

U.S. Department of Housing and Urban Development



FY 2024

Agency Financial Report

ABOUT THIS REPORT

The U.S. Department of Housing and Urban Development (HUD) Agency Financial Report (AFR) for Fiscal Year (FY) 2024 presents the Department's stewardship of financial resources entrusted to its care. HUD has chosen to produce an AFR and an Annual Performance Report (APR), which highlights the organization's efforts to execute its mission:

<https://www.hud.gov/sites/dfiles/CFO/documents/afr2024.pdf>

https://www.hud.gov/program_offices/spm/appr

This AFR is organized into four major sections:

Management's Discussion and Analysis (MD&A)—Includes information on the agency's mission and organizational structure, performance results, analysis of financial statements, compliance with pertinent laws and regulations, and management assurances, and forward-looking information.

Financial Section—Includes a Message from the Chief Financial Officer, an independent auditors' report, financial statements and accompanying notes, and required supplementary information (RSI).

Other Information—Provides HUD's Office of the Inspector General's (OIG) Management Challenges, a summary of the financial statement audit and management assurances, and other relevant information.

Appendices—Provides a glossary of acronyms and abbreviations, as well as a table of relevant websites.

ABOUT THE COVER

The cover of this year's report showcases a collage of important events, projects, and structures at HUD. From the top to bottom, left to right, the images include affordable housing projects toured during The Honorable Adrienne Todman's visit to Seattle, WA; housing project installations from the Annual Innovative Housing Showcase hosted by HUD on the Washington D.C. National Mall; affordable housing projects toured during The Honorable Adrienne Todman's visit to Savannah, GA; and the Robert C. Weaver Federal Building photographed by Ken Howard.

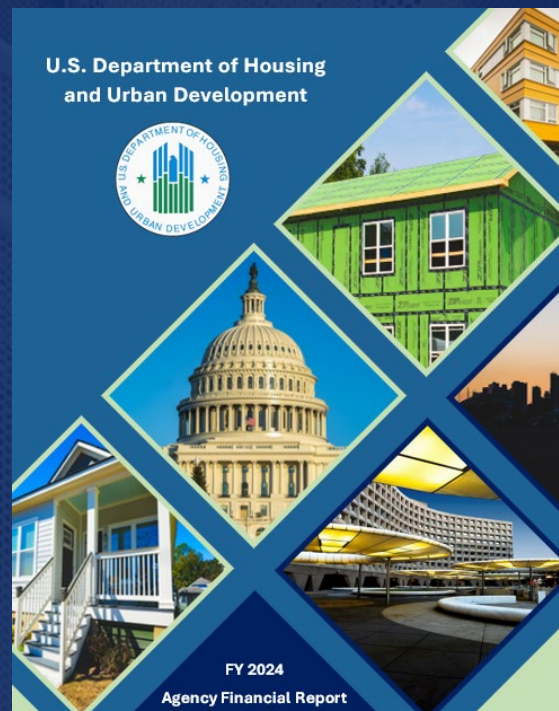


TABLE OF CONTENTS



MESSAGE FROM THE HONORABLE ADRIANNE TODMAN

Message from The Honorable Adrienne Todman

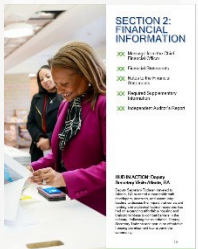
ii

SECTION 1: MANAGEMENT'S DISCUSSION AND ANALYSIS



Mission and Organizational Structure	2
Performance Goals, Objectives, and Results	9
Analysis of Financial Statements	14
Analysis of Systems, Controls, and Legal Compliance	34
Forward-Looking Information	38

SECTION 2: FINANCIAL INFORMATION



Message from the Chief Financial Officer	46
Financial Statements	47
Notes to the Financial Statements	53
Required Supplementary Information	140
Independent Auditor's Report	142

SECTION 3: OTHER INFORMATION



Summary of Financial Statement Audit and Management Assurances	159
OIG Report on Top Management Challenges Facing HUD in FY 2025	161
Response to OIG Report on Top Management Challenges	164
Payment Integrity Information Act Reporting	165
Civil Monetary Penalty Adjustment for Inflation	168
Grants Programs	169
Climate-Related Financial Risk	170
Agency Audit Resolution Report	171

SECTION 4: APPENDICES



Appendix A: Glossary of Acronyms and Abbreviations	174
Appendix B: Table of Websites	180



MESSAGE FROM THE HONORABLE ADRIANNE TODMAN

ii Message from The
Honorable Adrienne
Todman

HUD IN ACTION: 2024 Affordable Housing Conference

The Honorable Adrienne Todman serves as the keynote speaker at the 33rd Annual Affordable Housing Conference of Montgomery County, *Building the Future: Unfinished Business in Affordable Housing*. Attendees gather to join in conversations including zoning reform, affordable housing for disabled and senior communities, and building energy performance standards.

MESSAGE FROM THE HONORABLE ADRIANNE TODMAN

**November 15, 2024**

I am honored to present the Fiscal Year (FY) 2024 Agency Financial Report (AFR) for the U.S. Department of Housing and Urban Development (HUD).

Housing is the foundation on which we live, grow, and thrive. At HUD, we are building an empowered agency focused on ensuring everyone has an affordable, healthy place to live. I take great pride in our exceptional leadership team, whose dedication, expertise, and persistence has been instrumental in carrying out HUD's mission to create strong, sustainable, inclusive communities, and quality affordable homes.

During this past fiscal year, HUD has carried on its legacy of continued excellence through the implementation of groundbreaking programs and historic investments in funding for affordable housing and community development projects.

The Department continues its work to increase the availability of safe, high quality, and affordable housing for families and communities across the country. In FY 2024, HUD awarded the inaugural Pathways to Removing Obstacles to Housing (PRO Housing) competitive grants to 21 winners to advance housing opportunities and address the barriers to housing production through planning, infrastructure, and development. Moreover, HUD advanced its efforts to reduce veteran homelessness by awarding \$20 million to Public Housing Agencies (PHAs) to improve the HUD-Veterans Affairs (VA) Supportive Housing (HUD-VASH) program and help veterans with service-connected disabilities gain access to housing.

HUD continues to make progress towards the Biden-Harris Administration's ongoing commitment to help close the racial wealth gap and address homebuying barriers that disproportionately affect marginalized communities. In our efforts to promote homeownership, HUD awarded \$10 million in grant funding to HUD-approved housing counseling agencies. This funding supports activities that will help prepare and equip prospective homebuyers to successfully navigate the homebuying process and guide them to the affordable homes they deserve.

As we continue to see the ways in which climate change is affecting our Nation, HUD is devoted to strengthening climate resilience, energy efficiency, and promoting environmental justice. To date, HUD has announced nearly \$800 million in funding to make homes more energy efficient and climate resilient through its Green and Resilient Retrofit Program (GRRP) as part of President Biden's Investing in America agenda.

HUD remains dedicated to providing reliable, accurate, and comprehensive financial information. We adhere to high-quality financial reporting practices, maintain proper oversight, implement appropriate internal controls, and prioritize financial transparency. This has resulted in an unmodified audit opinion for FY 2024.

This year, we continued our mission to provide access to homeownership and to end homelessness. The AFR encapsulates our commitment to uplift underserved communities and advance resiliency, particularly in the aftermath of a natural disaster. Looking to the future, HUD is committed to expanding upon these efforts, always mindful of our fundamental purpose: to ensure every American has a place to call home.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adrienne Todman'.

The Honorable Adrienne Todman

SECTION 1: MANAGEMENT'S DISCUSSION AND ANALYSIS

- 2 Mission and Organizational Structure
- 9 Performance Goals, Objectives, and Results
- 14 Analysis of Financial Statements
- 34 Analysis of Systems, Controls, and Legal Compliance
- 38 Forward-Looking Information

HUD IN ACTION – MLK National Day of Service

Planting Roots by Joe Pagac, a Tucson, AZ based artist, is a mural painted in 2017 at Ketcham Elementary School in the Anacostia Historic District of D.C. The Honorable Adrienne Todman visited Ketcham Elementary on the National Day of Service honoring the life and legacy of Dr. Martin Luther King, Jr.

MISSION AND ORGANIZATIONAL STRUCTURE

Who We Are. The [history](#) of HUD began in the aftermath of the Great Depression with the passage of the *National Housing Act of 1934, Public Law 73-479*, and the *Housing Act of 1937, Public Law 75-412*, creating the [Federal Housing Administration](#) (FHA) and the Nation's public housing program. After a series of Housing and Development Acts that expanded the mission to make quality housing more available and affordable, HUD officially became a Cabinet-level agency within the executive branch of the federal government in 1965 when President Lyndon B. Johnson signed the *Department of Housing and Urban Development Act, Public Law 89-174*, as a part of the Great Society programs.

HUD oversees national policies and programs that focus on addressing America's housing needs, improving and developing the Nation's communities, and enforcing fair housing laws.

What We Do. HUD is committed to achieving its mission,

“to create strong, sustainable, inclusive communities and quality affordable homes for all.”

HUD, with its many programs, fulfills this mission by working to:

- Strengthen the housing market to bolster the economy and protect consumers;
- Meet the need for quality affordable rental homes;
- Utilize housing as a platform for improving quality of life;
- Build inclusive and sustainable communities free from discrimination; and
- Transform the way HUD does business.

The next page depicts key events that helped transform HUD into what it is today.



The Honorable Adrienne Todman presenting at the Senior Executive Service Induction Ceremony.



“

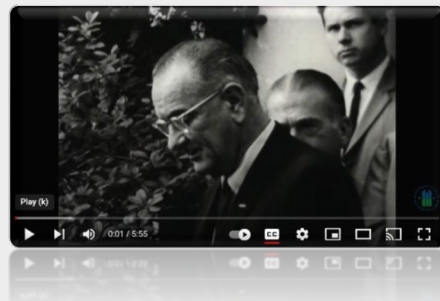
Fair housing for all—all human beings who live in this country—is now a part of the American way of life.

Lyndon B. Johnson

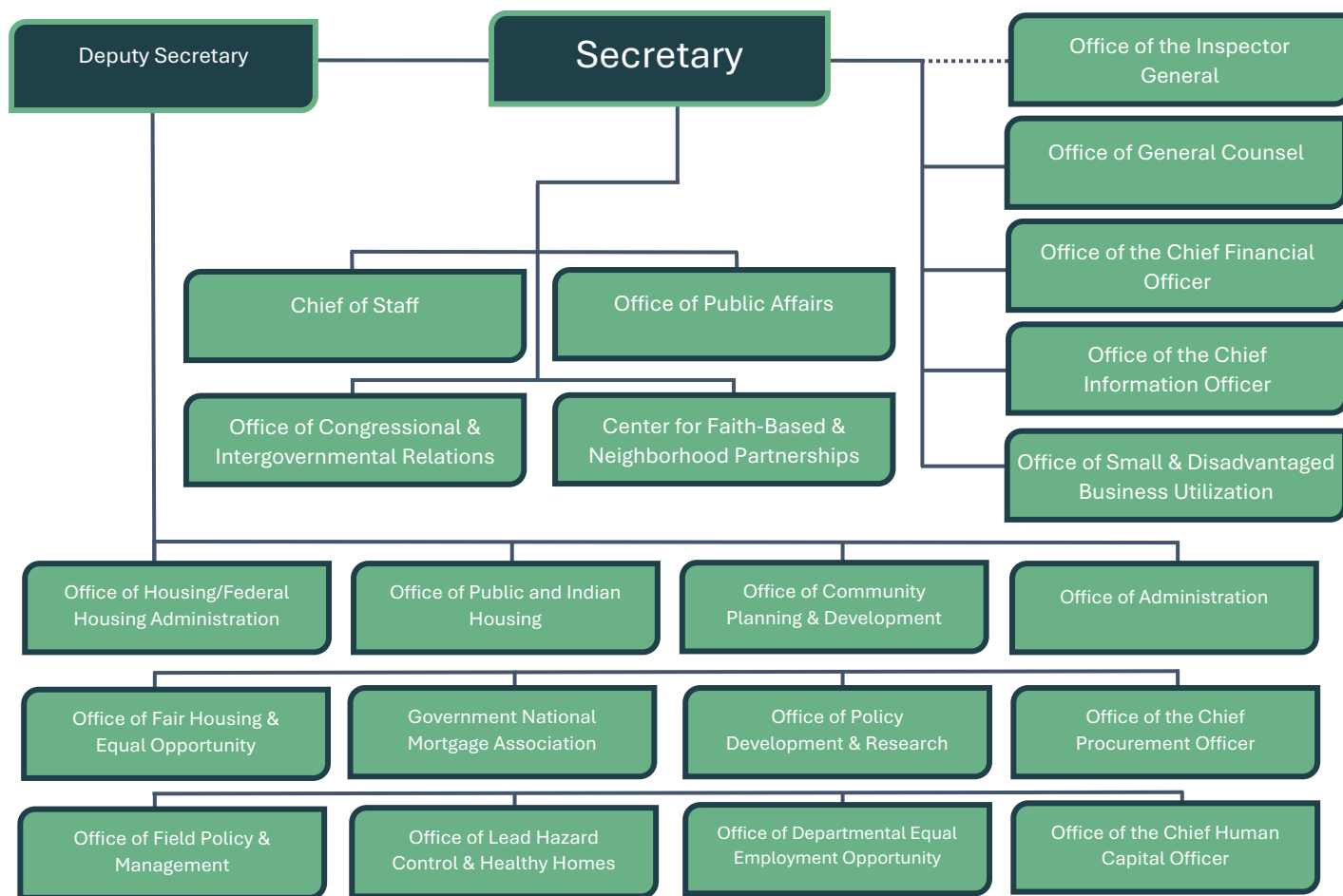
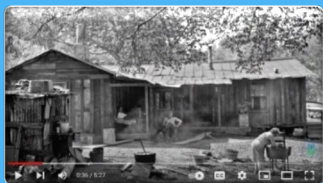
”

President Lyndon B. Johnson shaking hands with Robert C. Weaver after signing the bill that created the Department of Housing and Urban Development, September 9, 1965. Photo by Donald Stoderl. [[LBJ Presidential Library](#), public domain]

To watch President Lyndon B. Johnson's speech at signing of the bill, scan the QR code or [click here](#).



Robert C. Weaver being sworn in to serve as HUD's first Secretary and the first African American member of The Cabinet, January 18, 1966. Photo by Robert Knudsen. [[LBJ Presidential Library](#), public domain]

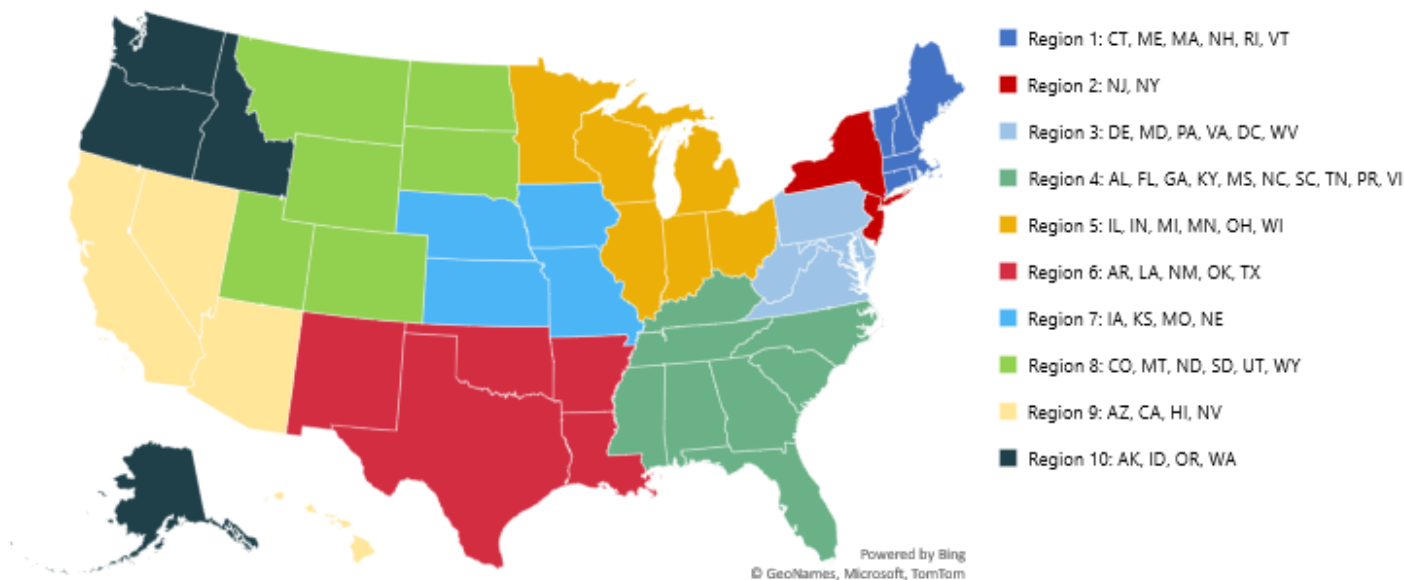


To learn more about the history of HUD, scan the QR code or [click here](#).

Cheers to 55 years! In October 2023, HUD hosted a celebration to commemorate 55 years of incredible service in the Robert C. Weaver Building in Washington, D.C.



Where we are. HUD's more than 8,000 employees are spread across the Nation in a network with local partners to achieve its mission. In addition to HUD's headquarters, located in Washington, DC, the Department operates 10 [regional offices](#) that are responsible for assuring that program goals are met, and for redistributing program funds among area offices when necessary. The following map illustrates the location of each regional office and their areas of jurisdiction.



MAJOR PROGRAM ACTIVITIES

Office of Housing

The Office of Housing is the largest Office within the U.S. Department of Housing and Urban Development and includes the [Federal Housing Administration](#) (FHA). The Office of Housing serves the nation's homebuyers, homeowners, renters, and communities through nationwide programs that support safe, sustainable, and affordable housing and access to quality healthcare. The Office has the following key responsibilities:

- Operating FHA, which provides mortgage insurance for [Single Family homes](#), [Multifamily properties](#), and [Healthcare facilities](#);
- Managing HUD's Project Based Rental Assistance and other rental assistance programs, which provide support for low- and very low-income households;
- Supporting ([Section 202](#)) Housing for the Elderly and ([Section 811](#)) Housing for Persons with Disabilities programs, which provide affordable housing for some of the Nation's most vulnerable populations;
- Encouraging recapitalization of the Nation's aging affordable housing stock through programs such as the [Rental Assistance Demonstration](#) (RAD);
- Facilitating housing counseling assistance through HUD's [Office of Housing Counseling](#) (OHC);
- Operating HUD's [Manufactured Housing Programs](#), which administers federal standards for the design and construction of manufactured homes across the country; and
- Executing robust asset sale programs, including sales that facilitate greater participation by mission-oriented, non-profit organizations and units of local government.



Government National Mortgage Association (Ginnie Mae)

[Ginnie Mae's](#) guaranty links the United States housing market to the global capital markets, ensuring sustainability, affordability, and liquidity for government housing programs and creating a more equitable housing finance system for all. By securitizing mortgage loans into mortgage-backed securities (MBS) explicitly guaranteed by the full faith and credit of the U.S. Treasury, Ginnie Mae can lower the cost of mortgage funding and pass along the savings to support housing and homeownership in American communities. The Ginnie Mae guaranty enables liquidity for the following federal government insured programs:

- FHA
- Veterans Affairs (VA)
- United States Department of Agriculture (USDA) Rural Housing
- HUD's Public and Indian Housing



SUCCESS STORIES: MAKING STRIDES IN SOCIAL AND SUSTAINABLE IMPACT INVESTMENT

Ginnie Mae supported a record high of over \$2.5 trillion in current government lending by providing liquidity in the housing finance system and facilitating the flow of more investment capital into U.S. housing markets.

Office of Public and Indian Housing (PIH)

[PIH](#) ensures safe, decent, and affordable housing, creates opportunities for residents' self-sufficiency and economic independence, and assures the fiscal integrity of all program participants.

PIH's diverse workforce oversees four major business areas:

- Housing Choice Voucher (HCV) Programs
- Public Housing Programs
- Native American Programs
- Self Sufficiency Programs



Office of Community Planning and Development (CPD)

[CPD](#) seeks to develop viable communities by promoting integrated approaches that provide decent housing, suitable living environments, and expansion of economic opportunities for low- and moderate-income persons. The primary means toward this end is the development of partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations. Underlying principles in the CPD carrying out its mission include:

- Community building begins with job creation employment, and creation of safe, decent, and affordable housing;
- Planning and execution of community development initiatives must be bottom-up and community driven;
- Complex problems require coordinated, comprehensive, and sustainable solutions;
- Government must be streamlined to be made more efficient and effective; and
- Citizen participation in Federal, State, and local government can be increased through communication and better access to information.



SUCCESS STORIES: PROPOSING CHANGE FOR GOOD

HUD published a Notice of Proposed Rulemaking in the Federal Register (FR) to update regulations for the Community Development Block Grant (CDBG) and Indian Community Development Block Grants (ICDBG). The proposed rule would streamline program requirements, promote economic development and investments in underserved communities, and enable larger, transformative construction projects. Click [here](#) to read the full proposed rule.



Office of Lead Hazard Control and Healthy Homes (OLHCHH)

[OLHCHH](#) awards grants to state, tribal, and local governments, and to nonprofit organizations. These grants reduce health and safety hazards in homes of families with low incomes. The Office also:

- Monitors and enforces HUD's lead safe housing rules.
- Conducts public outreach on the health and safety of homes.
- Funds studies to protect children, older adults, and families from home hazards.



Office of Policy Development and Research (PD&R)

The mission of HUD's [PD&R](#) is to improve life in American communities by building evidence to inform and strengthen housing and community development policy and practice and accelerate progress on HUD's priorities. To accomplish its mission, PD&R:

- Provides reliable, objective, and current information on housing and community development needs and market conditions;
- Conducts rigorous research that helps fill key evidence gaps and evaluates HUD policies and programs, and identifies emerging challenges and opportunities;
- Supports innovation in building technologies and housing and community development policies;
- Manages and leverages HUD's data assets to support evidence-based and data-driven policy and program improvements;
- Builds capacity in the housing and community development field by sharing knowledge, elevating best practices, and providing technical assistance (TA); and
- Provides policy advice and support to the HUD Secretary and program offices and interacts with international counterparts to share knowledge worldwide.

PD&R is committed to involving a greater diversity of perspectives, methods, and researchers in HUD research and policy development.



SUCCESS STORIES: BETTERING PUBLIC HEALTH

HUD published a new Radon Policy requiring radon be considered as part of the HUD environmental review process. Radon exposure is strongly linked to lung cancer and HUD is committed to addressing the risk of residential radon exposure. To further aid this effort, HUD awarded over \$3 million to public housing agencies to protect children and families from radon hazards. Click [here](#) to learn more.

Office of Fair Housing and Equal Opportunity (FHEO)

The mission of the [FHEO](#) is to eliminate housing discrimination, promote economic opportunity, and achieve diverse, inclusive communities by leading the Nation in the enforcement, administration, development, and public understanding of federal fair housing policies and laws. To accomplish its mission, FHEO:

- Investigates fair housing complaints;
- Conducts compliance reviews;
- Ensures civil rights in HUD programs; and
- Manages fair housing grants.



PERFORMANCE GOALS, OBJECTIVES, AND RESULTS

HUD's [FY 2022-2026 Strategic Framework](#) lays out the Administration's strategy for centering its efforts toward achieving its mission. This framework utilizes a people-centered approach, emphasizing lived experiences through policies and programs that promote equity, combat discrimination, and advance housing justice, ensuring that everyone has access to an affordable, healthy place to live. Alongside this four-year strategic plan, the *Government Performance and Results Act Modernization Act, Public Law 111-352*, requires agencies to develop annual performance plans that outline how agencies will achieve and measure their strategic goals. The [FY 2025 HUD Annual Performance Plan](#) (APP) ¹ focuses on five Strategic Goals and their underlying objectives.



Strategic Goal 1: Support Underserved Communities

Fortify support for underserved communities and support equitable community development for all people.

Strategic Objectives	Performance Measure	Office
A – Advance Housing Justice	Fortify support for vulnerable populations, underserved communities, and Fair Housing enforcement.	FHEO
B – ★ ² Reduce Homelessness	Strengthen federal, state, tribal, and community implementation of the Housing First approach to reducing the prevalence of homelessness, with the ultimate goal of ending homelessness.	CPD
C – Invest in the Success of Communities	Promote equitable community development that generates wealth-building for underserved communities, particularly for communities of color.	PIH



Strategic Goal 2: Ensure Access to and Increase the Production of Affordable Housing

Ensure housing demand is matched by adequate production of new homes and equitable access to housing opportunities for all people.

Strategic Objectives	Performance Measure	Office
A – Increase the Supply of Housing	Enhance HUD's programs that increase the production and supply of housing across the country.	Office of Housing
B – ★ Improve Rental Assistance	Improve rental assistance to address the need for affordable housing.	PIH

¹ For a complete review of HUD's FY 2024 performance, please see the FY 2024 APR, which is due to be published in March 2025. Current and past APRs can be accessed online at: https://www.hud.gov/program_offices/spm/appr

² ★ Denotes the Objective contains an Agency Priority Goal (APG)



Strategic Goal 3: Promote Homeownership

Promote homeownership opportunities, equitable access to credit for purchase and improvements, and wealth building in underserved communities.

Strategic Objectives	Performance Measure	Office
A – ★ Advance Sustainable Homeownership	Advance the deployment of tools and capital that put sustainable homeownership within reach.	Office of Housing
Major Initiative: Expand Homeownership Opportunities	Promote financing for innovative ownership models to increase the availability of affordable housing.	Office of the Secretary
B – Create a More Accessible and Inclusive Housing Finance System	Advance new policy, programs, and modernization initiatives that support a more equitable housing finance system. Promote the preservation and creation of affordable housing stock.	Ginnie Mae



Strategic Goal 4: Advance Sustainable Communities

Advance sustainable communities by strengthening climate resilience and energy efficiency, promoting environmental justice, and recognizing housing's role as essential to health.

Strategic Objectives	Performance Measure	Office
A – Invest in Climate Resilience and Carbon Reduction	Invest in climate resilience, energy efficiency, and renewable energy across HUD programs.	CPD
B – ★ Strengthen Environmental Justice	Reduce exposure to health risks, environmental hazards, and substandard housing, especially for low-income households and communities of color.	OLHCHH
C – Integrate Healthcare and Housing	Advance policies that recognize housing's role as essential to health.	PD&R



Strategic Goal 5: Strengthen HUD's Internal Capacity

Strengthen HUD's internal capacity and efficiency to ensure better delivery of HUD's mission.

Strategic Objectives	Performance Measure	Office
A – Enable the HUD Workforce	Enable the HUD workforce through hiring, training, opportunities for growth, and promoting a more engaged and inclusive work environment.	Office of Administration
B – Improve Acquisition Management	Identify, procure, and execute acquisition management.	Office of Administration
C – Strengthen Information Technology (IT)	Strengthen IT, cybersecurity, and data management.	Office of the Chief Information Officer
D – Enhance Financial and Grants Management	Provide sound financial and grants management.	Office of the Chief Financial Officer (OCFO)
E – Improve Ease, Effectiveness, and Trust in HUD Services	Institutionalize customer experience management and elevate the customer perspective across HUD.	OCFO

Included in the APP are Agency Priority Goals (APG) which enable agencies to focus leadership priorities, set outcomes, and measure results, which bring an increased focus to mission areas where agencies need to drive significant progress and change. A description of each of the four APGs is provided below in addition to the progress made toward the goal.

★ Reduce Homelessness

By September 30, 2025, make homelessness rare, brief, and non-recurring by reducing the number of people experiencing unsheltered homelessness by 7 percent from 2023 levels.

In FY 2024, HUD persisted in its efforts to fortify support and provide assistance to people who are at risk and/or experiencing homelessness. In addition to Continuum of Care (CoC) grants, HUD continues to allocate resources and effort to help communities access funding to prevent people from entering into homelessness, and to quickly house people experiencing homelessness, with partners such as the justice system, the healthcare system, and housing providers.

In June 2024, HUD awarded \$26 million in Housing Opportunities for Persons with AIDS (HOPWA) Competitive Grants: Housing Interventions (HINT) To End the HIV Epidemic funding. This funding, which also serves as a homelessness prevention resource, will provide communities an opportunity to create and implement new projects that align with initiatives aimed at ending the HIV epidemic and elevate housing as an effective structural intervention in ending the epidemic. Eleven communities across the nation received these one-time awards.

HUD continues to support innovative approaches to reducing and ending homelessness through a cross-system approach. In June 2024, HUD awarded \$51.1 million in Youth Homelessness System Improvement (YHSI) grants to 38 communities across 26 states, Puerto Rico, and Guam. The grants focus on creating systemic change to either improve or create response systems for youth at risk of or experiencing homelessness by funding projects that create and build capacity for Youth Action Boards; establish regional committees on youth homelessness to direct efforts across multiple systems including education, justice, and child welfare; collect and use data on at-risk youth and youth experiencing homelessness; develop strong leaders within a community; and improve the coordination, communication, operation, and administration of homeless assistance projects to better serve youth, including prevention and diversion strategies.



Awarded **\$26 million** to homeless prevention resources aimed at ending the HIV epidemic by elevating housing as a structural intervention.



Awarded **\$51.1 million** in Youth Homelessness System Improvement (YHSI) grants across 28 U.S. states and territories.



Released **\$72 million** for the Youth Homelessness Demonstration Program (YHDP) to fund housing and supportive services, such as education, health, and workforce support, for America's youth.

Also in June 2024, HUD released a \$72 million funding opportunity for the FY 2023 Youth Homelessness Demonstration Program (YHDP). This notice of funding opportunity (NOFO) funds housing and supportive services for youth including rapid rehousing, permanent supportive housing, transitional housing, host homes, and wrap-around services such as education, health, and workforce support to help youth access and maintain housing.

HUD continues its work in supporting recipients of the Rural and Unsheltered NOFO awarded in 2023. Grantees are working alongside TA providers to establish innovative ways to address rural and unsheltered homelessness with partners in their community. In the first community to receive Housing Central Command intensive TA, over 60 individuals have been housed.

★ **Improve Rental Assistance**

By September 30, 2025, maximize the reach of HUD’s rental assistance programs by increasing the occupancy rates to 96 percent in Public and Multifamily Housing programs and the budget utilization rate to 100 percent in the HVC program.

The Coronavirus Disease 2019 (COVID-19) pandemic and its economic aftermath have caused disruptions to the operations of PHAs, multifamily property owners, and to rental markets more broadly. This has adversely affected occupancy rates and the rental market. HUD has helped PHAs and multifamily owners improve performance as the pandemic’s effects subside by leveraging rental assistance as a key tool in addressing people’s need for affordable housing.

As of the end of May 2024, the national HCV budget utilization rate reached 105.13 percent, surpassing HUD’s FY 2024 target rate of 100 percent. This is a nearly 5 percent increase from the start of the year. Voucher budget utilization started the year at 100.38 percent, based on the FY 2024 appropriations enacted in March 2024. The baseline was higher than expected because of rising local rental costs through calendar year (CY) 2023. HUD continues to support PHAs in using their HCV program resources to best serve their communities.

Surpassed HUD’s
FY 2024 target
utilization rate of
100 percent

HUD began National Standards for the Physical Inspection of Real Estate (NSPIRE) inspections for public housing and multifamily properties in August 2023 and October 2023, respectively. Since then, over 7,000 properties have been inspected using the NSPIRE standards, including over 1,000, out of 1,700, properties that were troubled last year. NSPIRE establishes a single inspection standard for all units under HUD’s Public Housing, HCV, Multifamily, and CPD programs. NSPIRE focuses on the areas that impact the health and safety of residents the most.

Inspected over
1,000 troubled
properties using
NSPIRE standards

As of July 15, 2024, 97.9 percent of physical inspections have been completed, making progress towards last year’s goal of clearing the inspection backlog resulting from operational impacts during the COVID-19 pandemic. HUD completed 100 percent of these Public Housing inspections by September 20, 2023 and expects that the remaining Multifamily Housing inspections will be completed by the end of 2024.

Completed **97.9**
percent of
physical
inspections to
clear the backlog
from COVID-19

★ **Advance Sustainable Homeownership**

HUD will maximize homeownership for creditworthy first-time homebuyers and preserve homeownership for existing homeowners. By September 30, 2025, HUD will maintain a first-time homebuyer rate of at least 80 percent for newly endorsed FHA-insured purchase mortgages and a re-default rate for seriously delinquent homeowners who received a loss mitigation action that is below 30 percent.

As of April 2024, 82 percent of newly approved FHA-insured purchase mortgages were for first-time homebuyers. Generating opportunities to access credit and homeownership remains a top priority for HUD. Connecting individuals who are not traditionally served by the conventional mortgage market to these opportunities promotes long-term financial stability and allows homeownership to be sustained.

In FY 2024, HUD implemented the second phase of its national outreach campaign with the OHC. The campaign is focused on raising awareness to renters of the potential wealth-building and equity creating benefits of homeownership.

HUD continues its efforts to bolster FHA Catalyst, FHA's IT modernization initiative. In February of 2024, HUD completed updates to FHA's Catalyst roadmap, FHA's IT modernization initiative. FHA will begin to utilize this roadmap with the initiation of Catalyst IT development. HUD also continued efforts for the FHA Catalyst Electronic Appraisal Delivery to connect to internal systems, develop internal security plans, and conduct stakeholder engagement.

