William Blaw

Fourteenth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

FRANKLIN D. RICHARDS

Commissioner

For the year ending

December 31, 1947

FOURTEENTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1947

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

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LETTER OF TRANSMITTAL

JULY 2, 1948.

To the Congress of the United States:

In accordance with section 5 of the National Housing Act as amended, I transmit herewith the Fourteenth Annual Report of the Federal Housing Administration. This report covers the calendar year 1947.

Respectfully,

Franklin D. Richards

FRANKLIN D. RICHARDS,
Commissioner.

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FUNCTIONS OF THE FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration operates under titles I, II, and VI of the National Housing Act of June 27, 1934, as amended. The objectives of the act, stated in its preamble, are "to encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and * * * other purposes."

Title I authorizes the FHA to insure qualified lending institutions against loss on loans made to finance alterations, repairs, and improvements to real property, including the construction of small dwellings and other structures.

Title II provides in section 203 for FHA insurance of mortgages in amounts up to $16,000 on one- to four-family dwellings, and in section 207 for the insurance of mortgages in amounts up to $5,000,000 on large-scale rental housing projects.

Title VI was added to the act in 1941 to aid the production of war housing. It became inactive after the war ended, but was revived in May 1946 as part of the Veterans' Emergency Housing Program, and was still in operation at the end of 1947. Section 603 of this title, providing for FHA insurance of mortgages on one- to four-family homes, and section 608, providing for the insurance of mortgages on large-scale rental projects, parallel sections 203 and 207 to some extent, although, in keeping with the emergency nature of title VI, their provisions are more liberal than those of title II.

In 1947 two new sections were added to title VI: Section 609, which authorizes the FHA to insure short-term loans to housing manufacturers, and section 610, which provides for FHA insurance of mortgages on permanent war housing sold by the Government.

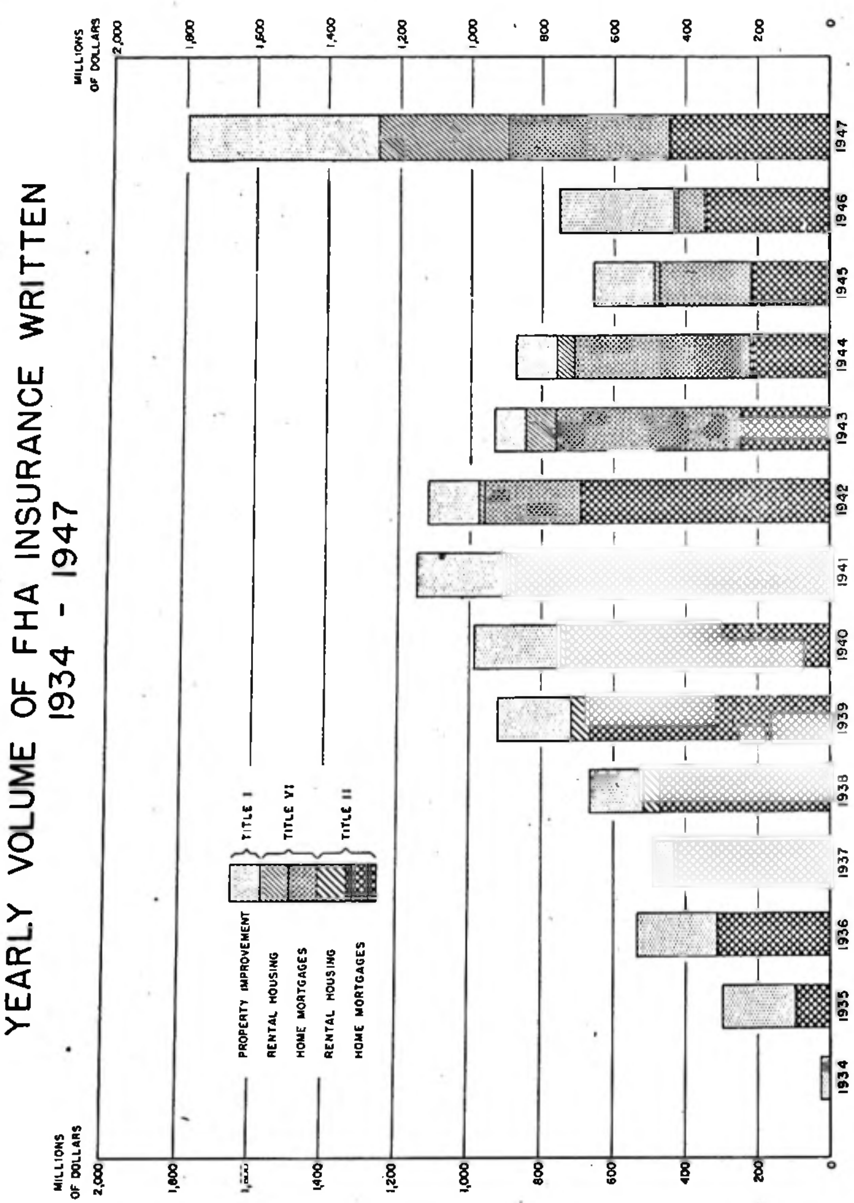

CHART I

Part I

GENERAL REVIEW

Highlights of 1947 Operations

Eleven Billion Dollars of Insurance

In the spring of 1947 the aggregate amount of insurance written by the Federal Housing Administration passed the 10 billion dollar mark, and by the end of the year it was well over 11 billion dollars. More than half of the loan principal involved had been paid or amortized.

The year 1947 saw a great acceleration in the volume of FHA operations. Chart I shows graphically the extent to which the amount of insurance written outran that of any previous year. The greatest increases were in mortgages insured under title VI, particularly on rental housing projects under section 608. Title I insurance, however, reached a volume never before attained, and the amount of mortgage insurance under section 203 of title II was the largest since 1942.

Loans insured during the year under titles I, II, and VI totaled 1,389,960 in number and $1,788,264,284 in amount, bringing the aggregate for the entire 13½-year period of FHA operations to 9,064,819 loans in the amount of $11,228,377,813. The total capital of all insurance funds at the end of the year amounted to $166,953,844 after all operating expenses had been paid.

The size of these figures indicates the significant place that the FHA occupies in the national housing picture. The availability of FHA mortgage insurance has encouraged lending institutions to direct an adequate flow of funds into mortgages on small homes, thus making home ownership possible on a wider scale for families of moderate income. The mutual mortgage insurance system provided under section 203 of the National Housing Act has popularized the idea of mortgage terms related to the borrower's income, and has helped to make home financing a sounder transaction for both borrower and lender. FHA risk-rating methods have established a pattern that is widely followed by mortgage lenders for uninsured as well as insured loans. FHA property standards have done much to improve the quality of home construction in general and have made the public more aware of the importance of good building practices. Many features of home financing that are now taken for granted were not in general use before the mutual mortgage insurance system of the FHA caused their advantages to have Nation-wide recognition.

The FHA has also insured mortgages on rental projects which, in addition to providing homes for many thousands of families, have created good investment opportunities for sponsors and developers. Through its land planning counsel and similar services it has assisted in the development of neighborhoods designed for better living and enhanced property values.

Title I insurance has made possible the improvement of more than 7 million properties.

A substantial part of all privately financed war housing was built under the FHA program. Since the end of the war, the agency has concentrated its efforts on the production of homes for veterans, with particular emphasis on rental properties.

Legislative Changes

The following amendments affecting FHA operations were made to the National Housing Act in 1947:

1. The authority given to the Federal Housing Administration under title I to insure financial institutions against loss on property improvement loans, which was to expire on June 30, 1947, was extended to June 30, 1949. (Public Law 120, 80th Cong., approved June 26, 1947.)

2. The insurance provisions of title VI, which were also to expire on June 30, 1947, were extended to March 31, 1948. (Public Law 129, 80th Cong., approved June 30, 1947.)[1]

3. Title VI was amended by the addition of section 609, which provides for FHA insurance of short-term loans to housing manufacturers. (Public Law 129, 80th Cong., approved June 30, 1947.)

4. Provisions in section 4 and section 602, directing the Reconstruction Finance Corporation to make available to the FHA Commissioner such funds as he might deem necessary to carry out the provisions of titles I, II, III, and VI, were repealed. (Public Law 132, 80th Cong., approved June 30, 1947.)

5. Title VI was further amended by the addition of section 610, which provides for FHA insurance under sections 603 and 608 of mortgages aggregating not over 750 million dollars executed in connection with the sale by the Government of permanent, publicly financed war housing acquired or built by the Government under the provisions of the Lanham Act (Public Law 849, 76th Cong.) and related laws. (Public Law 366, 80th Cong., approved August 5, 1947.)

6. The insurance authorization under title VI was increased from $4,000,000,000 to $4,450,000,000, with an additional $500,000,000 to be made available at the discretion of the President.[2] (Public Law 394, 80th Cong., approved December 27, 1947.)

New Commissioner

Franklin D. Richards was appointed by the President as Commissioner of the Federal Housing Administration on August 11, 1947, to succeed Raymond M. Foley, who resigned to become Administrator of the Housing and Home Finance Agency.

Field Offices

At the end of 1947 the FHA field organization comprised 113 offices—10 more than at the end of 1946. Included in the total were 65 insuring offices in which applications for mortgage insurance are received and undergo complete processing; 13 service offices which receive applications for mortgage insurance and prepare architectural and valuation reports; and 35 valuation stations in which technical personnel are located for special assignments.

Racial Relations Advisers

In order to provide assistance to local communities and to the building industry in stepping up the production of housing for minority groups, the Commissioner in August 1947 appointed five racial relations advisers with headquarters in Atlanta, Cleveland, Dallas, Los Angeles, and New York. These advisers work in the field under the direction of the Washington office and in close cooperation with State and district directors. Their objectives are to help determine the need for minority group housing in the areas in which they operate and the availability of suitable land; to stimulate the interest of builders and lenders in the production of such housing; to encourage self-help among minority groups through greater participation by their own financial institutions and builders in financing and building housing; and to assist in developing in the housing field methods for using most effectively the resources of local, State, and Federal agencies.

The favorable experience of the building industry in recent years in the development of many projects for sale or rent to minority groups has directed attention to the wide and profitable field that exists for investments of this nature. Long-term capital finds particularly interesting the possibilities available in the building and operation of large rental projects such as Day Village in Baltimore, Suburban Gardens and Mayfair Mansions in Washington, and a number of others which have been successfully operated over a period of years.

Industry Conferences

FHA State and district offices cooperated in arranging a series of meetings held early in the year in nearly 600 cities, at which all elements of the building industry were represented. These meetings, sponsored by local chambers of commerce, real estate boards, associations of home builders and material dealers, and other community groups, had as their object an expanded production of rental housing for veterans. New incentives for builders and investors were stressed, as well as new factors aimed at financial stability for rental housing.

[1] On March 31, 1948 (Public Law 468, 80th Cong.) the expiration date was changed to April 30, 1948.

[2] The President approved the additional authorization February 2, 1948. On March 31, 1948, the authorization was further increased to $5,350,000,000. (Public Law 468, 80th Cong.)

FHA technical personnel were present to explain mortgage insurance requirements and procedures, and were also available in local communities for consultation before and after the meetings.

The meetings, which were attended by over 55,000 builders, lenders, and other representatives of the industry, were instrumental in bringing about the filing of an unprecedentedly large volume of applications during the year for mortgage insurance on rental housing projects.

Revival of Title I Class 3 Insurance

Since February 3, 1938, the National Housing Act has specifically provided for insurance coverage under title I of loans to finance the building of new structures. Up to 1942 about 40,000 so-called class 3 loans, aggregating 100 million dollars, for the construction of small homes, had been reported for insurance under title I. After the war housing insurance program went into effect this phase of title I operations became inactive. It was revived in March 1946, and in August 1947 the FHA published new regulations designed to encourage the financing under title I of new small homes for families of limited income. The maximum amount of a title I class 3 loan is $3,000.

Considerable interest in the new program has been shown by builders and lenders in many parts of the country, and at the end of the year in several States sizable projects were under construction with this type of financing, with scattered loans reported from a number of other States.

Insurance of Loans to Manufacturers of Houses

FHA insuring operations entered a new field in 1947 when title VI of the National Housing Act was amended as of June 30 by the addition of section 609, which provides for the insurance of loans to manufacturers of housing. The purpose of the new section as stated in the act is "to assist in relieving the acute shortage of housing which now exists and to promote the production of housing for veterans of World War II at moderate prices or rentals within their reasonable ability to pay, through the application of modern industrial processes." Loans insured under section 609 provide working capital with which manufacturers can pay for materials, labor, and other manufacturing costs. They are a counterpart of the construction loans used for houses built on the site in the conventional manner.

To obtain a loan insured under section 609, the manufacturer is required by the provisions of the act to establish that binding contracts have been executed for the purchase and delivery of the houses to be manufactured with the proceeds of the loan, and that he has or will have adequate plant facilities, sufficient capital funds (taking the insured loan into account), and the necessary experience, to achieve the required production schedule. The houses must meet such requirements of sound quality, durability, livability, and safety as may be prescribed by the FHA Commissioner.

The amount of the loan may not exceed 90 percent of the FHA Commissioner's estimate of necessary current manufacturing costs, exclusive of profit. Advances on the loan are insurable. The maximum maturity is one year, with the possibility of refinancing for an additional term of not over a year. The maximum interest rate is 4 percent on outstanding principal, and the FHA makes an insurance charge of 1 percent of the original principal amount. The loan is secured by an assignment of the purchase contracts and of the amounts payable under them.

An elastic method for processing applications under section 609 has been worked out in cooperation with representatives of the industry and lending institutions. All applications are processed at FHA headquarters in Washington. By the end of the year 16 manufacturers had submitted applications to the FHA for preliminary analysis. A number of lending institutions had expressed interest in making section 609 loans, and one had filed a formal application for insurance.

Insurance of Mortgages on War Housing Sold by the Government

On August 5, 1947, the President approved an amendment adding section 610 to title VI of the National Housing Act. This new section authorizes FHA insurance, under sections 603 and 608, of mortgages executed in connection with sales by the Government of permanent war housing constructed or acquired with public funds under the Lanham Act and related laws. The aggregate amount of such mortgages that may be insured is limited to $750,000,000. The maximum mortgage maturity is 25 years, and the principal may not exceed 90 percent of the appraised value of the property.

Before this section was added to the act, FHA operations under sections 603 and 608 were confined to the insurance of mortgages to finance new construction or to refinance properties with outstanding mortgages insured under title VI. The new section extends the insurance to mortgages on existing properties built or acquired by the Government to meet the war housing emergency. The insurance under section 610 is based on "appraised value." By administrative rule, properties accepted for mortgage insurance under section 603 pursuant to the provisions of section 610 may have as many as seven dwelling units, whereas the maximum under other section 603 operations is four.

The expiration date of the authorization to issue commitments for mortgage insurance on new construction under title VI does not apply to the authorization under section 610, nor do the limitations with respect to the amount of mortgage principal.

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At the end of the year four mortgages on war housing sold by the Government, totaling $21,100 and involving eight dwelling units, had been insured under section 603 pursuant to section 610.

In order to assist the Public Housing Administration to expedite the disposition of war emergency housing held by that agency, the FHA developed a special procedure for appraising such properties and informing the Public Housing Administration of their eligibility for section 610 mortgage insurance before they were offered for sale. By the year end, PHA had submitted 23 requests concerning eligibility of 3,433 properties under section 603 and 12 requests concerning eligibility of 2,864 units under section 608. By December 31, FHA had issued appraisals and statements of eligibility under section 603 for 901 properties and under section 608 for a single project including 200 units. At that date, of the total properties inspected only 36 had been declared ineligible for FHA mortgage insurance.

Analysis of Building Materials and Special Methods of Construction

During 1947 the FHA continued its analysis of new building materials and special methods of construction.

Investigations were made to determine the acceptability of a large number of new building materials, including newly developed products in the fields of plastics, aluminum, and strip zinc alloy. Other materials submitted for investigation and analysis included wood and composition floorings, wall boards and plaster base materials, various types of roofings, and wood preservatives.

A large number of proposed special methods of dwelling construction were also submitted for analysis. Approximately 150 special and general engineering bulletins were issued to FHA field offices covering the results of these analyses and investigations.

FHA representatives also participated in a number of conferences and building materials test and research programs of other Governmental agencies.

Construction Permits

Under the permit system that superseded the housing priorities system on December 24, 1946, FHA field offices continued until June 30, 1947, as agents of the Housing Expediter, to issue permits to veterans and nonveterans to build homes. At this date, under the provisions of the Housing and Rent Act of 1947, the permit system expired, and for the remainder of the year there were no restrictions on new residential construction except for veterans' preference in rentals or sales.

TABLE 1.—*Yearly volume of mortgages insured by FHA: Trend and status of small home mortgages and rental housing mortgages, 1935–1947*

Year and status of insurance written	Title II				Title VI[1]			
	Section 203 home mortgages		Section 207[2] rental projects		Section 603[3] home mortgages		Section 608 rental projects	
	Number	Amount	Number units	Amount	Number	Amount	Number units	Amount
Net insurance outstanding	638,042	$2,437,690,103	11,052	$36,965,550	273,863	$1,327,938,454	82,441	$512,252,917
Estimated amount amortized on mortgages in force		539,632,506		6,056,236		93,485,663		9,400,317
Face amount in force	638,042	2,977,322,669	11,052	43,021,786	273,863	1,421,424,117	82,441	521,650,234
Insurance terminated	633,743	2,770,389,066	31,523	117,950,218	141,452	646,493,225	3,406	13,179,694
Face amount written	1,271,785	5,747,711,735	[4] 42,575	[4] 160,972,004	415,315	2,067,917,342	[5] 85,847	[5] 534,838,928
1935	23,397	93,882,012	738	2,355,000				
1936	77,231	308,945,106	624	2,101,000				
1937	102,070	421,372,099	3,023	10,483,000				
1938	109,279	473,246,124	11,930	47,638,050				
1939	153,747	669,416,154	13,462	51,851,466				
1940	168,293	736,490,344	3,559	12,948,690				
1941	198,799	876,707,384	3,741	13,565,000	3,778	13,431,250		
1942	149,635	691,445,427	1,547	5,792,000	98,706	267,015,578	4,295	15,422,705
1943	52,408	244,514,138	185	714,000	113,659	517,656,180	10,994	83,907,970
1944	46,677	216,368,057	2,181	7,175,806	100,320	491,008,944	10,249	48,920,100
1945	46,572	219,299,950	891	3,806,015	50,244	255,044,040	3,167	16,010,036
1946	66,858	347,356,890	694	2,509,977	14,034	74,652,600	1,538	10,665,011
1947	76,813	445,667,150		[6] 32,000	64,574	449,048,750	40,604	359,912,206

[1] Section 603 of title VI enacted on March 28, 1941. Section 608 added to title VI on May 26, 1942.
[2] Includes also rental and release clause projects insured under section 210.
[3] Includes 4 mortgages for $21,100 insured pursuant to section 610 during 1947.
[4] Includes 37,964 units in new and rehabilitation projects insured for $144,386,206.
[5] Includes 84,790 new units provided with insured mortgages totaling $531,691,823.
[6] Increase in amount of a mortgage insured prior to 1947.

Rental Housing

In announcing the 1947 housing program of the Federal Government the President said: "The main point of emphasis for 1947 is rental housing. Within the total number of homes to be built, it is of major importance that a maximum number of rental units be provided. * * * More family units must be made available for rent to veterans. They should not be compelled to buy in order to get shelter."

This statement confirmed the policy underlying the Veterans' Emergency Housing Program pursuant to which the FHA had devoted its major effort in 1946 to providing incentives for an increased production of rental housing undertaken by private enterprise under the FHA program. These incentives took the form of simplified requirements and procedures, delegation of greater responsibility to FHA field offices in processing applications, and closer cooperation by field offices with developers of proposed projects in working out their plans so as to comply with FHA regulations.

The effects of FHA endeavors in this direction began to be apparent early in 1947, and by the end of the year had resulted in a volume of rental housing under the FHA program far exceeding that produced in any previous year. Commitments covering 97,451 dwelling units in new rental projects were issued under section 608 in 1947, with mortgages of $740,590,389, as compared with commitments totaling $46,041,860 for 6,505 new units in 1946.

The 1947 operations brought the aggregate insurance written under section 608 for the 6 years in which it has been active, to $534,838,928, covering 85,847 dwelling units.

Section 608 was added to the act in 1942 to encourage the production of rental housing for war workers. After September 1945, no further applications for insurance under its provisions were accepted until it was revived in May 1946 as part of the Veterans' Emergency Housing Program. Operations under this section therefore fall into the two categories of war housing insurance and veterans' housing insurance.

As amended May 26, 1946, section 608 provides for the insurance of mortgages (including advances during construction) in amounts up to $5,000,000. The mortgage may not exceed 90 percent of the necessary current cost of the project, including land. It is further limited to the cost of physical improvements, and to $1,500 a room for the part of the project attributable to dwelling use, or $1,800 in areas where construction costs preclude building at the lower figure. The maximum interest rate is 4 percent. The FHA charges an annual insurance premium of ½ of 1 percent. Veterans of World War II and their immediate families have preference in occupying the properties.

Of the aggregate mortgage insurance written under section 608 from the beginning, $166,958,678 in 495 mortgages involved war housing. Although no new applications for war housing insurance were received in 1947, one outstanding commitment on a project of 12 units progressed to insurance in the amount of $51,156. During the year 14 mortgages with a total face amount of $5,356,100, involving 1,180 units of war rental housing, were prepaid in full. At the end of the year insurance was in force on 442 mortgages with a total face amount of $153,973,284, covering 34,543 units.

Mortgages on rental housing for veterans, insured under section 608 in 1947, amounted to $358,957,750 and covered 46,580 living units in 982 projects. The number of rental units financed during the year under this part of the section 608 program exceeded by about 8,700 the number produced under the entire war housing program, and brought the total number covered by mortgage insurance under the veterans' housing provisions of section 608 to 47,934 units involving 1,001 mortgages in the aggregate amount of $367,880,250.

The administrative rules were revised December 19 to eliminate the special provisions applicable to mortgages of $200,000 or less.

Regulation of rents and methods of operation are now the same for all projects financed under section 608, regardless of the amount of mortgage principal.

Toward the end of 1947 the volume of insurance under title VI indicated an approach to the limitation of $4,200,000,000 authorized by law, and on November 12 the FHA temporarily discontinued accepting further applications. Effective December 27, Congress increased the authorization by $250,000,000 and made an additional $500,000,000 available at the discretion of the President.[1] The rate at which applications were received in FHA insuring offices made selective processing necessary in order to avoid exceeding the amount authorized, and efforts were made to see that the greater number of commitments issued covered rental units.

Under section 207 of the act, the principal rental housing insurance activity in 1947 was the prepayment of 32 loans with a total face amount of $16,841,239 covering 4,345 units. No new applications for insurance under this section were received during the year.

For detailed statistics on operations under section 608, see pages 60 through 75. For details on section 207, see pages 42 through 45.

One- to Four-Family Homes

The Federal Housing Administration continued in 1947 to insure mortgages on small homes under the provisions of both section 203 and section 603 of the National Housing Act.

Although the most notable expansion of mortgage insurance operations during the year occurred in rental housing, the amount of new insurance under section 203 was the greatest since 1942, when activity under this section began to decline as mortgage insurance on war housing under section 603 accelerated; while the amount insured under section 603 in 1947 approached the volume in the peak war years of 1943 and 1944.

At the end of 1947 almost a third of new nonfarm residential construction (including rental housing as well as small homes) was being financed under title VI.

Section 203 of title II authorizes the FHA to insure mortgages in amounts up to $16,000 and up to 80 percent of the appraised value of the property, on new and existing homes for one to four families. A mortgage insured under this section may have a maturity of not over 20 years, except that a mortgage of $5,400 or less covering a single-family owner-occupied dwelling may be as much as 90 percent of appraised value and may have a maturity up to 25 years. Under FHA regulations the maximum rate of interest is 4½ percent. The FHA charges an annual insurance premium of one-half of 1 percent.

[1] The President approved the additional authorization February 2, 1948. On March 31, 1948, the authorization was further increased to $5,350,000,000. (Pub. Law 468, 80th Cong.)

The act states that the project with respect to which the mortgage is executed must be economically sound.

TABLE 2.—*New dwelling units provided under the FHA program, 1935–1947 (based on new homes started under FHA inspection)*

Year	Title I	Title II		Title VI [1]		Total
	Class 3 new small homes	Sec. 203 new small homes	Sec. 207 rental projects [2]	Sec. 603 new small homes	Sec. 608 rental projects	
1935	----------	13,226	738	----------	----------	13,964
1936	----------	48,752	624	----------	----------	49,376
1937	----------	56,980	3,023	----------	----------	60,003
1938	5,845	100,966	11,930	----------	----------	118,741
1939	10,783	133,874	13,462	----------	----------	158,119
1940	10,194	166,451	3,446	----------	----------	180,091
1941	9,145	180,156	3,296	27,790	----------	220,387
1942	4,010	41,578	1,163	114,616	4,205	165,602
1943	307	338	41	125,474	19,904	146,154
1944	----------	208	----------	83,396	9,655	93,259
1945	----------	17,049	200	21,848	2,062	41,159
1946	----------	44,244	41	22,878	1,870	69,033
1947	(3)	20,884	----------	157,168	50,760	228,818
Total	40,284	824,706	37,964	553,170	88,642	1,544,766

[1] Section 603 of title VI enacted on March 28, 1941, section 608 added to title VI on May 26, 1942.
[2] Includes rental and release clause projects insured under section 210.
[3] Not available.

TABLE 3.—*Nonfarm dwellings provided: Estimated number of privately financed 1-family, 2-family, and multifamily units and total publicly financed units started, as reported by the Bureau of Labor Statistics, 1935–1947*

Year	Privately financed				Total publicly financed	Total nonfarm
	1-family	2-family	Multi-family	Total		
1935	183,000	8,000	25,000	210,000	5,000	221,000
1936	244,000	14,000	46,000	304,000	15,000	319,000
1937	267,000	16,000	49,000	332,000	4,000	336,000
1938	316,000	18,000	65,000	399,000	7,000	406,000
1939	373,000	19,000	66,000	458,000	57,000	515,000
1940	448,000	26,000	56,000	530,000	73,000	603,000
1941	533,000	28,000	58,000	619,000	96,000	715,000
1942	252,000	18,000	31,000	301,000	196,000	497,000
1943	136,000	18,000	30,000	184,000	166,000	350,000
1944	115,000	11,000	13,000	139,000	30,000	169,000
1945	184,000	9,000	15,000	208,000	18,000	226,000
1946	590,000	24,000	48,000	662,000	114,000	776,000
1947	745,000	34,000	72,000	851,000	3,000	854,000

Source: Bureau of Labor Statistics.

On a cumulative basis, mortgage insurance under section 203 represents the major activity of the FHA. From 1935 to the end of 1947, 1,271,785 mortgages were insured under this section in a total amount of $5,747,711,735. Of these, 638,042 with a total face amount of $2,977,322,669 were still in force when the year ended, and insurance had been terminated by payment in full, foreclosure, or otherwise, on 633,743 mortgages with a total face amount of $2,770,389,066. Mortgages insured in 1947 totaled 76,813 and amounted to $445,667,150: an increase of 9,955 mortgages and $98,310,260 over the 1946 figures.

For details of section 203 operations, see pages 19 through 42.

Section 603 was added to the act in 1941 to provide for the insurance of mortgages on one- to four-family homes for sale or rent to war workers, and was extended in May 1946 as a part of the Veterans' Emergency Housing Program. The principal of a mortgage insured under its provisions may be as much as 90 percent of the necessary current cost of the property, but may not exceed $5,400 for a single-family dwelling, $7,500 for a two-family dwelling, $9,500 for a three-family dwelling, or $12,000 for a four-family dwelling, except that in areas of high cost these maximum amounts may be increased to as much as $8,100, $12,500, $15,750, and $18,000, respectively. The mortgage may have a maturity not in excess of 25 years. The maximum interest rate is 4 percent, and the FHA makes an annual insurance premium charge of one-half of 1 percent. The project is required by the act to be an acceptable risk in view of the housing shortage.

In 1947 mortgages numbering 64,574, in a total amount of $449,048,750, were insured under this section, as compared with 76,813 mortgages in the amount of $445,667,150 insured under section 203 in the same period. The larger amount of principal under section 603, representing a smaller number of mortgages than under section 203, reflects the concentration of existing-home mortgage insurance under section 203 as well as the difference resulting from the use of appraised value as the basis of insurance under section 203 and necessary current costs as the basis of insurance under section 603.

Total insurance under section 603 from 1941 through 1947 amounted to $2,067,896,242 on 415,311 mortgages. Of this total 349,217 mortgages in the aggregate amount of $1,608,121,531 financed war housing, and 66,094 mortgages in the amount of $459,774,711 insured in 1946 and 1947 financed veterans' housing. In addition, four mortgages amounting to $21,100 were insured during 1947 under the provisions of section 603 pursuant to section 610.

At the end of 1947, insurance had been terminated on 141,452 mortgages insured under section 603 with a total face amount of $646,493,225, and was still in force on 273,863 mortgages with a total face amount of $1,421,424,117.

In the interest of simplification and time saving, a change wa made during the year in FHA procedure under section 603 to permit the filing of a single application on a group submission of ten or more properties, the application to be accompanied by plans and specifications for each basic type of house in the group. The FHA has provided a special form of application for this purpose.

For details of section 603 operations, see pages 45 through 60.

PROPERTY IMPROVEMENT LOAN INSURANCE UNDER TITLE I

The most striking fact to be reported about title I operations for the year 1947 is the unprecedented volume of property improvement loans insured. Most of these loans were for repairs and improvements on homes.

The increase in volume reflects the growing availability of materials, which enabled property owners to make repairs that had been postponed during the war and after. It also reflects the shortage of new housing which has necessitated continued use of older properties. The improvements financed under title I have done much to preserve the national inventory of housing and to ease pressures on new housing by keeping the occupants of existing dwellings satisfactorily housed in their present accommodations.

Also significant in attacking the housing shortage on a new front was the announcement by FHA in August of new regulations under its program for applying title I insurance to loans up to $3,000 made to finance the construction of small homes. It was believed that in spite of present high construction costs there was a field in which these loans, which are specifically provided for in the act, could be of material benefit to low-income families.

The revised FHA regulations contemplate the construction of a basic house, sound and livable, stripped of nonessential features but embodying complete living facilities and conforming to local standards for comparable dwellings. That such houses can be built to sell for less than $4,000 in many places has been demonstrated since the new program was announced, by projects undertaken in such widely separated parts of the country as Arizona, Tennessee, and Michigan. The houses may not be suitable for many urban areas where land costs are high and building codes restrictive, but in many small communities, as well as on the margins of cities and farther out in the country, they provide an answer to an acute need for shelter at minimum cost.

At the end of the year the program was just getting under way and it was anticipated that an increasing volume of houses would be built and financed with class 3 loans.

Insurance Coverage

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

Type of loan	Type of improvement	Maximum maturity	Maximum amount	Maximum financing charge
Class 1 (a)	Repair, alteration, or improvement of an existing structure.	3 years, 32 days	$2,500	$5 discount per $100 per year.
Class 1 (b)	Conversion of existing structure to provide additional housing for veterans of World War II.	7 years, 32 days	5,000	$5 discount per $100 per year if $2,500 or less, $4 discount per $100 if over $2,500.
Class 2 (a)	Construction of a new structure to be used exclusively for other than residential or agricultural purposes.	3 years, 32 days	3,000	$5 discount per $100 per year.
Class 2 (b)	Construction of a new structure to be used in whole or in part for agricultural purposes, exclusive of residential purposes.	7 years, 32 days or, if secured by first lien, 15 years, 32 days.	3,000	$5 discount per $100 per year, $3.50 discount per $100 if maturity exceeds 7 years, 32 days.
Class 3	Construction of a new structure to be used for residential purposes.	20 years, 6 months	3,000	Interest at 4½ percent per annum.

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 insurance liability that may be outstanding at any one time under this title, plus the amount of claims paid, less the amount collected from insurance premiums and other sources, is limited in the act to $165,000,000.

The FHA has charged a premium for title I insurance since July 1, 1939. The income from premiums and recoveries effected has exceeded the amount of claims paid on insurance granted since that date, as well as all administrative expenses incurred in the same period.

Volume of Insurance

The largest volume of title I loans in the history of FHA was recorded for insurance in 1947: 1,247,590 loans with total net proceeds of $533,604,178. This dollar amount was 66 percent greater than the net proceeds of loans insured in 1946, which was the second largest year. Most of the loans insured in 1947 were made to finance repairs and improvements on single-family residences and involved work on heating and plumbing systems, roofs, exterior finish, and insulation (including storm doors and windows).

From the beginning of title I operations in July 1934, to the end of 1947, 7,375,844 loans with net proceeds of $2,716,937,804 were insured.

As of April 30, 1947, 1,365,629 loans were outstanding, with unpaid balances totaling $472,601,459, and of these only 18,369 loans, or 1.35 percent, were more than 90 days past due. The unpaid balances on these past-due notes amounted to $6,047,027, which was 1.28 percent of the total outstanding balances.

On April 30, 1946, 804,573 loans were outstanding with unpaid balances of $251,010,758, and 11,003 loans, or 1.37 percent, were more than 90 days past due and had unpaid balances of $3,286,393, or 1.31 percent of the total amount outstanding.

Claims and Recoveries

Since the beginning of title I operations, 223,497 claims for insurance have been paid in the total amount of $60,421,212, or 2.22 percent of the net proceeds advanced by insured lending institutions. The amount paid on claims is offset by $32,276,769 from recoveries ($28,036,267 actual and $4,240,502 anticipated from claims in process of collection), leaving net unrecovered claims of $28,144,443 or 1.04 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 1947 amounted to $2,760,414 (including $414,306 interest). The direct cost of collections for 1947 was $530,024, or an average of 19 cents per dollar recovered. The cumulative direct collection cost since July 1934 is 14 cents for each dollar recovered.

Relationship with Lending Institutions

The past year brought a closer working relationship between lending institutions and the field offices of the FHA. A series of industry meetings were held in which, among other matters discussed, title I operations were emphasized as a means of maintaining the housing inventory and preventing further housing shortages caused by lack of repairs.

Throughout these discussions continued emphasis was placed on sound lending practices. Members of both the Washington and the field staffs of FHA continued to cooperate with lending institutions in working out their problems, through personal calls and surveys of title I lending methods. During the year lenders in many cities arranged to exchange information and discuss problems with one another to improve their operations and to serve better the citizens of their communities.

For detailed statistics of title I operations, see pages 86 through 97.

Financial Position

From the establishment of the Federal Housing Administration in 1934 through December 31, 1947, its gross revenues under all titles from fees, insurance premiums, and income on investments amounted to $285,419,537, while operating expenses were $160,483,611. 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 1947 under all insurance operations of the FHA totaled $50,455,609. Expenses of administering the Federal Housing Administration during 1947 amounted to $18,944,404, leaving an excess of gross income over operating expenses of $31,511,205 to be added to the various insurance funds.

At the end of 1947 the Federal Housing Administration had combined net resources of $166,953,844 in all funds as follows:

Title I Insurance Fund and Title I Claims Account	$ 22,394,377
Mutual Mortgage Insurance Fund	111,800,474
Housing Insurance Fund	4,546,875
War Housing Insurance Fund	24,418,794
Administrative Expense Account	3,793,324
	166,953,844

Of this amount the Government had contributed $15,000,000 as paid-in surplus ($10,000,000 initial allocation to the Mutual Mortgage Insurance Fund and $5,000,000 to the War Housing Insurance Fund) and $64,975,791 net allocations from the Reconstruction Finance Corporation for administrative expenses and for title I claims prior to the time that such expenditures were met from FHA income. The remainder, $86,978,053, had been built up from income.

During the first 6 months of 1947 FHA continued to use its experienced underwriting staff in the issuing of building permits for the Housing Expediter as part of the Veterans' Emergency Housing Program. For this work FHA was reimbursed by the Office of the Administrator, National Housing Agency.

During the last 6 months of 1947 FHA processed applications for increases in maximum sales prices, increases in maximum rents, and waivers of veterans' preference requirements on priority-built housing, for which reimbursement will be made by the Office of the Housing Expediter.

The Administration continued to waive the 1-percent prepayment premium when mortgagors paid their loans in full prior to maturity without refinancing or incurring any other collateral indebtedness. This was in accordance with a Presidential recommendation of May 20, 1942, for counteracting inflation by encouraging debt prepayment. From May 26, 1942, through December 31, 1947, 325,907 prepayment premiums were waived for $13,674,423 under section 203 of title II, and 30,287 were waived for $1,375,435 under section 603 of title VI.

Dividends of $4,249,220 for 53,237 families financing their homes under the mutual mortgage insurance program of the Federal Housing Administration were declared during the year 1947. The first participation dividends were declared as of January 1, 1944, and during the 4 years following that date total dividends of $8,294,599 were declared on 127,910 insured loans. These dividends are paid on small-home mortgages insured through the Mutual Mortgage Insurance Fund under the provisions of section 203 of the National Housing Act. To be eligible for a participation dividend, a mortgage must be in a group account which has developed a credit balance exceeding all actual and estimated charges and must have matured or been prepaid in full.

New Publications

The principal new or revised FHA publications issued in 1947 are listed below:

Underwriting Manual.—Underwriting analysis under title II, section 203 of the National Housing Act; FHA form 2049, revised January 1, 1947. Government Printing Office, Washington 25, D. C., $2.00.

Mortgagees' Handbook.—A section 203 guide for FHA approved mortgagees; FHA form 2534, Sept. 1946. Government Printing Office, Washington 25, D. C., $3.25. Supplement April 1947 furnished to holders of handbook.

Minimum Property Requirements for Properties of One or Two Living Units in the District of Columbia, Northern California, Ohio, Puerto Rico, Rhode Island, South Carolina, southern California, Utah, Vermont, West Virginia, western Pennsylvania, and Wisconsin; also, revised editions for Alaska, Arizona, Florida, Hawaii, Illinois, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New York City area, North Carolina, Pennsylvania and Delaware, Virginia, and Washington. Obtainable without charge at respective FHA State and district offices.

Suggested Construction Details reproduced from the Minimum Property Requirements of the FHA; April 1947. Federal Housing Administration, Washington 25, D. C.

Requirements for Individual Water-Supply and Sewage Disposal Systems in Alabama, Florida, Georgia, Illinois, Indiana, Kansas, Michigan, Missouri, Oklahoma, Oregon, and Wyoming. Obtainable without charge at respective FHA State and district offices.

Neighborhood Standards.—Section on street improvements; Land Planning Bulletin No. 3, January 1947. Federal Housing Administration, Washington 25, D. C.

Neighborhoods Built for Rental Housing.—Examples of rental housing developments built and financed by private enterprise with mortgages insured by the Federal Housing Administration; Land Planning Bulletin No. 4, August 1947, FHA Form 2538. Government Printing Office, Washington 25, D. C., 15¢.

Planning Rental Housing Projects.—FHA form 2460. Government Printing Office, Washington 25, D. C., 15¢.

Significant Variations in Minimum Planning Requirements of FHA Insuring Offices.—Prepared for the convenience of house manufacturers operating under the provisions of the National Housing Act, section 609; August 1947. Federal Housing Administration, Washington, 25, D. C.

Uniform System of Accounts for Multifamily and Group Housing Projects Insured Under the National Housing Act.—Revised May 1947. Federal Housing Administration, Washington 25, D. C.

Amortization and Mortgage Insurance Premium Tables for Mortgages to Be Insured under Sections 203 and 603 of the National Housing Act; FHA form 2042–B, revised March 1, 1947. Federal Housing Administration, Washington 25, D. C.

Insured Mortgage Principal Reduction Tables for Loans at 5%, 4½%, and 4% Interest; July 2, 1947. Federal Housing Administration, Washington 25, D. C.

Yield Tables for Mortgages Insured under Sections 203 and 603 of the National Housing Act; FHA form 2331, revised April 1947. Government Printing Office, Washington 25, D. C., 15¢.

