

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## HOUSING

## FHA--GENERAL AND SPECIAL RISK INSURANCE

PROGRAM PERFORMANCE

| STRATEGIC GOAL/OBJECTIVE                                       | ACTUAL<br>2002 | ESTIMATE<br>2003 | ESTIMATE<br>2004 |
|--|----------------|------------------|------------------|
| <b>Strategic Goal FH: Ensure equal opportunity in housing.</b> |                |                  |                  |
| Discretionary BA (Dollars in Thousands)                        | \$2,676        | \$2,590          | \$2,634          |
| FTE  |                |                  |                  |
| Headquarters   | 1              | 2                | 2                |
| Field  | 7              | 7                | 7                |
| Subtotal   | 8              | 9                | 9                |
| S&E Cost (Dollars in Thousands)                                |                |                  |                  |
| Personal Services  | \$656          | \$769            | \$790            |
| Travel   | 8              | 7                | 8                |
| Transportation of Things                                       | 0              | 0                | 0                |
| Rent, Communications & Utilities                               | 0              | 0                | 0                |
| Printing   | 1              | 2                | 2                |
| Other Services   | 1              | 1                | 1                |
| Supplies   | 0              | 1                | 1                |
| Furniture & Equipment  | 0              | 0                | 0                |
| Claims & Indemnities   | 0              | 0                | 0                |
| Subtotal   | 666            | 780              | 802              |

EXPLANATION OF PERFORMANCEPerformance/Means and Strategies

Funding in the amount of \$2.6 million in program funding and \$0.8 million in Salaries and Expenses for a total of \$3.4 million to support Strategic Goal FH: Ensure equal opportunity in housing.

GI/SRI Insurance Programs. The Department will continue to offer a range of alternative loan guarantee programs to address specialized mortgage financing needs. These products include mortgage insurance for rehabilitating, developing, and refinancing of apartment buildings, nursing home facilities, nonprofit hospitals and Title I loans. The Department's insurance programs will continue to meet the Nation's need for decent, safe and affordable housing. The expansion of housing opportunities helps advance goals of fighting both discrimination and segregation. Appropriate performance measurement is under review.

Three scorecards, developed within the mortgage industry, are currently approved for use on FHA single family mortgages. These scorecards will be replaced by 1 developed by FHA for use specifically to assess the credit worthiness of FHA borrowers based on objective and consistent criteria statistically proven to predict the likelihood of borrower default. Unlike the present scorecards, borrowers are not rejected solely on the basis of the scorecard, but lenders are required to refer applicants for borrower information. Use of the FHA scorecard is expected to: (1) improve Fund performance by weeding out applicants that are unlikely to be able to sustain homeownership, (2) reduce racial and ethnic discrimination by using proven indicators to flag

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high risk borrowers, and (3) increase ultimately homeownership by informing high risk borrowers what is needed to lower their risk factors through homeownership counseling or other information.

Resource Management Information

Discretionary BA is expected to increase in fiscal year 2004 over fiscal year 2003. FTE remain unchanged in fiscal years 2003 and 2004.