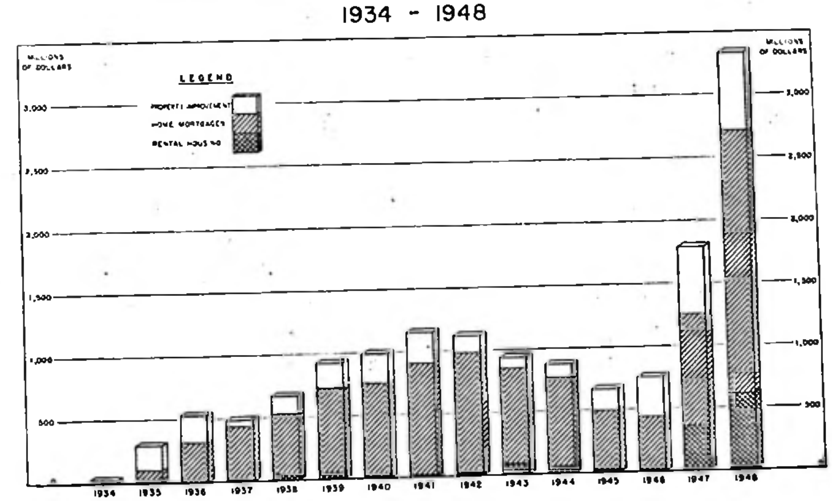


CHART I

TABLE 1.—*Yearly volume of mortgages and loans insured by FHA under all titles: Face amount of mortgages written and net proceeds of loans insured, 1934–1948*

Year	Total all titles (amount)	Title I		Title II			
		Classes 1, 2, and 3 loans		Section 203 home mortgages		Section 207 [1] rental projects	
		Number	Net proceeds	Number	Amount	Units	Amount
1934	$27, 405, 525	72, 658	$27, 405, 525	-------	-------	-------	-------
1935	297, 495, 141	635, 747	201, 258, 132	23, 397	$93, 882, 012	738	$2, 355, 000
1936	532, 581, 028	617, 697	221, 534, 922	77, 231	308, 945, 106	624	2, 101, 000
1937	489, 200, 337	124, 758	54, 344, 338	102, 076	424, 372, 990	3, 023	10, 483, 000
1938	671, 593, 326	382, 325	150, 709, 152	109, 279	473, 246, 124	11, 930	47, 038, 050
1939	925, 262, 132	513, 091	203, 994, 512	153, 747	669, 416, 154	13, 462	51, 851, 466
1940	991, 173, 855	662, 948	241, 734, 821	168, 293	736, 490, 344	3, 559	12, 948, 690
1941	1, 152, 342, 183	687, 837	248, 638, 540	198, 709	876, 707, 384	3, 741	13, 565, 000
1942	1, 120, 839, 108	432, 755	141, 163, 398	149, 635	691, 445, 427	1, 547	5, 792, 000
1943	933, 986, 444	308, 161	87, 194, 156	52, 408	244, 514, 138	185	714, 000
1944	877, 472, 057	389, 592	113, 939, 150	46, 677	216, 368, 057	2, 181	7, 175, 806
1945	664, 984, 729	501, 401	170, 823, 788	46, 572	219, 299, 950	891	3, 806, 015
1946	755, 777, 661	799, 284	320, 503, 183	66, 858	347, 356, 890	694	2, 509, 077
1947	1, 788, 264, 284	1, 247, 590	533, 604, 178	76, 813	445, 667, 150	-------	[2] 32, 000
1948	3, 340, 805, 390	1, 359, 776	621, 612, 484	133, 280	880, 353, 450	-------	-------
Total	14, 569, 243, 203	8, 735, 620	3, 338, 550, 288	1, 405, 065	6, 628, 065, 185	[3] 42, 575	[3] 160, 972, 004

Year	Title VI [4]									
	Section 603 home mortgages		Section 608 rental projects		Section 609 manufactured housing		Section 603-610 home mortgages		Section 608-610 rental projects	
	Number	Amount	Units	Amount	Units	Amount	Number	Amount	Units	Amount
1941	3, 778	$13, 431, 250	-------	-------						
1942	68, 706	267, 015, 578	4, 205	$15, 422, 705	-------	-------	-------	-------	-------	-------
1943	113, 659	517, 656, 180	19, 994	83, 907, 070	-------	-------	-------	-------	-------	-------
1944	100, 320	491, 068, 944	10, 249	48, 920, 100	-------	-------	-------	-------	-------	-------
1945	50, 244	255, 044, 040	3, 167	16, 010, 036	-------	-------	-------	-------	-------	-------
1946	14, 034	74, 652, 600	1, 538	10, 665, 011	-------	-------	-------	-------	-------	-------
1947	64, 570	449, 027, 650	46, 604	359, 912, 206	-------	-------	4	$21, 100	-------	-------
1948	163, 444	1, 224, 925, 850	77, 818	605, 862, 784	524	$1, 871, 972	920	3, 390, 350	1, 366	$2, 848, 500
Total	578, 755	3, 292, 822, 092	163, 665	1, 140, 701, 712	524	1, 871, 972	924	3, 411, 450	1, 366	2, 848, 500

[1] Includes also rental and release-clause projects insured under Sec. 210.
[2] Increase in amount of a mortgage insured prior to 1947.
[3] Includes 37,964 units in new and rehabilitation projects insured for $144,386,206.
[4] Sec. 603 enacted on Mar. 28, 1941, Sec. 608 on May 26, 1942, Sec. 609 on June 30, 1947, and Sec. 610 on Aug. 5, 1947.

1948 in the amount of insurance written under every section of the act, except Section 207. The greatest increase occurred in mortgage insurance under Section 603, although no commitments for the insurance of new-construction mortgages under this section were issued after April 30. There was an increase of over 68 percent in the amount of rental housing mortgages insured under Section 608, although the authorization for the issuance of new-construction commitments under this section expired April 30 and was not renewed until August 10.

In 1948 two FHA field offices, Detroit and Los Angeles, passed the billion-dollar mark in aggregate volume of insurance written since the beginning of operations.

Table 2 shows the status of insuring operations at the end of 1948.

TABLE 2.—*Status of insurance written under all titles, as of Dec. 31, 1948*

Status of insurance written	Total all titles (amount)	Title I [1]		Title II			
		Classes 1, 2, and 3 loans		Section 203 home mortgages		Section 207 rental projects [2]	
		Number	Amount	Number	Amount	Units	Amount
Face amount written	$14, 569, 243, 203	8,735,620	[3] $3,338,550,288	1, 405, 065	$6, 628, 065, 185	42, 575	$160, 972, 004
Less: Insurance terminated	5, 951, 224, 065	6, 281, 620	1, 831, 703, 212	720, 036	3, 167, 619, 702	32, 561	122, 019, 908
Face amount in force	8, 618, 019, 138	2, 454, 000	1, 506, 847, 076	685, 029	3, 460, 445, 483	10, 014	38, 952, 096
Less: Estimated amount amortized on mortgages in force	1, 341, 677, 422	-------	626, 000, 000	-------	569, 913, 937	-------	6, 586, 352
Net insurance outstanding	7, 276, 341, 716	2, 454, 000	880, 847, 076	685, 029	2, 890, 531, 546	10, 014	32, 365, 744

Status of insurance written	Title VI					
	Section 603 home mortgages [4]		Section 608 rental projects [4]		Section 609 manufactured housing	
	Number	Amount	Units	Amount	Units	Amount
Face amount written	579, 679	$3, 296, 233, 542	165, 031	$1, 143, 550, 212	524	$1, 871, 972
Less: Insurance terminated	176, 465	811, 188, 471	4, 632	18, 692, 772	-------	-------
Face amount in force	403, 214	2, 485, 045, 071	160, 399	1, 124, 857, 440	524	1, 871, 972
Less: Estimated amount amortized on mortgages in force	-------	124, 266, 154	-------	14, 892, 249	-------	18, 730
Net insurance outstanding	403, 214	2, 360, 778, 917	160, 399	1, 109, 965, 191	524	1, 853, 242

[1] Other than face amount written, all items are estimated.
[2] Includes rental and release-clause projects insured under Sec. 210.
[3] Based on net proceeds.
[4] Includes public housing-disposition mortgages insured pursuant to Sec. 610.

As shown in Table 3 and Chart II, the FHA has been instrumental in providing 1,835,819 new dwelling units in properties financed under its program. Of this total, 291,053 units were started in 1948, representing about 32 percent of all privately financed nonfarm dwelling units started during the year as reported by the Bureau of Labor Statistics.

Mortgage Insurance

Increased efficiency of operation and greater emphasis on housing to meet the needs of lower-income groups characterized FHA mortgage insurance operations in 1948.

831742—49——2

Table 3.—*New dwelling units started under FHA inspection and total number of privately financed nonfarm dwelling units provided, 1935–48*

Year	1- to 4-family homes				Rental projects			Total FHA units	Total nonfarm units [2]	Percent FHA to total
	Class 3	Sec. 203	Sec. 603	Total	Sec. 207 [1]	Sec. 608	Total			
1935	--------	13,226	--------	13,226	738	--------	738	13,964	216,000	6.5
1936	--------	48,752	--------	48,752	624	--------	624	49,376	301,000	16.2
1937	--------	56,980	--------	56,980	3,023	--------	3,023	60,003	332,000	18.1
1938	5,845	100,966	--------	106,811	11,930	--------	11,930	118,741	399,000	29.8
1939	10,783	133,874	--------	144,657	13,462	--------	13,462	158,119	458,000	34.5
1940	10,194	166,451	--------	176,645	3,446	--------	3,446	180,091	530,000	34.0
1941	9,145	180,156	27,700	217,091	3,296	--------	3,296	220,387	619,000	35.
1942	4,010	41,578	114,616	160,204	1,163	4,295	5,458	165,662	301,000	55.0
1943	307	338	125,474	126,119	41	19,994	20,035	146,154	184,000	79.4
1944	--------	208	83,396	83,604	--------	9,655	9,655	93,259	139,000	67.1
1945	--------	17,049	21,848	38,897	200	2,062	2,262	41,159	208,000	19.8
1946	--------	44,244	22,878	67,122	41	1,870	1,911	69,033	662,000	10.4
1947	(3)	20,884	157,168	178,052	--------	50,766	50,766	228,818	846,000	27.0
1948	(3)	82,979	130,464	213,443	--------	77,610	77,610	291,053	914,000	31.8
Total	40,264	907,685	683,634	1,631,603	37,964	166,252	204,216	1,835,819	6,112,000	30.0

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

NEW DWELLING UNITS STARTED UNDER FHA INSPECTION AND TOTAL NUMBER OF NONFARM DWELLING UNITS PROVIDED *
1935 - 1948

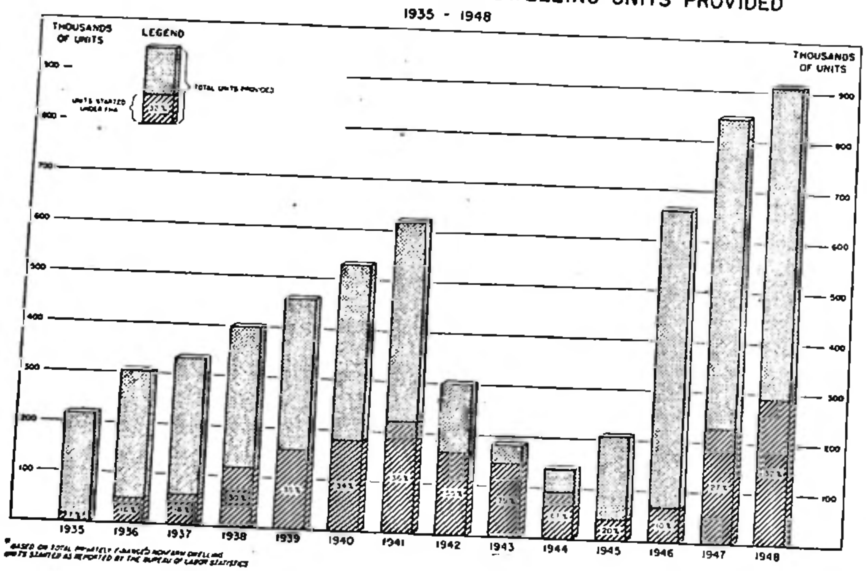


Chart II

Early in the year a series of biweekly chief underwriters' conferences was initiated at Washington headquarters attended by small groups of four or five chief underwriters from various field offices.

The discussions centered on recurring underwriting problems and methods of solving them.

In September, for the second year, a special field committee made up of State and district directors, chief underwriters, and office managers from all over the country met to re-examine insuring procedures and recommend improvements. The committee suggested some 30 changes to shorten processing time and improve service, most of which were adopted.

The meeting of racial relations advisers, also held in September, helped to broaden the service rendered by these advisers.

The FHA-sponsored industry meetings throughout the country, shortly after the Housing Act of 1948 was enacted, called attention to the new FHA facilities provided by the act to stimulate the production of housing at lower levels of price and rent, and the importance to the industry and the consumer alike of producing housing at these levels and of bringing down the cost of housing at all levels.

FHA land planning activities were considerably expanded during the year. In addition to technical advice and assistance to insuring offices, land planners rendered professional assistance in matters pertaining to zoning and town planning when consulted by civic officials and boards. Under direction of the headquarters land planning staff a Nation-wide street improvement program was encouraged, and special engineering problems incident to such a program were carefully reviewed. In order to improve the processing of proposed subdivisions and land developments, the headquarters staff reviewed and revised existing forms and procedure. Considerable assistance was rendered to the Atomic Energy Commission and other national and local organizations.

The FHA analyzed an unusually large number of new building methods and special methods of construction in 1948. Approximately 200 special and general engineering bulletins were issued to field offices to establish a basis for structural acceptance of particular methods of construction.

Some changes were made in the minimum property requirements to facilitate justified construction economies and use of satisfactory building material assemblies and equipment. A number of prefabricated-housing manufacturers were given assistance in the initial development of the typical house structure and architectural features as related to essential FHA minimum requirements. These determinations included technical investigation of shop-fabricated houses submitted by manufacturers for consideration under Section 609.

Systems of heating and mechanical equipment such as radiant panel heating systems, compact mechanical equipment assemblies, and types of insulating materials and improved plumbing techniques were analyzed.

Cooperation was given to local and State health authorities in effecting minimum sanitary engineering requirements. Economy and efficiency were promoted through water-supply and sewage-disposal systems using new and improved materials.

Rental Housing

The need for new rental housing continued to be acute throughout the year. A total of 77,610 new units was started under Section 608 of the FHA program, exceeding by more than 50 percent the number provided in the previous record year of 1947. This does not include rental housing in new two-, three-, and four-family structures financed under the provisions of Sections 203 and 603. Altogether 141,600 privately financed rental units were started in 1948 with and without FHA insurance. In spite of this, it was felt that further incentives were needed to stimulate the production by private enterprise of a greater volume of rental housing, particularly for families in the moderate and lower income groups. To provide these incentives and also to bridge the period of transition from the postwar emergency to peacetime conditions, a number of amendments were made during the year in the rental housing provisions of Sections 207 and 608 of the National Housing Act.

Section 608 provides for the insurance of mortgages on rental housing during the war and postwar emergencies. The authorization to issue insurance commitments on new-construction mortgages under this section expired April 30 and was renewed on August 10 with a new expiration date set at March 31, 1949. The entire volume of FHA rental housing insurance in 1948 was written under this section.

As extended on August 10, the section provides for insurance of a mortgage with the amount allocable to dwelling use not to exceed $8,100 per family dwelling unit and not to exceed 90 percent of FHA estimate of replacement costs prevailing on December 31, 1947, or necessary current costs, whichever is less. The former limitations were $1,500 to $1,800 per room and 90 percent of the necessary current cost. The section as extended August 10 also requires certification by the mortgagor that in selecting tenants he will not discriminate against families with children. Veterans of World War II and their families have preference of occupancy.

Mortgages insured under Section 608 in 1948 totaled $605,862,784, bringing the aggregate amount insured since the section was enacted in 1942 to $1,140,701,712. The amount of insurance and the number of units provided each year are shown in Table 1 on page 8. Of the

aggregate insurance written, an estimated $1,109,965,191 was outstanding at the end of 1948.

Section 207 of the act, which embodies the long-range FHA rental housing insurance program, was amended on August 10 with special provisions made for cooperative projects and projects for low-income families. The amendments are briefly outlined on pages 2 and 3 of this report.

A further incentive to the production of rental housing was provided in the Housing Act of 1948 by the addition of Title VII to the National Housing Act. This new title authorizes the insurance of an annual minimum amortization charge of 2 percent on the established investment and an annual return of 2¾ percent on outstanding investments in rental housing for moderate-income families where no mortgage financing is involved. Its purpose is to attract equity capital into this form of investment.

A special section has been set up in the Washington office of the FHA to assist in developing cooperative and yield insurance projects along lines that will assure the broadest possible benefits in meeting current rental housing needs. Considerable interest has been manifested in both types of projects since the rules and regulations were issued late in the year, and at the end of December several applications for mortgage insurance on cooperative projects were under consideration.

For detailed statistics of rental housing insurance operations see pages 66 to 81.

One- to four-family homes

The FHA insured 296,724 mortgages amounting to over $2,000,000,000 in 1948 under Sections 203 and 603. Of these, 133,280 totaling $880,353,450 were insured under Section 203, the long-range program inaugurated in 1934. This volume represented the largest number of mortgages insured under Section 203 since 1942, and the largest dollar amount of insurance written in any one year of FHA operation. At the end of the year 685,029 mortgages insured under this section were outstanding with balances estimated at $2,890,531,546.

Although, in accordance with the provisions of the act, no commitments of mortgage insurance on new construction under Section 603 were issued after April 30, the volume of insurance under the provisions of this section was much larger than in any previous 12-month period. It totaled 163,444 mortgages in the amount of $1,224,925,850, nearly 2¾ times the amount insured in 1947. At the end of 1948, 403,214 mortgages insured under Section 603 were outstanding with unpaid balances totaling $2,360,778,917.

Several amendments to Section 203 were contained in the Housing Act of 1948, having as their object an increased production of homes at lower prices and providing for higher percentage mortgages and longer maturities for such mortgages.

Under the provisions of Section 203, as amended by the Housing Act of 1948, the FHA insures the following classes of mortgages:

Type of property	Type of borrower	Maximum mortgage amount	Maximum percent of appraised value	Maximum maturity
1- to 4-family	Owner-occupant, or long-term investor.	$16,000	80 percent	20 years.
1- to 4-family [1]	do	16,000	do	25 years.
1-family [1]	Owner-occupant	6,300	90 percent	Do.
Do.[1]	do	9,500	90 percent of 1st $7,000, 80 percent of remainder up to $11,000.	Do.
Do.[1]	do	6,000	95 percent	30 years.
3- or 4-family [1]	Operative builder	16,000	80 percent	20 years.
2-family [1]	do	[2] 12,800	80 percent of 1st $10,000, 60 percent of remainder up to $18,000.	Do.
1-family [1]	do	[2] 10,400	80 percent of 1st $7,000, 60 percent of remainder up to $15,000.	Do.
Do.[1]	do	6,000	85 percent	30 years.

[1] Must be approved for mortgage insurance before construction starts.
[2] The maximum mortgage amounts of $12,800 on a 2-family dwelling and $10,400 on a single-family dwelling on loans to operative builders have been determined by administrative policy.

Applications for mortgage insurance under Section 203 are submitted by approved mortgagees to the FHA insuring office having jurisdiction over the area in which the property is located. The insuring office is a complete operating unit of FHA and handles the entire processing of the application. If the mortgage is on new construction, plans and specifications are submitted with the application, together with a plot plan and other pertinent information. For an existing structure, the mortgagee gives the location and a description of the property.

FHA appraisers examine the neighborhood and the property, the Architectural Section reviews the plans and specifications, and FHA valuators determine the valuation to be placed on the property, making an estimate of replacement cost as the upper limit of valuation. The mortgagor's credit is checked, as well as his estimated ability to repay the loan in accordance with its terms.

If the insuring office determines that the transaction is an acceptable risk, it issues a commitment to the mortgagee that when the loan is made and the terms of the commitment are fulfilled the FHA will insure the mortgage. When the mortgagor is unknown and so cannot be specified in the application, a conditional commitment is issued,

indicating the maximum mortgage that will be insurable when an acceptable mortgagor is named. A firm commitment is issued when a mortgagor is named in the application. A firm commitment issued when an operative builder is mortgagor may also indicate the maximum term and amount that will be issued if an owner-occupant becomes mortgagor. After the lending institution makes the loan it sends the mortgage note to the FHA insuring office for the insurance endorsement.

Approximately one out of every five (19.3%) applications submitted to the FHA are rejected or withdrawn by the mortgagee before processing is completed, while commitments are issued on the balance of 80.7 percent. Of the commitments issued, about one-third expire as conditional commitments and one-tenth as firm commitments. Thus, of the total applications received, a net of just under 40 percent results in insurance.

Detailed statistics of home mortgage insurance operations are presented on pages 21 to 66.

Title I Insurance

For the third consecutive year the outstanding fact in reporting Title I operations is the record volume of loans insured. It exceeded by nearly $100,000,000 the amount insured in 1947, which in itself was a record volume. Loans insured under Title I in 1948 financed the repair and preservation of more than a million homes. Most of the loans were for repairs to roofs and side walls, for heating and plumbing systems, and for structural alterations. Through this plan thousands of home owners were able to maintain their homes in a comfortable and livable condition and thus were not forced to compete in the crowded market for new houses.

This year also was the first full calendar year since the end of the war in which loans insured under Title I financed the erection of new low-cost homes. By the end of 1948 approximately 3,500 houses having a total valuation of over $14,000,000 had been completed or were under construction. Frequently the borrower had built the house himself or, acting as his own contractor, had performed varying amounts of the labor himself. This method enabled him to obtain a house at a much lower cost than otherwise would have been possible.

Scope of Title I

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

Application for a loan is made direct to the lending institution or through a contractor or dealer. The lending institution has full responsibility for approving 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 aggregate outstanding insurance liability plus the amount of claims paid, less the amount collected from insurance premiums and other sources, is limited in the act to $200,000,000. The Housing Act of 1948 authorized an increase to this amount from the former limitation of $165,000,000.

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

During the year some important changes were made in the regulations governing Title I loans. In line with the efforts of the Government to combat inflation, an amendment effective May 10, 1948 requires the borrower on a Class 1 or Class 2 loan to make a cash down payment of 10 percent of the cost of the work. A second amendment effective as of the same date requires the lending institution to obtain a statement signed by the dealer or contractor showing the type and extent of the improvements and a brief description of the materials used. The program has been relatively free from abuse by unethical

dealers, and it is felt that these amendments have done much to counteract any tendency to evade the intent of the regulations.

On a Class 3 loan the borrower is required to have a 5 percent equity in the property.

With the enactment of the Housing Act of 1948 in August, two additional amendments to the regulations became necessary. One increased from $5,000 to $10,000 the maximum amount of a loan to repair or convert an existing structure so as to further its use for two or more families. The other amendment increased the maximum amount of a Title I Class 3 loan from $3,000 to $4,500, providing the means of producing a better low-cost home.

Insurance Operations Under Title I

The number of loans insured under Title I in 1948 totaled 1,359,776 with net proceeds of $621,612,484. This volume exceeded that of 1947 by almost 9 percent in number of loans and almost 17 percent in dollar amount. Included in the figures for 1948 are 2,407 Class 3 loans for $7,405,046, made for the purpose of constructing low-cost homes in rural and suburban areas. Since the beginning of Title I activity in 1934, 8,735,620 loans with net proceeds of $3,338,550,288 have been insured. It is estimated that the total amount outstanding as of December 31, 1948 was $880,800,000.

Banks and other lending institutions making Title I loans during the year numbered 3,898. More insured institutions were active on a monthly basis during 1948 than in previous years. Active institutions by months during the year varied from 2,530 to just under 3,000, while during 1947 the range was from 2,081 to 2,450 except for December which showed 2,835.

New contracts of insurance totaling 464 were issued during the year, with 239 of them insuring savings and loan and building and loan associations. This type of institution is becoming progressively more active under Title I. At the end of the year 5,812 lending institutions with 3,280 branches held contracts of insurance, thus affording 9,092 outlets for this type of financing, exclusive of the thousands of dealers available.

Each year as of April 30 lending institutions report on the status of their outstanding Title I loans. As of April 30, 1948, 2,142,387 loans were reported outstanding with balances totaling $769,030,000. Of these 29,374 loans, or only 1.37 percent, were more than 90 days past due.

The unpaid balances on these past due notes totaled $12,092,000, representing 1.57 percent of total outstanding balances. While the amount of notes past due over 90 days was slightly more than double that of the preceding April, the ratio to total amount outstanding increased only 0.29 percent, since the total amount outstanding almost doubled that reported in 1947.

Claims and Recoveries

The past year showed a heavy increase in the number of claims paid on defaulted loans. A total of 38,482 claims were paid, amounting to $14,345,659, as against 17,511 claims for $5,829,750 in 1947. However, an increase in claims was to be expected, considering the tremendous increase in loans insured in 1947 and 1948. While the number of claims more than doubled, the ratio of claims paid to loans insured for the entire period of operations since 1934 increased only 0.02 percent. This percentage was 2.24 at the end of 1948 and 2.22 at the end of 1947.

The total of $74,766,871 in claims paid since 1934 is offset by total cash recoveries of $40,840,706 ($30,539,311 in cash and $10,301,445 anticipated from claims in process of collection), leaving net unrecovered claims of $33,926,115 or 1.02 percent of the net proceeds of loans insured.

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

Total recoveries in 1948 amounted to $2,838,077 (including interest of $335,033). One fact noticed during the latter part of the year was that, while the increase in claims paid caused the number of individual collections to increase (although not proportionately), the average amount collected per item decreased. This undoubtedly reflects the economic conditions prevailing during the year. The direct cost of collections for 1948 was $516,660, or an average of 18 cents per dollar recovered. For the year 1947 the cost was 19 cents per dollar recovered, and the cumulative direct collection cost since 1934 is 14 cents for each dollar recovered.

For detailed statistics of Title I operations see pages 82 through 94.

Financial Position

From the establishment of the Federal Housing Administration in 1934 through December 31, 1948, its gross revenues under all titles of the National Housing Act from fees, insurance premiums, and in-

come on investments amounted to $351,110,297, while operating expenses were $182,335,841. 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 the calendar year 1948 under all insurance operations of the FHA totaled $65,690,760. Expenses of administering the Federal Housing Administration during 1948 amounted to $21,824,605, leaving an excess of gross income over operating expenses of $43,866,155 to be added to the various insurance funds.

At the end of 1948 the Federal Housing Administration had capital and operating reserves of $200,369,176 in all funds as follows:

Title I Insurance Fund and Title I Claims Account	$28, 742, 988
Mutual Mortgage Insurance Fund	122, 458, 280
Housing Insurance Fund	4, 708, 670
War Housing Insurance Fund	41, 339, 975
Housing Investment Insurance Fund	1, 000, 000
Administrative Expense Account	2, 219, 163
	200, 369, 176

Of this amount the Government had contributed $16,000,000 as paid-in surplus ($10,000,000 allocation to the Mutual Mortgage Insurance Fund, $5,000,000 to the War Housing Insurance Fund, and $1,000,000 to the Housing Investment Insurance Fund) and $64,600,854 expended appropriations for administrative expenses and for Title I claims prior to the time that such expenditures were met from FHA income. The remainder, $119,768,322, had been built up from income.

Participation payments from group accounts, in the amount of $5,295,432 for 55,079 families financing their homes under the mutual mortgage insurance program of the Federal Housing Administration, were accrued or paid during the year 1948. The first participation payments were made as of January 1, 1944, and during the 5 years following that date total payments of $13,590,041 were made on 182,989 insured loans. These payments were made in connection with 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 payment, 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.

Publications

The following are the principal new or revised FHA publications issued in 1948. Unless otherwise indicated, they can be obtained, without charge, from the Federal Housing Administration, Washington 25, D. C.

Annual report: Fourteenth annual report of the Federal Housing Administration; year ending December 31, 1947. Government Printing Office, Washington 25, D. C. 35 cents.

The FHA Plan of Home Ownership: FHA 2098, revised November 1948.

Insured Mortgage Portfolio (issued quarterly): Vol. 12, Nos. 3 and 4; Vol. 13, Nos. 1 and 2. Government Printing Office, Washington 25, D. C. Single copy 15 cents, annual subscription 50 cents.

National Housing Act as amended, and provisions of other laws pertaining to the Federal Housing Administration, including all amendments to August 10, 1948: FHA 107, revised September 15, 1948.

Principles of Planning Small Houses.—FHA Form 2219, revised June 1948 (formerly Technical Bulletin No. 4). Government Printing Office, Washington 25, D. C. 15 cents.

Rules and Regulations

Property Improvement loans under Title I of the National Housing Act: regulations governing Classes 1 and 2 loans (including all amendments through October 25, 1948): FH–20, October 1948.

Mutual Mortgage Insurance; administrative rules and regulations under Section 203 of the National Housing Act, including all amendments through October 15, 1948: FHA Form 2010.

Multifamily Rental Housing Insurance; administrative rules and regulations under Section 207 of Title II of the National Housing Act: FHA Form 2012, revised August 26, 1948.

Administrative Rules and Regulations under Section 609 of the National Housing Act: revised September 3, 1948.

Administrative Rules and Regulations under Section 611 of the National Housing Act: FHA Form 2900, issued August 23, 1948.

Insurance for Investments in Rental Housing for Families of Moderate Income; administrative rules and regulations under Title VII of the National Housing Act: FHA Form 3000, issued November 12, 1948.

Part II

STATISTICS OF INSURING OPERATIONS

Under the provisions of Titles I, II, and VI of the National Housing Act, a record volume of $3,340,865,390 of insurance was written by the Federal Housing Administration during 1948, bringing the cumulative amount written since the beginning of operations to $14,569,243,203. Of the total dollar volume of insurance written during the year, about 63 percent was written under the home mortgage sections of the act, and 18 percent under the rental housing sections, while the remaining 19 percent was accounted for by property improvement loans under Title I. On a cumulative basis, relative activity under each of the three programs has been somewhat different. Home mortgage insurance operations have accounted for about 68 percent of the total amount of insurance written since the beginning of operations, rental housing for about 9 percent, and property improvement loans for approximately 23 percent.

The following is an analysis of the volume of insuring operations and of the characteristics of the individual cases insured under each of these three programs.

Home Mortgage Insurance under Titles II and VI

During 1948 home mortgages secured by one- to four-family structures were insured by the Federal Housing Administration under Section 203 of Title II and Section 603 of Title VI of the National Housing Act. One- to seven-family home mortgages were insured under Section 603 pursuant to Section 610, which provides for the insurance of mortgages in connection with the sale by the Government of specified types of publicly financed housing. In addition, a few production loans were insured under Section 609 of Title VI, which provides for credit to manufacturers of prefabricated houses. For a discussion of Section 609 operations see page 5.

Volume of Business

A total of $2,108,669,650 of home mortgage insurance was written during 1948, involving 297,644 mortgage contracts and 318,335 dwelling units. As Table 4 shows, $1,424,614,084, or about 68 percent of this total, was secured by newly constructed homes containing 203,978 dwelling units. The average mortgage amount per dwelling unit in 1948 was $6,624, while in 1947 the comparable average amounted to

$5,960. The 1948 volume of home mortgage operations brought the cumulative amount of insurance written under this program to $9,924,298,727 involving 1,984,744 mortgages and 2,113,640 units.

TABLE 4.—*Yearly volume of all home mortgages insured by FHA: Number of units and amount of mortgages on new and existing homes, by sections, 1935–48*

Year	Grand total [1,2] new and existing		New construction					
			Sec. 203		Sec. 603		Total, new	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935	25, 453	$93, 882, 012	5, 091	$22, 331, 303	--------	--------	5, 001	$22, 331, 303
1936	83, 920	308, 945, 106	21, 415	95, 060, 335	--------	--------	21, 415	95, 060, 335
1937	110, 850	424, 372, 009	38, 479	168, 866, 553	--------	--------	38, 479	168, 866, 553
1938	116, 315	473, 246, 124	50, 592	227, 399, 275	--------	--------	50, 592	227, 399, 275
1939	160, 449	669, 416, 154	103, 186	461, 018, 197	--------	--------	103, 186	461, 018, 197
1940	173, 867	736, 490, 344	127, 455	561, 542, 477	--------	--------	127, 455	561, 542, 477
1941	208, 044	800, 138, 634	157, 541	693, 695, 100	3, 968	$13, 431, 250	161, 509	707, 126, 350
1942	230, 545	958, 461, 005	104, 958	490, 044, 149	75, 005	260, 785, 166	179, 963	750, 829, 315
1943	189, 398	762, 170, 318	9, 186	45, 184, 400	131, 246	507, 034, 046	140, 432	552, 218, 446
1944	157, 161	707, 437, 001	327	1, 758, 050	105, 992	481, 982, 338	106, 319	483, 740, 388
1945	103, 418	474, 343, 990	1, 585	7, 600, 450	53, 244	249, 642, 850	54, 829	257, 243, 300
1946	85, 771	422, 009, 490	11, 143	62, 968, 857	11, 380	57, 179, 652	22, 523	120, 148, 509
1947	150, 114	894, 715, 900	10, 643	69, 701, 400	60, 741	407, 225, 800	71, 384	476, 927, 200
1948	318, 335	2, 108, 669, 650	29, 348	215, 413, 484	174, 630	1, 209, 200, 600	203, 978	1, 424, 614, 084
Total	2,113,640	9, 924, 298, 727	670, 949	3, 122, 584, 030	616, 206	3, 186, 481, 702	1, 287, 155	6, 309, 065, 732

Year	Existing or refinanced construction							
	Sec. 203		Sec. 603		Secs. 603–610		Total, existing or refinanced	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935	20, 362	$71, 550, 709	--------	--------	--------	--------	20, 362	$71, 550, 700
1936	62, 505	213, 884, 771	--------	--------	--------	--------	62, 505	213, 884, 771
1937	72, 371	255, 506, 446	--------	--------	--------	--------	72, 371	255, 506, 446
1938	65, 723	245, 846, 849	--------	--------	--------	--------	65, 723	245, 846, 849
1939	57, 263	208, 397, 957	--------	--------	--------	--------	57, 263	208, 397, 957
1940	46, 412	174, 947, 867	--------	--------	--------	--------	46, 412	174, 947, 867
1941	46, 535	183, 012, 284	--------	--------	--------	--------	46, 535	183, 012, 284
1942	49, 179	201, 401, 278	1, 403	$6, 230, 412	--------	--------	50, 582	207, 631, 690
1943	46, 043	199, 329, 738	2, 923	10, 622, 134	--------	--------	48, 966	209, 951, 872
1944	48, 568	214, 610, 007	2, 274	9, 086, 606	--------	--------	50, 842	223, 696, 613
1945	47, 284	211, 699, 500	1, 305	5, 401, 100	--------	--------	48, 589	217, 100, 600
1946	58, 952	284, 388, 033	4, 296	17, 472, 948	--------	--------	63, 248	301, 860, 981
1947	70, 603	375, 965, 750	8, 119	41, 801, 850	8	$21, 100	78, 730	417, 788, 700
1948	110, 297	664, 939, 966	2, 989	15, 725, 250	1, 071	3, 300, 350	114, 357	684, 055, 566
Total	802, 097	3, 505, 481, 155	23, 309	106, 340, 390	1, 079	3, 411, 450	826, 485	3, 616, 232, 905

[1] For yearly volume of all home mortgages insured by sections, see Table 1.
[2] Excludes 3 manufactured-housing loans covering 524 units for $1,871,972 insuredunder Sec. 609.

The long-range Section 203 program accounted for about 42 percent of the total dollar amount of FHA home mortgages insured in 1948. Practically all mortgages secured by existing or refinanced construction were processed under this section. Except for insurance written pursuant to Section 610, mortgages on existing homes may be insured under Section 603 only in connection with the refinancing of existing Section 603 mortgages. In such cases, the refinanced mortgage may not exceed the original principal amount and the unexpired term of the preceding mortgage.

Status of Processing.—Home mortgage insuring operations during 1948 involved the processing of 476,821 applications, bringing the cumulative number processed since the beginning of operations to 3,246,321. In addition to these, 13,601 applications were under examination as of December 31, 1948. About 85 percent of the applications processed during 1948 resulted in commitments to insure; and, of those passing through the commitment stage, 74 percent were insured.

In spite of the expiration on April 30, 1948 of legislative authority to issue new-construction commitments under the provisions of Section 603, total commitments issued under this section for the year amounted to about 26 percent of all home mortgage commitments issued. A total of 73,414 Section 603 commitments and 164,609 Section 203 commitments were outstanding as of the year end.

State Distribution

Totals for the year.—With nearly $353,800,000 in home mortgages on properties located within the State, California led all other States in amount of insurance written on one- to four-family home mortgages during 1948. In Texas, which was the second leading State, the $165,600,000 in home mortgages insured amounted to less than half of the amount written on California properties. The next four leading States were Michigan with $138,500,000, Washington with $98,700,000, Florida with $92,900,000, and New York with $91,300,000 (Table 5). The six States mentioned accounted for a total of $940,700,000, or approximately 45 percent of the total amount of insurance written under these sections of the act. The percentage distribution of the volume of insurance written during the year by geographical divisions shows that the Pacific States accounted for 23 percent of the total, the East North Central States for 17 percent, and the West South Central States for 15 percent. The New England States ranked lowest and accounted for less than 2 percent of the total amount of home mortgage insurance written during 1948.

Both for the United States and for the six leading States combined, about two out of every three home mortgages insured during 1948 involved new construction. Only in the West North Central and New England States did as many as one out of two home mortgages cover newly constructed homes.

The average home mortgage insured in 1948 under Sections 203 and 603 (based on cases tabulated in Washington during 1948) was $7,094. Only in the District of Columbia, where it resulted from the prevalence of multifamily construction, did the average exceed $10,000. In only six States or Territories did the average amount per mortgage come to less than $6,200.

