



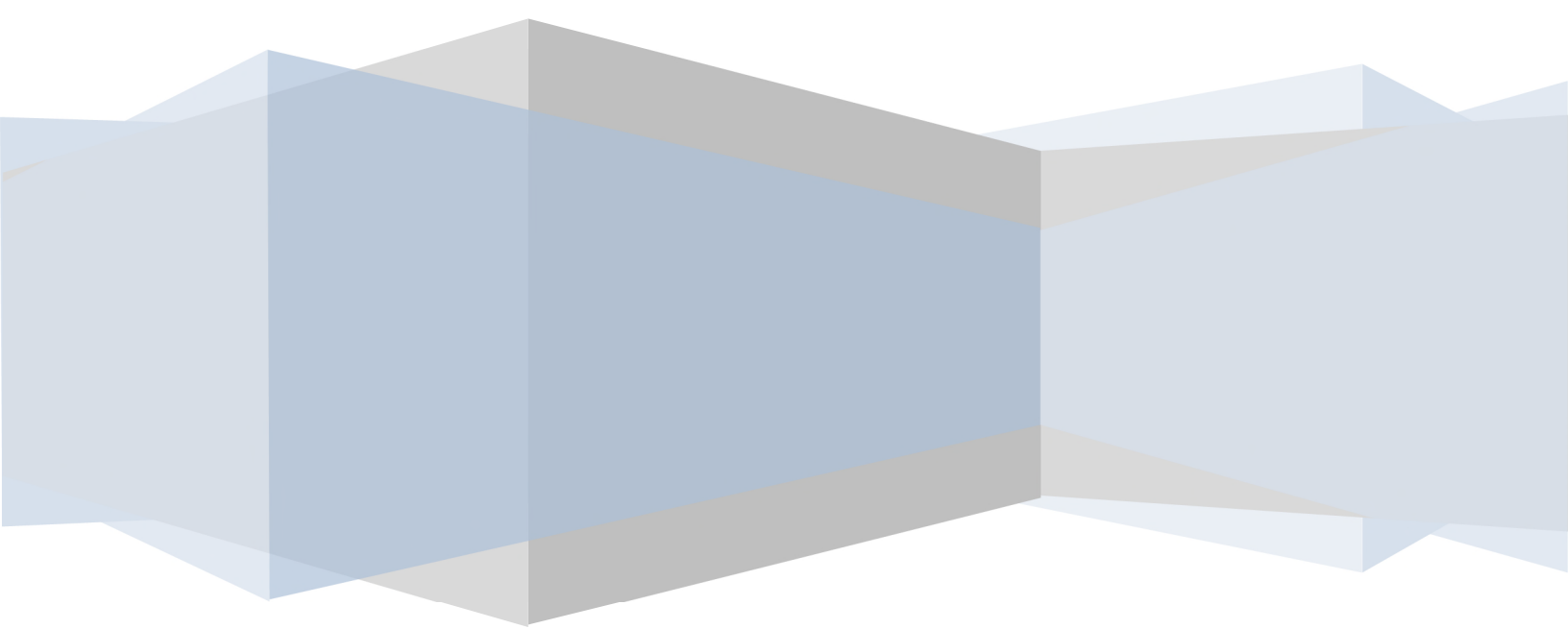
U.S. Department of Housing and Urban Development

FHA Single-Family Mutual Mortgage Insurance Fund Programs

Quarterly Report to Congress

FY 2017 Q1

Delivered: March 29, 2017



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

FY 2017 Q1
Data as of December 31, 2016

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

FOREWORD

On behalf of Secretary Carson and General Deputy Assistant Secretary for Housing Genger Charles, and pursuant to requirements of section 202(a)(5) of the National Housing Act, as amended by the FHA Modernization Act of 2008 (Public Law 110-289, Page 122 Stat. 2834), I am herewith transmitting the Fiscal Year 2017 First Quarter Report. This report covers mortgages that are obligations of the Mutual Mortgage Insurance (MMI) Fund of the Federal Housing Administration. The reporting period covers October 1, 2016 through December 31, 2016.

This quarterly report provides detailed information on the composition and credit quality of new insurance, and on FHA's financial position. In addition to this report to Congress, FHA provides information regarding the status of the single-family loan-guarantee portfolio via the publication of other complementary reports. All FHA reports can be found in the [Office of Housing Reading Room](#).

Also posted in the Office of Housing Reading Room are annual independent actuarial reviews of the MMI Fund and HUD's Annual Report to Congress on the financial status of that fund. HUD posted the Actuarial Review and Annual Report to Congress for FY 2016 on November 15, 2016. The FY 2016 Annual Report, which summarizes an independent actuary's exhaustive analysis of the portfolio, includes detailed projections of future performance and discussion of economic risk to the MMI Fund. The Department is pleased to provide details to the Congress on how this report was prepared or to answer any questions about the information presented.

Sincerely,

A handwritten signature in black ink that reads "Nandini Bhaskara Rao". The signature is written in a cursive style with a large, looping initial "N".

Nandini Rao

Associate Deputy Assistant Secretary
Risk Management and Regulatory Affairs

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

| Mandated Item | Summary | Page | Exhibit |
|---|---|--|---|
| A) Cumulative volume of loan guarantee commitments that have been made during such fiscal year through the end of the quarter for which the report is submitted | Single-family forward endorsements during the first quarter of FY 2017 decreased 6.9 percent by count from the prior quarter. Single-family forward endorsements by volume were \$68.2 billion, down 5.6 percent from the prior quarter. Reverse Mortgage (HECM) loan endorsements by count were up 6.9 percent from the previous quarter. HECM endorsement volume, at \$3.9 billion for the first quarter of FY 2017, represents an increase of 8.0 percent from the previous quarter. | 4 , 16 , 17 | 1 , A-1 , A-2 |
| B) Types of loans insured, categorized by risk | The average credit score this quarter decreased by 1 point to 678. Endorsement share of 720+ credit score loans has fallen to 18.2 percent. Share of less than 640 credit score has risen to 19.4 percent. Average borrower loan-to-value ratio fell to 92.9 percent. | 5 , 6 , 7 , 18 , 19 , 20 , 21 | 2 , 3 , 4 , A-3 , A-4 , A-5 , A-6 |
| C) Any significant changes between actual and projected claim and prepayment activity | Prepayment speeds this quarter were 36 percent higher than predicted counts. Claim payments are running 28 percent below predicted level by count and 38 percent below predicted level by dollar amount. | 8 , 22 | 5 , A-7 |
| D) Projected versus actual loss rates | The year-to-date net loss rate on claim activity of 51.95 percent remained below the projection of 53.22 percent. | 8 | 5 |
| E) Updated projections of the annual subsidy rates | The budget execution credit subsidy rates (CSR) for FY 2017 Q1 are at -4.42 percent and -0.33 percent for forward loans and HECMs, respectively. | 9 | 6 |

| Other | Summary | Page | Exhibit |
|----------------------------------|---|------------------------|------------------------|
| F) MMI Fund Balances | The MMI Fund account balance at the end of FY 2017 Q1 was \$49.9 billion, up from \$49.8 billion last quarter. | 10 | 7 |
| G) Business-Operations Cash Flow | Core business-operations cash flow in FY 2017 Q1 was \$16 million. FHA paid \$5.0 billion in claims and property expenses, while receiving \$5.0 billion in revenues from premium collections, sale of notes and properties, and other revenue. | 11 | 8 |
| H) Early Payment Delinquency | The early payment delinquency (EPD) rate increased this quarter to 0.41 percent, up from 0.32 percent last quarter. | 12 | 9 |
| I) Serious Delinquency Rates | The portfolio-level serious delinquency rate increased this quarter to 4.99 percent, up from 4.92 percent last quarter. | 13, 14 | 10, 11 |

