First Annual Report

HOUSING AND HOME FINANCE AGENCY

Office of the Administrator
Home Loan Bank Board
Federal Housing Administration
Public Housing Administration

Calendar Year
1947

THE HOUSING AND HOME

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U.S. Housing and Home Finance Agency.

First Annual Report

HOUSING AND HOME FINANCE AGENCY

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LETTER OF TRANSMITTAL

SIRS: I have the honor to transmit herewith the First Annual Report of the Housing and Home Finance Agency covering the housing activities of the Federal Government for the calendar year 1947.

The Housing and Home Finance Agency was created by Reorganization Plan No. 3 of 1947, effective July 27, 1947, as the permanent peacetime Federal housing agency and succeeded the war-emergency National Housing Agency.

In this First Annual Report, the Housing and Home Finance Agency records the activities and accomplishments of the Office of the Administrator and the three constituents of the Agency—the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration, as well as the National Housing Council.

Sincerely,

RAYMOND M. FOLEY,
Administrator.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES,
WASHINGTON. 25, D. C.

PRESIDENT PRO TEMPORE, UNITED STATES SENATE,
WASHINGTON 25, D. C.

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Over-All Report of the Housing and Home Finance Agency

Office of the Administrator

INTRODUCTION

Part one of the First Annual Report of the Housing and Home Finance Agency presents summary data on the Government's role in housing during 1947 and information on housing activity in general. This part of the Report includes data on the over-all activities of the Housing and Home Finance Agency as well as details on the activities of the Office of the Administrator of the HHFA. Specific detail on the programs and activities of the Home Loan Bank Board, the Federal Housing Administration and the Public Housing Administration will be found in parts two, three, and four respectively of this report.

The material presented in part one is in two major sections: The Housing Market in 1947 and the Role of the Government in Housing. In addition there are four appendixes. Appendix A contains various statistical tables; appendix B is a chronology of significant events in housing during 1947; appendix C is a listing of HHFA publications; and appendix D is a round-up of Executive orders and Federal and State legislation during 1947 affecting housing.

Chapter I

SUMMARY: 1947, A YEAR OF TRANSITION

Nineteen hundred and forty-seven was a year of transition in housing. It saw major modifications in the postwar emergency approach to our housing problems. Although by year's end, emergency controls had been dropped, the question of what the long-range approach should be was still being studied. Nevertheless, steps were taken during the year that foreshadowed a more stabilized and long-range approach to our housing problems, prominent among them being the establishment of the Housing and Home Finance Agency as the first over-all, permanent peacetime, housing agency. Moreover, by year's end, it was becoming more and more apparent that, despite differences of opinion with respect to details of approach and method, there was an ever wider acceptance of certain fundamentals about our housing problems: That every American family should have an opportunity for a decent home in a suitable environment; that substandard housing conditions threaten the stability of our people and our society; that the solution of this problem is a matter of national concern; that to overcome it will require a volume of housing construction ranging from 1,250,000 to 1,500,000 units a year over an extended period, and that it is necessary to provide such housing in types suited to the needs of all our people and at price levels they can afford. This broadening area of agreement on fundamentals about our housing situation provided a base on which to develop plans and proposals for a successful approach to the housing problem.

By the end of 1947, some 2½ years after VJ-day, the Nation was witnessing a remarkable postwar recovery in the volume of home building and home financing. In the second full year after a war which saw home building reduced to only a fraction of prewar production and limited to essential war needs, the volume of home production not only exceeded the immediate prewar levels by substantial amounts, but rose to the highest yearly total since the all-time record year of 1925. During 1947, 845,600 new privately financed permanent units were started, and 833,300 completed; together with other types of construction, including temporary units, trailers, and conversions over a million housing accommodations were provided during 1947. Also, materials production had so far recovered from wartime lows that, according to the Department of Commerce Index of Building Materials production, 1947 output was at an all-time peak. Moreover, during 1947, the volume of mortgage financing for both new and existing homes, supported by such major government programs as FHA mortgage insurance, VA home loans, and the facilities of the Home Loan Bank System, reached the highest level in our history, with a total recording in nonfarm areas of 2,527,000 instruments (of $20,000 or less) and a total value of $11.4 billion.

Housing Programs Changed During Year

Also, extensive changes in postwar emergency housing programs took place in 1947. During the first half of the year Federal programs initiated under the Veterans Emergency Housing Program, such as restricting over-all construction in order to aid housing, were continued on a modified basis, as were various reconversion aids to building materials producers, and financial aids for factory-built housing. Effective June 30, 1947, the Housing and Rent Act of 1947 ended virtually all the VEHP programs. The only exceptions were those restricting amusement construction, and paying premiums for pig iron. The act retained the requirement that new housing be held for 30 days for veterans. The act also modified earlier rent control programs.

FHA operations under Title VI, providing for liberal mortgage insurance for homebuilding, were continued throughout the year.

Despite substantial housing production achievements, it was apparent throughout 1947 that the Nation's housing problems were far from being solved and that we would be confronted for some time to come with a severe housing shortage, particularly of rental and low and moderate priced sales units. It was also apparent that the problem could not be considered in terms of volume alone; much of the housing produced during 1947 was at prices beyond the reach of a great part of the potential market. The heavy demand for housing, however, meant a ready market for the homes that were constructed during 1947, although undoubtedly many persons bought at prices that will put a severe strain on their long-range financial capacity.

Of considerable significance on the housing front during 1947 was the inception in the fall of the year of a general housing investigation by a joint committee of the Congress. This investigation, which carried over into 1948, included hearings in Washington and 32 other cities; several reports on special phases of housing and a final report recommending comprehensive housing legislation were issued.

Housing Production Near All-Time Record

For the economy in general, 1947 was a very good production year, despite high and rising prices. For home building in particular, it was the fourth best year on record in the number of units started and the best year since the all-time record year of 1925 when 937,000 units were started. By the end of the year homes were being built at rates equaling the all-time peaks of the mid-twenties. However, this comparison loses some of its force when we consider the over-all social and economic changes in America in the last quarter century. In that time our population has increased to more than 143,000,000 as compared to almost 115,000,000 in 1925, the number of families by the end of 1947 was more than 40 percent higher than in 1925 and more new families were formed during the past 2 years than during any comparable period in our history. Moreover the value of goods and services produced in 1947, the so-called gross national product, reached 229 billion dollars, approximately 2½ times that in 1925, actual output of goods as measured by the Index of Industrial Production in 1947 stood at 187, or more than double the 1925 figure, and the disposable income per capita, expressed in 1947 price levels, increased from $817 in 1925 to $1,217 in 1947.

By the end of 1947, most of the critical postwar shortages in civilian goods has been overcome. The shortage of housing was the most important and vexatious of those remaining, Unlike some of the other shortages, it is, unfortunately, a shortage that admits of no easy and rapid solution. Solving it requires the active and effective cooperation of management, labor, finance, and the Government. One of the most important questions facing the American people at the beginning of 1948 was that of deciding the nature and method of such cooperation to achieve the common goal of better and more adequate housing.

Chapter II

HOUSING SUPPLY, NEEDS AND PRICES

A. The Nature of Our Housing Supply

In April 1947, according to Bureau of the Census estimates, there were 41,625,000 dwelling places both farm and nonfarm in the United States ranging all the way from 20-room mansions to 1-room shacks. Reflecting a continuation of a trend away from the farms, the 34,133,000 nonfarm dwellings in 1947 represented the highest proportion of nonfarm units in our history.

About 55 percent of the total number of dwellings was owner occupied, a sharp jump over the 40 percent of 1940. This trend is a reversal of the gradual decline in home ownership during the previous 50 years.

Also, the combined effect of an extremely urgent demand for housing as a result of war activities, curtailment of new construction and a war-induced rise in earnings worked as a powerful stimulus to repair and rehabilitate run-down properties between 1940 and 1947. As a result, the proportion of all units in good condition or in need of only minor repairs rose from 82 to 90 percent of the total between 1940 and 1947. By 1947, an estimated 27,300,000 dwelling units, 66 percent of the total, were reported to have both a private bath and a private flush toilet. This compares with 20,600,000 units or 55 percent in 1940.

Reflecting both a decrease in family size and improved economic conditions, overcrowding was reported in only 6 percent of all dwellings in 1947 compared with 9 percent in 1940. Dwelling units which had more than 1.5 persons per room were classified as overcrowded.

There still remained, however 4,100,000 units in need of major repairs and 11,000,000 units in good condition but lacking private baths and toilets. Proportionately more of the housing in farm areas is poor quality than in nonfarm areas.

There also remained the areas of slums and blight created not only by houses in poor condition, but by congestion and overcrowding of land, lack of recreational space, and all the other adverse environmental factors which structural factors alone could not hope to correct. Also, nonwhite families, which generally tend to have less desirable housing than white families, were particularly subject to being forced to live under congested and slum conditions.

Housing Problem Continues Critical

Despite improvements in the physical and occupancy standards of the housing inventory and the remarkable strides made in adding to the supply recently, the housing situation was still critical at the end of 1947. The sharp rise in marriages during and after the war led to a rate of new family formation far above the rate at which new homes were being added to the supply. There were 2,000,000 marriages in 1947, 2,300,000 in 1946, and an average of 1,650,000 during the war years as compared with an average marriage rate of only 1,220,000 in the period of 1920–39. As a result, virtually every useable nonfarm dwelling, whatever its location or environment, was occupied in 1947 and vacancies were practically nonexistent. In April 1947 the Bureau of the Census reported that in all nonfarm areas in the United States there were only 166,000 vacant units on the market for rent and only 94,000 on the market for sale. In other words, only eight-tenths of 1 percent of the 34,000,000 nonfarm dwelling units were available for prospective home seekers.

Rate of Doubling Climbs Sharply

Reflecting the extreme shortage of housing, the rate of doubling has risen sharply. In April 1947, the Bureau of the Census reported that some 2,712,000 families were sharing their homes with other families. An additional 149,000 families were living in makeshift accommodations, such as furnished rooms, trailers, and tourist cabins. The number of families lacking homes of their own represented a new all time high and compares with the 1,846,000 who were doubled up, and the 100,000 in makeshift dwellings, in 1940.

This extraordinary pressure on the housing supply would have led to substantial rent increases had not rent control been in effect during 1947 in areas of housing stringency. Bureau of Labor Statistics figures indicate that for the same or equivalent units, rents rose only 4 percent from 1940 to April 1947. However, from April to December 1947, after changes in the Rent Control Act, the Bureau of Labor Statistics rent index increased another 6 percent.

An examination of the rent trends for identical units tells only part of the story, however. While it is true that rent control stabilized the rents of many units, a significant decrease had occurred in the number of low-rent units. Thus, between 1940 and 1947, the Bureau of the Census indicates that the number of units renting for less than $30 a month declined by more than 3,500,000 and the total number of rental dwellings declined from 16,335,000 to 15,329,000.

B. Housing Needs

From the foregoing data it is apparent that the Nation's immediate housing requirements are great, although precise measurement of the need offers many difficulties. The many estimates which have been prepared show considerable variation because of differences in concept in use of statistical data, and in area and time covered. There is general agreement, however, that, as a bare minimum, enough housing must be provided in decent neighborhoods to take care of the future needs arising from increases in the number of families. Differences of opinion exist, however, in estimating the number of units needed to replace substandard units. Since so many of the substandard units are occupied by families of low income, these families are not apt to enter the housing market at present high price levels. This fact is responsible, in large degree, for the gap between effective market demand and what might be termed the social need which contemplates the elimination of slums and dilapidated housing.

Estimates of Housing Needs

The most authoritative recent estimate of needs is that formulated by the Joint Congressional Committee on Housing in its final majority report submitted March 15, 1948. This report calls for the building over the next 12 years of between 1,300,000 and 1,500,000 nonfarm units and between 200,000 and 300,000 farm units annually. Its estimate is presented below.

The Joint Committee estimate is cast in terms of the social needs for housing. Thus, more than half of the 12-year requirements are to replace substandard and otherwise inadequate housing. Although there are inevitable differences in the magnitudes of some of the components, this estimate is in general agreement with other estimates developed on a needs basis. Most of the estimates which are below the Joint Committee's total have been calculated in terms of market demand rather than social needs.

Additional Nonfarm Housing Needed by 1960

Estimated 1960 families	39, 500, 000
Allowance for 4 percent effective vacancies (i. e., units actually for sale or rent, and habitable year round)	1, 600, 000
Total dwellings needed in 1960	41, 100, 000
Subtract: Effective inventory	32, 729, 000
Number of additional units needed from beginning of 1947	8, 371, 000
Subtract: 1,000,000 units added in 1947	1, 000, 000
Net additional number needed between 1948 and 1960 to bring requirements and supply into balance	7, 371, 000
Add:	
For replacement of estimated losses from 1947 to 1960 (fire, demolition, floods, etc.)	520, 000
For replacement of nonfarm units in need of major repairs and of urban units lacking private bath and toilet	5, 200, 000
For replacement of substandard units in surrounding suburban areas and for replacement of standard units deteriorating by 1960	2, 000, 000
For replacement of temporary structures	350, 000
Total replacement, 1948–60	8, 070, 000
Minimum construction needed	15, 441, 000
Add: To bring replacement rate to 1 percent	1, 850, 000
Optimum construction needed	17, 291, 000

Veterans Constitute Important Segment of Demand

Veterans' needs constitute an important segment of our present and future requirements. At the close of 1947, there were almost 14,750,000 living veterans of World War II. Another 1,250,000 are potential veterans who are still in the armed forces. Many of the married veterans have been unable to find satisfactory housing accommodations during 1947 and were either living in substandard dwellings, doubled up with other families, or in rented rooms, trailers, or other makeshift accommodations; these conditions prevailed for an even larger proportion of nonwhite veterans. Hundreds of thousands of additional veterans will enter the housing market when they marry and want to establish homes of their own.

The housing needs of nonwhite families also require special attention. Bureau of the Census data reveal that a large proportion of the Nation's poorest quality housing is occupied by nonwhite families.

Although nonwhite households represented only 8.8 percent of all nonfarm households in April 1947, they occupied 709,000 of the 2,410,000 units, or 29.4 percent, of nonfarm dwellings in need of major repairs, and 1,030,000 of the 5,695,000 units, or 18.1 percent, of the dwelling units which lacked private bath and flush toilet even though they were not in need of major repairs. In addition, overcrowding and doubling are far more prevalent among nonwhites than among whites. For example, 9.8 percent of the nonwhite households contained doubled families compared to 6.2 percent of the white households. Overcrowding was also more pronounced in nonwhite households, with 15 percent of the dwelling units occupied by nonwhites containing more than 1.5 persons per room, while only 4.3 percent of the white households are that crowded. The plight of home-seeking nonwhite families is further complicated by the fact that the median income of nonwhite families in nonfarm areas in 1946 was $1,834, while the corresponding median income of white families was $3,094.

C. Prices and Costs

In assessing the housing need, the problem must be examined not only in terms of the grand total of units needed but pricewise as well. Current high construction costs and real estate prices complicate in the extreme the problem of solving our housing shortage. Despite increasing incomes, many home-seeking families cannot afford to make long-term commitments for housing at present high prices.

Although there is a lack of statistically precise data on over-all home prices, there are many indications that prices of both old and new homes have risen considerably during recent years. As a result of the important influence of wages and material prices upon the cost of new home construction, it was inevitable that building costs and prices of new homes should also mount during 1947. Because old houses are frequently more conveniently located, and are available for immediate occupancy, they sometimes have even commanded a premium over newly constructed units. Studies by United Industrial Associates, Inc., suggest that by September 1947 there was an increase of 130 percent in the average selling price of old and new homes over the base period of 1935–39. Geographically, the rise in selling prices of homes, as reported by UIA, has shown widely different rates of increase. In Los Angeles, for example, house prices in the fall of 1947 were three times the 1935–39 level, while in St. Louis and Indianapolis they were somewhat less than double the prewar average.

Construction Costs High

Available data from a variety of sources, both governmental and trade, throw some light on the level of average construction costs during the year. Figures compiled by the Bureau of Labor Statistics show that for all nonfarm one-family homes begun in the second quarter of 1947 the median construction cost was $6,700, exclusive of land, architects' fees, sales expense, and profit. This was an increase of 65 percent above the 1940 level. Also in some cities the average construction costs were considerably above the national level. Average construction cost of single-family dwelling units was $9,800 in Boston, $9,300 in Chicago, $11,000 in New York, Newark, and Jersey City, $8,900 in San Francisco, and well over $10,000 in Washington, D. C.

The data shown above reflect differences in both construction costs, and, to an unknown extent, the type, size, and quality of the structures. However, it is also important, during a period of rapid price change, to compare such movements with changes in construction costs. The tools available to measure the extent of the rise in building costs are limited and none of them gets at the all-important item of selling prices.

It is difficult, if not impossible, in the case of building-cost indexes, for example, to measure labor efficiencies, the effects of introducing new techniques, or shift in size, quality, design, and equipment of houses.

Despite these limitations, building-cost indexes still provide the best available indication of the direction and approximate magnitude of the changes which are occurring.

Cost Indexes Show Rise

E. H. Boeckh and associates compile data on homebuilding costs in representative cities. An average of the Boeckh indexes of the costs of building, including both brick and frame dwellings, in 20 cities throughout the United States rose to a new all-time high of 206 by the end of 1947. A year earlier the index stood at 173 and in 1940 it was 104 (1939=100).

Both building material prices and wages continued to rise in 1947. Led by spectacular gains in lumber (up 55 percent over 1946) and paint (up 37 percent), building materials prices increased even more sharply than commodity prices as a whole. Thus, by the end of 1947, the building materials index stood at 213.3 (1935–39 average=100) compared with 176.2 a year earlier and with a 1920 average of only 167.6. Lumber prices by the year's end had reached the record level of 337.6, more than 50 percent above the peak reached after World War I. The paint index hit 216.5, about the same as its 1920 high.

Along with the rise in materials prices, average hourly earnings for workmen on private building construction-projects also mounted steadily during 1947. At the end of 1946 they were $1.57, while by the close of 1947 they averaged $1.77. This compares with $1.38 on VJ-day and with 96 cents in 1940.

Prices Generally Advance

Prices in general continued to advance during 1947. By December 1947 the combined index of wholesale prices for all commodities had reached 203, compared with 175 a year earlier, 97.6 in 1940, and was within a fraction of the all-time high established after World War I. Reflecting the momentum gathered following the removal of price controls and the second round of wage increases, the rise in wholesale prices during 1947 exceeded the price advances which occurred from Pearl Harbor to VJ-day.

As might be expected in the light of the behavior of wholesale prices, the cost of living also soared during 1947. The Consumers' Price Index for moderate-income families in large cities, which stood at 100.2 in 1940 and at 153.3 at the end of 1946 rose steadily during 1947 to hit an all-time high of 167 by the close of the year (1935–39=100).

The rent component of this index rose less than the over-all index during 1947. Nonetheless, it advanced more duing 1947 than during the entire period from 1940 to the beginning of 1947. This index measures only changes in rents paid on identical or equivalent units. It does not reflect the fact that the supply of rental units, particularly low-priced ones, has been decreasing, and does not consider prices of owner-occupied units. Thus, the Consumers' Price Index does not fully reflect the impact of rising rents and homes prices.

Chapter III

TOWARD MEETING THE NEED

A. Construction Volume in 1947

Starts

The homebuilding industry put under construction a total of 849,000 new permanent nonfarm housing units in 1947. Numerically this was the fourth highest production year in history, and exceeded the (670,500) 1946 new permanent starts by 27 percent. It has been exceeded only in 1923 (871,000), 1924 (893,000), and 1925 (937,000 units).

In addition to the new permanent units started in 1947 there were 70,078 housing-type trailers and 4,400 temporary reuse units started, plus an unknown, though probably sizable, volume of conversions.

Of the total permanent units started in 1947, 845,600 were privately financed and 3,400 publicly financed.

Monthly Starts Trends in 1947

The trend in the number of units started monthly during 1947 deviated considerably from the average of the prewar years 1934–41 and from that in 1946. In those years, monthly starts followed a seasonal pattern, usually reaching a peak about May, falling off somewhat in the next 2 months and rising again in July and August, though usually not to the May level.

During 1947 the number of new permanent units begun each month increased over those begun the preceeding month from January, when 39,300 units were started, through October, which was the peak month with 94,000 starts. In 1946, the peak was reached in May, which saw 67,600 units begun. About 355,000 new permanent units were started in the first 6 months of 1947 compared to 494,000 the last 6 months.

There were many indications that there had developed during late 1946 and the early part of 1947 a considerable reluctance to buy on a rapidly rising market on the part of many who would otherwise have wanted homes at that time; this in turn discouraged builders from expanding their operations. By the spring of 1947 the period of the most rapid price rise was over, and a relatively more stable price situation developed, though still at higher prices than 6 months before, and with increases still to come. This leveling off, plus a belief on the part of many buyers that prices would be high for some time to come, resulted in a revival of housing demand which in the spring and summer supported a high volume of home building.

Completions

Housing completions rose after March 1947 as the time required to make a new house ready for occupancy continued to decrease, reaching about 4½ months by midyear, on the average, compared with an average of 7 months or more in 1946. In 1947 completions totaled 835,100 new permanent nonfarm units, a 90-percent increase over the 437,800 completed in 1946.

Over a quarter of a million new homes were finished in the last 3 months of 1947 alone, 89,100 of these in December. However, there remained 390,300 new permanent dwelling units still under construction at the end of 1947, 20,100 more than at the end of 1946.

In addition to the new permanent completions reported above there were 70,078 house trailers produced and shipped by manufacturers, according to reports prepared by the Department of Commerce. Also there were approximately 103,000 temporary reuse accommodations completed for veterans' use. Those units do not constitute a permanent addition to the housing supply and these temporary reuse completions were to some extent offset by the demolition of a number of temporary war-housing units. Materials from some of these war-housing units were used in construction of the veterans' reuse accomodations.

However, counting 835,100 new permanent units, 70,078 trailers, and 103,000 veterans' reuse accommodations, more than 1,000,000 housing units were completed in 1947.

Rental Housing

In 1947 the major emphasis on rental housing construction was reflected in an increased proportion of two-family and multifamily permanent units scheduled to be started. Approximately 16 percent of all permanent units scheduled to be started in 1947 were in the two-family or multifamily categories as compared to 8 percent in 1946.

Assuming that all of the units in the multifamily structures and at least one-half of units in two-family structures were rental units, there were an estimated 102,000 rental units started in 1947. This is 12 percent of the total starts and probably errs on the side of conservatism, as undoubtedly some of the one-family units were for rent and probably more than one-half of the units in two-family structures were for rental purposes.

FHA Rental Housing Activity

A large-scale educational campaign was undertaken by FHA during the first quarter of 1947 to acquaint builders and investors with the Government aids available for rental housing; FHA representatives attended more than 600 meetings all over the country with builders and investors for this purpose.

The effects of this campaign were reflected in the applications made during 1947 covering more than 139,000 units in rental projects to be built with mortgages insured under FHA Title VI, section 608; during 1947 more than 50,000 units were actually started in rental projects of this nature.

Prefabricated Housing

The number of prefabricated dwelling units shipped in 1947 was estimated by The Prefabricated Home Manufacturers' Institute at 37,400 as compared to 37,290 estimated as shipped in 1946 by the Office of the Housing Expediter. These units were used in constructing about 4 percent of all housing built in 1947.

The number of firms responsible for 1947 shipments numbered about 80, whereas the 1946 volume was produced by about 270 companies, many of them new companies unable to continue production after priorities assistance to the prefabrication industry was terminated late in 1946. The 80 companies that continued in production were, for the most part, established firms, and their volume of production showed a significant increase from 1946 to 1947, amounting to about 18 percent.

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Problems of materials shortages, rising costs, financing and marketing, all of them to be expected in a new and growing industry, combined to limit the volume of prefabricated housing.

Federal Aid for Prefabricators

In 1946 and part of 1947 the Federal Government has provided certain aids to the prefab industry under the terms of the Patman Act. According to OHE, 19 guaranteed market contracts were signed in 1946 and 1947 calling for scheduled production of 88,096 factory-built houses, of which markets were guaranteed for 59,196 units. Also, 4 contracts were signed guaranteeing markets for the production of new materials. The passage of the Housing and Rent Act of 1947 on June 30, 1947, ended the powers of the Housing Expediter to negotiate additional contracts.

The market-guarantee program fell far short of original expectations, but the program succeeded in stimulating a significant amount of research and development in the field of factory-built housing and new building materials and resulted in bringing some new producers into the field. Actually less than 3,000 houses were produced under the market guarantee.

During 1947 a new insuring provision, section 609, was added to Title VI of the National Housing Act of 1934. This authorized the Federal Housing Administration to insure production loans to manufacturers of prefabricated houses. No section 609 insurance was written during 1947 but several applications were in various stages of processing at the end of the year.

B. Materials for Housing

The building materials record for 1947 reflects a year of increasing production, increasing demand, increasing prices, and, for many materials, increasing shortages, particularly toward the end of the year.

Production Increases in 1947

The 1947 output exceeded 1946 production for 18 of the 20 major types of materials for which monthly data are collected; and the average of the Commerce Department's composite production index for the year was 11.6 percent above 1946.

Output of about half of these materials in 1947 was above the peak production levels that had been attained under the tremendous expansion of construction early in the war, and production of cement, cast-iron soil pipe, gypsum board, and asphalt products established all-time records. Production of lumber was about equivalent to the 1941 wartime peak level of 36½ billion board feet, and about 5 percent above 1946.

Despite substantial increases during 1947, production of several major materials, such as nails, hardwood flooring, softwood plywood, and cast-iron radiation was still below the levels that had been achieved in 1941 and 1942. The total supply of gypsum products was greater than in any previous year, but production of gypsum lath, which was in particularly strong demand, was less than it had been in 1941. In table 4, 1947 production totals for selected individual materials are compared with 1946, and with previous peak years of record since 1923, when the building boom of the twenties was getting under way.

Production Rate Declines in 1947

Although over-all production improved, output of several key homebuilding materials did not by any means show consistent improvement, and some materials showed declines.

Total lumber output, for example, for the year 1947, was about 1½ billion feet more than in 1946, but the actual peak in production was reached in the third quarter of 1946, and has not been equaled since. The 1947 increase is accounted for by the rate in the first quarter of the year, which was comparatively higher than in the same quarter of 1946. The third quarter of 1947 came within 200 million feet of the previous year's peak, but there clearly was no upward production trend.

Production of wire nails and staples fell off substantially in the last three-fourths of 1947 from the high levels reached in the fourth quarter of 1946 and the first quarter of 1947. This pattern reflects the premium payments program for nails under the Veterans' Emergency Housing Program. The premium payments program was in operation from October 1946 to March 31, 1947, during which time peak levels in nails output were reached.

Similarly, production of cast-iron soil pipe fell off sharply in the last half of the year, following termination of VEHP production aids. In the fall of 1946, a premium-payments program and allocations had been instituted for pig iron, together with premium payments for cast-iron soil pipe. As a result, output of soil pipe, which had totaled 107,000 tons in the third quarter of 1946, increased to 132,000 tons in the fourth quarter, and 153,000 tons by the first quarter of 1947. Pig-iron allocations were continued through March 31, 1947, and the soil-pipe premium payments program through June, so that production remained high at 155,000 tons in the second quarter. With the end of these programs, however, production of cast-iron soil pipe fell off to 128,000 tons in the third quarter, despite continuation of premium payments for pig iron through the end of the year. It was only after allocation was reinstituted in September to govern the distribution of pig iron that output of soil pipe increased somewhat to 140,000 tons in the last quarter of 1947; still 15,000 tons below the level reached 6 months earlier.

Shortages

The materials showing production declines in the latter part of the year, together with gypsum products and millwork (whose output increased but did not keep pace with demand), constituted the principal trouble spots in 1947 with respect to shortages of home-building materials. Despite a lack of precise statistical data on shortages, virtually all of the available information points to the conclusion that gypsum products, millwork, nails, pressure pipe, soil pipe, and plumbing equipment were the principal problem materials at the end of the year, and that the shortages of all of these materials have been increasing since June 1947.

The fundamental problem underlying these shortage situations was the general shortage of lumber, iron, and steel, which are important basic raw materials of the building industry.

The iron and steel requirements for housing, and in fact for all types of construction, represent a relatively small part of the total iron and steel supply. These requirements do represent a substantial proportion of the supply of merchant pig iron, and of lumber. During 1947 these basic commodities were not being produced in quantities adequate to meet the total demand for all uses at the levels of economic activity prevailing since the war. The problem in iron and steel arose primarily from the extended and acute shortage of scrap, and from the existing limits on primary production capacity.

The lumber situation also reflects a long-range problem, of diminishing reserves of standing timber, and diminishing accessibility of the stands that are being cut.

Prices

1947 was a year of almost continuous price rises for all types of building materials. The average of all building material prices, measured at wholesale by the Bureau of Labor Statistics, at the end of the year was more than 40 percent higher than the average of manufacturers' price quotations at the end of price controls fourteen months earlier.

The increases from October 1946 to December 1947 ranged from almost 70 percent for lumber, 37 percent for paint, and 27 percent for plumbing and heating items, to about 20 percent for structural steel and about 15 percent for brick and cement.

The trend in the average of building material prices since 1926, compared with the general price level, with nonfarm product prices, and with prices of all manufactured products, is shown in appendix A, table 5. As a result of the increases in lumber and paint prices since the war, and the relatively high level of all building material prices prior to the war, it will be seen that the average of the materials bill for building construction has climbed far above the general price level in the years since 1926, and, relative to the price structure in that base year, was far higher at the end of 1947 than the general level of prices of all commodities, or of other manufactured products. The building materials index, with 1926 as 100, for the year 1947 averaged 179.5, as compared with 145.5 for all manufactured products, 134.8 for commodities other than food and farm products, and 151.8 for all commodities.

The 1947 increases were not limited to the first upward sweep of prices in the months immediately after decontrol, but continued throughout the year. After a brief and slight decline in May and June, lumber prices rose an additional 14 percent during the last 6 months of the year. The same pattern was followed by most other major material types, except for paint.

C. Manpower for Housing

With total civilian employment at high levels in 1946 and 1947, postwar construction work has been conducted in a very tight labor market. Although this high level of total civilian employment resulted in keen competition for labor, employment by construction contractors more than held its own during 1947. Average construction employment increased 15.7 percent in 1947 as compared with 1946, according to estimates by the Bureau of Labor Statistics, whereas Census estimates of total average civilian employment increased only 5 percent in 1947.

Construction Employment

Average monthly employment by construction contractors has increased from 1,139,400 in 1945 to 1,660,600 in 1946 and to 1,921,300 in 1947. On-site labor on new nonfarm residential construction, however, has increased more rapidly than total employment by construction contractors. The estimated average monthly number of man-months of on-site work on new nonfarm residential construction increased from 105,000 in 1945 to 485,000 in 1946 and to 595,000 in 1947.

According to estimates prepared by the Bureau of Labor Statistics, approximately 36.4 percent of the on-site man-hours of work on new construction in 1947 were for nonfarm residential buildings as compared with 32.9 percent in 1946.

Shortages of Skilled Labor

During 1947 there were localized shortages of varying types of skilled construction labor from time to time in most urban areas, and this situation was fairly continuous in some of the areas. These shortages were most frequent for bricklayers and plasterers. It is believed that alleviation in these two trades will be gradual because of the number of additional workers needed and the time required for apprenticeship training. Shortages of plumbers and carpenters were also prevalent, but were less numerous and less severe than in the trowel trades. A few shortages also were reported for electricians and painters.

Shortages of skilled labor in 1947, however, are believed to have been somewhat less severe than in 1946. Apparently this was due in part to some increase in the labor supply, but to a greater extent it probably was due to a better supply of materials, to less labor hoarding and pirating, and to better planning and organization of work.

Earnings and Wage Scales

Annual average hourly earnings in private building construction have risen continuously since 1934. Only two of these years, however, showed increases of more than 10 percent as compared with the next preceding year. Both 1942 and 1947 showed increases of 13.7 percent. The 1947 average of $1.681 per hour was 80.4 percent higher than the rate for 1939 and was 111.4 percent above the $0.795 average hourly rate for 1934. Annual average weekly hours and average weekly and hourly earnings of all on-site employees on privately financed building construction for the years 1934 through 1947 are shown in table 7.

Apprentice Activity

During the 16-year period from 1930 through 1945, relatively few building trades apprentices were in training. At the beginning of 1946, an apprenticeship training program was launched by the Apprenticeship Training Service of the Department of Labor in cooperation with the construction industry in order to accelerate the training as rapidly as possible. Between the end of April and the end of December 1946, the number of apprentices reported to Apprenticeship Training Service increased from about 25,000 to 89,300. This program was expanded steadily throughout 1947 so that reports received by ATS from local joint apprenticeship committees, local trade-unions, local employers' associations, and local building trades councils showed 114,400 apprentices to be in training as of December 31, 1947. In addition to these apprentices reported to ATS, it is estimated that apprentices and trainees not reported to ATS would amount to 31,700 persons as of December 31, 1946, and to 28,600 as of December 31, 1947. These estimates of unreported apprentices and trainees include apprentices who were not reported or who were not yet registered by the various State apprenticeship approving authorities together with on-the-job trainees who were not in the apprentice programs.

Since FHA reports indicated that throughout 1947 shortages of bricklayers and plasterers were more frequent than for any other building trade, it is significant to note than the number of apprentices reported in the "trowel trades" increased 45 percent during 1947 (from 10,900 to 15,800) as compared with increases of 28 percent in the reported number of all building-trades apprentices and 15.7 percent in the average employment by construction contractors. The 114,400 apprentices which were reported to ATS as being in training at the end of 1947 included 41,700 in wood-working trades, 17,400 in electrical trades, 17,200 in pipe trades, 15,800 in trowel trades, 9,100 in painting trades, 8,300 in sheet-metal trades, and 4,900 in other building trades.

Rough estimates indicate that less than 50 percent of the country's building contractors were employing apprentices at the end of 1947.

D. Financing Home Construction and Home Ownership

Home-financing activity was at record levels during 1947 with nonfarm mortgage recordings surpassing by 10 percent the previous peak in 1946 of 10.4 billion dollars. Toward the end of 1947 there were indications that mortgage terms were beginning to stiffen—along with a general tightening of over-all credit; this situation apparently had not yet affected the mortgage lending volume in the closing months of the year.

The latter part of 1947 witnessed a marked advance in general money rates; Government issues moved to slightly higher interest levels and municipals and prime corporate bonds also advanced. These pressures were also beginning to be felt in home mortgage financing and may foreshadow a tendency toward higher mortgage rates.

The changes in competitive money rates tended by the end of 1947 to reduce sharply or eliminate premiums formerly obtainable on the sale of mortgages. Also of significance by the end of 1947 in bearing on the supply of mortgage credit was the fact that some lenders believed that their loan portfolios were overbalanced with lower interest-bearing mortgages; moreover, some lenders were skeptical of the soundness of long-term loans based on current real estate prices. Also, the RFC secondary market for VA guaranteed loans was eliminnated in mid-1947. By the end of 1947 many lenders were adopting a more selective process in making construction or permanent mortgage loans, and, on VA guaranteed home loans, were requiring down payments.

Mortgage Loan Volume at Record High Levels

The volume of home mortgage loans made during 1947 established a new all-time high, although 1947 increase was small compared to the rapid rise for 1946. Nonfarm mortgages recorded were estimated at 11.4 billion dollars in 1947—up 10 percent from 1946, but 1946 in turn was 85 percent above 1945. The increases in number of mortgages recorded showed a similar pattern. The average mortgage recorded rose 7 percent from 1946 to 1947, as compared with the sharp rise of 22 percent from 1945 to 1946.

The following table presents comparisons with 1939 in order to show the changes which have occurred since the prewar period:

Number, amount and average size of nonfarm mortgages recorded, $20,000 or less

	Number	Amount (in millions)	Average mortgage
1939	1,288,032	$3,507	$2,722
1945	1,634,005	5,623	3,440
1946	2,474,946	10,410	4,206
1947	2,526,530	11,400	4,512

NOTE.—These statistics on mortgages reflect principally 1- to 4-family nonfarm residential properties, although they actually include all nonfarm mortgages of $20,000 or less.

Source: Home Loan Bank Board.

Outstanding Mortgage Debt at Record High

The Nation's nonfarm home mortgage debt on 1- to 4-family properties reached an estimated total of 30 billion dollars by the end of 1947—easily the highest level in history. The debt continued to increase in 1947 at about the same high rate experienced in 1946. In 1947, the debt increased by 5.4 billion dollars or 22 percent; in 1946 the increase was 4.6 billion dollars or 23 percent. While the outstanding debt at the end of 1947 was not high in relation to disposable personal income—17 percent of 1947 as compared with 26 percent in 1939—nevertheless we must not overlook the implications of a large increase in long-term debt predicated upon high current family income levels and high property values.

The data available indicate that the outstanding debt was being retired in 1947 at a high but slightly lower rate than in 1946. One factor operating to retard debt reduction is that the volume of refinancing has been dropping off and this has resulted in fewer cancellations of existing mortgages. Moreover, since recently made loans comprise a greater proportion of the outstanding debt, retirement of the debt would be slower, for in the early years of a typical long-term monthly amortized loan only a small part of the monthly payment goes for reduction of principal.

All Mortgage Groups Increase Lending Volume

Each of the major types of mortgage lenders shared in the large volume of loans made during 1946 and 1947. Savings and loan associations continued as the leading type of mortgagee, although their proportion of the total declined somewhat in 1946 and 1947. Banks and trust companies regained second place in 1946 and maintained that position in 1947. Individuals fell back to third place in 1946 and lost some further ground in 1947. Mutual savings banks maintained their proportion of the total in 1947, while insurance companies and the"others" category displayed increases.

Nonfarm mortgages recorded ($20,000 or less) total dollar amount and percent by type of lender

[Dollar amount in millions]

	1939	1945	1946	1947
Total dollar amount	3,507	5,623	10,410	11,400
Total percent	100.0	100.0	100.0	100.0
Savings and loan associations	30.2	35.7	32.9	31.1
Insurance companies	8.2	4.4	4.5	7.0
Banks and trust companies	25.4	19.4	25.8	25.9
Mutual savings banks	4.0	3.9	5.3	5.2
Individuals	16.8	24.9	19.4	17.3
Others [1]	15.4	11.7	12.1	13.5

[1] Includes mortgage companies, fiduciaries, educational institutions, etc.

Government Programs in Support of Home Mortgage Lending

The various programs of the Federal Government in the housing field have been a key factor in financing the increased volume of construction during 1946 and 1947 and the sale of new and existing housing. These programs include home mortgage insurance through the Federal Housing Administration and the Veterans' Administration programs for insuring or guaranteeing home loans to veterans. The Federal National Mortgage Association provided a secondary mortgage market for FHA insured loans and, during the first half of 1947, there was also a Federal secondary mortgage market for VA guaranteed loans. In addition, a credit reserve for home financing institutions was provided through the Federal Home Loan Bank System as well as insurance for investments in such institutions through the Federal Savings and Loan Insurance Corporation.

Federal Housing Administration

Insurance of mortgages and loans by the Federal Housing Administration under all Titles I, II, and VI of the National Housing Act reached a new high record of almost 1.8 billion dollars during 1947. Of this amount, mortgages insured on 1- to 4-family properties amounted to 894 million dollars—representing 8.5 percent of the total volume of mortgages made on 1- to 4-family nonfarm properties during the year. About half of the small home mortgage insurance written was under section 603. The following table shows the volume of mortgages insured on 1- to 4-family properties during the past 3 years:

[Millions of dollars]

	1945	1946	1947
Mortgages made on 1- to 4-family properties	$4,701	$9,453	$10,500
Mortgage insurance written by FHA under sections 203 and 603 [1]	474	422	894
Percent of total mortgages made	10.1	4.5	8.5

[1] Includes a small volume of mortgages made by Federal Home Loan Bank member savings and loan associations.

ource: Home Loan Bank Board and Federal Housing Administration.

In addition to the mortgages insured on 1- to 4-family properties, the FHA insured a record-breaking volume of mortgages—359 million dollars—on large-scale rental-housing projects. Virtually all of this volume was insured under section 608. Another 534 million dollars of property improvement and modernization loans were insured under title I of the National Housing Act.

The emergency provisions of Title VI of the National Housing Act were designed to facilitate the production of new, large-scale, rental housing and new small homes for sale or rent. The record achieved for 1947 is gratifying in this respect, for in that year the FHA made its first compliance inspections on 228,820 new dwelling units, or on better than 1 out of every 4 of the nonfarm dwelling units started in 1947. All but 20,880 of these units were started with commitments issued under Title VI.

The effectiveness of the efforts directed toward the encouragement of the production of large-scale rental-housing projects is indicated by the 50,766 units started under FHA inspection—all under section 608. This volume for 1947 exceeds the cumulative total—from the inception of FHA through 1946—for either section 207 or section 608 projects.

The following table shows the number of dwelling-unit starts under FHA inspection compared with estimated total private nonfarm starts:

	1945	1946	1947
Total private nonfarm units started	208,000	663,000	846,000
With first FHA compliance inspection:			
Units in 1- to 4-family structures	38,897	67,122	178,054
Units in rental-housing projects	2,262	1,911	50,766
Total FHA	41,159	69,033	228,820
Percent of total private nonfarm starts	19.8	10.4	26.9

Sources: Bureau of Labor Statistics and Federal Housing Administration.

Veterans' Administration

Home loans guaranteed or insured by the Veterans' Administration under title III of the Servicemen's Readjustment Act of 1944 amounted to almost 3.3 billion dollars during 1947. In the 3 years since this program began it attained a volume which in 1947 represented 31.3 percent of all mortgages made on 1- to 4-family nonfarm properties during that year. The following table relates the volume of VA guaranteed home loans closed to the total lending volume:

[Millions of dollars]

	1945	1946	1947
Mortgages made on 1- to 4-family nonfarm properties	$4,701	$9,453	$10,500
VA guaranteed home loans closed [1]	[2] 192	2,302	3,286
Percent of total mortgages made	4.1	24.4	31.3

[1] Includes a substantial volume of loans made by Federal Home Loan Bank member savings and loan associations.
[2] Includes a small number of loans made late in 1944.

Sources: Home Loan Bank Board and Veterans' Administration.

Despite the large volume of VA guaranteed home loans closed in 1947, many lenders have started to tighten up on loan applications. Down payments have become a rather common requirement instead of the 100-percent financing originally intended.

The VA statistics show a marked shift from section 501 loans, which are guaranteed by VA to the extent of 50 percent of the loan but not to exceed $4,000, to the two-loan plan wherein FHA insures the first loan and VA guarantees the second loan, thus providing the mortgagee with 100-percent protection of his investment. These statistics also show that while the volume of VA guaranteed loans closed during the last few months of 1947 declined at about a seasonal rate, loan applications declined at what appeared to be a greater-than-seasonal rate.

Secondary Mortgage Market

The Federal National Mortgage Association provides a secondary market for FHA Titles II and VI insured loans. This corporation, whose capital stock is owned by RFC, is chartered under title III of the National Housing Act.

The secondary market for VA guaranteed home loans had been provided by the RFC Mortgage Company prior to its dissolution on June 30, 1947. Up to that time, the Company had purchased or was committed to purchase 152.5 million dollars of GI loans—an amount equal to less than 4 percent of the VA guaranteed loans outstanding at that time. It is claimed that termination of this Government-sponsored secondary market has been one of the factors which caused lenders to tighten up or curtail making GI loans. A number of bills before Congress propose reestablishment of this secondary market.

The Credit Reserve: The Federal Home Loan Bank System

The savings and loan association members of the Federal Home Loan Bank System made almost 3.5 billion dollars of mortgage loans during 1947—or 33 percent of the total volume of new mortgages made on 1- to 4-family properties. The following table shows the mortgage loan volume of these member associations and the proportion of total lending that they accounted for:

[Millions of dollars]

	1945	1946	1947
Mortgages made on 1- to 4-family properties	$4,701	$9,453	$10,500
Mortgages made by member savings and loan associations [1]	1,749	3,322	3,466
Percent of total mortgages made	37.2	35.1	33.0

[1] Includes a small volume of mortgages insured by FHA and a substantial volume of home loans guaranteed by VA.

Source: Home Loan Bank Board.

A large part of the funds used by savings and loan associations in making mortgage loans comes from the savings of individuals invested in these associations. The increase in savings for all associations approximated 1.2 billion dollars in 1947—an increase of 13.5 percent, which was about equal to the peak record of annual growth established in 1946. This favorable record, in the face of a general slowing up in the rate at which people have been saving money, is attributable in no small degree to the advantage of having share accounts insured by the Federal Savings and Loan Insurance Corporation. Assets of the insured associations represented 72 percent of the total assets of all associations, but they accounted for 84 percent of the total gain in savings.

Savings and loan associations actively participated in financing the large volume of construction started in 1947. Dollar volume of construction loans made by all associations in 1947 amounted to 894 million dollars—an increase of about 45 percent from 1946. Member associations accounted for 95 percent of the construction loan volume of all associations.

E. Federally Aided Housing in 1947

At the end of 1947 the programs of war and public housing under the HHFA, including all that was aided, owned, or built with Federal assistance, amounted to 914,000 units. Of these, 821,000 were active units, 93,000 units were inactive, under development, or deferred.

More than three-fourths of the active program was war and postwar emergency housing; 22,000 units of postwar veterans' emergency housing were under construction as the year ended, and 8,000 units were in the preconstruction stage. The remaining fourth was the permanent low-rent public housing, operated by local public housing authorities aided by annual contributions from PHA. Also there were 25,000 units of low-rent public housing in a deferred status. Only 146 units, in Puerto Rico, were under construction as the year ended, and 232 units, in Milwaukee, were being placed under development.

Thus the federally aided housing provided an important contribution to the total housing supply during 1947. The various programs of such housing are described in detail in Part Four of the annual report of the HHFA dealing with the Public Housing Administration.

Chapter IV

THE BACKGROUND

A. Prewar

Over the last 15 years, the Congress has gradually developed a number of major programs designed to aid in the solution of different aspects of our national housing problem. At the same time, a concept has been developing as to the role of the Federal Government in housing: A role of assistance to private enterprise and to local communities, and of serving as a focal point for the many elements whose joint efforts are necessary in the housing economy. With the establishment of a single permanent housing agency in the HHFA under Reorganization Plan No. 3, effective July 27, 1947, a device was created for correlating these individual programs in relationship to each other and bringing them to bear on the obstacles to better housing.

The active participation of the Federal Government in housing, apart from emergency action in World War I, dates back to the depression years and the virtual collapse of the real estate market and home building. Establishment of the Federal Home Loan Bank System in July 1932, to provide a national reservoir of credit for home financing institutions, was the first in a series of steps that, over the next 15 years, was to see long range improvement in home financing practices.

As home foreclosures by mid-1933 approximated a thousand a day, emergency steps were taken, through the Home Owners' Loan Act which established the Home Owners' Loan Corporation, to aid distressed home owners and bolster the residential mortgage market. The magnitude of this program is indicated by the fact that when HOLC terminated its lending operations 3 years later, in 1936, it had refinanced more than 3 billion dollars in loans on homes of more than a million distressed property owners.

The act creating the HOLC also provided for the creation of a Nation-wide system of federally chartered savings and loan institutions. The administration of the programs authorized by this law was placed under what was then the Federal Home Loan Bank Board.

National Housing Act adopted

The following year saw further strengthening of local home financing institutions through establishment of the Federal Savings and Loan Insurance Corporation under the National Housing Act of 1934. By the end of 1947 there were over 5,000,000 insured accounts in upwards of 2,500 institutions that had qualified for FSLIC membership. The estimated insured share liability was over 6.5 billion dollars.

The National Housing Act of 1934 also established the Federal Housing Administration which further increased Government activity in housing through insurance of mortgage loans made by private financing institutions. The FHA had the basic task of utilizing mortgage insurance to help stabilize the home mortgage market, improve home financing practices and stimulate and sustain a high volume of housing. The importance of the programs administered by this agency is indicated by the fact that in a scant half dozen years, by 1940, construction financed under Title II (which provides for insurance of mortgages on homes and rental projects) was at a rate amounting to 34 percent of the annual total of all home building and 20 percent of all mortgage financing. By the end of 1947, in 13 years, Title II operations have covered about a million and a quarter homes, equally divided between new construction and existing homes, and involving over 5.5 billion dollars in insurance. Moreover, in the same period, Title I activity, involving insurance of loans for improvements and, to a limited extent, some small-home construction, covered about 7,000,000 loans.

The FHA also provided machinery for administering a vital part of the war housing program and the Government's postwar housing activities under Title VI as described later.

The programs described thus far relate primarily to the Government's role in housing through aiding home ownership, stimulating private homebuilding activity, and improving home financing practices. The depression also focused attention on the related problems of slum clearance and the provision of homes for low-income families.

Homes for Low-Income Families

Earlier efforts had been made in a few States to promote housing for low-income groups through encouragement of limited dividend corporations, tax concessions, subsidies or other benefits. However it has become clear that a successful attack of any sizable proportions on the problem required the joint effort of Federal as well as local government.

Early Federal efforts in the field of public housing were inaugurated by the Public Works Administration in 1933 and involved a direct construction program. Although experimental in nature, it provided some 21,000 units of public housing in 50 projects. About a third of these PWA units were occupied by Negro tenants.

In 1937 enactment of the United States Housing Act provided a basis for Federal and local governmental cooperation in public housing and slum clearance. The Federal role, administered by the United States Housing Authority, involved extending financial aid to local public housing bodies which planned, built, and operated public housing projects. In all, more than 167,000 low-rent public-housing units have been provided through this program, with some 35 percent occupied by Negroes.

B. War Housing

The next major development in the Federal Government's housing activity resulted from the need for mobilizing our housing resources to aid in the war effort. By Executive Order 9070 of February 24, 1942, the President streamlined the Government's housing activities, then scattered among a number of different agencies, by establishing the National Housing Agency with three major constituent units—the Federal Home Loan Bank Administration, the Federal Housing Administration, and the Federal Public Housing Authority. The NHA was assigned the basic tasks of providing housing for war workers and administering the permanent housing programs of the Government in a manner consistent with war needs. Also, it had responsibility for providing a basis and a setting for postwar housing activity.

In all, through the various war-housing programs, aid was provided in obtaining about 4,000,000 housing units for war workers. Accommodations were found for 2,100,000 of them in existing homes, with the aid of "share your home" programs in more than 1,200 communities, 1,063,000 privately financed homes were built under the war-housing program, many of them with FHA insured mortgages under wartime liberalized credit measures provided under Title VI, and 853,000, including trailers and dormitory units, were provided by public construction under the Lanham and other war housing acts.

C. Housing Policy: Reconversion Period

The end of the war found this country facing an unprecedented housing shortage. Although it was recognized that the housing problem was essentially a long-range one, emergency measures were deemed necessary to speed the conversion of the building industry from war to peace and to provide housing rapidly, particularly for returning veterans. To coordinate various emergency housing and building materials measures, the Office of Housing Expediter was established at the end of 1945. In February 1946, the functions of the Office of Housing Expediter were combined with those of the National Housing Agency. On February 7, 1946, the President announced a Veterans' Emergency Housing Program designed to expedite home construction during the emergency.

Despite major modifications in the VEHP and discontinuance of many of its aspects earlier than anticipated, the results of the actions taken under it were of considerable importance in the rapid postwar recovery of the home-building industry. Although serious production problems persisted through 1946, housing volume that year exceeded all earlier predictions by a substantial margin, with 670,000 permanent new units started as well as nearly a third of a million units of other types. The momentum achieved by the end of 1946, continuing aid to materials output and restrictions on commercial construction which might otherwise have used excessive amounts of materials and the continuance of emergency financial aids aided in making it possible for home building to move ahead rapidly in 1947 to the highest annual volume attained since 1925.

D. Housing Policy: Post Reconversion Period

Major changes in postwar controls, including price decontrol, in the fall of 1946, made necessary a revision in postwar housing policies. By Executive Order 9820, effective January 11, 1947, staff and functions of the previously combined agency were divided with NHA responsible for those functions performed by it prior to the VEHP and remaining VEHP functions exercised by the OHE.

The next few months saw removal or substantial changes in many of the VEHP controls over construction and materials. However, for the first half of 1947, emergency measures taken to aid home building included continuing restrictions on nonresidential construction (in all more than 2 billion dollars of such construction was denied approval in 15 months under the VEHP), continuance of certain materials aids such as premium payments, channeling of raw materials, export controls, market guarantees for factory-built housing—although these measures were generally on a far lesser scale than in 1946. The HH priority system which had governed all home construction during most of 1946 was replaced by a more simple Federal permit system. Veterans' preference provisions were continued as were the emergency financial aids, particularly under Title VI of FHA.

On June 30, 1947, the Housing and Rent Act of 1947 resulted in discontinuance of most of the remaining VEHP housing functions. The OHE continued during the last 6 months of 1947 to administer the few remaining VEHP programs such as restrictions on amusement and recreation construction (74 million dollars of which was denied), premium payments for pig iron and liquidation of other premium-payment programs, market guarantees and enforcement of compliance with veterans' preference and price ceilings on homes constructed under the VEHP. The major OHE program, however, was rent control, which had been transferred to OHE from the Office of Temporary Controls on May 4, 1947.

Chapter V

THE HOUSING AND HOME FINANCE AGENCY

A. Establishment of the HHFA

From a long-range viewpoint the most significant development in the Government's housing role during 1947 was the establishment of the Housing and Home Finance Agency on July 27, 1947, under the President's Reorganization Plan Number 3 of 1947. This resulted in the creation of the first peacetime over-all housing agency of the Federal Government, with the responsibility of coordinating the principal housing programs and functions of the Government, and of providing a focal point for cooperative effort by Government and private enterprise in solving housing problems.

As the accompanying chart shows, the HHFA consists of the Office of the Administrator and the National Housing Council, and three constituent agencies—the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration.

The Federal Housing Administration and the Public Housing Administration are each headed by a Commissioner, appointed by the President, subject to Senate confirmation. The Home Loan Bank Board has a bipartisan board of three, also appointed by the President subject to Senate confirmation, headed by a Chairman.

Shortly after Reorganization Plan Number 3 went into effect, top appointments were made for the new agency. Since the Congress was not then in session, these appointments were on a recess basis. Raymond M. Foley, formerly Federal Housing Commissioner and National Housing Administrator, was appointed as Housing and Home Finance Administrator; Franklin D. Richards, former Assistant Federal Housing Commissioner, was appointed to head the FHA, and John H. Fahey, former Federal Home Loan Bank Commissioner, was appointed Chairman of the successor agency, the Home Loan Bank Board; and Dillon S. Myer, former head of Federal Public Housing Authority, was appointed Public Housing Commissioner. Before the end of 1947, the latter two had resigned from their posts. William K. Divers was appointed Chairman of the Home Loan Bank Board and J. Alston Adams as a member of the Board; some months later, in early 1948, O. K. LaRoque was also appointed as a member of the Board. John Taylor Egan was appointed, early in 1948, as Public Housing Commissioner.

The Reorganization plan also established a National Housing Council composed of the heads of the constituent agencies within the HHFA, the Secretary of Agriculture, Chairman of the Board of the RFC, and the Veterans' Administrator or designees of the latter three. The Housing and Home Finance Administrator is Chairman of the Council, which is designed to bring into consultation those agencies of the Government whose activities have a direct effect on housing.

B. HHFA Personnel and Budget

When the Housing and Home Finance Agency was established on July 27, 1947, there was a total of 13,967 employees in the Agency as a whole. There were 158 employees in the Office of the Administrator, 1,214 employees in the Home Loan Bank Board, 4,833 employees in the Federal Housing Administration, and 7,762 employees in the Public Housing Administration.

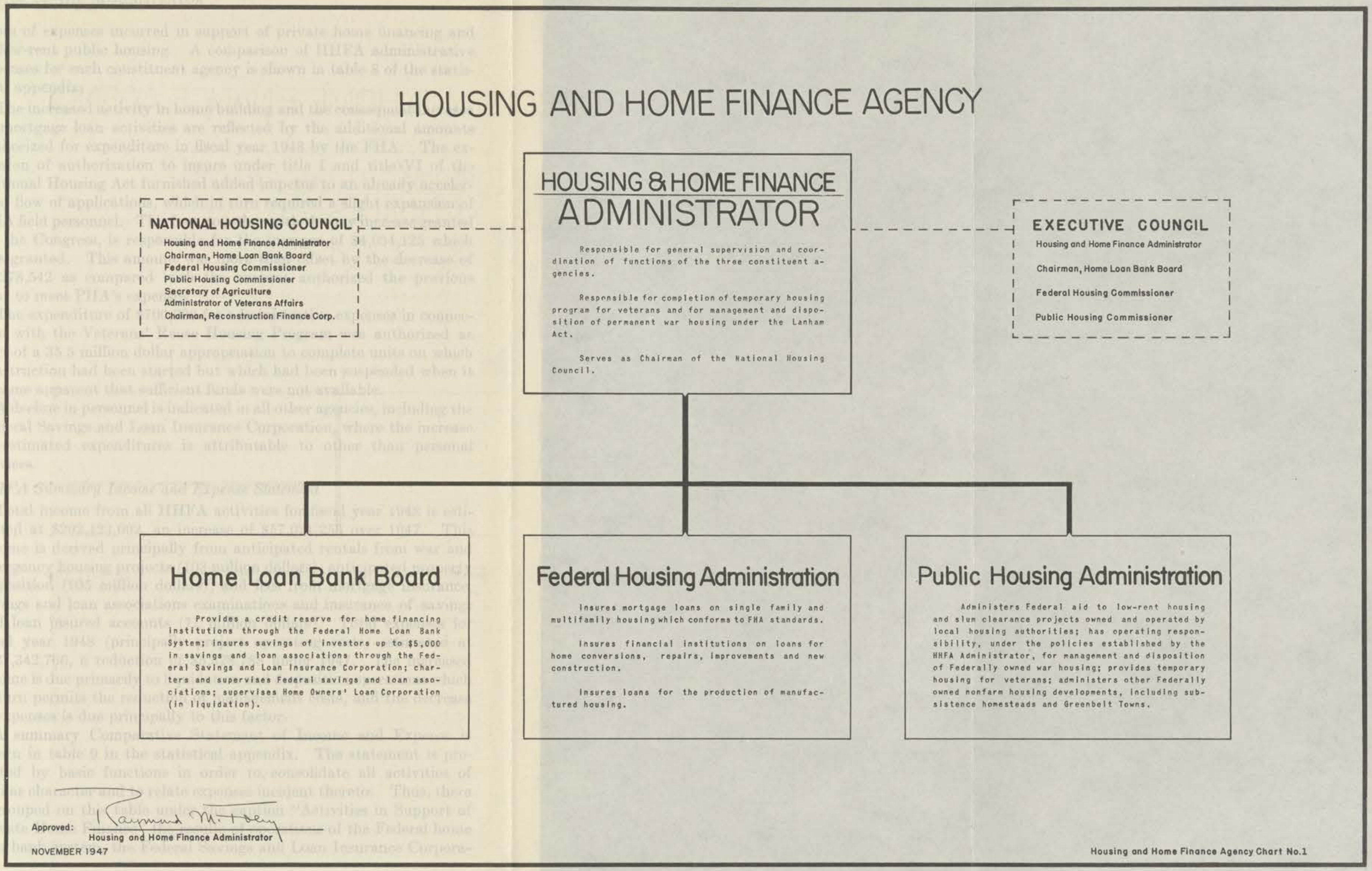
Within the Home Loan Bank Board was the Home Owners' Loan Corporation with 773 employees, and the Federal Savings and Loan Insurance Corporation with 81 employees—the remaining employees being either on the immediate staff of the Board or concerned with the Federal home loan banks.

During the next 6 months the number of employees within the Housing and Home Finance Agency as a whole gradually decreased until at the end of January 1948 total employment had dropped from 13,967 to 11,837. Office of the Administrator employment had decreased from 158 to 139; Home Loan Bank Board employees had decreased from 1,214 to 1,013; Federal Housing Administration from 4,833 to 4,513; and Public Housing Administration from 7,762 to 6,170.

The reduction in staff which took place in the Public Housing Administration during this 6 months' period was necessary to keep employment within the funds appropriated by the Congress for fiscal year 1948. Included in the reduction in staff was a large number of employees earning over $4,500 per annum, who were separated in order to comply with the provision in the appropriation authorization that no more than 20 percent of the employees paid from administrative funds (as distinguished from the funds used to pay employees on housing projects), could receive salaries in excess of $4,500 per annum.

