

FHA and Subprime

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The **Office of the Comptroller of the Currency (OCC) Mortgage Metrics Report** uses standardized definitions for three categories of mortgage creditworthiness: prime, Alt-A, and subprime. These are defined using ranges of FICO credit scores at the time of origination: prime is 660 and above; Alt-A is 620 to 659; and subprime is below 620.

According to FHA's FY 2012 Q3 Report to Congress, FHA insured nearly 1.2 million single-family forward mortgage loans or over 25% of all home purchase mortgages in 2012. The average FICO score of an FHA borrower in 2012 was 699. The average FICO score on denied FHA applications was 670, well above scores that are defined as subprime. See chart below. Less than 4% of all FHA borrowers in the first half of 2012 had credit scores that are considered subprime (below 620).

