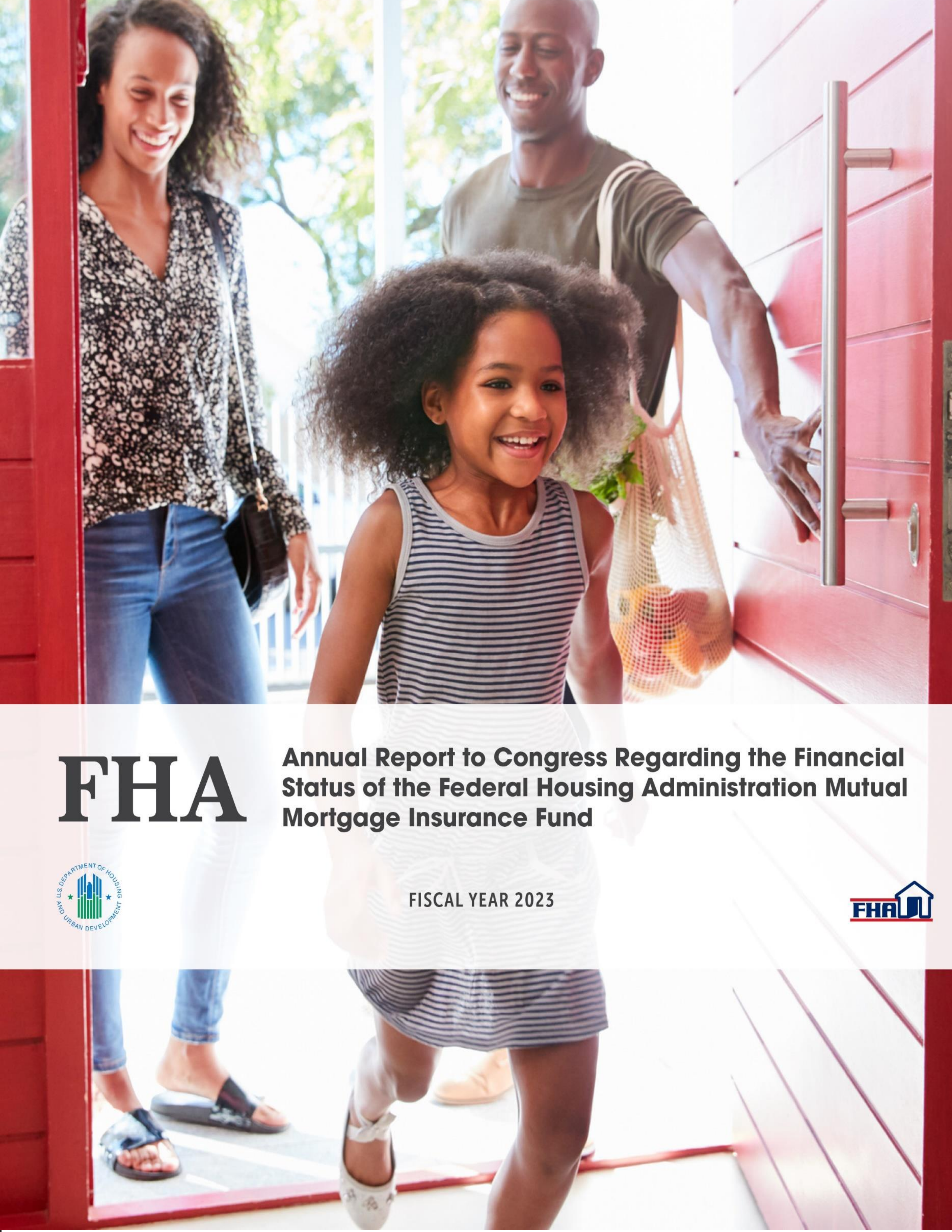


FHA

Annual Report to Congress Regarding the Financial Status of the Federal Housing Administration Mutual Mortgage Insurance Fund

FISCAL YEAR 2023

Secretary's Foreword

From Day One, the Biden Harris Administration has sought to make homeownership a reality for more Americans, especially those who have historically been shut out of such opportunities. While the market challenges we faced in fiscal year 2023 made our work more difficult, the Federal Housing Administration (FHA) successfully expanded its role in making homeownership more affordable, more accessible, and fairer for all.

Although we have work to do to address the long-standing discriminatory housing practices that still prevent people from living in the homes and neighborhoods of their choice, I am proud of the work FHA continues to do to help millions achieve the dream of homeownership.

The success FHA has seen this past fiscal year illustrates the importance of the program in keeping access to mortgage credit flowing during times of market contraction, especially for communities with limited access to the conventional market. FHA served more than 478,000 first-time homebuyers, 82 percent of its forward mortgage purchase volume. Similarly, FHA remained the leader by share for mortgages supporting wealth-building for Black and Hispanic borrowers. Lastly, almost 33,000 senior homeowners were able to age with stability and security in their own homes in fiscal year 2023 thanks to FHA's Home Equity Conversion Mortgage programs.

Behind these numbers are real people – real families – that need and deserve that boost from this federal program designed to uplift those who still, all too often, are left behind. But these numbers tell only part of the story. Throughout the course of this past fiscal year, FHA has delivered on many of the long-term goals established at the start of Biden-Harris Administration to increase housing supply and affordability. The cornerstone of this work was February's 30 basis point reduction in the FHA Annual Mortgage Insurance Premium. It is thanks to the strong financial stewardship of the FHA program that this long-sought price cut is reducing mortgage costs for FHA borrowers without jeopardizing the financial health of the Mutual Mortgage Insurance Fund.

From its beginning almost 90 years ago to today, FHA has consistently been there to help people realize their dream of opening the front door of a home that they own.

Marcia L. Fudge

Marcia L. Fudge

Secretary
U.S. Department of Housing and Urban Development

A Message from the Federal Housing Commissioner

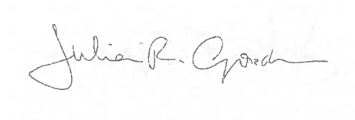
In fiscal year 2023, the Federal Housing Administration (FHA) maintained our leadership role in serving first-time homebuyers, borrowers of color, and low- and moderate-income families. I'm extremely proud of what we have accomplished for the nation's homebuyers and homeowners within a mortgage market facing the twin headwinds of multiple rate increases and increased home prices. Our work over this year illustrates how FHA's unique mission and countercyclical support continue to play a critical role in America's housing finance system.

Recent programmatic changes at FHA have increased access to affordable mortgage credit, removed barriers to homeownership, and reinforced the importance of the Home Equity Conversion Mortgage program for seniors. FHA's performance shows that policy changes made thoughtfully, such as the 30-basis-point reduction in the Annual Mortgage Insurance Premium made in March 2023, can expand homeownership and address long-standing inequities while maintaining a well-performing Mutual Mortgage Insurance Fund. As of September 30, 2023, the Fund showed a strong overall Capital Ratio of 10.51 percent.

FHA's responsibility to the nation's homeowners does not stop once they purchase a home. Many homeowners face financial hardship from time to time, whether due to a loss of employment, the devastating impacts of natural disasters, or the ongoing impacts of the COVID-19 pandemic. FHA's work to offer both immediate and long-term mortgage payment relief has helped approximately two million struggling homeowners keep their homes since March 2020. Thanks to FHA's continued work to enhance its loss mitigation options, the portfolio's serious delinquency rate has now declined to pre-pandemic levels, standing at 3.93 percent as of September 30, 2023.

We hope you enjoy this deep dive into FHA's actions throughout this past fiscal year, with information that goes well beyond the capital ratio itself. The stellar work of the FHA team during fiscal year 2023 to provide people with access to affordable homeownership and to support people facing hardships represents the best of what government can do to support the nation’s households, communities, and housing market.

Julia R. Gordon



Assistant Secretary for Housing
and Federal Housing Commissioner

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Executive Summary

Throughout fiscal year (FY) 2023, 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, FHA continued to facilitate the availability of financing for first-time homebuyers, borrowers of color, and others traditionally underserved by the conventional mortgage market, serving a total of 732,319 forward mortgage borrowers, including 581,725 purchase mortgages, over 82% of which went to first-time homebuyers.

FHA also continued its work to assist homeowners facing difficulties in meeting their mortgage obligations because of the COVID-19 pandemic and to improve its tools for supporting struggling homeowners now and in the future. The share of FHA borrowers who are seriously delinquent has declined to 3.93 percent, which is similar to rates seen prior to the COVID-19 pandemic.

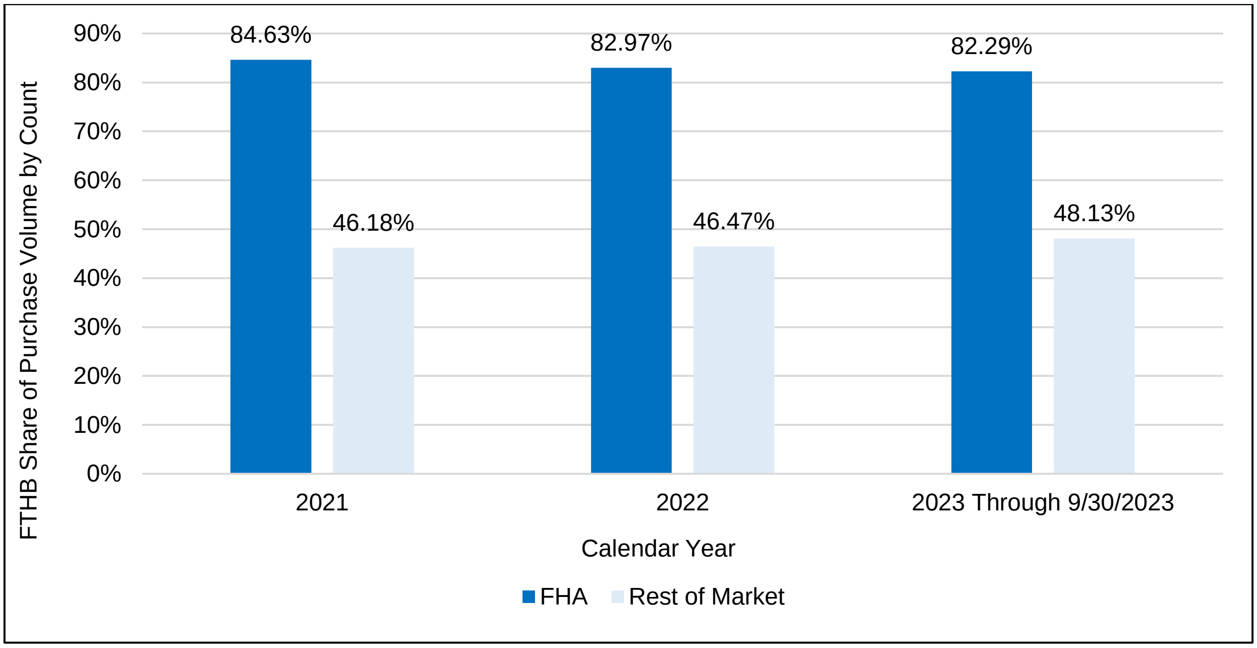
As of September 30, 2023, the Mutual Mortgage Insurance Fund (MMI Fund) Capital Ratio stood at 10.51 percent of Insurance-in-Force (IIF), representing a nominal decrease of 0.60 percentage points from the FY 2022 MMI Fund Capital Ratio of 11.11 percent.

Access to Credit for Underserved Borrowers

During the last two years, mortgage rates have quickly risen to a level not seen in more than two decades. Home prices have steadily increased over the last seven years, and while house price appreciation moderated this year, sales prices remained high as housing supply remained at some of the lowest levels ever recorded. Despite these challenges, FHA-insured mortgages remained an important source of financing during this past fiscal year. In FY 2023, 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.

FHA serves mostly first-time homebuyers, with the share of FHA mortgages to such borrowers far exceeding any other market participant share. By helping them get their start as homeowners, FHA enables these borrowers to access the long-term stability and wealth-building opportunities that homeownership can provide.

Exhibit E-1 Share of FHA First-time Homebuyer Purchase Transaction Volume Compared to Other Market Participants



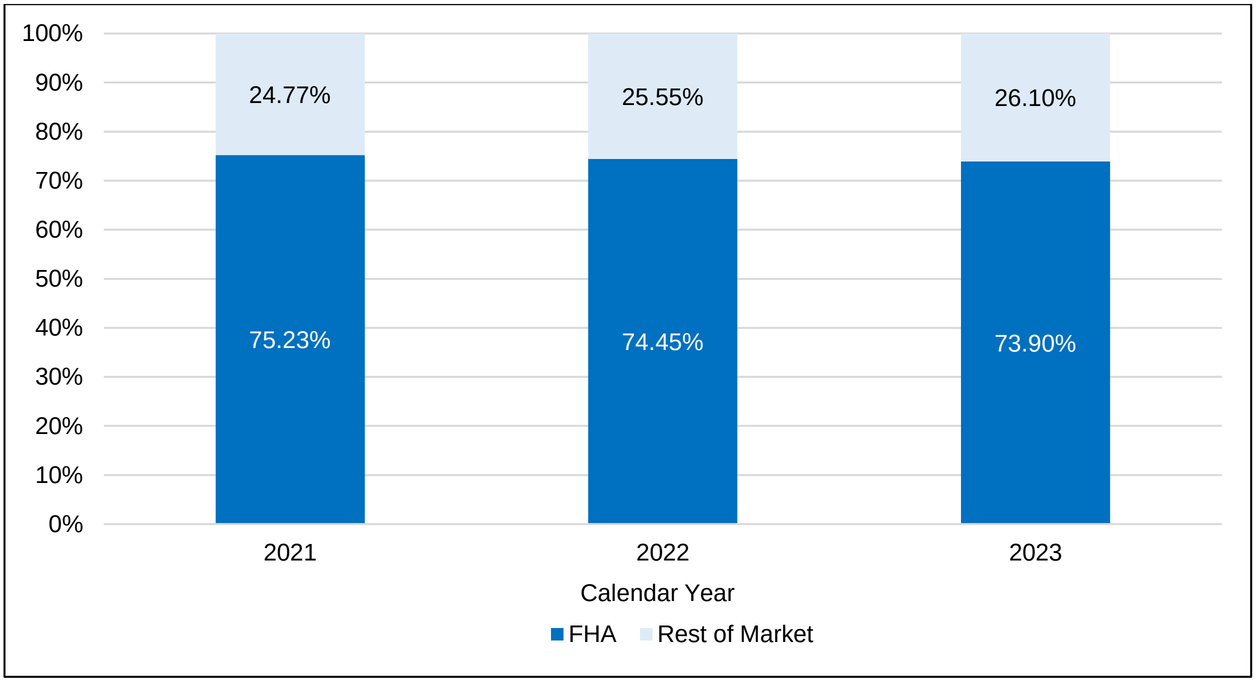
SOURCE: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Exhibit I-2 does not include private label securities or portfolio lenders. This Exhibit is presented on a calendar year basis. FHA revised its calculation methodology in FY 2023 which resulted in adjustments to previously published numbers for calendar year 2021 through 2022.
Refer to data table A-1 in Appendix A.

This fiscal year, FHA supported affordable mortgage financing for more than 478,000 first-time homebuyers, representing more than 82 percent of its total forward mortgage endorsements. As Exhibit E-1 above illustrates, more than four out of every five borrowers with FHA-insured mortgages are first-time homebuyers, while in the market as a whole, fewer than half of mortgages are made to first-time homebuyers.

FHA's product is particularly useful for borrowers whose incomes may be sufficient to sustain homeownership but who do not have accumulated wealth. Such low-wealth borrowers often have trouble saving large down-payments due to high rents and other financial pressures. For these borrowers, a lower down-payment product helps them to overcome this most frequently cited 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 FHA permits wider parameters with respect to credit score and history for loan approvals compared to many other market participants, it can serve many qualified households who would have been unable to obtain mortgage financing from other sources.

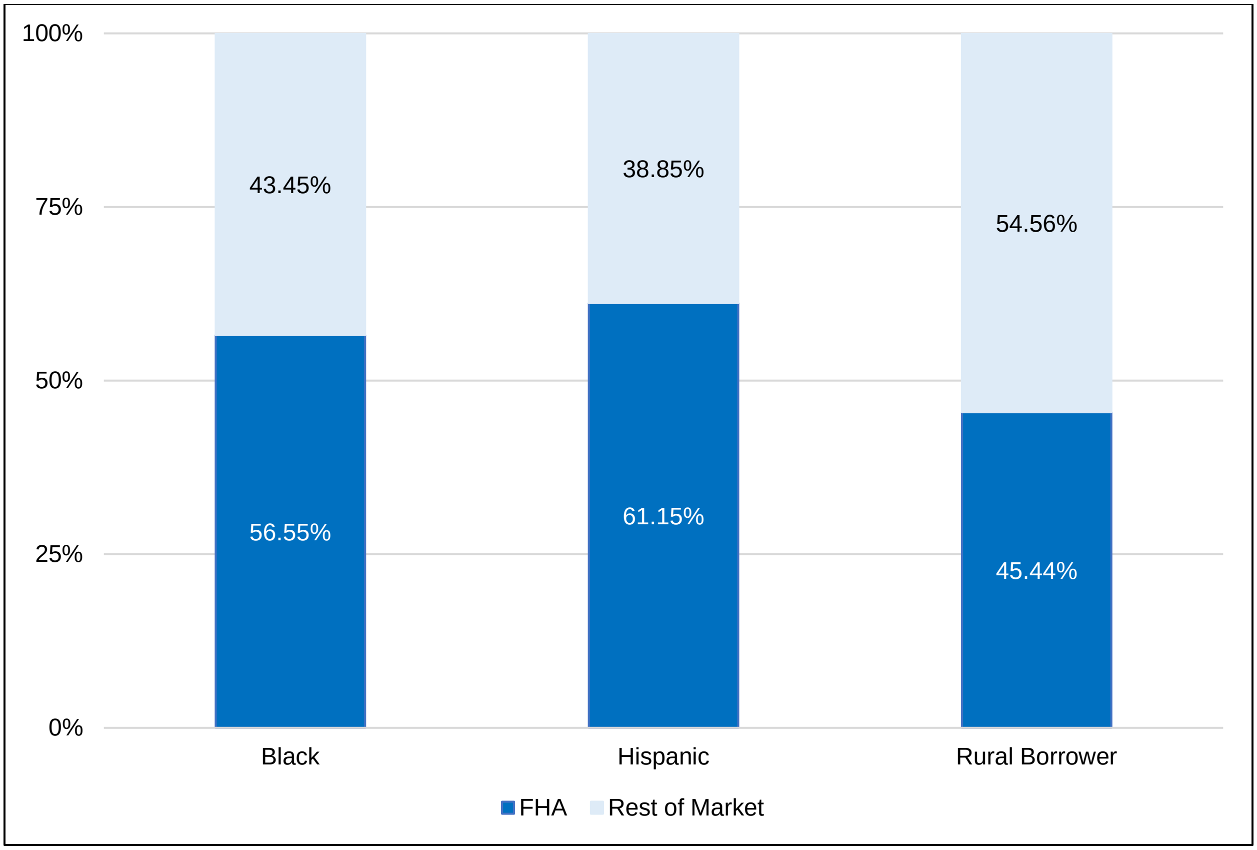
Exhibit E-2: Share Produced by the Origination Market – First-time Homebuyers with LTV >95% and Credit Score <680



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. Refer to data table A-2 in Appendix A. FHA revised its calculation methodology in FY 2023 which resulted in adjustments to previously published numbers for calendar year 2021 through 2022.

As shown by Exhibit E-2 above, approximately 74 percent of all high LTV mortgages made in the United States to first-time homebuyers with credit scores below 680 are FHA-insured.

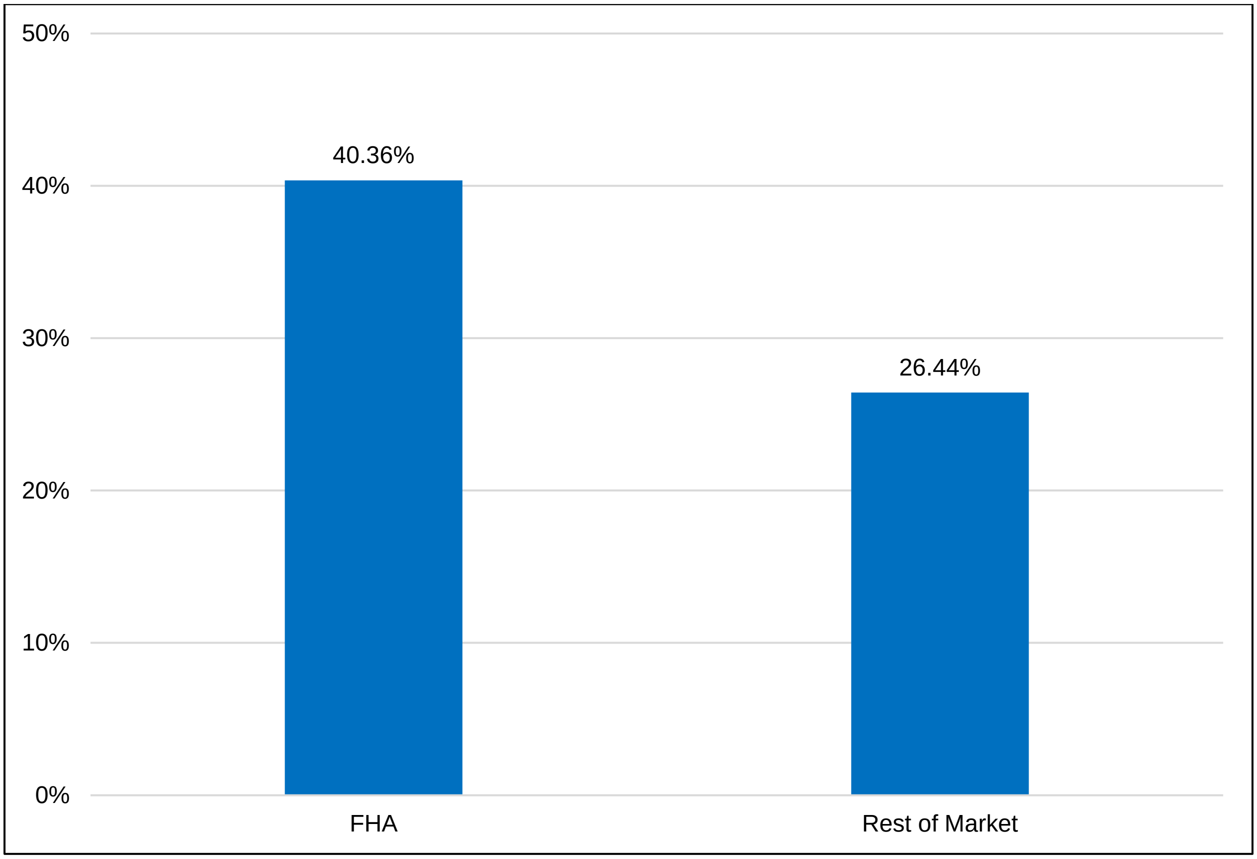
Exhibit E-3:Share of Low Down-Payment (Less than 5%) Lending to Selected Underserved Borrower Groups



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 2022.
Refer to data table A-3 in Appendix A.

As illustrated by Exhibit E-3 above, FHA's programs are particularly important in providing access to homeownership for borrowers of color and those residing in rural communities. A majority of Black and Hispanic borrowers making low down- payments and slightly less than half of all rural borrowers obtained mortgages insured by FHA, according to calendar year 2022 Home Mortgage Disclosure Act (HMDA) data.

Exhibit E-4: Share of Homebuyers in Calendar Year 2022 with Incomes Less than 80% of Area Median Income



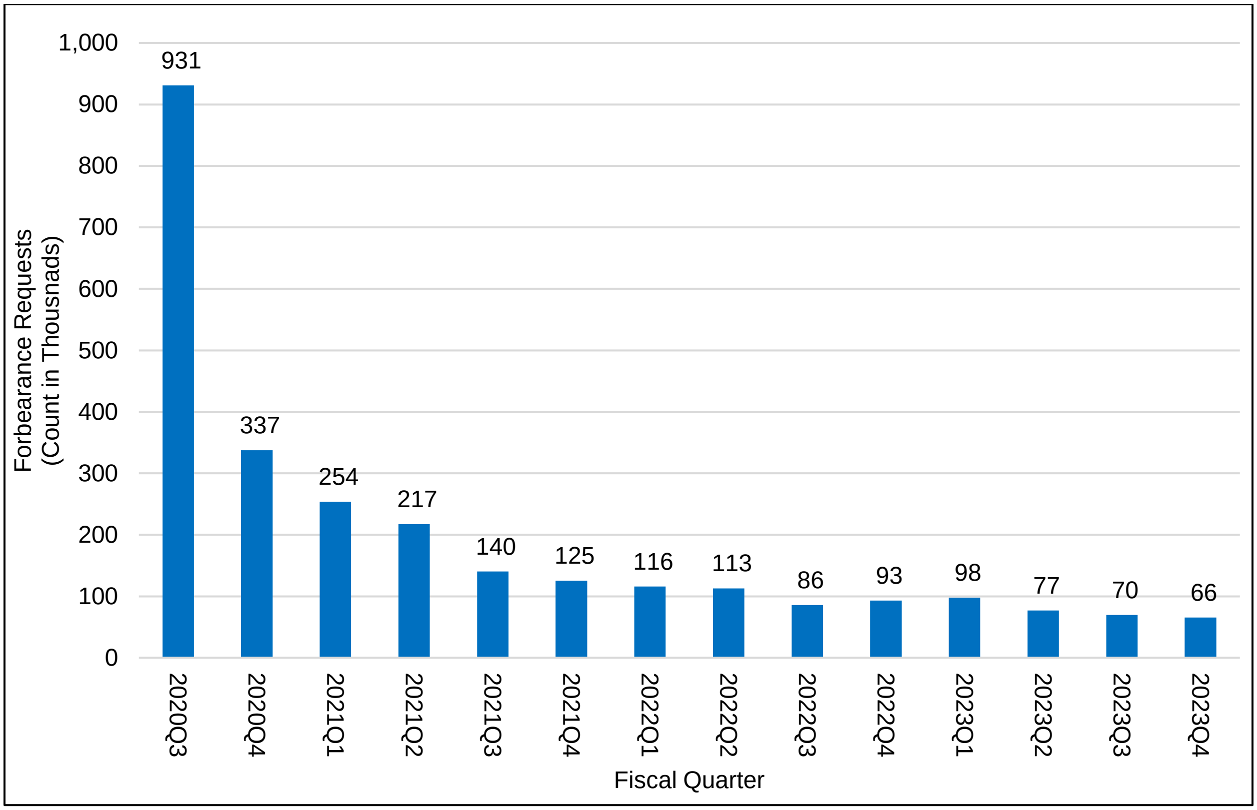
SOURCE: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data. Reflects originations from calendar year 2022.
Refer to data table A-4 in Appendix A.

Similarly, FHA serves a higher percentage of low-income households by share, defined as those under 80 percent of area median income, than other market participants. As shown in Exhibit E-4, above, more than 40% of FHA mortgage insurance endorsements in calendar year 2022 were for mortgages made to low-income households. Conversely, loans to these borrowers made up only 26% of volume by share for the rest of the mortgage market.

Supporting Borrowers During and After the COVID-19 Pandemic

Although FHA has long demonstrated its ability to provide sustainable access to homeownership, some borrowers inevitably encounter challenges that impact their ability to meet the obligations of their FHA-insured mortgage. Throughout the fiscal year, FHA continued providing support and assistance to households struggling financially because of the lingering effects of the COVID-19 pandemic or other hardships. From March 2020 through the end of this fiscal year, three and a half million FHA borrowers became delinquent on their mortgage payments as a consequence of the health and economic impacts of the pandemic. More than 1.9 million unique FHA borrowers took advantage of FHA's streamlined COVID-19 forbearance, which permitted borrowers to temporarily defer making their mortgage payments without requiring paperwork to qualify. The availability of streamlined forbearance provided immediate relief to homeowners during this very difficult period of health and economic challenges.

Exhibit E-5: FHA Forbearance Requests by Quarter (Count in Thousands)



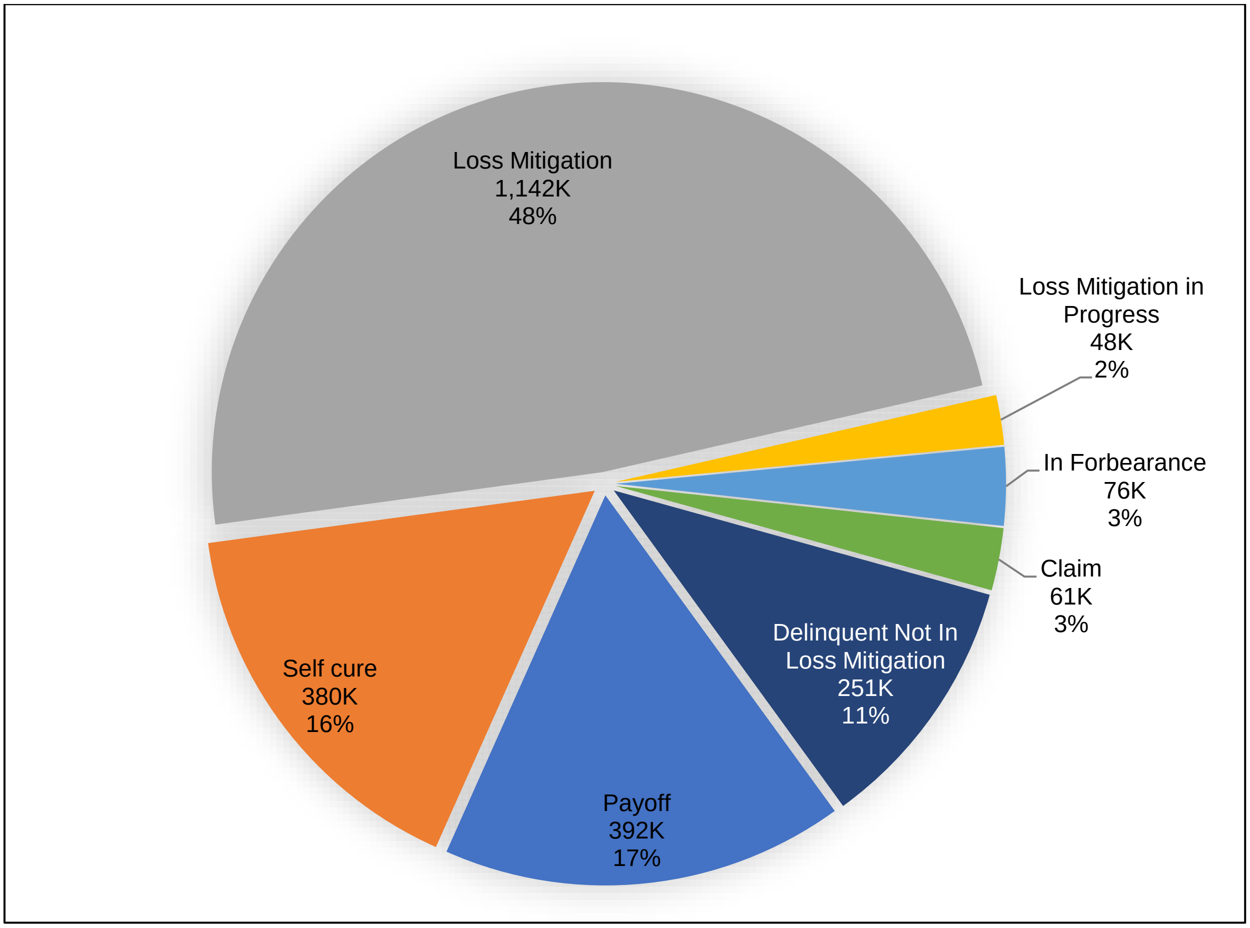
SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table A-5 in Appendix A. Data includes multiple occasions of forbearance.

As Exhibit E-5 shows, forbearance requests have fallen dramatically since 2020 and continue to decline as the country emerges from the pandemic and the economy and job market remain strong. Compared to the 2.4 million COVID-19 forbearances granted in FY 2020-2022, about 311,000 FHA borrowers received forbearance in FY 2023.[1]

For borrowers who became delinquent on their mortgage payments, FHA has offered a range of special COVID-19 loss mitigation home retention options to help borrowers bring their mortgage current and permanently adjust their monthly payment to a level they can afford. These options do not require a lump sum payment or a short-term payment plan that many borrowers cannot afford. In fact, many borrowers have been able to achieve a permanently lower mortgage payment that they can sustain over time.

[1] includes borrowers who entered/exited and subsequently re-entered forbearance

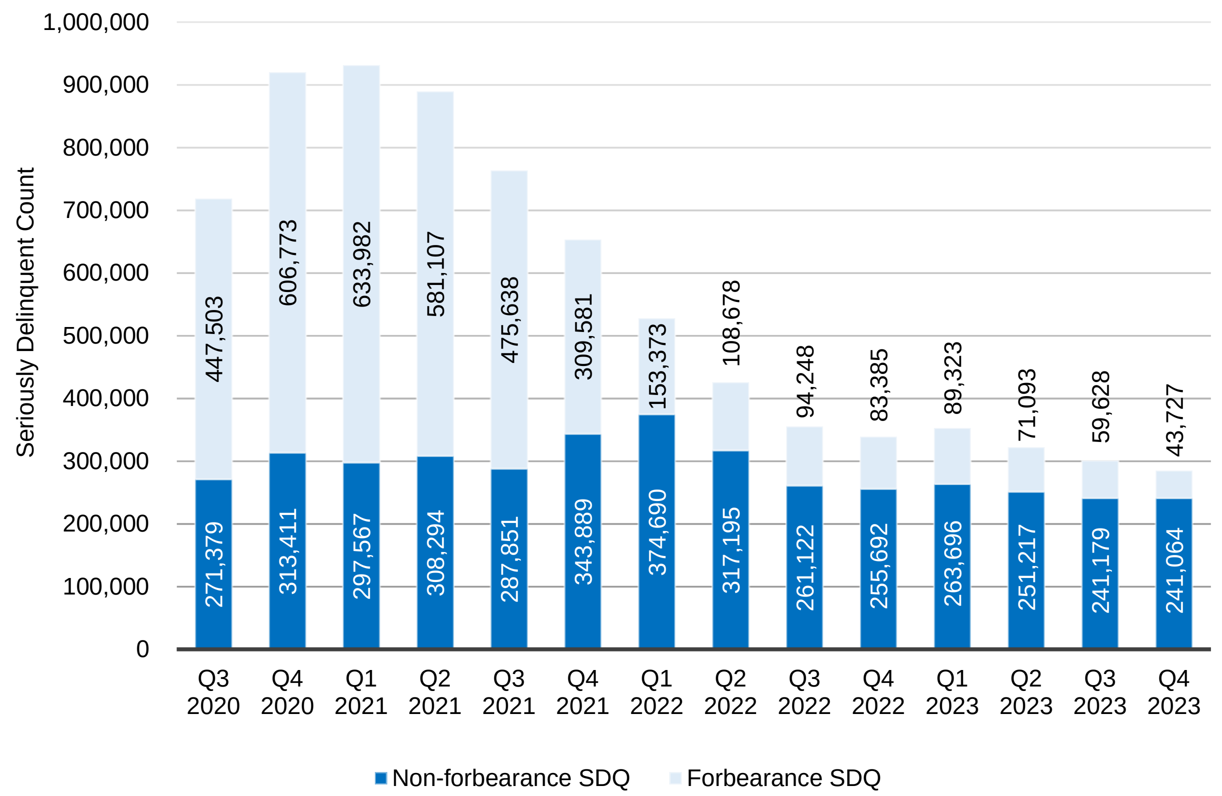
Exhibit E-6: Status of Borrowers Who Received Forbearance or Were Seriously Delinquent During the COVID-19 Emergency



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table A-6 in Appendix A.

FHA's post-forbearance loss-mitigation home retention options have been extremely effective to date in helping borrowers avoid foreclosure and keep their homes. As indicated by Exhibit E-6, approximately 2.4 million FHA borrowers entered into a forbearance or became seriously delinquent from April 1, 2020, through September 30, 2023 (this number includes borrowers who re-entered forbearance after exiting). Over 1.1 million of these borrowers have subsequently received or are in the process of arranging a loss mitigation solution to enable them to remain in their home. Another 772,000 borrowers have cured or paid off their mortgage without need for a loss mitigation plan. There are 124,000 borrowers that are still in forbearance or in the process of entering a loss mitigation plan. As discussed later in the report, the performance of loss mitigation solutions in keeping borrowers in their homes has been strong to date.

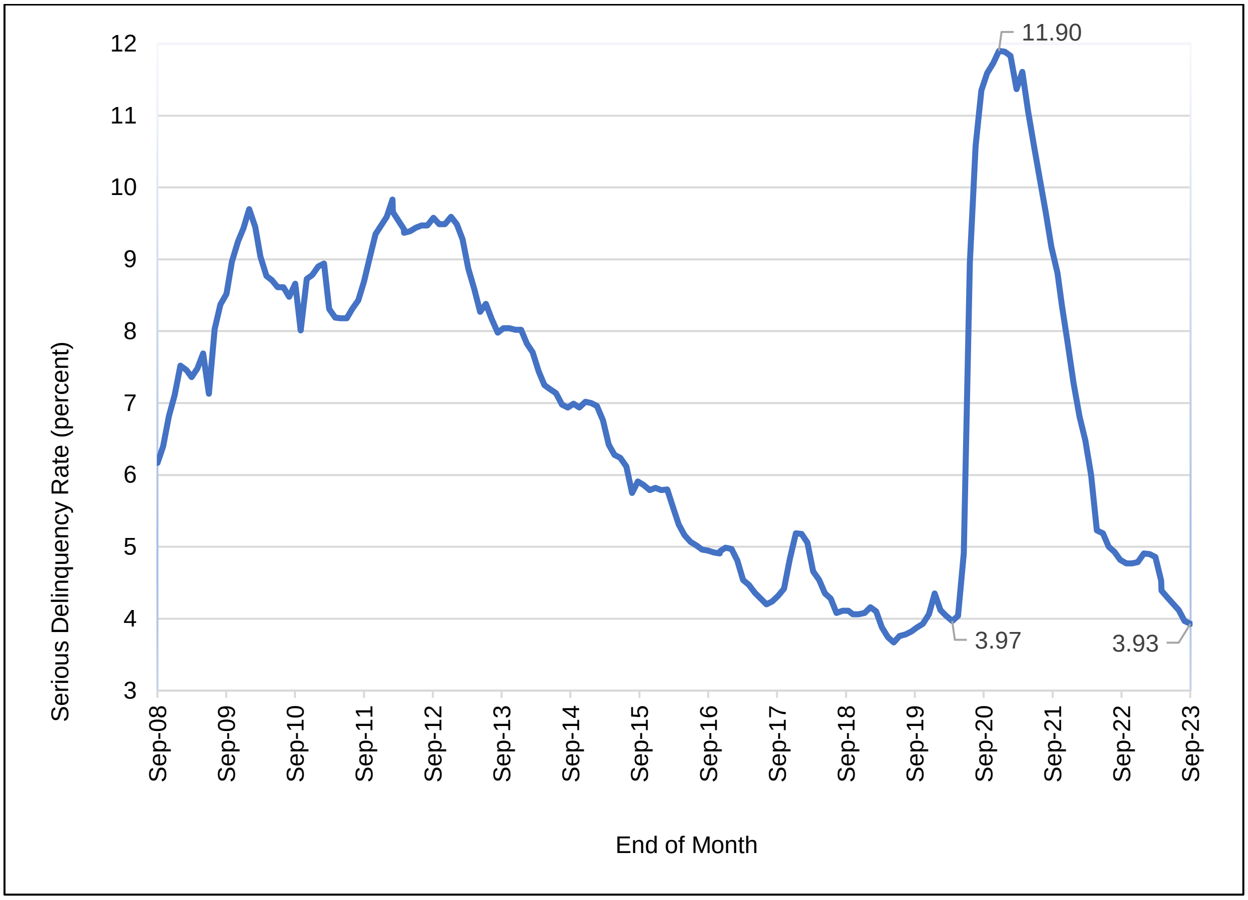
Exhibit E-7: Seriously Delinquent Borrowers by Quarter



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table A-7 in Appendix A.

Exhibit E-7 above shows the number of seriously delinquent (SDQ) borrowers, those who are delinquent 90 days or more, in bankruptcy, or in foreclosure, since Q3 2020. At the end of FY 2023, the seriously delinquent population was less than half of the number at the end of FY 2021, falling from about 660,000 to approximately 285,000. The majority of the reduction in the number of SDQ borrowers is due to borrowers who received a forbearance. Today, the remaining SDQ portfolio consists predominantly of borrowers who were either already delinquent prior to COVID-19 or became delinquent during the pandemic but never obtained a forbearance.

Exhibit E-8: Historical Seriously Delinquent Rates for FHA Mortgages

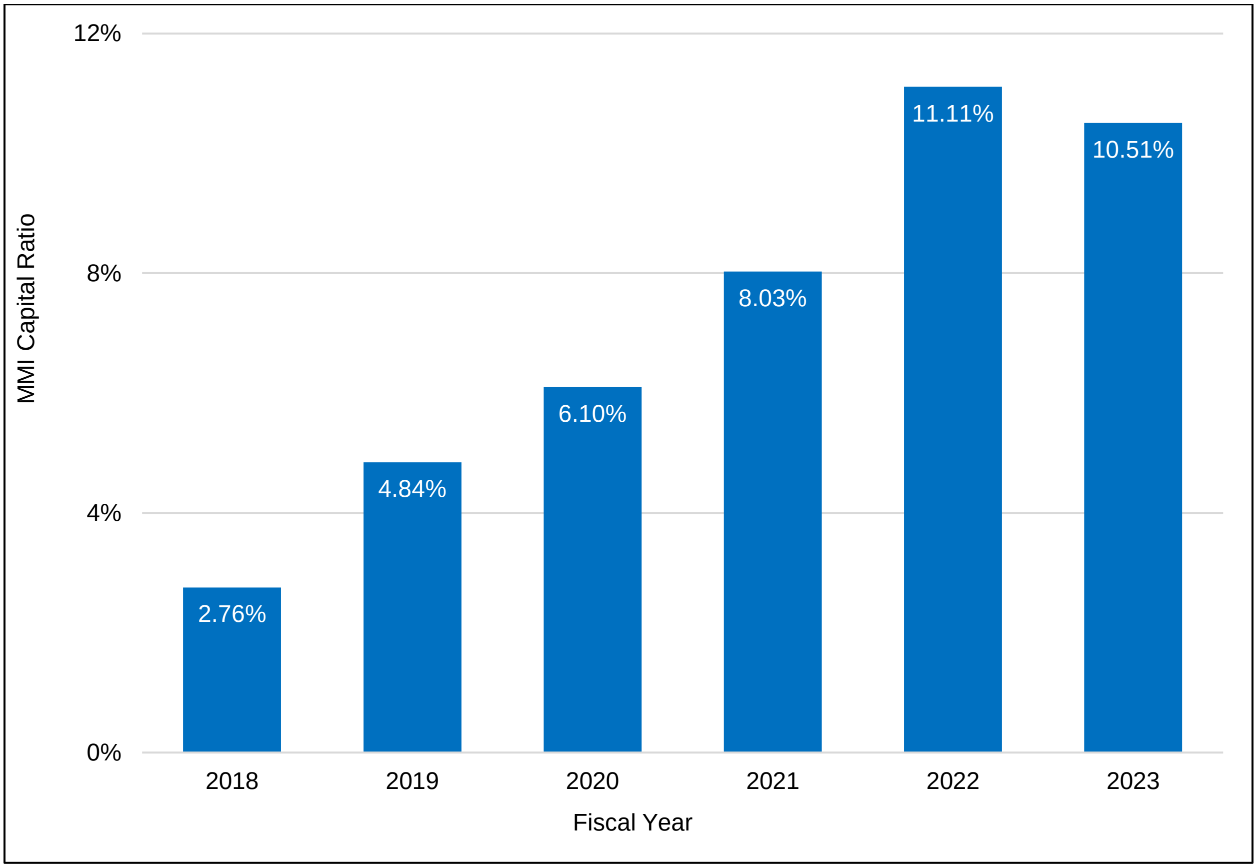


SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-14 in Appendix D.

As shown in Exhibit E-8, FHA's serious delinquency rate, the number of SDQ borrowers as a percentage of the total portfolio, has fallen to 3.93 percent as of September 2023, down from its peak of 11.90 percent in November 2020. The SDQ level as of September 2023 has returned to pre-COVID-19 level of 3.97 percent in March 2020, a remarkable recovery.