HHFA Administrative Expense

Total estimated administrative expenditures for all HHFA activities for fiscal year 1948 are $38,447,000 as compared with $42,608,198 for 1947, a reduction of $4,161,198. With the exception of $100,000 for the Office of the Administrator for which direct congressional appropriation was made in fiscal 1948, other HHFA administrative expenditures were based on Congressional authorization to expend a portion of the operating income received. Site expenses for project management and operations (amounting to about 55 million dollars in fiscal 1948) are not included in administrative expenses, nor are various other


HOUSING AND HOME FINANCE AGENCY
HOUSING & HOME FINANCE ADMINISTRATOR
Responsible for general supervision and coordination of functions of the three constituent agencies.
Responsible for completion of temporary housing program for veterans and for management and disposition of permanent war housing under the Lanham Act.
Serves as Chairman of the National Housing Council.
NATIONAL HOUSING COUNCIL
Housing and Home Finance Administrator
Chairman, Home Loan Bank Board
Federal Housing Commissioner
Public Housing Commissioner
Secretary of Agriculture
Administrator of Veterans Affairs
Chairman, Reconstruction Finance Corp.
EXECUTIVE COUNCIL
Housing and Home Finance Administrator
Chairman, Home Loan Bank Board
Federal Housing Commissioner
Public Housing Commissioner
Home Loan Bank Board
Provides a credit reserve for home financing institutions through the Federal Home Loan Bank System; insures savings of investors up to $5,000 in savings and loan associations through the Federal Savings and Loan Insurance Corporation; charters and supervises Federal savings and loan associations; supervises Home Owners' Loan Corporation (in liquidation).
Federal Housing Administration
Insures mortgage loans on single family and multifamily housing which conforms to FHA standards.
Insures financial institutions on loans for home conversions, repairs, improvements and new construction.
Insures loans for the production of manufactured housing.
Public Housing Administration
Administers Federal aid to low-rent housing and slum clearance projects owned and operated by local housing authorities; has operating responsibility, under the policies established by the HHFA Administrator, for management and disposition of Federally owned war housing; provides temporary housing for veterans; administers other Federally owned nonfarm housing developments, including subsistence homesteads and Greenbelt Towns.
Approved: Raymond M. Foley
Housing and Home Finance Administrator
NOVEMBER 1947
Housing and Home Finance Agency Chart No.1

types of expenses incurred in support of private home financing and of low-rent public housing. A comparison of HHFA administrative expenses for each constituent agency is shown in table 8 of the statistical appendix.

The increased activity in home building and the consequent increase in mortgage loan activities are reflected by the additional amounts authorized for expenditure in fiscal year 1948 by the FHA. The extension of authorization to insure under title I and title VI of the National Housing Act furnished added impetus to an already accelerated flow of applications, which in turn required a slight expansion of FHA field personnel. This fact, together with the pay increase granted by the Congress, is responsible for the increase of $4,034,125 which was granted. This amount was more than offset by the decrease of $8,278,542 as compared with the amount authorized the previous year to meet PHA's expenses.

The expenditure of $700,000 for administrative expenses in connection with the Veterans' Reuse Housing Program was authorized as part of a 35.5 million dollar appropriation to complete units on which construction had been started but which had been suspended when it became apparent that sufficient funds were not available.

A decline in personnel is indicated in all other agencies, including the Federal Savings and Loan Insurance Corporation, where the increase in estimated expenditures is attributable to other than personal services.

HHFA Summary Income and Expense Statement

Total income from all HHFA activities for fiscal year 1948 is estimated at $292,123,092, an increase of $57,021,255 over 1947. This income is derived principally from anticipated rentals from war and emergency housing projects (103 million dollars); anticipated property disposition (105 million dollars); and fees from mortgage insurance, savings and loan associations examinations and insurance of savings and loan insured accounts (71 million dollars). Total expenses for fiscal year 1948 (principally project operating costs) estimated at $127,342,766, a reduction of $5,328,788 under 1947. The increased income is due primarily to liquidation and disposition operations which in turn permits the reduction of management costs, and the decrease in expenses is due principally to this factor.

A summary Comparative Statement of Income and Expense is shown in table 9 in the statistical appendix. The statement is presented by basic functions in order to consolidate all activities of similar character and to relate expenses incident thereto. Thus, there is grouped on this table under the caption "Activities in Support of Private Home Finance" the results of operations of the Federal home loan bank system, the Federal Savings and Loan Insurance Corporation and the Federal Housing Administration. Nonadministrative expenses incurred in this operation consist principally of FS&LIC payments on insurance claims and contributions to insured institutions to prevent default, interest on FHA debentures and operating losses and charge-offs. Some portion of the amounts expended by FS&LIC for contributions are subsequently recovered.

The captions "Activities in Support of Low Rent Public Housing" and "War and Emergency Housing Management" are self-explanatory and embrace those activities of the Public Housing Administration related to providing housing, whether permanent or temporary in character. The greatest proportion of income under the low-rent program is derived from rents and interest on investments, principally obligations of local housing authorities. The corresponding expenditure items consist chiefly of payments of interest on funds borrowed from the Treasury, annual contributions and depreciation. Under "War and Emergency Housing Management" such expenses are principally the costs of operating directly managed projects.

Under the caption "Liquidation and Disposition Operations" are grouped the activities of the Home Owners' Loan Corporation, the Defense Homes Corporation and the disposition activities of the Public Housing Administration. Income in this category is derived mainly from (1) interest collected by HOLC on its mortgage loans, (2) rents collected by DHC from its properties, and (3) proceeds from sales of projects by PHA. Nonadministrative expenses consist principally of (1) interest paid by HOLC on its obligations held by the Treasury, (2) costs of operation and final disposition of the remaining holdings of Defense Homes Corporation, and (3) PHA expenses incident to the sales (surveys, advertising, appraisals, etc.), demolition and removal of temporary structures, and costs of restoration of land which had been leased.

Administrative expenses include those of the Office of the Administrator and all constituents.

C. The National Housing Council

The first meeting of the Council was held in September 1947 and meetings were held monthly during the rest of the year. Attendance included the Housing and Home Finance Administrator, heads of the three constituent agencies within the HHFA, and representatives of the VA, and RFC and the Secretary of Agriculture.

Although part of the Council's attention in this early period was necessarily devoted to organizing itself as a going concern, most of its activity was devoted to consideration of the problems common to Government agencies whose functions affect housing.

The problems of housing finance were of major concern to the Council. The Council's discussions resulted in development of a proposal for a limited secondary mortgage market as well as a comprehensive program of transition from postwar emergency finance to a readjusted long-term program of credit aids to housing. In this connection modifications were proposed in various titles of the National Housing Act and other legislation.

Council discussions covered such matters as the Government's position on various legislative proposals, originating outside the Government, such as those dealing with establishing unlimited secondary mortgage markets, direct Government lending, and establishment of new types of quasi-Governmental lending institutions. Moreover, Council discussion aided FHA and VA in adjustment of appraisal differences, and dealt with other matters such as insurance of mortgages on war-housing units offered for sale, means for adjusting mortgage-lending activity to changes in the economy, and other pertinent matters.

The Council has undertaken a number of long-range projects which are intended to aid in improving the administration of Federal housing programs. The first of these was establishment of a Committee on Appraisals to review existing appraisal practices and recommend improvements. A Committee on Subdivision was established to develop a program of improved standards for subdivision activity, and a Committee on Finance to provide proposals in connection with the President's program to curb inflationary pressures.

In the first few months of its existence the Council was already taking shape as a device for fruitful consideration by various Government agencies of their common day to day operating problems in the housing field as well as a clearing house for the discussion of various major housing proposals.

D. HHFA Studies and Publications

Housing research, housing studies, and reexamination of housing facts in light of postwar conditions were undertaken by the HHFA in many areas during 1947. In general, the objectives were to reduce housing costs, to obtain more rental housing, to improve quality of housing, and to adduce facts which would permit housing problems to be appraised more accurately.

In this program of research and testing, new materials and building techniques were tested; neighborhood design and subdivision controls reexamined; statistical facts about housing examined and compiled; and new approaches to design of houses were explored. Continuing studies were made of housing finance, and of mortgages and the mortgage debt.

All units of the Agency contributed to these studies. The Office of the Administrator produced eight major publications from this research as well as a number of technical papers. The Home Loan

Bank Board and the Federal Housing Administration conducted mortgage studies which were reported periodically. The FHA also revised its underwriting manual, minimum property standards and neighborhood standards applicable in different States, and issued publications on economical home and neighborhood design. The Public Housing Administration issued a résumé of low-rent housing and a guide to aid local housing authorities in adapting their procedures to postwar problems.

The major publications resulting from these activities in 1947 are listed in appendix C: A List of HHFA Publications in 1947.

At the instance of the National Housing Administrator, the Conference on Housing Statistics was organized with representatives of private industry, educational institutions, national organizations interested in housing, and government officials participating. The conference convened in January and again in March. Dr. Ernest Fisher of Columbia University served as chairman. The principal objective was consideration of the adequacy and coverage of available statistics in the housing field.

A comprehensive report was issued which reviewed available statistics and made recommendations looking to their further development as an essential tool for use in the determination of public policy and private decision in the field of housing.

Chapter VI

OFFICE OF THE ADMINISTRATOR

A. Summary of OA Activities

During the first half of 1947, the Office of the Administrator functioned as part of the National Housing Agency. When the Housing and Home Finance Agency came into existence on July 27, 1947, the Office of the Administrator was established to assist the Administrator of the HHFA to carry out his responsibilities as the head of the HHFA. During all of 1947, including the NHA period, the major emphasis in OA activity was on supervising and coordinating the housing programs assigned to the Agency and its constituents. Constituent Agency programs are discussed in detail in the respective constituent Agency sections of this report.

During the first 7 months of 1947 the Office of the Administrator provided a central point for dissemination of information about housing as well as for continuity of over-all administration of the Government's housing responsibilities in both the long-range and the war-emergency programs. When HHFA was established it was able to draw upon the valuable administrative resources thus provided, both in experience and manpower. When NHA formally passed out of existence on July 27, 1947, the small remaining staff of the wartime and emergency Office of the Administrator was transferred to the HHFA, thus making possible a smooth transition from the Government's wartime housing operations to its new peacetime role.

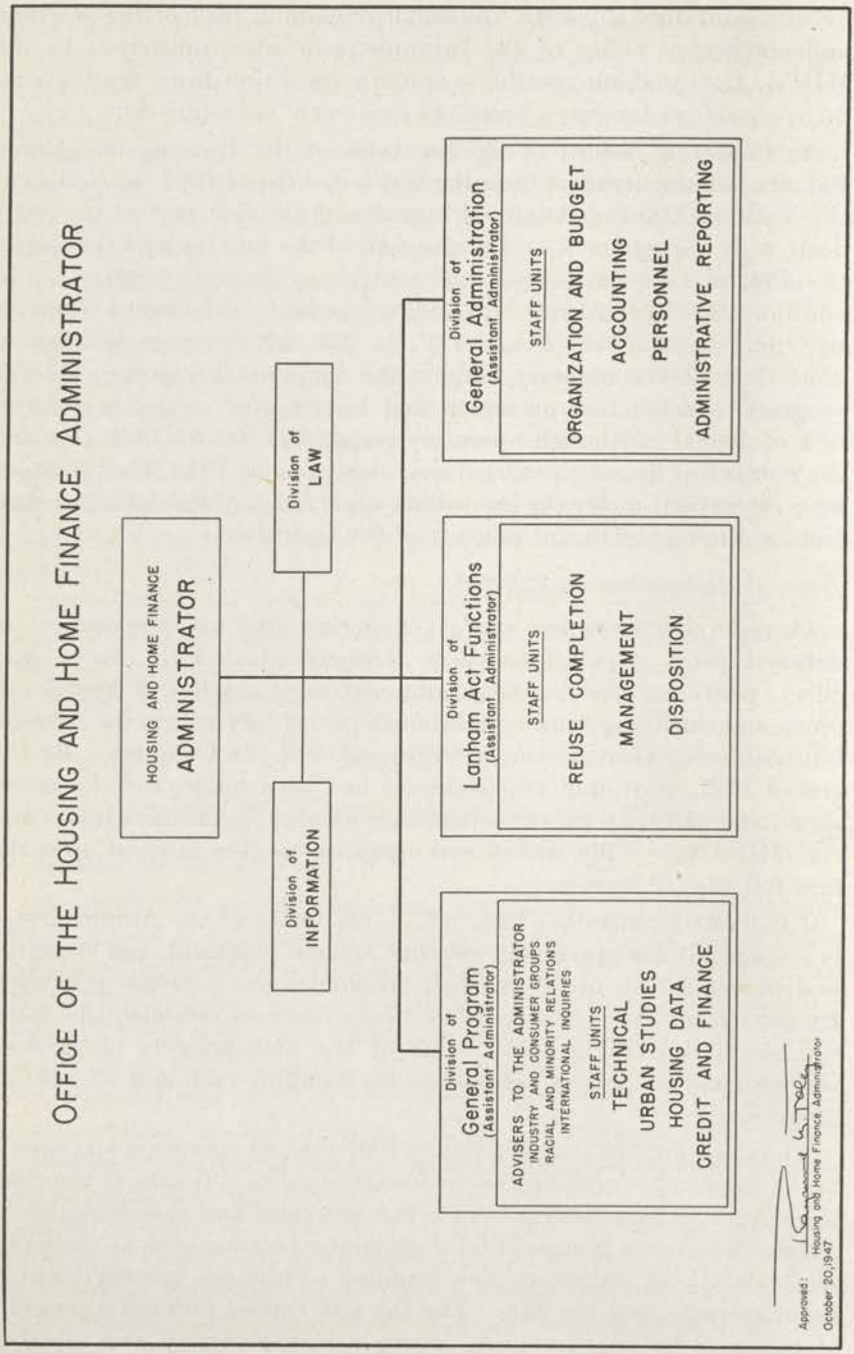
An important aspect of the functions of the Housing and Home Finance Administrator during the last 5 months of 1947 (as well as of the National Housing Administrator during the first part of the year) dealt with management and disposition of the hundreds of thousands of units built under the war and emergency housing programs. In addition, the Administrator directly supervised the so-called reactivation program authorized under P. L. 256, involving completion of more than 8,000 temporary units in the Veterans Temporary Re-Use program, construction on which had been halted earlier because of lack of funds. Although operating responsibilities for both this and the public war housing program were delegated to PHA, the programs were carried out under the immediate supervision of the Administrator and required a significant amount of OA staff time.

Internal Reorganization Effected

Considerable attention was given during 1947 to development of detailed plans required to carry Reorganization Plan No. 3 into effect, providing the necessary administrative machinery and developing and clarifying working relationships not only within the Agency, but with other Government agencies and with the Congress. By the end of 1947, most staff appointments had been made, and the necessary steps had been taken so that the Office of the Administrator and the HHFA were fully staffed and organized as they entered upon the first full year of existence.

Under Reorganization Plan No. 3, the Office of the Administrator is responsible for appraising existing Agency organizational structure and procedures in order to effect economies and increase efficiency. By the end of the year steps were being taken to establish this function on a continuing basis. One of the first projects undertaken was a survey of Agency procedures for handling cash and accounting for property.

An important OA staff activity in 1947 was the collection and assembly of data to be furnished to the Congress; also, throughout the year, the OA acted as a focal point for the collection and dissemination to various interested groups of information on housing such as statistics, methods of cost reduction, new building techniques, improvement of building codes and the like. The OA also carried forward a program of technical housing research, not only in engineering and architectural fields, but also in analyzing housing credit policies, needs and markets.


OFFICE OF THE HOUSING AND HOME FINANCE ADMINISTRATOR
HOUSING AND HOME FINANCE
ADMINISTRATOR
Division of
LAW
Division of
INFORMATION
Division of
General Program
(Assistant Administrator)
ADVISERS TO THE ADMINISTRATOR
INDUSTRY AND CONSUMER GROUPS
RACIAL AND MINORITY RELATIONS
INTERNATIONAL INQUIRIES
STAFF UNITS
TECHNICAL
URBAN STUDIES
HOUSING DATA
CREDIT AND FINANCE
Division of
Lanham Act Functions
(Assistant Administrator)
STAFF UNITS
REUSE COMPLETION
MANAGEMENT
DISPOSITION
Division of
General Administration
(Assistant Administrator)
STAFF UNITS
ORGANIZATION AND BUDGET
ACCOUNTING
PERSONNEL
ADMINISTRATIVE REPORTING
Approved:
Housing and Home Finance Administrator
October 20, 1947

Throughout the year, a major concern was the problem of cost reduction. The OA along with the constituent agencies within the HHFA consistently emphasized the attack on costs as a keystone to the solution of the housing problem. The Agency suggested simpler design, expansible houses, revised building codes and has called the attention of the home-building industry to the desirability of local cost conferences to seek means of savings.

B. OA Personnel and Budget

Until early in January 1947 the Office of the Administrator (NHA) continued to service the Office of the Housing Expediter by carrying on its rolls the personnel necessary for the VEHP as well as for the responsibilities of the NHA. The OA thus went into 1947 with 2,219 employees; this figure was reduced to 219 with the establishment on January 11, 1947 of the Office of the Housing Expediter as an independent agency. The staff was increased to 240 persons prior to the end of June 1947, in order to fill gaps in the organization which resulted from the arbitrary division of personnel between the Office of the Administrator and the Office of the Housing Expediter in January.

With the establishment of the Housing and Home Finance Agency in July 1947 and the approval by the Congress of a budget of $865,000 for fiscal 1948, it was necessary to set up a new organization for the Office of the Administrator in keeping with the responsibilities of the Administrator as set forth in Reorganization Plan No. 3. After a study of the organization of predecessor agencies and of the constituent agencies of the HHFA, and after consultation with the Bureau of the Budget and the Senate Committee on Expenditures in the Executive Departments, an organization involving five major divisions—Law, Information, General Program, Lanham Act Functions and General Administration—was established. (See accompanying chart.) The staff of the new organization, which had been scaled down earlier by reduction in force, totaled 139 employees by December 1947.

C. Lanham Act Functions

The Lanham Act functions of the Office of the Administrator arise primarily out of the war housing program and, more recently, the veterans temporary reuse program. These functions involve supervision of the construction, management and removal or disposition of housing authorized under these programs. Direct operating responsibility for these programs has been delegated to the Public Housing Administration. In order to carry out its policy making and supervisory functions, the Office of the Administrator has established a Division of Lanham Act Functions.

Construction

The only construction during 1947, under the Lanham Act and amendments, involved completion of the veterans temporary reuse program under Title V of the Lanham Act. By the end of 1947, there were 261,573 units in this program, 232,086 completed.

During 1947, 103,000 units were completed, and by the end of the year all Federally financed units in the program were completed, with the exception of some which had been earlier suspended because of lack of funds and later reactivated under Public Law No. 256. There were in addition 23,000 units of locally financed temporary housing not yet completed and 8,000 of them had not been started.

On July 29, 1947, under Public Law No. 256, the Congress appropriated $35,500,000 for the reactivation of 8,806 suspended units, suspended because of lack of funds, and directed that such work be carried on under the supervision of the Housing and Home Finance Administrator.

In carrying out these obligations, the Administrator directed a careful reexamination of the eligibility and current need for each project, had revised cost estimates made, and instructed that other types of contract than cost-plus-fixed-fee be used as far as possible.

As a result of this review, 121 projects authorized by law for reactivation containing 7,719 accommodations were reactivated. Eighteen projects were not approved for various reasons. Only 4 of the projects reactivated were on a straight cost-plus-fixed-fee basis.

At the end of 1947 it was apparent that expenditures for this program would be less than estimated, primarily as a result of the review of this program, and the cut-backs, the close supervision and other economies. It is not yet possible to determine the full extent of the savings, but by the end of 1947 $4,500,000 had already been earmarked for return to the United States Treasury.

As the year closed nearly all the reactivated projects had started, and it appeared that the entire program should be finished around midyear, 1948.

Management

Although more than a fourth of Lanham Act War Housing had been disposed of by the end of 1947, there were still some 432,000 units under management, as well as 222,000 completed units in the veterans' reuse program under management supervision.

The Office of the Administrator had direct responsibilities in connection with management of such housing, although operating responsibility was delegated to PHA which, in turn, made use of local facilities wherever possible.

Occupancy of Lanham Act housing, in which preference was given to servicemen and veterans, continued at high levels throughout

1947. More than 96 percent of the 394,000 units of war housing in active management was occupied as of December 31, 1947. At that same time 57.1 percent of all occupied war housing accommodations, and 96.8 percent of all veterans' reuse housing, were occupied by servicemen and veterans and their families.

Disposition

The Lanham Act provided, broadly, that all temporary housing be removed as promptly as possible in the public interest and not later than two years after the end of the war emergency. However, continued use of temporary housing was permitted beyond the 2-year period where, in consultation with local communities, the Administrator found it essential for orderly demobilization of the war effort. By declaration of Congress, this 2-year period started on July 25, 1947.

Also, the act provided that permanent war housing should be disposed of as rapidly as possible with consideration given to its full market value. Transfers to communities for use as low-rent public housing, however, require congressional approval. Also, upon request, the housing may be transferred to the Army or Navy.

A total of 168,000 units of Lanham Act war housing, comprising 28.5 percent of the units assigned for disposition, had been disposed of by December 31, 1947; 55,000 of them during 1947.

The current disposition policy applying to permanent Lanham Act housing is set forth in HHFA Public Regulation No. 1 issued on August 22, 1947. This embodied the requirements of the act, the experience already obtained in disposing of war housing, and preference to veterans.

The regulation provided for consultation with local communities on disposition plans, and withdrew from disposition pending final decision projects requested before July 1, 1947, by the Secretaries of War and Navy as adjuncts to permanent installations, or by local government for use as low-rent public housing, The remaining units were to be sold, where feasible, to prospective home owners at a fixed sales price to be set on the basis of long-term value. In order of preference, the buyers were: (1) veterans in occupancy; (2) veterans who intended to become occupants; (3) nonveterans in occupancy. All sales were to be for cash; FHA insurance was available to aid in financing such sales.

Of the 160,000 permanent housing units remaining to be disposed of on December 31, 1947, 8,000 had been reserved from sale for possible transfer to the War or Navy Departments; 30,000 had been reserved pending action on applications from communities that they be transferred to low-rent use. Community consultations involving

124,000 had been completed and general disposition plans covering 122,000 units had been determined.

The continuance of a severe shortage of housing was the primary obstacle to more rapid removal of temporary housing and to faster action in disposal of permanent housing. As the year ended, the Congress was reviewing disposition requirements deriving from the Lanham Act and had under consideration various legislative proposals.

D. Technical Activities

A technical staff in the Office of the Administrator directed and coordinated research into building materials and methods with a view to speeding home construction and reducing housing costs. Originally established in the NHA, this function was expanded during 1946 to aid in carrying out VEHP functions. With establishment of HHFA, the technical work program was reappraised to determine what research activity would be most useful to the building industry. The advice of industry representatives, Government laboratories, and university research organizations was sought in outlining the scope and direction of needed research as well as the function which Government should fulfill in preventing duplication of work and directing effort into the most productive channels.

Included in the significant research undertaken were studies of building code standardization and of modular coordination. As part of the basic policy of making the results of such studies generally available, so far as possible, the results were embodied in various pamphlets. A list of such publications appears in appendix C to this report.

Technical work undertaken during 1947 included the following:

Technical Review of Applications for Federal Aid

At the beginning of 1947, 52 applications to the Office of the Housing Expediter were in process of technical review for eligibility for financial assistance under the VEHP, such as guaranteed markets or RFC loans on new materials and on houses.

Applications for assistance in building houses involved systems employing wood frame, plywood, concrete, steel, aluminum, aluminum-plywood and aluminum plastic. Applications for assistance in producing new materials involved lightweight concretes, hollow-tile flooring, cast iron pipe and steel fittings for plumbing, steel studs and joists, a utility unit, several different types of aluminum windows and wall panels of concrete steel, enamel steel and aluminum.

Applications of this type were reviewed until April 18 when all VEHP review functions were assumed by the OHE. During this period applications of 18 manufacturers of houses were found technically acceptable, as well as 18 applications of producers of new materials.

Testing and Research

Cooperative testing arrangements which had been entered into previously were in effect during 1947 with the following laboratories:

Forest Products Laboratory, Madison, Wis.
National Bureau of Standards, Washington, D. C.
Bureau of Reclamation, Denver, Colo.
Engineering Experiment Station, State College, Pa.
Water & Sanitation Investigation Station, U. S. Public Health Service, Cincinnati, Ohio

Tests were made in connection with various applications for Federal aid. Direction of these tests by the HHFA (then NHA) technical office continued after transfer of review functions to the OHE, and additional investigations of a similar nature were conducted for FHA to provide data for review of mortgage insurance proposals. Activities involving work for FHA increased as those related to OHE declined.

At the beginning of 1947 tests in connection with applications for Federal aid included thermal and structural tests on a variety of prefabricated and lightweight concrete wall systems, investigations of termite attack on resin-impregnated paper cores, wearing tests on new surfacing materials, and performance tests on small components such as special types of doors, windows, etc.

In addition to directing and programming the general analysis of new materials and structural systems mentioned above, there was carried on a broad program of housing research previously initiated at established Governmental laboratories. These included:

FOREST PRODUCTS LABORATORY

1. Studies of ventilation requirements for roof panels and attics.
2. Investigation of vapor transmission through various building materials.
3. Investigation of new and more economical construction systems.
   (*a*) Tests of stressed cover panels with different cover materials.
   (*b*) Tests on similar panels on which inner cover is fabricated with low moisture content and outer cover is fabricated with high moisture content to determine the effect on bowing under service conditions.
   (*c*) Tests of edge design and connection details for sandwich type panels.
   (*d*) Strength tests on stud walls of lighter members with wider spacing.

A test house was erected at Madison during the year to put some of the tests of sandwich and other type panels on a long term basis

4. Experimentation on core material used in sandwich construction.

5. Formulation of more realistic evaluation methods for fire resistance in small house construction.

6. Development of manual on standard test methods for evaluation of performance of housing materials, assemblies and complete structures (based on FPL and HHFA experience.).

7. Exposure testing of plywood and veneers with paper plastic overlays.

8. Testing and evaluating durability of new glues and glue techniques for bonding sandwich panels and of new fast-setting assembly glues for wood-to-wood joints.

NATIONAL BUREAU OF STANDARDS

9. Investigation of lightweight concrete using commercially produced aggregates and aggregates being developed by the Bureau of Mines. Some work has also been done on foam concrete.

10. Research and tests on plumbing systems covering major problems involved in the development of the uniform plumbing code, such as self-siphonage of fixture traps, stack-vented and wet-vented installations, maximum safe loading of building drains, soil and vent stacks, and flow rate of fixtures.

A movie was made of the tests and the results were used in formulating a proposed Uniform Plumbing Code for Housing.

11. Investigation of small house heating systems with particular reference to radiant heating.

12. Investigation of resistance of light metals to corrosion and effect of contact with common types of nails, washers, and fastening devices.

U. S. PUBLIC HEALTH SERVICE

13. Observation of behavior of various types of existing individual sewage disposal systems.

BUREAU OF RECLAMATION

14. Research in lightweight concrete similar to that described under (9) above. Projects involving about 20 lightweight aggregates produced in the Western States were handled by the Bureau in Denver.

Planning and Development

The program of general planning studies on maximum utilization of space and minimum expenditure for time and material in construction of small dwellings inaugurated by the NHA had been expanded in 1946 to provide assistance to prefabricators whose original designs were not acceptable for market guarantee. The quality of the early volume of applications indicated widespread usefulness for prototype house designs to demonstrate space and equipment arrangements which would meet minimum standards as laid down by NHA and FHA and at the same time allow for proper distribution of living functions within the dwelling. These studies were continued in 1947.

Planning assistance to individual applicants ceased with the transfer of review functions to OHE in April; planning activities were thereafter oriented toward a study of problems involving multiple housing for rent. Emphasis was placed on low-cost buildings, complete tenant maintenance, maximum efficiency within the limitations of FHA minimum requirements.

The following investigations were carried out during the year;

1. *Design criteria based on consumer preference and requirements.*—Analyses were made of surveys of home owners, tenants, builders, and managers of rental housing relative to adequacy of dwelling accommodations in regard to type and amount of family possessions, family living patterns and over-all space requirements.

2. *Dwelling design.*—Two series of schematic plans were prepared to accommodate various family sizes and income levels. One series illustrated single family detached houses and the other series still being augmented at the year's end showed various arrangements for multiple rental housing. Each series includes two parts; first, plans based on FHA space standards currently published and, secondly, plans based on newly proposed criteria showing augmented space and amenity as indicated by surveys referred to above.

3. *Design details.*—Data were assembled and illustrated by diagrams to demonstrate economical planning solutions to such problems as minimum heater rooms based on available equipment and existing safety codes, garbage and trash collection and disposal, laundering and drying, and special storage. At the end of 1947 this material was prepared for publication.

4. *Development of building codes and standards.*—Early in 1947 the NHA in cooperation with the National Bureau of Standards issued a suggested building code for residential construction.

To supplement this document with particular regard to the use of new materials, consultations were held with other Federal agencies, technical and engineering societies, trade associations and professional engineers, and an extensive survey of engineering data and tests reports was made. From this work there was evolved a proposed group of performance standards—that is criteria for the evaluation of new materials and construction methods based on their performance characteristics as revealed by testing. Standards were completed for structural requirements of floors, walls, partitions, ceilings, and roofs as well as for insulation. These standards were published in June under the title "Performance standards."

Initial work begun during the previous year on the preparation of a uniform plumbing code for housing was also continued. The HHFA worked closely with a uniform plumbing code committee composed of representatives of HHFA, U. S. Public Health Service, National Bureau of Standards, National Association of Master Plumbers and United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry. Controversial issues were made the bases of special testing at the National Bureau of Standards for which the testing set-up was planned and directed by staff members of HHFA. Drafting of the code was substantially completed by the end of 1947. It was published as Technical Paper No. 6 in early 1948 and circulated for comment.

5. *Coordination of technical activities.*—All proposed testing activities and requirements of the constituent agencies of the HHFA were reviewed and procedure for carrying on the necessary work at cooperating laboratories was arranged by the OA technical office.

This coordinating function evolved during the year has worked toward improved scheduling of laboratory work, integration of test proposals with basic research already done or under way, and enabled all interested parties to keep informed on current new materials and structures under study.

Chapter VII

URBAN DEVELOPMENT AND REDEVELOPMENT

One of the most important aspects of our housing problem arises out of the widespread prevalence of the slums and blighted areas characteristic of practically every major city. 1947 saw increasing agreement on the need for action to clear out these areas and to redevelop them in accordance with sound land-use plans.

Also, the high rate of postwar building focused attention on the need for guiding new residential construction toward the creation of well-rounded communities which can adequately provide facilities for a satisfactory living environment. As it was, a large volume of new housing in 1947 went into outlying sections generally unprepared to meet all the needs of the additional population for essential community services, such as utilities and schools.

Urban Redevelopment

Among the large cities, interest increased in the possibility of clearing and redeveloping their blighted areas. In a number of cities, preliminary studies and plans were in varying stages of progress. In the few cities where limited funds were being provided by local sources, experimental projects by public agencies advanced to the stage of appraisal and purchase of land in the areas designated for redevelopment. Generally, lack of funds for land assembly and for writing down land costs to the new use value, together with the problem of rehousing the families to be displaced by the projects, were obstacles to further development of projects. However, in a number of cities preliminary steps were taken toward shaping actual redevelopment project proposals to be submitted for public approval as provided by the several State and local laws.

New Hampshire and Puerto Rico passed laws authorizing urban redevelopment—bringing the total number of States with such legislation to 24, plus the District of Columbia and Puerto Rico. Existing urban redevelopment laws were amended by the legislatures of California, Illinois, Maryland, Massachusetts, Michigan, Missouri, New York, and Wisconsin. Minnesota enacted a new law, repealing the old one. California created a State Redevelopment Agency.

Progress was made in a number of communities in carrying forward redevelopment projects begun in earlier years. The following is a brief summary of progress made on some of the principal projects under way.

Detroit.—Work on the Gratiot area project, which was proposed in 1945, reached the stage of land appraisal and the initiation of court proceedings to acquire the first 40 acres of the land to be redeveloped. This is an experimental project financed with appropriations from city funds and being carried out according to a five-point program adopted by the common council of the city of Detroit. It will assemble and clear a 100-acre site, about 60 percent of which will be offered to private developers for rebuilding, primarily for residential use. The city is proceeding to acquire the land, but actual demolition of existing structures will not start until the housing shortage is relieved to the point where the displaced families can be rehoused

Indianapolis.—By the end of the year a start had been made on the acquisition and condemnation of the 178-acre site selected for initial redevelopment under the Indianapolis plan. Under this plan funds for land assembly, replanning and replatting of blighted areas are provided from a city tax levy of 10 cents per $100 assessed valuation for 2 years, and 5 cents per $100 each year thereafter. The tax produced in excess of $553,000 in 1946, and the same levy was made in 1947. The cost of acquiring the land in the first project area—estimated at 10 cents a square foot—will be low in comparison with the cost of land in most central city slum areas, due to the fact that much of the area is already vacant. On March 17, 1947, the Marion County Superior Court by a four to one decision held that it would be of public utility and benefit for the Indianapolis Redevelopment Commission to acquire the blighted area in question for the purpose of redevelopment.

Chicago.—In November the voters authorized a 15 million dollar bond issue for slum clearance and redevelopment, and another 15 million dollars for rehousing low-income families who would be displaced by slum clearance, redevelopment, highway and other public improvements. Combined with funds provided by the State of Illinois and previously authorized bond issues, Chicago by the end of the year had resources of over 25 million dollars for slum clearance and redevelopment purposes. A land clearance commission had also been appointed.

Several organizations interested in the redevelopment of the large blighted area in Chicago's central south side joined in the preparation of a detailed report and plan showing how 3 square miles within the area can be rebuilt. The Michael Reese Hospital and the Illinois Institute of Technology, which are the two largest institutions within the area, had actually acquired some of the blighted land and were going ahead with institutional and residential building plans. The Chicago housing authority continued to use its power of eminent domain to assemble sites for public and private redevelopment in the portion of the area marked for first stage rebuilding.

Baltimore.—Eight areas proposed for redevelopment by the Baltimore Redevelopment Commission were approved by the City Council as part of the redevelopment program. In May, a bond issue of 3 million dollars for redevelopment was submitted to the voters but it failed of approval by a small margin. With only a small administrative fund voted by the City Council, but with the support and assistance of a large number of local groups, both public and private, the Commission continued its studies of the areas to be redeveloped.

San Francisco.—Studies of areas for redevelopment and preliminary or tentative plans for such projects were under way in San Francisco. The Planning Commission completed a detailed study of the western addition district which it recommended should be designated a redevelopment area under the terms of the California Community Redevelopment Act.

Jersey City.—Agreement was reached between a large insurance company and the city on the first rental project to be planned under the New Jersey Redevelopment Act of 1946, wherein the city will buy the site and lease it to the developer at a nominal figure, the entire project to revert to the city at the end of the leasehold.

Milwaukee.—A survey was made of the first project area proposed for redevelopment—a 106-acre site on the near north side of the city—and the city began acquiring that portion of the site which will be used for publicly financed housing.

Philadelphia.—A city-wide survey of housing and environment was made by the city planning commission preparatory to preliminary certification of areas for improvement by the Philadelphia Redevelopment Authority.

New Urban Development

New urban growth and development as produced and shaped by new residential construction continued in the familiar pattern of more extensive suburban expansion. Economic dispersion and sprawl continued in spite of a growing interest in the neighborhood type of development in which dwellings are planned in close relationship with some community facility, such as a shopping center.

An interesting example of an approach to the provision of better living and working environment and more economical suburban development moved toward reality with the start of construction of the new "planned" city for 30,000 people on a 2,500-acre vacant site 30 miles south of Chicago's Loop. The new community is being built by American Community Builders, Inc., and the construction of the first 3,000 dwelling units has been financed by three insurance companies to the amount of $27,500,000, with FHA insurance, according to information published about the project. This first section will be rental housing and the balance of the housing will be for sale. The new community, called Park Forest, is unique among the recent big suburban developments in that it makes provision for all the requirements of urban living, including industry, as well as schools, churches, business, and recreation, under a comprehensive development plan. It is expected to meet practically all the needs of a self-contained community.

Chapter VIII

INTERNATIONAL ASPECTS OF HOUSING ACTIVITIES

World Housing Conditions

Housing progress abroad in 1947 was characterized less by a high volume of construction than by increased consciousness of need and more active exploration of methods to bring relief. Acute shortages of dwellings and inadequacies in those existing continued to characterize the world problem. There is a growing tendency to recognize the responsibility of national governments in planning and executing housing programs and a number of countries established national housing agencies during 1947.

As the social and economic activities of the United Nations have grown in scope and volume, the benefits of international cooperation in housing have become more apparent. Such activity focuses in the Social Commission of the Economic and Social Council of the UN and expands into the specialized agencies with which it cooperates.

One of the most important contributions of the United States in the world housing situation may be assisting other nations to utilize their own internal resources more fully. Material assistance is being given under our foreign-aid programs. Information reaching HHFA, however, indicates that further development of resources within the aided countries may reduce previous estimates of aid required from outside sources.

Policy and Cooperative Action in the International Field

The following instances are typical of international housing activities during 1947. The UN Secretariat decided to publish an international review of housing and town planning. The Secretariat initiated a survey of the housing activities of the principal international organizations. At Geneva, Switzerland, a housing panel was created in the recently established Economic Commission for Europe. Under the joint sponsorship of the UN Secretariat and the Government of Venezuela, a conference was held in Caracas to study tropical housing problems.

United States governmental policy on international questions affecting housing is developed under the leadership of the Department of State by the Federal agencies whose interests are involved. HHFA staff members are included in the membership of various interdepartmental committees.

HHFA officials have participated in one form or another in many international housing activities. An HHFA representative served as part-time consultant to the UN Secretariat on housing questions; an HHFA staff member was housing adviser to the American Mission for Aid to Greece; and another was housing adviser to the United States delegation to the Economic Commission for Europe.

Exchange of Experience and Knowledge

About 100 missions from countries in both hemispheres have come in to study United States housing policies and methods. Inquiries from other nations have been received at the rate of about 30 per month. Through the Department of State, United States embassies abroad have continued to supply staff reports and printed literature. Foreign housing organizations have sent periodicals and reports. This material is reviewed, classified, and reported on accession lists.

Reciprocally, HHFA has arranged for dispatch abroad of its publications. These are supplied regularly through the State Department to United States embassies and embassy libraries and to libraries maintained overseas by the Army. A collection of exhibit and study material was prepared by HHFA for use in Germany and Austria by the Civil Affairs Division, and a similar collection was begun for Japan. A small exhibit, sent to the Housing Panel of the Economic Commission for Europe at Geneva, was later transferred to Athens for use by the American Mission for Aid to Greece. HHFA participated with other agencies in preparing an exhibit shown at the Pan American Congress of Architects in Lima, Peru. A member of the HHFA staff visited Venezuela to advise the administrators of the government housing program in that country and to effect exchange of housing experience.

Exports and Imports of Building Materials

In connection with exports of building materials, a chief matter of concern during 1947 was preparation for the European recovery program. In the early months many export limitations were relaxed. However, the mounting volume of exports which followed relaxation of controls led to continuance of export-control powers. At year end, export-control policy had become more strict in some respects than in 1946.

In all of the year's developments, HHFA actively participated. Throughout the year it was represented on the interdepartmental committees which recommended the commodities that should be under export control and also the size of export quotas. Its representatives served on four of the interdepartmental committees which developed the United States aspects of the European recovery program. HHFA representatives, moreover, aided in determining the housing aids and exports under the Greek Aid program, and advised concerning exports of potential building materials under the program of interim aid to France, Italy, and Austria.

In order to assure that European recovery program would not seriously affect the supply of building materials in the United States, HHFA maintained, from September on, a week-to-week scrutiny of all developments under aid-program proposals that might affect the domestic supply of building materials, equipment, and machinery.

All told, the 1947 impact of exports on domestic housing construction was not severe. Some building materials items were removed from control as domestic scarcity eased. Including shipments to Canada, which are not controlled with respect to any commodity, the 1947 exports of softwood lumber amounted to about 3.5 percent of production; hardwood flooring, about four-tenths of 1 percent; plywood, about 3 percent; cement, 3 percent; gypsum board and lath, one-half of 1 percent; cast-iron soil pipe, 1 percent; nails, 3 percent; bathtubs, 3 percent; toilet tanks and bowls, 4 percent; sinks and lavatories, 6 percent; asphalt roofing, 2 percent.

Stimulation of building materials imports continued, although some measures were of necessity withdrawn. With the substantial repeal of the Veterans' Emergency Housing Act of 1946, the waiver of import duties on lumber and lumber products could not be continued. This waiver of duty went into effect under a Presidential proclamation in October 1946, and was terminated by a second proclamation effective August 15, 1947.

Appendix A

STATISTICS AND TABLES

TABLE 1.—*Estimated number new permanent nonfarm dwelling units started, by type of financing and by year, 1920–47*

Year	New permanent nonfarm dwelling units started		
	Total	Privately financed	Publicly financed
1920	247,000	247,000	0
1921	449,000	449,000	0
1922	716,000	716,000	0
1923	871,000	871,000	0
1924	893,000	893,000	0
1925	937,000	937,000	0
1926	849,000	849,000	0
1927	810,000	810,000	0
1928	753,000	753,000	0
1929	509,000	509,000	0
1930	330,000	330,000	0
1931	254,000	254,000	0
1932	134,000	134,000	0
1933	93,000	93,000	0
1934	126,000	126,000	0
1935	221,000	216,000	5,000
1936	319,000	304,000	15,000
1937	336,000	332,000	4,000
1938	406,000	399,000	7,000
1939	515,000	458,000	57,000
1940	603,000	530,000	73,000
1941	706,000	619,000	87,000
1942	356,000	301,000	55,000
1943	191,000	184,000	7,000
1944	142,000	139,000	3,000
1945	209,000	[1] 208,000	1,000
1946	670,500	[1] 662,500	8,000
1947	849,000	[1] 845,600	3,400

[1] Adjusted downward for lapsed building permits and for lag between issuance of permit and actual start of construction.

Sources: National Bureau of Economic Research, 1920–29. U. S. Department of Labor, Bureau of Labor Statistics, 1930–47.

TABLE 2.—*Estimated number new permanent nonfarm dwelling units started, by type of financing and by month, 1946–47*

Year and month	New permanent nonfarm dwelling units started		
	Total [1]	Privately financed [2]	Publicly financed
1946	670,500	662,500	8,000
January	37,500	36,900	600
February	42,400	42,400	0
March	62,000	62,000	0
April	67,000	67,000	0
May	67,100	67,100	0
June	64,100	62,800	1,300
July	62,600	61,300	1,300
August	65,400	61,900	3,500
September	57,600	57,600	0
October	57,800	56,500	1,300
November	47,700	47,700	0
December	39,300	39,300	0
1947	849,000	845,600	3,400
January	39,300	38,200	1,100
February	42,800	42,800	0
March	56,000	56,000	0
April	67,100	67,100	0
May	72,900	72,900	0
June	77,200	77,000	200
July	81,100	81,100	0
August	86,300	86,100	200
September	93,800	93,500	300
October	94,000	93,500	500
November	79,700	78,900	800
December	58,800	58,500	300

[1] Covers both conventional and prefabricated units.
[2] Adjusted downward for lapsed building permits and for lag between issuance of permit and actual start of construction.

Source: U. S. Department of Labor, Bureau of Labor Statistics.

TABLE 3.—*Estimated number of new permanent nonfarm dwelling units completed by type of financing and by month, 1946–47*

Year and month	New permanent nonfarm dwelling units completed		
	Total [1]	Privately financed	Publicly financed
1946	437,800	437,800	(2)
January	15,900	15,900	0
February	17,300	17,300	0
March	18,700	18,700	0
April	21,000	21,000	0
May	25,100	25,100	0
June	30,600	30,600	0
July	36,700	36,700	0
August	43,400	43,400	0
September	49,700	49,700	0
October	55,500	55,500	0
November	61,200	61,200	0
December	62,700	62,700	(2)
1947	835,100	833,300	1,800
January	62,600	62,600	0
February	60,300	60,300	(2)
March	57,700	57,700	0
April	59,500	59,400	100
May	59,900	59,900	0
June	63,000	62,800	200
July	65,700	65,400	300
August	70,400	70,300	100
Septmeber	77,200	77,000	200
October	82,800	82,700	100
November	86,300	86,100	200
December	89,700	89,100	600

[1] Covers both conventional and prefabricated units.
[2] Less than 50 units.

Source: U. S. Department of Labor, Bureau of Labor Statistics.

TABLE 4.—*Production of selected building materials by years, 1939–45, and by Quarters and Months, 1946–47*

	Lumber (index) 1939=100	Cast-iron soil pipe and fittings [1]	Cast-iron pressure pipe and fittings [1]	Plumbing fixtures: Bathtubs	Plumbing fixtures: Sinks and tray combinations	Plumbing fixtures: Lavatories	Plumbing fixtures: Water closets	Wire nails and staples [2]	Gypsum board and lath [3]
		1,000 tons	*1,000 tons*	*1,000 units*	*1,000 units*	*1,000 units*	*1,000 units*	*1,000 tons*	*1,000,000 sq. ft*
Year and quarter:									
1939	100. 0	372	747	867	n. a.	1, 428	1, 584	679	1, 548
1940	108. 4	397	845	973	n. a.	n. a.	2, 036	641	2, 031
1941	127. 1	411	1, 163	1, 177	n. a.	2, 068	2, 434	782	2, 777
1942	126. 4	283	1, 204	n. a.	n. a.	n. a.	n. a.	845	2, 428
1943	119. 2	159	541	n. a.	500	900	1, 503	801	2, 305
1944	114. 5	176	486	190	n. a.	n. a.	n. a.	635	2, 116
1945	97. 8	203	603	257	678	1, 012	1, 414	603	2, 103
1946, total	121. 9	409	786	1, 062	2, 461	1, 778	2, 143	637	3, 147
1st quarter	92. 6	85	168	187	421	382	502	100	651
January	80. 3	29	54	n. a.	n. a.	n. a.	n. a.	--------	221
February	88. 1	27	47	n. a.	n. a.	n. a.	n. a.	51	193
March	109. 3	30	67	n. a.	n. a.	n. a.	n. a.	49	237
2d quarter	129. 3	84	197	243	576	412	526	158	725
April	123. 2	30	76	n. a.	n. a.	n. a.	n. a.	56	246
May	130. 7	31	63	n. a.	n. a.	n. a.	n. a.	51	240
June	134. 1	24	58	n. a.	n. a.	n. a.	n. a.	51	239
3d quarter	139. 2	108	212	278	646	438	523	165	853
July	134. 5	30	67	n. a.	n. a.	n. a.	n. a.	47	275
August	146. 6	37	73	n. a.	n. a.	n. a.	n. a.	58	300
September	136. 5	40	71	n. a.	n. a.	n. a.	n. a.	60	278
4th quarter	126. 6	132	209	354	817	547	592	213	917
October	142. 0	48	84	n. a.	n. a.	n. a.	n. a.	68	318
November	127. 8	44	70	n. a.	n. a.	n. a.	n. a.	70	306
December	110. 1	40	56	n. a.	n. a.	n. a.	n. a.	75	293
1947, total	127. 4	577	1, 032	1, 669	2, 955	2, 730	2, 542	831	3, 770
1st quarter	114. 7	153	255	384	923	631	584	229	899
January	105. 6	52	87	n. a.	n. a.	n. a.	n. a.	81	317
February	114. 8	49	80	n. a.	n. a.	n. a.	n. a.	70	295
March	123. 7	52	88	n. a.	n. a.	n. a.	n. a.	78	287
2d quarter	133. 1	155	262	423	735	710	597	216	912
April	129. 1	54	82	n. a.	n. a.	n. a.	n. a.	77	295
May	139. 1	51	94	n. a.	n. a.	n. a.	n. a.	72	307
June	131. 0	49	86	n. a.	n. a.	n. a.	n. a.	66	310
3d quarter	136. 6	129	251	392	577	642	622	186	935
July	137. 1	41	77	n. a.	n. a.	n. a.	n. a.	58	320
August	136. 9	44	86	n. a.	n. a.	n. a.	n. a.	63	310
September	135. 9	44	88	n. a.	n. a.	n. a.	n. a.	65	305
4th quarter	125. 3	140	263	470	720	747	739	201	1, 024
October	138. 8	52	100	n. a.	n. a.	n. a.	n. a.	71	330
November	121. 7	52	81	n. a.	n. a.	n. a.	n. a.	67	340
December	115. 3	46	83	n. a.	n. a.	n. a.	n. a.	63	354

[1] Shipments.
[2] Data for 1939–43 represent production for sale; for 1944–46, shipments; and for 1947, production.
[3] Data for gypsum lath for 1939–46 represent shipments.

Sources: All data compiled by Construction Division, Bureau of Foreign and Domestic Commerce, Commerce Department, from the following sources: Lumber: U. S. Forest Service, Department of Agriculture, and for 1947, National Lumber Manufacturing Assn; plumbing fixtures: Civilian Production Administration, Office of Housing Expediter, and Census; gypsum board and lath: Bureau of Mines, Interior Department and U. S. Commerce Department; cast-iron soil pipe: Bureau of Census, Commerce Department, American Iron and Steel Institute; cast-iron pressure pipe: Bureau of Census, Commerce Department, American Iron and Steel Institute.

NOTE.—Monthly and quarterly figures have been rounded independently and therefore may not add to totals in all cases.

TABLE 5.—*Price indexes for all commodities, all building materials, and selected building materials*

[1926=100]

	All commodities	All building materials	Lumber	Brick and tile	Cement	Paint and paint materials	Plumbing and heating	Structural steel	Other building materials
1939	77.1	90.5	93.2	91.4	91.3	82.8	79.2	107.3	90.3
1940	78.6	94.8	102.9	90.5	90.8	85.7	80.4	107.3	93.3
1941	87.3	103.2	122.5	93.7	92.0	91.4	84.8	107.3	98.3
1942	98.8	110.2	132.8	98.0	94.0	100.3	95.4	107.3	103.5
1943	103.1	111.4	141.4	99.1	93.8	102.3	90.7	107.3	102.0
1944	104.0	115.5	153.3	101.7	95.8	105.2	92.2	107.3	103.1
1945 (average)	105.8	117.8	155.1	112.4	99.4	106.9	93.4	107.3	104.4
August [1]	105.7	117.8	155.3	111.6	99.4	107.3	93.4	107.3	104.3
September	105.2	118.0	155.0	112.4	99.6	107.6	95.0	107.3	104.5
October	105.9	118.3	155.2	115.2	99.9	107.6	95.0	107.3	104.6
November	106.8	118.7	155.5	116.7	100.1	107.7	95.0	107.3	105.4
December	107.1	119.5	157.8	116.7	100.5	107.8	95.0	107.3	105.9
1946 (average)	121.1	132.6	178.4	122.9	104.1	118.5	103.8	118.4	118.6
January	107.1	120.0	158.5	116.9	101.1	107.8	95.0	107.3	106.6
February	107.7	120.9	160.1	116.9	101.5	107.8	95.1	113.7	107.2
March	108.9	124.9	167.6	117.4	102.3	107.8	95.1	120.1	112.3
April	110.2	126.5	171.4	119.9	102.4	108.0	100.8	120.1	112.8
May	111.0	127.8	172.5	120.5	102.6	108.2	100.8	120.1	115.7
June	112.9	129.9	176.0	121.3	102.6	108.6	106.0	120.1	118.4
July	124.7	132.1	177.3	122.5	104.0	114.9	106.0	120.1	119.9
August	129.1	132.7	177.6	126.0	105.8	113.9	106.3	120.1	120.9
September	124.0	133.8	178.2	127.7	106.5	116.7	107.2	120.1	121.4
October	134.1	134.8	178.9	127.8	106.5	119.2	107.2	120.1	122.5
November [2]	139.7	145.5	192.1	129.1	107.0	151.3	107.2	120.1	125.3
December	140.9	157.8	227.2	130.0	106.9	155.4	114.9	120.1	131.8
1947 (average) [3]	151.8	179.5	277.2	140.0	115.7	162.6	125.3	134.5	147.2
January	141.5	169.7	249.9	132.2	108.3	171.2	117.0	127.7	139.0
February	144.5	174.8	263.6	132.3	109.9	173.9	117.1	127.7	141.5
March	149.5	177.5	269.3	132.4	112.3	176.1	117.9	127.7	143.5
April	147.7	178.8	273.5	134.5	114.0	175.5	118.2	127.7	143.7
May	147.1	177.0	269.4	134.5	114.0	169.2	120.0	127.7	144.8
June	147.6	174.4	266.1	134.7	114.3	159.6	119.1	127.7	145.1
July	150.6	175.7	269.0	143.3	114.9	156.1	123.4	130.8	146.1
August	153.6	179.7	276.7	144.3	116.9	154.9	128.6	143.0	150.1
September	157.4	183.3	285.7	145.4	119.0	157.9	135.9	143.0	150.6
October	158.5	185.8	290.0	145.6	120.1	161.4	136.0	143.0	152.5
November	159.7	187.5	295.6	147.3	120.6	161.8	136.0	143.0	152.6
December	163.2	191.0	303.2	148.8	121.6	164.0	136.1	143.0	155.5

[1] Month of the Japanese surrender.
[2] Month of building material price decontrol.
[3] Preliminary.

NOTE.—Yearly average indexes are computed on a 52-week basis and with revised figures independent of the monthly indexes. For this reason they do not always agree with averages as computed directly from the published monthly indexes.
Source: Bureau of Labor Statistics.

TABLE 6.—*Estimated average monthly number of man-months of work on new construction,[1] by type of construction, 1939–47*

[Number of man-months, in thousands]

Year	Total	On-site				Off-site [2]
		Total	Nonfarm building		Other	
			Residential	Nonresidential		
1947	1,865	1,635	595	440	600	230
1946	1,690	1,475	485	530	460	215
1945	825	730	105	300	325	95
1944	795	705	105	275	325	90
1943	1,360	1,210	205	505	500	150
1942	2,360	2,090	315	995	780	270
1941	2,230	1,965	635	630	700	265
1940	1,810	1,600	570	410	620	210
1939	1,720	1,520	515	440	565	200

[1] Includes major additions and alterations.
[2] Includes work in construction contractors' offices, shops, and yards.

Source: Bureau of Labor Statistics.

TABLE 7.—*Estimated average hours of work and earnings in building construction by year, 1934–47*

Year	Weekly earnings	Hours per week	Hourly earnings	
			Amount	Percent increase [1]
1934	$22.97	28.9	$0.795	(2)
1935	24.51	30.1	.815	2.5
1936	27.01	32.8	.824	1.1
1937	30.14	33.4	.903	9.6
1938	29.19	32.1	.908	.6
1939	30.39	32.6	.932	2.6
1940	31.70	33.1	.958	2.8
1941	35.14	34.8	1.010	5.4
1942	41.80	36.4	1.148	13.7
1943	48.13	38.4	1.252	9.1
1944	52.19	39.6	1.319	5.4
1945	53.73	39.0	1.379	4.5
1946	56.24	38.1	1.478	7.2
1947	63.30	37.6	1.681	13.7

[1] Percent increase over next preceding year.
[2] Not available.

TABLE 8.—*Comparison of HHFA administrative expenses, fiscal years 1947 and 1948*

	Actual fiscal year 1947	Authorization or appropriation, fiscal year 1948	Increase (+) or Decrease (−), 1948 estimates over 1947
Administrative expenses:			
Office of the Administrator	[1] $611,528	$885,000	+$273,472
Home Loan Bank Board:			
Office of the Board and Home Loan Bank System	1,631,373	1,400,000	−231,373
Federal Savings and Loan Insurance Corporation	527,362	532,000	+4,638
Home Owners' Loan Corporation	4,343,518	3,250,000	−1,093,518
Federal Housing Administration	16,165,875	20,200,000	+4,034,125
Public Housing Administration	19,778,542	11,500,000	−8,278,542
Special veterans' reuse appropriation	0	[2] 700,000	+700,000
	43,058,198	38,467,000	−4,591,198
Less duplication from contributions to Office of the Administrator	450,000	20,000	430,000
Total	42,608,198	38,447,000	−4,161,198

[1] Includes expenses only for that 5½-month period during which the Office of the Administrator was operated separately from the Office of the Housing Expediter.
[2] Nonrecurring items under Public Law 256.

TABLE 9.—*Summary of comparative statement of HHFA income and expenses,[1] fiscal years ending June 30, 1947 and 1948*

Income	Actual, 1947	Estimated, 1948
Activities in support of private home finance:		
Premiums, fees, and assessments	$48,796,020	$63,026,770
Other income	7,958,306	8,559,162
	56,754,326	71,585,932
Activities in support of low-rent public housing	13,064,685	12,025,200
War and emergency housing management:[2]		
Rents	109,233,798	102,682,900
Other income	402,698	441,860
	109,636,496	103,124,760
Liquidation and disposition operations	55,646,330	105,387,200
Total income	235,101,837	292,123,092
Activities in support of private home finance	3,092,712	4,108,969
Activities in support of low-rent public housing	13,199,353	13,919,975
War and emergency housing management[2]	66,689,842	55,682,569
Liquidation and disposition operations	13,611,313	16,485,432
Administrative expenses	36,078,334	37,145,821
Total expenses	132,671,554	127,342,766
Net income before reserve adjustments and cost or value of property disposed of	102,430,283	164,780,326
Net adjustments to reserves	4,426,333	−1,449,088
Adjustment of net income for year (before cost or value of property disposed of[3])	106,856,616	163,331,238

[1] Based on data submitted in President's Budget, adjusted to reflect estimated effects of Public Law 394

[2] Includes subsistence homesteads and Greenbelt towns.

[3] Does not reflect cost or book value of property disposed of, consisting chiefly of war-housing properties transferred or dedicated for local public use, sold, demolished, destroyed by fire, or otherwise disposed of.

TABLE 10.—*Consolidated report of Lanham Act and related housing funds at Dec. 31, 1947*

Funds	Available funds	Allotments	Obligations	Expenditures	Unallotted balance
Housing and Home Finance Agency funds:					
Public Law 849—Lanham:					
Title I—Other than District of Columbia	$1,451,003,969	$1,448,394,471	$1,443,643,315	$1,442,794,413	$2,609,498
Title IV—District of Columbia	11,542,531	11,542,517	11,437,479	11,437,728	14
Title V—Veterans' Housing	457,556,533	457,256,533	445,003,214	429,183,326	300,000
Public Law 256—Veterans' Reuse	35,500,000	27,538,221	18,726,776	6,246,096	7,961,779
Public Law 375—Temporary housing	7,357,902	7,357,902	7,279,284	7,213,178	0
Public Law 9—Temporary shelter	308,999,550	308,999,550	308,911,587	308,932,588	0
Public Law 781—Army-Navy appropriation	55,019,893	54,996,473	54,830,296	54,578,826	23,420
Public Law 28—Aid to public conversion	67,096	67,096	67,096	67,096	0
Public Law 671—USHA loan funds	7,907,718	7,907,718	7,907,718	7,161,037	0
Defense Homes Corporation	76,415,435	76,353,159	76,353,159	76,353,159	62,276
Total	2,411,370,627	2,400,413,640	2,374,159,924	2,343,967,447	10,956,987

Appendix B

CHRONOLOGY OF SIGNIFICANT EVENTS IN HOUSING, 1947

1- 1-1947 FHA issued revised edition of Underwriting Manual.

1- 1-1947 CPA and OHE announced end of "set-asides" requirements for building material dealers, although existing HH priorities remained in effect until April 15, 1947.

1-10-1947 Nonhousing construction quota under VHP-1 raised from 35 to 50 million dollars weekly.

1-11-1947 By Executive Order 9820 emergency functions of the Office of the Housing Expediter were segregated from other responsibilities of the National Housing Agency.

1-15-1947 FHA announced approval of its largest single title VI project, a 629-unit veterans' housing project in Indianapolis with a $4,792,500 insured mortgage.

1-25-1947 National Housing Administrator Foley announced establishment of NHA Coordinating Council.

1-27-1947 Two-day conference on housing statistics convened in Washington.

1-31-1947 To provide a clearing house for technical research information in the field of construction, a Building Construction Research Board was set up by the National Research Council of the National Academy of Sciences.

3-10-1947 Taft-Ellender-Wagner bill, S. 866, introduced.

3-27-1947 End of 1 year of VHP-1, the nonresidential construction limitation order, showed 3 billion dollars in approved applications and 2.1 billion dollars nonessential construction denied.

3-28-1947 Economic and Social Council of the United Nations adopted a housing and town planning resolution that set the framework for continued study of world housing by the UN, specialized international agencies, and an international conference of experts to be held in 1948.

4- 1-1947 OHE absorbed housing functions and housing organization of CPA as provided in Executive Order No. 9863, March 22, 1947.

4-23-1947 Minnesota became the forty-first State to enact legislation authorizing creation of local housing authorities with power to build federally aided low-rent public housing. The law also authorizes local authorities to operate as redevelopment authorities with power to undertake and operate housing or redevelopment projects.

4-24-1947 Senate Banking and Currency Committee favorably reported Taft-Ellender-Wagner bill.

5- 4-1947 OHE took over rent control from OTC.

5-31-1947 Public Law No. 85, Eightieth Congress, approved, authorizing an additional appropriation of $35,500,000 for completion of certain temporary veterans' housing.

6- 1-1947 Federal housing permits no longer required of those who want to build homes for themselves or for veterans.

6-26-1947 Public Law 120 approved, extending FHA title I insuring authority from July 1, 1947, to July 1, 1949.

6-30-1947 Public Law 129, Housing and Rent Act of 1947, approved—

1. to extend title VI of National Housing Act from June 30, 1947, to March 31, 1948.

2. to authorize FHA to insure loans to manufacturers of houses (section 609).
3. to limit control of nonresidential construction to that designed for amusement or recreational purposes.
4. to extend revised rent control plan to February 29, 1948.
5. to repeal authority of the Housing Expediter to allocate materials, to use directive powers, to execute new premium-payment agreements or new market-guarantee contracts.

6-30-1947 Public Law 132 approved abolishing the RFC Mortgage Company and the RFC secondary market for GI Loans and providing that ownership of capital stock in Federal home loan banks be returned by RFC to Treasury.

7- -1947 Home construction failed to show usual seasonal decline and continued successive monthly increases in number of units started from January through October.

7-25-1947 Public Law 239 approved, starting the 2-year period during which all temporary war housing built under Lanham Act must be removed except that needed for orderly demobilization of the war effort.

