Residential Finance

HOMEOWNER PROPERTIES

GENERAL

This report—Part 1 of Volume V—is the source of 1960 Census of Housing statistics on the financing of nonfarm homeowner properties. As the term is used in this report, a homeowner property has one to four dwelling units, one of which is occupied by an owner. The statistics presented in this report relate to the manner of acquiring the property, mortgage status at the time of the survey, and selected characteristics of the property, the owner, and the mortgage. Similar data for renter-occupied and vacant properties are presented in Part 2 of Volume V.

The information was collected in the Survey of Components of Change and Residential Finance (SCARF), a sample survey conducted by the Bureau of the Census from late 1959 through early 1960 as part of the 1960 Census of Housing. The primary purpose of the Residential Finance program was to provide 1960 bench mark data on the financing of residential properties, the number of mortgage loans and the amount of mortgage debt outstanding on these loans, and to provide data on properties without a mortgage for comparison with mortgaged properties.

This is the third of the postwar surveys of residential finance conducted by the Bureau of the Census and used essentially the same concepts and procedures as its predecessors, the 1950 Survey of Residential Financing (*1950 Census of Housing*, Volume IV, Parts 1 and 2) and the 1956 Financing of Owner-Occupied Residential Properties (*1956 National Housing Inventory*, Volume II).

All of the data in this report are based on a sample. A description of the sample appears in the section "Sample design and sampling variability," pages XX to XXII.

This report presents for 1- to 4-dwelling unit and separately for 1-dwelling unit homeowner properties data on the number of nonmortgaged and mortgaged properties and on the amount of outstanding debt on the mortgaged properties. Cross-tabulations by selected mortgage, property, and owner characteristics are shown for the 1-unit homeowner properties.

Separate presentation of data for the 2- to 4-unit homeowner properties was not considered advisable because the small number of such cases in the sample leads to results with relatively high sampling variability. About 9 of every 10 homeowner properties are of the 1-unit type.

Four basic types of tables are provided—U.S. total, U.S. total inside standard metropolitan statistical areas, geographic regions, and selected metropolitan areas. The latter include the standard metropolitan statistical areas (SMSA's) of Atlanta, Baltimore, Boston, Buffalo, Cleveland, Dallas, Detroit, Los Angeles–Long Beach, Minneapolis–St. Paul, Philadelphia, Pittsburgh, St. Louis, San Francisco–Oakland, Seattle, and Washington (D.C.-Md.-Va.); and the two standard consolidated areas (SCA's)—Chicago–Northwestern Indiana and New York–Northeastern New Jersey.

DESCRIPTION OF TABLES

Table 1 shows the total number of 1- to 4-unit and 1-unit homeowner properties, by mortgage status, i.e., *mortgaged or non*-mortgaged. Data on property and owner characteristics are shown for the 1-unit homeowner properties.

Table 2 shows the total number of mortgaged 1- to 4-unit and 1-unit homeowner properties by government insurance status of first mortgage, i.e., FHA-insured, VA-guaranteed, and conventional. Mortgage, property, and owner characteristics data are shown for the 1-unit mortgaged properties.

Table 3 shows the total and average *amount* of *first* mortgage debt outstanding on mortgaged 1- to 4-unit and 1-unit homeowner properties, by government insurance status of the first mortgage. For mortgaged 1-unit homeowner properties, the amount of first mortgage outstanding debt is distributed by selected first mortgage characteristics.

Table 4 shows the total and average *amount* of *total* mortgage debt outstanding on all mortgages on 1- to 4-unit and 1-unit homeowner properties, by government insurance status of the first mortgage. Total outstanding debt is distributed by selected mortgage, owner, and property characteristics for mortgaged 1-unit homeowner properties.

Table 5 shows the total number of 1- to 4-unit and 1-unit mortgaged homeowner properties by type of holder of the first mortgage. The mortgaged 1-unit homeowner properties are distributed by mortgage, property, and owner characteristics.

Tables 6, 7, 8 repeat table 5 for properties with FHA-insured, VA-guaranteed, and conventional first mortgages, respectively, on a U.S. total basis.

The location of specific tables is shown in the index to tables and maps on page VI. The subjects presented in each table are shown in the subject guide on page VII.

Explanation of symbols in tables.—Leaders (---) in a data column indicate that there are no cases in the category or the data are suppressed because they are considered statistically unreliable. Leaders are also used where data are inapplicable.

A plus (+) or minus (—) sign after a median indicates that the median is above or below that number. For example, a median of "$5,000—" for value of property indicates that a median fell in the interval "less than $5,000" and was not computed from the data as tabulated. More detailed explanations on the methods used for computing medians for specific items are provided in the section "Collection and processing of data."

MAPS

The maps contained in this report depict the geographic areas for which data are shown in the tables. The location of maps is shown in the index to tables and maps, page VII. Each chapter for the 17 selected metropolitan areas is preceded by a map which shows the boundaries of the area and the central city (or cities) defined as of June 8, 1959. Differences between the 1959 boundaries and those for the April 1960 Census and 1950 Census are indicated by notes on the maps.

RELATION TO APRIL 1960 CENSUS OF HOUSING

The 1960 Residential Finance Survey is part of the 1960 Census program and provides data on the financing of residential properties not covered in the other 1960 Census reports. Certain of the property, structure, and occupant characteristics for which data are presented in this report are also presented in the 1960 Censuses of Housing and Population publications and the definitions are generally the same. (See "Definitions and explanations.") However, there are several differences:

The basic unit of tabulation in the Residential Finance Survey is the "homeowner property" (whether it contains 1, 2, 3, or 4 dwelling units) and not the "housing unit" used in the 1960 Census or the "dwelling unit" concept used in the Components of Change Survey.

The Residential Finance Survey is restricted to nonfarm, privately owned properties while in the 1960 Census the nonfarm restriction applies only to value and rent data.

The Residential Finance Survey is based on a subsample of dwelling units from a sample of land area segments. Data for the 1960 Census program, on the other hand, are based on 100-percent coverage of all housing units for some items or on a systematic sample of housing units for other items. For some standard metropolitan statistical areas, the boundaries used in the Residential Finance Survey are based on the 1959 definitions rather than the definitions for the 1960 Census. (See *1960 Census of Housing*, Volume I, *States and Small Areas*, for a more complete discussion of the April 1960 Census.)

RELATION TO THE COMPONENTS OF INVENTORY CHANGE SURVEY

The source of the sample of homeowner properties used in this survey is the subsample of dwelling units in the Components of Inventory Change Survey enumerated to provide 1959 characteristics of the components. Residential finance questionnaires were mailed to the owners of the properties containing these dwelling units to obtain the information required for this report. (See *Survey of Components of Change and Residential Finance of the United States Census of Housing, 1960: Principal Data Collection Forms and Procedures.*)

Volume IV, *Components of Inventory Change*, presents statistics on the counts and characteristics of the components of changes in the housing inventory since 1950. The unit of tabulation is the dwelling unit. All dwelling units—whether owner-occupied, renter-occupied, or vacant, farm or nonfarm, privately or publicly owned—are included.

Volume V data relate to the financing of the nonfarm and privately owned part of the housing inventory as of early 1960. The other major difference from Volume IV is that the unit of tabulation in Volume V is the "property," which may contain one or more structures and hence one or more dwelling units. This report—Part 1 of Volume V—is restricted to "homeowner" properties, i.e., 1- to 4-dwelling unit owner-occupied properties.

Any comparison of data between Volumes IV and V, therefore, must take into account the differences in the units of tabulation and the universes covered. In addition, variations in procedure, estimation, and response may have introduced some differences between the figures in these two volumes.

COMPARABILITY WITH PREVIOUS CENSUS RESIDENTIAL FINANCE SURVEYS

The 1960 residential finance program is the latest in a series of Bureau of the Census surveys of residential mortgages. As early as 1890, the Bureau (then the Census Division of the Department of Interior) collected detailed statistics on residential mortgages.[1] In the 1920[2] and 1940[3] Censuses, mortgage questions were asked of owners who occupied their own homes. In 1950,[4] the census included a separate survey on residential financing, very similar to the 1960 program; data on mortgages, properties, and owners were collected for both owner-occupied and rental properties. In 1956,[5] as part of the National Housing Inventory, an interim survey was made of the mortgage status of owner-occupied properties having from one to four dwelling units. There are several differences between this report and previous residential finance surveys.

Difference in property definition.—In 1940, data were restricted to 1- to 4-unit owner-occupied structures with *no* business use. In the 1950, 1956, and 1960 surveys, properties with business use were included if less than 50 percent of the floor area was in such use. For 1920 and earlier, data on floor space in business use were not collected.

Although farm properties were excluded in each of these surveys, the method of determining farm residence differed. In 1960, properties in rural areas were classified as farms on the basis of acreage in the property and receipts from crop sales. In 1950 and 1956, a property located in a rural area was classified as a farm if the respondent answered "yes" to the question, "Is this house on a farm?"

The 1950 residential finance survey covers mortgaged properties only; in the 1956 and 1960 publications, data are shown for nonmortgaged as well as mortgaged properties.

Differences in methods of collecting the data.—In 1940, the information was collected as part of the regular census by the census enumerators. Special surveys were used in 1950, 1956, and 1960.

In 1950, information was collected after completion of the regular census. Questionnaires were mailed to a sample of property owners and a special effort was made to obtain the data from the owner or a representative who was well-informed about the financing of the property. Supplemental data about the mortgages were obtained from the lenders.

In 1956, the enumerator who collected data on the components of change and characteristics of the inventory left a residential finance questionnaire at each owner-occupied unit in the subsample. Data were not obtained from lenders in 1956.

In 1960, as in 1950, the questionnaires were mailed to the owners of the properties in the sample. Most of the data on the characteristics of the mortgages were obtained by mail from the lenders.

A distinctive feature of the 1960 survey was the allocation of "not reported" items (see "Collection and processing of data," page XXVIII).

Differences in geographic areas.—The 1950 residential finance publication presented homeowner data for 25 standard metropolitan areas. In 1960, the data are shown for 15 SMSA's and the 2 standard consolidated areas. Any differences between the 1950 and 1960 boundaries of the SMSA's shown in this report are noted in the maps which precede each SMSA chapter. One of the 1960 SMSA's—Dallas, Texas—was not included in the 1950 survey.

Included in 1950, but not in 1960, are tables containing U.S. total data for the areas outside the metropolitan areas. In the

[1] Department of the Interior, Census Division, *Report on Farms and Homes: Proprietorship and Indebtedness in the U.S.: 1890* (1896). *Report on Real Estate Mortgages in the United States: 1890* (1895).

[2] U.S. Bureau of the Census, *Mortgages on Homes in the United States: 1920*, Monograph No. 2 (1923).

[3] U.S. Bureau of the Census, *1940 Census of Housing*, Vol. IV.

[4] U.S. Bureau of the Census, *1950 Census of Housing*, Vol. IV, *Residential Financing*.

[5] U.S. Bureau of the Census, *1956 National Housing Inventory*, Vol. II, *Financing of Owner-Occupied Residential Properties* (1958).

1960 publication, the outside SMSA's data may be obtained by subtracting the inside SMSA total from the U.S. figures. Both the 1950 and 1960 publications present data for geographic regions. In 1956, data were published for the U.S. total only.

Differences in subjects covered.—Fewer subjects were covered in 1960 than in 1950. Among those dropped were extent of amortization, form of debt (mortgage or purchase contract), frequencies of interest and principal payments, occupation of owner, items included in payment, and year mortgage due. Among those added were manner of property acquisition, monthly housing costs, location of mortgage holder, and several percentage relationships and ratios. The 1956 report covers fewer subjects than either the 1960 or the 1950 publications.

Changes in intervals and categories.—Reflecting the general rise in prices and incomes since 1950 and 1956, the intervals in the 1960 distributions for amount of loan, debt, payments, purchase price, value, taxes, and owner's income have been revised upward. An effort was made to establish the 1960 class intervals for these items so that combination of groups could be made for comparison with data from previous residential finance surveys.

COMPARABILITY WITH DATA FROM OTHER SOURCES

Comparability of the data in this report with data from other sources is affected by differences in timing, coverage, method of enumeration, and by sampling variability.

National and regional summaries in this report are based on data collected from owners during early January and from lenders during February 1960. Although part of the data for the SMSA tabulations were also obtained during this period, these were supplemented with data collected during the spring and summer of 1960. For further discussion of the timing of the enumeration, see "Collection and processing of data," page XXVIII. Although data were collected as late as July 1960, the survey excludes virtually all properties built after 1959.

In those cases where the current owner was buying the property under a purchase contract and the property was still encumbered with a mortgage being repaid by the former owner, the data in this report relate to the purchase contract debt created by the new owner. Conversely, in the mortgage data compilations of other government agencies, the data in such "dual-debt" cases are based on the underlying mortgages.

Comparability with Federal Home Loan Bank Board estimates of outstanding debt.—The Federal Home Loan Bank Board (FHLBB) prepares periodic estimates of the amount of mortgage debt held by various types of lenders on all nonfarm 1- to 4-family homes—owner- and renter-occupied, and vacant. Included in these estimates are loans on residences which may have substantial amounts of space used for business purposes. The data in this report, however, exclude renter-occupied and vacant properties, and any owner-occupied properties with half or more of floor space devoted to business use. Construction loans, which are included in the FHLBB estimates, are excluded from this report.

Comparability with Federal Housing Administration statistics.—The Federal Housing Administration (FHA) compiles data on the number and face amount of mortgages in force under its several home mortgage insurance programs. Comparability of the data in this report with FHA statistics is limited not only by the differences in the timing but by several other factors. FHA home mortgage statistics can include renter-occupied and vacant as well as owner-occupied properties. Mortgage amounts in the FHA compilations by area and type of holder are original principal amounts and do not reflect repayments as do the outstanding debt figures in this report. If a property is covered by "dual-debts," i.e., a purchase contract debt of the current owner and an FHA mortgage obligation being repaid by the former owner, the data in this report refer to the current purchase contract debt. Since these are classified as "conventional" mortgages, the underlying FHA mortgage is thus "concealed."

Comparability with Veterans Administration guaranteed home loan statistics.—Data on the number of outstanding home mortgage loans guaranteed by the Veterans Administration (VA) are not regularly compiled by that agency. Estimates of the amount of debt outstanding on these mortgages are made periodically by the Veterans Administration. Comparison of these estimates with the data in this report are subject to essentially the same differences in coverage and timing discussed in connection with the FHLBB and FHA statistics.

AVAILABILITY OF UNPUBLISHED DATA

Analytical tabulations could not be included in this report because of budgetary limitations. However, special tabulations involving the cross-classification of subjects presented in this report can be prepared on a reimbursable basis. Also available by special tabulations are data relating to characteristics of second mortgages and characteristics of first mortgages involved in secondary mortgage market transactions. Requests for additional information should be addressed to Chief, Housing Division, Bureau of the Census, Washington 25, D.C.

DEFINITIONS AND EXPLANATIONS

Statistics presented in this volume were collected in two ways. Most of the data were obtained through self-enumeration questionnaires completed by owners of properties and holders of mortgages or their agents. If the respondents failed to complete the self-enumeration forms, followup enumerators obtained the missing information by direct interview. A small number of items were collected as part of the Components of Change Survey. (See "Collection and processing of data," page XXVIII.)