Cumulative totals.—On a cumulative basis, the ranking of States is somewhat different. The six States with the largest dollar amounts of home mortgages insured accounted for 47 percent of the total amount written in the country. Included were California with

TABLE 5.—*State distribution of all home mortgages: Number and face amount of home mortgages insured by FHA under Secs. 203 and 603, for the year 1948*

State location of property	Total [1]		Sec. 603		Sec. 203			
			Total construction [2]		New construction		Existing construction	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	4,701	$31,207,100	2,023	$14,209,350	1,010	$7,192,650	1,668	$9,805,100
Arizona	5,273	32,825,500	3,753	24,092,350	524	3,677,650	996	5,055,500
Arkansas	4,837	28,573,450	1,095	7,267,400	1,461	8,880,500	2,281	12,425,550
California	46,054	353,799,300	35,916	283,691,700	1,269	9,994,150	8,869	60,113,450
Colorado	3,240	22,354,600	1,394	9,951,900	714	5,181,000	1,132	7,221,700
Connecticut	2,260	17,562,350	630	3,882,400	152	1,412,000	1,478	12,267,950
Delaware	426	3,456,800	262	2,295,250	134	978,000	30	183,550
District of Columbia	421	4,247,600	289	2,913,800	38	357,500	94	976,300
Florida	12,181	92,907,700	9,662	74,705,200	1,314	10,183,700	1,205	8,018,800
Georgia	5,422	36,686,000	2,875	19,791,850	896	6,458,200	1,651	10,435,950
Idaho	1,193	7,076,850	160	1,072,200	256	1,700,100	777	4,304,550
Illinois	8,375	65,249,000	3,101	23,836,800	830	7,045,200	4,444	34,367,000
Indiana	8,335	57,232,250	3,906	28,957,000	803	5,907,950	3,626	22,367,300
Iowa	2,455	16,433,700	648	4,785,550	180	1,396,300	1,627	10,251,850
Kansas	5,136	33,960,300	2,380	16,917,900	772	5,773,850	1,984	11,268,550
Kentucky	3,097	21,391,300	1,220	9,058,050	260	1,971,950	1,617	10,361,300
Louisiana	6,716	47,659,600	2,796	20,590,650	1,602	11,642,650	2,318	15,426,300
Maine	723	4,399,450	196	1,288,500	72	487,300	455	2,623,650
Maryland	4,212	33,156,000	2,837	23,837,350	345	2,209,200	1,030	7,110,350
Massachusetts	1,303	9,362,400	725	5,406,700	42	322,800	536	3,633,900
Michigan	19,102	138,523,122	10,708	82,500,272	1,521	12,033,650	6,873	43,800,200
Minnesota	2,775	21,826,200	1,624	13,144,900	285	2,248,800	866	6,432,500
Mississippi	2,335	14,789,150	1,388	9,390,600	288	1,902,050	659	3,496,500
Missouri	7,059	48,913,900	1,530	11,693,300	852	6,531,050	4,677	30,689,550
Montana	823	4,576,900	94	646,100	105	678,650	624	3,252,150
Nebraska	2,455	16,609,750	1,087	8,241,450	195	1,383,850	1,173	6,984,450
Nevada	807	6,165,850	332	2,574,800	174	1,405,200	301	2,185,850
New Hampshire	395	2,669,700	199	1,445,500	20	140,400	176	1,083,800
New Jersey	8,575	61,746,450	4,116	32,470,150	832	6,296,100	3,627	22,980,200
New Mexico	1,561	11,324,300	944	7,305,100	380	2,615,100	237	1,404,100
New York	12,234	91,274,200	8,925	67,315,350	508	4,197,800	2,801	19,761,050
North Carolina	4,851	34,907,050	3,398	24,945,850	375	2,856,850	1,078	7,104,350
North Dakota	169	1,178,450	68	486,950	38	284,600	63	406,900
Ohio	9,899	73,943,960	4,095	38,623,550	1,246	9,452,200	3,658	25,868,210
Oklahoma	12,093	77,924,300	5,152	35,756,650	1,715	11,933,250	5,226	30,234,400
Oregon	3,629	25,445,650	1,681	12,738,150	231	1,762,000	1,717	10,945,500
Pennsylvania	9,676	69,787,600	6,368	48,531,050	746	5,843,450	2,562	15,413,100
Rhode Island	243	1,884,400	56	456,200	82	679,500	105	748,700
South Carolina	2,933	18,058,050	1,468	10,230,600	267	1,804,600	1,198	6,022,850
South Dakota	750	4,482,650	200	1,488,250	130	881,900	420	2,112,500
Tennessee	7,633	53,655,000	5,475	30,514,750	693	5,166,150	1,465	8,974,100
Texas	24,406	165,586,750	14,039	103,458,350	3,121	20,582,900	7,246	41,545,500
Utah	2,381	16,598,450	1,232	9,240,750	340	2,506,750	809	4,850,950
Vermont	175	1,197,157	56	379,900	30	228,650	89	588,607
Virginia	7,785	52,930,400	4,056	27,472,000	597	4,533,150	3,132	20,925,250
Washington	14,945	98,650,650	3,174	24,440,600	1,025	7,057,600	10,746	67,152,450
West Virginia	1,679	10,701,250	151	1,077,450	234	1,801,500	1,294	7,822,300
Wisconsin	1,699	13,464,000	787	6,067,700	269	2,230,500	643	5,165,800
Wyoming	720	4,481,800	221	1,673,000	113	687,600	386	2,121,200
Alaska	59	510,500	1	7,000	10	89,600	48	413,900
Hawaii	581	5,123,300	143	1,085,700	270	2,506,700	168	1,530,900
Puerto Rico	3,147	16,568,900	2,396	10,865,800	375	3,231,200	376	2,471,900
Virgin Islands	2	12,800	2	12,800	------	------	------	------
Total [3]	293,936	2,085,054,739	161,934	1,213,930,472	29,741	218,325,050	102,261	652,798,317

[1] Excludes 920 mortgages for $3,390,350 insured under Sec. 603 pursuant to Sec. 610, and 3 manufactured-bout housing loans for $1,871,972 insured under Sec. 609.
[2] Includes 2,800 refinanced cases amounting to approximately $15,000,000.
[3] Cases tabulated in Washington during the period Jan. 1, 1948 through Dec. 31, 1948.

$1,704,000,000, Michigan with $738,800,000, Illinois with $587,300,000, Texas with $567,000,000, Pennsylvania with $526,400,000, and Ohio with $503,200,000 (Table 6). The East North Central States accounted for the largest cumulative volume of insurance written, almost 23 percent of the total, followed by the Pacific States with about 22 percent, and the Middle Atlantic States with about 15

TABLE 6.—*State distribution of all home mortgages: Number and face amount of home mortgages insured by FHA under Secs. 203 and 603, cumulative through 1948*

State location of property	Total [1]		Sec. 603		Sec. 203	
	Number	Amount	Number	Amount	Number	Amount
Alabama	24,577	$119,851,022	9,479	$49,576,050	15,098	$70,274,972
Arizona	15,595	76,348,624	6,066	36,336,850	9,520	40,011,774
Arkansas	18,530	84,284,467	4,855	24,388,600	13,675	59,895,867
California	342,219	1,703,964,243	116,889	669,598,300	225,330	1,034,365,943
Colorado	20,675	97,499,124	4,970	28,655,150	15,705	68,843,974
Connecticut	20,641	112,253,813	7,360	36,603,850	13,281	75,649,963
Delaware	4,727	24,993,850	2,612	14,475,300	2,115	10,518,550
District of Columbia	5,586	37,862,100	2,663	19,504,300	2,923	18,357,800
Florida	54,204	276,855,346	25,505	152,928,340	28,699	123,927,006
Georgia	32,780	153,736,962	12,577	65,791,600	20,203	87,945,362
Idaho	8,057	33,100,955	518	3,048,750	7,539	30,052,205
Illinois	104,681	587,338,182	20,047	113,309,000	84,634	474,029,182
Indiana	66,940	311,513,733	14,389	82,750,150	52,551	228,763,583
Iowa	16,787	75,503,649	2,447	13,103,150	14,340	62,400,499
Kansas	31,324	144,410,467	10,113	56,098,550	21,211	88,311,917
Kentucky	17,895	92,127,556	4,481	25,690,400	13,414	66,437,156
Louisiana	30,374	165,573,745	12,052	72,839,924	18,322	92,733,821
Maine	5,998	24,218,250	1,232	6,414,300	4,766	17,803,950
Maryland	33,014	169,770,335	12,952	75,409,700	20,062	94,360,635
Massachusetts	11,267	57,890,069	2,880	15,801,085	8,387	42,088,984
Michigan	142,480	738,775,479	38,882	229,018,472	103,598	509,757,007
Minnesota	20,197	98,325,408	4,110	26,268,250	16,087	72,057,158
Mississippi	12,837	53,964,789	3,989	21,854,900	8,848	32,109,889
Missouri	48,719	237,528,153	6,851	36,642,350	41,868	200,885,803
Montana	6,126	26,669,041	326	2,790,650	5,800	23,878,391
Nebraska	17,210	78,694,487	5,558	29,621,280	11,652	49,073,207
Nevada	4,368	23,774,355	1,918	10,121,150	2,450	13,653,205
New Hampshire	3,154	13,904,386	316	2,032,950	2,838	11,871,436
New Jersey	87,528	451,260,492	14,801	91,999,850	72,727	359,260,642
New Mexico	6,923	34,258,025	2,458	15,233,950	4,465	19,024,075
New York	91,150	496,297,108	18,913	119,418,850	72,237	376,878,258
North Carolina	21,985	112,304,523	8,091	48,399,800	13,894	63,904,723
North Dakota	1,389	5,518,795	123	842,700	1,266	4,676,095
Ohio	95,909	503,178,321	23,222	134,357,350	72,687	368,820,971
Oklahoma	48,505	239,545,238	16,954	96,141,100	31,551	143,404,138
Oregon	20,582	96,304,200	6,006	33,893,850	14,576	62,410,350
Pennsylvania	111,450	526,357,972	25,311	145,119,100	86,139	381,238,872
Rhode Island	5,056	24,965,570	1,228	6,463,200	3,828	18,502,370
South Carolina	15,245	69,633,482	5,908	29,849,900	9,337	39,783,582
South Dakota	5,110	19,284,580	496	3,255,150	4,614	16,029,430
Tennessee	37,902	187,409,338	15,199	90,558,000	22,703	96,851,338
Texas	118,951	567,014,389	49,207	261,702,075	69,744	305,312,314
Utah	19,363	91,939,775	7,508	39,802,400	11,855	52,137,375
Vermont	2,883	11,297,571	279	1,341,700	2,604	9,955,871
Virginia	44,182	230,521,349	17,691	95,360,988	26,491	135,160,361
Washington	76,181	363,734,342	18,136	95,981,950	58,045	267,752,392
West Virginia	15,077	72,329,699	1,236	5,934,250	13,841	66,395,449
Wisconsin	18,492	97,804,666	4,136	23,215,050	14,356	74,589,616
Wyoming	6,917	27,780,401	1,008	5,717,250	5,909	22,063,151
Alaska	552	2,958,860	1	7,000	551	2,951,860
Hawaii	2,947	16,047,940	447	2,893,100	2,500	13,154,840
Puerto Rico	5,789	32,710,750	2,847	14,252,000	2,942	18,458,750
Virgin Islands	2	12,800	2	12,800	------	------
Total [2]	1,981,032	9,900,662,716	577,245	3,281,826,714	1,403,787	6,618,836,002

[1] Excludes 924 mortgages for $3,411,450 insured under Sec. 603 pursuant to Sec. 610, and 3 manufactured-housing loans for $1,871,072 insured under Sec. 609.
[2] Cases tabulated in Washington through Dec. 31, 1948.

831742—49——3

percent. Less than 3 percent of the total amount of home mortgages insured since the beginning of operations has involved properties located in the New England States.

Financial Institutions

Originations and holdings.—During 1948, Section 203 mortgages were originated by almost 4,000 individual financial institutions, while Section 603 mortgages were originated by more than 1,900 institutions. As of December 31, 1948, over 8,900 institutions held Section 203 insured mortgages in their portfolios, while 3,800 institutions held Section 603 mortgages.

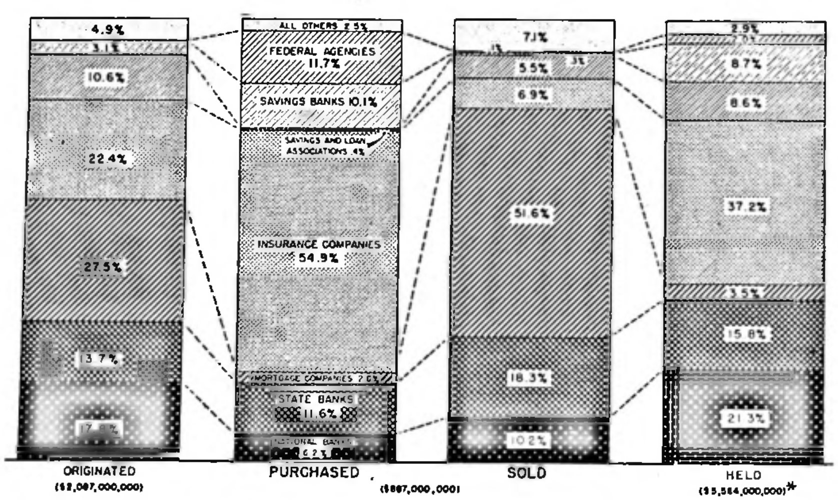
Table 7 shows the number of institutions, by type, originating and holding mortgages insured under these sections of the act, with the volume of activity for each type of institution.

The number and amount of originations under Sections 203 and 603 tabulated in Washington totaled 1,981,032 mortgages for $9,900,662,716. Of this volume, 294,187 mortgages for $2,086,644,839 were originated during 1948. As might be expected, the number and

TYPE OF INSTITUTION ORIGINATING, TRANSFERRING OR HOLDING HOME MORTGAGES

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

FOR THE YEAR 1948



*CUMULATIVE AMOUNT HELD AS OF DECEMBER 31, 1948, AND DIFFERS FROM INSURANCE IN FORCE DUE TO LAG IN TABULATION

CHART III

TABLE 7.—*Type of institution originating and holding all home mortgages: Number and face amount of Secs. 203 and 603 mortgages originated for the year 1948 and held in portfolio as of Dec. 31, 1948*

Type of institution as classified Dec. 31, 1948	Number of institutions		Mortgages originated [1]			Mortgages held [2]		
	Originating	Holding	Number	Amount	Percentage distribution [3]	Number	Amount	Percentage distribution [3]
	Sec. 203							
National bank	1,143	2,764	23,451	$155,466,507	17.8	170,404	$813,266,820	25.1
State bank	1,274	3,397	18,218	122,264,950	14.0	123,489	595,490,577	18.4
Mortgage company	352	380	34,952	225,860,410	25.9	13,053	81,457,473	2.6
Insurance company	359	493	33,347	222,831,650	25.6	218,544	1,112,768,389	34.3
Savings and loan association	685	1,535	14,073	89,914,700	10.3	55,010	268,672,333	8.3
Savings bank	129	249	4,025	33,256,750	3.8	55,509	285,370,850	8.8
Federal agency	------	4	------	------	------	2,062	8,699,121	.3
All other [4]	29	119	3,516	22,625,050	2.6	15,034	70,941,398	2.2
Total	3,971	8,941	132,182	872,220,017	100.0	653,165	3,236,684,961	100.0
	Sec. 603							
National bank	413	1,011	28,014	$215,464,450	17.8	63,556	$373,938,887	16.1
State bank	464	1,286	22,691	163,846,650	13.5	48,368	285,603,634	12.3
Mortage company	274	280	46,864	348,872,800	28.7	15,371	110,178,350	4.7
Insurance company	243	320	32,741	245,519,172	20.2	161,359	964,380,020	41.4
Savings and loan association	437	711	17,199	131,355,700	10.8	33,778	208,494,252	9.0
Savings bank	84	140	4,057	30,324,450	2.5	32,346	197,669,529	8.5
Federal agency	------	4	------	------	------	14,237	101,037,850	4.3
All other [4]	20	49	10,430	70,041,600	6.5	13,251	86,301,210	3.7
Total	1,935	3,801	162,005	1,214,424,822	100.0	382,266	2,327,603,732	100.0
	Total [5]							
National bank			51,465	$370,930,957	17.8	233,960	$1,187,205,707	21.3
State bank			40,909	286,111,600	13.7	171,857	881,103,211	15.8
Mortgage company			81,816	574,733,210	27.5	28,424	191,635,823	3.5
Insurance company			66,088	468,350,822	22.4	379,903	2,077,148,469	37.2
Savings and loan association			31,272	221,270,400	10.6	88,788	477,166,585	8.6
Savings bank			8,082	63,581,200	3.1	87,915	483,049,379	8.7
Federal agency			------	------	------	16,299	109,736,971	2.0
All other [4]			13,965	101,666,650	4.9	28,285	157,242,608	2.9
Total			294,187	2,086,644,839	100.0	1,035,431	5,564,288,693	100.0

[1] Total originations for the year do not agree with insurance written for the year shown elsewhere, due to lag in tabulation.
[2] Less than face amount in force, due to lag in tabulation.
[3] Based on amount of mortgage.
[4] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[5] Excludes mortgages insured under Sec. 603 pursuant to Sec. 610 and those insured under Sec. 609.

amount of mortgages originated by the various types of institution through 1948 have not been in proportion to the number of institutions in each category. For both Section 203 and Section 603, the largest number of institutions originating or holding mortgages as of December 31, 1948, were the State banks, but (as shown in Chart III) these institutions ranked fourth in the amount of insurance originated and third in the amount held at the year end.

Mortgage companies have originated some $2,474,315,650, or more than one-fourth, of the total amount of home mortgages insured by the Federal Housing Administration since the beginning of operations. In 1948, these institutions originated 81,816 mortgages under Sections 203 and 603 amounting to $574,733,210, or, as the chart and table show, about 27.5 percent of the total amount written under these sections. Insurance companies ranked second, originating 66,088 mortgages for $468,350,822, or 22.4 percent of the total amount. National banks, ranking third in volume, together with State banks, which ranked fourth, brought the amount written for all commercial banks to 92,374 mortgages for $657,042,557, or 31.5 percent of the total amount.

The institutions holding the greatest volume of FHA–insured home mortgages on December 31, 1948 were the insurance companies with 379,903 mortgages for $2,077,148,409—more than one out of every three mortgages held in portfolio as of that date. These institutions had in their portfolios almost one-third more FHA mortgages than they had originated since the beginning of operations. National banks, as of the year end, held 233,960 mortgages for $1,187,205,707, or about 21.3 percent of the total amount held. National banks and State banks combined brought the holdings of all commercial banks to about the same as that of insurance companies. Mortgage companies, which originated the greatest volume of mortgages, held only 3.5 percent of the total.

Transfers.—Table 8 shows, for the year 1948, the participation in the secondary market of financial institutions buying and selling mortgages insured under Sections 203 and 603. Including resales, a total of 133,924 of these mortgages with an original face amount of $886,573,530 were transferred during the year. Some 1,165 separate institutions purchased 51,730 Section 203 mortgages totaling $304,-879,152, while 1,145 institutions sold these mortgages. Under Section 603, 82,194 mortgages totaling $581,694,378 were purchased by 689 institutions and sold by 878 institutions.

With sales of mortgages aggregating $458,354,492, mortgage companies accounted for over half the dollar volume of home mortgages sold during 1948. These institutions frequently originate FHA mortgages with the intention of selling them and acting as servicing agent for the purchasers. As the table and chart show, they purchased only 2.6 percent of the dollar amount of mortgages transferred during the year. State banks, which sold 25,597 mortgages with original face amount of $162,329,161, ranked second in volume of sales, accounting for 18.3 percent of the total amount sold. National banks were third with 13,757 mortgages for $90,444,727 or 10.2 percent of

TABLE 8.—*Type of institution purchasing and selling all home mortgages: Number and face amount of home mortgages transferred (including resales) under Secs. 203 and 603, for the year 1948*

Type of institution as classified Dec. 31, 1948	Number of institutions: Purchasing	Number of institutions: Selling	Mortgages purchased: Number	Mortgages purchased: Amount	Mortgages purchased: Percentage distribution [1]	Mortgages sold: Number	Mortgages sold: Amount	Mortgages sold: Percentage distribution [1]
				Sec. 203				
National bank	330	235	5,362	$29,279,784	9.6	4,896	$28,274,299	9.3
State bank	445	278	9,095	50,084,078	16.7	11,445	66,580,211	21.8
Mortgage company	53	329	1,213	6,768,900	2.2	26,480	157,777,842	51.8
Insurance company	185	176	29,854	180,976,850	59.3	4,300	26,727,000	8.7
Savings and loan association	55	97	380	2,249,750	.8	2,381	12,942,800	4.2
Savings bank	70	9	4,340	26,186,540	8.6	147	939,800	.4
Federal agency	2	2	545	2,850,150	.9	101	359,450	.1
All other [2]	25	19	941	5,674,100	1.9	1,980	11,277,750	3.7
Total	1,165	1,145	51,730	304,879,152	100.0	51,730	304,879,152	100.0
				Sec. 603				
National bank	164	159	3,707	$25,362,400	4.4	8,861	$62,170,428	10.7
State bank	257	176	7,830	51,784,950	8.9	14,152	95,748,950	16.5
Mortgage company	48	272	2,428	16,879,850	2.9	41,650	300,576,650	51.6
Insurance company	127	125	42,824	305,890,978	52.5	4,639	33,746,850	5.8
Savings and loan association	33	112	163	1,098,850	.2	4,956	35,533,250	6.1
Savings bank	43	12	8,569	63,462,800	11.0	251	1,907,350	.4
Federal agency	2	2	14,343	101,404,550	17.4	319	1,101,350	.1
All other [2]	15	20	2,330	15,810,000	2.7	7,366	50,909,550	8.8
Total	689	878	82,194	581,694,378	100.0	82,194	581,694,378	100.0
				Total [3]				
National bank			9,069	$54,642,184	6.2	13,757	$90,444,727	10.2
State bank			16,925	102,769,028	11.6	25,597	162,329,161	18.3
Mortgage company			3,641	23,648,750	2.6	68,130	458,354,492	51.6
Insurance company			72,678	486,867,828	54.9	8,939	60,473,850	6.9
Savings and loan association			543	3,348,600	.4	7,337	48,476,050	5.5
Savings bank			12,909	89,649,340	10.1	398	2,847,150	.3
Federal agency			14,888	104,263,700	11.7	420	1,460,800	.1
All other [2]			3,271	21,384,100	2.5	9,346	62,187,300	7.1
Total			133,924	886,573,530	100.0	133,924	886,573,530	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[3] Excludes mortgages insured under Sec. 603 pursuant to Sec. 610 and under Sec. 609.

the dollar amount. National and State banks combined brought the sales of all commercial banks to 28.5 percent of total sales.

The dominant type of purchasing institution in 1948 was insurance companies. These institutions bought 72,678 mortgages for $486,-867,828, or 54.9 percent of the total amount transferred. Again approaching their prewar share of the market, Federal agencies acquired a total of 14,888 mortgages with an original face amount of $104,263,700—11.7 percent of the total amount transferred. Nearly all ($100,435,250) of these mortgages were purchased by the Federal National Mortgage Association. Most of the FHA home mortgages purchased by Federal agencies in 1948 were mortgages insured under Section 603. As the table shows, about 17.4 percent of the volume of Section 603 mortgages transferred were purchased by Federal agencies, while only 0.9 percent of the Section 203 mortgages transferred were acquired by these agencies. Yearly purchases by Federal agencies of mortgages insured under the two sections combined, amounting to less than one-half of one percent of the total purchase in 1946 and 1947, rose to 11.7 percent in 1948.

Terminations and Foreclosures

Of the 1,983,820 mortgages insured under Sections 203 and 603 through December 31, 1948, 896,500, or 45.2 percent, have been terminated. Some 121,305 of these terminations occurred during 1948—28.4 percent below the number terminated during 1947 and 31.8 percent under the 177,908 insurance contracts terminated in 1946.

Disposition.—An FHA-insured mortgage is terminated whenever it is paid off in full prior to maturity, is superseded by a new FHA mortgage, matures according to the terms of the mortgage contract, or is foreclosed by the mortgagee. Table 9 shows the cumulative number and dollar amount of all home mortgages insured, terminated, and in force, as of December 31, 1948. When a mortgage

TABLE 9.—*Disposition of all home mortgages insured by FHA: Number and amount of mortgages insured, terminated, and in force, by sections, cumulative through Dec. 31, 1948*

Disposition	Total[1]		Sec. 203		Sec. 603		Secs. 603-610	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	1,984,744	$9,924,298,727	1,405,065	$6,628,065,185	578,755	$3,292,822,002	924	$3,411,450
Mortgages terminated:								
Prepayments in full	750,976	3,334,465,141	623,856	2,747,938,087	127,120	586,521,454	1	5,000
Prepayments by supersession	129,639	574,803,272	87,136	385,420,905	42,503	189,382,367	------	----------
Matured loans	3,175	6,766,349	3,175	6,766,349	------	----------	------	----------
Properties acquired by FHA	10,303	52,090,901	4,071	19,422,951	6,232	32,667,950	------	----------
Withdrawals	1,898	8,489,401	1,413	6,361,701	485	2,127,700	------	----------
Other terminations	510	2,193,109	386	1,709,109	124	484,000	------	----------
Total terminations	896,501	3,978,808,173	720,036	3,167,619,702	176,464	811,183,471	1	5,000
Mortgages in force	1,088,243	5,945,490,554	685,029	3,460,445,483	402,291	2,481,638,621	923	3,406,450

[1] Excludes mortgages insured under Sec. 609.

is foreclosed, the title to the property may be held by the mortgagee or may, at his discretion, be transferred to the Federal Housing Administration in exchange for debentures and certificates of claim.

Yearly trend.—Table 10 shows the yearly trend of terminations of mortgage insurance contracts, with special emphasis on titles acquired by mortgagees and foreclosures in process as of the end of each year. The 45.2 percent of the total mortgages insured under Sections 203 and 603 which had been terminated by the end of 1948 included over half of the total number of mortgages insured under Section 203 and some 30 percent of the Section 603 insured cases. The 1948 increase of 323 in titles acquired by mortgagees under these sections brought the cumulative number acquired since the beginning of operations to 12,508, or about 0.63 percent of the total number insured under these sections of the act—0.39 percent of the mortgages insured under Section 203 and 1.21 percent of those insured under Section 603. As of the close of 1948, 263 cases were in process of foreclosure, 116 more than at the end of 1947, but still only 0.02 percent of the number of insured mortgages in force.

State distribution.—The State distributions of Section 203 and Section 603 mortgages insured, terminated (including titles acquired by mortgagees), and in force are presented in Tables 11 and 12.

In four States or Territories, the cumulative ratio of mortgages terminated to mortgages insured under Section 203 exceeded 60 percent. Over 70 percent of the mortgages insured under Section 203 on properties located in North Dakota have been terminated. Hawaii was second with 66 percent, followed by California with 63 percent. Minnesota was fourth with 62.5 percent. Only in Puerto Rico, Arkansas, Louisiana, and New York have terminations been lower than 40 percent.

In the 8-year period during which insuring operations have been carried on under Section 603, cumulative terminations of Section 603 mortgages have remained relatively low, with the number of terminations exceeding 45 percent of the number of mortgages insured in only four States—Connecticut, Delaware, Massachusetts, and West Virginia.

In relation to the number of mortgages insured, the number of titles acquired was higher under Section 603 than under Section 203—about 1.21 percent for Section 603 as compared to slightly under 0.39 percent for Section 203. In West Virginia and Connecticut the Section 603 ratio exceeded 21 percent. In addition to these two States, three others showed a ratio greater than 5 percent—Maryland with 6.94 percent, Iowa with 5.97 percent, and Utah with 5.27 percent. Under Section 203, the four States showing the highest percentages of titles

TABLE 10.—*Yearly trend of terminations of all home mortgage insurance contracts: Total terminations, titles acquired by mortgagees, and foreclosures in process under Secs. 203 and 603, 1935–48*

Year	Terminations [1]: Number for the year	Terminations [1]: Cumulative through end of year: Number	Terminations [1]: Cumulative through end of year: Percent of total insured	Titles acquired by mortgagees [2]: Annual increase	Titles acquired by mortgagees [2]: Cumulative through end of year: Number	Titles acquired by mortgagees [2]: Cumulative through end of year: Percent of total insured	Foreclosures in process as of end of year: Number	Foreclosures in process as of end of year: Percent of insured mortgages in force
Sec. 203								
1935	95	95	0.41	2	2	0.01	(3)	(3)
1936	1,362	1,457	1.45	30	32	.03	(3)	(3)
1937	5,065	6,522	3.22	218	250	.12	(3)	(3)
1938	8,871	15,393	4.93	696	946	.30	548	0.18
1939	12,865	28,258	6.07	1,149	2,095	.45	808	.18
1940	22,820	51,087	8.06	1,452	3,547	.56	1,046	.18
1941	30,033	81,120	9.74	1,122	4,669	.60	750	.10
1942	37,340	118,460	12.06	572	5,241	.53	630	.06
1943	75,609	194,069	18.75	133	5,374	.52	164	.03
1944	103,595	297,664	27.52	29	5,403	.50	99	.01
1945	104,870	402,543	35.68	30	5,433	.48	102	.01
1946	123,734	526,277	44.04	41	5,474	.46	59	.01
1947	107,466	633,743	49.83	15	5,489	.43	62	.01
1948	86,293	[4] 720,036	51.25	39	5,528	.39	93	.01
Sec. 603								
1941								
1942	812	812	1.12	1	1	(3)	160	0.22
1943	3,250	4,062	2.18	841	842	0.45	156	.09
1944	8,207	12,269	4.28	2,762	3,604	1.26	721	.26
1945	12,979	25,248	7.50	2,133	5,737	1.70	827	.27
1946	54,174	79,422	22.64	797	6,534	1.86	50	.02
1947	62,030	141,452	34.06	162	6,696	1.61	85	.03
1948	35,012	[4] 176,464	30.49	284	6,980	1.21	170	.04
Total								
1935	95	95	0.41	2	2	0.01	(3)	(3)
1936	1,362	1,457	1.45	30	32	.03	(3)	(3)
1937	5,065	6,522	3.22	218	250	.12	(3)	(3)
1938	8,871	15,393	4.93	696	946	.30	548	0.18
1939	12,865	28,258	6.07	1,149	2,095	.45	808	.18
1940	22,820	51,087	8.06	1,452	3,547	.56	1,046	.18
1941	30,033	81,120	9.70	1,122	4,669	.56	750	.10
1942	38,152	119,272	11.31	573	5,242	.50	690	.07
1943	78,859	198,131	16.23	974	6,216	.51	320	.03
1944	111,802	309,933	22.66	2,791	9,007	.66	820	.08
1945	117,858	427,791	29.20	2,163	11,170	.76	929	.09
1946	177,908	605,699	39.19	838	12,008	.78	109	.01
1947	169,496	775,195	45.95	177	12,185	.72	147	.02
1948 [5]	121,305	[4] 896,500	45.19	323	12,508	.63	263	.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 44 foreclosed properties under Sec. 203, and 263 foreclosed properties under Sec. 603, which are subject to redemption or held by mortgagees pending final disposition.
[3] Less than 0.005 percent.
[4] Of the cumulative number of terminated mortgages, FHA refinanced 87,130 Sec. 203 cases and 42,503 Sec. 603 cases. A refinanced mortgage involves the same property as covered by the original FHA insurance contract.
[5] Excludes one mortgage insured under Sec. 603 ,pursuant to Sec. 610, terminated during 1948.

acquired by mortgagees were Massachusetts with 1.86 percent, Kansas with 1.65 percent, Vermont with 1.42 percent, and Delaware with 1.18 percent.

TABLE 11.—*State distributions of terminations of mortgage insurance contracts and titles acquired by mortgagees: Home mortgages insured by FHA under Sec. 203, 1935–48*

Location of property	Total mortgages insured	Terminations: Number: Total	Terminations: Number: Titles acquired [1]	Terminations: As a percent of mortgages insured: Total	Terminations: As a percent of mortgages insured: Titles acquired	Insured mortgages in force Dec. 31, 1948
Alabama	15,098	6,045	40	40.04	0.26	9,053
Arizona	9,520	4,484	25	47.06	.26	5,045
Arkansas	13,675	4,582	49	33.51	.36	9,093
California	225,330	141,977	418	63.01	.19	83,353
Colorado	15,705	8,612	30	54.84	.25	7,093
Connecticut	13,281	5,355	40	40.32	.30	7,926
Delaware	2,115	1,099	25	51.96	1.18	1,016
District of Columbia	2,923	1,564	2	53.51	.07	1,359
Florida	28,699	14,470	172	50.42	.60	14,229
Georgia	20,203	10,069	87	49.84	.43	10,134
Idaho	7,539	4,001	20	53.07	.27	3,538
Illinois	84,634	48,294	202	57.06	.24	36,340
Indiana	52,551	25,613	145	48.74	.28	26,938
Iowa	14,340	7,808	30	54.45	.21	6,532
Kansas	21,211	11,236	349	52.07	1.65	9,975
Kentucky	13,414	6,396	78	47.68	.58	7,018
Louisiana	18,322	7,085	48	38.67	.26	11,237
Maine	4,766	2,130	45	44.69	.94	2,636
Maryland	20,062	11,736	71	58.50	.35	8,326
Massachusetts	8,387	4,889	156	58.29	1.86	3,498
Michigan	103,598	49,670	528	47.94	.51	53,928
Minnesota	16,087	10,054	81	62.50	.50	6,033
Mississippi	8,848	4,779	61	54.01	.69	4,069
Missouri	41,868	19,367	198	46.26	.47	22,501
Montana	5,800	2,881	10	49.67	.17	2,919
Nebraska	11,652	6,432	45	55.20	.39	5,220
Nevada	2,450	1,200	----------	48.98	----------	1,250
New Hampshire	2,838	1,462	22	51.52	.78	1,376
New Jersey	72,727	34,214	544	47.04	.75	38,513
New Mexico	4,465	2,337	4	52.34	.09	2,128
New York	72,237	28,693	639	39.72	.88	43,544
North Carolina	13,894	7,495	53	53.94	.38	6,309
North Dakota	1,266	801	8	70.38	.63	375
Ohio	72,687	43,488	174	59.83	.24	29,199
Oklahoma	31,551	13,090	135	41.49	.43	18,461
Oregon	14,576	7,346	23	50.40	.16	7,230
Pennsylvania	86,130	42,696	235	49.57	.27	43,443
Rhode Island	3,828	1,976	26	51.62	.68	1,852
South Carolina	9,337	4,016	51	43.01	.55	5,321
South Dakota	4,614	2,585	21	56.03	.46	2,029
Tennessee	22,703	11,081	124	48.81	.55	11,622
Texas	69,744	31,782	170	45.57	.24	37,962
Utah	11,855	6,375	38	53.77	.32	5,480
Vermont	2,604	1,493	37	57.33	1.42	1,111
Virginia	26,491	11,243	84	42.44	.32	15,248
Washington	58,045	25,462	88	43.87	.15	32,583
West Virginia	13,841	5,767	18	41.67	.13	8,074
Wisconsin	14,356	8,570	52	59.70	.36	5,786
Wyoming	5,909	3,520	16	59.57	.27	2,389
Alaska	551	284	2	51.54	36	267
Hawaii	2,500	1,649	----------	65.96	----------	851
Puerto Rico	2,942	693	----------	23.56	----------	2,249
Total	[2] 1,405,065	720,036	5,528	51.25	0.39	[2] 685,029

[1] Includes titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 44 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[2] Includes 1,278 insured cases not yet tabulated by States as of Dec. 31, 1948.

Table 12.—*State distributions of terminations of mortgage insurance contracts and titles acquired by mortgagees: Home mortgages insured by FHA under Sec. 603, 1941–48*

Location of property	Total mortgages insured	Terminations: Number: Total	Terminations: Number: Titles acquired [1]	Terminations: As a percent of mortgages insured: Total	Terminations: As a percent of mortgages insured: Titles acquired	Insured mortgages in force Dec. 31, 1948
Alabama	9,479	2,642	275	27.87	2.90	6,837
Arizona	6,066	396	3	6.53	.05	5,670
Arkansas	4,855	1,558	2	32.09	.04	3,297
California	116,889	38,354	5	32.81	(2)	78,535
Colorado	4,970	1,168	----	23.50	----	3,802
Connecticut	7,360	3,632	1,592	49.35	21.63	3,728
Delaware	2,612	1,350	----	51.68	----	1,262
District of Columbia	2,663	700	1	26.29	.04	1,963
Florida	25,505	3,349	65	13.13	.25	22,156
Georgia	12,577	3,820	52	30.37	.41	8,757
Idaho	518	99	----	19.11	----	419
Illinois	20,047	8,660	6	43.20	.03	11,387
Indiana	14,389	4,082	10	28.37	.07	10,307
Iowa	2,447	903	146	36.90	5.97	1,544
Kansas	10,113	3,497	83	34.58	.82	6,616
Kentucky	4,481	1,284	1	28.65	.02	3,197
Louisiana	12,052	4,590	297	38.08	2.46	7,462
Maine	1,232	551	5	44.72	.41	681
Maryland	12,952	5,504	899	42.50	6.94	7,448
Massachusetts	2,880	1,308	2	45.42	.07	1,572
Michigan	38,882	9,867	665	25.38	1.71	29,015
Minnesota	4,110	1,226	2	20.83	.05	2,884
Mississippi	3,989	603	----	15.12	----	3,386
Missouri	6,851	2,620	175	38.24	2.55	4,231
Montana	326	73	----	22.39	----	253
Nebraska	5,558	2,421	114	43.56	2.05	3,137
Nevada	1,918	631	----	32.90	----	1,287
New Hampshire	316	75	1	23.73	.32	241
New Jersey	14,801	4,986	123	33.69	.83	9,815
New Mexico	2,458	339	----	13.79	----	2,119
New York	18,913	4,040	312	21.36	1.65	14,873
North Carolina	8,001	1,502	3	19.31	.04	6,529
North Dakota	123	9	----	7.32	----	114
Ohio	23,222	9,061	74	39.02	.32	14,161
Oklahoma	16,954	4,269	209	25.18	1.23	12,685
Oregon	6,006	1,566	1	26.07	.02	4,440
Pennsylvania	25,311	9,770	18	38.60	.07	15,541
Rhode Island	1,228	501	----	40.80	----	727
South Carolina	5,908	1,247	15	21.11	.25	4,661
South Dakota	496	91	----	18.35	----	405
Tennessee	15,199	2,403	35	15.81	.23	12,796
Texas	49,207	12,423	147	25.25	.30	36,784
Utah	7,508	2,585	396	34.43	5.27	4,923
Vermont	279	102	9	36.56	3.23	177
Virginia	17,691	6,553	823	37.04	4.65	11,138
Washington	18,136	7,610	139	41.96	.77	10,526
West Virginia	1,236	559	275	45.23	22.25	677
Wisconsin	4,136	1,592	----	38.49	----	2,544
Wyoming	1,008	158	----	15.67	----	850
Alaska	1	----	----	----	----	1
Hawaii	447	74	----	16.55	----	373
Puerto Rico	2,847	1	----	.04	----	2,846
Virgin Islands	2	----	----	----	----	2
Total	[3] 578,755	176,464	6,980	30.49	1.21	[3] 402,291

[1] Include titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance and titles to 263 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[2] Less than 0.005 percent.
[3] Includes 1,510 insured cases not yet tabulated by States as of Dec. 31, 1948.

Mortgage Characteristics

As shown in Table 1, on page 8, the Federal Housing Administration insured 296,724 home mortgages in 1948 under the provisions of Sections 203 and 603 of the National Housing Act. As in the earlier years of operations under Section 603, the great majority of the homes securing mortgages insured in 1948 under this section were newly constructed—the 1948 volume of 160,904 new homes representing 98 percent of all homes covered by mortgage insurance under Section 603 during the year. The 28,779 new dwellings covered by mortgages insured under Section 203 accounted for some 22 percent of the 1948 total of all homes securing mortgages insured under this section—the highest proportion in any year since 1942. To a considerable extent, the revival of new-home activity under this section may be attributed to the expiration, on April 30, 1948, of FHA's authority to issue commitments for the insurance of new-home mortgages under the emergency provisions of Section 603. However, it should be noted that the 160,904 new-home mortgages insured under Section 603 during the year (including 110,667 from commitments outstanding on April 30) was 45 percent over the previous Section 603 peak of 111,183 new-home mortgages insured in 1943.

Typically, the dwelling securing a Section 203 new-home mortgage insured in 1948 was a one-family structure of 5.4 rooms, the average floor area being 972 square feet.[1] The property was valued by the Federal Housing Administration at $8,721, including the value of the house, other physical improvements such as garages (which were reported in about one out of every two cases), and land, which on the average accounted for $1,049 or about 12 percent of the estimated total valuation. Included in the average land value were rough grading, terracing, and the construction of any necessary retaining walls. The typical new-home owner financed his purchase with a loan of $7,058 which he contracted to amortize over a 20-year period with monthly payments of $58.08. These payments represented about one-sixth of his $4,000 effective annual income, which FHA estimated would prevail for approximately the first one-third of the mortgage term. The monthly payment included payment to principal, interest at not more than 4½ percent, the FHA insurance premium of one-half of 1 percent, hazard insurance, taxes and special assessments, and miscellaneous items, including ground rent, if any.

[1] The characteristics of the mortgages, homes, and mortgagors insured under Section 203 are analyzed on the basis of a sample of 15,740 mortgages secured by new homes and 40,804 existing-home mortgages, which were selected from those insured in the first 10 months of 1948.

Section 203 trends.—These and other characteristics associated with the typical Section 203 insured single-family home mortgage transaction are shown in Table 13, together with comparable data for selected years since 1940. The 1948 data indicate a continued strong upward trend in the median or average amounts associated with all of

TABLE 13.—*Characteristics of mortgages, homes, and mortgagors: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years 1940–48*

Year	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
	Mortgage principal [1]		Duration in years [2]		Loan as a percent of FHA value [3]		1-family as a percent of 1- to 4-family	
1948	$7,058	$5,969	20.1	19.3	80.1	76.5	98.0	94.4
1947	6,201	5,363	20.2	19.1	81.2	77.3	97.5	94.1
1946	5,504	4,697	21.0	18.9	84.1	78.6	98.7	93.6
1944	(4)	4,317	(4)	18.0	(4)	78.9	(4)	95.9
1942	4,692	4,076	23.5	18.1	86.7	77.9	99.4	93.2
1940	[5] 4,410	[5] 3,902	[5] 23.0	[5] 17.5	84.8	75.3	99.0	92.7
	Property valuation [1 6]		Land valuation [2 7]		Number of rooms [1 8]		Percent with garages	
1948	$8,721	$7,679	$1,049	$970	5.4	5.6	55.1	70.5
1947	7,574	6,769	803	915	5.3	5.7	56.1	73.1
1946	6,558	5,934	761	833	5.5	5.9	58.1	83.4
1944	(4)	5,484	(4)	924	(4)	[5] 6.3	(4)	84.2
1942	5,368	5,272	635	935	5.5	6.3	70.3	85.5
1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
	Mortgagor's effective annual income [1 9]		Total monthly payment [1 10]		Payment as a percent of income [3 9 10]		Ratio of property valuation to annual income [3 6 9]	
1948	$4,000	$3,731	$58.08	$49.76	16.1	14.4	2.04	1.87
1947	3,643	3,614	50.84	45.25	15.7	14.5	1.97	1.83
1946	3,313	3,101	46.18	40.83	15.3	14.3	1.81	1.71
1944	(4)	3,120	(4)	[5] 40.50	(4)	14.5	(4)	1.84
1942	2,416	2,751	37.46	37.80	16.8	15.1	1.98	1.72
1940	2,416	2,400	[5] 35.15	[5] 34.50	17.2	15.1	1.97	1.70

[1] Data shown are medians.
[2] Data shown are averages (arithmetic means).
[3] Based on arithmetic means.
[4] Data not available.
[5] Estimated.
[6] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[7] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[8] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[9] 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.
[10] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.

those characteristics which are measured in terms of dollars—including the mortgage principal, which had increased more than $850 over the 1947 median of $6,201; property valuation, which was 15 percent above its 1947 level; land valuation, up $156 or 17 percent; mortgagor's effective income, up $357 or about 10 percent; and total monthly payment, which had increased by 14 percent, from $50.84 in

1947 to $58.08 in 1948. This upward trend is shown graphically in Chart IV for the typical valuation, mortgage amount, income, and land value associated with Section 203 new-home mortgages.