7-26-1947 House Concurrent Resolution 104 approved, providing for appointment of Joint Congressional Committee on Housing.

7-27-1947 Reorganization Plan No. 3 of 1947 became effective, creating the Housing and Home Finance Agency, including National Housing Council.

7-29-1947 Appropriation of $35,500,000 for completion of veterans' reuse program.

7-31-1947 Public Law 301 approved, amending the United States Housing Act of 1937 to permit low-rent housing projects which had been held up because of high costs to go ahead with construction provided local housing agencies pay difference between cost limitations and actual construction costs. This law also placed restrictions on removal of over-income tenants from public housing.

8- 1-1947 Public Law 311 approved, making mortgages with 25-year maturities eligible as collateral for Federal home-loan bank advances to member institutions.

8- 5-1947 Public Law 366 approved, increasing FHA title VI maximum authorization from 3.8 to 4.2 billion dollars and providing for insurance of mortgages on permanent war housing sold by the Government (section 610).

8- 6-1947 Public Law 372 approved, authorizing Federal savings and loan associations to invest up to 15 percent of assets in unsecured or junior lien property improvement loans up to $1,500 each.

8- 7-1947 President Truman gave recess appointments to NH Administrator Raymond M. Foley to be Administrator, HHFA; FHA Commissioner Franklin D. Richards to be Commissioner, FHA; FPHA Commissioner Dillon S. Myer to be Commissioner, PHA; and FHLBA Commissioner John H. Fahey to be Chairman, HLBB, and J. Alton Adams and Nathaniel Dyke to be members, HLBB.

8-19-1947 Title I, class 3, small-home program revived under revised regulations issued by FHA.

8-27-1947	HHFA issued revised regulations (HHFA Public Regulation No. 1) for disposition of Federally-owned permanent war housing, with veterans having first priority.
9-24-1947	First meeting of National Housing Council.
10-29-1947	Bureau of Census released part I of Housing Characteristics of the United States: April 1947.
10-31-1947	Frank R. Creedon resigned as Housing Expediter. Tighe E. Woods appointed Acting Expediter.
10- -1947	93,800 units started in October, peak housing month of the year.
11-12-1947	FHA suspended receipt of applications for mortgage insurance under title VI.
12-12-1947	Dillon S. Myer resigned as Commissioner, Public Housing Administration. John T. Egan appointed Acting Commissioner.
12-17-1947	Senate confirmed appointments of Raymond M. Foley as Administrator, HHFA, and Franklin D. Richards as Commissioner, FHA.
12-20-1947	William K. Divers appointed Chairman, Home Loan Bank Board, to replace John H. Fahey, resigned. J. Alston Adams appointed a member, HLBB.
12-27-1947	Public Law 394 approved, increasing maximum FHA title VI authorization from 4.2 billion dollars to 4.95 billion dollars.
12-31-1947	Major remaining VEHP provisions of Patman Act (Public Law 388, 79th Cong., amended) expired.
12-31-1947	849,000 new permanent housing units started, 835,100 completed during 1947.
12-31-1947	Construction costs and building materials prices reached all time peaks by end of 1947.

Appendix C

PUBLICATIONS OF THE HHFA

A. Office of the Administrator Publications

Housing Statistics Handbook.—This publication is a compilation of various types of housing statistics, compiled by both public and private agencies. For sale by the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., $1.

A Checklist for the Review of Local Subdivision Controls.—This bulletin provides a checklist to facilitate a review by local authorities of their subdivision regulations and subdivision control practices. Available on request to HHFA.

Planning the Expansible House.—This is a pamphlet of expansible house designs showing schematic plans and simple perspectives. Six schemes are given for complete one-bedroom houses to which previously planned additions can be made as the family grows. This publication illustrates one practical means of reducing the initial outlay for the dwelling and still obtaining all the essential living facilities at the outset. August 1947. For sale by the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., 20¢.

Individual Sewage Disposal Systems.—This is a revision of an earlier publication of the United States Public Health Service, bringing up to date the recommendations of the Joint Committee on Rural Sanitation. This bulletin gives the basic Government standard for individual sewage disposal systems and is used throughout the United States. Reprint No. 2461, revised 1947. Printed by the Office of the Housing Expediter and National Housing Agency. For sale by the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., 10¢.

Building Code Requirements for New Dwelling Construction.—This is a revision and extension of Building Materials and Structures Report BMS 88 and was prepared in close collaboration and consultation with the National Bureau of Standards. It constitutes an up-to-date consensus of reasonable building code requirements applicable to use by local authorities which will provide sound construction without excessive cost. January 1947. For sale by the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., 20¢.

Performance Standards.—This pamphlet is one of the first efforts to establish reasonable performance requirements for the principal structural elements of a house based on their functions for use as a basis for uniform evaluation of new materials and construction techniques. June 1947. For sale by the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., 10¢.

Lightweight Aggregates for Concrete—A Survey.—Results of a survey of commercially available lightweight aggregates are given in this bulletin which was prepared with the collaboration of the Technical Staff and issued by the Office of the Housing Expediter. It is a popular directory of information on sources of production for lightweight aggregates. February 1947. Available on request to HHFA.

Techniques of House Nailing.—Nailing techniques are presented in this illustrated booklet aimed at promoting correct nailing practices and sound construction. This document has been widely used in apprentice training programs under the guidance of the Department of Labor. Prepared by Forest Products Laboratory, Forest Service, U. S. Department of Agriculture, in collaboration with the Technical Staff, HHFA. November 1947. For sale by the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., 15¢.

Technical Bulletin.—This is a periodic publication, issued approximately every two months, containing articles on research in materials and techniques of building, together with original studies on other aspects of the design and construction of dwellings. It is distributed upon request to interested technical groups, industries and individuals.

Technical Papers

The following technical papers are specialized studies, produced in mimeographed or multilithed form, and are distributed only on request. Announcement of availability is carried in the Technical Bulletin.

Condensation in Walls and Roofs.—Progress reports have been prepared on condensation studies made of various types of panels in the Climatometer of the Pennsylvania State College Engineering Research Station at State College, Pa.

First Progress Report, March 1947. Technical Paper No. 1.
Second Progress Report, June 1947. Technical Paper No. 2.
Third Progress Report, September 1947. Technical Paper No. 3.

Publications in Preparation

A manual on wood construction for prefabricated housing was being prepared by the Forest Products Laboratory, Forest Service, United States Department of Agriculture in collaboration with the technical staff of HHFA and is expected to be issued early in 1948.

Another publication being prepared in collaboration with the Forest Products Laboratory is about the honeycomb type sandwich panel proposed as a new building material.

Continuing the program of providing a scientific basis for revision of local codes applying to housing in order to reduce costs of housing and permit labor and materials to be used more efficiently, a proposed uniform plumbing code was being drafted based upon research initiated in 1946 at the instance of the NHA. The research was conducted at the U. S. Bureau of Standards under direction of a committee representing the NHA (now the HHFA) the national associations of master plumbers and of journeymen plumbers, the United States Public Health Service, and the National Bureau of Standards. Motion-picture recordings illustrating the research findings were also being made.

Two pamphlets in connection with the housing of racial minorities were being prepared for early publication in 1948. The first, The Housing of Negro Veterans, was designed to present an analysis of Negro veterans' housing plans and living arrangements in 32 urban areas based on sample surveys conducted during 1946 and 1947 by the Bureau of the Census and the Bureau of Labor Statistics for the National Housing Agency, now the Housing and Home Finance Agency.

The second, Housing of the Nonwhite Population, 1940 to 1947, was designed to present the current housing situation of the nonwhite population for nonfarm areas in terms of recent changes in population, income, tenure, rents, conditions, and facilities of housing open to nonwhites as revealed by an analysis of comparative data from the 1940 Census and the April 1947 Census survey.

B. Federal Housing Administration Publications

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.

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

Minimum Property Requirements for Properties of 1 or 2 Living Units.—In the District of Columbia and various States. 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 manufacturers of houses 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 Percent 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¢.

C. Public Housing Administration Publications

What and Why Public Low-Rent Housing.—This pamphlet was issued to answer questions about public low-rent housing, what its purpose is, how it is operated, and how it differs from publicly built war housing.

Available on request to PHA.

What is Low-Income Family Today.—This leaflet was issued to guide local housing authorities in adjusting their management policies to postwar conditions and suggests criteria for the determination of appropriate family income limits for admission to and continued occupancy of public low-rent housing.

Available on request to PHA.

Appendix D

ORDERS, MESSAGES, AND FEDERAL, STATE, AND LOCAL LEGISLATION AFFECTING HOUSING IN 1947

A. Executive Orders and Messages

Executive Order 9820—Separation of Office of the Housing Expediter from the National Housing Agency.

Under Executive Order 9820 issued on January 11, 1947, all of the powers and functions of the Housing Expediter under the Veterans' Emergency Housing Act of 1946, which had been merged with the powers and functions of the National Housing Administrator and performed through the Office of the Administrator were ordered to be segregated and to be performed by the Housing Expediter as an independent officer of the Government. The Executive Order also gave instructions for the segregation of personnel, assets, and properties.

Reorganization Plan Number 3 of 1947

On May 27, 1947, the President transmitted to the Congress "Reorganization Plan No. 3 of 1947" which grouped the major permanent housing agencies and functions of the Federal Government, together with various of the remaining emergency housing activities, in the Housing and Home Finance Agency. The Plan went into effect on July 27, 1947, after approval by the Senate.

In his message transmitting the Plan the President explained that the consolidation of housing agencies and functions in the National Housing Agency, as they were at that time, was only temporary and with the termination of Title I of the First War Powers Act the agency would dissolve and the agencies and functions then administered in the agency would revert to their former locations in the Government, thus scattering housing programs among a variety of agencies.

Messages to Congress from the President of the United States

In his State-of-the-Union message delivered to the Congress on January 6, 1947, the President outlined five major economic policies which he believed the Government should pursue during 1947, the third of which involved housing. The President promised to continue Government aids to housing construction with special measures to stimulate rental housing. Comprehensive housing legislation was urgently required, the President told the Congress, in order to reach the country's long-range goal of adequate housing for all its people.

In his Budget Message (January 10, 1947) and in his Economic Report (January 8, 1947) to the Congress, the President again stressed the importance of housing to the Nation's economy and reiterated the need for housing legislation similar to the Wagner-Ellender-Taft bill (S. 1592) passed by the Senate of the Seventy-ninth Congress.

In his Midyear Economic Report to the Congress on July 21, 1947, the President named housing and other construction as one of four areas in which the process of economic adjustment toward a stabilized pattern of maximum production was meeting difficulties. A fundamental adjustment in housing costs was needed to bring the housing industry to its goal of 1 million residential units in 1947 and a million and a half in subsequent years, the President asserted. The President discussed the measures being taken under existing authority to bring about this adjustment but again stressed the need for a comprehensive housing program such as that embodied in the Taft-Ellender-Wagner bill then pending on the Senate calendar.

B. The Congress and Federal Legislation

Title VI Program Extended

The emergency mortgage insurance program of the Federal Housing Administration (commonly referred to as the title VI program under the National Housing Act) was extended by the "Housing and Rent Act of 1947" (Public Law 129) to March 31, 1948. Public Law 366 increased the amount of mortgage insurance permitted under title VI by $200,000,000 and authorized the President, if he deemed such action necessary, to further increase the authorization by an additional $200,000,000 which action was taken. On November 12, 1947, the FHA suspended the receipt of applications for title VI mortgage insurance because the insurance limitation of $4,200,000,000 had been reached. Congress again increased the authorization—by $450,000,000—with an additional increase of $750,000,000 at the discretion of the President. Public Law 394, approved December 27, 1947, which carried this increase in authorization stated that title VI should be employed to assist in maintaining a high volume of new residential construction without supporting unnecessary or artificial costs and that the FHA should use every feasible means to assure that the costs of the dwellings covered by the insured mortgages would approximate as closely as possible the actual costs of efficient building operations.

Insured Loans for the Manufacture of Industrialized Housing

The "Housing and Rent Act of 1947" authorized the FHA to insure up to 90 percent loans to finance the manufacture of housing, including advances on the loans.

Mortgage Insurance for Sales of Permanent War Housing

In order that veterans might be provided means to obtain the financing necessary to acquire at moderate prices permanent housing which had been built by the Government during the national defense and war periods, Public Law 366 made available title VI insurance of mortgages involved in the sale of such war housing.

The aggregate amount of mortgages insured under this provision is limited to $750,000,000, and the mortgage loans shall not exceed 90 percent of the appraised value of the property.

Mortgage Insurance for Home Modernization and Improvement and Small Homes

Public Law 120 extended from July 1, 1947, to July 1, 1949, the expiration date of the FHA's authority to insure under title I of the National Housing Act home modernization and improvement loans and loans not exceeding $3,000 for the construction of new homes.

The Temporary Reuse Program

An additional amount of $35,500,000 was authorized and appropriated (Public Laws 85 and 256) under title V of the Lanham Act for the completion of temporary reuse housing for veterans and reimbursing educational institutions and local and State governments for funds expended by them in providing reuse housing to veterans. Reuse housing is temporary Federally owned war housing which pursuant to title V of the Lanham Act has been moved from areas where it was no longer needed to communities and colleges where it is needed for veterans, or military barracks and other surplus Federal structures converted into temporary housing for veterans.

Investments of Federal Savings and Loan Associations in FHA or G. I. Home Loans and Other Home Loans Authorized

Public Law 372 authorized Federal savings and loan associations to make loans and investments up to $1,500 on or with respect to home or combination home and business property repair and modernization loans up to $1,500.

FHA and G. I. Loans Made Acceptable to Federal Home Loan Banks

In order that FHA insured mortgages and home loans guaranteed under the G. I. Bill of Rights might be included as collateral for advances to member institutions, Public Law 311 permits Federal home loan banks to accept mortgages that have a maturity of not more than 25 years (the former limit was 20 years) as mortgage collateral for advances to member institutions.

Stock of Federal Home Loan Banks Transferred to the Treasury

Public Law 132 in extending the RFC and abolishing the Federal Loan Agency directed the return to the Secretary of the Treasury all of the stock of the Federal home loan banks held by the Reconstruction Finance Corporation.

Payments in Lieu of Taxes Regulated

The Government Corporations Appropriation Act, 1948, provided that funds appropriated by the law for the payment of annual contributions to public housing agencies to maintain the low-rent character of public housing may not be used for payments in lieu of taxes in excess of the rate specified in the original contract with the Public Housing Administration.

Cost Limitations for Public Housing Modified

Public Law 301 amended the United States Housing Act of 1937 to permit local housing agencies to pay the difference between the construction cost limitations of the act and the actual construction costs. This amendment permits the construction of low-rent housing, the construction of which has been delayed because of the impossibility of staying within the legal cost limitations.

Eviction of Over-Income Tenants

Public Law 301 also provided that no eviction proceeding of over-income tenants of low-rent housing shall be maintained prior to March 1, 1948, if the proceeding would result in undue hardship to the tenants, or unless other housing facilities are avilable for the tenants.

Disposition of War Housing

Public Law 239, approved July 25, 1947, started the 2-year period running within which temporary war housing built under the terms of the Lanham Act must be removed except that which continues to be needed for the orderly demobilization of the war effort after consultation with the local community and reported to the Congress.

Joint Committee on Housing

A joint House-Senate committee composed of members of the Banking and Currency Committees (the committees responsible for housing legislation) was established by H. Con. Res. 104. The Committee was directed to investigate all phases of housing and report to the Senate and House of Representatives not later than March 15, 1948, the results of its study and investigation, together with such recommendations as to necessary housing legislation and such other recommendations as it deemed necessary.

Taft-Ellender-Wagner Housing Bill

S. 866, the successor to S. 1592, which died in the 79th Congress after having been passed by the Senate, was introduced by the same sponsors on March 10, 1947. S. 866, commonly like S. 1592, provides a comprehensive long-range housing program based on the conclusions resulting from exhaustive study of housing by the Subcommittee on Housing and Urban Redevelopment of the Special Senate Committee on Postwar Economic Policy and Planning, as well as the results of hearings and study by the Senate Banking and Currency Committee. Hearings on the new material in S.866 were held by the Senate Banking and Currency Committee in March and the bill was favorably reported to the Senate on April 24, 1947.

C. State and Local Housing Legislation

Thirty-three States and three territories enacted over 170 housing laws during the year 1947. Some of the legislation was designed to cure defects in existing legislation but much of it was enacted as State aids and stimulants to provide housing for veterans. Also, many municipalities took special action to improve their housing or to avail themselves of State or Federal aids.

California, Colorado, Michigan, and Massachusetts adopted resolutions creating State legislative committees to analyze housing needs. Illinois directed its State director of finance to study life insurance company investments in housing. Maryland authorized a veterans housing commission to conduct a survey of veterans' housing needs. New York continued the life of its special committee on housing and multiple dwellings and directed it to report by April 15, 1948.

Stimulants and Aids to Housing Production

California, Indiana, New York, Pennsylvania, and Alaska appropriated funds for the provision of housing for student veterans. Arkansas authorized schools to borrow money to provide housing for students, North Dakota provided for the construction and equipment of revenue-producing buildings at schools, and Ohio created housing commissions at certain universities in the State.

Acquisition of Surplus Housing and Housing Facilities

Arizona established a $25,000 revolving fund for the purchase of surplus for resale to veterans. Arkansas authorized cities and counties to acquire surplus housing or subsidized low-rent housing. California appropriated $1,000,000 to acquire surplus housing facilities from the United States for resale to veterans or builders employed by veterans. A sum of $500,000 was also appropriated to acquire from the United States surplus housing for resale to farmers and farm groups for farm labor. Iowa authorized the city of Burlington to issue revenue bonds to acquire for housing veterans an ordnance plant offered for sale by the United States Government. Two towns in Rhode Island were authorized to acquire surplus buildings from the Federal Government for housing for veterans.

Nonprofit Housing Corporations

California provided for the leasing of city property to nonprofit corporations for the purpose of developing housing on the property.

Massachusetts authorized the establishment of nonprofit corporations to provide homes for veterans.

Temporary Housing

California appropriated $5,000,000 for temporary housing for veterans and amended and extended the 1946 act providing such housing.

Connecticut authorized the towns of New Britain and Danbury to issue bonds to construct housing for veterans.

Massachusetts authorized the granting of a license during the present emergency for a period of not more than 5 years to the owner of a building to install necessary appurtenances to accommodate more families in the building.

New York extended the emergency housing provisions of its public housing law to March 31, 1948, and authorized the appropriation of an additional $25,000,000 for temporary housing for veterans.

Authorization and aids to local authorities to provide housing

Nevada, Pennsylvania and Wisconsin gave local housing authorities the power to provide housing for veterans. Colorado and Pennsylvania authorized the creation of veterans' housing authorities and South Dakota gave municipalities the power to provide temporary housing for veterans. Minnesota authorized the formation of city, village and borough housing authorities and redevelopment companies with powers to provide housing with or without Federal aid.

In August 1947, Minneapolis, Minn., approved a $2,000,000 bond issue for emergency housing. Part of the funds were to be used for 167 prefabricated dwellings for rent to "hardship" families. The remainder was to be used for permanent moderate-rental multiple family dwellings.

Illinois authorized and appropriated $6,567,000 for grants to land clearance commissions or local housing authorities to supplement its urban redevelopment program through providing temporary veterans' housing, or for construction housing for sale or rent to families displaced by urban redevelopment programs, or for the construction of low-rent housing. The funds may also be used as equity money for construction of veterans' housing, the balance to be raised by loans.

New Jersey municipalities under 1947 legislation are permitted to finance emergency veterans' housing through mortgages, without pledging municipal credit, and to contract jointly for the erection, maintenance, and operation of temporary or permanent housing.

New York City in August 1947 authorized five new taxes to subsidize six new city-aided projects for 5,768 middle-income families to rent at $12.50 per room per month.

Providence, R. I., was authorized to donate the proceeds of a $2,500,000 bond issue for emergency housing to the local housing authority. The authority is planning the construction of a 250-family moderate-rental housing development, using $850,000 of the funds as equity and an FHA-insured loan of $1,650,000 to cover the remaining cost of the project.

Wisconsin authorized the creation of a State veterans' housing authority and provided for State grants to veterans' housing, funds for which are to be derived from one-half of the State taxes on wines and liquors. Milwaukee voted $425,000 for 500 to 850 units to be financed under the State law but at the end of the year State funds had not yet been released pending a decision on the constitutionality of the State law. In December 1947 Milwaukee proposed for referendum that the city issue $5,000,000 in city bonds—$3,000,000 for housing and $2,000,000 for blight elimination. Wisconsin also authorized cities and counties to borrow money and issue bonds to provide housing for veterans, and to carry out urban redevelopment.

Tax Incentives

Connecticut authorized municipalities to agree not to tax improvements with respect to housing projects for rental to veterans for a 10-year period. Also, moderate rental housing projects finished through State guaranteed bonds were given partial local tax exemption.

Minnesota granted redevelopment agencies certain tax exemptions and exempted projects (which may be housing projects) from certain State and local taxes.

New York extended to July 1, 1948, provisions for partial tax exemption of uncompleted State aided housing projects during the emergency.

Pennsylvania prohibited the assessment and valuation of buildings under construction until 1 year after a permit for construction has been issued and provides that where land assessed as unimproved acreage is laid out in lots that the total assessment of the land shall not exceed the assessment as unimproved acreage for 3 years after the recording of the plan.

New housing construction (excluding the land) in the town of Warren, R. I., is exempted from taxation for a period of 3 years.

The special veterans' housing law of Wisconsin authorizes localities to grant tax exemption on housing improvements built under its provisions and to assess real estate at no higher than it was assessed the year prior to acquisition by a local authority.

Land for Housing

Newburyport, Mass., was authorized to use a certain park for veterans' housing and to sell the lots to veterans at a nominal consideration. Minnesota authorized second-, third-, and fourth-class cities to dispose of unused real estate to improve housing conditions for veterans and New Jersey and Oregon authorized local agencies to make public parks and recreational property available for temporary and emergency housing for veterans.

Yonkers, N. Y., sold city-owned land to a veterans' housing cooperative at 20 percent of the market value.

State Guaranteed Bonds

Connecticut authorized the State housing authority to guarantee up to $15,000,000 worth of local housing authority bonds for the construction of moderate rental housing for veterans.

Reimbursement for Losses

Massachusetts amended its 1946 law which permitted cities to build temporary or permanent housing for veterans to provide that the State may reimburse the locality for 50 percent of the losses incurred in liquidating its program.

Advance to the Hawaii Housing Authority

Five million dollars was appropriated to be used by the Hawaii Housing Authority as an advance and the emergency housing provisions of the Hawaii Defense Act were continued.

Investments in Housing by Insurance Companies, Fiduciaries, etc.

The following States authorized investments in housing, real estate, obligations involved in housing construction, or local housing authority obligations by insurance companies, financial institutions, and others: Connecticut, Iowa, Massachusetts, Minnesota, Nebraska, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Vermont and Wisconsin.

Public Low-Rent Housing Developments

Connecticut authorized veterans' housing provided by local housing authorities under its $15,000,000 (supra) guaranteed bonds program to be converted to Federally aided low-rent housing.

Illinois appropriated $3,333,000 for making grants to local housing authorities for construction of low-rent housing for families displaced by urban redevelopment projects. Cities are required to match the State funds. In November 1947, the Chicago voters approved a $15,000,000 bond issue for matching and adding to State funds under this program.

The Minnesota "Municipal Housing and Redevelopment Act" authorized the formation of local housing authorities with powers to provide housing with or without Federal aid thus making 41 States which now have low rent enabling legislation. The law grants tax exemption until such time as bonds are retired and Federal contributions are discontinued; and permits the levy of a special tax each year by an authority on all property in its area of operation in connection with redevelopment projects.

In 1947 New Hampshire became the third State to provide State subsidies for low-rent public housing. A State housing board was created in New Hampshire which was authorized to enter into contracts with local housing authorities for State aid intended to provide 900 municipally owned low-rent houses. The State may guarantee up to $7,000,000 in local housing authority notes for preliminary financing and may contract for not more than $245,000 in annual contributions. The act provides that upon the availability of Federal aid for low-rent housing, negotiations shall be entered into for the transfer of the projects to Federal assistance.

New York State created four new local housing authorities in 1947 and increased the subsidy authorization from $9,000,000 to $13,000,000. The State also authorized and appropriated an additional $135,000,000 (making a total program of $435,000,000) for loans to municipalities and authorities for slum clearance and low-rent housing.

Puerto Rico appropriated $6,250,000 to the Puerto Rico Housing Authority for the development of low-rent housing. The Puerto Rico Housing Authority was also authorized to buy land and to sell or rent plots to persons of moderate income. The benefits obtained from the land transactions are to be used in the development of slum clearance projects; or, whenever necessary, shall be used as subsidies to maintain and operate housing projects for low-income families. Five hundred thousand dollars was appropriated for this land program.

Michigan, Nebraska, Nevada, New Jersey, Pennsylvania, Rhode Island, Virginia, and Wisconsin amended their low-rent housing laws to remove certain deficiencies or in other perfecting respects. New Jersey incorporated, subject to referendum, the borough of Audubon Park which consists of a low-rent housing project.

Urban Redevelopment Legislation

Two redevelopment laws enacted in 1945 in Alabama were repealed in 1947, one of which had been held unconstitutional by the Alabama supreme court.

California created a State redevelopment agency to study redevelopment needs, housing needs of veterans, and the replacing of temporary housing with permanent housing. In May, 1947, San Francisco made a $10,000 grant to the San Francisco City Planning Commission to prepare a survey of a proposed redevelopment area. The commission completed the survey in December 1947, presenting a detailed plan and proposed legislation to the city.

Illinois authorized and appropriated $10,000,000 in grants to city land clearance commissions for land assembly in blighted areas. Cities are required to match the State contributions. The $10,000,000 State fund was supplemented by State appropriations of $6,567,000 for grants to localities on the basis of population for housing and redevelopment projects, and $3,333,000 for allocation to local housing authorities in communities which match State contributions to develop housing for families displaced by urban redevelopment projects or public improvements. The Illinois Blighted Areas and Redevelopment Act of 1947 contained prohibitions against covenants prohibiting occupancy of the premises because of race, creed or color.

In 1947 the Chicago voters approved two bond issues of $15,000,000 each—one for land assembly and to match the State grants the city would receive from the $10,000,000 State appropriation, and the other for low-rent housing for families displaced by slum clearance and other public improvements and to match State contributions from the $3,333,000 appropriation. The bond issues are in addition to $5,000,000 in bonds which the Chicago voters approved in 1945 for land assembly and urban redevelopment by the city.

Maryland authorized Baltimore to issue, subject to referendum, evidences of indebtedness not exceeding $10,000,000 for redevelompent but the referendum failed at the May 6, 1947, election.

Minnesota's "Municipal Housing and Redevelopment Act" sets forth a plan for a program of urban redevelopment. Projects of redevelopment companies, the construction of which is started prior to August 1, 1949, are exempted partially for 10 years from municipal, county and State taxes. Dividends on the stock of the companies, as well as their bonds, mortgages and income debenture certificates are exempted from taxation.

Missouri amended its private "Urban Redevelopment Corporations Act" to make it applicable to Kansas City as well as St. Louis and in other respects. New Hampshire and Puerto Rico authorized redevelopment by housing authorities. Wisconsin authorized counties and cities to borrow money and issue bonds to provide housing, redevelopment projects, and to do slum clearance. Housing authorities were also authorized by the Wisconsin legislature to sell or to contract to sell real estate.

New York authorized insurance companies to undertake redevelopment projects under provisions of its 1942 private redevelopment corporations law and amended the New York City Administrative Code to aid in urban redevelopment. Construction of a redevelopment project which will house 800 families was started in New York City in November 1947 with city aid in the form of condemnation and 25-year partial tax exemption. The project is being developed by a cooperative sponsored by the Amalgamated Clothing Workers of America.

Pennsylvania proposed an amendment to the Pennsylvania Constitution authorizing the limiting for a term not exceeding 25 years the amount of annual taxes to be levied upon land acquired for urban redevelopment.

Massachusetts and Michigan also perfected their urban redevelopment laws.

PART II

OF THE

First Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

HOME LOAN BANK BOARD

LETTER OF TRANSMITTAL

Hon. Raymond M. Foley,
Administrator, Housing and Home Finance Agency,
Washington, D. C.

Dear Mr. Foley: Submitted herewith is the calendar year report of the Home Loan Bank Board for the year ending December 31, 1947.

Very truly yours,

William K. Divers, *Chairman.*

CONTENTS OF PART II

HOME LOAN BANK BOARD

ANNUAL REPORT OF THE HOME LOAN BANK BOARD FOR THE CALENDAR YEAR 1947

The most significant event during the year 1947 in the organization and functions of the Home Loan Bank program was the shift of authority from the Federal Home Loan Bank Administration to the Home Loan Bank Board. This change was more than nominal; it was a shift from a one-man Commissioner to a three-man Board. It also represented a partial change of direction and emphasis in carrying out the assignments under the Federal Home Loan Bank Act of 1932, as amended; the Home Owners' Loan Act of 1933, as amended; and title IV of the National Housing Act, as amended.

In the recent transition, the Congress, by the provisions of Reorganization Plan No. 3 of 1947, which became effective July 27, 1947, substituted a bipartisan board of three men for the single Commissioner, and defined in new provisions the Board's responsibility and power for the determination of policies. Although the Board was placed in charge of all the units which had functioned as a part of the Federal Home Loan Bank Administration under a Commissioner from February 24, 1942, through July 26, 1947, it did not, by its new authority, assume the full responsibilities and power which had been exercised prior to February 1942 by a bipartisan board of five.

Responsibilities of the Home Loan Bank Board

Under provisions of the original Federal Home Loan Bank Act, 12 Regional Banks (now consolidated in 11) were created. They function as a credit reserve system for thrift and home financing institutions. Until June 1933, the Federal Home Loan Bank Board had no other responsibility than the development and supervision of the Regional Banks of the Federal Home Loan Bank System, the membership of which consisted of State-chartered savings and loan associations, mutual savings banks, cooperative banks, homestead associations, and life insurance companies which qualified for and were accepted into membership under the terms of the act.

With the passage of the Home Owners' Loan Act June 13, 1933, the Members of the Federal Home Loan Bank Board were given the additional duty of serving as the Board of Directors of the Home Owners' Loan Corporation. One of the little known and highly important provisions of the Home Owners' Loan Act was to give authority to the Board to create and supervise a wholly new type of federally sponsored, locally owned and managed institution known as Federal savings and loan associations. They were to be similar in form and purpose to State-chartered savings and loan associations. A special justification for the chartering of Federal savings and loan associations was that they were to be organized in areas where the services of such State-chartered associations were inadequate or not available and where the need for such institutions was clearly demonstrated.

In 1934, approximately one year after authorization for the creation of Federal savings and loan associations, the Federal Savings and Loan Insurance Corporation was created and the members of the then Federal Home Loan Bank Board were designated as its trustees.

These four organizations—the Federal Home Loan Bank System, the Federal Savings and Loan System, the Home Owners' Loan Corporation, and the Federal Savings and Loan Insurance Corporation—are today under the management and supervision of the Home Loan Bank Board.

Functioning Under Federal Loan Agency and National Housing Agency

For several years the Board functioned as an independent establishment reporting directly to the Congress and the President. On April 25, 1939, by congressional approval of the President's Reorganization Plan No. 1, the Federal Home Loan Bank units were grouped under the Federal Loan Agency, along with the Reconstruction Finance Corporation, the Federal Housing Administration, and the Import and Export Bank of Washington, and were under the general supervision of the Federal Loan Administrator. The announced purposes of the Federal Loan Agency were "to consolidate agencies according to major purposes, to reduce the number of agencies by consolidating those having similar functions and by abolishing such as may not be necessary, to eliminate overlapping and duplication of effort, to increase efficiency and to reduce expenditures."

The Federal Home Loan Bank Board and its units continued under the Federal Loan Agency until February 24, 1942, when by Executive Order No. 9070, the Board was vacated and its Chairman was made Commissioner of the Federal Home Loan Bank Administration. All of the units formerly under the Federal Home Loan Bank Board were retained without change under the Commissioner and, in addition, the United States Housing Corporation was added by transfer. Its operating units, by the Executive Order, were placed under the National Housing Agency, along with the Federal Housing Administration and the Federal Public Housing Authority.

Functioning Under Housing and Home Finance Agency

Under the recently adopted Reorganization Plan No. 3 of 1947, the Home Loan Bank Board became a component part of the then formed

Housing and Home Finance Agency, which was established as a permanent organization of the Federal Government under an Administrator to coordinate and supervise the principal housing programs of the Federal Government.

As Plan No. 3 provides, the Home Loan Bank Board, through its Chairman, reports to the Housing and Home Finance Administrator, and by its Chairman is represented on the National Housing Council which serves as a medium for promoting, to the fullest extent possible within revenues, the most effective use of housing functions and activities administered with the Housing and Home Finance Agency, and for facilitating consistency between such housing functions and activities and the general economic and fiscal policies of the Government, and for avoiding duplication or overlapping of such functions and activities.

United States Housing Corporation

One organization—the United States Housing Corporation—in the list of those directed and supervised by the Home Loan Bank Board was delivered to it for final liquidation in February 1942 by Executive Order No. 9070. At that time its liquidation and dissolution were nearing completion.

The United States Housing Corporation came into existence in July 1918, during World War I. It was then created for the purpose of providing housing for workers in congested war production centers. To it was assigned the duty of constructing and operating various housing projects of the Federal Government. Between July 8, 1918, when the first contract was awarded, and November 11, 1918, 60 general contracts were awarded and 23 more were ready to be let. Following the signing of the armistice, it was decided that the Corporation should complete such projects as were in an advanced state and that others should be abandoned and the materials salvaged. The Corporation completed about 6,000 residential properties in some 26 States, as well as several large hotels in the District of Columbia, and Seattle, Wash. The total amount spent on all projects, whether completed, partially completed, or abandoned, was more than $53,000,000.

Authority for the management of the affairs of the Corporation, which originally was delegated to the Secretary of Labor, was transferred to the Secretary of the Treasury in June 1937, to the Federal Works Administrator in June 1939, and finally to the National Housing Agency in February 1942, to be administered in the Federal Home Loan Bank Administration.

The liquidation of all the assets and the winding up of the affairs of the Housing Corporation were completed by June 30, 1945, with the exception of the final transfer of funds to the United States Treasury and the final disposition of minor litigation. As of January

15, 1947, when the final report to the Congress on the liquidation of the Corporation was submitted, all assets of the Corporation had been liquidated, the cash covered into the United States Treasury, with final dissolution being held up awaiting the disposition of one unimportant pending damage suit.

From the beginning of its operations through to its dissolution, the United States Housing Corporation had cumulative income of $17,-755,204. Operating expenses of $11,145,848 reduced the net operating income to $6,609,356. Losses from liquidation and sale of properties amounted to $35,290,686 and in addition there were transfers to other governmental agencies of properties valued at $5,229,723 for which the Corporation was not reimbursed. The final deficit of $33,911,053, represented 44.5 percent of the cumulative investment of $76,163,332. If reimbursement had been received for these transfers to other governmental agencies, the final deficit would have been reduced to $28,681,330, or 37.7 percent of the cumulative investment.

Staff of Home Loan Bank Board

The Home Loan Bank Board began 1947 with a staff of 91 and ended the year with 73. This personnel included all engaged in staff functions as distinguished from operating functions and represented Board Members and their assistants, the Legal and Personnel Departments, and the Office of the Secretary. A chart of the organization of the Board and its three operating units appears on the opposite page.

Administrative Expenses (Home Loan Bank Board)

Funds required to defray the administrative expenses of the Home Loan Bank Board, as such, are derived from contributions by the three constituents of the Board, namely, the "Federal Home Loan Bank System," the Home Owners' Loan Corporation, and the Federal Savings and Loan Insurance Corporation.

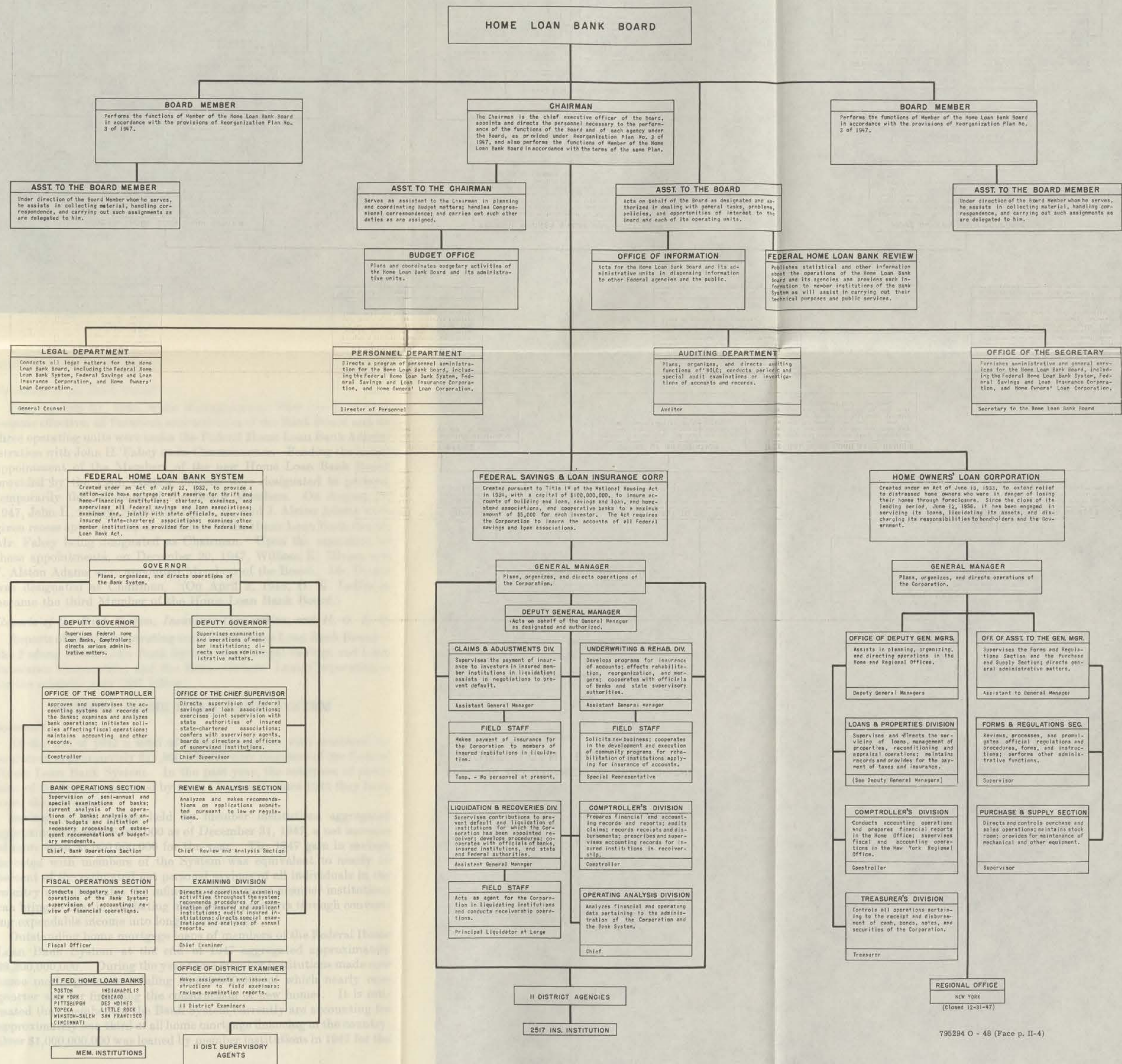
For the calendar year 1947, administrative expenses of the Board aggregated $369,861.20. Contributions by the above named constituents, applicable to the calendar year in question, were as follows:

Federal Home Loan Bank System	$161, 618. 91
Federal Savings and Loan Insurance Corporation	93, 398. 00
Home Owners' Loan Corporation	105, 928. 00
Total	360, 944. 91

The excess of expenses over income during such year is represented by amounts due the Board but not actually collected from the two Corporations as of December 31, 1947.

FUNCTION AND ORGANIZATION CHART OF THE
HOME LOAN BANK BOARD

(as of December 31, 1947)



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Personnel of the Bank Board

Prior to July 27, 1947, when Reorganization Plan No. 3 of 1947 became effective, all functions and activities of the Bank Board and its three operating units were under the Federal Home Loan Bank Administration with John H. Fahey as its Commissioner. Pending the initial appointment of the Members of the new Home Loan Bank Board provided by the Plan, existing officials were designated to perform temporarily the functions of the Board Members. On August 15, 1947, John H. Fahey, Nathaniel Dyke, Jr., and J. Alston Adams were given recess appointments as Members of the Home Loan Bank Board, Mr. Fahey being designated as Chairman. Upon the expiration of these appointments, on December 20, 1947, William K. Divers and J. Alston Adams were appointed Members of the Board. Mr. Divers was designated as Chairman. (On April 2, 1948, O. K. LaRoque became the third Member of the Home Loan Bank Board.)

Reports of the Bank System, Insurance Corporation, and H. O. L. C.

Reports of the three operating units of the Home Loan Bank Board—the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation—for the calendar year 1947 follow.

FEDERAL HOME LOAN BANK SYSTEM

Summary

At the end of 1947 a total of 3,705 institutions with combined resources of approximately $11,500,000,000 were members of the Federal Home Loan Bank System. In the past year, the resources of members of the System increased by some 13 percent; since 1941 they have more than doubled.

Savings of the public held by member institutions aggregated approximately $9,600,000,000 as of December 31, 1947, a net increase of more than $1,000,000,000 for the year. The 1947 gain in savings invested with members of the System was equivalent to nearly 10 percent of the estimated net personal savings of all individuals in the country and illustrates the influence which these member institutions can bring to bear in combating inflationary pressures through converting expendable income into long-term savings.

Outstanding home mortgage loans of members of the Federal Home Loan Bank System at the end of 1947 aggregated approximately $8,300,000,000. During the year these member institutions made new home mortgage loans totaling $3,600,000,000 of which nearly one-quarter was for financing the construction of new homes. It is estimated that members of the Bank System currently are accounting for approximately one-third of all home mortgage financing in the country. Over $1,000,000,000 was loaned by member institutions in 1947 for the purpose of enabling veterans to acquire homes under the "G. I. Bill".

As of December 31, 1947, the regional Federal Home Loan Banks had outstanding advances to their member institutions of $435,572,185, as compared with $293,454,767 of such advances outstanding at the beginning of the year.

Origin and Purpose of the System

The Federal Home Loan Bank System came into being in 1932 in response to widely recognized need for a national reserve credit system for savings institutions specializing in home mortgage finance. Two decades earlier, the commercial banking structure of the country had been immeasurably strengthened by the organization of the Federal Reserve System. But prior to the establishment of the Federal Home Loan Bank System, savings institutions of the country were left to shift for themselves as best they could in the face of widely fluctuating economic conditions and problems. They had no dependable source of reserve credit with which to meet local financing or withdrawal demands exceeding their own immediate resources.

There was in existence no mechanism for assuring an adequate national supply of home mortgage credit or for assuring the diffusion of such credit into all areas of the country where it was needed. When the depression struck, many savings institutions were forced to defer payment of withdrawal requests and to curtail sharply the volume of credit they were able to make available for the financing of homes in their communities. It was this weakness in the over-all financial structure that the Federal Home Loan Bank System was designed to correct.

The Bank System operates through a network of regional Federal Home Loan Banks located in key cities throughout the country. Membership in these Banks is open to savings and loan associations, cooperative banks, savings banks, and insurance companies making long-term home mortgage loans. Each Federal Home Loan Bank is authorized to accept deposits from and to make both secured and unsecured advances to its member institutions.

The capital of the Banks is derived in part from the stock subscriptions of member institutions and in part from initial stock subscribed for by the Treasury and now gradually being retired. Additional funds for use in the operations of the Bank System are obtained through the issuance of bonds, notes and debentures of the Federal Home Loan Banks. Through adjustments in the degree of participation of each Bank in such security issues, as well as through the medium of inter-bank deposits, regional variations in the credit requirements of member institutions can be dealt with effectively.

In the 15 years which have passed since it was established, the various credit mechanisms employed by the Bank System have been thoroughly tested and widely utilized. Although other eligible institutions have participated in lesser degree, the System now includes in its membership institutions of the savings and loan type, the combined resources of which are equivalent to approximately 90 percent of the assets of all such institutions in the country. For these member savings institutions and their many millions of borrowers and savers the Federal Home Loan Bank System stands as a firmly established bulwark against recurrence of difficulties encountered in past periods of economic and financial strain.

None of the income required to defray operating expenses of the Federal Home Loan Bank System is derived from appropriations out of general funds of the United States Treasury. The annual earnings of the Federal Home Loan Banks, after dividend and reserve allocations, are sufficient to cover not only the operating expenses of the Banks but to absorb their portion of the annual administrative expenses of the Home Loan Bank Board in Washington.

Continuance of Inflationary Problems

Conditions prevailing in the real-estate market and throughout the economy since the war have posed serious problems for savings institutions operating in the field of home-mortgage finance and one of the major objectives of the Bank System in this period has been the full mobilization of its facilities to assist member institutions in their efforts to guard against operating hazards inherent in the existing inflationary situation.

Despite a substantial increase in housing production during 1947, no material abatement of the inflationary problems confronting members of the System occurred. The demand for housing of all types continued to be far in excess of supply and real-estate prices remained at peak levels. Although some indications of a tightening of home mortgage credit became discernible toward the end of the year, mortgage money remained plentiful in most sections of the country, particularly in the large urban centers.

The extraordinary postwar price rise in residential real estate has presented home financing institutions with an especially difficult problem. Local increases in current market prices have had to be weighed with the utmost caution to determine the extent to which they may or may not justify higher valuations for long-term financing purposes. Strict adherence to values prevailing prior to the inflation, for all practical purposes, would have the effect of taking an individual institution out of the mortgage market altogether. Disproportionate emphasis on current market prices, on the other hand, obviously would result in rapid deterioration in the quality of the institution's mortgage portfolio. In the case of each institution, the development of a valuation approach representing a sound middle ground between these extremes demands the exercise of fully informed, long-range business judgment of the highest order.

Current operating problems of the System's members have not been confined entirely to the lending side of their business. Of equal importance have been the difficulties attendant upon the attraction and maintenance of an adequate volume of savings. One of the important effects of inflation has been the increasingly higher proportion of individual incomes absorbed by current living costs and the shrinking proportion of such incomes available for savings. The declining annual volume of savings by the people of the country has been accompanied by intensified competition for such savings which, in turn, has tended to accentuate the earnings problem of the individual institution.

The ability of any savings institution to maintain a fair rate of return on its savings accounts is limited by the gross income obtainable from its investments and by the dictates of sound reserve and liquidity policies. In recent years prevailing mortgage interest rates have dropped to the lowest levels on record. At the same time the hazards of present-day operations and the need for providing maximum protection against future contingencies, properly have impelled the majority of institutions to adopt more than usually conservative policies with respect to liquidity and reserves. The maintenance under present conditions of a competitive rate of return on savings without sacrifices in the soundness of basic operating policies has presented a challenge of no mean proportions to the directors and managers of these institutions and one calling for the utmost in ingenuity, resourcefulness, and balanced judgment on their part.

Protective Measures.—Throughout the year continued effort was made to assist members of the System in maintaining a sound perspective on present distortions in the economy and potential sources of future difficulty. Three fundamental protective measures were stressed. First, the utilization of all available resources contributing to the development of sound lending policies and practices. Secondly, the building of reserves against future contingencies over and above minimum statutory or regulatory requirements. Thirdly, the maintenance of sufficient liquidity to assure continued normal operations regardless of economic fluctuations in the period ahead. Emphasis of these objectives found expression not only in the supervisory relationships of Bank System officials with individual institutions but in conferences and group meetings with managing officers and in the preparation and general distribution of detailed studies and recommendations on many aspects of current operating problems.

Member Institutions

As of December 31, 1947, there were 3,705 member institutions of the Federal Home Loan Bank System. Their estimated aggregate resources at that date amounted to $11,459,000,000, reflecting a growth in member assets during 1947 of $1,326,000,000 or 13.1 percent. In contrast to the continued substantial increase in total resources of member institutions of the Bank System, the number of members has remained comparatively static for many years. During 1947 the number of member institutions increased from 3,698 to 3,705.

Savings institutions of the savings and loan type presently account for the great bulk of both the number and total assets of members of the Bank System, the combined resources of member savings and loan associations being equivalent to approximately 90 percent of the assets of all such institutions in the country. Changes in the composition of the System's membership during 1947 are summarized in the following table:

Number and Assets of Member Institutions

[Dollar amounts in millions]

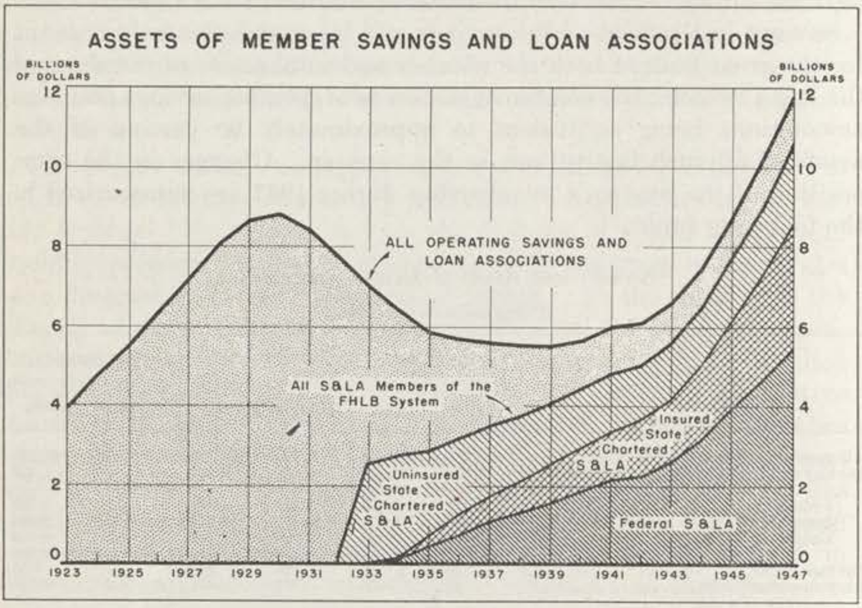
	Dec. 31, 1947		Dec. 31, 1946		Net change	
	Number	Assets	Number	Assets	Number	Assets
All member institutions	3,705	$11,459	3,698	$10,133	+7	+$1,326
Savings and loan associations	3,670	10,439	3,661	9,017	+9	+1,422
Federal	1,478	5,460	1,471	4,671	+7	+789
Insured State	1,054	3,079	1,021	2,615	+33	+464
Uninsured State	1,138	1,900	1,169	1,731	−31	+169
Savings banks	25	700	25	645	0	+55
Insurance companies	10	320	12	471	−2	−151

NOTE: Assets as of December 31, 1947, based on preliminary estimates.

In connection with the figures shown in the foregoing table, it should be observed that during 1947 seven associations with resources aggregating approximately $7,300,000 converted from State to Federal charter, while four new Federal associations with assets at December 31, 1947, of approximately $788,000 were organized during the year. Three Federal associations with assets of $607,000 consolidated with other Federals and one Federal savings and loan association with assets of $93,000 completed voluntary liquidation.

Average Size of Members.—At the close of 1947 the average size of all member institutions of the Bank System was $3,093,000, an increase of 12.9 percent during the year. The average size of member savings banks and insurance companies was $28,000,000 and $32,000,000, respectively. The average size of Federal savings and loan associations was $3,694,000, of insured State-chartered savings and loan associations $2,922,000, and uninsured State-chartered savings and loan associations $1,670,000. Among members of the System, Federal savings and loan associations recorded the largest increase in average size during the year, 16.3 percent. Insured and uninsured State-chartered associations followed with increases of 14.1 and 12.8 percent, respectively.

Mortgage Loans.—Preliminary estimates indicate that at the close of 1947 member institutions of the Federal Home Loan Bank System held outstanding first mortgage loans aggregating $8,300,000,000 of



which approximately $2,000,000,000 or nearly 25 percent consisted of home mortgage loans to veterans under the G. I. bill. Member savings and loan associations held loans of approximately $8,100,000,000, reflecting a net increase in their combined portfolios of $1,613,000,000 during the year.

In 1947 new home mortgage loans of $3,600,000,000 were made by all members of the System, including approximately $1,000,000,000 loaned to veterans under the G. I. bill. Loans made by member savings and loan associations during 1947 aggregated $3,465,776,000, an increase of 4.3 percent over the $3,321,881,000 loaned in the preceding calendar year. Of this total, Federal savings and loan associations made $1,818,510,000, insured State-chartered member associations made $1,046,336,000, and uninsured State-chartered member associations made $600,930,000. It is estimated that loans by savings and loan associations which were not members of the Bank System aggregated approximately $345,000,000.

Loans for the financing of new construction accounted for 24.4 percent of the dollar volume of all loans made by member savings and loan associations in 1947. This was an increase of 42.1 percent over the amount loaned for this purpose in 1946. The following table summarizes new mortgage loans made in 1947 by member associations, by the purpose for which made, and affords comparison of these figures with the corresponding data for 1946:

New mortgage loans by all member savings and loan associations

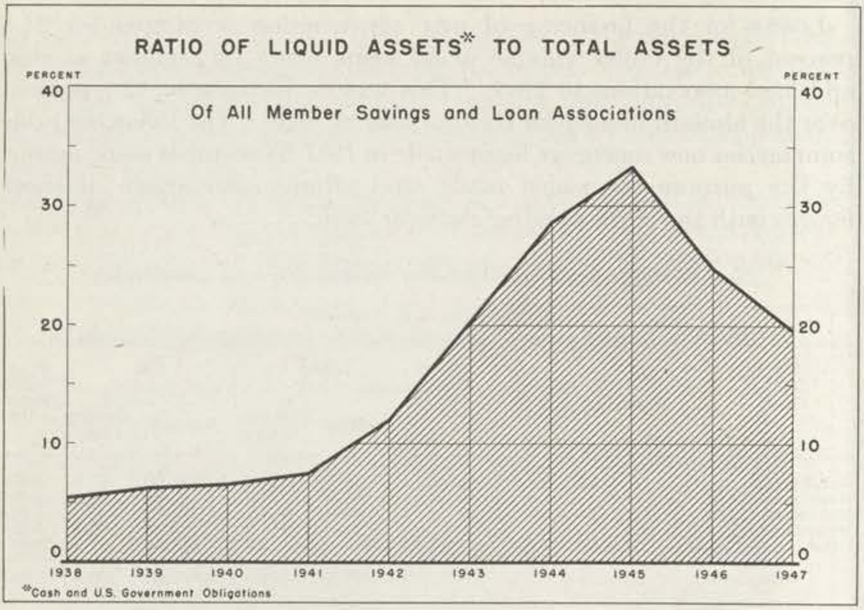
[Dollar amounts in thousands]

Purpose	1947		1946		Percent change in 1947
	Amount	Percent of total	Amount	Percent of total	
Construction	$844, 732	24. 4	$594, 320	17. 9	+42. 1
Home purchase	1, 899, 348	54. 8	2, 155, 565	64. 9	−11. 9
Refinancing	291, 106	8. 4	255, 508	7. 7	+13. 9
Reconditioning	113, 110	3. 3	72, 563	2. 2	+55. 9
Other	317, 480	9. 1	243, 925	7. 3	+30. 2
Total	3, 465, 776	100. 0	3, 321, 881	100. 0	+4. 3

Liquid Assets.—The combined holdings of cash and United States Government obligations by member savings and loan associations of the Bank System at the end of 1947 aggregated approximately $2,050,000,000. During the year, the ratio of liquid assets to total assets continued to decline, although at a somewhat less rapid rate, from the peak levels reached toward the end of the war. The ratio of liquid assets to total assets was 33.4 at the end of 1945, 24.9 at the end of 1946 and 19.6 at the end of 1947. Despite the recent downward trend, the liquidity ratio of member savings and loan associations still is far in excess of levels prevailing in the prewar period.

Savings.—The dollar volume of savings of the public held by all member institutions of the Bank System rose by more than $1,000,000,000 in 1947, increasing the estimated year-end total of such savings to $9,600,000,000. Savings accounts in member savings and loan associations increased by $1,081,752,000 during the year, bringing the total amount of such accounts outstanding as of December 31, 1947, to approximately $8,700,000,000; the net gain in savings during 1947 closely approximated the increase of $1,109,219,000 recorded in 1946.

Of the growth in savings registered by all member savings and loan associations of the Bank System in 1947, approximately $632,956,000 was accounted for by Federal savings and loan associations. The increase for insured State-chartered savings and loan members was $364,581,000 and for uninsured State-chartered member savings and loan associations $84,215,000.



A summary of the 1947 trend in savings for the various types of member savings and loan associations, as contrasted with their experience in 1946, is shown in the following table:

Trend in savings

[Dollar amounts in thousands]

	1947 [1]			1946		
	December 31	Increase	Percent gain	December 31	Increase	Percent gain
Federal associations	$4,608,769	$632,956	15.9	$3,975,813	$623,581	18.6
Insured State associations	2,566,742	364,581	16.6	2,202,161	348,874	18.8
Uninsured State associations	1,524,489	84,215	5.8	1,440,274	136,764	10.5
All member associations	8,700,000	1,081,752	14.2	7,618,248	1,109,219	17.0

[1] Preliminary.

Federal Home Loan Bank Advances.—Advances to member savings and loan associations by the Federal Home Loan Banks outstanding at the close of 1947 aggregated $431,222,185. This figure compares with a balance of $291,367,247 in Bank advances outstanding to such institutions at the end of 1946. As of December 31, 1947, the bulk of advances to member associations was secured by long-term amortized home mortgage loans and obligations of the U. S. Government. At that date $272,777,735 of advances were outstanding to Federal savings and loan associations, $118,927,171 to insured State-chartered associations and $39,517,279 to uninsured State-chartered associations.

Reserves.—As of December 31, 1947, the combined general reserve and undivided profits accounts of member savings and loan associations stood at approximately $716,000,000 and were equivalent to 6.9 percent of their estimated total assets. At that date reserves of Federal associations aggregated approximately $330,000,000 or 6 percent of assets, of insured State-chartered members $212,000,000 or 6.9 percent of assets, and of uninsured State-chartered members $174,000,000 or 9.1 percent of assets. Although the combined total of reserve accounts of all member associations increased by over $93,000,000 in 1947, the ratio of such accounts to total assets at the end of the year reflected virtually no change from the ratio at the end of 1946 due to concurrent growth in their total resources.

Federal Home Loan Bank Operations

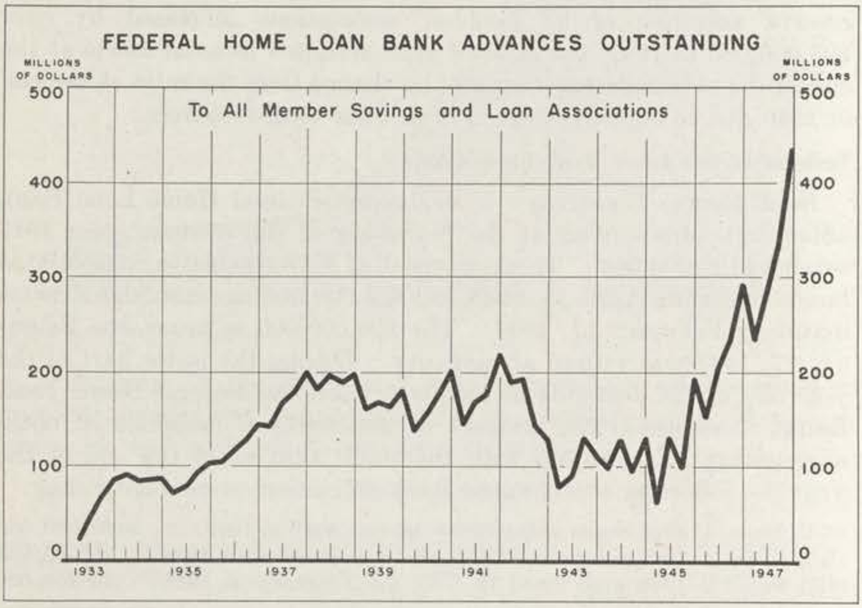
Bank System Financing.—Consolidated Federal Home Loan Bank obligations outstanding at the beginning of the calendar year 1947 totaled $169,000,000. These consisted of $140,000,000 in consolidated bonds maturing April 15, 1948 and $29,000,000 in consolidated notes maturing February 17, 1947. The $29,000,000 in notes due February 17, 1947 was retired at maturity. During the latter part of the year the credit demands of members upon the Federal Home Loan Banks necessitated the issuance of two series of consolidated notes aggregating $121,700,000 with the result that as of the end of the year the following consolidated Bank obligations were outstanding:

1¼% Series A–1948 bonds dated 10–15–46, due April 4, 1948	$140, 000, 000
1¼% Series A–1948 notes dated 9–15–47, due September 15, 1948	85, 000, 000
1⅜% Series B–1948 notes dated 12–1–47, due February 16, 1948	36, 700, 000
	261, 700, 000

As has been true since consolidated Federal Home Loan Bank obligations were first issued in 1937, the public offering of $85,000,000 of consolidated notes in 1947 was heavily oversubscribed shortly after the offering was announced. Marketing of the $36,700,000 of consolidated notes, due February 16, 1948, was accomplished by private sale.

