Annual Report to Congress

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

FISCAL YEAR 2025

Secretary's Foreword

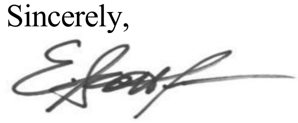
I am pleased to present to Congress the Federal Housing Administration's (FHA) annual report on the Mutual Mortgage Insurance Fund (MMI Fund). Under President Trump's leadership, HUD is emphasizing good stewardship of taxpayer resources and enforcing program integrity, while supporting homeownership and housing affordability for hardworking Americans. Furthermore, we are prioritizing American citizens in the delivery of FHA programs, a commitment demonstrated through our early action to right-size eligibility requirements in the Single-Family program.

FHA has a long-standing role in the nation's housing market and remains a vital tool for advancing this administration's priorities to improve affordability, increase housing supply, and support homeownership opportunities. In Fiscal Year 2025, FHA fulfilled its ongoing responsibilities by insuring more than 876,000 single family home mortgages, of which eighty-three percent of purchase mortgages supported first-time homebuyers. FHA also maintained its support for seniors through more than 28,000 Home Equity Conversion Mortgages (HECM). As of September 30, 2025, FHA managed active insurance on more than 8.1 million forward mortgages totaling over $1.6 trillion in unpaid principal balance, along with $64.3 billion in outstanding HECM obligations.

FHA's ongoing support for American homebuyers requires strong oversight of the MMI Fund to protect taxpayers from unnecessary risk. As of September 30, 2025, the Fund's Capital Ratio stood at 11.47 percent. The Economic Net Worth, or MMI Fund Capital, for Fiscal Year 2025 reached $188.87 billion, an increase of $16.11 billion from Fiscal Year 2024. This reflects strong and responsible management of FHA's portfolio.

We will continue to protect American taxpayers and uphold our statutory obligations, and we will ensure that FHA continues to operate with integrity and as a trusted resource for Americans seeking to achieve the American Dream of Homeownership.

Sincerely,



E. Scott Turner
U.S. Department of Housing
and Urban Development

A Message from the Principal Deputy Assistant Secretary

It is a privilege to lead the Federal Housing Administration (FHA) as the Principal Deputy Assistant Secretary and shortly to assume the role of the U.S. Senate-confirmed Federal Housing Commissioner, serving under the leadership of Secretary Scott Turner. I am honored by the trust placed in me as we continue to ensure HUD serves the American people and promotes pathways to achieve the American Dream of Homeownership. As this report demonstrates, we have enacted thoughtful updates to align programs and policies to reduce the regulatory burden on lenders and increase housing affordability, which together help FHA to best deliver on its long-standing mission.

To address the cumbersome regulatory environment in FHA's Office of Single Family Housing, we rescinded more than a dozen unnecessary policies that imposed burdensome costs on lenders and borrowers. These rescissions included eliminating obsolete appraisal requirements, removing the restrictive Biden-era Federal Flood Risk Management Standard, and ending the ineffectual pre-inspection requirements for properties in Presidentially-Declared Major Disaster Areas.

We also strengthened our loss mitigation options, adding guardrails to prevent misuse and safeguard the Mutual Mortgage Insurance Fund. We did so by removing onerous language access provisions, implementing a limit of one permanent loss mitigation option every 24 months, and adjusting borrower compensation for certain property dispositions. Taken together, these reforms help eligible homeowners avoid foreclosures while protecting taxpayers and mitigating financing risks.

Looking ahead, FHA will continue to streamline programs, strengthen the use of FHA-insured mortgages for manufactured homes, and improve our technology and operations for lenders, mortgage servicers, and other partners. With a $1.6 trillion mortgage portfolio of more than 8 million single family home mortgages, we have a clear fiduciary responsibility to steward the Mutual Mortgage Insurance Fund's financial health. I look forward to advancing this work and ensuring FHA remains a resource that enables the American people, especially first-time homebuyers, to finance the purchase of a home of their own.

Frank Cassidy
Principal Deputy Assistant Secretary

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Abbreviations

Abbreviation	Definition	Abbreviation	Definition
API	Application Programming Interface	LTV	Loan-to-Value
ARM	Adjustable-Rate Mortgage	MCA	Maximum Claim Amount
BNPL	Buy Now Pay Later	MIP	Mortgage Insurance Premium
CWCOT	Claims Without Conveyance of Title	MMI	Mutual Mortgage Insurance
DPA	Down Payment Assistance	NPV	Net Present Value
DTI	Debt-to-Income	PDMDA	Presidentially-Declared Major Disaster Area
EAD	Electronic Appraisal Delivery	PL	Principal Limit
EPD	Early Payment Default	PLF	Principal Limit Factor
FFRMS	Federal Flood Risk Management Standard	REO	Real Estate Owned
FHA	Federal Housing Administration	RFI	Request for Information
FHFA	Federal Housing Finance Agency	RMCAP	Risk Management and Capital Assessment Projections
FY	Fiscal Year	ROV	Reconsideration of Value
GI	General Insurance	SCIF	Supplemental Consumer Information Form
HECM	Home Equity Conversion Mortgage	SFHA	Special Flood Hazard Areas
HPA	Home Price Appreciation	TPP	Trial Payment Plan
HUD	Housing and Urban Development	UAD	Uniform Appraisal Dataset
IIF	Insurance in Force	UPB	Unpaid Principal Balance
LM	Loss Mitigation		

Annual Report Overview

Introduction

This overview highlights the key data presented in the Federal Housing Administration (FHA) Annual Report to Congress Regarding the Financial Status of the Mutual Mortgage Insurance (MMI) Fund for Fiscal Year (FY) 2025 (Annual Report).

MMI Fund Capital Ratio Remained Constant During FY 2025

As of September 30, 2025, the combined Capital Ratio in the MMI Fund for FY 2025 is 11.47 percent, unchanged from the Capital Ratio for FY 2024. Over the past year, the Capital Ratio remained stable and unchanged, while the breakdown between forward and Home Equity Conversion Mortgage (HECM) cash flows shifted. Specifically, forward cash flows improved slightly and HECM cash flows declined slightly year over year.

The majority of MMI Fund Capital is capital resources, which is composed of collected upfront and monthly insurance premiums, investments, recoveries on disposed assets, and any notes and properties awaiting disposition. This component is 8.48 percent of Insurance in Force (IIF), up from 8.29 percent at the end of FY 2024. Conversely, the net present value (NPV) of projected cash flows as a percentage of IIF declined year over year by 19 basis points to 2.99 percent. Exhibit O-1, below, provides a more detailed breakdown of MMI Fund Capital and MMI Fund Capital Ratio since FY 2019.

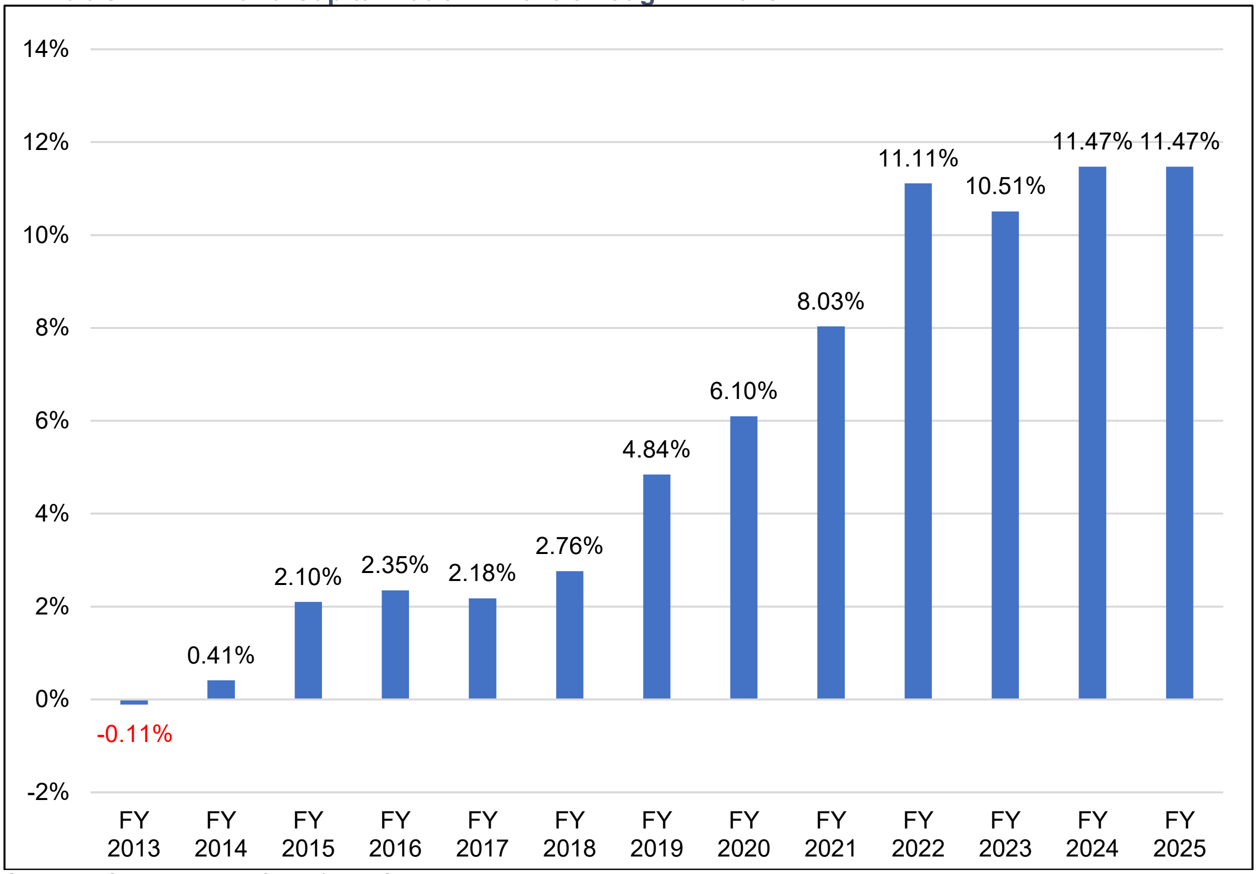
Exhibit O-1: MMI Fund Balance and Capital Ratio FY 2019 through FY 2025, ($ millions)

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Capital Resources	$57,980	$70,651	$83,604	$98,441	$110,529	$124,909	$139,665
Cash Flow NPV	$4,402	$8,298	$16,871	$43,260	$34,778	$47,853	$49,206
MMI Fund Capital	**$62,382**	**$78,949**	**$100,475**	**$141,701**	**$145,307**	**$172,762**	**$188,871**
Insurance in Force	$1,288,436	$1,294,731	$1,251,270	$1,275,212	$1,382,817	$1,506,675	$1,647,236
Total Capital Resources (% of IIF)	4.50%	5.46%	6.68%	7.72%	7.99%	8.29%	8.48%
Cash Flow NPV (% of IIF)	0.34%	0.64%	1.35%	3.39%	2.51%	3.18%	2.99%
MMI Capital Ratio	**4.84%**	**6.10%**	**8.03%**	**11.11%**	**10.51%**	**11.47%**	**11.47%**

Source: U.S. Department of Housing and Urban Development (HUD)/FHA, October 2025.
Due to rounding, the values may not add up to the total.

The MMI Capital Ratio exceeds the 2.00 percent statutory minimum for the eleventh consecutive year. Exhibit O-2 shows the history of the MMI Fund Capital Ratio since FY 2013. This FY's MMI Fund Capital Ratio is tied with FY 2024 for the highest level of capital recorded since the MMI Fund Capital Ratio was required by Congress.

Exhibit O-2: MMI Fund Capital Ratio FY 2013 through FY 2025



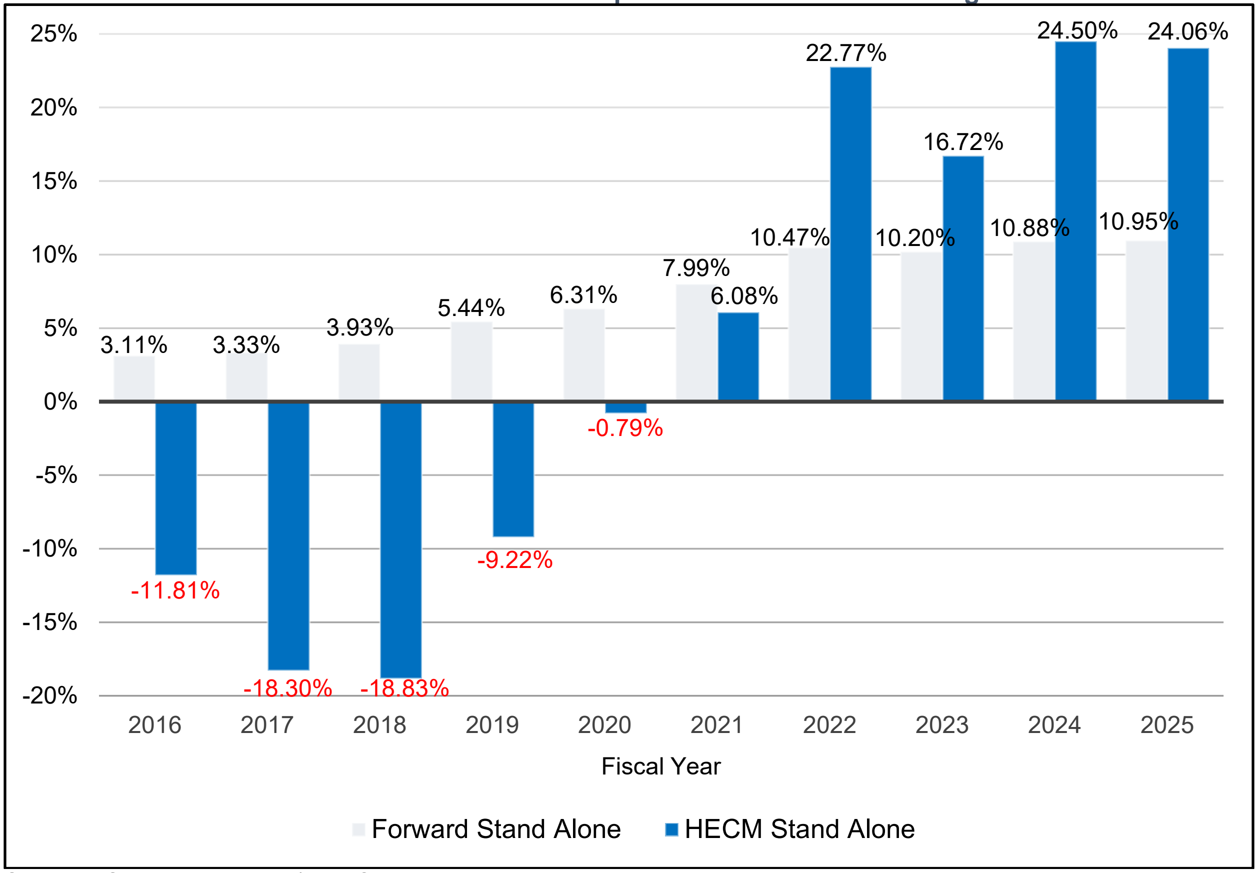
Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table A-2 in Appendix A.

In addition to the fiscal condition of the MMI Fund, FHA provides stand-alone reporting on the financial status of both the forward mortgage and HECM portfolios. Exhibit O-3 provides a comparison of Stand-Alone Capital Ratios for the forward and HECM insurance portfolios since FY 2016.

Stand-Alone Capital Ratio highlights include:

- The financial performance of the forward mortgage Stand-Alone Capital Ratio remained flat this past fiscal year, growing 0.07 percentage points from 10.88 percent in FY 2024 to 10.95 percent in FY 2025.
- The HECM portfolio, which accounts for roughly four percent of the MMI Fund's IIF, has a Stand-Alone Capital Ratio that decreased by 0.44 percentage points from 24.50 percent in FY 2024 to 24.06 percent in FY 2025.

Exhibit O-3: Forward and HECM Stand-Alone Capital Ratios – FY 2016 through FY 2025

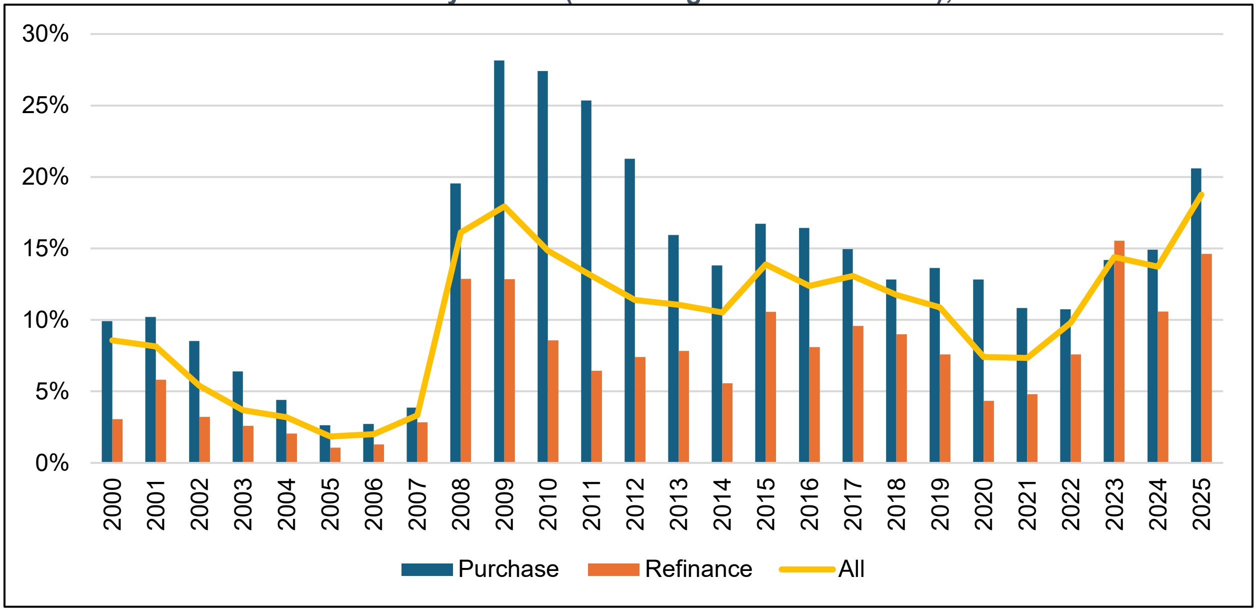


Source: U.S. Department HUD/FHA, October 2025.
Refer to data Table A-3 in Appendix A.

FHA Continues to Serve its Core Mission

FHA forward market share increased for the fourth year in a row in FY 2025. FHA traditionally plays a countercyclical role during times of market stress, for example stepping in when private capital receded from the housing finance system during the Great Recession. Exhibit O-4 shows how, during the last 18 years, FHA's market share increased dramatically from pre-Great Recession levels of two to three percent in 2005 through 2007, increased again during the COVID-19 pandemic, and continued to increase in a higher interest rate environment, resulting in market share now up to 19 percent. FHA intends to continue providing access to federally insured mortgage credit, as it has traditionally done when there is a severe curtailment of private capital, while prudently managing risks to the MMI Fund. FHA sees positive economic indicators, including lower unemployment, moderating inflation, and falling interest rates, and underwriting risks that could impact FHA policies and market share down the road.

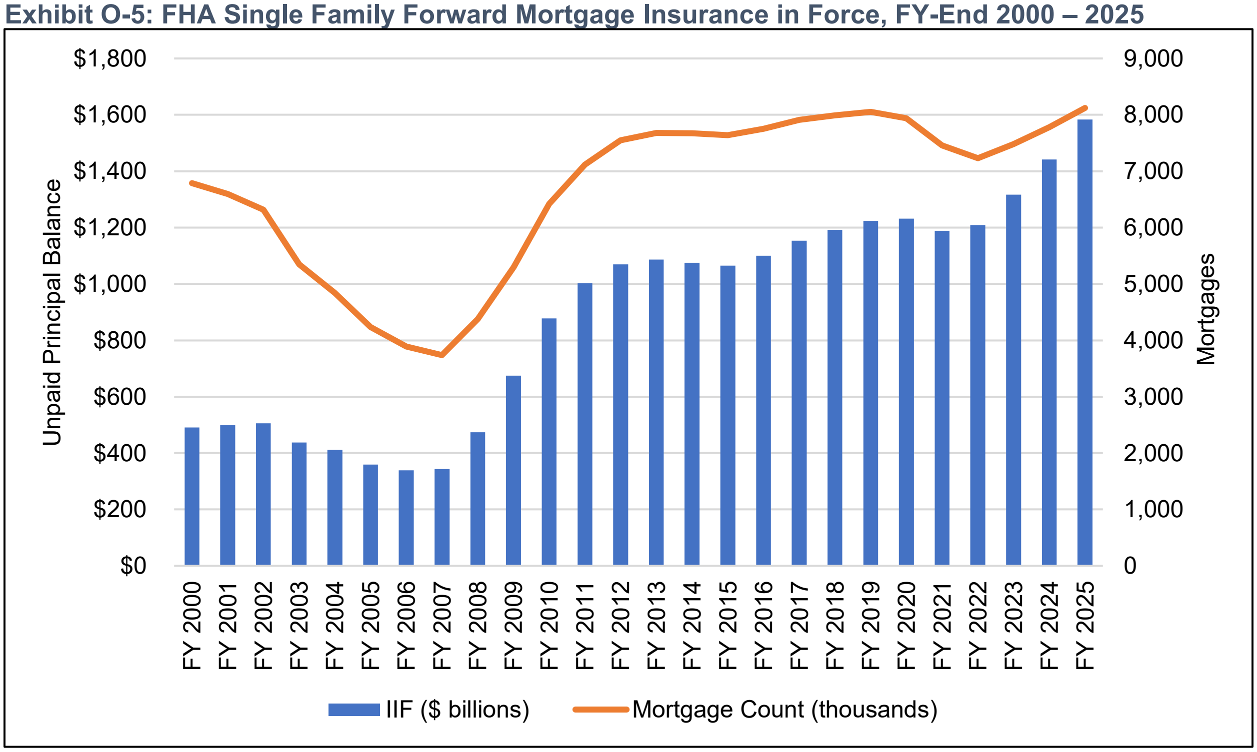
Exhibit O-4: FHA Share of Market by Cohort (Percentage of Dollar Volume), Cohorts 2000-2025



Source: 2000-2024 Cotality/TrueStandings; 2025: Risk Management and Capital Assessment Projections (RMCAP) / Mortgage Bankers Association. Refer to data Table A-4 in Appendix A.

FHA's footprint in the U.S. housing market remains substantial, totaling $1.583 trillion of forward mortgage IIF in FY 2025, an increase of nearly 10 percent from $1.442 trillion in FY 2024, as shown in Exhibit O-5.

Exhibit O-5: FHA Single Family Forward Mortgage Insurance in Force, FY-End 2000 – 2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table A-5 in Appendix A.

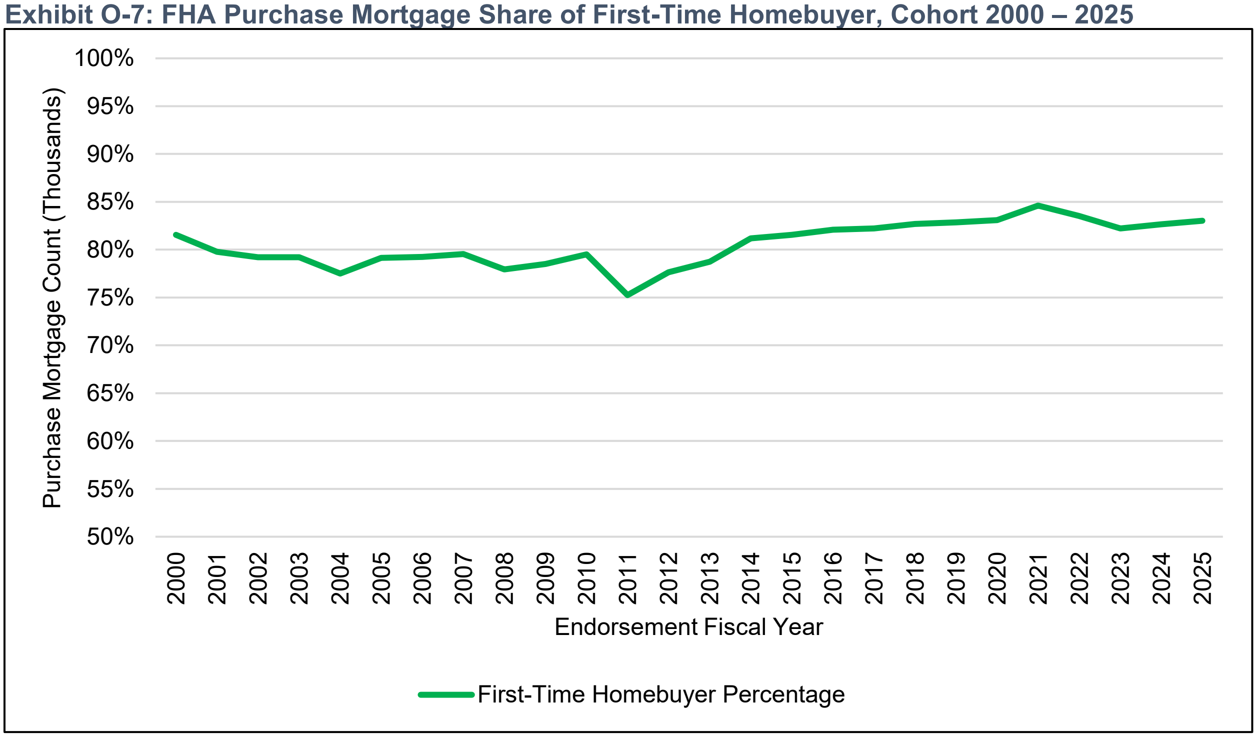
FHA continues to be a major source of funding for first-time homebuyers.[1] Purchase transaction mortgages represented 74.02 percent of FHA's FY 2025 endorsements, and the share of FHA-insured purchase transaction mortgages for first-time homebuyers remained relatively stable at 83.03 percent in FY 2025, as shown in Exhibits O-6 and O-7.

Exhibit O-6: Total FY 2025 Single Family Forward Mortgage Endorsement by Purpose and Single Family Forward Purchase Endorsement by Borrower Type

FY 2025 Single Family Mortgage Endorsement by Purpose		
	Volume	Percent
Total Purchase	648,764	74.02%
Total Refinance	227,738	25.98%
Total SF Forward Mortgage Endorsement	876,502	100%
FY 2025 Single Family Purchase Endorsement by Borrower Type		
	Volume	Percent
First-Time Homebuyer Mortgages	538,642	83.03%
Repeat Purchase	110,122	16.97%
Total Purchase Endorsements	648,764	100%

Source: U.S. Department of HUD/FHA, October 2025.

Exhibit O-7: FHA Purchase Mortgage Share of First-Time Homebuyer, Cohort 2000 – 2025

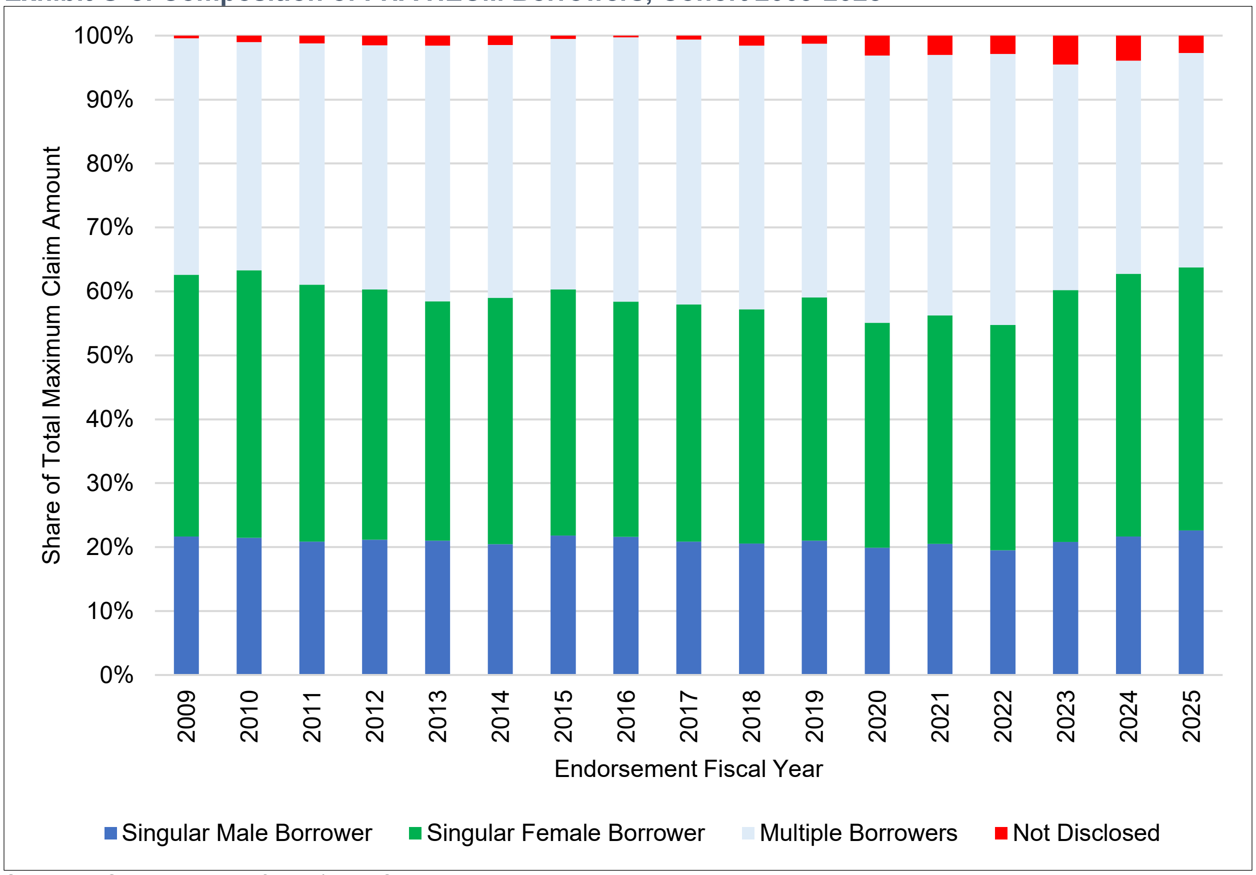


Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-7 in Appendix A.

[1] A first-time home buyer is an individual who has had no ownership in a principal residence during the three-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).

The HECM program continues to provide eligible seniors with a financing option that allows them to "age in place." While a private reverse mortgage market has begun to emerge, FHA continues to capture nearly all of the market. Exhibit O-8 illustrates the share of HECM endorsement counts by borrower type. Approximately 60 percent of HECM endorsements are for single borrowers, who tend to be at lower income levels than non-single borrowers. In FY 2025, 41.13 percent of HECM endorsements were given to single female borrowers, 22.62 percent to single male borrowers, and 33.54 percent to multiple borrowers.[2] The composition of HECM borrowers has remained relatively consistent since the HECM program entered the MMI Fund in FY 2009.

Exhibit O-8: Composition of FHA HECM Borrowers, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table A-8 in Appendix A.

[2] For 2.71 percent of FHA HECMs endorsed in FY 2025, the borrowers chose not to report such status at mortgage originations.

Measures Taken to Strengthen the MMI Fund

Over the course of the last fiscal year, FHA has taken steps to strengthen the MMI Fund by implementing key policy reforms, including:

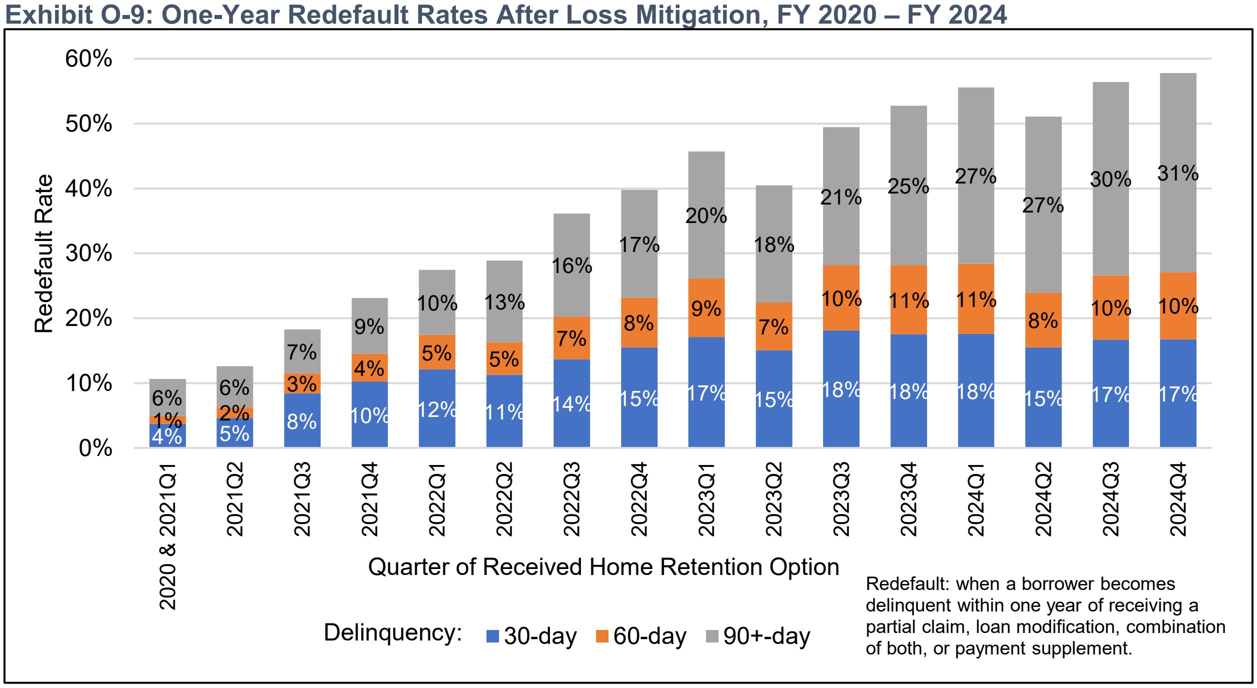
- Restoring Common Sense Safeguards for Loss Mitigation;
- Putting U.S. Citizens First;
- Rescinding Unnecessary and Burdensome Origination Requirements; and
- Working to Remedy an Emerging Trend in Risk Layered Loans.

In the following subsection, FHA highlights its 'Restoring Common Sense Safeguards for Loss Mitigation' reform, a new guardrail to limit borrowers to one loss mitigation home retention option per 24-month period and require borrowers to demonstrate they are both willing and capable of performing on revised payment terms. This reform alone is projected to save FHA **approximately $1 billion dollars on its existing book of business, doubling the projected savings of the loss mitigation reforms to $2.07 billion dollars**. Further down in this discussion, FHA will briefly highlight its efforts with respect to 'Addressing Risk Layered Loans.' A more comprehensive overview of these reforms, and the other aforementioned FY 2025 policy reforms, is provided in Chapter 3.

New Loss Mitigation Waterfall: Background on Redefaults

Effective October 1, 2025, FHA implemented significant reforms to its loss mitigation program to address a cycle of surging redefault rates and unsuccessful loss mitigation interventions. Exhibit O-9 illustrates the elevated 30, 60, and 90+ day redefault rates one year after providing COVID home retention options to borrowers from FY 2020 through FY 2024.

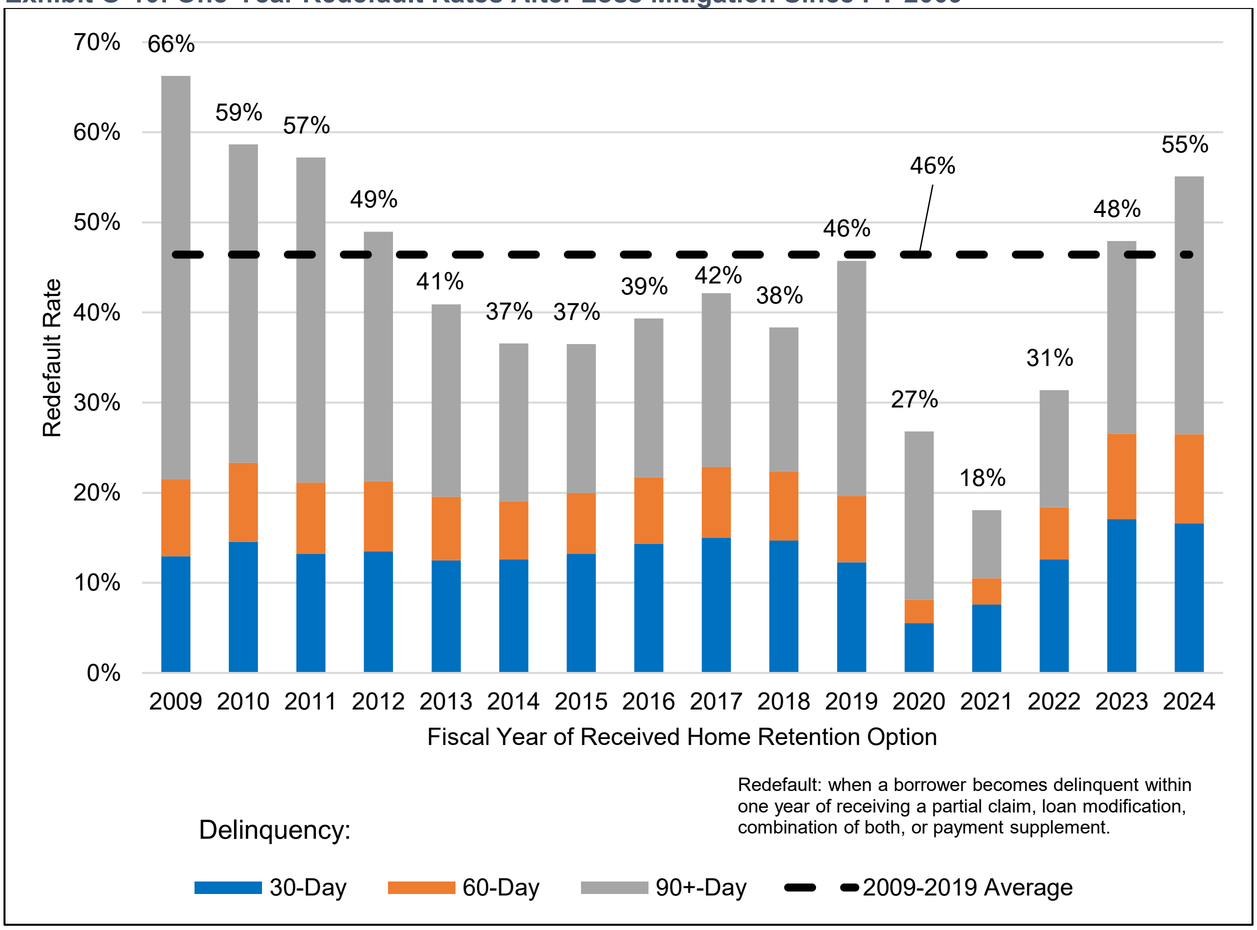
Exhibit O-9: One-Year Redefault Rates After Loss Mitigation, FY 2020 – FY 2024



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table A-9 in Appendix A.

Each bar in the graph reflects the date when the loss mitigation action[3] was provided to the borrower. The numbers identify the percentages of borrowers who redefaulted within one year of obtaining the loss mitigation option. For example, if the option was given in FY 2024 Quarter 4, the loan is assessed for redefault in FY 2025 Quarter 4. In other words, the data measures the effectiveness of FHA's loss mitigation policies at the time of the original action. While early COVID-19 loss mitigation interventions were relatively successful, FHA is currently approaching a 60 percent redefault rate, which is unsustainable and a detriment to the MMI Fund. FHA endeavors to give servicers a wide range of options to cure borrower delinquencies, as reperformance is good for borrowers, lenders, and the MMI Fund. However, repeated defaults and loss mitigation interventions are costly to the MMI Fund and indicate that some borrowers may be unable to reperform. In those cases, FHA must protect taxpayer dollars and mitigate its losses in furtherance of its statutory fiduciary duty to the MMI Fund.

Exhibit O-10: One-Year Redefault Rates After Loss Mitigation Since FY 2009

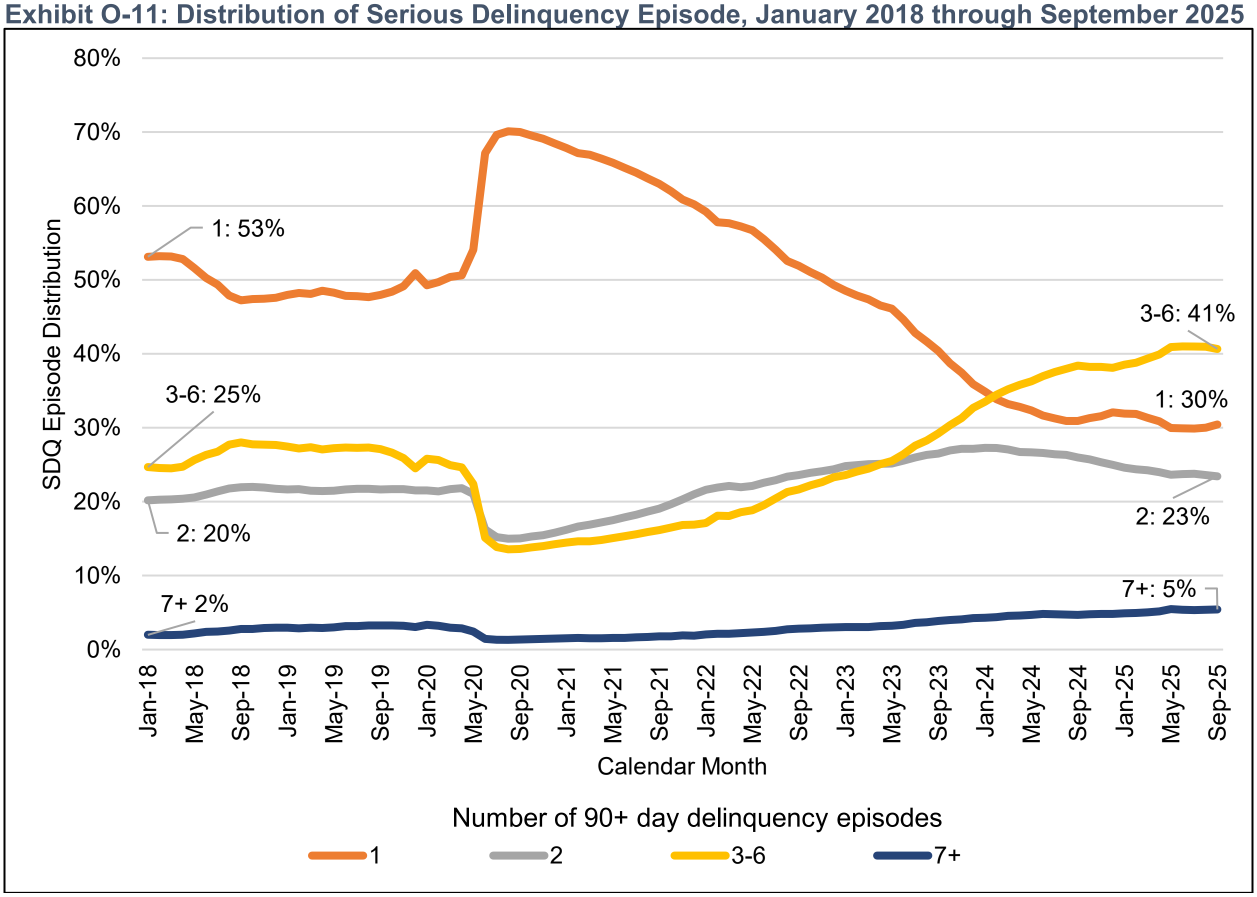


Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table A-10 in Appendix A.

[3] For exhibits O-9 and O-10, loss mitigation actions include partial claims, loan modifications, combinations of both, or payment supplements.

The redefault rates in Exhibits 0-9 and 0-10, above, visualize the challenging situation at the portfolio level. Exhibit O-11, below, is more specific and shows the distribution of serious delinquency episodes (90 days or more delinquent) from prior to the pandemic (in January 2018), through the present (in September 2025). Delinquency episodes are unique default events, reflecting each time a borrower went 90 days or more delinquent. When borrowers became seriously delinquent in FY 2018 and FY 2019, a plurality (47 percent to 53 percent) were first-time delinquencies. As of September 2025, the plurality (41 percent) were delinquent three to six times, and every category of delinquency episodes increased except for first-time delinquencies. This indicates that borrowers are continuing to experience persistent issues without long-term success.

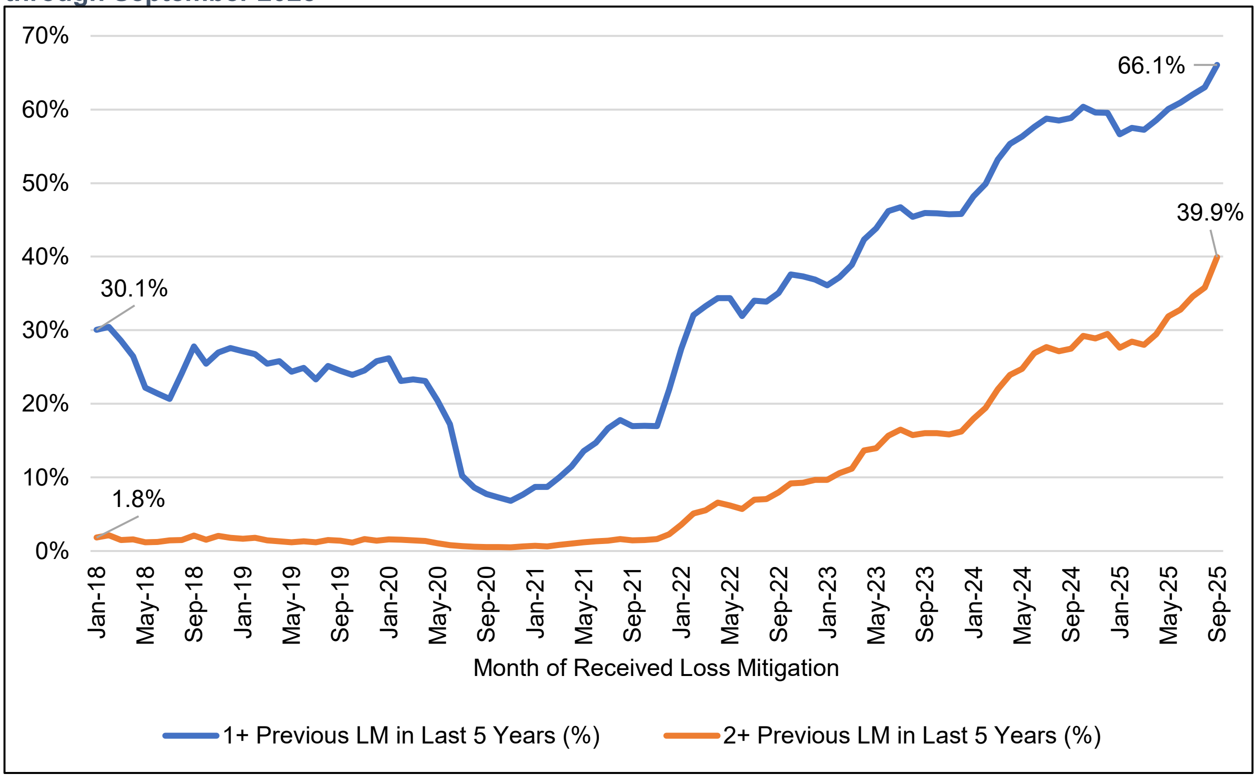
Exhibit O-11: Distribution of Serious Delinquency Episode, January 2018 through September 2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-11 in Appendix A.

Consistent with the redefault and serious delinquency data, borrowers are receiving home retention options to attempt to cure their serious delinquency with greater regularity. Exhibit O-12, below, identifies the number of prior loss mitigation options given by FHA at the time the borrower is receiving a new option. In January 2018, 30 percent of borrowers had one or more prior home retention options in the prior five years and nearly two percent had two or more. By September 2025, that increased to 66 percent and nearly 40 percent, respectively. This means 40 percent of borrowers who received a partial claim or loan modification in September 2025 were getting their third option in five years. There are many cases in which borrowers receive this support annually or multiple times a year. While the loss mitigation program saves FHA money on full claims when borrowers cure their delinquency long term, repeated loss mitigation costs negatively impact MMI Fund performance.

Exhibit O-12: Percent of Loans with Loss Mitigations (LMs) in Last Five Years, January 2018 through September 2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-12 in Appendix A.

New Loss Mitigation Waterfall: Solution and Impact

To address these risks, FHA published ML 2025-12, *Tightening and Expediting Implementation of the New Permanent Loss Mitigation Options* on April 15, 2025. Effective October 1, 2025, FHA lenders must now have their seriously delinquent borrowers successfully complete a Trial Payment Plan (TPP) before receiving a permanent home retention option. This ensures that borrowers can be successful under the anticipated solution in advance of providing funds. Additionally, FHA borrowers are now limited to one home retention option per 24-month period. If the borrower redefaults less than two years after receiving a permanent home retention option, FHA provides lenders with loss mitigation disposition options and requirements for foreclosure, if needed. This avoids the cycle of churning redefaults and interventions that increase losses to the MMI Fund. This action of restricting borrowers to one option per 24 months is projected to save approximately $1 billion dollars, doubling the savings from the loss mitigation reforms to $2.07 billion dollars on the existing book of business. The limit of one option per 24 months generates this additional savings because reperformance is expected to increase and the ongoing churn of unsuccessful home retention options is expected to decrease substantially. FHA recognizes, however, that borrowers who redefault within 24 months of receiving their loss mitigation home retention option will now be ineligible for additional home retention options and will proceed more quickly through loss mitigation, disposition, or foreclosure if necessary. These loans are expected to reach termination sooner. As a result, FHA forecasts a short-term increase in default and claim rates. However, once these serial redefault cases are appropriately addressed and resolved under the new policies, FHA projects a longer-term normalization of redefault and claim rates.

Overall, FHA’s new Permanent Loss Mitigation Waterfall is tailored to achieve lasting reperformance through home retention options whenever possible, while making other loss mitigation disposition options available for those who cannot reperform. FHA expects these safeguards to ultimately strengthen the MMI Fund so that FHA is better positioned long-term to serve its mission and support the emerging needs of the housing market.

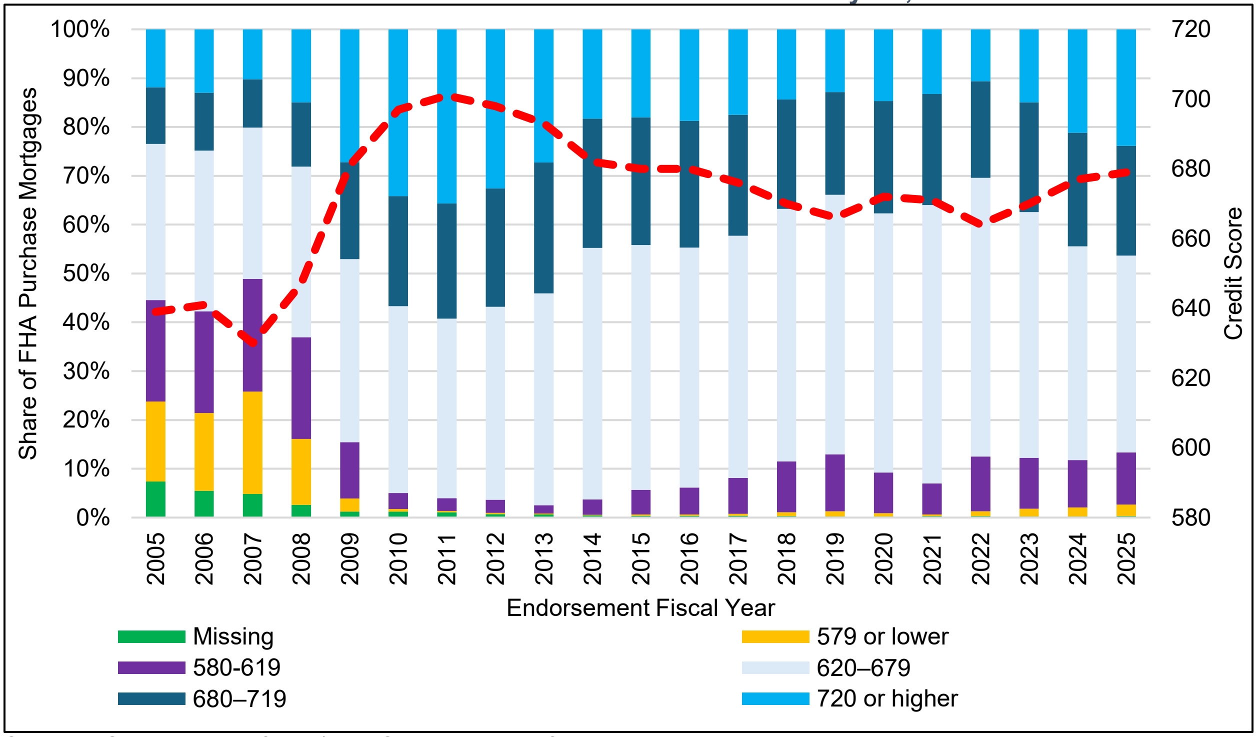
Addressing Risk Layered Loans

FHA's statutory fiduciary duty to the MMI Fund necessitates ongoing monitoring and responsiveness to emerging risks evident in the market and in FHA data. FHA identifies and assesses the riskiest areas of the portfolio so it can enact prudent policies to limit the MMI Fund’s exposure to higher risk loans. This assessment starts with underwriting criteria, and through default and claim modeling, FHA finds these factors as the most influential for predicting losses:

1) Credit Scores;
2) Loan-to-Value Ratios (LTVs); and
3) Debt-to-Income Ratios (DTIs).

Credit scores, the most predictive factor, have been increasing over the past four years, reaching ten-year highs with average credit scores of 679 (see Exhibit O-13 below). The increase in average credit scores is a favorable development that by itself lowers the MMI Fund’s risk exposure as higher credit score borrowers are less likely to default and require FHA to make a claim payment.

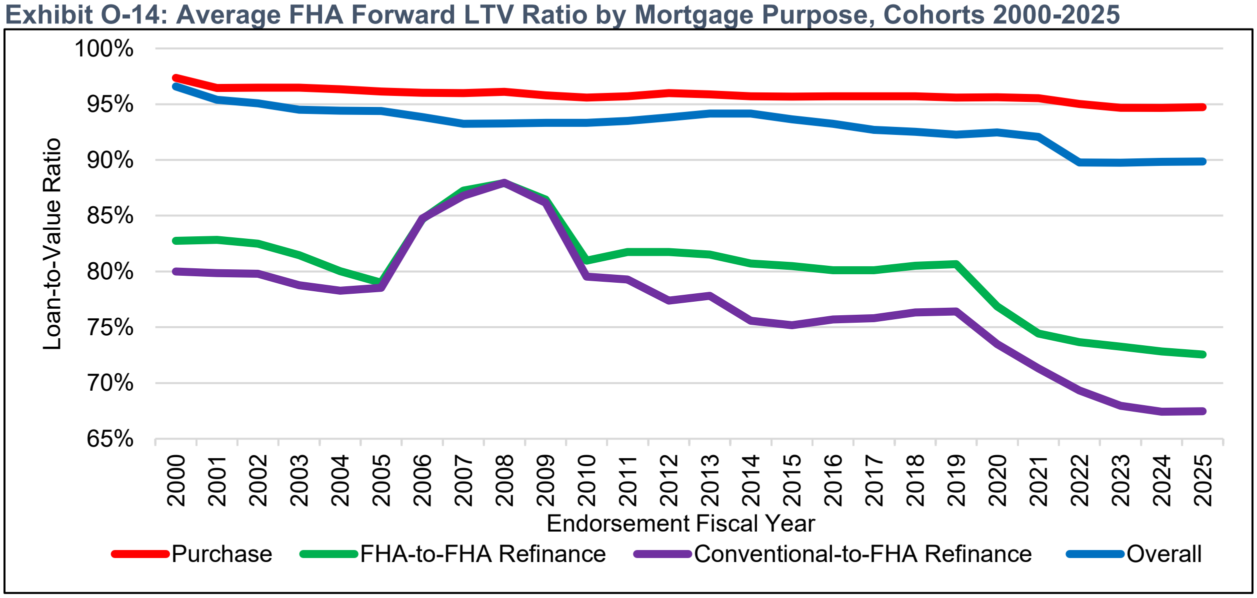
Exhibit O-13: Distribution of FHA Forward Borrower Credit Score by FY, Cohorts 2005-2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-13 in Appendix A.

