

“FHA: The Need to Scale Back Their Market Share”

Prepared for

**HEARING ON FEBRUARY 6, 2013
BEFORE
THE COMMITTEE FINANCIAL SERVICES,
U.S. HOUSE OF REPRESENTATIVES**

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I. Introduction

Chairman Hensarling and distinguished members of the committee, thank you for the invitation to testify at today’s hearing on “Examining the Proper Role of the Federal Housing Administration in our Mortgage Insurance Market” and to provide my perspective on the ongoing mortgage debacle, the resulting decline in the private mortgage insurance market and the need to return the FHA’s share of the insurance market back to pre-bubble levels. I am Anthony B. Sanders, Senior Scholar at George Mason University.

The Federal Housing Administration (FHA) has seen its conforming loan limit surge to \$729,750 (1 unit) for high balance loans while mortgage giants Fannie Mae and Freddie Mac have seen their conforming loan limits for high balance loans fall to \$625,500 (1 unit). When this artificially high conforming loan limit is combined with the FHA’s high loan-to-value (LTV) and low credit score polices, we have a recipe for inordinate harm to fragile households.

II. FHA’s Market Share and Risky-lending Profile

The FHA’s market share surged from below 5% during the housing bubble to over 30% in 2008 (see Figure 1). To be sure, the decline in FHA share during the housing bubble was in part due to the rise of private-label securitizations (see Figure 2). As the FHA’s share of mortgage originations (insured) is at over 25%, it is time for the footprint of the FHA to shrink back to previous market shares such as in 2003 when it was around 10%.

In terms of loan-to-value ratio, the FHA insures a large percentage of low down payment, high LTV loans (see Figure 3). The percentage of FHA’s book that was high LTV ($\geq 5\%$ down payment) was around 33% in 1990. That percentage almost double by 1995 to 62.36% as the Clinton Administration adopted “The National Homeownership Strategy: Partners in the American Dream” calling for lower down payments

and streamlined financing.¹ The share of high LTV loans has risen to 71.52% in 2012 (although it peaked in 2000 at 84.61%).

In terms of credit (or FICO) scores, the FHA's data is very spotty prior to 2005. But from 2005 to 2012, the percentage of borrowers with low FICO scores (defined as 680 or below) peaked in 2007 at 80.58% (see Figure 4). The percentage of low FICO borrowers has declined to 42.54% in 2012, a noticeable improvement.

What is the result of the FHA's low down payment and low FICO policies? The FHA's book of loans in 2008 has been nothing short of disastrous (see Figure 5). To be sure, unemployment rose dramatically in 2008 as house prices declined rapidly (see Figure 6) which contributed to poor loan performance on most mortgages, particularly low FICO and low down payment loans.

To observe the dangers to households (and taxpayers) of low down payment loan coupled with low FICO scores, see the loan performance of Enterprise (e.g., Fannie Mae and Freddie Mac) purchased fixed-rate mortgages. The low risk loans are defined in each year as FICO score ≥ 660 and LTV $\leq 80\%$ and are in the upper right hand corner. The high risk loans are defined as FICO score < 660 and LTV $> 80\%$. These high risk loans are found in the lower left hand corner. The coloring of yellow and orange signify excessively high 90% delinquency rates.

For example, for the 2007 vintage of Enterprise-purchase mortgages, the serious delinquency rate for FICO scores < 620 and LTVs ≥ 97.5 and ≤ 104.9 was 51.6%.

The typical domain of the FHA is the lower left hand corner: the high risk loans.

III. Does FHA Help or Harm American Households?

In President Thomas Jefferson's inaugural address of 1801, he stated:

"Still one thing more, fellow citizens, a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government; and this is necessary to close the circle of our felicities."

Jefferson's statement applies to the FHA which has harmed American households through insuring risky (low FICO) loans with minimal down payments. This is very poor public policy.

An example of harming American households can be seen in Figure 7 (courtesy of Ed Pinto at the American Enterprise Institute).² Expected foreclosure rates in the Greater Washington DC are clustered

¹ <http://confoundedinterest.files.wordpress.com/2013/01/nhsdream2.pdf>

² http://www.aei.org/files/2013/01/07/-how-the-fha-hurts-workingclass-families-and-communities_133838366627.pdf

almost exclusively in working class neighborhoods in Maryland. While homeownership may be the American dream, insuring high risk borrowers increases the likelihood of a disaster.

III. Reducing Loan Limits

The FHA's loan limit is now higher than the conforming loan limits for Fannie Mae and Freddie Mac. But both the conforming loan limits and the FHA's loan limit rose dramatically in 2008 as house prices collapsed. The first step towards shrinking the FHA's footprint is to reduce the loan limit to \$625,000 and by another \$100,000 per year.

According to a study by Robert Van Order and Anthony Yezer of George Washington University³ they find that current FHA policies are unlikely to assist the FHA in reaching its historical constituencies – first-time, minority and low-income homebuyers.

“We find that FHA's current market share exceeds what is needed to serve these markets,” Van Order continued. “In the wake of significant declines in home prices, we believe FHA could reduce its loan limits by approximately 50 percent and still almost entirely satisfy its target market. That would reduce its currently large market share, which is difficult for FHA to manage.”

IV. Installing a Credit Score Floor and DTI and LTV Ceilings

In order to protect households (and taxpayers), a floor should be installed for FHA insured loans at 660. As you can see in Table 1, loan performance deteriorates rapidly with FICO scores below 660.

In addition, a maximum LTV of 95% should be applied. And if the FICO score is below 680, a 10% minimum down payment should be required.

A maximum mortgage debt to income of 31 percent should be established as well.

V. FHA 30 Year Spread

The FHA has the highest spread of FHA 30 mortgage rates to GNMA 30 year current coupon rate (the rate paid to GNMA investors) of any of the government finance entities, including Fannie Mae and Freddie Mac. (see Figure 9). The spread is considerably above levels prior to 2008. In other words, the Federal Reserve's manic pushing of interest rates and mortgage rates downwards is NOT getting passed through to borrowers as had been hoped.