For a considerable number of years, borrowings by one Federal Home Loan Bank from another in order to facilitate the regional distribution of credit have been accomplished through the medium of deposits. At the beginning of 1947, $6,500,000 in interbank deposits were outstanding. During the year demands for advances from members in certain Bank Districts were so great that an unprecedented volume of interbank transactions took place. Interbank deposits of $66,000,000 were made in 1947 and $61,000,000 repaid, resulting in $11,500,000 remaining outstanding as of December 31, 1947. The annual rate of interest on interbank deposits is based on the average cost of all consolidated Federal Home Loan Bank obligations outstanding plus one-fourth of 1 percent. During the year, such rates ranged from 1.62 percent to 1.67 percent.

Advances to Members.—At the beginning of the calendar year 1947 the eleven Federal Home Loan Banks had total outstanding advances to their members of $293,454,766. New advances made during the year aggregated $351,079,351, the largest volume of advances ever



made in any one calendar year. Repayments totaled $208,961,932. The $435,572,186 in advances outstanding at the end of the year represented the highest such total since the Bank System was established. The average balance of advances outstanding during 1947 was $299,900,000, which was considerably in excess of the 1946 average of $206,000,000.

As of December 31, 1946, advances for periods of one year or less aggregating $184,330,000 were outstanding to 1,273 members. During 1947, $228,630,000 of such advances were made and $194,614,000 repaid or transferred to a long-term basis, resulting in a balance of $218,346,000 outstanding on December 31, 1947 to 1,429 members. As of the end of 1946 advances for more than one year aggregating $109,125,000 were outstanding to 482 members. During the year $122,449,000 of such advances were made, $47,635,000 transferred from a short-term basis, and $61,983,000 repaid, resulting in total long-term advances of $217,226,000 outstanding as of December 31, 1947 to 741 members.

Outstanding secured advances to members increased from $230,443,000 as of December 31, 1946 to 1,006 borrowers to $344,006,000 to 1,294 borrowers as of December 31, 1947. As of the end of 1946, 576 member borrowers were indebted on an unsecured basis to their Federal Home Loan Banks in the aggregate amount of $63,012,000, as compared to 720 borrowers with an indebtedness of $91,566,000 as of the end of 1947.

At the beginning of 1947, 1,420 members were borrowers from their Federal Home Loan Banks, representing 38.4 percent of the total membership, as contrasted with 1,804 members at the end of the year, representing 48.7 percent of the membership. During the year the percent and number of Federal savings and loan associations borrowing from their Federal Home Loan Banks increased from 46.2 percent and 680 respectively, to 57.4 percent and 849, respectively. The percent of insured State-chartered members borrowing from their Banks increased from 43.8 to 52.1 percent and the number of such borrowers from 447 to 549. As of December 31, 1946, 293 noninsured State-chartered members, representing 24.3 percent of that type of institution, were Bank borrowers as compared to 34.6 percent and 406 borrowers as of the end of the year.

Throughout the year, no borrowers were reported more than 30 days delinquent on their indebtedness to the Federal Home Loan Banks.

In conformity with the firming of the general money markets during the year, interest rates of 1.5 percent on 1-year advances were discontinued. A 2 percent rate on all advances was maintained by five Banks, while four Banks charged 2 percent on 1-year advances and 2.5 percent on all others. The Indianapolis and Chicago Banks established a 2 percent rate on advances up to 2 years and a 2.5 percent rate on those in excess of 2 years.

Member Deposits.—During the year there was little change in the amount of members' demand deposits with their Federal Home Loan Banks, such deposits having decreased from $21,881,845 at the beginning of the year to $21,877,598 as of December 31, 1947. However, members' time deposits with their Banks increased from $48,365,700 to $65,957,473.

As of December 31, 1947, members' time deposits bore interest at 1 percent per annum in seven Banks, 0.75 percent in two Banks, and 0.5 percent in two Banks. One Bank, in addition to paying 0.5 percent on deposits remaining over 90 days, had a special 1 percent rate for deposits of 6 months or more.

Financial Condition and Operations.—A comparative consolidated statement of condition of the eleven Federal Home Loan Banks as of December 31, 1947, is set forth in exhibit 1. Total resources of the

Banks rose from approximately $473,000,000 at the end of 1946 to more than $612,000,000 at the end of 1947. This increase of more than $139,000,000 resulted mainly from increases of $142,000,000 in advances to member institutions and $3,000,000 in cash and a decrease of approximately $6,000,000 in investments in Government obligations. On the liability side, the $139,000,000 increase consisted of $93,000,000 in consolidated obligations outstanding, $28,000,000 in deposits, and $18,000,000 in capital.

Under the provisions of the Federal Home Loan Bank Act, whenever the capital stock of a Federal Home Loan Bank held by its member institutions equals the amount of the Government's investment in that Bank's capital stock, the Bank must apply annually to the retirement of Government-held capital 50 percent of all further payments on capital stock by member institutions. As of December 31, 1946, Government-held stock in the Federal Home Loan Banks aggregated $123,651,200. Pursuant to the above provisions of the law, Government capital in the amount of $979,000 was retired during 1947, reducing the amount of such capital in the Banks outstanding at the close of the year to $122,672,200. Prior to the beginning of the year, the amount of capital stock held by members of the Federal Home Loan Banks of Cincinnati and Indianapolis had increased to the point where it equaled the amount of stock held by the Government and these two Banks accounted for the reduction in Government-held capital which occurred in 1947.

During the year, member capital in the Federal Home Loan Banks of Winston-Salem and Des Moines also rose above the amount of their stock held by the Government. Accordingly, on the basis of December 31, 1947, closing figures, these four Banks on January 2, 1948, together effected the further retirement of Government capital aggregating $2,881,000. This action reduced outstanding Government-held capital in the Banks to $119,791,200 as against $103,077,575 paid in on capital stock subscriptions by members. While the amount of Government capital in the Banks is now declining steadily, the amount of capital subscribed by member institutions has increased substantially each year since the System was established. During 1947 the increase in member capital was $17,249,475 and if this increase is approximated in 1948 member capital will exceed that held by the Government before the close of the year.

Effective as of July 1, 1947, pursuant to an amendment to the Reconstruction Finance Corporation Act, approved June 30, 1947, the Government's investment in the capital stock of the Federal Home Loan Banks, previously held by RFC, was transferred to the Secretary of the Treasury.

A consolidated statement of the income and expense of the 11 Federal Home Loan Banks for the year 1947 is set forth in exhibit 2 of this report. It will be observed that the 1947 net income of the Banks approximated $4,600,000. This represented an increase of nearly $600,000, or 14.4 percent over 1946. Such gain was due primarily to an increased income from advances. Interest from securities, while $304,632 greater than for 1946, represented only 32.7 percent of operating income as compared to 41.2 percent for 1946. Profits from security sales declined $235,755 from the 1946 total of $598,030.

Although the Banks' dividend declarations for the first half of 1947 with one exception were at the same rates as those declared on December 31, 1946, declarations were higher in the case of five Banks for the second half of the year. The rates for the year ranged from 1 to 2 percent and resulted in aggregate dividend payments of $1,328,367 to members and $1,612,890 to the Government. This latter amount represented a return of 1.31 percent on the Government's investment in the Banks, which had been reduced by $979,000 since last year. Irrespective of this reduction, the 1947 dividend declarations on Government stock subscriptions were $115,113 greater than the amounts declared in 1946. During 1947 the Banks increased their reserves by $975,959 and their undivided profits by $651,902 to totals of $15,598,709 and $8,524,750, respectively, as of December 31, 1947.

Bank Examinations and Audits.—Under the provisions of the Federal Home Loan Bank Act, as amended, each Federal Home Loan Bank must be examined at least twice annually. Accordingly, 22 examinations, including detailed audits, were conducted as of effective dates in the calendar year 1947 and appropriate reports thereon submitted to the Board and the Banks concerned. No loss of principal or interest on advances made by the Banks was reported.

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

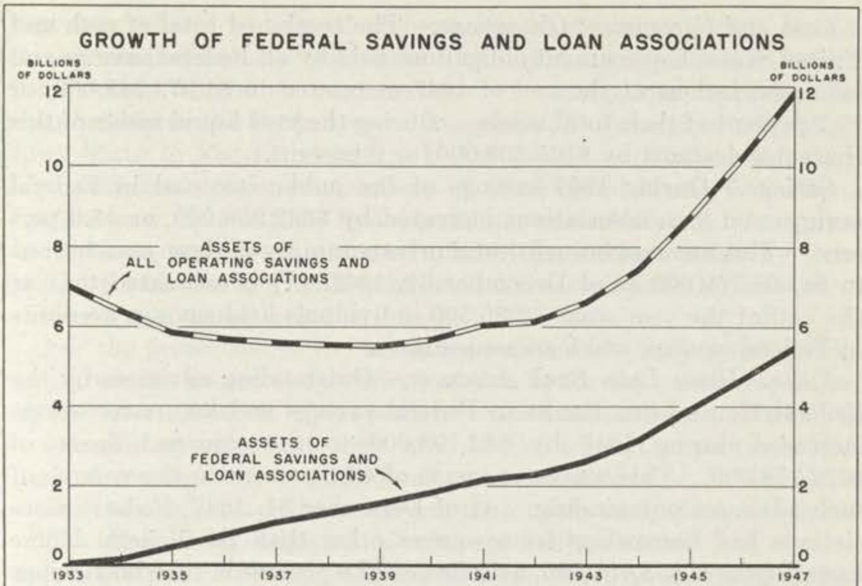
The establishment of Federal savings and loan associations was authorized under section 5 of the Home Owners' Loan Act of 1933. At that time many communities in the country were without adequate local facilities for the investment of savings and were without adequate local sources of home mortgage credit. Accordingly, provision was made for the organization of new Federal savings and loan associations in communities where there was a clear need for their services and where they could be established without injury to existing local institutions of a similar type. Provision also was made for the conversion of existing savings and loan associations from State to Federal charter.

The enabling legislation vested in the Home Loan Bank Board responsibility for the organization, chartering and regulation of Federal savings and loan associations. Although subject to Board supervision, Federal savings and loan associations are privately owned and operated mutual institutions. Under the law, every Federal association must be a member of the Federal Home Loan Bank System and have its accounts insured by the Federal Savings and Loan Insurance Corporation.

Pursuant to the congressional mandate, the Board has endeavored to incorporate into the charter for Federal savings and loan associations the soundest and most advanced operating principles and practices known for savings institutions specializing in the financing of home properties. The charter requires that the bulk of loans made by a Federal association be secured by first mortgages on home properties not exceeding $20,000 in amount. For the most part, these loans must be made on a monthly, direct-reduction basis and, in addition, the charter sets forth a number of further limitations and safeguards with respect to the lending operations of Federal associations. An amendment to section 5 (c) of the Home Owners' Loan Act approved August 6, 1947, authorizes Federal savings and loan associations also to make unsecured loans for the alteration, repair, or improvement of home properties. The savings plans offered to the public by these Federal associations are designed both to afford the fullest possible measure of protection and to stimulate regular systematic saving.

Number and Assets of Federal Savings and Loan Associations.—As of December 31, 1947, a total of 1,478 Federal savings and loan associations were in operation. Of these, 638 represented associations originally organized under Federal charter, the remaining 840 associations having converted from State to Federal charter. The combined resources of Federal savings and loan associations at the end of 1947 amounted to approximately $5,459,640,000, reflecting an increase in total assets of 16.9 percent during the year. The resources of Federal savings and loan associations now account for nearly one-half of the total assets of all institutions of the savings and loan type in the country. During the past year the average size of Federal savings and loan associations increased from $3,175,000 to $3,694,000 or by 16.3 percent.

During 1947 four new Federal savings and loan associations were organized and seven State-chartered savings and loan associations converted to Federal charter. In this period, three Federal associations consolidated with other institutions and one Federal association completed voluntary liquidation. The effect of these changes was a net increase of seven in the number of Federal savings and loan associations during 1947. Two Federal associations received authorization from the Board in 1947 to establish new branch offices. As of



December 31, 1947, 43 Federal associations were operating a total of 53 branch offices.

Mortgage Loans.—At the close of 1947 Federal savings and loan associations held first mortgage loans aggregating $4,225,963,000. This figure reflects an increase of 25.8 percent in their combined mortgage portfolios during 1947. Federal associations made new mortgage loans in 1947 aggregating $1,818,510,000 which was just slightly higher than the total amount of their loans in 1946. Of the amount loaned by Federal savings and loan associations in 1947, $488,502,000 or 26.9 percent was for the financing of new construction. This was an increase of 33.4 percent over the amount loaned for such purposes in 1946. A summary of new mortgage loans made by all Federal savings and loan associations during 1947 is shown in the following table:

New mortgage loans by all Federal savings and loan associations

[Dollar amounts in thousands]

Purpose	1947		1946		Percent change in 1947
	Amount	Percent of total	Amount	Percent of total	
Construction	$488, 502	26.9	$366, 294	20.2	+33.4
Purchase	966, 932	53.2	1, 154, 776	63.8	−16.3
Refinancing	153, 779	8.4	138, 668	7.7	+10.9
Reconditioning	49, 349	2.7	32, 544	1.8	+51.6
Other	159, 948	8.8	118, 092	6.5	+35.4
Total	1, 818, 510	100.0	1, 810, 374	100.0	+0.4

Cash and Government Obligations.—The combined total of cash and United States Government obligations held by all Federal savings and loan associations at the end of 1947 amounted to $1,073,248,000, or 19.7 percent of their total assets. During the year liquid assets of this character declined by $105,509,000, or 9 percent.

Savings.—During 1947 savings of the public invested in Federal savings and loan associations increased by $632,956,000, or 15.9 percent. This increase brought total private savings in these associations to $4,608,769,000 as of December 31, 1947. It is estimated that at the end of the year some 3,280,500 individuals held savings accounts in Federal savings and loan associations.

Federal Home Loan Bank Advances.—Outstanding advances by the Federal Home Loan Banks to Federal savings and loan associations increased during 1947 by $82,199,000 to the year-end figure of $272,778,000. This was an increase of 43.1 percent in the volume of such advances outstanding. As of December 31, 1947, Federal associations had borrowings from sources other than the Federal Home Loan Banks of $35,457,000, a decline of 32.6 percent in such borrowings having taken place during the year.

Reserves.—Combined reserves and undivided profits of Federal savings and loan associations at the end of 1947 aggregated $329,783,000, reflecting an increase of $53,469,000, or 19.4 percent, during the year. At the close of 1947, such reserve accounts were equivalent to approximately 6 percent of total assets as against 5.9 percent at the end of 1946.

Treasury and HOLC Investments.—In order to assist in the establishment of Federal savings and loan associations and to make additional funds available for the financing of homes in the early recovery period following the last depression, the United States Treasury was authorized to invest up to $100,000,000 in the shares of Federal savings and loan associations. Of this sum, however, only $50,000,000 was actually appropriated. A total of $49,300,000 was so invested by the Treasury, of which all but $555,400 had been retired by December 31, 1947.

The HOLC was authorized to invest a total of $300,000,000 in Federal savings and loan associations, institutions insured by the Federal Savings and Loan Insurance Corporation, and other members of the Federal Home Loan Bank System. The cumulative amount invested by the HOLC in Federal savings and loan associations was $178,400,700, of which only $5,162,550 remained outstanding as of December 31, 1947.

Examination

All Federal savings and loan associations and State-chartered institutions insured by the Federal Savings and Loan Insurance Corporation are subject to annual supervisory examination by the Board. Such examinations are conducted by the Examining Division, which also makes eligibility examinations of associations applying for membership in the Bank System, insurance of accounts, or conversion from State to Federal charter. Under certain conditions, the Division examines uninsured members of the Federal Home Loan Bank System and, in addition, it analyzes the annual reports of member institutions, reports of audits of insured institutions made by independent auditors and data submitted by associations in support of various types of applications.

For the protection of the investing public and the Federal Savings and Loan Insurance Corporation, as well as for the guidance of association executives for whom periodic examinations have proved to be a valuable management tool, it is of the utmost importance that insured institutions, both Federal and State-chartered, be examined at least annually by well-trained and thoroughly competent examiners.

The Examining Division is entirely self-sustaining and neither requires nor receives appropriations from the United States Treasury to defray its expenses. All costs incident to the operations of the Division are paid by the associations examined.

The work of the Examining Division is directed by the Chief Examiner, who has a small staff in Washington to perform necessary administrative functions. Under the Chief Examiner there is in each Federal Home Loan Bank District a District Examiner who supervises a staff of field examiners assigned to that District.

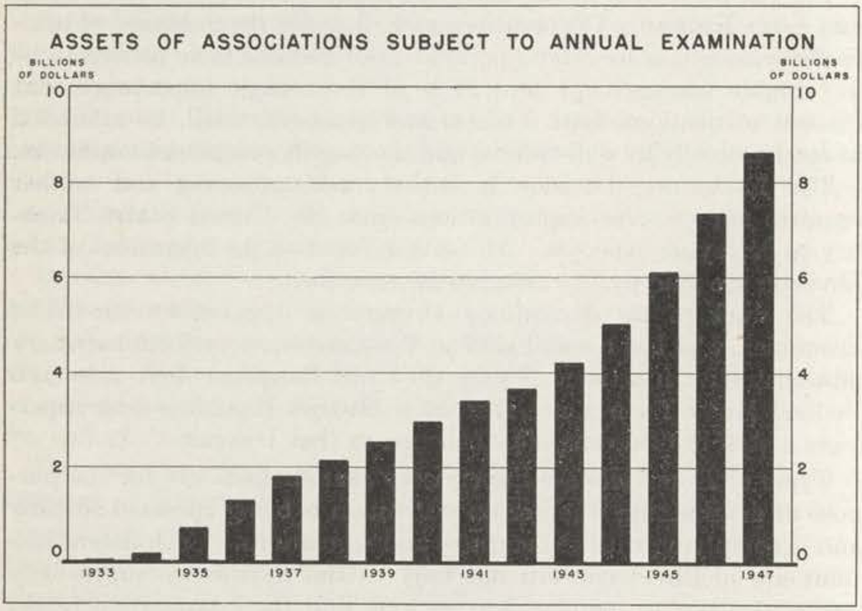
Types of Examination.—Supervisory examinations are for the purpose of determining whether an institution is being operated soundly and is complying with the statutes and regulations. Such determinations are of direct concern not only to the responsible supervisory authorities but to management as well, and the examination report is designed with this in mind. The schedules and accompanying comments are so presented as to point up any major weakness from a supervisory standpoint but at the same time to facilitate constructive analysis and study of all aspects of the association's operations by its directors and officers. In addition to its supervisory examination, every insured institution is required to have either an annual independent audit or an audit combined with the examination made by the Board's Examining Division. The purpose of an audit is to test the accuracy and integrity of the accounts.

Eligibility examinations have somewhat broader objectives, including determination of whether the institution has reasonable prospects for future success. These examinations are made in connection with applications of savings and loan associations for membership in the Federal Home Loan Bank System, applications for insurance by the

Federal Savings and Loan Insurance Corporation of the association's share accounts or deposits, and applications for conversion from State to Federal charter.

Increased Work Load of Division.—In the calendar year 1947 the Examining Division made 1,932 supervisory examinations, 83 percent of which included audits. In addition, there were 43 eligibility examinations, 13 examinations and audits of uninsured member institutions, and 12 examinations of liquidating corporations.

There has been a tremendous growth in the work load of the Examining Division year after year. As of June 30, 1941, there were



2,313 insured institutions with total assets of $3,159,000,000 subject to annual examination. By December 31, 1947, the number of such insured associations had increased to 2,536 and their aggregate assets to $8,547,000,000. During this period of 6½ years, the average assets per association increased from $1,366,000 to $3,370,000.

The work load, however, cannot be measured by the growth in total assets alone, or by the size of the associations to be examined. One of the most important considerations is the extent of an association's lending activity, since upon this depends the volume of loans to be reviewed by the examiners. Growth in lending activity in recent years has been even more pronounced than growth in the size of institutions. New mortgage lending by insured associations in the calendar year 1941 totaled $883,000,000. In 1947 it was $2,865,000,000. Thus the volume of new loans in 1947 was well over three times that in 1941.

Status of Examinations.—In the face of this growth in work load, there has been a marked reduction in the size of the examining staff resulting from budgetary limitations. The number of overdue examinations consequently has been increasing despite every effort to streamline procedures. The increase during 1947 in the number of associations not examined in the preceding twelve months is shown below:

Date	Number of overdue examinations	Percent of number of insured associations	Number of field examiners
Dec. 31, 1946	395	15.8	170
June 30, 1947	478	18.9	151
Dec. 31, 1947	561	22.2	129

It is of unquestionable importance that the work be kept more nearly current. At the end of the year, 3 associations had not been examined in 24 months; 7 had not been examined in 23 months; and 19 in 22 months. Generally, those examinations which are the furthest past due are next in order; but here again the budget situation has interfered with sound operations. Because of cuts in travel allotments, examiners for periods of 2 or 3 months at a time have been unable to make examinations which require considerable travel.

Need for Corrective Legislation.—Legislation to provide that the expenses of making examinations shall be considered as being of a nonadministrative character would remedy these operating difficulties and correct the serious situation now existing because of the large number of examinations long past due. Proposed legislation to this end has been introduced and is now pending before the Congress.

Simplification of Procedures.—Since its establishment in 1934, the Examining Division constantly has striven to simplify its procedures and hold examination costs to the lowest levels consistent with the maintenance of reasonable standards. Changing conditions from time to time have necessitated the inclusion of additional information in examination reports but at the same time required schedules and procedures have been revised at frequent intervals to delete such information as could safely be eliminated and to facilitate short cuts whenever possible. Several reductions in examinaing procedures and in methods of preparing examination reports were made in 1947.

There is much that associations themselves can do and are doing to facilitate the work of the examiners, and in recent years decided headway has been made in this respect. The attitude of management toward examinations for the most part has been highly cooperative and much progress has been made in standardizing accounting systems, strengthening internal controls, and in improving operating methods generally.

The Board consistently has favored the dual system of banking, and every effort has been made by the Examining Division to reduce and eliminate duplication of examining procedures in the case of State-chartered associations which are examined also by State supervisory authorities. The Board has agreed that examination by State examiners will be accepted in lieu of examinations by the Board's examiners when the State supervisory department agrees to meet the standards required and when a State association does not present special problems as determined by an analysis of the previous examination report. It has been found, however, that usually the most satisfactory program is to make joint examinations in which the Federal examiner accepts the work of the State examiner and the State examiner accepts that done by the Federal examiner, thus avoiding duplication. When the basis of charges for examinations is on a per diem or approximate cost plan, the joint examination does not mean additional cost to the association examined, for it is then immaterial whether an examination is made by one Federal examiner and one State department examiner or whether the examination is made by two examiners from either department.

Supervision

The supervisory responsibilities of the Home Loan Bank Board arise chiefly from section 5 of the Home Owners' Loan Act of 1933, as amended, which provides for the chartering and regulation of Federal savings and loan associations, and from title IV of the National Housing Act, which provides for insurance of accounts of Federal associations and of State-chartered savings and loan institutions by the Federal Savings and Loan Insurance Corporation. These statutes vest in the Board an underlying obligation to protect the public interest through assuring the maintenance by such institutions of facilities for the safe investment of savings and the sound and economical financing of homes.

Essential Elements of the Supervisory Problem.—Savings and loan associations, while affected with the public interest, are at the same time privately owned institutions, operating under the direction and management of local directors and officers chosen by them. Within the framework of applicable statutes and regulations, primary responsibility for the adoption and maintenance of sound policies and practices by these institutions rests with their directors. Taking these factors into account, and in order to assure maximum fairness and objectivity, the Board has adhered to the following principles: (1) That supervision must rely for its major achievements upon a high order of mutual respect and collaboration between management and the supervising authority; (2) that supervision should be decentralized into the climate of local practices, conditions and circumstances, which, with rare exception, are material factors in the formulation of sound supervisory conclusions; and (3) that the conduct of supervision should be separated as completely as practicable from the myriad details and influences of examination or routine fact finding.

These principles have been reflected in the administrative organization of the Board. All activities relating to examination are the responsibility of the Chief Examiner. The Board's supervisory functions, on the other hand, are discharged through a separate official, the Chief Supervisor, who, in turn, deals through the Presidents of the Federal Home Loan Banks in their capacity as supervisory agents in their respective Districts.

The decentralization of supervision greatly facilitates and strengthens working relationships between the Board's supervisory authorities and the managements of individual institutions. As supervisory agents of the Board, the Federal Home Loan Bank presidents are in close touch both with the managers of institutions in their Districts and with State supervisory authorities. The advantages of these close personal contacts are apparent not only in the detailed daily conduct of supervision. They are of equal benefit to the Board and its supervisory officers in promoting a practical, coordinated, and consistent Nationwide discharge of supervisory responsibilities under the law.

Current Operating Conditions.—Since the termination of hostilities and the release of materials and labor, savings and loan associations have provided funds for home construction and financing in unprecedented volume. During the year 1947 the assets of Federal and other insured associations increased from $7,319,000,000 to $8,547,000,000; in this period they made real estate loans of $2,865,000,000, resulting in a net increase of $1,348,000,000 in their loan portfolios. In making this volume of loans, management has had to contend with the increased risks of construction financing under prevailing conditions and with the heavier overhead costs entailed in processing such loans, at a time when average rates of return on loan portfolios have declined to the lowest levels on record. The inflow of savings, although continuing at a high rate, has not kept pace with the increase in loans and there has been a noticeable firming of the competitive rate paid for savings.

The immediacy of the effects of these competitive and economic forces varies from one institution to another, of course, just as individual institutions vary in their means to deal with and adjust to them. They nonetheless constitute a very real and developing challenge to all management, and they place upon supervision correspondingly heavier responsibilities with respect to the facilities and vigilance which it maintains.

Receiverships and Conservatorships.—No associations were found to require financial assistance by the Federal Savings and Loan Insurance Corporation, and no conservatorships were established during 1947. The conservatorship of the Long Beach Federal Savings and Loan Association, Long Beach, Calif., established May 20, 1946, was terminated January 24, 1948.

Supreme Court Decision.—The constitutionality of section 5 (d) of the Home Owners' Loan Act of 1933, as amended, pertaining to the Board's supervisory authority with respect to Federal savings and loan associations, was upheld in an opinion rendered by the United States Supreme Court on June 23, 1947.

Amendments to Regulations.—Within the last year, the rules and regulations and authorized bylaws for Federal savings and loan associations have been amended or expanded: (1) To simplify the making of loans insured by the Federal Housing Administration by reducing from two to one the number of appraisals required, in addition to that made by the Federal Housing Administration; (2) to implement the Home Owners' Loan Act of 1933, as amended by Public Law 372, 80th Congress, pertaining to the making by Federal associations of uninsured and unsecured loans up to $1,500 for property alteration, repair, or improvement; (3) to provide for short-term savings accounts, without the necessity under certain conditions of dividend credits, in order to meet a practical need for a means of encouraging systematic accumulation of savings within a period of 12 months for specific purposes; and (4) to establish in the regulations the principle that commissions should not be paid to officers and directors for the sale of association shares.

Legislation

In the first session of the 80th Congress, some 37 individual bills were introduced directly affecting the Home Loan Bank Board and the agencies operating under its direction. A considerable number of these bills related to the Federal Home Loan Bank System and Federal savings and loan associations but only two were enacted into law, one authorizing the Banks to accept 25-year mortgage collateral and the other authorizing Federal associations to invest in unsecured property improvement loans.

Twenty-five Year Mortgage Collateral.—Public Law 311, approved August 1, 1947, amended subsection (b) of section 10 of the Federal Home Loan Bank Act so as to permit the Federal Home Loan Banks to accept as collateral for advances thereunder home mortgages having up to 25 years to run to maturity. Prior to this legislation the maximum permissible unexpired period for such mortgages had been

20 years, a limitation which, among other things, precluded acceptance by the Banks of new 25-year mortgages made under the G. I. Bill.

Unsecured Loans by Federals.—Public Law 372, approved August 6, 1947, made it possible for Federal savings and loan associations to invest their funds in unsecured loans up to $1,500 for property alteration, repair or improvement. Such loans may be made under title I of the National Housing Act or under the provisions of the Servicemen's Readjustment Act. The total amount of such unsecured loans made by any Federal association is limited to 15 percent of its assets.

Legislative Coordinating Committee.—Under the sponsorship of the Federal Savings and Loan Advisory Council, there was established in the latter part of 1947 a legislative coordinating committee for the purpose of considering and agreeing upon desirable legislation to be presented to the Congress. The committee is composed of two representatives each from the Federal Savings and Loan Advisory Council, the Federal Home Loan Bank Presidents, the United States Savings and Loan League and the National Savings and Loan League. An initial meeting of the committee was held on December 29–30, 1947, and a second meeting on February 4–5, 1948. These meetings culminated in substantial agreement on a number of important pending matters and it is believed that the committee's work will do much to reconcile divergent views within the savings and loan industry and will prove helpful to the Congress in its consideration of specific legislative proposals.

Bank Presidents' Conferences

To afford opportunity for the discussion of problems of mutual concern, it has been customary to hold semiannual conferences of the Presidents of the several Federal Home Loan Banks. These meetings have proved of value not only as a means of facilitating the exchange of views between the Presidents on developments of common interest within each Bank District but as a means of fostering agreement between the Presidents and the Board on fundamental objectives and prompting maximum consistency and coordination in the Nation-wide administration of the Federal Home Loan Bank System. Two such conferences were held in 1947, one in New York City on May 12–13 and one in Washington on October 9–10.

Federal Savings and Loan Advisory Council

The Federal Savings and Loan Advisory Council was established by the Federal Home Loan Bank Act of 1932 which provided that the Council should convene in Washington at least twice each year and should consist of one member elected annually by the directors of each Federal Home Loan Bank and six members appointed annually by the Board. The act authorizes the Council to confer with the

Board on general business conditions as well as on specific matters relating to the operations of the Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation and to make recommendations to the Board with respect to such matters.

During 1947 two meetings of the Federal Savings and Loan Advisory Council were held, the first on May 15–16 and the second on November 13–14. A list of the members of the Council as of December 31, 1947, will be found in exhibit 3.

Bank System Personnel and Administrative Expense

Federal Home Loan Bank Personnel.—The management of each Federal Home Loan Bank is vested in a board of 12 directors, 4 of such directors being appointed by the Home Loan Bank Board to represent the public interest, each for terms of 4 years. Eight directors are elected by the members of the respective Banks for terms of 2 years, two of such directors being elected by the membership-at-large and two each by members of class groups, representing the large, medium and small sized members.

The 1947 election of directors for the Federal Home Loan Banks resulted in the reelection of 25 directors whose terms expired December 31, 1947 and the election of 18 new directors. The directors of each Federal Home Loan Bank as of December 31, 1947, together with their affiliations, are shown in exhibit 4.

Changes in staff of the Federal Home Loan Banks during the calendar year 1947 were comparatively few. As of December 31, the Banks' officers totaled 44, a net decrease of 1 from the beginning of the year. Employees of the Banks, excluding officers, increased from 107 on January 1 to 114 on December 31. On January 16, 1947 Mr. Gerrit Vander Ende became president of the Federal Home Loan Bank of San Francisco, succeeding Mr. Frank H. Johnson, retired. A list of the officers of each Federal Home Loan Bank as of the close of the year is shown in exhibit 5.

Washington Personnel.—During 1947 total personnel of the Federal Home Loan Bank System in Washington declined from 81 to 73. Of the 73 employees at the close of the year, 25 were on duty in the Office of Chief Supervisor and 6 were on duty in the Examining Division; these 31 employees were engaged in activities relating principally to Federal savings and loan associations and other institutions insured by the Federal Savings and Loan Insurance Corporation rather than in activities directly related to the operation of the Bank System proper.

In addition to its 6 employees in Washington, the Examining Division as of December 31, 1947, had a total of 170 employees in the field, reflecting a reduction of 48 in the number of such employees during the year. The serious consequences of this decline in examining personnel are discussed in some detail in the section of this report dealing with examinations.

Administrative Expense.—None of the income of the Federal Home Loan Bank System is derived from appropriations out of the general funds of the United States Treasury. Although limited by annual congressional "authorizations," the System's administrative expenditures are defrayed entirely from semiannual assessments upon the Federal Home Loan Banks, charges for reimbursable services performed in behalf of the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation and per diem charges collected from institutions examined.

Administrative expenses of the Federal Home Loan Bank System, applicable to the calendar year 1947, aggregated $1,556,771.47. Examining fees in the sum of $1,075,328.06 were collected from institutions in whose behalf examination expenses were incurred. In addition, $492,000 was collected from the 11 Federal Home Loan Banks, $59,414.21 from the Federal Savings and Loan Insurance Corporation and the H. O. L. C., and $220.43 from other sources.

Publications

Federal Home Loan Bank Review.—Authorized expenditures for the fiscal year 1948 were insufficient to provide for continued publication of the Federal Home Loan Bank Review and, in consequence, its publication was suspended in June 1947. Continuously for nearly 13 years, beginning in October 1934, the Review had been issued each month as the official medium of the Bank Board and its operating units. Its contents, in addition to various important statistical series, included advice of Board rulings, changes in regulations, and a wide range of information on current facts, problems and prospective developments in lending, savings, bank administration, and residential construction. Suspension of publication has deprived member institutions of the Bank System and others interested in savings and home finance of a valuable source of facts assembled for their special benefit. It also has deprived the Board of a convenient and comparatively inexpensive channel of technical and administrative service to bank executives and supervisory authorities.

Urgent appeals for resumption of publication of the Review began when notices of suspension were first issued, and have continued ever since. Requests for its publication have been made from time to time during the year by the Federal Savings and Loan Advisory Council, by numerous local, State, and national trade organizations, and by many individuals and groups representing members of the Bank System. In response to these requests the Board, in preparing its figures for submission to the Appropriations Committees of the House and Senate for fiscal 1949, included specific estimates of costs for restoring the Review and providing for its publication for 1 year beginning July 1. 1948.

Other Publications.—Supplementing the statistical material contained in its annual reports to Congress, the Board also has published each year consolidated annual financial reports on the condition and operations of Federal savings and loan associations and of all members of the Federal Home Loan Bank System. These reports not only have been useful in enabling individual institutions to compare their own condition and operations with those of similar institutions, locally and nationally, but have proved especially valuable to both Federal and State supervisory authorities.

In addition to the current issues of these reports released by the Board in 1947, a number of regular and special operating studies also were prepared during the year and distributed to members of the Bank System and others. Included in such studies were regular monthly summaries of savings and mortgage lending activity as well as special analyses of the outstanding home mortgage debt, foreclosures, reserves, and liquidity. For the benefit of member institutions in their respective Districts, the Federal Home Loan Banks in 1947 continued the practice of preparing and distributing periodic surveys of local operating experience, such as the volume of new loans made, savings investments and withdrawals, prevailing mortgage interest rates and current trends in liquidity, earnings, dividends, and reserve allocations.

The Period Ahead

Operations of the Federal Home Loan Bank System in 1947 confirm its usefulness and value in times of a high level of business activity. In fact, throughout its 15-year history the Bank System had developed and grown strong under conditions of general business expansion and it has yet to face a major test under conditions of widespread economic contraction. This consideration finds recognition in much of the current thinking and advance planning of those responsible for the System's guidance.

Unquestionably, a great deal has been done since 1932 to fortify the country's savings institutions against the dangers inherent in an economic recession. The improvements made are both internal and external in nature. There is ample evidence that the directors and managers of these institutions have profited well by their experiences in the last depression, that they are alive to the risks involved in operating in the present inflated economy, and that they are determined to protect their institutions in every way possible against contingencies of the future.

In the past 15 years, home mortgage lending practices throughout the country have been standardized on sound and progressive lines. Regular amortization of principal has come to be accepted as an essential element in home mortgage finance. The second mortgage evil, although not wholly eliminated, has been greatly minimized by virtue of the higher ratio loans made possible through application of the amortization principle. Appraisal techniques have been made less haphazard. More attention is being given to the borrower's credit standing and his prospective ability to carry a loan safely. Servicing methods have been vastly improved.

Paralleling improvements in lending practices, equally important progress has been made in the relationships between savings institutions and their savings investors. Whereas before the depression savings plans offered to the public by many institutions were cumbersome, obscure and occasionally even misleading, numerous measures have since been adopted in the interest of greater simplicity, clarity, and forthrightness in this important aspect of operations. As against a former inclination to keep savings account holders at arm's length and furnish them a minimum of information concerning the affairs of the institution, the prevailing tendency of management now is to keep savings customers fully informed on current conditions and problems and thereby create a solid foundation of public understanding, confidence, and good will.

Not only has there been a material strengthening in the first-line defenses of savings institutions by way of improved financial policies and operating practices, but important secondary supports have been provided through such agencies as the Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation which operate to maintain public confidence, assure an adequate supply of funds for home financing and other requirements and minimize the likelihood of a recurrence of the panic conditions which characterized former periods of economic and financial strain. Taken as a whole, the savings and home-financing structure of the Nation today is marked by a degree of coordination and integration never before approached.

These factors, although in no sense warranting complacency, certainly augur well for the ability of the Federal Home Loan Bank System and its member institutions to weather such difficulties as may be encountered in the period ahead. At the same time, in the very progress made thus far there lies a continuing challenge to preserve and further that progress through the achievement of such additional improvements and adjustments as changing conditions may make possible or require.

Exhibit 1

FEDERAL HOME LOAN BANKS

Consolidated statement of condition as of Dec. 31, 1947

	Dec. 31, 1947	Increase or decrease ( ) since— Dec. 31, 1946	June 30, 1947
ASSETS			
Cash:			
On hand including imprest funds	$68, 523. 34	$15, 937. 64	$39, 229. 42
On deposit with:			
U. S. Treasurer	14, 513, 434. 80	(3, 325, 355. 49)	6, 237, 673. 25
Commercial banks	22, 122, 221. 94	6, 799, 197. 30	9, 738, 627. 73
In transit	269. 59	269. 59	269. 59
Total cash	36, 704, 449. 67	3, 490, 049. 04	16, 015, 799. 99
Investments:			
U. S. Treasury bills	8, 285, 621. 87	6, 536, 441. 98	(2, 307, 598. 20)
Other U. S. Treasury obligations	130, 841, 869. 86	(12, 500, 545. 08)	(16, 411, 012. 29)
Total investments	139, 127, 491. 73	(5, 964, 103. 10)	(18, 718, 610. 49)
Advances outstanding to members:			
Short term—1 year or less	218, 345, 789. 03	34, 015, 971. 33	74, 358, 378. 72
Others—1 to 10 years	217, 226, 396. 77	108, 101, 447. 73	72, 124, 908. 55
Total	435, 572, 185. 80	142, 117, 419. 06	146, 483, 287. 27
Accrued interest receivable:			
Investments	626, 446. 16	(8, 396. 50)	(28, 388. 82)
Advances to members	445, 812. 85	184, 497. 21	148, 228. 17
Total accrued interest receivable	1, 072, 259. 01	176, 100. 71	119, 839. 35
Deferred charges:			
Discount on consolidated obligations	34, 027. 77	(116, 666. 64)	(58, 333. 32)
Prepaid consolidated obligation expense	94, 236. 12	(56, 458. 29)	1, 875. 03
Prepaid surety bond premiums	5, 138. 17	(2, 712. 71)	(89. 99)
Other prepaid expenses	1, 762. 17	1, 471. 48	336. 49
Total deferred charges	135, 164. 23	(174, 366. 16)	(56, 211. 79)
Other assets:			
United States savings bonds redeemed	62, 415. 31	(14, 232. 48)	(10, 030. 19)
Accounts receivable	15, 364. 57	(4, 422. 19)	(118. 57)
Furniture and equipment	11. 00	0	0
Total other assets	77, 790. 88	(18, 654. 67)	(10, 148. 76)
Total assets	612, 689, 341. 32	139, 626, 444. 88	143, 833, 955. 57
LIABILITIES AND CAPITAL			
Liabilities:			
Deposits:			
Members—Time	65, 957, 472. 94	17, 591, 772. 53	(52, 667. 76)
Members—Demand	21, 877, 598. 63	(4, 247. 16)	2, 335, 264. 62
Treasurer of United States—Section 14 of FHLB Act	10, 500, 000. 00	10, 500, 000. 00	10, 500, 000. 00
Government instrumentalities—Demand	163, 192. 22	163, 192. 22	(4, 159. 83)
Applicants	128, 575. 00	77, 200. 00	(37, 125. 00)
Total deposits	98, 626, 838. 79	28, 327, 917. 59	12, 741, 312. 03
Accrued interest payable:			
Deposits of members—Time	43, 540. 71	14, 513. 75	(5, 096. 49)
Consolidated obligations	716, 531. 27	337, 189. 55	351, 947. 91
Total accrued interest payable	760, 071. 98	351, 703. 30	346, 851. 42
Dividends payable:			
Government-owned stock	909, 353. 00	106, 897. 75	395, 447. 75
Member-owned stock	807, 024. 37	245, 909. 85	377, 302. 37
Total dividends payable	1, 716, 377. 37	352, 807. 60	772, 750. 12
Accounts payable	12, 819. 51	(4, 320. 10)	(802. 39)
Consolidated obligations:[1]			
1¼ percent Series A-1948 bonds due Apr. 15, 1948	140, 000, 000. 00	0	0
1¼ percent Series A-1948 notes due Sept. 15, 1948	85, 000, 000. 00	85, 000, 000. 00	85, 000, 000. 00
1⅜ percent Series B-1948 notes due Feb. 16, 1948	36, 700, 000. 00	36, 700, 000. 00	36, 700, 000. 00
1.10 percent Series A-1947 notes due Feb. 17, 1947	0	(29, 000, 000. 00)	0
Total consolidated obligations	261, 700, 000. 00	92, 700, 000. 00	121, 700, 000. 00
Total liabilities	362, 816, 107. 65	121, 728, 108. 39	135, 560, 111. 18

[1] Consolidated Federal Home Loan Bank obligations issued by the Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal Home Loan Banks.

Consolidated statement of condition as of Dec. 31, 1947—Continued

	Dec. 31, 1947	Increase or decrease ( ) since—	
		Dec. 31, 1946	June 30, 1947
LIABILITIES AND CAPITAL—continued			
Capital:			
Capital stock (par):			
Members (fully paid)	$103, 072, 300. 00	$17, 260, 800. 00	$7, 472, 500. 00
Members (partially paid)	11, 100. 00	(22, 000. 00)	11, 100. 00
Total	103, 083, 400. 00	17, 238, 800. 00	7, 483, 600. 00
Less: Unpaid subscriptions	5, 825. 00	(10, 675. 00)	5, 825. 00
Total paid in by members	103, 077, 575. 00	17, 249, 475. 00	4, 477, 775. 00
United States Government subscriptions (fully paid)	122, 672, 200. 00	(979, 000. 00)	0
Total paid in on capital stock	225, 749, 775. 00	16, 270, 475. 00	7, 477, 775. 00
Surplus—Earned:			
Legal reserve	11, 307, 096. 58	938, 808. 88	555, 866. 80
Reserve for contingencies	4, 291, 612. 33	37, 150. 56	41, 938. 61
Total surplus reserves	15, 598, 708. 91	975, 959. 44	597, 805. 41
Undivided profits	8, 524, 749. 76	651, 902. 05	198, 263. 98
Total earned surplus	24, 123, 458. 67	1, 627, 861. 49	796, 069. 39
Total capital	249, 873, 233. 67	17, 898, 336. 49	8, 273, 844. 39
Total liabilities and capital	612, 689, 341. 32	139, 626, 444. 88	143, 833, 955. 57

Exhibit 2

FEDERAL HOME LOAN BANK

Consolidated statement of profit and loss for year ended Dec. 31, 1947

	Dec. 31, 1947	Increase or decrease ( ) compared with year ended Dec. 31, 1946
Earned operating income:		
Interest on advances	$5, 794, 042. 84	$2, 150, 292. 37
Interest on securities	2, 876, 335. 46	304, 632. 12
Miscellaneous operating	3, 108. 96	1, 862. 17
Total earned operating income	8, 673, 487. 26	2, 456, 786. 66
Operating expenses:		
Compensation, travel, and other expenses (detail below)	1, 028, 128. 22	78, 316. 72
Interest on consolidated obligations	2, 256, 877. 64	1, 268, 865. 38
Consolidated obligation expense—concessions	141, 458. 29	63, 673. 54
Office of fiscal agent	32, 882. 72	5, 391. 20
Interest on members' deposits	489, 096. 87	206, 321. 62
Interest on deposits—Treasurer of United States	152. 85	152. 85
Assessment for expenses of HLB Board	503, 000. 00	28, 000. 00
Total operating charges	4, 451, 596. 59	1, 650, 721. 31
Net operating income	4, 221, 890. 67	806, 065. 35
Nonoperating income:		
Profit—Sales of securities	362, 275. 27	(235, 755. 46)
HLB Board assessment refund	11, 000. 00	11, 000. 00
Miscellaneous	2, 811. 37	235. 61
Total nonoperating income	376, 086. 64	(224, 519. 85)
Nonoperating charges:		
Loss—Sales of securities	16, 871. 04	8, 407. 29
Furniture and equipment purchased	12, 061. 77	(1, 542. 46)
Total nonoperating charges	28, 932. 81	6, 864. 83
Net income	4, 569, 044. 50	574, 680. 67

Consolidated statement of profit and loss for year ended Dec. 31, 1947—Continued

DETAIL OF COMPENSATION, TRAVEL, AND OTHER EXPENSES

	Dec. 31, 1947	Increase or decrease ( ) compared with year ended Dec. 31, 1946
Compensation:		
Directors' fees	$41,007.50	($462.50)
Officers' salaries	346,670.00	21,692.17
Counsel's compensation	36,400.00	(975.00)
Other salaries	264,436.27	30,981.48
Total compensation	688,513.77	51,236.15
Travel expense:		
Directors	41,914.01	6,730.25
Officers	23,724.38	3,446.59
Counsel and others	7,879.99	3,722.59
Maintenance and operation costs of automobile	3,665.32	910.84
Total travel expense	77,183.70	14,810.27
Other expenses:		
Retirement fund contribution	41,885.77	5,127.22
Telephone and telegraph	21,886.69	9.04
Postage and expressage	18,768.49	1,090.90
Stationery, printing, and other office supplies	19,809.51	(2,701.27)
Rent of banking quarters—Net	79,550.73	4,668.88
Maintenance of banking quarters and equipment	13,401.01	(1,956.40)
Services of HLB Board's Examining Division	5,822.95	(1,675.79)
Safekeeping and protection services	2,662.96	(911.69)
Insurance and surety bond premiums	14,411.04	1,353.39
Reports and other publications	7,019.23	(348.54)
Stockholders' annual meeting expense	13,008.16	4,601.13
Dues and subscriptions	9,818.02	1,013.83
Public relations expense	11,092.27	1,844.73
Miscellaneous operating expenses	3,293.92	154.87
Total other expenses	262,430.75	12,270.30
Total compensation, travel, and other expenses	1,028,128.22	78,316.72

Exhibit 3

FEDERAL SAVINGS AND LOAN ADVISORY COUNCIL

DECEMBER 31, 1947

MEMBERS

Appointed by the Board:

James Bruce, New York, N. Y.

Ernest T. Trigg, Philadelphia, Pa.

Henry G. Zander, Jr., Henry G. Zander & Co., Chicago, Ill.

Robert E. Lee Hill, secretary, Missouri Bankers Association, Columbia, Mo.

Harrington Wimberly, Altus, Oklahoma

Ben A. Perham, president, Perham Fruit Co., Yakima, Wash.

Elected by the Banks:

District No. 1—Milton A. Barrett, treasurer, Fidelity Co-operative Bank, Fitchburg, Mass.

District No. 2—Henry N. Stam, president, Totowa Savings & Loan Association, Paterson, N. J.

District No. 3—James J. O'Malley, president, First Federal Savings & Loan Association of Wilkes-Barre, Wilkes-Barre, Pa.

District No. 4—Frank Muller, Jr., executive vice president, Liberty Federal Savings & Loan Association, Baltimore, Md.

District No. 5—W. Megrue Brock, president, The Gem City Building & Loan Association, Dayton, Ohio.

District No. 6—Fermor S. Cannon, president, Railroadmen's Federal Savings & Loan Association of Indianapolis, Indianapolis, Ind.
District No. 7—A. H. Koepke, president, Welfare Building & Loan Association, Milwaukee, Wis.
District No. 8—G. V. Kenton, vice president and secretary, Farm & Home Savings & Loan Association of Missouri, Nevada, Mo.
District No. 9—Louis D. Ross, president, St. Tammany Homestead Association, Covington, La.
District No. 10—Ray H. Babbitt, president, Home Building & Loan Association of Lawton, Lawton, Okla.
District No. 11—Guy E. Jaques, president, Portland Federal Savings & Loan Association, Portland, Oreg.

OFFICERS

James J. O'Malley, Chairman.
Henry G. Zander, Jr., Vice Chairman.
Frank Muller, Jr., Secretary.
Harry Caulsen, Assistant Secretary.

Exhibit 4

DIRECTORS OF THE FEDERAL HOME LOAN BANKS

December 31, 1947

DISTRICT NO. 1—BOSTON

	Term expires Dec. 31
Public interest	
William J. Pape, editor and publisher, Waterbury Republican and American, Waterbury, Conn	1947
J. Bertram Watson, executive vice president, First Federal Savings & Loan Association, Providence, R. I	1949
Frederick J. Dillon,[1] judge, Probate Court for Suffolk County, Boston, Mass	1950
At-large	
Frederick T. Backstrom, executive vice president, First Federal Savings & Loan Association, New Haven, Conn	1947
George J. Holden, executive vice president, Burlington Federal Savings & Loan Association, Burlington, Vt	1948
Class A	
Edward H. Weeks,[2] president, Old Colony Co-operative Bank, Providence, R. I	1947
Raymond P. Harold, president, Worcester Federal Savings & Loan Association, Worcester, Mass	1948
Class B	
William J. D. Ratcliff, treasurer, Peabody Co-operative Bank, Peabody, Mass	1947
Milton A. Barrett, treasurer, Fidelity Co-operative Bank, Fitchburg, Mass	1948
Class C	
Sumner W. Johnson, director, Homestead Savings & Loan Association, Portland, Maine	1947
E. Harrison Merrill, secretary-treasurer, Laconia Federal Savings & Loan Association, Laconia, N. H	1948

[1] Chairman.
[2] Vice Chairman.

DISTRICT NO. 2—NEW YORK

	Term expires Dec. 31
Public interest	
Francis V. D. Lloyd,[2] member of firm, Morrison, Lloyd & Griggs, Hackensack, N. J.	1947
Eustace Seligman, member of firm, law firm of Sullivan & Cromwell, New York, N. Y.	1948
George MacDonald,[1] director, Cities Service Oil Co., New York, N. Y.	1949
James Bruce, vice president, National Dairy Products Corp., New York, N. Y.	1950
At-large	
E. H. Schoonmaker, executive secretary, Tenafly Mutual Savings & Loan Association, Tenafly, N. J.	1947
Walter J. Babcock, executive vice president, Triumph Federal Savings & Loan Association, East Orange, N. J.	1948
Class A	
Willis J. Almekinder, president, First Federal Savings & Loan Association of Rochester, Rochester, N. Y.	1947
Cadman H. Frederick, president, Suffolk County Federal Savings & Loan Association, Babylon, N. Y.	1948
Class B	
Joseph Holzka, executive vice president, Northfield Savings & Loan Association, Staten Island, N. Y.	1947
John W. Cadman, president, Homestead Savings & Loan Association, Buffalo, N. Y.	1948
Class C	
Henry N. Stam, president, Totowa Savings & Loan Association, Paterson, N. J.	1947
Joseph A. O'Brien, director, Medford Lakes Savings & Loan Association, Medford Lakes, N. J.	1948

DISTRICT NO. 3—PITTSBURGH

Public interest	
Arthur B. Koontz, attorney, Charleston, W. Va.	1947
Walter B. Gibbons, attorney, Philadelphia, Pa.	1948
Ernest T. Trigg,[1] Philadelphia, Pa.	1949
Dr. Charles S. Tippetts,[2] headmaster, The Mercersburg Academy, Mercersburg, Pa.	1950
At-Large	
James J. O'Malley, president, First Federal Savings & Loan Association of Wilkes-Barre, Wilkes-Barre, Pa.	1947
Alexander Salvatori, executive vice president, Peoples Federal Savings & Loan Association, Wheeling, W. Va.	1948
Class A	
Norman E. Clark, executive vice president, First Federal Savings & Loan Association, New Castle, Pa.	1947
C. Elwood Knapp, executive vice president, Friendship Federal Savings & Loan Association of Pittsburgh, Pittsburgh, Pa.	1948
Class B	
N. F. Braun, secretary-manager, Eureka Federal Savings & Loan Association, Pittsburgh, Pa.	1947
William Reinhardt, conveyancer and director, The Provident Building & Loan Association of Philadelphia, Philadelphia, Pa.	1948

[1] Chairman.
[2] Vice Chairman.

	Term expires Dec. 31
Class C	
Francis E. McGill, director, Manayunk Savings & Loan Association, Philadelphia, Pa	1947
Charles Warner, director, First Federal Savings & Loan Association of New Castle County, Wilmington, Del	1948

DISTRICT NO. 4—WINSTON-SALEM

Public interest	
Raymond D. Knight, attorney, Knight & Knight, Jacksonville, Fla	1947
James Grayson Luttrell, vice president, McCormick & Co., Baltimore, Md	1948
W. Waverly Taylor, president, Waverly Taylor, Inc., Washington, D. C	1949
Horace S. Haworth,[1] attorney, Roberson, Haworth & Reese, High Point, N. C	1950
At-large	
Marion M. Hewell, president, Fidelity Federal Savings & Loan Association, Greenville, S. C	1947
Frank Muller, Jr., executive vice president, Liberty Federal Savings & Loan Association, Baltimore, Md	1948
Class A	
Wallace O. DuVall, vice president-secretary, Atlanta Federal Savings & Loan Association, Atlanta, Ga	1947
Edward C. Baltz,[2] president, Perpetual Building Association of the District of Columbia, Washington, D. C	1948
Class B	
Peyton R. Keller, vice president-secretary, First Federal Savings & Loan Association of Roanoke, Roanoke, Va	1947
D. R. Fonville, president-treasurer, First Federal Savings & Loan Association of Burlington, Burlington, N. C	1948
Class C	
George E. Rutledge, president, First Federal Savings & Loan Association of Bessemer, Bessemer, Ala	1947
H. L. Sudduth, secretary, First Federal Savings & Loan Association of Panama City, Panama City, Fla	1948

DISTRICT NO. 5—CINCINNATI

Public Interest	
Howard L. Bevis,[1] president, Ohio State University, Columbus, Ohio	1947
At-Large	
W. Megrue Brock,[2] president, The Gem City Building & Loan Association, Dayton, Ohio	1947
W. B. Furgerson, president, Portland Federal Savings & Loan Association, Louisville, Ky	1948
Class A	
A. E. Albright, president, Akron Savings & Loan Co., Akron, Ohio	1947
Allen C. Knowles, president, South Side Federal Savings & Loan Association, Cleveland, Ohio	1948

[1] Chairman.
[2] Vice chairman.

	Term expires Dec. 31
Class B	
John C. Mindermann, secretary, General Building Association, Covington, Ky	1947
Charles J. Haase, president, Home Federal Savings & Loan Association of Memphis, Memphis, Tenn	1948
Class C	
Herman F. Cellarius, president, The San Marco Building & Loan Association, Cincinnati, Ohio	1947
R. A. Stevens, president, Dyer County Federal Savings & Loan Association of Dyersburg, Dyersburg, Tenn	1948

DISTRICT NO. 6—INDIANAPOLIS

Public interest	
Charles T. Fisher, Jr., president, National Bank of Detroit, Detroit, Mich	1947
Carleton B. McCulloch, vice president, The State Life Insurance Co., Indianapolis, Ind	1948
S. Rudolph Light, chairman of the board, American National Bank, Kalamazoo, Mich	1949
Dr. Herman B. Wells,[1] president, Indiana University, Bloomington, Ind	1950
At large	
Myron H. Gray, president, Muncie Federal Savings & Loan Association, Muncie, Ind	1947
Fermor S. Cannon,[2] president, Railroadmen's Federal Savings & Loan Association of Indianapolis, Indianapolis, Ind	1948
Class A	
Thomas C. Mason, president-manager, Grand Rapids Mutual Federal Savings & Loan Association, Grand Rapids, Mich	1947
Joseph G. Standart, president, Surety Savings & Loan Association, Detroit, Mich	1948
Class B	
Edward W. Springer, secretary, Atkins Savings & Loan Association, Indianapolis, Ind	1947
Grant H. Longenecker, first vice president, Peoples Federal Savings & Loan Association, Detroit, Mich	1948
Class C	
Earl C. Bucher, president, People's Savings & Loan Association, Huntington, Ind	1947
Amos N. Adams, secretary-treasurer, Auburn Federal Savings & Loan Association, Auburn, Ind	1948

DISTRICT NO. 7—CHICAGO

Public interest	
Charles E. Broughton,[1] editor, The Sheboygan Press, Sheboygan, Wis	1947
Henry G. Zander, Jr.,[2] partner, Henry G. Zander & Co., Chicago, Ill	1948
Clarence W. Reuling, general agent, Massachusetts Mutual Life Insurance Co., Peoria, Ill	1949
Philip Kinzer, vice president, Carnation Co., Milwaukee, Wis	1950

[1] Chairman.
[2] Vice chairman.

	Term expires Dec. 31
At-large	
Arthur G. Erdmann, president, Bell Savings & Loan Association, Chicago, Ill	1947
Edward J. Czekala, president, National Savings & Loan Association, Chicago, Ill	1948
Class A	
A. H. Koepke, president-general manager, Welfare Building & Loan Association, Milwaukee, Wis	1947
Robert N. Brown, secretary, Commercial Travelers' Loan & Homestead Association, Peoria, Ill	1948
Class B	
Ray W. Schmitt, secretary-manager, Sherman Savings & Loan Association, Milwaukee, Wis	1947
Rilen McConachie, president, First Federal Savings & Loan Association of Sparta, Sparta, Ill	1948
Class C	
Robert L. Hirschinger, secretary, Baraboo Federal Savings & Loan Association, Baraboo, Wis	1947
Earl S. Larson, president, First Federal Savings & Loan Association of Moline, Moline, Ill	1948

DISTRICT NO. 8—DES MOINES

Public interest	
Robert E. Lee Hill,[1] secretary, Missouri Bankers Association, Columbia, Mo	1947
John D. Adams, general secretary, Des Moines Chamber of Commerce, Des Moines, Iowa	1948
James C. Otis, attorney, Otis, Faricy & Burger, St. Paul, Minn	1950
At-large	
J. W. Davis, secretary, Home Savings Association, Sioux Falls, S. Dak	1947
J. B. Bridston, executive secretary, First Federal Savings & Loan Association of Grand Forks, Grand Forks, N. Dak	1948
Class A	
Elmer E. Miller, president-secretary, Des Moines Building-Loan & Savings Association, Des Moines, Iowa	1947
Sylvester A. Koster, secretary, Lafayette Federal Savings & Loan Association of St. Louis, St. Louis, Mo	1948
Class B	
J. C. McKercher, president, Peoples Federal Savings & Loan Association, Minneapolis, Minn	1947
E. Raymond Hughes, attorney-director, Mankato Savings & Building Association, Mankato, Minn	1948
Class C	
Lloyd Rime, vice president-secretary, Ottumwa Federal Savings & Loan Association, Ottumwa, Iowa	1947
N. D. Jackson, executive vice president, Independence Savings & Loan Association, Independence, Mo	1948

[1] Chairman.

DISTRICT NO. 9—LITTLE ROCK

Term expires Dec. 31

Public interest

T. J. Butler, president and general manager, Elgin-Butler Brick Co., Austin, Tex — 1947

Gordon H. Campbell, general agent, Aetna Life Insurance Co., Little Rock, Ark — 1948

B. H. Wooten,[1] vice president, Republic National Bank of Dallas, Dallas, Tex — 1949

At-large

Wilbur P. Gulley,[2] president, Pulaski Federal Savings & Loan Association, Little Rock, Ark — 1947

O. W. Boswell, president, First Federal Savings & Loan Association of Paris, Paris, Tex — 1948

Class A

M. George de Lucas, president, Jackson Homestead Association, New Orleans, La — 1947

J. J. Miranne, secretary-treasurer, Security Building & Loan Association, New Orleans, La — 1948

Class B

C. W. Gill,[3] president, Abilene Savings & Loan Association, Abilene, Tex — 1947

R. H. McCune, vice president, Roswell Building & Loan Association, Roswell, N. Mex — 1948

Class C

Louis D. Ross, president, St. Tamany Homestead Association, Covington, La — 1947

Robert T. Love, secretary-treasurer, Delta Federal Savings & Loan Association, Greenville, Miss — 1948

DISTRICT No. 10—TOPEKA

Public interest

Harrington Wimberly, publisher, Altus-Times Democrat, Altus, Okla — 1947

Paul F. Good, attorney-at-law, Monsky, Grodinsky, Good & Cohen, Omaha, Nebr — 1948

William M. Jardine,[1] president, Municipal University of Wichita, Wichita, Kans — 1949

At-large

Henry A. Bubb,[2] president, Capitol Federal Savings & Loan Association, Topeka, Kans — 1947

E. L. Hevelone, president, The State Savings & Loan Association, Beatrice, Nebr — 1948

Class A

L. S. Barnes, president, Ponca City Savings & Loan Association, Ponca City, Okla — 1947

S. W. Humphreys, president, The Homes Savings & Loan Association, Ottawa, Kans — 1948

[1] Chairman.
[2] Vice Chairman.
[3] Appointed by the FHLBA on January 13, 1947, to serve unexpired portion of term expiring on December 1, 1947.

