

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 16-31, 2008

Applications

- During this period, applications continued to climb and were recorded at an annual rate of 2,013,000 -- the highest rate since July 15, 2003.
- On a per workday basis, that is almost 8,000 applications a day.
- The actual count of applications was 96,923 -- 14.1 percent over early March.
- There were 43,029 purchase applications, 47,711 refinance cases and 6,183 reverse mortgage applications.

Endorsements

- 47,436 cases were insured, 19,637 purchase money mortgages, 23,024 refinanced loans and 4,775 HECM's.
- 80.1 percent of the purchase mortgages were for first time home buyers.
- 30.1 percent of the first time home owners were classified as members of a minority.
- 23,024 endorsements were refinanced transactions -- of these 6,866 were prior FHA cases, 15,903 were conventional mortgages refinancing with FHA insurance and 255 were troubled conventional mortgages in delinquency, converting to FHA.
- For the 4,775 HECM's that were insured, 192 were refinanced HECM's.
- 32,261 Lender Insurance mortgages were endorsed -- 68 percent of total insurance. 30,780 were forward mortgages and 1,481 were reverse mortgages.

Automated Underwriting

- During March, 44,656 mortgages were accepted and endorsed using the FHA score card -- 56.3 percent of the cases insured during the month.

FHA SINGLE FAMILY OPERATIONS COMMENTS

(Supplement to FHA Outlook)

March 16-31, 2008

At midyear, FHA had received 762,266 single family program applications -- almost one and a half times greater for this period last year -- 311,581. This is partially due to the housing crisis in the sub prime market and the FHA Secure Program.

Of this total, 43,631 applications covered proposed construction and 718,635 involving existing home sales. Also, broken out by loan type, 298,220 were for purchase cases and 390,337 were for a refinance transaction. These refinances involved 78,209 FHA to FHA actions, 305,077 conventional mortgage conversions to FHA and 7,051 delinquent conventional to FHA. In addition, 73,709 HECM applications were received.

So far this year, 351,615 forward mortgages were insured as well as 55,218 reverse mortgages. By type of mortgage, 179,153 purchase money mortgages were endorsed, of which 142,457 were for first time home buyers.

Of the refinance forward mortgages, 38,852 were FHA to FHA refinances, 131,881 were conventional to FHA closings and 1,729 delinquent conventional.

It should also be noted that 63,962 refinanced transaction involved a cash out -- 37% of the refinances.

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 16-31, 2008

CURRENT

	CURRENT 2 WEEK <u>PERIOD</u>	LAST PERIOD	PERCENT <u>CHANGE</u>	LAST <u>YEAR</u>	PERCENT <u>CHANGE</u>
TOTAL APPLICATIONS: *					
Annual Rate	2,013,000	1,891,700	6.4%	708,900	184.0%
Average per workday	7,957	7,477	6.4%	2,802	184.0%
Actual	96,923	84,975	14.1%	34,089	184.3%
Purchase	43,029	38,686	11.2%	16,783	156.4%
Refinance	47,711	40,268	18.5%	11,142	328.2%
Prior FHA	8,047	6,922	16.3%	2,645	204.2%
Conventional to FHA	38,961	32,688	19.2%	8,497	358.5%
Conventional to FHA (Delinquent)	703	658	6.8%		
HECM	6,183	6,021	2.7%	6,164	0.3%
TOTAL ENDORSEMENTS: *					
Annual Rate	1,138,500	998,100	14.1%	504,300	125.8%
Actual	47,436	41,588	14.1%	21,011	125.8%
Average FICO Score (Jan)	647	647	0.0%	653	-0.9%
Minority	12,937	11,293	14.6%	5,981	116.3%
% Minority	27.3%	27.2%	0.1% #	28.5%	-1.2% #
Purchase	19,637	15,858	23.8%	9,934	97.7%
% Purchase	41.4%	38.1%	3.3% #	47.3%	-5.9% #
Average FICO Score (Jan)	657	657	0.0%	659	-0.3%
1st Time Home Buyer	15,724	12,746	23.4%	7,996	96.6%
% 1st Time Home Buyer	80.1%	80.4%	-0.3% #	80.5%	-0.4% #
Non-Minority	10,207	8,097	26.1%	5,096	100.3%
% Non Minority	64.9%	63.5%	1.4% #	63.7%	1.2% #
Minority	4,739	3,981	19.0%	2,560	85.1%
% Minority	30.1%	31.2%	-1.1% #	32.0%	-1.9% #
Not-Disclosed	777	667	16.5%	340	128.5%
% Not-Disclosed	4.9%	5.2%	-0.3% #	4.3%	0.7% #
Refinanced	23,024	20,842	10.5%	5,309	333.7%
% Refinanced	48.5%	50.1%	-1.6% #	25.3%	23.3% #
Total Cash Out	7,365	6,614	11.4%	3,993	84.4%
Total % Cash Out	32.0%	31.7%	0.3% #	75.2%	-43.2% #
Average FICO Score (Jan)	636	634	0.3%	640	-0.6%
Prior FHA	6,866	6,188	11.0%	1,563	339.3%
Streamline	5,481	4,998	9.7%	968	466.2%
% Streamline	23.8%	24.0%	-0.2% #	18.2%	5.6% #
Full Process	1,385	1,190	16.4%	595	132.8%
Cash Out	753	639	17.8%		
Conventional to FHA	15,903	14,412	10.3%	3,744	324.8%
Cash Out	6,612	5,975	10.7%		
Conventional to FHA (Delinquent)	255	242	5.4%		
HECM	4,775	4,888	-2.3%	5,768	-17.2%
% HECM	10.1%	11.8%	-1.7% #	27.5%	-17.4% #
HECM First	4,583	4,721	-2.9%	5,480	-16.4%
HECM First ARM	4,238	4,485	-5.5%	5,480	-22.7%
HECM Refinance	192	167	15.0%	288	-33.3%
% HECM Refinance	4.0%	3.4%	0.6% #	5.0%	-1.0% #
HECM Refinance ARM	170	159	6.9%	288	-41.0%