VI. Summary

The FHA's low down payment, low FICO score policies with a 100% guarantee encourages risk taking by working class households when there is a viable alternative: renting. But simple adjustments to FHA's policies of 1) FICO score floor of 660, 2) minimum down payment of 5%, 3) lower loan limit to \$625,000

³ <http://business.gwu.edu/creua/research-papers/files/FHA2011Q2.pdf>

and eventually to \$350,000 (or less), and 4) lower the insurance coverage to 80%. All these measures can serve to reduce the FHA's substantial, high-risk footprint in the mortgage market.

Thank you for the opportunity to testify.

Figure 1. FHA as a Percentage of Mortgage Originations By Type

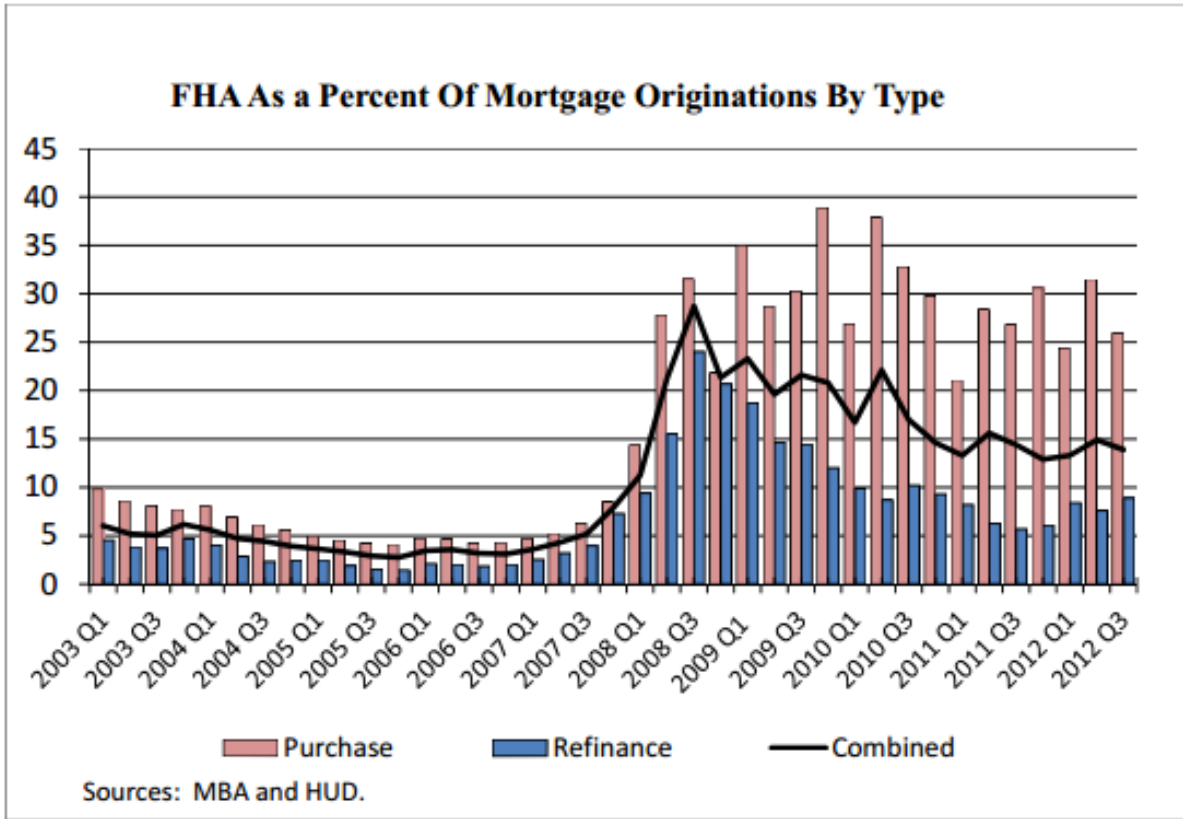


Figure 2. Market Shares of GSE, FHA and Private Label Securitizations

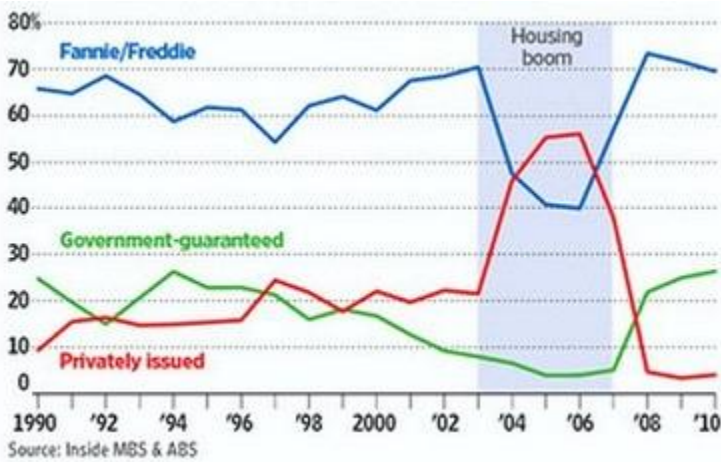
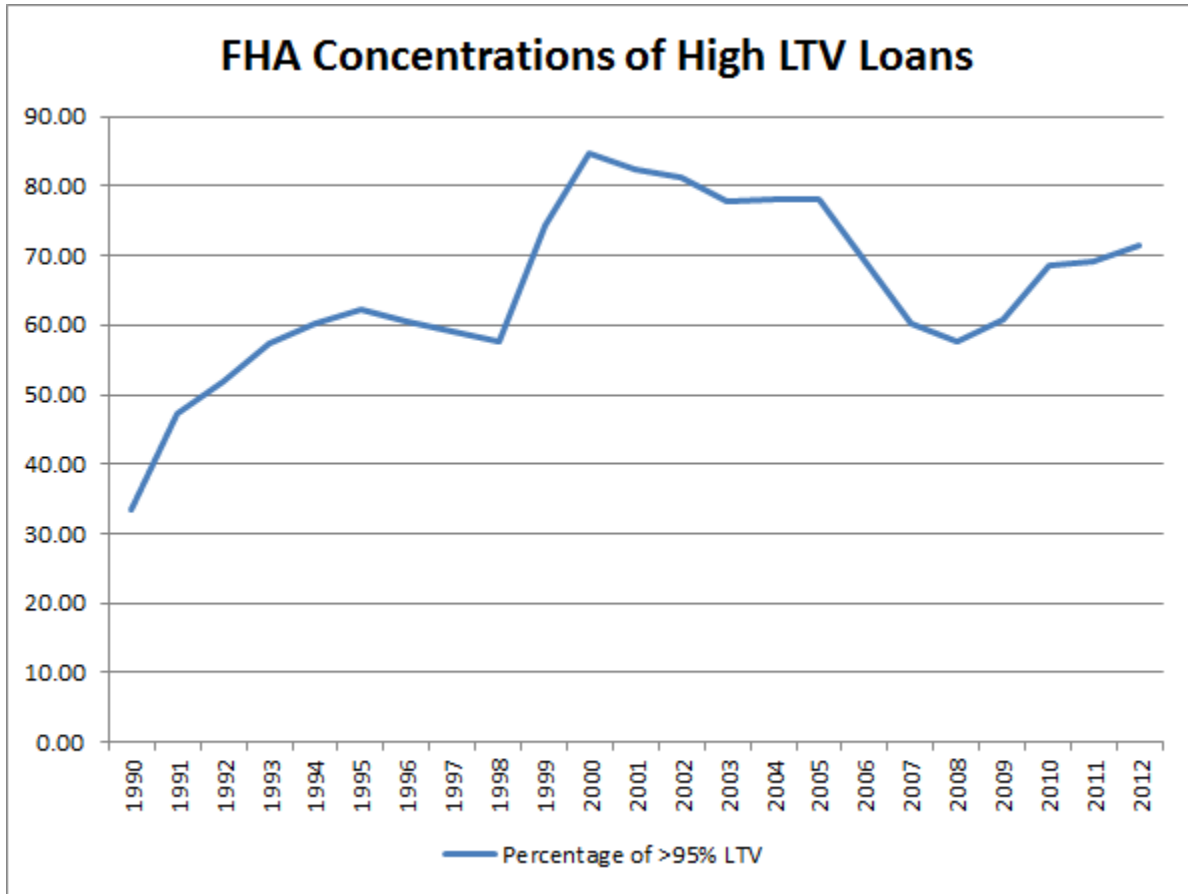
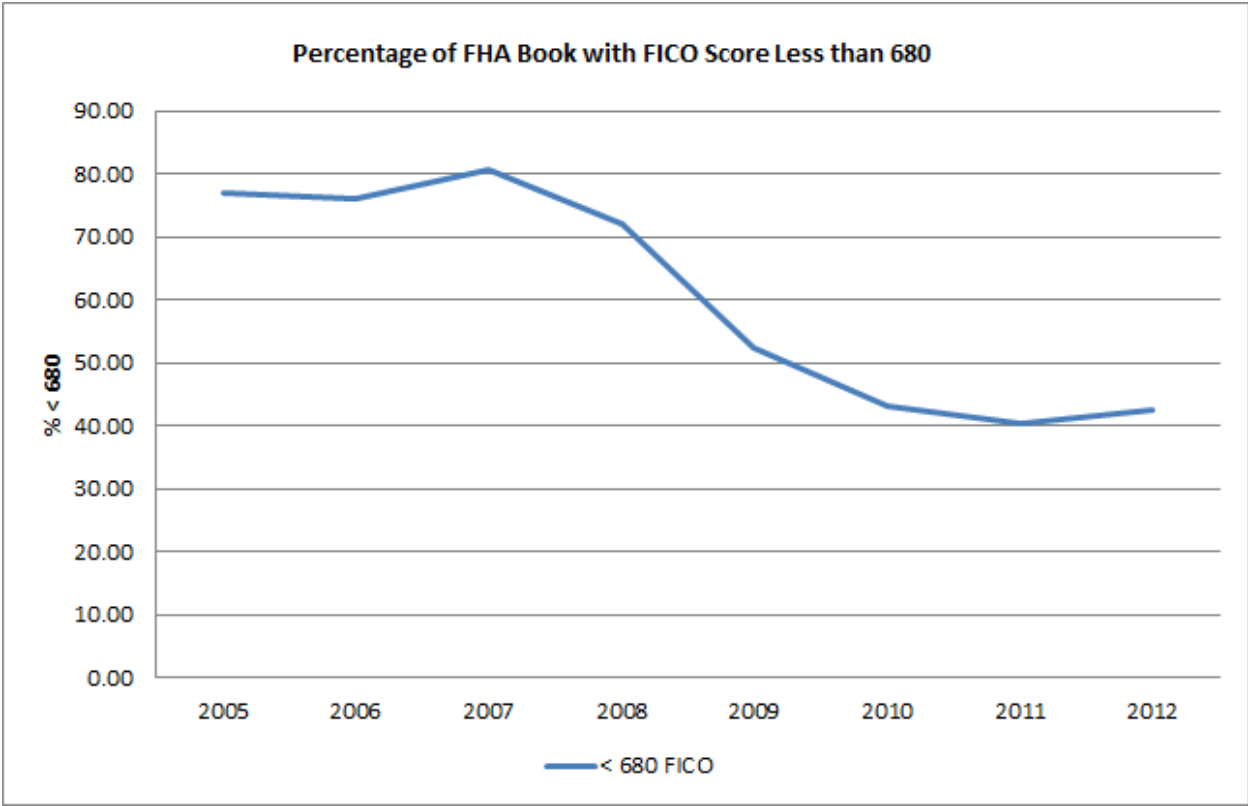