Endorsement Activity

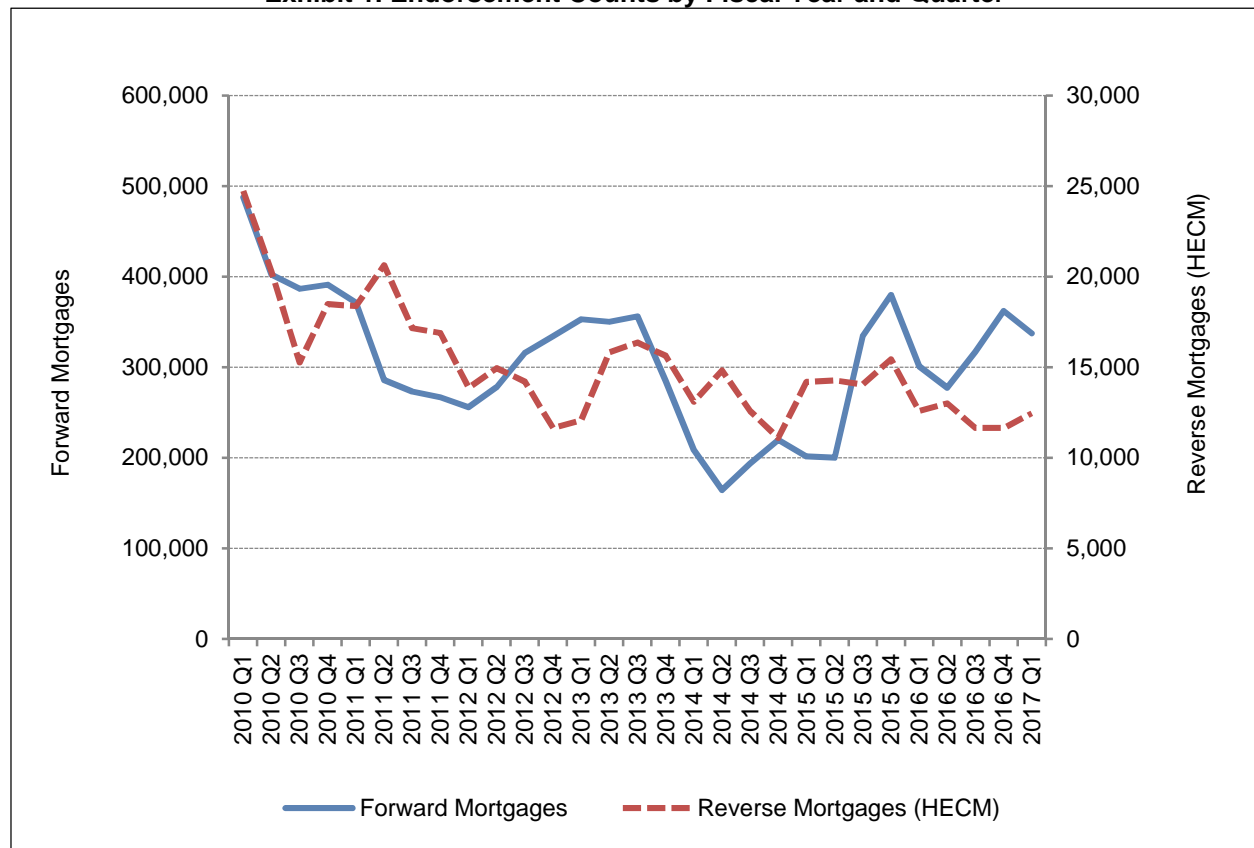
During the first quarter of fiscal year (FY) 2017, the FHA endorsed 337,199 forward mortgages for insurance, down 6.9 percent from the prior quarter.

The dollar volume of refinance endorsements (Conventional to FHA, FHA to FHA) in this quarter was up 13.8 percent from the previous quarter, while the volume of all forward-loan endorsements was down 5.6 percent (Exhibit A-2).

FHA-to-FHA refinance activity, in terms of endorsed loans, increased by 12.1 percent from the quarter-earlier period—from 77,457 to 86,831.

The HECM endorsement volume, \$3.9 billion for the first quarter of FY 2017, is up 8.0 percent from the previous quarter. HECM endorsement counts in FY 2017 Q1 (12,453) were up 6.9 percent from last quarter.

Exhibit 1. Endorsement Counts by Fiscal Year and Quarter

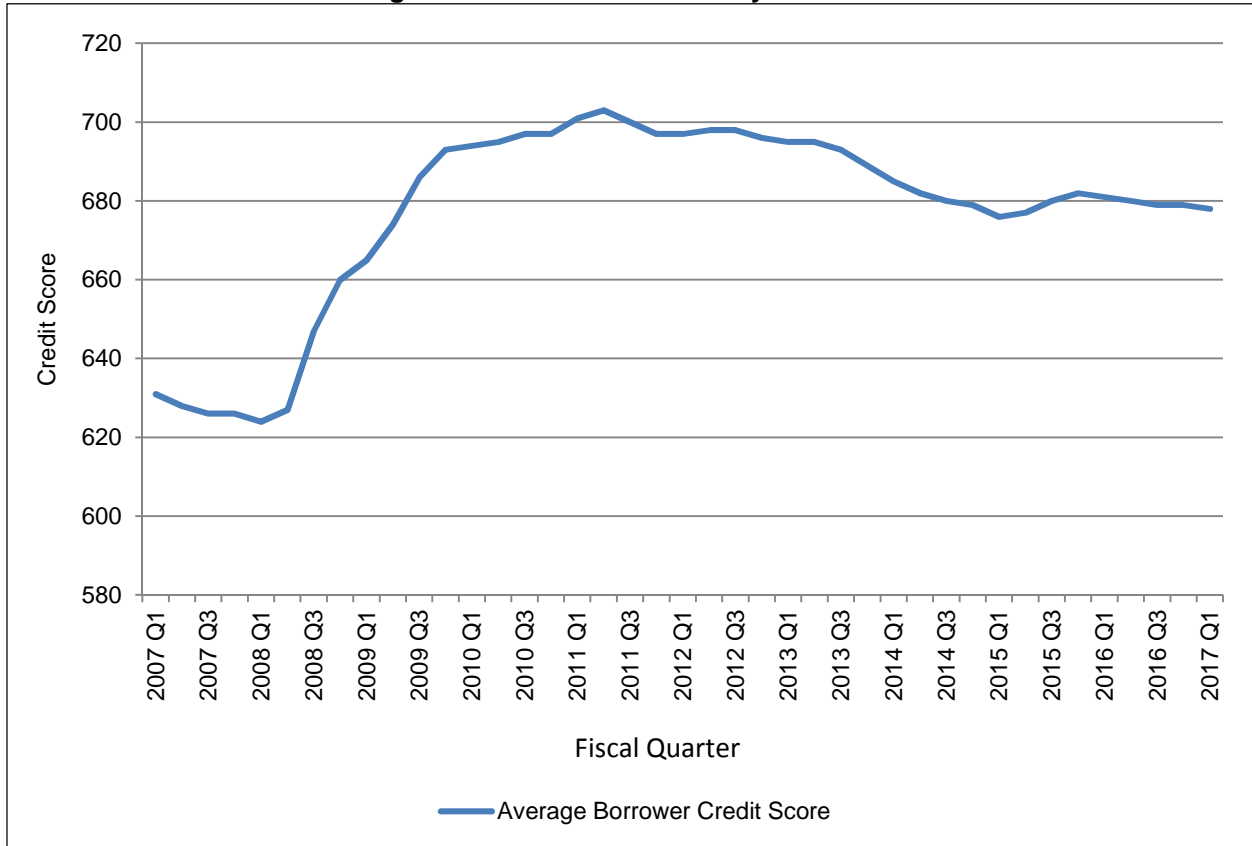


SOURCE: U.S. Department of HUD/FHA, January 2017.

Borrower Credit Scores

Average borrower credit scores fell by 1 point to 678. This continues to be well above the levels preceding the mortgage and credit crisis (Exhibit 2, Exhibit A-4).