Source: * F17 CHUMS

= Percentage point difference

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 16-31, 2008

CURRENT

	CURRENT 2 WEEK PERIOD	LAST PERIOD	PERCENT CHANGE	LAST YEAR	PERCENT CHANGE
FORWARD ENDORSEMENTS ONLY: *					
Section 203(k)	233	213	9.4%	108 r	115.7%
Section 234(c)	1,715	1,363	25.8%	540	217.6%
% Section 234(c)	3.6%	3.3%	0.3% #	2.6%	1.0% #
ARM (Excludes HECM ARM)	245	136	80.1%	136	80.1%
% ARM	0.5%	0.3%	0.2% #	0.6%	-0.1% #
Manufactured Housing	2,533	2,283	11.0%	1,932	31.1%
Interest Buy-down	157	135	16.3%	105	49.5%
Average Processing Time					
(Existing Homes, weeks)					
Application to Closing	4.5	4.5	0.0%	3.8	18.4%
Closing to Endorsement	4.5	4.6	-2.2%	5.1	-11.8%
Automated Underwriting System * x					
AUS Endorsed (Mar)	44,656	34,659	28.8%	16,947	163.5%
AUS as % of Total Endorsed	56.3%	54.4%	1.9% #	56.1% r	0.2% #
Lender Insurance *					
Total Lender Insurance	32,261	28,640	12.6%	9,689	233.0%
% of Total Insurance	68.0%	68.9%	-0.9% #	46.1%	21.9% #
Forward Mortgages	30,780	27,231	13.0%	9,689	217.7%
HECM	1,481	1,409	5.1%		