Figure 3. FHA Concentration of High Loan-to-Value Loans



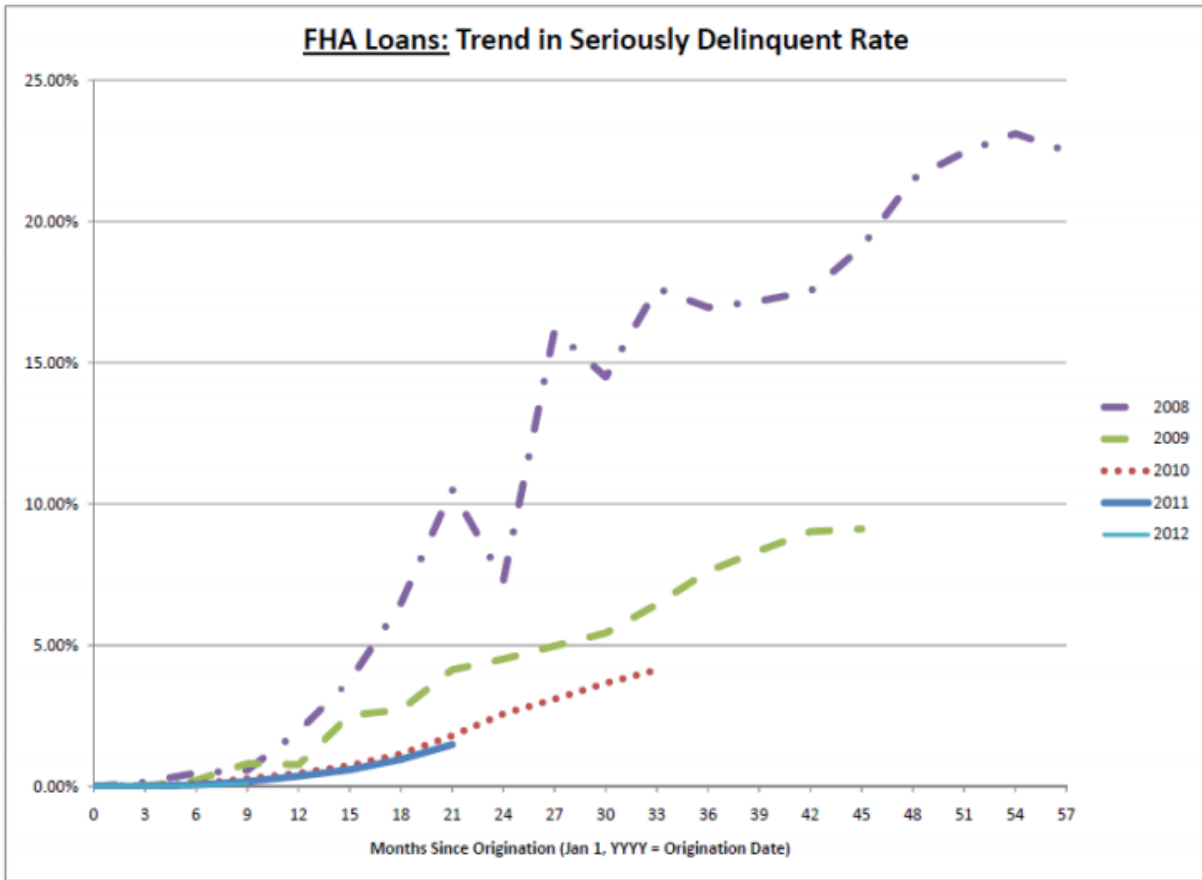
Source: Mortgage Bankers Association

Figure 4. Percentage of FHA Book with Credit Scores Less Than 680



Source: Mortgage Bankers Association

Figure 5. Trend in Serious Delinquency Rate for FHA Loans



Source: Mortgage Bankers Association

Figure 6. Case-Shiller 10 HPI and U6 Unemployment

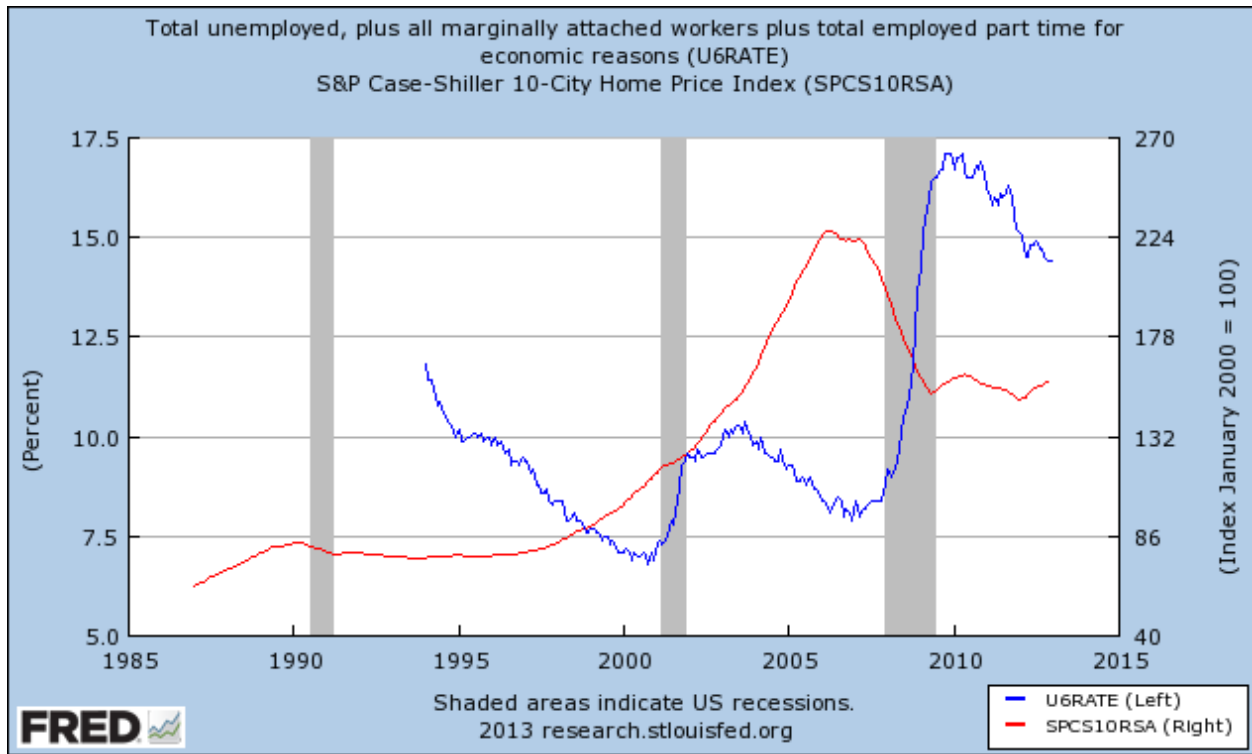


Table 1. Enterprise-acquired Fixed-rate Mortgages, 90+ Day Delinquent, 2001-2004.