It should be noted that, although increasing at the rate of 0.4 percent per year since 1946, payment as a percent of income is still below the prewar level. This comparison, however, makes no allowance for the

CHARACTERISTICS OF MORTGAGES, HOMES, AND MORTGAGORS

FHA-INSURED NEW SINGLE-FAMILY HOME MORTGAGES

SECTION 203, FOR SELECTED YEARS 1940-1948

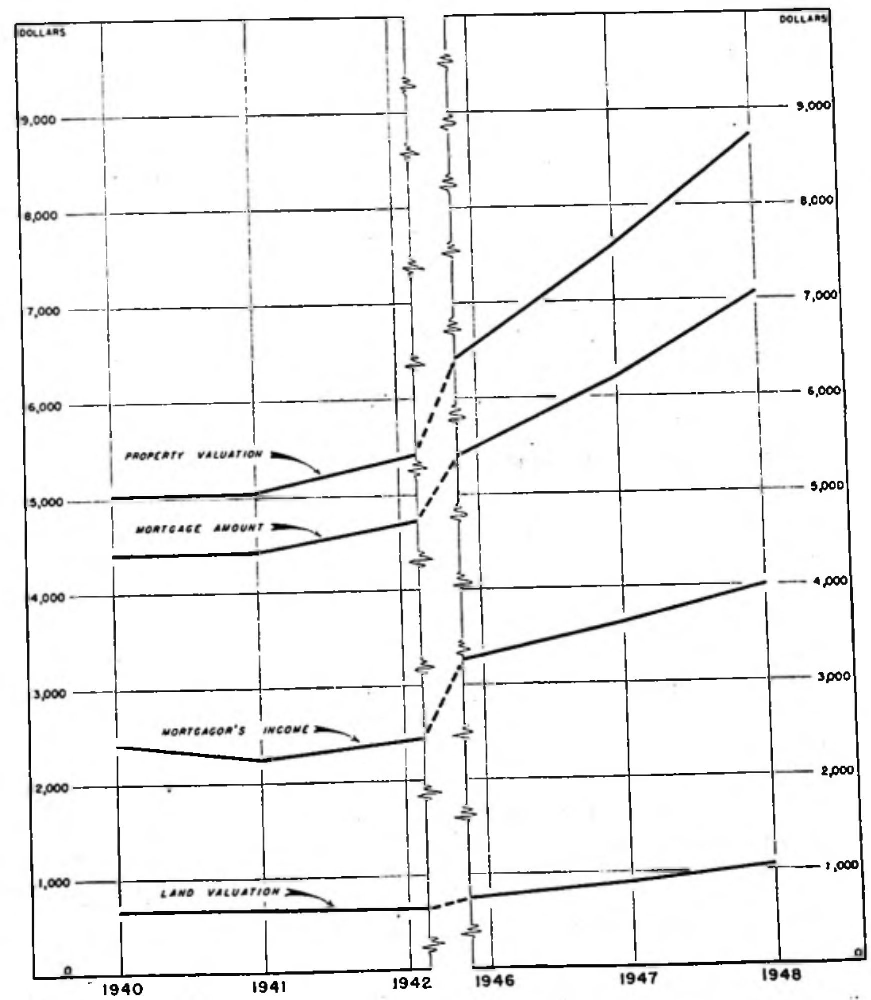


CHART IV

marked increase in income taxes and other taxes which has occurred since 1940. It is also of interest to note that the ratio of property valuation to income reached 2.04 in 1948—0.07 above 1947. The 1948 homes were very slightly larger than those securing new-home mortgages insured under Section 203 in 1947, 5.4 rooms compared with 5.3; but 1 percent fewer homes had garages.

The typical 1948 property valuation estimated by the Underwriting Division for existing homes securing Section 203 insured mortgages was $7,579—up about 12 percent over the 1947 median of $6,769. Included in this figure was an average land value of $970—$55 higher than for the preceding year. The typical mortgagor contracted to repay the $5,969 loan necessary to finance his purchase with a monthly payment of $49.76 over a period of slightly more than 19 years. This payment represented about 14.4 percent of his $3,731 annual income. This is 0.1 percent below the comparable percentage for 1947, while the ratio of property valuation to income reached a new postwar high of 1.87.

Continuing a trend first observed in 1946, the typical room count for existing homes declined to 5.6 rooms—the average floor area being 1,075 square feet, or about 100 square feet larger than for the newly constructed dwellings. Also declining for the third consecutive year was the ratio of loan to value, which averaged 76.5 percent or 3.6 percent below the ratio for new-home mortgages.

Section 603 trends.—Selected characteristics of the one-family new-home mortgages insured during the year under Section 603 and of the dwellings securing these mortgages are given in Table 14.[1] This table presents comparable information for the 3 years in which the Veterans' Emergency Housing Program has been in operation—1946, 1947, and 1948.[2]

Unlike the Section 203 mortgages insured during 1948, which were processed on the basis of the estimated long-term valuation of the properties involved, the mortgages insured under the provisions of Section 603 were processed on the basis of the estimated necessary current cost of the properties. The typical one-family home securing a Section 603 new-home mortgage insured during the year had an estimated current cost of $8,476, including the cost of the house, other physical improvements, and land, which averaged $898. To finance his purchase, the buyer contracted to repay a loan of $7,424 at the rate

[1] The characteristics of the mortgages and homes insured under Section 603 are analyzed on the basis of a sample of 45,219 new-home mortgages which were insured during the first 10 months of 1948.

[2] For information on the characteristics of mortgages and homes committed or insured under the Section 603 War Housing Program, 1941–45, see the 14th annual report of the Federal Housing Administration covering the year 1947.

TABLE 14.—*Characteristics of mortgages and homes: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1946–48* [1]

Year	Mortgage principal [2]	Duration in years [3]	Loan as a percent of cost [4]	1-family as a percent of 1- to 4-family	Total monthly payment [2, 5]
1948	$7,424	24.4	85.1	92.9	$52.28
1947	6,914	24.3	84.5	95.4	49.18
1946	6,733	24.2	84.3	94.1	48.19
	Necessary current cost [2, 6]	**Land valuation [3, 7]**	**Number of rooms [2, 8]**	**Percent with garages**	**Monthly rental value [3, 9]**
1948	$8,476	$898	5.1	51.6	$64.77
1947	8,020	835	5.2	49.9	61.14
1946	7,860	1,071	5.2	49.8	60.81

[1] 1946 data based on firm commitments issued; 1947–48 data, mortgages insured.
[2] Data shown are medians.
[3] Data shown are averages (arithmetic means).
[4] Based on arithmetic means.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[6] FHA estimate of necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[7] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[8] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[9] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.

of $52.28 a month over a term of 24.4 years. The homes insured under this section were slightly smaller than the new homes covered by Section 203 insured mortgages, the median size being 5.1 rooms. Only about 52 percent had garage facilities. These dwellings had an estimated monthly rental value of $64.77, the estimate being based on typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or the newness of individual properties.

As noted in connection with Section 203 transactions, practically all of the characteristics of the Section 603 insured contracts were higher in 1948 than in 1947. The median necessary current cost increased by 6 percent from $8,020 to $8,476; mortgage principal by 7 percent from $6,914 to $7,424, average loan-cost ratio from 84.5 to 85.1 percent; and total monthly payment from $49.18 to $52.28—an increase of 6 percent. The dwellings were very slightly smaller in 1948 than those covered by insurance written in the preceding year, while the percent with garages increased from 49.9 to 51.6.

It should be noted with respect to the Section 603 operations in 1946 and 1947 that, since the 1946 data are based on commitments issued and the 1947 data on mortgages insured during the respective years, there is a considerable amount of duplication in the cases covered by the statistics for the two years. Because of a shorter construction time for homes built in Southern States, and, consequently, a shorter period of time between date of commitment and date of insurance, a higher proportion of the cases insured in 1947 were in Southern States than was true of commitments issued in 1946. This condition influenced the extent of the change between 1946 and 1947 in national medians for many of the characteristics described in this analysis or covered by the tables showing data on Section 603 operations for these 2 years. This is particularly true of necessary current cost, mortgage principal, land valuation, and 1-family structures as a percent of total.

Amount of mortgage.—The distributions of the mortgage amounts involved in the purchase of new and existing single-family homes securing mortgages insured under Section 203 in 1948 are shown in Table 15, together with comparable data for selected years since 1941.

The median new-home mortgage insured in 1948 was $7,058—14 percent above the comparable 1947 figure of $6,201 and more than $2,600 above the 1941 median loan of $4,419. Only about 47 percent of the new-home mortgages insured in 1948 under Section 203 were for less than $7,000, a markedly smaller proportion than the 65 percent under this amount in 1947. In 1941, the last year prior to the war, less than 5 percent of the new-home mortgages amounted to as much as $7,000.

TABLE 15.—*Amount of mortgage principal: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years 1941–48*

Mortgage principal	New homes,[1] percentage distribution					Existing homes, percentage distribution					
	1948	1947	1946	1942	1941	1948	1947	1946	1944	1942	1941
Less than $2,000	(2)	0.1	0.1	0.1	0.3	0.3	0.6	1.0	2.4	2.8	5.2
$2,000 to $2,999	0.2	.5	1.1	3.7	8.0	1.8	4.0	7.0	14.3	18.0	22.4
$3,000 to $3,999	1.7	4.2	7.1	19.2	28.6	7.4	11.6	19.2	24.2	26.9	26.4
$4,000 to $4,999	7.4	14.6	22.6	38.8	31.4	17.8	23.4	28.9	24.5	24.4	21.4
$5,000 to $5,999	16.8	25.2	31.4	30.1	21.4	23.0	24.1	21.3	15.8	13.6	10.9
$6,000 to $6,999	21.4	20.4	25.0	5.0	5.8	20.0	17.0	11.0	9.0	6.7	6.1
$7,000 to $7,999	18.9	17.9	9.5	1.6	2.4	12.6	9.2	4.7	3.8	2.9	2.6
$8,000 to $8,999	19.3	11.9	2.4	.8	1.2	8.0	4.9	2.7	2.1	2.0	1.9
$9,000 to $9,999	6.5	2.3	.4	.2	.3	3.3	1.8	1.2	1.1	.8	.9
$10,000 to $10,999	3.6	1.3	.2	.2		2.5	1.4	1.1	1.1	.8	
$11,000 to $11,999	1.8	.5	.2	.1	.3	1.0	.6	.2	.3	.2	1.1
$12,000 to $12,999	1.1	.4	(2)	.1		.9	.6	.4	.5	.4	
$13,000 to $16,000	1.3	.7		.1	.3	1.4	.8	.7	.9	.5	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage	$7,184	$6,345	$5,548	$4,670	$4,483	$6,181	$5,561	$4,929	$4,586	$4,298	$4,129
Median mortgage	7,058	6,201	5,504	4,602	4,419	5,969	5,363	4,697	4,317	4,076	3,847

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

Increasing at nearly the same rate indicated in the preceding paragraph for new homes, the typical mortgage amount for Section 203 existing-home mortgages reached $5,969 in 1948—$600 above the 1947 level and more than $2,100 higher than the 1941 figure of $3,847. The

proportion of these loans involving amounts of less than $6,000 declined from 86 percent in 1941 to only 50 percent in 1948.

New-home mortgages secured by single-family structures and insured under the Section 603 Veterans' Emergency Housing Program have a statutory limitation of $8,100, compared with $16,000 for mortgages insured under Section 203. As a result, the distributions of the mortgages insured under this section, which are shown in Table 16, are much more concentrated than the distributions of Section 203 insured mortgages previously discussed. In 1948, almost one out of every four mortgages insured under Section 603 involved an amount of $8,000 to $8,100, with 80 percent reported in the range between $6,500 and the $8,100 limit. Comparatively, this range accounted for 65 percent of the mortgages insured in 1947. The 1948 median amount for mortgages insured under this section was $7,424—an increase of $510 over the 1947 figure and $366 above that for new-house mortgages insured in 1948 under Section 203.

TABLE 16.—*Amount of mortgage principal: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1946–48*[1]

Mortgage principal	New homes, percentage distribution		
	1948	1947	1946
Less than $3,500	0.1	0.4	(2)
$3,500 to $3,999	1.2	.3	0.3
$4,000 to $4,499	1.1	1.2	1.1
$4,500 to $4,999	.8	2.1	3.3
$5,000 to $5,499	2.8	6.6	8.7
$5,500 to $5,999	5.0	9.0	10.2
$6,000 to $6,499	9.1	15.3	18.8
$6,500 to $6,999	14.4	17.7	17.4
$7,000 to $7,499	18.0	17.8	16.8
$7,500 to $7,999	23.2	16.0	16.9
$8,000 to $8,100	24.3	13.6	6.5
Total	100.0	100.0	100.0
Average mortgage principal	$7,139	$6,783	$6,619
Median mortgage principal	$7,424	$6,914	$6,733

[1] 1946 data based on firm commitments issued; 1947-48 data, mortgages insured.
[2] Less than 0.05 percent.

Monthly mortgage payment.—Table 17 presents the percentage distributions of the total monthly mortgage payments for new and existing single-family home mortgages insured under Section 203 and for new-home mortgages insured under Section 603 in 1948. Comparable data are included for Section 603 for 1946 and 1947—years in which the great bulk of new-home mortgage insurance was written under that section. The 1948 distributions of the monthly payments involved in mortgages insured under both sections are shown graphically in Chart V.

TABLE 17.—*Total monthly mortgage payment: Based on FHA-insured mortgages secured by single-family homes, Secs. 203, 1948, and 603 VEH, 1946–48* [1]

Total monthly mortgage payment [2]	Sec. 203, percentage distribution 1948		Sec. 603, percentage distribution new homes		
	New homes	Existing homes	1948	1947	1946
Less than $25.00	0.2	1.2	(3)	0.2	(3)
$25.00 to $29.99	.7	3.0	1.5	1.0	0.3
$30.00 to $34.99	2.0	6.5	1.9	2.6	2.0
$35.00 to $39.99	6.7	11.6	4.3	9.4	11.6
$40.00 to $44.99	8.1	14.0	10.8	17.2	20.4
$45.00 to $49.99	11.4	14.4	20.4	23.9	23.5
$50.00 to $54.99	13.1	12.5	27.1	23.2	15.9
$55.00 to $59.99	11.7	10.7	24.9	16.6	21.6
$60.00 to $64.99	11.8	7.5	8.0	4.7	3.3
$65.00 to $69.99	11.5	5.7	.8	.9	.2
$70.00 to $74.99	8.5	3.8	[4] .3	[4] .3	[4] .6
$75.00 to $79.99	5.0	2.4			
$80.00 to $89.99	4.6	2.9			
$90.00 to $99.99	2.1	1.5			
$100.00 or more	2.0	2.3			
	100.0	100.0	100.0	100.0	100.0
Average payment	$58.70	$52.18	$51.41	$48.62	$48.11
Median payment	58.08	49.76	52.28	49.18	48.19

[1] 1946 data based on firm commitments issued; 1947–48 data, mortgages insured.
[2] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[3] Less than 0.05 percent.
[4] Includes all payments of $70 or more.

DISTRIBUTION OF TOTAL MONTHLY MORTGAGE PAYMENT
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTIONS 203 AND 603, 1948

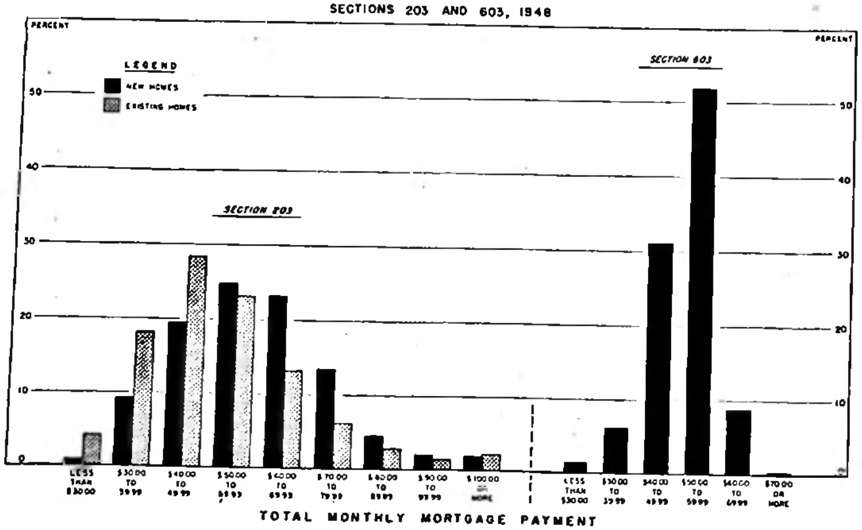


Chart V

About 60 percent of the 1948 buyers of new single-family dwellings who financed their purchases with Section 203 insured mortgages contracted to repay their loans at the rate of $45.00 to $69.99 per month, including the payment to principal, interest, FHA insurance premium, hazard insurance premiums, taxes and special assessments, and miscellaneous items, including ground rent, if any. Reflecting a typical mortgage term differential of more than 4 years, the Section 603 payment distribution is concentrated within a somewhat lower range, with more than 72 percent of the payments reported between $45.00 and $59.99—even though the Section 603 median mortgage was more than $350 above that for Section 203. This condition is of course reflected in the median monthly payments, which were $58.08 and $52.28, respectively, for Section 203 and Section 603 mortgages insured during the year. It may be noted that the typical payment under Section 603 was about $3 higher than in 1947.

Payments on Section 203 insured existing-home contracts ranged somewhat lower than those given above in connection with new-home purchases. The median payment was $49.76, with about two out of every three mortgages requiring repayment at the rate of from $35 to $59.99 per month.

Property Characteristics

Valuation for single-family home.—The distributions of FHA property valuation, including the valuation of the house, all other physical improvements, and land, are shown in Table 18 for new and existing homes securing mortgages insured under Section 203 in selected years between 1940 and 1948. More than 60 percent of the 1948 new-home valuations were reported in the range from $6,000 to $9,999, with an additional 26 percent between $10,000 and $13,999. The table clearly shows the marked increase which has occurred in the valuation of new dwellings during the eight years since 1940. In that year, with only about 6 percent of the new homes valued at $8,000 or more, the median value was $5,028. The corresponding figure reached $6,558 in 1946, increased by more than $1,000 to $7,574 in 1947, and by nearly $1,200 more to its 1948 level of $8,721—some 73 percent over 1940. Less than 1 in 12 of the new homes covered by Section 203 mortgages insured during 1948 were valued by the FHA at less than $6,000.

Comparable increases, though at a somewhat lower rate, are apparent in the existing-home property valuation distributions shown in the table. The 1948 median of $7,579 represented an increase of about 65 percent over the 1940 level of $4,600. More than 62 percent of the existing dwellings covered by mortgages insured in 1948 were valued between $6,000 and $9,999, with 18 percent below, and the remaining 20 percent above, this range.

TABLE 18.—*Property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years 1940–48*

FHA property valuation [1]	New homes, percentage distribution [2]					Existing homes, percentage distribution					
	1948	1947	1946	1942	1940	1948	1947	1946	1944	1942	1940
Less than $2,000	------	(3)	------	(3)	0.1	(3)	(3)	------	0.7	0.4	1.1
$2,000 to $2,999	------	(3)	------	0.9	3.1	0.2	0.6	1.6	4.1	4.9	9.8
$3,000 to $3,999	0.1	0.5	2.3	9.5	18.6	1.2	3.0	7.3	13.8	16.6	21.8
$4,000 to $4,999	1.0	3.4	10.0	26.8	26.8	4.7	8.2	16.8	20.7	22.1	22.5
$5,000 to $5,999	6.7	14.3	20.2	33.7	23.6	11.7	18.0	24.6	20.7	20.8	17.3
$6,000 to $6,999	14.1	20.3	27.9	20.7	16.5	19.0	22.5	20.3	16.2	14.9	10.8
$7,000 to $7,999	16.0	17.8	22.4	4.4	5.7	17.9	17.4	12.1	9.8	8.3	6.1
$8,000 to $8,999	15.7	16.8	11.1	1.8	2.6	15.1	11.5	7.0	5.2	4.3	3.6
$9,000 to $9,999	15.6	12.7	3.4	.9	1.2	10.1	7.2	3.4	2.8	2.4	1.9
$10,000 to $10,999	11.8	7.2	1.5	.5	.7	7.1	4.5	2.6	1.8	1.8	1.5
$11,000 to $11,999	7.1	2.9	.5	.2	.3	4.2	2.2	1.1	1.0	1.0	.9
$12,000 to $13,999	7.4	2.4	.5	.3	.4	4.9	2.7	1.8	1.5	1.2	1.3
$14,000 to $15,999	2.7	.9	.2	.2	.2	1.9	1.1	.7	.7	.6	.7
$16,000 or more	1.8	.8	(3)	.1	.2	2.0	1.1	.8	1.0	.7	.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$8,965	$7,817	$6,527	$5,385	$5,199	$8,075	$7,190	$6,269	$5,809	$5,568	$5,179
Median valuation	$8,721	$7,574	$6,558	$5,368	$5,028	$7,579	$6,769	$5,934	$5,484	$5,272	$4,600

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

Cost of single- and two-family homes.—As previously mentioned in this report, mortgages insured under the Section 603 Veterans' Emergency Housing Program in the period between May 22, 1946, and the end of 1948 were processed on the basis of the necessary current cost, rather than the long-term valuation of the properties. As in 1947, about 53 percent of these homes involved 1948 costs of from $7,000 to $8,999 (Table 19). The proportion costing $9,000 or more,

TABLE 19.—*Necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1946–48* [1]

Necessary current cost [2]	New homes, percentage distribution		
	1948	1947	1946
Less than $4,000	(3)	(3)	------
$4,000 to $4,499	1.1	0.2	0.2
$4,500 to $4,999	.6	.8	.5
$5,000 to $5,499	.7	1.3	2.4
$5,000 to $5,999	1.6	3.3	4.1
$6,000 to $6,999	8.6	16.2	16.8
$7,000 to $7,999	22.6	27.5	30.2
$8,000 to $8,999	30.2	25.3	27.3
$9,000 to $9,999	24.3	16.9	11.9
$10,000 to $10,999	7.6	6.6	5.5
$11,000 or more	2.7	1.9	1.1
Total	100.0	100.0	100.0
Average cost	$8,387	$8,025	$7,852
Median cost	$8,476	$8,020	$7,860

[1] 1946 data based on firm commitments issued; 1947–48 data, mortgages insured.
[2] FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[3] Less than 0.05 percent.

however, increased from 18 percent in 1946 to 25 percent in 1947 and, more markedly, to 35 percent in 1948. This increase is reflected in the 1948 median cost of $8,476—$456 above the $8,020 reported in 1947. Only about 13 percent of the homes securing 1948 insured mortgages cost less than $7,000. This was slightly more than half of the comparable proportion for mortgages committed in 1946. Chart VI shows the distribution of current costs for new homes insured under this section in 1948 together with the distributions of valuation for new and existing homes securing Section 203 insured mortgages.

DISTRIBUTION OF PROPERTY VALUATION AND NECESSARY CURRENT COST

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES

SECTIONS 203 AND 603, 1948

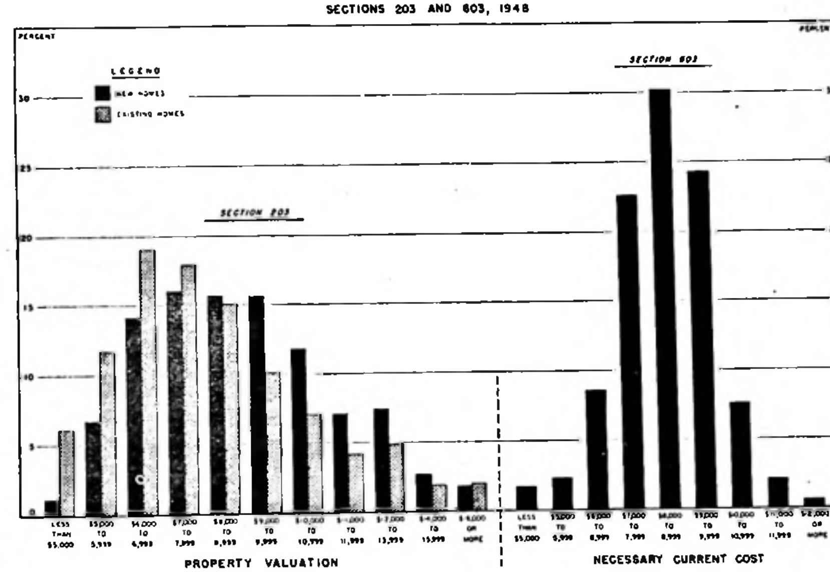


CHART VI

The distribution of the current costs of two-family structures covered by Section 603 mortgages insured in 1948 is presented in Table 20. With nearly 80 percent reported as costing from $11,000 to $14,999 in 1948, their median cost reached $13,603—nearly $750 higher than the corresponding figure for 1947.

Loan-value ratio under Section 203.—Section 203 of the National Housing Act provides that the maximum insurable mortgage amount shall not exceed 80 percent of the estimated property valuation, with the exception of single-family owner-occupied homes approved for mortgage insurance prior to the beginning of construction and valued at not more than $11,000. For properties in this valuation range, the

TABLE 20.—*Necessary current cost: Based on FHA-insured mortgages secured by new 1- and 2-family homes, Sec. 603 VEH, 1948*

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 $,4000	(2)	-------	Less than $4,000	(2)	-------
$4,000 to $4,999	1.7	-------	Less than $5,000	1.7	-------
$5,000 to $5,999	2.3	-------	Less than $6,000	4.0	-------
$6,000 to $6,999	8.6	-------	Less than $7,000	12.6	-------
$7,000 to $7,999	22.6	0.3	Less than $8,000	35.2	0.3
$8,000 to $8,999	30.2	.6	Less than $9,000	65.4	.9
$9,000 to $9.999	24.3	3.2	Less than $10,000	80.7	4.1
$10,000 to $10,999	7.6	3.8	Less than $11,000	97.3	7.9
$11,000 to $11,999	2.1	15.2	Less than $12,000	99.4	23.1
$12,000 to $12,999	.4	15.4	Less than $13,000	99.8	38.5
$13,000 to $13,999	.1	21.8	Less than $14,000	99.9	60.3
$14,000 to $14,999	(2)	24.5	Less than $15,000	99.9	84.8
$15,000 to $15,999	(2)	9.4	Less than $16,000	99.9	94.2
$16,000 to $16,999	(2) } .1	2.4	Less than $17,000	99.9	96.6
$17,000 to $17,999	(2)	1.6	Less than $18,000	99.9	98.2
$18,000 or more	(2)	1.8	All groups	100.0	100.0
Total	100.0	100.0	Median cost	$8,476	$13,603
Average cost	$8,387	$13,411			

[1] 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.

maximum mortgage amount may represent 90 percent of the first $7,000 valuation and 80 percent of the balance up to $11,000. At the discretion of the Commissioner, the loan-value ratio may be as high as 95 percent, provided the mortgage amount does not exceed $6,000.

Table 21 shows the distributions of the loan-value ratios involved in Section 203 new- and existing-home mortgages insured in 1948 for all mortgages and in relation to selected property-valuation intervals. More than 35 percent of the new-home mortgages insured during the year involved loan-value ratios of from 86 to 90 percent, with an additional 48 percent reporting mortgage amounts which represented from 76 percent to 85 percent of the property valuation.

With respect to Section 203 insured mortgages, more than half of the purchasers of new single-family dwellings valued between $5,000 and $9,999 financed their homes with loans representing 81 to 90 percent of the property valuation. Some 49 percent of the insured mortgages on properties valued between $10,000 and $10,999 also came within this category. For properties valued at $11,000 or more, nearly three out of every four secured mortgages of from 76 to 80 percent. The small proportion of 81- to 90-percent mortgages on properties in the $11,000 range involved properties valued at exactly $11,000, with

mortgages representing a maximum of 90 percent of the first $7,000 valuation and 80 percent of the balance.

TABLE 21.—*Percentage distribution of ratio of loan to value by property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Median loan-value ratio	Ratio of loan to value: 50 percent or less	51 to 55 percent	56 to 60 percent	61 to 65 percent	66 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	Total
New homes												
Less than $4,000	0.1	77.7	9.5	------	4.8	4.8	9.5	------	61.8	4.8	4.8	100.0
$4,000 to $4,999	1.0	78.5	.6	------	.6	4.9	7.4	8.6	55.2	3.7	19.0	100.0
$5,000 to $5,999	6.7	80.5	.6	0.4	.6	.8	3.1	3.4	29.1	6.1	55.9	100.0
$6,000 to $6,999	14.1	86.6	.4	.3	.0	1.0	2.6	4.5	21.0	11.3	57.1	100.0
$7,000 to $7,999	16.0	86.3	1.0	.5	1.0	1.0	3.1	5.1	21.3	13.6	53.4	100.0
$8,000 to $8,999	15.7	84.9	1.4	.4	1.3	2.1	3.1	8.4	19.8	17.3	46.2	100.0
$9,000 to $9,999	15.6	83.0	1.8	1.1	1.1	2.1	3.8	7.6	21.5	27.5	33.5	100.0
$10,000 to $10,999	11.8	80.8	2.5	.7	1.8	2.2	4.2	7.4	32.5	31.0	17.7	100.0
$11,000 to $11,999	7.1	77.7	1.7	1.3	1.7	2.2	8.0	9.3	74.4	1.0	.4	100.0
$12,000 to $13,999	7.4	77.5	2.0	1.1	1.4	3.7	9.5	10.0	72.3	------	------	100.0
$14,000 to$15,999	2.7	77.6	1.9	1.1	1.9	3.3	8.4	9.6	73.8	------	------	100.0
$16,000 or more	1.8	77.3	4.8	3.3	4.8	5.1	5.1	10.2	66.7	------	------	100.0
Total	100.0	81.0	1.5	.7	1.3	1.9	4.3	7.0	33.1	15.0	35.2	100.0
Existing homes												
Less than $4,000	1.4	77.1	2.2	1.6	2.2	6.0	11.1	13.7	61.7	0.2	1.3	100.0
$4,000 to $4,999	4.7	77.4	3.2	.9	1.4	4.4	10.7	12.0	61.1	1.5	4.8	100.0
$5,000 to $5,999	11.7	78.5	1.1	1.1	2.3	2.1	8.4	6.8	57.6	3.8	16.8	100.0
$6,000 to $6,999	19.0	78.5	1.6	1.0	1.8	2.9	8.8	8.3	50.8	5.4	19.4	100.0
$7,000 to $7,999	17.9	78.2	1.8	1.4	2.4	3.1	9.6	8.7	53.3	6.1	13.6	100.0
$8,000 to $8,999	15.1	77.9	2.0	1.3	2.8	4.0	10.2	9.8	51.5	6.0	11.8	100.0
$9,000 to $9,999	10.1	77.7	2.1	2.6	1.8	4.6	10.1	10.5	52.9	5.7	9.7	100.0
$10,000 to $10,999	7.1	77.5	3.4	1.8	4.1	3.7	10.8	8.5	58.5	5.2	4.0	100.0
$11,000 to $11,999	4.2	77.1	3.8	2.8	3.8	4.3	10.1	11.5	63.4	.2	.1	100.0
$12,000 to $13,999	4.9	77.1	4.2	1.8	4.1	3.6	11.2	10.3	64.8	------	------	100.0
$14,000 to $15,999	1.9	77.1	4.8	3.0	3.0	4.2	13.5	7.6	63.3	------	------	100.0
$16,000 or more	2.0	76.9	4.2	2.1	3.1	5.7	13.4	10.5	61.0	------	------	100.0
Total	100.0	77.9	2.3	1.5	2.5	3.5	9.9	9.2	55.2	4.5	11.4	100.0

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.

About 55 percent of all existing-home transactions involved mortgage financing of 76 to 80 percent. Approximately one in six of the mortgages secured by existing homes involved loans of 81 to 90 percent, all being on properties originally approved for mortgage insurance prior to the start of construction and valued at not more than $11,000.

Loan-cost ratio under Section 603.—The distribution of the ratio of mortgage amount to necessary current cost by cost groups is shown in Table 22 for new single-family home mortgages insured under Section 603. Together with the distribution of loan-value ratios for

TABLE 22.—*Percentage distribution of ratio of loan to cost by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1948*

Necessary current cost [1]	Percentage distribution	Median loan-cost ratio	Ratio of loan to cost: 50 percent or less	51 to 55 percent	56 to 60 percent	61 to 65 percent	66 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	Total
Less than $4,000	(2)											
$4,000 to $4,999	1.7	88.4				0.1			0.4	2.1	97.4	100.0
$5,000 to $5,999	2.3	87.9	0.2				0.8	0.7	3.4	14.0	80.9	100.0
$6,000 to $6,999	8.6	88.0	(2)		0.1	.1	.3	1.1	2.5	12.2	83.7	100.0
$7,000 to $7,999	22.6	88.2	.1	0.1	.1	.2	.3	.7	2.5	8.2	87.8	100.0
$8,000 to $8,999	30.2	87.9	.2	.1	.2	.3	.6	1.2	3.9	12.4	81.1	100.0
$9,000 to $9,999	24.3	84.6	.3	.3	.3	.6	.7	3.0	12.6	44.8	37.4	100.0
$10,000 to $10,999	7.6	77.4	.9	.4	1.4	1.6	4.4	24.0	61.4	5.9		100.0
$11,000 to $11,999	2.1	70.4	2.1	1.9	2.9	5.7	42.9	44.5				100.0
$12,000 or more	.6	63.2	6.3	8.6	16.0	43.7	25.4					100.0
Total	100.0	87.1	.3	.2	.4	.8	1.8	4.1	9.7	18.4	64.3	100.0

[1] 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.

new single-family home mortgages insured under Section 203, this distribution is shown in Chart VII.

Mortgages insured under Section 603 in 1948 were processed under regulations permitting loans up to 90 percent of the necessary current cost but not to exceed $8,100 for single-family dwellings. Nearly

DISTRIBUTION OF LOAN-VALUE RATIO BY PROPERTY VALUATION
AND OF LOAN-COST RATIO BY NECESSARY CURRENT COST, 1948
FHA-INSURED NEW SINGLE-FAMILY HOME MORTGAGES

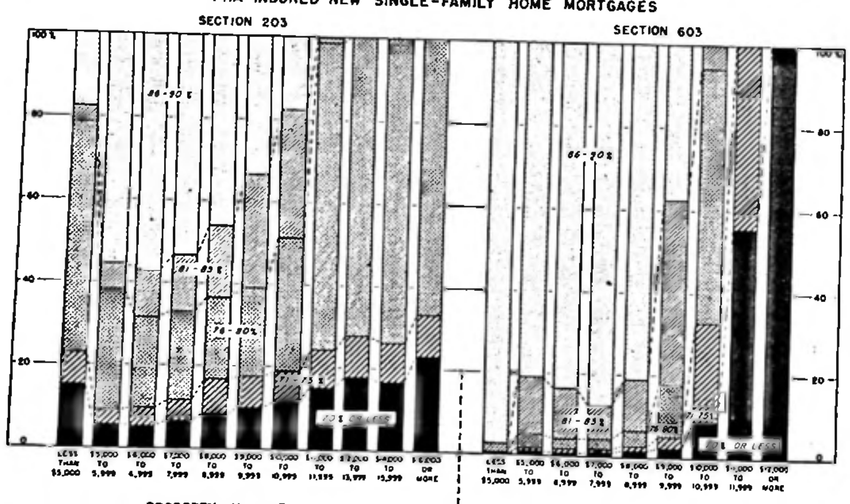


CHART VII

two-thirds of all the mortgages insured during the year provided for loans of 86 to 90 percent of the estimated cost, with four out of every five in the cost groups below $9,000 falling in this category. For properties costing more than $9,000, the $8,100 mortgage limitation served to reduce the permitted loan-cost ratio, the maximum ratio for a $12,000 home being 67.5 percent. It is interesting to note that the median loan-cost ratio for Section 603 insured mortgages secured by homes costing from $5,000 to $9,999 was consistently between 1.4 and 3 percent above the corresponding median loan-value ratios for Section 203 insured mortgages.

Value- and cost-group averages.—The averages for selected characteristics of the new and existing single-family homes securing 1948 Section 203 insured mortgages are shown in Table 23 by property valuation intervals. The average valuation for new homes increased from $3,700 in the less than $4,000 group to $18,265 for those properties valued at $16,000 or more. Correspondingly, the median amount of mortgage increased from $3,125 to $13,819, the over-all loan-value ratio of 81 percent varying between a maximum of 86.6 percent for homes in the $6,000 value range down to 77.3 percent for the small proportion of properties appraised at $16,000 or more. Increasing progressively throughout the range of valuations, average land value varied between $410 and $2,616, representing from 10 to 14 percent of the average property valuation; estimated monthly taxes ranged from $3.19 up to $16.32; monthly mortgage payment was between $24.67 and $111.49; and monthly rental value was between $33.05 and $131.87, typically about 20 percent above the amount of the mortgage payment. In size these new homes varied between an average of 3.8 rooms for homes valued at less than $4,000 to 6.3 rooms for structures in the highest valuation group; floor area, reported for the first time in 1948, ranged upward from 741 square feet for homes in the $5,000 value group to a maximum of 1,759 square feet. About half of these properties provided garage facilities.

Reflecting the greater concentration of properties in the lower value groups (55 percent of the cases in the sample being valued at less than $8,000 as compared with 38 percent for new homes), nearly all of the characteristics shown in the table had lower over-all averages for existing homes than those for new construction which were discussed in the preceding paragraphs. The only exceptions to this were room count and size of structure—the existing homes averaging about one-third of a room and 100 square feet larger—and the fact that 70 percent included garage facilities, compared with 55 percent of the new homes. Within individual valuation groups, the average value, mortgage principal, and loan-value ratio are uniformly lower, and

TABLE 23.—*Average characteristics by property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Average: Property valuation	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated mo. rental value [6]	Number of rooms [7]	Floor area (sq. ft.) [8]	Median loan-value ratio (percent)	Ratio of land to total value (percent)	Percentage of structures with garages
New homes												
Less than $4,000	0.1	$3,700	$3,125	$410	$3.19	$24.67	$33.05	3.8	(9)	77.7	11.1	4.8
$4,000 to $4,999	1.0	4,523	3,594	451	3.50	29.99	37.66	4.2	(9)	78.5	10.0	15.6
$5,000 to $5,999	6.7	5,497	4,603	599	4.10	36.45	46.15	4.2	741	86.5	10.9	24.6
$6,000 to $6,999	14.1	6,405	5,400	743	4.80	43.51	52.67	4.4	809	86.6	11.3	42.1
$7,000 to $7,999	16.0	7,412	6,357	787	5.93	50.05	61.25	4.0	866	86.3	10.6	49.2
$8,000 to $8,999	15.7	8,397	7,202	918	7.48	56.09	67.59	4.8	928	84.9	10.9	53.8
$9,000 to $9,999	15.6	9,389	7,805	1,094	9.06	62.40	75.62	5.1	999	83.0	11.7	58.3
$10,000 to $10,999	11.8	10,274	8,364	1,238	10.04	66.73	70.63	5.3	1,086	80.8	12.0	65.1
$11,000 to $11,999	7.1	11,343	9,016	1,358	10.57	71.31	85.14	5.5	1,163	77.7	12.0	66.7
$12,000 to $13,999	7.4	12,691	9,957	1,582	11.30	79.05	94.67	5.7	1,272	77.5	12.5	73.7
$14,000 to $15,999	2.7	14,712	11,014	1,942	13.08	92.25	108.94	6.0	1,308	77.6	13.2	85.7
$16,000 or more	1.8	18,265	13,819	2,616	16.32	111.49	131.87	6.3	1,759	77.3	14.3	89.5
Total	100.0	8,965	7,058	1,049	7.95	58.70	70.84	4.9	972	81.0	11.7	55.1
Existing homes												
Less than $4,000	1.4	$3,335	$2,577	$475	$3.78	$24.96	$33.20	4.7	839	77.1	14.2	45.2
$4,000 to $4,999	4.7	4,428	3,461	561	4.22	30.75	40.54	4.8	908	77.4	12.7	51.7
$5,000 to $5,999	11.7	5,396	4,439	653	4.99	36.37	47.76	4.8	887	78.5	12.1	57.5
$6,000 to $6,999	19.0	6,355	5,212	737	5.79	42.19	54.54	4.8	920	78.5	11.6	64.3
$7,000 to $7,999	17.9	7,339	5,875	851	6.88	47.85	61.71	5.0	979	78.2	11.6	69.3
$8,000 to $8,999	15.1	8,330	6,565	967	8.09	53.73	68.81	5.2	1,043	77.9	11.6	73.6
$9,000 to $9,999	10.1	9,284	7,360	1,078	8.96	59.19	75.68	5.4	1,118	77.7	11.6	78.1
$10,000 to $10,999	7.1	10,240	8,244	1,208	9.96	64.85	82.55	5.6	1,213	77.5	11.8	81.2
$11,000 to $11,999	4.2	11,275	8,711	1,343	10.46	70.15	88.85	5.8	1,283	77.1	11.9	83.1
$12,000 to $13,999	4.9	12,633	9,853	1,602	12.01	78.56	98.66	6.1	1,442	77.1	12.7	84.6
$14,000 to $15,999	1.9	14,698	11,470	2,004	14.16	91.34	114.24	6.5	1,656	77.1	13.6	89.3
$16,000 or more	2.0	18,374	13,975	2,698	18.20	114.48	142.09	6.9	1,967	76.9	14.7	92.1
Total	100.0	8,075	5,960	970	7.67	52.18	66.87	5.2	1,075	77.9	12.0	70.5

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Data shown are medians.
[3] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[7] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[8] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space or finished spaces in attic are excluded.
[9] Data not significant.

the average rental value and proportion with garage uniformly higher, for existing properties than for new homes.