Thirteenth Annual Report of the Federal Housing Administration—Year Ending Dec. 31, 1946. Government Printing Office, Washington 25, D. C., 30¢.

Regulations

Property Improvement Loans under Title I of the National Housing Act as Amended: Part I—Regulations Governing Classes 1 and 2 Loans; FH–20, revised July 1, 1947. Reprint Dec. 15, 1947. Federal Housing Administration, Washington 25, D. C.

New Home Loans under Title I of the National Housing Act as amended: Part II—Regulations; FH–20A, revised Aug. 19, 1947; revised Nov. 21, 1947. Federal Housing Administration, Washington 25, D. C.

Administrative Rules and Regulations for Rental Housing Insurance under Section 608 of the National Housing Act as amended: FHA 2027, revised Dec. 19, 1947. Federal Housing Administration, Washington 25, D. C.

Administrative Rules of the Federal Housing Commissioner for War Housing Insurance under Section 603 of the National Housing Act pursuant to the provisions of Section 610; Aug. 19, 1947. Federal Housing Administration, Washington 25, D. C.

Administrative Rules of the Federal Housing Commissioner for War Housing Insurance under Section 608 of the National Housing Act pursuant to the provisions of Section 610; Aug. 19, 1947. Federal Housing Administration, Washngton 25, D. C.

Administrative Rules and Regulations under Section 609 of the National Housing Act; July 25, 1947. Federal Housing Administration, Washington 25, D. C.

Part II

INSURING OPERATIONS UNDER TITLES I, II, AND VI

During 1947 a record volume of $1,788,264,284 in loan insurance was written by the Federal Housing Administration. The following discussion relates to the distribution of this aggregate among the various insurance programs authorized by titles I, II, and VI of the National Housing Act and to the characteristics of the individual cases insured under each program.

Home Mortgage Insurance Under Section 203 of Title II

Mortgages secured by one- to four-family homes were insured by the Federal Housing Administration in 1947 under the provisions of section 203 of title II and section 603 of title VI. In addition, a small number of mortgages on one- to seven-family homes were insured under section 603 pursuant to section 610, which was enacted August 5, 1947, and provides for the insurance of mortgages in connection with the sale by the Government of publicly financed war housing constructed or acquired under the Lanham Act and related laws. A detailed discussion of FHA activity during 1947 under section 603 begins on page 45 of this report, while operations under section 610 are described on pages 75 and 76.

Section 203 insurance written during the year covered a total of 76,813 mortgages amounting to $445,667,150 and involving 81,246 dwelling units. Of these, 10,643 units, or about 13 percent of the total, were in newly constructed dwellings. For all insurance under section 203 during 1947 the average mortgage amount was $5,802 per structure and $5,485 per dwelling unit. The insurance written during the year brought the cumulative total of mortgages insured under this section of the National Housing Act to 1,271,785 with a total mortgage amount of $5,747,711,735 secured by one- to four-family homes containing 1,333,401 dwelling units.

Status of Operations

The status of FHA insuring operations under section 203 as of December 31, 1947, is shown in table 4. Of 2,072,012 applications for mortgage insurance received under this section of the act, 2,064,495 had been processed by the field offices, which had issued firm or conditional commitments providing for the insurance of 1,712,033 mortgages. A total of 62,809 of these commitments were outstanding at the year end.

TABLE 4.—*Status of FHA mortgage insurance operations: Disposition of 1- to 4-family home mortgage insurance applications under section 203 of title II, cumulative 1935–47*

Status of insuring operations:	*Number*
Total mortgages insured ($5,747,711,735)	1, 271, 785
Firm commitments outstanding	28, 304
Net firm commitments issued	1, 300, 089
Firm commitments expired [1]	127, 810
Gross firm commitments issued	1, 427, 899
Conditional commitments outstanding	34, 505
Conditional commitments expired [1]	249, 629
Total commitments issued	1, 712, 033
Rejections and withdrawals [1]	352, 462
Total applications processed	2, 064, 495
Applications in process of examination	7, 517
Total applications for insurance	2, 072, 012

[1] Excludes cases reopened.

As shown in table 1 on page 9, of the 1,271,785 mortgages for $5,747,711,735 insured under section 203 between January 1, 1935, and December 31, 1947, 633,743 with face amounts totaling $2,770,389,066 had been terminated by the year end. Amortization of the 638,042 mortgages covered by insurance contracts still in force had reduced the net amount of insurance outstanding to an estimated balance of $2,437,690,163—about $48,000,000 less than at the end of

1946 and nearly $1,000,000,000 below the peak of $3,392,166,636 outstanding under section 203 as of December 31, 1942.

State Distribution of Section 203 Home Mortgages

During 1947, six States—Washington with $45,509,650, California with $33,077,150, Michigan with $30,238,950, Texas with $28,935,050, Illinois with $22,565,850, and Missouri with $20,870,650—accounted for $181,197,300, or 41 percent, of the $445,667,150 in insurance written under this section. As shown in table 5 nine other States had mortgages insured during the year which totaled more than $10,000,000.

A somewhat different distribution is shown in the last column of the table. More than 56 percent of the cumulative amount of $5,747,711,735 in mortgages insured under section 203 through the end of 1947 were secured by properties located in seven States. These States were California (16.8 percent), Michigan, Illinois, Pennsylvania, New York, Ohio, and New Jersey. These same States contained, in 1940, 49 percent of the nonfarm population of the United States. Seven other States—Florida, Indiana, Missouri, Oklahoma, Texas, Virginia, and Washington—had section 203 insured mortgages totaling more than $100,000,000 through the same date.

TABLE 5.—*State distribution of small-home mortgages: Number and face amount of 1- to 4-family home mortgages insured by FHA under section 203, during 1947 and cumulative, 1935–1947*

State location of property	1947		1935–47	
	Number	Amount	Number	Amount
Alabama	1, 484	$8, 913, 900	12, 420	$53, 277, 222
Arizona	848	4, 194, 850	8, 000	31, 278, 624
Arkansas	2, 678	13, 467, 600	9, 933	38, 589, 817
California	5, 274	33, 077, 150	215, 192	964, 258, 343
Colorado	865	5, 300, 900	13, 859	56, 441, 274
Connecticut	726	5, 445, 000	11, 651	61, 970, 013
Delaware	30	188, 650	1, 951	9, 357, 000
District of Columbia	56	604, 800	2, 791	17, 024, 000
Florida	1, 016	6, 207, 650	26, 180	105, 724, 506
Georgia	1, 123	5, 992, 450	17, 656	71, 051, 152
Idaho	762	4, 076, 900	6, 506	24, 047, 555
Illinois	3, 119	22, 565, 850	79, 360	432, 616, 982
Indiana	2, 242	12, 086, 650	48, 122	200, 488, 333
Iowa	932	5, 203, 300	12, 533	50, 752, 349
Kansas	1, 624	8, 809, 400	18, 455	71, 269, 517
Kentucky	1, 013	5, 819, 500	11, 537	54, 103, 906
Louisiana	2, 407	14, 701, 850	14, 402	65, 664, 871
Maine	304	1, 544, 100	4, 239	14, 693, 000
Maryland	878	6, 458, 900	18, 687	85, 011, 085
Massachusetts	55	318, 200	7, 809	38, 132, 284
Michigan	5, 266	30, 238, 950	95, 204	453, 833, 157
Minnesota	615	3, 814, 850	14, 936	63, 375, 858
Mississippi	644	3, 104, 750	7, 901	26, 711, 339
Missouri	3, 604	20, 870, 650	36, 330	163, 665, 203
Montana	554	2, 875, 250	5, 071	19, 947, 591
Nebraska	860	4, 457, 550	10, 284	40, 704, 907
Nevada	252	1, 683, 700	1, 975	10, 062, 155
New Hampshire	199	1, 099, 550	2, 642	10, 647, 236
New Jersey	2, 820	15, 968, 300	68, 208	329, 984, 342
New Mexico	194	1, 075, 000	3, 848	15, 004, 875
New York	2, 217	14, 951, 450	68, 928	352, 919, 408
North Carolina	411	2, 376, 450	12, 441	54, 003, 523
North Dakota	45	200, 300	1, 165	3, 984, 595
Ohio	2, 177	14, 411, 150	67, 783	333, 500, 561
Oklahoma	3, 585	18, 363, 050	24, 610	101, 236, 488
Oregon	1, 349	7, 559, 200	12, 628	49, 702, 850
Pennsylvania	2, 123	11. 272, 000	82, 831	359, 982, 322
Rhode Island	134	942, 100	3, 641	17, 074, 170

TABLE 5.—*State distribution of small-home mortgages: Number and face amount of 1- to 4-family home mortgages insured by FHA under section 203, during 1947 and cumulative, 1935–1947*—Continued

State location of property	1947		1935–47	
	Number	Amount	Number	Amount
South Carolina	741	$3,941,050	7,872	$31,956,132
South Dakota	353	1,553,300	4,064	13,035,030
Tennessee	1,142	6,707,850	20,545	82,711,088
Texas	5,388	28,935,050	59,377	243,183,914
Utah	913	5,429,900	10,706	44,779,675
Vermont	106	651,800	2,485	9,138,614
Virginia	2,455	15,450,950	22,762	109,701,961
Washington	8,199	45,509,650	46,274	193,542,342
West Virginia	1,253	6,632,900	12,313	56,771,619
Wisconsin	628	4,329,600	13,444	67,193,316
Wyoming	440	2,183,950	5,410	19,254,351
Alaska	51	376,300	493	2,448,300
Hawaii	90	700,700	2,062	9,117,240
Puerto Rico	560	3,923,300	2,191	12,755,050
Total	76,813	445,667,150	1,271,785	5,747,711,735

Types of Institutions Originating, Transferring, or Holding Section 203 Insured Mortgages

More than 9,100 financial institutions have originated mortgages insured by the Federal Housing Administration under section 203 of the National Housing Act in the 13-year period between January 1, 1935, and December 31, 1947. The distribution of these institutions by type and the total dollar amount of mortgages originated by each type are shown in table 6. As reported in previous years, the most numerous institutions were State banks, of which there were 3,276, followed in order by 2,695 national banks and 1,944 savings and loan associations.

As the table indicates, the volume of mortgages originated by the several types of institution has not been in proportion to the number of institutions in the specific classes. National banks, comprising more than 29 percent of the institutions, have originated mortgages amounting to $1,483,000,000, or slightly less than 26 percent of the total. The second largest dollar volume, $1,244,000,000, which represents nearly 22 percent of the total, has been originated by mortgage companies, which constitute only about 5 percent of the total number of institutions. The third largest volume of originations under section 203 has been through State banks, which, as indicated above, are the most numerous class with more than 35 percent of the total number of institutions. These banks have originated about $1,230,000,000, or 21 percent of the total. The other types of institution, including savings and loan associations comprising 21 percent of the total number of lending agencies, have each originated less than $750,000,000 in mortgages.

TABLE 6.—*Type of institution originating mortgages: Face amount of insurance written by FHA, section 203, 1935–1947*

Type of institution	Number of institutions	Mortgages originated		
		Number	Amount	Percentage distribution [1]
National bank	2,695	330,529	$1,483,339,221	25.8
State bank	3,276	276,394	1,229,860,835	21.4
Mortgage company	428	271,025	1,243,567,590	21.7
Insurance company	488	147,889	725,744,323	12.6
Savings and loan association	1,944	136,023	585,797,118	10.2
Savings bank	234	46,221	224,780,682	3.9
All other [2]	90	57,704	254,621,966	4.4
Total	9,155	1,271,785	5,747,711,735	100.0

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

It may be noted that the average one- to four-family home mortgage insured from 1935 through 1947 under section 203 was $4,519. National and State banks and savings and loan associations originated mortgages averaging less than this amount, with savings and loan associations having the lowest average, $4,307 per mortgage. On the other hand, savings banks and mortgage and insurance companies all averaged higher than the average for all lenders mentioned above—insurance companies having the highest average, $4,907.

The relative amounts of originations and holdings of section 203 insured mortgages with the percentage distribution of each by type of institution as of December 31, 1947, are shown in chart II, together with the comparable picture of institutional activity under section 603 which is discussed in detail beginning on page 47 of this report.

Table 7 shows the distribution by type, and the relative activity of each type, of the financial institutions participating in secondary market transactions during 1947 which involved mortgages insured by FHA under section 203. Mortgages with original face amounts aggregating $169,257,287 were sold by 929 selling institutions to 1,049 purchasing approved mortgagees. As reported in earlier years, the largest volume—nearly half the 1947 total—was disposed of by 267 mortgage companies which, in many cases, serve as mortgage loan correspondents for various insurance companies. Very often, the mortgage company—or other selling institution—acts as servicing agent for purchasers of individual mortgages, handling the collection of the monthly payments and other essential mortgage servicing. Of the other groups of lending agencies selling section 203 insured mortgages during the year, only State banks, with 19.6 percent, accounted for more than 10 percent of the aggregate dollar amount of mortgages disposed of, though both national banks and insurance companies

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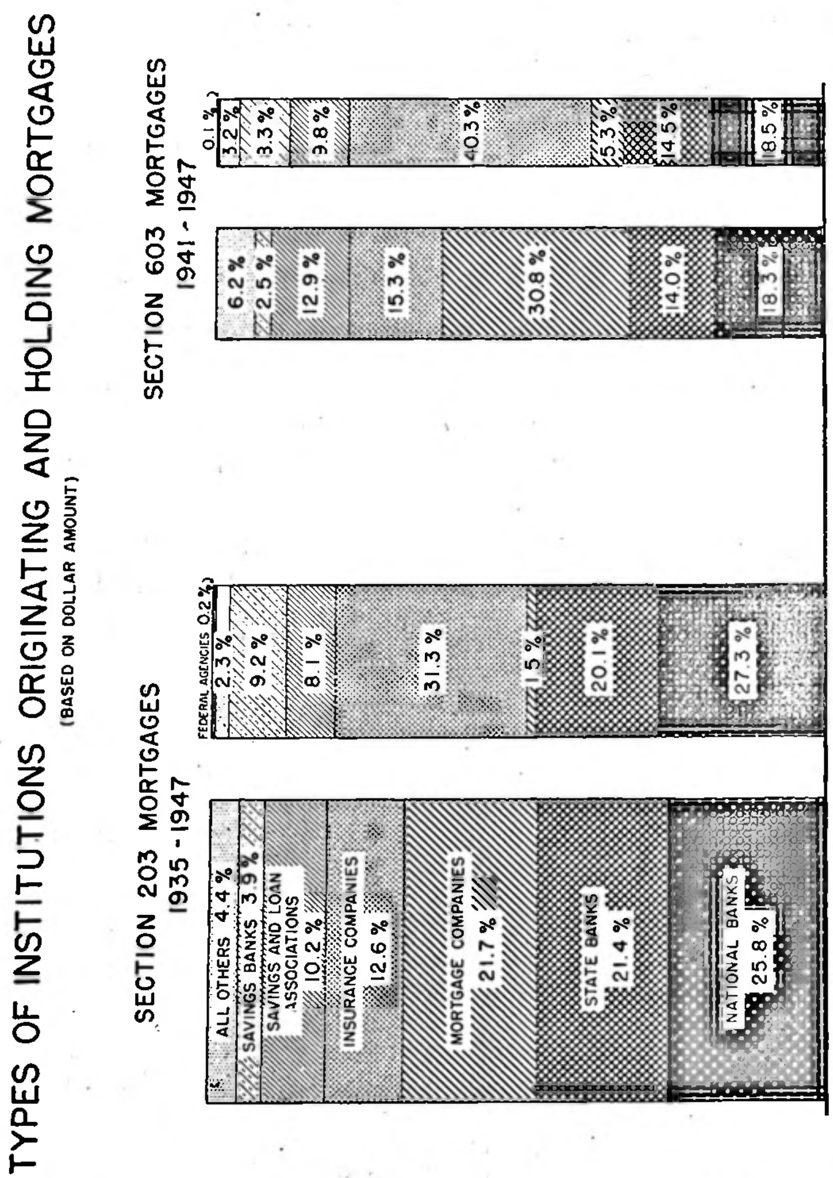

CHART II

were only slightly under that mark. Operations of Federal agencies as either buyers or sellers in the secondary market were of insignificant proportions in 1947.

TABLE 7.—*Type of institution purchasing and selling FHA-insured mortgages: Face amount of mortgages transferred (including resales), section 203, 1947*

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
National bank	322	165	5,046	$26,550,293	15.7	3,225	$16,570,300	9.8
State bank	397	236	8,481	45,538,725	26.9	6,151	33,152,614	19.6
Mortgage company	44	267	833	4,144,950	2.4	14,654	79,520,828	47.0
Insurance company	150	154	13,607	73,780,621	43.6	3,006	16,472,800	9.7
Savings and loan association	54	71	381	1,958,850	1.2	1,531	7,720,798	4.6
Savings bank	52	6	2,624	14,231,398	8.4	17	94,600	.1
Federal agency	3	3	25	127,650	.1	96	365,127	.2
All other [2]	18	27	672	2,924,800	1.7	2,989	15,342,220	9.0
Total	1,049	929	31,669	169,257,287	100.0	31,669	169,257,287	100.0

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

The most active purchasers of section 203 mortgages during 1947 were insurance companies and State banks. Both of these types of lenders purchased larger proportions of the available mortgages in 1947 than they did in the preceding year. As table 7 indicates, insurance company purchases involved 13,607 mortgages with original face amounts totaling nearly $74,000,000. This was almost $30,000,000 more than the $45,500,000 in mortgages purchased by State banks and nearly triple the volume of $26,500,000 purchased by national banks, which ranked third in the volume of these mortgages bought during the year.

As of December 31, 1947, there were 620,710 section 203 insured mortgages with original face amounts aggregating $2,871,000,000 held in the portfolios of 8,787 lending institutions. The distribution of these mortgages by type of holding institution is shown in table 8. About 31 percent of the total was accounted for by the holdings of 448 insurance companies—more than 191,000 mortgages amounting to nearly $900,000,000. The second largest volume was held by national banks, with a total of some $783,000,000, or 27 percent of the holdings of all institutions; State banks accounted for about 20 percent of the total, with holdings of $576,000,000.

The average mortgage on one- to four-family dwellings held in institutional portfolios at the year end amounted to $4,625—slightly higher than the $4,519 average for section 203 mortgages written as of that date.

TABLE 8.—*Type of institution holding FHA-insured mortgages: Face amount of mortgages held, section 203, as of Dec. 31, 1947*

Type of institution	Number of institutions	Mortgages held in portfolio as of December 31, 1947		
		Number	Amount	Percentage distribution [1]
National bank	2,771	172,097	$782,995,470	27.3
State bank	3,376	125,888	576,487,703	20.1
Mortgage company	317	8,050	43,073,335	1.5
Insurance company	448	191,349	898,790,006	31.3
Savings and loan association	1,513	51,530	232,470,818	8.1
Savings bank	244	53,926	263,264,742	9.2
Federal agency	4	1,893	7,284,021	.2
All other [2]	114	15,071	66,537,310	2.3
Total	8,787	620,710	[3] 2,870,903,405	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[3] Less than face amount in force by estimated amount of mortgages in process of audit and in transit from field offices as of December 31, 1947.

Terminations, Foreclosures, and Delinquencies

Contracts of mortgage insurance written under section 203 may be terminated through prepayment of the total amount outstanding, prepayment by supersession of the original mortgage with a new insured mortgage, maturity of the mortgage, or foreclosure of the mortgage by the mortgagee, in which case title to the property may be held by the mortgagee or may, at his discretion, be transferred to the FHA in exchange for debentures and certificates of claim as provided in the National Housing Act.

In the twelve months ending December 31, 1947, insurance contracts were terminated for 107,466 mortgages insured under section 203—about 16,000 less than the number terminated in 1946. The year 1947 was the first since the beginning of FHA operations in which the number of terminated contracts under this section of the act declined from the level of the previous year. The 1947 total brought the cumulative number of terminations to 633,743. As indicated in table 9, this represents practically 50 percent of the number of mortgage insurance contracts written in the 13 years of operations under section 203.

Foreclosure proceedings completed in 1947 brought the cumulative number of titles acquired by mortgagees to 5,489. This represented an increase of 15 cases—lowest of any year except 1935—and brought the ratio of the cumulative number of titles acquired to the total number of mortgage insurance contracts written to 0.43 percent, the lowest since 1938 (table 9). There were 62 cases in which foreclosure proceedings were in process as of December 31, 1947, or three more than at the end of 1946. These cases represented, for the fourth consecutive year, only 0.01 percent of the insured mortgages in force.

TABLE 9.—*Trend of terminations of mortgage insurance contracts, titles acquired by mortgagees, and foreclosures in process: 1- to 4-family home mortgages insured by FHA under section 203, 1935–1947*

Year	Terminations [1]			Titles acquired by mortgagees [2]			Foreclosures in process as of end of year	
	Number for the year	Cumulative through end of year		Annual increase	Cumulative through end of year		Number	Percent of insured mortgages in force
		Number	Percent of total insured		Number	Percent of total insured		
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	6,622	3.22	218	250	.12	(3)	(3)
1938	8,871	15,393	4.93	696	946	.30	548	0.18
1939	12,865	28,258	6.07	1,149	2,095	.45	808	.18
1940	22,829	51,087	8.06	1,452	3,547	.56	1,046	.18
1941	30,033	81,120	9.74	1,122	4,669	.56	750	.10
1942	37,340	118,460	12.06	572	5,241	.53	530	.06
1943	75,609	194,069	18.75	133	5,374	.52	164	.03
1944	103,595	297,664	27.52	29	5,403	.50	99	.01
1945	104,879	402,543	35.68	30	5,433	.48	102	.01
1946	123,734	526,277	44.04	41	5,474	.46	59	.01
1947	107,466	[4] 633,743	49.83	15	5,489	.43	62	.01

[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 24 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[3] Not available.
[4] Upon termination of the original insurance contract, 76,460 new mortgages involving the same properties were insured by the FHA.

State Distribution of Terminations and Titles Acquired

As mentioned above, practically 50 percent of the total number of section 203 mortgage insurance contracts written in the period since 1935 had been terminated prior to the end of 1947. Table 10 shows the State distributions of insurance written and insured mortgages in force at the year end and of all terminations and titles acquired by mortgagees, with the percentage relationships of these latter items to the total number of mortgages insured in each State.

In 13 States and the Territory of Hawaii, more than 55 percent of all section 203 insured mortgages were terminated prior to December 31, 1947. Hawaii had the highest proportion of terminations with 74 percent, followed by North Dakota with 70 percent and Minnesota with 61 percent. Only in Puerto Rico with 25 percent, New York with 34 percent, and Connecticut with 38 percent, had less than 40 percent of the insurance contracts been terminated.

Of the 633,743 cases terminated at the year end, there were 5,489 in which title had been acquired by the mortgagees, including 24 which were subject to redemption or being held by the mortgagees prior to final disposition. These cases represent only 0.87 percent of the total number of terminations, or 0.43 percent of the number originally insured. There are only four States in which the ratio of titles acquired to mortgages insured exceeds 1 percent—Massachusetts, Kansas, Vermont, and Delaware.

TABLE 10.—*State distributions of terminations of mortgage insurance contracts and titles acquired by mortgagees: One- to four-family home mortgages insured by FHA under section 203, 1935–1947*

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 December 1947
Alabama	12,420	5,339	38	42.99	0.31	7,081
Arizona	8,009	3,911	24	48.83	.30	4,098
Arkansas	9,933	4,012	46	40.39	.46	5,921
California	215,192	127,732	417	59.36	.19	87,460
Colorado	13,859	7,051	39	55.21	.28	6,208
Connecticut	11,651	4,467	40	38.34	.34	7,184
Delaware	1,951	955	24	48.95	1.23	996
Dist. of Col	2,791	1,368	2	49.01	.07	1,423
Florida	26,180	12,808	172	48.92	.66	13,372
Georgia	17,656	9,095	84	51.51	.48	8,561
Idaho	6,506	3,544	20	54.47	.31	2,962
Illinois	79,360	42,859	202	54.01	.25	36,501
Indiana	48,122	22,333	144	46.41	.30	25,789
Iowa	12,533	6,904	30	55.09	.24	5,629
Kansas	18,455	9,946	348	53.89	1.89	8,509
Kentucky	11,537	5,584	77	48.40	.67	5,953
Louisiana	14,402	6,073	47	42.17	.33	8,329
Maine	4,239	1,848	40	43.60	.94	2,391
Maryland	18,687	10,412	69	55.72	.37	8,275
Massachusetts	7,809	4,380	156	56.09	2.00	3,429
Michigan	95,204	43,192	523	45.37	.55	52,012
Minnesota	14,936	9,081	70	60.80	.53	5,855
Mississippi	7,901	4,363	61	55.22	.77	3,538
Missouri	36,339	16,895	197	46.49	.54	19,444
Montana	5,071	2,545	10	50.19	.20	2,526
Nebraska	10,284	5,719	45	55.61	.44	4,565
Nevada	1,975	1,066	----------	53.97	----------	909
New Hampshire	2,642	1,288	22	48.75	.83	1,354
New Jersey	68,268	29,284	543	42.90	.80	38,984
New Mexico	3,848	2,106	4	54.73	.10	1,742
New York	68,928	23,763	637	34.48	.92	45,165
North Carolina	12,441	6,777	53	54.47	.43	5,664
North Dakota	1,165	813	8	69.79	.69	352
Ohio	67,783	39,254	174	57.91	.26	28,529
Oklahoma	24,610	11,213	135	45.56	.55	13,307
Oregon	12,628	6,478	23	51.30	.18	6,150
Pennsylvania	82,831	36,694	235	44.30	.28	46,137
Rhode Island	3,641	1,711	26	46.99	.71	1,930
South Carolina	7,872	3,491	51	44.35	.65	4,381
South Dakota	4,064	2,263	21	55.68	.52	1,801
Tennessee	20,545	9,671	123	47.07	.60	10,874
Texas	59,377	28,136	168	47.39	.28	31,241
Utah	10,706	5,640	38	52.68	.35	5,066
Vermont	2,485	1,321	37	53.16	1.49	1,164
Virginia	22,702	9,765	83	42.90	.36	12,997
Washington	46,274	21,760	86	47.02	.19	24,514
West Virginia	12,313	4,947	18	40.18	.15	7,366
Wisconsin	13,444	7,788	52	57.93	.39	5,656
Wyoming	5,410	3,166	16	58.52	.30	2,244
Alaska	493	251	2	50.91	.41	242
Hawaii	2,062	1,532	----------	74.30	----------	530
Puerto Rico	2,191	549	----------	25.06	----------	1,642
Total	1,271,785	633,743	5,489	49.83	.43	638,042

[1] Include titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 24 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.

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

During 1947 the Federal Housing Administration insured more than 76,000 mortgages under the provisions of section 203 of the National Housing Act. Some 10,000 of these mortgages were secured by newly constructed one- to four-family homes which were completed under FHA inspection. The remainder of more than 66,000 mortgages involved existing structures.[1] In 1947, as in the preceding war and postwar years, the great bulk of new-home mortgages insured by FHA were insured under the provisions of section 603, and a description of these operations begins on page 45 of this report.

The typical new home securing a section 203 mortgage insured during 1947 was a single-family structure of 5.3 rooms. Including the value of the house, other physical improvements such as garages, and the value of the land, this property was valued by the FHA at $7,574. Of this, an average $893 was attributable to land cost, including rough grading, terracing, and necessary retaining walls. The typical new-home buyer financed his purchase through a loan of $6,201 which he contracted to repay over a 20-year period at the rate of $50.84 per month—this payment covering the principal, interest at a maximum rate of 4½ percent, FHA insurance premium, taxes and special assessments, and ground rent or miscellaneous items, if any. This monthly payment represented the commitment of 15.7 percent of the effective income of the average mortgagor, an income which typically amounted to $3,643.

The changes which have occurred in the years since 1940 in selected characteristics of the homes, mortgages, and mortgagors involved in section 203 mortgage insurance are shown in table 11. The 1947 data indicate marked increases over both prewar and 1946 levels in the average or median amounts for several of these characteristics, including mortgage principal, which was up nearly $700 over the 1946 median; property valuation, $1,016 higher in 1947 than in 1946; land valuation, with an increase averaging $132; and mortgagor's effective income, which was $330 higher in 1947 than in the preceding year. These 1947 homes, of higher value and with higher mortgage amounts, were typically smaller, 5.3 rooms compared with 5.5 rooms in 1946, and slightly fewer homes had garages.

The 1947 median property valuation was 15.5 percent higher than in 1946. An increase of 12.7 percent in the median mortgage principal and a decline in average mortgage term to 20.2 years are reflected in increased total monthly payment—up $4.66 or 10.1 percent in 1947 over 1946. These increases in mortgage and value, while the median mortgagor's annual income increased only 10.0 percent, resulted in higher ratios of payment and property valuation to income. It may be noted, however, that for new homes the ratio of payment to income is still substantially below prewar experience, and the ratio of value to income in 1947 is identical with the 1940 ratio.

[1] The characteristics of the mortgages, homes, and mortgagors insured under section 203 are analyzed on the basis of a sample of 9,100 mortgages secured by new homes and 40,200 existing-home mortgages which were insured during the first 10 months of 1947.

TABLE 11.—*Yearly trend af characteristics of mortgages, homes, and mortgagors: Based on FHA-insured mortgages secured by new and existing single-family homes, section 203, 1940–1947*

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	
1940	[2] $4,410	[2] $3,902	[4] 23.0	[4] 17.5	84.8	75.3	99.0	92.7
1942	4,692	4,076	23.5	18.1	86.7	77.9	99.4	93.2
1944	(5)	4,317	(5)	18.0	(5)	78.9	(5)	95.9
1945	(5)	4,369	(5)	18.3	(5)	79.1	(5)	94.3
1946	5,504	4,697	21.0	18.9	84.1	78.6	98.7	93.6
1947	6,201	5,363	20.2	19.1	81.2	77.3	97.5	94.1
	Property valuation [1 6]		Land valuation [2 7]		Number of rooms [1 8]		Percent with garages	
1940	$5,028	$4,600	$662	$948	5.6	6.3	75.6	87.2
1942	5,368	5,272	635	935	5.5	6.3	70.3	85.5
1944	(5)	5,484	(5)	924	(5)	[4] 6.3	(5)	84.2
1945	(5)	5,511	(5)	857	(5)	6.3	(5)	82.3
1946	6,558	5,934	761	833	5.5	5.9	58.1	83.4
1947	7,574	6,769	893	915	5.3	5.7	56.1	73.1
	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]	
1940	$2,416	$2,490	[4] $35.15	[4] $34.56	17.2	15.1	1.97	1.70
1942	2,416	2,751	37.46	37.80	16.8	15.1	1.98	1.72
1944	(5)	3,120	(5)	[4] 40.50	(5)	14.5	(5)	1.64
1945	(5)	3,118	(5)	39.21	(5)	14.4	(5)	1.66
1946	3,313	3,101	46.18	40.83	15.3	14.3	1.81	1.71
1947	3,643	3,614	50.84	45.25	15.7	14.5	1.97	1.83

1 Data shown are medians.
2 Data shown are averages (arithmetic means).
3 Based on arithmetic means.
4 Estimated.
5 Data not available.
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 of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.

The typical FHA property valuation for existing homes securing mortgages insured under section 203 during 1947 was $6,769—$835 over the corresponding 1946 figure but about $800 less than the 1947 new-home median value. While land valuations and room counts for existing properties were slightly higher in 1947 than those noted above for newly constructed dwellings, it may be observed that differentials between new and existing properties are much smaller than were typical prior to the war. Some 73 percent of the existing homes in 1947 included garage facilities—a considerably higher proportion than for new homes but 10 percent less than the 1946 existing-home ratio. The typical financing contract provided for a loan of $5,363 to be repaid with monthly payments of $45.25 a month over a period of 19 years. As with new homes, this total monthly payment was nearly five dollars higher for mortgages insured in 1947 than for those covered by insurance contracts written

in the preceding year. The average term of the 1947 existing-home mortgages was slightly longer than that of the 1946 transactions—a continuation of a trend observed each year since 1944 in connection with existing-home mortgages.

The annual income of the typical existing-home buyer was $3,614 in 1947—approximating the median income of purchasers of new homes—compared with $3,101 in 1946. The 1947 ratio of property valuation to income reached 1.83—a marked increase over corresponding ratios for the war and early postwar periods.

Mortgage Principal

More than 97 percent of the new homes and some 94 percent of the existing dwellings covered by mortgages insured under section 203 during 1947 were single-family structures. Table 12 permits a comparison of the distributions of the mortgage amounts involved in new and existing single-family home purchases in 1947 with comparable data for earlier years since 1941.

TABLE 12.—*Amount of mortgage principal: Based on FHA-insured mortgages secured by new and existing single-family homes, section 203, 1941–1947*

Mortgage principal	New homes,[1] percentage distribution				Existing homes, percentage distribution					
	1947	1946	1942	1941	1947	1946	1945	1944	1942	1941
Less than $2,000	0.1	0.1	0.1	0.3	0.6	1.0	2.0	2.4	2.8	5.2
$2,000 to $2,499	.1	.2	.6	1.6	1.5	3.2	5.0	5.9	7.3	10.0
$2,500 to $2,999	.4	.9	3.1	6.4	2.5	4.4	7.0	8.4	10.7	12.4
$3,000 to $3,499	1.6	2.7	7.7	13.5	5.2	8.9	12.3	12.4	14.2	15.3
$3,500 to $3,999	2.6	4.4	11.5	15.1	6.4	10.3	12.2	11.8	12.7	11.1
$4,000 to $4,499	6.2	10.3	19.6	16.2	11.6	15.6	15.6	14.3	14.6	13.7
$4,500 to $4,999	8.4	12.3	19.2	15.2	11.8	13.3	12.0	10.2	9.8	7.7
$5,000 to $5,999	25.2	31.4	30.1	21.4	24.1	21.3	16.1	15.8	13.6	10.9
$6,000 to $6,999	20.4	25.0	5.0	5.8	17.0	11.0	8.3	9.0	6.7	6.1
$7,000 to $7,999	17.9	9.5	1.6	2.4	9.2	4.7	3.8	3.8	2.9	2.6
$8,000 to $8,999	11.9	2.4	.8	1.2	4.9	2.7	2.3	2.1	2.0	1.9
$9,000 to $9,999	2.3	.4	.2	.3	1.8	1.2	1.0	1.1	.8	.9
$10,000 to $11,999	1.8	.4	.3	.3	2.0	1.3	1.2	1.4	1.0	1.1
$12,000 to $16,000	1.1	(2)	.2	.3	1.4	1.1	1.2	1.4	.9	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage	$6,345	$5,548	$4,670	$4,483	$5,561	$4,929	$4,614	$4,586	$4,298	$4,129
Median mortgage	6,201	5,504	4,692	4,410	5,363	4,697	4,369	4,317	4,076	3,847

1 Data not available 1943–1945.
2 Less than 0.05 percent.

Only 45 percent of the 1947 new-home purchases involved mortgage loans of less than $6,000, a marked decline from the comparable ratio of 62 percent in 1946 and only half the proportion of 90 percent for the new-home loans insured in 1941. The median dollar amount of new-home mortgages insured in 1947 was $6,201—nearly $700 higher than the comparable figure for the preceding year and more than 40 percent over the 1941 median loan of $4,419.

Levels of mortgage amounts insured on existing homes under section 203 have also been rising in recent years at about the same rate indicated above for new homes. The median mortgage on existing homes increased from $3,847 in 1941 to $5,363 in 1947—an increase of nearly 40 percent in the seven-year period. The proportion of loans of less than $6,000 has also been declining over the past several years—from 86 percent in 1941 to 64 percent in 1947.

FHA Property Valuation of New and Existing Single-family Homes

More than half the new single-family dwellings covered by 1947 section 203 insured mortgages were valued by the FHA at between $6,000 and $8,999. The distributions of FHA valuation, including the value of the house, other physical improvements, and land, are shown in table 13 for selected years from 1940 through 1947. The table indicates a considerable increase in the proportion of homes valued at $8,000 or more—almost 44 percent in 1947 compared with 17 percent in 1946, when more than half of these structures were appraised at from $6,000 to $7,999. Only 18 percent of the 1947 new-home valuations were below $6,000—a level which included more than 70 percent of the new homes insured in 1940 or 1942. The 1947 median valuation of $7,574 is almost exactly 50 percent above the 1940 median of $5,028.

TABLE 13.—*Property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, section 203, 1940–1947*

FHA property valuation [1]	New homes,[2] percentage distribution				Existing homes, percentage distribution					
	1947	1946	1942	1940	1947	1946	1945	1944	1942	1940
Less than $2,000	(3)	-------	(3)	0.1	(3)	-------	0.3	0.7	0.4	1.1
$2,000 to $2,499	(3)	-------	0.1	.5	0.1	0.4	.8	1.1	1.2	3.1
$2,500 to $2,999	(3)	-------	.8	2.6	.5	1.2	2.5	3.0	3.7	6.7
$3,000 to $3,499	0.1	0.5	3.4	7.8	.9	2.6	4.6	5.5	6.8	9.8
$3,500 to $3,999	.4	1.8	6.1	10.8	2.1	4.7	8.0	8.3	9.8	12.0
$4,000 to $4,499	1.1	3.1	11.1	14.0	3.3	7.4	9.8	9.9	10.7	11.7
$4,500 to $4,999	2.3	6.9	15.7	12.8	4.9	9.4	11.8	10.8	11.4	10.8
$5,000 to $5,499	6.3	9.1	17.3	13.1	8.2	12.7	12.0	11.0	11.0	9.4
$5,500 to $5,999	8.0	11.1	16.4	10.5	9.8	11.9	10.5	9.7	9.8	7.9
$6,000 to $6,999	20.3	27.9	20.7	16.5	22.5	20.3	17.3	16.2	14.9	10.8
$7,000 to $7,999	17.8	22.4	4.4	5.7	17.4	12.1	8.8	9.8	8.3	6.1
$8,000 to $8,999	16.8	11.1	1.8	2.6	11.5	7.0	5.0	5.2	4.3	3.6
$9,000 to $9,999	12.7	3.4	.9	1.2	7.2	3.4	2.7	2.8	2.4	1.9
$10,000 to $11,999	10.1	2.0	.7	1.0	6.7	3.6	2.8	2.8	2.8	2.4
$12,000 to $14,999	2.9	.6	.4	.5	3.2	2.0	1.7	1.8	1.5	1.6
$15,000 or more	1.2	.1	.2	.3	1.7	1.3	1.4	1.4	1.0	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$7,817	$6,597	$5,385	$5,109	$7,100	$6,269	$5,835	$5,809	$5,568	$5,179
Median valuation	7,574	6,558	5,368	5,028	6,769	5,934	5,511	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.

Similar changes are apparent in the distributions of the valuations of existing properties, the proportion valued below $6,000 having declined from 50 percent in 1946 to 30 percent in 1947. More than half of the existing homes covered by section 203 mortgages insured in 1947 were valued at from $6,000 to $8,999, while nearly 20 percent were appraised at $9,000 or more. The median value of $6,769 in 1947 was more than $2,100 higher than the comparable figure for 1940.

Average Characteristics for Property Valuation Groups

The averages for selected characteristics of new and existing single-family homes of various values securing mortgages insured under section 203 during 1947 are shown in tables 14 and 15. As the average valuation increased from $3,589 in the less than $4,000 group to $17,437 for new properties valued at $15,000 or more, the median mortgage principal increased from $3,242 to $13,077 with the typical loan-value ratio ranging from a maximum of 85.1 percent in the $6,000 to $6,999 group to a minimum of slightly under 78 percent for properties valued at $12,000 or more, the median for all newly constructed homes being 81.5 percent. With unbroken increases throughout the value scale, average land value ranged from $383 in the lowest property valuation group to $2,504 for properties appraised at more than $15,000—averaging about 11 percent for all value intervals; estimated monthly taxes ranged from $3.36 to $15.05; and total monthly mortgage payment from $25.06 to $108.77. The estimated rental value varied from $31.28 per month for new homes valued at less than $4,000 to $125.63 for homes in the highest valuation bracket, while unit sizes increased from 4.2 rooms to more than six rooms from the lowest to the highest value groups. Slightly more than half of the new properties included garage facilities.