Enterprise-Acquired FRMs, 2001											
		FICO Bucket									Total
		Missing	0 - 619.9	620 - 639.9	640 - 659.9	660 - 679.9	680 - 699.9	700 - 719.9	720 - 739.9	740 +	
LTV Bucket (%)	Missing	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%
	0 - 59.9	1.0%	6.3%	3.1%	2.1%	1.4%	0.9%	0.6%	0.4%	0.2%	0.7%
	60 - 69.9	1.3%	8.0%	4.2%	2.9%	1.9%	1.1%	0.7%	0.5%	0.3%	1.2%
	70 - 74.9	1.9%	9.8%	5.5%	3.8%	2.5%	1.6%	1.1%	0.7%	0.3%	1.8%
	75 - 79.9	1.8%	9.7%	5.7%	4.3%	2.9%	1.9%	1.3%	0.8%	0.4%	2.0%
	80.0	1.8%	10.6%	6.8%	4.9%	3.5%	2.3%	1.5%	1.0%	0.5%	2.3%
	80.1 - 84.9	3.0%	14.1%	8.9%	7.0%	4.8%	3.4%	2.2%	1.5%	0.8%	4.2%
	85 - 89.9	3.2%	15.1%	9.5%	7.4%	5.2%	3.7%	2.6%	1.7%	1.0%	4.6%
	90.0	3.9%	16.6%	11.4%	8.4%	6.4%	4.7%	3.5%	2.3%	1.4%	5.4%
	90.1 - 94.9	4.1%	16.4%	10.8%	8.1%	5.9%	3.7%	2.7%	1.8%	0.9%	4.9%
	95 - 97.4	10.3%	18.0%	12.4%	9.1%	6.3%	4.7%	3.2%	2.3%	1.4%	6.3%
	97.5 - 104.9	14.5%	22.7%	14.1%	9.8%	6.9%	5.4%	3.8%	3.0%	1.8%	6.5%
105 +	9.7%	30.3%	18.2%	10.1%	8.5%	12.6%	13.8%	6.6%	3.4%	10.3%	
Total	3.0%	11.9%	7.5%	5.4%	3.6%	2.4%	1.6%	1.0%	0.5%	2.5%	

Enterprise-Acquired FRMs, 2002											
		FICO Bucket									Total
		Missing	0 - 619.9	620 - 639.9	640 - 659.9	660 - 679.9	680 - 699.9	700 - 719.9	720 - 739.9	740 +	
LTV Bucket (%)	Missing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0 - 59.9	0.5%	5.7%	2.8%	1.9%	1.3%	0.8%	0.6%	0.4%	0.2%	0.6%
	60 - 69.9	0.7%	7.6%	4.3%	3.0%	2.1%	1.3%	0.9%	0.6%	0.3%	1.2%
	70 - 74.9	1.4%	9.6%	5.1%	3.7%	2.6%	1.8%	1.2%	0.8%	0.4%	1.8%
	75 - 79.9	1.4%	9.2%	5.9%	4.2%	3.1%	2.1%	1.5%	1.0%	0.5%	2.0%
	80.0	1.9%	10.3%	6.6%	4.9%	3.6%	2.5%	1.9%	1.3%	0.6%	2.4%
	80.1 - 84.9	3.8%	13.6%	8.3%	6.6%	4.2%	3.4%	2.6%	1.9%	1.0%	4.2%
	85 - 89.9	3.4%	14.9%	9.8%	7.2%	5.5%	4.1%	3.0%	2.2%	1.2%	4.9%
	90.0	4.5%	15.3%	10.4%	8.5%	7.1%	5.3%	4.0%	2.9%	1.8%	5.6%
	90.1 - 94.9	5.6%	16.2%	10.9%	8.0%	6.0%	4.4%	3.3%	2.3%	1.2%	5.4%
	95 - 97.4	12.5%	17.4%	11.6%	8.8%	6.5%	5.1%	3.9%	2.9%	1.7%	6.5%
	97.5 - 104.9	19.4%	25.3%	15.4%	11.5%	8.9%	6.7%	5.3%	3.6%	2.5%	9.1%
105 +	9.3%	19.5%	13.0%	10.8%	9.3%	9.0%	5.2%	3.7%	1.8%	7.0%	
Total	2.9%	11.4%	7.0%	5.1%	3.6%	2.4%	1.7%	1.1%	0.5%	2.3%	