The averages for selected characteristics of the new single-family home mortgages insured under Section 603 in 1948, and of the properties securing these mortgages, are shown in Table 24 for specific current cost groups. As the average current cost increased from $4,285 in the lowest cost group to $12,879 in the highest, the average mortgage principal varied between $3,733 and $8,100, the median loan-cost ratio declining from 88.4 percent for transactions involving homes in the $4,000 cost range to 63.4 percent for those in which the properties had an estimated cost of $12,000 or more.

TABLE 24.—*Average characteristics by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1948*

Necessary current cost [1]	Percentage distribution	Average: Necessary current cost [1]	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]	Median loan-cost ratio (percent)	Ratio of land to total cost (percent)
Less than $4,000	(7)								
$4,000 to $4,999	1.7	$4,285	$3,733	$929	$4.42	$29.34	$36.43	88.4	21.7
$5,000 to $5,999	2.3	5,546	4,135	525	4.90	35.62	46.30	87.9	9.5
$6,000 to $6,999	8.6	6,554	5,807	642	5.05	42.36	53.75	88.0	9.8
$7,000 to $7,999	22.6	7,509	6,640	796	6.77	47.43	60.04	88.2	10.6
$8,000 to $8,999	30.2	8,457	7,481	880	8.31	53.15	65.84	87.9	10.4
$9,000 to $9,999	24.3	9,364	8,100	1,003	9.41	56.58	70.57	84.6	10.7
$10,000 to $10,999	7.6	10,321	8,100	1,200	10.25	57.57	74.62	77.5	11.6
$11,000 to $11,999	2.1	11,357	8,100	1,242	10.33	57.53	78.99	70.5	10.9
$12,000 or more	.6	12,879	8,100	1,388	10.49	59.37	84.97	63.4	10.8
Total	100.0	8,387	7,424	808	8.05	51.41	64.77	87.1	10.7

[1] FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] Data shown are medians.
[3] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[7] Less than 0.05 percent.

The monthly mortgage payment varied between $29.34 and $59.37, of which about one-sixth was attributable to estimated monthly taxes. Rental value ranged between $36.43 and $84.97 per month, the over-all average of $64.77 being about 26 percent above the average mortgage payment ($51.41) for all groups. Land valuation typically represented 10.7 percent of the estimated current cost, ranging between 9.5 and 11.6 percent for all cost groups except the $4,000 to $4,999 interval, in which the average land value of $929 represented 21.7 percent of the $4,285 average cost.

Number of rooms.—The median size of the new single-family homes securing mortgages insured under Section 203 in 1948 was 5.4 rooms—0.1 larger than in 1947. Table 25 shows the distribution of the number of rooms within the various valuation intervals for both new and existing homes. For new homes valued below $7,000, the median size ranges from 4.3 to 4.8 rooms, compared with a variation of 5.0 to 5.2 rooms for existing structures in the same valuation interval. The difference is not as marked in the case of valuations between $7,000 and $11,999—new-home medians of 5.1 to 6.1 rooms being only slightly below the 5.4 to 6.2 room count that was typical of the existing dwellings. This is also true of the higher valued homes, except for the group valued above $16,000, where the existing-home median of 7.3 rooms is 0.6 rooms above that for new dwellings.

TABLE 25.—*Rooms by property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Median number of rooms [2]	Percentage distribution of rooms: 3 rooms	4 rooms	5 rooms	6 rooms	7-9 rooms	Total
			New homes					
Less than $1,000	0.1	4.3	42.8	28.6	23.8	4.8		100.0
$4,000 to $4,999	1.0	4.6	11.1	68.7	15.3	3.7	1.2	100.0
$5,000 to $5,990	6.7	4.6	3.1	75.6	19.2	1.8	.3	100.0
$6,000 to $6,999	14.1	4.8	2.2	56.7	37.0	3.6	.5	100.0
$7,000 to $7,999	16.0	5.1	.6	46.5	42.5	10.0	.4	100.0
$8,000 to $8,999	15.7	5.3	.3	36.8	43.7	18.2	1.0	100.0
$9,000 to $9,999	15.6	5.6	.2	23.7	44.4	30.3	1.4	100.0
$10,000 to $10,999	11.8	5.9	.3	16.8	38.3	41.9	2.7	100.0
$11,000 to $11,999	7.1	6.1	.3	10.1	36.0	48.1	5.5	100.0
$12,000 to $13,990	7.4	6.3	.2	6.4	29.7	54.7	9.0	100.0
$14,000 to $15,999	2.7	6.5		2.8	20.6	56.4	20.2	100.0
$16,000 or more	1.8	6.7		3.0	15.1	42.1	30.8	100.0
Total	100.0	5.4	.9	34.0	37.4	24.5	3.2	100.0
Median valuation			$6,306	$7,431	$8,756	$10,484	$12,071	$8,721
			Existing homes					
Less than $4,000	1.4	5.0	12.9	37.9	26.2	17.7	5.3	100.0
$4,000 to $4,999	4.7	5.2	5.5	38.8	33.3	16.7	5.7	100.0
$5,000 to $5,990	11.7	5.1	2.0	45.8	33.5	13.6	5.1	100.0
$6,000 to $6,999	19.0	5.2	1.2	40.0	38.6	14.9	5.3	100.0
$7,000 to $7,999	17.0	5.4	.5	31.0	41.8	18.5	7.3	100.0
$8,000 to $8,999	15.1	5.6	.4	22.6	42.6	25.0	9.4	100.0
$9,000 to $9,999	10.1	5.8	.3	15.4	42.2	30.6	11.5	100.0
$10,000 to $10,999	7.1	6.1	.3	9.7	37.7	35.6	16.7	100.0
$11,000 to $11,999	4.2	6.2	.4	5.4	35.1	40.3	18.8	100.0
$12,000 to $13,990	4.9	6.5	.2	2.7	24.9	43.7	28.5	100.0
$14,000 to $15,999	1.9	6.8	.2	1.8	13.3	43.0	41.7	100.0
$16,000 or more	2.0	7.3	.5	.6	6.1	36.4	56.4	100.0
Total	100.0	5.6	1.1	27.1	37.1	23.6	11.1	100.0
Median valuation			$5,565	$6,767	$7,718	$8,799	$9,781	$7,579

[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.

Table 26 shows the room-count distribution for the new single-family homes covered by Section 603 mortgages insured during the year. The

median size of 5.1 rooms for all homes is very slightly smaller than the comparable figure based on cases insured in 1947. Within the individual cost groups, the typical room-count follows the same general pattern discussed above in connection with Section 203 dwellings. The distributions of the number of rooms by property valuation and current cost intervals are shown in Chart VIII.

TABLE 26.—*Rooms by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1948*

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 $4,000	(3)							
$4,000 to $4,999	1.7	5.2	6.7	31.4	61.9			100.0
$5,000 to $5,999	2.3	4.5	6.7	86.5	6.2	0.6		100.0
$6,000 to $6,999	8.6	4.7	1.4	71.1	26.6	.9	(3)	100.0
$7,000 to $7,999	22.6	4.9	.9	55.2	38.1	5.8	(3)	100.0
$8,000 to $8,959	30.2	5.1	.4	46.3	38.8	14.5	(3)	100.0
$9,000 to $9,999	24.3	5.5	.2	29.0	42.3	27.2	1.3	100.0
$10,000 to $10,999	7.6	5.8	.1	17.6	38.2	43.7	.4	100.0
$11,000 to $11,999	2.1	6.0	.3	13.1	34.2	51.3	1.1	100.0
$12,000 or more	.6	6.1		8.3	36.3	49.6	5.8	100.0
Total	100.0	5.1	.8	44.0	37.9	16.9	.4	100.0
Median necessary current cost			$6,963	$8,047	$8,571	$9,395	$9,624	$8,476

[1] 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] Less than 0.05 percent

DISTRIBUTION OF ROOMS BY PROPERTY VALUATION
AND BY NECESSARY CURRENT COST, 1948
FHA - INSURED NEW SINGLE - FAMILY HOME MORTGAGES

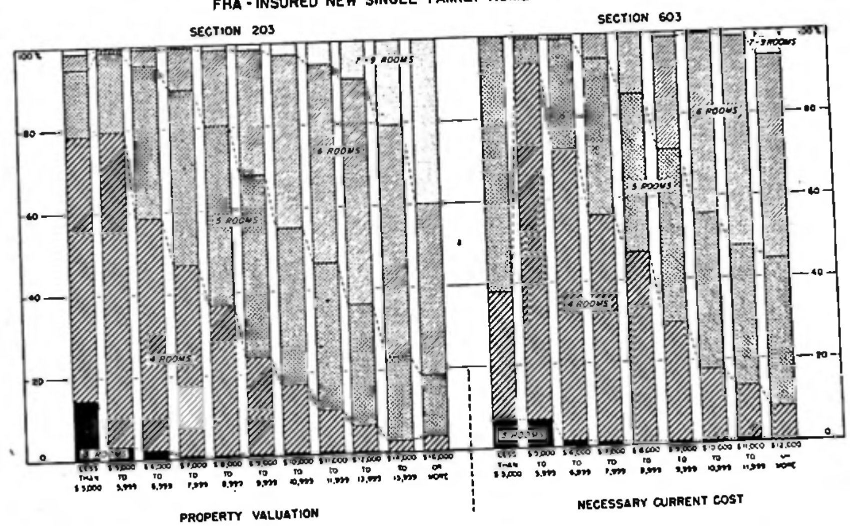


CHART VIII

Floor area.—Nearly 43 percent of the new homes covered by Section 203 insured mortgages had calculated floor areas of from 700 to 899 square feet, with more than 64 percent reporting areas of less than 1,000 square feet. These areas include spaces in the main building above the basement or foundations, measured at the outside surfaces of the exterior walls. They are exclusive of garage space or finished spaces in the attic. Table 27 shows the percentage distribution of calculated floor areas by property valuation intervals for both new and existing homes. Within specific value groups, the typical existing-home areas ranged from 49 to 214 square feet above corresponding new-home medians. Only about half of the existing dwellings had areas under 1,000 square feet. The relationship between new- and existing-home areas and FHA property valuations for Section 203 cases is shown graphically in Chart IX.

AVERAGE FLOOR AREA BY PROPERTY VALUATION
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1948

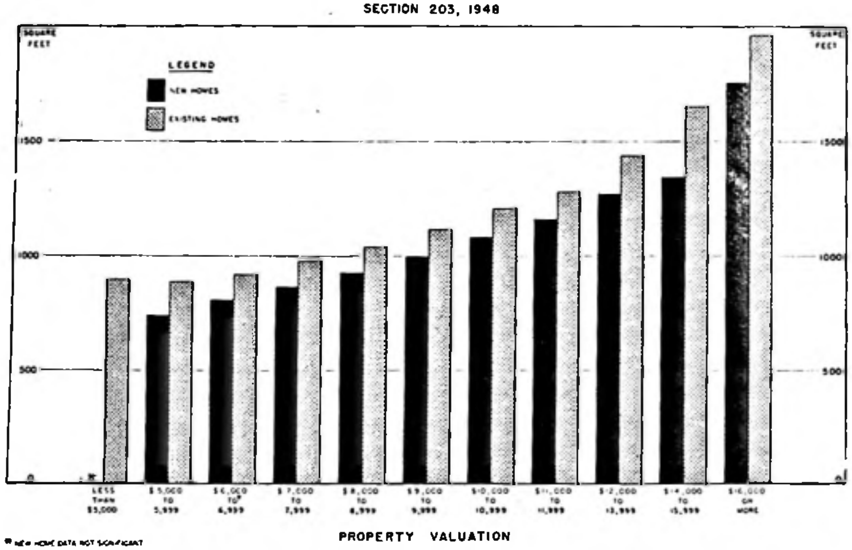


CHART IX

Floor area group averages.—Table 28 presents data covering the average floor area, property valuation, and number of rooms by calculated floor area for new and existing Section 203 homes. With the minor exception of the small proportion of homes involving floor areas of less than 600 square feet, the estimated FHA valuation increases steadily (although at a decreasing rate) from a minimum of $6,481 for new homes in the 600 to 699 square-feet interval to a maxi-

TABLE 27.—*Percentage distribution of calculated floor area by FHA valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Median floor area (square feet) [2]	Calculated floor area in 100 square feet: Less than 600	600 to 699	700 to 799	800 to 899	900 to 999	1,000 to 1,099	1,100 to 1,199	1,200 to 1,299	1,300 to 1,399	1,400 to 1,499	1,500 to 1,599	1,600 to 1,699	1,700 to 1,799	1,800 to 1,899	1,900 to 1,999	2,000 or more	Total
New homes																			
Less than $4,000	0.1	(3)																	
$4,000 to $4,999	1.0	700	8.6	42.9	11.5	14.3	14.3	2.8		2.8	2.8								100.0
$5,000 to $5,999	6.7	738	4.2	28.3	46.2	16.2	3.4	1.1	0.3	.3									100.0
$6,000 to $6,999	14.1	788	2.6	8.1	44.5	30.4	10.3	3.0	.8		.3								100.0
$7,000 to $7,999	16.0	855	.3	6.6	24.2	34.3	22.3	8.1	2.7	1.1	.1	0.1	0.1	0.1					100.0
$8,000 to $8,999	15.7	910	.5	1.8	23.4	22.1	23.7	13.6	8.3	3.7	1.6	.8	.2	.1		0.2			100.0
$9,000 to $9,999	15.6	972	.3	.9	12.2	22.0	20.5	17.5	12.7	8.0	3.7	1.4	.3	.4		.1			100.0
$10,000 to $10,999	11.8	1,081		.1	4.3	17.1	14.0	18.0	19.7	15.0	5.5	2.5	2.3	.9	.1	.3	0.1	0.1	100.0
$11,000 to $11,999	7.1	1,156	.2	.4	2.9	7.5	11.1	18.0	17.5	20.0	9.8	5.5	4.2	1.8	.9			.2	100.0
$12,000 to $13,999	7.4	1,249			1.4	3.0	7.7	12.0	15.4	17.6	12.7	13.5	7.1	2.9	2.5	.8	.4	1.2	100.0
$14,000 to $15,999	2.7	1,374				1.2	2.4	4.1	12.9	15.3	18.2	13.5	12.4	7.6	7.6	1.2	1.2	2.4	100.0
$16,000 or more	1.8	1,686					1.2	1.2	5.9	1.2	5.9	7.0	16.5	12.9	14.1	10.6	3.5	20.0	100.0
Total	100.0	912	.9	4.6	20.6	22.0	10.2	11.2	8.7	6.4	3.4	2.2	1.5	.8	.6	.3	.1	.5	100.0
Existing homes																			
Less than $4,000	1.4	787	15.2	18.4	18.9	15.2	7.8	9.4	5.7	3.3	2.0	0.8	0.4	0.8		0.8	0.4		100.0
$4,000 to $4,999	4.7	836	6.3	15.6	21.7	17.8	10.7	8.6	5.4	4.6	3.2	2.2	.7	1.2	0.5	.7	.3	0.5	100.0
$5,000 to $5,999	11.7	818	1.9	12.8	31.3	21.7	11.2	6.1	4.1	3.5	2.1	1.7	1.0	.9	.5	.4	.2	.6	100.0
$6,000 to $6,999	19.0	858	1.0	7.6	25.3	27.0	14.0	7.8	4.0	4.0	2.4	1.6	1.1	.7	.5	.4	.2	.6	100.0
$7,000 to $7,999	17.9	904	.4	4.8	18.8	25.3	16.2	12.1	6.5	4.7	3.6	2.2	1.7	1.3	.8	.4	.3	.9	100.0
$8,000 to $8,999	15.1	980	.3	2.0	16.5	17.9	16.8	14.6	9.2	7.9	4.2	3.4	2.2	1.5	1.1	.6	.5	1.3	100.0
$9,000 to $9,999	10.1	1,057	.3	.8	10.2	15.4	14.8	14.9	12.1	9.4	6.7	5.0	3.0	1.9	1.0	1.1	1.0	1.8	100.0
$10,000 to $10,999	7.1	1,147	.3	.3	3.0	11.4	14.6	13.7	12.4	11.3	10.1	5.4	4.6	3.0	2.4	2.1	1.2	3.3	100.0
$11,000 to $11,999	4.2	1,222	.2	.4	1.4	6.9	11.3	13.3	13.7	13.0	10.9	7.8	5.8	4.4	2.8	2.0	2.0	4.1	100.0
$12,000 to $13,999	4.9	1,375	.3	.2	.8	2.7	4.5	9.5	11.9	11.0	12.0	10.7	8.9	6.5	4.3	4.5	3.3	8.9	100.0
$14,000 to $15,999	1.0	1,588			.2	.4	1.1	4.6	6.8	8.7	9.3	9.3	10.7	11.4	8.2	5.0	5.2	19.1	100.0
$16,000 or more	2.0	1,876		.2		.4	.2	1.8	1.9	2.8	4.4	6.7	8.7	8.3	7.1	9.8	7.3	40.4	100.0
Total	100.0	972	.9	4.7	16.3	18.5	13.3	10.9	8.0	6.8	5.1	3.7	2.8	2.2	1.5	1.3	1.0	3.0	100.0

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[3] Data not significant.

mum of $14,568 for structures containing 1,700 to 1,999 square feet. The average valuation of existing dwellings follows much the same pattern, though at a somewhat lower level. It is interesting that for dwelling areas below 1,400 square feet there is little difference in the average number of rooms for new and existing homes. For larger areas, however, the average number of rooms in existing units runs somewhat higher than the new-home averages.

TABLE 28.—*Average characteristics by calculated floor area: Based on FHA-insured mortgages secured by new and existing single-family homes, Section 203, 1948*

Calculated floor area (square feet)[1]	New homes, average				Existing homes, average			
	Percentage distribution	Calculated floor area (square feet)	FHA valuation[2]	Number of rooms[3]	Percentage distribution	Calculated floor area (square feet)	FHA valuation[2]	Number of rooms[3]
Less than 600	0.9	524	$6,624	3.6	0.9	520	$5,764	3.9
600 to 699	4.6	668	6,481	4.0	4.7	663	6,138	4.1
700 to 799	20.6	756	7,321	4.2	16.3	751	6,865	4.3
800 to 899	22.0	844	7,966	4.5	18.5	845	7,280	4.6
900 to 999	16.2	945	8,553	4.9	13.3	945	7,834	4.9
1,000 to 1,099	11.2	1,048	9,351	5.2	10.9	1,045	8,347	5.2
1,100 to 1,199	8.7	1,142	10,089	5.5	8.0	1,146	8,826	5.5
1,200 to 1,299	6.4	1,242	10,653	5.7	6.8	1,244	9,032	5.7
1,300 to 1,399	3.4	1,345	11,239	5.9	5.1	1,344	9,494	6.0
1,400 to 1,499	2.2	1,443	12,029	5.9	3.7	1,444	9,862	6.2
1,500 to 1,699	2.3	1,576	12,854	6.1	6.0	1,587	10,531	6.5
1,700 to 1,999	1.0	1,804	14,568	6.3	3.8	1,825	11,335	6.8
2,000 or more	.5	2,705	14,315	6.3	3.0	2,457	13,201	7.6
Total	100.0	972	8,774	4.8	100.0	1,075	8,281	5.2

[1] Area of spaces in the main building above basement or foundations measured at the outside surfaces o exterior walls. Garage space and finished spaces in attic are excluded.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[3] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.

Family units.—Of the new 1- to 4-family homes securing mortgages insured in 1948, 98 percent of the Section 203 cases and about 93 percent of those processed under Section 603 were single-family dwellings. This is an increase of 0.5 percent over 1947 for Section 203, but a decrease of 2.5 percent in the case of Section 603. As Table 29 shows, the proportion of dwelling units in Section 603 two-family structures increased from 7.3 percent in 1947 to 11.5 in 1948, the proportion in single-family dwellings declining by nearly 5 percent to 85.7 or some 10 percent less than the corresponding figure for cases insured under Section 203.

The distributions for existing-home mortgages insured under Section 203 (94.4 percent of the structures were single-family dwellings, accounting for 88.6 percent of the total units insured) show but little change from 1947.

TABLE 29.—*Structures and dwelling units: Based on FHA-insured mortgages secured by 1- to 4-family homes, Sec. 203 for selected years, 1940–48 and Sec. 603 VEH, 1946–48*

Year	Structures, percentage distribution					Dwelling units, percentage distribution					Average dwelling units
	1-family	2-family	3-family	4-family	Total	1-family	2-family	3-family	4-family	Total	
	Sec. 203 new homes										
1948	98.0	1.7	0.1	0.2	100.0	95.6	3.4	0.3	0.7	100.0	1.02
1947	97.5	2.2	.1	.2	100.0	94.6	4.4	.3	.7	100.0	1.03
1946	98.7	1.0	.1	.2	100.0	96.9	2.1	.2	.8	100.0	1.02
1942	99.4	.5	(1)	.1	100.0	98.7	.9	.1	.3	100.0	1.01
1940	99.0	.7	.1	.2	100.0	97.7	1.5	.2	.6	100.0	1.01
	Sec. 603 new homes[2]										
1948	92.9	6.3	0.3	0.5	100.0	85.7	11.5	0.9	1.9	100.0	1.08
1947	95.4	3.8	.2	.6	100.0	90.1	7.3	.5	2.1	100.0	1.06
1946	94.1	5.2	.1	.6	100.0	87.9	9.7	.3	2.1	100.0	1.07
	Sec. 203 existing homes										
1948	94.4	4.9	0.3	0.4	100.0	88.6	9.2	0.8	1.4	100.0	1.07
1947	94.1	5.0	.3	.6	100.0	87.5	9.2	.8	2.5	100.0	1.08
1946	93.6	5.8	.3	.3	100.0	87.4	10.9	.7	1.0	100.0	1.07
1944	95.9	3.5	.3	.3	100.0	91.3	6.7	.9	1.1	100.0	1.05
1942	93.2	5.8	.7	.3	100.0	86.1	10.8	1.8	1.3	100.0	1.08
1940	92.7	6.1	.7	.5	100.0	85.0	11.3	1.8	1.9	100.0	1.09

[1] Less than 0.05 percent.
[2] 1946 data based on firm commitments issued; 1947-48 data, mortgages insured.

Borrower Characteristics

Annual income trends.—The median income of the purchasers of new single-family homes with 1948 Section 203 insured mortgages was $4,000—10 percent higher than for the preceding year. The increase for existing-home buyers was only about 3 percent, from $3,614 in 1947 to $3,731 in 1948. For purposes of comparison it may be noted that between 1940 and 1947 the income of typical FHA new-home mortgagors increased by about 51 percent, while, based on reports issued by the Bureau of the Census, the income of all nonfarm families more than doubled—from about $1,400 to $2,863—in the period between 1939 and 1947.

As shown in Table 30 and Chart X, more than three out of four of the FHA mortgagors had effective incomes, estimated by the Underwriting Division as the income that is likely to prevail during approximately the first third of the mortgage term, in 1948 of between $3,000 and $6,999—divided about equally between the $3,000 to $3,999 and $4,000 to $6,999 intervals. In 1940, less than 10 percent of the purchasers of new homes and only about 20 percent of the existing-home buyers had incomes above the level of the 1948 medians.

TABLE 30.—*Mortgagor's effective annual income: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years 1940–48*

Mortgagor's effective annual income [1]	New homes, percentage distribution					Existing homes, percentage distribution					
	1948	1947	1946	1942	1940	1948	1947	1946	1944	1942	1940
Less than $1,500	(2)	0.1	0.2	1.5	5.1	0.1	0.1	0.3	0.6	1.5	5.2
$1,500 to $1,999	0.6	1.2	2.7	17.6	23.4	.9	1.7	4.2	5.1	14.0	20.5
$2,000 to $2,499	5.1	11.3	16.0	37.0	28.3	6.5	12.2	19.4	26.4	27.0	25.0
$2,500 to $2,999	7.7	11.2	15.8	14.7	15.4	9.9	12.9	14.8	13.7	13.0	13.9
$3,000 to $3,499	17.8	19.8	19.7	12.8	11.9	19.4	20.5	19.3	17.1	15.5	11.6
$3,500 to $3,999	18.7	18.9	17.6	7.0	6.2	18.8	17.1	14.5	12.8	9.2	6.9
$4,000 to $4,999	24.7	19.7	16.3	5.2	5.2	21.8	17.5	13.8	11.5	8.2	7.1
$5,000 to $6,999	17.2	12.1	8.4	2.8	3.1	14.2	11.7	8.7	7.4	6.2	5.8
$7,000 to $9,999	6.3	4.5	2.4	1.0	.9	6.2	4.5	3.5	3.7	2.8	2.5
$10,000 and over	1.9	1.2	.9	.4	.5	2.2	1.8	1.5	1.7	1.7	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$4,404	$3,978	$3,619	$2,721	$2,665	$4,308	$3,941	$3,640	$3,539	$3,220	$3,012
Median income	4,000	3,643	3,313	2,416	2,416	3,731	3,614	3,101	3,120	2,751	2,490

[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] Less than 0.05 percent.

DISTRIBUTION OF MORTGAGOR'S EFFECTIVE ANNUAL INCOME
FHA-INSURED SINGLE-FAMILY OWNER-OCCUPIED-HOME MORTGAGES
SECTION 203, 1948

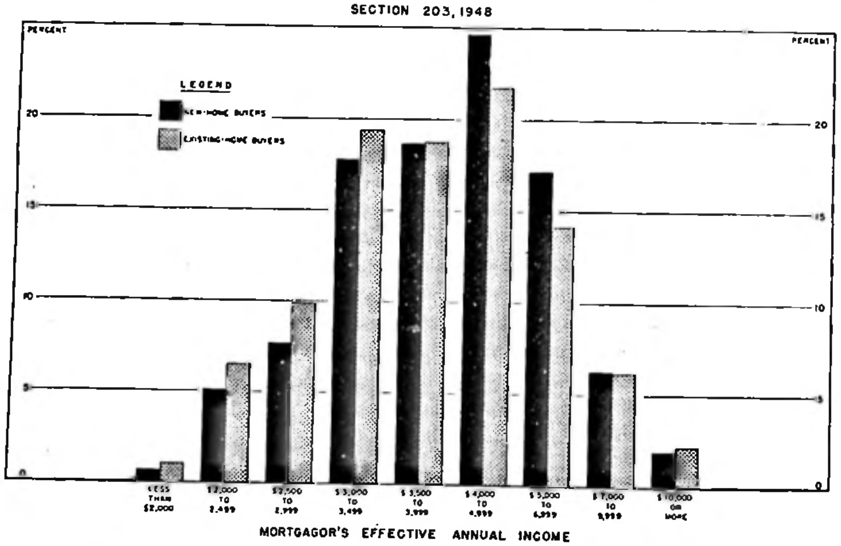


CHART X

Income group averages.—Averages for selected characteristics by monthly income groups for mortgagors financing their purchases of new or existing single-family homes with Section 203 insured mortgages are shown in Table 31. The monthly effective incomes for new-home buyers averaged $367.36, ranging from about $132 to $1,182.

Paralleling the average incomes, FHA property valuation for these owner-occupied dwellings varied between $5,443 and $13,714, averaging $8,943. Within specific income groups, the ratio of average valuation to average annual income varied between 3.4 in the lowest income group and 1.0 in the case of incomes exceeding $1,000 per month.

TABLE 31.—*Average characteristics by mortgagor's monthly income: Based on FHA-insured mortgages secured by new and existing single-family, owner-occupied homes, Sec. 203, 1948*

Mortgagor's effective monthly income [1]	Percentage distribution	Average							
		Mortgagor's monthly income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Total monthly housing expense [4]	Monthly rental value	Mortgage as a percent of FHA valuation	Ratio FHA valuation to income
New homes									
Less than $150	0.1	$131.71	$5,443	$3,503	$20.57	$44.71	$45.14	66.0	3.4
$150 to $199.99	2.3	172.60	5,953	4,731	37.23	54.45	48.96	79.5	2.9
$200 to $249.99	11.1	214.81	6,710	5,439	43.47	61.99	54.96	80.9	2.6
$250 to $299.99	19.2	262.44	7,684	6,227	50.42	70.66	61.72	81.0	2.4
$300 to $349.99	20.5	310.67	8,480	6,892	56.10	76.73	68.58	81.3	2.3
$350 to $399.99	12.0	361.00	9,234	7,526	61.71	82.95	73.01	81.5	2.1
$400 to $499.99	18.1	421.71	9,970	8,015	65.62	87.69	77.89	80.3	2.0
$500 to $599.99	9.0	516.43	10,744	8,612	71.12	93.28	84.17	80.2	1.7
$600 to $799.99	5.1	651.83	12,035	9,577	79.73	103.48	92.67	79.6	1.5
$800 to $999.99	1.4	834.69	12,814	10,079	83.88	108.07	94.55	78.7	1.3
$1,000 or more	1.2	1,181.90	13,714	10,518	88.98	114.42	103.18	76.7	1.0
Total	100.0	367.36	8,943	7,211	58.92	79.89	70.92	80.6	2.0
Existing homes									
Less than $150	0.2	$125.38	$4,913	$3,269	$20.05	$44.73	$42.91	66.3	3.3
$150 to $199.99	3.0	171.34	5,477	4,053	34.53	51.86	46.80	74.0	2.7
$200 to $249.99	14.2	215.39	6,229	4,755	39.81	59.39	53.02	76.3	2.4
$250 to $299.99	20.9	262.08	7,022	5,363	45.08	65.83	59.34	76.4	2.2
$300 to $349.99	20.3	310.30	7,724	5,902	49.72	70.73	64.30	76.4	2.1
$350 to $399.99	11.0	361.28	8,394	6,410	53.96	75.84	69.34	76.4	1.9
$400 to $499.99	14.9	421.57	8,998	6,918	58.47	80.92	73.60	76.9	1.8
$500 to $599.99	7.6	518.54	10,113	7,711	65.70	89.30	81.36	76.2	1.6
$600 to $799.99	5.1	653.38	11,603	8,936	75.81	101.20	92.90	77.0	1.5
$800 to $999.99	1.4	839.41	13,334	10,222	87.87	116.00	105.49	76.7	1.3
$1,000 or more	1.5	1,250.33	14,362	10,861	94.35	123.95	113.31	75.6	1.0
Total	100.0	358.85	8,110	6,198	51.82	73.18	67.10	76.4	1.9

[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 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; 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.

Mortgage principal, monthly payment, housing expense, and rental value all varied directly with the average monthly income. Monthly housing expense averaged about $20 higher per month than the mortgage payment and nearly $9 above the monthly rental value.

Comparable data are included in the table for purchasers of existing dwellings. In nearly every case these averages run somewhat below the corresponding new-home figures, but the over-all pattern is very similar.

Loans With VA-Guaranteed Second Mortgages

Section 505 of the Servicemen's Readjustment Act of 1944 authorizes the Veterans' Administration to guarantee second mortgages on properties securing FHA-insured first mortgages in cases where the mortgagors are veterans of World War II. These second mortgages may be in any amount up to $4,000, not exceeding 20 percent of the purchase price of the property. They must be amortized within 25 years at an interest rate not exceeding 4 percent.

According to reports of the Veterans' Administration, some 93,624 second mortgages amounting to $136,941,226 were guaranteed during 1948, bringing the cumulative total through the year end to 155,983 mortgages totaling $212,614,702. This represents an average amount of $1,363 for each second-mortgage loan guaranteed by that Administration.

Of the 296,724 home mortgages insured by the Federal Housing Administration in 1948 under Sections 203 and 603 of the National Housing Act, 59,343 for $392,585,531 were identified by FHA insuring offices as being secured by properties on which there were VA-guaranteed second mortgages. This brought the FHA cumulative total of known loans of this type to 107,119 amounting to $668,987,499—an average of $6,245. Excluded from this total are all mortgages insured by the FHA which involve veterans as mortgagors where no second mortgage is guaranteed by the Veterans' Administration. Also excluded are an unknown number of cases in which first mortgages insured by the FHA for nonveteran borrowers have been assumed by veterans of World War II who have been assisted in financing their purchases through VA-guaranteed second mortgages.

The following analysis presents in some detail the characteristics of the first mortgages insured by the FHA under either Section 203 or Section 603 which were secured by properties also covered by VA-guaranteed second mortgage loans.[1]

[1] The characteristics of the mortgages, homes, and mortgagors insured under Sections 203 and 603, with secondary financing guaranteed by the Veterans' Administration, are analyzed on the basis of a sample of 4,782 new- and 9,001 existing-home mortgages insured under Section 203 and 8,096 new-home mortgages insured under Section 603. The mortgages were selected from those insured in the first 10 months of 1948.

Mortgage principal.—The typical new-home "505" first mortgage insured under Section 203 in 1948 amounted to $6,442—more than $600 under the comparable figure for all new-home mortgages insured under this section during the year. A similar disparity may be observed for existing-home mortgages, those cases involving VA-guaranteed secondary financing having a median first mortgage of $5,454 compared with $5,969 for all cases. The difference is not quite so large for Section 603 insured mortgages, the $7,018 median "505" mortgage being $406 below the figure for all new-home cases insured under this section. As Table 32 shows, nearly 39 percent of the Section 603 "505" mortgages were in the $7,000 interval, with only about 45 percent amounting to less than $7,000, as compared with 63 percent of the new- and 85 percent of the existing-home "505" mortgages insured under Section 203.

TABLE 32.—*Amount of mortgage principal: Based on FHA-insured mortgages with second mortgages guaranteed by the Veterans' Administration, secured by single-family homes, Secs. 203 and 603 VEH, 1948*

Mortgage principal	Section 203-505		Section 603-505—New homes
	New homes	Existing homes	
	Percent	*Percent*	*Percent*
Less than $4,000	1.4	9.1	0.1
$4,000 to $4,999	10.0	25.4	1.6
$5,000 to $5,999	24.9	30.3	12.5
$6,000 to $6,999	26.9	19.0	31.3
$7,000 to $7,999	18.2	8.3	38.7
$8,000 to $8,999	12.8	3.9	[1] 15.8
$9,000 to $9,999	3.3	1.3	----
$10,000 or more	2.5	1.8	----
Total	100.0	100.0	100.0
Average mortgage	$6,583	$5,603	$6,949
Median mortgage	$6,442	$5,454	$7,018

[1] Statutory limitation $8,100.

Value- and cost-group averages.—The averages for selected characteristics of new and existing single-family home mortgages insured under Section 203 during 1948, with second mortgages guaranteed by the Veterans' Administration, are shown in Table 33 by property valuation intervals. Comparable averages by necessary current cost groups are presented in Table 34 based on new-home "505" mortgages insured under Section 603.

A comparison of Table 33 with Table 23 on page 50, which presents comparable data for all Section 203 mortgages insured during 1948, reveals that veterans financed homes of an estimated property valuation which averaged $1,000 less than the valuation for all homes.

TABLE 33.—*Average characteristics by property valuation: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Average								Median loan-value ratio	Ratio of land to total value	Percentage of structures with garage
		Property valuation	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]	Number of rooms [7]	Floor area (square feet) [8]			
New homes												
Less than $4,000	(9)											
$4,000 to $4,999	1.3	$4,543	$3,670	$471	$3.00	$30.59	$37.95	4.1	727	70.3	10.4	8.6
$5,000 to $5,999	12.1	5,509	4,750	508	3.82	36.28	46.05	4.1	737	87.2	10.9	26.3
$6,000 to $6,999	21.6	6,415	5,540	697	4.66	43.32	52.72	4.4	810	87.1	10.9	48.7
$7,000 to $7,999	20.9	7,387	6,401	803	5.36	50.01	61.14	4.6	850	86.7	10.9	50.9
$8,000 to $8,999	17.4	8,371	7,233	950	6.93	55.89	67.48	4.7	884	85.6	11.3	56.0
$9,000 to $9,999	11.3	9,373	7,837	1,166	8.43	62.33	74.01	5.1	993	83.7	12.3	66.1
$10,000 to $10,999	7.7	10,250	8,415	1,268	9.34	67.41	78.81	5.3	1,076	81.8	12.4	67.0
$11,000 to $11,999	3.7	11,346	9,078	1,439	9.89	70.76	85.64	5.5	1,147	77.9	12.7	72.7
$12,000 to $13,999	2.7	12,502	9,873	1,612	11.03	79.30	95.43	5.6	1,246	77.7	12.8	82.4
$14,000 to $15,999	.8	14,650	11,571	1,956	12.11	90.97	104.03	6.0	1,488	77.7	13.4	88.2
$16,000 or more	.5	17,076	13,900	2,528	18.88	117.92	137.20	6.4	1,657	77.7	14.1	91.7
Total	100.0	7,924	6,442	916	6.33	52.62	63.65	4.7	897	85.4	11.6	53.0
Existing homes												
Less than $4,000	1.5	$3,381	$2,665	$438	$3.08	$23.68	$31.35	4.4	786	77.8	13.0	41.3
$4,000 to $4,999	6.7	4,436	3,541	531	3.36	29.70	39.51	4.5	812	78.5	12.0	43.8
$5,000 to $5,999	19.8	5,425	4,520	639	4.64	36.06	46.65	4.5	827	79.4	11.8	52.2
$6,000 to $6,999	26.8	6,352	5,329	714	5.42	42.27	54.05	4.7	863	79.5	11.2	60.4
$7,000 to $7,999	19.3	7,318	5,953	841	6.20	47.71	61.18	4.8	918	78.9	11.5	68.3
$8,000 to $8,999	12.2	8,297	6,634	954	7.48	53.72	68.20	5.0	1,004	78.6	11.5	71.8
$9,000 to $9,999	6.1	9,285	7,442	1,085	8.23	58.98	74.56	5.3	1,098	78.3	11.7	76.8
$10,000 to $10,999	3.3	10,255	8,207	1,108	9.38	64.29	81.78	5.5	1,179	77.9	11.7	79.2
$11,000 to $11,999	1.7	11,298	8,906	1,342	9.94	69.50	88.88	5.7	1,230	77.6	11.9	78.7
$12,000 to $13,999	1.5	12,670	10,044	1,635	11.94	70.14	99.41	6.1	1,365	77.4	12.9	85.9
$14,000 to $15,999	.5	14,683	11,526	2,027	13.81	89.56	114.58	6.5	1,708	77.3	13.8	85.1
$16,000 or more	.6	18,600	14,200	2,706	19.57	114.48	143.37	7.2	2,063	77.5	14.5	91.8
Total	100.0	7,019	5,454	818	6.08	45.79	58.64	4.8	942	78.9	11.7	63.1

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Data shown are medians.
[3] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[7] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[8] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[9] Data not significant.

More than 55 percent of the "505" properties were valued under $8,000, compared with less than 38 percent of the larger group. Reflecting this lower valuation, the selected characteristics nearly all average somewhat lower for the veterans' mortgages than the comparable averages based on all Section 203 insured transactions. Notable exceptions are land value and mortgage principal, which generally average higher for the veterans' cases in specific valuation intervals even though, due to the larger proportion of "505" transactions in the lower valuation groups, the average loan and land values for all "505" loans were lower than the comparable figures for all cases.

