Annual Report to Congress

Regarding the Financial Status of the Federal Housing Administration Mutual Mortgage Insurance Fund

FEDERAL HOUSING ADMINISTRATION 1934 90 Years 2024

FISCAL YEAR 2024

Office of the Secretary Foreword

The Federal Housing Administration's (FHA) Annual Report to Congress on the Financial Status of the FHA Mutual Mortgage Insurance Fund for fiscal year 2024 paints a picture of a program that continues to succeed in making homeownership more affordable, more accessible, and more equitable for all. It's a key component of the Biden-Harris Administration's significant body of work to make homeownership a reality for more Americans, especially those who have historically been left out or left behind.

Despite facing a challenging market, in the past fiscal year FHA served more than 498,000 first-time homebuyers, over 82 percent of its volume. Similarly, FHA remained the leader by share of the market for mortgages supporting wealth-building for Black and Hispanic borrowers. In 2023, FHA served nearly 2.5 times the number of Black borrowers, and almost two times the number of Hispanic borrowers by share of volume than other market participants.

These are not just numbers or data points, these are people – real families – who deserve the opportunity to access programs designed to serve them when they need it most. FHA's responsibility to the nation's homeowners does not stop once they are in a home. Whether it is a loss of employment, the devastating impacts of natural disasters, or a reduction in wages, FHA's work to offer both immediate and long-term mortgage payment relief has helped more than 592,000 struggling homeowners to keep their homes this past fiscal year alone, and over 1.7 million were able to stay in their homes since 2020.

As this report details, FHA's actions throughout this past fiscal year – from updates to its 203(k) Rehabilitation Mortgage Insurance Program to instituting new Reconsideration of Value policies to protect borrowers from appraisal bias – represent the best of what government can deliver to make a lasting impact on this nation's housing.

Recently, we celebrated the 90th anniversary of FHA. As we looked back over its history, we recognized that although it's history may be stained, it is not too late to build a better, more inclusive chapter of the program.

The continuous evolution of the FHA insurance program is a testament to the work that we do as an agency to serve the American people in a way that reflects our diverse communities and meets the needs of individuals and families in real time. FHA makes a difference in the lives of Americans each and every day, and without it, we would not be able to provide the necessary opportunities Americans of all backgrounds need in order to thrive.

The Honorable Adrianne Todman

A Message from the Federal Housing Commissioner

I am pleased to present the Federal Housing Administration's (FHA) Fiscal Year 2024 annual report, which is the fourth annual report that the Biden-Harris Administration has submitted to Congress. In FY 2024, as in previous years, FHA played a leadership role making housing more affordable for, and accessible to, the nation's first-time homebuyers and borrowers of color. As of September 30, 2024, the Mutual Mortgage Insurance Fund (the Fund) showed a strong overall capital ratio of 11.47 percent, a testament to the ability to facilitate significant change while successfully meeting our fiduciary responsibilities to the Fund and the American taxpayer.

FHA has accomplished much during a time of great challenge for the nation's homebuyers and homeowners, navigating first through the COVID-19 pandemic and then through a transitioning mortgage market featuring the dual challenges of significantly higher interest rates and limited housing supply. During this challenging time, FHA has continued to provide insurance to more than 3.9 million borrowers over the last four years, while helping more than 1.7 million struggling homeowners keep their homes through FHA loss mitigation home retention options since 2020.

This past fiscal year, FHA continued to build out its policies and programs so that they work for more of the nation's individuals and families. For those purchasing homes, we saved them collectively more than $823 million over the last two years through our Annual Mortgage Insurance Premium reduction initiated in fiscal year 2023. For existing homeowners facing financial hardship who couldn't be helped by existing options due to higher interest rates, we developed a brand-new option called the Payment Supplement to help temporarily reduce their monthly payment while getting back on their feet. We also updated and modernized our offerings, including the 203(k) Rehabilitation Mortgage Insurance Program, to be able to better serve the needs of FHA borrowers into the future.

The progress detailed in this annual report is made possible by an exceptional team of public servants whose hard work is exceeded only by their commitment to the FHA mission. I hope you find the report helpful, and we look forward to any questions that you have about its contents and the work it represents.

Julia R. Gordon

Julia R. Gordon

Assistant Secretary for Housing
and Federal Housing Commissioner

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Executive Summary

Throughout fiscal year (FY) 2024, the Federal Housing Administration (FHA) played a major role in providing access to affordable mortgage credit that enabled hundreds of thousands of individuals and families to own their own home. Despite numerous challenges in the mortgage and housing markets that began in FY 2023 and continued during the majority of FY 2024, FHA served a total of 766,942 forward mortgage borrowers, including 603,040 purchase mortgages, over 82 percent of which went to first-time homebuyers, 242,796 borrowers who identify as people of color, as well as 26,501 Home Equity Conversion Mortgage (HECM) reverse mortgage borrowers aged 62 years or older. As of September 30, 2024, FHA had active mortgage insurance (Insurance in Force) on 7.81 million single family forward mortgages and 287,000 HECMs.

FHA also continued its work over the past fiscal year to assist homeowners facing difficulties in meeting their mortgage obligations and to improve its tools for supporting struggling homeowners now and in the future. The share of FHA borrowers who are seriously delinquent stood at 4.15 percent in September 2024, a slight increase from a year ago but consistent with rates seen prior to the COVID-19 pandemic.

During the last four years, FHA has demonstrated that thoughtful and responsive policies can expand homeownership and address long-standing inequities while maintaining a well-performing Mutual Mortgage Insurance Fund (MMI Fund). As of September 30, 2024, the MMI Fund capital ratio stood at 11.47 percent of Insurance in Force (IIF), representing an increase of 0.96 percentage points from the FY 2023 MMI Fund capital ratio of 10.51 percent.

On June 27, 2024, FHA marked the 90th anniversary of its creation under the National Housing Act of 1934. This anniversary celebrated nine decades of helping Americans achieve the dream of homeownership, especially for first time homebuyers and homebuyers of color. At the same time, it served as an opportunity to reflect on FHA's past participation in the redlining practices that discouraged investment in neighborhoods of color and kept many borrowers of color out of neighborhoods of higher opportunity, a reminder that we must always pursue fairness and equity in our programs. More than 91 million of the nation's low- and moderate-income and first-time homebuyers have benefitted from FHA's affordable mortgage financing since its creation, using FHA programs to build generational wealth through homeownership.

Access to Credit for Underserved Borrowers

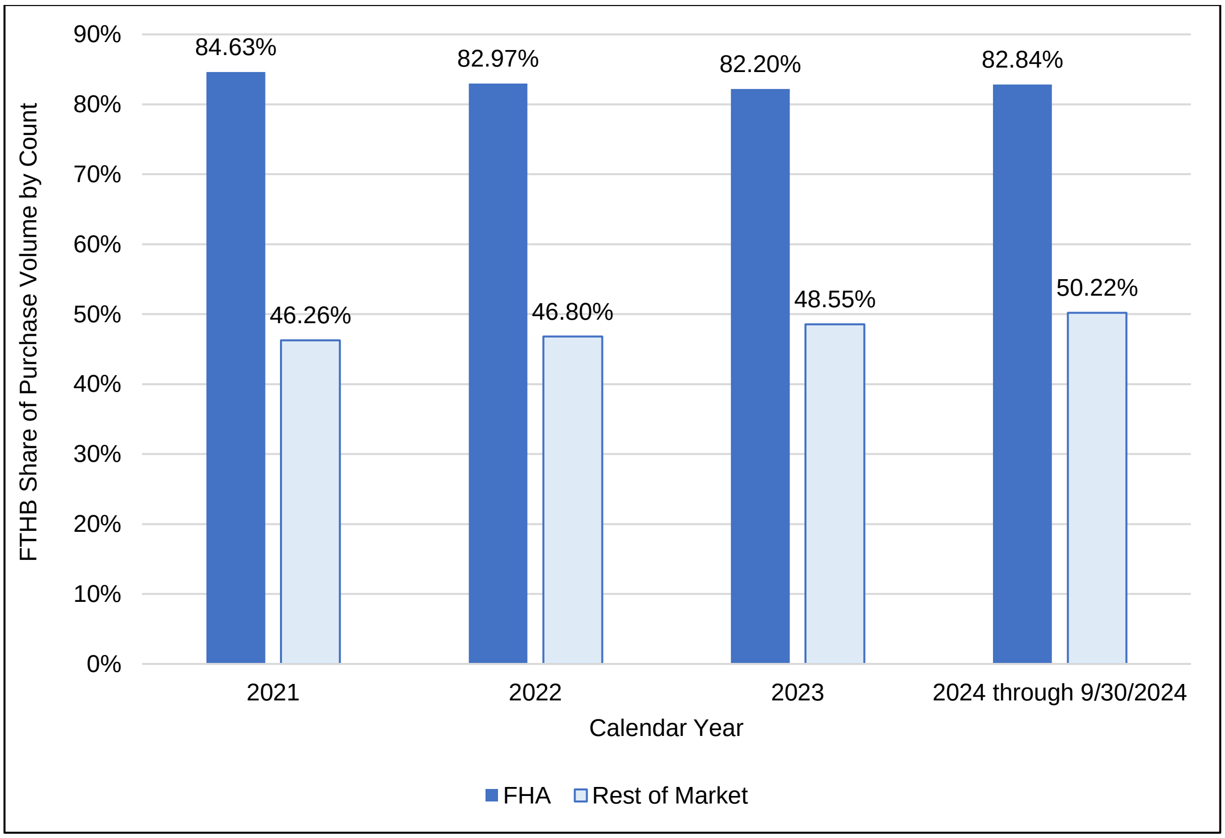
In FY 2024, FHA worked to expand sustainable access to credit, remove barriers to homeownership for first-time homebuyers, borrowers of color, and others underserved by the conventional mortgage market, and address long-standing challenges related to housing supply and affordability. During the past fiscal year, mortgage volume for the forward mortgage market moderately increased from FY 2023 but remained far below peak volumes experienced in FY

2020. Mortgage application volume has been negatively affected by mortgage rates that have remained higher than during the preceding three years. While rates are expected to moderate in FY 2025, the sustained high mortgage interest rate environment in FY 2024 posed affordability challenges for homebuyers and limited refinance activity. With that, it is important to note that the housing market as a whole experienced relatively flat originations as a result of higher interest rates and the relative absence of refinance loan volume.

FHA's performance has been helped by the 35 percent reduction in its annual Mortgage Insurance Premium (MIP), the ongoing fee that FHA charges lenders for its insurance, which was implemented in March 2023. Approximately 1,156,000 borrowers each saved an average of $453 annually as a result of the reduction. Total savings for these borrowers amounted to more than $828 million from March 2023 through September 30, 2024. Over the average loan life of 9.8 years, the forecasted total savings would be $5.1 billion.

As shown in Exhibit E-1, below, over the past four calendar years, more than 8 out of every 10 borrowers with FHA-insured home purchase mortgages were first-time homebuyers, whereas in the rest of the market, loans made to first-time homebuyers comprised half of originations. FHA-insured mortgages are particularly useful for borrowers whose incomes may be sufficient to sustain homeownership but who do not have substantial accumulated wealth. These low-wealth borrowers often have difficulty saving large down payments due to high rents and other financial pressures. For these borrowers, a lower-down payment product helps them overcome the upfront payment barrier — often the greatest obstacle to making the initial transition to homeownership.

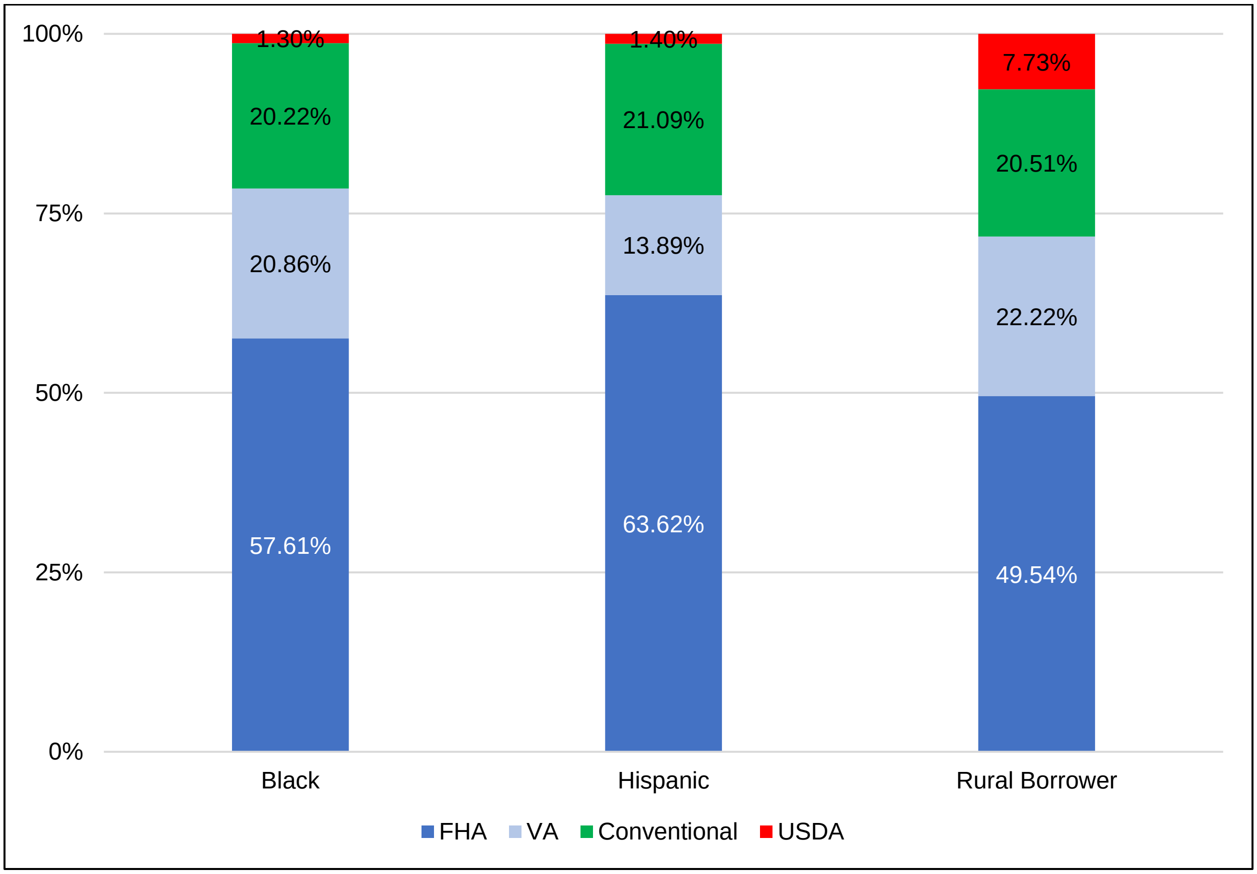
Exhibit E-1 Share of FHA Versus Market First-time Homebuyer Purchase Transaction Volume



SOURCE: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit I-1 does not include private label securities or portfolio lenders. This Exhibit is presented on a calendar year basis.
Refer to data table A-1 in Appendix A.

FHA is also the primary source of low down payment financing for underserved borrowers. As represented in Exhibit E-2, a majority of Black and Hispanic borrowers who obtained low down payment mortgages and slightly less than half of all rural borrowers who obtained low down payment mortgages obtained mortgages insured by FHA, according to calendar year 2023 Home Mortgage Disclosure Act (HMDA) data.

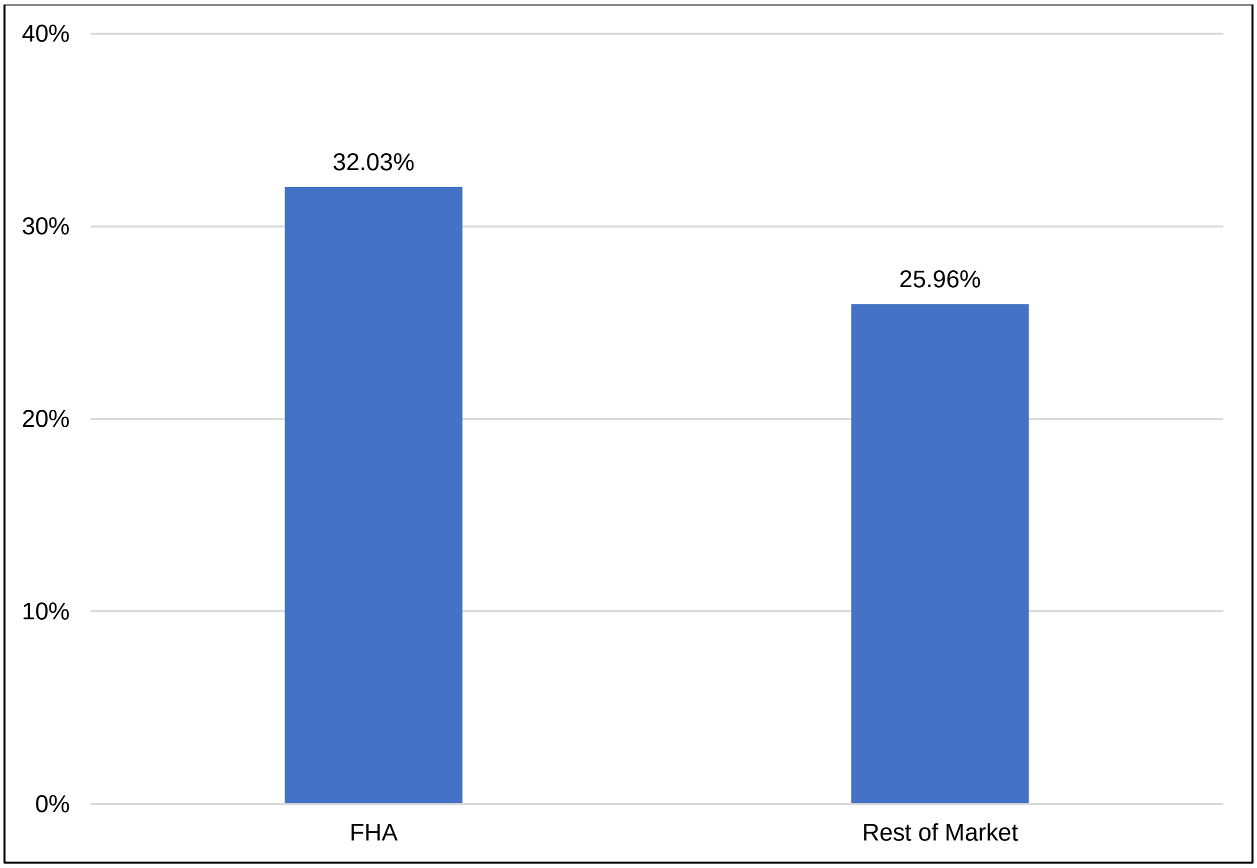
Exhibit E-2: Share of Low Down Payment (Less than 5%) Lending to Selected Underserved Borrower Groups



SOURCE: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Reflects originations from calendar year 2023.
Refer to data table A-2 in Appendix A.

FHA program components are also important in enabling low-income households to access homeownership. Exhibit E-3 shows that during calendar year 2023, 32 percent of FHA-insured mortgages were made to borrowers with incomes less than 80 percent of the Area Median Income, compared with 26 percent for the rest of the market.

Exhibit E-3: Share of Homebuyers in Calendar Year 2023 with Incomes Less than 80% of Area Median Income



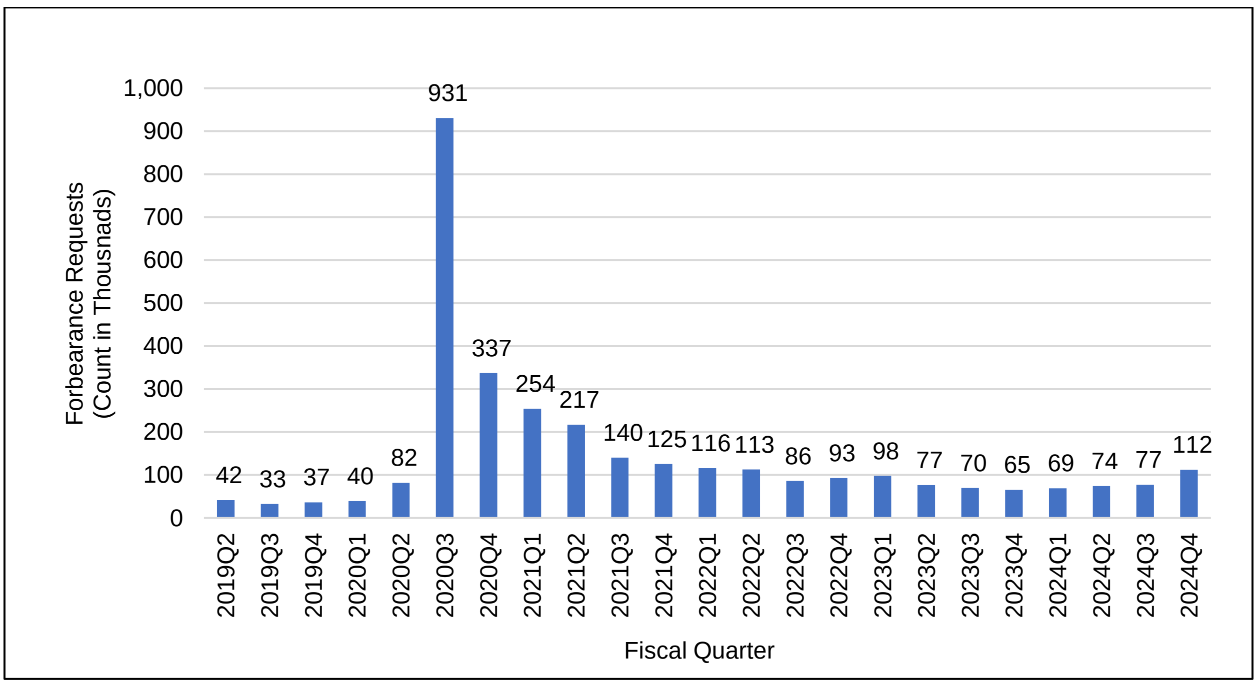
SOURCE: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Reflects originations from calendar year 2023.
Refer to data table A-3 in Appendix A.

Supporting Borrowers Facing Difficulties with Their Mortgage Payments

While the financial effects from the COVID-19 pandemic continued to recede in FY 2024, many borrowers continue to face financial hardship. In response, FHA continued its focus on providing mortgage servicers with tools to aid homeowners with FHA-insured mortgages who experienced difficulty making their mortgage payments due to adverse life events such as job or income loss, divorce, disability, natural disasters or death. This past fiscal year, FHA expanded its Loss Mitigation Home Retention options to help keep more than 592,000 struggling borrowers in their homes in FY 2024 alone. From 2020 through the end of FY 2024, FHA helped 1.7 million borrowers to stay in their homes through home retention solutions.

As Exhibit E-4 shows, in FY 2024, approximately 332,000[6] FHA borrowers requested and received forbearance for the first time, whether for income, natural disaster, or related hardships. This is in addition to the 2.7 million forbearances granted during the previous four years. Forbearance postpones mortgage payments for a period of time, but it does not forgive debt. Therefore, borrowers who obtain a forbearance must address the issue of repaying their accumulated mortgage arrearages. Prior to the pandemic, many borrowers who received a forbearance faced difficulty catching up on their mortgage payments after the forbearance period ended, since most lack sufficient savings to repay multiple months of arrearages all at once or through a repayment plan on top of making their regular mortgage payment. To address this problem, FHA's enhanced home retention solutions help borrowers catch up their arrearages and obtain sustainable monthly mortgage payments following forbearance.

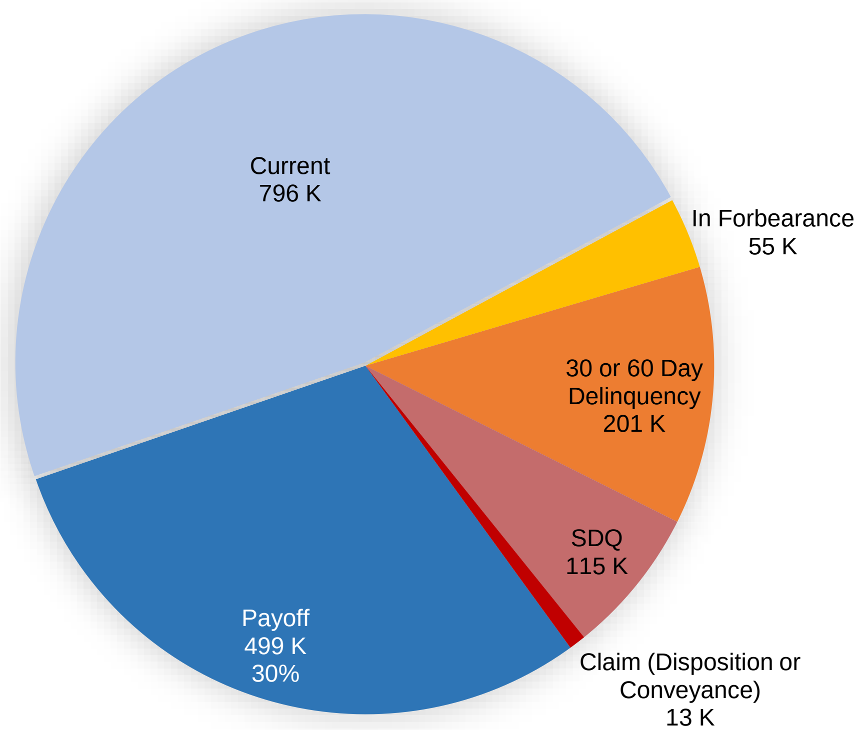
Exhibit E-4: FHA Forbearance Requests by Quarter (Count in Thousands)



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table A-4 in Appendix A. Data includes multiple occasions of forbearance.

FHA's post-forbearance home retention options have been extremely effective at helping borrowers avoid foreclosure and stay in their homes. As indicated by Exhibit E-5, approximately 1.7 million FHA borrowers entered into a COVID-19 forbearance from April 1, 2020, through September 30, 2024. Due to the multitude of measures taken to support borrowers during this challenging time, 77 percent of borrowers have emerged successful. 499,000 (30 percent) of the borrowers that received a COVID-19 forbearance paid off their loan and 796,000 (47 percent) of these borrowers are current on their mortgage. Only 13,000 (one percent) of these borrowers went to claim. The remaining 371,000 (22 percent) of these borrowers are currently in delinquency or forbearance.

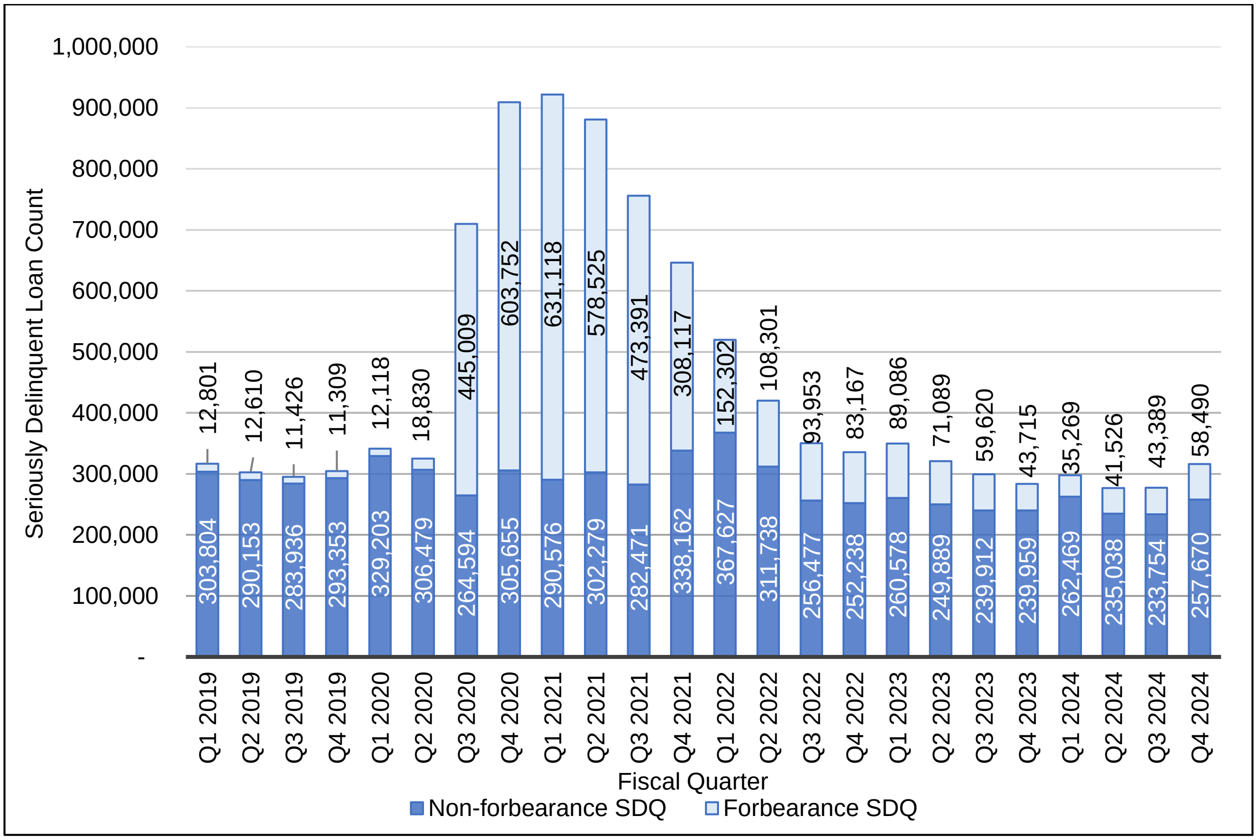
Exhibit E-5: Current Status of Borrowers Who Received COVID-19 Forbearance



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table A-5 in Appendix A.

Exhibit E-6 below shows that the number of seriously delinquent borrowers stood at 284,000 at the end of the third quarter of FY 2024 and increased to 316,000 as of September 30, 2024. The number of seriously delinquent borrowers on forbearance plans at the end of FY 2024 is around 15,000 more than at the end of FY 2023, increasing from 44,000 to 59,000. This increase accounts for about 45 percent of the total increase in the seriously delinquent (SDQ) portfolio. Most of the remaining seriously delinquent population consists of borrowers who either were delinquent prior to the start of the pandemic or became delinquent during the pandemic but never obtained forbearance.

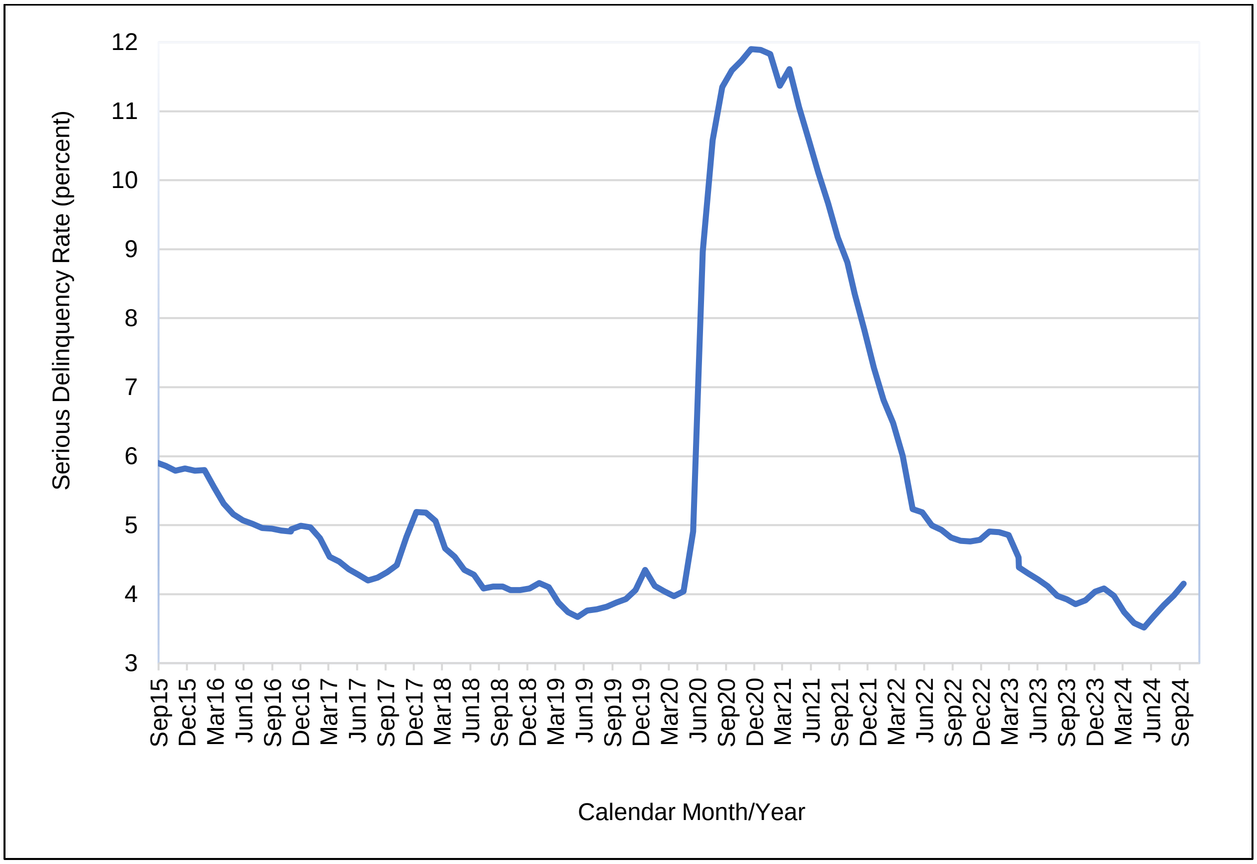
Exhibit E-6: Seriously Delinquent Borrowers



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table A-6 in Appendix A.

As reflected in Exhibit E-7 below, starting in April 2020, a significant number of FHA borrowers began to request approval to defer their monthly mortgage payments through forbearance. The serious delinquency rate rose from 3.97 percent in March 2020 to a peak of 11.90 percent in November 2020 partially due to seriously delinquent loans in forbearance. As borrowers continued to transition out of forbearance, the serious delinquency rate generally trended down and reached a historical low of 3.52 percent in May 2024. Since that low point, the serious delinquency rate rose over the next four months, ending the year at 4.15 percent in September 2024. This is 0.22 percentage points higher than the end of FY 2023 but 0.84 percentage points lower than the end of FY 2022.

Exhibit E-7: Historical Serious Delinquency Rates for FHA Mortgages

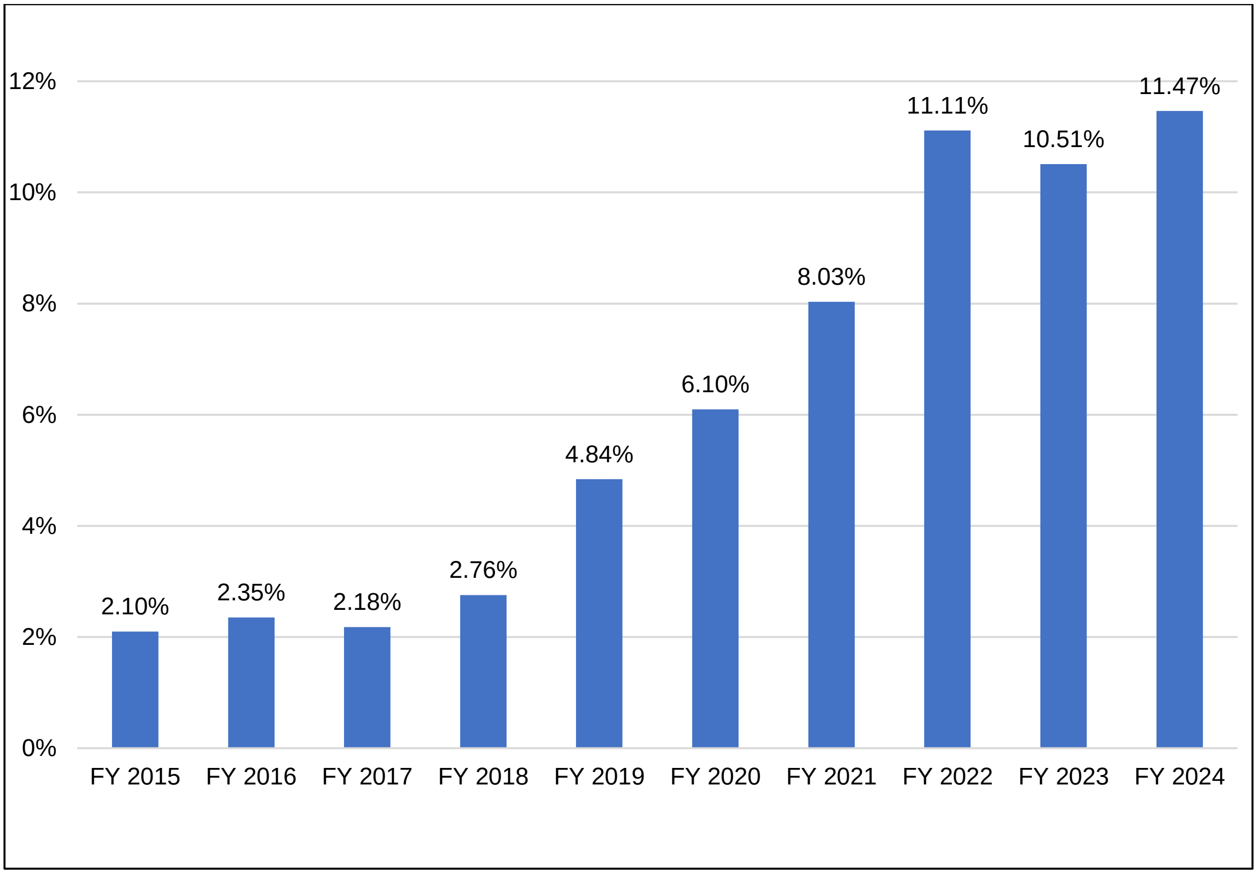


SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table A-7 in Appendix A.

Status of the Mutual Mortgage Insurance Fund

As FHA worked to expand access to affordable and sustainable homeownership in FY 2024, it prudently managed risk and maintained a strong MMI Fund. As shown in Exhibit E-8 below, as of September 30, 2024, the MMI Fund capital ratio stands at 11.47 percent of IIF. This ratio, which reflects a slight increase of 0.96 percentage points from the FY 2023 MMI Fund capital ratio of 10.51 percent, is more than five times the Congressionally mandated level of two percent.

Exhibit E-8: MMI Fund Capital Ratio FY 2015 – FY 2024

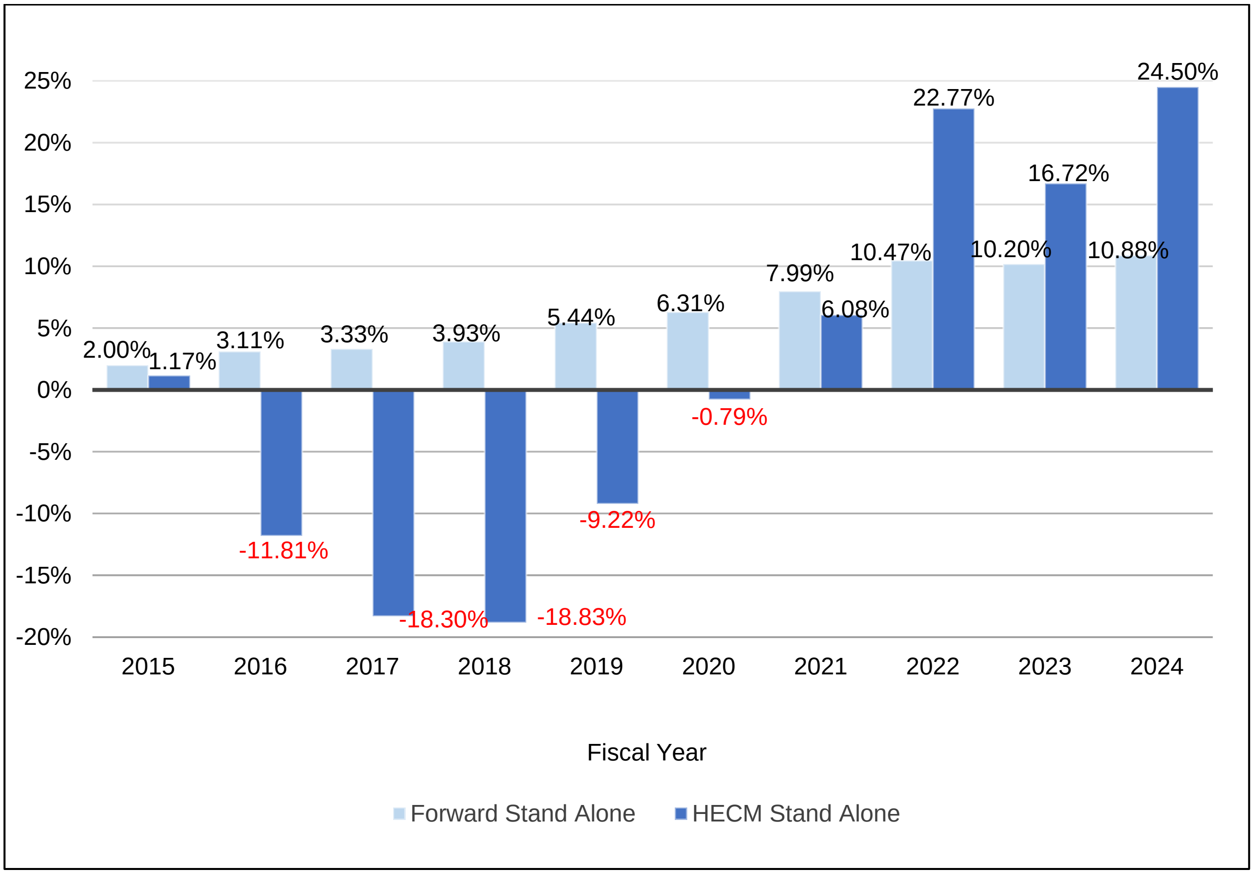


SOURCE: U.S. Department of HUD/FHA, October 2024. Refer to data table A-8 in Appendix A.

Exhibit E-9 displays stand-alone capital ratios for the forward and HECM portfolios since FY 2015. The financial performance of the forward mortgage portfolio remained strong this past fiscal year. The forward stand-alone capital ratio grew by 0.68 percentage points from 10.20 percent in FY 2023 to 10.88 percent in FY 2024.

The HECM portfolio, which accounts for roughly five percent of the MMI Fund, has a stand-alone capital ratio that increased from 16.72 percent in FY 2023 to 24.50 percent in FY 2024. The financial performance of the HECM portfolio improved mostly as the result of higher home price appreciation (HPA) forecasts. The HECM stand-alone capital ratio remained positive for the fourth year in a row. While the HECM portfolio is significantly more sensitive to relatively small changes in house price forecasts, the portfolio's small size relative to the total MMI Fund limits the impact of these fluctuations on the combined MMI Fund capital ratio.

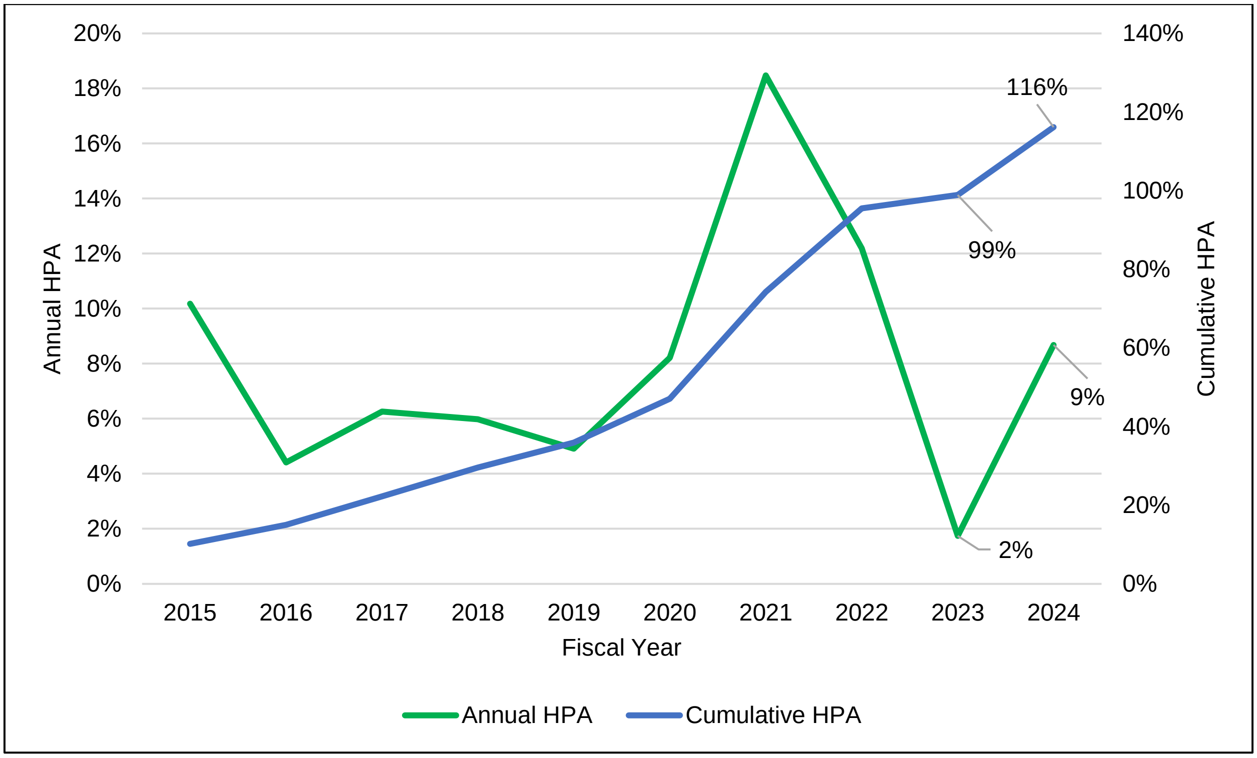
Exhibit E-9: Forward and HECM Stand-Alone Capital Ratios – FY 2015 to FY 2024



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table A-9 in Appendix A

HPA is a primary driver of changes to the MMI Fund capital ratio. The pace of HPA growth has moderated this fiscal year, and forward looking HPA projections have declined from the previous year. As shown in Exhibit E-10, below, average house prices have increased by more than 100 percent over the last ten years, with the most significant appreciation occurring in FY 2021 and FY 2022. As the rate of growth in HPA moderates due to macroeconomic factors, capital projections that drive the capital ratio will see reductions.

Exhibit E-10: Home Price Appreciation FY 2015 – FY 2024



SOURCE: U.S. Department HUD/FHA, Federal Housing Finance Agency (FHFA) House Price Index, October 2024.
Refer to data table A-10 in Appendix A.

The remainder of this report presents a more comprehensive discussion of FHA's activity and performance in FY 2024. The report has four chapters:

- Chapter I discusses how FHA expanded access to credit for homebuyers, especially first-time homebuyers and underserved borrowers.
- Chapter II describes how FHA supported borrowers facing difficulties making their mortgage payments.
- Chapter III presents a summary of borrower and portfolio characteristics for both the forward mortgage and HECM portfolios.
- Chapter IV provides an analysis of the performance of the MMI Fund.

Chapter I:

Access to Credit for Underserved Borrowers

The Federal Housing Administration (FHA) provides mortgage insurance that increases the availability of affordable mortgage financing particularly for first-time homebuyers and those borrowers and communities traditionally underserved by the conventional market. Underserved borrowers include people of color, families living in rural areas, younger borrowers, and senior homeowners. FHA also provides countercyclical support to the mortgage market as a whole, since its activity remains constant or increases when private mortgage financing constricts in times of economic stress.