Another major determinant of risk is LTV ratios. For FHA, high LTVs are commonplace and not a notable differentiator of risk in the portfolio. FHA's average LTV since FY 2022, including FY 2025, is 90 percent. FHA's long-term average purchase LTV has been between 95 percent and 96 percent for over a decade. The overall LTV fluctuates slightly when FHA's share of endorsements of lower LTV refinance loans increases or decreases, but otherwise remains consistent and is not noteworthy. See Exhibit O-14, below, for a graph of these historical trends.

Exhibit O-14: Average FHA Forward LTV Ratio by Mortgage Purpose, Cohorts 2000-2025

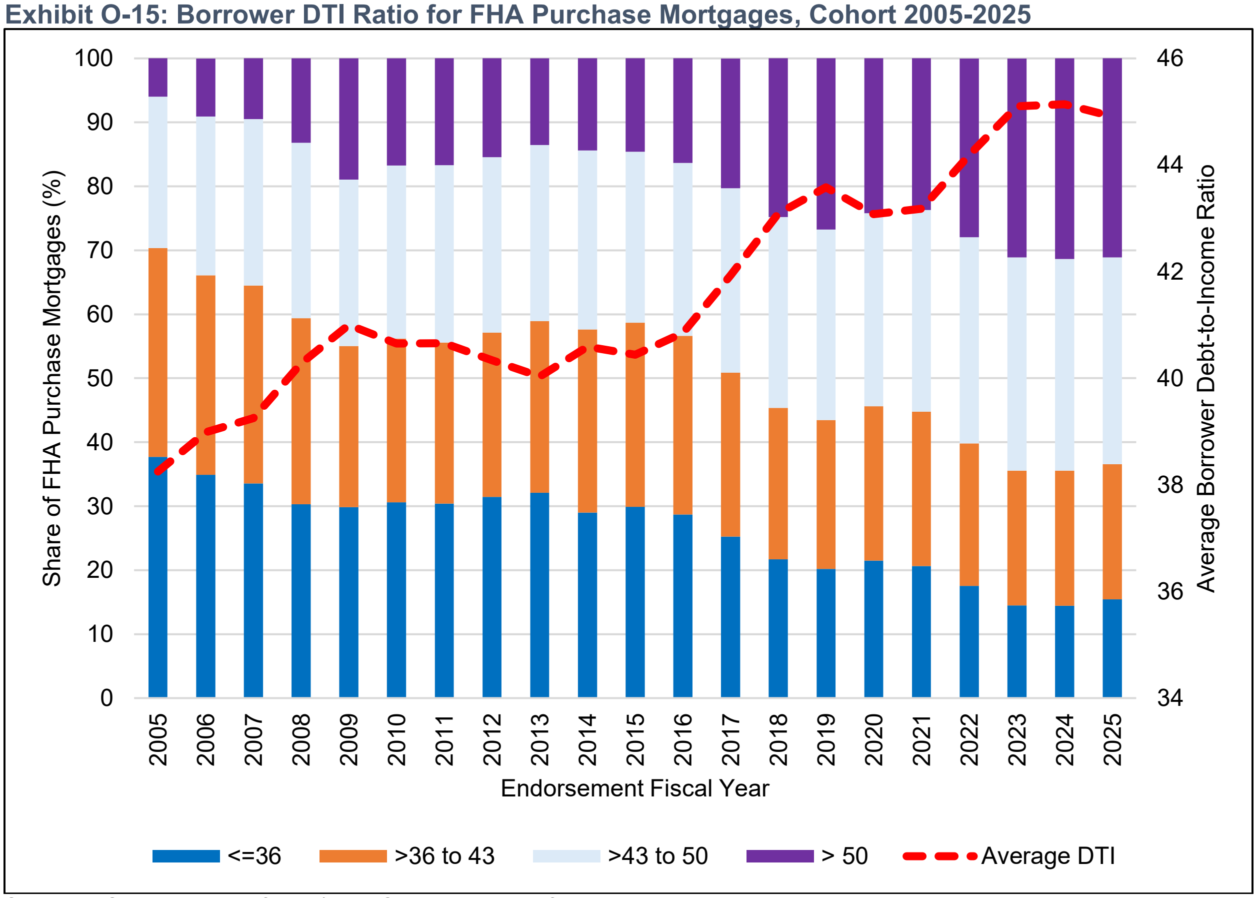


Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-14 in Appendix A.

DTI ratios, another risk determinant, have experienced the opposite trend to credit scores, as shown in Exhibit O-15 below. Lenders calculate an applicant's monthly debt service payments as a fraction of their monthly income (i.e., DTI) to determine a borrower's eligibility and whether to originate a loan. Average DTIs have risen from 40 percent to 45 percent over the past fifteen years, though they have remained stable over the past three years.

Much of the increase in DTI ratios has been due to substantial HPA over this period. Over the last decade, home prices and wages have both grown, but home prices have grown over twice as fast. This means borrowers must take on more debt compared to their wages for the same houses, directly contributing to higher DTI ratios. Recently, DTI ratios have grown with the rapid rise in interest rates in 2022 and 2023, which directly increase monthly mortgage costs. Compensating factors, such as elevated credit scores, help defray some of the risks posed by high DTI loans.

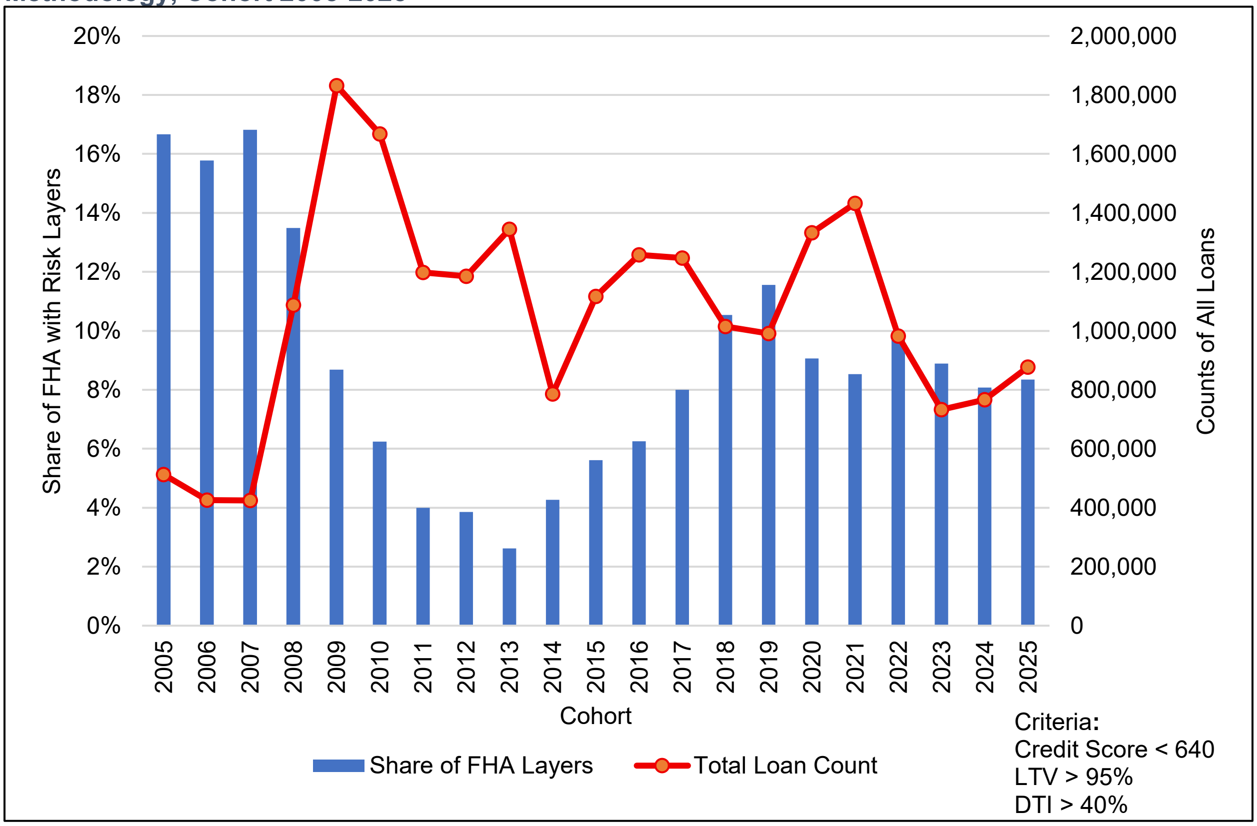
Exhibit O-15: Borrower DTI Ratio for FHA Purchase Mortgages, Cohort 2005-2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-15 in Appendix A.

During the first Trump Administration, FHA monitored the number of borrowers with multiple overlapping characteristics that are considered an elevated risk to the MMI Fund. These "risk layers" pose higher likelihood of losses to the MMI Fund. Now, again under the Trump Administration, FHA has resumed its monitoring of risk layers within its portfolio. See Exhibit O-16, below, with the results.

Exhibit O-16: Share of FHA Loans Containing Risk Layers, Second Trump Administration Methodology, Cohort 2005-2025



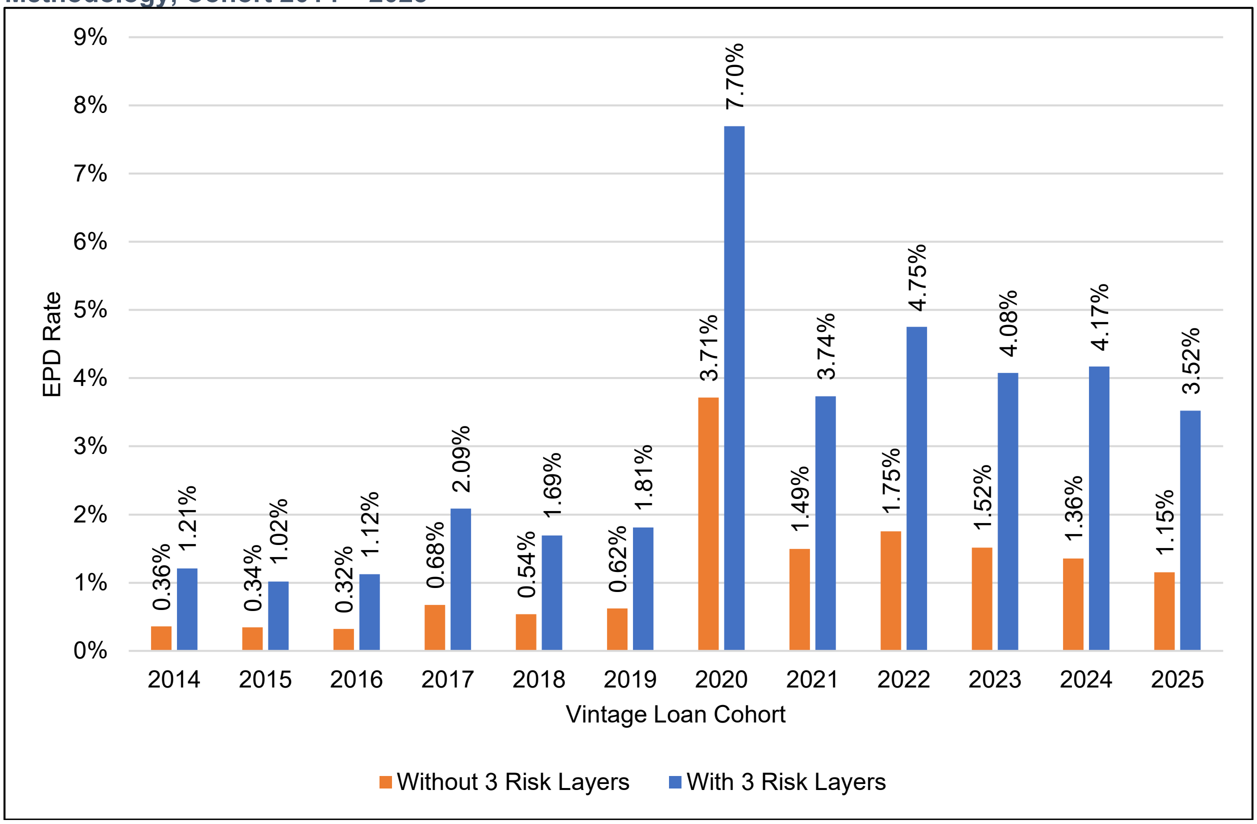
Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-16 in Appendix A.

Exhibit O-16 shows that the percentage of loans with these layers are over three times larger than twelve years ago, increasing from 2.6 percent of loans in the 2013 cohort to 8.4 percent of loans in the 2025 cohort. Nevertheless, the percentage of loans with risk layering decreased from the high of 11.6 percent of loans in the 2019 cohort. These trends will continue to be monitored closely.

The reason why FHA evaluates these criteria is that, in combination, they present an elevated level of risk due to underwriting criteria. To quantify the risk, FHA calculated the Early Payment Default (EPD) rates of the portfolio with and without risk layers. EPD rates are calculated as the percentage of borrowers who miss three or more payments among their first six payments. The immediacy of these defaults reflects a defect in the underwriting or underwriting standards as opposed to unforeseen economic or market conditions that may occur later in loan life. See Exhibit O-17, below, for the results.

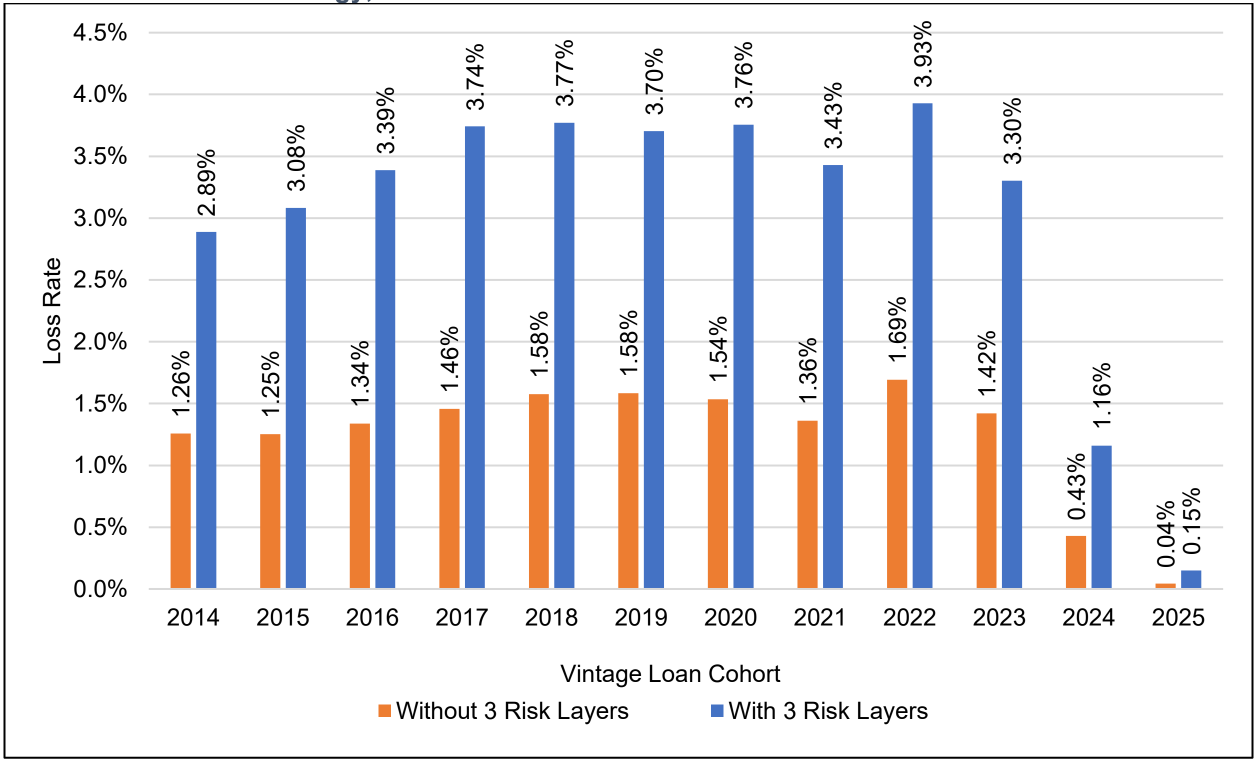
Exhibit O-17 illustrates the importance of separating loans with and without these three risk layers. Loans with all three overlapping risks have EPD rates that are three times as large as the rest of the portfolio. Additionally, FHA looks at loss rates by loans with and without risk layers. As demonstrated in Exhibit O-18, below, loans with risk layers have a loss rate 2.5 times larger than the rest of the portfolio. Note that due to limited seasoning, the 2024 and 2025 cohorts have substantially lower rates. These rates will likely rise to the historical average over time. Overall, FHA's analyses indicate that loans with all three risk layers have an elevated cost to the MMI Fund and therefore warrant additional scrutiny and monitoring.

Exhibit O-17: EPD for FHA Loans With and Without Risk Layers, Second Trump Administration Methodology, Cohort 2014 – 2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-17 in Appendix A.

Exhibit O-18: Loss Rates for FHA Loans With and Without Risk Layers, Second Trump Administration Methodology, Cohort 2014 – 2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data table A-18 in Appendix A.

Report Structure

The remainder of this report is structured as follows:

- Chapter I presents a summary of the insurance portfolios for both the forward mortgage program and the HECM program. The chapter includes notable trends affecting the risk characteristics for new endorsements to the MMI Fund from both programs during FY 2025.

- Chapter II contains an analysis of the performance of the MMI Fund, which includes a detailed breakdown of the MMI Fund Capital Ratio and the Stand-Alone Capital Ratios for the forward and HECM portfolios. This chapter discusses best practices used to stress test and manage the capital position of the Fund.

- Chapter III provides an overview of the policy changes that FHA's Office of Single Family Housing made in FY 2025 to facilitate affordable mortgage financing options and mitigate risk to the MMI Fund.

Chapter I:
FHA Single Family Mortgage and Borrower Characteristics

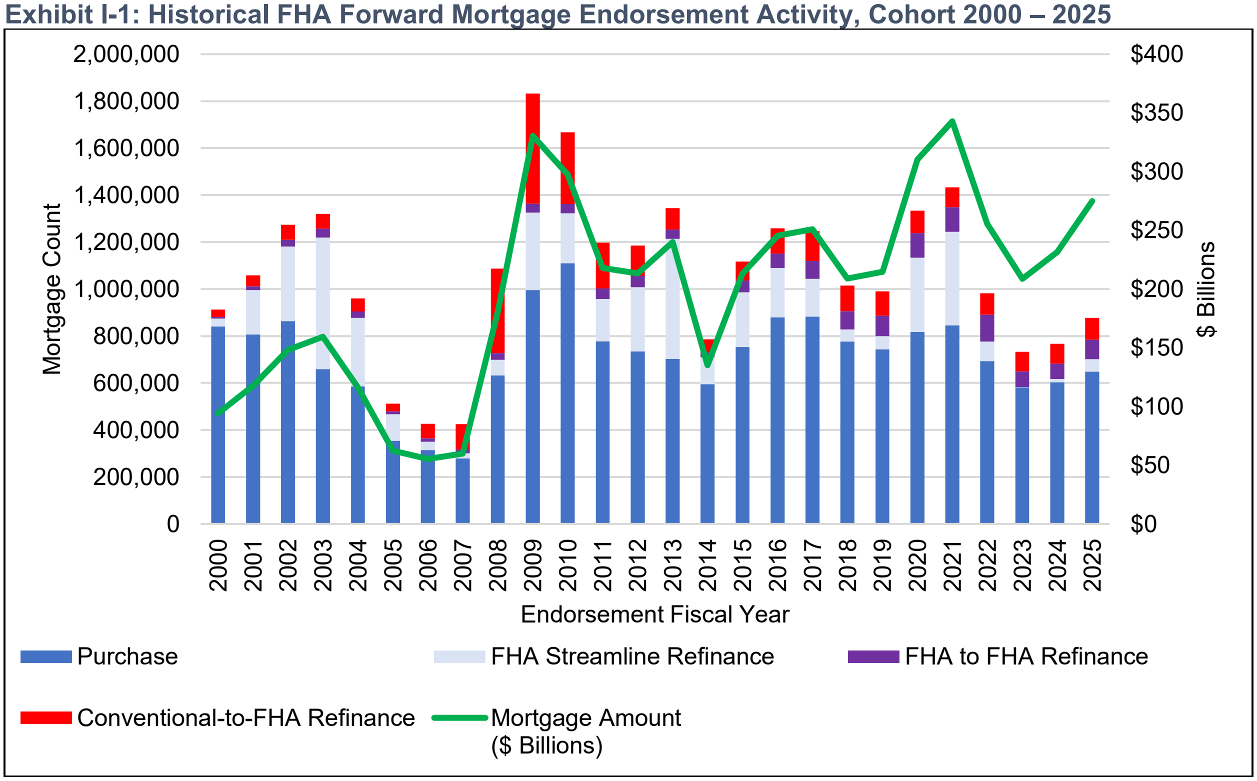
FHA Forward Endorsement Trends and Composition

Through its Title II forward mortgage insurance programs, FHA plays an important role in the single-family residential mortgage market. FHA insurance protects against mortgage losses, facilitating the availability of mortgage credit for the purchase of a home or to refinance an existing mortgage. The longstanding eligibility of FHA loans for securitization into Ginnie Mae mortgage-backed securities also helps to facilitate mortgage market liquidity. Given FHA-insured loans protect lenders from credit losses and can be quickly securitized, they play an important countercyclical role, backstopping the market when access to other sources of mortgage financing is constrained.

As of September 30, 2025, the MMI Fund had active mortgage IIF on approximately 8.1 million single family forward mortgages, which grew 4.4 percent by count and 9.8 percent by dollars from the prior year.

Exhibit I-1, below, provides an overview of FHA forward mortgage endorsements broken down by transaction type and the aggregate original unpaid principal balance (UPB) of endorsed mortgages since FY 2000.

Exhibit I-1: Historical FHA Forward Mortgage Endorsement Activity, Cohort 2000 – 2025

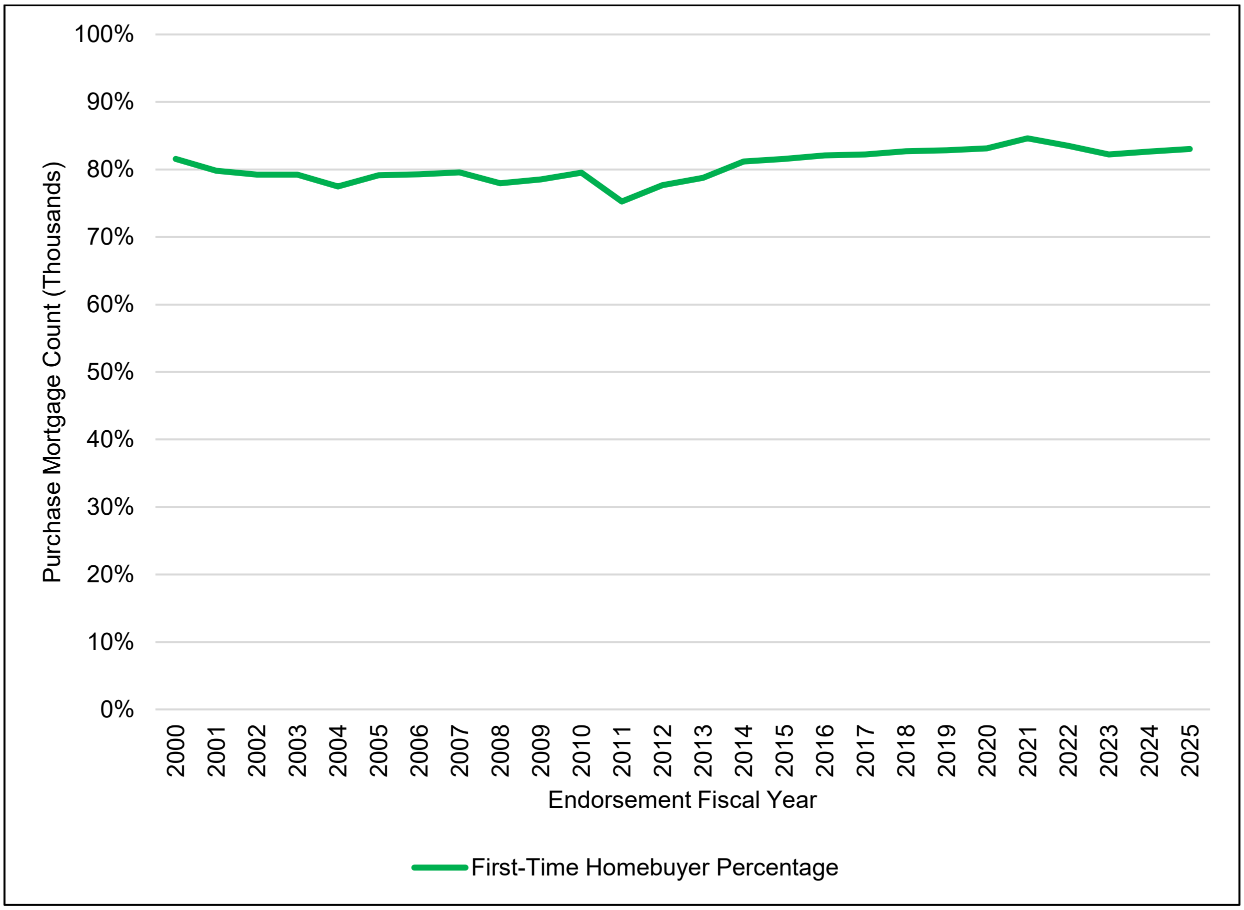


Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-1 in Appendix B.

As depicted above, FHA endorsed 876,502 mortgages through its forward mortgage program in FY 2025, of which 74.02 percent, or 648,764 mortgages, were purchase mortgages. The original UPB of all endorsed forward mortgages in FY 2025 totaled $274.76 billion, an increase of 18.67 percent from $231.53 billion in FY 2024 endorsements. The average loan amount for forward mortgages endorsed by FHA in FY 2025 was $313,473, an increase of 3.84 percent from the FY 2024 average of $301,891.

In FY 2025, 83.03 percent or 538,642 forward purchase mortgage endorsements facilitated mortgages for first-time homebuyers. As shown in Exhibit I-2, below, first-time homebuyers consistently represent between 75 percent and 85 percent of FHA-insured forward purchase mortgages.

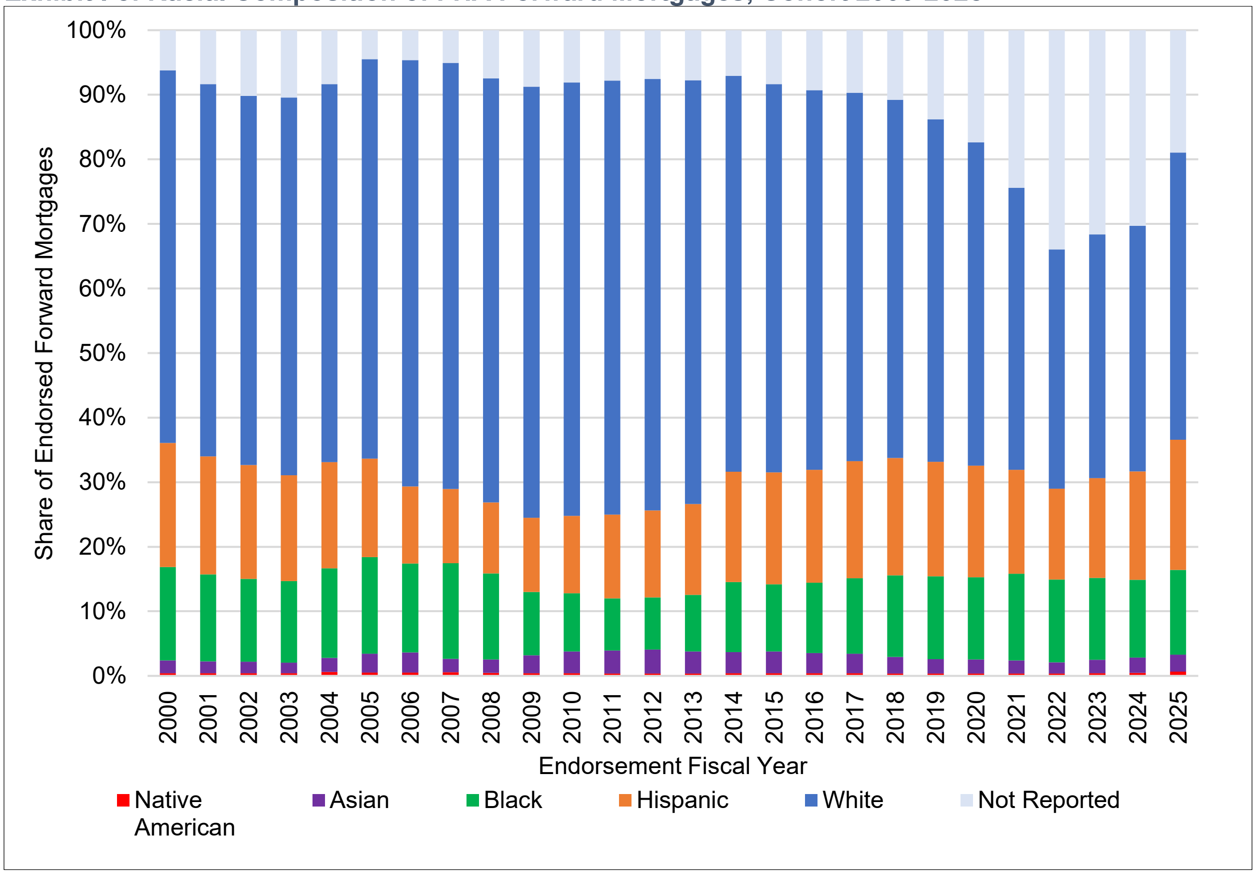
Exhibit I-2: Historical FHA Forward Purchase Mortgage Activity and First-Time Homebuyer Share, Cohort 2000 – 2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-2 in Appendix B.

FHA-insured mortgages also continue to provide an important source of financing for minority borrowers. Exhibit I-3, below, shows that for FY 2025, the composition of borrowers using FHA-insured mortgages was: 20.17 percent Hispanic; 13.10 percent Black; 2.65 percent Asian; and 0.64 percent Native American. As in past years, a significant number of borrowers with FHA-insured mortgages (18.97 percent or 166,291 borrowers) in FY 2025 chose not to identify race at origination.[4] The number of borrowers who chose not to identify their race declined substantially in FY 2025, returning to FY 2019 levels. White and Hispanic borrowers saw the most significant increases in share at 6.4 percentage points and 3.4 percentage points, respectively.

Exhibit I-3: Racial Composition of FHA Forward Mortgages, Cohort 2000-2025

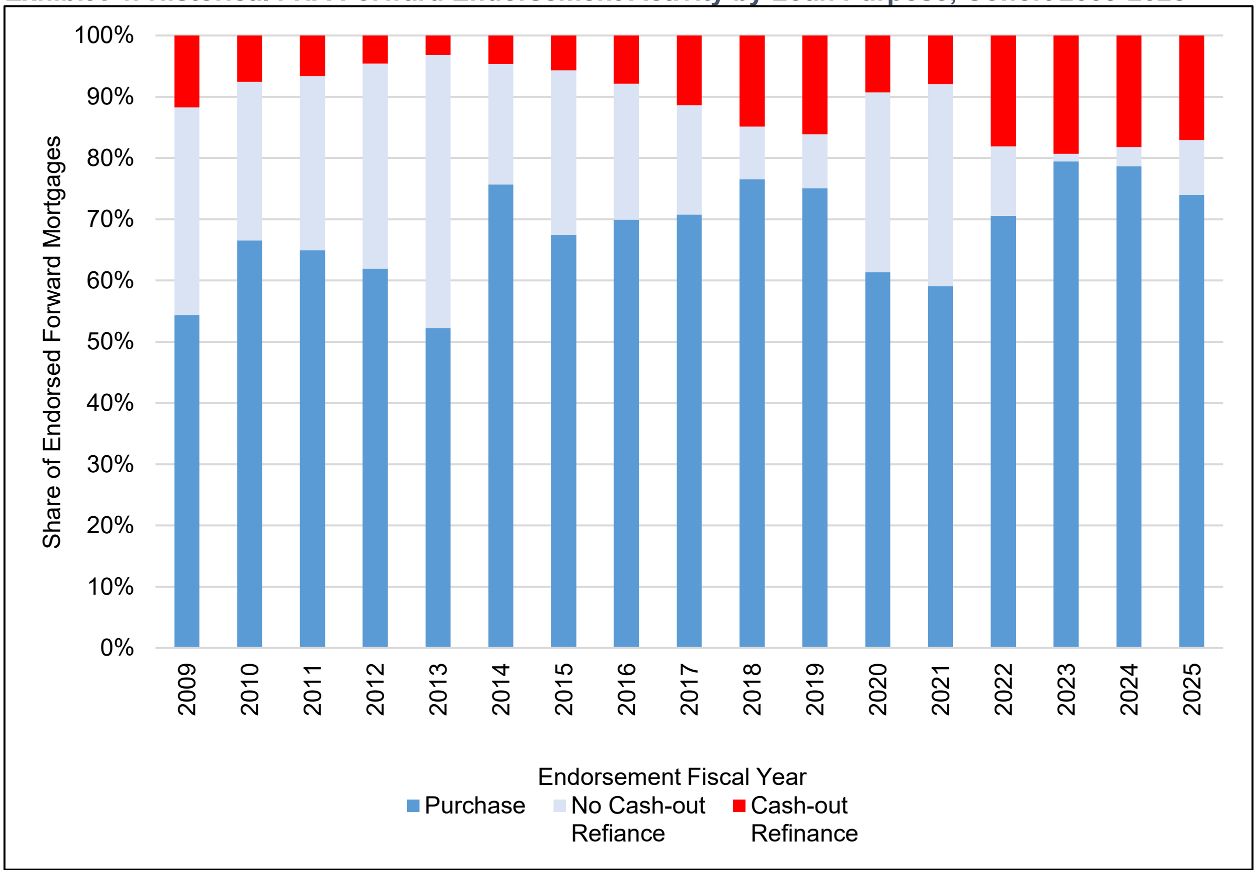


Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-3 in Appendix B.

[4] Declaration of race and ethnicity is voluntary for borrowers. FHA's share of non-respondents decreased substantially from 30.29 percent in FY 2024 to 18.97 percent in FY 2025. Note that the share of non-reporting of race and ethnicity has grown substantially since a low of 4.46 percent in FY 2005.

Purchase transactions continued to represent the majority of FHA volume in FY 2025, which is consistent for loan production in a higher interest rate environment. Exhibit I-4, below, provides a detailed breakdown of historical forward mortgage endorsement activity. In FY 2025, FHA-insured purchase mortgages represented 74.02 percent of all FHA insurance endorsements, a decrease of 4.61 percentage points from 78.63 percent in FY 2024, while the percentage of refinance mortgages increased from 21.37 percent of FHA's volume in FY 2024 to 25.98 percent in FY 2025.

Exhibit I-4: Historical FHA Forward Endorsement Activity by Loan Purpose, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-4 in Appendix B.

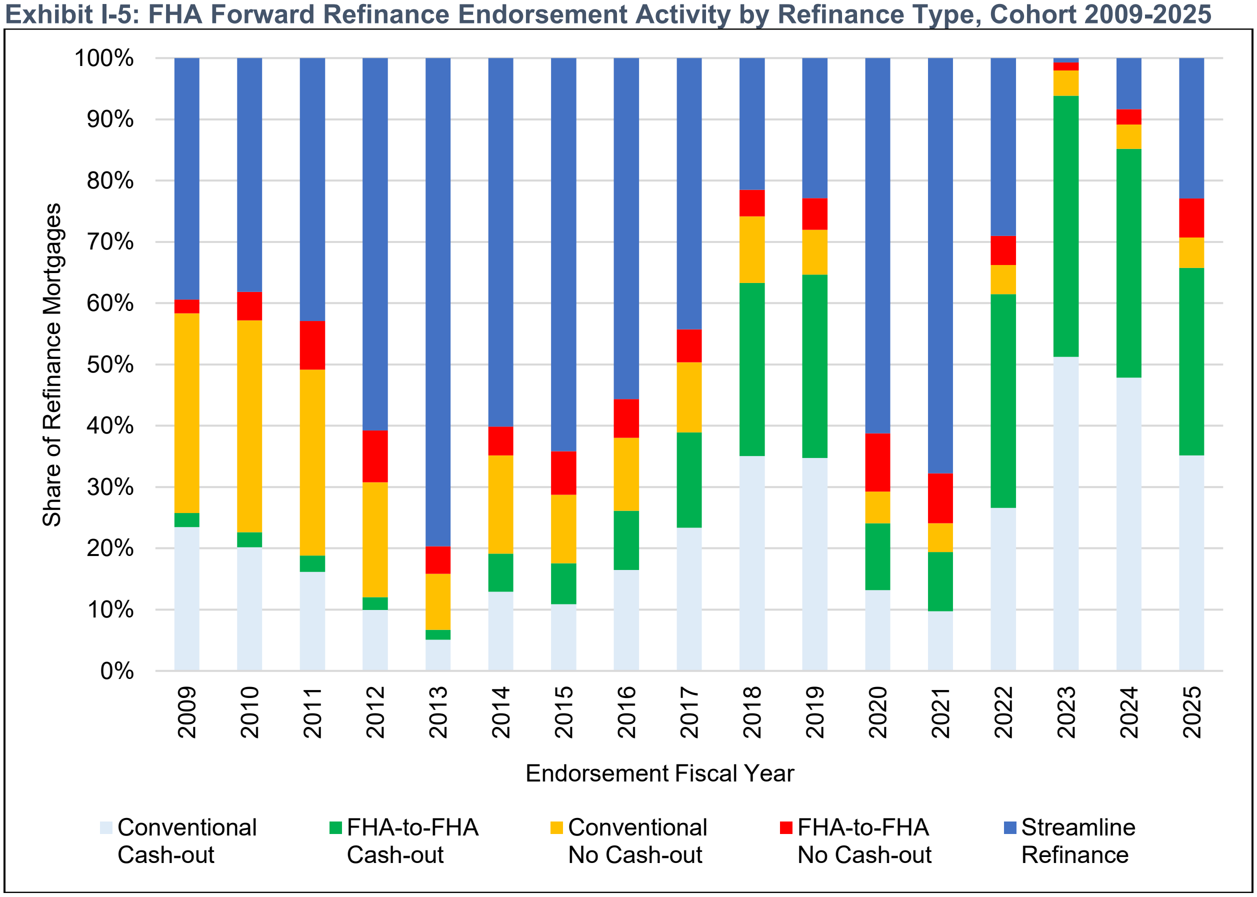
The major drivers of increased refinances year over year are any downward movements in mortgage interest rates. Refinances increased by nearly 39 percent during FY 2025, incentivized by interest rate fluctuations. According to Freddie Mac's weekly Primary Mortgage Market Survey, mortgage rates peaked at 7.79 percent during the week of October 26, 2023, the highest level seen since November of 2000.[5] During FY 2025, rates reached a high of 7.04 percent during the week of January 16, 2025, and dropped to 6.30 percent by the week of September 25, 2025. While rates remain above 6 percent, for borrowers who need to lower their monthly expenses, the 1.49 percentage point drop from peak interest rates to today's rates was enough to incentivize a slight increase in refinances during FY 2025, compared with prior years.

[5] https://www.freddiemac.com/pmms

Additionally, FHA's share of refinances has grown because of other market participants' evolving refinancing policies. FHA's cash-out refinance share has increased since the Government Sponsored Enterprises tightened their cash-out refinancing requirements in FY 2023 and 2024. With respect to FHA's cash-out refinance share in FY 2025, FHA continues to monitor the impact of the increase to the portfolio and whether existing safeguards, such as the net tangible benefit requirement, are serving as adequate program controls.

FHA closely monitors refinance endorsement activity to foresee potential housing trends. As shown in Exhibit I-5, below, cash-out refinancing comprised 65.77 percent of the forward refinance activity during FY 2025. This is mostly due to elevated mortgage rates generally reducing rate and term refinance volume for most of FY 2025 and FHA's favorable cash-out refinance features resulting in borrower migration to FHA. In FY 2025, conventional-to-FHA refinances (both cash-out and no cash-out) accounted for 40.13 percent of the forward refinance activity. This is a decline from a high of 55.34 percent in FY 2023, but at or above most years from FY 2009 through FY 2022.

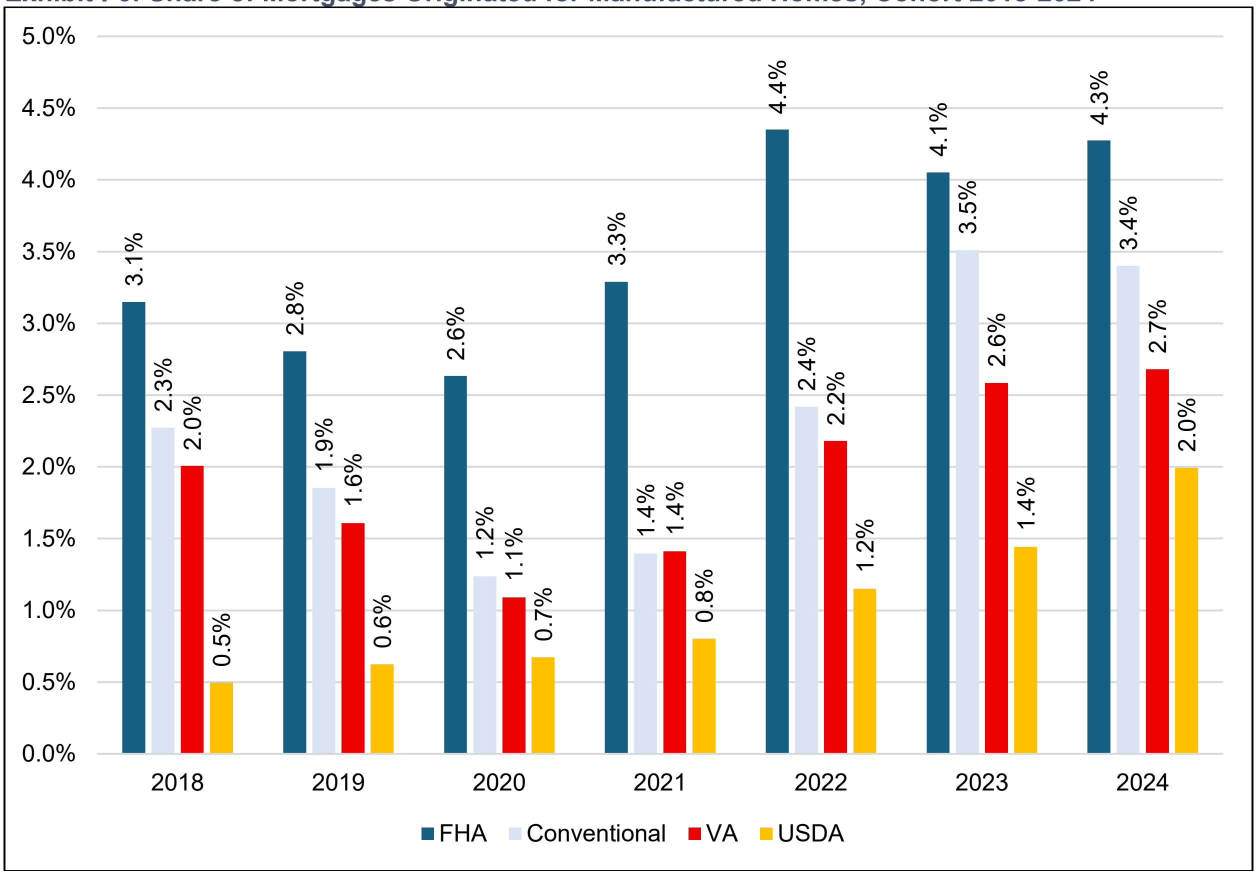
Exhibit I-5: FHA Forward Refinance Endorsement Activity by Refinance Type, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-5 in Appendix B.

Additionally, FHA's endorsement portfolio contains certain types of manufactured home loans. FHA insures mortgages on qualifying manufactured homes titled as real estate through its Title II forward and HECM programs. As shown in Exhibit I-6, in calendar year 2024 (the most recent year of data available), the percentage of FHA Title II endorsements for mortgages used to finance manufactured homes was higher than the rate for the rest of the market.

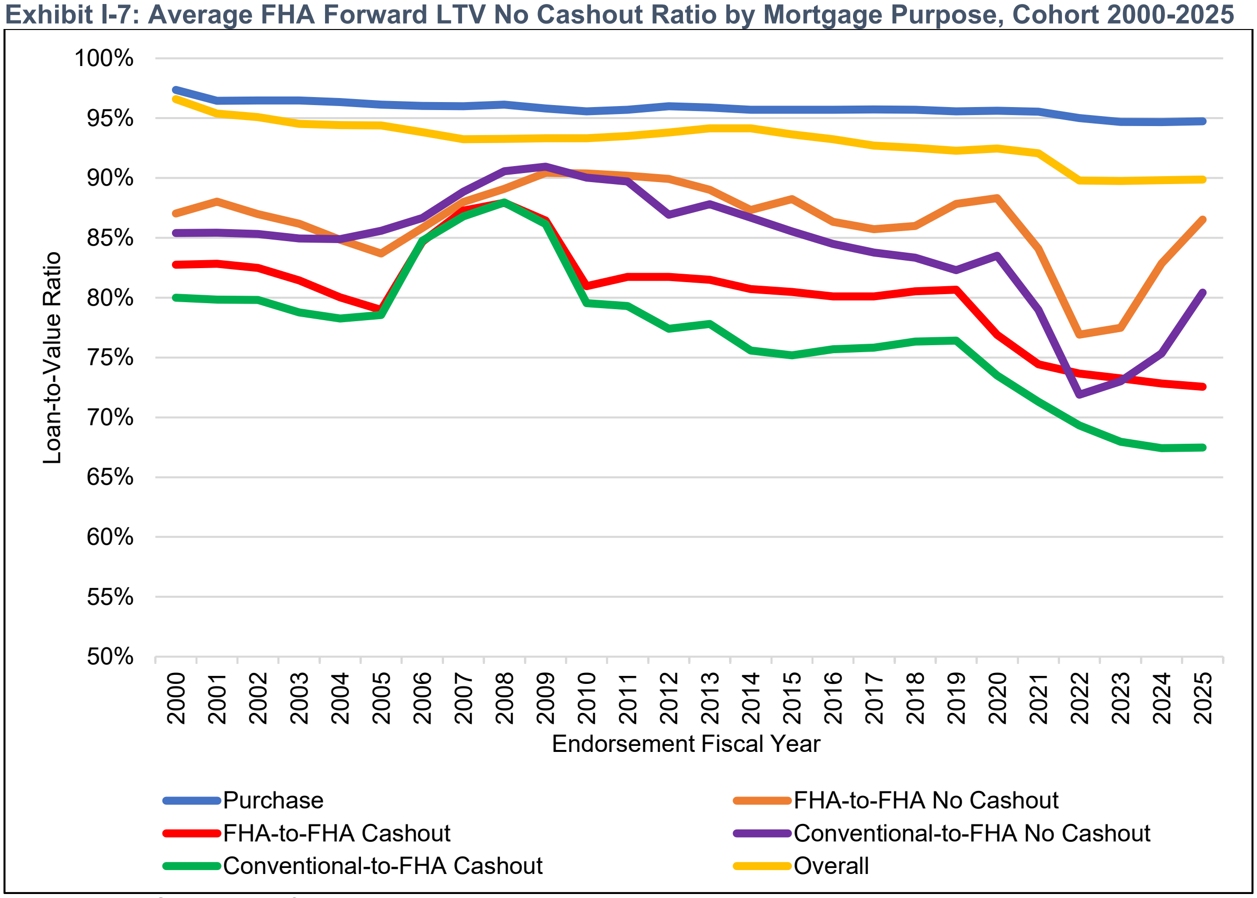
Exhibit I-6: Share of Mortgages Originated for Manufactured Homes, Cohort 2018-2024



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-6 in Appendix B.

In evaluating potential credit risk across the MMI Fund portfolio, FHA focuses much of its attention on LTV, credit score, and DTI ratios, all of which will be discussed below. LTV measures the potential loss severity risk of a loan based on the mortgage amount and the appraised value of the property. As Exhibit I-7 below illustrates, the LTV ratio for forward purchase endorsements remained below 95 percent for the third consecutive year. The average purchase LTV ratio increased to 94.74 percent in FY 2025 from 94.67 percent in FY 2024. The average LTV ratio for conventional-to-FHA refinance endorsements increased in FY 2025 to 69.06 percent from 68.04 percent in the prior year. The average LTV ratio for FHA-to-FHA refinances increased to 74.98 percent in FY 2025 from 73.45 percent in FY 2024, which is attributable to an increase in no-cash-out refinances that typically have higher LTVs than cash-out refinances. The overall average LTV remained consistent, increasing from 89.83 percent in FY 2024 to 89.87 percent in FY 2025 due to refinance LTVs increasing slightly in FY 2025.

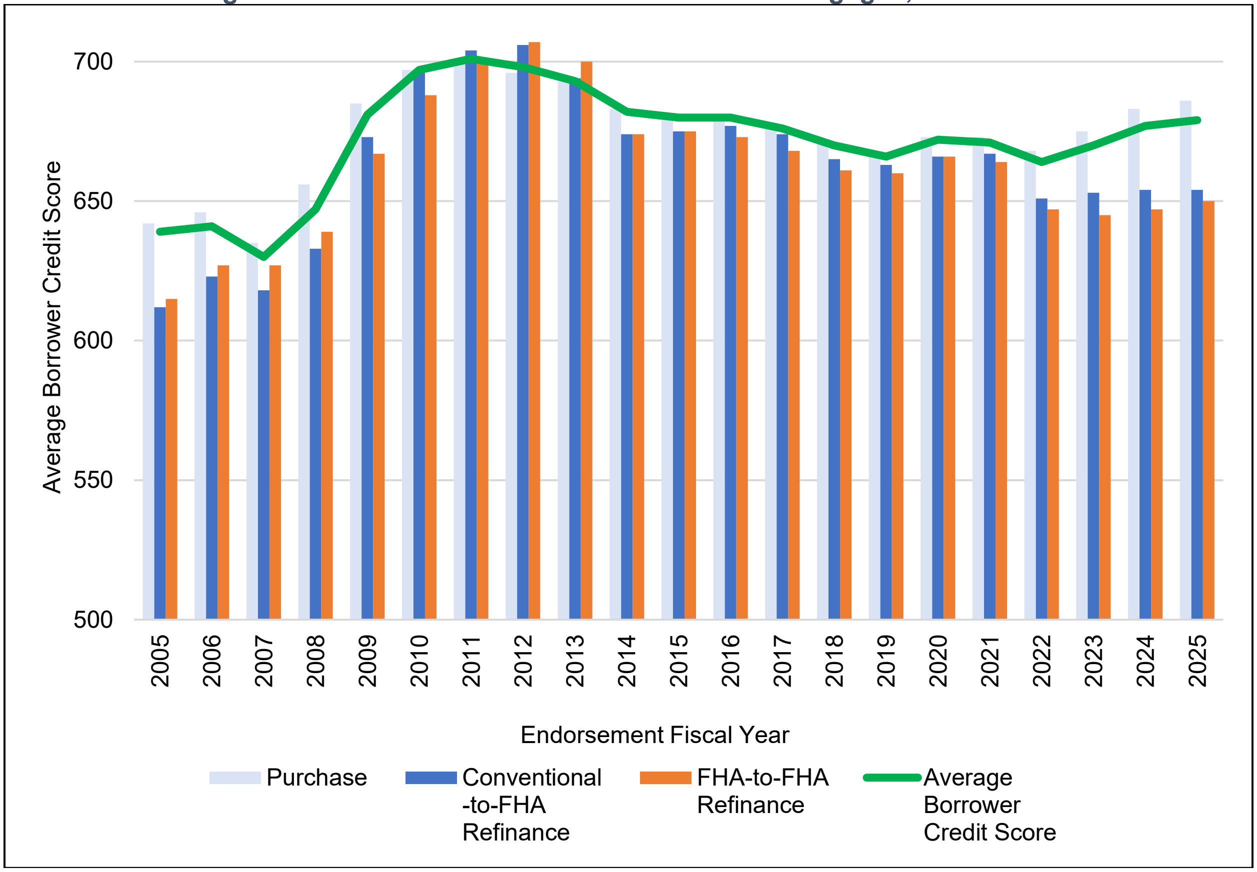
Exhibit I-7: Average FHA Forward LTV No Cashout Ratio by Mortgage Purpose, Cohort 2000-2025



Note: Excludes Streamline Refinance mortgages.
Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-7 in Appendix B.

Average borrower credit scores serve as a key metric for assessing mortgage borrower credit risk. As Exhibit I-8 below shows, FHA's average credit score increased every year since 2022, reaching 679 in FY 2025.

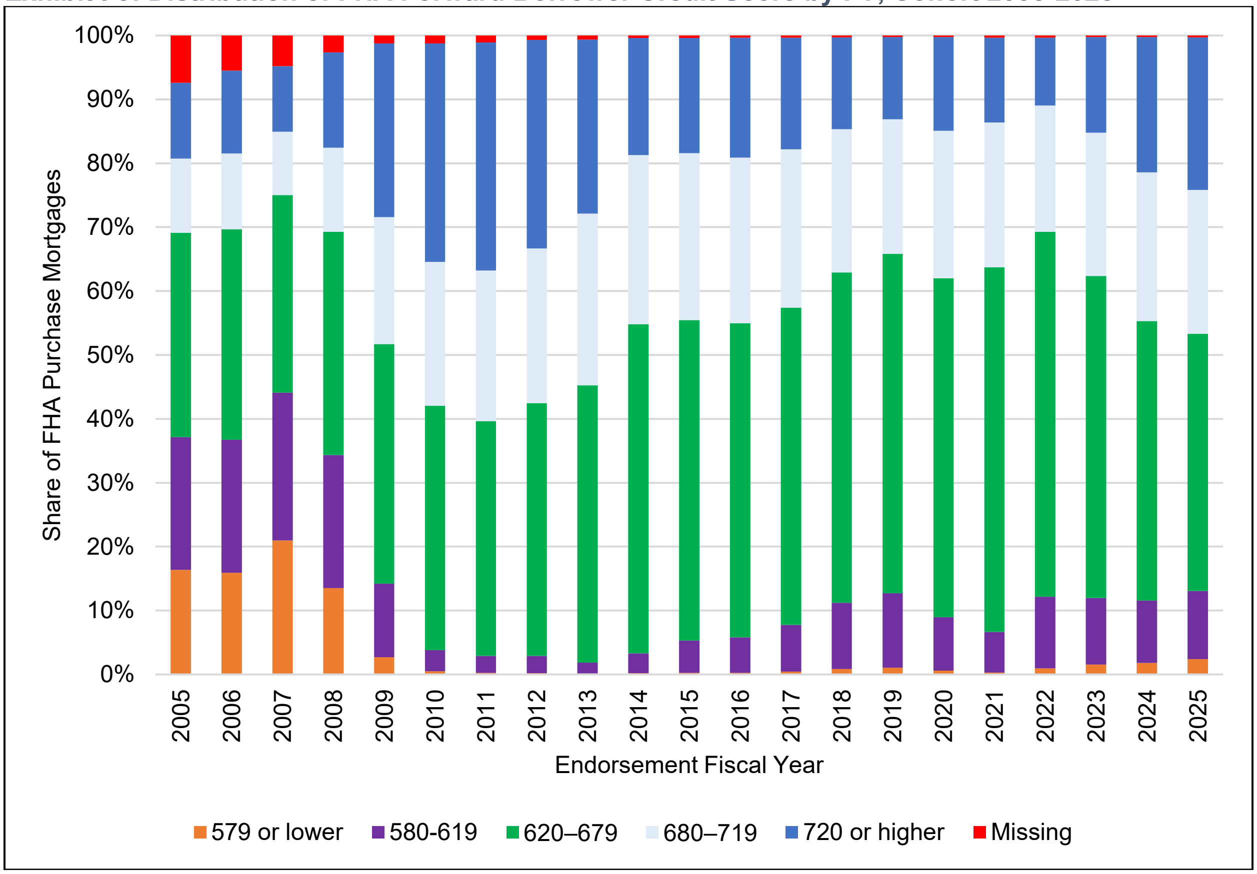
Exhibit I-8: Average Borrower Credit Score for FHA Forward Mortgages, Cohort 2005-2025



Note: Excludes streamline refinance mortgages.
Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-8 in Appendix B.