Initiative Spotlight: FHA Catalyst

FHA Catalyst is FHA's IT modernization initiative. It works by catalyzing the loan lifecycle – connecting systems, people, and data to more efficiently and effectively support the homeowners, renters and communities that FHA serves. To learn more about FHA Catalyst, [click here](#).



★ Strengthen Environmental Justice

By September 30, 2025, protect families from lead-based paint and other health hazards by making an additional 25,000 units of at-risk housing units healthy and lead-safe.

HUD made significant progress towards strengthening environmental justice and accomplished several milestones during FY 2024. HUD continued developmental work on milestones through formulating respective action plans and, in many cases, began to implement initiatives. Grantees continued to make the homes of low-income families lead-safe and healthy, performing at a rate above that expected for the programs in aggregate. Outreach efforts have been and will be undertaken to help enhance this performance pattern.

Some of the most notable accomplishments in FY 2024 included:

- HUD developed and enhanced program-specific radon policies for assisted multifamily property owners and PHAs.
- HUD is finalizing a new Memorandum of Understanding with the Federal Permitting Improvement Steering Council to develop Phase II of HUD's Tribal Directory Assessment Tool (TDAT) geographic information system. TDAT helps users identify tribes that may have an interest in the location of a HUD-assisted project. Users are able to obtain tribal contact information to link tribes' geographic areas of current and ancestral interest down to the county level, and perform a variety of queries related to tribes. Phase II will increase engagement and usability by Grantees and Federally Recognized Tribes.
- HUD protected families of limited means from lead-based paint and other housing-related health hazards by making 10,610 at-risk housing units healthy and lead-safe in FY 2024. This production is also 1,235 units, or 13 percent, ahead, on a relative basis, of the interim benchmark for the Department's Agency Priority Goal of 25,000 units treated in FY 2024 and 2025.
- HUD developed and conducted National Healthy Homes month activities in April. HUD partnered with lead safety and healthy homes stakeholders to distribute information to the public on making homes safe and healthy through webinars, social media postings, and hosting events with local partners. HUD also created a Lead-Based Paint website within the HUD Exchange website providing resources and assistance to HUD's community partners.
- HUD published the FY 2024 Lead Hazard Reduction NOFO for state and local governments, and the Housing Related Hazards and Lead-Based Paint Capital Fund Program NOFO for PHAs.

ANALYSIS OF FINANCIAL STATEMENTS

To help the reader understand the Department's financial results, position, and condition, the following analysis addresses the relevance of balances and amounts as well as major changes in types and amounts of assets, liabilities, costs, revenues, budgetary resources, and commitments.

The financial statements are prepared to report the financial position, financial condition, and results of HUD's operations, consistent with the requirements of *31 U.S.C §3515(b)*. The statements are prepared from records of federal entities in accordance with federal generally accepted accounting principles (GAAP) and the formats prescribed by the Office of Management and Budget (OMB). Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

The chart below provides a summary of HUD's Financial Data including:

- Financial Position
- Budgetary Resources
- Off-Balance Sheet Risk

Summarized Financial Data		
<i>(dollars in billions)</i>	2024	2023
Total Assets	\$478.6	\$430.1
Total Liabilities	\$157.2	\$139.5
Net Position	\$321.3	\$290.6
Total Budgetary Resources	\$356.7	\$319.9
FHA Insurance-In-Force (IIF) ³	\$1,680.7	\$1,556.1
Ginnie Mae Mortgage-Backed Securities Guarantees ⁴	\$2,642.6	\$2,472.8
Other HUD Program Commitments ⁵	\$104.8	\$101.4

³ See HUD AFR, Note 7 (J1 and J2) – FHA Only

⁴ See HUD AFR, Note 15

⁵ See HUD AFR, Note 23 (Unpaid Obligations)

Analysis of Financial Statements

Assets – Major Accounts

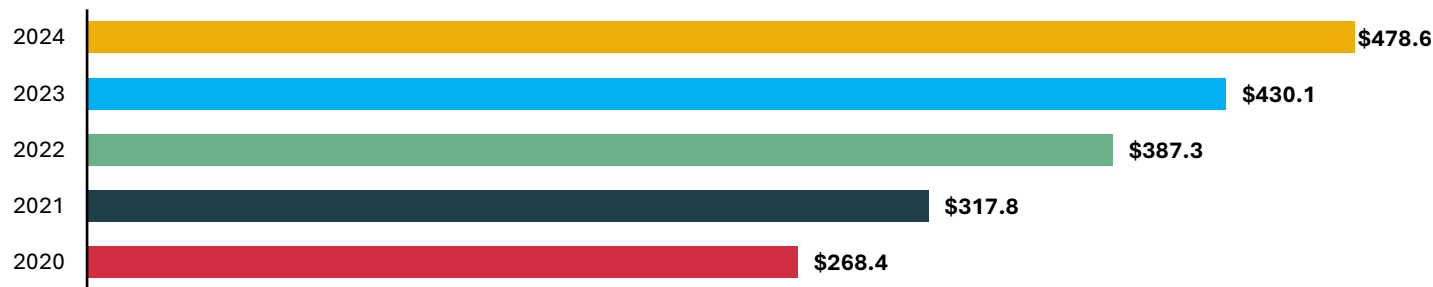
Total Assets for FY 2024, as reported in the Consolidated Balance Sheet, are displayed on the following chart on the right.

Total Assets of \$478.6 billion are comprised of Fund Balance with Treasury (FBWT) of \$147.6 billion (30.9 percent), Investments of \$179.1 billion (37.4 percent), Negative Loan Guarantees of \$50.3 billion (10.5 percent), Accounts Receivable of \$1.2 billion (0.2 percent), Loans Receivable, Net and Other Non-Credit Reform Loans of \$98.8 billion (20.6 percent), Advances and Prepayments – PIH and Other of \$1.3 billion (0.3 percent), and Cash & Other Monetary Assets, Other Assets and Property, Plant & Equipment (PP&E) of \$0.3 billion (0.1 percent) as of September 30, 2024.

Total Assets increased by \$48.5 billion (11.3 percent) from \$430.1 billion as of September 30, 2023. The net increase is primarily due to an increase of \$25.2 billion (16.4 percent) in Investments, an increase of \$8.0 billion (11.2 percent) in Loans Receivable, Net, an increase of \$17.7 billion (54.4 percent) in Negative Loan Guarantees, and an increase of \$0.2 billion (22.2 percent) in Advances and Prepayments - PIH and Other, offset by a decrease of \$0.9 billion (0.6 percent) in FBWT, a decrease of \$0.1 billion (8.6 percent) in Accounts Receivable, and a decrease of \$1.6 billion (7.5 percent) in Other Non-Credit Reform Loans.

The following chart shows Total Assets for FY 2024 and the four preceding years. The changes and trends affecting Total Assets are discussed in the subsequent paragraphs.

TOTAL ASSET TRENDS (2020 - 2024)
(dollars in billions)

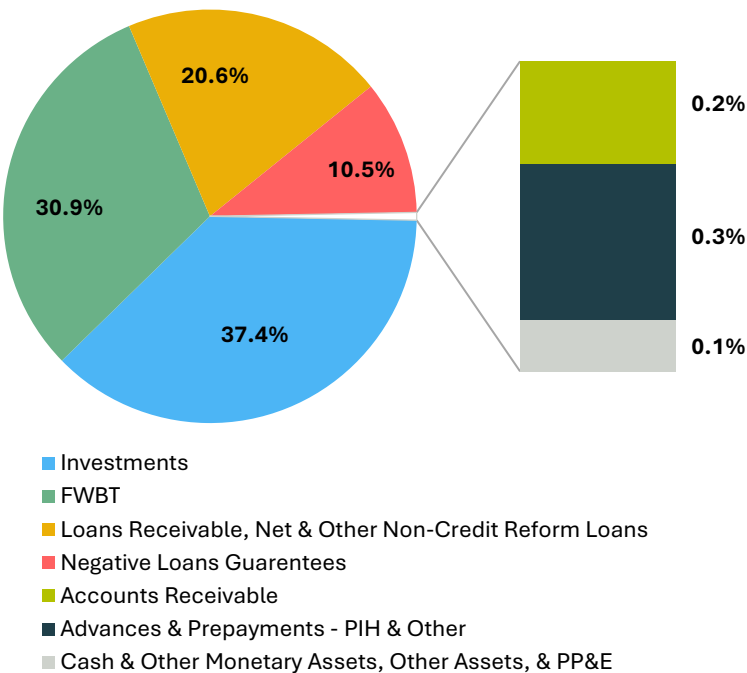


FBWT of \$147.6 billion represents HUD’s aggregate amount of funds available to make authorized expenditures and pay liabilities. FBWT decreased by \$0.9 billion primarily due to a decrease of \$3.2 billion for HUD Proper (which consists of all HUD programs except FHA and Ginnie Mae), offset by an increase of \$2.3 billion in FHA.

COMPOSITION OF HUD ASSETS
FY 2024

(dollars in billions)

\$478.6 TOTAL ASSETS



The FHA increase in FBWT of \$2.3 billion is primarily due to a net increase in activity in the Mutual Mortgage Insurance (MMI)/Cooperative Management Housing Insurance (CMHI) accounts of \$3.5 billion, offset by net decreases in activity in the General Insurance (GI)/ Special Risk Insurance (SRI) accounts of \$1.2 billion.

HUD Proper's decrease in FBWT of \$3.2 billion is primarily due to decreases in the Community Development Fund of \$2.7 billion, Tenant-Based Rental Assistance of \$1.6 billion, Public Housing Capital Fund of \$0.6 billion, CPD Housing Trust Fund of \$0.3 billion, Home Investment Partnership Program (HOME) of \$0.2 billion, and Housing Rental Assistance Program of \$0.1 billion. HUD Proper's decreases in FBWT are offset by increases in the Public Housing Fund of \$0.9 billion, Homeless Assistance Grants of \$0.7 billion, Project-Based Rental Assistance of \$0.4 billion, GRRP for Multifamily Housing Financing Account of \$0.2 billion, and Native American Housing Block Grants of \$0.1 billion.

Investments of \$179.1 billion primarily consist of investments by FHA's MMI/CMHI fund and Ginnie Mae in non-marketable, intragovernmental, Treasury securities (i.e., investments not sold in public markets).

FHA's investments increased by \$23.2 billion primarily due to a large transfer from the MMI/CMHI Loan Guarantee Financing to the MMI/CMHI Capital Reserve account to execute the FY 2023 downward reestimates. This amount transferred was re-invested in short term securities in the MMI/CMHI fund.

Ginnie Mae's investments increase by \$2.0 billion was driven primarily by Non-Expenditure Transfers (NET) and Modified Credit Reform Payments to the Capital Reserve account during FY 2024, as well as interest earnings on investments. Since funds in the Capital Reserve account are generally invested, growth in the Capital Reserve account will result in an increased balance in total Investments. In addition, higher interest rates and larger balances of investments drove higher interest income from overnight securities which was subsequently reinvested into additional securities. Modified Credit Reform Payments of \$1.3 billion, interest collections of \$1.2 billion, interest borrowings of \$0.2 billion, and NET to the Capital Reserve account of \$0.5 billion for repayment of borrowed principal, were offset by NET of \$1.2 billion from the Capital Reserve account to fund contract expenditures and the required payment of an upward reestimate.

Accounts Receivable of \$1.2 billion primarily consist of FHA premiums, partial claims and generic debt receivables, and premium receivables, Ginnie Mae fees, interest receivables, reimbursable cost receivables, other receivables, and criminal restitutions.

Loans Receivable, Net of \$79.3 billion, are attributed to FHA credit program receivables and HUD's support of construction and rehabilitation of low rent housing, principally for the elderly and disabled under the Section 202/811 programs. FHA's increase of \$8.1 billion (11.4 percent) is primarily due to FHA's increase in the value of Home Equity Conversion Mortgage (HECM), Single-Family, and Multifamily, defaulted guaranteed loans post-1991, an increase in Federal Financing Bank (FFB) Direct Loans and an increase in the adjustments in the allowance for subsidy due to downward reestimates. The increases were offset by a decrease in the value of defaulted guaranteed loans pre-1992 and the adjustments in the allowance for subsidy due to upward reestimates.

FHA's Negative Loan Guarantees as of September 30, 2024 and 2023 were \$50.4 billion and \$32.7 billion, respectively (excluding HUD Proper balances). The increase of \$17.7 billion is primarily due to increases in downward reestimates, premiums collected, interest accumulated on loan guarantee liabilities, negative subsidy endorsements, and claim payments in FHA's GI/SRI and MMI/CMHI loan guarantee financing accounts.

OMB Circular A-136, Financial Reporting Requirements, requires the loan guarantee liability to be reported as an asset when the net loan guarantee liability for all credit programs of the reporting entity is negative. Therefore, FHA's reporting negative loan guarantees for FY 2024 and FY 2023 as part of Loans Receivable, Net on the balance sheet.

Other Non-Credit Reform Loans of \$19.5 billion include the Ginnie Mae HECM loan portfolio recognized in FY 2023 and reflects a decrease of \$1.5 billion from FY 2023 balance of \$21.0 billion.

Advances and Prepayments of \$1.3 billion comprise \$0.5 billion of Ginnie Mae and \$0.5 billion of Section 8 Advances and Prepayments, and \$0.3 billion in PIH and Other Prepayments.

Other Assets (Cash & Other Monetary Assets, Other Intragovernmental Assets, and PP&E) of \$0.3 billion is primarily comprised of internal use software (IUS), furniture and fixtures, and other assets.

Assets – Major Programs

The chart on the right presents Total Assets for FY 2024 by major responsibility segment or program.

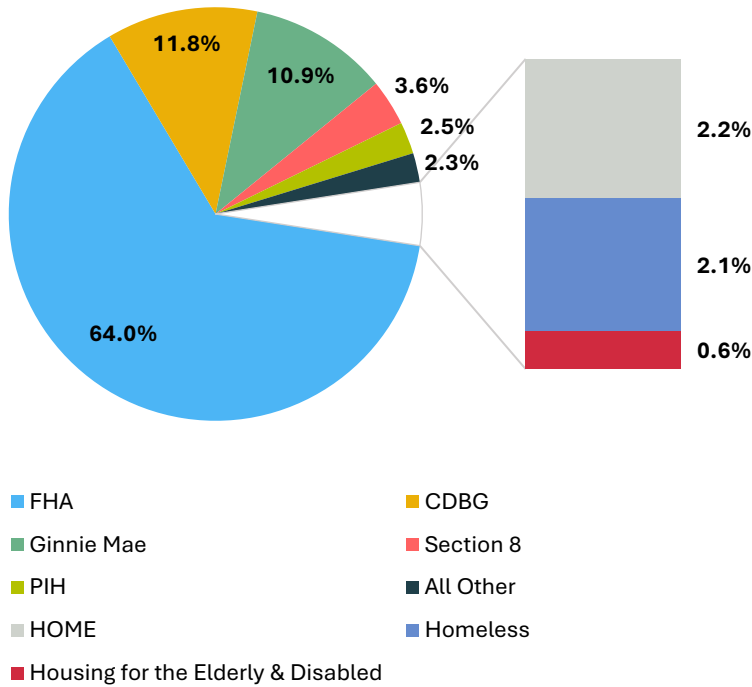
Liabilities – Major Accounts

Total Liabilities of \$157.2 billion consist of Intragovernmental Debt of \$130.4 billion (83.0 percent), Home Equity Conversion Mortgage-Backed Security (HMBS) Obligations of \$16.5 billion (10.5 percent), Accrued Grants Liabilities of \$4.3 billion (2.7 percent), Accounts Payable of \$1.6 billion (1.0 percent), Advances from Others and Deferred Revenues of \$0.9 billion (0.6 percent), Insurance and Guarantee Program Liabilities of \$1.1 billion (0.7 percent), and Remaining Liabilities of \$2.4 billion (1.5 percent) as of September 30, 2024.

Total Liabilities for FY 2024, as reported in the Consolidated Balance Sheet, are displayed in the chart on the right.

The liabilities increase of \$17.8 billion from FY 2023 to FY 2024 is primarily due to an increase of \$20.5 billion in intragovernmental debt and an increase of \$0.3 billion in accrued grant liabilities; and offset by a decrease of \$2.6 billion in HMBS obligations, a decrease of \$0.3 billion in other liabilities, and decrease of \$0.1 billion in accounts payable.

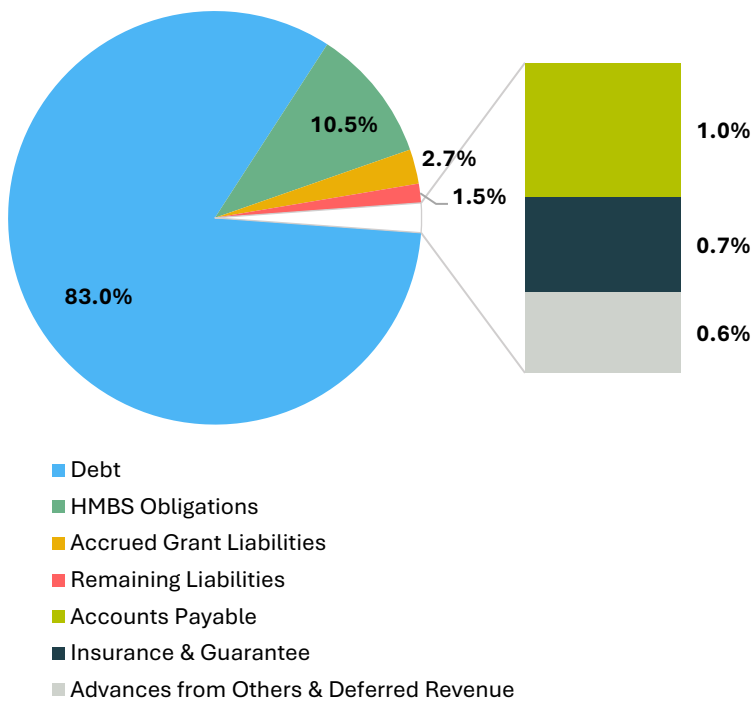
ASSETS BY RESPONSIBILITY SEGMENT FY 2024



COMPOSITION OF HUD LIABILITIES FY 2024

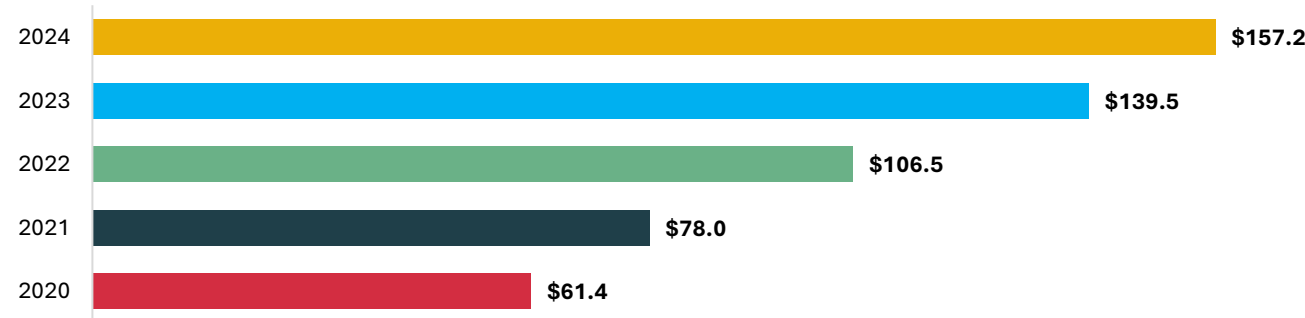
(dollars in billions)

\$157.2 TOTAL LIABILITIES



The following chart presents Total Liabilities for FY 2024 and the four preceding years. A discussion of the changes and trends impacting Total Liabilities are presented in the subsequent paragraphs.

TOTAL LIABILITIES TRENDS (2020 - 2024)
(dollars in billions*)



*Amounts rounded

Debt includes Intragovernmental Debt of \$130.4 billion that is primarily the result of FHA’s principal debt of \$130.1 billion with the Treasury. FHA’s \$20.3 billion (18.5 percent) increase is primarily due to an increase in Loans Payable. Borrowing was primarily due to net Bureau of Fiscal Service (BFS) borrowings in MMI/CMHI of \$18.2 billion and GI/SRI of \$2.1 billion. FHA borrowed because there was not sufficient cash in the fund to cover a large downward reestimate while still maintaining the ability to cover future claims. There is an increase of \$0.2 billion for All Other debt from \$0.1 billion in FY 2023 to \$0.3 billion in FY 2024.

Accounts Payable balance of \$1.6 billion includes \$0.7 billion for FHA, \$0.1 billion for Ginnie Mae, \$0.4 billion for Section 8, \$0.2 billion for PIH, and \$0.2 billion for other remaining HUD programs.

Accrued Grant Liabilities of \$4.3 billion comprise of \$2.4 billion in the Community Development Fund, \$1.1 billion in the Homeless Assistance Grants program, \$0.3 billion in the HOME program, \$0.2 billion in PIH programs, \$0.1 billion in the Housing for the Elderly and Disabled (HED) program, and \$0.2 billion for All Other programs.

The decrease of \$2.6 billion in Ginnie Mae HMBS Obligations, at fair value, was primarily due to pass-through payments to security holders, which was partially offset by an increase in fair value and periodic interest accruals. The pass-through payments to security holders, which decrease HMBS Obligations when the payments are made, totaled \$1.6 billion for FY 2024. Similarly, loan pool buyouts which also decrease HMBS Obligations, totaled \$2.3 billion for FY 2024. Interest accruals which increase HMBS Obligations for FY 2024 totaled \$1.1 billion. Fair value adjustments which also increase HMBS Obligations were \$0.2 billion, reflecting changes in weighted average fair value marks applied based on market conditions.

Other Intragovernmental Liabilities of \$1.9 billion is primarily due to Liabilities to the General Fund of the U.S. Government; and consists of \$1.7 billion for FHA programs and \$0.2 billion for All Other remaining programs. Other than Intragovernmental (Public) Liabilities includes Other Liabilities of \$0.3 billion, which is primarily due to FHA program activities.

Liabilities – Major Programs

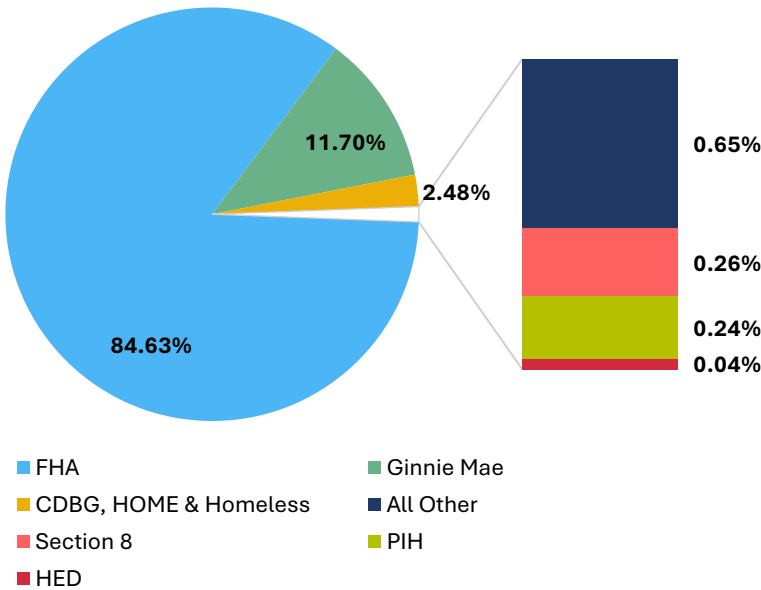
The chart on the right presents Total Liabilities for FY 2024 by responsibility segment.

Changes in Net Position

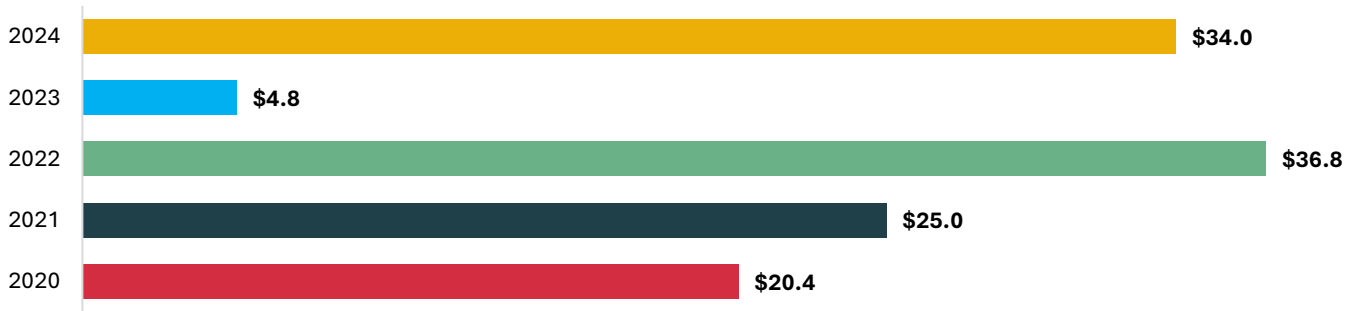
Changes in Unexpended Appropriations, Net Cost of Operations, and Financing Sources combine to determine the Net Position at the end of the FY. The elements are further discussed below. HUD’s current Net Position of \$321.3 billion, as reported in the Consolidated Statement of Changes in Net Position, reflects an increase of \$30.7 billion (10.6 percent) from the FY 2023. The net increase in Net Position is primarily attributable to \$34.0 billion increase in Cumulative Results of Operations (CRO), and \$3.3 billion decrease in Unexpended Appropriations.

The following chart presents HUD’s Net Change in CRO for FY 2024 and the four preceding years.

LIABILITIES BY RESPONSIBILITY SEGMENT FY 2024



NET CHANGE IN CRO TREND (2020 - 2024)
(dollars in billions)



Unexpended Appropriations for FY 2024, as shown in HUD’s Statement of Changes in Net Position, totaled \$111.6 billion. The decrease of \$3.3 billion (2.9 percent) is primarily due to \$2.6 billion decrease in the CDBG programs, \$1.1 billion decrease in the Section 8 programs, \$0.4 billion decrease in the FHA programs, and \$0.3 billion decrease in the HOME program, offset by \$0.6 billion increase in the Homeless Assistance Grants program, and \$0.5 billion increase in the PIH programs.

CRO for FY 2024, as shown in HUD’s Statement of Changes in Net Position, totaled \$209.8 billion. The increase of \$34.0 billion (19.4 percent) is the net of HUD’s FY 2024 \$77.4 billion of Financing Sources and \$43.4 billion of Net Cost of Operations.

The increase of \$31.3 billion in FHA’s CRO is due to a net gain in operations of \$31.4 billion offset by a \$0.1 billion decrease in Financing Sources.

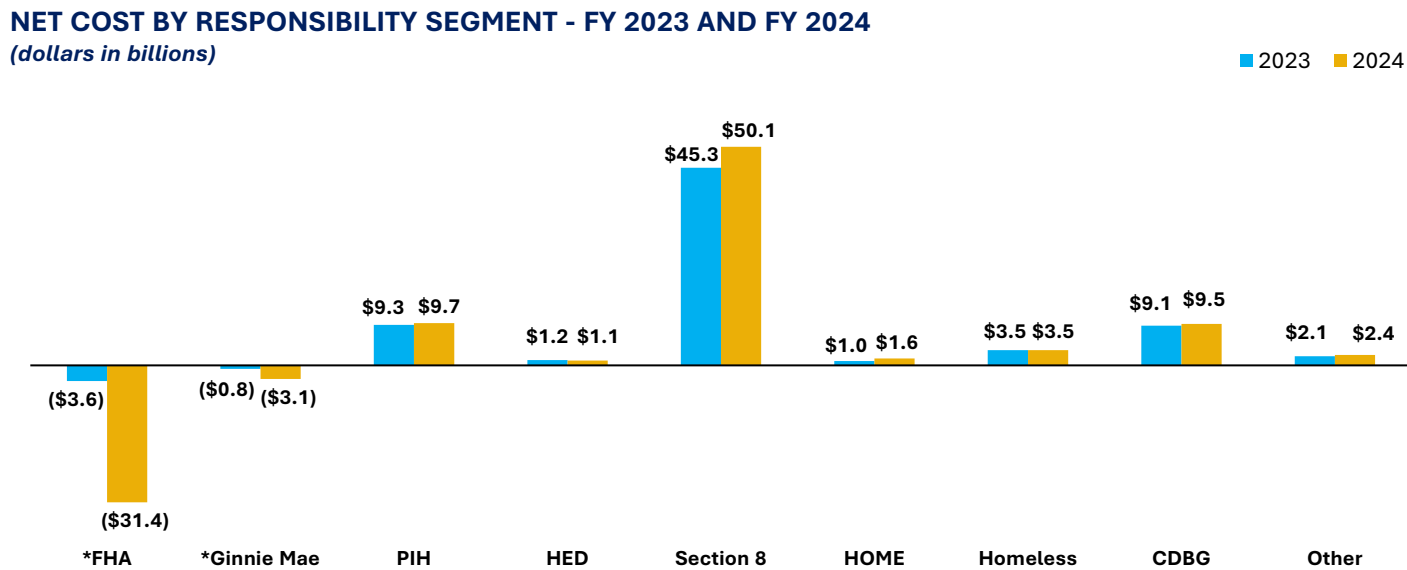
The increase of \$3.0 billion in Ginne Mae’s CRO is primarily due to a larger beginning CRO balance for FY 2024 of \$1.0 billion, as compared to FY 2023, and a lower Net Costs of Operations of \$2.2 billion. This was offset by a decrease in the line item for Changes in Accounting Principle of \$0.2 billion due to the adoption of Current

Expected Credit Losses (CECL) in FY 2023. This change of accounting principle created a net change in CRO during FY 2023 that would not recur in FY 2024.

Financing Sources for FY 2024 totaled \$77.4 billion, which are primarily comprised of \$78.9 billion of Appropriations Used, \$0.1 billion of Imputed Financing and \$0.3 billion of Other Adjustments, offset by \$1.9 billion of Other Financing Sources.

The increase of \$6.2 billion in Appropriations Used is primarily due to a \$4.7 billion increase in Section 8 Programs and a net increase of \$1.5 billion in other HUD Proper programs.

The chart below presents HUD’s Total Net Cost for FY 2023 and FY 2024 by responsibility segment.



*FHA and GINNIE MAE’s negative Net Cost include negative subsidies

As shown in the chart, Net Cost of Operations is primarily a result of spending \$50.1 billion in support of the Section 8 program (administered jointly by PIH, Housing, and CPD programs). The current FY change in Net Cost for the Section 8 programs is \$4.8 billion (10.5 percent) more than the prior FY.

FHA’s Net Cost decrease by \$27.8 billion is mainly attributed to decreases in reestimates that adjusted subsidy expense of \$24.7 billion in the MMI/CMHI account and \$1.1 billion in the GI/SRI account; and a decrease in interest accumulation expense of \$0.4 billion in both the GI/SRI and MMI/CMHI accounts. This is offset by increases in both the GI/SRI and MMI/CMHI accounts to subsidy expense totaling \$1.3 billion, and interest expense of \$0.4 billion. Earned Revenue is increased primarily due to increases in amortization of discounts/premiums to MMI/CMHI investments of \$3.3 billion.

Ginnie Mae’s Net Cost of Operations decrease by \$2.2 billion for FY 2024 is due to a decrease in Gross Costs of \$1.6 billion, that is primarily due to Interest Costs related to HMBS Obligations, Loss on Acquisition of HECM/HMBS Portfolio, Changes in Fair Value of HMBS Obligations, and Changes in Liability for Losses on Remaining Coverage, and an increase in Earned Revenue of \$0.6 billion that is primarily due to U.S. Treasury Interest, Forward Mortgage, Reverse Mortgage and HMBS Obligation Fair Value Gains, Interest Accrual on HECM Loans, and MBS Guaranty Fees.

Analysis of Budgetary Resources

Total Budgetary Resources by Responsibility Segment for FY 2024, as reported in the Consolidated Financial Statements, are displayed in the chart on the right. Total Budgetary Resources of \$356.7 billion are comprised of \$224.1 billion (62.8 percent) for FHA, \$35.2 billion (9.9 percent) for Ginnie Mae, \$53.0 billion (14.8 percent) for Section 8, \$12.0 billion (3.4 percent) for CDBG, \$1.4 billion (0.4 percent) for HOME, \$8.9 billion (2.5 percent) for Homeless, \$11.0 billion (3.1 percent) for PIH, \$2.3 billion (0.6 percent) for HED, and \$8.8 billion (2.5 percent) for All Other.

HUD’s overall Budgetary Resources increased by \$36.8 billion from FY 2023 to FY 2024 primarily due to increases in FHA and Ginnie Mae, offset by a net decrease in HUD Proper programs.

FHA’s Budgetary Resources increased by \$39.1 billion in FY 2024, primarily due to an increase of \$15.2 billion in Unobligated Balance from Prior Year Budget Authority, Net, and an increase of \$24.7 billion in Spending Authority from Offsetting Collections; offset by a decrease of \$0.6 billion Borrowing Authority, and a decrease of \$0.2 billion in Appropriations.