In fiscal year (FY) 2024, mortgage volume for the forward mortgage market moderately increased from FY 2023 but remained far below peak volumes experienced in FY 2020. Home Equity Conversion Mortgage (HECM) reverse mortgage market volume, which is much more sensitive to both interest rates and home price appreciation, declined in FY 2024. In FY 2024, FHA endorsed 766,942 forward mortgages totaling $231.53 billion in original unpaid principal balance (UPB), as well as 26,501 HECMs totaling $13.36 billion in maximum claim amount (MCA).[1]

Mortgage application volume has been negatively affected by mortgage rates that have remained higher than during the preceding three years. While rates are expected to moderate in FY 2025, the sustained high mortgage interest rate environment in FY 2024 both posed affordability challenges for homebuyers and limited refinance activity. Higher rates also affected the available liquidity for some mortgage market participants, particularly the independent non-depository mortgage banks that now originate the significant majority of new forward and reverse mortgages in the country.

Additionally, steady increases in home prices over the past six years further contributed to lower volumes, particularly for those with limited incomes. While the pace of home price appreciation has moderated, sales prices remained high throughout FY 2024 and housing supply was at some of the lowest levels ever recorded, especially for lower-priced homes. These trends have significantly challenged the average FHA borrower, who typically earns a lower income and possesses limited resources to make a down payment on a mortgage.

With that, it is important to note that the housing market as a whole experienced relatively flat originations as a result of higher interest rates and the relative absence of refinance loan volume.[2] Within the overall market, FHA's forward mortgage purchase transaction loan volume remained steady, highlighting FHA's continued role in providing access to financing for first-time and repeat homebuyers through all economic cycles.

[1] Reverse mortgage outstanding balances typically increase over time, therefore FHA measures the total exposure from endorsed reverse mortgages to the MMIF by maximum claim amount.

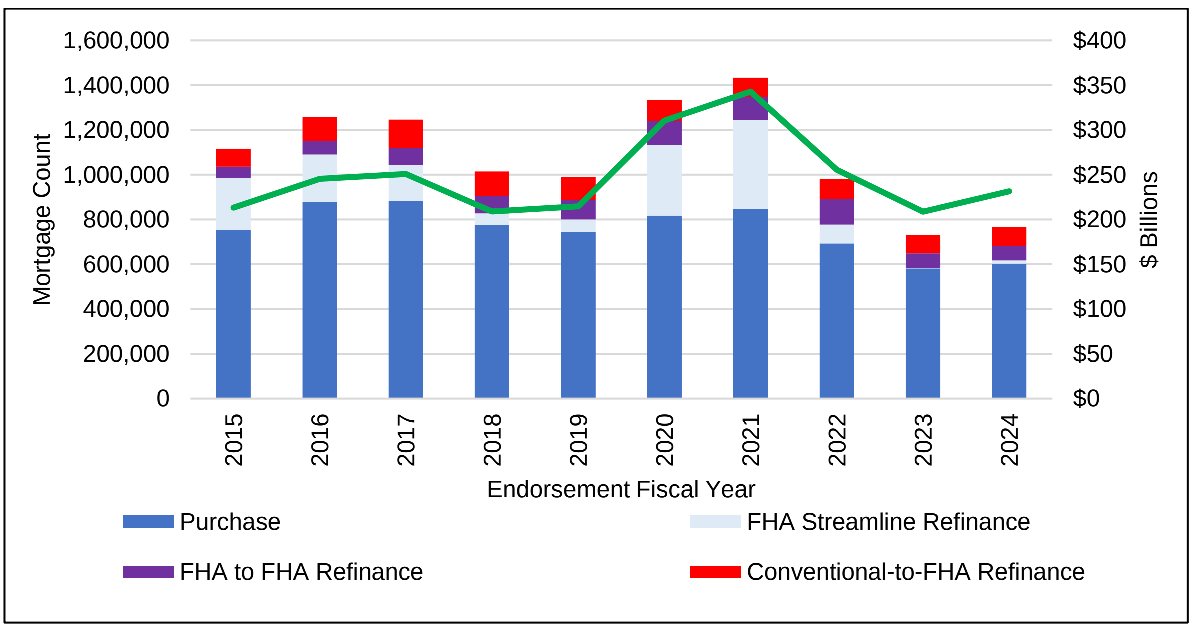
[2] Comparing FHA data from Oct 2023-Sept 2024 to market data from Oct 2023-June 2024 that is proportionally scaled up for four quarters of activity.

FHA's performance has been helped by the 35 percent reduction in its annual Mortgage Insurance Premium (MIP), the ongoing fee that FHA charges lenders for its insurance, which was implemented in March 2023. FHA's annual MIP is calculated as a percentage of the outstanding loan balance, and lenders typically assess the annual MIP via 12 equal payments included in a borrower's monthly mortgage payment. The reduction applied to most forward mortgages secured by single family homes, condominiums, and manufactured homes. Throughout FY 2024, the annual MIP reduction contributed to maintaining the availability of affordable mortgage financing despite market constraints. The cut was carefully designed to maximize cost savings for new borrowers while maintaining FHA's actuarial soundness for new insurance endorsements.[3]

Approximately 1,156,000 borrowers each saved an average of $453 annually as a result of the reduction. Total savings for these borrowers amounted to more than $828 million from March 2023 through September 30, 2024. Over the average loan life of 9.8 years, the forecasted total savings would be $5.1 billion.

Exhibit I-1 below provides a historical overview of FHA forward mortgage endorsements by purpose and of the aggregate original UPB of endorsed mortgages for each of the last ten fiscal years. In FY 2024, FHA endorsed 603,040 home purchase mortgages through its forward mortgage program. Of these purchase mortgages, 82.64 percent, or 498,363 mortgages, were for first-time homebuyers. The original UPB of all endorsed forward mortgages in FY 2024, including both purchase and refinance mortgages, totaled $231.53 billion, an increase of approximately 11 percent from FY 2023.

Exhibit I-1: Historical FHA Forward Mortgage Endorsement Activity



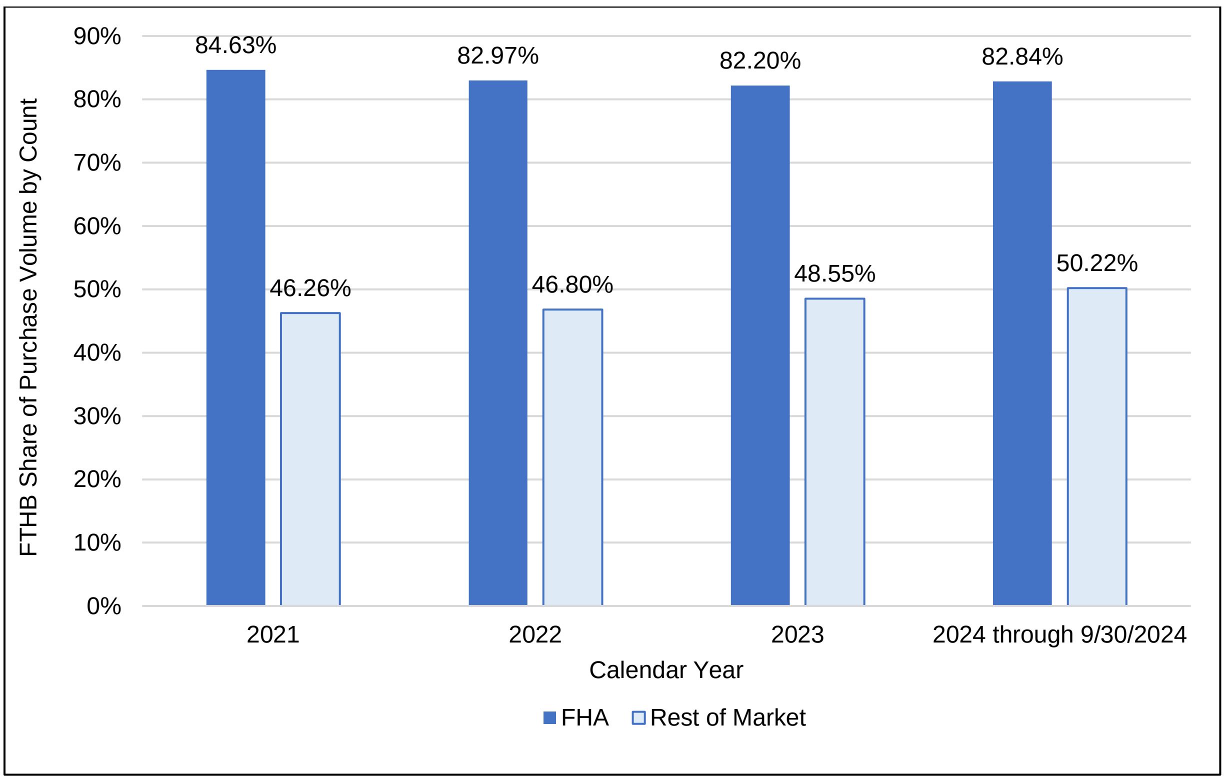
SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table B-1 in Appendix B.

[3] FHA is statutorily mandated to maintain the capital necessary to pay all expected losses for its insured portfolio in its Mutual Mortgage Insurance Fund (MMIF). In addition, FHA is required to maintain excess reserves of two percent of its total outstanding insurance in force.

As shown in Exhibit I-2, below, over the past four calendar years, more than 8 out of every 10 borrowers with FHA-insured home purchase mortgages were first-time homebuyers, whereas in the rest of the market, loans made to first-time homebuyers comprised half of originations. FHA-insured mortgages are particularly useful for borrowers whose incomes may be sufficient to sustain homeownership but who do not have substantial accumulated wealth. These low-wealth borrowers often have difficulty saving large down payments due to high rents and other financial pressures. For these borrowers, a lower-down payment product helps them overcome the upfront payment barrier — often the greatest obstacle to making the initial transition to homeownership.

Additionally, a prospective borrower's level of wealth is typically closely correlated to their credit score and history because borrowers with access to wealth can tap their resources to continue paying their debts if they have an event that interrupts their income or temporarily increases their expenses. Because FHA permits wider parameters with respect to credit score and credit history than many other market participants, it can serve many qualified households, including those of limited financial circumstances and those with lower credit scores, who would have been unable to obtain affordable mortgage financing from other sources.

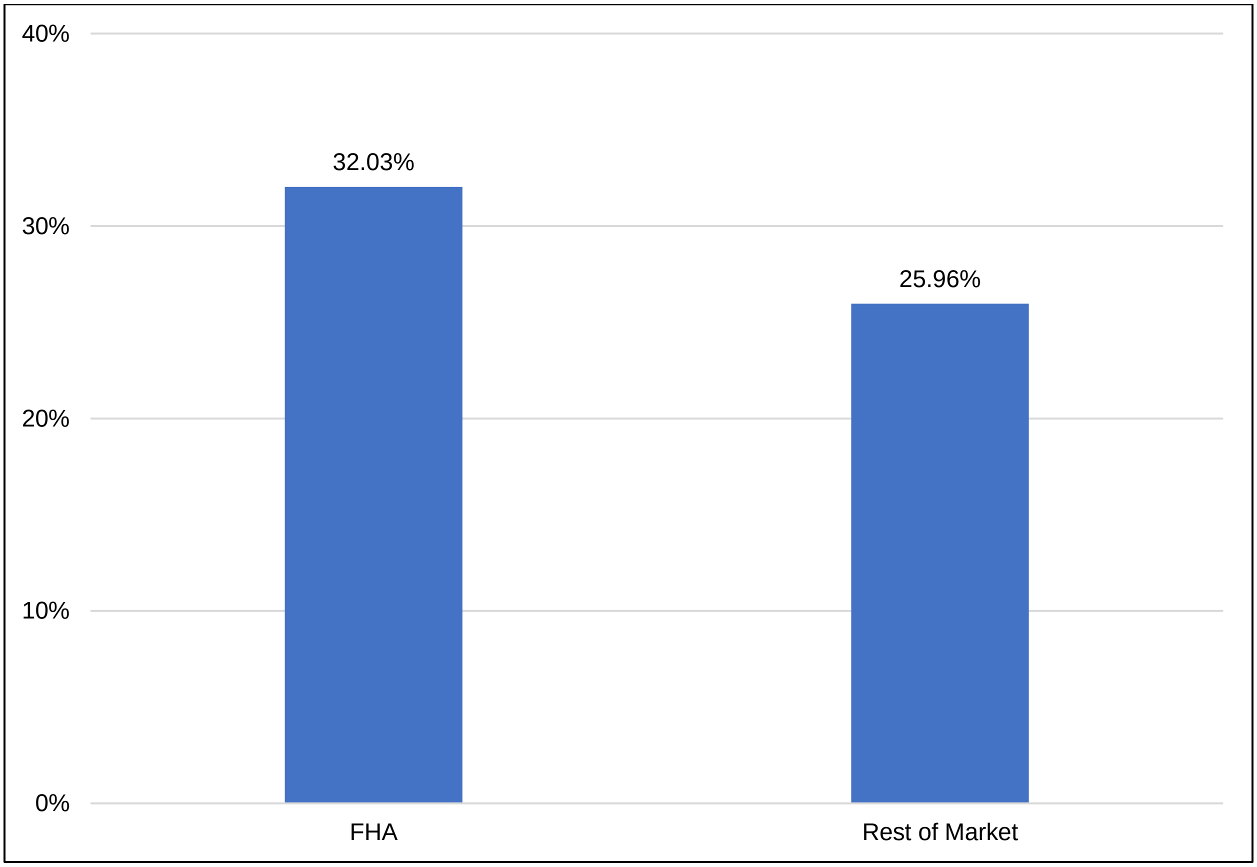
Exhibit I-2: Share of FHA Versus Market First-time Homebuyer Purchase Transaction Volume



SOURCE: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data Exhibit I-3 does not include private label securities or portfolio lenders. Exhibit is presented on a calendar year basis. FHA revised its calculation methodology in FY 2024 which resulted in adjustments to previously published numbers for calendar year 2022 through 2023.
Refer to data table B-2 in Appendix B.

FHA program components are also important in enabling low-income households to access homeownership. Exhibit I-3 shows that during calendar year 2023, 32 percent of FHA-insured mortgages were made to borrowers with incomes less than 80 percent of the Area Median Income, compared with 26 percent for the rest of the market.

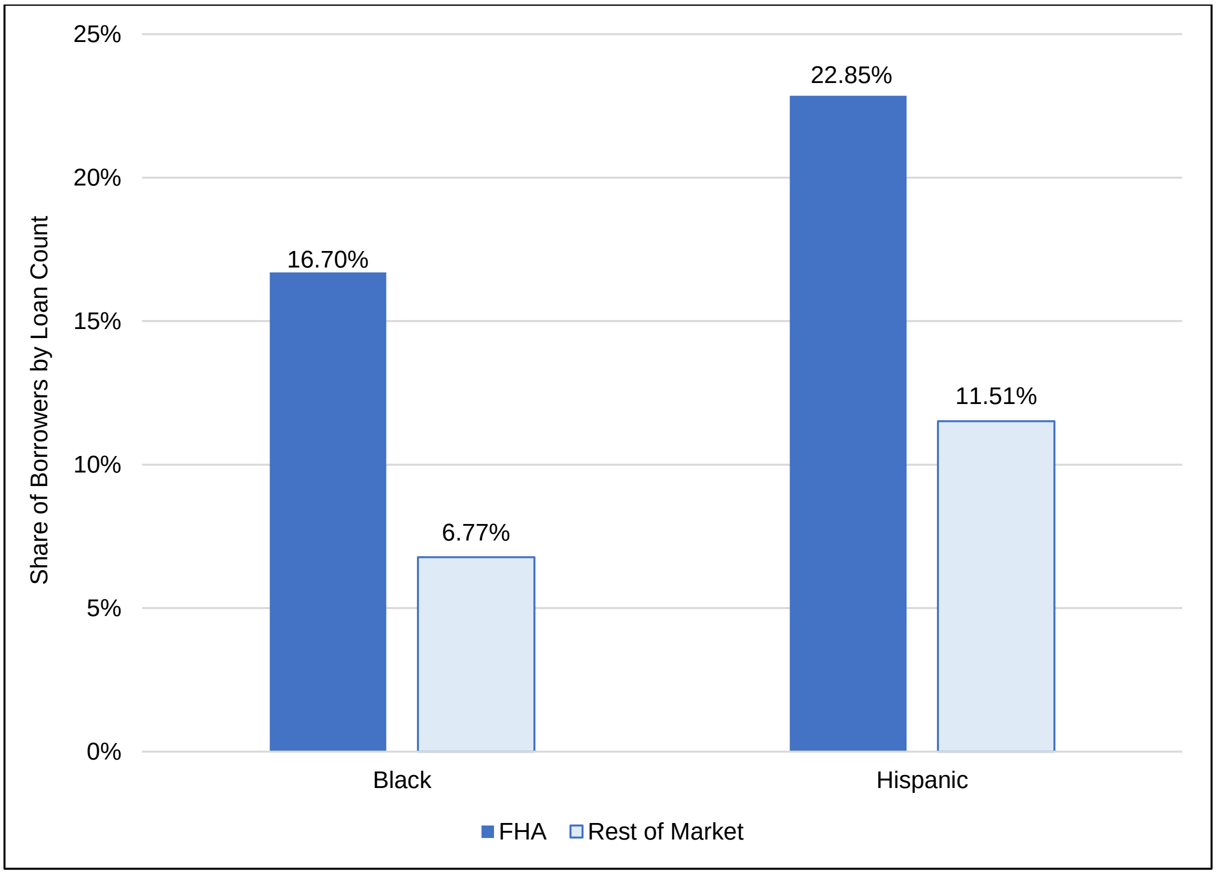
Exhibit I-3: Share of Homebuyers in Calendar Year 2023 with Incomes Less than 80% of Area Median Income



Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit reflects originations from calendar year 2023.
Refer to data table B-3 in Appendix B.

According to 2023 U.S. Census data, 45.9 million (one out of every seven) Americans self-identify as Black and 65.3 million (one out of every five) self-identify as Hispanic. As illustrated in Exhibit I-4 below, approximately one out of every six FHA-insured mortgage loans are made to a Black borrower and slightly less than one out of every four loans are made to a Hispanic borrower, according to calendar year 2023 HMDA data. In the market as a whole, approximately one in fifteen loans are made to a Black borrower, and approximately one in eleven loans are made to a Hispanic borrower.

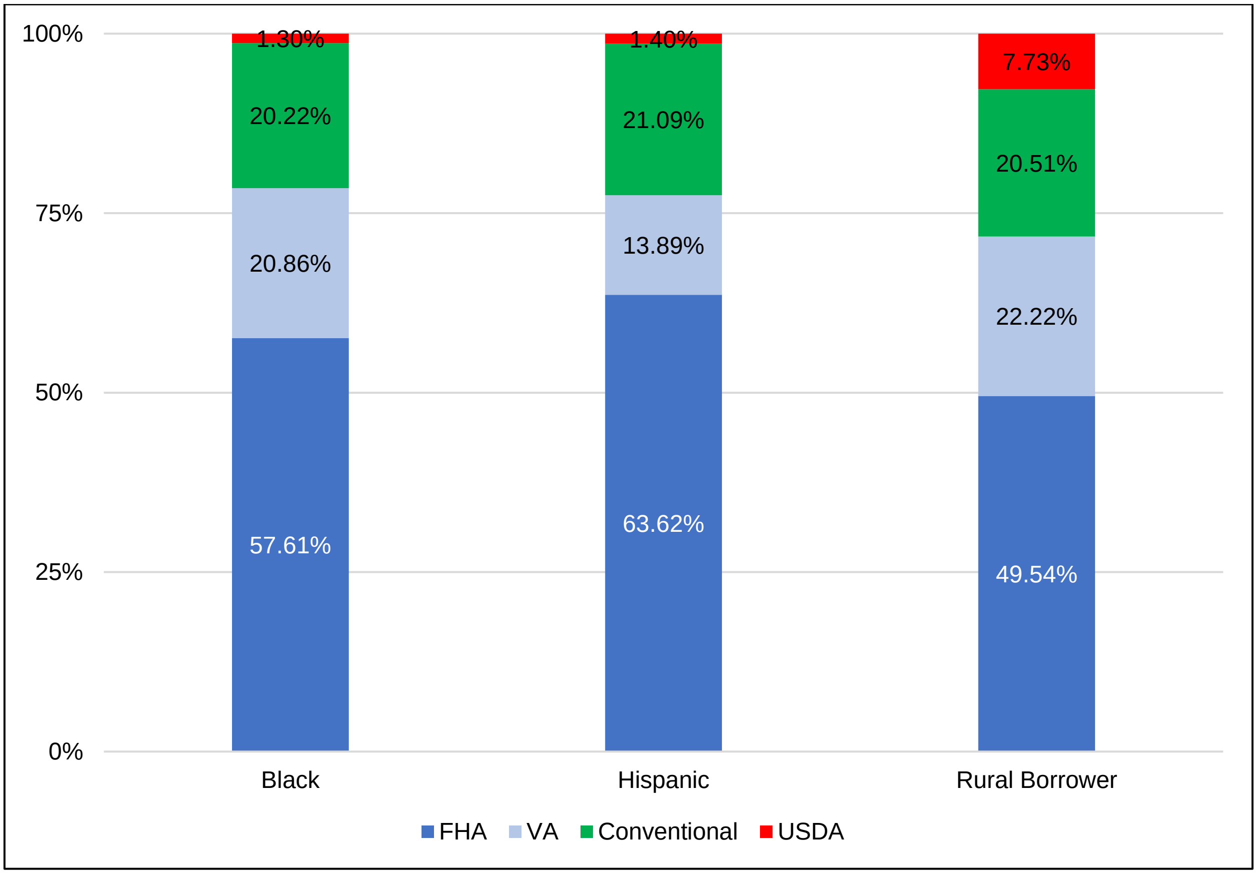
Exhibit I-4: FHA's Share of Lending to Black and Hispanic Borrowers Compared to Other Market Participants



Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit reflects originations from calendar year 2023. Refer to data table B-4 in Appendix B.

FHA is also the primary source of low down payment financing for underserved borrowers. As represented in Exhibit I-5, a majority of Black and Hispanic borrowers and slightly less than half of all rural borrowers who obtained low down payment mortgages did so with mortgages insured by FHA, according to calendar year 2023 Home Mortgage Disclosure Act (HMDA) data.

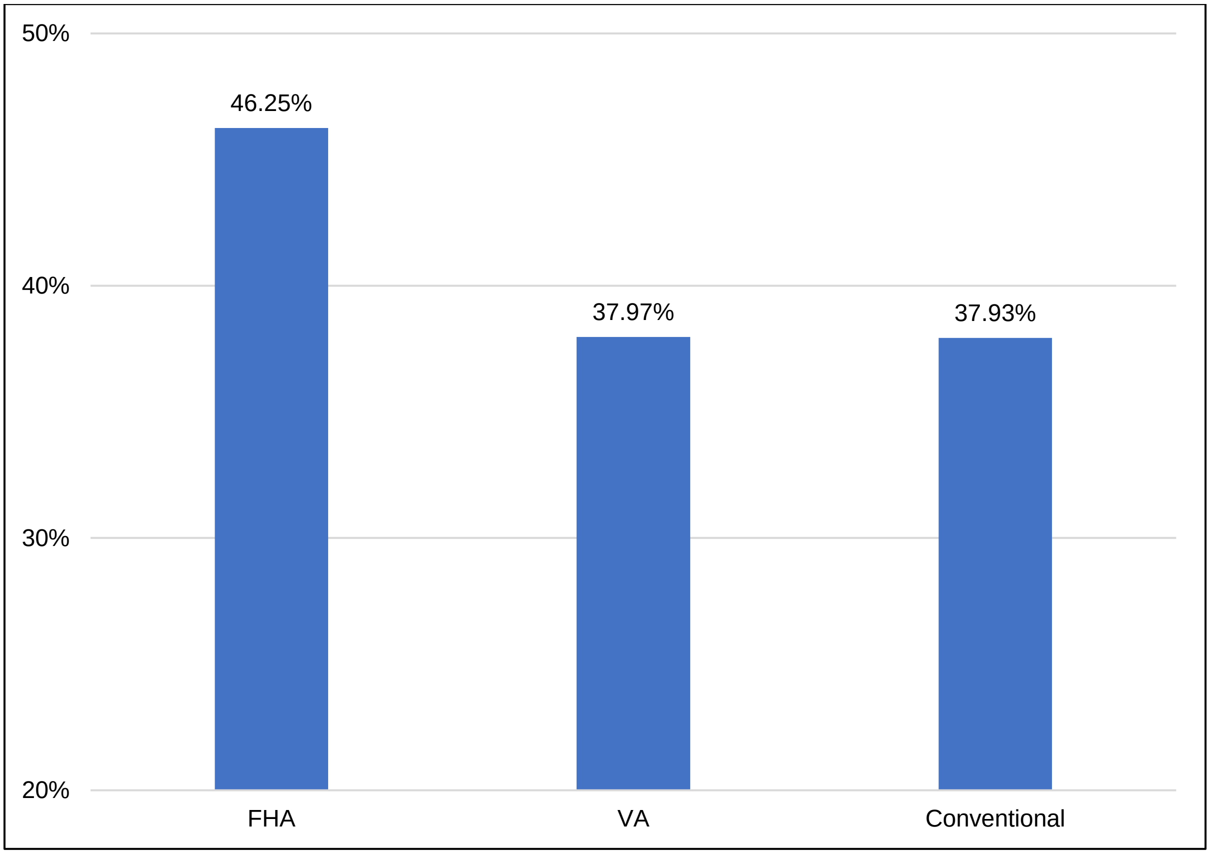
Exhibit I-5: FHA's Share of Low Down Payment (less than 5%) Lending to Selected Underserved Borrower Groups



Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit reflects originations from calendar year 2023
Refer to data table B-5 in Appendix B.

FHA is also an important vehicle for helping young borrowers access homeownership. As shown in Exhibit I-6, 46.25 percent of the borrowers who used an FHA-insured mortgage to buy a home in calendar year 2023 were under the age of 35, as compared to 37.97 percent for VA and 37.93 percent for conventional mortgages. The earlier in life an individual or family can purchase a home, the more likely they are to build wealth through homeownership.

Exhibit I-6: Share of Homebuyers Under the Age of 35



Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Reflects originations from calendar year 2023.
Refer to data table B-6 in Appendix B. A conventional mortgage is a loan for buying a home that is not insured or guaranteed by a government agency.

Removing Barriers to Homeownership

In FY 2024, FHA expanded on its work over the prior three years to remove barriers to homeownership and fulfill its role in providing sustainable and affordable access to mortgage financing for borrowers not adequately served by the private mortgage market. During the fiscal year, FHA worked to remove barriers to homeownership by expanding its language access resources, to advance appraisal equity by updating its policies for reconsideration of appraisal valuations, and to ensure that the Home Equity Conversion Mortgage (HECM) program remained an available source for seniors to age in place.

Language Access

Understanding the products, processes, and documents associated with a mortgage transaction is vital to a borrower's ability to become a successful homeowner. For many borrowers, knowledge of English represents a significant barrier to homeownership. In July 2024, FHA expanded its available translations of critical mortgage documents and homebuyer education resources. FHA now has almost 60 documents available on its Language Access Resources web page for borrowers in Chinese, Korean, Spanish, Tagalog, and Vietnamese. This work helps borrowers with limited English proficiency (LEP) to understand the homebuying process and the mortgage documents themselves, which they ultimately will need to execute in English.

These newly translated mortgage documents complement FHA's work last year to require lenders to use and submit to FHA the Supplemental Consumer Information Form (SCIF) when originating mortgages for FHA insurance. The SCIF (Fannie Mae/Freddie Mac Form 1103) is an industry-recognized form used during the mortgage application process that allows borrowers to voluntarily identify language preferences and provide information on housing counseling and homeownership education they may have received. It can alert a lender or mortgage servicer that they are working with an LEP borrower and give them insight into a borrower's understanding of the homebuying and mortgage lending processes. Information submitted on the SCIF informs FHA of trends in language preferences for the borrowers it serves, which in turn may influence future actions in this area. Additionally, HUD updated its *Single Family Housing Policy Handbook 4000.1* to begin requiring servicers to transfer the borrower's language preference to the successor servicer in the case of a servicing transfer.

Appraisal Equity

In June 2021, the Biden-Harris Administration took action to address racial bias in property appraisals by creating the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE). The PAVE Task Force aimed to evaluate the causes, extent, and consequences of appraisal bias and to establish a transformative set of recommendations to root out racial and ethnic bias in home valuations. PAVE is led by HUD and the White House Domestic Policy Council and includes 11 other federal agencies.

In fulfillment of its commitment to the PAVE Task Force, on May 1, 2024, FHA announced new Reconsideration of Value requirements that enable borrowers to request a re-assessment of the appraised value of their property if they believe their appraisal was inaccurate or biased. The policy includes requirements for transactions in both the Single Family forward and HECM programs.

As of October 31, 2024, FHA-approved lenders are required to disclose to borrowers that they may request a reconsideration of the value of their house with instructions that explain the process, including what information will be required from a borrower and the expected Reconsideration of Value processing times. These disclosures must be provided at both the time of mortgage application and at the presentation of the appraisal. The new policy will give borrowers, particularly borrowers of color who are disproportionately harmed by appraisal bias, greater ability to have their home valuation reconsidered.

During the past fiscal year, FHA also completed the actions necessary to contribute its appraisal data to the Federal Housing Finance Agency's centralized federal appraisal database. A sample of this data became public in October 2024. Making this FHA data publicly available will help to inform research into equitable valuation strategies, potential enforcement actions, and policies and practices to mitigate bias.

Supporting the Home Equity Conversion Mortgage Program for Seniors

In FY 2024, FHA continued to protect the HECM program by addressing significant liquidity challenges faced by some participating lenders and servicers. These challenges resulted from rising interest rates along with moderating home price appreciation, both of which have more significant effects on the HECM portfolio than on the forward mortgage portfolio. A full description of the HECM program can be found in Chapter III of this report.

The changes FHA implemented to the HECM program this past fiscal year were designed to address ongoing lender liquidity concerns. At the same time, they reinforced FHA's commitment to the HECM program as a means for seniors aged 62 years or older to age in place by tapping into their home's equity.

FY 2024 HECM program changes updated mortgage servicing requirements to streamline processes and reduce operational costs for mortgage servicers. The changes included: (1) allowing borrowers to certify by phone that they occupy their home when completing annual occupancy certifications rather than being required to do so in writing; (2) enhancing incentives paid to mortgage servicers and borrowers/heirs for completing alternatives to foreclosure through deeds-in-lieu of foreclosure and short sales; and (3) permitting assignment of eligible HECMs to HUD more quickly after the servicer has funded a cure for a borrower's delinquent financial obligations.

Last but certainly not least, for the first time FHA released a fully updated and consolidated set of requirements for the origination and servicing of HECMs in FHA's *Single Family Housing Policy Handbook* 4000.1. This document furthers understanding and use of the program and reduces reliance on hundreds of individual documents that previously governed the program.

The actions described above built upon similar work throughout FY 2023 to address liquidity in the reverse mortgage market. That work included streamlining HECM claim submission procedures to allow HECM lenders to more quickly receive payments of insurance proceeds. In addition, in FY 2023, FHA improved its tools for making borrower payments in a timely manner if the lender does not do so. Since late borrower disbursements require payment of interest to the borrower, improving FHA's ability to make these payments on time also has resulted in savings to the MMI Fund.

Addressing Housing Supply and Affordability

The scarcity of affordable homes for sale, especially at lower price points, poses a steep barrier to homeownership for FHA's traditional borrowers. FHA's actions in FY 2024 build upon work accomplished in the prior three years to increase the supply of affordable housing and to make the financing of these homes easier by using affordable FHA-insured mortgages. These policy changes include:

- A new policy that allows lenders to include actual or projected rental income from renting Accessory Dwelling Units (ADUs) when underwriting a mortgage;
- Updates to FHA's 203(k) Rehabilitation Mortgage Insurance Program that among other things can be used to build or renovate an ADU; and
- Modifying FHA asset disposition strategies to prioritize owner-occupant, non-profit, and government buyers over investors in all its disposition channels, including FHA REO (Real Estate Owned), Claims Without Conveyance of Title, and mortgage note sales.

203(k) Rehabilitation Mortgage Insurance Program

FHA's 203(k) Rehabilitation Mortgage Insurance Program enables new homebuyers to purchase, or current homeowners to refinance, a property and renovate it using a single mortgage. The program has two options: the Standard 203(k) Program and the Limited 203(k) Program. The Standard 203(k) Program allows for major rehabilitation and repairs to single-family properties, enabling structural repairs such as foundations and new roofs as well as projects to increase energy efficiency and climate resilience. The Limited 203(k) program covers minor remodeling and non-structural repairs or improvements such as remodeling a kitchen or bathroom, painting, or preparing a home for sale.

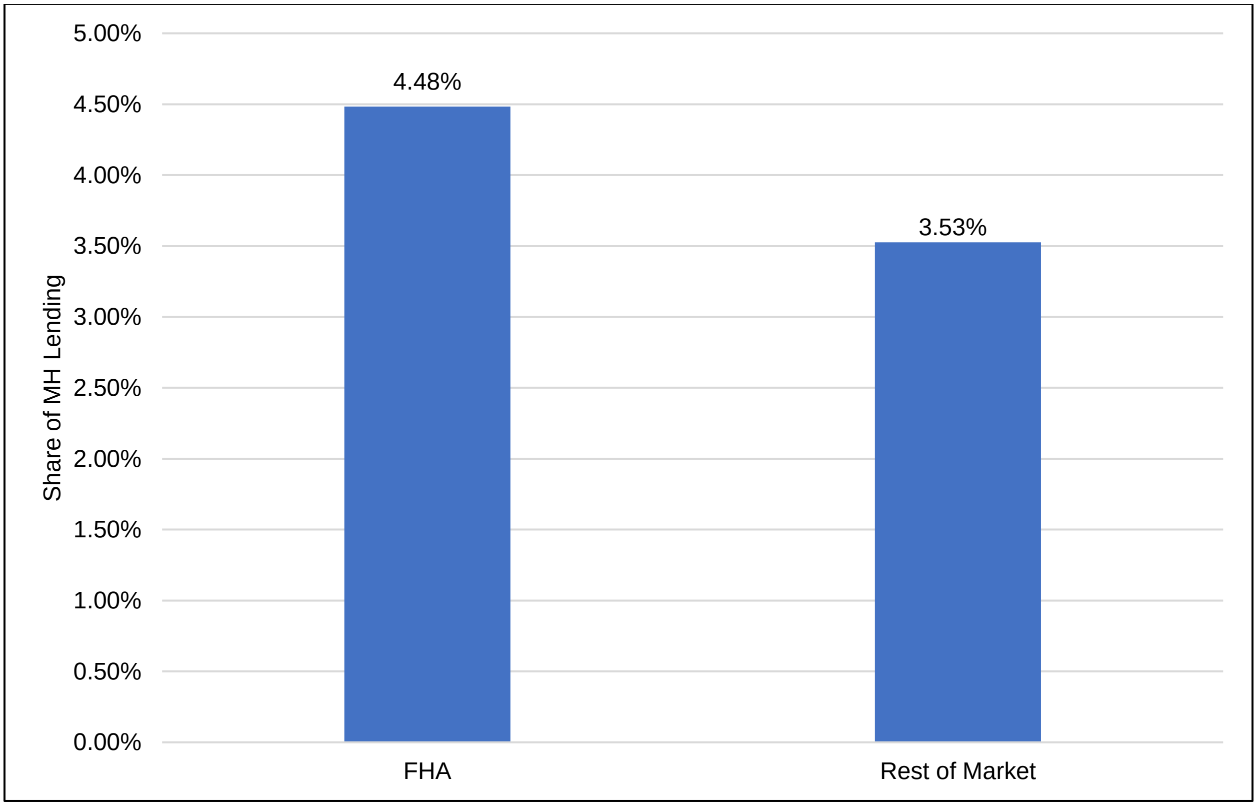
After seeking public input last year on ways to improve the program, in July 2024 FHA finalized an update that modernized the program and enhanced its usefulness for individuals and families seeking affordable financing for renovating or rehabilitating a single-family home. Notably, FHA increased the allowable total rehabilitation costs a borrower can finance under the Limited 203(k) Program from $35,000 to $75,000 and pledged to review this limit annually to ensure it keeps pace with market conditions. Other changes included providing more time for repair and rehabilitation work to be completed, allowing the 203(k) Consultant Fee to be financed into the mortgage amount for the Limited 203(k) Program, and updating the allowable fees that a 203(k) Consultant can charge for various activities.

These updates make the program more useful and flexible for homebuyers, homeowners, and program participants. These changes should lead to increased use of the 203(k) Program, which will help to maintain and increase the supply of high-quality affordable housing, reduce vacancy and blight, and make the purchase or refinancing of homes in need of repair or rehabilitation easier.

Supporting Affordable Financing of Manufactured Homes

Manufactured homes are built to the HUD-administered national Manufactured Home Construction and Safety Standards, commonly referred to as the HUD Code. Manufactured homes are built in the controlled environment of a manufacturing plant and transported in one or more sections on a permanent chassis. Through its Title II forward and HECM programs, FHA insures mortgages on qualifying manufactured homes titled as real estate. As shown in Exhibit I-7, in calendar year 2023, the percentage of FHA endorsements for mortgages used to finance manufactured homes was higher than the rate for the rest of the market.

Exhibit I-7: Share of Mortgages Originated for Manufactured Homes



Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Reflects originations from calendar year 2023.
Refer to data table B-7 in Appendix B.

In October 2023, FHA updated its appraisal requirements for the valuation of manufactured homes certified under Fannie Mae's MH Advantage™ and Freddie Mac's CHOICEHome® programs. FHA's updated policy for the valuation of manufactured homes requires appraisers to use the most appropriate site-built-home comparable sales when there are less than two comparable sales of these certified manufactured homes available. Also known as CrossMods, these homes include design features that make them nearly indistinguishable from many site-built homes and address regulatory barriers in effect in some jurisdictions that have historically restricted the placement of manufactured homes.

The updates align FHA appraisal requirements with those of other industry participants and will improve the valuation of these homes for borrowers seeking FHA-insured mortgages.

Insurance, Natural Disasters, and Climate

Throughout FY 2024, FHA continued to analyze and address the effects of climate change and its impact on the nation's housing stock. This work included active engagement on the larger issue of the rising cost, and limited availability of homeowners insurance in certain areas of the country, and also included changes to policies to promote energy efficiency. FHA also continued its efforts to update its policies to conform to Federal Flood Risk Management Standards.

Addressing Homeowners Insurance Costs

FHA remains deeply concerned about the rising costs of homeowners insurance and the availability of affordable property insurance in many areas of the country where private insurers have limited or ceased covering properties. Throughout FY 2024, FHA convened and participated in multiple dialogues and listening sessions with other federal partners, state and local governments, and the private sector to seek solutions that will keep property insurance prices down and help promote affordable housing.

Supporting Adoption of Energy Efficiency Standards

On April 26, 2024, HUD's Office of Environment and Energy (OEE) and the U.S. Department of Agriculture (USDA) published a Notice of Final Determination to adopt the most recent energy efficiency standards promulgated by the 2021 International Energy Conservation Code (IECC) for single family homes. The updated energy standards will permanently lower energy costs for owners of newly constructed homes, benefitting homeowners, lenders, FHA, and communities. HUD expects this change to be particularly beneficial for low-income and rural homeowners who typically face disproportionately high energy cost burdens. Note that the 2024 IECC standards expected to be released soon should meet the new requirements.

For FHA Single Family mortgage insurance programs, these requirements will be applicable to new construction where building permit applications are submitted on or after November 28, 2025. For new construction occurring in persistent poverty rural areas, as defined by USDA's Economic Research Service, the requirements will be applicable no later than May 28, 2026. FHA intends to publish proposed implementation guidance for Single Family lenders in fall 2024.

Facilitating Adoption of Flood Plain Management Requirements

On April 23, 2024, HUD's Office of Environment and Energy (OEE) published a final rule on *Floodplain Management and Protection of Wetlands; Minimum Property Standards for Flood Hazard Exposure; Building to the Federal Flood Risk Management Standard*. The rule revised HUD's regulations governing floodplain management and the protection of wetlands to implement the Federal Flood Risk Management Standard (FFRMS) in accordance with the

Executive Order 13690, "Establishing a Federal Flood Risk Management Standard and a Process for Further Soliciting and Considering Stakeholder Input."

For FHA Single Family mortgage insurance programs, the final rule revises HUD's Minimum Property Standards (MPS) to require that, for one- to four-unit mortgaged properties that are new construction and located in a Special Flood Hazard Area, the lowest floor of the new construction be at least two feet above base flood elevation. The final rule's higher flood elevation standard in the MPS will apply to new construction where building permit applications are submitted on or after January 1, 2025.

FHA published its proposed implementation guidance for Single Family lenders in September 2024 and intends to publish final implementation guidance in the coming months.

Enhancing FHA Program Policies and Processes

The FHA Single Family program delivers access to affordable mortgage credit through a nationwide network of FHA-approved lenders, mortgage servicers, and other program participants. Throughout FY 2024, FHA continued working on process, operational, and technology improvements to make doing business with FHA easier.

Servicing Defect Taxonomy

After a number of years of work on a proposed FHA Defect Taxonomy for Servicing Loan Reviews (Servicing Defect Taxonomy), FHA released a newly updated proposal for industry feedback in July 2024. When final, the Servicing Defect Taxonomy will provide transparency and consistency sought by mortgage servicers regarding FHA's servicing loan review process, FHA's assessment of the severity of errors or non-compliance with its mortgage servicing policies, and the actions FHA may take in instances of servicer error or non-compliance.

The draft Servicing Defect Taxonomy accounts for feedback received from mortgage servicers, consumer advocacy groups, and other stakeholders on a previous draft. When finalized, the Servicing Defect Taxonomy will be part of FHA's system for identifying and correcting servicing defects at the loan level. The taxonomy includes a structured categorization of discrete policy errors or violations by source, cause, and severity, ranked by tiers.

Technology Development Assessment

FHA continued its work in FY 2024 to maintain and enhance the technology systems used by its lenders and servicers. Using its work initiated in 2019 under the FHA Catalyst initiative as the basis, FHA has now completed a robust assessment and inventory of its existing systems and needs. It also reviewed its previous technology development methodology to reset future FHA Catalyst platform work in FY 2025 and beyond. Pending funding from Congress, FHA intends to further build out the FHA Catalyst platform in the coming years to achieve an end-to-end integrated technology solution for use by lenders, servicers, other program participants, and FHA.

Case Binder Module Enhancements

The FHA Catalyst Case Binder Module allows lenders to electronically submit case binder information for review by FHA to determine eligibility for an FHA-insurance endorsement. In FY 2024, FHA implemented enhancements and updates to the module to improve efficiency and ease of use by lenders, including functionality that allows for combined document submissions under one case number, streamlined data entry requirements, and improved messaging capabilities.

Electronic Appraisal Delivery Module Enhancements

On September 20, 2024, FHA implemented new functionality in the FHA Catalyst: Electronic Appraisal Delivery (EAD) Module that has eliminated HUD's reliance on its legacy appraisal processing system to receive appraisal submissions. This update has laid the foundation for modernization of FHA's appraisal data storage, dissemination, and analytical capabilities, consistent with FHA INFO 2022-97 and Mortgagee Letter (ML) 2022-19 (superseded and incorporated into *Single Family Housing Policy Handbook* 4000.1).

Chapter II:

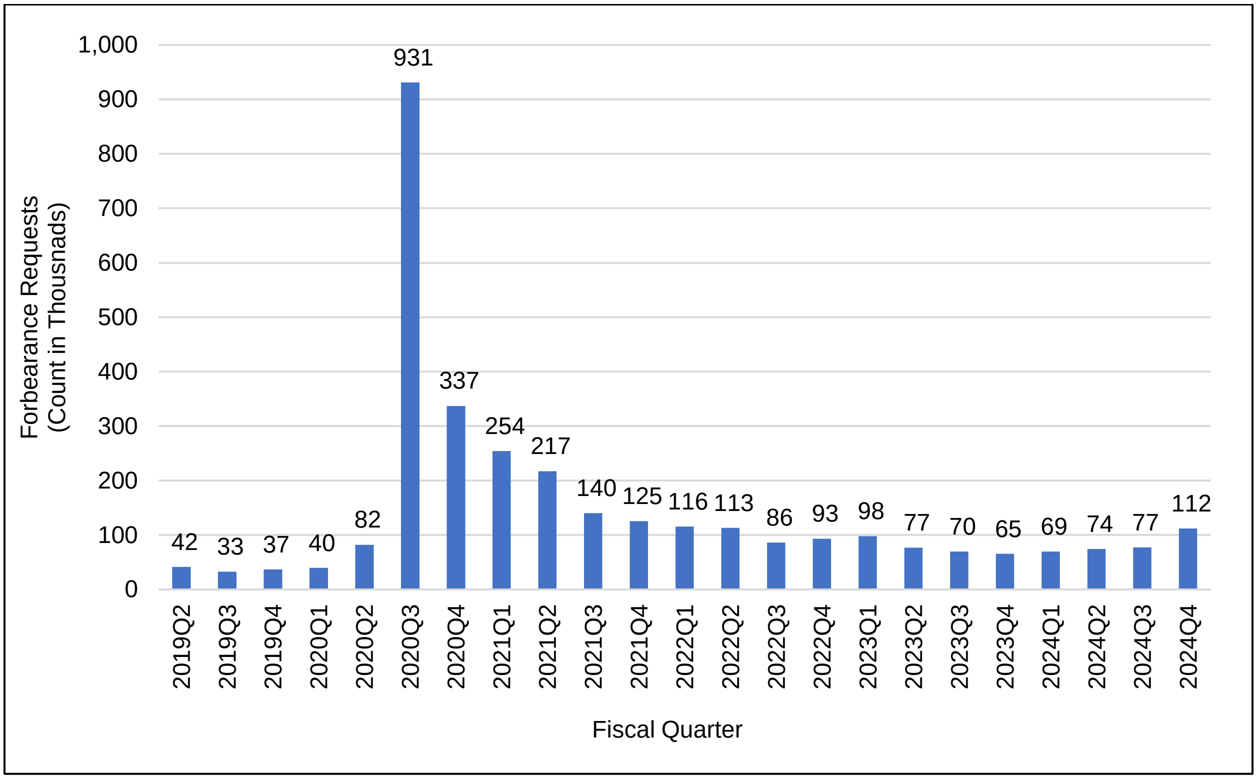
Supporting Borrowers Facing Difficulties with Their Mortgage Payments

While the financial effects from the COVID-19 pandemic continued to recede in FY 2024, many borrowers continued to face financial hardships. In response, FHA continued its focus on providing mortgage servicers with tools to aid homeowners with FHA-insured mortgages who experienced difficulty making their mortgage payments due to adverse life events such as job or income loss, divorce, disability, natural disasters, or death. This past fiscal year (FY), FHA expanded its Loss Mitigation Home Retention options to help keep more than 592,000 struggling borrowers in their homes in FY 2024 alone. From 2020 through the end of FY 2024, FHA helped 1.7 million borrowers to stay in their homes through home retention solutions.

Supporting Borrowers Through Forbearance

FHA served an unprecedented number of borrowers experiencing income disruption from March 2020 through September 30, 2024. Quick action after the onset of the COVID-19 pandemic ensured that 1.7 million households at risk of losing their homes could keep them. Immediate actions included implementing a foreclosure and eviction moratorium and offering forbearance plans that enabled borrowers to reduce or suspend their monthly mortgage payments without incurring additional fees or late charges or fearing loss of their home. FHA servicers continued to provide forbearance options as an important though less-frequently used tool in FY 2024 to help borrowers experiencing financial hardships as well as those hit by localized natural disasters, including the tragic 2023 wildfires in Maui, Hawaii. As Exhibit II-1 shows, in FY 2024, approximately 332,000 FHA borrowers requested and received forbearance for the first time, whether for income, natural disaster, or related hardships. This is in addition to the 2.7 million forbearances granted during the previous four years.