FHA closely monitors the distribution of borrower credit scores by endorsement fiscal year. Exhibit I-9, below, illustrates the distribution of credit scores for borrowers with FHA-insured forward mortgages (excluding streamline refinances).[6] This exhibit stratifies the borrower credit scores and shows expansion at both the higher and lower end of the spectrum of credit scores. The share of FHA forward endorsements with credit scores below 620 increased from 11.54 percent in FY 2024 to 13.04 percent in FY 2025. The share with credit scores of 720 or higher increased from 21.19 percent in FY 2024 to 23.88 percent in FY 2025.

Exhibit I-9: Distribution of FHA Forward Borrower Credit Score by FY, Cohort 2005-2025

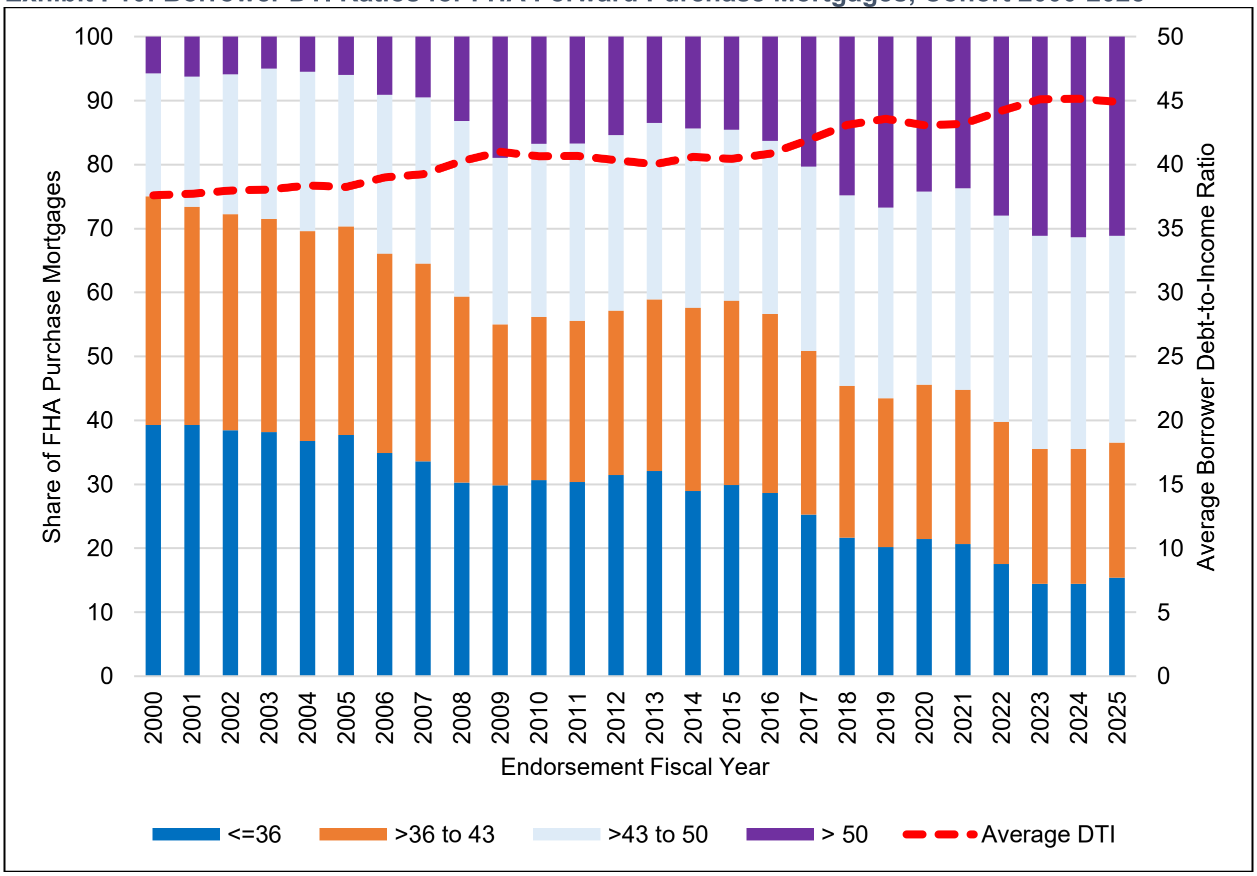


Note: Excludes streamline refinance mortgages.
Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-9 in Appendix B.

[6] FHA did not collect credit scores for the 52,096 streamline refinances during FY 2025, which represented almost 23 percent of total refinance volume.

The average DTI ratio for borrowers with FHA-insured purchase endorsements decreased slightly year over year, from 45.14 percent in FY 2024 to 44.91 percent in FY 2025, as illustrated in Exhibit I-10 below. The recent upward trend of DTI ratios is primarily a result of challenging affordability in the housing market, as higher home prices, elevated mortgage rates, and higher insurance costs have increased borrowers' monthly housing-related payments. This means borrowers must take on more debt compared to their wages for the same home, directly contributing to higher DTI ratios. With slight decreases in interest rates and more refinances with lower DTIs, overall DTIs have stabilized in FHA's portfolio.

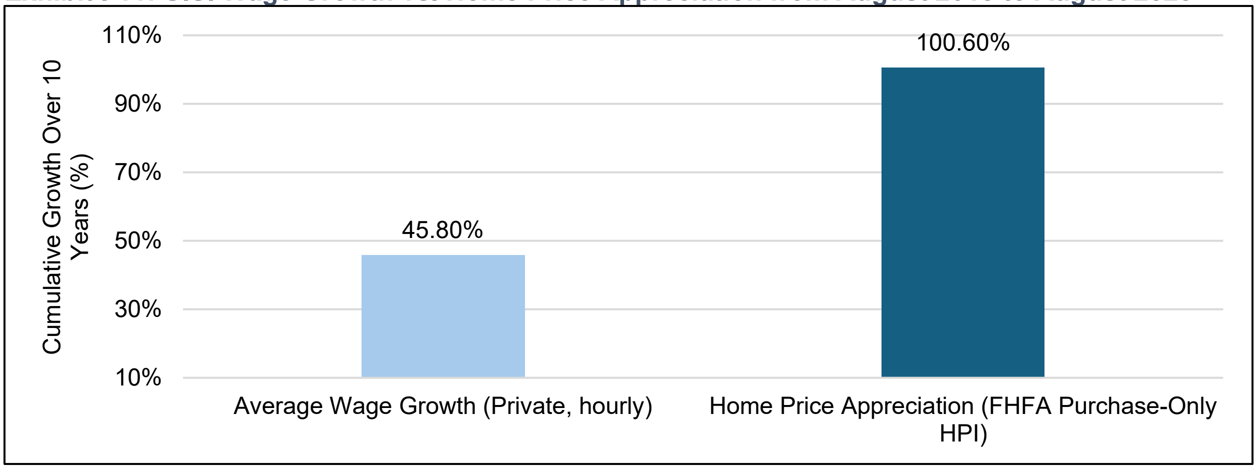
Exhibit I-10: Borrower DTI Ratios for FHA Forward Purchase Mortgages, Cohort 2000-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-10 in Appendix B.

Exhibit I-11 illustrates the growth in wages and home price appreciation (HPA) over the last decade. In FY 2022 and FY 2023, DTI ratios grew with the rapid rise in interest rates, which directly increased monthly mortgage costs. Over the last decade, home prices and wages have both grown, but home prices have grown more than twice as fast.

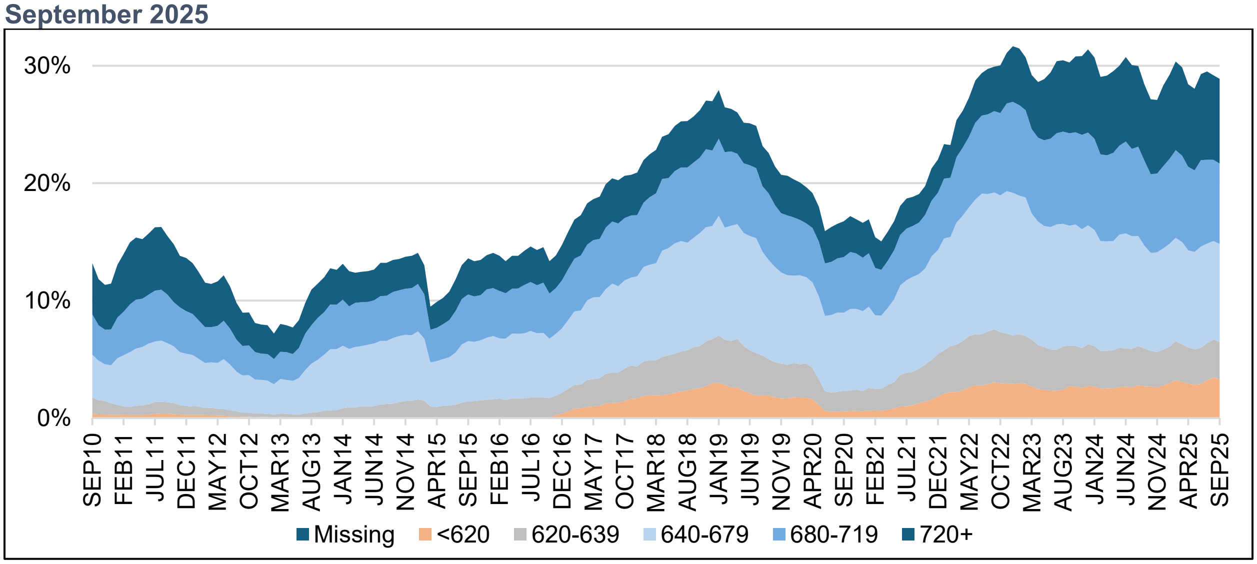
Exhibit I-11: U.S. Wage Growth vs. Home Price Appreciation from August 2015 to August 2025



Source: FRED – Federal Reserve Bank of St. Louis. U.S. Wage Growth | Home Price Appreciation

As shown in Exhibit I-12 below, borrowers with credit scores above 680 and particularly above 720 contribute to the increase in borrowers with high DTI ratios. However, this exhibit also shows a concerning trend with an increase in borrowers with credit scores below 620 and DTIs above 50 percent. This is a small segment of the portfolio, but it has been persistent since FY 2022. Borrowers with credit scores below 620 and DTIs above 50 percent present elevated risks as they have large monthly payments relative to their income and have not demonstrated as strong of an ability to meet credit obligations.

Exhibit I-12: FHA Share of DTI Above 50 Percent, by Credit Score Bucket, September 2010-September 2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-12 in Appendix B.

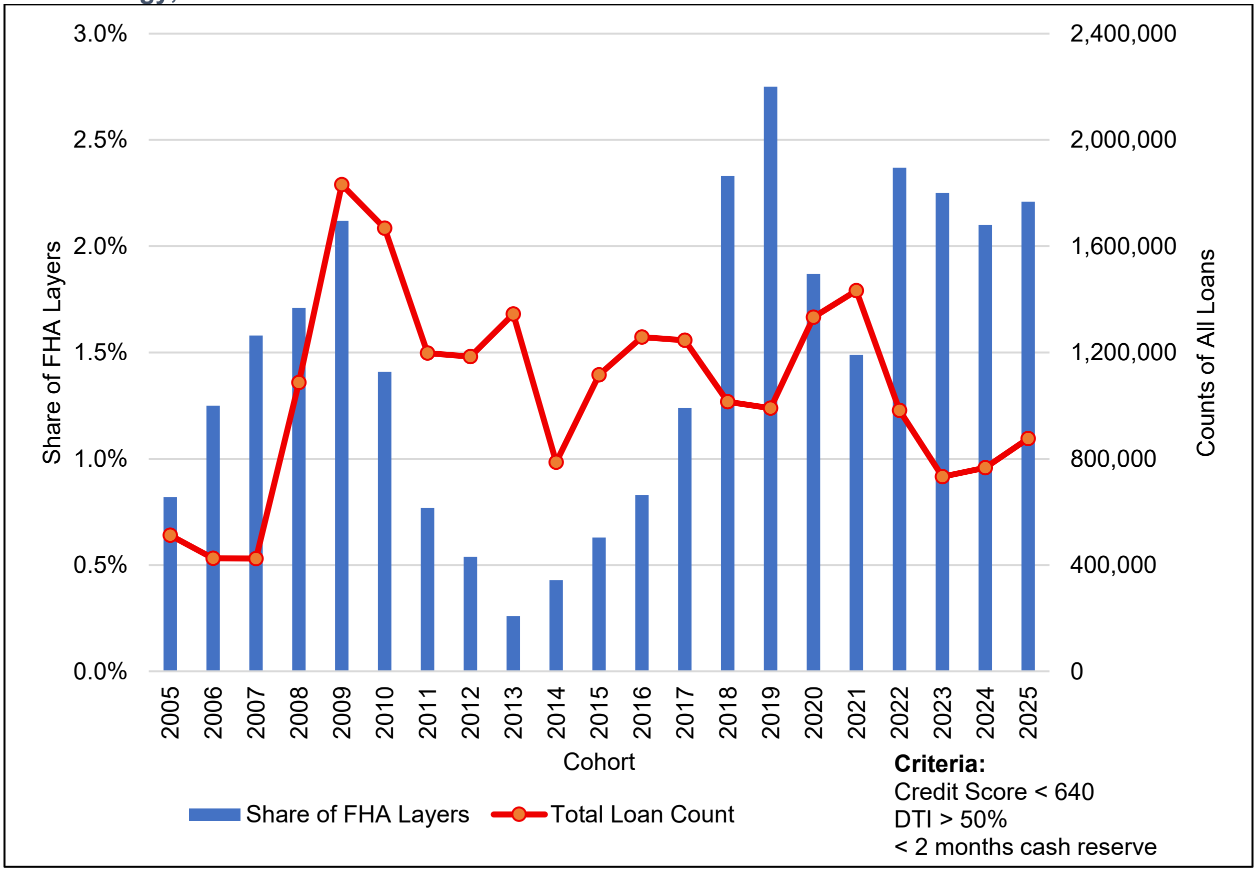
Based on the data above, FHA sees both positive economic indicators (e.g., lower unemployment, moderating inflation, falling interest rates) and underwriting risks that could impact FHA policies and market share down the road. For FHA to sustainably perform its long-term mission while upholding its statutory fiduciary duty to the MMI Fund, it must prudently monitor and respond to these indicators and risks. Based on default and claim modeling, FHA has identified the following three risk factors as the most influential for predicting losses:

1) Credit Scores;
2) LTV Ratios; and
3) DTI Ratios.

As discussed above, average FHA credit scores, the most predictive factor, have been increasing over the past four years. This is a favorable development that lowers the MMI Fund's risk exposure because higher credit score borrowers are less likely to default and require FHA to make a claim payment. High LTVs are commonplace within FHA and are not a notable differentiator of risk in the portfolio. FHA's long term average purchase LTV has been between 95 percent and 96 percent for over a decade. FHA's DTI ratios have experienced the opposite trend of credit scores. Average DTIs have risen from 40 percent to 45 percent over the past fifteen years, though they have remained stable over the past three years and decreased slightly over the past fiscal year.

During the first Trump Administration, FHA monitored the number of borrowers with multiple overlapping characteristics that are considered an elevated risk to the MMI Fund. These "risk layers" pose higher likelihood of losses to the MMI Fund. Exhibit I-13, below, shows an updated version of the risk layers published during the first Trump Administration, including data from the Biden Administration. The criteria for these loans are: 1) credit scores below 640; 2) DTI ratios above 50 percent; and 3) fewer than two months of cash reserves. Exhibit I-13 shows that the percentage of loans with these layers are more than three times larger than ten years ago, increasing from 0.6 percent of loans in the 2015 cohort to 2.2 percent of loans in the 2025 cohort. Nevertheless, the percentage of loans with risk layers decreased from the high of 2.8 percent of loans in the 2019 cohort.

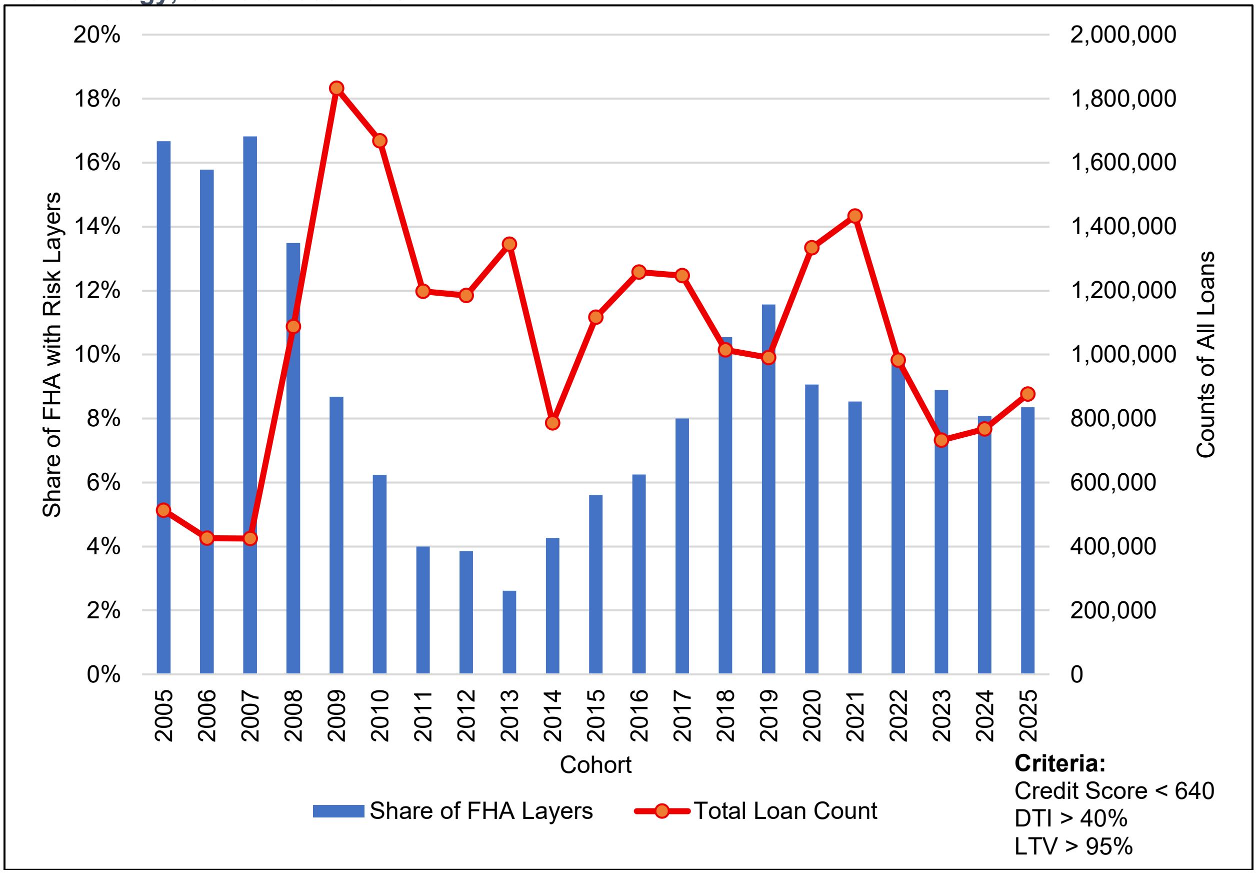
Exhibit I-13: Share of FHA Loans Containing Risk Layers, First Trump Administration Methodology, Cohort 2005-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-13 in Appendix B.

This fiscal year, FHA resumed monitoring risk layers within its portfolio but adjusted the risk layer parameters it monitors to align with how some other market participants assess risk. Principally, FHA lowered the DTI ratio thresholds from above 50 percent to above 40 percent, reflecting a more common industry standard for evaluating elevated risk. Additionally, FHA replaced the threshold of less than two months of cash reserves with the threshold of LTVs greater than 95 percent. While LTV is not a major differentiator in FHA's portfolio, it is a better predictor of potential loss to the MMI Fund than available cash reserves at loan origination. See Exhibit I-14, below, with the visualization of risk layers in accordance with this new methodology.

Exhibit I-14: Share of FHA Loans Containing Risk Layers, Second Trump Administration Methodology, Cohort 2005-2025

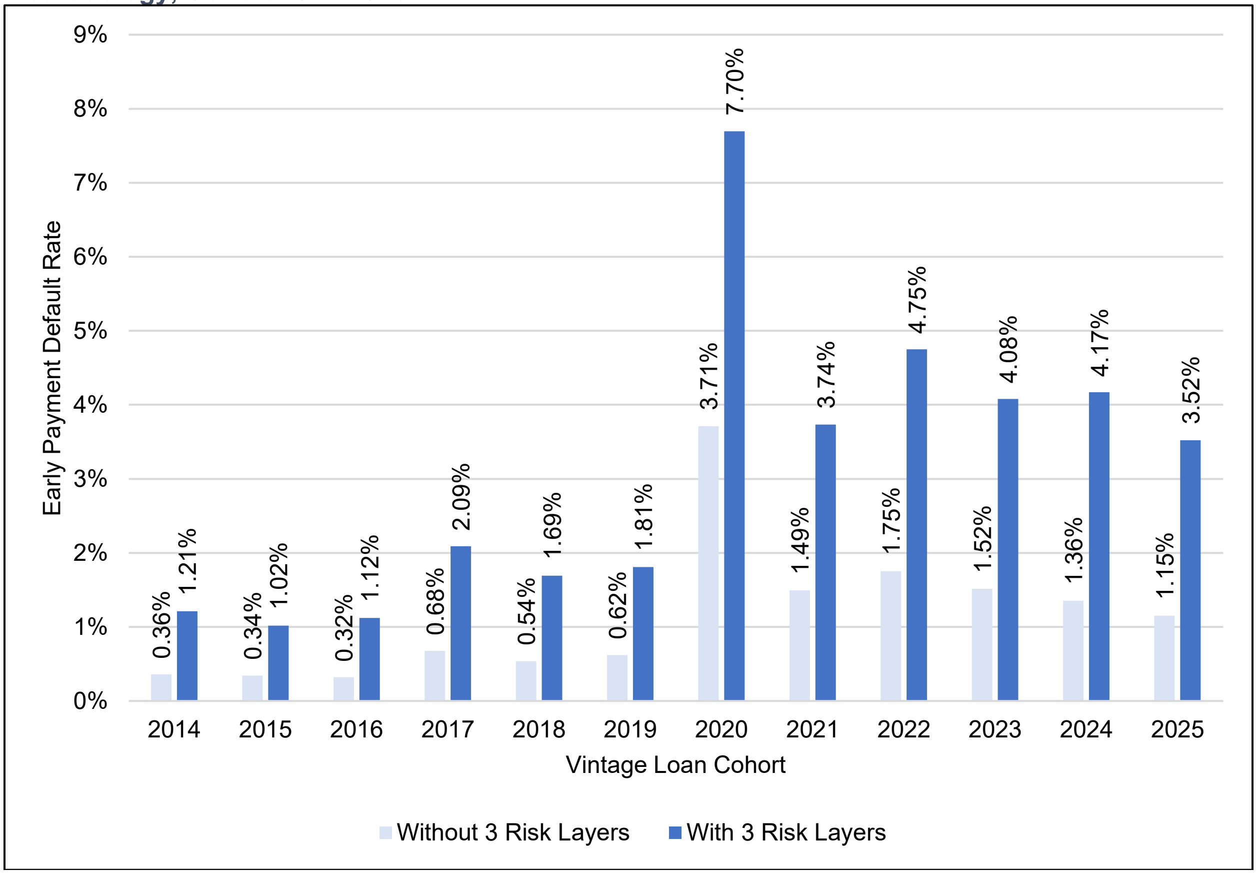


Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-14 in Appendix B.

As shown in the exhibit above, the risk layers are substantially higher than FHA's prior methodology, better reflecting the elevated risk of the portfolio. Compared to other market participants, such as Fannie Mae, FHA's prior evaluation of risk layers was too loose, only capturing the riskiest loans and not reflecting an additional six percentage points of loans that also posed an elevated risk of losses. These trends will continue to be monitored closely.

FHA evaluates these criteria because, in combination, they present an elevated level of risk to the MMI Fund. To quantify the risk, FHA calculated the EPD rates of the portfolio with and without risk layers. EPD rates are calculated as the percentage of borrowers who miss three or more payments among their first six payments. The immediacy of these defaults reflects a defect in the underwriting or underwriting standards as opposed to unforeseen economic or market conditions that may occur later in loan life. The results are depicted in Exhibit I-15.

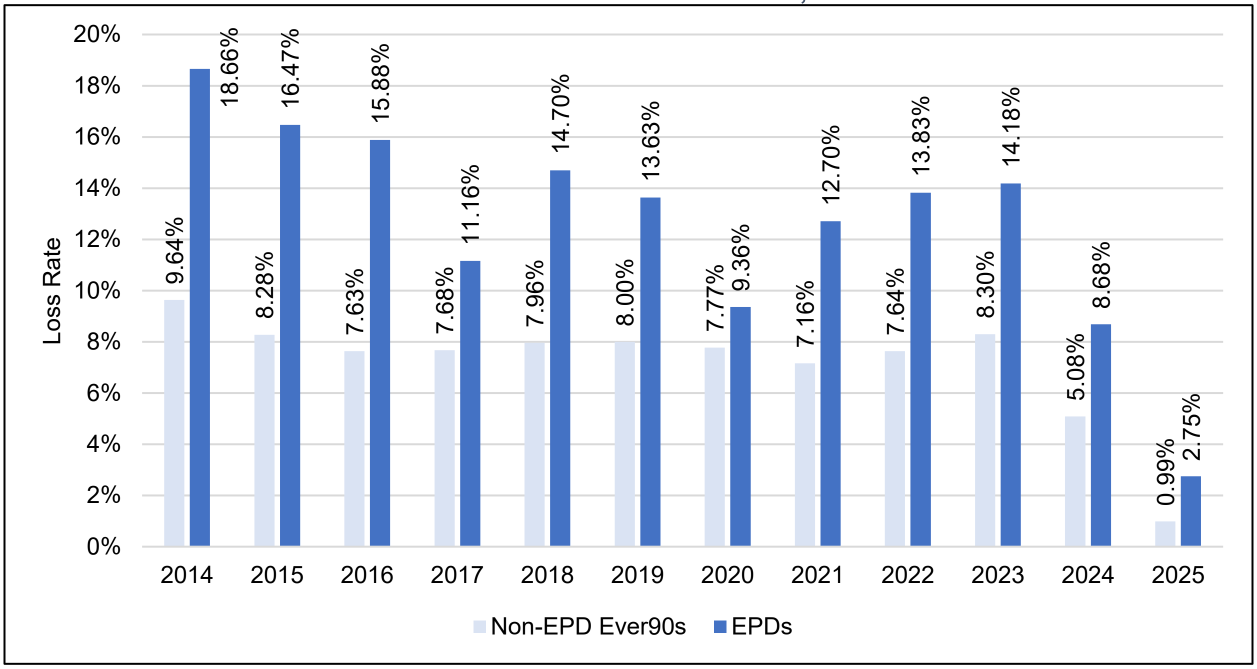
Exhibit I-15: EPD for FHA Loans With and Without Risk Layers, Second Trump Administration Methodology, Cohort 2014-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-15 in Appendix B.

Exhibit I-15 illustrates the importance of separating loans with and without these three risk layers. Loans with all three overlapping risks have EPD rates that are three times as large as the rest of the portfolio. While EPDs alone are a concern, they also pose an elevated risk of loss. When comparing loans that experienced an EPD event to those that ever went 90+ days delinquent (“ever 90”), but after the first six months, those with EPDs have higher loss rates. This is due to several potential reasons including claims for loans with larger UPBs and fewer premium payments. Whatever the exact cause for a particular borrower, on average, loans with EPDs have 1.5 to 2.1 times higher loss rates than non-EPD ever 90s (shown in Exhibit I-16 below). Setting aside EPDs, FHA looks at loss rates by loans with and without risk layers. This shows how borrowers with risk layers react to stressful circumstances regardless of when they occur in the life of the loan.

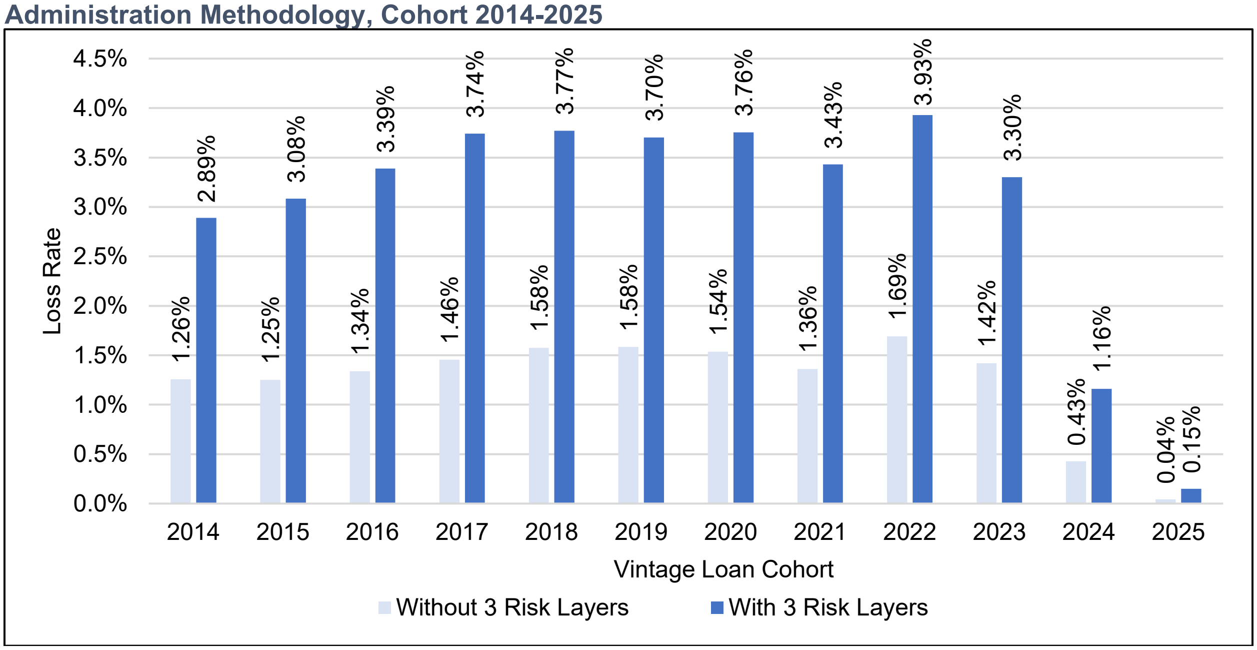
Exhibit I-16: Loss Rates for FHA Loans With and Without EPDs, Cohort 2014-2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data table B-16 in Appendix B.

As demonstrated in Exhibit I-17, below, loans with risk layers have an average loss rate 2.5 times larger than the rest of the portfolio. Note that due to very little seasoning, the 2024 and 2025 cohorts have substantially lower rates. These rates will likely rise to the historical average once the loans with the risk layering ultimately go to claim. All these graphs and analyses point to a common conclusion: loans with all three risk layers present an elevated cost to the MMI Fund and therefore warrant additional monitoring.

Exhibit I-17: Loss Rates for FHA Loans With and Without Risk Layers, Second Trump Administration Methodology, Cohort 2014-2025



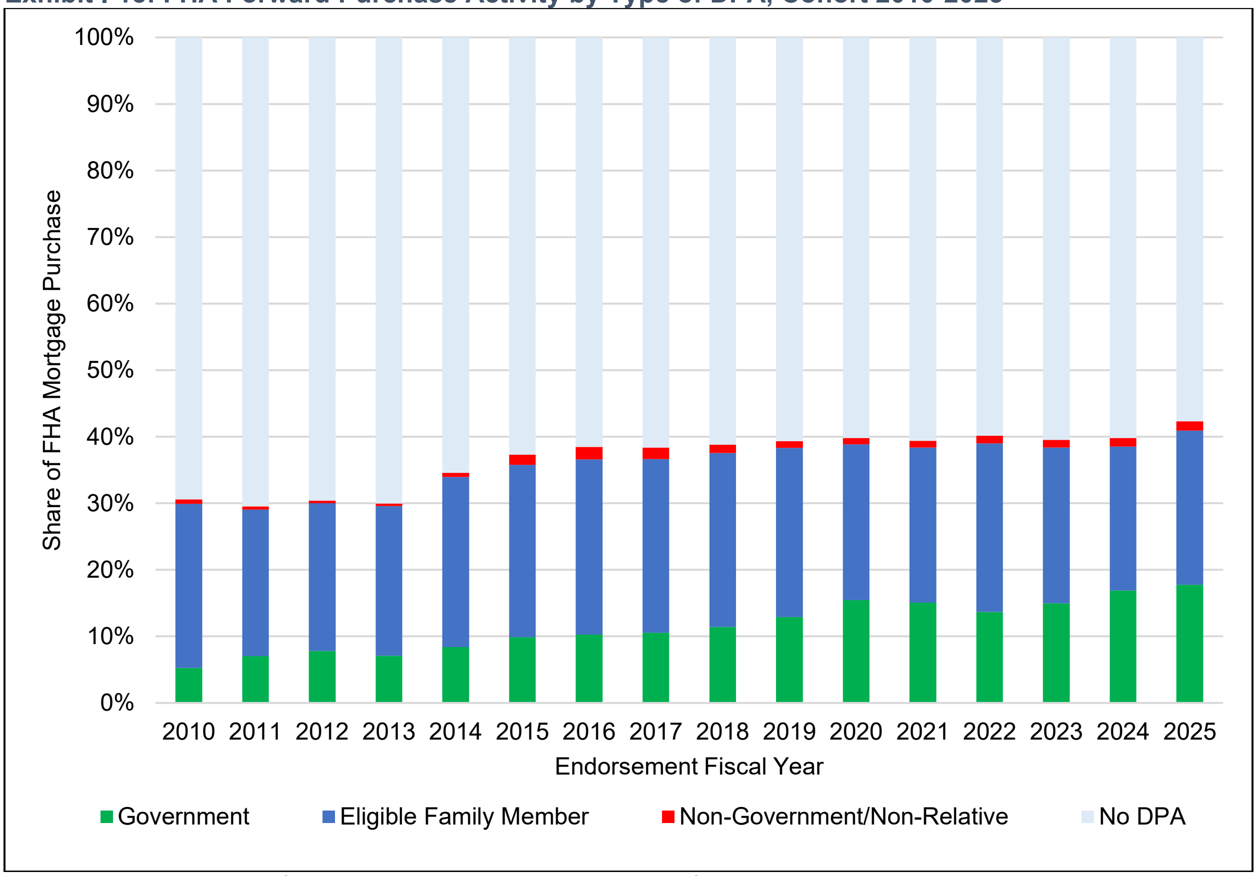
Source: U.S. Department of HUD/FHA, October 2025. Refer to data table B-17 in Appendix B.

Down Payment Assistance

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 I-18 shows below, in FY 2025, 57.69 percent of FHA purchase mortgage endorsements did not utilize any down payment assistance (DPA). The remaining 42.31 percent utilized DPA.

Gift funds from eligible family members remained the largest source of DPA for borrowers in FY 2025, with utilization in 23.16 percent of FHA's total forward purchase mortgages. Loans with DPA from government sources represented 17.74 percent of FY 2025 forward mortgage purchase endorsements.[7] The composition of forward purchase mortgages using DPA increased in FY 2025 to the highest levels in the past 16 years, though DPA usage has been relatively stable over the past ten years.

Exhibit I-18: FHA Forward Purchase Activity by Type of DPA, Cohort 2010-2025

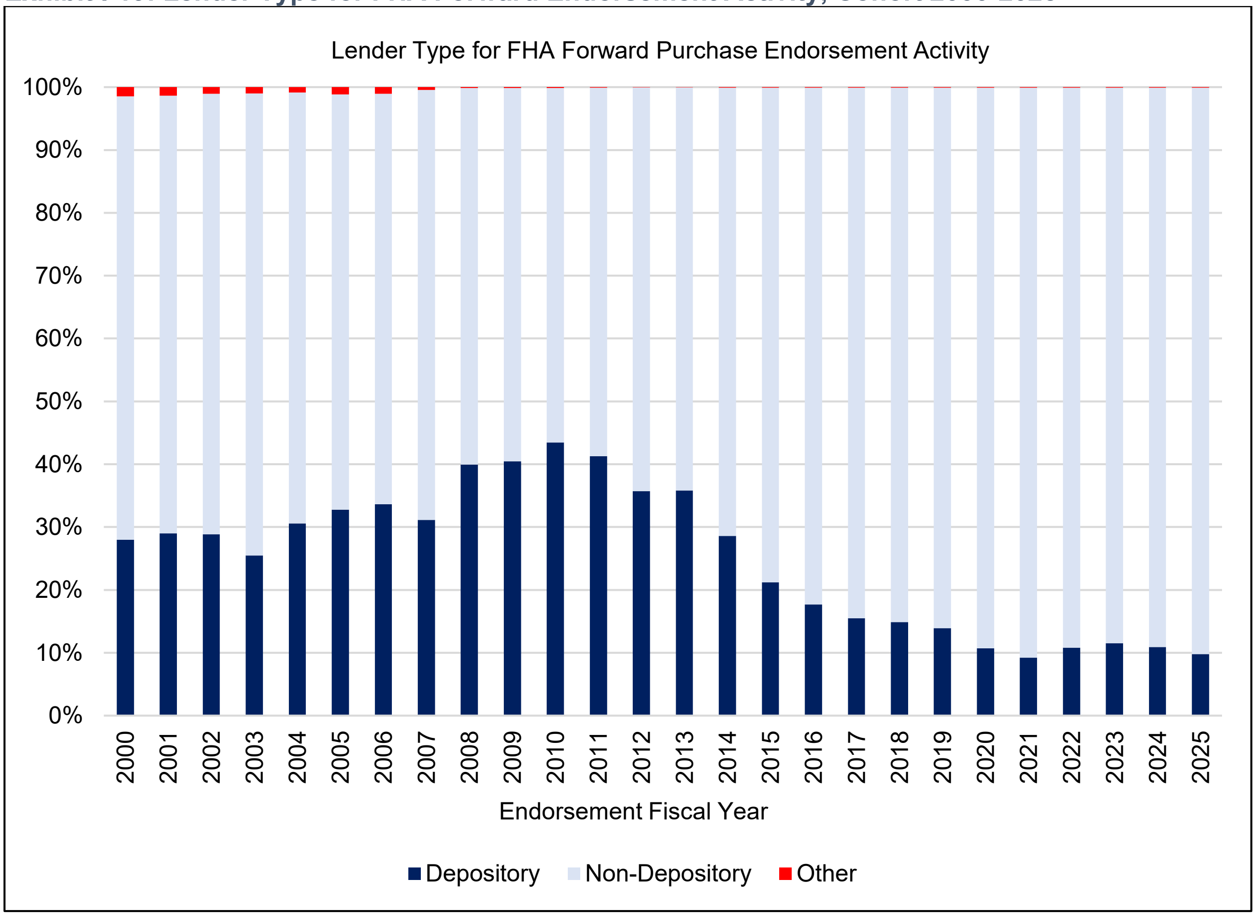


Note: Data does not account for instances where DPA data was missing from origination data submitted to FHA.
Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-18 in Appendix B.

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

Over the past sixteen years, FHA forward mortgage endorsements originated by traditional depository institutions decreased by more than 77 percent from FY 2010 to FY 2025. These entities now represent less than 10 percent of all forward endorsements. Non-depositories continue to hold a dominant position in forward endorsements. The share of new FHA forward endorsements originated by non-depository institutions in FY 2025 is 90.12 percent, as illustrated in Exhibit I-19 below. This represents a full percentage point increase over the 89.02 percent in FY 2024.

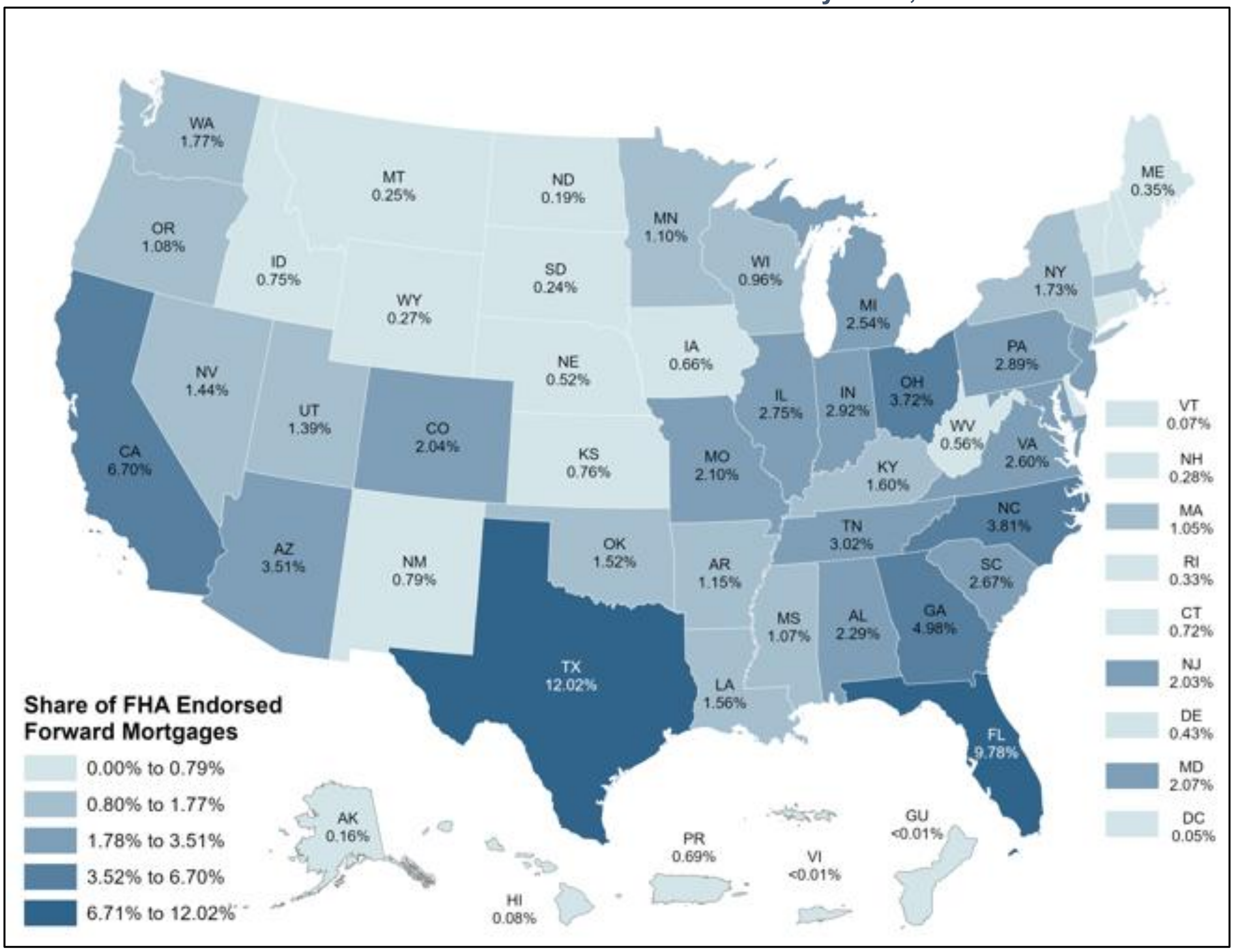
Exhibit I-19: Lender Type for FHA Forward Endorsement Activity, Cohort 2000-2025



Note: This exhibit accounts for all forward endorsements, including streamline refinance mortgages.
Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-19 in Appendix B.

FHA borrowers are located throughout the United States. Exhibit I-20, below, illustrates the percentage of FY 2025 FHA forward endorsements by state. In FY 2025, the three states with the highest number of forward endorsements, Texas, Florida, and California, accounted for 28.49 percent of the total FHA forward endorsements. These are also the three most populous states. Slightly over half of all forward endorsements were concentrated in the top ten states with the largest counts of forward endorsements. In general, the distribution of FHA-insured mortgages is consistent with the population distribution throughout the country.

Exhibit I-20: FY 2025 FHA Forward Endorsement Concentration by State, Cohort 2025

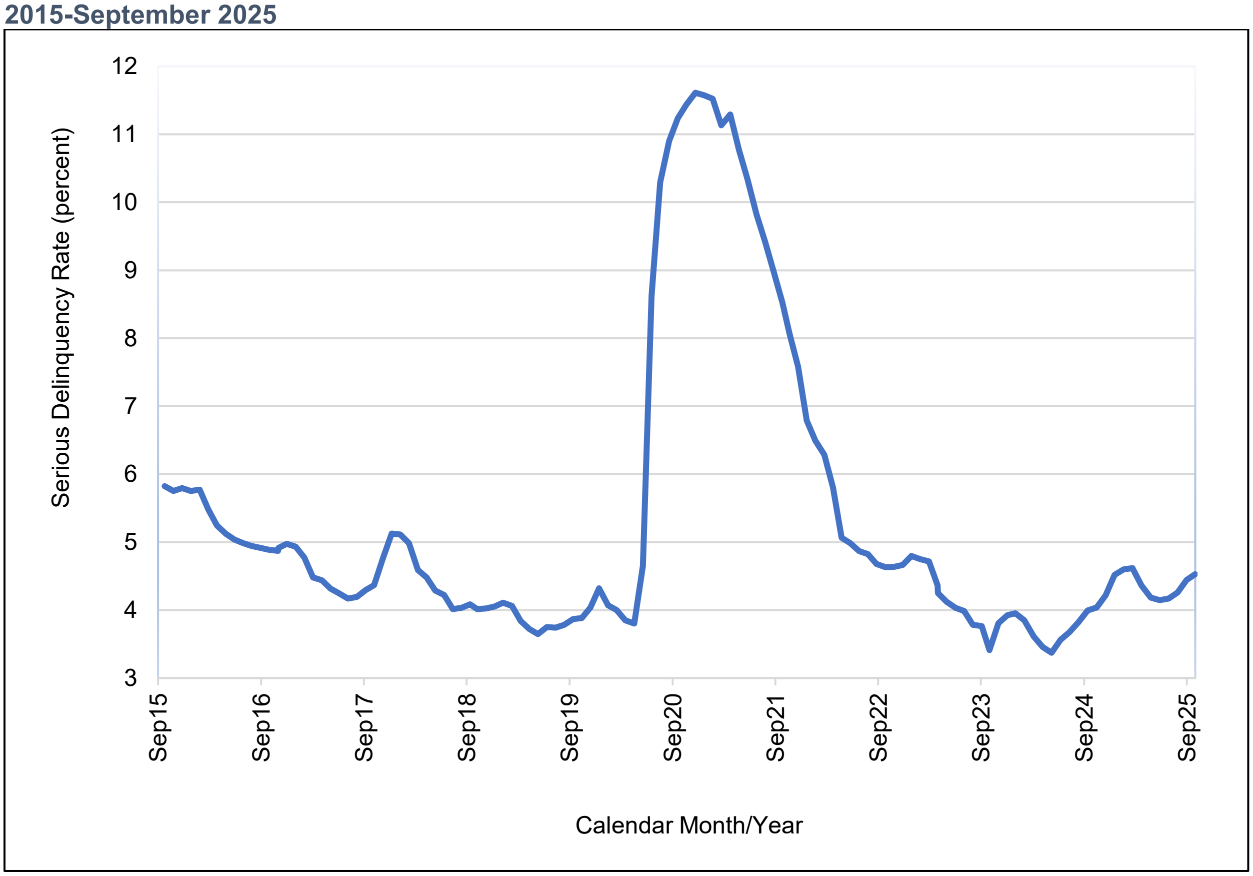


Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-20 in Appendix B.

Post-Endorsement Portfolio Overview and Performance Trends

FHA closely tracks and evaluates loans becoming seriously delinquent to identify trends and possible risks. Starting in April 2020, due to the COVID-19 National Emergency, a significant number of FHA borrowers began to request approval to defer their monthly mortgage payments through forbearance. As shown in Exhibit I-21, below, the serious delinquency rate rose from 3.80 percent in April 2020 to a peak of 11.61 percent in November 2020, partially due to seriously delinquent loans in forbearance. As borrowers continued to transition out of forbearance, the serious delinquency rate generally trended down and reached a recent low of 3.37 percent in May 2024. Since that low point, the serious delinquency rate rose over the next several months to 4.61 percent in February 2025. Roughly 20 percent of the rise in those serious delinquencies were a result of an uptick in natural disasters, such as Hurricanes Helene and Milton. Over the rest of the fiscal year, rates fell and rose. In September 2025, the rate was 4.53 percent, 0.53 percentage points above September 2024, but 0.08 percentage points below the high in February 2025 and well within the historical average.

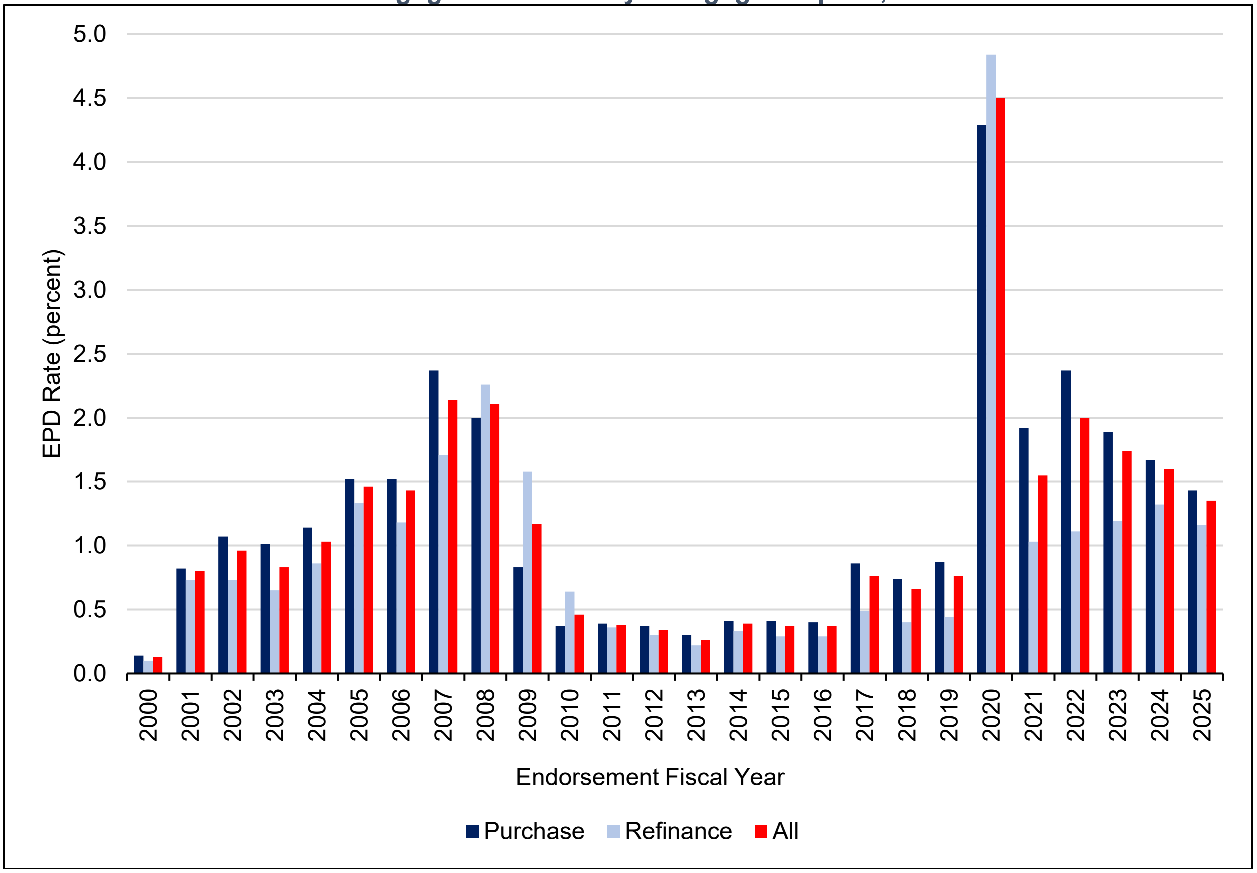
Exhibit I-21: Historical Serious Delinquency Rates for FHA Forward Mortgages, Cohort September 2015-September 2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-21 in Appendix B.

Exhibit I-22 shows that in FY 2025, EPD rates fell to 1.35 percent, continuing an improving multiyear trend, down from a high of 4.50 percent in FY 2020. Nevertheless, EPD rates remain elevated compared with pre-COVID 19 levels. This is partially due to a pattern of higher DTIs in response to sustained higher home prices, which continue to constrain borrowers' incomes, despite moderating inflation. Higher average credit scores in recent years helped reduce EPDs.

Exhibit I-22: FHA Forward Mortgage EPD Rates by Mortgage Purpose, Cohort 2000-2025

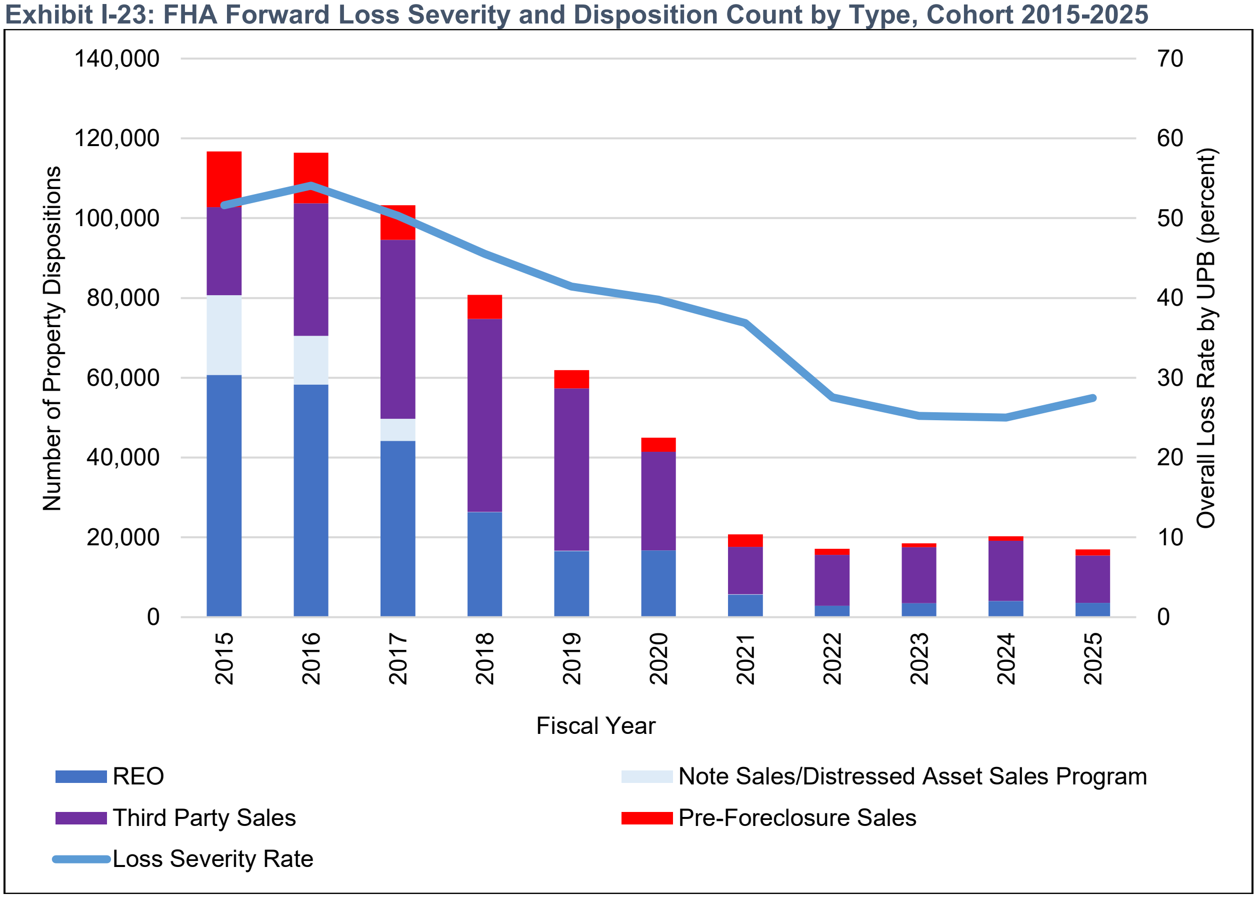


Note: FY 2025 data is through February 2025 endorsement dates.
Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-22 in Appendix B.