Comparable relationships among the several value intervals may be observed in the data based on mortgage transactions involving existing single-family homes, which are shown in table 15. In general, these transactions were typified by higher average land valuations, monthly taxes and assessments, and room count, and by higher percentages of units with garages. Reflecting statutory limits on mortgage amounts, average mortgage principal, total monthly payment, and the median loan-value ratio were lower for existing than for new properties within individual valuation intervals. For all value groups, the typical mortgage of $5,363 resulted in a median loan-value ratio of 78 percent for existing-home transactions, while the median new-home mortgage of $6.201 represented slightly more than 81 percent of the valuation.

TABLE 14.—*Average characteristics by property valuation: Based on FHA-insured mortgages secured by new single-family homes, section 203, 1947*

FHA property valuation [1]	Percentage distribution	Average: Property valuation	Average: Mortgage principal [2]	Average: Land valuation [3]	Average: Estimated monthly taxes [4]	Average: Total monthly payment [5]	Average: Estimated monthly rental value [6]	Median loan-value ratio	Ratio of land to total value	Average number of rooms	Percentage of structures with garage
								Percent	*Percent*		
Less than $4,000	0.5	$3,580	$3,242	$383	$3.36	$25.06	$31.28	80.5	10.7	4.2	16.7
$4,000 to $4,999	3.4	4,511	3,687	480	3.82	30.13	37.78	79.9	10.6	4.2	24.3
$5,000 to $5,999	14.3	5,457	4,651	565	4.70	36.20	45.38	85.0	10.4	4.4	36.0
$6,000 to $6,999	20.3	6,387	5,460	681	5.86	42.97	52.37	85.1	10.1	4.6	50.6
$7,000 to $7,999	17.8	7,399	6,238	802	7.16	49.17	60.00	82.5	10.8	4.8	54.7
$8,000 to $8,999	16.8	8,391	7,187	976	8.31	56.05	67.56	84.3	11.6	5.1	68.4
$9,000 to $9,999	12.7	9,376	7,735	1,132	9.18	61.84	73.39	82.3	12.1	5.3	66.0
$10,000 to $11,999	10.1	10,544	8,475	1,266	10.17	68.02	79.87	79.3	12.0	5.5	66.5
$12,000 to $14,999	2.9	12,933	10,201	1,610	11.64	80.73	94.64	77.6	12.4	6.0	75.2
$15,000 or more	1.2	17,437	13,077	2,504	15.05	108.77	125.63	77.7	14.4	6.6	89.7
Total	100.0	7,817	6,201	893	7.30	51.89	62.25	81.5	11.4	4.9	56.1

[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 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.

TABLE 15.—*Average characteristics by property valuation: Based on FHA-insured mortgages secured by existing single-family homes, section 203, 1947*

FHA property valuation [1]	Percentage distribution	Average: Property valuation	Average: Mortgage principal [2]	Average: Land valuation [3]	Average: Estimated monthly taxes [4]	Average: Total monthly payment [5]	Average: Estimated monthly rental value [6]	Median loan-value ratio	Ratio of land to total value	Average number of rooms	Percentage of structures with garage
								Percent	*Percent*		
Less than $4,000	3.6	$3,286	$2,542	$444	$3.67	$24.60	$30.34	77.0	13.5	4.8	48.7
$4,000 to $4,999	8.2	4,416	3,480	556	4.55	30.82	38.79	77.8	12.6	4.9	58.4
$5,000 to $5,999	18.0	5,396	4,442	663	5.38	36.35	46.02	78.6	12.3	4.9	66.5
$6,000 to 6,999	22.5	6,343	5,214	749	6.40	42.30	52.87	78.7	11.8	5.0	70.3
$7,000 to $7,999	17.4	7,329	5,917	883	7.84	48.29	60.55	78.3	12.0	5.3	74.5
$8,000 to $8,999	11.5	8,316	6,577	1,027	8.66	54.26	67.62	78.0	12.3	5.5	81.5
$9,000 to $9,999	7.2	9,284	7,402	1,186	9.73	60.20	74.68	78.0	12.8	5.7	83.2
$10,000 to $11,999	6.7	10,569	8,396	1,444	10.75	67.50	82.65	77.6	13.7	6.0	86.6
$12,000 to $14,999	3.2	12,877	10,159	1,951	12.99	81.66	98.91	77.4	15.2	6.5	91.1
$15,000 or more	1.7	17,346	12,014	2,936	17.77	108.39	131.08	77.3	16.9	7.1	95.0
Total	100.0	7,190	5,363	915	7.35	47.54	59.04	78.2	12.7	5.3	73.1

[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 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.

Loan-Value Ratio for New and Existing Single-Family Homes

Nearly 4 of every 10 new-home mortgages insured under section 203 during 1947 represented from 86 to 90 percent of the value of the property as determined by FHA appraisers, while an additional 45 percent involved loan-value ratios of from 76 percent to 85 percent. This is shown in table 16, which presents the distributions of these ratios for all mortgages and for mortgages involving properties in each of the valuation intervals previously discussed.

Under the provisions of section 203 of the National Housing Act, mortgages in excess of 80 percent of value are possible only for selected properties valued at less than $10,750. More than half the buyers of new single-family dwellings involving property valuations of between $5,000 and $9,999 financed their purchases with mortgage loans in excess of 80 percent of the value. Of the new homes valued above $10,000, over half were financed with mortgages equaling 76 to 80 percent of value, while slightly under one-fourth (all below $10,750 in value) had loan-value ratios of more than 80 percent. While high-ratio mortgages predominate in all value classes, it is interesting that there are significant proportions in each value group with loan-value ratios below 70 percent.

TABLE 16.—*Percentage distribution of ratio of loan to value by property valuation: Based on FHA-insured mortgages secured by new single-family homes, section 203, 1947*

FHA property valuation [1]	Percentage distribution	Ratio of loan to value: Median loan-value ratio	50% or less	51% to 55%	56% to 60%	61% to 65%	66% to 70%	71% to 75%	76% to 80%	81% to 85%	86% to 90%	Total
		Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Less than $4,000	0.5	80.5	......	4.2	2.1	6.4	4.3	6.4	29.8	2.1	44.7	100.0
$4,000 to $4,999	3.4	79.0	1.3	.3	.3	2.9	2.3	6.1	47.1	4.9	34.8	100.0
$5,000 to $5,999	14.2	85.0	.6	.5	.5	.7	3.0	5.2	33.7	5.8	50.0	100.0
$6,000 to $6,999	20.3	85.1	.9	.4	.6	1.2	2.2	3.6	32.7	10.1	48.3	100.0
$7,000 to $7,999	17.8	82.5	1.3	.8	1.5	2.2	5.1	7.1	28.8	10.7	42.5	100.0
$8,000 to $8,999	16.8	84.3	1.8	.5	1.8	1.7	3.7	7.3	24.5	13.2	45.5	100.0
$9,000 to $9,999	12.7	82.3	.7	.9	1.0	2.1	4.2	9.8	24.9	25.1	31.3	100.0
$10,000 to $11,999	10.1	79.3	.9	.6	2.2	1.9	5.7	7.2	47.8	15.8	17.9	100.0
$12,000 to $14,999	3.0	77.6	1.5	.4	3.3	4.5	5.9	10.0	74.4	......	......	100.0
$15,000 or more	1.2	77.7	4.6	.9	2.8	6.5	2.8	7.4	75.0	......	......	100.0
Total	100.0	81.5	1.1	.6	1.3	1.8	3.8	6.6	33.5	12.0	39.3	100.0

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

Similar distributions for existing homes purchased with section 203 mortgage insurance are shown in table 17. With the exception of properties in the $6,000 to $6,999 value interval, more than half of the homes in each group were purchased with mortgage financing of from 76 to 80 percent. Since existing-home mortgages in excess of

80 percent may be insured under section 203 only if the property was originally constructed under FHA inspection, is owner-occupied, and is valued at less than $10,750, only about one in five of these mortgages amounted to more than 80 percent of the valuation of the property.

TABLE 17.—*Percentage distribution of ratio of loan to value by property valuation: Based on FHA-insured mortgages secured by existing single-family homes, section 203, 1947*

FHA property valuation [1]	Percentage distribution	Ratio of loan to value										
		Median loan-value ratio	50% or less	51% to 55%	56% to 60%	61% to 65%	66% to 70%	71% to 75%	76% to 80%	81% to 85%	86% to 90%	Total
		Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Less than $4,000	3.7	77.0	2.2	2.7	3.7	5.8	12.0	11.9	59.9	0.3	1.5	100.0
$4,000 to $4,999	8.2	77.8	1.6	1.3	1.0	3.6	8.3	11.6	61.0	1.9	7.9	100.0
$5,000 to $5,999	18.0	78.6	1.5	1.0	2.6	2.8	8.0	6.7	52.5	5.1	19.8	100.0
$6,000 to $6,999	22.5	78.7	1.7	1.0	2.0	3.0	7.9	7.9	48.3	6.0	22.2	100.0
$7,000 to $7,999	17.4	78.3	1.6	1.4	2.5	3.6	7.8	9.5	50.2	6.2	17.2	100.0
$8,000 to $8,999	11.5	78.0	2.7	1.1	3.1	3.9	9.4	9.1	52.1	4.8	13.8	100.0
$9,000 to $9,999	7.2	78.0	2.0	2.2	1.3	4.2	8.9	9.1	56.0	5.5	10.8	100.0
$10,000 to $11,999	6.7	77.6	2.9	1.6	3.4	3.8	9.8	7.8	63.7	3.0	4.0	100.0
$12,000 to $14,999	3.1	77.4	3.0	2.3	3.3	3.8	9.2	8.1	70.3	......	......	100.0
$15,000 or more	1.7	77.3	4.0	2.2	3.2	3.4	11.3	9.2	66.7	......	......	100.0
Total	100.0	78.2	2.0	1.3	2.5	3.5	8.5	8.6	54.0	4.7	14.9	100.0

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

Exterior Material, Method of Construction, and Property Valuation for Single-family Homes

The distributions of the preponderant exterior materials for new and existing single-family homes securing mortgages insured during 1947 are shown in table 18, along with the average property valuation and average room count for houses of each major material. Wood, which was reported in 48 percent of the new-home cases and 59 percent of the existing-home cases, was the most popular exterior material. With the exception of asbestos shingles—reported as the predominant material in eight percent of the cases—houses of wood exterior had the lowest average property valuation of any of the conventionally constructed homes—$7,261 for new homes and $6,673 for existing.

The second most popular material was brick or stone, which was reported for 27 percent of the new homes and nearly 19 percent of the existing-home cases. Nearly equally divided between frame and masonry construction, these homes were characterized by the highest average valuations—$9,211 for new homes, $8,706 for existing—and a typically larger room count than that of the other exterior materials.

TABLE 18.—*Percentage distribution of type of construction by preponderant exterior material: Based on FHA-insured mortgages secured by new and existing single-family homes, section 203, 1947*

Preponderant exterior material	Conventional methods						Special methods			All methods		
	Frame construction			Masonry construction			Shop fabricated panels [1]				Average	
	Percentage distribution	Average		Percentage distribution	Average		Percentage distribution	Average		Percentage distribution	FHA valuation [2]	Number of rooms
		FHA valuation [2]	Number of rooms		FHA valuation [2]	Number of rooms		FHA valuation [2]	Number of rooms			
NEW HOMES												
Wood	48.1	$7,261	4.7	......	......	......	......	......	......	48.1	$7,261	4.7
Stucco or cement block	6.3	7,724	5.0	7.0	$8,012	5.3	......	......	......	13.3	7,875	5.1
Brick or stone	13.0	9,380	5.4	14.0	9,049	5.2	......	......	......	27.0	9,211	5.3
Asbestos shingles	8.4	6,823	4.0	......	......	......	......	......	......	8.4	6,823	4.9
Other	.5	7,265	4.6	.2	7,984	5.3	......	......	......	.7	7,497	4.8
Shop fabricated panels [1]	......	......	......	......	......	......	2.5	$6,568	4.3	2.5	6,568	4.3
Total	76.3	7,613	4.8	21.2	8,696	5.2	2.5	6,568	4.3	100.0	7,817	4.9
EXISTING HOMES												
Wood	58.6	6,673	5.2	......	......	......	......	......	......	58.6	6,673	5.2
Stucco or cement block	9.5	7,990	5.5	3.2	7,515	5.4	......	......	......	12.7	7,871	5.5
Brick or stone	10.0	9,073	5.6	8.6	8,282	5.5	......	......	......	18.6	8,706	5.6
Asbestos shingles	8.5	6,536	5.0	......	......	......	......	......	......	8.5	6,536	5.0
Other	1.2	6,203	5.6	.1	7,388	5.2	......	......	......	1.3	6,282	5.6
Shop fabricated panels [1]	......	......	......	......	......	......	.3	6,394	4.6	.3	6,394	4.6
Total	87.8	7,070	5.3	11.9	8,071	5.4	.3	6,394	4.6	100.0	7,190	5.3

[1] Distribution by type of exterior material not available.
[2] FHA valuation includes valuation of the house, all other physical improvements, and land.

Stucco or cement block, accounting for about 13 percent of the cases, was the third most popular construction material for both new and existing structures. Shop-fabricated panels were reported for only 2.5 percent of the new homes in 1947.

Number of Family Units

About 97.5 percent of the new one- to four-family homes securing mortgages insured by the FHA under section 203 during 1947 were single-family dwellings. This is a decrease from the 98.7 reported in 1946 and from the 1942 high of 99.4 percent in the single-family category. Proportionately fewer single-family homes were included in the existing homes securing mortgages insured during the year. The 1947 ratio of 94.1 percent, shown in table 19, is slightly higher than the comparable figure for 1946.

As the table shows, 94.6 percent of the new dwelling units securing mortgages insured during the year were in single-family structures, while only 87.5 percent of the existing units were in single-family homes.

TABLE 19.—*Structures and dwelling units: Based on FHA-insured mortgages secured by new and existing 1- to 4-family homes, section 203, 1940–1947*

Units per structure	New homes,[1] percentage distribution				Existing homes, percentage distribution					
	1947	1946	1942	1940	1947	1946	1945	1944	1942	1940
STRUCTURES										
1-family	97.5	98.7	99.4	99.0	94.1	93.6	94.3	95.9	93.2	92.7
2-family	2.2	1.0	.5	.7	5.0	5.8	5.0	3.5	5.8	6.1
3-family	.1	.1	(2)	.1	.3	.3	.4	.3	.7	.7
4-family	.2	.2	.1	.2	.6	.3	.3	.3	.3	.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
DWELLING UNITS										
1-family	94.6	96.9	98.7	97.7	87.5	87.4	88.3	91.3	86.1	85.0
2-family	4.4	2.1	.9	1.5	9.2	10.9	9.4	6.7	10.8	11.3
3-family	.3	.2	.1	.2	.8	.7	1.1	.9	1.8	1.8
4-family	.7	.8	.3	.6	2.5	1.0	1.2	1.1	1.3	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average dwelling units	1.03	1.02	1.01	1.01	1.08	1.07	1.07	1.05	1.08	1.09

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

Mortgagor's Effective Annual Income

In connection with the insurance of small-home mortgages, FHA estimates the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term. The distributions of these annual incomes of new- and existing-home buyers are shown in table 20 for 1947 and selected earlier years. In 1947, the median income of the purchasers of new single-family homes with section 203 insured mortgages was $3,643—about 10 percent higher than the $3,313 reported in 1946. The median income of existing-home mortgagors increased even more, from $3,101 in 1946 to $3,614 in 1947.

Fifty-eight percent of the new-home mortgagors in 1947 had incomes between $3,000 and $4,999—a slightly higher proportion for these income levels than in 1946. Only about one out of four had incomes of less than $3,000, compared with one out of three in the preceding year; 1947 incomes of $5,000 or more accounted for 18 percent of the total—incomes in those intervals being reported considerably more frequently than in 1946 when they included only 12 percent of the mortgagors.

The upward shift in the distributions of mortgagor's income which has occurred in the years since 1940 is clearly shown by table 20. It may be noted that in 1947 median incomes for new- and existing-home buyers were exceeded by the incomes of only about one-sixth of the new-home purchasers and one-fourth of the existing-home purchasers in 1940.

TABLE 20.—*Mortgagor's effective annual income: Based on FHA-insured mortgages secured by new and existing, single-family homes, section 203, 1940–1947*

Mortgagor's effective annual income[1]	New homes,[2] percentage distribution				Existing homes, percentage distribution					
	1947	1946	1942	1940	1947	1946	1945	1944	1942	1940
Less than $1,000			(3)	0.2				(3)	(3)	0.2
$1,000 to $1,499	0.1	0.2	1.5	4.0	0.1	0.3	0.5	0.6	1.5	5.0
$1,500 to $1,999	1.2	2.7	17.6	23.4	1.7	4.2	5.5	5.1	14.0	20.5
$2,000 to $2,499	11.3	16.0	37.0	28.3	12.2	19.4	24.6	26.4	27.9	25.0
$2,500 to $2,999	11.2	15.8	14.7	15.4	12.9	14.8	15.2	13.7	13.0	13.9
$3,000 to $3,499	19.8	19.7	12.8	11.9	20.5	19.3	17.8	17.1	15.5	11.6
$3,500 to $3,999	18.9	17.6	7.0	6.2	17.1	14.5	13.1	12.8	9.2	6.9
$4,000 to $4,999	19.7	16.3	5.2	5.2	17.5	13.8	11.2	11.5	8.2	7.1
$5,000 to $6,999	12.1	8.4	2.8	3.1	11.7	8.7	6.9	7.4	6.2	5.8
$7,000 to $9,999	4.5	2.4	1.0	.9	4.5	3.5	3.5	3.7	2.8	2.5
$10,000 or more	1.2	.9	.4	.5	1.8	1.5	1.7	1.7	1.7	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$3,978	$3,619	$2,721	$2,665	$3,941	$3,640	$3,514	$3,539	$3,229	$3,012
Median income	3,643	3,313	2,416	2,416	3,614	3,101	3,118	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] Data not available for 1943–45.
[3] Less than 0.05 percent.

Average Characteristics for Mortgagor's Income Groups

The average FHA property valuation for new single-family owner-occupied homes securing mortgages insured under section 203 in 1947 was $7,827, ranging from $4,280 for mortgagors with annual incomes of less than $1,500 to $12,391 for homes purchased by mortgagors with incomes of $10,000 or more. This is shown in table 21, which presents averages for selected characteristics relating to the property, the mortgage, and the mortgagor for the various income groups of 1947 new-home mortgagors.

Of the characteristics shown, all except monthly taxes and assessments and the percentage relationship between the mortgage and the FHA valuation ran almost uniformly higher in 1947 than for corresponding income levels in 1946, reflecting in large part the construction of higher value homes during 1947 than was permitted under the priorities program in effect during 1946. Property valuations and mortgage amounts typical of the various income groups were also markedly higher than in prewar years, the ratio of valuation to income being from 0.22 to 0.44 higher in 1947 than in 1939 for income groups below $7,000, with increases of 0.08 in the $7,000 to $9,999 income bracket and of 0.04 for mortgagors with incomes exceeding $10,000.

The average monthly mortgage payment and average housing expense paralleled the average annual income. Ranging from $27.00 in the lowest income group to $82.04 in the highest, the monthly payment for the first year of the mortgage averaged $51.89, of which $7.41 was attributable to taxes and assessments. This payment

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covers, in addition to taxes and assessments, principal, interest, FHA insurance premium, and hazard insurance.

TABLE 21.—*Average characteristics by mortgagor's annual income: Based on FHA-insured mortgages secured by new single-family, owner-occupied homes, section 203, 1947*

Mortgagor's effective annual income [1]	Percentage distribution	Average							
		Mortgagor's annual income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Ratio FHA valuation to income	Mortgage as a percent of FHA valuation
Less than $1,500	0.1	$1,280	$4,280	$3,030	$27.00	$4.35	$41.60	3.34	70.8
$1,500 to $1,999	1.2	1,789	5,093	3,982	31.60	4.26	46.90	2.85	78.2
$2,000 to $2,499	11.3	2,311	5,894	4,749	37.53	5.07	55.42	2.55	80.6
$2,500 to $2,999	11.2	2,691	6,597	5,345	42.58	5.92	61.87	2.45	81.0
$3,000 to $3,499	19.8	3,126	7,181	5,850	47.33	6.66	67.22	2.30	81.5
$3,500 to $3,999	18.9	3,661	7,797	6,434	52.22	7.46	72.92	2.13	82.5
$4,000 to $4,999	19.7	4,460	8,555	7,039	57.55	8.26	78.74	1.92	82.3
$5,000 to $6,999	12.1	5,729	9,508	7,723	63.70	9.42	85.81	1.66	81.2
$7,000 to $9,999	4.5	7,964	10,540	8,475	70.77	10.59	93.49	1.32	80.4
$10,000 or more	1.2	14,672	12,391	9,707	82.04	12.31	112.13	.84	78.3
Total	100.0	3,972	7,827	6,381	51.89	7.41	72.36	1.97	81.5

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

The estimated monthly housing expense includes the monthly mortgage payment, cost of maintenance, regular operating expenses, and the monthly payment on a secondary loan in those cases where a World War II veteran is financing the purchase of a home with the aid of an additional loan guaranteed by the Veterans' Administration. These additional items of housing expense were estimated to average, for all cases, about 40 percent of the monthly mortgage payment items.

Comparable averages by mortgagor's effective income for purchasers of existing homes are shown in table 22. For mortgagors in income groups between $1,500 and $6,999, the average FHA valuation, mortgage principal, monthly mortgage payment, monthly housing expense, and ratio of the FHA valuation to income are all uniformly lower in the case of the purchasers of existing homes than for corresponding new-home buyers, reflecting in part the lower maximum loan-value ratio permitted for existing homes.

TABLE 22.—*Average characteristics by mortgagor's annual income: Based on FHA-insured mortgages secured by existing single-family, owner-occupied homes, section 203, 1947*

Mortgagor's effective annual income [1]	Percentage distribution	Average							
		Mortgagor's annual income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Ratio FHA valuation to income	Mortgage as a percent of FHA valuation
Less than $1,500	0.1	$1,289	$4,350	$3,121	$28.34	$3.72	$43.89	3.37	71.7
$1,500 to 1,999	1.7	1,780	4,628	3,372	29.50	4.10	44.95	2.60	72.9
$2,000 to $2,499	12.2	2,306	5,387	4,147	35.11	5.00	52.58	2.34	77.0
$2,500 to $2,999	12.9	2,695	6,073	4,688	39.72	6.19	58.40	2.25	77.2
$3,000 to $3,499	20.5	3,117	6,527	5,056	42.95	6.00	61.69	2.09	77.5
$3,500 to $3,999	17.1	3,660	7,006	5,437	46.27	7.15	65.22	1.91	77.6
$4,000 to $4,999	17.5	4,460	7,845	6,116	51.93	8.05	71.62	1.76	78.0
$5,000 to $6,999	11.7	5,720	8,947	6,905	59.66	9.28	81.05	1.56	78.2
$7,000 to $9,999	4.5	7,940	10,759	8,374	72.36	11.72	95.52	1.36	77.8
$10,000 or more	1.8	13,220	13,013	9,985	87.34	15.28	115.41	.98	76.7
Total	100.0	3,938	7,196	5,581	47.54	7.37	66.94	1.83	77.6

[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 mortage term.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[3] Includes monthly payment for the first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes total monthly mortgage payment for first year of mortgage; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; expense for other home where borrower is occupying another house or apartment as owner or tenant; and monthly payment on secondary loan if mortgagor is a veteran of World War II who is financing home-purchase with aid of an additional loan guaranteed by the Veterans' Administration.

Average Characteristics for Mortgagor's Age Groups

Percentage distributions by age groups of the mortgagors purchasing new and existing homes with mortgages insured by the FHA under section 203 during 1947 are shown in table 23, together with related averages for selected characterisitcs of the homes and the mortgage transactions. As in 1946, more than half the 1947 new-home buyers were less than 35 years of age, with 35 percent less than 30 years old—a marked increase from the 26 percent in this category in 1946. This increase in the proportion of mortgagors in the younger age groups reduced the median age for new-home buyers from 34.6 years in 1946 to 33.1 years in 1947.

No comparable shift occurred during 1947 in the age distribution of purchasers of existing dwellings, the proportion under 30 years increasing only from 22.4 percent in 1946 to 23.2 percent the following year. There was also a very slight increase in the concentration of these mortgagors in the modal group of 30 to 34 years, but the age of the typical buyer—36.1 years—was practically the same as in 1946.

Table 23 shows that, for mortgagors within specific age groups, the average property valuation, mortgage principal, and, in turn, monthly mortgage payment and prospective housing expense were all somewhat higher in connection with new-home transactions than for purchases of existing properties.

TABLE 23.—*Average characteristics by age of principal mortgagor: Based on FHA insured mortgages secured by new and existing single-family, owner-occupied homes, section 203, 1947*

Age of principal mortgagor	New homes: Percentage distribution	New homes: Mortgagor's effective income[1]	New homes: FHA valuation[2]	New homes: Mortgage principal	New homes: Total monthly mortgage payment[3]	New homes: Prospective monthly housing expense[4]	Existing homes: Percentage distribution	Existing homes: Mortgagor's effective income[1]	Existing homes: FHA valuation[2]	Existing homes: Mortgage principal	Existing homes: Total monthly mortgage payment[3]	Existing homes: Prospective monthly housing expense[4]
Less than 25 years	9.8	$3,212	$6,671	$5,536	$43.93	$65.09	6.0	$2,927	$5,800	$4,698	$38.56	$58.99
25 years to 29 years	25.5	3,501	7,274	5,999	47.99	69.06	17.2	3,339	6,515	5,181	42.97	62.80
30 years to 34 years	24.0	3,941	7,884	6,445	52.33	73.02	22.5	3,841	7,138	5,592	46.99	66.27
35 years to 39 years	17.7	4,242	8,290	6,746	55.08	75.36	20.4	4,127	7,481	5,795	49.24	68.51
40 years to 44 years	10.5	4,662	8,485	6,865	56.24	75.89	14.2	4,379	7,660	5,881	50.62	69.94
45 years to 49 years	6.1	4,517	8,413	6,787	55.92	74.70	9.4	4,420	7,658	5,832	50.88	69.83
50 years to 54 years	3.8	4,642	8,695	6,831	57.44	76.09	5.8	4,457	7,726	5,831	51.28	70.55
55 years to 59 years	1.8	4,811	8,791	6,767	58.21	77.59	2.9	4,249	7,406	5.531	50.13	69.44
60 years or more	.8	4,313	8,093	6,275	57.79	75.90	1.6	4,132	7,336	5,357	50.74	69.65
Total	100.0	3,972	7,827	6,381	51.89	72.36	100.0	3,938	7,196	5,581	47.54	66.94

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

For new-home mortgage transactions, the average mortgagor's effective income, FHA property valuation, mortgage principal, total mortgage payment, and prospective housing expense increased regularly from the lowest age group up to the group of 40 to 44 years. Similar variations were apparent in existing-home transactions.

There was little difference in various age groups between new- and existing-home cases in the ratios of average housing expense to average effective incomes of mortgagors. Purchasers of new homes committed themselves for just under 22 percent of their effective income—ranging from a high of 24.3 percent in the youngest age group to 19.4 percent for borrowers from 55 to 59 years of age. Corresponding existing-home ratios were only slightly lower in all age groups, varying between 24.2 percent for borrowers less than 25 years old to 19.0 percent for those from 45 to 54 years of age, with an average for all purchasers of existing homes of 20.4 percent.

RENTAL HOUSING MORTGAGE INSURANCE UNDER SECTION 207

During 1947, FHA received no applications for mortgage insurance on rental housing projects under section 207. The $32,000 of insurance written under this section during the year, as indicated in table

1 (page 9), covered an increase during construction in the amount of a mortgage, originally insured prior to construction, on a project completed during 1947.

Principal rental housing mortgage insurance operations in 1947 were carried on under the Veterans' Emergency Housing provisions of section 608. A discussion of section 608 operations during 1947 begins on page 60.

As indicated in table 24, mortgages amounting to $160,972,004 had been insured through the end of 1947 under section 207, inclusive of section 210 insurance written during 1938–39. Under this program, 359 projects providing 37,964 dwelling units have been constructed with the aid of FHA insurance.

TABLE 24.—*Status of FHA rental housing mortgage insurance operations: Disposition of number and face amount of mortgage insurance applications under sections 207 and 210, cumulative 1935–1947*

Status of operations	Sections 207 and 210 rental projects[1]: Number	Sections 207 and 210 rental projects[1]: Amount
Total mortgages insured[2]	379	$160,972,004
Commitments outstanding		
Net commitments issued	379	160,072,004
Commitments expired[3]	225	77,465,600
Gross commitments issued	604	238,437,604
Rejections[3]	809	638,378,484
Total applications processed	1,413	876,816,088
Applications in process		
Total applications received	1,413	876,816,088

[1] Section 210 under which practically all release clause projects were insured was enacted February 3, 1938, and repealed June 3, 1939.
[2] Includes 37,964 units in new and rehabilitation projects insured for $144,386,206.
[3] Excludes cases reopened.

Table 25 shows for each State the number and face amount of mortgages, and number of units of section 207 projects for total insurance written, insurance terminated, and insurance in force as of December 31, 1947. At that date, mortgage insurance had been terminated on 282 mortgages totaling $117,950,218, while the 97 insured mortgages in force totaled $43,021,786 in face amount. Details of types of termination for terminated insurance contracts are presented in table 26.

In 1947, terminations of section 207 mortgage insurance contracts continued to reflect the willingness of investors and lending institutions to finance these projects without the protection of mortgage insurance. The 32 mortgages for $16,841,239 on which insurance was terminated during the year all represented prepayments in full. As indicated in table 26, 237 mortgages amounting to $92,273,918 insured under section 207 had been prepaid in full by the end of 1947.

TABLE 25.—*State distribution of FHA rental projects: Dwelling units and face amount of insurance written, terminated, and in force, section 207, as of December 31, 1947*

Location of property	Insurance in force [1]			Terminated [2]			Total insurance written [3]		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Alabama	1	$80,000	36	6	$1,293,700	331	7	$1,373,700	367
Arizona	1	125,000	44	1	69,000	21	2	194,000	65
Arkansas				1	320,000	199	1	320,000	199
California	2	361,000	134	13	8,998,063	3,054	15	9,359,063	3,188
Colorado				4	939,500	219	4	939,500	219
Connecticut	2	900,000	226	3	410,000	102	5	1,310,000	328
Delaware	2	711,219	179	1	340,000	78	3	1,051,219	257
Dist. of Col.	2	2,410,000	663	8	5,010,000	1,402	10	7,420,000	2,065
Florida	1	30,000	12	5	1,087,500	312	6	1,117,500	324
Georgia	2	524,000	134	4	892,000	262	6	1,416,000	396
Idaho									
Illinois	2	2,920,000	682	8	4,050,400	911	10	6,970,400	1,593
Indiana	5	268,000	107	9	2,398,250	560	14	2,666,250	667
Iowa				1	550,000	136	1	550,000	136
Kansas	1	38,000	12	9	565,941	161	10	603,941	173
Kentucky	1	1,000,000	265	1	1,000,000	265	2	2,000,000	530
Louisiana	1	433,597	120	4	875,000	216	5	1,308,597	336
Maine									
Maryland	8	2,458,500	655	15	9,743,543	2,664	23	12,202,043	3,319
Massachusetts	1	190,000	187	1	193,000	46	2	383,000	233
Michigan				12	2,959,900	792	12	2,959,900	792
Minnesota				10	4,986,112	1,182	10	4,986,112	1,182
Mississippi				1	34,000	12	1	34,000	12
Missouri	2	273,000	75	16	5,315,300	1,205	18	5,588,300	1,280
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey	6	1,328,205	392	22	9,031,000	2,464	28	10,359,205	2,856
New Mexico									
New York	24	19,477,000	4,630	26	19,477,484	4,651	50	38,954,484	9,281
North Carolina	6	1,432,000	380	10	2,978,500	869	16	4,410,500	1,249
North Dakota									
Ohio				4	2,320,000	526	4	2,320,000	526
Oklahoma				8	461,750	132	8	461,750	132
Oregon				2	518,000	134	2	518,000	134
Pennsylvania	6	2,878,000	730	17	5,889,000	1,476	23	8,767,000	2,206
Rhode Island				1	114,000	36	1	114,000	36
South Carolina	3	700,000	210	1	300,000	80	4	1,000,000	290
South Dakota				1	117,500	46	1	117,500	46
Tennessee	4	1,647,000	418	3	137,850	30	7	1,784,850	448
Texas	5	1,135,575	284	19	3,442,825	900	24	4,578,400	1,184
Utah									
Vermont									
Virginia	7	1,302,690	382	30	19,076,000	5,495	37	20,378,690	5,877
Washington				2	1,119,400	315	2	1,119,400	315
West Virginia				1	650,000	174	1	650,000	174
Wisconsin	2	399,000	95	2	285,700	65	4	684,700	160
Wyoming									
Alaska									
Hawaii									
Total	97	43,021,786	11,052	282	117,950,218	31,523	379	160,972,004	42,575

[1] Includes 11 projects (232 units) for $745,400 insured under section 210.
[2] As reported by the Comptroller's Division. Includes 50 terminated release clause projects (1,254 units) originally insured under sections 207 and 210 for $4,570,766.
[3] Includes 37,964 units in new and rehabilitation projects insured for $144,386,206.

The types of financial institutions participating in the section 207 program are also presented in table 26. At the end of 1947, life insurance companies held the largest proportion of section 207 mortgages with over one-half of the face amount of mortgages with insurance in force. Next highest were the savings banks, whose holdings represented nearly one-fourth of the face amount of mortgages covered by insurance in force.

TABLE 26.—*Type of institution: Face amount of rental housing [1] insurance in force and of insurance written by FHA under sections 207 and 210, as of December 31, 1947*

Type of lending institution	Number of institutions	Volume of mortgages			
		Number	Amount	Units	Percent [2]
Insurance in force:					
National bank	5	5	$233,700	108	0.5
State bank	5	7	2,513,219	622	5.8
Mortgage company	1	1	431,000	128	1.0
Savings and loan association	1	1	64,000	26	.1
Life insurance company	16	57	23,084,867	6,109	53.7
Insurance company (other than life)	1	1	800,000	202	1.9
Finance company					
Savings bank	6	16	10,406,000	2,513	24.2
Federal agency	1	1	35,000	10	.1
All other	2	8	5,454,000	1,334	12.7
Total	38	97	43,021,786	11,052	100.0
Insurance terminated:					
Prepaid in full	67	237	92,273,918	24,845	78.2
Prepaid with supersession	21	12	7,939,000	2,018	6.7
Acquired by mortgagee	7	7	1,406,900	348	1.2
Acquired by FHA [3]	14	17	12,752,100	3,033	10.8
Mortgage assigned to FHA [4]	1	1	3,000,000	1,102	2.6
Other terminations	8	8	578,300	177	.5
Total		282	117,950,218	31,523	100.0
Insurance written: [5]					
National bank	18	37	4,591,400	1,330	2.8
State bank	16	25	6,901,869	1,867	4.3
Mortgage company	13	14	1,991,750	534	1.2
Savings and loan association	5	8	932,300	286	.6
Life insurance company	26	212	98,381,876	26,483	61.1
Insurance company (other than life)	1	1	800,000	202	.5
Finance company	1	1	200,000	51	.1
Savings bank	12	25	13,793,484	3,349	8.6
Federal agency	3	25	18,949,500	4,955	11.8
All other	4	31	14,429,825	3,518	9.0
Total [6]	99	379	160,972,004	42,575	100.0

[1] Includes release clause projects.
[2] Based on amount of mortgages.
[3] Includes 1 project acquired and sold by FHA, 9 projects acquired and sold with mortgage held by FHA, and 7 projects acquired and sold by FHA with reinsurance.
[4] Sold with reinsurance.
[5] Type of institution holding mortgages at date of termination or, for mortgages outstanding, at December 31, 1947.
[6] Includes 37,964 units in new and rehabilitation projects insured for $144,386,206.

HOME MORTGAGE INSURANCE UNDER SECTION 603 OF TITLE VI

During the year 1947 the Federal Housing Administration insured, under the provisions of section 603 of title VI, 64,570 mortgages secured by one- to four-family homes, 89 percent of them new and 11 percent homes previously covered by mortgages insured under section 603. The total mortgage amount covering these cases insured was $449,027,650, and 68,860 dwelling units were represented. The year's activity brought the total for section 603 since the inception of the program in March 1941 to 415,311 mortgages amounting to $2,067,896,242 and covering 461,896 dwelling units. In addition, four mortgages for $21,100, involving eight dwelling units, were insured under section 603 pursuant to section 610 [1] during 1947.

[1] For a description of operations during 1947 pursuant to section 610, see page 75.

Status of Operations

The status of all insuring operations under section 603 as of December 31, 1947, exclusive of operations pursuant to section 610, is shown in table 27. There have been 716,140 applications for insurance under this section. FHA field offices had issued 648,613 commitments under section 603 as of the year end, amounting to over 90 percent of the total applications received. Commitments were outstanding at the time for insuring over 175,000 mortgages.

TABLE 27.—*Status of FHA mortgage insurance operations: Disposition of 1- to 4-family home mortgage insurance applications under section 603 of title VI, cumulative 1941–1947*

Status of insuring operations:	*Number*
Total mortgages insured ($2,067,896,242)	415, 311
Firm commitments outstanding	150, 755
Net firm commitments issued	566, 066
Firm commitments expired [1]	52, 423
Gross firm commitments issued	618, 489
Conditional commitments outstanding	25, 194
Conditional commitments expired [1]	4, 930
Total commitments issued	648, 613
Rejections and withdrawals [1]	56, 379
Total applications processed	704, 992
Applications in process of examination	11, 148
Total applications for insurance	716, 140

[1] Excludes cases reopened.

Table 1 on page 9 shows that by the end of 1947, of the 415,315 mortgages insured under section 603, including the four insured pursuant to section 610, 141,452, amounting to $646,493,225, had been terminated. For the remaining 273,863 mortgages still in force, amortization had reduced the original face amount of $1,421,424,117 by $93,485,663, leaving a balance of net insurance outstanding under section 603 of $1,327,938,454—only 64 percent of the $2,067,917,342 in total insurance written under the program.

State Distribution of Section 603 Small-home Mortgages

Mortgages to the amount of $449,027,650 were insured under section 603 during 1947. The greatest activity, slightly more than 46 percent of the total, took place in six States. Texas had $52,070,000 in insurance written, California $51,762,550, Florida $30,264,700, Oklahoma $26,626,750, Tennessee $26,296,100, and Michigan $20,794,550. Nine other States showed total mortgage insurance amounting to between $10,000,000 and $20,000,000 during the year. On the basis of the total insurance issued from the beginning of the section 603 program in March 1941 through 1947, as reported in table 28, the six leading States ranked in order of dollar volume are California, Texas, Michigan, Pennsylvania, Ohio, and Illinois.

