

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

September 16-30, 2006

Applications

- After adjustment for seasonality, the annual rate for applications was 588,500 -- down 3.3 percent from early September.
- Actual receipts for this reporting period totaled 23,714.
- 3.9 percent of the applications were to refinance a mortgage.

Endorsements

- 20,531 mortgages were insured in late September, 12,622 purchase money mortgages, 4,188 refinance transactions and 3,721 HECM's.
- 78.9 percent of the home purchases were for first time home buyers and 29.4 percent of these involved minority households.
- 88 percent of the refinance actions required full processing, since 92.7 percent of these involved cash outs. (It should be noted that cash outs have been undercounted since the reporting system did not register the change in the eligible loan to value ratio increase of 95% until this reporting period. However, the fiscal year figures are updated correctly.
- HECM's accounted for 3,721 mortgages -- 18.1 percent of total insurance.
- 1.6 percent of the insured mortgages, other than HECM's had ARM provisions.
- 10,112 mortgages were insured using the Lender Insurance Program.

Automated Underwriting

- During September, 20,779 mortgages were accepted and endorsed using automated insurance procedures. This was 50.3 percent of the insurance transactions for the month.

FHA SINGLE FAMILY OPERATIONS COMMENTS

(Supplement to FHA Outlook)

September 16-30, 2006

During fiscal year 2006, FHA received 635,801 applications for single family insurance. This was 11.5 percent below the level for FY 2005 (718,043). Of the total applications received, 501,894 mortgages were insured, reflecting a fallout of 21 percent, due primarily to withdrawals, cancellations or rejections. Total endorsements were 9.7 percent lower than the 555,557 recorded last year.

Of the total number of mortgages insured, 314,010 were purchase money mortgages -- down 11.3 percent from last year, 111,533 refinanced mortgages (29.6% below fiscal year 2005), and 76,351 HECM's (almost double last years reported 43,131 cases).

With respect to purchase cases, 4 out of every 5 were for first time home buyers and of these 30.6 percent were minority households -- slightly below the 33.1 percent for FY 2005.

For refinance transactions, accounting for 22.2 percent of the cases (down from 29.6 percent last year) only a third could be processed using streamlined procedures. At the beginning of the fiscal year, FHA revised the acceptable loan to value ratio for cash outs from 85 percent to 95 percent. As a result, cash outs, which require full processing, accounted for 69,181 cases out of the 75,128 refinance transactions that required full processing. More specifically, cash outs made up 92.1 percent of the refinance cases that required full processing. This was up from 69 percent last year.

3,849 Section 203k mortgages were endorsed as well as 20,687 Section 234c condominium units -- both slightly less (roughly 1%) than for FY 2005. In addition, during FY 2006, 87,859 mortgages with ARM transactions were insured -- 76,351 (87%) of which were HECM's. ARM's for standard mortgages amounted to 11,528 cases -- only 2.3 percent of total endorsements.

During the fiscal year, the lender insurance program was initiated, and 179,267 mortgages were handled using this procedure. Activity under this program accounted for 35.7 percent of insurance activity.

As for Automated Underwriting, 253,275 were accepted and approved using FHA scorecard -- 50.5 percent of the cases insured. This was slightly higher than the 46.4 percent handled in fiscal year 2005.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

September 16-30, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 588,500 | 608,600 | -3.3% | 570,600 | 3.1% |
| Average per workday | 2,326 | 2,405 | -3.3% | 2,255 | 3.1% |
| Actual | 23,714 | 25,408 | -6.7% | 25,279 | -6.2% |
| % for Refinance (Sep) | 3.9% | 3.0% | 0.9% # | 15.5% | -11.6% # |
| Endorsements: * | | | | | |
| Annual Rate | 492,700 | 499,000 | -1.3% | 541,100 | -8.9% |
| Actual | 20,531 | 20,790 | -1.2% | 22,546 | -8.9% |
| Purchase | 12,622 | 13,074 | -3.5% | 14,852 | -15.0% |
| % Purchase | 61.5% | 62.9% | -1.4% # | 65.9% | -4.4% # |
| 1st Time Home Buyer | 9,958 | 10,259 | -2.9% | 11,846 | -15.9% |
| % 1st Time Home Buyer | 78.9% | 78.5% | 0.4% # | 79.8% | -0.9% # |
| Non-Minority | 6,648 | 6,883 | -3.4% | 7,888 | -15.7% |
| % Non Minority | 66.8% | 67.1% | -0.3% # | 66.6% | 0.2% # |
| Minority | 2,929 | 2,949 | -0.7% | 3,553 | -17.6% |
| % Minority | 29.4% | 28.7% | 0.7% # | 30.0% | -0.6% # |
| Not-Disclosed | 380 | 427 | -11.0% | 404 | -5.9% |
| % Not-Disclosed | 3.8% | 4.2% | -0.3% # | 3.4% | 0.4% # |
| Refinanced | 4,188 | 4,337 | -3.4% | 5,437 | -23.0% |
| % Refinanced | 20.4% | 20.9% | -0.5% # | 24.1% | -3.7% # |
| Streamline | 504 | 522 | -3.4% | 3,442 | -85.4% |
| % Streamline | 12.0% | 12.0% | 0.0% # | 63.3% | -51.3% # |
| Full Process | 3,684 | 3,815 | -3.4% | 1,995 | 84.7% |
| Cash Out | 3,415 | 1,255 | 172.1% | 1,410 | 142.2% |
| % Cash Out | 92.7% | 32.9% | 59.8% # | 70.7% | 22.0% # |
| HECM (all ARM's) | 3,721 | 3,379 | 10.1% | 2,257 | 64.9% |
| % HECM | 18.1% | 16.3% | 1.9% # | 10.0% | 8.1% # |
| HECM Refinance | 210 | 241 | -12.9% | 135 | 55.6% |
| % HECM ARM Refinance | 5.6% | 7.1% | -1.5% # | 6.0% | -0.3% # |
| Section 203(k) | 212 | 161 | 31.7% | 135 | 57.0% |
| Section 234(c) | 766 | 734 | 4.4% | 1,165 | -34.2% |
| % Section 234(c) | 3.7% | 3.5% | 0.2% # | 5.2% | -1.4% # |
| ARM (Excludes HECM ARM) | 326 | 365 | -10.7% | 1,013 | -67.8% |
| % ARM | 1.6% | 1.8% | -0.2% # | 4.5% | -2.9% # |
| Manufactured Housing | 2,083 | 2,050 | 1.6% | 1,597 | 30.4% |
| Interest Buy-down | 143 | 129 | 10.9% | 403 | -64.5% |
| Lender Insurance | 10,112 | 10,605 | -4.6% | 0 | 0.0% |
| Minority | 5,546 | 5,531 | 0.3% | 6,558 | -15.4% |
| % Minority | 27.0% | 26.6% | 0.4% # | 29.1% | -2.1% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Sep) | 20,779 | 24,654 | -15.7% | 21,113 | -1.6% |
| AUS as % of Total Endorsed | 50.3% | 52.5% | -2.2% # | 49.9% | 0.4% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

September 16-30, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 635,801 | 718,043 | -11.5% | 718,043 |
| Endorsements * | 520,000 | 501,894 | 555,557 | -9.7% | 555,557 |
| Purchase | 322,000 | 314,010 | 353,898 | -11.3% | 353,898 |
| % Purchase | 61.9% | 62.6% | 63.7% | -1.1% # | 63.7% |
| 1st Time Home Buyer | 257,000 | 248,893 | 280,121 | -11.1% | 280,121 |
| % 1st Time Home Buyer | 79.8% | 79.3% | 79.2% | 0.1% # | 79.2% |
| Non-Minority | 167,000 | 163,589 | 174,524 | -6.3% | 174,524 |
| % Non Minority | 65.0% | 65.7% | 62.3% | 3.4% # | 62.3% |
| Minority | 80,000 | 76,098 | 92,843 | -18.0% | 92,843 |
| % Minority | 31.1% | 30.6% | 33.1% | -2.6% # | 33.1% |
| Not-Disclosed | 10,000 | 9,166 | 12,656 | -27.6% | 12,656 |
| % Not-Disclosed | 3.9% | 3.7% | 4.5% | -0.8% # | 4.5% |
| Refinanced | 120,000 | 111,533 | 158,528 | -29.6% | 158,528 |
| % Refinanced | 23.1% | 22.2% | 28.5% | -6.3% # | 28.5% |
| Streamline | 47,000 | 36,406 | 113,086 | -67.8% | 113,086 |
| % Streamline | 39.2% | 32.6% | 71.3% | -38.7% # | 71.3% |
| Full Process | 73,000 | 75,128 | 45,442 | 65.3% | 45,442 |
| Cash Out | 30,000 | 69,181 | 31,338 | 120.8% | 31,338 |
| % Cash Out | 41.1% | 92.1% | 69.0% | 23.1% # | 69.0% |
| HECM (all ARM's) | 78,000 | 76,351 | 43,131 | 77.0% | 43,131 |
| % HECM | 15.0% | 15.2% | 7.8% | 7.4% # | 7.8% |
| HECM Refinance | 5,000 | 5,333 | 1,181 | 351.6% | 1,181 |
| % HECM ARM Refinance | 6.4% | 7.0% | 2.7% | 4.2% # | 2.7% |
| Section 203(k) | 2,800 | 3,849 | 2,952 | 30.4% | 2,952 |
| Section 234(c) | 21,000 | 20,687 | 28,998 | -28.7% | 28,998 |
| % Section 234(c) | 4.0% | 4.1% | 5.2% | -1.1% # | 5.2% |
| ARM (Excludes HECM ARM) | 12,000 | 11,528 | 52,430 | -78.0% | 52,430 |
| % ARM | 2.3% | 2.3% | 9.4% | -7.1% # | 2.3% |
| Manufactured Housing | 40,000 | 43,713 | 34,651 | 26.2% | 34,651 |
| Interest Buy-down | 9,000 | 3,985 | 10,400 | -61.7% | 10,400 |
| Lender Insurance | 300,000 | 179,267 | 0 | 0.0% | 0 |
| Minority | 140,000 | 139,715 | 176,334 | -20.8% | 176,334 |
| % Minority | 26.9% | 27.8% | 31.7% | -3.9% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Sep) | 248,000 | 253,275 | 257,514 | -1.6% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 50.5% | 46.4% | 4.1% # | 46.4% |
| Loans Delinquent as of (Sep) ** | 250,000 | 239,255 | 258,298 | -7.4% | 258,298 |
| Claims (Sep) *** | 130,000 | 135,303 | 155,231 | -12.8% | 155,231 |
| Loss Mitigation Retention | 67,000 | 75,528 | 81,037 | -6.8% | 81,037 |
| Loss Mitigation Disposition | 8,000 | 5,244 | 5,832 | -10.1% | 5,832 |
| Other Claims | 55,000 | 54,531 | 68,362 | -20.2% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

September 1-15, 2006

Applications

- After seasonal adjustment, the annual rate for applications was estimated at 608,600 -- down 2.8 percent from late August.
- Actual receipts for this reporting period totaled 25,408 -- off 10.9 percent from the last period.
- So far this year the total applications count is 612,087, almost 11 percent below the total for the same period last year.

Endorsements

- 20,790 mortgages were endorsed, 13,074 purchase money mortgages, 4,337 refinances and 3,379 HECM's.
- Of the purchase transactions that make up 62.9 percent of the transactions, 10,259 mortgages were for first time home owners and of these 67.1 percent were non-minority purchasers, 28.7 percent were minority and 4.2 percent of the home buyers did not disclose their race or ethnicity.
- For refinanced mortgages, only 12 percent were processed using streamline procedures.
- The bulk of the refinanced mortgages (3,815) required full processing and one-third of these were cash out transactions.
- HECM's accounted for 16.3 percent of the total endorsed and so far this year represents 15.1 percent of the business -- about twice as much as last year.
- 3,744 ARM's were endorsed -- 18 percent of the cases insured.
- 10,605 cases were insured using the lender insurance program.

FHA SINGLE FAMILY OPERATIONS COMMENTS

(Supplement to FHA Outlook)

September 1-15, 2006

The typical FHA home insured during August 2006 was valued at \$137,147 and had a mortgage of \$126,344. This mortgage was scheduled to be repaid over 30 years at a monthly rate of \$1,066, which included debt service, real estate taxes, hazard insurance and FHA insurance premium.

The typical new home owner was 37 years of age and had a monthly income of \$4,040 and whose mortgage had an interest rate of 6.35 percent. The total fixed payment each month including the housing expense and other debt was \$1,611.

The single family dwelling securing this mortgage was on a lot of 7,787 square feet and contained 1,398 square feet of improved living area. It had 6 rooms, 3 bedrooms and 1.6 bathrooms. More than 60 percent of the FHA insured homes had space for 2 cars in garages or carports.

It is interesting to note that 46 percent of the home buyers were not married (single, divorced or widowed). They were about equally divided between male (22.7%) and female (23.8%). In addition, 3.5 percent of the single males had one or more dependents and 7.2 percent of the females had dependents

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

September 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 608,600 | 625,900 | -2.8% | 636,300 | -4.4% |
| Average per workday | 2,405 | 2,474 | -2.8% | 2,515 | -4.4% |
| Actual | 25,408 | 28,530 | -10.9% | 26,473 | -4.0% |
| % for Refinance (Aug) | 3.0% | 2.5% | 0.5% # | 13.7% | -10.7% # |
| Endorsements: * | | | | | |
| Annual Rate | 499,000 | 577,200 | -13.5% | 475,300 | 5.0% |
| Actual | 20,790 | 24,050 | -13.6% | 19,806 | 5.0% |
| Purchase | 13,074 | 15,395 | -15.1% | 13,196 | -0.9% |
| % Purchase | 62.9% | 64.0% | -1.1% # | 66.6% | -3.7% # |
| 1st Time Home Buyer | 10,259 | 12,192 | -15.9% | 10,484 | -2.1% |
| % 1st Time Home Buyer | 78.5% | 79.2% | -0.7% # | 79.4% | -1.0% # |
| Non-Minority | 6,883 | 8,219 | -16.3% | 6,874 | 0.1% |
| % Non Minority | 67.1% | 67.4% | -0.3% # | 65.6% | 1.5% # |
| Minority | 2,949 | 3,476 | -15.2% | 3,212 | -8.2% |
| % Minority | 28.7% | 28.5% | 0.2% # | 30.6% | -1.9% # |
| Not-Disclosed | 427 | 497 | -14.1% | 390 | 9.5% |
| % Not-Disclosed | 4.2% | 4.1% | 0.1% # | 3.7% | 0.4% # |
| Refinanced | 4,337 | 4,946 | -12.3% | 4,799 | -9.6% |
| % Refinanced | 20.9% | 20.6% | 0.3% # | 24.2% | -3.4% # |
| Streamline | 522 | 573 | -8.9% | 3,048 | -82.9% |
| % Streamline | 12.0% | 11.6% | 0.5% # | 63.5% | -51.5% # |
| Full Process | 3,815 | 4,373 | -12.8% | 1,751 | 117.9% |
| Cash Out | 1,255 | 1,437 | -12.7% | 1,202 | 4.4% |
| % Cash Out | 32.9% | 32.9% | 0.0% # | 68.6% | -35.8% # |
| HECM | 3,379 | 3,709 | -8.9% | 1,811 | 86.6% |
| % HECM | 16.3% | 15.4% | 0.8% # | 9.1% | 7.1% # |
| Section 203(k) | 110 | 130 | -15.4% | 99 | 11.1% |
| Section 234(c) | 734 | 931 | -21.2% | 1,077 | -31.8% |
| % Section 234(c) | 3.5% | 3.9% | -0.3% # | 5.4% | -1.9% # |
| ARM | 3,744 | 4,156 | -9.9% | 2,759 | 35.7% |
| % ARM | 18.0% | 17.3% | 0.7% # | 13.9% | 4.1% # |
| Manufactured Housing | 2,050 | 2,233 | -8.2% | 1,482 | 38.3% |
| Interest Buy-down | 129 | 195 | -33.8% | 325 | -60.3% |
| Lender Insurance | 10,605 | 12,105 | -12.4% | 0 | 0.0% |
| Minority | 5,531 | 6,282 | -12.0% | 5,827 | -5.1% |
| % Minority | 26.6% | 26.1% | 0.5% # | 29.4% | -2.8% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Aug) | 24,654 | 21,776 | 13.2% | 25,096 | -1.8% |
| AUS as % of Total Endorsed | 52.5% | 52.9% | -0.4% # | 48.5% | 4.0% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

September 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 612,087 | 692,764 | -11.6% | 718,043 |
| Endorsements * | 520,000 | 481,413 | 533,092 | -9.7% | 555,557 |
| Purchase | 322,000 | 301,408 | 339,084 | -11.1% | 353,898 |
| % Purchase | 61.9% | 62.6% | 63.6% | -1.0% # | 63.7% |
| 1st Time Home Buyer | 257,000 | 238,939 | 268,283 | -10.9% | 280,121 |
| % 1st Time Home Buyer | 79.8% | 79.3% | 79.1% | 0.2% # | 79.2% |
| Non-Minority | 167,000 | 156,954 | 166,652 | -5.8% | 174,524 |
| % Non Minority | 65.0% | 65.7% | 62.1% | 3.6% # | 62.3% |
| Minority | 80,000 | 73,172 | 89,303 | -18.1% | 92,843 |
| % Minority | 31.1% | 30.6% | 33.3% | -2.7% # | 33.1% |
| Not-Disclosed | 10,000 | 8,786 | 12,252 | -28.3% | 12,656 |
| % Not-Disclosed | 3.9% | 3.7% | 4.6% | -0.9% # | 4.5% |
| Refinanced | 120,000 | 107,365 | 153,121 | -29.9% | 158,528 |
| % Refinanced | 23.1% | 22.3% | 28.7% | -6.4% # | 28.5% |
| Streamline | 47,000 | 35,907 | 109,664 | -67.3% | 113,086 |
| % Streamline | 39.2% | 33.4% | 71.6% | -38.2% # | 71.3% |
| Full Process | 73,000 | 71,458 | 43,457 | 64.4% | 45,442 |
| Cash Out | 30,000 | 29,580 | 29,936 | -1.2% | 31,338 |
| % Cash Out | 41.1% | 41.4% | 68.9% | -27.5% # | 69.0% |
| HECM | 78,000 | 72,640 | 40,887 | 77.7% | 43,131 |
| % HECM | 15.0% | 15.1% | 7.7% | 7.4% # | 7.8% |
| Section 203(k) | 2,800 | 2,781 | 2,819 | -1.3% | 2,952 |
| Section 234(c) | 21,000 | 19,905 | 27,842 | -28.5% | 28,998 |
| % Section 234(c) | 4.0% | 4.1% | 5.2% | -1.1% # | 5.2% |
| ARM | 90,000 | 83,804 | 92,303 | -9.2% | 95,561 |
| % ARM | 17.3% | 17.4% | 17.3% | 0.1% # | 17.2% |
| Manufactured Housing | 40,000 | 41,632 | 33,152 | 25.6% | 34,651 |
| Interest Buy-down | 9,000 | 3,831 | 9,993 | -61.7% | 10,400 |
| Lender Insurance | 300,000 | 168,986 | 0 | 0.0% | 0 |
| Minority | 140,000 | 134,182 | 169,803 | -21.0% | 176,334 |
| % Minority | 26.9% | 27.9% | 31.9% | -4.0% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Aug) | 248,000 | 232,516 | 236,429 | -1.7% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 50.5% | 46.1% | 4.4% # | 46.4% |
| Loans Delinquent as of (Jul) ** | 250,000 | 237,768 | 249,090 | -4.5% | 258,298 |
| Claims (Aug) *** | 130,000 | 124,389 | 143,906 | -13.6% | 155,231 |
| Loss Mitigation Retention | 67,000 | 69,030 | 75,067 | -8.0% | 81,037 |
| Loss Mitigation Disposition | 8,000 | 4,860 | 5,335 | -8.9% | 5,832 |
| Other Claims | 55,000 | 50,499 | 63,504 | -20.5% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

August 16-31, 2006

Applications

- After seasonal adjustment, the annual rate for applications was 695,900, one percent over the 619,600 reported for early August.
- Actual receipts totaled 28,530 for this reporting period -- almost 2 percent above the prior period and the best since the June 15th report.
- During August, 3 percent of the applications were refinance transactions.

Endorsements

- 24,050 mortgages were endorsed, the best recording since May 15th.
- This included 15,395 purchase mortgages, 4,946 refinance transactions and 3,709 HECM's.
- 79.2 percent of the purchase money mortgages were for first time home owners and 28.5 percent of these were for minority owner households.
- 20.6 percent of the endorsements were refinance actions and 11.6 percent could be processed using streamline procedures.
- However, the bulk of the refi's required full processing because they were cash outs or for increased mortgage amounts.
- HECM's accounted for 15.4 percent of the insurance endorsements.
- ARM's made up 17.3 percent of the insurance activity.

Automated Underwriting

- During August, 24,654 endorsements were accepted and insured using the FHA scorecard -- that was 52.5 percent of the cases insured for the month.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

August 16-31, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 625,900 | 619,600 | 1.0% | 607,000 | 3.1% |
| Average per workday | 2,474 | 2,449 | 1.0% | 2,400 | 3.1% |
| Actual | 28,530 | 28,001 | 1.9% | 29,971 | -4.8% |
| % for Refinance (Aug) | 3.0% | 2.5% | 0.5% # | 13.7% | -10.7% # |
| Endorsements: * | | | | | |
| Annual Rate | 577,200 | 550,500 | 4.9% | 669,300 | -13.8% |
| Actual | 24,050 | 22,939 | 4.8% | 27,887 | -13.8% |
| Purchase | 15,395 | 14,758 | 4.3% | 17,682 | -12.9% |
| % Purchase | 64.0% | 64.3% | -0.3% # | 63.4% | 0.6% # |
| 1st Time Home Buyer | 12,192 | 11,577 | 5.3% | 13,996 | -12.9% |
| % 1st Time Home Buyer | 79.2% | 78.4% | 0.7% # | 79.2% | 0.0% # |
| Non-Minority | 8,219 | 7,987 | 2.9% | 9,131 | -10.0% |
| % Non Minority | 67.4% | 69.0% | -1.6% # | 65.2% | 2.2% # |
| Minority | 3,476 | 3,183 | 9.2% | 4,364 | -20.3% |
| % Minority | 28.5% | 27.5% | 1.0% # | 31.2% | -2.7% # |
| Not-Disclosed | 497 | 405 | 22.7% | 496 | 0.2% |
| % Not-Disclosed | 4.1% | 3.5% | 0.6% # | 3.5% | 0.5% # |
| Refinanced | 4,946 | 4,663 | 6.1% | 6,710 | -26.3% |
| % Refinanced | 20.6% | 20.3% | 0.2% # | 24.1% | -3.5% # |
| Streamline | 573 | 625 | -8.3% | 4,594 | -87.5% |
| % Streamline | 11.6% | 13.4% | -1.8% # | 68.5% | -56.9% # |
| Full Process | 4,373 | 4,038 | 8.3% | 2,116 | 106.7% |
| Cash Out | 1,437 | 1,332 | 7.9% | 1,455 | -1.2% |
| % Cash Out | 32.9% | 33.0% | -0.1% # | 68.8% | -35.9% # |
| HECM | 3,709 | 3,518 | 5.4% | 3,495 | 6.1% |
| % HECM | 15.4% | 15.3% | 0.1% # | 12.5% | 2.9% # |
| Section 203(k) | 130 | 136 | -4.4% | 112 | 16.1% |
| Section 234(c) | 931 | 870 | 7.0% | 1,345 | -30.8% |
| % Section 234(c) | 3.9% | 3.8% | 0.1% # | 4.8% | -1.0% # |
| ARM | 4,156 | 3,907 | 6.4% | 4,828 | -13.9% |
| % ARM | 17.3% | 17.0% | 0.2% # | 17.3% | 0.0% # |
| Manufactured Housing | 2,233 | 2,124 | 5.1% | 1,878 | 18.9% |
| Interest Buy-down | 195 | 147 | 32.7% | 603 | -67.7% |
| Lender Insurance | 12,105 | 11,080 | 9.3% | 0 | 0.0% |
| Minority | 6,282 | 5,824 | 7.9% | 8,281 | -24.1% |
| % Minority | 26.1% | 25.4% | 0.7% # | 29.7% | -3.6% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Aug) | 24,654 | 21,776 | 13.2% | 25,096 | -1.8% |
| AUS as % of Total Endorsed | 52.5% | 52.9% | -0.4% # | 48.5% | 4.0% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

August 16-31, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 586,679 | 666,291 | -11.9% | 718,043 |
| Endorsements * | 520,000 | 460,623 | 513,286 | -10.3% | 555,557 |
| Purchase | 322,000 | 288,334 | 325,888 | -11.5% | 353,898 |
| % Purchase | 61.9% | 62.6% | 63.5% | -0.9% # | 63.7% |
| 1st Time Home Buyer | 257,000 | 228,680 | 257,799 | -11.3% | 280,121 |
| % 1st Time Home Buyer | 79.8% | 79.3% | 79.1% | 0.2% # | 79.2% |
| Non-Minority | 167,000 | 150,071 | 159,778 | -6.1% | 174,524 |
| % Non Minority | 65.0% | 65.6% | 62.0% | 3.6% # | 62.3% |
| Minority | 80,000 | 70,223 | 86,091 | -18.4% | 92,843 |
| % Minority | 31.1% | 30.7% | 33.4% | -2.7% # | 33.1% |
| Not-Disclosed | 10,000 | 8,359 | 11,862 | -29.5% | 12,656 |
| % Not-Disclosed | 3.9% | 3.7% | 4.6% | -0.9% # | 4.5% |
| Refinanced | 120,000 | 103,028 | 148,322 | -30.5% | 158,528 |
| % Refinanced | 23.1% | 22.4% | 28.9% | -6.5% # | 28.5% |
| Streamline | 47,000 | 35,385 | 106,616 | -66.8% | 113,086 |
| % Streamline | 39.2% | 34.3% | 71.9% | -37.5% # | 71.3% |
| Full Process | 73,000 | 67,643 | 41,706 | 62.2% | 45,442 |
| Cash Out | 30,000 | 28,325 | 28,734 | -1.4% | 31,338 |
| % Cash Out | 41.1% | 41.9% | 68.9% | -27.0% # | 69.0% |
| HECM | 78,000 | 69,261 | 39,076 | 77.2% | 43,131 |
| % HECM | 15.0% | 15.0% | 7.6% | 7.4% # | 7.8% |
| Section 203(k) | 2,800 | 2,671 | 2,720 | -1.8% | 2,952 |
| Section 234(c) | 21,000 | 19,171 | 26,765 | -28.4% | 28,998 |
| % Section 234(c) | 4.0% | 4.2% | 5.2% | -1.1% # | 5.2% |
| ARM | 90,000 | 80,060 | 89,544 | -10.6% | 95,561 |
| % ARM | 17.3% | 17.4% | 17.4% | -0.1% # | 17.2% |
| Manufactured Housing | 40,000 | 39,582 | 31,670 | 25.0% | 34,651 |
| Interest Buy-down | 9,000 | 3,702 | 9,668 | -61.7% | 10,400 |
| Lender Insurance | 300,000 | 158,381 | 0 | 0.0% | 0 |
| Minority | 140,000 | 128,651 | 163,976 | -21.5% | 176,334 |
| % Minority | 26.9% | 27.9% | 31.9% | -4.0% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Aug) | 248,000 | 232,516 | 236,429 | -1.7% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 50.5% | 46.1% | 4.4% # | 46.4% |
| Loans Delinquent as of (Jul) ** | 250,000 | 237,320 | 247,109 | -4.0% | 258,298 |
| Claims (Aug) *** | 130,000 | 124,389 | 143,906 | -13.6% | 155,231 |
| Loss Mitigation Retention | 67,000 | 69,030 | 75,067 | -8.0% | 81,037 |
| Loss Mitigation Disposition | 8,000 | 4,860 | 5,335 | -8.9% | 5,832 |
| Other Claims | 55,000 | 50,499 | 63,504 | -20.5% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

August 1-15, 2006

Applications

- After seasonal adjustment, applications were recorded at an annual rate of 619,600 -- slightly higher than the 603,400 rate for late July.
- Actual receipts totaled 28,001 -- 5.1 percent above the last reporting period.
- During July, only 2.5 percent of the applications involved a refinanced transaction

Endorsements

- During this reporting period, 22,939 mortgages were endorsed -- 14,758 purchase money mortgages, 4,663 refinances and 3,518 HECM's.
- Compared with annual activity a year ago, purchase transaction were off 11.4 percent, refinance down 30.7 percent while HECM's were up 84.2 percent.
- 20.3 percent of the mortgages were refinances and of those only 13.4 percent were handled with streamlined procedures.
- Most of the refi's had to be fully processed because of increased mortgage amount or cash outs. Cash outs involved one third of these transactions.
- 17 percent of the endorsed mortgages had ARM provisions.
- Minority activity continue its slow decline -- now accounting for 25.4 percent of the cases.