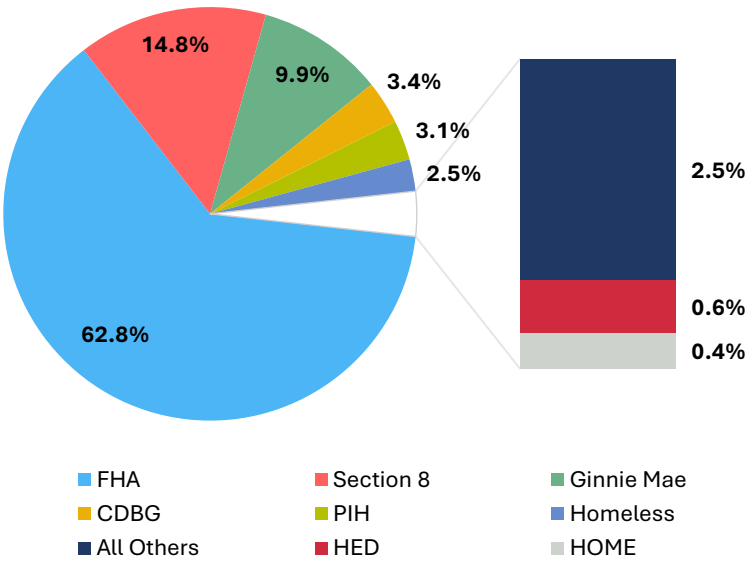
The increase of \$15.2 billion in Unobligated Balance from Prior Year Budget Authority, Net is primarily due to an increase in negative subsidy transferred to the MMI/CMHI capital reserve account of \$4.7 billion, other activity in the GI/SRI account of \$4.2 billion, an increase in Total Resources – Collected in the MMI/CMHI capital reserve account of \$3.2 billion, an increase in downward reestimates from FY 2024 in the MMI/CMHI capital reserve account of \$1.7 billion and MMI/CMHI account (excluding the capital reserve account) of \$1.4 billion.

The increase of \$24.7 billion in Spending Authority from Offsetting Collections is primarily due to an increase in downward reestimates of \$12.5 billion in the MMI/CMHI capital reserve account, a decrease in actual repayment of current year debt of \$7.3 billion in the MMI/CMHI loan guarantee financing, an increase of \$0.1 billion in the GI/SRI direct loan and GI/SRI loan guarantee financing accounts, an increase in upward reestimates in the MMI/CMHI loan guarantee financing account of \$2.4 billion, an increase in interest collected from Treasury of \$2.1 billion in the MMI/CMHI capital reserve account, and increases in other activity in the MMI/CMHI accounts of \$0.3 billion and the GI/SRI accounts of \$0.2 billion. The increases are offset by a decrease in upward reestimates of \$0.2 billion in the GI/SRI loan guarantee financing account.

Ginnie Mae’s Budgetary Resources increased by \$2.4 billion, primarily due to increase of \$0.9 billion in Unobligated Balance from Prior Year Budget Authority, Net, and an increase of \$1.5 billion in Spending Authority from Offsetting Collections.

The net decrease in Budgetary Resources of \$4.7 billion for HUD Proper programs is primarily due to decreases of \$7.6 billion in CDBG, \$0.7 billion in HOME, and \$0.5 billion in All Other; offset by increases of \$2.5 billion in Section 8 Rental Assistance programs, \$1.1 billion in Homeless Assistance Grants, and \$0.5 billion in PIH programs.

Budgetary Resources by Responsibility Segment



The following chart presents the Total Budgetary Resources Trend for FY 2024 and the four preceding years.

TOTAL BUDGETARY RESOURCES TREND (2020 - 2024)

(dollars in billions)



Contractual and Administrative Commitments

HUD's Contractual Commitments of \$104.8 billion in FY 2024 represent HUD's commitment to provide funds in future periods under existing contracts for its grant, loan, and subsidy programs.

Administrative Commitments (reservations) of \$2.2 billion relate to specific projects for which funds will be provided upon execution of the related contract.

The chart below presents HUD's Contractual Commitments for FY 2024 and the four preceding years.

COMMITMENTS UNDER GRANT, SUBSIDY, AND LOAN PROGRAMS TREND

(2020 - 2024)

(dollars in billions)



These commitments are funded primarily by a combination of unexpended appropriations and permanent indefinite appropriations, depending on the inception date of the contract. HUD draws on permanent indefinite budget authority to fund the current year's portion of contracts entered prior to FY 1988 in the rental assistance program. The remaining HUD programs receive direct appropriations. Since FY 1988, HUD has had appropriated funds in advance for the entire contract term in the initial year, resulting in substantial increases and sustained balances in HUD's unexpended appropriations.

Total Commitments (contractual and administrative) decreased by \$0.7 billion (0.7 percent) during FY 2024. The change is primarily attributable to a decrease of \$2.5 billion in CDBG, a decrease of \$0.5 billion in Section 8, a decrease of \$0.3 billion in HOME, a decrease of \$0.3 billion in Homeless Assistance Grants; and offset by an increase of \$0.5 billion in Ginnie Mae, an increase of \$0.3 billion in FHA, an increase of \$0.2 billion in PIH, an increase of \$0.2 billion in HED, and an increase of \$1.7 billion in All Other programs.

The chart below presents HUD’s Section 8 Contractual Commitments for FY 2024 and the four preceding years.

SECTION 8 COMMITMENTS TREND (2020 - 2024)
(dollars in billions)



To contain the costs of future Section 8 contract renewals, HUD began converting all expiring contracts to one-year terms during FY 1996. By changing to one-year contract terms, HUD effectively reduced the annual budget authority needed from Congress.

Analysis of Off-Balance-Sheet Risk

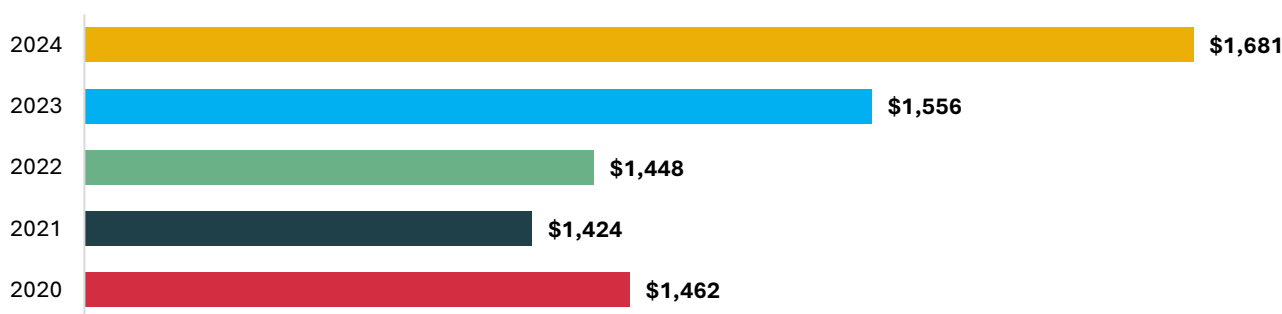
The financial risks of HUD’s credit activities are primarily due to managing FHA’s insurance of mortgage guarantees and Ginnie Mae’s guarantees of MBS. Financial operations of these entities can be affected by large unanticipated losses from defaults by borrowers and issuers and by an inability to sell the underlying collateral for an amount sufficient to recover all costs incurred.

FHA IIF

FHA administers a wide range of activities to make mortgage financing more accessible to the home-buying public and to increase the availability of affordable housing to families and individuals, particularly to the Nation’s poor and disadvantaged. Every year the total guaranteed principal changes as the portfolio grows and shrinks. Each month, FHA endorses new loans, which increases the IIF, and pays out claims on loans leaving the portfolio. Claims and prepayments reduce the IIF. The primary driver of the increase in total guaranteed principal is the growth in the Single-Family Forward portfolio. Multifamily and Healthcare portfolios also increased. These increases were offset by loans leaving the portfolio by prepayment and claim. FHA insures private lenders against loss on mortgages, which finance single family homes and reverse mortgages, also referred to as HECM. FHA’s IIF (including the Outstanding Balance of HECM loans) is \$1,680.7 billion in FY 2024. This is an increase of \$124.6 billion (8.0 percent) from the FY 2023 FHA IIF of \$1,556.1 billion.

The chart below presents FHA IIF for FY 2024 and the four preceding years.

FHA IIF TREND (2020 - 2024)
(dollars in billions)



Ginnie Mae Guarantees

Ginnie Mae financial instruments with off-balance sheet risk include guarantees of MBS and commitments to guarantee. The securities are backed by pools of mortgage loans insured by FHA, PIH and Rural Housing Service, and guaranteed by VA. Ginnie Mae is exposed to credit loss in the event of non-performance by other parties to the financial instruments. The total amount of Ginnie Mae guaranteed securities outstanding as of September 30, 2024 and 2023 were approximately \$2,642.6 billion and \$2,472.8 billion, respectively. In the event of default, the underlying mortgages serve as primary collateral, and FHA, USDA, VA and PIH insurance or guarantee indemnifies Ginnie Mae for most losses.

During the mortgage closing period and prior to granting its guaranty, Ginnie Mae enters commitments to guarantee MBS. The commitment ends when the MBS is issued or when the commitment period expires. While Ginnie Mae’s risks related to outstanding commitments are much less than outstanding securities, due in part to the federal guarantee on the underlying portfolio, Ginnie Mae is also able to mitigate risk through its ability to limit commitment authority granted to individual issuers of MBS. Outstanding commitments as of September 30, 2024 and 2023 were \$145.8 billion and \$140.8 billion, respectively.

The chart below presents Ginnie Mae MBS Outstanding for FY 2024 and the four preceding years.

GINNIE MAE MBS OUTSTANDING TREND (2020 - 2024)
(dollars in billions)



Generally, Ginnie Mae’s MBS pools are diversified among issuers and geographic areas. No significant geographic concentrations of credit risk exist; however, to a limited extent, securities are concentrated among issuers. In FY 2024 and FY 2023, Ginnie Mae issued a total of \$184.2 billion and \$143.9 billion, respectively, in its multi-class securities program. The estimated outstanding balances of multiclass securities in the total MBS securities balance as of September 30, 2024 and 2023 were \$840.3 billion and \$737.9 billion, respectively.

These securities do not subject Ginnie Mae to additional credit risk beyond that assumed under the MBS program.

MBS include the following:

- **Real Estate Mortgage Investment Conduits (REMICs)** are a type of multiclass mortgage-related security in which interest and principal payments from mortgages are structured into separately traded securities.
- **Stripped MBS** are securities created by “stripping” or separating the principal and interest payments from the underlying pool of mortgages into two classes of securities, with each receiving a different proportion of the principal and interest payments.
- **Platinum Securities** – A Ginnie Mae Platinum security is formed by combining Ginnie Mae’s MBS pools that have uniform coupons and original terms to maturity into a single certificate.
- **Callable Trusts** – Callable Trusts allow investors to better manage repayment risk and call redemptions at negotiated prices. Call features are attractive to issuers, because they allow them to refinance their debt if interest rates fluctuate.

Stewardship Information

Introduction

This narrative provides information on resources utilized by HUD that do not meet the criteria for information required to be reported or audited in HUD's financial statements but are, nonetheless, important-to-understand investments made by HUD for the benefit of the Nation. The stewardship objective requires that HUD also report on the broad outcomes of its actions associated with these resources. Such reporting will provide information that will help the reader to better assess the impact of HUD's operations and activities.

Previously, HUD's Required Supplementary Stewardship Information (RSSI) was reported in a separate section. In FY 2020, *Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) No. 57: Omnibus Amendments 2019* paragraphs A9 and A10, eliminated the RSSI category by rescinding *FASAB SFFAS No. 8*. Due to the materiality of HUD's Stewardship Investments, HUD is including these reports in the MD&A Section of the AFR based on *OMB Circular A-136 and FASAB SFFAS No. 15: Management Discussion and Analysis*.

The Department received funding in FY 2020 as part of the *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)* and in FY 2021 as part of the *American Rescue Plan Act (ARP Act)* to respond to COVID-19. Amounts shown in the Stewardship Information tables may include investments funded by the *CARES Act* and the *ARP Act*.

HUD's stewardship reporting responsibilities extend to the investments made by several HUD programs in Non-Federal Physical Property, Human Capital, and Research and Development. Due to the relative immateriality of the amounts and in the application of the related administrative costs, most of the investments reported reflect direct program costs only.

The investments addressed in this narrative are attributable to programs administered through the following HUD major program areas:

- CPD,
- PIH,
- PD&R, and
- OLHCHH

Overview of HUD's Major Programs

CPD seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expanded economic opportunities for low- and moderate-income persons. HUD makes stewardship investments through the following CPD programs:

- **Community Development Block Grants (CDBG)** are provided to state and local communities, which use these funds to support a wide variety of community development activities within their jurisdictions. These activities are designed to benefit low- and moderate-income persons, aid in the prevention of slums and blight, and meet other urgent community development needs. State and local communities use the funds as they deem necessary if the use of these funds meet at least one of these objectives. A portion of the funds supports the acquisition, construction, or rehabilitation of permanent, residential structures that qualify as occupied by and benefiting low- and moderate- income persons, while other funds help to provide employment and job training to low- and moderate-income persons.
- **Disaster Recovery Assistance (Disaster Grants/CDBG-DR)** is a CDBG program that helps state and local governments recover from major natural disasters. A portion of these funds can be used to acquire, rehabilitate, construct, or demolish physical property.

- **The HOME Investment Partnerships Program (HOME)** provides formula grants to states and localities (used often in partnership with local nonprofit groups) to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for low-income persons.
- **The Housing Trust Fund (HTF)** provides grants to states to increase and preserve affordable housing for extremely low- and very low-income households.
- **Homeless – Continuum of Care (CoC)** is a body of stakeholders in a specific geographic area that plans and implements homeless assistance strategies (including the coordination of resources) to address the critical needs of homeless persons and facilitate their transition to jobs and independent living.
- **Emergency Solutions Grants (ESG)** provide formula funding to local units of government for homelessness prevention and to improve the number and quality of emergency and transitional shelters for homeless individuals and families.
- **Neighborhood Stabilization Program (NSP)** stabilizes communities that have suffered from foreclosures and abandonment. This includes providing TA as well as the purchase and redevelopment of foreclosed and abandoned homes and residential properties.
- **Housing Opportunities for People with HIV/AIDS (HOPWA)** provides education assistance and an array of housing subsidy assistance and supportive services to assist low-income families and individuals who are living with the challenges of HIV/AIDS and risks of homelessness.

PIH ensures safe, decent, and affordable housing, creates opportunities for residents' self-sufficiency and economic independence, and assures the fiscal integrity of all program participants. HUD makes stewardship investments through the following PIH programs:

- **Indian Community Development Block Grants (ICDBG)** provide funds to Indian organizations to develop viable communities, including decent housing, a suitable living environment, and economic opportunities, principally for low- and moderate-income recipients.
- The **Native Hawaiian Housing Block Grant (NHHBG)** program provides an annual block grant to the Department of Hawaiian Homelands (DHHL) for a range of affordable housing activities to benefit low-income Native Hawaiians eligible to reside on the Hawaiian homelands. The DHHL has the authority under the NHHBG program to develop new and innovative affordable housing initiatives and programs based on local needs, including down payment and other mortgage assistance programs, transitional housing, domestic abuse shelters, and revolving loan funds.
- **Indian Housing Block Grants (IHBG)** provide funds needed to allow tribal housing organizations to maintain existing units and to begin development of new units to meet their critical long-term housing needs.
- **HOPE VI Revitalization Grants (HOPE VI)** provide support for the improvement of the living environment of public housing residents in distressed public housing units. Some investments support the acquisition, construction or rehabilitation of property owned by the PHA and state or local governments, while others help to provide education and job training to residents of the communities targeted for rehabilitation.
- **Choice Neighborhoods** grants transform distressed neighborhoods and public housing projects into viable, sustainable mixed-income neighborhoods by linking housing improvements with appropriate services, schools, public assets, transportation, and access to jobs.
- **The Public Housing (PH) Fund (new in FY 2021) and the PH Capital Fund** provides grants to PHAs to improve the physical conditions and to upgrade the management and operation of existing public housing.

The PH Capital Fund continues to make obligations and outlays from funds appropriated in FY 2020 and earlier.

PD&R's stewardship responsibilities include maintaining current information to monitor housing needs and housing market conditions, and to support and conduct research on priority housing and community development issues. In prior years, HUD made stewardship investments through the Community Development Work Study and the Partnership for Advancing Technology in Housing program.

- **Community Compass** provides TA and capacity building to CPD grantees including onsite and remote training, workshops, and 1:1 assistance.
- **Distressed Cities TA** began in FY 2020 and is designed to build the administrative capacity of smaller distressed communities recently impacted by a natural disaster. The focus of this TA includes financial management, economic development, and disaster recovery planning.

The Community Compass and Distressed Cities TA programs have moved from CPD to PD&R due to a reorganization effective FY 2024.

The **OLHCHH** program seeks to eliminate childhood lead poisoning caused by lead-based paint hazards and to address other childhood diseases and injuries, such as asthma, unintentional injury, and carbon monoxide poisoning, caused by substandard housing conditions.

- **The Lead TA Division**, in support of the Departmental Lead Hazard Control program, supports TA and the conduct of technical studies and demonstrations to identify innovative methods to create lead-safe housing at reduced cost. In addition, these programs are designed to increase the awareness of lead professionals, parents, building owners, housing and public health professionals, and others with respect to lead-based paint and related property-based health issues.
- **Lead Hazard Control Grants** help state and local governments, private organizations, and firms control lead-based paint hazards in low-income, privately owned rental, and owner-occupied housing. The grants build program and local capacity and generate training opportunities and contracts for low-income residents and businesses in targeted areas.

Stewardship Information Reporting – HUD's Major Programs

Investment in Non-Federal Physical Property: Non-Federal physical property investments support the purchase, construction, or major renovation of physical property owned by state and local governments. These investments support HUD's strategic goals to increase the availability of decent, safe, and affordable housing and to strengthen communities. Through these investments, HUD serves to improve the quality of life and economic vitality.

The table on the next page summarizes material program investments in Non-Federal Physical Property for FY 2020 through FY 2024.

Investments in Non-Federal Physical Property FY 2020 – 2024 (dollars in millions)					
Program	2020	2021	2022	2023	2024
CPD					
CDBG	\$1,085	\$1,071	\$1,080	\$1,259	\$1,295
CDBG-DR ¹	\$483	\$631	\$947	\$1,132	\$1,288
HOME ²	\$10	\$9	\$5	\$10	\$28
CoC-Homeless ³	\$0	\$0	\$0	\$1	\$1
ESG ⁴	N/A	\$14	\$22	\$85	\$0
HTF ⁵	\$2	\$4	\$11	\$0	\$1
NSP ⁶	\$3	\$1	\$1	\$4	\$3
PIH					
ICDBG ⁷	\$58	\$52	\$96	\$70	\$0
NHHBG	\$2	\$2	\$22	\$21	\$22
IHBG ⁸	\$183	\$150	\$164	\$207	\$219
HOPE VI ⁹	\$1	\$1	\$1	\$0	\$0
Choice Neighborhoods ¹⁰	\$78	\$70	\$69	\$82	\$116
PH Fund ¹¹	N/A	\$118	\$1,163	\$2,050	\$2,633
PH Capital Fund ¹²	\$2,094	\$2,445	\$1,471	\$984	\$681
TOTAL	\$3,999	\$4,568	\$5,052	\$5,905	\$6,287

Notes:

1. CDBG-DR closed two grants in FY 2020, one in FY 2021, two in FY 2022, four in FY 2023, and three grants in FY 2024. Appropriations from the FY 2017 class reached higher expenditure levels in FY 2021 through FY 2024 for non-federal physical properties. Action Plan approvals and the diminishing effects of the COVID-19 pandemic have resulted in an increase in spending and is characteristic of the CDBG-DR life cycle. Overall spending across various appropriations is steady.
2. The impact of COVID-19 issues and increased construction costs are reflected in the increase of expenditures during FY 2024. Also, the overall production of HOME units has increased compared to the previous year.
3. In FY 2022, there was only one grant awarded with an amount of capital costs not material to be included in the AFR.
4. With the ESG *Cares Act* funds awarded for the COVID-19 response having nearly expired, the remaining ESG funds are not spent on capital costs during FY 2024.
5. The increase in expenditures in FY 2024 is due to the completion of the remaining activities. Expenditures in FY 2023 were not material to be included in the AFR.
6. In FY 2023, the State of California spent about \$3.3 million of its program income in rehabilitation/reconstruction of public facilities in the County of Tuolumne. As a result, there was a significant increase in FY 2023 spending. These investments continued in FY 2024, which accounts for most of the expense.
7. Amounts are reported under the FY in which they were appropriated, not necessarily the FY in which they were awarded or expended. As a result, the amount in FY 2023 has been updated. At the time of the report, FY 2024 applications were being accepted, but awards had not been made.
8. Data for FY 2022 and FY 2023 has been updated to reflect corrections and updates made to the database since the last report. Amounts expended vary from year to year because annual grant amounts vary

depending on funding levels and grantees are free to expend funds on whatever activities that address their current priorities.

9. The final HOPE VI appropriation was in FY 2011. Except for grants awarded before FY 2001, all HOPE VI funds have been expended or have been canceled and returned to Treasury. Obligations will decrease each year until all HOPE VI grants have been expended. Expenditures in FY 2023 and FY 2024 were not material to be included in the AFR.
10. The increase in FY 2024 expenditures was likely due to an increase in the number of grant recipients constructing housing in the past year.
11. The Public Housing Fund combines the Public Housing Capital and Operating Funds. The Public Housing Fund can only report on Capital Fund data, since Operating Funds are not applicable to SSI. Expenditures in the Public Housing Capital Fund account are expected to decrease to zero as this funding expires; and expenditures in the Public Housing Fund are expected to increase significantly. This funding is in the fourth year and began in FY 2021. FY 2022 and FY 2023 expenditures were updated to reflect year to date balances for the applicable fiscal period.
12. Since FY 2021, this appropriation has been consolidated into the Public Housing Fund. Expenditure decreases are expected due to appropriation consolidation of the Public Housing Capital Fund with the Public Housing Fund. FY 2022 and FY 2023 expenditures were updated to reflect year to date balances for the applicable fiscal period.

Human Capital

Investment in Human Capital: Human Capital investments support education and training programs that are intended to increase or maintain national economic productive capacity. These investments support HUD's strategic goals, which promote self-sufficiency and asset development of families and individuals; improve community quality of life and economic vitality; and ensure public trust in HUD.

The following table summarizes program investments in Human Capital for FY 2020 through FY 2024.

Investments in Human Capital FY 2020 – 2024 (dollars in millions)					
Program	2020	2021	2022	2023	2024
CPD					
CDBG	\$32	\$32	\$36	\$37	\$37
CDBG-DR ¹	\$16	\$26	\$36	\$35	\$53
CoC-Homeless ²	\$13	\$13	\$14	\$15	\$17
ESG	\$3	\$3	\$3	\$5	\$4
HOPWA ³	\$1	\$1	\$0	\$0	\$0
PIH					
IHBG ⁴	\$4	\$3	\$3	\$4	\$5
Choice Neighborhoods ⁵	\$15	\$15	\$11	\$13	\$17
PD&R					
Community Compass ⁶	\$50	\$59	\$60	\$67	\$80
Distressed Cities ⁷	\$0	\$0	\$1	\$1	\$4
TOTAL	\$134	\$152	\$164	\$177	\$217

Notes:

1. In FY 2024, there was an increase in spending as the FY 2018 appropriations grantees began to draw funds for CDBG-Mitigation Program activities, in addition to the FY 2017 class, which increased overall expenditures.

2. The CoC program has seen steady progress on human capital investments. It generally asks recipients to focus the HUD funding on housing but allows its use for services. Recipients are encouraged to use funds for eligible services when other service funding is not available.
3. Expenditures in FY 2022, FY 2023 and FY 2024 were not material to be included in the AFR.
4. In FY 2022 and FY 2023, training funds were offered through a Notice of Funding Availability (NOFA) competition. These training funds were added to the funds, that were available from the two prior training NOFAs. This increase in training funds continued during the FY 2024.
5. The FY 2024 increase in spending was due to the increase in the overall number of grant recipients providing supportive services in the past year.
6. Growth in expenditures for the Community Compass program is due to HUD operational efforts to encourage collaboration between program offices and TA providers to identify capacity gaps and effective strategies and address those gaps through TA and capacity building activities.
7. Consistent with prior year planning, HUD identified opportunities to evolve or expand the Distressed Cities TA delivery model to include additional methods for building the capacity of small, fiscally distressed jurisdictions. While accelerating the pace of direct TA, the program also invested in a customized curriculum, which together drove substantial growth in program expenditures. FY2020 was the first year for this program. Expenditures in FY 2020 and FY 2021 were not material to be included in the AFR.

Results of Human Capital Investments: The following table presents the results (number of people trained) of human capital investments for FY 2020 through FY 2024.

Results of Investments in Human Capital Number of People Trained FY 2020 - 2024					
Program	2020	2021	2022	2023	2024
CPD					
CDBG	56,919	43,968	40,528	43,058	44,391
CoC-Homeless ¹	17%	16%	14%	14%	14%
HOPWA ²	911	676	906	774	878
NSP TA ³	0	0	210	235	155
PIH					
ICDBG ⁴	0	30	0	0	0
NHHBG ⁵	16	40	30	25	18
IHBG ⁶	1,534	2,034	2,667	4,524	3,678
HOPE VI (see table and notes on page 31)	-	-	-	-	-
Choice Neighborhoods (see table and notes on page 32)	-	-	-	-	-
PD&R					
Community Compass	36,603	62,538	63,064	64,901	67,895
Distressed Cities ⁷	1,324	3	0	0	0
OLHCHH					
Lead TA ⁸	948	570	550	528	480
TOTAL	98,255	109,859	107,955	114,045	117,495

Notes:

1. CoC – Homeless results are expressed in terms of percentage of persons exiting the programs and earning employment income. This measure has one-year time lag.

2. The increase in FY 2024 is due primarily to a grants management/monitoring improvement plan being implemented and a grantee bringing on new providers.
3. All training portions of NSP ended in FY 2017, except for one Disaster Recovery Grant Recovery. There was one local training event presented in FY 2024.
4. Limited Salary and Expense (S&E) funding prevented contracting for ICDBG training since FY 2012. HUD staff provide training and TA to grantees of this program. However, recent legislative changes made ICDBG eligible for TA funds. One group training was held in FY 2021 but none in FY 2022 through FY 2024.
5. Since 2017, Office of Native American Programs (ONAP) focused on providing TA directly to the grantee. Expenditures under Investments in Human Capital, in FY 2020 through FY 2024, were not material to be included in the AFR.
6. In FY 2022 and FY 2023, training funds were offered through a NOFA competition. These training funds were added to the funds that were available from the two prior ONAP training NOFAs, thus increasing the number of people trained in FY 2023 and FY 2024 when compared to previous years.
7. FY 2020 was the first year of reporting for the Distressed Cities TA program. The program historically has prioritized direct TA over training, to build the capacity of small non-entitlement communities facing fiscal distress. However, in FY 2024, the program invested in development of a training curriculum for the target audience, which is expected to drive training consumption in future years.
8. OLHCHH hosted the National Healthy Homes Conference in FY 2024. In FY 2020 through FY 2023, there were only New Grantee Orientations and/or Grantee Program Managers Schools. Expenditures under Investments in Human Capital in FY 2020 through FY 2024 were not material to be included in the AFR.

HOPE VI/Choice Neighborhoods Results of Investments in Human Capital

Since the inception of the HOPE VI program in FY 1993, the program has made significant investments in Human Capital related initiatives (i.e., education and training). The following table present HOPE VI's key performance information for FY 2020 through FY 2024, reported as cumulative since the program's inception.

Key Results of HOPE VI Program Activities FY 2020 – 2024			
HOPE VI Service	Total Enrolled ²	Total Completed ²	% Completed ²
Employment Preparation, Placement & Retention ¹	87,873	N/A	N/A
Job Skills Training Programs	35,749	18,922	53%
High School Equivalent Education	18,795	5,393	29%
Entrepreneurship Training	3,803	1,684	44%
Homeownership Counseling	17,415	7,806	45%

Notes:

1. Completion data for this service is not provided, as all who enroll are considered recipients of the training.
2. As of FY 2020, all HOPE VI grantees had completed their Community and Supportive Services (CSS) programs and were no longer reporting on the outcomes of their CSS activities. Therefore, the total number of residents served throughout the HOPE VI program remained the same since FY 2020.

The following table presents Choice Neighborhoods' cumulative performance information for FY 2020 through FY 2024.

Key Results of Choice Neighborhoods Program Activities FY 2020 – 2024					
Choice Neighborhoods Service	2020	2021	2022 ²	2023	2024
Current Total Original Assisted Residents	13,961	16,475	8,467	9,128	10,853
Current Total Original Assisted Residents in Case Management ³	10,075	11,696	5,864	5,261	6,331
High School Graduation Rate ¹	N/A	N/A	N/A	N/A	N/A
Number of Residents (in Case Management) Who Completed Job Training or Other Workforce Development Program ⁴	53	86	146	73	143

Notes:

1. Program level High School Graduation Rate data is currently not available for FY 2019 through FY 2023, due to the metric only requiring individual grantees to enter rates, and not numerator and denominator numbers for graduation data.
2. The Choice Neighborhoods program switched from reporting at the resident-level, to a more holistic household level in FY 2022, which is the reason for the large drop in the reported number. However, the program is still serving and is likely supporting even more residents than in FY 2021.
3. The increase in the metric "Current Total Original Assisted Residents in Case Management" in FY 2024 was due to the onboarding of new grantees and intaking of new residents.
4. For the metric "Number of Residents Who Completed Job Training," the increase in FY 2024 was due to the time it takes for residents to complete programs, which can take up to two years, and due to more clients completing job training programs.

Research and Development

Investments in Research and Development: Research and development investments support: (a) the search for new knowledge; and/or (b) the refinement and application of knowledge or ideas pertaining to development of new or improved products or processes. Research and development investments are intended to increase economic productive capacity or yield other future benefits. As such, these investments support HUD's strategic goals, which are to increase the availability of decent, safe, and affordable housing in America's communities and ensure public trust in HUD.

The following table summarizes HUD's research and development investments for FY 2020 through FY 2024.

Investments in Research and Development FY 2020 – 2024 (dollars in millions)					
Program	2020	2021	2022	2023	2024
OLHCHH					
Lead Hazard Control ¹	\$5	\$13	\$6	\$3	\$6
TOTAL	\$5	\$13	\$6	\$3	\$6

Notes:

1. OLHCHH is funding studies to improve the public's knowledge of housing-related health and safety hazards and to improve or develop new hazard assessment and control methods, with a focus on lead and other key residential health and safety hazards. It has been promoting the grants through its new marketing and outreach team resulting in an increase in good applications.

Results of Investments in Research and Development: In support of HUD's lead hazard control initiatives, the OLHCHH program has conducted various studies. Historically, such studies have contributed to an overall reduction in the per-housing unit cost of lead hazard evaluation and control efforts. For the FY of 2020 through FY 2024, as shown in the table below, increases in supply and labor costs have contributed to year-to-year increases in the per-housing unit cost. Additionally, grantees reported issues completing units and additional costs during the COVID-19 pandemic.

The per-housing unit cost varies by geographic location, the amount of work in each unit, and the grantees' level of participation in control activities. These studies have also led to the identification of the prevalence of related hazards.

Results of Research and Development Investments FY 2020 – 2024					
Program	2020	2021	2022	2023	2024
OLHCHH					
Lead Hazard Control Per-Housing Unit Cost ¹	\$17,319	\$12,724	\$14,053	\$14,123	\$12,048
TOTAL	\$17,319	\$12,724	\$14,053	\$14,123	\$12,048

Notes:

1. Grantees continued to report in FY 2024 issues completing units and additional costs during the COVID-19 pandemic. The numbers are starting to improve, because most of the grants awarded during or before the pandemic are closing out. Therefore, the cost of materials may be decreasing, however, the contractor pool remains a challenge for most grantees.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

This fiscal year HUD worked to build upon past success by remaining agile and mission focused. Our primary achievements were driven by innovations that benefited the Department through collaboration and coalition building. We implemented automation solutions that saved hundreds of hours per year by streamlining manual processes and creating interactive dashboards that integrated and analyzed myriad data points to enhance decision-making. The Office of the Chief Financial Officer (OCFO) engaged with all HUD programs to help maintain compliance with key federal regulations and analyzed billions of dollars in HUD outlays. The work was shared with internal and external stakeholders through training, conferences, and road shows.

Management Assurances

Please see the FY 2024 Annual Assurance Statement on page 37.

Systems

Summary of HUD's Financial Management Systems: HUD's financial management systems are composed of a mix of legacy and modernized technologies operated and maintained by the Department and external entities. The Office of the OCFO has five mission-critical systems: the HUD Central Accounting and Program System (HUDCAPS), Line of Credit Control System (LOCCS), the Loan Accounting System (LAS), the Financial Data Mart (FDM), and New Core Interface Solution (NCIS). NCIS is HUD's financial interface with the Department of Treasury's Administrative Resource Center (ARC) core accounting system, Oracle Federal Financials. ARC serves as the Department's financial management service provider. FHA and Ginnie Mae use the FHA Subsidiary Ledger (FHA-SL) and Ginnie Mae Financial Accounting System (GFAS), respectively. FHA's and Ginnie Mae's accounting systems are based on PeopleSoft Financials.