TABLE 28.—*State distribution of small-home mortgages; Number and face amount of 1- to 4-family home mortgages insured by FHA under section 603, during 1947 and cumulative, 1941–1947*

State location of property	1947		1941–1947	
	Number	Amount	Number	Amount
Alabama	1, 138	$7, 851, 500	7, 456	$35, 366, 700
Arizona	1, 282	8, 075, 100	2, 313	12, 244, 500
Arkansas	1, 047	6, 446, 400	3, 760	17, 121, 200
California	6, 630	51, 762, 550	80, 973	385, 906, 600
Colorado	1, 119	7, 298, 550	3, 576	18, 703, 250
Connecticut	184	1, 115, 650	6, 730	32, 721, 450
Delaware	148	1, 196, 900	2, 350	12, 180, 050
District of Columbia	435	3, 534, 300	2, 374	16, 590, 500
Florida	4, 397	30, 264, 700	15, 843	78, 223, 140
Georgia	1, 196	7, 759, 200	9, 702	45, 999, 750
Idaho	119	799, 350	358	1, 976, 550
Illinois	888	6, 085, 900	16, 946	89, 472, 200
Indiana	1, 867	12, 578, 300	10, 483	53, 793, 150
Iowa	324	2, 231, 950	1, 799	8, 317, 600
Kansas	1, 530	10, 596, 150	7, 733	39, 180, 650
Kentucky	857	5, 804, 000	3, 261	16, 632, 350
Louisiana	2, 192	15, 669, 700	9, 256	52, 249, 274
Maine	115	750, 400	1, 036	5, 125, 800
Maryland	868	6, 406, 950	10, 115	51, 572, 350
Massachusetts	234	1, 786, 700	2, 155	10, 395, 385
Michigan	2, 839	20, 794, 550	28, 174	146, 419, 200
Minnesota	605	4, 649, 550	2, 486	13, 123, 350
Mississippi	1, 114	6, 864, 650	2, 601	12, 464, 300
Missouri	523	3, 932, 600	5, 321	24, 949, 050
Montana	64	451, 200	232	2, 144, 550
Nebraska	687	4, 777, 900	4, 471	20, 779, 830
Nevada	145	1, 112, 100	1, 586	7, 546, 350
New Hampshire	18	118, 800	117	587, 450
New Jersey	1, 736	12, 919, 250	10, 685	59, 529, 700
New Mexico	408	3, 512, 700	1, 514	7, 928, 850
New York	1, 272	10, 217, 950	9, 988	52, 103, 500
North Carolina	1, 473	10, 064, 350	4, 693	23, 453, 950
North Dakota	39	264, 350	55	355, 750
Ohio	2, 023	14, 703, 650	18, 227	95, 733, 800
Oklahoma	4, 172	26, 626, 750	11, 802	60, 384, 450
Oregon	555	4, 123, 350	4, 325	21, 155, 700
Pennsylvania	2, 257	16, 483, 250	18, 943	96, 588, 050
Rhode Island	244	1, 333, 200	1, 172	6, 007, 000
South Carolina	886	5, 350, 600	4, 440	19, 619, 300
South Dakota	99	668, 150	296	1, 766, 900
Tennessee	3, 885	26, 296, 100	9, 724	51, 043, 250
Texas	7, 838	52, 070, 000	35, 168	158, 243, 725
Utah	610	3, 659, 600	6, 276	30, 561, 650
Vermont	34	217, 150	223	961, 800
Virginia	2, 184	13, 479, 800	13, 635	67, 888, 988
Washington	1, 033	7, 620, 050	14, 962	71, 541, 350
West Virginia	98	533, 100	1, 085	4, 856, 800
Wisconsin	413	2, 709, 150	3, 349	17, 147, 350
Wyoming	133	906, 150	787	4, 044, 250
Alaska	-	-	-	-
Hawaii	72	567, 200	304	1, 807, 400
Puerto Rico	451	3, 386, 200	451	3, 386, 200
Total	64, 570	449, 027, 650	415, 311	2, 067, 896, 242

Types of Institutions Originating, Transferring, or Holding Section 603 Insured Mortgages

Nearly 2,400 institutions shared in the originating of mortgages insured by the Federal Housing Administration under section 603 from the beginning of the program through December 31, 1947. Savings and loan associations and State banks each accounted for about one-fourth of the total number of institutions participating, and national banks for a little more than one-fifth. Mortgage companies, though the number of companies made up less than 13 percent of the number of participating institutions, originated more than 30 percent of all mortgages insured under section 603. National banks were second with over 18 percent of the insurance written.

Insurance companies, State banks, and savings and loan associations originated, respectively, $316,000,000, $290,000,000, and $266,000,000, or from 13 to 15 percent of the total. Both mortgage companies and insurance companies showed during 1947 an increase in the proportion of the total volume of mortgage originations.

TABLE 29.—*Type of institution originating mortgages; Face amount of insurance written by FHA, section 603, 1941–1947*

Type of institution	Number of institutions	Mortgages originated		
		Number	Amount	Percentage distribution [1]
National bank	520	78,486	$379,070,438	18.3
State bank	590	57,831	290,421,129	14.0
Mortgage company	304	125,792	637,246,150	30.8
Insurance company	263	62,808	315,906,925	15.3
Savings and loan association	508	52,623	266,204,900	12.9
Savings bank	89	10,715	51,074,000	2.5
All other [2]	26	27,056	127,972,700	6.2
Total	2,390	415,311	2,067,896,242	100.0

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

Table 30 presents figures showing the cumulative holdings of the various types of mortgagees at the end of 1947. The difference in distribution of the amounts of mortgages originated and the amounts held indicates secondary market activities of considerable importance. Holders of insured mortgages may acquire them by origination or purchase and may dispose of them by sale to other approved mortgagees. While insurance companies accounted for only 15.3 percent of the total mortgages originated through 1947, they held in their portfolios at the end of the year over 40 percent of the total amount of these mortgages outstanding. In contrast, mortgage companies, which had originated nearly 31 percent of the total amount originated, held only 5 percent of the face amount of mortgages held as of December 31, 1947. Activity during 1947 of the secondary market which brought about this shift in institutional holdings is presented in table 31 on page 49. Insurance companies purchased 54 percent of the total amount purchased in 1947 and sold only 8 percent of the total amount sold. Mortgage companies, on the other hand, sold 37 percent of the total amount sold and purchased only 3 percent of the mortgages purchased. Federal agency holdings constituted only 0.1 percent of the total held in portfolio as of the year end. The average mortgage principal of mortgages originated since 1941 under

section 603 is $4,979, with little variation in average size of mortgage among the various types of institutions.

TABLE 30.—*Type of institution holding FHA-insured mortgages: Face amount of mortgages held, section 603, as of December 31, 1947*

Type of institution	Number of institutions	Mortgages held in portfolio as of Dec. 31, 1947		
		Number	Amount	Percentage distribution [1]
National bank	868	48,350	$235,934,665	18.5
State bank	1,064	36,421	184,174,234	14.5
Mortgage company	221	10,396	67,349,770	5.3
Insurance company	285	105,351	514,625,197	40.3
Savings and loan association	571	23,991	125,482,700	9.8
Savings bank	117	20,939	105,295,077	8.3
Federal agency	2	352	1,374,800	.1
All other [2]	43	7,822	41,221,150	3.2
Total	3,191	253,622	[3] 1,275,457,593	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[3] Less than face amount in force by estimated amount of mortgages in process of audit and in transit from field offices as of December 31, 1947.

TABLE 31.—*Type of institution purchasing and selling FHA-insured mortgages: Face amount of mortgages transferred (including resales), section 603, 1947*

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
National bank	115	86	1,465	$7,976,400	7.3	1,425	$8,064,979	7.4
State bank	163	115	3,166	18,527,850	17.0	5,337	27,603,236	25.4
Mortgage company	22	161	634	3,628,450	3.4	6,672	40,411,250	37.1
Insurance company	93	75	10,227	58,820,875	54.0	1,595	8,937,200	8.2
Savings and loan association	18	49	128	579,650	.5	2,307	12,624,450	11.6
Savings bank	31	6	2,882	16,207,250	14.9	69	700,810	.6
Federal agency	2	2	13	51,000	(2)	264	1,548,750	1.4
All other [3]	10	9	631	3,128,700	2.9	1,477	9,029,500	8.3
Total	454	503	19,146	108,920,175	100.0	19,146	108,920,175	100.0

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

Terminations and Foreclosures

Insurance contracts for insured mortgages may be terminated by prepayment in full, supersession of the original mortgage by a new insured mortgage, maturity, or mortgage foreclosure. Such terminations reached a total of 62,030 in 1947, bringing the cumulative number of terminations to 141,452 or 34 percent of the total number of cases insured as of the end of 1947. Superseding mortgages involving 30,642 properties have been insured by FHA upon termination of the original insurance contract. In 6,696 cases, or 1.61 percent of the total insured, titles were acquired by mortgagees upon completion of foreclosure proceedings, including 113 cases still subject to redemption of title by the mortgagor or title transfer to FHA. Foreclosures were in process as of the year end with respect to 85 other mortgages. No termination of mortgage insurance had, of course, been effected as of the year end for either the properties subject to redemption or those under foreclosure proceedings.

TABLE 32.—*Trend of terminations of mortgage insurance contracts, titles acquired by mortgagees, and foreclosures in process: 1- to 4-family home mortgages insured by FHA, section 603, 1941–1947*

Year	Terminations [1]			Titles acquired by mortgagees [2]			Foreclosures in process as of end of year	
	Number for the year	Cumulative through end of year: Number	Cumulative through end of year: Percent of total insured	Annual increase	Cumulative through end of year: Number	Cumulative through end of year: Percent of total insured	Number	Percent of insured mortgages in force
1941								
1942	812	812	1.12	1	1	(3)	160	0.22
1943	3,250	4,062	2.18	841	842	0.45	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	[4] 141,452	34.06	162	6,696	1.61	85	.03

[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 113 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[3] Less than 0.005 percent.
[4] Upon termination of the original insurance contract, 30,642 new mortgages involving the same properties were insured by the FHA.

State Distributions of Terminations and Titles Acquired.

Table 33 presents ratios of terminations and titles acquired to the total number of mortgages insured within each State. The termination ratio varies from 0.22 percent in Puerto Rico to 53.13 percent in Massachusetts. Fourteen States had termination ratios above 40 percent and nine States, Puerto Rico, and Hawaii reported termination ratios of less than 20 percent. The 6,696 titles acquired by mortgagees include 113 properties which have been foreclosed subject to redemption or are held by mortgagees awaiting final disposition. West Virginia and Connecticut show a ratio of about one in four cases insured resulting in foreclosure with title acquired by mortgagee. In 36 States and territories this ratio was less than 1 percent and the over-all ratio for the entire United States was 1.61 percent.

Of the number of insured mortgages in force as of December 31, 1947, more than one-third were secured by properties in California, Texas, and Michigan—18 percent in California alone.

TABLE 33.—*State distributions of terminations of mortgage insurance contracts and titles acquired by mortgagees: 1- to 4-family home mortgages insured by FHA under section 603, 1941–1947*

Location of property	Total mortgages insured	Terminations: Number		Terminations: As a percent of mortgages insured		Insured mortgages in force December 1947
		Total	Titles acquired [1]	Total	Titles acquired	
				Percent	*Percent*	
Alabama	7,456	2,017	265	27.05	3.55	5,439
Arizona	2,313	298		12.88		2,015
Arkansas	3,760	1,264		33.62		2,496
California	80,973	31,656	2	39.09	(2)	49,317
Colorado	3,576	890		24.89		2,686
Connecticut	6,730	3,137	1,592	46.61	23.66	3,593
Delaware	2,350	1,115		47.45		1,236
District of Columbia	2,374	592	1	24.94	.04	1,782
Florida	15,843	2,652	39	16.74	.25	13,191
Georgia	9,702	2,987	43	30.79	.44	6,715
Idaho	358	42		11.73		316
Illinois	16,946	6,751	5	39.84	.03	10,195
Indiana	10,483	3,303	10	31.51	.10	7,180
Iowa	1,799	788	146	43.80	8.12	1,011
Kansas	7,733	2,863	80	37.02	1.03	4,870
Kentucky	3,261	968	1	29.68	.03	2,293
Louisiana	9,256	3,681	297	39.77	3.21	5,575
Maine	1,036	449	3	43.34	.29	587
Maryland	10,115	4,647	894	45.94	8.84	5,468
Massachusetts	2,155	1,145	2	53.13	.09	1,010
Michigan	28,174	7,270	672	25.80	2.39	20,904
Minnesota	2,486	1,029	1	41.39	.04	1,457
Mississippi	2,601	519		19.95		2,082
Missouri	5,321	2,225	175	41.82	3.29	3,096
Montana	232	55		23.71		177
Nebraska	4,471	2,019	114	45.16	2.55	2,452
Nevada	1,586	389		24.53		1,197
New Hampshire	117	49		41.88		68
New Jersey	10,685	4,254	117	39.81	1.09	6,431
New Mexico	1,514	257		16.97		1,257
New York	9,988	3,218	311	32.22	3.11	6,770
North Carolina	4,693	1,271	1	27.08	.02	3,422
North Dakota	55	2		3.64		53
Ohio	18,227	7,276	69	39.92	.38	10,951
Oklahoma	11,802	3,310	202	28.05	1.71	8,492
Oregon	4,325	1,199	1	27.72	.02	3,126
Pennsylvania	18,943	7,737	15	40.84	.08	11,206
Rhode Island	1,172	435		37.12		737
South Carolina	4,440	769	11	17.32	.25	3,671
South Dakota	296	76		25.68		220
Tennessee	9,724	1,829	16	18.81	.16	7,895
Texas	35,168	10,109	68	28.74	.19	25,059
Utah	6,276	1,794	396	28.59	6.31	4,482
Vermont	223	77	9	34.53	4.04	146
Virginia	13,635	5,572	730	40.87	5.35	8,063
Washington	14,962	5,462	136	36.51	.91	9,500
West Virginia	1,085	506	272	46.64	25.07	579
Wisconsin	3,349	1,342		40.07		2,007
Wyoming	787	103		13.09		684
Alaska						
Hawaii	304	53		17.43		251
Puerto Rico	451	1		.22		450
Total	415,311	141,452	6,696	34.06	1.61	273,859

[1] Include titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 113 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[2] Less than 0.005 percent.

Characteristics of Mortgages and Homes, for Small-home Mortgages Insured Under the Section 603 Veterans' Emergency Housing Program

The Federal Housing Administration during the year 1947 insured nearly 65,000 mortgages under the provisions of section 603 of the National Housing Act. More than 57,000, or about 89 percent, of these mortgages were secured by newly constructed one- to four-family homes built under FHA inspection; the remainder of some 7,000 cases involved refinancing of mortgages previously insured under section 603. Small-home mortgages were also insured during 1947 under section 203, and a description of the mortgages, homes, and mortgagors involved in operations under section 203 was presented earlier in this report, starting on page 28.

Selected characteristics of new-home mortgages insured under section 603 and of the properties securing these mortgages are presented in table 34.[1] Data are given for each year from the beginning of title VI operations in 1941 through 1945, covering operations under the War Housing Program, and for 1946 and 1947 during which section 603 insuring operations were carried on as a part of the Veterans' Emergency Housing Program.

The typical new home covered by a section 603 mortgage insured during 1947 was a single-family dwelling containing 5.2 rooms. Including, in about one-half of the cases, a garage as well as other physical improvements together with the cost of land and house, this property had a necessary current cost of $8,020. On the average, land valuation accounted for $835 of this amount. The typical mortgage amounted to $6,914 (the ratio of average loan to average current cost being 84.5 percent) which the mortgagor was committed to repaying over a period of about 24 years. The monthly payment of $49.18 covers repayment of principal, interest at a maximum rate of 4 percent, FHA insurance premium, taxes and special assessments, ground rent, if any, and any miscellaneous items. The property had an average monthly rental value of $61.14—nearly $12 over the monthly mortgage payment.

The year-to-year changes in the characteristics of the mortgages and homes under the section 603 programs in the years since 1941 have been considerably influenced by the changes in war and postwar restrictions on construction and scarcities of building materials and by legislative amendments in 1942 and 1946 to the maximum mortgage amounts eligible for insurance under this section. It should be noted with respect to Veterans' Emergency Housing operations in 1946 and 1947 that, since the 1946 data on section 603 operations are based

[1] The characteristics of the mortgages and homes insured under section 603 are analyzed on the basis of a sample of 37,900 new-home mortgages which were insured during the first 10 months of 1947.

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 statistics for the two years.

Table 34.—*Yearly trend of characteristics of mortgages and homes: Based on FHA-insured mortgages secured by new single-family homes, section 603, 1941–1947* [1]

Year	Mortgage principal [2 3]	Duration in years [4 5]	Loan as a percent of cost [6]	1-family as a percent of 1- to 4-family	Total monthly payment [3 7]
1941	$3,633	20.0	88.7	97.2	$34.41
1942	4,110	24.4	89.4	93.1	33.22
1943	4,606	24.6	89.8	87.0	35.73
1944	4,955	24.7	89.7	95.8	37.42
1945	5,334	24.6	89.3	94.3	38.68
1946	6,733	24.2	84.3	94.1	48.19
1947	6,914	24.3	84.5	95.4	49.18
	Necessary current cost [3 8]	Land valuation [4 9]	Number of rooms [3 10]	Percent with garages	Monthly rental value [4 11]
1941	$4,058	$439	4.0	69.7	([12])
1942	4,689	517	4.9	52.5	$44.24
1943	5,168	503	[13] 5.0	[14] 11.6	46.73
1944	5,514	589	[13] 5.1	[14] 22.3	48.20
1945	5,914	623	5.4	[14] 24.6	50.02
1946	7,860	1,071	5.2	40.8	60.81
1947	8,020	835	5.2	49.9	61.14

[1] 1941–45 data are based on War Housing firm commitments; 1946 data, Veterans' Emergency Housing firm commitments; 1947 data, Veterans' Emergency Housing mortgages insured.
[2] The maximum mortgage for a single-family home was increased from $4,000 to $5,400, May 26, 1942. Under the amendment of May 22, 1946, the FHA Commissioner may increase this maximum to $8,100 when/where cost levels so require.
[3] Data shown are medians.
[4] Data shown are averages (arithmetic means).
[5] The maximum term was increased from 20 to 25 years May 26, 1942.
[6] Based on arithmetic means. The 1941–45 percentages are based on FHA value.
[7] Includes monthly payment for first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent if any.
[8] FHA estimate of necessary current cost of the property includes the cost of the house, all other physical improvements, and land. The 1941–45 data are based on FHA property valuation.
[9] The value of the land is estimated by the FHA as including rough grading, terracing, and retaining walls if any.
[10] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[11] The monthly rental value 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.
[12] Data not available.
[13] Estimated.
[14] Construction of garages was restricted under war housing priorities.

Because of the shorter construction time for homes built in Southern States, and hence a shorter time period between commitment date and insurance date, a higher proportion of the cases insured in 1947 are in Southern States than was true of commitments issued during 1946. This condition influenced the extent of change from 1946 to 1947 in national medians for many of the characteristics described in the following analysis, especially necessary current cost, mortgage principal, land valuation, and 1-family structures as a percent of total.

Increases occurred in 1947 in the typical mortgage principal, necessary current cost, and the proportion of properties which included garages—one out of two in 1947 compared with two out of five in the previous year. Minor increases were also recorded in the average monthly rental value and in the median monthly payment. The average land valuation declined from $1,071 in 1946 to $835 in 1947. The other characteristics for which data are shown in table 34, including the average mortgage term, the typical loan-value ratio, and the number of rooms, remained substantially unchanged from their 1946 levels.

Mortgage Principal

The distribution of the mortgage amounts involved in new single-family home mortgages insured under section 603 during 1947 is shown in table 35, together with comparable distributions for each year since 1941. Over 80 percent of the mortgages insured in 1947 involved mortgage amounts of $6,000 to $8,100, including 13.6 percent at $8,000 to $8,100. While the proportion of these mortgages amounting to $6,000 or more increased only slightly over the 1946 level, the 13.6 percent in the interval from $8,000 to $8,100 (the statutory maximum for mortgages insured under this section) is more than twice the comparable 1946 proportion. The median dollar amount of new-home mortgages insured in 1947 under this section was $6,914—$181 over 1946 and nearly double the 1941 median of $3,633 established in a year when the maximum mortgage insurable under section 603 was $4,000. The 1947 median mortgage for section 603 cases exceeded by $713 that for new-home mortgages insured under section 203.

TABLE 35.—*Amount of mortgage principal: Based on FHA-insured mortgages secured by new single-family homes, section 603, 1941–1947* [1]

Mortgage principal [2]	Percentage distribution						
	1947	1946	1945	1944	1943	1942	1941
Less than $2,000	----	----	----	(3)	----	----	0.3
$2,000 to $2,499	(3)	----	----	(3)	0.1	0.2	2.5
$2,500 to $2,999	(3)	----	0.4	1.1	1.1	1.7	13.2
$3,000 to $3,499	0.4	(3)	1.6	1.2	7.0	9.0	27.5
$3,500 to $3,999	.3	0.3	2.3	12.4	14.2	23.4	29.9
$4,000 to $4,499	1.2	1.1	11.8	15.5	20.7	36.3	26.6
$4,500 to $4,999	2.1	3.3	12.6	22.4	25.0	13.3	----
$5,000 to $5,499	6.6	8.7	71.3	47.4	31.9	16.1	----
$5,500 to $5,999	9.0	10.2	----	----	----	----	----
$6,000 to $6,999	33.0	36.2	----	----	----	----	----
$7,000 to $7,999	33.8	33.7	----	----	----	----	----
$8,000 to $8,100	13.6	6.5	----	----	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage principal	$6,783	$6,619	$5,053	$4,764	$4,522	$4,199	$3,491
Median mortgage principal	6,914	6,733	5,334	4,955	4,606	4,110	3,633

[1] 1941–45 data based on War Housing firm commitments; 1946 data, Veterans' Emergency Housing firm commitments; 1947 data, Veterans' Emergency Housing mortgages insured.
[2] The maximum mortgage for a single-family home was increased from $4,000 to $5,400, May 26, 1942. Under the amendment of May 26, 1946, the FHA Commissioner may increase this maximum to $8,100 when/where cost levels so require.
[3] Less than 0.05 percent.

Mortgage Payment

Over 80 percent of the 1947 buyers of new single-family homes who financed their purchases under section 603 contracted to repay their loans at monthly rates of from $40.00 to $59.99, including payment to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent, if any. Nearly 46 percent of the cases involved monthly payments in excess of $50.00, compared to about 42 percent in 1946 and less than 1 percent in the earlier years of operation under this section. The 1947 median payment of $49.18 was $1 higher than the comparable figure for the preceding year.

TABLE 36.—*Total monthly mortgage payment: Based on FHA-insured mortgages secured by new single-family homes, section 603, 1941–1947* [1]

Total monthly mortgage payment [2]	Percentage distribution [3]						
	1947	1946	1945	1944	1943	1942	1941
Less than $20.00	0.1	(4)	(4)	0.4	0.3	0.2	0.4
$20.00 to $24.99	.1	(4)	0.8	.9	2.6	3.7	3.8
$25.00 to $29.99	1.0	0.3	2.4	10.5	14.7	20.2	16.3
$30.00 to $34.99	2.6	2.6	8.9	20.1	28.3	40.3	33.5
$35.00 to $39.99	9.4	11.6	51.6	37.4	28.3	24.3	38.9
$40.00 to $44.99	17.2	20.4	34.5	25.5	19.2	9.7	7.0
$45.00 to $49.99	23.9	23.5	1.8	5.1	6.5	1.5	.1
$50.00 to $54.99	23.2	15.9	----	.1	.1	.1	(4)
$55.00 to $59.99	16.6	21.6	----	(4)	(4)	(4)	(4)
$60.00 to $69.99	5.6	3.5	----	----	----	----	----
$70.00 or more	.3	.6	----	----	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average payment	$48.62	$48.11	$38.27	$36.55	$35.27	$33.04	$33.39
Median payment	49.18	48.19	38.68	37.42	35.73	33.22	34.41

[1] 1941–45 data based on War Housing firm commitments; 1946 data, Veterans' Emergency Housing firm commitments; 1947 data, Veterans' Emergency Housing mortgages insured.
[2] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent, if any.
[3] An amendment effective May 26, 1942, increased the maximum permissible mortgage principal for a single-family home from $4,000 to $5,400 and the maximum term from 20 to 25 years. Under the amendment of May 22, 1946, the FHA Commissioner may increase this maximum to $8,100 when/where cost levels so require.
[4] Less than 0.05 percent.

Necessary Current Cost of New Single-Family Homes

The necessary current costs reported for single-family dwellings on cases insured during 1947 were slightly higher than the comparable current costs for cases covered by commitments issued in 1946. Nearly 53 percent of these homes in 1947 involved costs of from $7,000 to $8,999, and more than 25 percent cost over $9,000—compared with less than 19 percent above $9,000 in 1946. The 1947 median cost of $8,020 is 2 percent above the 1946 median of $7,860, though both are, of course, markedly higher than the median cost for the years prior to 1946. As table 37 indicates, practically all of the homes securing mortgages insured under this section in the period from 1941 through 1945, during wartime restrictions on construction, were valued at less than $7,000.

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TABLE 37.—*Necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, section 603, 1941–1947* [1]

Necessary current cost [2]	Percentage distribution						
	1947	1946	1945	1944	1943	1942	1941
Less than $2,000				(3)	(3)		(3)
$2,000 to $2,499							0.7
$2,500 to $2,999			(3)	0.5	0.6	0.5	4.3
$3,000 to $3,499			0.6	.8	1.6	2.4	16.9
$3,500 to $3,999	(3)		1.6	1.8	8.0	10.6	24.6
$4,000 to $4,499	0.2	0.2	2.1	12.9	13.6	25.2	33.8
$4,500 to $4,999	.8	.5	12.1	13.2	18.5	30.2	17.1
$5,000 to $5,499	1.3	2.4	10.3	20.2	23.1	13.1	1.7
$5,500 to $5,999	3.3	4.1	28.1	24.3	19.0	10.0	.7
$6,000 to $6,999	16.2	16.8	44.5	26.1	15.6	8.0	.2
$7,000 to $7,999	27.5	30.2	.5	.2	(3)	(3)	(3)
$8,000 to $8,999	25.3	27.3	.1	(3)	(3)	(3)	(3)
$9,000 to $9,999	16.9	11.0	.1	(3)		(3)	
$10,000 to $10,999	6.6	5.5					
$11,000 or more	1.9	1.1					
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average cost	$8,025	$7,852	$5,657	$5,311	$5,038	$4,608	$3,937
Median cost	8,020	7,860	5,914	5,514	5,168	4,689	4,058

[1] 1941–1945 data based on War Housing firm commitments; 1946 data, Veterans' Emergency Housing firm commitments; 1947 data, Veterans' Emergency Housing mortgages insured.
[2] The FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land. The 1941–1945 data are based on FHA property valuation.
[3] Less than 0.05 percent.

TABLE 38.—*Necessary current cost: Based on FHA-insured mortgages secured by new 1- and 2-family homes, section 603, 1947*

Necessary current cost [1]	Percentage distribution of structures		Necessary current cost [1]	Percentage cumulation of structures	
	1-family	2 family		1-family	2-family
Less than $4,000			Less than $4,000		
$4,000 to $4,499	0.2		Less than $4,500	0.2	
$4,500 to $4,999	.8		Less than $5,000	1.0	
$5,000 to $5,499	1.3		Less than $5,500	2.3	
$5,500 to $5,999	3.3		Less than $6,000	5.6	
$6,000 to $6,999	16.2		Less than $7,000	21.8	
$7,000 to $7,999	27.5	0.7	Less than $8,000	49.3	0.7
$8,000 to $8,999	25.3	1.1	Less than $9,000	74.6	1.8
$9,000 to $9,999	16.9	3.8	Less than $10,000	91.5	5.6
$10,000 to $10,999	6.6	9.4	Less than $11,000	98.1	15.0
$11,000 to $11,999	1.6	15.6	Less than $12,000	99.7	30.6
$12,000 to $12,999	.3	22.9	Less than $13,000	100.0	53.5
$13,000 to $13,999	(2)	19.8	Less than $14,000		73.3
$14,000 to $14,999	(2)	11.0	Less than $15,000		84.3
$15,000 to $15,999	(2)	5.5	Less than $16,000		89.8
$16,000 to $16,999		2.3	Less than $17,000		92.1
$17,000 to $17,999	(2)	6.2	Less than $18,000		98.3
$18,000 or more		1.7			
Total	100.0	100.0	All groups	100.0	100.0
Average cost	$8,025	$13,017	Median cost	$8,020	$12,854

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

A distribution of current costs for two-family dwellings securing mortgages insured during 1947 is shown in table 38. With about 70 percent of these properties costing between $11,000 and $14,999, the median current cost in 1947 was $12,854, about 7 percent higher than in 1946.

Average Characteristics for Necessary Current Cost Groups

The averages for selected characteristics of the new single-family home mortgages insured under section 603 during 1947, and of the properties securing these mortgages, are shown in table 39 for the various current cost intervals. As the average current cost increased from $4,704 in the $4,000 to $4,999 cost group to $11,519 for dwellings costing $11,000 or more, the median mortgage principal increased from $3,935 to $8,070. The median loan-cost ratio—86.7 percent for all mortgages—varied between a maximum of 87.8 percent and a minimum of 69.3 percent. With minor exceptions, the amounts of mortgage principal, land value, monthly payment, taxes, and rental value increased consistently from the lowest to the highest cost classes.

TABLE 39.—*Average characteristics by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, section 603, 1947*

Necessary current cost [1]	Percentage distribution	Average						Median loan-cost ratio	Ratio of land to total cost
		Necessary current cost [1]	Mortgage principal [2]	Land valuation [3]	Total monthly mortgage payment [4]	Estimated monthly taxes [5]	Estimated monthly rental value [6]		
								Percent	*Percent*
Less than $4,000	(7)								
$4,000 to $4,999	1.0	$4,704	$3,935	$370	$27.02	$3.02	$34.79	85.1	7.9
$5,000 to $5,999	4.0	5,562	5,074	526	35.55	4.66	46.07	87.8	9.5
$6,000 to $6,999	10.2	6,513	5,682	627	40.68	5.63	52.25	87.7	9.6
$7,000 to $7,999	27.5	7,455	6,548	730	46.33	6.37	58.73	87.8	9.9
$8,000 to $8,999	25.3	8,423	7,367	902	52.33	7.86	63.97	86.9	10.7
$9,000 to $9,999	16.9	9,374	7,925	1,001	55.10	8.79	68.76	83.2	10.7
$10,000 to $10,999	6.6	10,378	8,016	1,243	56.82	9.73	72.43	76.5	12.0
$11,000 or more	1.9	11,519	8,070	1,213	57.00	10.53	78.37	69.3	10.5
Total	100.0	8,025	6,914	835	48.02	7.20	61.14	86.7	10.4

[1] The 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 monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent if any.
[5] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[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.

Land value typically accounted for 10.4 percent of the cost of these properties, ranging from only 8 percent for homes in the $4,000 to $4,999 interval to 12 percent for homes costing $10,000 to $10,999. Estimated taxes and assessments, on an annual basis, averaged 1.08 percent of the current cost. The amounts ranged between $3.02 and $10.53 per month for various cost groups. The average monthly mortgage payment (including payment to principal, interest, FHA insurance premium, real-estate taxes, hazard insurance, etc.) increased from $27.02 for the lowest cost properties to $57.60 per month for those properties costing over $11,000—the average monthly payment for all single-family new-home mortgages insured during the year being $48.62. The estimated monthly rental of these dwellings varied between $34.79 and $78.37 per month, averaging $61.14.

The median size of new single-family homes insured under section 603 in 1947 was 5.2 rooms, exactly the same as in the preceding year. Table 40 shows the room count distribution of these structures within the several cost intervals. Comparison of this table with similar data for 1946 reveals a slightly smaller median number of rooms for the 1947 homes in each cost group except the $8,000 to $8,999, where the 1947 median of 5.4 rooms compares with 5.3 in the preceding year. Comparison also reveals that the proportions of three-, four-, and five-room homes securing mortgages insured in 1947 were slightly greater than those reported a year ago, while the proportion of homes containing six or more rooms had declined from 21.4 percent in 1946 to 17.8 percent in 1947.

TABLE 40.—*Rooms by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, section 603, 1947*

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	1.0	4.4	15.2	80.9	2.1	1.3	0.5	100.0
$5,000 to $5,999	4.6	4.5	7.6	83.4	8.6	.4		100.0
$6,000 to $6,999	16.2	4.7	.9	66.4	30.7	2.0		100.0
$7,000 to $7,999	27.5	5.1	.5	47.3	43.7	8.5		100.0
$8,000 to $8,999	25.3	5.4	.3	31.9	48.8	18.9	.1	100.0
$9,000 to $9,990	16.9	5.6	.5	24.7	38.6	36.0	.2	100.0
$10,000 to $10,999	6.6	5.9	.2	13.2	39.8	46.6	.2	100.0
$11,000 or more	1.9	6.1		11.3	32.5	54.8	1.4	100.0
Total	100.0	5.2	.9	41.8	39.5	17.7	.1	100.0
Median cost			$5,879	$7,418	$8,189	$9,223	$9,900	$8,020

[1] The FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[3] Less than 0.05 percent.

Loan-Cost Ratio for New Single-family Homes

More than 78 percent of the new-home mortgages insured under section 603 during 1947 represented more than 80 percent of the necessary current cost of the properties, with 57.5 percent in the category from 86 to 90 percent (table 41). Over three-fourths of the homes costing from $5,000 to $7,999 were financed with loans of 86 to 90 percent of the cost of the property. In view of the 90 percent maximum permitted, it is significant that substantial percentages of cases in all cost classes had ratios of loan to estimated cost of 80 percent or less.

TABLE 41.—*Percentage distribution of ratio of loan to cost by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, section 603, 1947*

Necessary current cost [1]	Percentage distribution	Ratio of loan to cost										
		Median loan-cost ratio	50% or less	51% to 55%	56% to 60%	61% to 65%	66% to 70%	71% to 75%	76% to 80%	81% to 85%	86% to 90%	Total
		Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Less than $4,000	0.1	81.5	3.2			3.2	3.2	16.2	22.6	16.1	35.5	100.0
$4,000 to $4,999	1.0	85.1				.2	31.0	12.7	1.8	5.2	49.1	100.0
$5,000 to $5,999	4.6	87.8	.1	.2	.2	.2	1.2	1.6	3.2	15.1	78.2	100.0
$6,000 to $6,999	16.2	87.7	.1	(1)	.1	.2	.4	2.1	5.1	15.8	76.2	100.0
$7,000 to $7,999	27.5	87.8	(1)	.1	.1	.2	.6	1.5	4.9	15.4	77.2	100.0
$8,000 to $8,999	25.3	86.9	.1	.1	.3	.3	.8	3.0	11.3	22.9	61.2	100.0
$9,000 to $9,999	16.8	83.2	.4	.3	.3	.6	1.8	7.2	20.3	43.8	25.3	100.0
$10,000 to $10,999	6.6	76.5	.4	.2	.8	2.2	5.6	35.4	51.2	4.2		100.0
$11,000 or more	1.9	69.3	1.7	1.5	3.9	12.4	45.7	34.8				100.0
Total	100.0	86.7	.2	.1	.3	.7	2.3	5.9	12.0	21.0	57.5	100.0

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

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

As shown in table 42, wood was the most popular exterior material for homes insured under section 603 in 1947, being reported in 46 percent of the cases. With the exception of asbestos shingles—reported in about 12 percent of the cases—properties with wood siding had the lowest average cost of construction. The second most popular exterior material, reported in 20 percent of the cases, was

TABLE 42.—*Percentage distribution of type of construction by preponderant exterior material: Based on FHA-insured mortgages secured by new single-family homes, section 603, 1947*

Preponderant exterior material	Conventional methods						Special methods			All methods		
	Frame construction			Masonry construction			Shop fabricated panels [1]					
	Percentage distribution	Average		Percentage distribution	Average		Percentage distribution	Average		Percentage distribution	Average	
		Necessary current cost [2]	Number of rooms		Necessary current cost [2]	Number of rooms		Necessary current cost [2]	Number of rooms		Necessary current cost [2]	Number of rooms
Wood	46.0	$7,648	4.6							46.0	$7,648	4.6
Stucco or cement block	11.3	8,742	5.0	8.9	$8,137	4.8				20.2	8,477	4.9
Brick or stone	9.5	8,845	5.0	6.7	8,994	5.1				16.2	8,907	5.0
Asbestos shingles	11.6	7,602	4.6							11.6	7,602	4.6
Other	.4	8,914	5.2	.2	8,011	4.6				.6	8,648	5.0
Shop fabricated panels [1]							5.4	$7,685	4.6	5.4	7,685	4.6
Total	78.8	7,950	4.7	15.8	8,503	4.9	5.4	7,685	4.6	100.0	8,026	4.7

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

stucco or cement block, which was divided nearly evenly between frame and masonry construction. Structures with brick or stone exterior walls, reported in 16 percent of the cases, had the highest average construction cost and the largest room count for any of the types of exterior materials. Shop-fabricated panels accounted for 5.4 percent of the section 603 insured cases and had a median cost of $7,685.

Number of Family Units

More than 95 percent of the mortgages insured under section 603 in 1947 were secured by single-family structures—a higher ratio than in either 1945 or 1946, as shown in table 43. These structures included more than 90 percent of the new dwelling units covered by section 603 mortgages insured during the year. Most of the remaining units were provided in two-family structures.

TABLE 43.—*Structures and dwelling units: Based on FHA-insured mortgages secured by new 1- to 4-family homes, section 603, 1941–1947* [1]

Units per structure	Structures, percentage distribution							Dwelling units, percentage distribution						
	1947	1946	1945	1944	1943	1942	1941	1947	1946	1945	1944	1943	1942	1941
1-family	95.4	94.1	94.3	95.8	87.9	93.1	97.2	90.1	87.9	88.6	89.8	74.5	83.7	92.5
2-family	3.8	5.2	5.2	2.9	9.0	4.7	1.6	7.3	9.7	9.8	5.5	15.2	8.5	3.0
3-family	.2	.1	.1	.3	.2	.1	.2	.5	.3	.2	.9	.6	.3	.5
4-family	.6	.6	.4	1.0	2.9	2.1	1.0	2.1	2.1	1.4	3.8	9.7	7.5	4.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number of dwelling units in each structure								1.06	1.07	1.05	1.11	1.18	1.07	1.06

[1] 1941–1945 data based on War Housing firm commitments; 1946 data, Veterans' Emergency Housing firm commitments; 1947 data, Veterans' Emergency Housing mortgages insured.

RENTAL HOUSING MORTGAGE INSURANCE UNDER SECTION 608 OF TITLE VI

Applications received by FHA during 1947 for mortgage insurance under the Veterans' Emergency Housing provisions of section 608 totaled $1,079,463,423 in mortgages on 3,418 new rental projects with 139,745 units. Commitments were issued for the insurance of 2,504 mortgages amounting to $740,590,389 on proposed projects to provide 97,451 units, including mortgages of $3,169,100 on 436 units in 33 release clause projects and $433,200 on 112 units in 7 rehabilitation projects. Outstanding at the year end were commitments for the insurance of $400,223,899 in mortgages on 1,488 projects providing 53,588 units. Construction was started during the year on 1,288 section 608 VEH projects containing 50,766 units.

Total insurance written under section 608 during 1947 amounted to $359,912,206 in mortgages secured by 983 rental housing projects,

including 979 new projects providing 46,434 dwelling units. This insurance involved nearly 3½ times the number of dwelling units in rental housing insurance written during 1939, the peak year of section 207 operations, and twice the number of units covered by rental housing mortgages insured during 1943, the top year of section 608 war housing operations. (See table 1, page 9.)

TABLE 44.—*Status of FHA rental housing mortgage insurance operations: Disposition of number and face amount of mortgage insurance applications under section 608, cumulative 1942–1947*

Status of operations	Section 608 rental projects	
	Number	Amount
Total mortgages insured [1, 2]	1,496	$534,838,928
Commitments outstanding	1,488	400,223,899
Net commitments issued	2,984	935,062,827
Commitments expired [3]	143	28,542,000
Gross commitments issued	3,127	963,604,827
Rejections [3]	424	120,071,351
Total applications processed	3,551	1,083,676,178
Applications in process	708	287,183,172
Total applications received	4,259	1,370,859,350

[1] Includes 495 mortgages for $166,058,678 insured under the War Housing Program
[2] Includes 84,790 new units provided with insured mortgages totaling $531,691,823.
[3] Excludes cases reopened.

As shown in table 44, the cumulative volume of insurance written under section 608 from the enactment on May 26, 1942 through the end of 1947 was $534,838,928 in 1,496 mortgages. A total of 84,790 new dwelling units were included in the 1,487 rental projects built or being constructed with the aid of section 608 insurance.