	Term expires Dec. 31
Class B	
Gordon Harper, president, Victor Building & Loan Association, Muskogee, Okla	1947
Arthur W. Hiner, Jr., secretary-treasurer, Capitol Federal Savings & Loan Association, Denver, Colo	1948
Class C	
H. A. Hart, secretary-treasurer, First Federal Savings & Loan Association of Dodge City, Dodge City, Kans	1947
A. G. Hartronft, secretary-treasurer, The Lyons Savings & Loan Association, Lyons, Kans	1948

DISTRICT NO. 11—SAN FRANCISCO

Public Interest	
L. H. Hoffman, president, Hoffman Construction Co., Portland, Oreg	1947
C. W. Leaphart, dean of law school, Montana State University, Missoula, Mont	1948
Ben A. Perham,[1] president and general manager, Perham Fruit Co., Yakima, Wash	1949
Wm. A. Davis,[2] president, First Federal Savings & Loan Association, Oakland, Calif	1950
At Large	
R. J. Fremou, secretary-manager, Western Montana Building & Loan Association, Missoula, Mont	1947
Guy E. Jaques, president, Portland Federal Savings & Loan Association, Portland, Oreg	1948
Class A	
Fred J. Bradshaw, president, American Savings & Loan Association, Salt Lake City, Utah	1947
Roy E. Hegg, president, San Diego Federal Savings & Loan Association, San Diego, Calif	1948
Class B	
L. C. Wetzel, secretary-manager, First Federal Savings & Loan Association, Walla Walla, Wash	1947
Douglas H. Driggs, president, Western Savings & Loan Association, Phoenix, Ariz	1948
Class C	
I. W. Dinsmore, executive vice president, Rawlins Federal Savings & Loan Association, Rawlins, Wyo	1947
M. L. Carrier, president, Centralia Federal Savings & Loan Association, Centralia, Wash	1948

[1] Chairman.
[2] Vice Chairman.

Exhibit 5

OFFICERS OF THE FEDERAL HOME LOAN BANKS

DECEMBER 31, 1947

DISTRICT NO. 1—BOSTON

W. H. Neaves	President
H. N. Faulkner	Vice President and Assistant Treasurer
L. E. Donovan	Secretary-Treasurer
Beatrice E. Holland	Assistant Secretary

DISTRICT NO. 2—NEW YORK

Nugent Fallon	President
R. G. Clarkson	Senior Vice President
Denton C. Lyon	Vice President and Secretary
H. B. Diffenderfer	Vice President and Treasurer
Joseph F. X. O'Sullivan	Assistant Secretary and Office Attorney

DISTRICT NO. 3—PITTSBURGH

Ralph H. Richards	President
G. R. Parker	Vice President and Secretary
Dale Park	Treasurer

DISTRICT NO. 4—WINSTON-SALEM

O. K. LaRoque	President and Secretary
J. W. Holt	Vice President and Treasurer

DISTRICT NO. 5—CINCINNATI

W. D. Shultz	President
W. E. Julius	Vice President and Treasurer
Joseph W. Whittaker	Vice President
E. T. Berry	Secretary

DISTRICT NO. 6—INDIANAPOLIS

Fred T. Greene	President and Secretary
Fermor S. Cannon	Vice President
G. E. Ohmart	Vice President and Treasurer
Sylvia F. Brown	Assistant Secretary
Caroline F. White	Assistant Treasurer

DISTRICT NO. 7—CHICAGO

A. R. Gardner	President
John P. Domeier	Vice President and Treasurer
Constance M. Wright	Secretary
Lauretta Quam	Assistant Treasurer

DISTRICT NO. 8—DES MOINES

R. J. Richardson	President and Secretary
W. H. Lohman	Vice President and Treasurer
J. M. Martin	Assistant Secretary
A. E. Mueller	Assistant Treasurer

DISTRICT NO. 9—LITTLE ROCK

H. D. Wallace	President and Secretary
J. Curran Conway	Vice President
W. F. Tarvin	Treasurer

DISTRICT NO. 10—TOPEKA

C. A. Sterling	President and Secretary
R. H. Burton	Vice President and Treasurer

DISTRICT NO. 11—SAN FRANCISCO

Gerrit Vander Ende	President and Secretary
Irving Bogardus	Vice President and Treasurer
Guy E. Jaques	Vice President
George H. Melander	Assistant Treasurer
Kathleen McCliment	Assistant Secretary
Luella F. Nolan	Assistant Treasurer
Ethel E. Pearson	Assistant Secretary
Mrs. E. M. Jenness	Assistant Secretary

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Summary

Over 5,400,000 savers and investors were receiving the advantages of insurance through the Federal Savings and Loan Insurance Corporation on December 31, 1947. These individuals held total savings of $7,200,000,000 in the 2,536 Federal and State-chartered savings and loan associations which had qualified for insurance; each account holder was insured against loss on his savings up to $5,000. Total assets of the institutions aggregated $8,500,000,000.

Since the Corporation was organized, 62,600 savers in 35 associations have benefited directly from insurance. In seven liquidation cases the Corporation has disbursed a total of $6,696,000, of which all but $313,000 has been recovered. By means of a cash grant known in the insurance law as a "contribution," the Corporation has restored 28 impaired associations with assets of $56,977,000 to normal operation; ultimate loss in these cases is not expected to exceed $4,898,000.

Purpose and Legislative Background

The Federal Savings and Loan Insurance Corporation was born out of the chaotic days of the early 1930's, when the financial structure of the Nation was near collapse. Banks were more immediately affected by the troubled economic conditions than savings and loan associations and bank failures soon became widespread, whereas associations, because of the nature of their operation, did not face serious difficulties until a later period.

Drastic measures were called for and courageous steps were taken. As one of the means of restoring the banking structure to a sound basis, the Congress established the Federal Deposit Insurance Corporation in early 1933 for the purpose of insuring bank deposits. The salutary effect was almost immediately apparent, and it was soon obvious that confidence had been restored in the banking field. The success of deposit insurance led savings and loan leaders and other publicspirited citizens to request similar legislation for the savings and loan business. Congress responded by creating the Federal Savings and Loan Insurance Corporation in 1934, under title IV of the National Housing Act, approved by the President on June 27, 1934.

One of the purposes of the Corporation, as expressed in congressional committee hearings preceding consideration of the bill by Congress, was to increase the flow of savings into savings and loan associations so that more funds might become readily available for the financing of home ownership.

The other major purpose of the Corporation was to restore and assist in maintaining the confidence of the public in savings and loan associations by removing the threat of financial loss on savings.

A year's operation of the Corporation indicated that some changes in the basic law would make for greater efficiency and more equitable treatment of insured member institutions. Several amendments were therefore incorporated in an act to provide additional home mortgage relief, which was approved by the President on May 28, 1935. Briefly, these amendments reduced the annual premium payments by insured institutions from one-fourth to one-eighth of one percent of share and creditor liability, extended the term for the accumulation of a 5 percent insurance reserve by insured associations from 10 to 20 years, authorized the Corporation to extend financial assistance to insured institutions in default or threatened with default, and effected several other minor improvements in the basic law.

The act was further amended by the National Housing Act Amendments of 1938, approved on February 3, 1938. These changes brought about several improvements in the criminal and penalty provisions pertaining to operations of the Corporation.

Progress Toward Realization of Purposes.—Appraisal of the Insurance Corporation's record indicates substantial progress toward realization of the objectives expressed by Congress.

In the basic law, the Congress required that all federally chartered savings and loan associations be insured, but placed insurance of State-chartered institutions on a voluntary basis, with application for insurance at the option of the institution. To date, approximately 42 percent of operating associations in the United States have become insured by the Corporation; this relatively small percentage is not indicative of the size of the insurance program, however, for the insured members hold about 72 percent of the assets of all operating associations in the United States. In the majority of cases, the uninsured associations are found in areas which have a large number of associations not operating on a full-time basis. It is estimated that approximately two-thirds of the uninsured institutions have assets of less than $500,000 each.

To show the part which insured members are playing in the national economy and to give some idea of their contribution to the areas which they serve, it is significant to note that during the last 5 years insured associations have made new loans on homes in the amount of $9,000,000,000. To bring the broad picture into focus, it may be noted that they currently hold about 22 percent of the total home mortgages of the country.

This large volume of home financing has been made possible by the increased inflow of savings, providing the funds necessary to meet the needs of borrowers. During the past 5 years insured associations have attracted gross savings of $9,900,000,000, while the net gain has amounted to $4,100,000,000. Such a record can only reflect the confidence of the public in insured associations, and it is not surprising that these institutions have experienced a much greater growth than similar-type institutions whose accounts are not insured.

Only 35 loss cases have developed since the creation of the Insurance Corporation, but their prompt settlement has strengthened public knowledge that insurance is in reality a safeguard preventing the loss of funds. There are no means of measuring the extent to which trouble might have spread without the protection of insurance, but memories of the 1920's suggest that the insurance program has already saved the financial economy from considerable difficulty. In brief, because the accounts are insured, the public is certain that its funds are safe and no panic attitude develops.

Organization of the Corporation

Relationship With Other Agencies.—As provided in Reorganization Plan No. 3 of 1947, effective July 27, 1947, the Corporation is under the direction of the Home Loan Bank Board, which is a constituent part of the Housing and Home Finance Agency.

The budget of the Corporation is presented to the Congress through the Bureau of the Budget, and annual audits of Corporation affairs are conducted by the General Accounting Office.

Internal Organization.—The Corporation's pattern of operation may be seen by a quick analysis of its basic functions, which are as follows:

1. Administration.
2. Supervision and examination.
3. Extension of insurance.
4. Handling of loss cases.
5. Accounting.

Administration.—Functioning under the Home Loan Bank Board is a General Manager who has the broad duty of supervising the operations of the Corporation. In addition to his immediate staff, there is a closely related Operating Analysis Division which provides operating and statistical data pertaining to Corporation activities. In addition, the Division analyzes financial and operating data of insured associations and members of the Federal Home Loan Bank System.

Supervision and Examination.—Under the present plan of organization, the supervision and examination of all insured members are under the direction of the Governor of the Federal Home Loan Bank System.

Extension of Insurance.—This function is the responsibility of the Underwriting and Rehabilitation Division, which develops programs for insurance of accounts, processes applications for insurance, and effects rehabilitation, reorganization and mergers of insured associations. In addition, it is concerned with various problems having a bearing on the insurance risk, such as the release of pledges obtained as additional protection at the time of granting insurance, approval of changes in required insurance reserve accounts, and various other miscellaneous, related activities.

Handling of Loss Cases.—There are two separate divisions which are used for the handling of insurance losses. This is brought about because the Corporation is required to serve in a dual role as receiver and insurer. To discharge the functions of the former, there is a Liquidations and Recoveries Division, which conducts the liquidation of insured associations for which the Corporation has been appointed receiver. To discharge the second function and to assure the proper identity of the two activities, the Claims and Adjustments Division supervises the payment of insurance to investors in member institutions in liquidation.

The Underwriting and Rehabilitation Division and the Liquidation and Recoveries Division jointly assist in the prevention of default of insured associations and the restoration of impaired institutions to solvency.

Accounting.—To keep the necessary financial and accounting records, to collect insurance premiums and other amounts due, and to make all disbursements, there exists the usual Comptroller's Division, which is found in practically all corporations. This Division also prescribes and supervises the accounting records of insured associations in receivership and processes the payment of insurance claims.

To give a summary picture, the Corporation as a whole had 68 employees on its pay roll on December 31, 1947, at a total annual salary of $310,632. Sixty-six of these employees were assigned to the home office in Washington, D. C., and two were field employees. The number of employees was decreased by 15 during the year due to limitations on funds available for administrative expenditure.

Regulations.—To implement the basic insurance act, clarifying its provisions and recognizing the standards which it contains, the Rules and Regulations for Insurance of Accounts have been promulgated by the Corporation. However, the regulations have been held to a minimum and in general pertain to the approval of forms and certificates, the accumulation of reserves, the approval of lending areas, the procedures followed in applying for or terminating insurance and payment of insurance by the Corporation, and other pertinent phases of the operation of insured institutions.

Only two changes were made in the Rules and Regulations during 1947. One provision prohibited the payment by an institution of a commission to any of its officers or directors for the sale of a withdrawable share, investment certificate or deposit account issued by the institution. The second eliminated the provision requiring that proposed rules, regulations, or amendments be filed and printed in the Federal Home Loan Bank Review, since that publication was discontinued during the year.

Condition and Operations of the Corporation

Condition.—Provided in 1934 with a capital of $100,000,000, which was subscribed for by the Home Owners' Loan Corporation and paid for in bonds of that Corporation, the Insurance Corporation, on December 31, 1947, had accumulated total assets of $188,881,000, an increase of $12,493,000 during the year. The major portion of these consist of United States Government securities, which had a book value of $184,480,000 on December 31. Cash in the United States Treasury totaled $1,762,000, insurance premiums due but not yet payable amounted to $2,298,000, and the balance of $341,000 consisted of miscellaneous assets.

In addition to its capital, the Corporation has accumulated reserves amounting to $84,499,000, which are available for meeting losses incurred in the insurance operation. Included in the reserve fund is a contingency allowance of $37,500,000, which is equivalent to total cumulative dividends since June 30, 1935, on the capital stock of the Corporation. A comparative statement of condition as of December 31, 1946, and 1947 appears in exhibit 6.

Title IV of the National Housing Act provides that premium payments by insured associations shall cease when the Corporation has accumulated a reserve fund equivalent to 5 percent of total insured accounts and creditor obligations of insured institutions. On December 31, 1947, total reserves of the Corporation including the contingency allowance were equal to 1.17 percent of insured share and creditor liability; excluding the contingent reserve, the loss reserve amounted to 0.65 percent of liability. Trends in these ratios since the creation of the Corporation are shown in the following table:

Ratios of Corporation Reserves to Potential Liability

Year	Including contingent reserve	Excluding contingent reserve	Year	Including contingent reserve	Excluding contingent reserve
	Percent	*Percent*		*Percent*	*Percent*
1935	0.54	0.03	1942	1.19	0.44
1936	.60	.13	1943	1.25	.54
1937	.85	.25	1944	1.22	.57
1938	1.01	.34	1945	1.17	.58
1939	1.10	.38	1946	1.17	.61
1940	1.16	.44	1947	1.17	.65
1941	1.17	.44			

Operations.—Income of the Corporation is derived from three major sources: Annual premiums paid by insured associations, interest on Government securities, and admission fees paid by newly insured institutions upon approval for membership.

During 1947, premium income amounted to $8,100,000, as compared with $6,744,000 during the preceding year. Interest earned on Government securities owned by the Corporation totaled $4,130,000, an increase of $246,600 over 1946. During 1947, admission fees of $14,900 were paid to the Corporation by new members.

Expenses of the Corporation during 1947 amounted to $562,320. This figure included nonadministrative expenses, incurred in connection with the liquidation or prevention of default of insured institutions, in the amount of $14,500, and depreciation of furniture, fixtures, and equipment of $5,900. The balance of $541,900 was expense for administrative purposes, $10,900 less than the administrative expenses during 1946. About 4.4 percent of gross operating income during 1947, therefore, was spent for administrative purposes.

Detailed income and expense data for 1947 and 1946 are presented in exhibit 7.

Insured Liability.—The total liability of the Corporation for insured accounts increased during 1947 from $5,811,000,000 to $6,726,000,000. In considering this total liability, allowance should also be made for the creditor obligations of insured associations, since, in the event of liquidation, the assets of an insured association must be used to pay creditor obligations before those assets can be applied upon share account liability. In other words, before the Corporation may realize any return on the amount of money it has paid out in insurance settlements, the creditor obligations of the insured institutions in liquidation must first be paid. If, for this reason, creditor obligations are added to the insured account liability of the Corporation, the total potential liability on December 31, 1947, was $7,228,500,000, or $1,019,500,000 more than the potential liability of $6,209,000,000 existing on December 31, 1946. At the end of the reporting period, the Corporation had a potential liability of $39.18 for each dollar of capital and reserves.

While the natural inquiry is frequently made as to what would happen if the potential liability of the Corporation ever became an actual obligation at one time, it will be appreciated that such a contingency would likely never occur in practice. Indeed, irrespective of the type of financial institution, it is generally recognized that 100 percent liquidity for the system as a whole is impossible. However, it is believed that the combined strength of the Insurance Corporation and its insured members is such as to prevent the development of mass withdrawals. Also, over and above the primary liquidity of insured associations, there is the additional secondary line of credit available through the Federal Home Loan Bank System. Furthermore, it is significant that institutional reserves are such that insured associations could foreclose on 20 percent of their mortgage loan portfolio and absorb a loss of 30 percent on the take-over without affecting the reserves of the Insurance Corporation.

Insurance Protection

Nature of Service.—The peculiar strength of the Insurance Corporation is found in the fact that it is a form of protection over and above the primary strength of its insured members. By safeguarding the weakest links when and where the weakness develops, insurance protection strengthens the entire chain of insured institutions and prevents in great degree the spread of trouble to the stronger associations.

The insurance contract becomes operative when an insured institution is declared to be in default or when such declaration appears imminent. Default is defined as a determination by a court or other public authority pursuant to which a conservator, receiver, or other legal custodian is appointed for an insured institution for the purpose of liquidation. Declaration of default is a function of the responsible supervisory authority—the Home Loan Bank Board in the case of a Federally chartered savings and loan association and the supervisory department and courts of the State in the case of a State-chartered institution.

Even more significant than the handling of default is its prevention. This is accomplished through conferences with supervisors and directors, reorganizations and program development. In this manner, the Corporation either directly or through its supervisory agents is able to correct difficulties in insured associations which might, uncorrected, have led to default and financial loss.

If such remedial measures are unsuccessful and an insured institution is either placed in default or such default appears imminent, the case is certified to the Corporation to determine whether, under existing law, rehabilitation of the case is warranted or whether no action should be taken by the Corporation to prevent liquidation. A thorough study is made of each such case and upon the basis of a comprehensive analysis in close cooperation with the supervisory authorities, determination is made as to the most reasonable course of action.

If warranted, the Corporation may assist an insured association in financial difficulties by means of a loan, purchase of assets or contribution. Accompanying financial rehabilitation is a reorganization of the institution, which may result in merger with another insured institution or continuance of operations as an independent institution on a reorganized basis. Projections of operations are developed and the association receives close supervisory attention to prevent a recurrence of the original difficulties.

Because of the inherent advantages, the Corporation has favored the rehabilitation method whenever justified. Through this course of action, individual investors are undisturbed and the services of the institution to the public continue without interruption. Most effective of the available methods of rehabilitation has been the contribution method.

To date, the Corporation has not found it advantageous to use its authority to purchase assets or to make a loan to an insured institution. It has been felt that in a small-scale operation a purchase of assets would result in excessive expense in the liquidation of the purchased assets. A loan would be useful only when an insured institution, though solvent, might be in need of more funds than would be available through the usual channels.

The Corporation is required by law to be appointed as receiver of a Federal savings and loan association which is declared to be in default. The Corporation is authorized to serve as received or coreceiver of an insured State-chartered institution placed in receivership by State authorities. Exhibit 8 presents a summary of provisions appearing in State laws which affect the appointment of the Corporation as receiver or coreceiver of insured State-chartered institutions.

When an insured institution is placed in liquidation, the Corporation immediately ascertains the insured members of the association and the amount of their insured investments and makes available to them the optional methods of settlement provided by title IV of the National Housing Act and Corporation regulations. Under these provisions, the insured investor is offered a choice of two methods of settlement.

If he wishes, he may accept an insured account in another insured institution equal to his insured investment in the association in liquidation. The Corporation makes arrangements for the issuance of accounts with other normally operating insured institutions, paying the associations in cash for the amount of accounts which they issue. An account so issued shares in the earnings of the association, and the service to the investor continues almost uninterrupted. If the investor prefers, he may withdraw his account from the issuing institution, in accordance with the withdrawal provisions extended to other members of that institution.

The second option available to the insured investor in an association in liquidation is the acceptance of 10 percent of his insured investment in cash, 45 percent in negotiable, noninterest-bearing debentures of the Corporation due within 1 year from the default and 45 percent in similar debentures due within 3 years from the date of default.

Costs to Insured Institutions.—The cost of insurance protection is borne by the insured institutions, which pay an annual premium equal to one-eighth of 1 percent of their total share and creditor liability at the beginning of their insurance year.

The Corporation has the authority to assess additional premiums against insured institutions until the amount of such premiums equals the amount of all losses and expenses of the Corporation. The maximum additional annual premium which can be assessed is one-eighth of 1 percent of total share and creditor liability. It has not been necessary for the Corporation to use this authority to date.

Those institutions applying for membership after the first year of operation of the Corporation are required by law to pay upon admission a nonrecurring fee based on the accumulated reserve fund of the Corporation, which in the judgment of the Corporation is an equitable contribution. Currently, the admission fee established by the Corporation is $400 for each $1,000,000 of total share and creditor liability of the applicant association.

Insured institutions are required to be examined and audited at least annually. Federal associations are examined by the Examining Division of the Home Loan Bank Board and, with minor exceptions, insured State-chartered institutions by the Federal examiners or by Federal and State examiners jointly. In the interest of making examination services available to insured institutions at the lowest possible cost, programs of joint examinations have been developed with most of the States.

Summary of Loss Cases.—Not since 1944 has an insured institution encountered difficulties necessitating financial aid from the Corporation.

During the entire period of operations of the Corporation, 40 insured associations have been placed in default or threatened with default. The problems of four of those associations were solved

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without financial aid from the Corporation and the associations continued operations; a fifth case, pending at the end of 1947, was expected to be closed without loss to the Corporation or to the members of the institution. Of the 35 cases in which financial action by the Corporation was necessary, seven institutions were liquidated and 28 received contributions from the Corporation to remove impairment.

The following table shows the distribution of these cases according to date of certification of case to the Corporation:

Problem cases of FS&LIC

Year	Total number	Method of settlement			Pending Dec. 31, 1947
		Rehabilitation	Liquidation	No aid required	
1935	1	1			
1936					
1937					
1938	4	4			
1939	8	7		1	
1940	8	3	4	1	
1941	12	8	3	1	
1942	3	3			
1943	1	1			
1944	1	1			
1945					
1946	1			1	
1947	1				1
Total	40	28	7	4	1

Total disbursements by the Corporation in the liquidation cases totaled $6,695,947. The great bulk of this disbursement has already been recovered by the Corporation from the proceeds from liquidation of the assets of the institutions; net final loss to the Corporation is estimated at $313,406. In the rehabilitation cases, a total of $5,374,125 has been disbursed. To date, the Corporation has recovered a total of $475,796, reducing the estimated final loss to $4,898,329.

Analysis of Receivership Cases.—Seven insured institutions have been placed in default and liquidation during the Corporation's 13½ years of operation. The Corporation was appointed receiver in four of these cases, all of them Federal savings and loan associations, and served jointly with a State supervisor as coreceiver in another case. In the remaining two cases, the liquidation was conducted by the State supervisor.

Total payment of insurance to savers and investors in the seven liquidation cases has amounted to $6,695,947. Of this amount, $6,682,747 was paid to other insured institutions which contracted to issue shares to members of the associations in liquidation. The balance of $13,200 was paid to those choosing the cash and debenture method of settlement; this figure represents the total cash outlay for both cash and debentures, inasmuch as all outstanding debentures of the Corporation have been called and paid off in cash. Since accounts of only $10,895 were unsettled at the end of the year, 99.8 percent of the total insured share liability in the seven liquidation cases has been paid by the Corporation.

In payment of the insured shareholders, the Corporation becomes subrogated with respect to the amount of each insured account so paid, and therefore shares in liquidating dividends along with the holders of uninsured interests in the associations. Through December 31, 1947, cumulative liquidating dividends in all liquidations had amounted to 94.1 percent of total share liabilities. In two cases, dividends of 100 percent have been declared, and in three others dividends in excess of 90 percent. Net final loss to the Corporation in all liquidations is estimated at $313,406, or 4.7 percent of the total original disbursement.

Two liquidations have been closed, and five were in a pending status at the end of 1947. In the pending cases, the bulk of the assets has actually been disposed of, although the cases could not be closed because of minor asset or liability items still existing.

A summary of liquidating dividends declared in the four cases for which the Corporation has acted as receiver is presented in the following table:

Cumulative percentage of liquidating dividends through 1947

Association:	*Percentage*
Security Federal Savings & Loan Association of Guymon, Guymon, Okla	100
Community Federal Savings & Loan Association of Independence, Independence, Mo	100
Aetna Federal Savings & Loan Association, Topeka, Kans	95
First Federal Savings & Loan Association of Oklahoma, Oklahoma City, Okla	85

A detailed comparison of the condition and operations of the above receiverships at the time of default and for the year 1947 is shown in exhibit 9.

Analysis of Rehabilitation Cases.—In 28 cases the Corporation has made a cash contribution to prevent default, enabling the associations to continue operations on a normal basis. Six of the twenty-eight associations were merged with other insured institutions, nineteen continued operations as separate institutions, and three voluntarily liquidated.

Total disbursements in these cases amounted to $5,374,125. In determining the amount of contribution required to restore an association to solvency, every effort is made to arrive at a minimum figure.

Assets are carefully appraised, prospective losses are predicted as accurately as possible, and available reserves of the association are applied against the estimated losses. Usually an association which receives a contribution executes a recovery agreement under the terms of which it agrees to return to the Corporation any portion of the contribution not required to meet actual losses. Because the amount of contribution is a minimum figure, recoveries under these agreements are relatively small. To date, the Corporation has recovered a total of $475,796, reducing the estimated final loss in the 28 contribution cases to $4,898,329.

In the following composite table, the progress of 19 insured associations which have received contributions from the Corporation is illustrated by the comparison of selected asset and liability items prior to the receipt of the contribution and on December 31, 1947:

Progress of 19 insured associations following rehabilitation by FSLIC

Item	Date immediately prior to rehabilitation	Dec. 31, 1947	Increase or decrease	Percentage change
Assets:				
Total assets	$52, 259, 000	$117, 879, 000	$65, 620, 000	125. 57
Mortgage loans	32, 750, 000	94, 343, 000	61, 593, 000	188. 07
Owned real estate	11, 371, 000	43, 000	−11, 328, 000	−99. 62
Cash and United States Government securities	1, 990, 000	19, 869,000	17, 879, 000	898. 27
Liabilities:				
Total savings	43, 810, 000	100, 930, 000	57, 120, 000	130. 38
Borrowed money	5, 212, 000	7, 441, 000	2, 229, 000	42. 75
General reserves and undivided profits	−3, 633, 000	5, 324, 000	8, 957, 000	
Ratios to total assets:	*Percent*	*Percent*		
Owned real estate	21. 76	0. 04		
Cash and United States Government securities	3. 81	16. 86		
General reserves and undivided profits	−6. 95	4. 52		

Admissions and Terminations

Admission Standards.—The Corporation is authorized to insure the accounts of Federal savings and loan associations, which are required by law to obtain insurance, and State-chartered savings and loan associations, building and loan associations, homestead associations, and cooperative banks, for which insurance is optional.

In order to qualify for insurance, an institution must have unimpaired capital and must operate under safe financial policies and management, or the Corporation is required to reject the application for insurance. The Corporation may reject an application if it finds that the character of the management of the applicant or its home-financing policy is inconsistent with economical home financing or with the purposes of insurance of accounts. A finding that an applicant will be unable, within a reasonable time after becoming insured, to operate in a normal manner with respect to earnings, dividends, withdrawals or repurchases, and the attraction of new insurable accounts is also ground for rejection.

Each application for insurance is considered by the Corporation on a case basis. All available facts bearing on the situation are analyzed and determination is made as to whether the association is insurable in its present condition, whether the association could be insured if certain conditions were met or whether the institution's application should be rejected. When conditions are stipulated, the association is insured following compliance.

Admissions.—During the 1947 calendar year, 49 associations were admitted to membership. Of this number, 38 were State-chartered associations and 11 were Federal savings and loan associations.

The number of Federal and State institutions qualifying for insurance each year since 1939 is shown in the following table:

Insurance admissions

Year	Total number	State-chartered associations	Federal associations	Year	Total number	State-chartered associations	Federal associations
1940	92	74	18	1944	36	28	8
1941	83	61	22	1945	26	22	4
1942	75	58	17	1946	33	24	9
1943	74	59	15	1947	49	38	11

Termination Procedure.—Insurance may be terminated by a member institution upon a majority vote of its shareholders or its directors, provided that ample notice and opportunity to make known their wishes are given to all insured members of the institution. The obligation of the institution to pay annual premiums continues for 3 years following termination.

The Corporation may terminate the insured status of any insured institution for a violation of the insurance act or of any rules, regulations, or agreements made under the act. In event of termination by the Corporation, the accounts of the institution existing at the time of termination will continue insured for a period of 5 years afterwards, during which time the association is required to pay premiums on those accounts.

In event of merger or liquidation of an insured institution or other act by which the corporate entity of the institution ceases, insurance is automatically terminated.

Terminations.—Partially offsetting the addition of 49 associations during 1947, was the withdrawal of 9 associations from membership, 5 due to consolidation with other insured institutions, 2 because of voluntary dissolution and 2 because of voluntary termination of insurance.

Terminations, with cause, during the past 8 years, are shown in the following table:

Insurance terminations

Year	Total number	Cause of termination				
		Consolidation	Voluntary dissolution	Default and liquidation	Voluntary termination	Reincorporation
1940	14	8	4	2		
1941	17	16		1		
1942	20	14	1	4	1	
1943	25	22	3			
1944	17	10	7			
1945	17	8	4		3	2
1946	12	1	8		2	1
1947	9	5	2		2	

Analysis of Assets and Liabilities of Insured Associations

Assets.—The function of savings and loan associations is twofold: To encourage thrift by accepting the long-term savings of individuals at a reasonable rate of return, and to encourage home ownership by using these savings to grant loans on the security of first home-mortgages. During the war period these purposes had to be adjusted to meet the unusual conditions of the times; although most insured associations continued to accept savings, the lending program was of necessity substantially curtailed, and large proportions of association assets were invested in United States Government securities. As a result, the ratio of liquid assets to total assets of insured associations rose to unprecedented heights during the war, while the ratio of mortgage loans to assets correspondingly declined.

Following the close of the war, associations have been cooperating in meeting the tremendous demand for home-purchase and home-construction loans by partially liquidating their government bond holdings and reinvesting the funds in home mortgages. These trends in assets of all insured associations are shown in the following table:

Trends in assets of all insured associations

[Dollar amounts in millions]

End of year	Number of associations	Total assets	Net mortgage loans	Cash and Government securities	Ratios	
					Mortgage loans to total assets	Cash and Government securities to total assets
					Percent	*Percent*
1940	2,277	$2,932	$2,343	$194	79.9	6.6
1941	2,343	3,363	2,752	250	81.8	7.4
1942	2,398	3,652	2,872	450	78.6	12.3
1943	2,447	4,183	3,009	884	71.9	21.1
1944	2,466	5,013	3,260	1,497	65.0	29.9
1945	2,475	6,148	3,763	2,147	61.2	34.9
1946	2,496	7,319	5,238	1,836	71.6	25.1
1947	2,536	8,547	6,585	1,696	77.0	19.8

The accelerated flow of association funds into the home mortgage credit field has been accompanied by increasing participation by savings and loan associations in the Veterans' Administration and the Federal Housing Administration loan-insurance programs. On December 31, 1947, insured associations held more than $2,000,000,000 in insured loans, which were equivalent to 24 percent of association assets.

At the close of December 1947, more than 296,000 loans, or 16 out of every 100 mortgages on the books of insured associations, were insured or guaranteed by the Veterans' Administration. However, due to their greater average size, they represented $25 per $100 of the institutions' total mortgage portfolio. An additional $6 per $100 was invested in Federal Housing Administration insured loans, while the remaining $69 represented uninsured mortgages.

Mortgage loans held by insured savings and loan associations Dec. 31, 1947

Type	Number	Percentage distribution	Amount (000 omitted)	Percentage distribution
F. H. A.-insured	82,392	4.6	$376,872	5.7
V. A.-insured or guaranteed	296,039	16.3	1,648,091	25.0
Subtotal	378,431	20.9	$2,024,963	30.7
Uninsured mortgage loans	1,433,844	79.1	4,567,245	69.3
Total	1,812,275	100.0	$6,592,208	100.0

GI first mortgages on the books of insured institutions averaged nearly $5,567 in unpaid principal, while FHA loans averaged $4,574 and conventional, uninsured loans only $3,185.

Historically, the primary source of losses experienced by savings and loan associations has been the owned real estate account. Currently, real-estate holdings of insured associations are negligible, consisting in most cases of the office building housing association offices. In the event of a general economic depression, however, it is likely that a portion of borrowers would default on their loans, necessitating foreclosure on their homes. Current high prices of real estate add to the danger of eventual deflation, foreclosure and future loss to mortgagees. Sound practice, therefore, demands that this unknown loss potential be minimized through conservative appraisal policies and through exploration of the needs of the prospective borrower and his ability to repay, with emphasis placed on his protection as well as that of the lending institution.

Savings.—The postwar period has highlighted increasing activity in the savings field. Savings invested in insured associations have continued to increase each year since the Corporation was created, but withdrawals recently have also occurred at an increasing rate, indicating that the life of savings is becoming shorter. In the following table, which shows new investments received by insured associations, withdrawals from savings accounts and the ratio of withdrawals to new savings, this increasing turnover of savings is apparent:

Flow of savings—All insured institutions

[Dollar amounts in millions]

Year	New investments	Withdrawals	Net inflow	Ratio of withdrawals to new investments
				Percent
1940	$709	$407	$302	57.4
1941	873	544	329	62.3
1942	872	578	293	66.3
1943	1,151	624	527	54.2
1944	1,484	755	730	50.9
1945	1,877	1,006	871	53.6
1946	2,569	1,613	956	62.8
1947	2,787	1,816	971	65.2

Reserves.—Title IV of the National Housing Act requires that each insured association accumulate a Federal insurance reserve available for losses in an amount equivalent to 5 percent of its insured accounts and creditor obligations, such goal to be met within 20 years following the date of insurance of the institution. Regulations of the Corporation have interpolated an additional requirement—that a reserve of 2½ percent be accumulated within 13 years following the date of insurance.

In addition to Federal insurance reserve accounts, other general reserves and undivided profits are available for losses which might be incurred by associations in their normal operations. Indicative of the ability of insured associations to absorb losses which might arise is the ratio of all general reserves and undivided profits accounts to assets of the institutions. The trend since 1939 is set forth in the following table:

General Reserves and Undivided Profits of All Insured Institutions

End of year	Amount	Ratio to assets	End of year	Amount	Ratio to assets
		Percent			*Percent*
1940	$168,000,000	5.7	1944	$328,000,000	6.5
1941	200,000,000	5.9	1945	386,000,000	6.3
1942	244,000,000	6.7	1946	463,000,000	6.3
1943	283,000,000	6.8	1947	543,000,000	6.4

Extent of Insurance Coverage

Associations.—At the end of 1947 there were 2,536 insured associations of which 1,478 were Federally chartered associations and 1,058 were chartered under State law. The number of insured institutions increased by 40 during 1947.

Federal associations held assets of $5,459,640,000 while assets of the State-chartered group aggregated $3,087,657,000. The average Federal association, therefore, was $3,694,000 in size and the average State-chartered institution, $2,918,000.

[A State break-down of the number of insured associations and their assets at the end of 1947 is compared with the situation on December 31, 1946, in Exhibit 10.]

During the past few years the average size of insured associations has been steadily increasing, as has the number of associations in the larger size groups. A summary of the number of insured institutions by size groups is presented in the following table:

Frequency Distribution of Insured Associations, by Asset Size Groups—December 31, 1945, 1946, 1947

Asset size group	Number of insured associations		
	1947	1946	1945
United States total:	2, 536	2, 496	2, 475
Less than $100,000	14	24	41
$100,000-$250,000	117	169	238
$250,000-$500,000	253	290	335
$500,000-$1,000,000	421	435	453
$1,000,000-$2,500,000	742	752	731
$2,500,000-$5,000,000	536	465	386
$5,000,000-$10,000,000	283	230	193
$10,000,000-$25,000,000	143	112	79
$25,000,000 and over	27	19	19

It is estimated that there are 3,514 uninsured institutions operating in the United States with gross assets of $3,253,000,000. However, it should be noted that, although the average size of these uninsured associations is $925,700, it is estimated that approximately two-thirds have assets of less than $500,000 each.

Because insurance of savings and loan associations has been established on an optional basis, these uninsured institutions may, if they so desire, apply for insurance of accounts and be accepted into membership, provided that they can qualify under the requirements established by the Congress and the Corporation. Budgetary limitations have prevented the Corporation from developing an adequate field staff which would personally contact uninsured associations with the purpose of interesting them in applying for insurance and of assisting them in qualifying. On December 31, 1947, only two field representatives of the Corporation were stationed in the field for this purpose.

Investors.—Investors in insured associations consist for the most part of middle-income savers who are accumulating long-term savings toward a definite goal. However, an increasing proportion of higher-income individuals, as well as civic, religious, fraternal, and similar organizations, are placing funds with insured institutions for investment purposes.

Savers and investors in insured associations increased by 555,000 during 1947, numbering 5,415,000 on December 31 of that year. Total private savings rose $987,000,000 during the year to $7,189,047,000 on December 31. The average account was $1,328.

The increase during the past few years in the number of savers and in the average account are shown in the following table:

Number of Private Savers and Average Savings Account in All Insured Institutions

End of year	Number of savers	Average account	End of year	Number of savers	Average account
1940	2, 773, 100	$804	1944	4, 022, 900	$1, 081
1941	3, 110, 800	843	1945	4, 383, 800	1, 194
1942	3, 340, 000	901	1946	4, 860, 400	1, 276
1943	3, 645, 600	986	1947	5, 415, 000	1, 328

Of the total savings in insured institutions $6,725,651,000 or 94 percent was insured. Approximately 95 percent of the accounts were of less than $5,000 each and therefore were totally insured.

Ratios of insured savings to total savings during recent years are shown below:

Total and Insured Private Savings in all Insured Institutions

[Dollar Amounts in Millions]

End of year	Total savings	Insured savings	Ratio of insured to total savings	End of year	Total savings	Insured savings	Ratio of insured to total savings
			Percent				*Percent*
1940	$2, 230	$2, 074	93. 0	1944	$4, 351	$4, 135	95. 0
1941	2, 621	2, 438	93. 0	1945	5, 233	4, 941	94. 4
1942	3, 009	2, 850	94. 7	1946	6, 202	5, 856	94. 4
1943	3, 595	3, 414	95. 0	1947	7, 189	6, 726	93. 6

Exhibit 6

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Statement of condition

	Dec. 31, 1947	Dec. 31, 1946
Assets		
Cash in United States Treasury	$1,761,910.40	$1,586,253.92
Accounts receivable:		
Insurance premiums—payments due	69,389.62	31,334.58
Insurance premiums—payments deferred	2,297,910.41	1,934,283.43
Due from receiver for institutions in liquidation	1,843.03	991.97
Due from governmental agencies	3,741.70	17,412.84
Miscellaneous		23.67
Total	2,372,884.76	1,984,046.49
Investments:		
U. S. Government securities (par value)	184,462,000.00	171,962,000.00
Net unamortized premium on investments	18,439.67	19,375.43
Total	184,480,439.67	171,981,375.43
Accrued interest on investments	170,587.68	693,142.46
Subrogated accounts in insured institutions in liquidation	372,077.06	372,042.11
Less: Allowance for losses	287,555.38	285,265.69
Total	84,521.68	86,776.42
Insured accounts in institutions in liquidation: Pending and unclaimed	10,895.12	11,129.46
Less: Allowance for losses	810.63	850.08
Total	10,084.49	10,279.38
Furniture, fixtures and equipment	35,651.54	30,149.72
Less: Reserve for depreciation	35,651.54	30,149.72
Total		
Deferred charges:		
Administrative Department		42,588.00
Administrator's Office, N. H. A		2,653.50
Unallocated preliminary expense on problem cases	126.06	
Total	126.06	45,241.50
Total assets	188,880,554.74	176,387,115.60
Liabilities and Capital		
Liabilities:		
Accounts payable	8,947.29	
Accrued liabilities	79,547.91	49,086.31
Deductions from employees' salaries	14,160.33	10,933.41
Undisbursed commitments for contributions to insured institutions		54,148.10
Pending and unclaimed accounts in insured institutions in liquidation	10,895.12	11,129.46
Total	113,550.65	125,297.28
Deferred credits:		
Unearned insurance premiums	4,268,081.37	3,640,551.44
Prepaid insurance premiums	72.98	101.47
Liquidating dividends on insured accounts in institutions in liquidation—pending and unclaimed	26.52	26.52
	4,268,180.87	3,640,679.43
Capital:		
Capital stock	100,000,000.00	100,000,000.00
Reserve fund as provided by law	42,457,624.50	34,350,193.80
Special reserve for contingencies	37,500,000.00	34,500,000.00
Unallocated income	4,541,198.72	3,770,945.09
Total	84,498,823.22	72,621,138.89
Total liabilities and capital	188,880,554.74	176,387,115.60

Exhibit 7

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Income and expense statement

	Jan. 1, 1947, through Dec. 31, 1947	Jan. 1, 1946, through Dec. 31, 1946
Operating income and recoveries:		
Insurance premiums earned	$8, 099, 643. 22	$6, 743, 835. 30
Admission fees earned	14, 884. 48	5, 405. 31
Interest earned on U. S. Government securities	4, 130, 005. 16	3, 883, 412. 76
Miscellaneous	. 30	. 33
Recoveries on contributions to insured institutions	145, 241. 56	21, 623. 63
Total operating income and recoveries	12, 389, 774. 72	10, 654, 277. 33
Operating expenses:		
Administrative expenses	541, 924. 04	552, 853. 07
Liquidation and other expenses	14, 517. 39	2, 272. 58
Depreciation of furniture, fixtures, and equipment	5, 878. 63	0
Total operating expenses	562, 320. 06	555, 125. 65
Net income from operations	11, 827, 454. 66	10, 099, 151. 68
Nonoperating income:		
Profit on sale of securities	0	23, 396. 59
Profit on sale of furniture, fixtures, and equipment	474. 50	0
Miscellaneous	12. 25	0
Total nonoperating income	486. 75	23, 396. 59
Net income before adjustment of valuation reserves	11, 827, 941. 41	10, 122, 548. 27
Adjustment of valuation reserves:		
Provision for losses on subrogated accounts in insured institutions in liquidation	−2, 289. 69	330, 767. 38
Provision for losses on insured accounts in institutions in liquidation—Pending and unclaimed	39. 45	−820. 93
Cancellation of approved contributions	54, 148. 10	0
Net adjustments of valuation reserves	51, 897. 86	329, 946. 45
Net income for period	11, 879, 839. 27	10, 452, 494. 72
Adjustment of net income for prior years	−2, 154. 94	−72. 30
Net income	11, 877, 684. 33	10, 452, 422. 42

Exhibit 8

Summary of provisions in State laws affecting appointment of F. S. and L. I. C. as receiver or coreceiver of insured State-chartered institutions

State	Appointment of Corporation authorized			Appointment of Corporation not specified	
	Mandatory as sole receiver	Permissive as sole receiver	Mandatory as coreceiver	Receiver appointed by court	State supervisor specified as receiver
Alabama	X				
Arizona		X			
Arkansas	X				
California		X			
Colorado					X
Connecticut					X
Delaware				X	
District of Columbia					X
Florida	X				
Georgia				X	
Idaho				X	
Illinois					X
Indiana					X
Iowa				X	
Kansas			X		
Kentucky	X				
Louisiana	X				
Maine				X	
Maryland				X	
Massachusetts				X	
Michigan					X
Minnesota					X
Mississippi					X
Missouri				X	
Montana				X	
Nebraska					X
Nevada				X	
New Hampshire					X
New Jersey			X		
New Mexico	X				
New York					X
North Carolina				X	
North Dakota	X				
Ohio					X
Oklahoma					X
Oregon					X
Pennsylvania					X
Rhode Island					X
South Carolina	X				
South Dakota		X			
Tennessee					X
Texas	X				
Utah					X
Vermont				X	
Virginia				X	
Washington					X
West Virginia	X				
Wisconsin	X				
Wyoming					X
Total	11	3	2	13	20

Exhibit 9

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Statements of condition and operation for insured institutions in receivership (Federal associations), Dec. 31, 1947

Condensed comparative statements of condition	Security FS&LA of Guymon, Guymon, Okla.		Community FS&LA of Independence, Independence, Mo.		Aetna FS&LA, Topeka, Kans.		First FS&LA of Oklahoma Oklahoma City, Okla.		Grand totals
	Date of receivership, Feb. 12, 1940	As of Dec. 31, 1947	Date of receivership, June 26, 1940	As of Dec. 31, 1947	Date of receivership, Aug. 27, 1941	As of Dec. 31, 1947	Date of receivership, Aug. 30, 1941	As of Dec. 31, 1947	As of Dec. 31, 1947
ASSETS									
Mortgage loans	$96,496.34		$892,380.31		$3,369,490.13		$838,573.90		
Share loans			12,427.73		14,110.99		4,056.87		
Real estate sold on contract	1,147.14		64,909.46		798,133.72		32,973.99		
Real estate owned—includes office building	118,457.27		213,607.94		1,334,352.47	$1.00	374,286.24	$5.00	$6.00
Cash and investments	8,697.00	$2,026.31	52,429.44	$65,989.73	309,115.93	73,425.56	99,664.33	31,988.97	173,430.57
Furniture, fixtures and equipment	455.00		2,251.99		10,597.23	2,835.72	2,198.55		2,835.72
Other assets	28.00		7,542.89		8,012.03	23.00	2,381.35		23.00
Total	225,280.75	2,026.31	1,245,549.76	65,989.73	5,843,812.50	76,285.28	1,354,135.23	31,993.97	176,295.29
LIABILITIES AND CAPITAL									
Secured claims of creditors	14,236.01		274,730.50		527,459.59		336,380.44		
Unsecured claims of creditors	364.48		2,276.69		13,740.80	236.14	9,278.50	1,720.05	1,956.19
Loans in process			2,015.00		101,886.79		706.09		
Advance payments by borrowers					34,593.25		2,017.84		
Other liabilities	1,684.20				48,880.42	286.61	15,425.91	478.42	765.03
Reserve for uncollected interest	1,880.39		7,244.71		10,622.67		873.18		
Allowance for losses	48,916.59		101,472.59		522,286.28	4,836.54	66,858.58		4,836.54
Surplus	[1] 7,741.23	1,832.60	[1] 19,559.68	65,342.94	[1] 387,830.69	[1] 182,867.40	[1] 141,035.30	[1] 133,681.41	[1] 249,373.27
Shares purchased by the FS&LIC						245,844.99		119,888.48	365,733.47
Other share account claims	165,940.31	193.71	877,369.95	646.79	4,972,173.39	7,948.40	1,063,629.99	43,588.43	52,377.33
Total	225,280.75	2,026.31	1,245,549.76	65,989.73	5,843,812.50	76,285.28	1,354,135.23	31,993.97	176,295.29

Condensed statement of operation	Year ended, Dec. 31, 1947	Cumulative, Feb. 12, 1940 to Dec. 31, 1947	Year ended, Dec. 31 1947	Cumulative, June 26, 1940 to Dec. 31, 1947	Year ended, Dec. 31, 1947	Cumulative, Aug. 27, 1941 to Dec. 31, 1947	Year ended, Dec. 31, 1947	Cumulative, Aug. 30, 1941 to Dec. 31, 1947	Cumulative, through Dec. 31, 1947
Gross operating income	$5.00	$32, 063. 04		$176, 721. 54	$5. 00	$776, 477. 48		$181, 449. 53	$1, 166, 711. 59
Less: Gross operating expense	5. 00	27, 719. 18	$25. 00	80, 785. 21	5, 034. 75	440, 064. 13	$1, 449. 99	104, 698. 87	653, 267. 39
Net operating income or expense		4, 343. 86	[1] 25. 00	95, 936. 33	[1] 5, 029. 75	336, 413. 35	[1] 1, 449. 99	76, 750. 66	513, 444. 20
Gross capital gains		6, 359. 40	137. 60	25, 294. 42	670. 37	71, 555. 53	5, 207. 03	39, 889. 30	143, 098. 65
Less: Gross capital losses		50, 046. 02		137, 800. 72	453. 96	720, 455. 33	413. 82	176, 144. 65	1, 084, 446. 72
Net capital gain or loss		[1] 43, 686. 62	137. 60	[1] 112, 506. 30	216. 41	[1] 648, 899. 80	4, 793. 21	[1] 136, 255. 35	[1] 941, 348. 07
Net profit or loss—all operations		[1] 39, 342. 76	112. 60	[1] 16, 569. 97	[1] 4, 813. 34	[1] 312, 486. 45	3, 343. 22	[1] 59, 504. 69	[1] 427, 903. 87

[1] Indicates loss.

Exhibit 10

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Number and assets of all insured savings and loan associations, by type, Dec. 31, 1946 and 1947

	All insured				Federal				Insured State			
	1947		1946		1947		1946		1947		1946	
	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets
United States	2, 536	$8, 547, 297, 000	2, 496	$7, 318, 604, 000	1, 478	$5, 459, 640, 000	1, 471	$4, 671, 503, 000	1, 058	$3, 087, 657, 000	1, 025	$2, 647, 101, 000
District No. 1—Boston	66	405, 744, 000	66	357, 650, 000	53	374, 766, 000	53	330, 962, 000	13	30, 978, 000	13	26, 688, 000
Connecticut	28	131, 259, 000	28	109, 653, 000	17	101, 551, 000	17	84, 061, 000	11	29, 708, 000	11	25, 592, 000
Maine	5	5, 511, 000	5	4, 364, 000	5	5, 511, 000	5	4, 364, 000				
Massachusetts	26	232, 356, 000	26	212, 159, 000	26	232, 356, 000	26	212, 159, 000				
New Hampshire	4	18, 785, 000	4	16, 481, 000	2	17, 515, 000	2	15, 385, 000	2	1, 270, 000	2	1, 096, 000
Rhode Island	1	7, 723, 000	1	6, 137, 000	1	7, 723, 000	1	6, 137, 000				
Vermont	2	10, 110, 000	2	8, 856, 000	2	10, 110, 000	2	8, 856, 000				
District No. 2—New York	252	1, 082, 692, 000	245	927, 350, 000	82	545, 485, 000	81	457, 808, 000	170	537, 207, 000	164	469, 542, 000
New Jersey	132	356, 556, 000	127	294, 844, 000	16	37, 633, 000	16	32, 528, 000	116	318, 923, 000	111	262, 317, 000
New York	120	726, 136, 000	118	632, 506, 000	66	507, 852, 000	65	425, 280, 000	54	218, 284, 000	53	207, 225, 000
District No. 3—Pittsburgh	247	565, 757, 000	243	486, 831, 000	136	378, 391, 000	136	330, 518, 000	111	187, 366, 000	107	156, 313, 000
Delaware	1	949, 000	1	679, 000	1	949, 000	1	679, 000				
Pennsylvania	220	523, 803, 000	216	451, 667, 000	113	341, 996, 000	113	299, 471, 000	107	181, 807, 000	103	152, 196, 000
West Virginia	26	41, 005, 000	26	34, 485, 000	22	35, 446, 000	22	30, 368, 000	4	5, 559, 000	4	4, 117, 000
District No. 4—Winston-Salem	302	1, 003, 109, 000	291	816, 903, 000	226	792, 638, 000	222	650, 093, 000	76	210, 471, 000	69	166, 810, 000
Alabama	26	41, 451, 000	26	33, 816, 000	18	34, 215, 000	18	28, 364, 000	8	7, 236, 000	8	5, 452, 000
District of Columbia	11	106, 436, 000	10	85, 089, 000	5	63, 449, 000	4	50, 635, 000	6	42, 987, 000	6	34, 454, 000
Florida	49	229, 858, 000	49	190, 811, 000	48	227, 178, 000	48	188, 355, 000	1	2, 680, 000	1	2, 456, 000
Georgia	51	147, 448, 000	49	117, 642, 000	46	126, 077, 000	45	99, 959, 000	5	21, 371, 000	4	17, 683, 000
Maryland	42	171, 134, 000	42	146, 673, 000	32	133, 818, 000	32	112, 811, 000	10	37, 316, 000	10	33, 862, 000
North Carolina	56	135, 941, 000	49	102, 478, 000	27	78, 865, 000	26	65, 197, 000	29	57, 076, 000	23	37, 281, 000
South Carolina	40	76, 165, 000	40	60, 200, 000	30	60, 374, 000	30	47, 283, 000	10	15, 791, 000	10	12, 917, 000
Virginia	27	94, 676, 000	26	80, 194, 000	20	68, 662, 000	19	57, 489, 000	7	26, 014, 000	7	22, 705, 000

District No. 5—Cincinnati	343	1, 409, 787, 000	339	1, 262, 813, 000	216	794, 147, 000	214	703, 934, 000	127	615, 640, 000	125	558, 879, 000
Kentucky	56	140, 849, 000	54	120, 019, 000	54	137, 138, 000	52	116, 734, 000	2	3, 711, 000	2	3, 285, 000
Ohio	252	1, 171, 626, 000	250	1, 064, 428, 000	127	559, 697, 000	127	508, 834, 000	125	611, 929, 000	123	555, 594, 000
Tennessee	35	97, 312, 000	35	78, 366, 000	35	97, 312, 000	35	78, 366, 000				
District No. 6—Indianapolis	183	557, 915, 000	178	485, 501, 000	101	387, 601, 000	100	338, 357, 000	82	170, 314, 000	78	147, 144, 000
Indiana	137	338, 904, 000	134	295, 617, 000	69	233, 500, 000	69	206, 043, 000	68	105, 404, 000	65	89, 574, 000
Michigan	46	219, 011, 000	44	189, 884, 000	32	154, 101, 000	31	132, 314, 000	14	64, 910, 000	13	57, 570, 000
District No. 7—Chicago	308	971, 575, 000	306	816, 711, 000	139	529, 269, 000	139	448, 382, 000	169	442, 306, 000	167	368, 329, 000
Illinois	218	779, 138, 000	216	650, 667, 000	99	459, 461, 000	99	388, 862, 000	119	319, 677, 000	117	261, 805, 000
Wisconsin	90	192, 437, 000	90	166, 044, 000	40	69, 808, 000	40	59, 520, 000	50	122, 629, 000	50	106, 524, 000
District No. 8—Des Moines	156	487, 645, 000	154	422, 464, 000	106	373, 382, 000	108	330, 303, 000	50	114, 263, 000	46	92, 161, 000
Iowa	42	78, 667, 000	42	69, 359, 000	32	63, 423, 000	32	56, 248, 000	10	15, 244, 000	10	13, 111, 000
Minnesota	35	190, 567, 000	34	169, 802, 000	30	187, 073, 000	30	167, 913, 000	5	3, 494, 000	4	1, 889, 000
Missouri	66	192, 694, 000	64	161, 354, 000	34	108, 461, 000	36	94, 818, 000	32	84, 233, 000	28	66, 536, 000
North Dakota	7	18, 858, 000	8	16, 889, 000	6	9, 819, 000	6	8, 168, 000	1	9, 039, 000	2	8, 721, 000
South Dakota	6	6, 859, 000	6	5, 060, 000	4	4, 606, 000	4	3, 156, 000	2	2, 253, 000	2	1, 904, 000
District No. 9—Little Rock	263	474, 950, 000	261	396, 499, 000	160	212, 329, 000	159	173, 309, 000	103	262, 621, 000	102	223, 190, 000
Arkansas	38	38, 793, 000	37	30, 669, 000	34	33, 087, 000	33	26, 251, 000	4	5, 706, 000	4	4, 418, 000
Louisiana	69	164, 116, 000	69	139, 568, 000	13	24, 150, 000	13	19, 672, 000	56	139, 966, 000	56	119, 896, 000
Mississippi	23	22, 928, 000	23	18, 209, 000	20	21, 076, 000	20	16, 572, 000	3	1, 852, 000	3	1, 637, 000
New Mexico	13	16, 827, 000	13	12, 410, 000	7	10, 462, 000	7	7, 250, 000	6	6, 365, 000	6	5, 160, 000
Texas	120	232, 286, 000	119	195, 643, 000	86	123, 554, 000	86	103, 564, 000	34	108, 732, 000	33	92, 079, 000
District No. 10—Topeka	153	341, 711, 000	152	289, 593, 000	97	258, 052, 000	97	219, 300, 000	56	83, 659, 000	55	70, 293, 000
Colorado	35	82, 792, 000	33	66, 857, 000	23	63, 406, 000	23	51, 818, 000	12	19, 386, 000	10	15, 039, 000
Kansas	58	102, 514, 000	59	87, 628, 000	28	65, 824, 000	28	55, 549, 000	30	36, 690, 000	31	32, 079, 000
Nebraska	19	22, 080, 000	19	19, 166, 000	15	18, 001, 000	15	15, 522, 000	4	4, 079, 000	4	3, 644, 000
Oklahoma	41	134, 325, 000	41	115, 942, 000	31	110, 821, 000	31	96, 411, 000	10	23, 504, 000	10	19, 531, 000
District No. 11—San Francisco	263	1, 246, 412, 000	261	1, 056, 289, 000	162	813, 580, 000	162	688, 537, 000	101	432, 832, 000	99	367, 752, 000
Arizona	3	25, 150, 000	3	22, 618, 000	2	19, 416, 000	2	18, 288, 000	1	5, 734, 000	1	4, 330, 000
California	143	826, 287, 000	140	677, 470, 000	74	508, 842, 000	73	414, 424, 000	69	317, 445, 000	67	263, 046, 000
Idaho	8	27, 147, 000	8	23, 126, 000	8	27, 147, 000	8	23, 126, 000				
Montana	10	20, 238, 000	10	18, 059, 000	3	3, 137, 000	3	2, 309, 000	7	17, 101, 000	7	15, 750, 000
Nevada	1	3, 379, 000	1	2, 393, 000	1	3, 379, 000	1	2, 393, 000				
Oregon	21	53, 463, 000	22	45, 513, 000	21	53, 463, 000	22	45, 513, 000				
Utah	9	46, 019, 000	9	43, 702, 000	6	20, 775, 000	6	19, 326, 000	3	25, 244, 000	3	24, 376, 000
Washington	54	222, 665, 000	54	204, 858, 000	36	159, 584, 000	36	148, 296, 000	18	63, 081, 000	18	56, 562, 000
Wyoming	9	11, 936, 000	9	10, 154, 000	9	11, 936, 000	9	10, 154, 000				
Alaska	1	1, 336, 000	1	1, 190, 000	1	1, 336, 000	1	1, 190, 000				
Hawaii	4	8, 792, 000	4	7, 206, 000	1	4, 565, 000	1	3, 518, 000	3	4, 227, 000	3	3, 688, 000

Source: Monthly reports of insured associations.

HOME OWNERS' LOAN CORPORATION

11 Years of Liquidation

On June 12, 1936, the 3-year lending period of the Home Owners' Loan Corporation terminated. Since that time, the major activity of the Corporation has been the liquidation of its great volume of loans. The results attained during this 11-year period of liquidation have been extremely favorable. Of the total lending of approximately 3½ billion dollars, over four-fifths has been liquidated. Less than half a billion dollars of the cumulative investment was outstanding at the end of calendar year 1947.

The loans of the Corporation were originally made to refinance the mortgages of more than a million American home owners who were victims of the depression. Most of these home owners were in arrears nearly two years on principal and interest and 3 years on taxes. At the time, it was felt that this rescue operation might result in a loss to the Government of one-half billion to a billion dollars. Instead, at the end of 11 years of liquidation, it now appears that, when liquidation of the remaining loans is completed, the Corporation will have repaid the 3½ billion dollars of bonds guaranteed by the Government and will be able to return, without impairment, the 200 million dollars of capital originally subscribed by the Government. In making its provisions for assistance to home owners, Congress provided that loans could be made up to a total of $14,000 on properties which were the homes or homesteads of the owners if these properties housed not more than four families and had a valuation of not more than $20,000. Interest rates on the Corporation's loans were not to exceed 5 percent, and the principal was to be amortized by regular monthly payments so as to enable the owner to complete his payments within a period of 15 years.

In the course of its operations, the Corporation extended a helping hand to thousands of financial institutions by taking over almost $2,000,000,000 of their mortgage loans at a time when no other refinancing was available. In effect, private institutional owners of delinquent home mortgages substituted them for cash by the simple medium of exchanging these mortgages for the bonds of the Federal Government, which were fully guaranteed both as to principal and interest. Thus banks, savings and loan associations, insurance companies, and other lending institutions were able to convert their frozen assets into cash. As a result of this direct aid, most of the lending institutions of the country were able to meet the demands of their anxious customers for cash, and were able also with their new liquid resources to resume business.

The Corporation also helped thousands of local Government units by advancing $485,000,000 to pay taxes, many of which were seriously delinquent. Not least, the Corporation developed on a national basis a loan plan which has had a beneficial influence on the entire structure and procedure of home financing. This was the 15-year monthly payment, direct-reduction type of loan which proved to be the safest and most economical type of home mortgage ever available in this country. The lenient collection policy of the Corporation, together with the servicing methods which it developed to help homeowners, also contributed greatly. The successful outcome of this lending operation stands as a demonstration of the respect of borrowers for their financial obligations to their Federal Government which extended a helping hand to them in a time of crisis.

