

SINGLE FAMILY OPERATIONS

September 1-30, 2009

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Applications

- During September, the seasonally adjusted annual rate for applications rose 12.1 percent and was estimated at 3,153,400. The actual count of single family applications for the month was 254,019. This included 132,696 purchase cases, 102,268 refinances and 19,055 reverse mortgage applications. The refinance applications consisted of 42,034 prior FHA mortgages and 60,234 conventional to FHA transactions. The unusually high number of HECM applications involved a surge in activity to beat the September 30 deadline. After that date, the mortgage limit was lower.

Endorsements

- During the month, 176,753 mortgages were endorsed for insurance. This total included 107,598 purchase money mortgages, 59,682 refinanced cases and 9,473 reverse mortgages.
- The purchase mortgages included 86,089 first time home buyers -- 80 percent of the total purchase cases.
- The refinanced total was made up of 26,934 prior FHA mortgages, 32,748 conventional conversions to FHA and one formerly delinquent conventional conversion case.
- Included in this refinance total were 22 H4H cases, all conventional not delinquent cases.
- Of the 9,473 HECM cases insured, 8,546 were first time traditional cases, 790 were refinanced HECM's and 137 were purchase type reverse mortgages.
- At the end of the fiscal year FHA had 5,515,018 single family mortgages in force with an aggregate scheduled outstanding balance of \$695.6 billion.
- During September there were 176,753 single family mortgages insured for \$32.7 billion. For the fiscal year the total was 1,946,809 mortgages with an aggregate face amount of \$360.7 billion. These figures included HECM's.

Automated Underwriting

- During September, 137,464 mortgages were accepted and insured using TOTAL. That represented 82.2 percent of the total cases endorsed during the month.

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COMMENTS

Fiscal Year Activity

During fiscal year 2009, FHA business soared. FHA received 2,891,136 single family applications, 63.1 percent above last year and endorsed 1,946,809 mortgages for insurance. These totals are close to the projections for the year of 3 million applications and 2.1 million endorsements.

There were more applications for refinance during each of the first eight months of FY 2009, but there were more applications for purchase mortgages during each of the last four months. Of the almost 2.9 million applications, 1,256,494 were purchase cases, 1,472,023 were refinance actions while 162,617 were reverse mortgage applications.

Of the refinanced applications, 559,698 were prior FHA cases and 911,373 were conventional mortgages converting to FHA. Also, included in the conventional total were 934 H4H applications. In addition only 952 applications were received for previously delinquent conventional mortgages -- a program that expired on December 31, 2008.

Since October 2008, 1,946,809 mortgages were insured, 62.3 percent higher than the year before. Most of the endorsements were for purchase money mortgages (995,590) and 78.5 percent of those were for first time home buyers. 836,528 refinanced mortgages were insured -- 83.5 percent higher than last year. Most of these cases (468,740) were conventional mortgages converting to FHA. 367,480 cases were former FHA mortgages and the bulk of these were handled with streamlined procedures. 316 mortgages were formerly delinquent conventionals. Included in the total refinances were 23 H4H cases -- all conventional non-delinquent mortgages.

Activity under the reverse mortgage program (HECM) covered 114,691 mortgage endorsements. Most (105,233) were the first-time typical reverse mortgages. In addition, there were 8,985 refinanced HECM's and 560 purchase type HECM's.

Other data on some programs include 20,628 construction starts, 31,351 REO sales and 3,043 energy efficient mortgages. Further, 96,119 condominium units were insured, 16,904 Section 203(k) mortgages and 46,643 manufactured housing units insured.

The average processing time for FHA mortgages was 10.4 weeks from application to endorsement. That was roughly 6 weeks from application to case closing and about another month from closing to endorsement.

During the fiscal year, 207,957 claims were paid -- this included 73,413 conveyances, 7,410 loss mitigation property sales and 127,134 other loss mitigation transactions.

