U.S. Department of Housing and Urban Development

FHA Single-Family Mutual Mortgage Insurance Fund Programs

Quarterly Report to Congress
FY 2011 Q4

Delivered: January 31, 2012

U.S. Department of Housing and Urban Development
Federal Housing Administration

Quarterly Report to Congress on FHA Single-Family Mutual Mortgage Insurance Fund Programs

FY 2011 Q4

Data as of September 30, 2011

This report is in fulfillment of the requirement under section 2118 of the Housing and Economic Recovery Act of 2008 (12 USC 1708(a)(5)) that HUD report to the Congress on a quarterly basis respecting mortgages that are an obligation of the Mutual Mortgage Insurance Fund. The specific items requested under the Act are:

(A) the cumulative volume of loan guarantee commitments that have been made during such fiscal year through the end of the quarter for which the report is submitted;

(B) the types of loans insured, categorized by risk;

(C) any significant changes between actual and projected claim and prepayment activity;

(D) projected versus actual loss rates; and

(E) updated projections of the annual subsidy rates to ensure that increases in risk to the Fund are identified and mitigated by adjustments to underwriting standards, program participation, or premiums, and the financial soundness of the Fund is maintained.

Foreword

On behalf of Secretary Donovan and Acting FHA Commissioner Carol Galante, and pursuant to requirements of section 202(a)(5) of the National Housing Act , as amended by the FHA Modernization Act of 2008 (Public Law 110-289 (122 Stat. 2834), I am herewith transmitting the Fiscal Year 2011 fourth quarter report on mortgages that are obligations of the Mutual Mortgage Insurance (MMI) Fund of the Federal Housing Administration. The report covers the period July 1, 2011, to September 30, 2011.

This quarterly report continues to provide detailed information on the composition and credit quality of new insurance, and on FHA's financial position. The five principal tables required by the Act are supplemented by two tables on Fund balances and insurance operation cash flows, and two tables and three figures that provide various depictions of serious delinquency rates in the forward-loan portfolio. This quarter, we replace the A and B tables with graphical illustrations, but still provide the data tables in an Appendix to the report.

In addition to this report to Congress, we continue to provide additional transparency on the FHA single-family loan-guarantee portfolios through a series of monthly, quarterly, and annual reports that are posted in the Office of Housing Reading Room on the www.hud.gov website. Posted reports include the FHA Single Family Outlook Report, Monthly Report to the FHA Commissioner, forward loan and HECM "Snapshot" reports, home-purchase and mortgage origination market-share reports, as well as this quarterly report to Congress. Each one of these provides details on new endorsement activity. Also posted in the Reading Room are annual independent actuarial reviews of the MMI Fund and HUD's Annual Report to Congress on the financial status of that Fund. Updates to these two reports for FY 2011 were published in mid-November. The FY 2011 Annual Report includes an exhaustive analysis of the portfolio, including detailed projections of future performance and discussion of economic risk. The valuations found there are based upon the work of te independent actuaries.

The Department is pleased to provide details to the Congress on how this report was prepared or to answer any questions about the information presented.

Sincerely,

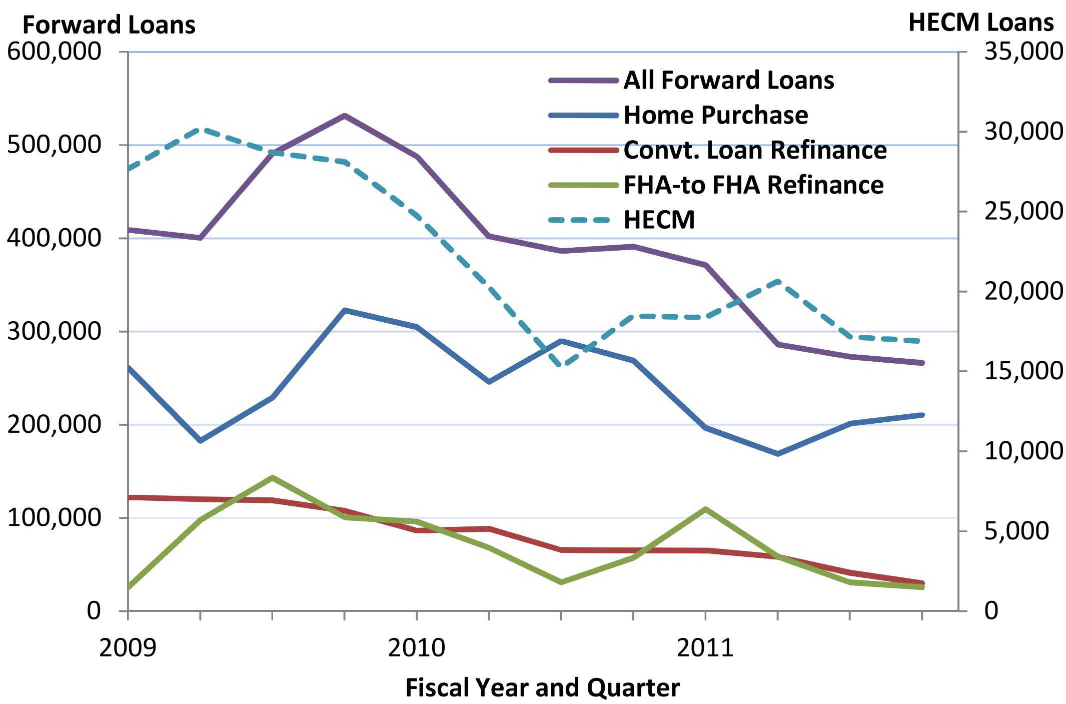
Frank Vetrano
Senior Advisor - Risk Management
Federal Housing Administration

Figures 1 and 2. Insurance Endorsements (see Appendix for Full Data Tables)

In the fourth quarter of Fiscal Year (FY) 2011, FHA endorsed for insurance 266,350 forward loans and 16,899 reverse mortgages (HECM product). Those counts represent quarterly changes of -2.5 and -1.5 percent, respectively, in these two principal single-family product lines. On a year-over-year basis, forward-loan endorsements were down 31.9 percent and HECM activity was down 8.6 percent.

As in the previous three quarters, purchase-loan insurance endorsements continued on an annual pace that resembled activity during the FY 2000 – 2002 period. That was a time just preceding the significant swings of the ensuing housing boom-and-bust period.

