

SINGLE FAMILY OPERATIONS

December 2009

CONTACT INFORMATION
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Applications

- During December, the estimated annual rate for applications slid to 2,138,400. While there has been some recent weakness in activity, this drop was likely aided by the very bad weather during this month.
- The actual count of applications was 141,766 -- 31.1 percent below November and 49.1 percent lower than a year ago. Included in this total were applications for 74,453 purchase transactions, 60,387 refinance cases and 6,926 reverse mortgage deals.
- The refinance transactions covered 15,198 prior FHA cases and 45,189 conventional conversions to FHA. Included in this refinance total were 19 H4H cases.

Endorsements

- This month, 179,155 single family mortgages were endorsed for insurance. There were 106,137 purchase money mortgages, 64,734 refinance transactions and 8,284 HECMs insured.
- Of the purchase transactions, 89,124 (84%) were for first time home buyers. With respect to the refinance transactions, 35,553 were prior FHA refinances while 28,181 were conventional converting to FHA insured transactions.
- For forward mortgage refinances, 9,916 were cash outs, of which 9 out of 10 were conventional conversion transactions.
- For the 8,284 reverse mortgages, 7,630 were traditional HECMs, while 499 were refinance transactions and 155 were purchase type mortgages.
- During the month, 10,483 condominium units were insured, as well as 1,800 Section 203(k) mortgages and 2,937 manufactured housing cases.
- Also of note, it took roughly 12 weeks to process a case, that is from application to insurance endorsement.
- During the month, 179,155 mortgages were endorsed for \$32.5 billion. This included 170,871 forward mortgages for \$30.2 billion and 8,284 reverse mortgages endorsed for \$2.3 billion.
- At the end of December, 5,815,006 single family mortgages were in force for an amortized outstanding balance of \$750 billion.
- In addition, 531,671 mortgages were seriously delinquent (90 days +) yielding a serious default rate of 9.1 percent. Last December there were 319,741 seriously delinquent mortgages with a rate of 6.8 percent.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 2009