FHA SINGLE FAMILY OPERATIONS COMMENTS

(Supplement to FHA Outlook)

August 1-15, 2006

A recent study suggests that mortgages involving non-profit seller supported gift assistance are more prone to default. This is not necessarily true for mortgages involving parent or relative gifts.

A recent review of FHA data indicated the product mix of FHA mortgages is improving in this respect. For example, during fiscal year 2005, roughly one out of every three purchase money mortgages involved gifts from non-profit organizations. Then in February 2006, this group of mortgages totaled 35.9 percent. However, since then that share has steadily declined each month and stood at 25.5 percent for July 2006.

Undoubtedly, this decline is in response to the IRS ruling, issued May 4, 2006, regarding the eligibility of non-profit organizations exemption from income tax under Section 503(C)(3) of the code, and FHA's subsequent guidance mortgagee letter of May 26, 2006, on a charitable organizations gift acceptability as a source of the down payment.

Many lenders are shying away from some non-profit assistance down payments because of the uncertainty of some non-profit status with IRS, even before some of these non-profits are reviewed.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

August 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 619,600 | 603,400 | 2.7% | 653,200 | -5.1% |
| Average per workday | 2,449 | 2,385 | 2.7% | 2,582 | -5.2% |
| Actual | 28,001 | 26,653 | 5.1% | 29,237 | -4.2% |
| % for Refinance (Jul) | 2.5% | 2.9% | -0.4% # | 17.4% | -14.9% # |
| Endorsements: * | | | | | |
| Annual Rate | 550,500 | 558,000 | -1.3% | 571,900 | -3.7% |
| Actual | 22,939 | 23,250 | -1.3% | 23,828 | -3.7% |
| Purchase | 14,758 | 14,819 | -0.4% | 15,930 | -7.4% |
| % Purchase | 64.3% | 63.7% | 0.6% # | 66.9% | -2.5% # |
| 1st Time Home Buyer | 11,577 | 11,744 | -1.4% | 12,624 | -8.3% |
| % 1st Time Home Buyer | 78.4% | 79.2% | -0.8% # | 79.2% | -0.8% # |
| Non-Minority | 7,987 | 7,949 | 0.5% | 7,963 | 0.3% |
| % Non Minority | 69.0% | 67.7% | 1.3% # | 63.1% | 5.9% # |
| Minority | 3,183 | 3,351 | -5.0% | 4,180 | -23.9% |
| % Minority | 27.5% | 28.5% | -1.0% # | 33.1% | -5.6% # |
| Not-Disclosed | 405 | 439 | -7.7% | 480 | -15.6% |
| % Not-Disclosed | 3.5% | 3.7% | -0.2% # | 3.8% | -0.3% # |
| Refinanced | 4,663 | 4,621 | 0.9% | 5,861 | -20.4% |
| % Refinanced | 20.3% | 19.9% | 0.5% # | 24.6% | -4.3% # |
| Streamline | 625 | 670 | -6.7% | 3,918 | -84.0% |
| % Streamline | 13.4% | 14.5% | -1.1% # | 66.8% | -53.4% # |
| Full Process | 4,038 | 3,951 | 2.2% | 1,943 | 107.8% |
| Cash Out | 1,332 | 1,285 | 3.7% | 1,359 | -2.0% |
| % Cash Out | 33.0% | 32.5% | 0.5% # | 69.9% | -37.0% # |
| HECM | 3,518 | 3,810 | -7.7% | 2,037 | 72.7% |
| % HECM | 15.3% | 16.4% | -1.1% # | 8.5% | 6.8% # |
| Section 203(k) | 136 | 138 | -1.4% | 101 | 34.7% |
| Section 234(c) | 870 | 837 | 3.9% | 1,123 | -22.5% |
| % Section 234(c) | 3.8% | 3.6% | 0.2% # | 4.7% | -0.9% # |
| ARM | 3,907 | 4,245 | -8.0% | 3,383 | 15.5% |
| % ARM | 17.0% | 18.3% | -1.2% # | 14.2% | 2.8% # |
| Manufactured Housing | 2,124 | 2,173 | -2.3% | 1,654 | 28.4% |
| Interest Buy-down | 147 | 175 | -16.0% | 536 | -72.6% |
| Lender Insurance | 11,080 | 10,862 | 2.0% | 0 | 0.0% |
| Minority | 5,824 | 6,134 | -5.1% | 7,339 | -20.6% |
| % Minority | 25.4% | 26.4% | -1.0% # | 30.8% | -5.4% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jul) | 21,776 | 24,251 | -10.2% | 20,986 | 3.8% |
| AUS as % of Total Endorsed | 52.9% | 52.3% | 0.6% # | 49.3% | 3.6% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

August 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 558,149 | 636,320 | -12.3% | 718,043 |
| Endorsements * | 520,000 | 436,573 | 485,399 | -10.1% | 555,557 |
| Purchase | 322,000 | 272,939 | 308,206 | -11.4% | 353,898 |
| % Purchase | 61.9% | 62.5% | 63.5% | -1.0% # | 63.7% |
| 1st Time Home Buyer | 257,000 | 216,489 | 243,805 | -11.2% | 280,121 |
| % 1st Time Home Buyer | 79.8% | 79.3% | 79.1% | 0.2% # | 79.2% |
| Non-Minority | 167,000 | 141,852 | 150,647 | -5.8% | 174,524 |
| % Non Minority | 65.0% | 65.5% | 61.8% | 3.7% # | 62.3% |
| Minority | 80,000 | 66,747 | 81,727 | -18.3% | 92,843 |
| % Minority | 31.1% | 30.8% | 33.5% | -2.7% # | 33.1% |
| Not-Disclosed | 10,000 | 7,862 | 11,366 | -30.8% | 12,656 |
| % Not-Disclosed | 3.9% | 3.6% | 4.7% | -1.0% # | 4.5% |
| Refinanced | 120,000 | 98,082 | 141,612 | -30.7% | 158,528 |
| % Refinanced | 23.1% | 22.5% | 29.2% | -6.7% # | 28.5% |
| Streamline | 47,000 | 34,812 | 102,022 | -65.9% | 113,086 |
| % Streamline | 39.2% | 35.5% | 72.0% | -36.6% # | 71.3% |
| Full Process | 73,000 | 63,270 | 39,590 | 59.8% | 45,442 |
| Cash Out | 30,000 | 26,888 | 27,279 | -1.4% | 31,338 |
| % Cash Out | 41.1% | 42.5% | 68.9% | -26.4% # | 69.0% |
| HECM | 78,000 | 65,552 | 35,581 | 84.2% | 43,131 |
| % HECM | 15.0% | 15.0% | 7.3% | 7.7% # | 7.8% |
| Section 203(k) | 2,800 | 2,541 | 2,608 | -2.6% | 2,952 |
| Section 234(c) | 21,000 | 18,240 | 25,420 | -28.2% | 28,998 |
| % Section 234(c) | 4.0% | 4.2% | 5.2% | -1.1% # | 5.2% |
| ARM | 90,000 | 75,904 | 84,716 | -10.4% | 95,561 |
| % ARM | 17.3% | 17.4% | 17.5% | -0.1% # | 17.2% |
| Manufactured Housing | 40,000 | 37,349 | 29,792 | 25.4% | 34,651 |
| Interest Buy-down | 9,000 | 3,507 | 9,065 | -61.3% | 10,400 |
| Lender Insurance | 300,000 | 146,276 | 0 | 0.0% | 0 |
| Minority | 140,000 | 122,369 | 155,695 | -21.4% | 176,334 |
| % Minority | 26.9% | 28.0% | 32.1% | -4.0% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jul) | 248,000 | 207,862 | 211,333 | -1.6% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 50.3% | 45.8% | 4.5% # | 46.4% |
| Loans Delinquent as of (Jul) ** | 250,000 | 237,320 | 247,109 | -4.0% | 258,298 |
| Claims (Jul) *** | 130,000 | 111,418 | 131,822 | -15.5% | 155,231 |
| Loss Mitigation Retention | 67,000 | 61,066 | 69,203 | -11.8% | 81,037 |
| Loss Mitigation Disposition | 8,000 | 4,386 | 4,865 | -9.8% | 5,832 |
| Other Claims | 55,000 | 45,966 | 57,754 | -20.4% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

July 16-31, 2006

Applications

- 26,653 applications were received during late July -- 18 percent above the prior report period.
- On an annual basis, after seasonal adjustment, the annual rate was recorded at 603,400 -- almost 5 percent higher than for early July.
- Only 2.5 percent of the applications involved refinancing actions.

Endorsements

- 23,250 mortgages were endorsed -- 14,819 involving the purchase of a home, 4,621 to refinance a mortgage and 3,810 HECM's.
- 79.2 percent of the purchase transactions were for first time home buyers.
- 4,621 mortgages were refinanced and account for 19.9 percent of the total endorsement volume.
- 14.5 percent of the refinanced mortgages were handled using streamline procedures.
- The bulk of the refinancing required full underwriting since they involved cash outs or were for higher mortgage amounts.
- HECM's accounted for 16.4 percent of insurance activity.
- Section 234c condominium loans numbered 837, only accounting for 3.6 percent of FHA business.
- ARM's continue to increase -- making up 18.3 percent of total insurance activity.

Automated Underwriting

- 21,776 mortgages were accepted and endorsed using the FHA scorecard. This accounted for 52.9 percent of insurance activity.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

July 16-31, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 603,400 | 575,200 | 4.9% | 698,600 | -13.6% |
| Average per workday | 2,385 | 2,274 | 4.9% | 2,761 | -13.6% |
| Actual | 26,653 | 22,588 | 18.0% | 28,007 | -4.8% |
| % for Refinance (Jul) | 2.5% | 2.9% | -0.4% # | 17.4% | -14.9% # |
| Endorsements: * | | | | | |
| Annual Rate | 558,000 | 429,500 | 29.9% | 530,100 | 5.3% |
| Actual | 23,250 | 17,896 | 29.9% | 22,087 | 5.3% |
| Purchase | 14,819 | 11,724 | 26.4% | 14,645 | 1.2% |
| % Purchase | 63.7% | 65.5% | -1.8% # | 66.3% | -2.6% # |
| 1st Time Home Buyer | 11,744 | 9,235 | 27.2% | 11,614 | 1.1% |
| % 1st Time Home Buyer | 79.2% | 78.8% | 0.5% # | 79.3% | -0.1% # |
| Non-Minority | 7,949 | 6,272 | 26.7% | 7,473 | 6.4% |
| % Non Minority | 67.7% | 67.9% | -0.2% # | 64.3% | 3.3% # |
| Minority | 3,351 | 2,639 | 27.0% | 3,663 | -8.5% |
| % Minority | 28.5% | 28.6% | 0.0% # | 31.5% | -3.0% # |
| Not-Disclosed | 439 | 319 | 37.6% | 477 | -8.0% |
| % Not-Disclosed | 3.7% | 3.5% | 0.3% # | 4.1% | -0.4% # |
| Refinanced | 4,621 | 3,607 | 28.1% | 5,834 | -20.8% |
| % Refinanced | 19.9% | 20.2% | -0.3% # | 26.4% | -6.5% # |
| Streamline | 670 | 583 | 14.9% | 4,120 | -83.7% |
| % Streamline | 14.5% | 16.2% | -1.7% # | 70.6% | -56.1% # |
| Full Process | 3,951 | 3,024 | 30.7% | 1,714 | 130.5% |
| Cash Out | 1,285 | 987 | 30.2% | 1,195 | 7.5% |
| % Cash Out | 32.5% | 32.6% | -0.1% # | 69.7% | -37.2% # |
| HECM | 3,810 | 2,565 | 48.5% | 1,608 | 136.9% |
| % HECM | 16.4% | 14.3% | 2.1% # | 7.3% | 9.1% # |
| Section 203(k) | 138 | 101 | 36.6% | 112 | 23.2% |
| Section 234(c) | 837 | 737 | 13.6% | 1,110 | -24.6% |
| % Section 234(c) | 3.6% | 4.1% | -0.5% # | 5.0% | -1.4% # |
| ARM | 4,245 | 2,924 | 45.2% | 2,916 | 45.6% |
| % ARM | 18.3% | 16.3% | 1.9% # | 13.2% | 5.1% # |
| Manufactured Housing | 2,173 | 1,643 | 32.3% | 1,495 | 45.4% |
| Interest Buy-down | 175 | 113 | 54.9% | 328 | -46.6% |
| Lender Insurance | 10,862 | 8,830 | 23.0% | 0 | 0.0% |
| Minority | 6,134 | 4,638 | 32.3% | 6,674 | -8.1% |
| % Minority | 26.4% | 25.9% | 0.5% # | 30.2% | -3.8% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jul) | 21,776 | 24,251 | -10.2% | 20,986 | 3.8% |
| AUS as % of Total Endorsed | 52.9% | 52.3% | 0.6% # | 49.3% | 3.6% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

July 16-31, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 530,148 | 607,083 | -12.7% | 718,043 |
| Endorsements * | 520,000 | 413,634 | 461,571 | -10.4% | 555,557 |
| Purchase | 322,000 | 258,181 | 292,276 | -11.7% | 353,898 |
| % Purchase | 61.9% | 62.4% | 63.3% | -0.9% # | 63.7% |
| 1st Time Home Buyer | 257,000 | 204,912 | 231,202 | -11.4% | 280,121 |
| % 1st Time Home Buyer | 79.8% | 79.4% | 79.1% | 0.3% # | 79.2% |
| Non-Minority | 167,000 | 133,865 | 142,684 | -6.2% | 174,524 |
| % Non Minority | 65.0% | 65.3% | 61.7% | 3.6% # | 62.3% |
| Minority | 80,000 | 63,564 | 77,547 | -18.0% | 92,843 |
| % Minority | 31.1% | 31.0% | 33.5% | -2.5% # | 33.1% |
| Not-Disclosed | 10,000 | 7,457 | 10,886 | -31.5% | 12,656 |
| % Not-Disclosed | 3.9% | 3.6% | 4.7% | -1.1% # | 4.5% |
| Refinanced | 120,000 | 93,419 | 135,751 | -31.2% | 158,528 |
| % Refinanced | 23.1% | 22.6% | 29.4% | -6.8% # | 28.5% |
| Streamline | 47,000 | 34,187 | 98,104 | -65.2% | 113,086 |
| % Streamline | 39.2% | 36.6% | 72.3% | -35.7% # | 71.3% |
| Full Process | 73,000 | 59,232 | 37,647 | 57.3% | 45,442 |
| Cash Out | 30,000 | 25,556 | 25,920 | -1.4% | 31,338 |
| % Cash Out | 41.1% | 43.1% | 68.9% | -25.7% # | 69.0% |
| HECM | 78,000 | 62,034 | 33,544 | 84.9% | 43,131 |
| % HECM | 15.0% | 15.0% | 7.3% | 7.7% # | 7.8% |
| Section 203(k) | 2,800 | 2,405 | 2,507 | -4.1% | 2,952 |
| Section 234(c) | 21,000 | 17,370 | 24,297 | -28.5% | 28,998 |
| % Section 234(c) | 4.0% | 4.2% | 5.3% | -1.1% # | 5.2% |
| ARM | 90,000 | 71,997 | 81,333 | -11.5% | 95,561 |
| % ARM | 17.3% | 17.4% | 17.6% | -0.2% # | 17.2% |
| Manufactured Housing | 40,000 | 35,225 | 28,138 | 25.2% | 34,651 |
| Interest Buy-down | 9,000 | 3,360 | 8,529 | -60.6% | 10,400 |
| Lender Insurance | 300,000 | 135,196 | 0 | 0.0% | 0 |
| Minority | 140,000 | 116,545 | 148,356 | -21.4% | 176,334 |
| % Minority | 26.9% | 28.2% | 32.1% | -4.0% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jul) | 248,000 | 207,862 | 211,333 | -1.6% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 50.3% | 45.8% | 4.5% # | 46.4% |
| Loans Delinquent as of (Jun) ** | 250,000 | 236,496 | 246,037 | -3.9% | 258,298 |
| Claims (Jul) *** | 130,000 | 111,418 | 131,822 | -15.5% | 155,231 |
| Loss Mitigation Retention | 67,000 | 61,066 | 69,203 | -11.8% | 81,037 |
| Loss Mitigation Disposition | 8,000 | 4,386 | 4,865 | -9.8% | 5,832 |
| Other Claims | 55,000 | 45,966 | 57,754 | -20.4% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

July 1-15, 2006

Applications

- In early July, the application annual rate fell 14.9 percent to 575,200 -- 23 percent lower than for the same period last year.
- By actual count, 22,588 applications were received during this reporting period

Endorsements

- 17,896 mortgages were endorsed for insurance. 11,724 purchase money mortgages, 3,607 refinanced transactions and 2,565 HECM's.
- 78.8 percent of the purchase cases were for first time home buyers. Of these, 28.6 percent were for minority households. 3.5 percent of the home purchasers refused to disclose their race or ethnicity.
- With respect to refinanced mortgages, only 16.2 percent could be handled using streamlined procedures.
- Most of the refi's required full underwriting and a third of those were cash-out deals.
- HECM's accounted for 14.3 percent of the current endorsements.
- 16.3 percent of the insured mortgages had ARM provisions.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

July 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 575,200 | 676,100 | -14.9% | 753,100 | -23.6% |
| Average per workday | 2,274 | 2,672 | -14.9% | 2,977 | -23.6% |
| Actual | 22,588 | 28,467 | -20.7% | 29,763 | -24.1% |
| % for Refinance (Jun) | 2.9% | 3.5% | -0.6% # | 20.0% | -17.1% # |
| Endorsements: * | | | | | |
| Annual Rate | 429,500 | 558,800 | -23.1% | 491,200 | -12.6% |
| Actual | 17,896 | 23,284 | -23.1% | 20,465 | -12.6% |
| Purchase | 11,724 | 15,016 | -21.9% | 13,916 | -15.8% |
| % Purchase | 65.5% | 64.5% | 1.0% # | 68.0% | -2.5% # |
| 1st Time Home Buyer | 9,235 | 11,910 | -22.5% | 11,101 | -16.8% |
| % 1st Time Home Buyer | 78.8% | 79.3% | -0.5% # | 79.8% | -1.0% # |
| Non-Minority | 6,272 | 7,979 | -21.4% | 7,150 | -12.3% |
| % Non Minority | 67.9% | 67.0% | 0.9% # | 64.4% | 3.5% # |
| Minority | 2,639 | 3,484 | -24.3% | 3,532 | -25.3% |
| % Minority | 28.6% | 29.3% | -0.7% # | 31.8% | -3.2% # |
| Not-Disclosed | 319 | 448 | -28.8% | 415 | -23.1% |
| % Not-Disclosed | 3.5% | 3.8% | -0.3% # | 3.7% | -0.3% # |
| Refinanced | 3,607 | 4,942 | -27.0% | 5,017 | -28.1% |
| % Refinanced | 20.2% | 21.2% | -1.1% # | 24.5% | -4.4% # |
| Streamline | 583 | 861 | -32.3% | 3,452 | -83.1% |
| % Streamline | 16.2% | 17.4% | -1.3% # | 68.8% | -52.6% # |
| Full Process | 3,024 | 4,081 | -25.9% | 1,565 | 93.2% |
| Cash Out | 987 | 1,373 | -28.1% | 1,093 | -9.7% |
| % Cash Out | 32.6% | 33.6% | -1.0% # | 69.8% | -37.2% # |
| HECM | 2,565 | 3,326 | -22.9% | 1,532 | 67.4% |
| % HECM | 14.3% | 14.3% | 0.0% # | 7.5% | 6.8% # |
| Section 203(k) | 101 | 164 | -38.4% | 83 | 21.7% |
| Section 234(c) | 737 | 951 | -22.5% | 1,075 | -31.4% |
| % Section 234(c) | 4.1% | 4.1% | 0.0% # | 5.3% | -1.1% # |
| ARM | 2,924 | 3,762 | -22.3% | 2,829 | 3.4% |
| % ARM | 16.3% | 16.2% | 0.2% # | 13.8% | 2.5% # |
| Manufactured Housing | 1,643 | 2,062 | -20.3% | 1,329 | 23.6% |
| Interest Buy-down | 113 | 171 | -33.9% | 253 | -55.3% |
| Lender Insurance | 8,830 | 11,019 | -19.9% | 0 | 0.0% |
| Minority | 4,638 | 6,173 | -24.9% | 6,337 | -26.8% |
| % Minority | 25.9% | 26.5% | -0.6% # | 31.0% | -5.0% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jun) | 24,251 | 25,223 | -3.9% | 20,593 | 17.8% |
| AUS as % of Total Endorsed | 52.3% | 51.1% | 1.2% # | 49.7% | 2.6% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

July 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 503,495 | 579,076 | -13.1% | 718,043 |
| Endorsements * | 520,000 | 390,384 | 439,484 | -11.2% | 555,557 |
| Purchase | 322,000 | 243,362 | 277,631 | -12.3% | 353,898 |
| % Purchase | 61.9% | 62.3% | 63.2% | -0.8% # | 63.7% |
| 1st Time Home Buyer | 257,000 | 193,176 | 219,588 | -12.0% | 280,121 |
| % 1st Time Home Buyer | 79.8% | 79.4% | 79.1% | 0.3% # | 79.2% |
| Non-Minority | 167,000 | 125,916 | 135,211 | -6.9% | 174,524 |
| % Non Minority | 65.0% | 65.2% | 61.6% | 3.6% # | 62.3% |
| Minority | 80,000 | 60,213 | 73,884 | -18.5% | 92,843 |
| % Minority | 31.1% | 31.2% | 33.6% | -2.5% # | 33.1% |
| Not-Disclosed | 10,000 | 7,018 | 10,409 | -32.6% | 12,656 |
| % Not-Disclosed | 3.9% | 3.6% | 4.7% | -1.1% # | 4.5% |
| Refinanced | 120,000 | 88,798 | 129,917 | -31.7% | 158,528 |
| % Refinanced | 23.1% | 22.7% | 29.6% | -6.8% # | 28.5% |
| Streamline | 47,000 | 33,517 | 93,984 | -64.3% | 113,086 |
| % Streamline | 39.2% | 37.7% | 72.3% | -34.6% # | 71.3% |
| Full Process | 73,000 | 55,281 | 35,933 | 53.8% | 45,442 |
| Cash Out | 30,000 | 24,271 | 24,725 | -1.8% | 31,338 |
| % Cash Out | 41.1% | 43.9% | 68.8% | -24.9% # | 69.0% |
| HECM | 78,000 | 58,224 | 31,936 | 82.3% | 43,131 |
| % HECM | 15.0% | 14.9% | 7.3% | 7.6% # | 7.8% |
| Section 203(k) | 2,800 | 2,267 | 2,395 | -5.3% | 2,952 |
| Section 234(c) | 21,000 | 16,533 | 23,187 | -28.7% | 28,998 |
| % Section 234(c) | 4.0% | 4.2% | 5.3% | -1.0% # | 5.2% |
| ARM | 90,000 | 67,752 | 78,417 | -13.6% | 95,561 |
| % ARM | 17.3% | 17.4% | 17.8% | -0.5% # | 17.2% |
| Manufactured Housing | 40,000 | 33,052 | 26,643 | 24.1% | 34,651 |
| Interest Buy-down | 9,000 | 3,185 | 8,201 | -61.2% | 10,400 |
| Lender Insurance | 300,000 | 124,334 | 0 | 0.0% | 0 |
| Minority | 140,000 | 110,411 | 141,682 | -22.1% | 176,334 |
| % Minority | 26.9% | 28.3% | 32.2% | -4.0% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jun) | 248,000 | 186,086 | 190,347 | -2.2% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 50.0% | 45.4% | 4.6% # | 46.4% |
| Loans Delinquent as of (Jun) ** | 250,000 | 236,496 | 246,037 | -3.9% | 258,298 |
| Claims (Jun) *** | 130,000 | 99,784 | 120,597 | -17.3% | 155,231 |
| Loss Mitigation Retention | 67,000 | 54,187 | 63,463 | -14.6% | 81,037 |
| Loss Mitigation Disposition | 8,000 | 3,920 | 4,411 | -11.1% | 5,832 |
| Other Claims | 55,000 | 41,677 | 52,723 | -21.0% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

June 16-30, 2006

Applications

- Applications, after seasonal adjustment were recorded at an annual rate of 676,100 -- almost 5 percent lower than for the prior reporting period
- The actual count of applications for the two weeks was 28,467.
- During June, only 2.9 percent of the applications were refinance actions.