Financial Management Systems Improvement Strategy: HUD continues to take steps to modernize its financial management systems and further integrate with the Department's financial management service provider, ARC, to deliver improved customer service.

FY 2024 Improvements

- Collaborated with Shared Service Provider (Treasury), HUD program offices, and technical support teams to establish the accounting and complete the upgrade and modifications needed for the Green and Resilient Retrofit Program. This program, which includes direct loans and grants, is used to fund projects that improve energy or water efficiency, enhance indoor air quality and sustainability, support the implementation of zero-emission electricity generation, and address climate resilience, among other things, of eligible HUD-assisted multifamily properties. The cohorts established for this program are Elements, Leading Edge, and Comprehensive.
- Enhanced user access security and user interface capabilities for the New Core Interface Solution.
- Implemented audit log review automation capabilities for HUD OCFO's financial systems to more quickly detect suspicious and unusual activities.
- Automated shared service user recertification processes to save time and resources.

Modernization

In FY 2024, HUD advanced modernization efforts by securing IT Development, Modernization and Enhancement (DME) funding to improve the financial interface between the budget and financial activity for the Department's grant programs and the Office of Housing's subsidy and loan programs. Planned enhancements to the LOCCS, NCIS, and Oracle Federal Financials interface will permit HUD to deactivate the HUDCAPS capabilities. This will bring the Department closer to decommissioning HUDCAPS and the International Business Machines (IBM) mainframe, which will lead to reduced costs associated with operating

and maintaining legacy systems and result in improved timeliness and accuracy of the Department's financial data. This enhancement will result in better decision making. As part of the GRRP implementation, HUD kicked off the requirements analysis to define the near real-time financial interface of the budget, commitments, obligations, and expenditures between Department of Health and Human Services' (HHS) GrantSolutions and LOCCS.

Service Provider Integration

- **G-Invoicing:** In FY 2024, HUD (along with ARC) continued to successfully meet the mandate of G-Invoicing readiness to manage Intra-governmental (Intragov) Buy/Sell transactions between federal agencies. HUD successfully brokered general terms and conditions for Buy/Sell transactions totaling over \$240 million and completed orders totaling over \$50 million using G-Invoicing.
- **OneARC Portal:** HUD and ARC continued to roll out functionality in the OneARC portal to streamline processes and provide visibility to financial transactions. To date, the team has successfully deployed four modules: Budget Templates, Purchasing, Accounts Payable, and Payroll Accounting. The modules include workflows with consistent business processes and transparency that provide a one-stop shop for users. In total, the OneARC portal is capable of processing 22 different transaction types.
- **Procurement Information System for Management (PRISM) Insight:** HUD continued to partner with ARC to deliver systems and functions to provide better services to HUD's internal and external customers. During FY 2023, ARC and the Office of the Chief Procurement Officer (OCPO) kicked off ARC's onboarding of HUD's procurement community to the new PRISM Insight functionality. In FY 2024, 187 HUD employees are currently using this new capability.

FFMIA Compliance

In accordance with *FFMIA*, HUD performed an assessment of whether the Department's financial management systems comply substantially with federal financial management systems requirements, applicable federal accounting standards promulgated by FASAB, and the U.S. Standard General Ledger (USSGL) at the transaction level. Financial management systems include both financial and mixed systems with both financial and programmatic capabilities.

As of September 30, 2024, HUD determined that all 31 of its financial management systems substantially comply with *Section 803(a) of FFMIA*. These systems comply with federal financial management systems requirements, applicable federal accounting standards, and the USSGL at the transaction level.

Controls

HUD Internal OMB Circular A-123 Review: HUD's management reviewed the results of its internal control evaluation individually and in aggregate to determine the impact on HUD's control reliability and management assurances. After analysis of control failures identified during control testing (both control design and operating effectiveness), management identified no material weaknesses. HUD management identified two instances of reportable non-compliance, specifically: non-compliance with the *Payment Integrity Improvement Act of 2019 (PIIA)*, *Public Law 116-117* and the *Single Audit Act (SAA) Amendments of 1996, Public Law 104-156*.

Results of Financial Statement Audit: HUD's independent external auditors identified no material weaknesses or instances of noncompliance with applicable laws, regulations, contracts, and grant agreements.

Legal Compliance

The Department establishes policy and procedures for the administrative control of funds and maintains compliance with the Antideficiency Act and other financial requirements through *Handbook 1830.2, REV-6, Administrative Control of Funds Policies*, and associated procedures and documentation.

This fiscal year HUD conducted a review of 67 laws and regulations under which the Department must maintain compliance; 28 were identified as financially material across 18 HUD offices. Specific evaluation activities were performed to confirm HUD’s compliance with those 28 laws and regulations, including inquiry through the automated Assurance Leap tool and confirmations of previously identified material non-compliances.

In FY 2023, HUD reported two instances of non-compliance with laws and regulations (*PIIA* and *SAA*). During FY 2024, HUD brought its Single Audit process into compliance by developing a centralized approach tailored to specific program needs and designated program office accountable officials and liaisons. With respect to *PIIA*, the Department has made substantial progress towards compliance, as detailed below.

Law	FY 2023 Status	FY 2024 Status
FFMIA	Compliant	Compliant
PIIA	Non-Compliant	Non-Compliant
SAA	Non-Compliant	Compliant

PIIA: HUD has implemented a secure SharePoint library solution, conducted earlier reconciliation efforts, automated manual processes, and identified additional program partners to successfully improve testing over the full payment lifecycle for programs deemed susceptible to improper payments. For additional information, please refer to the Payment Integrity Information Act Reporting section of this report.

MANAGEMENT ASSURANCES

November 15, 2024

The United States Department of Housing and Urban Development's (HUD) management is responsible for managing risks and maintaining effective internal control to meet the objectives of *Sections 2 and 4 of the Federal Managers' Financial Integrity Act (FMFIA)*. During FY 2024, HUD put in place several innovations to better collect input into the assurance process, allowing for streamlined data collection that enabled HUD leadership to make better informed decisions to enable mission accomplishment.

Based on the results of these assessments, the Department can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2024, except for identified reportable non-compliance with the *Payment Integrity Improvement Act of 2019 (PIIA)*.

To address the reportable non-compliance issue, HUD focused on improving the standardization, objectivity, efficiency, and quality of payment integrity deliverables including data analytics, risk assessments, and testing strategies. This led to the completion of testing over the full payee tier payment lifecycle for one program deemed susceptible to improper payments.

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that are substantially in compliance with federal financial management systems requirements, applicable federal accounting standards, and the United States Standard General Ledger (USSGL) at the transaction level. As of September 30, 2024, HUD determined that 31 of 31 financial management systems were substantially compliant with FFMIA. See the "Analysis of Systems, Controls, and Legal Compliance" section of this report for a description of the remediation activities, target dates, and offices responsible for bringing the remaining systems into compliance.



The Honorable Adrienne Todman

FORWARD-LOOKING INFORMATION

Overview

Many external factors influence the complex environment in which HUD operates. Understanding these factors and their influence on HUD's ability to achieve its priorities is essential for mitigating risk and achieving performance objectives. Such external factors include funding levels, economic conditions, financial markets, tax codes, major environmental events, and other federal, state, and local conditions that may be transformational in terms of implementing major programs and achieving the agency's priorities. [HUD's FY 2022–2026 Strategic Plan](#) outlines the Department's actions to tackle challenges and places a strong focus on social equity and environmental justice, all while prioritizing the sustainable and inclusive development of American communities. Overarching priorities in the plan include increasing social equity throughout all HUD programs and internal operations, as well as prioritizing the needs of vulnerable populations and underserved communities. Additionally, HUD is beginning the process of developing a FY 2026-2032 Strategic Plan that will reflect new priorities of future administrations. HUD's commitments are also reflected in, [HUD's Climate Action Plan](#) released in November 2021.

The U.S. economy defied expectations in CY 2023. U.S. Real Gross Domestic Product (GDP) increased by 2.5 percent in 2023, a 0.6 percentage point increase from 2022. ⁶ Similarly, after peaking at an inflation rate of 9.1 percent in June 2022, inflationary pressures eased during FY 2023 and FY 2024. This steady decrease in inflation has been facilitated by the U.S. Federal Reserve maintaining relatively high interest rates over the last FY. Despite the high federal funds target rate, however, job gains continued at a strong pace in CY 2023 and into CY 2024, implying that a recession may ultimately be avoided in favor of a "soft landing."

Despite optimistic indications from the economy, however, long-term income and housing supply trends continue to create challenging conditions for HUD and the households served by the agency's programs. High home prices, elevated mortgage interest rates, and increasing rents have priced out households seeking to



“ This is people-centric – we talk about AI and tech, but the way to actually roll this out is with people. ”

Chief Financial and AI Officer, Vinay Singh

HUD has generated an artificial intelligence (AI) task force, headed by Vinay Singh, in response to *Executive Order 14110* signed by President Joe Biden on October 30, 2023. The task force will work to coordinate the Department's adoption of AI, promote AI innovation, increase transparency, and manage risks from sensitive government use of AI.

Photo by Tara Winstead. [Pexels, public domain]

⁶ Council of Economic Advisors (CEA). 2023. *Ten Charts That Explain the U.S. Economy in 2023*. <https://www.whitehouse.gov/cea/written-materials/2023/12/19/ten-charts-that-explain-the-u-s-economy-in-2023/>

transition from renting to homeownership and have exacerbated the scarcity of affordable housing available to low-income households. Housing insecurity increases when prices rise without corresponding increases in household income, particularly for those with low or unstable incomes. Additionally, continued shifts in work patterns and use of office space caused by the disruption of the pandemic will likely present new challenges for American cities and regional centers of employment. Thus, while the avoidance of a recession is certainly positive for the households HUD serves, persistently high housing costs, interest rates, and a scarcity of affordable housing continue to present major challenges for the agency and its stakeholders.

Funding

Congress appropriated a total budget authority of \$72.1 billion for HUD in FY 2024—the exact same total appropriated the previous year, which represents a decrease in programmatic power due to inflation. Overall growth in HUD's budget over the last decade has been driven by incremental increases in funding for tenant-based rental assistance, project-based rental assistance, and homelessness programs, largely to meet the renewal needs for these programs; funding for community development programs has decreased or remained flat. The FY 2025 President's Budget requests \$72.6 billion for HUD. In addition, the FY 2025 President's Budget requests \$185 billion over ten years for new, mandatory affordable housing investments—including \$81.3 billion for HUD programs—focused on increasing America's housing supply, lowering homeownership costs, supporting low-income renters, and preventing homelessness.⁷

Employment, Income, and Household Formation

In 2024, the unemployment rate in America remained relatively stable. In January 2024, the unemployment rate stood at 3.8 percent. From January 2024 to September 2024, the unemployment rate slowly increased to a total of 4.1 percent at the end of September as labor force participation grew faster than the number of jobs. This rate conforms to the Federal Open Market Committee of the Board of Governors of the Federal Reserve (FOMC) projection for CY 2024 which predicted a marginal increase and the establishment of a long-term equilibrium around 4 percent. By the end of September 2024, both the unemployment rate, at 4.1 percent, and the number of unemployed people, at 6.8 million, changed little from the previous month. These measures are higher than a year earlier, when the jobless rate was 3.8 percent, and the number of unemployed people was 6.3 million.⁸ On the last business day of July, the number of job openings was 7.7 million, down by 1.1 million from a year earlier.⁹

The most recent data from the U.S. Census Bureau show that median household income in 2023 was \$80,610—a 4 percent increase from the previous year.¹⁰ Similarly, the Census Bureau found that nearly 36.8 million individuals were living below the poverty line nationally, a figure that represents 11.1 percent of the entire population. This figure is a small improvement on the number of individuals living below the poverty line in 2022, which was 0.4 percent greater.¹¹ According to the U.S. Census Bureau, the number of U.S. households increased 1.1 percent from the second quarter of CY 2023 to a total of 131.4 million in the second quarter of CY 2024.

⁷ U.S. Department of Housing and Urban Development (HUD). 2024. *Budget in Brief*.

https://www.hud.gov/sites/dfiles/CFO/documents/2025_Budget_in_Brief_Final_v3_3-8-24.pdf

⁸ U.S. Bureau of Labor Statistics (BLS). 2024. "Employment Situation Summary." *Economic News Releases*.

<https://www.bls.gov/news.release/empst.nr0.htm>

⁹ U.S. Bureau of Labor Statistics (BLS). 2024. "Job Openings and Labor Turnover Summary." *Economic News Releases*.

<https://www.bls.gov/news.release/jolts.nr0.htm>

¹⁰ The United States Census Bureau. 2024. *Income in the United States: 2023*. <https://www.census.gov/data/tables/2024/demo/income-poverty/p60-282.html>

¹¹ The United States Census Bureau. 2024. *Poverty in the United States: 2023*. <https://www.census.gov/data/tables/2024/demo/income-poverty/p60-283.html>

Housing Construction

Housing construction in the second quarter of CY 2024 proceeded at a seasonally adjusted annual rate of 1.007 million single-family housing starts, a 7.7 percent increase from the same quarter last year. The pace of single-family housing starts is 78 percent of the average annual rate of 1.29 million units in the years from 2000 to 2002, before the housing bubble preceding the 2008 financial crisis began.¹² Following a construction boom peaking in 2022 when multifamily starts reached a level not seen since 1986, multifamily housing starts experienced a decrease of 37 percent from CY 2023 for a seasonally adjusted annual rate of 321,000 units in the second quarter of 2024. Nonetheless, multifamily completions rose to the highest annual level in three decades in CY 2023, and the number of units still under construction in March 2024 remained near the record high.¹³ The number of multifamily units under construction has caught up with demand, slowing rent growth in many markets. Total housing starts were down 4.7 percent from the previous quarter and 7.9 percent over the four-quarter period.¹⁴

Homeownership

In the second quarter of CY 2024, the national homeownership rate remained at 65.6 percent, the same as the previous quarter, but down from 65.9 percent a year ago. Purchases of new single-family homes in the second quarter of CY 2024 stood at 690,000 units, a 4.0 percent increase from the previous quarter but 1.1 percent lower than a year ago.¹⁵

The National Association of Realtors (NAR) reported that existing homes in the second quarter of CY 2024 sold at a seasonally adjusted annual rate of 4.05 million units, a decrease of 3.6 percent from the previous quarter and 3.3 percent lower than the previous year. Relatively high mortgage rates, low sales inventory, slower growth in income compared to home prices, and more stringent bank lending standards have hampered sales over the last year.¹⁶

The rate of new construction over the last decade has not kept up with the rates of household formation and the consequent, increased demand from younger homebuyers. As a result, limited housing supply and high mortgage rates have reduced the ability of many millennial and Generation Z households to transition from renting to homeownership. NAR data indicate that sales to first-time homebuyers accounted for 31 percent of all sales transactions in the second quarter of CY 2024, a 2-percentage point increase from the previous quarter and a 3-percentage point increase from the same quarter one year ago, yet well below the historic norm of 39 percent.

The combination of sharply constrained housing supply and increased demographic demand from the millennials and Generation Z continue to create high home values in CY 2024. House prices—as measured by the Federal Housing Finance Agency (seasonally adjusted) purchase-only repeat-sales house price index—rose at an annual rate of 5.7 percent. The CoreLogic Case-Shiller index estimated a 0.9 percent increase in house prices for the second quarter of CY 2024, down from 1.1 percent in the first quarter of CY 2024.¹⁷ Many homeowners will gain equity from rising prices. However, for those with low incomes, the financial burden of rising insurance premiums

¹² HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

¹³ Harvard University Joint Center for Housing Studies. 2024. *State of the Nation's Housing 2024*.

https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2024.pdf

¹⁴ HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

¹⁵ HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

¹⁶ HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

¹⁷ HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

and property taxes will threaten household stability, pointing to the need for policies to provide tax relief and access to affordable insurance.

Recent trends in home sales and mortgage interest rates are occurring in the context of persistently elevated inflation. On July 26, 2023, the FOMC raised the Federal Funds Rate 25 basis points to an overall range of 5.25 to 5.50 percent to combat lingering inflation following the COVID-19 pandemic. This range represented the highest rates in 22 years and was maintained through mid-September 2024. As such, during the second quarter of CY 2024, the interest rate for a 30-year fixed-rate mortgage loan averaged 6.99 percent, an increase from 6.75 percent the previous quarter and a 0.5 percentage point increase from the same quarter in 2023. These mortgage rates are much higher than those offered during the early days of the COVID-19 pandemic, leading to many homeowners being “locked in” to much lower, previously offered rates.

On September 18, 2024, the FOMC lowered the Federal Funds Rate by 0.5 basis points to a new range of 4.75–5.0 percent—the first interest rate cut since the early days of the COVID-19 pandemic. This easing of the Federal Funds Rate indicates that the FOMC has gained greater confidence that inflation is moving toward the long-term goal of 2 percent. In turn, this decrease is expected to lead to decreases in the average interest rate of 30-year fixed mortgages, although a return to the levels of 2–3 percent seen during the pandemic are unlikely. Nevertheless, this decrease is expected to lead to some warming of the housing market and should allow some households to transition into homeownership.

The result of both elevated prices and interest rates is the continued unaffordability of homes throughout many housing markets and the nation at large. The Homeownership Affordability Index stood at 94.3 during the second quarter of CY 2024, down 8.8 percent from 103.4 in the first quarter of CY 2024 and down 4.5 percent year over year. The decrease in the ability to purchase a home resulted from an 8.5 percent rise in the median price of a single-family home and a 24-basis-point increase in the mortgage rate, which were not offset by a 1.4 percent rise in Median Family income.¹⁸ Additionally, home insurance premia grew an average of 21 percent between May 2022 and May 2023 alone, according to Policygenius, and property taxes are on the rise, further increasing the cost for those seeking to transition into homeownership.¹⁹

Housing supply, price trends, finance costs, and other factors that determine the affordability and availability of homeownership have potential to affect the volume and composition of FHA's refinance and home purchase mortgage endorsements. Job markets and household finance factors that influence mortgage delinquency and defaults interact with FHA's portfolio composition to shape the risk profile of the insurance funds. FHA monitors such trends and adapts operations and policies to mitigate emerging risks and maintain the capital reserve ratio.

Mortgage Delinquency

The mortgage delinquency rate on mortgages of one- to four-unit properties was 3.97 percent during the second quarter of CY 2024, representing 2.17 million borrowers. For reference, CY 2023's second quarter delinquency rate was the lowest overall rate since the Mortgage Bankers Association began surveying delinquency.

Historically, the delinquency rate has corresponded closely with the overall unemployment rate and averaged 5.25 percent. Delinquencies of 90 days or more in the second quarter of CY 2024 were 1.43 percent, a decrease from 1.44 percent in the first quarter of CY 2024 and the lowest since 1984. Mortgage delinquency rates rose for conventional and Federal Housing Administration loans but fell for VA loans.²⁰ Such factors are central to FHA

¹⁸ HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

¹⁹ Harvard University Joint Center for Housing Studies. 2024. *State of the Nation's Housing 2024*.

https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2024.pdf

²⁰ HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

policy decisions supporting HUD's mission of increasing access to homeownership while preserving capital reserves in the insurance fund.

Rental Affordability and Supply

HUD's Rental Affordability Index, at 99.1 in the second quarter, was the same as in the first quarter but was up 1.3 percent from 97.9 year over year. That outcome resulted from a slight decline (0.3 percent) in the inflation-adjusted median price of leased homes, which was offset by a marginal decrease (0.3 percent) in the inflation-adjusted median income of renter households. After reaching a high point in the first quarter of 2001, the ability to lease a home has declined for the most part, reaching lows below 100.0 in all four quarters of 2023 and the first and second quarters of 2024.²¹ The index implies that, during the second quarter of CY 2024, the median-income renter has about 1 percent less income than needed to qualify, at an affordable 30 percent of income, for the median-priced rental unit. This shortfall even for the median-income renter points to the high prevalence of moderate and severe housing cost burdens among renters whose incomes are below the median.

Renter households with very low incomes—below 50 percent of area median income—continue to face a substantial gap in market supply of affordable housing. The most recent available data show that in 2021, only 57 affordable rental units were available per 100 very low-income renters, a decrease from 2019 when 62 affordable rental units were available for renters with very low incomes. For those with extremely low incomes—below 30 percent of area median income—the situation is even more dire, with only 36 units available per 100 households in 2021. Rental vacancy rates slightly increased from 6.3 percent in 2023 to 6.6 percent in the second quarter of CY 2024. Tight rental markets and low national vacancy rates in recent years reflect a restricted pace of rental housing development relative to demand. The Q2 2024 vacancy rate of 6.6 percent is 0.5 percentage points below the rate of 7.1 percent in 2015, and even further below the average vacancy rate of 8.4 percent during the preceding thirty years.²² Such unmet demand for affordable housing puts pressure on waiting lists for public and assisted housing, fair market rents, and HUD's subsidy costs, and increases the difficulty that voucher recipients face in finding a suitable unit.²³ Additionally, as rent of shelter accounts for 36 percent of changes in the Consumer Price Index for urban consumers, housing has been an important driver of post-pandemic inflation difficulties for the economy at large.

Homelessness

On a single night in 2023, 653,100 people experienced homelessness in America. This figure represents an increase of 12 percent between 2022 and 2023, and the highest total of individuals reported since reporting began in 2007. Of these individuals experiencing homelessness in 2023, roughly six in 10 were staying in sheltered locations, while the remaining four in 10 were staying in places not intended for human habitation. The 2023 Point-in-Time count reflects the considerable lessening of many COVID-19 protections put in place during 2021–2022 on shelter use; many shelters that had reduced capacity through deconcentration efforts returned to full capacity in 2023. Additionally, the expiration of safety net programs, income protections, and eviction moratoriums put in place during the public health emergency caused increased in-flows into homelessness.²⁴

²¹ HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

²² HUD PD&R. 2024. *National Housing Market Summary: 2nd Quarter 2024*.

https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_2Q24.pdf

²³ HUD PD&R. 2023. "Worst Case Housing Needs: 2023 Report to Congress." <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2023.html>

Note: Units classified as "affordable and available" rent for no more than 30 percent of the very low-income limit and are not already occupied by a household with higher income.

²⁴ U.S. Department of Housing and Urban Development (HUD). 2023. *The 2023 Annual Homelessness Assessment Report (AHAR) to Congress*. <https://www.huduser.gov/portal/sites/default/files/pdf/2023-AHAR-Part-1.pdf>

Given the increasing unaffordability of rents and continued scarcity of housing, there remains a significant risk that the United States will experience increases in evictions and homelessness in FY 2025. Shortages of affordable housing and evictions frequently result in doubling up with other households or homelessness, especially for families. Consequently, addressing homelessness is likely to remain a key aspect of HUD's activity in coming years.

Climate Change and Natural Disasters

Under the National Disaster Recovery Framework, HUD has both coordinating and primary roles in the housing recovery function after a declared disaster, along with a primary role in the community planning and capacity building, as well as supporting roles in several other disaster recovery functions. The risk of costly new disasters continues to increase because land use policy is failing to prevent high risk development in areas such as those with growing flood risk or in the urban-wildland interface. Disasters have shown their potential to reshape housing and employment markets for months or years by increasing mortgage delinquencies and foreclosures or rendering portions of the affordable rental stock uninhabitable. Appropriations for CDBG-DR grants, which are supplemental to HUD's annual budget, continue to represent significant expenditures for the U.S. government. The CDBG-DR grant program currently has over \$94 billion in active grant funds with 80 active grantees.²⁵

As of September 10, 2024, there have been 20 confirmed weather/climate disaster events with losses exceeding \$1 billion each to affect the U.S. in CY 2024.²⁶ In 2023, there were 28 weather and climate disasters with losses exceeding \$1 billion, surpassing the previous record of 22 such events in 2020. The 2023 events resulted in losses of \$92.9 billion, which may yet rise by several billion due to flooding on the United States' eastern seaboard during December 2023.²⁷ The increasing occurrence of such costly events is due both to the increasing frequency and severity of climate-related natural hazard events and unhindered development in high-risk areas despite the growing risk of natural hazards.²⁸ The increased risk suggests that needs for emergency appropriations for CDBG-DR could continue to expand.

In addition to the likely expansion in appropriations for the CDBG-DR program, the increasing frequency and intensity of natural disasters is a key driver of increased insurance costs and decreased availability of insurance coverage for both single-family and multifamily housing. Specifically, damage from natural disasters and extreme weather, replacement cost increases, the cost of reinsurance, and other factors have combined to increase insurance costs and decrease coverage.

In turn, these challenges have financial implications for HUD properties and HUD-assisted households. Analysis from Harvard University Joint Center for Housing Studies found that, as of January 2024, apartment operating expenses increased by 7.1 percent year over year, according to Yardi Matrix, led by a 27.7 percent nationwide average increase in owners' insurance premiums. The difficulty in obtaining sufficient insurance coverage at a reasonable price also affects single-family housing owners. When insurance costs increase, it causes financial stress on borrowers, causing them to opt for insurance that is the most affordable but inadequately covers the costs of repairs and/or replacement. Insurers estimate that two out of every three homes in America are underinsured, with an average uninsurance amount of about 22 percent and some homes underinsured by 60

²⁵ U.S. Department of Housing and Urban Development (HUD). 2024. *CDBG Disaster Recovery Grant History: 1992-2024*.

https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-DR/CDBG_DR_Grant_History_9_1_2024.pdf

²⁶ National Centers for Environmental Protection. 2024. "Billion Dollar Disasters: 2024." <https://www.ncei.noaa.gov/access/billions/>

²⁷ National Oceanic and Atmospheric Administration. 2024. "2023: A historic year of U.S. billion-dollar weather and climate disasters." *Beyond the Data*. <https://www.climate.gov/news-features/blogs/beyond-data/2023-historic-year-us-billion-dollar-weather-and-climate-disasters>

²⁸ Kam et al. 2021. "Global warming and population change both heighten future risk of human displacement due to river floods," *Environmental Research Letters*, Vol 16, Number 4. <https://iopscience.iop.org/article/10.1088/1748-9326/abd26c>. See also: <https://www.redfin.com/news/climate-migration-real-estate-2021/>

percent or more.²⁹ Moreover, in many instances companies are simply not renewing existing policies, leaving consumers searching for new, and often more expensive policies that often provide less coverage. In some states, the only insurance option available is offered by the state (known as FAIR plans). If a homeowner does not replace their coverage, their mortgage servicer will likely purchase a FAIR plan for them—these “force-placed” insurance plans are typically the most expensive option available and may provide less comprehensive coverage.³⁰

---

²⁹ House Financial Services Committee, [Memorandum for Housing, Community Development, and Insurance Subcommittee Hearing entitled, “State of Emergency: Examining the Impact of Growing Wildfire Risk on the Insurance Market”](#) (Sep. 19, 2022).

Note: “Average uninsurance amount” refers to the averaged difference between available insurance benefits and the actual value of a home. A property can be underinsured due to insurance limits that are too low, gaps due to policy exclusions, or high deductibles

³⁰ National Association of Insurance Commissioners, [Lender-Placed Insurance](#) (last updated Jan. 26, 2023).



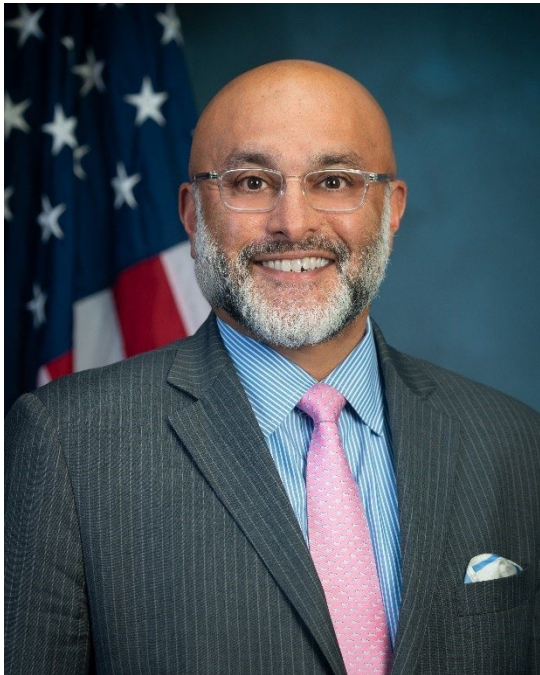
SECTION 2: FINANCIAL INFORMATION

- 46** Message from the Chief Financial Officer
- 47** Financial Statements
- 53** Notes to the Financial Statements
- 140** Required Supplementary Information
- 142** Independent Auditor's Report

HUD IN ACTION: The Honorable Adrianne Todman Visits Atlanta, GA

The Georgia Field Office welcomed The Honorable Adrianne Todman to Atlanta, GA to highlight the work that HUD has done to invest funds into underserved communities. She attended a roundtable with developers, investors, and community leaders to discuss the impact that consistent funding and federal resources has had on expanding affordable housing. Following the roundtable, The Honorable Adrianne Todman took part in an affordable housing development tour around the community.

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



November 15, 2024

On behalf of the U.S. Department of Housing and Urban Development (HUD), it is my privilege to present the Fiscal Year (FY) 2024 Agency Financial Report (AFR). This report serves as a beacon of the Department's unwavering dedication to financial excellence and provides key financial information that demonstrates our commitment to stewarding American taxpayer dollars with the utmost accountability and transparency.

During this past fiscal year, the Office of the Chief Financial Officer (OCFO) continued to make significant progress toward HUD's strategic goal to strengthen the Department's internal capacity by building sustainable internal processes, investing in our people, and leveraging tools and technologies, such as Artificial Intelligence (AI), that are safe, secure, and trustworthy—all with an eye towards a better citizen experience.

It is with great honor that I announce our continued excellence towards accomplishing our strategic goals and objectives this past year, by acknowledging some key achievements undertaken by our office in FY 2024:

- **Team Capability:** Continued to collaborate with our #OneHUD teams to provide team members skill development and professional growth opportunities through our OCFO Academy program, featuring tailored self-paced learnings, speed mentoring events, and eVISION speaker series.
- **Advanced Processes:** Continued to leverage PowerApps Solutions which enabled HUD to streamline the development of a break-through interactive OCFO Budget Dashboard in Power BI to visualize information, automate financial data process reviews, and enable data-driven decision-making.
- **Innovative Technology:** Continued to encourage the responsible use of mission-impactful technologies, such as Generative AI, to optimize research tools and technological capabilities, while establishing appropriate governance, risk, and compliance to monitor the safe, secure, and trustworthy use of any new technologies.

We remain committed to instituting financial integrity, fiscal responsibility, and accountability to lead the Department towards the understanding and practice of sound financial management in program development and operations, and in the stewardship of public resources. I am pleased to report that HUD received an unmodified audit opinion on the financial statements for FY 2024. I would like to express my sincere gratitude to our devoted team for their unwavering efforts and notable accomplishments in our continued progress towards the Administration's goals. The work outlined in this AFR has been a collaborative effort and I am delighted to witness the positive results. I look forward to continuing to work collaboratively so that together we sustain and expand the work that we do to deliver one HUD, for all.

Sincerely,

Vinay V. Singh

Chief Financial Officer and Chief AI Officer



For more information about OCFO, scan the QR code or click the link: [Chief Financial Officer | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](https://www.hud.gov/ChiefFinancialOfficer)

FINANCIAL STATEMENTS

Introduction

The principal financial statements have been prepared to report the financial position and results of HUD's operations, pursuant to the requirements of the *Government Management Reform Act of 1994, Public Law 103-356, 31 U.S.C. §3515(b)*. While the statements have been prepared from HUD's books and records in accordance with GAAP for federal entities and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government.

The following financial statements are presented:

The **Consolidated Balance Sheets (BS)**, as of September 30, 2024 and 2023, present those resources owned or managed by HUD that are available to provide economic benefits (assets); amounts owed by HUD that will require payments from those resources or future resources (liabilities); and residual amounts retained by HUD comprising the difference (net position).

The **Consolidated Statements of Net Cost (SNC)** present the net cost of HUD operations for the years ended September 30, 2024 and 2023. HUD's net cost of operations includes the gross costs incurred by HUD less any exchange revenue earned from HUD activities.

The **Consolidated Statements of Changes in Net Position (SCNP)** present the change in HUD's net position resulting from the net cost of HUD operations, budgetary financing sources other than exchange revenues, and other financing sources for the years ended September 30, 2024 and 2023.

The **Combined Statements of Budgetary Resources (SBR)** present the budgetary resources available to HUD for the years ended September 30, 2024 and 2023; as well as the status of these resources and the net outlay of budgetary resources for the years ended September 30, 2024 and 2023.

The **Notes to the Financial Statements** provide important disclosures and details related to information reported on the statements.