MONTHLY COMPARISONS

| | CURRENT MONTH | LAST MONTH | RATE OF CHANGE | LAST YEAR | RATE OF CHANGE |
|----------------------------------|------------------|----------------|-------------------|----------------|-------------------|
| TOTAL APPLICATIONS: * | 141,766 | 205,808 | -31.1% | 278,256 | -49.1% |
| Annual Rate | 2,138,400 | 2,822,600 | -24.2% | 4,219,400 | -49.3% |
| Average per workday | 8,452 | 11,157 | -24.2% | 16,677 | -49.3% |
| Purchase | 74,453 | 87,142 | -14.6% | 91,761 | -18.9% |
| Refinance | 60,387 | 112,095 | -46.1% | 171,959 | -64.9% |
| Prior FHA | 15,198 | 65,061 | -76.6% | 59,175 | -74.3% |
| Conventional to FHA | 45,189 | 47,034 | -3.9% | 112,198 | -59.7% |
| Conventional to FHA (Delinquent) | | | | 586 | -100.0% |
| H4H (HOPE for Homeowners) | 19 | 31 | -38.7% | 142 | -86.6% |
| HECM | 6,926 | 6,571 | 5.4% | 14,536 | -52.4% |
| TOTAL ENDORSEMENTS: * | 179,155 | 157,119 | 14.0% | 140,076 | 27.9% |
| Annual Rate | 2,149,900 | 1,885,400 | 14.0% | 1,680,900 | 27.9% |
| Weighted Average FICO Score ** | 694 | 694 | 0.0% | 661 | 5.0% |
| Minority | 42,217 | 36,032 | 17.2% | 37,597 | 12.3% |
| % Minority | 23.6% | 22.9% | 0.6% # | 26.8% | -3.3% # |
| Purchase | 106,137 | 92,936 | 14.2% | 79,066 | 34.2% |
| % Purchase | 59.2% | 59.2% | 0.1% # | 56.4% | 2.8% # |
| Average FICO Score ** | 696 | 697 | -0.1% | 675 | 3.1% |
| 1st Time Home Buyer | 89,124 | 77,068 | 15.6% | 60,874 | 46.4% |
| % 1st Time Home Buyer | 84.0% | 82.9% | 1.0% # | 77.0% | 7.0% # |
| Non-Minority | 57,896 | 51,298 | 12.9% | 37,322 | 55.1% |
| % Non-Minority | 65.0% | 66.6% | -1.6% # | 61.3% | 3.7% # |
| Minority | 25,304 | 20,925 | 20.9% | 19,678 | 28.6% |
| % Minority | 28.4% | 27.2% | 1.2% # | 32.3% | -3.9% # |
| Not-Disclosed | 5,924 | 4,845 | 22.3% | 3,870 | 53.1% |
| % Not-Disclosed | 6.6% | 6.3% | 0.4% # | 6.4% | 0.3% # |
| Refinanced | 64,734 | 56,445 | 14.7% | 51,249 | 26.3% |
| % Refinanced | 36.1% | 35.9% | 0.2% # | 36.6% | -0.5% # |
| Average FICO Score ** | 687 | 686 | 0.1% | 637 | 7.8% |
| Prior FHA | 36,553 | 30,373 | 20.3% | 9,147 | 299.6% |
| Streamline | 34,001 | 28,151 | 20.8% | 5,949 | 471.5% |
| % Streamline | 52.5% | 49.9% | 2.7% # | 11.6% | 40.9% # |
| Full Process | 2,552 | 2,222 | 14.9% | 3,198 | -20.2% |
| Cash Out | 1,027 | 936 | 9.7% | 1,524 | -32.6% |
| Conventional to FHA | 28,181 | 26,072 | 8.1% | 42,026 | -32.9% |
| Cash Out | 8,889 | 8,580 | 3.6% | 14,956 | -40.6% |
| Conventional to FHA (Delinquent) | | | | 78 | |
| Total Cash Out | 9,916 | 9,516 | 4.2% | 16,480 | -39.8% |
| Total % Cash Out | 15.3% | 16.9% | -1.5% # | 32.2% | -16.8% # |
| H4H (HOPE for Homeowners) | 0 | 1 | | | |
| HECM | 8,284 | 7,738 | 7.1% | 9,761 | -15.1% |
| % HECM | 4.6% | 4.9% | -0.3% # | 7.0% | -2.3% # |
| HECM Traditional | 7,630 | 7,110 | 7.3% | 9,098 | -16.1% |
| HECM Traditional ARM | 2,418 | 2,390 | 1.2% | 8,825 | -72.6% |
| HECM Purchase | 155 | 124 | 25.0% | | |
| HECM Purchase ARM | 21 | 18 | 16.7% | | |
| HECM Refinance | 499 | 504 | -1.0% | 663 | -24.7% |
| % HECM Refinance | 6.0% | 6.5% | -0.5% # | 6.8% | -0.8% # |
| HECM Refinance ARM | 142 | 137 | 3.6% | 648 | -78.1% |

Source: * F17 CHUMS

- Percentage point difference

** As of 5/31/09 we are publishing a different average FICO score series. This series represents the composite FICO score value that is used for loan underwriting. In many cases this will be lower than the average (of applicant) FICO scores that was previously published in the Outlook.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 2009