Many of the concepts are unique to residential finance and are not involved in any other aspect of the 1960 Census. In general, definitions of the property, owner, and mortgage characteristics are the same as those used for the 1950 and 1956 residential finance surveys. The 1956 survey differed from those of 1950 and 1960 in that all the information was collected from the property owner, while in the other two, the lender provided most of the information on the mortgage.

Unless otherwise specified in the definitions, the sources of each item are the 1960 residential finance questionnaires—Form 60H–10 for the property and owner characteristics and Form 60H–12 for the mortgage and lender characteristics. Facsimilies of these forms are printed in the appendix. For those property and owner characteristics that were collected as part of the Components of Change Survey, more detailed definitions are available in Volume IV of the 1960 Census of Housing.

The definitions reflect the intent of the questions, as expressed in the 1960 residential finance Technical Guide (used in field offices to answer inquiries of owners and lenders), the Enumerator's Reference Manual, and the editing specifications. As is true in any self-enumeration survey, the questions were open to different interpretations by the respondents.

AREA CLASSIFICATIONS

United States.—This refers to the 50 States and the District of Columbia. Excluded are such outlying areas as Puerto Rico, Guam, the Virgin Islands of the United States, and American Samoa.

Regions and divisions.—The States and the District of Columbia are grouped by the Bureau of the Census into four regions and nine geographic divisions shown on the map which precedes the chapter containing the U.S. total tables.

Standard metropolitan statistical area.—To permit all Federal statistical agencies to utilize the same areas for the publication of general-purpose statistics, the Bureau of the Budget has established "standard metropolitan statistical areas" (SMSA's). Each such area is defined by the Bureau of the Budget with the advice of the Federal Committee on Standard Metropolitan Statistical Areas, a committee composed of representatives of the major statistical agencies of the Federal Government.

Except in New England, an SMSA is a county or group of contiguous counties which contains at least one city of 50,000 inhabitants or more, or "twin cities" with a combined population of at least 50,000. In addition to the county, or counties, containing such a city or cities, contiguous counties are included in an SMSA if, according to certain criteria, they are essentially metropolitan in character and are socially and economically integrated with the central city. In New England, SMSA's consist of towns and cities, rather than counties. A more detailed discussion of the criteria used to define SMSA's is given in *1960 Census of Housing*, Volume I, *States and Small Areas*.

At the beginning of each of the 15 SMSA chapters in this report is a map showing the boundaries of the SMSA. The boundaries are those defined as of June 8, 1959. In some cases (as indicated by notes on the maps), the 1959 boundaries differ from the 1950 boundaries and the boundaries defined for the April 1960 Census. In 1950, the areas were called standard metropolitan areas (SMA's).

United States inside standard metropolitan statistical areas.—This term applies to the total data presented for all of the standard metropolitan statistical areas (SMSA's) as designated and defined June 8, 1959. The identification, location, and a general indication of the boundaries of the SMSA's are shown in the map introducing the chapter for the inside SMSA total data. Separate "outside SMSA" tables are not provided in this report, but the information may be obtained by subtracting the inside SMSA data from the United States total data.

Standard consolidated area.—In view of the special importance of the metropolitan complexes around New York and Chicago, several contiguous SMSA's and additional counties that do not appear to meet the formal integration criteria but do have strong interrelationships of other kinds have been combined into the New York–Northeastern New Jersey and the Chicago–Northwestern Indiana Standard Consolidated Areas (SCA's). The former is identical with the New York–Northeastern New Jersey SMA of 1950, and the latter corresponds roughly to the Chicago SMA of 1950 (two more counties having been added).

Central cities.—This term refers to that part of the SMSA (or SCA) which is within the city or cities which form the nucleus of the SMSA. The central cities are identified in the maps appearing in each SMSA (or SCA) chapter. "Outside central cities" refers to the area and places in the SMSA (or SCA) which are not in the central city or cities.

PROPERTY CLASSIFICATIONS

The basic unit of tabulation in this report is the property, i.e., the residential nonfarm, owner-occupied property with 1- to 4-dwelling units. An explanation of these terms as used in this report follows.

Property.—A property consists of a parcel of land under separate ownership and the structure situated on that land. In the 1960 Residential Finance Survey, the owners were requested to provide information about the property identified by the address entered on the questionnaire.

If the property included more than one structure, the owner was asked to supply information for all structures. If the property was mortgaged, the questionnaire was to be answered for all parcels of land and structures covered by the mortgage. Usually all parcels and buildings covered by a single mortgage are adjacent to each other, but in some cases the structures and parcels of land under a single mortgage are scattered. If the property was not mortgaged, the owner defined the property.

Residential.—A property is considered residential if more than half of the floor space is used for dwelling purposes. If the property described by the owner included structures or land which were essentially nonresidential in character, this property was considered nonresidential and excluded.

Dwelling unit.—In general, a dwelling unit is a group of rooms or a single room occupied or intended for occupancy as *separate living quarters* by a family or other group of persons living together or by a person living alone. A dwelling unit is defined as (1) a group of rooms occupied or intended for occupancy as separate living quarters and having either separate cooking equipment or separate entrance; or (2) a single room occupied or intended for occupancy as separate living quarters if (*a*) it has separate cooking equipment, (*b*) it is located in a regular apartment house, or (*c*) it constitutes the only living quarters in the structure.

The sample of dwelling units used as the basis of the Residential Finance Survey came from the Components of Change Survey. For additional explanation of "dwelling unit" and the method of determination see *1960 Census of Housing*, Volume IV, *Components of Inventory Change*.

The definition of "dwelling unit" as used in the 1960 Residential Finance Survey is the same as that used in the 1950 and 1956 Residential Finance Surveys and the 1950 Census.

Nonfarm.—A property is considered nonfarm if it is located in an urban area or if it is in a rural area but not located on a farm.

Only dwelling units classified as nonfarm in the 1959 Components of Change Survey were selected for the 1960 Residential Finance Survey. In the Components of Change Survey, urban areas are those designated urban for the 1950 Census. No adjustment was made for the fact that with a change in definition of "urban," some areas which were rural in 1950 would have been urban in 1959, and vice versa.

In 1950, urban housing comprised all dwelling units in (*a*) places of 2,500 inhabitants or more incorporated as cities, boroughs, or villages; (*b*) incorporated towns of 2,500 inhabitants or more except in New England, New York, and Wisconsin, where "towns" are minor civil divisions of counties; (*c*) the densely settled urban fringe around cities of 50,000 inhabitants or more including both incorporated and unincorporated areas; and (*d*) unincorporated places of 2,500 inhabitants or more outside any urban fringe. The remaining dwelling units were classified as rural.

In the Components of Change Survey, the "farm" classification is applied only to dwelling units in rural territory and is determined on the basis of number of acres in the place on which the dwelling unit is located and the total sales of farm products in 1959.

An occupied dwelling unit is classified as a farm dwelling unit if it is located on a place of 10 or more acres from which sales of farm products amounted to $50 or more in 1959, or on a place of less than 10 acres from which sales of farm products amounted to $250 or more in 1959. The same definition of farm residence was used in the April 1960 Census. In 1950, farm residence was determined by the respondent's answer to the question, "Is this house on a farm (or ranch)?"

Owner-occupied property.—A property is classified as owner-occupied when it contained less than five dwelling units and at least one of the units was occupied by an owner. All dwelling units on the property were included in the count, regardless of the number of structures in which they are located. Persons buying property and still owing money were considered owners, whether or not they had legal title to the property.

Properties excluded.—This report (Part 1 of Volume V) excludes the following types of properties:

1. Rental and vacant residential properties, i.e., properties with 1- to 4-dwelling units, none of which was owner-occupied; and properties with 5 or more dwelling units. This classification includes properties in which all dwelling units were vacant and properties of more than 5 units, one of which was occupied by the owner. Data on these types of properties are presented in Part 2 of Volume V.

2. Properties classified as farms in the 1959 Components of Change Survey on the basis of acreage and crop sales information. Also, when entries on the residential finance questionnaire indicated that a substantial part of the value of the property derived from farm land, the property was classified as a farm and excluded.

3. Trailers, as identified in the Components of Change Survey.

4. Properties containing "quasi-units," i.e., occupied living quarters not qualifying as dwelling units. (The concept of quasi-units is the same as "group quarters" in the April 1960 Census.) Since quasi-units were not included in the 1959 Components of Change subsample, they were automatically excluded from the sample of units used for the Residential Finance Survey. In addition, if information supplied by the respondent on the residential finance questionnaire indicated that the property contained quasi-units, the property was excluded. For further explanation of quasi-units, see *1960 Census of Housing*, Volume IV, *Components of Inventory Change*.

5. Properties with half or more of the floor space used for business or industrial purposes, as reported by the owners on the residential finance questionnaires.

6. Properties including substantial amounts of land used for nonresidential purposes, such as mines, logging camps, etc. (This information was not supplied in response to a specific question on the schedule, but in explanatory note entries made by the respondent.)

Mortgage status.—In this survey properties were classified as mortgaged or nonmortgaged on the basis of information furnished by the owner and the lender. The homeowner was asked to report all of the various types of debt outstanding on the property. The questionnaire indicated the types of debt to be considered and reported as mortgages.

As used in this report, "mortgage" refers to all forms of debt where the property is pledged as security for repayment of the debt. It includes such debt instruments as deeds of trust, trusts, mortgage bonds, and vendor liens. In such arrangements, the borrower generally has the title to the property.

Also included as "mortgages" are such debt arrangements as contracts to purchase, contracts for deed, agreements of sale, and land contracts. These differ from mortgages or deeds of trust in that title to the property remains with the lender, who generally is also the seller (i.e., former owner) of the property. The buyer has the right to occupy the property so long as he makes the payments on the debt. Title to the property passes to the buyer when he has paid the full or a stipulated amount of the loan. For purposes of this report, the buyer is considered the "owner." When a property being purchased under a land or purchase contract is also covered by an outstanding first mortgage made by the former owner, data are shown for the mortgage only if the current owner has assumed the obligation for the payments.

To assure that all mortgage-type debt on the property was reported, the owner was asked to report *all* debts outstanding on the property. In the editing process, however, the following types of debt were classified as nonmortgages: Property improvement loans, such as FHA Title I loans not secured by the property; chattel mortgages (e.g., mortgages on furniture or equipment); and mechanics and tax liens. Properties having only the latter type of debt and no mortgage debt were classified as nonmortgaged.

To obtain confirmation of the mortgage status of the the property and additional information about the mortgage, the Form 60H–12 questionnaire was mailed to each lender to whom, according to the owner, mortgage payments were made. If the debt was other than a mortgage, this information was also to be reported by the lender on the 60H–12 questionnaire. Also eliminated on the basis of the lender's reply were mortgage debts that had been paid off or otherwise terminated prior to the survey period.

MORTGAGE CHARACTERISTICS

First and junior mortgages.—A mortgage is classified as a first mortgage if it had prior claim over any other mortgage on the property, or if it is the only mortgage on the property. All other mortgages are classified as "junior." A *second mortgage* is a junior mortgage which gives the lender a claim against the property which is second to the claim of the holder of the first mortgage.

Government insurance status.—Government insurance status refers to the presence or absence of FHA (Federal Housing Administration) insurance or VA (Veterans Administration) guaranty or insurance on a mortgage. Under the FHA and VA insurance and guaranty programs, the agency satisfies the unpaid balance of the mortgage if the borrower is unable to continue making the mortgage payments.

FHA-insured mortgages are those made by private lending institutions and insured by the Federal Housing Administration.

VA guaranteed or insured mortgages (*GI loans*) are those guaranteed or insured by the Veterans Administration and are made to veterans of World War II and the Korean War by private lenders for purposes of home ownership. Some of the properties with VA mortgages are owned by nonveterans who assumed the mortgages.

Under a program which was effective until 1951, a veteran of World War II might have placed a combination FHA-VA mortgage. Although such combinations are often regarded as a single mortgage, they were actually written as two mortgages—an FHA-insured first mortgage and a VA-guaranteed second mortgage, and are so classified.

Conventional mortgages are those other than the FHA-insured or VA-guaranteed or insured.

Mortgage loan.—The mortgage loan is the amount of the loan at the time it was obtained by the current property owner. If the mortgage was assumed from the previous owner, the mortgage loan is the unpaid balance when assumed. If the owner made a new mortgage, the mortgage loan is the face amount of the mortgage. When the mortgage represented a refinancing or extension of the previous mortgage, the mortgage loan is the amount of the new mortgage. The amount of the mortgage loan was asked of both the owner and the lender. In the case of an assumed mortgage, the amount reported by the owner is the one used.

"Total mortgage loan" is the total amount of loan on the property, regardless of the number of mortgages. When there are two mortgages or more, the amount of first and junior loans are combined, even though they may have been made at different times.

Outstanding debt.—Outstanding debt is the unpaid principal balance of the mortgage at the time of enumeration. In some instances, it also includes overdue interest and, rarely, unpaid taxes. Total outstanding debt is the sum of the unpaid balances of all mortgages on the property.

In 1960, as in 1950, the amount of outstanding debt was obtained from the lender. In 1956, the data were collected from the owner of the property.

Term of mortgage.—For most mortgages, the term is the length of time required to pay back the principal in regular periodic payments and is usually stated in the mortgage document. For an assumed mortgage, the term shown is the original term. No regular edit was made to determine whether mortgages requiring regular periodic payments would be paid off during the specified term.

There were other types of term arrangements reported by lenders. If the lender did not report a specific term, but entered "until paid" or a similar phrase, and regular payments of principal were required, the effective term was computed.

Some mortgages are written with short terms and are either renewable at the option of the lender or contain renewable clauses requiring the lender, under most circumstances, to renew. These were reported in different ways by lenders. It should be noted that, particularly among lenders who are individuals, the stated term may have little meaning.

Some mortgages appear to have run well beyond the stated term, with no evidence of formal renewal. Whether to leave such terms as reported or to treat them as "indefinite" was decided on a case by case basis.

The classification "on demand" includes mortgages due at any time on demand of the lender. During the life of such mortgages, interest payments usually are required; principal payments may or may not be required.

The classification "indefinite" includes the following types of arrangements:

1. The lender reported that the mortgage had no specific term and that no regular principal payments were required.
2. The mortgage was well beyond its due date, and reported as in good standing.

Interest rate.—Interest rate is the annual rate specified in the mortgage or the annual equivalent if not on an annual basis. Where the rate varies during different periods of the life of the mortgage, the rate at the time of enumeration is shown. No fees or charges, such as the FHA mortgage insurance premiums, are included. When no interest was charged, the case appears in the less than 4.0 percent interval.

In 1960, as in 1950, data regarding interest rate were collected from the lender. In 1956, the data were based on information supplied by the borrower.

Origin of mortgage.—This item indicates whether the first mortgage currently on the property (1) was made by the current owner at the same time the property was acquired by him, (2) was on the property before acquisition by the current owner and "assumed" by him (i.e., he "assumed" the obligation of the unpaid balance of that mortgage), or (3) was placed by the current owner after he acquired the property. The origin of the mortgage was not asked of either the owner or the lender; the information was derived from other items on the questionnaires. The categories are defined as follows:

Made when property acquired.—The year the property was acquired (reported by the owner) and the year the mortgage was made (reported by the lender) were the same. Included in this group would be any mortgages which were made by one owner and assumed by a second owner within the same year.

Assumed when property acquired.—The year the property was acquired was the same as the year the owner reported the mortgage was made or assumed, and this date was later than the year the mortgage was made (as reported by the lender).