Exhibit 2. Average Borrower Credit Scores by Fiscal Year and Quarter



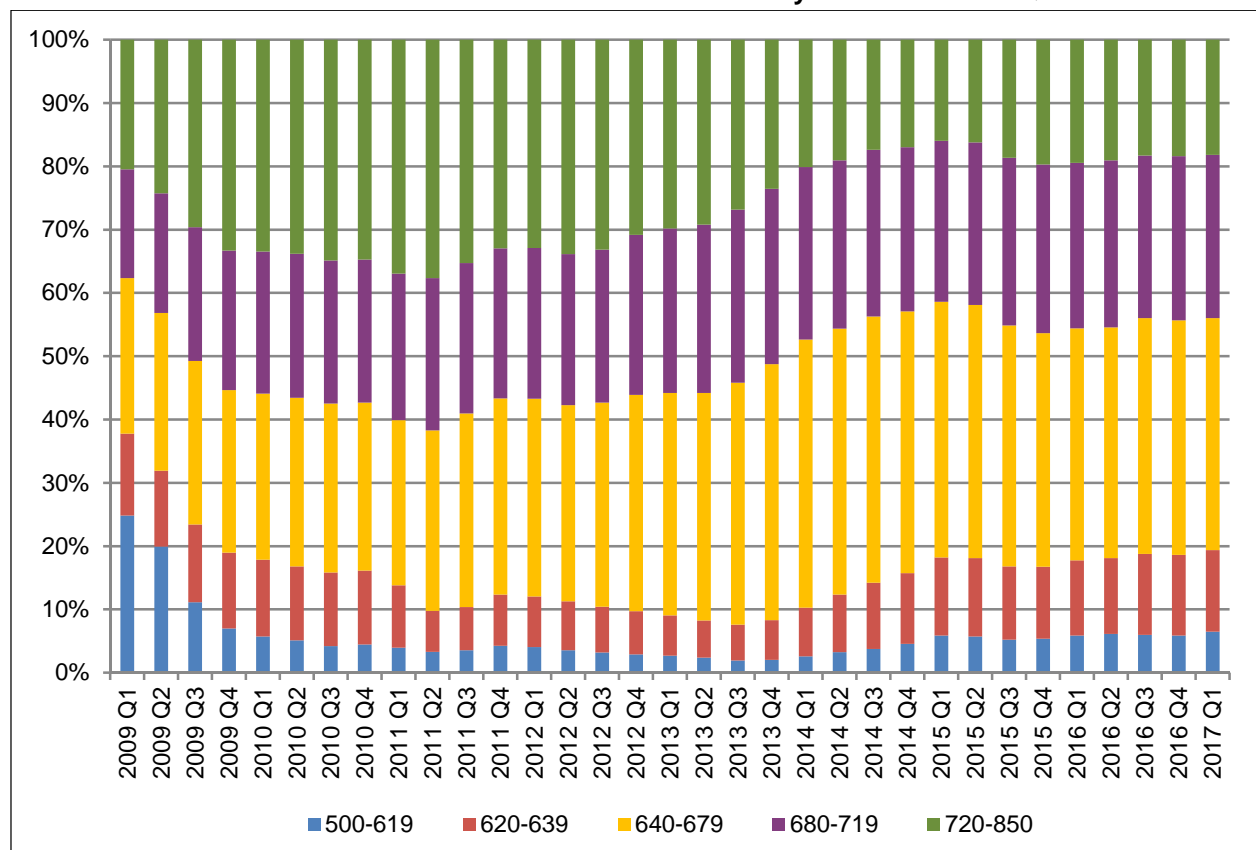
NOTE: Excludes streamline refinance activity.

SOURCE: U.S. Department of HUD/FHA, January 2017.

As shown in Exhibit 3, the distribution of borrower credit scores remained fairly consistent over the past two years. The core of the distribution is in the 640–679 range (36.6 percent). In the most recent quarter, the 680–850 scores continue to be at levels higher than the near historical low in early FY 2015 (Exhibit 3, Exhibit A-3).

A shift in FHA’s risk profile could easily be lost by focusing on average credit score alone. As shown in Exhibit 3, loans with less than 620 credit score accounted for almost 25 percent of total originations in 2009, compared to 6.5 percent today. On the other hand, the share of loans with credit scores exceeding 720, which accounted for more than one-third of FHA’s production in 2011, is now under 20 percent. The distribution has normalized with the core business of FHA in the 640–679 range.

Exhibit 3. Distribution of Borrower Credit Scores by Fiscal Year and Quarter

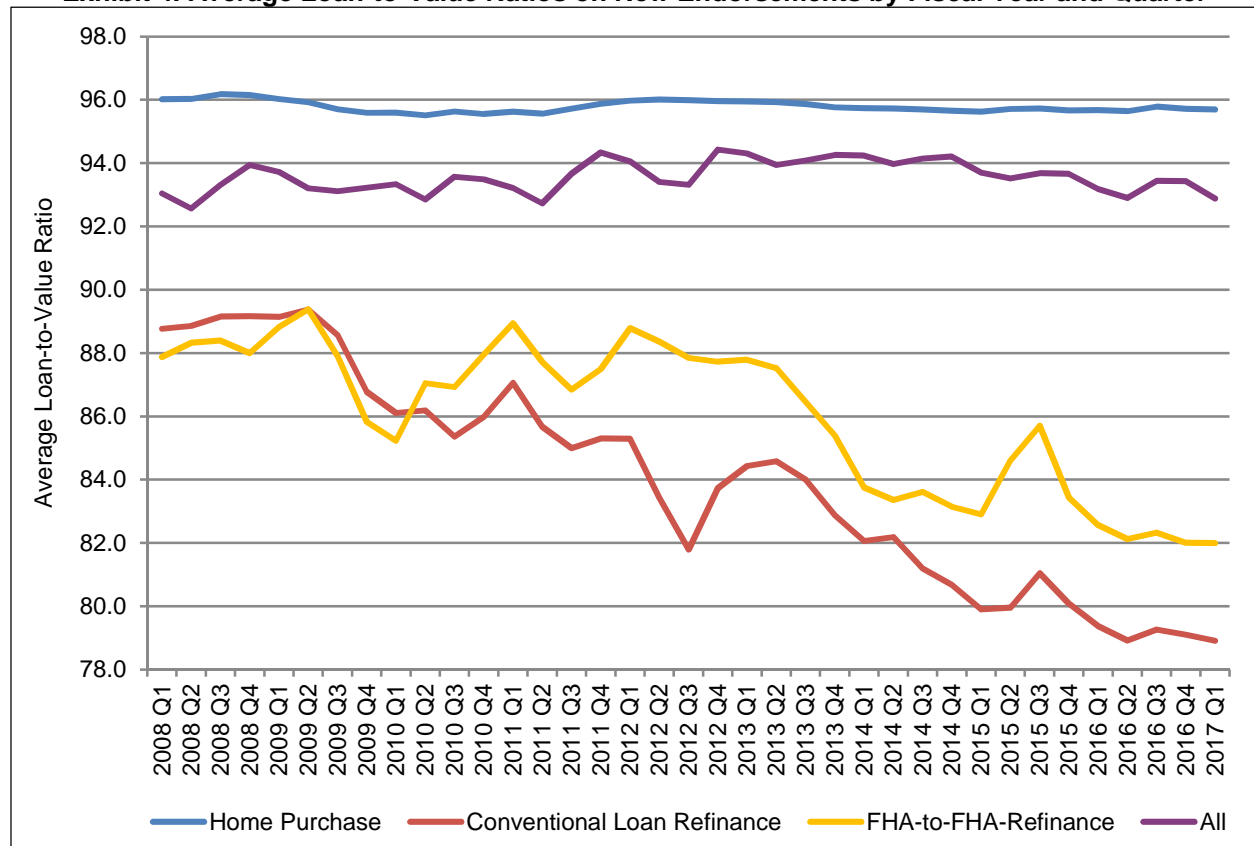


NOTE: Excludes streamline refinance activity.
 SOURCE: U.S. Department of HUD/FHA, January 2017.

Average Loan-to-Value (LTV)

The average LTV remained nearly unchanged for all FHA loans combined. Typically, LTV ratios of refinance loans are lower than home purchase loans; therefore, the portfolio-wide LTV may benefit from an increase in refinance activity. FHA activity consisted of a large percentage of refinance loans relative to purchase loans over the last quarter, which is reflected in a lower portfolio-wide LTV (Exhibit 4, Exhibit A-1, Exhibit A-5, Exhibit A-6).