Status of the Mutual Mortgage Insurance (MMI) Fund

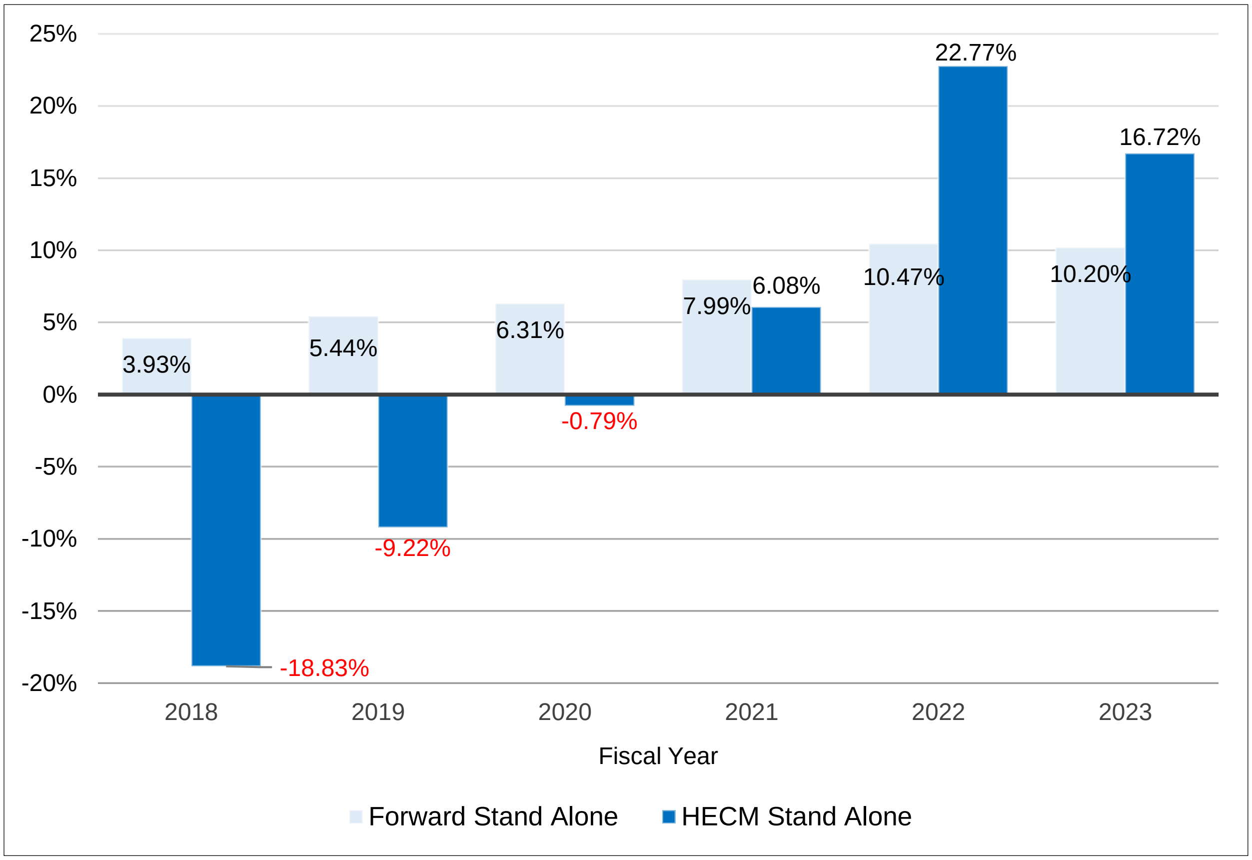
Exhibit E-9: MMI Fund Capital Ratio FY 2018 – FY 2023



SOURCE: U.S. Department of HUD/FHA, October 2023. Refer to data table A-9 in Appendix A.

As FHA worked to expand access to affordable and sustainable homeownership in FY 2023, it prudently managed risk and maintained a strong Mutual Mortgage Insurance Fund. As shown in Exhibit E-9 above, as of September 30, 2023, the MMI Fund Capital Ratio stands at 10.51 percent of Insurance-in-Force (IIF). This ratio reflects a slight decrease of 0.60 percentage points from the FY 2022 MMI Fund Capital Ratio of 11.11 percent. Despite the tick down, the ratio is still more than five times the Congressionally mandated level of two percent.

Exhibit E-10: Forward and HECM Stand-Alone Capital Ratios

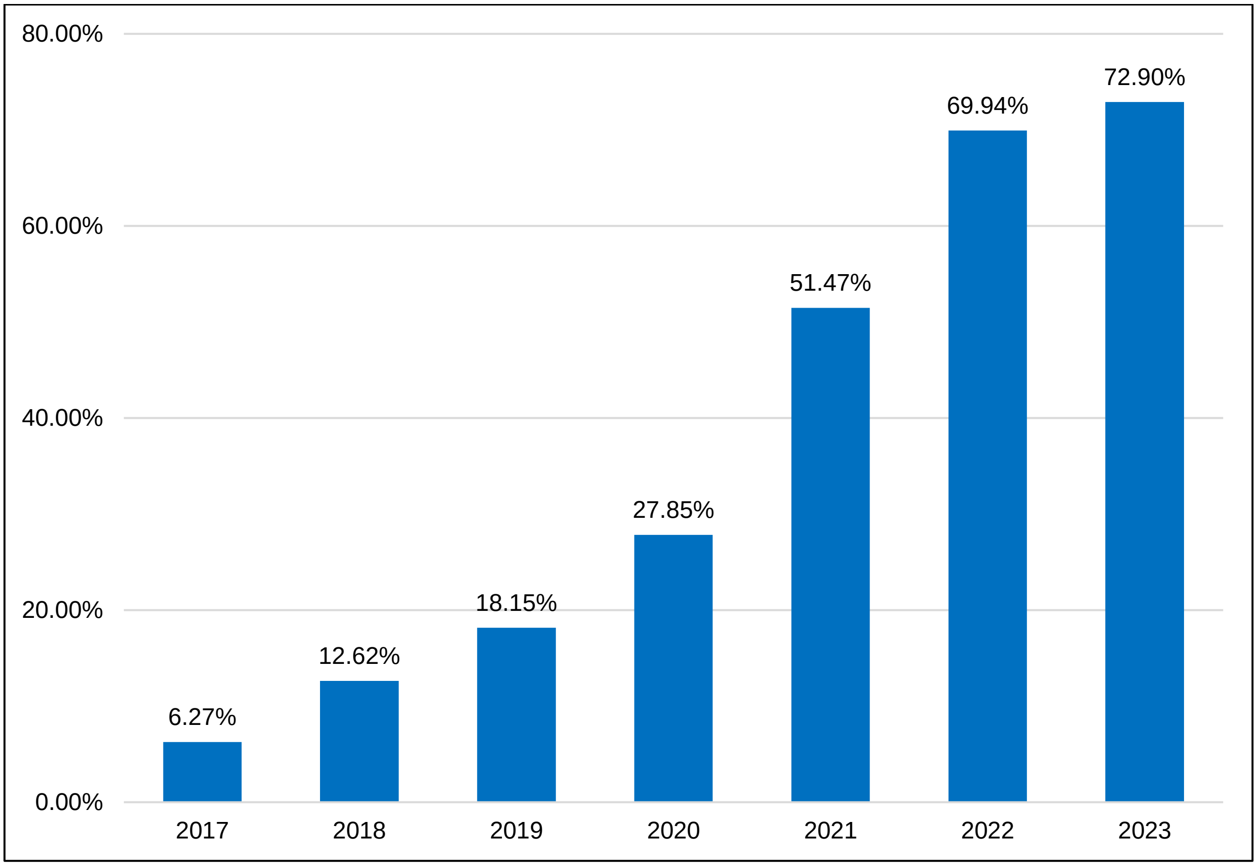


SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table A-10 in Appendix A.

Exhibit E-10 displays stand-alone capital ratios for the forward and Home Equity Conversion Mortgage (HECM) portfolios since FY 2018. The financial performance of the forward mortgage stand-alone capital ratio remained strong despite challenging market conditions, showing a slight 0.27 percentage point decrease from 10.47 percent in FY 2022 to 10.20 percent in FY 2023.

The stand-alone capital ratio for the HECM portfolio, which comprises roughly five percent of the MMI Fund, fell from 22.77 percent in FY 2022 to 16.72 percent in FY 2023. As expected, the financial performance of the HECM portfolio has declined during this fiscal year, due to its extreme sensitivity to lower house price appreciation forecasts. However, the HECM stand-alone capital ratio remains positive for the third 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 total ratio.

Exhibit E-11: House Price Appreciation (HPA) FY 2017 – FY 2023



SOURCE: U.S. Department HUD/FHA, Federal Housing Finance Agency (FHFA) House Price Index, October 2023.
Refer to data table A-11 in Appendix A.

House price appreciation 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-11, above, average house prices have increased by almost 73 percent over the last seven 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.

The remainder of this report presents a more comprehensive discussion of FHA's activity and performance in FY 2023. 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 assisted homeowners facing hardships during the COVID-19 pandemic and its aftermath.
- 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 provides mortgage insurance that facilitates the availability of affordable mortgage financing for first-time homebuyers and other borrowers traditionally underserved by the conventional market. Underserved borrowers include people of color, families living in rural areas, and senior homeowners. In addition, FHA plays a countercyclical role whereby its activity remains constant or increases as private mortgage financing constricts in times of economic stress.

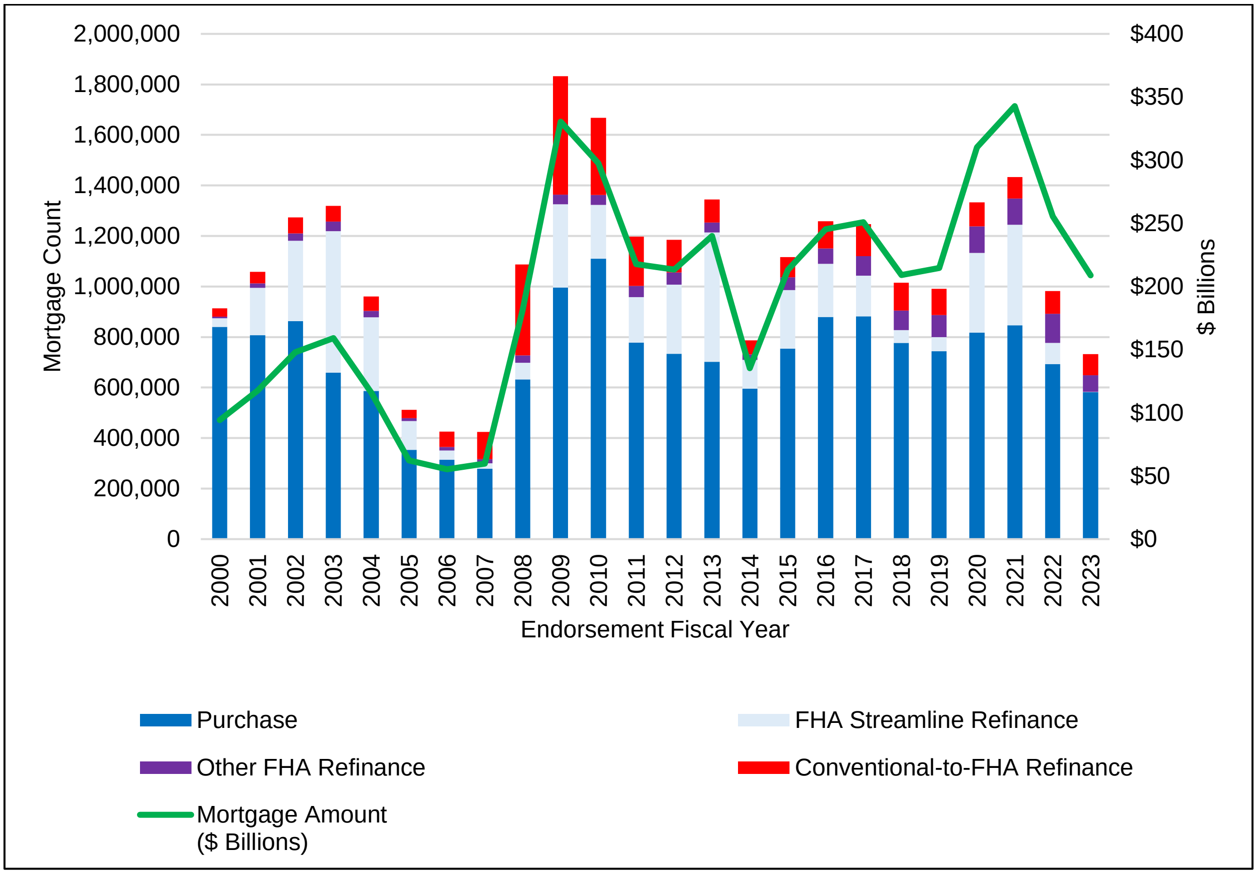
During the last two years, mortgage rates have quickly risen to levels not seen in more than two decades. The higher mortgage interest rate environment has exacerbated affordability pressures for homebuyers and shifted originations from a market dominated by refinance activity to one chiefly focused on home purchases. Rising rates have also created liquidity challenges for some mortgage market participants, particularly the independent non-depository mortgage banks that now originate the majority of new mortgages in the country.

Additionally, home prices have steadily increased for the last seven years. However, the pace of home price appreciation has moderated this year, and a few markets have even experienced price declines. Overall, sale prices remained high throughout the fiscal year, and housing supply was at some of the lowest levels ever recorded, especially for lower-priced homes. These trends have further challenged the average FHA borrower, who typically earns a lower income and possesses limited resources for use in making a down-payment for a mortgage.

Consequently, in fiscal year 2023, mortgage volume in both the forward and HECM markets declined for the second year in a row. FHA endorsed 732,319 forward mortgages totaling $209 billion in unpaid principal balance (UPB), as well as 32,963 HECM (reverse mortgages) totaling $16 billion in maximum claim amount (MCA).

The rest of the market also experienced lower originations, due in large part to higher interest rates and the precipitous decline in refinance loans. However, data through September 2023 suggests that FHA’s origination volume has declined less than other market participants. Despite the decrease in overall loan volume, FHA’s purchase transaction loan volume remained strong, highlighting FHA’s continued role in providing access to financing for first-time and other homebuyers through all economic cycles.

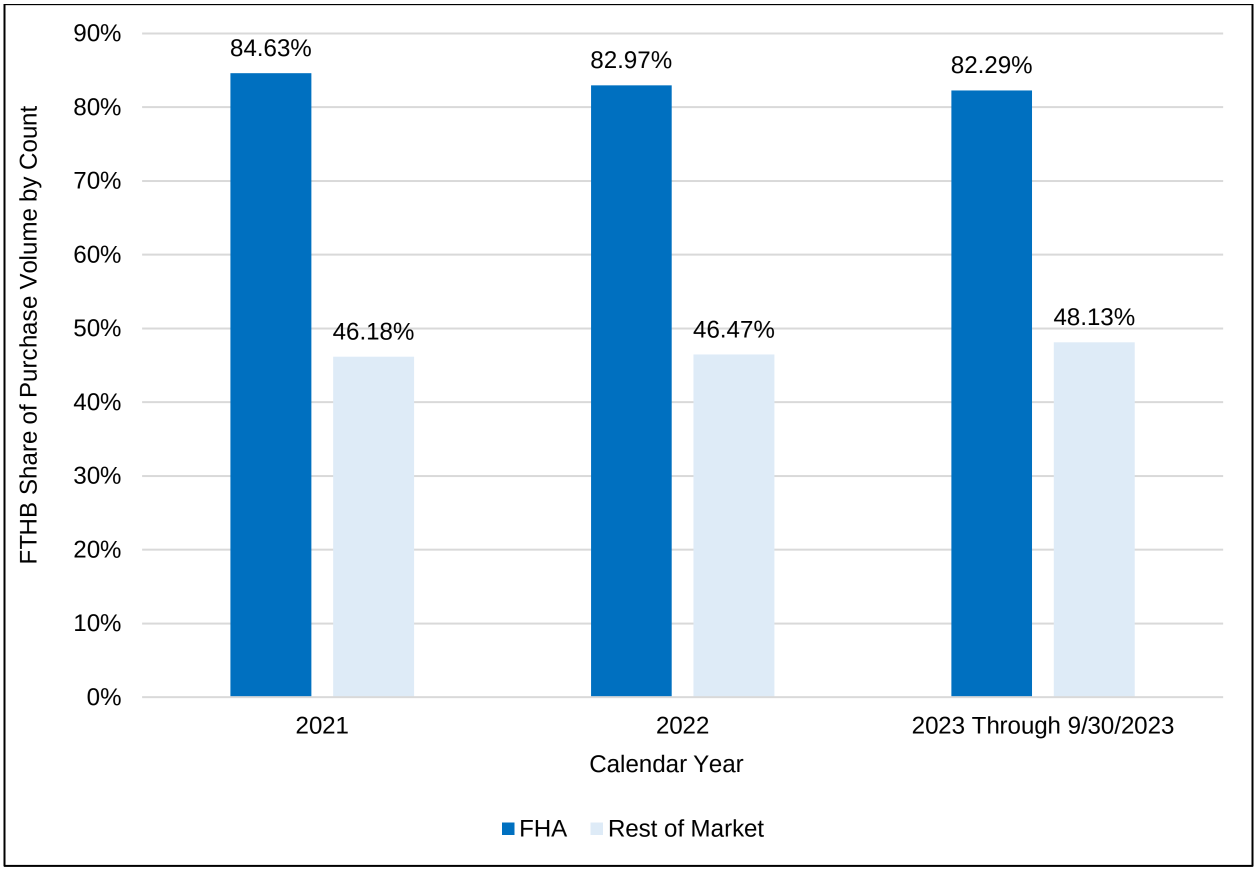
Exhibit I-1: Historical FHA Forward Mortgage Endorsement Activity



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table B-1 in Appendix B.

Exhibit I-1 above provides a historical overview of FHA forward mortgage endorsements by purpose and the aggregate original mortgage balance of endorsed mortgages for each of the last 24 fiscal years. In FY 2023, FHA endorsed about 580,000 home purchase mortgages through its forward mortgage program. Of these purchase mortgages, 82.21 percent, or more than 478,000, were for first-time homebuyers. The original mortgage amount of all endorsed forward mortgages in FY 2023, including both purchase and refinance mortgages, totaled $208.73 billion, a decrease of approximately 18 percent from FY 2022.

Exhibit I-2: Share of FHA First-time Homebuyer Purchase Transaction Volume Compared to Other Market Participants

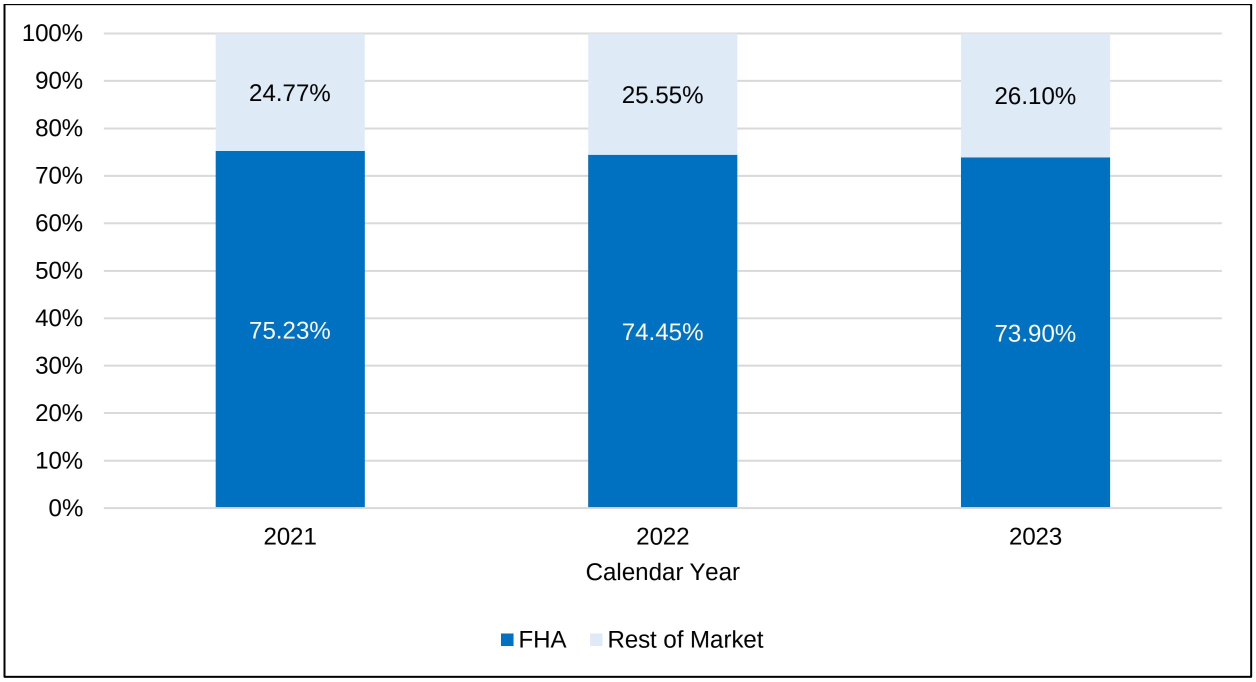


SOURCE: U.S. Department of HUD/FHA, Milliman M-PIRe. Milliman M-PIRe data includes HMDA and Fannie Mae/Freddie Mac/Ginnie Mae MBS Disclosure Data Exhibit I-2 does not include private label securities or portfolio lenders. Exhibit is presented on a calendar year basis. FHA revised its calculation methodology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

As shown in Exhibit I-2, above, over the past three calendar years, more than four out of every five borrowers with FHA-insured mortgages were first-time homebuyers, whereas in the rest of the market, loans to first-time homebuyers comprised less than 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. Such 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 what is 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 FHA permits wider parameters with respect to credit score and history than many other market participants, it can serve many qualified households who would have been unable to obtain mortgage financing from other sources.

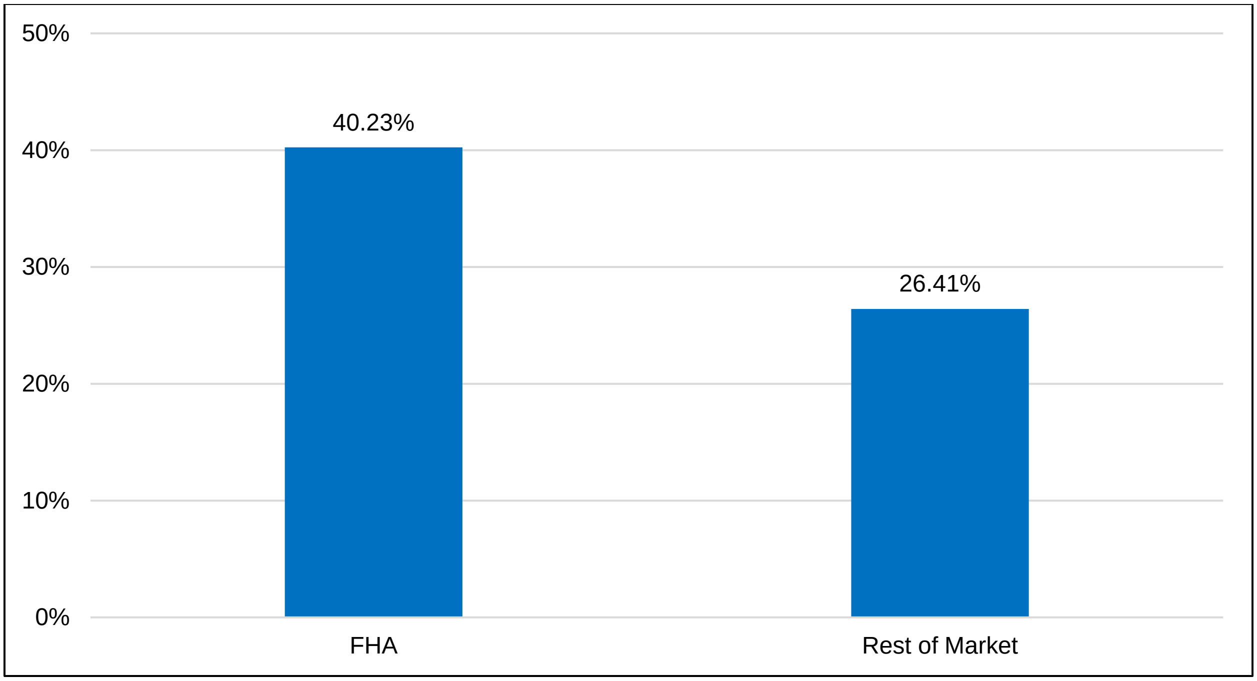
Exhibit I-3: FHA's Share of Mortgages for First-Time Homebuyers with LTV >95% and Credit Score <680



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. Refer to data table B-3 in Appendix B. Exhibit is presented on a calendar year basis.

Exhibit I-3 above reflects that 73.90 percent of high LTV and lower credit score borrowers accessed mortgage credit through FHA.

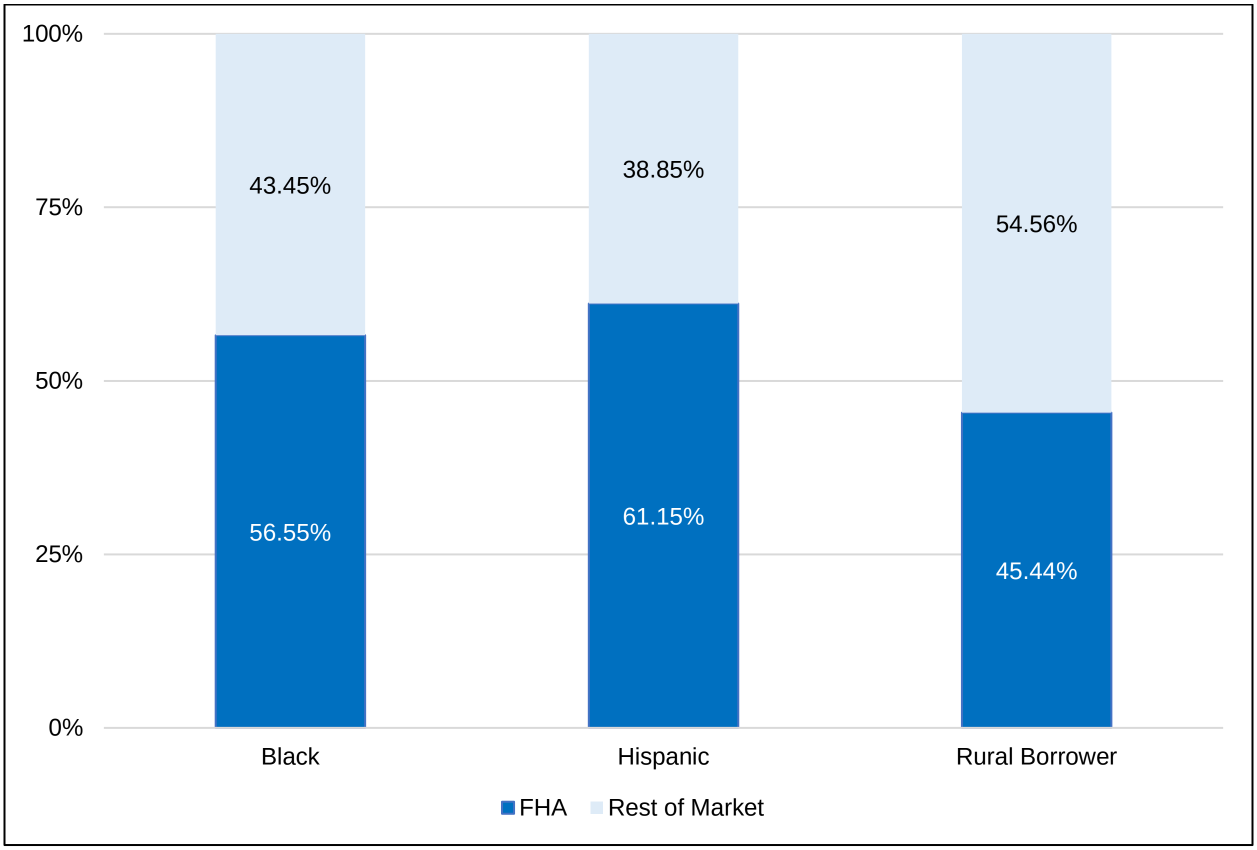
Exhibit I-4: Share of Homebuyers in Calendar Year 2022 with Incomes Less than 80% of Area Median Income



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 2022.
Refer to data table B-4 in Appendix B.

FHA's flexibilities are also important to enabling low-income households to access homeownership. Exhibit I-4 shows that during calendar year 2022, 40.23 percent of FHA-insured mortgages were made to borrowers with incomes less than 80 percent of the Area Median Income.

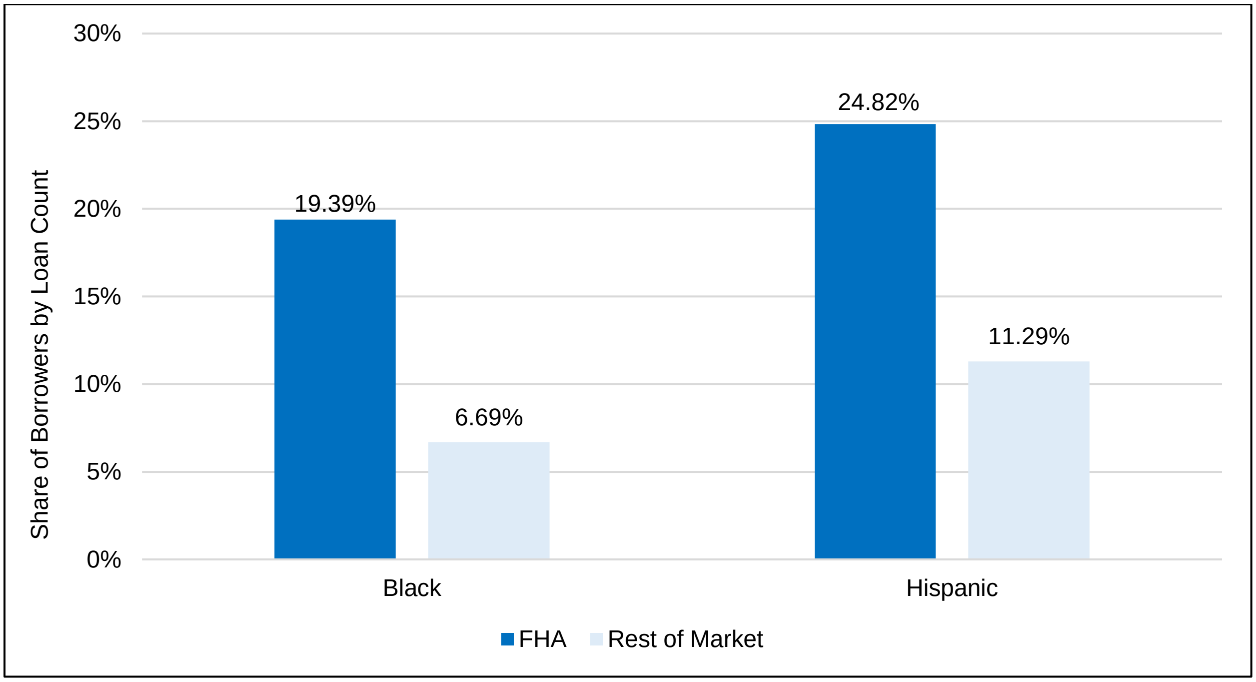
Exhibit I-5: FHA's Share of Low Down-Payment (less than 5%) Lending to Selected Underserved Borrower Groups



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 2022
Refer to data table B-5 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 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 2022 Home Mortgage Disclosure Act (HMDA) data.

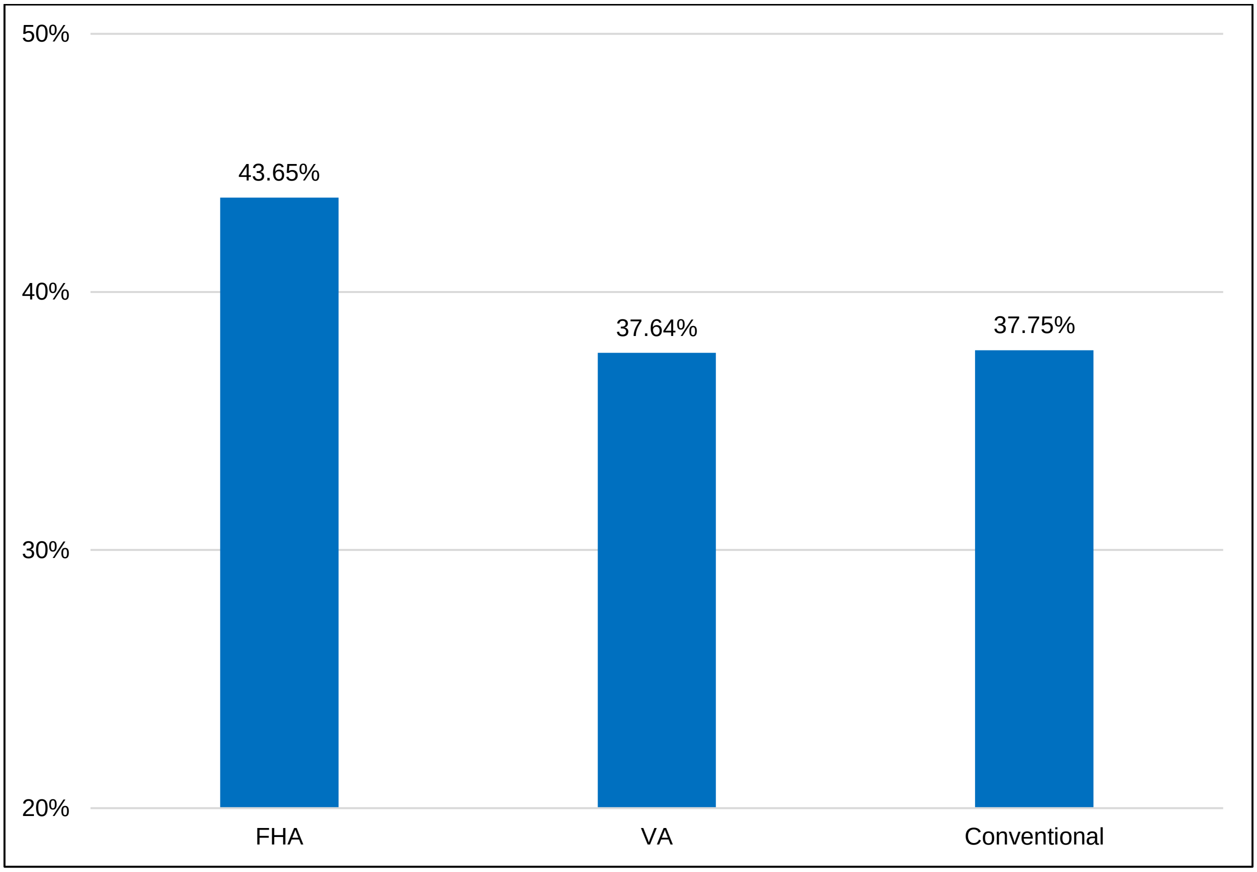
Exhibit I-6: FHA's Share of Lending to Black and Hispanic Borrowers Compared to Other Market Participants



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 2022.
Refer to data table B-6 in Appendix B.

As illustrated in Exhibit I-6 above, approximately one out of every five FHA-insured mortgage loans are made to a Black borrower and approximately one out of every four loans is made to a Hispanic borrower. In the market as a whole, fewer than one in 14 loans is made to a Black borrower, and just over one in nine loans is made to a Hispanic borrower.

Exhibit I-7: Share of Homebuyers Under the Age of 35



Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Reflects originations from calendar year 2022.
Refer to data table B-7 in Appendix B.

FHA is also an important vehicle for helping young borrowers access homeownership. As shown in Exhibit I-7, 43.65 percent of the borrowers who used an FHA-insured mortgage to buy a home in calendar year 2022 were under the age of 35. The earlier in life an individual or family can purchase a home, the more likely they are to build wealth through homeownership.

Removing Barriers to Homeownership

In FY 2023, FHA continued to review and update its policies and operations to enhance its ability to fulfill its mission of providing sustainable access to affordable mortgage financing for borrowers not adequately served by the private market.

Mortgage Insurance Premium (MIP) Reduction

In February 2023, FHA announced a 30 basis point or 35 percent reduction in the Annual Mortgage Insurance Premium charged to most new borrowers. The cut was carefully designed to maximize cost-savings for new borrowers while maintaining actuarial soundness for new insurance endorsements.[2]

FHA's MIP reduction has helped borrowers gain access to homeownership at a time of significant affordability challenges. Since the reduction took effect, about 425,000 borrowers have benefitted from it. Total savings for these borrowers amount to more than $336 million, or $792 per borrower, over the first year of their mortgage. The aggregate total savings over the forecasted life of these loans could be as much as $1.9 billion depending on how long borrowers hold their mortgages.

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.

To assist borrowers with limited English proficiency (LEP), on June 13, 2023, FHA announced the availability of more than 30 mortgage-related documents, including homebuyer education resources. Translated versions were made available in Chinese, Korean, Spanish, Tagalog, and Vietnamese - the most common languages for LEP households in the U.S. These educational resources will help LEP borrowers better understand FHA's more common mortgage-related documents prior to executing them in English as required by law.

FHA is also requiring 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. The SCIF 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 will help FHA obtain an aggregate view of language preferences for the borrowers it serves, which in turn may influence future actions in this area.

Appraisal Equity

In June 2021, the Biden-Harris Administration took sweeping actions to address racial bias in property appraisals through the creation of the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE). The PAVE Task Force aimed to evaluate the causes, extent, and

[2] 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.

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.

FHA continued to play a key role in fulfilling PAVE's mission of rooting out racial and ethnic bias in home valuations in FY 2023. During the fiscal year, FHA completed the actions necessary to contribute its appraisal data to the Federal Housing Finance Agency's efforts to create a shared, centralized federal appraisal database. When available, the database will help to inform research into equitable valuation strategies, potential enforcement actions, and policies and practices to mitigate bias.

FHA is working to ensure that any borrower who suspects they have been a potential victim of appraisal bias knows what their options are to report their concerns, including requesting a reconsideration of a value (ROV) when the initial valuation is lower than expected. In January 2023, FHA sought public feedback on a draft Mortgagee Letter (ML) defining its standards for borrower initiated ROV requests. Following robust feedback on that policy, FHA and the Federal Housing Finance Agency formed a working group to increase coordination and develop more consistent standards for the ROV processes of FHA, Fannie Mae, and Freddie Mac. These standards will be released in FY 2024.

Rejection Flag Waiver

In its continual efforts to improve access to credit for qualified borrowers, in September 2023, FHA waived a requirement that lenders flag rejected loans in the FHA Connection technology system. Previously, borrowers who had been declined for a mortgage received a warning flag that required a manual review if the borrower subsequently applied for an FHA-insured loan from another lender in the six-month period following the initial rejection. This flag often caused other lenders to reject otherwise qualified applicants, creating an unnecessary barrier to credit access. FHA analysis determined that this requirement did not improve risk management and unnecessarily prevented qualified borrowers from obtaining FHA-insured mortgages.

Private Flood Insurance

In November 2022, FHA announced that homeowners with FHA-insured mortgage financing may obtain flood insurance policies from private insurance providers, so long as those policies meet FHA's requirements. Previously, only flood insurance obtained through the National Flood Insurance Program (NFIP) was permissible for FHA-insured mortgages, which limited choices for consumers. Increasing consumer options for this important protection is one way HUD is building more resilient communities in the face of climate change. The choice to select a private flood insurance option may enable some borrowers to obtain policies that are less expensive or provide enhanced insurance coverage when compared to available NFIP policies.

Small Balance Mortgage Request for Information

Borrowers seeking to buy lower-priced homes often find it difficult to obtain mortgage financing.

In October 2022, FHA issued a Request for Information (RFI) in the *Federal Register* seeking input on ways it can facilitate increased access to smaller balance mortgages through its Single Family mortgage insurance programs. Assessing barriers to small mortgages is an important part of the Biden-Harris Administration's efforts to advance equity, close the racial wealth gap, and put the dream of homeownership within reach for more families throughout the country.

Among obstacles cited by those providing feedback via FHA's RFI was that of limited profitability for lenders when originating small balance mortgages. For this reason, as part of its FY 2024 Budget Request, FHA has requested $15 million for a Small Balance Mortgage demonstration that could include incentives to promote increased originations of these loans.

Addressing Housing Supply and Affordability

The scarcity of affordable housing units, especially at lower price points, poses yet another barrier to homeownership for FHA's traditional borrowers. The Biden-Harris Administration's Housing Supply Action Plan includes significant new actions to boost the supply of quality, affordable housing, including developing new and expanding existing financing mechanisms for affordable housing. FHA's role in this plan includes improvements to financing options for accessory dwelling units (ADUs), manufactured homes, and properties in need of repairs.

These actions build upon steps taken in FY 2022 to modify FHA asset disposition strategies to prioritize owner occupant, non-profit, and government buyers over investors. This includes creating an exclusive purchase period for these purchasers in FHA's Claims Without Conveyance of Title (CWCOT) program, consistent with long-standing practice in FHA's Real Estate Owned (REO) Sales program. In addition, FHA's Office of Asset Sales has continued to prioritize sales of defaulted HECM notes to non-profit and government partners when conducting competitive sales of these assets.

Accessory Dwelling Units

On October 16, 2023, FHA announced a new policy that allows lenders to count actual or projected rental income from renting Accessory Dwelling Units (ADUs) when underwriting a mortgage, including for a renovation mortgage that can be used to build or rehab the ADU. Accessory dwelling units are units of housing built inside, attached to, or on the same property as a primary residence. Constructing an ADU tends to be less expensive than constructing a single-family home, and ADUs often rent for less than the market rate. This policy both increases access to affordable mortgage credit and increases the supply of affordable housing. Additionally, owners of homes that include rental units have an enhanced ability to build wealth through homeownership.

203(k) Rehabilitation Mortgage Insurance Program

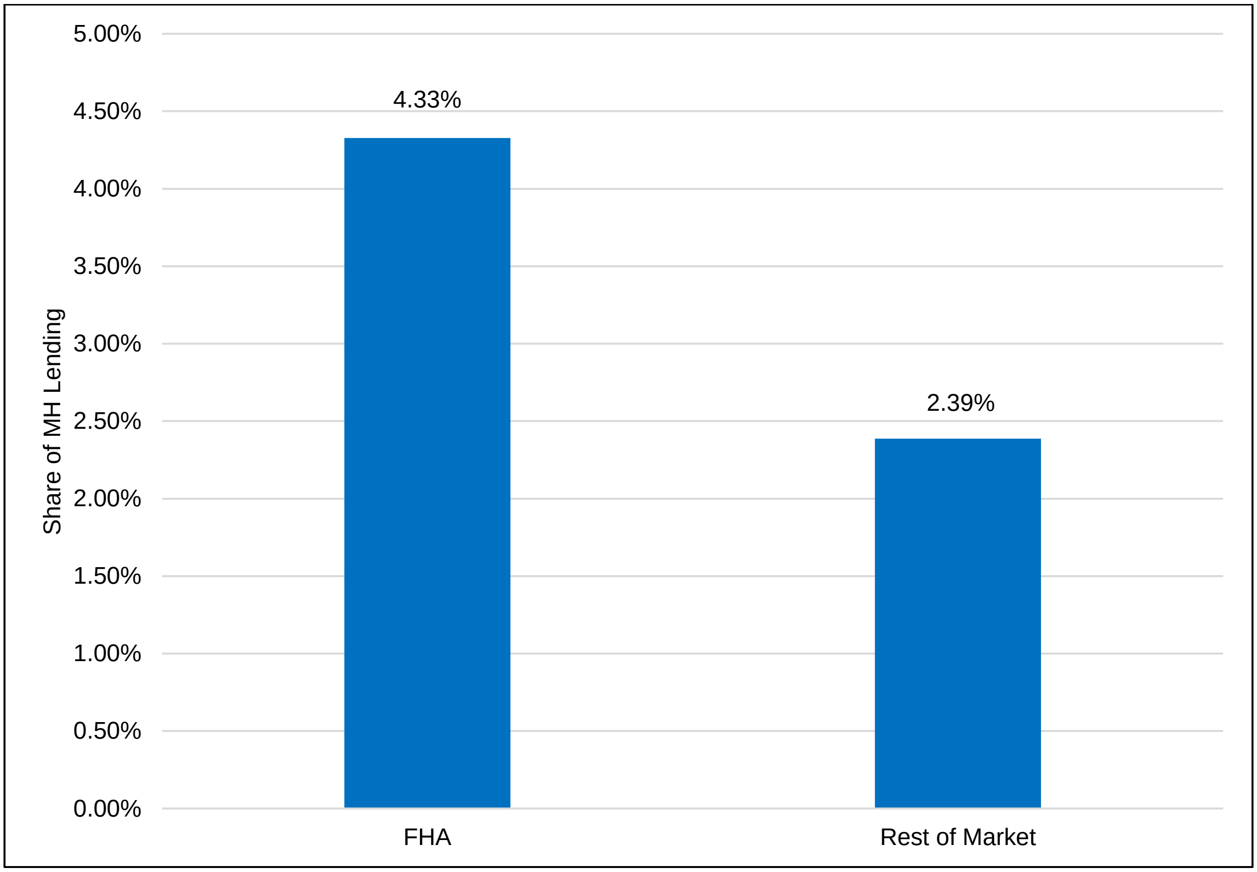
FHA's 203(k) Rehabilitation Mortgage Insurance Program allows new homebuyers to purchase, or current homeowners to refinance, a property and renovate it using a single mortgage. In February of 2023, FHA sought public input on ways to improve the 203(k) program through a Request for Information published in the *Federal Register.* The RFI also sought input on the ways in which 203(k) mortgages can support HUD's goal to help consumers make energy-saving improvements and to protect their homes from natural disasters.