= Percentage point difference r - revised

Source: * F17 CHUMS

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

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 16-31, 2008

OUTLOOK

	PROJECTIONS FY 2008	FY 2008 TO DATE	FY 2007 TO DATE	% CHANGE 2008/2007	FY 2007 FINAL
TOTAL APPLICATIONS: *	1,600,000	762,266	311,581	144.6%	768,770
Purchase	640,000	298,220	155,479	91.8%	378,995
Refinance	800,000	390,337	100,952	286.7%	269,471
Prior FHA	160,000	78,209	27,358	185.9%	54,951
Conventional to FHA	624,000	305,077	73,594	314.5%	214,225
Conventional to FHA (Delinquent)	16,000	7,051			295
HECM	160,000	73,709	55,150	33.7%	120,304
TOTAL ENDORSEMENTS: *	880,000	406,833	241,231	68.6%	532,337
Minority	264,000	116,381	67,146	73.3%	148,927
% Minority	30.0%	28.6%	27.8%	0.8% #	28.0%
Purchase	387,000	179,153	125,609	42.6%	278,422
% Purchase	44.0%	44.0%	52.1%	-8.0% #	52.3%
1st Time Home Buyer	309,000	142,457	99,696	42.9%	221,492
% 1st Time Home Buyer	79.8%	79.5%	79.4%	0.1% #	79.6%
Non-Minority	201,000	89,079	64,258	38.6%	143,170
% Non Minority	65.0%	62.5%	64.5%	-1.9% #	64.6%
Minority	96,000	46,392	31,319	48.1%	69,041
% Minority	31.1%	32.6%	31.4%	1.2% #	31.2%
Not-Disclosed	12,000	6,983	4,115	69.7%	9,275
% Not-Disclosed	3.9%	4.9%	4.1%	0.8% #	4.2%
Refinanced	361,000	172,462	62,557	175.7%	146,357
% Refinanced	41.0%	42.4%	25.9%	16.5% #	27.5%
Total Cash Out	128,000	63,962	47,238	35.4%	112,767
Total % Cash Out	35.5%	37.1%	75.5%	-38.4% #	77.0%
Prior FHA	79,000	38,852	19,167	102.7%	38,606
Streamline	55,000	27,168	11,315	140.1%	22,105
% Streamline	15.2%	15.8%	18.1%	-2.3% #	15.1%
Full Process	24,000	11,684	7,852	48.8%	16,501
Cash Out	15,000	6,917			
Conventional to FHA	278,000	131,881	43,397	203.9%	107,761
Cash Out	128,000	57,045			
Conventional to FHA (Delinquent)	4,000	1,729			
HECM	132,000	55,218	53,065	4.1%	107,558
% HECM	15.0%	13.6%	22.0%	-8.4% #	20.2%
HECM First	125,000	52,675	50,277	4.8%	100,809
HECM First ARM	124,000	51,319	50,277	2.1%	100,713
HECM Refinance	7,000	2,543	2,788	-8.8%	6,749
% HECM Refinance	5.3%	4.6%	5.3%	-0.6% #	6.3%
HECM Refinance ARM	6,000	2,483	2,788	-10.9%	6,725

= Percentage point difference

Source: * F17 CHUMS

FHA OUTLOOK

SINGLE FAMILY OPERATIONS

March 16-31, 2008

OUTLOOK

	PROJECTIONS FY 2008	FY 2008 TO DATE	FY 2007 TO DATE	% CHANGE 2008/2007	FY 2007 FINAL
FORWARD ENDORSEMENTS ONLY: *					
Section 203(k)	8,000	2,404	842 r	185.5%	3,391
Section 234(c)	35,000	13,299	7,831	69.8%	16,865
% Section 234(c)	4.0%	3.3%	3.2%	0.0% #	3.2%
ARM (Excludes HECM ARM)	11,000	1,962	2,510	-21.8%	5,204
% ARM	1.3%	0.5%	1.0%	-0.6% #	1.0%
Manufactured Housing	62,000	27,941	24,224	15.3%	50,366
Interest Buy-down	9,000	3,162	1,495	111.5%	3,647
Automated Underwriting System * x					
AUS Endorsed (Mar)	260,000	194,281	107,778	80.3%	240,656
AUS as % of Total Endorse.	59.6%	55.3%	57.3% r	-2.0% #	56.7%
Loans Delinquent as of (Feb) **	230,000	224,250	202,078	11.0%	202,197
Claims (Mar) ***	135,000	75,074	71,242	5.4%	142,455
Loss Mitigation Retention	75,000	44,104	42,985	2.6%	86,527
Loss Mitigation Disposition	5,000	1,982	2,162	-8.3%	4,480
Other Claims	55,000	28,988	26,095	11.1%	51,448
Lender Insurance *					
Total Lender Insurance	572,000	269,265	123,792	117.5%	303,011
% of Total Insurance	65.0%	66.2%	51.3%	14.9% #	56.9%
Forward Mortgages	486,000	254,013	123,792	105.2%	290,339
HECM	86,000	15,252			12,672

= Percentage point difference r - revised

Source: * F17 CHUMS ** F42D Single Family Default Monitoring System *** A43C Claims System

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