TABLE 34.—*Average characteristics by necessary current cost: Based on FHA-insured mortgages with second mortgages guaranteed by the Veterans' Administration secured by new single-family homes, Sec. 603 VEH, 1948*

Necessary current cost [1]	Percentage distribution	Average						Median loan-cost ratio	Ratio of land to total cost (percent)
		Necessary current cost [1]	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]		
Less than $5,000	0.2	$4,668	$4,406	$305	$4.31	$27.42	$38.42	87.6	6.5
$5,000 to $5,999	3.1	5,580	5,104	558	4.78	35.85	46.55	88.0	10.0
$6,000 to $6,999	14.8	6,531	5,775	630	5.45	42.10	53.88	88.0	9.6
$7,000 to $7,999	26.4	7,464	6,546	757	6.09	46.62	58.93	87.9	10.1
$8,000 to $8,999	28.0	8,443	7,412	917	7.69	51.90	65.38	87.6	10.9
$9,000 to $9,999	18.8	9,372	7,058	978	8.70	55.70	71.30	83.7	10.4
$10,000 to $10,999	6.6	10,320	8,100	1,131	10.03	57.17	74.40	77.2	11.0
$11,000 to $11,999	1.5	11,314	8,100	1,295	10.18	57.82	75.88	71.0	11.4
$12,000 or more	.6	13,457	8,100	1,570	10.77	60.72	86.89	61.0	11.7
Total	100.0	8,176	7,018	855	7.25	49.71	63.33	87.0	10.5

[1] The FHA estimate of the necessary current cost of the property includes cost of the house, all other physical improvements, and land.
[2] Data shown are medians.
[3] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding ny premium obtainable because of local housing shortages or newness of the individual property.

Similar comparisons may be made for existing-home mortgages insured under Section 203. Three out of four of these properties involving VA-guaranteed secondary financing were valued below $8,000, compared with about one out of two for all existing-home transactions. Generally speaking, the various averages have about the same relationship to each other as described above in connection with new-home mortgages. It may be noted that, except for properties valued above $12,000, land value averages slightly lower for the "505" properties than for all Section 203 existing homes.

A comparison of Table 34 showing characteristics of Section 603-"505" mortgages with Table 24 on page 51, which is based on all Section 603 insured new-home transactions, reveals a higher concentration of the veterans' properties in the lower cost groups comparable to that mentioned above in connection with Section 203. Within specific cost groups, the various characteristics of the "505" cases generally average somewhat lower than the comparable figures for all Section 603 transactions.

Income group averages.—Characteristics of property, mortgage, and mortgagor for various borrower-income groups are presented in Tables 35 and 36 for new and existing homes with mortgages insured

TABLE 35.—*Average characteristics by mortgagor's monthly income: Based on FHA-insured mortgages with second mortgages guaranteed by the Veterans' Administration, secured by new and existing single-family, owner-occupied homes, Sec. 203, 1948*

Mortgagor's effective monthly income [1]	Percentage distribution	Average							Mortgage as a percent of FHA valuation
		Mortgagor's monthly income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Monthly rental value [6]	
New homes									
Less than $150.00	0.1	$140.00	$4.360	$3.660	$28.40	$2.00	$44.80	$38.00	83.9
$150 to $199.99	3.2	175.61	5.698	4.762	36.47	3.95	56.09	47.81	83.6
$200 to 249.99	15.6	215.77	6.290	5.256	40.75	4.34	62.84	51.60	83.6
$250 to $299.99	24.4	262.78	7.138	6.018	47.77	5.30	72.14	58.45	84.3
$300 to $349.99	21.6	310.50	7.769	6.532	52.37	6.15	77.56	64.22	84.1
$350 to $399.99	11.4	362.29	8.570	7.154	57.56	7.00	84.38	68.82	83.5
$400 to $499.99	14.3	421.68	9.346	7.731	62.52	7.08	91.75	73.38	82.7
$500 to $599.99	5.8	517.05	9.941	8.144	66.28	8.82	96.80	78.50	81.9
$600 to $799.99	2.6	642.74	11.321	9.149	76.60	12.00	111.50	87.04	80.8
$800 to $999.99	.6	835.38	12.200	9.769	79.35	10.77	115.85	86.73	80.1
$1,000 or more	.4	1,110.52	12.638	10.148	90.67	11.48	118.81	99.52	80.3
Total	100.0	328.73	7.809	6.588	52.67	6.33	78.45	63.88	83.4
Existing homes									
Less than $150.00	0.2	$128.33	$4.250	$3.280	$26.83	$2.50	$44.61	$36.00	77.4
$150 to $199.99	4.7	172.81	5.100	4.037	32.80	3.03	52.81	43.35	79.0
$200 to $249.99	21.6	214.07	5,824	4.667	37.33	4.72	60.83	49.22	80.1
$250 to $299.99	26.4	261.48	6.600	5.273	42.96	5.55	68.06	55.71	79.8
$300 to $349.99	20.4	309.72	7.227	5.731	46.82	6.11	73.01	59.89	79.3
$350 to $399.99	9.6	361.40	7.787	6.218	51.18	7.13	78.96	64.67	79.9
$400 to $499.99	10.6	420.45	8.328	6.627	54.44	7.63	84.19	68.54	79.6
$500 to $599.99	3.6	516.37	9.320	7.424	63.24	9.13	86.00	76.17	79.7
$600 to $799.99	1.9	652.33	10.853	8.562	70.14	9.70	107.47	87.24	78.9
$800 to $999.99	.5	840.89	12.738	9.962	86.20	13.93	127.96	102.44	78.2
$1,000 or more	.5	1,236.01	15.050	11.423	94.13	16.67	145.50	119.15	75.9
Total	100.0	307.94	7.039	5.604	45.66	6.08	71.64	58.66	79.6

[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 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, estimated monthly cost of maintenance, regular operating expense items such as water, gas, electricity, and fuel for heating; and monthly payment on secondary loan.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.

under Section 203 and for new-home mortgages insured under Section 603, each in conjunction with a "505" second mortgage guaranteed by the Veterans' Administration. Some 43 to 52 percent of the veterans purchasing homes with FHA-insured mortgages had annual effective incomes below $3,600. A larger proportion of purchasers with incomes below this amount are found among existing-home buyers than among those investing in new homes.

Data on all Section 203 cases (Table 31, page 59) indicate that, while veterans using "505" loans had an income typically lower than that for all mortgagors, this over-all difference is registered for the most part in the highest income group. Most of the income groups show comparatively little variation in average income within the group as between veteran and combined veteran and nonveteran groups. However, some 65 percent of the veteran "505" new-home cases were in the group with incomes of less than $350 per month, while 53 percent of the over-all group fell in the same division. About 2.6 percent of all new-home buyers were in the $800 to $1,000 income group, compared with only 1 percent of those who had second mortgages guaranted by the Veterans' Administration.

TABLE 36.—*Average characteristics by mortgagor's annual income: Based on FHA-insured mortgages with second mortgages guaranteed by the Veterans' Administration, secured by new single-family, owner-occupied homes, Sec. 603 VEH, 1948*

Mortgagor's effective annual income [1]	Percentage distribution	Average							Ratio of cost to income	Mortgage as a percent of cost
		Mortgagor's annual income [1]	Necessary current cost [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Monthly rental value		
Less than $2,000	0.5	$1,832	$5.720	$4.897	$32.85	$2.88	$47.97	$46.94	3.13	85.5
$2,000 to $2,499	7.6	2,318	6,688	5,775	40.79	4.67	59.45	53.38	2.89	86.3
$2,500 to $2,999	14.3	2,701	7,455	6,431	45.31	6.00	65.83	59.42	2.76	86.3
$3,000 to $3,499	20.2	3.130	8,124	6,940	49.13	6.78	71.27	62.90	2.59	85.4
$3,500 to $3,999	24.8	3,666	8,474	7,215	51.39	7.49	75.16	65.31	2.31	85.1
$4,000 to $4,499	9.3	4,179	8.714	7,354	52.52	8.06	77.39	67.40	2.09	84.4
$4,500 to $4,999	7.8	4,725	9,065	7.463	53.37	8.11	78.63	68.69	1.91	82.2
$5,000 to $5,999	3.7	5,325	9,061	7,503	54.03	8.52	79.98	68.22	1.70	82.8
$6,000 to $6,999	1.8	6,131	8,990	7,531	54.57	8.33	81.02	69.52	1.47	83.7
$7,000 to $9,999	.9	7,825	9,364	7,575	54.39	8.44	82.87	71.35	1.20	80.9
$10,000 or more	.1	12,686	9,743	8.014	57.86	8.43	85.29	74.57	.77	82.3
Total	100.0	3,545	8.185	6,953	49.40	7.00	72.20	63.47	2.31	85.0

[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] The FHA estimate of the necessary current cost of the property includes the cost of the house, all other physical improvements, and land.
[3] Includes monthly payment for the first year 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; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; and monthly payment on secondary loan.

All characteristics listed for the two groups bear generally the same relationships. FHA valuation and amount of mortgage principal are almost consistently lower in the veteran group. The amount of the FHA-insured mortgage excludes the second mortgage guaranteed by the Veterans' Administration. This group of veterans obtained a higher ratio mortgage loan than that for the total group, and, because of the second mortgage payments, their housing expense was also higher than that for other groups.

A comparison of Table 35 with Table 31 shows much the same picture for existing-home buyers. More than 73 percent of the veteran purchasers of existing homes had incomes of less than $350 per month as compared with 59 percent of the total group of existing-home buyers. As noted for the new-home buyers, the ratio of the mortgage amount to the FHA valuation and the housing expense are both higher for veteran purchasers within the various income groups than for the total buyers.

Rental Housing Mortgage Insurance under Titles II and VI

Volume of Business

The volume of insurance written in 1948 under FHA's rental housing programs reached an all-time high of $608,711,284, which represents about one-fifth of the total amount of insurance written under all titles during the year. Nearly all of these rental-project mortgages were insured under the Veterans' Emergency Housing provisions of Section 608. Only $2,848,500 of insurance was written on public housing-disposition mortgages under Section 608 pursuant to Section 610, while no rental-project mortgages were insured under Section 207 or the War Housing provisions of Section 608.

As of the end of 1948, FHA had insured rental housing mortgages totaling $1,304,522,216, three-fourths of which represented insurance written in the last 2½ years under the Section 608 Veterans' Emergency Housing Program. Table 37 shows the yearly volume of insurance written under the various rental housing programs from 1935 through 1948.

Practically all of this FHA rental housing insurance covered the financing of new construction, with less than 2 percent utilized for refinancing purposes. More than 200,000 new dwelling units are provided in the rental projects built or being constructed with the aid of FHA mortgage insurance, 77,800 of which are covered by rental-project mortgages insured in 1948.

TABLE 37.—*Yearly volume of all rental-project mortgages insured by FHA; Number of units and amount of mortgage on new and existing or refinanced construction, by sections, 1935–48*

Year	Grand total [1] new and existing		New construction					
			Secs. 207 and 210		Sec. 608		Total, new	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935	738	$2,355,000	738	$2,355,000			738	$2,355,000
1936	624	2,101,000	624	2,101,000			624	2,101,000
1937	3,023	10,483,000	3,023	10,483,000			3,023	10,483,000
1938	11,930	47,638,050	11,930	47,638,050			11,930	47,638,050
1939	13,462	51,851,466	13,462	51,851,466			13,462	51,851,466
1940	3,559	12,948,690	3,446	12,488,690			3,446	12,488,690
1941	3,741	13,565,000	3,296	12,014,000			3,296	12,014,000
1942	5,842	21,214,705	1,163	4,110,000	4,295	$15,422,705	5,458	19,532,705
1943	20,179	84,621,970	41	139,000	19,994	83,907,970	20,035	84,046,970
1944	12,430	56,095,906			9,655	46,105,100	9,655	46,105,100
1945	4,058	19,816,951	200	950,000	2,937	14,952,936	3,137	15,902,936
1946	2,232	13,174,988	41	224,000	1,538	10,665,011	1,579	10,889,011
1947	46,604	359,944,206		[2] 32,000	46,446	358,570,206	46,446	358,602,206
1948	79,184	608,711,284			77,808	605,799,784	77,808	605,799,784
Total	207,606	1,304,522,216	37,964	144,386,206	162,673	1,135,423,712	200,637	1,279,809,918

Year	Existing or refinanced construction							
	Secs. 207 and 210		Sec. 608		Secs. 608–610		Total, existing or refinanced	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935								
1936								
1937								
1938								
1939								
1940	113	$460,000					113	$460,000
1941	445	1,551,000					445	1,551,000
1942	384	1,682,000					384	1,682,000
1943	144	575,000					144	575,000
1944	2,181	7,175,806	594	$2,815,000			2,775	9,990,806
1945	691	2,856,015	230	1,058,000			921	3,914,015
1946	653	2,285,977					653	2,285,977
1947			158	1,342,000			158	1,342,000
1948			10	63,000	1,366	$2,848,500	1,376	2,911,500
Total	4,611	16,585,798	992	5,278,000	1,366	2,848,500	6,969	24,712,298

[1] For yearly volume of home mortgages insured by sections for total construction, see Table 1.
[2] Increase in amount of a mortgage insured prior to 1947.

Some 1,428 applications—three under Section 207 and 1,425 under Section 608—for insurance of new rental-project mortgages totaling $651,293,624 and involving 81,197 dwelling units were received during 1948. In addition to these, one application was received for the refinancing of a Section 608 mortgage for $63,000 covering 10 units, and seven applications totaling $2,784,400 and covering 1,286 units were received under Section 608 pursuant to Section 610. A total of 1,494 commitments for $611,940,934 covering 77,392 dwelling units were issued under the rental-project sections of the act during 1948, and 785 commitments involving 39,118 units for $307,591,700 were outstanding as of the end of the year.

State Distribution

Between the enactment of the Veterans' Emergency Housing Act of 1946 and the close of 1948, mortgage insurance had been written on 2,856 Section 608 VEH rental projects located in 45 States, the District of Columbia, and Hawaii. About two-thirds of these projects were insured during 1948. Table 38 shows by State location the number of projects, face amount of mortgages, and number of dwelling units covered by insurance written under the Veterans' Emergency Housing provisions of Section 608 during the year 1948 and cumulative through the end of 1948. Over half of the $605,862,784 of mortgage insurance written during 1948 was on projects located in the five States of New York, New Jersey, Maryland, Virginia, and California.

The State distributions for the previous Section 608 War Housing and the long-range Sections 207 and 210 rental programs, not included here, were shown in FHA's Fourteenth Annual Report for the year 1947, on pages 62 and 44, respectively.

Financial Institutions

The extent of participation by various types of financial institutions in originating and holding rental housing mortgages insured under Sections 207 and 210, and the Section 608 Veterans' Emergency Housing and War Housing Programs is shown in Table 39. For all programs combined, life insurance companies were the leading type of institution, accounting for 34 percent of the total amount of mortgages originated, and 44 percent of the total amount held at the end of 1948. State banks were the second leading type of institution, having originated almost 30 percent of the amount of rental housing insurance written and holding 24 percent of the face amount outstanding at the end of 1948. Life insurance companies and State banks together accounted for approximately two-thirds of the financing of rental housing mortgages under all programs, on the basis of mortgages either originated or held at the end of 1948, although the relative extent to which each type participated under the separate programs varied.

Under the Section 608 Veterans' Emergency Housing Program—currently the most active and also the largest of FHA's rental programs—State banks, life insurance companies, and national banks, in that order, have been the leading types of originating mortgagees, collectively financing almost 80 percent of the dollar volume of mortgages insured through December 31, 1948.

Af the Section 608 VEH mortgages in force at the close of 1948, the largest proportions were held by life insurance companies (41 percent of the dollar amount) and State banks (27 percent). Savings banks

TABLE 38.—*Volume of all rental-project mortgages: Number, face amount, and units of FHA-insured mortgages under all rental housing programs, with State distribution of mortgages insured under Sec. 608 VEH, 1948 and cumulative through 1948*

Location of projects	Year 1948			Cumulative through 1948		
	Projects	Amount	Units	Projects	Amount	Units
Section 608—Veterans' Emergency Housing:						
Alabama	51	$15,992,100	2,358	71	$25,097,300	3,645
Arizona	27	3,113,850	434	34	4,073,600	609
Arkansas	10	963,300	122	36	5,389,000	754
California	457	58,431,812	8,419	493	62,677,212	9,077
Colorado	6	606,100	76	22	2,762,400	381
Connecticut	10	5,336,100	636	21	9,515,900	1,154
Delaware	3	4,021,400	502	4	6,516,800	826
District of Columbia	19	11,904,900	1,508	33	19,960,100	2,579
Florida	130	27,591,300	4,034	209	45,123,100	6,436
Georgia	25	22,776,000	2,674	42	35,151,700	4,104
Idaho	2	1,046,500	124	4	3,505,300	430
Illinois	44	10,818,648	1,390	100	46,387,148	5,436
Indiana	23	3,105,292	379	37	10,223,892	1,329
Iowa	1	76,500	15	1	76,500	15
Kansas	11	3,169,300	410	27	5,561,900	756
Kentucky	18	2,774,400	370	55	9,331,400	1,245
Louisiana	44	14,709,100	1,801	47	15,382,500	1,897
Maine	--------	--------	--------	1	120,000	28
Maryland	77	59,995,100	7,342	122	90,833,600	11.374
Massachusetts	8	6,841,300	850	17	12,054,200	1,468
Michigan	64	10,034,753	1,228	117	16,737,653	2,096
Minnesota	12	1,041,070	166	22	1,730,470	279
Mississippi	7	964,600	131	8	1,060,000	143
Missouri	32	10,215,400	1,336	36	11,061,800	1,452
Montana	1	90,000	20	1	90,000	20
Nebraska	13	1,779,800	250	14	1,812,800	258
Nevada	10	1,039,300	168	10	1,039,300	168
New Hampshire	2	101,400	26	2	101,400	26
New Jersey	112	76,913,750	9,642	200	135,679,750	17,506
New Mexico	--------	--------	--------	--------	--------	--------
New York	150	100,120,400	12,194	242	141,579,900	17,407
North Carolina	20	6,102,400	740	26	10,723,700	1,356
North Dakota	1	45,000	11	1	45,000	11
Ohio	26	5,783,070	625	71	16,014,970	1,950
Oklahoma	20	9,521,500	1,259	70	15,127,900	2,110
Oregon	37	10,863,900	1,352	62	14,351,800	1,844
Pennsylvania	66	24,621,350	2,981	99	33,048,450	4,079
Rhode Island	2	738,000	114	2	738,000	114
South Carolina	5	4,636,000	574	12	6,035,100	754
South Dakota	4	541,100	77	4	541,100	77
Tennessee	21	4,522,500	662	22	4,642,700	678
Texas	124	25,065,317	3,165	170	34,823,117	4,318
Utah	--------	--------	--------	1	481,700	64
Vermont	--------	--------	--------	--------	--------	--------
Virginia	71	37,672,200	4,889	133	77,097,500	10,044
Washington	29	14,808,787	1,929	62	26,743,187	3,583
West Virginia	--------	--------	--------	--------	--------	--------
Wisconsin	15	2,161,485	270	38	8,201,185	1,060
Wyoming	1	50,400	8	1	50,400	8
Alaska	--------	--------	--------	--------	--------	--------
Hawaii	35	3,144,300	546	45	4,350,600	793
Puerto Rico	--------	--------	--------	--------	--------	--------
Total [1]	1.855	605,862,784	77,807	2,856	973,743,034	125,741
Sections 207 and 210 [2] [3]	--------	--------	--------	379	160.972.004	42,575
Section 608—War Housing [2] [4]	--------	--------	--------	495	166,958,678	37,924
Section 608–610—Public housing disposition	6	2,848,500	1,366	6	2.848,500	1,366
Grand total—all rental-project mortgages	1,861	608,711,284	[5] 79,184	3,736	1,304,522,216	207,606

[1] Cumulative includes 125,573 new units provided with insured mortgages totaling $973,047,034.
[2] See 1947 annual report for State distribution of insurance written cumulative through Dec. 31, 1947.
[3] Cumulative includes 37,964 units in new and rehabilitation projects insured for $144,386,206.
[4] Cumulative includes 37,025 new units provided with insured mortgages totaling $164,444,573.
[5] Includes 11 units, not shown above, reported in 1948 for a war housing project insured prior to 1948.

TABLE 39.—*Type of institution originating holding and all rental-project mortgages: Number and face amount of Secs. 207 and 608 mortgages financed through 1948 and held in portfolios as of Dec. 31, 1948*

Type of institution as classified Dec. 31, 1948	Number of institutions: Originating	Number of institutions: Holding	Mortgages originated: Number	Mortgages originated: Amount	Mortgages originated: Percentage distribution[1]	Mortgages held: Number	Mortgages held: Amount	Mortgages held: Percentage distribution[1]
Secs. 207 and 210[2]								
National bank	18	3	37	$4,591,400	2.8	3	$60,700	0.2
State bank	16	5	25	6,901,860	4.3	7	2,513,219	6.4
Mortgage company	13	1	14	1,991,750	1.2	1	431,000	1.1
Life insurance company	26	16	212	98,381,876	61.1	48	21,033,177	54.0
Other insurance company	1	1	1	800,000	.5	1	800,000	2.0
Savings bank	12	6	25	13,793,484	8.6	13	9,436,000	24.2
Savings and loan association	5	1	8	932,300	.6	1	64,000	.2
Federal agency	3	1	25	18,949,500	11.8	1	35,000	.1
All other	5	2	32	14,629,825	9.1	5	4,579,000	11.8
Total	99	36	370	160,972,004	100.0	80	38,952,096	100.0
Sec. 608—Veterans' Emergency Housing Program								
National bank	74	64	563	$154,762,178	15.9	413	$121,620,502	12.5
State bank	71	63	653	327,765,420	33.7	409	262,510,448	27.0
Mortgage company	95	43	378	81,576,240	8.4	95	32,555,800	3.3
Life insurance company	74	80	913	294,916,963	30.3	1,398	395,010,065	40.6
Other insurance company	4	4	10	1,343,300	.1	19	2,164,100	.2
Savings bank	20	36	133	74,003,402	7.6	276	127,791,220	13.1
Savings and loan association	46	33	115	20,056,502	2.0	60	11,208,702	1.2
Federal agency	------	1	------	------	------	4	446,700	.1
All other	5	8	91	19,319,029	2.0	77	19,551,629	2.0
Total	398	332	2,856	973,743,034	100.0	2,850	972,865,256	100.0
Sec. 608—War Housing Program[3]								
National bank	26	12	52	$13,265,197	8.0	50	$8,536,097	5.7
State bank	23	10	106	46,656,356	27.9	27	14,770,900	9.9
Mortgage company	37	8	134	33,974,299	20.3	12	3,970,900	2.7
Life insurance company	18	38	119	50,024,859	30.0	251	95,353,175	63.9
Other insurance company	1	3	1	108,000	.1	3	415,200	.3
Savings bank	7	11	30	9,897,600	5.9	65	21,938,387	14.7
Savings and loan association	17	12	25	5,721,242	3.4	15	3,522,400	2.4
Federal agency	------	------	------	------	------	------	------	------
All other	5	2	19	7,311,125	4.4	5	636,625	.4
Total	134	96	495	166,958,678	100.0	428	149,143,684	100.0
Total[3]								
National bank			652	$172,618,775	13.3	466	$130,223,389	11.2
State bank			784	381,323,645	29.3	533	279,794,567	24.1
Mortgage company			526	117,542,289	9.0	108	36,957,700	3.2
Life insurance company			1,244	443,323,698	34.1	1,697	511,396,417	44.0
Other insurance company			12	2,251,300	.2	23	3,379,300	.3
Savings bank			197	97,694,486	7.5	354	159,165,607	13.7
Savings and loan association			148	26,570,044	2.0	85	14,795,102	1.3
Federal agency			25	18,949,500	1.4	5	481,700	.1
All other			142	41,399,979	3.2	87	24,767,254	2.1
Total			3,730	1,301,673,716	100.0	3,358	1,160,961,036	100.0

[1] Based on amount of mortgages.
[2] Type of institution holding mortgages at date of termination or as of Dec. 31, 1948.
[3] Excludes mortgages financed and held under Sec. 608 pursuant to Sec. 610.

ranked third, holding 13 percent, followed closely by national banks with 12.5 percent.

As apparent from Table 39, national and State banks, mortgage companies, and savings and loan associations, have been sellers of Section 608 VEH mortgages, holding lesser amounts than they originated. Conversely, life insurance and other insurance companies, as well as savings banks, have been active purchasers of these mortgages. At the end of 1948, the four mortgages totaling $446,700 held by a Federal agency—The Federal National Mortgage Association— had been purchased in the secondary market as provided for under Title III of the National Housing Act.

The difference between the total amounts of mortgages originated and mortgages held at the end of 1948, which is substantial under the long-range Section 207 program, is due to the termination of insurance, as explained in the following text and table.

Terminations and Foreclosures

As shown in Table 40, of the 3,736 rental-project mortgages in the amount of $1,304,522,216 insured under all sections of the act, 3,364 mortgages with original face amounts aggregating $1,163,809,536 were still in force as of December 31, 1948. Only 372 mortgages for $140,712,680, or about 10.8 percent in dollar amount, had been terminated through the year end. As might be expected, the proportion of mortgages terminated is substantially higher for mortgages in-

TABLE 40.—*Disposition of all rental-project mortgages insured by FHA: Number and amount of mortgages insured, terminated, and in force, by sections, cumulative through Dec. 31, 1948*

Disposition	Total: Projects	Total: Amount	Secs. 207 and 210: Projects	Secs. 207 and 210: Amount	Sec. 608: Projects	Sec. 608: Amount	Sec. 608–610: Projects	Sec. 608–610: Amount
Mortgages insured	3,736	$1,304,522,216	379	$160,072,004	3,351	$1,140,701,712	6	$2,848,500
Mortgages terminated:								
Prepayments in full	308	110,835,375	263	96,250,608	55	14,584,767	------	------
Prepayments by supersession	25	9,671,600	13	8,032,000	12	1,639,600	------	------
Matured loans	------	------	------	------	------	------	------	------
Mortgages assigned to FHA[1]	2	3,170,000	1	3,000,000	1	170,000	------	------
Properties acquired by FHA[2]	19	14,824,605	17	12,752,100	2	2,072,505	------	------
Withdrawals	7	1,406,900	7	1,406,900	------	------	------	------
Other terminations	11	804,200	8	578,300	3	225,900	------	------
Total terminations	372	140,712,680	299	122,010,908	73	18,602,772	------	------
Mortgages in force	3,364	1,163,809,536	80	38,952,096	3,278	1,122,008,940	6	2,848,500

[1] Under Secs. 207 and 210, property was sold with reinsurance.
[2] Under Secs. 207 and 210, of the properties acquired by FHA, 9 projects were sold with mortgage held by FHA, 7 projects were sold by FHA with reinsurance, and 1 project was sold by FHA without reinsurance. Of the acquired Sec. 608 projects, 1 was sold with reinsurance, the other is operating under FHA supervision.

sured under Sections 207 and 210 than for those insured under the other rental housing sections.

Project Characteristics

During 1948 commitments were issued by FHA under the Veterans' Emergency Housing provisions of Section 608 for the insurance of mortgages on 1,486 new projects containing 75,216 dwelling units. Over four-fifths of these units were covered by commitments issued during the first 4 months of the year prior to the expiration of the Section 608 insurance authorization on April 30. The rest were covered by commitments issued after the revival of the insurance authorization on August 10. Most of the sites selected for these projects are located in metropolitan districts, with the six districts of New York, Philadelphia, Baltimore, Washington, Chicago, and Los Angeles accounting for more than half of the units.

The typical rental project covered by Section 608 commitments issued during 1948 was a garden-type development consisting of 2-story walk-up structures and containing 22 apartments.[1] The mortgage on this project averaged $1,785 per room, with the land valued at $1,015 per dwelling unit. The typical apartment of 4½ rooms—living room, dining alcove, two bedrooms, kitchen, and bath—rents for about $87 per month. Included in this rental are a range, a refrigerator, laundry facilities, heat, hot and cold water, and janitor and grounds maintenance services.

Yearly trends.—Selected characteristics of the rental projects and dwelling units provided under the several rental housing programs of FHA are presented in Table 41. Data are shown for the prewar Section 207 projects covered by mortgage insurance written from 1935 through 1941, the wartime Section 608 projects with mortgages insured from 1942 through 1946, and the postwar Section 608 projects covered by commitments issued during 1947 and 1948 under the Veterans' Emergency Housing Program.

Although the size of the median Section 608 VEH project increased from 20.3 to 22.5 units between 1947 and 1948, it was still only about one-half the size of the typical wartime Section 608 project of 41 units and slightly less than one-third as large as the typical Section 207 prewar project of 72 units.

In projects underlying Section 608 VEH commitments issued in 1948, walk-up structures continued to predominate, although to a lesser degree than in 1947. Units in walk-up structures represented 76.7

[1] The characteristics of the mortgages and projects insured under Section 608 are analyzed on the basis of 1,463 projects containing 74,822 units covered by commitments issued during 1948.

TABLE 41.—*Trend of characteristics of FHA rental housing projects and dwelling units under Sec. 207 and Sec. 608, 1935–48*

Year and program [1]	Median					
	Size of project (units)	Percent of units in walk-up projects	Land value [2]	Size of dwelling unit (rooms)	Monthly rental per unit	Mortgage per room [3]
1935–41, Sec. 207	72.2	84.4	(4)	3.86	$53.09	$1,011
1942–46, Sec. 608 War	41.0	79.4	$640	3.98	56.45	1,207
1947, Sec. 608 VEH	20.3	83.6	949	4.71	[5] 84.13	1,767
1948, Sec. 608 VEH	22.5	76.7	1,015	4.67	87.56	[6] 1,785

[1] Data on Sec. 207 and Sec. 608 war rental projects based on mortgages insured; Sec. 608 VEH data based on FHA commitments issued.
[2] Includes estimated cost of land improvements.
[3] Mortgage allocable to dwellings.
[4] Data not available.
[5] Based on units in projects securing mortgages in excess of $200,000.
[6] Based on commitments issued January–April 1948, subject to a maximum limitation of $1,800 per room. For commitments issued after revival of Sec. 608 on August 10 (subject to a revised maximum of $8,100 per family unit), the median is $7,790 per unit.

percent of the total in 1948, compared to 83.6 percent in the preceding year. A substantial increase—from 3 to 13 percent—in the proportion of dwelling units in elevator-type projects offset declines in the proportions of walk-up, row house, and semidetached units in 1948.

The $1,015 land value for the typical dwelling unit in 1948 rental projects is about 7 percent higher than the 1947 figure of $949, and nearly 60 percent higher than the median land value of $640 for Section 608 war projects. The latter increase reflects the over-all rise in land prices and development costs since the end of the war.

The mortgage per room of $1,785 for the typical Section 608 project approved in 1948 was only 1 percent more than the 1947 median of $1,767. It was 48 percent higher than the median for Section 608 war projects, however, and 77 percent higher than the median for Section 207 prewar projects. These latter increases reflect the change in the maximum amount of mortgage attributable to dwelling use, in line with increases in construction and land costs, from the $1,350 per room permitted for Section 207 prewar projects and Section 608 war projects to the $1,800 per room permitted for Section 608 VEH projects committed through April 30, 1948. Section 207 mortgages, moreover, could not exceed 80 percent of the FHA estimate of long-term value, while those committed under Section 608 were limited to 90 percent of the estimated replacement cost of the project.

The size of the median dwelling unit in Section 608 VEH projects did not change significantly from 1947 to 1948 (4.71 and 4.67 rooms respectively), and continued to be slightly more than a half room larger than the median war housing unit and about one room larger than the typical Section 207 unit. The median monthly rental of

831742—49——6

$87.56 approved in 1948 is about 4 percent above the 1947 rental and more than $30 higher than the median rental for the prewar Section 207 and wartime Section 608 apartments. The rentals shown for the Section 207 and Section 608 war dwelling units are based on rentals reported at the time the projects were completed and initially occupied.

A more detailed discussion of the characteristics of the Section 608 projects covered by commitments issued in 1948 is presented in the following sections:

Size of project.—Section 608 projects approved by FHA in 1948 were small, as evidenced by the 22.5 dwelling units in the median project. Individual projects, however, ranged in size from the prescribed minimum of eight units to one project of 630 units. As shown in Table 42, three of every five projects have fewer than 25 units, but these provide only about one-fifth of the total number of units. On the other hand, projects with 200 or more units, representing only 6 percent of total projects, contain 35 percent of the units.

TABLE 42.—*Size of project: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Number of dwelling units per project	Percentage distribution	
	Projects	Dwelling units
8 to 9	8.7	1.6
10 to 24	51.9	17.8
25 to 49	15.0	9.7
50 to 90	10.6	14.3
100 to 149	5.0	12.1
150 to 199	2.8	9.5
200 to 290	4.0	18.9
300 or more	2.0	16.1
Total	100.0	100.0
Units per project	*Median* 22.5	*Average* 51.1

Although three-fifths of the projects have fewer than 25 units and three-fourths less than 50 units, further analysis reveals that approximately 40 percent of these projects are actually component parts of larger projects being developed by the same sponsor.

Type of structure.—Two-story walk-up structures are by far the most popular in the rental projects approved by FHA in 1948, predominating in nearly 65 percent of the projects, which projects contained over 50 percent of the dwelling units (Table 43).

Elevator projects, representing only 3 percent of the projects, provided 13 percent of the units, while the 10 percent of the projects of the row-house type included 9 percent of the units.

Elevator projects are by far the largest, averaging nearly 214 units per project, contrasted with an average of 46½ units for walk-up projects and 42 units for row-house projects.

TABLE 43.—*Type of structure: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Type of structure	Percentage distribution		Average number of units per project
	Projects	Dwelling units	
Walk-up total	84.4	76.7	46.5
1- and 2-story combined	2.0	2.4	61.9
2-story	64.7	51.6	40.8
2- and 3-story combined	3.5	8.9	131.2
3-story	14.1	13.6	40.4
4-story	.1	.2	16.0
Row house	10.9	9.0	42.4
Semidetached (2-family)	1.6	1.2	36.9
Elevator	3.1	13.1	213.8
Total	100.0	100.0	51.1

Land value per dwelling unit.—The typical dwelling unit covered by an FHA commitment issued in 1948 has a land value of $1,015 including costs of installing utilities and landscaping. As shown in Table 44, land values range from less than $400 to more than $2,00 per unit, with approximately half of the units contained in projec with land values averaging between $800 and $1,199 per unit. Le than 3 percent of the units have land values of $2,000 or more.

TABLE 44.—*Land value per dwelling unit: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Land value per dwelling unit [1]	Percentage distribution		Average number of units per project
	Projects	Dwelling units	
Less than $400	3.0	2.4	41.4
$400 to $599	8.1	6.9	43.5
$600 to $799	15.0	14.2	49.5
$800 to $999	22.9	24.5	54.5
$1,000 to $1,199	23.6	25.2	54.8
$1,200 to $1,499	16.7	17.4	53.3
$1,500 to $1,999	9.2	6.7	37.2
$2,000 or more	1.5	2.7	91.3
Total	100.0	100.0	51.1
Median land value per unit	$1,008	$1,015	

[1] Including estimated cost of land improvements.

On the basis of the average number of dwelling units per project in the various land value classes, higher land values tend to typify the larger projects, except for projects with land values of $1,500 to $1,999 per unit.

Size of dwelling unit.[1]—Apartments of 4½ and 5 rooms are the most popular in Section 608 projects approved in 1948, accounting for nearly 54 percent of the total units. These are followed by the 3½- and 4-room units representing almost 35 percent of the total. The median unit has 4.67 rooms. (See Table 45.)

Dwelling unit sizes range from 2-room efficiency apartments consisting of a living room-bedroom-dining space combination, kitchenette, dressing closet, and bath to 6-room dwellings which generally include a living room, dining room, three bedrooms, kitchen, and bath.

TABLE 45.—*Size of dwelling unit: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Number of rooms per dwelling unit [1]	Distribution of dwelling units (percent)	Median monthly rental
Less than 3	2.3	$69.87
3	3.7	71.76
3½	18.9	82.24
4	15.9	78.74
4½	26.3	87.41
5	27.5	94.01
5½	2.1	112.21
6	3.3	108.72
Total	100.0	87.56
Median number of rooms	4.67	----------

[1] FHA rom count excludes baths, dressing closets, and hall space.

Monthly rental.—Almost half of the dwelling units in Section 608 projects covered by commitments issued in 1948 are approved for monthly rentals of $80 to $99, nearly 30 percent have rents of less than $80, while rents of $100 or more are reported for the remaining 20 percent of the units. (See Table 46.)

The median monthly rental is $87.56. Rentals range, however, from a low of $32 for a 3-room unit to more than $150 for 6-room apartments in the elevator-type projects.

Charges for equipment, services, and utilities furnished by the sponsor are included in most of the reported rentals. For 65 percent of the dwelling units, the indicated rentals provide a full complement of range, refrigerator, and laundry facilities, heat, hot and cold water, janitor service, and grounds maintenance. Gas or electricity for cooking, for refrigeration, and often for lighting, is included in the rentals of 10 percent of the units in addition to the full complement of equipment, services, and utilities. In 12 percent of the units, the tenants are required to supply their own ranges, refrigerators, heat, and hot water.

[1] FHA room count excludes baths, dressing closets, and hall space. Typical unit compositions are as follows:
3½-room units—living room, dining alcove, kitchen, 1 bedroom, and bath;
4-room units—living room, dining room, kitchen, 1 bedroom, and bath; or living room, kitchen, 2 bedrooms, and bath;
4½-room units—living room, dining alcove, kitchen, 2 bedrooms, and bath;
5-room units—living room, dining room, kitchen, 2 bedrooms, and bath.

TABLE 46.—*Monthly rental: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Monthly rental	Distribution of dwelling units (percent)	Median number of rooms
Less than $60.00	3.1	3.84
$60 to $69.99	8.8	3.94
$70 to $74.99	8.5	4.13
$75 to $79.99	9.0	4.33
$80 to $84.99	13.0	4.55
$85 to $89.99	14.6	4.93
$90 to $94.99	11.0	4.84
$95 to $99.99	11.2	4.81
$100 to $109.99	11.5	5.08
$110 to $124.99	6.8	5.27
$125 or more	2.5	5.24
Total	100.0	4.67
Median rental	$87.56	----------

Rentals by dwelling size groups.—Monthly rentals reported for Section 608 projects approved in 1948 generally tend to increase as the size of the dwelling unit increases. This is evident from the distribution of the dwelling units by monthly rental for the various unit size groups shown in Table 47 and Chart XI. The principal rental range for the 3½-room units is between $60 and $84; for the 4½-room units, between $80 and $99; and for the 5½- and 6-room units, between $100 and $125. As indicated in Table 45, median rentals by size of unit vary from $69.87 for units of less than 3 rooms to $112.21 for 5½-room apartments, with typical rents of $87.41 and $94.01 for the 4½- and 5-room units, respectively.

Monthly rentals reported for dwelling units of the same size tend to vary considerably, as is apparent in Table 47. The 4-, 4½-, and 5-room units all have reported rentals ranging from less than $60 to more than $125. Differences in construction and land costs, and differences in the amount of equipment, utilities, and services covered by the rent are the major factors contributing to this marked spread in rentals for the same size units.

The effect on rentals of the inclusion of equipment and services is illustrated clearly by the example of the 4½-room units. The full complement of range, refrigerator, heat, hot and cold water, and other services is provided for only 19 percent of these units with $70 to $79 rentals, compared with 84 percent in the $90 to $99 rental range and 95 percent in the $110 and $124 bracket.