Feedback from the RFI will assist FHA in its efforts to update the program, which will in turn contribute to the supply of housing, reduce vacancy and blight, and make the purchase or refinancing of homes in need of repair or rehabilitation easier. FHA intends to post proposed program updates on its drafting table in early FY 2024.

Supporting Affordable Financing of Manufactured Homes

A manufactured home is built to the 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 programs, FHA insures mortgages on qualifying manufactured homes titled as real estate.

Exhibit I-8: 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 2022.
Refer to data table B-8 in Appendix B.

As shown in Exhibit I-8, in calendar year 2022 the percentage of FHA endorsements for mortgages used to finance manufactured homes nearly doubled the rate for the rest of the market.

FHA also supports manufactured housing titled as personal property through its Title I Manufactured Home Loan Program and will soon propose changes to that product to encourage its use. Title I loans are supported by FHA's General and Special Risk Insurance Fund, not the MMIF.

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 2023, FHA continued working on process, operational, and technology improvements designed to make doing business with FHA easier.

Electronic Submission of Claims

In February 2023, FHA published a policy eliminating paper-based filings. Today, most lenders routinely use electronic options to file FHA insurance claims. The use of electronic methods of claim filing is beneficial for both FHA and its industry partners in ensuring the accuracy, efficiency, and transparency of the claims process. It also reduces the costs and burdens of maintaining paper files for both FHA and its stakeholders, supports FHA's ongoing technology enhancements, and aligns with industry standards.

In September 2023, FHA announced that its claim system now accepts bulk submissions of supplemental claims, including supporting and required documentation, in addition to the existing acceptance of bulk submissions for initial claims. This improvement simplifies the claim submission process, thereby making it easier and more efficient for FHA and servicers.

Case Cancellations and Reinstatements

In August 2023, FHA announced new functionality that enables lenders to process FHA case cancellations and reinstatements electronically without FHA assistance. This new case management functionality eliminates in large part an unnecessary manual request submission process that relied on FHA staff to process these actions and substantially improves efficiency for lenders.

HECM Claim Assignment Simplification and Borrower Disbursements

This fiscal year, a number of HECM lenders and servicers faced liquidity concerns due to market conditions. In response, FHA issued policies designed to support HECM market stability and consumer and market confidence in the HECM program. These changes mitigate market-based risk to MMI Fund while also supporting the borrowers served by the HECM program.

In May 2023, FHA streamlined its HECM claim submission procedures, which allow lenders to assign FHA-insured HECMs to FHA and receive payment of insurance benefits. These changes lowered the threshold for preliminary title approval, simplified documentation requirements necessary to start the assignment process, and extended the timeframe for delivery of HECM assignments, regardless of assignment date, enabling HECM servicers to submit their assignment requests earlier. These changes facilitate more rapid disbursement of claim funds to lenders, which supports lender liquidity and makes the HECM program more attractive to market participants.

In the event of a HECM servicer default, FHA is responsible for making any payments to the borrower that are not paid in a timely manner. In July 2023, FHA improved its tools for making borrower payments in a timely manner. Because late borrower disbursements require payment of interest to the borrower, improving FHA's ability to make these payments on time results in savings to the MMI Fund.

Chapter 2:

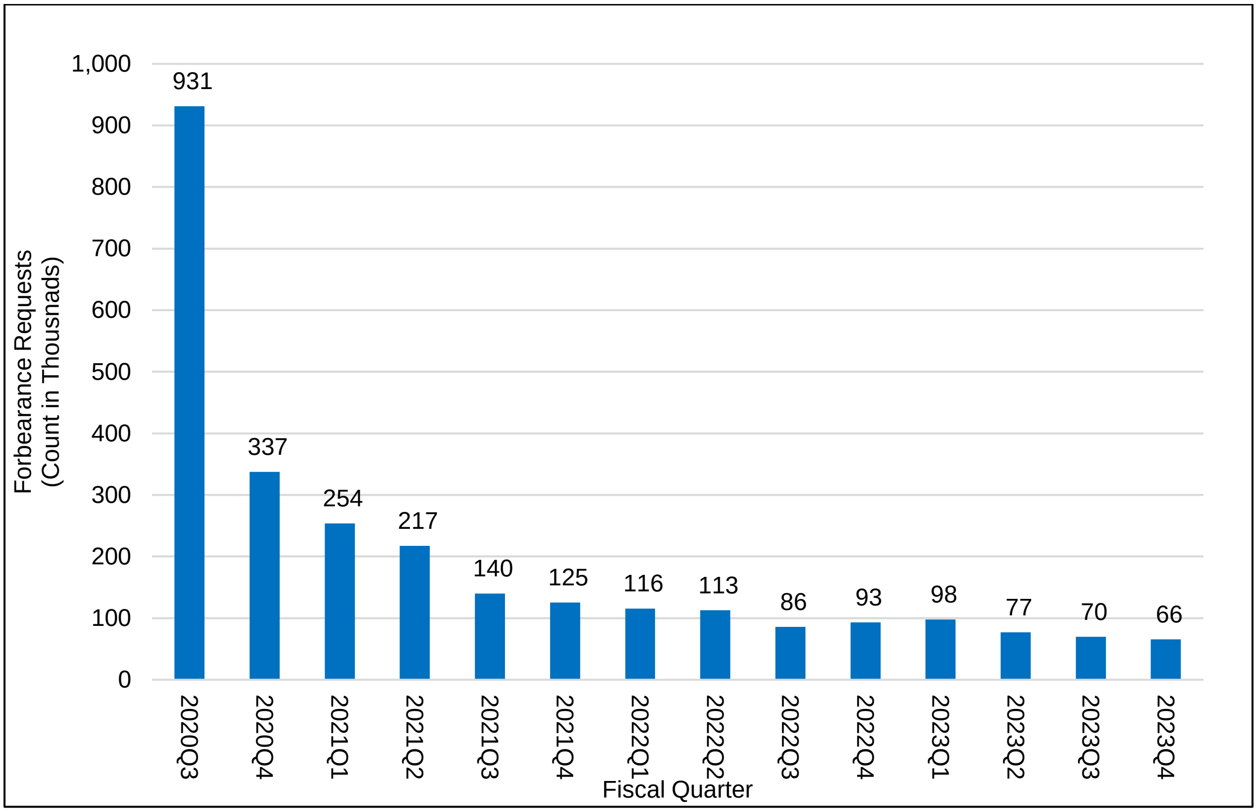
Supporting Borrowers During and After the COVID-19 Pandemic

Supporting Borrowers Using Forbearance

The beginning of the COVID-19 pandemic in March 2020 initiated more than two years of severe impacts to both the physical and financial health of millions of Americans. FHA served an unprecedented number of borrowers experiencing income disruption during this time by acting quickly to address the crisis and help families keep their homes. 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. Prior to this time, forbearance was mainly provided to borrowers affected by localized natural disasters, such as hurricanes or flooding. In addition to implementing the COVID-19 forbearance program, FHA required only a simple attestation by the borrower that their hardship was due directly or indirectly to COVID-19 without requiring additional documentation.

On May 11, 2023, President Biden declared the end of the Presidentially declared COVID-19 National Emergency, which required FHA to end its COVID-19 forbearance program. However, to provide borrowers ample time to request forbearances and for lenders to process these requests, FHA was able to extend its final deadline to request a COVID-19 forbearance to May 31, 2023.

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

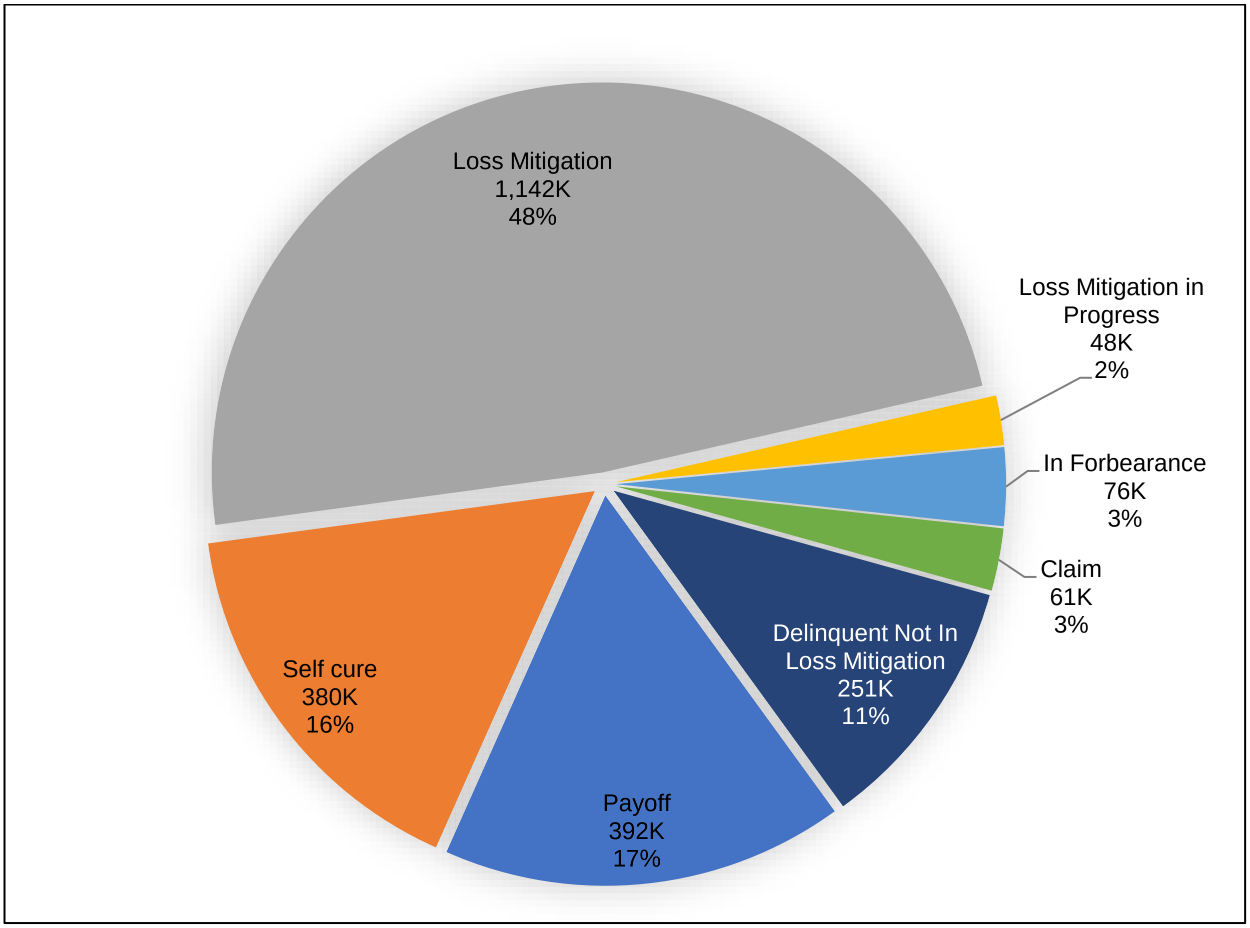


SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table C-1 in Appendix C.

While the number of borrowers assisted through forbearance during the three-year emergency peaked during 2021, FHA continued to provide COVID-19 forbearances to borrowers throughout FY 2022 and most of FY 2023. As Exhibit II-1 shows, forbearance requests peaked early in the pandemic and declined thereafter. In FY 2023, more than 311,000 FHA borrowers requested and received forbearance for the first-time (in addition to the 2.4 million COVID-19 forbearances granted in prior years).

Forbearance postpones mortgage payments for a period of time but it does not forgive debt, and therefore borrowers who obtained a forbearance still had to address the issue of repaying accumulated mortgage arrearages. Prior to the COVID-19 forbearances, it was well known that borrowers would face difficulty catching up on their mortgage payments after a period of forbearance since most lack sufficient savings to repay multiple months of arrearages all at once. To address this problem, FHA updated and enhanced its loss mitigation home retention policies to help as many borrowers as possible to catch up those arrearages and return to sustainable monthly mortgage payments following forbearance.

Exhibit II-2: Status of Borrowers Who Received Forbearance or Were Seriously Delinquent During the COVID-19 Emergency



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table C-2 in Appendix C.

FHA's post-forbearance loss-mitigation home retention options have been extremely effective to date in helping borrowers avoid foreclosure and keep their homes. As indicated by Exhibit II-2, approximately 2.4 million FHA borrowers entered into a forbearance or became seriously delinquent from April 1, 2020, through September 30, 2023. Over 1.1 million of these borrowers have subsequently entered or are in the process of entering a loss mitigation option that would enable them to remain in their home. Another 772,000 borrowers have cured or paid off their mortgage without need for a loss mitigation plan. There are 124,000 borrowers that are still in forbearance or in the process of entering a loss mitigation plan.

Exhibit II-3: Home Retention Options by Type and Count

Home Retention Option	Number Completed in FY 2021	Number Completed in FY 2022	Number Completed in FY 2023	Number Completed Total	Share of Total Retention Options
COVID-19 Stand-alone Partial Claim	317,376	249,235	237,164	803,775	60%
COVID-19 Recovery Modification (including a partial claim)	94	152,051	66,300	218,445	16%
Stand-alone Modifications (No Partial Claim)	99,062	49,898	4,958	153,918	11%
Home Affordable Modification Program (HAMP)	61,615	46,312	22,781	130,708	10%
Advance Loan Modification	1,310	33,770	4,661	39,741	3%
Total	479,457	531,266	335,864	1,346,587	100%

SOURCE: U.S. Department HUD/FHA, October 2023.

For borrowers that experience a temporary disruption in their income but can resume their previous monthly payments, FHA provides a Stand-alone Partial Claim. This option brings the borrower current by dividing the mortgage into two pieces: the original mortgage as scheduled and the outstanding arrearages, which are placed in a no-interest subordinate lien against their property that is repaid to FHA when the mortgage is paid off or at maturity. Therefore, borrowers can resume their previous monthly payments at the end of forbearance without facing a payment increase. According to Exhibit II-3 above in FY 2023, 237,164 borrowers with FHA-insured mortgages received a Stand-alone Partial Claim, for a total of 803,775 Stand-alone Partial Claims since the beginning of the pandemic in March of 2020.

For borrowers whose income is permanently reduced as a result of the impacts of COVID-19 or another hardship and can no longer afford to make their previous monthly mortgage payments, FHA offers streamlined loan modifications that change the terms of the mortgage to reduce the monthly payment for the life of the loan. These modifications both help borrowers to maintain homeownership and avoid foreclosure and protect the capital position of FHA. This results in a better outcome for the MMI Fund than the losses that result from foreclosures. In FY 2023, FHA provided approximately 98,000 mortgage modifications, and a total of 1.3 million total home retention actions since the beginning of FY 2021.

Over the course of the pandemic, FHA adjusted and improved its loss mitigation options to better serve struggling borrowers. In January 2023, FHA announced a series of expansions and enhancements that extended FHA's COVID-19 loss mitigation options including the Recovery Modification to all eligible borrowers, including non-occupant borrowers, regardless of the cause of their delinquency.

The updates also enabled mortgage servicers to use the full 30 percent of FHA's partial claim option, rather than the previously permitted 25 percent, to help maximize the number of borrowers able to retain their homes.

Finally, the updates expanded the definition of Imminent Default to include borrowers who qualified for or used U.S. Treasury Homeowner Assistance Funds (HAF) and provided incentive payments to servicers for the successful completion of COVID-19 Recovery options.

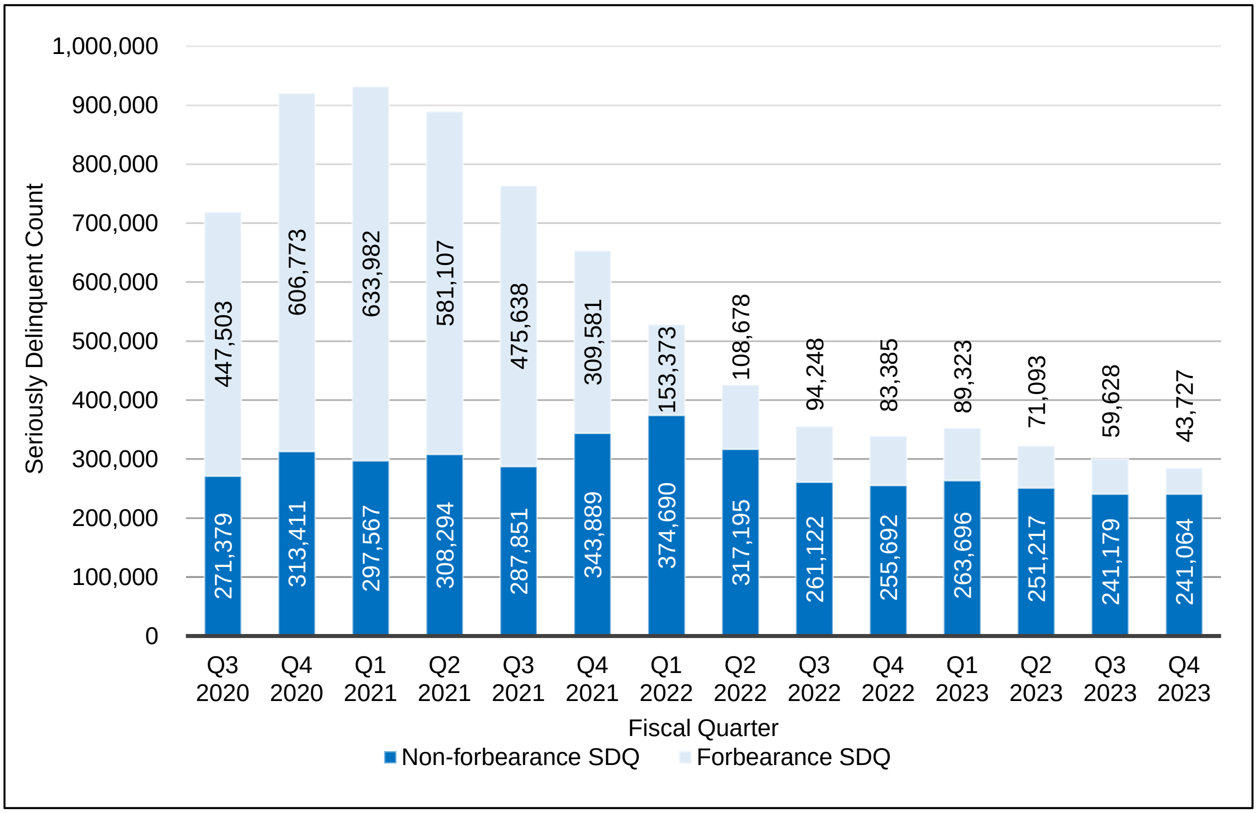
In March 2023, FHA further expanded the tools in its loss mitigation toolkit by publishing a final rule that allowed servicers to offer loan modifications with a term of up to 40 years. The 40-year term option is now available to eligible borrowers with or without the use of a partial claim. Extending the loan term to 40 years can help borrowers achieve a meaningful reduction in their monthly payments when other options are not sufficient to enable them to meet their monthly mortgage obligations.

FHA also provided relief for seniors with reverse mortgages insured through FHA’s HECM program. 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 extended 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 SDQ portfolio, which is returning to pre-COVID levels. The portfolio’s serious delinquency rate declined to 3.93 percent as of September 30, 2023, an almost eight percentage point decrease from its high of 11.90 percent in November 2020.

Exhibit II-4: Seriously Delinquent Homeowners



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table C-4 in Appendix C.

Exhibit II-4 above shows that the number of SDQ borrowers stood at 339,077 at the end of FY 2022 and continued to decline to 284,791 as of September 30, 2023. The number of seriously delinquent borrowers who received forbearance at the end of FY 2023 is slightly more than half the number at the end of FY 2022, falling from 83,385 to 43,727. This decrease accounts for about 73 percent of the total decrease 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.

Strengthening FHA’s Loss Mitigation Tools for the Future

Looking to the future, FHA hopes to use the lessons learned from the pandemic period to refine and expand its standard loss mitigation home retention options to meet future needs.

A critical priority is improving the effectiveness of FHA’s loss mitigation program throughout economic cycles. Today, market interest rates are generally higher than borrowers’ existing rates, which makes it challenging for some borrowers to achieve a sustainable mortgage payment reduction through existing FHA options.

FHA has found that reducing a borrower's monthly payment is an effective way to support borrowers. FHA's Recovery Modification aims to reduce a borrower's monthly principal and interest payment by 25 percent, where possible. FHA has analyzed the performance of modifications it has offered since 2009 and found that the 25 percent payment reduction target is highly effective in preventing foreclosures. Overall, loans with more payment reduction are less likely to result in subsequent claims to the MMI Fund. The analysis showed that loans with a payment reduction between zero percent and five percent are over 3.5 times as likely to result in an insurance claim as loans with a payment reduction equal to 25 percent.

Challenges in achieving payment reductions have begun to affect redefault rates on FHA's existing loss mitigation options. Before market interest rates began to rise in calendar year 2022, FHA's COVID-era loss mitigation programs performed unusually well, outperforming FHA's pre-COVID loss mitigation tools. However, those very low redefault rates are beginning to rise as a result of today's higher interest rate environment, as fewer borrowers can obtain payment reductions from FHA's existing COVID loss mitigation tools.

To address this issue, in May 2023 FHA published a draft of a new tool, the Payment Supplement Partial Claim, to the Single Family Drafting Table. This tool would allow servicers to use available partial claim funds – generally capped at 30% of original unpaid principal balance – to cure arrearages on an FHA-insured mortgage and also provide temporary payment reduction on the principal portion of the borrower's monthly mortgage payments for up to five years. After this temporary period, the borrower's monthly principal and interest payment would return to its contractual amount, at which time the borrower could be evaluated for FHA's other loss mitigation options, if necessary.

Another lesson learned from the pandemic period is the effectiveness of alternative means of engaging with borrowers in default. In early 2020, HUD waived its requirement that servicers meet in person with 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 proposed rule in July 2023 to permanently modernize engagement with borrowers in default. The proposed rule would:

- Allow lenders to utilize electronic and other remote communication methods for conducting interviews with borrowers to satisfy FHA's early default intervention requirements.
- Eliminate the requirement that lenders make at least one trip to the mortgaged property to schedule a meeting with the borrower; and
- Expand 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.

If adopted, this rule would make permanent the flexibilities afforded during the pandemic period while providing some borrowers with opportunities they did not previously have and ensuring that all borrowers continue to receive robust loss mitigation services when they encounter difficulty in meeting their mortgage obligations.

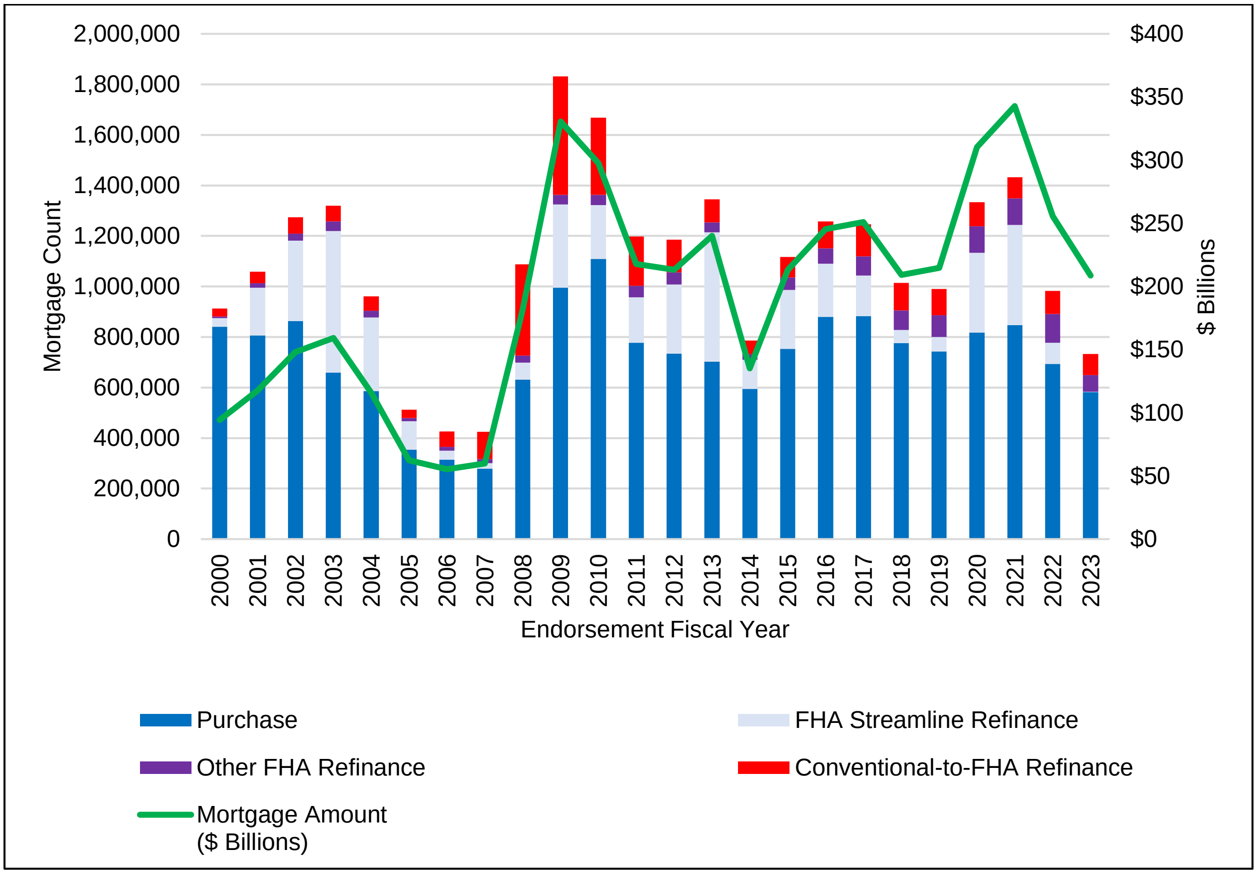
Chapter III:
FHA Single Family Mortgage and Borrower Characteristics

FHA Forward Mortgage Program: Endorsement Trends and Composition

Over the past year, FHA continued to provide market stability and access to credit while the mortgage market continued to constrict, and the country continued to recover from the national emergency created by the COVID-19 pandemic. In FY 2023, mortgage rates were higher than they were over the prior two years, and conventional mortgage lenders tightened their credit policies in response to higher rates and other macro-economic factors. As a result, FY 2023 saw decreased volume and a shift in originations from refinances to purchase mortgage transactions. Collectively, these challenges resulted in lower FHA endorsement volume, consistent with the decrease in volume experienced by the conventional mortgage market.

The drop in forward loan endorsements in FY 2023 was also driven by a lack of supply of homes for sale. Inventory remained at some of the lowest levels ever recorded, especially for lower-priced homes, which in turn has kept home prices elevated.

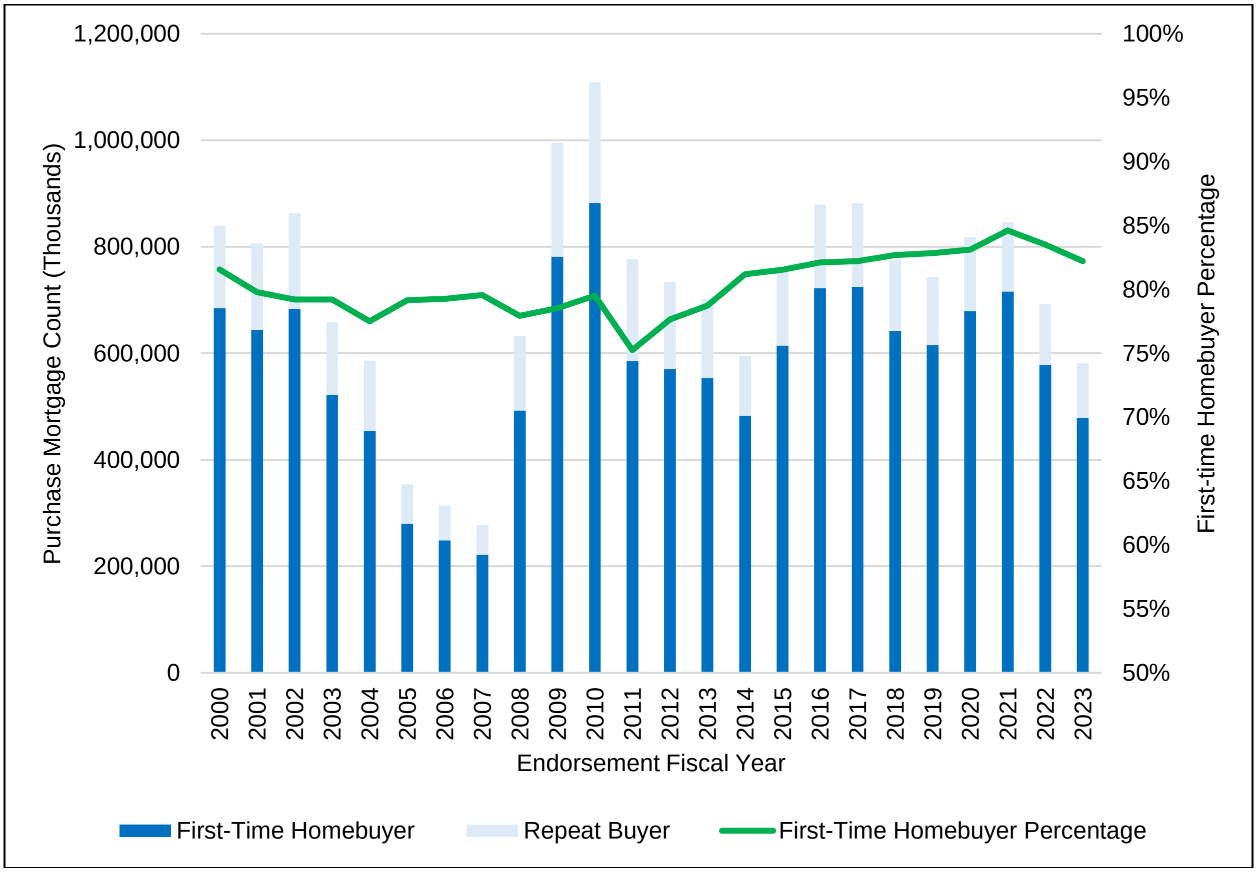
Exhibit III-1: Historical FHA Forward Mortgage Endorsement Activity



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-1 in Appendix D.

Exhibit III-1 above provides an overview of FHA forward mortgage endorsements broken down by transaction type and the aggregate original mortgage balance of endorsed mortgages for each of the last 24 fiscal years. In FY 2023, FHA endorsed 732,319 mortgages through its forward mortgage program, of which 79.44 percent were purchase transaction mortgages. Of these purchase mortgages, 82.21 percent were made to first-time homebuyers. The original mortgage amount of all endorsed forward mortgages in FY 2023, including both purchase and refinance mortgages, totaled $208.73 billion, which was down 18.31 percent from the $255.50 billion in endorsements in FY 2022. The average loan amount for forward mortgages endorsed by FHA in FY 2023 was $285,026, an increase of 9.57 percent from the FY 2022 average of $260,131.

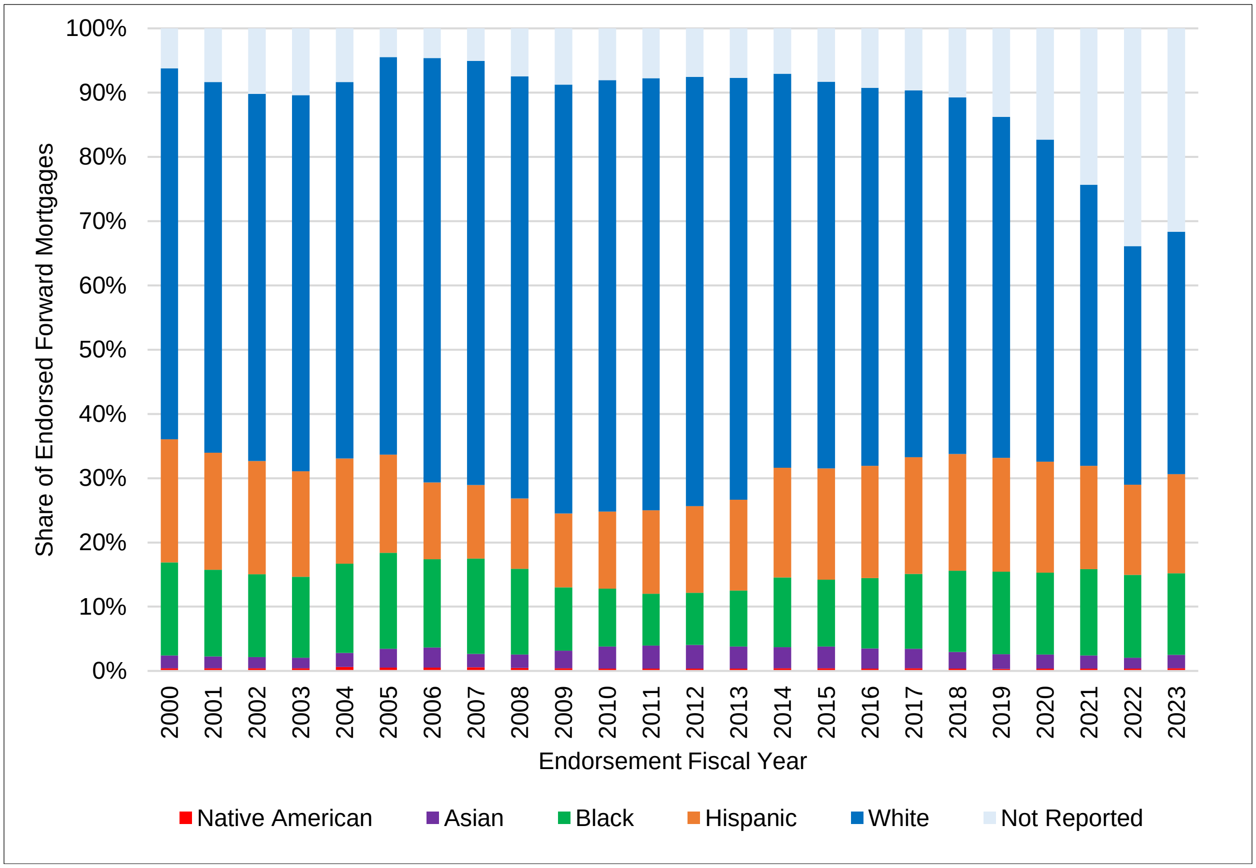
Exhibit III-2: Historical Purchase Mortgage Activity and FHA First-Time Homebuyer Share



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-2 in Appendix D.

As illustrated by Exhibit III-2 above, despite the historical variability in the total number of home purchase endorsements, first-time homebuyers consistently represent about four out of every five FHA-insured forward mortgage purchase transactions. The percentage of insured forward mortgages made to first-time homebuyers in FY 2023 declined slightly this past fiscal year from 83.52 percent in FY 2022 to 82.21 percent in FY 2023.

Exhibit III-3: Racial Composition of FHA Forward Mortgages

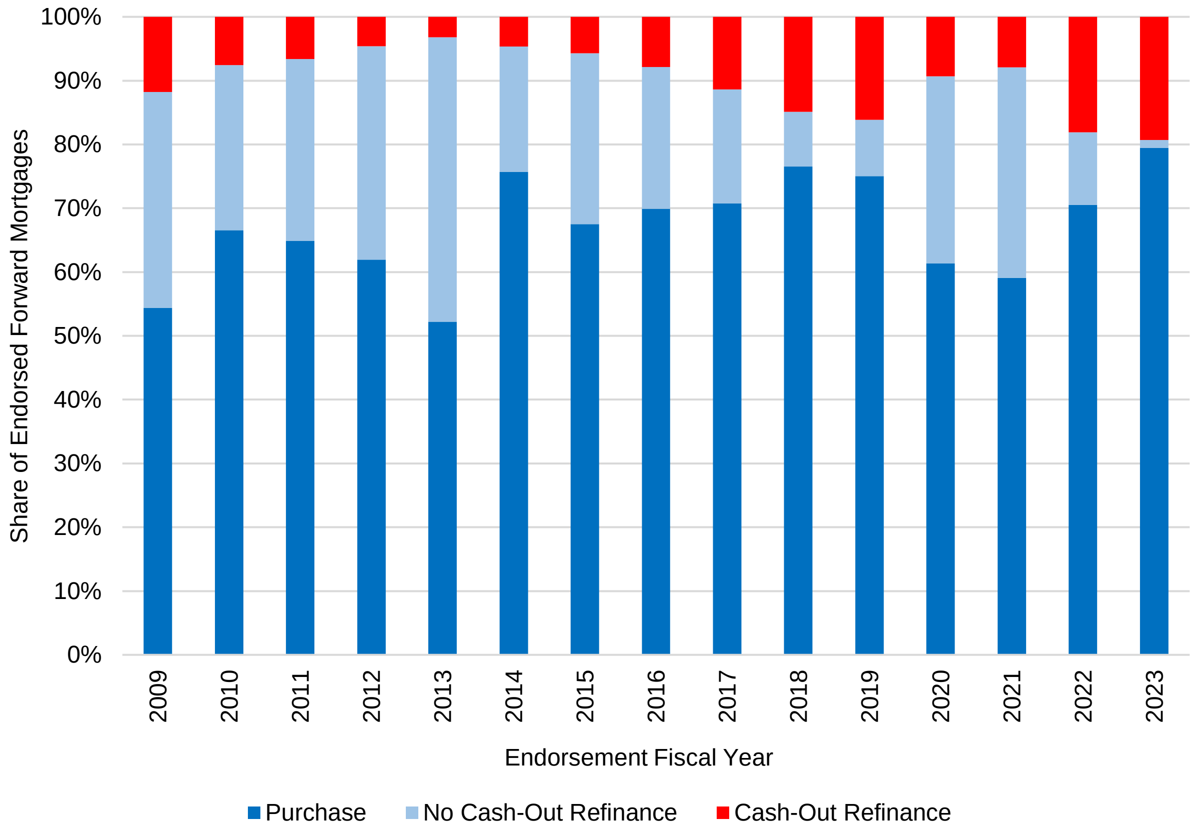


SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-3 in Appendix D.

FHA-insured mortgages continue to serve as an important source of financing for individuals and families of color. Exhibit III-3 above shows that for FY 2023, the composition of borrowers of color served by FHA-insured mortgages was: 15.45 percent Hispanic; 12.69 percent Black; 2.07 percent Asian; and 0.42 percent Native American. As in past years, a significant number of borrowers with FHA-insured mortgages, 231,662 chose not to identify race at origination.[3]

[3] Declaration of race and ethnicity is voluntary for borrowers. FHA's share of non-respondents decreased slightly in FY2023 from 33.90 percent in FY 2022 to 31.63 percent this fiscal year. Note that non-reporting of race and ethnicity has grown more than 300 percent over the last ten years.

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

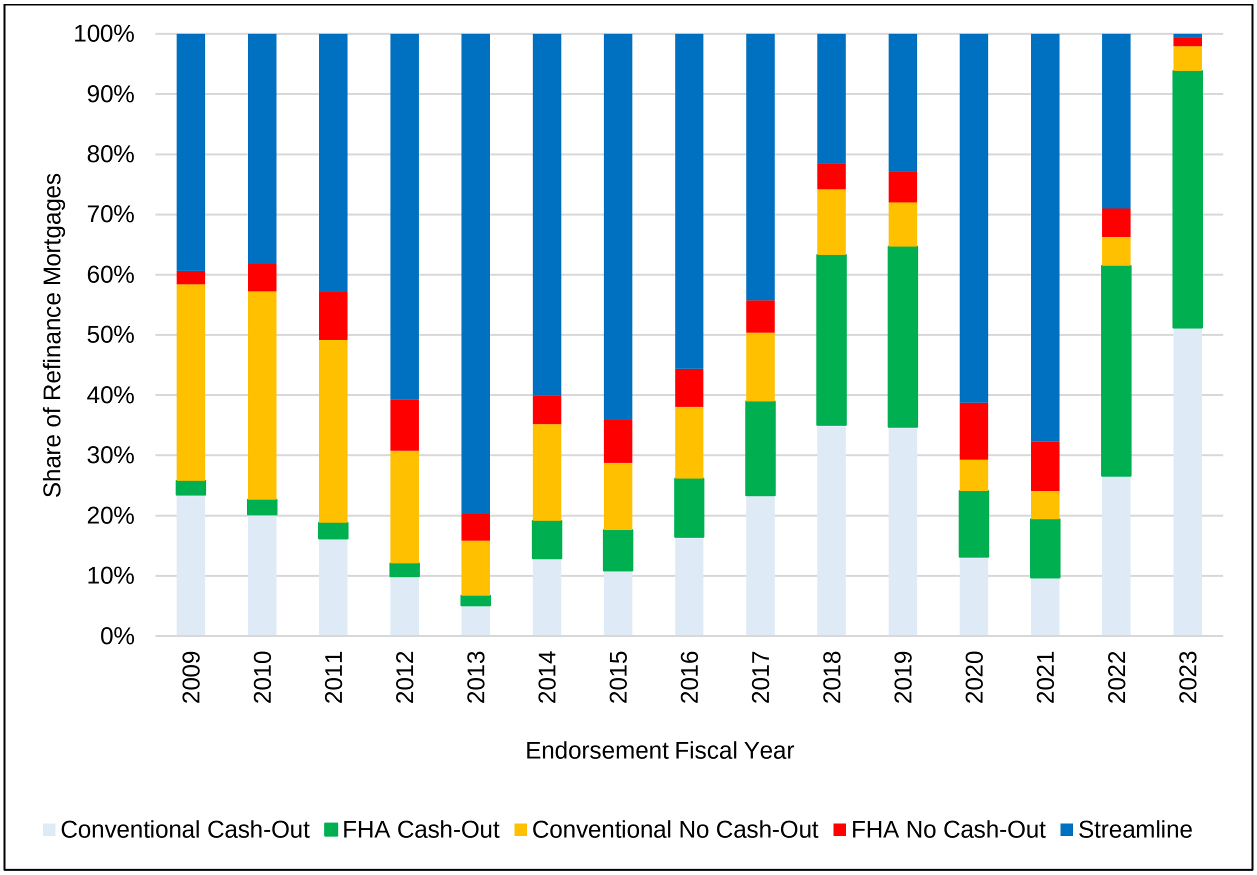


NOTE: Cash-Out Refinance data is not available prior to FY 2009.
SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-4 in Appendix D.

Purchase transactions continued to represent the majority of FHA volume in FY 2023. Exhibit III-4 above provides a detailed breakdown of historical forward endorsement activity. In FY 2023, FHA-insured purchase transaction mortgages represented 79.44 percent of all FHA-insured endorsements, an increase of 8.90 percentage points from FY 2022, while the percentage of refinance transactions decreased from 29.46 percent of FHA's volume in FY 2022 to 20.56 percent in FY 2023.

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 Government Sponsored Enterprises (GSE) guidelines. This change had an immediate impact of reducing the share of cash-out refinances in FY 2020 and FY 2021. However, the share of cash-out transactions was higher for FY 2022 and FY 2023.

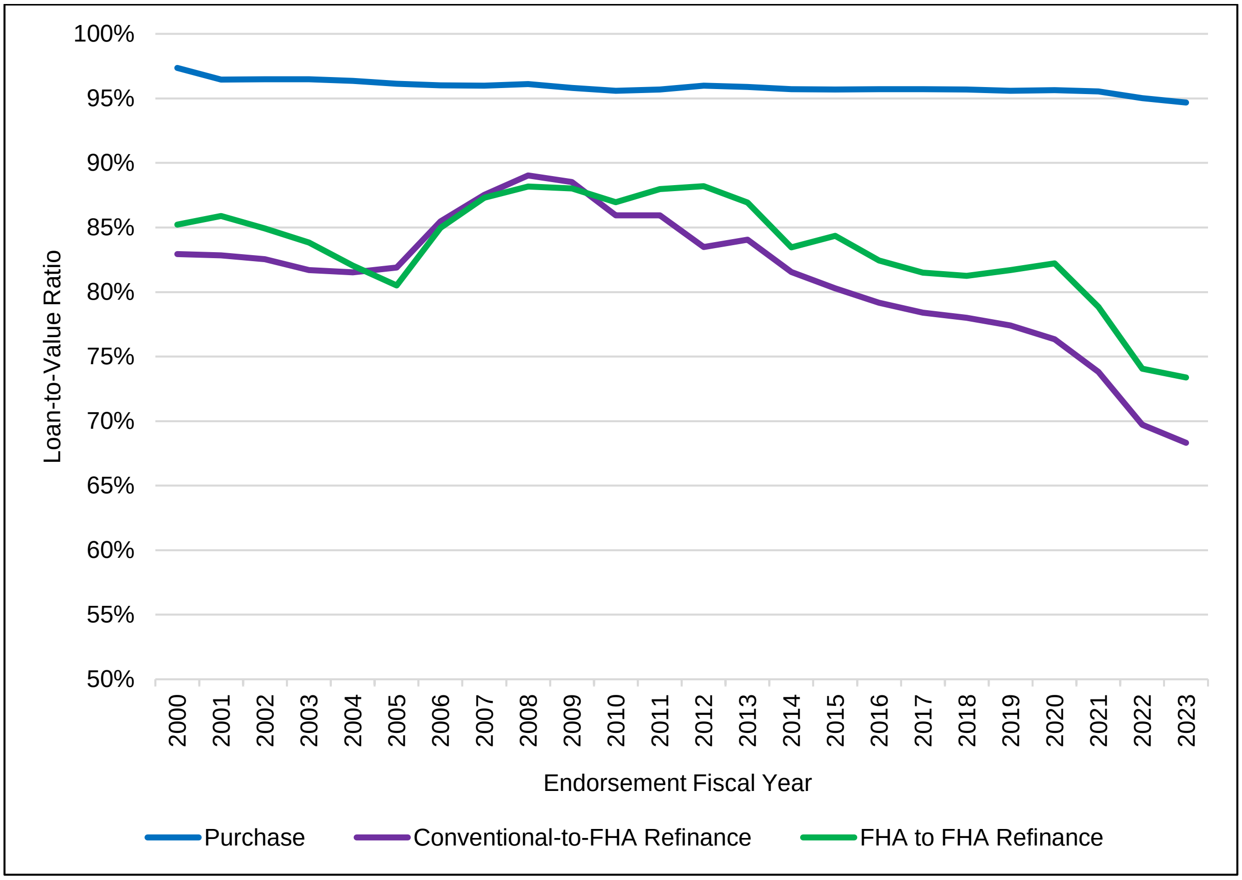
Exhibit III-5: FHA Endorsement Activity by Refinance Type



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-5 in Appendix D.