Endorsements

- For late June, 23,284 mortgages were endorsed -- virtually the same as for early June.
- Of this total, 15,016 were purchase money mortgages, 4,942 refinance transactions and 3,326 HECM's.
- For purchase transactions, 8 out of 10 were for first time home buyers and 29.3 percent were for minority households.
- With respect to refinances, accounting for 21.2 percent of the total, 17.4 percent of the cases were handled with streamlined procedures.
- The bulk of the refinances required full processing; of which one-third involved a cash out action.
- 16.2 percent of the mortgages endorsed had ARM terms.
- 11,019 mortgages were processed through the Lender Insurance program -- 47.3 percent of total insurance activity.

Automated Underwriting

- During June, 24,251 transactions were accepted and endorsed using the FHA scorecard -- that represents 52.3 percent of the cases insured during the month.

FHA SINGLE FAMILY OPERATIONS COMMENTS

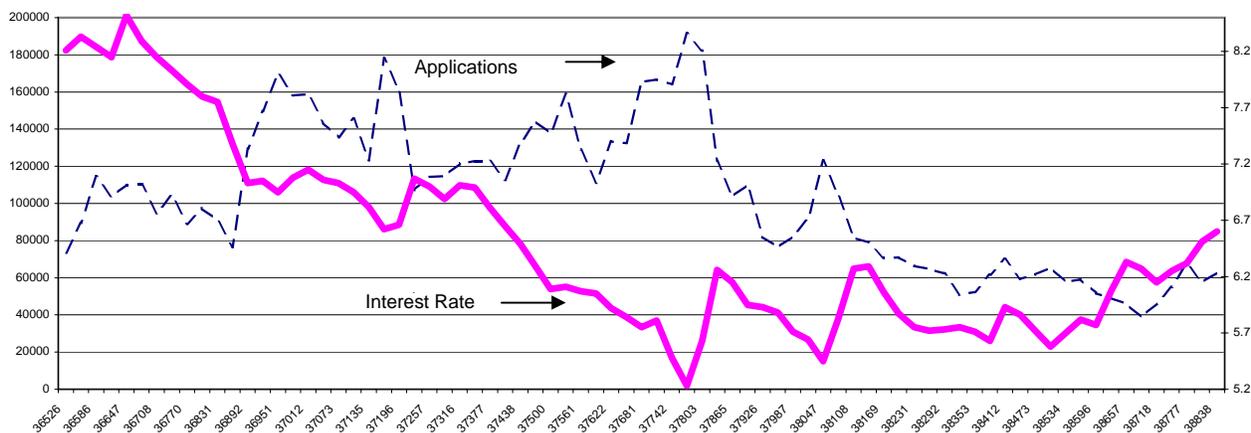
(Supplement to FHA Outlook)

June 16-30, 2006

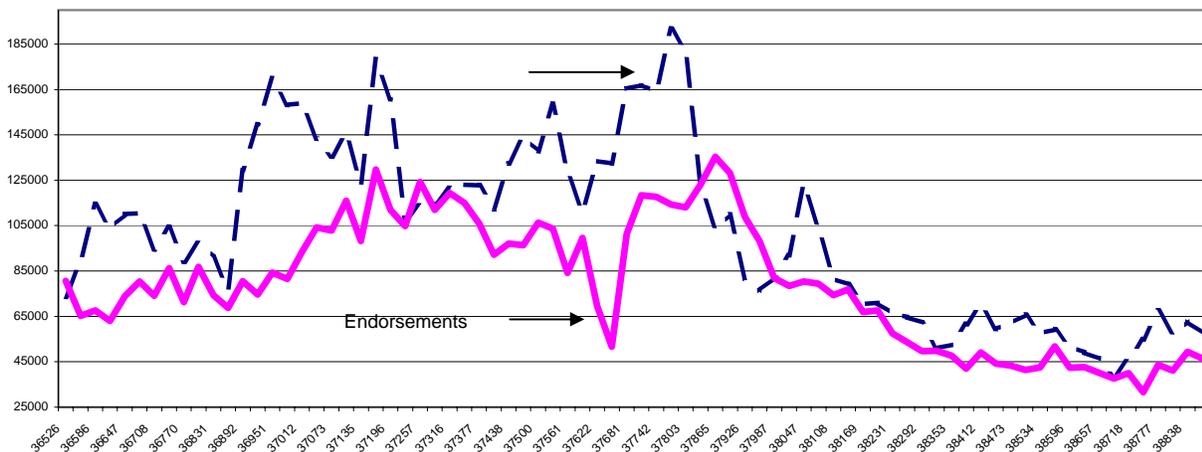
FHA applications are very sensitive to interest rates, as noted in the chart below. For example, in July 2003 when the average interest rate was at a low of 5.2 percent, applications soared to almost 192,000 -- the highest level since March 1987. Then a downward trend developed as FHA lost market share to conventional market sub prime lending activity as well as being adversely affected by an increasing interest rate.

The second chart shows a time series of FHA application and insurance endorsement activity for the last 6 years. Typically, endorsements lag application activity by about 2 1/2 to 3 months. Also, endorsements tend to be 20 to 25 percent lower due to normal fall out. This is due to borrowers withdrawing, rejections by lender, unexpected delays and other market conditions.

FHA Applications and Interest Rate



Applications and Endorsements



FHA OUTLOOK

SINGLE FAMILY OPERATIONS

June 16-30, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 676,100 | 709,200 | -4.7% | 701,300 | -3.6% |
| Average per workday | 2,672 | 2,803 | -4.7% | 2,772 | -3.6% |
| Actual | 28,467 | 29,152 | -2.3% | 29,719 | -4.2% |
| % for Refinance (Jun) | 2.9% | 3.5% | -0.6% # | 20.0% | -17.1% # |
| Endorsements: * | | | | | |
| Annual Rate | 558,800 | 554,800 | 0.7% | 492,500 | 13.5% |
| Actual | 23,284 | 23,116 | 0.7% | 20,522 | 13.5% |
| Purchase | 15,016 | 14,160 | 6.0% | 13,460 | 11.6% |
| % Purchase | 64.5% | 61.3% | 3.2% # | 65.6% | -1.1% # |
| 1st Time Home Buyer | 11,910 | 11,220 | 6.1% | 10,739 | 10.9% |
| % 1st Time Home Buyer | 79.3% | 79.2% | 0.1% # | 79.8% | -0.5% # |
| Non-Minority | 7,979 | 7,659 | 4.2% | 6,879 | 16.0% |
| % Non Minority | 67.0% | 68.3% | -1.3% # | 64.1% | 2.9% # |
| Minority | 3,484 | 3,146 | 10.7% | 3,379 | 3.1% |
| % Minority | 29.3% | 28.0% | 1.2% # | 31.5% | -2.2% # |
| Not-Disclosed | 448 | 415 | 8.0% | 477 | -6.1% |
| % Not-Disclosed | 3.8% | 3.7% | 0.1% # | 4.4% | -0.7% # |
| Refinanced | 4,942 | 4,710 | 4.9% | 5,399 | -8.5% |
| % Refinanced | 21.2% | 20.4% | 0.8% # | 26.3% | -5.1% # |
| Streamline | 861 | 938 | -8.2% | 3,738 | -77.0% |
| % Streamline | 17.4% | 19.9% | -2.5% # | 69.2% | -51.8% # |
| Full Process | 4,081 | 3,772 | 8.2% | 1,661 | 145.7% |
| Cash Out | 1,373 | 1,331 | 3.2% | 1,145 | 19.9% |
| % Cash Out | 33.6% | 35.3% | -1.6% # | 68.9% | -35.3% # |
| HECM | 3,326 | 4,246 | -21.7% | 1,663 | 100.0% |
| % HECM | 14.3% | 18.4% | -4.1% # | 8.1% | 6.2% # |
| Section 203(k) | 164 | 128 | 28.1% | 111 | 47.7% |
| Section 234(c) | 951 | 908 | 4.7% | 1,078 | -11.8% |
| % Section 234(c) | 4.1% | 3.9% | 0.2% # | 5.3% | -1.2% # |
| ARM | 3,762 | 4,564 | -17.6% | 3,084 | 22.0% |
| % ARM | 16.2% | 19.7% | -3.6% # | 15.0% | 1.1% # |
| Manufactured Housing | 2,062 | 1,897 | 8.7% | 1,233 | 67.2% |
| Interest Buy-down | 171 | 157 | 8.9% | 181 | -5.5% |
| Lender Insurance | 11,019 | 10,448 | 5.5% | 0 | 0.0% |
| Minority | 6,173 | 6,041 | 2.2% | 6,293 | -1.9% |
| % Minority | 26.5% | 26.1% | 0.4% # | 30.7% | -4.2% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jun) | 24,251 | 25,223 | -3.9% | 20,593 | 17.8% |
| AUS as % of Total Endorsed | 52.3% | 51.1% | 1.2% # | 49.7% | 2.6% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

June 16-30, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 480,907 | 549,313 | -12.5% | 718,043 |
| Endorsements * | 520,000 | 372,488 | 419,019 | -11.1% | 555,557 |
| Purchase | 322,000 | 231,638 | 263,715 | -12.2% | 353,898 |
| % Purchase | 61.9% | 62.2% | 62.9% | -0.7% # | 63.7% |
| 1st Time Home Buyer | 257,000 | 183,945 | 208,487 | -11.8% | 280,121 |
| % 1st Time Home Buyer | 79.8% | 79.4% | 79.1% | 0.4% # | 79.2% |
| Non-Minority | 167,000 | 119,644 | 128,061 | -6.6% | 174,524 |
| % Non Minority | 65.0% | 65.0% | 61.4% | 3.6% # | 62.3% |
| Minority | 80,000 | 57,574 | 70,352 | -18.2% | 92,843 |
| % Minority | 31.1% | 31.3% | 33.7% | -2.4% # | 33.1% |
| Not-Disclosed | 10,000 | 6,699 | 9,994 | -33.0% | 12,656 |
| % Not-Disclosed | 3.9% | 3.6% | 4.8% | -1.2% # | 4.5% |
| Refinanced | 120,000 | 85,191 | 124,900 | -31.8% | 158,528 |
| % Refinanced | 23.1% | 22.9% | 29.8% | -6.9% # | 28.5% |
| Streamline | 47,000 | 32,934 | 90,532 | -63.6% | 113,086 |
| % Streamline | 39.2% | 38.7% | 72.5% | -33.8% # | 71.3% |
| Full Process | 73,000 | 52,257 | 34,368 | 52.1% | 45,442 |
| Cash Out | 30,000 | 23,284 | 23,632 | -1.5% | 31,338 |
| % Cash Out | 41.1% | 44.6% | 68.8% | -24.2% # | 69.0% |
| HECM | 78,000 | 55,659 | 30,404 | 83.1% | 43,131 |
| % HECM | 15.0% | 14.9% | 7.3% | 7.7% # | 7.8% |
| Section 203(k) | 2,800 | 2,166 | 2,312 | -6.3% | 2,952 |
| Section 234(c) | 21,000 | 15,796 | 22,112 | -28.6% | 28,998 |
| % Section 234(c) | 4.0% | 4.2% | 5.3% | -1.0% # | 5.2% |
| ARM | 90,000 | 64,828 | 75,588 | -14.2% | 95,561 |
| % ARM | 17.3% | 17.4% | 18.0% | -0.6% # | 17.2% |
| Manufactured Housing | 40,000 | 31,409 | 25,314 | 24.1% | 34,651 |
| Interest Buy-down | 9,000 | 3,072 | 7,948 | -61.3% | 10,400 |
| Lender Insurance | 300,000 | 115,504 | 0 | 0.0% | 0 |
| Minority | 140,000 | 105,773 | 135,345 | -21.8% | 176,334 |
| % Minority | 26.9% | 28.4% | 32.3% | -3.9% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jun) | 248,000 | 186,086 | 190,347 | -2.2% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 50.0% | 45.4% | 4.6% # | 46.4% |
| Loans Delinquent as of (May) ** | 250,000 | 242,141 | 245,463 | -1.4% | 258,298 |
| Claims (Jun) *** | 130,000 | 99,784 | 120,597 | -17.3% | 155,231 |
| Loss Mitigation Retention | 67,000 | 54,187 | 63,463 | -14.6% | 81,037 |
| Loss Mitigation Disposition | 8,000 | 3,920 | 4,411 | -11.1% | 5,832 |
| Other Claims | 55,000 | 41,677 | 52,723 | -21.0% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

June 1-15, 2006

Applications

- During early June, after seasonal adjustment the annual rate for applications was 709,200 -- slightly lower than for the prior reporting period.
- The actual count for this period was 29,152.
- During May the percent of applications to refinance was recorded at 3.5 percent -- down from 4.7 percent in April.

Endorsements

- In this reporting period, 23,116 mortgages were endorsed for insurance -- 14,160 purchase money mortgages, 4,710 to refinance and 4,246 HECM's.
- 61.3 percent of these endorsements were to purchase a home and almost 80 percent were for first time home buyers.
- The bulk (68.3%) of the first timers were non minority households while 3.7 percent of the home buyers refused to disclose their race or ethnicity.
- Refinancing transactions made up 20.4 percent of the insured mortgages and 19.9 percent were handled with streamlined procedures.
- Most of the refinances required full processing and of those over one third were cash out actions.
- HECM's continue to increase in volume now accounting for about 18 percent of insurance activity. So far this year HECM activity is 80 percent higher than reported for the same period in 2005.
- Mortgages with ARM provisions made up 19.7 percent of the total insurance transactions.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

June 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 709,200 | 721,100 | -1.7% | 865,400 | -18.0% |
| Average per workday | 2,803 | 2,850 | -1.6% | 3,420 | -18.0% |
| Actual | 29,152 | 29,322 | -0.6% | 35,781 | -18.5% |
| % for Refinance (May) | 3.5% | 4.7% | -1.2% # | 16.1% | -12.6% # |
| Endorsements: * | | | | | |
| Annual Rate | 554,800 | 592,100 | -6.3% | 502,700 | 10.4% |
| Actual | 23,116 | 24,671 | -6.3% | 20,946 | 10.4% |
| Purchase | 14,160 | 15,257 | -7.2% | 14,590 | -2.9% |
| % Purchase | 61.3% | 61.8% | -0.6% # | 69.7% | -8.4% # |
| 1st Time Home Buyer | 11,220 | 12,134 | -7.5% | 11,545 | -2.8% |
| % 1st Time Home Buyer | 79.2% | 79.5% | -0.3% # | 79.1% | 0.1% # |
| Non-Minority | 7,659 | 8,254 | -7.2% | 7,402 | 3.5% |
| % Non Minority | 68.3% | 68.0% | 0.2% # | 64.1% | 4.1% # |
| Minority | 3,146 | 3,427 | -8.2% | 3,629 | -13.3% |
| % Minority | 28.0% | 28.2% | -0.2% # | 31.4% | -3.4% # |
| Not-Disclosed | 415 | 454 | -8.6% | 508 | -18.3% |
| % Not-Disclosed | 3.7% | 3.7% | 0.0% # | 4.4% | -0.7% # |
| Refinanced | 4,710 | 5,336 | -11.7% | 4,788 | -1.6% |
| % Refinanced | 20.4% | 21.6% | -1.3% # | 22.9% | -2.5% # |
| Streamline | 938 | 1,083 | -13.4% | 3,159 | -70.3% |
| % Streamline | 19.9% | 20.3% | -0.4% # | 66.0% | -46.1% # |
| Full Process | 3,772 | 4,253 | -11.3% | 1,629 | 131.6% |
| Cash Out | 1,331 | 1,420 | -6.3% | 1,125 | 18.3% |
| % Cash Out | 35.3% | 33.4% | 1.9% # | 69.1% | -33.8% # |
| HECM | 4,246 | 4,078 | 4.1% | 1,568 | 170.8% |
| % HECM | 18.4% | 16.5% | 1.8% # | 7.5% | 10.9% # |
| Section 203(k) | 128 | 139 | -7.9% | 119 | 7.6% |
| Section 234(c) | 908 | 891 | 1.9% | 1,120 | -18.9% |
| % Section 234(c) | 3.9% | 3.6% | 0.3% # | 5.3% | -1.4% # |
| ARM | 4,564 | 4,474 | 2.0% | 3,151 | 44.8% |
| % ARM | 19.7% | 18.1% | 1.6% # | 15.0% | 4.7% # |
| Manufactured Housing | 1,897 | 2,162 | -12.3% | 1,399 | 35.6% |
| Interest Buy-down | 157 | 194 | -19.1% | 182 | -13.7% |
| Lender Insurance | 10,448 | 11,061 | -5.5% | 0 | 0.0% |
| Minority | 6,041 | 6,609 | -8.6% | 6,505 | -7.1% |
| % Minority | 26.1% | 26.8% | -0.7% # | 31.1% | -4.9% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (May) | 25,223 | 21,747 | 16.0% | 21,243 | 18.7% |
| AUS as % of Total Endorsed | 51.1% | 49.9% | 1.2% # | 49.0% | 2.1% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

June 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 452,440 | 519,594 | -12.9% | 718,043 |
| Endorsements * | 520,000 | 324,582 | 398,545 | -18.6% | 555,557 |
| Purchase | 338,000 | 191,977 | 250,269 | -23.3% | 353,898 |
| % Purchase | 65.0% | 59.1% | 62.8% | -3.6% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 172,039 | 197,748 | -13.0% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 89.6% | 79.0% | 10.6% # | 79.2% |
| Non-Minority | 175,000 | 111,682 | 121,190 | -7.8% | 174,524 |
| % Non Minority | 64.8% | 64.9% | 61.3% | 3.6% # | 62.3% |
| Minority | 84,000 | 54,094 | 66,976 | -19.2% | 92,843 |
| % Minority | 31.1% | 31.4% | 33.9% | -2.4% # | 33.1% |
| Not-Disclosed | 11,000 | 6,252 | 9,517 | -34.3% | 12,656 |
| % Not-Disclosed | 4.1% | 3.6% | 4.8% | -1.2% # | 4.5% |
| Refinanced | 130,000 | 80,267 | 119,512 | -32.8% | 158,528 |
| % Refinanced | 25.0% | 24.7% | 30.0% | -5.3% # | 28.5% |
| Streamline | 84,000 | 32,077 | 86,800 | -63.0% | 113,086 |
| % Streamline | 64.6% | 40.0% | 72.6% | -32.7% # | 71.3% |
| Full Process | 46,000 | 48,190 | 32,892 | 46.5% | 45,442 |
| Cash Out | 32,000 | 21,916 | 22,490 | -2.6% | 31,338 |
| % Cash Out | 69.6% | 45.5% | 68.4% | -22.9% # | 69.0% |
| HECM | 52,000 | 52,338 | 28,764 | 82.0% | 43,131 |
| % HECM | 10.0% | 16.1% | 7.2% | 8.9% # | 7.8% |
| Section 203(k) | 2,600 | 2,002 | 2,067 | -3.1% | 2,952 |
| Section 234(c) | 28,000 | 14,849 | 21,038 | -29.4% | 28,998 |
| % Section 234(c) | 5.4% | 4.6% | 5.3% | -0.7% # | 5.2% |
| ARM | 97,000 | 61,068 | 72,497 | -15.8% | 95,561 |
| % ARM | 18.7% | 18.8% | 18.2% | 0.6% # | 17.2% |
| Manufactured Housing | 32,000 | 29,352 | 24,085 | 21.9% | 34,651 |
| Interest Buy-down | 9,000 | 2,898 | 7,756 | -62.6% | 10,400 |
| Lender Insurance | 300,000 | 104,499 | 0 | 0.0% | 0 |
| Minority | 180,000 | 99,613 | 129,061 | -22.8% | 176,334 |
| % Minority | 34.6% | 30.7% | 32.4% | -1.7% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (May) | 248,000 | 161,856 | 169,766 | -4.7% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.6% | 45.0% | 4.6% # | 46.4% |
| Loans Delinquent as of (Apr) ** | 250,000 | 242,141 | 245,463 | -1.4% | 258,298 |
| Claims (May) *** | 150,000 | 87,220 | 108,681 | -19.7% | 155,231 |
| Loss Mitigation Retention | 80,000 | 46,690 | 57,363 | -18.6% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 3,425 | 3,868 | -11.5% | 5,832 |
| Other Claims | 64,000 | 37,105 | 47,450 | -21.8% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

May 16-31, 2006

Applications

- Applications, after seasonal adjustment, fell 13.5 percent to an annual rate of 721,100
- Actual receipts totaled 29,322 -- down from 33,579 for the prior reporting period
- During May, 3.5 percent of the applications involved refinanced mortgages.

Endorsements

- In the last half of May, 24,671 mortgages were endorsed, 15,257 purchase money mortgages, 5,336 refinanced transactions and 4,078 HECM's.
- 4 out of 5 purchase transactions were for first time home buyers and of these, 28.2 percent were for minority households.
- Refinancing represented 21.6 percent of the activity and only 20.3 percent of these were handled with streamlined procedures. The bulk of the refinances required full processing and one-third of those were cash outs.
- The 4,078 HECM's insured represent 16.5 percent of total insurance activity.
- 18.1 percent of the mortgages endorsed had ARM provisions.