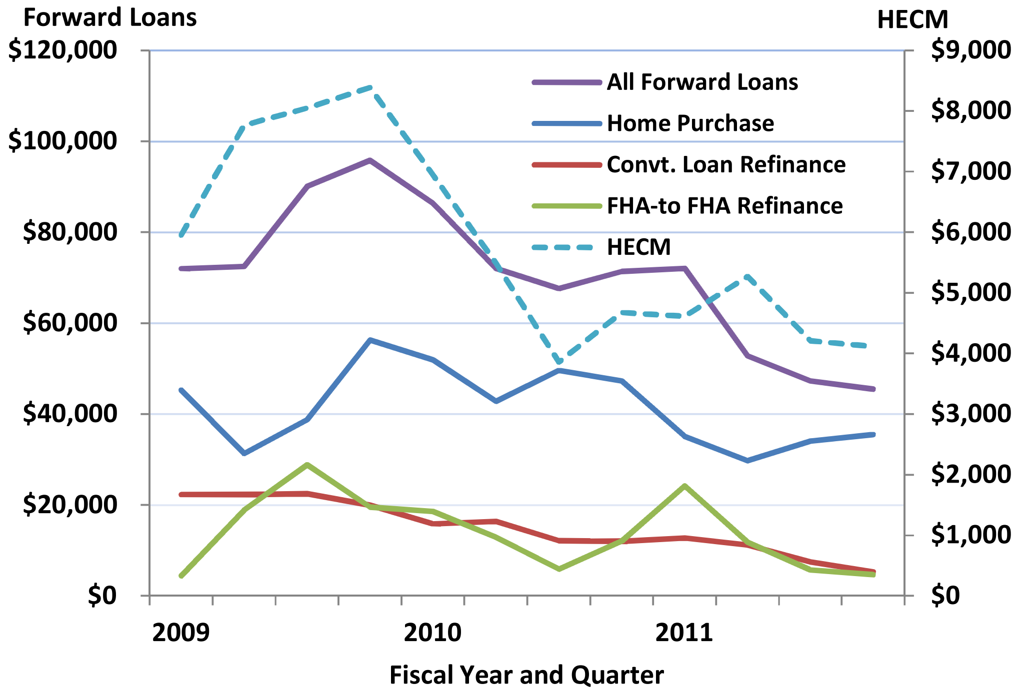
Figure 1. Endorsement Counts by Fiscal Year and Quarter



Source: US Department of HUD/FHA, October 2011; See Table A-1 in Appendix for definitions.

By product, dollar endorsements in the quarter were down for refinance (-18.4 percent) and HECM loans (-24.5 percent), but up for purchase loans (+4.2 percent). Combined endorsements ($49.6 billion) are 3.7 percent lower than in the previous quarter ($51.4 billion) and 34.8 percent lower than in the year-earlier period ($76.1 billion).The FY 2011 Q4 period reflects a declining trend in forward-loan endorsements that has continued since the peak in FY 2009 Q4.

Figure 2. Endorsement Volumes by Fiscal Year and Quarter



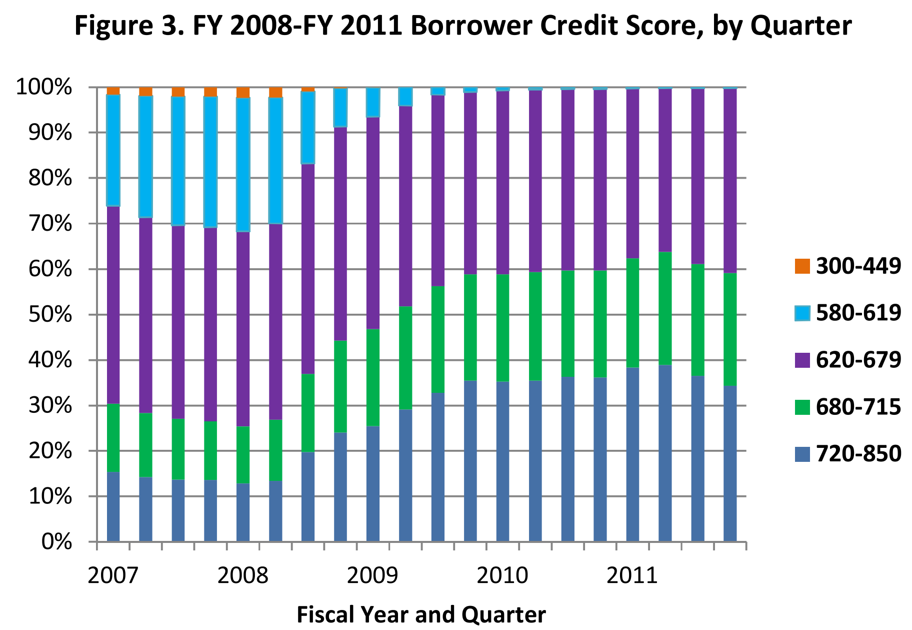
Source: US Department of HUD/FHA, October 2011; See Table A-2 in Appendix for definitions.

Loan originations, which precede insurance endorsements, declined this quarter both for purchase and refinance transactions. FHA's purchase loan originations were down 7.0 percent and refinancings 2.3 percent, for an overall dollar decline of $2.8 billion (to $46 billion). Compared with FY 2010, full-year FY 2011 origination volumes for FHA were down 29.3 percent, while originations in the overall market were down 16.4 percent.[1]

[1] See, MBA Mortgage Finance Forecast, October 11, 2011, which is available at: http://www.mortgagebankers.org/files/Bulletin/InternalResource/78184_.pdf .

Figure 3. Borrower Credit Score Distribution

Changes in the credit-score distribution of new insurance activity noted for FY 2011 Q3 continued again this quarter. The share of borrowers with credit scores of 720 or greater declined, while the share with scores below 680 increased. The share below 680 is now at 43 percent, matching where it was in FY 2010 Q2.



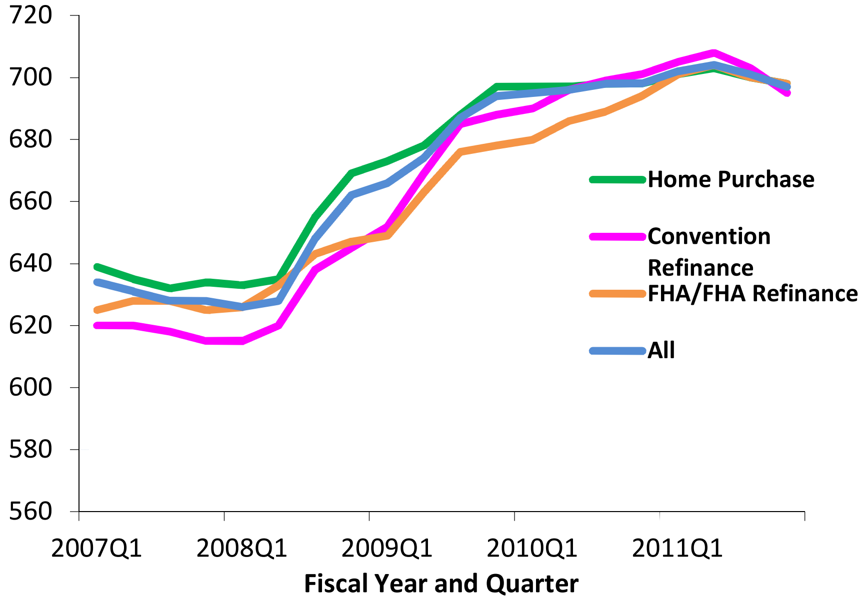
Source: US Department of HUD/FHA, October 1011; See Table B-1 in Appendix for definitions.