The Home Owners' Loan Corporation has devoted much effort to individual servicing of its loan accounts. This servicing has enabled the Corporation to locate causes of trouble and to take prompt action to avoid foreclosure. As part of this servicing program, the Corporation collects funds from borrowers on a monthly installment basis for the payment of taxes and insurance. This procedure assists borrowers to avoid tax difficulties and reduces the Corporation's expenses by eliminating the necessity for searching tax records to determine whether delinquencies exist. The proportion of such accounts increased from 69.5 percent of outstanding loan accounts at the beginning of the 1947 calendar year to 72.1 percent at the end of the year.

Approximately 77 percent of the Corporation's outstanding accounts were paid on schedule at the end of the reporting period. For the loans extended from the original 15 years to not more than 25 years under authorization of the Mead-Barry Act, the results have been especially noteworthy. All of these borrowers were behind in their payments when the extensions were granted. By December 31, 1947, only 5,654 out of 132,625 or 4.2 percent of the outstanding extended original loans, were in default. By reducing the required monthly payments, these extensions have averted many thousands of foreclosures which would have resulted in losses to the Corporation.

At the beginning of calendar year 1947, the Corporation was operating three regional offices. During the year, all of these were consolidated into the New York headquarters.

The personnel and administrative expenses of the Corporation have been reduced rapidly in recent years. The number of employees on December 31, 1947, was 662, as compared with 935 one year before, and 21,000 at the peak of its operations. Its administrative expenses during calendar year 1947 were $3,422,839, as compared with $4,983,227 during the preceding year, and $37,427,000 during its peak year.

General Operations

From June 13, 1933, through June 12, 1936, the Corporation loaned $3,093,451,321. These loans were made to finance the home mortgages of 1,017,821 individuals who were unable to finance their loans elsewhere and were, therefore, dependent on the credit of the Government. The financial conditions prevailing then and later were so adverse that some of these home owners, despite the efforts of the Corporation, were unable to work out of their financial difficulties. However, the Corporation has enabled more than 800,000 families to avoid foreclosure on their homes.

The Corporation's original investment has been increased by supplementary advances made for the payment of taxes, insurance, maintenance and reconditioning, the capitalization of delinquent interest, and acquisition costs. From the beginning of operations to December 31, 1947, these supplemental capitalizations totaled $400,418,216, and brought the Corporation's gross cumulative investment to $3,493,869,537.

Liquidation of this investment has proceeded rapidly. At the end of the 1947 calendar year, the balance of original loans, vendee accounts, and property accounts was $486,090,711, a decrease of 24 percent from the balance of $636,881,351 at the beginning of the year. Of the $3,493,869,537 gross cumulative investment, $3,007,778,826 or 86.1 percent had been liquidated by the end of calendar year 1947. The reduction in these assets is summarized in the following table:

Original amount loaned		$3, 093, 451, 321. 01
Subsequent advances to borrowers, net additions included in capitalized value of properties, etc		400, 418, 216. 00
Original loans plus advances, capitalized additions, etc		3, 493, 869, 537. 01
Outstanding on December 31, 1947:		
Original loans and advances	$312, 712, 103. 34	
Vendee accounts and advances	173, 197, 057. 25	
Property acquired and in process of acquisition	181, 550. 82	
Total outstanding		486, 090, 711. 41
Net reduction in mortgage and property assets		3, 007, 778, 825. 60

Congress in 1935 authorized the Home Owners' Loan Corporation to purchase shares of savings and loan associations in order to make funds available to stimulate the local financing of home loans. The cumulative investment in savings and loan shares made by the Corporation totaled $223,856,710 by December 31, 1947. Of this investment, only $8,063,350 remained outstanding at the end of the 1947 calendar year, as compared with $15,191,850 at the beginning of the year. Dividends aggregating $44,482,628 have been received by the Corporation from these investments.

The Home Owners' Loan Act of 1933 requires that all payments upon principal of the Corporation's loans must be used to retire outstanding bonds. In order to retire bonds, the Corporation also uses certain other receipts such as amounts received as a result of the repurchase of shares in savings and loan associations. By the end of calendar 1947, the total applied to bond retirement was $3,042,059,680. The amounts deposited with the Treasurer of the United States and used or available to retire bonds are shown in the following table:

Disposition of Funds Allocated (through December 31, 1947) to Bond Retirement Fund

Applied to retirement of bonds	$3, 042, 059, 680. 46
Deposited for matured or called bonds on which interest has ceased	3, 280, 925. 00
Available for future retirement of unmatured bonds	48, 930. 58
Gross amount deposited in Bond Retirement Fund	3, 045, 389, 536. 04
Balance due retirement fund for December 1947 to be deposited in January 1948	465, 042. 84
Total applicable to bond retirement	3, 045, 854, 578. 88

As a result of bond retirements, the outstanding unmatured bonds of the Corporation on December 31, 1947, totaled $440,000,000 or 87.4 percent less than the total amount of $3,489,453,550 of bonds which had been issued.

Status of Accounts

As previously stated, the Corporation made loans to 1,017,821 individuals during its 3 years of lending operations. Adding to this original number 1,968 subsequent divisions and acquisitions of property, and subtracting 103 subsequent consolidations, made a net total of 1,019,686 accounts. Of this net number, 701,950 or over two-thirds have been terminated, leaving 317,736 accounts outstanding as of December 31, 1947.

Included in the 701,950 terminated accounts were 588,650 original loans and 97,721 vendee accounts paid in full, 15,339 acquired properties sold for cash, and the remaining balances on 240 accounts charged off.

Of the 317,736 accounts outstanding as of December 31, 1947, there were 234,940 original loans, 82,733 vendee accounts, and 63 properties. Of the outstanding debtor accounts 132-625 original loans and 2,841 vendee accounts had been extended under the Mead-Barry Act. Of the 63 properties on hand, 24 were owned and 39 still subject to redemption.

Properties

As a result of foreclosures, voluntary deeds, abandonments, etc., the Corporation had acquired up to December 31, 1947, a total of 198,218 properties including 39 still subject to redemption. Of this total, 4,000 were reacquisitions of properties sold and 74 other properties acquired, leaving 194,144 properties acquired from original borrowers. Subtracting these latter acquisitions from the 1,017,821 total original borrowers, leaves 823,677 or 80.9 percent of original borrowers whose homes have been saved from impending foreclosure which they faced when the loans were made.

The rapid decrease in the number and capital value of properties which the Corporation had on hand is shown in the following table:

Properties on hand including subject to redemption

	Number	Capital value
December 31, 1942	31, 621	$226, 925, 127
December 31, 1943	15, 578	96, 455, 077
December 31, 1944	1, 935	11, 407, 422
December 31, 1945	368	1, 632, 490
December 31, 1946	106	418, 326
December 31, 1947	63	181, 551

Financial Operations

In exhibit 11 the balance sheet of the Corporation as of December 31, 1947, is presented. Because of the rapid progress of the Corporation's liquidation during calendar 1947, the total assets decreased 21 percent during the year. Exhibit 12 presents a cumulative statement of income and expense from the beginning of operations through December 31, 1947, and exhibit 13 a statement of income and expense for calendar year 1947.

Up to December 31, 1947, the Corporation had a cumulative net income of $296,746,850 before actual losses and provisions for future losses. This does not take into consideration cumulative dividends from June 30, 1935 on the $100,000,000 investment in the capital stock of the Federal Savings and Loan Insurance Corporation.

The total cumulative loss on the sale of properties amounted to $336,497,548. This loss includes brokers' commissions, selling costs, and the difference between the sale price and capital value of the property. The capital value includes unpaid principal, delinquent interest and subsequent capital charges for taxes, reconditioning, acquisition, etc.

In addition to the $336,497,548 loss on property sales, there were other losses amounting to $1,342,790 from principal, interest, and properties charged off, fire and other hazards, and fidelity and casualty losses. This makes the cumulative total of all losses $337,840,338 as of December 31, 1947.

Deducting the $296,746,850 cumulative net income from the $337,840,338 losses, leaves $41,093,488 net loss as of December 31, 1947. Balances in reserves and provisions for future losses amounted to $12,918,883 and brought the total deficit to $54,012,371 as of December 31, 1947.

During calendar year 1947 the total income of the Corporation amounted to $26,080,584. Expenses, including interest on bonds and administrative expense, amounted to $8,737,759, leaving a net income of $17,342,825.

Under normal liquidation of the Corporation's remaining assets, it is believed that its operations can be completed without any loss to the Government.

Exhibit 11

HOME OWNERS' LOAN CORPORATION

Balance sheet at December 31, 1947

ASSETS

Mortgage loans, vendee accounts and advances—at present face value			$485, 909, 160. 59
Interest receivable			1, 635, 815. 94
Property:			
Owned		$94, 755. 21	
In process of acquiring title		86, 795. 61	[1] 181, 550. 82
			487, 726, 527. 35
Less: Reserve for losses			12, 668, 882. 77
			475, 057, 644. 58
Investments—at cost:			
Federal Savings and Loan Insurance Corporation (entire capital)		100, 000, 000. 00	
Savings and loan associations:			
Federal chartered	$5, 162, 550. 00		
State chartered	2, 900, 800. 00		
		8, 063, 350. 00	
Public debt obligations of the United States (borrowers' special deposits) at face value		12, 400, 000. 00	
			120, 463, 350. 00
Bond Retirement Fund:			
Cash (including $3,280,925 deposited with U. S. Treasury for retirement of matured bonds)			3, 329, 855. 58
Cash:			
Operating funds (includes $465,042.84 payable to Bond Retirement Fund in January 1948; and $3,409,099.45 deposited by borrowers and employees) (see contra)		$9, 208, 503. 70	
Special funds held by U. S. Treasury for payment of interest coupons (see contra)		324, 122. 84	
Special funds—Federal tax withheld (see contra)		51, 259. 40	
Special funds—held by U. S. Treasury for refunding of 1½% Series M bonds called as of June 1, 1945		180, 025. 00	
			9, 763, 910. 94
Fixed Assets:			
Home Office land and building—at cost		[3] 2, 972, 358. 93	
Furniture, fixtures and equipment—at cost		420, 903. 89	
		3, 393, 262. 82	
Less: Reserve for depreciation		1, 011, 791. 91	
			2, 381, 470. 91

See footnotes at end of exhibit.

Balance sheet at December 31, 1947—Continued

ASSETS—Continued

Other Assets:		
Accounts receivable	$231, 957. 69	
Less: Reserve for uncollectible accounts receivable	63, 902. 89	
	168, 054. 80	
Dividends receivable—savings and loan associations	84, 976. 25	
		$253, 031. 05
Deferred and unapplied charges		156, 481. 73
		611, 405, 744. 79

LIABILITIES AND CAPITAL

Bonded Indebtedness (Guaranteed as to principal and interest by United States, except $107,200.00 of unpaid matured 4 percent bonds guaranteed as to interest only):			
Bonds outstanding—not matured		$444, 000, 000. 00	
Bonds matured—on which interest has ceased		3, 460, 950. 00	
			447, 460, 950. 00
Accounts Payable:			
Interest due (see contra)		324, 122. 84	
Vouchers payable		27. 08	
Accrued pay roll		94, 120. 04	
Insurance premiums		68, 899. 44	
Commissions to sales brokers		160. 00	
Special deposits:			
By borrowers		15, 799, 977. 56	
By employees (savings bonds)		2, 444. 94	
Civil Service retirement deductions		6, 676. 95	
Federal tax withheld (see contra)		51, 259. 40	
Miscellaneous		38, 694. 95	
			16, 386, 383. 20
Accrued Liabilities			172, 031. 29
Deferred and Unapplied Credits			1, 148, 750. 87
Reserve for Fidelity and Casualties			250, 000. 00
Capital Stock less Deficit:			
Capital Stock:			
Authorized, issued and outstanding		200, 000, 000. 00	
Deficit:			
Losses in excess of net earnings	[2] $41, 093, 487. 80		
Reserves for future losses	12, 918, 882. 77		
		54, 012, 370. 57	
			145, 987, 629. 43
			611, 405, 744. 79

[1] Property owned and property in process of acquiring title are stated at value represented by unpaid balances of loans and advances, unpaid interest to date of foreclosure, sale, or judgment, foreclosure costs, net charges prior to date of acquisition, and permanent additions, initial repairs and reconditioning subsequent to acquisition. Unpaid interest included in these values amounts to $8,688.49.

[2] Reflects the Corporation's actual losses sustained in the sale of its acquired properties, on mortgage loans and other losses, on fire and other hazards and on fidelity and casualties in excess of its cumulative net earnings.

[3] As of July 30, 1947, title to the Home Office land and buildings was transferred to the United States pursuant to Sec. 306 of "The Government Corporation Control Act, 1948." This asset will be eliminated from the balance sheet on agreement as to the consideration for transfer.

Except for property transactions which are recorded on a cash basis, major items of income and expense are recorded on an accrual basis. Therefore, no asset has been recognized with respect to uncollectible rental or prepaid taxes nor liability for accrued taxes.

Exhibit 12

HOME OWNERS' LOAN CORPORATION

Statement of Income and Expense from the Beginning of Operations, June 13, 1933, to December 31, 1947

Operating and Other Income:			
Interest:			
Mortgage loans and advances	$1,031,703,327.46		
Vendee accounts and advances	122,598,718.96		
	1,154,302,046.42		
Special investments	1,108,381.78		
			$1,155,410,428.20
Property income			138,642,694.67
Dividends received—Federal Savings and Loan Insurance Corporation			3,035,326.09
Dividends on investments in savings and loan associations			44,482,627.56
Miscellaneous			8,641,344.15
			1,350,212,420.67
Operating and Other Expenses:			
Interest on bonded indebtedness	$650,368,204.81		
Less: Premium on bonds sold	1,618,866.43		
		$648,749,338.38	
Discount on refunded bonds		7,147,710.28	
		655,897,048.66	
Administrative expenses		266,113,700.13	
General expenses		18,621,685.82	
Property expense		112,833,135.76	
			1,053,465,570.37
Net Income before Provision for Losses which may be Sustained in the Liquidation of Assets			296,746,850.30
Provision for Losses:			
On mortgage loans, interest and property		349,737,153.25	
For fidelity and casualties		1,338,147.86	
For fire and other hazards		881,252.50	
For uncollectible accounts receivable		56,047.69	
			352,012,601.30
Loss for Period June 13, 1933, to December 31, 1947			55,265,751.00
Deduct: Surplus adjustments—reserve against fire and other hazards and unlocated payments (net)			1,253,380.43
Deficit at December 31, 1947			54,012,370.57

Exhibit 13

HOME OWNERS' LOAN CORPORATION

Statement of Income and Expense for the Calendar Year 1947

Operating and other income:		
Interest:		
Mortgage loans and advances		$16, 269, 657. 80
Vendee accounts and advances		8, 816, 439. 06
		25, 086, 096. 86
Special investments		128, 799. 87
Total		25, 214, 896. 73
Property income		14, 131. 18
Dividends received from savings and loan associations		226, 797. 91
Miscellaneous		624, 757. 81
Total income		26, 080, 583. 63
Operating and other expenses:		
Interest on bonded indebtedness		5, 296, 780. 87
Administrative and general expenses:		
Administrative expenses		3, 422, 838. 69
General expenses		50, 345. 48
Property expense		[1] 32, 206. 39
Total expense		8, 737, 758. 65
Net income before provision for losses which may be sustained in the liquidation of assets		17, 342, 824. 98
Provision for losses:		
On mortgage loans, interest and property		—
For fidelity and casualties		7, 393. 90
For fire and other hazards		—
For uncollectible accounts receivable		8, 809. 35
		16, 203. 25
Net income for calendar year after provision for losses		17, 326, 621. 73
Deficit at December 31, 1947	$71, 333, 719. 48	
Add: Surplus adjustments—net	5, 272. 82	
		71, 338, 992. 30
Deficit at December 31, 1947		54, 012, 370. 57

[1] Net credit.

PART III

OF THE

First Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

FEDERAL HOUSING ADMINISTRATION

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,
Commissioner.

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CHARTS

FINANCIAL STATEMENTS

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.

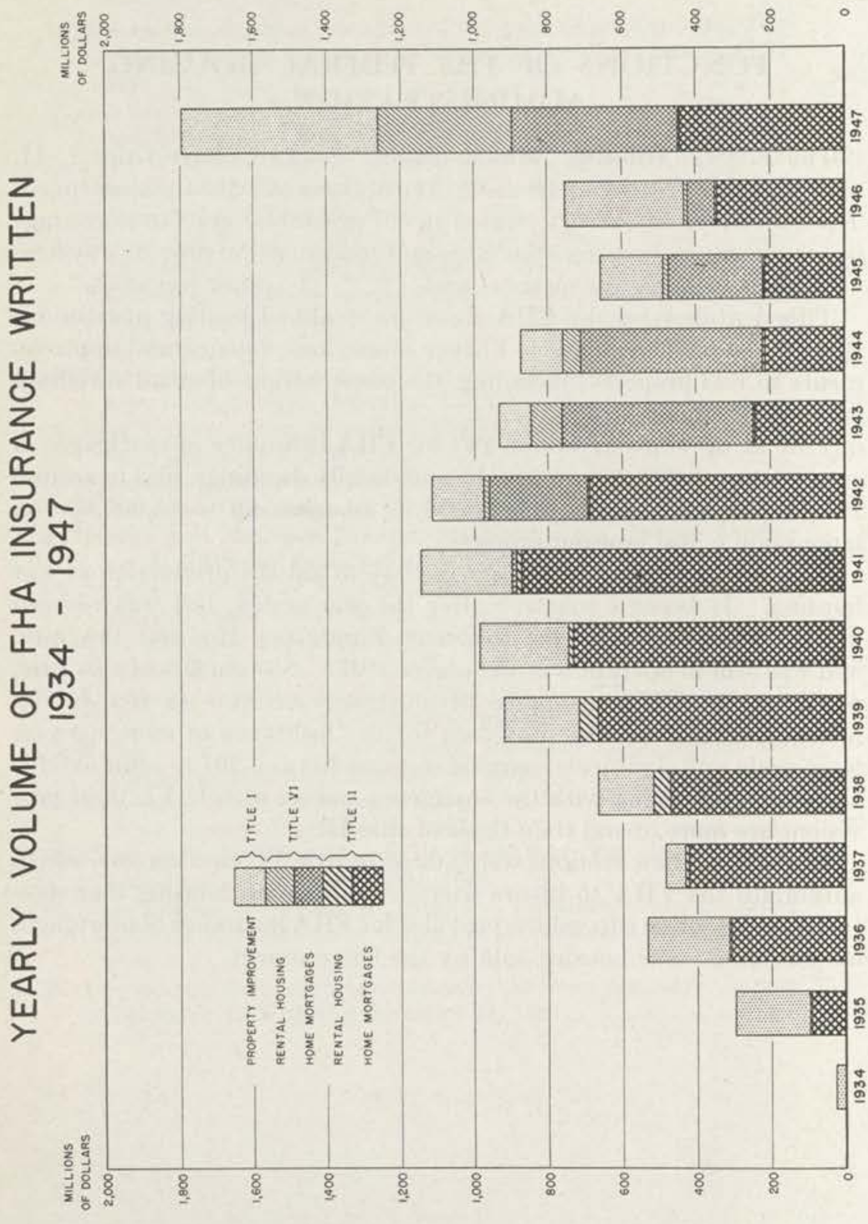
YEARLY VOLUME OF FHA INSURANCE WRITTEN
1934 - 1947
MILLIONS OF DOLLARS
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
PROPERTY IMPROVEMENT
TITLE I
RENTAL HOUSING
HOME MORTGAGES
TITLE VI
RENTAL HOUSING
HOME MORTGAGES
TITLE II
1934
1935
1936
1937
1938
1939
1940
1941
1942
1943
1944
1945
1946
1947

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.)

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[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.)

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. 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.

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.

Mortgage Insurance

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, 163	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, 406, 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, 659, 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, 076	424, 372, 999	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	68, 706	267, 015, 578	4, 295	15, 422, 705
1943	52, 408	244, 514, 138	185	714, 000	113, 659	517, 656, 180	19, 994	83, 907, 970
1944	46, 677	216, 368, 057	2, 181	7, 175, 806	100, 320	491, 068, 944	10, 249	48, 920, 100
1945	46, 572	219, 299, 950	891	3, 806, 015	50, 244	255, 044, 040	3, 167	16, 010, 936
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	46, 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.[2] 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

[2] 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.)

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. 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, 295	165, 662
1943	307	338	41	125, 474	19, 994	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, 766	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	216, 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 20 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 was 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, 5 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, Washington 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	8,009	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	39	188,650	1,951	9,357,000
District of Columbia	56	604,800	2,791	17,024,000
Florida	1,016	6,297,650	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	5,458,900	18,687	85,041,085
Massachusetts	55	318,200	7,809	38,132,284
Michigan	5,266	30,238,950	95,204	453,833,157

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
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	36,339	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	68,268	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	209,300	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
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	56,771,649
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	2,448,360
Hawaii	90	700,700	2,062	9,117,240
Puerto Rico	560	3,923,300	2,191	12,755,650
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	336, 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 mort-

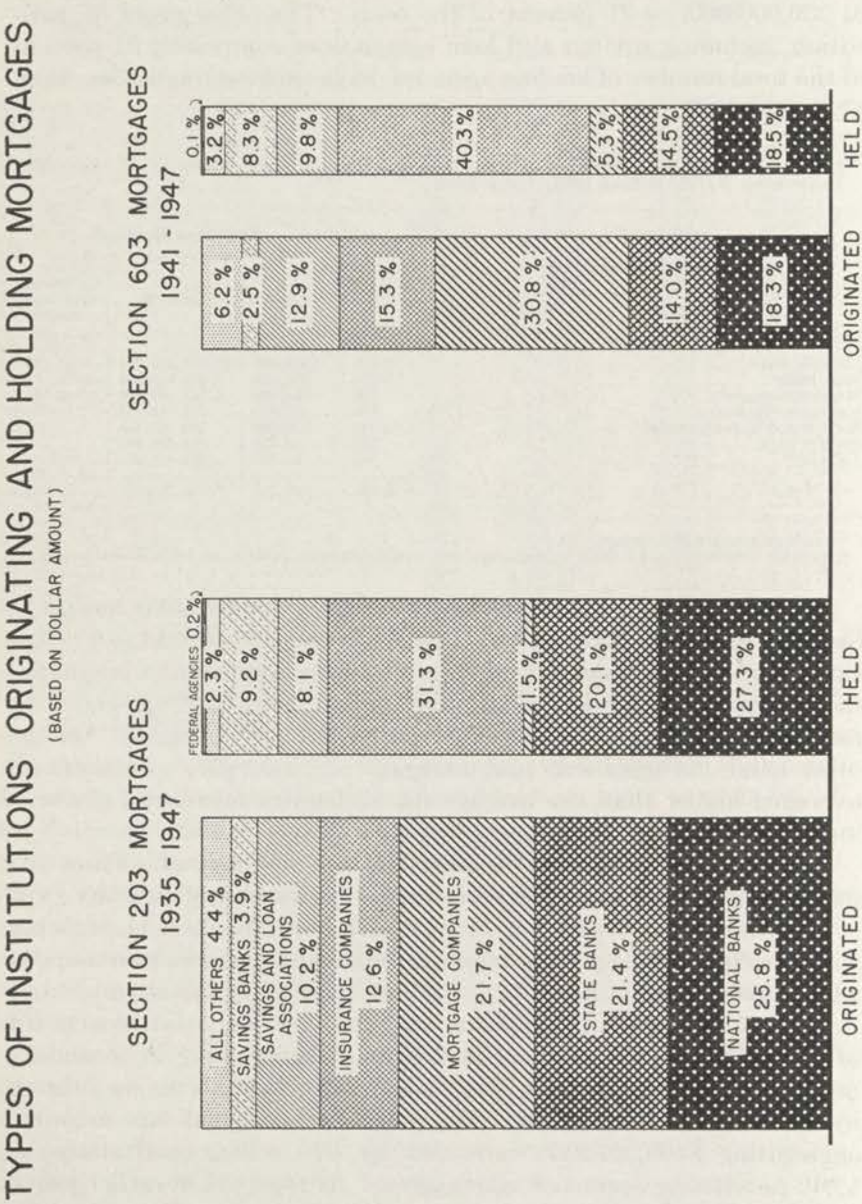

CHART II

gages 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 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	$16,579,300	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	159	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	7,729,798	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	172,997	$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	51,536	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	6,522	3.22	218	250	.12	(3)	(3)
1938	8,871	15,393	4.93	696	946	.30	548	0.18
1939	12,865	28,258	6.07	1,149	2,095	.45	808	.18
1940	22,829	51,087	8.06	1,452	3,547	.56	1,046	.18
1941	30,033	81,120	9.74	1,122	4,669	.56	750	.10
1942	37,340	118,460	12.06	572	5,241	.53	530	.06
1943	75,609	194,069	18.75	133	5,374	.52	164	.03
1944	103,595	297,664	27.52	29	5,403	.50	99	.01
1945	104,879	402,543	35.68	30	5,433	.48	102	.01
1946	123,734	526,277	44.04	41	5,474	.46	59	.01
1947	107,466	[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		Terminations: As a percent of mortgages insured		Insured mortgages in force December 1947
		Total	Titles acquired [1]	Total	Titles acquired	
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	7,651	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	79	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	13,397
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	22,762	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 47 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

[1] The characteristics of the mortgages, homes, and mortgagors insured u der 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.

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.

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	4,419	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	$5,199	$7,190	$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	$3,589	$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	7.39	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	7.54	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	12,914	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	79.9	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*
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	1.9	3.6	8.3	11.6	61.9	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]			Percentage distribution	Average	
	Percentage distribution	Average: FHA valuation [2]	Average: Number of rooms	Percentage distribution	Average: FHA valuation [2]	Average: Number of rooms	Percentage distribution	Average: FHA valuation [2]	Average: 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	9,386	5.4	14.0	9,049	5.2	------	------	------	27.0	9,211	5.3
Asbestos shingles	8.4	6,823	4.9	------	------	------	------	------	------	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	1.9
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	4.9	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 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	6.60	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	5,726	8,947	6,995	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						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	9.8	$3,212	$6,671	$5,536	$43.93	$65.09	6.0	$2,927	$5,890	$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	Amount
Total mortgages insured [2]	379	$160, 972, 004
Commitments outstanding		
Net commitments issued	379	160, 972, 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 $4,579,766.
[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	6,685,900	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	498	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	598	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, 084	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 120 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		Annual increase	Cumulative through end of year		Number	Percent of insured mortgages in force
		Number	Percent of total insured		Number	Percent of total insured		
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: 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
				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	----	1,235
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 29.

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	87.9	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.

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	11.9	.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	$4,698	$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	4.6	5,562	5,074	526	35.55	4.66	46.07	87.8	9.5
$6,000 to $6,999	16.2	6,513	5,682	627	40.68	5.53	52.25	87.7	9.6
$7,000 to $7,999	27.5	7,455	6,548	739	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	57.60	10.53	78.37	69.3	10.5
Total	100.0	8,025	6,914	835	48.62	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 $9,999	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	8,025	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 $166,958,678 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	1,791,450	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, 479	13. 2
State bank	44	269	118, 598, 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	26.6	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								Median number of rooms
		Less than 3	3	3½	4	4½	5	5½	6	
		Percentage distribution of dwelling units								
Less than $60	2.4	0.8	1.2	.2	.2					3.01
$60 to $69.99	10.1	.4	1.7	4.2	1.4	2.3	.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		.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	.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	15.7	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	.3	--------	--------	3.64
$55 to $59.99	20.6	(2)	5.0	6.0	6.9	2.2	(2)	.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	29.8	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	360,000

[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).

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[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	$59.52
25 years to 29 years	39.4	3,343	6,889	5,769	45.55	69.75	39.0	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	69.00	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	$4,099	$32.00	$4.06	$49.90	2.79	81.1
$2,000 to $2,499	15.8	2,315	5,515	4,598	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	7,360	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	96.25	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	5.09	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	102.96	1.29	83.3
$10,000 or more	.6	13,067	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	*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	8,756	7,210	51.79	7.61	74.76	1.99	82.3
$5,000 to $6,999	4.2	5,581	9,489	7,470	54.93	9.42	79.25	1.70	78.7
$7,000 to $9,999	.7	7,846	9,267	7,452	54.54	9.07	79.98	1.18	80.4
$10,000 or more	.1	13,345	9,664	7,536	54.55	9.94	81.36	.72	78.0
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						Median loan-value ratio	Ratio of land to total value	Average number of rooms	Percentage of structures with garage
		Property valuation	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]				
								Percent	*Percent*		
Less than $4,000	0.6	$3,694	$3,469	$359	$3.80	$26.41	$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	59.58	86.1	10.9	4.7	45.3
$8,000 to $8,999	15.8	8,398	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	72.16	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	12,868	10,250	1,695	9.64	79.58	93.16	77.8	13.2	6.1	68.4
$15,000 or more	.3	18,829	13,500	3,129	12.19	105.86	128.57	77.5	16.6	6.6	85.7
Total	100.0	7,085	5,672	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						Median loan-value ratio	Ratio of land to total value	Average number of rooms	Percentage of structures with garage
		Property valuation	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]				
								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 $4,999	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	12,764	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	50.86	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						Median loan-cost ratio	Ratio of land to total cost
		Necessary current cost	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	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	76.3	10.8
$11,000 or more	1.7	11,484	8,024	1,247	57.46	10.67	77.05	69.0	10.9
Total	100.0	7,911	6,680	818	46.93	6.70	60.50	85.5	10.3

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 othei 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	11.5	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 of loans which are eligible for insurance under title I, the terms of these loans, and the extent of FHA insurance. The terms and financing charges permitted for each class of loan are summarized on page 15 of this report.

Again in 1947, following the trend established during 1946, the volume of title I insurance surpassed that of any single year since the beginning of operations in 1934. In fact, the 1,248,000 property improvement loans with net proceeds to borrowers totaling $533,604,000 represented an increase of more than 56 percent in number and 66 percent in dollar volume over the previous peak year of 1946. Moreover, the amount of the 1947 loans accounted for approximately 30 percent of the amount of insurance written by FHA under all titles of the act during the year. The cumulative volume of all loans insured under title I had reached approximately 7,400,000 with net proceeds 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.

TABLE 71.—*Trend of property improvement loans insured and claims paid: Volume of loans insured, claims paid, and the gross loss ratio under title I by FHA, 1934–47.*

Period	For the year				Cumulative				
	Loans insured		Claims paid		Loans insured		Claims paid		Amount claims paid as percent loans insured
	Number	Net proceeds	Number	Amount	Number	Net proceeds	Number	Amount	
1934	72,658	$27,405,525			72,658	$27,405,525			
1935	635,747	201,258,132	1,288	$447,448	708,405	228,663,657	1,288	$447,448	0.196
1936	617,697	221,534,922	25,315	5,884,885	1,326,102	450,198,579	26,603	6,332,333	.141
1937 [1]	124,758	54,344,338	28,824	6,890,897	1,450,860	504,542,917	55,427	13,223,230	2.621
1938	382,325	150,709,152	29,433	6,016,306	1,833,185	655,252,069	84,860	19,239,536	2.936
1939	513,091	203,994,512	18,566	4,728,346	2,346,276	859,246,581	103,426	23,967,882	2.789
1940	662,948	241,734,821	18,672	6,543,568	3,009,224	1,100,981,402	122,098	30,511,450	2.771
1941	687,837	248,638,549	21,900	7,265,059	3,697,061	1,349,619,951	143,998	37,776,509	2.799
1942	432,755	141,163,398	22,691	7,132,210	4,129,816	1,490,783,349	166,689	44,908,719	3.012
1943	308,161	87,194,156	15,243	3,718,643	4,437,977	1,577,977,505	181,932	48,627,362	3.082
1944	389,592	113,939,150	8,009	1,939,261	4,827,569	1,691,916,655	189,941	50,566,623	2.989
1945	501,401	170,823,788	6,791	1,588,875	5,328,970	1,862,740,443	196,732	52,155,498	2.800
1946	799,284	320,593,183	9,254	2,435,954	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.

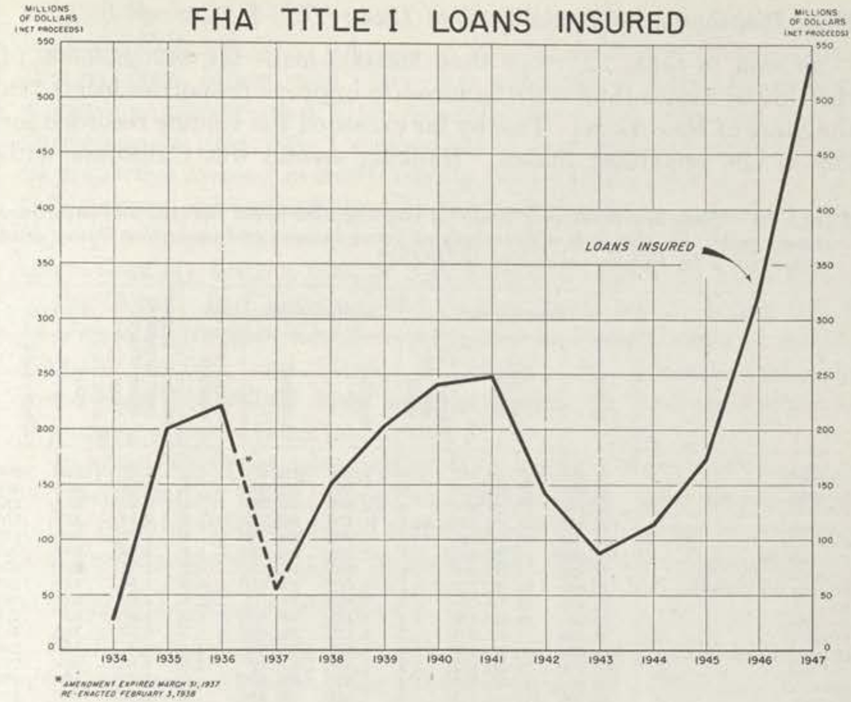

Chart III

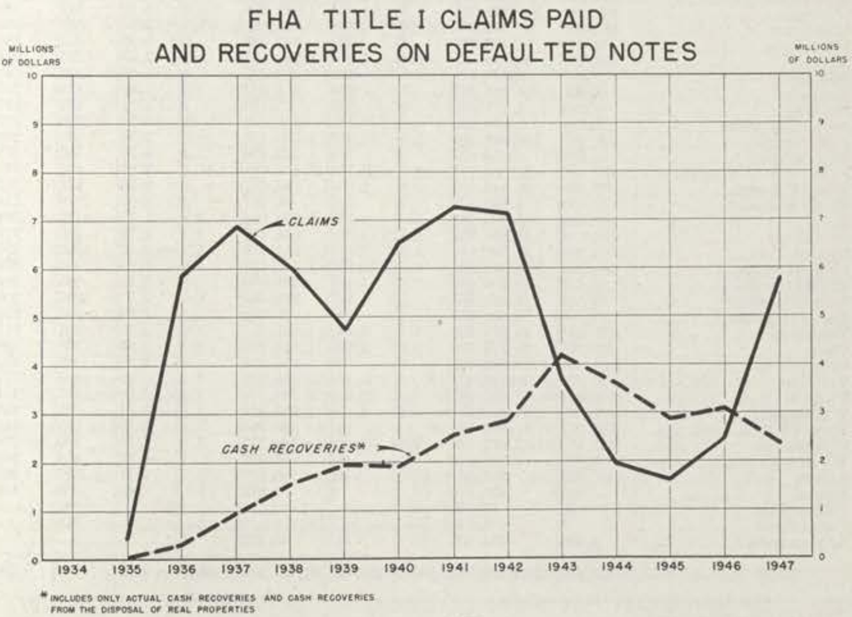

Chart IV

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, 496	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, 192	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, 297, 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, 439	. 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	359	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, 039	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, 997	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, 994	. 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

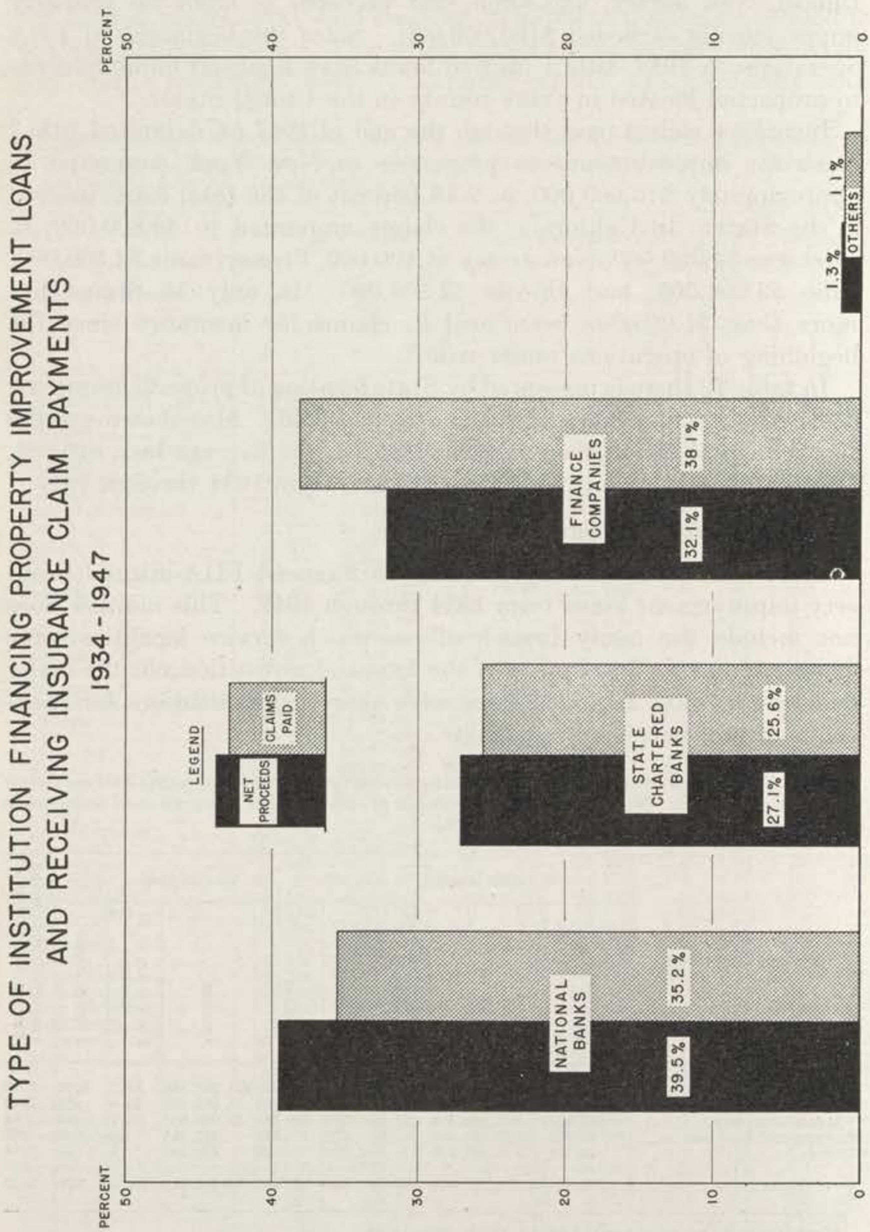

CHART V

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	1,429	220,772	$94,389,074	42.5	$428	3	3	$777	25.2	$259
State chartered bank [1]	1,438	120,385	56,356,726	25.4	468	1	1	508	16.4	508
Finance company	67	164,116	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

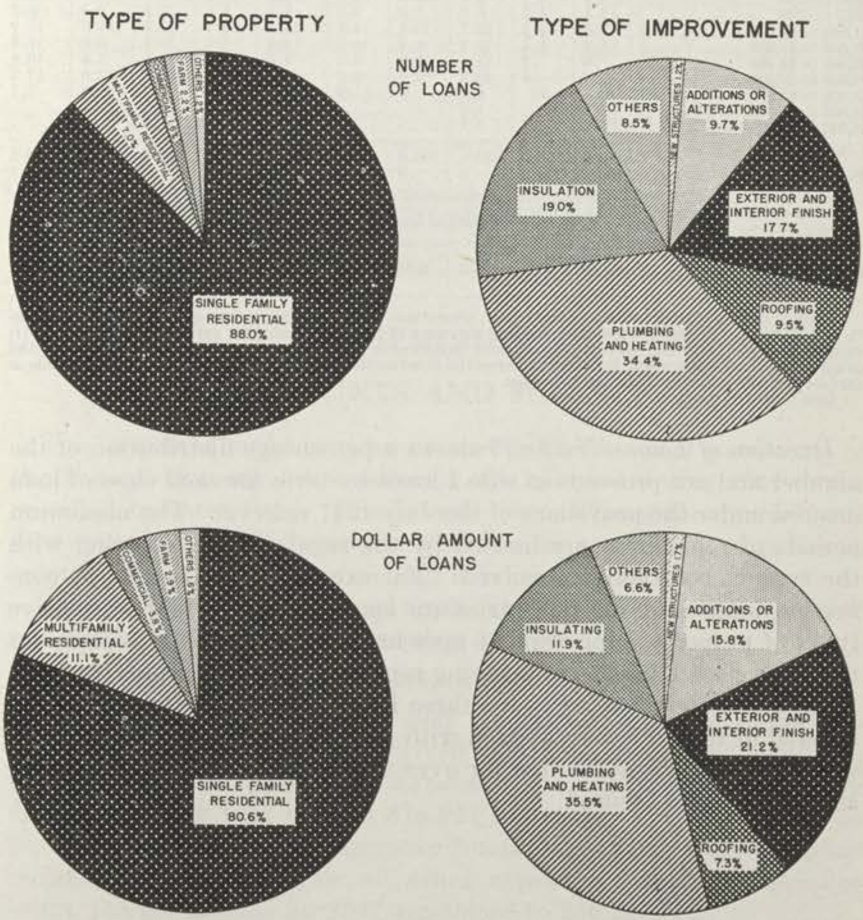

CHART VI

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	16.9	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 prescibed 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	$1,759,318	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	14,411,396	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	285,419,537	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 foı 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 $3,979,674 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	2⅞	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	1,694,230,811	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	2¼	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	369,264	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	1,662,068	1,541,664	544,865	27,938	333,896	4,110,431
1937	1,777,320	2,112,038	1,952,844	148,211	497,373	6,487,786
1938	3,150,015	2,058,703	3,382,523	240,691	562,451	9,394,383
1939	3,617,173	2,622,316	5,123,529	416,116	596,640	12,375,774
1940	4,360,609	3,601,555	6,919,909	614,281	659,795	16,156,149
1941	4,887,262	4,310,312	9,455,651	981,488	751,423	20,386,136
1942	2,125,095	3,415,243	12,522,503	806,617	1,010,557	19,880,015
1943	878,173	1,135,344	13,626,210	350,211	1,383,430	17,373,368
1944	939,268	1,079,164	14,245,705	386,933	1,810,199	18,461,269
1945	1,570,674	1,072,934	11,692,037	1,413,420	2,580,528	18,329,593
1946	2,287,171	1,701,304	10,773,475	2,477,805	2,431,926	19,671,681
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	9,997,374	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	19,975	416,441	179,472	63,389	681,861
1946	2,199	12,603	314,084	272,698	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	2,926,904	1,107,478	5,059	181,066	7,037,312
1944	1,683,069	2,707,731	4,167,756	9,534	18,372	8,586,462
1945	756,368	1,299,204	5,938,411	188,286	139,525	8,321,794
1946	1,321,632	401,758	6,430,413	2,017,230	247,883	10,418,916
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	17,260,676	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. 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	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, 653. 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	168,895.76		168,895.76
Miscellaneous income	299,399.23	50,148.90	349,548.13
	468,294.99	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

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, 265, 059	2, 539, 496	2, 335, 107	11, 853	$192, 536
1942	141, 163, 398	7, 132, 210	2, 831, 754	2, 795, 685	[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, 346, 108	2, 345, 022	239	847
Total	2, 716, 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. 4
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, 736, 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. 75
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. 27
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. 59	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 Unreserved 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	[a] 1	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	11,990		$1,501,092	1,513,082
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 (5075)
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, 592	$4, 654, 586	$28, 110, 458	$1, 122, 184	$174, 026	$26, 814, 248	96. 95
Interest on debentures prior to acquisition	13, 110	69, 279	281, 350	13, 099	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	$46,167.58	$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	49,892.34	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	295,311.89	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	18,851,982.79	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

PART IV

OF THE

First Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

PUBLIC HOUSING ADMINISTRATION

LETTER OF TRANSMITTAL

RAYMOND M. FOLEY,
Administrator, Housing and Home Finance Agency.

DEAR MR. FOLEY: I am submitting herewith the annual report of the Public Housing Administration for the year ending December 31, 1947.

Sincerely yours,

JOHN TAYLOR EGAN, *Commissioner.*

CONTENTS OF PART IV

PUBLIC HOUSING ADMINISTRATION

Chapter I

ACTIVITIES OF THE PUBLIC HOUSING ADMINISTRATION IN 1947

Major developments during 1947 in the programs administered by the Public Housing Administration were shaped in the main by the continuing process of transition from a war economy to a peace economy and the continuing existence of a Nation-wide housing shortage. Although the PHA received no new responsibilities during the year, its existing policies and activities nevertheless reflected the influence of both these conditions.

During the year, for instance, the agency placed heightened emphasis on liquidating its wartime responsibilities, notably in the disposal of war housing constructed under the Lanham Act and related legislation. This activity was a direct result of the transition to a peacetime economy. The policies developed to carry it out, however, also bore the impress of the housing shortage in their attention to sales to individuals and the preferential consideration given to the housing needs of veterans.

The program of providing temporary reuse housing for veterans, on the other hand, owed its inception directly to the housing shortage. But its actual operations were affected by the shortages of building materials and skilled construction labor incident to the demobilization economy.

The interplay of these conditions likewise could be traced in other major developments in PHA programs, such as the effort to restore the low-rent housing program under the United States Housing Act to its peacetime basis, the difficulties encountered in disposing of war housing and other developments discussed in this report.

A. The Programs and Their Nature

The Public Housing Administration administers six housing programs in which the Federal Government has a direct financial interest. These programs are widely diversified in size, purpose, and nature. They include low-rent housing for low-income families under the United States Housing Act of 1937, public war housing under the Lanham Act and related legislation, temporary emergency housing for veterans under Title V of the Lanham Act, and a group of programs initiated by other Federal agencies and now under the jurisdiction of PHA. These include the Defense Homes Corporation program, the

Homes Conversion program, and the Subsistence Homesteads and Greenbelt Towns program.

In total, these programs at the end of 1947 included 5,014 housing developments made up of 915,938 units. Of these, 822,547 units were completed and under active management.

Long-Term and Short-Term Jobs

Only one of the six programs—the U. S. Housing Act program—is a permanent program. In essence, this is a program of giving financial assistance to localities to help them provide decent, safe, and sanitary housing for families whose incomes are so low that they cannot otherwise afford adequate housing. The program comprised 215,162 units at the end of 1947. Of these, 189,773 units were completed and under management, 146 were under construction, and 2,133 were in active status but not under construction. Another 23,150 units were in deferred status.

All other PHA functions are short-term responsibilities, originating in emergency situations. The Lanham Act program of public war housing, for instance, resulted from the war emergency when housing had to be provided quickly for the thousands of men and women who manned war industry and military installations. The Homes Conversion and Defense Homes Corporation programs likewise came about through wartime necessity.

The temporary reuse housing program, under Title V of the Lanham Act, was created to meet a postwar emergency, the crisis resulting from the urgent need for housing for returning veterans.

Still other responsibilities date back to an earlier, prewar emergency, the economic crisis of the 1930's. Examples are the Subsistence Homesteads and Greenbelt towns. They were created to provide useful public works in a time of depression as well as to furnish badly needed housing for the economically distressed. The Greenbelt towns had a further function as demonstration projects of model permanent communities.

Liquidation Begins

In the short-term programs—with one exception—the emphasis was shifted during the year from management operations to working toward the goal of liquidation through disposal of the Government's interest. Over-all, the housing for which PHA had a direct or supervisory responsibility decreased from 953,070 units as of January 1, 1947, to 915,938 units on December 31, 1947, a reduction of 37,132 units.

The sole exception to this pattern of diminishing responsibility was the veterans' reuse program. The accommodations actually completed in this postwar emergency program rose from 128,737 at the beginning of 1947 to 232,086 at the end of the year, an increase during 1947 of 103,349 accommodations completed. This activity resulted from the program's purpose of providing a temporary and partial solution to the immediate postwar housing requirements of veterans. This housing must be removed when its usefulness is ended. The disposal function for the most part, however, will be handled by the local sponsors of the projects—such as municipalities and educational institutions—and not by the Federal Government.

B. Veterans and Servicemen Housed

The percentage of veterans and servicemen housed in PHA owned or supervised housing rose steadily throughout 1947 as the result of policies giving admission preferences to service-connected applicants. At the start of the year, 371,420 veterans and servicemen were in occupancy, forming 52.3 percent of all occupied units. By the end of the year, this total had risen to 489,040, or 62.3 percent of all occupied units.

The percentage of service-connected occupants was highest, of course, in the veterans' reuse housing, which showed a veteran occupancy of 96.8 percent on December 31, 1947. In war housing, service-connected occupancy rose from 50.9 to 57.4 percent during the year. In other PHA programs, including the United States Housing Act program, such occupancy rose from 31 to 33.5 percent of all tenants.

C. \$59½ Millions to Treasury

A total of \$59,542,198.08 was returned to the Treasury during the year as a result of the operations of the war housing program and the homes conversion program. This sum consisted of revenues received from management of the properties and the receipts of disposition activities.

Revenues accruing from management of war housing projects and turned over to the Treasury amounted to \$45,539,882.88. An additional \$5,573,746.29 went to the Treasury in the form of receipts from war housing disposal.

Management of homes conversion properties produced \$5,148,329.36 during the year and termination of homes conversion leaseholds brought receipts totaling \$3,280,239.55.

Chapter II

UNITED STATES HOUSING ACT PROGRAM

The basic peacetime activity of the Public Housing Administration is the public low-rent housing program established by the United States Housing Act of 1937. Under this program, the Federal Government, through PHA, provides financial aid to communities to provide housing for "families * * * in the lowest income group * * * who cannot afford to pay enough to cause private enterprise * * * to build an adequate supply of decent, safe, and sanitary dwellings for their use."[1] The Federal aid is in the form of loans to local housing authorities up to a maximum of 90 percent of the development cost of the projects and an annual contribution, or subsidy, to project operations to help keep rents within the means of low-income families.

The active projects in the USHA program may be grouped in three classes, according to their origin. Those constructed under the United States Housing Act of 1937 are known as Public Law 412 projects. Those built under the wartime lesiglation authorizing the use of low-rent housing funds to build projects for use initially and temporarily for war workers (Pub. Law 671, 76th Cong.) are known as Public Law 671 projects. All but eight of these had been converted to low-rent use by the close of 1947. The third group includes the projects built by the Public Works Administration and later administered as part of the USHA program. The size of these component parts of the program is shown in the table below.

Active United States Housing Act program as of December 31, 1947

	Projects	Units
Public Law 412	385	119,101
Public Law 671	199	[1] 51,288
PWA	50	21,623
Total	634	192,012

[1] Excludes 150 units transferred in October 1947 to the public war housing (Lanham constructed) program

In addition to the active program, 157 projects of 23,150 units have been programmed but their construction prevented by the war. These projects are classified as deferred.

Although PHA's emergency responsibilities necessarily held much of its attention during 1947, there were several significant developments during the year in the low-rent housing program.

A. Removal of Ineligible Occupants

The United States Housing Act states specifically that housing provided under its terms shall be for the use of families "in the lowest income group." At the beginning of 1947, however, an estimated 42,100 families, or about 25 percent of the occupants of low-rent housing, were ineligible for continued occupancy because their incomes exceeded maximum limits set by the local housing authorities.

In ordinary circumstances, ineligible occupants would be removed from low-rent projects in an orderly fashion as the fact of their ineligi-

[1] Sec. 2 (2), United States Housing Act of 1937, Public Law 412, 75th Cong.

bility was established through periodic reexamination of tenant incomes. In the defense period and during the war, however, many families living in low-rent projects built before the war (the Public Law 412 and PWA projects) experienced marked increases in income. Wage rates rose, more members of the families found employment and overtime work added to pay envelopes. But the same conditions which produced the increased incomes also made it impossible to follow prewar practices in removing ineligible families. Because of congestion in war production centers, virtually no other housing was available for the ineligible families. Regulations issued under rent control legislation prohibited evictions for income reasons. Furthermore, any action which might have forced the families concerned to move away from the locality would have had a disruptive effect on war production. For all these reasons, removal of the ineligible families was delayed.

Somewhat different circumstances accounted for the presence of relatively high income families in those projects constructed in the defense and war period under Public Law 671. This law permitted the use of low-rent housing funds to build previously programmed projects providing they were needed to house war workers and would be used for that purpose as long as necessary. When that need had ended, the projects were to become low-rent projects, operated on the same basis as the Public Law 412 projects.

A total of 51,288 units in 199 projects were built under Public Law 671. While they were in use as war housing, war workers were admitted without regard to their incomes. In 1946 and 1947, however, the President made a series of findings that there was no longer an acute need for housing war workers in the localities where 191 of these projects were situated. It then became obligatory to place them in low-rent operation. The test of tenant eligibility was shifted from employment in war industry to low income. Many families admitted as war workers found themselves ineligible to remain in occupancy because their incomes exceeded permissible maximums.

Plans for Removal

The problem presented by these groups of ineligible tenants was exhaustively examined in the early months of 1947 and a program for bringing about their removal was announced to local housing authorities on April 30, 1947. The removal policy offered local housing authorities two plans for handling the problem:

Plan 1.—Issue immediately to all ineligible tenants notices of ineligibility and notices to vacate within 6 months.

Plan 2.—Issue immediately to all ineligible tenants notices of ineligibility, but spread removals over a period of time by issuing monthly, beginning in June 1947, notices to vacate within 6 months to not less than 5 percent of all ineligible tenants, starting with those of highest income.

The first plan was devised for use by local housing authorities having a comparatively small number of ineligible families in low-rent projects or those in localities where sufficient private housing was available to accommodate the removed families.

The second plan, which was adopted by a majority of local authorities with the approval of the appropriate PHA regional office, was used in localities where acute housing shortages existed. By spreading removals over a longer period, this plan gave ineligible families more opportunity to find other accommodations in the locality as the normal housing turn-over took place and new housing was added to the local supply.

The local authorities were urged to make every effort to assist ineligible families in finding other housing. PHA recommended that the authorities solicit the aid of local real-estate dealers and other groups in the community to inform the families seeking other quarters of any suitable vacancies which might be available.

Although the emphasis of the removal program was on obtaining the voluntary cooperation of ineligible families, it also provided for initiation of eviction actions in the courts if necessary. Such action could be resorted to if an ineligible tenant failed to move by the end of the period specified in his notice to vacate or if the tenant either refused to take reasonable steps to find another place to live or to accept satisfactory accommodations within his means when they were available.

Evictions Limited

Use of the ultimate sanction of eviction, however, was limited by section 2 of Public Law 301, 80th Congress, approved on July 31, 1947. This law forbade initiation of actions to evict public housing tenants for excess income before March 1, 1948, unless the local housing authority determined that (1) other housing accommodations were available in the community and (2) eviction of the tenant would not result in undue hardship for the family.

The extent of the problem presented by the ineligible tenants and the progress made toward meeting it are indicated in the table below. The table is based on reports submitted by local housing authorities, with varying coverage from month to month. As the table indicates, the number of ineligibles removed tended to be largely balanced by additions of other families to the roster of ineligibles throughout the period.

Percent of tenants in United States Housing Act developments ineligible and progress in removal [1] during 1947

Month	Families ineligible at end of month			Change in list of ineligibles during month		Cumulative notices to vacate served	Average excess income of high-income tenants served vacate notices during month
	Number	Percent of all families in reporting developments	Average anticipated net annual income	Number added	Number removed		
December	43,889	25	$3,138	1,563	1,791	17,797	$955
November	43,949	25	3,134	1,673	1,966	15,713	999
October	42,576	25	3,135	1,470	2,267	12,650	1,117
September	41,560	25	3,086	2,198	2,680	10,808	1,236
August	42,290	26	3,095	1,481	2,437	9,179	1,347
July	44,226	26	3,074	3,326	4,185	6,461	1,532
June	44,783	28					
March	47,577	29					
December 1946	39,790	25					

[1] Monthly data not available until July; reporting coverage varies from month to month; data prior to July 1947 cover only tenants ineligible because of excess income; Public Law 671 developments excluded for months during which still in war use.

Incomes of New Tenants

The vacancies made available by removal of ineligible tenants were, of course, filled by eligible low-income families, with preferences going to families of veterans and servicemen. The median net annual income anticipated by families moving into Public Law 412 and PWA projects during 1947 was $1,382. Among those moving into Public Law 671 projects in low-rent use, the median net annual income anticipated was $1,671.

Median incomes anticipated by Negro and other nonwhite families admitted were somewhat lower, $1,306 for those admitted to Public Law 412 and PWA projects, and $1,618 for those admitted to low-rent Public Law 671 projects. For white families alone, median anticipated incomes were $1,421 for those entering Public Law 412 and PWA projects, and $1,684 for those entering low-rent Public Law 671 projects.

Fully a third of the families admitted to Public Law 412 and PWA projects in 1947 had incomes of less than $1,200 per year. Less than 15 percent had incomes of over $1,800.

B. Conversion of PL 671 Projects to Low-Rent Use

The process of converting the 199 developments constructed under Public Law 671 from war housing use to their peacetime role as low-rent housing for low-income families had begun by the start of the year. The first step in the conversion of a Public Law 671 project is the Presidential finding that there is no longer an acute need in the locality for housing persons engaged in national defense activities. Findings affecting 132 developments were made in February 1946. Another 54 were covered by findings made in December 1946. By

January 1947 only 14 developments comprising 3,095 units remained in use as war housing. A further Presidential finding in August 1947 removed 6 more developments of 1,237 units from the war housing category. Thus of the 51,288 units in the Public Law 671 projects only 8 developments with 1,858 units remained in war housing use at the end of 1947.

Placing the projects on a low-rent basis involved developing new standards of eligibility and new rent schedules comparable to those in force in the older Public Law 412 projects. The problem of removing tenants who were ineligible to remain under the new standards was handled as part of the over-all removal policy described earlier.

The change in character also brought fiscal changes to the projects. As low-rent projects, for example, the converted Public Law 671 projects would require payment by the Federal Government of annual contributions to maintain low rents. Such payments were not necessary when the projects housed war workers who could pay full economic rents. Annual contributions paid to Public Law 671 projects in 1947 amounted to $17,321. This low figure was due to several factors. Most of the projects were just beginning to enter the low-rent phase during the year, a relatively high percentage of tenants paying full rents remained in occupancy and the projects were making low debt service payments because they were still in temporary financing.

New tax relationships also had to be worked out, since the projects paid the equivalent of full taxes or 10 percent of shelter rents to local taxing bodies when the projects were in war housing use. As low-rent projects, they receive contributions from the local governments in the form of tax exemption, with payments in lieu of taxes being based on a percentage of the total amount collected for shelter rents; i. e., rent without charges for utilities.

None of the Public Law 671 projects was permanently financed by the end of the year, their development costs having been financed through the sale of short-term notes to private investors. The local authorities eventually will place the projects in permanent financing by issuance of long-term bonds.

C. Reactivation of Deferred Projects

Up to the outbreak of the war, 334 low-rent housing developments comprising a total of 105,600 family dwelling units had been completed or were being built under terms of the United States Housing Act. The imposition of wartime construction controls made it impossible to proceed with other projects already planned under the act except for those which could be completed under Public Law 671. All other proposed low-rent projects were placed in deferred status until the end of the war, even though the predecessor agencies of PHA had entered into contracts with local housing authorities for financial assistance. At the first of the year, there were 102 urban developments of 16,690 units in deferment as well as 55 rural developments of 6,460 units, making a total of 157 deferred developments of 23,150 units. The projects were located in 94 cities and 24 States, the District of Columbia and Hawaii. Existing loan contracts covering these projects showed an estimated total development cost of $113,553,752.

Theoretically, these projects could have been removed from their deferred classification and reactivated with expiration of the wartime priorities system. In actual practice, however, the local authorities discovered they could not reactivate deferred projects after the war, even though the Federal aid funds were available and earmarked for them, because of the cost limitations contained in section 15 (5) of the United States Housing Act. That section provides that "no contract for any loan, annual contribution, or capital grant made pursuant to this Act shall be entered into by the Authority with respect to any project hereafter initiated costing more than $4,000 per family dwelling unit or more than $1,000 per room (excluding land, demolition and nondwelling facilities); except that in any city the population of which exceeds 500,000 any such contract may be entered into with respect to a project hereafter initiated costing not to exceed $1,250 per room (excluding land, demolition and nondwelling facilities), if in the opinion of the Authority such higher family dwelling unit cost or cost per room is justified by reason of higher costs of labor and materials and other construction costs."

These cost limits were established in 1937. In the intervening decade, building costs had risen so markedly that local authorities found it impossible to erect low-rent projects within the permissible cost limits. As a result, all the deferred projects but one have remained in deferment.

Public Law 301, enacted during 1947, was intended to relieve this situation. Section 1 of this measure permits the development of projects with costs in excess of the original statutory limits on condition that the over-limit costs are contributed by the locality. Although several cities began examining their resources to determine whether they were able to make the financial outlay necessary to reactivate deferred projects under this plan, only one city actually succeeded in reactivating a project by the close of 1947. This was a 230-unit project in Milwaukee, Wis., which PHA approved for reactivation on November 13, 1947. The city of Milwaukee made a capital donation of about 35 percent of the estimated total project development cost of $2,752,988. The PHA had contracted to lend the Milwaukee housing authority up to $1,607,000 to assist in financing this project.