Automated Underwriting

- During May, 25,223 mortgages were accepted and endorsed using the FHA scorecard. That is 51.1 percent of the endorsements for the month.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

May 16-31, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 721,100 | 833,300 | -13.5% | 757,900 | -4.9% |
| Average per workday | 2,850 | 3,294 | -13.5% | 2,996 | -4.9% |
| Actual | 29,322 | 33,579 | -12.7% | 31,119 | -5.8% |
| % for Refinance (May) | 3.5% | 4.7% | -1.2% # | 16.1% | -12.6% # |
| Endorsements: * | | | | | |
| Annual Rate | 592,100 | 592,700 | -0.1% | 570,000 | 3.9% |
| Actual | 24,671 | 24,695 | -0.1% | 23,750 | 3.9% |
| Purchase | 15,257 | 14,813 | 3.0% | 15,982 | -4.5% |
| % Purchase | 61.8% | 60.0% | 1.9% # | 67.3% | -5.5% # |
| 1st Time Home Buyer | 12,134 | 11,752 | 3.3% | 12,708 | -4.5% |
| % 1st Time Home Buyer | 79.5% | 79.3% | 0.2% # | 79.5% | 0.0% # |
| Non-Minority | 8,254 | 7,854 | 5.1% | 8,163 | 1.1% |
| % Non Minority | 68.0% | 66.8% | 1.2% # | 64.2% | 3.8% # |
| Minority | 3,427 | 3,434 | -0.2% | 3,975 | -13.8% |
| % Minority | 28.2% | 29.2% | -1.0% # | 31.3% | -3.0% # |
| Not-Disclosed | 454 | 461 | -1.5% | 567 | -19.9% |
| % Not-Disclosed | 3.7% | 3.9% | -0.2% # | 4.5% | -0.7% # |
| Refinanced | 5,336 | 5,546 | -3.8% | 6,198 | -13.9% |
| % Refinanced | 21.6% | 22.5% | -0.8% # | 26.1% | -4.5% # |
| Streamline | 1,083 | 1,378 | -21.4% | 4,230 | -74.4% |
| % Streamline | 20.3% | 24.8% | -4.6% # | 68.2% | -48.0% # |
| Full Process | 4,253 | 4,168 | 2.0% | 1,968 | 116.1% |
| Cash Out | 1,420 | 1,438 | -1.3% | 1,415 | 0.4% |
| % Cash Out | 33.4% | 34.5% | -1.1% # | 71.9% | -38.5% # |
| HECM | 4,078 | 4,336 | -6.0% | 1,570 | 159.7% |
| % HECM | 16.5% | 17.6% | -1.0% # | 6.6% | 9.9% # |
| Section 203(k) | 139 | 125 | 11.2% | 124 | 12.1% |
| Section 234(c) | 891 | 971 | -8.2% | 1,295 | -31.2% |
| % Section 234(c) | 3.6% | 3.9% | -0.3% # | 5.5% | -1.8% # |
| ARM | 4,474 | 4,722 | -5.3% | 3,538 | 26.5% |
| % ARM | 18.1% | 19.1% | -1.0% # | 14.9% | 3.2% # |
| Manufactured Housing | 2,162 | 2,041 | 5.9% | 1,548 | 39.7% |
| Interest Buy-down | 194 | 184 | 5.4% | 259 | -25.1% |
| Lender Insurance | 11,061 | 11,272 | -1.9% | 0 | 0.0% |
| Minority | 6,609 | 6,543 | 1.0% | 7,343 | -10.0% |
| % Minority | 26.8% | 26.5% | 0.3% # | 30.9% | -4.1% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (May) | 25,223 | 21,747 | 16.0% | 21,243 | 18.7% |
| AUS as % of Total Endorsed | 51.1% | 49.9% | 1.2% # | 49.0% | 2.1% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

May 16-31, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 423,288 | 483,813 | -12.5% | 718,043 |
| Endorsements * | 520,000 | 326,137 | 377,599 | -13.6% | 555,557 |
| Purchase | 338,000 | 202,488 | 235,679 | -14.1% | 353,898 |
| % Purchase | 65.0% | 62.1% | 62.4% | -0.3% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 160,826 | 186,205 | -13.6% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.4% | 79.0% | 0.4% # | 79.2% |
| Non-Minority | 175,000 | 104,023 | 113,788 | -8.6% | 174,524 |
| % Non Minority | 64.8% | 64.7% | 61.1% | 3.6% # | 62.3% |
| Minority | 84,000 | 50,948 | 63,347 | -19.6% | 92,843 |
| % Minority | 31.1% | 31.7% | 34.0% | -2.3% # | 33.1% |
| Not-Disclosed | 11,000 | 5,837 | 9,009 | -35.2% | 12,656 |
| % Not-Disclosed | 4.1% | 3.6% | 4.8% | -1.2% # | 4.5% |
| Refinanced | 130,000 | 75,557 | 114,724 | -34.1% | 158,528 |
| % Refinanced | 25.0% | 23.2% | 30.4% | -7.2% # | 28.5% |
| Streamline | 84,000 | 31,139 | 83,641 | -62.8% | 113,086 |
| % Streamline | 64.6% | 41.2% | 72.9% | -31.7% # | 71.3% |
| Full Process | 46,000 | 44,418 | 31,263 | 42.1% | 45,442 |
| Cash Out | 32,000 | 20,585 | 21,365 | -3.7% | 31,338 |
| % Cash Out | 69.6% | 46.3% | 68.3% | -22.0% # | 69.0% |
| HECM | 52,000 | 48,092 | 27,196 | 76.8% | 43,131 |
| % HECM | 10.0% | 14.7% | 7.2% | 7.5% # | 7.8% |
| Section 203(k) | 2,600 | 1,874 | 1,948 | -3.8% | 2,952 |
| Section 234(c) | 28,000 | 13,941 | 19,918 | -30.0% | 28,998 |
| % Section 234(c) | 5.4% | 4.3% | 5.3% | -1.0% # | 5.2% |
| ARM | 97,000 | 56,504 | 69,346 | -18.5% | 95,561 |
| % ARM | 18.7% | 17.3% | 18.4% | -1.0% # | 17.2% |
| Manufactured Housing | 32,000 | 27,455 | 22,686 | 21.0% | 34,651 |
| Interest Buy-down | 9,000 | 2,741 | 7,574 | -63.8% | 10,400 |
| Lender Insurance | 300,000 | 94,051 | 0 | 0.0% | 0 |
| Minority | 180,000 | 93,572 | 122,556 | -23.6% | 176,334 |
| % Minority | 34.6% | 28.7% | 32.5% | -3.8% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (May) | 248,000 | 161,856 | 169,766 | -4.7% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.6% | 45.0% | 4.6% # | 46.4% |
| Loans Delinquent as of (Apr) ** | 250,000 | 244,073 | 247,715 | -1.5% | 258,298 |
| Claims (May) *** | 150,000 | 87,220 | 108,681 | -19.7% | 155,231 |
| Loss Mitigation Retention | 80,000 | 46,690 | 57,363 | -18.6% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 3,425 | 3,868 | -11.5% | 5,832 |
| Other Claims | 64,000 | 37,105 | 47,450 | -21.8% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

May 1-15, 2006

Applications

- After seasonal adjustment, the annual rate for applications was estimated to be 833,700 -- 12.4 percent above late April.
- By actual count 33,579 applications were received during this reporting period

Endorsements

- During this period, 24,695 mortgages were endorsed, 14,813 to purchase a home, 5,546 refinancings and 4,336 HECM's.
- With respect to purchase transactions, 79.3 percent of the endorsements were for first time home buyers. Of these, 29.2 percent were minority households.
- For refinanced mortgage transactions, 24.8 percent were processed with streamlined procedures.
- For the 4,168 refinanced mortgages that required full processing 34.5 percent were "cash out" transactions.
- So far this year, 44,014 HECM's have been insured -- 71.8 percent over the same period last year.
- 19.1 percent of the endorsements had ARM provisions.
- 11,272 mortgages were endorsed under the Lender Insurance program during during the first half of May.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

May 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 833,300 | 741,600 | 12.4% | 825,900 | 0.9% |
| Average per workday | 3,294 | 2,931 | 12.4% | 3,265 | 0.9% |
| Actual | 33,579 | 27,239 | 23.3% | 30,664 | 9.5% |
| % for Refinance (Apr) | 4.7% | 6.1% | -1.4% # | 15.6% | -10.9% # |
| Endorsements: * | | | | | |
| Annual Rate | 592,700 | 513,300 | 15.5% | 470,100 | 26.1% |
| Actual | 24,695 | 21,387 | 15.5% | 19,589 | 26.1% |
| Purchase | 14,813 | 13,219 | 12.1% | 13,017 | 13.8% |
| % Purchase | 60.0% | 61.8% | -1.8% # | 66.5% | -6.5% # |
| 1st Time Home Buyer | 11,752 | 10,498 | 11.9% | 10,334 | 13.7% |
| % 1st Time Home Buyer | 79.3% | 79.4% | -0.1% # | 79.4% | -0.1% # |
| Non-Minority | 7,854 | 7,098 | 10.7% | 6,619 | 18.7% |
| % Non Minority | 66.8% | 67.6% | -0.8% # | 64.1% | 2.8% # |
| Minority | 3,434 | 2,952 | 16.3% | 3,294 | 4.3% |
| % Minority | 29.2% | 28.1% | 1.1% # | 31.9% | -2.7% # |
| Not-Disclosed | 461 | 444 | 3.8% | 418 | 10.3% |
| % Not-Disclosed | 3.9% | 4.2% | -0.3% # | 4.0% | -0.1% # |
| Refinanced | 5,546 | 4,882 | 13.6% | 5,337 | 3.9% |
| % Refinanced | 22.5% | 22.8% | -0.4% # | 27.2% | -4.8% # |
| Streamline | 1,378 | 1,287 | 7.1% | 3,662 | -62.4% |
| % Streamline | 24.8% | 26.4% | -1.5% # | 68.6% | -43.8% # |
| Full Process | 4,168 | 3,595 | 15.9% | 1,675 | 148.8% |
| Cash Out | 1,438 | 1,246 | 15.4% | 1,153 | 24.7% |
| % Cash Out | 34.5% | 34.7% | -0.2% # | 68.8% | -34.3% # |
| HECM | 4,336 | 3,286 | 32.0% | 1,235 | 251.1% |
| % HECM | 17.6% | 15.4% | 2.2% # | 6.3% | 11.3% # |
| Section 203(k) | 125 | 133 | -6.0% | 100 | 25.0% |
| Section 234(c) | 971 | 872 | 11.4% | 1,051 | -7.6% |
| % Section 234(c) | 3.9% | 4.1% | -0.1% # | 5.4% | -1.4% # |
| ARM | 4,722 | 3,606 | 30.9% | 2,963 | 59.4% |
| % ARM | 19.1% | 16.9% | 2.3% # | 15.1% | 4.0% # |
| Manufactured Housing | 2,041 | 1,866 | 9.4% | 1,241 | 64.5% |
| Interest Buy-down | 184 | 157 | 17.2% | 184 | 0.0% |
| Lender Insurance | 11,272 | 9,529 | 18.3% | 55 | 0.0% |
| Minority | 6,543 | 5,550 | 17.9% | 6,069 | 7.8% |
| % Minority | 26.5% | 26.0% | 0.5% # | 31.0% | -4.5% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Apr) | 20,902 | 21,747 | -3.9% | 19,636 | 6.4% |
| AUS as % of Total Endorsed | 50.9% | 49.9% | 1.0% # | 44.3% | 6.6% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

May 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 393,966 | 452,694 | -13.0% | 718,043 |
| Endorsements * | 520,000 | 301,466 | 353,849 | -14.8% | 555,557 |
| Purchase | 338,000 | 187,231 | 219,697 | -14.8% | 353,898 |
| % Purchase | 65.0% | 62.1% | 62.1% | 0.0% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 148,692 | 173,498 | -14.3% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.4% | 79.0% | 0.4% # | 79.2% |
| Non-Minority | 175,000 | 95,769 | 105,625 | -9.3% | 174,524 |
| % Non Minority | 64.8% | 64.4% | 60.9% | 3.5% # | 62.3% |
| Minority | 84,000 | 47,521 | 59,372 | -20.0% | 92,843 |
| % Minority | 31.1% | 32.0% | 34.2% | -2.3% # | 33.1% |
| Not-Disclosed | 11,000 | 5,383 | 8,442 | -36.2% | 12,656 |
| % Not-Disclosed | 4.1% | 3.6% | 4.9% | -1.2% # | 4.5% |
| Refinanced | 130,000 | 70,221 | 108,526 | -35.3% | 158,528 |
| % Refinanced | 25.0% | 23.3% | 30.7% | -7.4% # | 28.5% |
| Streamline | 84,000 | 30,056 | 79,411 | -62.2% | 113,086 |
| % Streamline | 64.6% | 42.8% | 73.2% | -30.4% # | 71.3% |
| Full Process | 46,000 | 40,165 | 29,295 | 37.1% | 45,442 |
| Cash Out | 32,000 | 19,165 | 19,950 | -3.9% | 31,338 |
| % Cash Out | 69.6% | 47.7% | 68.1% | -20.4% # | 69.0% |
| HECM | 52,000 | 44,014 | 25,626 | 71.8% | 43,131 |
| % HECM | 10.0% | 14.6% | 7.2% | 7.4% # | 7.8% |
| Section 203(k) | 2,600 | 1,735 | 1,824 | -4.9% | 2,952 |
| Section 234(c) | 28,000 | 13,050 | 18,623 | -29.9% | 28,998 |
| % Section 234(c) | 5.4% | 4.3% | 5.3% | -0.9% # | 5.2% |
| ARM | 97,000 | 52,030 | 65,808 | -20.9% | 95,561 |
| % ARM | 18.7% | 17.3% | 18.6% | -1.3% # | 17.2% |
| Manufactured Housing | 32,000 | 25,293 | 21,138 | 19.7% | 34,651 |
| Interest Buy-down | 9,000 | 2,547 | 7,315 | -65.2% | 10,400 |
| Lender Insurance | 300,000 | 82,990 | 0 | 0.0% | 0 |
| Minority | 180,000 | 86,963 | 115,213 | -24.5% | 176,334 |
| % Minority | 34.6% | 28.8% | 32.6% | -3.7% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Apr) | 248,000 | 136,633 | 148,523 | -8.0% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.4% | 44.4% | 5.0% # | 46.4% |
| Loans Delinquent as of (Apr) ** | 250,000 | 244,073 | 247,715 | -1.5% | 258,298 |
| Claims (Apr) *** | 150,000 | 74,774 | 95,595 | -21.8% | 155,231 |
| Loss Mitigation Retention | 80,000 | 39,557 | 50,657 | -21.9% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 2,929 | 3,304 | -11.3% | 5,832 |
| Other Claims | 64,000 | 32,288 | 41,634 | -22.4% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

April 16-30, 2006

Applications

- Applications, seasonally adjusted, slipped 9.7 percent to an annual rate of 741,600
- By actual count, applications received totaled 27,239 -- down from 30,245 for the prior reporting period.
- During April, 4.7 percent of the applications involved refinancing transactions.

Endorsements

- For this reporting period, 21,387 mortgages were endorsed. 13,219 purchase money transactions, 4,882 refinances, and 3,286 HECM's.
- Purchase loans which accounted for 61.8 percent of the endorsements were primarily for first time home buyers -- 79.4% -- and of these, 67.6 percent were for non-minority households.
- As for refinance actions, 26.4 percent were handled by streamlined procedures and of those requiring full processing, 34.7 percent were cash out mortgages.
- 16.9 percent of the insured mortgages had ARM provisions.
- During late April, 9,529 mortgages were processed using Lender Insurance provisions.

Automated Underwriting

- During April, 50.9 percent of the endorsements were accepted and insured using the automated FHA scorecard.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

April 16-30, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 741,600 | 821,300 | -9.7% | 759,600 | -2.4% |
| Average per workday | 2,931 | 3,246 | -9.7% | 3,003 | -2.4% |
| Actual | 27,239 | 30,245 | -9.9% | 27,989 | -2.7% |
| % for Refinance (Apr) | 4.7% | 6.1% | -1.4% # | 15.6% | -10.9% # |
| Endorsements: * | | | | | |
| Annual Rate | 513,300 | 472,100 | 8.7% | 535,400 | -4.1% |
| Actual | 21,387 | 19,671 | 8.7% | 22,308 | -4.1% |
| Purchase | 13,219 | 11,455 | 15.4% | 13,359 | -1.0% |
| % Purchase | 61.8% | 58.2% | 3.6% # | 59.9% | 1.9% # |
| 1st Time Home Buyer | 10,498 | 9,131 | 15.0% | 10,637 | -1.3% |
| % 1st Time Home Buyer | 79.4% | 79.7% | -0.3% # | 79.6% | -0.2% # |
| Non-Minority | 7,098 | 6,005 | 18.2% | 6,585 | 7.8% |
| % Non Minority | 67.6% | 65.8% | 1.8% # | 61.9% | 5.7% # |
| Minority | 2,952 | 2,720 | 8.5% | 3,595 | -17.9% |
| % Minority | 28.1% | 29.8% | -1.7% # | 33.8% | -5.7% # |
| Not-Disclosed | 444 | 405 | 9.6% | 454 | -2.2% |
| % Not-Disclosed | 4.2% | 4.4% | -0.2% # | 4.3% | 0.0% # |
| Refinanced | 4,882 | 4,965 | -1.7% | 7,453 | -34.5% |
| % Refinanced | 22.8% | 25.2% | -2.4% # | 33.4% | -10.6% # |
| Streamline | 1,287 | 1,582 | -18.6% | 5,621 | -77.1% |
| % Streamline | 26.4% | 31.9% | -5.5% # | 75.4% | -49.1% # |
| Full Process | 3,595 | 3,383 | 6.3% | 1,832 | 96.2% |
| Cash Out | 1,246 | 1,198 | 4.0% | 1,216 | 2.5% |
| % Cash Out | 34.7% | 35.4% | -0.8% # | 66.4% | -31.7% # |
| HECM | 3,286 | 3,251 | 1.1% | 1,496 | 119.7% |
| % HECM | 15.4% | 16.5% | -1.2% # | 6.7% | 8.7% # |
| Section 203(k) | 133 | 95 | 40.0% | 107 | 24.3% |
| Section 234(c) | 872 | 706 | 23.5% | 1,208 | -27.8% |
| % Section 234(c) | 4.1% | 3.6% | 0.5% # | 5.4% | -1.3% # |
| ARM | 3,606 | 3,537 | 2.0% | 3,443 | 4.7% |
| % ARM | 16.9% | 18.0% | -1.1% # | 15.4% | 1.4% # |
| Manufactured Housing | 1,866 | 1,649 | 13.2% | 1,315 | 41.9% |
| Interest Buy-down | 157 | 158 | -0.6% | 212 | -25.9% |
| Lender Insurance | 9,529 | 9,328 | 2.2% | 81 | 0.0% |
| Minority | 5,550 | 5,287 | 5.0% | 7,103 | -21.9% |
| % Minority | 26.0% | 26.9% | -0.9% # | 31.8% | -5.9% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Apr) | 20,902 | 21,747 | -3.9% | 19,636 | 6.4% |
| AUS as % of Total Endorsed | 50.9% | 49.9% | 1.0% # | 44.3% | 6.6% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

April 16-30, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 360,387 | 422,030 | -14.6% | 718,043 |
| Endorsements * | 520,000 | 276,771 | 334,260 | -17.2% | 555,557 |
| Purchase | 338,000 | 172,418 | 206,680 | -16.6% | 353,898 |
| % Purchase | 65.0% | 62.3% | 61.8% | 0.5% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 136,941 | 163,167 | -16.1% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.4% | 78.9% | 0.5% # | 79.2% |
| Non-Minority | 175,000 | 87,915 | 99,006 | -11.2% | 174,524 |
| % Non Minority | 64.8% | 64.2% | 60.7% | 3.5% # | 62.3% |
| Minority | 84,000 | 44,087 | 56,078 | -21.4% | 92,843 |
| % Minority | 31.1% | 32.2% | 34.4% | -2.2% # | 33.1% |
| Not-Disclosed | 11,000 | 4,922 | 8,024 | -38.7% | 12,656 |
| % Not-Disclosed | 4.1% | 3.6% | 4.9% | -1.3% # | 4.5% |
| Refinanced | 130,000 | 64,675 | 103,189 | -37.3% | 158,528 |
| % Refinanced | 25.0% | 23.4% | 30.9% | -7.5% # | 28.5% |
| Streamline | 84,000 | 28,678 | 75,749 | -62.1% | 113,086 |
| % Streamline | 64.6% | 44.3% | 73.4% | -29.1% # | 71.3% |
| Full Process | 46,000 | 35,997 | 27,620 | -30.3% | 45,442 |
| Cash Out | 32,000 | 17,727 | 18,797 | -5.7% | 31,338 |
| % Cash Out | 69.6% | 49.2% | 68.1% | -18.8% # | 69.0% |
| HECM | 52,000 | 39,678 | 24,391 | 62.7% | 43,131 |
| % HECM | 10.0% | 14.3% | 7.3% | 7.0% # | 7.8% |
| Section 203(k) | 2,600 | 1,610 | 1,724 | -6.6% | 2,952 |
| Section 234(c) | 28,000 | 12,079 | 17,572 | -31.3% | 28,998 |
| % Section 234(c) | 5.4% | 4.4% | 5.3% | -0.9% # | 5.2% |
| ARM | 97,000 | 47,308 | 62,845 | -24.7% | 95,561 |
| % ARM | 18.7% | 17.1% | 18.8% | -1.7% # | 17.2% |
| Manufactured Housing | 32,000 | 23,252 | 19,897 | 16.9% | 34,651 |
| Interest Buy-down | 9,000 | 2,363 | 7,131 | -66.9% | 10,400 |
| Lender Insurance | 300,000 | 71,718 | 0 | 0.0% | 0 |
| Minority | 180,000 | 80,420 | 109,144 | -26.3% | 176,334 |
| % Minority | 34.6% | 29.1% | 32.7% | -3.6% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Apr) | 248,000 | 136,633 | 148,523 | -8.0% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.4% | 44.4% | 5.0% # | 46.4% |
| Loans Delinquent as of (Mar) ** | 250,000 | 246,226 | 262,409 | -6.2% | 258,298 |
| Claims (Apr) *** | 150,000 | 74,774 | 95,595 | -21.8% | 155,231 |
| Loss Mitigation Retention | 80,000 | 39,557 | 50,657 | -21.9% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 2,929 | 3,304 | -11.3% | 5,832 |
| Other Claims | 64,000 | 32,288 | 41,634 | -22.4% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

April 1-15, 2006

Applications

- Applications, seasonally adjusted were up 2.9 percent to an annual rate of 821,300.
- However, the actual count for the period was off 12 percent and totaled 30,245 for early April.

Endorsements

- 19,671 mortgages were endorsed, down 15.9 percent from the last reporting period.
- Of the loans insured, 11,455 (58.2%) were for the purchase of a home, 4,965 to refinance a mortgage and 3,251 HECM's.
- Almost 8 out of every 10 mortgages endorsed were for first time home buyers
- 65.8 percent of the first timers were for non-minority households.
- HECM's accounted for 16.5 percent of the home mortgage endorsements.
- 18 percent of the mortgages insured had ARM terms.
- Lender insurance mortgages totaled 9,328 this report period.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

April 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 821,300 | 798,000 | 2.9% | 782,400 | 5.0% |
| Average per workday | 3,246 | 3,154 | 2.9% | 3,093 | 4.9% |
| Actual | 30,245 | 34,381 | -12.0% | 31,471 | -3.9% |
| % for Refinance (Mar) | 6.1% | 7.8% | -1.7% # | 20.6% | -14.5% # |
| Endorsements: * | | | | | |
| Annual Rate | 472,100 | 561,400 | -15.9% | 527,300 | -10.5% |
| Actual | 19,671 | 23,391 | -15.9% | 21,970 | -10.5% |
| Purchase | 11,455 | 13,787 | -16.9% | 13,349 | -14.2% |
| % Purchase | 58.2% | 58.9% | -0.7% # | 60.8% | -2.5% # |
| 1st Time Home Buyer | 9,131 | 10,886 | -16.1% | 10,597 | -13.8% |
| % 1st Time Home Buyer | 79.7% | 79.0% | 0.8% # | 79.4% | 0.3% # |
| Non-Minority | 6,005 | 7,016 | -14.4% | 6,645 | -9.6% |
| % Non Minority | 65.8% | 64.4% | 1.3% # | 62.7% | 3.1% # |
| Minority | 2,720 | 3,459 | -21.4% | 3,478 | -21.8% |
| % Minority | 29.8% | 31.8% | -2.0% # | 32.8% | -3.0% # |
| Not-Disclosed | 405 | 409 | -1.0% | 473 | -14.4% |
| % Not-Disclosed | 4.4% | 3.8% | 0.7% # | 4.5% | 0.0% # |
| Refinanced | 4,965 | 5,974 | -16.9% | 6,969 | -28.8% |
| % Refinanced | 25.2% | 25.5% | -0.3% # | 31.7% | -6.5% # |
| Streamline | 1,582 | 1,936 | -18.3% | 5,160 | -69.3% |
| % Streamline | 31.9% | 32.4% | -0.5% # | 74.0% | -42.2% # |
| Full Process | 3,383 | 4,038 | -16.2% | 1,809 | 87.0% |
| Cash Out | 1,198 | 1,449 | -17.3% | 1,202 | -0.3% |
| % Cash Out | 35.4% | 35.9% | -0.5% # | 66.4% | -31.0% # |
| HECM | 3,251 | 3,630 | -10.4% | 1,652 | 96.8% |
| % HECM | 16.5% | 15.5% | 1.0% # | 7.5% | 9.0% # |
| Section 203(k) | 95 | 115 | -17.4% | 111 | -14.4% |
| Section 234(c) | 706 | 858 | -17.7% | 1,123 | -37.1% |
| % Section 234(c) | 3.6% | 3.7% | -0.1% # | 5.1% | -1.5% # |
| ARM | 3,537 | 4,019 | -12.0% | 3,547 | -0.3% |
| % ARM | 18.0% | 17.2% | 0.8% # | 16.1% | 1.8% # |
| Manufactured Housing | 1,649 | 2,046 | -19.4% | 1,409 | 17.0% |
| Interest Buy-down | 158 | 186 | -15.1% | 238 | -33.6% |
| Lender Insurance | 9,328 | 11,063 | -15.7% | 60 | 0.0% |
| Minority | 5,287 | 6,607 | -20.0% | 6,950 | -23.9% |
| % Minority | 26.9% | 28.2% | -1.4% # | 31.6% | -4.8% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Mar) | 21,747 | 14,802 | 46.9% | 20,027 | 8.6% |
| AUS as % of Total Endorsed | 49.9% | 46.8% | 3.1% # | 40.8% | 9.1% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

April 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 333,148 | 394,041 | -15.5% | 718,043 |
| Endorsements * | 520,000 | 255,384 | 311,952 | -18.1% | 555,557 |
| Purchase | 338,000 | 159,199 | 193,321 | -17.7% | 353,898 |
| % Purchase | 65.0% | 62.3% | 62.0% | 0.4% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 126,446 | 152,535 | -17.1% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.4% | 78.9% | 0.5% # | 79.2% |
| Non-Minority | 175,000 | 80,817 | 92,421 | -12.6% | 174,524 |
| % Non Minority | 64.8% | 63.9% | 60.6% | 3.3% # | 62.3% |
| Minority | 84,000 | 41,135 | 52,483 | -21.6% | 92,843 |
| % Minority | 31.1% | 32.5% | 34.4% | -1.9% # | 33.1% |
| Not-Disclosed | 11,000 | 4,478 | 7,570 | -40.8% | 12,656 |
| % Not-Disclosed | 4.1% | 3.5% | 5.0% | -1.4% # | 4.5% |
| Refinanced | 130,000 | 59,793 | 95,736 | -37.5% | 158,528 |
| % Refinanced | 25.0% | 23.4% | 30.7% | -7.3% # | 28.5% |
| Streamline | 84,000 | 27,391 | 70,128 | -60.9% | 113,086 |
| % Streamline | 64.6% | 45.8% | 73.3% | -27.4% # | 71.3% |
| Full Process | 46,000 | 32,402 | 25,788 | 25.6% | 45,442 |
| Cash Out | 32,000 | 16,481 | 17,581 | -6.3% | 31,338 |
| % Cash Out | 69.6% | 50.9% | 68.2% | -17.3% # | 69.0% |
| HECM | 52,000 | 36,392 | 22,895 | 59.0% | 43,131 |
| % HECM | 10.0% | 14.2% | 7.3% | 6.9% # | 7.8% |
| Section 203(k) | 2,600 | 1,477 | 1,617 | -8.7% | 2,952 |
| Section 234(c) | 28,000 | 11,207 | 16,364 | -31.5% | 28,998 |
| % Section 234(c) | 5.4% | 4.4% | 5.2% | -0.9% # | 5.2% |
| ARM | 97,000 | 43,702 | 59,402 | -26.4% | 95,561 |
| % ARM | 18.7% | 17.1% | 19.0% | -1.9% # | 17.2% |
| Manufactured Housing | 32,000 | 21,386 | 18,582 | 15.1% | 34,651 |
| Interest Buy-down | 9,000 | 2,206 | 6,919 | -68.1% | 10,400 |
| Lender Insurance | 300,000 | 62,189 | 0 | 0.0% | 0 |
| Minority | 180,000 | 74,870 | 102,041 | -26.6% | 176,334 |
| % Minority | 34.6% | 29.3% | 32.7% | -3.4% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Mar) | 248,000 | 115,731 | 128,887 | -10.2% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.1% | 44.4% | 4.7% # | 46.4% |
| Loans Delinquent as of (Mar) ** | 250,000 | 246,226 | 262,409 | -6.2% | 258,298 |
| Claims (Mar) *** | 150,000 | 64,098 | 81,407 | -21.3% | 155,231 |
| Loss Mitigation Retention | 80,000 | 33,559 | 42,645 | -21.3% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 2,552 | 2,829 | -9.8% | 5,832 |
| Other Claims | 64,000 | 27,987 | 35,933 | -22.1% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 16-31, 2006

Applications

- During the second half of March, the seasonally adjusted annual rate of application activity slipped 7.3 percent to 798,000.
- However, the actual count was 34,381 because of more workdays in the period.
- 6.1 percent of the applications were for refinanced transactions.