Figure 4. Average Borrower Credit Scores

The distributional shift in credit scores shown in Figure 3 is represented in Figure 4 by lower average FICO scores for all product groups—home purchase, conventional refinance, and FHA-to-FHA refinance. Over recent quarters, there has also been a narrowing of the spread between the average scores by product grouping. The overall average of 697 for FY 2011 Q4 is down from the peak of 704 in FY 2011 Q2, and from a value of 701 in Q3. It is now very close to where it was in FY 2010 Q4, though on a product level, FHA-to-FHA refinance loans have a better average (698 vs. 694), and conventional-to-FHA refinance loans have a lower average (695 vs. 701).

Though these are count-based averages, the dollar-based averages follow the same trends. The dollar-based average for this quarter is 697, down from 701 in the previous quarter.

Figure 4. FY 2008-FY 2011 Average Borrower Credit Score, by Quarter

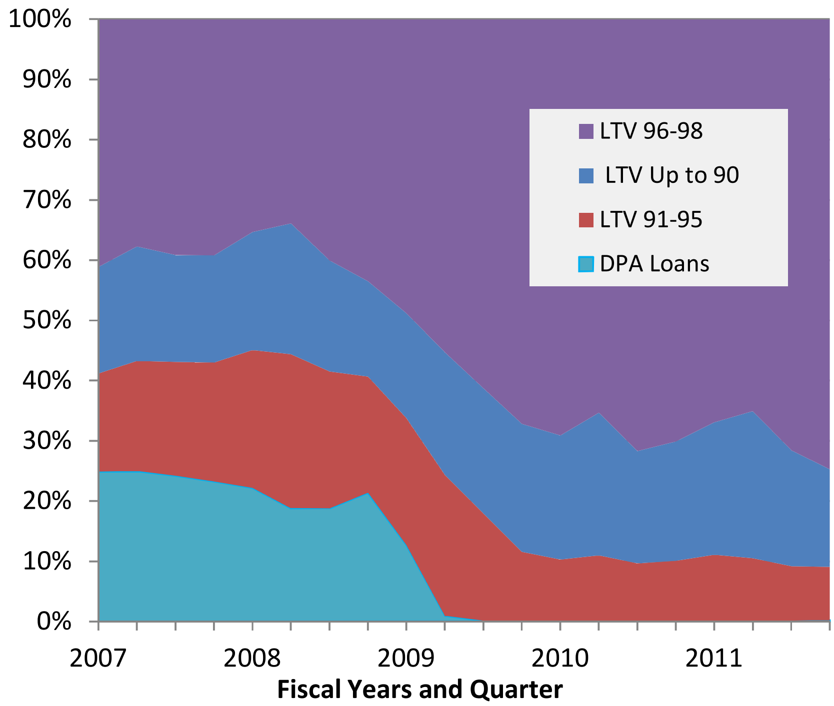


Source: US Department of HUD/FHA, October 2011; See Table B-2 in Appendix for definitions.

Figure 5. Loan-to-Value (LTV) Ratio Distribution

The distribution of LTV ratios within major product lines—purchase and refinance loans— changed very little this quarter. However, the shift of product shares toward purchase loans led to a shift in the overall distribution toward LTVs above 95 percent. Driving this movement was a decline of 5 percentage points in the refinance-loan share of endorsements, from 26 to 21 percent. This resulted in a decline of 3 percentage points in the share of loans with LTVs of 90 percent or less. This was counter-balanced by an increase in the share of loans with LTV ratios above 95 percent of three percentage points, to 74.7 percent.

Figure 5. FY 2008-FY 2011 Loan-to-Value (LTV) Ratio Distribution, by Quarter

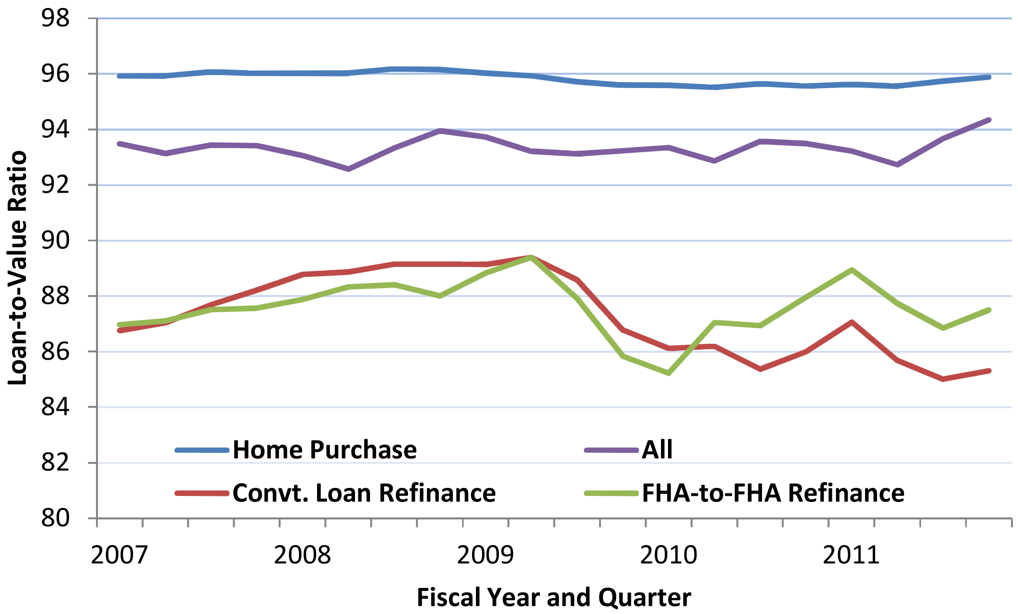


Source: US Department of HUD/FHA, October 2011; See Table B-3 in Appendix for definitions.

Figure 6. Average Loan-to-Value (LTV) Ratios on New Endorsements

Compared with the previous quarter, there were slight increases in the average LTV within each major product group—purchase, conventional refinance, FHA-to-FHA refinance. The largest change was among FHA-to-FHA refinance actions (+65 basis points).

Figure 6. FY 2008-FY 2011 Average Loan-to-Value (LTV) Ratios on New Endorsements by Quarter



Source: US Department of HUD/FHA, October 2011

Prepayments

Prepayment actions this quarter continued below initial predictions made at the start of the fiscal year, though they were up from the previous quarter by 11.4 percent (82,657). The recapture rate of those loans into new FHA-insured (refinance) mortgages was below 40 percent for the second straight quarter (at 38 percent). This persistency, along with the simultaneous shift in FHA endorsements away from loans with the highest credit quality (720+ credit scores), suggests a possible shift in lending patterns.

Table 7. Termination and Claim Loss Experience Compared to Forecasts

Table 7 FHA Single-Family Mortgage Insurance Termination and Claim Loss Experience to-date in Current Fiscal Year October 2010 – September 2011				
	Year-To-Date Predicted[a]	Year-To-Date Actual	Deviation (Actual - Predicted)	Percentage Deviation (Actual vs. Predicted)
Prepayments - Number	578,065	401,490	-176,575	-31%
Claims - Number[b]	150,227	112,618	-37,609	-25%
Claims – Dollars (mil)[b]	$22,079	$14,395	($7,684)	-35%
Net Loss-on-Claims (%)[c]	57.79%	55.23%	-2.56%	

[a]Predicted data is from forecasts used in the FY 2010 FHA financial statements; projections of numbers of prepayments and claims for the FY come from the annual independent actuarial study for FY2010; quarterly predictions shown here use straight-line interpolation techniques with the annual projections and thus reflect expected trend trajectories for the year.