FHA OUTLOOK

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MONTHLY COMPARISONS

	CURRENT MONTH	LAST MONTH	RATE OF CHANGE	LAST YEAR	RATE OF CHANGE
TOTAL APPLICATIONS: *	254,019	222,528	14.2%	235,739	7.8%
Annual Rate	3,153,400	2,813,700	12.1%	2,983,900	5.7%
Average per workday	12,464	11,121	12.1%	11,754	6.0%
Purchase	132,696	121,337	9.4%	121,853	8.9%
Refinance	102,268	90,140	13.5%	102,260	0.0%
Prior FHA	42,034	30,680	37.0%	17,749	136.8%
Conventional to FHA	60,234	59,460	1.3%	83,878	-28.2%
Conventional to FHA (Delinquent)				633	
H4H (HOPE for Homeowners)					
HECM	19,055	11,051	72.4%	11,626	63.9%
TOTAL ENDORSEMENTS: *	176,753	185,423	-4.7%	150,436	17.5%
Annual Rate	2,121,000	2,225,100	-4.7%	1,805,200	17.5%
Weighted Average FICO Score **	689	692	-0.4%	660	4.4%
Minority	41,149	42,869	-4.0%	39,590	3.9%
% Minority	23.3%	23.1%	0.2% #	26.3%	-3.0% #
Purchase	107,598	109,069	-1.3%	96,158	11.9%
% Purchase	60.9%	58.8%	2.1% #	63.9%	-3.0% #
Average FICO Score **	698	697	0.1%	671	4.0%
1st Time Home Buyer	86,089	86,644	-0.6%	73,553	17.0%
% 1st Time Home Buyer	80.0%	79.4%	0.6% #	76.5%	3.5% #
Non-Minority	56,791	57,500	-1.2%	47,757	18.9%
% Non-Minority	66.0%	66.4%	-0.4% #	64.9%	1.0% #
Minority	23,424	23,299	0.5%	21,087	11.1%
% Minority	27.2%	26.9%	0.3% #	28.7%	-1.5% #
Not-Disclosed	5,874	5,845	0.5%	4,706	24.8%
% Not-Disclosed	6.8%	6.7%	0.1% #	6.4%	0.4% #
Refinanced	59,682	67,421	-11.5%	44,784	33.3%
% Refinanced	33.8%	36.4%	-2.6% #	29.8%	4.0% #
Average FICO Score **	663	678	-2.2%	636	4.2%
Prior FHA	26,934	31,775	-15.2%	5,487	390.9%
Streamline	24,297	28,762	-15.5%	2,620	827.4%
% Streamline	40.7%	42.7%	-1.9% #	5.9%	34.9% #
Full Process	2,637	3,013	-12.5%	2,867	-8.0%
Cash Out	n/a	n/a	n/a	1686	n/a
Conventional to FHA	32,748	35,645	-8.1%	39,128	-16.3%
Cash Out	n/a	n/a	n/a	16,470	n/a
Conventional to FHA (Delinquent)	1	1		174	-99.4%
Total Cash Out	n/a	n/a	n/a	18,156	n/a
Total % Cash Out	n/a	n/a	n/a #	40.5%	n/a #
H4H (HOPE for Homeowners)	22	0			
HECM	9,473	8,933	6.0%	9,494	-0.2%
% HECM	5.4%	4.8%	0.5% #	6.3%	-1.0% #
HECM Traditional	8,546	7,977	7.1%	9,279	-7.9%
HECM Traditional ARM	4,987	5,541	-10.0%	9,175	-45.6%
HECM Purchase	137	101	35.6%		
HECM Purchase ARM	32	51	-37.3%		
HECM Refinance	790	855	-7.6%	215	267.4%
% HECM Refinance	8.3%	9.6%	-1.2% #	2.3%	6.1% #
HECM Refinance ARM	399	609	-34.5%	214	86.4%

