

SINGLE-FAMILY OPERATIONS

May 2010

CONTACT INFORMATION
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Applications

During the month, applications, after seasonal adjustment, were estimated at an annual rate of 2,125,700 -- 7.4 percent lower than reported last month.

The actual number of applications received was 181,524. This covered 121,035 purchase applications, 52,135 refinance transactions as well as 8,354 reverse mortgage applications. These refinance applications consisted of 13,688 prior FHA cases and 38,467 conventional to FHA conversions. Included in this refinance total were 72 H4H transactions.

It should be noted that purchase transaction dropped sharply during this month. During the first week of May, 3 out of 4 applications were for a home purchase. By the end of May, purchase applications fell to about 55 percent of the daily application receipts.

Endorsements

124,754 mortgages were endorsed for insurance during May. 89,291 of these cases were purchase money mortgages of which 71,091 were for first-time homebuyers. There were 30,909 refinanced mortgages including 9,827 prior FHA mortgages and 21,084 conventional mortgages converting to FHA. This refinance total included 6 Hope for Home-owner insured cases.

Also, during the month, 4,554 HECM's were insured, most of which were traditional reverse mortgages. The remaining were previously refinanced HECM's.

During the month 124,754 mortgages for \$22.3 billion were insured for the FHA Single-Family Program.

Automated Underwriting

109,838 of these mortgages were accepted and endorsed using the FHA scorecard, accounting for 91.4 percent of the loans insured in May.

Insurance-In-Force

As of the end of May, FHA had 6,296,586 single-family mortgages in force with an unpaid balance of \$837.8 billion.

Defaults and Claims

In May 530,140 loans were reported in serious delinquency, for a portfolio default rate of 8.4 percent -- marginally below last month's rate. Over the first eight months of the fiscal year, FHA has paid 63,019 property conveyance claims (foreclosures), and 177,300 total claims. Most of the difference between the two claims numbers represents loss mitigation default workout actions, though FHA has also paid 9,078 pre-foreclosure (short) sale claims.

FHA OUTLOOK

SINGLE-FAMILY OPERATIONS

May 2010

MONTHLY COMPARISONS

| | CURRENT MONTH | LAST MONTH | RATE OF CHANGE | LAST YEAR | RATE OF CHANGE |
|--------------------------------|------------------|----------------|-------------------|----------------|-------------------|
| TOTAL APPLICATIONS: * | 181,524 | 215,578 | -15.8% | 255,647 | -29.0% |
| Annual Rate | 2,125,700 | 2,296,400 | -7.4% | 2,995,500 | -29.0% |
| Average per workday | 8,402 | 9,077 | -7.4% | 11,840 | -29.0% |
| Purchase | 121,035 | 150,935 | -19.8% | 117,988 | 2.6% |
| Refinance | 52,135 | 56,474 | -7.7% | 126,920 | -58.9% |
| Prior FHA | 13,668 | 12,005 | 13.9% | 60,662 | -77.5% |
| Conventional to FHA | 38,467 | 44,469 | -13.5% | 66,258 | -41.9% |
| H4H (HOPE for Homeowners) | 72 | 70 | 2.9% | 29 | 148.3% |
| HECM | 8,354 | 8,169 | 2.3% | 10,739 | -22.2% |
| TOTAL ENDORSEMENTS: * | 124,759 | 126,316 | -1.2% | 162,690 | -23.3% |
| Annual Rate | 1,497,100 | 1,515,800 | -1.2% | 1,952,300 | -23.3% |
| Weighted Average FICO Score ** | 698 | 697 | 0.1% | 678 | 2.9% |
| Minority | 30,420 | 31,271 | -2.7% | 37,526 | -18.9% |
| % Minority | 24.4% | 24.8% | -0.4% # | 23.1% | 1.3% # |
| Purchase | 89,291 | 84,723 | 5.4% | 70,259 | 27.1% |
| % Purchase | 71.6% | 67.1% | 4.5% # | 43.2% | 28.4% # |
| Average FICO Score ** | 698 | 699 | -0.1% | 688 | 1.5% |
| 1st Time Home Buyer | 71,091 | 67,218 | 5.8% | 55,696 | 27.6% |
| % 1st Time Home Buyer | 79.6% | 79.3% | 0.3% # | 79.3% | 0.3% # |
| Non-Minority | 46,272 | 42,951 | 7.7% | 35,583 | 30.0% |
| % Non-Minority | 65.1% | 63.9% | 1.2% # | 63.9% | 1.2% # |
| Minority | 20,383 | 19,951 | 2.2% | 16,424 | 24.1% |
| % Minority | 28.7% | 29.7% | -1.0% # | 29.5% | -0.8% # |
| Not-Disclosed | 4,434 | 4,316 | 2.7% | 3,689 | 20.2% |
| % Not-Disclosed | 6.2% | 6.4% | -0.2% # | 6.6% | -0.4% # |
| Refinanced | 30,909 | 36,082 | -14.3% | 84,035 | -63.2% |
| % Refinanced | 24.8% | 28.6% | -3.8% # | 51.7% | -26.9% # |
| Average FICO Score ** | 695 | 693 | 0.3% | 661 | 5.1% |
| Prior FHA | 9,827 | 11,577 | -15.1% | 46,572 | -78.9% |
| Streamline | 6,909 | 8,229 | -16.0% | 43,370 | -84.1% |
| % Streamline | 22.4% | 22.8% | -0.5% # | 51.6% | -29.3% # |
| Full Process | 2,918 | 3,348 | -12.8% | 3,202 | -8.9% |
| Cash Out | 796 | 931 | -14.5% | 1,414 | -43.7% |
| Conventional to FHA | 21,084 | 24,505 | -14.0% | 37,456 | -43.7% |
| Cash Out | 6,804 | 7,872 | -13.6% | 12,997 | -47.6% |
| Total Cash Out | 7,600 | 8,803 | -13.7% | 14,411 | -47.3% |
| Total % Cash Out | 24.6% | 24.4% | 0.2% # | 17.1% | 7.4% # |
| H4H (HOPE for Homeowners) | 6 | 23 | | 0 | |
| HECM | 4,554 | 5,511 | -17.4% | 8,396 | -45.8% |
| % HECM | 3.7% | 4.4% | -0.7% # | 5.2% | -1.5% # |
| HECM Traditional | 4,239 | 5,116 | -17.1% | 7,684 | -44.8% |
| HECM Traditional ARM | 1,231 | 1,453 | -15.3% | 6,976 | -82.4% |
| HECM Purchase | 76 | 96 | -20.8% | 45 | 68.9% |
| HECM Purchase ARM | 3 | 10 | -70.0% | 45 | -93.3% |
| HECM Refinance | 239 | 299 | -20.1% | 667 | -64.2% |
| % HECM Refinance | 5.2% | 5.4% | -0.2% # | 7.9% | -2.7% # |
| HECM Refinance ARM | 48 | 94 | -48.9% | 614 | -92.2% |

