



FHA SINGLE FAMILY ORIGINATION TRENDS

Credit Risk Report

Office of Risk Management and Regulatory Affairs,
Office of Evaluation, Reporting & Analysis Division

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Table of Contents

Table 1: Distribution of New Endorsements by Loan Amount2

Table 2a: Distribution of New Endorsements by Loan-to-Value Range3

Table 2b: Average Loan-to-Value (LTV) Ratios on New Endorsements.....4

Table 3a: Distribution of New Endorsements by Credit Score Range.....5

Table 3b: Average Borrower Credit Scores on New Endorsements6

Table 4: Early Payment Delinquency Rates7

Table 5: Average Debt-to-Income Ratios on New Endorsements by Credit Score Value Range.....8

Table 6: Average Loan-to-Value Ratios on New Purchase Endorsements by Credit Score Value Range9

Table 1: Distribution of New Endorsements by Loan Amount
By Fiscal Year and Quarter

Fiscal Year	Quarter	Initial Loan Amount (000) (Shares ^a in Percent – Rows add to 100%)								
		Below \$50	\$50-99	\$100-149	\$150-199	\$200-249	\$250-399	\$400-499	\$500-625,499	\$625,500 and Above
2009	Oct-Dec	1.46	17.27	28.50	23.16	13.59	13.60	1.45	0.65	0.27
	Jan-Mar	1.35	16.43	28.60	23.36	14.34	13.77	1.34	0.62	0.17
	Apr-Jun	1.29	16.98	29.60	22.72	13.55	13.41	1.57	0.67	0.19
	Jul-Sep	1.33	17.33	29.97	22.14	13.16	13.14	1.77	0.82	0.33
2010	Oct-Dec	1.46	18.60	30.66	21.81	12.51	12.19	1.68	0.78	0.32
	Jan-Mar	1.68	18.83	29.28	21.03	12.66	13.16	1.95	0.96	0.45
	Apr-Jun	1.51	19.15	30.87	21.21	12.11	12.06	1.77	0.90	0.42
	Jul-Sep	1.68	19.08	29.40	20.91	12.35	13.01	2.03	1.04	0.50
2011	Oct-Dec	1.66	17.84	28.58	20.98	12.89	13.83	2.28	1.31	0.63
	Jan-Mar	1.68	18.71	28.63	20.60	12.65	13.56	2.24	1.29	0.64
	Apr-Jun	1.96	20.75	29.86	20.11	11.74	12.18	1.87	1.02	0.50
	Jul-Sep	2.06	21.26	30.01	19.93	11.52	11.94	1.85	0.95	0.47
2012	Oct-Dec	2.03	20.93	29.93	20.56	11.95	11.55	1.70	0.95	0.39
	Jan-Mar	1.99	20.67	29.91	20.30	11.96	12.03	1.80	1.02	0.31
	Apr-Jun	1.71	19.89	30.00	20.67	12.07	12.05	1.89	1.13	0.59
	Jul-Sep	1.66	19.28	29.83	20.89	12.30	12.53	1.91	1.05	0.55
2013	Oct-Dec	1.66	19.03	29.79	21.01	12.52	12.58	1.87	1.10	0.45
	Jan-Mar	1.56	18.43	28.96	21.11	12.75	13.32	2.17	1.19	0.51
	Apr-Jun	1.47	17.84	29.30	21.44	12.86	13.28	2.10	1.18	0.53
	Jul-Sep	1.39	17.35	28.96	21.66	12.92	13.80	2.28	1.15	0.49

Source: US Department of HUD/FHA; October 2013.

^a Shares are based on loan counts.

Fiscal Year	Quarter	Loan-to-Value Ranges ^a (Shares ^b in Percent – Rows add to 100%)				
		Up to 80 ^c	81-90	91-95	96-98 ^d	DPA Loans ^e
2009	Oct-Dec	6.20	11.20	21.10	48.80	12.70
	Jan-Mar	6.90	13.40	23.40	55.30	1.00
	Apr-Jun	6.40	14.40	17.70	61.30	0.20
	Jul-Sep	6.00	15.20	11.50	67.10	0.10
2010	Oct-Dec	5.80	14.80	10.10	69.10	0.20
	Jan-Mar	6.80	16.90	10.90	65.30	0.10
	Apr-Jun	5.70	12.90	9.50	71.70	0.20
	Jul-Sep	6.00	13.90	9.90	70.10	0.10
2011	Oct-Dec	6.20	15.90	10.90	66.90	0.10
	Jan-Mar	7.60	16.90	10.40	65.00	0.10
	Apr-Jun	6.20	13.10	9.00	71.50	0.20
	Jul-Sep	5.20	11.00	8.80	74.70	0.30
2012	Oct-Dec	5.80	12.00	9.30	72.40	0.40
	Jan-Mar	7.50	12.50	9.30	70.60	0.20
	Apr-Jun	7.70	11.30	8.90	71.90	0.20
	Jul-Sep	5.10	9.30	9.60	75.90	0.20
2013	Oct-Dec	5.20	10.00	10.10	74.60	0.20
	Jan-Feb	6.00	11.50	10.80	71.60	0.20
	Apr-Jun	5.60	10.30	9.70	74.20	0.20
	Jul-Sep	5.30	9.70	8.90	75.90	0.20

Source: US Department of HUD/FHA; October 2013.