D. Transfers of Lanham Act Projects to Low-Rent Use

Section 4 of the Lanham Act, as amended, provides that housing projects constructed under its terms shall not be conveyed to any public or private agency organized for slum clearance or to provide subsidized housing for persons of low income unless specifically authorized by Congress.

Since many localities were interested in acquiring permanent Lanham Act war housing projects for use as public low-rent housing for low-income families, the HHFA Administrator authorized PHA to receive requests for such transfers, providing the local governing bodies had officially approved the acquisition of the projects concerned. In addition, proof must be submitted of the projects' suitability for low-rent use and of the need in the communities for low-rent housing for low-income families. If these conditions were met, PHA could reserve the projects from other disposition until the requests could be considered by Congress. All such reservations are subject to the approval of the HHFA Administrator.

During the year, local officials made requests for reservation of 120 permanent war housing projects for low-rent use. As of December 31, 1947, 61 formal applications covering 70 projects had been received by PHA and were being reviewed.

E. Payments in Lieu of Taxes

PHA's policies on authorizing local housing authorities to make payments in lieu of taxes to local taxing bodies were examined by Congress in 1947. The question of payments in lieu of taxes evolves from the requirement of the United States Housing Act that local governments must make contributions to the operation of low-rent projects amounting to at least 20 percent of the maximum annual Federal contribution. This local contribution may, and uniformly does, take the form of tax exemption for the projects as prescribed in the various State statutes. The value of this exemption nearly always is far in excess of 20 percent of the Federal contribution. At the same time, local governmental units, pursuant to their cooperation agreements with the local housing authorities, must furnish the projects with various services such as police and fire protection, street and sewer maintenance, garbage collection and schooling for project children.

In the early days of the USHA program, the cooperation agreements between local authorities and the local governments provided for no payments in lieu of taxes. Later on, in view of the services provided to the projects and the fact that local contributions were exceeding statutory requirements, the PHA's predecessor agencies adopted the policy of approving agreements for authorities newly entering the program which did provide for payments in lieu of taxes. These payments were set either in specified dollar amounts or in terms of percentages—ranging from 2 to 5 percent—of shelter rents.

As experience was gained with the program, the policy was revised further to permit local authorities to make payments in lieu of taxes in addition to the amount provided in contracts. The total payments, including those provided by the cooperation agreements, could not exceed 10 percent of the shelter rents. Furthermore, they could not reduce the amount of the total local contribution to less than 20 percent of the Federal contribution actually paid plus, as a measure of safety, 10 percent of the maximum contribution payable under the assistance contract.

These policies were scrutinized in detail by the House Appropriations Committee, which reached the conclusion that over-contract payments should not be permitted if such payments would result in any increase in the amount of Federal contribution required by a project. As expressed in the Government Corporations Appropriation Act of 1948, "no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Federal Public Housing Authority."

Since the contracts covering 56 percent of the locally owned projects in the program provided for no payments in lieu of taxes, these projects were obliged to forego payments in lieu of taxes entirely to be eligible for the annual Federal contribution. Of the other projects, a few had the amount of payment fixed in a specific dollar figure and the others had agreements providing for varying percentages of shelter rent ranging from 2 percent to 5 percent, with most providing for 3 percent. These projects were required to reduce their payments from the 10 percent of shelter rents previously authorized to the amounts specified in their assistance contracts in order to maintain their eligibility for Federal contributions.

F. Local Housing Authority Reserves

As a regular part of local housing authority operations, the authorities establish and maintain certain reserve funds. The major reserves are intended to cover repairs, maintenance, replacements, vacancy and collection losses and other expenses which might reasonably be expected to occur during the anticipated 60-year life of a low-rent housing project.

The size of these reserves was questioned by Congress and the conference report on the 1948 appropriation measure expresssed the congressional desire that these reserves should be reduced in amount wherever possible. Consequently, PHA undertook an exhaustive reexamination of the existing policies and practices relating to the maintenance of reserves by local housing authorities. The object of the study was to determine how and to what extent reserves might be reduced without endangering the budgetary and fiscal soundness of the low-rent projects. This study was well underway by the end of the year and revised policies were expected to be formulated early in 1948.

G. Income and Expense Experience

Operations of the United States Housing Act projects during the year were marked by a rising trend in both operating income and operating expense. In the final quarter of the year, operating income was rising at a slower rate than in the first three quarters, while operating expenses were rising at a more rapid rate than earlier. The increase in operating income through the year, however, was great enough to more than absorb the rising cost of operating.

Average operating income reached a new peak in the last quarter of the year, rising from $30.85 per unit per month in the first quarter to $31.85 per unit per month in the final quarter. The continuing high level of income was due in part to the continued presence of ineligible tenants paying economic rents.

Average operating expenses, which had stood at $20.70 per unit per month for the first quarter and dropped seasonally in the next two quarters, reached $20.77 per unit per month in the last quarter of the year. The greatest relative increase in cost occurred in dwelling and commercial utilities. This expense averaged almost 18 percent higher in the fourth quarter of 1947 than in the same quarter of 1946. For all quarters of the year, utility costs averaged 13.5 percent higher than in 1946.

Chapter III

THE VETERANS' REUSE HOUSING PROGRAM

Of the programs for which PHA has operating responsibility, only one was in the stage of active development during 1947. This was the veterans' reuse housing program, authorized by Title V of the Lanham Act, as amended by the Mead resolutions (Public Law 292, 79th Congress, approved December 31, 1945, and Public Law 336, 79th Congress, approved March 28, 1946). This was also the only PHA program for which additional development funds were approved during the year.

The Title V program is an emergency program, designed to help meet the critical housing needs of distressed veterans. The authorizing legislation directed the National Housing Administrator (now the HHFA Administrator) to obtain, convert, and where necessary, dismount, transport and re-erect surplus Government-owned structures for use as temporary housing for distressed families of servicemen and for veterans and their families who were affected by evictions or other unusual hardships. Such housing is provided to municipalities or other local bodies where the housing shortage is particularly acute and to educational institutions for use by student veterans. Operating responsibility for this program was delegated to PHA by the HHFA Administrator.

A total of $438,462,814 of appropriated funds was allotted to this program in 1946 to cover the cost of dismantling, moving, re-erecting and remodeling the structures. The legislation also authorized the transfer of temporary structures to local public bodies and educational institutions which would pay the costs of conversion themselves. Under terms of contracts with PHA, the local sponsors accept title to the housing and responsibility for managing and operating it. Net revenues after operating expenses from the federally financed projects return to PHA. Like other temporary housing provided under the Lanham Act, Title V housing is subject to the removal provisions of section 313 of the act.

A. Status at the Beginning of the Year

When this program was initiated early in 1946, it was estimated that the Federal funds provided would produce about 200,000 units of temporary housing. Experience with the program during its first year, however, soon indicated that this estimate was too high. The costs of movement and conversion exceeded early estimates and rose throughout 1946. This was a reflection, in part, of the rising level of building costs in all kinds of construction. Other added costs arose from delays caused by the shortage of skilled building labor and the scarcity of materials. Originally, it had been expected that most of the Title V program would be carried out by utilizing temporary war housing. Because of the housing shortage, however, much of this housing continued to be occupied and therefore could not be made available for the Title V program. As a result, it was necessary to resort to use of military and other structures which were more expensive to convert than temporary war housing structures would have been.

All these factors added higher costs to the program and consumed available funds much more rapidly than anticipated. As the funds neared depletion, it was necessary to reduce the scope of the program. By the start of 1947, active allocations—units programmed—had been reduced from the high point of 199,000 accommodations 6 months earlier to less than 178,000. Work on about 8,000 more had been suspended and the agency was concentrating its activity on finishing those units which were 85 percent or more completed. A total of 91,410 federally financed accommodations, about 51 percent of those allocated, had been completed and were ready for occupancy.

B. Provision of Additional Funds

The trend to high costs continued in the early months of 1947. By February 1, allocations in the federally financed portion of the program had been cut back to 174,218 accommodations. Some 12,000 were in suspension. It was obvious that existing appropriations would provide about 25 percent fewer units at Federal expense than originally planned. At the same time, the Government had existing contractual obligations with local sponsors to which temporary housing had been allocated. If these obligations were to be met, additional funds would be needed.

On February 28, 1947, President Truman sent Congress a message describing the situation and urging an additional appropriation for the program. There was general agreement that the costs of temporary emergency housing were approaching the point where it was no longer advisable to spend such amounts on structures which would have only a limited period of usefulness. The necessity for carrying out existing contractual obligations was recognized, however, and the Congress authorized appropriation of $35,500,000 to cover the cost of completing about 8,000 suspended units on which some construction work already had been done and to reimburse local bodies for amounts due them. There was no authorization to complete those allocated units on which little or no work had been done. The authorization for the $35,500,000 appropriation was made in Public Law 85, 80th Congress, approved May 31, 1947, and the appropriation itself was made in Public Law 256, 80th Congress, approved July 29, 1947.

C. Progress of Reactivation

In appropriating funds for reactivation of suspended units, Congress provided that the funds should be used only for units which were 10 percent or more completed and directed that the reactivation work should be carried on under the direct supervision of the HHFA Administrator.

To carry out these obligations, the Administrator instructed PHA to make a careful examination of the eligibility and current need for every unit it was asked to reactivate. In addition, rigid fiscal controls were instituted over the reactivation program, including requirements for making new cost estimates prior to reactivations and for utilizing types of contracts other than cost-plus-fixed-fee contracts wherever possible.

As a result of this review, 120 projects containing 7,672 accommodations were approved and reactivated by the end of 1947. Eighteen projects were not approved for reactivation. In eight of these, no showing of need was made. One was held to be ineligible, three were being completed with funds of local sponsors, two with other funds and in four cases the sponsoring agencies were unable to meet their share of the responsibility for the project.

Contracts for completion of the reactivated projects were awarded on a maximum cost basis to 59 sponsoring agencies and to 24 contractors. Thirty-four contracts were awarded to contractors at a guaranteed maximum cost plus a fixed fee. Only four reactivation contracts were awarded on a straight cost-plus-fixed-fee basis.

The close review and supervision exercised over reactivations resulted in appreciable economies. By the end of 1947, it was apparent that the reactivated program could be completed with less expenditure than had been estimated. Although the full extent of the savings could not be determined at the end of the year, $4,500,000 already had been earmarked for return to the Treasury.

More than 6,700 reactivated accommodations were under construction by the year's end and 811 accommodations had been completed. The remainder were in various preconstruction stages. The following table shows reactivation progress in 1947.

Reactivated veterans' reuse program: Number of accommodations by construction status, July–December 1947

Month	Total accommodations	Construction status		
		Preconstruction	Under construction	Completed
July				
August	480	480		
September	3,018	2,076	942	
October	7,239	1,891	5,348	
November	7,693	109	7,418	166
December	7,672	97	6,764	811

D. Title V at the End of 1947

Over 103,000 housing accommodations were made available to veterans in 1947 through the Title V program. An additional 21,559 accommodations were under construction at the end of the year, 6,900 of them at Federal expense.

In total, the program's contribution to the emergency housing needs of veterans reached 232,000 accommodations completed and either occupied or available for occupancy by December 31, 1947. Of this total, 153,000 were family dwelling units and 79,000 were single dormitory accommodations. Educational institutions were the sponsors of 133,000 accommodations and other local bodies sponsored 99,000.

Chapter IV

DISPOSITION ACTIVITIES

Since all programs administered by PHA but one—the United States Housing Act program—were created to meet specific situations and were intended to be liquidated when that need was served, the disposition of housing properties forms a major segment of the Administration's postwar operations. There are five distinct areas in which PHA has disposal responsibilities: the public war housing program, the Defense Homes Corporation program, the Subsistence Homesteads and Greenbelt Towns program, the Homes Conversion program and the actions in which PHA acted as disposal agent for the War Assets Administration.

Although there was disposition progress in all of these categories during 1947, the most conspicuous activity was in the disposal of public war housing built under the Lanham Act and related legislation. In this field, PHA serves as the operating agency delegated by the HHFA Administrator to carry out policies determined by him. Since July 27, 1947, PHA disposition regulations have been issued in accordance with his policy directives. Prior to that date, its disposition activity was governed by the policies of the National Housing Administrator.

A. Disposal of Permanent War Housing

At the start of 1947, PHA had responsibility for disposal of 167,760 family dwelling units of permanent Lanham Act war housing. This housing was located in projects in nearly every State of the Union, consisted of a wide variety of physical types and sizes ranging from single detached units to large multiple-dwelling developments.

The policies in effect at the start of the year governing this sizable disposal task were derived from three basic sources: (1) the specific requirements of law and the broad intentions of Congress, insofar as these could be determined at the time; (2) the general regulations of the Federal Government concerning disposition of surplus war property; and (3) determination, in accordance with statutory requirement, of what constituted the public interest.

The Lanham Act, in Title III, section 301, requires that such housing "shall be disposed of as promptly as may be advantageous under the circumstances and in the public interest." The task of determining the public interest is a complicated one since many specialized interests are involved. The occupants have an interest in gaining ownership of the homes they live in. Veterans have an interest in obtaining homes in a period of housing shortage. Private builders and real estate operators have a natural concern in any activity which will place a large number of dwellings on the local market. And finally, the local governments have a concern in matters of community planning, housing various segments of the local population and preventing any possible development of slum areas. All these legitimate interests must be weighed one against another. Although they sometimes run parallel, they just as frequently conflict.

To obtain as much local agreement as possible, the PHA adopted the policy of consulting on a systematic and formal basis with the local community in order to determine local wishes. These local desires are given consideration, insofar as statutory requirements and general policies permit, in shaping the disposal plan for each project.

Because of the multiplicity of interests involved, it was necessary to adopt a priority system to furnish an orderly method for serving the varying claims to preference which might be made when war housing was offered for sale. At the beginning of the year, the policy gave preferences to purchasers in the following order:

1. Present occupants.
2. Prospective occupants who are veterans.
3. Prospective occupants who are not veterans.
4. Investors.

In the cases of sales to individuals, sales prices were set on the basis of appraisal in accordance with the requirement of the Lanham Act in Title I, section 4, that "consideration shall be given to its full market value." Sales to investors were on the basis of obtaining the best return to the Government through competitive bidding. The policy also permitted term sales.

B. Public Regulation No. 1

These policies on the disposition of permanent war housing were thoroughly reexamined in the early months of 1947. The outcome of this reconsideration was the promulgation by the HHFA Administrator of a new regulation on the subject. This regulation, issued on August 27, 1947, and known as HHFA Public Regulation No. 1, placed its emphasis on promotion of individual home ownership, gave top priority to veterans in all sales, established a new system of priorities for preferred purchasers and placed all sales on a cash basis.

A key policy section of the regulation declared that "in order to encourage home ownership, and facilitate participation in the disposition program by small investors, projects being offered for sale shall be subdivided into the smallest feasible units of sale consistent with a practicable plan for their disposition." This is a flexible provision, making it possible to determine the method of disposition of each project on a case basis. When feasible, large projects are subdivided into small units of sale to make it possible for the individual buyer to acquire a home of his own. In such cases, structures up to four-family units are sold to individuals who intend to occupy one of the units, or to groups coming within the preferential list. Where it is impossible to subdivide a project for sale to individuals, groups of veterans and nonveteran occupants are given an opportunity to work out a plan for buying a multiple-family dwelling or an entire project, provided the group includes a sufficient number to occupy a reasonable percentage of the units involved and submits a firm plan of purchase.

The regulation established three preference groups for prospective purchasers, to be served in the following order of priority:

1. Veterans now living in a unit to be sold and who intend to continue occupying the unit after purchase.
2. Veterans who intend to occupy a dwelling to be sold.
3. Nonveterans occupying a unit to be sold who intend to continue occupying the unit after purchase.

An important contribution to the workability of the cash sales policy was provided by congressional enactment of a new section 610 of the National Housing Act permitting the Federal Housing Administration to insure loans made by approved mortgagees up to 90 percent of the appraised value of the properties and for periods up to 25 years. In addition, many lending institutions which are members of the Federal Home Loan Bank system were prepared to aid prospective purchasers needing mortgage credit for their purchases. The loan guarantees of the Veterans' Administration also were available to qualified veterans.

The regulation continued the previous policy of offering units for sale to individuals at fixed prices determined by competent appraisal of long-term values and to investors on the basis of competitive bidding after advertising. It also provided for waivers of its requirements, at the Administrator's discretion, in cases where binding commitments had been made under previous policies.

C. New Procedures

The enunciation of new policies by the HHFA Administrator required a thorough revision of the procedures previously developed by the PHA for disposition under the old policies. The principle of subdivision, for instance, necessitated a painstaking survey of all projects subject to disposition to determine the smallest feasible units for sales offerings. In many cases where initial steps toward disposal had been taken under the old policies, it was necessary to begin the process again, starting with consultations with local communities to explain the new regulation and to determine local wishes in the light of new policies.

Despite difficulties resulting from major policy changes, considerable progress was achieved in completing the steps preliminary to disposition of permanent units. For example, community consultations covering 102,818 units had been completed by the end of the year.

Appraisals had been ordered on 22,566 units, appraisals for 18,728 units had been received and sales prices established for 13,347 units. FHA mortgage insurance commitments had been requested for 14,882 units. These preliminary steps were expected to contribute to completion of many sales in 1948.

A total of 9,517 units of permanent war housing were removed from PHA's disposition workload during 1947 by sales and other disposal actions. Of these, approximately 4,000 were removed subsequent to issuance of Public Regulation No. 1.

D. Disposition of Temporary War Housing

The temporary war housing erected under the Lanham Act presents a disposal problem which is quite different from that for permanent war housing. The differences are implicit in the character of the structures themselves, since they were built for a relatively short useful life and not intended to remain in the nation's housing stock after their emergency usefulness ended.

The Lanham Act, in Title III, section 313, makes specific provision for the disposition of temporary structures. This section declares that such housing shall be removed "as promptly as may be practicable and in the public interest." The act further specifies that the removal shall be accomplished not later than 2 years after the end of the emergency declared on September 8, 1939. The only exception is that temporary housing which the HHFA Administrator determines, after consultation with local communities, is still needed in the interest of orderly demobilization. These exceptions must be reexamined annually and reported to Congress.

The emergency referred to in the act was ended by act of Congress in Public Law 239, 80th Congress, approved July 25, 1947. With that action, the statutory date for removal of temporary war housing was automatically set as July 25, 1949.

Since temporary war housing must be disposed of by removal, the units obviously cannot be disposed of while they are occupied. In this respect, the temporaries are in major contrast with permanent war housing, in which occupancy does not prevent disposal. Current policy calls for terminating temporary projects as rapidly as possible, halting the tenant intake and thereby working toward making them available for removal. Because of the continuing acute need for housing accommodations of all types in most parts of the country, however, it has been necessary to keep thousands of temporary projects in active use. As a result, only 17,759 temporary family dwelling units were available for disposition at the end of the year out of a total stock of 201,735 units subject to removal. Of the temporary family units available for disposition, some 7,300 were removed from the disposition workload during the year. Most of these were transferred to the veterans' reuse housing program. In early 1948, the Congress was considering specific legislation dealing with the disposition of temporary housing.

E. Other Types of Disposition

In addition to its disposal activities connected with the public war-housing program, PHA moved forward during the year in disposing of housing properties which had been transferred to its jurisdiction from other Federal agencies.

The Defense Homes Corporation was brought to the final phase of its existence during 1947 in actions disposing of its holdings. The DHC is a wholly owned Government corporation established by the Federal Loan Administrator in the early defense days to provide housing for higher-income war workers in congested areas. It constructed 11,480 dwelling units consisting of individual permanent homes, several residence halls, and a number of large multi-family apartment developments in and near Washington, D. C., and other metropolitan centers. Of these, 9,479 units were disposed of by the end of the year. The remainder were expected to be sold during the following 6 months, enabling DHC to liquidate its operations by June 30, 1948.

Fairlington-McLean Sale

The outstanding DHC transaction completed during the year was the sale of three projects consisting of 4,339 apartment units and 1,192 residence hall accommodations to private interests for $43,600,000. This sale probably was the largest single housing sale in the history of the Federal Government. Two of the projects were in the Washington, D. C., area. They were the 3,439-unit Fairlington project situated near the Pentagon building in Fairfax and Arlington Counties, Virginia, and McLean Gardens in Washington, D. C. McLean Gardens consists of 720 apartment units and 9 fireproof residence halls with 1,192 rooms. The third project in the sale was the 180-unit Bremerton Gardens at Bremerton, Wash.

The projects were sold in competitive bidding to corporations in which the principal stockholders were Leo F. Corrigan and Leland Fikes of Dallas, Tex. Under a sales contract executed on June 16, 1947, the purchasers made a down payment of $4,000,000 with the balance of the purchase price covered by a 28-year mortgage at 2½ percent interest. After 5 years, the Government will receive, in addition, 50 percent of the net earnings of the properties, to be applied against the principal. Title to the two Washington area projects passed to the new owners on October 10, 1947, and the Bremerton project was transferred one week later.

Terminating Conversion Leases

In the homes-conversion program, begun by the Home Owners' Loan Corporation, privately owned buildings were leased by the Government for conversion into dwelling units for war workers. The leases usually were made to run for a period of 7 years. A total of 8,842 properties were leased in this program and converted into dwellings for 49,566 war workers. The PHA has been terminating these leases by negotiation in advance of their expiration and returning the properties to their owners. By the year's end, 3,310 properties containing 15,323 dwelling accommodations had been terminated in this manner.

Subsistence Homesteads and Greentowns

The subsistence homesteads holdings likewise were being rapidlv liquidated through the year. These are nonfarm housing properties which PHA's predecessor agency had received from the Farm Security Administration by Executive Order in 1942. In selling these projects, the Administration followed the policy of adhering to previous commitments which had been made to the tenants, some of which related to purchase prices and "rental credits" accumulated prior to 1944. Wherever possible, it has sold the homesteads to individual tenants in order to realize the original purposes of the program. By the end of the year, 2,716 of the 3,147 units in the program had been sold, mainly to individual tenants or to tenant cooperative associations. All industrial and commercial facilities relating to the projects had been disposed of.

Another program which had been transferred from the Farm Security Administration was the Greenbelt towns program, consisting of three towns: Greenbelt, Md., near Washington, D. C.; Greendale, near Milwaukee, Wis., and Greenhills, near Cincinnati, Ohio. All three projects are self-contained communities designed to combine the best features of urban and suburban life. They derive their name from the concept of a protecting "greenbelt" of park and forest land surrounding each community. Disposal of these towns represents an unique problem since they are surrounded by substantial acreage of Federally owned land which must be developed for residential use if the projects are to become completely self-supporting. During 1947, PHA completed detailed land-use surveys of the projects and began work leading toward determination of the terms and conditions under which the towns could be offered foı sale.

WAA Assignments

In 1946, the Administration had been given responsibility by War Assets Administration for disposing of nearly 12,000 units of housing and other related properties which had been declared surplus by other

Federal agencies. A total of 10,737 of these units were disposed of by PHA under terms of the Surplus Property Act and WAA regulations. No further assignments of this type were made to PHA by WAA in 1947.

Chapter V

ADMINISTRATIVE DEVELOPMENTS

The administrative machinery of PHA underwent sweeping changes during 1947, both in size and structure. These changes were the result of three events, all occurring at mid-year. They were:

1. An administrative reorganization to shape the agency to its postwar responsibilities.

2. Approval of the President's Reorganization Plan No. 3 establishing permanent Federal Government housing agencies.

3. Sharp budgetary and personnel reductions occasioned by terms of the Government Corporations Appropriation Act of 1948.

Plans for an internal reorganization of the Administration were begun early in the spring of 1947 with a detailed study of operations both in the central office and in the field. The purpose of the study was to examine operations in terms of the anticipated program for the fiscal year beginning July 1, 1947, and to achieve a reduction in administrative expense expenditures in line with proposals contained in the President's budget. It was clear at the outset of the study that organizational changes would be necessary because effective operations could not be maintained simply by shrinking existing organizational units.

Reorganization Plan No. 3

This study was still in progress when the President proposed his Reorganization Plan No. 3 on May 27, 1947. This plan provided that the Federal Public Housing Authority, created as a temporary agency by Executive Order 9070 in February 1942, would be replaced by a new permanent agency to be known as the Public Housing Administration. Following consideration by Congress, the reorganization plan took effect on July 27, 1947.

In addition to changing the name of the public housing agency, the plan also permanently transferred to the Commissioner of the Public Housing Administration the functions formerly exercised by the Administrator of the United States Housing Authority, those of the National Housing Agency pertaining to such nonfarm housing projects as the subsistence homesteads projects and the Greenbelt towns and the responsibilities related to liquidation and dissolution of the Defense Homes Corporation. The Public Housing Commissioner received as delegations from the Administrator of the Housing and

Home Finance Agency the executive functions related to war housing under the Lanham Act and other legislation, the Temporary Shelter Acts, and various appropriations acts.

A. Appropriations Actions

At about the same time, the Congress passed the Government Corporations Appropriation Act of 1948 authorizing expenditure of $11,500,000 for administrative expenses. This amount was roughly 40 percent less than the amount available for this purpose in the 1947 fiscal year. In addition, the legislation limited the personnel who might be paid in excess of $4,500 per annum to 20 percent of all personnel paid from administrative funds.

B. Internal Reorganization

These provisions of the appropriation act heightened the need for immediate reorganization of the agency. Consequently, plans were rushed to completion for changing the administrative structure of the central office, consolidating some existing regional offices with others to reduce the regions from eight to five, and establishing a new system of area supervision in the field offices.

In the central office, functions were consolidated into two main branches, one for program operations and another for administration. The Program Operations Branch included functions previously placed in the Project Management, Development, and Reutilization, and Real Estate and Disposition Branches. The Administration Branch embraced such functions as budget, personnel, statistics, property control, and fiscal control.

The field offices were reduced in number by merging the two West Coast regions into one new region with headquarters in San Francisco, combining two regions in the Midwest and Great Lakes States into a single region with headquarters in Chicago, and consolidating the two regions in the Northeast into a new region with headquarters in New York City. The former regional offices in Boston, Cleveland, and Seattle and the general field office in Washington were closed. The regions in the Southeast and Southwest, with offices in Atlanta and Fort Worth, remained as before.

Under the reorganization, each of the regional offices has an internal organization substantially parallel to that existing in the central office. In addition, however, the regions also have area directors, responsible for all public housing matters in a defined geographical area within the region and reporting directly to the regional director. Each region has two or more areas within it and there are a total of 22 areas in all.

C. Effect on Personnel

As a result of the reduction in funds made by the appropriation act and the proviso that no more than 20 percent of all employees paid from administrative funds could receive $4,500 per annum or more, drastic cuts of upper-level personnel were necessary as the new fiscal year opened. The administrative staff was reduced to a level of 2,018 full-time employees, a reduction of more than 50 percent below the previous year's employment level. Under the 20 percent limitation on higher-paid personnel, about two-thirds of the Administration's employees in policy making, supervisory and professional positions had to be discharged or demoted.

TABLE 1.—*All dwelling units owned or supervised by the PHA* [1], *by program as of Dec. 31, 1947*

Program	Total		Federally owned	Locally owned
	Number	Net change since Dec. 31, 1946		
Total	915,938	−37,132	482,155	410,633
Active	854,313	−39,065	443,680	410,633
Veterans' reuse	261,573	+4,470	1,603	[2] 259,970
Under management	232,086	+103,349	1,603	230,483
Under construction	21,559	−93,015		21,559
Not under construction [3]	7,928	−5,864		7,928
Public war housing (Lanham constructed)	361,802	−23,534	361,802	
Homes conversion	34,243	−9,464	34,243	
Defense Homes Corporation	2,001	−5,904	2,001	
United States Housing Act	192,012	−4,268	41,349	150,663
Under management	189,733	+325	41,349	148,384
Under construction	146	−320		146
Not under construction	2,133	−4,273		[4] 2,133
Public Law 412	119,101	−3,830	11,855	107,246
Public Law 671	51,288	−450	7,871	43,417
PWA	21,623	+12	21,623	
Subsistence Homesteads and Greenbelt towns	2,682	−365	2,682	
Inactive: Public War Housing (Lanham constructed)	38,475	−2,365	38,475	
Deferred—United States Housing Act	23,150	+4,298		

[1] Excludes units which have been sold to mutual housing associations, limited-dividend corporations (PWA), and homestead associations on which PHA holds mortgages for collection.
[2] This veterans' housing is considered for this purpose as being disposed of to local public bodies or educational institutions even though the improvements provided by PHA may not be wholly complete or title to them formally transferred.
[3] Includes accommodations allocated but with no local contract.
[4] Includes 1,423 rural units not yet built but which are parts of active rural projects.

PUBLIC HOUSING ADMINISTRATION

TABLE 2.—*Number of active projects and dwelling units* [1] *owned or supervised by the Public Housing Administration, by program and State, Dec. 31, 1947*

Total	Total program		Veterans' reuse housing		War housing [2]		USHA [3]		Subsistence homesteads and Greenbelt towns	
	Number projects	Number units	Number projects	Number units	Number projects	Number units	Number projects	Number units	Number projects	Number units
Total	4,705	854,313	2,607	261,573	1,449	398,046	634	192,012	15	2,682
Alabama	98	19,964	33	5,043	40	9,476	19	5,207	1	238
Arizona	92	8,093	31	2,028	54	5,171	6	870	1	24
Arkansas	59	6,817	45	4,528	6	1,358	8	931	-------	-------
California	615	128,614	271	23,256	305	95,964	39	9,394	-------	-------
Colorado	43	5,061	28	3,199	10	1,092	5	770	-------	-------
Connecticut	96	21,254	24	2,975	55	12,047	17	6,232	-------	-------
Delaware	15	2,773	6	378	7	2,015	2	380	-------	-------
Florida	91	18,452	28	5,166	31	5,952	32	7,334	-------	-------
Georgia	109	22,671	42	3,949	26	7,360	41	11,362	-------	-------
Idaho	43	3,640	33	2,691	8	865	2	84	-------	-------
Illinois	138	26,374	84	9,955	20	3,772	33	12,613	1	34
Indiana	111	17,107	72	8,654	24	5,196	15	3,257	-------	-------
Iowa	91	8,541	86	7,459	5	1,082	-------	-------	-------	-------
Kansas	61	12,397	41	3,700	20	8,697	-------	-------	-------	-------
Kentucky	93	8,611	73	3,274	4	984	16	4,353	-------	-------
Louisiana	56	14,343	33	6,133	10	2,406	13	5,804	-------	-------
Maine	19	3,616	5	1,315	14	2,301	-------	-------	-------	-------
Maryland	60	20,567	10	1,318	36,	13,061	13	5,297	1	891
Massachusetts	83	18,817	53	7,808	13	3.096	17	7,913	-------	-------
Michigan	179	34,653	86	6,859	84	22,615	8	5,176	1	3
Minnesota	72	4,487	69	3,910	2	113	1	464	-------	-------
Mississippi	103	10,943	66	5,002	15	3,775	19	2,153	3	13
Missouri	63	7,608	58	5,231	3	1,062	2	1,315	-------	-------
Montana	32	2,993	23	2,119	5	341	4	533	-------	-------
Nebraska	66	5,989	53	2,038	10	2,873	3	1,078	-------	-------
Nevada	36	2,355	14	510	22	1,845	-------	-------	-------	-------
New Hampshire	9	2,119	5	636	4	1,483	-------	-------	-------	-------
New Jersey	132	20,843	79	6,088	19	5,651	33	9,022	1	82
New Mexico	35	3,108	25	2,333	10	775	-------	-------	-------	-------
New York	158	57.216	112	30,876	26	8,862	20	17,478	-------	-------
North Carolina	82	12,119	46	3,943	21	5,207	15	2,969	-------	-------
North Dakota	40	1,253	40	1,253	-------	-------	-------	-------	-------	-------
Ohio	261	46,453	157	12,805	65	17,460	38	15,451	1	737
Oklahoma	72	8,788	65	5,991	5	2,363	2	434	-------	-------
Oregon	99	22,116	39	4,189	57	17,327	3	600	-------	-------
Pennsylvania	174	44,101	53	7,402	75	23,413	46	13,286	-------	-------
Rhode Island	14	3,604	7	876	2	800	5	1,928	-------	-------
South Carolina	59	7,677	29	2,320	15	2,810	15	2,547	-------	-------
South Dakota	38	1,749	36	1,591	2	158	-------	-------	-------	-------
Tennessee	83	14,028	51	4,790	10	2,260	21	6,961	1	17
Texas	284	47,214	164	16,209	75	20,524	45	10,481	-------	-------
Utah	60	10,991	37	5.248	23	5,743	-------	-------	-------	-------
Vermont	16	1,082	12	703	4	379	-------	-------	-------	-------
Virginia	97	32,457	31	4,286	51	25,166	14,	3,000	1	5
Washington	158	39,984	55	6,680	94	29,696	9	3,608	-------	-------
West Virginia	61	4,470	45	1,910	3	1,001	11	1,556	2	3
Wisconsin	107	9,307	94	6,075	9	1,696	3	901	1	635
Wyoming	36	2,668	28	1,723	8	945	-------	-------	-------	-------
Dist. of Columbia	47	13,573	9	2,223	28	8,203	10	3,147	-------	-------
Alaska	18	595	6	238	12	357	-------	-------	-------	-------
Hawaii	13	4,164	9	2,555	2	1,248	2	361	-------	-------
Puerto Rico	27	5,768	1	132	-------	-------	26	5.636	-------	-------
Virgin Islands	1	126	-------	-------	-------	-------	1	126	-------	-------

[1] See footnote, table 1.
[2] Includes public war housing (Lanham constructed), Defense Homes Corporation, and homes conversion programs.
[3] Includes PWA projects.

TABLE 3.—*Number of dwelling units available for disposition and disposed of, by program, type of structure and accommodation, and method of disposition, Dec. 31, 1947*

Program	Total disposition responsibility	Available for disposition	Disposed of							
			Total	Veterans' reuse	Sale	Reuse war housing	Lease cancellation	Transfer to other agencies	Demolition	Other
Total	627, 111	398, 834	197, 516	85, 869	38, 881	20, 235	20, 622	24, 001	2, 468	5, 440
Public war housing (Lanham constructed)	540, 715	314, 701	150, 545	80, 264	13, 213	20, 235	4, 930	24, 001	2, 468	5, 434
Family dwelling	441, 333	231, 360	83, 980	38, 729	9, 892	11, 267	172	18, 188	1, 994	3, 738
Permanent	100, 159	92, 433	9, 751	------	2, 682	726	------	6, 296	------	47
Demountable	79, 630	58, 920	12, 234	598	5, 758	4, 141	------	1, 440	------	297
Temporary	260, 776	79, 495	61, 666	38, 102	1, 452	6, 400	------	10, 324	1, 994	3, 394
Converted (by PHA)	768	512	329	29	------	------	172	128	------	------
Dormitory	99, 382	83, 341	66, 565	41, 535	3, 321	8, 968	4, 758	5, 813	474	1, 696
Permanent	1, 489	1, 452	1, 236	------	1, 030	------	206	------	------	------
Temporary	89, 300	74, 441	58, 552	40, 809	1, 452	8, 968	128	5, 049	474	1, 672
Converted (by PHA)	8, 593	7, 448	6, 777	726	839	------	4, 424	764	------	24
Homes conversion	49, 566	49, 566	15, 323	------	------	------	15, 323	------	------	------
Defense Homes Corporation	11, 480	11, 480	9, 479	------	9, 110	------	369	------	------	------
Subsistence Homesteads and Greenbelt towns	5, 410	3, 147	2, 728	------	2, 722	------	------	------	------	6
Surplus Property Act	16, 841	16, 841	16, 342	5, 605	10, 737	------	------	------	------	------
United States Housing Act	3, 099	3, 099	3, 099	------	3, 099	------	------	------	------	------

TABLE 4.—*U. S. Housing Act program, statement of income and expense for fiscal year ended June 30, 1947*

Income:	
Rents—project rental:	
Directly operated:	
Public Works Administration	$863, 612
Public Law 671	73, 580
Total	937, 192
Leased (net):	
Public Works Administration	2, 136, 046
Public Law 671	810, 103
Public Law 412	1, 605, 824
Total	4, 551, 973
Other project rental: Public Works Administration	13, 300
Total rents	5, 502, 465
Interest:	
U. S. Government bonds	194, 925
Obligations of local housing authorities	7, 311, 082
Public Works Administration limited dividend corporations	55, 957
Charged to PL–412 and PL–671 projects	878, 108
Total interest	8, 440, 072
Other	256
Total income	13, 942, 793

TABLE 4.—*U. S. Housing Act program, statement of income and expense for fiscal year ended June 30, 1947*—Continued

Expenses:	
Direct operating expenses:	
Projects:	
Directly operated (exclusive of operating reserves):	
Public Works Administration	$560, 722
Public Law 671	50, 072
Total direct operating expense	610, 794
Interest expense:	
United States Treasury	3, 573, 785
Development costs:	
Public Law 671	342, 382
Public Law 412	535, 726
Total interest expense	4, 451, 893
Administrative expenses:	
United States Housing Authority	3, 565, 000
Public Works Administration	215, 900
Total administrative expenses	3, 780, 900
Depreciation:	
Structures and equipment:	
Projects:	
Public Works Administration	1, 881, 482
Public Law 671	586, 478
Public Law 412	871, 084
Total depreciation	3, 339, 044
Grants, subsidies, and contributions:	
Annual contributions	5, 666, 630
Direct nonoperating expenses	7, 417
Losses and charge-offs:	
Collection losses	704
Property losses—cost of replacements	733
Property losses—insurance proceeds	[1] 221
Loss on disposition of property	800
Disposition proceeds—personal property	[1] 333
Net losses and charge-offs	1, 683
Total expenses	17, 858, 361
Net income (or loss) [1] before adjustment of valuation and operating reserves	[1] 3, 915, 568
Adjustments of reserves	[1] 344, 526
Net income (or loss) [1] for the period	[1] 4, 260, 094

ANALYSIS OF UNRESERVED SURPLUS (OR DEFICIT) [1]

Cumulative grants, subsidies and contributions:	
Balance at beginning of fiscal year	[1] $50, 544, 981
Grants, subsidies, and contributions for the period: Annual contributions	[1] 5, 666, 630
Balance at end of period	[1] 56, 211, 611
Undivided profits (or losses): [1]	
Balance at beginning of fiscal year	19, 789, 979
Adjustments to beginning balance (increase or decrease) [1]	[1] 19, 004, 551
Total	785, 428
Net income (or loss) [1] for the period	1, 406, 536
Balance at end of period	2, 191, 964
Total unreserved surplus (or deficit) [1] at end of period	[1] 54, 019, 647

[1] Indicates negative item.

TABLE 5.—*U. S. Housing Act Program, Balance Sheet as of June 30, 1947, and Dec. 31, 1947*

ASSETS

	June 30, 1947	Dec. 31, 1947
Cash:		
On hand and in banks	$179, 051	$142, 708
With U. S. Treasury	2, 689, 799	5, 106, 897
Deposits with other Government agencies	40, 610	52, 017
Total cash	2, 909, 460	5, 301, 622
Appropriated funds	3, 438, 389	5, 846, 328
Investments:		
U. S. Government bonds	7, 874, 410	7, 874, 178
Stock in PWA limited-dividend corporations	110	10
Total investments	7, 874, 520	7, 874, 188
Loans receivable:		
Local housing authority obligations	276, 653, 257	276, 678, 189
Mortgage loan notes: PWA limited-dividend corporations	1, 383, 642	954, 000
Total loans receivable	278, 036, 899	277, 632, 189
Accounts receivable:		
Government agencies	85, 194	310
Receivables from lessees and contractors:		
From local housing authorities:		
Rents receivable	1, 652, 552	1, 319, 037
Reserves receivable	1, 143, 273	1, 091, 263
Other receivables	112, 987	78, 023
Unbilled receivables	3, 456	14, 257
Other	181, 093	
Tenants:		
Tenants in possession	3, 663	2, 430
Vacated tenants	1, 288	1, 050
Allowance for bad debts	[1] 1, 288	
Unbilled	128, 172	121, 722
Miscellaneous	17, 058	7, 298
Advances	356, 241	628, 661
Total accounts receivable	3, 683, 689	3, 264, 051
Accrued assets:		
Interest receivable:		
U. S. Government bonds	27, 241	27, 241
Local housing authority obligations	2, 587, 450	2, 662, 648
Mortgage loan notes: PWA limited dividend corporations	27, 712	
Other		317
Total accrued assets	2, 642, 403	2, 690, 206
Commodities, supplies, and materials: Stores inventories, held for use	10, 591	40, 155
Land, structures, and equipment:		
Development costs:		
Projects:		
PWA	127, 112, 925	127, 113, 425
PL-412	58, 366, 668	58, 366, 744
PL-671	42, 263, 459	42, 335, 151
Allowance for depreciation:		
Projects:		
PWA	[1] 16, 967, 186	[1] 17, 907, 962
PL-412	[1] 4, 546, 401	[1] 4, 052, 277
PL-671	[1] 1, 298, 604	[1] 1, 656, 335
Total land, structures, and equipment	204, 930, 861	204, 198, 746
Deferred and undistributed charges:		
Prepaid insurance:		
Fixed premium	1, 515	8, 001
Returnable premium	155, 940	155, 940
Prepaid administrative expenses	301, 507	783, 333
Prepaid payments in lieu of taxes	206, 454	184, 180
Undistributed charges	1, 710, 850	1, 418, 186
Total deferred and undistributed charges	2, 376, 266	2, 549, 640
Total assets	505, 903, 078	509, 397, 125

[1] Indicates negative item.

TABLE 5.—*U. S. Housing Act Program, Balance Sheet as of June 30, 1947, and Dec. 31, 1947*—Continued

LIABILITIES, RESERVES, AND CAPITAL

	June 30, 1947	Dec. 31, 1947
Liabilities:		
Accounts payable:		
Management	$183, 403	$179, 752
Development	5, 000	
Miscellaneous	85, 798	58, 701
Total accounts payable	274, 201	238, 453
Trust and deposit liabilities:		
Tenant security deposits	13, 535	2, 341
Unclaimed refunds		118
Other	17	151
Total trust and deposit liabilities	13, 552	2, 610
Bonds, debentures and notes payable: U. S. Treasury 1¾ percent series "N" notes maturing June 30, 1948	347, 000, 000	347, 000, 000
Deferred and undistributed credits:		
Prepaid rents	8, 891	10, 110
Undistributed credits	2, 415, 910	2, 126, 384
Total deferred and undistributed credits	2, 424, 801	2, 136, 494
Total liabilities	349, 712, 554	349, 377, 557
Reserves:		
Repairs, maintenance and replacements	4, 262, 557	3, 902, 197
Operating improvements	280, 035	270, 752
Operating improvements—special war account		40, 608
Vacancy and collection losses	3, 210, 821	3, 355, 225
Fire and other hazards	4, 000	4, 300
Contingencies	844, 139	988, 972
General	212, 501	212, 501
Total reserves	8, 814, 053	8, 774, 555
Capital:		
Capital stock and paid-in surplus: Capital stock	1, 000, 000	1, 000, 000
Paid-in surplus: Assets transferred from the Federal Emergency Administration of Public Works	114, 830, 708	114, 830, 708
Total capital stock and paid-in surplus	115, 830, 708	115, 830, 708
Appropriations:		
Expenditures:		
Expended:		
Annual contributions	56, 211, 611	57, 803, 672
Development (PWA)	25, 915, 576	25, 915, 576
Deposits of general fund receipts	[1] 166	[1] 166
Unexpended	3, 438, 389	5, 846, 328
Total appropriations	85, 565, 410	89, 565, 410
Earned surplus (or deficit):		
Unreserved:		
Cumulative grants, subsidies, and contributions: Annual contributions	[1] 56, 211, 611	[1] 57, 803, 672
Undivided profits	2, 191, 964	3, 652, 567
Deficit [1]	[1] 54, 019, 647	[1] 54, 151, 105
Total capital	147, 376, 471	151, 245, 013
Total liabilities, reserves, and capital	505, 903, 078	509, 397, 125

[1] Indicates negative item.

TABLE 6.—*U. S. Housing Act Program, Statement of sources and application of funds for the fiscal year ended June 30, 1947*

FUNDS PROVIDED		
By realization of assets:		
Repayment of principal on loans:		
Local housing authority obligations	$2, 638, 100	
Mortgage loan notes	42, 937	
Total realization of assets		$2, 681, 037
By income:		
Rents	$5, 502, 465	
Interest	8, 440, 535	
Other	256	
Total income		13, 943, 256
By appropriations: Annual contributions		5, 800, 000
By decrease in working capital		8, 082, 307
Total funds provided		30, 506, 600
FUNDS APPLIED		
To acquisition of assets:		
Loans	$1, 134, 249	
Land, structures, and equipment	1, 852, 868	
Total acquisition of assets		2, 987, 117
To expenses (excluding charges not requiring funds):		
Direct operating expense	$610, 794	
Interest expense	4, 451, 893	
Administrative expenses	3, 780, 900	
Annual contributions	5, 666, 630	
Direct nonoperating expense	7, 417	
Losses and charge-offs	1, 683	
Total expenses		14, 519, 317
To retirement of borrowings and capital:		
Payments on U. S. Treasury notes	$13, 000, 000	
Deposits of general fund receipts	166	
Total retirement of borrowings and capital		13, 000, 166
Total funds applied		30, 506, 600

TABLE 7.—*Maximum development cost of all projects under the U. S. Housing Act, Dec. 31, 1947*

	Total all projects	Public Law-412				Public Law-671, active, not permanently financed
		Total	Active		Deferred	
			Permanently financed	Not permanently financed		
Maximum development cost of all projects	$942, 836, 359	$661, 880, 107	$455, 616, 278	$92, 710, 077	$113, 553, 752	$280, 956, 252
Locally owned projects:						
Federal funds:						
Bonds purchased:						
Outstanding	274, 208, 000	274, 208, 000	274, 208, 000			
Retired	2, 512, 000	2, 512, 000	2, 512, 000			
Total bonds purchased	276, 720, 000	276, 720, 000	276, 720, 000			
Advance loan notes	2, 470, 189	2, 327, 189		146, 075	2, 181, 114	143, 000
Contingent liability on temporary loan notes	(see below)	(see below)		(see below)	(see below)	(see below)
Funds not yet advanced	129, 255, 971	105, 344, 171	8, 583, 490	6, 098, 015	90, 662, 666	23, 911, 800
Total Federal commitment	408, 446, 160	384, 391, 360	285, 303, 490	6, 244, 090	92, 843, 780	24, 054, 800
Non-Federal funds:						
Bonds issued:						
Outstanding	142, 863, 500	142, 863, 500	142, 836, 500	27, 000		
Retired	26, 483, 500	26, 483, 500	25, 952, 500	531, 000		
Total bonds issued	169, 347, 000	169, 347, 000	168, 789, 000	558, 000		
Capital donations, etc	2, 042, 303	2, 042, 303	1, 523, 788	518, 515		
Temporary loan notes	235, 430, 484	27, 735, 000		17, 957, 810	9, 777, 190	207, 695, 484
Funds not yet advanced	12, 546, 882	12, 546, 882		1, 614, 100	10, 932, 782	
Total non-Federal commitment	419, 366, 669	211, 671, 185	170, 312, 788	20, 648, 425	20, 709, 972	207, 695, 484
Maximum development cost—locally owned projects	827, 812, 829	596, 062, 545	455, 616, 278	26, 892, 515	113, 553, 752	231, 750, 284
Federally owned projects:						
Expenditures to date	100, 701, 894	58, 366, 743		58, 366, 743		42, 335, 151
Funds not yet advanced	14, 321, 636	7, 450, 819		7, 450, 819		6, 870, 817
Maximum development cost—federally owned projects	115, 023, 530	65, 817, 562		65, 817, 562		49, 205, 968

NOTE.—Development costs shown in this table for locally owned projects are the maximum amounts authorized under outstanding contracts and allotments. Development costs for federally owned projects are the maximum amounts authorized by the President.

This statement contains adjustments made in records subsequent to December 31, 1947, which should have been made as of that date.

TABLE 8-A.—*Development cost, loans and annual contributions for locally owned projects under the U. S. Housing Act program, Dec. 31, 1947*

	Development cost	PHA loan commitments	Outstanding loans of local authorities			
			From PHA	Temporary from others	Permanent from others	Total outstanding loans
All PHA-Aided locally owned projects	$782, 175, 256	$671, 761, 623	$276, 678, 189	$222, 976, 000	$142, 863, 500	$642, 517, 689
Public Law -412 projects	564, 076, 450	453, 662, 817	276, 432, 401	27, 735, 000	142, 863, 500	447, 030, 901
Public Law -671 projects	218, 098, 806	218, 098, 806	245, 788	195, 241, 000	------------	195, 486, 788
By State:						
Alabama	21, 066, 575	19, 125, 901	13, 478, 471	2, 445, 000	898, 000	16, 821, 471
Arizona	3, 368, 467	3, 109, 367	1, 610, 782	1, 075, 000	173, 000	2, 858, 782
Arkansas	6, 473, 063	6, 020, 063	756, 972	1, 974, 000	40, 000	2, 770, 972
California	48, 979, 829	47, 653, 329	2, 268, 199	37, 178, 000	488, 000	39, 934, 199
Colorado	3, 480, 769	2, 980, 769	1, 427, 000	1, 332, 000	419, 000	3, 178, 000
Connecticut	27, 386, 980	20, 633, 700	14, 806, 000	5, 310, 000	5, 673, 000	25, 789, 000
Delaware	2, 059, 529	2, 059, 529	------------	1, 753, 000	------------	1, 753, 000
Florida	22, 864, 533	20, 327, 642	17, 687, 500	1, 044, 000	1, 400, 000	20, 131, 500
Georgia	40, 217, 704	35, 384, 204	22, 908, 694	2, 626, 000	7, 793, 000	33, 327, 694
Idaho	922, 000	826, 000	391, 819	------------	26, 000	417, 819
Illinois	44, 388, 677	41, 503, 685	11, 907, 300	26, 376, 000	1, 208, 000	39, 491, 300
Indiana	11, 342, 511	10, 209, 411	7, 138, 200	882, 000	715, 000	8, 735, 200
Kentucky	20, 141, 000	15, 462, 300	12, 191, 059	------------	5, 806, 000	17, 997, 059
Louisiana	35, 528, 343	31, 447, 843	22, 922, 688	3, 956, 000	2, 487, 000	29, 365, 688
Maryland	27, 132, 009	21, 211, 189	5, 079, 225	13, 298, 000	5, 259, 000	23, 636, 225
Massachusetts	45, 132, 540	34, 914, 340	16, 264, 000	12, 980, 000	8, 051, 000	37, 295, 000
Michigan	34, 167, 888	29, 747, 888	2, 584, 000	16, 013, 000	2, 728, 000	21, 325, 000
Mississippi	8, 537, 413	7, 639, 613	4, 771, 252	774, 000	306, 000	5, 851, 252
Missouri	15, 243, 000	14, 494, 800	84, 000	7, 037, 000	------------	7, 121, 000
Montana	2, 472, 000	2, 193, 000	1, 735, 000	378, 000	184, 000	2, 297, 000
Nebraska	3, 782, 000	3, 333, 000	553, 000	------------	2, 779, 000	3, 332, 000
New Jersey	42, 589, 202	37, 854, 202	26, 108, 000	10, 321, 000	3, 266, 000	39, 695, 000
New Mexico	361, 000	324, 900	12, 074	------------	------------	12, 074
New York	78, 934, 562	64, 205, 164	8, 983, 000	3, 931, 000	49, 376, 000	62, 290, 000
North Carolina	13, 865, 524	12, 306, 259	6, 345, 472	347, 000	3, 522, 000	10, 214, 472
Ohio	------------	------------	------------	------------	------------	------------
Oregon	1, 858, 629	1, 858, 629	------------	1, 907, 000	------------	1, 907, 000
Pennsylvania	67, 964, 607	53, 700, 150	23, 512, 800	25, 236, 000	13, 175, 000	61, 923, 800
Rhode Island	11, 089, 004	10, 705, 904	1, 228, 000	7, 052, 000	133, 000	8, 413, 000
South Carolina	11, 728, 400	10, 633, 250	5, 543, 867	1, 623, 000	508, 000	7, 674, 867
Tennessee	23, 193, 341	20, 435, 600	7, 348, 000	1, 430, 000	12, 184, 000	20, 962, 000
Texas	44, 284, 189	35, 567, 839	23, 071, 845	7, 959, 000	8, 091, 500	39, 122, 345
Virginia	15, 220, 420	14, 500, 720	2, 727, 278	7, 177, 000	224, 000	10, 128, 278
Washington	7, 466, 300	6, 955, 300	2, 671, 254	3, 532, 000	378, 000	6, 581, 254
West Virginia	7, 117, 679	6, 254, 679	4, 483, 507	------------	2, 076, 000	6, 559, 507
Wisconsin	2, 453, 728	2, 275, 128	------------	981, 000	------------	981, 000
District of Columbia	15, 328, 326	11, 584, 326	3, 119, 000	5, 993, 000	3, 403, 000	12, 515, 000
Hawaii	4, 051, 000	3, 695, 400	947, 000	1, 136, 000	67, 000	2, 150, 000
Puerto Rico	9, 982, 515	8, 626, 600	11, 931	7, 920, 000	27, 000	7, 958, 931

TABLE 8–B.—*Development cost, loans, and annual contributions for locally owned projects under the U. S. Housing Act program, Dec. 31, 1947*

	Maximum contributions under contracts	Annual contributions paid during 1947			Total paid during 1947
		First annual contribution		Second and subsequent annual contributions, amount actually paid	
		Maximum commitment	Amount actually paid		
All PHA-aided locally owned projects	$24, 607, 874	$91, 717	$11, 125	$4, 327, 718	$4, 338, 843
Public Law -412 projects	17, 971, 670			4, 321, 522	4, 321, 522
Public Law -671 projects	6, 636, 204	91, 717	11, 125	6, 196	17, 321
By State:					
Alabama	660, 618			38, 496	38, 496
Arizona	108, 109				
Arkansas	214, 692			2, 688	2, 688
California	1, 500, 319			82, 075	82, 075
Colorado	104, 422				
Connecticut	843, 706			120, 893	120, 893
Delaware	72, 083				
Florida	730, 824			66, 613	66, 613
Georgia	1, 216, 670			68, 955	68, 955
Idaho	30, 460			5, 611	5, 611
Illinois	1, 317, 220	21, 732	2, 619	88, 540	91, 159
Indiana	363, 457			27, 982	27, 982
Kentucky	667, 530			258, 458	258, 458
Louisiana	1, 107, 616			360, 809	360, 809
Maryland	813, 909			131, 324	131, 324
Massachusetts	1, 353, 975			223, 350	223, 350
Michigan	1, 025, 035			82, 911	82, 911
Mississippi	293, 202			36, 045	36, 045
Missouri	494, 698				
Montana	74, 160			9, 996	9, 996
Nebraska	141, 825			73, 713	73, 713
New Jersey	1, 348, 028			376, 126	376, 126
New Mexico	12, 635				
New York	2, 716, 107	62, 291	7, 459	1, 101, 265	1, 108, 724
North Carolina	469, 508			153, 910	153, 910
Oregon	64, 784				
Pennsylvania	2, 137, 672			337, 070	337, 070
Rhode Island	339, 875			9, 587	9, 587
South Carolina	378, 048			33, 451	33, 451
Tennessee	763, 031			135, 066	135, 066
Texas	1, 363, 342	7, 694	1, 047	132, 575	133, 622
Virginia	420, 200			3, 592	3, 592
Washington	223, 338			28, 558	28, 558
West Virginia	244, 526			29, 477	29, 477
Wisconsin	82, 542				
District of Columbia	459, 848			54, 094	54, 094
Hawaii	145, 420			4, 942	4, 942
Puerto Rico	304, 440			249, 546	249, 546

TABLE 9.—*Statement of capital funds and annual contributions committed under U. S. Housing Act, Dec. 31, 1947*

	Total all projects	PL–412 projects: Total	PL–412 projects: Active: Permanently financed	PL–412 projects: Active: Not permanently financed	PL–412 projects: Deferred	PL–671 projects—active not permanently financed
CAPITAL FUNDS						
Capital funds committed:						
For locally owned projects:						
Bonds purchased	$276, 720, 000	$276, 720, 000	$276, 720, 000			
Advance loan notes	2, 470, 189	2, 327, 189		$146, 075	$2, 181, 114	$143, 000
Temporary loan notes (Federal contingent liability)	235, 430, 484	27, 735, 000		17, 957, 810	9, 777, 190	207, 695, 484
Funds not yet advanced	129, 255, 971	105, 344, 171	8, 583, 490	6, 098, 015	90, 662, 666	23, 911, 800
Total, locally owned projects	643, 876, 644	412, 126, 360	285, 303, 490	24, 201, 900	102, 620, 970	231, 750, 284
For federally owned projects:						
Expenditures to date	100, 701, 894	58, 366, 743		58, 366, 743		42, 335, 151
Funds not yet expended	14, 321, 636	7, 450, 819		7, 450, 819		6, 870, 817
Total, federally owned projects	115, 023, 530	65, 817, 562		65, 817, 562		49, 205, 968
Total capital funds committed	758, 900, 174	477, 943, 922	285, 303, 490	90, 019, 462	102, 620, 970	280, 956, 252
Capital funds required and available:						
Capital funds committed	758, 900, 174					
Less: Total loans made and investment in federally owned projects	379, 892, 083					
Net PHA loan commitment outstanding	379, 008, 091					
Unused borrowing authority available from U. S. Treasury	378, 692, 000					
Balance from corporate funds	316, 091					
	379, 008, 091					
ANNUAL CONTRIBUTION FUNDS						
Maximum commitment on locally owned projects	26, 095, 990	19, 034, 213	14, 531, 375	832, 393	3, 670, 445	7, 061, 777
Maximum contribution authorized	28, 000, 000					
Less: Maximum contributions committed	26, 095, 990					
Uncommitted balance available for use in the event of sale of federally owned projects to local housing authorities	1, 904, 010					

NOTE—This statement contains adjustments made in records subsequent to December 31, 1947, which should have been made as of that date.

TABLE 10.—*Income and expense statement of all Federally owned projects under U. S. Housing Act, fiscal year ended June 30, 1947*

	PWA projects			Public Law-671 projects			Public Law-412 projects	Grand total
	Directly operated	Leased	Total	Directly operated	Leased	Total		
Number of developments	7	[1] 43	[1] 50	1	20	21	[2] 32	[1,2] 102
Number of dwelling units	2,471	[1] 18,991	[1] 21,462	60	8,161	8,221	[2] 11,851	[1,2] 41,534
Latest development cost	$12,625,241	$114,487,684	$127,112,925	$417,013	$41,846,446	$42,263,459	[2] $58,366,668	[2] $227,743,052
Average development cost per unit	5,109	[1] 6,029	[1] 5,923	6,950	5,128	5,141	[2] 4,904	[1,2] 5,477
Number of dwelling units in operation	2,471	18,943	21,414	205	6,919	7,124	11,946	40,484
Income:								
Dwelling rent schedule	$842,866	$7,362,271	$8,205,137	$73,186	$2,685,801	$2,758,987	$4,336,561	$15,300,685
Dwelling vacancy loss	1,235	9,572	10,807	77	21,894	21,971	11,072	43,850
Dwelling income	841,631	7,352,699	8,194,330	73,109	2,663,907	2,737,016	4,325,489	15,256,835
Commercial rental	7,324	103,205	110,529		23,231	23,231	550	134,310
Furniture rental					26,817	26,817		26,817
Other nondwelling rental	6,793	12,971	19,764		17,067	17,067	1,654	38,485
Sales and services to tenants	4,468	35,657	40,125	11	14,653	14,664	30,113	84,902
Miscellaneous project income	3,396	18,064	21,460	460	7,079	7,539	16,435	45,434
Interest on investments		510	510				178	688
Total operating income	863,612	7,523,106	8,386,718	73,580	2,752,754	2,826,334	4,374,419	15,587,471
Expenses:								
Direct operating expenses:								
Management	83,577	719,558	803,135	10,795	267,140	277,935	419,402	1,500,472
Operating services	36,483	409,223	445,706	1,741	143,280	145,021	189,776	780,503
Dwelling and commercial utilities	227,228	1,886,384	2,113,612	15,034	569,699	584,733	1,128,353	3,826,698
Repairs, maintenance, and replacements	140,804	1,693,559	1,834,363	8,971	505,129	514,100	770,129	3,118,592
Sanitation and waste removal		4,281	4,281		466	466	7,035	11,782
Supplementary community services	1,865	16,314	18,179	182	8,876	9,058	6,559	33,796
Streets and roads					*10	*10		*10
Housekeeping services	23		23					23
Insurance	6,013	52,178	58,191	939	25,480	26,419	36,104	120,714
Rents					27,460	27,460		27,460
Taxes		118	118		4,856	4,856	149	5,123
Contributions to pension and insurance funds		29,681	29,681					29,681
Cost of sales and services to tenants	3,790	35,372	39,162		14,874	14,874	30,080	84,116
Payments in lieu of taxes	60,071	475,802	535,873	12,410	331,426	343,836	137,299	1,017,008
Miscellaneous		1,475	1,475		39	39	28	1,542
Undistributed accrued pay roll	868		868					868
Total direct operating expenses	560,722	5,323,945	5,884,667	50,072	1,898,715	1,948,787	2,724,914	10,558,368

[1] Includes one development of 194 dormitory units as equivalent to 48 family dwelling units in computing average development cost per unit.
[2] Excludes one development of 95 units on which the cost of land is included in the latest development cost in the amount of $247,662. The cost of land is excluded in computing average development cost per unit.