Endorsements

- 23,391 mortgages were endorsed; 13,787 were purchase money instruments, 5,974 refinancing and 3,630 HECM's.
- 79 percent of the purchase transactions were for first time home buyers.
- Of those, 64.4 were non-minority loans while 3.8 percent of the mortgagors refused to give their race or ethnicity.
- Refinanced mortgages accounted for 25.5 percent of the endorsements and of those 32.4 percent were processed using streamlined procedures.
- 1,449 refinances (35.9%) involved cash out action.
- HECM's made up 15.5 percent of the insurance transactions -- up from 9.5 percent at this time last year.
- Lender Insurance mortgage accounted for 11,063 transactions -- up from 7,291 in early March.

Automated Underwriting

- During March, 21,747 mortgages were accepted and endorsed using the FHA automated score card.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 16-31, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 798,000 | 861,200 | -7.3% | 835,100 | -4.4% |
| Average per workday | 3,154 | 3,404 | -7.3% | 3,301 | -4.5% |
| Actual | 34,381 | 33,174 | 3.6% | 33,169 | 3.7% |
| % for Refinance (Mar) | 6.1% | 7.8% | -1.7% # | 20.6% | -14.5% # |
| Endorsements: * | | | | | |
| Annual Rate | 561,400 | 484,900 | 15.8% | 646,800 | -13.2% |
| Actual | 23,391 | 20,204 | 15.8% | 26,948 | -13.2% |
| Purchase | 13,787 | 11,647 | 18.4% | 14,895 | -7.4% |
| % Purchase | 58.9% | 57.6% | 1.3% # | 55.3% | 3.7% # |
| 1st Time Home Buyer | 10,886 | 9,210 | 18.2% | 11,821 | -7.9% |
| % 1st Time Home Buyer | 79.0% | 79.1% | -0.1% # | 79.4% | -0.4% # |
| Non-Minority | 7,016 | 5,849 | 20.0% | 7,299 | -3.9% |
| % Non Minority | 64.4% | 63.5% | 0.9% # | 61.7% | 2.7% # |
| Minority | 3,459 | 2,984 | 15.9% | 4,020 | -14.0% |
| % Minority | 31.8% | 32.4% | -0.6% # | 34.0% | -2.2% # |
| Not-Disclosed | 409 | 376 | 8.8% | 502 | -18.5% |
| % Not-Disclosed | 3.8% | 4.1% | -0.3% # | 4.2% | -0.5% # |
| Refinanced | 5,974 | 5,196 | 15.0% | 9,497 | -37.1% |
| % Refinanced | 25.5% | 25.7% | -0.2% # | 35.2% | -9.7% # |
| Streamline | 1,936 | 1,801 | 7.5% | 7,310 | -73.5% |
| % Streamline | 32.4% | 34.7% | -2.3% # | 77.0% | -44.6% # |
| Full Process | 4,038 | 3,395 | 18.9% | 2,187 | 84.6% |
| Cash Out | 1,449 | 1,247 | 16.2% | 1,476 | -1.8% |
| % Cash Out | 35.9% | 36.7% | -0.8% # | 67.5% | -31.6% # |
| HECM | 3,630 | 3,361 | 8.0% | 2,556 | 42.0% |
| % HECM | 15.5% | 16.6% | -1.1% # | 9.5% | 6.0% # |
| Section 203(k) | 115 | 96 | 19.8% | 134 | -14.2% |
| Section 234(c) | 858 | 740 | 15.9% | 1,412 | -39.2% |
| % Section 234(c) | 3.7% | 3.7% | 0.0% # | 5.2% | -1.6% # |
| ARM | 4,019 | 3,681 | 9.2% | 5,009 | -19.8% |
| % ARM | 17.2% | 18.2% | -1.0% # | 18.6% | -1.4% # |
| Manufactured Housing | 2,046 | 1,725 | 18.6% | 1,547 | 32.3% |
| Interest Buy-down | 186 | 125 | 48.8% | 298 | -37.6% |
| Lender Insurance | 11,063 | 7,291 | 51.7% | 0 | 0.0% |
| Minority | 6,607 | 5,833 | 13.3% | 8,666 | -23.8% |
| % Minority | 28.2% | 28.9% | -0.6% # | 32.2% | -3.9% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Mar) | 21,747 | 14,802 | 46.9% | 20,027 | 8.6% |
| AUS as % of Total Endorsed | 49.9% | 46.8% | 3.1% # | 40.8% | 9.1% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 16-31, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 302,903 | 362,570 | -16.5% | 718,043 |
| Endorsements * | 520,000 | 235,713 | 289,982 | -18.7% | 555,557 |
| Purchase | 338,000 | 147,744 | 179,972 | -17.9% | 353,898 |
| % Purchase | 65.0% | 62.7% | 62.1% | 0.6% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 117,318 | 141,938 | -17.3% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.4% | 78.9% | 0.5% # | 79.2% |
| Non-Minority | 175,000 | 74,812 | 85,776 | -12.8% | 174,524 |
| % Non Minority | 64.8% | 63.8% | 60.4% | 3.3% # | 62.3% |
| Minority | 84,000 | 38,415 | 49,005 | -21.6% | 92,843 |
| % Minority | 31.1% | 32.7% | 34.5% | -1.8% # | 33.1% |
| Not-Disclosed | 11,000 | 4,073 | 7,097 | -42.6% | 12,656 |
| % Not-Disclosed | 4.1% | 3.5% | 5.0% | -1.5% # | 4.5% |
| Refinanced | 130,000 | 54,828 | 88,767 | -38.2% | 158,528 |
| % Refinanced | 25.0% | 23.3% | 30.6% | -7.4% # | 28.5% |
| Streamline | 84,000 | 25,809 | 64,968 | -60.3% | 113,086 |
| % Streamline | 64.6% | 47.1% | 73.2% | -26.1% # | 71.3% |
| Full Process | 46,000 | 29,019 | 23,979 | -21.0% | 45,442 |
| Cash Out | 32,000 | 15,283 | 16,379 | -6.7% | 31,338 |
| % Cash Out | 69.6% | 52.7% | 68.3% | -15.6% # | 69.0% |
| HECM | 52,000 | 33,141 | 21,243 | 56.0% | 43,131 |
| % HECM | 10.0% | 14.1% | 7.3% | 6.7% # | 7.8% |
| Section 203(k) | 2,600 | 1,382 | 1,640 | -15.7% | 2,952 |
| Section 234(c) | 28,000 | 10,501 | 15,241 | -31.1% | 28,998 |
| % Section 234(c) | 5.4% | 4.5% | 5.3% | -0.8% # | 5.2% |
| ARM | 97,000 | 40,165 | 55,855 | -28.1% | 95,561 |
| % ARM | 18.7% | 17.0% | 19.3% | -2.2% # | 17.2% |
| Manufactured Housing | 32,000 | 19,737 | 17,173 | 14.9% | 34,651 |
| Interest Buy-down | 9,000 | 2,048 | 6,681 | -69.3% | 10,400 |
| Lender Insurance | 300,000 | 52,861 | 0 | 0.0% | 0 |
| Minority | 180,000 | 69,583 | 95,091 | -26.8% | 176,334 |
| % Minority | 34.6% | 29.5% | 32.8% | -3.3% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Mar) | 248,000 | 115,731 | 128,887 | -10.2% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.1% | 44.4% | 4.7% # | 46.4% |
| Loans Delinquent as of (Feb) ** | 250,000 | 264,374 | 282,960 | -6.6% | 258,298 |
| Claims (Mar) *** | 150,000 | 64,098 | 81,407 | -21.3% | 155,231 |
| Loss Mitigation Retention | 80,000 | 33,559 | 42,645 | -21.3% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 2,552 | 2,829 | -9.8% | 5,832 |
| Other Claims | 64,000 | 27,987 | 35,933 | -22.1% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 1-15, 2006

Applications

- At an annual rate, applications rose 3 percent to 861,200 but still lower than the 939,800 for the same period last year.
- Actual receipts totaled 33,174 -- 38.3 percent above the prior period -- primarily due to more workdays.

Endorsements

- During this reporting period, 20,204 mortgages were insured -- 11,647 purchase money mortgages, 5,196 refinancing transactions and 3,361 HECM transactions.
- 79.1 percent of the purchase mortgages were for first time home buyers and of those, 32.4 were minority households. 4.1 percent of the home owners would not disclose their race or ethnicity.
- For refinanced mortgages, 34.7 percent were processed using streamlined procedures.
- 3,395 refinancings required full processing and more than one third of these were cash outs.
- HECM's accounted for 16.6 percent of total insurance.
- 3,681 mortgages (18.2%) had ARM provisions.
- 7,291 mortgages were endorsed using the Lender Insurance.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 861,200 | 835,900 | 3.0% | 939,800 | -8.4% |
| Average per workday | 3,404 | 3,304 | 3.0% | 3,715 | -8.4% |
| Actual | 33,174 | 23,985 | 38.3% | 36,878 | -10.0% |
| % for Refinance (Feb) | 7.8% | 11.0% | -3.2% # | 28.0% | -20.2% # |
| Endorsements: * | | | | | |
| Annual Rate | 484,900 | 335,800 | 44.4% | 531,600 | -8.8% |
| Actual | 20,204 | 13,990 | 44.4% | 22,149 | -8.8% |
| Purchase | 11,647 | 7,722 | 50.8% | 12,350 | -5.7% |
| % Purchase | 57.6% | 55.2% | 2.5% # | 55.8% | 1.9% # |
| 1st Time Home Buyer | 9,210 | 6,117 | 50.6% | 9,730 | -5.3% |
| % 1st Time Home Buyer | 79.1% | 79.2% | -0.1% # | 78.8% | 0.3% # |
| Non-Minority | 5,849 | 3,787 | 54.4% | 5,872 | -0.4% |
| % Non Minority | 63.5% | 61.9% | 1.6% # | 60.3% | 3.2% # |
| Minority | 2,984 | 2,093 | 42.6% | 3,371 | -11.5% |
| % Minority | 32.4% | 34.2% | -1.8% # | 34.6% | -2.2% # |
| Not-Disclosed | 376 | 238 | 58.0% | 483 | -22.2% |
| % Not-Disclosed | 4.1% | 3.9% | 0.2% # | 5.0% | -0.9% # |
| Refinanced | 5,196 | 3,373 | 54.0% | 7,843 | -33.7% |
| % Refinanced | 25.7% | 24.1% | 1.6% # | 35.4% | -9.7% # |
| Streamline | 1,801 | 1,272 | 41.6% | 5,882 | -69.4% |
| % Streamline | 34.7% | 37.7% | -3.0% # | 75.0% | -40.3% # |
| Full Process | 3,395 | 2,101 | 61.6% | 1,961 | 73.1% |
| Cash Out | 1,247 | 806 | 54.7% | 1,328 | -6.1% |
| % Cash Out | 36.7% | 38.4% | -1.6% # | 67.7% | -31.0% # |
| HECM | 3,361 | 2,895 | 16.1% | 1,956 | 71.8% |
| % HECM | 16.6% | 20.7% | -4.1% # | 8.8% | 7.8% # |
| Section 203(k) | 96 | 64 | 50.0% | 89 | 7.9% |
| Section 234(c) | 740 | 521 | 42.0% | 1,227 | -39.7% |
| % Section 234(c) | 3.7% | 3.7% | -0.1% # | 5.5% | -1.9% # |
| ARM | 3,681 | 3,213 | 14.6% | 4,347 | -15.3% |
| % ARM | 18.2% | 23.0% | -4.7% # | 19.6% | -1.4% # |
| Manufactured Housing | 1,725 | 1,198 | 44.0% | 1,449 | 19.0% |
| Interest Buy-down | 125 | 97 | 28.9% | 263 | -52.5% |
| Lender Insurance | 7,291 | 5,017 | 45.3% | 0 | 0.0% |
| Minority | 5,833 | 4,157 | 40.3% | 7,205 | -19.0% |
| % Minority | 28.9% | 29.7% | -0.8% # | 32.5% | -3.7% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Feb) | 14,802 | 19,730 | -25.0% | 17,174 | -13.8% |
| AUS as % of Total Endorsed | 46.8% | 49.3% | -2.5% # | 42.8% | 4.0% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 268,522 | 328,920 | -18.4% | 718,043 |
| Endorsements * | 520,000 | 212,383 | 263,061 | -19.3% | 555,557 |
| Purchase | 338,000 | 133,990 | 165,097 | -18.8% | 353,898 |
| % Purchase | 65.0% | 63.1% | 62.8% | 0.3% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 106,433 | 130,118 | -18.2% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.4% | 78.8% | 0.6% # | 79.2% |
| Non-Minority | 175,000 | 67,810 | 78,486 | -13.6% | 174,524 |
| % Non Minority | 64.8% | 63.7% | 60.3% | 3.4% # | 62.3% |
| Minority | 84,000 | 34,963 | 44,989 | -22.3% | 92,843 |
| % Minority | 31.1% | 32.8% | 34.6% | -1.7% # | 33.1% |
| Not-Disclosed | 11,000 | 3,664 | 6,596 | -44.5% | 12,656 |
| % Not-Disclosed | 4.1% | 3.4% | 5.1% | -1.6% # | 4.5% |
| Refinanced | 130,000 | 48,870 | 79,276 | -38.4% | 158,528 |
| % Refinanced | 25.0% | 23.0% | 30.1% | -7.1% # | 28.5% |
| Streamline | 84,000 | 23,878 | 57,664 | -58.6% | 113,086 |
| % Streamline | 64.6% | 48.9% | 72.7% | -23.9% # | 71.3% |
| Full Process | 46,000 | 24,992 | 21,612 | 15.6% | 45,442 |
| Cash Out | 32,000 | 13,841 | 14,902 | -7.1% | 31,338 |
| % Cash Out | 69.6% | 55.4% | 69.0% | -13.6% # | 69.0% |
| HECM | 52,000 | 29,523 | 18,688 | 58.0% | 43,131 |
| % HECM | 10.0% | 13.9% | 7.1% | 6.8% # | 7.8% |
| Section 203(k) | 2,600 | 1,267 | 1,506 | -15.9% | 2,952 |
| Section 234(c) | 28,000 | 9,647 | 13,830 | -30.2% | 28,998 |
| % Section 234(c) | 5.4% | 4.5% | 5.3% | -0.7% # | 5.2% |
| ARM | 97,000 | 36,159 | 50,829 | -28.9% | 95,561 |
| % ARM | 18.7% | 17.0% | 19.3% | -2.3% # | 17.2% |
| Manufactured Housing | 32,000 | 17,695 | 15,630 | 13.2% | 34,651 |
| Interest Buy-down | 9,000 | 1,858 | 6,362 | -70.8% | 10,400 |
| Lender Insurance | 300,000 | 41,809 | 0 | 0.0% | 0 |
| Minority | 180,000 | 62,991 | 86,434 | -27.1% | 176,334 |
| % Minority | 34.6% | 29.7% | 32.9% | -3.2% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Feb) | 248,000 | 94,011 | 108,869 | -13.6% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 48.9% | 45.2% | 3.7% # | 46.4% |
| Loans Delinquent as of (Feb) ** | 250,000 | 264,374 | 282,960 | -6.6% | 258,298 |
| Claims (Feb) *** | 150,000 | 51,566 | 66,654 | -22.6% | 155,231 |
| Loss Mitigation Retention | 80,000 | 26,860 | 35,104 | -23.5% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 2,127 | 2,284 | -6.9% | 5,832 |
| Other Claims | 64,000 | 22,579 | 29,266 | -22.8% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

February 16-28, 2006

Applications

- Applications, after seasonal adjustment, rose 8.9 percent to an annual rate of 835,900.
- Actual receipts were down due to the number of work days but were up on a daily basis.
- During February, 7.8 percent of the applications were for a refinanced mortgage

Endorsements

- During this reporting period, 13,990 mortgages were endorsed -- 7,722 purchase transactions, 3,373 refinanced mortgages and 2,895 HECM's.
- 8 out of 10 purchase mortgages were for first time home buyers and of those 34.2 percent were for minority households. 3.9 percent of the borrowers declined to disclose their race or ethnicity.
- With respect to refinanced mortgages, 37.7 percent were handled with streamlined procedures, while those that required full processing had 38.4 percent of the borrowers getting cash out of the transaction.
- 23 percent of the endorsed mortgages had ARM provisions.
- 5,017 of the mortgages were handled using Lender Insurance.

Automated Underwriting

- 14,802 mortgages (46.8% of total) were accepted and endorsed using automated underwriting procedures.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

February 16-28, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 835,900 | 767,800 | 8.9% | 921,500 | -9.3% |
| Average per workday | 3,304 | 3,035 | 8.9% | 3,642 | -9.3% |
| Actual | 23,985 | 30,951 | -22.5% | 26,345 | -9.0% |
| % for Refinance (Feb) | 7.8% | 11.0% | -3.2% # | 28.0% | -20.2% # |
| Endorsements: * | | | | | |
| Annual Rate | 335,800 | 423,000 | -20.6% | 434,400 | -22.7% |
| Actual | 13,990 | 17,626 | -20.6% | 18,101 | -22.7% |
| Purchase | 7,722 | 10,525 | -26.6% | 10,277 | -24.9% |
| % Purchase | 55.2% | 59.7% | -4.5% # | 56.8% | -1.6% # |
| 1st Time Home Buyer | 6,117 | 8,283 | -26.1% | 8,200 | -25.4% |
| % 1st Time Home Buyer | 79.2% | 78.7% | 0.5% # | 79.8% | -0.6% # |
| Non-Minority | 3,787 | 5,128 | -26.2% | 2,928 | 29.3% |
| % Non Minority | 61.9% | 61.9% | 0.0% # | 35.7% | 26.2% # |
| Minority | 2,093 | 2,889 | -27.6% | 4,836 | -56.7% |
| % Minority | 34.2% | 34.9% | -0.7% # | 59.0% | -24.8% # |
| Not-Disclosed | 238 | 265 | -10.2% | 437 | -45.5% |
| % Not-Disclosed | 3.9% | 3.2% | 0.7% # | 5.3% | -1.4% # |
| Refinanced | 3,373 | 4,155 | -18.8% | 6,043 | -44.2% |
| % Refinanced | 24.1% | 23.6% | 0.5% # | 33.4% | -9.3% # |
| Streamline | 1,272 | 1,649 | -22.9% | 4,400 | -71.1% |
| % Streamline | 37.7% | 39.7% | -2.0% # | 72.8% | -35.1% # |
| Full Process | 2,101 | 2,506 | -16.2% | 1,643 | 27.9% |
| Cash Out | 806 | 1,092 | -26.2% | 1,113 | -27.6% |
| % Cash Out | 38.4% | 43.6% | -5.2% # | 67.7% | -29.4% # |
| HECM | 2,895 | 2,946 | -1.7% | 1,781 | 62.5% |
| % HECM | 20.7% | 16.7% | 4.0% # | 9.8% | 10.9% # |
| Section 203(k) | 64 | 107 | -40.2% | 97 | -34.0% |
| Section 234(c) | 521 | 764 | -31.8% | 912 | -42.9% |
| % Section 234(c) | 3.7% | 4.3% | -0.6% # | 5.0% | -1.3% # |
| ARM | 3,213 | 3,402 | -5.6% | 3,892 | -17.4% |
| % ARM | 23.0% | 19.3% | 3.7% # | 21.5% | 1.5% # |
| Manufactured Housing | 1,198 | 1,551 | -22.8% | 1,055 | 13.6% |
| Interest Buy-down | 97 | 134 | -27.6% | 275 | -64.7% |
| Lender Insurance | 5,017 | 6,907 | -27.4% | 0 | 0.0% |
| Minority | 4,157 | 5,316 | -21.8% | 6,032 | -31.1% |
| % Minority | 29.7% | 30.2% | -0.4% # | 33.3% | -3.6% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Feb) | 14,802 | 19,730 | -25.0% | 17,174 | -13.8% |
| AUS as % of Total Endorsed | 46.8% | 49.3% | -2.5% # | 42.8% | 4.0% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

February 16-28, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 235,348 | 292,042 | -19.4% | 718,043 |
| Endorsements * | 520,000 | 192,179 | 240,912 | -20.2% | 555,557 |
| Purchase | 338,000 | 122,343 | 152,747 | -19.9% | 353,898 |
| % Purchase | 65.0% | 63.7% | 63.4% | 0.3% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 97,226 | 120,391 | -19.2% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.5% | 78.8% | 0.7% # | 79.2% |
| Non-Minority | 175,000 | 61,961 | 70,706 | -12.4% | 174,524 |
| % Non Minority | 64.8% | 63.7% | 58.7% | 5.0% # | 62.3% |
| Minority | 84,000 | 31,979 | 43,526 | -26.5% | 92,843 |
| % Minority | 31.1% | 32.9% | 36.2% | -3.3% # | 33.1% |
| Not-Disclosed | 11,000 | 3,288 | 6,113 | -46.2% | 12,656 |
| % Not-Disclosed | 4.1% | 3.4% | 5.1% | -1.7% # | 4.5% |
| Refinanced | 130,000 | 43,674 | 71,433 | -38.9% | 158,528 |
| % Refinanced | 25.0% | 22.7% | 29.7% | -6.9% # | 28.5% |
| Streamline | 84,000 | 22,077 | 51,782 | -57.4% | 113,086 |
| % Streamline | 64.6% | 50.5% | 72.5% | -21.9% # | 71.3% |
| Full Process | 46,000 | 21,597 | 19,651 | 9.9% | 45,442 |
| Cash Out | 32,000 | 12,594 | 13,574 | -7.2% | 31,338 |
| % Cash Out | 69.6% | 58.3% | 69.1% | -10.8% # | 69.0% |
| HECM | 52,000 | 26,162 | 16,732 | 56.4% | 43,131 |
| % HECM | 10.0% | 13.6% | 6.9% | 6.7% # | 7.8% |
| Section 203(k) | 2,600 | 1,171 | 1,417 | -17.4% | 2,952 |
| Section 234(c) | 28,000 | 8,907 | 12,603 | -29.3% | 28,998 |
| % Section 234(c) | 5.4% | 4.6% | 5.2% | -0.6% # | 5.2% |
| ARM | 97,000 | 32,478 | 46,482 | -30.1% | 95,561 |
| % ARM | 18.7% | 16.9% | 19.3% | -2.4% # | 17.2% |
| Manufactured Housing | 32,000 | 15,970 | 14,181 | 12.6% | 34,651 |
| Interest Buy-down | 9,000 | 1,733 | 6,099 | -71.6% | 10,400 |
| Lender Insurance | 300,000 | 34,518 | 0 | 0.0% | 0 |
| Minority | 180,000 | 57,158 | 79,229 | -27.9% | 176,334 |
| % Minority | 34.6% | 29.7% | 32.9% | -3.1% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Feb) | 248,000 | 94,011 | 108,869 | -13.6% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 48.9% | 45.2% | 3.7% # | 46.4% |
| Loans Delinquent as of (Jan) ** | 250,000 | 298,084 | 305,992 | -2.6% | 258,298 |
| Claims (Feb) *** | 150,000 | 51,566 | 66,654 | -22.6% | 155,231 |
| Loss Mitigation Retention | 80,000 | 26,860 | 35,104 | -23.5% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 2,127 | 2,284 | -6.9% | 5,832 |
| Other Claims | 64,000 | 22,579 | 29,266 | -22.8% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

February 1-15, 2006

Applications

- At an annual rate, after seasonal adjustment, the application rate jumped 20.8 percent from 635,600 last period to 767,800 this time.
- Actual receipts totaled 30,951 for this reporting period.
- So far this year, 211,363 applications have been received -- down from 265,697 this time last year.