Source: * F17 CHUMS

- Percentage point difference

n/a - not available

** 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

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MONTHLY COMPARISONS

	CURRENT MONTH	LAST MONTH	RATE OF CHANGE	LAST YEAR	RATE OF CHANGE
FORWARD ENDORSEMENTS ONLY: *					
Section 203(k)	1,743	1,790	-2.6%	837	108.2%
Condominium Section 234(c)	10,034	10,569	-5.1%	6,944	44.5%
% Condominium Section 234(c)	5.7%	5.7%	0.0% #	4.6%	1.1% #
ARM (Excludes HECM ARM)	3,289	2,173	51.4%	3,836	-14.3%
% ARM	1.9%	1.2%	0.7% #	2.5%	-0.7% #
Manufactured Housing (Real Estate)	3,045	3,273	-7.0%	5,653	-46.1%
Interest Buy-down	256	320	-20.0%	933	-72.6%
Average Processing Time * ^					
(Existing Homes, weeks)					
Application to Closing	6.8	6.9	-0.7%	5.2	30.8%
Closing to Endorsement	4.3	4.4	-1.1%	4.5	-4.4%
Lender Insurance *					
Total Lender Insurance	121,159	131,168	-7.6%	112,057	8.1%
% of Total Insurance	68.5%	70.7%	-2.2% #	74.5%	-5.9% #
Forward Mortgages	119,765	129,639	-7.6%	108,353	10.5%
HECM	1,394	1,529	-8.8%	3,704	-62.4%
Automated Underwriting System * x					
AUS Endorsed	137,464	141,877	-3.1%	116,189	18.3%
AUS as % of Total Endorsed	82.2%	80.4%	1.8% #	82.4%	-0.2% #
Mortgage Insurance *					
Total Number	176,753	185,423	-4.7%	150,436	17.5%
Total Amount (\$B)	\$32.6	\$34.5	-5.5%	\$26.7	22.1%
Forward Mortgages					
Purchase Number	107,598	109,069	-1.3%	96,158	11.9%
Amount (\$B)	\$18.7	\$19.1	-2.1%	\$16.7	12.0%
Refinance Number	59,682	67,421	-11.5%	44,784	33.3%
Amount (\$B)	\$11.1	\$12.7	-12.6%	\$8.0	38.8%
Reverse Mortgages					
HECM Number	9,473	8,933	6.0%	9,494	-0.2%
Max Claim Amount (\$B)	\$2.8	\$2.7	3.7%	\$2.0	40.0%
Mortgage Insurance-In-Force **					
Total Number	5,515,018	5,406,747	2.0%	4,366,508	26.3%
Total Unpaid Balance Amount (\$B)	\$695.6	\$675.3	3.0%	\$472.9	47.1%

Source: * F17 CHUMS ** A43 Single Family Insurance 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.

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

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

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FISCAL YEAR COMPARISONS

	PROJECTIONS FY 2009	FY 2009 TO DATE	FY 2008 TO DATE	RATE OF CHANGE 2009/2008	FY 2008 FINAL
TOTAL APPLICATIONS: *	3,000,000	2,891,136	2,008,157	44.0%	2,008,157
Purchase	1,185,000	1,256,494	977,550	28.5%	977,550
Refinance	1,650,000	1,472,023	885,972	66.1%	885,972
Prior FHA	618,800	559,698	147,992	278.2%	147,992
Conventional to FHA	1,097,300	911,373	727,225	25.3%	727,225
Conventional to FHA (Delinquent)		952	10,755	-91.1%	10,755
H4H (HOPE for Homeowners)		934			
HECM	165,000	162,619	144,635	12.4%	144,635
TOTAL ENDORSEMENTS: *	2,100,000	1,946,809	1,199,600	62.3%	1,199,624
Minority	505,000	474,072	322,002	47.2%	322,002
% Minority	24.0%	24.4%	26.8%	-2.5% #	26.8%
Purchase	1,085,700	995,590	631,661	57.6%	631,667
% Purchase	51.7%	51.1%	52.7%	-1.5% #	52.7%
1st Time Home Buyer	868,600	781,718	492,295	58.8%	492,295
% 1st Time Home Buyer	80.0%	78.5%	77.9%	0.6% #	77.9%
Non-Minority	555,800	496,506	319,449	55.4%	319,449
% Non-Minority	64.0%	63.5%	64.9%	-1.4% #	64.9%
Minority	260,600	233,104	144,623	61.2%	144,623
% Minority	30.0%	29.8%	29.4%	0.4% #	29.4%
Not-Disclosed	52,000	52,054	28,218	84.5%	28,218
% Not-Disclosed	6.0%	6.7%	5.7%	0.9% #	5.7%
Refinanced	894,600	836,528	455,786	83.5%	455,803
% Refinanced	42.6%	43.0%	38.0%	5.0% #	38.0%
Prior FHA	393,600	367,480	95,287	285.7%	95,287
Streamline	340,000	329,441	66,785	393.3%	66,785
% Streamline	38.0%	39.4%	14.7%	24.7% #	14.7%
Full Process	53,600	38,039	28,502	33.5%	28,502
Cash Out	17,000	n/a	1,642	n/a	16,424
Conventional to FHA	500,650	468,740	356,722	31.4%	356,722
Cash Out	203,000	n/a	150,051	n/a	150,051
Conventional to FHA (Delinquent)	350	316	3,794	-91.7%	3,794
Total Cash Out	220,000	n/a	166,475	n/a	166,475
Total % Cash Out	24.6%	n/a	36.5%	n/a #	36.5%
H4H (HOPE for Homeowners)	30	23			
HECM	119,700	114,691	112,153	2.3%	112,154
% HECM	5.7%	5.9%	9.3%	-3.5% #	9.3%
HECM Traditional	108,500	105,233	107,719	-2.3%	107,719
HECM Traditional ARM	105,600	93,198	105,144	-11.4%	105,144
HECM Purchase	500	560			
HECM Purchase ARM	400	359			
HECM Refinance	10,700	8,985	4,435	102.6%	4,435
% HECM Refinance	8.9%	7.8%	4.0%	3.9% #	4.0%
HECM Refinance ARM	10,500	7,876	4,342	81.4%	4,342