Loss and Disposition Activity

The average loss severity rate can vary significantly depending on the type of disposition, the housing supply and demand in that property's geographic location, and HPA since origination. The Claims Without Conveyance of Title (CWCOT) program was designed to encourage competitive third-party bidding at foreclosure auctions and to eliminate the need and additional expenses for servicers to convey properties to FHA. Since 2014, CWCOT usage has steadily increased, which is a better outcome for the MMI Fund as third-party sales have a lower loss severity rate than Real Estate Owned (REO) sales. Exhibit I-23, below, shows that the average loss rate for FHA-insured mortgage dispositions increased slightly from 25.02 percent in FY 2024, to 27.47 percent in FY 2025. However, recent loss rates are significantly lower than their peak of 54.08 percent in FY 2016. The decline in loss severity over this period was chiefly due to the substantial growth in home prices, which increased proceeds from sales of defaulted assets. Furthermore, the total supply of assets available for disposition declined precipitously in FY 2021 and FY 2022 as COVID-19 foreclosure and eviction moratoriums limited foreclosures exclusively to vacant properties. Supply of these assets rose slightly as restrictions were lifted and normal business operations resumed, slightly reversing this trend.

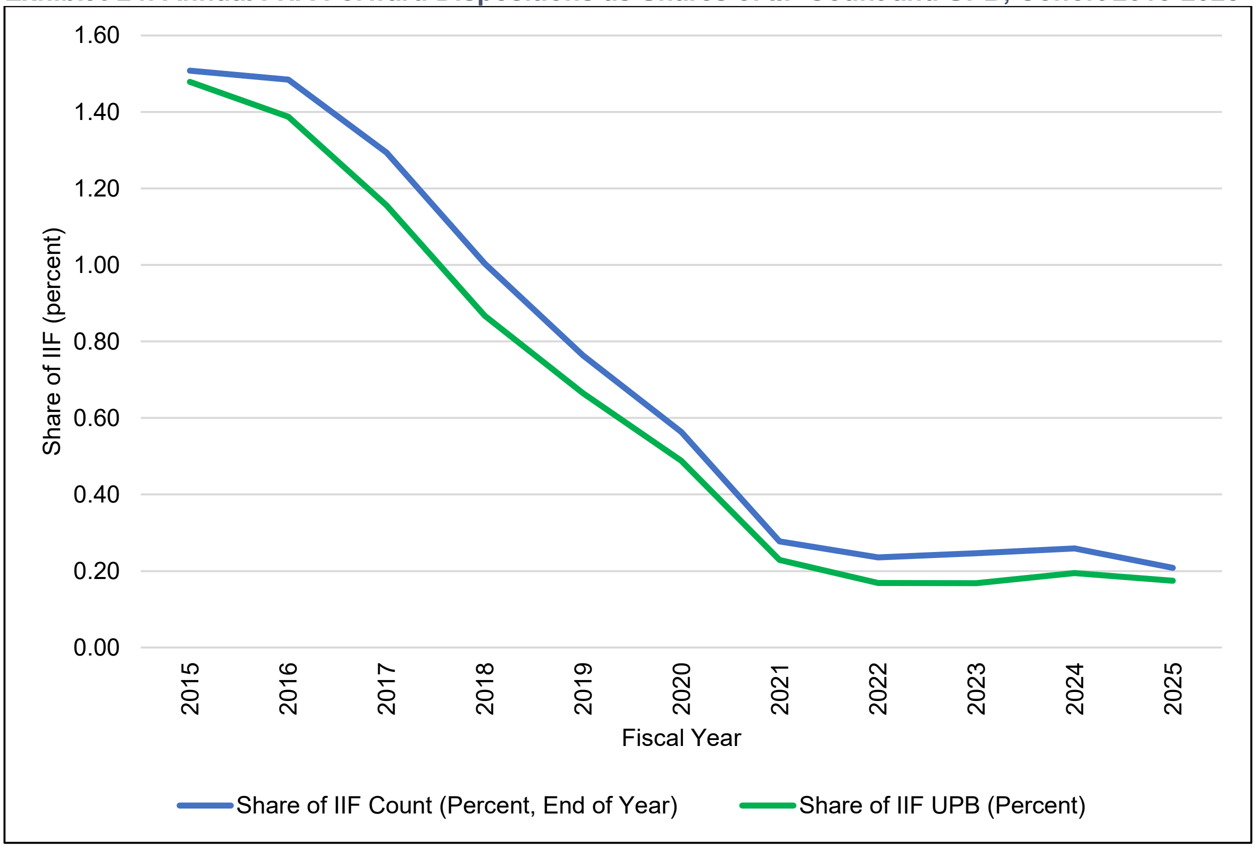
Exhibit I-23: FHA Forward Loss Severity and Disposition Count by Type, Cohort 2015-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-23 in Appendix B.

Exhibit I-24, below, reflects dispositions as percentages of IIF count and UPB, respectively. As serious delinquency rates trended downward between FY 2015 and FY 2022, fewer loans required dispositions for loss mitigation. This, in combination with a favorable housing and economic environment and successful loss mitigations by FHA servicers, reduced the number of dispositions performed by FHA. Furthermore, with COVID-19 foreclosure moratoriums and significant home retention assistance, fewer loans went to claim. This meant fewer loans required disposition.

Exhibit I-24: Annual FHA Forward Dispositions as Shares of IIF Count and UPB, Cohort 2015-2025



Note: Data includes funds outside of MMI Fund and outbids.
Source: U.S. Department of HUD/FHA, October 2025.FY 2025 data may have de minimis adjustments due to late reporting of disposition sales.
Refer to data table B-24 in Appendix B.

Home Equity Conversion Mortgage Program

Overview

FHA insures the vast majority of reverse mortgages in the nation through the HECM program. The HECM program enables senior homeowners aged 62 or older who meet FHA requirements to withdraw an actuarially determined portion of their home equity. There are no corresponding requirements to repay the borrowed amounts while a borrower or eligible surviving spouse continues to reside in the property as their primary residence and keeps property tax and insurance charges current. Instead, the principal borrowed, along with interest, MIPs, property charges paid from a set-aside, and servicing fees are added to the mortgage balance over time. As a result, HECM balances continue to grow over the life of the HECM and may ultimately equal or exceed the value of the home. If the FHA's claim payment plus post-assignment cash draws exceeds the home's value, the MMI Fund may experience losses. After assignment, if the borrower or heirs pay off a HECM's UPB and that value exceeds FHA's claim and expenses, or if the HECM asset sale price exceeds FHA's claim and expenses, the MMI Fund will experience a return.

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

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

2. Setting a Principal Limit Factor (PLF) that constrains the percentage of the equity that a HECM borrower can initially draw down. The PLF is based upon a variety of factors, including the value of the property, the age of the youngest borrower or eligible non-borrowing spouse, and the interest rate charged to the borrower.[8]

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

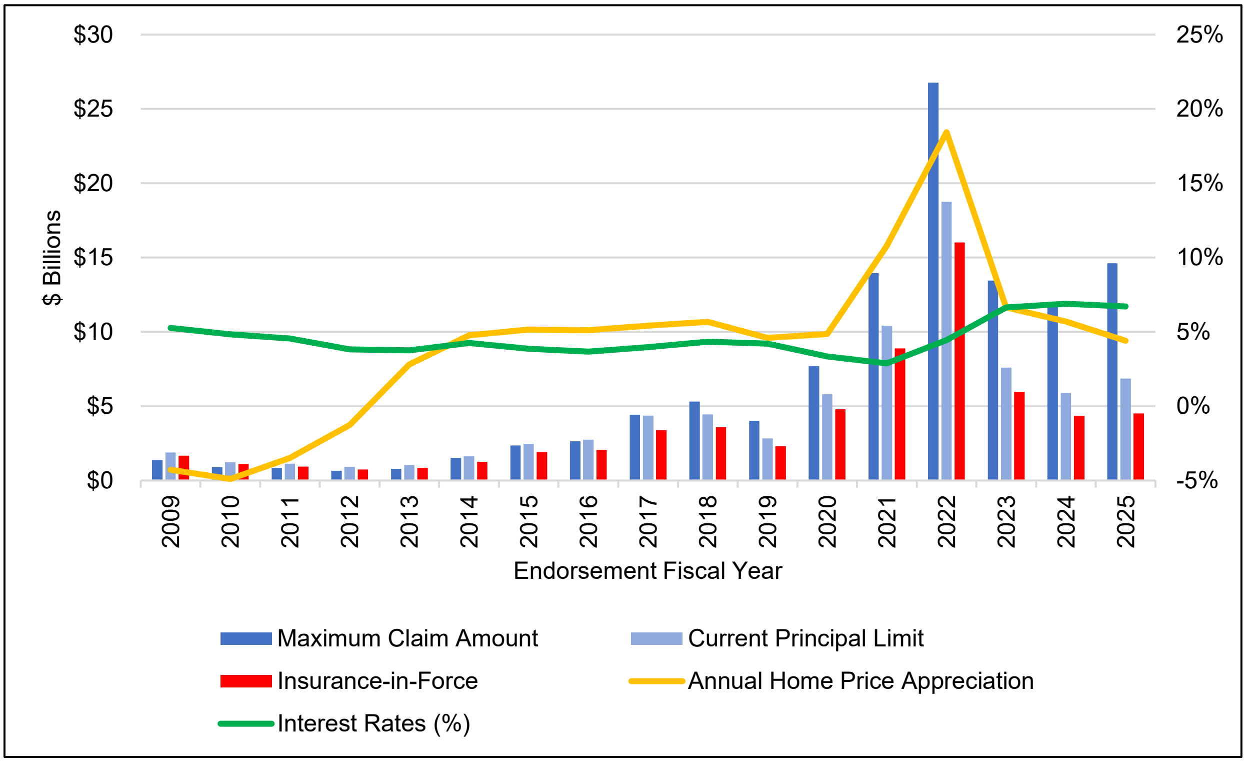
FHA consistently reviews the current outstanding MCA, current total principal limit (PL), and current IIF balances of the HECM portfolio by fiscal year of endorsement. As of September 30, 2025, the HECM portfolio in the MMI Fund represented a total MCA of $113.15 billion, a current PL of $79.90 billion, and a current IIF of $64.29 billion.

As shown in Exhibit I-25, below, the total current MCA for HECMs endorsed in FY 2025 was slightly higher than that in FY 2024, which largely corresponded with increases in endorsements. The main driver of demand for HECMs is an aging population. As more individuals reach retirement age in the United States, program utilization increases. However, most HECMs have adjustable

[8] 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.

interest rates. Therefore, borrowers may wait until interest rates are low to take out a HECM. Additionally, when home prices are increasing, borrowers can extract more equity from the property. In that way, higher appreciation increases endorsements, while higher interest rates reduce endorsements. Exhibit I-25, below, compares HPA and interest rates to visualize the relationship.

Exhibit I-25: Current HECM Portfolio by Year of Endorsement as of End of FY 2025, Cohort 2009-2025

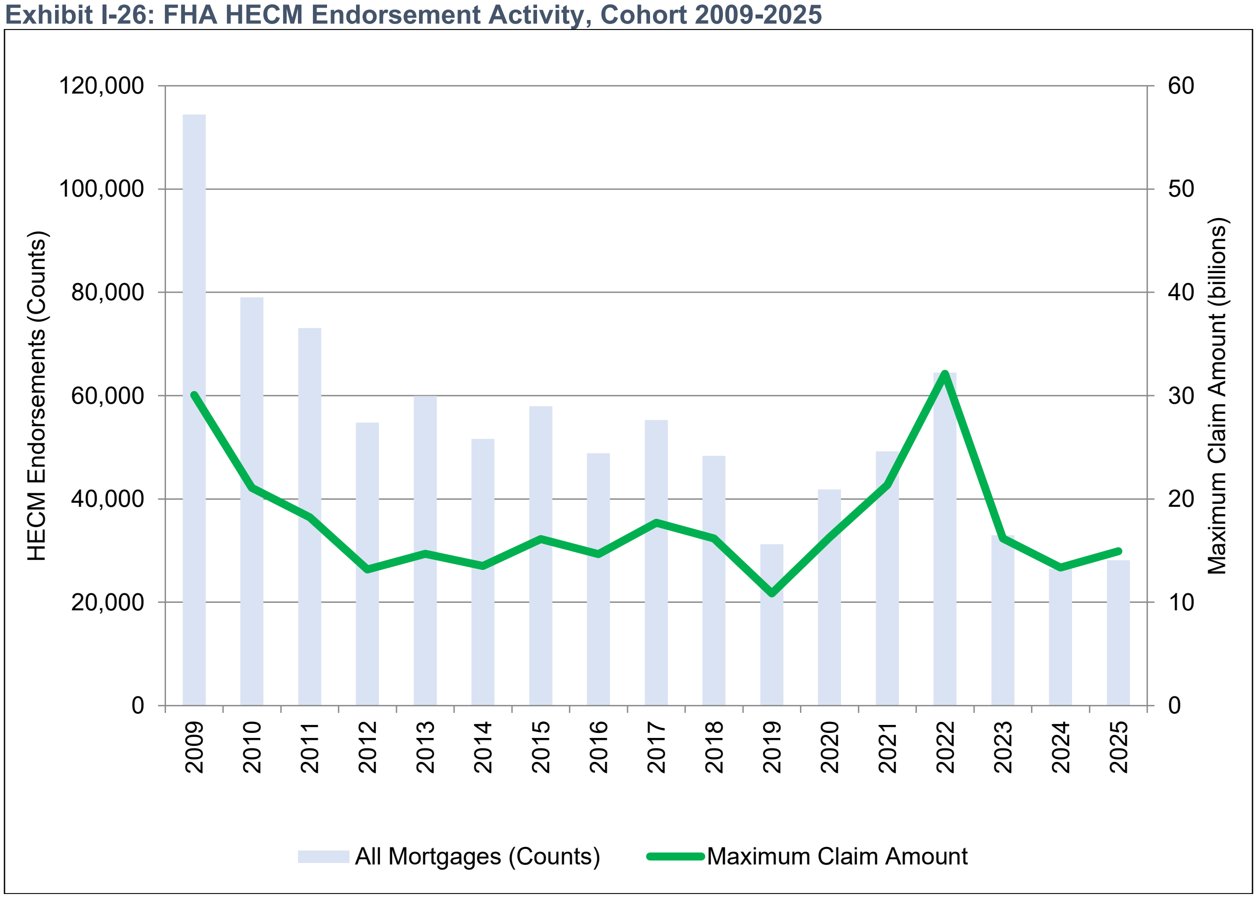


Source: U.S. Department of HUD/FHA, October 2025.
Note: Refer to data table B-25 in Appendix B.

Endorsement Trends and Composition

FHA provided insurance endorsements for 28,149 HECM loans in FY 2025, representing an MCA of $14.96 billion for those endorsements, as shown in Exhibit I-26 below.[9] These endorsements were a 6.2 percent increase from the 26,502 endorsements in FY 2024. MCA dollars in FY 2025 increased nearly 12 percent from the MCA on FY 2024 endorsements. HECM endorsements increased by 106 percent from FY 2019 to FY 2022, when mortgage rates were at historically low levels and home values were climbing precipitously. Over the past three years, in a higher rate environment, HECM endorsements have fallen from this high, but have remained consistent year over year.

Exhibit I-26: FHA HECM Endorsement Activity, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-26 in Appendix B.

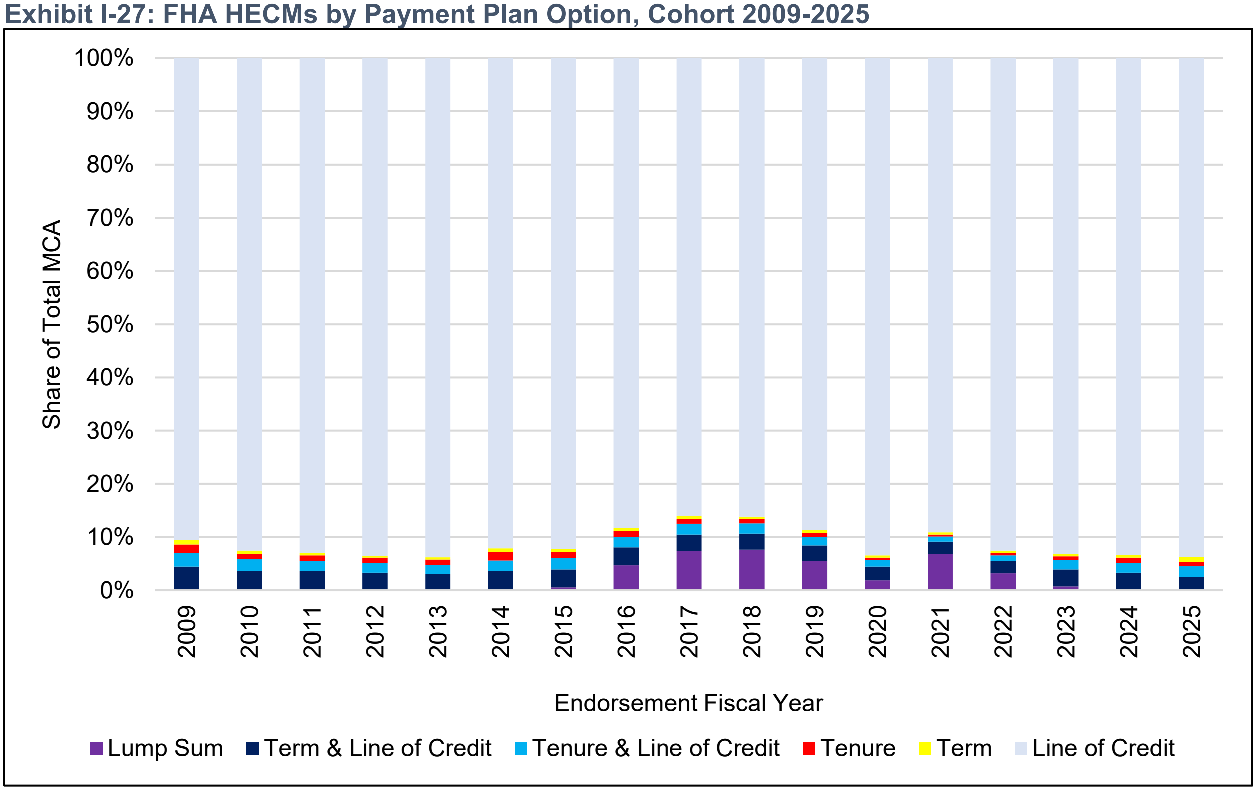
[9] Maximum Claim Amount is used to calculate proceeds and is equal either to the appraised value of the home or the FHA lending limit, whichever is less.

Exhibit I-27, below, summarizes the share of total HECM MCA by payment plan option type and endorsement fiscal year. HECM borrowers can choose from the following payment options to receive mortgage proceeds:

1. Lump Sum: The borrower receives a single lump sum disbursement at closing. This payment option is only available for fixed-rate HECMs.
2. Term: Equal monthly payments are made to the borrower for a fixed term of months chosen by the borrower.
3. Tenure: Equal monthly payments are made to the borrower. The tenure payment option is paid for the life of the borrower.
4. Line of Credit: Payments are made to the borrower at times and in amounts determined by the borrower until the line of credit is exhausted.
5. Term or Tenure with Line of Credit: Equal monthly payments are made to the borrower for a fixed period. These payment plans segregate a portion of the available principal for a line of credit and then provide monthly draws based on the borrower's selection of term or tenure.

The Line of Credit draw option remained the most popular payment plan type with HECM borrowers in FY 2025 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 PL.

Exhibit I-27: FHA HECMs by Payment Plan Option, Cohort 2009-2025

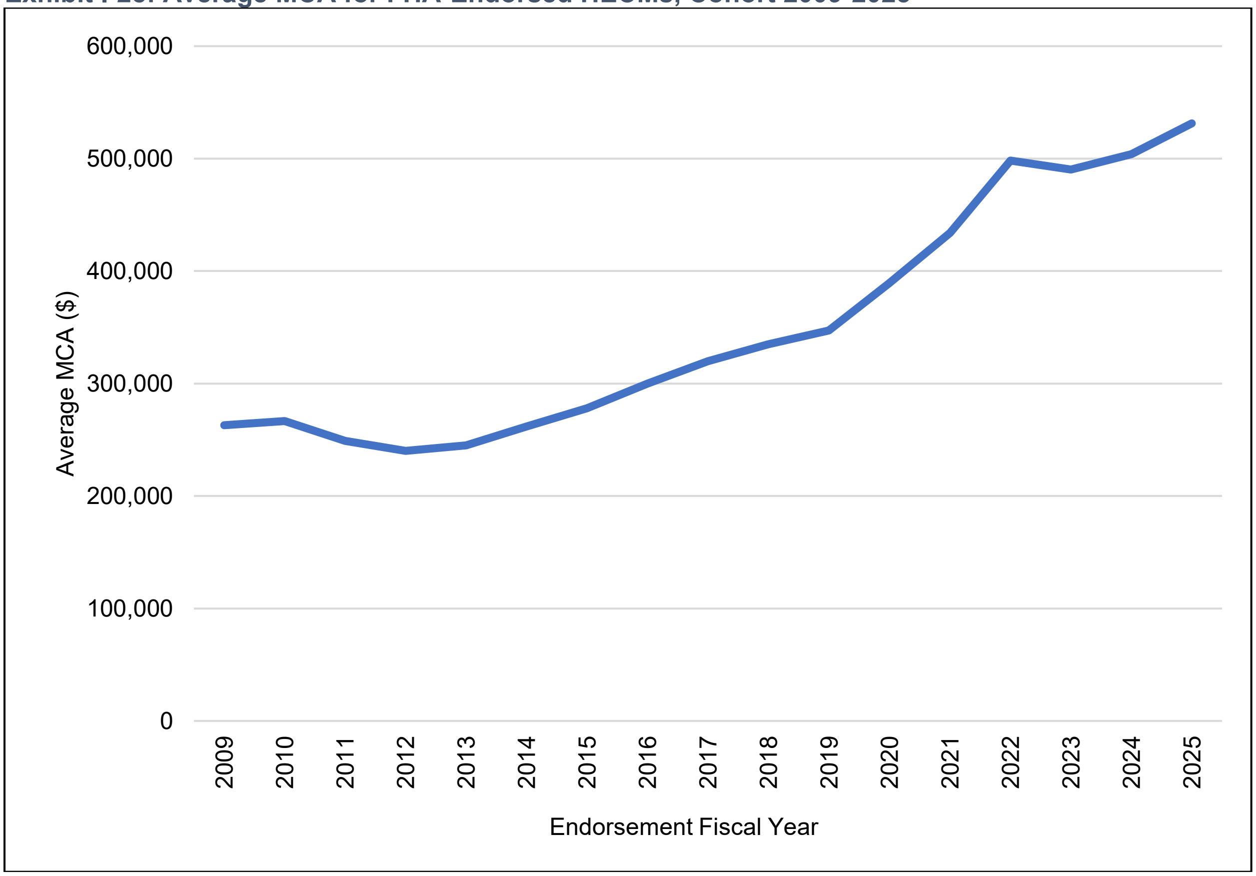


Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-27 in Appendix B.

The MCA is FHA's maximum claim payment exposure for a HECM. As shown in Exhibit I-28, below, having generally trended up since FY 2015, the average MCA per HECM endorsement increased to $531,350 in FY 2025 from $504,016 in the previous fiscal year. Rising average MCA per endorsement coincided with trends in HPA and higher appraised values on homes occupied by HECM borrowers.

The FHA MCA for HECMs in calendar year 2025 is $1,209,750, up by 5.21 percent from $1,149,825 last year. By statute, this limit is currently applied uniformly across the country, unlike the FHA forward mortgage loan limits that vary based on geographic locations.

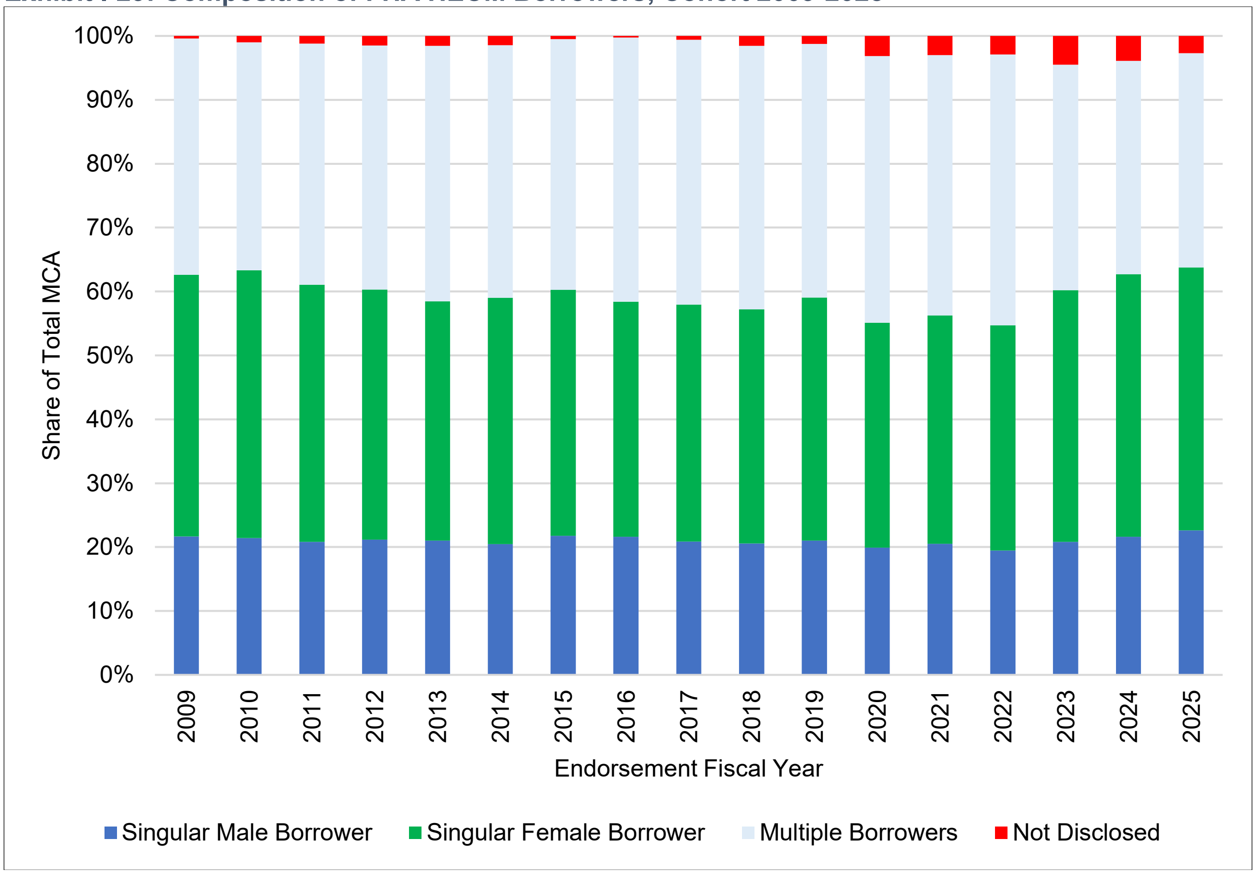
Exhibit I-28: Average MCA for FHA-Endorsed HECMs, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-28 in Appendix B.

Exhibit I-29, below, illustrates the share of HECM endorsement counts by borrower type. In FY 2025, 41.13 percent of HECM endorsements were utilized by single female borrowers, 22.62 percent to single male borrowers, and 33.54 percent to multiple borrowers.[10] Approximately 60 percent of HECM endorsements are for single borrowers, who tend to be at lower income levels than non-single borrowers. This composition of HECM borrowers has remained relatively consistent since HECM entered the MMI Fund in FY 2009.

Exhibit I-29: Composition of FHA HECM Borrowers, Cohort 2009-2025

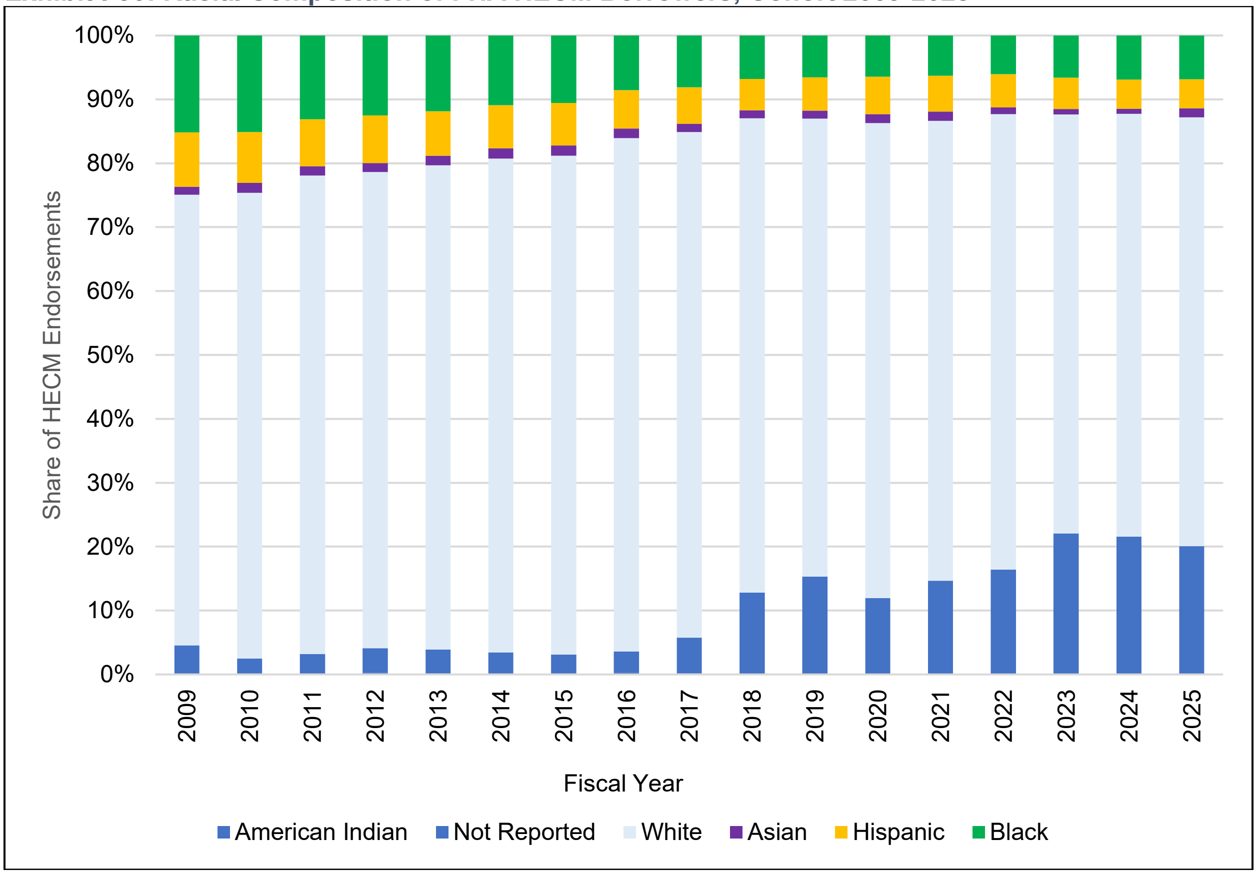


Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-29 in Appendix B.

[10] For 2.71 percent of FHA HECMs endorsed in FY 2025, the borrowers chose not to report such status at mortgage originations.

Exhibit I-30, below, illustrates the share of HECM endorsement counts by race/ethnicity. In FY 2025, 66.95 percent of HECM endorsements served White borrowers, 6.84 percent served Black borrowers, 4.56 percent served Hispanic borrowers, 1.36 percent served Asian borrowers, and 0.25 percent served Native American borrowers. Documentation of race/ethnicity is voluntary. The share of borrowers who chose not to disclose race at origination climbed over the past decade, though it declined from 21.53 percent in FY 2024 to 20.03 percent in FY 2025. These distributions have remained roughly consistent over the past three fiscal years.

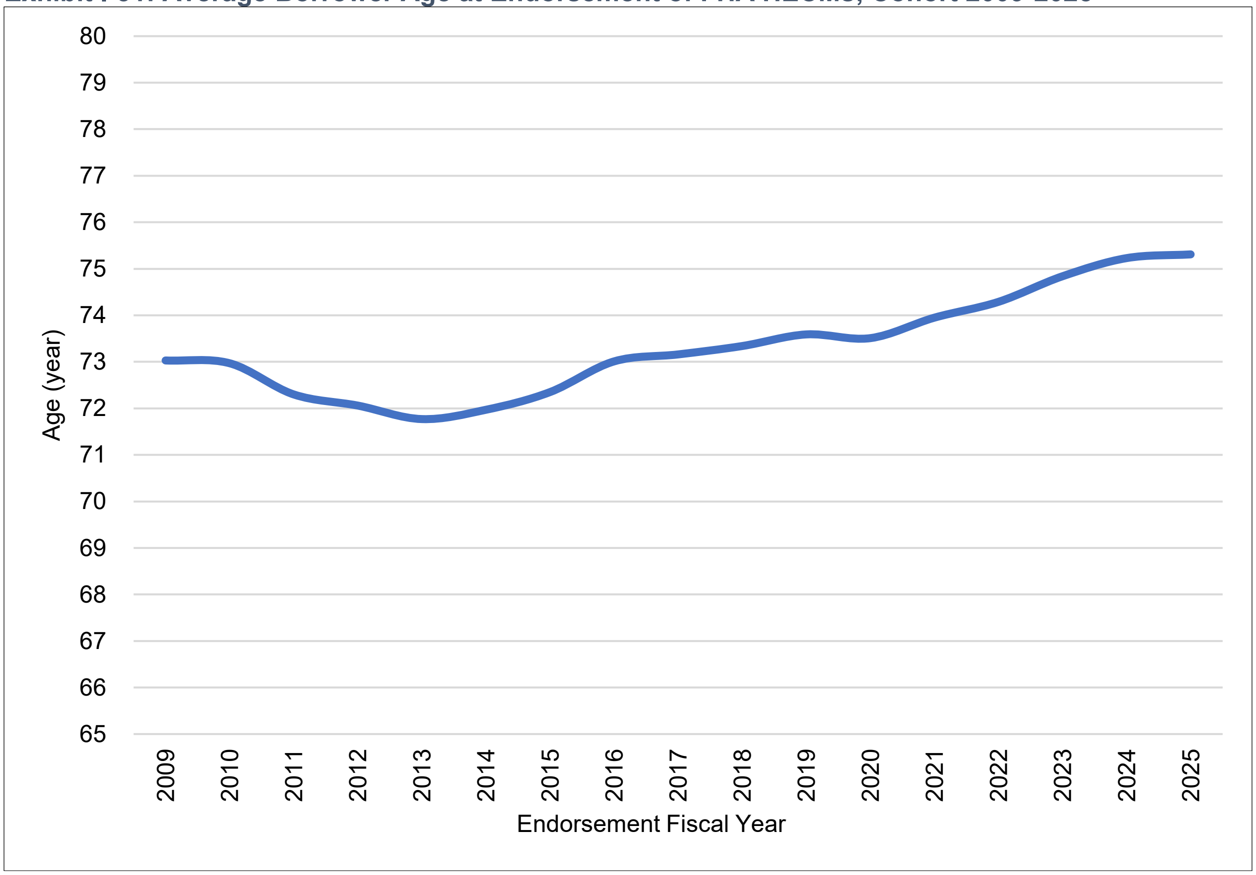
Exhibit I-30: Racial Composition of FHA HECM Borrowers, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-30 in Appendix B.

The average age at endorsement for HECM borrowers has increased gradually over the past decade, from just under 72 in FY 2013 to just above 75 in FY 2025 (see Exhibit I-31 below).

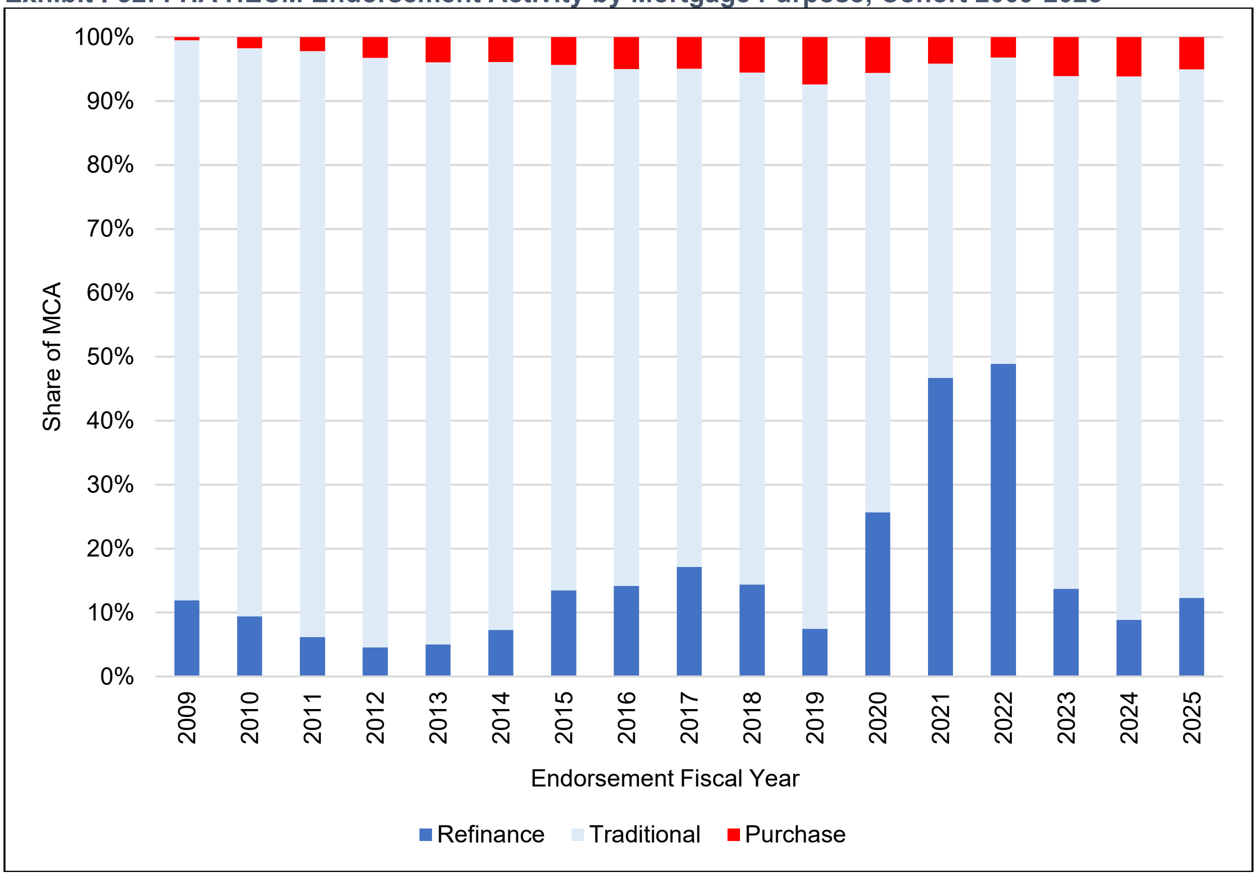
Exhibit I-31: Average Borrower Age at Endorsement of FHA HECMs, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-31 in Appendix B.

As shown in Exhibit I-32, below, the share of HECM refinance endorsements has substantially declined from the record levels reached during the low-rate environment of FY 2021 and FY 2022. The share of HECM refinances increased this fiscal year, however, rising from 8.87 percent of total HECM endorsements in FY 2024 to 12.26 percent in FY 2025. Refinance endorsements allow existing HECM borrowers to tap into subsequent increases in home value; however, since refinance volume peaked in 2022, higher mortgage rates reduce amounts borrowers can extract. Compounded interest under a higher rate reduces the equity available to a borrower at a faster pace, which despite a slight reversal from 2024, continued to discourage higher levels of refinance activity during FY 2025.

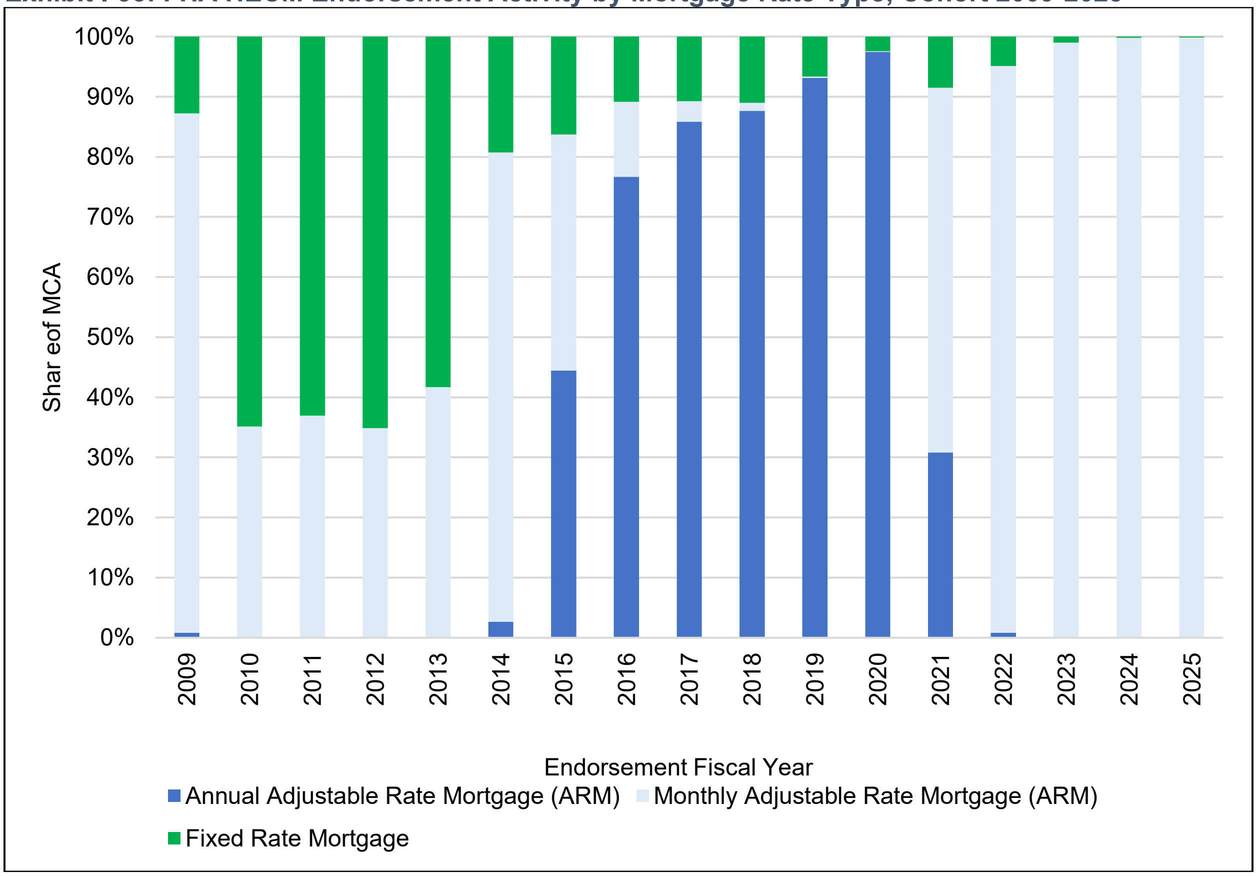
Exhibit I-32: FHA HECM Endorsement Activity by Mortgage Purpose, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-32 in Appendix B.

Exhibit I-33, below, illustrates that the share of fixed-rate HECM endorsements generally trended down over the past decade. In FY 2025, 99.79 percent of FHA's HECM endorsements were for adjustable-rate mortgages (ARMs). HECM borrowers' preferences for ARM products were, in part, a result of policies implemented in FY 2014, which reduced the amount of available principal and eliminated the option of future draws for a fixed-rate HECM borrower. In addition, elevated mortgage rates in recent years also contributed to the further increase of ARM share, as borrowers prefer not to lock-in at higher fixed rates, but instead position themselves to benefit from any potential future rate drops over the life of the HECM.

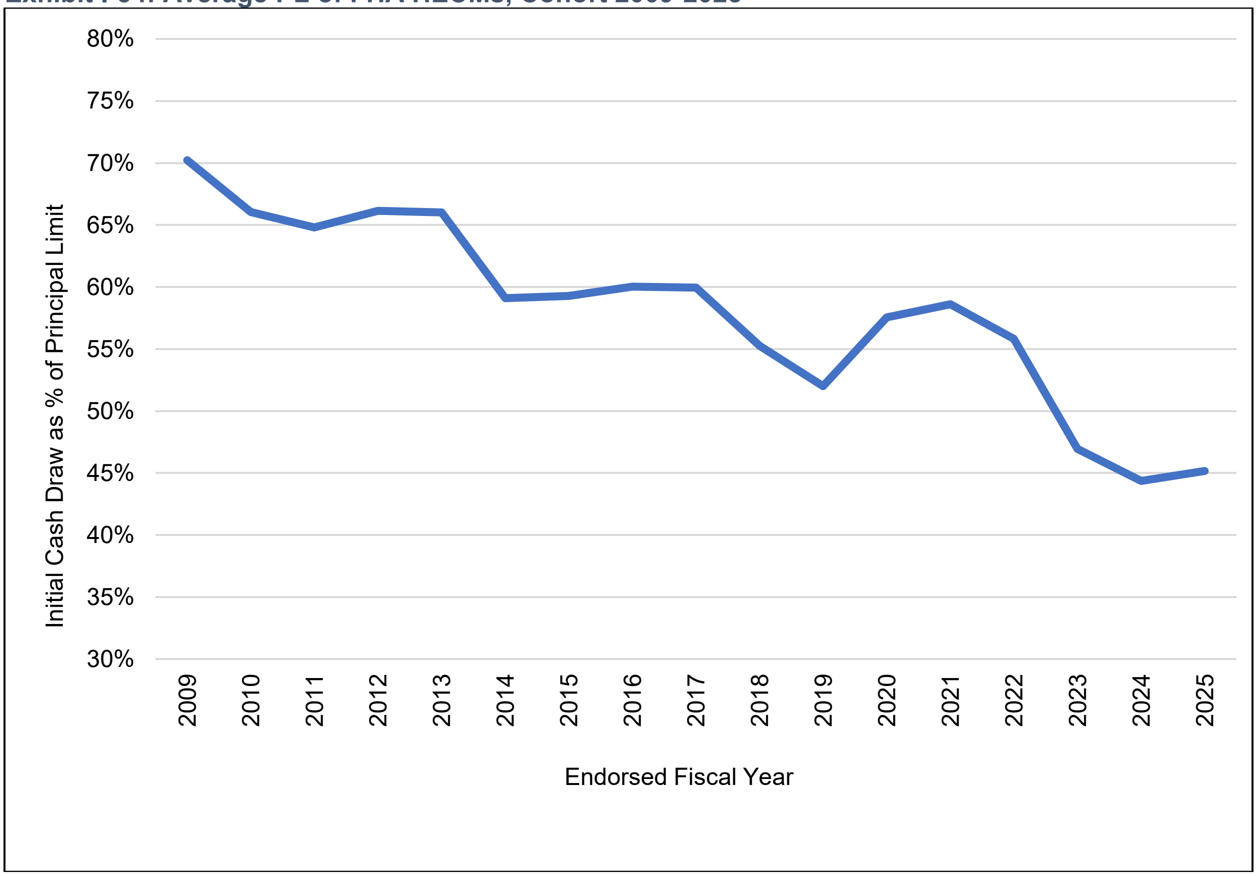
Exhibit I-33: FHA HECM Endorsement Activity by Mortgage Rate Type, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-33 in Appendix B.

The average PL is the percentage of the MCA that borrowers are permitted to withdraw. The PL is initially set by multiplying the MCA by the PLF, which is based on the borrower's age at origination and the expected rate.[11] Thereafter, the PL grows based on the applicable interest rate (i.e., note rate for ARMs and expected rate for fixed-rate HECMs). HPA does not play a role in the PL growth rate. Borrowers with higher ages can extract larger amounts of principal at origination. When interest rates are high, expected to increase, or both, the PL decreases. As shown in Exhibit I-34, below, for HECMs endorsed in FY 2025, the average PL was 45.17 percent of the MCA, up from 44.36 percent in FY 2024. Slightly lower interest rates contributed to this minor increase.

Exhibit I-34: Average PL of FHA HECMs, Cohort 2009-2025

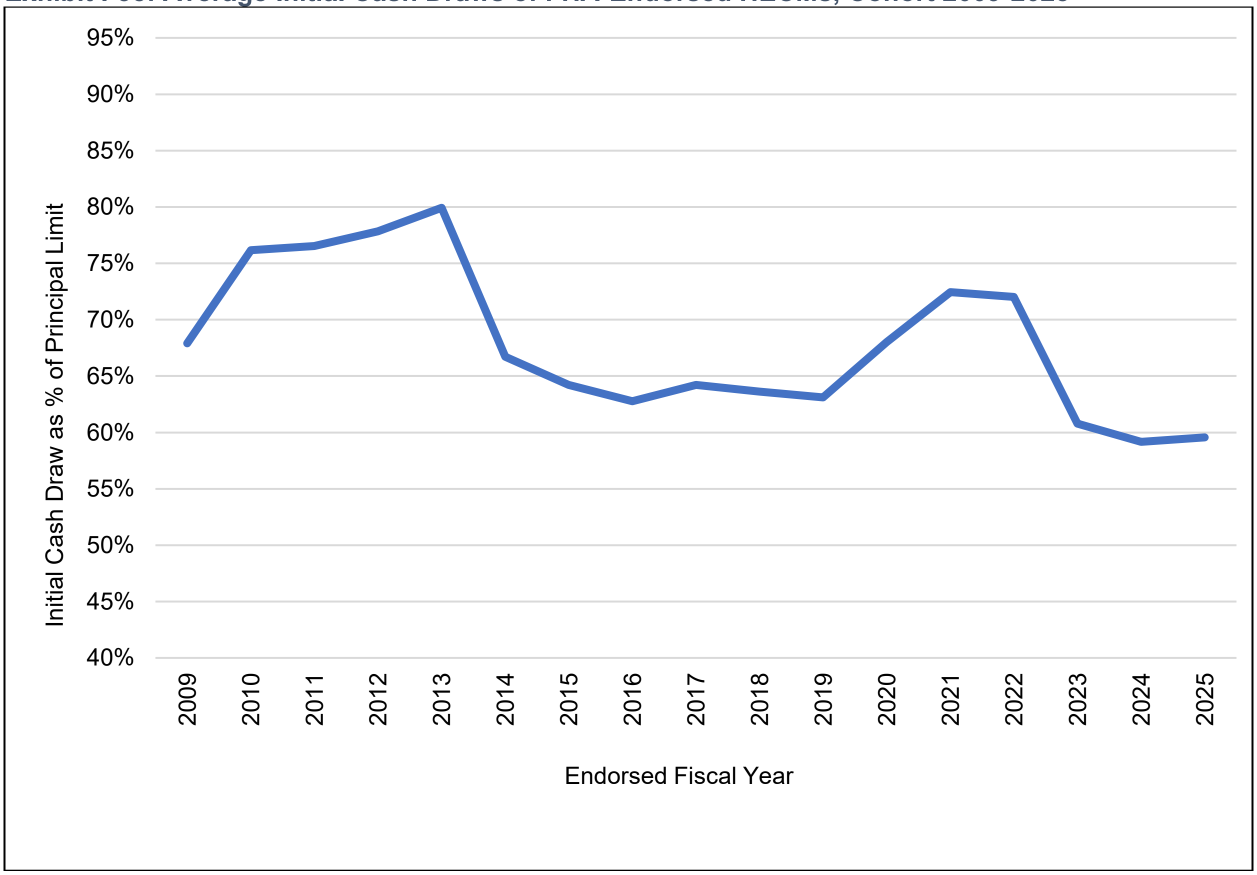


Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-34 in Appendix B.

[11] For a fixed-rate loan, the expected rate is the fixed interest rate. For an adjustable-rate loan, the expected rate is the sum of the lender's margin and the U.S. Treasury Securities rate adjusted to a constant maturity of ten years.

As reflected in Exhibit I-35, below, in FY 2025, HECM borrowers withdrew on average 59.56 percent of their PL on their initial draw, a slight increase from 59.17 percent in FY 2024. Larger upfront draws increase the risk to borrowers and FHA, because larger draws combined with higher interest rates cause balances to accrue faster. This reduces financial resources available to borrowers to pay future obligations such as taxes and insurance, results in faster depletion of a borrower's equity in the home and increases potential losses to FHA.

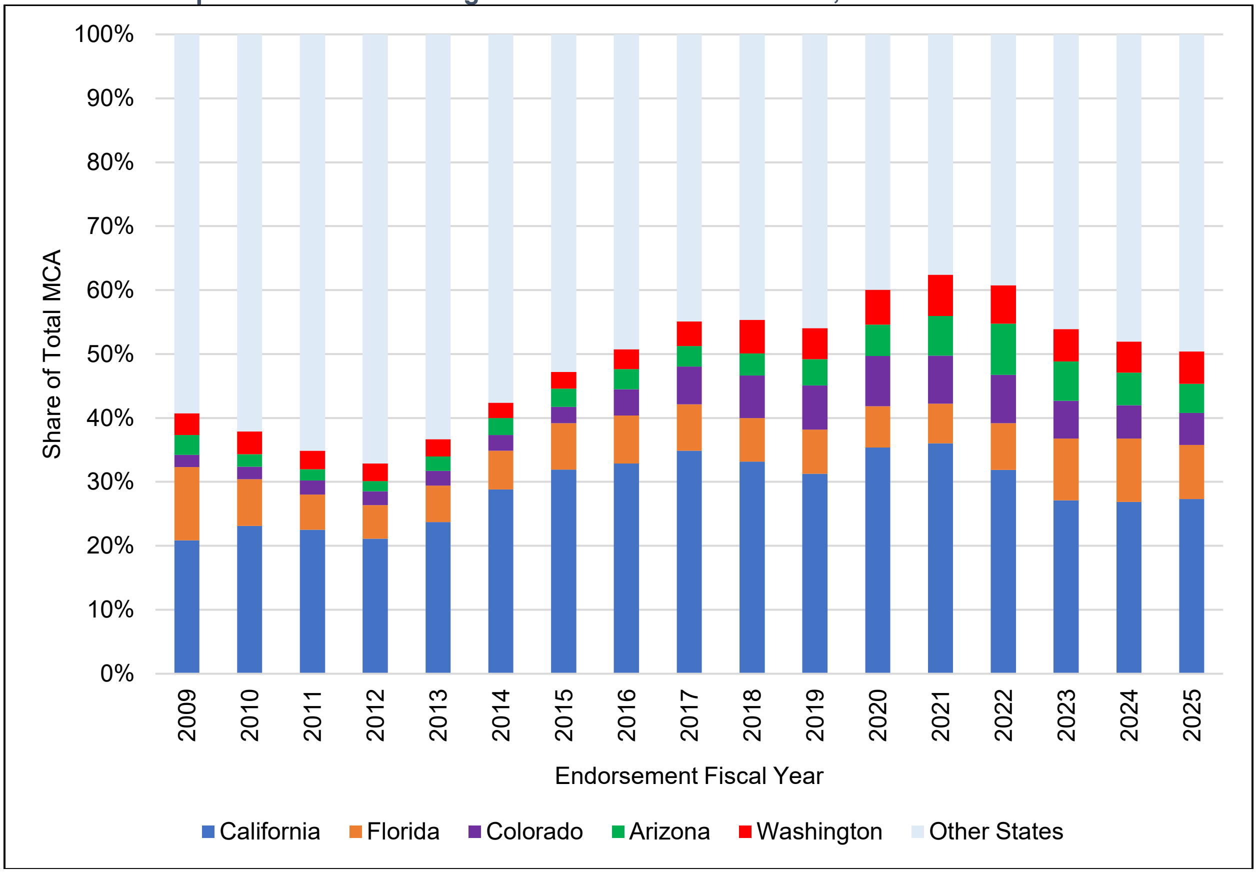
Exhibit I-35: Average Initial Cash Draws of FHA-Endorsed HECMs, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-35 in Appendix B.