Endorsements

- 178,189 mortgages have been endorsed this year -- 20 percent lower than the 222,811 reported thru mid February last year.
- During this period, 17,626 mortgages were endorsed -- 10,525 purchase money instruments, 4,155 refinances and 2,946 HECM's.
- So far this year, 23,267 HECM's have been insured 13.1 percent of total activity -- almost double the total for last year (14,951) at this time.
- During this reporting period, 4 out of 5 purchase transactions were for first time home owners and of these 34.9 percent were for minority households.
- With respect to refinances, 39.7 percent of the cases were handled with streamlined procedures and of those requiring full processing, 43.6 percent covered cash out deals.
- 764 mortgages were insured for Section 234c condo units. 4.3 percent of insurance total.
- 3,402 mortgages -- 19.3% of total -- had ARM provisions.
- 6,907 mortgages were endorsed by Lender Insurance approved lenders.
- So far this year, Lender Insurance accounts for 29,501 cases -- almost 17 percent of total endorsement activity.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

February 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 767,800 | 635,600 | 20.8% | 895,400 | -14.3% |
| Average per workday | 3,035 | 2,512 | 20.8% | 3,539 | -14.2% |
| Actual | 30,951 | 27,878 | 11.0% | 35,323 | -12.4% |
| % for Refinance (Jan) | 11.0% | 9.7% | 1.3% # | 26.3% | -15.3% # |
| Endorsements: * | | | | | |
| Annual Rate | 423,000 | 527,700 | -19.8% | 529,100 | -20.1% |
| Actual | 17,626 | 21,986 | -19.8% | 22,045 | -20.0% |
| Purchase | 10,525 | 14,040 | -25.0% | 13,285 | -20.8% |
| % Purchase | 59.7% | 63.9% | -4.1% # | 60.3% | -0.6% # |
| 1st Time Home Buyer | 8,283 | 11,125 | -25.5% | 10,370 | -20.1% |
| % 1st Time Home Buyer | 78.7% | 79.2% | -0.5% # | 78.1% | 0.6% # |
| Non-Minority | 5,128 | 6,872 | -25.4% | 6,188 | -17.1% |
| % Non Minority | 61.9% | 61.8% | 0.1% # | 59.7% | 2.2% # |
| Minority | 2,889 | 3,889 | -25.7% | 3,645 | -20.7% |
| % Minority | 34.9% | 35.0% | -0.1% # | 35.1% | -0.3% # |
| Not-Disclosed | 265 | 362 | -26.8% | 532 | -50.2% |
| % Not-Disclosed | 3.2% | 3.3% | -0.1% # | 5.1% | -1.9% # |
| Refinanced | 4,155 | 4,844 | -14.2% | 7,183 | -42.2% |
| % Refinanced | 23.6% | 22.0% | 1.5% # | 32.6% | -9.0% # |
| Streamline | 1,649 | 1,856 | -11.2% | 5,105 | -67.7% |
| % Streamline | 39.7% | 38.3% | 1.4% # | 71.1% | -31.4% # |
| Full Process | 2,506 | 2,988 | -16.1% | 2,078 | 20.6% |
| Cash Out | 1,092 | 1,446 | -24.5% | 1,463 | -25.4% |
| % Cash Out | 43.6% | 48.4% | -4.8% # | 70.4% | -26.8% # |
| HECM | 2,946 | 3,102 | -5.0% | 1,577 | 86.8% |
| % HECM | 16.7% | 14.1% | 2.6% # | 7.2% | 9.6% # |
| Section 203(k) | 107 | 151 | -29.1% | 135 | -20.7% |
| Section 234(c) | 764 | 964 | -20.7% | 1,197 | -36.2% |
| % Section 234(c) | 4.3% | 4.4% | -0.1% # | 5.4% | -1.1% # |
| ARM | 3,402 | 3,723 | -8.6% | 4,333 | -21.5% |
| % ARM | 19.3% | 16.9% | 2.4% # | 19.7% | -0.4% # |
| Manufactured Housing | 1,551 | 1,931 | -19.7% | 1,531 | 1.3% |
| Interest Buy-down | 134 | 186 | -28.0% | 385 | -65.2% |
| Lender Insurance | 6,907 | 6,612 | 4.5% | 0 | 0.0% |
| Minority | 5,316 | 6,661 | -20.2% | 7,268 | -26.9% |
| % Minority | 30.2% | 30.3% | -0.1% # | 33.0% | -2.8% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jan) | 19,730 | 18,497 | 6.7% | 21,167 | -6.8% |
| AUS as % of Total Endorsed | 49.3% | 49.1% | 0.2% # | 44.4% | 4.9% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

February 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 211,363 | 265,697 | -20.4% | 718,043 |
| Endorsements * | 520,000 | 178,189 | 222,811 | -20.0% | 555,557 |
| Purchase | 338,000 | 114,621 | 142,470 | -19.5% | 353,898 |
| % Purchase | 65.0% | 64.3% | 63.9% | 0.4% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 91,111 | 112,192 | -18.8% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.5% | 78.7% | 0.7% # | 79.2% |
| Non-Minority | 175,000 | 58,174 | 67,778 | -14.2% | 174,524 |
| % Non Minority | 64.8% | 63.8% | 60.4% | 3.4% # | 62.3% |
| Minority | 84,000 | 29,886 | 38,690 | -22.8% | 92,843 |
| % Minority | 31.1% | 32.8% | 34.5% | -1.7% # | 33.1% |
| Not-Disclosed | 11,000 | 3,050 | 5,676 | -46.3% | 12,656 |
| % Not-Disclosed | 4.1% | 3.3% | 5.1% | -1.7% # | 4.5% |
| Refinanced | 130,000 | 40,301 | 65,390 | -38.4% | 158,528 |
| % Refinanced | 25.0% | 22.6% | 29.3% | -6.7% # | 28.5% |
| Streamline | 84,000 | 20,805 | 47,382 | -56.1% | 113,086 |
| % Streamline | 64.6% | 51.6% | 72.5% | -20.8% # | 71.3% |
| Full Process | 46,000 | 19,496 | 18,008 | 8.3% | 45,442 |
| Cash Out | 32,000 | 11,788 | 12,461 | -5.4% | 31,338 |
| % Cash Out | 69.6% | 60.5% | 69.2% | -8.7% # | 69.0% |
| HECM | 52,000 | 23,267 | 14,951 | 55.6% | 43,131 |
| % HECM | 10.0% | 13.1% | 6.7% | 6.3% # | 7.8% |
| Section 203(k) | 2,600 | 1,107 | 1,320 | -16.1% | 2,952 |
| Section 234(c) | 28,000 | 8,386 | 11,691 | -28.3% | 28,998 |
| % Section 234(c) | 5.4% | 4.7% | 5.2% | -0.5% # | 5.2% |
| ARM | 97,000 | 29,265 | 42,590 | -31.3% | 95,561 |
| % ARM | 18.7% | 16.4% | 19.1% | -2.7% # | 17.2% |
| Manufactured Housing | 32,000 | 14,772 | 13,126 | 12.5% | 34,651 |
| Interest Buy-down | 9,000 | 1,636 | 5,824 | -71.9% | 10,400 |
| Lender Insurance | 300,000 | 29,501 | 0 | 0.0% | 0 |
| Minority | 180,000 | 53,001 | 73,197 | -27.6% | 176,334 |
| % Minority | 34.6% | 29.7% | 32.9% | -3.1% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jan) | 248,000 | 79,209 | 91,695 | -13.6% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.3% | 45.7% | 3.6% # | 46.4% |
| Loans Delinquent as of (Jan) ** | 250,000 | 298,084 | 305,992 | -2.6% | 258,298 |
| Claims (Jan) *** | 150,000 | 40,625 | 54,338 | -25.2% | 155,231 |
| Loss Mitigation Retention | 80,000 | 20,833 | 28,736 | -27.5% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 1,715 | 1,891 | -9.3% | 5,832 |
| Other Claims | 64,000 | 18,077 | 23,711 | -23.8% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

January 16-31, 2006

Applications

- Applications, after seasonal adjustment, were up 36.8 percent to an annual rate of 635,600.
- Actual applications receipts for this reporting period totaled 27,878 -- substantially above late December.
- 11 percent of the applications involved refinanced mortgage transactions.
- So far this fiscal year, applications are down 21.7 percent.

Endorsements

- 21,986 mortgages were endorsed in early January -- 14,040 purchase money mortgages, 4,844 refinancing and 3,102 HECM's
- 79.2 percent of the purchase transactions were for first time home buyers and of those 35 percent were for minority buyer households.
- With respect to refinanced mortgages, 38.3 percent were handled with streamlined procedures.
- The bulk of the refinances required full processing and of these almost half were cash out actions.
- 16.9 percent of the mortgage endorsements involved ARM provisions.

Automated Underwriting

- During January, 19,730 mortgages were accepted and endorsed using the automated underwriting scorecard -- 49.3 percent of the total cases insured.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

January 16-31, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 635,600 | 464,500 | 36.8% | 740,100 | -14.1% |
| Average per workday | 2,512 | 1,836 | 36.8% | 2,925 | -14.1% |
| Actual | 27,878 | 18,291 | 52.4% | 28,796 | -3.2% |
| % for Refinance (Jan) | 11.0% | 9.7% | 1.3% # | 26.3% | -15.3% # |
| Endorsements: * | | | | | |
| Annual Rate | 527,700 | 432,000 | 22.2% | 571,400 | -7.6% |
| Actual | 21,986 | 18,000 | 22.1% | 23,810 | -7.7% |
| Purchase | 14,040 | 11,287 | 24.4% | 14,258 | -1.5% |
| % Purchase | 63.9% | 62.7% | 1.2% # | 59.9% | 4.0% # |
| 1st Time Home Buyer | 11,125 | 8,917 | 24.8% | 11,254 | -1.1% |
| % 1st Time Home Buyer | 79.2% | 79.0% | 0.2% # | 78.9% | 0.3% # |
| Non-Minority | 6,872 | 5,602 | 22.7% | 6,716 | 2.3% |
| % Non Minority | 61.8% | 62.8% | -1.1% # | 59.7% | 2.1% # |
| Minority | 3,889 | 2,975 | 30.7% | 3,970 | -2.0% |
| % Minority | 35.0% | 33.4% | 1.6% # | 35.3% | -0.3% # |
| Not-Disclosed | 362 | 338 | 7.1% | 566 | -36.0% |
| % Not-Disclosed | 3.3% | 3.8% | -0.5% # | 5.0% | -1.8% # |
| Refinanced | 4,844 | 4,258 | 13.8% | 7,370 | -34.3% |
| % Refinanced | 22.0% | 23.7% | -1.6% # | 31.0% | -8.9% # |
| Streamline | 1,856 | 2,112 | -12.1% | 5,332 | -65.2% |
| % Streamline | 38.3% | 49.6% | -11.3% # | 72.3% | -34.0% # |
| Full Process | 2,988 | 2,146 | 39.2% | 2,038 | 46.6% |
| Cash Out | 1,446 | 1,157 | 25.0% | 1,389 | 4.1% |
| % Cash Out | 48.4% | 53.9% | -5.5% # | 68.2% | -19.8% # |
| HECM | 3,102 | 2,455 | 26.4% | 2,182 | 42.2% |
| % HECM | 14.1% | 13.6% | 0.5% # | 9.2% | 4.9% # |
| Section 203(k) | 151 | 108 | 39.8% | 122 | 23.8% |
| Section 234(c) | 964 | 848 | 13.7% | 1,244 | -22.5% |
| % Section 234(c) | 4.4% | 4.7% | -0.3% # | 5.2% | -0.8% # |
| ARM | 3,723 | 3,002 | 24.0% | 5,101 | -27.0% |
| % ARM | 16.9% | 16.7% | 0.3% # | 21.4% | -4.5% # |
| Manufactured Housing | 1,931 | 1,527 | 26.5% | 1,427 | 35.3% |
| Interest Buy-down | 186 | 149 | 24.8% | 455 | -59.1% |
| Lender Insurance | 6,612 | 4,893 | 35.1% | 0 | 0.0% |
| Minority | 6,661 | 5,328 | 25.0% | 7,825 | -14.9% |
| % Minority | 30.3% | 29.6% | 0.7% # | 32.9% | -2.6% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jan) | 19,730 | 18,497 | 6.7% | 21,167 | -6.8% |
| AUS as % of Total Endorsed | 49.3% | 49.1% | 0.2% # | 44.4% | 4.9% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

January 16-31, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 180,412 | 230,374 | -21.7% | 718,043 |
| Endorsements * | 520,000 | 160,563 | 200,766 | -20.0% | 555,557 |
| Purchase | 338,000 | 104,096 | 129,185 | -19.4% | 353,898 |
| % Purchase | 65.0% | 64.8% | 64.3% | 0.5% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 82,834 | 101,824 | -18.6% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.6% | 78.8% | 0.8% # | 79.2% |
| Non-Minority | 175,000 | 53,046 | 61,590 | -13.9% | 174,524 |
| % Non Minority | 64.8% | 64.0% | 60.5% | 3.6% # | 62.3% |
| Minority | 84,000 | 26,997 | 35,045 | -23.0% | 92,843 |
| % Minority | 31.1% | 32.6% | 34.4% | -1.8% # | 33.1% |
| Not-Disclosed | 11,000 | 2,785 | 5,144 | -45.9% | 12,656 |
| % Not-Disclosed | 4.1% | 3.4% | 5.1% | -1.7% # | 4.5% |
| Refinanced | 130,000 | 36,146 | 58,207 | -37.9% | 158,528 |
| % Refinanced | 25.0% | 22.5% | 29.0% | -6.5% # | 28.5% |
| Streamline | 84,000 | 19,156 | 42,277 | -54.7% | 113,086 |
| % Streamline | 64.6% | 53.0% | 72.6% | -19.6% # | 71.3% |
| Full Process | 46,000 | 16,990 | 15,930 | 6.7% | 45,442 |
| Cash Out | 32,000 | 10,696 | 10,998 | -2.7% | 31,338 |
| % Cash Out | 69.6% | 63.0% | 69.0% | -6.1% # | 69.0% |
| HECM | 52,000 | 20,321 | 13,374 | 51.9% | 43,131 |
| % HECM | 10.0% | 12.7% | 6.7% | 6.0% # | 7.8% |
| Section 203(k) | 2,600 | 1,000 | 1,185 | -15.6% | 2,952 |
| Section 234(c) | 28,000 | 7,622 | 10,494 | -27.4% | 28,998 |
| % Section 234(c) | 5.4% | 4.7% | 5.2% | -0.5% # | 5.2% |
| ARM | 97,000 | 25,863 | 38,257 | -32.4% | 95,561 |
| % ARM | 18.7% | 16.1% | 19.1% | -2.9% # | 17.2% |
| Manufactured Housing | 32,000 | 13,221 | 11,595 | 14.0% | 34,651 |
| Interest Buy-down | 9,000 | 1,502 | 5,439 | -72.4% | 10,400 |
| Lender Insurance | 300,000 | 22,594 | 0 | 0.0% | 0 |
| Minority | 180,000 | 47,685 | 65,929 | -27.7% | 176,334 |
| % Minority | 34.6% | 29.7% | 32.8% | -3.1% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Jan) | 248,000 | 79,209 | 91,695 | -13.6% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.3% | 45.7% | 3.6% # | 46.4% |
| Loans Delinquent as of (Dec) ** | 250,000 | 279,858 | 300,417 | -6.8% | 258,298 |
| Claims (Jan) *** | 150,000 | 40,625 | 54,338 | -25.2% | 155,231 |
| Loss Mitigation Retention | 80,000 | 20,833 | 28,736 | -27.5% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 1,715 | 1,891 | -9.3% | 5,832 |
| Other Claims | 64,000 | 18,077 | 23,711 | -23.8% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

January 1-15, 2006

Applications

- Seasonally adjusted, the annual rate for applications was 464,500 -- up substantially from the 376,600 rate recorded for late December.
- The actual application rate for January 1 to January 15 was 18,291 -- 15 percent above the last reporting period.
- During December, 9.7 percent of the applications received were to refinance a mortgage.

Endorsements

- 18,000 mortgages were endorsed in early January -- 11,287 purchase money mortgages, 4,258 refinanced cases and 2,455 HECM's.
- Of the purchase type transactions, 79% were for first time homebuyers.
- 62.8 percent of the first timers were in non-minority households and 33.4 percent in minority households. 3.8 percent of the mortgagors refused to disclose their race or ethnicity.
- For refinanced transactions, 49.6 percent of the endorsements were handled with streamlined procedures.
- For the 2,146 refinances that required full processing, 53.9 percent were cash out actions.
- During this period, 4,893 mortgages were endorsed under Lender Insurance, twice the level for late December and has totaled 15,982 for this fiscal year.
- 16.7 percent of the mortgages insured had ARM provisions -- almost 9 out of 10 with 1 year terms.
- 1,527 manufactured housing mortgages were insured.

FHA SINGLE FAMILY OPERATIONS COMMENTS

(Supplement to FHA Outlook)

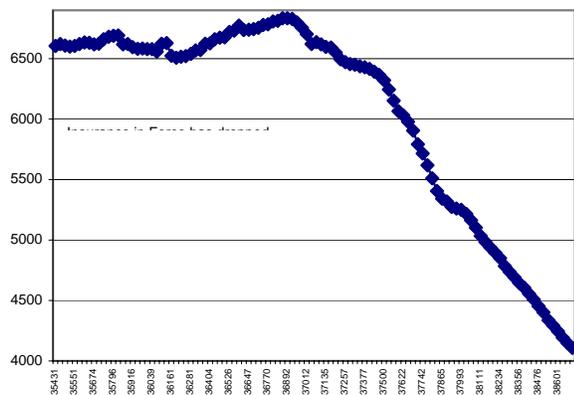
January 1-15, 2006

FHA has experienced a significant decline in business as well as in the size of its insurance portfolio. More specifically, the number of single family loans insured have dropped sharply from 1.3 million in 2003 to 555,000 last year.

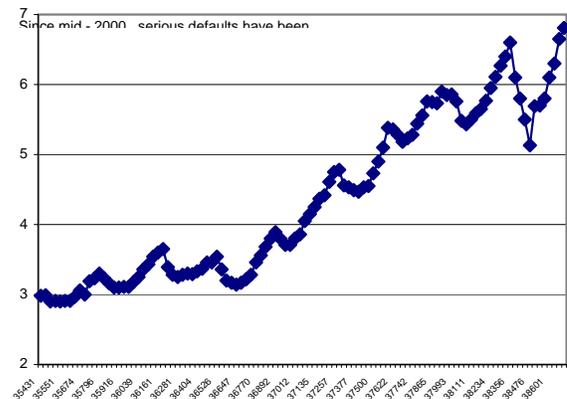
In addition, in the last few years a large number of insurance terminations -- mostly from non-claim prepayments where a mortgage is most likely refinanced in the conventional market -- has had a dramatic effect on the FHA portfolio. For example, FHA's single family insurance in force has fallen from 6.8 million mortgages in 2001 to 4.1 million in December 2005. (see chart)

Another problem that has developed is the rising rate of seriously delinquent mortgages -- those 90 days or more in default and/or in foreclosure. The delinquency rate has increased steadily since 2000 when the rate was recorded at 3 percent. In December 2005 the rate was 6.8 percent. What is interesting is that while there has been a moderate increase in the number of delinquent loans, the effect of the severe decline in the insurance in force has boosted the default rate. (see chart)

Insurance in Force, Cases



Mortgages in Default, 90 Days or more



FHA OUTLOOK

SINGLE FAMILY OPERATIONS

January 1-15, 2006

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 464,500 | 376,600 | 23.3% | 555,900 | -16.4% |
| Average per workday | 1,836 | 1,489 | 23.3% | 2,197 | -16.4% |
| Actual | 18,291 | 15,908 | 15.0% | 23,628 | -22.6% |
| % for Refinance (Dec) | 9.7% | 10.2% | -0.5% # | 24.7% | -15.0% # |
| Endorsements: * | | | | | |
| Annual Rate | 432,000 | 417,600 | 3.4% | 573,100 | -24.6% |
| Actual | 18,000 | 17,402 | 3.4% | 23,878 | -24.6% |
| Purchase | 11,287 | 11,177 | 1.0% | 15,086 | -25.2% |
| % Purchase | 62.7% | 64.2% | -1.5% # | 63.2% | -0.5% # |
| 1st Time Home Buyer | 8,917 | 8,992 | -0.8% | 11,956 | -25.4% |
| % 1st Time Home Buyer | 79.0% | 80.5% | -1.4% # | 79.3% | -0.2% # |
| Non-Minority | 5,602 | 5,733 | -2.3% | 7,223 | -22.4% |
| % Non Minority | 62.8% | 63.8% | -0.9% # | 60.4% | 2.4% # |
| Minority | 2,975 | 2,983 | -0.3% | 4,149 | -28.3% |
| % Minority | 33.4% | 33.2% | 0.2% # | 34.7% | -1.3% # |
| Not-Disclosed | 338 | 271 | 24.7% | 578 | -41.5% |
| % Not-Disclosed | 3.8% | 3.0% | 0.8% # | 4.8% | -1.0% # |
| Refinanced | 4,258 | 3,825 | 11.3% | 7,036 | -39.5% |
| % Refinanced | 23.7% | 22.0% | 1.7% # | 29.5% | -5.8% # |
| Streamline | 2,112 | 1,981 | 6.6% | 5,000 | -57.8% |
| % Streamline | 49.6% | 51.8% | -2.2% # | 71.1% | -21.5% # |
| Full Process | 2,146 | 1,844 | 16.4% | 2,036 | 5.4% |
| Cash Out | 1,157 | 1,165 | -0.7% | 1,416 | -18.3% |
| % Cash Out | 53.9% | 63.2% | -9.3% # | 69.5% | -15.6% # |
| HECM | 2,455 | 2,400 | 2.3% | 1,756 | 39.8% |
| % HECM | 13.6% | 13.8% | -0.2% # | 7.4% | 6.3% # |
| Section 203(k) | 108 | 102 | 5.9% | 113 | -4.4% |
| Section 234(c) | 848 | 743 | 14.1% | 1,233 | -31.2% |
| % Section 234(c) | 4.7% | 4.3% | 0.4% # | 5.2% | -0.5% # |
| ARM | 3,002 | 2,942 | 2.0% | 4,770 | -37.1% |
| % ARM | 16.7% | 16.9% | -0.2% # | 20.0% | -3.3% # |
| Manufactured Housing | 1,527 | 1,570 | -2.7% | 1,388 | 10.0% |
| Interest Buy-down | 149 | 137 | 8.8% | 484 | -69.2% |
| Lender Insurance | 4,893 | 2,266 | 115.9% | 0 | 0.0% |
| Minority | 5,328 | 5,188 | 2.7% | 7,829 | -31.9% |
| % Minority | 29.6% | 29.8% | -0.2% # | 32.8% | -3.2% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Dec) | 18,497 | 19,904 | -7.1% | 21,832 | -15.3% |
| AUS as % of Total Endorsed | 49.1% | 49.5% | -0.4% # | 43.9% | 5.2% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

January 1-15, 2006

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 152,534 | 201,578 | -24.3% | 718,043 |
| Endorsements * | 520,000 | 138,577 | 176,956 | -21.7% | 555,557 |
| Purchase | 338,000 | 90,056 | 114,927 | -21.6% | 353,898 |
| % Purchase | 65.0% | 65.0% | 64.9% | 0.0% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 71,712 | 90,572 | -20.8% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.6% | 78.8% | 0.8% # | 79.2% |
| Non-Minority | 175,000 | 46,174 | 54,874 | -15.9% | 174,524 |
| % Non Minority | 64.8% | 64.4% | 60.6% | 3.8% # | 62.3% |
| Minority | 84,000 | 23,108 | 31,075 | -25.6% | 92,843 |
| % Minority | 31.1% | 32.2% | 34.3% | -2.1% # | 33.1% |
| Not-Disclosed | 11,000 | 2,423 | 4,578 | -47.1% | 12,656 |
| % Not-Disclosed | 4.1% | 3.4% | 5.1% | -1.7% # | 4.5% |
| Refinanced | 130,000 | 31,302 | 50,837 | -38.4% | 158,528 |
| % Refinanced | 25.0% | 22.6% | 28.7% | -6.1% # | 28.5% |
| Streamline | 84,000 | 17,300 | 36,945 | -53.2% | 113,086 |
| % Streamline | 64.6% | 55.3% | 72.7% | -17.4% # | 71.3% |
| Full Process | 46,000 | 14,002 | 13,892 | 0.8% | 45,442 |
| Cash Out | 32,000 | 9,250 | 9,609 | -3.7% | 31,338 |
| % Cash Out | 69.6% | 66.1% | 69.2% | -3.1% # | 69.0% |
| HECM | 52,000 | 17,219 | 11,192 | 53.9% | 43,131 |
| % HECM | 10.0% | 12.4% | 6.3% | 6.1% # | 7.8% |
| Section 203(k) | 2,600 | 849 | 1,063 | -20.1% | 2,952 |
| Section 234(c) | 28,000 | 6,658 | 9,250 | -28.0% | 28,998 |
| % Section 234(c) | 5.4% | 4.8% | 5.2% | -0.4% # | 5.2% |
| ARM | 97,000 | 22,140 | 33,156 | -33.2% | 95,561 |
| % ARM | 18.7% | 16.0% | 18.7% | -2.8% # | 17.2% |
| Manufactured Housing | 32,000 | 11,290 | 10,168 | 11.0% | 34,651 |
| Interest Buy-down | 9,000 | 1,316 | 4,984 | -73.6% | 10,400 |
| Lender Insurance | 300,000 | 15,982 | 0 | 0.0% | 0 |
| Minority | 180,000 | 41,024 | 58,104 | -29.4% | 176,334 |
| % Minority | 34.6% | 29.6% | 32.8% | -3.2% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Dec) | 248,000 | 59,479 | 70,528 | -15.7% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.3% | 46.1% | 3.2% # | 46.4% |
| Loans Delinquent as of (Dec) ** | 250,000 | 279,858 | 300,417 | -6.8% | 258,298 |
| Claims (Dec) *** | 150,000 | 30,205 | 40,383 | -25.2% | 155,231 |
| Loss Mitigation Retention | 80,000 | 15,465 | 21,095 | -26.7% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 1,207 | 1,457 | -17.2% | 5,832 |
| Other Claims | 64,000 | 13,533 | 17,831 | -24.1% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 16-31, 2005

Applications

- o After seasonal adjustment, the annual rate for applications fell sharply (-14.3%) to 376,600.
- o The actual application count was 15,908 -- down 30.5 percent from early December -- partially due to fewer workdays and the holiday season.