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. FICO Scores are weighted by the relative importance of loan type.

FHA OUTLOOK

SINGLE-FAMILY OPERATIONS

May 2010

MONTHLY COMPARISONS

| | CURRENT MONTH | LAST MONTH | RATE OF CHANGE | LAST YEAR | RATE OF CHANGE |
|--|------------------|---------------|-------------------|--------------|-------------------|
| FORWARD ENDORSEMENTS ONLY: * | | | | | |
| Section 203(k) | 1,574 | 1,856 | -15.2% | 1,330 | 18.3% |
| Condominium | 5,942 | 6,330 | -6.1% | 7,731 | -23.1% |
| % Condominium | 4.8% | 5.0% | -0.2% # | 4.8% | 0.0% # |
| ARM (Excludes HECM ARM) | 3,383 | 3,045 | 11.1% | 365 | 826.8% |
| % ARM | 2.7% | 2.4% | 0.3% # | 0.2% | 2.5% # |
| Manufactured Housing (Real Estate) | 2,001 | 2,105 | -4.9% | 3,203 | -37.5% |
| Interest Buy-down | 318 | 312 | 1.9% | 298 | 6.7% |
| Average Processing Time * ^ | | | | | |
| (Existing Homes, weeks) | | | | | |
| Application to Closing | 6.6 | 6.6 | 0.0% | 6.1 | 8.2% |
| Closing to Endorsement | 3.4 | 3.4 | 0.0% | 3.9 | -12.8% |
| Lender Insurance * | | | | | |
| Total Lender Insurance | 94,049 | 93,259 | 0.8% | 113,613 | -17.2% |
| % of Total Insurance | 75.4% | 73.8% | 1.6% # | 69.8% | 5.6% # |
| Forward Mortgages | 93,001 | 92,021 | 1.1% | 111,273 | -16.4% |
| HECM | 1,048 | 1,238 | -15.3% | 2,340 | -55.2% |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed | 109,838 | 109,210 | 0.6% | 105,616 | 4.0% |
| AUS as % of Total Endorsed | 91.4% | 90.4% | 1.0% # | 68.5% | 22.9% # |
| Mortgage Insurance * | | | | | |
| Total Number | 124,754 | 126,316 | -1.2% | 162,690 | -23.3% |
| Total Amount (\$B) | \$22.3 | \$22.9 | -2.6% | \$30.8 | -27.6% |
| Forward Mortgages | | | | | |
| Total Forward Number | 120,200 | 120,805 | -0.5% | 154,294 | -22.1% |
| Amount (\$B) | \$21.1 | \$21.5 | -1.9% | \$28.4 | -25.7% |
| Purchase Number | 89,291 | 84,723 | 5.4% | 70,259 | 27.1% |
| Amount (\$B) | \$15.3 | \$14.7 | 4.1% | \$11.8 | 29.7% |
| Refinance Number | 30,909 | 36,082 | -14.3% | 84,035 | -63.2% |
| Amount (\$B) | \$5.8 | \$6.8 | -14.7% | \$16.6 | -65.1% |
| Reverse Mortgages | | | | | |
| HECM Number | 4,554 | 5,511 | -17.4% | 8,396 | -45.8% |
| Max Claim Amount (\$B) | \$1.2 | \$1.4 | -14.3% | \$2.4 | -50.0% |
| Mortgage Insurance-In-Force ** | | | | | |
| Total Number | 6,296,586 | 6,192,885 | 1.7% | 5,047,635 | 24.7% |
| Total Unpaid Balance Amount (\$B) | \$837.8 | \$820.0 | 2.2% | \$605.2 | 38.4% |
| Loans Seriously Delinquent *** < | | | | | |
| 90 Days + Delinquent | 530,140 | 527,504 | 0.5% | 374,834 | 41.4% |
| Seriously Delinquent Rate | 8.4% | 8.5% | -0.1% # | 7.4% | 1.0% # |