DISTRIBUTION OF DWELLING UNIT GROUPS BY MONTHLY RENTAL, 1948

FHA COMMITMENTS TO INSURE SECTION 608 VEH RENTAL - PROJECT MORTGAGES

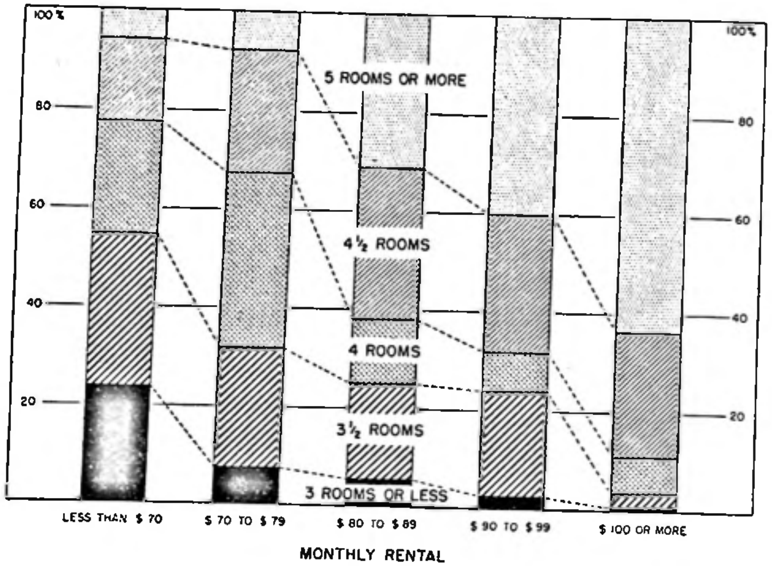


CHART XI

DISTRIBUTION OF MONTHLY RENTAL GROUPS BY SIZE OF DWELLING UNIT, 1948

FHA COMMITMENTS TO INSURE SECTION 608 VEH RENTAL - PROJECT MORTGAGES

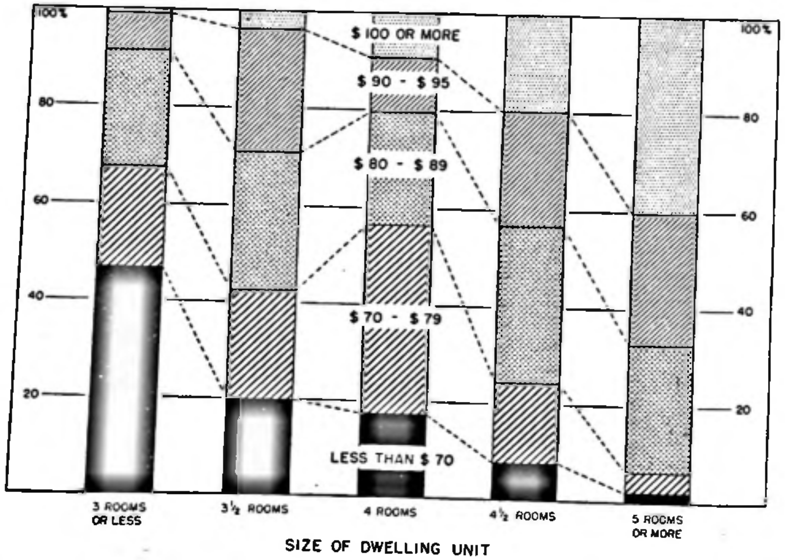


CHART XII

TABLE 47.—*Monthly rental by size of dwelling unit: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Number of rooms per dwelling unit [1]	Percentage distribution	Monthly rental per dwelling unit										
		Less than $60	$60 to $69.99	$70 to $79.99	$80 to $84.99	$85 to $89.99	$90 to $94.99	$95 to $99.99	$100 to $109.99	$110 to $124.99	$125 or more	Total
	(percentage distribution of dwelling units)											
Less than 3	2.3	10.5	40.0	4.9	35.6	9.0	------	------	------	------	------	100.0
3	3.7	23.9	20.6	30.6	7.5	3.6	7.5	5.2	1.1	------	------	100.0
3½	18.9	3.6	16.1	22.7	16.9	11.6	8.8	16.4	2.0	1.9	------	100.0
4	15.9	7.4	9.9	39.1	10.8	12.3	8.0	3.1	6.1	3.0	0.3	100.0
4½	26.3	.3	7.3	16.7	19.7	12.6	12.6	11.0	13.6	3.0	3.2	100.0
5	27.5	.5	1.9	3.9	6.4	24.9	15.4	15.0	17.6	11.9	2.5	100.0
5½	2.1	------	------	1.0	1.6	------	5.8	6.9	26.3	57.3	1.1	100.0
6	3.3	------	------	9.3	------	.8	2.4	7.3	34.6	20.0	25.6	100.0
Total	100.0	3.1	8.8	17.5	13.0	14.6	11.0	11.2	11.5	6.8	2.5	100.0

[1] FHA room count excludes baths, dressing closets, and hall space.

An example of the influence of construction costs on rents is the three and one-half-room apartments, a substantial proportion of which are included in high-cost elevator projects. Almost 30 percent of the three and one-half-room units have rentals of $90 or more and the median rental for this group—$82.24—is about $4 more than the median for the four-room units.

Size of dwelling by rental groups.—Size of dwelling units is influenced to a lesser extent by differences in rentals. The median unit sizes shown for the several rental groups in Table 46 range only from 3.84 rooms for units with rents of less than $60 monthly to 5.27 rooms for apartments in the $110 to $124 rental—a differential of only about one and a half rooms.

Table 48 and Chart XII present the distribution of the dwelling units by size of unit for each of the rental ranges. Almost 70 percent of the

TABLE 48.—*Size of dwelling unit by monthly rental: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Monthly rental	Percentage distribution	Number of rooms per dwelling unit [1]								
		Less than 3	3	3½	4	4½	5	5½	6	Total
	(percentage distribution of dwelling units)									
Less than $60	3.1	7.7	27.9	21.1	36.5	2.4	4.4	------	------	100.0
$60 to $69.99	8.8	10.7	8.8	34.8	17.9	21.8	6.0	------	------	100.0
$70 to $79.99	17.5	.7	6.5	24.5	35.5	24.9	6.0	0.1	1.8	100.0
$80 to $84.99	13.0	6.4	2.2	24.5	13.2	39.8	13.6	.3	------	100.0
$85 to $89.99	14.6	1.4	.9	15.0	13.3	22.6	46.6	------	.2	100.0
$90 to $94.99	11.0	------	2.6	15.2	11.6	30.2	38.6	1.1	.7	100.0
$95 to $99.99	11.2	------	1.8	27.7	4.5	25.9	36.7	1.3	2.1	100.0
$100 to $109.99	11.5	------	.4	3.3	8.4	31.2	41.9	4.8	10.0	100.0
$110 to $124.99	6.8	------	------	5.3	7.1	11.6	48.4	17.9	9.7	100.0
$125 or more	2.5	------	------	------	2.1	34.5	28.1	1.0	34.3	100.0
Total	100.0	2.3	3.7	18.9	15.9	20.3	27.5	2.1	3.3	100.0

[1] FHA room count excludes baths, dressing closets, and hall space.

units in the $85 to $89 group represent 4½- and 5-room apartments. These unit sizes continue to predominate in substantially the same degree in the $90 to $94, $95 to $99, and $100 to $109 groups, despite the increase in rent.

Mortgage allocable to dwellings.—Section 608 commitments issued during 1948 were subject to two different limitations on the maximum amount of mortgage allocable to dwelling purposes—(1) $1,800 per room for commitments issued through April 30, and (2) $8,100 per dwelling unit for commitments issued after August 10. Table 49, therefore, presents percentage distributions of the number of projects and units on the mortgage per-room basis for the January–April commitments and the mortgage per-unit basis for the August–December commitments.

The median mortgage amount for the January-April commitments (covering over four-fifths of the units committed during the year) is $1,785 per room, only slightly below the $1,800 maximum effective during that period. Close to 70 percent (67.7) of the total units are in projects having mortgage amounts of $1,750 or more per room, including more than 40 percent at the $1,800 maximum. Only 5 percent of the units have mortgage amounts of less than $1,500 per room, while only 2 percent are below the statutory maximum of $1,350 per room prescribed in the prewar Section 207 and the wartime Section 608.

The median mortgage amount for commitments issued after August 10, 1948, is $7,790—about $300 less than the maximum permissible mortgage of $8,100 per unit. Nearly 70 percent (67.6) of the units are in projects with mortgages of $7,500 or more, including 20 percent at the $8,100 maximum. Mortgages of less than $6,500 per unit typify almost 15 percent of the units.

As indicated in Table 49, there is almost no correlation between the size of the project and the average mortgage per room or per unit for projects underlying Section 608 commitments issued in 1948. However, projects with the highest average mortgage per room ($1,750 to $1,800) and per unit ($7,500 to $8,100) are decidedly larger than projects with lower average mortgage amounts per room or per unit.

Ratio of mortgage amount to replacement cost.—The typical Section 608 project approved for FHA insurance in 1948 had a mortgage principal averaging 89 percent of the FHA estimate of the cost of the project including land, or 1 percent below the maximum 90 percent ratio permitted by law. For projects providing 60 percent of the dwelling units, the ratio of mortgage principal to cost of the project is 89 to 90 percent. Some 17 percent of the units are in projects with mortgages

TABLE 49.—*Mortgage allocable to dwellings: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Average amount of mortgage [1]	Percent of projects	Percent of dwelling units	Average number of units per project
Per room [2] (commitments issued January-April 1948):			
Less than $1,500	8.2	5.2	30.8
$1,500 to $1,549	3.1	2.9	43.8
$1,550 to $1,599	6.9	4.4	30.3
$1,600 to $1,649	8.5	4.3	24.4
$1,650 to $1,699	9.5	5.4	27.5
$1,700 to $1,749	11.9	10.1	41.0
$1,750 to $1,799	22.2	25.5	55.1
$1,800	29.7	42.2	68.3
Total	100.0	100.0	48.1
	Average	*Median*	
Amount of mortgage per room	$1,734	$1,785	
Per dwelling unit [3] (commitments issued Aug.-Dec. 1948):			
Less than $5,000	2.8	2.8	66.3
$5,000 to $5,999	8.4	4.2	32.7
$6,000 to $6,499	19.6	7.0	26.6
$6,500 to $6,999	7.6	7.1	61.6
$7,000 to $7,499	12.4	10.4	55.3
$7,500 to $7,999	22.0	30.4	91.5
$8,000 to $8,099	13.2	17.1	85.5
$8,100	14.0	20.1	94.7
Total	100.0	100.0	66.0
	Average	*Median*	
Amount of mortgage per unit	$7,464	$7,790	

[1] Dwelling units and rooms not producing income (e. g. janitor units) are included in the computation of this average.
[2] Through Apr. 30, 1948, the amount of mortgage allocable to dwellings could not exceed $1,800 per room.
[3] Under Public Law 901, which revived Sec. 608 on Aug. 10, 1948, the amount of mortgage allocable to dwellings cannot exceed $8,100 per family unit.

averaging less than 85 percent of the project cost. Projects with the highest ratios of mortgage to cost (87.5 to 90 percent) tend to be somewhat larger in size. (See Table 50.)

TABLE 50.—*Ratio of mortgage amount to replacement cost: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Mortgage as a percent of replacement cost	Percentage distribution		Average number of units per project
	Projects	Dwelling units	
Less than 70	0.9	0.3	17.5
70 to 79.9	8.5	6.5	39.1
80 to 82.4	4.6	3.0	33.0
82.5 to 84.9	8.4	7.4	45.0
85 to 87.4	13.2	9.5	36.9
87.5 to 89.9	[1] 43.2	[1] 48.1	56.9
90	21.2	25.2	60.9
Total	100.0	100.0	51.1
Median ratio	89.0	89.3	

[1] 29.9 percent of all projects and 35.1 percent of all dwelling units had a ratio of mortgage to replacement cost of from 89.0 to 89.9 percent.

Property Improvement Loan Insurance Under Title I

The terms and financing charges prescribed by the regulations of the Commissioner for each class of loan under the Title I program are outlined on page 16 of this report, and a discussion of the changes made in the regulations during the year appears on the same page.

Volume of Business

The 1,359,776 property improvement loans insured during 1948 with net proceeds to borrowers amounting to $621,612,484 followed the yearly trend maintained since 1946 in surpassing the number and amount insured in any previous year. An increase of 9 percent in number and 16.4 percent in amount over the volume of loans insured in 1947 was registered.

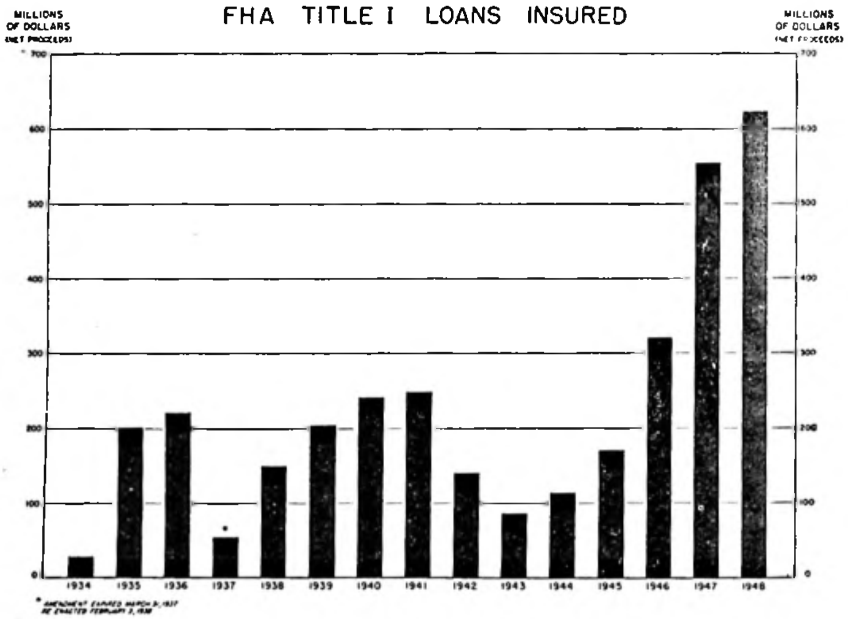


CHART XIII

Property improvement loans represented 18.6 percent of the total amount of insurance written by FHA during 1948 under all titles of the National Housing Act. The 1948 volume brought the cumulative loans insured since 1934 under Title I to 8,735,620 with net proceeds of $3,338,550,288. Insurance claims had been paid on 261,979 of these loans for $74,766,871. Table 51 shows the yearly trend of loans insured, claims for insurance paid, and ratio of amount of claims paid to loans insured.

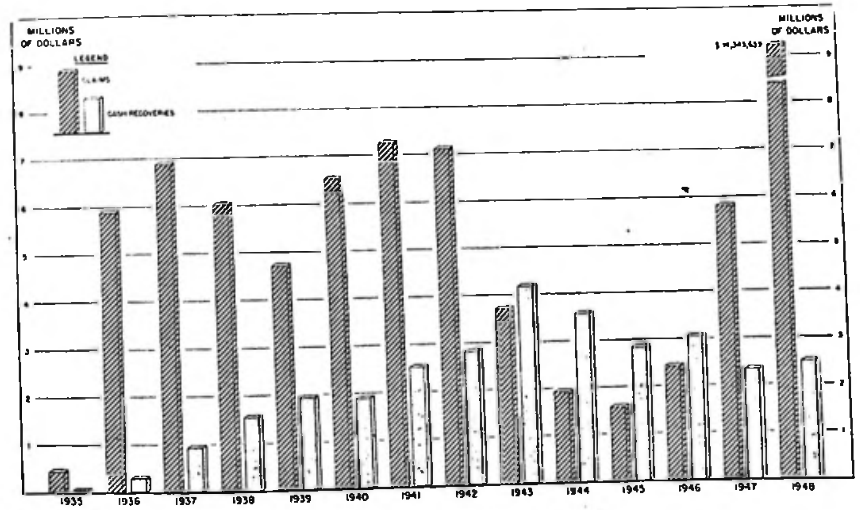
TABLE 51.—*Trend of property improvement loans insured and claims paid: Volume of loans insured, claims paid, and the gross FHA loss ratio under Title I, 1934–48*

Period	For the year				Cumulative				Amount of claims paid as percent of loans insured
	Loans insured		Claims paid		Loans insured		Claims paid		
	Number	Net proceeds	Number	Amount	Number	Net proceeds	Number	Amount	
1934	72,658	$27,405,525			72,658	$27,405,525			
1935	635,747	201,258,132	1,288	$447,448	708,405	228,663,657	1,288	$447,448	0.196
1936	617,697	221,534,922	25,315	5,884,885	1,326,102	450,198,579	26,603	6,332,333	.141
1937 [1]	124,758	54,344,338	28,824	6,890,897	1,450,860	504,542,917	55,427	13,223,230	2.621
1938	382,325	150,709,152	29,433	6,016,306	1,833,185	655,252,069	84,860	19,239,536	2.936
1939	513,091	203,994,512	18,566	4,728,346	2,346,276	859,246,581	103,426	23,967,882	2.789
1940	662,948	241,734,821	18,672	6,543,568	3,009,224	1,100,981,402	122,098	30,511,450	2.771
1941	687,837	248,638,549	21,900	7,265,059	3,697,061	1,349,619,951	143,998	37,776,509	2.799
1942	432,755	141,163,398	22,691	7,132,210	4,129,816	1,490,783,349	166,689	44,908,719	3.012
1943	308,161	87,194,156	15,243	3,718,643	4,437,977	1,577,977,505	181,932	48,627,362	3.082
1944	389,592	113,939,150	8,009	1,939,261	4,827,569	1,691,916,655	189,941	50,566,623	2.989
1945	501,401	170,823,788	6,791	1,588,875	5,328,970	1,862,740,443	196,732	52,155,498	2.800
1946	799,284	320,593,183	9,254	2,435,964	6,128,254	2,183,333,626	205,986	54,591,462	2.500
1947	1,247,590	533,604,178	17,511	5,829,750	7,375,844	2,716,937,804	223,497	60,421,212	2.224
1948	1,359,776	621,612,484	38,482	14,345,659	8,735,620	3,338,550,288	261,979	74,766,871	2.240

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

Chart XIII depicts graphically the yearly amount of property improvement loans insured since the beginning of operations in 1934. The rapidly increasing volume of insurance written annually since 1945 reflects the backlog of necessary improvements which had accumulated during the war years, and the more general availability of

FHA TITLE I CLAIMS PAID
AND RECOVERIES* ON DEFAULTED NOTES



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

CHART XIV

building materials and labor which had been scarce during the same period.

The relationship between the yearly volume of claims paid and recoveries made is presented in Chart XIV. Collections and recoveries have followed in general the trend of claims paid, with a time lag of approximately 1 year. That this trend did not hold during the war years may be attributed to the general increase in employment and the rise in family incomes during the period. From 1942 claim payments on defaulted loans declined sharply, while Chart XIV shows an increasing volume of recoveries recorded through 1945.

Table 51 shows that despite the increasing volume of claims paid from 1945 through 1947 the gross ratio of amount of claims paid to net proceeds of loans insured declined from 2.80 percent in 1945 to 2.50 percent in 1946 and to 2.22 percent in 1947. Even with the increase in 1948 over 1947 of 146.1 percent in the dollar volume of claims paid, the sharp increase in the volume of loans insured limited the gross claim ratio to only 2.24 percent.

Insurance claims paid by the close of 1948 numbered 261,979 and amounted to $74,766,871. Recoveries—consisting of cash collections of $29,768,740, $770,571 from the disposal of real properties, and a net estimated $10,301,445 recovery from defaulted notes in process of collection—totaled $40,840,756 or 55 percent of the $74,766,871 of claims paid. When these recoveries were deducted from claims paid, a net claim amount of $33,926,115 remained unrecovered at the end of 1948, resulting in a net loss ratio of 1.02 percent as compared to 1.04 percent at the previous year end and 1.22 percent at the end of 1946.

State Distribution

From 1934 through 1948 more than one-half billion dollars ($510,394,670) of Title I loans were insured to improve properties located in New York State, exceeding by far the insurance written for any of the other States. California, with $342,359,526, ranked second, as in the past. It was followed by Michigan with $249,711,972, Pennsylvania with $213,987,736, and Illinois with $206,001,203. These five States together accounted for $1,522,455,107 or 45.6 percent of the $3,338,550,288 United States total. In four other States—Ohio, New Jersey, Texas, and Massachusetts—net proceeds of Title I loans ranged from $100,000,000 to nearly $200,000,000. Borrowers in each of the nearly 3,100 counties in the United States have improved properties with the proceeds from FHA loans insured under Title I.

Table 52 shows property improvement insurance written and claims paid distributed by State location of property, with the percentage relationships between the two and the average amounts for each item.

TABLE 52.—*State distribution of property improvement loans insured and insurance claims paid: Volume of loans insured and insurance claims paid under Title I by FHA, cumulative 1934–48*

Location of property	Loans insured			Insurance claims paid			Amount claims paid as percent loans insured	Average	
	Number	Net proceeds	Percent of net proceeds	Number	Amount	Percent of amount		Loan insured	Claim paid
Alabama	118, 817	$36, 310, 540	1. 1	3, 735	$832, 394	1. 1	2. 20	$306	$223
Arizona	53, 541	24, 053, 409	. 7	1, 316	422, 865	. 6	1. 76	440	321
Arkansas	66, 646	21, 839, 740	. 7	3, 069	699, 969	. 9	3. 21	328	228
California	908, 034	342, 359, 526	10. 3	24, 937	8, 222, 725	11. 0	2. 40	377	330
Colorado	57, 087	20, 919, 004	. 6	1, 204	331, 248	. 4	1. 58	366	275
Connecticut	123, 041	49, 862, 246	1. 5	3, 220	1, 050, 243	1. 4	2. 11	405	326
Delaware	12, 980	5, 584, 649	. 2	414	153, 832	. 2	2. 75	430	372
District of Columbia	49, 417	21, 975, 759	. 7	1, 460	472, 559	. 6	2. 15	445	324
Florida	153, 140	64, 110, 558	1. 9	6, 498	2, 046, 974	2. 7	3. 19	419	315
Georgia	111, 505	37, 764, 007	1. 1	4, 481	1, 030, 499	1. 4	2. 73	338	230
Idaho	44, 171	16, 339, 838	. 5	1, 319	347, 483	. 5	2. 13	370	263
Illinois	549, 660	206, 001, 203	6. 2	11, 505	3, 142, 828	4. 2	1. 53	375	273
Indiana	312, 363	98, 236, 626	2. 9	9, 684	2, 330, 210	3. 1	2. 37	314	241
Iowa	122, 146	40, 183, 220	1. 2	2, 961	783, 983	1. 1	1. 95	329	265
Kansas	73, 940	21, 533, 237	. 6	2, 014	449, 935	. 6	2. 09	291	223
Kentucky	90, 773	29, 869, 723	. 9	2, 857	790, 543	1. 1	2. 05	329	277
Louisiana	76, 638	25, 053, 096	. 8	2, 760	580, 867	. 8	2. 32	327	210
Maine	37, 398	14, 572, 945	. 4	1, 199	409, 764	. 6	2. 81	390	342
Maryland	149, 956	58, 447, 447	1. 7	4, 159	1, 170, 873	1. 6	2. 02	390	284
Massachusetts	274, 415	105, 704, 809	3. 2	8, 760	2, 646, 232	3. 5	2. 50	385	302
Michigan	694, 361	249, 711, 972	7. 5	21, 479	5, 571, 690	7. 5	2. 23	360	259
Minnesota	188, 573	63, 146, 007	1. 9	3, 765	1, 086, 211	1. 5	1. 72	335	289
Mississippi	59, 075	21, 170, 256	. 6	2, 935	716, 704	1. 0	3. 39	358	244
Missouri	225, 215	70, 039, 521	2. 1	7, 130	1, 628, 495	2. 2	2. 33	311	228
Montana	21, 550	8, 984, 123	. 3	548	191, 091	. 3	2. 13	417	340
Nebraska	51, 403	17, 945, 056	. 5	1, 380	381, 972	. 5	2. 13	349	275
Nevada	11, 205	4, 981, 558	. 1	234	86, 301	. 1	1. 73	445	360
New Hampshire	25, 486	10. 016, 500	. 3	1, 084	339, 004	. 5	3. 38	393	313
New Jersey	378, 639	177, 699, 594	5. 3	16, 500	4, 613, 822	6. 2	2. 60	469	280
New Mexico	14, 203	6, 487, 419	. 2	782	248, 104	. 3	3. 82	457	317
New York	990, 628	510, 394, 670	15. 3	33, 559	12, 002, 465	16. 0	2. 35	515	358
North Carolina	82, 517	29, 258, 576	. 9	2, 921	708, 371	. 9	2. 42	355	243
North Dakota	15, 131	5, 884, 864	. 2	408	103, 879	. 1	1. 77	389	255
Ohio	544, 304	183, 538, 583	5. 5	12, 411	3, 552, 961	4. 8	1. 94	337	286
Oklahoma	124, 058	39, 052, 778	1. 2	3, 657	823, 195	1. 1	2. 11	315	225
Oregon	105, 019	37, 901, 375	1. 1	2, 860	774, 181	1. 0	2. 04	359	271
Pennsylvania	575, 268	213, 987, 736	6. 4	16, 639	4, 502, 551	6. 0	2. 10	372	271
Rhode Island	43, 914	17, 731, 476	. 5	1, 276	383, 061	. 5	2. 16	404	300
South Carolina	46, 142	16, 251, 211	. 5	2, 162	474, 719	. 6	2. 92	352	220
South Dakota	12, 670	4, 705, 651	. 1	323	87, 422	. 1	1. 86	371	271
Tennessee	165, 816	50, 445, 202	1. 5	4, 472	1, 390, 809	1. 9	2. 76	304	311
Texas	364, 450	127, 620, 466	3. 8	11, 336	2, 203, 483	2. 9	1. 73	350	194
Utah	71, 043	23, 085, 220	. 7	1, 270	324, 296	. 4	1. 40	325	255
Vermont	12, 732	5, 267, 481	. 2	666	240, 601	. 3	4. 57	414	361
Virginia	110, 751	52, 302, 719	1. 6	3, 225	1, 285, 244	1. 7	2. 46	472	309
Washington	210, 403	73, 708, 159	2. 2	6, 514	1, 557, 748	2. 1	2. 11	351	239
West Virginia	40, 293	15, 909, 608	. 5	1, 126	413, 219	. 6	2. 60	395	367
Wisconsin	148, 960	56, 315, 682	1. 7	3, 232	1, 032, 338	1. 4	1. 83	378	319
Wyoming	8, 493	4, 018, 391	. 1	178	63, 106	. 1	1. 57	473	355
Alaska	357	323, 051	([1])	25	6, 677	([1])	2. 07	905	267
Hawaii	859	436, 017	([1])	6	2, 873	([1])	. 66	508	478
Puerto Rico	20	17, 199	([1])	------	------	------	------	860	------
Canal Zone	3	3, 541	([1])	------	------	------	------	1, 180	------
Adjustments	5, 622	−602, 965	([1])	315	45, 252	([1])	------	------	------
Total	8, 735, 620	3, 338, 550, 288	100. 0	261, 979	74, 766, 871	100. 0	2. 24	382	285

[1] Less than 0.05 percent.

In only 20 States have claims for insurance amounted to more than $1,000,000 since the payment of the first claims on defaulted Title I loans in 1935. Claims paid in New York of $12,002,465 are not considered excessive in view of the large volume of loans insured, and the resulting loss ratio of 2.35 percent of net proceeds only slightly exceeds the national average of 2.24 percent. Claims paid through 1948 on defaulted Title I loans financing improvements to properties in California amounted to $8,222,725, in Michigan to $5,571,690, Pennsylvania $4,502,551, Ohio $3,552,961, New Jersey $4,613,822, Texas $2,203,483, and Massachusetts $2,646,232. The data shown in Table 52 are based upon loans insured by location of the property improved. This distribution may vary considerably from a tabulation of loans insured by location of head office of the institution financing the loan because of the many institutions which operate on a national and regional scale.

Financial Institutions

The number of lending institutions participating in the Title I program has declined from more than 6,200 active prior to April 1937 to approximately 3,900 under the current reserve established in 1947. However, this reduction has been more than offset by the many branch offices servicing localities some distance from the head offices of the financial institutions and the many dealers who have serviced thousands of borrowers in every State.

Table 53 shows the volume of loans insured and claims paid, distributed by type of institution financing the loans. The three leading types of institutions, national banks, State chartered banks, and finance companies, have financed 98.5 percent of all property improvement loans insured since the inception of the program in 1934. As shown in the table national banks led all other types, reporting 40.7 percent of the net proceeds of loans insured as compared to 30.8 percent for finance companies and 27 percent for State chartered banks.

TABLE 53.—*Type of institution originating property improvement loans and receiving claim payments: Number and net proceeds of Title I loans insured and insurance claims paid by FHA, cumulative 1934–48*

Type of institution	Loans insured				Claims paid				Amount of claims paid as percent of loans insured
	Number	Net proceeds	Percent of net proceeds	Average net proceeds	Number	Amount	Percent of amount	Average claim	
National banks	3,446,659	$1,359,248,947	40.7	$394	88,745	$25,661,434	34.3	$289	1.89
State chartered banks [1]	2,246,520	902,138,694	27.0	402	67,140	18,201,078	24.4	272	2.02
Finance companies	2,952,807	1,020,224,165	30.8	348	104,922	30,111,422	40.3	287	2.93
Savings and loan associations	76,189	30,370,377	1.1	477	718	252,156	.3	351	.69
Others	13,445	14,568,105	.4	1,084	454	480,781	.7	1,059	3.30
Total	8,735,620	3,338,550,288	100.0	382	261,979	74,706,871	100.0	285	2.24

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

This last group includes all financial institutions operating under State charters, such as State banks, savings banks, and industrial banks.

TABLE 54.—*Type of institution originating property improvement loans and receiving claim payments: Title I loans insured and insurance claims paid by the FHA under the July 1947 reserve, cumulative July 1, 1947 through Dec. 31, 1948*

Type of institution	Number of institutions	Loans insured				Number of institutions	Claims paid				Amount of claims paid as percent of loans insured
		Number	Net proceeds	Percent of net proceeds	Average net proceeds		Number	Amount	Percent of amount	Average claim	
National banks	1,616	883,078	$380,954,434	45.2	$431	416	4,020	$1,675,773	29.4	$417	0.4
State chartered banks [1]	1,654	476,225	221,221,408	26.2	465	374	2,406	1,081,625	18.9	450	.5
Finance companies	77	476,070	223,668,111	26.5	470	27	5,853	2,924,106	51.2	500	1.3
Savings and loan associations	517	34,411	16,316,913	1.9	474	26	71	27,284	.5	384	.2
Others	34	3,730	1,633,735	.2	438	2	4	1,062	....	266	.1
Total	3,898	1,873,514	843,794,691	100.0	450	845	12,354	5,709,850	100.0	462	.7

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

TYPE OF INSTITUTION FINANCING PROPERTY IMPROVEMENT LOANS AND RATIO OF CLAIMS PAID TO LOANS INSURED

1934-1948

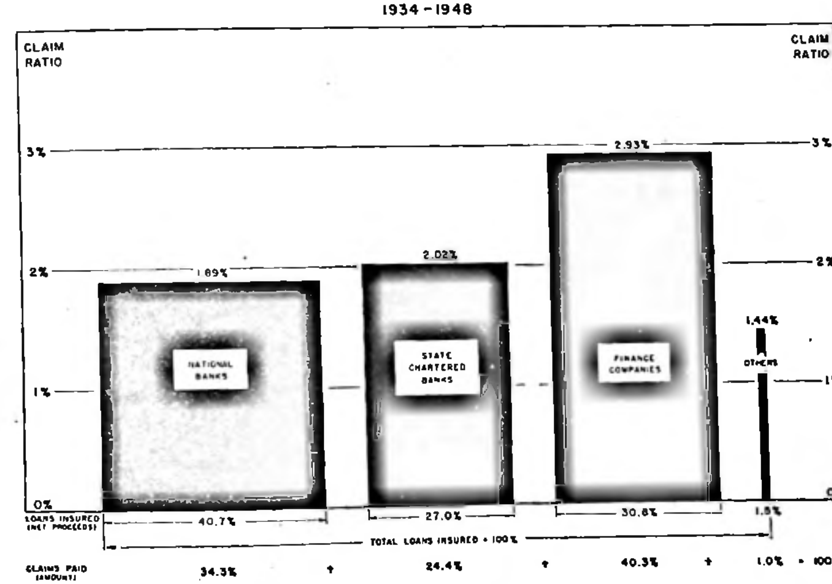


CHART XV

FHA claim payments to finance companies have not been proportionate to loans insured by these companies. In fact, Table 53 indicates that claims paid have equaled 2.93 percent of the dollar amount of loans insured for finance companies, as compared to 2.02 percent for State chartered banks and only 1.89 percent for national banks. Data on subsequent recoveries from cash collections, real properties acquired, and repossessed equipment after payment of claims are not available by type of institution. The net loss ratio of 1.02 percent for all institutions is discussed on page 84.

Characteristics of Insured Loans

The typical Title I borrower obtained a larger loan for property improvements in 1948 than in 1947—$456 as indicated by the average loan reported in 1948 and $428 during the previous year. The average loan was written with a maturity of 3 years and a monthly payment of approximately $15. The principal improvements financed from the proceeds of the typical loan included heating installations and repairs, additions and alterations, exterior finishing—consisting mainly of siding and painting work—and insulation.

Type of property and improvement.—In Table 55 are shown the types of property improved and the major types of improvement financed by Title I loans under the current reserve in operation since June 1947, for the period through the 1948 year end.

Only the major improvements financed are reported to FHA by the lending institution financing the loan. As an example, loans reported as financing roofing perhaps included miscellaneous minor repairs such as plumbing, heating, or painting.

Single-family dwellings were improved with four-fifths of the dollar amount insured, as shown in Table 55. Multifamily dwellings accounted for $91,000,000 of the $844,000,000 total amount insured, commercial and industrial properties $36,000,000, farm improvement loans $25,000,000, and miscellaneous properties $17,000,000. In this last category were 19,210 loans for $11,206,502 reported as financing the erection of garages.

An increasing number of requests from insured lenders prompted the Commissioner to order a tabulation of insurance claims paid under Title I from July 1, 1947 through December 31, 1948, distributed by type of improvement financed by the insured loans. This tabulation, which is summarized in Table 56, affords participating institutions the opportunity of comparing their portfolio experience with that of other

TABLE 55.—*Type of property and type of improvement financed: Property improvement loans insured by FHA under the July 1947 reserve, cumulative July 1, 1947 through Dec. 31, 1948*

Major type of improvement [1]	Type of property improved: Single-family dwellings	2- to 4-family dwellings	Commercial and industrial	Farm homes and buildings	Others [2]	Total	Percent of total
	Number of loans insured						
New residence construction	2,458	----------	----------	----------	----------	2,458	0.1
New nonresidence construction	----------	----------	2,489	3,779	21,248	27,516	1.5
Additions and alterations	150,109	14,630	5,656	3,894	3,078	177,427	9.5
Exterior finish	202,339	18,459	1,648	4,588	490	227,524	12.1
Interior finish	111,717	13,577	3,936	1,171	263	130,664	7.0
Roofing	145,084	12,680	1,608	5,254	478	165,113	8.8
Plumbing	141,586	12,793	2,680	5,533	506	163,098	8.7
Heating	360,585	34,955	8,410	5,975	680	410,605	21.9
Insulation	374,144	15,120	1,975	7,255	298	398,702	21.3
Miscellaneous	153,994	7,412	4,600	3,411	900	170,317	9.1
Total	1,642,076	129,635	33,002	40,860	27,941	1,873,514	100.0
Percent of total	87.6	6.9	1.8	2.2	1.5	100.0	------
	Net proceeds of loans insured						
New residence construction	$7,460,916	----------	----------	----------	----------	$7,460,916	0.9
New nonresidence construction	----------	----------	$3,892,461	$3,746,936	$12,994,845	20,634,242	2.4
Additions and alterations	100,524,067	$16,614,998	8,200,223	3,520,177	2,020,680	130,970,145	15.6
Exterior finish	103,212,405	14,495,274	1,585,433	2,032,461	275,230	122,500,803	14.5
Interior finish	48,739,327	9,603,684	4,655,052	850,324	182,335	64,039,722	7.6
Roofing	48,941,477	5,491,597	1,116,459	2,423,083	184,282	58,156,898	6.9
Plumbing	55,770,424	8,700,832	2,605,137	3,447,328	302,680	71,015,401	8.4
Heating	158,112,337	25,392,068	8,528,074	3,291,037	560,298	195,883,814	23.2
Insulation	101,021,759	5,603,027	1,008,578	2,480,978	118,211	113,352,553	13.4
Miscellaneous	47,989,905	4,898,744	3,952,648	2,380,592	558,308	59,780,197	7.1
Total	674,781,617	90,950,224	35,694,065	25,081,916	17,286,869	843,794,691	100.0
Percent of total	80.0	10.8	4.2	3.0	2.0	100.0	------
	Average net proceeds						
New residence construction	$3,035	----------	----------	----------	----------	$3,035	------
New nonresidence construction	----------	----------	$1,564	$992	$612	750	------
Additions and alterations	669	$1,136	1,406	904	656	738	------
Exterior finish	510	785	962	639	562	538	------
Interior finish	436	707	1,183	734	693	490	------
Roofing	337	433	694	461	386	352	------
Plumbing	394	687	972	623	776	435	------
Heating	438	726	1,014	551	824	477	------
Insulation	278	375	541	342	397	284	------
Miscellaneous	312	601	859	698	620	351	------
Total	411	702	1,082	614	619	450	------

[1] Type of improvement to which major portion of the proceeds of the loan was devoted.
[2] Includes 19,210 loans for $11,206,502 reported as financing garages.

insured lenders, and may serve as a guide for planning future lending policies. Also shown in the table are average claims paid, net proceeds of these claims, and the proportion amortized prior to payment of claim by FHA.

Table 56.—*Claims paid by improvement financed: Insurance claims paid under Title I by type of improvement financed July 1, 1947–Dec. 31, 1948, under the July 1947 reserve*

Major type of improvement	Claims paid				Loans insured	
	Number	Percent	Amount	Percent	Net proceeds	Percent
New nonresidence construction	162	1.3	$108,966	1.9	$118,002	1.9
Additions and alterations	838	6.8	586,369	10.3	631,919	10.5
Exterior finish	2,172	17.6	1,288,127	22.5	1,341,664	22.1
Interior finish	741	6.0	336,612	5.9	368,257	6.1
Roofing	1,212	9.8	490,841	8.6	518,779	8.6
Plumbing	927	7.5	410,720	7.2	441,670	7.3
Heating	2,607	21.1	1,312,557	23.0	1,385,806	22.9
Insulation	2,752	22.3	849,566	14.9	891,295	14.7
Miscellaneous	943	7.6	326,092	5.7	355,877	5.9
Total	12,354	100.0	5,709,850	100.0	6,056,269	100.0

Major type of improvement	Average claim paid	Average net proceeds	Percent paid off prior to claim
New nonresidence construction	$673	$728	7.7
Additions and alterations	700	754	7.2
Exterior finish	593	618	4.0
Interior finish	454	497	8.6
Roofing	405	428	5.4
Plumbing	443	480	7.0
Heating	503	532	5.3
Insulation	309	324	4.7
Miscellaneous	340	377	8.4
Total	462	490	5.7

RATIO OF CLAIMS PAID TO AMOUNT OF LOANS INSURED BY TYPE OF IMPROVEMENT

JULY 1947 RESERVE OF TITLE I

THRU DECEMBER 1948

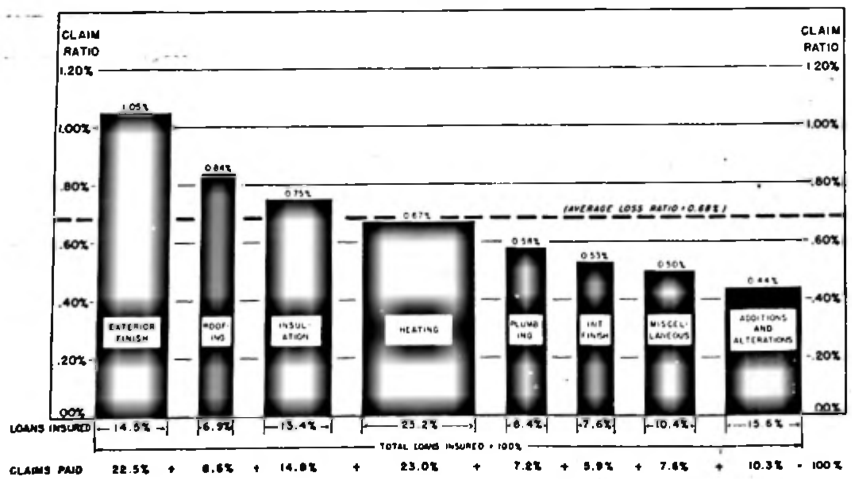


Chart XVI

Many lending institutions that have financed heating installations and repairs, exterior finishing, and insulation, both by purchasing loans from dealers and by making loans direct to borrowers, have experienced a very low claim volume in these markets, despite the fact that 60 percent of the dollar volume of claims paid during this period reimbursed lenders for loans financing these types of improvements.

The ratio of claims paid to amount of loans insured by type of improvement financed are shown in Chart XVI; also shown are the average gross loss ratio for all types of improvements, and the percentage distribution of claims paid. The horizontal axis of each type of improvement is determined by the percentage distribution of loans insured as indicated at the bottom of the chart, while the percent of claims paid by type of improvement is added to facilitate comparisons in each category.