As shown in Exhibit III-5, conventional cash-out and FHA cash-out made up most of the refinance activity during FY 2023.

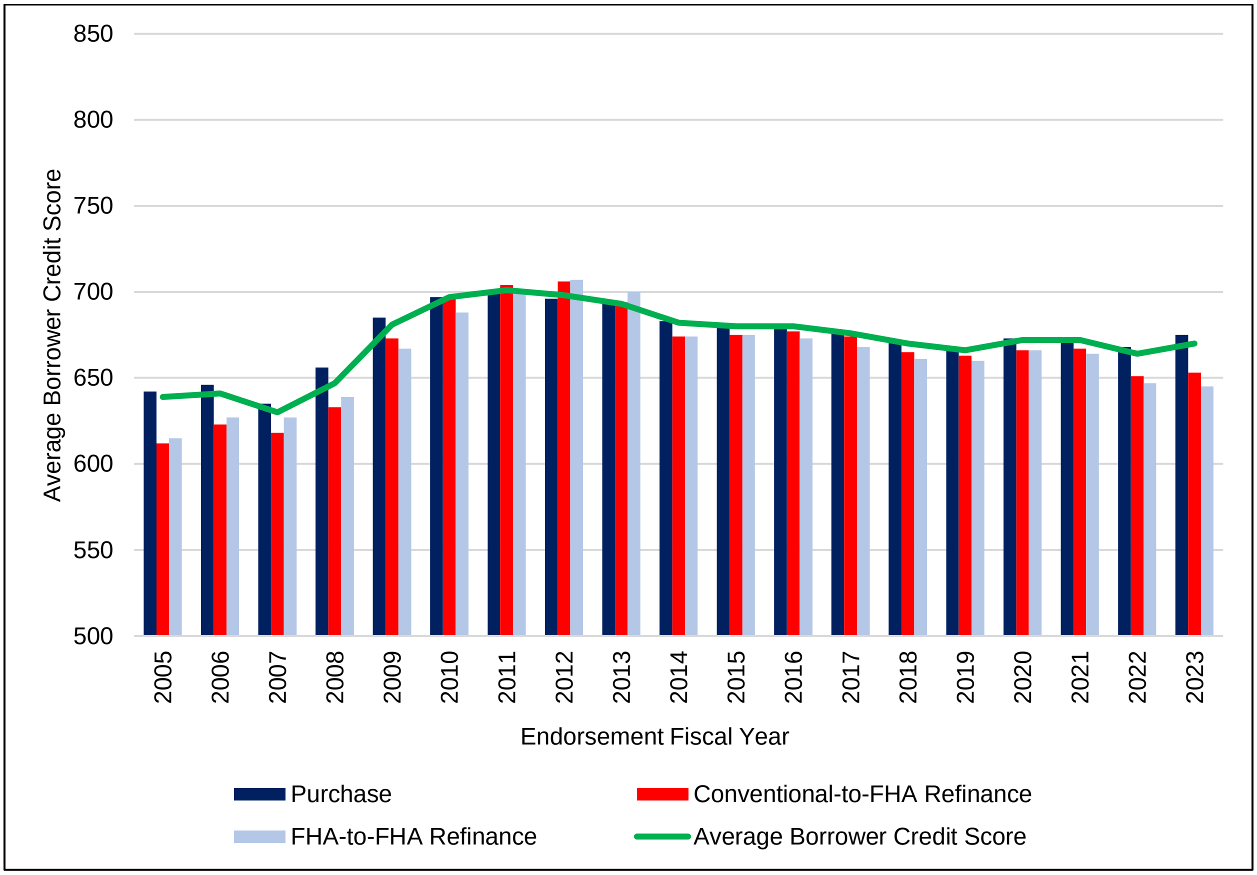
Exhibit III-6: Average FHA Forward Loan-to-Value Ratio by Mortgage Purpose



NOTE: Exhibit III-6 includes only fully underwritten mortgages and excludes Streamline Refinances.
SOURCE: US Department of HUD/FHA, October 2023.
Refer to data table D-6 in Appendix D.

The average loan-to-value (LTV) ratio for purchase transactions decreased slightly from 95.01 percent in FY 2022 to 94.68 percent in FY 2023. As Exhibit III-6 above illustrates, the average LTV ratio for purchase transaction mortgages fell below 95 percent for the first time since at least FY 2000. The average LTV ratio for both Conventional-to-FHA and FHA-to-FHA refinance transactions continues to decrease from the highs of FY 2007 through FY 2012, with Conventional-to-FHA refinances at 68.32 percent, and FHA-to-FHA refinances at 73.38 percent in FY 2023. Home Price Appreciation (HPA) and a decrease in the maximum LTV of cash-out refinance mortgages in 2019 are contributing factors to the declining average LTV ratio of FY 2023 purchase and refinance endorsements.

Exhibit III-7: Average Borrower Credit Score for FHA-Endorsed Mortgages

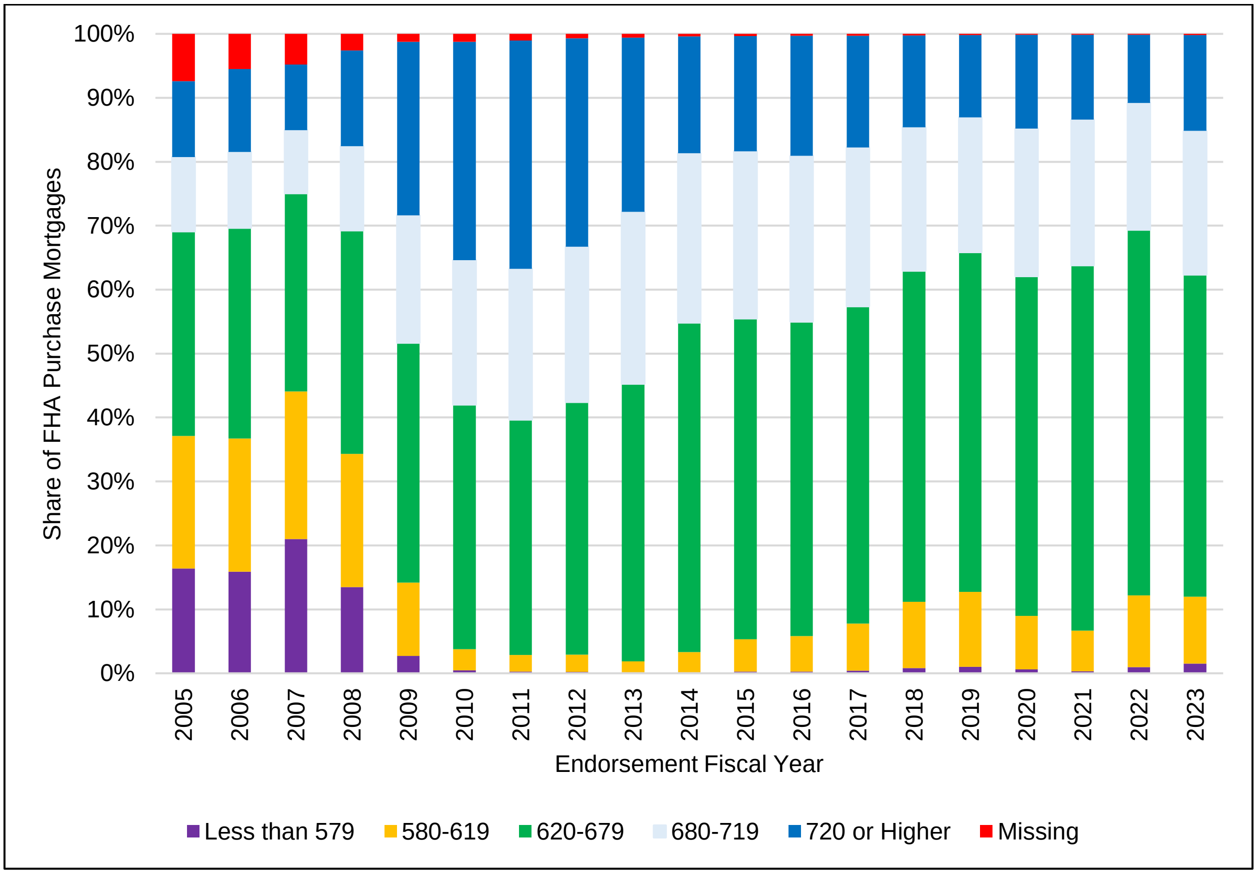


NOTE: Borrower credit score data was not collected prior to 2005.
SOURCE: U.S. Department of HUD/FHA, October 2023
Refer to data table D-7 in Appendix D.

As Exhibit III-7 above shows, the average borrower credit score for an FHA-insured mortgage was 672 in FY 2020 and FY 2021[4], 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. In FY 2023, FHA's average credit score increased to 670.

[4] Borrower credit score data is not collected for Streamline Refinance mortgages.

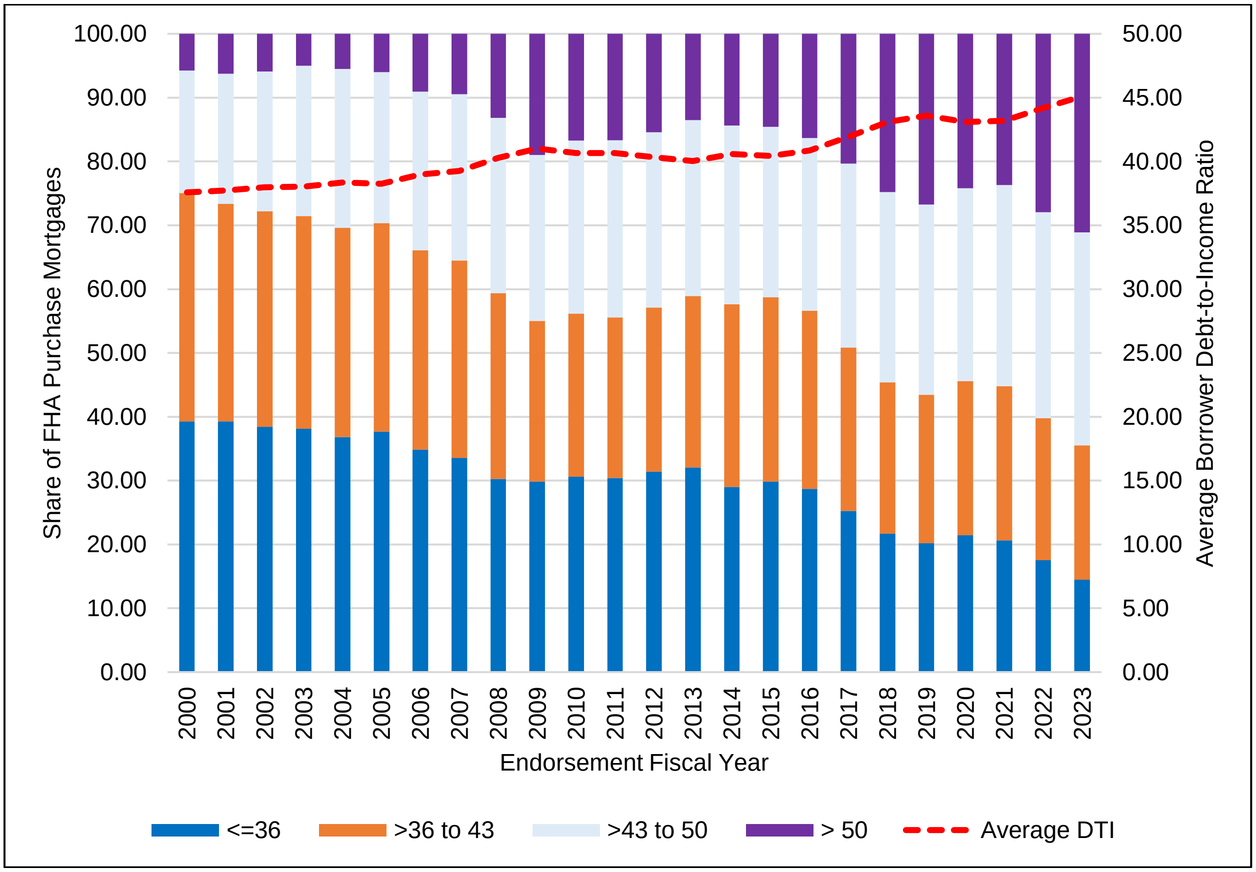
Exhibit III-8: Distribution of FHA Borrower Credit Score by Fiscal Year



NOTE: Borrower credit score data was not collected prior to 2005 and does not include Streamline Refinance mortgages.
SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-8 in Appendix D.

Exhibit III-8 above illustrates the distribution of credit scores for borrowers with FHA-insured mortgages. The share of FHA endorsements with credit scores below 620 decreased from 12.18 percent in FY 2022 to 11.97 percent in FY 2023. The share of endorsements with credit scores of 720 or higher increased from 10.67 percent in FY 2022 to 14.95 percent in FY 2023.

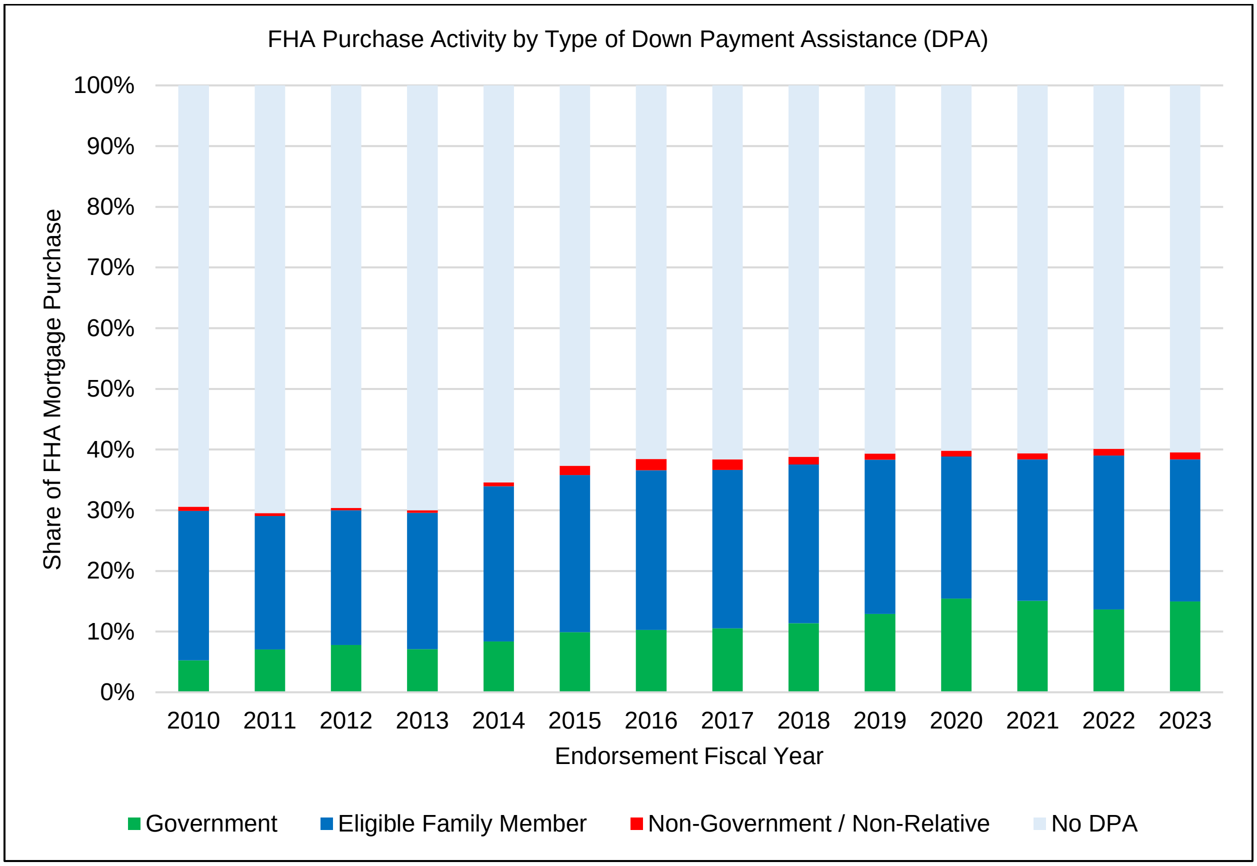
Exhibit III-9: Borrower Debt-to-Income (DTI) Ratio for FHA Purchase Mortgages



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-9 in Appendix D.

The average debt-to-income (DTI) ratio for borrowers with FHA-insured purchase transaction mortgages increased in the past fiscal year, from 44.19 percent in FY 2022 to 45.10 percent in FY 2023, as illustrated in Exhibit III-9 above. The upward trend of DTI ratios is primarily a result of decreasing affordability in the housing market, as much higher home prices and rising mortgage rates have substantially increased borrowers' monthly mortgage payments and vastly outpaced the rise in household incomes.

Exhibit III-10: FHA Purchase Activity by Type of Down-Payment Assistance

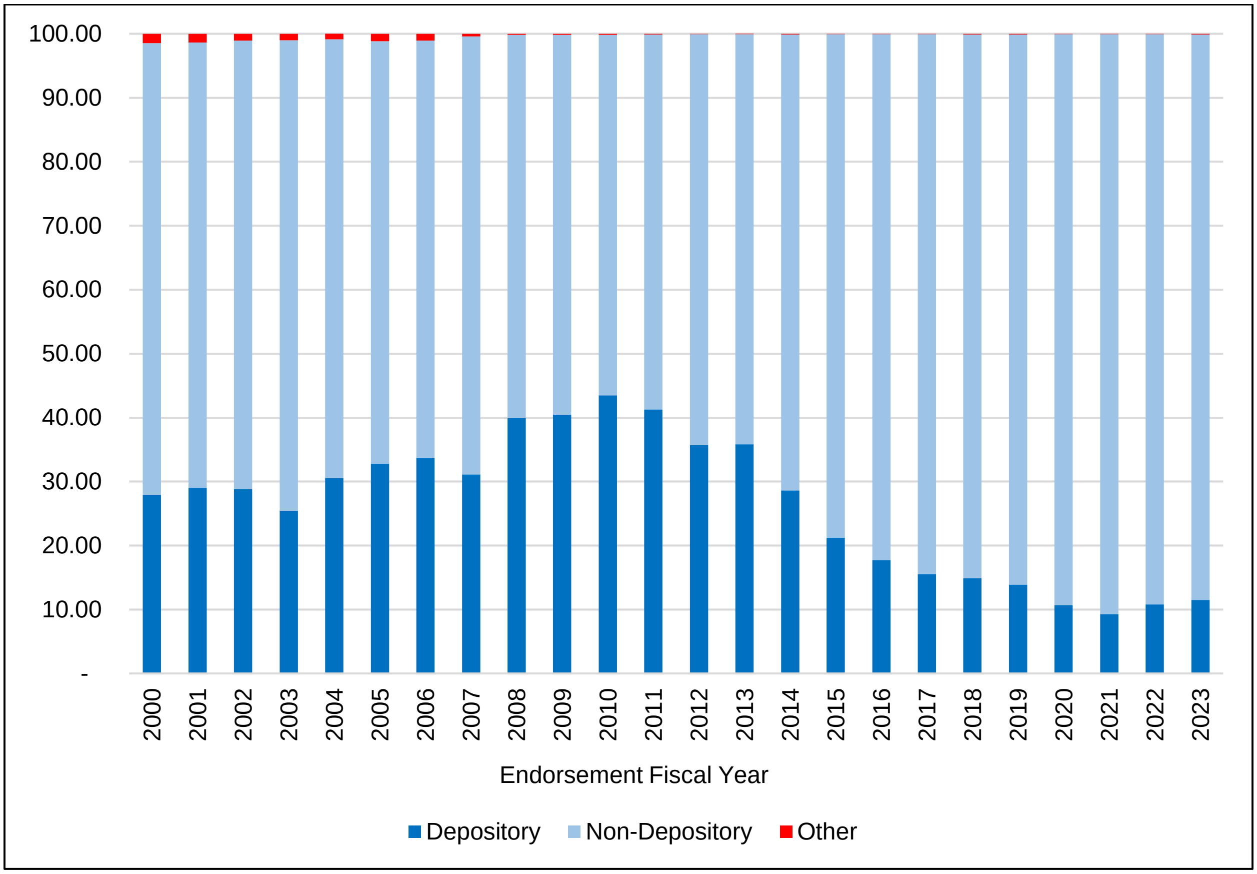


NOTE: Data does not account for instances where down-payment assistance data was missing from origination data submitted to FHA.
SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-10 in Appendix D.

FHA permits a borrower's minimum required investment, often referred to as a down-payment, to be funded by eligible sources other than the borrower. As Exhibit III-10 shows above, in FY 2023, 39.53 percent of FHA purchase mortgage endorsements were for loans utilizing down-payment assistance. Gift funds from eligible family members were the largest source of down-payment assistance for borrowers with FHA-insured mortgages in FY 2023, representing 23.40 percent of FHA's total forward mortgage purchase volume this past fiscal year. Loans with down-payment assistance from government sources represented 14.98 percent of FY 2023 forward mortgage purchase endorsements.[5]

[5] 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.

Exhibit III-11: Lender Type for FHA Endorsement Activity

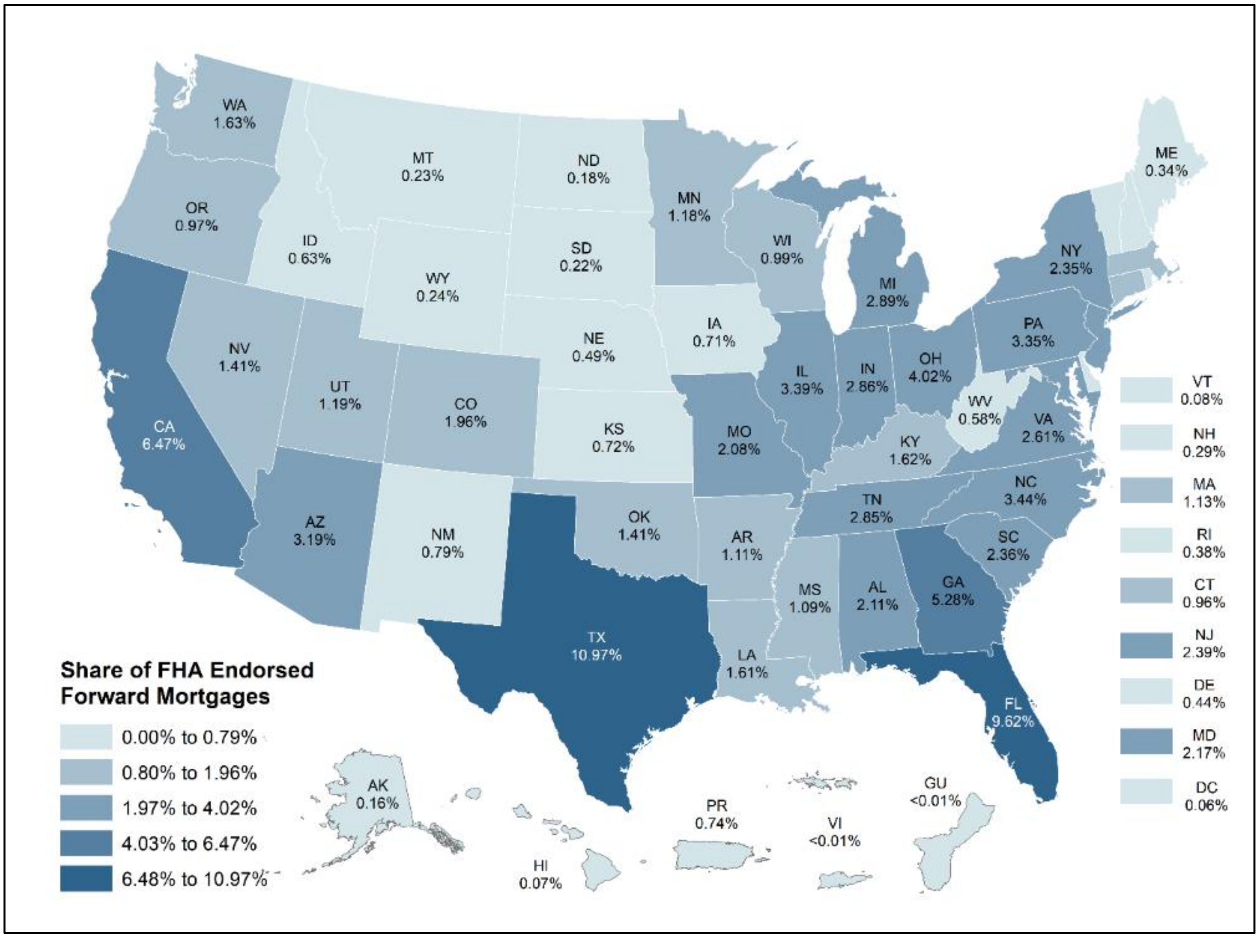


SOURCE: U.S. Department of HUD/FHA, October 2023. This includes all endorsements, including streamlines. Refer to data table D-11 in Appendix D.

Over the past decade, there has been a pronounced shift from depository banks to independent, non-depository mortgage banks as the primary source of origination for FHA-insured mortgages. This shift has occurred in both FHA's forward and HECM programs. The shift to non-depositories as originators and servicers comes with its own set of liquidity challenges, especially as increased interest rates make it more expensive for these businesses to borrow money. Non-depository institutions typically must borrow to fund their business operations and obligations as FHA counterparties.

Over the past thirteen years, an increasing share of new FHA endorsements were originated by non-depository institutions, as illustrated in Exhibit III-11 above. In FY 2023, non-depository lenders originated mortgages representing 88.39 percent of all FHA forward endorsements. This is up from 56.37 percent in FY 2010. However, the share of endorsements originated by depositories increased for the second consecutive year, from 10.80 percent in FY 2022 to 11.51 percent in FY 2023.

Exhibit III-12: FY 2023 FHA Forward Endorsement Concentration by State

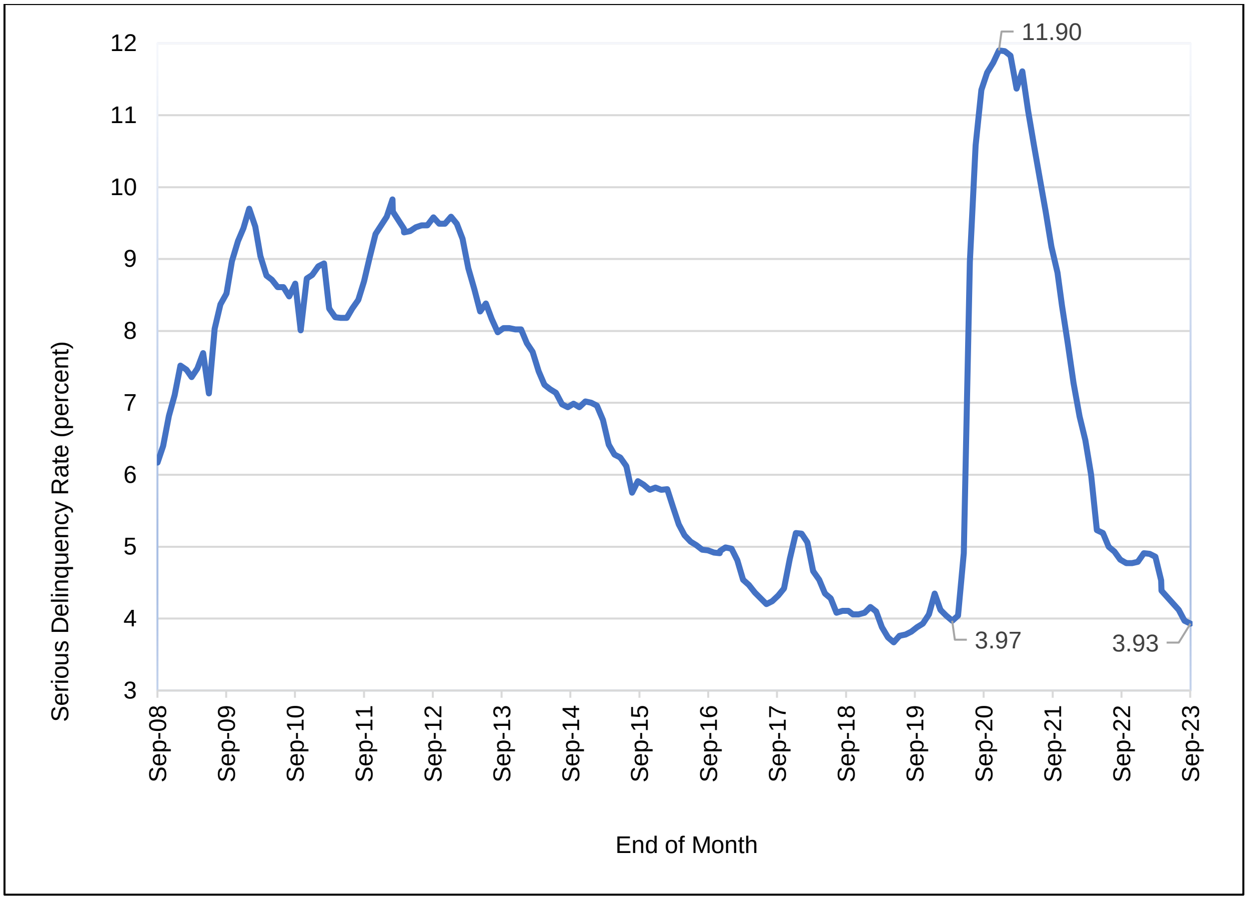


SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-12 in Appendix D.

Exhibit III-12 above shows the percentage of FY 2023 FHA insurance endorsements by state. The three most populous states, Texas, Florida, and California, are also the states that had the greatest counts of FHA-insured mortgage endorsements in FY 2023, totaling 27.06 percent of forward endorsements. Slightly more than half of all forward endorsements were concentrated in just ten states.

Forward Mortgage Program: Portfolio Overview and Performance Trends

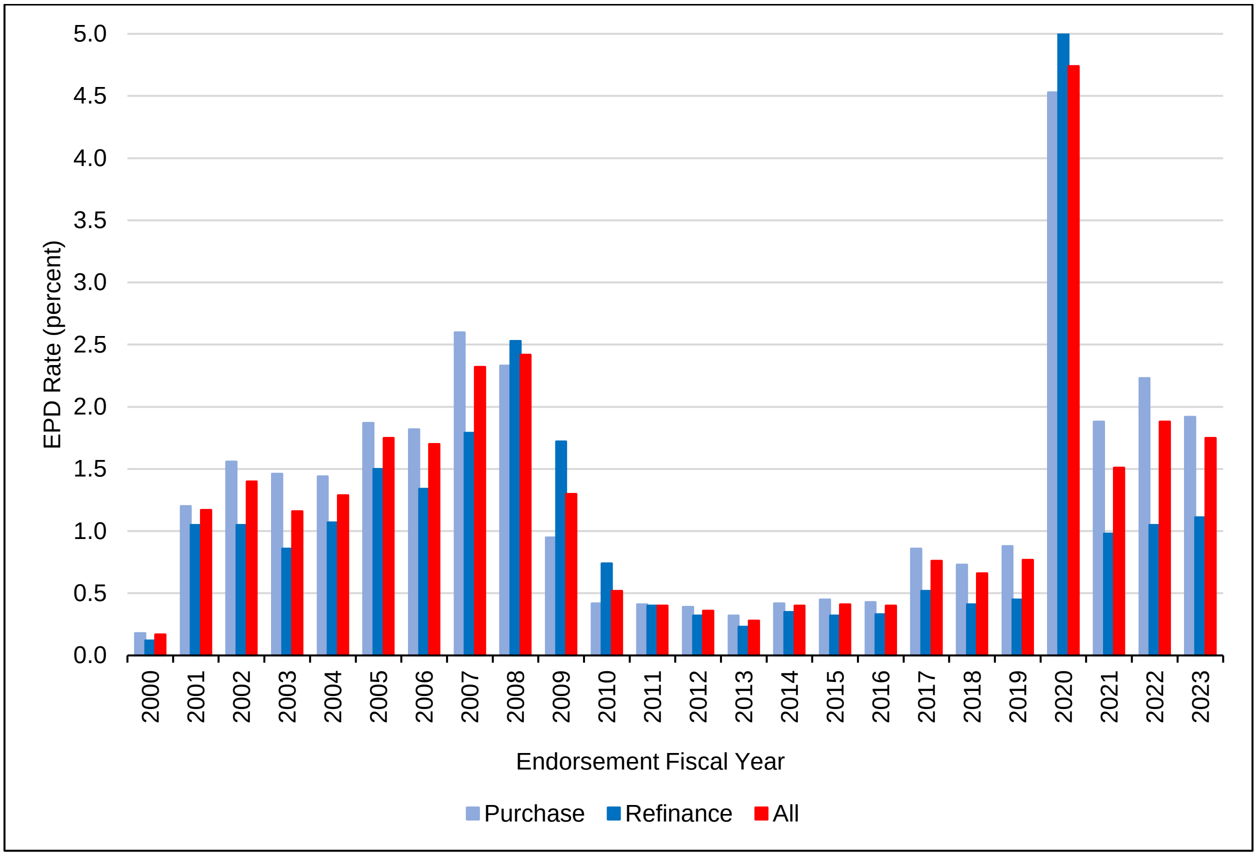
Exhibit III-14: Historical Seriously Delinquent Rates for FHA Mortgages



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-14 in Appendix D.

As noted previously and reflected in Exhibit III-14 above, starting in April 2020, a significant number of FHA borrowers began to request approval to defer their monthly mortgage payments through forbearance. The SDQ 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 SDQ rate quickly decreased from 8.81 percent at the end of FY 2021 to 3.93 percent at the end of FY 2023, in line with pre-pandemic levels.

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



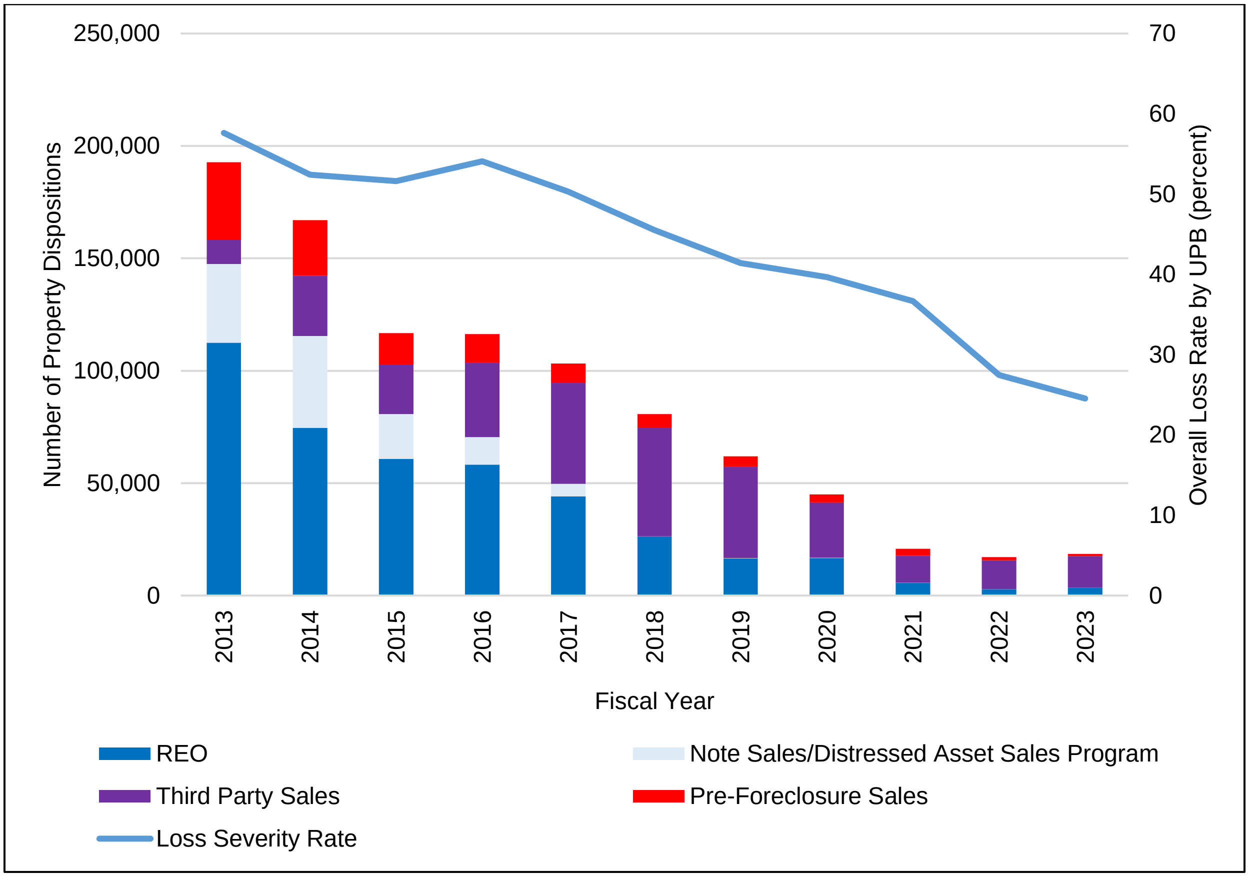
NOTE: FY 2023 data is through February 2023.
SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-15 in Appendix D.

Early Payment Defaults (EPDs) are FHA-insured mortgages in which the borrower becomes 90 days or more delinquent within the 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 more challenging to rely on EPD rates alone as an indicator of mortgage performance, and overall SDQs have trended downward. FHA continues to closely monitor trends in delinquency transitions from 30 days to 90+ days for signs of additional stress.

As illustrated in Exhibit III-15 above, EPD rates remained relatively low from FY 2010 through FY 2019. Adverse impacts of the COVID-19 pandemic began to dominate the second half of FY 2020. Starting in April 2021, a significant number of FHA borrowers began to request approval to defer their monthly mortgage payments under the forbearance program. As a result, the EPD rate rose from 0.60 percent in March 2020 before peaking at 9.27 percent in July 2020. The EPD rate has since decreased to 1.75 percent at the end of FY 2023, much lower than the July 2020 peak but still elevated from pre-pandemic levels.

Loss and Claims Activity

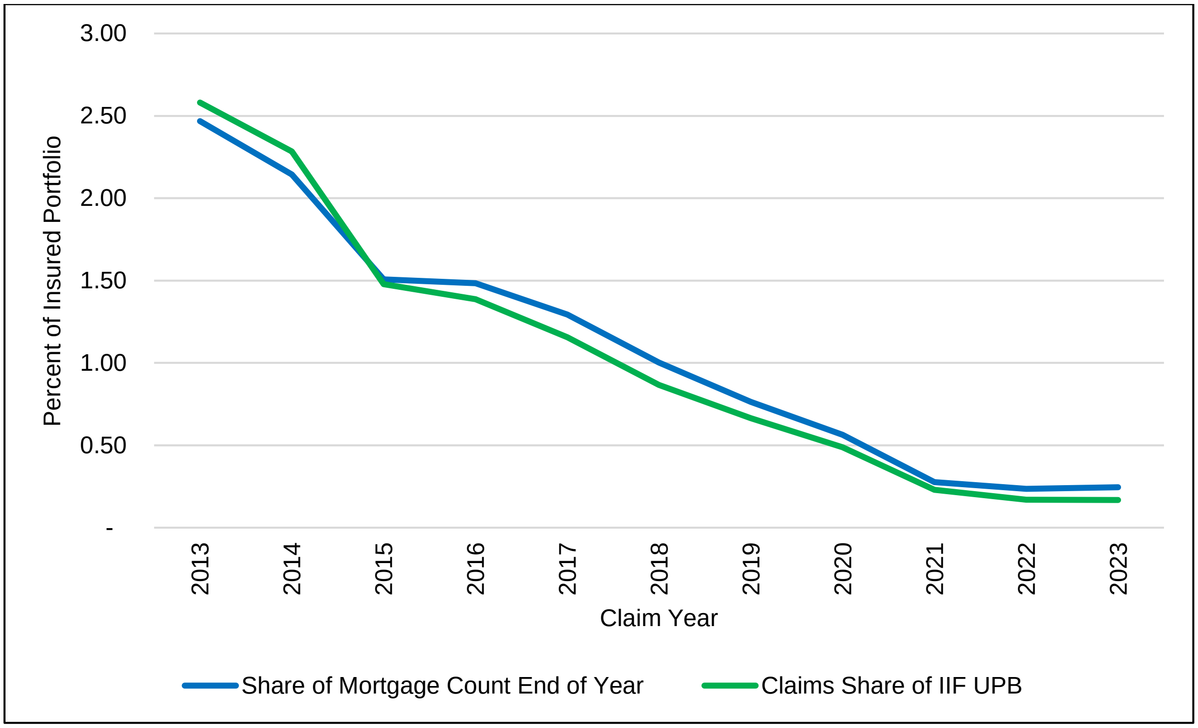
Exhibit III-16: FHA Loss Severity and Claim Count by Disposition Type



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-16 in Appendix D.

Exhibit III-16 above shows the average loss rate for defaulted FHA-insured mortgages declined to 24.54 percent in FY 2023, down from a peak of 57.62 percent in FY 2013. The decline in loss severity was chiefly due to the substantial growth in home price appreciation, which increased proceeds for sales of defaulted assets. The total supply of assets for disposition declined precipitously in FY 2021 and FY 2022, as foreclosure and eviction moratoria limited foreclosures exclusively to vacant properties but rose slightly in FY 2023 as those restrictions were lifted.

Exhibit III-17: Annual FHA Insurance Claim Payments as a Share of Mortgage Count and Initial Insurance-in-Force



NOTE: Data through October 31, 2023, includes funds outside of MMI Fund. Includes outbids.
SOURCE: U.S. Department of HUD/FHA, October 2023.Fiscal Year 2023 data may have de minimis adjustments due to late reporting of disposition sales.
Refer to data table D-17 in Appendix D.

Exhibit III-17 above reflects claims paid as a percentage of IIF for both the number of claims and the dollar balance of claims. The continued low level in claims paid as a percentage of IIF since FY 2013 reflects a favorable housing and economic environment and successful loss mitigation by servicers of FHA-insured mortgages. The foreclosure moratorium extended by the Biden-Harris Administration during the COVID-19 pandemic further reduced the share of claims throughout the duration of the national emergency.