Exhibit 4. Average Loan-to-Value Ratios on New Endorsements by Fiscal Year and Quarter



NOTE: Excludes streamline refinance activity.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Predicted and Actual Termination and Claim-Loss Rates

The predicted-versus-actual comparisons for the first quarter of FY 2017 are presented in Exhibit 5. Prepayment speeds continue to be higher than predicted. Claims continue to be well below predictions. The number of claims through 2017 Q1 (26,029) is 28 percent less than predicted (36,350). That deviation comes from a combination of continued foreclosure-processing delays in many states and more aggressive servicing actions to promote home retention. Neither of these is a factor that can easily be captured in the actuarial forecast models, which are based upon behavioral relationships observed over many years. When institutional and/or borrower behaviors change, it can take a number of years for the actuarial models to have enough data to reset the behavioral patterns to adapt to those changes (Exhibit 5).

Exhibit 5. Termination and Claim Loss Experience Compared to Forecasts

| Oct 2016–Dec 2016 | Year to Date Predicted ^a | Year to Date Actual | Deviation (Actual Minus Predicted) | Percentage Deviation (Actual Versus Predicted) |
|-------------------------------------|-------------------------------------|---------------------|------------------------------------|--|
| Prepayments (number) | 229,386 | 312,773 | 83,387 | 36 |
| Claims (number) ^b | 36,350 | 26,029 | -10,321 | -28 |
| Claims (\$ millions) ^b | 4,760 | 2,933 | -1,827 | -38 |
| Net Loss on Claims (%) ^c | 53.22 | 51.95 | -1.27 | na |

na = not applicable.

^a Projections of prepayment counts, claim counts, and claim dollars are modeled for the FY 2017 FHA financial statements. All projections shown here use quarterly forecasts and thus reflect cyclical trends throughout the year.

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

^c These rates are losses as a percentage of the defaulted loan balance, for both conveyance and pre-foreclosure-sale claims. Includes only loans in the MMI Fund.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Budget Execution Credit Subsidy Rates

The budget execution subsidy rate for forward loans for FY 2017 Q1 is -4.42 percent. The subsidy rate for HECM loans is -0.33 percent as of FY 2017 Q1 (Exhibit 6).

Exhibit 6. Budget Execution Credit Subsidy Rates, FY 2017 Q1

| Type of Loan | Rate (%) ^a |
|----------------------|-----------------------|
| Forward Loans | -4.42 |
| Reverse Loans (HECM) | -0.33 |

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

SOURCE: U.S. Department of HUD/FHA, January 2017.

MMI Fund Balances

As Exhibit 7 shows, the MMI Fund increased to \$49.9 billion in FY 2017 Q1. \$9.6 billion is held in the Financing account, and \$40.3 billion is held in the Capital Reserve account.

Exhibit 7. MMI Fund Balances by Quarter, FY 2011–FY 2017

| Fiscal Year | Quarter | Capital Reserve Account ^a (\$ billions) | Financing Account ^b (\$ billions) | Total ^c (\$ billions) |
|-------------|---------|---|---|-------------------------------------|
| 2011 | Oct–Dec | 6.3 | 26.4 | 32.7 |
| | Jan–Mar | 7.7 | 23.9 | 31.6 |
| | Apr–Jun | 2.8 | 28.9 | 31.7 |
| | Jul–Sep | 4.7 | 29.0 | 33.7 |
| 2012 | Oct–Dec | 5.7 | 27.6 | 33.3 |
| | Jan–Mar | 7.0 | 25.3 | 32.3 |
| | Apr–Jun | 9.8 | 21.9 | 31.6 |
| | Jul–Sep | 3.3 | 35.1 | 38.4 |
| 2013 | Oct–Dec | 7.1 | 30.0 | 37.1 |
| | Jan–Mar | 11.0 | 25.1 | 36.1 |
| | Apr–Jun | 15.8 | 17.3 | 33.1 |
| | Jul–Sep | 0 | 48.4 | 48.4 |
| 2014 | Oct–Dec | 2.6 | 44.5 | 47.1 |
| | Jan–Mar | 2.2 | 43.6 | 45.8 |
| | Apr–Jun | 4.9 | 40.4 | 45.3 |
| | Jul–Sep | 7.3 | 38.9 | 46.2 |
| 2015 | Oct–Dec | 10.4 | 35.8 | 46.2 |
| | Jan–Mar | 12.9 | 33.5 | 46.3 |
| | Apr–Jun | 12.0 | 34.5 | 46.5 |
| | Jul–Sep | 16.0 | 29.6 | 45.6 |
| 2016 | Oct–Dec | 18.2 | 27.3 | 45.5 |
| | Jan–Mar | 20.2 | 25.3 | 45.5 |
| | Apr–Jun | 34.4 | 16.6 | 51.0 |
| | Jul–Sep | 37.2 | 12.6 | 49.8 |
| 2017 | Oct–Dec | 40.3 | 9.6 | 49.9 |

NOTE: Only end-of-year balances represent audited figures.

^a This is an on-budget account that records net receipts provided by FHA to the federal budget over time. Balances are held in cash and Treasury securities. The securities earn interest for FHA. Periods in which irregular changes to the balance are seen represent times when HUD transfers funds to/from the Financing account for the rebalancing required by annual budget reestimates.

^b This is a series of off-budget cash accounts used to manage insurance operation collections and disbursements.

^c Total is the sum of Capital Reserve and Financing account balances. It represents the sum of cash and investments at the Treasury that can be immediately liquidated into cash. It does not represent total assets of the MMI Fund.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Cash Flows from Business Operations

FY 2017 Q1 net cash flow was \$16 million compared to FY 2016 Q4 of \$70 million. HUD has been proactive in reducing average losses per claim through a more diversified asset disposition strategy that now includes the Distressed Asset Stabilization Program (DASP), promotion of third-party sales at foreclosure auctions, Claims Without Conveyance of Title (CWCOT), and expanded eligibility for pre-foreclosure (short) sales. Claim costs (as measured by loss rates) have decreased from a high of 67 percent in 2011 to around 53 percent over the last four quarters (Exhibit A-7).

Exhibit 8. Business Operations Cash Flows, FY 2016 Q2–FY 2017 Q1 (\$ millions)

| | FY 2016 Q2 | FY 2016 Q3 | FY 2016 Q4 | FY 2017 Q1 | Past 4 Quarters |
|---------------------------------|----------------|----------------|----------------|----------------|-----------------|
| Collections | | | | | |
| Premiums | 3,082 | 3,399 | 3,485 | 3,390 | 13,356 |
| Property Sale Receipts | 1,049 | 969 | 938 | 964 | 3,920 |
| Note Sale Proceeds | 404 | 276 | 490 | 524 | 1,694 |
| Other | 83 | 783 | 115 | 199 | 1,180 |
| Total | 4,618 | 5,427 | 5,028 | 5,077 | 20,150 |
| Disbursements | | | | | |
| Claims ^a | (4,529) | (4,414) | (4,903) | (5,011) | (18,857) |
| Property Maintenance | (83) | (74) | (51) | (46) | (254) |
| Other | (8) | (10) | (4) | (4) | (26) |
| Total | (4,620) | (4,498) | (4,958) | (5,061) | (19,137) |
| Net Operations Cash Flow | -2 | 929 | 70 | 16 | 1,013 |

NOTE: Unaudited figures; details may not sum to total due to rounding.

^a Claim payments shown here include conveyance, pre-foreclosure sale, note sales, loss mitigation (home retention) actions, and all HECM claims (assignment and shortfall claims).

SOURCE: U.S. Department of HUD/FHA, January 2017.

Early-Payment Delinquency Rates

The Early-Payment Delinquency (EPD) rate for loans originated in FY 2016 Q3 is up 9 basis points from the previous quarter.