Exhibit II-1: FHA Forbearance Requests by Quarter (Count in Thousands)

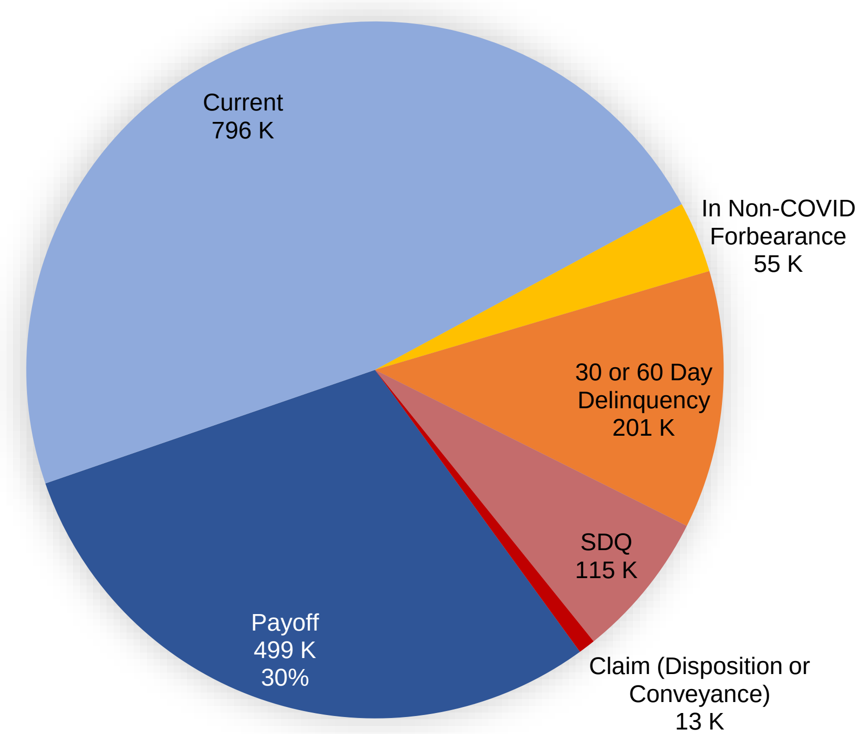


SOURCE: U.S. Department of HUD/FHA, September 2024.
Refer to data table C-1 in Appendix C.

Forbearance postpones mortgage payments for a period of time, but it does not forgive debt. Therefore, borrowers who obtain a forbearance must address the issue of repaying their accumulated mortgage arrearages. Prior to the pandemic, many borrowers who received a forbearance faced difficulty catching up on their mortgage payments after the forbearance period ended, since most lack sufficient savings to repay multiple months of arrearages all at once or through a repayment plan on top of making their regular mortgage payment. To address this problem, FHA's enhanced home retention solutions help borrowers catch up on their arrearages and obtain sustainable monthly mortgage payments following forbearance.

FHA's post-forbearance home retention options have been extremely effective at helping borrowers avoid foreclosure and stay in their homes. As indicated by Exhibit II-2, approximately 1.7 million FHA borrowers entered into a COVID-19 forbearance from April 1, 2020, through September 30, 2024. Due to the multitude of measures taken to support borrowers during this challenging time, 77 percent of borrowers have emerged successful. 499,000 (30 percent) of the borrowers that received a COVID-19 forbearance paid off their loan and 796,000 (47 percent) of these borrowers are current on their mortgage. Only 13,000 (1 percent) of these borrowers went to claim. The remaining 371,000 (22 percent) of these borrowers are currently in delinquency or forbearance.

Exhibit II-2: Current Status of Borrowers Who Received COVID-19 Forbearance



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table C-2 in Appendix C.

Throughout the pandemic, FHA improved its loss mitigation solutions for servicers to offer to struggling borrowers. In January 2023, FHA announced a series of enhancements including extending FHA's COVID-19 loss mitigation solutions to all eligible borrowers, including non-occupant borrowers, regardless of the cause of their delinquency. These COVID-19 loss mitigation solutions remain available through April 30, 2025.

The first solution that servicers used during the COVID-19 crisis was a Stand-alone Partial Claim for borrowers who experienced a temporary disruption in their income or increase in living expenses but could resume their previous monthly payments. This option brings the borrower current by dividing the mortgage into two pieces: 1) the original mortgage as scheduled and 2) the outstanding arrearages, which are placed in a no-interest subordinate lien against their property that the borrower repays to FHA when the mortgage is paid off or at maturity. With this solution, borrowers can resume their previous monthly payments at the end of forbearance without facing an increase in their principal and interest payment. According to Exhibit II-3 below, in FY 2024, approximately 324,000 borrowers with FHA-insured mortgages received a Stand-alone Partial Claim, for a total of roughly 810,000 Stand-alone Partial Claims since the beginning of the pandemic in March of 2020.

Exhibit II-3: Home Retention Options by Type and Count FY 2021 through FY 2024

Home Retention Option	Number Completed in FY 2021	Number Completed in FY 2022	Number Completed in FY 2023	Number Completed in FY 2024	Number Completed Total	Share of Total Retention Options
COVID-19 Stand-alone Partial Claim	317,440	249,224	237,088	323,920	1,127,672	64%
COVID-19 Recovery Modification (including a Partial Claim)	94	152,046	66,278	82,703	301,121	17%
Stand-alone Modifications (No Partial Claim)	99,060	49,897	4,949	12,957	166,863	9%
Home Affordable Modification Program (HAMP)	61,542	46,305	22,818	3,141	133,806	8%
Advance Loan Modification	1,310	33,769	4,660	2,702	42,441	2%
Payment Supplement	0	0	0	15	15	0%
Total	479,446	531,241	335,793	425,438	1,771,918	100%

SOURCE: U.S. Department HUD/FHA, October 2024.

For borrowers whose income was permanently reduced or who experienced an increase in living expenses and could no longer afford to make their previous monthly mortgage payments, FHA offered streamlined loan modifications that change the terms of the mortgage over a 30-year term to attempt to reduce the monthly payment for the life of the loan. In FY 2024, FHA provided approximately 102,000 mortgage modifications, and a total of roughly 482,000 since the beginning of FY 2021. These actions help borrowers maintain homeownership and result in a better outcome for the MMI Fund than the losses that result from foreclosures.

In March 2023, FHA further expanded its loss mitigation toolkit by publishing a final rule that allowed servicers to offer loan modifications with a term of up to 40 years. Extending the loan term to 40 years can help borrowers achieve a meaningful reduction in their monthly payments when other options are not sufficient to do so.

Despite these enhancements, FHA recognized that, because market interest rates rose above the rate on many struggling borrowers' existing mortgages, a population of borrowers could not achieve sufficient or any payment reduction through a modification. To address this challenge, in February 2024, FHA finalized a brand-new option for services to offer, called the Payment Supplement, which can help reduce monthly payments for borrowers who are otherwise unable to afford to stay in their homes.

Under the Payment Supplement, Partial Claim funds are first used to pay arrearages and bring the borrower's mortgage payment current. Additional Partial Claim funds are then deposited in an FHA custodial account managed by the mortgage servicer, from which they are drawn down to temporarily supplement the principal portion of a borrower's mortgage payment each month for three years, with a target reduction equal to 25 percent of the monthly principal and interest payment. After this temporary period, the borrower's monthly payment returns to its original contractual amount, at which time the hope is that the borrower can either resume those payments or can afford one of FHA's other loss mitigation options, if necessary. As with all Partial Claims, the borrower repays the funds to FHA when the mortgage is paid off or at maturity. FHA requires mortgage servicers to implement the Payment Supplement program by January 1, 2025, although a number of servicers are already offering the program.

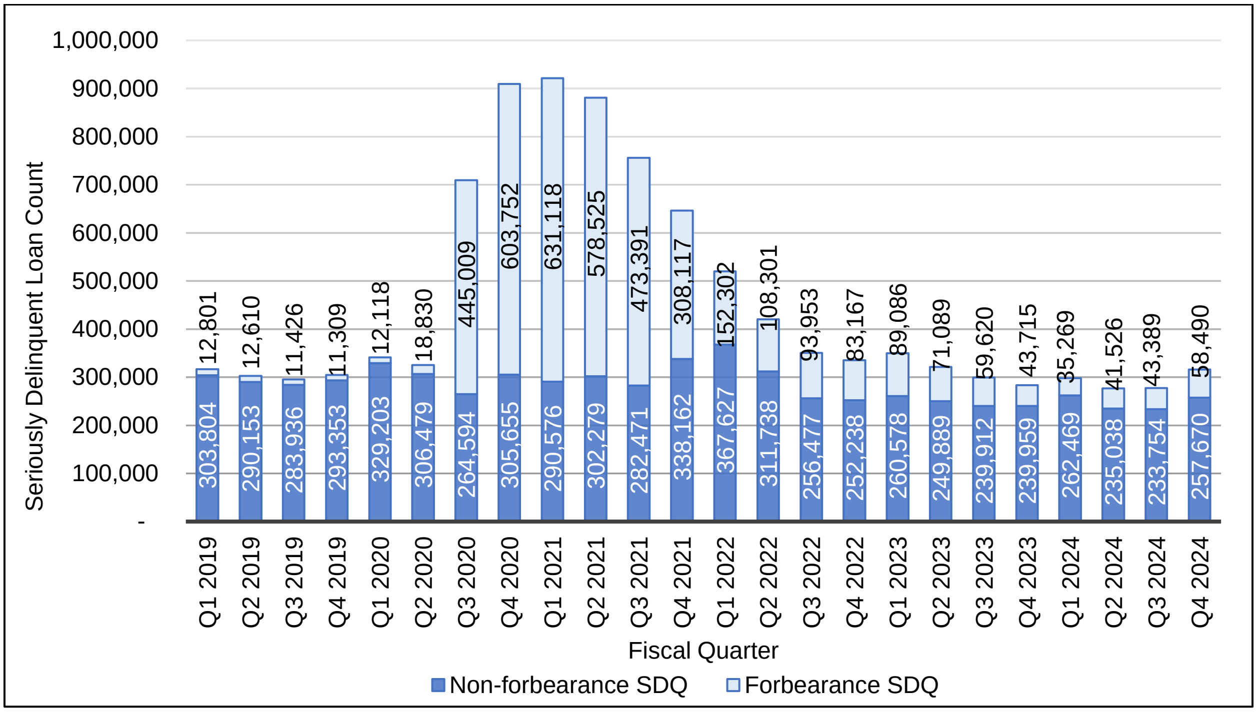
In FY 2024, FHA also provided many seniors with reverse mortgages insured through FHA's HECM program with assistance when facing financial hardship. Similar to assistance available to borrowers with forward mortgages, FHA provided extensions to HECM borrowers affected by the COVID-19 pandemic who requested relief from past due payments of their property taxes, hazard insurance, or other required payments. FHA's COVID-19 extensions for HECMs were provided several times and remained in place through May 31, 2023.

Loss Mitigation Plans Helped Borrowers Stay in Their Homes

The success of FHA's COVID-19 recovery options is reflected by the rapid improvement of the seriously delinquent (SDQ) portfolio, which has returned to pre-COVID levels. The portfolio's serious delinquency rate declined to 4.15 percent in September 2024, a 7.75 percentage point decrease from its high of 11.90 percent in November 2020.

Exhibit II-4 below shows that the number of seriously delinquent borrowers stood at 283,000 at the end of the third quarter of FY 2024 and increased to 316,000 as of September 30, 2024. The number of seriously delinquent borrowers on forbearance plans at the end of FY 2024 is around 15,000 more than at the end of FY 2023, increasing from 44,000 to 59,000. This increase accounts for about 45 percent of the total increase in the SDQ portfolio. Most of the remaining seriously delinquent population consists of borrowers who either were delinquent prior to the start of the pandemic or became delinquent during the pandemic but never obtained forbearance.

Exhibit II-4: Seriously Delinquent Homeowners



SOURCE: U.S. Department of HUD/FHA, September 2024.
Refer to data table C-4 in Appendix C.

Strengthening FHA's Loss Mitigation Tools for the Future

Until the Great Recession, the mortgage market participants' understanding of the servicing role was largely to accept payments from performing borrowers and, if a borrower became seriously delinquent and could not cure the resulting arrearages from their own resources, foreclose quickly. In the FHA context, for example, from 1990 to 2009 a majority of SDQ loans that resolved did so through a foreclosure and subsequent FHA insurance claim. Only 12 percent of these loans cured or received assistance that enabled the borrower to remain in the home.

Since the foreclosure crisis, however, government policy has recognized that the robust use of home retention solutions reduces losses to the government in addition to benefitting borrowers and communities. The results for FHA have been strikingly positive. From 2010 to 2024, the majority of SDQ loan resolutions were borrower cures, largely from servicer actions, meaning no foreclosure was needed. Indeed, only 13 percent of the SDQ loans that resolved went to claim. While active loss mitigation using Partial Claims funds uses resources from the MMI Fund, many more losses are avoided given the high costs of foreclosure.

In FY 2024, FHA has begun work to update its permanent home retention options using lessons learned from its temporary COVID-19 loss mitigation home retention policies. For example, consistent with significant research following the Great Recession on conventional as well as FHA loans, FHA has found that reducing the monthly payment is an effective way to support borrowers unable to resume their previous payment and minimize FHA losses.[4] FHA analyzed the performance of modifications it has offered since 2009. Overall, loans with more payment reduction (up to FHA's 25 percent principal and interest target) are less likely to result in subsequent claims to the MMI Fund. The analysis, which excluded Standalone Partial Claims, showed that loans with a payment reduction between zero percent and five percent are more than 3.5 times as likely to result in an insurance claim as loans with a payment reduction equal to 25 percent.

As a result of the research on the effectiveness of the 25 percent target for the COVID-19 Recovery Modification and Payment Supplement, FHA will propose a new loss mitigation home retention waterfall that maintains it. FHA is maintaining the principal and interest reduction target as well given recent increases in taxes and insurance costs.

FHA also learned that providing relief on a streamlined basis to borrowers who had demonstrated their hardship by becoming seriously delinquent on their mortgage reduces frictions between the borrower and servicer that had prevented many borrowers from obtaining help previously. As research on similar Fannie Mae programs have shown, streamlined solutions reach substantially more troubled borrowers than document-heavy solutions, increasing the number of loans that are able to avoid foreclosure and therefore reducing losses to the government.[5] They also permit borrowers to receive assistance sooner and thereby minimize arrearages, which further reduces losses. FHA's proposed permanent waterfall will continue this policy.

Research shows that mortgage default is largely caused by shocks to borrower cash flow in the form of reduced income and/or higher expenses.[6] FHA's experience with the COVID waterfall suggests that a borrower becoming three payments behind is itself significant evidence of borrower distress that does not need further documentation. The negative credit reporting consequences of serious delinquency protects the MMI Fund from borrower moral hazard or strategic default when the delinquency itself triggers the provision of loss mitigation assistance, and FHA has not experienced any significant strategic default in the years since the Great Recession.[7]

On a less positive note, FHA has also learned some lessons concerning borrower redefaults following loss mitigation. Before market interest rates began to rise in calendar year 2022, FHA's COVID-era programs provided significant payment relief and performed well, outperforming

[4] Ganong, Peter, and Pascal Noel. 2020. "Liquidity vs Wealth in Household Debt Obligations: Evidence from Housing Policy in the Great Recession." *American Economic Review*, 110 (10):3100-3138; Huff, Ryan. 2023. "Assessing the Effectiveness of Payment Reduction on Preventing Borrower Re-default for Mortgages." *Milliman White Paper;* Laurie Goodman and Jun Zhu. 2016. Analysis and Evaluation of Loss Mitigation Efforts, Prepared for HUD. Urban Institute; Farrell, Diana, Kanav Bhagat, Peter Ganong, and Pascal Noel. 2017. Mortgage Modifications after the Great Recession: New Evidence and Implications for Policy. JPMorgan Chase Institute.

[5] Laurie Goodman, Walt Scott and Jun Zhu. 2018. How Beneficial are Streamlined Modifications? The Fannie Mae Experience. The Urban Institute.

[6] David Low. 2023. What Triggers Mortgage Default? New Evidence from Linked Administrative and Survey Data. *The Review of Economics and Statistics*; Peter Ganong, Pascal Noel, 2023. Why do Borrowers Default on Mortgages?, *The Quarterly Journal of Economics*, Volume 138, Issue 2.

[7] Andrew Haughwout, Donghoon Lee, Daniel Mangrum, Belicia Rodriguez, Joelle Scally, and Wilbert van der Klaauw ,2024. "How Are They Now? A Checkup on Homeowners Who Experienced Foreclosure," Federal Reserve Bank of New York *Liberty Street Economics*; Loewenstein, Lara, and Bezankeng Njinju. 2022. "Mortgage Borrowers' Use of COVID-19 Forbearance Programs." Federal Reserve Bank of Cleveland, Economic Commentary 2022-11.

FHA's pre-COVID loss mitigation tools. However, those very low redefault rates increased in both 2023 and 2024.

Two factors, which FHA will address in its permanent waterfall, primarily explain the increase in redefault rates. First, due to higher market interest rates, borrowers with permanent hardships were unable to achieve payment reductions from FHA's existing modification. The research cited above indicates the substantially higher redefault rates that can be expected to result. In the event standard modifications are ineffective, FHA's 2024 Payment Supplement policy will become a part of its permanent waterfall, providing help for borrowers through reducing monthly payments for a three-year period.

Second, to enable servicers to reach the hundreds of thousands of COVID-19-affected borrowers quickly and efficiently, FHA stopped its practice under HAMP of requiring servicers to impose Trial Payment Plans (TPPs) before borrowers could execute a home retention option. Under a TPP, borrowers must make the first three payments that would be required under the option before actually receiving it. FHA will propose requiring TPPs on all retention options for its permanent waterfall, which will reduce redefaults since FHA data shows that there is significant overlap between borrowers who ultimately become seriously delinquent on their option and those who weren't able to make their first three payments. In addition, FHA will propose a number of additional requirements to prevent multiple redefaults.

FHA's improved loss mitigation policies will become increasingly important in future macroeconomic cycles in which higher unemployment, higher interest rates, and other economic factors could increase the demand for FHA loss mitigation.

Another lesson learned from the pandemic period is the effectiveness of alternative means of engaging with borrowers in default. In early 2020, FHA waived its requirement that servicers meet in person with certain borrowers who are in default on their mortgages, allowing servicers instead to communicate with delinquent borrowers using phones and computers. Based on this experience, FHA published a final rule on August 2, 2024, to permanently modernize engagement with borrowers in default. The final rule:

- Expands the meeting requirement to include borrowers who do not reside in the mortgaged property or have a mortgaged property that is not within 200 miles of their lender, its servicer or a branch office;
- Allows lenders to utilize electronic and other remote communication methods for conducting interviews with borrowers to satisfy FHA's early default intervention requirements; and
- Eliminates the requirement that lenders make at least one trip to the mortgaged property to schedule a meeting with the borrower.

This rule makes the flexibilities afforded during the pandemic period permanent, while providing some borrowers with opportunities they did not previously have. It ensures that all borrowers continue to receive robust loss mitigation services when they encounter difficulty in meeting their mortgage obligations. FHA posted draft implementation guidance for industry feedback on August 14, 2024, and intends to publish final guidance in the coming months.

Chapter III:
FHA Single Family Mortgage and Borrower Characteristics

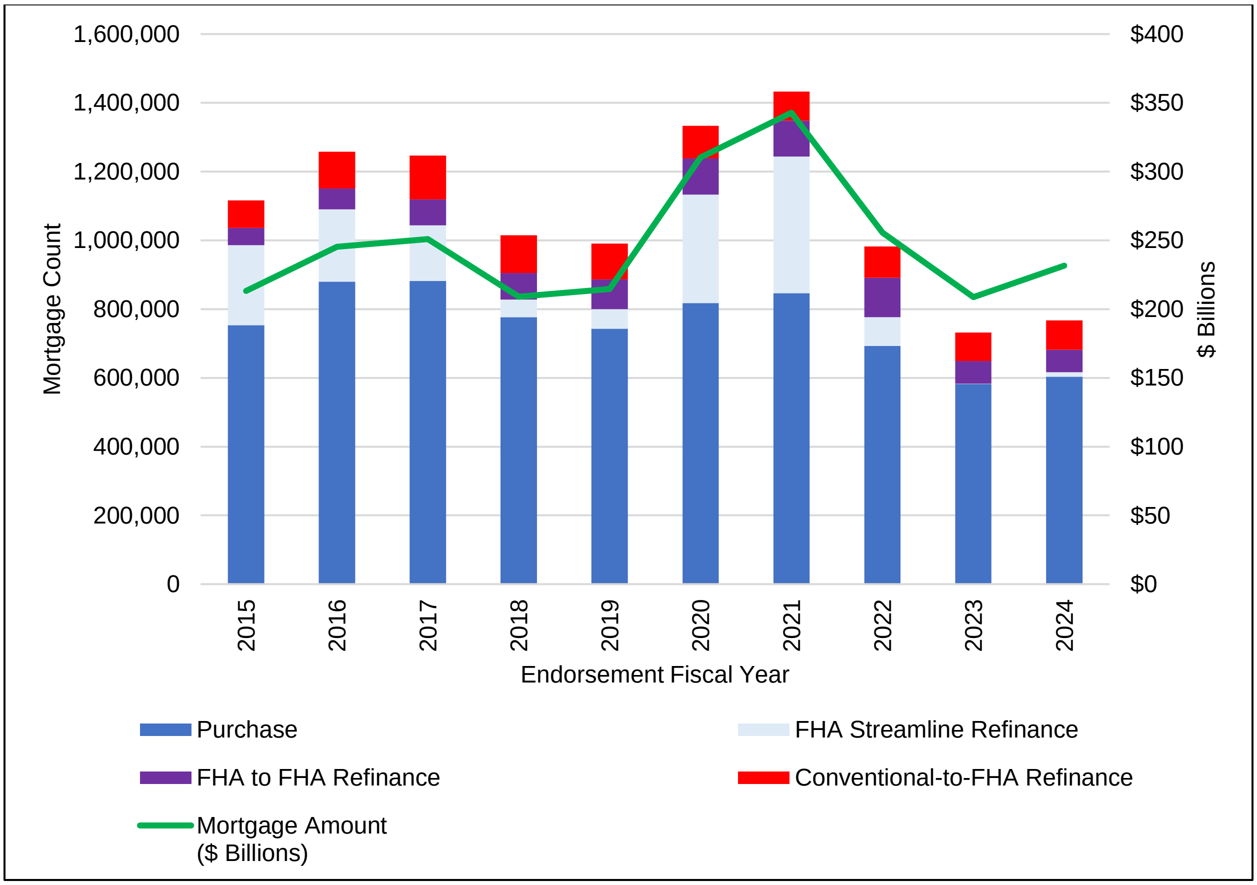
FHA Forward Endorsement Trends and Composition

Over the past year, FHA continued to provide market stability and access to credit while the overall mortgage market remained largely flat. In the first quarter of FY 2024, mortgage rates peaked at the highest levels in over two decades, although they subsequently returned to the slightly lower levels seen in FY 2023. At the same time, home prices continued to climb in FY 2024. Housing inventory increased from FY 2023 levels, though total inventory was still below normal levels, which partially contributed to the increase in home prices. Counteracting these challenges, the MIP cut in March 2023 provided borrowers with some payment relief and led to growth in FHA forward endorsement volume. In addition, the MIP cut, as well as favorable cash-out terms and mortgage rate paths, helped sustain refinance endorsement volume.

As of September 30, 2024, FHA had active mortgage insurance (Insurance in Force, or IIF) on 7.81 million single family forward mortgages and 287,000 Home Equity Conversion Mortgages (HECM). Overall, FHA's Single Family forward endorsement count in FY 2024 rose slightly by 3.66 percent from the prior year.

Exhibit III-1 below provides an overview of FHA forward mortgage endorsements broken down by transaction type and the aggregate original unpaid principal balance (UPB) of endorsed mortgages for the last 10 fiscal years (FY). In FY 2024, FHA endorsed 766,942 mortgages through its forward mortgage program, of which 78.63 percent, or 603,040 mortgages, were purchase mortgages. Of these purchase mortgages, 82.64 percent, or 498,363 mortgages, were made to first-time homebuyers. The original UPB of all endorsed forward mortgages in FY 2024, including both purchase and refinance mortgages, totaled $231.53 billion, which was up 10.92 percent from the $208.73 billion in endorsements in FY 2023. The average loan amount for forward mortgages endorsed by FHA in FY 2024 was $301,885, an increase of 5.92 percent from the FY 2023 average of $285,024.

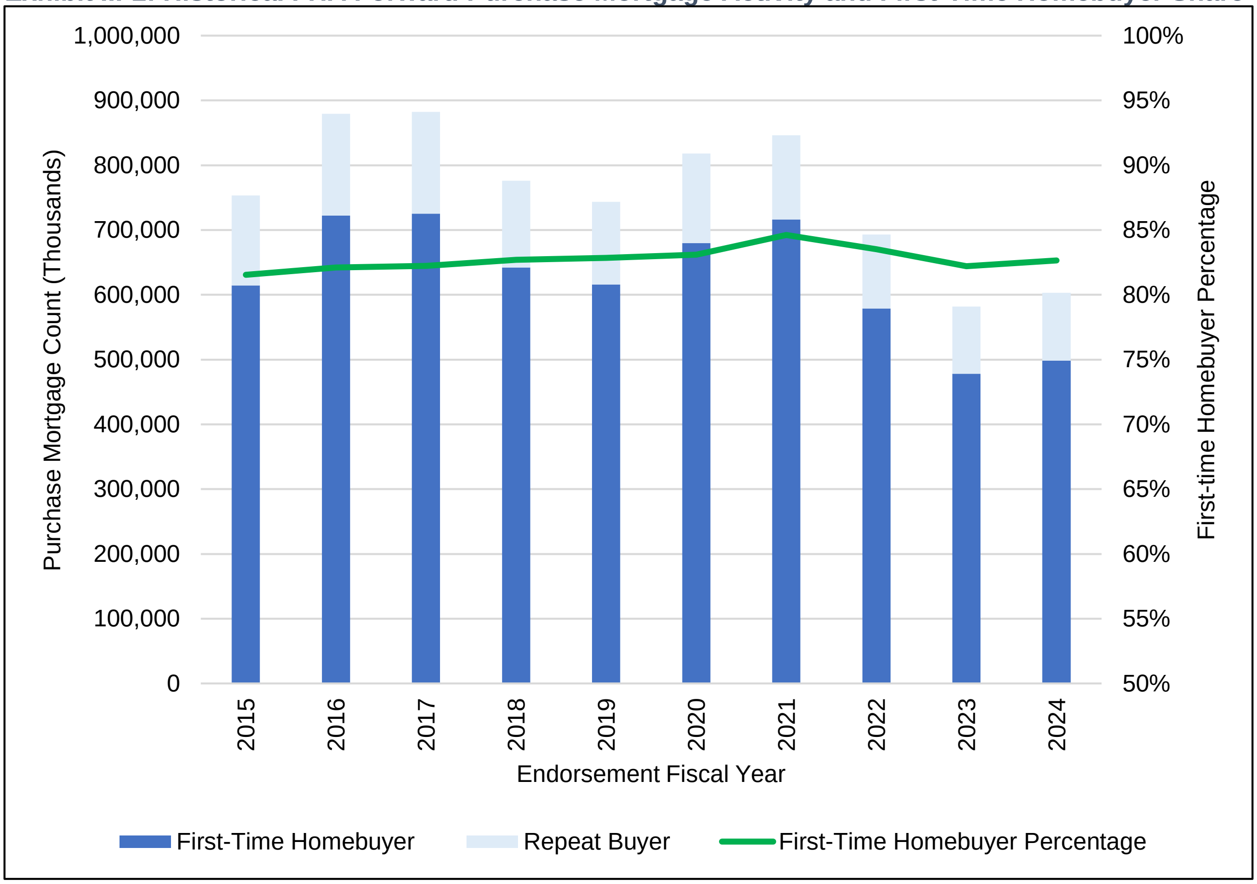
Exhibit III-1: Historical FHA Forward Mortgage Endorsement Activity



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-1 in Appendix D.

As illustrated by Exhibit III-2 below, despite the historical volatility in the total number of home purchase endorsements, first-time homebuyers consistently represent slightly over 80 percent of FHA-insured forward purchase mortgages. The percentage of insured forward mortgages made to first-time homebuyers in FY 2024 edged up from 82.21 percent in FY 2023 to 82.64 percent in FY 2024.

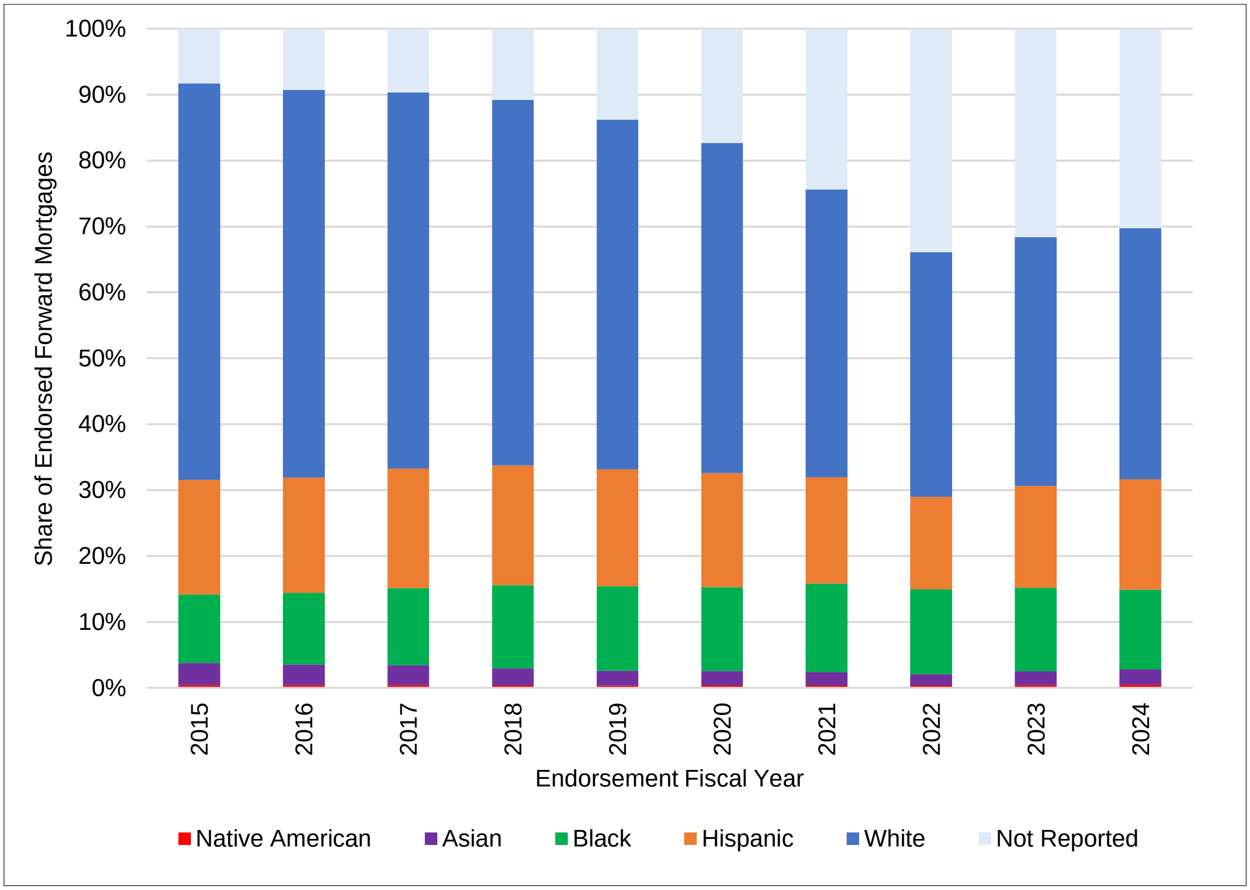
Exhibit III-2: Historical FHA Forward Purchase Mortgage Activity and First-Time Homebuyer Share



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-2 in Appendix D.

FHA-insured mortgages continue to serve as an important source of financing for individuals and families of color. Exhibit III-3 below shows that for FY 2024, the composition of borrowers of color served by FHA-insured mortgages was: 16.77 percent Hispanic; 12.08 percent Black; 2.38 percent Asian; and 0.44 percent Native American. As in past years, a significant number of borrowers with FHA-insured mortgages (30.28 percent or 232,240 borrowers) in FY 2024 chose not to identify race at origination.[8]

Exhibit III-3: Racial Composition of FHA Forward Mortgages

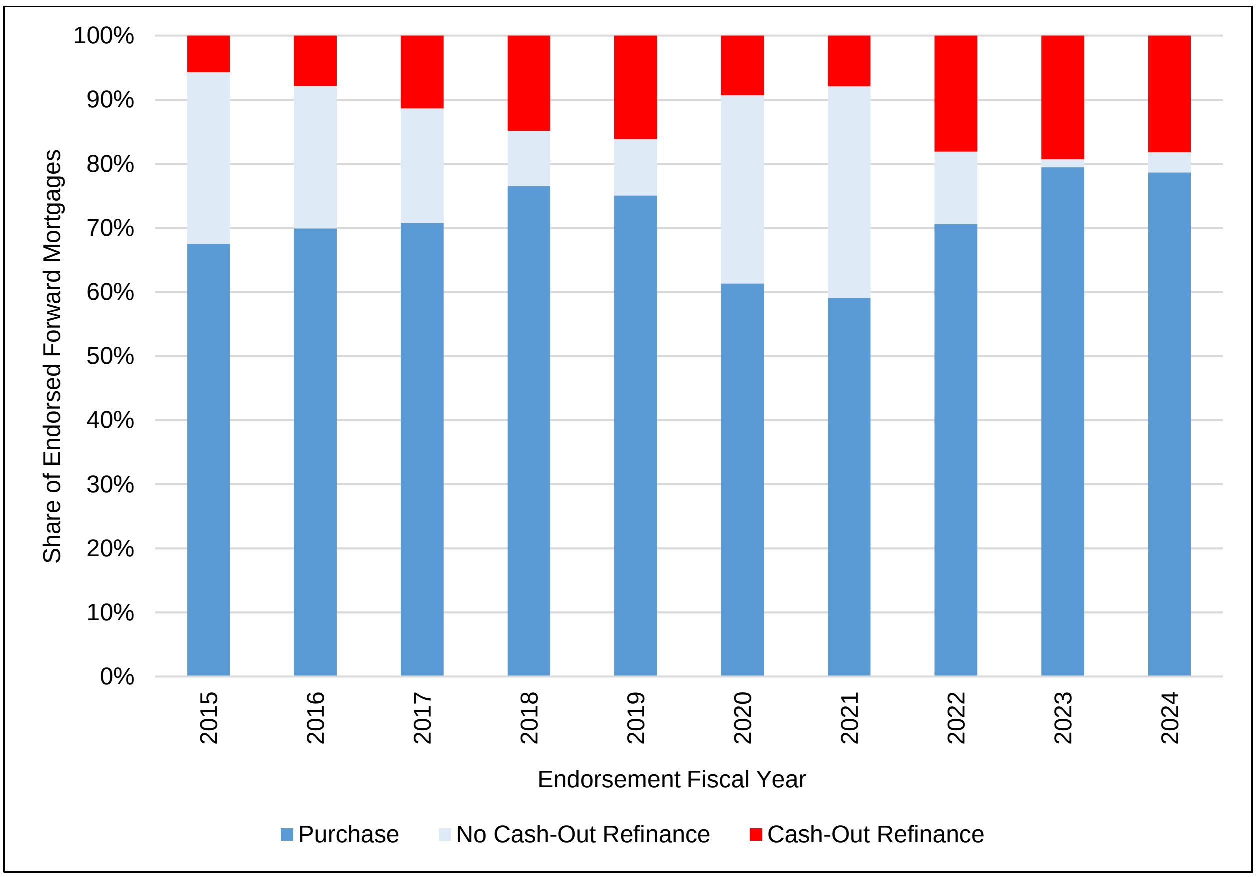


SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-3 in Appendix D.

[8] Declaration of race and ethnicity is voluntary for borrowers. FHA's share of non-respondents decreased slightly from 31.64 percent in FY 2023 to 30.28 percent in FY 2024. Note that the share of non-reporting of race and ethnicity has grown by 21.95 percent points since FY 2015.

Purchase transactions continued to represent the majority of FHA volume in FY 2024. Exhibit III-4 below provides a detailed breakdown of historical forward endorsement activity. In FY 2024, FHA-insured purchase mortgages represented 78.63 percent of all FHA-insured endorsements, a decrease of 0.81 percentage points from FY 2023, while the percentage of refinance mortgages increased from 20.56 percent of FHA's volume in FY 2023 to 21.37 percent in FY 2024. There are a few factors driving the continued lower refinance volume both at FHA and in the mortgage market as a whole, and there are unique reasons why FHA is marginally growing its share of refinance activity. These factors include interest rates, borrowers' cash needs, and the impact of asynchronous FHA and Government Sponsored Enterprises' (GSE) refinance program changes. In 2019, FHA reduced the maximum LTV and Combined Loan to Value (CLTV) limit for cash-out refinances from 85 percent to 80 percent, matching GSE guidelines at the time. This change had an immediate impact of reducing the share of cash-out refinances in FY 2020 and FY 2021. GSEs' tightening cash-out refinance requirements in FY 2023 and FY 2024 have driven some cash-out borrowers to FHA, increasing the cash-out refinance share of total FHA forward endorsements in FY 2023 and FY 2024. FHA continues to monitor these increases and the impacts to the portfolio. For FHA streamline refinances, program controls include ensuring that the refinance results in a net tangible benefit to the borrower.

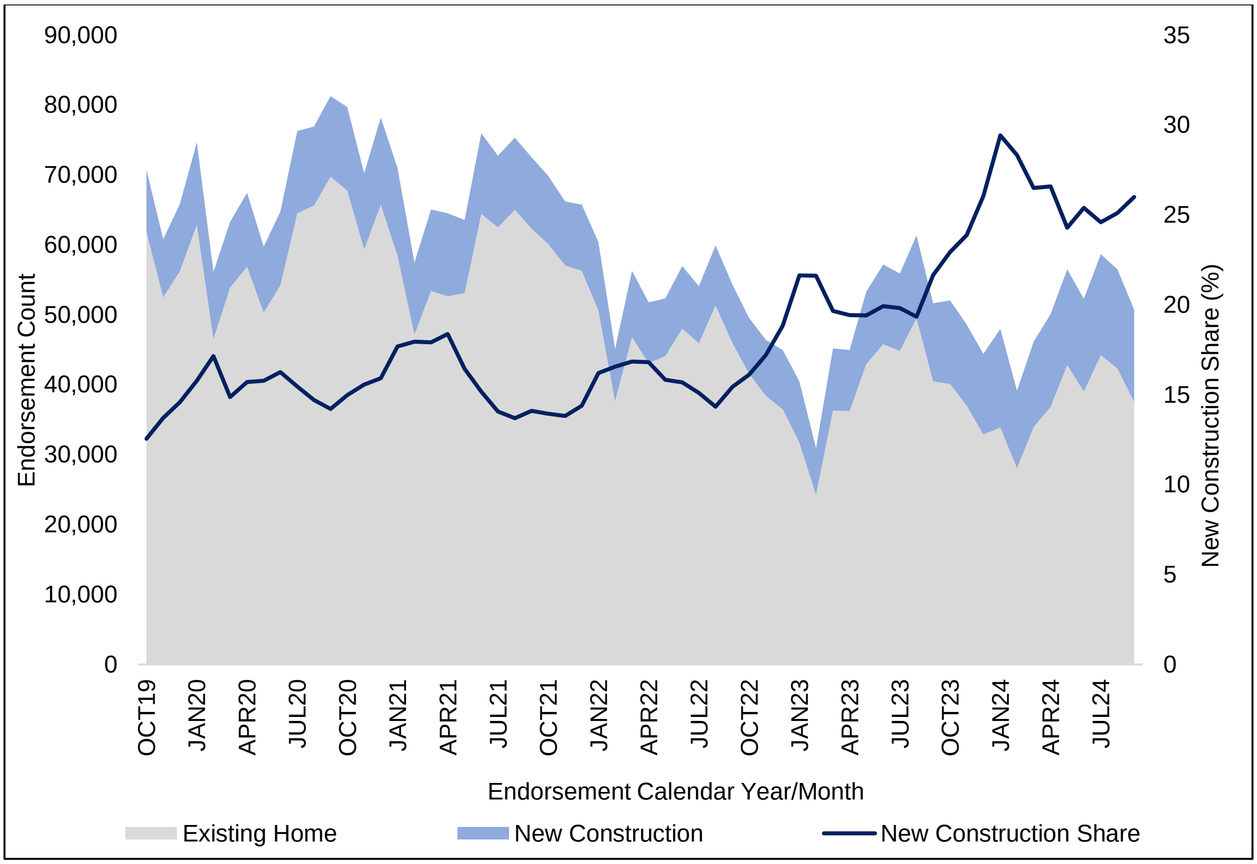
Exhibit III-4: Historical FHA Forward Endorsement Activity by Loan Purpose



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-4 in Appendix D.

As the supply of existing single-family homes for sale diminished over the last three years, FHA steadily increased the share and number of mortgages it insured for newly constructed homes. In FY 2024, FHA's endorsement count for mortgages on newly constructed homes was 25.64 percent of its overall forward purchase endorsement count, or 154,632 mortgages. Exhibit III-5 below shows the increase in the share of new construction endorsement count over total forward purchase endorsement count, which peaked in January 2024. Newly constructed homes are an important source of housing available for purchase, since they are less scarce than existing homes. In FY 2024, the supply of new houses in the United States as determined by the U.S. Census Bureau reached 7.5 months' supply, which is more than double the record low of 3.3 months' supply in Oct 2020.

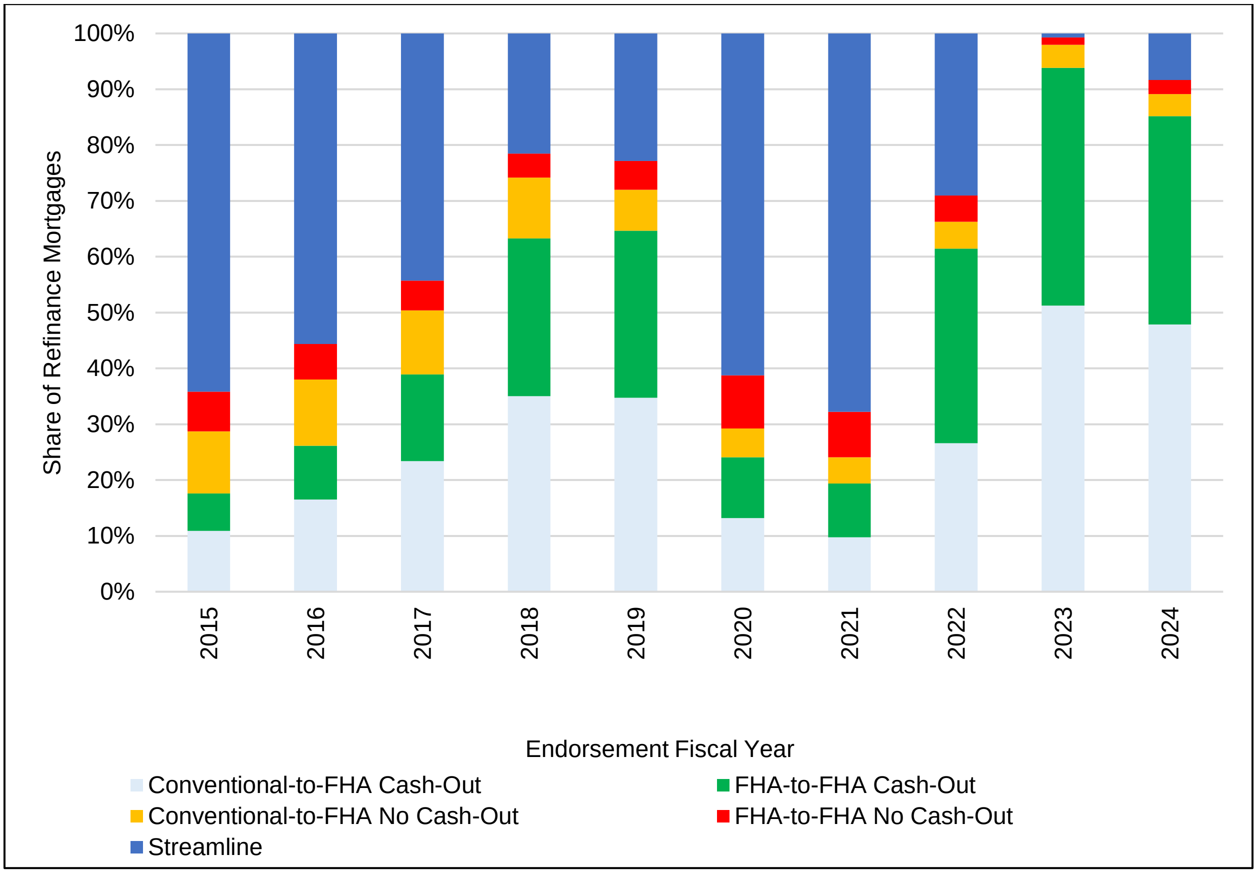
Exhibit III-5: FHA Forward Purchase Endorsements by Construction Type



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-5 in Appendix D.

As shown in Exhibit III-6, conventional-to-FHA cash-out and FHA-to-FHA cash-out comprised 85.17 percent of the forward refinance activity during FY 2024, mostly due to elevated mortgage rates. In addition, GSEs tightened cash-out refinance requirements in FY 2023 and FY 2024, leading some cash-out borrowers to migrate to FHA. In FY 2024, conventional-to-FHA refinances (both cash-out and no cash-out) accounted for 51.83 percent of the forward refinance activity.

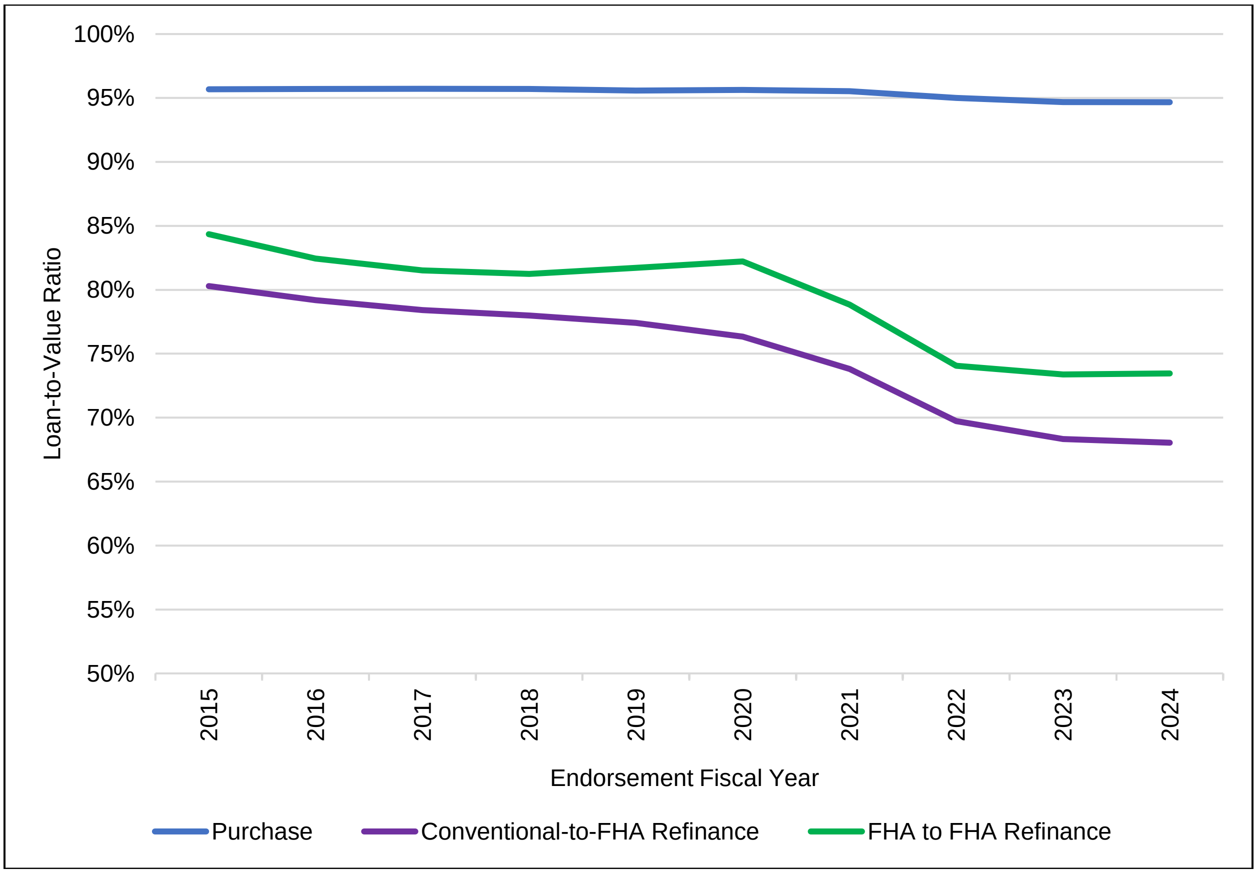
Exhibit III-6: FHA Forward Refinance Endorsement Activity by Refinance Type



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-6 in Appendix D.