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

May 2010

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 | 1,535,867 | 1,941,733 | -20.9% | 2,892,764 |
| Purchase | 1,375,000 | 905,045 | 742,089 | 22.0% | 1,256,494 |
| Refinance | 1,000,000 | 575,064 | 1,089,742 | -47.2% | 1,472,023 |
| Prior FHA | 375,000 | 202,093 | 404,554 | -50.0% | 559,698 |
| Conventional to FHA | 625,000 | 372,971 | 684,193 | -45.5% | 911,373 |
| H4H (HOPE for Homeowners) | | 368 | 945 | -61.1% | 934 |
| HECM | 125,000 | 55,758 | 109,902 | -49.3% | 162,619 |
| TOTAL ENDORSEMENTS: * | 1,875,000 | 1,186,424 | 1,192,739 | -0.5% | 1,946,809 |
| Minority | 487,500 | 287,788 | 301,483 | -4.5% | 474,072 |
| % Minority | 26.0% | 24.3% | 25.3% | -1.0% # | 24.4% |
| Purchase | 969,375 | 724,899 | 583,885 | 24.2% | 995,590 |
| % Purchase | 51.7% | 61.1% | 49.0% | 12.1% # | 51.1% |
| 1st Time Home Buyer | 775,500 | 586,783 | 454,567 | 29.1% | 781,718 |
| % 1st Time Home Buyer | 80.0% | 80.9% | 77.9% | 3.1% # | 78.5% |
| Non-Minority | 496,320 | 375,942 | 280,579 | 34.0% | 496,506 |
| % Non-Minority | 64.0% | 64.1% | 61.7% | 2.3% # | 63.5% |
| Minority | 232,650 | 172,251 | 144,210 | 19.4% | 233,104 |
| % Minority | 30.0% | 29.4% | 31.7% | -2.4% # | 29.8% |
| Not-Disclosed | 46,530 | 38,605 | 29,737 | 29.8% | 52,054 |
| % Not-Disclosed | 6.0% | 6.6% | 6.5% | 0.0% # | 6.7% |
| Refinanced | 798,750 | 406,206 | 530,942 | -23.5% | 836,528 |
| % Refinanced | 42.6% | 34.2% | 44.5% | -10.3% # | 43.0% |
| Prior FHA | 351,450 | 185,589 | 209,945 | -11.6% | 367,480 |
| Streamline | 311,522 | 161,043 | 184,140 | -12.5% | 329,441 |
| % Streamline | 39.0% | 39.6% | 34.7% | 5.0% # | 39.4% |
| Full Process | 39,928 | 24,546 | 25,805 | -4.9% | 38,039 |
| Cash Out | 17,000 | 8,371 | 11,132 | -24.8% | 23,432 |
| Conventional to FHA | 447,300 | 220,617 | 320,682 | -31.2% | 468,740 |
| Cash Out | 203,000 | 72,132 | 104,216 | -30.8% | 233,755 |
| Total Cash Out | 220,000 | 80,503 | 115,348 | -30.2% | 257,187 |
| Total % Cash Out | 27.5% | 19.8% | 21.7% | -1.9% # | 30.7% |
| H4H (HOPE for Homeowners) | | 41 | 1 | | 23 |
| HECM | 106,875 | 55,315 | 77,912 | -29.0% | 114,691 |
| % HECM | 5.7% | 4.7% | 6.5% | -1.9% # | 5.9% |
| HECM Traditional | 96,188 | 50,724 | 72,046 | -29.6% | 104,371 |
| HECM Traditional ARM | 94,264 | 16,467 | 69,314 | -76.2% | 95,187 |
| HECM Purchase | 3,420 | 910 | 167 | 444.9% | 468 |
| HECM Purchase ARM | 3,352 | 102 | 163 | -37.4% | 372 |
| HECM Refinance | 7,268 | 3,681 | 5,699 | -35.4% | 8,862 |
| % HECM Refinance | 6.8% | 6.7% | 7.3% | -0.7% # | 7.7% |
| HECM Refinance ARM | 7,122 | 1,143 | 5,491 | -79.2% | 8,091 |