Exhibit 9. Early Payment Delinquency Rates

| Fiscal Year | Origination Quarter | Loan Type / Purpose (%) | | |
|-------------|---------------------|-------------------------|-----------|------------------|
| | | Purchase | Refinance | All ^a |
| 2008 | Oct–Dec | 2.51 | 1.80 | 2.21 |
| | Jan–Mar | 2.46 | 1.73 | 2.10 |
| | Apr–Jun | 1.92 | 1.86 | 1.90 |
| | Jul–Sep | 1.66 | 2.24 | 1.84 |
| 2009 | Oct–Dec | 1.20 | 1.68 | 1.36 |
| | Jan–Mar | 1.02 | 1.04 | 1.03 |
| | Apr–Jun | 0.64 | 0.66 | 0.65 |
| | Jul–Sep | 0.49 | 0.63 | 0.53 |
| 2010 | Oct–Dec | 0.32 | 0.51 | 0.36 |
| | Jan–Mar | 0.40 | 0.34 | 0.38 |
| | Apr–Jun | 0.35 | 0.36 | 0.35 |
| | Jul–Sep | 0.44 | 0.31 | 0.42 |
| 2011 | Oct–Dec | 0.32 | 0.19 | 0.28 |
| | Jan–Mar | 0.39 | 0.21 | 0.34 |
| | Apr–Jun | 0.47 | 0.33 | 0.45 |
| | Jul–Sep | 0.36 | 0.35 | 0.36 |
| 2012 | Oct–Dec | 0.33 | 0.16 | 0.29 |
| | Jan–Mar | 0.39 | 0.14 | 0.33 |
| | Apr–Jun | 0.39 | 0.32 | 0.35 |
| | Jul–Sep | 0.36 | 0.26 | 0.34 |
| 2013 | Oct–Dec | 0.26 | 0.20 | 0.23 |
| | Jan–Mar | 0.29 | 0.20 | 0.24 |
| | Apr–Jun | 0.32 | 0.22 | 0.27 |
| | Jul–Sep | 0.36 | 0.26 | 0.33 |
| 2014 | Oct–Dec | 0.32 | 0.29 | 0.31 |
| | Jan–Mar | 0.37 | 0.33 | 0.36 |
| | Apr–Jun | 0.46 | 0.37 | 0.44 |
| | Jul–Sep | 0.46 | 0.34 | 0.43 |
| 2015 | Oct–Dec | 0.37 | 0.28 | 0.35 |
| | Jan–Mar | 0.42 | 0.29 | 0.39 |
| | Apr–Jun | 0.44 | 0.26 | 0.36 |
| | Jul–Sep | 0.46 | 0.37 | 0.43 |
| 2016 | Oct–Dec | 0.31 | 0.27 | 0.30 |
| | Jan–Mar | 0.37 | 0.23 | 0.32 |
| | Apr–Jun | 0.45 | 0.32 | 0.41 |

^a Percent of loans originated in each quarter for FHA insurance that experience a three-month delinquency in the first six payment cycles.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Serious Delinquency Rates

Serious delinquency (SDQ) rates for this quarter increased to 4.99 percent from last quarter's historical low. As the portfolio serious delinquency rate has reached a historical low and FHA expands access to underserved borrowers, FHA may see increases in SDQ rates going forward. However, SDQ rates tend to be somewhat seasonal and may vacillate along current levels. Overall, serious delinquency rates are significantly improved from the highs seen in 2011.

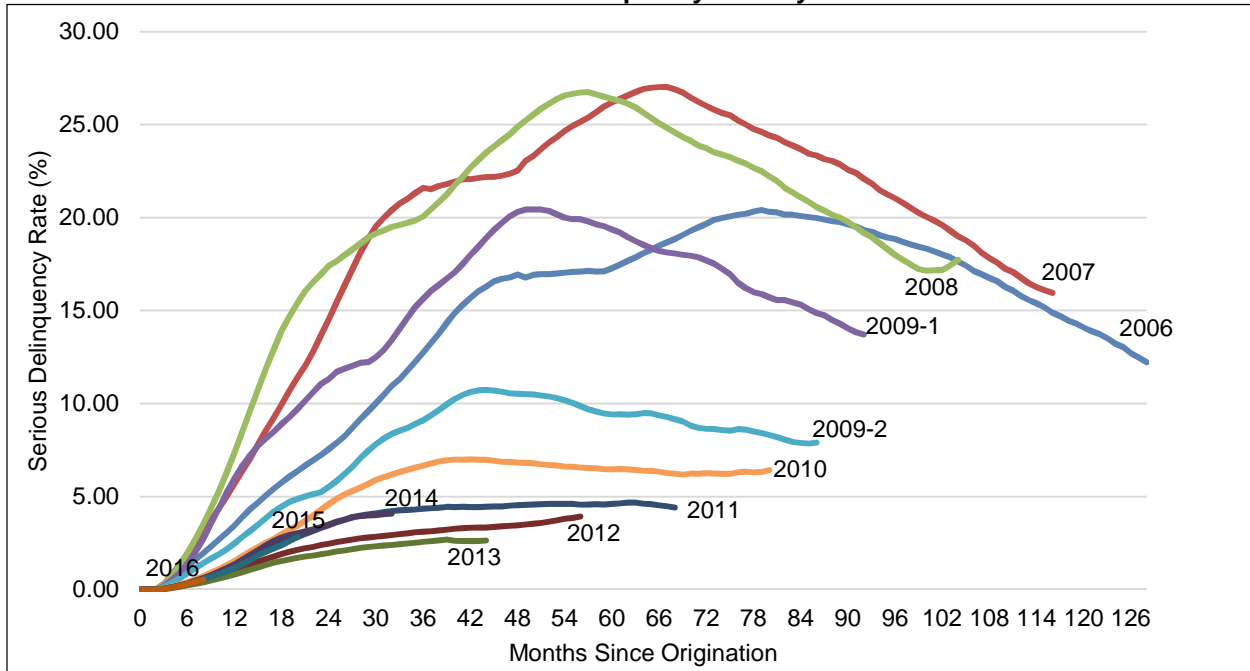
Exhibit 10. Serious Delinquency Rates, All Single-Family Forward Endorsements



SOURCE: U.S. Department of HUD/FHA, January 2017.

Exhibit 11 follows the serious delinquency rates of recent vintages from their month of origination. Serious delinquency rates have risen in the more recent vintages. This may be due to increases in credit to underserved borrowers or other factors in the economy. However, recent vintage delinquency rates are still considerably lower than for those loans originated during 2006-2010.

Exhibit 11. Serious Delinquency Rate by Fiscal Year



NOTE: The FY 2009 cohort is separated into two parts, representing loan originations from October through March in 2009-1 and loan originations from April through September in 2009-2.
 SOURCE: U.S. Department of HUD/FHA, January 2017.

APPENDIX

Exhibit A-1. New Endorsement Counts

| | Forward Mortgages ^a | | | | Reverse Mortgages (HECM) ^b |
|--------------------------------|--------------------------------|-----------------------------|----------------------|-------------------|---------------------------------------|
| | Home Purchase | Conventional Loan Refinance | FHA-to-FHA Refinance | All Forward Loans | |
| Fiscal Year | | | | | |
| 2001 | 730,105 | 43,802 | 188,644 | 962,551 | 7,789 |
| 2002 | 787,094 | 61,101 | 319,985 | 1,168,180 | 13,048 |
| 2003 | 602,452 | 59,499 | 556,983 | 1,218,934 | 18,084 |
| 2004 | 540,314 | 53,939 | 298,170 | 892,423 | 37,791 |
| 2005 | 328,543 | 31,957 | 117,853 | 478,353 | 43,082 |
| 2006 | 293,257 | 58,226 | 48,423 | 399,906 | 76,280 |
| 2007 | 261,166 | 104,578 | 36,601 | 402,345 | 107,367 |
| 2008 | 591,326 | 349,123 | 91,133 | 1,031,582 | 112,013 |
| 2009 | 995,102 | 468,768 | 367,450 | 1,831,320 | 114,639 |
| 2010 | 1,109,164 | 305,296 | 252,449 | 1,666,909 | 78,758 |
| 2011 | 777,101 | 194,811 | 224,760 | 1,196,672 | 73,093 |
| 2012 | 733,699 | 129,185 | 321,614 | 1,184,498 | 54,677 |
| 2013 | 702,415 | 91,500 | 550,929 | 1,344,844 | 59,918 |
| 2014 | 594,998 | 55,352 | 136,002 | 786,352 | 51,616 |
| 2015 | 753,388 | 80,013 | 282,824 | 1,116,225 | 57,990 |
| 2016 | 879,514 | 107,457 | 271,071 | 1,258,042 | 48,867 |
| 2017 | 220,237 | 30,131 | 86,831 | 337,199 | 12,453 |
| Fiscal Year and Quarter | | | | | |
| 2013 Q1 | 177,852 | 22,754 | 152,520 | 353,126 | 12,079 |
| 2013 Q2 | 157,439 | 25,428 | 167,487 | 350,354 | 15,830 |
| 2013 Q3 | 181,297 | 24,176 | 150,906 | 356,379 | 16,371 |
| 2013 Q4 | 185,827 | 19,142 | 80,016 | 284,985 | 15,638 |
| 2014 Q1 | 152,965 | 14,610 | 40,912 | 208,487 | 13,094 |
| 2014 Q2 | 119,833 | 13,456 | 31,202 | 164,491 | 14,827 |
| 2014 Q3 | 148,016 | 13,573 | 32,042 | 193,631 | 12,590 |
| 2014 Q4 | 174,184 | 13,713 | 31,846 | 219,743 | 11,105 |
| 2015 Q1 | 154,807 | 15,826 | 30,966 | 201,599 | 14,199 |
| 2015 Q2 | 132,529 | 15,429 | 52,180 | 200,138 | 14,288 |
| 2015 Q3 | 198,802 | 21,485 | 114,363 | 334,650 | 14,058 |
| 2015 Q4 | 267,250 | 27,273 | 85,315 | 379,838 | 15,445 |
| 2016 Q1 | 210,550 | 27,162 | 63,469 | 301,181 | 12,577 |
| 2016 Q2 | 187,068 | 26,111 | 64,247 | 277,426 | 13,002 |
| 2016 Q3 | 225,134 | 26,058 | 65,898 | 317,090 | 11,643 |
| 2016 Q4 | 256,762 | 28,126 | 77,457 | 362,345 | 11,645 |
| 2017 Q1 | 220,237 | 30,131 | 86,831 | 337,199 | 12,453 |