As Exhibit III-7 below illustrates, the average Loan-to-Value (LTV) ratio for forward endorsements remained below 95 percent for the second year in a row over the past ten years. The average LTV ratio for forward endorsements edged down from 94.68 percent in FY 2023 to 94.67 percent in FY 2024. The average LTV ratio for conventional-to-FHA refinance endorsements continued to decrease in FY 2024 to 68.04 percent from 68.32 percent in the prior year. The average LTV ratio for FHA-to-FHA refinances inched up from 73.38 percent in FY 2023 to 73.45 percent in FY 2024. Despite Home Price Appreciation (HPA), refinance borrowers faced higher costs of living and rising insurance costs, which contributed to the slightly higher average LTV ratio for FHA-to-FHA refinance endorsements.

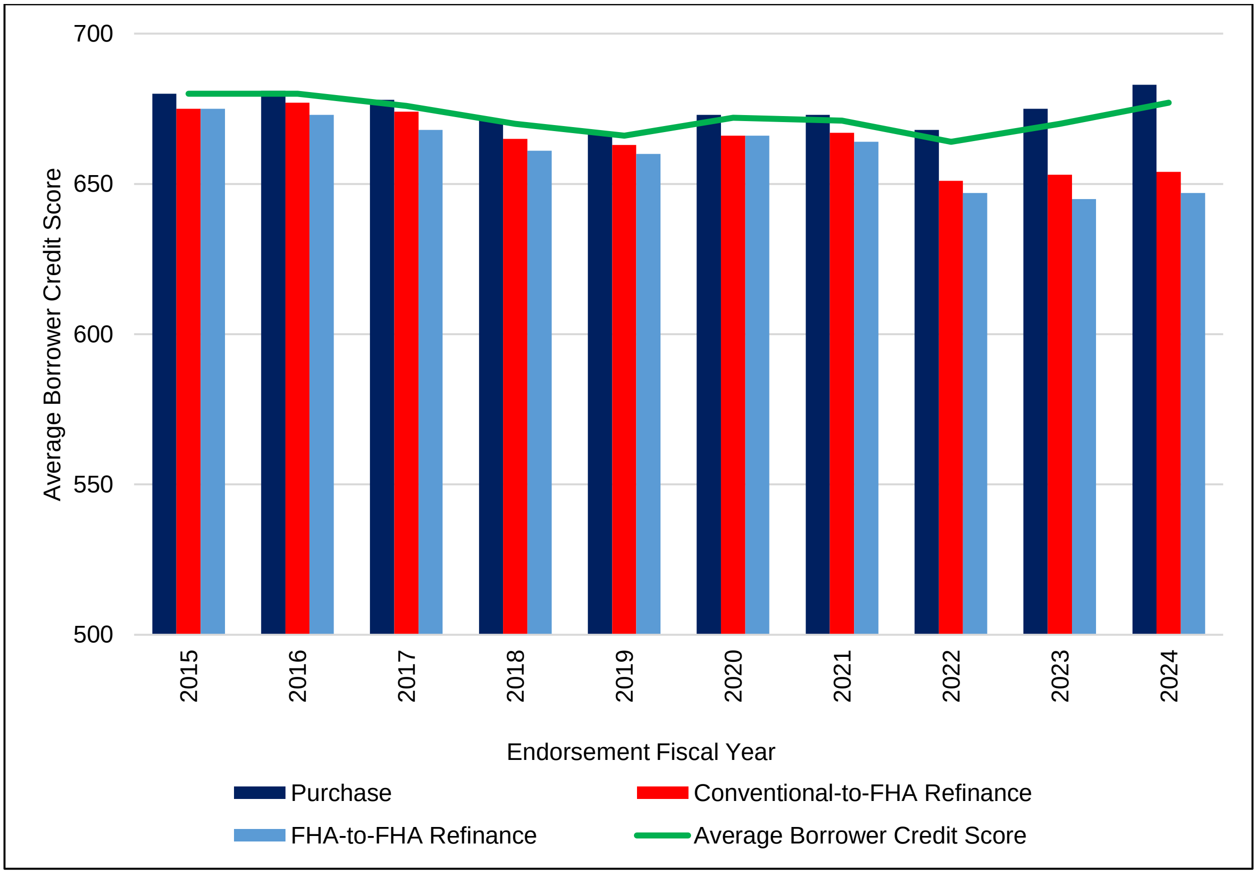
Exhibit III-7: Average FHA Forward Loan-to-Value Ratio by Mortgage Purpose



NOTE: Excludes Streamline Refinance mortgages.
SOURCE: US Department of HUD/FHA, October 2024.
Refer to data table D-7 in Appendix D.

As Exhibit III-8 below shows, the average borrower credit score for an FHA-insured mortgage was 672 and 671 in FY 2020 and FY 2021 respectively, as the uncertainty caused by the COVID-19 pandemic prompted many mortgage market participants to tighten their credit terms. This trend reversed in FY 2022 with the average credit score dropping to 664. However, the MIP cut in FY 2023 made FHA a more competitive option. As a result, FHA's average credit score increased over the past two years, reaching 677 in FY 2024.

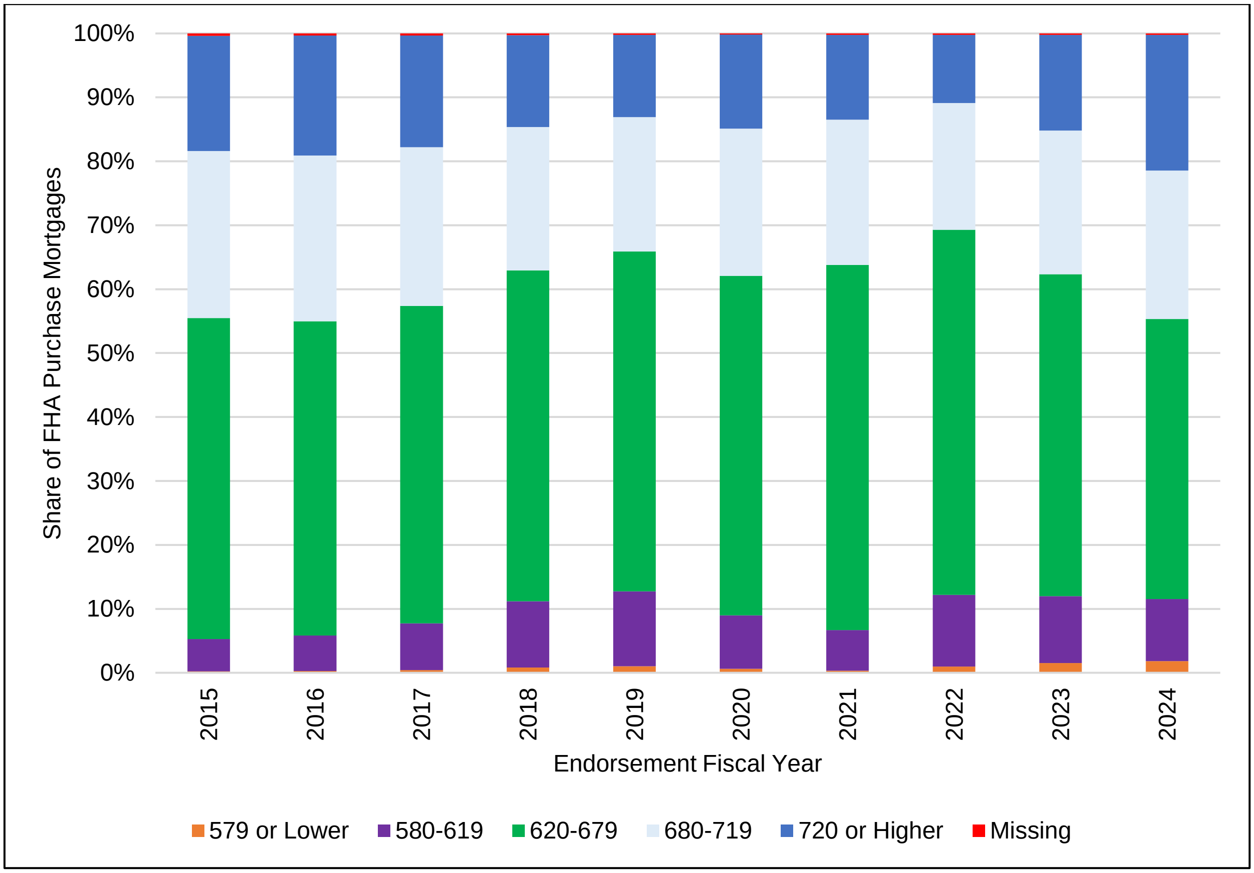
Exhibit III-8: Average Borrower Credit Score for FHA Forward Mortgages



NOTE: Excludes streamline refinance mortgages.
SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-8 in Appendix D.

Exhibit III-9 below illustrates the distribution of credit scores for borrowers with FHA-insured forward mortgages. The share of FHA endorsements with credit scores below 620 decreased from 11.97 percent in FY 2023 to 11.54 percent in FY 2024. The share of forward endorsements with credit scores of 720 or higher increased from 14.95 percent in FY 2023 to 21.20 percent in FY 2024.

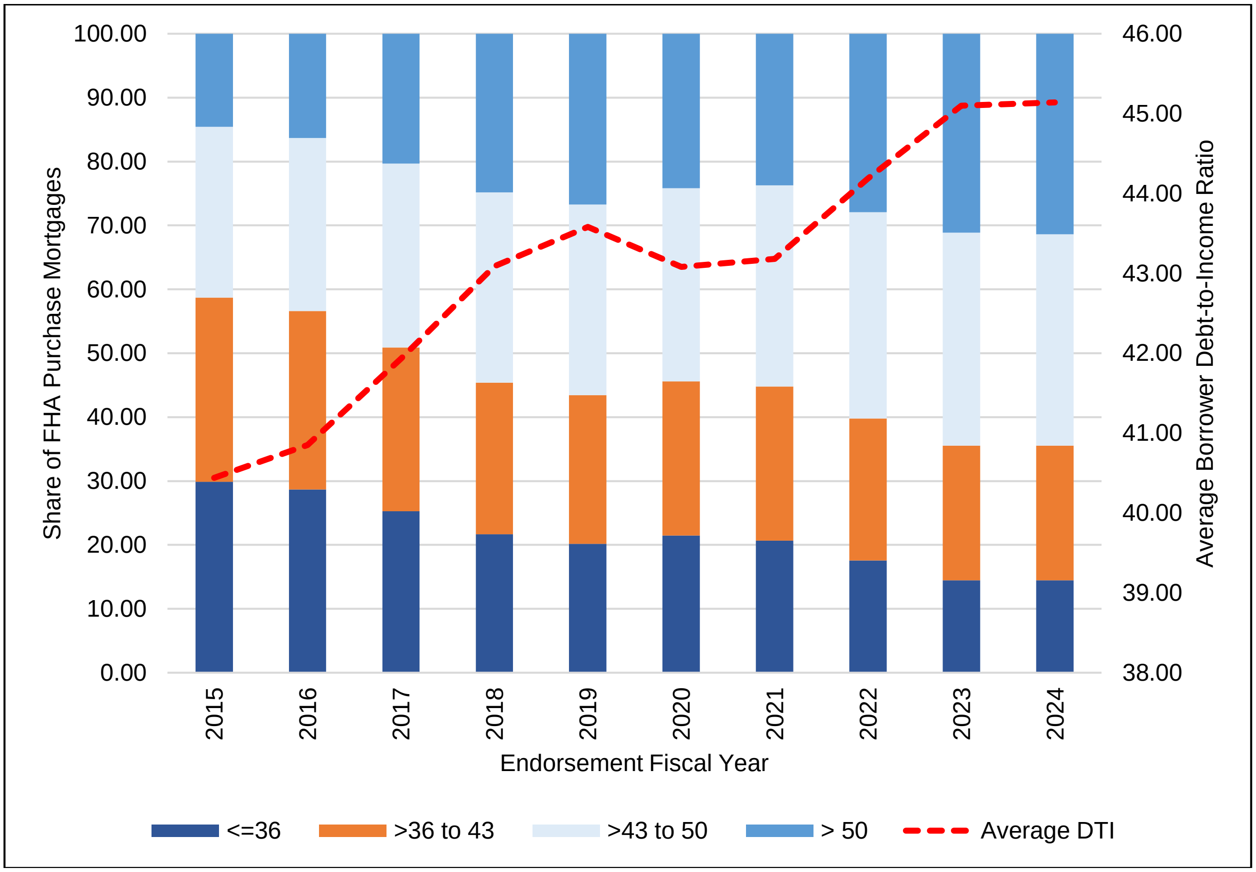
Exhibit III-9: Distribution of FHA Forward Borrower Credit Score by Fiscal Year



NOTE: Excludes streamline refinance mortgages.
SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-9 in Appendix D.

The average debt-to-income (DTI) ratio for borrowers with FHA-insured purchase endorsements increased slightly year-over-year, from 45.10 percent in FY 2023 to 45.14 percent in FY 2024, as illustrated in Exhibit III-10 below. The upward trend of DTI ratios over the past few years is primarily a result of decreasing affordability in the housing market, as higher home prices, elevated mortgage rates, increased cost of living, and rising insurance costs have increased borrowers' monthly housing related payments, which outpaced the growth of household incomes.

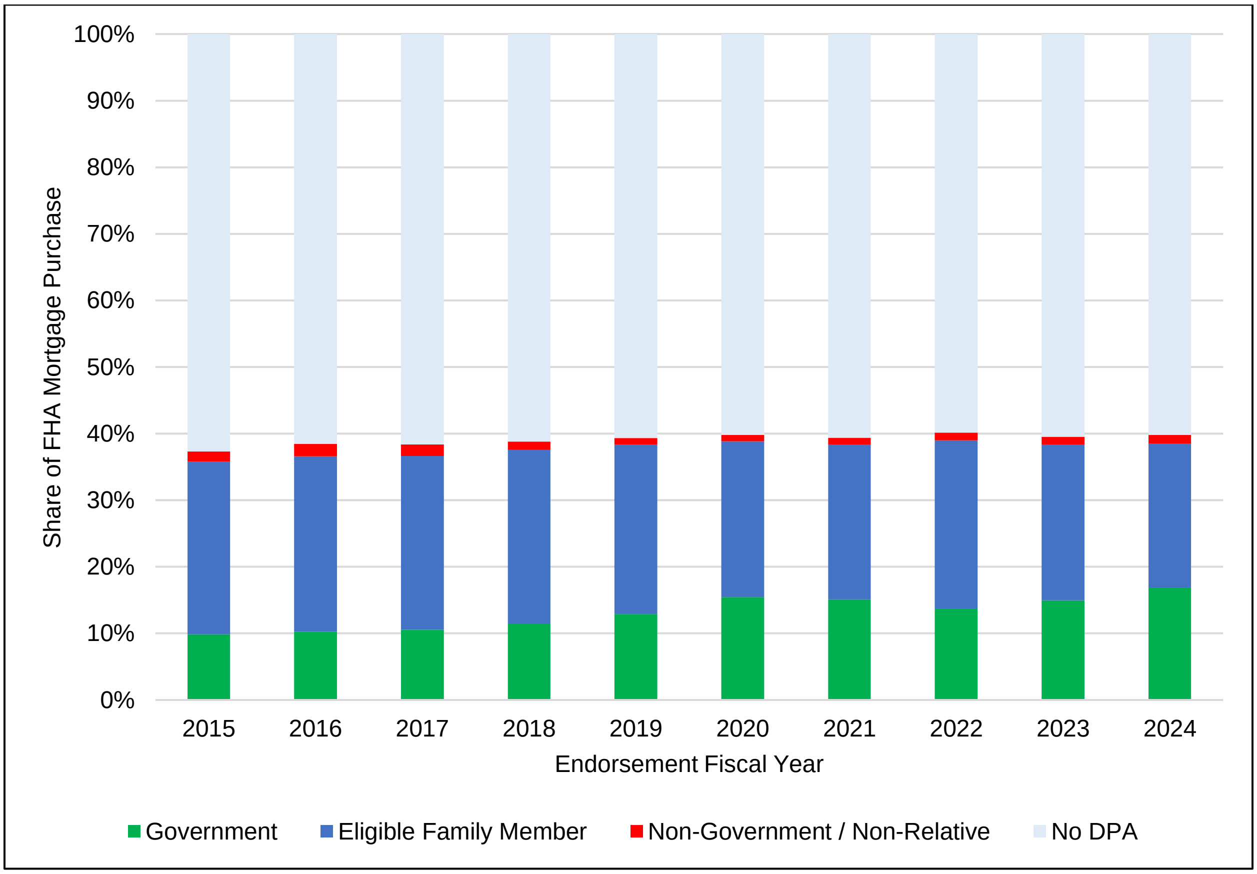
Exhibit III-10: Borrower Debt-to-Income Ratio for FHA Forward Purchase Mortgages



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-10 in Appendix D.

FHA permits that a borrower's minimum required investment, often referred to as a down payment, may be funded by eligible sources other than the borrower. As Exhibit III-11 shows below, in FY 2024, 39.83 percent of FHA purchase mortgage endorsements were for loans utilizing down payment assistance. Gift funds from eligible family members remained the largest source of down payment assistance for borrowers with FHA-insured mortgages in FY 2024, representing 21.58 percent of FHA's total forward mortgage purchase volume this past fiscal year. Loans with down payment assistance from government sources represented 16.90 percent of FY 2024 forward mortgage purchase endorsements.[9] The composition of forward purchase mortgages using down payment assistance has been stable over the past five years.

Exhibit III-11: FHA Forward Purchase Activity by Type of Down Payment Assistance

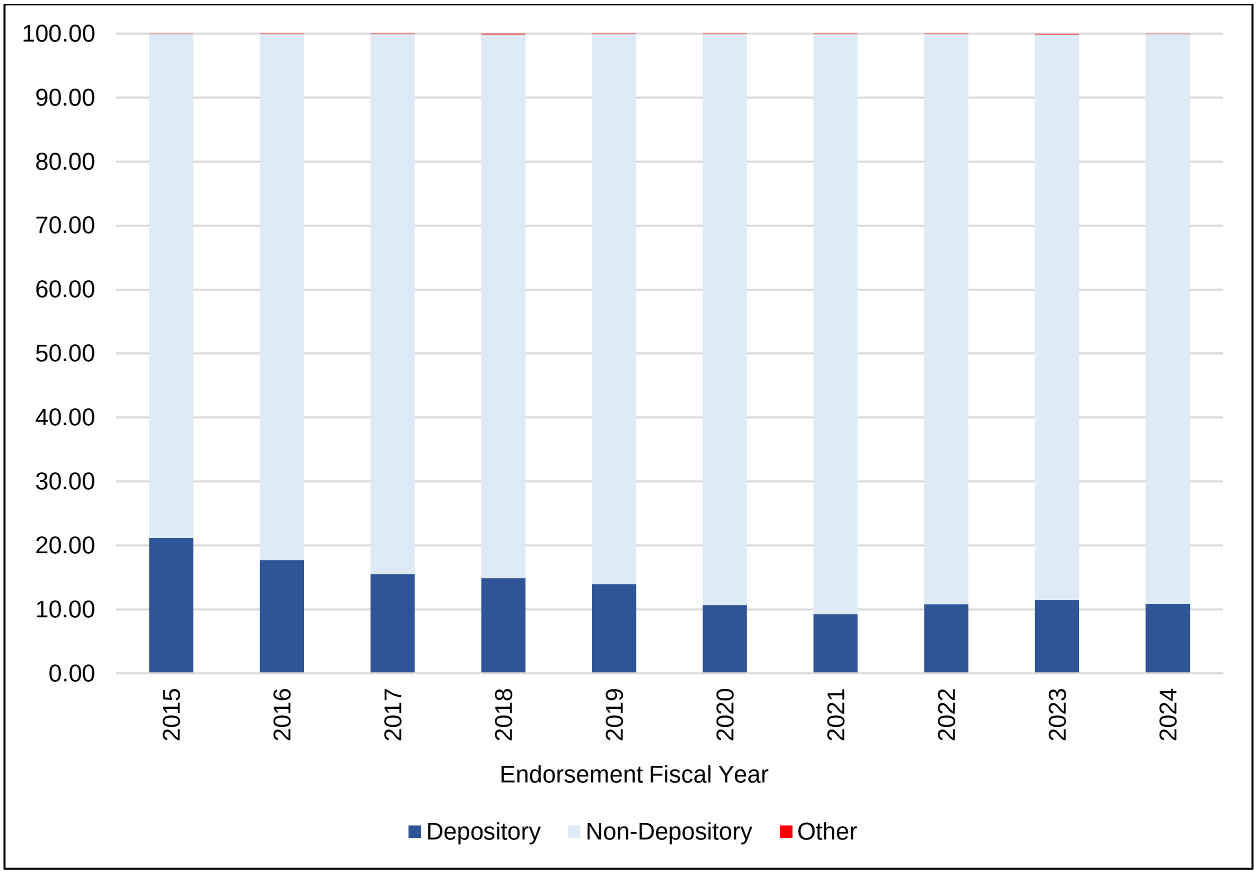


NOTE: Data does not account for instances where down payment assistance data was missing from origination data submitted to FHA.
SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-11 in Appendix D.

[9] Borrowers accepting down payment assistance from a governmental entity may execute a note and security instrument agreeing to repay the assistance under specified conditions, unlike a gift from a relative.

Over the past decade, an increasing share of new FHA endorsements have been originated by non-depository institutions, as illustrated in Exhibit III-12 below. In FY 2024, non-depository lenders originated mortgages represented 89.02 percent of all FHA forward endorsements, only marginally higher than the 88.39 percent in FY 2023.

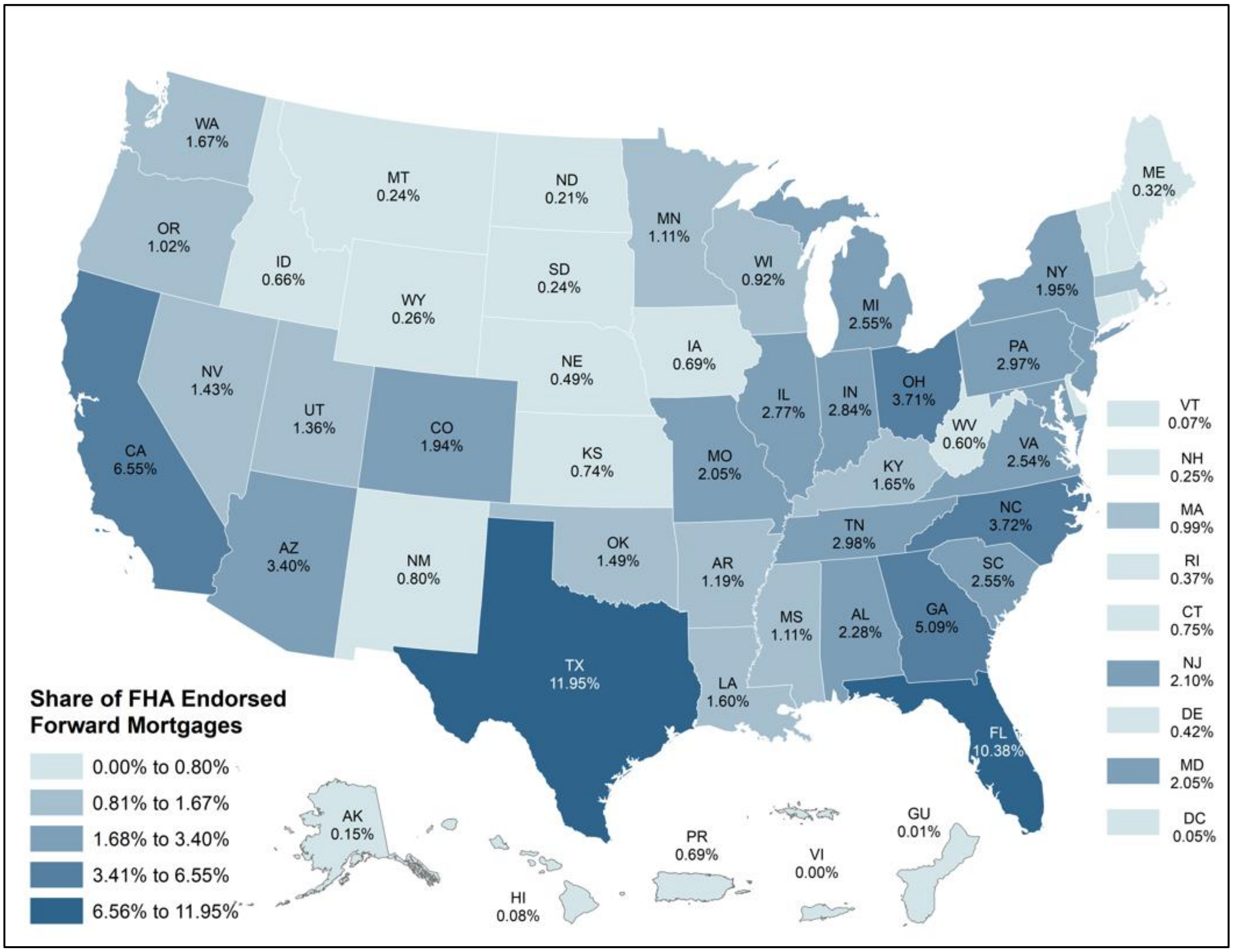
Exhibit III-12: Lender Type for FHA Forward Endorsement Activity



NOTE: This exhibit accounts for all endorsements, including streamline refinance mortgages. SOURCE: U.S. Department of HUD/FHA, October 2024. .
Refer to data table D-12 in Appendix D.

Exhibit III-13 below shows the percentage of FY 2024 FHA forward endorsements by state. In FY 2024, the three states with the highest number of forward endorsements, Texas, Florida, and California, accounted for 28.87 percent of the total FHA forward endorsements and are also the most populous states. Slightly over half of all forward endorsements were concentrated in the top ten states with the largest counts of forward endorsements.

Exhibit III-13: FY 2024 FHA Forward Endorsement Concentration by State

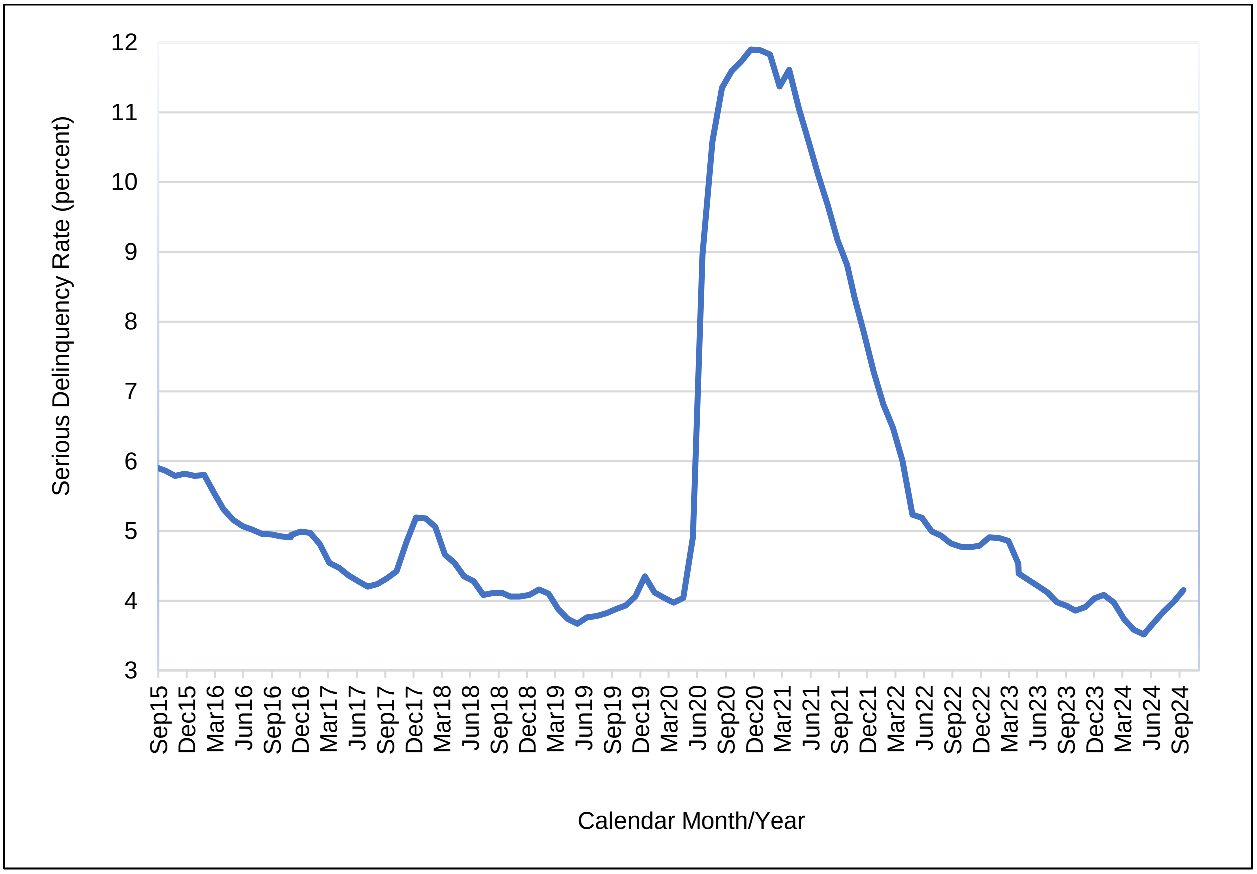


SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-13 in Appendix D.

Portfolio Overview and Performance Trends

As noted previously and reflected in Exhibit III-14 below, starting in April 2020, a significant number of FHA borrowers began to request approval to defer their monthly mortgage payments through forbearance. The serious delinquency rate rose from 3.97 percent in March 2020 to a peak of 11.90 percent in November 2020, partially due to seriously delinquent loans in forbearance. As borrowers continued to transition out of forbearance, the serious delinquency rate generally trended down and reached a historical low of 3.52 percent in May 2024. Since that low point, the serious delinquency rate rose over the next four months to 4.15 percent in September 2024.[10] This is 0.22 percentage points higher than the end of FY 2023 but 0.84 percentage points lower than the end of FY 2022.

Exhibit III-14: Historical Serious Delinquency Rates for FHA Forward Mortgages



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-14 in Appendix D.

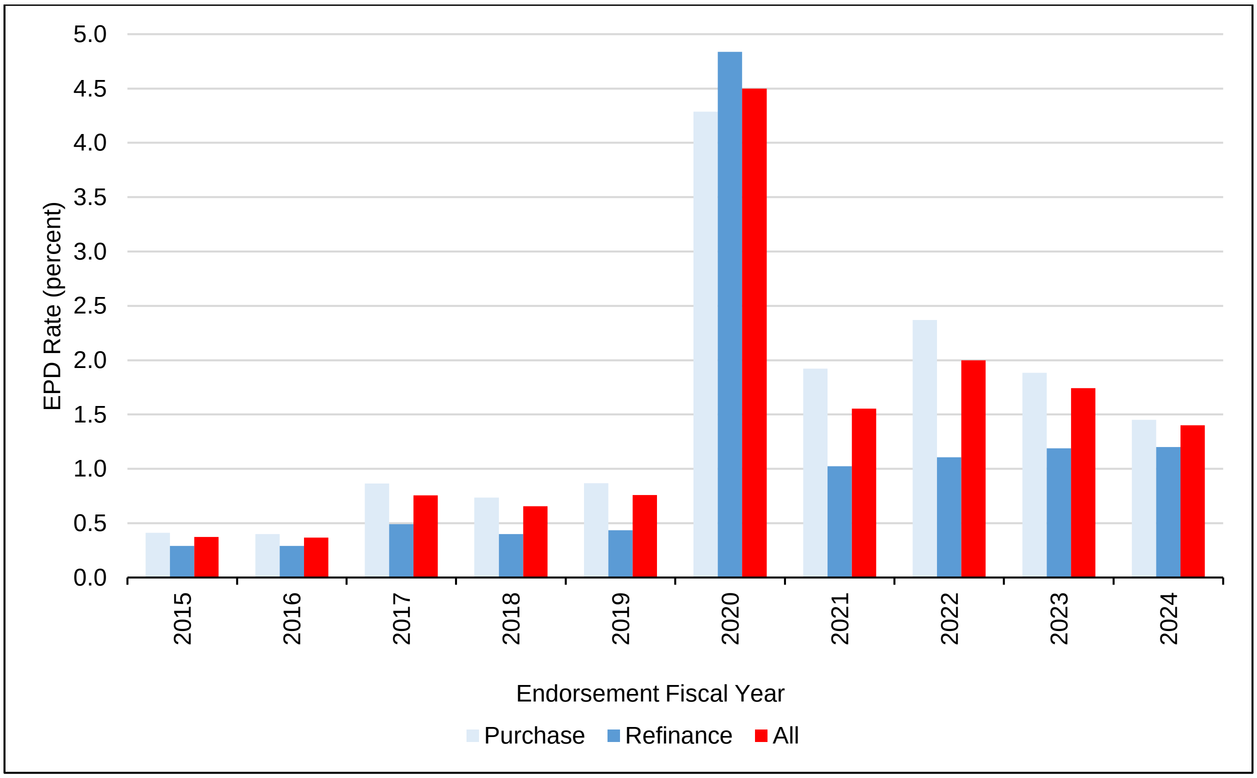
Early Payment Defaults (EPD) occur for FHA-insured mortgages when a borrower becomes 90 days or more delinquent within their first six mortgage payments. EPDs have historically reflected the credit quality of new endorsements and served as an early indicator of mortgage performance. However, macroeconomic conditions in the post-pandemic environment make it

[10] FHA estimates that 20 percent of the recent serious delinquencies are the result of an uptick in natural disasters over the past four months.

more challenging to rely on EPD rates alone as an indicator of mortgage performance. Therefore, FHA also closely monitors trends in delinquency transitions from 30 days to 90+ days for signs of additional stress.

As illustrated in Exhibit III-15 below, EPD rates remained relatively low from FY 2015 through FY 2019. Adverse impacts of the COVID-19 pandemic began to dominate the second half of FY 2020, and the EPD rate for all endorsements that year rose sharply to 4.50 percent from 0.76 percent in the prior year. FHA forbearance and loss mitigation programs and other federal COVID-19 relief actions helped significantly lower the EPD rate to 1.55 percent for all FHA endorsements in FY 2021. In FY 2022, the EPD rate of all endorsements edged up to 2.00 percent as inflation surged, placing additional pressure on FHA borrowers. The FHA MIP reduction in FY 2023 offered some relief and attracted borrowers with stronger credit profiles, and as a result, the EPD rates in FY 2023 and FY 2024 declined to 1.74 percent and 1.40 percent respectively.[11] These EPD rates were much lower than the FY 2020 peak but remained elevated compared with pre-pandemic levels.

Exhibit III-15: FHA Forward Early Payment Default Rates by Mortgage Purpose



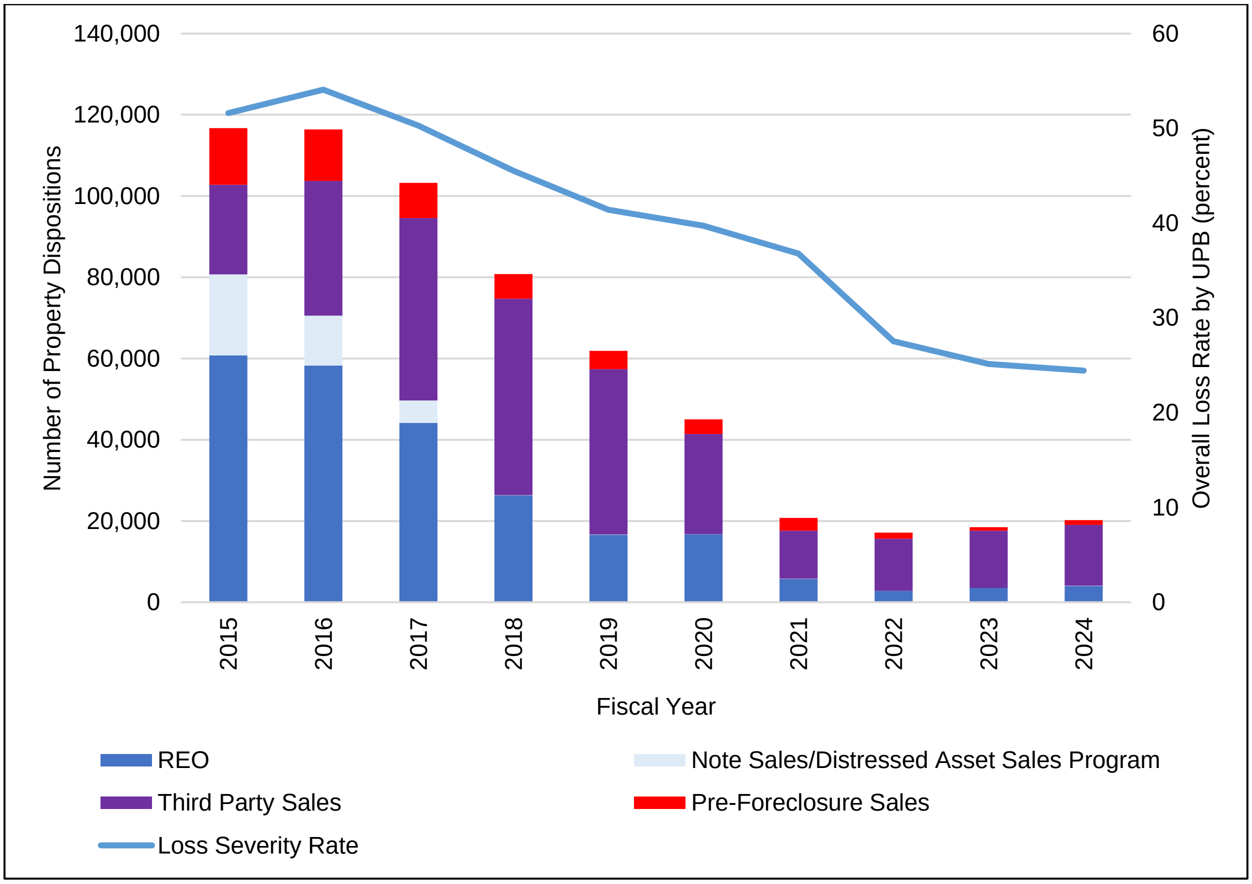
NOTE: FY 2024 data is through February 2024 endorsement dates.
SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-15 in Appendix D.

[11] For all FHA forward endorsements from October to February in FY 2024.

Loss and Disposition Activity

Exhibit III-16 below shows that the average loss rate for FHA-insured mortgage dispositions declined to 24.44 percent in FY 2024, slightly down from 25.14 percent in FY 2023 and significantly lower than the peak in FY 2016 of 54.08 percent. The decline in loss severity over this period was chiefly due to the substantial growth in home prices, which increased proceeds from sales of defaulted assets. The total supply of assets available for disposition declined precipitously in FY 2021 and FY 2022 as the foreclosure and eviction moratoria limited foreclosures exclusively to vacant properties. In FY 2023 and FY 2024, the supply of these assets rose slightly as restrictions were lifted and normal business operations resumed.

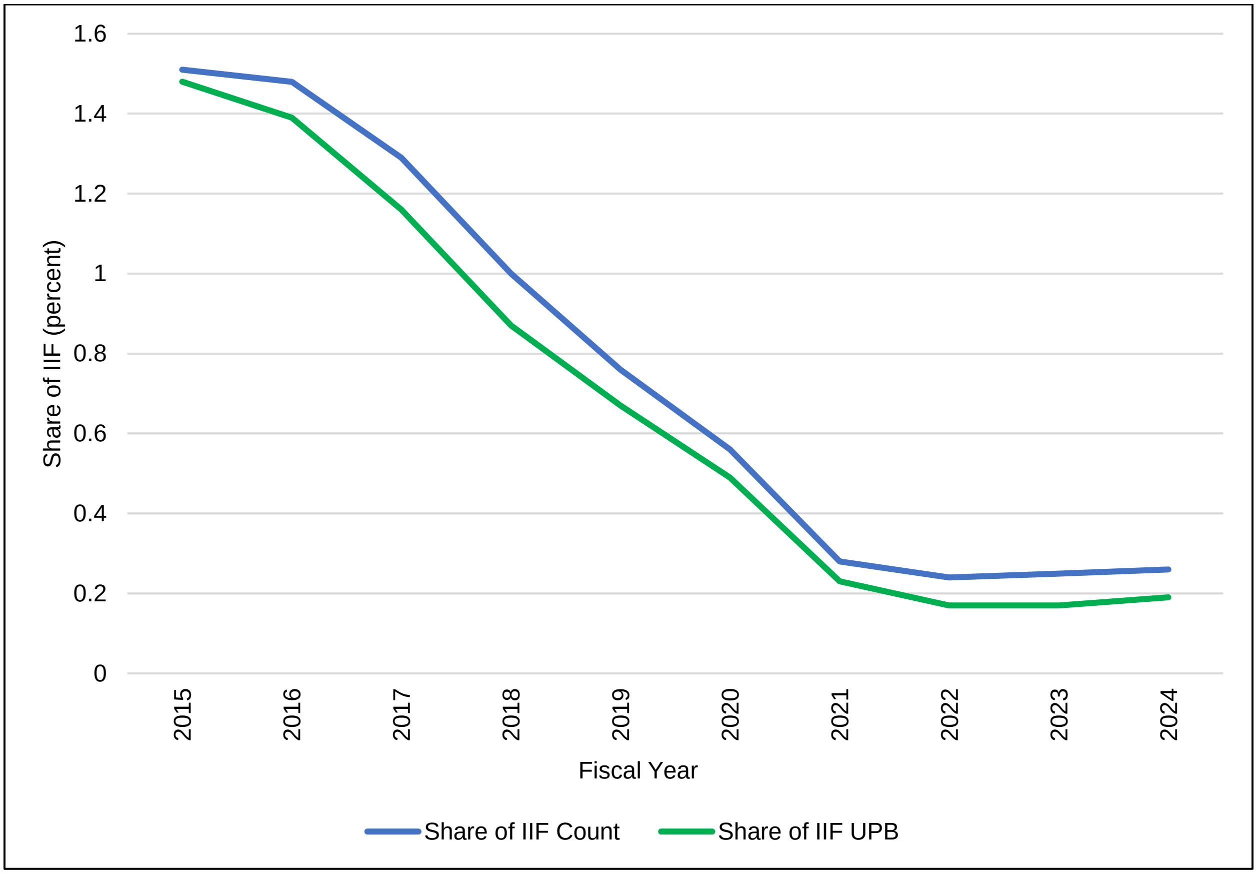
Exhibit III-16: FHA Forward Loss Severity and Disposition Count by Type



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-16 in Appendix D.

Exhibit III-17 below reflects dispositions as percentages of IIF count and UPB respectively. As serious delinquency rates trended downwards between FY 2015 and FY 2019, fewer loans required dispositions for loss mitigation. This, in combination with a favorable housing and economic environment and successful loss mitigations by FHA servicers reduced the number of dispositions performed by FHA. The foreclosure moratorium extended by the Biden-Harris Administration during the COVID-19 pandemic further reduced dispositions throughout the duration of the national emergency.

Exhibit III-17: Annual FHA Forward Dispositions as Shares of IIF Count and UPB



NOTE: Data includes funds outside of MMI Fund and outbids.
SOURCE: U.S. Department of HUD/FHA, October 2024.Fiscal Year 2024 data may have de minimis adjustments due to late reporting of disposition sales.
Refer to data table D-17 in Appendix D.

Home Equity Conversion Mortgage Program

Overview

FHA insures most of the nation's reverse mortgages through the Home Equity Conversion Mortgage (HECM) program.

The HECM program enables senior homeowners aged 62 or older who meet FHA requirements to withdraw an actuarially determined portion of the value of their home. There are no corresponding requirements to repay the borrowed amounts while a borrower or eligible surviving spouse continues to reside in the property as their primary residence and keep property charges current. Instead, the principal borrowed, along with interest, Mortgage Insurance Premiums, and servicing fees add to the mortgage balance over time. As a result, HECM balances over time may ultimately equal or exceed the value of the home, which would result in losses to the MMI Fund. HECM borrowers remain responsible for the payment of taxes, insurance, and property charges for as long as they remain in their home.

There are two primary ways in which FHA manages its HECM financial risk exposure from claims:

1. Setting a Maximum Claim Amount (MCA), which caps the size of the HECM insurance claim a lender can receive. The MCA is determined based upon the value of the home at origination and does not change over the life of the mortgage.

2. Setting a Principal Limit Factor that limits the percentage of the equity that a HECM borrower can draw down. Conceptually, the Principal Limit Factor is very similar to the LTV ratio applied to a traditional forward mortgage.