Source: * F17 CHUMS

- Percentage point difference

FHA OUTLOOK

SINGLE-FAMILY OPERATIONS

May 2010

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) | 22,000 | 14,553 | 9,794 | 48.6% | 16,904 |
| Condominium | 110,000 | 66,071 | 55,188 | 19.7% | 96,119 |
| % Condominium | 5.9% | 5.6% | 4.6% | 0.9% # | 4.9% |
| ARM (Excludes HECM ARM) | 50,000 | 29,283 | 6,844 | 327.9% | 14,361 |
| % ARM | 2.7% | 2.5% | 0.6% | 1.9% # | 0.7% |
| Manufactured Housing (Real Estate) | 50,000 | 21,275 | 32,294 | -34.1% | 46,463 |
| Interest Buy-down | 4,000 | 2,469 | 5,437 | -54.6% | 6,702 |
| Lender Insurance * | | | | | |
| Total Lender Insurance | 1,312,500 | 859,145 | 835,653 | 2.8% | 1,363,323 |
| % of Total Insurance | 70.0% | 72.4% | 70.1% | 2.4% # | 70.0% |
| Forward Mortgages | 1,273,125 | 847,982 | 809,595 | 4.7% | 1,330,825 |
| HECM | 39,375 | 11,163 | 26,058 | -57.2% | 32,498 |
| Automated Underwriting System * x | | | | | |
| AUS Endorsed | 1,406,250 | 937,806 | 852,120 | 10.1% | 1,399,854 |
| AUS as % of Total Endorsed | 79.5% | 82.9% | 76.4% | 6.5% # | 76.4% |
| Mortgage Insurance * | | | | | |
| Total Number | 1,875,000 | 1,186,409 | 1,192,739 | -0.5% | 1,946,809 |
| Total Amount (\$B) | \$349.7 | \$216.3 | \$219.5 | -1.5% | \$360.7 |
| Forward Mortgages | | | | | |
| Total Forward Number | 1,768,125 | 1,131,096 | 1,114,827 | 1.5% | 1,832,118 |
| Amount (\$B) | \$323.0 | \$201.2 | \$200.3 | 0.4% | \$330.5 |
| Purchase Number | | | | | |
| Purchase Number | 969,375 | 724,896 | 583,885 | 24.2% | 995,590 |
| Amount (\$B) | \$169.6 | \$124.8 | \$100.1 | 24.7% | \$171.7 |
| Refinance Number | | | | | |
| Refinance Number | 798,750 | 406,200 | 530,942 | -23.5% | 836,528 |
| Amount (\$B) | \$153.4 | \$76.4 | \$100.2 | -23.8% | \$158.8 |
| Reverse Mortgages | | | | | |
| HECM Number | 106,875 | 55,313 | 77,912 | -29.0% | 114,691 |
| Max Claim Amount (\$B) | \$26.7 | \$15.1 | \$19.2 | -21.4% | \$30.2 |
| Claims ** | | | | | |
| Total Claims | 213,000 | 177,300 | 127,939 | 38.6% | 207,957 |
| Loss Mitigation Retention | 130,000 | 104,566 | 79,049 | 32.3% | 127,134 |
| Loss Mitigation (Property Sales) | 8,000 | 9,715 | 4,016 | 141.9% | 7,410 |
| Other Claims (Conveyances) | 75,000 | 63,019 | 44,874 | 40.4% | 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.