U.S. Department of Housing and Urban Development
Consolidated Balance Sheets as of September 30, 2024 and 2023
(dollars in millions)

	FY 2024	FY 2023
Assets (Note 2)		
Intragovernmental Assets		
Fund Balance with Treasury (Note 3)	\$ 147,624	\$ 148,510
Investments, Net (Note 5)		
Investments	178,882	153,266
Interest Receivable - Investments	241	668
Advances and Prepayments (Note 11)	41	41
Total Intragovernmental Assets	326,788	302,485
Other than Intragovernmental Assets		
Cash and Other Monetary Assets (Note 4)	\$ 191	\$ 294
Accounts Receivable, Net (Note 6)	1,129	1,235
Loans Receivable, Net		
Loans Receivable, Net (Note 7)	79,290	71,279
Negative Loan Guarantees (Note 7)	50,310	32,592
Other Non-Credit Reform Loans (Note 8)	19,465	21,047
Property, Plant, and Equipment, Net (Note 9)	128	113
Advances and Prepayments (Notes 10 and 11)		
PIH Advances and Prepayments (Note 10)	659	486
PIH Prepayments - CARES Act (Note 10)	-	17
PIH Prepayments - ARP Act (Note 10)	140	105
Advances and Prepayments (Note 11)	467	421
Total Other than Intragovernmental Assets	151,779	127,589
Total Assets	\$ 478,567	\$ 430,074
Liabilities (Note 12)		
Intragovernmental Liabilities		
Accounts Payable	\$ 113	\$ 114
Federal Debt and Interest Payable (Note 13A)		
Debt (Note 13B)		
Loans Payable - Borrowings	130,434	109,903
Interest Payable - Borrowings	7	7
Advances from Others and Deferred Revenue	3	3
Other Liabilities (Notes 14 and 16)		
Other Liabilities (Without Reciprocals) (Notes 14 and 16)	2	5
Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets (Note 16)	1,835	2,161
Benefit Program Contributions Payable (Notes 14 and 16)	19	28
Other Liabilities - Reimbursable Activities (Note 16)	5	6
Total Intragovernmental Liabilities	132,418	112,227
Other than Intragovernmental Liabilities		
Accounts Payable	\$ 1,530	\$ 1,666
Federal Employee Salary, Leave and Benefits Payable (Note 14)	197	232
Insurance and Guarantee Program Liabilities (Note 15)	1,146	1,127
Advances from Others and Deferred Revenue	893	835
Other Liabilities (Notes 16 and 18)		
Accrued Grant Liabilities (Note 16)	4,248	3,904
Contingent Liabilities (Notes 16 and 18)	-	3
HMBS Obligations, at Fair Value (Note 16)	16,499	19,147
Other Liabilities (Note 16)	310	315
Total Other than Intragovernmental Liabilities	24,823	27,229
Total Liabilities	\$ 157,241	\$ 139,456
Contingencies (Note 18)		
Net Position		
Unexpended Appropriations		
Funds from Other than Dedicated Collections	111,566	114,874
Total Unexpended Appropriations (Consolidated)	111,566	114,874
Cumulative Results of Operations		
Funds from Dedicated Collections (Note 19)	34,832	31,773
Funds from Other than Dedicated Collections	174,928	143,971
Total Cumulative Results of Operations (Consolidated)	209,760	175,744
Total Net Position	\$ 321,326	\$ 290,618
Total Liabilities and Net Position	\$ 478,567	\$ 430,074

The accompanying notes are an integral part of these financial statements.

U.S. Department of Housing and Urban Development
Consolidated Statements of Net Cost
For the Years Ended September 30, 2024 and 2023
(dollars in millions)

	FY 2024	FY 2023
Gross Program Costs		
Federal Housing Administration (FHA)		
Gross Costs	\$ (24,715)	\$ (249)
Less Earned Revenue	(6,652)	(3,343)
Net Program Costs	(31,367)	(3,592)
Government National Mortgage Association (Ginnie Mae)		
Gross Costs	\$ 2,414	\$ 4,010
Less Earned Revenue	(5,464)	(4,830)
Net Program Costs	(3,050)	(820)
Section 8 Rental Assistance		
Gross Costs	\$ 50,110	\$ 45,336
Less Earned Revenue	-	-
Net Program Costs	50,110	45,336
Public and Indian Housing Loans and Grants (PIH)		
Gross Costs	\$ 9,669	\$ 9,280
Less Earned Revenue	-	-
Net Program Costs	9,669	9,280
Homeless Assistance Grants (HAG)		
Gross Costs	\$ 3,474	\$ 3,512
Less Earned Revenue	-	(1)
Net Program Costs	3,474	3,511
Housing for the Elderly and Disabled (HED)		
Gross Costs	\$ 1,078	\$ 1,242
Less Earned Revenue	(23)	(46)
Net Program Costs	1,055	1,196
Community Development Block Grants (CDBG)		
Gross Costs	\$ 9,539	\$ 9,080
Less Earned Revenue	-	-
Net Program Costs	9,539	9,080
HOME		
Gross Costs	\$ 1,573	\$ 1,037
Less Earned Revenue	-	-
Net Program Costs	1,573	1,037
All Other		
Gross Costs	\$ 2,174	\$ 1,848
Less Earned Revenue	(32)	(23)
Net Program Costs	2,142	1,825
Costs Not Assigned to Programs	291	285
Consolidated		
Gross Costs	\$ 55,607	\$ 75,381
Less Earned Revenue	(12,171)	(8,243)
Net Cost of Operations (Note 26)	\$ 43,436	\$ 67,138

The accompanying notes are an integral part of these financial statements.

U.S. Department of Housing and Urban Development
Consolidated Statement of Changes in Net Position
For the Year Ended September 30, 2024
(dollars in millions)

	FY 2024			
	Funds from Dedicated Collections (Consolidated Totals) (Note 19)	Funds from Other than Dedicated Collections (Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations				
Beginning Balance	\$ -	\$ 114,874	\$ -	\$ 114,874
Beginning Balance, as Adjusted	\$ -	\$ 114,874	\$ -	\$ 114,874
Appropriations Received	\$ -	\$ 76,274	\$ -	\$ 76,274
Appropriations Transferred In/Out	-	6	-	6
Other Adjustments	-	(733)	-	(733)
Appropriations Used	-	(78,855)	-	(78,855)
Net Change in Unexpended Appropriations	\$ -	\$ (3,308)	\$ -	\$ (3,308)
Total Unexpended Appropriations	\$ -	\$ 111,566	\$ -	\$ 111,566
Cumulative Results of Operations				
Beginning Balance	\$ 31,773	\$ 143,971	\$ -	\$ 175,744
Adjustments				
Changes in Accounting Principles (Note 1)	-	-	-	-
Beginning Balance, as Adjusted	\$ 31,773	\$ 143,971	\$ -	\$ 175,744
Other Adjustments	\$ -	\$ 353	\$ -	\$ 353
Appropriations Used	-	78,855	-	78,855
Non-Exchange Revenue (Note 27)	-	8	-	8
Transfers In/(Out) Without Reimbursement	-	(2)	-	(2)
Imputed Financing	4	138	-	142
Other	(7)	(1,897)	-	(1,904)
Net Cost of Operations (Note 26)	3,062	(46,498)	-	(43,436)
Net Change in Cumulative Results of Operations	\$ 3,059	\$ 30,957	\$ -	\$ 34,016
Total Cumulative Results of Operations	\$ 34,832	\$ 174,928	\$ -	\$ 209,760
Net Position	\$ 34,832	\$ 286,494	\$ -	\$ 321,326

The accompanying notes are an integral part of these financial statements.

U.S. Department of Housing and Urban Development
Consolidated Statement of Changes in Net Position
For the Year Ended September 30, 2023
(dollars in millions)

	FY 2023			
	Funds from Dedicated Collections (Consolidated Totals) (Note 19)	Funds from Other than Dedicated Collections (Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations				
Beginning Balance	\$ -	\$ 110,103	\$ -	\$ 110,103
Beginning Balance, as Adjusted	\$ -	\$ 110,103	\$ -	\$ 110,103
Appropriations Received	\$ -	\$ 77,823	\$ -	\$ 77,823
Appropriations Transferred In/Out	-	3	-	3
Other Adjustments	-	(253)	-	(253)
Appropriations Used	-	(72,802)	-	(72,802)
Net Change in Unexpended Appropriations	\$ -	\$ 4,771	\$ -	\$ 4,771
Total Unexpended Appropriations	\$ -	\$ 114,874	\$ -	\$ 114,874
Cumulative Results of Operations				
Beginning Balance	\$ 30,784	\$ 139,947	\$ -	\$ 170,731
Adjustments				
Changes in Accounting Principles (Note 1)	171	-	-	171
Beginning Balance, as Adjusted	\$ 30,955	\$ 139,947	\$ -	\$ 170,902
Other Adjustments	\$ (1)	\$ -	\$ -	\$ (1)
Appropriations Used	-	72,802	-	72,802
Non-Exchange Revenue (Note 27)	3	6	-	9
Transfers In/(Out) Without Reimbursement	-	-	-	-
Imputed Financing	3	105	-	108
Other	(9)	(929)	-	(938)
Net Cost of Operations (Note 26)	822	(67,960)	-	(67,138)
Net Change in Cumulative Results of Operations	\$ 818	\$ 4,024	\$ -	\$ 4,842
Total Cumulative Results of Operations	\$ 31,773	\$ 143,971	\$ -	\$ 175,744
Net Position	\$ 31,773	\$ 258,845	\$ -	\$ 290,618

The accompanying notes are an integral part of these financial statements.

U.S. Department of Housing and Urban Development Combined Statements of Budgetary Resources For the Years Ended September 30, 2024 and 2023 <i>(dollars in millions)</i>				
	FY 2024		FY 2023	
	Budgetary	Non-Budgetary Credit Reform Financing Account	Budgetary	Non-Budgetary Credit Reform Financing Account
Budgetary Resources				
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory) (Note 22)	\$ 177,160	\$ 18,542	\$ 165,215	\$ 17,699
Appropriations (Discretionary and Mandatory)	76,270	-	78,189	-
Borrowing Authority (Discretionary and Mandatory)	-	22,267	-	22,737
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	30,027	32,389	17,248	18,853
Total Budgetary Resources	\$ 283,457	\$ 73,198	\$ 260,652	\$ 59,289
Status of Budgetary Resources				
New Obligations and Upward Adjustments (Total)	\$ 88,265	\$ 52,885	\$ 84,501	\$ 40,600
Unobligated Balance, End of Year				
Apportioned, Unexpired Accounts	13,568	7,605	18,826	7,407
Unapportioned, Unexpired Accounts	180,692	12,708	156,840	11,282
Unexpired Unobligated Balance, End of Year	194,260	20,313	175,666	18,689
Expired Unobligated Balance, End of Year	932	-	485	-
Unobligated Balance, End of Year (Total)	195,192	20,313	176,151	18,689
Total Budgetary Resources	\$ 283,457	\$ 73,198	\$ 260,652	\$ 59,289
Outlays, Net and Disbursements, Net				
Outlays, Net (Total) (Discretionary and Mandatory)	\$ 54,429	\$ -	\$ 57,585	\$ -
Distributed Offsetting Receipts (-)	(2,453)	-	(2,391)	-
Agency Outlays, Net (Discretionary and Mandatory) (Note 26)	\$ 51,976	\$ -	\$ 55,194	\$ -
Disbursements, Net (Total) (Mandatory)	\$ -	\$ 17,671	\$ -	\$ 12,191

The accompanying notes are an integral part of these financial statements.

TABLE OF CONTENTS: NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies	54
Note 2: Non-Entity Assets	76
Note 3: Fund Balance with Treasury	76
Note 4: Cash and Other Monetary Assets	78
Note 5: Investments, Net	78
Note 6: Accounts Receivable, Net	80
Note 7: Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees)	82
Note 8: Other Non-Credit Reform Loans	96
Note 9: Property, Plant, and Equipment, Net	101
Note 10: PIH Advances and Prepayments	102
Note 11: Advances and Prepayments	104
Note 12: Liabilities Not Covered by Budgetary Resources	104
Note 13: 13A Federal Debt and Interest Payable and 13B Debt, Terms of Borrowing Authority Used, and Available Borrowing Authority End of Period	106
Note 14: Federal Employee Benefits Payable	108
Note 15: Insurance Programs	108
Note 16: Other Liabilities	111
Note 17: Leases	113
Note 18: Contingencies	113
Note 19: Funds from Dedicated Collections	114
Note 20: Suborganization Program Costs	121
Note 21: Exchange Revenues	122
Note 22: Net Adjustments to Unobligated Balance, Brought Forward, October 1	126
Note 23: Undelivered Orders at the End of the Period, Commitments, Available Contract Authority End of Period, and Permanent Indefinite Appropriations	126
Note 24: Legal Arrangements Affecting the Use of Unobligated Balances	128
Note 25: Explanation of Differences between the Statement of Budgetary Resources (SBR) and the Budget of the United States Government	129
Note 26: Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation)	130
Note 27: Non-Custodial Non-Exchange Revenues	133
Note 28: Reclassification of Financial Statement Line Items for Financial Report Compilation Process	135
Note 29: Subsequent Events	139

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

HUD was created in 1965 to: (1) provide housing subsidies for low- and moderate-income families; (2) provide grants to states and communities for community development activities; (3) provide direct loans and capital advances for construction and rehabilitation of housing projects for the elderly and persons with disabilities; and (4) promote and enforce fair housing and equal housing opportunities. In addition, HUD insures mortgages for single-family and multifamily dwellings, insures loans for home improvements and manufactured homes, and facilitates financing for the purchase or refinancing of millions of American homes.

HUD is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. HUD's financial statements and note disclosures should be read with the realization that they are for a component of the U.S. Government.

HUD's major programs are as follows:

The Federal Housing Administration (FHA) administers active mortgage insurance programs which are designed to make mortgage financing more accessible to the home-buying public and thereby to develop affordable housing. FHA insures private lenders against loss on mortgages which finance single-family homes, multifamily projects, health care facilities, property improvements, and manufactured homes.

The Government National Mortgage Association ("Ginnie Mae") guarantees the timely payment of principal and interest (P&I) to certificate holders on mortgage-backed securities (MBS) issued by approved private institutions (issuers) and backed by residential mortgage loans federally insured or guaranteed by FHA, the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture's Rural Development Agency (USDA), and the HUD Office of Public and Indian Housing (PIH).

FHA and Ginnie Mae are considered consolidating entities to HUD.

The other major programs (HUD Proper) are as follows:

The Section 8 Rental Assistance programs are for assisting low-income and very low-income families in obtaining decent, safe, and sanitary rental housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants can find their own housing, including single-family homes, townhouses, and apartments. HUD makes up the difference between what low-income and very low-income families can afford and the approved rent for an adequate housing unit funded by the Housing Choice Voucher (HCV) program.

Public and Indian Housing Loans and Grants (PIH) include the Public Housing Fund, Capital Fund, and the Office Native American Programs (ONAP). The Public Housing Fund is for the operation and management of public housing to carry out capital and management activities for Public Housing Agencies (PHA). The Public Housing Fund provides funds annually to PHAs for the development, financing, and modernization of public housing developments and for management improvements. This program is a continuation of the Low Rent Public Housing Loan program which pays principal and interest on long term loans made to PHAs and Tribally Designated Housing Entities (TDHE) for construction and rehabilitation of low-rent housing. The Native American Programs guarantee home mortgage loans made to Native American borrowers. The loan guarantee assures the lender that its investment will be repaid in full in the event of a foreclosure.

The Homeless Assistance Grants (HAG) funds the formula Emergency Solutions Grant (ESG) program and the competitive Continuum of Care (CoC) program. Together, these programs fund the activities that comprise communities' homeless crisis response systems.

The Supportive Housing for the Elderly (Section 202) and Persons with Disabilities (Section 811) grant programs provide capital to nonprofit organizations sponsoring rental housing for the elderly and disabled. Prior to these programs being operated as grants, they were administered as 40-year loans.

The Community Development Block Grant (CDBG) programs provide funds for metropolitan cities, urban counties, and other communities to use for neighborhood revitalization, economic development, disaster recovery assistance, and improved community facilities and services.

The HOME Investments Partnerships (HOME) program provides grants to states, local governments, and Indian tribes to implement local housing strategies designed to increase home ownership and affordable housing opportunities for low-income and very low-income families.

HUD also has smaller programs which provide grants, subsidy funding, and direct loans to support other HUD objectives such as fair housing and equal opportunity, energy conservation, rehabilitation of housing units, removal of lead hazards, and maintenance costs of PHA and TDHE housing projects. These smaller programs are also included within the HUD consolidated revenues and financing sources reflected in the financial statements.

B. Basis of Accounting and Presentation

The accompanying principal financial statements have been prepared to report the financial position, net cost, changes in net position, and budgetary resources of HUD in accordance with *OMB Circular A-136, Financial Reporting Requirements*, and in conformance with the Federal Accounting Standards Advisory Board (FASAB) *Statements of Federal Financial Accounting Standards (SFFAS)*.

Pursuant to *SFFAS No. 56 Classified Activities*, under paragraph 12, the accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Pursuant to *SFFAS No. 34: The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board (FASB)*, if the accounting treatment for a transaction or a similar event is not specified in FASAB and its related guidance, agencies are allowed to consider other accounting standards and guidance, including guidance issued by FASB. Ginnie Mae has applied *SFFAS No. 34* in the accounting and presentation of its reimbursable costs, which are included on the Accounts Receivable, Net line, and its mortgage loans including associated interest income and accrued interest receivables, advances, claims receivable, and properties held for sale, which are included in the Other Non-Credit Reform Loans line, as well as its Home Equity Conversion Mortgage (HECM) Mortgage Backed Securities obligations (HMBS obligations) included in the Other Liabilities line in the accompanying BS.

FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, in June 2016, which was later amended by ASU 2019-04: *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, ASU 2019-05: *Financial Instruments—Credit Losses (Topic 326)*, and ASU 2019-11: *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. These ASUs are collectively known as the Current Expected Credit Losses (CECL) standard. This replaces the previous incurred loss impairment methodology for financial instruments that are collectively evaluated for impairment with a methodology that reflects lifetime expected credit losses and requires consideration of a broader range of reasonable and supportable forecast information to develop an estimate. In FY 2023, beginning October 1, 2022, Ginnie Mae adopted this guidance. Refer to section (FF) Changes in Accounting Principles within this note for additional details. Additional information regarding the accounting policies for these items are included in the sections located within this note titled “H. Accounts Receivable, Net”, “L. Other Non-Credit Reform Loans”, and “U. HMBS Obligations, at Fair Value”.

Ginnie Mae uses fair value measurement and the fair value option (FVO) under FASB standards. Ginnie Mae uses fair value measurement for the initial recognition of certain assets and liabilities, periodic re-measurement of certain assets on a recurring and non-recurring basis, and certain disclosures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Ginnie Mae bases its fair value measurements on an exit price that maximizes the use of observable inputs and minimizes the use of unobservable inputs. FASB *Accounting Standards Codification (ASC) 820: Fair Value Measurements (Topic 820) Fair Value Measurement of Equity Securities Subject to Contracture Sales Restrictions* defines fair value measurement if the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. In determining fair value, Ginnie Mae uses various valuation techniques. The inputs to the valuation techniques are categorized into a three-level hierarchy, as described below:

Level 1: Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for a substantial portion of the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The FVO under FASB ASC 825: *Financial Instruments* allows certain financial assets and liabilities, such as acquired loans, to be reported at fair value (with unrealized gains and losses reported in the SNC). FVO was elected by Ginnie Mae for its Accounts Receivable, Other Non-Credit Reform mortgage loans, including forward and reverse mortgage loans, and HMBS Obligations.

HUD's financial statements include all the accounts and transactions of HUD Proper, FHA, Ginnie Mae, and its grant, subsidy, and loan programs. All interfund accounts receivables, accounts payables, advances, prepayments, transfers in, and transfers out within these programs have been eliminated. The financial statements are presented on the accrual and budgetary basis of accounting.

Under the accrual method, HUD recognizes revenues when earned, and expenses when a liability is incurred, without regard to receipt or payment of cash.

The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to Federal agencies by law and help ensure compliance with the law. The budgetary basis of accounting is based on concepts set forth by OMB in the *Circular A-11, Preparation, Submission, and Execution of the Budget*, which provides guidance on preparing the annual Budget of the U.S. Government and provides instructions on budget execution. *Appendix F, Format of SF-132, SF-133, Schedule P, and Statement of Budgetary Resources (SBR)*, provides detailed guidance and instructions for each line item of the *SF-133, Report on Budget Execution and Budgetary Resources*, for which the SBR format and line items are based on. The *SF-133* is used to monitor the execution of OMB apportionments per the *SF-132, Apportionment and Reapportionment Schedule*. The SBR includes a separate column for non-budgetary credit reform financing accounts.

The SBR presents, for the aggregate of mandatory and discretionary funds:

- I. Budgetary Resources for the fiscal year.³¹ **Budgetary Resources** means amounts available to incur obligations in a year, and consists of new budget authority and unobligated balances of budget authority provided in prior years.
- II. Status of Budgetary Resources (includes obligated³² amounts and unobligated amounts). **Obligation** means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.
- III. Outlays, Net, and Disbursements, Net (cash transactions) for the fiscal year, which includes:
  - Outlays, Net, which is comprised of Outlays³³, Gross less Actual Offsetting Collections³⁴. **Outlay** means a payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are ‘means of financing’ transactions). Outlays generally are equal to cash disbursements but also recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of government spending. **Offsetting collections** means payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to the receipts. Usually, offsetting collections are authorized to be spent for the purpose of the account without further action by Congress. They usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government and from intragovernmental transaction with other Government accounts. The authority to spend offsetting collections is a form of budgetary authority.
  - Agency Outlays, Net, which is comprised of Outlays, Net less Distributed Offsetting Receipts.³⁵ Distributed Offsetting Receipts represents actual collections from the public or from other federal entities, net of disbursements, that are credited to certain receipt accounts (general fund, special fund, trust fund, and gift and donation receipt accounts) and budget clearing accounts, and for which the net receipts recorded to this line offset the budget outlays of the agency that conducts the activity generating the receipts. **Offsetting receipts** means payments to the Government that are credited to the offsetting receipt accounts and deducted from the gross budget authority and outlays, rather than added to receipts. Usually, they are deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the Government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, they usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government, and from intragovernmental transactions with other Government accounts.
  - Disbursements, Net, which is limited to the Department’s non-budgetary credit reform financing accounts, and is comprised of Disbursements, Gross less Actual Offsetting Collections.

³¹ Per OMB Circular A-11, Section 20, Terms and Concepts.

³² Per OMB Circular A-11, Section 20, Terms and Concepts.

³³ Per OMB Circular A-11, Section 20, Terms and Concepts.

³⁴ Per OMB Circular A-11, Section 20, Terms and Concepts.

³⁵ Per OMB Circular A-11, Section 20, Terms and Concepts.

Budgetary accounting is designed to recognize **Appropriations**³⁶, spending authority from offsetting collections, borrowing authority, and contract authority for an agency, and the obligation and outlay or otherwise disbursement or disposition of funds according to legal requirements, which in some cases is made prior to the occurrence of an accrual-based transaction.

Accrual and budgetary accounting are complementary; however, both the types of information presented, and the timing of their recognition are sometimes different. Information is therefore needed regarding the differences between accrual and budgetary accounting, which is accomplished by the disclosures located in HUD's Note (26) Reconciliation of Net Cost to Net Outlays. The reconciliation assists the reader in understanding how the accrual basis of accounting Net Cost of Operations (cash and non-cash transactions) for the fiscal year relates to the budgetary basis of accounting Agency Outlays, Net (cash transactions) for the fiscal year and the reconciling items.

The Department's disbursement policy permits grantees/recipients to request funds to meet immediate cash needs to reimburse themselves for eligible incurred expenses and eligible expenses expected to be received and paid within three days or as subsidies payable in accordance with the *Cash Management Improvement Act Amendments of 1992 (CMIAA)*, *Public Law 102-589, codified at 31 U.S.C. §6501 and 31 U.S.C. §6503*. The exceptions are as follows: PIH HCV, Moving to Work (MTW) programs, and Mainstream Vouchers, where funds are paid on the first day of the month to cover rental expenses for that month. Also, PIH's ONAP, where some grantees are granted authority by PIH to invest Indian Housing Block Grant (IHBG) funding based on programmatic requirements.

C. Use of Estimates

The preparation of the principal financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Amounts reported for net loans receivable, related foreclosed property, and the loan guarantee liability represent the Department's best estimates based on available and pertinent information.

To estimate the Liability for Loan Guarantees (LLG) and the Allowance for Subsidy associated with loans receivable and related foreclosed property, the Department relies on cash flow models associated with the loan guarantees subject to the *Federal Credit Reform Act of 1990 (FCRA)*, *Public Law 101-508, 2 U.S.C. §661*. The Department develops the assumptions underlying the cashflow models based on historical data, current and forecast programs, and economic forecasts. Projections of future loan performance are used to estimate the Allowance for Subsidy and LLG.

Certain programs have higher risks due to increased chances of fraudulent activities perpetrated against the Department. The Department accounts for these risks through the assumptions used in the liabilities for loan guarantee estimates. HUD develops the assumptions based on historical performance and management's judgments about future loan performance.

The OCFO and PIH HCVP developed an estimation methodology to determine its quarterly prepayment balances for the HCV programs due to timing constraints on obtaining the actual data. The OCFO and PIH ONAP developed an estimation methodology to determine its annual advance balances on the portion that is invested by eligible

---

³⁶ Per *OMB Circular A-11*, Section 20, Terms and Concepts.

grantee recipients due to timing constraints in obtaining the actual data. The PIH advance and prepayment estimate assumptions are disclosed in Note (10) PIH Advances and Prepayments.

HUD received \$10,770 million in additional appropriated disaster funding from the *American Rescue Plan Act of 2021 (ARP)*, *Public Law 117-2*, which was signed into law on March 11, 2021, to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession across the Nation. The *ARP* changed the course of the pandemic and delivered immediate and direct relief to families and workers. One of HUD's major program areas, PIH's Emergency Housing Vouchers (EHV) programs received additional *ARP* funding for Preliminary, Service fees, HAP, and regular administrative fees. PIH awarded lump sum payments to eligible PHAs as advances in FY 2021. For additional information on the *ARP* EHV programs' advances, refer to Note (10) PIH Advances and Prepayments.

HUD has a grant accrual policy and continues to refine its methodologies and underlying assumptions within that policy to develop its estimates. Grant accruals are calculated by the various program areas listed below on a quarterly basis and recorded in the trial balance to be included in the financial statements. These accruals represent HUD's estimate for its obligations/liabilities for work completed but not yet billed in its grant programs. The accruals are reversed in a later accounting period.

PIH: The grant accruals are completed for the following PIH programs: Public Housing Capital Fund, HOPE VI/Choice Neighborhoods, IHBG, Native Hawaiian Housing Block Grant, and Family Self Sufficiency. These grant accruals are calculated by taking the 15-day average total disbursements over a 3 or 12-month period. This methodology assumes that on average, there is a 30-day processing time for a PHA to incur an eligible expense, request a draw down, and then draw down the funds.

Community Planning & Development (CPD): The grant accruals are completed for the following CPD programs: HOME, CDBG, CDBG Disaster Recovery (CDBG-DR), CDBG Economic Development Initiatives (EDI), Pathways to Removing Obstacles to Housing (PRO Housing), Housing Opportunities for Persons with AIDS (HOPWA), HAG including ESG and CoC, Brownfields Redevelopment Program, Self Help/Capacity Building, Assisted Homeownership Opportunity Program (SHOP), and Neighborhood Stabilization Program.

Accrual methodology for HOME and CDBG uses the working assumption for each program that the expenses accrue over a period of time (which varies by activity and type) and are generally billed to the government within a particular interval of time after being incurred. The calculation process involves a financial model that includes the historical data of the total funded amounts by projected future draws of several months.

CDBG-DR and EDI accruals are calculated by reviewing a sample of grants disbursements to determine prior year accrual rates and applying that rate to the current quarter. The sample of grants disbursements are completed as part of the annual grant accrual validation process.

HOPWA and ESG programs' accrual methodology are based on the current year's draws and is expressed as a percentage of current period draws as adjusted and applied to the total quarterly drawn amount for the month.

CoC grant accruals use historical data based on the pattern of declining monthly grant balances. Based on the pattern of the balances, the program office projects the expenses that will be incurred and billed monthly based on the volume and timing of the grant funding and reasonable assumptions about the time period over which incurred expenses are billed.

The estimate for PRO Housing is calculated using the assumption that funds would be used pro rata across their 6-year lifespan, and so accrued expenses in any given quarter would be the cumulated pro rata figure less the cumulative total of any observed draws.

Neighborhood Stabilization Grants, Brownfields, Capacity Building, and SHOP Grants monthly expenditure rates are calculated based on historical spending patterns.

HUD's grant accrual validation for CPD programs compares prior year's grant accrual amounts to the actual disbursements to validate the various CPD accrual methodologies. The grant accrual validation is performed by taking a statistical sample based on surveys sent out to grantees regarding specific activities to determine the actual accrual amounts. The sample results are then projected to the remaining grant population. In FY 2024, HUD refined its validation process by splitting the samples into two parts. In the 3rd quarter of FY 2024, validation results for FY 2023 indicated that CPD's accrual estimates were too low. In the 3rd and 4th quarters of FY 2024, CPD adjusted its methodology, resulting in higher accrual estimates.

Housing: The grant accruals are completed for the following Housing programs: Housing for the Elderly, Housing for Persons with Disabilities, and the Housing Counseling Assistance Program. The methodology breaks each program into sub-programs and developed a unique methodology based on the frequency and predictability of grant award and reimbursement.

This methodology is based on three assumptions: (1) The disbursements under the Project Rental Assistance Contract (PRAC) and Section 811 Project Rental Assistance (PRA) funding components of the Section 202 and Section 811 programs were excluded. However, the PRA Administrative Fees are included in the grant accrual estimate calculation; (2) on average, there is a 30-day (or less) processing time for project/grantee to request and draw down funds. Therefore, a disbursement for a month will generally reflect the expenses invoiced in the previous month; and (3) The methodology accounts for wide variations in appropriation timing and the timing of award announcements. Housing Counseling grantees' draw down funds from the Line of Credit Control System (LOCCS) used by HUD for making grant disbursements. Spending patterns throughout the year may vary by grantee, as well as by year and month, based on various factors (for example, the timing of the award announcement).

Ginnie Mae has made significant estimates in a variety of areas including, but not limited to, its valuation of certain financial instruments such as: acquired property, claims receivable, forward mortgage loans, at fair value, reverse mortgage loans, at fair value, the Liability for Loss on Remaining Coverage associated with the administration of the MBS Guarantee Program, and HMBS obligations. While those estimates are included in the balance of Accounts Receivable, Net, Other Non-Credit Reform Loans, Insurance and Guarantee Program Liabilities, and Other Liabilities in the accompanying BS, the actual results could differ from those estimates. For additional information, refer to Note (6) Accounts Receivable, Net, Note (8) Other Non-Credit Reform Loans, Note (15) Insurance Programs, and Note (16) Other Liabilities.

Ginnie Mae changed its methodology for developing estimates of losses associated with the contingent portion of its guaranty obligation which is included as a component of the liability for losses on remaining coverage recorded in the Insurance and Guarantee Program Liabilities line in the accompanying BS. Previously Ginnie Mae applied a method based on incurred losses; however, beginning October 1, 2022, Ginnie Mae recognizes the expected lifetime credit losses related to the contingent liability for probable issuer defaults and multifamily loans. In FY 2023, this change resulted in the recognition of an increase in the Insurance and Guarantee Program Liabilities line of \$116 million with an associated loss recorded in Gross Costs in the accompanying SNC. For additional information regarding the change, refer to Note (15) Insurance Programs.

D. Entity and Non-Entity Assets

Assets are classified as either entity or non-entity assets. Entity assets are those assets that HUD has the authority to use for its operations. Non-entity assets are those assets held by HUD but unavailable for use in its operations. Non-entity assets are offset by liabilities to third parties and have no impact on net position. HUD combines both entity and non-entity assets on its BS and provides disclosures for the non-entity assets. For additional information, refer to Note (2) Non-Entity Assets.

E. Fund Balance with U.S. Department of the Treasury (Treasury)

Fund Balance with Treasury (FBWT) is an asset of HUD and a liability of the General Fund. Similarly, investments in federal government securities that are held by Ginnie Mae's Dedicated Collections accounts are assets of the reporting entity responsible for the Dedicated Collections and liabilities of the General Fund. In both cases, the amounts represent commitments by the government to provide resources for HUD programs, but it does not represent the net assets to the government as a whole. When HUD seeks to use FBWT to liquidate budgetary obligations, U.S. Treasury will finance the disbursements in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

HUD maintains all cash accounts with the U.S. Treasury. The U.S. Treasury processes cash receipts and disbursements on behalf of HUD. HUD's accounting records are reconciled with the U.S. Treasury on a monthly basis. HUD's fund types include general, revolving, trust, deposit, clearing accounts, and other fund types.

Ginnie Mae's business operations are fully funded by dedicated offsetting collections paid by issuers participating in the MBS Guarantee Program. Although Ginnie Mae's MBS Guarantee Program is not subject to *FCRA*, Ginnie Mae has implemented a "Modified Credit Reform" process and uses its program, financing, liquidating and capital reserve accounts to process its cash receipts and disbursements through the U.S. Treasury. Cash held with the U.S. Treasury includes Ginnie Mae's capital reserves (unavailable until apportioned by OMB) and available spending authority of obligated and unobligated balances available to finance allowable expenditures.

Refer to Note (1J) Credit Reform Accounting for Ginnie Mae's "Modified Credit Reform" process for its program, financing, liquidating and capital reserve accounts.