MONTHLY COMPARISONS

| | CURRENT MONTH | LAST MONTH | RATE OF CHANGE | LAST YEAR | RATE OF CHANGE |
|--|------------------|---------------|-------------------|--------------|-------------------|
| FORWARD ENDORSEMENTS ONLY: * | | | | | |
| Section 203(k) | 1,800 | 1,637 | 10.0% | 1,409 | 27.8% |
| Condominium | 10,483 | 9,252 | 13.3% | 6,417 | 63.4% |
| % Condominium | 5.9% | 5.9% | 0.0% # | 4.6% | 1.3% # |
| ARM (Excludes HECM ARM) | 4,362 | 3,713 | 17.5% | 904 | 382.5% |
| % ARM | 2.4% | 2.4% | 0.1% # | 0.6% | 1.8% # |
| Manufactured Housing (Real Estate) | 2,937 | 2,545 | 15.4% | 5,046 | -41.8% |
| Interest Buy-down | 361 | 358 | 0.8% | 910 | -60.3% |
| Average Processing Time * ^ | | | | | |
| (Existing Homes, weeks) | | | | | |
| Application to Closing | 7.5 | 6.5 | 15.4% | 5.4 | 38.9% |
| Closing to Endorsement | 4.4 | 4.0 | 10.0% | 4.1 | 7.3% |
| Lender Insurance * | | | | | |
| Total Lender Insurance | 124,914 | 107,765 | 15.9% | 102,035 | 22.4% |
| % of Total Insurance | 69.7% | 68.6% | 1.1% # | 72.8% | -3.1% # |
| Forward Mortgages | 123,231 | 106,141 | 16.1% | 98,885 | 24.6% |
| HECM | 1,683 | 1,624 | 3.6% | 3,150 | -46.6% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed | 132,449 | 117,104 | 13.1% | 111,891 | 18.4% |
| AUS as % of Total Endorsed | 77.5% | 78.4% | -0.9% # | 85.9% | -8.3% # |
| Mortgage Insurance * | | | | | |
| Total Number | 179,155 | 157,119 | 14.0% | 140,076 | 27.9% |
| Total Amount (\$B) | \$32.5 | \$28.7 | 13.2% | \$25.1 | 29.5% |
| Forward Mortgages | | | | | |
| Total Forward Number | 170,871 | 149,381 | 14.4% | 130,315 | 31.1% |
| Amount (\$B) | \$30.2 | \$26.5 | 14.0% | \$23.0 | 31.3% |
| Purchase Number | 106,137 | 92,936 | 14.2% | 79,066 | 34.2% |
| Amount (\$B) | \$17.9 | \$15.8 | 13.3% | \$13.7 | 30.7% |
| Refinance Number | 64,734 | 56,445 | 14.7% | 51,249 | 26.3% |
| Amount (\$B) | \$12.3 | \$10.7 | 15.0% | \$9.3 | 32.3% |
| Reverse Mortgages | | | | | |
| HECM Number | 8,284 | 7,738 | 7.1% | 9,761 | -15.1% |
| Max Claim Amount (\$B) | \$2.3 | \$2.2 | 4.5% | \$2.1 | 9.5% |
| Mortgage Insurance-In-Force ** | | | | | |
| Total Number | 5,815,006 | 5,721,487 | 1.6% | 4,681,291 | 24.2% |
| Total Unpaid Balance Amount (\$B) | \$750.3 | \$733.6 | 2.3% | \$533.1 | 40.7% |
| Loans Seriously Delinquent *** < | | | | | |
| 90 Days + Delinquent | 531,671 | 512,150 | 3.8% | 319,741 | 66.3% |
| Seriously Delinquent Rate | 9.1% | 8.9% | 0.2% # | 6.8% | 2.3% # |

Source: * F17 CHUMS ** A43 Single Family Insurance System *** F42D Consolidated Single Family Default Monitoring System

Percentage point difference

^ Existing homes, including purchase and refinance cases, represent virtually all of insurance activity.

x AUS total includes only cases accepted and endorsed by the score card (TOTAL). Does not include cases referred for standard processing, standard rejects or actual fall out or streamline refinances.. Percentage based on forward mortgages only.