Made after property acquired.—The year the mortgage was made (as reported by the lender) was later than the year the property was acquired or the property was *not* acquired by purchase or construction (e.g., by inheritance).[6] This group includes refinanced, renewed, or extended mortgages.

Year mortgage made or assumed.—This refers to the year the current mortgage was made or assumed by the current property owner. If there was evidence on the owner or lender questionnaire that the current mortgage had been refinanced or renewed, the year of the most recent refinancing or renewal is shown.

Characteristics shown in this report for mortgages made or assumed in any given year and in existence at the time these data were collected do not necessarily reflect the characteristics of all mortgages *made* in that year. First of all, mortgages *assumed* in a particular year represent mortgages originally *made* in previous years. Moreover, many mortgages made in previous years had been paid off or otherwise terminated by the time of this survey.

The year the mortgage was made was asked of both the owner and the lender. In the case of an assumed mortgage, the date reported by the owner is used.

Method of payment.—This refers to the payment arrangements required under the terms of the mortgage. Both the owner and the lender were asked the amount of the regular required mortgage payment, the frequency of such payment, and the items included.

First mortgages are classified in this report according to the method of principal and interest payment:

Regular payment of interest and principal.—Self-explanatory.

Payment of interest only.—Regular payments of interest but not principal are required.

Payment of principal only.—A few mortgages were reported on which principal payments only were required. These were primarily short-term mortgages on which all interest was due in a lump sum at the end of the term, or mortgages on which no interest was being charged.

No regular interest or principal payments.—A few mortgages were reported on which no regular payments were required for interest or principal. Some of these mortgages involved borrowers and lenders who were related; some were mortgages with very short terms (usually a year or less), on which no payments were required until the end of the term.

Monthly interest and principal payment, first mortgage.—This is the amount required to be paid regularly on the mortgage for principal repayment or interest, or both, as reported by the lender. Therefore, mortgages with no required regular payments are excluded. Principal and interest payments are shown on a monthly basis, regardless of the actual frequency of payment.

In the 1950 report, monthly payment data are shown for first mortgages requiring both principal and interest payments. Data on amount of monthly payments are not shown in the 1956 report.

Current status of first mortgage payments.—A mortgage is classified "delinquent" when the required payments are past due 30 days or more. All mortgages not delinquent are classified "current or ahead of schedule."

Holder of first mortgage.—This refers to the firm, organization, institution, or person that has the legal right to the interest and principal due on the mortgage.

The mortgage holder is not necessarily the original mortgage lender since the original lender may have transferred the mortgage to a new holder. Mortgages are frequently originated by one firm (or person) as agent or loan correspondent for another firm which provides the mortgage funds; or mortgages are sold by the originating lenders to firms which have funds available for investment. The firm to whom the mortgage payments are made is not always the mortgage holder, since payments are frequently made through a firm acting as a collecting or servicing agent for the holder.

Information on type of mortgage holder was obtained from the mortgage holder or the agent of the holder.

The classification of holders into the various types shown in tables 2, 3, and 5 through 8 is in accordance with their primary financial function.[7]

Commercial bank and trust company, own account and trust account.—This type of bank offers many financial services—e.g.,

[6] Also in this category are a few mortgages which were on the property at the time the present owner acquired it, but the property was not acquired by purchase, for example, a property inherited by the present owner subject to a mortgage.

[7] In tables 5, 6, 7, and 8, the boxheads are combined as follows: Commercial banks, "own" accounts with "trust" accounts; real estate and construction companies with mortgage companies; and public and private employee retirement systems, etc., with philanthropic and educational endowments, etc.

commercial and industrial loans, personal loans, checking accounts, savings accounts, and residential mortgage loans. If a bank has invested its regular funds in a mortgage for its own account, the mortgage is shown as being held by a "commercial bank or trust company, *own account*." If a bank has invested the funds of a trust account (i.e., funds available from an estate or investment being administered by the bank for a customer) in a mortgage, the case is included in the category "commercial bank or trust company, *trust account*." In the 1950 report, trust accounts were included in the category of "individuals."

Mutual savings bank.—This type of bank accepts savings deposits only. Banks of this type are located in only 17 States, principally the New England States, New York, and Pennsylvania.

Savings and loan association.—This type of institution invests the savings of its depositors almost exclusively in real estate and construction loans. Included in this category are building and loan associations, the cooperative banks in New England, and the homestead associations in Louisiana.

Life insurance company.—Self-explanatory.

Mortgage company.—This type of firm is engaged primarily in the business of originating and selling mortgages. Mortgages which are shown as being held by mortgage companies in this report represent mortgages recently made and not yet sold and those in which the mortgage company had invested its own funds.

Real estate or construction company.—Neither of these two types of holders is primarily in the mortgage business. Their mortgage activity is usually an adjunct to the buying and selling of real estate, or the building of homes. Many of the loans they hold are land contracts made with buyers of property formerly owned by the companies. These firms may hold mortgages for short periods of time until they can be sold to investors.

In 1950, these holders were in the "other" category.

Federal or State agency.—The principal types of agencies included in this category are the:

a. Federal National Mortgage Association, known as FNMA or "Fanny May." This Federal corporation buys and sells FHA-insured and VA-guaranteed (or insured) mortgages to improve the availability and distribution of residential mortgage funds.

b. Federal Housing Administration (FHA), which becomes the holder of mortgages made in connection with the sale of properties acquired by FHA from lenders, following irremediable delinquency on the part of the borrower of an FHA-insured mortgage.

c. Veterans Administration (VA), mortgages held by this agency include those made by the VA under its direct loan program, mortgages assigned to VA by lenders because of borrower defaults, and mortgages made in connection with the sale of properties acquired by VA from lenders because of borrower defaults.

d. State-sponsored lending agencies which were established to make home loans to war veterans.

In 1950, data for FNMA were shown separately and all other Federal or State agencies were in the "other" category.

Retirement system, welfare fund, etc., includes public and private employee retirement systems, labor unions, and union welfare funds. In 1950 these types of holders were included in the "other" category.

Other nonprofit organizations, includes philanthropic and educational endowments, foundations and trusts, fraternal organizations, schools, colleges, and any other type of nonprofit organization. In 1950, these types of holders were included in the "other" group.

Individual and individual's estate.—Included in this category are mortgages held by individual persons or estates of individuals. Excluded are individuals' estates which may be administered as trust accounts by commercial banks.

Other includes fire and casualty insurance companies, finance companies, credit unions, investment trusts, and any type of holder not covered by the other categories.

Servicing of first mortgage.—"Servicing" a mortgage involves collection of the mortgage payments from the borrower, maintaining records of payments, setting up escrow accounts for accumulating the property tax and hazard insurance portions of mortgage payments (when included in the payment), paying the tax and insurance bills, and sending required notices to the borrower.

A mortgage may be serviced by the holder or agent for the holder. Insurance companies and banks who invest in mortgages over a wide geographical area generally arrange for servicing of their mortgages by local lenders. These are frequently the local mortgage companies or banks which originated the mortgages. Individuals who invest in mortgages may arrange for the servicing of these mortgages by a bank or mortgage company. The servicing bank or mortgage company charges the holder a fee for performing this service. The information on the servicing of the mortgage came from the lender.

Location of first mortgage holder.—This item relates the location of the first mortgage holder to the location of the mortgaged property. Properties are classified in two groups—those inside the SMSA's and those outside the SMSA's. For each of these groups, the first mortgages are shown on the basis of whether the holder is in the same geographic division as the property, a different geographic division, or entirely outside the United States.

Mortgage loan as percent of purchase price.—This percentage was computed for the first mortgage loan and for all mortgage loans on the property. The percentage is shown only when the first mortgage was made or assumed at the time the property was acquired, since otherwise the relationship between mortgage loan and purchase price would not be significant. The percentage was not computed for those properties not acquired by purchase.

Outstanding debt as percent of value.—The percentage was computed for first mortgages and for all mortgages on the property. Comparable data are available in the 1956 report, but only for total debt as a percent of value in the 1950 report.

PROPERTY CHARACTERISTICS

Value.—This is the amount the owner estimated the property would sell for on the current (1960) market. Owners who had difficulty estimating the value of their property were asked to specify the range in which they thought the value lay.

The value estimate nearly always includes the structures and the land. The few exceptions are leasehold properties where the owner of the structure does not own the land but leases or rents it. Since selling prices of these properties cover the structures only, the reported values of leasehold properties almost certainly did not include the value of the land. Similarly, any mortgages reported by the owners were secured only by the structures. In view of this situation, the field office technical guide and the enumerator's manual used in this survey provided that if there was evidence that ownership was restricted to the structures, the estimated property value was to exclude the land value.

To the limited extent, therefore, that owners reported values of structures only, the value data in this report may differ from those shown in the 1960 Census of Housing, the 1956 and 1959 components of change reports, and the residential finance reports of 1950 and 1956; in these cases respondents were asked to estimate the value of the entire property.

Year built.—"Year built" refers to the year in which the building was completed. It refers to original construction and not to any later remodeling, additions, reconstructions, or conversions. The property owner was the source of this information.

Condition.—Properties in this report are classified as "not dilapidated" or "dilapidated." The latter classification applies to housing which does not provide safe and adequate shelter and in its present condition endangers the health, safety, or well-being of the occupants. Such housing had (*a*) one or more critical defects; or (b) had a combination of minor defects in sufficient number or extent to require considerable repair or rebuilding; or (c) was of inadequate original construction. The defects are either so critical or so widespread that the dwelling unit is below the generally accepted minimum standard for housing and should be torn down, extensively repaired, or rebuilt.

Data presented in this report on "condition" are based on information collected by enumerators in the 1959 Components of Change Survey for each dwelling unit in the sample.

Rooms.—The number of rooms is the count of whole rooms used for living purposes, such as living rooms, dining rooms, bedrooms, kitchens, finished attic or basement rooms, recreation rooms, lodgers' rooms, and permanently enclosed porches suitable for year-round use. A partially divided room, such as a dinette next to a kitchen or living room, is considered a separate room if there is a partition from floor to ceiling. This item was obtained in the 1959 Components of Change Survey.

Purchase price.—Purchase price includes the total cost of land and buildings on the property when acquired. This information was supplied by the owner. The item is shown only when the current owner acquired the property by purchase or construction. If the structure was built by (or for) the owner, he was asked to report total land and construction costs. Cost of land is not included if the owner of the building does not also own the land. Costs of conversions and repairs made subsequent to the purchase or building of the original structure are not included in the purchase price.

Purchase price as percent of value.—This percentage is computed only for properties acquired by purchase or construction. Data are shown by period of purchase.

Real estate tax (annual).—This is the amount of total real estate taxes paid on the property in the 12-month period preceding the respondent's completion of the residential finance questionnaire. It includes both State and local real estate taxes, and special assessments, if any. (The inclusion of the latter item as part of taxes was prompted by the fact that special assessment charges are frequently repaid on an installment basis over a period of time and not infrequently included in the property tax bill.)

The owner was asked to report the amount paid for real estate taxes over and above any amount which was included in his mortgage payment. If all taxes were included in the mortgage payment and, therefore, not reported on the owner's schedule, the amount shown in the tables is that reported by the lender. If taxes were paid directly by the owner, that is the amount shown. If the owner paid taxes directly in addition to those paid through the lender, the combined amount is shown in the table.

Taxes are not shown if the property was acquired after 1958, inasmuch as many of the new owners had not occupied the property a full 12-month period preceding the survey and the total tax bill for that period could not be determined. Tax-exempt properties are included in the lowest class interval. Taxes are also presented as a percent of family income and per $1,000 of value.

Real estate tax data in the 1950 residential finance report exclude special assessment payments.

OWNER CHARACTERISTICS

Year property acquired.—This refers to the year the building and land were acquired by the current owner, or to the year the building was constructed for or by the owner on land previously acquired. "Acquired" includes purchase or other forms of acquisition, such as inheritance, gift, trade, and foreclosure. This information was reported by the owner.

In this report the "year acquired" data are presented separately for "new" and "previously occupied" properties.

New or previously occupied.—"New" properties are those which had not been occupied before the property was acquired by the current owner. In "previously occupied" properties, the buildings may have been occupied by persons other than the current owner, occupied by the current owner himself before acquiring it, or previously used for nonresidential purposes. The current owner was the source of this information.

Manner of acquisition.—This item indicates how the current owner acquired the property, i.e., whether by purchase or by means other than purchase, and if purchased how the purchase was financed. In this study, "purchase" includes transactions where the structure was built for or by the owner.

The owner was asked to report the manner in which he financed the acquisition of his property. If the *land* was acquired prior to acquisition of the building, the method of financing the *building* was to be reported.

It should be noted that the mortgage arrangements at the time the property was acquired were not necessarily the same as the current mortgage status. For example, a mortgage made at time of property acquisition by the current owner may not be the same mortgage that is currently on the property, due to refinancing, renewal, etc.

The methods of financing purchase or construction transactions were as follows:

Made new mortgage includes cases where the present owner made one or more new mortgages when the building was purchased or constructed.

Assumed mortgage from former owner includes cases where the properties were already mortgaged when acquired by the present owner and the present owner took over the obligations of the existing mortgage or mortgages.

Assumed mortgage from former owner, made new second mortgage includes cases in which the present owner took over an existing first mortgage and made a new second mortgage. Also included are a few cases in which the owner assumed first and second mortgages and made a new third mortgage.

Borrowed, other than mortgage includes those cases in which the owner reported that he borrowed money but did not use a mortgage (or a related type of instrument such as deed of trust, purchase contract, etc.) to finance the purchase of his property.

All cash includes among other types of cash transactions, cases of the owner having sold another property and used the proceeds to purchase his current home.

Under the category "not by purchase" are included the following:

Gift or inheritance.—Self-explanatory.

Other.—Includes such types of acquisitions as properties acquired through foreclosure, trade for another property, and purchase for taxes (wherein the price paid does not represent the market price).

Purchase price and ratios involving purchase price are not shown for properties not acquired by purchase or construction.

There is evidence that a number of owners did not completely understand the questions regarding manner of acquisition. An edit of mortgaged properties revealed that some owners who reported that they had assumed a mortgage had in fact made a new mortgage. Such cases were corrected. Since this edit could not be made for properties reported as "not mortgaged" at the time of the survey, the number of assumed mortgage transactions shown for these may be overstated.

Housing costs.—This item includes real estate taxes and the folowing costs paid by the owner of the property:

Property (fire and hazard) insurance.—The owner was asked to report his yearly property insurance expense for the previous 12 months; an average yearly cost was to be entered if his premium payment covered a longer period of time. Premiums for liability and other types of insurance were to be excluded, but in some cases respondents were unable to separate the amount for property insurance when it was part of an inclusive premium payment for a comprehensive "householder" policy.

If the property was mortgaged, the owner was asked to report only the amount paid for property insurance *in addition* to any amount included in his mortgage payment. The lender reported the amount for insurance that was part of the mortgage payment. These two amounts were combined to obtain the amount for property insurance.

Utilities.—The owner was asked to report his expenses for the past 12 months for electricity, gas, oil, coal, wood, or kerosene, and water, sewerage, trash, etc. He was asked to estimate the amounts if he did not have the exact figures.

Principal and interest payment.—This includes the interest and/or principal on the first and junior mortgages, if any. The amount paid regularly on junior mortgages is included even if no regular payments were required on the first mortgage.