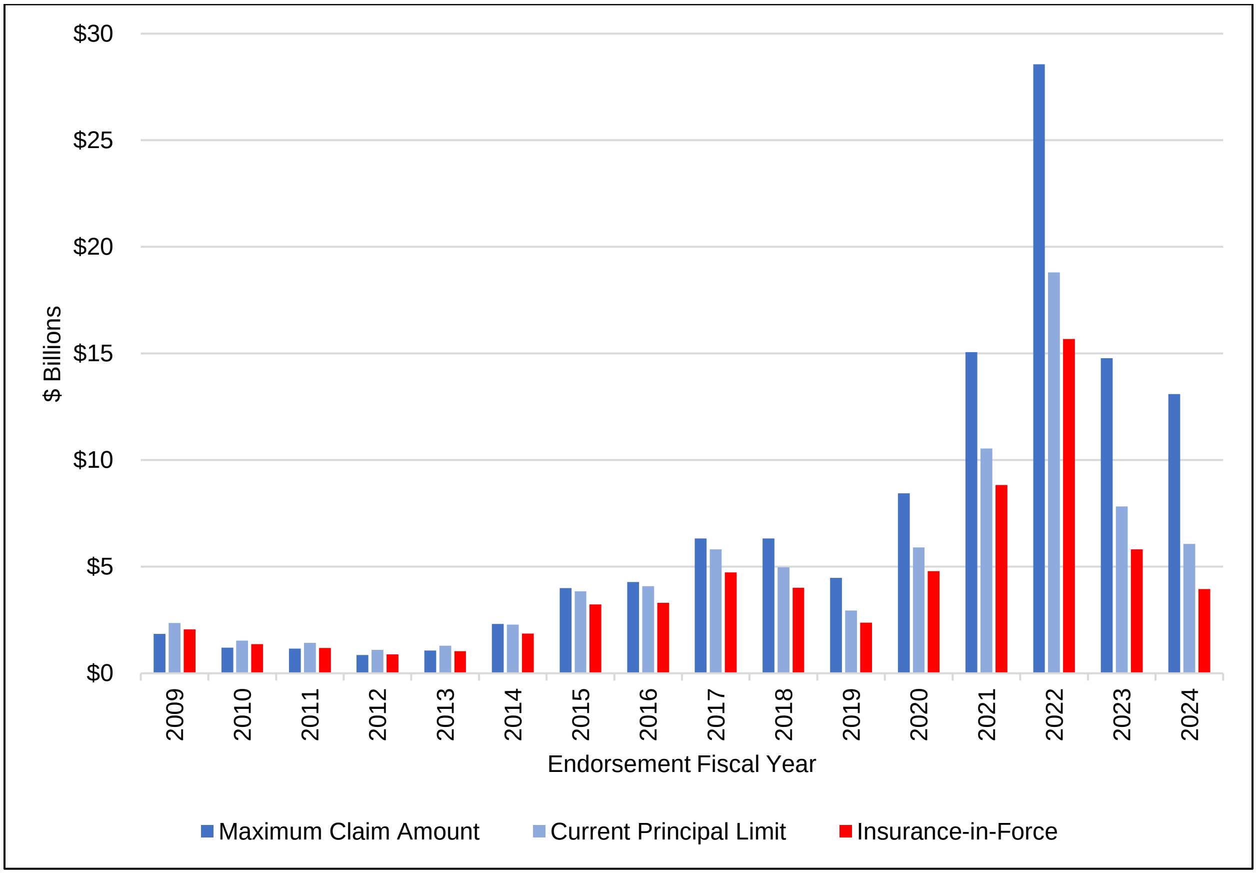
The amount of funds that any borrower can access through a HECM depends on a variety of factors, including the value of the property, the age of the youngest borrower or eligible non-borrowing spouse, and the interest rate charged to the borrower. [12]

When initially authorized by the Housing and Community Development Act of 1987, the HECM program was made available on a limited basis and all HECMs became obligations of FHA's General Insurance (GI) Fund. Starting in FY 2009, all new HECM endorsements became obligations of the MMI Fund.

[12] The inclusion of a non-borrowing spouse was made for all HECMs after August 4, 2014. In addition, the age of the youngest non-borrowing spouse was first introduced as a factor on August 4, 2014.

Exhibit III-18 below shows the current outstanding MCA, current total principal limit, and current IIF balances of the current HECM portfolio by fiscal year of endorsement. The total current MCA for mortgages endorsed in FY 2024 was slightly lower than that in FY 2023, which largely corresponded with elevated mortgage rates in FY 2024. As of September 30, 2024, the HECM portfolio in the MMI Fund represented a total MCA of $113.81 billion, a current principal limit of $80.83 billion, and a current IIF of $65.12 billion.

Exhibit III-18: Current HECM Portfolio by Year of Endorsement as of September 30, 2024

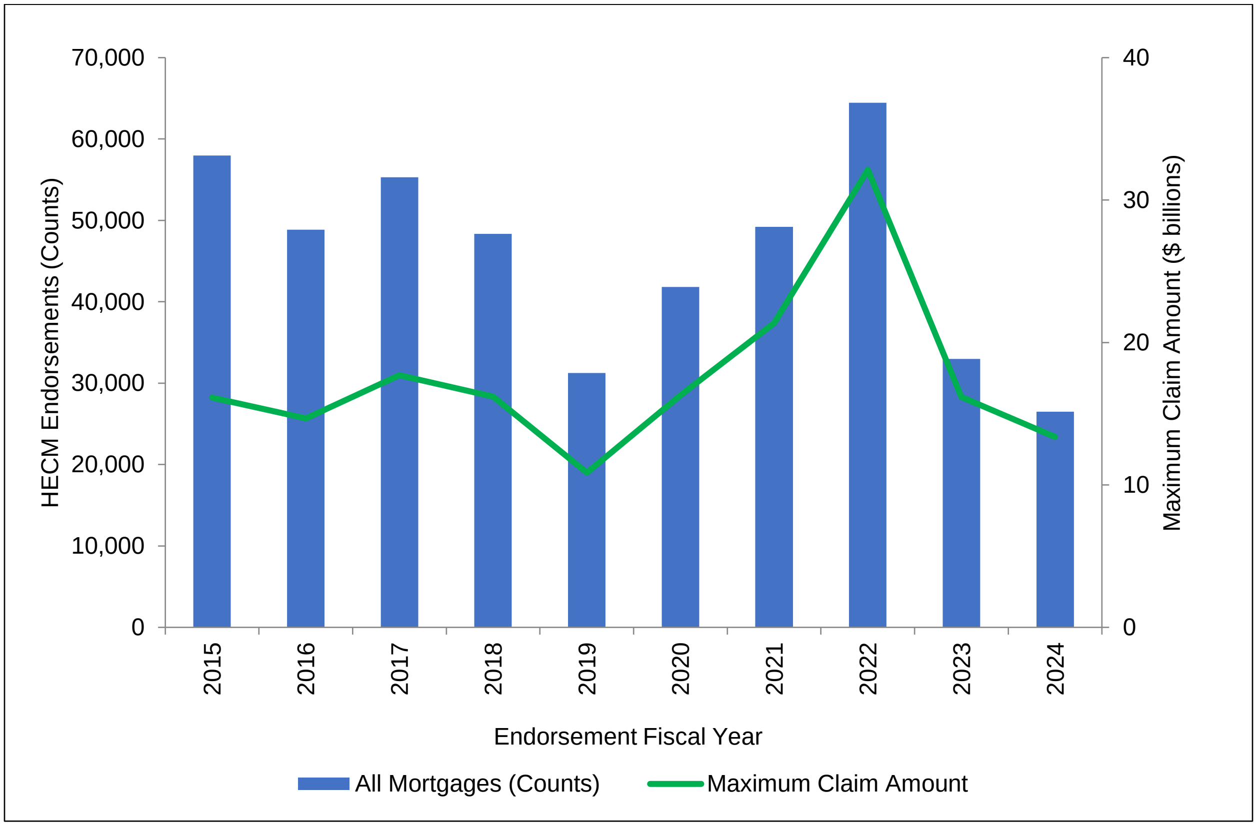


SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-18 in Appendix D.

Endorsement Trends and Composition

As shown in Exhibit III-19 below, FHA provided insurance endorsements for 26,501 HECMs in FY 2024, representing a total current MCA of $13.36 billion.[13] This number declined 17 percent from last year's total MCA. HECM endorsements increased from FY 2019 to FY 2022 by 106 percent, when mortgage rates were at historically low levels. Over the past two years in a higher rate environment, HECM endorsements declined by 59 percent.

Exhibit III-19: FHA HECM Endorsement Activity



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-19 in Appendix D.

Exhibit III-20 below summarizes the share of total HECM MCA by payment plan option type and endorsement FY. HECM borrowers can choose from the following payment options to receive mortgage proceeds:

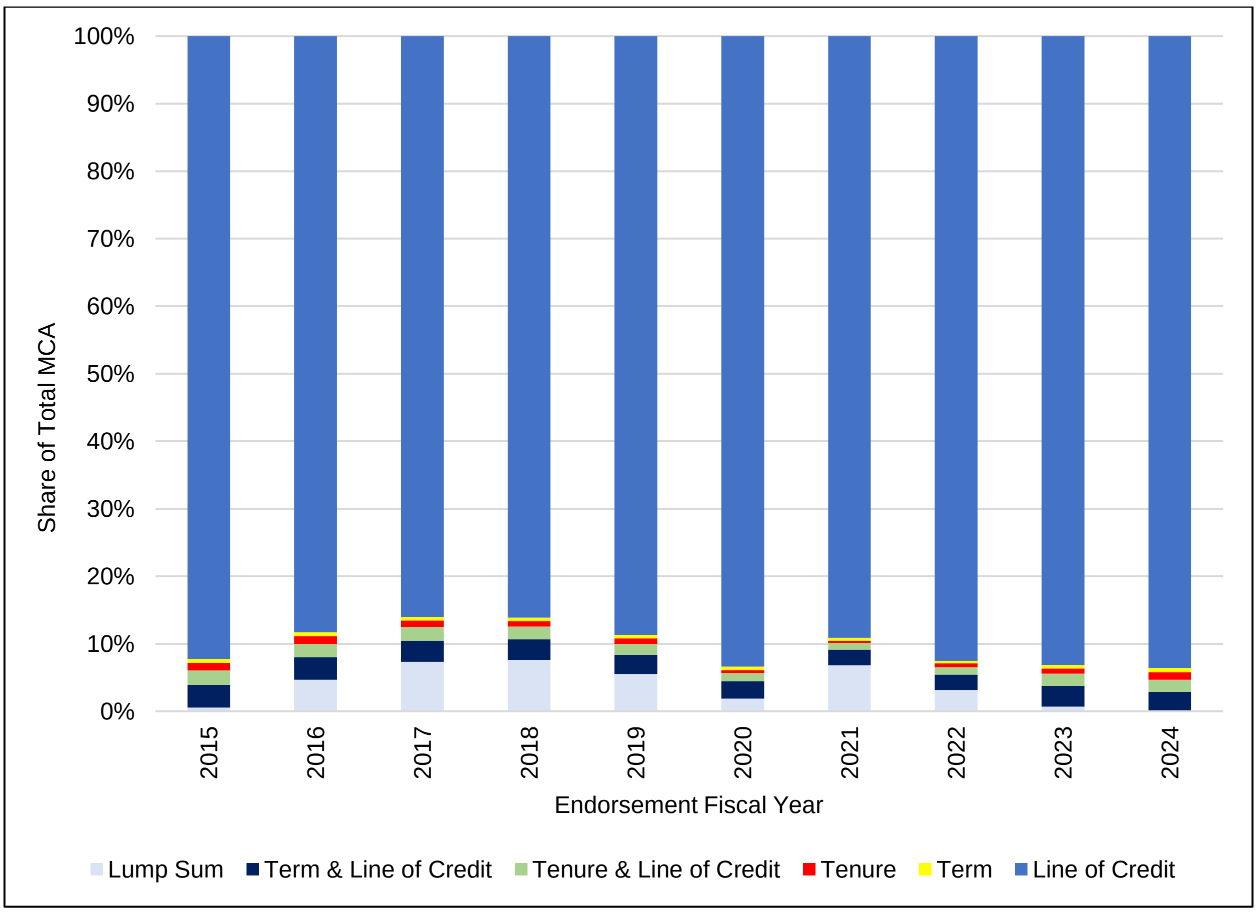
- Lump Sum: Under the lump sum payment option, the borrower receives a single lump sum disbursement at closing. This payment option is only available for fixed-rate HECMs.
- Term: Under the term payment option, equal monthly payments are made to the borrower for a fixed term of months chosen by the borrower.

[13] Maximum Claim Amount is used to calculate proceeds and is equal either to the appraised value of the home or the FHA lending limit, whichever is less.

- Tenure: Under the tenure payment option, equal monthly payments are made to the borrower.
- Line of Credit: Under the line of credit payment option, payments are made to the borrower at times and in amounts determined by the borrower until the line of credit is exhausted.
- Term or Tenure with Line of Credit: Under the term or tenure payment options with a line of credit, equal monthly payments are made to the borrower for a fixed period. These payment plans segregate a portion of the available principal for a line of credit and then provide monthly draws based on the borrower's selection of term or tenure.

The Line of Credit draw option remained the most popular payment plan type with HECM borrowers in FY 2024 due to its flexibility. Borrowers with fixed-rate HECMs cannot request a change in payment option. Borrowers with adjustable-rate HECMs originated after FY 2014 may request a change in payment option after the first 12-month disbursement period if the outstanding mortgage balance is less than the principal limit.

Exhibit III-20: FHA HECMs by Payment Plan Option

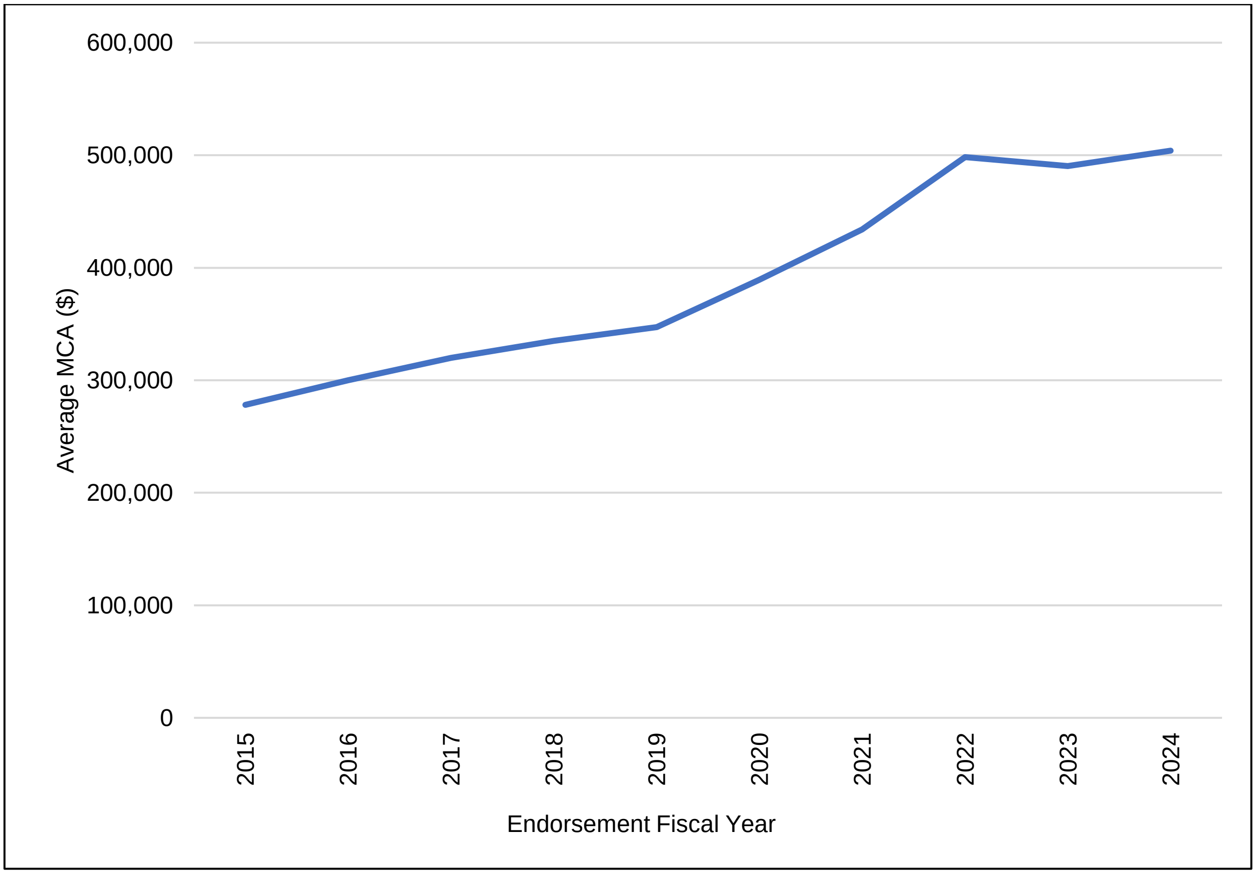


SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-20 in Appendix D.

As shown in Exhibit III-21 below, having generally trended up since FY 2015, the average Maximum Claim Amount per HECM endorsement increased slightly to $504,027 in FY 2024 from last year's $490,417. Rising average MCA coincided with higher appraised values on homes occupied by HECM borrowers.

The FHA maximum loan limit for HECMs in calendar year 2024 is $1,149,825, up by 5.56 percent from last year's $1,089,300. By statute, this limit is currently applied uniformly across the country, unlike the FHA forward mortgage loan limits that vary based on geographic locations.

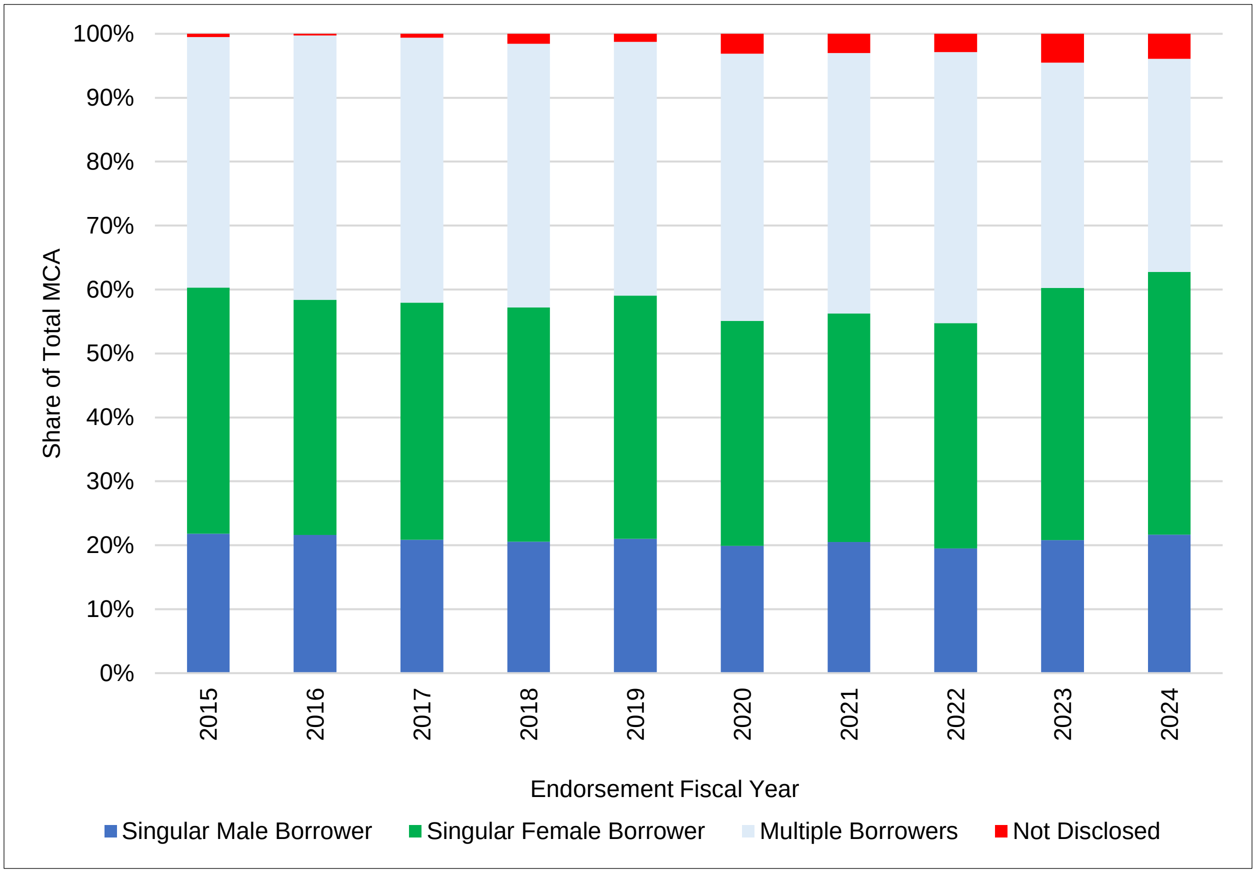
Exhibit III-21: Average Maximum Claim Amount for FHA-Endorsed HECMs



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-21 in Appendix D.

Exhibit III-22 below illustrates the share of HECM endorsement counts by borrower type. In FY 2024, 41.09 percent of HECM endorsements served singular female borrowers, 21.64 percent served singular male borrowers, and 33.35 percent served multiple borrowers.[14] The composition of HECM borrowers has remained relatively consistent since FY 2015.

Exhibit III-22: Composition of FHA HECM Borrowers

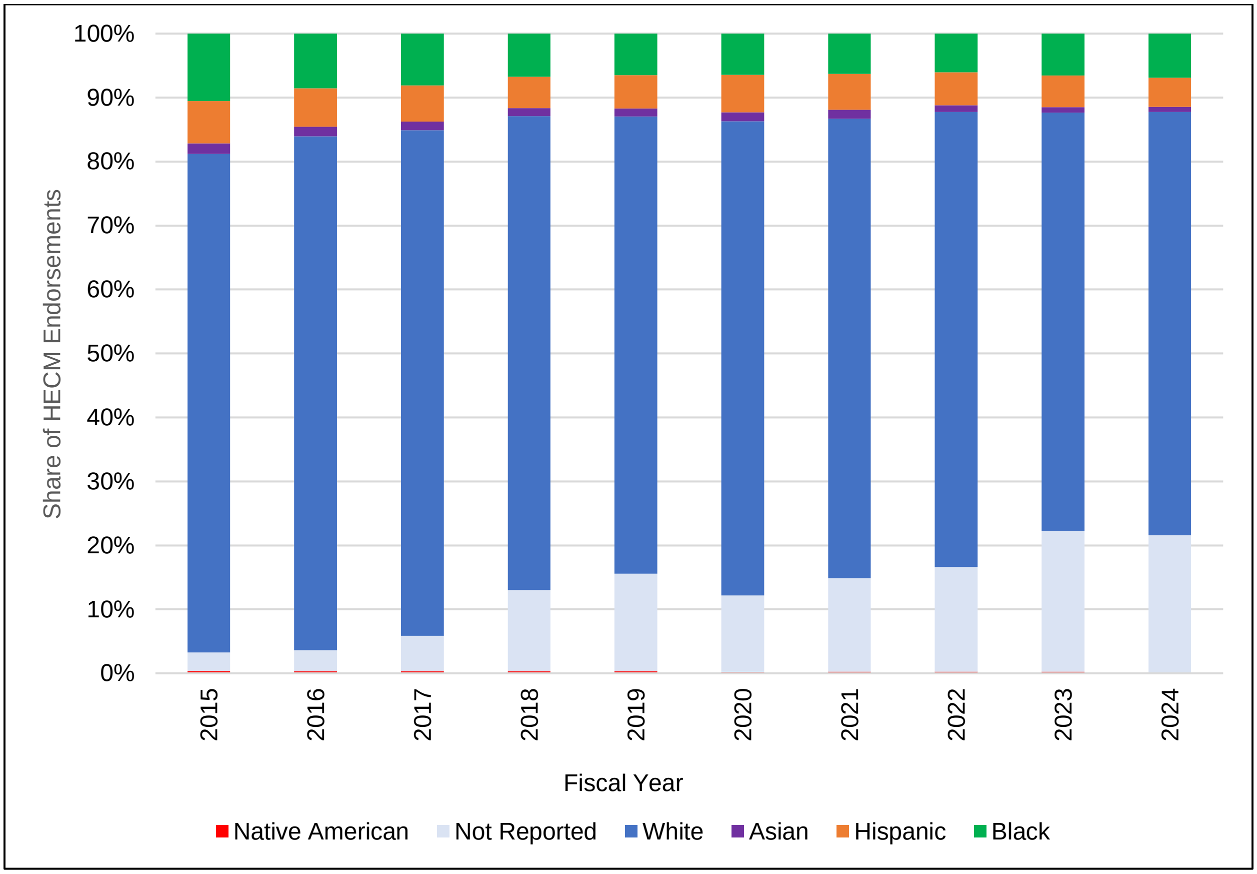


SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-22 in Appendix D.

[14] For 3.92 percent FHA HECMs endorsed in FY 2024, the borrowers chose not to report such status at mortgage originations.

Exhibit III-23 below illustrates the share of HECM endorsement counts by race/ethnicity. In FY 2024, 66.00 percent of HECM endorsements served White borrowers, 6.89 percent served Black borrowers, 4.54 percent served Hispanic borrowers, 0.77 percent served Asian borrowers, and 0.26 percent served Native American borrowers. Documentation of race/ethnicity is voluntary. The share of non-respondents for HECMs climbed in the past decade, though edged down from 21.99 percent in FY 2023 to 21.53 percent in FY 2024.

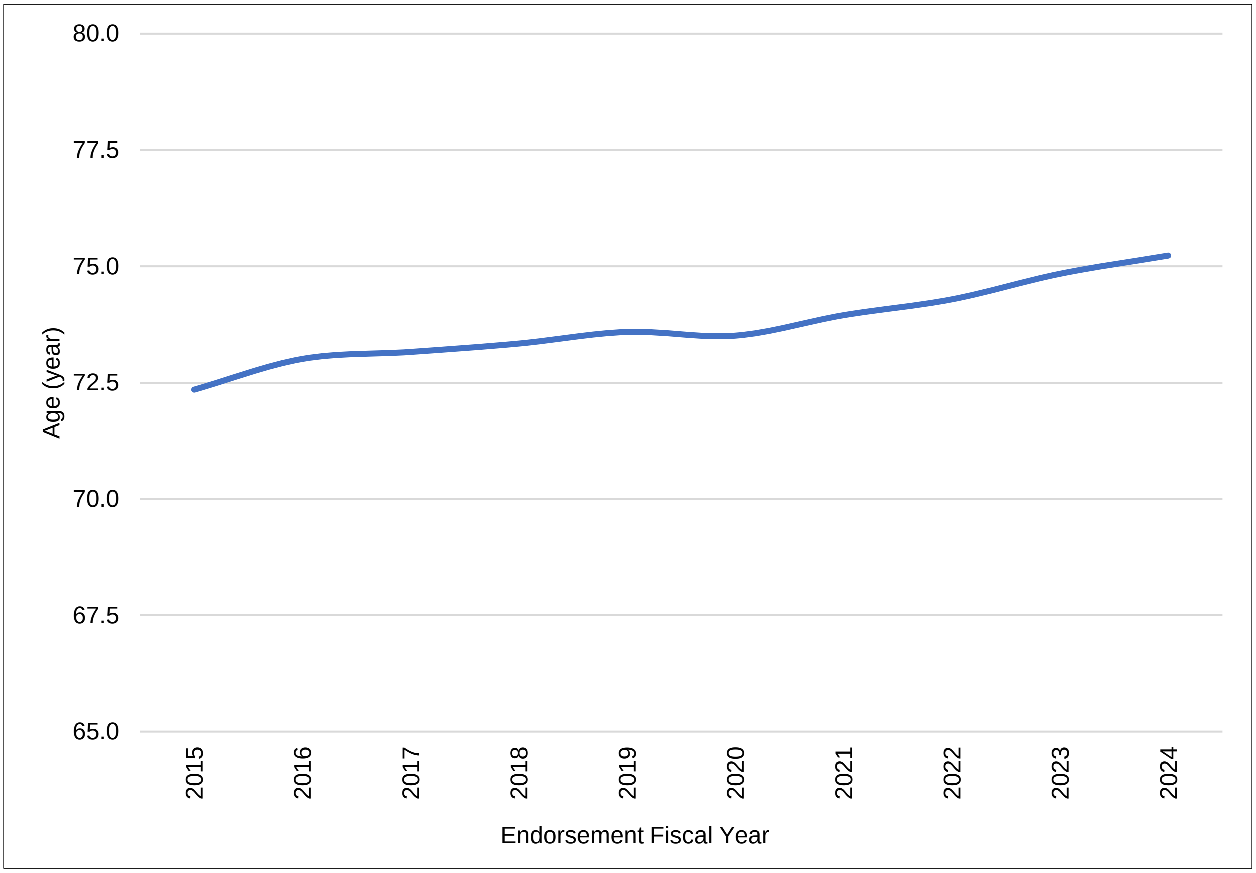
Exhibit III-23: Racial Composition of FHA HECM Borrowers



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-23 in Appendix D.

Exhibit III-24 below shows the trend in the average age of HECM borrowers, which remained relatively stable though gradually trended up over the past decade. In FY 2024, the average borrower age increased slightly to 75.23 years from 74.84 years in FY 2023.

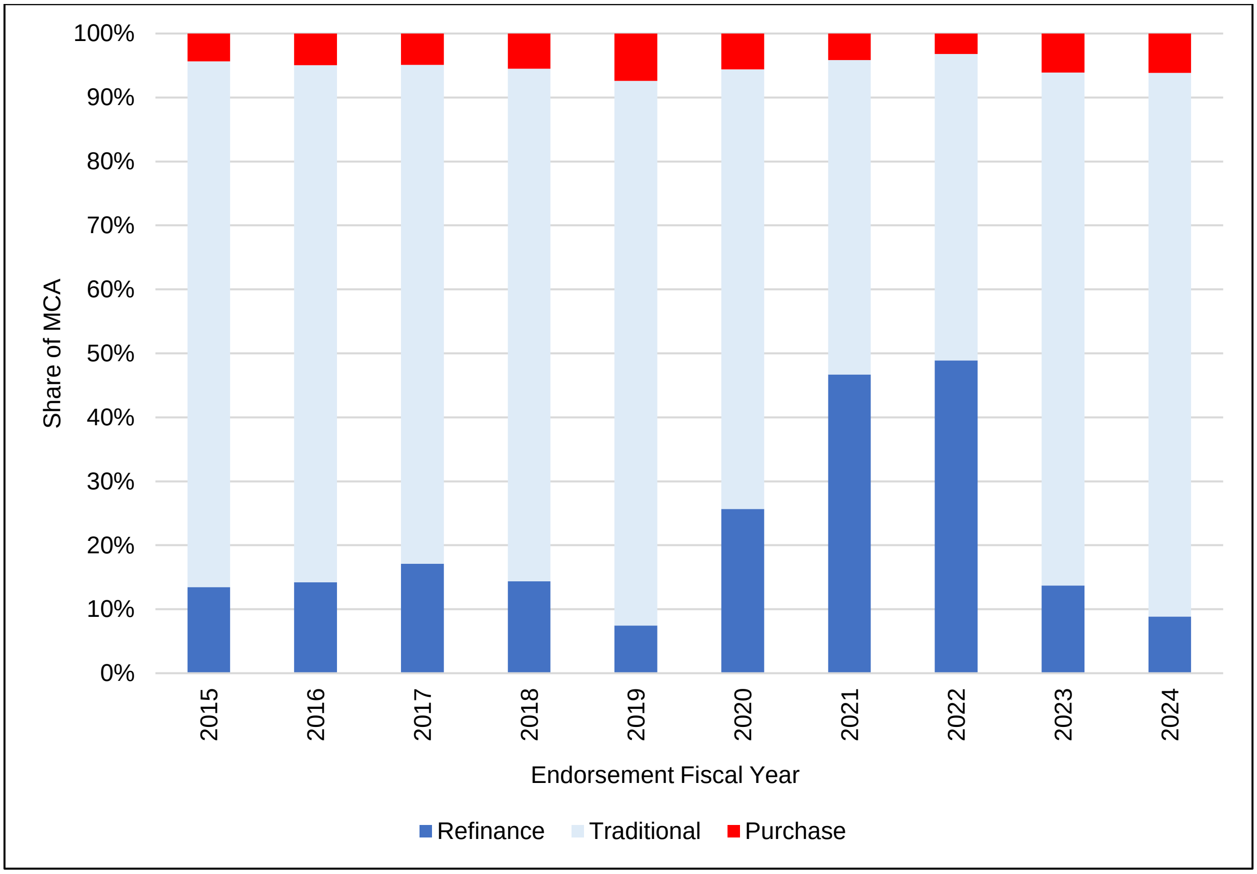
Exhibit III-24: Average Borrower Age at Endorsement of FHA HECMs



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-24 in Appendix D.

As shown in Exhibit III-25 below, the share of HECM MCA for refinance endorsements substantially declined in FY 2023 and FY 2024 compared with FY 2021 and FY 2022. The share of HECM refinances decreased further in this fiscal year, falling from 13.71 percent of total HECM endorsements in FY 2023 to 8.87 percent in FY 2024. Refinance endorsements allow existing HECM borrowers to tap into subsequent increases in home value; however, higher mortgage rates reduce amounts borrowers can extract. Compounded interest under a higher rate reduces the equity available to a borrower at a faster pace, which may have further discouraged refinance activity during FY 2024.

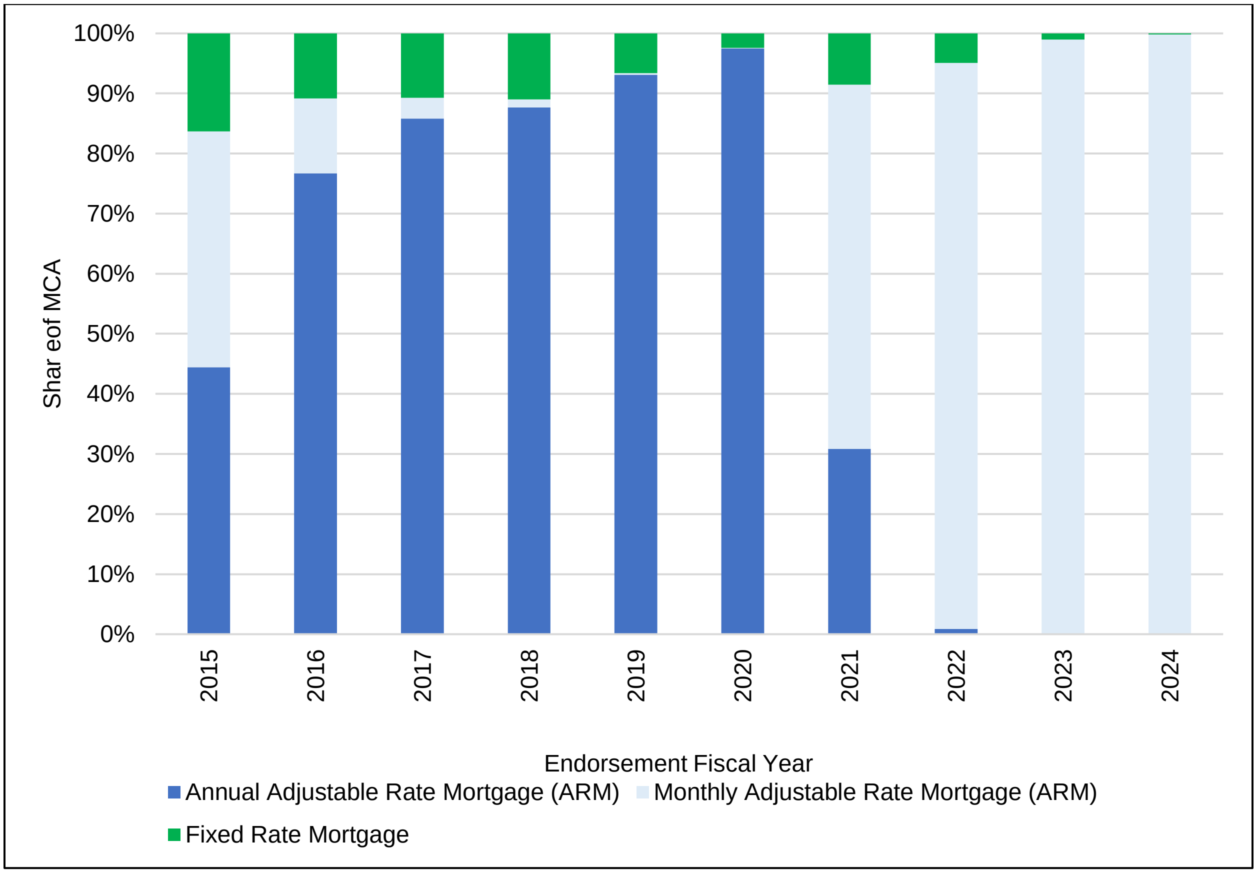
Exhibit III-25: FHA HECM Endorsement Activity by Mortgage Purpose



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-25 in Appendix D.

Exhibit III-26 below illustrates that the share of fixed-rate HECM endorsements generally trended down in the past decade. In FY 2024, 99.80 percent of FHA's HECM endorsements were for adjustable-rate mortgages (ARMs). HECM borrowers' preferences for ARM products were, in part, a result of policies implemented in FY 2014, which eliminated the option of future draws and reduced the amount of principal made available to a fixed-rate HECM borrower. In addition, elevated mortgage rates in recent years also contributed to the further increase of ARM share, as borrowers prefer not to lock-in at elevated fixed rates but instead position themselves to benefit from any potential future rate drops for the life of the loan.

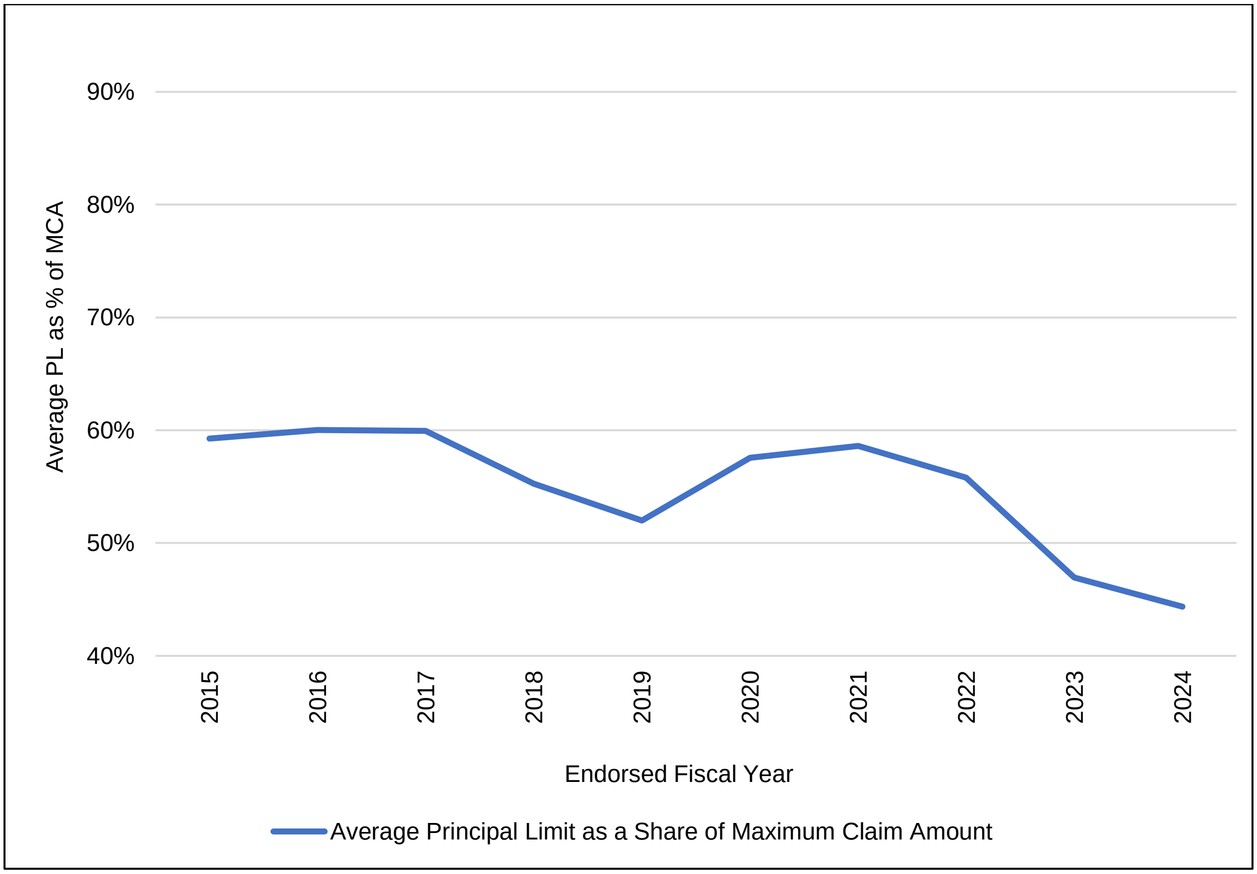
Exhibit III-26: FHA HECM Endorsement Activity by Mortgage Rate Type



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-26 in Appendix D.

Exhibit III-27 below shows the average principal limit (PL) as a percentage of the MCA that borrowers are permitted to withdraw, which for HECMs endorsed in FY 2024 was 44.36 percent of the MCA, down from 46.94 percent in FY 2023. The PL is a function of the age at origination and the expected rate. HPA does not play a role here. If the borrower age increases at origination, the PL also increases. On the other hand, if the expected rate increases, the PL decreases. Elevated mortgage rates contributed to the decline.

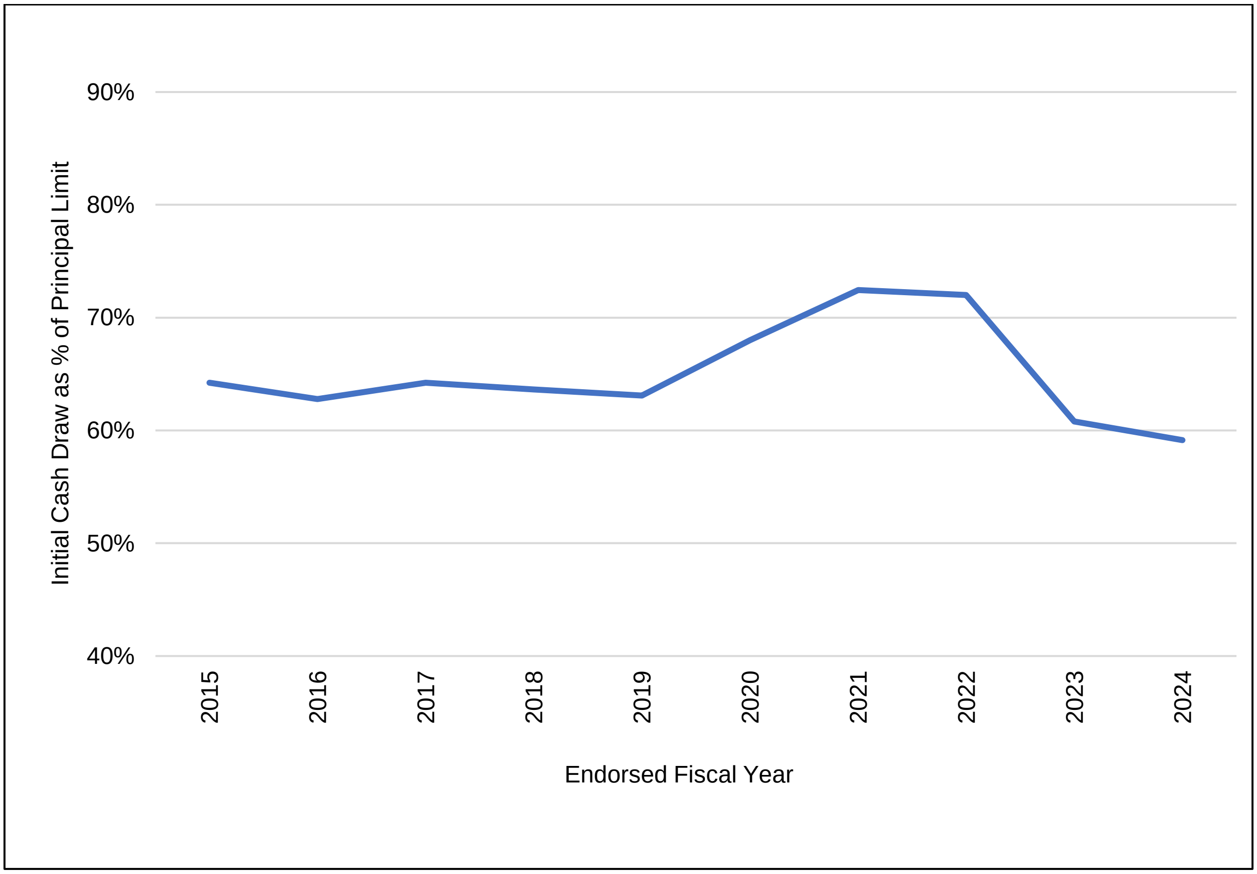
Exhibit III-27: Average Principal Limit of FHA HECMs



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-27 in Appendix D.

As reflected in Exhibit III-28 below, HECM borrowers of mortgages endorsed in FY 2024 withdrew on average 59.14 percent of their available principal limit on their initial draw, slightly declining from 60.79 percent in the prior year and dropping to the lowest level in the past decade. Large upfront draws increase the risk to borrowers and FHA, because larger draws combined with higher interest rates cause balances to accrue faster. This reduces financial resources available to borrowers to pay future obligations such as taxes and insurance, results in faster depletion of a borrower's equity in the home, and increases potential losses to FHA.

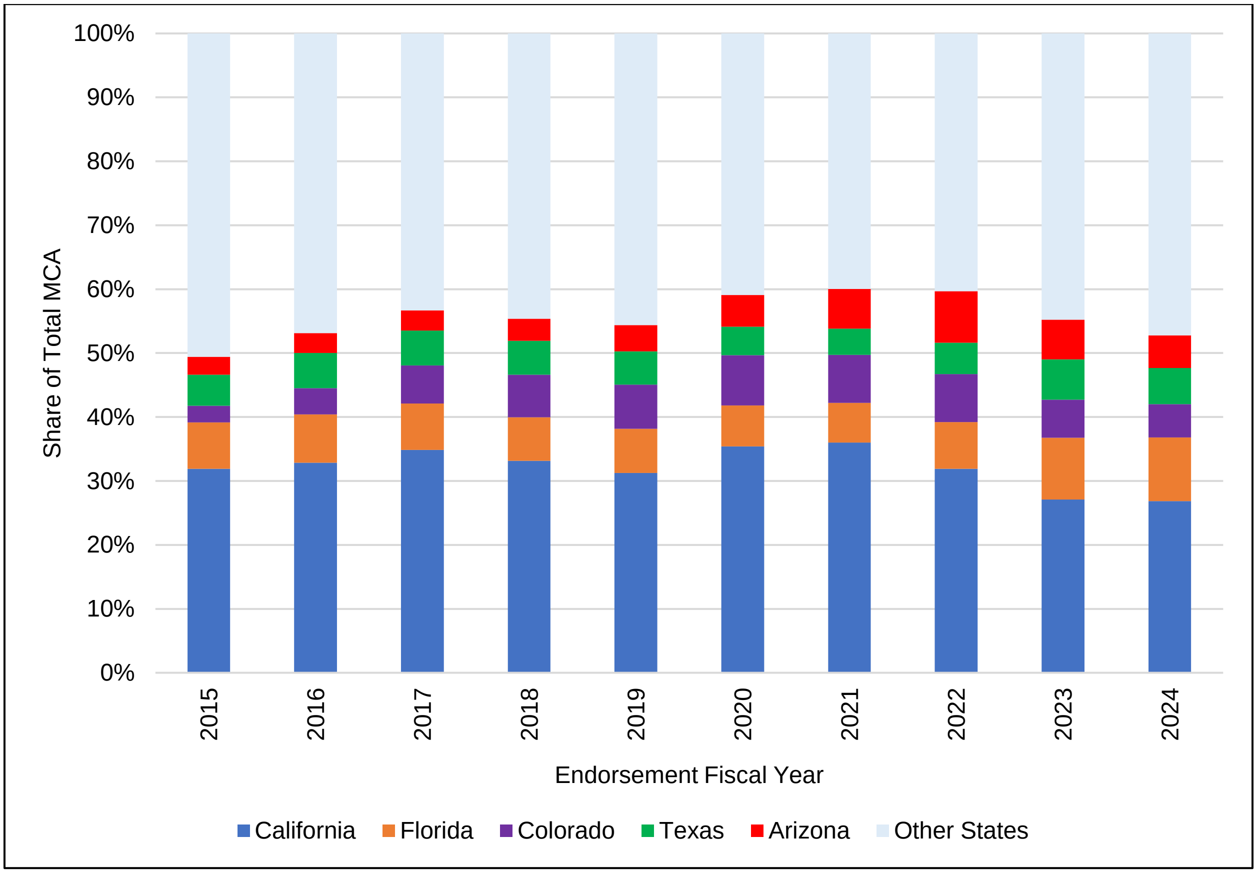
Exhibit III-28: Average Initial Cash Draws of FHA-Endorsed HECMs



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-28 in Appendix D.

HECMs are more geographically concentrated than FHA-insured forward mortgages, as shown in Exhibit III-29. California remained the state with the largest share of HECM production by far, accounting for 26.87 percent of FHA's total MCA for HECMs endorsed in FY 2024. In FY 2024, the top five states represented 52.76 percent of new HECM endorsements, down by 2.45 percentage points from FY 2023.