< This count of seriously delinquent mortgages includes bankruptcies and foreclosures.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

December 2009

FISCAL YEAR COMPARISONS

| | PROJECTIONS FY 2010 AS OF OCT 09 | FY 2010 TO DATE | FY 2009 TO DATE | RATE OF CHANGE 2010/2009 | FY 2009 FINAL |
|----------------------------------|--|--------------------|--------------------|--------------------------------|------------------|
| TOTAL APPLICATIONS: * | 2,500,000 | 601,077 | 630,183 | -4.6% | 2,915,373 |
| Purchase | 1,375,000 | 302,468 | 248,296 | 21.8% | 1,256,494 |
| Refinance | 1,000,000 | 279,220 | 337,811 | -17.3% | 1,472,023 |
| Prior FHA | 375,000 | 132,857 | 80,411 | 65.2% | 559,698 |
| Conventional to FHA | 625,000 | 146,363 | 256,189 | -42.9% | 911,373 |
| Conventional to FHA (Delinquent) | | | 1,211 | | 952 |
| H4H (HOPE for Homeowners) | | 60 | 370 | -83.8% | 934 |
| HECM | 125,000 | 19,389 | 44,076 | -56.0% | 162,619 |
| TOTAL ENDORSEMENTS: * | 1,875,000 | 512,536 | 436,930 | 17.3% | 1,946,809 |
| Minority | 487,500 | 119,618 | 117,863 | 1.5% | 474,072 |
| % Minority | 26.0% | 23.3% | 27.0% | -3.6% # | 24.4% |
| Purchase | 969,375 | 304,968 | 261,435 | 16.7% | 995,590 |
| % Purchase | 51.7% | 59.5% | 59.8% | -0.3% # | 51.1% |
| 1st Time Home Buyer | 775,500 | 252,604 | 201,737 | 25.2% | 781,718 |
| % 1st Time Home Buyer | 80.0% | 82.8% | 77.2% | 5.7% # | 78.5% |
| Non-Minority | 496,320 | 166,211 | 125,083 | 32.9% | 496,506 |
| % Non-Minority | 64.0% | 65.8% | 62.0% | 3.8% # | 63.5% |
| Minority | 232,650 | 69,954 | 63,577 | 10.0% | 233,104 |
| % Minority | 30.0% | 27.7% | 31.5% | -3.8% # | 29.8% |
| Not-Disclosed | 46,530 | 16,438 | 13,027 | 26.2% | 52,054 |
| % Not-Disclosed | 6.0% | 6.5% | 6.5% | 0.1% # | 6.7% |
| Refinanced | 798,750 | 182,775 | 147,842 | 23.6% | 836,528 |
| % Refinanced | 42.6% | 35.7% | 33.8% | 1.8% # | 43.0% |
| Prior FHA | 351,450 | 96,176 | 25,650 | 275.0% | 367,480 |
| Streamline | 311,522 | 88,737 | 16,744 | 430.0% | 329,441 |
| % Streamline | 39.0% | 48.5% | 11.3% | 37.2% # | 39.4% |
| Full Process | 39,928 | 7,439 | 8,906 | -16.5% | 38,039 |
| Cash Out | 17,000 | 3,193 | 4,666 | -31.6% | 23,432 |
| Conventional to FHA | 447,300 | 86,599 | 121,955 | -29.0% | 468,740 |
| Cash Out | 203,000 | 28,818 | 47,008 | -38.7% | 233,755 |
| Conventional to FHA (Delinquent) | 320 | | 243 | | 316 |
| Total Cash Out | 220,000 | 32,011 | 51,674 | -38.1% | 257,187 |
| Total % Cash Out | 27.5% | 17.5% | 35.0% | -17.4% # | 30.7% |
| H4H (HOPE for Homeowners) | | 12 | | | 23 |
| HECM | 106,875 | 24,793 | 27,653 | -10.3% | 114,691 |
| % HECM | 5.7% | 4.8% | 6.3% | -1.5% # | 5.9% |
| HECM Traditional | 96,188 | 22,720 | 26,634 | -14.7% | 105,785 |
| HECM Traditional ARM | 94,264 | 7,986 | 26,052 | -69.3% | 97,036 |
| HECM Purchase | 3,420 | 420 | | | 423 |
| HECM Purchase ARM | 3,352 | 57 | | | 327 |
| HECM Refinance | 7,268 | 1,653 | 1,019 | 62.2% | 8,858 |
| % HECM Refinance | 6.8% | 6.7% | 3.7% | 3.0% # | 7.7% |
| HECM Refinance ARM | 7,122 | 512 | 1,000 | -48.8% | 8,125 |

