February 2021 Credit Risk Report

FHA Single Family Origination Trends

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

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Due to late reporting by a large servicer, the early payment delinquency rates for February 2021 are likely understated. We expect early payment delinquency reporting for March 2021 to reflect the status of the portfolio more accurately.

Table 1. Distribution of New Endorsements by Loan Amount (%)

Fiscal Year	Quarter	Initial Loan Amount ($ thousands)								
		<50	50–99	100–149	150–199	200–249	250–399	400–499	500–625.5	>625.5
2014	Oct–Dec	1.65	18.60	28.96	21.12	12.32	13.69	2.14	1.04	0.47
	Jan–Mar	1.72	18.43	29.01	21.14	12.39	13.67	2.20	1.05	0.39
	Apr–Jun	1.60	18.56	29.89	21.58	12.69	12.70	1.85	0.93	0.18
	Jul–Sep	1.41	17.03	29.13	22.17	13.55	13.58	1.96	1.00	0.17
2015	Oct–Dec	1.54	17.69	28.65	22.15	13.17	13.61	2.00	1.03	0.16
	Jan–Mar	1.57	17.03	27.60	22.06	13.68	14.50	2.21	1.19	0.17
	Apr–Jun	1.13	14.76	26.97	22.53	14.95	15.54	2.53	1.38	0.21
	Jul–Sep	1.05	13.40	25.82	22.91	15.61	16.68	2.70	1.58	0.24
2016	Oct–Dec	1.28	14.22	25.71	22.39	15.53	16.35	2.73	1.53	0.26
	Jan–Mar	1.27	13.45	25.12	22.67	15.64	17.13	2.84	1.62	0.26
	Apr–Jun	1.05	13.24	25.36	23.22	15.97	16.96	2.51	1.45	0.24
	Jul–Sep	0.94	11.92	24.08	23.50	16.74	18.33	2.76	1.49	0.24
2017	Oct–Dec	0.95	11.90	23.54	23.12	16.92	18.84	2.90	1.57	0.26
	Jan–Mar	1.00	11.79	23.10	22.72	17.17	19.39	2.94	1.59	0.30
	Apr–Jun	0.94	11.71	23.14	23.29	17.18	19.27	2.75	1.41	0.32
	Jul–Sep	0.82	10.87	22.27	23.44	17.59	20.24	2.94	1.51	0.32
2018	Oct–Dec	0.79	11.15	22.13	23.17	17.58	20.39	2.96	1.48	0.34
	Jan–Mar	0.72	10.74	21.70	22.76	17.81	21.11	3.09	1.63	0.44
	Apr–Jun	0.69	11.07	22.22	23.14	17.57	20.74	2.80	1.36	0.42
	Jul–Sep	0.64	10.50	21.50	23.12	18.10	21.44	2.84	1.40	0.46
2019	Oct–Dec	0.74	10.73	21.18	23.03	17.87	21.67	2.88	1.45	0.45
	Jan–Mar	0.76	10.31	21.00	22.87	17.96	22.14	2.99	1.47	0.49
	Apr–Jun	0.63	9.69	20.14	22.70	18.50	23.28	3.10	1.41	0.55
	Jul–Sep	0.49	8.19	18.35	22.10	19.32	25.70	3.60	1.65	0.59
2020	Oct–Dec	0.42	7.99	18.14	21.67	19.32	26.27	3.79	1.74	0.66
	Jan–Mar	0.43	7.85	17.62	21.45	19.63	26.64	3.91	1.75	0.71
	Apr–Jun	0.30	6.66	16.59	21.63	20.57	28.22	3.74	1.64	0.64
	Jul–Sep	0.25	5.81	15.70	21.39	21.12	29.72	3.84	1.53	0.63
2021	Oct–Dec	0.22	5.57	15.05	20.84	21.01	30.48	4.23	1.82	0.78
	Jan–Mar[a]	0.24	5.88	15.06	19.98	20.48	30.96	4.51	1.95	0.93

NOTES: Shares are based on loan counts. Excludes streamline refinancing.
[a] Only includes data for January and February.
SOURCE: U.S. Department of HUD/FHA, March 2021.