Exhibit III-29: Top 5 States with the Highest Shares of HECM MCAs in the Past 10 FYs

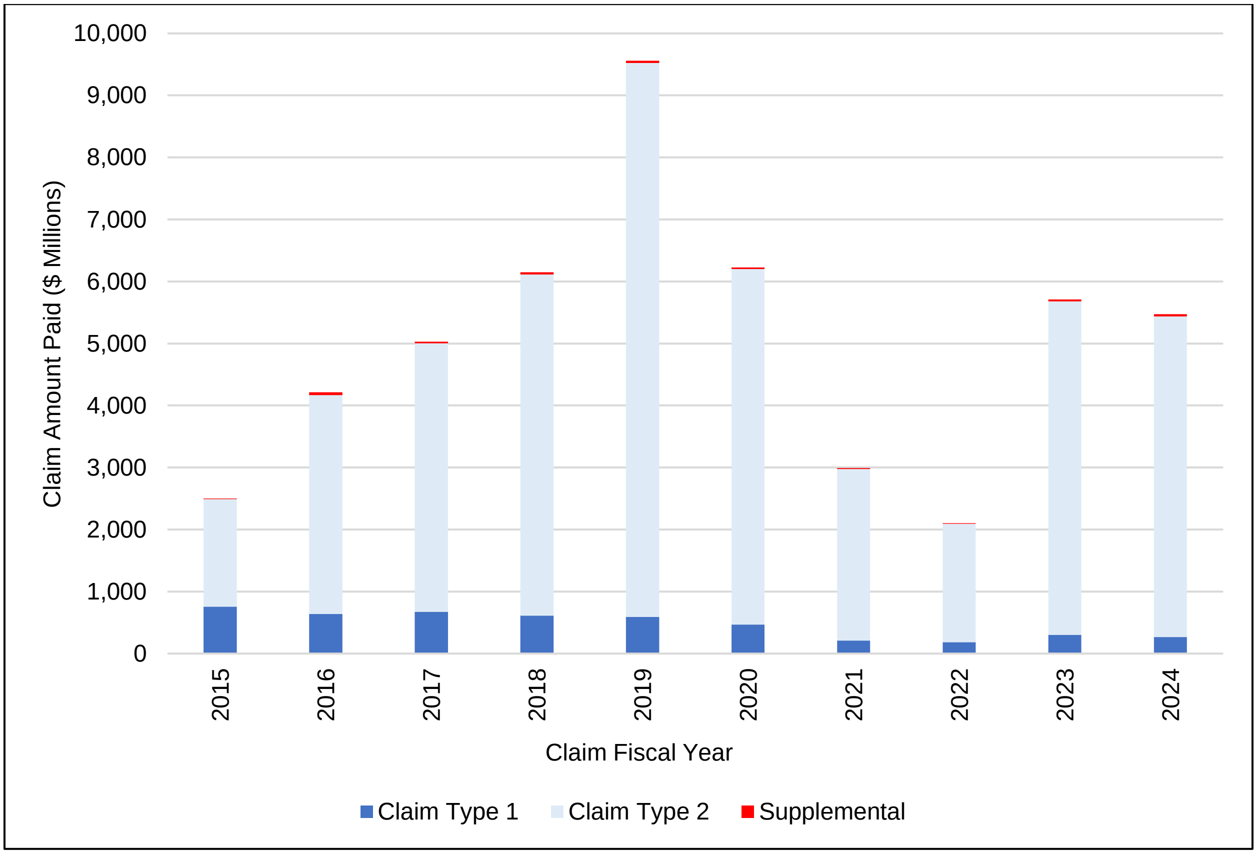


SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-29 in Appendix D.

HECM Claim Activity

Exhibit III-30 below shows the total dollar amount and distribution of HECM claims by claim type. The Claim Type 1 category represents the dollar volume of claims generated when a home, no longer occupied by a borrower, is sold at a loss. The Claim Type 2 category represents the dollar volume of claims resulting from the assignment of the mortgage to the Secretary of HUD when the mortgage reaches 98 percent of the MCA. Supplemental claims are those claims submitted by lenders for other eligible expenses not included in original claims, such as property preservation expenses.

Exhibit III-30: FHA HECM Claims by Claim Type



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table D-30 in Appendix D.

In FY 2024, claims paid totaled $5.47 billion, down from $5.71 billion in FY 2023. Type 2 claims accounted for a majority of the decrease in total claim amount under the HECM program. Type 2 claims increased between FY 2015 and FY 2019, primarily due to the seasoning of the HECM portfolio. In other words, older loans have a higher propensity to claim. This resulted in more mortgage balances reaching 98 percent of the MCA. Additionally, Type 2 claims increased in FY 2023 due to FHA's streamlining HECM claim submission procedures and expediting claim submissions.[15] Despite the elevated interest rate environment, FHA's policy to streamline assignments reduced the backlog of unassigned loans. Therefore, in FY 2024, Type 2 claims decreased slightly from the prior year's level.

[15] Mortgagee Letter (ML) 2023-10 lowered the minimum loan balance required to submit an assignment claim for review from 97.5% of the MCA to 97% to expedite assignment processing and reduce backlog.

Chapter IV: Condition of the Mutual Mortgage Insurance Fund

Overview of the Mutual Mortgage Insurance Fund

The Mutual Mortgage Insurance Fund (MMI Fund) is a federal fund that provides mortgage insurance throughout the United States and its territories for two of FHA's single family mortgage loan programs, which include both – forward mortgages, and Home Equity Conversion Mortgages (HECM)s, also called reverse mortgages.

The MMI Fund is a stable mortgage market participant that endorses loans during both favorable and unfavorable markets, often playing an important countercyclical role. FHA volume frequently increases when the market experiences economic disruptions, until private capital returns to normal levels. During times of credit contraction, FHA plays an integral role in stabilizing markets and expanding equitable access to financing for traditionally marginalized borrowers. To perform this important role, the MMI Fund must be adequately capitalized to provide a steady source of credit for home financing activities, most especially during periods of market contraction.

In the National Affordable Housing Act of 1990, Congress created a capital ratio metric for gauging the financial status of the MMI Fund. The capital ratio compares the "economic net worth" of the MMI Fund to the dollar balance of active, insured loans, via the total Insurance-in-Force (IIF). Economic net worth, or capital, is a net asset position where an estimate of the present value of expected future revenues and net claim expenses is added to the current capital resources (i.e., cash and investments position). Expected future revenues and net claim expenses are estimated using a series of loan performance and cash flow forecasting models. Consistent with the Federal Credit Reform Act (FCRA) of 1990, these models use economic, and market forecasts provided in the Office of Management and Budget's President's Economic Assumptions (PEA). [16,17]

FCRA also requires that agencies have budget authority to cover a program's subsidy cost to the government in advance before new direct loan obligations are incurred and new loan guarantee commitments are made. These cost estimates are calculated prior to the inception of a cohort of loan endorsements and are re-estimated annually thereafter. Because Congress does not provide subsidy appropriations to the MMI Fund, its programs are designed to be negative subsidy at origination, meaning that they generate a positive return to the MMI Fund. That return is expressed as a negative cost, also known as a negative credit subsidy, which means that the Fund ultimately returns revenue to the U.S. Treasury. Furthermore, the National Housing Act requires

[16] The Federal Credit Reform Act of 1990 requires agencies to estimate the long-term costs to the government of extending or guaranteeing credit and to account for cash flows, excluding administrative expenses, on a net present value basis.

[17] The President's Budget contains the President's Economic Assumptions and discusses how key macroeconomic variables such as growth in the economy, gross domestic product, employment, and interest rates are expected to evolve over the next ten years. The PEA forecast assumes full implementation of all the Administration's policy proposals and has a significant impact on model outputs.

insured cohorts to be self-sustaining in the sense that strong performance in prior years may not be used to subsidize or offset losses in future endorsements.

MMI Fund Capital Ratio

As of September 30, 2024, the MMI Fund capital ratio stood at 11.47 percent of IIF, representing an increase of 0.96 percentage points from the FY 2023 MMI Fund capital ratio of 10.51 percent. For FY 2024, the capital ratio remains more than five times higher than the Congressionally mandated level of two percent.

Federal law (12 USC § 1708(a)(4)) requires FHA to conduct an annual independent actuarial study of the MMI Fund and to submit a report to Congress describing the results of the study. The actuarial study serves as an independent verification of FHA's methodology and calculation of the capital ratio. The FY 2024 independent actuarial studies concluded that FHA's cash flow NPV is reasonable and within a reasonable range of Actuarial Estimates. The Independent Actuarial Studies for the forward and HECM portfolios are available on FHA's website at: https://www.hud.gov/program_offices/housing/rmra/oe/rpts/actr/actrmenu

Exhibit IV-1 provides a summary of the capital ratio from FY 2017 through FY 2024. The exhibit segments capital into existing capital resources (i.e., the current balance sheet position) and cash flow NPV. The sum of these two values is the MMI Fund capital. The components of capital are shown as a percent of Insurance-in-force (MMI Fund capital ratio). Below we provide a detailed description of the components and formulas for the calculations.

Exhibit IV-1: Mutual Mortgage Insurance Fund Balance and Capital Ratio FY 2017 to FY 2024 ($ millions)

Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Capital Resources	$40,857	$49,237	$57,980	$70,651	$83,604	$98,441	$110,511	$124,909
Cash Flow NPV	($14,112)	($14,375)	$4,402	$8,298	$16,871	$43,260	$34,778	$47,853
MMI Fund Capital	**$26,745**	**$34,862**	**$62,382**	**$78,949**	**$100,475**	**$141,701**	**$145,288**	**$172,763**
Insurance-In-Force	$1,226,843	$1,264,672	$1,288,436	$1,294,731	$1,251,270	$1,275,212	$1,382,817	$1,506,675
Total Capital Resources (% of IIF)	3.33%	3.89%	4.50%	5.46%	6.68%	7.72%	7.99%	8.29%
Cash Flow NPV (% of IIF)	-1.15%	-1.14%	0.34%	0.64%	1.35%	3.39%	2.51%	3.18%
MMI Fund Capital Ratio	**2.18%**	**2.76%**	**4.84%**	**6.10%**	**8.03%**	**11.11%**	**10.51%**	**11.47%**

SOURCE: U.S. Department of HUD/FHA, October 2024.
Due to rounding, the values may not add up to the total.

Cash flow NPV is calculated by combining two components:

1. Net Present Value of projected Mortgage Insurance Premium (MIP) revenue (NPV projected revenue) – Estimated value of monthly insurance premiums through the life of the loan after applying modeled prepayment, default, and claim assumptions
2. Net Present Value of projected claims Losses (NPV projected losses) – Costs of projected claim payments; property preservation expense; and disposition expenses; minus collections from recoveries on defaulted loans

The formulas for calculating MMI Fund capital and the MMI Fund capital ratio are as follows:

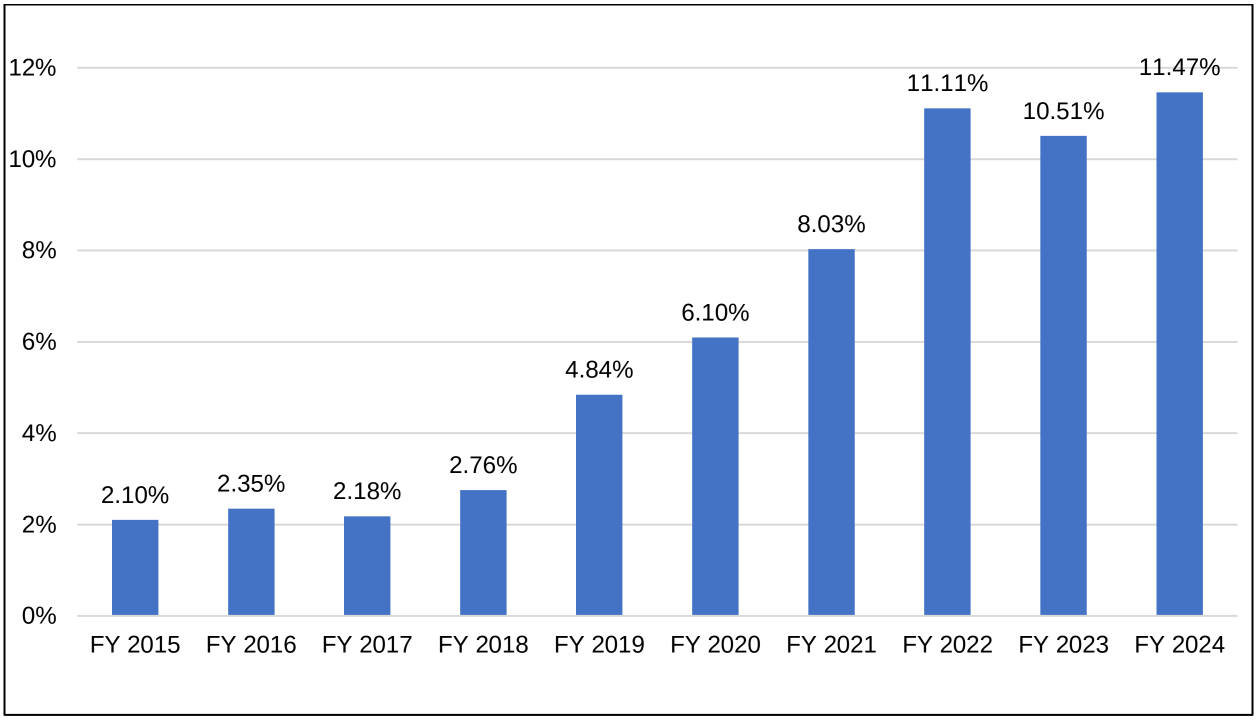
1. MMI Fund capital = (total capital resources + NPV projected revenue – NPV projected losses) [18]
2. MMI Fund capital ratio = MMI Fund capital / total IIF

The MMI Fund capital ratio is defined as the sum of capital resources and the net present value of future cash flows, divided by IIF. Existing capital resources are mostly realized dollars (essentially cash), and not subject to model forecast, that are readily available to pay potential claims. Cash flow NPV, currently 3.18 percent of IIF, is an estimate of future cash flows, and is subject to uncertainty.

Over the last ten years, the MMI Fund capital ratio has increased substantially, from 2.10 percent in FY 2015 to 11.47 percent in FY 2024, as shown by Exhibit IV-2 below. Over the past year, the capital ratio increased by nearly a percentage point. One driver of this year's change in the capital ratio, and the majority of MMI Fund capital, is growth of the capital resources of the Fund. Capital resources, currently 8.29 percent of IIF, are composed of collected upfront and monthly insurance premiums, investments, recoveries on disposed assets, and any notes and properties awaiting disposition. NPV of projected cash flows also contributed to the increase in Fund capital. As shown in Exhibit IV-3, projected NPV of cash flows contributed almost 0.67 percentage points to the improvement in the capital ratio. The increase in capital resources contributes almost 0.30 percentage points to the improvement in the capital ratio.

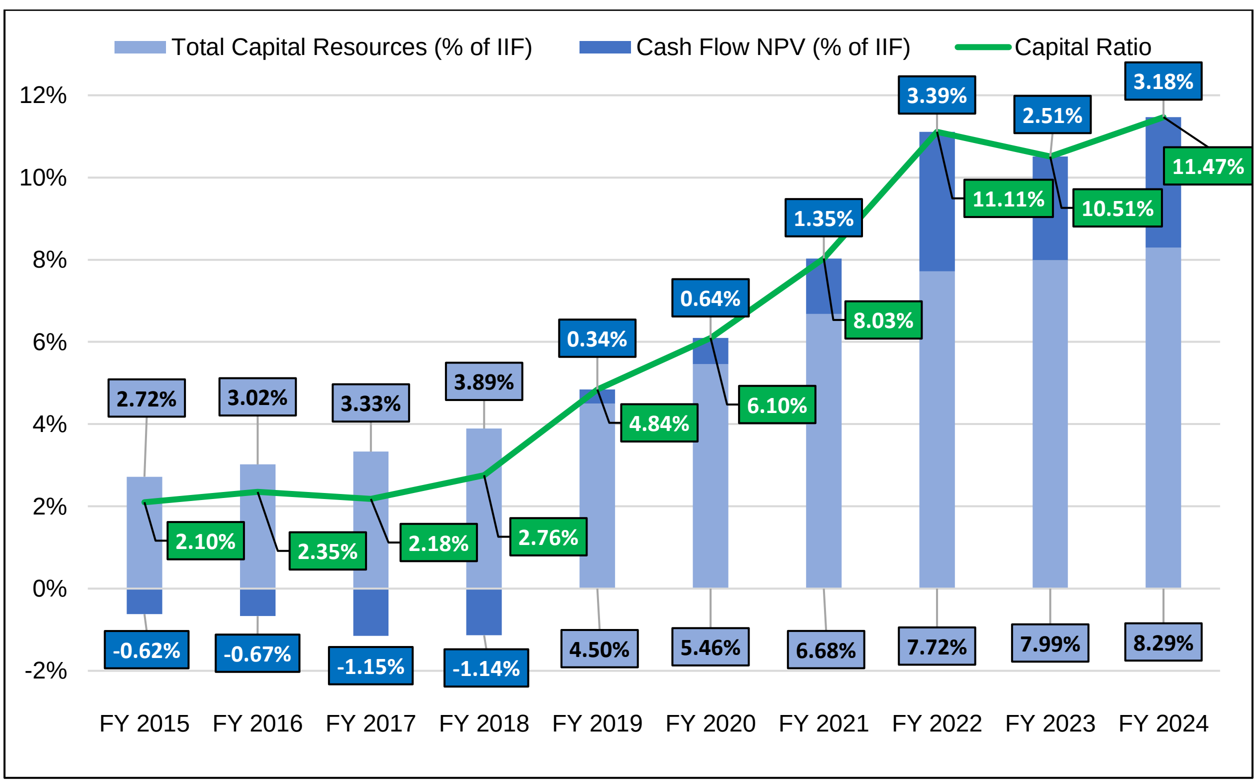
[18] The term "MMI Fund Capital" means the economic net worth of the Mutual Mortgage Insurance Fund, as determined by the Secretary under the annual audit required under section 1735f–16 of 12 U.S. Code § 1711 . This terminology was introduced in FHA's FY 2019 Annual Report, and is more consistent with industry standards, as the MMI Fund Capital Ratio can now be expressed as MMI Fund Capital/IIF.

Exhibit IV-2: MMI Fund Capital Ratio FY 2015 – FY 2024



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table A-8 in Appendix A.

Exhibit IV-3: MMI Fund Capital Ratio Components FY 2015 to FY 2024



SOURCE: U.S. Department HUD/FHA, October 2024.
Due to rounding, adding the components together may not sum perfectly to the total capital ratio.
Refer to data table E-3 in Appendix E.

Exhibit IV-4, below, presents an itemization of the components that compose the MMI Fund capital ratio calculation.

Exhibit IV-4: MMI Fund Capital Ratio Components FY 2017 to FY 2024 ($ in millions)

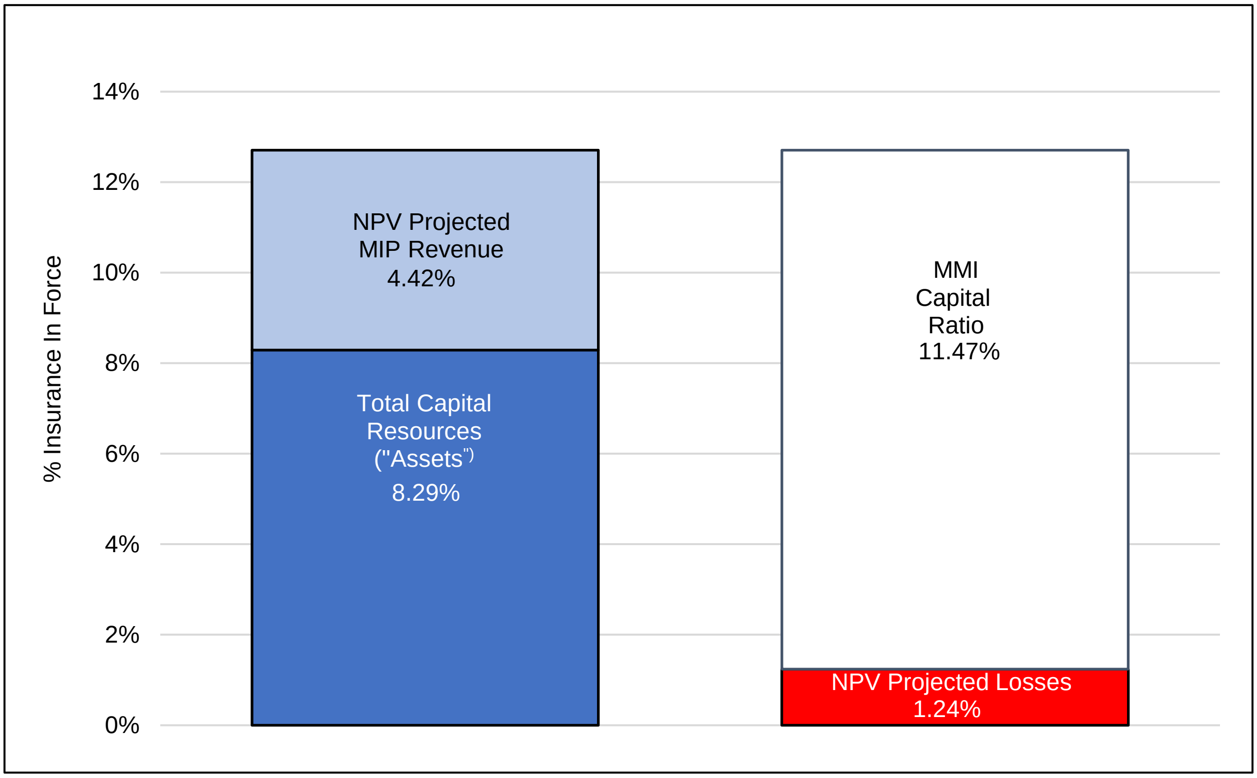
Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Capital Resources	$40,857	$49,237	$57,980	$70,651	$83,604	$98,441	$110,511	$124,909
Plus: NPV Projected Revenue	$59,883	$51,248	$51,436	$48,807	$49,045	$53,352	$58,675	$66,542
Equals: Claims Paying Capacity	$100,740	$100,485	$109,416	$119,458	$132,649	$151,793	$169,185	$191,452
Less: NPV Projected Losses	($73,994)	($65,623)	($47,034)	($40,509)	($32,174)	($10,092)	($23,897)	($18,689)
Equals: MMI Fund Capital	**$26,745**	**$34,862**	**$62,382**	**$78,949**	**$100,475**	**$141,701**	**$145,288**	**$172,763**
Insurance-In-Force	$1,226,843	$1,264,672	$1,288,436	$1,294,731	$1,251,270	$1,275,212	$1,382,817	$1,506,675
Total Capital Resources	3.33%	3.89%	4.50%	5.46%	6.68%	7.72%	7.99%	8.29%
Plus: NPV Projected Revenue	4.88%	4.05%	3.99%	3.77%	3.92%	4.18%	4.24%	4.42%
Equals: Claims Paying Capacity	8.21%	7.95%	8.49%	9.23%	10.60%	11.90%	12.23%	12.71%
Less: NPV Projected Losses	-6.03%	-5.19%	-3.65%	-3.13%	-2.57%	-0.79%	-1.73%	-1.24%
Equals: MMI Fund Capital Ratio	**2.18%**	**2.76%**	**4.84%**	**6.10%**	**8.03%**	**11.11%**	**10.51%**	**11.47%**

SOURCE: U.S. Department of HUD/FHA, October 2024.

Exhibit IV-5, below, illustrates the components that make up the FY 2024 MMI Fund capital ratio. The sum of the two components on the left side of Exhibit IV-4, total capital resources plus NPV of projected revenue, measures the MMI Fund's ability to pay for claims losses and will be referred to as Claims Paying Capacity throughout this report.

The third component of the MMI Fund capital ratio, NPV projected losses, is a model-driven estimate that is highly dependent on forecasted rates of home price appreciation (HPA). HPA estimates historically have been shown to be a volatile and lagging indicator of the health of the economy, which in turn has an impact on valuation projections of the MMI Fund.

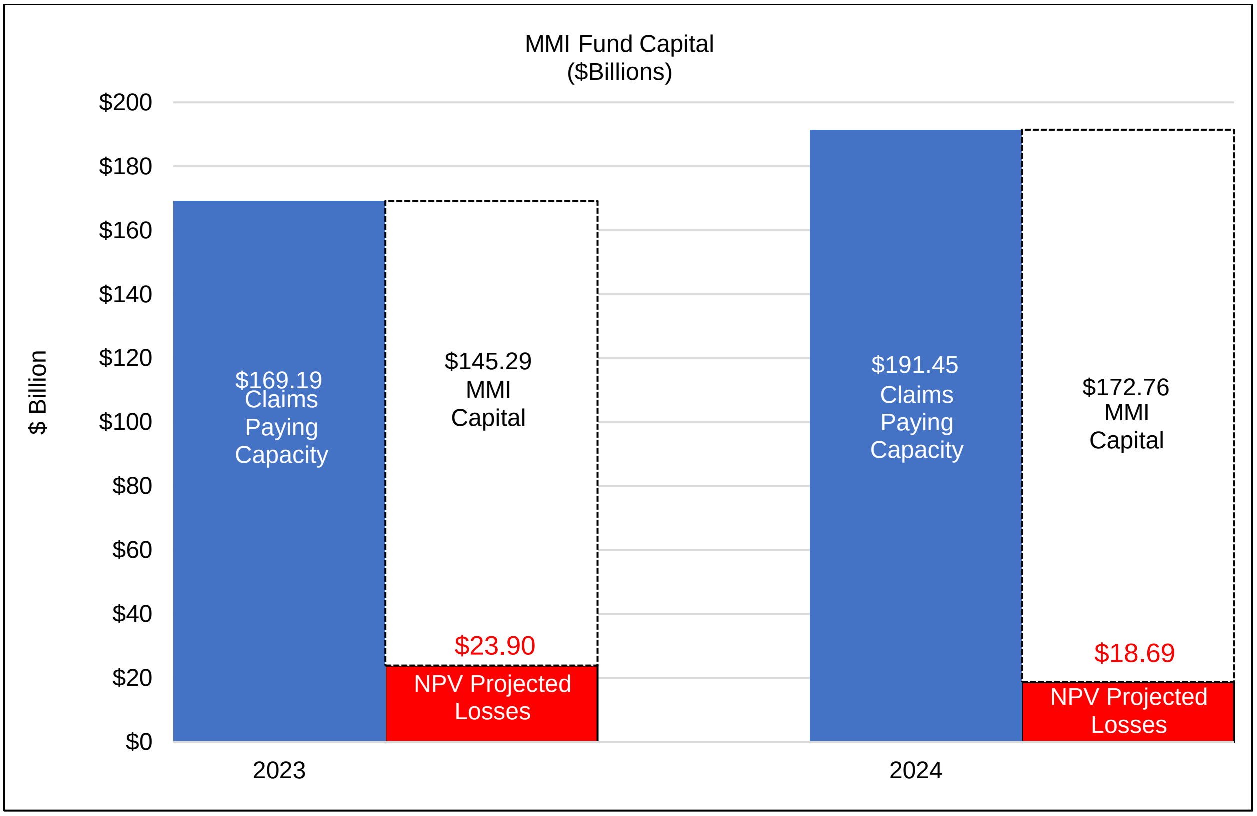
Exhibit IV-5: Claims Paying Capacity and NPV Projected Losses FY 2024



SOURCE: U.S. Department of HUD/FHA, October 2024
Refer to data table E-5 in Appendix E.

Exhibit IV-6, below, shows that MMI Fund capital grew by $27.5 billion over the last year, from $145.3 billion in FY 2023 to $172.8 billion in FY 2024. The NPV of projected losses decreased $5.2 billion from $23.9 billion in FY 2023 to $18.7 billion in FY 2024. The main driver of this decrease was higher HPA forecasts, which decreases likelihood of default and increases recoveries on defaulted assets. As discussed later in the chapter, HPA has increased substantially over the last ten years, often outpacing the levels set by forecast models using the PEA.

Exhibit IV-6: Changes to Claims Paying Capacity and NPV Projected Losses from FY 2023 to FY 2024



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table E-6 in Appendix E.

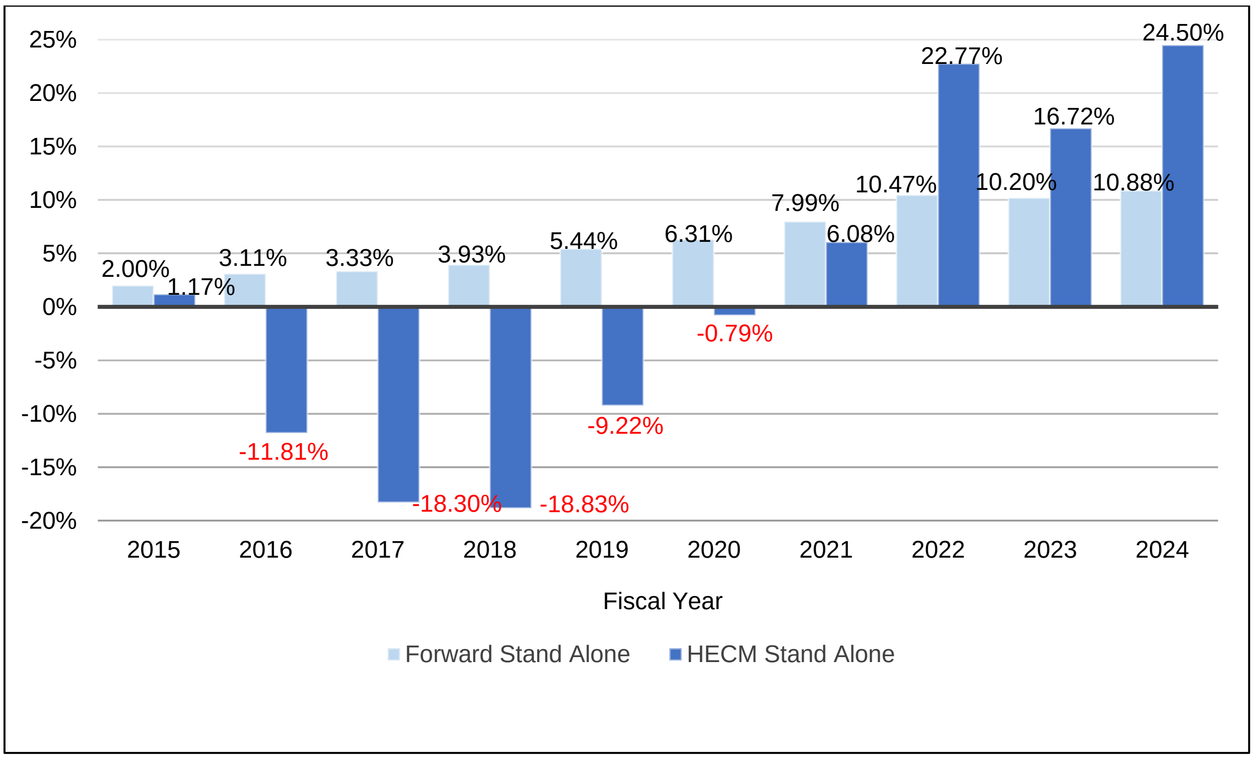
Stand-Alone Capital Ratios for Forward Mortgages and HECMs

The MMI Fund includes capital from both the forward and HECM programs. The following sections describe the individual (stand-alone) status of each portfolio.[19]

Exhibit IV-7 displays stand-alone capital ratios for the forward and HECM portfolios since FY 2015. The financial performance of the forward mortgage stand-alone capital ratio remained strong this past fiscal year (FY), growing 0.68 percentage points from 10.20 percent in FY 2023 to 10.88 percent in FY 2024. The HECM portfolio, which accounts for roughly five percent of the MMI Fund, has a stand-alone capital ratio that increased by 7.78 percentage points from 16.72 percent in FY 2023 to 24.50 percent in FY 2024.

The financial performance of the HECM portfolio improved in FY 2024 - mostly as the result of higher HPA forecasts - and as a result, the HECM stand-alone capital ratio remained positive for the fourth year in a row. While the HECM portfolio is significantly more sensitive to relatively small changes in house price forecasts, the portfolio's small size relative to the total MMI Fund limits the impact of these fluctuations on the combined MMI Fund capital ratio.

Exhibit IV-7: Forward and HECM Stand-Alone Capital Ratios – FY 2015 to FY 2024



SOURCE: U.S. Department HUD/FHA, October 2024.
Refer to data table E-7 in Appendix E.

[19] The Housing and Economic Recovery Act of 2008 placed new HECMs in FHA's MMI Fund starting in 2009.

Exhibit IV-8, presents an itemization of the components that compose the forward mortgage stand-alone MMI Fund capital amount and the forward mortgage stand-alone capital ratio calculation. The Exhibit shows that the stand-alone MMI Fund capital ratio for the forward portfolio increased 0.68 percentage points from 10.20 percent in FY 2023 to 10.88 percent in FY 2024. MMI Fund capital for the forward portfolio grew by $22.5 billion over the last fiscal year. NPV of Revenue increased by $8.7 billion while NPV of forecasted losses were essentially flat, increasing just $207 million to $23.3 billion. The favorable HPA projections for the coming years increased the anticipated value of underlying collateral, decreased loss expectations, and yielded an increase in NPV.

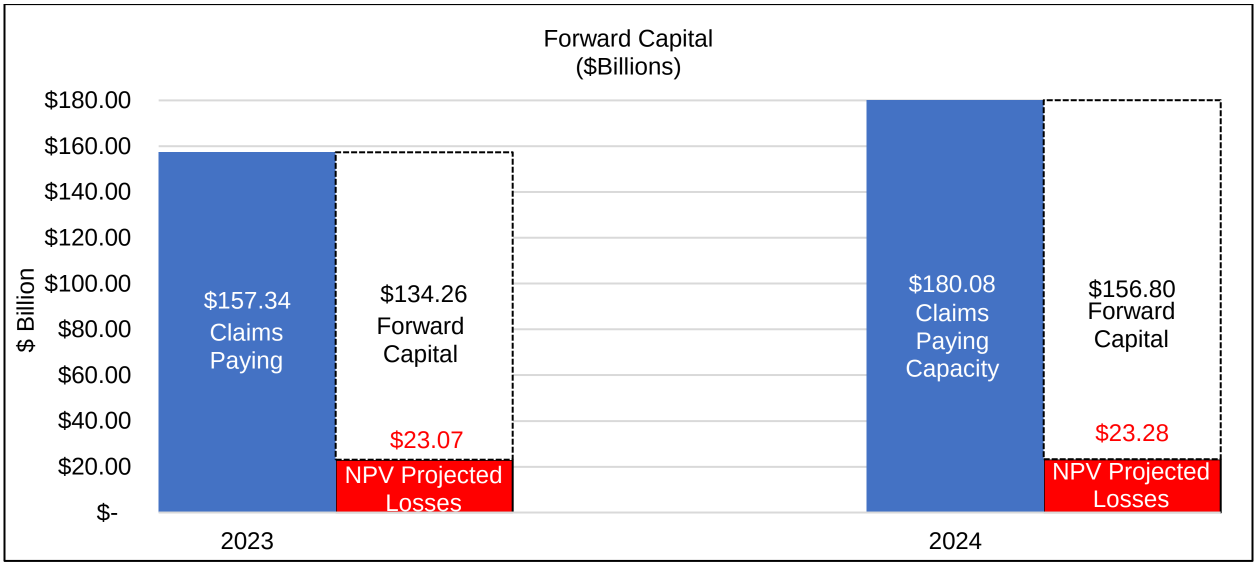
Exhibit IV-8: Forward Mortgage Stand-Alone Capital Ratio Components – FY 2017 to FY 2024 ($ millions)

Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Capital Resources	$37,056	$45,438	$54,600	$67,368	$78,500	$89,512	$101,884	$115,887
Plus: NPV Revenue	$53,942	$45,307	$45,783	$44,574	$45,544	$50,033	$55,451	$64,193
Equals: Claims Paying Capacity	$90,998	$90,745	$100,383	$111,942	$124,044	$139,545	$157,335	$180,080
Less: NPV Losses	($52,584)	($43,935)	($33,769)	($34,187)	($29,063)	($12,944)	($23,072)	($23,279)
Equals: MMI Fund Capital	**$38,413**	**$46,810**	**$66,614**	**$77,755**	**$94,981**	**$126,600**	**$134,263**	**$156,802**
Insurance-In-Force	$1,153,875	$1,192,283	$1,224,225	$1,232,093	$1,188,595	$1,208,886	$1,316,881	$1,441,523
Total Capital Resources	3.21%	3.81%	4.46%	5.47%	6.60%	7.40%	7.74%	8.04%
Plus: NPV Revenue	4.67%	3.80%	3.74%	3.62%	3.83%	4.14%	4.21%	4.45%
Equals: Claims Paying Capacity	7.89%	7.61%	8.20%	9.09%	10.44%	11.54%	11.95%	12.49%
Less: NPV Losses	-4.56%	-3.68%	-2.76%	-2.77%	-2.45%	-1.07%	-1.75%	-1.61%
Equals: MMI Fund Capital Ratio	3.33%	3.93%	5.44%	6.31%	7.99%	10.47%	10.20%	10.88%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Exhibit IV-9, below, shows that the NPV projected losses for the forward portfolio increased by $0.21 billion in FY 2024. Growth in Claims Paying Capacity contributed $22.75 billion to offset the increased projected losses. When combined, these factors increased the MMI Fund capital for the forward portfolio by an additional $22.54 billion.

Exhibit IV-9: Changes in Forward Portfolio Claims Paying Capacity and NPV Projected Losses from FY 2023 to FY 2024



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table E-9 in Appendix E. Due to rounding data from this exhibit does not reconcile to Exhibit IV-8.

As shown in Exhibit IV-10, below, the stand-alone capital ratio of the HECM portfolio increased by 7.78 percentage points, from 16.72 percent in FY 2023 to 24.50 percent in FY 2024.

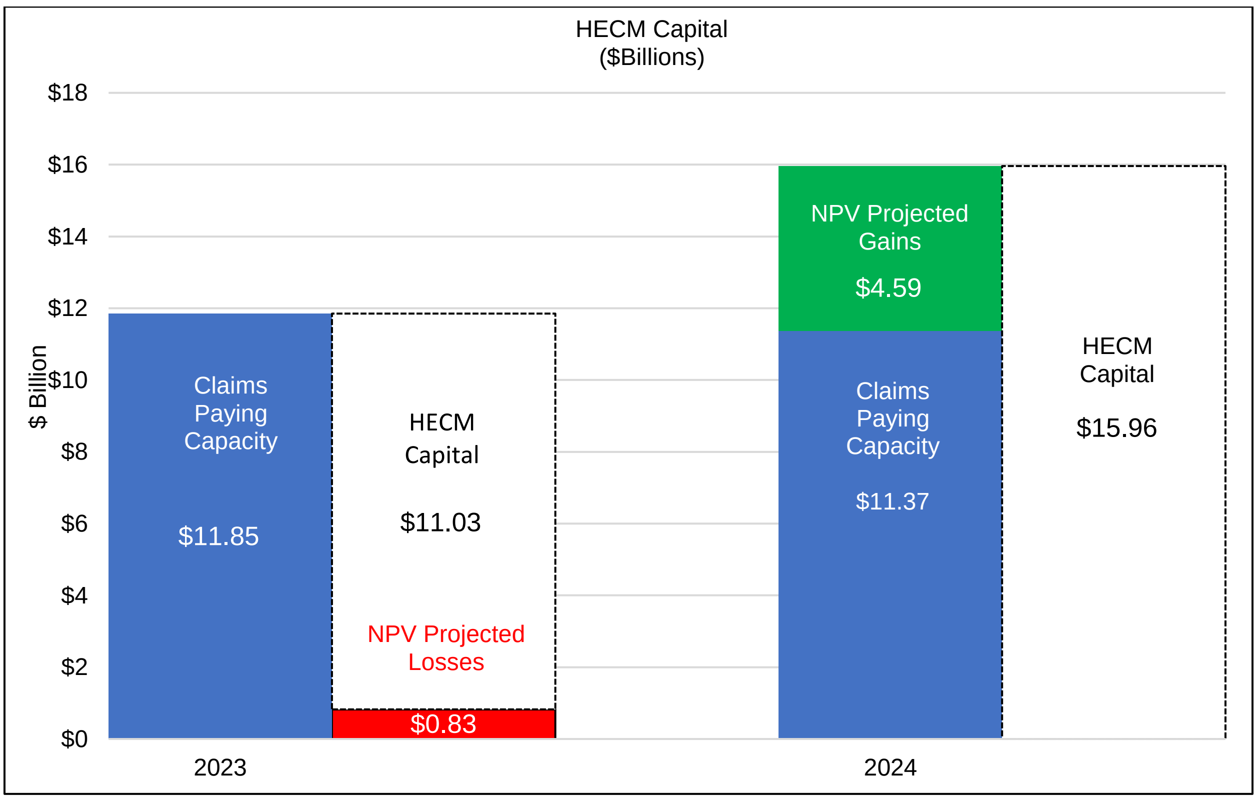
Exhibit IV-10: HECM Stand-Alone Capital Ratio Components ($ millions)

Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Capital Resources	$2,115	$2,113	$1,694	$1,597	$3,418	$8,929	$8,627	$9,022
Plus: NPV Revenue	$5,941	$5,941	$5,653	$4,233	$3,501	$3,319	$3,224	$2,349
Equals: Claims Paying Capacity	$8,056	$8,054	$7,347	$5,830	$6,919	$12,248	$11,850	$11,371
Less: NPV Losses	($21,410)	($21,688)	($13,265)	($6,322)	($3,111)	$2,853	($825)	$4,589
Equals: MMI Fund Capital	**($13,354)**	**($13,634)**	**($5,918)**	**($492)**	**$3,808**	**$15,101**	**$11,025**	**$15,961**
Insurance-In-Force	$72,968	$72,389	$64,211	$62,638	$62,675	$66,326	$65,936	$65,152
Equals: Total Capital Resources	2.90%	2.92%	2.64%	2.55%	5.45%	13.46%	13.08%	13.85%
Plus: NPV Revenue	8.14%	8.21%	8.80%	6.76%	5.59%	5.00%	4.89%	3.61%
Equals: Claims Paying Capacity	11.04%	11.13%	11.44%	9.31%	11.04%	18.47%	17.97%	17.45%
Less: NPV Losses	-29.34%	-29.96%	-20.66%	-10.09%	-4.96%	4.30%	-1.25%	7.04%
Equals: MMI Fund Capital Ratio	**-18.30%**	**-18.83%**	**-9.22%**	**-0.79%**	**6.08%**	**22.77%**	**16.72%**	**24.50%**

SOURCE: U.S. Department of HUD/FHA, October 2024.

As shown in Exhibit IV-11, MMI Fund capital for the HECM portfolio increased by $4.9 billion over the last year. As referenced earlier, claims paying capacity is the sum of existing capital resources combined with the NPV of Revenue. In FY 2024, the MMI Fund paid a large number of HECM assignment claims. HECM assignments occur when the outstanding balance of the seasoned HECM mortgages approaches the Maximum Claim Amount (MCA). Because most HECMs are adjustable-rate loans, higher interest rates increase the speed with which borrowers reach the MCA. FY 2024 was unusual because the combination of the upward trend in HPA, which results in increases in underlying collateral, along with an unusually large number of assignments created a shift where the NPV of losses was reduced so significantly that it produced an annual gain. The FY 2024 change in capital is largely due to a $5.4 billion decrease in NPV projected losses, which in turn was primarily due to property value increases lowering the severity of assignment claims. The NPV projected losses become projected gains this year due to an increase in forecasted assignments combined with higher recoveries due to high accumulated HPA. This is reflected in Exhibit IV-11 as a gain.

Exhibit IV-11: Changes in HECM Portfolio Claims Paying Capacity and NPV Projected Losses/Gains from FY 2023 to FY 2024

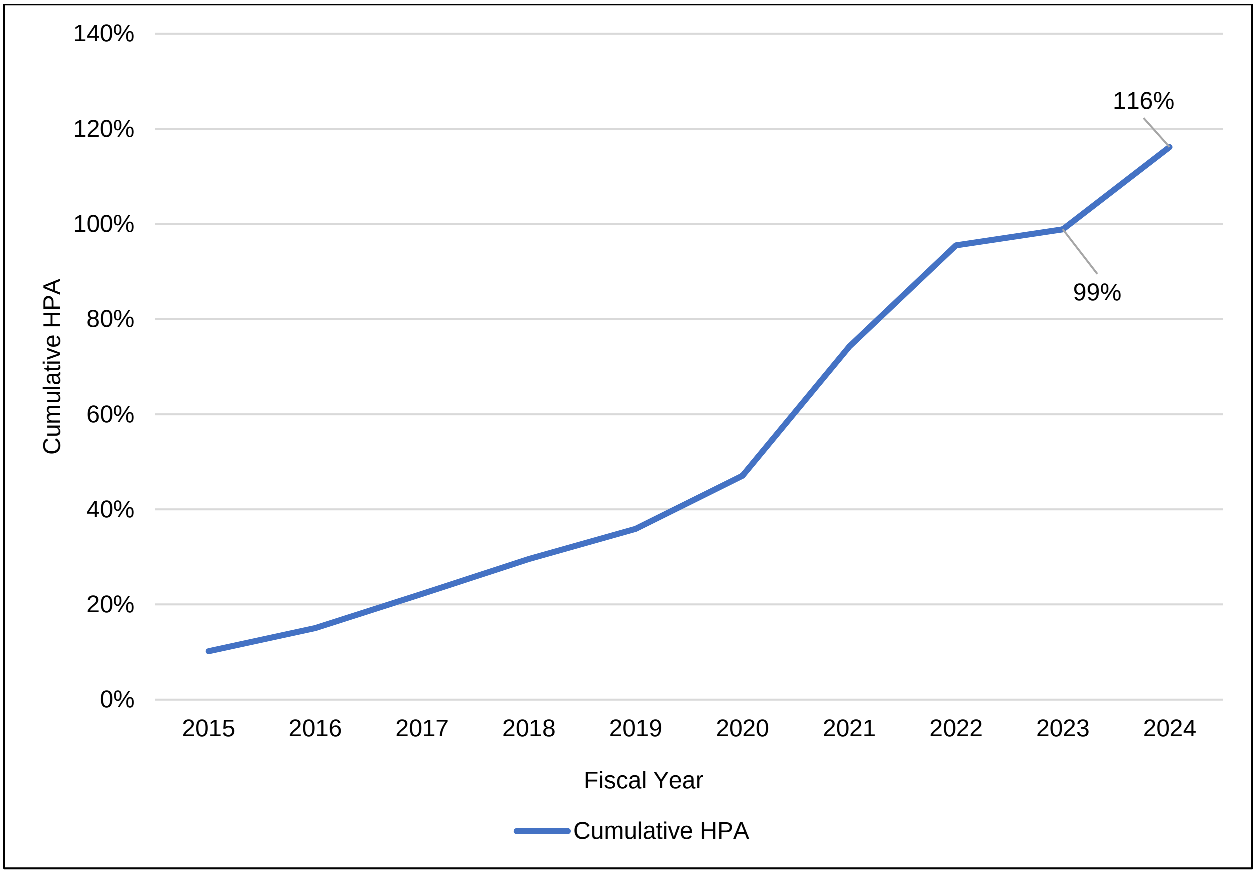


SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table E-11 in Appendix E.

The Impact of HPA

Significant HPA tailwinds continue to support the fiscal health of the MMI Fund. Rapid HPA growth is historically the most significant driver of capital growth as rising property values lower the frequency and severity of projected claims. Forecasted HPA growth has moderated considerably from recent years, but still maintains an upward trend. As shown in Exhibit IV-12, below, the accumulated increase in average house prices over the last 10 years was over 100 percent. HPA increased in each of the ten years from 2015 to 2024. The last year over year price decline occurred in January 2012.