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 various requirements to withdraw an actuarially determined portion of the value of their home without any corresponding requirement to repay amounts borrowed. Instead, the principal borrowed, along with interest, Mortgage Insurance Premiums, and servicing fees, are added 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 risk exposure:

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

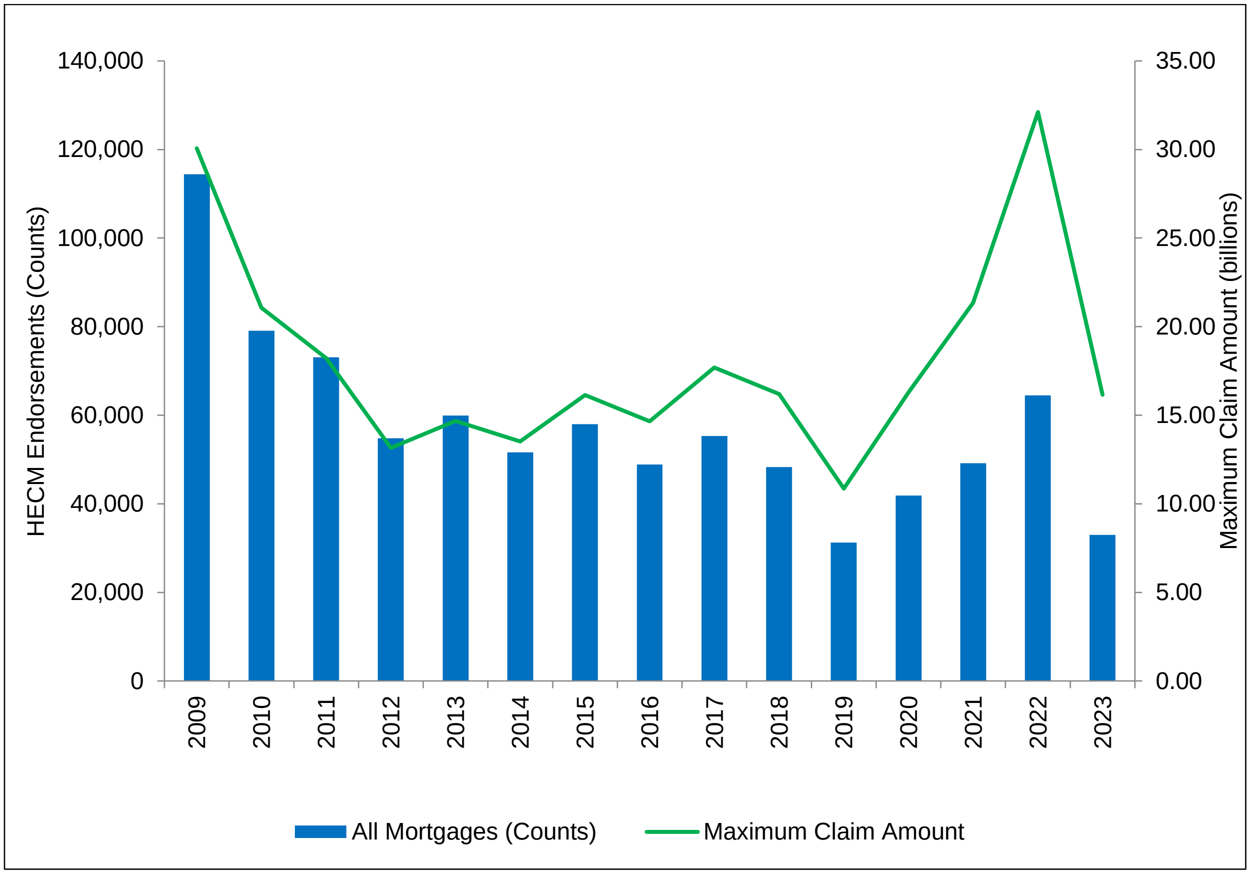
- Defining a Principal Limit Factor that limits the percentage of the initial equity that a HECM borrower can draw. Conceptually, the Principal Limit Factor is very similar to the LTV ratio applied to a traditional forward mortgage.

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,[6] and the interest rate charged to the borrower.

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. In FY 2009, all new HECM endorsements became obligations of the MMI Fund. The program expanded from $93.2 billion of HECM Maximum Claim Amount insured by FHA in the 19 years prior to FY 2009 to over $266 billion insured in the 15 fiscal years since.

[6] 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: FHA HECM Endorsement Activity

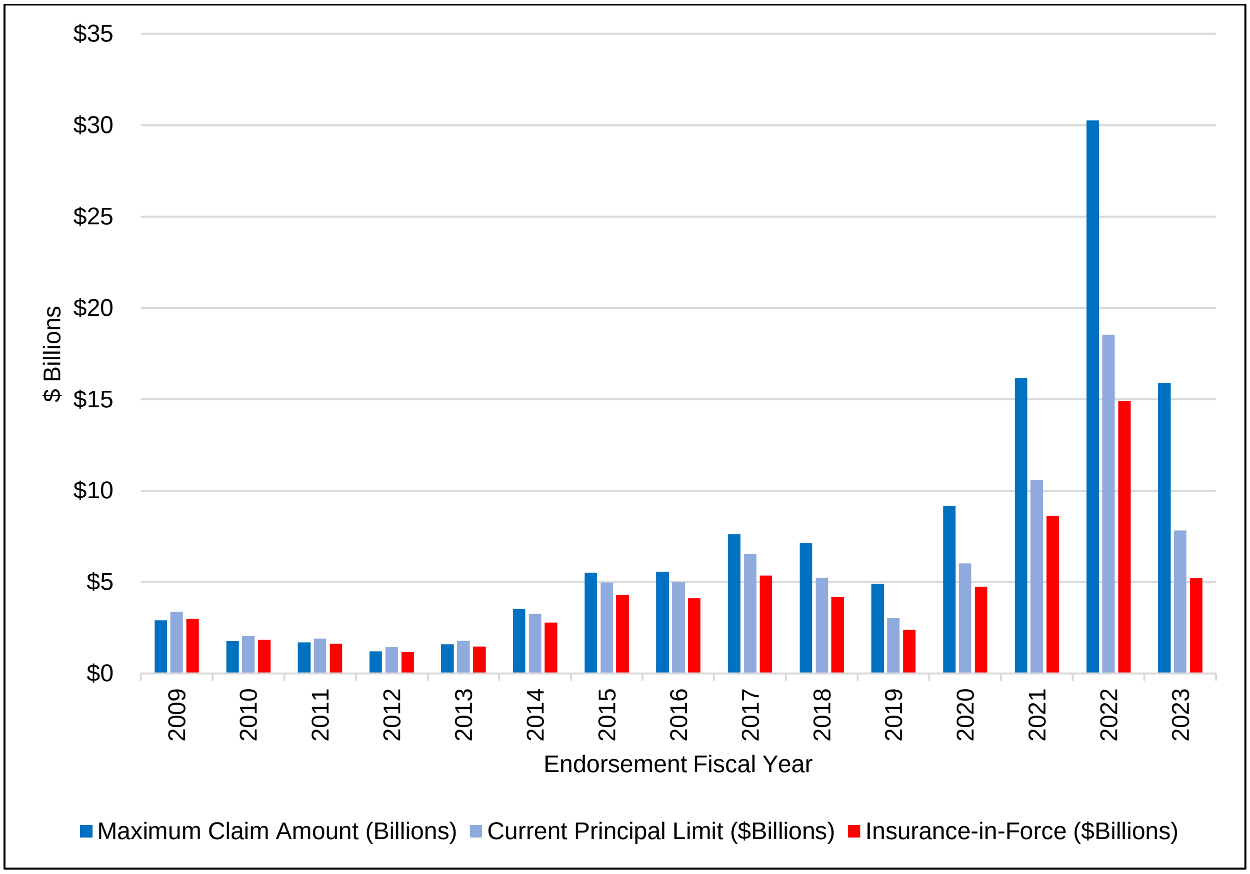


SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-18 in Appendix D.

As shown in Exhibit III-18 above, FHA provided insurance endorsements for 32,963 HECMs in FY 2023, representing a Maximum Claim Amount[7] of $16.16 billion. This number has declined 50 percent from last year's record high endorsement amount.

[7] 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.

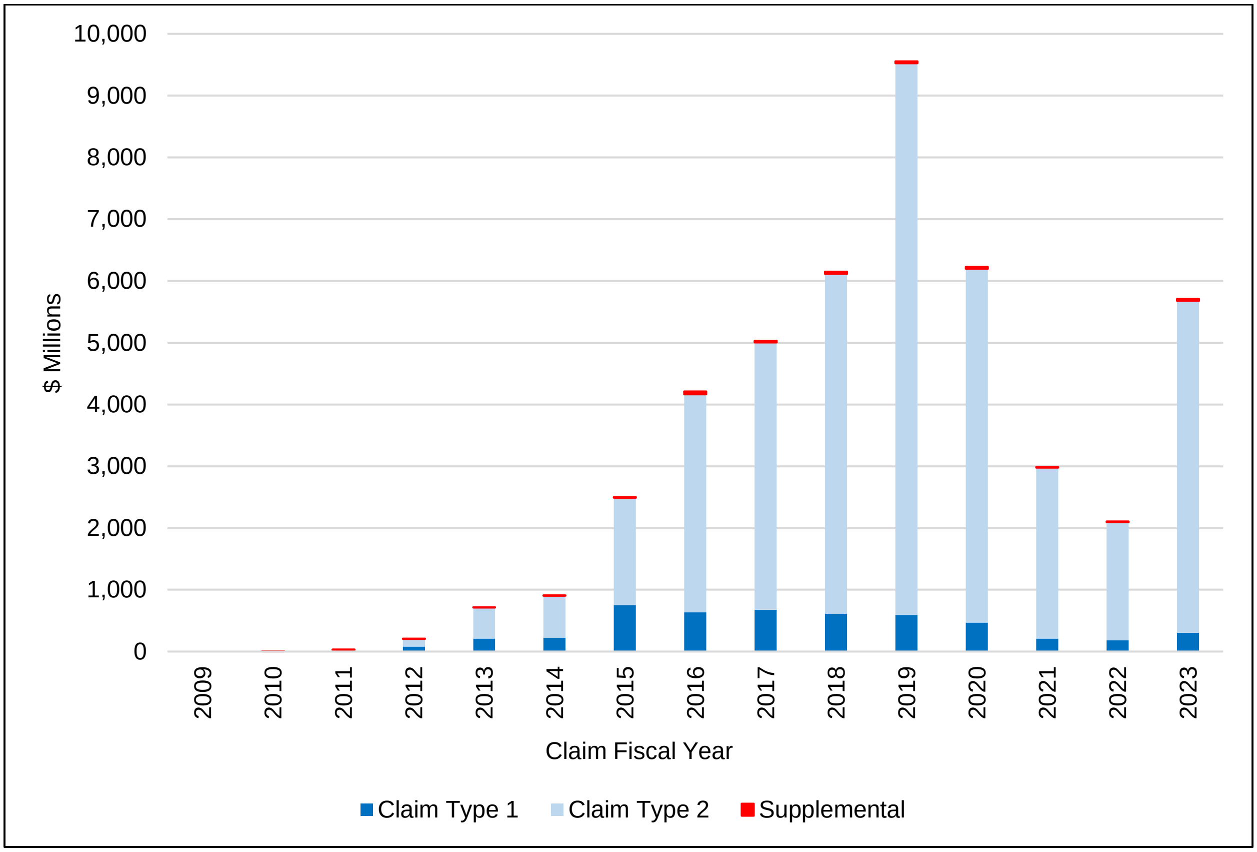
Exhibit III-19: Current HECM Portfolio by Year of Endorsement



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-19 in Appendix D.

Exhibit III-19 above provides a breakdown of the current HECM portfolio by vintage year. For each vintage year, the current outstanding Maximum Claim Amount, current total principal limit, and current IIF are shown. As of September 30, 2023, the HECM portfolio in the MMI Fund represented a total Maximum Claim Amount of $115 billion, a current principal limit of $82 billion, and a current IIF of $66 billion. The growth in Maximum Claim Amount has largely corresponded with overall appreciation in housing markets.

Exhibit III-20: FHA HECM Claims by Claim Type



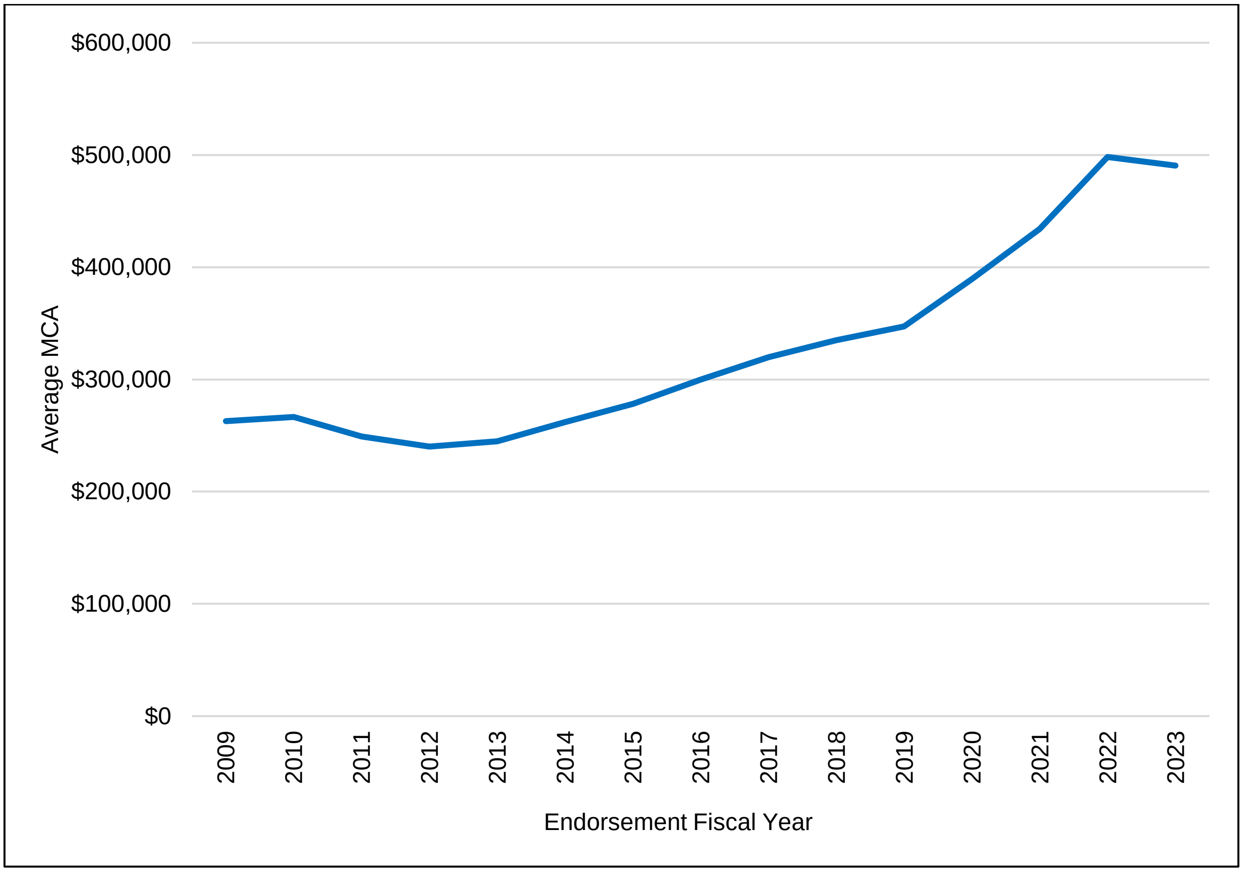
SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-20 in Appendix D.

Exhibit III-20 above shows the total amount and distribution of HECM claims by claim type. 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. 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 Maximum Claim Amount. Supplemental claims are those claims submitted by lenders for other eligible expenses not included in original claims, such as property preservation expenses.

In FY 2023, claims totaled $5.70 billion, up from $2.10 billion in FY 2022. Type 2 claims accounted for a majority of the increase in total claim amount under the HECM program. Type 2 claims increased between FY 2009 and FY 2019, primarily due to the seasoning of the HECM portfolio, which resulted in more mortgage balances reaching 98 percent of the Maximum Claim Amount. Additionally, the increase in Type 2 claims in FY 2023 is primarily due to FHA's streamlining of HECM claim submission procedures.

The introduction of the Mortgagee Optional Election Assignment was another contributing factor to the increase in Type 2 claims. The Mortgagee Optional Election, which may be offered at the discretion of an FHA-approved servicer, refers to an alternative claim payment option in which HUD pays the insurance claim and an eligible non-borrowing spouse is allowed to remain in the home. The Mortgagee Optional Election is available for all HECMs with FHA case numbers assigned prior to August 4, 2014.

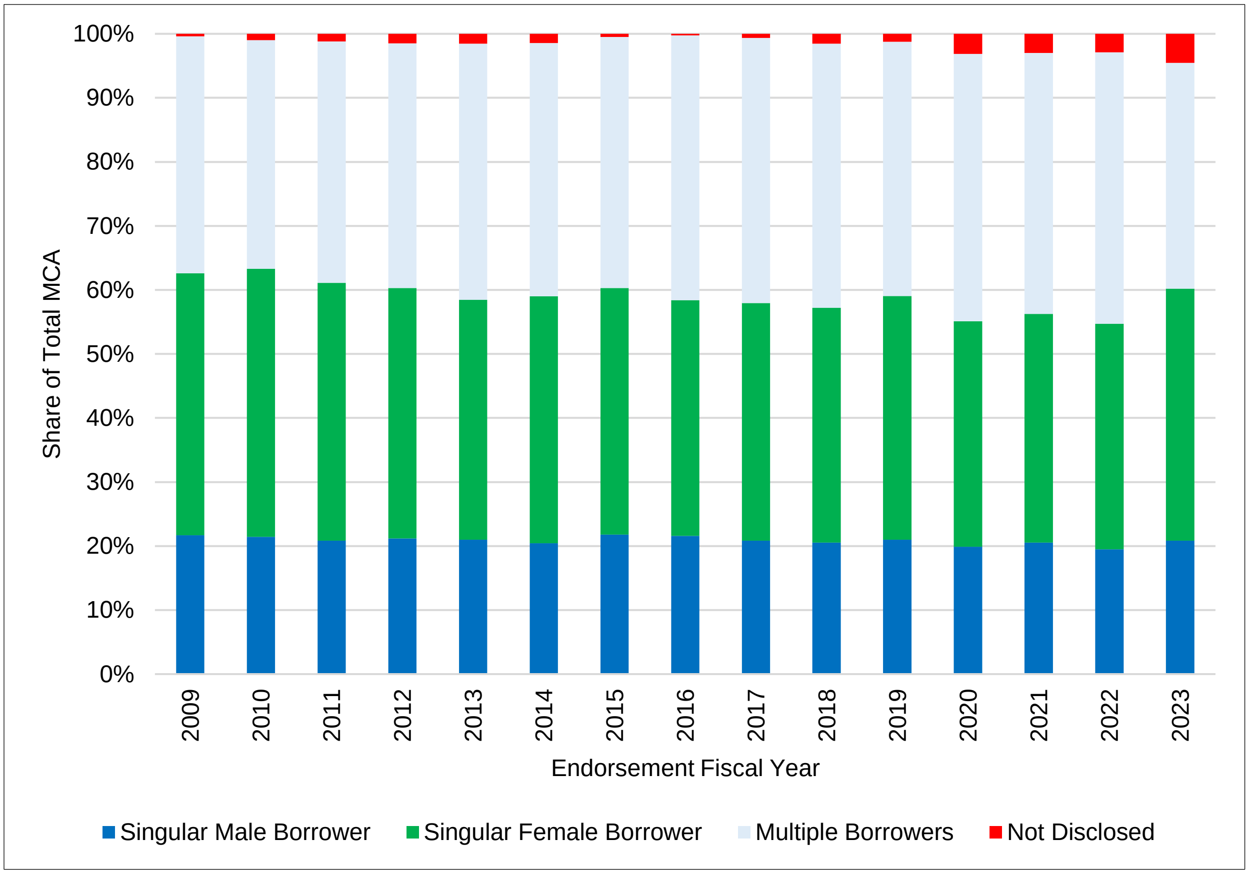
Exhibit III-21: Average Maximum Claim Amount for FHA-Endorsed HECMs



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-21 in Appendix D.

As shown in Exhibit III-21 above, after increasing every year since 2013, the average Maximum Claim Amount per HECM endorsement decreased slightly to $490,396 in FY 2023 from last year's record high of $498,210. Rising average Maximum Claim Amounts coincide with higher appraised values on homes occupied by HECM borrowers. The FHA maximum loan limit for HECMs in FY 2023 was $1,089,300. This limit is currently applied uniformly across the country, unlike the FHA forward mortgage loan limits that vary based on geographic locations.

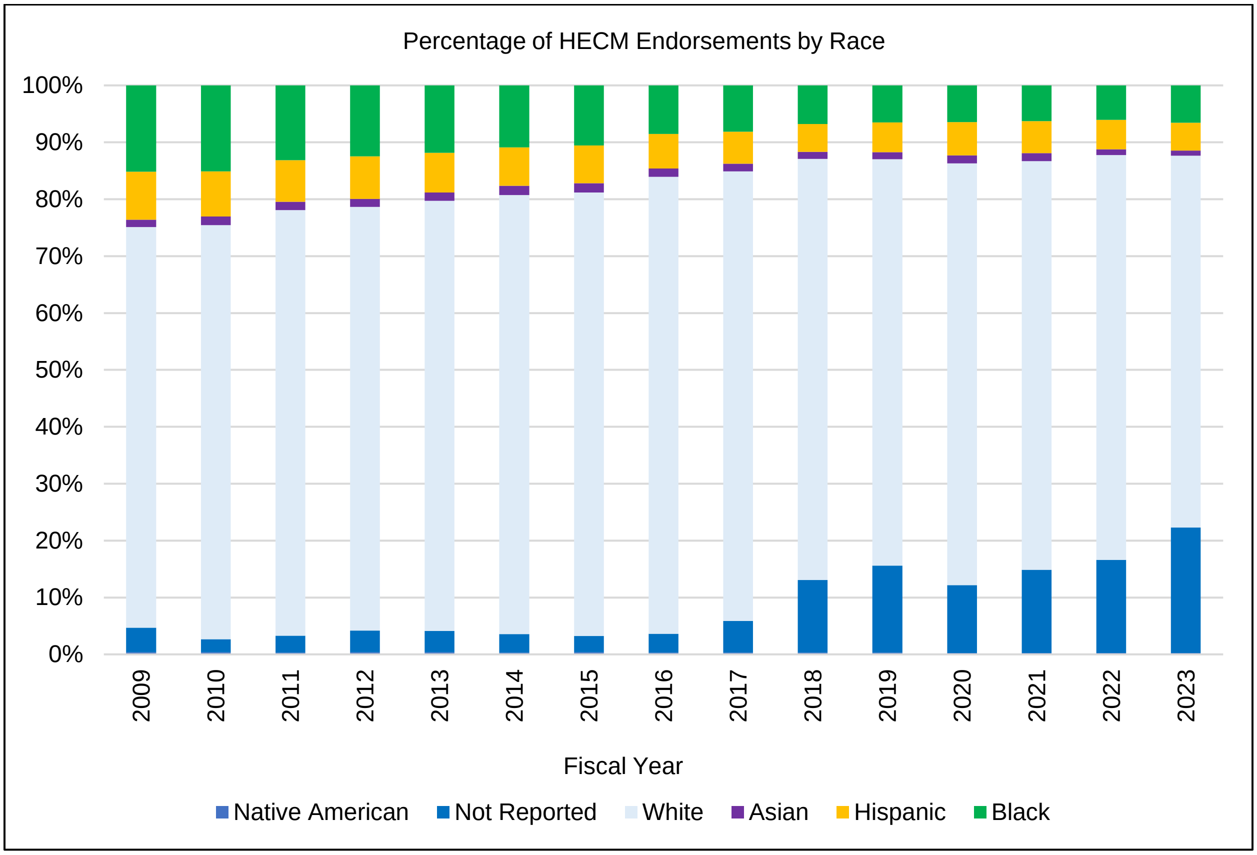
Exhibit III-22: Composition of FHA HECM Borrowers



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-22 in Appendix D.

Exhibit III-22 above illustrates the share of HECM endorsement counts by borrower type. In FY 2023, 39.40 percent of HECM endorsements served singular female borrowers, 20.82 percent served singular male borrowers, and 35.25 percent served multiple borrowers. The composition of HECM borrowers has remained relatively consistent since FY 2009.

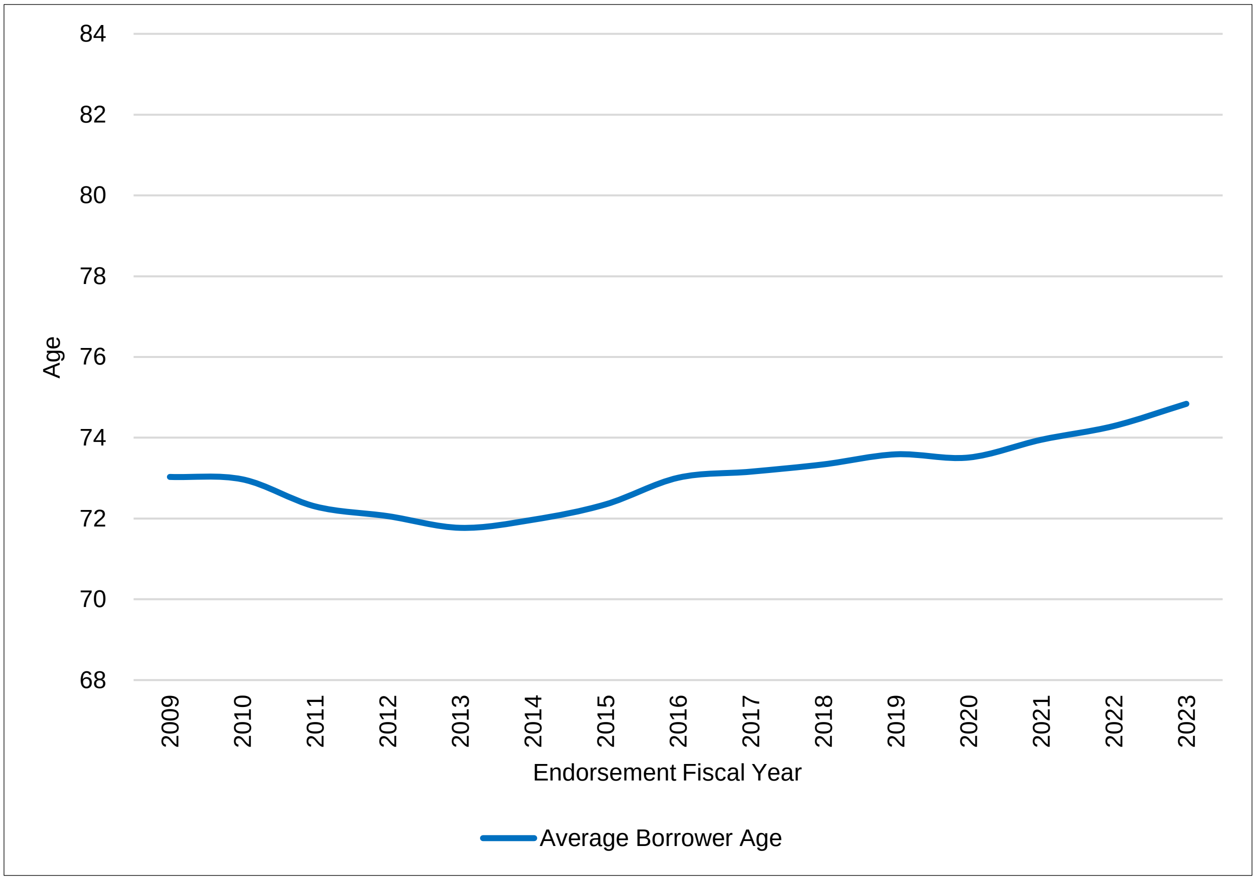
Exhibit III-23: Racial Composition of FHA HECM Borrowers



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-23 in Appendix D.

Exhibit III-23 above illustrates the share of HECM endorsement counts by race/ethnicity. In FY 2023, 66.19 percent of HECM endorsements served White borrowers, 6.58 percent served Black borrowers, 4.84 percent served Hispanic borrowers, 0.89 percent served Asian borrowers, and 0.38 percent served Native American borrowers. Documentation of race/ethnicity is voluntary. The share of non-respondents for HECMs has climbed in recent years, reaching 21.12 percent in FY 2023.

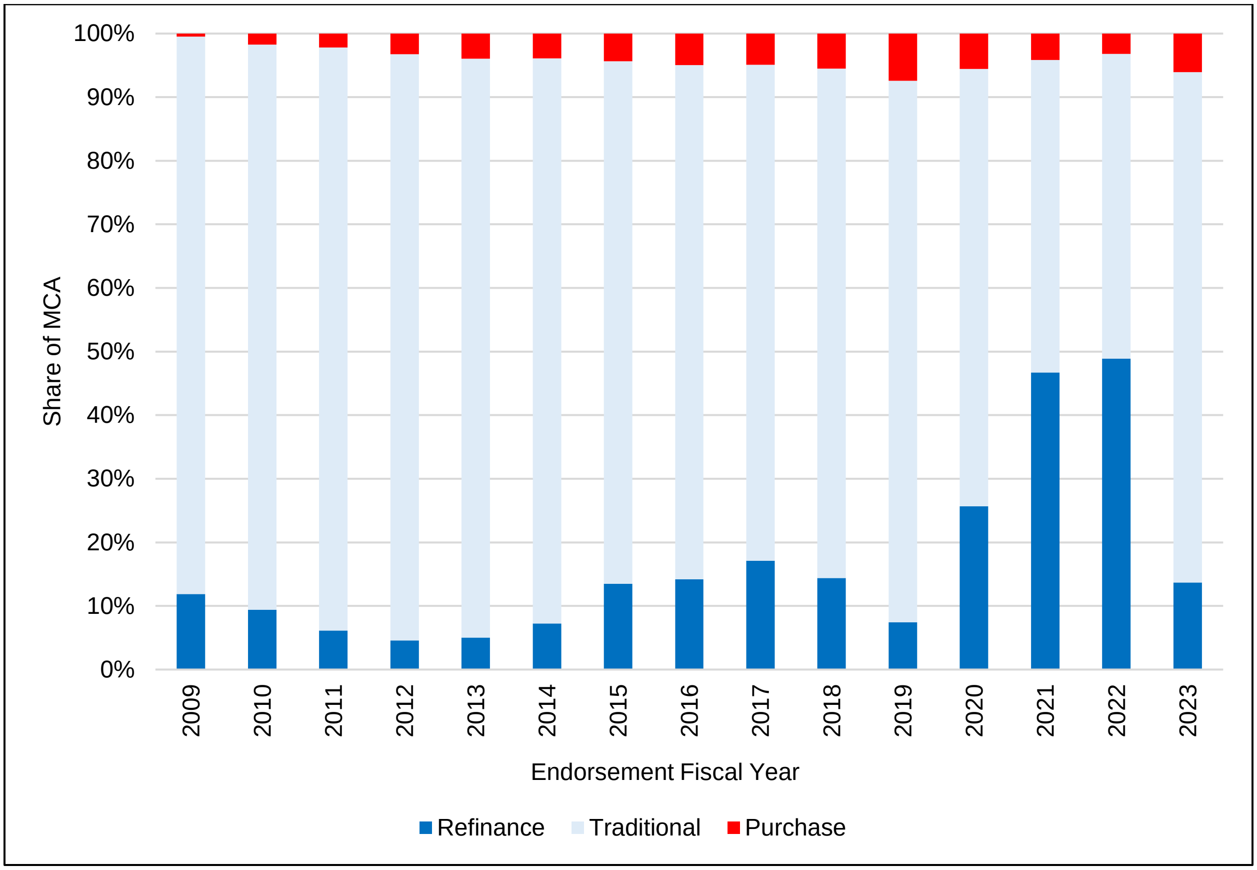
Exhibit III-24: Average Borrower Age at Endorsement of FHA HECMs



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-24 in Appendix D.

Exhibit III-24 above shows the trend in the average age of HECM borrowers, which has been relatively stable. In FY 2023, the average borrower age increased slightly to 74.84 years from 74.29 years in FY 2022.

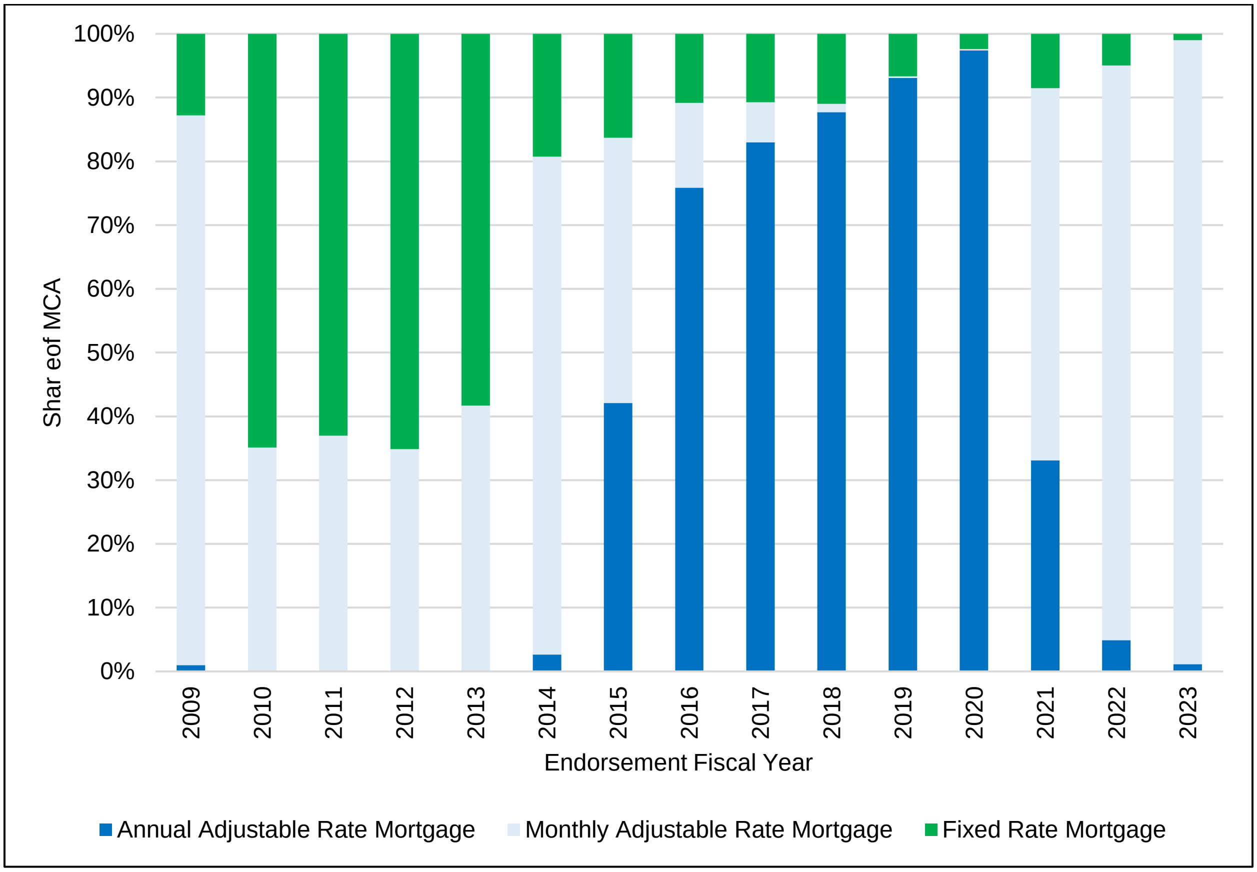
Exhibit III-25: FHA HECM Endorsement Activity by Mortgage Purpose



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-25 in Appendix D.

As shown in Exhibit III-25 above, the share of HECM Maximum Claim Amount for refinance transactions rose from FY 2019 to FY 2022 before substantially declining in FY 2023. The share of HECM refinances decreased this fiscal year, falling from 48.90 percent of endorsements in FY 2022 to 13.70 percent in FY 2023. Refinance transactions allow existing homeowners to tap into subsequent increases in home value; however, higher interest rates reduce the amount borrowers can extract and the compounding of higher interest reduces at a faster rate the equity available to a borrower, which may have further discouraged refinance activity during FY 2023.

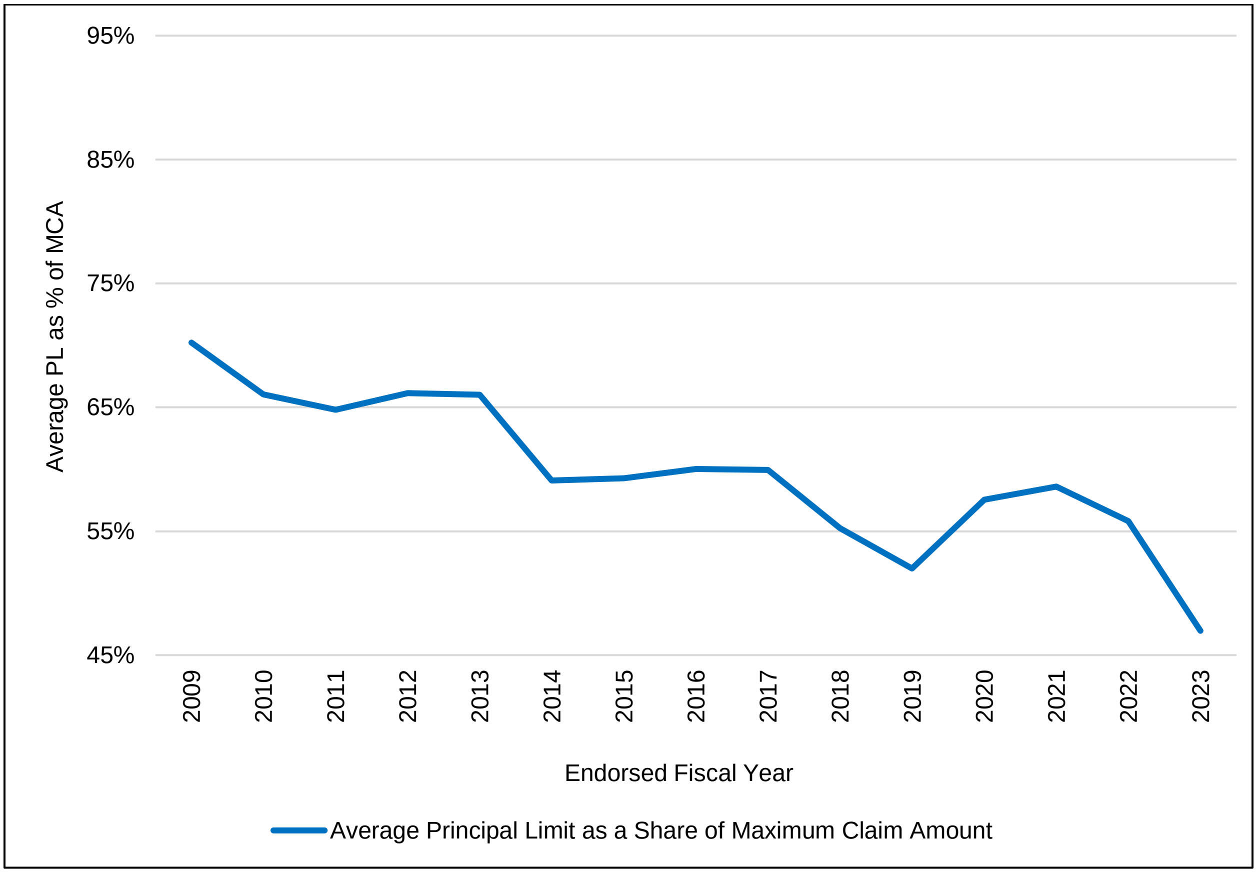
Exhibit III-26: FHA HECM Endorsement Activity by Mortgage Type Option



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-26 in Appendix D.

Exhibit III-26 above illustrates the shift from fixed-rate HECMs to adjustable-rate HECMs since FY 2013. In FY 2023, 97.87 percent of FHA's HECM endorsements were for adjustable-rate mortgages (ARMs). This change in composition is, in part, a result of policies implemented in FY 2014, including eliminating the option of future draws and a reduction in the amount of principal made available to the borrower.

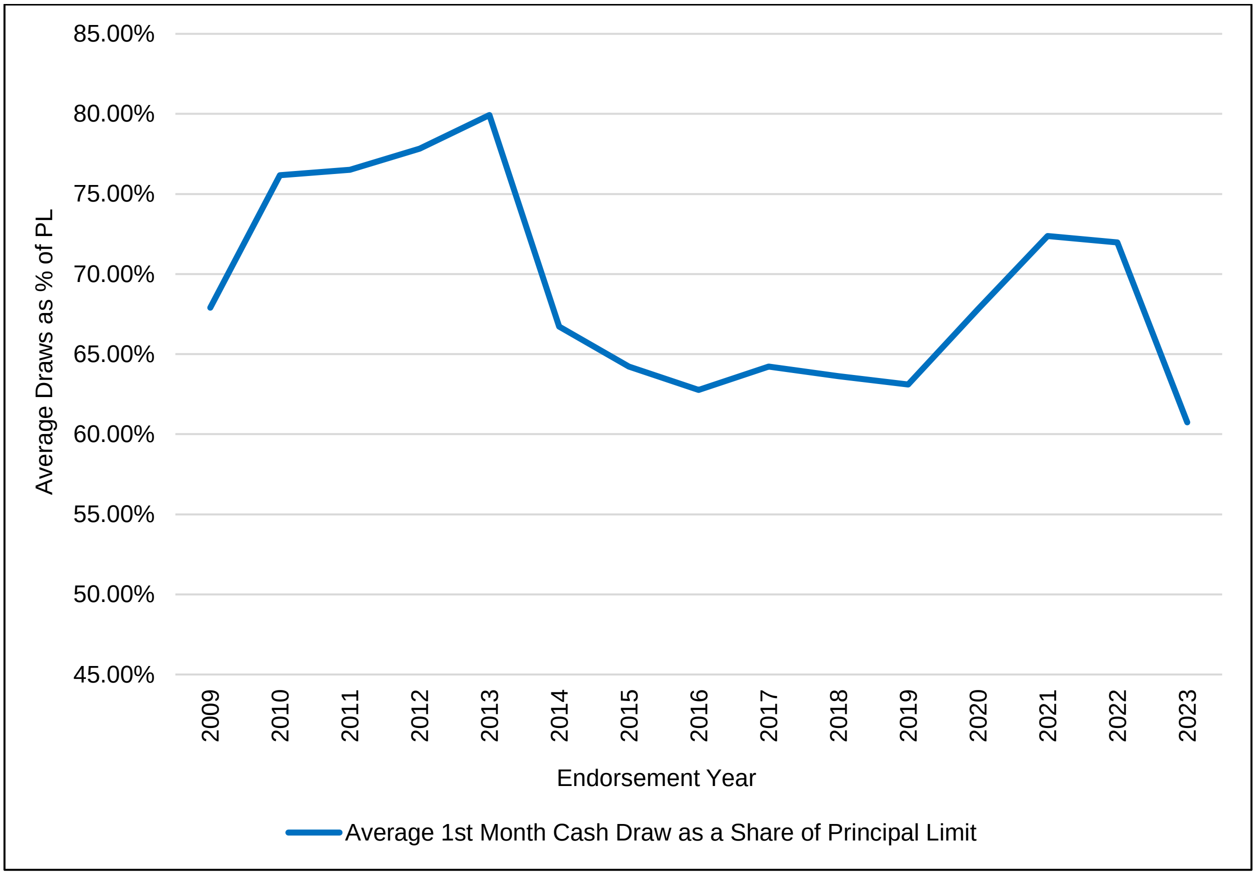
Exhibit III-27: Average Principal Limit of FHA HECMs



SOURCE: U.S. Department of HUD/FHA, October 2022.
Refer to data table D-27 in Appendix D.

Exhibit III-27 above shows the average principal limit, or the maximum amount that borrowers are permitted to withdraw, for a HECM originated in FY 2023 was 46.96 percent of the Maximum Claim Amount, down from 55.81 percent in FY 2022.

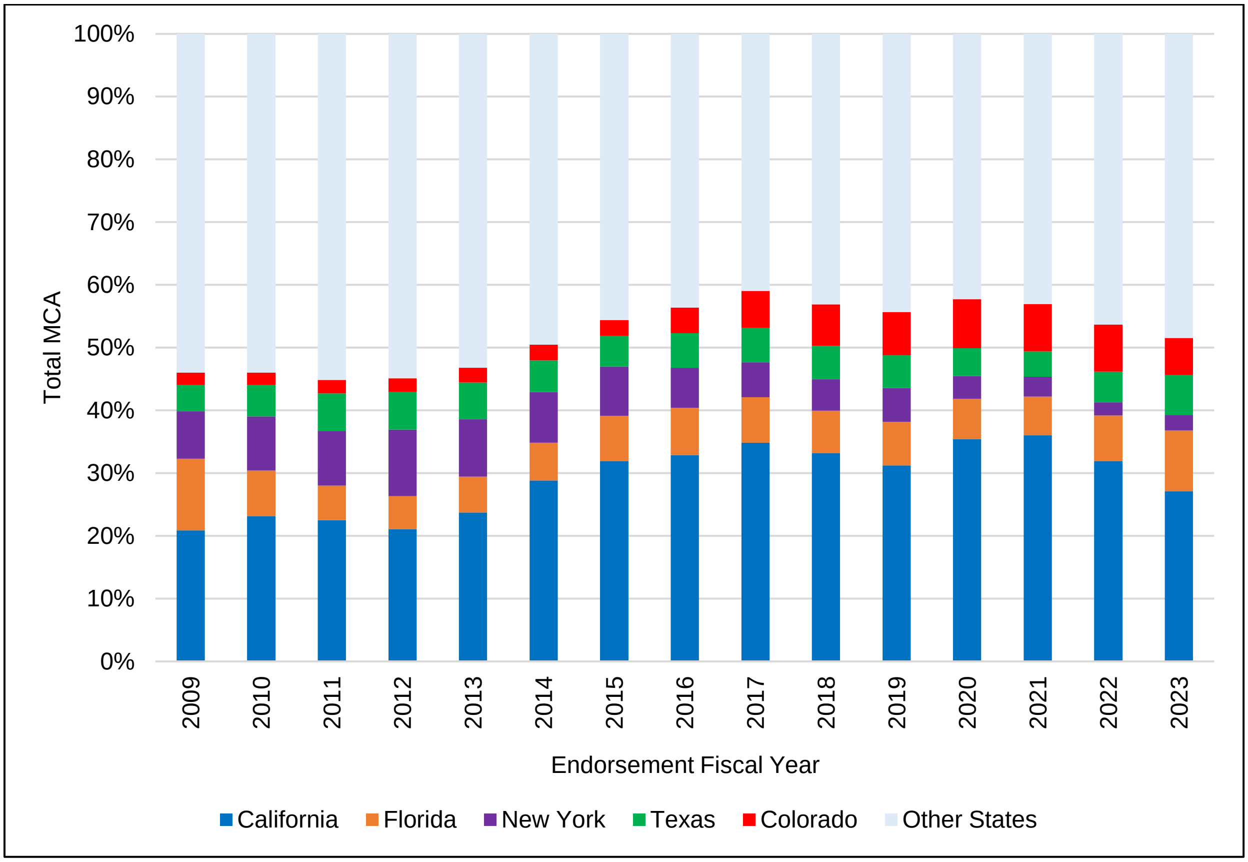
Exhibit III-28: Average Initial Cash Draws of FHA-Endorsed HECMs



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-28 in Appendix D.