HECMs are more geographically concentrated than FHA-insured forward mortgages, as shown in Exhibit I-36. California remained the state with the largest share of HECM production by far, accounting for 27.34 percent of FHA's total MCA for HECMs endorsed in FY 2025. In FY 2025, the top five states represented 50.37 percent of new HECM endorsements, down by 1.57 percentage points from FY 2024.

Exhibit I-36: Top 5 States with the Highest Shares of HECM MCAs, Cohort 2009-2025



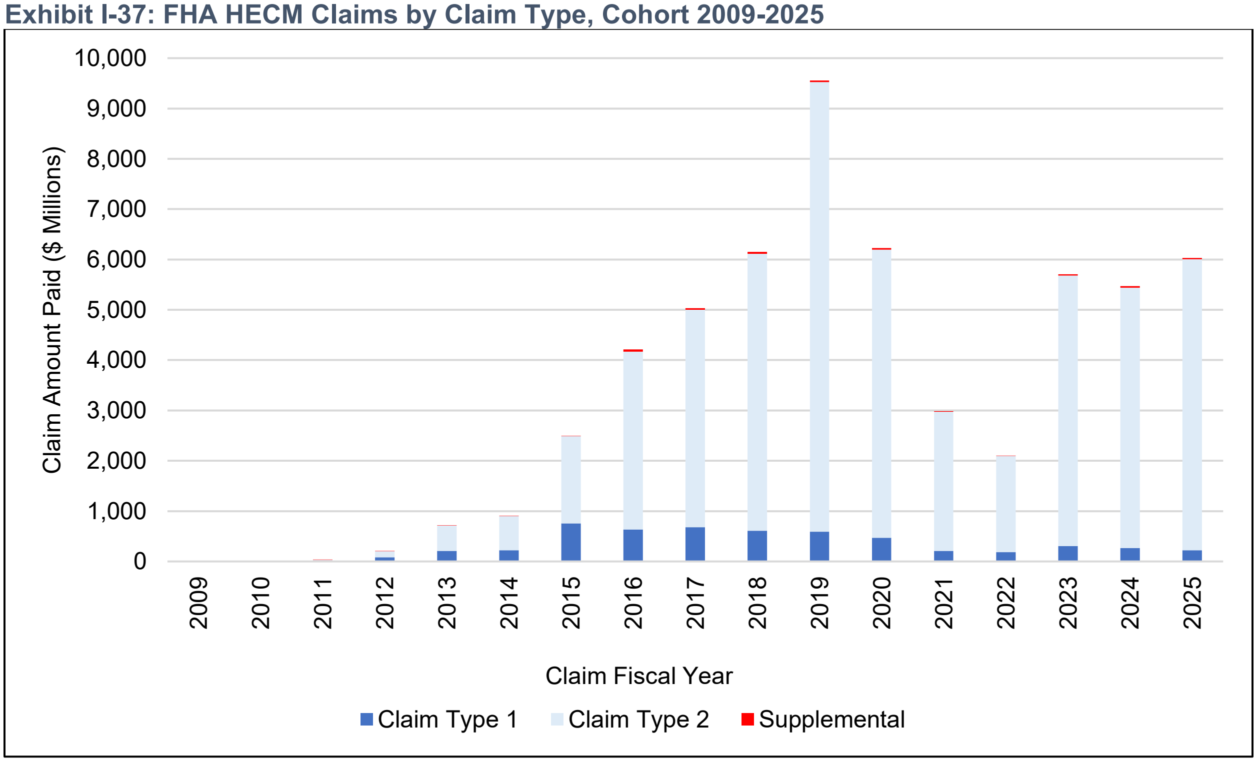
Source: U.S. Department of HUD/FHA, October 2025.
Refer to data table B-36 in Appendix B.

HECM Claim Activity

Exhibit I-37, below, shows the total dollar amount and distribution of HECM claims by claim type. The Claim Type 1 category represents the dollar volume of claims generated when a home of an insured HECM is sold at a loss. The Claim Type 2 category represents the dollar volume of claims resulting from the assignment of the HECM to the Secretary of Housing and Urban Development (HUD) when the HECM balance reaches 98 percent of the MCA. Supplemental claims are submitted by lenders for other eligible expenses not included in original claims, such as property preservation expenses.

In FY 2025, claims paid totaled $6.03 billion, up from $5.47 billion in FY 2024. As demonstrated in Exhibit I-37, Type 2 assignment claims have comprised the majority share of claims from FY 2011 through FY 2025. This is primarily due to the seasoning of the HECM portfolio, given that when HECMs age, they naturally accrue higher balances, approach MCA, and if combined with substantial HPA, are submitted for assignment claims by loan holders instead of Type 1 claims. Elevated interest rates accelerate the timing when HECMs reach 98 percent of MCA and streamlined assignment claim procedures and processes that better facilitate claim filing have also increased assignment claim rates. Lastly, Type 1 claims have remained low due to steady HPA, which has resulted in selling fewer homes for losses that require claims.

Exhibit I-37: FHA HECM Claims by Claim Type, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025.

Refer to data table B-37 in Appendix B.

Chapter II:
Condition of the Mutual Mortgage Insurance Fund

MMI Fund Capital Ratio

As of September 30, 2025, the MMI Fund Capital Ratio stood at 11.47 percent of IIF, unchanged from the FY 2024 MMI Fund Capital Ratio. This is a result of multiple factors that will be discussed later in the chapter. As of the end of FY 2025, the MMI Fund Capital Ratio remains more than five times higher than the Congressionally mandated minimum.[12]

Exhibit II-1, below, provides a summary of the MMI Fund Capital Ratio from FY 2019 through FY 2025. The exhibit segments capital into existing capital resources (i.e., the current balance sheet position) and cash flow NPV. The sum of these two values is the MMI Fund capital. The components of capital are shown as a percentage of IIF (MMI Fund Capital Ratio).

Exhibit II-1: MMI Fund Balance and Capital Ratio FY 2019 through FY 2025, ($ millions)

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Capital Resources	$57,980	$70,651	$83,604	$98,441	$110,529	$124,909	$139,665
Cash Flow NPV	$4,402	$8,298	$16,871	$43,260	$34,778	$47,853	$49,206
MMI Fund Capital	**$62,382**	**$78,949**	**$100,475**	**$141,701**	**$145,307**	**$172,762**	**$188,871**
Insurance in Force	$1,288,436	$1,294,731	$1,251,270	$1,275,212	$1,382,817	$1,506,675	$1,647,236
Total Capital Resources (% of IIF)	4.50%	5.46%	6.68%	7.72%	7.99%	8.29%	8.48%
Cash Flow NPV (% of IIF)	0.34%	0.64%	1.35%	3.39%	2.51%	3.18%	2.99%
MMI Capital Ratio	**4.84%**	**6.10%**	**8.03%**	**11.11%**	**10.51%**	**11.47%**	**11.47%**

Source: U.S. Department of HUD/FHA, October 2025.
Due to rounding, the values may not add up to the total.

MMI Fund Capital Adequacy

The MMI Fund Capital Ratio is defined as the sum of capital resources and the NPV of future cash flows, divided by IIF. Cash flow NPV is calculated by combining two components:

1. NPV of projected Mortgage Insurance Premium (MIP) revenue ("NPV projected revenue"), which is the estimated value of monthly insurance premiums through the life of the loan after applying modeled prepayment, default, and claim assumptions; and
2. NPV of projected claims losses ("NPV projected losses"), which is the cost of projected claim payments, property preservation expenses, and disposition expenses, and net of recoveries on defaulted loans.

[12] This is described in the National Housing Act at 12 USC 1711(f).

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

1. MMI Fund capital = (total capital resources + NPV projected revenue – NPV projected losses);[13]
2. MMI Fund Capital Ratio = MMI Fund capital / total IIF

Historically, FHA's capital resources have consisted primarily of cash dollars that are readily available for payment of claims. However, capital resources also include short-term investments of cash resources (i.e., cash equivalents), notes, and properties. HUD-held notes have become a larger component of capital resources in recent years, due to an increase in partial claims volume to support delinquent borrower reperformance and paid assignment claims as a steady volume of HECMs reach their MCA.

FHA invests much of its cash resources in highly liquid and cash equivalent investments. Of the $139.7 billion in capital resources for FY 2025 (8.48 percent of IIF), over $100 billion is comprised of cash and cash equivalent assets, representing over six percent of IIF. This is a substantial portion of the total MMI Fund Capital Ratio, and demonstrates that FHA has sufficient resources to pay forecasted claims as well as unexpectedly high claims during a downturn.

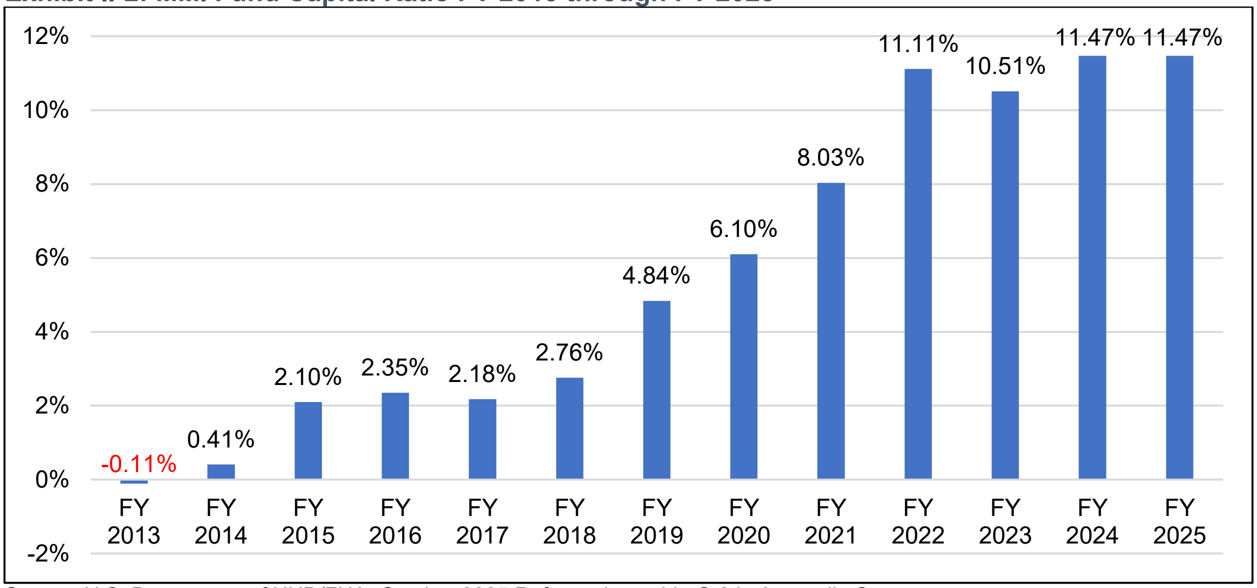
Cash flow NPV, currently 2.99 percent of IIF, is an estimate of future cash flows and therefore subject to uncertainty. As discussed in depth in the "MMI Fund Stress Tests" section of this chapter, FHA has conducted various stress tests of the cash flow forecasts and MMI Fund Capital Ratio to assess the capital adequacy of the MMI Fund. The most severe stress test scenario applies the conditions of the Great Recession beginning in the second quarter of 2007, but instead of applying the subsequent 200 percent HPA realized between 2011 and 2025, FHA applied flat HPA of three percent annually. This reduced cash flows to very negative values, necessitating a draw from liquid capital resources to pay claims. Under this testing scenario, the MMI Fund Capital Ratio fell to 4.42 percent, which remains over two times the statutory minimum. Under a more severe scenario, if every 90+ day delinquent forward loan went to claim immediately with no recoveries on the collateral assets, FHA would still have $115.6 billion in MMI Fund Capital, which is 7.02 percent of IIF. The MMI Fund would only become negative if every delinquent (30, 60, 90+) loan immediately went to claim with no recovery. This scenario would result in a -0.6 percent Capital Ratio. This 100 percent claim and 100 percent loss scenario of every delinquent loan is extraordinarily improbable given FHA's seven percent claim rate since 1975 and loss severities of roughly 50 percent or less over the past decade.

Over the last thirteen years, the MMI Fund Capital Ratio has increased substantially, from a negative -0.11 percent in FY 2013 to 11.47 percent in FY 2025, as shown in Exhibit II-2, below. Over the past year, the MMI Fund Capital Ratio remained stable and unchanged, while the

[13] 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.

breakdown between forward and HECM cash flows has shifted. Specifically, forward cash flows improved slightly and HECM cash flows declined slightly year over year.

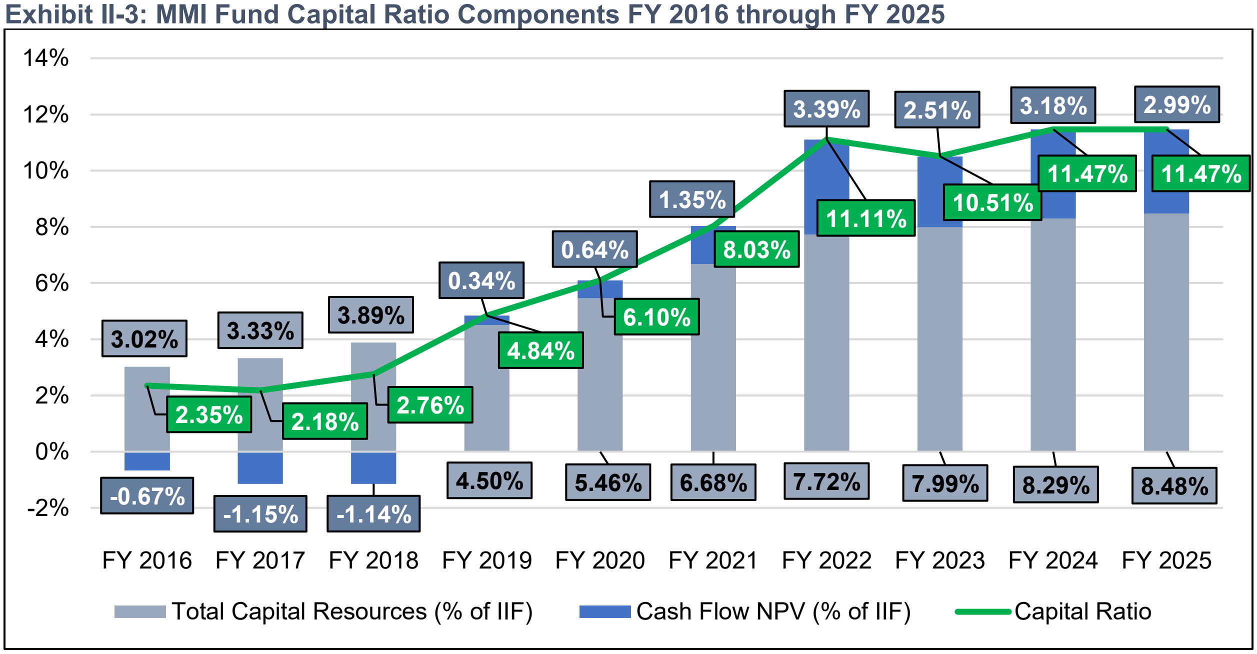
Exhibit II-2: MMI Fund Capital Ratio FY 2013 through FY 2025



Source: U.S. Department of HUD/FHA, October 2025.Refer to data table C-2 in Appendix C.

Exhibit II-3, below, illustrates the change in Capital Ratio and its components over the last ten years. As described above, the majority of MMI Fund Capital is capital resources – currently at 8.48 percent of IIF, which represents an increase from 8.29 percent at the end of FY 2024. Conversely, NPV of projected cash flows as a percentage of IIF declined year over year by 19 basis points to 2.99 percent.

Exhibit II-3: MMI Fund Capital Ratio Components FY 2016 through FY 2025



Source: U.S. Department HUD/FHA, October 2025.
Due to rounding, adding the components together may not sum perfectly to the total Capital Ratio.
Refer to data Table C-3 in Appendix C.

Exhibit II-4, below, presents an itemization of the components that compose the MMI Fund Capital Ratio calculation, specifically breaking out the revenue and losses components of the NPV of future cash flows.

Exhibit II-4: MMI Fund Capital Ratio Components FY 2019 through FY 2025 ($ in millions)

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Capital Resources	$57,980	$70,651	$83,604	$98,441	$110,529	$124,909	$139,665
Plus: NPV Projected Revenue	$51,436	$48,807	$49,045	$53,352	$58,675	$66,542	$66,741
Less: NPV Projected Losses	($47,034)	($40,509)	($32,174)	($10,092)	($23,897)	($18,689)	($17,535)
Equals: MMI Fund Capital	**$62,382**	**$78,949**	**$100,475**	**$141,701**	**$145,306**	**$172,763**	**$188,871**
Insurance in Force	$1,288,436	$1,294,731	$1,251,270	$1,275,212	$1,382,817	$1,506,675	$1,647,236
Total Capital Resources	4.50%	5.46%	6.68%	7.72%	7.99%	8.29%	8.48%
Plus: NPV Projected Revenue	3.99%	3.77%	3.92%	4.18%	4.24%	4.42%	4.05%
Less: NPV Projected Losses	-3.65%	-3.13%	-2.57%	-0.79%	-1.73%	-1.24%	-1.06%
Equals: MMI Fund Capital Ratio	**4.84%**	**6.10%**	**8.03%**	**11.11%**	**10.51%**	**11.47%**	**11.47%**

Source: U.S. Department of HUD/FHA, October 2025.

Stand-Alone Capital Ratios for Forward Mortgages and HECMs

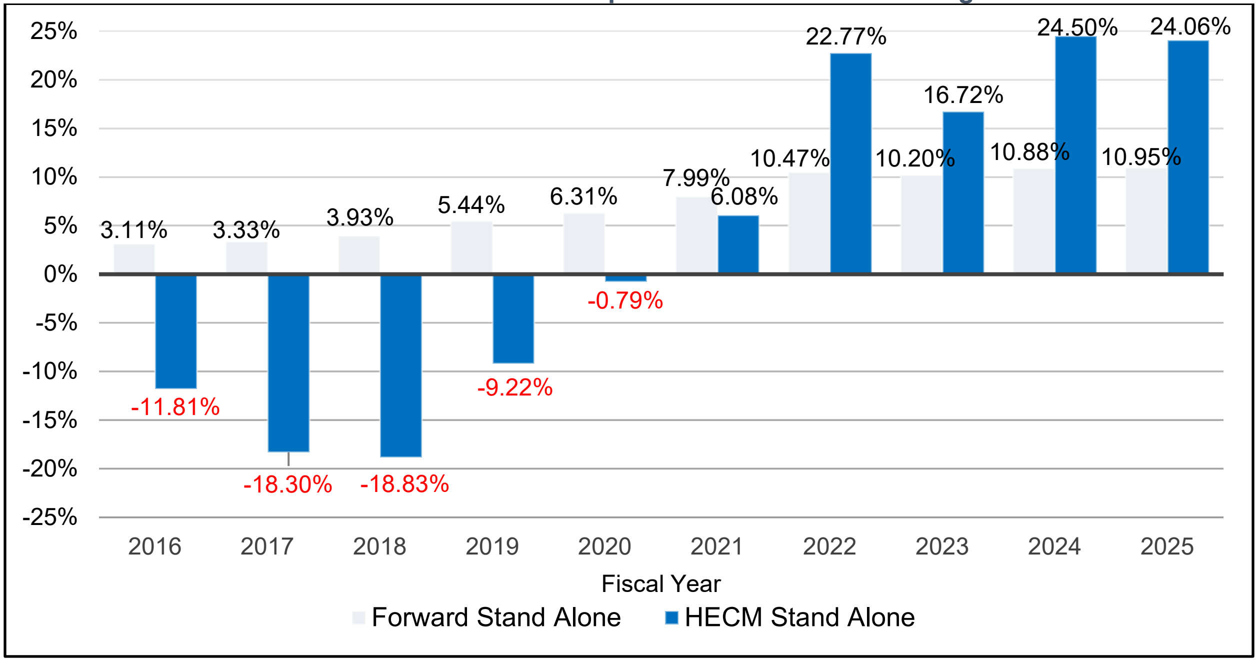
The MMI Fund includes capital from both the forward and HECM programs. The following sections describe the individual (stand-alone) status of each portfolio.[14]

Exhibit II-5, below, displays stand-alone Capital Ratios for the forward and HECM portfolios since FY 2016. The financial performance of the forward mortgage Stand-Alone Capital Ratio remained flat this past fiscal year, growing 0.07 percentage points from 10.88 percent in FY 2024 to 10.95 percent in FY 2025. The HECM portfolio, which accounts for roughly four percent of the MMI Fund's IIF, has a Stand-Alone Capital Ratio that decreased by 0.44 percentage points from 24.50 percent in FY 2024 to 24.06 percent in FY 2025.

The financial performance of the HECM portfolio was relatively flat in FY 2025, and was influenced in part by model improvements developed in FY 2025. Specifically, FHA's modeling team increased the granularity of cash flows from annual to quarterly, which allowed more specific and accurate assumptions. The updated assumptions slightly lowered anticipated premium revenue and lowered returns on asset sales. Nevertheless, the HECM Stand-Alone Capital Ratio remained positive for the fifth year in a row. While the HECM portfolio is significantly more sensitive to relatively small changes in home price forecasts, the portfolio's small size relative to the total MMI Fund limits the impact of these fluctuations on the combined MMI Fund Capital Ratio.

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

Exhibit II-5: Forward and HECM Stand-Alone Capital Ratios – FY 2016 through FY 2025



Source: U.S. Department HUD/FHA, October 2025.
Refer to data Table C-5 in Appendix C.

Exhibit II-6, below, presents an itemization of the components of the forward mortgage stand-alone MMI Fund capital amount and the forward mortgage Stand-Alone Capital Ratio calculation. The Exhibit shows that the Stand-Alone MMI Fund Capital Ratio for the forward portfolio increased 0.07 percentage points from 10.88 percent in FY 2024 to 10.95 percent in FY 2025. MMI Fund capital for the forward portfolio grew by $16.6 billion over the last fiscal year. NPV revenue increased by $616 million (less than a percentage point) to $64.8 billion, but declined as a share of IIF, from 4.45 percent to 4.09 percent. The NPV of losses fell by $1.3 billion to $21.9 billion. As a share of IIF, NPV of losses declined from 1.61 percent to 1.39 percent.

The main driver of lower revenue as a share of IIF is faster prepayment speeds. Higher mortgage interest rates tend to signal an upcoming increase in loan prepayments because borrowers may refinance when rates drop. A larger share of the portfolio, particularly the 2025 cohort, has interest rates of six percent or higher. With interest rates forecast to decline, prepayment speeds for the 2024 and 2025 cohorts are faster than the rest of the portfolio, which leads to lost revenue as loans are projected to leave the portfolio. Additionally, new endorsements made after the 2023 annual MIP cut[15] reflect a lower amount of premium revenue (about 35 percent less on average: 53 basis points (bps) vs. 83 bps on older cohorts). This is discussed in more detail in the "Presentation and Explanation of Forward and HECM Cash Flow Estimates", and the "Forward: Premiums" sections of this chapter.

[15] See Mortgagee Letter (ML) 2023-05, effective for case numbers endorsed on or after March 20, 2023.

The decline in the NPV of losses is primarily driven by two key factors. First, the updated loss mitigation waterfall announced this year maximizes FHA's ability to cure delinquencies, while avoiding "churning" borrowers who obtain loss mitigation home retention options multiple times in under two years without long-term cures, which generates a cost to the MMI Fund. Second, realized HPA over the past decade has improved FHA's return on property sales on claimed loans, lowering the severity and net costs to FHA.

Exhibit II-6: Forward Mortgage Stand-Alone Capital Ratio Components – FY 2019 to FY 2025 ($ millions)

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Capital Resources	$54,600	$67,368	$78,500	$89,512	$101,902	$115,887	$130,533
Plus: NPV Revenue	$45,783	$44,574	$45,544	$50,033	$55,451	$64,193	$64,809
Less: NPV Losses	($33,769)	($34,187)	($29,063)	($12,944)	($23,072)	($23,279)	($21,936)
Equals: MMI Fund Forward Capital	**$66,614**	**$77,755**	**$94,981**	**$126,600**	**$134,281**	**$156,802**	**$173,406**
Insurance in Force	$1,224,225	$1,232,093	$1,188,595	$1,208,886	$1,316,881	$1,441,523	$1,582,946
Total Capital Resources	4.46%	5.47%	6.60%	7.40%	7.74%	8.04%	8.25%
Plus: NPV Revenue	3.74%	3.62%	3.83%	4.14%	4.21%	4.45%	4.09%
Less: NPV Losses	-2.76%	-2.77%	-2.45%	-1.07%	-1.75%	-1.61%	-1.39%
Equals: MMI Fund Forward Capital Ratio	**5.44%**	**6.31%**	**7.99%**	**10.47%**	**10.20%**	**10.88%**	**10.95%**

Source: U.S. Department of HUD/FHA, October 2025.

As shown in Exhibit II-7, below, the Stand-Alone MMI Fund Capital for the HECM portfolio in FY 2025 decreased by three percent (nearly $0.5 billion) from FY 2024. Capital resources increased year over year, so cash flows were the major driver in the downward movement of the Stand-Alone Capital Ratio. The decreased NPV of revenue and NPV of losses were influenced in part by model updates implemented in FY 2025. As described previously, FHA's modeling team increased the granularity of cash flows from annually to quarterly, which allowed more specific and accurate assumptions. The updated, improved assumptions slightly lowered anticipated premium revenue and lowered returns on asset sales. While not substantial, FHA's modeling team believes this more conservative approach is a more accurate reflection of future cash flows.

It is also notable that for a second year in a row, the NPV of projected losses were, in fact, projected gains. High levels of realized HPA, with further forecast HPA, combined with most loans projected to avoid claim, including assignment, causes the model to forecast substantial payoffs and high value asset sales. These revenue streams offset the anticipated losses due to claims and are reflected in Exhibit II-7 as gains.

Exhibit II-7: HECM Stand-Alone Capital Ratio Components ($ millions) – FY 2019 to FY 2025

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Capital Resources	$1,694	$1,597	$3,418	$8,929	$8,627	$9,022	$9,131
Plus: NPV Revenue	$5,653	$4,233	$3,501	$3,319	$3,224	$2,349	$1,933
Less: NPV Losses	($13,265)	($6,322)	($3,111)	$2,853	($825)	$4,589	$4,401
Equals: MMI Fund HECM Capital	**($5,918)**	**($492)**	**$3,808**	**$15,101**	**$11,025**	**$15,961**	**$15,465**
Insurance in Force	$64,211	$62,638	$62,675	$66,326	$65,936	$65,152	$64,290
Equals: Total Capital Resources	2.64%	2.55%	5.45%	13.46%	13.08%	13.85%	14.20%
Plus: NPV Revenue	8.80%	6.76%	5.59%	5.00%	4.89%	3.61%	3.01%
Less: NPV Losses	-20.66%	-10.09%	-4.96%	4.30%	-1.25%	7.04%	6.85%
Equals: MMI Fund HECM Capital Ratio	**-9.22%**	**-0.79%**	**6.08%**	**22.77%**	**16.72%**	**24.50%**	**24.06%**

Source: U.S. Department of HUD/FHA, October 2025.

Presentation and Explanation of Forward and HECM Cash Flow Estimates

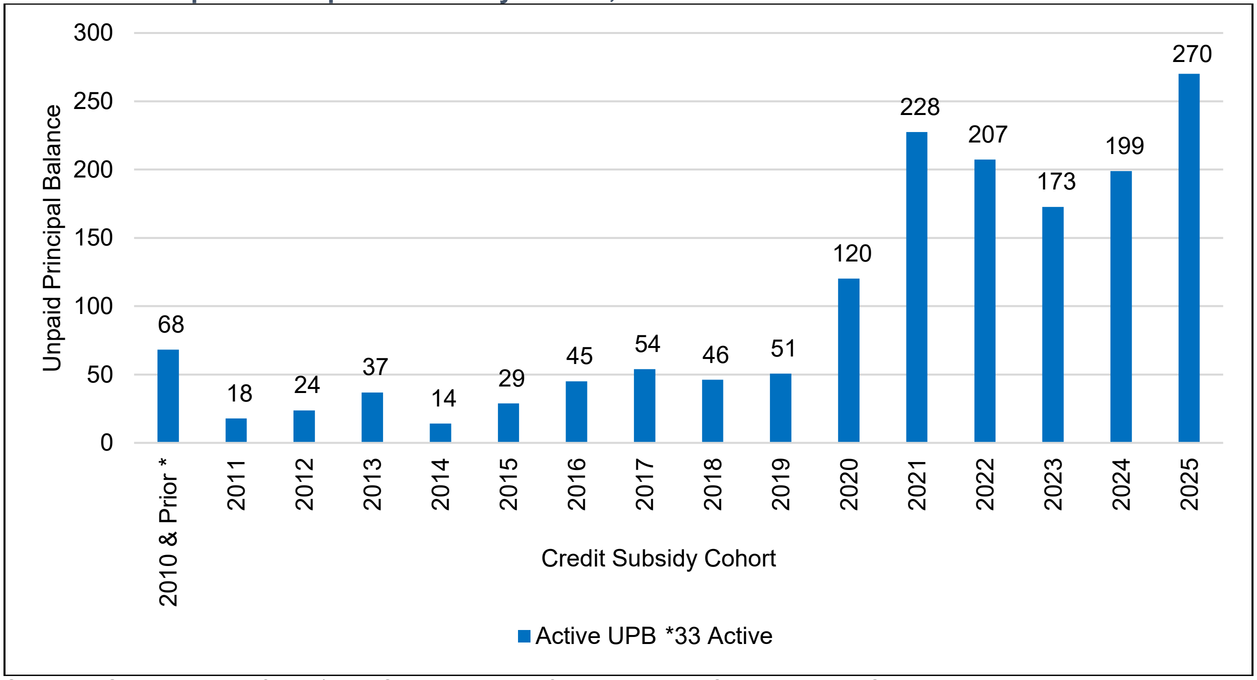
Cash flow estimates for the MMI Fund are influenced by the portfolio composition of the insured mortgages and the financial condition of the economy at large. Portfolio composition refers to the distribution of loans by Cohort,[16] the credit quality of those loans, borrower equity in the mortgaged properties, and other metrics. The following sections provide a summary of the most influential factors affecting cash flow estimates of the single family forward and HECM portfolios.

Forward: Unpaid Principal Balance

The forward mortgage program is the dominant contributor to MMI Fund IIF and forecast cash flows, representing roughly 96 percent of total IIF. While most loans have a 30-year term, in practice, many homeowners refinance or sell their home before completing this term. Average prepayment speeds are influenced by several factors, including mobility, loan size, the interest rate cycle, and the propensity for interest rate driven refinances. As prepayments accumulate, the UPB on older cohorts fall. For this reason, approximately 68 percent of total insured UPB is concentrated in Cohorts 2021 through 2025, and these five cohorts account for 65 percent of all future cash flow estimates for the forward program. This means the remaining 40+ cohorts only account for roughly one-third of UPB. See Exhibit II-8, below, for a summary of total UPB by cohort. While the entirety of portfolio characteristics and performance are important, given this concentration of UPB and cash flows in the most recent five cohorts, these cohorts are the most critical to investigate and analyze.

[16] Loans are tracked by cohort, which is based upon the fiscal year of endorsement.

Exhibit II-8: Unpaid Principal Balance by Cohort, Cohort 2010 & Prior to 2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-8 in Appendix C.

Forward: Historical Claim Rates

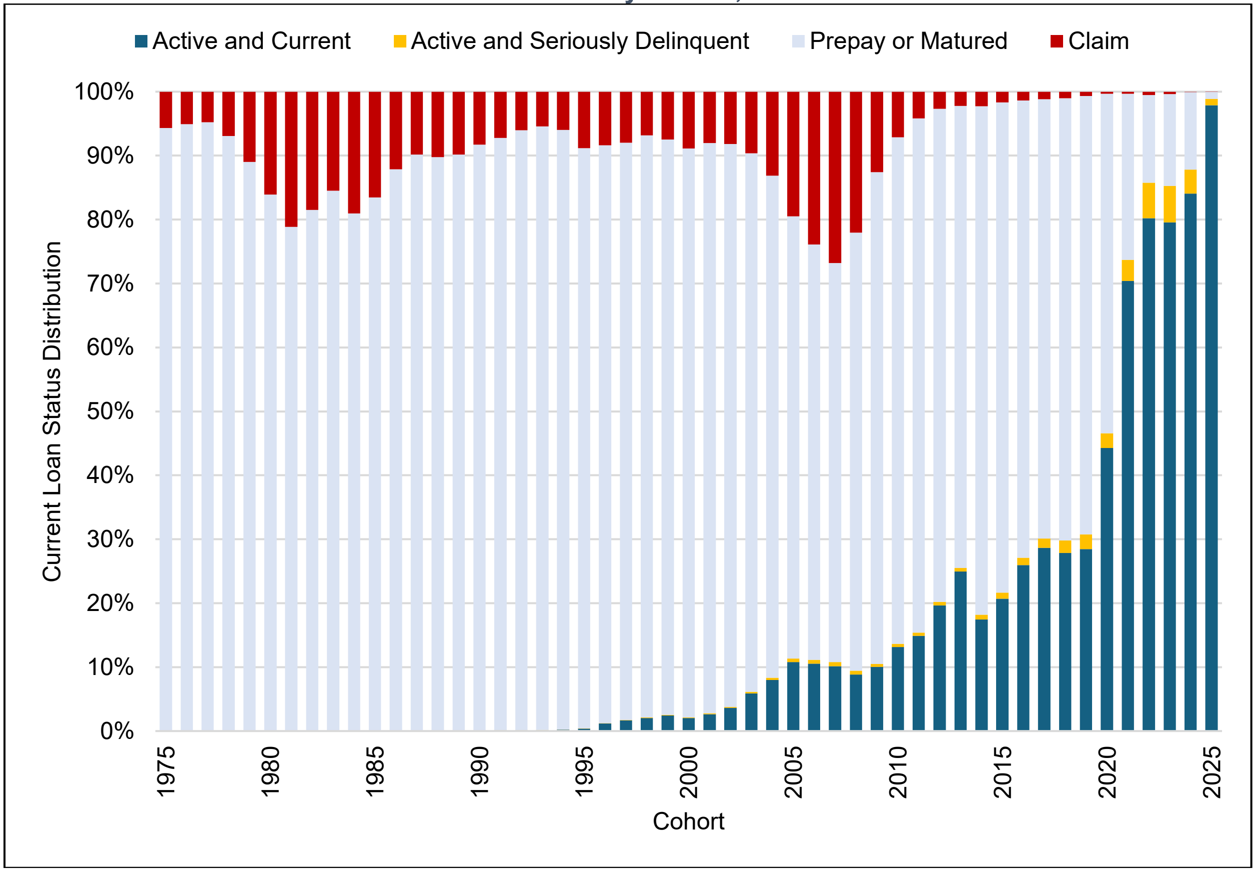
To visualize claim rates over multiple economic cycles, Exhibit II-9 graphs the distribution of loans' statuses expressed as a percentage for Cohorts 1975 through 2025. There are four statuses: "Active and Current" (these are loans where the UPB of the mortgage is positive and the mortgage is current); "Active and Seriously Delinquent" (active loans that are 90 days or more delinquent); "Prepay or Matured" (these are loans where FHA insurance has been terminated via repayment of the mortgage); and "Claim" (these are loans where FHA paid a claim on the insurance). Note, loans that have received a partial claim are considered active. If they are current, the partial claim was successful; if they are delinquent, the partial claim was unsuccessful. Consistent with Exhibit II-8, above, Exhibit II-9, below, shows most of the active loan population is concentrated in the most recent five cohorts. For Cohorts 2011 and later, the to-date claim rates are less than the claim rates for Cohorts 1975 through 2010. The average claim rate from 1975 through 2010 is 11.5 percent. The claim rate peaked for 2007 endorsements at 26.8 percent. The average to-date claim rate for endorsements from 2011 through 2025 has been 1.2 percent. While nearly unseen in the graph, Cohorts 2024 and 2025 have claim rates less than 0.1 percent.

The lower recent claim rates are likely due to three primary reasons:

1. Higher credit quality of the recent endorsements relative to older cohorts;
2. The strong HPA observed since 2011; and
3. Proactive loss mitigation policies designed to bring a borrower current as quickly and effectively as possible, and in lieu of that, policies to dispose of the property as efficiently as possible to minimize REO costs.

FHA anticipates claim rates for recent cohorts will continue to remain lower than historical levels, but more recent cohorts will incur additional claims as the loans season.

Exhibit II-9: Distribution of Current Loan Status by Cohort, Cohort 1975-2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-9 in Appendix C.

Forward: Borrower and Loan Characteristics

Borrower and loan characteristics are critical underwriting data points that influence loan outcomes, such as the loan's UPB, the borrower's credit score, LTV ratio, DTI ratio, and interest rate. Exhibit II-10, below, provides a summary of key characteristics of the active loan population by cohort. The active loans represented in the Exhibit continue to produce cash flows and are part of FHA's cash flow estimate. The green shading represents lower risk metrics and the orange shading represents higher risk metrics.

Exhibit II-10: Active Loan Attributes by Cohort, Cohort 2010 & Prior to 2025

Cohort	UPB ($B)	UPB % of Total	Average Credit Score	Average LTV	Average DTI	Average Interest Rate
2010 & Prior *	68	4.3%	657	93	40	5.61
2011	18	1.1%	690	93	41	4.54
2012	24	1.5%	692	93	40	3.78
2013	37	2.3%	693	92	38	3.68
2014	14	0.9%	677	93	40	4.25
2015	29	1.8%	677	93	41	3.88
2016	45	2.9%	676	94	42	3.64
2017	54	3.4%	673	93	43	3.95
2018	46	2.9%	665	94	44	4.31
2019	51	3.2%	662	94	44	4.08
2020	120	7.6%	673	93	44	3.28
2021	228	14.4%	673	93	44	2.88
2022	207	13.1%	666	91	45	4.36
2023	173	10.9%	673	92	46	6.68
2024	199	12.6%	681	92	46	6.85
2025	270	17.1%	682	91	45	6.70
Total	1,582	100.0%	672	92	44	4.99

lower risk
higher risk

low active loan volume
medium active loan volume
high active loan volume

Source: U.S. Department of HUD/FHA, October 2025. *33 Active Cohorts

The borrower's credit score is used to predict how likely a borrower is to repay a mortgage loan on time. The average credit score across all active forward loans in the MMI Fund is 672, and the average credit score for the two most recent cohorts is higher, at 681 and 682, respectively. Borrower credit score averages in the MMI Fund have increased, particularly since 2019, which is favorable to the portfolio as mortgages with higher credit score borrowers have lower projected default and claim rates.

The LTV ratio is a comparison of the outstanding loan amount to the appraised value of the collateral, or home value. The average LTV ratio for all active loans in the MMI Fund is 92, and the average LTV ratio for the two most recent cohorts is also 92. There is little differentiation across cohorts on this metric.

The DTI ratio measures a borrower's monthly debt payments divided by their gross monthly income. DTI is used as a measure of a borrower's ability to repay a mortgage. As the DTI ratio increases, it becomes more difficult for a borrower to pay all debts as agreed. The average DTI ratio for active loans is 44, and the average DTI ratio for the two most recent endorsement years is 46. More recent cohorts have a higher DTI ratio due to an increased percentage of originations in purchase loans (relative to refinance) and due to higher interest rates and home prices. This presents risk to the MMI Fund as borrowers with less available income may struggle to meet debt obligations during a financial downturn.

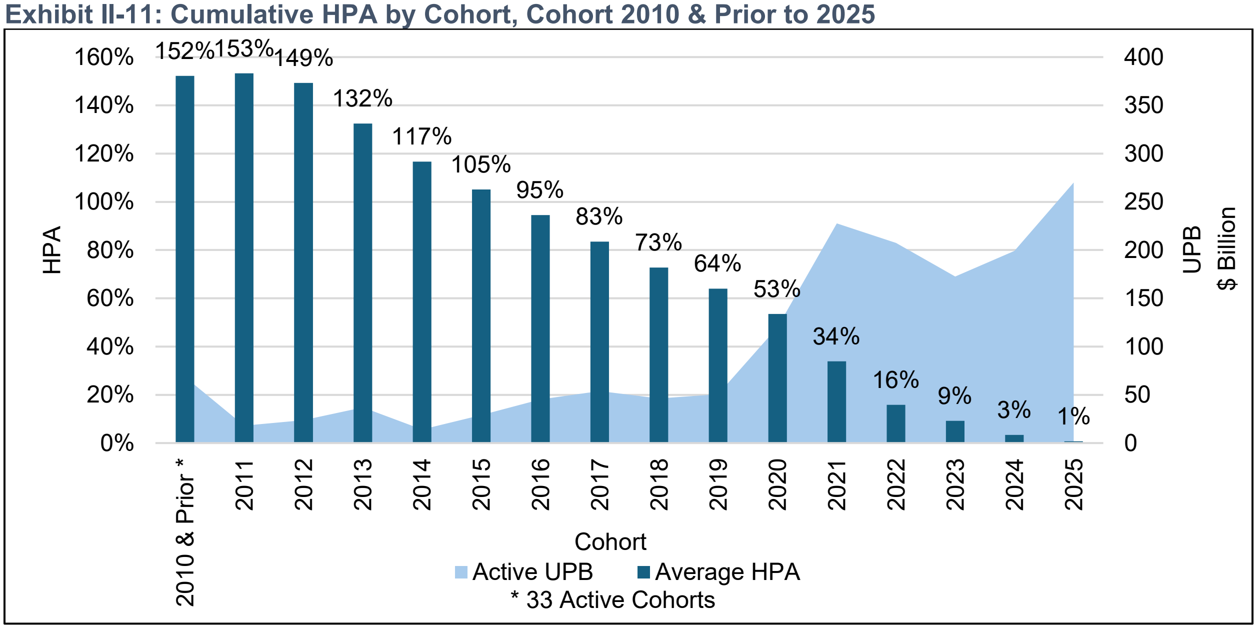
The average interest rate for active loans is 4.99 percent, and the average interest rate for the two most recent endorsement years is 6.78 percent. These higher interest rates could influence faster prepayment speeds if and when interest rates drop. This can mean avoiding claims but also results in lost premiums. Conversely, cohorts with low interest rates (e.g., 2021 and prior), will have lower prepayment speeds, as borrowers are more likely to maintain a low-rate loan, which will likely result in higher life-of-loan premiums for FHA.

In summary, underwriting characteristics for recent forward loans—representing the majority of future cash flows—show both strengths and weaknesses across underwriting characteristics. Better credit scores increase the chance of borrower success. But higher DTIs can limit that success during financial downturns. Additionally, high interest rates in the 2023, 2024, and 2025 cohorts lower the expected life-of-loan cash flows due to the higher likelihood of prepayment. This is discussed in further detail in the 'Forward: Cash Flow Projections of Revenue and Losses' subsection below.

Forward: Home Price Appreciation

HPA is a measure of the increase in value of a home over time. A borrower will accumulate equity, or ownership of their home, by paying down their mortgage balance and any additional benefit they gain through increases in the value of their home. Mortgages on homes that have appreciated, or increased in value, are less likely to result in defaults or a mortgage insurance claim. Because HPA lowers the rate of claims, it also has a positive impact on forecasted cash flows. Conversely, when property values decrease, and particularly when the values are less than outstanding loan balances, default and claim events occur more frequently. Exhibit II-11, below, calculates HPA accumulated from origination through fiscal year end 2025 by cohort. This is realized HPA and does not include forecasts. The values are estimated using geographic HPA rather than obtaining a new appraisal for each property.

Exhibit II-11: Cumulative HPA by Cohort, Cohort 2010 & Prior to 2025



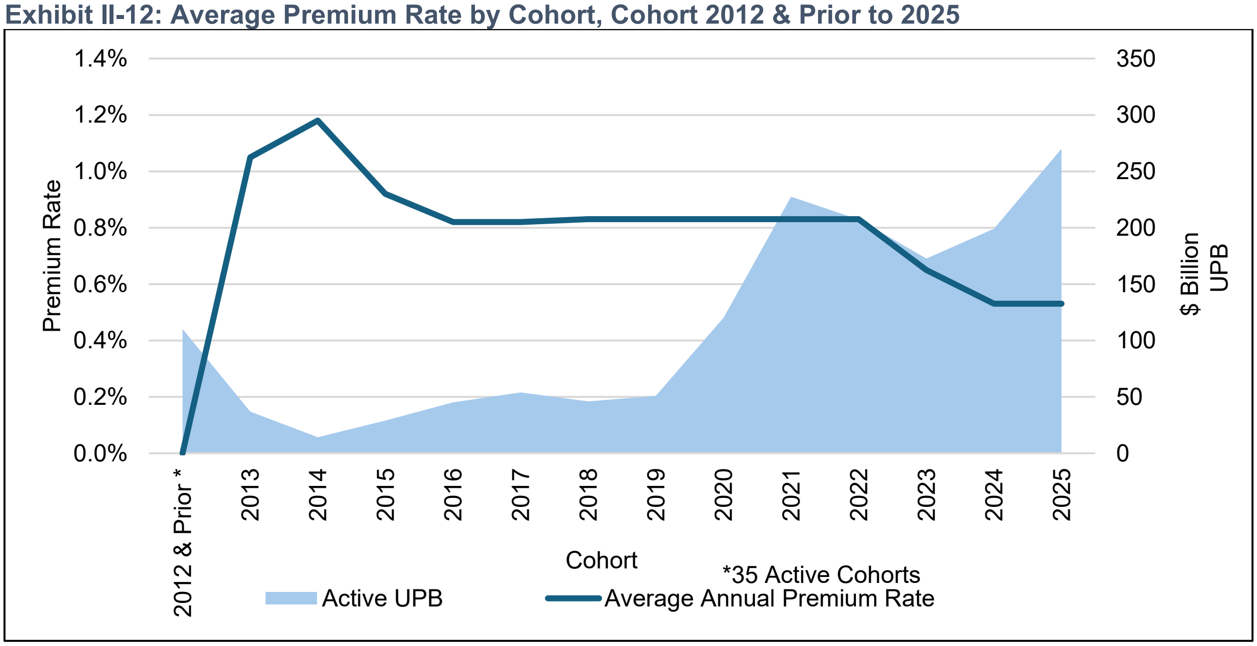
Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-11 in Appendix C.

As illustrated in the exhibit above, HPA has trended positively since 2012 and has been above long-term averages since 2020. Average annual HPA from 2011 through 2020 was 5.1 percent, and average annual HPA from 2020 through 2025 was 8.6 percent. Average annual HPA from 2000 through 2025 was 4.6 percent. Approximately 68 percent of the UPB is concentrated in Cohorts 2021 through 2025, and FHA's cash flow estimates for recent cohorts reflect the benefit of observed HPA through lower estimated claim and severity rates. Cohort 2021 has a meaningful amount of UPB and a substantial amount of HPA. Cohorts 2024 and 2025 have substantial UPB, but much lower HPA. It is expected that future home price growth will be closer to long-term averages at around three percent annual growth. This means that Cohorts 2024 and 2025 are projected to perform less favorably than Cohort 2021, which is projected to have much lower claim rates and loss severity on loans that result in a claim payment from FHA.

Forward: Premiums

The primary cash inflow in the forward mortgage insurance program is annual MIPs. Exhibit II-12, below, shows the annual premium rate by cohort for active loans. Across all cohorts, the weighted-average premium rate for active loans is 0.67 percent. This average takes into consideration cancellation of premiums for endorsements prior to June 2013.[17] The average annual premium rate decreased from an average of 0.83 percent in 2022 to an average of 0.53 percent for fiscal year 2024 and 2025. In fiscal year 2023, FHA lowered premium rates, reducing costs to borrowers, but also lowering premiums collected. This is notable because in addition to anticipated prepayments reducing inflows, the remaining loans pay fewer premiums than prior cohorts. Comparatively, Cohort 2021 has low anticipated prepayments and active loans pay more premiums.

Exhibit II-12: Average Premium Rate by Cohort, Cohort 2012 & Prior to 2025



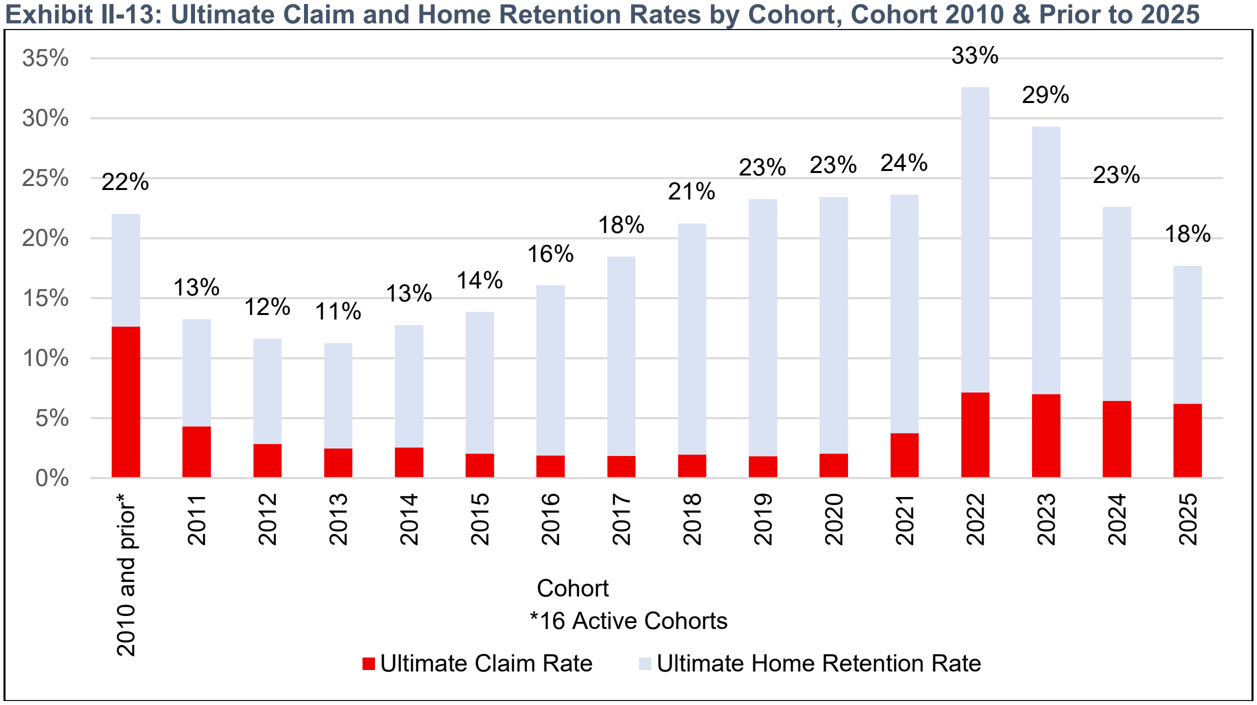
Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-12 in Appendix C.

[17] Mortgagee Letter 2013-04 rescinded the automatic cancellation of annual MIP collection at 78% LTV for all loans and instituted life-of-loan or 11-year MIP collection, depending on the loan term and LTV at origination.

Forward: Loss Mitigation Home Retention Options

To proactively mitigate defaults and prevent claims, FHA provides lenders with loss mitigation home retention options, including partial claims and loan modifications. This enables lenders to assist borrowers in default or at imminent risk of default, providing the opportunity to preserve homeownership. FHA claim rates would be considerably higher without home retention options. FHA's modeling shows that when home retention options are used to provide a payment reduction (i.e., lower borrowers' monthly payments), claim rates are lower. Exhibit II-13, below, provides an estimate of the ultimate home retention rate on top of the termination claim rate by cohort. The rates are calculated as the sum of historical events plus FHA's estimate of future events divided by the original number of loans endorsed in each cohort. FHA anticipates that home retention events will decrease with the updated loss mitigation waterfall and return closer to historical averages. A broader discussion of the updated waterfall can be found in the Overview Chapter.

Exhibit II-13: Ultimate Claim and Home Retention Rates by Cohort, Cohort 2010 & Prior to 2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-13 in Appendix C.

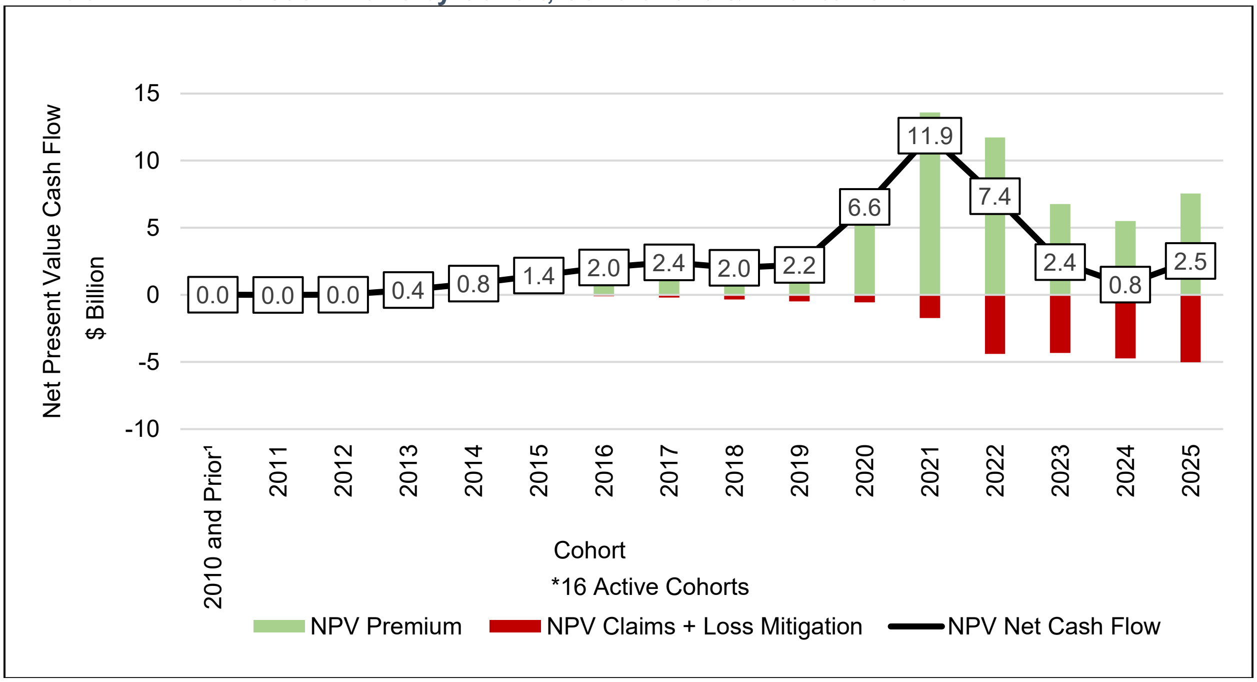
Forward: Cash Flow Projections of Revenue and Losses

FHA's loan performance and cash flow models take into consideration underwriting factors, economic factors, and policies that affect borrowers' likelihood to pay their loan on a monthly basis. They then forecast the likelihood of borrower prepayment, default, home retention, claim, and the cash flows associated with these events. Exhibit II-14 shows the NPV of forward cash flows by cohort, applying the President's Economic Assumptions (PEA).

For each cohort, the chart, Exhibit II-14, shows three values:

1. NPV of premium income (green bars);
2. NPV of claims paid and loss mitigation expenses (red bars); and
3. NPV of cash flows calculated as the sum of the premium and claim cost estimate (black line).

Exhibit II-14: NPV of Cash Flows by Cohort, Cohort 2010 & Prior to 2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-14 in Appendix C.