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

^b Shares are based on loan counts.

^c Loans with a LTV less than 80 percent.

^d The statutory maximum LTV since October 1, 2008, is 96.5 percent. Prior to October 1, 2008, the statutory maximum was 97 percent, with higher allowances for borrowers financing 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 geographic location and price of the property.

^e DPA loans represent downpayment assistance programs that operate through tax-exempt organizations. The small share of loans today represents charitable sources of downpayment funds. The large shares in the first quarter of this table represent so-called seller-funded downpayment (DPA) programs. In this table, DPA loans are classified as a separate LTV category because the risk profile of seller-funded DPA loans is substantially different from other loans.

Table 2b: Average Loan-to-Value (LTV) Ratios ^a on New Endorsements					
By Fiscal Year, Quarter, and Loan Purpose					
Fiscal Year	Quarter	Loan Purpose			
		Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance ^b	All ^b
2009	Oct-Dec	96.03	89.14	88.83	93.72
	Jan-Mar	95.93	89.38	89.39	93.21
	Apr-Jun	95.71	88.57	87.90	93.12
	Jul-Sep	95.59	86.78	85.83	93.23
2010	Oct-Dec	95.59	86.11	85.23	93.34
	Jan-Mar	95.51	86.19	87.05	92.86
	Apr-Jun	95.64	85.36	86.93	93.57
	Jul-Sep	95.55	85.99	87.96	93.49
2011	Oct-Dec	95.62	87.05	88.94	93.22
	Jan-Mar	95.56	85.68	87.73	92.73
	Apr-Jun	95.73	85.00	86.85	93.67
	Jul-Sep	95.88	85.30	87.50	94.34
2012	Oct-Dec	95.98	85.29	88.79	94.06
	Jan-Mar	96.01	83.44	88.37	93.41
	Apr-Jun	95.99	81.79	87.85	93.32
	Jul-Sep	95.96	83.74	87.73	94.43
2013	Oct-Dec	95.95	84.43	87.79	94.31
	Jan-Mar	95.93	84.59	87.53	93.95
	Apr-Jun	95.87	84.01	86.46	94.09
	Jul-Sep	95.76	82.88	85.39	94.26

Source: US Department of HUD/FHA; October 2013.

^a 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.

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

Table 3a: Distribution of New Endorsements by Credit Score ^a Range							
(Excluding Streamline Refinance Cases)							
Fiscal Year	Quarter	Credit Score Ranges					
		(Shares ^b in Percent – Rows add to 100%)					
		>720	680-719	640-679	620-639	<620	MISS
2009	Oct-Dec	20.49	17.19	24.57	12.96	23.84	0.94
	Jan-Mar	24.29	18.93	24.93	11.99	18.86	0.99
	Apr-Jun	29.66	21.19	25.90	12.28	9.98	0.99
	Jul-Sep	33.35	22.07	25.76	12.00	5.88	0.94
2010	Oct-Dec	33.50	22.47	26.33	12.16	4.65	0.90
	Jan-Mar	33.89	22.77	26.70	11.71	4.01	0.92
	Apr-Jun	34.95	22.65	26.75	11.70	3.10	0.86
	Jul-Sep	34.82	22.63	26.61	11.74	3.36	0.83
2011	Oct-Dec	37.06	23.21	26.20	9.86	2.87	0.80
	Jan-Mar	37.77	24.13	28.57	6.45	2.38	0.70
	Apr-Jun	35.37	23.80	30.62	6.87	2.77	0.57
	Jul-Sep	33.06	23.73	31.04	8.10	3.56	0.51
2012	Oct-Dec	32.95	23.87	31.29	8.01	3.43	0.45
	Jan-Mar	33.93	23.87	31.04	7.72	3.07	0.38
	Apr-Jun	33.23	24.21	32.29	7.20	2.76	0.31
	Jul-Sep	30.87	25.32	34.23	6.83	2.42	0.31
2013	Oct-Dec	29.90	26.00	35.19	6.37	2.24	0.29
	Jan-Feb	29.26	26.63	35.97	5.89	2.00	0.25
	Apr-Jun	26.86	27.38	38.28	5.66	1.58	0.24
	Jul-Sep	23.59	27.73	40.50	6.24	1.71	0.23

Source: US Department of HUD/FHA; October 2013.