^a Starting in FY 2008 Q4, these counts include 203(k) purchase and rehabilitation loans and 234(c) condominium loans.

^b The FHA reverse-mortgage insurance program is called Home Equity Conversion Mortgage (HECM). Starting in FY 2009 (2008 Q4), all new HECM endorsements are included in the Mutual Mortgage Insurance Fund. Previous endorsements, by law, remain in the General and Special Risk Insurance Fund.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Exhibit A-2. Endorsement Volumes

| | Volumes (\$ millions) | | | | | Reverse Mortgages (HECM) ^b |
|--------------------------------|--------------------------------|-----------------------------|----------------------|---------|-------------------|---------------------------------------|
| | Forward Mortgages ^a | | | | All Forward Loans | |
| | Home Purchase | Conventional Loan Refinance | FHA-to-FHA Refinance | | | |
| Fiscal Year | | | | | | |
| 2001 | 79,709 | 4,947 | 22,894 | 107,550 | 1,095 | |
| 2002 | 91,025 | 7,404 | 37,713 | 136,142 | 1,975 | |
| 2003 | 73,026 | 7,602 | 66,682 | 147,310 | 3,000 | |
| 2004 | 66,835 | 6,998 | 33,787 | 107,621 | 6,886 | |
| 2005 | 40,196 | 4,258 | 13,521 | 57,975 | 8,877 | |
| 2006 | 37,102 | 8,521 | 6,110 | 51,733 | 17,973 | |
| 2007 | 35,003 | 16,095 | 5,419 | 56,516 | 24,622 | |
| 2008 | 95,374 | 61,525 | 14,907 | 171,806 | 24,240 | |
| 2009 | 171,672 | 86,984 | 71,729 | 330,385 | 30,172 | |
| 2010 | 191,602 | 56,431 | 49,468 | 297,502 | 20,974 | |
| 2011 | 134,357 | 36,846 | 46,440 | 217,642 | 18,208 | |
| 2012 | 124,454 | 23,473 | 65,344 | 213,272 | 13,113 | |
| 2013 | 124,934 | 16,932 | 98,249 | 240,115 | 14,680 | |
| 2014 | 105,721 | 9,410 | 20,085 | 135,216 | 13,520 | |
| 2015 | 140,262 | 14,428 | 58,429 | 213,119 | 16,130 | |
| 2016 | 171,633 | 20,549 | 53,222 | 245,403 | 14,660 | |
| 2017 | 44,097 | 6,023 | 18,107 | 68,226 | 3,892 | |
| Fiscal Year and Quarter | | | | | | |
| 2013 Q1 | 30,994 | 4,135 | 28,596 | 63,725 | 2,819 | |
| 2013 Q2 | 27,887 | 4,793 | 30,991 | 63,671 | 3,839 | |
| 2013 Q3 | 32,330 | 4,510 | 26,445 | 63,285 | 4,090 | |
| 2013 Q4 | 33,724 | 3,494 | 12,217 | 49,435 | 3,932 | |
| 2014 Q1 | 27,346 | 2,577 | 5,903 | 35,826 | 3,434 | |
| 2014 Q2 | 21,424 | 2,316 | 4,560 | 28,300 | 3,997 | |
| 2014 Q3 | 25,849 | 2,212 | 4,755 | 32,816 | 3,202 | |
| 2014 Q4 | 31,102 | 2,305 | 4,868 | 38,275 | 2,887 | |
| 2015 Q1 | 27,596 | 2,604 | 4,975 | 35,175 | 3,802 | |
| 2015 Q2 | 23,975 | 2,658 | 10,561 | 37,195 | 3,916 | |
| 2015 Q3 | 36,989 | 4,012 | 25,062 | 66,063 | 3,871 | |
| 2015 Q4 | 51,702 | 5,154 | 17,830 | 74,686 | 4,540 | |
| 2016 Q1 | 40,563 | 5,038 | 12,479 | 58,080 | 3,625 | |
| 2016 Q2 | 36,486 | 5,035 | 12,009 | 53,529 | 3,906 | |
| 2016 Q3 | 43,525 | 4,975 | 13,037 | 61,537 | 3,527 | |
| 2016 Q4 | 51,059 | 5,502 | 15,697 | 72,258 | 3,603 | |
| 2017 Q1 | 44,097 | 6,023 | 18,107 | 68,226 | 3,892 | |

^a Starting in FY 2008 Q4, these counts include 203(k) purchase and rehabilitation loans and 234(c) condominium loans.

^b The FHA reverse-mortgage insurance program is called Home Equity Conversion Mortgage (HECM). Starting in FY 2009 (2008 Q4), all new HECM endorsements are now in the Mutual Mortgage Insurance Fund. Previous endorsements, by law, remain in the General and Special Risk Insurance Fund.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Exhibit A-3. Borrower Credit Score Distributions on New Endorsements (%)

| Fiscal Year | Quarter | Credit Scores ^a | | | | |
|-------------|---------|----------------------------|---------|---------|---------|---------|
| | | 500–619 | 620–639 | 640–679 | 680–719 | 720–850 |
| 2010 | Oct–Dec | 5.7 | 12.1 | 26.3 | 22.4 | 33.5 |
| | Jan–Mar | 5.1 | 11.7 | 26.7 | 22.7 | 33.8 |
| | Apr–Jun | 4.2 | 11.7 | 26.7 | 22.6 | 34.9 |
| | Jul–Sep | 4.5 | 11.7 | 26.5 | 22.6 | 34.7 |
| 2011 | Oct–Dec | 4.0 | 9.8 | 26.1 | 23.1 | 36.9 |
| | Jan–Mar | 3.3 | 6.4 | 28.5 | 24.1 | 37.7 |
| | Apr–Jun | 3.5 | 6.9 | 30.6 | 23.8 | 35.3 |
| | Jul–Sep | 4.3 | 8.1 | 31.0 | 23.7 | 33.0 |
| 2012 | Oct–Dec | 4.1 | 8.0 | 31.2 | 23.8 | 32.9 |
| | Jan–Mar | 3.6 | 7.7 | 31.0 | 23.8 | 33.9 |
| | Apr–Jun | 3.2 | 7.2 | 32.3 | 24.2 | 33.2 |
| | Jul–Sep | 2.9 | 6.8 | 34.2 | 25.3 | 30.8 |
| 2013 | Oct–Dec | 2.7 | 6.4 | 35.1 | 26.0 | 29.8 |
| | Jan–Mar | 2.4 | 5.9 | 35.9 | 26.6 | 29.2 |
| | Apr–Jun | 1.9 | 5.7 | 38.2 | 27.4 | 26.8 |
| | Jul–Sep | 2.1 | 6.2 | 40.5 | 27.7 | 23.6 |
| 2014 | Oct–Dec | 2.6 | 7.7 | 42.4 | 27.2 | 20.1 |
| | Jan–Mar | 3.2 | 9.1 | 42.0 | 26.6 | 19.0 |
| | Apr–Jun | 3.8 | 10.4 | 42.1 | 26.3 | 17.4 |
| | Jul–Sep | 4.6 | 11.2 | 41.4 | 25.9 | 17.0 |
| 2015 | Oct–Dec | 5.9 | 12.3 | 40.4 | 25.4 | 16.0 |
| | Jan–Mar | 5.7 | 12.4 | 40.0 | 25.7 | 16.2 |
| | Apr–Jun | 5.2 | 11.6 | 38.1 | 26.5 | 18.6 |
| | Jul–Sep | 5.4 | 11.4 | 36.9 | 26.6 | 19.7 |
| 2016 | Oct–Dec | 5.9 | 11.9 | 36.7 | 26.1 | 19.5 |
| | Jan–Mar | 6.1 | 12.0 | 36.5 | 26.4 | 19.1 |
| | Apr–Jun | 6.0 | 12.8 | 37.3 | 25.7 | 18.3 |
| | Jul–Sep | 5.9 | 12.7 | 37.1 | 25.9 | 18.4 |
| 2017 | Oct–Dec | 6.5 | 12.9 | 36.6 | 25.8 | 18.2 |