Table 2. Distribution of New Endorsements by Loan-to-Value Range (%)

Fiscal Year	Quarter	Loan-to-Value Range[a]			
		Less than or equal to 80[b]	81–90	91–95	96–98[b]
2014	Oct–Dec	5.59	9.94	9.00	75.47
	Jan–Mar	6.09	10.91	9.41	73.59
	Apr–Jun	5.63	9.61	9.04	75.72
	Jul–Sep	5.46	9.46	9.14	75.95
2015	Oct–Dec	6.71	10.79	8.93	73.57
	Jan–Mar	7.10	11.65	8.97	72.28
	Apr–Jun	6.14	11.58	8.76	73.52
	Jul–Sep	6.44	11.13	8.35	74.08
2016	Oct–Dec	7.55	12.57	8.26	71.62
	Jan–Mar	8.13	13.31	8.26	70.30
	Apr–Jun	6.84	11.76	7.72	73.69
	Jul–Sep	6.86	12.02	7.80	73.32
2017	Oct–Dec	8.06	13.98	7.73	70.23
	Jan–Mar	9.67	16.02	7.66	66.64
	Apr–Jun	8.03	13.82	7.57	70.58
	Jul–Sep	7.99	14.45	7.50	70.06
2018	Oct–Dec	8.84	16.41	7.42	67.34
	Jan–Mar	9.57	17.64	7.04	65.75
	Apr–Jun	7.88	14.44	6.88	70.81
	Jul–Sep	8.00	14.88	7.12	70.00
2019	Oct–Dec	9.31	16.79	7.06	66.83
	Jan–Mar	9.30	17.60	6.84	66.26
	Apr–Jun	8.34	16.28	6.80	68.59
	Jul–Sep	8.43	16.81	7.10	67.67
2020	Oct–Dec	13.88	14.76	7.54	63.82
	Jan–Mar	17.57	8.13	8.06	66.24
	Apr–Jun	12.61	6.87	7.90	72.61
	Jul–Sep	8.57	6.02	7.51	77.91
2021	Oct–Dec	10.16	6.60	7.85	75.39
	Jan–Mar[c]	14.35	7.54	7.86	70.25

NOTES: Shares are based on loan counts. Excludes streamline refinancing.
[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] 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.
[c] Only includes data for January and February.
SOURCE: U.S. Department of HUD/FHA, March 2021.

Table 3. Average Loan-to-Value Ratios on New Endorsements by Loan Purpose (%)

Fiscal Year	Quarter	Loan Purpose			
		Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance[a]	All[a]
2014	Oct–Dec	95.74	82.08	83.77	94.24
	Jan–Mar	95.73	82.19	83.37	93.98
	Apr–Jun	95.70	81.21	83.60	94.15
	Jul–Sep	95.66	80.68	83.15	94.21
2015	Oct–Dec	95.63	79.91	82.91	93.70
	Jan–Mar	95.72	79.96	84.61	93.53
	Apr–Jun	95.73	81.06	85.71	93.68
	Jul–Sep	95.67	80.10	83.45	93.66
2016	Oct–Dec	95.68	79.39	82.64	93.18
	Jan–Mar	95.65	78.93	82.34	92.90
	Apr–Jun	95.79	79.29	82.54	93.42
	Jul–Sep	95.72	79.12	82.25	93.42
2017	Oct–Dec	95.70	78.91	82.23	92.86
	Jan–Mar	95.78	78.65	81.35	92.21
	Apr–Jun	95.75	78.07	81.21	92.87
	Jul–Sep	95.65	77.98	81.24	92.80
2018	Oct–Dec	95.70	78.31	81.48	92.36
	Jan–Mar	95.72	78.26	81.40	92.04
	Apr–Jun	95.73	77.82	81.19	92.86
	Jul–Sep	95.64	77.50	80.89	92.76
2019	Oct–Dec	95.57	76.98	80.94	92.13
	Jan–Mar	95.60	77.21	81.30	92.05
	Apr–Jun	95.61	77.50	81.72	92.44
	Jul–Sep	95.54	77.92	82.52	92.39
2020	Oct–Dec	95.46	77.05	82.16	91.44
	Jan–Mar	95.57	75.24	81.49	91.60
	Apr–Jun	95.71	76.33	82.90	92.87
	Jul–Sep	95.76	76.89	82.69	93.89
2021	Oct–Dec	95.66	76.28	81.69	93.43
	Jan–Mar[b]	95.61	74.89	80.74	92.25