Size of insured loan.—A distribution of property improvement loans by amount of net proceeds by class of loan is shown in Table 57. The great majority of property owners (98.5 percent) who obtained such

Table 57.—*Size of loan: Percentage distribution of the number and net proceeds of Classes 1, 2, and 3 property improvement loans*[1] *insured under Title I by FHA under the July 1947 reserve during 1948*

Net proceeds of loan	Number, percentage distribution						Net proceeds, percentage distribution					
	Classes 1, 2, and 3	Class 1a	Class 1b	Class 2a	Class 2b	Class 3	Classes 1, 2, and 3	Class 1a	Class 1b	Class 2a	Class 2b	Class 3
Less than $100	4.6	4.7	0.4	0.4	1.2	------	0.8	0.8	(²)	(²)	0.1	------
$100 to $199	20.2	20.5	1.2	2.5	5.7	------	6.6	6.9	0.1	0.6	.8	------
$200 to $299	20.4	20.7	1.4	0.8	8.8	------	10.8	11.4	.1	2.2	2.0	------
$300 to $399	15.3	15.4	1.2	12.0	7.8	------	11.3	11.8	.2	5.6	2.5	------
$400 to $499	9.6	9.6	1.0	14.5	8.0	------	9.2	9.4	.2	8.5	3.4	------
$500 to $599	7.8	7.8	2.6	14.9	7.9	------	9.1	9.3	.6	10.4	4.1	------
$600 to $799	8.4	8.2	3.3	20.0	11.3	------	12.3	12.5	1.1	18.5	7.3	------
$800 to $999	4.5	4.5	4.7	10.7	7.8	------	8.7	8.9	1.9	12.3	6.6	------
$1,000 to $1,499	5.2	5.1	14.5	8.4	14.1	0.1	12.8	13.1	7.0	12.8	15.4	(²)
$1,500 to $1,999	1.8	1.7	15.3	3.3	9.4	.6	6.4	6.3	11.7	7.2	15.1	0.4
$2,000 to $2,499	.9	.8	14.5	2.1	6.0	1.9	4.2	3.9	14.6	6.2	12.4	1.3
$2,500 to $2,999	1.1	1.0	17.0	3.0	9.4	8.7	6.0	5.7	20.2	10.0	22.9	7.7
$3,000 to $3,999	.2	------	12.9	1.4	2.6	80.6	1.3	------	19.6	5.7	7.4	78.9
$4,000 to $4,999	(²)	------	4.4	------	------	8.1	.3	------	8.6	------	------	11.7
$5,000 or more	(²)	------	5.6	------	------	------	.2	------	13.2	------	------	------
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
Percent distribution	100.0	98.2	.3	1.2	.1	.2	100.0	95.1	1.4	1.9	.4	1.2
	Median amount of loan						Average amount of loan					
Size of loan	$331	$327	$2,151	$593	$788	$3,481	$456	$442	$2,188	$742	$1,038	$3,076

[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 repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; 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; and a Class 3 loan to finance new small homes.

[2] Less than 0.05 percent

loans borrowed funds insured by FHA to improve or repair existing structures.

The typical borrower during the past year received $456 for all property improvements, and as many loans were written with net proceeds below $331 as were written above that sum. Slightly more than 6 of every 10 loans were written with net proceeds below $400, and more than 4 of every 10 loans showed net proceeds of less than $300. Less than 10 percent of all classes of loans were written with net proceeds amounting to $1,000 or more.

Duration of loan.—There has been only slight variation in the yearly trend of duration of loans insured under Title I since the abolition of the Federal Reserve Board restrictions in 1945. The average duration of 33.7 months recorded in 1948 for all classes of loans compares with the 30.1-month average duration recorded in 1947. The differential may be attributable to the longer maturities of the Class 3 new small-home loans, which were reported in considerable volume for 1948—the first year since the war that this has been true; these loans are permitted a maximum term of 20 years, 5 months.

Table 58 shows a distribution of number and net proceeds of Title I loans by duration for each class of loan. More than half of the loans, accounting for nearly 62 percent of the total net proceeds insured, were reported to have a maturity of 3 years.

TABLE 58.—*Duration of loan: Percentage distribution of the number and net proceeds of Classes 1, 2, and 3 property improvement loans*[1] *insured by the FHA under the July 1947 reserve during 1948*

Duration [2]	Number, percentage distribution						Net proceeds, percentage distribution					
	Classes 1, 2, and 3	Class 1a	Class 1b	Class 2a	Class 2b	Class 3	Classes 1, 2, and 3	Class 1a	Class 1b	Class 2a	Class 2b	Class 3
6 months	1.5	1.4	(3)	0.5	1.4	------	1.2	1.3	(3)	0.2	0.7	------
12 months	11.7	11.8	1.7	5.9	9.6	------	6.8	7.1	0.4	3.2	3.9	------
18 months	9.0	9.1	1.0	5.5	7.5	------	5.2	5.4	0.3	3.5	3.3	------
24 months	10.1	10.2	1.5	7.2	10.5	------	7.5	7.7	0.6	5.5	8.2	------
30 months	4.7	4.8	.5	2.8	3.0	(3)	3.2	3.4	0.2	2.3	3.4	(3)
36 months	52.8	62.7	9.2	48.8	60.9	0.1	61.7	75.1	7.4	53.5	57.9	0.1
48 months	9.8	------	5.7	29.3	12.0	0.1	11.9	------	5.0	31.8	13.1	0.1
60 or more	.4	------	80.4	------	5.1	99.8	2.5	------	86.1	------	9.5	99.8
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
	Median duration (months)						Average duration (months)					
	36.3	36.2	73.5	36.4	36.3	144.8	33.7	31.8	70.0	33.9	35.6	150.8

[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 repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; 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; and a Class 3 loan to finance new small homes.

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

[3] Less than 0.05 percent.

TABLE 59.—*Claims paid on Title I loans: Number of payments made prior to default on claims paid during 1948 under the July 1944 and July 1947 reserves, distributed by duration of loan*

Payments made prior to default	Maturity						Total claims paid [1]				Average claim paid
	6–23 months		24–30 months		31–36 months						
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Amount	Percent	
0	177	1.7	112	1.0	989	9.2	1,278	11.9	$657,488	17.4	$538
1	104	.9	76	.7	524	4.9	704	6.5	357,465	9.0	508
2	115	1.1	69	.6	539	5.0	723	6.7	337,355	8.5	467
3	113	1.1	73	.7	530	4.9	716	6.7	304,370	7.7	425
4	91	.8	63	.6	496	4.6	650	6.0	297,465	7.5	458
5	85	.8	70	.7	433	4.0	588	5.5	251,026	6.4	427
6–10	451	4.2	301	2.8	1,758	16.3	2,510	23.3	908,189	22.9	362
11–15	153	1.4	269	2.5	1,177	11.0	1,599	14.9	446,513	11.3	279
16–20	32	.3	197	1.8	859	8.0	1,088	10.1	246,284	6.2	226
21–25	------	------	103	1.0	444	4.1	547	5.1	90,672	2.3	166
26–30	------	------	14	.1	204	1.9	218	2.0	25,457	.6	117
31–35	------	------	------	------	144	1.3	144	1.3	6,344	.2	44
Total	1,321	12.3	1,347	12.5	8,097	75.2	10,765	100.0	3,958,028	100.0	368

[1] Data based on claims paid during January, May, August, and November, 1948.

Number of payments prior to claim.—The statistics presented in Table 59 showing a distribution of claims paid by number of payments

PAYMENTS MADE ON TITLE I LOANS PRIOR TO PAYMENT OF CLAIM UNDER THE 1944 AND 1947 RESERVES

DURING 1948

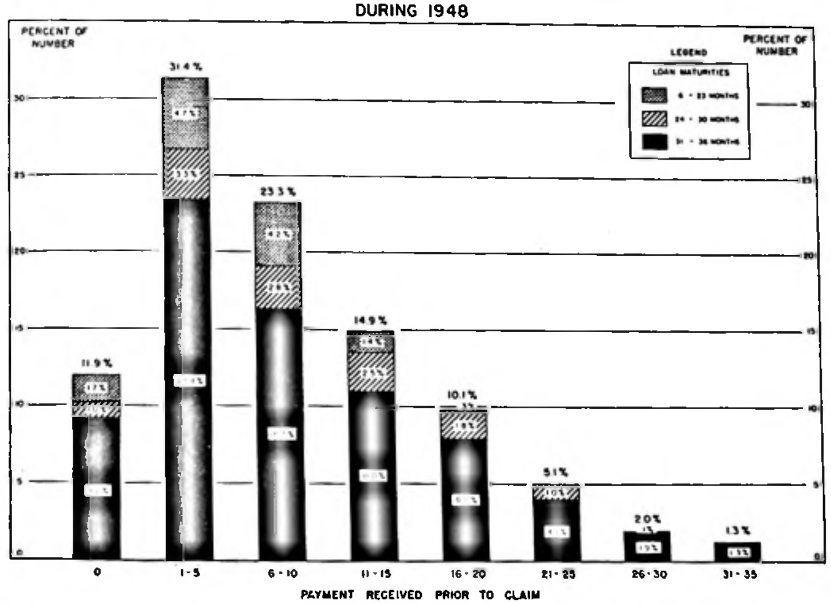


CHART XVII

made prior to default are based on a 4-month claim experience, January, May, August, and November of 1948, covering loans insured by FHA under the July 1944 and the July 1947 reserves of Title I. Chart XVII includes only the number of claims paid during the same period.

Of the total number of claims paid during the period covered, 11.9 percent represented loans on which no payments had been made and 43.3 percent represented loans on which five or less payments had been made. For both number and dollar amount of claims paid the 6–10 payment group appears to represent the heaviest concentration of claims paid, 23.3 percent of number and 22.9 percent of amount.

An average amount of $368 was paid by FHA on the 10.765 claims shown in Table 59. However, for those claims on which no payments were made prior to default an average amount of $538 was paid by FHA.

Part III

ACCOUNTS AND FINANCE

Gross Income and Operating Expenses, 1948

Gross income for the year 1948 under all insurance operations totaled $65,690,760 and was derived from fees, insurance premiums, and income on investments. Expenses of administering the agency during the year 1948 totaled $21,824,605. This left $43,866,155 to be added to the various insurance funds.

Cumulative Gross Income and Operating Expenses, by Years

From the establishment of FHA in 1934 through 1948, gross income totaled $351,110,297, while operating expenses totaled $182,335,841. Gross income and operating expenses for each calendar year are detailed below:

Income and operating expenses through Dec. 31, 1948

Calendar year	Income from fees, premiums, and investments	Operating expenses	Calendar year	Income from fees, premiums, and investments	Operating expenses
1934	$113,423	$1,759,318	1943	26,575,968	11,136,146
1935	1,539,839	10,302,413	1944	20,596,417	10,919,456
1936	4,143,033	11,472,221	1945	29,850,168	10,593,517
1937	6,554,282	9,334,884	1946	36,739,935	12,557,587
1938	10,022,449	11,432,341	1947	50,455,609	18,968,821
1939	14,411,396	12,975,108	1948	65,690,760	21,824,605
1940	21,240,966	13,299,859			
1941	26,877,350	13,913,430	Total	351,110,297	182,335,841
1942	27,298,702	11,780,065			

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

The above income was derived from the following insurance operations: Title I (property improvement loans), $48,722,986; Title II (small-home mortgages), $208,957,323; Title II (rental housing projects), $6,799,181; and Title VI (war and veterans' emergency housing), $86,630,807. An analysis of gross income by calendar year under each insurance fund is given in Statement 1.

STATEMENT 1.—*Income from fees, insurance premiums, and investments under Titles I, II, and VI by calendar years, 1934–1948*

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I:						
1939	$34,750	$1,268,064				$1,302,814
1940	146,303	4,251,135	$20,844			4,418,342
1941	128,270	4,950,945	99,881			5,188,096
1942	55,891	2,310,407	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	207,490			2,516,920

Statement 1.—*Income from fees, insurance premiums, and investments under Titles I, II, and VI by calendar years, 1934–1948*—Continued

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I—Continued						
1946	$225	$5,790,165	$181,904			$5,984,384
1947	90	9,739,643	157,084			9,896,817
1948	25	13,222,493	222,857			13,445,375
Total	369,289	46,795,911	1,557,786			[1] 48,722,986
Title II, Sec. 203:						
1934					$113,423	113,423
1935	763,654	424,843	54,082	$523	284,062	1,528,064
1936	1,662,068	1,541,664	544,865	27,938	344,923	4,121,458
1937	1,777,320	2,112,038	1,952,844	148,211	486,346	6,476,759
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
1947	2,912,594	2,259,403	9,669,806	2,133,140	2,642,270	19,617,213
1948	6,282,719	4,347,133	9,773,281	1,669,407	2,999,498	25,072,038
Total	37,213,795	31,681,956	109,736,420	11,666,781	18,658,371	208,957,323
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	130,252	259,164	296,805	1,700	35,887	732,808
1940	22,921	64,555	502,807	31,914	44,278	666,475
1941	39,087	60,379	456,929	13,350	47,116	616,861
1942	15,227	27,255	517,455	28,527	40,217	628,681
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	19,975	416,441	179,472	63,389	681,861
1946	2,199	12,603	314,084	272,698	63,370	664,954
1947	−925	100	217,349	179,624	65,595	461,743
1948	24,720		170,897	46,967	83,274	325,858
Total	557,430	778,501	3,992,807	880,913	589,470	6,799,181
Title VI, Sec. 603–608–609–611:						
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	2,926,004	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
1947	9,133,257	4,269,438	5,272,845	1,482,754	321,542	20,479,836
1948	8,238,196	9,034,748	8,440,335	755,783	378,427	26,847,489
Total	26,876,809	22,394,326	31,424,174	4,461,464	1,474,034	86,630,807
Total income:						
1934					113,423	113,423
1935	763,654	436,618	54,082	523	284,062	1,539,839
1936	1,662,068	1,551,464	556,640	27,938	344,923	4,143,033
1937	1,777,875	2,165,288	1,976,562	148,211	486,346	6,554,282
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	632,527	14,411,396
1940	4,529,893	7,917,245	7,443,560	646,195	704,073	21,240,966
1941	5,566,051	9,427,913	10,012,461	994,968	875,957	26,877,350
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	15,495,766	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	7,914,830	17,702,966	4,767,733	2,743,179	36,739,935
1947	12,045,016	16,268,584	15,317,084	3,795,518	3,029,407	50,455,609
1948	14,545,660	26,604,374	18,607,370	2,472,157	3,461,199	65,690,760
Total	65,017,323	101,650,694	146,711,247	17,009,168	20,721,875	351,110,307

Minus figures caused by adjustments relating to prior years.

[1] In addition, cash recoveries and other income in the amount of $15,441,071 have been collected on claims paid on insurance granted on and after July 1, 1939, and credited to the Title I Insurance Fund.

Administrative Expenses

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

The amount which may be used for administrative expenses during a fiscal year 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 insurance fund.

Administrative expenses during the fiscal year ended June 30, 1948, 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 1948 (July 1, 1947 to June 30, 1948)

Title and section	Amount	Percent
Title I	$1,419,105	7.07
Title II:		
Sec. 203	6,979,512	34.80
Sec. 207–210	93,821	.47
Title VI:		
Sec. 603	7,426,042	37.03
Sec. 608	4,081,460	20.35
Sec. 609	56,829	.28
Total	20,056,769	100.00

Government Corporation Control Act

Section 501(b) of the Housing Act of 1948 (Public Law 901, 80th Congress) made the Federal Housing Administration subject to the Government Corporation Control Act (Public Law 248, 79th Congress) and provided that the audit, required under Section 105 of that act to be made by the General Accounting Office in accordance with principles and procedures applicable to corporate transactions, shall begin with the fiscal year commencing July 1, 1948.

The changes in fiscal and accounting procedures which were necessary in order to comply with the regulations under the Government Corporation Control Act have been effected.

Capital and Operating Reserves of Combined FHA Funds

During the year it was administratively determined that operating reserves to meet possible future insurance losses, expenses, and other charges should be established, and allocations were made for this purpose from the surplus of the insurance funds. These reserves amounted to $151,475,127 as of December 31, 1948, of which the sum of $28,652,006 was allocated from income received during 1948.

Figures in the financial statements as of December 31, 1947 have been revised to reflect these reserves and to place them on a comparable basis with those of December 31, 1948.

The combined capital and operating reserves of all FHA funds on December 31, 1948 amounted to $200,369,176, and consisted of $48,894,049 capital and $151,475,127 operating reserves, as shown in Statement 2.

STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease—
ASSETS			
Cash with U. S. Treasury	$37,478,876.92	$41,134,755.74	$3,655,878.82
Investments:			
U. S. Government securities (amortized)	132,026,868.11	143,647,823.58	11,620,055.47
Other securities (stock in rental housing corporations)	50,205.00	110,305.00	60,100.00
Total investments	132,077,073.11	143,758,128.58	11,681,055.47
Loans receivable:			
Mortgage notes and contracts for deed	24,800,923.14	21,609,023.71	−3,190,999.43
Less reserve for losses	413,187.32	360,683.13	−52,504.19
Net loans receivable	24,387,735.82	21,330,240.58	−3,048,495.24
Accounts and notes receivable	72,787.66	60,139.28	−12,648.38
Accrued assets:			
Interest on U. S. Government securities	672,072.59	521,742.41	−150,330.18
Interest on mortgage notes and contracts for deed	82,555.97	70,548.26	−12,007.71
Total accrued assets	754,628.56	592,290.67	−162,337.89
Commodities, supplies, and materials: Supplies held for use	100,245.67	84,017.73	−16,227.94
Land, structures, and equipment:			
Furniture and equipment	1,417,324.72	1,587,168.19	169,843.47
Less reserve for depreciation	736,691.67	820,452.73	83,761.06
Net furniture and equipment	680,633.05	766,715.46	86,082.41
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	5,808,620.61	2,947,044.43	−2,861,576.18
Less reserve for losses	305,369.79	503,492.52	198,122.73
Net real estate	5,503,250.82	2,443,551.91	−3,059,698.91
Defaulted Title I notes	13,578,197.16	23,875,947.50	10,297,750.34
Less reserve for losses	9,337,694.67	13,574,503.00	4,236,808.33
Net defaulted Title I notes	4,240,502.49	10,301,444.50	6,060,942.01
Net acquired security or collateral	9,743,753.31	12,744,996.41	3,001,243.10
Deferred charges: Prepaid expenses	25,754.51	2,656.87	−23,097.64
Total assets	205,321,488.61	220,482,941.32	15,161,452.71
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	1,515,770.90	1,903,874.56	388,103.66
Group account participations payable	1,684,276.67	1,223,375.22	−460,901.45
Total accounts payable	3,200,047.57	3,127,249.78	−72,797.79
Accrued liabilities: Interest on debentures	415,360.93	208,993.35	−206,367.58

STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of Dec. 31, 1947 and Dec. 31, 1948*—Continued

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease—
LIABILITIES—continued			
Trust and deposit liabilities:			
Excess proceeds of sale	$733,031.43	$1,048,565.79	$314,634.36
Deposits held for mortgagors and lessees	323,326.96	229,254.62	−94,072.34
Undistributed receipts	15,894.00	6,522.59	−9,371.41
General fund receipts in process of deposit	294,844.72	212,328.44	−82,516.28
Employees' pay roll deductions for taxes, etc	655,424.58	675,346.02	19,921.44
Unexpended advance from NHA	42,692.43		−42,692.43
Total trust and deposit liabilities	2,066,114.12	2,172,017.46	105,903.34
Bonds, debentures, and notes payable:			
Debentures payable (issued)	32,955,236.23	14,103,686.23	−18,851,550.00
Debenture claims in process	39,850.00	446,300.00	406,450.00
Total bonds, debentures, and notes payable	32,995,086.23	14,549,986.23	−18,445,100.00
Deferred and undistributed credits	92,389.50	55,519.46	−36,870.04
Total liabilities	38,768,998.35	20,113,766.28	−18,655,232.07
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	122,823,121.19	151,475,126.73	28,652,005.54
CAPITAL			
Paid-in capital (allocation from U. S. Government)	80,074,911.66	80,600,853.77	525,942.11
Earned surplus (deficit —)	−36,345,542.59	−31,706,805.46	4,638,737.13
Total capital	43,729,369.07	48,894,048.31	5,164,679.24
Total liabilities, operating reserves, and capital	205,321,488.61	220,482,941.32	15,161,452.71
Contingent liability for certificates of claim on properties on hand	157,377.19	77,448.37	−79,928.82

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

Fund	*Capital and operating reserves*
Title I Insurance Fund and Title I Claims Account	$28,742,988
Mutual Mortgage Insurance Fund	122,458,280
Housing Insurance Fund	4,708,670
War Housing Insurance Fund	41,339,975
Housing Investment Insurance Fund	1,000,000
Administrative Expense Account	2,119,263
Total	200,369,176

Combined Income and Expenses, all FHA Funds

Total income from all sources during the year 1948 amounted to $66,720,920 while the total expenses amounted to $23,752,309 leaving a net income, before adjustment of valuation and operating reserves, of $42,968,611. Increases in valuation and operating reserves for the year amounted to $38,329,874, leaving $4,638,737 net income for the period. Cumulative income from June 27, 1934 through December 31, 1948 was $356,735,481, and cumulative expenses were $208,938,440, leaving net income of $147,797,041 before adjustment of valuation and operating reserves.

STATEMENT 3.—*Combined statement of income and expenses for all FHA funds, through Dec. 31, 1947 and Dec. 31, 1948*

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$16,697,349.29	$3,460,922.06	$20,158,271.35
Interest on mortgage notes and contracts for deed	65,851.71	9,726.60	75,578.31
Interest, other	4,270,601.74	987,661.72	5,258,263.46
Dividends on rental housing stock	1,461.07	276.13	1,737.20
	21,035,263.81	4,458,586.61	25,493,850.32
Insurance premiums and fees:			
Premiums	217,687,196.59	47,683,901.86	265,371,098.45
Fees	50,471,663.65	14,545,659.88	65,017,323.53
	268,158,860.24	62,229,561.74	330,388,421.98
Other income:			
Profit on sale of investments	561,866.36		561,866.36
Miscellaneous income	258,570.63	32,771.79	291,342.42
	820,436.99	32,771.79	853,208.78
Total income	290,014,561.04	66,720,920.04	356,735,481.08
Expenses:			
Interest expense: Interest on debentures	1,980,030.29	463,656.66	2,443,686.95
Administrative expenses: Operating costs (including adjustments for prior years)	159,476,251.54	21,725,975.88	181,202,227.42
Other expenses:			
Depreciation on furniture and equipment	1,037,137.08	96,475.75	1,133,613.43
Miscellaneous expenses	162,656.63	36,671.56	199,328.19
	1,199,794.31	133,147.31	1,332,941.62
Losses and charge-offs:			
Loss on sale of acquired properties	3,806,877.90	−116,530.79	3,690,347.11
Loss on equipment	4,277,234.13	66.29	4,277,300.42
Loss on defaulted Title I notes	14,445,943.12	1,545,993.32	15,991,936.44
	22,530,055.15	1,429,528.82	23,959,583.97
Total expenses	185,186,131.29	23,752,308.67	208,938,439.96
Net income before adjustment of valuation and operating reserves	104,828,429.75	42,968,611.37	147,797,041.12
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−413,187.32	+52,504.19	−360,683.13
Reserve for loss on acquired security or collateral	−9,643,064.46	−4,434,931.06	−14,077,995.52
Group account participations distributed	−8,204,599.37	−5,295,441.83	−13,500,041.20
Reserves for contingent losses, expenses, and other charges	−122,823,121.19	−28,652,005.54	−151,475,126.73
Net adjustment of valuation and operating reserves	−141,173,972.34	−38,329,874.24	−179,503,846.58
Net income (or loss −)	−36,345,542.59	4,638,737.13	−31,706,805.46
Analysis of Earned Surplus (or Deficit −)			
Balance at beginning of period		−$36,345,542.59	
Net income (or loss −) for the period	−$36,345,542.59	4,638,737.13	−$31,706,805.46
Balance at end of period	−36,345,542.59	−31,706,805.46	−31,706,805.46

Title I: Property Improvement Loan Insurance

Loans Insured and Claims Paid

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

Loans aggregating 8,735,620 in number and $3,338,550,288 in amount (net proceeds) had been reported for insurance under Title I through December 31, 1948. Through that date 261,979 claims had been paid for $74,766,871, or approximately 2.2 percent of the total net proceeds of loans insured, as shown on Statement 4. For the calendar year 1948, the comparable figures were 1,359,776 loans insured for an aggregate of $621,612,484, and 38,482 claims paid for $14,345,659.

STATEMENT 4.—*Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased, by calendar years, 1934–1948*

Year	Notes insured (net proceeds)	Claims for insurance paid	Recoveries on defaulted notes purchased			
			Total recoveries	Cash receipts		Proceeds from real property
				On notes	On sales of repossessed equipment	
1934	$27,405,525					
1935	201,258,132	$447,448	$9,916	$9,916		
1936	221,534,922	5,884,885	293,207	272,694	$20,513	
1937	54,344,338	6,890,897	942,295	913,758	28,537	
1938	150,709,152	6,016,306	1,552,417	1,489,044	63,373	
1939	203,994,512	4,728,346	1,941,953	1,919,524	22,429	
1940	241,734,821	6,543,568	1,902,540	1,888,681	13,859	
1941	248,638,549	7,265,059	2,539,496	2,335,107	11,853	$192,536
1942	141,163,398	7,132,210	2,831,754	2,795,685	−1,524	37,593
1943	87,194,156	3,718,643	4,168,850	4,024,096	717	144,046
1944	113,939,150	1,939,261	3,597,858	3,558,901	−159	39,116
1945	170,823,788	1,588,875	2,851,513	2,775,337	1,093	75,083
1946	320,593,183	2,435,964	3,058,351	2,772,487	7,270	278,594
1947	533,604,178	5,920,750	2,346,108	2,345,022	239	847
1948	621,612,484	14,345,659	2,503,044	2,499,536	752	2,756
Total	3,338,550,288	74,766,871	30,539,311	29,599,788	168,952	770,571

NOTES.—In addition to the above recoveries, $2,825,104 interest on outstanding balances of Title I notes, $75,578 interest on mortgage notes, and $257,908 miscellaneous income had been collected through Dec. 31, 1948.

Equipment in the total amount of $4,475,117 (claim amount) had been repossessed by FHA. However, only the cash recovery of $168,952 from sales is shown as a recovery, the balance of $4,306,165 having been treated as a loss. Of this amount $3,979,654 represents equipment transferred to other Government agencies without exchange of funds; $321,084 loss on sale of equipment; $2,634 available for transfer; and $2,793 destroyed as worthless.

Recoveries

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

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

Through December 31, 1948, there had been acquired under the terms of Title I insurance a total of 397 real properties with a claim balance of $824,082. All but one of these had been sold at a net loss of $53,511, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses under Title I through December 31, 1948 amounted to $33,926,115. These losses represented 1.02 percent of the total amount of loans insured ($3,338,550,288). A summary of Title I transactions through December 31, 1948, follows:

Summary of Title I transactions for the period June 27, 1934 to Dec. 31, 1948

	Total Title I transactions to Dec. 31, 1948	Percent to notes insured
Total notes insured	$3,338,550,288	100.000
Total claims paid	74,766,871	2.240
Recoveries:		
Cash collections:		
On notes	29,599,788	.887
On sale of repossessed equipment	168,952	.005
Total cash	29,768,740	.892
Real properties (after deducting losses)	770,571	.023
Total recoveries	30,539,311	.915
Net notes in process of collection	10,301,445	.309
Losses:		
Loss on sale of real properties	53,511	.002
Loss on repossessed equipment	4,306,165	.131
Loss on defaulted Title I notes	15,991,936	.477
Reserve for loss on defaulted Title I notes	13,574,503	.406
Total losses	33,926,115	1.016

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

In addition to the above recoveries, $2,825,104 interest on outstanding balances of Title I notes, $75,578 interest on mortgage notes, and $257,908 miscellaneous income had been collected through December 31, 1948.

Title I Insurance Fund and Title I Claims Account

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

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

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

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

In order to provide a more complete financial report of Title I operations from the initiation of the program in 1934 to December 31, 1948, combined statements have been prepared for the Title I Insurance Fund and the Title I Claims Account. The Title I Claims Account reflects the transactions with respect to insurance claims paid out of allocations by the Federal Government prior to July 1, 1939.

The total capital and operating reserves of the combined Title I Insurance Fund and Title I Claims Account as of December 31, 1948, as shown on Statement 5 was $28,742,988, consisting of capital in the amount of $8,527,895 and operating reserves of $20,215,093.

STATEMENT 5.—*Comparative statement of financial condition, Title I Insurance Fund and Title I Claims Account, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease —
ASSETS			
Cash with U. S. Treasury	$18, 213, 243. 72	$18, 460, 660. 14	$247, 416. 42
Loans receivable:			
Mortgage notes and contracts for deed	250, 224. 10	201, 744. 92	−48, 479. 18
Less reserves for losses	3, 753. 36	3, 026. 00	−727. 36
Net loans receivable	246, 470. 74	198, 718. 92	−47, 751. 82
Accounts and notes receivable	567. 37		−567. 37
ccrued assets: Interest on mortgage notes and contracts for deed	1, 024. 84	884. 86	−139. 98
quired security or collateral:			
Real estate (at cost plus expenses to date)		721. 38	721. 38
Less reserve for losses		106. 00	106. 00
Net real estate		615. 38	615. 38
Defaulted Title I notes	13, 578, 197. 16	23, 875, 947. 50	10, 297, 750. 34
Less reserve for losses	9, 337, 694. 67	13, 574, 503. 00	4, 236, 808. 33
Net defaulted Title I notes	4, 240, 502. 49	10, 301, 444. 50	6, 060, 912. 01
Net acquired security or collateral	4, 240, 502. 49	10, 302, 059. 88	6, 061, 557. 39
Total assets	22, 701, 809. 16	28, 962, 323. 80	6, 260, 514. 64
LIABILITIES			
Trust and deposit liabilities:			
Deposits held for account of mortgagors and lessees	, 509. 96	2, 177. 93	−332. 03
Undistribut d receipts	15, 894. 00	6, 522. 59	−9, 371. 41
General fund receipts in process of deposit	292, 781. 44	210, 635. 56	−82, 145. 88
Total liabilities	311, 185. 40	219, 336. 08	−91, 849. 32
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	13, 891, 764. 68	20, 215, 093. 02	6, 323, 328. 34
CAPITAL			
Paid-in capital (allocations from U. S. Government)	28, 911, 609. 25	28, 438, 137. 59	−473, 471. 66
Earned surplus (deficit —)	−20, 412, 750. 17	−19, 910, 242. 89	502, 507. 28
Total capital	8, 498, 859. 08	8, 527, 894. 70	29, 035. 62
Total liabilities, operating reserves, and capital	22, 701, 809. 16	28, 962, 323. 80	6, 260, 514. 64

The resources of the Title I Insurance Fund, on which present and future Title I operations depend for capital, amounted to $28,552,342, of which $8,337,249 represented capital and $20,215,093 operating reserves. The financial condition of each of the Title I funds as of December 31, 1948 is shown below:

Combined Title I Insurance Fund and Title I Claims Account statement of financial condition as of Dec. 31, 1948

	Title I Insurance Fund	Title I Claims Account	Combined Title I
ASSETS			
Cash with U. S. Treasury	$18, 242, 712. 78	$217, 947. 36	$18, 460, 660. 14
Loans receivable:			
Mortgage notes and contracts for deed	168, 140. 58	33, 604. 34	201, 744. 92
Less reserve for losses	2, 522. 00	504. 00	3, 026. 00
Net loans receivable	165, 618. 58	33, 100. 34	198, 718. 92
Accrued assets: Interest on mortgage notes and contracts for deed	743. 11	141. 75	884. 86
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	721. 38		721. 38
Less reserve for losses	106. 00		106. 00
Net real estate	615. 38		615. 38
Defaulted Title I notes	22, 331, 663. 79	1, 544, 283. 71	23, 875, 947. 50
Less reserve for losses	12, 187, 765. 00	1, 386, 738. 00	13, 574, 503. 00
Net defaulted Title I notes	10, 143, 898. 79	157, 545. 71	10, 301, 444. 50
Net acquired security or collateral	10, 144, 514. 17	157, 545. 71	10, 302, 059. 88
Total assets	28, 553, 588. 64	408, 735. 16	28, 962, 323. 80
LIABILITIES			
Trust and deposit liabilities:			
Deposits held for account of mortgagors and lessees	1, 246. 97	930. 96	2, 177. 93
Undistributed receipts		6, 522. 59	6, 522. 59
General fund receipts in process of deposit		210, 635. 56	210, 635. 56
Total liabilities	1, 246. 97	218, 089. 11	219, 336. 08
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	20, 215, 093. 02		20, 215, 093. 02
CAPITAL			
Paid-in capital (allocations from U. S. Government)	8, 337, 248. 65	20, 100, 888. 94	28, 438, 137. 59
Earned surplus (deficit —)		−19, 910, 242. 89	−19, 910, 242. 89
Total capital	8, 337, 248. 65	190, 646. 05	8, 527, 894. 70
Total liabilities, operating reserves, and capital	28, 553, 588. 64	408, 735. 16	28, 962, 323. 80

For the year 1948 Title I income totaled $13,822,860, while expenses and losses amounted to $2,760,837, leaving $11,062,023 net income before adjustment of valuation and operating reserves. After increasing the valuation reserves by $4,236,187 and the operating reserves for contingent losses, expenses, and other charges by $6,323,328, there remained $502,508 net income for the year.

831742—49——8

STATEMENT 6.—*Income and expenses, combined Title I Insurance Fund and Title I Claims Account, through Dec. 31, 1947 and Dec. 31, 1948*

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$65, 851. 71	$9, 726. 60	$75, 578. 31
Interest, other	2, 493, 963. 97	335, 033. 38	2, 828, 997. 35
	2, 559, 815. 68	344, 759. 98	2, 904, 575. C3
Insurance premiums and fees:			
Premiums	34, 908, 346. 29	13, 445, 350. 51	48, 353, 696. 80
Fees	369, 264. 30	25. 00	369, 289. 30
	35, 277, 610. 59	13, 445, 375. 51	48, 722, 986. 10
Other income: Miscellaneous income	225, 183. 40	32, 724. 18	257, 907. 58
Total income	38, 062, 609. 67	13, 822, 850. 67	51, 885, 460. 34
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	16, 273, 365. 60	1, 196, 808. 05	17, 470, 173. 65
Other expenses: Miscellaneous expenses	162, 033. 68	19, 164. 54	181, 198. 22
Losses and charge-offs:			
Loss on sale of acquired properties	53, 792. 21	−280. 86	53, 511. 35
Loss (or profit −) on equipment	4, 307, 012. 52	−847. 97	4, 306, 164. 55
Loss on defaulted Title I notes	14, 445, 943. 12	1, 545, 993. 32	15, 991, 936. 44
	18, 806, 747. 85	1, 544, 864. 49	20, 351, 612. 34
Total expenses	35, 242, 147. 13	2, 760, 837. 08	38, 002, 984. 21
Net income before adjustment of valuation and operating reserves	2, 820, 462. 54	11, 062, 022. 59	13, 882, 485. 13
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−3, 753. 36	+727. 36	−3, 026. 00
Reserve for loss on acquired security or collateral	−9, 337, 694. 67	−4, 236, 914. 33	−13, 574, 609. 00
Reserves for contingent losses, expenses, and other charges	−13, 891, 764. 68	−6, 323, 328. 34	−20, 215, 093. 02
Net adjustment of valuation and operating reserves	−23, 233, 212. 71	−10, 559, 515. 31	−33, 792, 728. 02
Net income (or loss −)	−20, 412, 750. 17	502, 507. 28	−19, 910, 242. 89
Analysis of Earned Surplus (or Deficit −)			
Balance at beginning of period	....	−20, 412, 750. 17	....
Net income (or loss −) for the period	−20, 412, 750. 17	502, 507. 28	−19, 910, 242. 89
Balance at end of period	−20, 412, 750. 17	−19, 910, 242. 89	−19, 910, 242. 89

The cumulative income and expenses of each of the Title I funds as reflected in the combined figures through December 31, 1948 on Statement 6 are shown below:

Title I Insurance Fund and Title I Claims Account statement of income and expenses, June 27, 1934 to Dec. 31, 1948

	Title I Insurance Fund	Title I Claims Account	Combined Title I
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$38, 184. 25	$37, 394. 06	$75, 578. 31
Interest, other	1, 065, 080. 11	1, 763, 917. 24	2, 828, 997. 35
	1, 103, 264. 36	1, 801, 311. 30	2, 904, 575. 66
Insurance premiums and fees:			
Premiums	48, 353, 696. 80	....	48, 353, 696. 80
Fees	369, 289. 30	....	369, 289. 30
	48, 722, 986. 10	....	48, 722, 986. 10
Other income: Miscellaneous income	103, 682. 16	154, 225. 42	257, 907. 58
Total income	49, 929, 932. 62	1, 955, 536. 72	51, 885, 469. 34
Expenses:			
Administrative expenses: Operating expenses (including adjustments for prior years)	10, 854, 959. 65	6, 615, 214. 00	17, 470, 173. 65
Other expenses: Miscellaneous expenses	181, 198. 22	....	181, 198. 22
Losses and charge-offs:			
Loss on sale of acquired property	23, 804. 18	29, 707. 17	53, 511. 35
Loss on equipment	46, 803. 31	4, 259, 361. 24	4, 306, 164. 55
Loss on defaulted Title I notes	6, 417, 681. 24	9, 574, 255. 20	15, 991, 936. 44
	6, 488, 288. 73	13, 863, 323. 61	20, 351, 612. 34
Total expenses	17, 524, 446. 60	20, 478, 537. 61	38, 002, 984. 21
Net income (or loss −) before adjustment of valuation and operating reserves	32, 405, 486. 02	−18, 523, 000. 89	13, 882, 485. 13
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−2, 522. 00	−504. 00	−3, 026. 00
Reserve for loss on acquired security or collateral	−12, 187, 871. 00	−1, 386, 738. 00	−13, 574, 609. 00
Reserves for contingent losses, expenses, and other charges	−20, 215, 093. 02	....	−20, 215, 093. 02
Net adjustment of valuation and operating reserves	−32, 405, 486. 02	−1, 387, 242. 00	−33, 792, 728. 02
Net income (or loss −)	....	−19, 910, 242. 89	−19, 910, 242. 89

Title I Insurance Liability Limitation

Section 2(a) of the National Housing Act provides that the total liability which may be outstanding under Title I at any time, plus the amount of claims paid in respect of all insurance granted under this title, less the amount collected from insurance premiums and other sources and deposited in the Treasury of the United States under the Title I Insurance Fund, may not exceed in the aggregate $200,000,000. The maximum insurance liability was increased during 1948 from $165,000,000 to $200,000,000 by amendment of the National Housing Act approved August 10, 1948.

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

As of December 31, 1948, the net estimated charges against the liability limitation of $200,000,000 were $173,078,898, which left $26,921,-102 as the unallocated amount available for use as reserves.

STATEMENT 7.—*Insurance reserves under Title I, authorized, established, released, and remaining unallocated at Dec. 31, 1948, as provided under Secs. 2 and 6, National Housing Act*

Item	Gross reserves established	Reserves released	Charges against liability limitation as at Dec. 31, 1948			Summation
			Outstanding contingent liability	Claims paid	Total	
Basic liability limitation established by Congress						$200,000,000
Insurance reserves:						
Sec. 2:						
20 percent, original act	$66,331,508	$50,769,728		$15,561,780	$15,561,780	
10 percent, amendment Apr. 3, 1936	17,257,563	10,647,672		6,609,891	6,609,891	
10 percent, amendment Feb. 3, 1938	27,302,148	18,041,547		9,260,601	9,260,601	
10 percent, amendment June 3, 1939	86,075,183	54,363,766	$11,297,980	20,413,437	31,711,417	
10 percent, reserve of July 1, 1944	85,514,314		68,359,444	17,154,870	85,514,314	
10 percent, reserve of July 1, 1947	84,379,469		78,669,619	5,709,850	84,379,469	
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	367,169,464	134,075,550	158,327,043	74,766,871	233,093,914	
Estimated reserves for backlog of loan reports not included above (90,212 loans at $460)					4,149,752	
					237,243,666	
Collections from insurance premiums and other sources (deduct)					64,164,768	
Net charges against liability limitation					173,078,898	173,078,898
Total unallocated amount available for use as reserves						26,921,102

Title II: Mutual Mortgage Insurance Fund

The Mutual Mortgage Insurance Fund was established by Section 202 of the National Housing Act as a revolving fund for carrying

out the provisions of Title II with respect to insurance under Section 203 (mortgages on one- to four-family homes) and Section 207 (rental housing projects). Subsequently, an amendment to the act approved February 3, 1938 established the Housing Insurance Fund to carry the insurance on rental housing projects insured under Section 207 after that date.

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

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

In the event that the expenses and losses of a group account exceed the income, no participation payments can be made and the deficit balance is absorbed by the General Reinsurance Account.