F. Federal Interest Earned on Uninvested Funds

FHA has recorded \$921 million and \$960 million for interest earned on uninvested funds as of September 30, 2024 and 2023, respectively. The amounts represent interest earned on cash balances in its financing funds. The related interest receivable was liquidated at year end. HUD Proper recorded \$12 million and \$5 million for interest earned on uninvested funds as of September 30, 2024 and 2023, respectively.

In prior fiscal years, Ginnie Mae earned and collected interest on uninvested funds, which was calculated using the applicable version of the Credit Subsidy Calculator (CSC) provided by the OMB. The U.S. Treasury clarified rules, in 2018, regarding the collection of interest on uninvested funds in the financing account. Based on discussions with the U.S. Treasury, Ginnie Mae was not entitled to earn interest on uninvested funds without a signed borrowing agreement in accordance with *FCRA*. Ginnie Mae is in ongoing discussions with OMB and its legal counsel on whether the financing account is fully subject to the provisions of *FCRA*. Resolution of the matter between Ginnie Mae and OMB is pending, and an agreement has not yet been reached concerning whether Ginnie Mae would be required to repay prior interest income received on uninvested funds or be able to earn interest in the future.

G. Investments

HUD limits its investments, which are principally comprised of investments by FHA's Mutual Mortgage Insurance (MMI) and Cooperative Management Housing Insurance (CMHI) Fund and Ginnie Mae's non-marketable, market-based the U.S. Treasury interest-bearing obligations (i.e., investments not sold in public markets). The market value and interest rates established for such investments are the same as those the U.S. Treasury issues, that are publicly marketed.

HUD's investment decisions are limited to the U.S. Treasury policies which: (1) only allows investment in U.S. Treasury notes, bills, and bonds; and (2) prohibit HUD from engaging in practices that result in "windfall" gains and profits, such as security trading and full-scale restructuring of portfolios in order to take advantage of interest rate fluctuations.

FHA's normal policy is to hold investments in U.S. Government securities to maturity. However, in certain circumstances, FHA may have to liquidate its U.S. Government securities before maturity. FHA uses the straight-line amortization method for the interest accrual and amortization of discounts for its investments in short-term U.S. Treasury bills. Some of FHA's short-term investments are in one-day, overnight securities, which are measured at cost. For its investments in long-term U.S. Treasury notes and bonds, FHA uses the effective interest rate method to account for bond discount accretion and bond premium amortization.

Ginnie Mae's U.S. Treasury short-term investments consist of one-day, overnight certificates that are issued with a stated rate of interest to be applied to their par value with a maturity date of the next business day. These overnight certificates are measured at cost, which approximates fair value. There is no amortization on Ginnie Mae's short-term investments.

HUD reports investments in U.S. Government securities at amortized cost. Premiums or discounts are amortized into interest income over the term of the investment. HUD intends to hold investments to maturity, unless needed for operations. No provision is made to record unrealized gains or losses on these securities, because in most cases, they are held to maturity. For additional information, refer to Note (5) Investments.

H. Accounts Receivable, Net

HUD's accounts receivable includes partial claims and generic debt, premium receivables, fees, interest, reimbursable costs, criminal restitution, and other.

Partial Claims represent one of the loss mitigation activities utilized by FHA. The partial claim note is not due until an FHA-insured borrower's first lien has been paid in full. Most partial claim note receivables are reported under Note (7) Loans Receivable, Net, and Loan Guarantee Liabilities (Negative Loan Guarantees). The partial claim notes receivable reported under Note (6) Accounts Receivable, Net, are partial claims for which FHA has paid a claim but has not received the note.

All HUD/FHA debt types are referred to as Generic Debts. Generic Debts may be consumer debts or commercial debts. Each debt type is associated with an accounting category, which facilitates appropriate financial reporting. The FHA Financial Operations Center (FOC) is responsible for the servicing and recovery of all delinquent debts owed to FHA. The actual documents and information submitted will vary based on the type of debt. HUD Proper's debts and receivables are managed at the Department level.

FHA records premiums that have been billed but not collected as accounts receivable. Premium receivables consist primarily of premiums due to FHA from mortgagors at the end of the reporting period for Single-Family Forward and HECM loan guarantees. For details regarding FHA's premium structure, refer to Note (21) Exchange Revenues.

Ginnie Mae assesses interest under FASB ASC 326 *Financial Instruments – Credit Losses* and the transition relief afforded by the guidance, as FASAB currently does not directly address the accounting treatment for non-credit reform loans receivable. Ginnie Mae elected FVO on its forward and reverse mortgage loans, including accrued interest and related reimbursable costs receivable. Ginnie Mae accrues interest at the contractual rate, which is included in Accounts Receivable, Net in the accompanying BS. Interest which is capitalized to the principal balance of the loan is included in the Other Non-Credit Reform Loans line in the accompanying BS section (L) Other Non-Credit Reform Loans located within this note. Interest income on forward and reverse mortgage loans, at fair value, are included in earned revenue in the accompanying SNC.

Costs incurred on pooled forward loans, that are expected to be reimbursed, are recorded as reimbursable costs receivable. The pooled reimbursable costs are not subject to CECL FVO and continue to be reported net of an allowance for amounts that management believes will not be collected. The reimbursable costs for non-pooled forward and reverse loans are subject to CECL FVO and are included within forward and reverse mortgage loans, at fair value. Reimbursable costs arise when there are insufficient escrow funds available to make scheduled tax and insurance payments for loans serviced by Ginnie Mae, wherein Ginnie Mae advances funds to cover the

escrow shortfall to preserve a first lien position on the underlying collateral. In addition, Ginnie Mae advances funds to cover servicing related expenses to preserve the value of the underlying collateral. The allowance for reimbursable costs is estimated based on historical loss experience, which includes expected collections from the mortgagors, proceeds from the sale of the property, and reimbursements collected from third-party insurers or guarantors (FHA, VA, USDA, and PIH).

Ginnie Mae advanced funds to preserve its interests in mortgaged property, such as advancing funds to cover shortfalls for mortgagors' taxes and insurance when escrow balances are insufficient, or pre-foreclosure and foreclosure costs and other expenses, such as Homeowners Association fees incurred during the foreclosure process. These costs may be recovered through borrower repayments, proceeds from liquidation of mortgaged property, or, for insured loans, from reimbursement by the insuring agency. Costs incurred on both pooled and non-pooled loans expected to be reimbursed are recorded as reimbursable costs receivable and reported net of allowance for amounts that management believes will not be collected. The allowance for reimbursable costs is estimated based on historical experience, which includes expected collections from the mortgagors, proceeds from the sale of the property, and reimbursements collected from insurers or guarantors such as FHA, VA, USDA, and PIH.

For additional information on HUD's accounts receivable, refer to Note (6) Accounts Receivable, Net.

I. Negative Loan Guarantees

The net potential future losses related to FHA's central business of providing mortgage insurance are accounted for as Loan Guarantee Liability in the consolidated BS. Pursuant to *SFFAS No. 2 Accounting for Direct Loans and Loan Guarantees*, the Loan Guarantee Liability (LGL) includes the Credit Reform Related LLG and the Pre-Credit Reform Loan Loss Reserve (LLR).

Generally, LGL is recorded as a liability in the BS except when the overall LGL balance is a debit balance. In the latter case, it is recorded as an asset in the BS under the Negative Loan Guarantees line. In FY 2024 and 2023, FHA reported Negative Loan Guarantees, which indicate net potential future gains rather than losses on providing mortgage insurance.

The LLG is calculated as the net present value of anticipated cash outflows for defaults, such as claim payments, premium refunds, property costs to maintain foreclosed properties less anticipated cash inflows such as premium receipts, proceeds from asset sales, and principal and interest on Secretary-held notes.

HUD records loss estimates for its single-family LLR and multifamily LLR mortgage insurance programs based on its cash flow models and FHA values its Pre-Credit Reform LLR at net realizable value, the determination is based on estimated net cash outflows. To value these items, FHA uses historical claim data, revenues from premiums, and estimated recoveries.

At the HUD consolidated level, FHA's LGL is adjusted for estimated Ginnie Mae claims from FHA insured loans. Ginnie Mae holds FHA-insured loans acquired from both defaulted mortgage-backed securities issuers and a HECM lender, and estimated claims payable to Ginnie Mae for these FHA-insured loans must be reclassified at the HUD consolidated level, because FHA and Ginnie Mae are component reporting entities. Estimated claim payments are part of the anticipated cash outflows considered when FHA calculates its LLG.

J. Credit Reform Accounting

The primary purpose of the *FCRA*, which became effective on October 1, 1991, is to measure the budgetary cost for direct loans and loan guarantees from the cash flows into or out of the U.S. Treasury at the time such cash flows occurred and to determine the estimated long-term cost to the government on a present value basis. *OMB Circular A-11, Preparation, Execution, and Submission of the Budget Part 5*, titled Federal Credit Programs, defines a loan guarantee as any guarantee, insurance, or other pledge with respect to the payment of all or part of

the principal or interest on any debt obligation of a non-federal borrower (issuer) to a non-federal lender (investor).

The *FCRA* establishes the use of program, financing, and general fund receipt accounts for loan guarantees committed and direct loans obligated after September 30, 1991. It also establishes liquidating accounts for activity relating to any loan guarantees committed and direct loans obligated before October 1, 1991 (Pre-Credit Reform). Additionally, FHA has a capital reserve account associated with its MMI/CMHI Fund. These accounts are classified as either budgetary or non-budgetary in the Combined SBR. The budgetary accounts include the program, capital reserve and liquidating accounts, whereas the non-budgetary accounts consist of the Credit Reform financing accounts.

The program account is a budgetary account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy cost to the financing account. The program account also receives appropriations for administrative expenses and upward reestimates of the LLG. Ginnie Mae's program account receives multiclass, commitment, and service fee collections from issuers and non-expenditure transfers (NET) from Ginnie Mae's capital reserve account to cover program contract obligations.

The financing account is a non-budgetary account that records all cash flows resulting from Credit Reform direct loans or loan guarantees. It disburses loans, collects repayments and fees, makes claim payments, holds balances, borrows from the U.S. Treasury, earns or pays interest, and receives the subsidy cost payment from the program account. Although Ginnie Mae does not follow Credit Reform, its financing account is considered a non-budgetary account. Ginnie Mae's financing account receives guarantee pool transfers and other program fee collections from issuers; claim payments from direct loan and loan guarantee agencies; NET from Ginnie Mae's capital reserve account to cover contract obligations; and upward reestimate payments from the program account. The financing account pays MBS guaranty program disbursements such as contract expenditures; principal and interest pass through payments to MBS investors; and negative subsidy and downward reestimate payments to the capital reserve account. The unobligated balances in the financing account are not invested in U.S. Treasury securities and do not receive an uninvested interest collection from the U.S. Treasury.

The general fund receipt account is an account used for the receipt of amounts paid from the financing account when there are negative subsidies from the original estimate or a downward reestimate. In most cases, the receipt account is a general fund receipt account and amounts are not earmarked for the credit program. They are available for appropriations only in the sense that all general fund receipts are available for appropriations. Any assets in this account are non-entity assets and are offset by intragovernmental liabilities. At fiscal year end, the fund balance in the general fund receipt account is transferred to the U.S. Treasury's General Fund. The FHA general fund receipt accounts for the General Insurance (GI) and Special Risk Insurance (SRI) funds fall in this category.

In the *National Affordable Housing Act of 1990, Public Law 101-625, 42 U.S.C. §8013*, Congress introduced a Capital Ratio requirement for gauging the financial status of FHA's Mutual Mortgage Insurance Fund (12 U.S.C. §1711 (f)(4)) and requires that FHA maintain a 2 percent Capital Ratio in the MMI Fund. The Capital Ratio compares economic net worth (current cash plus the present value of all future net cash flows) of the MMI fund to the dollar balance of active insured loans (the unpaid balance of insured mortgages) at a point in time. To ensure the calculated Capital Ratio reflects the actual strength of the MMI fund, the resources of the capital reserve account, which are considered FHA assets, are included in the calculation of the MMI fund's economic net worth.

The liquidating account is a budgetary account that records all cash flows to and from FHA and HUD Proper resulting from Pre-Credit Reform direct loans or loan guarantees. Liquidating account collections in any year are only available for obligations incurred during that year or to repay debt. Unobligated balances remaining in the liquidating accounts at year end are transferred to the U.S. Treasury's General Fund. Consequently, if resources in liquidating accounts are otherwise insufficient to cover the payments for obligations or commitments, the

FCRA provides the liquidating accounts with permanent indefinite authority to cover any resource shortages. Ginnie Mae's liquidating account maintains a spending authority level of \$100 million and transfers collections more than that threshold to the capital reserve account.

Ginnie Mae's capital reserve is a budget account that retains the MBS Guarantee Program's negative subsidy, downward reestimates, and overnight securities interest collections. The capital reserve account maintains Ginnie Mae's unobligated reserve balances which are transferred to the program and/or financing accounts (as needed) to fund business operations.

K. Credit Program Receivables and Related Foreclosed Property

HUD finances mortgages and provides loans to support construction and rehabilitation of low rent housing, principally for the elderly and disabled under the Section 202/811 programs. FHA's loans receivable includes Mortgage Notes Assigned (MNAs), also described as Secretary Held Notes, Purchase Money Mortgages (PMM), notes related to partial claims, and direct loans relating to the Federal Financing Bank (FFB) Risk Share Program. Under the requirements of the *FCRA*, PMM notes are considered to be direct loans while MNA notes are considered to be defaulted guaranteed loans. The PMM loans are generated from the sales on credit of FHA's foreclosed properties to qualified non-profit organizations. The MNA notes are created when FHA pays lenders for claims on defaulted guaranteed loans, or loans that have reached their maximum claim amount, and takes assignment of these loans for direct collections. The majority of MNAs are HECM notes. HECM loans, while not in default, are assigned to FHA when they reach 98 percent of their maximum claim amount. In addition, multifamily mortgages are assigned to FHA when lenders file mortgage insurance claims for defaulted notes. Partial claims are second mortgages on HUD insured properties and are classified as defaulted guaranteed loans. Loans under the FFB Risk Share Program are considered to be direct loans pursuant to the U.S. Treasury guidelines.

Credit program receivables for direct loan programs and defaulted guaranteed loans assigned for direct collection are valued differently based on the direct loan obligation or loan guarantee commitment date. These valuations are in accordance with the *FCRA* and *SFFAS No. 2*. Those obligated or committed on or after October 1, 1991 (Post Credit Reform) are valued at the net present value of expected cash flows associated with these assets, primarily from estimated proceeds less selling and maintenance costs. The difference between the cost of these loans and properties and the net present value is called the Allowance for Subsidy. Pre-Credit Reform loans receivable resulting from obligations or commitments prior to October 1, 1991, and related foreclosed property in inventory are recorded at net realizable value based on recovery rates net of any selling expenses. For additional information on Pre-Credit Reform loans, refer to Note (7) Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees).

Fair value is estimated based on the prevailing market interest rates at the date of mortgage assignment. When fair value is less than cost, discounts are recorded and amortized to interest income over the remaining terms of the mortgages or upon sale of the mortgages. Interest is recognized as income when earned. However, when full collection of the principal is considered doubtful, the accrual of interest income is suspended, and receipts (both interest and principal) are recorded as collections of principals. Pre-Credit Reform loans are reported net of allowance for loss and any unamortized discount. The estimate for the allowance on credit program receivables is based on historical loss rates and recovery rates resulting from asset sales, property recovery rates, and net cost of sales.

Foreclosed property acquired because of defaulted loans obligated or loan guarantees committed on or after October 1, 1991, is valued at the net present value of the projected cash flows associated with the property. Foreclosed property acquired because of defaulted loans obligated or loan guarantees committed prior to 1992 is valued at net realizable value. The estimate for the allowance for loss related to the net realizable value of foreclosed property is based on historical loss rates and recovery rates resulting from property sales, and net cost of sales.

L. Other Non-Credit Reform Loans

Other Non-Credit Reform Loans consists of Ginnie Mae Mortgage Loans, Advances, Claims Receivable, and Properties Held for Sale which are discussed in the following paragraphs.

Mortgage Loans

When a Ginnie Mae issuer defaults, and is terminated and extinguished, Ginnie Mae steps into the role of the issuer and assumes all servicing rights and obligations of the issuer's entire Ginnie Mae guaranteed portfolio, including making timely pass-through payments. Ginnie Mae utilizes the Master Sub-servicer (MSS) to service these portfolios. There are currently two MSS that service the terminated and extinguished issuer portfolios of pooled and non-pooled loans.

In its role as issuer, Ginnie Mae assesses individual loans within its pooled portfolio to determine whether the loan must be purchased out of the pool. Ginnie Mae must purchase mortgage loans out of the MBS pool when the mortgage loans are ineligible for insurance or guarantee by the FHA, VA, USDA, or PIH, as well as loans that have been modified beyond the trial modification period. Additionally, Ginnie Mae has the option to purchase mortgage loans out of the MBS pool when the mortgage loans are insured or guaranteed but are delinquent for more than 90-days.

Ginnie Mae also has the option to repurchase reverse mortgage loans out of the securitization pools in certain instances. These situations include when the outstanding principal balance of the related HECM loan is equal to or greater than 98 percent of the Maximum Claim Amount (MCA) and the borrower's loan is becoming due and payable under certain circumstances; the borrower does not occupy the home for greater than 12 consecutive months due to physical or mental illness, and the home is not the residence of another borrower; or the borrower fails to meet the terms of the loan.

Ginnie Mae has elected to irrevocably apply FVO accounting to its mortgage loans purchased out of the pool described above, as part of the adoption for *ASC 326 Financial Instruments – Credit Losses* and the transition relief afforded by the guidance. The election allows Ginnie Mae to provide meaningful information to the users of the financial statements, as fair value provides a proxy into market participants' viewpoint on value of these instruments as of the measuring date, with considerations of both market and credit risks. The election also allows Ginnie Mae to classify its forward and reverse mortgage loans to be held at fair value.

Forward Mortgage Loans, at Fair Value (Forward MFV)

Forward mortgage loans, at fair value, includes traditional mortgage loans acquired upon default of a Ginnie Mae MBS issuer. Ginnie Mae reports the forward mortgage loans at fair value on the BS, which is comprised of the fair value of the Unpaid Principal Balance (UPB), accrued interest and reimbursable costs receivables.

Reverse Mortgage Loans, at Fair Value (Reverse MFV)

Reverse mortgage loans, at fair value, includes HECM loans acquired upon default of a Ginnie Mae HMBS issuer. HECMs provide seniors aged 62 and older with a loan secured by their home which can be taken as a lump sum, line of credit, or scheduled payments. HECM loan balances grow over the loan term through borrower draws of scheduled payments or line of credit draws, funded by the issuer, as well as through the accrual of interest, servicing fees, and FHA mortgage insurance premiums (MIP).

HECM loan balances are included within reverse mortgage loans, at fair value, and are comprised of securitized HECM loans subject to HMBS obligations as well as any unsecuritized interests that relate to partially securitized HECM loans.

Changes in Fair Value

On a quarterly basis, Ginnie Mae evaluates the fair value of forward MFV and reverse MFV to assess whether adjustments need to be made to account for the changes in the fair value. Gains and losses from fair value changes are reported in gross costs in the accompanying SNC.

Ginnie Mae Advances, Net

Advances represent Ginnie Mae pass-through payments to fulfill the guarantee of timely P&I payments to MBS holders. Ginnie Mae reports advances net of an allowance for amounts not expected to be collected. Ginnie Mae calculates the allowance based on expected recovery amounts. The calculation incorporates reimbursements per established insuring or guaranteeing agency guidelines, Ginnie Mae's collections experience, and other economic factors. Ginnie Mae reclassifies advances associated with loans purchased out of the MBS pools as part of the total recorded investment in the purchased loan.

Claims Receivable, Net

Claims receivable represent receivables from properties conveyed to insuring or guaranteeing agencies (FHA, VA, USDA, and PIH) for payments owed to Ginnie Mae from such insuring or guaranteeing agencies. Claims receivable consist of three primary components – Short Sale Claims Receivable, Foreclosed Property, and Assignment Claims Receivable:

1. Short Sale Claims Receivable

A property may be sold for an agreed-upon price that falls short of amounts owed on the property as an alternative to foreclosure. This type of sale is known as a "short sale." Short sale proceeds are often times insufficient to fully pay off the mortgage. Ginnie Mae's MSS identifies loans that may be short sale eligible. This evaluation is based on factors such as delinquency, appraised value of the property, and location of the property. Ginnie Mae's Office of Issuer and Portfolio Management (OIPM) approves all short sales.

FHA is the largest insurer for Ginnie Mae. FHA typically pays Ginnie Mae the difference between the proceeds received from the sale and the UPB of the mortgage loan plus FHA-allowable delinquent interest, and other reasonable and customary costs per the FHA guidelines. FHA guidelines provide for interest claims to be calculated based on a debenture rate, as published by FHA. FHA does not reimburse the first 2-months of delinquent interest payments. Short sales on USDA, VA, and PIH guaranteed loans follow a similar process in which the claims receivable amount is determined in accordance with the respective agency guidelines. Ginnie Mae records a short sale claims receivable while it awaits repayment of the shortfall amount from the insuring or guaranteeing agencies.

2. Foreclosed Property

Ginnie Mae records foreclosed property when the MSS receives title to a residential real estate property. Title may be received pursuant to a legal foreclosure process, or when the mortgagor conveys all interest in the property to satisfy the loan through a "deed in lieu of foreclosure" or similar legal agreement. These properties differ from acquired properties as Ginnie Mae intends to convey the property to an insuring or guaranteeing agency, instead of marketing and selling the properties. The amount of the claims receivable is determined based on the underlying insuring or guaranteeing agency guidelines. Typically, this includes the UPB for the loan and any allowable interest and other costs per the guidelines.

3. Assignment Claims Receivable

Ginnie Mae has the option, in its assumed role as issuer of HMBS, to repurchase reverse loans out of securitization pools once the outstanding principal balance of the related reverse mortgage loan is equal to or greater than 98 percent of the MCA. Performing repurchased loans are assigned to the FHA in accordance with FHA insurance program requirements and the amount of the outstanding loan balance expected to be recovered

from FHA as the insuring agency is recognized as an assignment claims receivable.

Allowance for Claims Receivable

Once the claims receivable is established, Ginnie Mae periodically assesses its collectability by utilizing statistical models, which incorporate expected recovery based on the underlying insuring or guaranteeing agency guidelines, and Ginnie Mae's historical loss experience. Ginnie Mae records an allowance for claims that represent the expected unrecoverable amounts within the portfolio. Claims net of an allowance is the amount that Ginnie Mae determines to be collectible.

The allowance for claims receivable includes effects of charge offs, recoveries, and amounts deemed uncollectible from the insuring or guaranteeing agency. At initial recognition, a claims receivable is recognized for the amount recoverable from the insurers and any excess amounts not recoverable are charged off against the allowance.

Properties Held for Sale

Ginnie Mae recognizes properties held for sale (acquired property) when marketable title to the underlying property is obtained. Title may be obtained through a legal foreclosure process or deed in lieu of foreclosure or other similar legal agreements. Acquired properties are typically either USDA insured, VA insured or uninsured conventional loans. These assets differ from "foreclosed property" as they are not conveyed to the insuring agencies. Acquired properties are assets that Ginnie Mae intends to sell and is actively marketing through the MSS. Ginnie Mae initially measures acquired property at its fair value, net of estimated costs to sell. Ginnie Mae records a charge off against the allowance for loan losses when the recorded investment in the loan prior to acquisition of title exceeds the fair value, net of estimated cost to sell, of the acquired property. If the fair value, net of estimated costs to sell, exceeds the recorded investment in the loan, Ginnie Mae recognizes a recovery for any forgone P&I. This amount is recognized with operating expenses which is included in the gross costs of the accompanying SNC.

Ginnie Mae subsequently measures acquired property at the lower of its carrying value or fair value less estimated costs to sell. Subsequent valuation measurements are periodically performed up until the sale of the property. The dates of the fair value measurements vary from property to property and are not always at the reporting period end date. Ginnie Mae recognizes any decreases in fair value, net of estimated costs to sell, below the carrying value through a valuation allowance. The corresponding charge is recorded as income (expense) on acquired property included in gross cost in the accompanying SNC. Any subsequent increase in fair value, net of estimated costs to sell, up to the cumulative loss previously recognized through the valuation allowance, is recognized with operating expenses which are included in the gross costs of the accompanying SNC.

Ginnie Mae capitalizes subsequent improvement costs for acquired property. Ginnie Mae expenses other costs as incurred with operating expenses which are included in the gross costs of the accompanying SNC.

Ginnie Mae records gains and losses on sales of acquired property as the difference between the net sales proceeds and the carrying value of the property. These gains and losses are recognized through "Gains on Disposition of Assets – Other" included in earned revenues of the accompanying SNC. For additional information, refer to Note (8) Other Non-Credit Reform Loans.

M. Property, Plant, and Equipment, Net (PP&E)

PP&E is comprised of capital assets used in providing goods or services. PP&E is stated at cost less accumulated depreciation. Acquisitions of PP&E include assets purchased or assets acquired through other means, such as through transfer in from another federal entity, donation, devise (a will or clause of a will disposing of property), judicial process, exchange between a federal entity and a non-federal entity, and forfeiture.

HUD's PP&E, other than Ginnie Mae, consists of furniture, fixtures, equipment, and data processing software used in providing goods and services that have an estimated useful life of 3 or more years. Leasehold

improvements consist of additions, alterations, remodeling, renovations, or other changes to existing leased properties that either extend the useful life or enlarge or expand or improve its capacity and are paid or financed for by the lessee. HUD's purchases of \$0.5 million for PP&E, \$0.5 million for Leasehold Improvements, and \$0.75 million for Internal Use Software (IUS) or more are recorded as an asset and depreciated over their estimated useful life on a straight-line basis with no salvage value for general property, plant, and equipment. Generally, PP&E, Leasehold Improvements, and IUS are depreciated over a 3-year period unless it can be demonstrated that the estimated useful life is significantly greater than the specified time period.

The Department purchases and maintains all PP&E used by FHA, along with other Office of Housing activities.

Ginnie Mae's purchases of \$0.5 million or more for PP&E and IUS are recorded as an asset. Ginnie Mae depreciates its PP&E and IUS using the straight-line basis over a 3 to 5-year period beginning when the assets are placed in service, unless another systematic and rational basis is more representative of the asset's use.

There are no restrictions on the use or convertibility of general PP&E. For additional information, refer to Note (9) PP&E, Net.

N. Liabilities

Liabilities represent actual and estimated amounts to be paid as a result of transactions or events that have already occurred. However, no liabilities can be paid by HUD without budget authority. Liabilities for which an appropriation has not been enacted are classified as liabilities not covered by budgetary resources, and there is no certainty that an appropriation will be enacted. For additional information on liabilities not covered by budgetary resources, refer to Note (12) Liabilities Not Covered by Budgetary Resources.

O. Accounts Payable

Accounts Payable primarily consist of amounts due for goods and services received but not yet paid, interest due on accounts payable, and other miscellaneous payables. FHA's accounts payable consist mostly of claims payable and premium refunds payable.

P. Leases

HUD maintains Occupancy Agreements (OA) with the General Services Administration (GSA). Each OA is a statement of business terms governing the tenancy relationship between HUD and GSA and is considered an intragovernmental lease. GSA charges rental rates for space that approximate commercial rental rates for similar properties. The terms of the OAs can vary slightly, primarily based on whether GSA directly owns the underlying assets or rents the space from third party commercial property owners. The period of occupancy for each OA may vary and most OAs allow HUD to cancel with 4-months' notice after the first year of occupancy. OAs do not include renewal options that may be in the lease, as GSA makes a determination as to whether such options are fair and reasonable relative to the market when the option matures.

Additionally, HUD maintains an Interagency Agreement (IAA) with the U.S. Government Publishing Office (GPO) for Multi-Functional Devices (MFDs) with print, copy, scan, and fax functions for HUD Headquarters and Field Offices. The IAA for MFDs is a statement of business terms governing the lease relationship between HUD and GPO and is considered an intragovernmental lease. The period of performance of the IAA for MFDs is one base period of 12 months and four 12-month option years (December 1, 2023 to November 30, 2028).

In accordance with *SFFAS No. 54: Leases (SFFAS 54)*, intragovernmental lease provisions, HUD expenses these leases as incurred and does not record liabilities for future years' costs. HUD does not have material lease agreements with the public. In addition, HUD has assessed its contracts and agreements, existing as of October 1, 2023, and those subsequently entered into or modified on or prior to September 30, 2024, for potential embedded leases in accordance with *SFFAS 54* and *SFFAS No. 62: Transitional Amendment to SFFAS 54*. Based on this assessment, HUD has determined that none of its contracts qualify as embedded leases. For additional information refer to Note (17) Leases.

Q. Borrowings

As further discussed in other notes, several of HUD's programs have the authority to borrow funds from the U.S. Treasury for program operations. These borrowings, representing unpaid principal balances and future accrued interest, are reported as debt in HUD's consolidated financial statements. The Department also borrows funds from the private sector to assist in the construction and rehabilitation of low rent housing projects under the PIH Low Rent Public Housing Loan Program. Repayments of these long-term borrowings have terms up to 40 years. For additional information, refer to Note (13B) Debt, Terms of Borrowing Authority Used, and Available Borrowing Authority End of Period.

Ginnie Mae executed a borrowing agreement with the U.S. Treasury, on September 15, 2023, related to MBS portfolios defaulted and extinguished subsequent to the effective date of the borrowing agreement pursuant to *Title III of the National Housing Act of 1934, Public Law 73-479, Section 306(d), 12 U.S.C. §1721(d)* with Treasury. For additional information, refer to Note (13B) Debt, Terms of Borrowing Authority Used, and Available Borrowing Authority End of Period.

R. Federal Employees' Compensation Act Liabilities

The *Federal Employees' Compensation Act (FECA), Public Law 64-267, 5 U.S.C. §8101*, provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The *FECA* program is administered by the U.S. Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from HUD for these paid claims.

The *FECA* liability consists of two components. The first component is based on actual claims paid by the DOL but not yet reimbursed by HUD. The second component is the estimated liability for future workers' compensation based on past events. For additional information, refer to Note (14) Federal Employee Benefits Payable.

S. Accrued Unfunded Leave

Annual leave and compensatory time are accrued as earned and the liability is reduced as leave is taken. The liability at year end reflects cumulative leave earned but not taken, priced at current wage rates. Earned leave deferred to future periods is to be funded by future appropriations. To the extent that current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken. Beginning in FY 2023, both funded and unfunded accrued employee annual leave are being reported in Federal Employee Benefits Payable.

T. Insurance and Guarantee Program Liabilities

Ginnie Mae's MBS program guarantees the timely payment of P&I on securities backed by pools of mortgage loans insured or guaranteed by FHA, VA, USDA or PIH. Ginnie Mae's MBS Guaranty program is considered an exchange transaction insurance program other than life insurance under *SFFAS No. 51 Insurance Programs*. In accordance with the requirements of *SFFAS No. 51*, Ginnie Mae determines a Liability for Loss on Remaining Coverage associated with outstanding MBS guarantees as the total non-contingent guaranty obligation and contingent liability less the total guaranty asset.

When a liability is determined to exist, this amount is recorded as the Liability for Loss on Remaining Coverage and is included in Insurance and Guarantee Program Liabilities on the BS. Initial recognition and subsequent changes in the liability on remaining coverage are reflected on the BS and are recorded as a gain or loss included in gross cost on the SNC.

As disclosed in section (C) Use of Estimates located in this note, Ginnie Mae has changed its methodology for developing estimates of losses associated with the contingent portion of its guaranty obligation in FY 2023.

For additional information, refer to Note (15) Insurance Programs.

U. HMBS Obligations, at Fair Value

FASAB currently does not directly address the accounting treatment for securitization of HECM loans and sale accounting treatment. Ginnie Mae assesses its securitization obligations under FASB ASC 860 – *Transfers and Servicing* and ASC 820 *Fair Value Measurement*. HMBS obligations, at fair value, represent the secured borrowing associated with securitization of HECM loans where Ginnie Mae has stepped into the role of issuer upon default, termination, and extinguishment of a Ginnie Mae HMBS issuer and the securitization does not meet the criteria for sale accounting treatment. This liability includes Ginnie Mae's assumed obligation to repay the secured borrowing from the FHA-insured HECM cash flows and the obligations as issuer and servicer of the HECM loans and HMBS. For additional information on how the fair value of HMBS obligations are determined refer to Note (16) Other Liabilities.

V. Deferred Revenue

Deferred revenue are amounts received for goods or services to be delivered or performed in the future and reflect amounts that have yet to be earned. FHA reported deferred revenue in the amount of \$253 million and \$223 million as of September 30, 2024 and 2023, respectively. FHA's deferred revenue reported in HUD's BS is mostly comprised of premiums collected on loans that have not been endorsed for FHA mortgage insurance. These premiums are excluded from FHA's LLG because they have not been earned.

Ginnie Mae has deferred revenue from multiclass fees and commitment fees in the amount of \$636 million and \$609 million as of September 30, 2024 and 2023, respectively. Refer to section (W) Operating Revenue and Financing Sources below for additional details regarding the policies for recognition of revenue for these fees.

W. Operating Revenue and Financing Sources

HUD finances operations principally through appropriations, collection of premiums and fees on its FHA and Ginnie Mae programs, and interest income on its mortgage notes, loans, and investment portfolio.