[b]Claim payments (and counts) reported here include those for conveyance (foreclosure) claims, preforeclosure (short) sales, and claims paid in connection with sales of delinquent mortgages. They do not include payments for loss mitigation loan-workout actions.

[c]These claim rates are losses as a percentage of the claim payment, for both conveyance and preforeclosure-sale claims. Due to delays in accounting for the final net loss on REO sales, the Actual Rate reported here is subject to revision.

Source: US Dept of HUD, Office of Housing/FHA, October 2011.

Claims

The number of claims paid this quarter (30,108) is up slightly from that of the previous quarter (27,751), and is also up from the year-earlier period (28,308). The gap between predicted and actual claims paid shows little variation from the previous quarters, with year-to-date counts 25 percent below forecast, and year-to-date dollars 35 percent below forecast. The principal contributing factor to this gap continues to be delays in foreclosure processing in many areas of the country.

In terms of foreclosure inventory and pending claims, both the number of loans in-process and those that have gone through property auction but are awaiting transfer of property title to HUD, have declined in this quarter. They are down 5.2 percent and 3.4 percent, respectively, from their FY 2011 Q2 levels.

Net Loss Rate on Loans Resulting in Claims

The actual year-to-date net loss rate on claims is 55.2 percent, up 2.5 percentage points from last quarter. This is because of an increase in REO sales as a share of all claims, and not because of any change in the loss rates on either REO or preforeclosure sales. The loss rate on this quarter's REO sales is 69 percent and on preforeclosure sales it is 46 percent. REO sales increased this quarter as new property-management contractors continued to work down inventories that built during the contract transition earlier in the year.

Table 8. Budget Execution Credit Subsidy Rates

The credit subsidy rates for forward-loan endorsements remain the same as previous quarter as there were no policy changes enacted by HUD that would affect those rates.

Table 8
FHA Single-Family Mortgage Insurance
Budget Execution Credit Subsidy Rates[a]

FY 2011 (April 18th – Sept 30)

Forward Loans	-3.91
Reverse Loans (HECM)	0.00

[a]Budget execution credit subsidy rates are the expected net present value, per dollar of new insurance endorsements, of all cash flows from insurance operations over the life of the loan guarantees, and as-of the year of the insurance commitments. A negative rate means that the present value of premium revenues is expected to be greater than the present value of net claim expenses, over the life of the guarantees, i.e., a negative credit subsidy. Loans with negative credit subsidies are expected to produce receipts for the Federal budget. These initial budget-execution rates are those approved by the Office of Management and Budget for budget accounting. They will be updated on an annual basis, once the guarantees are in place, to reflect both actual experience and updated forecasts of future loan performance and insurance cash flows.

Source: US Dept of HUD, Office of Housing/FHA, October 2011.

Table 9. MMI Fund Balances by Quarter

Total capital resources increased by $2 billion in FY 2011 Q4. Nearly all of that change was due to booking budget receipts on new endorsements. Those receipts are credited to the Capital Reserve Account. Financing Account balances, which respect day-to-day business operation cash flows (see Table 10), were very stable in the quarter.

Table 9. FHA Single-Family Insurance
MMI Fund Balances by Quarter, FY 2009 – FY 2011[a]
(billions)

Fiscal Year	Quarter	Capital Reserve Account[b]	Financing Account[c]	Total Capital Resources[d]
2009	Oct-Dec	$19.6	$9.3	$28.9
2009	Jan-Mar	19.9	9.7	29.6
2009	Apr-Jun	10.0	20.9	30.9
2009	Jul-Sep	10.7	21.1	31.8
2010	Oct-Dec	11.4	21.2	32.6
2010	Jan-Mar	12.0	20.2	32.2
2010	Apr-Jun	3.5	29.6	33.1
2010	Jul-Sep	4.4	28.9	33.3
2011	Oct-Dec	6.3	26.4	32.7
2011	Jan-Mar	7.7	23.9	31.6
2011	Apr-Jun	2.8	28.9	31.7
2011	Jul-Sep	4.7	29.0	33.7

[a]Only end-of-year balances represent audited figures.

[b]This is an on-budget account that records net receipts provided by FHA to the federal budget, over time. Balances are held in cash and Treasury securities. The securities earn interest for FHA. Periods in which there are large changes in the balance represent transfers of funds to the Financing Accounts to effect the re-balancing required under annual budget re-estimates. Those transfers generally take place in the Apr-Jun quarter.

[c]This is a series of off-budget cash accounts used to manage insurance operation collections and disbursements.

[d]Total Capital Resources is the sum of Capital Reserve and Financing Account balances, and it represents the sum of cash and investments at the Treasury that can be immediately liquidated into cash. It does not represent total assets of the MMI Fund.

Source: US Dept of HUD, Office of Housing/FHA, October 2011.

Table 10. Insurance Operations Cash Flows in FY 2011

The core business-operations cash flow in FY 2011 Q4 was negative $249 million, resulting in a final fiscal year net outflow of $2.2 billion. In this quarter, claim payments were down, premium revenue up, and net property recoveries (sale receipts less maintenance expenses) down. The slightly higher premium revenue was a result of having a full quarter under the new premium rates enacted in April, and not from increased endorsement activity. Property sale activity, though lower than in the previous quarter, was still substantially higher than in the first two quarters of this fiscal year. As this reflects working down property inventories that grew during the contract transition period, it is not likely that this level of sales will continue in the new fiscal year. To return to this recent level of property sale activity would require a breaking of the foreclosure back-log that has been affecting the entire mortgage industry since the start of FY 2011. The level of property maintenance expenditures seen each quarter generally follows the level of sale activity.

Table 10. FHA MMI Fund Financing Account
Business Operations Cash Flows in FY2011 Q1 -FY2011 Q4, by Quarter[a]
(millions)

	FY 2011				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Past 4 Quarters
Collections					
Premiums	$ 2,232	$ 1,725	$ 1,798	$ 1,848	$ 7,603
Property Sale Receipts	913	887	2,378	1,960	6,138
Note Sale Collections	32	1	50	28	111
Other	12	16	14	18	60
Total	3,189	2,629	4,240	3,854	13,912
Disbursements					
Claims[b]	$ (3,765)	$ (3,621)	$ (3,830)	$ (3,715)	$ (14,931)
Property Maintenance	(170)	(171)	(452)	(388)	(1,181)
Other	-	-	-	-	-
Total	(3,935)	(3,792)	(4,282)	(4,103)	(16,112)
Net Operations Cash Flow	$ (746)	$ (1,163)	$ (42)	$ (249)	$ (2,200)

[a]These are unaudited figures; totals may not add due to rounding.
[b]Claim payments shown here include conveyance, preforeclosure sale, note sales, and loss mitigation (home retention) actions, and all HECM claims (assignment and short-fall claims).

Source: US Dept of HUD, Office of Housing/FHA, October 2011.