Source: * F17 CHUMS

- Percentage point difference

FHA OUTLOOK

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FISCAL YEAR COMPARISONS

| | PROJECTIONS FY 2010 AS OF OCT 09 | FY 2010 TO DATE | FY 2009 TO DATE | RATE OF CHANGE 2010/2009 | FY 2009 FINAL |
|--|--|--------------------|--------------------|--------------------------------|------------------|
| FORWARD ENDORSEMENTS ONLY: * | | | | | |
| Section 203(k) | 15,000 | 5,274 | 3,501 | 50.6% | 16,904 |
| Condominium | 84,375 | 29,858 | 20,752 | 43.9% | 96,119 |
| % Condominium | 4.5% | 5.8% | 4.7% | 1.1% # | 4.9% |
| ARM (Excludes HECM ARM) | 9,375 | 12,249 | 5,368 | 128.2% | 14,361 |
| % ARM | 0.5% | 2.4% | 1.2% | 1.2% # | 0.7% |
| Manufactured Housing (Real Estate) | 50,000 | 8,649 | 14,895 | -41.9% | 46,463 |
| Interest Buy-down | 8,000 | 1,065 | 3,637 | -70.7% | 6,702 |
| Lender Insurance * | | | | | |
| Total Lender Insurance | 1,312,500 | 358,901 | 315,906 | 13.6% | 1,363,323 |
| % of Total Insurance | 70.0% | 70.0% | 72.3% | -2.3% # | 70.0% |
| Forward Mortgages | 1,273,125 | 353,846 | 307,407 | 15.1% | 1,330,825 |
| HECM | 39,375 | 5,055 | 8,499 | -40.5% | 32,498 |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed | 1,406,250 | 385,331 | 346,915 | 11.1% | 1,399,854 |
| AUS as % of Total Endorsed | 79.5% | 79.0% | 84.8% | -5.8% # | 76.4% |
| Mortgage Insurance * | | | | | |
| Total Number | 1,875,000 | 512,531 | 436,930 | 17.3% | 1,946,809 |
| Total Amount (\$B) | \$349.7 | \$93.4 | \$78.0 | 19.7% | \$360.7 |
| Forward Mortgages | | | | | |
| Total Forward Number | 1,768,125 | 487,738 | 409,277 | 19.2% | 1,832,118 |
| Amount (\$B) | \$323.0 | \$86.4 | \$72.0 | 20.0% | \$330.5 |
| Purchase Number | | | | | |
| Amount (\$B) | \$169.6 | \$52.0 | \$45.3 | 14.7% | \$171.7 |
| Refinance Number | | | | | |
| Amount (\$B) | \$153.4 | \$34.5 | \$26.7 | 29.1% | \$158.8 |
| Reverse Mortgages | | | | | |
| HECM Number | 106,875 | 24,793 | 27,653 | -10.3% | 114,691 |
| Max Claim Amount (\$B) | \$26.7 | \$7.0 | \$6.0 | 16.2% | \$30.2 |
| Claims ** | | | | | |
| Total Claims | 213,000 | 56,842 | 45,150 | 25.9% | 207,957 |
| Loss Mitigation Retention | 130,000 | 32,124 | 28,143 | 14.1% | 127,134 |
| Loss Mitigation (Property Sales) | 8,000 | 3,114 | 1,434 | 117.2% | 7,410 |
| Other Claims (Conveyances) | 75,000 | 21,604 | 15,573 | 38.7% | 73,413 |

Source: * F17 CHUMS ** A43C Claims System

= Percentage point difference

x AUS total includes only cases accepted and endorsed by the score card (TOTAL). Does not include cases referred for standard processing, standard rejects or actual fall out or streamline refinances.. Percentage based on forward mortgages only.