As a component of the government-wide reporting entity, HUD is subject to the federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in HUD and the government-wide financial reports.

HUD's budgetary resources reflect past congressional action and enable HUD to incur obligations, but they do not reflect assets to the government as a whole. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions. After budgetary obligations are incurred, the U.S. Treasury will make disbursements to liquidate the budgetary obligations and finance those disbursements in the same way that it finances all disbursements, using some combination of receipts, other inflows, borrowing from the public (if there is a budget deficit). Pursuant to *SFFAS No. 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, taxes, duties, fines, and penalties are considered nonexchange revenues, which are recognized when a legally enforceable claim is established, and it is recognized to the extent that the collection is probable (i.e., more likely than not) and the amount is measurable (i.e., reasonably estimable).

Appropriations for Grant and Subsidy Programs

HUD receives both annual and multiyear appropriations and recognizes those appropriations as revenue when related expenses are incurred.

Accordingly, HUD recognizes grant-related revenue and related expenses as recipients perform under their contracts. HUD recognizes subsidy-related revenue and related expenses when the underlying assistance (e.g., provision of a Section 8 rental unit by a housing owner) is provided or upon disbursement of funds to PHAs.

Ginnie Mae Fees

Fees received for Ginnie Mae's guaranty of MBS are recognized as earned. Commitment fees represent income that Ginnie Mae earns for providing approved issuers with authority to pool mortgages into Ginnie Mae MBS. Ginnie Mae receives commitment fees as issuers request commitment authority and recognizes the commitment fees as earned when issuers use their commitment authority, with the balance deferred until earned or expired (whichever occurs first). Fees from expired commitment authority are not returned to issuers. Multiclass fees represent one-time up-front fees related to the issuance of multiclass products. Multiclass products include REMICs and Platinum Certificates. The fees received for REMICs consist of guaranty fees and may include a modification and exchange (MX) combination fees. The guaranty fee is paid by the sponsor and is based upon the total principal balance of the deal. The MX combination fee allows the sponsor to combine REMIC and/or MX securities at the time of issuance. The guaranty fee is deferred and amortized into income evenly over the contractual life of the security. The MX combination fee, on the other hand, is recognized immediately in earnings (i.e., upon the combination of REMIC and/or MX securities). The fees received for Platinum Certificates are deferred and amortized into income evenly over the contractual life of the security. Ginnie Mae also recognizes income through fees related to new issuer applications, transfers of issuer responsibilities, and mortgage servicing fees.

Imputed Financing Sources

In certain instances, operating costs of HUD are paid out of funds appropriated to other federal agencies. For example, the Office of Personnel Management (OPM), by law, pays certain costs of retirement programs. When costs that are identifiable to HUD and directly attributable to HUD operations are paid for by other agencies, HUD recognizes these amounts as operating expenses. In addition, HUD recognizes an imputed financing source on the SCNPN to reflect the funding of HUD operations by other federal agencies.

X. Appropriations and Monies Received from Other HUD Programs

The *National Affordable Housing Act of 1990, Public Law 101-625*, as amended, provides for appropriations from Congress to finance the operations of General Insurance and Special Risk Insurance (GI/SRI) funds (Sections 220, 221(d)(3) with tax credits, 221(d)(4), 223(a)(7), 223(f), 223(d), 231, 241(a), 232, 207, and 242 of the *National Housing Act of 1934, Public Law 73-479*, and Sections 542(c) and 542(b) of the *Housing and Community Development Act*). For Credit Reform loan guarantees, appropriations to the GI/SRI funds are provided at the beginning of each fiscal year to cover estimated positive subsidy and upward reestimates on insured loans during the year. For pre-Credit Reform loan guarantees, FHA has permanent indefinite appropriation authority to finance any shortages of resources needed for operations.

Monies received from other HUD programs, such as interest subsidies and rent supplements, are recorded as revenue for the liquidating accounts when services are rendered. Monies received for the financing accounts are recorded as additions to the Liability for Loan Guarantee or the Allowance for Subsidy when collected.

Y. Full Cost Reporting

SFFAS No. 4 Managerial Cost Accounting Standards and Concepts, for the federal government, requires that full costing of program outputs be included in federal agency financial statements. Full cost reporting includes direct, indirect, and inter-entity costs. Goods and services are received from other federal entities at no cost or at cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by HUD are recognized as imputed costs in the SNC and are offset by imputed revenue in the SCNPN. Such imputed costs and revenues related to business-type activities (if applicable), employee benefits and claims to be settled by the U.S. Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in HUD's financial statements.

For purposes of the consolidated financial statements, HUD estimated each responsible segment's share of the program costs or resources provided by HUD or other federal agencies. In accordance with *SFFAS No. 55 Amending Inter-Entity Cost Provisions*, HUD records the required inter-entity costs which includes personal benefits and the U.S. Treasury Judgment Fund settlements. HUD has also elected to record inter-entity costs for a non-business type activity with Homeland Security for IT services.

Z. Retirement Plans

The *Civil Service Retirement Act, Public Law 66-215*, which became effective on August 1, 1920, established a retirement system for certain Federal employees. It was replaced by the Federal Employees Retirement System (FERS) for Federal employees who first entered covered service on and after January 1, 1987. CSRS is a defined benefit, contributory retirement system. Employees share in the expense of the annuities to which they become entitled. CSRS covered employees contribute 7, 7.5, or 8 percent of pay to CSRS, while the employee generally pays no Social Security retirement, survivor and disability (OASDI) tax, but the employee must pay the Medicare tax. The employing agency (HUD) matches the employee's CSRS contributions. HUD expenses its contributions to the retirement plans. FERS is a retirement plan that provides benefits from three different sources: a Basic Benefit Plan, Social Security, and the Thrift Savings Plan (TSP). The Basic Benefit and Social Security parts of FERS requires the employee to pay its share each pay period. HUD withholds the cost of the Basic Benefit and Social Security from an employee's wages as payroll deductions.

AA. Fiduciary Activities

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment, and disposition by the federal government of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. Fiduciary assets are not assets of the federal government, are not recognized on the BS and are assets of a non-federal party for which the Federal Government is responsible.

Ginnie Mae has fiduciary activities which involve the collection or receipt and subsequent disposition of escrow deposits held in trust in which non-federal entities have an ownership interest. In addition, due to the HMBS issuer default, Ginnie Mae had deposits with the MSS for pass through payments to HMBS security holders, and deposits in transit for refunding of commitment authority fees for unapproved issuers. For additional information refer to Note (4) Cash and Other Monetary Assets. Such escrow deposits held in trust are held and managed by the MSS on behalf of Ginnie Mae, and primarily relate to Ginnie Mae's non-pooled loan portfolio, with insignificant balances for its defaulted issuer pooled loan portfolio. Ginnie Mae estimates the balance of escrow deposits were \$22 million as of both September 30, 2024 and 2023.

BB. Net Cost

Net cost consists of gross costs and earned revenue. Gross costs and earned revenue are classified as intragovernmental (exchange transactions between HUD and other entities within the federal government) or public (exchange transactions between HUD and non-federal entities).

Net program costs are gross costs less revenues earned from activities. HUD determines gross cost and earned revenue by tracing amounts back to the specific program office. Administrative overhead costs of funds unassigned are allocated based on full-time employee equivalents of each program.

CC. Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations include undelivered orders and unobligated balances, except for amounts in financing accounts, liquidating accounts, and trust funds. Cumulative results of operations represent the net difference since inception between (1) expenses, and (2) revenues and financing sources.

During FY 2024, HUD's component, FHA, identified an error in its process for returning unused appropriations and collections to the U.S. Treasury. For several years, FHA improperly netted and returned these funds using a Non-Expenditure Transfer (SF-1151) and delayed returning the cash until the following fiscal year. This resulted in a \$353 million overstatement of the beginning balances for Unexpended Appropriations and Cumulative Results of Operations in the SCNP.

To correct this, HUD collaborated with the U.S. Treasury to make a one-time adjustment in accordance with the Treasury Financial Manual (TFM) guidance for prior period adjustments. Since the error was below HUD's materiality threshold, a restatement of prior year financials was not required, and the correction was applied to the current year's SCNP.

DD. Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, often supplemented by other financing sources that are originally provided to the federal government by a non-federal source, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the federal government's general revenues. For additional information, refer to Note (19) Funds from Dedicated Collections.

HUD presents its funds from dedicated collections on the BS and SCNP, from consolidating to combining based on the most recent guidance in the *OMB Circular A-136*. Non-Exchange Revenue and other financing sources from funds from dedicated collections, including net cost of operations, are shown separately in the SCNP. The portion of cumulative results of operations attributable to funds from dedicated collections is shown separately in both the BS and the SCNP.

EE. Allocation Transfers

HUD is a party to allocation transfers with other federal agencies as a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Parent agencies report both the proprietary and budgetary activity, but the child agency does not report any financial activity related to budget authority allocated from the parent agency to the child agency. HUD is the child for three allocation transfers: the Appalachian Regional Commission, U.S. Department of Transportation, and U.S. Department of Treasury. Under the *FASAB SFFAS No. 47 Reporting Entity*, HUD does not have any disclosure entities or related parties. HUD does not consider activities with a parent agency as a disclosure entity or a related party. HUD provides financial information to its parent agencies monthly to facilitate the agency's reporting consolidation.

FF. Changes in Accounting Principles

Ginnie Mae adopted the CECL standard guidance, in FY 2023, using the modified retrospective approach. Ginnie Mae elected the FVO on mortgage loans held for investment including accrued interest, net and related reimbursable costs receivable.

Prior to adopting this guidance, Ginnie Mae completed evaluations of data requirements and necessary changes to its fair value and credit loss estimation methods, processes, systems and controls. Ginnie Mae also completed model validations of its full end-to-end fair value and allowance processes.

As a result of the adoption, Ginnie Mae recorded a one-time adjustment to impacted financial statement line items that resulted in an increase to Beginning Balance Adjustments - Changes in Accounting Principles of \$171 million in the SCNP for the year ended September 30, 2023, with a corresponding increase in Accounts

Receivable, Net of \$33 million and an increase in Other Non-Credit Reform Loans of \$138 million in the BS as of September 30, 2023. For additional information, refer to Note (6) Accounts Receivable, Net and Note (8) Other Non-Credit Reform Loans for additional information.

Notes Disclosures Related to the Balance Sheet

Note 2: Non-Entity Assets

Non-Entity Assets consist of assets that belong to other entities but are included in the HUD consolidated financial statements and are offset by various liabilities to accurately reflect the Department's net position. The Department's Non-Entity assets principally consist of (1) FHA's downward reestimates and negative subsidies in the General Fund receipt accounts for the GI/SRI fund; (2) escrow monies collected by FHA that are either deposited at the U.S. Treasury or in minority-owned banks or invested in the U.S. Treasury securities; (3) capital transfers to the General Fund of the U.S. Treasury from the HED Liquidating Fund; (4) sustained audit receivables and court-enforced restitution in HUD's miscellaneous receipt account; (5) Emergency Home Loan Program (EHLPP) receivables in the General Fund receipt account; (6) cash from unremitted P&I collections and unapplied deposits held with the U.S. Treasury; (7) cash in transit to Ginnie Mae collected by the MSS; (8) unclaimed MBS security holder payments invested in the U.S. Treasury securities; (9) deposits for payments to HMBS security holders held by the MSS; and (10) cash remittances from Section 8 bond refunding deposited in the General Fund of the U.S. Treasury.

HUD's Non-Entity Assets as of September 30, 2024 and 2023, were as follows:

Non-Entity Assets (dollars in millions)		
	FY 2024	FY 2023
Intragovernmental Assets:		
Fund Balance with Treasury	\$ 73	\$ 79
Investments, Net		
Investments	24	24
Total Intragovernmental Assets	\$ 97	\$ 103
Other Non-Entity Assets:		
Cash and Other Monetary Assets	\$ 129	\$ 166
Accounts Receivable, Net	20	21
Loans Receivable, Net		
Loans Receivable, Net	92	94
Total Non Entity Assets	\$ 338	\$ 384
Total Entity Assets	\$ 478,229	\$ 429,690
Total Assets	\$ 478,567	\$ 430,074

Note 3: Fund Balance with Treasury

HUD's fund balances by status type as of September 30, 2024 and 2023, were as follows:

Fund Balance with Treasury (dollars in millions)		
	FY 2024	FY 2023
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$ 18,775	\$ 24,207
Unavailable	18,114	17,073
Obligated Balance not yet Disbursed	110,676	107,181
Non-Budgetary FBWT	59	49
Total	\$ 147,624	\$ 148,510

The U.S. Treasury performs cash management activities for all federal agencies. The net activity represents FBWT. HUD's FBWT is an asset to the Department but not to the entire government because it is considered a liability to the General Fund.

Unobligated and obligated balances reported in the Status of FBWT above do not agree with unobligated and obligated balances reported in the Combined SBR because the budgetary balances reported in the Combined SBR are supported by FBWT and other budgetary resources that do not affect FBWT such as investment authority, contract authority, borrowing authority, and budgetary receivables. Such authority permits an agency to incur

obligations in advance of an appropriation, offsetting collections, or receipts to liquidate the obligations. Since federal securities are considered the equivalent of cash for budgetary purposes, investments in them are treated as a change in the mix of assets held, rather than as a purchase of assets. In addition, unobligated balances that include collections related to Ginnie Mae are not available to HUD unless approved by Congress.

Ginnie Mae's fund balance is classified as restricted when the funds are unavailable for withdrawal or usage due to its status as non-entity assets, legally restricted deposits, contracts entered into with others, or Ginnie Mae's statements of intention with regard to particular deposits. As of September 30, 2024 and 2023, less than \$1 million of the fund balance is restricted and principally consists of cash received from Ginnie Mae's MSS due to loan prepayments, curtailment, and payoff from borrowers, which must be used to pay MBS holders, and not available for use in Ginnie Mae's general operations. Such funds are classified as non-entity assets as disclosed in Note (2) Non-Entity Assets, maintained in the fund balance account for Ginnie Mae's liquidating fund, and are also included in the balance of Obligated Balance not yet Disbursed in the tables above.

For additional disclosures on HUD's unobligated FBWT restrictions, refer to Note (24) Legal Arrangements Affecting the Use of Unobligated Balances.

The Department's non-budgetary FBWT includes receipt accounts established under current Federal Credit Reform legislation and cash collections deposited in restricted accounts that cannot be used by HUD for its programmatic needs. These designated funds established by the U.S. Treasury are classified as suspense and/or deposit funds and consist of accounts receivable balances due from the public. An SBR is not prepared for these funds since any cash remittances received by the Department are not defined as budgetary resources.

Increases to HUD's FBWT include appropriations, borrowings, transfers from other agencies and collections. HUD's FBWT is decreased by disbursements made to pay liabilities or to purchase assets, goods or services, transfers and reimbursements to other agencies, the U.S. Treasury investments in U.S. securities, cancelled funds, and rescission or sequestration of appropriations. FHA's appropriations increase when positive subsidy, or upward reestimates occur in its GI/SRI loan guarantee programs. HUD Proper's appropriations also increase when upward reestimates occur in its loan guarantee programs.

An immaterial difference exists between HUD's recorded FBWT and the U.S. Treasury's records. To be consistent with the U.S. Treasury's guidance, the Department temporarily adjusts its records to agree with the U.S. Treasury's balances at the end of the accounting period. The adjustments are reversed at the beginning of the following accounting period. These immaterial differences are researched in the following accounting period(s) for resolution.

As discussed in Note (1) Summary of Significant Accounting Policies, HUD received additional appropriated disaster funding from the *ARP*. As of September 30, 2024 and 2023, HUD has disbursed a cumulative total of \$3,394 million and \$1,749 million, respectively, in the *ARP* funding.

Note 4: Cash and Other Monetary Assets

HUD's Cash and Other Monetary Assets as of September 30, 2024 and 2023 were as follows:

Cash and Other Monetary Assets (dollars in millions)		
FY 2024	FHA	Ginnie Mae
Cash		
Escrow Monies	\$ 18	\$ -
Custodial Deposits for Payment to Security Holders	-	112
Deposits in Transit	22	39
Other Monetary Assets	-	-
Total Cash and Other Monetary Assets	\$ 40	\$ 151
FY 2023	FHA	Ginnie Mae
Cash		
Escrow Monies	\$ 17	\$ -
Custodial Deposits for Payment to Security Holders	-	149
Deposits in Transit	92	36
Other Monetary Assets	-	-
Total Cash and Other Monetary Assets	\$ 109	\$ 185

FHA's cash and other monetary assets consist of escrow monies collected that are deposited in minority-owned banks and deposits in transit. Ginnie Mae's cash and other monetary assets include deposits in transit from dedicated collections and restricted cash. Funds from dedicated collections consist of cash that is received by the MSS but not yet transmitted to Ginnie Mae.

Ginnie Mae restricted cash consists of funds that are unavailable for withdrawal or usage due to their status as non-entity assets. As of September 30, 2024 and 2023, \$112 million and \$149 million, respectively, of cash is restricted and principally consists of cash deposited with the MSS for payment to HMBS security holders for P&I payments and deposits in transit for refunding of commitment authority fees for unapproved issuers. Such funds are classified as non-entity assets as disclosed in Note (2) Non-Entity Assets. For additional details on the HMBS issuer default, refer to Note (8) Other Non-Credit Reform Loans, Section A2. Reverse Mortgage Loans, at Fair Value and Note (16B) Other Liabilities–HMBS Obligations, at Fair Value.

Note 5: Investments, Net

The U.S. Government non-marketable intra-governmental securities are comprised of short-term and long-term securities. Short-term securities have an original maturity date of less than one year. Long-term securities have an original maturity date of one year or greater. Ginnie Mae primarily invests in U.S. Treasury overnight certificates which are issued with a stated rate of interest to be applied to their par value amount with a maturity date on the next business day.

The cost, estimated market value, and amortization method of investments in debt securities as of September 30, 2024 and 2023 were as follows:

Investments, Net (dollars in millions)							
	FY 2024						
	Cost/Acquisition Value	Amortization Method	Amortized (Premium)/Discount	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market Value
Intragovernmental Investments:							
Treasury Bills	\$ 94,403	Straight-Line	\$ 64	\$ -	\$ 94,467	\$ 12	\$ 94,479
Treasury Notes	60,416	Effective Interest	813	241	61,470	(603)	60,867
Overnight Securities	23,186	No Amortization	-	-	23,186	-	23,186

Continued on the next page

Continued from previous page

Investments, Net (dollars in millions)							
FY 2024							
	Cost/Acquisition Value	Amortization Method	Amortized (Premium)/Discount	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market Value
Total Intragovernmental Investments	\$ 178,005		\$ 877	\$ 241	\$ 179,123	\$ (591)	\$ 178,532
FY 2023							
	Cost/Acquisition Value	Amortization Method	Amortized (Premium)/Discount	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market Value
Intragovernmental Investments:							
Treasury Bills	\$ 2,842	Straight-Line	\$ 82	\$ -	\$ 2,924	\$ -	\$ 2,924
Treasury Notes	131,731	Effective Interest	(2,554)	665	129,842	(3,100)	126,742
Overnight Securities	21,165	No Amortization	-	3	21,168	-	21,168
Total Intragovernmental Investments	\$ 155,738		\$ (2,472)	\$ 668	\$ 153,934	\$ (3,100)	\$ 150,834

The federal government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The dedicated cash receipts collected from the public into the fund are deposited in the U.S. Treasury, which uses the cash for general government purposes. The U.S. Treasury securities are issued to Ginnie Mae with a stated rate of interest to be applied to the par value with a maturity date of the next business day and are measured at cost, which approximates fair value. The U.S. Treasury securities are an asset to Ginnie Mae and a liability to the U.S. Treasury. Since Ginnie Mae and the U.S. Treasury are both parts of the government, these assets and liabilities offset each other from the standpoint of the government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Government-wide financial statements.

When Ginnie Mae's capital reserve fund redeems its U.S. Treasury securities to make expenditures, the U.S. Treasury will finance those expenditures in the same manner that it finances all other expenditures.

As of September 30, 2024 and 2023, \$24 million of investments were restricted and principally consist of unclaimed security holder payments not available for use in Ginnie Mae's general operations. Unclaimed security holder payments represent money owed to mortgage-backed securities certificate holders that have not been claimed or where the certificate holder cannot be located. These funds are classified as non-entity assets as disclosed in Note (2) Non-Entity Assets.

HUD's investments less interest receivables increased by \$25,615 million from 4th quarter FY 2023 to 2024. The increase in FHA's investments is primarily due to a transfer from FHA's MMI/CMHI financing account to its Capital Reserve account to execute the prior year's downward reestimate in FY 2024. The amount transferred was reinvested in short-term securities in the MMI fund. In addition, Ginnie Mae's increase in investments is driven primarily by payment of the negative subsidy and debt repayment to the Capital Reserve account, as well as interest earnings on investments in FY 2024, which was partially offset by FY 2024 Non-Expenditure transfers to fund operational requirements.

Note 6: Accounts Receivable, Net

The following table presents the accounts receivable balances as reflected on the BS, as of September 30, 2024 and 2023:

Accounts Receivable, Net (dollars in millions)						
	FY 2024			FY 2023		
	Gross Accounts Receivable	Allowance for Loss	Total, Net	Gross Accounts Receivable	Allowance for Loss	Total, Net
Intragovernmental						
Other than Intragovernmental						
FHA Partial Claims and Generic Debt Receivables	\$ 428	\$ (192)	\$ 236	\$ 440	\$ (130)	\$ 310
FHA Premium Receivables	621	-	621	638	-	638
Ginnie Mae Fees and Interest Receivables	180	-	180	176	-	176
Other Receivables	122	(32)	90	130	(20)	110
Criminal Restitution						
FHA Criminal Restitution	10	(9)	1	6	(5)	1
Ginnie Mae Criminal Restitution	106	(106)	-	106	(106)	-
Other Criminal Restitution	42	(41)	1	38	(38)	-
Total Accounts Receivable	\$ 1,509	\$ (380)	\$ 1,129	\$ 1,534	\$ (299)	\$ 1,235

The Department's Accounts Receivable represents FHA Partial Claims and Generic Debt Receivables, FHA Premium Receivables, Ginnie Mae Fees, Interest Receivables and Reimbursable Cost Receivables, Other Receivables, and Criminal Restitutions.

FHA Partial Claims, Premium and Generic Debt Receivables

FHA Partial Claims are paid to mortgages as part of its loss mitigation efforts to bring delinquent loans current. The FHA Partial Claims reported in this note are partial claims for which FHA does not yet have the promissory note. Premium receivables consist of premiums due to FHA from mortgagors at the end of the reporting period that are due in the following reporting period. FHA's Generic Debt is comprised of receivables from various sources, the largest of which are Single-Family Claims that have gone to collection, Single-Family Indemnifications, and Single-Family Restitutions. For FHA's partial claims, the allowance for subsidy associated with the unsupported partial claim notes is reported as the allowance for loss. No allowance for loss is reported for premium receivables because premium receivables accrued at the end of the reporting period are generally collected during the following reporting period. As of September 30, 2024, the allowance for loss on FHA's generic debt receivables was 47 percent. This calculation is based on historical loss experience and management's judgement concerning current economic factors.

Ginnie Mae Fees, Interest and Reimbursable Cost Receivables

Accrued Fees:

Ginnie Mae accrued fees primarily consist of accrued guaranty fees due from issuers. Guaranty fees are payable monthly based on the outstanding UPB in Ginnie Mae guaranteed MBS pools at the appropriate statutory rate. As of September 30, 2024 and 2023, Ginnie Mae's accrued fees totaled \$139 million and \$130 million, respectively.

Accrued Interest Receivable, Net:

Ginnie Mae also accrues interest on mortgage loans held for investment as disclosed in Note (1) Summary of Significant Accounting Policies. As of September 30, 2024 and 2023, Ginnie Mae's accrued interest receivable net of adjustments totaled \$22 million and \$25 million, respectively.

Reimbursable Costs Receivable, Net:

Reimbursable costs arise when Ginnie Mae advances funds to preserve its interests in forward mortgaged property as discussed in Note (1) Summary of Significant Accounting Policies. Costs incurred on both pooled and

non-pooled loans expected to be reimbursed are recorded as reimbursable costs receivable and reported net of allowance for amounts that management believes will not be collected.

As of September 30, 2024 and 2023, Ginnie Mae's pooled reimbursable cost was less than \$1 million. Non-pooled reimbursable costs totaled \$17 million and \$20 million as of September 30, 2024 and 2023, respectively.

Other Receivables

The Other Receivables line item represents Section 8 year-end settlements, claims to cash from the public, state and local authorities for bond refunding, Section 236 Rental Assistance excess rental income, Section 202 and 811 Project Rental Assistance Contracts excess residual receipts, sustained audit findings, refunds of overpayment, signed consent and judgments approved by the courts, and foreclosed property proceeds. Sustained audit costs are costs that have been challenged by the OIG, agreed upon by HUD, and evidenced by a repayment agreement.

FHA reports an allowance for receivables relating to escrow advances and miscellaneous investment fees, which are categorized by HUD at the consolidated level as Other Receivables. FHA's foreclosed property receivables accrued at the end of the reporting period are generally collected during the following reporting period; therefore, FHA does not record an allowance for loss on those receivables. Furthermore, amounts required to be paid in signed consent judgments approved by the courts may not be contested, as such, there is no allowance required for those receivables.

As of September 30, 2024 and 2023, \$1 million, respectively, of receivables due to Ginnie Mae from the MSS related to overpayments for reimbursable costs are also included in the total amount disclosed for Ginnie Mae Fees, Interest and Reimbursable Cost Receivables.

In addition, Ginnie Mae receives payments from FHA for guaranty claims related to non-pooled mortgage assets held by Ginnie Mae. FHA recognizes a deposit in transit for approved claims that have not yet been placed into the account of the recipient agency - Ginnie Mae. This timing difference represents an intragovernmental relationship between two component entities of HUD and has a net-zero impact at the HUD consolidated level. As of September 30, 2024 and 2023, an immaterial intragovernmental accrual was recorded.

Criminal Restitution

Pursuant to the requirements of *OMB Circular A-136*, HUD has disclosed separately its criminal restitution that is included in its AR balances as it is deemed material; this includes the gross receivables related to criminal restitution orders monitored by HUD, and the estimate of net realizable value determined to be collectible for criminal restitution orders monitored by HUD. Criminal restitutions are defined as primarily fraudulent and false claims that resulted in a loss to the government when individuals were allowed to receive federal funds or benefits to which they were not entitled. Criminal Restitution payments are made by an offender to the victim for the harm caused by the offender's wrongful acts. Courts have the authority to order convicted offenders to pay restitution to victims as part of their sentences. There are several primary stakeholders in the criminal debt data management process. In the judicial branch, stakeholders are the District Court Clerk's Office and the Probation Office.

In the executive branch, the stakeholders are the U.S. Department of Justice which includes the U.S. Attorney's Office (USAO) and the Bureau of Prisons. The USAO is statutorily responsible for the enforcement of the collections of criminal debt and the District Courts are responsible for receipting payments, disbursing restitution to victims, and tracking the debt.

HUD Proper has recorded an allowance for loss against the criminal restitution accounts by the aging method: 10 percent of outstanding current accounts receivables; 95 percent of outstanding accounts receivable under two years delinquent; 100 percent of outstanding accounts receivable over two years delinquent. The aggregate of all

group results is the estimated allowance for loss. This assessment is based on HUD's position in the recovery prospect for debts from defendants, its historical experience with collections on these accounts, and the overall historical experience for the U.S. Government in collecting on this category of receivables. As of September 30, 2024 and 2023, HUD Proper recorded an allowance for loss of 97 percent and 99 percent, respectively, against the criminal restitution accounts receivable.

As of September 30, 2024 and 2023, FHA recorded an allowance for loss of 92 percent and 93 percent, respectively, against the criminal restitution accounts receivable.

As of September 30, 2024 and 2023, Ginnie Mae recorded a 100 percent allowance for loss against the criminal restitution accounts receivable based on management's expectation that these amounts are not probable of collection. This assessment is based on Ginnie Mae's position in the recovery hierarchy for debts from defendants, its historical experience with collections on these accounts, and the overall historical experience for the U.S. Government in collecting on this category of receivables.

Note 7: Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees)

Loans Receivable are governed by the *FCRA*, as amended by *SFFAS No. 2*. For additional information on Loans Receivable, refer to Note (1) Summary of Significant Accounting Policies, Section I Negative Loan Guarantee, Section J Credit Reform Accounting and Section K Credit Program Receivables and Related Foreclosed Property. HUD's Note (7) covers Loans Receivable for FHA and HUD Proper components. Ginnie Mae's Loans Receivable are covered in HUD's Note (8) Other Non-Credit Reform Loans.

The subsidy rates disclosed pertain only to the current fiscal year's cohorts. These rates cannot be applied to the direct loans and guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans and loan guarantees reported in the current year result from disbursement of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes reestimates.

A. List of HUD's Direct Loan and/or Loan Guarantee Programs:

1. FHA
  - a) GI/SRI Direct Loan Program
  - b) MMI/CMHI Loan Guarantee Program
  - c) GI/SRI Loan Guarantee Program
  - d) HOPE for Homeowners Loan Guarantee Program (H4H)
2. HED
3. All Other
  - a) Flexible Subsidy Fund
  - b) Section 108 Loan Guarantees
  - c) Indian Housing Loan Guarantee Fund
  - d) Loan Guarantee Recovery Fund
  - e) Native Hawaiian Housing Loan Guarantee Fund
  - f) Title VI Indian Housing Loan Guarantee Fund
  - g) Green Retrofit Direct Loan Program
  - h) Emergency Homeowners' Loan Program
  - i) Green and Resilient Retrofit Program (GRRP)

FHA

FHA programs are operated primarily through four insurance funds: The MMI, CMHI, GI and SRI. There is a fifth fund, H4H fund, that became operational in FY 2009 and only contains minimal activity. The MMI fund is the largest. For financial reporting purposes, FHA combines the presentation of the MMI/CMHI and GI/SRI programs.

MMI/ CMHI

The MMI fund provides mortgage insurance on single-family mortgage loans made by FHA-approved lenders and strives to meet the needs of many first-time and minority homebuyers who, without the FHA guarantee, may find mortgage credit to be unaffordable or simply unavailable. Through MMI, FHA offers several types of single-family forward (traditional) mortgage insurance products and HECM (reverse mortgages) for seniors. Activity for the CMHI fund, which insures mortgages for multifamily cooperatives, is reported together with MMI.

GI/SRI

The GI/SRI fund provides mortgage insurance on multifamily rental housing and healthcare facilities, and Single-Family Title I manufactured housing and property improvement loans. GI/SRI programs are a critical component of FHA's efforts to meet the Nation's need for decent, safe, and affordable housing.

GI/SRI's mortgage programs are designed to operate without the need for subsidy appropriations, with fees set higher than anticipated losses.

FHA began an FFB Risk Sharing Program, an inter-agency partnership between HUD, FFB, and state Housing Finance Authorities (HFAs) in FY 2015. The FFB Risk Sharing program provides funding for multifamily mortgage loans insured by FHA. Under this program, FHA records a direct loan from the public and borrowing from FFB. The program does not change the basic structure of the Risk Sharing Program; it only substitutes FFB as the funding source. The HFAs originate and service the loans and share in any losses. The FFB Risk Sharing Program was suspended from FY 2019 through FY 2021 for new loan obligations. In fiscal year 2022, the FFB Risk Sharing Program accepted new loan obligations.

Prior to FY 2015, FHA's direct loans were a result of PMMs. The direct loan receivables were primarily multifamily loans and are in the liquidating fund. In addition, FHA has a small amount of new PMMs that are administered by Single-Family Housing.

In FY 2024, FHA's loan volume has significantly decreased within the FFB Risk Sharing Program causing noticeable decreases within FHA's total amount of direct loans disbursed and the subsidy expense for new direct loans disbursed.

H4H

This program was authorized under the *Housing and Economic Recovery Act of 2008 (HERA)*, Public Law 110-289. This program was effective for endorsements on or before September 30, 2011. The *HERA Act* was designed to prevent qualified homeowners from defaulting on their loans and avert foreclosure. This was done through refinancing into affordable, fixed-rate mortgages.

Negative Loan Guarantees

FHA's Negative Loan Guarantees amounts as of 4th quarter FY 2024 and 2023 were \$50,412 million and \$32,671 million, respectively (excluding HUD Proper's balances). The total LGL is the sum of both positive and negative LLG estimates in the MMI, GI/SRI and H4H funds. *OMB Circular A-136* requires the loan guarantee liability to be reported as an asset when the net loan guarantee liability for all credit programs of a reporting entity is negative. Because FHA reported a net negative loan guarantee liability in FY 2024 and 2023, FHA is reporting its negative loan guarantees as an asset on the FY 2024 BS as part of the Loans Receivable, Net, subsection. Negative Loan Guarantees increased in FY 2024 primarily due to increases in downward reestimates, premiums collected, interest accumulated on loan guarantee liabilities, negative subsidy endorsements, and claim payments in FHA's GI/SRI and MMI/CMHI loan guarantee financing accounts.

The overall HUD change in Loan Receivable, Net, (excluding Negative Loan Guarantees) from 4th quarter FY 2023 to 2024 of \$8,010 million was primarily due to FHA's increase in the value of HECM, Single-Family, and Multifamily, defaulted guaranteed loans post-1991, an increase in FFB Direct Loans and an increase in the

adjustments in the allowance for subsidy due to downward reestimates. The increases were offset by a decrease in the value of defaulted guaranteed loans pre-1992 and the adjustments in the allowance for subsidy due to upward reestimates.