Table 11. Serious Delinquency Rates

The serious delinquency rate at the end of FY 2011 Q4 was higher than at the end of the previous quarter, and for all cohorts. The full-portfolio rate rose from 8.18 to 8.7 percent and is now roughly where it was one year earlier (8.66%). On a seasonally-adjusted basis, this quarter's result (8.80%) is the highest of the fiscal year. Two factors appear to be contributing to this. The first is the persistency of loans in 90-day delinquency as lenders attempt to craft workout plans, and persistency of loans in foreclosure processing. The second is that the historically large FY 2009 and FY 2010 books-of-business are at the age where their serious delinquency rates are increasing toward their life-cycle peaks. Because those books are much larger than is the new FY 2011 book, their loan-age seasoning patterns are not offset by the low default rates on recent endorsements.

Note from Table 11 that the FY 2010 book is performing significantly better than did the FY 2009 book at this point in its lifecycle. The SD rate after its second year of seasoning is now 2.96 percent, whereas the FY 2009 cohort had an SD rate of 6.08 percent at the same point (FY 2010 Q4). The same comparison can be made between the 2011 and 2010 books. The current SD rate for 2011 is 0.45 percent, whereas the rate for the 2010 book one year ago was 0.65 percent.

Table 11. FHA Single-Family Insurance Serious Delinquency Rates[a] By Endorsement Fiscal Year And Activity Quarter[b]

Endorsement Fiscal Year	FY2011 Q4	FY2011 Q3	FY2011 Q2	FY2011 Q1	FY2010 Q4	FY2010 Q3	FY2010 Q2	FY2010 Q1
Pre-2007	11.57%	10.77%	10.98%	11.59%	11.41%	11.15%	11.56%	11.89%
2007	23.36	21.83	21.71	22.44	21.49	21.11	21.4	21.55
2008	21.38	19.97	19.49	19.65	18.37	17.35	17.13	16.22
2009	9.13	8.05	7.58	7.23	6.08	4.94	4.07	3.05
2010	2.96	2.13	1.61	1.20	0.65	0.33	0.16	0.02
2011	0.45	0.22	0.08	0.01				
All years	8.70%	8.18%	8.31%	8.78%	8.66%	8.59%	9.05%	9.44%
All years – seasonally adjusted[c]	8.80%	8.59%	8.34%	8.29%	8.84%	9.05%	9.10%	8.90%

[a]This rate is the sum of 90^{+}-day delinquencies, bankruptcies, and cases in foreclosure processing.

[b]As of the last day of each quarter.

[c] These rates are seasonally adjusted using the Census X-12 procedure.

Source: US Department of HUD/FHA, October 2011.

Table 12. Early-Period Delinquency Rates

Early-period delinquency (EPD) rates are the first indication of strength or weakness in new insurance commitments. These rates measure the share of loans originated in a given quarter that experience a 90-day delinquency within the first six payment-cycle months.

The latest origination quarter reported here (FY 2011 Q2) has an EPD rate of just 0.37 percent, which is the second lowest for recent history, after FY 2011 Q1. The blip up in FY 2011 Q2 is reflective of an increase in the rate for purchase loans from 0.32 to 0.39 percent. That rate is still well within the EPD range that has existed since the last quarter of FY 2009. The principal action since that time has been continued declines in the EPD rates of fully-underwritten and streamline refinancing.

The jump in the EPD rate for streamline refinance loans in FY 2011 Q2 (from 0.37 to 0.64 percent), is most likely reflective of lower streamline refinance volumes in the quarter. At $9.7 billion, they were less than half the volume of the previous quarter. When streamline volumes are low, they typically will have a larger share of defensive actions by borrowers facing financial difficulties.[2] Some of those borrowers will fail to re-stabilize their finances even after lowering their monthly mortgage payments, and that creates a base level of EPD events. However, going forward, there should be less of these defensive actions and fewer of those that remain should have problems early on. That is due to new policy guidance issued by HUD in February 2011 that requires lenders to certify income and employment at the time of the refinance.[3] Borrowers who are unemployed should be assisted through HUD's standard loss mitigation practices, and not through streamline refinance actions.

[2] Note how in this quarter the dollar volume of streamline refinance actions fell in half while the EPD rate nearly doubled. This suggests a fairly consistent level of defensive refinance actions.
[3] See ML 2011-11, *FHA Refinance Transactions*, February 14, 2011.

Table 12. FHA Single-Family Insurance Early Period Delinquency Rates[a] by Origination Quarter and Loan Type/Purpose					
		Loan Type/Purpose			
Fiscal Year	Origination Quarter	Purchase	Refinance[b]	Streamline Refinance[c]	All
2007	Oct-Dec	1.84%	0.87%	1.61%	1.55%
	Jan-Mar	2.58	1.25	2.69	2.20
	Apr-Jun	2.78	1.91	3.23	2.54
	Jul-Sep	2.60	1.96	2.87	2.40
2008	Oct-Dec	2.51	1.81	2.79	2.23
	Jan-Mar	2.30	1.71	3.14	2.16
	Apr-Jun	1.83	2.00	5.39	2.08
	Jul-Sep	1.50	2.10	5.75	1.78
2009	Oct-Dec	1.07	1.55	3.55	1.43
	Jan-Mar	0.91	0.85	2.32	1.26
	Apr-Jun	0.58	0.60	2.30	1.01
	Jul-Sep	0.42	0.59	1.86	0.68
2010	Oct-Dec	0.33	0.46	1.16	0.52
	Jan-Mar	0.36	0.35	0.89	0.40
	Apr-Jun	0.39	0.38	0.75	0.41
	Jul-Sep	0.40	0.24	0.54	0.39
2011	Oct-Dec	0.32	0.19	0.37	0.30
	Jan-Feb	0.39	0.20	0.64	0.37

[a] Early period delinquency is defined here as having had a 90-day delinquency within the first six months of required mortgage payments. The first payment-due month is the second month after loan closing. Thus, these rates indicate the percentage of loans experiencing a 90-day delinquency within 7 months of loan closing.

[b] Loans in this column are fully-underwritten conventional-to-FHA and FHA- to-FHA refinancings.

[c] Loans in this column are refinancings that replace loans already in FHA's portfolio and do not necessarily require property appraisals.

Source: US Department of HUD/FHA, October 2011.