Endorsements

- o Insurance endorsements also were off -- down to 17,402.
- o Of these, 11,177 involved purchase money mortgages, 3,825 refinanced mortgages and 2,400 HECM loans.
- o For refinance mortgages, 51.8 percent were processed using streamlined procedures.
- o Of those mortgages requiring full processing, 63.2 percent were cash out transactions.
- o 16.9 percent of the mortgages insured had ARM provisions.
- o 29.8 percent of the endorsements were processed for minority households.

Automated Underwriting

- o During December, 18,497 mortgages were accepted and endorsed by the FHA scorecard -- this represents 49.1 percent of total insurance activity.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 16-31, 2005

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 376,600 | 439,300 | -14.3% | 425,300 | -11.5% |
| Average per workday | 1,489 | 1,736 | -14.2% | 1,681 | -11.4% |
| Actual | 15,908 | 22,874 | -30.5% | 19,960 | -20.3% |
| % for Refinance (Dec) | 9.7% | 10.2% | -0.5% # | 24.7% | -15.0% # |
| Endorsements: * | | | | | |
| Annual Rate | 417,600 | 486,500 | -14.2% | 592,700 | -29.5% |
| Actual | 17,402 | 20,272 | -14.2% | 24,695 | -29.5% |
| Purchase | 11,177 | 13,257 | -15.7% | 14,507 | -23.0% |
| % Purchase | 64.2% | 65.4% | -1.2% # | 58.7% | 5.5% # |
| 1st Time Home Buyer | 8,992 | 10,569 | -14.9% | 11,481 | -21.7% |
| % 1st Time Home Buyer | 80.5% | 79.7% | 0.7% # | 79.1% | 1.3% # |
| Non-Minority | 5,733 | 6,674 | -14.1% | 6,937 | -17.4% |
| % Non Minority | 63.8% | 63.1% | 0.6% # | 60.4% | 3.3% # |
| Minority | 2,983 | 3,528 | -15.4% | 3,988 | -25.2% |
| % Minority | 33.2% | 33.4% | -0.2% # | 34.7% | -1.6% # |
| Not-Disclosed | 271 | 364 | -25.5% | 553 | -51.0% |
| % Not-Disclosed | 3.0% | 3.4% | -0.4% # | 4.8% | -1.8% # |
| Refinanced | 3,825 | 4,456 | -14.2% | 8,477 | -54.9% |
| % Refinanced | 22.0% | 22.0% | 0.0% # | 34.3% | -12.3% # |
| Streamline | 1,981 | 2,238 | -11.5% | 6,561 | -69.8% |
| % Streamline | 51.8% | 50.2% | 1.6% # | 77.4% | -25.6% # |
| Full Process | 1,844 | 2,218 | -16.9% | 1,916 | -3.8% |
| Cash Out | 1,165 | 1,469 | -20.7% | 1,297 | -10.2% |
| % Cash Out | 63.2% | 66.2% | -3.1% # | 67.7% | -4.5% # |
| HECM | 2,400 | 2,559 | -6.2% | 1,711 | 40.3% |
| % HECM | 13.8% | 12.6% | 1.2% # | 6.9% | 6.9% # |
| Section 203(k) | 102 | 124 | -17.7% | 135 | -24.4% |
| Section 234(c) | 743 | 974 | -23.7% | 1,210 | -38.6% |
| % Section 234(c) | 4.3% | 4.8% | -0.5% # | 4.9% | -0.6% # |
| ARM | 2,942 | 3,218 | -8.6% | 4,722 | -37.7% |
| % ARM | 16.9% | 15.9% | 1.0% # | 19.1% | -2.2% # |
| Manufactured Housing | 1,570 | 1,726 | -9.0% | 1,366 | 14.9% |
| Interest Buy-down | 137 | 159 | -13.8% | 484 | -71.7% |
| Investors | 20 | 21 | -4.8% | 71 | -71.8% |
| Minority | 5,188 | 6,249 | -17.0% | 8,076 | -35.8% |
| % Minority | 29.8% | 30.8% | -1.0% # | 32.7% | -2.9% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Dec) | 18,497 | 19,904 | -7.1% | 21,832 | -15.3% |
| AUS as % of Total Endorsed | 49.1% | 49.5% | -0.4% # | 43.9% | 5.2% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 16-31, 2005

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 134,243 | 177,950 | -24.6% | 718,043 |
| Endorsements * | 520,000 | 120,577 | 153,078 | -21.2% | 555,557 |
| Purchase | 338,000 | 78,769 | 99,841 | -21.1% | 353,898 |
| % Purchase | 65.0% | 65.3% | 65.2% | 0.1% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 62,801 | 78,620 | -20.1% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.7% | 78.7% | 1.0% # | 79.2% |
| Non-Minority | 175,000 | 40,572 | 47,651 | -14.9% | 174,524 |
| % Non Minority | 64.8% | 64.6% | 60.6% | 4.0% # | 62.3% |
| Minority | 84,000 | 20,133 | 26,926 | -25.2% | 92,843 |
| % Minority | 31.1% | 32.1% | 34.2% | -2.2% # | 33.1% |
| Not-Disclosed | 11,000 | 2,085 | 4,000 | -47.9% | 12,656 |
| % Not-Disclosed | 4.1% | 3.3% | 5.1% | -1.8% # | 4.5% |
| Refinanced | 130,000 | 27,044 | 43,801 | -38.3% | 158,528 |
| % Refinanced | 25.0% | 22.4% | 28.6% | -6.2% # | 28.5% |
| Streamline | 84,000 | 15,188 | 31,945 | -52.5% | 113,086 |
| % Streamline | 64.6% | 56.2% | 72.9% | -16.8% # | 71.3% |
| Full Process | 46,000 | 11,856 | 11,856 | 0.0% | 45,442 |
| Cash Out | 32,000 | 8,093 | 8,193 | -1.2% | 31,338 |
| % Cash Out | 69.6% | 68.3% | 69.1% | -0.8% # | 69.0% |
| HECM | 52,000 | 14,764 | 9,436 | 56.5% | 43,131 |
| % HECM | 10.0% | 12.2% | 6.2% | 6.1% # | 7.8% |
| Section 203(k) | 2,600 | 741 | 950 | -22.0% | 2,952 |
| Section 234(c) | 28,000 | 5,810 | 8,017 | -27.5% | 28,998 |
| % Section 234(c) | 5.4% | 4.8% | 5.2% | -0.4% # | 5.2% |
| ARM | 97,000 | 19,138 | 28,386 | -32.6% | 95,561 |
| % ARM | 18.7% | 15.9% | 18.5% | -2.7% # | 17.2% |
| Manufactured Housing | 32,000 | 9,763 | 8,780 | 11.2% | 34,651 |
| Interest Buy-down | 9,000 | 1,167 | 4,500 | -74.1% | 10,400 |
| Investors | 1,300 | 121 | 359 | -66.3% | 1,434 |
| Minority | 180,000 | 35,696 | 50,275 | -29.0% | 176,334 |
| % Minority | 34.6% | 29.6% | 32.8% | -3.2% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Dec) | 248,000 | 59,479 | 70,528 | -15.7% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.3% | 46.1% | 3.2% # | 46.4% |
| Loans Delinquent as of (Nov) ** | 250,000 | 275,955 | 297,194 | -7.1% | 258,298 |
| Claims (Dec) *** | 150,000 | 30,205 | 40,383 | -25.2% | 155,231 |
| Loss Mitigation Retention | 80,000 | 15,465 | 21,095 | -26.7% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 1,207 | 1,457 | -17.2% | 5,832 |
| Other Claims | 64,000 | 13,533 | 17,831 | -24.1% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 1-15, 2005

Applications

- During early December, the seasonally adjusted annual rate for applications fell to 439,300 -- the lowest rate in more than ten years.
- The actual count of applications received totaled 22,874 cases.
- During November, 10.2 percent of the applications involved refinance transactions -- down from 14 percent during October.

Endorsements

- 20,272 mortgages were endorsed, 13,257 were purchase money mortgages, 4,456 refinanced mortgages and 2,559 HECM's.
- Purchase transactions accounted for 65.4 percent of business activity and of these 10,569 mortgages were endorsed for first time home buyers.
- With respect to first timers -- 63.1 percent were non-minority buyers, 33.4 percent were members of a minority and 3.4 percent of the purchasers refused to disclose that information.
- Of the refinanced cases, about half were processed using streamlined procedures. In addition, 2,218 cases had to be fully processed and of those 68.2 percent were cash-outs.
- 4.8 percent of the endorsements involved Section 234c condominium units.
- 15.9 percent of the insured cases had ARM provisions.
- During November, 19,904 mortgages were accepted and endorsed using the FHA automated underwriting scorecard.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 1-15, 2005

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 439,300 | 462,000 | -4.9% | 538,400 | -18.4% |
| Average per workday | 1,736 | 1,826 | -4.9% | 2,128 | -18.4% |
| Actual | 22,874 | 21,130 | 8.3% | 31,003 | -26.2% |
| % for Refinance (Nov) | 10.2% | 14.0% | -3.8% # | 26.3% | -16.1% # |
| Endorsements: * | | | | | |
| Annual Rate | 486,500 | 461,400 | 5.4% | 601,700 | -19.1% |
| Actual | 20,272 | 19,227 | 5.4% | 25,072 | -19.1% |
| Purchase | 13,257 | 12,328 | 7.5% | 16,068 | -17.5% |
| % Purchase | 65.4% | 64.1% | 1.3% # | 64.1% | 1.3% # |
| 1st Time Home Buyer | 10,569 | 9,869 | 7.1% | 12,755 | -17.1% |
| % 1st Time Home Buyer | 79.7% | 80.1% | -0.3% # | 79.4% | 0.3% # |
| Non-Minority | 6,674 | 6,460 | 3.3% | 7,673 | -13.0% |
| % Non Minority | 63.1% | 65.5% | -2.3% # | 60.2% | 3.0% # |
| Minority | 3,528 | 3,072 | 14.8% | 4,381 | -19.5% |
| % Minority | 33.4% | 31.1% | 2.3% # | 34.3% | -1.0% # |
| Not-Disclosed | 364 | 338 | 7.7% | 690 | -47.2% |
| % Not-Disclosed | 3.4% | 3.4% | 0.0% # | 5.4% | -2.0% # |
| Refinanced | 4,456 | 4,416 | 0.9% | 7,362 | -39.5% |
| % Refinanced | 22.0% | 23.0% | -1.0% # | 29.4% | -7.4% # |
| Streamline | 2,238 | 2,563 | -12.7% | 5,363 | -58.3% |
| % Streamline | 50.2% | 58.0% | -7.8% # | 72.8% | -22.6% # |
| Full Process | 2,218 | 1,853 | 19.7% | 1,999 | 11.0% |
| Cash Out | 1,469 | 1,319 | 11.4% | 1,376 | 6.8% |
| % Cash Out | 66.2% | 71.2% | -5.0% # | 68.8% | -2.6% # |
| HECM | 2,559 | 2,483 | 3.1% | 1,642 | 55.8% |
| % HECM | 12.6% | 12.9% | -0.3% # | 6.5% | 6.1% # |
| Section 203(k) | 124 | 117 | 6.0% | 147 | -15.6% |
| Section 234(c) | 974 | 938 | 3.8% | 1,332 | -26.9% |
| % Section 234(c) | 4.8% | 4.9% | -0.1% # | 5.3% | -0.5% # |
| ARM | 3,218 | 3,142 | 2.4% | 4,668 | -31.1% |
| % ARM | 15.9% | 16.3% | -0.5% # | 18.6% | -2.7% # |
| Manufactured Housing | 1,726 | 1,605 | 7.5% | 1,507 | 14.5% |
| Interest Buy-down | 159 | 179 | -11.2% | 662 | -76.0% |
| Investors | 21 | 24 | -12.5% | 55 | -61.8% |
| Minority | 6,249 | 5,572 | 12.2% | 8,254 | -24.3% |
| % Minority | 30.8% | 29.0% | 1.8% # | 32.9% | -2.1% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Nov) | 19,904 | 21,081 | -5.6% | 23,030 | -13.6% |
| AUS as % of Total Endorsed | 49.5% | 49.3% | 0.2% # | 46.3% | 3.2% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 1-15, 2005

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 118,335 | 157,990 | -25.1% | 718,043 |
| Endorsements * | 520,000 | 103,206 | 128,425 | -19.6% | 555,557 |
| Purchase | 338,000 | 67,606 | 85,368 | -20.8% | 353,898 |
| % Purchase | 65.0% | 65.5% | 66.5% | -1.0% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 53,811 | 67,140 | -19.9% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.6% | 78.6% | 0.9% # | 79.2% |
| Non-Minority | 175,000 | 34,841 | 40,715 | -14.4% | 174,524 |
| % Non Minority | 64.8% | 64.7% | 60.6% | 4.1% # | 62.3% |
| Minority | 84,000 | 17,153 | 23,853 | -28.1% | 92,843 |
| % Minority | 31.1% | 31.9% | 35.5% | -3.7% # | 33.1% |
| Not-Disclosed | 11,000 | 1,814 | 2,563 | -29.2% | 12,656 |
| % Not-Disclosed | 4.1% | 3.4% | 3.8% | -0.4% # | 4.5% |
| Refinanced | 130,000 | 23,234 | 35,331 | -34.2% | 158,528 |
| % Refinanced | 25.0% | 22.5% | 27.5% | -5.0% # | 28.5% |
| Streamline | 84,000 | 13,217 | 25,385 | -47.9% | 113,086 |
| % Streamline | 64.6% | 56.9% | 71.8% | -15.0% # | 71.3% |
| Full Process | 46,000 | 10,017 | 9,946 | 0.7% | 45,442 |
| Cash Out | 32,000 | 6,931 | 6,898 | 0.5% | 31,338 |
| % Cash Out | 69.6% | 69.2% | 69.4% | -0.2% # | 69.0% |
| HECM | 52,000 | 12,366 | 7,726 | 60.1% | 43,131 |
| % HECM | 10.0% | 12.0% | 6.0% | 6.0% # | 7.8% |
| Section 203(k) | 2,600 | 639 | 815 | -21.6% | 2,952 |
| Section 234(c) | 28,000 | 5,068 | 6,807 | -25.5% | 28,998 |
| % Section 234(c) | 5.4% | 4.9% | 5.3% | -0.4% # | 5.2% |
| ARM | 97,000 | 16,197 | 23,664 | -31.6% | 95,561 |
| % ARM | 18.7% | 15.7% | 18.4% | -2.7% # | 17.2% |
| Manufactured Housing | 32,000 | 8,196 r | 7,414 | 10.5% | 34,651 |
| Interest Buy-down | 9,000 | 1,029 r | 4,016 | -74.4% | 10,400 |
| Investors | 1,300 | 101 r | 288 | -64.9% | 1,434 |
| Minority | 180,000 | 30,514 | 43,891 | -30.5% | 176,334 |
| % Minority | 34.6% | 29.6% | 34.2% | -4.6% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Nov) | 248,000 | 40,985 | 48,698 | -15.8% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.4% | 47.1% | 2.3% # | 46.4% |
| Loans Delinquent as of (Nov) ** | 250,000 | 275,955 | 297,194 | -7.1% | 258,298 |
| Claims (Nov) *** | 150,000 | 20,362 | 25,829 | -21.2% | 155,231 |
| Loss Mitigation Retention | 80,000 | 10,376 | 13,581 | -23.6% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 841 | 949 | -11.4% | 5,832 |
| Other Claims | 64,000 | 9,145 | 11,299 | -19.1% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out. r - revised

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

November 16-30, 2005

Applications

- 21,130 applications were received -- down 16.1 percent from early November
- After seasonal adjustment, this yields an annual rate of 462,000, -- the lowest rate reported this calendar year.
- Refinance applications also declined this month to 10.2 percent of activity -- down from 14 percent.

Endorsements

- 19,227 mortgages were insured during this reporting period.
- 12,328 purchase money mortgages were endorsed covering 64.1 percent of the total.
- With respect to the purchase transactions, 9,869 (80.1%) were for first time home buyers and of these, 65.5 percent of these loans were for non-minority purchasers and 31.1 percent for minority households.
- 4,416 mortgages endorsed involved refinanced loans of which 58 percent were processed using streamlined procedures.
- 1,853 refinanced mortgages required full processing and 71.2 percent of these were cash out actions.
- 2,483 HECM instruments were insured -- 12.9 percent of total insurance activity -- this time last year HECM's accounted for 6.6 percent of the business.
- 3,142 mortgages endorsed had ARM provisions -- 16.3 percent of total activity.

(See FHA Single Family Operations Comments, next page)

FHA SINGLE FAMILY OPERATIONS COMMENTS

(Supplement to FHA Outlook)

November 16-30, 2005

Application volume hit a recent high in fiscal year 2003 when 1,764,398 were received. During April of that year, 166,847 applications were recorded, then soared to 191,678 during June. Applications then drifted down to a low of 103,675 in September 2003. Thereafter, monthly activity slipped to the 70,000 range in FY 2004 and much lower in FY 2005.

During that same period, refinancings, as a share of FHA business, were also at record levels. For example, in March 2003 applications for refinances accounted for 45.3 percent of activity, then rising to a high of 51 percent in June. Applications to refinance then slid in an erratic pattern to a recent low of 13.7 percent in August 2005.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

November 16-30, 2005

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 462,000 | 621,100 | -25.6% | 587,800 | -21.4% |
| Average per workday | 1,826 | 2,455 | -25.6% | 2,323 | -21.4% |
| Actual | 21,130 | 25,178 | -16.1% | 26,877 | -21.4% |
| % for Refinance (Nov) | 10.2% | 14.0% | -3.8% # | 26.3% | -16.1% # |
| Endorsements: * | | | | | |
| Annual Rate | 461,400 | 503,700 | -8.4% | 616,700 | -25.2% |
| Actual | 19,227 | 20,987 | -8.4% | 25,696 | -25.2% |
| Purchase | 12,328 | 13,827 | -10.8% | 16,602 | -25.7% |
| % Purchase | 64.1% | 65.9% | -1.8% # | 64.6% | -0.5% # |
| 1st Time Home Buyer | 9,869 | 11,052 | -10.7% | 13,117 | -24.8% |
| % 1st Time Home Buyer | 80.1% | 79.9% | 0.1% # | 79.0% | 1.0% # |
| Non-Minority | 6,460 | 7,177 | -10.0% | 7,986 | -19.1% |
| % Non Minority | 65.5% | 64.9% | 0.5% # | 60.9% | 4.6% # |
| Minority | 3,072 | 3,515 | -12.6% | 4,717 | -34.9% |
| % Minority | 31.1% | 31.8% | -0.7% # | 36.0% | -4.8% # |
| Not-Disclosed | 338 | 358 | -5.6% | 413 | -18.2% |
| % Not-Disclosed | 3.4% | 3.2% | 0.2% # | 3.1% | 0.3% # |
| Refinanced | 4,416 | 4,667 | -5.4% | 7,398 | -40.3% |
| % Refinanced | 23.0% | 22.2% | 0.7% # | 28.8% | -5.8% # |
| Streamline | 2,563 | 2,597 | -1.3% | 5,413 | -52.7% |
| % Streamline | 58.0% | 55.6% | 2.4% # | 73.2% | -15.1% # |
| Full Process | 1,853 | 2,070 | -10.5% | 1,985 | -6.6% |
| Cash Out | 1,319 | 1,424 | -7.4% | 1,357 | -2.8% |
| % Cash Out | 71.2% | 68.8% | 2.4% # | 68.4% | 2.8% # |
| HECM | 2,483 | 2,493 | -0.4% | 1,696 | 46.4% |
| % HECM | 12.9% | 11.9% | 1.0% # | 6.6% | 6.3% # |
| Section 203(k) | 117 | 140 | -16.4% | 148 | -20.9% |
| Section 234(c) | 938 | 1,057 | -11.3% | 1,272 | -26.3% |
| % Section 234(c) | 4.9% | 5.0% | -0.2% # | 5.0% | -0.1% # |
| ARM | 3,142 | 3,306 | -5.0% | 4,791 | -34.4% |
| % ARM | 16.3% | 15.8% | 0.6% # | 18.6% | -2.3% # |
| Manufactured Housing | 1,605 | 1,757 | -8.7% | 1,533 | 4.7% |
| Interest Buy-down | 179 | 261 | -31.4% | 694 | -74.2% |
| Investors | 24 | 23 | 4.3% | 54 | -55.6% |
| Minority | 5,572 | 6,245 | -10.8% | 8,803 | -36.7% |
| % Minority | 29.0% | 29.8% | -0.8% # | 34.3% | -5.3% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Oct) | 19,904 | 21,081 | -5.6% | 23,030 | -13.6% |
| AUS as % of Total Endorsed | 49.5% | 49.3% | 0.2% # | 46.3% | 3.2% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

November 16-30, 2005

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 95,461 | 126,987 | -24.8% | 718,043 |
| Endorsements * | 520,000 | 82,934 | 103,353 | -19.8% | 555,557 |
| Purchase | 338,000 | 54,349 | 69,300 | -21.6% | 353,898 |
| % Purchase | 65.0% | 65.5% | 67.1% | -1.5% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 43,242 | 54,387 | -20.5% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.6% | 78.5% | 1.1% # | 79.2% |
| Non-Minority | 175,000 | 28,167 | 33,042 | -14.8% | 174,524 |
| % Non Minority | 64.8% | 65.1% | 60.8% | 4.4% # | 62.3% |
| Minority | 84,000 | 13,625 | 19,472 | -30.0% | 92,843 |
| % Minority | 31.1% | 31.5% | 35.8% | -4.3% # | 33.1% |
| Not-Disclosed | 11,000 | 1,450 | 1,873 | -22.6% | 12,656 |
| % Not-Disclosed | 4.1% | 3.4% | 3.4% | -0.1% # | 4.5% |
| Refinanced | 130,000 | 18,778 | 27,969 | -32.9% | 158,528 |
| % Refinanced | 25.0% | 22.6% | 27.1% | -4.4% # | 28.5% |
| Streamline | 84,000 | 10,979 | 20,022 | -45.2% | 113,086 |
| % Streamline | 64.6% | 58.5% | 71.6% | -13.1% # | 71.3% |
| Full Process | 46,000 | 7,799 | 7,947 | -1.9% | 45,442 |
| Cash Out | 32,000 | 5,462 | 5,522 | -1.1% | 31,338 |
| % Cash Out | 69.6% | 70.0% | 69.5% | 0.5% # | 69.0% |
| HECM | 52,000 | 9,807 | 6,084 | 61.2% | 43,131 |
| % HECM | 10.0% | 11.8% | 5.9% | 5.9% # | 7.8% |
| Section 203(k) | 2,600 | 515 | 668 | -22.9% | 2,952 |
| Section 234(c) | 28,000 | 4,094 | 5,475 | -25.2% | 28,998 |
| % Section 234(c) | 5.4% | 4.9% | 5.3% | -0.4% # | 5.2% |
| ARM | 97,000 | 12,979 | 18,996 | -31.7% | 95,561 |
| % ARM | 18.7% | 15.6% | 18.4% | -2.7% # | 17.2% |
| Manufactured Housing | 32,000 | 6,470 r | 5,907 | 9.5% | 34,651 |
| Interest Buy-down | 9,000 | 870 r | 3,354 | -74.1% | 10,400 |
| Investors | 1,300 | 80 r | 233 | -65.7% | 1,434 |
| Minority | 180,000 | 24,265 | 35,637 | -31.9% | 176,334 |
| % Minority | 34.6% | 29.3% | 34.5% | -5.2% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Nov) | 248,000 | 40,985 | 48,698 | -15.8% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.4% | 47.1% | 2.3% # | 46.4% |
| Loans Delinquent as of (Oct) ** | 250,000 | 263,149 | 292,369 | -10.0% | 258,298 |
| Claims (Nov) *** | 150,000 | 20,362 | 25,829 | -21.2% | 155,231 |
| Loss Mitigation Retention | 80,000 | 10,376 | 13,581 | -23.6% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 841 | 949 | -11.4% | 5,832 |
| Other Claims | 64,000 | 9,145 | 11,299 | -19.1% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out. r - revised

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

November 1-15, 2005

Applications

- o After seasonal adjustment the annual rate for applications slipped 9.3 percent to 621,100.
- o Actual receipts totaled 25,178 -- up slightly from the last period, primarily due to a smaller number of workdays this reporting period.