^a Credit scores are produced by three U.S. National credit bureaus (Equifax, Experian and Transunion) using the Fair Isaac Corporation (FICO) Score algorithm. Values can range from 300 to 850. They are grouped here according to the “decision” score used for loan underwriting. The decision score represents the weakest borrower on a loan application, when there are multiple applicants. Streamline refinance loans do not require full underwriting, and therefore, they are not represented here.

^b Shares are based on loan counts.

Table 3b: Average Borrower Credit Scores ^a on New Endorsements					
By Fiscal Year, Quarter, and Loan Purpose					
Fiscal Year	Quarter	Loan Purpose			
		Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance ^b	All ^b
2009	Oct-Dec	673	652	649	666
	Jan-Mar	678	669	663	674
	Apr-Jun	688	685	676	687
	Jul-Sep	697	688	678	694
2010	Oct-Dec	697	690	680	695
	Jan-Mar	697	696	686	696
	Apr-Jun	698	699	689	698
	Jul-Sep	698	701	694	698
2011	Oct-Dec	701	705	701	702
	Jan-Mar	703	708	704	704
	Apr-Jun	700	703	700	701
	Jul-Sep	698	695	698	697
2012	Oct-Dec	696	702	706	697
	Jan-Mar	696	708	709	699
	Apr-Jun	695	711	709	698
	Jul-Sep	696	698	704	696
2013	Oct-Dec	695	697	703	696
	Jan-Mar	695	697	703	695
	Apr-Jun	693	694	699	693
	Jul-Sep	690	686	690	690

Source: US Department of HUD/FHA; October 2013.

^a Credit scores are produced by three U.S. National credit bureaus (Equifax, Experian and Transunion) using the Fair Isaac Corporation (FICO) Score algorithm. Values can range from 300 to 850. They are grouped here according to the “decision” score used for loan underwriting. The decision score represents the weakest borrower on a loan application, when there are multiple applicants. Streamline refinance loans do not require full underwriting, and therefore, they are not represented here.

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

Table 4: Early Payment Delinquency Rates ^a				
By Product Type and Month of Loan Origination				
	Percent of New Loan Originations			
	Purchase Loans	Fully Underwritten Refinance	Streamline Refinance	All Loans
2010				
Mar	0.37	0.39	1.04	0.43
Apr	0.34	0.34	0.64	0.36
May	0.29	0.33	0.69	0.32
Jun	0.40	0.42	1.04	0.43
Jul	0.46	0.40	0.59	0.46
Aug	0.49	0.32	0.73	0.49
Sep	0.37	0.24	0.56	0.38
Oct	0.34	0.19	0.47	0.34
Nov	0.30	0.21	0.37	0.30
Dec	0.32	0.19	0.38	0.30
2011				
Jan	0.34	0.16	0.34	0.30
Feb	0.36	0.23	0.62	0.36
Mar	0.41	0.19	0.69	0.39
Apr	0.40	0.23	0.69	0.39
May	0.49	0.27	0.67	0.46
Jun	0.49	0.35	0.82	0.49
Jul	0.46	0.44	0.94	0.49
Aug	0.41	0.38	0.90	0.44
Sep	0.33	0.43	0.64	0.37
Oct	0.32	0.24	0.57	0.34
Nov	0.29	0.14	0.35	0.28
Dec	0.33	0.14	0.38	0.31
2012				
Jan	0.36	0.17	0.41	0.34
Feb	0.42	0.15	0.39	0.36
Mar	0.36	0.13	0.43	0.34
Apr	0.39	0.17	0.38	0.35
May	0.39	0.22	0.38	0.36
Jun	0.38	0.21	0.50	0.37
Jul	0.43	0.25	0.38	0.40
Aug	0.40	0.26	0.30	0.35
Sep	0.31	0.28	0.26	0.29
Oct	0.26	0.20	0.25	0.25
Nov	0.26	0.12	0.19	0.22
Dec	0.24	0.14	0.20	0.22
2013				
Jan	0.28	0.14	0.18	0.22
Feb	0.26	0.11	0.18	0.21

Source: US Department of HUD/FHA; October 2013.

^a Early Payment Delinquencies are defined as loans which have had a 90-day delinquency within the first six months of required mortgage payments. The first payment due month is the second month after loan closing. Thus, these rates indicate the percent of loans experiencing a 90-day delinquency within 7 months of loan closing.