Enterprise-Acquired FRMs, 2003											
		FICO Bucket									Total
		Missing	0 - 619.9	620 - 639.9	640 - 659.9	660 - 679.9	680 - 699.9	700 - 719.9	720 - 739.9	740 +	
LTV Bucket (%)	Missing	0.0%	2.6%	0.0%	10.7%	0.0%	0.0%	0.0%	0.0%	1.4%	1.4%
	0 - 59.9	0.3%	6.5%	3.8%	2.9%	2.0%	1.3%	0.9%	0.6%	0.2%	0.8%
	60 - 69.9	0.5%	8.5%	5.5%	4.1%	2.9%	2.1%	1.5%	1.1%	0.4%	1.6%
	70 - 74.9	0.7%	10.3%	7.0%	5.1%	3.7%	2.7%	2.0%	1.4%	0.6%	2.3%
	75 - 79.9	0.8%	10.5%	7.0%	5.7%	4.2%	3.2%	2.3%	1.6%	0.8%	2.6%
	80.0	1.0%	11.8%	8.0%	6.3%	5.0%	3.7%	2.8%	2.0%	1.0%	3.0%
	80.1 - 84.9	1.8%	13.4%	9.4%	7.8%	5.7%	4.2%	3.2%	2.2%	1.2%	4.4%
	85 - 89.9	2.0%	14.3%	10.2%	8.2%	6.5%	4.9%	3.7%	2.8%	1.5%	4.9%
	90.0	3.0%	15.7%	11.6%	9.1%	8.3%	6.2%	5.1%	3.8%	2.4%	6.1%
	90.1 - 94.9	3.5%	16.9%	12.4%	9.5%	7.3%	5.1%	3.9%	2.8%	1.5%	5.7%
	95 - 97.4	9.5%	18.0%	13.3%	10.3%	8.3%	6.6%	4.9%	3.9%	2.4%	7.2%
	97.5 - 104.9	28.2%	30.8%	19.6%	15.0%	10.6%	8.7%	6.5%	5.2%	3.2%	12.5%
105 +	5.9%	21.3%	11.4%	11.8%	9.8%	7.0%	5.0%	3.7%	1.2%	6.4%	
Total	1.8%	12.3%	8.1%	6.1%	4.5%	3.2%	2.3%	1.6%	0.6%	2.5%	

Enterprise-Acquired FRMs, 2004											
		FICO Bucket									Total
		Missing	0 - 619.9	620 - 639.9	640 - 659.9	660 - 679.9	680 - 699.9	700 - 719.9	720 - 739.9	740 +	
LTV Bucket (%)	Missing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0 - 59.9	0.6%	8.9%	5.6%	3.9%	2.7%	2.1%	1.5%	1.0%	0.4%	1.4%
	60 - 69.9	0.8%	12.0%	7.8%	6.3%	4.5%	3.4%	2.5%	1.8%	0.8%	2.9%
	70 - 74.9	1.4%	14.0%	9.3%	7.4%	5.9%	4.4%	3.2%	2.3%	1.1%	4.0%
	75 - 79.9	0.9%	13.6%	10.3%	7.9%	6.4%	4.8%	3.8%	2.6%	1.3%	4.2%
	80.0	1.0%	14.3%	10.3%	8.4%	6.4%	5.2%	3.9%	2.9%	1.4%	4.0%
	80.1 - 84.9	2.3%	16.8%	11.9%	9.5%	8.1%	6.5%	4.7%	3.5%	1.7%	6.5%
	85 - 89.9	1.8%	17.7%	12.7%	10.8%	8.4%	6.5%	5.3%	4.0%	2.2%	7.0%
	90.0	3.1%	18.5%	14.1%	12.1%	9.6%	8.1%	6.5%	5.1%	3.4%	7.9%
	90.1 - 94.9	4.2%	20.8%	14.8%	11.7%	8.5%	6.6%	4.7%	3.4%	2.2%	7.5%
	95 - 97.4	7.2%	20.8%	15.3%	12.5%	10.3%	8.3%	6.5%	5.2%	3.4%	9.1%
	97.5 - 104.9	25.6%	31.8%	22.0%	17.4%	13.3%	11.1%	8.7%	6.9%	4.3%	14.8%
105 +	9.2%	26.9%	18.4%	14.4%	11.2%	9.6%	5.3%	4.7%	2.5%	10.2%	

Table 1a. Enterprise-acquired Fixed-rate Mortgages, 90+ Day Delinquent, 2005-2008.

Enterprise-Acquired FRMs, 2005											
		FICO Bucket									Total
		Missing	0 - 619.9	620 - 639.9	640 - 659.9	660 - 679.9	680 - 699.9	700 - 719.9	720 - 739.9	740 +	
LTV Bucket (%)	Missing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0 - 59.9	2.1%	12.4%	8.4%	6.5%	4.9%	3.3%	2.3%	1.8%	0.6%	2.3%
	60 - 69.9	6.0%	17.7%	13.3%	11.0%	8.7%	6.8%	5.0%	4.1%	1.7%	5.4%
	70 - 74.9	6.4%	20.5%	16.2%	13.5%	11.0%	8.6%	6.8%	5.1%	2.3%	7.2%
	75 - 79.9	4.5%	18.8%	16.2%	13.6%	11.4%	9.3%	7.0%	5.7%	2.6%	7.3%
	80.0	5.3%	19.6%	16.4%	14.3%	11.6%	9.5%	7.8%	6.1%	3.0%	7.1%
	80.1 - 84.9	12.4%	21.2%	18.0%	15.0%	11.1%	10.0%	7.4%	5.9%	3.3%	9.5%
	85 - 89.9	7.6%	21.8%	18.8%	16.0%	13.2%	10.5%	9.1%	7.4%	3.7%	10.4%
	90.0	7.4%	23.1%	19.5%	17.5%	15.4%	13.3%	12.4%	9.8%	6.1%	12.1%
	90.1 - 94.9	12.2%	23.4%	18.2%	15.7%	12.0%	10.2%	8.2%	6.0%	3.4%	10.0%
	95 - 97.4	13.5%	25.9%	21.0%	18.4%	15.2%	13.0%	11.4%	9.1%	5.6%	12.8%
	97.5 - 104.9	35.2%	38.1%	29.4%	23.8%	18.9%	16.3%	12.8%	9.7%	6.0%	19.3%
105 +	10.8%	33.1%	13.4%	9.4%	9.9%	6.5%	4.1%	7.8%	1.9%	10.1%	
Total	13.4%	20.5%	16.7%	13.9%	11.0%	8.7%	6.8%	5.2%	2.2%	6.9%	