NOTE: In accordance with statutory requirements for determining eligibility of loans for FHA insurance, HUD measures loan-to-value (LTV) without including any mortgage insurance premium financed in the loan balance.
[a] These include only fully-underwritten loans and exclude streamline refinancing.
[b] Only includes data for January and February.
SOURCE: U.S. Department of HUD/FHA, March 2021.

Table 4. Distribution of New Endorsements by Credit Score Range (%)

Fiscal Year	Quarter	Credit Score Range[a]				
		500–619	620–639	640–679	680–719	720–850
2014	Oct–Dec	2.67	7.66	42.35	27.22	20.10
	Jan–Mar	3.31	9.10	41.95	26.60	19.03
	Apr–Jun	3.85	10.42	42.03	26.32	17.38
	Jul–Sep	4.65	11.15	41.31	25.92	16.97
2015	Oct–Dec	5.98	12.30	40.38	25.37	15.97
	Jan–Mar	5.85	12.35	39.96	25.62	16.23
	Apr–Jun	5.37	11.57	38.01	26.44	18.62
	Jul–Sep	5.49	11.38	36.85	26.60	19.69
2016	Oct–Dec	6.03	11.84	36.62	26.06	19.45
	Jan–Mar	6.24	11.98	36.41	26.34	19.04
	Apr–Jun	6.09	12.78	37.22	25.65	18.27
	Jul–Sep	6.01	12.70	37.01	25.91	18.38
2017	Oct–Dec	6.64	12.87	36.56	25.75	18.18
	Jan–Mar	7.51	12.84	36.18	25.34	18.13
	Apr–Jun	8.39	13.72	36.44	24.35	17.10
	Jul–Sep	9.37	13.88	36.15	23.92	16.68
2018	Oct–Dec	10.36	14.41	36.34	23.19	15.70
	Jan–Mar	11.50	14.49	36.38	22.76	14.87
	Apr–Jun	11.66	15.29	37.36	22.12	13.57
	Jul–Sep	12.17	15.36	37.24	21.73	13.50
2019	Oct–Dec	13.34	15.41	36.62	21.13	13.51
	Jan–Mar	13.79	15.87	36.74	20.66	12.95
	Apr–Jun	13.10	16.38	37.69	20.66	12.18
	Jul–Sep	11.76	15.34	38.38	21.57	12.95
2020	Oct–Dec	11.45	14.89	37.51	22.03	14.12
	Jan–Mar	11.84	15.30	37.17	21.35	14.35
	Apr–Jun	8.80	13.58	40.04	23.13	14.46
	Jul–Sep	4.45	11.69	42.36	25.73	15.78
2021	Oct–Dec	4.81	12.28	42.79	24.92	15.20
	Jan–Mar[b]	5.59	13.22	42.52	24.09	14.57

NOTES: Shares are based on loan counts. Excludes streamline refinancing.
[a] Credit scores are cobranded between the three major credit repositories (Equifax, Experian, TransUnion) and Fair Isaac Corporation (FICO). Values can range from 300 to 850. FHA policy permits credit scores of 580 and above, except for loans with equity positions of 10 percent or more, which may have credit scores as low as 500. 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; therefore, they are not represented here.
[b] Only includes data for January and February.
SOURCE: U.S. Department of HUD/FHA, March 2021.