NOTES: Shares in each row may not sum to 100% due to rounding; excludes streamline refinance loans.

^a Credit scores are cobranded between the three major credit repositories (Equifax, Experian, TransUnion) and Fair Isaac Corporation (FICO). Values can range from 300 to 850. They are grouped here according to the “decision” score used for loan underwriting. That score represents the weakest borrower on a loan application when there are multiple applicants. Streamline refinance loans do not require full underwriting; therefore, they are not represented here.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Exhibit A-4. Average Borrower Credit Scores on New Endorsements

| Fiscal Year | Quarter | Loan Purpose | | | |
|-------------|---------|---------------|-----------------------------|-----------------------------------|-----|
| | | Home Purchase | Conventional Loan Refinance | FHA-to-FHA Refinance ^a | All |
| 2009 | Oct–Dec | 672 | 651 | 649 | 665 |
| | Jan–Mar | 677 | 669 | 662 | 674 |
| | Apr–Jun | 687 | 684 | 675 | 686 |
| | Jul–Sep | 695 | 687 | 677 | 693 |
| 2010 | Oct–Dec | 696 | 690 | 679 | 694 |
| | Jan–Mar | 696 | 695 | 685 | 695 |
| | Apr–Jun | 697 | 699 | 688 | 697 |
| | Jul–Sep | 696 | 700 | 693 | 697 |
| 2011 | Oct–Dec | 699 | 704 | 700 | 701 |
| | Jan–Mar | 701 | 707 | 703 | 703 |
| | Apr–Jun | 699 | 702 | 699 | 700 |
| | Jul–Sep | 697 | 694 | 697 | 697 |
| 2012 | Oct–Dec | 695 | 702 | 705 | 697 |
| | Jan–Mar | 695 | 707 | 708 | 698 |
| | Apr–Jun | 695 | 711 | 709 | 698 |
| | Jul–Sep | 695 | 698 | 704 | 696 |
| 2013 | Oct–Dec | 695 | 696 | 703 | 695 |
| | Jan–Mar | 694 | 697 | 703 | 695 |
| | Apr–Jun | 692 | 694 | 699 | 693 |
| | Jul–Sep | 690 | 685 | 690 | 689 |
| 2014 | Oct–Dec | 686 | 677 | 680 | 685 |
| | Jan–Mar | 684 | 674 | 675 | 682 |
| | Apr–Jun | 681 | 672 | 673 | 680 |
| | Jul–Sep | 680 | 671 | 671 | 679 |
| 2015 | Oct–Dec | 678 | 669 | 669 | 676 |
| | Jan–Mar | 678 | 673 | 675 | 677 |
| | Apr–Jun | 681 | 678 | 679 | 680 |
| | Jul–Sep | 682 | 677 | 674 | 682 |
| 2016 | Oct–Dec | 682 | 676 | 672 | 681 |
| | Jan–Mar | 681 | 676 | 672 | 680 |
| | Apr–Jun | 679 | 677 | 673 | 679 |
| | Jul–Sep | 680 | 677 | 672 | 679 |
| 2017 | Oct–Dec | 679 | 677 | 672 | 678 |

NOTE: Credit scores are cobranded between the three major credit repositories (Equifax, Experian, TransUnion) and Fair Isaac Corporation (FICO). Values can range from 300 to 850. They are grouped here according to the “decision” score used for loan underwriting. That score represents the weakest borrower on a loan application, when there are multiple applicants. Streamline refinance loans do not require full underwriting; therefore, they are not represented here.

^a These include only fully-underwritten loans and exclude streamline refinancing.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Exhibit A-5. Loan-to-Value (LTV) Ratio Distribution on New Endorsements

| Fiscal Year | Quarter | LTV Ratio ^a (%) | | | |
|-------------|---------|----------------------------|-------|-------|--------------------|
| | | Up to 80 | 81–90 | 91–95 | 96–98 ^b |
| 2010 | Oct–Dec | 5.82 | 14.83 | 10.11 | 69.24 |
| | Jan–Mar | 6.86 | 16.89 | 10.89 | 65.37 |
| | Apr–Jun | 5.73 | 12.94 | 9.53 | 71.81 |
| | Jul–Sep | 5.97 | 13.88 | 9.95 | 70.20 |
| 2011 | Oct–Dec | 6.21 | 15.87 | 10.95 | 66.97 |
| | Jan–Mar | 7.58 | 16.88 | 10.40 | 65.14 |
| | Apr–Jun | 6.21 | 13.08 | 9.00 | 71.70 |
| | Jul–Sep | 5.21 | 11.03 | 8.80 | 74.97 |
| 2012 | Oct–Dec | 5.85 | 12.02 | 9.33 | 72.80 |
| | Jan–Mar | 7.52 | 12.50 | 9.27 | 70.72 |
| | Apr–Jun | 7.67 | 11.34 | 8.96 | 72.04 |
| | Jul–Sep | 5.08 | 9.31 | 9.59 | 76.03 |
| 2013 | Oct–Dec | 5.17 | 9.99 | 10.14 | 74.70 |
| | Jan–Mar | 5.97 | 11.52 | 10.78 | 71.73 |
| | Apr–Jun | 5.63 | 10.27 | 9.75 | 74.35 |
| | Jul–Sep | 5.26 | 9.71 | 8.94 | 76.10 |
| 2014 | Oct–Dec | 5.58 | 9.95 | 9.00 | 75.47 |
| | Jan–Mar | 6.08 | 10.91 | 9.41 | 73.59 |
| | Apr–Jun | 5.63 | 9.61 | 9.04 | 75.72 |
| | Jul–Sep | 5.46 | 9.46 | 9.14 | 75.95 |
| 2015 | Oct–Dec | 6.70 | 10.79 | 8.93 | 73.57 |
| | Jan–Mar | 7.10 | 11.65 | 8.97 | 72.28 |
| | Apr–Jun | 6.14 | 11.59 | 8.76 | 73.52 |
| | Jul–Sep | 6.44 | 11.13 | 8.35 | 74.08 |
| 2016 | Oct–Dec | 7.53 | 12.56 | 8.24 | 71.67 |
| | Jan–Mar | 8.10 | 13.24 | 8.22 | 70.44 |
| | Apr–Jun | 6.80 | 11.68 | 7.67 | 73.85 |
| | Jul–Sep | 6.83 | 11.95 | 7.75 | 73.47 |
| 2017 | Oct–Dec | 8.02 | 13.89 | 7.66 | 70.43 |

NOTES: Shares in each row sum to 100%; excludes streamline refinance loans.