Exhibit IV-12: Cumulative Home Price Appreciation FY 2015 to FY 2024



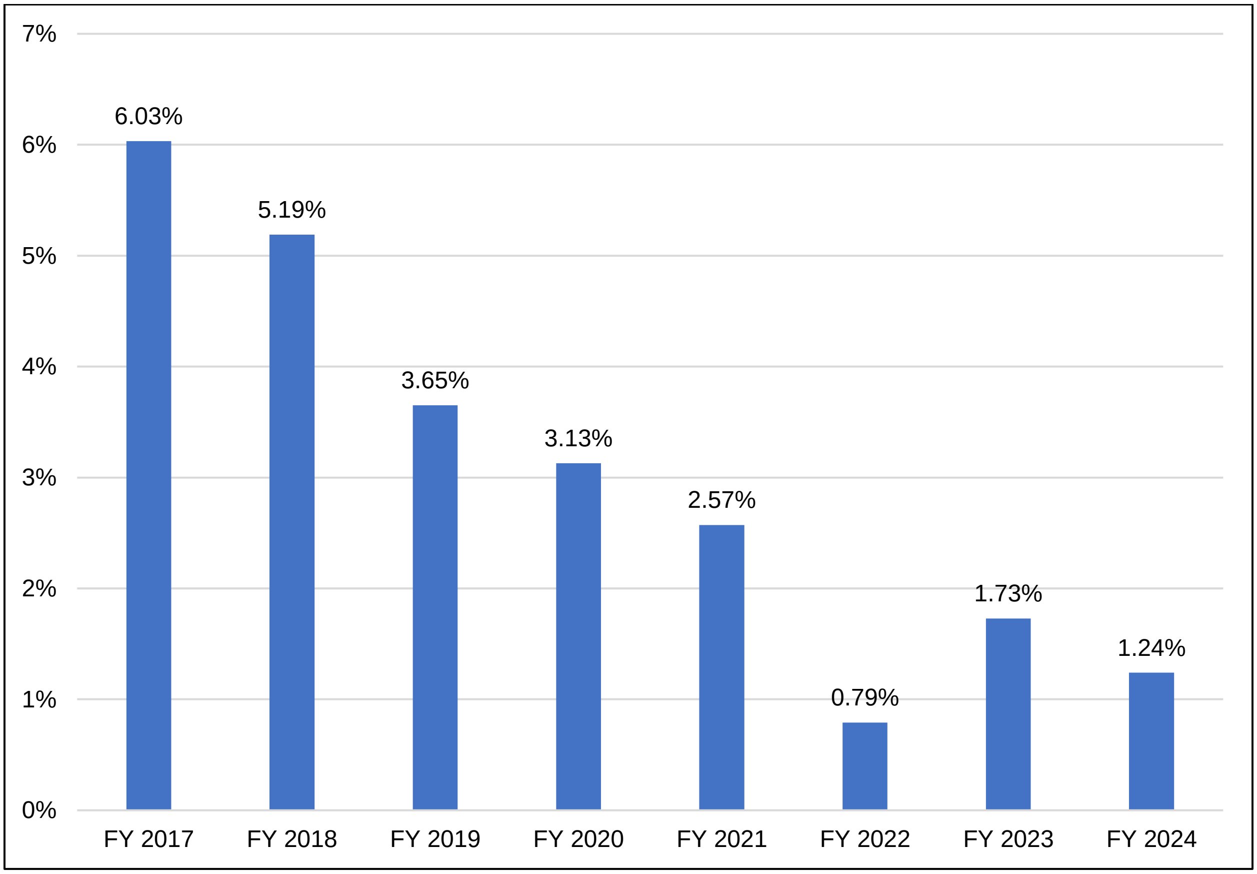
SOURCE: U.S. Department HUD/FHA, Federal Housing Finance Agency (FHFA) House Price Index, October 2024.
Refer to data table E-12 in Appendix E.

HPA affects the portfolio valuation process through NPV projected losses. The two primary drivers of projected losses are:

1. Loss severity
2. Probability of claim

Exhibit IV-13 shows that NPV projected losses decreased over the last eight years, from 6.03 percent in FY 2017 to a low of 0.79 percent in FY 2022 before reversing trend in FY 2023 with an increase in projected losses to 1.73 percent. This past year, NPV projected losses decreased by 0.49 percentage points to 1.24 percent.

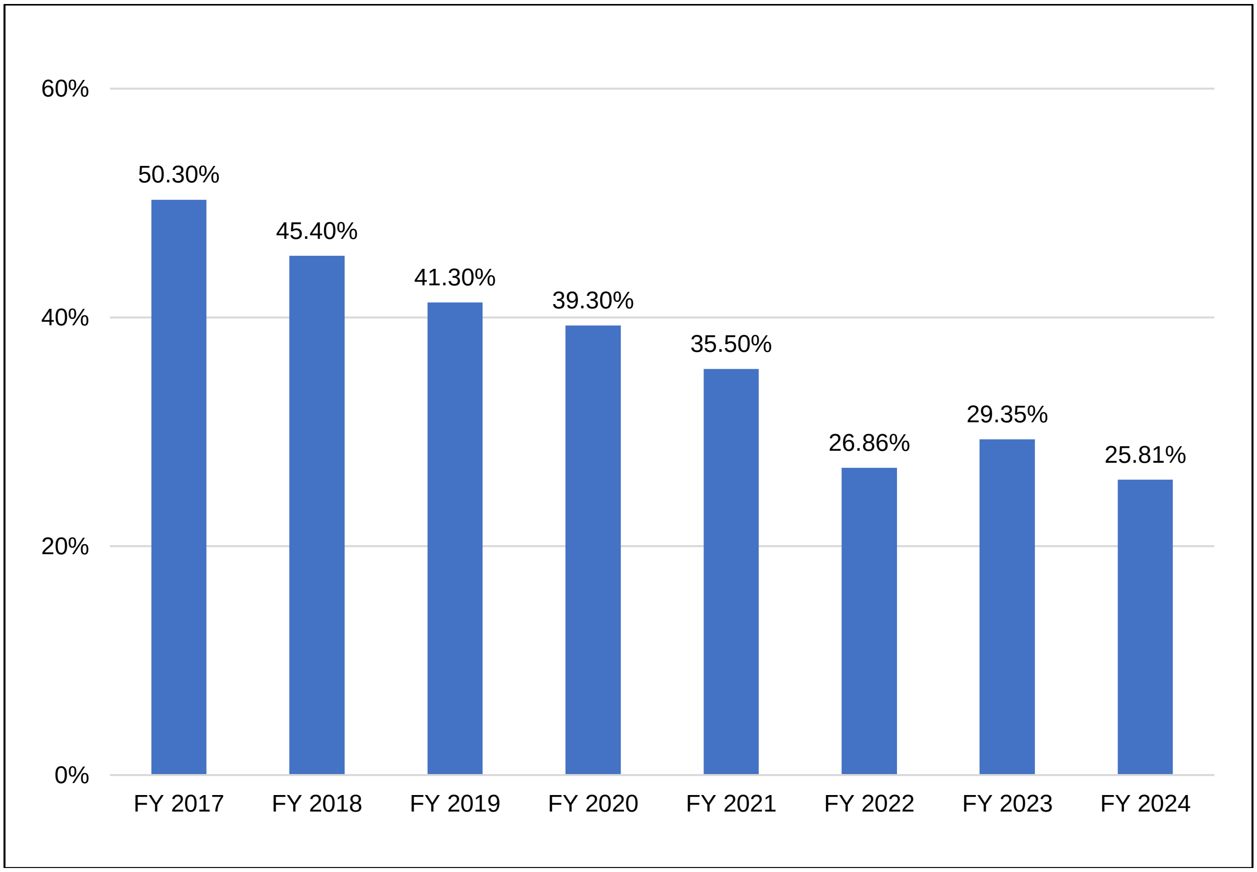
Exhibit IV-13: NPV Projected Losses for the MMI Portfolio FY 2017 to FY 2024



SOURCE: U.S. Department HUD/FHA, October 2024.
Refer to data table E-13 in Appendix E.

Loss severity is an important driver of projected losses. Exhibit IV-14 shows that loss severity for the forward portfolio decreased by nearly half over the last eight years, from 50.30 percent in FY 2017 to a low of 25.81 percent in FY 2024. In the past year, loss severity declined 3.54 percentage points from 29.35 percent to 25.81 percent. Loss severity continues to moderate due to the 12-year trend of significant appreciation in home prices.

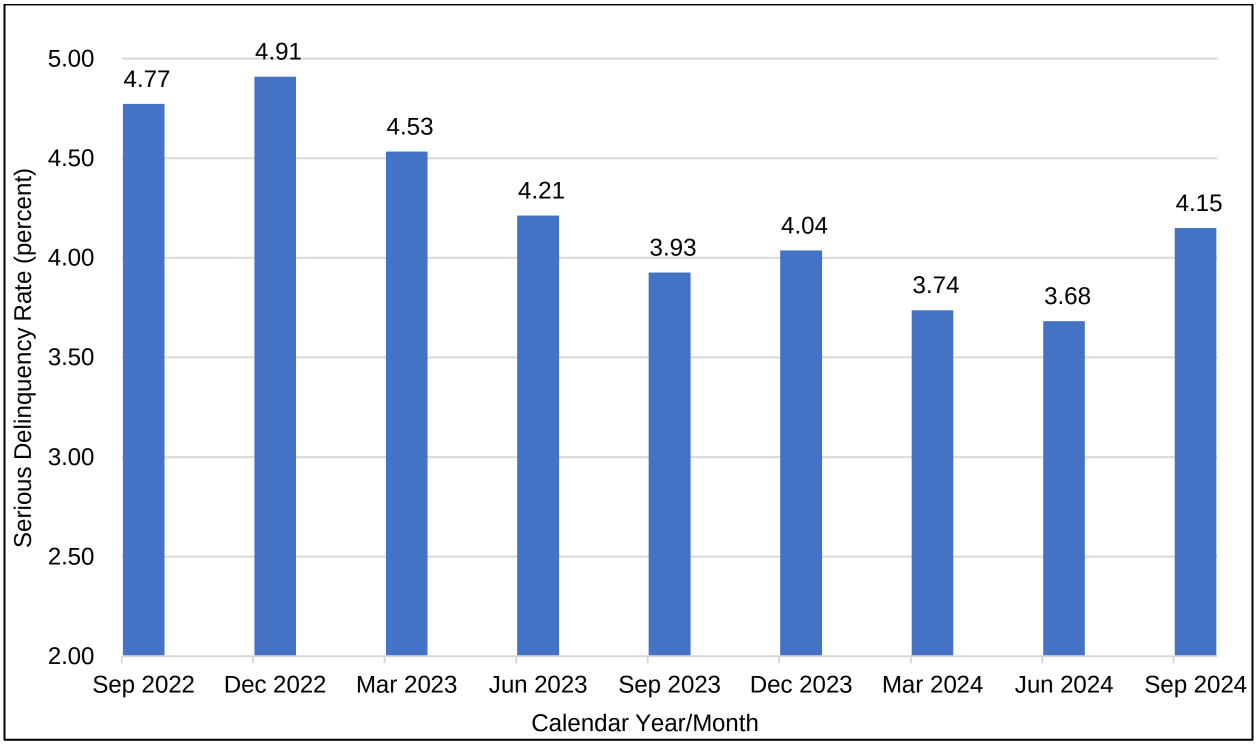
Exhibit IV-14: Loss Severity for the Forward Portfolio FY 2017 to FY 2024



SOURCE: U.S. Department HUD/FHA, October 2024.
Refer to data table E-14 in Appendix E.

The probability of claim is the second important driver of projected losses. Loans that are seriously delinquent (at least 90 days delinquent) generally result in the highest claim probability. Exhibit IV-15, below, shows that the percentage of seriously delinquent borrowers at the end of FY 2024 is higher than at the end of FY 2023, increasing from 3.93 percent to 4.15 percent.

Exhibit IV-15: Serious Delinquency Rate of the Forward Portfolio



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table E-15 in Appendix E.

As HPA is such an impactful driver of NPV Project Losses, and thereby MMI Fund capital, FHA conducted a series of HPA stress tests on our loan performance and cash flow forecasting models. The goal is to assess and identify the potential impacts of reduced HPA on MMI Fund valuations.

As shown on Exhibit IV-16, FHA subjected the MMI Fund capital ratio to lower HPA by shifting the entire forecasted curve of home prices, as projected by the President's Economic Assumptions, downward by one percentage point and two percentage points. Overall:

- A one percentage point decrease in HPA projections would reduce the MMI Fund capital ratio by 1.04 percentage points to 10.43 percent.
- A two-percentage point decrease in HPA projections would reduce the MMI Fund capital ratio by 2.32 percentage points to 9.15 percent. The majority of the HECM capital base is depleted in this scenario, resulting in a close to 0 percent stand-alone capital ratio. This highlights how much more sensitive HECM capital projections are to changes in HPA.

Exhibit IV-16: Sensitivity of MMI Fund Capital Ratio to Lower HPA

Scenario	Forward	HECM	MMI	MMI
	Capital ($ billion)	Capital ($ billion)	Capital ($ billion)	Capital Ratio
Baseline	$156.80	$15.96	$172.76	11.47%
HPA -1%pt	$149.25	$7.96	$157.22	10.43%
HPA -2%pt	$137.7	$0.21	$137.92	9.15%

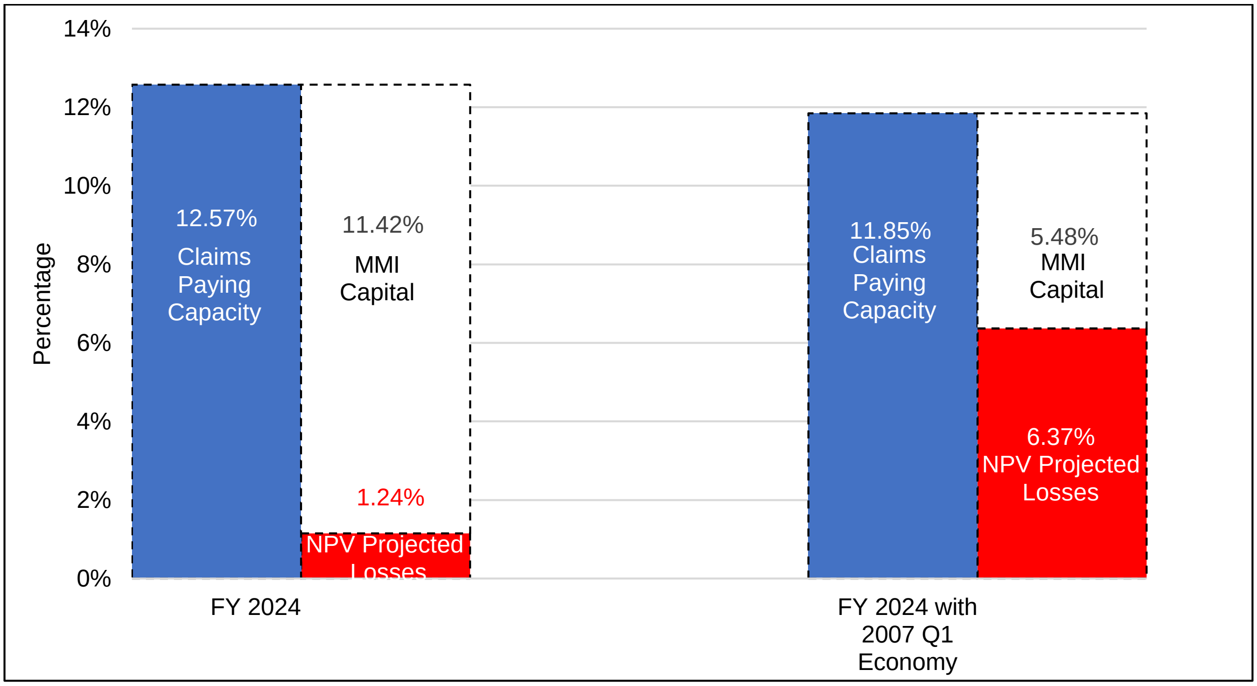
SOURCE: U.S. Department of HUD/FHA, October 2024.
Rounded numbers may introduce slight discrepancies when compared to exact values

We further stress the capital ratio by applying a series of alternative economic conditions to identify the impacts that adverse economic paths would have on the MMI Fund. To this end, FHA ran over 100 historical economic scenarios to assess the outcomes of potential stress events. 30-year economic scenarios were constructed from actual coincident quarterly changes in interest rates, house prices, and unemployment rates, starting in 1954.

The highest loss scenario among the 100 scenarios tests stemmed from the economic conditions starting in quarter one of FY 2007. Under this scenario, HPA experienced a contraction of 17 percent over the following five years. Furthermore, the unemployment rate rose precipitously from 4.6 percent in January 2007 to 10.0 percent by October 2009, which is reflected in this stress scenario.

As shown below in Exhibit IV-17, subjecting the FY 2024 MMI Fund portfolio to the same macroeconomic conditions faced in quarter one 2007 would diminish the MMI Fund capital ratio by 5.94 percentage points. This results in an MMI Fund capital ratio of 5.48 percent, which is over two times the statutory two percent minimum. This suggests the MMI Fund is sufficiently capitalized to withstand a significant economic downturn.

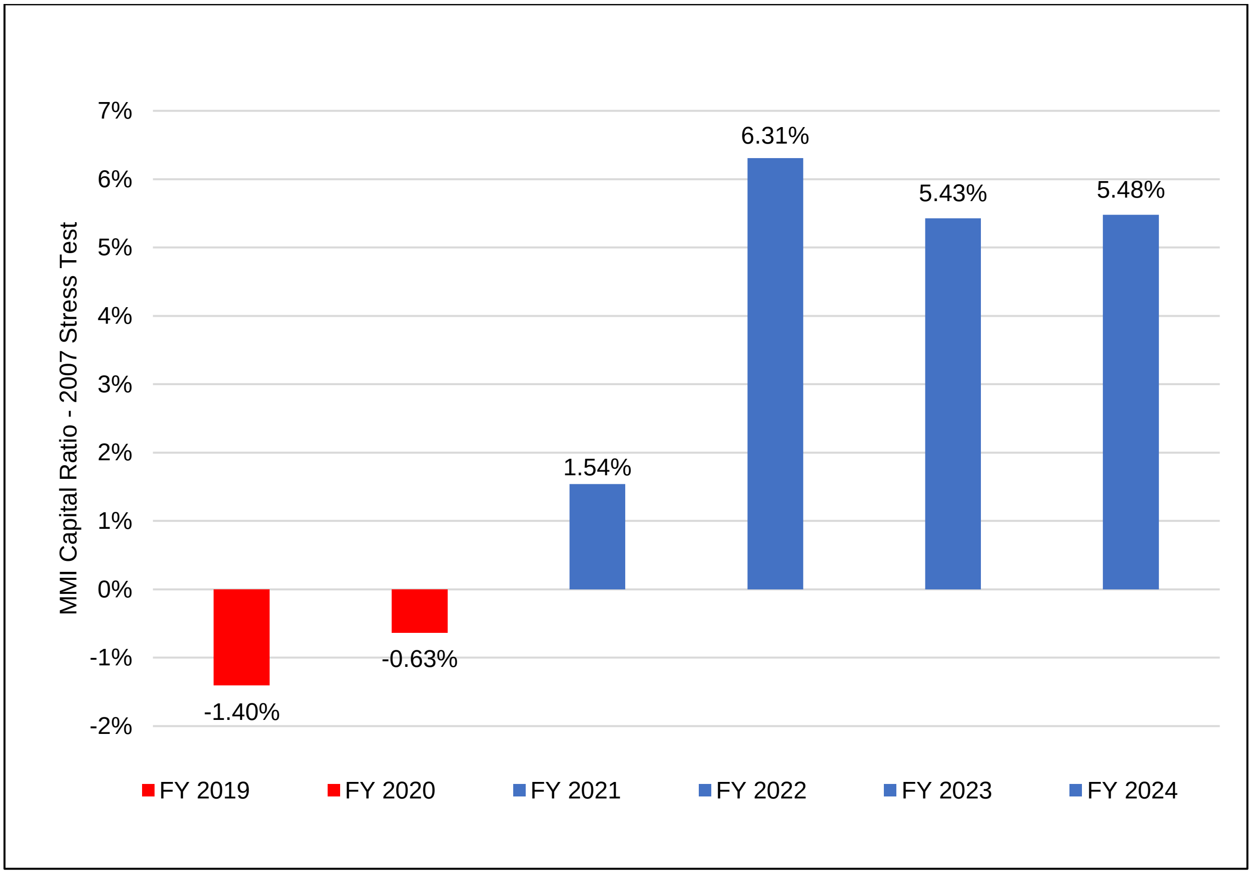
Exhibit IV-17: 2007 Stress Test: Impact of Q1 FY 2007 Economic Conditions on the FY 2024 Portfolio



SOURCE: U.S. Department HUD/FHA, October 2024.
Refer to data table E-17 in Appendix E.

Exhibit IV-18 shows the annual results of the highest loss scenario among the 100 scenarios tests. This year, the economic conditions starting in quarter one of FY 2007 had the most severe outcome. Comparing the highest loss scenarios each year, the FY 2019 MMI Fund capital ratio was negative 1.40 percent and increased each year up until FY 2022, reaching positive 6.31 percent. In FY 2023, it declined to 5.43 percent and subsequently increased by 0.05 percentage points to 5.48 percent in FY 2024.

Exhibit IV-18: Highest Loss Scenario Stress Test Analysis – MMI Fund Capital Ratio Impact (FY 2019 – FY 2024)



SOURCE: U.S. Department of HUD/FHA, October 2024.
Refer to data table E-18 in Appendix E.

Appendix A:
Data Tables for Executive Summary

Table A-1: Data Table for Exhibit E-1: Share of FHA Versus Market First-time Homebuyer Purchase Transaction Volume

Year	FHA	Rest of Market
2021	84.63%	46.26%
2022	82.97%	46.80%
2023	82.20%	48.55%
2024 through 9/30/2024	82.84%	50.22%

SOURCE: U.S. Department of HUD/FHA, October 2024.Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit E-1 does not include private label securities or portfolio lenders. Exhibit E-1 is presented on a calendar year basis. FHA revised its calculation methodology in FY2023 which resulted in adjustments to previously published numbers for fiscal year 202 through 2022.

Table A-2: Data Table for Exhibit E-2: Share of Low Down Payment (less than 5%) Lending to Selected Underserved Borrower Groups

Borrower Groups	Black	Hispanic	Rural Borrower
FHA	57.61%	63.62%	49.54%
VA	20.86%	13.89%	22.22%
Conventional	20.22%	21.09%	20.51%
USDA	1.30%	1.40%	7.73%

SOURCE: U.S. Department of HUD/FHA, October 2024.Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit E-3 reflects originations from calendar year 2023.

Table A-3: Data Table for Exhibit E-3: Share of Homebuyers in Calendar Year 2023 with Incomes Less than 80% of Area Median Income

FHA	32.03%
Rest of Market	25.96%

SOURCE: U.S. Department of HUD/FHA, October 2024.Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit E-4 reflects originations from calendar year 2023.

Table A-4: Data Table for Exhibit E-4: FHA Forbearance Requests by Quarter (Count in Thousands)

Fiscal Quarter	Forbearance Entries
2020Q3	931
2020Q4	337
2021Q1	254
2021Q2	217
2021Q3	140
2021Q4	125
2022Q1	116
2022Q2	113
2022Q3	86
2022Q4	93
2023Q1	98
2023Q2	77
2023Q3	70
2023Q4	65
2024Q1	69
2024Q2	74
2024Q3	77
2024Q4	112

SOURCE: U.S. Department of HUD/FHA, October 2024. Data includes multiple occasions of forbearance.

Table A-5: Data Table for Exhibit E-5: Current Status of Borrowers Who Received Covid COVID-19 Forbearance

Current Status of Borrowers Who Received COVID-19 Forbearance	Count	Percent
Payoff	499 K	30%
Current	796 K	47%
In Forbearance	55 K	3%
30 or 60 Day Delinquency	201 K	12%
Serious Delinquency	115 K	7%
Claim (Disposition or Conveyance)	13 K	1%
Total	1,679 K	100%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table A-6: Data Table for Exhibit E-6: Seriously Delinquent Borrowers

Quarter – Year	Non Forbearance SDQ	Forbearance SDQ
Q1 2019	303,804	12,801
Q2 2019	290,153	12,610
Q3 2019	283,936	11,426
Q4 2019	293,353	11,309
Q1 2020	329,203	12,118
Q2 2020	306,479	18,830
Q3 2020	264,594	445,009
Q4 2020	305,655	603,752
Q1 2021	290,576	631,118
Q2 2021	302,279	578,525
Q3 2021	282,471	473,391
Q4 2021	338,162	308,117
Q1 2022	367,627	152,302
Q2 2022	311,738	108,301
Q3 2022	256,477	93,953
Q4 2022	252,238	83,167
Q1 2023	260,578	89,086
Q2 2023	249,889	71,089
Q3 2023	239,912	59,620
Q4 2023	239,959	43,715
Q1 2024	262,469	35,269
Q2 2024	235,038	41,526
Q3 2024	233,754	43,389
Q4 2024	257,670	58,490

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table A-7: Data Table for Exhibit E-7: Historical Serious Delinquency Rates for FHA Mortgages

Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)
Oct-14	6.94	Feb-18	5.06	Apr-21	11.06	Aug-24	3.98
Nov-14	7.02	Mar-18	4.66	May-21	10.59	Sep-24	4.15
Dec-14	7.00	Apr-18	4.54	Jun-21	10.11		
Jan-15	6.96	May-18	4.35	Jul-21	9.66		
Feb-15	6.76	Jun-18	4.28	Aug-21	9.17		
Mar-15	6.42	Jul-18	4.08	Sep-21	8.81		
Apr-15	6.28	Aug-18	4.11	Oct-21	8.35		
May-15	6.24	Sep-18	4.11	Nov-21	7.83		
Jun-15	6.12	Oct-18	4.06	Dec-21	7.28		
Jul-15	5.75	Nov-18	4.06	Jan-22	6.81		
Aug-15	5.91	Dec-18	4.08	Feb-22	6.48		
Sep-15	5.86	Jan-19	4.16	Mar-22	6.00		
Oct-15	5.79	Feb-19	4.10	Apr-22	5.23		
Nov-15	5.82	Mar-19	3.88	May-22	5.19		
Dec-15	5.79	Apr-19	3.74	Jun-22	5.00		
Jan-16	5.80	May-19	3.67	Jul-22	4.93		
Feb-16	5.55	Jun-19	3.76	Aug-22	4.82		
Mar-16	5.31	Jul-19	3.78	Sep-22	4.77		
Apr-16	5.16	Aug-19	3.82	Oct-22	4.77		
May-16	5.07	Sep-19	3.88	Nov-22	4.79		
Jun-16	5.02	Oct-19	3.93	Dec-22	4.91		
Jul-16	4.96	Nov-19	4.06	Jan-23	4.90		
Aug-16	4.95	Dec-19	4.35	Feb-23	4.86		
Sep-16	4.92	Jan-20	4.12	Mar-23	4.53		
Oct-16	4.91	Feb-20	4.04	Apr-23	4.39		
Nov-16	4.94	Mar-20	3.97	May-23	4.30		
Dec-16	4.99	Apr-20	4.04	Jun-23	4.21		
Jan-17	4.97	May-20	4.91	Jul-23	4.12		
Feb-17	4.81	Jun-20	8.96	Aug-23	3.97		
Mar-17	4.54	Jul-20	10.58	Sep-23	3.93		
Apr-17	4.47	Aug-20	11.35	Oct-23	3.86		
May-17	4.36	Sep-20	11.59	Nov-23	3.91		
Jun-17	4.28	Oct-20	11.73	Dec-23	4.04		
Jul-17	4.20	Nov-20	11.90	Jan-24	4.08		
Aug-17	4.24	Dec-20	11.89	Feb-24	3.97		
Sep-17	4.32	Jan-21	11.83	Mar-24	3.74		
Oct-17	4.42	Feb-21	11.37	Apr-24	3.58		
Nov-17	4.83	Mar-21	11.61	May-24	3.52		
Dec-17	5.19	Apr-21	11.06	Jun-24	3.68		
Jan-18	5.18	May-21	10.59	Jul-24	3.84		

SOURCE: US Department of HUD/FHA, October 2024.

Table A-8: Data Table for Exhibit E-8: MMI Fund Capital Ratio FY 2015 – FY 2024

MMI Capital Ratio	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	2.10%	2.35%	2.18%	2.76%	4.84%	6.10%	8.03%	11.11%	10.51%	11.47%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table A-9: Data Table for Exhibit E-9: Forward and HECM Stand-Alone Capital Ratios – FY 2015 to FY 2024

Category	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
HECM Stand-Alone	1.17%	-11.81%	-18.30%	-18.83%	-9.22%	-0.79%	6.08%	22.77%	16.72%	24.50%
Forward Stand-Alone	2.00%	3.11%	3.33%	3.93%	5.44%	6.31%	7.99%	10.47%	10.20%	10.88%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table A-10: Data Table for Exhibit E-10: Home Price Appreciation (HPA) FY 2015 – FY 2024

Region	Year	HPA	Quarter	HPI
USA	2015	10.18%	4	217.84
USA	2016	15.04%	4	227.44
USA	2017	22.24%	4	241.69
USA	2018	29.55%	4	256.14
USA	2019	35.92%	4	268.72
USA	2020	47.07%	4	290.78
USA	2021	74.25%	4	344.50
USA	2022	95.49%	4	386.51
USA	2023	98.90%	4	393.25
USA	2024	116.17%	4	427.39

SOURCE: U.S. Department of HUD/FHA, Federal Housing Finance Agency (FHFA) House Price Index, October 2024.

Appendix B:
Data Tables for Chapter I

Table B-1: Data Table for Exhibit I-1: Historical FHA Forward Mortgage Endorsement Activity

Endorsement Fiscal Year	Mortgage Amount ($ billions)	FHA Forward Endorsed Mortgage Counts				
		Purchase	FHA Streamline Refinance	Other FHA Refinance	Conventional-to-FHA Refinance	Total
2015	213.12	753,387	232,811	50,018	80,014	1,116,230
2016	245.41	879,512	210,629	60,443	107,464	1,258,048
2017	250.95	882,077	161,308	76,172	126,877	1,246,434
2018	209.05	776,275	51,255	77,616	109,455	1,014,601
2019	214.62	743,278	56,432	86,766	103,949	990,425
2020	310.32	817,833	315,558	105,207	94,553	1,333,151
2021	342.82	846,243	397,595	104,453	84,573	1,432,864
2022	255.50	692,841	83,985	114,574	90,794	982,194
2023	208.73	581,726	1,042	66,212	83,339	732,319
2024	231.53	603,040	13,709	65,242	84,951	766,942
Total	2,482.06	7,576,212	1,524,324	806,703	965,969	10,873,208

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table B-2: Data Table for Exhibit I-2: Share of FHA Versus Market First-time Homebuyer Purchase Transaction Volume

Year	FHA	Rest of Market
2021	84.63%	46.26%
2022	82.97%	46.80%
2023	82.20%	48.55%
2024 through 9/30/2024	82.84%	50.22%

SOURCE: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data Exhibit I-2 does not include private label securities or portfolio lenders. Exhibit is presented on a calendar year basis. FHA changed vendors and calculation methodology in FY 2023 which resulted in adjustments to previously published numbers for fiscal year 2021 through 2022.

Table B-3: Data Table for Exhibit I-3: Share of Homebuyers in Calendar Year 2023 with Incomes Less than 80% of Area Median Income

Year	FHA	Rest of Market
2023	32.03%	25.96%

Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit reflects originations from calendar year 2023.

Table B-4: Data Table for Exhibit I-4: FHA's Share of Lending to Black and Hispanic Borrowers Compared to Other Market Participants

	FHA	Rest of Market
Black	16.70%	6.77%
Hispanic	22.85%	11.51%

Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit reflects originations from calendar year 2023.

Table B-5: Data Table for Exhibit I-5: FHA's Share of Low Down Payment (less than 5%) Lending to Selected Underserved Borrower Groups

Borrower Groups	Black	Hispanic	Rural Borrower
FHA	57.61%	63.62%	49.54%
VA	20.86%	13.89%	22.22%
Conventional	20.22%	21.09%	20.51%
USDA	1.30%	1.40%	7.73%

Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit reflects originations from calendar year 2023.

Table B-6: Data Table for Exhibit I-6: Share of Homebuyers Under the Age of 35

FHA	46.25%
VA	37.97%
Conventional	37.93%

Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Reflects originations from calendar year 2023.

Table B-7: Data Table for Exhibit I-7: Share of Mortgages Originated for Manufactured Homes

	FHA	Rest of Market
Share of Manufactured Homes	4.48%	3.53%

Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Reflects originations from calendar year 2023.

Appendix C:
Data Tables for Chapter II

Table C-1: Data Table for Exhibit II-1: FHA Forbearance Requests by Quarter (Count in Thousands)

Fiscal Quarter	Forbearance Entries
2020Q3	931
2020Q4	337
2021Q1	254
2021Q2	217
2021Q3	140
2021Q4	125
2022Q1	116
2022Q2	113
2022Q3	86
2022Q4	93
2023Q1	98
2023Q2	77
2023Q3	70
2023Q4	65
2024Q1	69
2024Q2	74
2024Q3	77
2024Q4	112

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table C-2: Data Table for Exhibit II-2: Current Status of Borrowers Who Received COVID-19 Forbearance

Current Status of Borrowers Who Received COVID-19 Forbearance	Count	Percent
Payoff	499 K	30%
Current	796 K	47%
In Forbearance	55 K	3%
30 or 60 Day Delinquency	201 K	12%
Serious Delinquency	115 K	7%
Claim (Disposition or Conveyance)	13 K	1%
Total	1,679 K	100%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table C-4: Data Table for Exhibit II-4: Seriously Delinquent Homeowners

Quarter - Year	Non-forbearance SDQ	Forbearance SDQ
Q1 2019	303,804	12,801
Q2 2019	290,153	12,610
Q3 2019	283,936	11,426
Q4 2019	293,353	11,309
Q1 2020	329,203	12,118
Q2 2020	306,479	18,830
Q3 2020	264,594	445,009
Q4 2020	305,655	603,752
Q1 2021	290,576	631,118
Q2 2021	302,279	578,525
Q3 2021	282,471	473,391
Q4 2021	338,162	308,117
Q1 2022	367,627	152,302
Q2 2022	311,738	108,301
Q3 2022	256,477	93,953
Q4 2022	252,238	83,167
Q1 2023	260,578	89,086
Q2 2023	249,889	71,089
Q3 2023	239,912	59,620
Q4 2023	239,959	43,715
Q1 2024	262,469	35,269
Q2 2024	235,038	41,526
Q3 2024	233,754	43,389
Q4 2024	257,670	58,490

SOURCE: U.S. Department of HUD/FHA, October 2024.

Appendix D:
Data Tables for Chapter III

Table D-1: Data Table for Exhibit I-1 and III-1: Historical FHA Forward Mortgage Endorsement Activity

Endorsement Fiscal Year	Mortgage Amount ($ billions)	FHA Forward Endorsed Mortgage Counts				
		Purchase	FHA Streamline Refinance	FHA-to-FHA Refinance	Conventional-to-FHA Refinance	Total
2015	213.12	753,387	232,811	50,018	80,014	1,116,230
2016	245.41	879,512	210,629	60,443	107,464	1,258,048
2017	250.95	882,077	161,308	76,172	126,877	1,246,434
2018	209.05	776,275	51,255	77,616	109,455	1,014,601
2019	214.62	743,278	56,432	86,766	103,949	990,425
2020	310.32	817,833	315,558	105,207	94,553	1,333,151
2021	342.82	846,243	397,595	104,453	84,573	1,432,864
2022	255.50	692,841	83,985	114,574	90,794	982,194
2023	208.73	581,726	1,042	66,212	83,339	732,319
2024	231.53	603,040	13,709	65,242	84,951	766,942
Total	2,482.06	7,576,212	1,524,324	806,703	965,969	10,873,208

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-2: Data Table for Exhibits III-2: Historical FHA Forward Purchase Mortgage Activity and First-Time Homebuyer Share

Endorsement Fiscal Year	FHA Forward Mortgage Counts			First-Time Homebuyer Percentage	Average Age for First-Time Homebuyer
	First-Time Buyer	Repeat Buyer	Purchase Total		
2015	614,313	139,074	753,387	81.54	37.27
2016	722,069	157,443	879,512	82.10	37.55
2017	725,218	156,859	882,077	82.22	37.91
2018	641,910	134,365	776,275	82.69	38.10
2019	615,708	127,570	743,278	82.84	38.22
2020	679,620	138,213	817,833	83.10	37.77
2021	716,024	130,219	846,243	84.61	37.99
2022	578,661	114,180	692,841	83.52	38.55
2023	478,230	103,496	581,726	82.21	38.08
2024	498,363	104,677	603,040	82.64	37.61
Total	6,270,116	1,306,096	7,576,212		

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-3: Data Table for Exhibit III-3: Racial Composition of FHA Forward Mortgages

Endorsement Fiscal Year	Share of FHA Forward Endorsed Mortgages (percent)					
	Native American	Asian	Black	Hispanic	White	Not Reported
2015	0.43	3.35	10.40	17.36	60.14	8.33
2016	0.39	3.13	10.90	17.48	58.81	9.28
2017	0.41	3.02	11.69	18.13	57.08	9.68
2018	0.36	2.60	12.62	18.17	55.49	10.77
2019	0.34	2.27	12.83	17.75	53.02	13.80
2020	0.36	2.20	12.74	17.29	50.08	17.34
2021	0.37	2.04	13.42	16.09	43.71	24.37
2022	0.37	1.71	12.84	14.07	37.08	33.92
2023	0.42	2.07	12.69	15.45	37.73	31.64
2024	0.44	2.38	12.08	16.77	38.06	30.28

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-3A: Data Table for Exhibit III-3: Racial Composition of FHA Forward Mortgages (Counts)

Endorsement Fiscal Year	FHA Forward Mortgage Counts					
	Indian American	Asian	Black	Hispanic	White	Not Reported
2015	4,810	37,338	116,069	193,722	671,356	92,935
2016	4,891	39,417	137,185	219,955	739,830	116,770
2017	5,057	37,601	145,699	225,999	711,419	120,659
2018	3,671	26,353	128,055	184,313	562,962	109,247
2019	3,320	22,475	127,023	175,776	525,125	136,706
2020	4,746	29,341	169,822	230,436	667,682	231,124
2021	5,316	29,289	192,236	230,495	626,357	349,171
2022	3,631	16,781	126,162	138,189	364,228	333,203
2023	3,040	15,127	92,953	113,176	276,330	231,693
2024	3,354	18,219	92,622	128,601	291,906	232,240
Total	41,836	271,941	1,327,826	1,840,662	5,437,195	1,953,748

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-4: Data Table for Exhibit III-4: Historical FHA Forward Endorsement Activity by Loan Purpose

Endorsement Fiscal Year	FHA Forward Endorsed Mortgage Counts			
	Purchase	No Cash-Out Refinance	Cash-Out Refinance	Total
2015	753,387	299,063	63,780	1,116,230
2016	879,512	279,588	98,948	1,258,048
2017	882,077	222,472	141,885	1,246,434
2018	776,275	87,442	150,884	1,014,601
2019	743,278	87,298	159,849	990,425
2020	817,833	391,243	124,075	1,333,151
2021	846,243	472,842	113,779	1,432,864
2022	692,841	111,504	177,849	982,194
2023	581,726	9,252	141,341	732,319
2024	603,040	24,300	139,602	766,942
Total	7,576,212	1,985,004	1,311,992	10,873,208

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-5: Data Table for Exhibit III-5: FHA Forward Purchase Mortgages by Construction Type

Endorsement Calendar Year/Month	Endorsement Counts		Share of Total Purchases (percent)	
	Existing Home	New Construction	Existing Home	New Construction
OCT19	61,865	8,879	87.45	12.55
NOV19	52,474	8,337	86.29	13.71
DEC19	56,223	9,598	85.42	14.58
JAN20	62,881	11,774	84.23	15.77
FEB20	46,522	9,622	82.86	17.14
MAR20	53,866	9,404	85.14	14.86
APR20	56,838	10,591	84.29	15.71
MAY20	50,336	9,425	84.23	15.77
JUN20	54,211	10,523	83.74	16.26
JUL20	64,494	11,788	84.55	15.45
AUG20	65,617	11,310	85.30	14.70
SEP20	69,710	11,545	85.79	14.21
OCT20	67,768	11,941	85.02	14.98
NOV20	59,314	10,933	84.44	15.56
DEC20	65,748	12,451	84.08	15.92
JAN21	58,471	12,559	82.32	17.68
FEB21	47,141	10,307	82.06	17.94
MAR21	53,395	11,649	82.09	17.91
APR21	52,637	11,853	81.62	18.38
MAY21	53,100	10,439	83.57	16.43
JUN21	64,437	11,520	84.83	15.17
JUL21	62,508	10,230	85.94	14.06
AUG21	64,989	10,313	86.30	13.70

SEP21	62,313	10,227	85.90	14.10
OCT21	60,134	9,742	86.06	13.94
NOV21	57,049	9,146	86.18	13.82
DEC21	56,288	9,460	85.61	14.39
JAN22	50,593	9,777	83.80	16.20
FEB22	37,613	7,461	83.45	16.55
MAR22	46,781	9,472	83.16	16.84
APR22	43,084	8,703	83.19	16.81
MAY22	44,069	8,280	84.18	15.82
JUN22	48,009	8,932	84.31	15.69
JUL22	45,904	8,160	84.91	15.09
AUG22	51,316	8,593	85.66	14.34
SEP22	45,900	8,375	84.57	15.43
OCT22	41,554	7,982	83.89	16.11
NOV22	38,431	7,976	82.81	17.19
DEC22	36,478	8,467	81.16	18.84
JAN23	31,724	8,758	78.37	21.63
FEB23	24,220	6,682	78.38	21.62
MAR23	36,283	8,881	80.34	19.66
APR23	36,220	8,732	80.57	19.43
MAY23	42,961	10,339	80.60	19.40
JUN23	45,782	11,391	80.08	19.92
JUL23	44,814	11,080	80.18	19.82
AUG23	49,472	11,858	80.67	19.33
SEP23	40,462	11,179	78.35	21.65
OCT23	40,102	11,941	77.06	22.94
NOV23	36,988	11,606	76.12	23.88
DEC23	32,852	11,568	73.96	26.04
JAN24	33,868	14,120	70.58	29.42
FEB24	28,057	11,085	71.68	28.32
MAR24	33,928	12,226	73.51	26.49
APR24	36,786	13,319	73.42	26.58
MAY24	42,787	13,719	75.72	24.28
JUN24	39,004	13,265	74.62	25.38
JUL24	44,212	14,419	75.41	24.59
AUG24	42,298	14,176	74.90	25.10
SEP24	37,526	13,188	74.00	26.00

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-6: Data Table for Exhibit III-6: FHA Forward Refinance Endorsement Activity by Refinance Type

Endorsement Fiscal Year	Share of FHA Forward Refinance Mortgages (percent)				
	Conventional-to-FHA Cash-Out	FHA-to-FHA Cash-Out	Conventional-to-FHA No Cash-Out	FHA-to-FHA No Cash-Out	Streamline
2015	10.88	6.70	11.17	7.09	64.16
2016	16.49	9.65	11.90	6.32	55.64
2017	23.38	15.56	11.44	5.34	44.27
2018	35.05	28.26	10.87	4.31	21.51
2019	34.75	29.93	7.31	5.18	22.83
2020	13.18	10.90	5.17	9.51	61.24
2021	9.73	9.67	4.69	8.14	67.78
2022	26.60	34.86	4.78	4.73	29.03
2023	51.24	42.61	4.10	1.35	0.69
2024	47.84	37.33	3.99	2.47	8.36

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-6A: Data Table for Exhibit III-6: FHA Forward Refinance Endorsement Activity by Refinance Type (Counts)

Endorsement Fiscal Year	FHA Forward Refinance Mortgage Counts				
	Conventional Cash-Out	FHA Cash-Out	Conventional No Cash-Out	FHA No Cash-Out	Streamline
2015	39,472	24,308	40,542	25,710	232,811
2016	62,433	36,515	45,031	23,928	210,629
2017	85,181	56,704	41,696	19,468	161,308
2018	83,540	67,344	25,915	10,272	51,255
2019	85,884	73,965	18,065	12,801	56,432
2020	67,898	56,177	26,655	49,030	315,558
2021	57,053	56,726	27,520	47,727	397,595
2022	76,972	100,877	13,822	13,697	83,985
2023	77,168	64,173	6,171	2,039	1,042
2024	78,413	61,189	6,538	4,053	13,709
Total	714,014	597,978	251,955	208,725	1,524,324

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-7: Data Table for Exhibit III-7: Average FHA Forward Loan-to-Value Ratio by Mortgage Purpose (percent)

Endorsement Fiscal Year	Purchase	Conventional-to-FHA Refinance	FHA-to-FHA Refinance
2015	95.69	80.29	84.35
2016	95.71	79.18	82.44
2017	95.72	78.41	81.51
2018	95.70	78.00	81.25
2019	95.58	77.42	81.71
2020	95.63	76.33	82.22
2021	95.54	73.81	78.85
2022	95.01	69.72	74.06
2023	94.68	68.32	73.38
2024	94.67	68.04	73.45

NOTE: Excludes streamline refinance mortgages.
SOURCE: US Department of HUD/FHA, October 2024.

Table D-8: Data Table for Exhibit III-8: Average Borrower Credit Score for FHA Forward Mortgages

Fiscal Year	Purchase	Conventional-to-FHA Refinance	FHA-to-FHA Refinance	Average Borrower Credit Score
2015	680	675	675	680
2016	681	677	673	680
2017	678	674	668	676
2018	671	665	661	670
2019	667	663	660	666
2020	673	666	666	672
2021	673	667	664	671
2022	668	651	647	664
2023	675	653	645	670
2024	683	654	647	677

NOTE: Excludes streamline refinance mortgages.
SOURCE: US Department of HUD/FHA, October 2024.

Table D-9: Data Table for Exhibit III-9: Distribution of FHA Forward Borrower Credit Score by Fiscal Year

Endorsement Fiscal Year	Share of FHA Forward Mortgages (percent)					
	720 or Higher	680-719	620-679	580-619	Less than 580	Missing
2015	18.03	26.12	50.18	5.06	0.24	0.37
2016	18.74	25.96	49.16	5.55	0.26	0.34
2017	17.49	24.80	49.65	7.32	0.43	0.31
2018	14.38	22.43	51.73	10.37	0.83	0.26
2019	12.88	21.03	53.15	11.68	1.03	0.22
2020	14.67	23.06	53.09	8.37	0.61	0.20
2021	13.29	22.72	57.09	6.37	0.32	0.22
2022	10.66	19.80	57.15	11.22	0.96	0.23
2023	14.95	22.47	50.39	10.44	1.53	0.22
2024	21.20	23.23	43.79	9.72	1.82	0.23

NOTE: Excludes streamline refinance mortgages.
SOURCE: US Department of HUD/FHA, October 2024.

Table D-9A: Data Table for Exhibit III-9: Distribution of FHA Forward Borrower Credit Score by Fiscal Year (Counts)

Endorsement Fiscal Year	FHA Forward Mortgage Counts					
	720 or Higher	680-719	620-679	580-619	Less than 580	Missing
2015	159,266	230,769	443,308	44,659	2,108	3,309
2016	196,294	271,882	514,903	58,086	2,673	3,581
2017	189,746	269,101	538,753	79,426	4,716	3,384
2018	138,524	216,042	498,339	99,895	8,014	2,532
2019	120,319	196,462	496,378	109,106	9,663	2,065
2020	149,320	234,688	540,202	85,137	6,195	2,051
2021	137,609	235,212	591,029	65,900	3,280	2239
2022	95,711	177,829	513,296	100,737	8,578	2,058
2023	109,329	164,308	368,498	76,363	11,191	1,588
2024	159,658	175,007	329,874	73,196	13,746	1,752
Total	1,455,776	2,171,300	4,834,580	792,505	70,164	24,559

NOTE: Excludes streamline refinance mortgages.
SOURCE: US Department of HUD/FHA, October 2024.