Endorsements

- o In early November, 20,987 mortgages were endorsed. 13,827 purchase money mortgages, 4,667 refinanced instruments and 2,493 HECM's.
- o For the purchase transactions, 11,052 (79.9%) were for first time home buyers and of these, 64.9 percent were for non-minority households. 3.2 percent of the home purchasers refused to disclose their race or ethnicity.
- o With respect to the 4,667 refinanced loans, 55.6 percent were handled with streamlined procedures.
- o Of the 1,424 refi's requiring full processing, 68.8 percent were cash out actions.
- o 1,057 Section 234c condominium unit mortgages were insured -- 5.0 percent of the total insured.
- o 3,306 mortgages that were endorsed had ARM provisions -- 15.8 percent of the total.
- o 1,757 manufactured housing loans were endorsed.

(See FHA Single Family Operations Comments, next page)

FHA SINGLE FAMILY OPERATIONS COMMENTS

(Supplement to FHA Outlook)

November 1-15, 2005

Under the Lender Insurance Program, 4,618 mortgages have been endorsed this year -- 7.2 percent of total activity. In addition, 41 mortgages have been insured under the Section 203(k) Limited Repair Program. So far this fiscal year, single family applications and endorsements appear to be holding in a fairly fragile state, but not falling below what might be expected this time of the year.

In recent years, FHA single family activity hit a high in fiscal year 2003, recording 1,764,398 applications received and 1,337,901 mortgages insured. Activity has continued to steadily decline since then, with applications reported at 1,035,863 in FY 2004 and 718,043 in FY 2005. Mortgage endorsements followed the same path, dropping to 968,441 in FY 2004 then down to 555,557 last year.

SINGLE FAMILY OPERATIONS
November 1-15, 2005

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 621,100 | 568,100 | 9.3% | 875,000 | -29.0% |
| Average per workday | 2,455 | 2,246 | 9.3% | 3,458 | -29.0% |
| Actual | 25,178 | 24,850 | 1.3% | 35,469 | -29.0% |
| % for Refinance (Oct) | 14.0% | 15.5% | -1.5% # | 24.6% | -10.6% # |
| Endorsements: * | | | | | |
| Annual Rate | 503,700 | 565,900 | -11.0% | 576,400 | -12.6% |
| Actual | 20,987 | 23,578 | -11.0% | 24,016 | -12.6% |
| Purchase | 13,827 | 15,482 | -10.7% | 16,031 | -13.7% |
| % Purchase | 65.9% | 65.7% | 0.2% # | 66.8% | -0.9% # |
| 1st Time Home Buyer | 11,052 | 12,267 | -9.9% | 12,582 | -12.2% |
| % 1st Time Home Buyer | 79.9% | 79.2% | 0.7% # | 78.5% | 1.4% # |
| Non-Minority | 7,177 | 7,947 | -9.7% | 7,740 | -7.3% |
| % Non Minority | 64.9% | 64.8% | 0.2% # | 61.5% | 3.4% # |
| Minority | 3,515 | 3,911 | -10.1% | 4,410 | -20.3% |
| % Minority | 31.8% | 31.9% | -0.1% # | 35.1% | -3.2% # |
| Not-Disclosed | 358 | 406 | -11.8% | 432 | -17.1% |
| % Not-Disclosed | 3.2% | 3.3% | -0.1% # | 3.4% | -0.2% # |
| Refinanced | 4,667 | 5,514 | -15.4% | 6,685 | -30.2% |
| % Refinanced | 22.2% | 23.4% | -1.1% # | 27.8% | -5.6% # |
| Streamline | 2,597 | 3,378 | -23.1% | 4,807 | -46.0% |
| % Streamline | 55.6% | 61.3% | -5.6% # | 71.9% | -16.3% # |
| Full Process | 2,070 | 2,136 | -3.1% | 1,878 | 10.2% |
| Cash Out | 1,424 | 1,499 | -5.0% | 1,322 | 7.7% |
| % Cash Out | 68.8% | 70.2% | -1.4% # | 70.4% | -1.6% # |
| HECM | 2,493 | 2,582 | -3.4% | 1,300 | 91.8% |
| % HECM | 11.9% | 11.0% | 0.9% # | 5.4% | 6.5% # |
| Section 203(k) | 140 | 127 | 10.2% | 142 | -1.4% |
| Section 234(c) | 1,057 | 1,132 | -6.6% | 1,299 | -18.6% |
| % Section 234(c) | 5.0% | 4.8% | 0.2% # | 5.4% | -0.4% # |
| ARM | 3,306 | 3,474 | -4.8% | 4,211 | -21.5% |
| % ARM | 15.8% | 14.7% | 1.0% # | 17.5% | -1.8% # |
| Manufactured Housing | 1,757 | 1,755 | 0.1% | 1,420 | 23.7% |
| Interest Buy-down | 261 | 222 | 17.6% | 676 | -61.4% |
| Investors | 23 | 20 | 15.0% | 68 | -66.2% |
| Minority | 6,245 | 6,924 | -9.8% | 8,126 | -23.1% |
| % Minority | 29.8% | 29.4% | 0.4% # | 33.8% | -4.1% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Oct) | 21,081 | 21,113 | -0.2% | 25,676 | -17.9% |
| AUS as % of Total Endorsed | 49.3% | 49.9% | -0.6% # | 47.9% | 1.4% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

November 1-15, 2005

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 74,331 | 100,110 | -25.8% | 718,043 |
| Endorsements * | 520,000 | 63,707 | 77,657 | -18.0% | 555,557 |
| Purchase | 338,000 | 42,021 | 52,698 | -20.3% | 353,898 |
| % Purchase | 65.0% | 66.0% | 67.9% | -1.9% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 33,373 | 41,271 | -19.1% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.4% | 78.3% | 1.1% # | 79.2% |
| Non-Minority | 175,000 | 21,707 | 25,056 | -13.4% | 174,524 |
| % Non Minority | 64.8% | 65.0% | 60.7% | 4.3% # | 62.3% |
| Minority | 84,000 | 10,553 | 14,755 | -28.5% | 92,843 |
| % Minority | 31.1% | 31.6% | 35.8% | -4.1% # | 33.1% |
| Not-Disclosed | 11,000 | 1,112 | 1,460 | -23.8% | 12,656 |
| % Not-Disclosed | 4.1% | 3.3% | 3.5% | -0.2% # | 4.5% |
| Refinanced | 130,000 | 14,362 | 20,571 | -30.2% | 158,528 |
| % Refinanced | 25.0% | 22.5% | 26.5% | -3.9% # | 28.5% |
| Streamline | 84,000 | 8,416 | 14,609 | -42.4% | 113,086 |
| % Streamline | 64.6% | 58.6% | 71.0% | -12.4% # | 71.3% |
| Full Process | 46,000 | 5,946 | 5,962 | -0.3% | 45,442 |
| Cash Out | 32,000 | 4,143 | 4,165 | -0.5% | 31,338 |
| % Cash Out | 69.6% | 69.7% | 69.9% | -0.2% # | 69.0% |
| HECM | 52,000 | 7,324 | 4,388 | 66.9% | 43,131 |
| % HECM | 10.0% | 11.5% | 5.7% | 5.8% # | 7.8% |
| Section 203(k) | 2,600 | 398 | 520 | -23.5% | 2,952 |
| Section 234(c) | 28,000 | 3,156 | 4,203 | -24.9% | 28,998 |
| % Section 234(c) | 5.4% | 5.0% | 5.4% | -0.5% # | 5.2% |
| ARM | 97,000 | 9,837 | 14,205 | -30.7% | 95,561 |
| % ARM | 18.7% | 15.4% | 18.3% | -2.9% # | 17.2% |
| Manufactured Housing | 32,000 | 4,865 | 4,374 | 11.2% | 34,651 |
| Interest Buy-down | 9,000 | 691 | 2,660 | -74.0% | 10,400 |
| Investors | 1,300 | 56 | 179 | -68.7% | 1,434 |
| Minority | 180,000 | 18,693 | 26,834 | -30.3% | 176,334 |
| % Minority | 34.6% | 29.3% | 34.6% | -5.2% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Oct) | 248,000 | 21,081 | 25,676 | -17.9% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.3% | 47.9% | 1.4% # | 46.4% |
| Loans Delinquent as of (Oct) ** | 250,000 | 263,149 | 292,369 | -10.0% | 258,298 |
| Claims (Oct) *** | 150,000 | 10,189 | 13,089 | -22.2% | 155,231 |
| Loss Mitigation Retention | 80,000 | 5,181 | 6,968 | -25.6% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 461 | 482 | -4.4% | 5,832 |
| Other Claims | 64,000 | 4,547 | 5,639 | -19.4% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

October 16-31, 2005

Applications

- o After seasonal adjustment, the estimated annual rate for applications fell 26.2 percent to 568,100 -- due to a drop in the average workday receipts from 3,041 in early October to 2,746 in this period.
- o 14 percent of the applications were to refinance a mortgage.

Endorsements

- o On the other hand, endorsements rose 23.2 percent to 23,578.
- o They included 15,482 purchase money mortgages, 5,514 refinanced instruments and 2,582 HECM's.
- o Of the purchase transactions, 12,267 (79.2%) were for first time home buyers of which 31.9 percent were minority households while 3.3 percent would not disclose their race or ethnicity.
- o 5,514 mortgages were refinanced and 61.3 percent were processed using streamline procedures.
- o Of the 2,136 refi's that required full processing, 70.2 percent were cash out actions.
- o HECM's accounted for 11 percent of the endorsements, up from 6.4 percent, a year ago.
- o 1,132 mortgages endorsed were Section 234c condo units.
- o 14.7 percent of the insured mortgages has ARM provisions.
- o 1,755 endorsed cases were classified as manufactured housing.

Automated Underwriting

- o Of the cases insured during October, 21,081 (49.3%) were accepted and insured using automated procedures.

SINGLE FAMILY OPERATIONS
October 16-31, 2005

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 568,100 | 769,400 | -26.2% | 747,800 | -24.0% |
| Average per workday | 2,246 | 3,041 | -26.1% | 2,956 | -24.0% |
| Actual | 24,850 | 24,303 | 2.3% | 29,734 | -16.4% |
| % for Refinance (Oct) | 14.0% | 15.5% | -1.5% # | 24.6% | -10.6% # |
| Endorsements: * | | | | | |
| Annual Rate | 565,900 | 459,400 | 23.2% | 650,200 | -13.0% |
| Actual | 23,578 | 19,142 | 23.2% | 27,091 | -13.0% |
| Purchase | 15,482 | 12,712 | 21.8% | 18,556 | -16.6% |
| % Purchase | 65.7% | 66.4% | -0.7% # | 68.5% | -2.8% # |
| 1st Time Home Buyer | 12,267 | 10,058 | 22.0% | 14,476 | -15.3% |
| % 1st Time Home Buyer | 79.2% | 79.1% | 0.1% # | 78.0% | 1.2% # |
| Non-Minority | 7,947 | 6,583 | 20.7% | 8,692 | -8.6% |
| % Non Minority | 64.8% | 65.5% | -0.7% # | 60.0% | 4.7% # |
| Minority | 3,911 | 3,127 | 25.1% | 5,258 | -25.6% |
| % Minority | 31.9% | 31.1% | 0.8% # | 36.3% | -4.4% # |
| Not-Disclosed | 406 | 348 | 16.7% | 525 | -22.7% |
| % Not-Disclosed | 3.3% | 3.5% | -0.2% # | 3.6% | -0.3% # |
| Refinanced | 5,514 | 4,181 | 31.9% | 6,809 | -19.0% |
| % Refinanced | 23.4% | 21.8% | 1.5% # | 25.1% | -1.7% # |
| Streamline | 3,378 | 2,441 | 38.4% | 4,825 | -30.0% |
| % Streamline | 61.3% | 58.4% | 2.9% # | 70.9% | -9.6% # |
| Full Process | 2,136 | 1,740 | 22.8% | 1,984 | 7.7% |
| Cash Out | 1,499 | 1,220 | 22.9% | 1,355 | 10.6% |
| % Cash Out | 70.2% | 70.1% | 0.1% # | 68.3% | 1.9% # |
| HECM | 2,582 | 2,249 | 14.8% | 1,726 | 49.6% |
| % HECM | 11.0% | 11.7% | -0.8% # | 6.4% | 4.6% # |
| Section 203(k) | 127 | 131 | -3.1% | 168 | -24.4% |
| Section 234(c) | 1,132 | 967 | 17.1% | 1,467 | -22.8% |
| % Section 234(c) | 4.8% | 5.1% | -0.3% # | 5.4% | -0.6% # |
| ARM | 3,474 | 3,057 | 13.6% | 5,095 | -31.8% |
| % ARM | 14.7% | 16.0% | -1.2% # | 18.8% | -4.1% # |
| Manufactured Housing | 1,755 | 1,353 | 29.7% | 1,459 | 20.3% |
| Interest Buy-down | 222 | 208 | 6.7% | 952 | -76.7% |
| Investors | 20 | 13 | 53.8% | 53 | -62.3% |
| Minority | 6,924 | 5,524 | 25.3% | 9,462 | -26.8% |
| % Minority | 29.4% | 28.9% | 0.5% # | 34.9% | -5.6% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Oct) | 21,081 | 21,113 | -0.2% | 25,676 | -17.9% |
| AUS as % of Total Endorsed | 49.3% | 49.9% | -0.6% # | 47.9% | 1.4% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

October 16-31, 2005

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 650,000 | 49,153 | 64,641 | -24.0% | 718,043 |
| Endorsements * | 520,000 | 42,720 | 53,641 | -20.4% | 555,557 |
| Purchase | 338,000 | 28,194 | 36,667 | -23.1% | 353,898 |
| % Purchase | 65.0% | 66.0% | 68.4% | -2.4% # | 63.7% |
| 1st Time Home Buyer | 270,000 | 22,323 | 28,699 | -22.2% | 280,121 |
| % 1st Time Home Buyer | 79.9% | 79.2% | 78.3% | 0.9% # | 79.2% |
| Non-Minority | 175,000 | 14,530 | 17,325 | -16.1% | 174,524 |
| % Non Minority | 64.8% | 65.1% | 60.4% | 4.7% # | 62.3% |
| Minority | 84,000 | 7,038 | 10,345 | -32.0% | 92,843 |
| % Minority | 31.1% | 31.5% | 36.0% | -4.5% # | 33.1% |
| Not-Disclosed | 11,000 | 754 | 1,028 | -26.7% | 12,656 |
| % Not-Disclosed | 4.1% | 3.4% | 3.6% | -0.2% # | 4.5% |
| Refinanced | 130,000 | 9,695 | 13,886 | -30.2% | 158,528 |
| % Refinanced | 25.0% | 22.7% | 25.9% | -3.2% # | 28.5% |
| Streamline | 84,000 | 5,819 | 9,802 | -40.6% | 113,086 |
| % Streamline | 64.6% | 60.0% | 70.6% | -10.6% # | 71.3% |
| Full Process | 46,000 | 3,876 | 4,084 | -5.1% | 45,442 |
| Cash Out | 32,000 | 2,719 | 2,843 | -4.4% | 31,338 |
| % Cash Out | 69.6% | 70.1% | 69.6% | 0.5% # | 69.0% |
| HECM | 52,000 | 4,831 | 3,088 | 56.4% | 43,131 |
| % HECM | 10.0% | 11.3% | 5.8% | 5.6% # | 7.8% |
| Section 203(k) | 2,600 | 258 | 378 | -31.7% | 2,952 |
| Section 234(c) | 28,000 | 2,099 | 2,904 | -27.7% | 28,998 |
| % Section 234(c) | 5.4% | 4.9% | 5.4% | -0.5% # | 5.2% |
| ARM | 97,000 | 6,531 | 9,994 | -34.7% | 95,561 |
| % ARM | 18.7% | 15.3% | 18.6% | -3.3% # | 17.2% |
| Manufactured Housing | 32,000 | 3,108 | 2,954 | 5.2% | 34,651 |
| Interest Buy-down | 9,000 | 430 | 1,984 | -78.3% | 10,400 |
| Investors | 1,300 | 33 | 111 | -70.3% | 1,434 |
| Minority | 180,000 | 12,448 | 18,708 | -33.5% | 176,334 |
| % Minority | 34.6% | 29.1% | 34.9% | -5.7% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Oct) | 248,000 | 21,081 | 25,676 | -17.9% | 257,514 |
| AUS as % of Total Endorse. | 47.7% | 49.3% | 47.9% | 1.4% # | 46.4% |
| Loans Delinquent as of (Sep) ** | 250,000 | 258,298 | 289,106 | -10.7% | 258,298 |
| Claims (Oct) *** | 150,000 | 10,189 | 13,089 | -22.2% | 155,231 |
| Loss Mitigation Retention | 80,000 | 5,181 | 6,968 | -25.6% | 81,037 |
| Loss Mitigation Disposition | 6,000 | 461 | 482 | -4.4% | 5,832 |
| Other Claims | 64,000 | 4,547 | 5,639 | -19.4% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

October 1-15, 2005

Applications

- o After seasonal adjustment, applications jumped 34.8 percent to an annual rate of 769,400.
- o Actual receipts totaled 24,303, slightly less than late September but higher on a per diem basis.

Endorsements

- o During this reporting period, FHA endorsed 19,142 mortgage -- 12,712 purchase money mortgages, 4,181 refinanced mortgages and 2,249 HECM's.
- o Of the purchase transactions, 66.4 percent were for first time home buyers and of these, 31.1 percent were to minority households.
- o As to refinance transactions, 58.4 percent were processed using streamlined procedures.
- o Of the 1,740 refinances requiring full processing, 70.1 percent covered cash out actions.
- o 5.1 percent of the mortgage transactions involved Section 234c condominium units.
- o 16 percent of the endorsements, covered mortgages with ARM provisions.
- o 1,353 mortgages were for manufactured housing units.
- o 208 mortgages had interest buy down terms.

SINGLE FAMILY OPERATIONS

October 1-15, 2005

CURRENT

| | CURRENT 2 WEEK PERIOD | LAST PERIOD | PERCENT CHANGE | LAST YEAR | PERCENT CHANGE |
|--|-----------------------------|----------------|-------------------|--------------|-------------------|
| Applications: * | | | | | |
| Annual Rate | 769,400 | 570,600 | 34.8% | 895,700 | -14.1% |
| Average per workday | 3,041 | 2,255 | 34.9% | 3,540 | -14.1% |
| Actual | 24,303 | 25,279 | -3.9% | 34,907 | -30.4% |
| % for Refinance (Sep) | 15.5% | 13.7% | 1.8% # | 22.8% | -7.3% # |
| Endorsements: * | | | | | |
| Annual Rate | 459,400 | 541,100 | -15.1% | 637,200 | -27.9% |
| Actual | 19,142 | 22,546 | -15.1% | 26,550 | -27.9% |
| Purchase | 12,712 | 14,852 | -14.4% | 18,111 | -29.8% |
| % Purchase | 66.4% | 65.9% | 0.5% # | 68.2% | -1.8% # |
| 1st Time Home Buyer | 10,058 | 11,846 | -15.1% | 14,223 | -29.3% |
| % 1st Time Home Buyer | 79.1% | 79.8% | -0.6% # | 78.5% | 0.6% # |
| Non-Minority | 6,583 | 7,888 | -16.5% | 8,633 | -23.7% |
| % Non Minority | 65.5% | 66.6% | -1.1% # | 60.7% | 4.8% # |
| Minority | 3,127 | 3,553 | -12.0% | 5,087 | -38.5% |
| % Minority | 31.1% | 30.0% | 1.1% # | 35.8% | -4.7% # |
| Not-Disclosed | 348 | 404 | -13.9% | 503 | -30.8% |
| % Not-Disclosed | 3.5% | 3.4% | 0.0% # | 3.5% | -0.1% # |
| Refinanced | 4,181 | 5,437 | -23.1% | 7,077 | -40.9% |
| % Refinanced | 21.8% | 24.1% | -2.3% # | 26.7% | -4.8% # |
| Streamline | 2,441 | 3,442 | -29.1% | 4,977 | -51.0% |
| % Streamline | 58.4% | 63.3% | -4.9% # | 70.3% | -11.9% # |
| Full Process | 1,740 | 1,995 | -12.8% | 2,100 | -17.1% |
| Cash Out | 1,220 | 1,410 | -13.5% | 1,488 | -18.0% |
| % Cash Out | 70.1% | 70.7% | -0.6% # | 70.9% | -0.7% # |
| HECM | 2,249 | 2,257 | -0.4% | 1,362 | 65.1% |
| % HECM | 11.7% | 10.0% | 1.7% # | 5.1% | 6.6% # |
| Section 203(k) | 131 | 135 | -3.0% | 210 | -37.6% |
| Section 234(c) | 967 | 1,165 | -17.0% | 1,437 | -32.7% |
| % Section 234(c) | 5.1% | 5.2% | -0.1% # | 5.4% | -0.4% # |
| ARM | 3,057 | 3,270 | -6.5% | 4,899 | -37.6% |
| % ARM | 16.0% | 14.5% | 1.5% # | 18.5% | -2.5% # |
| Manufactured Housing | 1,353 | 1,597 | -15.3% | 1,495 | -9.5% |
| Interest Buy-down | 208 | 403 | -48.4% | 1,032 | -79.8% |
| Investors | 13 | 38 | -65.8% | 58 | -77.6% |
| Minority | 5,524 | 6,558 | -15.8% | 9,246 | -40.3% |
| % Minority | 28.9% | 29.1% | -0.2% # | 34.8% | -6.0% # |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Sep) | 21,113 | 25,096 | -15.9% | 28,488 | -25.9% |
| AUS as % of Total Endorsed | 49.9% | 48.5% | 1.4% # | 49.5% | 0.4% # |

= Percentage point difference

Source: * F17 CHUMS

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing , standard rejects or actual fall out.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

October 1-15, 2005

OUTLOOK

| | PROJECTIONS FY 2006 | FY 2006 TO DATE | FY 2005 TO DATE | % CHANGE 2006/2005 | FY 2005 FINAL |
|--|------------------------|--------------------|--------------------|-----------------------|------------------|
| Applications * | 750,000 | 24,303 | 34,907 | -30.4% | 718,043 |
| Endorsements * | 600,000 | 19,142 | 26,550 | -27.9% | 555,557 |
| Purchase | 380,000 | 12,712 | 18,111 | -29.8% | 353,898 |
| % Purchase | 63.3% | 66.4% | 68.2% | -1.8% # | 63.7% |
| 1st Time Home Buyer | 304,000 | 10,058 | 14,223 | -29.3% | 280,121 |
| % 1st Time Home Buyer | 80.0% | 79.1% | 78.5% | 0.6% # | 79.2% |
| Non-Minority | 196,000 | 6,583 | 8,633 | -23.7% | 174,524 |
| % Non Minority | 64.5% | 65.5% | 60.7% | 4.8% # | 62.3% |
| Minority | 96,000 | 3,127 | 5,087 | -38.5% | 92,843 |
| % Minority | 31.6% | 31.1% | 35.8% | -4.7% # | 33.1% |
| Not-Disclosed | 12,000 | 348 | 503 | -30.8% | 12,656 |
| % Not-Disclosed | 3.9% | 3.5% | 3.5% | -0.1% # | 4.5% |
| Refinanced | 170,000 | 4,181 | 7,077 | -40.9% | 158,528 |
| % Refinanced | 28.3% | 21.8% | 26.7% | -4.8% # | 28.5% |
| Streamline | 124,000 | 2,441 | 4,977 | -51.0% | 113,086 |
| % Streamline | 72.9% | 58.4% | 70.3% | -11.9% # | 71.3% |
| Full Process | 46,000 | 1,740 | 2,100 | -17.1% | 45,442 |
| Cash Out | 32,000 | 1,220 | 1,488 | -18.0% | 31,338 |
| % Cash Out | 69.6% | 70.1% | 70.9% | -0.7% # | 69.0% |
| HECM | 50,000 | 2,249 | 1,362 | 65.1% | 43,131 |
| % HECM | 8.3% | 11.7% | 5.1% | 6.6% # | 7.8% |
| Section 203(k) | 2,600 | 131 | 210 | -37.6% | 2,952 |
| Section 234(c) | 28,000 | 967 | 1,437 | -32.7% | 28,998 |
| % Section 234(c) | 4.7% | 5.1% | 5.4% | -0.4% # | 5.2% |
| ARM | 97,000 | 3,057 | 4,899 | -37.6% | 95,561 |
| % ARM | 16.2% | 16.0% | 18.5% | -2.5% # | 17.2% |
| Manufactured Housing | 32,000 | 1,353 | 1,495 | -9.5% | 34,651 |
| Interest Buy-down | 9,000 | 208 | 1,032 | -79.8% | 10,400 |
| Investors | 1,300 | 13 | 58 | -77.6% | 1,434 |
| Minority | 180,000 | 5,524 | 9,246 | -40.3% | 176,334 |
| % Minority | 30.0% | 28.9% | 34.8% | -6.0% # | 31.7% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed (Sep) | 248,000 | 257,514 | 426,983 | -39.7% | 257,514 |
| AUS as % of Total Endorse. | 41.3% | 46.4% | 42.8% | 3.6% # | 46.4% |
| Loans Delinquent as of (Sep) ** | 250,000 | 258,298 | 289,106 | -10.7% | 258,298 |
| Claims (Sep) *** | 144,000 | 155,231 | 163,429 | -5.0% | 155,231 |
| Loss Mitigation Retention | 76,000 | 81,037 | 78,528 | 3.2% | 81,037 |
| Loss Mitigation Disposition | 5,000 | 5,832 | 5,694 | 2.4% | 5,832 |
| Other Claims | 63,000 | 68,362 | 79,207 | -13.7% | 68,362 |

= Percentage point difference

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

x AUS total includes only cases accepted and endorsed by the score cards. Does not include cases referred for standard processing, standard rejects or actual fall out.