HECM borrowers withdrew an average of 60.74 percent of their available principal limit on their initial draw in FY 2023, as reflected in Exhibit III-28 above, a reduction from the FY 2022 level of 71.97 percent. Large upfront draws increase the risk to borrowers and to FHA because they decrease the financial resources available to pay future obligations such as taxes and insurance. In addition, large upfront draws cause HECM balances to compound more quickly, resulting in faster depletion of borrower equity in the home and increased potential losses for FHA.

Exhibit III-29: States with the Highest Share of FHA HECMs by Maximum Claim Amount

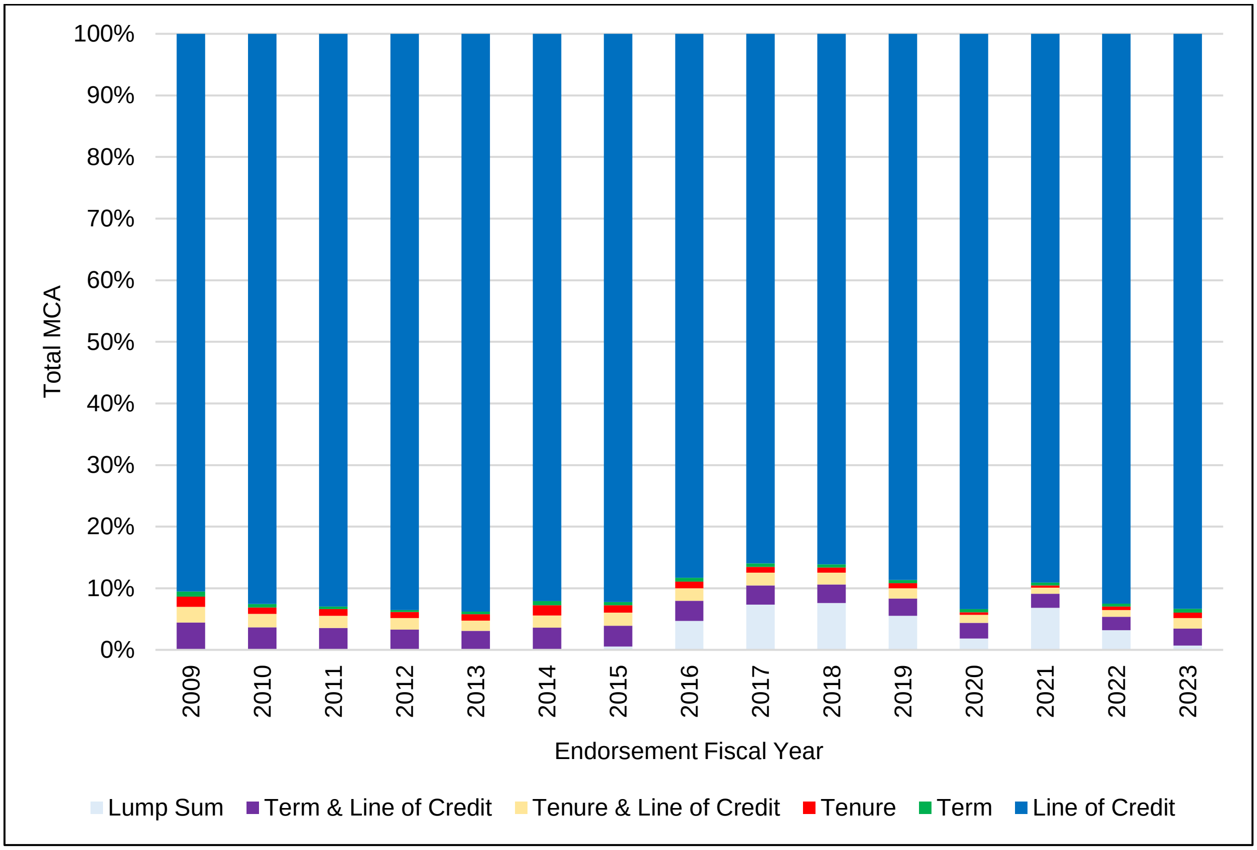


SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-29 in Appendix D.

HECMs are more geographically concentrated than FHA-insured forward mortgages, as shown in Exhibit III-29. California remains the state with the largest share of HECM production by far, at 27.12 percent of FHA's total FY 2023 HECM endorsements based on total Maximum Claim Amount. The top five states represented 51.56 percent of new HECM endorsements in FY 2023.

As a result, future HECM performance will most likely be more reliant on economic factors such as house price appreciation in these specific states, particularly in California, where the share of HECM Maximum Claim Amount is 2.81 times greater than that for Florida, the state with the second highest share of HECMs.

Exhibit III-30: FHA HECMs by Payment Plan Option



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-30 in Appendix D.

Exhibit III-30 above summarizes the share of aggregate HECM Maximum Claim Amount by payment plan option type for each fiscal year since FY 2009. 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.
- 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 calculate monthly draws based on the borrower's selection of term or tenure.

As was the case in previous years, the HECM Line of Credit draw option was the most popular payment plan type with HECM borrowers 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.

Chapter IV:
Condition of the Mutual Mortgage Insurance Fund

Mutual Mortgage Insurance (MMI) Fund Capital Ratio

As of September 30, 2023, the MMI Fund Capital Ratio stood at 10.51 percent of Insurance-in-Force (IIF), representing a nominal decrease of 0.60 percentage points from the FY 2022 MMI Fund Capital Ratio of 11.11 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 such study. The actuarial study serves as an independent verification of FHA's methodology. For this Annual Report, FHA engaged IT Data Consulting, LLC to test the reasonableness of FHA's FY 2023 estimates of forward and Home Equity Conversion Mortgage (HECM) Cash Flow Net Present Values (NPVs). FHA's and IT Data Consulting's estimates were prepared in accordance with the Federal Credit Reform Act and Actuarial Standards of Practice.

Consistent with the Federal Credit Reform Act of 1990, the NPV of future MMI Fund cash flows (Cash Flow NPV) were estimated using the President's Economic Assumptions. Forecast scenarios of Cash Flow NPV were estimated by FHA and tested for reasonableness by IT Data Consulting. For FY 2023, IT Data Consulting concluded that FHA's Cash Flow NPV is reasonable and within IT Data Consulting's reasonable range of Actuarial Estimates.

IT Data Consulting's Actuarial Reviews 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: Mutual Mortgage Insurance Fund Balance and Capital Ratio FY 2020 to FY 2023 ($ millions)

Description	FY 2020	FY 2021	FY 2022	FY 2023
Total Capital Resources	$70,652	$83,604	$98,441	$110,529
Cash Flow NPV	$8,298	$16,871	$43,260	$34,778
MMI Fund Capital	**$78,950**	**$100,475**	**$141,701**	**$145,307**
Insurance-In-Force	$1,294,731	$1,251,270	$1,275,212	$1,382,817
Total Capital Resources	5.46%	6.68%	7.72%	7.99%
Cash Flow NPV	0.64%	1.35%	3.39%	2.51%
MMI Fund Capital Ratio	**6.10%**	**8.03%**	**11.11%**	**10.51%**

SOURCE: U.S. Department of HUD/FHA, October 2023.

As shown in Exhibit IV-1 above, MMI Fund Capital represents the sum of Total Capital Resources ("Assets") and Cash Flow NPV.

Cash Flow NPV is determined by combining two components:

- 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 prepay assumptions.

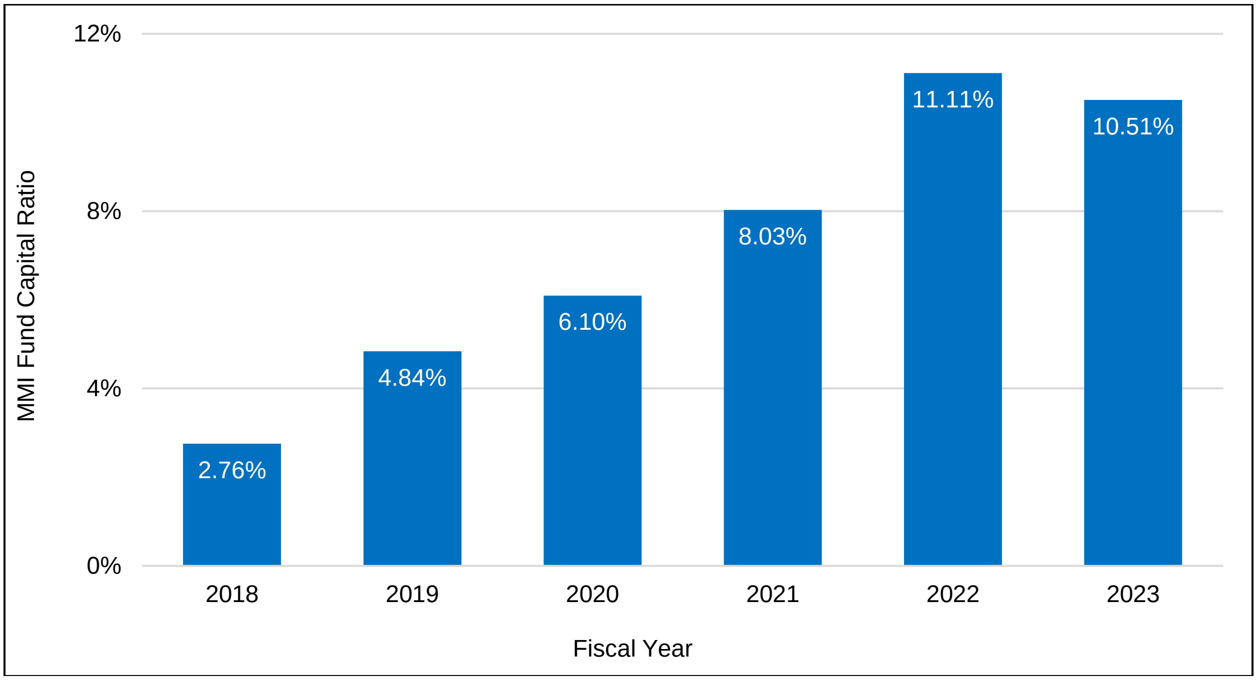
- Net Present Value of Projected Claims Losses (NPV Projected Losses) – Costs of projected claim payments and property preservation and disposition expenses minus collections from recoveries on defaulted loans.

The formulas for calculating MMI Fund Capital and the MMI Fund Capital Ratio are as follows:

- MMI Fund Capital[8] = (Total Capital Resources + NPV Projected Revenue – NPV Projected Losses)
- MMI Fund Capital Ratio = MMI Fund Capital / Total Insurance In Force

[8] 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 2018 to FY 2023



SOURCE: U.S. Department HUD/FHA, October 2023.
Refer to data table E-2 in Appendix E.

The MMI Fund Capital Ratio improved substantially in each of the five fiscal years preceding a nominal decrease of 0.60 percentage point this year, as shown by Exhibit IV-2 above. Despite the minor decrease in the ratio for FY 2023, the Capital Ratio remains more than five times higher than the Congressionally mandated level of two percent.

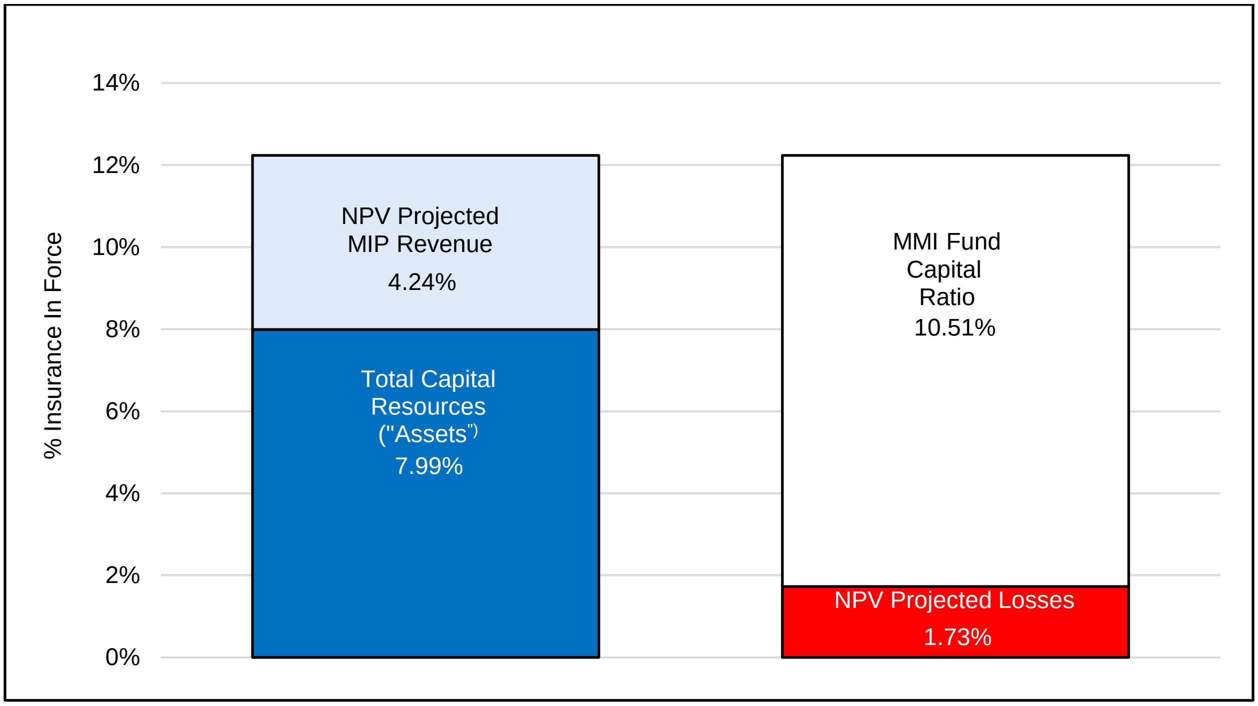
Exhibit IV-3: MMI Fund Capital Ratio Components FY 2020 to FY 2023 ($ in millions)

Description	FY 2020	FY 2021	FY 2022	FY 2023
Total Capital Resources	$70,652	$83,604	$98,441	$110,529
Plus: NPV Projected Revenue	$48,807	$49,045	$53,352	$58,675
Equals: Claims Paying Capacity	$119,459	$132,579	$151,793	$169,204
Less: NPV Projected Losses	($40,509)	($32,174)	($10,092)	($23,897)
Equals: MMI Fund Capital	**$78,950**	**$100,475**	**$141,701**	**$145,307**
Insurance-In-Force	$1,294,731	$1,251,270	$1,275,212	$1,382,817
Total Capital Resources	5.46%	6.68%	7.72%	7.99%
Plus: NPV Projected Revenue	3.77%	3.92%	4.18%	4.24%
Equals: Claims Paying Capacity	9.23%	10.60%	11.90%	12.23%
Less: NPV Projected Losses	-3.13%	-2.57%	-0.79%	-1.73%
Equals: MMI Fund Capital Ratio	**6.10%**	**8.03%**	**11.11%**	**10.51%**

SOURCE: U.S. Department of HUD/FHA, October 2023.

Exhibit IV-3, above, presents an itemization of the components that comprise the MMI Fund Capital Ratio calculation.

Exhibit IV-4: Claims Paying Capacity and NPV Projected Losses FY 2023



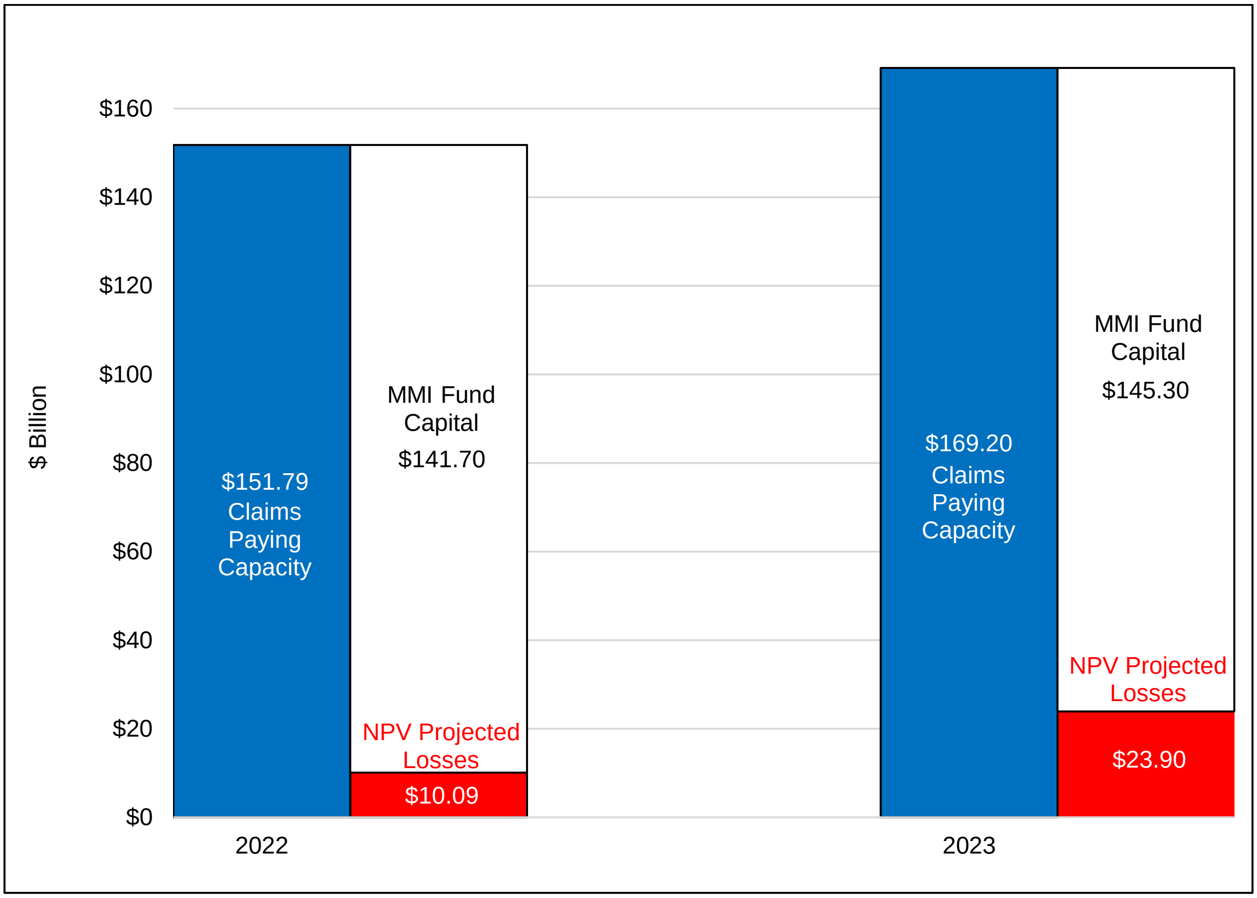
SOURCE: U.S. Department of HUD/FHA, October 2023
Refer to data table E-4 in Appendix E.

Exhibit IV-4, above, illustrates the components that make up the FY 2023 MMI Fund Capital Ratio. It highlights an important observation regarding the composition of MMI Fund Capital: not all elements comprising MMI Fund Capital can be used as a capital buffer against adverse shocks and financial events during uncertain times, as a portion of the capital consists of the NPV of expected future premium revenue and claims losses.[9] The sum of the two components on the left side of Exhibit IV-4, Total Capital Resources (essentially cash and other similar assets) plus NPV of Projected Revenue, provides a metric that aligns conceptually with that of a capital buffer. Together, the sum of the two components 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 house 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.

[9] Basel III formalized the concept of "capital buffer", which is capital that financial institutions are required to hold in addition to other minimum capital requirements, designed to reduce adverse impacts due to the procyclical nature of lending.
https://research.stlouisfed.org/publications/economic-synopses/2019/06/21/can-countercyclical-capital-buffers-help-prevent-a-financial-crisis

Exhibit IV-5: Changes to Claims Paying Capacity and NPV Projected Losses from FY 2022 to FY 2023



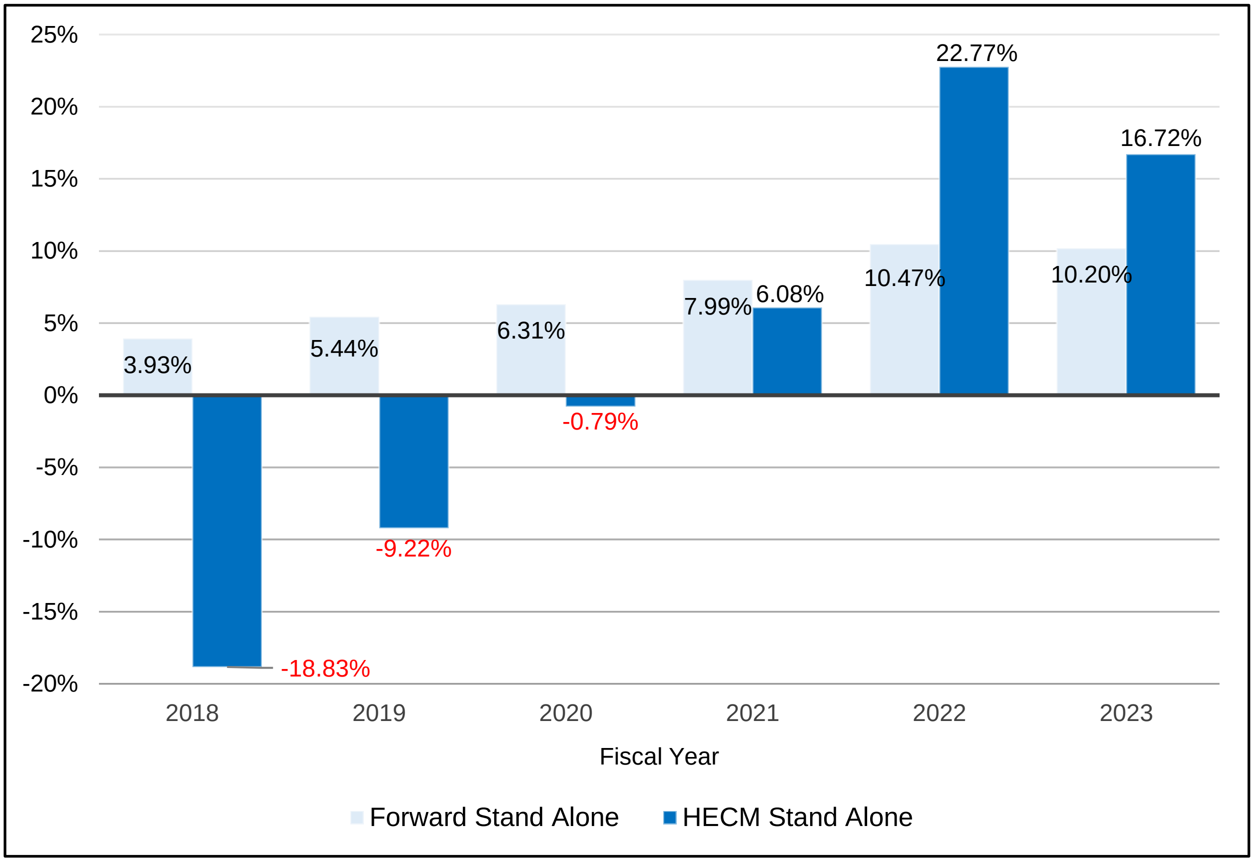
SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table E-5 in Appendix E.

Exhibit IV-5, above, shows that MMI Fund Capital grew by $3.6 billion over the last year from $141.7 billion in FY 2022 to $145.3 billion in FY 2023. Projected losses increased $13.8 billion from $10.1 billion in FY 2022 to $23.9 billion in FY 2023. Claims Paying Capacity is the sum of Capital Resources and NPV revenue. As can be seen in the Exhibit, an increase in Claims Paying Capacity outweighed the increase in NPV Projected Losses to account for the total increase in MMI Fund Capital. The main driver of NPV losses was moderated growth in HPA forecasts, which increases likelihood of default and reduces recoveries on defaulted assets.

Stand-Alone Capital Ratios for Forward Mortgages and HECMs

The MMI Fund includes capital for both the forward and HECM programs. The following sections describe the individual (stand-alone) status of each portfolio.[10]

Exhibit IV-6: Forward and HECM Stand-Alone Capital Ratios – FY 2018 to FY 2023



SOURCE: U.S. Department HUD/FHA, October 2023.
Refer to data table E-6 in Appendix E.

Exhibit IV-6 displays stand-alone capital ratios for the forward and Home Equity Conversion Mortgage (HECM) portfolios since FY 2018. The financial performance of the forward mortgage stand-alone capital ratio remained strong despite challenging market conditions at present, with a 0.27 percentage point decrease from 10.47 percent in FY 2022 to 10.20 percent in FY 2023. The stand-alone capital ratio for the HECM portfolio, which comprises roughly five percent of the MMI Fund, fell from 22.77 percent in FY 2022 to 16.72 percent in FY 2023. As expected, the financial performance of the HECM portfolio has declined somewhat during this fiscal year, mostly as the result of lower house price appreciation forecasts. However, the HECM stand-alone capital ratio remains positive for the third year in a row. While the HECM portfolio is significantly

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

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.

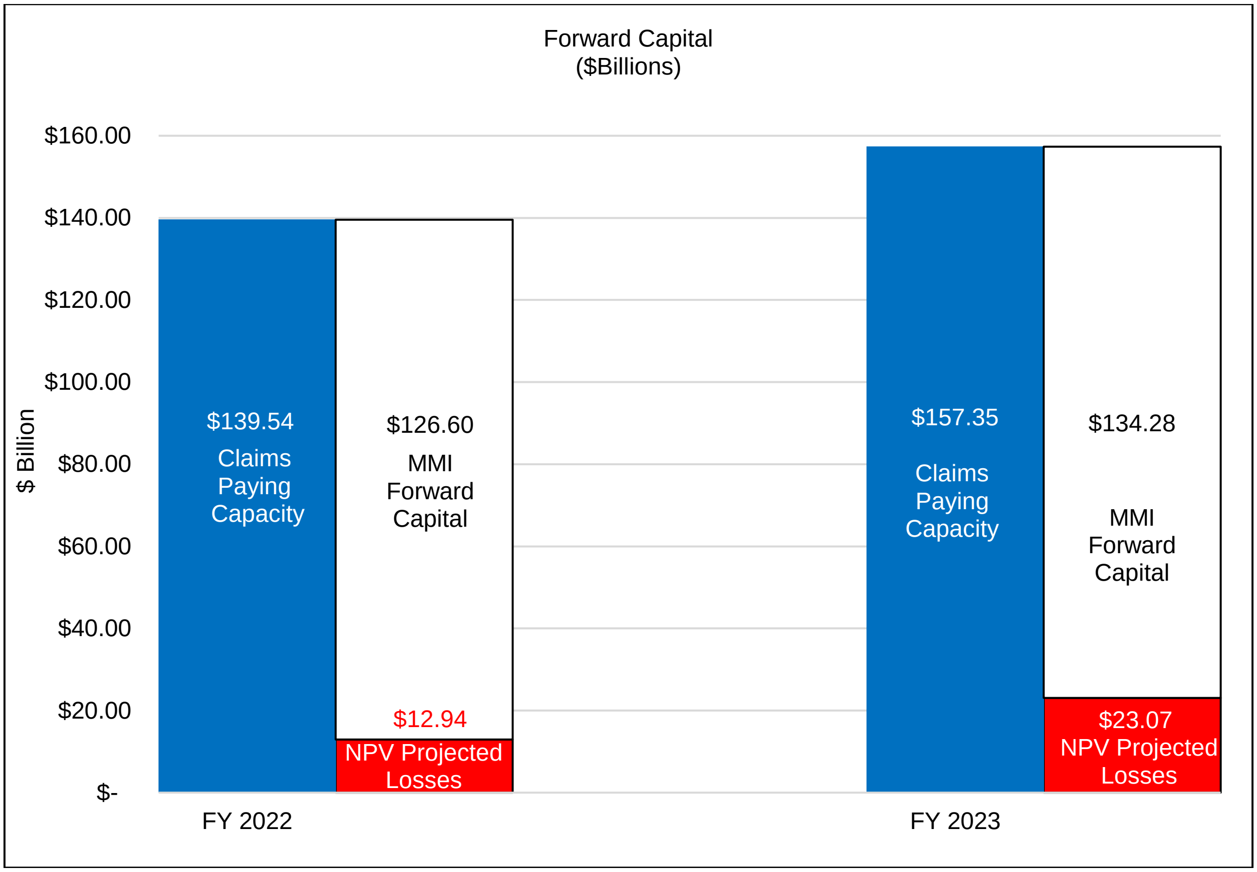
Exhibit IV-7: Forward Mortgage Stand-Alone Capital Ratio Components – FY 2020 to FY 2023 ($ millions)

Description	FY 2020	FY 2021	FY 2022	FY 2023
Total Capital Resources	$67,368	$78,500	$89,512	$101,902
Plus: NPV Revenue	$44,574	$45,544	$50,033	$55,451
Equals: Claims Paying Capacity	$111,942	$124,044	$139,545	$157,353
Less: NPV Losses	($34,187)	($29,063)	($12,944)	($23,072)
Equals: MMI Fund Capital	**$77,755**	**$94,889**	**$126,600**	**$134,281**
Insurance-In-Force	$1,232,093	$1,188,595	$1,208,886	$1,316,881
Total Capital Resources	5.47%	6.60%	7.40%	7.74%
Plus: NPV Revenue	3.62%	3.83%	4.14%	4.21%
Equals: Claims Paying Capacity	9.09%	10.43%	11.54%	11.95%
Less: NPV Losses	-2.77%	-2.45%	-1.07%	-1.75%
Equals: MMI Fund Capital Ratio	6.31%	7.99%	10.47%	10.20%
Insurance-In-Force	100.00%	100.00%	100.00%	100.00%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Exhibit IV-7, above, shows that the stand-alone MMI Fund capital ratio for the forward portfolio decreased 0.27 percentage points from 10.47 percent in FY 2022 to 10.20 percent in FY 2023. MMI Fund Capital for the forward portfolio grew by $7.7 billion over the last fiscal year.

Exhibit IV-8: Changes in Forward Portfolio Claims Paying Capacity and NPV Projected Losses from FY 2022 to FY 2023



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table E-8 in Appendix E.

Exhibit IV-8, above, shows that the NPV Projected Losses for the forward portfolio increased by $10.1 billion in FY 2023. Growth in Claims Paying Capacity contributed another $17.8 billion to offset the increased projected losses. When combined, these factors increased the MMI Fund Capital for the forward portfolio by an additional $7.7 billion.

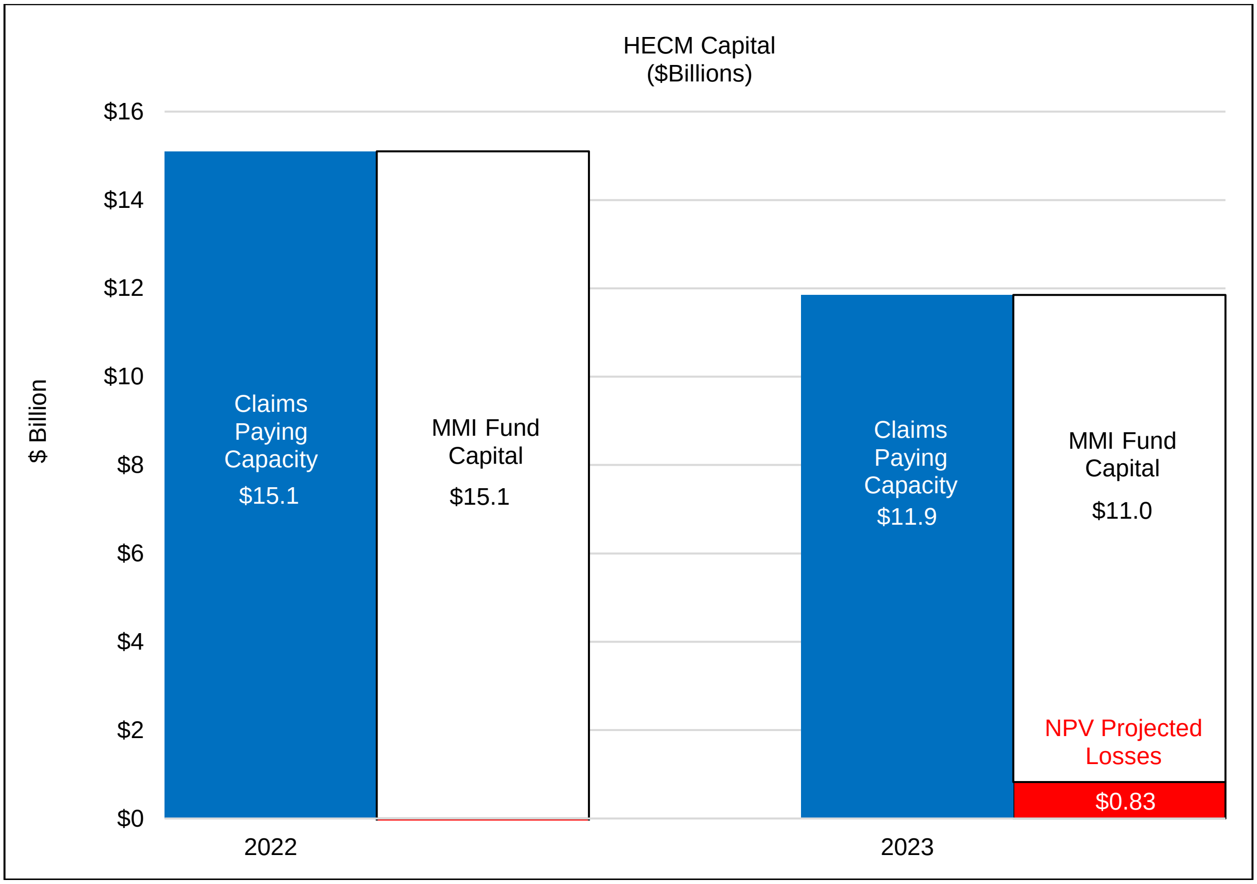
Exhibit IV-9: HECM Stand-Alone Capital Ratio Components ($ millions)

Description	FY 2020	FY 2021	FY 2022	FY 2023
Total Capital Resources	$1,597	$3,418	$8,929	$8,627
Plus: NPV Revenue	$4,233	$3,501	$3,319	$3,224
Equals: Claims Paying Capacity	$5,830	$6,919	$12,248	$11,850
Less: NPV Losses	($6,322)	($3,111)	$2,853	($825)
Equals: MMI Fund Capital	**($492)**	**$3,808**	**$15,101**	**$11,025**
Insurance-In-Force	$62,638	$62,675	$66,326	$65,936
Equals: Total Capital Resources	2.55%	5.45%	13.46%	13.08%
Plus: NPV Revenue	6.76%	5.59%	5.00%	4.89%
Equals: Claims Paying Capacity	9.31%	11.04%	18.47%	17.97%
Less: NPV Losses	-10.09%	-4.96%	4.30%	-1.25%
Equals: MMI Fund Capital Ratio	**-0.78%**	**6.08%**	**22.77%**	**16.72%**
Insurance-In-Force	100.00%	100.00%	100.00%	100.00%

SOURCE: U.S. Department of HUD/FHA, October 2023.

As shown in Exhibit IV-9, above, the stand-alone capital ratio of the HECM portfolio decreased by 6.05 percentage points, from 22.77 percent in FY 2022 to 16.72 percent in FY 2023. Traditional forward mortgages are underwritten with both borrower income and property value considered. HECM mortgages do not require a borrower to have a current income. Instead, HECM mortgages are asset-based loans that are underwritten based on property value. Because long term HPA projections drive HECM valuations rather than income, the HECM portfolio has particularly benefited from the favorable HPA projections in recent years. However, the more moderate HPA projections for the coming years increased loss expectations and yielded a concomitant decline in NPV for the HECM portfolio.

Exhibit IV-10: Changes in HECM Portfolio Claims Paying Capacity and NPV Projected Losses from FY 2022 to FY 2023



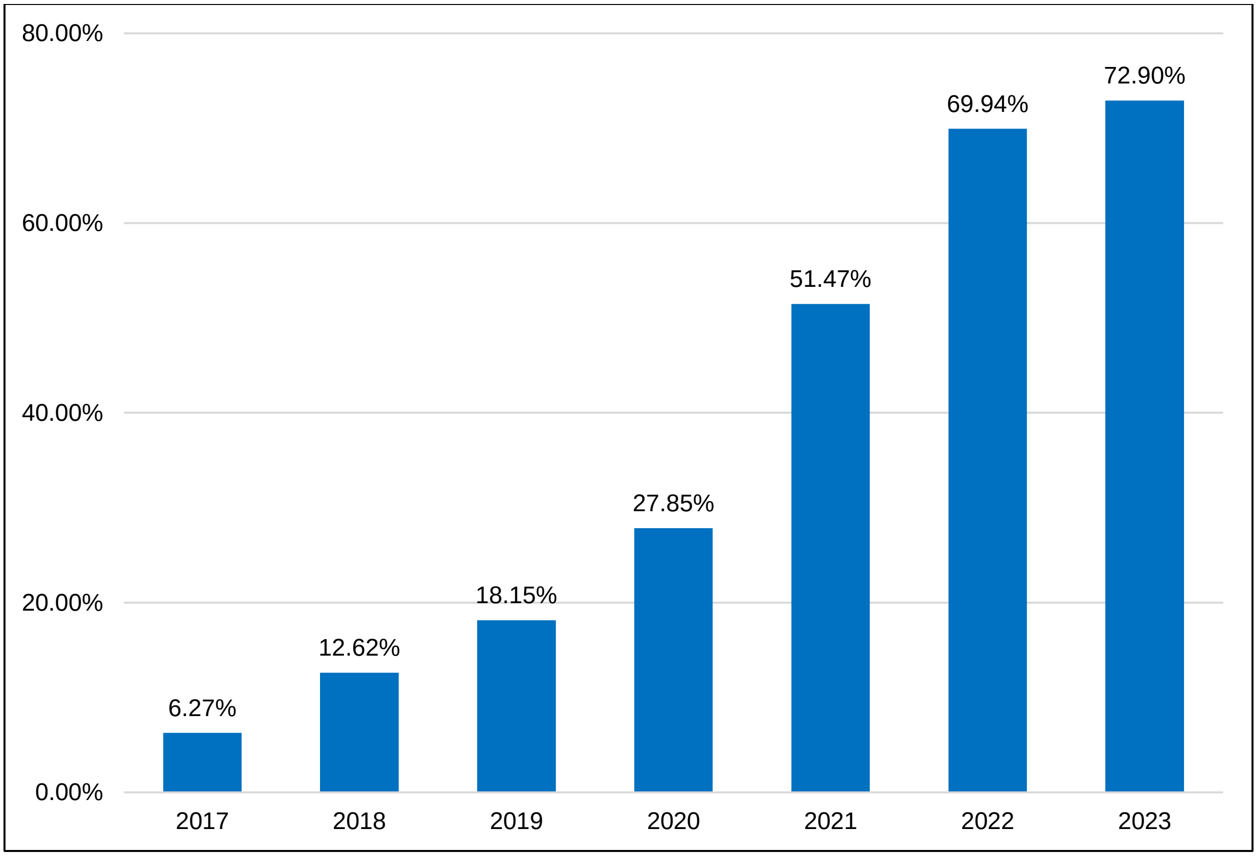
SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table E-10 in Appendix E.

As shown in Exhibit IV-10 MMI Fund Capital for the HECM portfolio decreased by $4.1 billion over the last year. The change in capital is largely due to a $3.2 billion decrease in Claims Paying Capacity, a result of a return to more normalized loss projections as a function of moderating HPA.

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 valuations. Forecasted HPA growth has moderated considerably from recent years, but significant declines are not forecasted.

Exhibit IV-11: House Price Appreciation FY 2017 to FY 2023



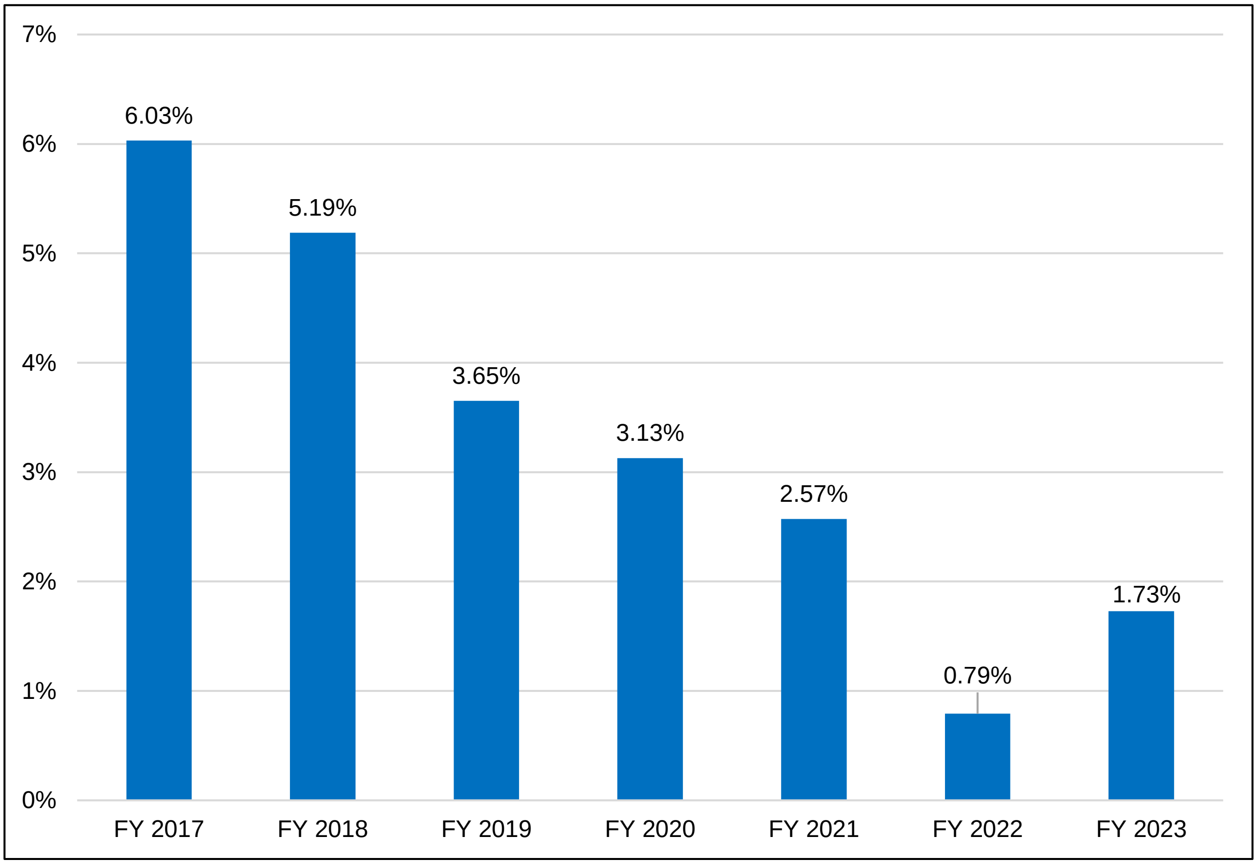
SOURCE: U.S. Department HUD/FHA, Federal Housing Finance Agency (FHFA) House Price Index, October 2023.
Refer to data table E-11 in Appendix E.

As suggested by Exhibit IV-11, above, the accumulated increase in average house prices over the last seven years was 72.90 percent. HPA has increased in each of the seven years during the period from 2017 to 2023. However, the pace of HPA growth has moderated in FY 2023, and in a few areas of the country, home prices experienced declines.