Table 5. Average Borrower Credit Scores on New Endorsements by Loan Purpose

Fiscal Year	Quarter	Loan Purpose			
		Home Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance[a]	All[a]
2014	Oct–Dec	686	677	679	685
	Jan–Mar	684	674	675	682
	Apr–Jun	681	672	673	680
	Jul–Sep	680	671	671	679
2015	Oct–Dec	678	669	669	676
	Jan–Mar	678	673	675	677
	Apr–Jun	681	678	679	680
	Jul–Sep	682	677	674	681
2016	Oct–Dec	682	676	673	680
	Jan–Mar	681	676	672	680
	Apr–Jun	679	677	673	679
	Jul–Sep	680	677	672	679
2017	Oct–Dec	679	677	672	678
	Jan–Mar	679	675	669	678
	Apr–Jun	676	672	666	675
	Jul–Sep	676	669	664	674
2018	Oct–Dec	674	668	663	672
	Jan–Mar	672	666	661	670
	Apr–Jun	669	664	660	668
	Jul–Sep	669	663	658	668
2019	Oct–Dec	668	662	657	667
	Jan–Mar	667	660	656	665
	Apr–Jun	666	663	659	665
	Jul–Sep	668	667	663	667
2020	Oct–Dec	670	667	666	669
	Jan–Mar	671	661	662	669
	Apr–Jun	673	664	667	672
	Jul–Sep	677	674	674	677
2021	Oct–Dec	676	673	672	676
	Jan–Mar[b]	675	672	671	674

NOTE: Credit scores are cobranded between the three major credit repositories (Equifax, Experian, TransUnion) and Fair Isaac Corporation (FICO). Values can range from 300 to 850. FHA policy permits credit scores of 580 and above, except for loans with equity positions of 10 percent or more, which may have credit scores as low as 500. 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; therefore, they are not represented here.

[a] These include only fully-underwritten loans and exclude streamline refinancing

[b] Only includes data for January and February.

SOURCE: U.S. Department of HUD/FHA, March 2021.

Table 6. Early Payment Delinquency Rates by Product Type (%)

Loan Origination Month	Percentage of New Loan Originations			
	Home Purchase Loans	Fully Underwritten Refinance	Streamline Refinance	All Loans
Aug 2017	1.51	1.15	1.47	1.45
Sep	1.13	0.84	1.08	1.08
Oct	0.50	0.38	0.61	0.49
Nov	0.46	0.25	0.47	0.42
Dec	0.46	0.21	0.48	0.41
Jan 2018	0.53	0.24	0.41	0.46
Feb	0.52	0.18	0.43	0.43
Mar	0.65	0.27	0.62	0.56
Apr	0.78	0.37	0.50	0.70
May	0.79	0.42	0.83	0.73
Jun	0.95	0.44	1.23	0.87
Jul	0.95	0.42	0.64	0.86
Aug	0.99	0.45	0.91	0.90
Sep	0.93	0.40	1.48	0.84
Oct	0.79	0.41	2.08	0.74
Nov	0.80	0.46	0.80	0.73
Dec	0.77	0.30	1.51	0.68
Jan 2019	0.73	0.27	0.83	0.64
Feb	0.73	0.37	1.00	0.66
Mar	0.82	0.43	0.69	0.73
Apr	0.98	0.39	0.80	0.86
May	0.96	0.33	0.91	0.84
Jun	1.02	0.34	0.64	0.87
Jul	0.96	0.30	0.87	0.83
Aug	0.85	0.26	0.66	0.72
Sep	0.72	0.23	0.54	0.60
Oct	0.72	0.21	0.64	0.60
Nov	1.35	0.70	1.23	1.19
Dec	6.06	4.37	7.13	5.97
Jan 2020	8.38	5.96	9.96	8.29
Feb	9.16	6.62	11.33	9.27
Mar	8.67	6.76	12.03	9.26
Apr	6.91	5.18	10.22	7.42
May	3.97	2.94	7.07	4.57
Jun	2.86	1.75	4.98	3.30
Jul	2.61	1.55	3.57	2.75