Cohorts 2020, 2021, and 2022 contribute the most positive cash flow estimates. These cohorts comprise approximately 36 percent of UPB, have experienced substantial HPA, have higher premium rates relative to more recent originations, and the mortgages have low interest rates in comparison to forecasted rates. Therefore, the estimated prepayment speeds on these cohorts are lower, resulting in greater realized premium income relative to cohorts with faster prepayment speeds. Additionally, the claim rates are lower given strong HPA, and for those loans that do proceed to claim payment, FHA's ability to recover and mitigate losses is more successful. Cohorts 2023 through 2025 are estimated to result in positive future cash flow for FHA, but the total cash flows are lower because these loans have lower premium rates, higher interest rates (i.e., faster prepayments), and have experienced less HPA. Lastly, cohorts prior to 2020 are favorable, but smaller. Lower interest rates, high premium rates, and HPA influence the positive forecasts for these cohorts, but values are smaller due to the smaller remaining balances. In short, interest rates, HPA, and premiums are the biggest factors driving favorable performance in the forward program. While there is some differentiation across cohorts with respect to underwriting characteristics, they do not meaningfully change the results. Higher DTIs in Cohorts 2024 and 2025 combined with lower HPA could become problematic in the case of an economic downturn, though the higher credit scores can help mitigate some of that risk. Nevertheless, these recent cohorts require careful monitoring to ensure the MMI Fund is protected in the face of more challenging economic environments.

Home Equity Conversion Mortgage Program – Reverse Mortgages

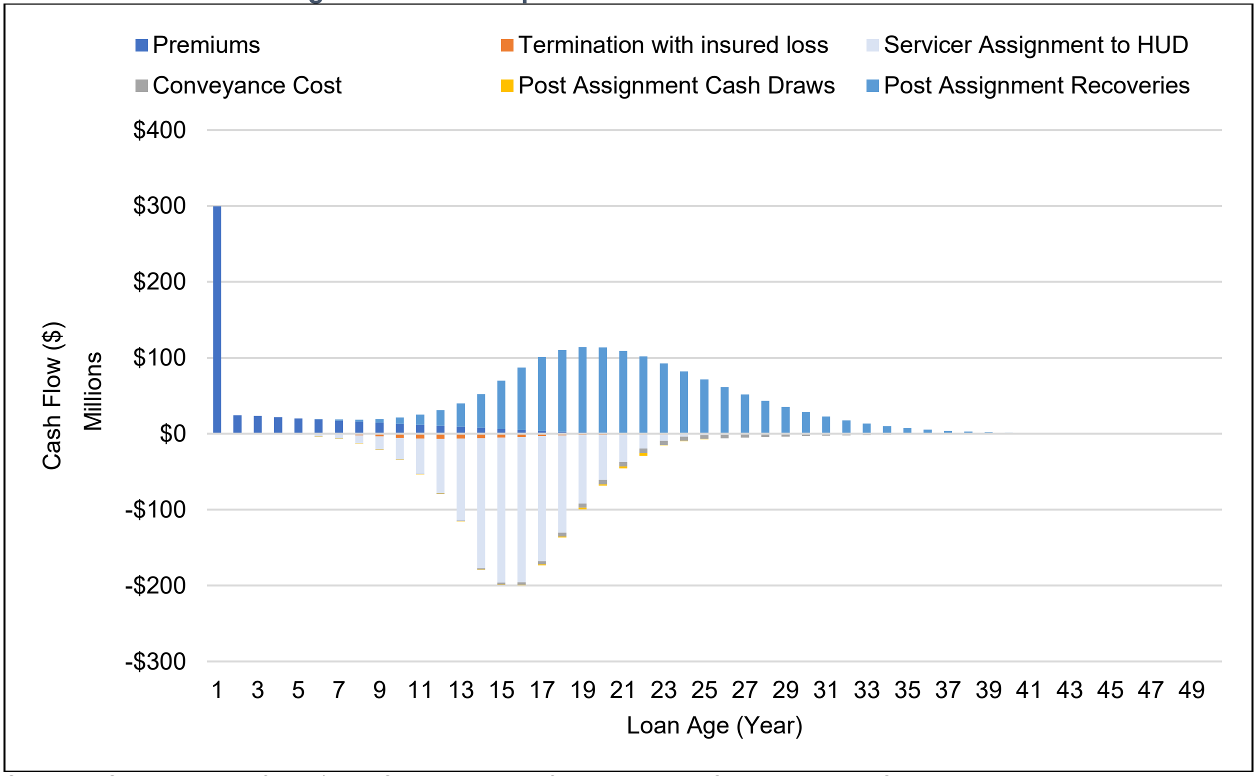
The HECM portfolio currently comprises four percent of the MMI Fund by IIF. While HECM is a mortgage program, the cash flows are substantially different from the forward mortgage insurance program. Notably, HECMs do not require the borrower to have active income or to make monthly mortgage payments to a lender. Instead, while a borrower or heir may choose to pay off the HECM at any time, HECMs become due when a default event occurs (i.e., due and payable event), including borrower death, occupancy default, tax default, or insurance default.

FHA pays an insurance claim when the defaulted borrower (or estate) sells the property for less than the UPB, or the lender forecloses and is either unable to sell the property or sells the property for less than the UPB. Alternatively, FHA pays out an assignment claim when the HECM is current, but its UPB reaches 98 percent of the MCA, and the lender elects to assign the loan to FHA. The MCA is set at the time the loan is underwritten. After FHA takes assignment, it services the HECM until payoff or the occurrence of a due and payable event, resulting in a short sale or foreclosure and sale of the property. Additionally, FHA periodically conducts note sales of due and payable HUD-held HECMs. HECM claim types are somewhat distinct from those in the forward mortgage insurance program as HECM does not offer a conveyance claim type and regularly pays out assignment claims on current HECMs.

The distinct features of the HECM program result in a unique cash flow pattern. FHA receives insurance premiums for HECMs and incurs positive cash flows until claim payment. FHA then incurs negative cash flows when claims are paid, and HECMs are assigned to HUD. FHA can only recover the amounts owed when the assigned HECMs terminate through payoff or resolution of a due and payable HECM. Additionally, note or property sales can result in a net gain or a net loss to FHA depending on the circumstances, such as HPA and deferred maintenance.

Exhibit II-15, below, provides a visualization of the cash flow pattern for a representative example cohort of HECMs. The largest cash flow factors are premiums, assignment claim payments, and post-assignment recoveries. This exhibit provides a visual of the average cash flows for the HECM program from insurance endorsement to termination.

Exhibit II-15: HECM Budget Cohort Example



Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-15 in Appendix C.

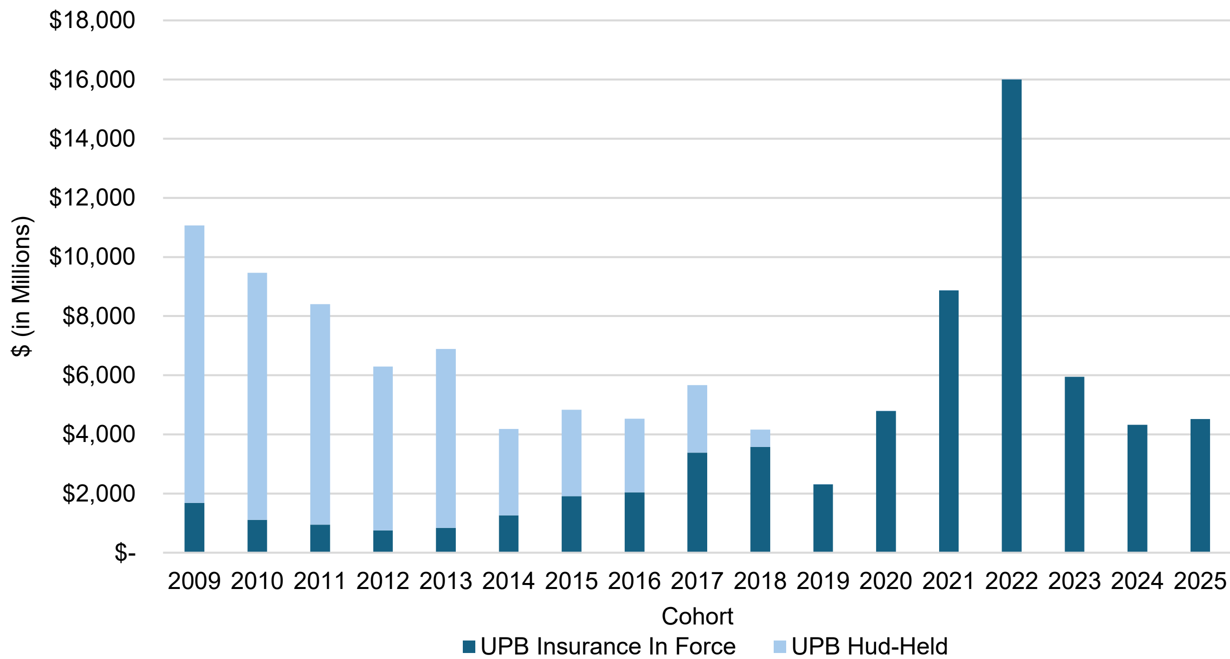
HECM: Unpaid Principal Balance

Unlike forward mortgages, HECMs have a longer average loan duration, often between 10 and 30 years from FHA insurance endorsement to disposition of the note or property asset. Therefore, older cohorts still produce meaningful cash flows. Exhibit II-16, below, provides a summary of the UPB by cohort for the HECM program. Again, a HECM's UPB grows over time. Therefore, even though more recent cohorts are smaller, the total UPB can become much larger over the life of the HECM. In Exhibit II-16, UPB is segmented into two categories:

1. IIF UPB, which is the outstanding UPB on HECMs that are active and not assigned to HUD; and
2. HUD-held UPB, which is the outstanding UPB of HECMs that are active and assigned to HUD.

Cohorts 2013 and earlier contain mostly assigned HECMs, as their UPBs have already reached 98 percent of the MCA. More recent cohorts have UPBs below the 98 percent MCA threshold for assignment and will contribute more to cash outflows if and when they become eligible for assignment.

Exhibit II-16: HECM Historical Loan Status by Cohort, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-16 in Appendix C.

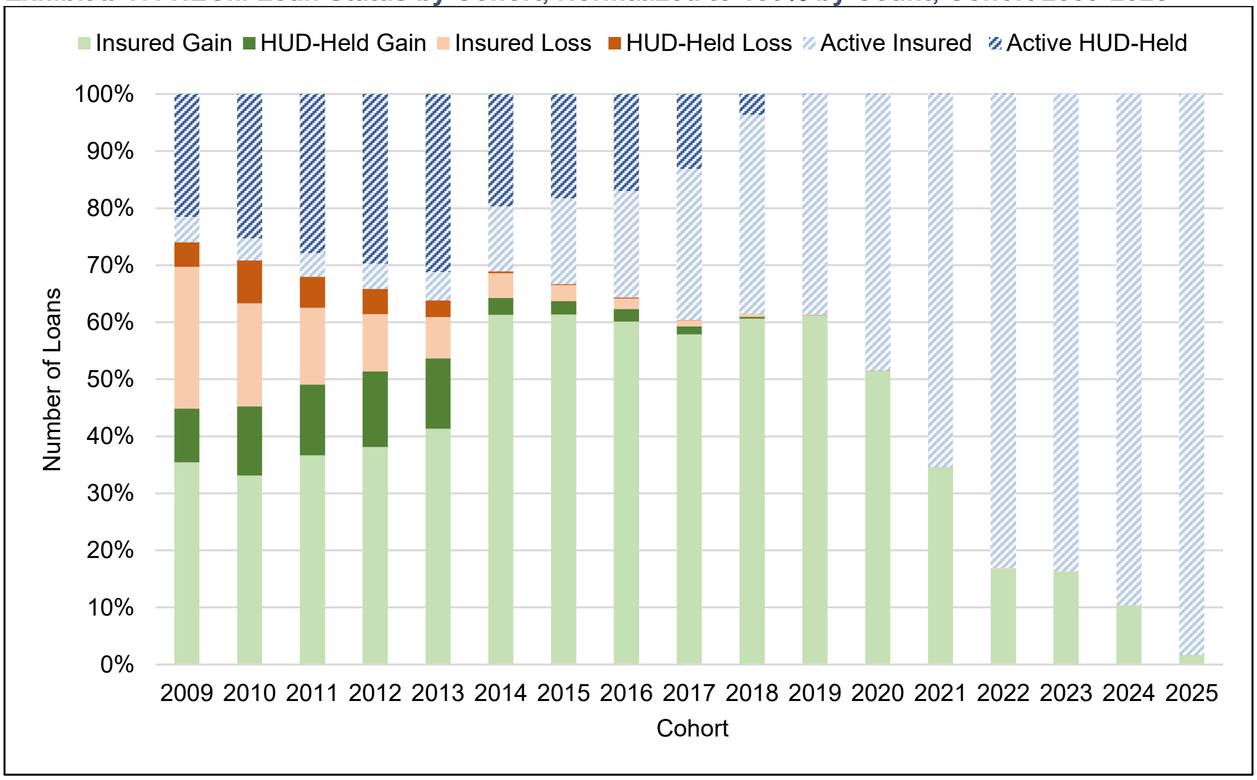
HECM: Historical Gain/Loss Rates

In the forward mortgage program, FHA works to limit claims to the greatest extent possible. In the HECM program, claims are a feature of the program design. Instead of avoiding claims, FHA's HECM policies are meant to best support seniors while minimizing losses (or maximizing returns) to the MMI Fund. Exhibit II-17, below, provides a visual of the current loan status for all HECMs in the MMI Fund. The loan statuses are defined as follows:

- **Insured Gain:** HECMs that terminated prior to assignment to FHA and did not result in a claim, or where collected premiums offset all costs;
- **Insured Loss:** HECMs that terminated prior to assignment and resulted in a claim with net losses;
- **HUD-Held Gain:** HECMs that were assigned to FHA and the sales proceeds at termination exceeded the amount FHA paid out in claim payments and post-assignment costs;
- **HUD-Held Loss:** HECMs that were assigned to FHA and the sales proceeds at termination were less than the claim payments and post-assignment costs;
- **Active HUD-Held:** HECMs that have been assigned to FHA and the property is occupied by the borrower; and
- **Active Insured:** HECMs that are active and have not been assigned to FHA.

Across all cohorts, there is no majority outcome, but the majority of terminated HECMs resulted in a gain to FHA. That said, Cohorts 2009 through 2012 experienced a high percentage of insured losses because home prices declined during this period, and the sale proceeds of the properties did not cover the claim payments to lenders plus other costs incurred by FHA. As home prices appreciated during the mid-2010s, the insured loss rate fell. From 2014 through 2019, approximately 60 percent of HECMs terminated prior to assignment and did not result in a claim. Approximately 30 percent of HECMs originated between 2009 and 2013 have been assigned to HUD and remain active. This percentage decreases for more recent cohorts. Cohorts 2019 through 2025 have not yet accrued UPB to the point of assignment (i.e., 98 percent of the MCA) and remain active insured mortgages.

Exhibit II-17: HECM Loan Status by Cohort, Normalized to 100% by Count, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-17 in Appendix C.

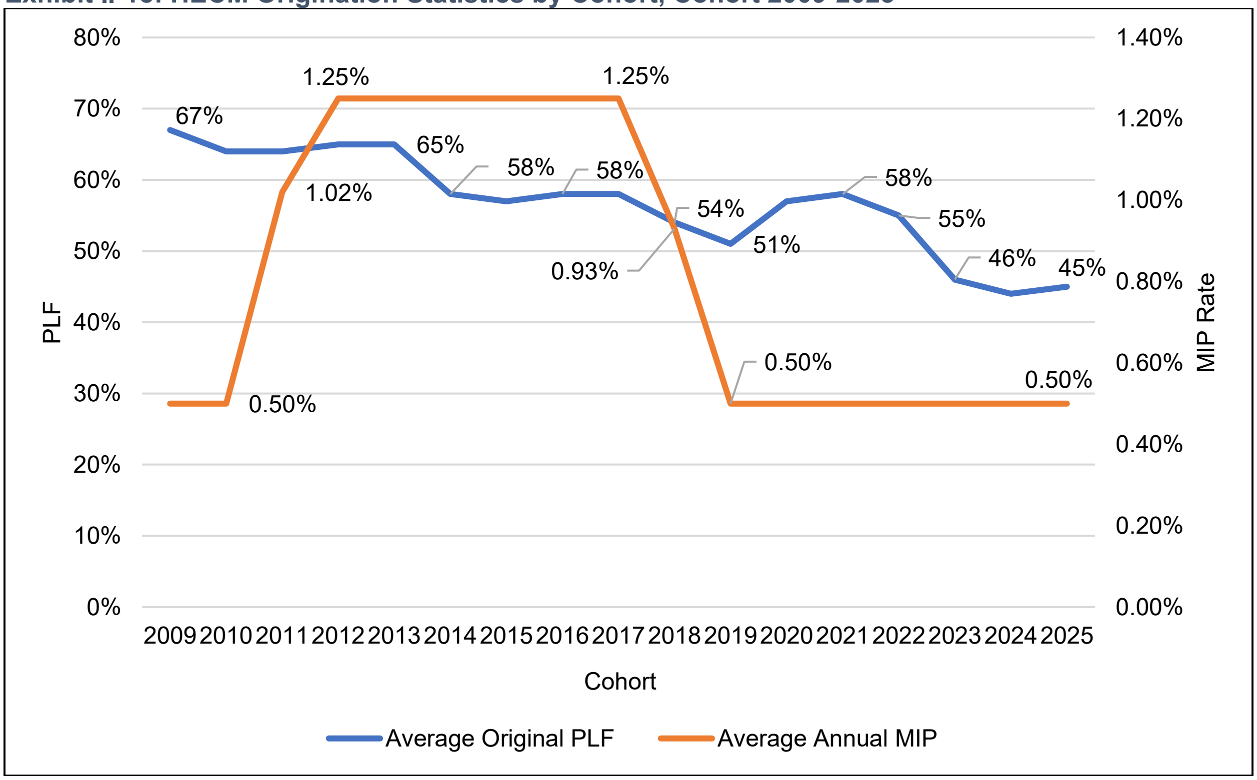
HECM: Borrower and Loan Characteristics

The HECM program does not rely on underwriting the borrower in the same manner as a forward mortgage. Instead, FHA requires a financial assessment that includes determining the value of the home and ensures the borrower has the ability and willingness to meet their more limited financial obligations and comply with the terms of the HECM. For a HECM, the PLF is a percentage, set at origination of the mortgage, that is used to determine the maximum amount of money a homeowner can borrow. This factor is expressed as a percentage of the MCA of the loan. The PLF varies based on the expected interest rate (e.g., note rate for fixed-rate HECMs and 10-year rate for HECM ARMs) and age of the borrower(s). Lower PLFs result in less risk for the MMI Fund. Exhibit II-18, below, visualizes the average original PLF and annual premium rate by cohort.

The PLF decreased from an average of 67 percent in 2009 to 57 percent for Cohort 2015. PLFs decreased again in 2024. PLFs are periodically reviewed by FHA to manage the risk of the HECM program. In 2009, the HECM program was estimated to produce negative cash flows (i.e., claim costs exceeded premium estimates), resulting from home price declines and general stress in the mortgage and housing markets. PLFs were evaluated and reduced from an average of 67 percent to 64 percent to improve the soundness of the MMI Fund and HECM program. PLFs were subsequently reviewed and revised in 2014, resulting in a reduction in average PLFs from 65 percent to 58 percent. PLFs were further updated, and annual MIPs were reduced in 2017. Changes in PLFs between 2017 and 2025 have been a function of movements in interest rates. When interest rates are low, PLFs are higher; when interest rates are high, PLFs are lower.

Average annual MIPs increased from 0.50 percent in 2009 to 1.25 percent in 2012 to offset claim risk. In 2018, the annual MIP was reduced back to 0.50 percent. The annual MIP is typically financed into the note, resulting in the outstanding UPB accruing at a rate equal to the sum of the annual MIP and interest rate.

Exhibit II-18: HECM Origination Statistics by Cohort, Cohort 2009-2025

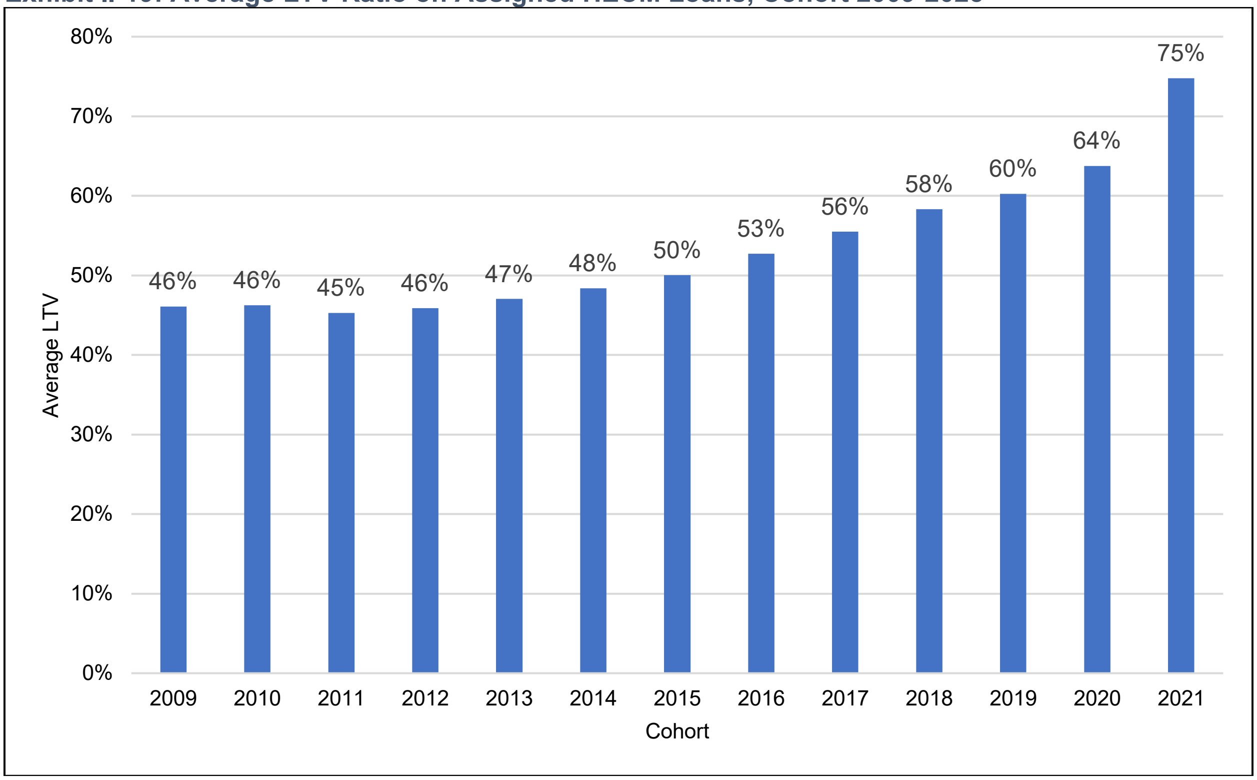


Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-18 in Appendix C.

HECM: Home Price Appreciation

The HECM program does not rely on the traditional forward mortgage underwriting criteria because HECMs do not involve cash-flow-based repayment. Instead, the HECM program is a non-recourse reverse mortgage insurance program that focuses on recoveries through eventual disposition of mortgaged property, with premiums to offset potential losses. Consequently, HPA is even more important to HECMs than the forward mortgage program. Much of FHA's claim costs must be recouped via disposition of the HECM property. Exhibit II-19 shows the average current LTV ratio of assigned HECMs. For HECMs, the LTV ratio is calculated as the claim amount plus all post assignment cash-draws divided by the current estimated property value. The estimated property value is calculated as the appraised property value at origination adjusted for local home price indices. When the LTV is less than 100 percent, as is the case in all cohorts, it means the collateral value is above the loan value, which is favorable for FHA. It is important to note that FHA may need to sell these properties at a discount. There could be substantial deferred maintenance required to bring properties to market. Nevertheless, historical rises in home prices suggest that most of FHA's claims should be recouped even when discounted.

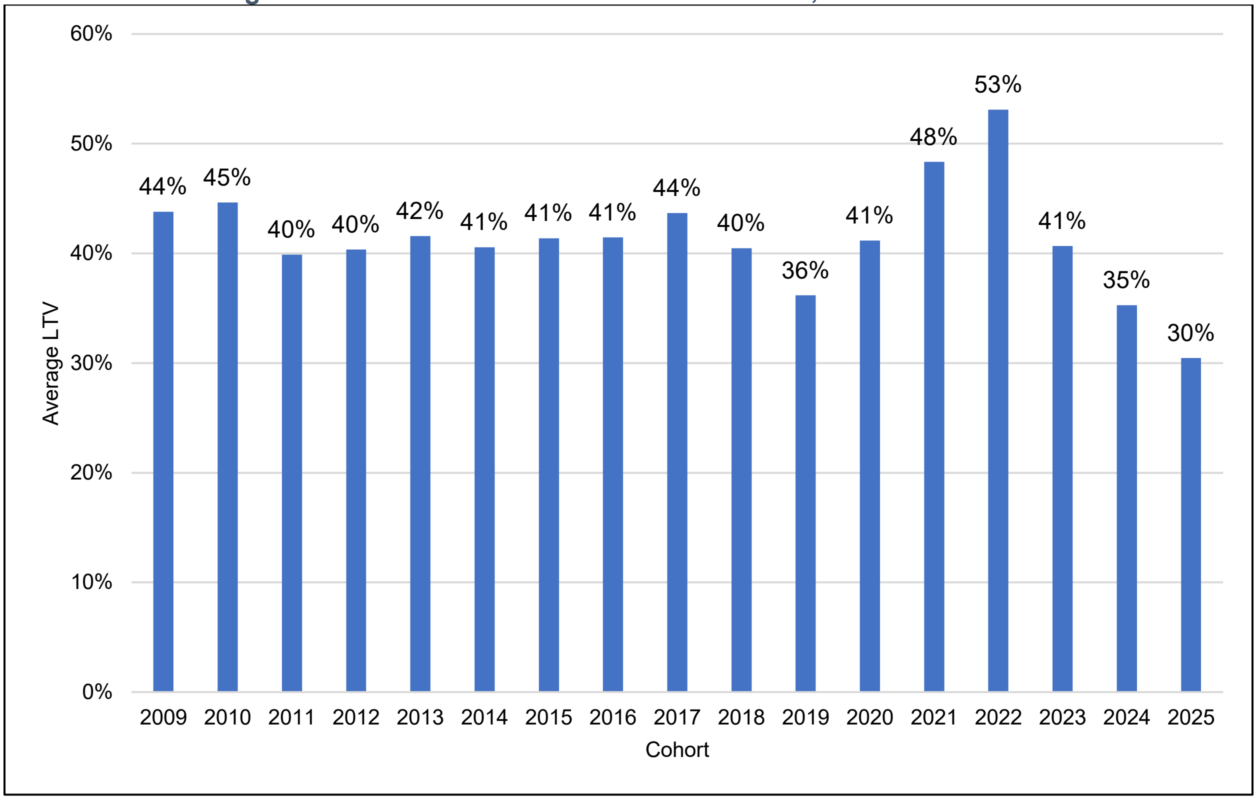
Exhibit II-19: Average LTV Ratio on Assigned HECM Loans, Cohort 2009-2025



Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-19 in Appendix C.

Exhibit II-20, below, shows the average LTV ratio for insured HECMs. The LTV ratio of insured HECMs is calculated as the lesser of the UPB and the HECM's MCA divided by the current estimated property value. Compared to assigned HECMs, the LTV ratio for unassigned HECMs is lower because their UPB is lower. Over time, the UPB increases, particularly if home prices appreciate. With sustained high interest rates and slowing appreciation, the LTV ratios are currently projected to increase in the short term.

Exhibit II-20: Average LTV Ratio on Active Insured HECM Loans, Cohort 2009-2025



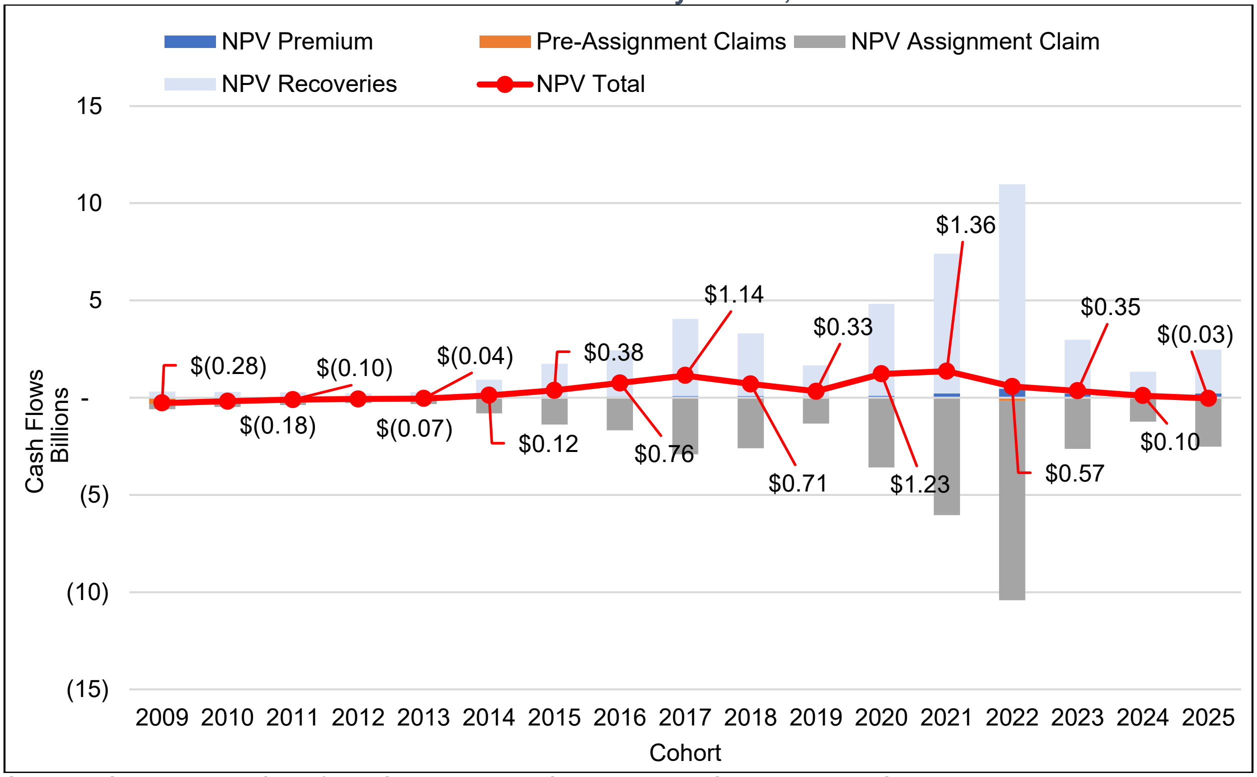
Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-20 in Appendix C.

HECM: Cash Flow Projections of Revenue and Losses

The HECM program's cash flows are contingent upon the timing of cash flows and the amount of HPA accrued. Not only does HPA increase the likelihood of property sales covering claims, but also heirs are more likely to pay off the HECM when the value is above the UPB. Payoffs nearly always result in a net gain to FHA.

Exhibit II-21, below, provides a summary of the cash flow forecasts by cohort for insured HECMs. The largest cash flow for HECMs is anticipated assignment claims and the subsequent recovery from the sale of assigned notes. Given strong recent HPA, higher premium rates, and lower PLFs, FHA estimates that cohorts 2014 through 2024 will produce positive net cash flows. Cohort 2022's net cash flows are much larger than the rest of the cohorts due to its larger composition of HECMs. Net cash flows for Cohorts 2024 and 2025 are much lower due to lower rates of HPA compared with the other cohorts.

Exhibit II-21: Forecast of NPV of HECM Cash Flows by Cohort, Cohort 2009-2025



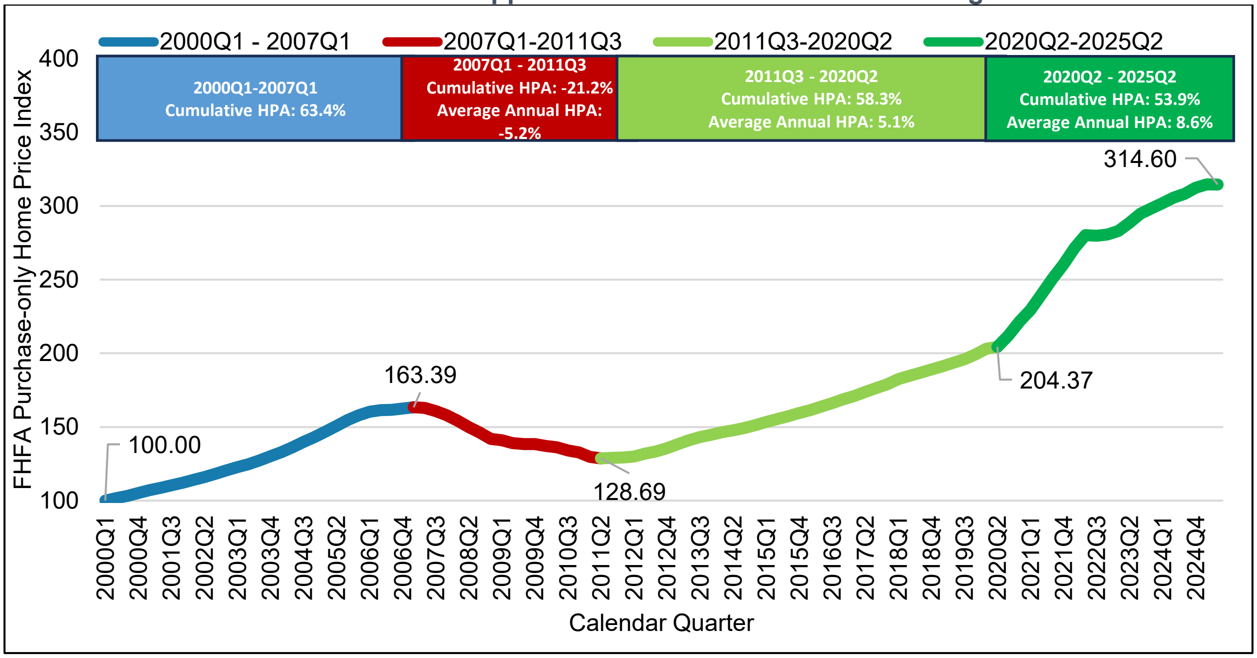
Source: U.S. Department of HUD/FHA, October 2025. Refer to data Table C-21 in Appendix C.

MMI Fund Economic Sensitivities

MMI cash flow forecasts are dependent on the economic situation of each borrower. While FHA utilizes forecasts from the PEA, it also subjects its portfolio to sensitivity tests to identify upside and downside scenarios. FHA also stress tests the entire portfolio to assess if the MMI Fund is well capitalized. The following is a discussion about the external factors that influence borrower behavior and the results of the sensitivity tests.

Due to the accounting methodology used by FHA, increasing HPA reflects stronger fiscal health in the MMI Fund. Rapid HPA growth is historically the most significant driver of capital growth, as rising property values lower the frequency and severity of projected claims. Forecasted HPA growth has moderated considerably from recent years, and in some markets, it slowed in FY 2025. Exhibit II-22, below, shows the accumulated increase in home prices since calendar year 2000. As the starting point, FHA has assigned calendar year 2000 with a value of 100. Each subsequent quarter shows the total change in home prices since 2000. For example, by calendar quarter 2025 Q2, cumulative appreciation is 314.6. This means the average home increased by 314.6 percent of its value since 2000 Q1. Over the last 14 years, the increase in home prices was nearly 200 percent. Furthermore, HPA increased in each of the calendar years from 2012 to 2025.

Exhibit II-22: Cumulative Home Price Appreciation Calendar Year 2000 Through Calendar Year 2024



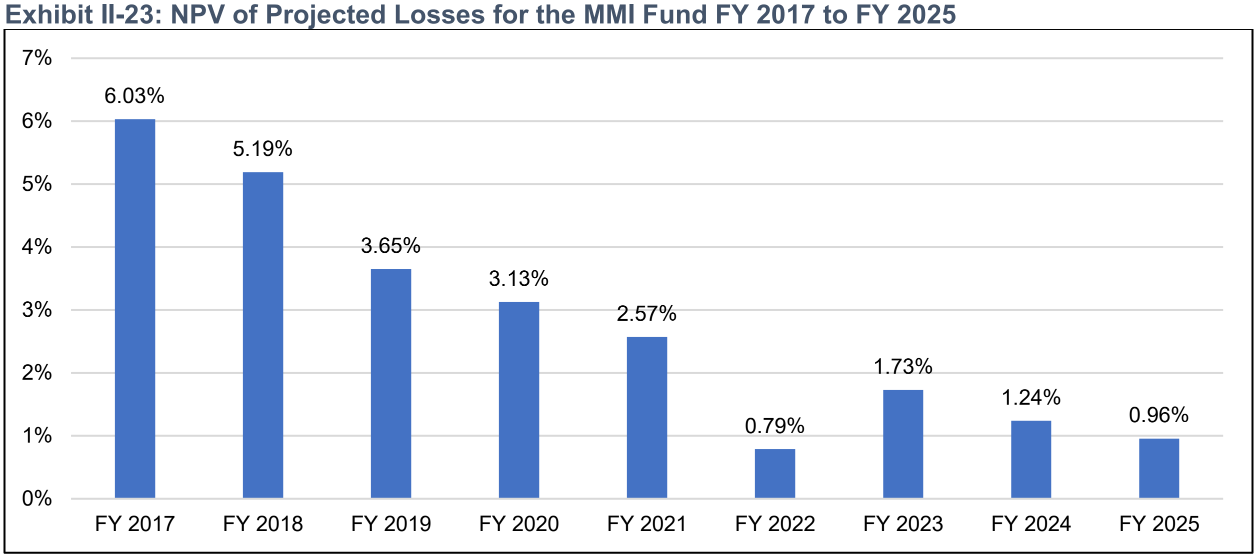
Source: U.S. Department HUD/FHA, Federal Housing Finance Agency (FHFA) House Price Index, October 2025. Refer to table C-22 in Appendix C.

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

1. Probability of claim; and
2. Loss severity.

Exhibit II-23, below, shows that the NPV of projected losses decreased over the last nine years, from 6.03 percent in FY 2017 to a low of 0.79 percent in FY 2022 before stabilizing around 1 percent. This past fiscal year, NPV of projected losses decreased by 0.28 percentage points to 0.96 percent from 1.24 percent in FY 2024.

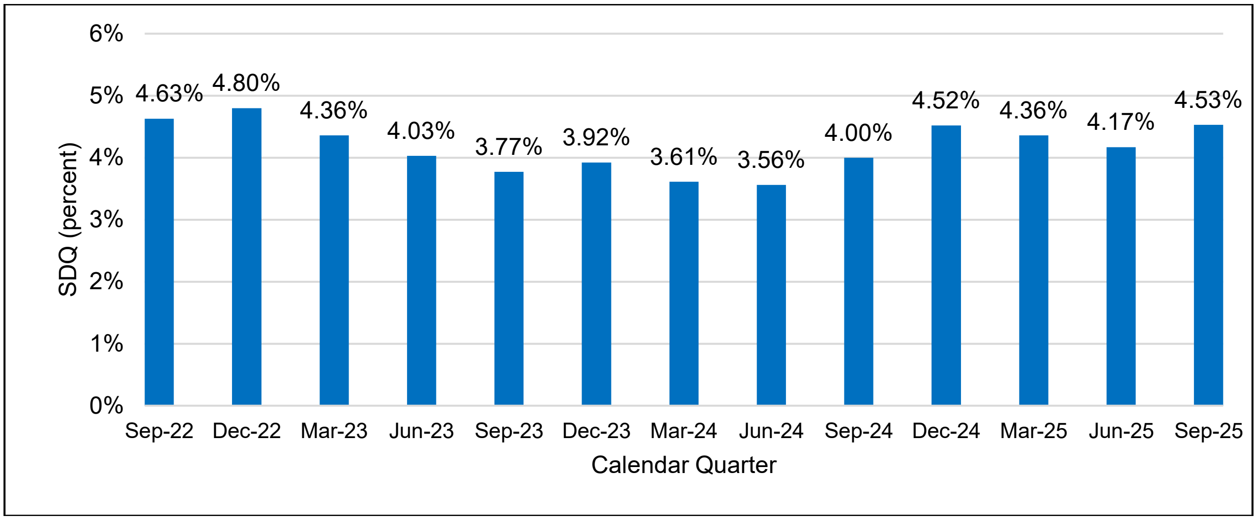
Exhibit II-23: NPV of Projected Losses for the MMI Fund FY 2017 to FY 2025



Source: U.S. Department HUD/FHA, October 2025. Refer to data table C-23 in Appendix C.

The probability of claim is the most important driver of projected losses. Loans that are seriously delinquent (at least 90 days delinquent) generally result in the highest claim probability. Exhibit II-24, below, shows that the percentage of seriously delinquent borrowers at the end of FY 2025 is higher than at the end of FY 2024, increasing from 3.99 percent to 4.54 percent. While this is well within historical average serious delinquency rates, this trend contributes to a reduction in net cash flows year over year as seriously delinquent loans have higher projected claim rates. However, this was not impactful enough to stop the forward Capital Ratio from growing year over year from 10.88 percent to 10.95 percent (see Exhibits II-5 or II-6 earlier in this chapter).

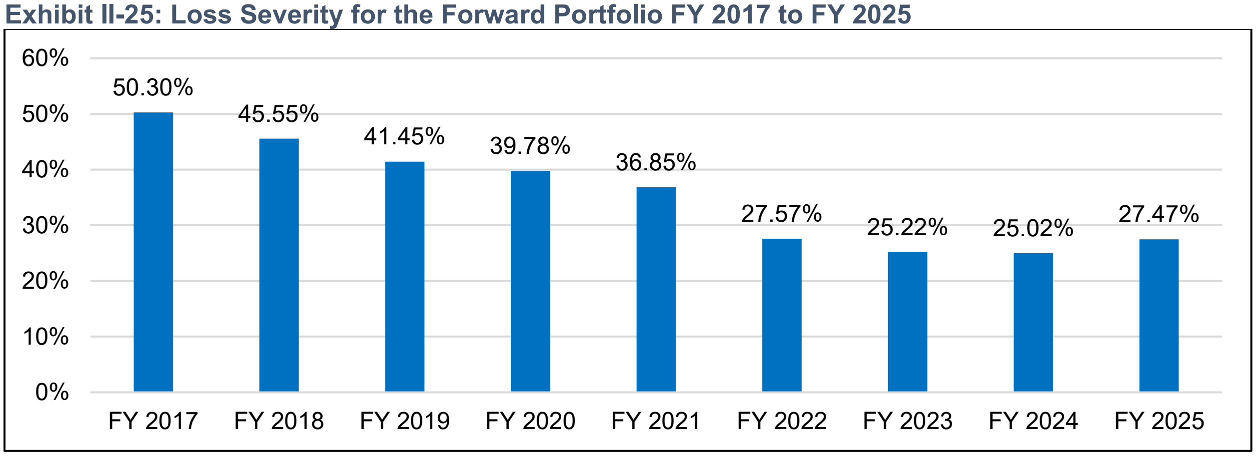
Exhibit II-24: Serious Delinquency Rate of the Forward Portfolio – From September 2022-September 2025



Source: RMCAP. Refer to data table C-24 in Appendix C.

Loss severity is the second important driver of projected losses. Exhibit II-25, below, shows that the loss severity for the forward portfolio decreased by half over the last nine fiscal years, from 50.30 percent in FY 2017 to a low of 22.03 percent in FY 2025. In the past fiscal year, loss severity declined 3.78 percentage points from 25.81 percent to 22.03 percent. Loss severity continues to moderate due to the trend of significant appreciation in home prices.

Exhibit II-25: Loss Severity for the Forward Portfolio FY 2017 to FY 2025



Source: U.S. Department HUD/FHA, October 2025. Refer to data table C-25 in Appendix C.

MMI Fund Stress Tests

The economic value of the MMI Fund is sensitive to economic conditions, most notably changes in home prices. Home price declines historically result in an increased frequency of claims, severity of claims, and lower recovery values for HECM. Other factors such as unemployment and interest rates contribute meaningfully to both positive and negative outcomes. While the MMI Fund Capital Ratio is well above its statutory minimum, FHA performs economic sensitivity analyses on the forward and HECM portfolios to estimate the economic value of the MMI Fund based on economic scenarios that may result in stress to the Fund. This allows FHA to assess whether the MMI Fund is sufficiently capitalized. FHA's tests included specific sensitivity tests as well as replays of a minimum of 100 historical economic scenarios since 1954. Of all the historical scenarios, the 2007 Quarter Two Replay was the most severe. This test, along with the other sensitivity/stress scenarios, are listed in Exhibit II-26, below.

Exhibit II-26: Economic Stress Scenario Summary

Stress Scenario	Description
2007Q2 Replay	Historical Stress Period Includes actual, historical correlation between home prices, unemployment rates, and interest rates
2007Q2 Replay Flat	Historical Stress Period, Modified Includes actual, historical correlation between home prices, unemployment rates, and interest rates, but was modified to flatline the HPA at a 3% rate to mitigate the large increases in HPA from 2011 through 2025. This is a new scenario added this year.
Interest +1%	1% upward interest rate shift from the President's Economic Assumptions (PEA), forecast
Interest +2%	2% upward interest rate shift from the PEA forecast
Interest +3%	3% upward interest rate shift from the PEA forecast
Interest -1%	1% downward interest rate shift from the PEA forecast
Interest -2%	2% downward interest rate shift from the PEA forecast
Interest -3%	3% downward interest rate shift from the PEA forecast
Stagflation (S6)	Moody's stagflation scenario. This increases 10-year treasury, increases unemployment, and decreases HPI
Down 5%	5% HPA decline over 12 months followed by 3% HPA, PEA Interest Rates and Unemployment Rates
Down 10%	10% HPA decline over 18 months followed by 3% HPA, PEA Interest Rates and Unemployment Rates
Down 15%	15% HPA decline over 24 months followed by 3% HPA, PEA Interest Rates and Unemployment Rates
Down 20%	20% HPA decline over 30 months followed by 3% HPA, PEA Interest Rates and Unemployment Rates
Down 25%	25% HPA decline over 36 months followed by 3% HPA, PEA Interest Rates and Unemployment Rates

Exhibit II-27, below, lists the projected Capital Ratio under each scenario. Under the baseline expectations using the PEA, the Capital Ratio at the end of FY 2025 is 11.47 percent. Future cash flow estimates for both the forward and HECM portfolios are positive. The most severe economic scenarios are those with home price declines. Home price declines of 25 percent or greater are estimated to result in negative NPV for both the forward and HECM portfolios. For FY 2025, FHA applied a hypothetical economic scenario mirroring the economic conditions of 2007, but that excluded the large increases in home prices during the mid- to late-2010s. This resulted in the most severe NPV estimates, and a Capital Ratio of 4.42 percent. It is notable that the MMI Fund would be projected to remain over two times above the statutory two percent minimum Capital Ratio, even after applying the most aggressive stress scenario under FHA's modeling. This suggests the MMI Fund is sufficiently capitalized and would not need additional funding to withstand a significant economic downturn.

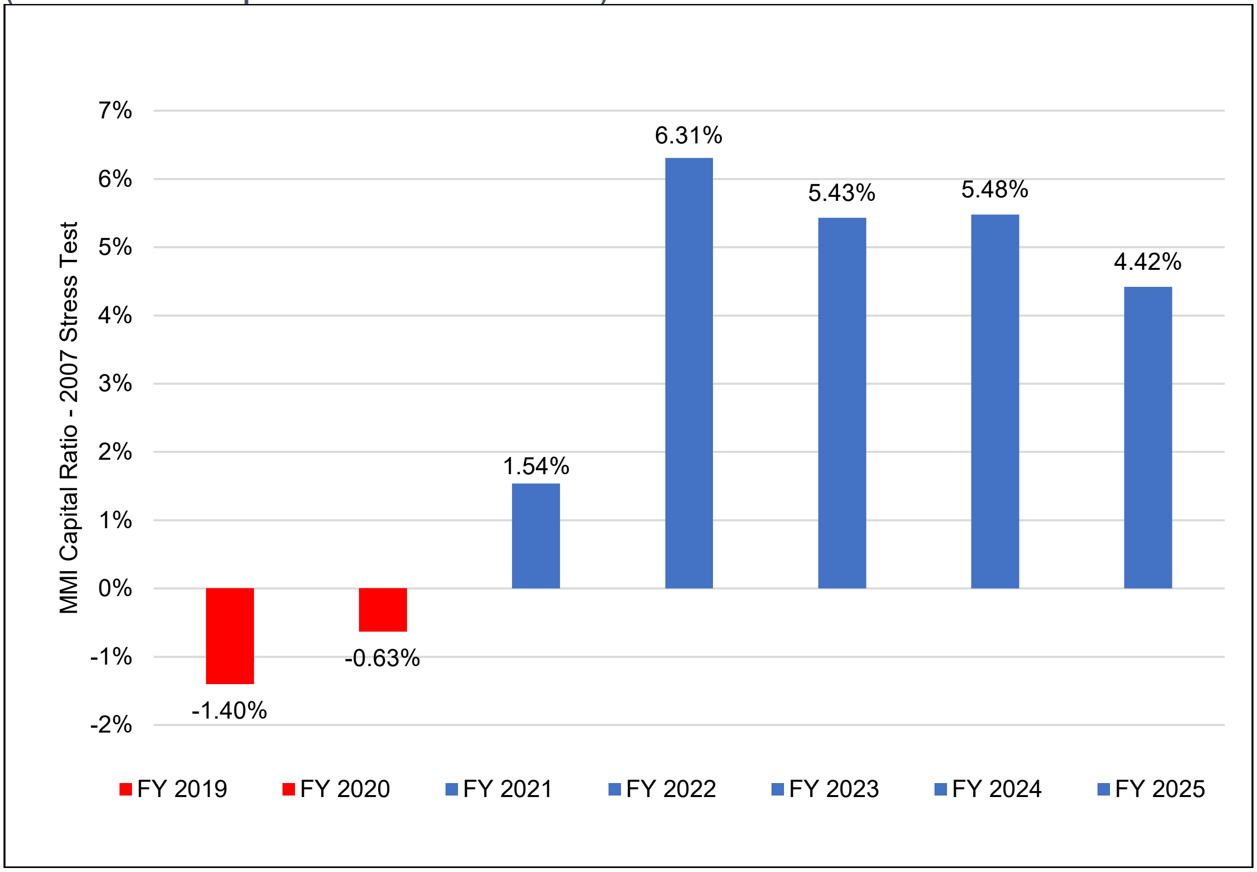
Exhibit II-27: Capital Ratio Under Alternative Scenarios

Scenario	Forward NPV ($ billions)	HECM NPV ($ billions)	Capital Resources ($ billions)	IIF ($ billions)	Capital Ratio
	A	B	C	D	E = (A + B + C) / D
PEA	42.9	6.3	139.7	1,647.2	11.47%
2007Q2 Replay	-30.6	-3.0	139.7	1,647.2	6.44%
2007Q2 Replay Flat	-44.0	-22.9	139.7	1,647.2	4.42%
Interest +1	44.2	7.5	139.7	1,647.2	11.62%
Interest +2	45.0	8.6	139.7	1,647.2	11.73%
Interest +3	45.5	9.5	139.7	1,647.2	11.81%
Interest -1	42.3	5.2	139.7	1,647.2	11.36%
Interest -2	40.9	4.0	139.7	1,647.2	11.20%
Interest -3	38.9	2.9	139.7	1,647.2	11.01%
Stagflation (S6)	25.4	0.3	139.7	1,647.2	10.04%
Down 5% HPA	33.5	0.6	139.7	1,647.2	10.55%
Down 10% HPA	24.6	-4.1	139.7	1,647.2	9.72%
Down 15% HPA	13.4	-9.0	139.7	1,647.2	8.74%
Down 20% HPA	-0.2	-14.1	139.7	1,647.2	7.61%
Down 25% HPA	-16.2	-19.2	139.7	1,647.2	6.33%

Source: RMCAP.

The MMI Fund portfolio is regularly tested against the economic conditions of over 100 historical scenarios. Exhibit II-28, below, shows the impact of the most severe economic conditions upon the MMI Fund Capital Ratio over each of the last seven years. Comparing the highest loss scenarios each year, the FY 2019 MMI Fund Capital Ratio was negative 1.40 percent and increased each year up until FY 2022, reaching positive 6.31 percent. In FY 2023, it declined to 5.43 percent. It subsequently increased by 0.05 percentage points to 5.48 percent in FY 2024 before declining to 4.42 percent in FY 2025. Once again, these results indicate the MMI Fund is well capitalized and prepared to withstand a substantial economic downturn.

Exhibit II-28: Highest Loss Scenario Stress Test Analysis – MMI Fund Capital Ratio Impact (Year of Annual Report from FY 2019 – FY 2025)



Source: U.S. Department HUD/FHA, October 2025.
Refer to data table C-28 in Appendix C.

Independent Actuarial Review

Federal law (12 USC § 1708(a)(4)) requires FHA to conduct an annual independent actuarial study of the MMI Fund and to submit a report to Congress describing the results of the study. The actuarial study serves as an independent verification of FHA's methodology and calculation of the MMI Fund Capital Ratio. The FY 2025 independent actuarial studies concluded that FHA's cash flow NPV is reasonable and within a reasonable range of Actuarial Estimates. The Independent Actuarial Studies for the forward and HECM portfolios are available at: https://www.hud.gov/program_offices/housing/rmra/oe/rpts/actr/actrmenu.

Chapter III: Key Policy Reforms

In FY 2025, under the Trump Administration, FHA has prioritized increasing affordable, successful homeownership opportunities for all Americans. The following information summarizes the key policy reforms enacted this past fiscal year to eliminate barriers to homeownership, reduce the costs of home financing, and improve the efficiency of single family insurance operations.

Revisions to the FHA Loss Mitigation Waterfall

On April 15, 2025, as highlighted in the Overview of this report, FHA took action to mitigate elevated financial risks to the MMI Fund through publication of ML 2025-12, *Tightening and Expediting Implementation of the New Permanent Loss Mitigation Options*. Specifically, the ML:

- Ended FHA's COVID-19 Loss Mitigation Options, effective September 30, 2025;
- Advanced the effective date of the new permanent loss mitigation options to October 1, 2025; instead of the February 2, 2026 date announced by the previous administration.
- Ended FHA-HAMP, effective September 30, 2025;
- Extended the time on the eligibility of a borrower for a subsequent permanent loss mitigation option to once every 24 months, from once every 18 months as announced by the previous administration;
- Cancelled the previous administration's scheduled increases in borrower compensation under FHA's Pre-foreclosure Sale Program, Deed-in-Lieu of Foreclosure disposition options, and Cash for Keys incentives, maintaining the existing amounts.

FHA provided further updates to facilitate the implementation of this guidance through publication of ML 2025-21 on September 24, 2025.

Updates to Borrower Residency Requirements

In March 2025, FHA reaffirmed its commitment to safeguarding economic opportunities for U.S. citizens and lawful permanent residents through the publication of ML 2025-09, *Revisions to Residency Requirements*. This ML updated borrower residency eligibility requirements for FHA loan programs, eliminating eligibility for non-permanent resident borrowers. This reform protects the financial interests of American citizens, reduces risk to the MMI Fund, and ensures the integrity of FHA's taxpayer-backed insurance programs.