Other items included in mortgage payment.—If the owner paid as part of his mortgage payment anything in addition to principal, interest, taxes, and property insurance, the amount for these other items was included in the housing cost figure. Other items included the mortgage insurance premium required for FHA-insured mortgages, servicing fee, life insurance premium, and ground rent.

Housing costs data were not compiled for properties acquired after 1958 because of the difficulty owners have in reporting annual figures for properties they have owned less than a year. Repair and maintenance costs are not included in the housing costs figures of this report.

The housing costs data are presented in two ways in the tables—the amount of "monthly housing costs," and on an annual basis in the item "housing costs as percent of family income."

Income.—This is the sum of money received from wages or salary, self-employment, and other sources by the owner, the spouse, and all of the owner's relatives 14 years old and over who live with him. The respondent was asked to report an annual figure for the past 12-month period. It is believed that in most cases income for calendar year 1959 was reported, inasmuch as respondents filled the schedules in early 1960. Instructions regarding what was to be included in the income figures are on the Form 60H–10 Homeowner schedule.

While nonresponses to the question on income were distributed in accordance with an allocation procedure, replies of "none" were acceptable. Cases with no income (or losses) are included in the lowest class interval.

Household composition by age of head.—Data regarding household composition and age of head were obtained by enumerators as part of the Components of Change Survey. Household characteristics are based on information reported for each member of the household. Each person was listed by name, and information was recorded on age and relationship to head.

A household consists of all the persons who occupy a dwelling.

The head of the household is the person considered to be the head by the household members. However, if a married woman living with her husband is reported as the head, her husband is classified as the head for the purpose of census tabulations.

Age of head refers to the age of the head of the household which occupies the property. In all but a very small proportion of the owner-occupied properties, the owner of the property is also the head of the household. See *1960 Census of Housing*, Volume IV, *Components of Inventory Change*, Part 1A, table 1.

Male head, wife present, no nonrelatives refers to a household with two or more persons consisting of the head, his wife, and other persons, if any, all of whom are related to him. A household was classified in this category if both the husband and wife were reported as members of the household even though one or the other may have been temporarily absent on business or vacation, visiting elsewhere, in a hospital, etc., at the time of the enumeration.

Own children refers to a son, daughter, stepchild, or adopted child of the head. "With own children under 18" refers to households with one or more children, at least one of whom is less than 18 years old. "With no children under 18" refers to households with no children, or with all children aged 18 years or more.

A nonrelative of the head is any member of the household who is not related to the household head by blood, marriage, or adoption. Lodgers (roomers, partners, wards, and foster children) and resident employees are included in this category.

Other two or more person households refers to (*a*) households with male head, wife present, and with nonrelatives living with them; or (*b*) households with female head and at least one other person (including children); or (*c*) households with male head, no wife, and at least one other person.

Color.—Data relating to color were obtained as part of the Components of Change Survey. The occupants of dwelling units are classified according to the color of the head of the household into two groups, white and nonwhite. The color group designated "nonwhite" consists of such races or ethnic groups as Negro, American Indian, Japanese, Chinese, Filipino, Korean, Asian Indian, and Malayan. Persons of Mexican birth or ancestry who are not definitely of Indian or other nonwhite race are classified as white. Persons of mixed racial parentage are classified as nonwhite.

Persons.—Data on number of persons were enumerated as part of the Components of Change Survey. All persons enumerated as members of the household were counted in determining the number of persons who occupied the dwelling unit. These persons include not only occupants related to the head but also any lodgers, foster children, wards, and resident employees who shared the living quarters of the household head.

In the 1950 residential finance report, data are shown only for the number of persons in primary family.

Purchase price-income ratio.—This item relates the purchase price of the property to the owner's family income for the year 1959. The data are limited to purchases made during the years 1957–59 and the early part of 1960.

Interest and principal payments as percent of income.—This percentage relationship is shown for first mortgage payments and total mortgage payments. The data are restricted to those cases where regular payments of interest and/or principal are made on the first mortgage.

The 1950 residential finance report presents data on interest and principal payments on *all* mortgages as a percent of income when *both* principal and interest were included in the mortgage payment.

Veteran status.—The owner was asked if he (or his wife or husband) ever served in the Army, Navy, or other Armed Forces of the United States, and, if so, to indicate the period of service, as shown on the questionnaire.

Service in the U.S. Armed Forces is defined as any active duty for any length of time at home or abroad in the U.S. Army, Navy, Marine Corps, Coast Guard, Air Force, or any reserve branch of these organizations. It *excludes* employment in the merchant marine or civilian employment in any branch of the Armed Forces; service in a National Guard Unit (except when called to active duty as during World War II and the Korean War); and short periods of reserve training, or service in the Armed Forces of a foreign country.

Korean War veteran refers to owners who reported Korean War service, irrespective of any other period of service. Shown as subcategories are owners with "Korean War service only," and those who, in addition to the Korean War, served at any other time in the Armed Forces, including World War II.

Other veteran refers to owners who served in the Armed Forces at any time other than the Korean War. Shown as subcategories are owners with World War II service (who may also have served at some other time other than the Korean War), and owners who served in the Armed Forces but not during World War II or the Korean War.

Owners who were in the service at the time of the survey are classified as indicated above on the basis of Korean War or World War II service.

Nonveteran includes owners who are not now and never were in the Armed Forces.

The substantial number of nonveterans with VA-guaranteed mortgages is due in most part to the fact that the mortgages have been assumed by the current nonveteran owners.

Data on veteran status shown in the *1960 Census of Population,* Volume I, Chapter C, *General Social and Economic Characteristics,* are not limited to homeowners as in this report and relate to all males 14 years of age and over.

COLLECTION AND PROCESSING OF DATA

The collection and processing of data in the 1960 Residential Finance Survey differed in several important respects from the procedures used in other parts of the 1960 Census program. A brief description of the procedures used in the 1960 Residential Finance Survey is given below. A detailed description of the forms and procedures used in the collection of the data is given in a publication entitled *Survey of Components of Change and Residential Finance of the United States Census of Housing, 1960: Principal Data Collection Forms and Procedures.* Information on the editing and processing of the data appears in a report entitled *Eighteenth Decennial Census: Procedural History.*

COLLECTION OF DATA

Survey design and techniques.—As a part of the Survey of Components of Change and Residential Finance (SCARF) program, the Residential Finance (RF) homeowner survey design was dependent upon that of Components of Change. In the Components of Change Survey, the enumerator obtained a limited amount of housing data for all dwelling units in each land segment. Additional and detailed characteristics including tenure and vacancy status were obtained for a subsample of the units within each segment. All of the dwelling units in the RF homeowner sample were in the Components of Change characteristics subsample.

The RF sample comprised two parts—the national sample and the metropolitan area supplemental sample. The national sample consisted of land segments designed to produce estimates for the United States and the four census regions. The sample for each of the 17 selected metropolitan areas consisted of national sample segments in those areas plus supplemental segments to produce the separate metropolitan area estimates. Some properties were in both samples.

The RF national sample included, in addition to dwelling units in homeowner properties, renter-occupied and vacant dwelling units, in order to provide the summary national data on rental and vacant properties presented in Part 2 of Volume V. The latest tenure classification was used when tenure had changed between the time of the Components of Change enumeration and the RF Survey, or if Components of Change data on tenure of the dwelling unit differed from property tenure.

For the RF metropolitan area sample, dwelling units from the Components of Change Survey were included only if they were in structures with less than five dwelling units and only if the unit in the Components of Change sample was occupied by an owner. No attempt was made to obtain data for properties which may have become owner-occupied between the time of the Components of Change enumeration and the RF Survey.

Procedures for the two samples.—Data collection and processing of the two samples were identical except for three aspects:

1. *Timing.*—For the *national sample,* most of the data were collected in early 1960. Questionnaires were mailed on December 28, 1959. Followup enumeration was done in February 1960.

For the *metropolitan area sample,* the collection of most of the data was done somewhat later. Schedules were mailed in April 1960 and followup enumeration was conducted during June and July. A small number of national sample cases were handled at the same time as the metropolitan area sample. Information collected reflected the situation at the time of enumeration.

2. *Location.*—The collection of the national sample data was done from 22, later 17, field offices. The control, mailing, and field editing of questionnaires was done in these offices. The metropolitan area sample, however, was handled by the Jeffersonville, Indiana, processing office with only the necessary personal followup enumeration conducted from the field offices.

3. *Field editing.*—Telephones were used by the field offices to secure missing information for incomplete questionnaires by the respondents in the national sample. This was impractical for the metropolitan area sample handled in Jeffersonville. Every effort was made to secure complete response by mail; only in extreme cases were incomplete questionnaires returned to the field for personal enumeration.

Data collection forms.—Two forms (reproduced in the appendix) were used to collect the residential finance homeowner data. The homeowner questionnaire (Form 60H–10) was sent to the owner occupants of the properties; it provided for the reporting of characteristics of the property and the owner, and for the name and address of the firm or person to whom payments were made on any mortgages on the property. The lender questionnaire (Form 60H–12) was sent to the firms or persons reported on the Form 60H–10 as receiving payments on the mortgages on the properties. It provided for the reporting of information about the mortgage. The form was designed to collect data on both first and junior mortgages.

A third form, the Components of Change characteristics schedule, Form 60H–8, which was used by Components of Change enumerators to collect information about the dwelling unit and its occupants, provided some of the data presented in the RF homeowner tables. These items were condition, number of rooms, number of persons, household composition, and color and age of head. Unlike the RF forms, this was not a self-enumeration questionnaire.

For more detail about the forms see the previously cited publication on the principal SCARF data collection forms and procedures.

Enumeration.—The RF program was designed as a self-enumeration survey. The nature of the data requested made it imperative that the owner himself, or someone familiar with the financing of the property, provide the information. Further, it was hoped that owner-respondents would take time to consult records. Insofar as most of the mortgage lenders were concerned, all of the information had to be obtained from records.

Enumerators gathered information from the owners who failed to respond by mail (approximately one-fourth of the total). Enumerators were also used, when necessary, to secure response from lenders who were individuals. The very small number of institutional lenders or business firms who did not return their schedules received calls from supervisory personnel in the field offices or from members of the Washington staff.

Most of the RF enumerators had experience in other census surveys. They were trained in the RF subject matter by members of the Washington staff.

PROCESSING OF DATA

Editing.

Field edit.—Upon receipt of a questionnaire from a respondent or an enumerator, the questionnaire was examined in the field office (or in Jeffersonville in the case of the metropolitan area sample) for completeness and to verify that the proper form had been used, i.e., homeowner property on the homeowner form, or the rental or vacant property on the rental property form. In the case of incomplete forms, an attempt was made to contact the respondent by mail or by phone in order to obtain the missing information.

Central processing office edit.—In Jeffersonville each questionnaire was given an intensive clerical edit. This edit was designed to eliminate blanks and inconsistencies within a questionnaire or between the reports of the property owner and the mortgage lender. Coding was done as part of this editing process.

Mechanical processing.—After clerical editing and coding, the data were punched into cards. The cards were then edited mechanically. The mechanical edit was designed to identify clerical and punching errors and to do certain consistency checks not feasible in the clerical edit. Correction of edit rejects was performed by RF subject matter specialists in Jeffersonville and Washington. Mechanical (punchcard) equipment was also used to compute the ratios and, when necessary, recode the data required for the tabulated items. The result was an 80-column card which contained all the information needed to produce the publication tables. These cards were transferred to magnetic tape to be tabulated by electronic equipment.

Allocations of items not reported.—Nonresponse items were handled in three ways during the processing operation. First, part of the intensive clerical editing given each schedule in the central processing office was designed to eliminate nonresponses for as many items as possible on the basis of other information reported for the property or mortgage. For example, "year built" was allocated on the basis of the year the property was acquired and whether the property was acquired new or had been previously occupied. Also handled in this manner were all of the mortgage items; for example, principal and interest payments were derived on the basis of reported interest rate, term, and face amount of mortgage.

Items which were transcribed from the Form 60H–8 Components of Change characteristics schedule were allocated, when necessary, partly by reference to other items on the schedule, but primarily on the basis of information reported for the preceding unit in the same land segment.

Finally, when related information was not available for imputing the missing item, certain property items, such as "purchase price," were arbitrarily assigned an amount. These assigned items were then edited for consistency with other amount items.

Median.—The median is the theoretical value which divides the distribution into two equal parts—one-half the cases falling below this value and one-half the cases exceeding this value. In the computation of the medians, the lower limit of a class interval was assumed to stand at the beginning of the class interval as published, and the upper limit at the beginning of the successive class interval. The one exception is median number of rooms. In the computation of median number of rooms a continuous distribution was assumed, with the whole number as the midpoint of the class interval. For example, when the median fell in the 6-room interval, the lower and upper limits were assumed to be 5.5 and 6.5 rooms, respectively.

Medians were computed from the distributions as shown in the report. When the median fell in the lowest or highest class interval, a plus or minus sign is shown following the figure. Medians are not shown when the base was less than 25 sample cases.

In general, the base of the median is the subtotal shown for the distribution. If there is no subtotal, the base is the grand total for the respective column. The one exception to this is median term of mortgage—cases in the "indefinite" and "on demand" categories are excluded from the distribution for median computation. The table below shows the manner in which medians were rounded:

Item	Rounded to nearest—
Mortgage characteristics:	
First mortgage loan	$100.
First mortgage outstanding debt	$100.
Term of first mortgage	Whole number.
Interest rate of first mortgage	1/10 of 1%.
Monthly interest and principal payment on first mortgage	$1.
First mortgage loan as percent of purchase price	Whole percent.
All mortgage loans as percent of purchase price	Whole percent.
Total outstanding debt as percent of value	Whole percent.
Property characteristics:	
Purchase price	$100.
Value	$100.
Rooms	Tenth.
Purchase price as percent of value	Whole percent.
Real estate tax	$1.
Real estate tax per $1,000 value	$1.
Owner characteristics:	
Monthly housing costs	$1.
Annual housing costs as percent of income	Whole percent.
Income	$100.
Age of head	Whole number.
Purchase price-income ratio	Tenth.
Interest and principal payments on first mortgage as percent of income.	Whole percent.
Real estate tax as percent of income	1/10 of 1%.

Average.—The average outstanding debt figures shown in tables 3 and 4 are computed by dividing the aggregate debt by the total number of mortgaged properties. These figures are reported in thousands of dollars.

ACCURACY OF DATA

As in any survey, the results of this survey are subject to reporting errors of the respondents and errors in processing and tabulating. Such errors also occur in a complete enumeration.

Since this survey is based on a sample, the results are further subject to sampling errors (see section on "Sampling variability").

The data are limited to the extent of the respondent's knowledge and his willingness to report accurately. The use of self-enumeration questionnaires enabled the property owners and the mortgage lenders to see the questions as worded and to consult their records to obtain correct answers. Furthermore, brief explanations provided for some of the items on the questionnaires assured uniform instructions to the respondents. Fine distinctions made for some of the items in the RF technical guide or in the followup enumerators' training were probably conveyed to the respondents only when they asked the enumerators or the RF field office staffs for clarification of questions.

Certain mortgage data appeared on both the owner's and lender's questionnaires and were, therefore, subject to verification. These included number of mortgages on the property, type of mortgage (FHA, VA, or conventional), amount of mortgage payment, items included in mortgage payment, and in the case of mortgages originated by the current owners, the mortgage amount and the date mortgage was made.