NOTE: 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 percentage of loans experiencing a 90-day delinquency within 7 months of loan closing.
Due to late reporting by a large servicer, the early payment delinquency rates for February 2021 are likely understated. We expect early payment delinquency reporting for March 2021 to reflect the status of the portfolio more accurately.

SOURCE: U.S. Department of HUD/FHA, March 2021.

Table 7. Average Debt-to-Income Ratios on Purchase Endorsements by Credit Score (%)

			Credit Score Range[a]					
Fiscal Year	Quarter	Loan Count	500–619	620–639	640–679	680–719	720–850	All
2014	Oct–Dec	152,965	35.51	39.25	40.73	41.05	41.27	40.70
	Jan–Mar	119,833	35.78	39.69	40.83	41.03	41.21	40.72
	Apr–Jun	148,017	35.81	39.43	40.58	40.63	40.95	40.38
	Jul–Sep	174,183	35.85	39.76	40.80	40.86	41.21	40.57
2015	Oct–Dec	154,806	36.22	40.24	40.93	41.07	41.37	40.71
	Jan–Mar	132,529	36.21	40.14	40.81	40.81	41.08	40.53
	Apr–Jun	198,802	35.92	39.67	40.42	40.27	40.52	40.09
	Jul–Sep	267,250	36.22	40.20	40.79	40.77	40.84	40.50
2016	Oct–Dec	210,550	36.27	40.66	41.09	41.02	41.04	40.75
	Jan–Mar	187,069	36.52	40.99	41.29	41.11	41.10	40.90
	Apr–Jun	225,132	36.37	40.76	41.22	40.94	40.89	40.75
	Jul–Sep	256,761	36.46	41.07	41.30	41.24	41.17	40.96
2017	Oct–Dec	220,353	37.71	41.29	41.59	41.45	41.49	41.26
	Jan–Mar	195,485	39.79	42.03	42.33	42.15	42.13	42.04
	Apr–Jun	230,475	40.12	41.98	42.31	42.19	42.22	42.06
	Jul–Sep	235,765	40.42	42.24	42.60	42.60	42.48	42.35
2018	Oct–Dec	195,513	40.95	42.51	42.85	42.85	42.63	42.59
	Jan–Mar	166,640	41.29	43.05	43.32	43.32	42.94	43.02
	Apr–Jun	202,746	41.37	43.02	43.55	43.66	43.34	43.24
	Jul–Sep	211,376	41.76	43.30	43.69	43.99	43.63	43.48
2019	Oct–Dec	179,590	42.05	43.73	44.05	44.42	43.99	43.83
	Jan–Mar	153,566	42.17	43.80	44.10	44.53	44.05	43.90
	Apr–Jun	192,032	41.53	43.20	43.70	44.18	43.83	43.46
	Jul–Sep	218,089	41.31	42.97	43.41	43.97	43.59	43.25
2020	Oct–Dec	197,377	41.39	42.91	43.28	43.80	43.54	43.17
	Jan–Mar	194,074	41.66	43.15	43.48	43.98	43.57	43.35
	Apr–Jun	191,925	40.87	42.50	43.00	43.64	43.33	42.96
	Jul–Sep	234,467	40.72	42.18	42.83	43.50	43.22	42.90
2021	Oct–Dec	228,154	40.88	42.36	42.95	43.75	43.55	43.07
	Jan–Mar[b]	128,485	40.83	42.57	43.03	43.80	43.67	43.13

[a] Credit scores are cobranded between the three major credit repositories (Equifax, Experian, TransUnion) and Fair Isaac Corporation (FICO). Values can range from 300 to 850. FHA policy permits credit scores of 580 and above, except for loans with equity positions of 10 percent or more, which may have credit scores as low as 500. 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.
[b] Only includes data for January and February.
SOURCE: U.S. Department of HUD/FHA, March 2021.