Figures 13 through 15. Serious Delinquency Rates by Origination Year and Months of Seasoning

These vintage curves show serious delinquency rates on each book-of-business, with loans grouped by age, in months. For example, the 10-month rates within each origination-book year are the grouped rates for all loans 10 months after they are originated. The curves provide a longer-term perspective on delinquency rates than do the early-period delinquency rates depicted in Table 12. They do, however, confirm what is seen in Table 12, that the 2009 and 2010 books are substantially outperforming the 2006-2008 books. Data here are organized by calendar-year books rather than fiscal year, because changes in the quality of loans coming to FHA in 2008 and 2009 were closely correlated to changes in economic and market conditions that, themselves, were more closely associated with calendar years than with fiscal years.[4]

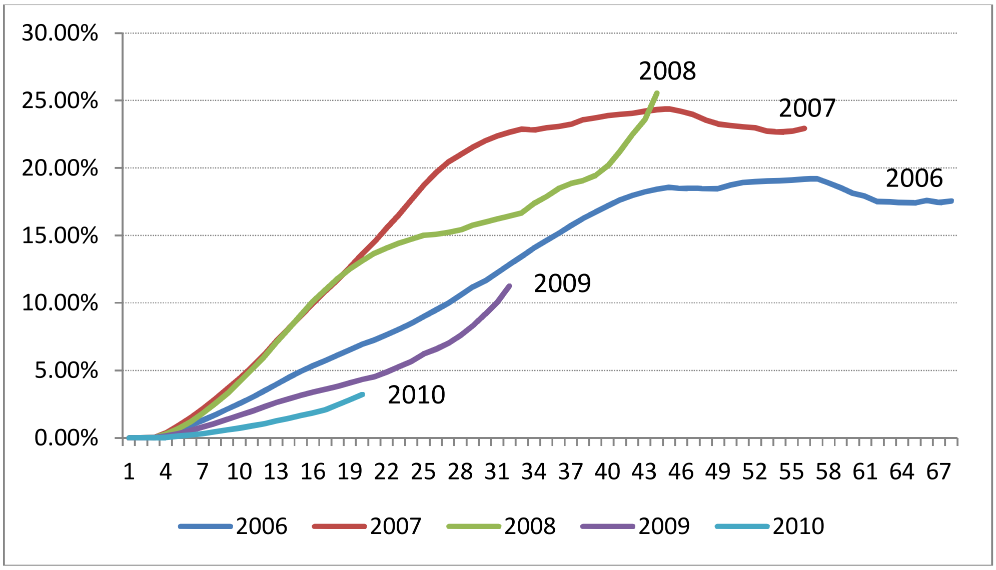
The 2006 and 2007 books continue to show modest improvement from peak rates seen at the 43-month (2007) and 53-month (2006) vintage points. Significant improvement cannot occur until foreclosure back-logs are alleviated. Activity since the peak-point periods reflects what has happened in CY2011.

The 2008 vintage continues to show significant improvement over 2007, even though that is not evident in the tail of the curve. Because credit quality rose dramatically across the year, the hook upward in the tail should continue to be pushed outward over time. The same is true for the 2009 vintage, but on a smaller scale because it started with a higher credit quality than did the 2008 vintage (see Table B-2).

The 2010 book shows improved performance over the 2009 book, and that improvement is primarily in the streamline refinance portfolio. Streamline refinance loans should continue to perform well in the future as new policies instituted in February 2011 (Mortgagee Letter 2001-11, February 14, 2011) required that the new streamline refinance loans reduce risk to the borrower by meeting a net tangible benefit test.

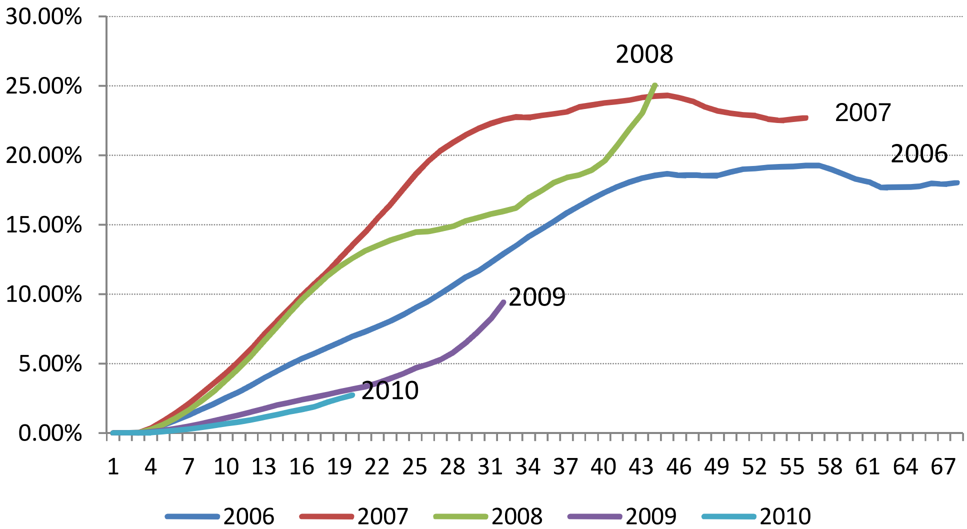
[4] Specifically, credit scores on FHA loan endorsements started their more than three-year rise in early CY 2008, and the quality of refinance loans increased dramatically starting in January 2009 because of the substantial decline in interest rates that started in December 2008. January 2008 was also a turning point in the mortgage market because that is when new underwriting restrictions and higher pricing took effect at Fannie Mae and Freddie Mac and among private mortgage insurers.

Figure 13. Serious Delinquency Rates
By Origination (Calendar) Year and Months of Seasoning
All Endorsements



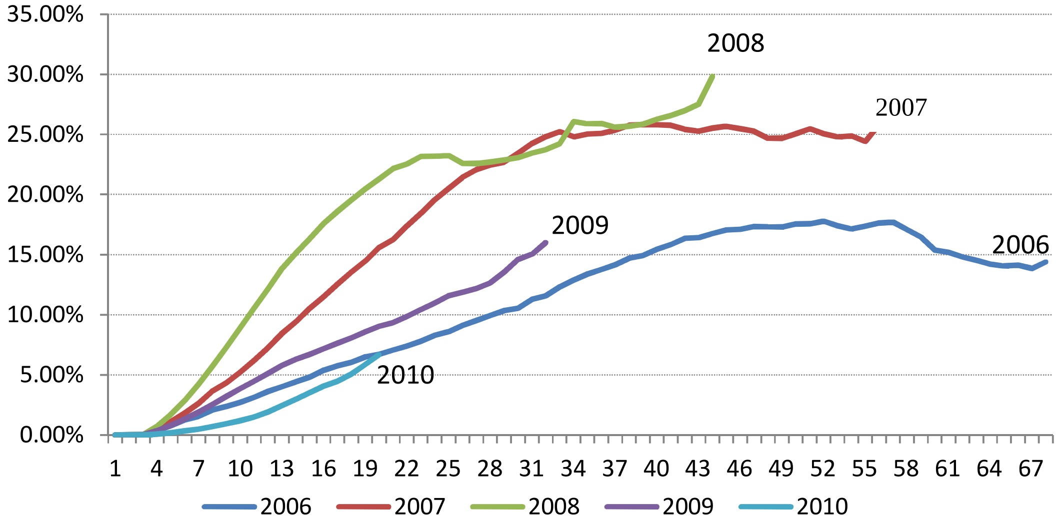
Source: US Department of HUD/FHA, October 2011.

Figure 14. Serious Delinquency Rates
By Origination (Calendar) Year and Months of Seasoning
Excluding Streamline Refinance Loans



Source: US Department of HUD/FHA, October 2011.

**Figure 15. Serious Delinquency Rates
By Origination (Calendar) Year and Months of Seasoning
Streamline Refinance Loans**



Source: US Department of HUD/FHA, October 2011.