Source: * F17 CHUMS

- Percentage point difference

n/a - not available

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

September 1-30, 2009

FISCAL YEAR COMPARISONS

	PROJECTIONS FY 2009	FY 2009 TO DATE	FY 2008 TO DATE	RATE OF CHANGE 2009/2008	FY 2008 FINAL
FORWARD ENDORSEMENTS ONLY: *					
Section 203(k)	17,000	16,904	6,751	150.4%	6,751
Condominium Section 234(c)	94,500	96,119	46,873	105.1%	46,873
% Condominium Section 234(c)	4.5%	4.9%	3.9%	1.0% #	3.9%
ARM (Excludes HECM ARM)	12,000	14,361	13,461	6.7%	13,461
% ARM	0.6%	0.7%	1.1%	-0.4% #	1.1%
Manufactured Housing (Real Estate)	50,000	46,463	60,614	-23.3%	60,614
Interest Buy-down	8,000	6,702	7,354	-8.9%	7,354
Lender Insurance *					
Total Lender Insurance	1,470,000	1,363,323	852,844	59.9%	852,844
% of Total Insurance	70.0%	70.0%	71.1%	-1.1% #	71.1%
Forward Mortgages	1,372,000	1,330,825	815,525	63.2%	815,525
HECM	98,000	32,498	37,319	-12.9%	37,319
Automated Underwriting System * x					
AUS Endorsed	1,575,000	1,399,854	735,330	90.4%	735,330
AUS as % of Total Endorsed	79.5%	76.4%	67.6%	8.8% #	67.6%
Mortgage Insurance *					
Total Number	2,100,000	1,946,809	1,199,600	62.3%	1,199,600
Total Amount (\$B)	\$386.3	\$360.7	\$205.5	75.5%	\$205.5
Forward Mortgages					
Purchase Number	1,085,000	995,590	631,661	57.6%	631,661
Amount (\$B)	\$186.0	\$171.7	\$102.0	68.3%	\$102.0
Refinance Number	894,000	836,528	455,786	83.5%	455,786
Amount (\$B)	\$169.8	\$158.8	\$79.2	100.5%	\$79.2
Reverse Mortgages					
HECM Number	121,000	114,691	112,153	2.3%	112,153
Max Claim Amount (\$B)	\$30.5	\$30.2	\$24.3	24.3%	\$24.3
Claims **					
Total Claims	210,000	207,957	159,673	30.2%	159,673
Loss Mitigation Retention	120,000	127,134	96,482	31.8%	96,482
Loss Mitigation (Property Sales)	7,000	7,410	4,685	58.2%	4,685
Other Claims (Conveyances)	83,000	73,413	58,506	25.5%	58,506

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.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

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AVERAGE FICO SCORE

(revised)

<u>Fiscal</u> <u>Year</u>	<u>All</u> <u>Loans</u>	<u>Purchase</u>	<u>Refinance</u>
2007	631	635	622
Oct	636	641	623
Nov	635	639	623
Dec	633	638	622
Jan	632	636	624
Feb	632	636	625
Mar	630	632	624
Apr	629	632	623
May	629	632	624
Jun	630	633	623
Jul	630	634	621
Aug	629	634	620
Sep	628	633	618
2008	638	648	621
Oct	621	634	601
Nov	621	633	606
Dec	621	632	606
Jan	621	633	609
Feb	622	633	611
Mar	629	639	618
Apr	635	646	622
May	644	654	630
Jun	653	663	637
Jul	658	667	641
Aug	660	670	639
Sep	660	671	636
2009	673	684	653
Oct	661	671	637
Nov	658	673	632
Dec	661	675	637
Jan	660	677	633
Feb	663	678	644
Mar	673	680	665
Apr	672	683	653
May	678	688	661
Jun	684	693	666
Jul	686	695	662
Aug	692	697	678
Sep	689	698	663

Source: SFDW

Note: All Loans averages are weighted averages based upon the number of purchase and refinance loans endorsed each month.