Since the beginning of operations in 1942, rental housing projects have been developed under section 608 in 38 States, the District of Columbia, and Hawaii. Table 45 shows by State location the number of projects, face amount of mortgages, and number of dwelling units covered by insurance written under the War and Veterans' Emergency Housing provisions of section 608 through the end of 1947. Almost half of all the section 608 projects, representing nearly 65 percent of the mortgage amounts and dwelling units, are located in 6 States and the District of Columbia—New York, New Jersey, Maryland, Virginia, and the District of Columbia on the Eastern Seaboard and Ohio and Illinois in the Midwest.

Under the Veterans' Emergency Housing program substantial volumes of section 608 insurance have been written in several States where few war rental housing projects were located: for example, in Georgia, Florida, and Washington.[1]

[1] A listing of all housing projects with mortgages insured through December 31, 1947 under the Veterans' Emergency Housing provisions of section 608 is available from the FHA Division of Research and Statistics upon request. For each project, the city and State location, amount of mortgage, and number of dwelling units are shown.

Table 45.—*State distribution of FHA war and veterans' emergency rental projects: Dwelling units and face amount of insurance written under section 608, as of Dec. 31, 1947*

Location of Projects	Veterans' Emergency Housing [1]			War Housing [2]			Total		
	Projects	Amount	Units	Projects	Amount	Units	Projects	Amount	Units
Alabama	20	$9,105,200	1,287	1	$1,091,000	214	21	$10,196,200	1,501
Arizona	7	959,750	175	1	831,700	200	8	1,701,450	375
Arkansas	26	4,425,700	632				26	4,425,700	632
California	36	4,245,400	658	24	5,683,562	1,398	60	9,928,962	2,056
Colorado	16	2,156,300	305	19	1,939,500	431	35	4,095,800	736
Connecticut	11	4,179,800	518	14	4,373,900	854	25	8,553,700	1,372
Delaware	1	2,495,400	324				1	2,495,400	324
District of Columbia	14	8,055,200	1,071	75	25,261,549	5,694	89	33,316,749	6,765
Florida	79	17,528,800	2,402	1	136,500	82	80	17,665,300	2,484
Georgia	17	12,375,700	1,430	4	2,997,300	700	21	15,373,000	2,130
Idaho	2	2,458,800	306				2	2,458,800	306
Illinois	65	35,568,500	4,046	27	7,470,200	1,517	92	43,038,700	5,563
Indiana	14	7,118,600	950	2	300,400	61	16	7,419,000	1,011
Iowa									
Kansas	16	2,392,600	346	3	2,224,400	464	19	4,617,000	810
Kentucky	37	6,557,000	875	7	490,456	112	44	7,047,456	987
Louisiana	3	673,400	96	2	4,827,100	913	5	5,500,500	1,009
Maine	1	120,000	28	12	2,700,661	637	13	2,820,661	665
Maryland	45	30,838,500	4,032	39	24,126,000	5,660	84	54,964,500	9,692
Massachusetts	9	5,212,900	618	3	2,966,900	560	12	8,179,800	1,178
Michigan	53	6,702,900	868	8	3,270,324	657	61	9,973,224	1,525
Minnesota	10	689,400	113				10	689,400	113
Mississippi	1	95,400	12				1	95,400	12
Missouri	4	846,400	116	6	3,021,000	586	10	3,867,400	702
Montana									
Nebraska	1	33,000	8	2	236,600	61	3	269,600	69
Nevada									
New Hampshire									
New Jersey	88	58,766,000	7,864	44	17,066,787	4,189	132	75,832,787	12,053
New Mexico									
New York	92	41,450,500	5,213	9	5,365,600	1,194	101	46,816,100	6,407
North Carolina	6	4,621,300	616	11	3,126,900	890	17	7,748,200	1,506
North Dakota									
Ohio	45	10,231,900	1,325	66	13,207,889	2,800	111	23,439,789	4,125
Oklahoma	41	5,606,400	851	1	123,700	32	42	5,730,100	883
Oregon	25	3,487,900	492	31	4,150,941	940	56	7,638,841	1,432
Pennsylvania	33	8,427,100	1,098	2	871,600	196	35	9,298,700	1,294
Rhode Island									
South Carolina	7	1,399,100	180				7	1,399,100	180
South Dakota									
Tennessee	1	120,200	16				1	120,200	16
Texas	46	9,757,800	1,153	21	3,734,709	1,013	67	13,492,509	2,166
Utah	1	481,700	64	5	743,600	156	6	1,225,300	220
Vermont									
Virginia	62	39,425,300	5,155	48	23,693,500	5,506	110	63,118,800	10,661
Washington	33	11,934,400	1,654	4	619,300	134	37	12,553,700	1,788
West Virginia									
Wisconsin	23	6,129,700	790	1	80,700	18	24	6,210,400	808
Wyoming				2	224,400	44	2	224,400	44
Alaska									
Hawaii	10	1,206,300	247				10	1,206,300	247
Total	1,001	367,880,250	47,934	495	166,958,678	37,913	1,496	534,838,928	85,847

[1] Includes 47,776 new units provided with insured mortgages totaling $367,247,250.
[2] Includes 37,014 new units provided with insured mortgages totaling $164,444,573

Table 46 for section 608 VEH rental housing and table 47 for section 608 war housing show the distribution of FHA-insured mortgages originated and held in portfolio as of December 31, 1947 by various types of financing institutions.

Table 46.—*Type of institution: Face amount of rental housing insurance in force and insurance originated by FHA under section 608 Veterans' Emergency Housing Program as of Dec. 31, 1947*

Type of lending institution	Number of institutions	Volume of mortgages			
		Number	Amount	Units	Percent [1]
Insurance in Force					
National bank	43	161	$48,511,700	6,470	13.2
State bank	44	269	118,508,650	15,478	32.3
Mortgage company	53	118	26,182,200	3,526	7.1
Life insurance company	46	313	119,435,300	15,252	32.5
Insurance company (other than life)	3	6	825,000	137	.2
Savings bank	21	80	39,076,500	5,054	10.6
Savings and loan association	18	21	8,327,300	1,113	2.3
Finance company	1	1	70,500	12	(2)
Other	2	30	6,658,800	847	1.8
Total	231	999	367,685,950	47,898	100.0
Insurance Terminated					
Total		2	194,300	36	
Insurance Originated					
National bank	41	159	48,156,100	6,411	13.1
State bank	42	268	122,557,850	16,040	33.3
Mortgage company	61	170	35,122,900	4,804	9.5
Life insurance company	44	274	113,610,100	14,453	30.9
Insurance company (other than life)	3	6	825,000	137	.2
Savings bank	19	71	32,392,400	4,093	8.8
Savings and loan association	18	21	8,327,300	1,113	2.3
Finance company	1	1	70,500	12	(2)
Other	2	31	6,818,100	871	1.9
Total [3]	231	1,001	367,880,250	47,934	100.0

[1] Based on amount of mortgages.
[2] Less than 0.05 percent.
[3] Includes 47,776 new units provided with insured mortgages totaling $367,247,250.

State banks and life insurance companies are the most active types of lending institutions participating in the Veterans' Emergency Housing program of section 608, each accounting for over 30 percent of the dollar amount of insured mortgages written under this program. The next most active types are the national banks, financing about one-eighth of the dollar volume, and mortgage companies and savings banks. Pending completion of insured projects still under construction, little secondary market activity in section 608 VEH mortgages had been reported by the end of 1947, as reflected in the fact that insured mortgages in force were held largely by originating mortgagees. As with section 608 VEH mortgage financing, the leading types of institutions originating section 608 war housing mortgages were life insurance companies and State banks, accounting for nearly 30 percent and 28 percent, respectively, of the total mortgage amount. Next in rank were mortgage companies, which originated 20 percent of the total dollar volume of section 608 war housing mortgages—a substantially larger proportion than the 10 percent of the amount of section 608 VEH mortgages initiated by this type of institution.

TABLE 47.—*Type of institution: Face amount of rental housing insurance in force and insurance originated by FHA under section 608 War Housing Program, as of Dec. 31, 1947*

Type of lending institution	Number of institutions	Volume of mortgages			
		Number	Amount	Units	Percent [1]
INSURANCE IN FORCE					
National bank	14	52	$9,142,597	2,073	5.9
State bank	10	28	14,985,900	3,209	9.7
Mortgage company	9	14	4,926,900	1,144	3.2
Life insurance company	38	257	95,421,175	21,581	62.0
Insurance company (other than life)	2	1	108,000	27	.1
Savings bank	10	70	25,229,687	5,639	16.4
Savings and loan association	12	15	3,522,400	728	2.3
Finance company					
Other	2	5	636,625	142	.4
Total	97	442	153,973,284	34,543	100.0
INSURANCE TERMINATED					
Prepaid in full	20	36	8,957,689	2,093	69.0
Prepaid with supersession	3	12	1,639,600	388	12.6
Acquired by FHA [2]	2	2	2,072,505	814	16.0
Mortgage assigned to FHA	1	1	170,000	42	1.3
Other terminations	2	2	145,600	33	1.1
Total		53	12,985,394	3,370	100.0
INSURANCE ORIGINATED					
National bank	26	52	13,265,197	3,077	7.9
State bank	23	106	46,656,356	10,760	27.9
Mortgage company	37	134	33,974,299	8,237	20.4
Life insurance company	17	116	49,527,059	10,901	29.7
Insurance company (other than life)	1	4	605,800	144	.4
Savings bank	7	39	9,897,600	2,118	5.9
Savings and loan association	17	25	5,721,242	1,200	3.4
Finance company	1	7	962,900	198	.6
Other	3	12	6,348,225	1,278	3.8
Total [3]	132	495	166,958,678	37,913	100.0

[1] Based on amount of mortgages.
[2] Includes 1 project acquired and sold by FHA with reinsurance.
[3] Includes 37,014 new units provided with insured mortgages totaling $164,444,573.

Since the war rental projects are now all completed, transfers of mortgages have been reported on many of these projects. Although mortgage companies and State banks had initiated 240 of these war housing mortgages, they held in portfolio only 42 at the end of 1947. Life insurance companies, on the other hand, held 257 mortgages at the year end, but had originated only 116.

Table 47 shows that terminations of section 608 war housing insurance as of December 31, 1947, covered 53 mortgages for face amounts of $12,985,394 on rental projects containing 3,370 units. Only in three cases had terminations resulted because of defaults on the part of mortgagors; none of these three terminations occurred in 1947. Title to the property was transferred to FHA in two of these cases, and in the other the mortgage note itself was assigned. One of the acquired projects has been sold with a mortgage insured by FHA. An analysis of the financial experience of these three terminated cases is presented in detail in financial statements 19 and 20 in part III of this report.

During the year, 14 section 608 war housing mortgages were prepaid in full without FHA-insured refinancing, 6 were refinanced with new mortgage loans insured by FHA, and one insurance contract was withdrawn. The cumulative totals of these types of terminations at the end of 1947 are shown in table 47. These terminations left in force at the close of the year mortgages totaling $153,973,284 on 442 war housing projects containing 34,543 dwelling units.

CHARACTERISTICS OF SECTION 608 VETERANS' EMERGENCY HOUSING RENTAL HOUSING PROJECTS

As indicated earlier, during 1947 commitments were issued by FHA under the Veterans' Emergency Housing provisions of section 608 for insurance of mortgages on 2,504 new projects containing 97,451 dwelling units. The following discussion of characteristics of rental housing projects under the VEH program of section 608 is based on data for 67 percent of the projects with 68 percent of the dwelling units covered by these commitments.[1]

Size of Project

The typical section 608 VEH project has about 20 units. Individual projects, however, range in size from eight dwelling units, the minimum permitted, to one project containing 629 units. The median of 20.3 units is less than half the size of typical war-time projects and one-third the size of the typical prewar project (72 units) insured under section 207.

The relatively small typical size for section 608 VEH projects is influenced by the fact that a substantial number of the projects are constructed on adjacent sites under the same sponsorship and may therefore actually be component parts of a larger project, although financed with separate mortgages. FHA-established procedures have enabled sponsors to create rental housing developments composed of two or more small projects, each financed by a separate mortgage. This procedure assists mortgagors to plan and build projects within limitations of the current labor and materials supply, permits progressive financing of the projects, and increases project marketability.

Although approximately 70 percent of the section 608 VEH projects contain fewer than 25 units, over 30 percent of the units are in the 4 percent of the projects having 200 or more units each (table 48).

[1] Projects covered by commitments issued in January through July and September and November, including amendments reported by March 1, 1948.

Table 48.—*Size of project: Based on FHA commitments to insure mortgages secured by rental housing projects, section 608 VEH, 1947*

Number of dwelling units per project	Percentage distribution	
	Projects	Dwelling units
8 to 9	14.0	2.8
10 to 24	55.3	23.6
25 to 49	13.9	11.2
50 to 99	7.2	13.0
100 to 149	4.2	12.6
150 to 199	1.4	5.8
200 or more	4.0	31.0
Total	100.0	100.0
	Median	Average
Units per project	20.3	39.8

Type of Structure

As in the prewar section 207 rental projects and section 608 War Housing projects, the most popular type of structure in the section 608 VEH projects is the walk-up apartment, generally found in garden-type developments. Nearly 86 percent of the projects approved for section 608 VEH insurance during 1947 are composed of walk-up structures, including two-thirds of the total in two-story walk-ups.

Row houses are the next most popular type, with one out of every 10 a row house project. Projects with elevator structures represent only 1 percent of the total projects, but provide nearly 3 percent of the total dwelling units. In contrast, almost 10 percent of the prewar section 207 rental projects providing 14 percent of the units were of the elevator-structure type.

Table 49.—*Type of structure: Based on FHA commitments to insure mortgages secured by rental housing projects, section 608 VEH, 1947*

Type of structure	Percentage distribution	
	Projects	Dwelling units
Walk-up total	85.9	83.6
1- and 2-story combined	2.5	5.0
2-story	66.3	54.5
2- and 3-story combined	4.8	10.7
3-story	11.8	13.1
4-story	.5	.3
Row house	10.0	8.3
Semidetached (2-family)	2.5	1.3
Semidetached and row house combined	.4	3.8
Detached (1-family)	.1	.3
Elevator	1.1	2.7
Total	100.0	100.0

Land value

Section 608 VEH projects approved for mortgage insurance in 1947 have land values, including cost of improvements to land, ranging from less than $400 to more than $2,000 per dwelling unit, as indicated in table 50. The typical land value per unit is about $950 as evidenced by the median of $949.20—$300 more than the median land value for the section 608 war housing projects. (See table 56, page 72.)

More than half the section 608 VEH dwelling units are in projects with land values averaging between $800 and $1,199 per unit, while less than 5 percent of the units have land values of $1,500 or more per unit.

The average number of dwelling units per project in the various land value classes shows smaller size projects as typical of both the low and the high land value groups, while the larger projects are concentrated in the middle range of land values.

Table 50.—*Land value per dwelling unit: Based on FHA commitments to insure mortgages secured by rental housing projects, section 608 VEH, 1947*

Land value per dwelling unit [1]	Percentage distribution		Average number dwelling units per project
	Projects	Dwelling units	
Less than $400	2.5	2.8	44.0
$400 to $599	11.5	8.6	29.5
$600 to $799	19.1	18.4	38.0
$800 to $999	23.5	20.6	44.9
$1,000 to $1,199	21.0	23.7	44.7
$1,200 to $1,499	16.2	15.0	36.7
$1,500 to $1,999	5.6	4.7	33.2
$2,000 or more	.6	.2	13.6
Total	100.0	100.0	39.8
Median land value per unit	$943.55	$949.20	

[1] Including necessary cost of land improvements.

Size of Dwelling Unit [1]

Almost three-fifths (57 percent) of the units in section 608 VEH projects are 4½- and 5-room apartments.[2] The median unit, therefore, has 4.71 rooms, almost exactly one room more than the median unit in prewar section 207 projects.

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

[1] Baths, kitchenettes of less than 50 square feet, and dressing closets, closets, and hall space are not included in FHA room counts.

[2] Typical room composition as follows:
5-room units—living room, dining room, kitchen, 2 bedrooms, and bath;
4½-room units—living room, dining alcove, kitchen, 2 bedrooms, and bath;
4-room units—living room, dining room, kitchen, 1 bedroom, and bath; or living room, kitchen, 2 bedrooms, and bath;
3½-room units—living room, dining alcove, kitchen, 1 bedroom, and bath.

ing room, dining room, three bedrooms, kitchen, and bath. Almost 90 percent of all the units in section 608 VEH projects, however, are from 3½ to 5 rooms in size (table 51).

TABLE 51.—*Size of dwelling unit: Based on FHA commitments to insure mortgages secured by rental housing projects, section 608 VEH, 1947*

Number of rooms per dwelling unit: [1]	Distribution of dwelling units (Percent)
Less than 3	1.5
3	4.8
3½	16.6
4	15.2
4½	28.3
5	29.2
5½	1.4
6	3.0
Total	100.0
Median number of rooms	4.71
Average number of rooms	4.35

[1] FHA room count excludes baths, dressing closets, closets, hall space, and kitchenettes of less than 50 square feet.

Monthly Dwelling Unit Rental

Under the section 608 administrative rules in effect during 1947 (May 22, 1946 to December 19, 1947), FHA approval of rental schedules was required for projects with mortgages of more than $200,000. The following analysis of rentals is, therefore, based on data for only those projects having mortgage amounts in excess of $200,000.

A monthly rental of $84 is reported for the typical dwelling unit in projects with mortgages in excess of $200,000. The range of approved rentals, however, is from as low as $33.50 for a small efficiency unit to over $125 for some of the larger apartments.

Table 52 shows that nearly 65 percent of the dwelling units in these projects were approved for rentals of $75 to $94 monthly, while rents of less than $75 are reported for 20 percent of the units. Fewer than 10 percent of the units have rentals of $100 or more.

The close relationship between the size of the dwelling unit and the amount of the monthly rental is apparent from table 52, which shows the percentage distribution by size of dwelling unit and monthly rental of all units in section 608 VEH large-scale projects approved for FHA insurance during 1947. Rents range mainly between $60 and $79 for 3½-room units, $70 to $89 for 4-room units, and $80 to $99 for 4½- and 5-room apartments.

The median monthly rental for all the dwelling units in the large-scale projects is $84.13. By room size the median rentals range from $55.26 for units with less than 3 rooms to $104.06 for the 5½-room

units, with respective medians of $85.03 and $88.23 for the 4½- and 5-room units.

TABLE 52.—*Size of dwelling unit by monthly rental: Based on FHA commitments to insure mortgages in excess of $200,000 secured by rental housing projects, section 608 VEH, 1947*

Monthly rental	Total	Number of rooms per dwelling unit: Less than 3	3	3½	4	4½	5	5½	6	Median number of rooms
		Percentage distribution of dwelling units								
Less than $60	2.4	0.8	1.2	0.2	0.2	-------	-------	-------	-------	3.01
$60 to $69.99	10.1	.4	1.7	4.2	1.4	2.3	0.1	-------	-------	3.85
$70 to $74.99	7.9	-------	.6	3.3	2.6	1.0	.4	-------	-------	4.00
$75 to $79.99	10.1	-------	.1	3.4	3.6	2.0	.9	-------	0.1	4.21
$80 to $84.99	23.6	-------	.3	3.2	3.3	8.7	8.0	[1]	.1	4.79
$85 to $89.99	19.0	-------	[1]	.7	1.4	5.0	10.1	0.2	1.6	5.12
$90 to $94.99	12.0	-------	-------	.3	.6	5.5	4.9	.3	.4	4.96
$95 to $99.99	5.5	-------	-------	.1	.2	2.0	2.1	.1	1.0	5.11
$100 or more	9.4	-------	[1]	.1	.2	1.6	5.4	1.3	.8	5.26
Total	100.0	1.2	3.9	15.5	13.5	28.1	31.9	1.9	4.0	4.78
Median monthly rental	$84.13	$55.26	$64.64	$75.04	$78.60	$85.03	$88.23	$104.06	$93.73	-------

[1] Less than 0.05 percent.

Variations in monthly rentals reported for apartments of the same size are considerable, reflecting both differences in construction and land costs and differences in the amount of equipment, utilities, and services furnished by the management. For nearly three-fifths of the dwelling units in the large-scale projects, the monthly rentals include the use of a range, a refrigerator, and laundry facilities; heat, hot and cold water, janitor service, and grounds maintenance. For about one-third of the units heat and hot water are not included in the rent.

For about 4 percent of the dwelling units, gas or electricity for cooking and refrigeration, and occasionally even for lighting, are included in the rent. In about 2 percent of the units, no services of any kind are included in the rentals.

Mortgage Allocable to Dwellings, Amount per Room

The median mortgage amount for section 608 rental project commitments issued in 1947 was $1,767 per room, only slightly below the $1,800 maximum provided by the VEH amendments to title VI. Three-fourths of the total units are in projects with mortgage amounts of $1,700 or more per room, including over 25 percent at the maximum permissible mortgage of $1,800 per room. Table 53 further indicates that only 7 percent of the units had mortgage amounts below $1,500 per room while 1 percent were below the section 207 statutory maximum of $1,350 per room.

TABLE 53.—*Mortgage allocable to dwellings, amount per room: Based on FHA commitments to insure mortgages secured by rental housing projects, section 608 VEH, 1947*

Mortgage per room [1]	Percent of projects	Percent of dwelling units
Less than $1,500	14.5	6.6
$1,500 to $1,549	5.5	3.7
$1,550 to $1,599	4.2	4.0
$1,600 to $1,649	5.8	4.1
$1,650 to $1,699	9.4	6.5
$1,700 to $1,749	12.1	12.5
$1,750 to $1,799	28.1	37.1
$1,800	20.4	25.5
Total	100.0	100.0
	Average	Median
Mortgage amount per room	$1,724	$1,767

[1] Nonincome producing rooms (e. g. janitor rooms) are included in computation of this average.

CHARACTERISTICS OF SECTION 608 WAR HOUSING PROJECTS

Section 608 of title VI, as originally enacted on May 26, 1942, authorized FHA insurance of mortgages on rental housing projects for war workers. More than 37,000 dwelling units in 490 new rental projects were built under this war housing program with insured mortgages exceeding $164,000,000.

The construction of section 608 war rental housing projects was limited to those areas in which the President found an acute shortage of housing, existing or impending, which impeded war activities. The projects were required to be acceptable risks in view of the war-time necessity of providing adequate housing accommodations for war workers quickly and with minimum use of critical materials. With the protection of section 608 mortgage insurance, lending institutions were able to assume the special risks of long-term, high-ratio mortgage financing of war rental housing construction.

The following description of these section 608 war housing projects is based on a survey of the project characteristics at the time the projects were fully completed and initially occupied.

Size of Project

The projects securing rental housing mortgages insured under the section 608 war program vary in size from 8 dwelling units to 789, with an average of 75.9 units per project. The median project contains 41 units, about 20 units more than the typical section 608 VEH project and 30 units less than the typical prewar section 207 project.

As table 54 indicates, three of every five section 608 war housing projects had less than 50 units while less than one-fourth of the projects had 100 or more units. Projects with 200 or more units, although representing less than ten percent of the total projects, account for more than a third of the total dwelling units, and projects of 100 or more units provide five-eighths of the total units.

TABLE 54.—*Size of project: Based on FHA-insured mortgages secured by war rental housing projects, section 608, 1942–1946*

Number of dwelling units per project	Percentage distribution	
	Projects	Dwelling units
8 to 9	2.1	0.2
10 to 24	24.6	5.8
25 to 49	33.2	16.0
50 to 99	16.7	15.1
100 to 149	7.9	12.9
150 to 199	6.5	14.3
200 or more	9.0	35.7
Total	100.0	100.0
	Median	Average
Units per project	41.0	75.9

Type of Structure

More than four of every five section 608 war rental housing projects are garden-type developments with walk-up structures. Projects consisting of 2-story walk-up buildings predominate, providing over three-fifths of the total dwelling units.

Table 55 shows that row house projects are the second largest group, accounting for nearly 14 percent of the units. This is about 6 percent more than the proportion for section 608 VEH projects which are of the row-house type.

TABLE 55.—*Type of structure: Based on FHA-insured mortgages secured by war rental housing projects, section 608, 1942–1946*

Type of structure	Percentage distribution	
	Projects	Dwelling units
Walk-up total	81.6	79.4
1- and 2-story combined	.6	1.6
2-story	62.0	60.8
2- and 3-story combined	12.5	14.3
3-story	6.5	2.7
Row house	15.3	13.7
Semidetached (2-family)	1.0	.8
Detached (1-family)		
Combinations of type of structures [1]	2.1	6.1
Elevator		
Total	100.0	100.0

[1] Includes the following types of combinations: Row house and walk-up; detached, semidetached, and walk-up; and semidetached and row house.

Land Value

Land values, including improvements to land, ranged from less than $300 to more than $1,000 per unit, with a median of $640 per unit, as shown in table 56. The average number of units per project in the various land value classes shows some tendency toward higher land values in the larger projects.

TABLE 56.—*Land value per dwelling unit: Based on FHA-insured mortgages secured by war rental housing projects, section 608, 1942–1946*

Land value per dwelling unit [1]	Percentage distribution		Average number dwelling units per project
	Projects	Dwelling units	
Less than $300	2.7	1.6	43.7
$300 to $399	8.2	6.6	60.1
$400 to $499	18.8	16.7	62.4
$500 to $599	20.3	18.1	66.5
$600 to $699	20.5	20.1	73.3
$700 to $799	12.8	12.8	75.0
$800 to $899	9.6	14.2	110.6
$900 to $999	4.4	5.3	90.7
$1,000 or more	2.7	5.6	154.8
Total	100.0	100.0	75.9
Median land value per unit	$600.00	$640.23	

[1] Including necessary cost of land improvements.

Size of Dwelling Unit [1]

Dwelling units in section 608 war housing projects tend to be slightly larger than those in the prewar section 207 projects and significantly smaller than the postwar section 608 VEH units. The median dwelling unit in the war housing projects has 3.98 rooms, compared with 4.71 rooms in the median section 608 VEH unit, a difference which is due in large part to the restriction of rents on wartime projects to not more than $50 shelter rent, as described later in this analysis.

As indicated in table 57, the most popular apartment sizes in section 608 war housing projects are the 3-room units (living room, bedroom, kitchen, and bath) and 4-room units (generally having an additional bedroom). Less than 5 percent of the section 608 war housing units have 5 or more rooms, in contrast to section 608 VEH projects where over one-third of the units are that size.

Monthly Dwelling Unit Rental

A rental of slightly more than $55 a month was typical of the dwelling units in section 608 war housing projects at the time these projects were completed and put into operation. The median monthly rental reported for all units was $56.45, with medians by size of unit ranging

[1] Baths, halls, kitchenettes of less than 50 square feet, dressing closets, closets, and hall space are not included in FHA room counts.

from $45.71 for apartments of less than 3 rooms to $67.67 for the 5-room units.

Rentals reported for section 608 war housing projects reflect the wartime controls over construction and rent exercised by the War Production Board and the Office of Price Administration. Residential construction authorized by WPB for rental purposes was subject to a maximum monthly "shelter rent" of $50 per unit plus charges for certain additional services and facilities. After a project had been completed and occupied, its rentals were controlled by the OPA.

Table 57 shows three-fourths of the dwelling units in the $50 to $64 rental range. Somewhat less than one-fifth of the units rented for less than $50 per month, while less than 9 percent had rentals of $65 or more.

Correlation of monthly rentals and size of dwelling unit in section 608 war housing projects is shown by the data in table 57. For example, over three-fourths of the 3-room units have rents of less than $55 monthly, seven-eighths of the 3½-room units are in the $50 to $64 bracket, while three-fifths of the 4½-room units are in the $60 to $74 range.

TABLE 57.—*Size of dwelling unit by monthly rental: Based on FHA-insured mortgages secured by war rental housing projects, section 608, 1942–1946*

Monthly rental	Total	Number of rooms per dwelling unit [1]								Median number of rooms
		Less than 3	3	3½	4	4½	5	5½	6	
		Percentage distribution of dwelling units								
Less than $50	18.3	0.2	11.6	1.5	3.9	1.1				3.39
$50 to $54.99	25.8	(2)	11.5	4.8	6.3	2.9	0.3			3.64
$55 to $59.99	20.6	(2)	5.0	6.0	6.9	2.2	(2)	0.5		3.95
$60 to $64.99	26.7		1.7	7.3	9.4	7.9	(2)	.4		4.23
$65 to $69.99	6.2		(2)	1.3	1.4	.9	1.8	.8		4.68
$70 to $74.99	1.5			(2)	.1	1.3	.1			4.76
$75 or more	.9					.6	.3	(2)	(2)	4.86
Total	100.0	.2	20.8	20.9	28.0	16.9	2.5	1.7	(2)	3.98
Rental medians	$56.45	$45.71	$51.44	$58.54	$57.71	$61.41	$67.67	$64.33	(3)	

[1] FHA room count excludes baths, dressing closets, hall space, closets, and kitchenettes of less than 50 square feet.
[2] Less than 0.05 percent.
[3] Data not available.

Rentals for over three-fourths of the section 608 war housing units included a range, refrigerator, heat, hot and cold water, laundry facilities, and janitor and grounds maintenance services. Gas and electricity for domestic use were covered by the rentals of 28 percent of the units. Rentals excluding all services and facilities were reported for less than 3 percent of the units.

The variation in monthly rentals of dwelling units of the same size is evident from the data in table 57. In spite of wartime rent controls, quoted rentals for the four-room units, for example, range from less than $40 to $79, reflecting both differences in construction costs and differences in utilities and services included in rents. In section 608 war housing projects, however, the dispersion of rentals for units of the same size is not so great as in the section 608 VEH projects. See table 52, page 69.

Effects of services included in rentals, in wartime projects, are illustrated by the fact that the full complement of range, refrigerator, space heat, hot and cold water, laundry facilities, and janitor and grounds maintenance services was furnished in only 4.4 percent of the 4-room apartments renting for $45 to $49 monthly, but in 68.7 percent of those with the $55 to $59 rentals, and all the 4-room units renting for $65 or more.

Mortgage Amount per Room [1]

For the entire group of section 608 war rental housing projects the median mortgage per room allocable to dwellings was $1,207 compared with $1,767 per room for postwar section 608 VEH projects. An average mortgage per room of $1,187 for the section 608 war rental projects may be compared with an average of $1,006 for prewar section 207 projects.

Over half of the projects and the dwelling units have mortgages averaging from $1,200 to $1,350 per room, including 8 percent of the units in projects with the maximum permissible mortgage of $1,350 per room. Mortgages of less than $1,100 per room are found in about one out of every five projects and the same proportion of dwelling units (table 58).

Mortgage Characteristics

Almost all section 608 war housing mortgages were written for a duration of 27 years and 7 months and an interest rate of 4 percent. Section 608 VEH mortgages have the same interest rate but are generally for a longer term, 32 years and 7 months.

Table 59 shows that the typical section 608 war housing project was insured for a mortgage principal averaging about 88 percent of the FHA estimate of the reasonable replacement cost of the project including land, 2 percent below the maximum 90 percent ratio permitted by law. For projects including two-thirds of the dwelling units, however, the ratio of mortgage principal to replacement cost was from 89 to 90 percent. Less than 10 percent of the units are in

[1] The amendment to the National Housing Act which provided for the section 608 war rental housing program fixed a maximum of $1,350 per room as the maximum amount of mortgage attributable to dwelling use. This maximum was the same as that fixed by the February 3, 1938, amendments to the act for section 207 rental housing projects.

projects with mortgages averaging less than 85 percent of replacement cost.

TABLE 58.—*Mortgage allocable to dwellings, amount per room: Based on FHA-insured mortgages secured by war rental housing projects, section 608, 1942–1946*

Amount per room	Percentage distribution	
	Projects	Dwelling units
Less than $1,000	6.9	9.2
$1,000 to $1,049	7.3	6.9
$1,050 to $1,099	6.5	5.0
$1,100 to $1,149	12.8	14.3
$1,150 to $1,199	11.9	12.3
$1,200 to $1,249	18.0	17.6
$1,250 to $1,299	14.0	14.7
$1,300 to $1,349	16.7	12.2
$1,350	5.9	7.8
Total	100.0	100.0
	Average	Median
Mortgage amount per room	$1,187	$1,207

TABLE 59.—*Ratio of mortgage amount to replacement cost: Based on FHA-insured mortgages secured by war rental housing projects, section 608, 1942–1946*

Mortgage as a percent of replacement cost	Percentage distribution	
	Projects	Dwelling units
Less than 70.0 percent	0.2	(1)
70.0 to 79.9 percent	3.8	1.2
80.0 to 82.4 percent	3.6	2.0
82.5 to 84.9 percent	7.1	5.9
85.0 to 87.4 percent	13.4	9.5
87.5 to 89.9 percent	[2] 62.4	[2] 67.8
90.0 percent	9.5	13.6
Total	100.0	100.0
Median ratio	88.4	88.7

[1] Less than 0.05 percent.
[2] 48.5 percent of all projects and 54.6 percent of all dwelling units had a ratio of mortgage to replacement cost of from 89.0 to 89.9 percent.

MORTGAGE INSURANCE OPERATIONS PURSUANT TO SECTION 610 OF TITLE VI

Under the provisions of section 610, added to the National Housing Act through legislation approved August 5, 1947, the Commissioner is authorized to insure under section 603 or section 608 any mortgage executed in connection with the sale by the Government of property constructed or acquired under the Lanham Act and related statutes.[1]

Activity under this section prior to December 31, 1947, was limited

[1] For a detailed description of the provisions of section 610 and of FHA activities in connection with this program, see page 7.

(table 60). Applications received under section 603–610 totaled 42, covering 73 dwelling units, while one application was received under section 608–610. The latter, a rental project of 200 dwelling units with a mortgage amount of $360,000, was in process of examination at the close of 1947.

Of the 42 small-home applications, 29 were still in process at the year end. At that date, 13 cases had been processed, resulting in issuance of 10 commitments, amounting to $53,600, and 3 rejections. Six of the 10 commitments were still outstanding on December 31, 1947, while 4 mortgages on 8 dwelling units had been insured for $21,100.

TABLE 60.—*Status of mortgage insurance operations: Disposition of number and face amount of mortgage insurance applications under section 610, cumulative August–December 1947*

Status of operations	Section 603–610 home mortgages		Section 608–610 rental projects	
	Number	Amount	Number	Amount
Total mortgages insured	4	$21,100	—	—
Commitments outstanding	6	(1)	—	—
Net commitments issued	10	(1)	—	—
Commitments expired [2]	—	—	—	—
Gross commitments issued	10	53,600	—	—
Rejections [2]	3	(1)	—	—
Total applications processed	13	(1)	—	—
Applications in process	29	(1)	1	$360,000
Total applications received	42	(1)	1	300,000

[1] Not available.
[2] Excludes cases reopened.

HOME MORTGAGE INSURANCE UNDER SECTIONS 203 AND 603 INVOLVING VETERANS' ADMINISTRATION GUARANTEED SECOND MORTGAGES

Under the provisions of section 505 of the Servicemen's Readjustment Act of 1944, the Veterans' Administration is authorized to guarantee, for veterans of World War II as mortgagors, second mortgages on properties which secure FHA-insured first mortgages. Such secondary loans may be in any amount up to 20 percent of the purchase price of the property, but not exceeding $4,000. They must be amortized within a 25-year period at an interest rate not greater than 4 percent.

The Veterans' Administration reports that through the end of 1947 VA-guarantee had been extended under section 505 to more than 62,000 second mortgages aggregating nearly $75,700,000—an average amount of $1,214 per second mortgage loan.

Through December 31, 1947, FHA field offices had identified a total of 47,776 FHA-insured first mortgages totaling $277,950,000 secured by structures containing 50,551 units, on which there were VA-guaranteed second mortgage loans. Most of this total insurance—

37,144 mortgages for $224,734,000 covering 39,182 dwelling units—was written during 1947.

Excluded from the above FHA totals are all mortgages insured for veterans under either section 203 or section 603 without a second mortgage loan guaranteed by the Veterans' Administration and some "505" cases (with second mortgages guaranteed by the Veterans' Administration under section 505 of the Servicemen's Readjustment Act) in which first mortgages insured by FHA for nonveteran mortgagors have been assumed by veterans.

First mortgage loans, in conjunction with VA-guaranteed second mortgage loans, may be insured by FHA for veteran mortgagors under the terms of either section 203 or section 603. Since the terms and standards for mortgage insurance differ under these two sections, no attempt is made in the detailed analysis which follows to combine the "505" mortgage transactions under section 203 with those under section 603. From the detailed statistics available for cases insured under each section, however, it appears that most veterans using combination FHA-VA loans are between 25 and 34 years of age, have incomes between $2,000 and $4,000 annually, purchased homes with wood exteriors, and will make monthly mortgage payments of about $45 to cover principal and interest, FHA mortgage insurance premium, hazard insurance premium, and real-estate taxes, but not including monthly payments on the second mortgage loan guaranteed by the Veterans' Administration.

The following analysis indicates in greater detail the characteristics of first mortgages insured respectively under either section 203 or section 603 for veterans financing single-family homes with first mortgages insured by FHA and second mortgages guaranteed by the Veterans' Administration.[1]

Average Characteristics by Mortgagor's Age Groups

Veteran mortgagors are typically younger than other home purchasers. More than 80 percent of the veterans of World War II who purchased homes during 1947 with mortgage insurance under section 203 and second mortgage loans guaranteed by the Veterans' Administration were under 35 years of age, as shown by table 61. By comparison, only 60 percent of all new-home buyers and about 45 percent of all purchasers of existing homes, with insurance contracts executed under the provisions of the same section, were in the same age bracket (table 23, page 42).

[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 2,700 section 203 insured mortgages and 8,600 section 603 insured mortgages secured by new homes and 7,200 section 203 insured existing-home mortgages, all endorsed for insurance during the first 10 months of 1947.

Table 61 also shows for the veterans purchasing either new or existing homes the average income, FHA valuation, mortgage principal, monthly payment, and housing expense characteristic of each age group. As is the case with total mortgagors in section 203 operations, average incomes rise from the lowest age group to the 40–49 year groups—with property valuation, mortgage, and mortgage payment for different age groups varying with the average income. Compared with all home purchasers (table 23), veterans in each of the individual age groups have slightly lower averages for income, property valuation, mortgage, and monthly mortgage payment—the only exception being average housing expense, which in most cases is slightly higher for veteran-mortgagors due to the monthly payment on their second mortgages.

TABLE 61.—*Average characteristics by age of principal mortgagor: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by new and existing single-family, owner-occupied homes, section 203, 1947*

Age of principal mortgagor	New homes						Existing homes					
	Percentage distribution	Mortgagor's effective income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Prospective monthly housing expense [4]	Percentage distribution	Mortgagor's effective income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Prospective monthly housing expense [4]
Less than 25 years	18.8	$3,056	$6,388	$5,363	$41.95	$65.17	19.7	$2,835	$5,704	$4,593	$36.96	$50.52
25 years to 29 years	39.4	3,343	6,880	5,760	45.55	60.75	30.0	3,101	6,014	4,894	39.59	62.58
30 years to 34 years	24.0	3,815	7,375	6,173	48.73	74.13	23.4	3,410	6,396	5,191	42.20	66.08
35 years to 39 years	12.0	4,159	7,763	6,456	51.82	78.24	11.5	3,846	6,854	5,532	45.27	70.53
40 years to 44 years	4.1	4,387	7,955	6,636	52.87	78.52	4.3	4,259	7,191	5,877	48.35	73.95
45 years to 49 years	1.1	4,738	8,210	6,779	55.38	81.34	1.5	4,167	6,767	5,579	45.40	70.38
50 years to 54 years	.4	4,060	7,990	6,220	52.00	76.30	.3	3,714	7,314	5,986	48.09	70.32
55 years to 59 years	.2	5,400	10,175	8,250	60.00	101.75	.2	4,123	6,885	5,685	50.23	74.69
60 years or more	(5)	------	------	------	------	------	.1	3,843	6,557	5,307	43.86	66.14
Total	100.0	3,584	7,081	5,923	46.85	71.49	100.0	3,295	6,204	5,033	40.83	64.34

[1] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[3] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent if any.
[4] Includes total monthly mortgage payment for the first year; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; and monthly payment on secondary loan.
[5] Less than 0.05 percent.