The data for segments in the national sample reflect changes or corrections in tenure between the time of the Components of Change enumeration and the RF mail response. The data for the segments used exclusively for the metropolitan area estimates reflect changes and corrections for tenure for cases reported as owner occupied or not reported in the Components of Change enumeration. Other tenure changes are not reflected.

Careful efforts were made at each step to reduce the effect of processing and tabulating errors. It is unlikely, however, that the controls were able to eliminate the effects of all of them.

SAMPLE DESIGN AND SAMPLING VARIABILITY

SAMPLE DESIGN

The sample used for the Residential Finance Survey made maximum use of the sample designed for the December 1959 Components of Change Survey. This sample consisted of dwelling units located in clusters, or land area segments, representative of the United States and each of the 17 selected metropolitan areas. The sampling materials from the 1956 National Housing Inventory (NHI) were used to the extent consistent with the requirements of the 1959 Components of Change Survey.[8]

Prior to the start of the December 1959 survey a "new construction" universe was established. This universe consisted of areas of extensive new construction built since 1950 for counties which were *not* covered in the NHI, and built since 1956 for counties which were covered in the NHI. In the NHI, the universe of new construction for the period 1950 to 1956 had been established and incorporated in the 1956 survey. These universes of new construction were treated separately for sampling purposes to improve the efficiency of the sample design. Of the new construction units (units built between 1950 and 1959) as estimated in the December 1959 survey, about two-fifths of those in the national sample and typically about one-half of those in the metropolitan area samples were reported in segments selected from the total universe of new construction. The remaining new construction units came from segments not in the new construction universe.

For the nine metropolitan areas for which the 1956 NHI survey provided separate estimates, the sample in 1959 consisted of segments used in the NHI supplemented by segments selected from the separate universe of new construction since the 1956 survey.[9] For metropolitan areas which had additions to their boundaries since 1956, additional segments were included in the sample to reflect the changes in boundaries. The sample in each of the nine areas consisted of approximately 1,400 segments, of which about 400 were selected from the total 1950–59 universe of new construction units.

In the remaining eight metropolitan areas, the sample in each area consisted of approximately 750 segments of which about 125 were selected from the total 1950–59 universe of new construction. A few of the segments had been included in the NHI for purposes of the national estimates.

For the United States, the Residential Finance sample consisted of about 11,000 land area segments, of which 2,500 were from the new construction universe.

The characteristics of the dwelling units in the 1959 Components of Change Survey were enumerated in a "subsample" of all units within the land area segments. Since a similar subsample had been used in the NHI, the units in the NHI subsample determined the units in the 1959 subsample. For units added since 1956 in these segments and for all units in segments not in the NHI, the subsample units were selected in a predetermined manner at the time of the 1959 survey. As the enumerator listed each unit in the segment in the 1959 survey, he obtained the detailed information on characteristics for the subsample cases.

The sample for the Residential Finance Survey were those properties which contained the dwelling units in the characteristics subsample of the 1959 Components of Change Survey. The information collected for these units in the latter survey identified the owner-occupied 1- to 4-unit nonfarm properties, i.e., homeowner properties, for which information was obtained in the Residential Finance Survey.

ESTIMATION PROCEDURE

The owner-occupied 1- to 4-dwelling-unit properties, identified through the dwelling units in the subsample, were weighted by the inverse of the probability of selection of the subsample units. In addition, in order to reduce sampling variability, two stages of ratio estimation were used in producing estimates from the sample data.

The first stage was the ratio estimation procedure used in the preparation of estimates of the components of change in the 1959 housing inventory. This procedure involved the use of information available from the 1950 Census and the 1960 Census based on 100-percent enumeration. (For a more detailed description of the estimation procedure, see *1960 Census of Housing*, Volume IV, Part 1A.)

The second stage of ratio estimation used for the Residential Finance Survey involved the 1960 Census counts of owner-occupied housing units and estimates of these counts as obtained from the subsample of dwelling units for which residential finance data were collected for this report.

In addition to reducing the sampling errors, the two stages of ratio estimation also helped to minimize the effect of the use of two different survey techniques and dates of mailing of schedules. See "Survey design and techniques."

SAMPLING VARIABILITY

Since the estimates are based on a sample they may differ somewhat from the figures that would have been obtained if a complete census had been taken using the same questionnaires, instructions, and enumerators. The standard error is primarily a measure of sampling variability. As calculated for this report, the standard error also partially incorporates the effect of random errors of response, enumeration, and coverage, but does not take into account the effect of any systematic biases due to these types of errors. The chances are about 2 out of 3 that an estimate from the sample would differ from a complete census by less than the standard error. The chances are about 19 out of 20 that the difference would be less than twice the standard error and 99 out of 100 that it would be less than 2½ times as large.

The standard errors presented in tables I to VIII are approximations of the standard errors of various characteristics. In order to derive standard errors which would be applicable to a wide variety of items and could be prepared at a moderate cost, a number of approximations were required. As a result, the tables should be interpreted as providing an indication of the order of magnitude of the standard errors rather than as the precise standard error for any specific item. The reliability of an estimated percentage depends on both the size of the percentage and the size of the total on which the percentage is based.

Standard error of numbers and percentages.—Tables I to IV show standard errors for national and regional estimates and tables V to VIII show standard errors for groups of metropolitan areas. Tables I and V give the approximate standard errors of estimates of the number of properties with specified characteristics. Tables II and VI show approximate standard errors of estimates of amount of outstanding debt. Tables III and VII present standard errors of percentages of number of properties with specified characteristics. Tables IV and VIII include the standard errors of percentages of outstanding debt.

[8] A more detailed discussion of the survey techniques used in the 1959 Components of Change Survey is given in *1960 Census of Housing*, Vol. IV, Part 1A.

[9] The 1956 NHI was designed to produce separate estimates for the Atlanta, Boston, Chicago, Dallas, Detroit, Los Angeles, New York, Philadelphia, and Seattle metropolitan areas.

Standard errors are shown for selected values; however, for other values not shown in the tables, linear interpolation will provide reasonably accurate results. For each of tables V to VIII the metropolitan areas have been arranged into groups and a single set of standard errors is shown for each group. The standard error for an item for a particular metropolitan area may differ slightly from that shown for its group, but the differences are usually relatively small.

TABLE I.—STANDARD ERROR OF ESTIMATED NUMBER OF HOMEOWNER PROPERTIES, FOR THE UNITED STATES AND REGIONS

Estimated number of properties	Standard error	Estimated number of properties	Standard error
1,000	1,000	1,000,000	63,000
2,500	2,000	2,500,000	97,000
5,000	3,000	5,000,000	133,000
10,000	5,000	10,000,000	176,000
25,000	8,000	15,000,000	200,000
50,000	11,000	20,000,000	211,000
100,000	20,000	28,000,000	216,000
500,000	45,000		

TABLE II.—STANDARD ERROR OF ESTIMATED OUTSTANDING MORTGAGE DEBT ON HOMEOWNER PROPERTIES, FOR THE UNITED STATES AND REGIONS

[Thousands of dollars]

Estimated debt	Standard error	Estimated debt	Standard error
100,000	55,000	10,000,000	720,000
250,000	90,000	25,000,000	1,120,000
500,000	130,000	50,000,000	1,510,000
1,000,000	240,000	100,000,000	1,950,000
5,000,000	505,000	120,000,000	2,160,000

TABLE III.—STANDARD ERROR OF ESTIMATED PERCENT OF NUMBER OF HOMEOWNER PROPERTIES, FOR THE UNITED STATES AND REGIONS

Base of percent (properties)	Estimated percent				
	2 or 98	5 or 95	10 or 90	25 or 75	50
100,000	2.2	3.3	6.0	7.8	10.2
500,000	1.3	1.9	2.6	3.8	4.4
1,000,000	0.7	1.0	1.9	2.5	3.2
5,000,000	0.4	0.6	0.8	1.2	1.4
10,000,000	0.3	0.4	0.6	0.8	1.0
20,000,000	0.2	0.3	0.4	0.6	0.7
28,000,000	0.2	0.3	0.4	0.5	0.6

TABLE IV.—STANDARD ERROR OF ESTIMATED PERCENT OF OUTSTANDING MORTGAGE DEBT ON HOMEOWNER PROPERTIES, FOR THE UNITED STATES AND REGIONS

Base of percent (thousands of dollars)	Estimated percent				
	2 or 98	5 or 95	10 or 90	25 or 75	50
1,000,000	3.1	4.8	6.8	9.8	11.3
5,000,000	1.4	2.2	3.0	4.4	5.1
10,000,000	1.0	1.5	2.1	3.1	3.6
25,000,000	0.6	1.0	1.4	2.0	2.3
50,000,000	0.4	0.7	1.0	1.4	1.6
100,000,000	0.3	0.5	0.6	0.9	1.0
120,000,000	0.3	0.4	0.6	0.8	0.9

Illustration: Chapter 14, table 2, for the Detroit Standard Metropolitan Statistical Area (SMSA) shows that there were an estimated 39,386 conventional first mortgages on 1-dwelling unit homeowner properties held by savings and loan associations, representing 52.9 percent of the 74,484 first mortgages on 1-dwelling unit homeowner properties held by this type of institution. Table V (5th column) shows that for the Detroit SMSA an estimate of 50,000 has a standard error of 5,000 and an estimate of 25,000 has a standard error of 3,500. Linear interpolation for the estimate of 39,386 yields an estimated standard error of about 4,400. Consequently, the chances are about 2 out of 3 that the figure which would have been obtained from a complete count of the 1-dwelling unit homeowner properties with conventional first mortgages held by savings and loan associations differs by less than 4,400 from the sample estimate and would, therefore, fall between 34,986 and 43,786. It also follows that there is only about 1 chance in 100 that a complete census result would differ by as much as 11,000, that is, by about 2½ times the estimated standard error. Similarly, table VII shows that for the Detroit SMSA, the 52.9 percent with a base of 74,484 has a standard error of about 4.4 percent.

The standard errors shown are not directly applicable to differences between two sample estimates. The standard error of a difference is approximately the square root of the sum of the squares of each standard error considered separately. This formula will represent the actual standard error quite accurately for the difference between characteristics in two different areas or for the difference between separate and uncorrelated characteristics in the same area. If, however, there is a high positive correlation between the two characteristics, this formula will overestimate the true standard error. If the correlation is negative, the formula will underestimate the true standard error.

TABLE V.—STANDARD ERROR OF ESTIMATED NUMBER OF HOMEOWNER PROPERTIES, FOR SELECTED METROPOLITAN AREAS

Estimated number of properties	Standard error for—						
	New York-Northeastern New Jersey SCA	Los Angeles-Long Beach	Boston Chicago-Northwestern Indiana SCA	Philadelphia Pittsburgh SanFrancisco-Oakland	Buffalo Cleveland Detroit Minneapolis-St. Paul St. Louis	Baltimore Washington, D.C.-Md.-Va.	Atlanta Dallas Seattle
500	—	—	700	700	600	600	500
1,000	—	—	900	900	900	700	700
2,500	—	—	1,600	1,500	1,400	1,200	1,000
5,000	5,000	3,100	2,500	2,100	2,000	1,500	1,200
7,500	6,100	3,800	2,800	2,600	2,300	2,000	1,400
10,000	7,000	4,400	3,000	3,000	2,500	2,400	1,500
15,000	9,300	5,500	4,400	3,700	3,000	3,200	1,700
25,000	11,600	6,400	5,000	4,600	3,500	4,200	2,000
50,000	17,000	9,200	7,000	6,400	5,000	6,000	2,400
75,000	21,000	10,900	8,200	7,700	5,800	7,300	2,900
100,000	24,000	13,200	9,800	8,800	6,500	8,400	3,100
250,000	37,000	21,900	16,200	13,900	9,500	14,400	4,200
500,000	58,000	29,900	23,200	19,100	13,000	15,100	—
750,000	71,000	35,200	28,800	23,600	17,000	—	—
1,000,000	85,000	40,300	32,500	28,000	—	—	—
1,250,000	97,000	44,600	—	—	—	—	—
1,500,000	106,000	—	—	—	—	—	—
1,750,000	116,000	—	—	—	—	—	—

Standard error of medians.—The sampling variability of medians depends on the size of the base of the distribution and on the distribution on which the median is based. An approximate method for measuring the reliability of an estimated median is to determine an interval about the estimated median, such that there is a stated degree of confidence that the true median lies within the interval.

As the first step in estimating the upper and lower limits of the interval about the median (that is, the confidence limits), compute one-half the number reporting (designated N/2) the characteristic on which the median is based. By the method described above for determining the standard error of an estimated number, compute the standard error of N/2. Subtract this standard error from N/2. Cumulate the frequencies (in the table on which the median is based) up to the interval containing the difference between N/2 and its standard error, and by linear interpolation obtain a value corresponding to this number.

In a similar manner, add the standard error to N/2, cumulate the frequencies in the table, and obtain a value corresponding to the sum of N/2 and its standard error. The chances are about 2 out of 3 that the median would lie between these two values. The range for 19 chances out of 20 and for 99 in 100 can be computed in a similar manner by multiplying the standard error by the appropriate factors before subtracting from and adding to one-half the number reporting the characteristic. Interpolation to obtain the values corresponding to these numbers gives the confidence limits for the median.