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

Limitation on Title II Insurance Liability

Under the provisions of Section 203 (a) of the act, the aggregate amount of principal obligations of all mortgages insured under Title II outstanding at any one time may not exceed $5,000,000,000. The limitation was increased from $4,000,000,000 on December 30, 1948, by the President under authority granted him in Section 203 (a) of the act. This authorization applies to the insurance granted on all mortgages insured under Section 203 for small homes and for rental housing projects under Sections 207 and 210. The Title II outstanding insurance liability at December 31, 1948 was calculated as follows:

Outstanding insurance liability under Title II

Total liability authorized		$5, 000, 000, 000
Estimated outstanding balance of insurance in force:		
Small homes	$2, 890, 531, 546	
Rental and group housing	32, 365, 744	
Commitments (small-home and rental housing)	1, 229, 812, 336	
Estimated insurance liability at Dec. 31, 1948		4, 152, 709, 626
Unused authorization for insurance		847, 290, 374

Mutual Mortgage Insurance Fund Capital

As of December 31, 1948, the assets of the Mutual Mortgage Insurance Fund totaled $131,349,976, against which there were outstanding liabilities of $8,891,696. Operating reserves for possible future insurance losses, expenses, and other charges had been established out of surplus in the amount of $94,383,293, and the fund had net capital of $28,074,987, making total capital and operating reserves of $122,458,280.

STATEMENT 8.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS			
Cash with U. S. Treasury	$4, 387, 367. 59	$5, 061, 516. 65	$674, 149. 06
Investments: U. S. Government securities (amortized)	114, 087, 438. 16	124, 163, 649. 81	10, 076, 211. 65
Loans receivable:			
Mortgage notes and contracts for deed	2, 122, 664. 08	1, 668, 945. 16	−453, 718. 92
Less reserve for losses	31, 839. 96	25, 106. 13	−6, 733. 83
Net loans receivable	2, 090, 824. 12	1, 643, 839. 03	−446, 985. 09
ccounts and notes receivable	75. 00	141. 24	66. 24
ccrued assets:			
Interest on U. S. Government securities	577, 649. 67	467, 167. 81	−110, 481. 86
Interest on mortgage notes and contracts for deed	9, 046. 46	7, 007. 72	−2, 038. 74
Total accrued assets	586, 696. 13	474, 175. 53	−112, 520. 60

STATEMENT 8.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of Dec. 31, 1947, and Dec. 31, 1948*—Continued

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS—continued			
Acquired security or collateral:			
Real estate (at cost plus expenses to date)		$7, 819. 85	$7, 819. 85
Less reserve for losses		1, 166. 52	1, 166. 52
Net acquired security or collateral		6, 653. 33	6, 653. 33
Total assets	$121, 152, 401. 00	131, 349, 975. 59	10, 197, 574. 59
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	102. 22	361. 88	259. 66
Group account participations payable	1, 684, 276. 67	1, 223, 375. 22	−460, 901. 45
Total accounts payable	1, 684, 378. 89	1, 223, 737. 10	−460, 641. 79
Accrued liabilities: Interest on debentures	111, 668. 04	111, 650. 22	−17. 82
Trust and deposit liabilities:			
Excess proceeds of sale	90, 693. 86	56, 632. 58	−34, 061. 28
Deposits held for mortgagors and lessees	43, 443. 70	35, 732. 12	−7, 711. 58
Total trust and deposit liabilities	134, 137. 56	92, 364. 70	−41, 772. 86
Bonds, debentures, and notes payable:			
Debentures payable (issued)	7, 444, 536. 23	7, 443, 686. 23	−850. 00
Debenture claims in process		13, 250. 00	13, 250. 00
Total bonds, debentures, and notes payable	7, 444, 536. 23	7, 456, 936. 23	12, 400. 00
Deferred and undistributed credits	9, 046. 46	7, 007. 72	−2, 038. 74
Total liabilities	9, 383, 767. 18	8, 891, 695. 97	−492, 071. 21
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	89, 516, 579. 52	94, 383, 292. 64	4, 866, 713. 12
CAPITAL			
Paid-in capital (allocations from U. S. Government)	41, 990, 003. 99	41, 990, 812. 56	808. 57
Earned surplus (deficit −)	−19, 737, 949. 69	−13, 915, 825. 58	5, 822, 124. 11
Total capital	22, 252, 054. 30	28, 074, 986. 98	5, 822, 932. 68
Total liabilities, operating reserves, and capital	121, 152, 401. 00	131, 349, 975. 59	10, 197, 574. 59
Contingent liability for certificates of claim on properties on hand		664. 61	664. 61

Income and Expenses

During the year 1948 the income to the fund amounted to $25,416,-942, while expenses and losses amounted to $9,438,230, leaving $15,978,712 net income before adjustment of valuation and operating reserves. After providing $4,861,146 for increases in valuation and operating reserves, and $5,295,442 for participation payments, the net income for the year was $5,822,124.

The cumulative income of the Mutual Mortgage Insurance Fund from June 27, 1934 to December 31, 1948 amounted to $211,753,597, which cumulative expenses amounted to $116,669,816. After allocaing $94,409,565 to valuation and operating reserves and providing $13,590,041 for participation payments the cumulative net loss amounted to $12,915,825.

STATEMENT 9.—*Income and expenses, Mutual Mortgage Insurance Fund, through Dec. 31, 1947 and Dec. 31, 1948*

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$15, 265, 902. 30	$2, 999, 497. 63	$18, 265, 400. 02
Interest, other	1, 986, 562. 30	334, 164. 88	2, 320, 727. 18
Dividends on rental housing stock	156. 00		156. 00
	17, 252, 620. 69	3, 333, 662. 51	20, 586, 283. 20
Insurance premiums and fees:			
Premiums	137, 740, 355. 73	15, 800, 514. 58	153, 540, 870. 31
Fees	30, 934, 601. 02	6, 282, 718. 70	37, 217, 319. 72
	168, 683, 956. 75	22, 083, 233. 28	190, 767, 190. 03
Other income:			
Profit on sale of investments	392, 970. 60		392, 970. 60
Miscellaneous income	7, 106. 43	46. 69	7, 153. 12
	400, 077. 03	46. 69	400, 123. 72
Total income	186, 336, 654. 47	25, 416, 942. 48	211, 753, 596. 95
Expenses:			
Interest expense: Interest on debentures	1, 904, 460. 84	501, 546. 17	2, 406, 007. 01
Administrative expenses: Operating costs (including adjustments for prior years)	102, 926, 730. 20	8, 941, 567. 46	111, 868, 297. 66
Other expenses: Miscellaneous expenses	202. 95	17, 507. 02	17, 709. 97
Losses and charge-offs: Loss on sale of acquired properties	2, 400, 191. 32	−22, 389. 92	2, 377, 801. 40
Total expenses	107, 231, 585. 31	9, 438, 230. 73	116, 669, 816. 04
Net income before adjustment of valuation and operating reserves	79, 105, 069. 16	15, 978, 711. 75	95, 083, 780. 91
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−31, 839. 96	+6, 733. 83	−25, 106. 13
Reserve for loss on acquired security or collateral		−1, 166. 52	−1, 166. 52
Group account participations distributed	−8, 294, 590. 37	−5, 295, 441. 83	−13, 590, 041. 20
Reserves for contingent losses, expenses, and other charges	−89, 516, 579. 52	−4, 866, 713. 12	−94, 383, 292. 64
Net adjustment of valuation and operating reserves	−97, 843, 018. 85	−10, 156, 587. 64	−107, 999, 606. 49
Net income (or loss −)	−18, 737, 949. 69	5, 822, 124. 11	−12, 915, 825. 58
Analysis of Earned Surplus (or Deficit −)			
Balance at beginning of period			
Net income (or loss −) for the period	−18, 737, 949. 69	5, 822, 124. 11	−12, 915, 825. 58
Total	−18, 737, 949. 69	5, 822, 124. 11	−12, 915, 825. 58
Transfer to Housing Insurance Fund	−1, 000, 000. 00		−1, 000, 000. 00
Balance at end of period	−19, 737, 949. 69	5, 822, 124. 11	−13, 915, 825. 58

Investments

Section 206 of the act provides that excess moneys in the fund not needed for current operations shall be deposited with the Treasurer of

the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments.

During 1948, $4,900 of series A 3-percent Mutual Mortgage Insurance Fund debentures matured and were paid. No calls for the redemption of debentures under the Mutual Mortgage Insurance Fund were issued during 1948.

Purchases of United States Treasury bonds and notes made during the year increased the holdings of the fund by $10,000,000 (principal amount). Special 2-percent United States Treasury notes in the amount of $17,000,000 were converted into cash and the proceeds reinvested in 2½-percent United States bonds, series 1967–72. These transactions resulted in an increase of the average annual yield from 2.42 percent to 2.49 percent. On December 31, 1948, the fund held United States Treasury bonds and notes in the amount of $124,163,650, as follows:

Investments of the Mutual Mortgage Insurance Fund, Dec. 31, 1948

Series	Interest rate (percent)	Purchase price	Par value	Book value (Am rtized)
1951–52	2	$4, 000, 000. 00	$4, 000, 000. 00	$4, 000, 000. 00
1951–54	2¾	544, 843. 75	550, 000. 00	548, 048. 55
1952–54	2½	2, 300, 000. 00	2, 300, 000. 00	2, 300, 000. 00
1954–56	2¼	1, 500, 000. 00	1, 500, 000. 00	1, 500, 000. 00
1955–60	2⅞	4, 411, 634. 03	4, 389, 500. 00	4, 410, 305. 57
1956–59	2¾	5, 305, 584. 59	5, 242, 850. 00	5, 271, 167. 73
1962–67	2½	5, 000, 000. 00	5, 000, 000. 00	5, 000, 000. 00
1963–68	2½	4, 500, 000. 00	4, 500, 000. 00	4, 500, 000. 00
1964–69	2½	15, 000, 000. 00	15, 000, 000. 00	15, 000, 000. 00
1965–70	2½	13, 000, 000. 00	13, 000, 000. 00	13, 000, 000. 00
1966–71	2½	10, 850, 000. 00	10, 850, 000. 00	10, 850, 000. 00
1967–72	2½	57, 788, 289. 86	57, 667, 000. 00	57, 784, 127. 96
Average annual yield	2. 49	124, 230, 352. 23	123, 999, 350. 00	124, 163, 649. 81

Properties Acquired under the Terms of Insurance

Four small homes insured under Section 203 were acquired in 1948 by the Commissioner under the terms of insurance. During 1947 no foreclosed property had been transferred to the Commissioner, and in 1946 there had been one. Through 1948, a total of 4,071 small homes had been acquired under the Mutual Mortgage Insurance Fund for which debentures and cash adjustments had been issued in the amount of $18,736,495. Statement 10 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

Statement 10.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1948*

Properties acquired		Properties sold, by years												Properties on hand Dec. 31, 1948
Year	Number	1936-37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	
1936	13	11	2											
1937	98	13	67	7	5	6								
1938	324		139	90	50	28	6	2	−1	1				
1939	753			278	331	110	28	3	2	1				
1940	1,123				611	448	46	14	3	1				
1941	1,044					754	257	29	2	2				
1942	502						355	139	8					
1943	168							140	27	1				
1944	33								26	7				
1945	8									7	1			
1946	1										1			
1947														
1948	4												2	2
Total	4,071	24	208	384	997	1,346	692	327	67	20	2		2	2

Notes.—On the 4,069 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, 1948.

Through December 31, 1948, 4,069 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $2,377,801, or an average of approximately $584 per case. One Section 207 rental housing project, insured under the Mutual Mortgage Insurance Fund prior to February 3, 1938, had been acquired and sold during 1941 at no loss to the fund.

Statement 11.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1948*

Item	Section 203 (4,069 properties)	Section 207 (1 property)	Total Title II (4,070 properties)
Proceeds of sales:[1]			
Sales price	$18,809,936	$1,000,000	$19,809,936
Less commission and other selling expenses	893,305		893,305
Net proceeds of sales	17,916,631	1,000,000	18,916,631
Income:			
Rebates, deficiency judgments, etc.	51,451		51,451
Rental and other (net)	256,784		256,784
Mortgage note income	2,468,293		2,468,293
Total income	2,776,528		2,776,528
Total proceeds of sold properties	20,693,159	1,000,000	21,693,159
Expenses:			
Debentures and cash adjustments	18,728,718	942,145	19,670,863
Interest on debentures	2,626,952	18,387	2,645,339
Additions and improvements	23,859		23,859
Taxes, water rent, hazard insurance, and other expenses	415,011	5,012	420,023
Repairs and maintenance	691,128		691,128
Settlement expense		1,669	1,669
Total expenses	22,485,668	967,213	23,452,881

Statement 11.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1948*—Continued

Item	Section 203 (4,069 properties)	Section 207 (1 property)	Total Title II (4,070 properties)
Net profit (or loss −) before distribution of liquidation profits	−$1,792,509	$32,787	−$1,759,722
Less distribution of liquidation profits:			
Certificates of claim	394,316	31,532	425,848
Increment on certificates of claim	29,785	1,255	31,040
Refunds to mortgagors	161,191		161,191
Loss to Mutual Mortgage Insurance Fund	2,377,801		2,377,801
Average loss to Mutual Mortgage Insurance Fund	584		

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	713		$4,470,860		$4,470,860
Properties sold for cash and notes (or contracts for deed)	3,340	3,330	1,858,433	$13,419,666	15,278,099
Properties sold for notes only	17	17		60,977	60,977
Total	4,070	3,347	6,329,293	13,480,643	19,809,936

On December 31, 1948, two properties insured under the Mutual Mortgage Insurance Fund were held by this Administration. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1948 (2 properties)

Expenses:	
Debentures and cash adjustments	$7,777
Interest on debentures	43
Total cost of properties on hand	7,820

Certificates of Claim and Refunds to Mortgagors

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

Certificates of claim issued in connection with the 4,069 Section 203 properties which had been acquired and sold through 1948 totaled $1,657,927. The net proceeds of sale in 1,518 cases had been sufficient to provide an excess for the full or partial payment of certificates of claim after deducting all expenses incurred by the Federal Housing Administration in handling, dealing with, and disposing of such properties and the amount of the debentures plus interest thereon. The amount paid or to be paid on these certificates of claim totaled $394,316 (approximately 24 percent), while certificates of claim totaling $1,263,611 (approximately 76 percent), had been or will be canceled.

In addition there were excess proceeds on approximately 15 percent (or 620) of the 4,069 sold properties amounting to $161,191 for refund to mortgagors. The refund to mortgagors on these 620 cases averaged $260.

Mutual Mortgage Participation Payments

In carrying out the mutual provisions of Title II the Administration had established through 1948 a total of 264 group accounts, of which 144 had credit balances for distribution, and 120 had deficit balances. The 144 group accounts with credit balances represented 8 from which participation payments at the time of termination of the group had been made, 11 from which payments will be made, and 125 from which participation shares are being currently disbursed to mortgagors who pay their mortgages in full prior to maturity.

Of the 120 deficit-balance groups at December 31, 1948, 56 had been terminated with deficits totaling $92,806, and these deficits had been charged against the General Reinsurance Account. The income of the remaining 64 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 8 group accounts which had matured and from which participation payments had been made amounted to $137,318, and these balances were shared by 2,560 mortgagors. The payments ranged from $2.12 to $48.22 per $1,000 of original face amount of mortgage. The credit balances of the 11 groups from which participation payments will be made amounted to $147,655 on December 31, 1948, and will be shared by approximately 1,652 mortgagors.

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the five years following that date total payments of $13,590,041 were made or accrued on 182,989 insured loans.

The credit balances of the 125 groups, from which participation payments are being made as insured loans are paid in full, amounted to $44,596,366 on December 31, 1948. On that date there were still in force in these group accounts approximately 373,381 insured mortgages on which the original face amount had been $1,661,225,968.

Title II: Housing Insurance Fund

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

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

Housing Insurance Fund Capital and Net Income

Assets of the Housing Insurance Fund as of December 31, 1948 totaled $8,830,280, against which there were outstanding liabilities of $4,121,611. Operating reserves for possible future insurance losses and expenses in the amount of $536,766 had been established out of surplus, and the capital of the fund amounted to $4,171,903, making total capital and operating reserves of $4,708,669. Included in the capital and operating reserves is the sum of $1,000,000 which was transferred in accordance with Section 207 (f) of the act from appraisal fees collected under the Mutual Mortgage Insurance Fund.

STATEMENT 12.—*Comparative statement of financial condition, Housing Insurance Fund, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS			
Cash with U. S. Treasury	$271, 910. 16	$665, 587. 33	$393, 677. 17
Investments:			
U. S. Government securities (amortized)	4, 439, 429. 95	2, 438, 322. 43	−2, 001, 107. 52
Other securities (stock in rental housing corporations)	7, 050. 00	5, 850. 00	−1, 200. 00
Total investments	4, 446, 479. 95	2, 444, 172. 43	−2, 002, 307. 52
Loans receivable:			
Mortgage notes and contracts for deed	5, 958, 843. 32	5, 783, 765. 81	−175, 077. 51
Less reserve for losses	89, 383. 00	86, 756. 00	−2, 627. 00
Net loans receivable	5, 869, 460. 32	5, 697, 009. 81	−172, 450. 51
Accrued assets:			
Interest on U. S. Government securities	11, 649. 46	9, 366. 83	−2, 282. 63
Interest on mortgage notes and contracts for deed	14, 604. 72	14, 143. 94	−460. 78
Total accrued assets	26, 254. 18	23, 510. 77	−2, 743. 41
Total assets	10, 614, 104. 61	8, 830, 280. 34	−1, 783, 824. 27
LIABILITIES			
Accrued liabilities: Interest on debentures	81, 652. 99	54, 153. 01	−27, 499. 98
Trust and deposit liabilities:			
Excess proceeds of sale	99, 654. 16	106, 738. 02	7, 083. 86
Deposits held for mortgagors and lessees	36, 904. 91	22, 319. 65	−14, 585. 26
Total trust and deposit liabilities	136, 559. 07	129, 057. 67	−7, 501. 40
Bonds, debentures, and notes payable: Debentures payable (issued)	5, 938, 400. 00	3, 938, 400. 00	−2, 000, 000. 00
Total liabilities	6, 156, 612. 06	4, 121, 610. 68	−2, 035, 001. 38
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	284, 194. 13	536, 766. 04	252, 571. 91
CAPITAL			
Paid-in surplus (allocations from U. S. Government)	4, 173, 298. 42	4, 171, 903. 62	−1, 394. 80
Earned surplus (deficit −)			
Total capital	4, 173, 298. 42	4, 171, 903. 62	−1, 394. 80
Total liabilities, operating reserves, and capital	10, 614, 104. 61	8, 830, 280. 34	−1, 783, 824. 27

Net income of the Housing Insurance Fund during 1948, before adjustment of valuation and operating reserves, amounted to $249,945.

STATEMENT 13.—*Income and expenses, Housing Insurance Fund, through Dec. 31, 1947 and Dec. 31, 1948*

	Feb. 3, 1938 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	Feb. 3, 1938 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$489, 129. 33	$83, 151. 52	$572, 280. 85
Dividends on rental housing stock	968. 32	122. 38	1, 090. 70
	490, 097. 65	83, 273. 90	573, 371. 55
Insurance premiums and fees:			
Premiums	4, 980, 397. 03	207, 170. 70	5, 187, 567. 73
Fees	529, 184. 90	24, 720. 00	553, 904. 90
	5, 509, 581. 93	231, 890. 70	5, 741, 472. 63
Other income:			
Profit on sale of investments	15, 942. 63		15, 942. 63
Miscellaneous income	18, 179. 00		18, 179. 00
	34, 121. 63		34, 121. 63
Total income	6, 033, 801. 21	315, 164. 60	6, 348, 965. 81
Expenses:			
Interest expense: Interest on debentures	75, 569. 45	−37, 889. 51	37, 679. 94
Administrative expenses: Operating costs (including adjustments for prior years)	6, 537, 620. 86	101, 928. 22	6, 639, 549. 08
Other expenses: Miscellaneous expenses	420. 00		420. 00
Losses and charge-offs: Loss on sale of acquired properties	46, 613. 77	1, 180. 98	47, 794. 75
Total expenses	6, 660, 224. 08	65, 219. 69	6, 725, 443. 77
Net income (or loss −) before adjustment of valuation and operating reserves	−626, 422. 87	249, 944. 91	−376, 477. 96
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−89, 383. 00	+2, 627. 00	−86, 756. 00
Reserves for contingent losses, expenses, and other charges	−284, 194. 13	−252, 571. 91	−536, 766. 04
Net adjustment of valuation and operating reserves	−373, 577. 13	−249, 944. 91	−623, 522. 04
Net income (or loss −)	−1, 000, 000. 00		−1, 000, 000. 00

Analysis of Earned Surplus (or Deficit −)

Balance at beginning of period			
Net income (or loss −) for the period	−$1, 000, 000. 00		−$1, 000, 000. 00
Total	−1, 000, 000. 00		−1, 000, 000. 00
Transfer from Mutual Mortgage Insurance Fund	1, 000, 000. 00		1, 000, 000. 00
Balance at end of period			

Investments

Section 207 (p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States, or with the approval of the Secretary of the Treasury used for the purchase of debentures issued under Section 207 and Section 204. During 1948, upon the request of the FHA, the Treasury redeemed at par $2,000,000 of 2-percent special United States Treasury notes and the proceeds were used to redeem, by call, $2,000,000 of series D 2¾-percent debentures. On December 31, 1948, the fund held United States Treasury bonds and notes in the amount of $2,438,322, as follows:

Investments of the Housing Insurance Fund, Dec. 31, 1948

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1955–60	2⅞	$948,783.28	$930,750.00	$938,322.43
1962–67	2½	1,500,000.00	1,500,000.00	1,500,000.00
Average annual yield	2.60	2,448,783.28	2,430,750.00	2,438,322.43

Property Acquired under the Terms of Insurance

No additional rental housing projects were acquired by the FHA Commissioner under the terms of insurance in 1948. Through 1948, a cumulative total of 16 rental housing projects and one mortgage note insured under the Housing Insurance Fund had been acquired, in exchange for which debentures and cash adjustments had been issued in the amount of $14,661,895. The 16 projects and the mortgage note had been sold at an estimated loss to the Housing Insurance Fund of $47,795.

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

STATEMENT 14.—*Statement of profit and loss on sale of acquired projects, Housing Insurance Fund, through Dec. 31, 1948*

	Sections 207–210		Total Housing Insurance Fund (16 projects and 1 mortgage note)
	(1 mortgage note)	(16 projects)	
Proceeds of sales: [1]			
Sales price (or proceeds of mortgage note)	$2,989,981	$12,109,904	$15,099,885
Less commissions		4,539	4,539
Net proceeds of sales	2,989,981	12,105,365	15,095,346
Income:			
Rental and other income (net)		1,791,364	1,791,364
Mortgage note income	428,893	1,662,085	2,090,978
Total income	428,893	3,453,449	3,882,342
Total proceeds of sold properties	3,418,874	15,558,814	18,977,688
Expenses:			
Debentures and cash adjustments	2,930,182	11,731,713	14,661,895
Interest on debentures	300,201	2,082,783	2,382,984
Additions and improvements		172,566	172,566
Equipment		39,094	39,094
Taxes, hazard insurance, and other expense	10	474,543	474,553
Repairs, maintenance, and operation		872,588	872,588
Settlement expense	2,491	15,688	18,179
Total expenses	3,232,884	15,388,975	18,621,859
Net profit before distribution of liquidation profits	185,990	169,839	355,829
Less distribution of liquidation profits:			
Certificates of claim	15,728	179,622	195,350
Increment on certificates of claim	1,789	15,077	16,866
Refunds to mortgagors	168,473	22,935	191,408
Loss to Housing Insurance Fund		47,795	47,795
Average loss to Housing Insurance Fund			2,811

[1] Analysis of terms of sales:

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

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 16 projects and one mortgage note which had been sold under the Housing Insurance Fund through 1948 totaled $290,400. Net proceeds of sale had been sufficient to provide an excess for the full or partial payment of 14 certificates of claim, and the remaining 3 certificates of claim had been or will be canceled in full. The amount paid or to be paid on these certificates totaled $195,350, and the amount canceled, $95,050. In addition there were excess proceeds on 6 projects for refund to mortgagors in the amount of $191,408.

831742—49——9

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

Title VI: War Housing Insurance Fund

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund, established by the amendment to the National Housing Act of March 28, 1941. Section 603 of Title VI authorizes the insurance of small-home mortgages (one- to four-family); Section 608 the insurance of mortgages on rental and group housing; Section 609 the insurance of loans to finance the manufacture of housing; and Section 610 the insurance under Sections 603 and 608 of any mortgage executed in connection with the sale by the Government of permanent war housing acquired or constructed with public funds under the Lanham Act and certain related war acts. Section 611, added to Title VI by an amendment approved August 10, 1948, authorizes the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings.

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

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

Limitation on Title VI Insurance Liability

As of December 31, 1948, Section 603(a) of the National Housing Act provided that the aggregate amount of principal obligations of mortgages insured under Title VI shall not exceed $5,750,000,000, except that with the approval of the President such aggregate amount may be increased to $6,150,000,000. This limitation applies to insurance granted on mortgages insured under Section 603 for small homes; under Section 608 for rental housing projects; under Section 609 on loans to finance the manufacture of housing; and under Section 611 for group housing.

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

The status of the Title VI insurance limitation at December 31, 1948 was calculated as follows:

Status of Title VI insurance limitation

	Secs. 603, 608, 609, and 611	Sec. 610
Aggregate principal amount of obligations which may be insured under limitation as of Dec. 31, 1948	$5,750,000,000	$750,000,000
Amount chargeable against insurance limitation to Dec. 31, 1948:		
Mortgages insured	4,435,395,776	6,259,950
Less: Mortgages reinsured	195,238,548	----------
Net mortgages insured	4,240,157,228	6,259,950
Commitments for insurance	858,575,211	2,096,204
Less: Commitments for reinsurance	547,680	----------
Net commitments	858,027,531	2,096,204
Total chargeable against limitation	5,098,184,759	8,356,154
Unused insurance limitation	651,815,241	741,643,846

War Housing Insurance Fund Capital

Assets of the War Housing Insurance Fund as of December 31, 1948, totaled $45,699,064, against which there were outstanding liabilities of $4,359,089. Operating reserves for possible future insurance losses and expenses had been established out of surplus in the amount of $36,339,975, and the fund had net capital of $5,000,000, making total capital and operating reserves of $41,339,975.

STATEMENT 15.—*Comparative statement of financial condition, War Housing Insurance Fund, as of Dec. 31, 1947 and Dec. 13, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease —
ASSETS			
Cash with U. S. Treasury	$9,519,170.11	$12,211,814.52	$2,692,644.41
Investments:			
U. S. Government securities (amortized)	13,500,000.00	17,045,851.34	3,545,851.34
Other securities (stock in rental housing corporations)	43,155.00	104,455.00	61,300.00
Total investments	13,543,155.00	17,150,306.34	3,607,151.34
Loans receivable:			
Mortgage notes and contracts for deed	16,469,191.64	14,045,467.82	−2,423,723.82
Less reserve for losses	288,211.00	245,795.00	−42,416.00
Net loans receivable	16,180,980.64	13,799,672.82	−2,381,307.82
Accounts and notes receivable	25.25	4,610.41	4,585.16
Accrued assets:			
Interest on U. S. Government securities	82,773.46	45,207.77	−37,565.69
Interest on mortgage notes and contracts for deed	57,879.95	48,511.74	−9,368.21
Total accrued assets	140,653.41	93,719.51	−46,933.90

Statement 15.—*Comparative statement of financial condition, War Housing Insurance Fund, as of Dec. 31, 1947 and Dec. 31, 1948*—Continued

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease —
ASSETS—Continued			
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	$5,808,620.61	$2,938,503.20	−$2,870,117.41
Less reserve for losses	305,369.79	502,220.00	196,850.21
Net acquired security or collateral	5,503,250.82	2,436,283.20	−3,066,967.62
Deferred charges: Prepaid expenses	25,754.51	2,656.87	−23,097.64
Total assets	44,912,989.74	45,699,063.67	786,073.93
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	80,822.14	58,516.67	−22,305.47
Accrued liabilities: Interest on debentures	222,039.90	43,190.12	−178,849.78
Trust and deposit liabilities:			
Excess proceeds of sale	543,583.41	885,195.19	341,611.78
Deposits held for mortgagors and lessees	240,468.39	169,024.92	−71,443.47
Total trust and deposit liabilities	784,051.80	1,054,220.11	270,168.31
Bonds, debentures, and notes payable:			
Debentures payable (issued)	19,572,300.00	2,721,600.00	−16,850,700.00
Debenture claims in process	39,850.00	433,050.00	393,200.00
Total bonds, debentures, and notes payable	19,612,150.00	3,154,650.00	−16,457,500.00
Deferred and undistributed credits	83,343.04	48,511.74	−34,831.30
Total liabilities	20,782,406.88	4,359,088.64	−16,423,318.24
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	19,130,582.86	36,339,975.03	17,209,392.17
CAPITAL			
Paid-in capital (allocations from U. S. Government)	5,000,000.00	5,000,000.00	
Earned surplus (deficit —)			
Total capital	5,000,000.00	5,000,000.00	
Total liabilities, operating reserves, and capital	44,912,989.74	45,699,063.67	786,073.93
Contingent liability for certificates of claim on properties on hand	157,377.19	76,783.76	−80,593.43

Income and Expenses

During the year 1948 the fund earned $27,165,953 and had expenses of $9,802,127, leaving $17,363,826 net income before adjustment of valuation and operating reserves. After increasing the valuation reserves by $154,434, the net income for the year, amounting to $17,209,392, was added to the operating reserves for contingent losses, expenses, and other charges.

The cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941, to December 31, 1948, amounted to $86,747,449 while cumulative expenses were $49,659,459, leaving $37,087,990 net income before adjustment of reserves. Valuation reserves

were increased by $748,015, and the remainder, $36,339,975, was reserved for contingent losses, expenses, and other charges.

Statement 16.—*Income and expenses, War Housing Insurance Fund, through Dec. 31, 1947 and Dec. 31, 1948*

	Mar. 28, 1941 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	Mar. 28, 1941 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$942,317.57	$378,272.91	$1,320,590.48
Interest, other	−209,924.53	318,463.46	108,538.93
Dividends on rental housing stock	336.75	153.75	490.50
	732,729.79	696,890.12	1,429,619.91
Insurance premiums and fees:			
Premiums	40,049,097.54	18,230,866.07	58,279,963.61
Fees	18,638,613.43	8,238,196.18	26,876,809.61
	58,687,710.97	26,469,062.25	85,156,773.22
Other income:			
Profit on sale of investments	152,953.13		152,953.13
Miscellaneous income	8,101.80	.92	8,102.72
	161,054.93	.92	161,055.85
Total income	59,581,495.69	27,165,953.20	86,747,448.98
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	38,551,051.44	9,897,167.00	48,448,219.34
Losses and charge-offs: Loss on sale of acquired properties	1,306,280.60	−95,040.99	1,211,239.61
Total expenses	39,857,332.04	9,802,126.91	49,659,458.95
Net income before adjustment of valuation and operating reserves	19,724,163.65	17,363,826.38	37,087,990.03
Increase (—) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−288,211.00	+42,416.00	−245,795.00
Reserve for loss on acquired security or collateral	−305,369.79	−196,850.21	−502,220.00
Reserves for contingent losses, expenses, and other charges	−19,130,582.86	−17,209,392.17	−36,339,975.03
Net adjustment of valuation and operating reserves	−19,724,163.65	−17,363,826.38	−37,087,990.03
Net income (or loss —)			
Analysis of Earned Surplus (or Deficit —)			
Balance at beginning of period			
Net income (or loss —) for the period			
Balance at end of period			

Investments

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

During 1948 excess funds not needed for current operations were used to retire series H 2½-percent War Housing Insurance Fund debentures in the amount of $17,045,950 of which $17,022,050 were called for redemption and $23,900 were purchased from RFC.

In addition, $5,500,000 of special 2-percent United States Treasury notes were redeemed by the Treasury upon the request of the FHA and $9,000,000 principal amount of 2½-percent United States bonds, series 1967–72, were purchased, a net increase in holdings of $3,500,000 during the year. On December 31, 1948, the fund held United States securities in the total amount of $17,045,851, as follows:

Investments of the War Housing Insurance Fund, December 31, 1948

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1952–54	2½	$400,000	$400,000	$400,000
1966–71	2½	4,000,000	4,000,000	4,000,000
1967–72	2½	12,646,875	12,600,000	12,645,851
Average annual yield	2.48	17,046,875	17,000,000	17,045,851

Properties Acquired under the Terms of Insurance

During the year the Federal Housing Administration acquired title, under the terms of insurance, to 116 small homes (187 units) insured under Section 603 and sold 732 (804 units). Through December 31, 1948, a total of 6,232 Section 603 properties (8,768 units) had been acquired at a cost of $32,060,381 (debentures and cash adjustments).

Through December 31, 1948, 5,807 properties (8,278 units) had been sold at prices which left a net charge against the fund of $1,211,999, or an average of $209 per case. There remained on hand for future disposition 425 properties having 490 living units.

STATEMENT 17.—*Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1948*

	Sec. 603 (5,807 properties)	Sec. 608 (1 project and 1 mortgage note)	Total, Title VI (5,809 properties)
Proceeds of sales:[1]			
Sales price (or proceeds of mortgage note)	$31,594,575	$1,338,624	$32,933,199
Less commissions and other selling expenses	1,081,382		1,081,382
Net proceeds of sales	30,513,193	1,338,624	31,851,817
Income:			
Rebates, deficiency judgments, etc	49,891		49,891
Rental and other (net)	3,215,688		3,215,688
Mortgage note income	1,835,629		1,835,629
Total income	5,101,208		5,101,208
Total proceeds of sold properties	35,614,401	1,338,624	36,953,025
Expenses:			
Debentures and cash adjustments	30,088,142	1,296,210	31,384,352
Interest on debentures	2,718,420	16,899	2,735,319
Additions and improvements	99,286		99,286
Taxes, water rent, hazard insurance, and other expenses	918,667	2	918,669
Repairs, maintenance, and operation	1,936,429		1,936,429
Furniture and equipment	90,543		90,543
Settlement expense		5,184	5,184
Total expenses	35,851,487	1,318,295	37,169,782
Net profit (or loss −) before distribution of liquidation profits	−237,086	20,329	−216,757
Less distribution of liquidation profits:			
Certificates of claim	342,859	19,389	362,248
Increment on certificates of claim	25,112	181	25,293
Refunds to mortgagors	606,942		606,942
Loss to War Housing Insurance Fund	1,211,999	[2] −759	1,211,240
Average loss to War Housing Insurance Fund	209		

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	1,675		$9,403,291		$9,403,291
Properties sold for cash and notes (or contracts for deed)	4,008	2,636	1,473,388	$20,619,525	22,092,913
Properties sold for notes only	126	1		1,436,995	1,436,995
Total	5,809	2,637	10,876,679	22,056,520	32,933,190

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

Statement 18.—*Statement of properties on hand, War Housing Insurance Fund, as of Dec. 31, 1948*

	Sec. 603, 425 properties, 490 units	Sec. 608, 1 property, 220 units	Total, 426 properties, 710 units
Expenses			
Debentures and cash adjustments (issued, authorized, and claims in audit)	$1,972,239	$897,592	$2,869,831
Interest on debentures	173,700	69,206	242,906
Taxes and assessments	127,402	44,476	171,878
Water rent	2		2
Hazard insurance	31,221	7,287	38,508
Additions and improvements	1,695		1,695
Maintenance and operating expense	178,321	119,481	297,802
Repairs	55,444		55,444
Operating equipment	3,052	1,938	4,990
Furniture	6,525		6,525
Undistributed expense	804		804
Other expense	882	14,768	15,650
Total expense	2,551,287	1,154,748	3,706,035
Income: Rental and other, net	492,789	274,743	767,532
Net cost of properties on hand	2,058,498	880,005	2,938,503

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

Turnover of properties acquired under Sec. 603 of Title VI through Dec. 31, 1948

Properties acquired		Properties sold, by years						Properties on hand Dec. 31, 1948
Year	Number	1943	1944	1945	1946	1947	1948	
1943	498	29	220	110	139			
1944	2,542		36	685	1,178	386	140	117
1945	2,062			187	1,050	317	350	158
1946	998				431	302	210	55
1947	16					5	9	2
1948	116						23	93
Total	6,232	29	256	982	2,798	1,010	732	425

No additional rental housing projects were acquired during 1948. Previously title had been transferred to the FHA Commissioner on two projects and one mortgage note insured under Section 608. One of these projects and the mortgage note had been settled with no loss to the fund, and the remaining project was operating under FHA supervision.

Certificates of Claim and Refunds to Mortgagors

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

of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $749,636 had been issued through 1948 in connection with the 5,807 small-home properties which had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for the payment in full or in part of 3,082 certificates in the amount of $342,859, or approximately 46 percent. Certificates of claim canceled or to be canceled amounted to $406,777, or approximately 54 percent. In addition, the proceeds of sale were sufficient to pay refunds of $606,942 to 1,954 mortgagors, or an average of $311 per case.

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

Certificates of claim totaling $19,578 had been issued in connection with the two Section 608 acquisitions which had been disposed of by December 31, 1948. Of this amount $19,389 had been paid, and $189 canceled. Excess proceeds of $759 had been credited to the fund, as provided in the act.

Title VII: Housing Investment Insurance Fund

The Housing Investment Insurance Fund was created by Sectio 710 of the National Housing Act as amended August 10, 1948 (Housing Act of 1948, Public Law 901, 80th Congress), which provides that this fund shall be used by the Administrator as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administrative expenses in connection therewith.

Section 710 further provides that the Secretary of the Treasury shall make available to the Administrator such funds as the Administrator may deem necessary, but not to exceed $10,000,000, which amount was authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars has been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner and the remaining $9,000,000 is being retained in the United States Treasury. Up to December 31, 1948, no applications for insurance under Title VII had been submitted and consequently no income had been received.

Statement 19.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS			
Cash with U. S. Treasury		$1,000,000.00	$1,000,000.00
Total assets		1,000,000.00	1,000,000.00
CAPITAL			
Paid-in capital (allocation from U. S. Government)		1,000,000.00	1,000,000.00
Total capital		1,000,000.00	1,000,000.00

Administrative Expense Account

Since the establishment of the Federal Housing Administration in 1934 a separate account, known as Salaries and Expenses, Federal Housing Administration, has been maintained to reflect the receipt and disbursement of all moneys allocated for administrative expenses. Until the income of the insurance funds was sufficient to cover administrative expenses, allocations were made to this account by the Reconstruction Finance Corporation, in accordance with provisions contained in the National Housing Act and in subsequent appropriation acts. Since July 1, 1937, a portion of the allocations and since July 1, 1940, all allocations to salaries and expenses have been made from FHA insurance funds. The total capital of the salaries and expenses account as of December 31, 1948 amounted to $2,119,263.

Statement 20.—*Comparative statement of financial condition, Administrative Expense Account, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS			
Cash with U. S. Treasury	$5,087,185.34	$3,735,177.10	−$1,352,008.24
Accounts and notes receivable	72,120.04	55,387.63	−16,732.41
Commodities, supplies, and materials: Supplies held for use	100,245.67	84,017.73	−16,227.94
Land, structures, and equipment:			
Furniture and equipment	1,417,324.72	1,587,168.19	169,843.47
Less reserve for depreciation	736,691.67	820,452.73	83,761.06
Net furniture and equipment	680,633.05	766,715.46	86,082.41
Total assets	5,940,184.10	4,641,297.92	−1,298,886.18

Statement 20.—*Comparative statement of financial condition, Administrative Expenses Account, as of Dec. 31, 1947 and Dec. 31, 1948*—Continued

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	$1,434,846.54	$1,844,996.01	$410,149.47
Trust and deposit liabilities:			
General fund receipts in process of deposit	2,063.28	1,692.88	−370.40
Employees' payroll deductions for taxes, etc.	655,424.58	675,346.02	19,921.44
Unexpended advance from National Housing Agency	42,692.43		−42,692.43
Total trust and deposit liabilities	700,180.29	677,038.90	−23,141.39
Total liabilities	2,135,026.83	2,522,034.91	387,008.08
CAPITAL			
Earned surplus (deficit −)	3,805,157.27	2,119,263.01	−1,685,894.26
Total capital	3,805,157.27	2,119,263.01	−1,685,894.26
Total liabilities and capital	5,940,184.10	4,641,297.92	−1,298,886.18

Statement 21.—*Income and expenses, Administrative Expense Account, through Dec. 31, 1947 and Dec. 31, 1948*

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	−$4,812,516.56	$1,588,504.25	−$3,224,012.31
Other expenses: Depreciation on furniture and equipment	1,037,137.68	96,475.75	1,133,613.43
Losses and charge-offs: Loss (or profit −) on equipment	−29,778.39	914.26	−28,864.13
Total expenses	−3,805,157.27	1,685,894.26	−2,119,263.01
Net income (or loss −)	3,805,157.27	−1,685,894.26	2,119,263.01

Analysis of Earned Surplus (or Deficit −)

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Balance at beginning of period		$3,805,157.27	
Net income (or loss −) for the period	$3,805,157.27	−1,685,894.26	$2,119,263.01
Balance at end of period	3,805,157.27	2,119,263.01	2,119,263.01