Table D-10: Data Table for Exhibit III-9: Borrower Debt-to-Income Ratio for FHA Forward Purchase Mortgages

Endorsement Fiscal Year	Share of FHA Endorsed Purchase Mortgages				
	<=36%	>36% to 43%	>43% to 50%	>50%	Average DTI (percent)
2015	29.88	28.82	26.72	14.58	40.44
2016	28.70	27.91	27.06	16.33	40.85
2017	25.27	25.60	28.82	20.30	41.93
2018	21.69	23.70	29.81	24.80	43.09
2019	20.19	23.26	29.82	26.73	43.58
2020	21.47	24.14	30.19	24.20	43.08
2021	20.66	24.12	31.51	23.71	43.18
2022	17.56	22.24	32.24	27.95	44.19
2023	14.47	21.08	33.32	31.12	45.10
2024	14.46	21.08	33.09	31.38	45.14

SOURCE: US Department of HUD/FHA, October 2024.

Table D-10A: Data Table for Exhibit III-9: Borrower Debt-to-Income (DTI) Ratio for FHA Forward Purchase Mortgages (Counts)

Endorsement Fiscal Year	Forward Purchase Mortgage Counts			
	<=36%	>36% to 43%	>43% to 50%	>50%
2015	225,141	217,094	201,309	109,843
2016	252,401	245,483	237,964	143,664
2017	222,930	225,812	254,242	179,093
2018	168,352	184,006	231,372	192,545
2019	150,041	172,877	221,663	198,697
2020	175,607	197,438	246,904	197,884
2021	174,813	204,094	266,659	200,677
2022	121,690	154,107	223,402	193,642
2023	84,193	122,628	193,851	181,054
2024	87,177	127,113	199,532	189,218
Total	1,662,345	1,850,652	2,276,898	1,786,317

SOURCE: US Department of HUD/FHA, October 2024.

Table D-11: Exhibit III-11: FHA Forward Purchase Activity by Type of Down Payment Assistance

Endorsement Fiscal Year	Share of Forward Purchase Mortgages (percent)			
	Government	Eligible Family Member	Non-Government/ Non-Relative	No DPA
2015	9.88	25.91	1.54	62.67
2016	10.27	26.33	1.86	61.55
2017	10.56	26.10	1.70	61.64
2018	11.40	26.16	1.24	61.21
2019	12.91	25.41	1.02	60.66
2020	15.43	23.44	0.93	60.20
2021	15.09	23.30	0.97	60.64
2022	13.65	25.36	1.12	59.87
2023	14.98	23.40	1.15	60.46
2024	16.90	21.58	1.34	60.17

NOTE: Data does not account for instances where down payment assistance data was missing from origination data submitted to FHA.
SOURCE: US Department of HUD/FHA, October 2024.

Table D-11A: Exhibit III-11: FHA Forward Purchase Activity by Type of Down Payment Assistance (Counts)

Endorsement Fiscal Year	Forward Purchase Mortgage Counts			
	Government	Eligible Family Member	Non-Government/ Non-Relative	No DPA
2015	74,437	195,202	11,566	472,182
2016	90,311	231,542	16,348	541,311
2017	93,118	230,231	14,983	543,745
2018	88,471	203,064	9,610	475,130
2019	95,990	188,849	7,587	450,852
2020	126,204	191,667	7,623	492,339
2021	127,719	197,147	8,222	513,155
2022	94,562	175,706	7,784	414,789
2023	87,156	136,147	6,693	351,730
2024	101,933	130,161	8,096	362,850
Total	979,901	1,879,716	98,512	4,618,083

NOTE: Data does not account for instances where down payment assistance data was missing from origination data submitted to FHA.
SOURCE: US Department of HUD/FHA, October 2024.

Table D-12: Data Table for Exhibit III-12: Lender Type for FHA Forward Endorsement Activity

Endorsement Fiscal Year	Share of Forward Mortgages (percent)		
	Depository	Non-Depository	Other
2015	21.19	78.73	0.07
2016	17.70	82.22	0.08
2017	15.48	84.44	0.08
2018	14.91	84.99	0.10
2019	13.92	85.99	0.09
2020	10.69	89.23	0.08
2021	9.22	90.71	0.07
2022	10.80	89.13	0.07
2023	11.51	88.39	0.09
2024	10.89	89.02	0.08

SOURCE: US Department of HUD/FHA, October 2024.This includes all endorsements, including streamline refinances.

Table D-12A: Data Table for Exhibit III-12: Lender Type for FHA Forward Endorsement Activity (Counts)

Endorsement Fiscal Year	Forward Mortgage Counts		
	Depository	Non-Depository	Other
2015	236,550	878,856	824
2016	222,708	1,034,381	959
2017	192,927	1,052,525	982
2018	151,294	862,261	1,046
2019	137,860	851,654	911
2020	142,494	1,189,567	1,090
2021	132,160	1,299,723	981
2022	106,067	875,393	734
2023	84,308	647,325	686
2024	83,547	682,752	643
Total	1,489,915	9,374,437	8,856

SOURCE: US Department of HUD/FHA, October 2024.

Table D-13: Data Table for Exhibit III-13: FY 2024 FHA Forward Endorsement Concentration by State

State	Share of Forward Mortgages by Endorsement FY		State	Share of Forward Mortgages by Endorsement FY	
	2023	2024		2023	2024
Alabama	2.11%	2.28%	Montana	0.23%	0.24%
Alaska	0.16%	0.15%	Nebraska	0.49%	0.49%
Arizona	3.19%	3.40%	Nevada	1.41%	1.43%
Arkansas	1.11%	1.19%	New Hampshire	0.29%	0.25%
California	6.47%	6.55%	New Jersey	2.39%	2.10%
Colorado	1.96%	1.94%	New Mexico	0.79%	0.80%
Connecticut	0.96%	0.75%	New York	2.35%	1.95%
Delaware	0.44%	0.42%	North Carolina	3.44%	3.72%
District Of Columbia	0.06%	0.05%	North Dakota	0.18%	0.21%
Florida	9.62%	10.38%	Ohio	4.02%	3.71%
Georgia	5.28%	5.09%	Oklahoma	1.41%	1.49%
Guam	0.00%	0.01%	Oregon	0.97%	1.02%
Hawaii	0.07%	0.08%	Pennsylvania	3.35%	2.97%
Idaho	0.63%	0.66%	Puerto Rico	0.74%	0.69%
Illinois	3.39%	2.77%	Rhode Island	0.38%	0.37%
Indiana	2.86%	2.84%	South Carolina	2.36%	2.55%
Iowa	0.71%	0.69%	South Dakota	0.22%	0.24%
Kansas	0.72%	0.74%	Tennessee	2.85%	2.98%
Kentucky	1.62%	1.65%	Texas	10.97%	11.95%
Louisiana	1.61%	1.60%	U.S. Virgin Islands	0.00%	0.00%
Maine	0.34%	0.32%	Utah	1.19%	1.36%
Maryland	2.17%	2.05%	Vermont	0.08%	0.07%
Massachusetts	1.13%	0.99%	Virginia	2.61%	2.54%
Michigan	2.89%	2.55%	Washington	1.63%	1.67%
Minnesota	1.18%	1.11%	West Virginia	0.58%	0.60%
Mississippi	1.09%	1.11%	Wisconsin	0.99%	0.92%
Missouri	2.08%	2.05%	Wyoming	0.24%	0.26%

SOURCE: US Department of HUD/FHA, October 2024.

Table D-13A: Data Table for Exhibit III-13: FY 2024 FHA Forward Endorsement Concentration by State (Counts)

State	Forward Mortgage Counts by Endorsement FY		State	Forward Mortgage Counts by Endorsement FY	
	2023	2024		2023	2024
Alabama	15,486	17,490	Montana	1,653	1,824
Alaska	1,153	1,132	Nebraska	3,573	3,784
Arizona	23,361	26,064	Nevada	10,336	10,997
Arkansas	8,104	9,091	New Hampshire	2,128	1,923
California	47,396	50,204	New Jersey	17,502	16,073
Colorado	14,331	14,907	New Mexico	5,767	6,113
Connecticut	7,021	5,715	New York	17,229	14,966
Delaware	3,231	3,195	North Carolina	25,198	28,524
District Of Columbia	411	377	North Dakota	1,323	1,595
Florida	70,473	79,576	Ohio	29,474	28,423
Georgia	38,686	39,074	Oklahoma	10,342	11,438
Guam	32	53	Oregon	7,097	7,839
Hawaii	540	582	Pennsylvania	24,508	22,767
Idaho	4,600	5,024	Puerto Rico	5,389	5,321
Illinois	24,861	21,263	Rhode Island	2,813	2,857
Indiana	20,931	21,770	South Carolina	17,249	19,530
Iowa	5,206	5,310	South Dakota	1,580	1,878
Kansas	5,281	5,680	Tennessee	20,842	22,841
Kentucky	11,840	12,648	Texas	80,306	91,652
Louisiana	11,814	12,260	U.S. Virgin Islands	31	16
Maine	2,459	2,472	Utah	8,727	10,435
Maryland	15,860	15,747	Vermont	570	545
Massachusetts	8,290	7,627	Virginia	19,111	19,509
Michigan	21,145	19,534	Washington	11,947	12,829
Minnesota	8,609	8,551	West Virginia	4,256	4,618
Mississippi	7,990	8,517	Wisconsin	7,246	7,064
Missouri	15,227	15,696	Wyoming	1,784	2,022

SOURCE: US Department of HUD/FHA, October 2024.

Data Table D-13: FHA Forward Insurance-in-Force, Unpaid Principal Balance, and Serious Delinquency by Vintage as of September 30, 2024

Endorsement Fiscal Year	Insurance-in-Force				Serious Delinquency	
	Counts	IIF Share (percent)	UPB ($ millions)	UPB Share (percent)	Counts	Rate (percent)
Pre-2004	271,777	3.48	8,665	0.60	12,666	4.66
2004	83,024	1.06	4,338	0.30	3,617	4.36
2005	60,880	0.78	3,494	0.24	3,088	5.07
2006	49,216	0.63	3,294	0.23	2,765	5.62
2007	47,652	0.61	3,722	0.26	3,115	6.54
2008	106,901	1.37	9,966	0.69	6,911	6.46
2009	203,988	2.61	20,734	1.44	9,303	4.56
2010	247,589	3.17	24,335	1.69	8,838	3.57
2011	199,438	2.55	19,942	1.38	6,300	3.16
2012	256,482	3.28	26,520	1.84	6,528	2.55
2013	364,259	4.66	40,761	2.82	7,605	2.09
2014	153,129	1.96	15,633	1.08	6,521	4.26
2015	257,538	3.30	31,810	2.20	10,913	4.24
2016	362,499	4.64	49,447	3.43	15,409	4.25
2017	399,330	5.11	59,026	4.09	18,946	4.74
2018	322,752	4.13	50,390	3.49	20,944	6.49
2019	325,011	4.16	55,182	3.82	23,301	7.17
2020	658,749	8.44	130,491	9.04	29,105	4.42
2021	1,112,703	14.25	245,344	17.00	42,673	3.84
2022	889,766	11.39	222,686	15.43	46,920	5.27
2023	683,763	8.76	191,774	13.29	30,791	4.50
2024	752,465	9.64	225,641	15.63	8,186	1.09
Total	7,808,911	100.00	1,443,197	100.00	324,445	4.15

NOTE: These mortgage counts and balances were active as of September 30, 2024. Portfolio UPB may differ slightly from IIF amounts reported in Chapter 4.
SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-14: Data Table for Exhibit III-14: Historical Serious Delinquency Rates for FHA Forward Mortgages

Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)
Oct-14	6.94	Feb-18	5.06	Apr-21	11.06	Aug-24	3.98
Nov-14	7.02	Mar-18	4.66	May-21	10.59	Sep-24	4.15
Dec-14	7.00	Apr-18	4.54	Jun-21	10.11		
Jan-15	6.96	May-18	4.35	Jul-21	9.66		
Feb-15	6.76	Jun-18	4.28	Aug-21	9.17		
Mar-15	6.42	Jul-18	4.08	Sep-21	8.81		
Apr-15	6.28	Aug-18	4.11	Oct-21	8.35		
May-15	6.24	Sep-18	4.11	Nov-21	7.83		
Jun-15	6.12	Oct-18	4.06	Dec-21	7.28		
Jul-15	5.75	Nov-18	4.06	Jan-22	6.81		
Aug-15	5.91	Dec-18	4.08	Feb-22	6.48		
Sep-15	5.86	Jan-19	4.16	Mar-22	6.00		
Oct-15	5.79	Feb-19	4.10	Apr-22	5.23		
Nov-15	5.82	Mar-19	3.88	May-22	5.19		
Dec-15	5.79	Apr-19	3.74	Jun-22	5.00		
Jan-16	5.80	May-19	3.67	Jul-22	4.93		
Feb-16	5.55	Jun-19	3.76	Aug-22	4.82		
Mar-16	5.31	Jul-19	3.78	Sep-22	4.77		
Apr-16	5.16	Aug-19	3.82	Oct-22	4.77		
May-16	5.07	Sep-19	3.88	Nov-22	4.79		
Jun-16	5.02	Oct-19	3.93	Dec-22	4.91		
Jul-16	4.96	Nov-19	4.06	Jan-23	4.90		
Aug-16	4.95	Dec-19	4.35	Feb-23	4.86		
Sep-16	4.92	Jan-20	4.12	Mar-23	4.53		
Oct-16	4.91	Feb-20	4.04	Apr-23	4.39		
Nov-16	4.94	Mar-20	3.97	May-23	4.30		
Dec-16	4.99	Apr-20	4.04	Jun-23	4.21		
Jan-17	4.97	May-20	4.91	Jul-23	4.12		
Feb-17	4.81	Jun-20	8.96	Aug-23	3.97		
Mar-17	4.54	Jul-20	10.58	Sep-23	3.93		
Apr-17	4.47	Aug-20	11.35	Oct-23	3.86		
May-17	4.36	Sep-20	11.59	Nov-23	3.91		
Jun-17	4.28	Oct-20	11.73	Dec-23	4.04		
Jul-17	4.20	Nov-20	11.90	Jan-24	4.08		
Aug-17	4.24	Dec-20	11.89	Feb-24	3.97		
Sep-17	4.32	Jan-21	11.83	Mar-24	3.74		
Oct-17	4.42	Feb-21	11.37	Apr-24	3.58		
Nov-17	4.83	Mar-21	11.61	May-24	3.52		
Dec-17	5.19	Apr-21	11.06	Jun-24	3.68		
Jan-18	5.18	May-21	10.59	Jul-24	3.84		

SOURCE: US Department of HUD/FHA, October 2024.

Table D-15: Data Table for Exhibit III-15: FHA Forward Early Payment Default Rates by Mortgage Purpose

Endorsement Fiscal Year	Early Payment Default Rate (percent)		
	Purchase	Refinance	All
2015	0.41	0.29	0.37
2016	0.40	0.29	0.37
2017	0.86	0.49	0.76
2018	0.74	0.40	0.66
2019	0.87	0.44	0.76
2020	4.29	4.84	4.50
2021	1.92	1.02	1.55
2022	2.37	1.11	2.00
2023	1.89	1.19	1.74
2024[1]	1.45	1.20	1.40

SOURCE: U.S. Department of HUD/FHA, October 2024.
Data through February 2024 endorsement dates.

Table D-16: Data Table for Exhibit III-16: FHA Forward Loss Severity and Disposition Count by Type

Fiscal Year	Insurance-in-Force (count)	FHA Disposition Counts by Type				Loss Severity Rate (percent)
		REO	Note Sales/Distressed Asset Sales Program	Third Party Sales	Pre-Foreclosure Sales	
2015	7,742,143	60,759	19,975	22,051	13,968	51.6
2016	7,838,495	58,291	12,243	33,173	12,668	54.08
2017	7,982,070	44,158	5,549	44,867	8,703	50.29
2018	8,048,639	26,318	68	48,375	6,000	45.53
2019	8,107,806	16,569	131	40,678	4,529	41.43
2020	7,988,354	16,717	47	24,682	3,573	39.74
2021	7,498,614	5,693	68	11,886	3,125	36.8
2022	7,263,194	2,825	9	12,803	1,487	27.54
2023	7,509,540	3,484	9	14,090	925	25.14
2024	7,808,911	4,014	29	15,007	1,132	24.44
Total		238,828	38,128	267,612	56,110	

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-17: Data Table for Exhibit III-17: Annual FHA Forward Dispositions as Shares of IIF Count and UPB

Fiscal Year	Forward Mortgage Counts		Disposition Share of IIF Count (percent)	Mortgage Disposition UPB ($ billions)	Active Mortgages ($ billions, End-of-FY)	Disposition Share of IIF UPB (percent)
	Mortgage Dispositions	Active Mortgages (End-of-FY)				
2015	116,753	7,742,143	1.51	15.86	1,072.82	1.48
2016	116,375	7,838,495	1.48	15.35	1,106.28	1.39
2017	103,277	7,982,070	1.29	13.39	1,158.84	1.16
2018	80,761	8,048,639	1.00	10.37	1,196.30	0.87
2019	61,907	8,107,806	0.76	8.17	1,228.03	0.67
2020	45,019	7,988,354	0.56	6.04	1,235.41	0.49
2021	20,772	7,498,614	0.28	2.73	1,191.28	0.23
2022	17,124	7,263,194	0.24	2.05	1,210.88	0.17
2023	18,508	7,509,540	0.25	2.22	1,318.56	0.17
2024	20,182	7,808,911	0.26	2.79	1,443.20	0.19

NOTE: Data includes funds outside of MMI Fund and outbids.
SOURCE: U.S. Department of HUD/FHA, October 2024. Fiscal year 2024 may have de minimis adjustments due to late reporting of disposition sales.

Table D-18: Data Table for Exhibit III-18: Current HECM Portfolio by Year of Endorsement as of September 30, FY 2024

Endorsement Fiscal Year	Active HECM Counts	Current MCA ($ billions)	Current Principal Limit ($ billions)	Insurance-in-Force ($ billions)
2009	6,923	1.85	2.37	2.06
2010	4,221	1.21	1.54	1.36
2011	4,179	1.17	1.43	1.19
2012	3,155	0.85	1.11	0.88
2013	4,069	1.07	1.30	1.04
2014	9,206	2.31	2.28	1.87
2015	15,169	3.99	3.85	3.23
2016	14,941	4.28	4.09	3.31
2017	20,857	6.33	5.82	4.73
2018	20,070	6.33	4.97	4.02
2019	13,544	4.48	2.95	2.37
2020	22,252	8.44	5.91	4.80
2021	34,740	15.06	10.54	8.83
2022	57,190	28.56	18.79	15.68
2023	30,196	14.78	7.82	5.82
2024	25,965	13.09	6.07	3.96
Total	286,677	113.81	80.83	65.12

SOURCE: US Department of HUD/FHA, October 2024.

Table D-19: Data Table for Exhibit III-19: FHA HECM Endorsement Activity

Endorsement Fiscal Year	Mortgage Counts by Product Type		Mortgage Counts by Purpose Type			All Mortgage Counts	Original MCA ($ billions)
	Adjustable Rate	Fixed Rate	Purchase	Refinance	Traditional		
2015	48,858	9,132	2,411	5,571	50,008	57,990	16.13
2016	43,667	5,201	2,367	5,398	41,103	48,868	14.66
2017	49,574	5,716	2,634	8,016	44,640	55,290	17.69
2018	43,428	4,901	2,615	5,860	39,854	48,329	16.19
2019	29,382	1,890	2,295	1,679	27,298	31,272	10.86
2020	41,037	798	2,472	8,614	30,749	41,835	16.29
2021	45,647	3,549	2,228	20,661	26,307	49,196	21.35
2022	61,620	2,850	2,236	29,002	33,232	64,470	32.12
2023	32,670	304	2,034	4,017	26,923	32,974	16.17
2024	26,450	51	1,686	2,074	22,741	26,501	13.36
Total	422,333	34,392	22,978	90,892	342,855	456,725	174.82

SOURCE: US Department of HUD/FHA, October 2024.

Table D-20: Data Table for Exhibit III-20: FHA HECMs by Payment Plan Option

Endorsement Fiscal Year	Share of Total MCA (percent)					
	Term	Line of Credit	Tenure	Term & Line of Credit	Tenure & Line of Credit	Lump Sum
2015	0.56	92.24	1.16	3.37	2.14	0.53
2016	0.59	88.30	1.10	3.31	2.01	4.69
2017	0.54	86.01	0.94	3.11	2.04	7.35
2018	0.53	86.14	0.76	3.02	1.94	7.61
2019	0.52	88.70	0.79	2.86	1.62	5.51
2020	0.48	93.40	0.43	2.60	1.23	1.86
2021	0.43	89.11	0.34	2.29	0.99	6.83
2022	0.40	92.52	0.56	2.29	1.08	3.16
2023	0.55	93.13	0.76	3.06	1.80	0.71
2024	0.69	93.56	1.07	2.74	1.81	0.13

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-21: Data Table for Exhibit III-21: Average Maximum Claim Amount for FHA-Endorsed HECMs

Endorsement Fiscal Year	HECMs Endorsed (count)	Average MCA ($)	Total MCA Endorsed ($)
2015	57,990	278,145	16,129,647,170
2016	48,868	300,000	14,660,406,133
2017	55,290	319,964	17,690,803,579
2018	48,329	334,986	16,189,558,432
2019	31,272	347,239	10,858,868,290
2020	41,835	389,375	16,289,499,648
2021	49,196	433,995	21,350,841,053
2022	64,470	498,196	32,118,707,772
2023	32,974	490,417	16,170,995,481
2024	26,501	504,027	13,357,228,837
Total	456,725		174,816,556,395

SOURCE: US Department of HUD/FHA, October 2024.

Table D-22: Data Table for Exhibit III-22: Composition of FHA HECM Borrowers

Endorsement Fiscal Year	Total Endorsement Counts			
	Singular Male Borrower	Singular Female Borrower	Multiple Borrowers	Not Disclosed
2015	12,634	22,321	22,742	293
2016	10,554	17,982	20,205	127
2017	11,532	20,513	22,902	343
2018	9,934	17,701	19,939	755
2019	6,570	11,895	12,414	393
2020	8,326	14,722	17,475	1,312
2021	10,100	17,573	20,046	1,477
2022	12,566	22,712	27,330	1,862
2023	6,865	12,993	11,624	1,492
2024	5,735	10,890	8,837	1,039
Total	94,816	169,302	183,514	9,093

SOURCE: US Department of HUD/FHA, October 2024.

Table D-23: Data Table for Exhibit III-23: Racial Composition of FHA HECM Borrowers

Endorsement Fiscal Year	Racial Composition (count)					
	American Indian	Asian	Black	Hispanic	White	Not Reported
2015	203	948	6,122	3,835	45,203	1,679
2016	160	723	4,174	2,949	39,261	1,601
2017	159	746	4,487	3,126	43,695	3,077
2018	140	607	3,272	2,360	35,786	6,164
2019	93	390	2,037	1,625	22,349	4,778
2020	95	592	2,702	2,438	31,008	5,000
2021	130	704	3,092	2,756	35,318	7,196
2022	160	680	3,888	3,341	45,850	10,551
2023	90	283	2,165	1,621	21,563	7,252
2024	68	205	1,827	1,204	17,491	5,706
Total	1,298	5,878	33,766	25,255	337,524	53,004

SOURCE: US Department of HUD/FHA, October 2024.

Table D-24: Data Table for Exhibit III-24: Average Borrower Age at Endorsement of FHA HECMs

Endorsement Fiscal Year	HECMs Endorsed (count)	Average Borrower Age (year)
2015	57,990	72.35
2016	48,868	73.01
2017	55,290	73.16
2018	48,329	73.34
2019	31,272	73.59
2020	41,835	73.51
2021	49,196	73.95
2022	64,470	74.29
2023	32,974	74.84
2024	26,501	75.23

SOURCE: US Department of HUD/FHA, October 2024.

Table D-25: Data Table for Exhibit III-25: FHA HECM Endorsement Activity by Mortgage Purpose

Endorsement Fiscal Year	Share of Total MCA (percent)		
	Purchase	Refinance	Traditional
2015	4.33	13.48	82.19
2016	4.98	14.19	80.83
2017	4.93	17.11	77.97
2018	5.52	14.39	80.09
2019	7.40	7.44	85.16
2020	5.58	25.66	68.76
2021	4.17	46.72	49.11
2022	3.20	48.91	47.89
2023	6.08	13.71	80.21
2024	6.15	8.87	84.98

SOURCE: US Department of HUD/FHA, October 2024.

Table D-26: Data Table for Exhibit III-26: FHA HECM Endorsement Activity by Mortgage Rate Type

Endorsement Fiscal Year	Share of Total MCA (percent)		
	Annual Adjustable-Rate Mortgage	Monthly Adjustable-Rate Mortgage	Fixed Rate Mortgage
2015	44.46	39.25	16.29
2016	76.70	12.45	10.84
2017	85.84	3.43	10.73
2018	87.67	1.33	11.00
2019	93.13	0.23	6.64
2020	97.48	0.10	2.42
2021	30.84	60.62	8.54
2022	0.84	94.25	4.91
2023	0.10	98.90	1.01
2024	0.11	99.69	0.20

SOURCE: US Department of HUD/FHA, October 2024.

Table D-27: Data Table for Exhibits III-27: Average Principal Limit of FHA HECMs

Endorsement Fiscal Year	HECMs Endorsed (count)	Average Principal Limit as a Share of MCA
2015	57,990	59.27%
2016	48,868	60.02%
2017	55,290	59.94%
2018	48,329	55.26%
2019	31,272	52.00%
2020	41,835	57.56%
2021	49,196	58.62%
2022	64,470	55.82%
2023	32,974	46.94%
2024	26,501	44.36%

SOURCE: US Department of HUD/FHA, October 2024.

Table D-28: Data Table for Exhibits III-28: Average Initial Cash Draws of FHA-Endorsed HECMs

Endorsement Fiscal Year	HECMs Endorsed (count)	Average 1st Month Cash Draw as a Share of Principal Limit
2015	57,990	64.23%
2016	48,868	62.77%
2017	55,290	64.23%
2018	48,329	63.63%
2019	31,272	63.10%
2020	41,835	68.01%
2021	49,196	72.45%
2022	64,470	72.02%
2023	32,974	60.79%
2024	26,501	59.14%

SOURCE: US Department of HUD/FHA, October 2024.

Table D-29: Data Table for Exhibit III-29: Top 5 States with the Highest Shares of HECM MCAs in the Past 10 FYs

Endorsement Fiscal Year	Share of Total MCA (percent)					
	California	Florida	Colorado	Texas	Arizona	Other States
2015	31.92	7.24	2.59	4.85	2.83	50.57
2016	32.87	7.54	4.09	5.50	3.12	46.88
2017	34.86	7.25	5.94	5.45	3.17	43.32
2018	33.17	6.79	6.67	5.30	3.47	44.60
2019	31.26	6.92	6.90	5.17	4.11	45.64
2020	35.39	6.45	7.83	4.44	4.95	40.94
2021	36.03	6.19	7.52	4.07	6.20	39.99
2022	31.89	7.31	7.52	4.89	8.05	40.34
2023	27.12	9.65	5.92	6.34	6.17	44.79
2024	26.87	9.93	5.20	5.68	5.08	47.24

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-29A: Data Table: Top 5 States with the Highest Shares of HECM Counts in the Past 10 FYs

Endorsement Fiscal Year	Share of Total Loan Count (percent)					
	California	Florida	Texas	Colorado	Arizona	Other States
2015	20.28	8.31	7.04	2.35	3.20	58.82
2016	21.77	8.78	7.62	3.73	3.56	54.54
2017	23.74	8.69	7.64	5.43	3.73	50.77
2018	22.73	8.42	7.41	5.91	3.95	51.58
2019	21.07	8.58	7.39	6.04	4.78	52.15
2020	24.74	8.35	6.44	7.14	5.63	47.68
2021	26.04	8.23	6.00	6.98	6.99	45.76
2022	23.70	9.06	6.58	6.87	8.47	45.31
2023	18.51	10.65	8.35	5.18	6.30	51.02
2024	17.74	10.92	7.62	4.65	5.40	53.67

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table D-30: Data Table for Exhibit III-30: FHA HECM Claims by Claim Type

Claim Fiscal Year	Claim Amount Paid ($)			
	Claim Type 1	Claim Type 2	Supplemental	Total
2015	755,540,357	1,734,780,373	8,884,319	2,499,205,048
2016	636,745,200	3,529,360,512	47,313,221	4,213,418,933
2017	676,564,968	4,325,602,086	27,628,098	5,029,795,151
2018	612,273,102	5,502,089,113	34,182,468	6,148,544,683
2019	591,073,714	8,930,501,213	35,470,645	9,557,045,572
2020	468,935,669	5,728,949,124	28,786,484	6,226,671,278
2021	210,727,402	2,764,261,459	13,954,911	2,988,943,772
2022	183,944,711	1,909,954,869	10,309,283	2,104,208,863
2023	302,315,664	5,377,196,435	28,926,494	5,708,438,593
2024	267,405,544	5,170,459,688	35,460,990	5,473,326,222
Total	4,705,526,331	44,973,154,872	270,916,913	49,949,598,115

NOTE: The Claim Type 1 category represents the dollar volume of claims generated when the borrower no longer occupies the home, and the property is sold at a loss, with the mortgage never being assigned to the Secretary of HUD. The Claim Type 2 category represents the dollar volume of claims resulting from the assignment of the mortgage to the Secretary of HUD when the mortgage reaches 98 percent of the MCA. Supplemental claims are those claims submitted by lenders for other eligible expenses not included on original claims, such as property preservation expenses.
SOURCE: US Department of HUD/FHA, October 2024.

Appendix E:
Data Tables for Chapter IV

Table E-3: Data Table for Exhibit IV-3: MMI Fund Capital Ratio Components FY 2014 to FY 2024

MMI Components	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Capital Resources	2.50%	2.72%	3.02%	3.33%	3.89%	4.50%	5.46%	6.68%	7.72%	7.99%	8.29%
Cash Flow NPV	-2.08%	-0.62%	-0.67%	-1.15%	-1.14%	0.34%	0.64%	1.35%	3.39%	2.51%	3.18%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-5: Data Table for Exhibit IV-5: Claims Paying Capacity and NPV Projected Losses FY 2024

2024	
NPV Projected MIP Revenue	4.42%
Total Capital Resources	8.29%
MMI Fund Capital Ratio	11.47%
NPV Projected Losses	1.24%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-6: Data Table for Exhibit IV-6: Changes to Claims Paying Capacity and NPV Projected Losses from FY 2023 to FY 2024

2023		2024	
Claims Paying Capacity	$169.19	Claims Paying Capacity	$191.45
MMI Fund Capital	$145.29	MMI Fund Capital	$172.76
NPV Projected Losses	$23.90	NPV Projected Losses	$18.69

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-7: Data Table for Exhibit IV-7: Forward and HECM Stand-Alone Capital Ratios – FY 2015 to FY 2024

Category	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
HECM Stand-Alone	1.17%	-11.81%	-18.30%	-18.83%	-9.22%	-0.79%	6.08%	22.77%	16.72%	24.50%
Forward Stand-Alone	2.00%	3.11%	3.33%	3.93%	5.44%	6.31%	7.99%	10.47%	10.20%	10.88%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-9: Data Table for Exhibit IV-9: Changes in Forward Portfolio Claims Paying Capacity and NPV Projected Losses from FY 2023 to FY 2024

2023		2024	
Claims Paying Capacity	$157.34	Claims Paying Capacity	$180.08
MMI Forward Capital	$134.26	MMI Forward Capital	$156.80
NPV Projected Losses	$23.07	NPV Projected Losses	$23.28

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-11: Data Table for Exhibit IV-11: Changes in HECM Portfolio Claims Paying Capacity and NPV Projected Losses/Gains from FY 2023 to FY 2024

2023		2024	
Claims Paying Capacity	$11.85	Claims Paying Capacity	$11.37
MMI Fund Capital	$11.03	MMI Fund Capital	$15.96
NPV Projected Losses	$0.83	NPV Projected Losses	-$4.59

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-12: Data Table for Exhibit IV-12: Cumulative Home Price Appreciation FY 2015 to FY 2024

Region	Year	HPA	Quarter
USA	2015	10.18%	4
USA	2016	15.04%	4
USA	2017	22.24%	4
USA	2018	29.55%	4
USA	2019	35.92%	4
USA	2020	47.07%	4
USA	2021	74.25%	4
USA	2022	95.49%	4
USA	2023	98.90%	4
USA	2024	116.17%	4

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-13: Data Table for Exhibit IV-13: NPV Projected Losses for the MMI Portfolio FY 2017 to FY 2024

Year	NPV Projected Losses
FY 2017	6.03%
FY 2018	5.19%
FY 2019	3.65%
FY 2020	3.13%
FY 2021	2.57%
FY 2022	0.79%
FY 2023	1.73%
FY 2024	1.24%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-14: Data Table for Exhibit IV-13: Loss Severity for the Forward Portfolio FY 2017 to FY 2024

Year	Loss Severity (LGD)
FY 2017	50.30%
FY 2018	45.40%
FY 2019	41.30%
FY 2020	39.30%
FY 2021	35.50%
FY 2022	26.86%
FY 2023	29.35%
FY 2024	26.81%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-15: Data Table for Exhibit IV-15: Serious Delinquency Rate of the Forward Portfolio

Calendar Month	Serious Delinquency Rate
Sept. 2022	4.77%
Dec. 2022	4.91%
Mar. 2023	4.53%
Jun. 2023	4.21%
Sept. 2023	3.93%
Dec. 2023	4.04%
Mar. 2024	3.74%
Jun. 2024	3.68%
Sept. 2024	4.15%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-17: Data Table for Exhibit IV-17: 2007 Stress Test: Impact of Q1 FY 2007 Economic Conditions on the FY 2024 Portfolio

Category	FY 2024	FY 2023 with 2007 Economy
Claims Paying Capacity	12.57%	11.85%
MMI Fund Capital	11.42%	5.48%
NPV Projected Losses	1.24%	6.37%

SOURCE: U.S. Department of HUD/FHA, June 2024.

Table E-18: Data Table for Exhibit IV-18: Highest Loss Scenario Stress Test Analysis – MMI Fund Capital Ratio Impact (FY 2019 – FY 2024)

Year	Stress Level Capital
FY 2019	-1.40%
FY 2020	-0.63%
FY 2021	1.54%
FY 2022	6.31%
FY 2023	5.43%
FY 2024	5.48%

SOURCE: U.S. Department of HUD/FHA, October 2024.

Table E-19: FY 2024 Forward NPV Cashflows

	FY2024 Annual Report Cashflows				
Est. FY	Premiums	Claims	Recoveries	Loss Mitigation	Total
2025	$ 8,987,729,208	$(2,054,235,777)	$ 195,213,722	$ (3,500,069,223)	$ 3,628,637,930
2026	$ 7,883,616,840	$ (3,799,381,797)	$ 1,429,460,028	$ (2,223,224,125)	$ 3,290,470,947
2027	$6,865,094,146	$ (3,776,059,398)	$ 1,515,074,866	$ (2,115,884,947)	$ 2,488,224,666
2028	$ 5,946,387,800	$ (3,286,440,676)	$ 1,363,475,899	$ (1,714,953,569)	$ 2,308,469,454
2029	$ 5,159,692,932	$ (2,802,839,323)	$ 1,147,146,864	$ (1,335,258,634)	$ 2,168,741,838
2030	$ 4,505,221,887	$ (2,394,890,519)	$ 967,715,560	$ (1,021,138,093)	$ 2,056,908,835
2031	$ 3,915,606,774	$ (2,014,200,840)	$ 811,295,408	$ (722,163,459)	$ 1,990,537,883
2032	$ 3,345,134,125	$ (1,654,989,385)	$ 677,254,601	$ (470,764,661)	$ 1,896,634,680
2033	$ 2,785,339,174	$ (1,346,005,319)	$ 565,413,821	$ (261,010,181)	$ 1,743,737,495
2034	$ 2,337,069,033	$ (1,091,784,423)	$ 473,052,563	$ (102,055,172)	$ 1,616,282,001
2035	$ 1,999,949,777	$ (868,239,616)	$ 396,125,263	$ 28,600,368	$ 1,556,435,793
2036	$ 1,727,467,606	$ (657,875,517)	$ 324,635,302	$ 144,015,258	$ 1,538,242,650
2037	$ 1,506,431,511	$ (494,770,603)	$ 263,848,782	$ 213,423,451	$ 1,488,933,140
2038	$ 1,308,016,055	$ (373,330,935)	$ 213,972,512	$ 260,855,290	$ 1,409,512,921
2039	$ 1,129,508,653	$ (280,557,894)	$ 173,013,097	$ 295,953,425	$ 1,317,917,281
2040	$ 968,630,619	$ (208,838,418)	$ 139,921,130	$ 318,887,476	$ 1,218,600,807
2041	$ 823,447,892	$ (156,820,838)	$ 112,617,305	$ 311,756,989	$ 1,091,001,348
2042	$ 692,302,485	$ (118,742,398)	$ 90,311,256	$ 315,355,169	$ 979,226,511
2043	$ 573,787,644	$ (88,891,475)	$ 72,106,084	$ 312,988,046	$ 869,990,300
2044	$ 467,469,520	$ (66,485,638)	$56,925,662	$ 275,661,599	$ 733,571,143
2045	$ 373,330,062	$ (50,815,299)	$44,659,776	$ 288,803,584	$ 655,978,122
2046	$290,957,572	$ (38,876,789)	$ 34,725,757	$ 301,380,451	$ 588,186,991
2047	$219,929,289	$ (29,934,336)	$ 26,915,973	$ 297,351,884	$ 514,262,811
2048	$ 159,221,151	$ (22,943,056)	$ 20,648,657	$ 277,994,389	$ 434,921,142
2049	$ 107,370,070	$ (17,239,162)	$ 15,705,105	$ 291,282,801	$ 397,118,814
2050	$ 64,246,881	$ (12,225,109)	$ 11,328,681	$ 476,172,610	$ 539,523,063
2051	$ 32,325,855	$ (8,107,332)	$ 7,544,386	$ 740,713,834	$ 772,476,742
2052	$ 13,131,574	$ (4,529,070)	$ 4,557,875	$ 673,333,316	$ 686,493,695
2053	$ 3,993,337	$ (1,939,210)	$ 2,172,759	$ 567,352,851	$ 571,579,738
2054	$ 685,089	$ (569,237)	$ 776,227	$ 346,889,545	$ 347,781,623
2055	$ 0	$ (35,882)	$ 115,813	$ 1,461,683	$ 1,541,613
2056	$ 0	$(11,516)	$ 9,004	$ 1,638,176	$ 1,635,665
2057	$ 0	$ (9,026)	$ 7,043	$ 1,608,994	$ 1,607,011
2058	$ 0	$ (7,033)	$ 5,467	$ 1,454,449	$ 1,452,884
2059	$ 0	$(5,441)	$ 4,231	$ 1,491,857	$ 1,490,647

2060	$ 0	$(4,094)	$ 3,212	$ 1,419,683	$ 1,418,801
2061	$ 0	$(3,065)	$ 2,378	$ 755,210	$ 754,523
2062	$ 0	$(2,170)	$ 1,772	$ 2,914,834	$ 2,914,436
2063	$ 0	$ (575)	$ 802	$ 1,151,487	$1,151,714
2064	$ 0	$ (67)	$ 119	$ 26,735	$ 26,787
2065	$ 0	$ (0)	$ 3	$ 0	$ 2
Total	$ $64,193,094,560	**$ (27,722,638,259)**	**$ 11,157,764,767**	**$ (6,713,826,620)**	**$ 40,914,394,447**

SOURCE: US Department of HUD/FHA, October 2024.

Table E-20: FY 2024 HECM NPV Cashflows

FY2024 Annual Report Cashflows				
Est. FY	Premiums	Claims	Recoveries	Total
2025	$ 401,963,941	$(3,902,268,474)	$ -	$ (3,500,304,533)
2026	$ 348,859,355	$(4,094,820,110)	$ 319,994,760	$ (3,425,965,996)
2027	$ 286,272,046	$(2,738,883,444)	$ 705,259,272	$ (1,747,352,127)
2028	$ 241,367,248	$(2,314,456,459)	$ 976,602,966	$ (1,096,486,245)
2029	$ 207,867,847	$(2,902,768,968)	$ 1,207,807,815	$ (1,487,093,305)
2030	$ 176,634,130	$(3,477,929,516)	$ 1,483,938,537	$ (1,817,356,849)
2031	$ 145,692,631	$(3,547,123,907)	$ 1,781,785,503	$ (1,619,645,773)
2032	$116,926,227	$(3,109,172,027)	$ 2,038,189,105	$ (954,056,695)
2033	$ 92,530,150	$(2,434,607,858)	$ 2,206,573,821	$ (135,503,887)
2034	$ 73,255,981	$(1,896,635,037)	$ 2,289,156,161	$ 465,777,105
2035	$ 58,028,802	$(1,493,658,810)	$ 2,334,213,456	$ 898,583,448
2036	$ 45,870,155	$(1,221,744,746)	$ 2,346,014,229	$ 1,170,139,638
2037	$ 35,921,437	$(979,468,893)	$ 2,326,589,072	$ 1,383,041,616
2038	$ 27,866,701	$(756,848,811)	$ 2,277,009,254	$ 1,548,027,145
2039	$ 21,492,432	$(568,163,985)	$ 2,202,926,613	$ 1,656,255,060
2040	$ 16,530,125	$(424,802,851)	$ 2,101,450,049	$ 1,693,177,323
2041	$ 12,667,280	$(316,641,965)	$ 1,976,980,090	$ 1,673,005,404
2042	$ 9,649,569	$(227,505,114)	$ 1,836,659,934	$ 1,618,804,390
2043	$ 7,329,227	$(155,132,272)	$ 1,685,683,042	$ 1,537,879,997
2044	$ 5,580,651	$(103,306,431)	$ 1,536,521,124	$ 1,438,795,343
2045	$ 4,261,347	$(68,320,078)	$ 1,372,648,683	$ 1,308,589,952
2046	$ 3,261,919	$(46,302,309)	$ 1,207,976,893	$ 1,164,936,503
2047	$ 2,494,596	$(32,467,884)	$ 1,047,801,284	$ 1,017,827,995
2048	$ 1,899,191	$(24,372,175)	$891,988,101	$ 869,515,116
2049	$ 1,431,173	$ (19,033,707)	$746,523,799	$ 728,921,265

2050	$ 1,062,123	$(14,714,745)	$ 613,678,670	$ 600,026,049
2051	$ 776,065	$(11,096,920)	$495,051,814	$ 484,730,959
2052	$ 558,941	$(8,330,288)	$391,609,335	$ 383,837,988
2053	$ 396,496	$(6,104,558)	$ 303,610,249	$ 297,902,187
2054	$ 276,999	$(4,377,051)	$230,531,235	$ 226,431,183
2055	$190,587	$(3,100,489)	$171,324,384	$ 168,414,481
2056	$129,136	$(2,173,587)	$124,565,360	$ 122,520,909
2057	$86,160	$(1,495,683)	$ 88,620,550	$ 87,211,026
2058	$ 56,274	$(1,016,466)	$ 61,741,271	$ 60,781,079
2059	$36,113	$(673,297)	$42,132,680	$ 41,495,496
2060	$22,728	$(434,789)	$28,160,897	$ 27,748,836
2061	$ 13,943	$(277,601)	$18,444,869	$ 18,181,211
2062	$ 8,271	$(173,375)	$11,826,020	$ 11,660,916
2063	$ 4,841	$(105,377)	$7,432,898	$ 7,332,363
2064	$ 2,888	$(61,802)	$4,529,503	$ 4,470,589
2065	$ 1,692	$(35,930)	$2,722,072	$ 2,687,834
2066	$ 977	$(20,430)	$1,604,462	$ 1,585,009
2067	$ 557	$(11,343)	$929,054	$ 918,268
2068	$ 315	$(6,222)	$530,224	$ 524,318
2069	$ 177	$(3,332)	$299,388	$ 296,233
2070	$ 99	$(1,764)	$168,146	$ 166,481
2071	$ 55	$(931)	$94,315	$ 93,439
2072	$ 31	$(491)	$52,966	$ 52,505
2073	$ 17	$(259)	$29,715	$ 29,472
2074	$ 9	$(137)	$16,678	$ 16,550
2075	$ 5	$(71)	$9,354	$ 9,287
2076	$ 2	$(37)	$ 4,894	$ 4,859
2077	$ 1	$(19)	$2,410	$ 2,392

2078	$ 1	$(10)	$1,252	$ 1,243
2079	$0	$(5)	$660	$ 656
2080	$0	$(2)	$327	$ 324
2081	$0	$(1)	$129	$ 127
2082	$0	$(0)	$29	$ 29
2083	$0	$(0)	$6	$ 6
2084	$-	$(0)	$1	$ 1

SOURCE: US Department of HUD/FHA, October 2024.

Appendix F:
FHA Single Family Housing Mortgagee Letters Published FY 2024

The Federal Housing Administration's (FHA) Office of Single Family Housing issues policy guidance by publishing Mortgagee Letters and/or publishing updates to its *Single Family Housing Policy Handbook* 4000.1 (SF Handbook).

In FY 2024, FHA published the Mortgagee Letters listed in the table below.

ML#	Publication Date	Title
2024-18	9/4/2024	Debenture Interest Rates for Home Equity Conversion Mortgages (HECM)
2024-17	8/29/2024	Interim Procedures for Nonjudicial Foreclosures with Secretary-Held Liens
2024-16	8/6/2024	Extension to the Effective Date of Appraisal Review and Reconsideration of Value (ROV) Updates
2025-15	7/25/2024	Third Extension of the Foreclosure Moratorium in Connection with the Presidentially-Declared Major Disaster Area in Maui County, Hawaii
2024-14	7/10/2024	Fraud or Misrepresentation Involving Sponsored Third-Party Originators
2024-13	7/9/2024	Revisions to the 203(k) Rehabilitation Mortgage Insurance Program including updates to the 203(k) Consultant Requirements and Fees
2024-12	6/20/2024	Expansion of Government-Sponsored Enterprises (GSEs) Definition and Clarification of Investing Mortgagee Definition
2024-10	5/23/2024	Significant Cybersecurity Incident (Cyber Incident) Reporting Requirements
2024-09	5/16/2024	Updating FHA's Unique Identifier (UEI) Requirements for FHA Eligibility

2024-08	5/3/2024	Second Extension of the Foreclosure Moratorium in Connection with the Presidentially-Declared Major Disaster Area in Maui County Hawaii
2024-07	5/1/2024	Appraisal Review and Reconsideration of Value Updates
2024-06	4/26/2024	Home Equity Conversion Mortgagee (HECM) Program - Updates to Acceptable Monetary Investment Funding Sources
2024-04	3/19/2024	Changes in Branch Office Registration Requirements
2024-02	2/21/2024	Payment Supplement
2023-23	11/30/2023	Updates to the Home Equity Conversion Mortgage (HECM) Program
2023-22	11/28/2023	2024 Home Equity Conversion Mortgage (HECM) Limits
2023-21	11/28/2023	2024 Nationwide Forward Mortgage Loan Limits
2023-20	11/14/2023	Update to Property Inspection Fees
2023-19	11/2/2023	Extension of the Foreclosure Moratorium in Connection with the Presidentially-Declared Major Disaster Area in Maui County, Hawaii
2023-18	11/2/2023	Update to the Sales Comparison Approach for Manufactured Housing
2023-17	10/16/2023	Revisions to Rental Income Policies, Property Eligibility, and Appraisal Protocols for Accessory Dwelling Units

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