APPENDIX

Table A-1
FHA Single-Family Mortgage Insurance
Endorsement Counts by Fiscal Year and Quarter

Time Period	Number of New Insurance Cases				
	Forward Mortgages[a]				Reverse Mortgages (HECM)[b]
	Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance	All Forward Loans	
Fiscal Year					
2000	763,063	30,352	38,131	831,546	6,637
2001	730,106	43,802	188,644	962,552	7,789
2002	787,093	61,100	319,985	1,168,178	13,048
2003	602,452	59,499	556,983	1,218,934	18,084
2004	540,313	53,939	298,169	892,421	37,790
2005	328,542	31,958	117,850	478,350	43,082
2006	293,257	58,226	48,421	399,904	76,280
2007	261,165	104,578	36,600	402,343	107,367
2008	591,325	349,128	91,131	1,031,584	112,013
2009	995,101	468,769	367,442	1,831,312	114,640
2010	1,109,161	305,298	252,427	1,666,886	78,757
2011	777,050	194,814	224,742	1,196,606	73,093
Fiscal Year and Quarter					
2009Q1	261,262	122,124	25,639	409,025	27,651
2009Q2	182,562	120,022	97,840	400,424	30,190
2009Q3	228,664	118,678	143,304	490,646	28,686
2009Q4	322,613	107,945	100,659	531,217	28,113
2010Q1	304,827	86,517	96,151	487,495	24,729
2010Q2	245,777	88,338	67,980	402,095	20,278
2010Q3	289,683	65,578	31,037	386,298	15,266
2010Q4	268,874	64,865	57,259	390,998	18,484
2011Q1	196,712	65,207	109,432	371,351	18,387
2011Q2	168,703	58,452	58,683	285,838	20,646
2011Q3	201,080	41,110	30,877	273,067	17,161
2011Q4	210,555	30,045	25,750	266,350	16,899

[a]Starting in 2008 Q4, these counts include 203(K) purchase and rehabilitation loans and 234(C) condominium loans.

[b]The FHA reverse-mortgage insurance program is called the Home Equity Conversion Mortgage (HECM).

[c]Starting in FY 2009 (2008 Q4), all new HECM endorsements are now in the Mutual Mortgage Insurance Fund. Previous endorsements, by law, remain in the General and Special Risk Insurance Fund.

Source: US Dept of HUD, Office of Housing/FHA, October 2011.

Table A-2 FHA Single-Family Mortgage Insurance Endorsement Volumes by Fiscal Year and Quarter					
	Volumes (billion $)				
	Forward Mortgages[a]				
Time Period	Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance	All Forward Loans	Reverse Mortgages (HECM)[b]
Fiscal Year					
2000	$79,397	$3,181	$3,697	$86,276	$827
2001	79,709	4,947	22,894	107,550	1,095
2002	91,025	7,404	37,713	136,141	1,975
2003	73,026	7,602	66,682	147,310	3,001
2004	66,835	6,998	33,787	107,620	6,885
2005	40,196	4,258	13,520	57,975	8,877
2006	37,102	8,521	6,109	51,732	17,973
2007	35,002	16,095	5,418	56,515	24,623
2008	95,373	61,526	14,907	171,806	24,240
2009	171,671	86,984	71,726	330,381	30,161
2010	191,602	56,431	49,464	297,497	20,974
2011	134,348	36,846	46,435	217,629	18,208
Fiscal Year and Quarter					
2009Q1	$45,286	$22,277	$4,440	$72,002	$5,955
2009Q2	31,285	22,273	18,915	72,474	7,768
2009Q3	38,763	22,460	28,852	90,075	8,050
2009Q4	56,337	19,974	19,519	95,830	8,388
2010Q1	51,950	15,843	18,601	86,394	6,947
2010Q2	42,794	16,402	12,885	72,081	5,491
2010Q3	49,578	12,145	5,902	67,625	3,859
2010Q4	47,279	12,041	12,077	71,397	4,676
2011Q1	35,084	12,785	24,217	72,086	4,612
2011Q2	29,731	11,224	11,831	52,786	5,273
2011Q3	34,044	7,511	5,720	47,275	4,207
2011Q4	35,488	5,326	4,667	45,482	4,115

[a]Starting in 2008 Q4, these amounts include 203(K) purchase and rehabilitation loans and 234(C) condominium loans.

[b]The FHA reverse-mortgage insurance program is called the Home Equity Conversion Mortgage (HECM).

[c]Starting in FY 2009 (2008 Q4), all new HECM endorsements are now in the Mutual Mortgage Insurance Fund. Previous endorsements, by law, remain in the General and Special Risk Insurance Fund.

Source: US Dept of HUD, Office of Housing/FHA, October 2011.

Table B-1 FHA Single-Family Mortgage Insurance Borrower Credit Score[a] Distribution on New Endorsements[b] By Fiscal Year (FY) and Quarter *(Shares in each row add to 100%)*								
Fiscal Year	Quarter	Credit Score Categories[a]						
		720+	680+	620+	580+	500+	300+	N/A[c]
2007	Oct-Dec	11.2%	10.9%	31.7%	22.5%	17.8%	1.2%	4.7%
	Jan-Mar	10.3	10.2	31.1	23.0	19.3	1.4	4.6
	Apr-Jun	9.9	9.6	30.6	23.5	20.4	1.5	4.6
	Jul-Sep	9.9	9.3	30.9	23.6	20.8	1.5	3.9
2008	Oct-Dec	9.3	9.1	31.2	23.9	21.3	1.7	3.6
	Jan-Mar	9.9	9.9	31.8	23.2	20.4	1.7	3.1
	Apr-Jun	15.2	13.2	35.6	20.9	12.2	0.7	2.2
	Jul-Sep	19.2	16.1	37.5	19.0	6.7	0.2	1.4
2009	Oct-Dec	20.5	17.2	37.6	18.7	5.1	0.1	0.8
	Jan-Mar	24.4	19.0	37.0	15.5	3.4	0.0	0.7
	Apr-Jun	29.8	21.3	38.3	8.5	1.5	0.0	0.7
	Jul-Sep	33.5	22.1	37.9	4.9	1.0	0.0	0.6
2010	Oct-Dec	33.6	22.5	38.6	4.0	0.7	0.0	0.6
	Jan-Mar	34.0	22.9	38.5	3.5	0.5	0.0	0.6
	Apr-Jun	35.1	22.7	38.6	2.7	0.4	0.0	0.5
	Jul-Sep	34.9	22.7	38.5	3.0	0.4	0.0	0.5
2011	Oct-Dec	37.2	23.3	36.2	2.5	0.3	0.0	0.4
	Jan-Mar	37.9	24.2	35.1	2.2	0.2	0.0	0.4
	Apr-Jun	35.5	23.9	37.6	2.6	0.2	0.0	0.3
	Jul-Sep	33.1	23.8	39.2	3.3	0.2	0.0	0.3

[a]Credit scores are co-branded between the three major credit repositories (Equifax, Experian, Transunion) and Fair-Isaac Corporation. Values can range from 300 to 850. They are grouped here according to the "decision" score used for loan underwriting. That score represents the weakest borrower on a loan application when there are multiple applicants. Streamline refinance loans do not require full underwriting, and therefore, they are not represented here.
[b]Excludes streamline refinance loans.
[c]Borrowers without credit histories can be underwritten for FHA insurance using alternative criteria.
Source: US Dept of HUD, Office of Housing/FHA, October 2011.