HPA shows itself in the portfolio valuation process through NPV Projected Losses. The two primary drivers of projected losses are:

- Loss severity
- Probability of loss

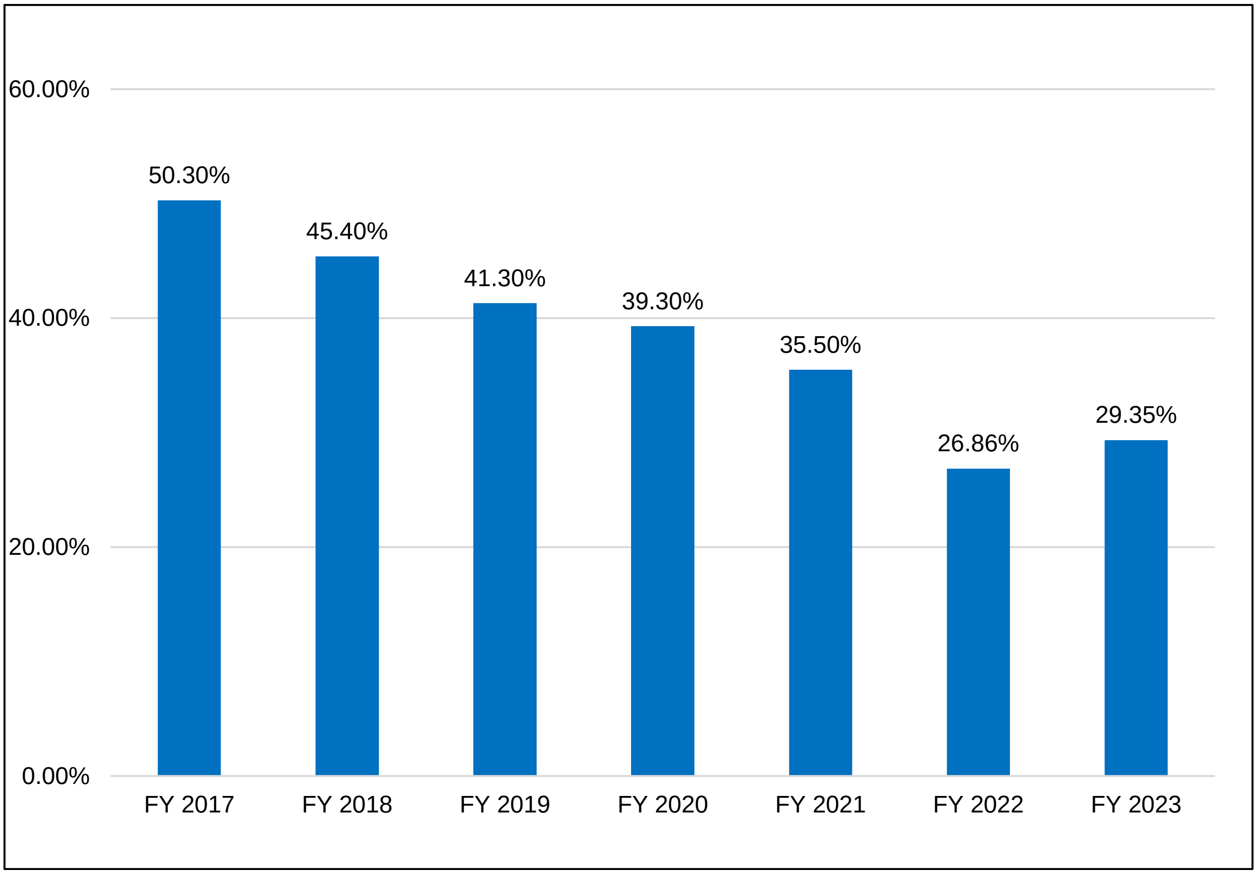
Exhibit IV-12: NPV Projected Losses for the MMI Portfolio FY 2017 to FY 2023



SOURCE: U.S. Department HUD/FHA, October 2023.
Refer to data table E-12 in Appendix E.

Exhibit IV-12 shows that NPV Projected Losses decreased by 71 percent over the last seven years, from 6.03 percent in FY 2017 to a low of 0.79 percent in FY 2022 before reversing trend during this fiscal year with an increase in projected losses to 1.73 percent. Reduced loss expectations were responsible for generating $50 billion of the total $118.5 billion increase in MMI Capital since FY 2017. The remaining increase of $69 billion comes from an increase in Capital Resources.

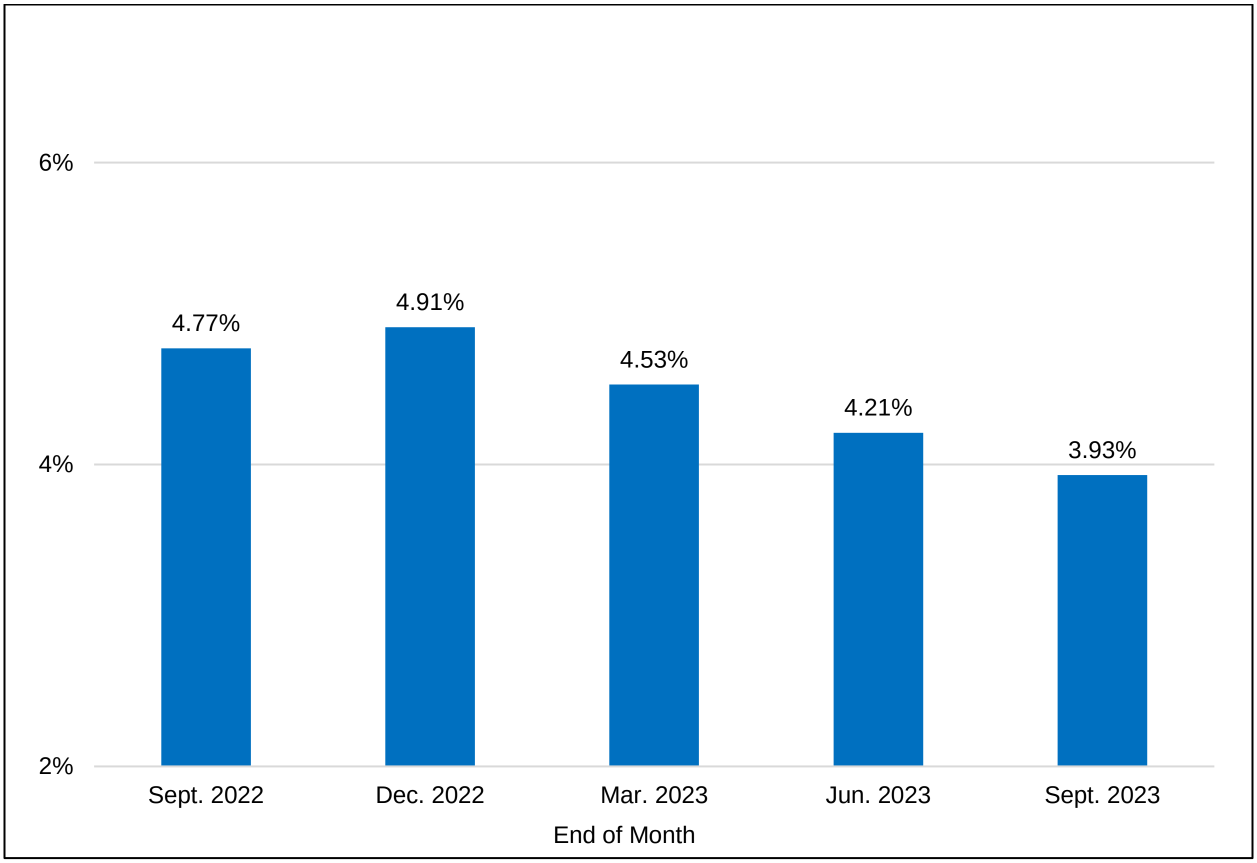
Exhibit IV-13: Loss Severity for the Forward Portfolio FY 2017 to FY 2023



SOURCE: U.S. Department HUD/FHA, October 2023.
Refer to data table E-13 in Appendix E.

Loss severity is one important driver of projected losses. Exhibit IV-13 shows that loss severity for the forward portfolio decreased by nearly half over the last seven years, from 50.30 percent in FY 2017 to a low of 26.86 percent in FY 2022, before increasing slightly to 29.35 percent.

Exhibit IV-14: Serious Delinquencies within the Forward Portfolio FY 2022 to FY 2023



SOURCE: U.S. Department of HUD/FHA, October 2023.
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-14, above, shows that the percentage of seriously delinquent borrowers at the end of FY 2023 is 18 percent lower than at the end of FY 2022, falling from 4.77 percent to 3.93 percent.

FHA conducted sensitivity analyses to better understand the potential impact of falling HPA on MMI Fund valuations.

Exhibit IV-15: Sensitivity of MMI Fund Capital Ratio to Decreases in HPA

Scenario	Forward Capital ($ billion)	HECM Capital ($ billion)	MMI Capital ($ billion)	MMI Capital Ratio
Baseline	$134.28	$11.03	$145.30	10.51%
HPA -1%	$127.09	$2.79	$129.88	9.39%
HPA -2%	$116.53	($5.47)	$111.06	8.03%

SOURCE: U.S. Department of HUD/FHA, October 2023

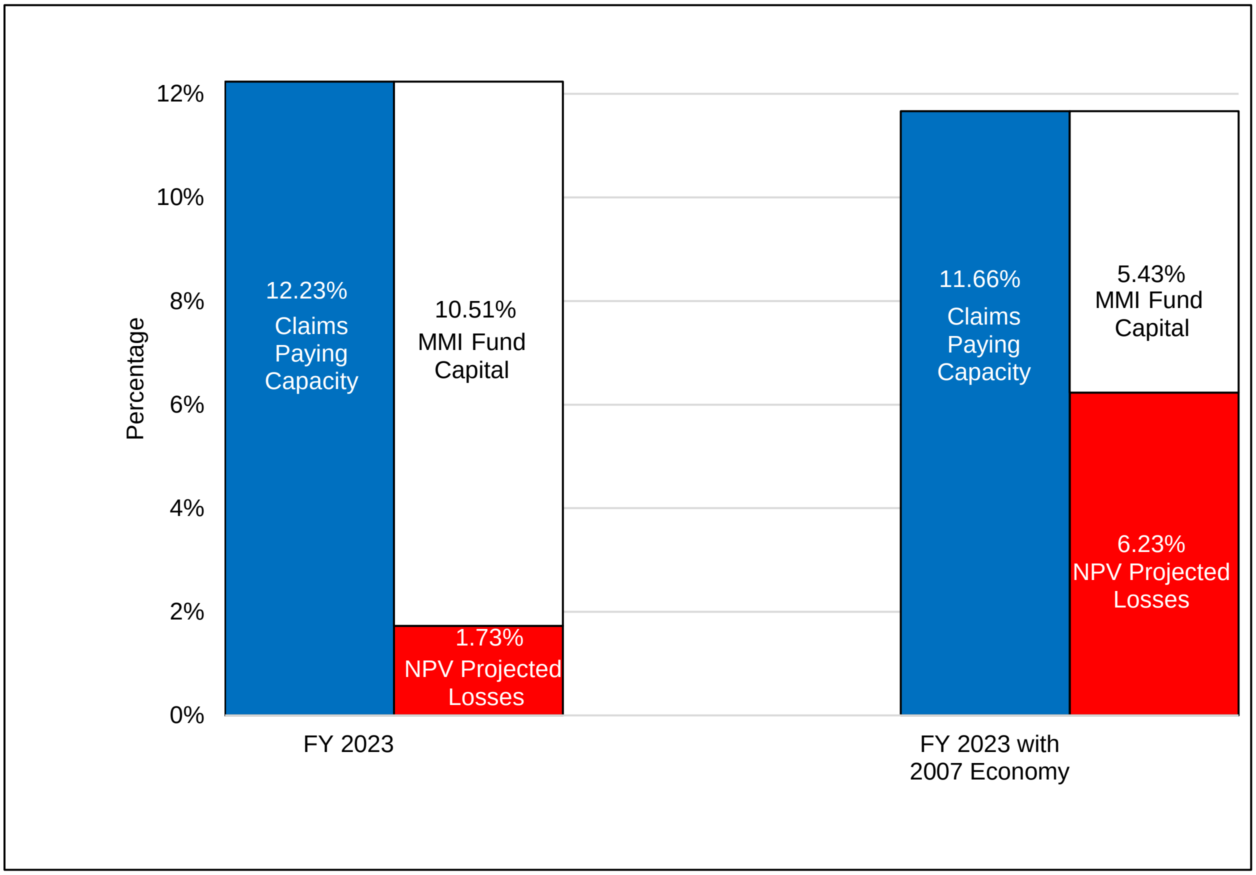
One method used to test the sensitivity of the MMI Fund Capital Ratio to declining HPA is to shift the future path of home prices as projected by the President's Economic Assumptions downward by one percent and two percent. Overall:

- A one percentage decrease in HPA projections would reduce the MMI Fund Capital Ratio by 1.12 percentage points to 9.39 percent.
- A two-percentage decrease in HPA projections would reduce the MMI Fund Capital Ratio by 2.48 percentage points to 8.03 percent. The entire HECM capital base is depleted in this scenario, resulting in a negative stand-alone capital ratio, highlighting how much more sensitive HECM capital projections are to changes in HPA.

Historical context can provide additional insights into the potential impacts of decreasing HPA on the MMI Portfolio. To better assess the resilience of the MMI Fund, FHA ran over 100 historical scenarios to predict the outcomes of potential stress events. Historical 30-year economic scenarios were constructed from actual coincident quarterly changes in interest rates and house prices starting in 1954.

The economic conditions consistent with those at the start of Q3 FY 2007 produced the highest loss of the 100 scenarios and provides the basis for the 2007 Stress Test. FHA's 2007 portfolio experienced a contraction of negative 17 percent in HPA over the following five years. Further, the impact of the unemployment rate, which rose precipitously from 4.6 percent in January 2007 to 10.0 percent by October 2009, is reflected in the stress scenario.

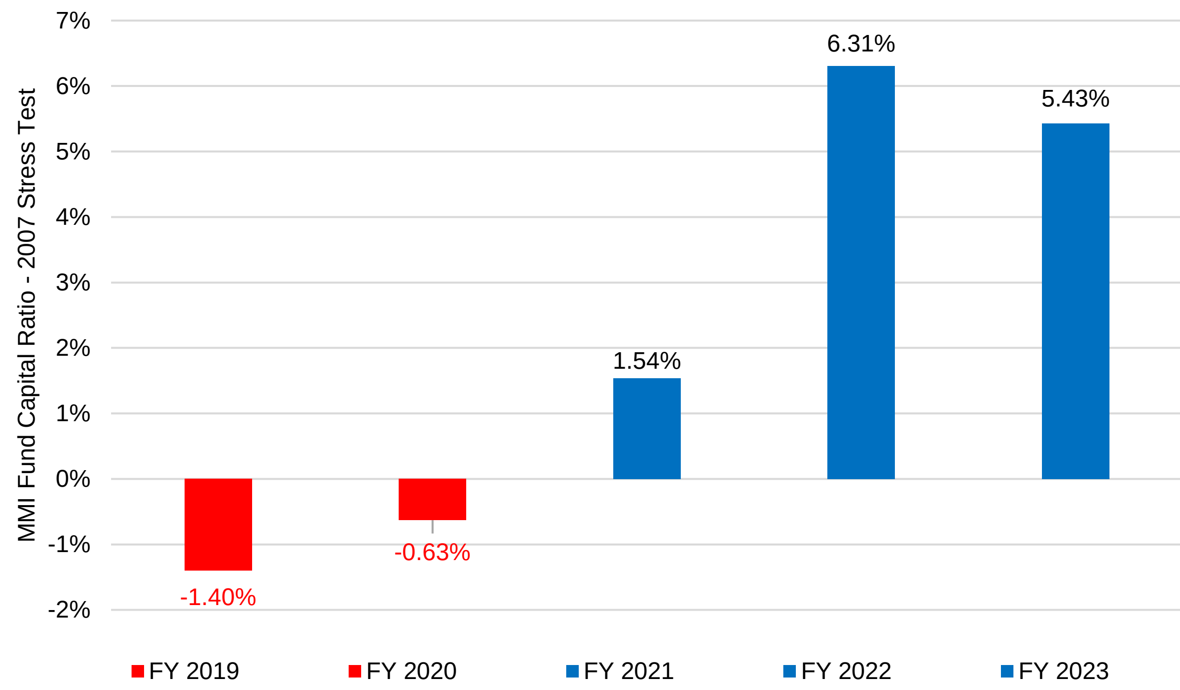
Exhibit IV-16: 2007 Stress Test: Impact of Q3 FY 2007 Economic Conditions on the FY 2023 Portfolio



SOURCE: U.S. Department HUD/FHA, October 2023.
Refer to data table E-16 in Appendix E.

As shown above by Exhibit IV-16, subjecting the FY 2023 portfolio to the same macroeconomic conditions faced by the 2007 portfolio would diminish the MMI Fund Capital Ratio by 5.08 percentage points, resulting in an MMI Fund Capital Ratio of 5.43 percent, which is 2.7 times the statutory two percent minimum.

Exhibit IV-17: 2007 Stress Test Analysis – MMI Fund Capital Ratio Impact (FY 2019 – FY 2023)



SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-17 in Appendix D.

Exhibit IV-17 shows the results of the 2007 stress scenario over the last five fiscal years. As indicated by Exhibit IV-17, MMI Fund Capital Ratio valuations under this stress test was negative 1.40 percent for the 2019 MMI Portfolio and increased each year, reaching positive 6.31 percent for the 2022 MMI Portfolio before declining in FY 2023 to 5.43 percent. MMI Capital increased by $83 billion over that period.

Appendix A: Data Tables for Executive Summary

Table A-1: Data Table for Exhibit E-1: Share of FHA First-time Homebuyer Purchase Transaction Volume Compared to Other Market Participants

Year	FHA	Rest of Market
2021	84.63%	46.18%
2022	82.97%	46.47%
2023 Through 9/30/2023	82.29%	48.13%

SOURCE: U.S. Department of HUD/FHA, October 2023.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 2021 through 2022.

Table A-2: Data Table for Exhibit E-2: Share Produced by the Origination Market – First-time Homebuyers with LTV >95% and Credit Score <680

Year	FHA	Rest of Market
2021	75.23%	24.77%
2022	74.45%	25.55%
2023	73.90%	26.10%

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. Refer to data table A-2 in Appendix A. FHA revised its calculation methodology in FY 2023 which resulted in adjustments to previously published numbers for calendar year 2021 through 2022.

Table A-3: Data Table for Exhibit E-3: Share of Low Down-Payment (less than 5%) Lending to Selected Underserved Borrower Groups

Borrower Groups	Black	Hispanic	Rural Borrower
FHA	56.55%	61.15%	45.44%
Rest of Market	43.45%	38.85%	54.56%

SOURCE: U.S. Department of HUD/FHA, October 2023.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 2022.

Table A-4: Data Table for Exhibit E-4: Share of Homebuyers in Calendar Year 2022 with Incomes Less than 80% of Area Median Income

FHA	40.36%
Rest of Market	26.44%

SOURCE: U.S. Department of HUD/FHA, October 2023.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 2022.

Table A-5: Data Table for Exhibit E-5: 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	66

SOURCE: U.S. Department of HUD/FHA, October 2023. Data includes multiple occasions of forbearance.

Table A-6: Data Table for Exhibit E-6: Status of Borrowers Who Received Forbearance or Were Delinquent During the COVID-19 Emergency

Category	Count	Percent
Payoff	392 K	16.67%
Self cure	380 K	16.18%
Loss Mitigation	1,142 K	48.57%
Loss Mitigation in Progress	48 K	2.06%
In Forbearance	76 K	3.24%
Claim	61 K	2.59%
Delinquent Not in Loss Mitigation	251 K	10.69%
Total	2,350 K	100%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table A-7: Data Table for Exhibit E-7: Seriously Delinquent Borrowers by Quarter

Quarter – Year	Non-Forbearance SDQ	Forbearance SDQ
Q3 2020	271,379	447,503
Q4 2020	313,411	606,773
Q1 2021	297,567	633,982
Q2 2021	308,294	581,107
Q3 2021	287,851	475,638
Q4 2021	343,889	309,581
Q1 2022	374,690	153,373
Q2 2022	317,195	108,678
Q3 2022	261,122	94,248
Q4 2022	255,692	83,385
Q1 2023	263,696	89,323
Q2 2023	251,217	71,093
Q3 2023	241,179	59,628
Q4 2023	241,064	43,727

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table A-9: Data Table for Exhibit E-9: MMI Fund Capital Ratio FY 2018 – FY 2023

MMI Capital Ratio	2018	2019	2020	2021	2022	2023
	2.76%	4.84%	6.10%	8.03%	11.11%	10.51%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table A-10: Data Table for Exhibit E-10: Forward and HECM Stand-Alone Capital Ratios

Category	2018	2019	2020	2021	2022	2023
HECM Stand-Alone	-18.83%	-9.22%	-0.79%	6.08%	22.77%	16.72%
Forward Stand-Alone	3.93%	5.44%	6.31%	7.99%	10.47%	10.20%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table A-11: Data Table for Exhibit E-11: House Price Appreciation (HPA) FY 2017 – FY 2023

Region	Year	HPA	Quarter	HPI
USA	2016	na	4	227.44
USA	2017	6.27%	4	241.69
USA	2018	12.62%	4	256.14
USA	2019	18.15%	4	268.72
USA	2020	27.85%	4	290.78
USA	2021	51.47%	4	344.50
USA	2022	69.94%	4	386.51
USA	2023	72.90%	4	393.25

SOURCE: U.S. Department of HUD/FHA, Federal Housing Finance Agency (FHFA) House Price Index, October 2023.

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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
2000	94.22	839,870	34,443	6,780	32,007	913,100
2001	117.69	806,818	188,422	17,230	46,207	1,058,677
2002	148.10	862,899	318,245	28,525	64,475	1,274,144
2003	159.23	658,639	560,891	37,504	62,694	1,319,728
2004	115.98	586,110	291,483	26,147	56,695	960,435
2005	62.36	353,845	113,062	11,840	33,580	512,327
2006	55.30	313,998	36,374	14,722	60,397	425,491
2007	59.84	278,395	22,087	16,504	107,738	424,724
2008	181.17	631,656	66,773	28,510	360,455	1,087,394
2009	330.49	995,550	329,436	38,071	468,941	1,831,998
2010	297.60	1,109,582	212,895	39,602	305,530	1,667,609
2011	217.81	777,426	180,265	44,559	195,559	1,197,809
2012	213.30	733,864	274,059	47,596	129,221	1,184,740
2013	240.12	702,415	511,843	39,088	91,500	1,344,846
2014	135.22	594,998	115,038	20,962	55,354	786,352
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	105,206	94,554	1,333,151
2021	342.82	846,243	397,595	104,453	84,573	1,432,864
2022	255.50	692,842	83,986	114,574	90,794	982,196
2023	208.73	581,725	1,042	66,208	83,344	732,319

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table B-2: Data Table for Exhibit I-2: Share of FHA First-time Homebuyer Purchase Transaction Volume to Compared to Other Market Participants

Year	FHA	Rest of Market
2021	84.63%	46.18%
2022	82.97%	46.47%
2023	82.29%	48.13%

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: FHA's Share of Mortgages for First-Time Homebuyers with LTV >95% and Credit Score <680

Year	FHA	Rest of Market
2021	75.23%	24.77%
2022	74.45%	25.55%
2023	73.90%	26.10%

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 is presented on a calendar year basis.

Table B-4: Data Table for Exhibit I-4: Share of Homebuyers in Calendar Year 2022 with Incomes Less than 80% of Area Median Income

Year	FHA	Rest of Market
2023	40.23%	26.41%

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 2022.

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

Category	Black	Hispanic	Rural Borrower
FHA	56.55%	61.15%	45.44%
Rest of Market	43.45%	38.85%	54.56%

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 2022.

Table B-6: Data Table for Exhibit I-6: FHA's Share of Lending to Black and Hispanic Borrowers Compared to Other Market Participants

	FHA	Rest of Market
Black	19.39%	6.69%
Hispanic	24.82%	11.29%

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 2022.

Table B-7: Data Table for Exhibit I-7: Share of Homebuyers Under the Age of 35

FHA	43.65%
VA	37.64%
Conventional	37.75%

Source: U.S. Department of HUD/FHA, Milliman M-PIRe. Reflects originations from calendar year 2022.

Table B-8: Data Table for Exhibit I-8: FHA's Share of Mortgages Originated for Manufactured Homes

	FHA	Rest of Market
Share of Manufactured Homes	4.33%	2.39%

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 2022.

Appendix C:
Data Tables for Chapter II

Table C-1: Data Table for Exhibit II-1: FHA Forbearance Requests (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	66

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table C-2: Data Table for Exhibit II-2: Status of Borrowers Who Received Forbearance or Were Delinquent During the COVID-19 Emergency

Category	Count	Percent
Payoff	392 K	16.67%
Self cure	380 K	16.18%
Loss Mitigation	1,142 K	48.57%
Loss Mitigation in Progress	48 K	2.06%
In Forbearance	76 K	3.24%
Claim	61 K	2.59%
Delinquent Not in Loss Mitigation	251 K	10.69%
Total	2,350 K	100%

SOURCE: U.S. Department of HUD/FHA, October 2023.

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

Quarter - Year	Non-forbearance SDQ	Forbearance SDQ
Q3 2020	271,379	447,503
Q4 2020	313,411	606,773
Q1 2021	297,567	633,982
Q2 2021	308,294	581,107
Q3 2021	287,851	475,638
Q4 2021	343,889	309,581
Q1 2022	374,690	153,373
Q2 2022	317,195	108,678
Q3 2022	261,122	94,248
Q4 2022	255,692	83,385
Q1 2023	263,696	89,323
Q2 2023	251,217	71,093
Q3 2023	241,179	59,628
Q4 2023	241,064	43,727

SOURCE: U.S. Department of HUD/FHA, October 2023.

Appendix D:
Data Tables for Chapter III

Table D-1: Data Table for Exhibit III-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
2000	94.22	839,870	34,443	6,780	32,007	913,100
2001	117.69	806,818	188,422	17,230	46,207	1,058,677
2002	148.10	862,899	318,245	28,525	64,475	1,274,144
2003	159.23	658,639	560,891	37,504	62,694	1,319,728
2004	115.98	586,110	291,483	26,147	56,695	960,435
2005	62.36	353,845	113,062	11,840	33,580	512,327
2006	55.30	313,998	36,374	14,722	60,397	425,491
2007	59.84	278,395	22,087	16,504	107,738	424,724
2008	181.17	631,656	66,773	28,510	360,455	1,087,394
2009	330.49	995,550	329,436	38,071	468,941	1,831,998
2010	297.60	1,109,582	212,895	39,602	305,530	1,667,609
2011	217.81	777,426	180,265	44,559	195,559	1,197,809
2012	213.30	733,864	274,059	47,596	129,221	1,184,740
2013	240.12	702,415	511,843	39,088	91,500	1,344,846
2014	135.22	594,998	115,038	20,962	55,354	786,352
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	105,206	94,554	1,333,151
2021	342.82	846,243	397,595	104,453	84,573	1,432,864
2022	255.50	692,842	83,986	114,574	90,794	982,196
2023	208.73	581,725	1,042	66,208	83,344	732,319

SOURCE: U.S. Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	FHA Forward Mortgages			First-Time Homebuyer Percentage	Average Age for First-Time Homebuyer
	First-Time Buyer	Repeat Buyer	Purchase Total		
2000	684,999	154,871	839,870	81.56	29.84
2001	643,640	163,178	806,818	79.78	25.68
2002	683,582	179,317	862,899	79.22	30.02
2003	521,723	136,916	658,639	79.21	35.67
2004	454,241	131,868	586,110	77.50	33.77
2005	280,082	73,763	353,845	79.15	33.74
2006	248,884	65,114	313,998	79.26	33.64
2007	221,473	56,922	278,395	79.55	34.24
2008	492,288	139,368	631,656	77.94	34.65
2009	781,681	213,869	995,550	78.52	34.73
2010	882,099	227,483	1,109,582	79.50	34.89
2011	585,005	192,421	777,426	75.25	35.65
2012	569,826	164,038	733,864	77.65	35.70
2013	553,078	149,337	702,415	78.74	36.02
2014	483,051	111,947	594,998	81.19	36.92
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	578,660	114,182	692,842	83.52	38.55
2023	478,234	103,491	581,725	82.21	38.08

SOURCE: U.S. Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	Share of FHA Forward Endorsed Mortgages					
	Native American	Asian	Black	Hispanic	White	Not Reported
2000	0.43	1.97	14.48	19.18	57.71	6.23
2001	0.40	1.86	13.47	18.25	57.67	8.35
2002	0.40	1.78	12.86	17.63	57.15	10.18
2003	0.41	1.66	12.59	16.41	58.52	10.41
2004	0.60	2.19	13.88	16.42	58.57	8.34
2005	0.51	2.92	14.94	15.30	61.88	4.45
2006	0.52	3.11	13.76	11.96	66.02	4.63
2007	0.55	2.09	14.83	11.47	65.97	5.08
2008	0.45	2.11	13.31	10.98	65.69	7.46
2009	0.42	2.75	9.85	11.48	66.76	8.74
2010	0.39	3.41	9.00	12.01	67.13	8.06
2011	0.35	3.59	8.07	12.98	67.24	7.78
2012	0.36	3.71	8.07	13.50	66.81	7.56
2013	0.37	3.42	8.74	14.12	65.63	7.72
2014	0.41	3.27	10.86	17.08	61.32	7.06
2015	0.43	3.35	10.40	17.36	60.15	8.32
2016	0.39	3.13	10.91	17.49	58.82	9.27
2017	0.41	3.02	11.69	18.14	57.09	9.66
2018	0.36	2.60	12.62	18.17	55.50	10.75
2019	0.34	2.27	12.83	17.75	53.03	13.79
2020	0.36	2.20	12.74	17.29	50.10	17.31
2021	0.37	2.04	13.42	16.09	43.74	24.34
2022	0.37	1.71	12.85	14.07	37.11	33.90
2023	0.42	2.07	12.69	15.45	37.74	31.63

SOURCE: U.S. Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	Share of FHA Forward Mortgage Count					
	Indian American	Asian	Black	Hispanic	White	Not Reported
2000	3,956	18,010	132,190	175,093	526,984	56,867
2001	4,203	19,646	142,654	193,249	610,523	88,402
2002	5,132	22,629	163,852	224,616	728,151	129,764
2003	5,355	21,859	166,202	216,628	772,257	137,427
2004	5,742	20,991	133,340	157,725	562,536	80,101
2005	2,627	14,947	76,557	78,399	317,013	22,784
2006	2,228	13,221	58,546	50,898	280,908	19,690
2007	2,345	8,885	62,981	48,732	280,197	21,584
2008	4,910	22,900	144,704	119,450	714,342	81,088
2009	7,638	50,308	180,532	210,338	1,223,076	160,106
2010	6,426	56,797	150,142	200,330	1,119,445	134,469
2011	4,189	42,962	96,668	155,424	805,436	93,130
2012	4,293	43,903	95,565	159,929	791,524	89,526
2013	5,029	45,995	117,590	189,853	882,570	103,809
2014	3,221	25,716	85,424	134,330	482,179	55,482
2015	4,809	37,340	116,085	193,755	671,420	92,821
2016	4,893	39,423	137,210	219,991	739,960	116,571
2017	5,057	37,604	145,727	226,052	711,555	120,439
2018	3,671	26,359	128,060	184,345	563,059	109,107
2019	3,319	22,472	127,029	175,793	525,207	136,605
2020	4,746	29,347	169,865	230,477	667,893	230,823
2021	5,320	29,280	192,296	230,547	626,728	348,693
2022	3,634	16,770	126,183	138,194	364,468	332,947
2023	3,040	15,129	92,956	113,179	276,353	231,662

SOURCE: U.S. Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	FHA Forward Endorsed Mortgages			
	Purchase	No Cash-Out Refinance	Cash-Out Refinance	Total
2009	995,550	620,859	215,589	1,831,998
2010	1,109,582	431,773	126,254	1,667,609
2011	777,426	341,233	79,150	1,197,809
2012	733,864	396,563	54,313	1,184,740
2013	702,415	599,379	43,052	1,344,846
2014	594,998	154,708	36,646	786,352
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	692,842	111,504	177,850	982,196
2023	581,725	9,254	141,340	732,319

NOTE: Cash-Out Refinance data is not available prior to FY 2009.
SOURCE: U.S. Department of HUD/FHA, October 2023.

Table D-5: Data Table for Exhibit III-5: FHA Endorsement Activity by Refinance Type

Endorsement Fiscal Year	Share of FHA Forward Refinance Mortgage Count				
	Conventional Cash-Out	FHA Cash-Out	Conventional No Cash-Out	FHA No Cash-Out	Streamline
2009	23.47	2.31	32.60	2.24	39.39
2010	20.17	2.46	34.58	4.64	38.15
2011	16.18	2.65	30.34	7.95	42.88
2012	9.93	2.11	18.73	8.45	60.78
2013	5.10	1.60	9.14	4.48	79.67
2014	12.90	6.25	16.02	4.71	60.12
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

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table D-5A: Data Table for Exhibit III-5: FHA Endorsement Activity by Refinance Type (Counts)

Endorsement Fiscal Year	Share of FHA Forward Refinance Mortgage Count				
	Conventional Cash-Out	FHA Cash-Out	Conventional No Cash-Out	FHA No Cash-Out	Streamline
2009	196,289	19,300	272,652	18,771	329,436
2010	112,552	13,702	192,978	25,900	212,895
2011	68,026	11,124	127,533	33,435	180,265
2012	44,794	9,519	84,427	38,077	274,059
2013	32,757	10,295	58,743	28,793	511,843
2014	24,693	11,953	30,661	9,009	115,038
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	26,656	49,029	315,558
2021	57,053	56,726	27,520	47,727	397,595
2022	76,972	100,878	13,822	13,696	83,986
2023	77,170	64,170	6,174	2,038	1,042

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table D-6: Data Table for Exhibit III-6: Average FHA Forward Loan-To-Value Ratio by Mortgage Purpose

Endorsement Fiscal Year	Purchase	Conventional-to-FHA Refinance	FHA to FHA Refinance
2000	97.36	82.95	85.23
2001	96.45	82.84	85.89
2002	96.49	82.54	84.92
2003	96.47	81.71	83.83
2004	96.35	81.53	82.05
2005	96.14	81.91	80.50
2006	96.02	85.47	84.97
2007	95.99	87.54	87.30
2008	96.12	89.03	88.18
2009	95.80	88.52	88.03
2010	95.58	85.95	86.96
2011	95.70	85.95	87.98
2012	95.99	83.49	88.20
2013	95.88	84.06	86.94
2014	95.71	81.55	83.46
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

NOTE: Exhibit III-6 includes only fully underwritten mortgages and excludes Streamline Refinances.
SOURCE: US Department of HUD/FHA, October 2023

Table D-7: Data Table for Exhibit III-7: Average Borrower Credit Score for FHA-Endorsed Mortgages

Fiscal Year	Purchase	Conventional-to-FHA Refinance	FHA-to-FHA Refinance	Average Borrower Credit Score
2005	642	612	615	639
2006	646	623	627	641
2007	635	618	627	630
2008	656	633	639	647
2009	685	673	667	681
2010	697	696	688	697
2011	700	704	701	701
2012	696	706	707	698
2013	693	694	700	693
2014	683	674	674	682
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	672
2022	668	651	647	664
2023	675	653	645	670

NOTE: Borrower credit score data was not collected prior to 2005.
SOURCE: US Department of HUD/FHA, October 2023.

Table D-8: Data Table for Exhibit III-8: Distribution of FHA Borrower Credit Score by Fiscal Year

Endorsement Fiscal Year	Share of FHA Forward Mortgage Counts					
	720 or Higher	680-719	620-679	580-619	Less than 580	Missing
2005	11.87	11.61	32.01	20.74	16.38	7.40
2006	12.97	11.86	32.95	20.81	15.91	5.50
2007	10.25	9.89	30.97	23.11	20.99	4.80
2008	14.96	13.14	34.95	20.84	13.50	2.62
2009	27.18	19.89	37.51	11.49	2.71	1.22
2010	34.18	22.55	38.26	3.30	0.48	1.23
2011	35.69	23.61	36.77	2.62	0.26	1.05
2012	32.63	24.25	39.54	2.69	0.21	0.68
2013	27.26	26.86	43.42	1.71	0.16	0.59
2014	18.29	26.49	51.52	3.13	0.18	0.38
2015	18.03	26.13	50.19	5.06	0.24	0.36
2016	18.74	25.97	49.17	5.55	0.26	0.31
2017	17.49	24.81	49.66	7.32	0.43	0.28
2018	14.38	22.43	51.74	10.37	0.83	0.24
2019	12.88	21.04	53.16	11.68	1.04	0.20
2020	14.68	23.07	53.11	8.37	0.61	0.15
2021	13.31	22.74	57.14	6.37	0.32	0.12
2022	10.67	19.82	57.20	11.22	0.96	0.13
2023	14.95	22.47	50.40	10.44	1.53	0.20

NOTE: Borrower credit score data was not collected prior to 2005 and does not include Streamline Refinance mortgages.
SOURCE: US Department of HUD/FHA, October 2023.

Table D-8A: Data Table for Exhibit III-8: Distribution of FHA Borrower Credit Score by Fiscal Year (Counts)

Endorsement Fiscal Year	Share of FHA Forward Mortgage Counts					
	720 or Higher	680-719	620-679	580-619	Less than 580	Missing
2005	47,396	46,342	127,792	82,825	65,383	29,527
2006	50,484	46,147	128,201	80,984	61,913	21,388
2007	41,270	39,814	124,677	93,047	84,512	19,317
2008	152,638	134,078	356,695	212,748	137,760	26,701
2009	408,440	298,912	563,621	172,580	40,702	18,307
2010	497,149	327,986	556,613	47,996	7,048	17,922
2011	363,122	240,216	374,178	26,627	2,694	10,707
2012	297,167	220,797	360,109	24,512	1,888	6,208
2013	227,068	223,727	361,707	14,283	1,311	4,907
2014	122,814	177,814	345,886	21,007	1,216	2,577
2015	159,293	230,807	443,397	44,668	2,108	3,146
2016	196,330	271,962	515,047	58,100	2,675	3,298
2017	189,792	269,186	538,927	79,449	4,717	3,055
2018	138,556	216,087	498,459	99,916	8,017	2,311
2019	120,340	196,503	496,503	109,128	9,667	1,852
2020	149,409	234,809	540,445	85,170	6,197	1,563
2021	137,781	235,462	591,553	65,942	3,283	1,248
2022	95,814	178,036	513,776	100,801	8,583	1,200
2023	109,356	164,336	368,559	76,371	11,193	1,462

NOTE: Borrower credit score data was not collected prior to 2005 and does not include Streamline Refinance mortgages.
SOURCE: US Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	Share of FHA-Endorsed Purchase Mortgages				
	<=36	>36 to 43	>43 to 50	>50	Average DTI ratios
2000	39.28	35.76	19.20	5.76	37.58
2001	39.30	34.07	20.37	6.25	37.72
2002	38.45	33.76	21.88	5.91	37.97
2003	38.12	33.34	23.55	4.99	38.04
2004	36.81	32.79	24.90	5.50	38.36
2005	37.70	32.63	23.67	6.00	38.25
2006	34.89	31.19	24.84	9.07	38.99
2007	33.58	30.92	26.02	9.48	39.25
2008	30.28	29.10	27.43	13.20	40.28
2009	29.84	25.18	26.02	18.97	41.00
2010	30.62	25.55	27.08	16.76	40.65
2011	30.40	25.18	27.73	16.69	40.66
2012	31.44	25.70	27.44	15.42	40.34
2013	32.08	26.83	27.56	13.54	40.03
2014	29.00	28.61	28.02	14.37	40.59
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

SOURCE: US Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	Share of FHA-Endorsed Purchase Mortgages (Counts)			
	<=36	>36 to 43	>43 to 50	>50
2000	329,888	300,358	161,274	48,350
2001	317,104	274,909	164,344	50,461
2002	331,805	291,327	188,807	50,960
2003	251,093	219,575	155,114	32,857
2004	215,737	192,187	145,955	32,231
2005	133,395	115,458	83,757	21,235
2006	109,558	97,945	78,011	28,484
2007	93,477	86,075	72,448	26,395
2008	191,245	183,791	173,258	83,362
2009	297,038	250,692	259,002	188,818
2010	339,708	283,443	300,479	185,952
2011	236,331	195,744	215,601	129,750
2012	230,713	188,603	201,368	113,180
2013	225,314	188,438	193,583	95,080
2014	172,541	170,247	166,720	85,490
2015	225,142	217,094	201,309	109,842
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	154,108	223,402	193,642
2023	84,190	122,628	193,854	181,053

SOURCE: US Department of HUD/FHA, October 2023.

Table D-10: Exhibit III-10: FHA Purchase Activity by Type of Down-Payment Assistance

Endorsement Fiscal Year	Share of FHA-Endorsed Forward Mortgages			
	Government	Eligible Family Member	Non-Government/Non-Relative	No DPA
2010	5.27	24.64	0.68	69.41
2011	7.06	22.01	0.46	70.47
2012	7.80	22.19	0.40	69.61
2013	7.10	22.47	0.40	70.03
2014	8.37	25.57	0.66	65.41
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	60.47

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 2023.

Table D-10A: Exhibit III-10: FHA Purchase Activity by Type of Down-Payment Assistance (Counts)

Endorsement Fiscal Year	Share of FHA-Endorsed Forward Mortgages (Counts)			
	Government	Eligible Family Member	Non-Government/Non-Relative	No DPA
2010	58,427	273,362	7,596	770,197
2011	54,876	171,111	3,599	547,840
2012	57,231	162,839	2,935	510,859
2013	49,856	157,827	2,838	491,894
2014	49,798	152,115	3,921	389,164
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	127,716	197,147	8,222	513,158
2022	94,558	175,707	7,783	414,794
2023	87,142	136,124	6,690	351,769

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 2023.

Table D-11: Data Table for Exhibit III-11: Lender Type for FHA Endorsement Activity

Endorsement Fiscal Year	Share of FHA Forward Endorsed Mortgages		
	Other	Non-Depository	Depository
2000	1.45	70.57	27.98
2001	1.38	69.61	29.01
2002	1.08	70.09	28.83
2003	1.01	73.53	25.46
2004	0.85	68.59	30.57
2005	1.13	66.07	32.79
2006	1.04	65.29	33.66
2007	0.43	68.45	31.12
2008	0.15	59.91	39.94
2009	0.15	59.38	40.47
2010	0.15	56.37	43.48
2011	0.09	58.65	41.26
2012	0.05	64.23	35.72
2013	0.07	64.11	35.83
2014	0.09	71.32	28.59
2015	0.07	78.73	21.19
2016	0.08	82.22	17.70
2017	0.08	84.44	15.48
2018	0.10	84.99	14.91
2019	0.09	85.99	13.92
2020	0.08	89.23	10.69
2021	0.07	90.71	9.22
2022	0.07	89.13	10.80
2023	0.09	88.39	11.51

SOURCE: US Department of HUD/FHA, October 2023.This includes all endorsements, including streamlines.

Table D-11A: Data Table for Exhibit III-11: Lender Type for FHA Endorsement Activity (Counts)

Endorsement Fiscal Year	Share of FHA Forward Endorsed Mortgages (Counts)		
	Other	Non-Depository	Depository
2000	13,214	644,361	255,524
2001	14,647	736,928	307,092
2002	13,735	893,068	367,340
2003	13,315	970,348	336,065
2004	8,118	658,744	293,572
2005	5,809	338,513	168,005
2006	4,443	277,807	143,237
2007	1,810	290,738	132,176
2008	1,655	651,467	434,272
2009	2,672	1,087,930	741,396
2010	2,480	940,112	725,017
2011	1,084	702,459	494,266
2012	642	760,904	423,194
2013	880	862,168	481,798
2014	738	560,787	224,827
2015	824	878,856	236,550
2016	959	1,034,381	222,708
2017	982	1,052,525	192,927
2018	1,046	862,261	151,294
2019	911	851,654	137,860
2020	1,090	1,189,567	142,494
2021	981	1,299,723	132,160
2022	734	875,395	106,067
2023	686	647,325	84,308

SOURCE: US Department of HUD/FHA, October 2023.

