US Department of Housing and Urban Development

FHA Single-Family Mutual Mortgage Insurance Fund Programs

Quarterly Report to Congress
FY 2010 Q1
December 31, 2009

US Department of Housing and Urban Development

Federal Housing Administration

Quarterly Report to Congress on the Mutual Mortgage Insurance Fund

FY 2010 Q1

Data as of December 31, 2009

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

(A) the cumulative volume of loan guarantee commitments
that have been made during such fiscal year through
the end of the quarter for which the report is submitted;
(B) the types of loans insured, categorized by risk;
(C) any significant changes between actual and projected
claim and prepayment activity;
(D) projected versus actual loss rates; and
(E) updated projections of the annual subsidy rates
to ensure that increases in risk to the Fund are identified
and mitigated by adjustments to underwriting standards,
program participation, or premiums, and the financial
soundness of the Fund is maintained.

Table A
FHA Single-Family Mortgage Insurance Commitments
Endorsements by Year and Quarter

Time Period	Number of New Insurance Cases				
	Forward Mortgages[a]				Reverse Mortgages
	Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance	All Forward Loans	(HECM)[b]
Fiscal Year					
2000	763,063	30,352	38,131	831,546	6,637
2001	730,106	43,802	188,644	962,552	7,789
2002	787,093	61,100	319,985	1,168,178	13,049
2003	602,452	59,499	556,983	1,218,934	18,084
2004	540,313	53,939	298,166	892,418	37,790
2005	328,542	31,958	117,849	478,349	43,082
2006	293,258	58,226	48,419	399,903	76,282
2007	261,165	104,578	36,600	402,343	107,368
2008	591,326	349,137	91,128	1,031,591	112,015
2009	995,108	468,775	367,418	1,831,301	114,642
2010	304,825	86,519	96,146	487,490	24,729
Calendar Year and Quarter					
2008Q4	261,261	122,127	25,637	409,025	27,651
2009Q1	182,563	120,022	97,834	400,419	30,192
2009Q2	228,667	118,679	143,295	490,641	28,686
2009Q3	322,617	107,947	100,652	531,216	28,113
2009Q4	304,825	86,519	96,146	487,490	24,729

[a]Starting in 2008Q4, 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 in the Mutual Mortgage Insurance Fund. Previous endorsements, by law, remain in the General and Special Risk Insurance Fund.

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

Table B.1
FHA Single-Family Mortgage Insurance
Borrower Credit Score[a] Distribution on Fully-Underwritten Loans
By Fiscal Year (FY) and Quarter
(Shares in each row add to 100%)

Fiscal Year	FY Quarter	Credit Score Categories[a]						
		720+	680+	620+	580+	500+	300+	N/A[b]
2007	1	11.2%	10.9%	31.7%	22.6%	17.8%	1.2%	4.6%
	2	10.3	10.2	31.1	23.1	19.4	1.4	4.5
	3	9.9	9.6	30.7	23.5	20.4	1.5	4.4
	4	9.9	9.3	31.0	23.7	20.8	1.5	3.8
2008	1	9.3	9.1	31.2	23.9	21.3	1.7	3.4
	2	9.9	9.9	31.9	23.3	20.4	1.7	2.9
	3	15.2	13.3	35.7	20.9	12.3	0.7	2.0
	4	19.2	16.1	37.6	19.0	6.7	0.2	1.2
2009	1	20.5	17.2	37.7	18.7	5.1	0.1	0.6
	2	24.4	19.0	37.1	15.6	3.4	0.0	0.5
	3	29.9	21.3	38.4	8.5	1.5	0.0	0.4
	4	33.6	22.2	38.0	4.9	1.0	0.0	0.3
2010	1	33.7	22.6	38.7	4.0	0.7	0.0	0.3

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

[b]Borrowers without credit histories can be underwritten for FHA insurance using alternative criteria.

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

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

FY	FY Quarter	Loan Purpose: Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance[b]	All[b]
2007	1	639	620	625	634
	2	635	620	628	631
	3	632	618	628	628
	4	634	615	625	628
2008	1	633	615	626	626
	2	635	620	633	629
	3	655	637	643	648
	4	669	645	647	662
2009	1	673	652	649	666
	2	678	669	663	674
	3	688	685	676	687
	4	697	688	678	694
2010	1	697	690	680	695

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

[b]These include only fully-underwritten loans and not streamline refinancing.