Rescission of Unnecessary and Burdensome Origination Requirements

In June 2025, FHA announced the rescission of more than a dozen inefficient sub-regulatory policies under its single-family mortgage insurance program that increased the cost of home financing without providing a compelling benefit. These changes are expected to lower transaction costs, reduce delays, increase lender flexibility and capacity, support new construction and development, facilitate housing recovery post-disaster, and remove barriers for first-time and lower-income homebuyers. Specifically, FHA issued:

- ML 2025-18, *Rescission of Outdated and Costly FHA Appraisal Protocols*, eliminating several antiquated and burdensome procedural steps an FHA appraiser must complete during each assignment, better aligning FHA with industry standards and reducing unnecessary costs and delays that are passed through to homebuyers.
- ML 2025-16, *Rescission of Full-Time Direct Endorsement Underwriter Requirements*, rescinding the full-time employment requirement for Direct Endorsement (DE) underwriters. This update provided mortgagees with increased flexibility to more effectively manage their staffing needs, reduce origination costs, and encourage greater participation in FHA programs.
- ML 2025-15, *Rescission of the Supplemental Consumer Information Form Requirement*, eliminating collection of the Supplemental Consumer Information Form (SCIF) (Fannie Mae/Freddie Mac Form 1103), which was used to collect information about mortgagor language preferences.
- ML 2025-17, *Rescission of Federal Flood Risk Management Standard (FFRMS) for New Construction Eligibility*, rescinding the previous administration's announcement in ML 2024-20, which required that the lowest floor of new construction in Special Flood Hazard Areas (i.e., the one-percent-annual-chance floodplain) be built at least two feet above the Base Flood Elevation (BFE) to be eligible for purchase with FHA-insured mortgage financing. This standard would have required elevating new construction by at least an additional two feet, increasing the cost of construction for FHA-insured single-family properties and thereby exacerbating the insufficient supply of affordable housing for the next generation of homebuyers. This change restored the previous BFE standard for new construction in Special Flood Hazard Areas. Prior to publication of the ML, FHA issued a temporary partial regulatory waiver and related policy to remove the two-foot elevation standard.
- ML 2025-19, *Rescission of Mandatory Pre-Endorsement Inspection Requirements for Properties Located in Presidentially-Declared Major Disaster Areas (PDMDAs), s*treamlining FHA disaster inspection requirements for forward mortgages. This provided mortgagees with discretion to assess property condition and determine appropriate risk-based actions prior to endorsement, reducing costly delays and operational burdens following a natural disaster.

Rescission of Outdated and Costly FHA Appraisal Protocols

On March 19, 2025, FHA published ML 2025-08, *Rescinding Multiple Appraisal Policy Related Mortgagee Letters,* which officially rescinded ML 2024-07, *Appraisal Review and Reconsideration of Value,* ML 2024-16, *Extension to the Effective Date of Appraisal Review and Reconsideration of Value (ROV) Updates*, and ML 2021-27, *Appraisal Fair Housing Compliance and Updated General Appraiser Requirements.* The termination of these Biden-era policies eliminated unnecessary regulatory hurdles imposed on lenders, appraisers, and other program participants, allowing FHA to better serve American homebuyers and homeowners.

Streamlining Engagement with Borrowers in Default

On June 24, 2025, FHA published ML 2024-14, *Updates to Modernization of Engagement with Borrowers in Default and Loss Mitigation.* This ML revised and streamlined policy published on December 4, 2024, via ML 2024-24, *Modernization of Engagement with Borrowers in Default*, expanding the options available for mortgagees to reasonably engage with borrowers in default, and significantly reducing operational costs. Specifically, the ML:

- Updated the requirements for a reasonable effort to arrange an interview with borrowers in default;
- Removed unnecessarily burdensome requirements associated with the interview with borrowers in default;
- Clarified the transition to the new home retention options for borrowers required to complete a TPP;
- Updated the requirement for borrowers in imminent default to complete a four-month TPP; and
- Updated FHA's disaster forbearance requirements.

Expanding Access to Foreclosed Property Sales

On April 28, 2025, FHA published ML 2025-13 *Updates to Claims without Conveyance of Title (CWCOT) Post-Foreclosure Sales Period and HUD Real Estate-Owned Properties (REO) Exclusive Listing Period,* reforming anti-competitive bidding practices for CWCOT post-foreclosure sales and REO sales that have delayed sales of foreclosed properties, increased deterioration of these properties leading to lower sales prices, and increased costs to HUD. Specifically, these changes:

- Removed the exclusive 30-day sales period for owner-occupants, HUD-approved nonprofits, and government entities as part of the CWCOT post-foreclosure sale process; and
- Reverted the exclusive listing period on the HUD HomeStore website for REO properties from 30 days to the previous exclusive listing period of 15 days for owner-occupants, HUD-approved nonprofits, and government entities.

Buy Now Pay Later RFI

On June 24, 2025, HUD published a Request for Information (RFI) in the Federal Register seeking comments to better understand the implications of Buy Now Pay Later (BNPL) lending on housing affordability and stability. BNPL loans, also known as "pay-in-four structures," are becoming popular ways to purchase consumer products, but are currently not fully incorporated into credit scores and can distort monthly debt obligations or DTI amounts. FHA is reviewing the feedback received from the RFI and will be collaborating with other agencies on next steps.

Supporting Borrowers Impacted by Natural Disasters

This past year, FHA provided automatic 90-day foreclosure moratoriums (or extensions for HECM) for FHA-insured single-family mortgages in PDMDAs. The moratoriums provided affected borrowers with time to access federal, state, or local housing resources, consult with HUD-approved housing counselors, and repair or rebuild their homes. FHA extended moratoriums for certain PDMDAs as needed to provide borrowers with additional time to access resources and assistance. In addition:

- FHA provided an automatic foreclosure moratorium for FHA-insured single-family mortgages in PDMDAs resulting from hurricanes including Helene and Milton in 2024. FHA extended the moratorium in April 2025 to provide more time for impacted American families in devastated areas throughout the country to seek Federal, state, or local assistance, underscoring HUD's commitment to supporting Americans impacted by the hurricanes.
- To assist with repair of mortgaged properties damaged by Hurricanes Helene and Milton, FHA temporarily waived its definition of "major repair" to increase Limited 203(k) eligibility and its 14-day damage inspection report requirement to help prevent extensive repair delays for borrowers. FHA waived lenders' EPD review requirements for FHA-insured mortgages located in the PDMDAs.
- FHA provided an automatic 90-day foreclosure moratorium for the PDMDAs in Los Angeles County, California due to the wildfires that resulted in significant economic and property damage across the county. FHA extended the moratorium in March of 2025. Also, FHA waived lenders' EPD review requirements for FHA-insured mortgages located in the PDMDAs.
- FHA provided a 90-day automatic foreclosure moratorium in the areas of Texas devastated by continuing severe storms, straight-line winds, and flooding that began in July of 2025. FHA waived lenders' EPD review requirements for FHA-insured mortgages located in the PDMDAs.

FHA System Enhancements

In FY 2025, FHA continued its ongoing technology modernization effort, building on the investment in the FHA Catalyst platform during the first Trump Administration. FHA enhanced its FHA Catalyst platform and related technology to streamline and improve the customer experience for lenders, while better facilitating FHA's oversight capabilities. These changes included:

- Enhancing Mortgage Administrator functionality for better management of case binder submissions and pre-endorsement reviews,
- Improving the FHA Catalyst: Case Binder Module to accept servicing binders requested by FHA for oversight and monitoring, and
- Updating the XML file format for FHA's updated permanent loss mitigation policies to reflect new data standards and submission requirements needed for implementation of bulk and Application Programming Interface (API) submissions in FHA Catalyst.

Additionally, on August 27, 2025, FHA announced its adoption of the modernized Uniform Appraisal Dataset (UAD) 3.6 beginning in Spring 2026. Building on FHA's collaboration with the industry, implementation of this initiative will align with the industry and strengthen FHA's collateral risk management capabilities. FHA systems, including the Electronic Appraisal Delivery (EAD) portal, are currently being updated in preparation for the Spring 2026 transition.

Appendix A: Data Tables for Overview

Table A-2: Data Table for Exhibit O-2: MMI Fund Capital Ratio FY 2013 through FY 2025

FY	MMI Fund Capital Ratio
FY 2013	-0.11%
FY 2014	0.41%
FY 2015	2.10%
FY 2016	2.35%
FY 2017	2.18%
FY 2018	2.76%
FY 2019	4.84%
FY 2020	6.10%
FY 2021	8.03%
FY 2022	11.11%
FY 2023	10.51%
FY 2024	11.47%
FY 2025	11.47%

Source: U.S. Department of HUD/FHA, October 2025.

Table A-3: Data Table for Exhibit O-3: Forward and HECM Stand-Alone Capital Ratios – FY 2016 through FY 2025

Fiscal Year	Forward Stand-Alone	HECM Stand-Alone
2016	3.11%	-11.81%
2017	3.33%	-18.30%
2018	3.93%	-18.83%
2019	5.44%	-9.22%
2020	6.31%	-0.79%
2021	7.99%	6.08%
2022	10.47%	22.77%
2023	10.20%	16.72%
2024	10.88%	24.50%
2025	10.95%	24.06%

Source: U.S. Department of HUD/FHA, October 2025.

Table A-4: Data Table for Exhibit O-4: FHA Share of Market by Origination FY (Percentage of Dollar Volume), Cohorts 2000-2025

FHA Mortgage Market Shares by Cohort (Percentage of Dollar Volume)			
Origination Fiscal Year	FHA Share		
	Purchase	Refinance	All
2000	10%	3%	9%
2001	10%	6%	8%
2002	9%	3%	5%
2003	6%	3%	4%
2004	4%	2%	3%
2005	3%	1%	2%
2006	3%	1%	2%
2007	4%	3%	3%
2008	20%	13%	16%
2009	28%	13%	18%
2010	27%	9%	15%
2011	25%	6%	13%
2012	21%	7%	11%
2013	16%	8%	11%
2014	14%	6%	11%
2015	17%	11%	14%
2016	16%	8%	12%
2017	15%	10%	13%
2018	13%	9%	12%
2019	14%	8%	11%
2020	13%	4%	7%
2021	11%	5%	7%
2022	11%	8%	10%
2023	14%	16%	14%
2024	15%	11%	14%
2025	21%	15%	19%

Source: 2000-2024 Cotality/TrueStandings; 2025: RMCAP / Mortgage Bankers Association.

Table A-5: Data Table for Exhibit O-5: FHA Single Family Forward Mortgage Insurance in Force, FY End 2000 – 2025

Fiscal Year	IIF ($ billions)	Mortgage Count (thousands)
FY 2000	$491	6,786
FY 2001	$499	6,597
FY 2002	$506	6,318
FY 2003	$438	5,345
FY 2004	$412	4,840
FY 2005	$359	4,238
FY 2006	$339	3,892
FY 2007	$343	3,738
FY 2008	$474	4,376
FY 2009	$674	5,295
FY 2010	$878	6,421
FY 2011	$1,003	7,120
FY 2012	$1,069	7,547
FY 2013	$1,087	7,677
FY 2014	$1,075	7,672
FY 2015	$1,065	7,642
FY 2016	$1,100	7,752
FY 2017	$1,154	7,909
FY 2018	$1,192	7,990
FY 2019	$1,224	8,055
FY 2020	$1,232	7,941
FY 2021	$1,189	7,458
FY 2022	$1,209	7,229
FY 2023	$1,317	7,479
FY 2024	$1,442	7,781
FY 2025	$1,583	8,122

Source: U.S. Department of HUD/FHA, October 2025.

Table A-7: Data Table for Exhibit O-7: FHA Purchase Mortgage Share of First-Time Homebuyer, Cohort 2000 – 2025

Insurance in Force Fiscal Year	First-Time Homebuyer Percentage
2000	81.56%
2001	79.78%
2002	79.22%
2003	79.21%
2004	77.50%
2005	79.15%
2006	79.26%
2007	79.55%
2008	77.94%
2009	78.52%
2010	79.50%
2011	75.25%
2012	77.65%
2013	78.74%
2014	81.19%
2015	81.54%
2016	82.10%
2017	82.22%
2018	82.69%
2019	82.84%
2020	83.10%
2021	84.61%
2022	83.52%
2023	82.21%
2024	82.64%
2025	83.03%

Source: U.S. Department of HUD/FHA, October 2025.

Table A-8: Data Table for Exhibit O-8: Composition of FHA HECM Borrowers, Cohorts 2009 – 2025

Endorsement Fiscal Year	Total Endorsements			
	Singular Male Borrower	Singular Female Borrower	Multiple Borrowers	Not Disclosed
2009	24,809	46,826	42,335	455
2010	16,952	33,100	28,214	791
2011	15,235	29,417	27,575	885
2012	11,611	21,449	20,934	818
2013	12,591	22,441	23,966	925
2014	10,552	19,907	20,405	752
2015	12,635	22,319	22,742	293
2016	10,553	17,982	20,206	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	10,100	17,573	20,046	1,477
2022	12,565	22,713	27,332	1,862
2023	6,866	12,992	11,624	1,492
2024	5,735	10,891	8,837	1,039
2025	6,366	11,579	9,442	762

Source: U.S. Department of HUD/FHA, October 2025.

Table A-9: Data Table for Exhibit O-9: One-Year Redefault Rates After Loss Mitigation, FY 2020 – FY 2024

Fiscal Quarter	30-day	60-day	90+-day	Total
2020 & 2021Q1	4%	1%	6%	11%
2021Q2	5%	2%	6%	13%
2021Q3	8%	3%	7%	18%
2021Q4	10%	4%	9%	23%
2022Q1	12%	5%	10%	27%
2022Q2	11%	5%	13%	29%
2022Q3	14%	7%	16%	36%
2022Q4	15%	8%	17%	40%
2023Q1	17%	9%	20%	46%
2023Q2	15%	7%	18%	40%
2023Q3	18%	10%	21%	49%
2023Q4	18%	11%	25%	53%
2024Q1	18%	11%	27%	56%
2024Q2	15%	8%	27%	51%
2024Q3	17%	10%	30%	56%
2024Q4	17%	10%	31%	58%

Source: U.S. Department of HUD/FHA, October 2025.

Table A-10: Data Table for Exhibit O-10: One-Year Redefault Rates After Loss Mitigation Since FY 2009

Fiscal Year	30-Day	60-Day	90+-Day	Total	2009-2019 Average
2009	13%	9%	45%	66%	46%
2010	15%	9%	35%	59%	46%
2011	13%	8%	36%	57%	46%
2012	13%	8%	28%	49%	46%
2013	12%	7%	21%	41%	46%
2014	13%	6%	18%	37%	46%
2015	13%	7%	17%	37%	46%
2016	14%	7%	18%	39%	46%
2017	15%	8%	19%	42%	46%
2018	15%	8%	16%	38%	46%
2019	12%	7%	26%	46%	46%
2020	6%	3%	19%	27%	46%
2021	8%	3%	8%	18%	46%
2022	13%	6%	13%	31%	46%
2023	17%	9%	21%	48%	46%
2024	17%	10%	29%	55%	46%

Source: U.S. Department of HUD/FHA, October 2025.

Table A-11: Data Table for Exhibit O-11: Distribution of Serious Delinquency Episode, January 2018 through September 2025

Calendar Month	1	2	3-6	7+
Jan-18	53.14%	20.19%	24.68%	1.99%
May-18	51.62%	20.57%	25.65%	2.16%
Sep-18	47.25%	21.97%	28.01%	2.77%
Jan-19	47.96%	21.65%	27.45%	2.94%
Sep-19	47.96%	21.67%	27.09%	3.27%
Jan-20	49.29%	21.54%	25.83%	3.33%
May-20	54.10%	21.04%	22.40%	2.45%
Sep-20	70.00%	15.05%	13.59%	1.35%
Jan-21	67.84%	16.19%	14.46%	1.51%
May-21	65.87%	17.51%	15.06%	1.56%
Sep-21	62.99%	19.06%	16.16%	1.78%
Jan-22	59.23%	21.62%	17.10%	2.06%
May-22	56.73%	22.15%	18.83%	2.29%
Sep-22	51.90%	23.62%	21.67%	2.81%
Jan-23	48.56%	24.81%	23.60%	3.03%
May-23	46.10%	25.16%	25.53%	3.22%
Sep-23	40.40%	26.49%	29.23%	3.88%
Jan-24	34.90%	27.27%	33.53%	4.29%
May-24	32.35%	26.68%	36.30%	4.67%
Sep-24	30.94%	25.99%	38.39%	4.68%
Jan-25	31.91%	24.61%	38.56%	4.92%
May-25	29.95%	23.64%	40.94%	5.48%
Sep-25	30.45%	23.44%	40.67%	5.43%

Source: U.S. Department of HUD/FHA, October 2025.

Table A-12: Data Table for Exhibit O-12: Percent of Loans with Loss Mitigations (LMs) in Last Five Years, January 2018 through September 2025

Calendar Month	1+ Previous LM in Last 5 Years (%)	2+ Previous LM in Last 5 Years (%)
18-Jan	30.07%	1.83%
18-May	22.20%	1.19%
18-Sep	27.79%	2.11%
19-Jan	27.13%	1.68%
19-May	24.36%	1.21%
19-Sep	24.52%	1.41%
20-Jan	26.20%	1.57%
20-May	20.47%	1.06%
20-Sep	7.76%	0.54%
21-Jan	8.73%	0.70%
21-May	13.58%	1.19%
21-Sep	17.00%	1.47%
22-Jan	27.48%	3.57%
22-May	34.38%	6.18%
22-Sep	35.05%	7.97%
23-Jan	36.11%	9.67%
23-May	43.86%	13.98%
23-Sep	45.95%	16.04%
24-Jan	48.18%	17.98%
24-May	56.32%	24.74%
24-Sep	58.86%	27.52%
25-Jan	56.64%	27.62%
25-May	60.06%	31.90%
25-Sep	66.06%	39.94%

Source: U.S. Department of HUD/FHA, October 2025.

Table A-13: Data Table for Exhibit O-13: Distribution of FHA Forward Borrower Credit Score by FY, Cohort 2005 – 2025

Endorsement Fiscal Year	Missing	579 or lower	580-619	620–679	680–719	720 or higher	Average Borrower Credit Score
2005	7.41%	16.37%	20.74%	32.00%	11.60%	11.87%	639
2006	5.51%	15.91%	20.81%	32.94%	11.86%	12.97%	641
2007	4.81%	20.98%	23.11%	30.96%	9.89%	10.25%	630
2008	2.63%	13.49%	20.84%	34.94%	13.14%	14.95%	647
2009	1.23%	2.71%	11.48%	37.50%	19.89%	27.18%	681
2010	1.25%	0.48%	3.30%	38.25%	22.54%	34.17%	697
2011	1.08%	0.26%	2.62%	36.76%	23.60%	35.68%	701
2012	0.72%	0.21%	2.69%	39.53%	24.24%	32.62%	698
2013	0.64%	0.16%	1.71%	43.40%	26.85%	27.25%	693
2014	0.41%	0.18%	3.13%	51.51%	26.48%	18.29%	682
2015	0.39%	0.24%	5.05%	50.17%	26.12%	18.03%	680
2016	0.37%	0.26%	5.54%	49.14%	25.95%	18.74%	680
2017	0.34%	0.43%	7.32%	49.63%	24.79%	17.48%	676
2018	0.29%	0.83%	10.37%	51.71%	22.42%	14.38%	670
2019	0.25%	1.03%	11.68%	53.13%	21.03%	12.88%	666
2020	0.26%	0.61%	8.36%	53.06%	23.05%	14.66%	672
2021	0.33%	0.32%	6.36%	57.03%	22.69%	13.28%	671
2022	0.33%	0.95%	11.21%	57.09%	19.78%	10.64%	664
2023	0.25%	1.53%	10.44%	50.37%	22.46%	14.95%	670
2024	0.25%	1.82%	9.72%	43.79%	23.23%	21.19%	677
2025	0.30%	2.38%	10.66%	40.29%	22.49%	23.88%	679

Source: U.S. Department of HUD/FHA, October 2025.

Table A-14: Data Table for Exhibit O-14: Average FHA Forward LTV Ratio by Mortgage Purpose, Cohorts 2000-2025

Endorsement Fiscal Year	Purchase	Conventional-to-FHA Refinance	FHA to FHA Refinance	Overall
2000	97.36	79.99	82.76	96.59
2001	96.45	79.85	82.83	95.39
2002	96.49	79.80	82.49	95.09
2003	96.47	78.76	81.45	94.51
2004	96.35	78.27	80.03	94.41
2005	96.14	78.55	78.99	94.40
2006	96.02	84.77	84.69	93.84
2007	95.99	86.79	87.26	93.24
2008	96.12	87.96	87.93	93.27
2009	95.80	86.16	86.46	93.32
2010	95.58	79.53	80.97	93.32
2011	95.70	79.29	81.73	93.50
2012	95.99	77.39	81.75	93.81
2013	95.88	77.81	81.51	94.16
2014	95.71	75.58	80.71	94.16
2015	95.69	75.19	80.47	93.65
2016	95.71	75.69	80.10	93.25
2017	95.72	75.82	80.10	92.70
2018	95.70	76.33	80.53	92.52
2019	95.58	76.41	80.66	92.27
2020	95.63	73.49	76.88	92.46
2021	95.54	71.30	74.42	92.07
2022	95.01	69.32	73.67	89.78
2023	94.68	67.94	73.25	89.75
2024	94.67	67.42	72.83	89.83
2025	94.74	67.47	72.56	89.87

Source: U.S. Department of HUD/FHA, October 2025.

Table A-15: Data Table for Exhibit O-15: Borrower DTI Ratio for FHA Purchase Mortgages, Cohort 2005-2025

Endorsement Fiscal Year	Share of FHA-Endorsed Purchase Mortgages				Average DTI
	<=36	>36 to 43	>43 to 50	> 50	
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
2024	14.46	21.08	33.09	31.38	45.14
2025	15.44	21.10	32.34	31.12	44.91

Source: U.S. Department of HUD/FHA, October 2025.

Table A-16: Data Table for Exhibit O-16: Share of FHA Loans Containing Risk Layers, Second Trump Administration Methodology, Cohort 2005-2025

Cohort	Share of FHA Layers	Total Loan Count
2005	16.7%	512,327
2006	15.8%	425,491
2007	16.8%	424,724
2008	13.5%	1,087,394
2009	8.7%	1,831,998
2010	6.2%	1,667,609
2011	4.0%	1,197,809
2012	3.9%	1,184,740
2013	2.6%	1,344,846
2014	4.3%	786,352
2015	5.6%	1,116,230
2016	6.3%	1,258,048
2017	8.0%	1,246,434
2018	10.5%	1,014,601
2019	11.6%	990,425
2020	9.1%	1,333,151
2021	8.5%	1,432,864
2022	10.0%	982,194
2023	8.9%	732,318
2024	8.1%	766,932
2025	8.4%	876,502

Source: U.S. Department of HUD/FHA, October 2025.

Table A-17: Data Table for Exhibit O-17: EPD for FHA Loans With and Without Risk Layers, Second Trump Administration, Cohort 2014 – 2025

Cohort	Without 3 Risk Layers	With 3 Risk Layers
2014	0.36%	1.21%
2015	0.34%	1.02%
2016	0.32%	1.12%
2017	0.68%	2.09%
2018	0.54%	1.69%
2019	0.62%	1.81%
2020	3.71%	7.70%
2021	1.49%	3.74%
2022	1.75%	4.75%
2023	1.52%	4.08%
2024	1.36%	4.17%
2025	1.15%	3.52%

Source: U.S. Department of HUD/FHA, October 2025.

Table A-18: Data Table for Exhibit O-18: Loss Rates for FHA Loans With and Without Risk Layers, Second Trump Administration, Cohort 2014 – 2025

Cohort	Without 3 Risk Layers	With 3 Risk Layers
2014	1.26%	2.89%
2015	1.25%	3.08%
2016	1.34%	3.39%
2017	1.46%	3.74%
2018	1.58%	3.77%
2019	1.58%	3.70%
2020	1.54%	3.76%
2021	1.36%	3.43%
2022	1.69%	3.93%
2023	1.42%	3.30%
2024	0.43%	1.16%
2025	0.04%	0.15%

Source: U.S. Department of HUD/FHA, October 2025.

Appendix B: Data Tables for Chapter I

Table B-1: Data Table for Exhibit I-1: Historical FHA Forward Mortgage Endorsement Activity, Cohort 2000 – 2025

Endorsement Fiscal Year	Mortgage Amount ($ billions)	FHA Forward Endorsed Mortgage Counts				
		Purchase	FHA Streamline Refinance	FHA-to-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	105,207	94,553	1,333,151
2021	342.82	846,243	397,595	104,453	84,573	1,432,864
2022	255.50	692,841	83,985	114,574	90,794	982,194
2023	208.73	581,726	1,041	66,212	83,339	732,318
2024	231.53	603,031	13,708	65,243	84,950	766,932
2025	274.76	648,764	52,096	84,248	91,394	876,502
Total	5,185.24	18,471,031	4,831,734	1,308,592	3,127,715	27,739,072

Source: U.S. Department of HUD/FHA, October 2025.

Table B-2: Data Table for Exhibit I-2: Historical FHA Forward Purchase Mortgage Activity and First-Time Homebuyer Share, Cohort 2000-2025

Endorsement Fiscal Year	FHA Forward Mortgage Counts			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	25.70
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	131,869	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	578,661	114,180	692,841	83.52	38.55
2023	478,230	103,496	581,726	82.21	38.08
2024	498,352	104,679	603,031	82.64	37.61
2025	538,642	110,122	648,764	83.03	37.45
Total	14,894,398	3,576,633	18,471,031		

Source: U.S. Department of HUD/FHA, October 2025.

Table B-3: Data Table for Exhibit I-3: Racial Composition of FHA Forward Mortgages, Cohort 2000-2025

Endorsement Fiscal Year	Share of FHA Forward Endorsed Mortgages (percent)					
	Asian	Black	Hispanic	Native American	White	Not Reported
2000	1.97	14.48	19.18	0.43	57.71	6.23
2001	1.86	13.47	18.25	0.40	57.67	8.35
2002	1.78	12.86	17.63	0.40	57.15	10.19
2003	1.66	12.59	16.41	0.41	58.51	10.42
2004	2.19	13.88	16.42	0.60	58.57	8.35
2005	2.92	14.94	15.30	0.51	61.87	4.46
2006	3.11	13.76	11.96	0.52	66.01	4.64
2007	2.09	14.83	11.47	0.55	65.96	5.09
2008	2.11	13.31	10.98	0.45	65.69	7.47
2009	2.75	9.85	11.48	0.42	66.76	8.75
2010	3.41	9.00	12.01	0.39	67.12	8.08
2011	3.59	8.07	12.97	0.35	67.24	7.78
2012	3.71	8.06	13.49	0.36	66.80	7.57
2013	3.42	8.74	14.11	0.37	65.61	7.75
2014	3.27	10.86	17.08	0.41	61.31	7.07
2015	3.35	10.40	17.35	0.43	60.14	8.34
2016	3.13	10.90	17.48	0.39	58.80	9.30
2017	3.02	11.69	18.13	0.41	57.06	9.70
2018	2.60	12.62	18.16	0.36	55.48	10.78
2019	2.27	12.82	17.75	0.34	53.01	13.82
2020	2.20	12.73	17.28	0.36	50.06	17.36
2021	2.04	13.41	16.08	0.37	43.68	24.41
2022	1.71	12.84	14.07	0.37	37.07	33.94
2023	2.07	12.69	15.45	0.41	37.73	31.65
2024	2.38	12.08	16.77	0.44	38.06	30.29
2025	2.65	13.10	20.17	0.64	44.46	18.97

Source: U.S. Department of HUD/FHA, October 2025.

Table B-3A: Data Table for Exhibit I-3: Racial Composition of FHA Forward Mortgages (Counts), Cohorts 2000-2025

Endorsement Fiscal Year	FHA Forward Mortgage Counts					
	Asian	Black	Hispanic	Native American	White	Not Reported
2000	18,009	132,184	175,087	3,955	526,979	56,886
2001	19,647	142,645	193,247	4,203	610,511	88,424
2002	22,629	163,842	224,602	5,132	728,136	129,803
2003	21,858	166,184	216,602	5,355	772,230	137,499
2004	20,991	133,320	157,706	5,739	562,505	80,174
2005	14,945	76,547	78,389	2,627	316,988	22,831
2006	13,219	58,532	50,888	2,228	280,882	19,742
2007	8,885	62,967	48,728	2,345	280,160	21,639
2008	22,899	144,684	119,426	4,910	714,291	81,184
2009	50,306	180,495	210,313	7,637	1,222,972	160,275
2010	56,792	150,111	200,294	6,423	1,119,322	134,667
2011	42,961	96,650	155,395	4,190	805,366	93,247
2012	43,897	95,539	159,880	4,292	791,423	89,709
2013	45,985	117,559	189,775	5,025	882,326	104,176
2014	25,714	85,398	134,305	3,220	482,088	55,627
2015	37,338	116,051	193,694	4,810	671,279	93,058
2016	39,415	137,168	219,907	4,889	739,702	116,967
2017	37,599	145,669	225,948	5,056	711,260	120,902
2018	26,349	128,035	184,295	3,671	562,869	109,382
2019	22,474	127,008	175,755	3,320	525,039	136,829
2020	29,345	169,776	230,367	4,745	667,438	231,480
2021	29,295	192,164	230,425	5,315	625,943	349,722
2022	16,793	126,153	138,170	3,633	364,077	333,368
2023	15,126	92,940	113,165	3,035	276,283	231,769
2024	18,217	92,617	128,591	3,355	291,866	232,286
2025	23,255	114,861	176,768	5,610	389,716	166,291
Total	723,943	3,249,099	4,331,722	114,720	15,921,651	3,397,937

Source: U.S. Department of HUD/FHA, October 2025.

Table B-4: Data Table for Exhibit I-4: Historical FHA Forward Endorsement Activity by Loan Purpose, Cohort 2009-2025

Endorsement Fiscal Year	FHA Forward Endorsed Mortgage Counts			
	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	692,841	111,504	177,849	982,194
2023	581,726	9,251	141,341	732,318
2024	603,031	24,297	139,604	766,932
2025	648,764	77,952	149,786	876,502
Total	13,138,801	4,607,467	2,016,784	19,763,052

Source: U.S. Department of HUD/FHA, October 2025.

Table B-5: Data Table for Exhibit I-5: FHA Forward Refinance Endorsement Activity by Refinance Type, Cohort 2009-2025

Endorsement Fiscal Year	Share of FHA Forward Refinance Mortgages (percent)				
	Conventional-to-FHA Cash-Out	FHA-to-FHA Cash-Out	Conventional-to-FHA No Cash-Out	FHA-to-FHA No Cash-Out	Streamline
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
2024	47.84	37.33	3.99	2.47	8.36
2025	35.19	30.58	4.94	6.41	22.88

Source: U.S. Department of HUD/FHA, October 2025.

Table B-5A: Data Table for Exhibit I-5: FHA Forward Refinance Endorsement Activity by Refinance Type (Counts), Cohort 2009-2025

Endorsement Fiscal Year	FHA Forward Refinance Mortgage Counts				
	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	26,655	49,030	315,558
2021	57,053	56,726	27,520	47,727	397,595
2022	76,972	100,877	13,822	13,697	83,985
2023	77,168	64,173	6,171	2,039	1,041
2024	78,414	61,190	6,536	4,053	13,708
2025	80,140	69,646	11,254	14,602	52,096
Total	1,273,266	743,518	1,030,201	377,312	3,199,954

Source: U.S. Department of HUD/FHA, October 2025.

Table B-6: Data Table for Exhibit I-6: Share of Mortgages Originated for Manufactured Homes, Cohort 2018-2024

Year	FHA	Conventional	VA	USDA
2018	3.1%	2.3%	2.0%	0.5%
2019	2.8%	1.9%	1.6%	0.6%
2020	2.6%	1.2%	1.1%	0.7%
2021	3.3%	1.4%	1.4%	0.8%
2022	4.4%	2.4%	2.2%	1.2%
2023	4.1%	3.5%	2.6%	1.4%
2024	4.3%	3.4%	2.7%	2.0%

Source: U.S. Department of HUD/FHA, October 2025.

Table B-7: Data Table for Exhibit I-7: Average FHA Forward LTV No Cashout Ratio by Mortgage Purpose (percent), Cohort 2000-2025

Endorsement Fiscal Year	Purchase	FHA-to-FHA No Cashout	FHA-to-FHA Cashout	Conventional-to-FHA No Cashout	Conventional-to-FHA Cashout	Overall
2000	97.36	87.04	82.76	85.41	79.99	96.59
2001	96.45	88.02	82.83	85.42	79.85	95.39
2002	96.49	86.98	82.49	85.33	79.80	95.09
2003	96.47	86.17	81.45	84.94	78.76	94.51
2004	96.35	84.85	80.03	84.90	78.27	94.41
2005	96.14	83.68	78.99	85.60	78.55	94.40
2006	96.02	85.84	84.69	86.66	84.77	93.84
2007	95.99	87.99	87.26	88.86	86.79	93.24
2008	96.12	89.10	87.93	90.58	87.96	93.27
2009	95.80	90.43	86.46	90.95	86.16	93.32
2010	95.58	90.37	80.97	90.02	79.53	93.32
2011	95.70	90.18	81.73	89.72	79.29	93.50
2012	95.99	89.92	81.75	86.93	77.39	93.81
2013	95.88	89.02	81.51	87.82	77.81	94.16
2014	95.71	87.33	80.71	86.68	75.58	94.16
2015	95.69	88.23	80.47	85.54	75.19	93.65
2016	95.71	86.34	80.10	84.50	75.69	93.25
2017	95.72	85.72	80.10	83.78	75.82	92.70
2018	95.70	86.00	80.53	83.35	76.33	92.52
2019	95.58	87.84	80.66	82.30	76.41	92.27
2020	95.63	88.31	76.88	83.49	73.49	92.46
2021	95.54	84.08	74.42	78.97	71.30	92.07
2022	95.01	76.91	73.67	71.89	69.32	89.78
2023	94.68	77.49	73.25	73.01	67.94	89.75
2024	94.67	82.87	72.83	75.35	67.42	89.83
2025	94.74	86.51	72.56	80.42	67.47	89.87

Note: Excludes streamline refinance mortgages.
Source: U.S. Department of HUD/FHA, October 2025.

Table B-8: Data Table for Exhibit I-8: Average Borrower Credit Score for FHA Forward Mortgages, Cohort 2005-2025

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	671
2022	668	651	647	664
2023	675	653	645	670
2024	683	654	647	677
2025	686	654	650	679

Note: Excludes streamline refinance mortgages.
Source: U.S. Department of HUD/FHA, October 2025.

Table B-9: Data Table for Exhibit I-9: Distribution of FHA Forward Borrower Credit Score by FY, Cohort 2005-2025

Endorsement Fiscal Year	Share of FHA Forward Mortgages (percent)					
	720 or Higher	680-719	620-679	580-619	Less than 580	Missing
2005	11.87	11.60	32.00	20.74	16.37	7.41
2006	12.97	11.86	32.94	20.81	15.91	5.51
2007	10.25	9.89	30.96	23.11	20.98	4.81
2008	14.95	13.14	34.94	20.84	13.49	2.63
2009	27.18	19.89	37.50	11.48	2.71	1.23
2010	34.17	22.54	38.25	3.30	0.48	1.25
2011	35.68	23.60	36.76	2.62	0.26	1.08
2012	32.62	24.24	39.53	2.69	0.21	0.72
2013	27.25	26.85	43.40	1.71	0.16	0.64
2014	18.29	26.48	51.51	3.13	0.18	0.41
2015	18.03	26.12	50.17	5.05	0.24	0.39
2016	18.74	25.95	49.14	5.54	0.26	0.37
2017	17.48	24.79	49.63	7.32	0.43	0.34
2018	14.38	22.42	51.71	10.37	0.83	0.29
2019	12.88	21.03	53.13	11.68	1.03	0.25
2020	14.66	23.05	53.06	8.36	0.61	0.26
2021	13.28	22.69	57.03	6.36	0.32	0.33
2022	10.64	19.78	57.09	11.21	0.95	0.33
2023	14.95	22.46	50.37	10.44	1.53	0.25
2024	21.19	23.23	43.79	9.72	1.82	0.25
2025	23.88	22.49	40.29	10.66	2.38	0.30

Note: Excludes streamline refinance mortgages.
Source: U.S. Department of HUD/FHA, October 2025.

Table B-9A: Data Table for Exhibit I-9: Distribution of FHA Forward Borrower Credit Score by FY (Counts), Cohort 2005-2025

Endorsement Fiscal Year	FHA Forward Mortgage Counts					
	720 or Higher	680-719	620-679	580-619	Less than 580	Missing
2005	47,393	46,331	127,772	82,813	65,375	29,581
2006	50,480	46,141	128,175	80,965	61,897	21,459
2007	41,267	39,810	124,658	93,031	84,493	19,378
2008	152,630	134,064	356,652	212,718	137,731	26,826
2009	408,408	298,870	563,514	172,538	40,691	18,541
2010	497,077	327,927	556,461	47,981	7,048	18,220
2011	363,062	240,155	374,072	26,617	2,693	10,945
2012	297,078	220,732	359,973	24,495	1,887	6,516
2013	226,962	223,622	361,503	14,278	1,310	5,328
2014	122,778	177,774	345,780	21,005	1,217	2,760
2015	159,237	230,739	443,213	44,650	2,108	3,472
2016	196,241	271,823	514,750	58,076	2,673	3,856
2017	189,700	269,010	538,587	79,395	4,716	3,718
2018	138,499	215,997	498,191	99,868	8,011	2,780
2019	120,287	196,411	496,258	109,075	9,662	2,300
2020	149,219	234,526	539,909	85,097	6,193	2,649
2021	137,445	234,922	590,403	65,841	3,278	3,380
2022	95,595	177,632	512,777	100,676	8,575	2,954
2023	109,293	164,231	368,375	76,336	11,187	1,855
2024	159,619	174,956	329,833	73,184	13,745	1,887
2025	196,870	185,391	332,151	87,846	19,640	2,507
Total	3,859,140	4,111,064	8,463,007	1,656,485	494,130	190,912

Note: Excludes streamline refinance mortgages.
Source: U.S. Department of HUD/FHA, October 2025.

Table B-10: Data Table for Exhibit I-10: Borrower DTI Ratios for FHA Forward Purchase Mortgages, Cohort 2000-2025

Endorsement Fiscal Year	Share of FHA Endorsed Purchase Mortgages				
	<=36%	>36% to 43%	>43% to 50%	>50%	Average DTI (percent)
2000	39.28	35.76	19.20	5.76	37.59
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
2024	14.46	21.08	33.09	31.38	45.14
2025	15.44	21.10	32.34	31.12	44.91

Source: U.S. Department of HUD/FHA, October 2025.

Table B-10A: Data Table for Exhibit I-10: Borrower DTI Ratios for FHA Forward Purchase Mortgages (Counts), Cohort 2000-2025

Endorsement Fiscal Year	Forward Purchase Mortgage Counts			
	<=36%	>36% to 43%	>43% to 50%	>50%
2000	329,888	300,356	161,274	48,352
2001	317,104	274,909	164,344	50,461
2002	331,805	291,327	188,807	50,960
2003	251,095	219,575	155,112	32,857
2004	215,737	192,187	145,955	32,231
2005	133,396	115,458	83,756	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	236,330	195,744	215,601	129,751
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	225,141	217,094	201,309	109,843
2016	252,401	245,483	237,964	143,664
2017	222,930	225,812	254,242	179,093
2018	168,352	184,006	231,372	192,545
2019	150,041	172,877	221,663	198,697
2020	175,607	197,438	246,904	197,884
2021	174,813	204,094	266,659	200,677
2022	121,690	154,107	223,402	193,642
2023	84,193	122,628	193,851	181,054
2024	87,178	127,111	199,527	189,215
2025	100,197	136,885	209,808	201,873
Total	5,237,492	5,026,325	5,046,419	3,160,795

Source: U.S. Department of HUD/FHA, October 2025.

Table B-12: Data Table for Exhibit I-12: FHA Share of DTI Above 50 Percent, by Credit Score Bucket, September 2010-September 2025

Month/Year	Missing	<620	620-639	640-679	680-679	720+
SEP10	0.18%	0.33%	1.37%	3.66%	3.43%	4.37%
SEP11	0.08%	0.33%	0.95%	5.03%	4.15%	4.99%
SEP12	0.04%	0.08%	0.34%	3.18%	2.50%	2.84%
SEP13	0.03%	0.02%	0.46%	4.48%	3.56%	2.93%
SEP14	0.03%	0.01%	1.23%	5.58%	3.92%	2.71%
SEP15	0.03%	0.00%	1.43%	5.12%	3.98%	3.06%
SEP16	0.04%	0.01%	1.74%	5.49%	4.28%	3.02%
SEP17	0.04%	1.32%	2.56%	7.34%	5.34%	3.69%
SEP18	0.02%	2.48%	3.54%	9.31%	6.43%	3.91%
SEP19	0.02%	1.90%	3.12%	8.44%	5.68%	3.43%
SEP20	0.03%	0.57%	1.74%	6.65%	4.75%	3.03%
SEP21	0.04%	1.26%	2.95%	8.05%	4.38%	2.43%
SEP22	0.03%	3.05%	4.52%	11.65%	6.93%	3.78%
SEP23	0.01%	2.68%	3.47%	10.22%	7.88%	6.03%
SEP24	0.00%	2.69%	3.22%	8.79%	7.23%	6.49%
SEP25	0.00%	3.31%	3.16%	8.36%	6.82%	7.22%

Source: U.S. Department of HUD/FHA, October 2025.

Table B-13: Data Table for Exhibit I-13: Share of FHA Loans Containing Risk Layers, First Trump Administration, Cohort 2005-2025

Fiscal Year	Share of FHA Layers	Total Loan Count
2005	0.8%	512,327
2006	1.3%	425,491
2007	1.6%	424,724
2008	1.7%	1,087,394
2009	2.1%	1,831,998
2010	1.4%	1,667,609
2011	0.8%	1,197,809
2012	0.5%	1,184,740
2013	0.3%	1,344,846
2014	0.4%	786,352
2015	0.6%	1,116,230
2016	0.8%	1,258,048
2017	1.2%	1,246,434
2018	2.3%	1,014,601
2019	2.8%	990,425
2020	1.9%	1,333,151
2021	1.5%	1,432,864
2022	2.4%	982,194
2023	2.3%	732,318
2024	2.1%	766,932
2025	2.2%	876,502

Source: U.S. Department of HUD/FHA, October 2025.

Table B-14: Data Table for Exhibit I-14: Share of FHA Loans Containing Risk Layers, Second Trump Administration Methodology, Cohort 2005-2025

Fiscal Year	Share of FHA Layers	Total Loan Count
2005	16.7%	512,327
2006	15.8%	425,491
2007	16.8%	424,724
2008	13.5%	1,087,394
2009	8.7%	1,831,998
2010	6.2%	1,667,609
2011	4.0%	1,197,809
2012	3.9%	1,184,740
2013	2.6%	1,344,846
2014	4.3%	786,352
2015	5.6%	1,116,230
2016	6.3%	1,258,048
2017	8.0%	1,246,434
2018	10.5%	1,014,601
2019	11.6%	990,425
2020	9.1%	1,333,151
2021	8.5%	1,432,864
2022	10.0%	982,194
2023	8.9%	732,318
2024	8.1%	766,932
2025	8.4%	876,502

Source: U.S. Department of HUD/FHA, October 2025.

Table B-15: Data Table for Exhibit I-15: EPD for FHA Loans With and Without Risk Layers, Second Trump Administration, Cohort 2014-2025

Cohort	Without 3 Risk Layers	With 3 Risk Layers
2014	0.36%	1.21%
2015	0.34%	1.02%
2016	0.32%	1.12%
2017	0.68%	2.09%
2018	0.54%	1.69%
2019	0.62%	1.81%
2020	3.71%	7.70%
2021	1.49%	3.74%
2022	1.75%	4.75%
2023	1.52%	4.08%
2024	1.36%	4.17%
2025	1.15%	3.52%

Source: U.S. Department of HUD/FHA, October 2025.

Table B-16: Data Table for Exhibit I-16: Loss Rates for FHA Loans With and Without EPDs, Cohort 2014-2025

Cohort	Non-EPD Every 90s	EPDs
2014	9.64%	18.66%
2015	8.28%	16.47%
2016	7.63%	15.88%
2017	7.68%	11.16%
2018	7.96%	14.70%
2019	8.00%	13.63%
2020	7.77%	9.36%
2021	7.16%	12.70%
2022	7.64%	13.83%
2023	8.30%	14.18%
2024	5.08%	8.68%
2025	0.99%	2.75%

Source: U.S. Department of HUD/FHA, October 2025.

Table B-17: Data Table for Exhibit I-17: Loss Rates for FHA Loans With and Without Risk Layers, Second Trump Administration Methodology, Cohort 2014-2025

Cohort	Without Risk Layers	With Risk Layers
2014	1.26%	2.89%
2015	1.25%	3.08%
2016	1.34%	3.39%
2017	1.46%	3.74%
2018	1.58%	3.77%
2019	1.58%	3.70%
2020	1.54%	3.76%
2021	1.36%	3.43%
2022	1.69%	3.93%
2023	1.42%	3.30%
2024	0.43%	1.16%
2025	0.04%	0.15%

Source: U.S. Department of HUD/FHA, October 2025.

Table B-18: Exhibit I-18: FHA Forward Purchase Activity by Type of Down Payment Assistance, Cohort 2010-2025

Endorsement Fiscal Year	Share of Forward Purchase Mortgages (percent)			
	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	60.46
2024	16.91	21.58	1.34	60.16
2025	17.74	23.16	1.41	57.69

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 2025.

Table B-18A: Exhibit I-18: FHA Forward Purchase Activity by Type of Down Payment Assistance (Counts), Cohort 2010-2025

Endorsement Fiscal Year	Forward Purchase Mortgage Counts			
	Government	Eligible Family Member	Non-Government/ Non-Relative	No DPA
2010	58,429	273,362	7,596	770,195
2011	54,876	171,111	3,599	547,840
2012	57,231	162,839	2,935	510,859
2013	49,888	157,818	2,839	491,870
2014	49,800	152,115	3,921	389,162
2015	74,437	195,202	11,566	472,182
2016	90,311	231,542	16,348	541,311
2017	93,118	230,231	14,983	543,745
2018	88,471	203,064	9,610	475,130
2019	95,990	188,849	7,587	450,852
2020	126,204	191,667	7,623	492,339
2021	127,719	197,147	8,222	513,155
2022	94,562	175,706	7,784	414,789
2023	87,161	136,147	6,691	351,727
2024	101,974	130,156	8,100	362,801
2025	115,061	150,273	9,152	374,277
Total	1,365,232	2,947,229	128,556	7,702,234

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 2025.

Table B-19: Data Table for Exhibit I-19: Lender Type for FHA Forward Endorsement Activity, Cohort 2000-2025

Endorsement Fiscal Year	Share of Forward Mortgages (percent)		
	Depository	Non-Depository	Other
2000	27.98	70.57	1.45
2001	29.01	69.61	1.38
2002	28.83	70.09	1.08
2003	25.46	73.53	1.01
2004	30.57	68.59	0.85
2005	32.79	66.07	1.13
2006	33.66	65.29	1.04
2007	31.12	68.45	0.43
2008	39.94	59.91	0.15
2009	40.47	59.38	0.15
2010	43.48	56.37	0.15
2011	41.26	58.65	0.09
2012	35.72	64.23	0.05
2013	35.83	64.11	0.07
2014	28.59	71.32	0.09
2015	21.19	78.73	0.07
2016	17.70	82.22	0.08
2017	15.48	84.44	0.08
2018	14.91	84.99	0.10
2019	13.92	85.99	0.09
2020	10.69	89.23	0.08
2021	9.22	90.71	0.07
2022	10.80	89.13	0.07
2023	11.51	88.39	0.09
2024	10.89	89.02	0.08
2025	9.81	90.12	0.06

Source: U.S. Department of HUD/FHA, October 2025. This includes all endorsements, including streamline refinances.

Table B-19A: Data Table for Exhibit I-19: Lender Type for FHA Forward Endorsement Activity (Counts), Cohort 2000-2025

Endorsement Fiscal Year	Forward Mortgage Counts		
	Depository	Non-Depository	Other
2000	255,524	644,361	13,214
2001	307,092	736,928	14,647
2002	367,340	893,068	13,735
2003	336,065	970,348	13,315
2004	293,572	658,744	8,118
2005	168,005	338,513	5,809
2006	143,237	277,807	4,443
2007	132,176	290,738	1,810
2008	434,272	651,467	1,655
2009	741,396	1,087,930	2,672
2010	725,017	940,112	2,480
2011	494,266	702,459	1,084
2012	423,194	760,904	642
2013	481,798	862,168	880
2014	224,827	560,787	738
2015	236,550	878,856	824
2016	222,708	1,034,381	959
2017	192,927	1,052,525	982
2018	151,294	862,261	1,046
2019	137,860	851,654	911
2020	142,494	1,189,567	1,090
2021	132,160	1,299,723	981
2022	106,067	875,393	734
2023	84,308	647,324	686
2024	83,547	682,742	643
2025	86,025	789,919	557
Total	7,103,721	20,540,679	94,655

Source: U.S. Department of HUD/FHA, October 2025.

Table B-20: Data Table for Exhibit I-20: FY 2025 FHA Forward Endorsement Concentration by State, Cohort 2025

State	Share of Forward Mortgages by Endorsement FY		State	Share of Forward Mortgages by Endorsement FY	
	2024	2025		2024	2025
Alabama	2.28%	2.29%	Montana	0.24%	0.25%
Alaska	0.15%	0.16%	Nebraska	0.49%	0.52%
Arizona	3.40%	3.51%	Nevada	1.43%	1.44%
Arkansas	1.19%	1.15%	New Hampshire	0.25%	0.28%
California	6.55%	6.70%	New Jersey	2.10%	2.03%
Colorado	1.94%	2.04%	New Mexico	0.80%	0.79%
Connecticut	0.75%	0.72%	New York	1.95%	1.73%
Delaware	0.42%	0.43%	North Carolina	3.72%	3.81%
District Of Columbia	0.05%	0.05%	North Dakota	0.21%	0.19%
Florida	10.38%	9.78%	Ohio	3.71%	3.72%
Georgia	5.09%	4.98%	Oklahoma	1.49%	1.52%
Guam	0.01%	0.00%	Oregon	1.02%	1.08%
Hawaii	0.08%	0.08%	Pennsylvania	2.97%	2.89%
Idaho	0.66%	0.75%	Puerto Rico	0.69%	0.69%
Illinois	2.77%	2.75%	Rhode Island	0.37%	0.33%
Indiana	2.84%	2.92%	South Carolina	2.55%	2.67%
Iowa	0.69%	0.66%	South Dakota	0.24%	0.24%
Kansas	0.74%	0.76%	Tennessee	2.98%	3.02%
Kentucky	1.65%	1.60%	Texas	11.95%	12.02%
Louisiana	1.60%	1.56%	U.S. Virgin Islands	0.00%	0.00%
Maine	0.32%	0.35%	Utah	1.36%	1.39%
Maryland	2.05%	2.07%	Vermont	0.07%	0.07%
Massachusetts	0.99%	1.05%	Virginia	2.54%	2.60%
Michigan	2.55%	2.54%	Washington	1.67%	1.77%
Minnesota	1.11%	1.10%	West Virginia	0.60%	0.56%
Mississippi	1.11%	1.07%	Wisconsin	0.92%	0.96%
Missouri	2.05%	2.10%	Wyoming	0.26%	0.27%

Source: U.S. Department of HUD/FHA, October 2025.

Table B-20A: Data Table for Exhibit I-20: FY 2025 FHA Forward Endorsement Concentration by State (Counts), Cohort 2025

State	Forward Mortgage Counts by Endorsement FY		State	Forward Mortgage Counts by Endorsement FY	
	2024	2025		2024	2025
Alabama	17,490	20,047	Montana	1,824	2,172
Alaska	1,132	1,376	Nebraska	3,784	4,515
Arizona	26,064	30,796	Nevada	10,998	12,645
Arkansas	9,091	10,071	New Hampshire	1,922	2,475
California	50,204	58,709	New Jersey	16,072	17,827
Colorado	14,907	17,917	New Mexico	6,113	6,912
Connecticut	5,715	6,314	New York	14,965	15,123
Delaware	3,195	3,763	North Carolina	28,524	33,403
District Of Columbia	377	464	North Dakota	1,595	1,650
Florida	79,574	85,688	Ohio	28,423	32,576
Georgia	39,074	43,643	Oklahoma	11,438	13,303
Guam	53	37	Oregon	7,839	9,480
Hawaii	582	666	Pennsylvania	22,766	25,315
Idaho	5,024	6,604	Puerto Rico	5,321	6,008
Illinois	21,263	24,147	Rhode Island	2,857	2,926
Indiana	21,770	25,559	South Carolina	19,530	23,414
Iowa	5,310	5,792	South Dakota	1,878	2,133
Kansas	5,680	6,693	Tennessee	22,841	26,509
Kentucky	12,648	13,991	Texas	91,650	105,344
Louisiana	12,260	13,698	U.S. Virgin Islands	16	14
Maine	2,472	3,056	Utah	10,435	12,226
Maryland	15,746	18,151	Vermont	545	651
Massachusetts	7,626	9,185	Virginia	19,508	22,821
Michigan	19,534	22,264	Washington	12,829	15,494
Minnesota	8,551	9,605	West Virginia	4,618	4,882
Mississippi	8,517	9,358	Wisconsin	7,064	8,373
Missouri	15,696	18,389	Wyoming	2,022	2,327

Source: U.S. Department of HUD/FHA, October 2025.

Table B-21: Data Table for Exhibit I-21: Historical Serious Delinquency Rates for FHA Forward Mortgages, Cohort September 2015-September 2025

Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)	Calendar Month/Year	Rate (percent)
Sep-15	5.83	Jan-19	4.11	May-22	4.99	Sep-25	4.53
Oct-15	5.75	Feb-19	4.06	Jun-22	4.87		
Nov-15	5.80	Mar-19	3.84	Jul-22	4.83		
Dec-15	5.75	Apr-19	3.72	Aug-22	4.68		
Jan-16	5.77	May-19	3.65	Sep-22	4.63		
Feb-16	5.48	Jun-19	3.75	Oct-22	4.64		
Mar-16	5.24	Jul-19	3.74	Nov-22	4.67		
Apr-16	5.12	Aug-19	3.78	Dec-22	4.80		
May-16	5.04	Sep-19	3.87	Jan-23	4.75		
Jun-16	4.99	Oct-19	3.88	Feb-23	4.71		
Jul-16	4.94	Nov-19	4.04	Mar-23	4.36		
Aug-16	4.91	Dec-19	4.32	Apr-23	4.25		
Sep-16	4.89	Jan-20	4.07	May-23	4.12		
Oct-16	4.87	Feb-20	4.00	Jun-23	4.03		
Nov-16	4.91	Mar-20	3.85	Jul-23	3.99		
Dec-16	4.97	Apr-20	3.80	Aug-23	3.78		
Jan-17	4.93	May-20	4.65	Sep-23	3.77		
Feb-17	4.77	Jun-20	8.62	Oct-23	3.41		
Mar-17	4.48	Jul-20	10.29	Nov-23	3.80		
Apr-17	4.44	Aug-20	10.90	Dec-23	3.92		
May-17	4.32	Sep-20	11.24	Jan-24	3.95		
Jun-17	4.24	Oct-20	11.44	Feb-24	3.85		
Jul-17	4.17	Nov-20	11.61	Mar-24	3.61		
Aug-17	4.19	Dec-20	11.57	Apr-24	3.46		
Sep-17	4.29	Jan-21	11.52	May-24	3.37		
Oct-17	4.37	Feb-21	11.13	Jun-24	3.56		
Nov-17	4.77	Mar-21	11.29	Jul-24	3.67		
Dec-17	5.12	Apr-21	10.77	Aug-24	3.82		
Jan-18	5.11	May-21	10.33	Sep-24	4.00		
Feb-18	4.99	Jun-21	9.82	Oct-24	4.04		
Mar-18	4.59	Jul-21	9.42	Nov-24	4.22		
Apr-18	4.48	Aug-21	8.97	Dec-24	4.52		
May-18	4.29	Sep-21	8.52	Jan-25	4.60		
Jun-18	4.22	Oct-21	8.07	Feb-25	4.61		
Jul-18	4.01	Nov-21	7.58	Mar-25	4.36		
Aug-18	4.03	Dec-21	6.79	Apr-25	4.18		
Sep-18	4.09	Jan-22	6.49	May-25	4.15		
Oct-18	4.01	Feb-22	6.29	Jun-25	4.17		
Nov-18	4.02	Mar-22	5.81	Jul-25	4.26		
Dec-18	4.05	Apr-22	5.07	Aug-25	4.44		

Source: U.S. Department of HUD/FHA, October 2025.