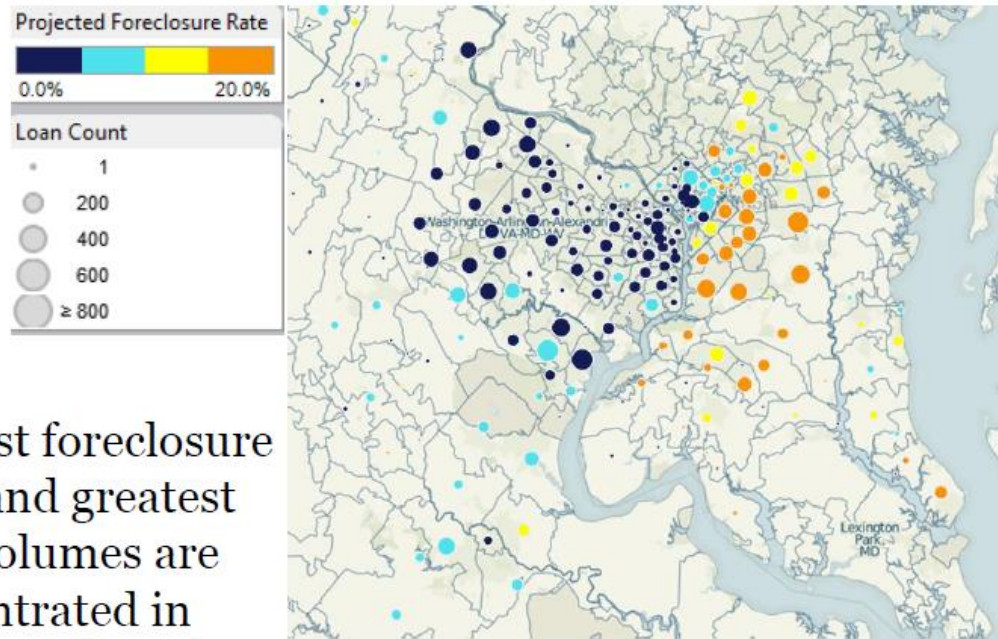
Enterprise-Acquired FRMs, 2006											
		FICO Bucket									Total
		Missing	0 - 619.9	620 - 639.9	640 - 659.9	660 - 679.9	680 - 699.9	700 - 719.9	720 - 739.9	740 +	
LTV Bucket (%)	Missing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0 - 59.9	2.6%	15.5%	11.3%	8.7%	6.4%	4.8%	3.4%	2.7%	0.9%	3.4%
	60 - 69.9	4.4%	23.7%	18.9%	15.9%	13.1%	10.4%	8.6%	6.6%	2.7%	8.3%
	70 - 74.9	7.6%	27.8%	22.7%	20.6%	16.8%	14.3%	11.5%	9.4%	4.4%	11.7%
	75 - 79.9	8.7%	25.2%	23.1%	20.9%	17.9%	15.5%	12.7%	10.0%	4.9%	11.8%
	80.0	6.6%	25.9%	24.2%	21.3%	19.3%	16.6%	14.0%	10.9%	5.3%	11.8%
	80.1 - 84.9	10.4%	27.1%	22.5%	20.3%	16.9%	16.1%	11.8%	10.3%	5.7%	14.1%
	85 - 89.9	11.0%	28.1%	24.4%	21.9%	19.4%	16.8%	14.1%	11.4%	6.2%	15.3%
	90.0	8.1%	30.2%	26.0%	23.1%	21.9%	19.7%	16.2%	14.4%	9.1%	17.0%
	90.1 - 94.9	6.0%	28.3%	25.5%	20.1%	15.9%	13.8%	12.1%	9.3%	5.8%	13.8%
	95 - 97.4	11.5%	33.3%	27.5%	23.2%	19.3%	18.8%	16.4%	13.2%	8.6%	17.3%
	97.5 - 104.9	49.7%	47.8%	36.0%	29.6%	25.0%	20.2%	16.1%	12.6%	7.8%	25.8%
105 +	0.0%	29.9%	18.3%	11.2%	19.9%	18.1%	9.8%	5.8%	7.6%	15.7%	
Total	21.9%	28.5%	23.8%	20.2%	17.1%	14.4%	11.6%	9.1%	4.1%	11.1%	

Enterprise-Acquired FRMs, 2007											
		FICO Bucket									Total
		Missing	0 - 619.9	620 - 639.9	640 - 659.9	660 - 679.9	680 - 699.9	700 - 719.9	720 - 739.9	740 +	
LTV Bucket (%)	Missing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0 - 59.9	2.6%	18.3%	11.7%	9.1%	6.4%	4.9%	3.6%	2.5%	0.8%	3.4%
	60 - 69.9	6.9%	27.8%	18.8%	16.2%	13.5%	11.3%	8.8%	6.9%	2.6%	8.4%
	70 - 74.9	9.4%	33.2%	23.7%	20.3%	17.3%	15.4%	12.4%	9.5%	4.2%	12.1%
	75 - 79.9	7.0%	29.8%	24.6%	20.7%	18.3%	16.2%	13.6%	10.9%	5.1%	12.2%
	80.0	6.4%	29.8%	25.0%	21.3%	18.9%	16.7%	14.2%	10.7%	4.8%	11.6%
	80.1 - 84.9	3.8%	31.7%	25.4%	23.0%	20.6%	19.8%	17.8%	13.5%	7.5%	17.4%
	85 - 89.9	5.6%	35.1%	30.5%	26.2%	22.7%	22.1%	18.7%	15.2%	8.4%	19.6%
	90.0	8.8%	36.5%	31.4%	27.5%	25.6%	24.0%	20.6%	17.1%	9.8%	20.4%
	90.1 - 94.9	4.8%	34.1%	28.3%	26.4%	20.5%	21.6%	18.5%	14.2%	7.6%	18.1%
	95 - 97.4	12.6%	41.8%	31.2%	28.1%	24.8%	27.0%	23.4%	19.0%	10.6%	22.2%
	97.5 - 104.9	43.2%	51.6%	42.0%	35.5%	29.8%	24.7%	21.0%	16.0%	10.5%	29.5%
105 +	11.0%	32.0%	20.4%	27.6%	20.6%	23.7%	19.9%	12.9%	10.7%	17.5%	
Total	19.1%	35.1%	28.4%	23.6%	19.5%	17.0%	13.8%	10.5%	4.4%	13.3%	