Table VI.—Standard Error of Estimated Outstanding Mortgage Debt on Homeowner Properties, by Selected Metropolitan Areas

[Thousands of dollars]

Estimated debt	Standard error for— New York-Northeastern New Jersey SCA	Chicago-Northwestern Indiana SCA, Los Angeles-Long Beach, St. Louis	Philadelphia	San Francisco-Oakland	Boston, Cleveland, Detroit, Minneapolis-St. Paul, Washington, D.C.-Md.-Va.	Baltimore, Buffalo, Pittsburgh	Atlanta, Dallas, Seattle
10,000	8,000	4,000	5,000	4,000	3,000	2,000	1,000
25,000	13,000	7,000	8,000	7,000	4,000	3,000	2,000
50,000	20,000	10,000	12,000	9,000	6,000	5,000	3,000
75,000	26,000	13,000	16,000	11,000	7,000	7,000	4,000
100,000	32,000	16,000	19,000	13,000	8,000	8,000	5,000
250,000	56,000	25,000	33,000	21,000	13,000	16,000	8,000
500,000	84,000	37,000	50,000	30,000	18,000	26,000	14,000
750,000	110,000	46,000	66,000	37,000	22,000	34,000	19,000
1,000,000	131,000	55,000	77,000	42,000	26,000	43,000	24,000
2,500,000	230,000	92,000	138,000	68,000	40,000	88,000	
5,000,000	335,000	135,000	210,000	95,000	60,000		
10,000,000	530,000	200,000					

Table VII.—Standard Error of Estimated Percent of Number of Homeowner Properties, for Selected Metropolitan Areas

Metropolitan area	Base of percent (properties)	Estimated percent: 2 or 98	5 or 95	10 or 90	25 or 75	50
New York-Northeastern New Jersey SCA	50,000	4.1	6.6	9.3	13.4	16.0
	100,000	3.0	4.8	6.7	9.9	11.6
	500,000	1.7	2.9	3.7	5.4	6.5
	1,000,000	1.0	1.6	2.3	3.0	4.0
	1,750,000	0.9	1.5	2.1	2.8	3.7
Los Angeles-Long Beach	25,000	4.1	5.9	8.3	12.1	14.0
	100,000	2.0	3.0	4.2	5.5	6.4
	250,000	1.2	1.8	2.4	3.4	3.9
	500,000	0.9	1.4	2.0	2.8	3.3
	1,200,000	0.6	0.9	1.3	1.9	2.3
Boston, Chicago-Northwestern Indiana SCA	25,000	2.5	3.8	5.2	8.0	9.3
	100,000	1.2	2.2	3.0	4.4	5.3
	250,000	0.9	1.3	1.9	2.6	2.7
	500,000	0.6	1.0	1.3	1.8	2.3
	1,000,000	0.5	0.8	1.1	1.5	1.8
Philadelphia, Pittsburgh, San Francisco-Oakland	25,000	2.5	3.8	5.1	8.0	8.9
	100,000	1.2	2.1	2.8	4.1	4.7
	250,000	0.8	1.2	1.8	2.5	2.6
	500,000	0.6	0.9	1.2	1.7	2.1
	900,000	0.4	0.6	0.9	1.3	1.5
Buffalo, Cleveland, Detroit, Minneapolis-St. Paul, St. Louis	25,000	2.5	3.7	4.7	6.9	8.1
	50,000	1.4	1.9	2.8	3.9	4.9
	100,000	0.8	1.4	1.8	3.2	4.1
	350,000	0.6	1.0	1.3	2.2	2.9
	750,000	0.4	0.6	0.8	1.1	1.5
Baltimore, Washington, D.C.-Md.-Va.	10,000	1.9	4.1	6.6	8.0	9.0
	25,000	1.7	3.3	5.2	6.7	7.8
	50,000	1.4	1.9	2.8	4.5	5.9
	100,000	1.1	1.7	2.4	3.9	4.8
	300,000	0.5	1.0	1.4	2.0	2.2
Atlanta, Dallas, Seattle	10,000	3.2	5.0	7.0	8.8	9.3
	25,000	2.0	3.0	3.8	4.6	5.0
	50,000	1.6	2.4	3.1	3.7	4.0
	100,000	0.9	1.2	1.5	1.8	1.9
	230,000	0.3	0.4	0.6	0.9	1.0

Table VIII.—Standard Error of Estimated Percent of Outstanding Mortgage Debt on Homeowner Properties, for Selected Metropolitan Areas

Metropolitan area	Base of percent (thousands of dollars)	Estimated percent: 2 or 98	5 or 95	10 or 90	25 or 75	50
New York-Northeastern New Jersey SCA	250,000	1.9	3.2	4.8	7.5	9.0
	1,000,000	1.1	1.9	2.8	4.2	5.5
	2,500,000	0.8	1.4	2.0	3.0	3.5
	5,000,000	0.6	1.0	1.5	2.2	3.0
	10,000,000	0.5	0.8	1.1	1.8	2.2
Chicago-Northwestern Indiana SCA, Los Angeles-Long Beach, St. Louis	250,000	1.3	1.7	2.6	3.8	4.6
	1,000,000	0.6	1.0	1.5	2.1	2.5
	2,500,000	0.4	0.7	0.9	1.4	2.3
	5,000,000	0.3	0.5	0.7	1.2	1.4
	8,500,000	0.2	0.4	0.6	0.9	1.0
Philadelphia	100,000	2.2	3.7	4.6	6.4	7.4
	250,000	1.9	2.1	2.9	4.5	7.0
	500,000	1.0	1.5	2.2	4.1	4.3
	1,000,000	0.7	1.1	1.7	2.7	3.2
	3,100,000	0.4	0.9	1.1	2.2	2.8
San Francisco-Oakland	100,000	1.8	2.7	3.8	6.0	6.5
	250,000	1.1	1.8	2.7	3.4	3.7
	500,000	0.8	1.4	1.7	2.4	3.0
	1,000,000	0.6	0.9	1.2	1.8	2.2
	3,000,000	0.4	0.5	0.7	1.1	1.2
Boston, Cleveland, Detroit, Minneapolis-St. Paul, Washington, D.C.-Md.-Va.	100,000	1.3	1.8	2.9	3.5	4.4
	250,000	0.7	1.3	1.5	2.2	2.5
	1,000,000	0.4	0.6	0.8	1.1	1.3
	2,500,000	0.3	0.4	0.5	0.7	0.8
	5,000,000	0.2	0.3	0.4	0.5	0.6
Baltimore, Buffalo, Pittsburgh	50,000	1.6	1.9	3.0	3.3	3.7
	100,000	0.8	1.6	1.8	2.2	3.0
	250,000	0.7	0.8	1.0	1.6	1.9
	500,000	0.4	0.5	0.8	1.2	1.8
	1,500,000	0.2	0.4	0.5	1.0	1.1
Atlanta, Dallas, Seattle	50,000	1.0	1.9	2.4	2.6	2.8
	100,000	0.7	1.3	1.5	1.7	2.0
	250,000	0.5	0.6	0.7	1.2	1.5
	500,000	0.2	0.4	0.5	0.8	1.0
	1,000,000	0.2	0.3	0.4	0.5	0.7

SUMMARY OF FINDINGS

Volume of properties and mortgages.—In early 1960, there were 27.9 million homeowner (owner-occupied, 1- to 4-dwelling unit) properties in the United States, according to results of the 1960 Survey of Residential Finance. Of these, 15.8 million or 57 percent were mortgaged with one or more mortgages. This marked a continuation in the upward trend in home mortgage financing during the post World War II period: in 1950, 44 percent of the homeowner properties were mortgaged and in 1956, 55 percent had mortgages.

The amount of debt owed on the mortgaged properties totaled $117.2 billion—$114.6 billion in first mortgages and about $2.5 billion in junior mortgages. The average debt per mortgaged property (first and junior mortgages combined) was $7,400. About 1.2 million, or 8 of every 100 mortgaged properties, reported junior mortgages.

As shown in table A, the West had the highest proportion of homeowner properties with mortgages—about two of every three. In the Northeast Region 57 percent were mortgaged, in the South 55 percent, and in the North Central Region, the proportion mortgaged was 53 percent.

TABLE A.—NUMBER OF PROPERTIES AND OUTSTANDING TOTAL MORTGAGE DEBT FOR 1- TO 4-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

Area	Number of homeowner properties (thousands)				Outstanding debt on all mortgages	
	Total	Not mortgaged	Mortgaged		Total amount (millions)	Average per mortgaged property
			Number	Percent		
United States	**27,862**	**12,046**	**15,816**	**56.8**	**$117,163**	**$7,400**
Regions:						
Northeast	6,978	2,984	3,995	57.2	28,017	7,000
North Central	8,444	3,972	4,472	53.0	32,926	7,400
South	7,692	3,458	4,234	55.0	29,570	7,000
West	4,748	1,632	3,116	65.6	26,650	8,600
Inside all SMSA's	18,259	6,801	11,458	62.8	90,172	7,900
Outside SMSA's	9,603	5,245	4,358	45.4	26,991	6,200
Selected metropolitan areas, total	**9,332**	**3,407**	**5,925**	**63.5**	**49,548**	**8,400**
Atlanta	167	53	114	68.4	964	8,400
Baltimore	297	119	178	59.8	1,133	6,400
Boston	399	117	282	70.6	2,111	7,500
Buffalo	228	92	136	59.5	911	6,700
Chicago-Northwestern Indiana SCA	1,002	421	581	58.0	5,353	9,200
Cleveland	328	130	198	60.3	1,710	8,700
Dallas	202	67	135	67.0	1,022	7,600
Detroit	753	285	468	62.2	3,570	7,600
Los Angeles-Long Beach	1,190	326	865	72.6	8,477	9,800
Minneapolis-St. Paul	291	106	185	63.5	1,556	8,400
New York-Northeastern New Jersey SCA	1,777	608	1,168	65.8	9,834	8,400
Philadelphia	866	381	485	56.0	3,110	6,400
Pittsburgh	452	238	214	47.4	1,506	7,000
St. Louis	373	145	228	61.2	1,728	7,600
San Francisco-Oakland	495	167	328	66.3	3,042	9,300
Seattle	230	86	144	62.7	1,143	7,900
Washington, D.C.-Md.-Va.	283	67	216	76.4	2,378	11,000

Roughly twice as many homeowner properties were inside the standard metropolitan statistical areas (SMSA's) as outside. About 63 percent of the homeowner properties inside the SMSA's were mortgaged compared with 45 percent in the nonmetropolitan areas. The average outstanding debt in the SMSA's was $7,900, compared with $6,200 outside those areas.

Data are also presented in this summary for each of the 17 selected individual metropolitan areas—15 standard metropolitan statistical areas and two standard consolidated areas (SCA's). In the selected areas, the proportions of mortgaged properties ranged from 47 percent in Pittsburgh to 73 percent in Los Angeles-Long Beach and 76 percent in Washington (D.C.-Md.-Va.).

Government insurance status.—Federal insurance or guaranties covered 39 percent of the first mortgages on homeowner properties in 1960—17 percent (2.7 million mortgages) insured by the Federal Housing Administration (FHA) and 22 percent (3.5 million mortgages) guaranteed by the Veterans Administration (VA). About $23.0 billion (20 percent) of debt outstanding was on the FHA first mortgages and $29.9 billion (26 percent) on the VA first mortgages.

The majority of homeowner first mortgages—three of every five—were financed conventionally. These 9.6 million mortgages had an aggregate outstanding debt of $61.7 billion, or 54 percent of the total first mortgage homeowner debt (see table B).

TABLE B.—NUMBER OF MORTGAGED PROPERTIES AND OUTSTANDING FIRST MORTGAGE DEBT BY GOVERNMENT INSURANCE STATUS OF FIRST MORTGAGE, FOR 1- TO 4-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

[Number of properties in thousands and outstanding debt in millions of dollars]

Area	All properties		With FHA first mortgage		With VA first mortgage		With conventional first mortgage		Percent of properties with—		
	Number	Outstanding debt	Number	Outstanding debt	Number	Outstanding debt	Number	Outstanding debt	FHA first mortgage	VA first mortgage	Conventional first mortgage
United States	15,816	$114,620	2,732	$23,009	3,530	$29,872	9,553	$61,739	17.3	22.3	60.4
Regions:											
Northeast	3,995	27,625	430	3,753	1,046	8,216	2,519	15,656	10.8	26.2	63.0
North Central	4,472	32,498	684	5,779	696	5,732	3,092	20,987	15.3	15.6	69.1
South	4,234	28,827	815	6,755	1,035	8,530	2,384	13,542	19.3	24.4	56.3
West	3,116	25,670	803	6,722	754	7,394	1,559	11,554	25.8	24.2	50.0
Inside all SMSA's	11,458	88,212	2,189	18,410	2,772	24,075	6,497	45,726	19.1	24.2	56.7
Outside SMSA's	4,358	26,408	544	4,599	758	5,797	3,056	16,013	12.5	17.4	70.1
Selected metropolitan areas:											
Atlanta	114	937	25	238	33	294	56	405	21.6	29.1	49.3
Baltimore	178	1,123	15	96	56	421	106	606	8.6	31.5	59.9
Boston	282	2,073	11	123	71	611	199	1,340	4.0	25.3	70.7
Buffalo	136	902	16	132	34	250	86	520	11.5	25.3	63.2
Chicago-Northwestern Indiana SCA	581	5,303	54	473	76	790	451	4,039	9.2	13.2	77.6
Cleveland	198	1,699	31	295	32	298	135	1,107	15.7	16.3	68.0
Dallas	135	990	37	266	30	248	68	476	27.2	22.2	50.6
Detroit	468	3,554	123	1,063	101	810	245	1,681	26.3	21.5	52.2
Los Angeles-Long Beach	865	8,033	132	1,132	247	2,519	486	4,382	15.3	28.6	56.1
Minneapolis-St. Paul	185	1,522	27	284	48	415	110	823	14.6	25.9	59.5
New York-Northeastern New Jersey SCA	1,168	9,638	137	1,249	368	3,207	664	5,182	11.7	31.5	56.8
Philadelphia	485	3,089	91	687	115	844	280	1,558	18.7	23.6	57.7
Pittsburgh	214	1,500	19	175	40	330	156	995	8.8	18.7	72.5
St. Louis	228	1,689	62	533	31	276	135	880	27.1	13.6	59.3
San Francisco-Oakland	328	2,920	85	738	99	1,034	144	1,149	25.8	30.3	43.9
Seattle	144	1,136	45	399	25	205	73	531	31.5	17.6	50.9
Washington, D.C.-Md.-Va.	216	2,270	36	437	63	696	117	1,137	16.7	29.1	54.2

In the decade since 1950 the proportion of home mortgages financed with conventional funds declined from 71 percent to 60 percent, while Federally insured or guaranteed mortgages rose from 29 percent to 39 percent of the total. The VA-guaranteed share increased from 14 percent in 1950 to 22 percent. FHA-insured mortgages accounted for 15 percent in 1950 and 17 percent in 1960 (see table C).

TABLE C.—MORTGAGED PROPERTIES BY GOVERNMENT INSURANCE STATUS OF FIRST MORTGAGE, FOR 1- TO 4-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960 AND 1950

Government insurance status of first mortgage	1960		1950	
	Number	Percent	Number	Percent
All properties	15,816,132	100.0	8,288,030	100.0
With first mortgage only	14,613,115	92.4	7,582,720	91.5
With junior mortgage	1,203,017	7.6	705,310	8.5
FHA-insured first mortgage	2,732,609	17.3	1,228,492	14.8
With first mortgage only	2,467,910	15.6	889,799	10.7
With VA junior mortgage	174,940	1.1	309,324	3.7
With conventional junior mortgage	89,759	0.6	29,369	0.4
VA-guaranteed first mortgage	3,530,327	22.3	1,196,253	14.4
With first mortgage only	3,371,162	21.3	1,159,026	14.0
With conventional junior mortgage	159,165	1.0	37,227	0.4
Conventional first mortgage	9,553,196	60.4	5,863,285	70.8
With first mortgage only	8,774,043	55.5	5,533,895	66.8
With junior mortgage	779,153	4.9	329,390	4.0

The role of junior mortgage financing showed no significant change in the 10-year period, with the proportion of mortgaged properties covered by junior mortgages remaining at about 8 percent. In the case of properties with FHA-insured first mortgages, however, the proportion with junior mortgages dropped from about 28 percent in 1950 to 10 percent in 1960; this reflected the termination in 1951 of the Veterans Administration authority (under Section 505 of the GI Bill of Rights) to guarantee second mortgages made jointly with FHA first mortgages. For homeowner properties with junior mortgages of the conventional type, the proportions were 6 percent in 1950 and 8 percent in 1960.

As shown in table B, the West had the highest proportion (50 percent) of Federally underwritten mortgages—26 percent insured under FHA and 24 percent guaranteed by VA. In the other regions, more than half of the first mortgages were of the conventional type—as many as 69 percent in the North Central and 63 percent in the Northeastern States.

Conventional mortgages predominated both inside and outside the metropolitan areas, but the proportion inside the SMSA's (57 percent) was lower than outside (70 percent). In the metropolitan areas about one-fourth of the homeowner mortgages had VA-guaranties and about one-fifth were FHA-insured. In the selected metropolitan areas for which data are presented in table B, Federally aided mortgages accounted for 51 percent in Atlanta, 49 percent in Dallas, 48 percent in Detroit, 56 percent in San Francisco–Oakland, and 49 percent in Seattle.