Table B-22: Data Table for Exhibit I-22: FHA Forward Mortgage EPD Rates by Mortgage Purpose, Cohort 2000-2025

Endorsement Fiscal Year	Early Payment Default Rate (percent)		
	Purchase	Refinance	All
2000	0.14	0.10	0.13
2001	0.82	0.73	0.80
2002	1.07	0.73	0.96
2003	1.01	0.65	0.83
2004	1.14	0.86	1.03
2005	1.52	1.33	1.46
2006	1.52	1.18	1.43
2007	2.37	1.71	2.14
2008	2.00	2.26	2.11
2009	0.83	1.58	1.17
2010	0.37	0.64	0.46
2011	0.39	0.36	0.38
2012	0.37	0.30	0.34
2013	0.30	0.22	0.26
2014	0.41	0.33	0.39
2015	0.41	0.29	0.37
2016	0.40	0.29	0.37
2017	0.86	0.49	0.76
2018	0.74	0.40	0.66
2019	0.87	0.44	0.76
2020	4.29	4.84	4.50
2021	1.92	1.03	1.55
2022	2.37	1.11	2.00
2023	1.89	1.19	1.74
2024	1.67	1.32	1.60
2025[1]	1.43	1.16	1.35

Source: U.S. Department of HUD/FHA, October 2025.
Data through February 2025 endorsement dates.

Table B-23: Data Table for Exhibit I-23: FHA Forward Loss Severity and Disposition Count by Type, Cohort 2015-2025

Fiscal Year	Insurance in Force (count)	FHA Disposition Counts by Type				Loss Severity Rate (percent)
		REO	Note Sales/Distressed Asset Sales Program	Third Party Sales	Pre-Foreclosure Sales	
2015	7,742,143	60,759	19,975	22,051	13,968	51.61
2016	7,838,495	58,291	12,243	33,173	12,668	54.08
2017	7,982,070	44,158	5,549	44,867	8,703	50.30
2018	8,048,639	26,318	68	48,375	6,000	45.55
2019	8,107,806	16,569	131	40,678	4,529	41.45
2020	7,988,354	16,717	47	24,682	3,573	39.78
2021	7,498,614	5,693	68	11,885	3,125	36.85
2022	7,263,194	2,825	9	12,801	1,487	27.57
2023	7,509,540	3,484	9	14,086	925	25.22
2024	7,808,911	4,035	29	15,061	1,132	25.02
2025	8,147,743	3,547	0	11,909	1,510	27.47
Total		242,396	38,128	279,568	57,620	

Source: U.S. Department of HUD/FHA, October 2025.

Table B-24: Data Table for Exhibit I-24: Annual FHA Forward Dispositions as Shares of IIF Count and UPB, Cohort 2015-2025

Fiscal Year	Forward Mortgage Counts		Disposition Share of IIF Count (percent)	Mortgage Disposition UPB ($ billions)	Active Mortgages ($ billions, End-of-FY)	Disposition Share of IIF UPB (percent)
	Mortgage Dispositions	Active Mortgages (End-of-FY)				
2015	116,753	7,742,143	1.51	15.86	1,072.82	1.48
2016	116,375	7,838,495	1.48	15.35	1,106.28	1.39
2017	103,277	7,982,070	1.29	13.39	1,158.84	1.16
2018	80,761	8,048,639	1.00	10.37	1,196.30	0.87
2019	61,907	8,107,806	0.76	8.17	1,228.03	0.67
2020	45,019	7,988,354	0.56	6.04	1,235.41	0.49
2021	20,771	7,498,614	0.28	2.73	1,191.28	0.23
2022	17,122	7,263,194	0.24	2.05	1,210.88	0.17
2023	18,504	7,509,540	0.25	2.22	1,318.56	0.17
2024	20,257	7,808,911	0.26	2.80	1,443.20	0.19
2025	16,966	8,147,743	0.21	2.76	1,584.41	0.17

Note: Data includes funds outside of MMI Fund and outbids.
Source: U.S. Department of HUD/FHA, October 2025. FY 2025 may have de minimis adjustments due to late reporting of disposition sales.

Table B-25: Data Table for Exhibit I-25: Current HECM Portfolio by Year of Endorsement as of End of FY 2025, Cohort 2009-2025

Endorsement Fiscal Year	Active HECM	Maximum Claim Amount ($ billions)	Current Principal Limit ($ billions)	Insurance in Force ($ billions)	Annual Home Price Appreciation	Interest Rates (%)
2009	5,400	1.36	1.88	1.67	-4.29%	5.27%
2010	3,035	0.88	1.23	1.10	-4.90%	4.82%
2011	3,022	0.84	1.13	0.94	-3.49%	4.56%
2012	2,399	0.65	0.91	0.75	-1.27%	3.82%
2013	3,000	0.78	1.03	0.84	2.81%	3.74%
2014	5,774	1.51	1.61	1.26	4.77%	4.26%
2015	8,452	2.35	2.46	1.91	5.15%	3.86%
2016	8,907	2.64	2.74	2.05	5.11%	3.67%
2017	14,281	4.42	4.36	3.39	5.41%	3.97%
2018	16,744	5.31	4.43	3.58	5.66%	4.33%
2019	12,071	4.01	2.83	2.31	4.59%	4.21%
2020	20,270	7.70	5.79	4.80	4.86%	3.35%
2021	32,155	13.94	10.40	8.88	10.78%	2.88%
2022	53,574	26.75	18.74	16.01	18.43%	4.45%
2023	27,595	13.45	7.60	5.96	6.65%	6.65%
2024	23,754	11.91	5.88	4.33	5.69%	6.89%
2025	27,527	14.61	6.87	4.50	4.39%	6.71%
Total	267,960	113.12	79.90	64.26		

Source: U.S. Department of HUD/FHA, October 2025.

Table B-26: Data Table for Exhibit I-26: FHA HECM Endorsement Activity, Cohort 2009-2025

Endorsement Fiscal Year	Mortgage Counts by Product Type		Mortgage Counts by Purpose Type			All Mortgage Counts	MCA ($ billions)
	Adjustable Rate	Fixed Rate	Purchase	Refinance	Traditional		
2009	101,114	13,311	559	8,973	104,893	114,425	30.07
2010	24,586	54,471	1,389	4,835	72,833	79,057	21.07
2011	23,372	49,740	1,538	2,737	68,837	73,112	18.21
2012	16,766	38,046	1,627	1,444	51,741	54,812	13.16
2013	23,594	36,329	2,091	1,835	55,997	59,923	14.68
2014	41,978	9,638	1,825	2,406	47,385	51,616	13.52
2015	48,857	9,132	2,411	5,571	50,007	57,989	16.13
2016	43,667	5,201	2,367	5,398	41,103	48,868	14.66
2017	49,574	5,716	2,634	8,016	44,640	55,290	17.69
2018	43,428	4,901	2,615	5,860	39,854	48,329	16.19
2019	29,382	1,890	2,295	1,679	27,298	31,272	10.86
2020	41,037	798	2,472	8,614	30,749	41,835	16.29
2021	45,647	3,549	2,228	20,661	26,307	49,196	21.35
2022	61,622	2,850	2,236	29,004	33,232	64,472	32.12
2023	32,670	304	2,034	4,017	26,923	32,974	16.17
2024	26,451	51	1,686	2,074	22,742	26,502	13.36
2025	28,107	42	1,540	3,065	23,544	28,149	14.96
Total	681,852	235,969	33,547	116,189	768,085	917,821	300

Source: U.S. Department of HUD/FHA, October 2025.

Table B-27: Data Table for Exhibit I-27: FHA HECMs by Payment Plan Option, Cohort 2009-2025

Endorsement Fiscal Year	Share of Total MCA (percent)					
	Term	Line of Credit	Tenure	Term & Line of Credit	Tenure & Line of Credit	Lump Sum
2009	0.85	90.54	1.66	4.44	2.52	0.00
2010	0.54	92.57	1.04	3.67	2.18	0.00
2011	0.46	92.96	1.04	3.58	1.96	0.00
2012	0.32	93.57	0.94	3.31	1.86	0.00
2013	0.45	93.79	0.98	3.09	1.68	0.00
2014	0.71	92.12	1.58	3.59	1.99	0.02
2015	0.55	92.26	1.13	3.38	2.14	0.53
2016	0.58	88.30	1.08	3.35	1.99	4.69
2017	0.54	86.04	0.92	3.13	2.02	7.35
2018	0.52	86.15	0.74	3.04	1.93	7.61
2019	0.51	88.71	0.78	2.89	1.59	5.51
2020	0.45	93.44	0.42	2.61	1.23	1.86
2021	0.41	89.14	0.33	2.34	0.95	6.83
2022	0.38	92.57	0.53	2.32	1.05	3.16
2023	0.51	93.13	0.72	3.19	1.75	0.71
2024	0.55	93.33	0.94	3.17	1.87	0.13
2025	0.91	93.76	0.79	2.74	2.05	0.09

Source: U.S. Department of HUD/FHA, October 2025.

Table B-28: Data Table for Exhibit I-28: Average MCA for FHA-Endorsed HECMs, Cohort 2009-2025

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	18,214,511,353
2012	54,812	240,138	13,162,427,359
2013	59,923	245,002	14,681,241,541
2014	51,616	261,948	13,520,722,585
2015	57,989	278,144	16,129,272,170
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	16,289,502,411
2021	49,196	433,995	21,350,841,053
2022	64,472	498,195	32,119,647,772
2023	32,974	490,417	16,170,995,481
2024	26,502	504,016	13,357,433,837
2025	28,149	531,350	14,956,977,291
Total	917,821		300,501,281,030

Source: U.S. Department of HUD/FHA, October 2025.

Table B-29: Data Table for Exhibit I-29: Composition of FHA HECM Borrowers, Cohort 2009-2025

Endorsement Fiscal Year	Total Endorsement Counts			
	Singular Male Borrower	Singular Female Borrower	Multiple Borrowers	Not Disclosed
2009	24,809	46,826	42,335	455
2010	16,952	33,100	28,214	791
2011	15,235	29,417	27,575	885
2012	11,611	21,449	20,934	818
2013	12,591	22,441	23,966	925
2014	10,552	19,907	20,405	752
2015	12,635	22,319	22,742	293
2016	10,553	17,982	20,206	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	10,100	17,573	20,046	1,477
2022	12,565	22,713	27,332	1,862
2023	6,866	12,992	11,624	1,492
2024	5,735	10,891	8,837	1,039
2025	6,366	11,579	9,442	762
Total	192,933	354,020	356,387	14,481

Source: U.S. Department of HUD/FHA, October 2025.

Table B-30: Data Table for Exhibit I-30: Racial Composition of FHA HECM Borrowers, Cohort 2009-2025

Endorsement Fiscal Year	Racial Composition (count)					
	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	2,253
2014	168	833	5,629	3,478	39,827	1,681
2015	203	948	6,122	3,835	45,202	1,679
2016	160	723	4,174	2,949	39,261	1,601
2017	159	746	4,487	3,126	43,695	3,077
2018	140	607	3,272	2,360	35,786	6,164
2019	93	390	2,037	1,625	22,349	4,778
2020	95	592	2,702	2,438	31,008	5,000
2021	130	704	3,092	2,756	35,318	7,196
2022	160	680	3,888	3,341	45,851	10,552
2023	90	283	2,165	1,621	21,563	7,252
2024	68	205	1,827	1,204	17,492	5,706
2025	71	383	1,926	1,284	18,846	5,639
Total	2,793	12,459	94,127	59,592	675,137	73,713

Source: U.S. Department of HUD/FHA, October 2025.

Table B-31: Data Table for Exhibit I-31: Average Borrower Age at Endorsement of FHA HECMs, Cohort 2009-2025

Endorsement Fiscal Year	HECMs Endorsed (count)	Average Borrower Age (year)
2009	114,425	73.03
2010	79,057	72.97
2011	73,112	72.30
2012	54,812	72.06
2013	59,923	71.77
2014	51,616	71.97
2015	57,989	72.35
2016	48,868	73.01
2017	55,290	73.16
2018	48,329	73.34
2019	31,272	73.59
2020	41,835	73.51
2021	49,196	73.95
2022	64,472	74.29
2023	32,974	74.84
2024	26,502	75.23
2025	28,149	75.31

Source: U.S. Department of HUD/FHA, October 2025.

Table B-32: Data Table for Exhibit I-32: FHA HECM Endorsement Activity by Mortgage Purpose, Cohort 2009-2025

Endorsement Fiscal Year	Share of Total MCA (percent)		
	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	48.91	47.89
2023	6.08	13.71	80.21
2024	6.15	8.87	84.98
2025	5.02	12.26	82.72

Source: U.S. Department of HUD/FHA, October 2025.

Table B-33: Data Table for Exhibit I-33: FHA HECM Endorsement Activity by Mortgage Rate Type, Cohort 2009-2025

Endorsement Fiscal Year	Share of Total MCA (percent)		
	Annual Adjustable-Rate Mortgage	Monthly Adjustable-Rate Mortgage	Fixed Rate Mortgage
2009	0.83	86.37	12.80
2010	0.03	35.09	64.89
2011	0.01	36.96	63.03
2012	0.01	34.85	65.14
2013	0.00	41.66	58.34
2014	2.63	78.10	19.26
2015	44.46	39.25	16.29
2016	76.70	12.45	10.84
2017	85.84	3.43	10.73
2018	87.67	1.33	11.00
2019	93.13	0.23	6.64
2020	97.48	0.10	2.42
2021	30.84	60.62	8.54
2022	0.84	94.25	4.91
2023	0.10	98.89	1.01
2024	0.07	99.73	0.20
2025	0.07	99.79	0.14

Source: U.S. Department of HUD/FHA, October 2025.

Table B-34: Data Table for Exhibits I-34: Average Principal Limit of FHA HECMs, Cohort 2009-2025

Endorsement Fiscal Year	HECMs Endorsed (count)	Average Principal Limit as a Share of MCA
2009	114,425	70.22%
2010	79,057	66.03%
2011	73,112	64.80%
2012	54,812	66.14%
2013	59,923	66.02%
2014	51,616	59.09%
2015	57,989	59.27%
2016	48,868	60.02%
2017	55,290	59.94%
2018	48,329	55.26%
2019	31,272	52.00%
2020	41,835	57.56%
2021	49,196	58.62%
2022	64,472	55.82%
2023	32,974	46.94%
2024	26,502	44.36%
2025	28,149	45.17%

Source: U.S. Department of HUD/FHA, October 2025.

Table B-35: Data Table for Exhibits I-35: Average Initial Cash Draws of FHA-Endorsed HECMs, Cohort 2009-2025

Endorsement Fiscal Year	HECMs Endorsed (count)	Average 1st Month Cash Draw as a Share of Principal Limit
2009	114,425	67.90%
2010	79,057	76.18%
2011	73,112	76.52%
2012	54,812	77.84%
2013	59,923	79.93%
2014	51,616	66.72%
2015	57,989	64.23%
2016	48,868	62.77%
2017	55,290	64.23%
2018	48,329	63.63%
2019	31,272	63.10%
2020	41,835	68.02%
2021	49,196	72.45%
2022	64,472	72.02%
2023	32,974	60.78%
2024	26,502	59.17%
2025	28,149	59.56%

Source: U.S. Department of HUD/FHA, October 2025.

Table B-36: Data Table for Exhibit I-36: Top 5 States with the Highest Shares of HECM MCAs, Cohort 2009-2025

Endorsement Fiscal Year	Share of Total MCA (percent)					
	California	Florida	Colorado	Arizona	Washington	Other States
2009	20.89	11.41	1.94	3.09	3.40	59.27
2010	23.11	7.31	1.95	1.94	3.60	62.09
2011	22.52	5.51	2.18	1.78	2.89	65.11
2012	21.09	5.27	2.16	1.60	2.75	67.13
2013	23.73	5.69	2.32	2.25	2.68	63.33
2014	28.83	6.03	2.48	2.67	2.37	57.62
2015	31.92	7.24	2.59	2.83	2.61	52.81
2016	32.87	7.54	4.09	3.12	3.13	49.25
2017	34.86	7.25	5.94	3.17	3.88	44.89
2018	33.17	6.79	6.67	3.47	5.24	44.66
2019	31.26	6.92	6.90	4.11	4.87	45.94
2020	35.39	6.45	7.83	4.95	5.46	39.92
2021	36.03	6.19	7.52	6.20	6.46	37.60
2022	31.89	7.31	7.52	8.05	5.98	39.25
2023	27.12	9.65	5.92	6.17	5.02	46.12
2024	26.87	9.93	5.20	5.08	4.86	48.06
2025	27.34	8.43	5.03	4.53	5.05	49.63

Source: U.S. Department of HUD/FHA, October 2025.

Table B-37: Data Table for Exhibit I-37: FHA HECM Claims by Claim Type, Cohort 2009-2025

Claim Fiscal Year	Claim Amount Paid ($)			
	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	1,274,019	713,246,596
2014	224,709,170	676,797,426	644,761	902,151,357
2015	755,540,357	1,734,780,373	8,884,319	2,499,205,048
2016	636,745,200	3,529,360,512	47,313,221	4,213,418,933
2017	676,564,968	4,325,602,086	27,628,098	5,029,795,151
2018	612,273,102	5,502,089,113	34,182,468	6,148,544,683
2019	591,073,714	8,930,501,213	35,470,645	9,557,045,572
2020	468,935,669	5,728,949,124	28,786,484	6,226,671,278
2021	210,727,402	2,764,261,459	13,954,911	2,988,943,772
2022	183,944,711	1,909,954,869	10,309,283	2,104,208,863
2023	302,315,664	5,377,196,435	28,926,494	5,708,438,593
2024	267,405,544	5,170,459,688	35,460,990	5,473,326,222
2025	219,679,999	5,785,233,167	22,093,971	6,027,007,137
Total	4,925,206,330	50,758,388,038	293,010,883	55,976,605,251

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: U.S. Department of HUD/FHA, October 2025.

Appendix C:
Data Tables for Chapter II

Table C-2: Data Table for Exhibit II-2: MMI Fund Capital Ratio Components FY 2013 to FY 2025

Fiscal Year	MMI Fund Capital Ratio
FY 2013	-0.11%
FY 2014	0.41%
FY 2015	2.10%
FY 2016	2.35%
FY 2017	2.18%
FY 2018	2.76%
FY 2019	4.84%
FY 2020	6.10%
FY 2021	8.03%
FY 2022	11.11%
FY 2023	10.51%
FY 2024	11.47%
FY 2025	11.47%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-3: Data Table for Exhibit II-3: MMI Fund Capital Ratio Components FY 2016 to FY 2025

FY	Total Capital Resources (% of IIF)	Cash Flow NPV (% of IIF)	Capital Ratio
FY 2015	2.72%	-0.62%	2.10%
FY 2016	3.02%	-0.67%	2.35%
FY 2017	3.33%	-1.15%	2.18%
FY 2018	3.89%	-1.14%	2.76%
FY 2019	4.50%	0.34%	4.84%
FY 2020	5.46%	0.64%	6.10%
FY 2021	6.68%	1.35%	8.03%
FY 2022	7.72%	3.39%	11.11%
FY 2023	7.99%	2.51%	10.51%
FY 2024	8.29%	3.18%	11.47%
FY 2025	8.48%	2.99%	11.47%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-5: Data Table for Exhibit II-5: Forward and HECM Stand-Alone Capital Ratios – FY 2016 through FY 2025

Fiscal Year	Forward Stand-Alone	HECM Stand-Alone
2015	2.00%	1.17%
2016	3.11%	-11.81%
2017	3.33%	-18.30%
2018	3.93%	-18.83%
2019	5.44%	-9.22%
2020	6.31%	-0.79%
2021	7.99%	6.08%
2022	10.47%	22.77%
2023	10.20%	16.72%
2024	10.88%	24.50%
2025	10.95%	24.06%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-8: Data Table for Exhibit II-8: Unpaid Principal Balance by Cohort, Cohort 2010 & Prior to 2025

FY	Active UPB
2010 & Prior *	68,319,043,544
2011	17,907,268,661
2012	23,842,497,992
2013	36,960,435,275
2014	14,143,894,205
2015	28,913,912,554
2016	45,145,049,508
2017	53,993,367,192
2018	46,109,045,468
2019	50,700,402,963
2020	120,217,048,708
2021	227,594,842,543
2022	207,286,855,255
2023	172,775,013,439
2024	198,993,207,070
2025	270,044,558,366

Source: U.S. Department of HUD/FHA, October 2025.

Table C-9: Data Table for Exhibit II-9: Distribution of Current Loan Status by Cohort, Cohort 1975-2025

Cohort Year	Active and Current	Active and Seriously Delinquent	Prepay or Matured	Claim	Cohort Year	Active and Current	Active and Seriously Delinquent	Prepay or Matured	Claim
1975	0	0	196,683	11,854	**2001**	1,459	28,210	952,665	85,921
1976	0	0	216,309	11,595	**2002**	1,794	40,698	984,811	91,251
1977	0	0	250,145	12,591	**2003**	2,358	56,523	807,125	92,047
1978	1	0	288,033	21,509	**2004**	3,223	71,148	700,973	117,079
1979	5	1	359,413	44,301	**2005**	2,697	51,611	330,844	93,201
1980	8	0	262,158	50,316	**2006**	2,394	42,061	259,872	95,579
1981	2	1	141,068	37,837	**2007**	2,691	40,708	251,051	107,894
1982	2	1	139,850	31,725	**2008**	6,148	91,091	706,847	227,497
1983	26	2	441,884	81,009	**2009**	8,526	183,528	1,408,583	230,682
1984	16	0	208,189	49,003	**2010**	8,342	218,675	1,320,690	119,204
1985	52	6	346,549	68,646	**2011**	5,748	178,527	962,705	49,691
1986	329	41	774,182	107,081	**2012**	6,184	233,025	913,738	31,553
1987	576	77	1,067,051	116,435	**2013**	7,290	335,493	972,137	29,925
1988	451	48	593,521	67,778	**2014**	5,985	137,231	625,130	18,005
1989	503	50	546,656	59,656	**2015**	10,244	231,194	856,121	18,671
1990	578	56	658,646	59,476	**2016**	14,503	326,328	899,880	17,336
1991	686	73	576,484	44,979	**2017**	17,978	357,379	856,794	14,282
1992	769	75	574,797	36,808	**2018**	19,979	282,394	701,984	10,244
1993	1,400	125	912,144	52,349	**2019**	22,948	281,689	679,302	6,486
1994	2,357	195	1,038,513	66,019	**2020**	30,490	590,274	708,262	4,124
1995	1,971	190	459,590	44,753	**2021**	47,230	1,008,869	372,414	4,350
1996	8,946	535	687,421	63,626	**2022**	54,794	787,696	134,609	5,095
1997	12,541	607	679,019	60,071	**2023**	41,873	582,707	105,180	2,558
1998	20,384	940	907,769	67,817	**2024**	28,851	644,535	93,059	487
1999	27,316	1,224	1,017,634	84,691	**2025**	8,927	857,668	9,788	6
2000	16,427	950	718,074	71,685					

Source: U.S. Department of HUD/FHA, October 2025.

Table C-11: Data Table for Exhibit II-11: Cumulative HPA by Cohort, Cohort 2010 & Prior to 2025

Cohort	Average HPA	Active UPB
2010 & Prior *	152%	68,319,043,544
2011	153%	17,907,268,661
2012	149%	23,842,497,992
2013	132%	36,960,435,275
2014	117%	14,143,894,205
2015	105%	28,913,912,554
2016	95%	45,145,049,508
2017	83%	53,993,367,192
2018	73%	46,109,045,468
2019	64%	50,700,402,963
2020	53%	120,217,048,708
2021	34%	227,594,842,543
2022	16%	207,286,855,255
2023	9%	172,775,013,439
2024	3%	198,993,207,070
2025	1%	270,044,558,366

Source: U.S. Department of HUD/FHA, October 2025.

Table C-12: Data Table for Exhibit II-12: Average Premium Rate by Cohort, Cohort 2012 & Prior to 2025

FY	Average Annual Premium Rate	Active UPB
2012 & Prior*	0.0%	110,068,810,197
2013	1.1%	36,960,435,275
2014	1.2%	14,143,894,205
2015	0.9%	28,913,912,554
2016	0.8%	45,145,049,508
2017	0.8%	53,993,367,192
2018	0.8%	46,109,045,468
2019	0.8%	50,700,402,963
2020	0.8%	120,217,048,708
2021	0.8%	227,594,842,543
2022	0.8%	207,286,855,255
2023	0.7%	172,775,013,439
2024	0.5%	198,993,207,070
2025	0.5%	270,044,558,366

Source: U.S. Department of HUD/FHA, October 2025.

Table C-13: Data Table for Exhibit II-13: Ultimate Claim and Home Retention Rates by Cohort, Cohort 2010 & Prior to 2025

FY	Ultimate Claim Rate	Ultimate Home Retention Rate
2010 & Prior*	13%	9%
2011	4%	9%
2012	3%	9%
2013	2%	9%
2014	3%	10%
2015	2%	12%
2016	2%	14%
2017	2%	17%
2018	2%	19%
2019	2%	21%
2020	2%	21%
2021	4%	20%
2022	7%	25%
2023	7%	22%
2024	6%	16%
2025	6%	12%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-14: Data Table for Exhibit II-14: NPV of Cash Flows by Cohort, Cohort 2010 & Prior to 2025

FY	NPV Premium	NPV Claims + Loss Mitigation	NPV Net Cash Flow
2010 & Prior*	21,077	11,770,872	11,791,950
2011	5,087	(3,984,783)	(3,979,697)
2012	10,189	10,472,903	10,483,093
2013	358,466,413	3,062,058	361,528,472
2014	868,733,673	(28,421,773)	840,311,900
2015	1,489,277,517	(48,209,764)	1,441,067,752
2016	2,138,746,296	(97,056,123)	2,041,690,172
2017	2,621,927,057	(200,875,046)	2,421,052,011
2018	2,357,447,857	(339,815,489)	2,017,632,368
2019	2,710,866,930	(477,051,898)	2,233,815,032
2020	7,116,997,756	(564,604,064)	6,552,393,691
2021	13,586,039,424	(1,725,101,164)	11,860,938,259
2022	11,739,604,879	(4,387,624,307)	7,351,980,573
2023	6,762,351,316	(4,321,871,343)	2,440,479,973
2024	5,506,397,313	(4,741,944,227)	764,453,086
2025	7,551,730,169	(5,025,066,477)	2,526,663,692

Source: U.S. Department of HUD/FHA, October 2025.

Table C-15: Data Table for Exhibit II-15: HECM Budget Cohort Example

Loan Age	Premiums	Conveyance Cost	Termination with Insured Loss	Post Assignment Cash Draws	Servicer Assignment to HUD	Post Assignment Recoveries
1	299,649,197	0	(1,553)	0	0	0
2	24,434,288	0	(16,598)	0	0	0
3	23,300,695	0	(59,855)	0	0	0
4	21,776,689	0	(109,783)	0	0	0
5	20,240,038	0	(241,618)	0	(1,057,359)	0
6	18,736,827	(5,329)	(548,846)	(1,072)	(3,483,524)	358,440
7	17,269,812	(31,251)	(1,110,352)	(5,254)	(5,157,492)	1,397,604
8	15,850,062	(73,023)	(2,070,607)	(12,290)	(10,118,168)	2,648,812
9	14,474,000	(153,519)	(3,586,312)	(31,515)	(16,818,849)	4,964,836
10	13,132,982	(283,970)	(5,711,979)	(61,846)	(28,032,550)	8,328,684
11	11,795,638	(469,597)	(6,607,184)	(100,322)	(46,062,280)	13,350,484
12	10,500,543	(749,435)	(6,750,397)	(155,685)	(71,279,261)	20,520,390
13	9,215,948	(1,149,910)	(6,560,628)	(230,707)	(107,658,503)	30,625,879
14	7,889,940	(1,704,442)	(6,073,013)	(328,950)	(171,071,462)	44,418,254
15	6,397,960	(2,497,052)	(5,262,845)	(498,887)	(190,932,076)	63,648,185
16	4,939,064	(3,363,754)	(4,140,014)	(749,535)	(191,440,455)	82,001,848
17	3,598,348	(4,118,718)	(3,161,994)	(1,187,348)	(164,889,959)	97,353,677
18	2,488,124	(4,756,619)	(2,414,098)	(1,551,511)	(128,118,121)	107,725,394
19	1,641,351	(5,260,903)	(1,918,369)	(2,140,705)	(90,255,181)	112,554,289
20	1,043,828	(5,602,170)	(1,600,685)	(1,966,316)	(59,360,788)	112,480,575
21	646,919	(5,803,597)	(1,407,812)	(2,652,144)	(35,931,234)	108,499,449
22	397,886	(5,884,338)	(1,294,018)	(3,721,572)	(18,302,712)	101,516,730
23	254,779	(5,726,694)	(1,188,254)	(233,534)	(7,985,706)	92,194,821
24	176,814	(5,455,725)	(1,105,847)	(208,449)	(2,843,842)	81,845,557
25	132,855	(5,098,436)	(1,028,851)	(228,348)	(862,240)	71,354,760
26	104,191	(4,662,500)	(941,759)	0	(228,599)	61,245,246
27	82,699	(4,179,601)	(849,799)	0	(52,007)	51,832,422
28	65,380	(3,672,689)	(751,517)	0	(12,888)	43,228,996
29	51,116	(3,164,175)	(651,869)	0	(2,527)	35,456,562
30	39,435	(2,663,280)	(552,461)	0	(596)	28,592,249
31	29,988	(2,189,373)	(457,544)	0	(119)	22,643,634
32	22,472	(1,758,581)	(369,472)	0	(18)	17,598,387
33	16,595	(1,378,933)	(290,898)	0	(2)	13,424,766
34	12,080	(1,055,829)	(223,010)	0	0	10,041,212
35	8,667	(792,265)	(166,778)	0	0	7,386,954
36	6,126	(582,981)	(121,868)	0	0	5,350,566
37	4,261	(421,435)	(87,195)	0	0	3,819,049
38	2,913	(299,130)	(61,079)	0	0	2,683,227
39	1,954	(208,474)	(41,831)	0	0	1,854,177
40	1,285	(142,313)	(27,994)	0	0	1,259,338
41	827	(95,213)	(18,313)	0	0	839,040
42	520	(62,347)	(11,700)	0	0	548,101
43	320	(39,810)	(7,287)	0	0	349,237
44	193	(24,751)	(4,414)	0	0	217,158

Loan Age	Premiums	Conveyance Cost	Termination with Insured Loss	Post Assignment Cash Draws	Servicer Assignment to HUD	Post Assignment Recoveries
45	114	(15,009)	(2,607)	0	0	131,847
46	66	(8,879)	(1,502)	0	0	78,185
47	38	(5,129)	(845)	0	0	45,303
48	22	(2,898)	(467)	0	0	25,705
49	12	(1,610)	(254)	0	0	14,356
50	7	(888)	(137)	0	0	7,969

Source: U.S. Department of HUD/FHA, October 2025.

Table C-16: Data Table for Exhibit II-16: HECM Historical Loan Status by Cohort, Cohort 2009-2025

FY	UPB Insurance in Force	UPB HUD-Held
2009	$1,687.58	$ 9,382.70
2010	$1,112.88	$ 8,351.66
2011	$952.83	$ 7,451.31
2012	$753.99	$ 5,543.06
2013	$842.12	$ 6,044.68
2014	$1,258.04	$ 2,922.10
2015	$1,910.70	$ 2,920.97
2016	$2,046.52	$ 2,480.46
2017	$3,385.01	$ 2,285.51
2018	$3,574.29	$ 584.58
2019	$2,308.28	$ 4.89
2020	$4,793.44	$ 7.81
2021	$8,868.43	$ 4.78
2022	$15,996.23	$ 0.82
2023	$5,949.59	$ -
2024	$4,328.00	$ -
2025	$4,522.12	$ -

Source: U.S. Department of HUD/FHA, October 2025.

Table C-17: Data Table for Exhibit II-17: HECM Loan Status by Cohort, Normalized to 100% by Count, Cohort 2009-2025

FY	Insured Gain	HUD-Held Gain	Insured Loss	HUD-Held Loss	Active Insured	Active HUD-Held
2009	35%	9%	25%	4%	4%	22%
2010	33%	12%	18%	8%	4%	25%
2011	37%	12%	13%	5%	4%	28%
2012	38%	13%	10%	4%	4%	30%
2013	41%	12%	7%	3%	5%	31%
2014	61%	3%	4%	0%	11%	20%
2015	61%	2%	3%	0%	15%	18%
2016	60%	2%	2%	0%	19%	17%
2017	58%	1%	1%	0%	26%	13%
2018	61%	0%	0%	0%	35%	4%
2019	61%	0%	0%	0%	39%	0%
2020	51%	0%	0%	0%	48%	0%
2021	35%	0%	0%	0%	65%	0%
2022	17%	0%	0%	0%	83%	0%
2023	16%	0%	0%	0%	84%	0%
2024	10%	0%	0%	0%	90%	0%
2025	2%	0%	0%	0%	98%	0%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-18: Data Table for Exhibit II-18: HECM Origination Statistics by Cohort, Cohort 2009-2025

Cohort	Average Original PLF	Average Annual MIP
2009	67%	0.50%
2010	64%	0.50%
2011	64%	1.02%
2012	65%	1.25%
2013	65%	1.25%
2014	58%	1.25%
2015	57%	1.25%
2016	58%	1.25%
2017	58%	1.25%
2018	54%	0.93%
2019	51%	0.50%
2020	57%	0.50%
2021	58%	0.50%
2022	55%	0.50%
2023	46%	0.50%
2024	44%	0.50%
2025	45%	0.50%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-19: Data Table for Exhibit II-19: Average LTV Ratio on Assigned HECM Loans, Cohort 2009-2025

FY	LTV
2009	46%
2010	46%
2011	45%
2012	46%
2013	47%
2014	48%
2015	50%
2016	53%
2017	56%
2018	58%
2019	60%
2020	64%
2021	75%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-20: Data Table for Exhibit II-20: Average LTV Ratio on Active Insured HECM Loans, Cohort 2009-2025

FY	Average LTV
2009	44%
2010	45%
2011	40%
2012	40%
2013	42%
2014	41%
2015	41%
2016	41%
2017	44%
2018	40%
2019	36%
2020	41%
2021	48%
2022	53%
2023	41%
2024	35%
2025	30%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-21: Data Table for Exhibit II-21: Forecast of NPV of HECM Cash Flows by Cohort, Cohort 2009-2025

Cohort	NPV Premium	Pre-Assignment Claims	NPV Assignment Claim	NPV Recoveries	NPV Total
2009	39,350,927	(335,528,353)	(257,963,078)	277,078,923	$(277,061,580.37)
2010	27,898,023	(258,185,066)	(221,878,880)	267,696,708	$(184,469,215.71)
2011	44,177,682	(165,491,351)	(220,110,529)	238,677,226	$(102,746,972.60)
2012	44,446,137	(130,218,520)	(145,518,223)	165,598,304	$(65,692,301.58)
2013	51,205,455	(125,923,180)	(199,024,102)	232,759,382	$(40,982,445.16)
2014	42,233,398	(49,446,195)	(757,716,377)	882,795,754	$117,866,580.38
2015	52,344,523	(52,972,145)	(1,321,459,770)	1,698,560,881	$376,473,488.02
2016	50,429,747	(35,413,535)	(1,637,319,756)	2,379,714,146	$757,410,601.76
2017	79,089,583	(31,666,153)	(2,888,164,245)	3,977,501,895	$1,136,761,079.50
2018	83,470,132	(8,902,407)	(2,594,142,554)	3,227,480,932	$707,906,103.86
2019	50,924,095	(2,324,824)	(1,335,753,512)	1,615,376,308	$328,222,067.14
2020	99,228,920	(3,918,311)	(3,586,018,399)	4,716,997,537	$1,226,289,747.09
2021	213,887,428	(20,240,447)	(6,017,277,941)	7,187,010,647	$1,363,379,687.13
2022	462,133,985	(150,864,058)	(10,258,657,538)	10,519,257,851	$571,870,239.91
2023	215,361,628	(35,478,122)	(2,592,114,305)	2,761,045,904	$348,815,104.70
2024	164,676,742	(25,164,650)	(1,206,282,449)	1,170,577,933	$103,807,575.86
2025	211,966,643	(42,395,469)	(2,466,836,357)	2,263,445,964	$(33,819,219.95)

Source: U.S. Department of HUD/FHA, October 2025.

Table C-22: Data Table for Exhibit II-22: Cumulative HPA Calendar Year 2000 Through Calendar Year 2024

Calendar Year/Quarter	FHA Purchase-Only Home Price Index	Calendar Year/Quarter	FHA Purchase-Only Home Price Index
2000Q1	100.00	2014Q1	146.47
2000Q2	101.69	2014Q2	147.72
2000Q3	103.28	2014Q3	149.33
2000Q4	105.09	2014Q4	151.25
2001Q1	107.02	2015Q1	153.33
2001Q2	108.74	2015Q2	155.30
2001Q3	110.40	2015Q3	157.19
2001Q4	112.14	2014Q1	146.47
2002Q1	113.98	2014Q2	147.72
2002Q2	116.08	2014Q3	149.33
2002Q3	118.30	2014Q4	151.25
2002Q4	120.67	2015Q1	153.33
2003Q1	122.79	2015Q2	155.30
2003Q2	124.75	2015Q3	157.19
2003Q3	127.22	2015Q4	159.41
2003Q4	130.08	2016Q1	161.39
2004Q1	132.97	2016Q2	163.72
2004Q2	136.32	2016Q3	166.17
2004Q3	139.84	2016Q4	168.73
2004Q4	143.28	2017Q1	170.89
2005Q1	146.83	2017Q2	173.83
2005Q2	150.73	2017Q3	176.46
2005Q3	154.70	2017Q4	179.12
2005Q4	157.98	2018Q1	182.44
2006Q1	160.29	2018Q2	184.56
2006Q2	161.40	2018Q3	186.91
2006Q3	161.64	2018Q4	188.95
2006Q4	162.41	2019Q1	191.24
2007Q1	163.39	2019Q2	193.49
2007Q2	162.93	2019Q3	196.01
2007Q3	160.84	2019Q4	199.29
2007Q4	157.90	2020Q1	203.14
2008Q1	154.26	2020Q2	204.37
2008Q2	149.95	2020Q3	212.05
2008Q3	146.15	2020Q4	221.49
2008Q4	141.86	2021Q1	229.50
2009Q1	140.99	2021Q2	239.92
2009Q2	139.02	2021Q3	250.68
2009Q3	138.38	2021Q4	260.22

Calendar Year/Quarter	FHA Purchase-Only Home Price Index	Calendar Year/Quarter	FHA Purchase-Only Home Price Index
2009Q4	138.31	2022Q1	271.44
2010Q1	137.04	2022Q2	280.16
2010Q2	136.33	2022Q3	279.72
2010Q3	134.11	2022Q4	280.58
2010Q4	132.76	2023Q1	283.11
2011Q1	129.80	2023Q2	288.64
2011Q2	128.69	2023Q3	294.70
2011Q3	129.09	2023Q4	298.57
2011Q4	129.33	2024Q1	301.86
2012Q1	129.88	2024Q2	305.63
2012Q2	131.91	2024Q3	308.16
2012Q3	133.50	2024Q4	312.33
2012Q4	135.53		
2013Q1	138.33		
2013Q2	141.08		
2013Q3	143.27		
2013Q4	144.72		

Source: U.S. Department HUD/FHA, FHFA House Price Index, October 2025.

Table C-23: Data Table for Exhibit II-23: NPV Projected Losses for the MMI Fund FY 2017 to FY 2025

Fiscal Year	NPV of Projected Losses in MMI Fund
2017	6.03%
2018	5.19%
2019	3.65%
2020	3.13%
2021	2.57%
2022	0.79%
2023	1.73%
2024	1.24%
2025	0.94%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-24: Data Table for Exhibit II-24: Seriously Delinquency Rate of the Forward Portfolio– From September 2022-September 2025

Month	SDQ Rate
Sep-22	4.63%
Dec-22	4.80%
Mar-23	4.36%
Jun-23	4.03%
Sep-23	3.77%
Dec-23	3.92%
Mar-24	3.61%
Jun-24	3.56%
Sep-24	4.00%
Dec-24	4.52%
Mar-25	4.36%
Jun-25	4.17%
Sep-25	4.53%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-25: Data Table for Exhibit II-25: Loss Severity for the Forward Portfolio FY 2017 to FY 2025

Fiscal Year	Loss Severity Rate
2017	50.30%
2018	45.55%
2019	41.45%
2020	39.78%
2021	36.85%
2022	27.57%
2023	25.22%
2024	25.02%
2025	27.47%

Source: U.S. Department HUD/FHA, October 2025.

Table C-28: Data Table for Exhibit II-28: 2007 Stress Test Analysis – MMI Capital Impact (FY 2019 – FY 2025)

Fiscal Year	Stress Level Capital
FY 2019	-1.40%
FY 2020	-0.63%
FY 2021	1.54%
FY 2022	6.31%
FY 2023	5.43%
FY 2024	5.48%
FY 2025	4.42%

Source: U.S. Department of HUD/FHA, October 2025.

Table C-29: FY 2025 Forward Discounted Cash Flow (in dollars $)

Estimation FY	Premiums	Claims	Recoveries	Loss Mitigation	Total
2026	9,491,027,063.72	(3,598,615,494.13)	642,520,987.04	(4,419,636,319.61)	2,115,296,237.01
2027	8,240,191,269.25	(3,437,347,092.43)	1,284,598,324.09	(3,759,242,064.23)	2,328,200,436.67
2028	7,111,817,223.52	(3,157,456,637.37)	1,205,683,332.79	(3,125,688,750.82)	2,034,355,168.11
2029	6,121,685,928.43	(2,658,285,102.82)	1,053,752,358.70	(2,375,883,660.46)	2,141,269,523.85
2030	5,279,934,265.06	(2,178,873,390.81)	877,896,084.72	(1,780,614,181.19)	2,198,342,777.78
2031	4,550,159,844.96	(1,840,953,182.85)	737,584,378.68	(1,221,153,078.81)	2,225,637,961.98
2032	3,869,393,695.44	(1,539,252,043.71)	620,707,959.73	(676,868,101.79)	2,273,981,509.67
2033	3,218,411,757.25	(1,244,759,039.35)	521,669,808.80	(288,223,286.35)	2,207,099,240.35
2034	2,706,347,014.32	(992,875,217.57)	438,019,600.22	35,300,732.17	2,186,792,129.15
2035	2,321,348,653.04	(784,543,060.95)	368,087,683.94	275,120,408.66	2,180,013,684.69
2036	1,984,800,109.62	(609,314,592.97)	309,972,783.84	434,461,727.10	2,119,920,027.60
2037	1,705,667,537.42	(448,552,051.74)	258,330,989.19	513,859,501.41	2,029,305,976.28
2038	1,478,956,794.53	(325,911,586.13)	214,692,261.42	530,742,278.32	1,898,479,748.14
2039	1,276,019,177.42	(232,750,454.70)	178,428,599.08	526,042,800.14	1,747,740,121.95
2040	1,093,851,293.22	(161,895,997.45)	148,358,073.61	507,509,429.28	1,587,822,798.66
2041	929,957,380.08	(105,988,436.43)	123,401,995.44	469,949,797.14	1,417,320,736.23
2042	782,252,857.89	(68,234,101.07)	102,659,202.36	439,482,378.00	1,256,160,337.17
2043	649,017,860.60	(42,119,078.95)	85,243,671.49	413,695,620.95	1,105,838,074.09
2044	529,634,379.85	(20,893,783.89)	70,658,915.85	368,218,105.78	947,617,617.59
2045	423,983,767.94	(4,545,583.34)	58,500,772.94	364,885,089.81	842,824,047.35
2046	331,566,864.55	6,499,421.99	48,339,488.90	365,264,509.46	751,670,284.90
2047	251,886,201.91	13,395,253.90	39,874,610.21	351,409,397.30	656,565,463.32
2048	183,809,221.73	17,094,890.31	32,864,823.75	321,643,657.15	555,412,592.95
2049	125,733,856.05	19,126,873.05	27,039,637.58	323,090,277.08	494,990,643.76
2050	77,503,976.21	19,711,033.61	22,004,165.59	500,568,906.24	619,788,081.66
2051	41,698,191.12	19,386,917.04	17,438,851.57	824,960,223.91	903,484,183.63
2052	19,791,735.84	15,280,799.37	12,613,483.98	761,166,138.74	808,852,157.93
2053	8,525,368.85	11,594,264.11	9,089,083.88	320,680,635.73	349,889,352.57
2054	3,039,079.62	10,045,089.38	6,939,235.53	170,265,885.26	190,289,289.79

Estimation FY	Premiums	Claims	Recoveries	Loss Mitigation	Total
2055	610,583.86	8,726,523.06	5,495,972.09	172,364,973.48	187,198,052.48
2056	-	7,229,793.96	4,464,643.36	31,077,838.69	42,772,276.01
2057	-	6,013,955.34	3,712,143.20	29,905,075.28	39,631,173.81
2058	-	5,005,647.46	3,083,930.19	27,937,402.54	36,026,980.18
2059	-	4,168,503.81	2,563,595.59	26,741,199.33	33,473,298.73
2060	-	3,474,390.68	2,132,707.84	25,199,990.38	30,807,088.90
2061	-	2,899,540.52	1,775,894.01	23,581,324.77	28,256,759.30
2062	-	2,424,712.30	1,480,467.77	24,089,621.83	27,994,801.90
2063	-	2,023,096.71	1,227,218.09	31,524,117.25	34,774,432.06
2064	-	1,683,176.08	992,077.17	38,223,437.54	40,898,690.80
2065	-	1,352,006.99	744,937.10	58,410,405.96	60,507,350.05
2066	-	1,008,870.42	555,990.18	13,849,287.70	15,414,148.29
2067	-	818,697.79	463,148.14	12,359,822.02	13,641,667.94
2068	-	663,153.80	386,694.36	11,039,139.56	12,088,987.73
2069	-	536,219.92	323,668.29	10,330,989.04	11,190,877.25
2070	-	432,863.11	271,671.57	9,923,429.68	10,627,964.36
2071	-	351,247.01	228,731.31	8,117,234.13	8,697,212.45
2072	-	318,459.91	193,196.01	6,419,251.79	6,930,907.71
2073	-	257,705.47	163,745.65	5,846,494.58	6,267,945.70
2074	-	208,121.67	139,313.20	5,317,260.30	5,664,695.17
2075	-	167,669.20	119,004.88	4,767,549.80	5,054,223.88
2076	-	106,270.41	98,708.69	5,352,778.54	5,557,757.64
2077	-	54,642.95	72,050.62	5,459,467.85	5,586,161.42
2078	-	25,497.49	54,188.60	4,828,845.86	4,908,531.95
2079	-	9,511.39	42,102.34	4,289,540.05	4,341,153.77
2080	-	1,397.59	33,301.66	3,813,915.64	3,848,614.89
2081	-	(2,509.05)	27,734.25	3,304,019.28	3,329,244.48
2082	-	(4,338.41)	23,048.96	2,724,190.74	2,742,901.29
2083	-	(4,510.18)	19,399.01	2,165,217.12	2,180,105.95

Estimation FY	Premiums	Claims	Recoveries	Loss Mitigation	Total
2084	-	(4,934.49)	17,475.65	1,684,789.64	1,697,330.79
2085	-	(5,076.60)	15,346.96	1,287,693.72	1,297,964.08
2086	-	(5,057.00)	13,641.87	972,173.92	980,758.79
2087	-	(4,962.49)	12,334.09	722,686.04	730,057.64
2088	-	(4,855.47)	11,238.28	542,362.49	548,745.30
2089	-	(4,684.06)	9,993.30	481,803.28	487,112.52
2090	-	(4,422.70)	7,630.62	551,576.26	554,784.18
2091	-	(3,776.86)	3,808.39	443,097.88	443,129.41
2092	-	(3,018.32)	1,943.27	121,457.75	120,382.70
2093	-	(2,081.13)	1,102.22	40,367.92	39,389.00
2094	-	(1,322.24)	688.38	23,249.21	22,615.35
2095	-	(318.13)	115.25	6,067.75	5,864.87
2096	-	(0.87)	9.38	0.00	8.50
Total	64,808,622,953.30	(23,271,125,578.87)	9,547,955,776.69	(8,213,150,797.04)	42,872,302,354.08

Source: U.S. Department of HUD/FHA, October 2025.

Table C-30: FY 2025 HECM Discounted Cash Flow (in dollars $)

Estimation FY	Premiums	Claims	Recoveries	Total
2026	359,636,883.99	(4,369,929,719.71)	126,647,138.71	(3,883,645,697.01)
2027	301,284,634.49	(3,036,832,432.05)	535,083,987.43	(2,200,463,810.13)
2028	258,337,057.32	(2,690,858,961.18)	851,581,657.81	(1,580,940,246.05)
2029	220,998,999.40	(3,855,629,594.35)	1,203,890,356.09	(2,430,740,238.85)
2030	181,869,933.99	(4,676,464,739.26)	1,628,604,822.09	(2,865,989,983.18)
2031	143,906,081.35	(4,600,779,987.69)	2,032,232,487.76	(2,424,641,418.58)
2032	110,995,343.61	(3,641,756,720.89)	2,337,523,480.11	(1,193,237,897.17)
2033	85,895,608.87	(2,575,412,768.34)	2,499,527,379.12	10,010,219.66
2034	67,053,758.37	(2,022,540,772.64)	2,552,448,081.60	596,961,067.34
2035	51,912,196.00	(1,660,803,321.98)	2,548,353,150.67	939,462,024.69
2036	39,541,947.08	(1,412,247,395.24)	2,516,597,349.74	1,143,891,901.58
2037	29,503,510.62	(1,107,819,219.40)	2,468,871,693.20	1,390,555,984.42
2038	21,682,876.78	(873,869,984.50)	2,384,608,902.45	1,532,421,794.73

Estimation FY	Premiums	Claims	Recoveries	Total
2039	15,665,217.56	(640,292,368.74)	2,273,101,007.83	1,648,473,856.65
2040	11,251,235.62	(453,502,378.06)	2,137,608,324.95	1,695,357,182.51
2041	8,049,795.06	(313,404,243.39)	1,983,945,702.14	1,678,591,253.81
2042	5,777,529.13	(202,077,865.20)	1,820,346,857.78	1,624,046,521.71
2043	4,217,441.71	(122,408,470.56)	1,651,433,330.41	1,533,242,301.56
2044	3,146,519.12	(73,647,712.37)	1,484,217,417.94	1,413,716,224.69
2045	2,393,022.63	(44,209,826.17)	1,316,730,924.90	1,274,914,121.36
2046	1,856,069.57	(26,384,099.91)	1,151,979,807.03	1,127,451,776.70
2047	1,460,658.59	(15,950,345.25)	995,832,685.45	981,342,998.79
2048	1,167,849.65	(10,562,438.88)	850,309,334.94	840,914,745.71
2049	943,859.30	(7,305,860.13)	715,637,807.74	709,275,806.90
2050	769,313.44	(5,512,343.72)	592,876,451.00	588,133,420.72
2051	635,094.49	(3,760,530.46)	483,705,045.81	480,579,609.84
2052	531,284.98	(2,466,005.36)	388,140,410.16	386,205,689.77
2053	452,509.10	(1,742,232.58)	307,567,015.82	306,277,292.35
2054	387,992.48	(1,270,803.08)	238,951,089.64	238,068,279.04
2055	336,793.73	(921,676.88)	185,343,755.19	184,758,872.04
2056	286,436.69	(738,028.49)	139,921,492.89	139,469,901.09
2057	251,235.32	(504,788.85)	105,019,481.38	104,765,927.85
2058	217,661.32	(573,480.05)	78,130,830.22	77,775,011.49
2059	159,471.50	(1,613,082.04)	61,837,798.76	60,384,188.22
2060	105,413.30	(721,056.03)	45,894,216.18	45,278,573.46
2061	65,249.52	(303,486.06)	33,053,198.65	32,814,962.11
2062	41,079.10	(172,312.27)	24,510,328.60	24,379,095.43
2063	17,867.16	(189,909.61)	19,730,222.82	19,558,180.37
2064	6,063.73	(29,291.36)	18,588,156.23	18,564,928.60
2065	4,901.87	(3,903.26)	12,790,054.10	12,791,052.71
2066	3,951.95	(5,675.73)	9,636,598.49	9,634,874.71
2067	1,422.18	(7,193.28)	8,534,051.33	8,528,280.23

Estimation FY	Premiums	Claims	Recoveries	Total
2068	983.31	(208.12)	8,631,526.22	8,632,301.41
2069	963.85	(189.16)	5,857,619.06	5,858,393.75
2070	708.19	(888.44)	5,670,197.28	5,670,017.03
2071	541.59	(844.55)	4,531,533.79	4,531,230.83
2072	79.75	(389.39)	4,460,294.48	4,459,984.84
2073	0.26	(0.88)	1,792,432.52	1,792,431.90
2074	0.04	(0.17)	1,728,729.65	1,728,729.52
2075	0.02	(0.01)	1,513,479.85	1,513,479.86
2076	0.01	(0.02)	435,703.74	435,703.73
2077	0.00	(0.00)	249,575.20	249,575.20
2078	0.00	(0.00)	136,584.98	136,584.98
2079	0.00	-	62,594.34	62,594.34
2080	0.00	-	12,139.83	12,139.83
2081	0.00	-	8,704.85	8,704.85
2082	-	-	25.68	25.68
2083	-	-	9.26	9.26
2084	-	-	1.24	1.24
2085	-	-	-	-
Totals	1,932,825,048.68	(38,455,229,545.74)	42,856,435,037.16	6,334,030,540.10

Source: U.S. Department of HUD/FHA, October 2025.

Appendix D:
FHA Single Family Housing Mortgagee Letters Published FY 2025

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 2025, FHA published the Mortgagee Letters listed in the table below.

ML#	Publication Date	Title
2025-21	9/24/25	Updates to Mortgagee Letter 2025-12, *Tightening and Expediting Implementation of the New Permanent Loss Mitigation Options*
2025-19	6/26/25	Rescission of Mandatory Pre-endorsement Inspection Requirements for Properties Located in Presidentially-Declared Major Disaster Areas (PDMDAs)
2025-18	6/27/25	Rescission of Outdated and Costly FHA Appraisal Protocols
2025-17	6/27/25	Rescission of Federal Flood Risk Management Standard (FFRMS) for New Construction Eligibility
2025-16	6/27/25	Rescission of Full-Time Direct Endorsement Underwriter Requirements
2025-15	6/27/25	Rescission of the Supplemental Consumer Information Form Requirement
2025-14	6/3/25	Updates to Modernization of Engagement with Borrowers in Default and Loss Mitigation
2025-13	4/28/25	Updates to Claims Without Conveyance of Title (CWCOT) Post-Foreclosure Sales Period and HUD Real Estate Owned Properties (REO) Exclusive Listing Period
2025-12	4/15/25	Tightening and Expediting Implementation of the New Permanent Loss Mitigation Options
2025-10	4/8/25	Second Extension of the Foreclosure Moratoriums in Connection with Hurricanes Helene and Milton
2025-09	3/26/25	Revisions to Residency Requirements
2025-08	3/19/25	Rescinding Multiple Appraisal Policy Related Mortgagee Letters
2025-07	3/6/25	Extension of the Foreclosure Moratorium in Connection with the Presidentially-Declared Major Disaster Area in Los Angeles County, California
2025-06	1/16/25	Updates to Servicing, Loss Mitigation, and Claims
2025-05	1/14/25	Updated Nonprofit Approval and Recertification Procedures
2025-04	1/13/25	Revisions to Policies for Rental Income from Boarders of the Subject Property
2025-01	1/7/25	Federal Housing Administration (FHA) Defect Taxonomy Updates for Servicing Loan Reviews

ML#	Publication Date	Title
2024-25	12/6/24	Extension of the Foreclosure Moratoriums in Connection with Hurricanes Helene and Milton
2024-24	12/4/24	Modernization of Engagement with Borrowers in Default
2024-23	12/2/24	Revised Cyber Incident Reporting Requirements
2024-22	11/26/25	2025 Home Equity Conversion Mortgage (HECM) Limits
2024-21		2025 Nationwide Forward Mortgage Loan Limits
2024-20	11/7/24	Adoption of Federal Flood Risk Management Standard (FFRMS) for Minimum Property Standards (MPS) in Special Flood Hazard Areas (SFHA).
2024-19	10/31/24	Electronic Submission of Section 247 Hawaiian Home Lands Assignment Packages

Federal Housing Administration
U.S. Department of Housing and Urban Development
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