Enterprise-Acquired FRMs, 2008											
		FICO Bucket									Total
		Missing	0 - 619.9	620 - 639.9	640 - 659.9	660 - 679.9	680 - 699.9	700 - 719.9	720 - 739.9	740 +	
LTV Bucket (%)	Missing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0 - 59.9	2.0%	12.0%	5.9%	4.2%	2.9%	1.8%	1.3%	0.9%	0.3%	1.1%
	60 - 69.9	3.7%	18.6%	10.6%	8.0%	5.7%	4.1%	2.8%	2.1%	0.7%	2.7%
	70 - 74.9	7.3%	23.8%	14.1%	10.9%	8.2%	5.9%	4.7%	3.2%	1.1%	4.1%
	75 - 79.9	8.2%	22.1%	15.0%	11.2%	8.5%	6.8%	5.0%	3.7%	1.4%	4.0%
	80.0	1.6%	21.7%	15.0%	11.0%	8.1%	6.0%	4.5%	3.2%	1.2%	3.6%
	80.1 - 84.9	6.1%	27.4%	20.3%	18.1%	12.1%	10.0%	8.4%	6.7%	2.8%	7.6%
	85 - 89.9	1.7%	28.1%	23.1%	18.2%	14.7%	12.4%	9.1%	6.5%	3.2%	8.2%
	90.0	7.4%	31.7%	23.9%	19.5%	15.9%	12.7%	9.7%	7.2%	3.4%	8.4%
	90.1 - 94.9	5.5%	27.9%	20.4%	18.5%	12.7%	10.5%	7.0%	5.3%	2.5%	7.4%
	95 - 97.4	12.7%	33.8%	24.9%	18.4%	14.7%	11.8%	9.1%	6.6%	3.0%	8.9%
	97.5 - 104.9	23.2%	41.6%	30.9%	26.7%	20.1%	13.3%	10.2%	7.8%	4.1%	13.2%
105 +	0.0%	23.0%	16.9%	22.4%	21.0%	11.6%	11.0%	10.5%	8.0%	11.8%	
Total	5.8%	22.1%	15.9%	12.2%	9.2%	7.0%	5.0%	3.6%	1.2%	4.1%	

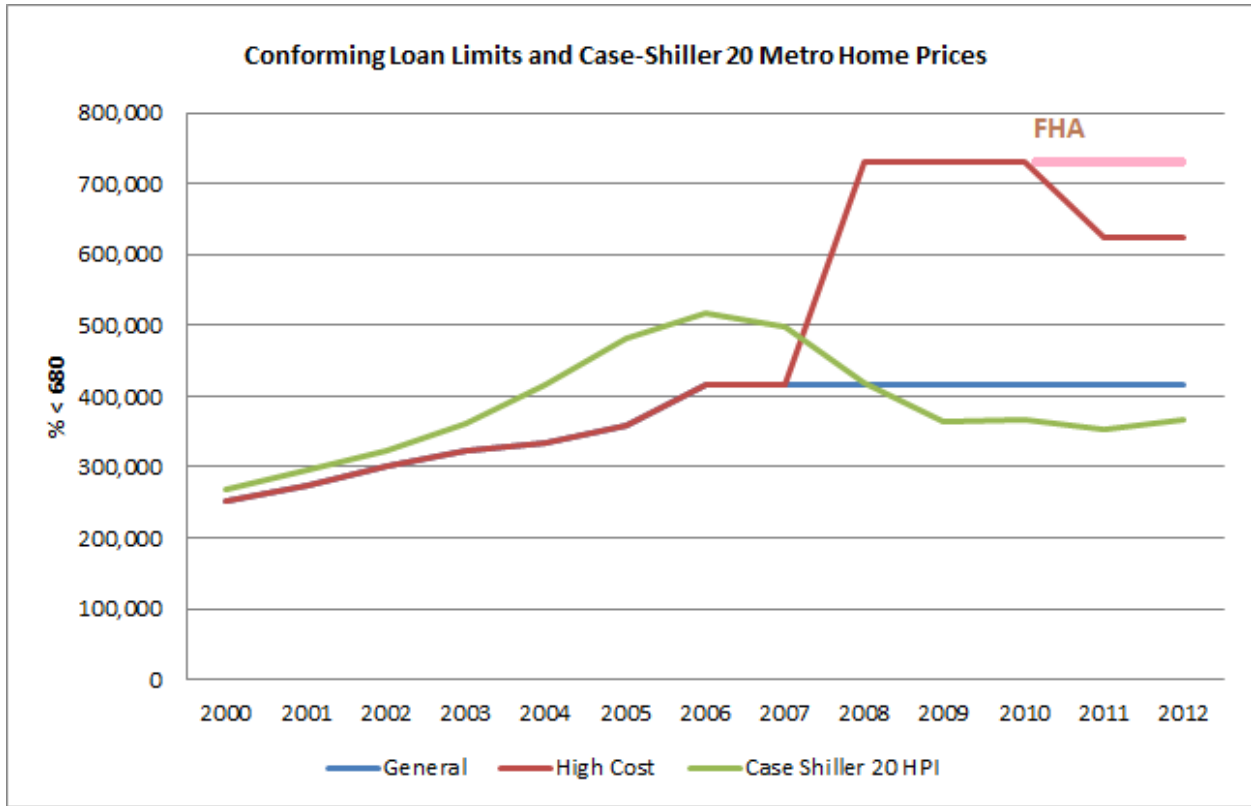
Figure 7. Projected Foreclosures Rate in the Greater Washington DC Area

Washington, DC: Projected Foreclosure Rate



Highest foreclosure rates and greatest loan volumes are concentrated in working-class zips.

Figure 8. Conforming Loan Limits and Home Prices



Source: Fannie Mae and S&P Case Shiller.

Figure 9. FHA 30 Year Mortgage Rates - Ginnie Mae 30 Year Current Coupon Rate