Average Characteristics for Mortgagor's Income Groups

Characteristics of property, mortgage, and mortgagor for various borrower-income groups are presented in tables 62, 63, and 64 for new and existing homes with mortgages insured under section 203 and new homes insured under section 603 in 1947 in conjunction with "505" second mortgages. In each program, from half to two-thirds of the veterans had incomes below $3,500, with lower incomes among existing-home buyers (section 203) than among new-home buyers.

Data on total section 203 cases (tables 21 and 22, pages 40 and 41) indicate that veterans using "505" loans had generally lower incomes than all mortgagors. For veteran "505" new-home cases more than 54 percent reported incomes of less than $3,500, compared with only 44 percent for all cases. Though the general pattern of relationships is the same for "505" cases as for total cases, it is significant that, with minor exceptions, only two characteristics average higher for the veteran group than for all mortgagors buying new homes with section 203 mortgages. These are housing expense (which includes the monthly mortgage payment, estimated maintenance and operating expenses, and the monthly payment on the secondary loan) and the ratio of the mortgage amount to the FHA valuation of the property. The other characteristics—FHA valuation, mortgage principal, monthly mortgage payment, and the ratio of valuation to income—all have generally lower averages in the "505" cases.

TABLE 62.—*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, section 203, 1947*

Mortgagor's effective annual income [1]	Percentage distribution	Average							
		Mortgagor's annual income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Ratio FHA valuation to income	Mortgage as a percent of FHA valuation
Less than $1,500	------	------	------	------	------	------	------	------	------
$1,500 to $1,999	1.6	$1,812	$5,052	$4,090	$32.00	$4.06	$40.90	2.79	81.1
$2,000 to $2,499	15.8	2,315	5,515	4,508	35.68	4.46	56.16	2.38	83.4
$2,500 to $2,999	15.1	2,693	6,242	5,225	40.68	5.23	63.49	2.32	83.7
$3,000 to $3,499	22.0	3,130	6,764	5,697	44.98	5.65	69.13	2.16	84.2
$3,500 to $3,999	18.4	3,671	7,300	6,179	49.05	6.25	74.15	2.00	84.0
$4,000 to $4,999	16.0	4,433	8,243	6,900	54.89	7.15	82.53	1.86	83.7
$5,000 to $6,999	8.4	5,693	9,018	7,469	60.27	8.42	89.75	1.58	82.8
$7,000 to $9,999	2.3	7,897	9,611	8,081	65.74	9.09	98.25	1.22	84.1
$10,000 or more	.4	12,009	11,418	8,436	68.73	10.07	103.91	.95	73.9
Total	100.0	3,584	7,081	5,923	46.85	6.05	71.49	1.98	83.6

[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 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.

A comparison of table 22 with table 63 reveals much the same picture in connection with section 203 existing-home transactions involving VA-guaranteed secondary financing. About two-thirds of the veteran-purchasers of existing homes under section 203 had incomes of less than $3,500, as compared with slightly less than half of the total group of existing-home buyers. Within individual income groups, valuation, mortgage, monthly payment, and value-income ratio were generally lower for veterans than for total cases, while monthly housing expense typically was slightly higher.

TABLE 63.—*Average characteristics by mortgagor's annual income: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by existing single-family, owner-occupied homes, section 203, 1947*

Mortgagor's effective annual income [1]	Percentage distribution	Average: Mortgagor's annual income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Ratio FHA valuation to income	Mortgage as a percent of FHA valuation
Less than $1,500	(6)								
$1,500 to $1,999	2.7	$1,798	$4,322	$3,434	$28.10	$3.23	$46.30	2.40	79.5
$2,000 to $2,499	23.7	2,307	5,193	4,202	33.84	4.32	54.27	2.25	80.9
$2,500 to $2,999	18.7	2,691	5,736	4,682	37.89	5.00	60.49	2.13	81.6
$3,000 to $3,499	22.0	3,108	6,140	5,006	40.60	5.23	64.24	1.98	81.5
$3,500 to $3,999	14.5	3,651	6,632	5,354	43.61	5.74	68.28	1.82	80.7
$4,000 to $4,999	11.0	4,441	7,316	5,902	48.07	6.16	74.11	1.65	80.7
$5,000 to $6,999	5.4	5,643	8,387	6,802	55.27	7.39	84.81	1.49	81.1
$7,000 to $9,999	1.4	7,821	10,087	8,407	68.40	9.13	102.90	1.29	83.3
$10,000 or more	.6	13,007	12,027	9,487	79.60	12.47	116.80	.92	78.9
Total	100.0	3,295	6,204	5,033	40.83	5.33	64.34	1.88	81.1

[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 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] Less than 0.05 percent.

TABLE 64.—*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, section 603, 1947*

Mortgagor's effective annual income [1]	Percentage distribution	Average: 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]	Ratio cost to income	Loan-cost ratio
									Percent
Less than $1,500									
$1,500 to $1,999	1.1	$1,827	$5,847	$4,848	$34.01	$4.09	$48.70	3.20	82.9
$2,000 to $2,499	17.6	2,320	6,667	5,694	40.01	5.36	57.38	2.87	85.4
$2,500 to $2,999	16.9	2,693	7,451	6,332	44.57	6.17	64.19	2.77	85.0
$3,000 to $3,499	26.5	3,120	7,983	6,715	47.53	6.68	67.99	2.56	84.1
$3,500 to $3,999	19.6	3,657	8,424	6,986	49.86	7.29	71.88	2.30	82.9
$4,000 to $4,999	13.3	4,405	8,750	7,210	51.79	7.61	74.76	1.99	82.9
$5,000 to $6,999	4.2	5,681	9,489	7,470	54.93	9.42	79.25	1.70	82.3
$7,000 to $9,999	.7	7,846	9,267	7,452	54.54	9.07	79.98	1.18	78.7
$10,000 or more	.1	13,345	9,664	7,536	54.55	9.94	81.36	.72	80.4
Total	100.0	3,316	7,902	6,607	46.95	6.71	67.50	2.38	83.6

[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] 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 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.

Comparable averages for characteristics of new section 603 insured dwellings purchased during 1947 with secondary financing are shown in table 64. About 62 percent of the mortgagors involved in these "505" transactions had incomes of less than $3,500, with 26 percent between $3,000 and $3,499. Reflecting the average necessary current cost of $7,902 (about 12 percent above the average valuation of comparable homes entering into section 203 transactions), these mortgage contracts were characterized by higher average mortgage principals, monthly payments, housing expense, and ratio of cost to income than was indicated above for mortgages insured under section 203.

Average Characteristics for Property Valuation Groups

Tables 65 and 66 present the averages for selected characteristics by property valuation intervals for new and existing single-family homes insured under section 203, with second mortgages guaranteed by the Veterans' Administration during 1947, while table 67 shows comparable averages by necessary current costs groups for new veterans' homes securing "505" mortgages insured under section 603.

TABLE 65.—*Average characteristics by property valuation: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by new single-family homes, section 203, 1947*

FHA property valuation [1]	Percentage distribution	Average: Property valuation	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]	Median loan-value ratio	Ratio of land to total value	Average number of rooms	Percentage of structures with garage
								Percent	*Percent*		
Less than $4,000	0.6	$3,694	$3,409	$359	$3.80	$20.41	$33.06	87.1	9.7	4.3	17.6
$4,000 to 4,999	4.7	4,530	3,750	511	3.37	29.86	37.44	80.1	11.3	4.1	22.7
$5,000 to $5,999	23.5	5,465	4,703	574	4.45	36.00	45.11	86.6	10.5	4.2	31.8
$6,000 to $6,999	25.7	6,370	5,481	688	5.42	42.50	51.41	86.3	10.8	4.5	44.7
$7,000 to $7,999	14.8	7,411	6,312	808	6.15	49.06	50.58	86.1	10.9	4.7	45.3
$8,000 to $8,999	15.8	8,308	7,294	1,040	7.33	56.31	67.41	86.3	12.4	4.9	64.4
$9,000 to $9,999	8.5	9,375	7,818	1,176	8.66	61.68	72.10	83.5	12.5	5.2	65.7
$10,000 to $11,999	5.4	10,505	8,448	1,272	9.75	67.07	79.07	79.4	12.1	5.5	57.1
$12,000 to $14,999	.7	12,808	10,250	1,695	9.64	79.58	93.16	77.8	13.2	6.1	68.4
$15,000 or more	.3	18,820	13,500	3,129	12.19	105.86	128.57	77.5	16.6	6.6	85.7
Total	100.0	7,085	6,672	811	6.05	46.81	56.65	85.5	11.4	4.6	46.4

[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 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.

TABLE 66.—*Average characteristics by property valuation: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by existing single-family homes, section 203, 1947*

FHA property valuation [1]	Percentage distribution	Average: Property valuation	Average: Mortgage principal [2]	Average: Land valuation [3]	Average: Estimated monthly taxes [4]	Average: Total monthly payment [5]	Average: Estimated monthly rental value [6]	Median loan-value ratio	Ratio of land to total value	Average number of rooms	Percentage of structures with garage
								Percent	Percent		
Less than $4,000	4.5	$3,348	$2,665	$423	$2.96	$23.58	$29.58	78.1	12.6	4.5	45.1
$4,000 to $4,990	12.8	4,440	3,556	537	3.83	30.02	38.06	78.6	12.1	4.5	54.2
$5,000 to $5,999	30.6	5,403	4,532	643	4.65	35.59	44.89	79.8	11.9	4.6	60.1
$6,000 to $6,999	27.3	6,334	5,333	754	5.41	41.82	51.60	79.8	11.9	4.8	64.4
$7,000 to $7,999	12.3	7,306	6,068	874	6.18	47.85	59.61	79.4	12.0	5.1	70.5
$8,000 to $8,999	5.7	8,284	6,645	1,060	7.22	53.77	66.61	78.8	12.8	5.4	82.6
$9,000 to $9,999	3.0	9,294	6,491	1,271	7.64	59.11	73.65	78.4	13.7	5.6	83.3
$10,000 to $11,999	2.4	10,553	8,523	1,470	9.78	68.06	82.81	78.5	13.9	6.0	80.7
$12,000 to $14,999	.9	12,761	9,964	1,805	10.68	80.77	96.70	77.8	14.1	6.3	84.6
$15,000 or more	.5	17,206	12,844	3,100	15.35	107.14	122.71	77.2	18.0	7.4	87.9
Total	100.0	6,208	4,890	764	5.33	40.85	50.80	79.3	12.3	4.9	64.0

[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 if any.
[6] The monthly rental value is estimated on the basis of typical year-round tenant-occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.

TABLE 67.—*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, section 603, 1947*

Necessary current cost [1]	Percentage distribution	Average: Necessary current cost	Average: Mortgage principal [2]	Average: Land valuation [3]	Average: Total monthly mortgage payment [4]	Average: Estimated monthly taxes [5]	Average: Estimated monthly rental value [6]	Median loan-cost ratio	Ratio of land to total cost
								Percent	Percent
Less than $4,000	(7)								
$4,000 to $4,999	0.6	$4,728	(8)	$481	$30.45	$3.12	$41.43	87.9	10.2
$5,000 to $5,999	5.7	5,587	$4,805	528	34.01	4.33	45.57	87.3	9.5
$6,000 to $6,999	19.6	6,517	5,633	637	40.25	5.34	51.98	87.3	9.8
$7,000 to $7,999	27.5	7,420	6,471	766	45.11	5.94	58.05	86.9	10.3
$8,000 to $8,999	23.9	8,425	7,306	877	50.39	7.33	64.45	85.5	10.4
$9,000 to $9,999	14.3	9,377	7,649	1,002	53.86	8.19	69.17	81.5	10.7
$10,000 to $10,999	6.7	10,377	8,002	1,118	56.38	9.56	72.94	70.3	10.8
$11,000 or more	1.7	11,484	8,024	1,247	57.46	10.67	77.05	60.0	10.9
Total	100.0	7,911	6,680	818	46.93	6.70	60.50	85.5	10.3

[1] The FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] 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 monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent if any.
[5] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[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.
[8] Data not significant.

A comparison of table 65 with table 14 (page 34), which presents similar data for all new single-family home mortgages insured under section 203 during the year, shows more of the "505" cases in lower valuation groups than is true for total cases. More than 54 percent of the "505" properties were valued at less than $7,000—the average valuation being $7,085—compared with only about 38 percent for the larger group, whose homes averaged $7,817. However, within individual value groups, the characteristics of the veterans' "505" transactions follow the same pattern in relation to valuation as that established for all new-home buyers who financed their purchases with section 203 insured mortgages, with only small variations between reports on "505" cases and total cases. The average mortgage principal and land valuation were slightly higher as a rule for veteran "505" transactions than was the case for all home purchases in similar value groups, although (due to the larger proportion of "505" cases in the lower valuation intervals) the average loan and land valuation for all "505" loans were lower than the corresponding figures for all cases. The room count and proportion of structures with garages were also slightly lower for the "505" homes than for the larger group.

A similar comparison may be made for existing-home mortgages insured under section 203 (tables 66 and 15). These homes are also more heavily concentrated in the less than $7,000 levels—more than three out of four for veteran purchasers with VA-guaranteed second mortgages, compared with only about one out of two for all buyers of existing dwellings. The various averages for the two groups of home buyers have about the same relationship to each other as mentioned above in connection with new-home mortgages.

The necessary current cost for "505" cases insured by FHA under section 603 (table 67) averaged considerably higher than the property valuations for new homes securing "505" mortgages insured under section 203—$7,911 for the section 603 cases compared with $7,085 for the section 203 insured mortgages. Also, in contrast to section 203 comparisons, the distribution of "505" cases by current cost approximated the distribution for all section 603 cases (table 39, page 57)—some 71 percent of the new homes securing veterans' "505" mortgages insured under section 603 were in the cost interval from $6,000 to $8,999. Within cost groups there were few differences between "505" and other section 603 cases, but because of a slightly lower typical cost the average mortgage principal for all "505" cases under section 603 was over $200 lower than the average for all mortgagors—an average of $6,680 for all GI purchases with "505" loans.

Mortgage Principal

Reflecting the lower age and lower income of "505" mortgagors discussed above, mortgage amounts insured in "505" cases under either section 203 or section 603 were typically lower than those reported for all mortgages insured under those sections.

More than 31 percent of the "505" new-home mortgages insured under section 203 involved loans of from $5,000 to $5,999. The total of 56.6 percent under $6,000 is 12 percent higher than for all new-home mortgages insured under this section—the median mortgage being $5,672 for section 203 properties involving VA-guaranteed second mortgages compared with $6,201 for all new-home mortgages.

A similar condition may be noted in connection with the "505" existing-home mortgages insured under section 203. The modal group—$4,000 to $4,999—includes more than a third of the veterans' cases. Eighty percent of these loans were for less than $6,000—16 percent more than for all section 203 existing-home loans, which had a median of $5,363, nearly 10 percent over the veterans' median loan of $4,890.

As the following table shows, new-home mortgages involving VA-guaranteed second mortgages which were insured under section 603 ran somewhat higher than those insured under section 203. About 66 percent of these section 603 cases covered loans of from $6,000 to $7,999, and only 25 percent were for less than $6,000. The median of $6,680 for "505" cases is about $200 below the typical amount of $6,914 for all section 603 cases but more than $1,000 higher than the median for "505" cases insured under section 203.

TABLE 68.—*Amount of mortgage principal: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by single-family homes, sections 203 and 603, 1947*

Mortgage principal	Section 203—505		Section 603—505—New homes
	New homes	Existing homes	
	Percent	*Percent*	*Percent*
Less than $4,000	4.8	17.0	0.2
$4,000 to $4,999	20.7	35.6	5.0
$5,000 to $5,999	31.1	27.5	19.7
$6,000 to $6,999	18.1	12.0	35.2
$7,000 to $7,999	16.2	4.1	31.0
$8,000 to $8,999	7.7	2.1	[1] 8.9
$9,000 to $9.999	.6	.8	
$10,000 or more	.8	.9	
Total	100.0	100.0	100.0
Average mortgage	$5,921	$5,035	$6,604
Median mortgage	5,672	4,890	6,680

[1] Statutory limitation $8,100.

Exterior Material for Single-Family Homes

Tables 69 and 70 show the distributions of the preponderant exterior materials of construction for homes purchased by veterans during 1947 with "505" mortgages insured under sections 203 and 603, together with the corresponding average valuation or necessary current cost, and the average number of rooms. Comparable data for all single-family homes covered by mortgages insured during 1947 are shown in table 18 for section 203 transactions and in table 42 for homes securing mortgages insured under section 603. A study of these tables indicates that "505" transactions involved more homes of wood or asbestos shingles than was the case for other home purchases. It is interesting that, while the average valuation or cost corresponding to specific materials of construction is uniformly lower for "505" veteran-purchased homes, the average room count is not proportionately smaller. This is particularly true in connection with

TABLE 69.—*Average characteristics by preponderant exterior material: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by new and existing single-family homes, section 203, 1947*

Preponderant exterior material	Percentage distribution	Average	
		FHA valuation [1]	Number of rooms [2]
NEW HOMES			
Wood	58.8	$6,755	4.5
Stucco or cement block	9.0	7,127	4.7
Brick or stone	18.0	8,680	5.0
Asbestos shingles	9.4	6,582	4.7
Other	.7	6,760	4.6
Shop fabricated panels [3]	4.1	6,154	4.2
Total	100.0	7,094	4.6
EXISTING HOMES			
Wood	70.4	6,004	4.8
Stucco or cement block	6.2	6,662	5.0
Brick or stone	9.7	7,765	5.1
Asbestos shingles	12.4	6,000	4.8
Other	.9	5,462	5.2
Shop fabricated panels [3]	.4	5,848	4.3
Total	100.0	6,210	4.9

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

TABLE 70.—*Average characteristics by preponderant exterior material: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by new single-family homes, section 603, 1947*

Preponderant exterior material	Percentage distribution	Average	
		Necessary current cost [1]	Number of rooms [2]
NEW HOMES			
Wood	53.7	$7,601	4.6
Stucco or cement block	11.6	8,476	4.8
Brick or stone	18.0	8,741	5.0
Asbestos shingles	11.5	7,449	4.7
Other	.8	8,669	5.3
Shop fabricated panels [3]	4.5	7,631	4.3
Total	100.0	7,899	4.7

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

properties securing section 603 mortgages. The typical veteran's home, constructed with wood siding, had an average current cost of $7,601 for 4.6 rooms, compared with $7,648 for all purchasers of wood houses of the same average size. The difference is more marked in the case of brick or stone homes, which averaged 5.0 rooms for both groups of mortgagors—homes purchased by veterans having, however, an average cost of $8,741, compared with $8,907 for all buyers.

Property Improvement Loans Insured under Title I

During the first 6 months of 1947, title I insurance for property improvement loans continued under the July 1944 reserve. A new reserve was established as of July 1, 1947, with new insurance contracts to all participating institutions, when an amendment of the National Housing Act extended the authority of the FHA Commissioner to continue title I insuring operations until June 30, 1949.

Regulations issued by the Commissioner in accordance with legislative authorization in the National Housing Act describe the classes ·ans which are eligible for insurance under title I, the terms of loans, and the extent of FHA insurance. The terms and financharges permitted for each class of loan are summarized on page this report.

;ain in 1947, following the trend established during 1946, the ne of title I insurance surpassed that of any single year since the ning of operations in 1934. In fact, the 1,248,000 property imement loans with net proceeds to borrowers totaling $533,604,000 sented an increase of more than 56 percent in number and 66 nt in dollar volume over the previous peak year of 1946. Morethe amount of the 1947 loans accounted for approximately 30 nt of the amount of insurance written by FHA under all titles e act during the year. The cumulative volume of all loans in- under title I had reached approximately 7,400,000 with net eds to borrowers amounting to $2,716,900,000 at December 31, 1947.

By December 31, 1947, the Commissioner had approved under title I the payment to lending institutions of 223,500 claims for insurance amounting to $60,400,000. Recoveries on claims paid totaled $32,300,000, consisting of cash collections of $27,300,000, net cash proceeds of nearly $800,000 resulting from the disposal of real properties, as presented in Statement 4 on page 118, and anticipated future cash collections of $4,200,000 from $13,600,000 of notes or other acquired security still "in process" of collection. As of the same date, there were classed as "in suspense" notes on which net claims had been paid totaling $14,500,000 on which no further recoveries are anticipated. When these recoveries are deducted from gross claims paid,

the remainder of $28,100,000 represents net claim payments since the beginning of title I operations in 1934.

Table 71 shows the yearly trend of loans insured and claims for insurance paid. Chart III depicts graphically the annual volume of loans insured under title I. From the date of the February 1938 amendment to the act, reestablishing title I operations after a 10-month lapse, a steady increase in the volume of loans reported for insurance was recorded each year prior to World War II. After sharp declines in 1942 and 1943, and a slight increase in 1944, the volume of title I insurance written increased considerably in 1945, 1946, and 1947.

During 1947 the reporting of insurance of property improvement loans in all statistical tabulations was changed from a face amount basis to a net proceeds basis. In previous annual reports of the FHA all title I data were presented on the basis of the face amount of loans insured, which includes financing charges; however, in the 1947 Annual Report the tables and charts covering operations both in 1947 and in all previous years are based on net proceeds exclusive of financing charges to the borrower.

In consequence of the sharp increase in the volume of loans insured, the gross ratio of the amount of claims paid to net proceeds of loans insured declined to 2.22 percent from 2.25 percent at the close of 1946 despite the increase in the volume of insurance claims paid during the past year.

Chart IV indicates that in general the trend of collections and recoveries follows the trend in amount of claims paid, but with a one-year time lag. Experience during the war years, however, reflected an increase in collections at a time of a sharply declining volume of claims paid. This probably may be attributed to the general rise in family incomes.

Although the volume of recoveries made during 1947 declined as compared to the 1946 volume, the great increase in insurance written in 1947 caused the net loss ratio of 1.04 percent recorded at the close of 1947 to compare favorably with the 1.22 percent of the previous year end.

The volume of 17,511 claims paid during 1947 in the amount of $5,830,000 compares with 9,254 for $2,436,000 paid in 1946. The increase has been consistent with the unprecedented increase in the volume of loans insured during the past 2 years. The yearly trend of claims paid on defaulted loans is shown in table 71. In chart IV the claims paid are related to cash recoveries after payment of claims. Financial statements 1 to 7 in the "Accounts and Finance" section of this report present the details of title I financial operations, including in statement 4 the details on cash recoveries from claims paid.

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TABLE 71.—*Trend of property improvement oans insured and claims paid: Volume of loans insured, claims paid, and the gross loss ratio under title I by FHA, 1934–1947.*

Period	For the year: Loans insured: Number	For the year: Loans insured: Net proceeds	For the year: Claims paid: Number	For the year: Claims paid: Amount	Cumulative: Loans insured: Number	Cumulative: Loans insured: Net proceeds	Cumulative: Claims paid: Number	Cumulative: Claims paid: Amount	Cumulative: Amount claims paid as percent loans insured
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	221,534,022	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	6,890,807	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	655,252,060	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	2.780
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	21,000	7,265,059	3,697,061	1,349,619,951	143,098	37,776,509	2.799
1942	432,755	141,163,398	22,091	7,132,210	4,129,816	1,490,783,349	166,089	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

[1] Title I expired April 1, 1937, and was renewed by Amendment of February 3, 1938.

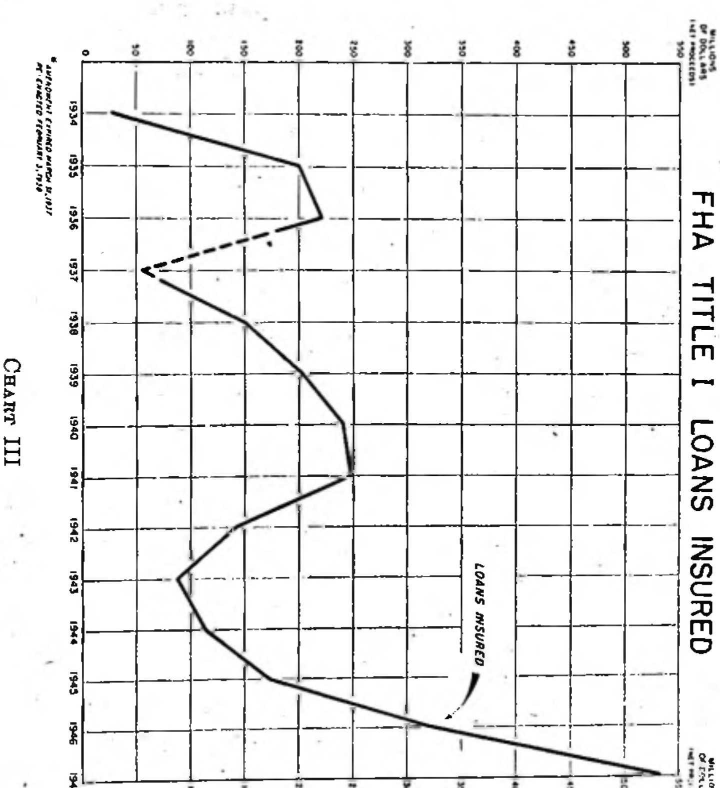


CHART III

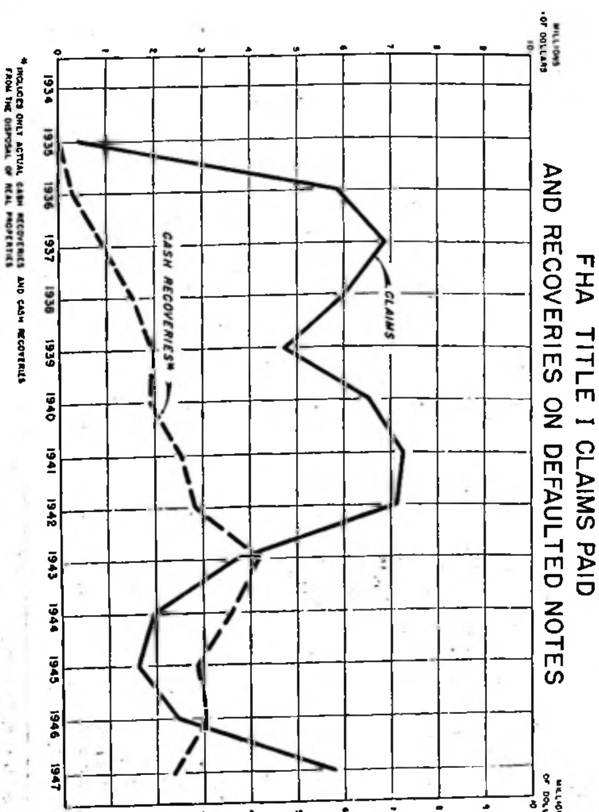


CHART IV

State Distribution of Loans Insured Under Title I

As seen in table 72, more than 860,000 loans for $426,000,000 of the United States total were financed to improve properties located in the State of New York. This by far exceeded the volume recorded for any of the remaining States. Ranking second was California with

TABLE 72.—*State distribution of property improvement loans insured and insurance claims paid: Number and net proceeds of loans insured and insurance claims paid under title I by FHA, cumulative 1934–1947*

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	93,346	$27,004,357	1.0	2,954	$611,075	1.0	2.26	$289	$207
Arizona	42,606	17,235,123	.6	1,161	349,802	.6	2.03	405	301
Arkansas	55,278	17,128,871	.6	2,684	568,259	.9	3.32	310	212
California	740,882	278,522,076	10.3	21,471	6,782,197	11.2	2.44	376	316
Colorado	44,590	16,087,945	.6	969	241,208	.4	1.50	361	249
Connecticut	107,691	41,785,409	1.5	2,715	801,239	1.3	1.92	388	295
Delaware	12,196	5,170,046	.2	380	140,138	.2	2.71	424	369
District of Columbia	42,480	18,259,519	.7	1,047	307,221	.5	1.68	430	293
Florida	123,476	48,744,003	1.8	5,699	1,706,117	2.8	3.50	395	299
Georgia	92,645	29,938,406	1.1	4,131	899,803	1.5	3.01	323	218
Idaho	36,189	12,617,964	.5	1,173	293,693	.5	2.33	349	250
Illinois	468,673	166,887,257	6.1	9,699	2,460,617	4.1	1.47	356	254
Indiana	264,366	79,132,862	2.9	7,404	1,601,397	2.6	2.02	299	216
Iowa	102,966	31,972,831	1.2	2,326	556,008	.9	1.74	311	239
Kansas	62,706	17,358,743	.6	1,665	350,476	.6	2.02	277	210
Kentucky	75,529	23,908,290	.9	2,327	609,152	1.0	2.55	317	262
Louisiana	63,906	20,185,271	.7	2,246	411,178	.7	2.04	316	183
Maine	29,818	11,194,898	.4	819	241,919	.4	2.16	375	295
Maryland	126,941	48,075,018	1.8	3,330	884,102	1.5	1.84	379	266
Massachusetts	239,415	88,632,633	3.3	7,589	2,129,004	3.5	2.40	370	281
Michigan	588,590	204,328,246	7.5	17,916	4,207,229	7.1	2.10	347	240
Minnesota	159,456	51,313,590	1.9	3,138	845,429	1.4	1.65	322	269
Mississippi	49,603	17,269,477	.6	2,391	562,349	.9	3.26	348	235
Missouri	193,183	56,738,097	2.1	6,275	1,341,435	2.2	2.36	294	214
Montana	17,684	7,245,454	.3	482	166,327	.3	2.30	410	345
Nebraska	43,461	14,484,452	.5	1,099	274,352	.5	1.89	333	250
Nevada	9,905	4,271,155	.2	212	73,140	.1	1.71	431	345
New Hampshire	21,086	7,978,844	.3	879	248,056	.4	3.11	378	282
New Jersey	338,485	150,969,510	5.6	15,457	4,138,128	6.8	2.74	446	268
New Mexico	11,619	4,878,470	.2	706	222,430	.4	4.56	420	315
New York	860,138	426,085,237	15.7	30,769	10,554,416	17.4	2.48	495	343
North Carolina	67,737	22,845,476	.8	2,508	544,707	.9	2.38	337	217
North Dakota	12,070	4,562,172	.2	364	92,411	.2	2.03	378	254
Ohio	467,209	150,396,631	5.5	9,735	2,573,814	4.3	1.71	322	264
Oklahoma	103,150	30,896,853	1.1	3,054	654,485	1.1	2.12	300	214
Oregon	86,281	29,521,646	1.1	2,515	641,818	1.1	2.17	342	255
Pennsylvania	490,308	175,874,803	6.5	13,859	3,544,724	5.8	2.02	350	256
Rhode Island	39,415	15,498,686	.6	1,184	345,980	.6	2.23	393	292
South Carolina	38,844	13,281,277	.5	1,901	394,496	.7	2.97	342	208
South Dakota	10,799	3,891,656	.1	291	79,390	.1	2.04	360	273
Tennessee	137,281	40,012,387	1.5	3,560	1,121,481	1.9	2.80	291	315
Texas	292,365	98,779,030	3.6	8,980	1,613,940	2.7	1.63	338	180
Utah	56,624	17,482,121	.6	949	218,296	.4	1.25	309	230
Vermont	10,451	4,128,821	.2	501	169,074	.3	4.09	395	337
Virginia	92,101	43,903,907	1.6	2,832	1,144,498	1.9	2.61	477	404
Washington	177,623	59,669,321	2.2	6,034	1,377,958	2.3	2.31	336	228
West Virginia	30,271	11,264,936	.4	911	320,094	.5	2.85	372	352
Wisconsin	127,676	45,972,490	1.7	2,695	802,277	1.3	1.75	360	298
Wyoming	7,070	3,212,845	.1	165	58,072	.1	1.81	454	352
Alaska	353	316,751	(1)	25	6,677	(1)	2.11	897	267
Hawaii	856	435,118	(1)	6	2,873	(1)	.66	508	479
Puerto Rico	20	17,199	(1)	-------	-------	-------	-------	860	-------
Canal Zone	3	3,541	(1)	-------	-------	-------	-------	118	-------
Adjustments [2]	8,428	−434,106	(1)	315	45,252	.1	-------	-------	-------
Total	7,375,844	2,716,937,804	100.0	223,497	60,421,212	100.0	2.22	368	270

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

741,000 loans for $279,000,000, followed by Michigan with 589,000 loans for $204,000,000. In each of four other States—Pennsylvania, Illinois, New Jersey, and Ohio—net proceeds of loans for property improvements exceeded $100,000,000. Since the beginning of FHA operations in 1934, title I insured loans have financed improvements to properties located in every county in the United States.

Insurance claims paid through the end of 1947 on defaulted title I loans for improvements to properties in New York amounted to approximately $10,600,000, or 2.48 percent of the total loans insured in the State. In California, the claims amounted to $6,800,000, in Michigan $4,300,000, New Jersey $4,100,000, Pennsylvania $3,500,000, Ohio $2,600,000, and Illinois $2,500,000. In only 15 States has more than $1,000,000 been paid in claims for insurance since the beginning of operations under title I.

In table 72 there is presented by State location of property improved a distribution of loans insured and claims paid. Also shown are the ratios of total claims paid to loans insured, the average loan insured, and the average claim paid in each State, from 1934 through 1947.

Activity of Lending Institutions

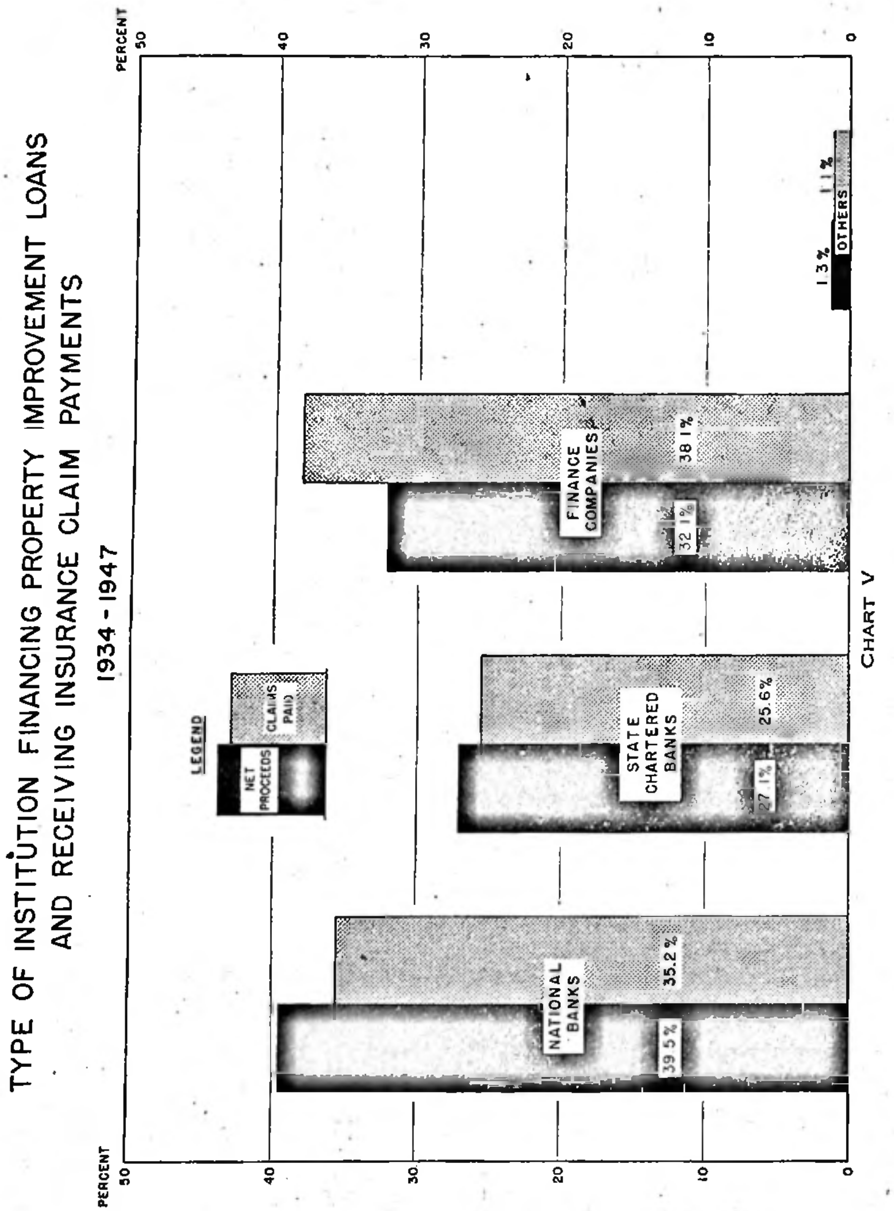
More than 6,000 lending institutions financed FHA-insured property improvement loans from 1934 through 1947. This number does not include the many branch offices which service localities some distance from the head office of the financial institution nor the many dealers who have arranged loans with approved institutions for thousands of borrowers in every State.

TABLE 73.—*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 1934–47*

Type of institution	Loans insured				Claims paid				Amount claims paid as percent loans insured
	Number	Net proceeds	Percent of net proceeds	Average net proceeds	Number	Amount	Percent of amount	Average claim	
National bank	2,785,480	$1,072,749,286	39.5	$385	76,573	$21,267,885	35.2	$278	1.98
State chartered bank [1]	1,891,359	737,315,419	27.1	390	59,483	15,462,046	25.6	260	2.10
Finance company	2,641,827	871,491,602	32.1	330	86,437	23,018,005	38.1	266	2.64
Savings and loan assn	46,765	22,093,639	.8	472	576	203,015	.3	352	.92
Other	10,413	13,287,858	.5	1,276	428	470,261	.8	1,099	3.54
Total	7,375,844	2,716,937,804	100.0	368	223,497	60,421,212	100.0	270	2.22

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

In 1947 a total of 3,203 institutions submitted loans for insurance under the 1947 reserve, as shown in table 73—compared with 6,289 institutions active prior to April 1937. However, simultaneously with the decline in active approved institutions, the larger institutions have substantially increased branch office operations and purchases of



consumer credit paper from dealers. Table 73 presents the volume of loans insured and insurance claims paid under title I classified by type of lending institution for the period from the inception of the

program in 1934 through 1947. Identical data for the current reserve established in July 1947 are shown in table 74.

National banks, State chartered banks, and finance companies have been the leading types of institutions holding insurance contracts under title I, accounting for 99 percent of the number and net proceeds of loans insured by FHA at the close of 1947. National banks led all other types with 39.5 percent of the net proceeds as compared to 32.1 percent for finance companies and 27.1 percent for State chartered banks. Chart V reveals that, although finance companies reported only 32.1 percent of the loans insured, of the $60,400,000 of claims for FHA insurance 38.1 percent was paid to these institutions, with 35.2 percent paid to national banks, and 25.6 percent to State chartered banks.

TABLE 74.—*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 the FHA under the July 1947 Reserve, cumulative July 1, 1947, through Dec. 31, 1947*

Type of institution	Loans insured: Number of institutions	Loans insured: Number	Loans insured: Net proceeds	Loans insured: Percent of net proceeds	Loans insured: Average net proceeds	Claims paid: Number of institutions	Claims paid: Number	Claims paid: Amount	Claims paid: Percent of amount	Claims paid: Average claim
National bank	1,420	220,772	$94,389,074	42.5	$428	3	3	$777	25.2	$259
State chartered bank [1]	1,438	120,385	56,350,726	25.4	468	1	1	508	16.4	508
Finance company	67	104,110	68,875,827	31.0	420	1	6	1,806	58.4	301
Savings and loan association	245	4,968	2,038,922	.9	410					
Other	24	691	352,799	.2	511					
Total	3,203	510,932	222,013,348	100.0	435	5	10	3,091	100.0	309

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

Characteristics of Insured Loans

The average borrower during 1947 received a title I loan amounting to $428, and typically the net proceeds have financed the repair and improvement of a single-family dwelling.[1] The average loan was amortized within a period of 3 years with a monthly payment averaging about $15. Major property improvements have included the installation and repair of heating systems, additions and alterations, exterior finishing, and insulation.

Table 75 shows a distribution of loans insured under the July 1947 reserve of title I, classified by type of property improved and major type of improvement financed. Also listed are the average loans in each classification. The type of improvement specified relates only to the principal repairs financed. For example, a loan reported as

[1] The characteristics of the loans and properties insured under title I are analyzed on the basis of the 510,900 loans insured under the 1947 reserve through December 31, 1947.

financing additions and alterations may include a smaller amount for financing plumbing repairs, painting, electrical repairs, or other eligible improvements.