TABLE 10.—*Income and expense statement of all Federally owned projects under U. S. Housing Act, fiscal year ended June 30, 1947*—Con.

	PWA projects			Public Law-671 projects			Public Law-412 projects	Grand total
	Directly operated	Leased	Total	Directly operated	Leased	Total		
Expenses—Continued								
Direct nonoperating expenses:								
Damage to persons and property		296	296		31	31	164	491
Operating improvements	6, 894	61, 414	68, 308		38, 115	38, 115	35, 688	142, 111
Operating improvements—Special war account		394	394					394
Moving expense—Other than structures	523	77	600		3, 121	3, 121	365	4, 086
Total direct nonoperating expenses	7, 417	62, 181	69, 598		41, 267	41, 267	36, 217	147, 082
Interest and depreciation:								
Interest on development costs of PHA-owned aided projects				8, 516	333, 866	342, 382	535, 726	878, 108
Depreciation of structures and equipment	195, 096	1, 686, 386	1, 881, 482	46, 195	540, 283	586, 478	871, 084	3, 339, 044
Total interest and depreciation	195, 096	1, 686, 386	1, 881, 482	54, 711	874, 149	928, 860	1, 406, 810	4, 217, 152
Losses and charge-offs:								
Collection losses	560	1, 176	1, 736	144	5, 959	6, 103	6, 936	14, 775
Property losses—cost of replacements	576	4, 676	5, 252	157	3, 557	3, 714	560	9, 526
Property losses—insurance proceeds	*221	*4, 918	*5, 139		*6, 846	*6, 846	*32	*12, 017
Total losses and charge-offs	915	934	1, 849	301	2, 670	2, 971	7, 464	12, 284
Total expenses	764, 150	7, 073, 446	7, 837, 596	105, 084	2, 816, 801	2, 921, 885	4, 175, 405	14, 934, 886
Net income (or loss*) before adjustment of reserves	99, 462	449, 660	549, 122	*31, 504	*64, 047	*95, 551	199, 014	652, 585
Provisions for reserves:								
Repairs, maintenance, and replacements	7, 651	*400, 547	*392, 896	330	158, 514	158, 844	*27, 456	*261, 508
Operating improvements					3, 803	3, 803	6, 553	10, 356
Vacancy and collection losses	13, 575	60, 844	74, 419	1, 019	215, 522	216, 541	47, 729	338, 689
Fire and other hazards	600		600					600
Contingencies		12, 801	12, 801		33, 400	33, 400		46, 201
General				24, 882	184, 018	208, 900		208, 900
Total provisions for reserves	21, 826	*326, 902	*305, 076	26, 231	595, 257	621, 488	26, 826	343, 238
Net income (or loss*)	77, 636	776, 562	854, 198	*57, 735	*659, 304	*717, 039	172, 188	309, 347

*Indicates negative item.

TABLE 11.—*Income and expense statement of PWA projects under United States Housing Act, fiscal year ended June 30, 1947*

	Managed by PHA	Leased to local authorities [2]
Number of developments [1]	7	42
Number of dwelling units	2,481	18,973
	Average per unit per month	
Operating Income:		
Dwelling rent schedule	$28.15	$32.43
Less: Vacancy loss	.04	.04
Net dwelling rentals	28.11	32.39
Other operating income	.73	.75
Total operating income	28.84	33.14
Expense:		
Operating expense:		
Management	2.79	3.17
Operating services	1.22	1.80
Dwelling utilities	7.59	8.31
Repairs, maintenance, and replacements	4.70	7.46
Insurance	.20	.23
Public services	.06	.07
Collection losses	.02	.01
Miscellaneous	.16	.31
Subtotal: Operating expenses	16.74	21.36
Reserved from income for:		
Repairs, maintenance, and replacements	.26	(1.77)
Vacancy and collection losses	.45	.27
Fire and other hazards	.02	
Contingencies		.06
Subtotal: Reserved	.73	(1.44)
Payments in lieu of taxes	2.01	2.10
Operating improvements	.23	.27
Depreciation of Structures and equipment	6.51	7.43
Miscellaneous nonoperating expenses	.03	(3)
Total expense	26.25	29.72
Net income	2.59	3.42

[1] Developments combined for management are here counted as separate developments. One development (52 units), leased 1-1-47, is treated as a leased operation, except that the first half of the fiscal year's experience is included in the income and expense tabulation for developments managed by PHA.
[2] Excludes one development, with 194 dormitory units, leased on a fixed-fee basis for which no income and expense data are included in the per unit-month tabulation.
[3] Less than one-half cent.

TABLE 12.—*Income and expense statement of PHA permanently financed Public Law 412 projects by fiscal years ended in calendar years 1941–47*

Item	All projects with fiscal year ending in 1947		Average per unit per month for groups of projects by fiscal years												
			Group 1—Projects completing 7th fiscal year in 1947							Group 2—Projects completing 6th fiscal year in 1947					
	Total	Average per unit per month	1st fiscal year ending 1941 [1]	2d fiscal year ending 1942	3d fiscal year ending 1943	4th fiscal year ending 1944	5th fiscal year ending 1945	6th fiscal year ending 1946	7th fiscal year ending 1947	1st fiscal year ending 1942 [1]	2d fiscal year ending 1943	3d fiscal year ending 1944	4th fiscal year ending 1945	5th fiscal year ending 1946	6th fiscal year ending 1947
Number of statutory projects	163	--------							[2] 33						88
Number of developments	338	--------							55						[3] 177
Number of dwelling units	102, 612	--------							23, 157						45, 285
Average development cost per unit	$4, 443	--------							$4, 726						$4, 270
Income (excluding PHA annual contribution):															
Dwelling rent schedule	$33, 497, 184. 76	$27. 24	$19. 31	$20. 67	$23. 51	$26. 70	$27. 88	$28. 33	$30. 60	$14. 81	$17. 98	$20. 85	$22. 76	$23. 91	$25. 08
Less: Dwelling vacancy loss	52, 300. 06	. 04	. 57	. 12	. 24	. 17	. 09	. 04	. 04	. 25	. 15	. 13	. 09	. 06	. 04
Net dwelling rental income	33, 444, 884. 70	27. 20	18. 74	20. 55	23. 27	26. 53	27. 79	28. 29	30. 56	14. 56	17. 83	20. 72	22. 67	23. 85	25. 04
All other income	750, 465. 14	. 61	. 35	. 51	. 35	. 33	. 11	. 71	1. 04	. 19	. 43	. 21	. 11	. 32	. 51
Total income (excluding PHA annual contribution)	34, 195, 349. 84	27. 81	19. 09	21. 06	23. 62	26. 86	27. 90	29. 00	31. 60	14. 75	18. 26	20. 93	22. 78	24. 17	25. 55
Expense:															
Operating expense (excluding reserves):															
Management	3, 751, 500. 35	3. 05	2. 40	2. 67	2. 58	2. 66	2. 76	2. 97	3. 45	2. 06	2. 32	2. 37	2. 41	2. 57	2. 74
Operating services	1, 376, 728. 54	1. 12	. 90	1. 00	1. 07	1. 18	1. 30	1. 53	1. 94	. 45	. 45	. 46	. 47	. 57	. 64
Dwelling utilities	7, 366, 194. 92	5. 99	4. 55	4. 82	5. 54	6. 02	5. 79	5. 89	6. 87	3. 70	4. 20	4. 54	4. 63	4. 83	5. 17
Repairs, maintenance, and replacements	6, 935, 329. 46	5. 64	1. 12	2. 14	3. 09	3. 70	5. 19	4. 39	6. 16	. 92	1. 71	2. 21	3. 02	3. 70	5. 09
Public services	121, 555. 33	. 10	. 02	. 04	. 09	. 13	. 13	. 12	. 14	. 03	. 06	. 14	. 21	. 16	. 10
Insurance	319, 719. 55	. 26	. 33	. 47	. 70	. 50	. 31	. 31	. 33	. 27	. 47	. 44	. 25	. 22	. 23
Collection loss	30, 498. 62	. 02	. 02	. 02	. 03	. 02	. 03	. 02	. 02	. 02	. 03	. 03	. 03	. 02	. 03
All other expense	241, 320. 92	. 20	. 01	. 06	. 01	. 01	. 19	. 31	. 24	(5)	(5)	(5)	. 01	. 13	. 21
Subtotal: Operating expense (excluding reserves)	20, 142, 847. 69	16. 38	9. 35	11. 22	13. 11	14. 22	15. 70	15. 54	19. 15	7. 45	9. 24	10. 19	11. 03	12. 20	14. 21
Reserved from income for:															
Repairs, maintenance, and replacements	(448, 411. 51)	(. 37)	4. 55	3. 57	2. 43	2. 18	. 74	1. 57	(. 95)	2. 86	2. 19	1. 95	1. 23	. 91	. 31
Vacancy and collection losses	322, 684. 95	. 26	. 55	. 61	1. 39	2. 29	1. 61	. 22	. 11	. 59	1. 36	1. 72	1. 48	. 46	. 24

Contingencies for postwar improvements							.13								
All other reserves	205,594.31	.17						.37	.50					.01	.06
Subtotal: Reserved	79,867.75	.06	5.10	4.18	3.82	4.47	2.48	2.16	(.34)	3.45	3.55	3.67	2.71	1.38	.61
Payments in lieu of taxes	1,321,273.31	1.08	.48	.77	.93	1.98	2.15	2.17	.46	.67	.78	1.34	1.74	1.85	1.12
Debt service:															
Interest paid non-Federal bonds (A bonds)	3,009,239.20	2.45	.70	2.28	4.84	4.86	4.80	4.63	4.55	.45	1.11	1.12	1.27	1.27	1.33
Interest paid PHA bonds (B bonds)	7,357,750.13	5.98	4.92	8.55	4.98	4.83	4.66	4.61	4.51	4.00	7.75	7.67	7.32	7.33	7.11
Interest paid on temporary notes															
Non-Federal bonds retired	3,928,500.00	3.19	7.90	2.21	4.07	4.19	4.46	4.61	4.92	6.15	1.81	1.93	2.11	2.17	2.39
PHA bonds retired	761,000.00	.62				.10	.25	.22	.32		.01	.19	.86	.98	.89
Temporary notes retired															
Reserved for debt service	596,874.95	.49	.96	1.54	(.24)	1.17	.91	1.12	.96	.97	1.18	.94	.23	.10	.20
Subtotal: Debt service	15,653,364.28	12.73	14.48	14.58	13.65	15.15	15.08	15.19	15.26	11.57	11.86	11.85	11.79	11.85	11.92
Total expense	37,197,353.03	30.25	29.41	30.75	31.51	35.82	35.41	35.06	34.53	23.14	25.43	27.05	27.27	27.28	27.86
Deficit—current year operations	3,002,003.19	2.44	10.32	9.69	7.89	8.96	7.51	6.06	2.93	8.39	7.17	6.12	4.49	3.11	2.31
Special nonrecurring expenses:															
Bond refunding	12,031.45	.01	1.26	1.60	1.86	.01		.02	.01	.17	.06	(5)	.01	(5)	.02
Operating improvements	229,346.80	.18			.63	.45	.65	.37	.20		.07	.06	.19	.21	.22
Creation of working capital					.18						.01	.01			
Adjustments to previous years	(18,375.15)	(.01)		(.04)	(.02)	.19	.24	.21	(.11)		.09	.05	.07	(.02)	(.01)
Subtotal: Special nonrecurring expenses	223,003.10	.18	1.26	1.56	2.65	.65	.89	.60	.10	.17	.23	.12	.27	.19	.23
Total deficit—current year	3,225,006.29	2.62	11.58	11.25	10.54	9.61	8.40	6.66	3.03	8.56	7.40	6.24	4.76	3.30	2.54
Adjustments for accounts receivable, etc	20,287.84	.02	.75	.04	(.22)	.04	(.24)	.03	.12	.18	(.02)	(.09)	(.01)	.14	(.03)
Operating gain [6]	339,221.37	.27							.13						.30
Annual contribution payable in respect to total deficit of current year	3,584,515.50	2.91	12.33	11.29	10.32	9.65	8.16	6.69	3.28	8.74	7.38	6.15	4.75	3.44	2.81
As percent of maximum annual contribution shown below		24.7%	88.2%	80.5%	73.6%	68.6%	58.1%	47.9%	23.3%	79.0%	66.4%	55.5%	42.9%	31.0%	25.4%
Maximum annual contribution payable under contracts	14,514,119.94	11.80	13.98	14.03	14.02	14.07	14.05	13.96	14.06	11.07	11.12	11.09	11.07	11.11	11.08

See footnotes on page IV-41.

TABLE 12.—*Income and expense statement of PHA permanently financed Public Law 412 projects by fiscal years ending in calendar years 1941–47*—Con.

Item	All projects with fiscal year ending in 1947—Continued		Average per unit per month for groups of projects by fiscal years—Continued														
			Group 3—Projects completing 5th fiscal year in 1947					Group 4—Projects completing 4th fiscal year in 1947				Group 5—Projects completing 3d fiscal year in 1947			Group 6—Projects completing 2d fiscal year in 1947	
	Total	Average per unit per month	1st fiscal year ending 1943 [1]	2d fiscal year ending 1944	3d fiscal year ending 1945	4th fiscal year ending 1946	5th fiscal year ending 1947	1st fiscal year ending 1944 [1]	2d fiscal year ending 1945	3d fiscal year ending 1946	4th fiscal year ending 1947	1st fiscal year ending 1945 [1]	2d fiscal year ending 1946	3d fiscal year ending 1947	1st fiscal year ending 1946 [1]	2d fiscal year ending 1947
Number of statutory projects	163	....					29				11			1		1
Number of developments	338	....					62				[4] 42			1		1
Number of dwelling units	102, 612	....					21, 628				12, 386			90		66
Average development cost per unit	$4, 443	....					$4, 816				$3, 902			$4, 133		$3, 848
Income (excluding PHA annual contribution):																
Dwelling rent schedule	$33, 497, 184. 76	$27. 24	$21. 79	$27. 36	$28. 75	$29. 95	$31. 35	$18. 76	$20. 94	$21. 34	$21. 76	$17. 82	$18. 53	$17. 42	$24. 76	$26. 89
Less: Dwelling vacancy loss	52, 300. 06	. 04	. 28	. 17	. 12	. 08	. 06	. 29	. 23	. 08	. 03	. 12	. 02	. 10	. 01	. 03
Net dwelling rental income	33, 444, 884. 70	27. 20	21. 51	27. 19	28. 63	29. 87	31. 29	18. 47	20. 71	21. 26	21. 73	17. 70	18. 51	17. 32	24. 75	26. 86
All other income	750, 465. 14	. 61	. 20	. 38	. 86	. 37	. 55	. 27	. 20	. 25	. 27	. 05	. 27	(. 17)	. 13	. 14
Total income (excluding PHA annual contribution)	34, 195, 349. 84	27. 81	21. 71	27. 57	29. 49	30. 24	31. 84	18. 74	20. 91	21. 51	22. 00	17. 75	18. 78	17. 15	24. 88	27. 00
Expense:																
Operating expense (excluding reserves):																
Management	3, 751, 500. 35	3. 05	2. 76	2. 95	3. 08	3. 29	3. 44	2. 50	2. 32	2. 49	2. 78	3. 36	2. 86	2. 84	2. 86	3. 46
Operating services	1, 376, 728. 54	1. 12	. 84	. 92	. 93	1. 09	1. 34	. 76	. 78	. 86	. 95	. 22	. 28	. 29	. 50	. 55
Dwelling utilities	7, 366, 194. 92	5. 99	5. 29	6. 16	6. 29	6. 44	7. 02	5. 01	4. 97	5. 12	5. 54	3. 15	3. 70	3. 96	6. 47	5. 84
Repairs, maintenance, and replacements	6, 935, 329. 46	5. 64	2. 16	3. 29	4. 07	4. 90	6. 46	2. 15	3. 80	3. 96	5. 24	1. 07	2. 06	4. 27	2. 17	7. 77
Public services	121, 555. 33	. 10	. 06	. 23	. 45	. 27	. 04	. 07	. 14	. 09	. 11	. 02	. 04	. 09	. 01	....
Insurance	319, 719. 55	. 26	. 47	. 47	. 30	. 28	. 30	. 33	. 20	. 14	. 17	. 40	. 40	. 42	. 25	. 17
Collection loss	30, 498. 62	. 02	. 04	. 04	. 06	. 04	. 03	. 02	. 03	. 01	. 02	....	. 19	(. 03)	....	. 01
All other expense	241, 320. 92	. 20	. 01	....	. 01	. 09	. 19	....	. 03	. 06	. 07	....	. 01	([3])	....	. 01
Subtotal: Operating expense (excluding reserves)	20, 142, 847. 69	16. 38	11. 63	14. 06	15. 19	16. 40	18. 82	10. 84	12. 27	12. 73	14. 88	8. 22	9. 54	11. 84	12. 26	17. 81

Reserved from income for:																
Repairs, maintenance, and replacements	(448,411.51)	(.37)	2.58	2.58	2.42	1.43	(.72)	1.94	.52	.96	(1.11)	3.14	2.44	.23	1.97	(1.60)
Vacancy and collection losses	322,684.95	.26	1.78	2.07	2.05	.84	.15	1.04	1.22	1.30	.80	1.73	1.63	1.39	2.47	2.65
Contingencies for postwar improvements					.62	.65										
All other reserves	205,594.31	.17				.18	.13				.02					
Subtotal: Reserved	79,867.75	.06	4.36	4.65	5.09	3.10	(.44)	2.98	1.74	2.26	(.29)	4.87	4.07	1.62	4.44	1.05
Payments in lieu of taxes	1,321,273.31	1.08	.99	1.68	2.16	2.23	1.94	.85	1.23	1.45	.56	1.36	1.01	.80	1.83	
Debt service:																
Interest paid non-Federal bonds (A bonds)	3,009,239.20	2.45	1.32	2.54	2.46	2.47	2.39	1.52	2.98	3.20	2.73	.57	.44	.37	.49	.50
Interest paid PHA bonds (B bonds)	7,357,750.13	5.98	3.34	6.67	6.75	6.64	6.63	1.56	3.35	3.11	3.43	9.25	9.25	9.25	7.41	8.64
Interest paid on temporary notes								.54								
Non-Federal bonds retired	3,928,500.00	3.19	7.14	2.49	2.59	2.70	2.78	5.45	2.80	3.45	3.66	6.48	1.85	2.78	5.41	1.26
PHA bonds retired	761,000.00	.62	[5]		.09	.48	.71		.45		.02					
Temporary notes retired								.50								
Reserved for debt service	596,874.95	.49	1.06	1.26	1.09	.66	.52	1.01	.82	.68	.58	(3.99)	.85	(.01)	(3.22)	1.29
Subtotal: Debt service	15,653,364.28	12.73	12.86	12.96	12.98	12.95	13.03	10.58	10.40	10.44	10.42	12.31	12.39	12.39	10.09	11.69
Total expense	37,197,353.03	30.25	29.84	33.35	35.42	34.68	33.35	25.25	25.64	26.88	25.57	26.76	27.01	26.65	28.62	30.55
Deficit—current year operations	3,002,003.19	2.44	8.13	5.78	5.93	4.44	1.51	6.51	4.73	5.37	3.57	9.01	8.23	9.50	3.74	3.55
Special nonrecurring expenses:																
Bond refunding	12,031.45	.01				[5]										
Operating improvements	229,346.80	.18	.17	.98	.94	.52	.13	.04	.35	1.00	.15					
Creation of working capital																
Adjustments to previous years	(18,375.15)	(.01)		.04	.19	(.59)	.01		(.06)	.17	.09		.11	(.04)		
Subtotal: Special nonrecurring expenses	223,003.10	.18	.17	1.02	1.13	(.07)	.14	.04	.29	1.17	.24		.11	(.04)		
Total deficit—current year	3,225,006.29	2.62	8.30	6.80	7.06	4.37	1.65	6.55	5.02	6.54	3.81	9.01	8.34	9.46	3.74	3.55
Adjustments for accounts receivable, etc.	20,287.84	.02	.23	[5]	(.06)	.15	.01	.19	(.02)	(.16)	[5]	.34	.41	.35	.24	(.03)
Operating gain [6]	339,221.37	.27					.54									
Annual contribution payable in respect to total deficit of current year	3,584,515.50	2.91	8.53	6.80	7.00	4.52	2.20	6.74	5.00	6.38	3.81	9.35	8.75	9.81	3.98	3.52
As percent of maximum annual contribution shown below		24.7%	69.9%	56.6%	58.2%	37.5%	18.3%	67.7%	51.3%	65.3%	39.0%	77.5%	72.6%	81.3%	35.5%	31.4%
Maximum annual contribution payable under contracts	14,514,119.94	11.80	12.20	12.01	12.03	12.04	12.05	9.96	9.74	9.77	9.78	12.06	12.06	12.06	11.22	11.22

[1] Averages per unit per month are adjusted for the varying periods applicable to different accounts in respect to projects in their first fiscal year.
[2] Excludes Ohio 2-1 (618 units) included in data for this group prior to third fiscal year.
[3] Includes GA 6-3A (179 units) for which income and expense were charged to development accounts prior to fourth fiscal year.
[4] Includes 22 developments (4,850 units) in Puerto Rico for which latest development costs average $1,836 per dwelling unit; also includes PR 4-2 (324 units) for which income and expense were charged to development accounts for first fiscal year.
[5] Less than ½ cent.
[6] Included in adjustments for accounts receivable, etc., for fiscal years ending in calendar years prior to 1947.

TABLE 13.—*Subsistence Homestead and Greenbelt towns program balance sheet as of June 30, 1947, and December 31, 1947*

ASSETS

	As of June 30, 1947	As of December 31, 1947
Cash:		
On hand and in banks	$49, 683	$27, 203
With U. S. Treasury	2, 561, 416	3, 787, 007
	2, 611, 099	3, 814, 210
Appropriated funds	1, 307, 655	1, 228, 114
Loans receivable:		
Subsistence Homestead association mortgage notes	1, 060, 434	950, 564
Industrial cooperative mortgage notes	1, 920, 552	1, 622, 264
Mortgage loan notes—other	716, 950	503, 887
Other loans	22, 400	17, 100
Allowance for losses	*945, 830	*945, 689
Total loans receivable	2, 774, 506	2, 148, 126
Accounts receivable:		
Due from Government agencies	4, 360	4, 663
Tenants accounts:		
Tenants in possession	32, 805	41, 142
Vacated tenants	77, 436	67, 321
Allowance for bad debts	*77, 436	*67, 321
Furniture sales	4, 116	3, 384
Miscellaneous	11, 336	----------
Total accounts receivable	52, 617	49, 189
Accrued assets:		
Interest on Subsistence Homestead association mortgage notes	108	2, 180
Interest on industrial cooperative mortgage notes	419, 267	188, 997
Interest on other mortgage loan notes	7, 818	6, 339
Interest—other	95	85
Allowance for losses	*31, 434	*31, 434
Total accrued assets	395, 854	166, 167
Commodities, supplies, and materials: Stores inventories	125, 619	136, 627
Land, structures, and equipment:		
Greenbelt towns projects	36, 313, 830	36, 205, 903
Subsistence Homestead projects	6, 541, 660	5, 930, 219
Allowance for depreciation—Greenbelt towns	*5, 356, 813	*5, 626, 218
Total land, structures, and equipment	37, 498, 677	36, 509, 904
Deferred and undistributed charges:		
Prepaid expenses:		
Payments in lieu of taxes	49, 771	----------
Insurance—Fixed premiums	47, 939	65, 846
Administrative	----------	16, 300
Undistributed charges	3, 203, 647	3, 411, 916
Total and undistributed charges	3, 301, 357	3, 494, 062
Total assets	48, 067, 384	47, 546, 399

*Deduct.

TABLE 13.—*Subsistence Homestead and Greenbelt towns program balance sheet as of June 30, 1947, and December 31, 1947*—Continued

LIABILITIES

	As of June 30, 1947	As of December 31, 1947
Accounts payable:		
Due other Government agencies	$20,218	$20,458
Management	436,418	309,008
Disposition	35,499	27,584
Other		35,620
Total accounts payable	492,135	392,670
Accrued liabilities: Payments in lieu of taxes		14,249
Trust and deposit liabilities:		
Deposits on lease and purchase agreements	2,412,949	2,778,179
Deposits for maintenance and repair	32,794	42,273
Miscellaneous	145,842	962,271
Total trust and deposit liabilities	2,591,585	3,782,723
Deferred and undistributed credits:		
Prepaid rents	6,626	9,223
Disposition income	105,000	210,213
Undistributed credits	18,107	
Total deferred and undistributed credits	129,733	219,436
Total liabilities	3,213,453	4,409,078
CAPITAL		
Paid-in capital:		
Expended and unexpended appropriations:		
Expended	6,999,117	7,880,300
Unexpended	1,319,584	1,156,709
Revenue receipts	*7,894,301	*8,692,722
General fund receipts	*4,178,381	*4,547,643
Net expended and unexpended appropriations	*3,753,981	*4,203,356
Assets transferred from Farmers Home Administration	62,549,703	62,503,295
Assets transferred to other Federal agencies for disposition	*1,124,609	*1,127,935
Assets transferred to other Federal agencies for use	*24,744	*24,744
Assets transferred to other programs	*7,457	*7,457
Total paid-in surplus	57,638,912	57,139,803
Deficit	*12,784,981	*14,002,482
Total capital	44,853,931	43,137,321
Total liabilities and capital	48,067,384	47,546,399

*Deduct.

TABLE 14.—*Subsistence Homestead and Greenbelt Towns program, statement of income and expense for the fiscal year ended June 30, 1947*

Income:	
Rents:	
Greenbelt Towns projects	$1, 397, 266
Subsistence Homestead projects	241, 659
Total rents	1, 638, 925
Interest:	
Subsistence Homestead obligations	41, 786
Industrial cooperative obligations	83, 709
Other mortgage loans	34, 338
Furniture sales contracts	633
Total interest	160, 466
Other income	25, 217
Total income	1, 824, 608
Expenses:	
Direct operating expenses:	
Greenbelt Towns projects	1, 191, 909
Subsistence Homestead projects	227, 381
Total direct operating expenses	1, 419, 290
Administrative expenses	255, 000
Depreciation—Greenbelt Towns projects	576, 277
Direct nonoperating expenses: Greenbelt Towns projects	11, 994
Losses and charge-offs:	
Collection losses:	
Greenbelt Towns projects	2, 598
Subsistence Homestead projects	13, 159
Total collection losses	15, 757
Uncollectible industrial cooperative loans:	
Principal	913, 251
Interest	133, 549
Total uncollectible loans	1, 046, 800
Disposition of property:	
Sales:	
Cost	4, 863, 629
Expenses	42, 908
Proceeds	*2, 088, 667
Net loss on sales	2, 817, 870
Dedications	1, 281, 710
Casualty losses:	
Cost of property destroyed	5, 540
Cost of replacement	387
Greenbelt Towns projects—Total casualty losses	5, 927
Total losses and charge-offs	5, 168, 064
Total expenses	7, 430, 625
Net income (or loss*) before adjustment of reserves	*5, 606, 017

*Deduct.

TABLE 14.—*Subsistence Homestead and Greenbelt Towns program, statement of income and expense for the fiscal year ended June 30, 1947*—Continued

Adjustment of reserves:	
Loans receivable:	
Subsistence Homestead—principal	$30, 483
Industrial cooperatives—principal	*1, 182, 252
Interest	*115, 966
	*1, 267, 735
Tenants accounts	77, 436
Total adjustments of reserves	*1, 190, 299
Net income (or loss*) for the year	*4, 415, 718
ANALYSIS OF EARNED SURPLUS (OR DEFICIT*)	
Balance at beginning of period	*4, 882, 238
Adjustments to beginning balance	*3, 487, 025
Adjusted balance	*8, 369, 263
Net income (or loss*) for the period	*4, 415, 718
Balance at end of period	*12, 784, 981

*Deduct.

TABLE 15.—*Subsistence Homestead and Greenbelt Towns program, statement of sources and application of funds for the fiscal year ended June 30, 1947*

FUNDS PROVIDED		
By realization of assets:		
Repayments of principal of loans:		
Subsistence Homestead association mortgage notes	$600, 171	
Subsistence Homestead moratorium interest notes	6, 812	
Industrial cooperative mortgage notes	6, 293	
Mortgage loan notes—other	460, 323	
Total repayments	1, 073, 599	
Sales of property	1, 991, 168	
		$3, 064, 767
By income:		
Rents	1, 638, 925	
Interest	160, 466	
Other	25, 217	
		1, 824, 608
By appropriations:		
Transfers of trust funds—Farmers Home Administration		34, 281
Total funds provided		4, 923, 656
FUNDS APPLIED		
To expenses (excluding charges not requiring funds):		
Direct operating expenses	$1, 419, 289	
Administrative expenses	255, 000	
Direct nonoperating expenses	11, 995	
Losses and charge-offs	43, 295	
		1, 729, 579
To retirement of borrowings and capital: Deposits of general fund receipts		2, 445, 859
To increase in working capital		748, 218
Total funds applied		4, 923, 656

TABLE 16.—*Public war housing program balance sheet as of June 30, 1947, and December 31, 1947*

ASSETS

	As of June 30, 1947	As of December 31, 1947
Cash:		
On hand and in banks	$688, 258	$1, 205, 822
With U. S. Treasury	2, 125, 577	2, 132, 581
Total cash	2, 813, 835	3, 338, 403
Appropriated funds:		
Management	64, 169, 702	34, 835, 661
Disposition	30, 546, 519	26, 309, 066
Development	10, 514, 329	7, 127, 625
Total appropriated funds	105, 230, 550	68, 272, 352
Investments: Other stocks—Kays Creek Irrigation Co., Layton, Utah	50	50
Loans receivable: Mortgage loan notes	2, 684, 065	3, 590, 664
Accounts receivable:		
Government agencies	64, 647	22, 679
Veterans' reuse housing program	2, 000, 000	------------
Receivable from lessees and contractors:		
Rents receivable	5, 773, 133	6, 351, 239
Other receivables	736, 556	390, 135
Others	40, 514	59, 193
Tenants accounts receivable:		
Tenants in possession	199, 825	237, 043
Vacated tenants	193, 687	191, 555
Allowance for bad debts	*193, 687	*191, 555
Unbilled	593, 778	629, 850
Miscellaneous	1, 402, 981	1, 431, 007
Total accounts receivable	10, 811, 434	9, 121, 146
Advances:		
Local housing authorities	2, 378, 869	3, 306, 526
Cafeteria operators	1, 560	2, 260
Others	22, 493	69, 648
Total advances	2, 402, 922	3, 378, 434
Accrued assets: Interest on mortgage loan notes	7, 165	4, 584
Commodities, supplies, and materials: Stores inventories	191, 229	184, 097
Land, structures, and equipment: Development costs	1, 439, 678, 898	1, 386, 674, 718
Deferred and undistributed charges:		
Prepaid expenses:		
Payments in lieu of taxes	3, 816, 396	1, 472, 848
Land rental	71, 032	86, 406
Administrative expenses	------------	1, 990, 350
Undistributed charges	1, 883, 583	2, 688, 625
Total deferred and undistributed charges	5, 771, 011	6, 238, 229
Total assets	1, 569, 591, 159	1, 480, 802, 677

*Deduct.

TABLE 16.—*Public war housing program balance sheet as of June 30, 1947, and December 31, 1947*

LIABILITIES

	As of June 30, 1947	As of December 31, 1947
Accounts payable:		
Government agencies	$211	$181
Management liabilities	10, 204, 016	7, 819, 868
Disposition liabilities	125, 217	275, 819
Local housing authorities: Deficits—Leased projects	526, 406	82, 457
Other	36, 315	115, 344
Total accounts payable	10, 892, 165	8, 293, 669
Trust and deposit liabilities:		
Tenants security deposits	1, 343, 722	1, 215, 608
Unclaimed refunds	68, 325	69, 708
Other	716, 876	795, 250
Total trust and deposit liabilities	2, 128, 923	2, 080, 566
Deferred and undistributed credits:		
Prepaid rents	442, 402	391, 966
Disposition income	49, 935	83, 101
Other	15, 883, 711	13, 617, 011
Total deferred and undistributed credits	16, 376, 048	14, 092, 078
Total liabilities	29, 397, 136	24, 466, 313
CAPITAL		
Paid-in capital:		
Paid-in surplus: Assets transferred from other Federal agencies	94, 594, 662	111, 885, 159
Appropriations:		
Expended	1, 788, 863, 075	1, 810, 429, 747
Unexpended	92, 308, 341	58, 198, 907
Revenue receipts	*285, 655, 067	*275, 762, 142
General fund receipts	*81, 457, 405	*132, 689, 228
Net expended appropriations	1, 514, 058, 944	1, 460, 177, 284
Assets transferred to other Federal agencies	*60, 233, 009	*85, 299, 693
Total appropriations	1, 453, 825, 935	1, 374, 877, 591
Earned surplus	*8, 226, 574	*30, 426, 386
Total capital	1, 540, 194, 023	1, 456, 336, 364
Total liabilities and capital	1, 569, 591, 159	1, 480, 802, 677

*Deduct

TABLE 17.—*Public war housing program, statement of income and expense, for the fiscal year ended June 30, 1947*

Income:	
Rental of projects:	
Directly operated:	
Family dwellings	$47, 120, 969
Dormitories	2, 502, 204
Stop-gap	1, 791, 714
Total directly operated	51, 414, 887
Leased (net):	
Family dwellings	26, 569, 973
Dormitories	*669, 120
Stop-gap	*33, 235
Total leased	25, 867, 618
Contract managed	7, 259
Rented projects and project property	240, 371
Total rental of projects	77, 530, 135
Cafeteria operations (net)	*399
Total rents	77, 529, 736
Interest on mortgage loan notes	71, 216
Other income	105, 140
Total income	77, 706, 092
Expenses:	
Direct operating expenses:	
Projects:	
Directly operated:	
Family dwellings	27, 896, 361
Dormitories	3, 136, 949
Stop-gap	1, 870, 314
Total directly operated	32, 903, 624
Contract managed	4, 781
Rented projects and project property	31, 777
Total projects	32, 940, 182
Excess property warehouse expense	121, 341
Total direct operating expenses	33, 061, 523
Administrative expenses:	
Public Housing Administration	6, 589, 300
Office of Administrator—HHFA	275, 000
Total administrative expenses	6, 864, 300
Direct nonoperating expenses:	
Projects:	
Directly operated:	
Family dwellings	364, 105
Dormitories	37, 750
Stop-gap	1, 757
Total directly operated	403, 612
Rented projects and project property	79
Total direct nonoperating expenses	403, 691

*Deduct.

TABLE 17.—*Public war housing program, statement of income and expense, for the fiscal year ended June 30, 1947*—Continued

Expenses—Continued	
Losses and charge-offs:	
Collection losses:	
Directly operated projects:	
Family dwellings	$150, 820
Dormitories	14, 573
Stop-gap	47, 477
Total collection losses	212, 870
Casualty losses:	
Cost of property destroyed	742, 312
Cost of replacements	113, 928
Total casualty losses	856, 240
Disposition of property:	
Development costs:	
Indirect cost—Administrative expenses	948, 400
Reuse for veterans' reuse housing program	87, 607, 137
Reuse for Public Housing Administration	20, 142, 125
Sold	34, 742, 356
Demolished	12, 362, 565
Dedicated	130, 141
Total development costs	155, 932, 724
Disposition expenses	723, 620
Proceeds of sales	*11, 655, 950
Net disposition of property	145, 000, 394
Total losses and charge-offs	146, 069, 504
Total expenses	186, 399, 018
Net income (or loss*) before adjustment of reserves	*108, 692, 926
Adjustment of reserves—tenants accounts	193, 687
Net income (or loss*) for the year	*108, 886, 613

ANALYSIS OF EARNED SURPLUS (OR DEFICIT*)

Balance at beginning of fiscal year	98, 575, 345
Net income (or loss*) for the year (above)	*108, 886, 613
Adjustment to beginning balance	2, 084, 694
Balance at end of fiscal year	*8, 226, 574

*Deduct.

TABLE 18.—*Average income and expense per unit per month of entirely active projects in the public war housing program (Lanham constructed), by type of accommodation*

[Calendar year ended December 31, 1947]

	Family dwellings	Dormitories	Stop-gap accommodations [1]
Income:			
Dwelling rent schedule	$32.29	$22.55	$26.28
Less: vacancy loss	.47	5.21	1.09
Dwelling rent income	31.82	17.34	25.19
Other income	2.27	.85	1.66
Total operating income	34.09	18.19	25.75
Expense:			
Management expense	3.03	6.44	4.31
Operating services	.73	2.79	2.75
Dwelling utilities	6.15	2.62	4.35
Repairs, maintenance, and replacements	6.48	2.70	7.75
Public services	1.18	2.95	.85
Housekeeping services	(2)	4.04	.02
Other expense [3]	.54	.10	1.22
Total operating expense before collection loss	18.11	21.64	21.25
Collection loss	.08	(2)	.13
Payments in lieu of taxes	3.86	.39	1.90
Total operating expense	22.05	22.03	23.28
Net operating income	12.04	[4] (3.84)	2.47
Net nonoperating expense [5]	.31	.01	.11
Total expense	22.36	22.04	23.39
Net project income	11.73	[4] (3.85)	2.36

[1] First three income items exclude data for trailer parks; all other items include data for trailer parks.
[2] Less than $0.005.
[3] Includes sales and services to tenants, insurance, rents, taxes, contributions to pensions and insurance funds and miscellaneous.
[4] Deficit.
[5] Includes operating improvements, property losses, etc.

TABLE 19.—*Public war housing program, statement of sources and application of funds for the fiscal year ended June 30, 1947*

FUNDS PROVIDED

By realization of assets:		
Repayment of principal of loans: Mortgage loan notes	$133,579	
Sales of property	8,882,934	
Total realization of assets		$9,016,513
By income:		
Rents	77,529,736	
Interest	71,217	
Other	105,140	
Total income		77,706,093
Total funds provided		86,722,606

TABLE 19.—*Public war housing program, statement of sources and application of funds for the fiscal year ended June 30, 1947*—Continued

FUNDS APPLIED

To acquisition of assets: Land, structures, and equipment		$4, 444, 306
To expenses (excluding charges not requiring funds):		
Direct operating expenses	$33, 061, 523	
Administrative expenses	6, 864, 300	
Direct nonoperating expenses	403, 691	
Losses and charge-offs	837, 548	
Total expenses (excluding charges not requiring funds)		41, 167, 062
To retirement of borrowings and capital:		
Allotment rescissions:		
Office of Administrator—HHFA	$14, 221, 389	
Federal Works Agency	226, 076	
Deposits of general fund receipts	20, 832, 364	
Total retirement of borrowings and capital		35, 279, 829
To increase in working capital		5, 831, 409
Total funds applied		86, 722, 606

TABLE 20.—*Veterans' reuse housing program balance sheet as of June 30, 1947, and December 31, 1947*

ASSETS

	As of June 30, 1947	As of December 31, 1947
Cash:		
On hand and in banks	$23, 364	$28, 594
With U. S. Treasury	2, 058, 513	1, 179, 909
Total cash	2, 081, 877	1, 208, 503
Appropriated funds	45, 845, 486	53, 095, 009
Accounts receivable:		
Due from local bodies	7, 332, 409	10, 057, 726
Due from others	16, 739	38, 414
Tenants accounts:		
Tenants in possession	1, 034	215
Vacated tenants	270	541
Allowance for bad debts	*270	*541
Miscellaneous	57, 124	3, 161
Total accounts receivable	7, 407, 306	10, 099, 516
Advances:		
Due from contractors	40, 114, 842	12, 858, 874
Due from local bodies	1, 858, 099	978, 728
Total advances	41, 972, 941	13, 837, 602
Commodities, supplies, and materials: stores inventories	71, 140	71, 140
Land, structures, and equipment: development costs	116, 326, 989	131, 703, 226
Deferred and undistributed charges:		
Prepaid expense: payments in lieu of taxes	14, 495	57, 663
Undistributed charges	44, 089	44, 898
Total deferred and undistributed charges	58, 584	102, 561
Total assets	213, 764, 323	210, 117, 557

*Deduct.

TABLE 20.—*Veterans' reuse housing program balance sheet as of June 30, 1947, and December 31, 1947*—Continued

LIABILITIES

	As of June 30, 1947	As of December 31, 1947
Accounts payable:		
Due public war housing program	$2,000,000	
Management	38,026	$63,093
Disposition	2,019	
Administrative		30,307
Other	2,421	
Total accounts payable	2,042,466	93,400
Trust and deposit liabilities:		
Tenants security deposits	15,260	16,170
Unclaimed refunds	4,250	13,497
Miscellaneous	2,048,768	1,163,749
Total trust and deposit liabilities	2,068,278	1,193,416
Deferred and undistributed credits:		
Prepaid rents	5,110	
Undistributed credits	70,974	19,862
Total deferred and undistributed credits	76,084	19,862
Total liabilities	4,186,828	1,306,678
CAPITAL		
Paid-in capital:		
Appropriations:		
Expended and unexpended appropriations:		
Expended	394,742,577	419,903,128
Unexpended	45,853,271	53,095,005
Revenue receipts	*1,383,034	*6,297,098
General fund receipts	*15,422	*51,044
Net expended and unexpended appropriations	439,197,392	466,649,991
Deficit	*229,619,897	*257,839,112
Total capital	209,577,495	208,810,879
Total liabilities and capital	213,764,323	210,117,557

*Deduct.

TABLE 21.—*Veterans' reuse housing program statement of income and expense for fiscal year ended June 30, 1947*

Income:	
Rents:	
Directly operated projects	$680,973
Contract managed projects	1,683
Leased projects—net return	7,208,986
Transportation operations—Net return	2,230
Total rents	7,893,872
Other income	21,240
Total income	7,915,112
Expenses:	
Direct operating expenses:	
Directly operated projects	420,034
Contract managed projects	407
	420,441

TABLE 21.—*Veterans' reuse housing program statement of income and expense for fiscal year ended June 30, 1947*—Continued

Expenses—Continued	
Administrative expenses: Public Housing Administration	$1, 138, 200
Direct nonoperating expenses: Directly operated projects	63
Losses and charge-offs:	
Casualty losses—Cost of replacements	377
Disposition of property:	
Sales:	
Costs	5, 400
Expenses	351
Proceeds	*534, 316
Net gain on sales	*528, 565
Reuse:	
Administrative costs	5, 790, 500
Field supervision and overhead	8, 916, 956
Unallocated costs	4, 940, 898
Real property transferred	213, 443, 347
Total reuse	233, 091, 701
Net loss on disposition of property	232, 563, 136
Total losses and charge-offs	232, 563, 513
Total expenses	234, 122, 217
Net income (or loss*) before adjustment of reserves	*226, 207, 105
Adjustments of reserves: Tenants accounts	270
Net income (or loss*) for the period	*226, 207, 375
ANALYSIS OF EARNED SURPLUS (OR DEFICIT*)	
Balance at beginning of period	*3, 602, 499
Adjustments to beginning balance	189, 977
Adjusted balance	*3, 412, 522
Net income (or loss*) for the period	*226, 207, 375
Balance at end of period	*229, 619, 897

*Deduct

TABLE 22.—*Veterans' reuse housing program, statement of sources and application of funds for the fiscal year ended June 30, 1947*

FUNDS PROVIDED		
By realization of assets: Sales of real property		$534, 316
By Income:		
Rents	$7, 893, 872	
Other	21, 241	
		7, 915, 113
By appropriations: Allotments—Office of Administrator—HHFA		13, 085, 814
By decrease in working capital		318, 336, 043
Total funds provided		339, 871, 286

TABLE 22.—*Veterans' reuse housing program, statement of sources and application of funds for the fiscal year ended June 30, 1947*—Continued

FUNDS APPLIED

To acquisition of assets: Land, structures, and equipment		$338, 299, 100
To expenses (excluding charges not requiring funds):		
Direct operating expenses	$420, 441	
Administrative expenses	1, 138, 200	
Direct nonoperating expenses	63	
Losses and charge-offs	729	
		1, 559, 433
To retirement of borrowings and capital: Deposits of general fund receipts		12, 753
Total funds applied		339, 871, 286

TABLE 23.—*Homes conversion program balance sheet as of June 30, 1947, and December 31, 1947*

ASSETS

	As of June 30, 1947	As of December 31, 1947
Cash:		
On hand and in banks	$436, 495	$246, 464
With U. S. Treasury	357, 533	432, 576
Total cash	794, 028	679, 040
Appropriated funds	9, 571, 181	4, 528, 271
Accounts receivable:		
Due from contract managers	489, 201	491, 238
Due from lessors	4, 463	2, 871
Tenants accounts:		
Tenants in possession	27, 826	29, 915
Vacated tenants	137, 409	129, 310
Allowance for bad debts	*137, 409	*129, 310
Miscellaneous	20, 206	93, 838
Total accounts receivable	541, 696	617, 862
Accrued assets: Accrued interest receivable	56	59
Loans receivable: Mortgage loan notes	24, 987	27, 490
Land, structures, and equipment:		
Costs:		
Leaseholds and improvements	89, 673, 475	89, 673, 167
Operating improvements	889, 528	957, 354
Equipment	301, 666	298, 083
Furniture	212, 637	212, 165
Total cost	91, 077, 306	91, 140, 769
Allowance for amortization:		
Active leaseholds and indirect costs	*37, 517, 482	*38, 946, 194
Leaseholds cancelled	*17, 389, 834	*24, 232, 896
Allowance for depreciation	*293, 486	*369, 019
Net land, structures, and equipment	35, 876, 504	27, 592, 660
Deferred and undistributed charges:		
Prepaid insurance	32, 825	29, 109
Prepaid administrative expense		119, 600
Undistributed debits	234	4, 578
Total deferred and undistributed charges	33, 059	153, 287
Total assets	46, 841, 511	33, 598, 669

*Deduct.

TABLE 23.—*Homes conversion program balance sheet as of June 30, 1947, and December 31, 1947*—Continued

LIABILITIES

	As of June 30, 1947	As of December 31, 1947
Accounts payable:		
Development	$91,173	$85,858
Management	4,139	2,750
Disposition		150
Other	316	316
Total accounts payable	95,628	89,074
Trust and deposit liabilities:		
Tenants' unclaimed refunds	4,722	6,977
Other	327,633	429,255
Total trust and deposit liabilities	332,355	436,232
Deferred and undistributed credits:		
Tenants prepaid rents	26,209	15,052
Undistributed credits	523	128
Total deferred and undistributed credits	26,732	15,180
Total liabilities	454,715	540,486
CAPITAL		
Paid-in capital:		
Appropriations:		
Expended	117,466,222	120,640,329
Unexpended	9,570,850	4,528,052
Revenue receipts	*36,815,558	*34,946,866
General fund receipts	*9,497,146	*17,915,844
Net appropriation	80,724,368	72,305,671
Assets transferred to other programs	*25,606	*32,190
Assets transferred to other Federal agencies for disposition	*3,952	*3,952
Assets transferred from other programs	192,712	193,962
Total paid-in capital	80,887,522	72,463,491
Earned surplus (or deficit*)	*34,500,726	*39,405,308
Total capital	46,386,796	33,058,183
Total liabilities and capital	46,841,511	33,598,669

*Deduct.

TABLE 24.—*Homes conversion program statement of income and expense for the fiscal year ended June 30, 1947*

Income:	
Rents:	
Dwelling rent schedule	$22, 328, 738
Dwelling vacancy loss	222, 210
Dwelling rents	22, 106, 528
Furniture rentals	64, 738
Total rents	22, 171, 266
Interest	428
Other income	18, 990
Total income	22, 190, 684
Expenses:	
Direct operating expenses:	
Contract managers operating expenses:	
Legal, fiscal, and other fees	3, 411
Management fees	1, 513, 432
Janitorial services	1, 683, 232
Heating	1, 696, 700
Other utilities	3, 267, 314
Repairs, maintenance, and replacement	1, 813, 925
Total contract managers expenses	9, 978, 014
Fixed operating expenses:	
Insurance	38, 244
Rental payments to lessors	3, 615, 986
Payments to mortgagees	939, 648
Taxes	1, 919, 341
Total fixed operating expenses	6, 513, 219
Other direct operating expenses:	
Liability and personal injury expense	10, 030
Moving expenses other than structures	2, 665
Miscellaneous	2, 004
Total other direct operating expenses	14, 699
Total direct operating expenses	16, 505, 932
Administrative expenses	1, 397, 700
Amortization and depreciation:	
Active leaseholds	11, 022, 388
Properties abandoned prior to completion	182, 301
Indirect costs	643, 412
Operating improvements	151, 125
Equipment	34, 510
Furniture	62, 301
Total amortization and depreciation	12, 096, 037
Losses and charge-offs:	
Collection losses	29, 187
Casualty losses:	
Losses and replacements	48, 269
Insurance recoveries	*20, 833
Net casualty losses	27, 436

* Deduct.

TABLE 24.—*Homes conversion program statement of income and expense for the fiscal year ended June 30, 1947*—Continued

Expenses—Continued	
Disposition losses:	
Costs:	
Leaseholds	$15, 846, 548
Operating improvements	177, 623
Equipment	18, 147
Furniture	2, 062
Total costs	16, 044, 380
Allowance for prior amortization	*7, 757, 841
Unamortized value	8, 286, 539
Cancellation expenses	26, 147
Proceeds	*4, 089, 188
Net loss on disposition	4, 223, 498
Total losses and charge-offs	4, 280, 121
Total expenses	34, 279, 790
Net income (or loss*) before adjustment of reserves	*12, 089, 106
Adjustment of reserves: Provisions for bad debts	137, 409
Net income (or loss*) for the period	*12, 226, 515

ANALYSIS OF EARNED SURPLUS (OR DEFICIT*)

Balance at beginning of fiscal year	*22, 259, 435
Adjustments to beginning balance	*14, 776
Adjusted balance	*22, 274, 211
Net income (or loss*) for the period	*12, 226, 515
Balance at end of period	*34, 500, 726

*Deduct.

TABLE 25.—*Homes conversion program, statement of sources and application of funds for the fiscal year ended June 30, 1947*

FUNDS PROVIDED

By realization of assets:		
Repayments of principal of loans	$6, 911	
Lease cancellations	4, 057, 290	
Total realization of assets		$4, 064, 201
By income:		
Rents	$22, 171, 266	
Interest on notes	428	
Other	18, 990	
Total income		22, 190, 684
By decrease in working capital		1, 392, 343
Total funds provided		27, 647, 228

TABLE 25.—*Homes conversion program, statement of sources and application of funds for the fiscal year ended June 30, 1947*—Continued

FUNDS APPLIED

To acquisition of assets:		
Leaseholders and improvements	$136, 430	
Equipment	118, 193	
Furniture	4, 760	
Total acquisition of assets		$259, 383
To expenses (excluding depreciation and other charges not requiring funds):		
Direct operating expenses	$16, 505, 932	
Administrative expenses	1, 397, 700	
Losses and charge-offs	53, 584	
Total expenses		17, 957, 216
To retirement of borrowings and capital:		
Allotment rescissions: Office of Administrator—HHFA	$147, 444	
Deposits of general fund receipts	9, 283, 185	
Total retirement of borrowings and capital		9, 430, 629
Total funds applied		27, 647, 228

TABLE 26.—*Balance sheet and statement of profit and loss, Defense Homes Corporation*

DECEMBER 31, 1947

	Family dwellings	Hotels and dormitories
Projects in actual operation	1	3
Active dwelling units	757	1, 117
Total estimated cost	$6, 608, 000	$3, 266, 000
Per unit cost	$8, 729	$2, 924

BALANCE SHEET, DECEMBER 31, 1947

Assets:	
Current assets	$6, 197, 820
Mortgage notes receivable	39, 323, 535
Properties:	
Cost	9, 896, 330
Less: Reserves for replacement and depreciation	1, 001, 114
	8, 895, 216
Deferred and other assets	87, 657
Total assets	54, 504, 228
Liabilities and net worth:	
Liabilities:	
Administration fund liabilities	295, 962
Development fund liabilities	12, 857
Trust and deposit fund liabilities	118
Note payable RFC	42, 383, 341
Total liabilities	42, 692, 278

TABLE 26.—*Balance sheet and statement of profit and loss, Defense Homes Corporation*—Continued

BALANCE SHEET, DECEMBER 31, 1947—Continued

Net worth:	
Capital stock	$10, 000, 000
Surplus—June 30, 1947	2, 942, 758
Net loss—Fiscal 1948 to date	*1, 130, 808
Total net worth	11, 811, 950
Total liabilities and net worth	54, 504, 228

PROFIT AND LOSS PERIOD JANUARY 1, 1947, TO DECEMBER 31, 1947

Hotels and dormitories:	
Income	$1, 471, 209
Expense and cost of sales	1, 280, 462
Profit from operations	190, 747
Housing projects:	
Income	3, 660, 178
Expense	2, 818, 904
Profit from operations	841, 274
Total profit from operations	1, 032, 021
Other income	254, 651
Total profit from operations and other income	1, 286, 672
Other expense:	
Central Office Administration	51, 383
Interest—RFC note	1, 080, 568
Less: Capitalized as construction cost	6, 250
Less: Earned on reserve fund	20, 832
Net interest expense	1, 053, 486
Total other expense	1, 104, 869
Loss on sales of fixed assets (net)	1, 119, 781
Total other expense and loss on sales	2, 224, 650
Net loss	937, 978

*Deduct.

TABLE 27.—*Analysis of PHA administrative expense for fiscal year 1947* [1]

By objective classification:	
Personal services	$16, 362, 633. 81
Travel	926, 333. 07
Transportation of things	37, 452. 32
Communication services	522, 402. 40
Rents and utility services	1, 089, 614. 65
Printing and binding	98, 532. 78
Other contractual services	325, 766. 98
Supplies and materials	211, 761. 97
Equipment	35, 858. 12
Advances—U. S. Public Health Service	17, 200. 14
Subtotal	19, 627, 556. 24
Transfers to other Federal agencies	248, 053. 00
Total	19, 875, 609. 24
Less reimbursements	97, 067. 26
Total	19, 778, 541. 98
By source of funds:	
U. S. Housing Act program [2]	3, 565, 000. 00
Management income funds:	
Public war housing program (Lanham constructed) (Exclusive of homes conversion program)	4, 586, 642. 00
Homes conversion program	790, 100. 00
Subsistence Homestead and Greenbelt Towns program	255, 000. 00
U. S. Housing Act program [3]	215, 900. 00
Total management income funds	5, 847, 642. 00
Disposition funds	
Public war housing program (Lanham constructed) (Exclusive of homes conversion program)	1, 881, 200. 00
Homes conversion program	607, 600. 00
Veterans' reuse housing program	1, 138, 200. 00
Total disposition funds	3, 627, 000. 00
Development Funds:	
Public war housing program (Lanham constructed) (Exclusive of homes conversion program)	948, 400. 00
Veterans' reuse housing program	5, 790, 500. 00
Total development funds	6, 738, 900. 00
Total from all sources	19, 778, 542. 00

[1] Exclusive of Defense Homes Corporation.
[2] Portion applicable to U. S. Housing Authority.
[3] Portion applicable to operation of PWA projects.

TABLE 28.—*Cumulative expenditures for project development, by program and State, other than United States Housing Act low-rent projects as of June 30, 1947*

State	Subsistence Homestead and Greenbelt Towns	War housing	Veteran's reuse	Total program
Alabama	$2, 404, 801. 14	$43, 075, 525. 65	$5, 338, 832. 26	$50, 819, 159. 05
Arizona	118, 777. 95	18, 087, 218. 95	2, 010, 178. 96	20, 216, 175. 86
Arkansas		15, 548, 646. 37	1, 074, 090. 14	16, 622, 736. 51
California		304, 445, 438. 57	19, 596, 325. 40	324, 041, 763. 97
Colorado	120, 095. 94	5, 818, 727. 94	5, 654, 315. 24	11, 593, 139. 12
Connecticut		55, 231, 856. 44	4, 189, 862. 80	59, 421, 719. 24
Delaware		6, 501, 677. 24	406, 303. 04	6, 907, 980. 28
Florida		32, 267, 162. 24	3, 318, 689. 89	35, 585, 852. 13
Georgia		36, 487, 303. 19	4, 274, 880. 84	40, 762, 184. 03
Idaho		3, 778, 929. 75	2, 397, 723. 78	6, 176, 653. 53
Illinois	543, 085. 78	24, 775, 813. 17	15, 135, 673. 39	40, 454, 572. 34
Indiana		41, 341, 831. 29	10, 463, 069. 76	51, 804, 901. 05
Iowa		5, 502, 264. 03	10, 474, 981. 11	15, 977, 245. 14
Kansas		39, 505, 516. 34	3, 373, 748. 73	42, 879, 265. 07
Kentucky		5, 942, 578. 59	3, 782, 171. 72	9, 724, 750. 31
Louisiana		11, 310, 767. 16	7, 037, 642. 03	18, 348, 409. 19
Maine		18, 146, 343. 25	1, 008, 987. 08	19, 155, 330. 33
Maryland	13, 442, 358. 70	64, 112, 509. 61	2, 133, 033. 39	79, 687, 901. 70
Massachusetts		14, 071, 955. 64	16, 158, 055. 00	30, 230, 010. 64
Michigan	1, 319, 814. 91	85, 871, 274. 26	11, 484, 627. 26	98, 675, 716. 43
Minnesota		253, 467. 91	6, 560, 055. 02	6, 813, 522. 93
Mississippi	241, 539. 45	17, 282, 653. 85	4, 248, 431. 25	21, 772, 624. 55
Missouri		9, 521, 123. 02	7, 865, 952. 98	17, 387, 076. 00
Montana		1, 638, 918. 99	2, 499, 705. 56	4, 138, 624. 55
Nebraska		10, 706, 951. 79	2, 081, 560. 14	12, 788, 511. 93
Nevada		7, 288, 346. 76	472. 328. 16	7, 760, 674. 92
New Hampshire		5, 938, 460. 19	1, 729, 189. 24	7, 667. 649. 43
New Jersey	3, 063, 110. 95	24, 127, 590. 66	18, 189, 507. 53	45, 380, 209. 14
New Mexico		6, 994, 523. 99	813, 463. 71	7, 807, 987. 70
New York	43, 020. 53	43, 163, 028. 33	55, 779, 548. 12	98, 985, 596. 98
North Carolina		28, 434, 629. 94	6, 447, 542. 20	34, 882, 172. 14
North Dakota			1, 249, 552. 30	1, 249, 552. 30
Ohio	11, 964, 632. 63	76, 383, 712. 12	17. 598, 159. 68	105, 946, 504. 43
Oklahoma		8, 379, 538. 23	6, 221, 632. 57	14, 601, 170. 80
Oregon		64, 162, 285. 70	3, 563, 543. 79	67, 725, 829. 49
Pennsylvania	1, 645, 592. 97	105, 153, 109. 41	18, 659, 054. 95	125, 457, 757. 33
Rhode Island		3, 621, 538. 03	611, 689. 02	4, 233, 227. 05
South Carolina	26, 892. 47	21, 151, 725. 03	3, 186, 716. 64	24, 365, 334. 14
South Dakota		2. 340, 893. 88	1, 482, 471. 62	3, 823, 365. 50
Tennessee	2, 770, 197. 59	8, 239, 602. 92	5, 960, 603. 85	16, 970, 404. 36
Texas		77, 604, 236. 24	15, 079, 188. 97	92, 683, 425. 21
Utah		24, 342, 230. 32	2, 609, 946. 48	26, 952, 176. 80
Vermont		2, 111, 149. 65	767, 591. 10	2, 878, 740. 75
Virginia	1, 266, 830. 25	105, 103, 686. 28	4. 914, 157. 85	111, 284, 674. 38
Washington		165, 479, 933. 05	3, 024, 793. 32	168, 504, 726. 37
West Virginia	4, 884, 472. 53	5, 657, 517. 32	1, 718, 093. 04	12. 260, 082. 89
Wisconsin	10, 904, 979. 53	13, 624, 120. 72	7, 555, 843. 56	32, 084, 943. 81
Wyoming		3, 228, 529. 59	1, 453, 773. 17	4, 682, 302. 76
District of Columbia		16, 345, 936. 60	3, 615, 447. 52	19, 961, 384. 12
Alaska		5, 141, 105. 42	82, 404. 18	5, 223, 509. 60
Canal Zone		1, 675, 141. 71		1, 675, 141. 71
Hawaii		13, 306, 720. 40	586, 097. 97	13, 892, 818. 37
Puerto Rico		4, 257, 248. 50	196, 164. 22	4, 453, 412. 72
Administrative Expenses		29, 890, 703. 33	[1] 18, 308, 617. 56	48, 199, 320. 89
Trailers		24, 750, 984. 41		24, 750, 984. 41
Advances			29, 595, 749. 92	29, 595, 749. 92
Undistributed Costs	177, 012. 62	2, 939, 555. 25	10, 958, 471. 48	14, 075, 039. 35
Total	[2] 54, 937, 215. 94	[3] 1, 772, 064, 239. 22	395, 000, 240. 49	2, 222, 001, 695. 65

[1] Includes Field Supervision and Inspection.
[2] All projects developed by Farmers Home Administration and transferred to PHA.
[3] Includes costs of $94,594,661.51 for projects developed by other Government Agencies and transferred to PHA.