Table 5: Average Debt-to-Income Ratios on New Endorsements by Credit Score Value Range
(Excluding Streamline Refinance Cases)

Fiscal Year	Quarter	Loan Count	Credit Score Value Ranges ^a					All
			<620	620-639	640-679	680-719	>720	
2009	Oct-Dec	261,430	40.09	42.01	42.46	42.58	41.21	41.67
	Jan-Mar	182,635	40.15	41.80	41.92	41.95	40.58	41.28
	Apr-Jun	228,751	39.81	41.47	41.43	41.08	39.78	40.71
	Jul-Sep	322,734	39.44	41.62	41.66	41.30	39.95	40.79
2010	Oct-Dec	304,928	39.18	41.53	41.50	41.27	39.94	40.69
	Jan-Mar	245,881	39.07	41.42	41.59	41.40	40.05	40.70
	Apr-Jun	289,775	38.87	41.03	41.25	41.14	39.62	40.38
	Jul-Sep	268,997	38.64	40.95	41.18	41.13	39.83	40.35
2011	Oct-Dec	196,801	38.67	40.62	40.77	40.81	39.64	40.10
	Jan-Mar	168,775	38.92	40.52	41.49	41.37	40.32	40.53
	Apr-Jun	201,157	38.51	40.31	41.32	41.34	40.30	40.36
	Jul-Sep	210,695	38.16	40.09	41.24	41.32	40.46	40.25
2012	Oct-Dec	176,168	37.80	40.06	40.95	41.05	40.41	40.05
	Jan-Mar	166,169	37.86	39.74	40.99	40.88	40.18	39.93
	Apr-Jun	193,557	37.61	39.43	40.68	40.62	39.94	39.66
	Jul-Sep	197,970	37.00	39.06	40.43	40.44	39.97	39.38
2013	Oct-Dec	177,852	37.06	38.62	40.18	40.29	39.82	39.19
	Jan-Mar	157,438	37.44	38.75	40.20	40.25	39.94	39.32
	Apr-Jun	181,299	36.46	38.46	39.94	40.07	39.87	38.96
	Jul-Sep	185,829	34.98	38.77	40.42	40.79	40.72	39.14

Source: US Department of HUD/FHA; October 2013.

^a Credit scores are produced by three U.S. National credit bureaus (Equifax, Experian and Transunion) using the Fair Isaac Corporation (FICO) Score algorithm. Values can range from 300 to 850. They are grouped here according to the “decision” score used for loan underwriting. The decision score represents the weakest borrower on a loan application, when there are multiple applicants. Streamline refinance loans do not require full underwriting, and therefore, they are not represented here.

Table 6: Average Loan-to-Value Ratios on New Purchase Endorsements by Credit Score Value Range

(Excluding Streamline Refinance Cases)

Fiscal Year	Quarter	Loan Count	Credit Score Value Ranges ^a					All
			<620	620-639	640-679	680-720	>720	
2009	Oct-Dec	261,430	95.33	96.08	96.23	96.31	96.26	96.04
	Jan-Mar	182,635	95.22	95.88	96.00	96.22	96.21	95.91
	Apr-Jun	228,751	95.03	95.75	95.70	95.85	95.85	95.64
	Jul-Sep	322,734	94.71	95.61	95.62	95.73	95.64	95.46
2010	Oct-Dec	304,928	94.85	95.59	95.61	95.70	95.63	95.47
	Jan-Mar	245,881	94.44	95.57	95.61	95.62	95.51	95.35
	Apr-Jun	289,775	94.72	95.76	95.73	95.70	95.60	95.50
	Jul-Sep	268,997	94.64	95.66	95.61	95.68	95.52	95.42
2011	Oct-Dec	196,801	94.36	95.57	95.70	95.74	95.64	95.40
	Jan-Mar	168,775	94.39	95.32	95.61	95.69	95.58	95.32
	Apr-Jun	201,157	94.62	95.53	95.77	95.87	95.74	95.51
	Jul-Sep	210,695	94.77	95.72	95.97	95.99	95.90	95.67
2012	Oct-Dec	176,168	94.66	95.82	96.09	96.06	96.04	95.73
	Jan-Mar	166,169	94.79	95.85	96.00	96.11	96.14	95.78
	Apr-Jun	193,557	94.91	95.84	96.05	96.01	96.05	95.77
	Jul-Sep	197,970	94.78	95.79	95.99	96.03	96.02	95.72
2013	Oct-Dec	177,852	94.37	95.60	95.93	96.01	96.14	95.61
	Jan-Mar	157,438	94.27	95.54	95.92	95.95	96.12	95.56
	Apr-Jun	181,299	94.39	95.59	95.87	95.79	96.11	95.55
	Jul-Sep	185,829	93.91	95.45	95.79	95.73	95.97	95.37

Source: US Department of HUD/FHA; October 2013.

^a Credit scores are produced by three U.S. National credit bureaus (Equifax, Experian and Transunion) using the Fair Isaac Corporation (FICO) Score algorithm. Values can range from 300 to 850. They are grouped here according to the “decision” score used for loan underwriting. The decision score represents the weakest borrower on a loan application, when there are multiple applicants. Streamline refinance loans do not require full underwriting, and therefore, they are not represented here.