^a In accordance with statutory requirements for determining eligibility of loans for FHA insurance, HUD measures LTV without including any financed mortgage insurance premium in the loan balance.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Exhibit A-6. Average Loan-to-Value (LTV) Ratios on New Endorsements (%)

| Fiscal Year | Quarter | Loan Purpose | | | |
|-------------|---------|---------------|-----------------------------|----------------------|------|
| | | Home Purchase | Conventional Loan Refinance | FHA-to-FHA Refinance | All |
| 2010 | Oct-Dec | 95.6 | 86.1 | 85.2 | 93.3 |
| | Jan-Mar | 95.5 | 86.2 | 87.1 | 92.9 |
| | Apr-Jun | 95.6 | 85.4 | 86.9 | 93.6 |
| | Jul-Sep | 95.6 | 86.0 | 88.0 | 93.5 |
| 2011 | Oct-Dec | 95.6 | 87.1 | 88.9 | 93.2 |
| | Jan-Mar | 95.6 | 85.7 | 87.7 | 92.7 |
| | Apr-Jun | 95.7 | 85.0 | 86.9 | 93.7 |
| | Jul-Sep | 95.9 | 85.3 | 87.5 | 94.3 |
| 2012 | Oct-Dec | 96.0 | 85.3 | 88.8 | 94.1 |
| | Jan-Mar | 96.0 | 83.4 | 88.4 | 93.4 |
| | Apr-Jun | 96.0 | 81.8 | 87.9 | 93.3 |
| | Jul-Sep | 96.0 | 83.7 | 87.7 | 94.4 |
| 2013 | Oct-Dec | 96.0 | 84.4 | 87.8 | 94.3 |
| | Jan-Mar | 95.9 | 84.6 | 87.5 | 94.0 |
| | Apr-Jun | 95.9 | 84.0 | 86.5 | 94.1 |
| | Jul-Sep | 95.8 | 82.9 | 85.4 | 94.3 |
| 2014 | Oct-Dec | 95.7 | 82.1 | 83.8 | 94.2 |
| | Jan-Mar | 95.7 | 82.2 | 83.4 | 94.0 |
| | Apr-Jun | 95.7 | 81.2 | 83.6 | 94.2 |
| | Jul-Sep | 95.7 | 80.7 | 83.2 | 94.2 |
| 2015 | Oct-Dec | 95.6 | 79.9 | 82.9 | 93.7 |
| | Jan-Mar | 95.7 | 80.0 | 84.6 | 93.5 |
| | Apr-Jun | 95.7 | 81.1 | 85.7 | 93.7 |
| | Jul-Sep | 95.7 | 80.1 | 83.5 | 93.7 |
| 2016 | Oct-Dec | 95.7 | 79.4 | 82.6 | 93.2 |
| | Jan-Mar | 95.7 | 78.9 | 82.1 | 92.9 |
| | Apr-Jun | 95.8 | 79.3 | 82.3 | 93.4 |
| | Jul-Sep | 95.7 | 79.1 | 82.0 | 93.4 |
| 2017 | Oct-Dec | 95.7 | 78.9 | 82.0 | 92.9 |

NOTE: In accordance with statutory requirements for determining eligibility of loans for FHA insurance, HUD measures LTV without including any mortgage insurance premium financed in the loan balance.

SOURCE: U.S. Department of HUD/FHA, January 2017.

Exhibit A-7. Termination Claim Type and Loss Severity Rates

| Fiscal Year | Quarter | Loss Rates (% Unpaid Principal Balance) | | | Disposition Counts | | | REO Alternatives Share of Dispositions (%) |
|-------------|----------------------|--|----------------------------------|---------|--------------------|---------------------|--------|--|
| | | REO ^a | REO Alternatives ^b | Overall | REO | REO Alternatives | Total | |
| 2010 | Oct–Dec | 67.1 | 42.9 | 63.5 | 20,166 | 3,522 | 23,688 | 14.9 |
| | Jan–Mar | 65.1 | 42.4 | 60.7 | 25,453 | 6,062 | 31,515 | 19.2 |
| | Apr–Jun | 66.4 | 45.5 | 62.5 | 22,716 | 5,310 | 28,026 | 18.9 |
| | Jul–Sep | 67.3 | 46.8 | 61.8 | 14,929 | 5,451 | 20,380 | 26.7 |
| 2011 | Oct–Dec | 71.0 | 47.6 | 64.7 | 16,540 | 6,132 | 22,672 | 27.0 |
| | Jan–Mar | 71.1 | 47.2 | 67.0 | 37,381 | 7,736 | 45,117 | 17.1 |
| | Apr–Jun | 72.3 | 47.8 | 67.7 | 32,664 | 7,592 | 40,256 | 18.9 |
| | Jul–Sep | 72.4 | 48.4 | 67.0 | 27,034 | 7,978 | 35,012 | 22.8 |
| 2012 | Oct–Dec | 72.1 | 47.0 | 63.2 | 25,336 | 9,389 | 34,725 | 27.0 |
| | Jan–Mar | 70.9 | 47.8 | 62.7 | 22,009 | 8,022 | 30,031 | 26.7 |
| | Apr–Jun | 69.2 | 48.7 | 61.3 | 23,906 | 10,138 | 34,044 | 29.8 |
| | Jul–Sep | 67.8 | 48.2 | 60.6 | 27,305 | 11,164 | 38,469 | 29.0 |
| 2013 | Oct–Dec | 66.1 | 55.4 | 61.6 | 25,246 | 12,966 | 38,212 | 33.9 |
| | Jan–Mar | 63.9 | 49.6 | 58.4 | 26,165 | 11,361 | 37,526 | 30.3 |
| | Apr–Jun | 60.3 | 54.1 | 57.0 | 28,094 | 22,934 | 51,028 | 44.9 |
| | Jul–Sep | 59.3 | 51.5 | 55.0 | 27,735 | 27,767 | 55,502 | 50.0 |
| 2014 | Oct–Dec | 61.0 | 47.6 | 54.0 | 23,649 | 19,680 | 43,329 | 45.4 |
| | Jan–Mar | 62.6 | 50.8 | 55.0 | 19,523 | 24,730 | 44,253 | 55.9 |
| | Apr–Jun | 58.8 | 45.3 | 50.8 | 15,615 | 17,043 | 32,658 | 52.2 |
| | Jul–Sep | 57.2 | 46.8 | 49.6 | 12,598 | 25,184 | 37,782 | 66.7 |
| 2015 | Oct–Dec | 59.2 | 45.1 | 5.00 | 12,720 | 18,707 | 31,427 | 59.5 |
| | Jan–Mar | 60.5 | 45.4 | 53.3 | 13,513 | 9,321 | 22,834 | 40.8 |
| | Apr–Jun | 57.2 | 43.0 | 51.2 | 15,459 | 8,927 | 24,386 | 36.6 |
| | Jul–Sep | 56.9 | 47.8 | 52.0 | 16,352 | 14,448 | 30,800 | 46.9 |
| 2016 | Oct–Dec | 58.5 | 49.0 | 53.5 | 15,974 | 13,875 | 29,849 | 46.5 |
| | Jan–Mar | 59.7 | 47.7 | 53.5 | 14,186 | 12,121 | 26,307 | 46.1 |
| | Apr–Jun | 54.6 | 49.7 | 51.9 | 12,456 | 11,763 | 24,219 | 48.6 |
| | Jul–Sep | 51.7 | 53.7 | 52.9 | 12,353 | 14,267 | 26,620 | 53.6 |
| 2017 | Oct–Dec ^c | 51.8 | 54.0 | 53.3 | 7,827 | 13,284 | 21,111 | 62.9 |

^a Real Estate Owned (REO) refers to properties that HUD has assumed ownership of through the conveyance of title.

^b REO alternatives comprise short sales, claims without conveyance of title (CWCOT), and note sales. Short sales refer to the sale of property where the defaulted borrower sells his/her home and uses the net sale proceeds to satisfy the mortgage debt even though the proceeds are less than the amount owed. Short sales are part of the preforeclosure sale (PFS) program. CWCOT is a program approved under Section 426 of the Housing and Urban-Rural Recovery Act of 1983. It is designed to reduce the number of single-family loans owned by HUD by authorizing the payment of claims to mortgagees without conveying (transferring) the title to the property to HUD. Note sale refers to the sale of defaulted mortgage notes in order to reduce foreclosure costs for borrowers. Note sales are conducted through the Distressed Asset Stabilization Program (DASP).

^c Data through November 2016.

SOURCE: U.S. Department of HUD/FHA, January 2017.