Table B-2
FHA Single-Family Mortgage Insurance
Average Borrower Credit Scores[a] on New Endorsements
By Fiscal Year, Quarter, and Loan Purpose

Fiscal Year	Quarter	Loan Purpose: Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance[b]	All[b]
2007	Oct-Dec	639	620	625	634
	Jan-Mar	635	620	628	631
	Apr-Jun	632	618	628	628
	Jul-Sep	634	615	625	628
2008	Oct-Dec	633	615	626	626
	Jan-Mar	635	620	633	628
	Apr-Jun	655	638	643	648
	Jul-Sep	669	645	647	662
2009	Oct-Dec	673	652	649	666
	Jan-Mar	678	669	663	674
	Apr-Jun	688	685	676	687
	Jul-Sep	697	688	678	694
2010	Oct-Dec	697	690	680	695
	Jan-Mar	697	696	686	696
	Apr-Jun	698	699	689	698
	Jul-Sep	698	701	694	698
2011	Oct-Dec	701	705	701	702
	Jan-Mar	703	708	704	704
	Apr-Jun	700	703	700	701
	Jul-Sep	698	695	698	697

[a]Credit scores are co-branded between the three major credit repositories (Equifax, Experian, Transunion) and Fair-Isaac Corporation. Values can range from 300 to 850. They are grouped here according to the "decision" score used for loan underwriting. That score represents the weakest borrower on a loan application, when there are multiple applicants. Streamline refinance loans do not require full underwriting, and therefore, they are not represented here.
[b]These include only fully-underwritten loans and exclude streamline refinancing.

Source: US Dept of HUD, Office of Housing/FHA, October 2011.

Table B-3
FHA Single-Family Mortgage Insurance
Loan-to-Value (LTV) Ratio[a] Distribution on New Endorsements[b]
By Fiscal Year and Quarter
(Shares in each row add to 100%)

Fiscal Year	Quarter	LTV Categories[a] Up to 90	91-95	96-98[c]	DPA Loans[d]
2007	Oct-Dec	17.7%	16.3%	41.1%	24.9%
	Jan-Mar	19.0	18.3	37.7	25.0
	Apr-Jun	17.7	18.9	39.1	24.2
	Jul-Sep	17.8	19.7	39.2	23.3
2008	Oct-Dec	19.6	22.9	35.3	22.2
	Jan-Mar	21.7	25.6	33.9	18.8
	Apr-Jun	18.4	22.7	40.0	18.8
	Jul-Sep	15.8	19.3	43.5	21.4
2009	Oct-Dec	17.4	21.1	48.8	12.7
	Jan-Mar	20.3	23.4	55.3	1.0
	Apr-Jun	20.8	17.7	61.3	0.2
	Jul-Sep	21.2	11.5	67.1	0.1
2010	Oct-Dec	20.6	10.1	69.1	0.2
	Jan-Mar	23.7	10.9	65.3	0.1
	Apr-Jun	18.6	9.5	71.7	0.2
	Jul-Sep	19.8	10.0	70.1	0.1
2011	Oct-Dec	22.0	11.0	66.9	0.1
	Jan-Mar	24.4	10.4	65.0	0.1
	Apr-Jun	19.2	9.0	71.5	0.2
	Jul-Sep	16.2	8.8	74.7	0.3

[a]In accordance with statutory requirements for determining eligibility of loans for FHA insurance, HUD measures LTV without including any financed mortgage insurance premium in the loan balance. The upfront insurance premium charged since the start of FY 2011 has been 1.00 percent; for FY 2009 and through March 2010 it was 1.75 percent for fully-underwritten loans and 1.50 percent on streamline refinance loans. The premium rate was temporarily raised to 2.25 percent in April 2010, for all loans, for the remainder of FY 2010. Prior to FY 2009, the upfront premium rate varied depending on a number of factors.

[b]Excludes streamline refinance loans.

[c]The statutory maximum LTV since October 1, 2008, is 96.5 percent. Prior to October 1, 2008, the statutory maximum was 97 percent, with higher allowances for borrowers financing loan closing costs into the mortgage balance. If there was such financing, then the statutory maximum was between 97 and 98.15 percent, depending on the geographic location and price of the property.

[d]DPA loans represent downpayment assistance programs that operated through charitable organizations. The large shares of such loans endorsed through FY 2009 Q1 were nearly all from organizations funded by property sellers. Downpayment assistance from seller-financed sources was banned by the Housing and Economic Recovery Act of 2008. Insurance endorsements on DPA loans in FY 2009 primarily represent loans originated prior to October 1, 2008, but endorsed in FY 2009. In this table, DPA loans are classified here as a separate LTV category because their risk profile is substantially different from other loans; however, nearly all DPA loans would be in the 96-98 LTV group. The small percentage of loans in this category that continue into FY 2010 are from truly charitable sources, which are still permitted.

Source: US Dept of HUD, Office of Housing/FHA, Octobrt 2011.

Table B-4
FHA Single-Family Mortgage Insurance
Average Loan-to-Value (LTV) Ratios[a] on New Endorsements
By Fiscal Year, Quarter, and Loan Purpose

Fiscal Year	Quarter	Loan Purpose			
		Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance[b]	All[b]
2007	Oct-Dec	95.91%	86.75%	86.97%	93.48%
	Jan-Mar	95.93	87.03	87.10	93.13
	Apr-Jun	96.07	87.69	87.51	93.43
	Jul-Sep	96.02	88.21	87.56	93.41
2008	Oct-Dec	96.02	88.77	87.88	93.05
	Jan-Mar	96.03	88.86	88.33	92.57
	Apr-Jun	96.18	89.15	88.40	93.32
	Jul-Sep	96.15	89.16	88.00	93.95
2009	Oct-Dec	96.03	89.14	88.83	93.72
	Jan-Mar	95.93	89.38	89.39	93.21
	Apr-Jun	95.71	88.57	87.90	93.12
	Jul-Sep	95.59	86.78	85.83	93.23
2010	Oct-Dec	95.59	86.11	85.22	93.34
	Jan-Mar	95.51	86.19	87.05	92.86
	Apr-Jun	95.64	85.36	86.93	93.57
	Jul-Sep	95.55	85.99	87.96	93.49
2011	Oct-Dec	95.62	87.06	88.94	93.22
	Jan-Mar	95.56	85.68	87.73	92.73
	Apr-Jun	95.73	85.00	86.85	93.67
	Jul-Sep	95.88	85.31	87.50	94.34

[a]In accordance with statutory requirements for determining eligibility of loans for FHA insurance, HUD measures LTV without including any mortgage insurance premium financed in the loan balance. The upfront insurance premium charged since the start of FY 2011 has been 1.00 percent; for FY 2009 and through March 2010 it was 1.75 percent for fully-underwritten loans and 1.50 percent on streamline refinance loans. The premium rate was temporarily raised to 2.25 percent in April 2010, for all loans, for the remainder of FY 2010. Prior to FY 2009, the upfront premium rate varied depending on a number of factors.

[b]These include only fully-underwritten loans and exclude streamline refinancing.

Source: US Dept of HUD, Office of Housing/FHA, October 2011.