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

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

FY	FY Quarter	LTV Categories[a]			
		Up to 90	91-95	96-98[b]	DPA Loans[c]
2007	1	17.7%	16.3%	41.1%	24.9%
	2	19.0	18.3	37.7	25.0
	3	17.8	18.9	39.1	24.2
	4	17.8	19.7	39.2	23.3
2008	1	19.6	22.9	35.3	22.2
	2	21.7	25.6	33.9	18.8
	3	18.4	22.7	40.0	18.8
	4	15.8	19.3	43.5	21.4
2009	1	17.4	21.1	48.8	12.7
	2	20.3	23.4	55.3	1.0
	3	20.8	17.7	61.3	0.2
	4	21.2	11.5	67.1	0.1
2010	1	20.6	10.1	69.1	0.2

[a]HUD measures LTV without including any financed mortgage insurance premium in the loan balance. This accords with statutory requirements for determining eligibility of loans for FHA insurance. Nearly all borrowers finance their upfront insurance premium in the final loan balance. The upfront premium charged since October 1, 2008, is 1.75 percent for fully-underwritten loans and 1.50 percent on streamline refinance loans.

[b]The statutory maximum LTV since October 1, 2008, is 96.5 percent. Prior to October 1, 2008, the statutory maximum was 97 percent, unless the borrower was financing any loan closing costs into the mortgage balance. If there was such financing, then the statutory maximum was between 97 and 98.15 percent, depending on the property state and the house price.

[c]DPA loans represent downpayment assistance programs that operated using direct funding from property sellers. Such downpayment assistance was banned by the Housing and Economic Recovery Act of 2008. Insurance endorsements on DPA loans in FY2009 represent loans originated prior to October 1, 2008. These are classified here as a separate LTV category because their risk profile is substantially different from other loans.

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

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

FY	FY Quarter	Loan Purpose: Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance[b]	All[b]
2007	1	95.9%	86.7%	87.0%	93.5%
	2	95.9	87.0	87.1	93.1
	3	96.1	87.7	87.5	93.4
	4	96.0	88.2	87.6	93.4
2008	1	96.0	88.8	87.9	93.0
	2	96.0	88.9	88.3	92.6
	3	96.2	89.1	88.4	93.3
	4	96.1	89.2	88.0	93.9
2009	1	96.0	89.1	88.8	93.7
	2	95.9	89.4	89.4	93.2
	3	95.7	88.6	87.9	93.1
	4	95.6	86.8	85.8	93.2
2010	1	95.6	86.1	85.2	93.3

[a]HUD measures LTV without including any financed mortgage insurance premium in the loan balance. This accords with statutory requirements for determining eligibility of loans for FHA insurance. Nearly all borrowers finance their upfront insurance premium in the final loan balance. The upfront premium charged since October 1, 2008, is 1.75 percent for fully-underwritten loans and 1.50 percent on streamline refinance loans.

[b]These include only fully-underwritten loans and not streamline refinancing.

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

Table C-D FHA Single-Family Mortgage Insurance Termination and Claim Loss Experience to-date in Current Fiscal Year October 2009 – December 2009				
	Predicted[1]	Actual	Deviation (Actual - Predicted)	Percentage Deviation (Actual vs. Predicted)
Prepayments - Number	199,576	128,627	-70,949	-36%
Claims - Number	31,584	19,406	-12,178	-39
Claims – Dollars (bil)	$4,670	$2,369	($2,302)	-49
Net Loss-on-Claims (%)	54.87%	57.20%	2.33%	

[1]Predicted data is from the forecasts used in the FY 2009 FHA financial statements.

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

Table E FHA Single-Family Mortgage Insurance Budget Execution Credit Subsidy Rates[a] October 2009 – December 2009	
Forward Loans	-0.62%
Reverse Loans (HECM)	-0.05

[a]Budget execution credit subsidy rates are the rates approved by OMB for insurance operations. These rates are the expected net present value, per dollar of insurance endorsements, of all cash flows from insurance operations over the life of the loan guarantees, and as-of the year of the insurance commitments. A negative rate means that the present value of premium revenues is expected to be greater than the present value of net claim expenses, over the life of the guarantees, i.e., a negative budget subsidy. Credit subsidy rates are subsequently updated on an annual basis to reflect both actual experience and updated forecasts of future loan performance and insurance cash flows.

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