Predominance of 1-dwelling unit properties.—Homeowner properties are predominantly of the 1-dwelling-unit type. In 1960, these represented 90 percent of all homeowner properties and 91 percent of those mortgaged. Of the approximately 25 million 1-dwelling-unit properties, 14.5 million (58 percent) had mortgages. About $108.1 billion of debt was outstanding—$106 billion in first mortgages and $2.1 billion in junior mortgages.

The following observations about the characteristics of the mortgages, properties, and owners, apply to these 1-dwelling-unit properties.

Type of mortgage holder.—Of the 14.5 million first mortgages on 1-unit homeowner properties, one-third were held by savings and loan associations. Life insurance companies and commercial banks each held about 17 percent and mutual savings banks and individuals, 12 and 11 percent, respectively.

The $106 billion first mortgage debt outstanding on 1-dwelling-unit properties was divided among the types of lenders as follows: Savings and loan associations with one-third or $35.5 billion; life insurance companies, one-fifth or $22.2 billion; commercial banks, about 15 percent or $15.7 billion; savings banks, 14 percent or $14.6 billion; other types of institutional holders, 9 percent or $9.7 billion; and individuals with about 8 percent or $8.2 billion.

As indicated in table E, the proportions of home mortgage debt held by most types of investors changed from 1950 to 1960. Holding larger proportionate shares in 1960 were savings and loan associations (up from 25 percent to 34 percent) and savings

TABLE D.—OUTSTANDING FIRST MORTGAGE DEBT, BY TYPE OF HOLDER, FOR 1-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

[Percent distribution]

Area	Total	Commercial bank	Mutual savings bank	Savings and loan association	Life insurance company	Individual	Other
United States	**100.0**	**14.8**	**13.8**	**33.5**	**21.0**	**7.7**	**9.2**
Regions:							
Northeast	100.0	15.8	38.0	32.1	6.3	5.6	2.2
North Central	100.0	17.4	2.8	41.3	19.8	11.3	7.4
South	100.0	7.6	10.3	30.9	33.8	6.4	11.0
West	100.0	19.0	7.3	28.3	22.3	7.0	16.1
Inside all SMSA's	100.0	13.6	15.9	33.4	22.4	6.6	8.1
Outside SMSA's	100.0	18.9	6.7	34.2	16.3	11.4	12.5
Selected metropolitan areas:							
Atlanta	100.0	2.1	18.8	31.8	38.3	3.4	5.6
Baltimore	100.0	4.6	19.7	56.4	9.5	3.0	6.8
Boston	100.0	3.0	58.3	34.6	1.9	1.2	1.0
Buffalo	100.0	16.0	50.8	18.7	7.1	6.2	1.2
Chicago-Northwestern Indiana SCA	100.0	14.7	1.3	54.7	16.1	7.1	6.1
Cleveland	100.0	26.5	3.3	46.7	15.4	3.3	4.8
Dallas	100.0	2.3	8.0	24.3	47.0	4.4	14.0
Detroit	100.0	15.7	4.2	19.6	32.4	15.2	12.9
Los Angeles-Long Beach	100.0	11.4	9.1	37.1	24.1	5.8	12.5
Minneapolis-St. Paul	100.0	14.4	5.6	44.5	20.8	7.9	6.8
New York-Northeastern New Jersey SCA	100.0	13.0	43.7	32.9	4.6	4.8	1.0
Philadelphia	100.0	11.3	29.2	36.1	15.8	3.7	3.9
Pittsburgh	100.0	19.0	10.3	46.8	13.7	5.5	4.7
St. Louis	100.0	16.9	1.5	46.5	22.8	6.5	5.8
San Francisco-Oakland	100.0	28.2	13.3	16.6	24.3	4.1	13.5
Seattle	100.0	9.1	14.9	24.1	30.0	14.2	7.7
Washington, D.C.-Md.-Va.	100.0	16.6	16.2	28.2	32.7	3.4	2.9

banks (9 percent to 14 percent). Declines occurred in the case of commercial banks (down from 22 percent to 15 percent) and individual investors (16 percent to 8 percent). Life insurance companies registered no significant change in their proportion of total debt from 1950.

TABLE E.—FIRST MORTGAGE DEBT, BY TYPE OF HOLDER, FOR 1-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960 AND 1950

[Amount in millions of dollars]

Type of holder	1960		1950	
	Amount	Percent	Amount	Percent
Total	**$105,973**	**100.0**	**$27,675**	**100.0**
Commercial bank [1]	15,736	14.8	6,061	21.9
Mutual savings bank	14,593	13.8	2,487	9.0
Savings and loan association	35,523	33.5	7,031	25.4
Life insurance company	22,215	21.0	5,617	20.3
Mortgage company	1,127	1.1	386	1.4
Real estate or construction company [2]	946	0.9	-----	-----
Federal National Mortgage Association [3]	-----	-----	932	3.4
Federal or State agency [3]	6,358	6.0	-----	-----
Individual	8,201	7.7	4,292	15.5
Other	1,275	1.2	869	3.1

[1] In 1960 includes trust accounts, which in 1950 were with individual holders.
[2] Real estate and construction companies included in "other" in 1950.
[3] Data for FNMA combined with other Federal and State agencies in 1960.

In 1960, savings and loan associations were substantial investors in home mortgages in each geographic area, their share of the outstanding debt ranging from 28 percent in the West to 41 percent in the North Central States (see table D). In the Northeast, mutual savings banks held 38 percent of the unpaid mortgage debt, a far larger share than in any other region. Life insurance companies were holders of about 34 percent of the mortgage debt in the South and 22 percent in the West. Commercial bank holdings represented between 15 and 20 percent of the total debt in each region except the South where they accounted for 8 percent.

The North Central Region had the highest proportion of home mortgage debt owed to individuals—11 percent; in the other regions the proportions were around 6 percent. Miscellaneous types of institutional investors held about one-sixth of the debt in the West, and smaller proportions in the other regions.

In metropolitan areas, home mortgage holdings of savings and loan associations accounted for about one-third of the total debt, those of life insurance companies for 22 percent, savings banks for about 16 percent, and commercial banks for about 14 percent. Outside the metropolitan areas, savings and loan associations also held about a third of the mortgage debt on homeowner properties, with commercial banks holding about 19 percent, and life insurance companies, 16 percent. "Other" institutional investors were financing one-eighth of the nonmetropolitan area debt and individuals about one-ninth.

In most of the 17 selected metropolitan areas, savings and loan associations held important proportions of the homeowner mortgage debt. Savings banks' holdings represented 58 percent of the total in Boston, 51 percent in Buffalo and 44 percent in the New York–Northeastern New Jersey Consolidated Area. Life insurance companies held 47 percent of the debt in Dallas, 38 percent in Atlanta, 33 percent in the Washington (D.C.–Md.–Va.) area, 32 percent in Detroit, and 30 percent in Seattle. Holdings of commercial banks were notable in Cleveland (27 percent) and the San Francisco–Oakland area (28 percent). Individual investors were financing 15 percent of the home mortgage debt in Detroit and 14 percent in Seattle.

Origin of first mortgage.—Roughly seven-tenths of the homeowner first mortgages outstanding in 1960 were made at the time the property was acquired by the current owner (see table F). About three-fourths of the FHA and VA first mortgages and five-eighths of the conventional mortgages were in this category. Mortgages assumed by the current owners from previous owners accounted for 23 percent of the VA mortgages, 18 percent of the FHA loans, but only 6 percent of the conventional mortgages. Reflecting the generally shorter terms and more frequent need for refinancing, about 32 percent of the conventional mortgages were made after the property had been acquired. Only 5 percent of the FHA and 3 percent of the VA mortgages were made after property acquisition.

TABLE F.—ORIGIN OF FIRST MORTGAGE AND YEAR MADE OR ASSUMED, BY GOVERNMENT INSURANCE STATUS, FOR 1-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

[Percent distribution]

Subject	Total	FHA first mortgage	VA first mortgage	Conventional first mortgage
Total	**100.0**	**100.0**	**100.0**	**100.0**
Origin of Mortgage				
Made when property acquired	68.0	77.3	74.2	62.5
Assumed when property acquired	12.1	17.9	23.2	5.9
Made after property acquired	19.9	4.8	2.6	31.6
Year Made or Assumed				
1959 and 1960 (part)	19.3	19.9	10.2	22.7
1957 and 1958	26.4	24.5	19.5	30.0
1955 and 1956	23.4	20.4	30.2	21.5
1950 to 1954	24.9	25.4	33.1	21.3
1945 to 1949	4.8	6.5	7.0	3.5
1944 or earlier	1.2	3.3	-----	1.0

Year made or assumed.—The majority (69 percent) of the homeowner first mortgages outstanding in 1960 had been made or assumed since the beginning of 1955. Only 6 percent were made or assumed prior to 1950. As shown in table F, transactions closed in the three-year period preceding the survey accounted for 53 percent of the conventional and 44 percent of the FHA mortgages. The bulk (63 percent) of the VA mortgages were made or assumed during the years 1950 to 1956.

Interest rate.—As indicated in table G, the median interest rates of the first mortgages outstanding in 1960 were 4.6 percent for those insured by FHA, 4.5 percent for the VA-guaranteed mortgages, and 5.6 percent for the conventional loans. In view of the nationwide legal and administrative maximum rates prescribed for FHA and VA mortgages, the marked consistency of the median interest rates for these transactions inside and outside the SMSA's and among most of the selected metropolitan areas is not unexpected.

TABLE G.—MEDIAN INTEREST RATE AND MEDIAN TERM OF FIRST MORTGAGE, BY GOVERNMENT INSURANCE STATUS, FOR 1-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

Area	Median interest rate (percent)			Median term (years)		
	FHA first mortgages	VA first mortgages	Conventional first mortgages	FHA first mortgages	VA first mortgages	Conventional first mortgages
United States	4.6	4.5	5.6	24	25	15
Inside all SMSA's	4.6	4.5	5.6	25	26	16
Outside SMSA's	4.6	4.5	6.0	23	23	12
Selected metropolitan areas:						
Atlanta	5.0	4.5	6.0	26	26	15
Baltimore	4.6	4.5	5.5	26	27	16
Boston	5.0	4.5	5.0	28	24	19
Buffalo	4.6	4.5	5.1	23	24	15
Chicago–Northwestern Indiana SCA	4.6	4.5	5.4	24	24	18
Cleveland	4.6	4.5	5.5	24	25	16
Dallas	4.6	4.5	5.9	25	26	17
Detroit	4.6	4.1	5.7	26	26	16
Los Angeles–Long Beach	4.6	4.5	6.0	25	29	18
Minneapolis-St. Paul	5.1	4.5	5.5	26	24	17
New York–Northeastern New Jersey SCA	4.6	4.1	5.1	27	26	19
Philadelphia	4.6	4.5	5.5	25	25	16
Pittsburgh	4.6	4.5	5.6	26	23	16
St. Louis	4.6	4.5	5.0	24	26	16
San Francisco-Oakland	4.6	4.5	5.6	25	27	17
Seattle	4.6	4.5	6.0	22	23	16
Washington, D.C.–Md.–Va.	5.1	4.5	5.1	27	27	18

Conventional mortgage interest rates tend to be somewhat more sensitive to the availability and demand for mortgage funds in the various sections of the country. The conventional interest rate median was 5.6 percent inside the SMSA's and 6.0 percent outside. Among the selected metropolitan areas, the median interest rates for conventional homeowner mortgages were: 5.0 percent in Boston; 5.1 percent in Buffalo, the New York SCA, and Washington; 6.0 percent in Atlanta, Seattle, and the Los Angeles–Long Beach areas; and 5.9 percent in Dallas.

Term of mortgage.—As reflected by the median term data shown in table G, the repayment period for conventional first mortgages (15 years) tended to be around 10 years shorter than for FHA mortgages (24 years) or VA mortgages (25 years). The respective median terms inside and outside the metropolitan areas were 16 years and 12 years for conventional mortgages, 26 years and 23 years for VA mortgages, and 25 years and 23 years for FHA mortgages.

An indication of the duration of homeowner mortgages in selected metropolitan areas is also presented in table G. For example, the FHA median term in Seattle was 22 years and in Boston 28 years; the VA median was 23 years in both Pittsburgh and Seattle, and 29 years in Los Angeles-Long Beach; conventional mortgage median terms were 15 years in Atlanta and Buffalo, and 19 years in Boston and New York.

Interest and principal payments.—First mortgages on homeowner properties had a median monthly payment for principal and/or interest of $59. Table H shows that the medians for FHA, VA, and conventional first mortgages were $57, $58, and $61, respectively. Payments for all FHA and VA first mortgages and 96 percent of the conventional loans included both interest and principal.

For the majority of homeowner first mortgages outstanding in 1960, monthly payments were between $40 and $79, inclusive. In this range were 64 percent of the FHA, 81 percent of the VA, and 54 percent of the conventional mortgages. Monthly payments of less than $40 were being made in about one-fifth of the FHA and conventional transactions. About one of every seven conventional loans had monthly principal and interest payments of $100 or more compared with about 4 percent of the FHA mortgages and about 2 percent of the VA loans.

Interest and principal payments as percent of income.—As shown in table H, homeowners with FHA and VA mortgages generally spent smaller proportions of their incomes for first mortgage principal and interest payments than those with conventional mortgages. These payments absorbed less than one-tenth of the owner's family income in about half of the FHA and the VA transactions compared with about two-fifths of the conventional loan cases. On the other hand, payments requiring 15 percent or more of income were made by about two of every seven conventional borrowers and about one of every seven FHA and VA borrowers.

TABLE H.—PAYMENT ON FIRST MORTGAGE AND RELATION TO INCOME OF OWNER, BY GOVERNMENT INSURANCE STATUS, FOR 1-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

[Percent distribution]

Subject	All properties	With FHA first mortgage	With VA first mortgage	With conventional first mortgage
Total	100.0	100.0	100.0	100.0
Interest and/or Principal Payment on First Mortgage				
Less than $40	17.2	19.9	10.4	19.1
$40 to $59	34.5	36.7	43.8	30.2
$60 to $79	27.5	27.5	37.3	23.5
$80 to $99	11.4	12.0	7.0	12.9
$100 to $149	7.4	3.9	1.5	10.8
$150 or more	2.0	------	------	3.5
Median	$59	$57	$58	$61
Payment as Percent of Income				
Less than 5 percent	6.3	6.8	3.2	7.3
5 to 9 percent	36.4	41.2	43.6	32.0
10 to 14 percent	34.9	37.1	39.2	32.6
15 to 19 percent	11.9	9.4	9.1	13.8
20 percent or more	10.5	5.5	4.9	14.3
Median percent	11	10	10	12

Ratio of mortgage debt to value.—Outstanding total mortgage debt (including junior mortgage debt) represented less than half the value of the property in about 45 percent of the mortgaged homeowner transactions (see table J). Included in this category were about 58 percent of the properties with conventional first mortgages, 31 percent of those with FHA mortgages, and 25 percent of those with VA first mortgages. Debt-to-value ratios of 70 percent or more occurred in 46 percent of the VA transactions, 41 percent of the FHA cases, but only 16 percent of the conventional transactions.

An approximate measure of homeowners' equities in their properties is afforded by the data in table J by using the complements of the percentage ratios shown in the stub intervals. For example, the debt-to-value interval of "less than 30 percent" converts to an equity-to-value interval of "more than 70 percent."