Table D-12: Data Table for Exhibit III-12: FY 2023 FHA Forward Endorsement Concentration by State

State	Share of FHA-Endorsed Forward Mortgages Endorsement Fiscal Year	
	FY 2022	FY 2023
Alabama	2.00%	2.11%
Alaska	0.20%	0.16%
Arizona	2.86%	3.19%
Arkansas	1.09%	1.11%
California	7.02%	6.47%
Colorado	1.99%	1.96%
Connecticut	1.20%	0.96%
Delaware	0.50%	0.44%
District of Columbia	0.06%	0.06%
Florida	8.70%	9.62%
Georgia	4.82%	5.28%
Guam	0.00%	0.00%
Hawaii	0.09%	0.07%
Idaho	0.54%	0.63%
Illinois	3.99%	3.39%
Indiana	2.89%	2.86%
Iowa	0.68%	0.71%
Kansas	0.74%	0.72%
Kentucky	1.60%	1.62%
Louisiana	1.79%	1.61%
Maine	0.34%	0.34%
Maryland	2.71%	2.17%
Massachusetts	1.39%	1.13%
Michigan	3.10%	2.89%
Minnesota	1.33%	1.18%
Mississippi	1.04%	1.09%
Missouri	2.13%	2.08%
Montana	0.20%	0.23%
Nebraska	0.45%	0.49%
Nevada	1.25%	1.41%
New Hampshire	0.33%	0.29%
New Jersey	2.96%	2.39%
New Mexico	0.78%	0.79%
New York	2.62%	2.35%
North Carolina	3.07%	3.44%
North Dakota	0.18%	0.18%
Ohio	4.25%	4.02%
Oklahoma	1.38%	1.41%
Oregon	0.99%	0.97%
Pennsylvania	3.57%	3.35%
Puerto Rico	0.63%	0.74%

Rhode Island	0.50%	0.38%
South Carolina	2.26%	2.36%
South Dakota	0.21%	0.22%
Tennessee	2.46%	2.85%
Texas	9.35%	10.97%
Utah	1.08%	1.19%
Vermont	0.09%	0.08%
Virgin Islands	0.00%	0.00%
Virginia	2.93%	2.61%
Washington	1.73%	1.63%
West Virginia	0.54%	0.58%
Wisconsin	1.14%	0.99%
Wyoming	0.23%	0.24%

SOURCE: US Department of HUD/FHA, October 2023.

Table D-12A: Data Table for Exhibit III-12: FY 2023 FHA Forward Endorsement Concentration by State (Counts)

State	Share of FHA-Endorsed Forward Mortgages Endorsement Fiscal Year (Counts)	
	FY 2022	FY 2023
Alabama	19,655	15,486
Alaska	1,934	1,153
Arizona	28,122	23,361
Arkansas	10,716	8,104
California	68,955	47,395
Colorado	19,582	14,331
Connecticut	11,754	7,021
Delaware	4,907	3,231
District of Columbia	590	411
Florida	85,423	70,473
Georgia	47,372	38,686
Guam	13	32
Hawaii	911	540
Idaho	5,334	4,600
Illinois	39,221	24,861
Indiana	28,431	20,931
Iowa	6,717	5,206
Kansas	7,230	5,281
Kentucky	15,760	11,840
Louisiana	17,602	11,814
Maine	3,385	2,459
Maryland	26,637	15,860
Massachusetts	13,663	8,290
Michigan	30,423	21,145
Minnesota	13,022	8,609
Mississippi	10,246	7,990
Missouri	20,929	15,227
Montana	1,938	1,653
Nebraska	4,378	3,573
Nevada	12,258	10,336
New Hampshire	3,263	2,128
New Jersey	29,025	17,502
New Mexico	7,680	5,767
New York	25,700	17,229
North Carolina	30,175	25,198
North Dakota	1,814	1,323
Ohio	41,779	29,474
Oklahoma	13,565	10,342
Oregon	9,700	7,097
Pennsylvania	35,018	24,509
Puerto Rico	6,173	5,389

Rhode Island	4,950	2,813
South Carolina	22,216	17,249
South Dakota	2,065	1,580
Tennessee	24,143	20,842
Texas	91,788	80,306
Utah	10,622	8,727
Vermont	876	570
Virgin Islands	40	31
Virginia	28,754	19,111
Washington	16,976	11,947
West Virginia	5,257	4,256
Wisconsin	11,202	7,246
Wyoming	2,307	1,784
All	982,196	732,319

SOURCE: US Department of HUD/FHA, October 2023.

Data Table D-13: Insurance-in-Force, Unpaid Principal Balance, and Seriously Delinquent by Vintage as of September 30, 2023

Endorsement Fiscal Year	Insurance-in-Force				Seriously Delinquent	
	Counts	IIF Share (Percent)	UPB ($ millions)	UPB Share (Percent)	Counts	SDQ Rate
Pre-2004	306,091	4.08	10,548	0.80	14,467	4.73
2004	89,168	1.19	4,973	0.38	4,020	4.51
2005	65,120	0.87	3,971	0.30	3,315	5.09
2006	52,093	0.69	3,679	0.28	3,135	6.02
2007	50,329	0.67	4,123	0.31	3,515	6.98
2008	113,175	1.51	11,006	0.83	7,800	6.89
2009	220,891	2.94	22,944	1.74	10,604	4.80
2010	266,708	3.55	26,955	2.04	9,918	3.72
2011	213,778	2.85	22,109	1.68	6,899	3.23
2012	273,124	3.64	29,313	2.22	7,163	2.62
2013	385,525	5.13	44,708	3.39	8,438	2.19
2014	163,725	2.18	17,242	1.31	7,296	4.46
2015	274,758	3.66	34,925	2.65	12,145	4.42
2016	386,220	5.14	54,132	4.11	16,716	4.33
2017	425,514	5.67	64,497	4.89	20,181	4.74
2018	345,594	4.60	55,100	4.18	22,236	6.43
2019	347,765	4.63	60,152	4.56	23,508	6.76
2020	699,010	9.31	141,401	10.72	27,900	3.99
2021	1,171,576	15.60	263,851	20.01	38,806	3.31
2022	933,764	12.43	237,239	17.99	38,081	4.08
2023	725,612	9.66	205,696	15.60	8,716	1.20
Total	7,509,540	100.00	1,318,562	100.00	294,859	3.93

NOTE: These mortgage counts and balances are active as of September 30, 2023. Portfolio UPB differs slightly from IIF amounts reported in Chapter 4.
SOURCE: U.S. Department of HUD/FHA, October 2023.

Table D-14: Data Table for Exhibit E-8 and III-14: Historical Seriously Delinquent Rates for FHA Mortgages

End of Month	Rate
Sep-08	6.17
Oct-08	6.40
Nov-08	6.82
Dec-08	7.11
Jan-09	7.52
Feb-09	7.46
Mar-09	7.36
Apr-09	7.48
May-09	7.69
Jun-09	7.13
Jul-09	8.03
Aug-09	8.37
Sep-09	8.52
Oct-09	8.97
Nov-09	9.25
Dec-09	9.43
Jan-10	9.70
Feb-10	9.45
Mar-10	9.04
Apr-10	8.77
May-10	8.71
Jun-10	8.61
Jul-10	8.61
Aug-10	8.48
Sep-10	8.66
Oct-10	8.01
Nov-10	8.73
Dec-10	8.78
Jan-11	8.90
Feb-11	8.94
Mar-11	8.31
Apr-11	8.19
May-11	8.18
Jun-11	8.18
Jul-11	8.31
Aug-11	8.43
Sep-11	8.69
Oct-11	9.01
Nov-11	9.35
Dec-11	9.59
Jan-12	9.83
Feb-12	9.66
Mar-12	9.42
Apr-12	9.37
May-12	9.39
Jun-12	9.44
Jul-12	9.47
Aug-12	9.47
Sep-12	9.58
Oct-12	9.49
Nov-12	9.49
Dec-12	9.59
Jan-13	9.49
Feb-13	9.28
Mar-13	8.87
Apr-13	8.58
May-13	8.27
Jun-13	8.38
Jul-13	8.17
Aug-13	7.98
Sep-13	8.04
Oct-13	8.04
Nov-13	8.02
Dec-13	8.02
Jan-14	7.83
Feb-14	7.71
Mar-14	7.44
Apr-14	7.25
May-14	7.19
Jun-14	7.14
Jul-14	6.98
Aug-14	6.94
Sep-14	6.99
Oct-14	6.94
Nov-14	7.02
Dec-14	7.00
Jan-15	6.96
Feb-15	6.76
Mar-15	6.42
Apr-15	6.28
May-15	6.24
Jun-15	6.12
Jul-15	5.75
Aug-15	5.91
Sep-15	5.86
Oct-15	5.79
Nov-15	5.82
Dec-15	5.79
Jan-16	5.80

Feb-16	5.55
Mar-16	5.31
Apr-16	5.16
May-16	5.07
Jun-16	5.02
Jul-16	4.96
Aug-16	4.95
Sep-16	4.92
Oct-16	4.91
Nov-16	4.94
Dec-16	4.99
Jan-17	4.97
Feb-17	4.81
Mar-17	4.54
Apr-17	4.47
May-17	4.36
Jun-17	4.28
Jul-17	4.20
Aug-17	4.24
Sep-17	4.32
Oct-17	4.42
Nov-17	4.83
Dec-17	5.19
Jan-18	5.18
Feb-18	5.06
Mar-18	4.66
Apr-18	4.54
May-18	4.35
Jun-18	4.28
Jul-18	4.08
Aug-18	4.11
Sep-18	4.11
Oct-18	4.06
Nov-18	4.06
Dec-18	4.08
Jan-19	4.16
Feb-19	4.10
Mar-19	3.88
Apr-19	3.74
May-19	3.67
Jun-19	3.76
Jul-19	3.78
Aug-19	3.82
Sep-19	3.88
Oct-19	3.93
Nov-19	4.06
Dec-19	4.35
Jan-20	4.12

Feb-20	4.04
Mar-20	3.97
Apr-20	4.04
May-20	4.91
Jun-20	8.96
Jul-20	10.58
Aug-20	11.35
Sep-20	11.59
Oct-20	11.73
Nov-20	11.90
Dec-20	11.89
Jan-21	11.83
Feb-21	11.37
Mar-21	11.61
Apr-21	11.06
May-21	10.59
Jun-21	10.11
Jul-21	9.66
Aug-21	9.17
Sep-21	8.81
Oct-21	8.35
Nov-21	7.83
Dec-21	7.28
Jan-22	6.81
Feb-22	6.48
Mar-22	6.00
Apr-22	5.23
May-22	5.19
Jun-22	5.00
Jul-22	4.93
Aug-22	4.82
Sep-22	4.77
Oct-22	4.77
Nov-22	4.79
Dec-22	4.91
Jan-23	4.90
Feb-23	4.86
Mar-23	4.53
Apr-23	4.39
May-23	4.30
Jun-23	4.21
Jul-23	4.12
Aug-23	3.97
Sep-23	3.93

SOURCE: US Department of HUD/FHA, October 2023

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

	FHA Endorsed Forward Mortgages		
Endorsement Fiscal Year	**Purchase**	**Refinance**	**All**
2000	0.18	0.12	0.17
2001	1.20	1.05	1.17
2002	1.56	1.05	1.40
2003	1.46	0.86	1.16
2004	1.44	1.07	1.29
2005	1.87	1.50	1.75
2006	1.82	1.34	1.70
2007	2.60	1.79	2.32
2008	2.33	2.53	2.42
2009	0.95	1.72	1.30
2010	0.42	0.74	0.52
2011	0.41	0.40	0.40
2012	0.39	0.32	0.36
2013	0.32	0.23	0.28
2014	0.42	0.35	0.40
2015	0.45	0.32	0.41
2016	0.43	0.33	0.40
2017	0.86	0.52	0.76
2018	0.73	0.41	0.66
2019	0.88	0.45	0.77
2020	4.53	5.07	4.74
2021	1.88	0.98	1.51
2022	2.23	1.05	1.88
2023	1.92	1.11	1.75

NOTE: FY 2023 data is through February 2023. There is a 7-month Lag.
SOURCE: U.S. Department of HUD/FHA, October 2023.

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

Claim Fiscal Year	Insurance-in-Force	FHA Claim Disposition Type				Loss Severity Rate
		REO	Note Sales/Distressed Asset Sales Program	Third Party Sales	Pre-Foreclosure Sales	
2013	7,810,422	112,443	35,020	10,739	34,548	57.62
2014	7,787,092	74,655	40,746	26,829	24,696	52.41
2015	7,742,143	60,759	19,975	22,051	13,968	51.60
2016	7,838,495	58,290	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	48,376	6,000	45.52
2019	8,107,806	16,569	131	40,683	4,528	41.41
2020	7,988,354	16,716	47	24,690	3,573	39.65
2021	7,498,614	5,693	68	11,889	3,125	36.67
2022	7,263,194	2,825	9	12,804	1,487	27.47
2023	7,509,540	3,463	9	14,077	925	24.54

SOURCE: U.S. Department of HUD/FHA, October 2023.
Refer to data table D-16 in Appendix D.

Table D-17: Data Table for Exhibit III-17: Annual FHA Claim Payments as a Share Mortgage Count and Initial Insurance-in-Force

Claim Fiscal Year	FHA Forward Mortgage Count		Share of Mortgage Count End of Year	Insurance-in-Force Unpaid Principal Balance ($ billions)		Claims Share of IIF UPB
	Mortgage Claims	Active Mortgages (End-of-FY)		Mortgage Claims[b]	Active Mortgages (End-of-FY)	
2013	192,750	7,810,422	2.47	28.32	1,097.40	2.58
2014	166,926	7,787,092	2.14	24.75	1,083.50	2.28
2015	116,753	7,742,143	1.51	15.86	1,072.80	1.48
2016	116,374	7,838,495	1.48	15.35	1,106.30	1.39
2017	103,277	7,982,070	1.29	13.39	1,158.80	1.16
2018	80,762	8,048,639	1.00	10.37	1,196.30	0.87
2019	61,911	8,107,806	0.76	8.17	1,228.00	0.67
2020	45,026	7,988,354	0.56	6.04	1,235.40	0.49
2021	20,775	7,498,614	0.28	2.73	1,191.30	0.23
2022	17,125	7,263,194	0.24	2.05	1,210.90	0.17
2023	18,474	7,509,540	0.25	2.21	1,318.60	0.17

NOTE: Data through August 31, 2023. Includes funds outside of MMI Fund. Includes outbids.
SOURCE: U.S. Department of HUD/FHA, October 2023. Fiscal year 2023 may have de minimis adjustments due to late reporting of disposition sales.

Table D-18: Data Table for Exhibit III-18: FHA HECM Endorsement Activity

Endorsement Fiscal Year	Home Equity Conversion Mortgages (HECM)						
	Mortgage Purpose Type		Mortgage Product Type			All Mortgages	Original Maximum Claim Amount ($ billions)
	Fixed Rate	Adjustable Rate	Purchase	Refinance	Traditional		
2009	13,312	101,113	559	8,973	104,893	114,425	30.07
2010	54,483	24,574	1,389	4,835	72,833	79,057	21.07
2011	49,742	23,370	1,538	2,737	68,837	73,112	18.21
2012	38,051	16,761	1,627	1,444	51,741	54,812	13.16
2013	36,326	23,598	2,091	1,835	55,998	59,924	14.68
2014	9,635	41,981	1,825	2,406	47,385	51,616	13.52
2015	9,131	48,859	2,411	5,571	50,008	57,990	16.13
2016	5,198	43,670	2,367	5,398	41,103	48,868	14.66
2017	5,710	49,580	2,634	8,016	44,640	55,290	17.69
2018	4,898	43,431	2,615	5,860	39,854	48,329	16.19
2019	1,890	29,382	2,295	1,679	27,298	31,272	10.86
2020	793	41,042	2,472	8,614	30,749	41,835	16.29
2021	3,533	45,662	2,228	20,660	26,307	49,195	21.35
2022	2,869	61,588	2,236	28,985	33,236	64,457	32.11
2023	306	32,657	2,034	4,012	26,917	32,963	16.16

SOURCE: US Department of HUD/FHA, October 2023.

Table D-19: Data Table for Exhibit III-19: Current HECM Portfolio by Year of Endorsement

Endorsement Fiscal Year	Active HECM	Current Maximum Claim Amount ($ billions)	Current Principal Limit ($ billions)	Insurance-in-Force ($ billions)
2009	11,164	2.91	3.39	2.99
2010	6,299	1.77	2.06	1.84
2011	6,242	1.70	1.91	1.63
2012	4,505	1.21	1.44	1.18
2013	6,095	1.59	1.78	1.47
2014	14,229	3.52	3.26	2.79
2015	21,206	5.51	4.98	4.29
2016	19,729	5.57	4.98	4.12
2017	25,273	7.62	6.54	5.35
2018	22,631	7.12	5.24	4.19
2019	14,924	4.91	3.04	2.39
2020	24,241	9.18	6.02	4.74
2021	37,342	16.17	10.57	8.63
2022	60,632	30.26	18.54	14.91
2023	32,420	15.89	7.83	5.21
Total	306,932	114.93	81.57	65.75

SOURCE: US Department of HUD/FHA, October 2023.

Table D-20: Data Table for Exhibit III-20: FHA HECM Claims by Claim Type

Claim Fiscal Year	Claim Amount Paid in Fiscal Year ($)			
	Claim Type 1	Claim Type 2	Supplemental	Total
2009	5,818	280,946	.	286,764
2010	2,429,944	511,603	6,088	2,947,636
2011	10,978,684	17,521,667	47,061	28,547,412
2012	81,388,383	123,067,358	5,479	204,461,219
2013	207,874,582	504,097,996	1,265,207	713,237,784
2014	224,538,487	676,797,426	644,761	901,980,675
2015	755,477,982	1,734,780,373	8,884,319	2,499,142,673
2016	636,636,110	3,529,360,512	47,313,221	4,213,309,843
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	8,930,409,213	35,470,645	9,556,953,572
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

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 2023.

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 ($)	Total MCA Endorsed ($)
2009	114,425	262,833	30,074,655,579
2010	79,057	266,560	21,073,416,164
2011	73,112	249,132	18,214,512,353
2012	54,812	240,138	13,162,427,359
2013	59,924	245,000	14,681,369,941
2014	51,616	261,948	13,520,722,585
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	49,195	433,991	21,350,191,053
2022	64,457	498,210	32,113,150,242
2023	32,963	490,396	16,164,929,381

SOURCE: US Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	Total Endorsements			
	Singular Male Borrower	Singular Female Borrower	Multiple Borrowers	Not Disclosed
2009	24,809	46,826	42,335	455
2010	16,951	33,101	28,214	791
2011	15,236	29,418	27,573	885
2012	11,611	21,449	20,934	818
2013	12,591	22,439	23,968	926
2014	10,549	19,905	20,410	752
2015	12,636	22,321	22,740	293
2016	10,554	17,982	20,205	127
2017	11,532	20,513	22,902	343
2018	9,935	17,701	19,938	755
2019	6,570	11,895	12,414	393
2020	8,326	14,722	17,475	1,312
2021	10,099	17,573	20,046	1,477
2022	12,561	22,707	27,327	1,862
2023	6,863	12,988	11,620	1,492

SOURCE: US Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	Racial Composition					
	American Indian	Asian	Black	Hispanic	White	Not Reported
2009	386	1,446	17,327	9,694	80,570	5,002
2010	272	1,200	11,941	6,286	57,524	1,834
2011	203	1,063	9,589	5,353	54,718	2,186
2012	184	781	6,847	4,081	40,806	2,113
2013	211	875	7,102	4,161	45,321	2,254
2014	168	833	5,629	3,478	39,827	1,681
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	35,317	7,196
2022	160	679	3,886	3,339	45,842	10,551
2023	90	283	2,164	1,620	21,556	7,250

SOURCE: US Department of HUD/FHA, October 2023.

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
2009	114,425	73.03
2010	79,057	72.97
2011	73,112	72.30
2012	54,812	72.06
2013	59,924	71.77
2014	51,616	71.97
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	49,195	73.95
2022	64,457	74.29
2023	32,963	74.84

SOURCE: US Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	Share of Total Maximum Claim Amount (MCA)		
	Purchase	Refinance	Traditional
2009	0.47	11.90	87.63
2010	1.73	9.41	88.86
2011	2.21	6.16	91.64
2012	3.26	4.56	92.17
2013	3.95	5.03	91.02
2014	3.91	7.24	88.84
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	48.90	47.91
2023	6.08	13.70	80.22

SOURCE: US Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	Share of Total Maximum Claim Amount (MCA)		
	Annual Adjustable-Rate Mortgage	Monthly Adjustable-Rate Mortgage	Fixed Rate Mortgage
2009	1.01	86.19	12.80
2010	0.08	35.01	64.90
2011	0.13	36.83	63.04
2012	0.05	34.81	65.15
2013	0.11	41.56	58.33
2014	2.63	78.11	19.26
2015	42.10	41.61	16.29
2016	75.89	13.27	10.84
2017	83.00	6.29	10.72
2018	87.72	1.29	10.99
2019	93.07	0.29	6.64
2020	97.40	0.19	2.41
2021	33.13	58.36	8.51
2022	4.89	90.17	4.95
2023	1.12	97.87	1.01

SOURCE: US Department of HUD/FHA, October 2023.

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 Maximum Claim Amount	Average 1st Month Cash Draw as a Share of Principal Limit
2009	114,425	70.23%	67.89%
2010	79,057	66.03%	76.18%
2011	73,112	64.80%	76.52%
2012	54,812	66.14%	77.83%
2013	59,924	66.02%	79.93%
2014	51,616	59.09%	66.72%
2015	57,990	59.27%	64.23%
2016	48,868	60.02%	62.77%
2017	55,290	59.94%	64.23%
2018	48,329	55.26%	63.63%
2019	31,272	52.00%	63.10%
2020	41,835	57.56%	67.81%
2021	49,195	58.62%	72.37%
2022	64,457	55.81%	71.97%
2023	32,963	46.96%	60.74%

SOURCE: US Department of HUD/FHA, October 2023.

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

Endorsement Fiscal Year	HECMs Endorsed (count)	Average Principal Limit as a Share of Maximum Claim Amount	Average 1st Month Cash Draw as a Share of Principal Limit
2009	114,425	70.23%	67.89%
2010	79,057	66.03%	76.18%
2011	73,112	64.80%	76.52%
2012	54,812	66.14%	77.83%
2013	59,924	66.02%	79.93%
2014	51,616	59.09%	66.72%
2015	57,990	59.27%	64.23%
2016	48,868	60.02%	62.77%
2017	55,290	59.94%	64.23%
2018	48,329	55.26%	63.63%
2019	31,272	52.00%	63.10%
2020	41,835	57.56%	67.81%
2021	49,195	58.62%	72.37%
2022	64,457	55.81%	71.97%
2023	32,963	46.96%	60.74%

SOURCE: US Department of HUD/FHA, October 2023.

Table D-29: Data Table for Exhibit III-29: States with the Highest Share of FHA HECMs by Maximum Claim Amount

Endorsement Fiscal Year	Share of Total Maximum Claim Amount (MCA) by Endorsement Fiscal Year					
	California	Florida	New York	Texas	Colorado	Other States
2009	20.89	11.41	7.54	4.23	1.94	53.99
2010	23.11	7.31	8.61	5.05	1.95	53.97
2011	22.52	5.51	8.72	5.94	2.18	55.13
2012	21.09	5.27	10.56	6.00	2.16	54.91
2013	23.73	5.69	9.15	5.89	2.32	53.23
2014	28.83	6.03	8.07	5.04	2.48	49.55
2015	31.92	7.24	7.82	4.85	2.59	45.58
2016	32.87	7.54	6.41	5.50	4.09	43.60
2017	34.86	7.25	5.54	5.45	5.94	40.96
2018	33.17	6.79	4.98	5.30	6.67	43.09
2019	31.26	6.92	5.42	5.17	6.90	44.32
2020	35.39	6.45	3.61	4.44	7.83	42.27
2021	36.03	6.19	3.13	4.07	7.52	43.06
2022	31.89	7.31	2.08	4.89	7.52	46.31
2023	27.12	9.65	2.52	6.34	5.92	48.44

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table D-29A: Data Table: States with the Highest Share of FHA HECMs by Count

Endorsement Fiscal Year	Share of Total Loan Count by FHA HECM Endorsement Fiscal Year					
	California	Florida	Texas	New York	Arizona	Other States
2009	13.68	13.19	6.63	5.32	3.12	58.05
2010	13.99	8.99	7.98	5.85	2.12	61.07
2011	13.47	6.80	9.12	5.94	1.98	62.68
2012	12.70	6.15	8.94	7.19	1.75	63.27
2013	14.06	6.52	8.56	6.35	2.36	62.14
2014	17.53	6.94	7.45	5.87	2.91	59.30
2015	20.28	8.31	7.04	5.74	3.20	55.43
2016	21.77	8.78	7.62	4.75	3.56	53.52
2017	23.74	8.69	7.64	4.17	3.73	52.03
2018	22.73	8.42	7.41	3.81	3.95	53.68
2019	21.07	8.58	7.39	4.03	4.78	54.16
2020	24.74	8.35	6.44	2.76	5.63	52.06
2021	26.04	8.23	6.00	2.50	6.99	50.23
2022	23.70	9.06	6.58	1.68	8.47	50.50
2023	18.50	10.65	8.35	2.02	6.30	54.18

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table D-30: Data Table for Exhibit III-30: FHA HECMs by Payment Plan Option

Endorsement Fiscal Year	Share of Maximum Claim Amount (MCA)					
	HECM Payment Options ($ millions)					
	Term	Line of Credit	Tenure	Term & Line of Credit	Tenure & Line of Credit	Lump Sum
2009	0.84	90.52	1.67	4.43	2.53	0.00
2010	0.55	92.55	1.04	3.66	2.20	0.00
2011	0.46	92.95	1.05	3.56	1.99	0.00
2012	0.31	93.55	0.96	3.31	1.87	0.00
2013	0.46	93.78	1.01	3.07	1.69	0.00
2014	0.72	92.07	1.62	3.58	2.00	0.02
2015	0.56	92.22	1.17	3.37	2.14	0.53
2016	0.60	88.30	1.13	3.27	2.01	4.69
2017	0.55	85.97	0.96	3.12	2.04	7.35
2018	0.55	86.10	0.80	3.01	1.94	7.61
2019	0.54	88.64	0.81	2.82	1.67	5.51
2020	0.50	93.39	0.44	2.55	1.26	1.86
2021	0.45	89.09	0.37	2.29	0.98	6.83
2022	0.44	92.52	0.61	2.19	1.08	3.17
2023	0.60	93.34	0.88	2.73	1.73	0.71

SOURCE: U.S. Department of HUD/FHA, October 2023.

Appendix E: Data Tables for Chapter IV

Table E-2: Data Table for Exhibit IV-2: MMI Fund Capital Ratio FY 2018 to FY 2023

MMI Capital Ratio	2018	2019	2020	2021	2022	2023
	2.76%	4.84%	6.10%	8.03%	11.11%	10.51%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-4: Data Table for Exhibit IV-4: Claims Paying Capacity and NPV Projected Losses FY 2023

2023	
NPV Projected MIP Revenue	4.24%
Total Capital Resources	7.99%
MMI Fund Capital Ratio	10.51%
NPV Projected Losses	1.73%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-5: Data Table for Exhibit IV-5: Changes to Claims Paying Capacity and NPV Projected Losses from FY 2022 to FY 2023

2022		2023	
Claims Paying Capacity	$151.79	Claims Paying Capacity	$169.20
MMI Fund Capital	$141.70	MMI Fund Capital	$145.30
NPV Projected Losses	$10.09	NPV Projected Losses	$23.90

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-6: Data Table for Exhibit IV-6: Forward and HECM Stand-Alone Capital Ratios – FY 2018 to FY 2023

Category	2018	2019	2020	2021	2022	2023
HECM Stand-Alone	-18.83%	-9.22%	-0.79%	6.08%	22.77%	16.27%
Forward Stand-Alone	3.93%	5.44%	6.31%	7.99%	10.47%	10.20%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-8: Data Table for Exhibit IV-8: Changes in Forward Portfolio Claims Paying Capacity and NPV Projected Losses from FY 2022 to FY 2023

2022		2023	
Claims Paying Capacity	$139.54	Claims Paying Capacity	$157.35
MMI Forward Capital	$126.60	MMI Forward Capital	$134.28
NPV Projected Losses	$12.94	NPV Projected Losses	$23.07

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-10: Data Table for Exhibit IV-10: Changes in HECM Portfolio Claims Paying Capacity and NPV Projected Losses from FY 2022 to FY 2023

2022		2023	
Claims Paying Capacity	$15.10	Claims Paying Capacity	$11.90
MMI Fund Capital	$15.10	MMI Fund Capital	$11.00
NPV Projected Losses		NPV Projected Losses	$0.83

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-11: Data Table for Exhibit IV-11: House Price Appreciation FY 2017 to FY 2023

Region	Year	HPA	Quarter	HPI
USA	2016	na	4	227.44
USA	2017	6.27%	4	241.69
USA	2018	12.62%	4	256.14
USA	2019	18.15%	4	268.72
USA	2020	27.85%	4	290.78
USA	2021	51.47%	4	344.50
USA	2022	69.94%	4	386.51
USA	2023	72.90%	4	393.25

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-12: Data Table for Exhibit IV-12: NPV Projected Losses for the MMI Portfolio FY 2017 to FY 2023

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%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-13: Data Table for Exhibit IV-13: Loss Severity for the Forward Portfolio FY 2017 to FY 2023

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%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-14: Data Table for Exhibit IV-14: Serious Delinquencies within the Forward Portfolio FY 2022 to FY 2023

End of Month	Seriously Delinquent (SDQ) Rate
Sept. 2022	4.77%
Dec. 2022	4.91%
Mar. 2023	4.53%
Jun. 2023	4.21%
Sept. 2023	3.93%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-16: Data Table for Exhibit IV-16: 2007 Stress Test: Impact of Q3 FY 2007 Economic Conditions on the FY 2023 Portfolio

Category	FY 2023	FY 2023 with 2007 Economy
Claims Paying Capacity	12.23%	11.66%
MMI Fund Capital	10.51%	5.43%
NPV Projected Losses	1.73%	6.23%

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-17: Data Table for Exhibit IV-17: 2007 Stress Test Analysis – MMI Fund Capital Ratio Impact (FY 2019 – FY 2023)

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

SOURCE: U.S. Department of HUD/FHA, October 2023.

Table E-19: FY 2023 Forward NPV Cashflows

FY2023 Annual Report Cashflows				
Estimation FY	Premiums	Claims	Recoveries	Total
2024	$8,451,412,352	$(6,401,607,116)	$478,598,632	$2,528,403,868
2025	$7,327,807,617	$(5,325,469,079)	$1,095,231,981	$3,097,570,519
2026	$6,309,192,763	$(5,039,826,448)	$1,114,433,294	$2,383,799,609
2027	$5,396,985,475	$(4,226,328,312)	$997,360,168	$2,168,017,331
2028	$4,598,355,001	$(3,458,978,661)	$838,244,958	$1,977,621,298
2029	$3,926,883,768	$(2,827,523,318)	$706,741,434	$1,806,101,885
2030	$3,363,113,802	$(2,244,709,581)	$590,212,956	$1,708,617,178
2031	$2,859,486,207	$(1,726,703,388)	$488,847,341	$1,621,630,161
2032	$2,380,516,626	$(1,293,212,393)	$401,808,431	$1,489,112,664
2033	$1,916,715,903	$(934,968,476)	$328,538,935	$1,310,286,363
2034	$1,551,430,953	$(646,038,151)	$267,200,671	$1,172,593,472
2035	$1,301,293,338	$(391,055,934)	$213,019,427	$1,123,256,830
2036	$1,110,249,300	$(203,212,559)	$168,417,486	$1,075,454,228
2037	$943,476,283	$(67,220,680)	$132,727,254	$1,008,982,857
2038	$797,853,931	$31,719,233	$104,105,882	$933,679,046
2039	$670,726,833	$103,765,463	$81,651,683	$856,143,979
2040	$559,794,495	$157,519,004	$63,759,056	$781,072,556
2041	$463,038,375	$172,665,519	$49,305,623	$685,009,517
2042	$378,704,367	$196,890,080	$37,997,753	$613,592,199
2043	$305,288,470	$206,788,196	$29,080,316	$541,156,982
2044	$241,869,910	$188,794,899	$22,053,206	$452,718,014
2045	$187,766,863	$201,896,951	$16,739,886	$406,403,700
2046	$142,147,027	$208,325,788	$12,657,037	$363,129,852
2047	$104,216,681	$201,185,780	$9,848,487	$315,250,948
2048	$72,946,889	$185,109,773	$7,305,064	$265,361,726
2049	$47,192,287	$181,785,432	$5,098,246	$234,075,965
2050	$26,517,410	$279,701,855	$3,513,158	$309,732,423
2051	$11,836,606	$455,288,259	$2,392,999	$469,517,864
2052	$3,715,669	$415,146,064	$1,391,896	$420,253,629
2053	$618,286	$259,339,279	$568,228	$260,525,793
2054	$-	$(15,959)	$78,510	$62,551
Totals	$55,451,153,487	$(31,340,948,480)	$8,268,930,000	$32,379,135,007

SOURCE: US Department of HUD/FHA, October 2023.

Table E-20: FY 2023 HECM NPV Cashflows

FY2023 Annual Report Cashflows				
Estimation FY	Premiums	Claims	Recoveries	Total
2024	$ 432,390,179.78	$ (2,561,601,308.52)	$ -	$ (2,129,211,128.74)
2025	$ 396,927,537.40	$ (3,006,824,610.50)	$ 188,144,468.98	$ (2,421,752,604.12)
2026	$ 346,637,575.82	$ (2,833,498,474.71)	$ 456,701,767.84	$ (2,030,159,131.05)
2027	$ 296,402,720.65	$ (2,155,580,528.94)	$ 698,321,235.47	$ (1,160,856,572.82)
2028	$ 255,157,615.95	$ (1,547,474,010.68)	$ 865,071,097.05	$ (427,245,297.68)
2029	$ 223,523,010.12	$ (1,388,192,682.71)	$ 978,542,104.08	$ (186,127,568.51)
2030	$ 197,692,054.57	$ (1,694,345,243.70)	$ 1,077,420,316.32	$ (419,232,872.82)
2031	$ 173,799,563.36	$ (2,188,734,767.45)	$ 1,194,575,983.53	$ (820,359,220.56)
2032	$ 150,147,587.91	$ (2,475,570,920.04)	$ 1,331,383,391.39	$ (994,039,940.75)
2033	$ 127,168,749.97	$ (2,341,243,394.77)	$ 1,468,846,710.37	$ (745,227,934.43)
2034	$ 106,427,485.60	$ (1,929,640,996.39)	$ 1,589,330,506.97	$ (233,883,003.82)
2035	$ 88,995,794.48	$ (1,565,574,831.70)	$ 1,666,933,627.09	$ 190,354,589.87
2036	$ 74,460,563.83	$ (1,282,939,365.77)	$ 1,707,345,325.90	$ 498,866,523.95
2037	$ 62,217,293.44	$ (1,039,625,962.46)	$ 1,713,407,773.23	$ 735,999,104.21
2038	$ 51,888,998.75	$ (814,860,730.10)	$ 1,688,083,920.58	$ 925,112,189.23
2039	$ 43,251,903.94	$ (620,765,530.93)	$ 1,637,335,198.72	$ 1,059,821,571.73
2040	$ 36,070,213.24	$ (459,631,639.22)	$ 1,560,268,442.69	$ 1,136,707,016.72
2041	$ 30,119,432.99	$ (339,248,054.59)	$ 1,461,309,195.15	$ 1,152,180,573.55
2042	$ 25,153,192.31	$ (249,138,824.71)	$ 1,347,549,624.15	$ 1,123,563,991.75
2043	$ 20,981,923.36	$ (187,170,172.85)	$ 1,225,765,629.96	$ 1,059,577,380.47
2044	$ 17,432,496.12	$ (145,153,777.73)	$ 1,110,390,586.58	$ 982,669,304.97
2045	$ 14,386,048.53	$ (116,275,524.78)	$ 985,952,913.40	$ 884,063,437.15
2046	$ 11,767,574.80	$ (96,252,373.03)	$ 861,657,594.99	$ 777,172,796.76
2047	$ 9,517,227.89	$ (79,776,068.01)	$ 744,845,250.70	$ 674,586,410.57
2048	$ 7,601,551.15	$ (66,500,047.45)	$ 632,715,769.78	$ 573,817,273.48
2049	$ 5,988,207.37	$ (54,937,767.19)	$ 529,299,030.70	$ 480,349,470.88
2050	$ 4,648,343.80	$ (45,116,812.32)	$ 435,820,174.59	$ 395,351,706.07
2051	$ 3,551,821.64	$ (36,530,652.20)	$ 352,899,480.19	$ 319,920,649.63
2052	$ 2,669,669.31	$ (28,964,546.88)	$ 280,863,486.12	$ 254,568,608.54
2053	$ 1,972,888.15	$ (22,516,834.93)	$ 219,554,693.90	$ 199,010,747.12
2054	$ 1,432,762.73	$ (17,236,066.39)	$ 168,455,963.03	$ 152,652,659.37
2055	$ 1,021,663.40	$ (12,949,727.49)	$ 126,746,633.96	$ 114,818,569.87
2056	$ 714,943.72	$ (9,518,620.55)	$ 93,443,713.38	$ 84,640,036.55
2057	$ 490,850.18	$ (6,851,197.33)	$ 67,469,851.81	$ 61,109,504.65
2058	$ 330,079.75	$ (4,836,613.26)	$ 47,741,439.76	$ 43,234,906.24
2059	$ 217,533.39	$ (3,326,769.56)	$ 33,054,324.83	$ 29,945,088.67
2060	$ 140,485.73	$ (2,231,960.00)	$ 22,404,065.10	$ 20,312,590.83
2061	$ 88,787.73	$ (1,466,901.81)	$ 14,865,829.68	$ 13,487,715.60
2062	$ 54,841.06	$ (941,305.58)	$ 9,649,137.01	$ 8,762,672.48
2063	$ 33,253.17	$ (587,900.89)	$ 6,134,186.39	$ 5,579,538.67
2064	$ 20,111.48	$ (355,427.73)	$ 3,759,796.88	$ 3,424,480.62
2065	$ 11,995.22	$ (211,756.84)	$ 2,273,975.48	$ 2,074,213.86
2066	$ 7,068.58	$ (123,096.74)	$ 1,345,330.02	$ 1,229,301.86
2067	$ 4,127.47	$ (69,983.77)	$ 779,510.66	$ 713,654.36
2068	$ 2,393.47	$ (39,071.58)	$ 443,741.05	$ 407,062.94
2069	$ 1,382	$ (21,517)	$ 249,362	$ 229,227
2070	$ 795	$ (11,767)	$ 139,296	$ 128,324
2071	$ 454	$ (6,421)	$ 77,724	$ 71,758
2072	$ 257	$ (3,501)	$ 43,405	$ 40,161
2073	$ 142	$ (1,907)	$ 24,216	$ 22,451
2074	$ 75	$ (1,039)	$ 13,532	$ 12,569
2075	$ 37	$ (560)	$ 7,490	$ 6,967
2076	$ 18	$ (294)	$ 4,069	$ 3,792

2077	$ 9	$ (152)	$ 2,173	$ 2,030
2078	$ 4	$ (79)	$ 1,167	$ 1,093
2079	$ 2	$ (40)	$ 619	$ 580
2080	$ 1	$ (20)	$ 319	$ 299
2081	$ 0	$ (7)	$ 132	$ 125
2082	$ 0	$ (1)	$ 26	$ 26
2083	$ -	$ (0)	$ 3	$ 3
Totals	$ 3,223,523,298	$ (31,434,480,161)	$ 30,609,466,333	$ 2,398,509,470

SOURCE: US Department of HUD/FHA, October 2023.

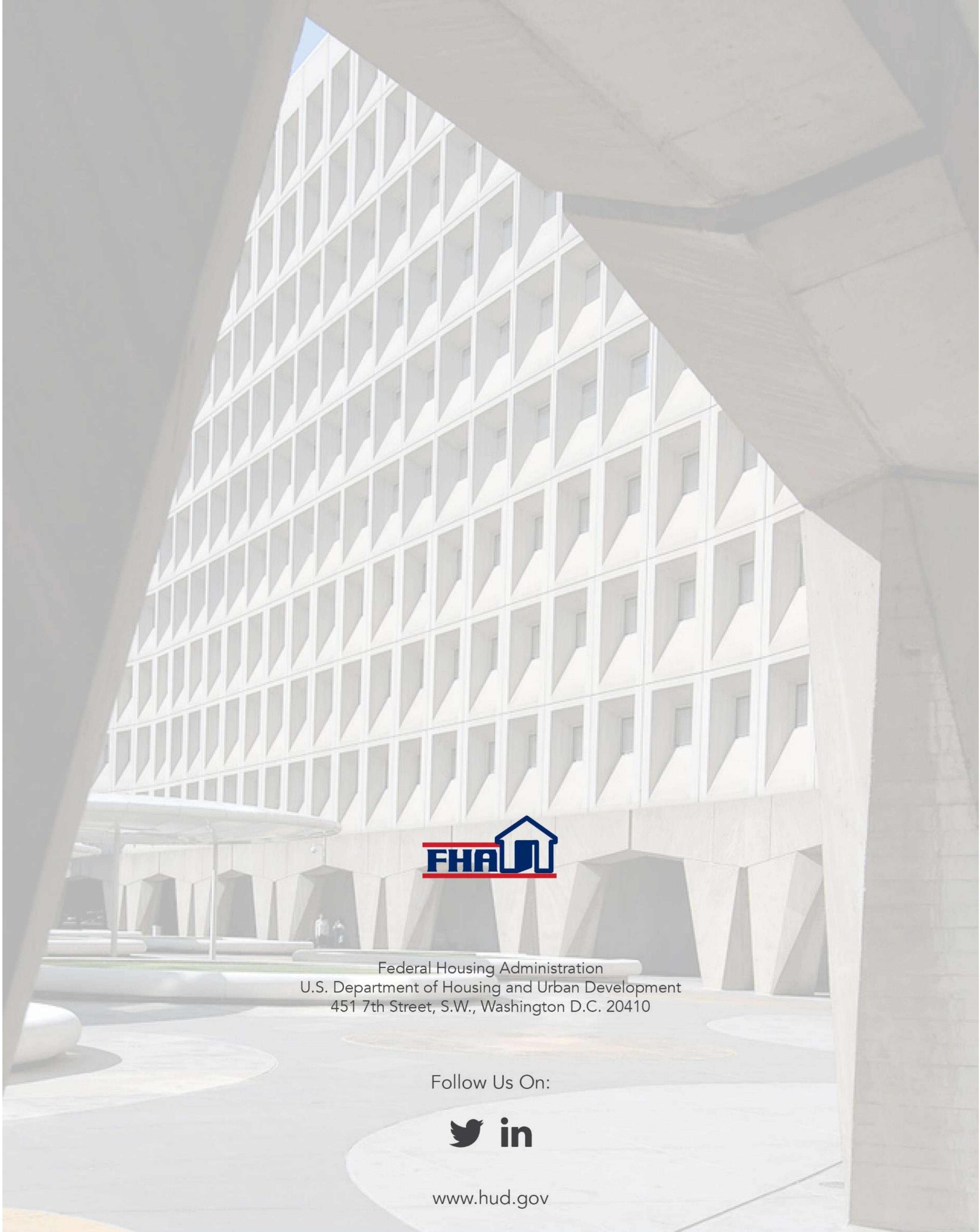
Appendix F:
FHA Single Family Housing Mortgagee Letters Published FY 2023

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 2023, FHA published the Mortgagee Letters listed in the table below.

ML#	Publication Date	Title
2023-15	7/11/2023	Modifications to FHA Home Equity Conversion Mortgage (HECM) Requirements Related to Secretary Payment of Borrower Disbursements Due to Mortgagee Default
2023-13	6/27/2023	Supplemental Consumer Information Form
2023-11	5/22/2023	Update to ML 2023-03 Regarding Loss Mitigation Options for Non-Borrowers Who Acquired Title through an Exempted Transfer
2023-10	5/17/2023	Modifications to the Home Equity Conversion Mortgage (HECM) Assignment Claim Type 22 (CT-22) Submission Criteria and Documentation Requirements
2023-09	5/2/2023	Adjustable-Rate Mortgages (ARM): New Secretary-Approved Interest Rate Indices and Requirements for Transitioning from London Interbank Offered Rate (LIBOR) Index
2023-08	4/7/2023	Extension for COVID-19 Forbearance and COVID-19 Home Equity Conversion Mortgage (HECM) Extensions Through May 31, 2023
2023-06	3/8/2023	Establishment of the 40-Year Loan Modification Loss Mitigation Option
2023-05	2/22/2023	Reduction of Federal Housing Administration (FHA) Annual Mortgage Insurance Premium (MIP) Rates
2023-04	2/16/2023	Electronic Filing of All insurance claims on FHA Title II Single Family Mortgages

2023-03	2/13/2023	CORRECTED AND REPUBLISHED: Expansion of the COVID-19 Recovery Loss Mitigation Options
2023-01	1/20/2023	Updated Instructions for Single Family Forward Model Documents for Government Sponsored Enterprises Security Instrument and Note Updates
2022-23	12/15/2022	COVID-19 Home Equity Conversion Mortgage (HECM) Property Charge Repayment Plan
2022-22	12/15/2022	Clarification of Conflict of Interest and Dual Employment Policy for Most Title II Single Family FHA-Insured Mortgage Transactions
2022-21	12/1/2022	2023 Home Equity Conversion Mortgage (HECM) Limits
2022-20	12/1/2022	2023 Nationwide Forward Mortgage Loan Limits
2022-19	11/22/2022	Rescinding the Mandatory Use of Date for the Federal Housing Administration (FHA) Catalyst: Electronic Appraisal Delivery (EAD) Module
2022-18	11/21/2022	Acceptance of Private Floods Insurance for FHA-Insured Mortgages (Superseded in part by HUD Handbook 4000.1)



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