Table 8. Average Loan-to-Value Ratios on Purchase Endorsements by Credit Score (%)

			Credit Score Range[a]					
Fiscal Year	Quarter	Loan Count	500–619	620–639	640–679	680–719	720–850	All
2014	Oct–Dec	152,965	93.99	95.42	95.79	95.64	96.10	95.74
	Jan–Mar	119,833	93.94	95.42	95.78	95.70	96.05	95.73
	Apr–Jun	148,017	94.05	95.49	95.83	95.55	96.05	95.70
	Jul–Sep	174,183	93.90	95.52	95.81	95.51	96.02	95.66
2015	Oct–Dec	154,806	94.11	95.52	95.76	95.46	96.13	95.63
	Jan–Mar	132,529	94.10	95.58	95.84	95.65	96.18	95.72
	Apr–Jun	198,802	94.44	95.62	95.86	95.61	96.03	95.73
	Jul–Sep	267,250	94.31	95.51	95.84	95.53	95.98	95.67
2016	Oct–Dec	210,550	94.08	95.53	95.81	95.60	96.06	95.68
	Jan–Mar	187,069	94.31	95.47	95.77	95.58	96.00	95.65
	Apr–Jun	225,132	94.58	95.67	95.89	95.71	96.13	95.79
	Jul–Sep	256,761	94.25	95.63	95.87	95.61	96.07	95.72
2017	Oct–Dec	220,353	94.25	95.63	95.83	95.62	96.09	95.70
	Jan–Mar	195,485	94.11	95.61	95.94	95.69	96.26	95.78
	Apr–Jun	230,475	94.23	95.77	95.89	95.76	96.09	95.75
	Jul–Sep	235,765	94.14	95.63	95.82	95.69	95.98	95.65
2018	Oct–Dec	195,513	93.86	95.67	95.89	95.80	96.18	95.70
	Jan–Mar	166,640	93.84	95.73	95.92	95.91	96.19	95.72
	Apr–Jun	202,746	94.09	95.76	95.93	95.86	96.16	95.73
	Jul–Sep	211,376	93.83	95.68	95.90	95.85	96.01	95.64
2019	Oct–Dec	179,590	93.62	95.62	95.81	95.85	96.06	95.57
	Jan–Mar	153,566	93.77	95.65	95.87	95.83	96.10	95.60
	Apr–Jun	192,032	93.97	95.57	95.85	95.88	96.14	95.61
	Jul–Sep	218,089	93.70	95.52	95.73	95.83	96.12	95.54
2020	Oct–Dec	197,377	93.42	95.34	95.67	95.84	96.00	95.46
	Jan–Mar	194,074	93.61	95.47	95.71	95.97	96.15	95.57
	Apr–Jun	191,925	93.96	95.58	95.80	95.99	96.12	95.71
	Jul–Sep	234,467	93.92	95.45	95.79	95.94	96.14	95.76
2021	Oct–Dec	228,154	93.81	95.36	95.69	95.85	96.05	95.66
	Jan–Mar[b]	128,485	93.55	95.26	95.68	95.86	96.05	95.61

[a] Credit scores are cobranded between the three major credit repositories (Equifax, Experian, TransUnion) and Fair Isaac Corporation (FICO). Values can range from 300 to 850. FHA policy permits credit scores of 580 and above, except for loans with equity positions of 10 percent or more, which may have credit scores as low as 500. 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.
[b] Only includes data for January and February.
SOURCE: U.S. Department of HUD/FHA, March 2021.