Property value.—Values of mortgaged homeowner properties tended to be higher than those of nonmortgaged properties, as indicated by the median value data shown in table K. The national median values in 1960 were $13,800 for mortgaged properties and $9,600 for those not mortgaged. In the SMSA's, the mortgaged and nonmortgaged medians were $14,700 and $11,500, respectively. Outside these areas, the median values were $11,400 if mortgaged and $6,800 if free of mortgage.

TABLE J.—OUTSTANDING FIRST AND JUNIOR MORTGAGE DEBT AS PERCENT OF VALUE, BY GOVERNMENT INSURANCE STATUS OF FIRST MORTGAGE, FOR 1-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

[Percent distribution]

Debt as percent of value	All properties	With FHA first mortgage	With VA first mortgage	With conventional first mortgage
Total	**100.0**	**100.0**	**100.0**	**100.0**
Less than 30 percent	20.9	9.6	9.0	29.3
30 to 49 percent	24.4	21.0	16.3	28.7
50 to 69 percent	26.9	28.6	29.1	25.6
70 to 89 percent	21.4	29.1	35.6	13.2
90 percent or more	6.4	11.7	10.0	3.2
Median percent	53	64	67	44

For selected metropolitan areas, median values for mortgaged and nonmortgaged properties were, respectively, $19,400 and $17,100 in the Chicago SCA; $18,200 and $16,500 in Cleveland; $18,100 and $17,300 in the New York SCA; $17,700 and $16,700 in the Washington area; $11,500 and $8,600 in Dallas; and $11,400 and $10,000 in Baltimore.

Age of structure.—Also shown in table K are data relating to the age of structure, specifically, percent of structures built 1955 or later. Mortgaged homeowner properties included a higher proportion of recently built structures than did nonmortgaged properties. Nationally, the proportion of recently built structures was 29 percent for the mortgaged and 7 percent for the nonmortgaged. The same relationship applies to properties both inside and outside the SMSA's. Among the selected metropolitan areas, the recently built proportion for mortgaged properties ranged from 19 percent in Philadelphia and New York to about 39 percent in Atlanta.

Condition.—Dilapidated structures were found very infrequently in homeowner properties in 1960. Table K indicates that the proportion for the nonmortgaged properties was 5 percent and for the mortgaged properties, 1 percent. For mortgaged properties, there was little or no difference in the extent of dilapidation inside and outside the SMSA's. In the case of nonmortgaged properties, of those outside the SMSA's about 7 percent were dilapidated and inside the SMSA's, 3 percent. Rates of dilapidation in the selected metropolitan areas are also evident in table K. For example, in the Washington area about 6 percent of the nonmortgaged homeowner properties were dilapidated; in Boston the rate was 3 percent.

Real estate tax.—The median amount of real estate tax reported for homeowner properties was $150. This was based on the amount of taxes paid during the preceding 12-month period. For mortgaged properties the median tax was $181 and for the nonmortgaged, $115.

As indicated by the data in table L, taxes on metropolitan area properties were more than on homes outside the SMSA's. The respective inside SMSA and outside SMSA tax medians were $192 and $83 for all homeowner properties, $207 and $108 for the mortgaged group, and $164 and $67 for those without mortgages.

Among the selected metropolitan areas, high real estate tax levels are indicated by the medians for the New York–Northeastern New Jersey area ($404 mortgaged and $361 not mortgaged) and Boston ($397 mortgaged and $373 not mortgaged). At the low end of the tax scale were Seattle with respective mortgaged and nonmortgaged tax medians of $123 and $92, Dallas with comparable medians of $134 and $82, and Atlanta with medians of $143 and $88.

Taxes per $1,000 value.—The consistently higher level of the real estate tax medians for the mortgaged properties as compared with the nonmortgaged probably reflects the fact that mortgaged properties tend to have higher values. When taxes are

TABLE K.—PROPERTY CHARACTERISTICS OF NONMORTGAGED AND MORTGAGED PROPERTIES, FOR 1-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

Area	Median value		Percent built 1955 or later		Percent not dilapidated	
	Nonmortgaged properties	Mortgaged properties	Nonmortgaged properties	Mortgaged properties	Nonmortgaged properties	Mortgaged properties
United States	**$9,600**	**$13,800**	**6.9**	**28.6**	**95.3**	**98.8**
Inside all SMSA's	11,500	14,700	6.9	28.0	97.1	99.2
Outside SMSA's	6,800	11,400	7.0	30.3	93.2	97.7
Selected metropolitan areas:						
Atlanta	10,800	13,600	9.1	38.7	95.6	99.0
Baltimore	10,000	11,400	10.1	28.2	99.1	99.2
Boston	15,100	16,400	2.7	21.9	97.0	98.5
Buffalo	12,400	16,300	6.6	29.3	97.6	99.3
Chicago-Northwestern Indiana SCA	17,100	19,400	8.6	33.7	99.1	99.5
Cleveland	16,500	18,200	4.7	26.0	97.2	99.4
Dallas	8,600	11,500	7.9	33.9	96.8	99.5
Detroit	11,500	14,700	5.3	27.0	99.2	99.2
Los Angeles-Long Beach	15,900	16,700	3.4	31.0	98.3	99.7
Minneapolis-St. Paul	13,700	16,100	4.9	28.4	99.0	99.1
New York-Northeastern New Jersey SCA	17,300	18,100	8.8	19.4	97.7	99.7
Philadelphia	10,100	12,100	3.5	19.1	98.6	99.1
Pittsburgh	11,000	15,500	5.5	27.3	97.4	98.6
St. Louis	12,300	14,000	3.4	26.9	98.0	99.3
San Francisco-Oakland	15,500	16,300	2.6	23.6	98.7	99.3
Seattle	12,100	14,400	5.2	22.8	97.8	98.8
Washington, D.C.-Md.-Va.	16,700	17,700	4.1	28.1	94.5	99.7

related to a common denominator, specifically the amount of taxes per $1,000 of value, the differences between mortgaged and nonmortgaged properties with reference to taxes tend to disappear (see table L).

Nationally, the median tax rate per $1,000 of value was $14 for mortgaged homeowner properties and $13 for nonmortgaged. For the metropolitan area properties, the comparable figures are $15 and $14, and for nonmetropolitan areas, $10 and $11. Within the selected metropolitan areas, there is little or no difference between the medians for mortgaged and other properties. It should be noted that the preceding data relate to value as estimated by the owner; this is generally not the same as assessed value.

TABLE L.—MEDIAN REAL ESTATE TAX BY MORTGAGE STATUS, FOR 1-DWELLING-UNIT HOMEOWNER PROPERTIES: 1960

[Based on tax payment for 12-month period prior to survey date]

Area	Median annual real estate tax			Median annual real estate tax per $1,000 value		
	Total properties	Nonmortgaged	Mortgaged	Total properties	Nonmortgaged	Mortgaged
United States	**$150**	**$115**	**$181**	**$13**	**$13**	**$14**
Inside all SMSA's	192	164	207	15	14	15
Outside SMSA's	83	67	108	11	11	10
Selected metropolitan areas:						
Atlanta	126	88	143	10	9	11
Baltimore	215	194	227	20	20	20
Boston	391	373	397	24	25	24
Buffalo	287	273	295	19	21	19
Chicago-Northwestern Indiana SCA	262	241	275	15	15	14
Cleveland	244	241	246	14	14	13
Dallas	119	82	134	12	10	12
Detroit	221	184	237	16	16	17
Los Angeles-Long Beach	246	218	254	15	14	15
Minneapolis-St. Paul	250	216	277	17	16	18
New York-Northeastern New Jersey SCA	392	361	404	22	22	22
Philadelphia	195	174	215	18	18	18
Pittsburgh	173	152	204	15	14	15
St. Louis	182	168	191	14	14	14
San Francisco-Oakland	235	211	244	15	15	15
Seattle	110	92	123	8	8	8
Washington, D.C.-Md.-Va.	220	203	224	13	13	13

Color (of head).[1]—Table M shows that nonwhite persons represented about 5 percent of the homeowners whose homes were mortgaged. In the FHA mortgage transactions, about 3 percent of the borrowers were nonwhite. The nonwhite percentages for VA and conventional mortgage transactions were 4 percent and 5 percent respectively.

Age of head.[1]—About 63 percent of the owners of mortgaged homes in 1960 were less than 45 years old; about 28 percent were under 35. Owners of mortgage-free properties tended to be older—80 percent were 45 years or more, including 35 percent who were 65 years and over (see table M).

About 81 percent of the homeowners with VA first mortgages were in the age group 25 to 44 years; in the same group were 63 percent of the FHA mortgagors and 52 percent of those with conventional first mortgages. Owners 45 years and over represented about 46 percent of those in the conventional mortgage transactions, 34 percent of those with FHA mortgages, and 18 percent of those with VA first mortgages.

Veteran status.—Table M shows that 86 percent of the owners with VA first mortgages were veterans of World War II or the Korean War. Although the initiation of VA-guaranteed home loans is limited to veterans of these two conflicts, the buyer of a home already covered by a VA mortgage may assume that loan even though he does not have the war service qualification. This largely accounts for the 14 percent of the VA mortgagors who were nonveterans or who had nonqualifying military service.

About 46 percent of the FHA mortgagors and 41 percent of the conventional loan borrowers had served in World War II or the Korean War. A lower proportion of owners without mortgages (15 percent) were in this category, probably reflecting their generally higher age level.

Nonveterans comprised the majority (72 percent) of the mortgage-free owners and 43 percent of those with mortgages. About 47 percent of the FHA and 54 percent of the conventional mortgagors were nonveterans.

Household composition.—Predominating in both the mortgaged and nonmortgaged homeowner properties in 1960 were husband and wife households with or without children and without nonrelatives. As shown in table M, husband and wife households with children under 18 owned 66 percent of the total mortgaged properties—69 percent of those with FHA-insured mortgages, 79 percent of those with VA-guaranteed first mortgages, and 60 percent of those with conventional first mortgages. Roughly one-fourth of the nonmortgaged households were of this type. One-person households constituted about 16 percent of those owning their homes free and clear and 3 percent of the households in mortgaged properties.

Owner's family income.—The median family income during the 12-month period prior to the 1960 survey date was $6,700 for owners of mortgaged homes, and $4,300 for owners whose homes were not mortgaged. In the metropolitan areas, the median income was $7,000 for mortgaged homeowners and $5,200 for those without mortgages. Outside these areas the comparable income medians were $5,900 and $3,200 (see table N).

In the selected metropolitan areas, median family incomes for mortgaged homeowners ranged from $6,800 in the Baltimore and Pittsburgh areas to $8,200 in the Chicago area and $8,900 in the Washington area. For mortgage-free owners in the selected areas, the median incomes ranged from $4,400 in Dallas and $4,700 in Atlanta to $6,800 in the New York area and $7,200 in the Chicago area.

[1] Although the color and age data in this report relate to the head of the household, virtually all of the owners (99.5 percent) of owner-occupied dwelling units were heads (or wives), according to data compiled for Volume IV of the *1960 Census of Housing, Components of Inventory Change*, Part 1A.

Table M.—Owner Characteristics by Mortgage Status and Government Insurance Status, for 1-Dwelling-Unit Homeowner Properties: 1960

[Percent distribution]

Characteristic	Nonmortgaged properties	Mortgaged properties with— Total	FHA first mortgage	VA first mortgage	Conventional first mortgage
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Color:					
White	93.6	95.5	97.5	96.3	94.6
Nonwhite	6.4	4.5	2.5	3.7	5.4
Age of head:					
Under 25 years	0.6	1.8	3.0	0.9	1.8
25 to 34 years	6.1	26.6	27.8	35.4	22.7
35 to 44 years	13.0	34.4	35.0	45.7	29.6
45 to 64 years	45.5	32.2	31.2	16.1	39.1
65 years and over	34.8	5.0	3.0	1.9	6.8
Veteran status:					
Korean and/or World War II service	15.4	52.1	45.8	85.9	40.5
Other military service	12.4	4.9	7.1	2.1	5.3
Nonveteran	72.2	43.0	47.1	12.0	54.2
Household composition:					
Husband and wife, no nonrelatives	68.4	88.9	90.4	93.0	86.7
With own children under 18	24.4	65.8	68.6	79.3	59.5
No own children under 18	44.0	23.1	21.8	13.7	27.2
Other 2-or-more-person households	15.9	7.8	6.7	5.5	9.1
One-person households	15.7	3.3	2.9	1.5	4.2

Monthly housing costs.—This includes expenditures for real estate tax, property insurance premiums, utilities, fuel and water, and, in addition, for mortgaged properties, payments for principal and interest. Not included are expenditures for maintenance and repairs. The housing costs data shown in table N are based on the owners' expenses during the 12-month period preceding the survey.

Table N.—Median Income of Owner and Median Housing Costs, for 1-Dwelling-Unit Homeowner Properties: 1960

[Income and housing costs are for 12-month period prior to survey date]

Area	Median income		Median monthly housing costs		Annual housing costs as percent of income (median percent)	
	Nonmortgaged properties	Mortgaged properties	Nonmortgaged properties	Mortgaged properties	Nonmortgaged properties	Mortgaged properties
United States	**$4,300**	**$6,700**	**$35**	**$104**	**10**	**19**
Inside all SMSA's	5,200	7,000	40	109	10	19
Outside SMSA's	3,200	5,900	30−	93	11	19
Selected metropolitan areas:						
Atlanta	4,700	7,100	30	101	8	18
Baltimore	5,400	6,800	43	107	10	19
Boston	6,400	7,600	69	130	14	21
Buffalo	6,000	7,000	52	114	11	19
Chicago–Northwestern Indiana SCA	7,200	8,200	54	137	9	21
Cleveland	6,700	7,800	46	122	9	19
Dallas	4,400	7,000	30−	92	8	16
Detroit	6,200	7,500	44	113	9	18
Los Angeles–Long Beach	5,900	7,600	39	114	9	18
Minneapolis–St. Paul	5,900	7,000	47	122	11	21
New York–Northeastern New Jersey SCA	6,800	7,900	67	133	11	21
Philadelphia	5,700	7,000	44	101	10	18
Pittsburgh	5,500	6,800	38	109	9	20
St. Louis	5,800	7,200	41	109	9	18
San Francisco–Oakland	6,200	7,600	38	110	8	18
Seattle	5,400	7,500	33	103	9	17
Washington, D.C.–Md.–Va.	6,500	8,900	49	130	8	18

Median monthly housing costs for mortgaged homeowner properties were $104 nationwide, $109 in the SMSA's, and $93 outside. The comparable medians for the mortgage-free properties were $35 nationally and $40 inside the SMSA's; for nonmetropolitan areas, the median costs figure for nonmortgaged properties was in the "less than $30" category.

Within the selected metropolitan areas, median costs for mortgaged properties were as high as $137 in the Chicago area and $133 in the New York area and as low as $92 in Dallas and $101 in Atlanta and Philadelphia. With reference to nonmortgaged properties, median costs were $30 in Atlanta and in the "less than $30" interval for Dallas homeowners. Medians of $67 and $69 are indicated for nonmortgaged homes in the New York and Boston areas, respectively.

Housing costs as percent of income.—Owners of mortgaged homes tended to use larger shares of their family income for housing costs than mortgage-free owners. The median ratio of housing costs to income was 19 percent for the former and 10 percent for the latter. In the main, the difference reflects the additional expenditures made by owners with mortgages for principal and interest.

The median share of homeowner's income devoted to housing costs was the same in both the metropolitan and nonmetropolitan areas—19 percent for mortgaged properties, and about 10 percent for nonmortgaged properties.