TABLE 75.—*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, 1947*

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 residential construction	11	----------	----------	----------	----------	11	(3)
New nonresidential construction	----------	----------	458	880	3,762	5,100	1.2
Additions and alterations	41,778	3,943	1,480	1,163	1,184	49,548	9.7
Exterior finish	51,040	5,045	450	1,283	156	57,974	11.4
Interior finish	27,787	3,190	948	271	65	32,261	6.3
Roofing	43,296	3,340	423	1,672	146	48,877	9.5
Plumbing	37,080	3,036	697	1,478	124	42,415	8.3
Heating	117,308	12,238	2,087	1,650	214	133,497	26.1
Insulation	91,548	3,392	537	1,734	61	97,272	19.0
Miscellaneous	39,773	1,700	1,274	965	265	43,977	8.5
Total	449,621	35,884	8,354	11,096	5,977	510,932	100.0
Percent of total	88.0	7.0	1.6	2.2	1.2	100.0	-------
NET PROCEEDS OF LOANS INSURED							
New residential construction	$31,500	----------	----------	----------	----------	$31,500	(3)
New nonresidential construction	----------	----------	$653,135	$799,618	$2,279,203	3,731,956	1.7
Additions and alterations	26,884,642	$4,207,766	2,117,709	999,248	744,984	34,954,349	15.8
Exterior finish	27,342,020	3,790,954	398,050	790,727	91,786	32,413,537	14.5
Interior finish	11,350,356	2,128,779	1,126,140	197,199	50,694	14,853,168	6.7
Roofing	13,984,227	1,434,410	250,291	745,119	63,375	16,477,422	7.3
Plumbing	13,644,269	1,997,982	627,419	842,453	87,997	17,200,120	7.8
Heating	49,785,988	8,741,061	1,938,647	861,560	155,709	61,482,965	27.7
Insulation	24,144,221	1,242,153	279,661	600,720	26,710	26,293,465	11.9
Miscellaneous	11,822,160	1,024,863	962,400	611,748	153,695	14,574,866	6.6
Total	178,989,383	24,567,968	8,353,452	6,448,392	3,654,153	222,013,348	100.0
Percent of total	80.6	11.1	3.8	2.9	1.6	100.0	-------
AVERAGE NET PROCEEDS							
New residential construction	$2,864	----------	----------	----------	----------	$2,864	-------
New nonresidential construction	----------	----------	$1,426	$909	$606	732	-------
Additions and alterations	644	$1,067	1,431	859	629	705	-------
Exterior finish	536	751	885	616	588	559	-------
Interior finish	408	667	1,188	728	780	460	-------
Roofing	323	429	592	446	434	337	-------
Plumbing	368	658	900	570	710	406	-------
Heating	424	714	929	522	728	461	-------
Insulation	264	366	521	346	438	270	-------
Miscellaneous	297	603	755	634	580	331	-------
Total	398	685	1,000	581	611	435	-------

[1] Type of improvement to which major portion of the proceeds of the loan was devoted.
[2] Includes 3,544 loans for $2,014,768 reported as financing garages.
[3] Less than 0.05 percent.

Size of Insured Loan.—Table 76 includes a percentage distribution by class of loan of the number and net proceeds of property improvement loans insured since the enactment of the July 1947 amendment.

As in the past, the bulk of the loans (98.8 percent) were designated as class 1 (a), financing the repair and improvement of existing properties.

As shown in the table more than 4 of every 10 loans were written with net proceeds of less than $300, and for 8 of every 10 loans net proceeds were less than $600. As many loans were written with net proceeds under $329 as were written in excess of that amount.

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

JULY 1947 - DECEMBER 1947

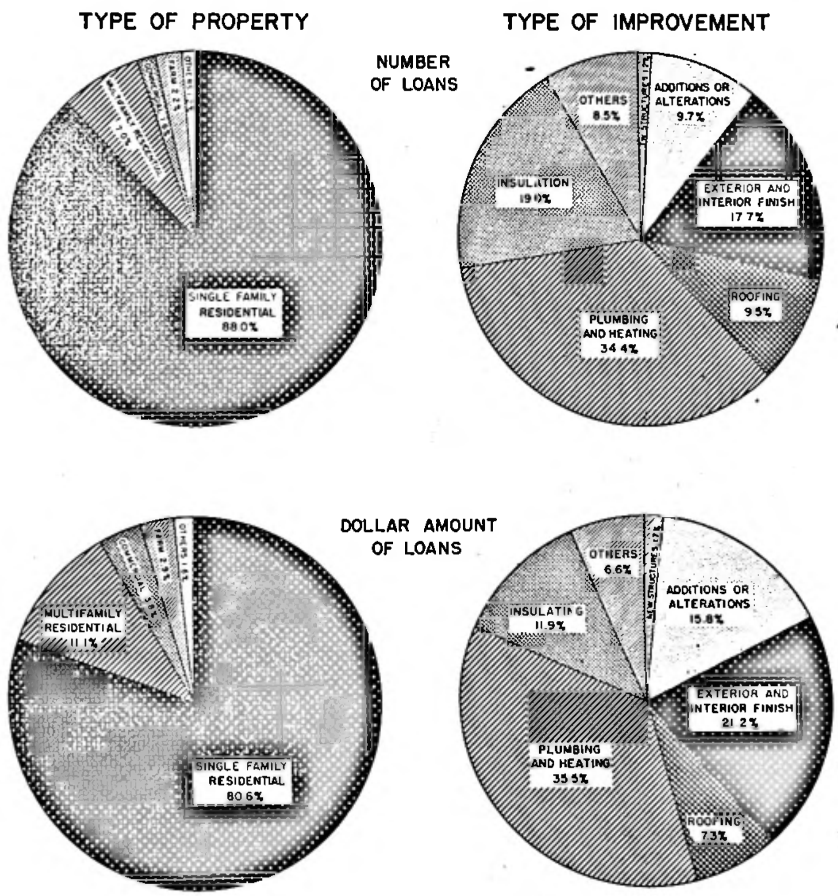


CHART VI

Table 76.—*Size of loan: Percentage distribution of the number and net proceeds of class 1 and class 2 property improvement loans [1] insured under title I by FHA under the July 1947 reserve during 1947*

Net proceeds of loan	Number—Percentage distribution					Net proceeds—Percentage distribution				
	Total Classes 1 and 2	Class 1a	Class 1b	Class 2a	Class 2b	Total Classes 1 and 2	Class 1a	Class 1b	Class 2a	Class 2b
Less than $100	4.6	4.7	0.3	0.7	1.0	0.8	0.8	(²)	0.1	0.1
$100 to $199	20.6	20.9	1.6	4.4	5.2	7.0	7.2	0.1	.9	.8
$200 to $299	19.9	20.1	2.5	7.9	8.6	11.1	11.3	.4	2.7	2.1
$300 to $399	16.3	16.4	3.3	13.6	8.5	12.7	12.9	.7	6.5	3.0
$400 to $499	9.9	9.9	3.2	14.4	6.3	9.9	10.1	.8	8.8	2.8
$500 to $599	7.9	7.8	4.4	15.0	11.4	9.5	9.6	1.4	11.2	6.3
$600 to $799	8.2	8.1	6.8	16.4	12.8	12.7	12.8	2.7	15.5	9.2
$800 to $999	4.3	4.2	6.0	7.6	8.8	8.5	8.6	3.2	9.3	8.2
$1,000 to $1,499	5.0	4.9	16.7	10.1	14.6	12.9	12.9	11.9	16.0	17.9
$1,500 to $1,999	1.6	1.5	16.7	3.8	10.6	5.9	5.7	10.9	8.7	18.4
$2,000 to $2,499	.8	.7	15.4	2.0	4.9	3.6	3.3	20.5	5.8	10.8
$2,500 to $2,999	.9	.8	15.3	3.6	6.5	5.1	4.7	22.9	12.6	17.7
$3,000 to $3,999	(²)	(²)	4.4	.5	.8	.2	.1	8.7	1.9	2.7
$4,000 to $4,999	(²)	------	1.3	------	------	(²)	------	3.5	------	------
$5,000 or more	(²)	------	2.1	------	------	.1	------	6.3	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage distribution	100.0	98.8	.3	.8	.1	100.0	97.1	1.3	1.3	.3
	Median amount of loan					Average amount of loan				
Size of loan	$329	$327	$1,656	$560	$741	$434	$427	$1,680	$713	$937

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

[2] Less than 0.05 percent.

Duration of Loan.—Table 77 shows a percentage distribution of the number and net proceeds of title I loans by term for each class of loan insured under the provisions of the July 1947 reserve. The maximum periods of repayment are limited by the regulations in keeping with the type of transaction involved. For example, the class 1 (b) conversion loans and the new-structure loans involving more extensive types of property improvement may have longer terms of repayment than the class 1 (a) loans financing repairs to existing properties.

Approximately two of every three loans insured during the period covered in table 77 were written with a term of 3 years. These loans with 3-year terms accounted for over three-fourths of the total dollar amount of loans insured.

Table 77.—*Duration of loan: Percentage distribution of the number and net proceeds of class 1 and class 2 property improvement loans [1] insured by the FHA under the July 1947 reserve, July through December 1947*

Duration [2]	Number—Percentage distribution					Net proceeds—Percentage distribution				
	Classes 1 and 2	Class 1a	Class 1b	Class 2a	Class 2b	Classes 1 and 2	Class 1a	Class 1b	Class 2a	Class 2b
6 months	1.0	1.0	0.1	0.5	1.7	0.5	0.6	0.1	0.3	0.7
12 months	14.1	14.2	1.7	7.7	12.2	7.1	7.2	.5	4.0	5.0
18 months	7.5	7.5	1.2	4.7	6.1	4.5	4.6	.4	2.5	2.9
24 months	10.3	10.3	1.9	7.2	9.6	7.6	7.7	.5	5.1	6.1
30 months	2.3	2.4	.5	1.0	1.7	1.5	1.5	.1	.7	1.8
36 months	64.5	64.6	14.7	78.9	62.1	77.6	78.4	8.9	87.4	71.1
48 months	(³)	------	1.3	------	.6	(³)	------	1.3	------	1.2
60 or more	.3	------	78.6	------	6.0	1.2	------	88.2	------	11.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Median duration					Average duration				
	36.0	36.0	84.0	36.0	36.0	30.1	29.8	69.3	32.5	32.1

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

[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.

Part III

ACCOUNTS AND FINANCE

The form previously used for presenting the financial statements of the Federal Housing Administration was changed during 1947 to the so-called business type. The present form follows the general pattern prescribed for Government corporations and similar agencies in submitting the annual budget and other financial reports.

This report covers the fiscal operations for the calendar year 1947 and cumulatively through December 31, 1947.

Gross Income and Operating Expenses, 1947

Gross income for the year 1947 under all insurance operations totaled $50,455,609 and was derived from fees, insurance premiums, and income on investments. Expenses of administering the agency during the year 1947 totaled $18,944,404. This left $31,511,205 to be added to the various insurance funds. After reflecting all other income and providing for all other expenses, including insurance losses, the net income for 1947 amounted to $30,287,715.

Cumulative Gross Income and Operating Expenses, By Years

From the establishment of FHA in 1934 through 1947, gross income totaled $285,419,537, while operating expenses totaled $160,483,611. An analysis of these totals by calendar year follows:

Income and operating expenses through Dec. 31, 1947

Calendar year	Income from fees, premiums, and investments	Operating expenses	Calendar year	Income from fees, premiums, and investments	Operating expenses
1934	$113,423	$1,750,318	1942	$27,298,702	$11,786,126
1935	1,539,839	10,362,412	1943	26,575,968	11,136,238
1936	4,132,006	11,472,221	1944	29,596,417	10,919,583
1937	6,565,309	9,334,969	1945	29,850,168	10,591,649
1938	10,022,449	11,432,341	1946	36,739,935	12,556,534
1939	14,411,306	12,975,198	1947	50,455,609	18,944,404
1940	21,240,966	13,299,890			
1941	26,877,350	13,912,728	Total	285,410,537	160,483,611

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), $35,277,611; title II (small-home mortgages), $183,885,285; title II (rental housing projects), $6,473,323; and title VI (war and veterans' emergency housing), $59,783,318.[1]

Prepayment Premiums Waived

During 1947 the Administration continued to waive the 1 percent prepayment premium on small-home mortgages when borrowers paid their loans in full prior to maturity without refinancing or incurring other collateral indebtedness. This was in conformity with a Presidential directive to assist in counteracting inflation by encouraging debt prepayment.

From the effective date of the waiver, May 26, 1942, through December 31, 1947, 356,194 prepayment premiums were waived for $15,049,858 (325,907 under section 203 of title II for $13,674,423, and 30,287 under section 603 of title VI for $1,375,435). Prepayment premiums collected from the establishment of FHA through 1947 under titles II and VI amounted to $14,537,001.

Administrative Expenses

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

The maximum amount of expenditures which may be made for FHA operations out of its income 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, 1947, covering operating costs as well as furniture and equipment purchased have been charged against the titles and sections of the act as follows:

[1] See Statement 1.

Administrative expenses—Fiscal year 1947 (July 1, 1946, to June 30, 1947)

Title and section	Amount	Percent
Title I	$1,460,154	9.03
Title II:		
Section 203	6,797,075	42.05
Section 207-210	124,270	.77
Title VI:		
Section 603	5,376,011	33.25
Section 608	2,408,365	14.90
Total	16,165,875	100.00

Combined Capital of All FHA Funds

The combined capital or total net resources of all FHA funds on December 31, 1947, amounted to $166,953,844, and consisted of $79,975,791 paid-in surplus (net allocations by the Federal Government) and earned surplus of $86,978,053.[2] The capital of each fund is given below:

Fund:	Capital
Mutual Mortgage Insurance Fund	$111,800,474
Housing Insurance Fund	4,546,875
War Housing Insurance Fund	24,418,794
Title I Insurance Fund and Title I Claims Account	22,394,377
Administrative Expense Account	3,793,324
Total	166,953,844

Combined Income and Expenses—All FHA Funds

Total income from all sources during the year 1947 amounted to $51,261,606, while expenses after reflecting the adjustment of reserves for losses totaled $20,973,891, resulting in net income for the period of $30,287,715. Cumulative income from June 27, 1934, through December 31, 1947, was $290,335,641, and cumulative expenses, including reserves for losses, were $195,062,989, leaving cumulative net income of $95,272,652.[3]

TITLE I: PROPERTY IMPROVEMENT LOANS

Loans Insured and Claims Paid

Operations under title I cover the insurance of qualified institutions against loss on loans made to finance the alteration, repair, and improvement of existing structures, and loans not exceeding $3,000 for the construction of new structures, including new homes.

Loans aggregating 7,375,844 in number and $2,716,937,804 in amount (net proceeds) had been reported for insurance under title I through December 31, 1947. Through that date 223,497 claims had been paid for $60,421,212, or approximately 2.2% of the total net proceeds of loans insured.[4] For the calendar year 1947, the comparable figures were 1,247,590 loans insured for an aggregate of $533,604,178, and 17,511 claims paid for $5,829,750.

[2] See Statement 2. [3] See Statement 3. [4] See Statement 4.

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 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, 1947, there had been acquired under the terms of title I insurance a total of 395 real properties with a claim balance of $821,607. All of these had been sold at a net loss of $53,792, including all expenses incurred by FHA in acquiring, managing, and disposing of the properties, such as taxes, repairs, and sales commissions.

Insurance losses under title I through December 31, 1947, amounted to $28,144,443. These losses represent 1.04 percent of the total amount of loans insured ($2,716,937,804). A summary of title I transactions through December 31, 1947, follows:

Summary of title I transactions for the period June 27, 1934, to Dec. 31, 1947

	Total title I transactions to December 31, 1947	Percent to notes insured
Total notes insured	$2,716,937,804	100.000
Total claims paid	60,421,212	2.224
Recoveries:		
Cash collections:		
On notes	27,100,252	.998
On sale of repossessed equipment	168,200	.006
Total cash	27,268,452	1.004
Real properties (after deducting losses)	767,815	.028
Total recoveries	28,036,267	1.032
Net notes in process of collection	4,240,502	.156
Losses:		
Loss on sale of real properties	53,792	.002
Loss on repossessed equipment	4,307,013	.158
Loss on defaulted title I notes	14,445,943	.532
Reserve for loss on defaulted title I notes	9,337,695	.344
Total losses	28,144,443	1.036

NOTE: Included in the loss on repossessed equipment is $3,079,074 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, $2,490,070 interest on outstanding balances of title I notes, $65,852 interest on mortgage notes, and $229,077 miscellaneous income had been collected through December 31, 1947.

Title I Insurance Fund and Claims Account

Prior to July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under title I. An amendment to the Act of 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 ¾ 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 a maturity in excess of 7 years, and class 3 loans covering the construction of small homes; on these the premium rate is ½ 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 that any amounts 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 administrative and nonadministrative 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 complete financial report of title I operations from the initiation of the program in 1934 to December 31, 1947, combined statements have been prepared for the Title I Insurance Fund and the Title I Claims Account. The Title I Claims Account reflects the transactions with respect to insurance claims paid out of allocations by the Federal Government prior to July 1, 1939.

The total capital of the combined Title I Insurance Fund and Title I Claims Account as of December 31, 1947, was $22,394,377, consisting of paid-in capital (net appropriations allocated by RFC for the payment of insurance claims) in the amount of $22,296,876, and earned surplus of $97,501.[5] However, the resources of the Title I Insurance Fund, on which present and future title I operations depend for capital, amounted to $22,229,397, of which $8,337,632 represented paid-in capital (expended Government allocations for payment of claims) and $13,891,765 earned surplus. The financial condition of each of the title I funds as of December 31, 1947, is shown below:

Combined Title I Insurance Fund and Title I Claims Account: Statement of financial condition as of December 31, 1947

	Title I Insurance Fund	Title I Claims Account	Combined title I
ASSETS			
Cash with United States Treasury	$17,904,033.76	$309,209.96	$18,213,243.72
Loans receivable:			
Mortgage notes and sales contracts	199,433.93	50,790.17	250,224.10
Accounts and notes receivable:			
Accounts receivable	356.18	211.19	567.37
Accrued assets:			
Interest on mortgage notes and sales contracts	817.35	207.49	1,024.84
Acquired security or collateral:			
Defaulted title I notes	11,545,890.88	2,032,306.28	13,578,197.16
Less reserve for losses	7,419,578.28	1,918,116.39	9,337,694.67
Net defaulted title I notes	4,126,312.60	114,189.89	4,240,502.49
Total assets	22,230,953.82	474,608.70	22,705,562.52
LIABILITIES			
Trust and deposit liabilities:			
Deposits held for mortgagors and lessees	1,556.76	953.20	2,509.96
Undistributed receipts		15,894.00	15,894.00
General fund receipts in process of deposit		292,781.44	292,781.44
Total liabilities	1,556.76	309,628.64	311,185.40
CAPITAL			
Capital stock and paid-in surplus:			
Expended appropriations net (allocated by RFC pursuant to act of 6-27-34 as amended (12 U. S. C. 1701) and subsequent appropriation acts)	8,337,632.38	13,959,141.19	22,296,773.57
Unexpended		102.91	102.91
Total paid-in capital	8,337,632.38	13,959,244.10	22,296,876.48
Earned surplus (or deficit [a])	13,891,764.68	[a] 13,794,264.04	97,500.64
Total capital	22,229,397.06	164,980.06	22,394,377.12

[a] Deduct

For the year 1947 title I income totaled $10,326,933, while expenses and losses amounted to $3,717,801, leaving $6,609,132 net income before adjustment of reserves for losses. After adding the downward adjustment of reserves in the amount of $136,535, net income for the year was $6,745,667.[6]

[5] See Statement 5.
[6] See Statement 6.

The cumulative income and expenses of each of the title I funds as reflected in the combined figures through December 31, 1947, are shown below:

Title I Insurance Fund and Title I Claims Account: Statement of income and expenses June 27, 1934, to December 31, 1947

	Title I Insurance Fund	Title I Claims Account	Combined title I
Income:			
Interest and dividends:			
Interest on mortgage notes and sales contracts	$30,462.45	$35,389.26	$65,851.71
Interest—other	870,683.88	1,619,386.60	2,490,070.48
Total	901,146.33	1,654,775.86	2,555,922.19
Insurance premiums:			
Premiums	34,908,346.29		34,908,346.29
Fees	369,264.30		369,264.30
Total	35,277,610.59		35,277,610.59
Other income:			
Miscellaneous income	83,231.76	145,845.13	229,076.89
Total income	36,261,988.68	1,800,620.99	38,062,609.67
Expenses:			
Administrative expenses:			
Net transfers to salaries and expenses	9,658,632.83		9,658,632.83
Other expenses:			
Miscellaneous expenses	162,033.68		162,033.68
Losses and charge-offs:			
Loss on sale of acquired properties	22,699.96	31,092.25	53,792.21
Loss on equipment	47,369.94	4,259,642.58	4,307,012.52
Loss on defaulted title I notes	5,059,909.31	9,386,033.81	14,445,943.12
Total	5,129,979.21	13,676,768.64	18,806,747.85
Total expenses	14,950,645.72	13,676,768.64	28,627,414.36
Net income before adjustment of reserves for losses	21,311,342.96	[a] 11,876,147.65	9,435,195.31
Adjustment of reserves for losses	[a] 7,419,578.28	[a] 1,918,116.39	[a] 9,337,694.67
Net income (or loss [a])	13,891,764.68	[a] 13,794,264.04	97,500.64

[a] Deduct.

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 $165,000,000.

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.

On December 31, 1947, the net estimated charges against the liability limitation of $165,000,000 were $127,614,123, which left $37,385,877 as the unallocated amount available for use as reserves.[7]

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 dividends 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 dividends can be paid 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

[7] See Statement 7.

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 $4,000,000,000, except that with the approval of the President such aggregate amount may be increased to $5,000,000,000. This limitation applies to the insurance granted on 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, 1947, was calculated as follows:

Outstanding insurance liability under title II

Total liability authorized		$4, 000, 000, 000
Estimated outstanding balance of insurance in force:		
Small homes	$2, 437, 690, 163	
Rental and group housing	36, 965, 550	
Commitments (small-home and rental housing)	365, 764, 506	
Estimated insurance liability at Dec. 31, 1947		2, 840, 420, 219
Unused authorization for insurance		1, 159, 579, 781

Mutual Mortgage Insurance Fund Capital

As of December 31, 1947, the assets of the Mutual Mortgage Insurance Fund totaled $121,184,241, against which there were outstanding liabilities of $9,383,767. The total capital of the fund stood at $111,800,474 and consisted of paid-in surplus (original allocation from the Federal Government) of $10,000,000 and earned surplus of $101,800,474. The entire earned surplus of the fund is reserved as follows: group accounts $90,770,325, General Reinsurance Account $753,836, and earmarked reserves for administrative expenses $10,276,313.[8]

Income and Expenses

During the year 1947 the fund earned $19,967,326 and had expenses of $7,409,806, leaving net income of $12,557,520 which was added to the earned surplus. After the earned surplus of group accounts had been charged with participation dividends in the amount of $4,249,220, there was a net increase in the fund during the period of $8,308,300.[9]

[8] See Statement 8.
[9] See Statement 9.

The cumulative income of the Mutual Mortgage Insurance Fund from June 27, 1934, to December 31, 1947, amounted to $186,336,451, against which expenses of $75,241,378 had been charged, leaving cumulative net income of $111,095,073, which was added to the earned surplus. After reducing the earned surplus of the General Reinsurance Account by the transfer made in 1938 of $1,000,000 to establish the Housing Insurance Fund, and charging the surplus of group accounts with participation dividends of $8,294,599, the cumulative net increase in the earned surplus was $101,800,474.

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 1947, all outstanding Mutual Mortgage Insurance Fund debentures that were subject to call ($16,300 series B 2¾ percent and $36,300 series E 2¾ percent) were redeemed; and a special purchase was made of $875,950 series A 3 percent debentures.

Purchases of United States Treasury bonds and notes made during the year increased the holdings of the fund by $10,987,000 (principal amount). On December 31, 1947, the fund held United States Treasury bonds and notes in the amount of $114,087,438, as follows:

Investments of the Mutual Mortgage Insurance Fund, Dec. 31, 1947

Series	Interest rate	Purchase price	Par value	Book value (amortized)
	Percent			
1951–52	2	$21,000,000.00	$21,000,000.00	$21,000,000.00
1951–54	2¾	544,843.75	550,000.00	547,722.36
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	4,441,634.03	4,389,500.00	4,413,342.33
1956–59	2¾	5,305,584.59	5,242,850.00	5,274,441.99
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	30,702,117.97	30,667,000.00	30,701,931.48
Average annual yield	2.42	114,144,180.34	113,999,350.00	114,087,438.16

Properties Acquired Under the Terms of Insurance

No small homes with mortgages insured under section 203 were acquired in 1947 by the Commissioner under the terms of insurance. During 1946, title to one foreclosed property had been transferred to the Commissioner, and in 1945 there had been eight.[10] Through 1947, a total of 4,067 small homes had been acquired under the Mutual Mortgage Insurance Fund for which debentures and cash adjustments had been issued in the amount of $18,719,093.

Through December 31, 1947, all (4,067) acquired properties insured under section 203 had been sold at prices which left a net charge against the fund of $2,400,191, or an average of approximately $590 per case.[11] One section 207 rental housing project, insured under the Mutual Mortgage Insurance Fund prior to February 3, 1938, had been acquired and sold in 1941 at no loss to the fund. On December 31, 1947, no property insured under the Mutual Mortgage Insurance Fund was held by this Administration.

Certificates of Claim and Refunds to Mortgagors

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

Certificates of claim issued in connection with the 4,067 section 203 properties which had been acquired and sold through 1947 totaled $1,656,956. The net proceeds of sale in 1,484 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 $390,760 (approximately 24 percent), while certificates of claim totaling $1,266,196 (approximately 76 percent), had been or will be canceled.

In addition there were excess proceeds on approximately 15 percent (or 614) of the 4,067 sold properties amounting to $159,064 for refund to mortgagors. The refund to mortgagors on these 614 cases averaged $259.

Mutual Mortgage Dividends

In carrying out the mutual provisions of title II the Administration had established through 1947 a total of 256 group accounts, of which 126 had credit balances for distribution, and 130 had deficit balances. The 126 group accounts with credit balances represented 6 from

[10] See Statement 10.
[11] See Statements 11 and 12.

which termination dividends had been declared, 7 from which termination dividends will be declared, and 113 from which prepayment dividends are being currently disbursed to mortgagors who pay their mortgages in full prior to maturity. Termination dividends also will be paid eventually from the 113 groups now paying prepayment dividends.

Of the 130 deficit balance groups at December 31, 1947, 49 had been terminated with deficits totaling $86,610, and these deficits had been charged against the General Reinsurance Account. The income of the remaining 81 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 6 group accounts which had matured and from which termination dividends had been declared amounted to $105,826, and these balances were shared by 2,083 mortgagors. The termination dividends ranged from $2.12 to $48.22 per $1,000 of original face amount of mortgage. The credit balances of the 7 groups from which termination dividends will be declared amounted to $108,189 on December 31, 1947, and will be shared by approximately 1,515 mortgagors.

The credit balances of the 113 groups from which prepayment dividends are being paid as insured loans are paid in full amounted to $34,970,046 on December 31, 1947. On that date there were still in force in these group accounts approximately 374,150 insured mortgages on which the original face amount had been $1,655,975,649.

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 dividends. 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, and paying the mortgagee's certificate of claim, are refunded to the mortgagor.

Housing Insurance Fund Capital and Net Income

Assets of the Housing Insurance Fund as of December 31, 1947, totaled $10,703,488, against which there were outstanding liabilities of $6,156,612. The capital of the fund stood at $4,546,876, and consisted entirely of unreserved earned surplus, of which $3,546,876 represented earnings of the Housing Insurance Fund and $1,000,000, earnings of the Mutual Mortgage Insurance Fund which were transferred to the Housing Insurance Fund in accordance with an amendment to the act of February 3, 1938.[12] Net income of the fund during 1947 amounted to $620,261.[13]

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 1947, series D 2¾ percent Housing Insurance Fund debentures in the amount of $1,000,000 were retired as the result of a call made for their redemption, and $100,000 were retired by special purchase. In addition, 2 percent United States Treasury notes in the amount of $2,000,000 were purchased at par. On December 31, 1947, the fund held United States Treasury bonds and notes in the amount of $4,439,430, as follows:

Investments of the Housing Insurance Fund, December 31, 1947

Series	Interest rate	Purchase price	Par value	Book value (amortized)
	Percent			
1951–52	2	$2,000,000.00	$2,000,000.00	$2,000,000.00
1955–60	2¾	948,783.28	930,750.00	939,429.95
1962–67	2½	1,500,000.00	1,500,000.00	1,500,000.00
Average annual yield	2.33	4,448,783.28	4,430,750.00	4,439,429.95

Property Acquired Under the Terms of Insurance

No additional rental housing projects were acquired by the FHA Commissioner under the terms of insurance in 1947. Through 1947, a cumulative total of 16 rental housing projects and one mortgage

[12] See Statement 13.
[13] See Statement 14.

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 $46,614.[14]

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

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 16 projects and one mortgage note, which had been sold under the Housing Insurance Fund through 1947, 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 $193,384, and the amount canceled, $97,016. In addition there were excess proceeds on six projects for refund to mortgagors in the amount of $189,236.

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 war and veterans' 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; and section 609 (added to the act on June 30, 1947) the insurance of loans to finance the manufacture of housing. Section 610, added to title VI by an amendment approved August 5, 1947, authorizes the insurance under sections 603 and 608 of mortgages executed in connection with the sale by the Government of permanent-type war housing acquired or constructed with public funds under the Lanham Act and certain related war acts.

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.

[14] See Statements 15 and 16.

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, 1947, section 603 (a) of the National Housing Act provided that the aggregate amount of principal obligations of all mortgages insured under title VI shall not exceed $4,450,000,000, except that with the approval of the President such aggregate amount may be increased to $4,950,000,000.[15] This limitation applies to insurance granted on mortgages insured under section 603 for small homes, under section 608 for rental housing projects, and on loans to finance the manufacture of housing under section 609.

The amendment to the act of August 5, 1947, provided 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. This authorization is in addition to the limitation applying to sections 603, 608, and 609.

The status of the title VI insurance limitation at December 31, 1947, was calculated as follows:

Status of title VI insurance limitation

	Sections 603, 608, and 609	Section 610
Aggregate principal amount of obligations which may be insured under limitation as of December 31, 1947	$4,450,000,000	$750,000,000
Amount chargeable against insurance limitation to December 31, 1947:		
Mortgages insured	2,602,798,670	21,100
Less: Mortgages reinsured	137,310,106	
Net mortgages insured	2,465,488,564	21,100
Commitments for insurance	1,705,725,015	33,250
Less: Commitments for reinsurance	11,494,204	
Net commitments	1,094,230,811	33,250
Total chargeable against limitation	4,159,719,375	54,350
Unused insurance limitation	290,280,625	749,945,650

War Housing Insurance Fund Capital and Net Income

Assets of the War Housing Insurance Fund as of December 31, 1947 totaled $45,201,201, against which there were outstanding liabilities of $20,782,407. The capital of the fund amounted to $24,418,794, consisting of paid-in surplus (allocation from the Federal

[15] On March 31, 1948, the authorization was further increased to $5,350,000,000. (Pub. Law 468, 80th Cong.)

Government) of $5,000,000, and unreserved earned surplus of $19,418,794.[16]

During the year 1947 the fund earned $20,479,837 and had expenses of $10,143,038, leaving $10,336,799 net income before adjustment of reserves. After adding the downward adjustment of reserves in the amount of $276,612, the net income for the year was $10,613,411.[17]

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 1947 the holdings of United States Treasury notes under this fund were reduced by $2,500,000; and the proceeds of these notes, together with the excess cash not needed for current operations, were used to retire, either by call for redemption or special purchase, $564,650 series G 2¾% and $13,332,350 series H 2½% War Housing Insurance Fund debentures. On December 31, 1947, the fund held United States Government securities in the amount of $13,500,000 as follows:

Investments of the War Housing Insurance Fund, Dec. 31, 1947

Series	Interest rate	Purchase price	Par value	Book value (amortized)
	Percent			
1951–52	2	$5,500,000	$5,500,000	$5,500,000
1952–54	2½	400,000	400,000	400,000
1966–71	2½	4,000,000	4,000,000	4,000,000
1967–72	2½	3,600,000	3,600,000	3,600,000
Average annual yield	2.30	13,500,000	13,500,000	13,500,000

Properties Acquired Under the Terms of Insurance

During the year the Federal Housing Administration acquired title, under the terms of insurance, to 16 small homes (16 units) insured under section 603, and sold 1,010 (1,327 units). Through December 31, 1947, a total of 6,116 section 603 properties (8,581 units) had been acquired at a cost of $31,468,833 (debentures and cash adjustments).

Through December 31, 1947, 5,075 properties (7,474 units) had been sold at prices which left a net charge against the fund of $1,307,039, or an average of $258 per case.[18] There remained on hand for future disposition 1,041 properties having 1,107 living units.

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

[16] See Statement 17.
[17] See Statement 18.
[18] See Statements 19 and 20.

Turn-over of properties acquired under section 603 of title VI through Dec. 31, 1947

Properties acquired		Properties sold by years					Properties on hand Dec. 31, 1947
Year	Number	1943	1944	1945	1946	1947	
1943	498	29	220	110	139		
1944	2,542		36	685	1,178	386	257
1945	2,062			187	1,050	317	508
1946	998				431	302	265
1947	16					5	11
Total	6,116	29	256	982	2,798	1,010	1,041

No additional rental housing projects were acquired during 1947. 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 that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $635,350 had been issued through 1947 in connection with the 5,075 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 2,413 certificates in the amount of $227,003, or approximately 36 percent. Certificates of claim canceled or to be canceled amounted to $408,347, or approximately 64 percent. In addition, the proceeds of sale were sufficient to pay refunds of $320,929 to 1357 mortgagors, or an average of $236 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 has been issued in connection with the two section 608 acquisitions which had been disposed of by December 31, 1947. 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.

Administrative Expenses

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, 1947, amounted to $3,793,324, consisting of $42,678,915 paid-in surplus (expended allocations from RFC) and $38,885,591 deficit.[19]

Statement 1.—*Income from fees, insurance premiums, and investments under titles I, II, and VI by calendar years, 1934–1947*

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I:						
1939	$34,750	$1,268,064				$1,302,814
1940	146,363	4,251,135	$20,844			4,418,342
1941	128,270	4,959,945	99,881			5,188,096
1942	55,891	2,310,497	170,877			2,537,265
1943	3,035	1,295,477	241,960			1,540,472
1944	580	1,640,128	251,793			1,892,501
1945	60	2,309,364	207,496			2,516,920
1946	225	5,799,165	184,994			5,984,384
1947	90	9,739,643	157,084			9,896,817
Total	309,264	33,573,418	1,334,929			[1] 35,277,611
Title II, section 203:						
1934					$113,423	113,423
1935	763,654	424,843	54,082	$523	284,962	1,528,064
1936	1,662,008	1,541,664	544,865	27,938	333,896	4,110,431
1937	1,777,320	2,112,038	1,952,844	148,211	497,373	6,487,786
1938	3,150,015	2,058,703	3,382,523	240,691	562,451	9,394,383
1939	3,617,173	2,622,316	5,123,520	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
Total	30,931,076	27,334,823	99,963,139	9,907,374	[a] 15,658,873	183,885,285

[1] In addition, cash recoveries and other income in the amount of $12,985,354 have been collected on claims paid on insurance granted on and after July 1, 1939, and credited to the title I insurance fund.

[19] See Statements 21 and 22.

Statement 1.—*Income from fees, insurance premiums, and investments under titles I, II, and VI by calendar years, 1934–1947*—Continued

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title II, sections 207–210:						
1935		11,775				11,775
1936		9,800	11,775			21,575
1937	555	53,250	23,718			77,523
1938	319,506	219,254	69,850		$19,456	628,066
1939	139,252	259,164	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	[a] 8,410	37,516	474,639	88,985	63,455	656,185
1945	2,584	19,075	416,441	179,472	63,389	681,861
1946	2,199	12,603	314,084	272,608	63,370	664,954
1947	[a] 925	100	217,349	179,624	65,595	461,743
Total	532,710	778,501	3,821,970	833,946	506,196	6,473,323
Title VI, sections 603–608:						
1941	511,432	97,277		130	77,418	686,257
1942	2,416,050	1,657,266	66,936	2,688	109,801	4,252,741
1943	2,816,805	2,920,904	1,107,478	5,059	181,066	7,037,312
1944	1,683,060	2,707,731	4,167,756	9,534	18,372	8,586,462
1945	756,368	1,290,204	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
Total	18,638,613	13,359,578	22,983,839	3,705,681	1,095,607	59,783,318
Total income:						
1934					113,423	113,423
1935	763,654	436,618	54,082	523	284,962	1,539,839
1936	1,662,068	1,551,464	556,640	27,938	333,896	4,132,006
1937	1,777,875	2,165,288	1,976,562	148,211	497,373	6,565,309
1938	3,469,521	2,277,957	3,452,373	240,691	581,907	10,022,449
1939	3,791,175	4,149,544	5,420,334	417,816	632,527	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
Total	50,471,663	75,046,320	128,103,877	14,537,001	17,260,076	285,419,537

[a] Deduct. (Minus figures caused by adjustments relating to prior years.)

Statement 2.—*Comparative statement of financial condition, all FHA funds combined, as of Dec. 31, 1946 and Dec. 31, 1947*

	Dec. 31, 1946	Dec. 31, 1947	Increase or decrease [a]
ASSETS			
Cash with U. S. Treasury	$34,630,910.46	$37,478,876.92	$2,847,966.46
Investments:			
U. S. Government securities (amortized)	121,539,570.55	132,026,868.11	10,487,297.56
Other securities (stock in rental housing corporations)	27,305.00	50,205.00	22,900.00
Total investments	121,566,875.55	132,077,073.11	10,510,197.56
Loans receivable: Mortgage notes and sales contracts	25,756,297.06	24,800,923.14	[a] 955,373.92
Accounts and notes receivable: Accounts receivable	43,123.45	60,954.08	17,830.63
Accrued assets:			
Interest on U. S. Government securities	623,914.51	672,072.59	48,158.08
Interest on mortgage notes and sales contracts	88,127.02	82,555.97	[a] 5,571.05
Total accrued assets	712,041.53	754,628.56	42,587.03
Commodities, supplies, and materials: Supplies held for use	116,164.91	100,245.67	[a] 15,919.24
Land, structures, and equipment:			
Furniture and equipment	1,402,283.96	1,417,324.72	15,040.76
Less reserve for depreciation	775,362.94	736,691.67	[a] 38,671.27
Net furniture and equipment	626,921.02	680,633.05	53,712.03
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	11,231,721.18	5,808,620.61	[a] 5,423,100.57
Less reserve for losses	582,208.73	305,369.79	[a] 276,838.94
Net real estate	10,649,512.45	5,503,250.82	[a] 5,146,261.63
Defaulted Title I notes	11,874,311.79	13,578,197.10	1,703,885.37
Less reserve for losses	9,474,002.55	9,337,694.67	[a] 136,307.88
Net defaulted Title I notes	2,400,309.24	4,240,502.49	1,840,193.25
Net acquired security or collateral	13,049,821.69	9,743,753.31	[a] 3,306,068.38
Deferred charges: Prepaid expenses	16,862.29	25,754.51	8,892.22
Total assets	196,519,017.96	205,722,842.35	9,203,824.39
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	1,334,331.98	1,515,770.90	181,438.92
Participation dividends payable	908,691.68	1,684,276.67	775,584.99
Total accounts payable	2,243,023.66	3,200,047.57	957,023.91
Accrued liabilities: Interest on debentures	690,870.98	415,360.93	[a] 275,510.05
Trust and deposit liabilities:			
Excess proceeds of sale	452,053.90	733,931.43	281,277.53
Deposits held for mortgagors and lessees	422,184.23	323,326.96	[a] 98,857.27
Undistributed receipts	18,096.27	15,894.00	[a] 2,202.27
General fund receipts in process of deposit	319,727.31	294,844.72	[a] 24,882.59
Employees' pay roll deductions for taxes, etc.	662,565.02	655,424.58	[a] 7,140.44
Unexpended advance from National Housing Agency	995,592.93	42,692.43	[a] 952,900.50
Total trust and deposit liabilities	2,870,819.66	2,066,114.12	[a] 804,705.54
Bonds, debentures, and notes payable: Debentures payable (including authorized and in audit)	48,935,836.23	32,995,086.23	[a] 15,940,750.00
Deferred and undistributed credits	66,672.83	92,389.50	25,716.67
Total liabilities	54,807,223.36	38,768,998.35	[a] 16,038,225.01

[a] Deduct.

Statement 2.—*Comparative statement of financial condition—all FHA funds combined—as of Dec. 31, 1946 and Dec. 31, 1947*—Continued

	Dec. 31, 1946	Dec. 31, 1947	Increase or decrease [a]
CAPITAL			
Capital stock and paid-in surplus:			
Paid-in surplus (original allocation from RFC)	15,000,000.00	15,000,000.00	----------------
Expended appropriations, net (allocated by RFC pursuant to National Housing Act of June 27, 1934, as amended (12 U. S. C. 1701) and subsequent appropriation acts)	65,772,236.06	64,975,688.21	[a] 796,547.85
Unexpended appropriations	----------------	102.91	102.91
Total paid-in capital	80,772,236.06	79,975,791.12	[a] 796,444.94
Earned surplus (or deficit [a]):			
Reserved:			
Group accounts	81,784,949.23	90,770,325.48	8,985,376.25
General reinsurance account	213,215.96	753,835.48	540,619.52
Earmarked reserves	11,494,008.77	10,276,312.82	[a] 1,217,695.95
Unreserved:			
Earned surplus (or deficit [a])	[a] 32,552,615.42	[a] 14,822,420.90	17,730,194.52
Total earned surplus	60,939,558.54	86,978,052.88	26,038,494.34
Total capital	141,711,794.60	166,953,844.00	25,242,049.40

[a] Deduct.

Statement 3.—*Combined statement of income and expenses for all FHA funds through Dec. 31, 1946, and Dec. 31, 1947*

	June 27, 1934 to Dec. 31, 1946	Jan. 1, 1947 to Dec. 31, 1947	June 27, 1934 to Dec. 31, 1947
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$14,061,177.34	$3,029,142.55	$17,090,319.89
Interest on mortgage notes and sales contracts	52,965.44	12,886.27	65,851.71
Interest, other	3,757,742.69	742,961.38	4,500,704.07
Dividends on rental housing stock	1,196.20	264.87	1,461.07
	17,873,081.67	3,785,255.07	21,658,336.74
Insurance premiums:			
Premiums	182,306,011.72	35,381,184.87	217,687,196.59
Fees	38,426,646.55	12,045,017.10	50,471,663.65
	220,732,658.27	47,426,201.97	268,158,860.24
Other income:			
Profit on sale of investments	108,895.76	----------------	108,895.76
Miscellaneous income	299,399.23	50,148.90	349,548.13
	408,294.99	50,148.90	518,443.89
Total income	239,074,034.93	51,261,605.94	290,335,640.87
Expenses:			
Interest expense: Interest on debentures	1,699,021.20	515,004.91	2,214,026.11
Administrative expenses: Operating costs (including adjustments for prior years)	140,624,268.75	18,851,982.79	159,476,251.54
Other expenses:			
Depreciation on furniture and equipment	987,245.34	49,892.34	1,037,137.68
Miscellaneous expenses	145,980.84	16,472.84	162,453.68
	1,133,226.18	66,365.18	1,199,591.36
Losses and charge-offs:			
Loss on sale of acquired properties	3,604,017.29	202,860.61	3,806,877.90
Loss (or profit [a]) on equipment	4,312,000.02	[a] 34,765.89	4,277,234.13
Loss on defaulted Title I notes	12,660,352.49	1,785,590.63	14,445,943.12
	20,576,369.80	1,953,685.35	22,530,055.15
Total expenses	164,032,885.93	21,387,038.23	185,419,924.16

[a] Deduct.

STATEMENT 3.—*Combined statement of income and expenses for all FHA funds through Dec. 31, 1946, and Dec. 31, 1947*—Continued

	June 27, 1934 to Dec. 31, 1946	Jan. 1, 1947 to Dec. 31, 1947	June 27, 1934 to Dec. 31, 1947
Net income before adjustment of reserves for losses	75,041,149.00	29,874,567.71	104,915,716.71
Adjustment of reserves for losses:			
Reserve for losses on acquired properties	[a] 582,208.73	276,838.94	[a] 305,369.79
Reserve for losses on defaulted title I notes	[a] 9,474,002.55	136,307.88	[a] 9,337,694.67
Net adjustment of reserves for losses	[a] 10,056,211.28	413,146.82	[a] 9,643,064.46
Net income	64,984,937.72	30,287,714.53	95,272,652.25
Analysis of Unreserved Earned Surplus (or Deficit [a])			
Balance at beginning of period		[a] $32,552,615.42	
Net income for the period	$64,984,937.72	30,287,714.53	$95,272,652.25
Total	64,984,937.72	[a] 2,264,900.89	95,272,652.25
Adjustment of surplus reserves:			
Group accounts	[a] 81,784,949.23	[a] 8,985,376.25	[a] 90,770,325.48
General reinsurance account	[a] 213,215.96	[a] 540,619.52	[a] 753,835.48
Earmarked reserves	[a] 11,494,008.77	1,217,695.95	[a] 10,276,312.82
	[a] 93,492,173.96	[a] 8,308,299.82	[a] 101,800,473.78
Dividends declared from group accounts	[a] 4,045,379.18	[a] 4,249,220.19	[a] 8,294,599.37
Balance at end of period	[a] 32,552,615.42	[a] 14,822,420.90	[a] 14,822,420.90

[a] Deduct.

STATEMENT 4.—*Summary of title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased by calendar years, 1934–47*

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	7,205,059	2,539,496	2,335,107	11,853	$192,536
1942	141,163,398	7,132,210	2,831,754	2,705,685	[a] 1,524	37,593
1943	87,194,156	3,718,643	4,168,859	4,024,096	717	144,046
1944	113,939,150	1,939,261	3,597,858	3,558,901	[a] 159	39,116
1945	170,823,788	1,588,875	2,851,513	2,775,337	1,093	75,083
1946	320,593,183	2,435,964	3,058,351	2,772,487	7,270	278,594
1947	533,604,178	5,829,750	2,340,108	2,345,022	239	847
Total	2,710,937,804	60,421,212	28,036,267	27,100,252	168,200	767,815

[a] Deduct.

NOTES: In addition to the above recoveries, $2,490,070 interest on outstanding balances of Title I notes, $65,852 interest on mortgage notes, and $229,077 miscellaneous income had been collected through December 31, 1947.

Equipment in the total amount of $4,475,213 (claim amount) had been repossessed by FHA. However, only the cash recovery of $168,200 from sales is shown as a recovery, the balance of $4,307,013 having been treated as a loss. Of this amount $3,979,674 represents equipment transferred to other Government agencies without exchange of funds; $318,011 loss on sale of equipment; $6,853 available for transfer; and $2,475 destroyed as worthless.

STATEMENT 5.—*Comparative statement of financial condition, Title I Insurance Fund and Title I Claims Account, as of Dec. 31, 1946, and Dec. 31, 1947*

	December 31, 1946	December 31, 1947	Increase or decrease [a]
ASSETS			
Cash with United States Treasury	$14,010,809.23	$18,213,243.72	$4,202,434.49
Loans receivable: Mortgage notes and sales contracts	321,235.56	250,224.10	[a] 71,011.46
Accounts and notes receivable: Accounts receivable	923.68	567.37	[a] 356.31
Accrued assets: Interest on mortgage notes and sales contracts	1,487.21	1,024.84	[a] 462.37
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	1,892.40		[a] 1,892.40
Less reserve for losses	226.92		[a] 226.92
Net real estate	1,665.48		[a] 1,665.48
Defaulted Title I notes	11,874,311.79	13,578,197.16	1,703,885.37
Less reserve for losses	9,474,002.55	9,337,694.67	[a] 136,307.88
Net defaulted Title I notes	2,400,309.24	4,240,502.49	1,840,193.25
Net acquired security or collateral	2,401,974.72	4,240,502.49	1,838,527.77
Total assets	16,730,430.40	22,705,562.52	5,969,132.12
LIABILITIES			
Trust and deposit liabilities:			
Deposits held for mortgagors and lessees	2,635.25	2,509.96	[a] 125.29
Undistributed receipts	18,096.27	15,894.00	[a] 2,202.27
General fund receipts in process of deposit	316,711.63	292,781.44	[a] 23,930.19
Total liabilities	337,443.15	311,185.40	[a] 26,257.7
CAPITAL			
Capital stock and paid-in surplus:			
Expended appropriations, net (allocated by RFC pursuant to National Housing Act of June 27, 1934, as amended (12 U. S. C. 1701) and subsequent appropriation acts)	23,047,153.84	22,296,773.57	[a] 750,380.2
Unexpended appropriations		102.91	102.91
Total paid-in capital	23,047,153.84	22,296,876.48	[a] 750,277.36
Earned surplus (or deficit [a])	[a] 6,648,166.50	97,500.64	6,745,667.23
Total capital	16,398,987.25	22,394,377.12	5,995,389.87

[a] Deduct.

STATEMENT 6.—*Income and expenses, combined Title I Insurance Fund and Title I Claims Account, through Dec. 31, 1946, and Dec. 31, 1947*

	June 27, 1934, to December 31, 1946	January 1, 1947, to December 31, 1947	June 27, 1934, to December 31, 1947
Income:			
Interest and dividends:			
Interest on mortgage notes and sales contracts	$52, 965. 44	$12, 886. 27	$65, 851. 71
Interest—other	2, 075, 764. 16	414, 306. 32	2, 490, 070. 48
	2, 128, 729. 60	427, 192. 59	2, 555, 922. 19
Insurance premiums:			
Premiums	25, 011, 620. 05	9, 896, 726. 24	34, 908, 346. 29
Fees	369, 174. 30	90. 00	369, 264. 30
	25, 380, 794. 35	9, 896, 816. 24	35, 277, 610. 59
Other income: Miscellaneous income	226, 151. 88	2, 925. 01	229, 076. 89
Total income	27, 735, 675. 83	10, 326, 933. 84	38, 062, 609. 67
Expenses:			
Administrative expenses: Net transfers to salaries and expenses	7, 738, 573. 83	1, 920, 059. 00	9, 658, 632. 83
Other expenses: Miscellaneous expenses	145, 560. 84	16, 472. 84	162, 033. 68
Losses and charge-offs:			
Loss on sale of acquired properties	53, 125. 77	666. 44	53, 792. 21
Loss on equipment	4, 312, 000. 02	[a] 4, 987. 50	4, 307, 012. 52
Loss on defaulted title I notes	12, 660, 352. 49	1, 785, 590. 63	14, 445, 943. 12
	17, 025, 478. 28	1, 781, 269. 57	18, 806, 747. 85
Total expenses	24, 909, 612. 95	3, 717, 801. 41	28, 627, 414. 36
Net income before adjustment of reserves for losses	2, 826, 062. 88	6, 609, 132. 43	9, 435, 195. 31
Adjustment of reserves for losses:			
Reserves for losses on acquired properties	[a] 226. 92	226. 92	
Reserves for losses on defaulted title I notes	[a] 9, 474, 002. 55	136, 307. 88	[a] 9, 337, 694. 67
Net adjustment of reserves for losses	[a] 9, 474, 229. 47	136, 534. 80	[a] 9, 337, 694. 67
Net income (or loss [a])	[a] 6, 648, 166. 59	6, 745, 667. 23	97, 500. 64

Analysis of Unreserved Earned Surplus (or Deficit [a])

Balance at beginning of period		[a] 6, 648, 166. 59	
Net income for period	[a] 6, 648, 166. 59	6, 745, 667. 23	97, 500. 64
Balance at end of period	[a] 6, 648, 166. 59	97, 500. 64	97, 500. 64

[a] Deduct.

STATEMENT 7.—*Insurance reserves under title I, authorized, established, released, and remaining unallocated at Dec. 31, 1947, as provided under sections 2 and 6, National Housing Act*

Item	Gross reserves established	Reserves released	Charges against liability limitation as at December 31, 1947			Summation
			Outstanding contingent liability	Claims paid	Total	
Basic liability limitation established by Congress						$165, 000, 000
Insurance reserves:						
Sec. 2:						
20 percent, original act	$66, 331, 508	$50, 769, 728		$15, 561, 780	$15, 561, 780	
10 percent, amendment April 3, 1936	17, 257, 563	10, 647, 672		6, 609, 891	6, 609, 891	
10 percent, amendment February 3, 1938	27, 302, 148	18, 041, 547		9, 260, 601	9, 260, 601	
10 percent, amendment June 3, 1939	86, 078, 704	49, 419, 191	$16, 271, 897	20, 387, 616	36, 659, 513	
10 percent reserve of July 1, 1944	85, 527, 680		76, 985, 890	8, 541, 790	85, 527, 680	
10 percent reserve of July 1, 1947	22, 201, 335		22, 198, 243	3, 092	22, 201, 335	
Sec. 6:						
20 percent, amendment April 22, 1937	297, 366	246, 498		50, 868	50, 868	
10 percent, amendment April 17, 1936	11, 913	6, 339		5, 574	5, 574	
Total	305, 008, 217	129, 130, 975	115, 456, 030	60, 421, 212	175, 877, 242	
Collections from insurance premiums and other sources (deduct)					48, 263, 119	
Net charges against liability limitation					127, 614, 123	127, 614, 123
Total unallocated amount available for use as reserves						37, 385, 877

STATEMENT 8.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of Dec. 31, 1946, and Dec. 31, 1947*

	December 31, 1946	December 31, 1947	Increase or Decrease [a]
ASSETS			
Cash with U. S. Treasury	$6,583,823.56	$4,387,367.59	[a] $2,196,455.97
Investments: U. S. Government securities (amortized)	103,099,062.70	114,087,438.16	10,988,375.46
Loans receivable: Mortgage notes and sales contracts	2,870,779.17	2,122,664.08	[a] 748,115.09
Accounts and notes receivable: Accounts receivable	109.55	75.00	[a] 34.55
Accrued assets:			
Interest on U. S. Government securities	530,714.59	577,649.67	46,935.08
Interest on mortgage notes and sales contracts	13,973.62	9,046.46	[a] 4,927.16
Total accrued assets	544,688.21	586,696.13	42,007.92
Total assets	113,098,463.19	121,184,240.96	8,085,777.77
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2,774.14	102.22	[a] 2,671.92
Participation dividends payable	908,691.68	1,684,276.67	775,584.99
Total accounts payable	911,465.82	1,684,378.89	772,913.07
Accrued liabilities: Interest on debentures	125,530.51	111,668.04	[a] 13,862.47
Trust and deposit liabilities:			
Excess proceeds of sales	129,957.00	90,693.86	[a] 39,263.14
Deposits held for mortgagors and lessees	52,276.05	43,443.70	[a] 8,832.35
Total trust and deposit liabilities	182,233.05	134,137.56	[a] 48,095.49
Bonds, debentures, and notes payable: Debentures payable (including authorized and in audit)	8,373,086.23	7,444,536.23	[a] 928,550.00
Deferred and undistributed credits	13,973.62	9,046.46	[a] 4,927.16
Total liabilities	9,606,289.23	9,383,767.18	[a] 222,522.05
CAPITAL			
Capital stock and paid-in surplus: Paid-in surplus (original allocation from RFC)	10,000,000.00	10,000,000.00	----------------
Earned surplus (or deficit [a]):			
Reserved:			
Group accounts	81,784,949.23	90,770,325.48	8,985,376.25
General reinsurance account	213,215.96	753,835.48	540,619.52
Earmarked reserves for administrative expenses	11,494,008.77	10,276,312.82	[a] 1,217,695.95
Total earned surplus	93,492,173.96	101,800,473.78	8,308,299.82
Total capital	103,492,173.96	111,800,473.78	8,308,299.82

[a] Deduct.

STATEMENT 9.—*Income and expenses, Mutual Mortgage Insurance Fund, through Dec. 31, 1946 and Dec. 31, 1947*

	June 27, 1934, to Dec. 31, 1946	Jan. 1, 1947, to Dec. 31, 1947	June 27, 1934, to Dec. 31, 1947
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$13,016,603.39	$2,642,269.60	$15,658,872.99
Interest—other	1,666,929.34	319,632.96	1,986,562.30
Dividends on rental housing stock	156.00	----------------	156.00
	14,683,688.73	2,961,902.56	17,645,591.29
Insurance premiums:			
Premiums	123,657,583.21	14,091,772.52	137,749,355.73
Fees	28,022,006.50	2,912,594.52	30,934,601.02
	151,679,589.71	17,004,367.04	168,683,956.75
Other income: Miscellaneous income	5,846.61	1,056.87	6,903.48
Total income	166,369,125.05	19,967,326.47	186,336,451.52
Expenses:			
Interest expense: Interest on debentures charged fund	1,449,521.03	454,939.81	1,904,460.84
Administrative expenses: Net transfers to salaries and expenses	63,971,312.90	6,965,413.31	70,936,726.21
Losses and charge-offs: Loss on sale of acquired properties	2,410,737.98	[a] 10,546.66	2,400,191.32
Total expenses	67,831,571.91	7,409,806.46	75,241,378.37
Net income	98,537,553.14	12,557,520.01	111,095,073.15

Analysis of Unresorved Earned Surplus

Balance at beginning of period	----------------	----------------	----------------
Net income for the period	$98,537,553.14	$12,557,520.01	$111,095,073.15
Total	98,537,553.14	12,557,520.01	111,095,073.15
Adjustment of surplus reserves:			
Group accounts	[a] 81,784,949.23	[a] 8,985,376.25	[a] 90,770,325.48
General reinsurance account	[a] 213,215.96	[a] 540,619.52	[a] 753,835.48
Earmarked reserves for administrative expenses	[a] 11,494,008.77	1,217,695.95	[a] 10,276,312.82
	[a] 93,492,173.96	[a] 8,308,299.82	[a] 101,800,473.78
Dividends declared from group accounts	[a] 4,045,379.18	[a] 4,249,220.19	[a] 8,294,599.37
Allocation to Housing Insurance Fund	[a] 1,000,000.00	----------------	[a] 1,000,000.00
	[a] 5,045,379.18	[a] 4,249,220.19	[a] 9,294,599.37
Balance at end of period	----------------	----------------	----------------

[a] Deduct.

STATEMENT 10.—*Turnover of properties acquired under section 203 of title II contracts of insurance by years, and cumulative through Dec. 31, 1947*

Properties acquired		Properties sold by years											Properties on hand Dec. 31, 1947
Year	Number	1936-37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	
1936	13	11	2										0
1937	98	13	67	7	5	6							0
1938	324		139	99	50	28	6	2	ᵃ1	1			0
1939	753			278	331	110	28	3	2	1			0
1940	1,123				611	448	46	14	3	1			0
1941	1,044					754	257	29	2	2			0
1942	502						355	139	8				0
1943	168							140	27	1			0
1944	33								26	7			0
1945	8									7	1		0
1946	1										1		0
1947													0
Total	4,067	24	208	384	997	1,346	692	327	67	20	2	0	0

ᵃ Deduct.

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

The number of properties sold has been reduced by 17 properties repossessed because of default on mortgage notes. All 17 reacquisitions had been resold by Dec. 31, 1947.

STATEMENT 11.—*Statement of sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1947*

Item	Total properties sold—MMI fund (4068)	Section 207 property sold (1)	Section 203 properties sold (4067)
Gross proceeds of sales [1]	$19,799,236	$1,000,000	$18,799,236
Selling expenses:			
Sales allowances and selling expenses	13,752		13,752
Commissions on sales	879,018		879,018
Total	892,770		892,770
Net proceeds of sales	18,906,466	1,000,000	17,906,466
Cost of properties sold (statement 12)	20,695,516	967,213	19,728,303
Net loss (or gain ᵃ)	1,789,050	ᵃ 32,787	1,821,837
Certificates of claim	422,291	31,532	390,759
Increment on certificates of claim	29,786	1,255	28,531
Refunds to mortgagors	159,064		159,064
Loss to Mutual Mortgage Insurance Fund	2,400,191		2,400,191
Average loss to Mutual Mortgage Insurance Fund	590		590

ᵃ Deduct.
[1] Analysis of terms of sale:

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

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

STATEMENT 12.—*Cost analysis of properties sold, Mutual Mortgage Insurance Fund, as at Dec. 31, 1947.*

Item	Properties sold			
	Total MMI fund	Section 207 property (1)	Section 203 properties (4067)	
			Amount	Percent of total cost
Acquisition costs:				
Debentures and cash adjustments	$19,661,238	$942,145	$18,719,093	
Interest on debentures prior to acquisition	452,708	18,387	434,321	
Taxes, water rent, and other expenses accrued at date of acquisition (net)	35,628	5,012	30,616	
Total cost at date of acquisition	20,149,574	965,544	19,184,030	97.24
Expenses after acquisition:				
Interest on debentures	2,136,658		2,136,658	
Additions and improvements	23,859		23,859	
Taxes, water rent, hazard insurance, and other expense	332,835		332,835	
Repairs and maintenance	690,898		690,898	
Settlement expense	1,669	1,669		
Total	3,185,919	1,669	3,184,250	16.14
Less:				
Rental and other income (net)	256,720		256,720	
Mortgage note income	2,383,257		2,383,257	
Total	2,639,977		2,639,977	13.38
Net operating cost after acquisition	545,942	1,669	544,273	2.76
Total cost of properties	20,695,516	967,213	19,728,303	100.00

Statement 13.—*Comparative statement of financial condition, Housing Insurance Fund, as of Dec. 31, 1946, and Dec. 31, 1947*

	Dec. 31, 1946	Dec. 31, 1947	Increase or Decrease [a]
ASSETS			
Cash with U. S. Treasury	$2,653,582.41	$271,910.16	[a] $2,381,672.25
Investments:			
United States Government securities (amortized)	2,440,507.85	4,439,429.95	1,998,922.10
Other securities (stock in rental housing corporations)	9,050.00	7,050.00	[a] 2,000.00
Total investments	2,449,557.85	4,446,479.95	1,996,922.10
Loans receivable: Mortgage notes and sales contracts	6,076,426.60	5,958,843.32	[a] 117,583.28
Accrued assets:			
Interest on United States Government securities	9,366.89	11,649.46	2,282.57
Interest on mortgage notes and sales contracts	14,954.88	14,604.72	[a] 350.16
Total accrued assets	24,321.77	26,254.18	1,932.41
Total assets	11,203,888.63	10,703,487.61	[a] 500,401.02
LIABILITIES			
Accrued liabilities: Interest on debentures	96,777.99	81,652.99	[a] 15,125.00
Trust and deposit liabilities:			
Excess proceeds of sale	92,576.03	99,654.16	7,078.13
Deposits held for mortgagors and lessees	49,519.64	36,904.91	[a] 12,614.73
Total trust and deposit liabilities	142,095.67	136,559.07	[a] 5,536.60
Bonds, debentures, and notes payable: Debentures payable (including authorized and in audit)	7,038,400.00	5,938,400.00	[a] 1,100,000.00
Total liabilities	7,277,273.66	6,156,612.06	[a] 1,120,661.60
CAPITAL			
Earned surplus: Unreserved	3,926,614.97	4,546,875.55	620,260.58

[a] Deduct.

Statement 14.—*Income and expenses, Housing Insurance Fund, through Dec. 31, 1946 and Dec. 31, 1947*

	February 3, 1938, to December 31, 1946	January 1, 1947, to December 31, 1947	February 3, 1938, to December 31, 1947
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$423,665.58	$65,463.75	$489,129.33
Interest—other	15,049.19	9,022.10	24,071.29
Dividends on rental housing stock	836.70	131.62	968.32
	439,551.47	74,617.47	514,168.94
Insurance premiums:			
Premiums	4,612,747.97	367,649.06	4,980,397.03
Fees	530,110.10	[a] 925.20	529,184.90
	5,142,858.07	366,723.86	5,509,581.93
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	5,616,531.17	441,341.33	6,057,872.50
Expenses:			
Interest expense: Interest on debentures charged fund	99,640.74		99,640.74
Administrative expense: Net transfers to salaries and expenses	2,544,080.23	[a] 179,757.79	2,364,322.44
Other expenses: Miscellaneous expenses	420.00		420.00
Losses and charge-offs: Loss on sale of acquired properties	45,775.23	838.54	46,613.77
Total expenses	2,689,916.20	[a] 178,919.25	2,510,996.95
Net income	2,926,614.97	620,260.58	3,546,875.55

Analysis of Unreserved Earned Surplus

Balance at beginning of period		$3,926,614.97	
Allocation from MMI Fund	$1,000,000.00		$1,000,000.00
Net income for the period	2,926,614.97	620,260.58	3,546,875.55
Balance at end of period	3,926,614.97	4,546,875.55	4,546,875.55

[a] Deduct.

STATEMENT 15.—*Statement of sale of acquired projects, Housing Insurance Fund, through Dec. 31, 1947*

Item	Mortgage note sold (1)	Total projects sold (16)
Payment to principal on mortgage note	$2,989,981	....
Gross proceeds of sales [1]	....	$12,109,922
Commissions on sales	....	4,539
Net proceeds of sales	2,989,981	12,105,383
Cost of properties sold (statement 16)	2,803,991	11,941,447
Net gain	185,990	163,936
Certificates of claim payable	15,728	177,656
Increment on certificates of claim	1,789	12,132
Refunds due mortgagors	168,473	20,762
Loss to housing insurance fund	....	46,614

[1] Analysis of terms of sale:

Terms of sale	Number	Cash	Mortgage notes	Contract for deed	Sales price
Projects sold for cash	1	$72,420	....	....	$72,420
Projects sold for cash and mortgage notes	11	216,816	$8,648,192	....	8,865,008
Projects sold for mortgage notes only	1	....	644,030	....	644,030
Projects sold for cash and contract for deed	2	11,090	....	$1,501,092	1,513,092
Projects sold for contract for deed only	1	....	....	1,015,382	1,015,382
Total	16	301,226	9,292,222	2,516,474	12,109,922

STATEMENT 16.—*Cost analysis of properties sold, Housing Insurance Fund, as of Dec. 31, 1947*

	Total HI fund	Mortgage note sold (1)	Projects sold (16)	
			Amount	Percent to total cost
Acquisition costs:				
Debentures and cash adjustments	$14,661,895	$2,930,182	$11,731,713	98.24
Interest on debentures prior to acquisition	140,022	....	140,022	1.17
Taxes and insurance prior to acquisition	23,635	....	23,635	.20
Total cost to date of acquisition	14,825,552	2,930,182	11,895,370	99.61
Expenditures after acquisition:				
Interest on debentures	2,069,267	300,201	1,769,066	14.81
Additions and improvements	172,566	....	172,566	1.45
Equipment	39,094	....	39,094	.33
Taxes and insurance	442,447	....	442,447	3.70
Operating costs	394,012	....	394,012	3.30
Maintenance and repairs	354,949	....	354,949	2.97
Management expenses	123,627	....	123,627	1.04
Rental expenses	100,111	....	100,111	.84
Settlement expense	18,179	2,491	15,688	.13
Miscellaneous	8,471	10	8,461	.07
Total	3,722,723	302,702	3,420,021	28.64
Less:				
Rental and other income (net)	1,891,475	....	1,891,475	15.84
Mortgage note income	1,911,362	428,893	1,482,469	12.41
Total	3,802,837	428,893	3,373,944	28.25
Net operating cost after acquisition	[1] [a] 80,114	[1] [a] 126,191	46,077	.39
Total cost of properties	14,745,438	2,803,991	11,941,447	100.00

[1] Minus figures indicate net operating income.
[a] Deduct.

STATEMENT 17.—*Comparative statement of financial condition, War Housing Insurance Fund, as of Dec. 31, 1946 and Dec. 31, 1947*

	Dec. 31, 1946	Dec. 31, 1947	Increase or decrease [a]
ASSETS			
Cash with U. S. Treasury	$5,321,967.10	$9,519,170.11	$4,197,203.01
Investments:			
U. S. Government securities (amortized)	16,000,000.00	13,500,000.00	[a] 2,500,000.00
Other securities (stock in rental housing corporations)	18,255.00	43,155.00	24,900.00
Total investments	16,018,255.00	13,543,155.00	[a] 2,475,100.00
Loans receivable: Mortgage notes and sales contracts	16,487,855.73	16,469,191.64	[a] 18,664.09
Accounts and notes receivable	46.18	25.25	[a] 20.93
Accrued assets:			
Interest on U. S. Government securities	83,833.03	82,773.46	[a] 1,059.57
Interest on mortgage notes and sales contracts	57,711.31	57,879.95	168.64
Total accrued assets	141,544.34	140,653.41	[a] 890.93
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	11,229,828.78	5,808,620.61	[a] 5,421,208.17
Less reserve for losses	581,981.81	305,369.79	[a] 276,612.02
Net acquired security or collateral	10,647,846.97	5,503,250.82	[a] 5,144,596.15
Deferred charges: Prepaid expenses	16,862.29	25,754.51	8,892.22
Total assets	48,634,377.61	45,201,200.74	[a] 3,433,176.87
LIABILITIES			
Accounts payable	235,508.92	80,822.14	[a] 154,686.78
Accrued liabilities: Interest on debentures	468,562.48	222,039.90	[a] 246,522.58
Trust and deposit liabilities:			
Excess proceeds of sale	230,120.87	543,583.41	313,462.54
Deposits held for mortgagors and lessees	317,753.29	240,468.39	[a] 77,284.90
Total trust and deposit liabilities	547,874.16	784,051.80	236,177.64
Bonds, debentures, and notes payable: Debentures payable (including authorized and in audit)	33,524,350.00	19,612,150.00	[a] 13,912,200.00
Deferred and undistributed credits	52,699.21	83,343.04	30,643.83
Total liabilities	34,828,994.77	20,782,406.88	[a] 14,046,587.89
CAPITAL			
Capital stock and paid-in surplus: Paid-in surplus (original allocation from RFC)	5,000,000.00	5,000,000.00	....
Earned surplus: Unreserved	8,805,382.84	19,418,793.86	10,613,411.02
Total capital	13,805,382.84	24,418,793.86	10,613,411.02

[a] Deduct.

STATEMENT 18.—*Income and expenses, War Housing Insurance Fund, through Dec. 31, 1946, and Dec. 31, 1947*

	March 28, 1941, to December 31, 1946	January 1, 1947, to December 31, 1947	March 28, 1941, to December 31, 1947
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$620, 908. 37	$321, 409. 20	$942, 317. 57
Dividends on rental housing stock	203. 50	133. 25	336. 75
Total	621, 111. 87	321, 542. 45	942, 654. 32
Insurance premiums:			
Premiums	29, 024, 060. 49	11, 025, 037. 05	40, 049, 097. 54
Fees	9, 505, 355. 65	9, 133, 257. 78	18, 638, 613. 43
Total	38, 529, 416. 14	20, 158, 294. 83	58, 687, 710. 97
Other income:			
Profit on sale of investments	152, 953. 13		152, 953. 13
Miscellaneous income	8, 102. 36	[a] . 56	8, 101. 80
Total	161, 055. 49	[a] . 56	161, 054. 93
Total income	39, 311, 583. 50	20, 479, 836. 72	59, 791, 420. 22
Expenses:			
Interest expense: Interest on debentures charged fund	149, 859. 43	60, 065. 10	209, 924. 53
Administrative expenses: Net transfer to salaries and expenses	28, 679, 981. 11	9, 871, 070. 33	38, 551, 051. 44
Losses and charge-offs: Loss on sale of acquired properties	1, 094, 378. 31	211, 902. 29	1, 306, 280. 60
Total expenses	29, 924, 218. 85	10, 143, 037. 72	40, 067, 256. 57
Net income before adjustment of reserve for losses	9, 387, 364. 65	10, 336, 799. 00	19, 724, 163. 65
Adjustment of reserve for losses: Reserve for losses on acquired properties	[a] 581, 981. 81	276, 612. 02	[a] 305, 369. 79
Net income	8, 805, 382. 84	10, 613, 411. 02	19, 418, 793. 86

Analysis of Unreserved Earned Surplus

Balance at beginning of period		8, 805, 382. 84	
Net income for the period	8, 805, 382. 84	10, 613. 411. 02	19, 418, 793. 86
Balance at end of period	8, 805, 382. 84	19, 418, 793. 86	19, 418, 793. 86

[a] Deduct.

STATEMENT 19.—*Statement of sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1947*

	Total (5077)	Sec. 608 properties sold (1 project and 1 mortgage note)	Sec. 603 properties sold (5076)
Gross proceeds of sales [1]	$28, 929, 809	$1, 105, 224	$27, 824, 585
Selling expenses:			
Sales allowances and selling expenses	3, 540		3, 540
Commissions on sales	910, 950		910, 950
Total	914, 490		914, 490
Net proceeds of sales	28, 015, 319	1, 105, 224	26, 910, 095
Cost of properties sold (Statement 20)	28, 741, 864	1, 084, 896	27, 656, 968
Net loss or gain	726, 545	[2] [a] 20, 328	746, 873
Certificates of claim	246, 393	19, 389	227, 004
Increment on certificates of claim	12, 413	180	12, 233
Refunds to mortgagors	320, 929		320, 929
Loss to War Housing Insurance Fund	1, 306, 280	[3] [a] 759	1, 307, 039
Average loss to War Housing Insurance Fund		0	258

[a] Deduct.
[1] Analysis of terms of sale:

Terms of sale	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	1, 162		$6, 451, 851		$6, 451, 851
Properties sold for cash and notes	3, 789	2, 426	1, 364, 038	$19, 676, 925	21, 040, 963
Properties sold for notes only	126	1		1, 436, 995	1, 436, 995
Total	5, 077	2, 427	7, 815, 889	21, 113, 920	28, 929, 809

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

STATEMENT 20.—*Cost analysis of properties on hand and sold, War Housing Insurance Fund, as of Dec. 31, 1947*

	Properties on hand		Properties sold				
				Section 608		Section 603	
	Section 608, 1 project	Section 603, 1,041 properties	Total	1 project	1 mortgage note	5,075 properties	Percent to total
Acquisition costs:							
Debentures and cash adjustments	$897, 502	$4, 654, 586	$28, 110, 458	$1, 122, 184	$174, 020	$26, 814, 248	96. 95
Interest on debentures prior to acquisition	13, 110	69, 279	281, 350	13, 090	1, 598	266, 653	. 96
Taxes, assessments, and other expenses accrued at date of acquisition (net)	7, 368	10, 446	[a] 204, 320	[1] [a] 233, 400	3	29, 077	. 11
Total cost at date of acquisition	918, 070	4, 734, 311	28, 187, 488	901, 883	175, 627	27, 109, 978	98. 02
Expenses after acquisition:							
Interest on debentures	33, 658	293, 255	1, 725, 512	154	2, 048	1, 723, 310	6. 23
Additions and improvements		3, 561	97, 820			97, 820	. 35
Furniture and equipment	1, 626	37, 341	68, 353			68, 353	. 25
Taxes, water rent, hazard insurance, and other expenses	34, 994	308, 334	605, 369			605, 369	2. 19
Repairs, maintenance, and operating costs	89, 146	477, 636	1, 546, 316			1, 546, 316	5. 59
Settlement expense			5, 184	3, 665	1, 519		
Total	159, 424	1, 120, 127	4, 048, 554	3, 819	3, 567	4, 041, 168	14. 61
Less:							
Rental and other income (net)	152, 427	970, 885	2, 401, 073			2, 401, 073	8. 68
Mortgage note income			1, 093, 105			1, 093, 105	3. 95
Total	152, 427	970, 885	3, 494, 178			3, 494, 178	12. 63
Net operating cost after acquisition	6, 997	149, 242	554, 376	3, 819	3, 567	546, 990	1. 98
Total cost of properties	925, 067	4, 883, 553	28, 741, 864	905, 702	179, 194	27, 656, 968	100. 00

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

STATEMENT 21.—*Comparative statement of financial condition, administrative expense account, as of Dec. 31, 1946 and Dec. 31, 1947*

	Dec. 31, 1946	Dec. 31, 1947	Increase or decrease [a]
ASSETS			
Cash with U. S. Treasury	$6, 060, 728. 16	$5, 087, 185. 34	[a] $973, 542. 82
Accounts and notes receivable: Accounts receivable	42, 044. 04	60, 286. 46	18, 242. 42
Commodities, supplies, and materials: Supplies held for use	116, 164. 91	100, 245. 67	[a] 15, 919. 24
Land, structures, and equipment:			
Furniture and equipment	1, 402, 283. 96	1, 417, 324. 72	15, 040. 76
Less reserve for depreciation	775, 362. 94	736, 691. 67	[a] 38, 671. 27
Net furniture and equipment	626, 921. 02	680, 633. 05	53, 712. 03
Total assets	6, 845, 858. 13	5, 928, 350. 52	[a] 917, 507. 61
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	1, 096, 048. 92	1, 434, 846. 54	338, 797. 62
Trust and deposit liabilities:			
General fund receipts in process of deposit	3, 015. 68	2, 063. 28	[a] 952. 40
Employees' payroll deductions for taxes, etc	662, 565. 02	655, 424. 58	[a] 7, 140. 44
Unexpended advance from National Housing Agency	995, 592. 93	42, 692. 43	[a] 952, 900. 50
Total trust and deposit liabilities	1, 661, 173. 63	700, 180. 29	[a] 960, 993. 34
Total liabilities	2, 757, 222. 55	2, 135, 026. 83	[a] 622, 195. 72
CAPITAL			
Capital stock and paid-in surplus:			
Expended appropriation, net (allocated by RFC pursuant to National Housing Act of 6-27-34, as amended (12 U. S. C. 1701) and subsequent appropriation acts)	42, 725, 082. 22	42, 678, 914. 64	[a] 46, 167. 58
Earned surplus (or deficit [a])	[a] 38, 636, 446. 64	[a] 38, 885, 590. 95	[a] 249, 144. 31
Total capital	4, 088, 635. 58	3, 793, 323. 69	[a] 295, 311. 89

[a] Deduct.

STATEMENT 22.—*Income and expenses—administrative expense account—through Dec. 31, 1946 and Dec. 31, 1947*

	June 27, 1934 to December 31, 1946	January 1, 1947 to December 31, 1947	June 27, 1934 to December 31, 1947
Income:			
Other income:			
Miscellaneous income	$41,119.38	$40,167.58	$87,286.96
Total income	41,119.38	46,167.58	87,286.96
Expenses:			
Administrative expenses: Transfers to salaries and expenses for operating costs (net)[1]	37,690,320.68	275,197.94	37,965,518.62
Other expenses: Depreciation on furniture and equipment	987,245.34	40,892.34	1,037,137.68
Losses and charge-offs: Loss (or profit[a]) on equipment		[a] 29,778.39	[a] 29,778.39
Total expenses	38,677,566.02	205,311.89	38,972,877.91
Net income (or loss [a])	[a] 38,636,446.64	[a] 249,144.31	[a] 38,885,590.95
Analysis of Unreserved Earned Surplus (or Deficit [a])			
Balance at beginning of period		[a] 38,636,446.64	
Net income (or loss [a]) for the period	[a] 38,636,446.64	[a] 249,144.31	38,885,590.95
Balance at end of period	[a] 38,636,446.64	[a] 38,885,590.95	38,885,590.95

[a] Deduct.

[1] Operating costs (from combined statement of income and expenses)	140,624,268.75	18,851,982.70	159,476,251.54
Less: transfers to salaries and expenses from FHA insurance funds	102,933,948.07	18,576,784.85	121,510,732.92
Net operating costs, as above	37,690,320.68	275,197.94	37,965,518.62

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