FHA Foreclosed Property

FHA's Foreclosed Property as of September 30, 2024 and 2023 only includes Single-Family properties. There are no Multifamily foreclosed properties currently in inventory.

The Secretary has the authority under the *National Housing Act of 1934, Public Law 73-479, 12 U.S.C. §1710(g)*, to manage or dispose of eligible HUD-owned property assets in a manner that will provide affordable, safe, and sanitary housing to low-wealth families, preserve and revitalize residential neighborhoods, expand homeownership opportunities, minimize displacement of tenants residing in rental or cooperative housing, and protect the financial interest of the federal government.

Single-Family properties may be sold to eligible entities, *24 Code of Federal Regulations (CFR) §291.303*, through public asset sales. Eligibility of bidders will be determined by the Secretary and included in the bid package with a notice filed in the Federal Register. In addition, HUD must ensure that its policies and practices in conducting the single-family property disposition program do not discriminate on the basis of disability, *24 CFR §9.155(a)*.

For FHA Foreclosed Property, the average number of days in inventory for sold cases as of September 30, 2024 and 2023, respectively, are 178-days and 176-days. The total number of foreclosed properties on-hand as of September 30, 2024 and 2023 was 2,401 and 2,548, respectively.

HUD Proper

HUD Proper's direct loan and/or loan guarantee programs are in the HED and All Other Programs.

HED Program

The HED Program, Sections 202 and 811, were established by the *Housing Act of 1959, Public Law 86-372*, and the *National Affordable Housing Act of 1990, Public Law 101-625*, respectively, to provide critical affordable housing to our Nation's elderly and supportive housing for disabled very low-income persons. Assistance was provided to eligible private nonprofit organizations to cover construction, acquisition, or rehabilitation expenses as well as rental assistance. The methodologies used for calculating allowance for losses are described below in detail and apply to Permanent loans. All Construction loans will have an allowance for loss calculation at 100 percent. There are five parts to the calculation of allowance for loss for Permanent loans: (1) The loss rate for loans issued a Foreclosure Hearing Letter; (2) Loss rate for the estimated number of foreclosures in the current year; (3) Loss rate for loans delinquent 0 to 90-days; (4) Loss rate for loans delinquent 91 to 180-days; and (5) Loss rate for loans delinquent more than 180-days. The loss rates for all parts are provided by or agreed to by the Office of Housing.

All Other Programs

The All Other have the following direct loan and/or loan guarantee programs: Flexible Subsidy Fund, Section 108 Loan Guarantees, Indian Housing Loan Guarantee Fund, Loan Guarantee Recovery Fund, Native Hawaiian Housing Loan Guarantee Fund, Title VI Indian Housing Loan Guarantee Fund, Green Retrofit Direct Loan Program, Emergency Homeowners' Loan Program, and GRRP.

Flexible Subsidy Fund

The Flexible Subsidy Fund provided federal assistance for troubled multifamily housing projects which included supporting capital improvements to maintain these low to moderate income projects as authorized by *12 U.S.C. §1715z-1*. There are four groupings of loans considered when computing the allowance for losses for the non-amortized loan portfolio. The nature of these groupings and the loss rate for each of them are as follows:

(1) Loans Over 30-Years Without Payment: There is an increased probability a loss will occur for non-amortized loans when the loan has been active for 30-years or more with no repayment history. When these mortgages mature, there is a possibility of the property not having a means to repay the balance of the loan. The probability this event will occur is estimated at 70 percent. (2) Write-offs: Write-offs are initiated by Housing and sent to the Assistant CFO for Accounting. When the write-off is approved, a memo is sent to the Accounting Center requesting that the loan be written off. Loans that are written-off are uncollectible; therefore, 100 percent loss rate of this value is used in the calculation of the allowance for loss. (3) Performing Loan: Performing loans are those with a history of collection activity through the life of the loan. There is a slight probability of 10 percent these loans will not be paid in full. (4) Restructures: In general, as mortgages mature in the non-amortized loan program, the flexible subsidy becomes due. If the property owner is unable to pay the loan at that time, a restructuring of the loan occurs. They may be restructured as amortizing or non-amortizing depending on the circumstances. The probability that these loans will be uncollectible is estimated at 50 percent. The loss rates for all parts are provided by or agreed to by the Office of Housing.

There are three groupings of loans to consider when computing the allowance for loss for the Capital Improvement amortized loan portfolio. The nature of these groupings and the loss rate for each of them is as follows: (1) Delinquencies: There are two categories of delinquent loans: loans delinquent between 90 to 179-days and those over 180-days. At the end of the fiscal year, the accountant will determine the average number of loans falling in each category based on data maintained for the previous three years. This information is obtained from the Schedule of Delinquent Debts by Age spreadsheet. The probability a loan in the 90 to 179-days range will be uncollectible is 50 percent, and the probability delinquencies exceeding 180-days will be uncollectible is 100 percent. (2) Write-offs/Foreclosures: Write-offs are initiated by Housing and sent to the Assistant CFO for Accounting. When the write-off is approved, a memo is sent to the Accounting Center requesting that the loan be written off. Loans that are written-off are uncollectible; therefore, 100 percent loss rate of this value is used in the calculation of the allowance for loss. (3) Restructures: These loans were originally non-amortizing but were restructured into an amortizing loan due to inability to make payment and stay current. As such, they are viewed at a little higher risk with an uncollectible probability of 30 percent.

Section 108 Loan Guarantees

This is a loan guarantee provision of the CDBG program which is authorized by the *Housing and Community Development Act of 1974, Public Law 93-383*, as amended, *42 U.S.C. §5308(a)*. Neither the statute nor the regulations limit the portion of the loan guaranteed to less than 100 percent of the principal amount. Under this section, HUD offers communities a source of financing for certain community development activities, such as housing rehabilitation, economic development, and large-scale physical development projects. The purpose is to reaffirm the commitment of the federal government to assist local governments in their efforts in stimulating economic and community development activities needed to combat severe economic distress and to help in promoting economic development activities needed to aid in economic recovery. In addition, to promote revitalization and development projects undertaken by local governments that principally benefit persons of low and moderate income, the elimination of slums, and to meet urgent community needs, with special priority for projects located in areas designated as enterprise zones by the federal government or by any state.

Indian Housing Loan Guarantee Fund

This loan guarantee fund was established under the *Housing and Community Development Act of 1992, Public Law 102-550*, to facilitate homeownership and increase access to capital in Native American Communities. A home mortgage product specifically designed for American Indian and Alaska Native families, Alaska villages, tribes, or tribally designated housing entities. The purpose is to provide access to sources of private financing to Indian families, Indian housing authorities, and Indian tribes, who otherwise could not acquire housing financing because of the unique legal status of Indian lands. The Secretary may guarantee, not to exceed, 100 percent of

the unpaid principal and interest due on any loan eligible under subsection (b) made to an Indian family, Indian housing authority, or Indian tribe.

Loan Guarantee Recovery Fund

This loan guarantee fund provides certain nonprofit organizations with a source of financing to rebuild property damaged or destroyed by acts of arson or terrorism. This loan guarantee provision was authorized under the *Church Arson Prevention Act of 1996, Public Law 104-155*.

Native Hawaiian Housing Loan Guarantee Fund

This loan guarantee fund was established by the *Hawaiian Homelands Homeownership Act of 2000, Public Law 106-569*, that added a new Section 184A to the *Housing and Community Development Act of 1992, Public Law 102-550*, which authorized the Native Hawaiian Housing Loan Guarantee Program. The program is designed to offer homeownership, property rehabilitation, and new construction opportunities for eligible Native Hawaiian individuals and families wanting to own a home on Hawaiian homelands. The purpose of the Section 184A loan is to provide access to sources of private financing on Hawaiian homelands. Section 184A permits HUD to guarantee 100 percent of the unpaid principal and interest due on an eligible loan. The use of the Section 184A Loan Guarantee Program is limited to owner-occupant single-family dwellings located on Hawaiian homelands.

Title VI Indian Housing Loan Guarantee Fund

This loan guarantee fund assists IHBG recipients in financing additional construction or development, including new housing, rehabilitation, infrastructure, community facilities, land acquisition, architectural and engineering plans, and financing costs. It was authorized by *Title VI of Native American Housing Assistance and Self Determination Act (NAHASDA) of 1996, Public Law 104-330*. A guarantee made under *Title VI of NAHASDA* shall guarantee repayment of 95 percent of the unpaid principal and interest due on the notes or other obligations guaranteed.

Green Retrofit Direct Loan Program

This direct loan program was authorized by the *American Recovery and Reinvestment Act of 2009, Public Law 111-5*, to ensure that grants and loans are made available to eligible property owners to make energy and green retrofit investments in property and to maintain energy efficient technologies.

Emergency Homeowners' Loan Program

This direct loan program was authorized by the *Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203*. It provides mortgage payment relief to eligible homeowners experiencing a drop in income of at least 15 percent directly resulting from involuntary unemployment or underemployment due to adverse economic conditions and/or a medical emergency.

GRRP

The GRRP is authorized and funded by Section 30002 of the *Inflation Reduction Act of 2022, Public Law 117-169 (the "IRA")*, titled "*Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing*." GRRP provides funding for direct loans and grants to fund projects that improve energy or water efficiency, enhance indoor air quality or sustainability, implement the use of zero-emission electricity generation, low-emission building materials or processes, energy storage, or building electrification strategies, or address climate resilience, of eligible HUD-assisted multifamily properties. GRRP is the first HUD program to simultaneously invest in energy efficiency, greenhouse gas emissions reductions, energy generation, green and healthy housing, and climate resilience strategies specifically in HUD-assisted multifamily housing. Eligible owners primarily include owners receiving HUD rental assistance under Multifamily Section 8 project-based rental assistance, Section 202 Supportive Housing for Low-Income Elderly, and Section 811 Supportive Housing

for Low-Income Persons with Disabilities.

HUD Proper Foreclosed Property

The Indian Housing Loan Guarantee program had 21 (18 Fee Simple and 3 Tribal Trust) foreclosed properties on-hand as of September 30, 2024. The average number of days in inventory for fee simple Real Estate Owned (REO) property is 161-days and 3,222-days for Indian Trust Land REO. There are 101 Tribal Trust foreclosures in process (not REOs yet).

The Indian Housing Loan Guarantee program had 30 (22 Fee Simple and 8 Tribal Trust) foreclosed properties on-hand as of September 30, 2023. The average number of days in inventory for fee simple property is 630-days and 2,319-days for Indian Trust Land. There are 110 Tribal Trust foreclosures in process.

The prior year average number of days in inventory changed due to a change in methodology from last year to this year. The current method measures the date HUD took over these properties through foreclosure to the date that the REOs were sold. The previous measurement used the highest number of days a property was held for sale. In addition, the current methodology excludes any outliers for properties that are in process but have not yet been listed for sale due to processing times with the DOJ.

The following tables are an analysis of loans receivable, loan guarantees, liability for loan guarantees, and the nature and amounts of the subsidy costs associated with the loans and loan guarantees for September 30, 2024 and 2023.

Components of Total Loans Receivable, Net (dollars in millions)		
	FY 2024	FY 2023
Direct Loans Obligated Prior to FY 1992 (See Note 7B)	\$ 472	\$ 539
Direct Loans Obligated Post-1991 (See Note 7C)	3,369	3,354
Defaulted Guaranteed Loans from Pre-1992 Guarantees (See Note 7H)	740	757
Defaulted Guaranteed Loans from Post-1991 Guarantees (See Note 7I)	74,709	66,629
Total Loans Receivable, Net	\$ 79,290	\$ 71,279

B. Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method)

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)					
	FY 2024				
	Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Loan Losses	Direct Loans, Net
Direct Loan Programs					
FHA					
a) GI/SRI Direct Loan Program	\$ 7	\$ 15	\$ -	\$ (8)	\$ 14
HED	244	9	22	(5)	270
All Other					
a) Flexible Subsidy Fund	215	25	-	(52)	188
Total	\$ 466	\$ 49	\$ 22	\$ (65)	\$ 472
	FY 2023				
	Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Loan Losses	Direct Loans, Net
Direct Loan Programs					
FHA					
a) GI/SRI Direct Loan Program	\$ 7	\$ 15	\$ -	\$ (9)	\$ 13
HED	294	9	21	(6)	318
All Other					
a) Flexible Subsidy Fund	232	28	-	(52)	208
Total	\$ 533	\$ 52	\$ 21	\$ (67)	\$ 539

C. Direct Loans Obligated Post-1991

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)					
	FY 2024				
	Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Subsidy Costs (Present Value)	Direct Loans, Net
Direct Loan Programs					
FHA					
a) MMI/CMHI Direct Loan Program	\$ -	\$ -	\$ -	\$ -	\$ -
b) GI/SRI Direct Loan Program	2,823	7	-	435	3,265
All Other					
a) Green Retrofit Program	18	1	-	(7)	12
b) Emergency Homeowners' Relief Fund	50	-	-	(50)	-
c) EHLP Assigned Loans Receipt Account	92	-	-	-	92
Total	\$ 2,983	\$ 8	\$ -	\$ 378	\$ 3,369
	FY 2023				
	Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Subsidy Costs (Present Value)	Direct Loans, Net
Direct Loan Programs					
FHA					
a) MMI/CMHI Direct Loan Program	\$ -	\$ -	\$ -	\$ -	\$ -
b) GI/SRI Direct Loan Program	2,800	7	-	442	3,249
All Other					
a) Green Retrofit Program	23	1	-	(14)	10
b) Emergency Homeowners' Relief Fund	51	-	-	(49)	2
c) EHLP Assigned Loans Receipt Account	93	-	-	-	93
Total	\$ 2,967	\$ 8	\$ -	\$ 379	\$ 3,354

D. Total Amount of Direct Loans Disbursed Post-1991

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)		
	Current Year	Prior Year
Direct Loan Programs		
FHA Risk Sharing Program	\$ 61	\$ 120
All Other		
Total	\$ 61	\$ 120

E. Subsidy Expense for Direct Loan Programs by Component**1. Subsidy Expense for New Direct Loans Disbursed:**

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)					
	FY 2024				
	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Direct Loan Programs					
FHA Risk Sharing Program	\$ (5)	\$ -	\$ (1)	\$ 1	\$ (5)
All Other					
Total	\$ (5)	\$ -	\$ (1)	\$ 1	\$ (5)
	FY 2023				
	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Direct Loan Programs					
FHA Risk Sharing Program	\$ (14)	\$ -	\$ (2)	\$ 3	\$ (13)
All Other					
Total	\$ (14)	\$ -	\$ (2)	\$ 3	\$ (13)

2. Modifications and Reestimates:

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)				
	FY 2024			
	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Direct Loan Programs				
FHA Risk Sharing Program	\$ -	\$ 28	\$ (8)	\$ 20
All Other				
a) Green Retrofit Program	-	-	(7)	(7)
b) Emergency Homeowners' Relief Fund	-	-	1	1
Total	\$ -	\$ 28	\$ (14)	\$ 14
	FY 2023			
	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Direct Loan Programs				
FHA Risk Sharing Program	\$ -	\$ 524	\$ (611)	\$ (87)
All Other				
a) Green Retrofit Program	-	-	(9)	(9)
b) Emergency Homeowners' Relief Fund	-	-	(2)	(2)
Total	\$ -	\$ 524	\$ (622)	\$ (98)

3. Total Direct Loan Subsidy Expense:

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)		
	Current Year	Prior Year
Direct Loan Programs		
FHA Risk Sharing Program	\$ 15	\$ (100)
All Other		
a) Green Retrofit Program	(7)	(9)
b) Emergency Homeowners' Relief Fund	1	(2)
Total	\$ 9	\$ (111)

F. Subsidy Rates for Direct Loans by Program and Component**Budget Subsidy Rates for Direct Loans for the Current Year's Cohorts:**

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees)					
	FY 2024				
	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Direct Loan Programs					
FHA Risk Sharing Program	-8.57%	0.03%	-0.98%	1.69%	-7.83%
Emergency Homeowners' Relief fund (HUD Appropriation 86X4357)	0.00%	0.00%	0.00%	97.70%	97.70%
Green Retrofit Program (HUD Appropriation 86X4589)	41.00%	42.60%	0.00%	-1.30%	82.30%
Green and Resilient Retrofit Program (GRRP) (HUD Appropriation 86X4616)					
GRRP - Elements - 25% Surplus	0.00%	0.86%	0.00%	47.73%	48.59%
GRRP - Leading Edge - 50% Surplus	0.00%	0.41%	0.00%	38.25%	38.66%
GRRP - Comprehensive - 50% Surplus	0.00%	0.41%	0.00%	38.25%	38.66%
GRRP - Comprehensive - Hard Loans Negative Subsidy	0.00%	0.04%	0.00%	-21.07%	-21.03%
	FY 2023				
	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Direct Loan Programs					
FHA Risk Sharing Program	-8.20%	0.05%	-1.43%	1.44%	-8.14%
Emergency Homeowners' Relief fund (HUD Appropriation 86X4357)	0.00%	0.00%	0.00%	97.70%	97.70%
Green Retrofit Program (HUD Appropriation 86X4589)	41.00%	42.60%	0.00%	-1.30%	82.30%
Green and Resilient Retrofit Program (GRRP) (HUD Appropriation 86X4616)					
GRRP - Elements - 25% Surplus	0.00%	4.36%	0.00%	30.24%	34.60%
GRRP - Leading Edge - 50% Surplus	0.00%	2.10%	0.00%	21.98%	24.08%
GRRP - Comprehensive - 50% Surplus	0.00%	0.00%	0.00%	0.00%	0.00%

G. Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans)

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)						
	FY 2024			FY 2023		
	FHA Programs	All Other Financing Only	Total	FHA Programs	All Other Financing Only	Total
Beginning balance of the subsidy cost allowance	\$ (443)	\$ 64	\$ (379)	\$ (348)	\$ 76	\$ (272)
Add total subsidy expense for direct loans disbursed during the reporting years as shown in E1	(5)	-	(5)	(13)	-	(13)
Adjustments:						
(a) Loan Modifications	-	-	-	-	-	-
(b) Fees Received	-	-	-	-	-	-
(c) Foreclosed Properties Acquired	-	-	-	-	-	-
(d) Loans Written Off	-	-	-	-	(1)	(1)
(e) Subsidy Allowance Amortization	(10)	(1)	(11)	4	-	4
(f) Other	3	-	3	1	-	1
Ending balance of the subsidy cost allowance before reestimates	(455)	63	(392)	(356)	75	(281)
Add or subtract total subsidy reestimates as shown in E2	20	(6)	14	(87)	(11)	(98)
Ending balance of the subsidy cost allowance	\$ (435)	\$ 57	\$ (378)	\$ (443)	\$ 64	\$ (379)

H. Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method)

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)					
	FY 2024				
	Defaulted Guaranteed Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Loan Guarantee Programs					
FHA					
MMI/CMHI					
a) Single-Family	\$ 15	\$ -	\$ 1	\$ (1)	\$ 15
b) Multifamily	-	-	-	-	-
c) Healthcare	-	-	-	-	-
d) HECM	-	-	-	-	-
GI/SRI					
a) Single-Family	1	-	9	(5)	5
b) Multifamily	959	243	(49)	(432)	721
c) Healthcare	10	-	45	(56)	(1)
d) HECM	2	1	(2)	(1)	-
Total	\$ 987	\$ 244	\$ 4	\$ (495)	\$ 740
	FY 2023				
	Defaulted Guaranteed Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Loan Guarantee Programs					
FHA					
MMI/CMHI					
a) Single-Family	\$ 16	\$ -	\$ 1	\$ (1)	\$ 16
b) Multifamily	-	-	-	-	-
c) Healthcare	-	-	-	-	-
d) HECM	-	-	-	-	-
GI/SRI					
a) Single-Family	1	-	9	(5)	5
b) Multifamily	1,007	236	(49)	(457)	737
c) Healthcare	10	-	45	(56)	(1)
d) HECM	2	1	(2)	(1)	-
Total	\$ 1,036	\$ 237	\$ 4	\$ (520)	\$ 757

I. Defaulted Guaranteed Loans from Post-1991 Guarantees

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)					
	FY 2024				
	Defaulted Guaranteed Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Loan Guarantee Programs					
FHA					
MMI/CMHI					
a) Single-Family	\$ 34,265	\$ -	\$ 432	\$ (9,327)	\$ 25,370
b) Multifamily	-	-	-	-	-
c) Healthcare	-	-	-	-	-
d) HECM	21,460	23,218	128	(8,495)	36,311
GI/SRI					
a) Single-Family	390	-	17	(111)	296
b) Multifamily	373	40	19	(175)	257
c) Healthcare	248	16	-	(166)	98
d) HECM	8,384	7,075	141	(3,237)	12,363
H4H					
a) Single-Family	6	-	-	(2)	4
All Other					
a) Indian Housing Loan Guarantee	7	-	5	(3)	9
b) Native Hawaiian Housing Loan Guarantee	-	-	1	-	1
Total	\$ 65,133	\$ 30,349	\$ 743	\$ (21,516)	\$ 74,709
	FY 2023				
	Defaulted Guaranteed Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Loan Guarantee Programs					
FHA					
MMI/CMHI					
a) Single-Family	\$ 29,500	\$ -	\$ 408	\$ (6,845)	\$ 23,063
b) Multifamily	9	-	-	(4)	5
c) Healthcare	-	-	-	-	-
d) HECM	19,741	19,800	122	(7,193)	32,470
GI/SRI					
a) Single-Family	392	(1)	15	(94)	312
b) Multifamily	347	36	18	(162)	239
c) Healthcare	288	37	-	(194)	131
d) HECM	7,621	5,693	139	(3,059)	10,394
H4H					
a) Single-Family	6	-	-	(3)	3
All Other					
a) Indian Housing Loan Guarantee	6	-	6	(2)	10
b) Native Hawaiian Housing Loan Guarantee	-	-	2	-	2
Total	\$ 57,910	\$ 25,565	\$ 710	\$ (17,556)	\$ 66,629

J. Guaranteed Loans Outstanding**1. Guaranteed Loans Outstanding:**

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)				
	FY 2024		FY 2023	
	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Loan Guarantee Programs				
FHA				
a) MMI/CMHI Funds	\$ 1,633,623	\$ 1,442,517	\$ 1,487,211	\$ 1,317,852
b) GI/SRI Funds	190,136	167,863	181,841	163,430
c) H4H Program	44	34	45	35
All Other	5,386	5,383	5,462	5,458
Total	\$ 1,829,189	\$ 1,615,797	\$ 1,674,559	\$ 1,486,775

2. HECM Loans Outstanding:

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)						
	FY 2024			FY 2023		
	Current Year Endorsements	Current Outstanding Balance	Maximum Potential Liability	Current Year Endorsements	Current Outstanding Balance	Maximum Potential Liability
Loan Guarantee Programs						
FHA Programs	\$ 13,357	\$ 70,293	\$ 118,638	\$ 16,165	\$ 74,806	\$ 124,024
Total	\$ 13,357	\$ 70,293	\$ 118,638	\$ 16,165	\$ 74,806	\$ 124,024

3. New Guaranteed Loans Disbursed:

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)				
	FY 2024		FY 2023	
	Principal of Guaranteed Loans, Face Value	Amount of Principal Guaranteed	Principal of Guaranteed Loans, Face Value	Amount of Principal Guaranteed
Loan Guarantee Programs				
FHA				
a) MMI/CMHI Funds	\$ 231,524	\$ 230,222	\$ 208,680	\$ 207,402
b) GI/SRI Funds	10,030	10,006	11,963	11,914
c) H4H Program	-	-	-	-
All Other	385	384	402	402
Total	\$ 241,939	\$ 240,612	\$ 221,045	\$ 219,718

FHA Insurance-In-Force (IIF)

Every year the total guaranteed principal changes as the portfolio grows and shrinks. Each month, FHA endorses new loans, which increases the Insurance-In-Force, and pays outs of claims on loans leaving the portfolio. Claims and prepayments reduce the IIF. The primary driver of the increase in total guaranteed principal is the growth in the Single-Family Forward portfolio. Multifamily and Healthcare portfolios also increased. These increases were offset by loans leaving the portfolio by prepayment and claim.

K. Liability for Loan Guarantees**Liability for Loan Guarantees (Estimated Future Default Claims for Pre-1992 Guarantees):**

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)						
	FY 2024			FY 2023		
	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future	Liabilities for Post-1991 Guarantees, Present Value	Loan Guarantees Liabilities (Negative Loan Guarantees) for Loan Guarantees	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future	Liabilities for Post-1991 Guarantees, Present Value	Loan Guarantees Liabilities (Negative Loan Guarantees) for Loan Guarantees
Total Loan Guarantee Programs						
FHA Programs	\$ -	\$ (50,373)	\$ (50,373)	\$ -	\$ (32,646)	\$ (32,646)
All Other	-	63	63	-	54	54
Total	\$ -	\$ (50,310)	\$ (50,310)	\$ -	\$ (32,592)	\$ (32,592)

L. Subsidy Expense for Loan Guarantees by Program and Component**1. Subsidy Expense for New Loan Guarantees:**

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)						
	FY 2024					
	Endorsement Amount	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Loan Guarantee Programs						
FHA						
a) MMI/CMHI Funds, Excluding HECM	\$ 231,524	\$ -	\$ 6,508	\$ (11,094)	\$ 1,531	\$ (3,055)
b) MMI/CMHI Funds, HECM	13,357	-	99	(482)	-	(383)
c) GI/SRI Funds	10,030	-	155	(342)	-	(187)
d) H4H Program	-	-	-	-	-	-
All Other	-	-	5	(3)	-	2
Total	\$ 254,911	\$ -	\$ 6,767	\$ (11,921)	\$ 1,531	\$ (3,623)
	FY 2023					
	Endorsement Amount	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Loan Guarantee Programs						
FHA						
a) MMI/CMHI Funds, Excluding HECM	\$ 208,680	\$ -	\$ 6,836	\$ (12,336)	\$ 1,515	\$ (3,985)
b) MMI/CMHI Funds, HECM	16,165	-	(31)	(647)	-	(678)
c) GI/SRI Funds	11,962	-	164	(444)	-	(280)
d) H4H Program	-	-	-	-	-	-
All Other	-	-	9	(6)	-	3
Total	\$ 236,807	\$ -	\$ 6,978	\$ (13,433)	\$ 1,515	\$ (4,940)

2. Modifications and Reestimates:

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)								
	FY 2024				FY 2023			
	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Loan Guarantee Programs								
FHA								
a) MMI/CMHI Funds	\$ -	\$ 176	\$ (22,293)	\$ (22,117)	\$ -	\$ 516	\$ 2,159	\$ 2,675
b) GI/SRI Funds	-	47	(1,048)	(1,001)	-	(164)	282	118
c) H4H Program	-	-	-	-	-	-	-	-
All Other	-	(3)	3	-	-	(6)	(63)	(69)
Total	\$ -	\$ 220	\$ (23,338)	\$ (23,118)	\$ -	\$ 346	\$ 2,378	\$ 2,724

3. Total Loan Guarantee Subsidy Expense:

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)		
	Current Year	Prior Year
Loan Guarantee Programs		
FHA		
a) MMI/CMHI Funds	\$ (25,555)	\$ (1,988)
b) GI/SRI Funds	(1,188)	(162)
c) H4H Program	-	-
All Other	2	(66)
Total	\$ (26,741)	\$ (2,216)

FHA's total loan guarantee subsidy expense increased by \$1,317 million, in the 4th quarter fiscal year 2024, primarily due to an increase in subsidy expense for the MMI/CMHI Single-Family and HECM programs in the amount of \$929 million and \$294 million, and the GI/SRI Multifamily and Healthcare programs in the amount of \$68 million and \$26 million, respectively. The \$25,911 million decrease in FHA's total reestimates is primarily driven by increases in FHA's subsidy expense resulting in larger downward reestimates in both MMI/CMHI and GI/SRI funds.

M. Subsidy Rates for Loan Guarantees by Programs and Component**Budget Subsidy Rates for Loan Guarantees:**

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees)				
	FY 2024			
	Defaults	Fees and Other Collections	Other	Total
Loan Guarantee Programs				
MMI/CMHI Funds				
Single-Family - Forward	2.81%	-4.79%	0.66%	-1.32%
Single-Family - HECM	0.74%	-3.61%	0.00%	-2.87%
Multifamily - Default CMHI (Cooperatives)	2.81%	-4.79%	0.66%	-1.32%
GI/SRI Funds				
Title I - Manufactured Housing	3.79%	-9.46%	0.00%	-5.67%
Title I - Property Improvements	2.59%	-5.10%	0.00%	-2.51%
Apartments - NC/SC Current	0.96%	-2.14%	0.00%	-1.18%
Tax Credit Projects Current	0.45%	-2.22%	0.00%	-1.77%
Apartments - Refinance Current	0.19%	-1.96%	0.00%	-1.77%
HFA Risk Share	0.07%	-1.21%	0.00%	-1.14%
Other Rentals Current	0.79%	-3.78%	0.00%	-2.99%
Healthcare				
FHA Full Insurance - Health Care	0.55%	-5.53%	0.00%	-4.98%
Health Care Refinance	3.54%	-4.66%	0.00%	-1.12%
Hospitals	0.31%	-5.53%	0.00%	-5.22%
Other HUD Programs				
CDBG, Section 108(b)	1.64%	-1.64%	0.00%	0.00%
Indian Housing Loan Guarantee Fund	0.93%	-1.00%	0.17%	0.10%
Hawaiian Home Guarantee Loan Fund	0.34%	-1.00%	0.00%	-0.66%
Title VI Indian Housing Loan Guarantee	5.13%	0.00%	0.00%	5.13%
	FY 2023			
	Defaults	Fees and Other Collections	Other	Total
Loan Guarantee Programs				
MMI/CMHI Funds				
Single-Family - Forward 10/1/2022 - 03/19/2023	3.19%	-6.95%	0.71%	-3.05%
Single-Family - Forward 03/20/2023 - 09/30/2023	3.34%	-5.23%	0.74%	-1.15%
Single-Family - HECM	-0.19%	-4.00%	0.00%	-4.19%
Multifamily - Default CMHI (Cooperatives) 10/1/2022 - 03/19/2023	3.19%	-6.95%	0.71%	-3.05%
Multifamily - Default CMHI (Cooperatives) 03/20/2023 - 09/30/2023	3.34%	-5.23%	0.74%	-1.15%
GI/SRI Funds				
Title I - Manufactured Housing	4.67%	-10.82%	0.00%	-6.15%
Title I - Property Improvements	4.67%	-6.26%	0.00%	-1.59%

Continued on the next page

Continued from previous page

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees)				
	FY 2023			
	Defaults	Fees and Other Collections	Other	Total
Apartments - NC/SC Current	1.63%	-2.53%	0.00%	-0.90%
Tax Credit Projects Current	0.64%	-2.80%	0.00%	-2.16%
Apartments - Refinance Current	0.31%	-2.56%	0.00%	-2.25%
HFA Risk Share	0.06%	-1.62%	0.00%	-1.56%
Other Rentals Current	1.37%	-4.01%	0.00%	-2.64%
Healthcare				
FHA Full Insurance - Health Care	0.76%	-6.56%	0.00%	-5.80%
Health Care Refinance	3.72%	-5.99%	0.00%	-2.27%
Hospitals	0.46%	-6.18%	0.00%	-5.72%
Other HUD Programs				
CDBG, Section 108(b)	0.94%	-0.94%	0.00%	0.00%
Indian Housing Loan Guarantee Fund	3.17%	-3.25%	0.60%	0.52%
Hawaiian Home Guarantee Loan Fund	0.65%	-1.00%	0.00%	-0.35%
Title VI Indian Housing Loan Guarantee	5.63%	0.00%	0.00%	5.63%

N. Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees)

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)		
	FY 2024	FY 2023
Beginning balance of the loan guarantee liabilities (Negative Loan Guarantees)	\$ (32,618)	\$ (39,662)
Add fees received	14,774	13,961
Add foreclosed property and loans acquired	20,154	20,511
Add interest expense on entity borrowings	(4,225)	(3,835)
Add subsidy expense	3	3
Add upward reestimates	1,731	5,924
Less claim payments to lenders	(22,350)	(22,286)
Less interest revenue on uninvested funds	934	958
Less negative subsidy payments	(3,626)	(4,943)
Less downward reestimates	(24,849)	(3,200)
Other	(276)	(49)
Ending balance of the loan guarantee liabilities (Negative Loan Guarantees) before adjustment	(50,348)	(32,618)
Adjustment for unrealized Ginnie Mae claims from defaulted loans	38	26
Ending balance of the loan guarantee liabilities (Negative Loan Guarantees)	\$ (50,310)	\$ (32,592)

O. Administrative Expense

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)		
	FY 2024	FY 2023
Loan Guarantee Programs		
FHA	\$ 987	\$ 945
All Other	-	-
Total	\$ 987	\$ 945

P. Loans Receivable**Loans Receivable:**

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)		
	FY 2024	FY 2023
Beginning balance of loans receivable, Net	\$ 71,279	\$ 61,657
Add loan disbursements	9,707	10,694
Add defaulted loan claim payments	1	7
Add interest accruals	25	30
Add foreclosed property acquired	1,265	1,175
Add reduction in subsidy allowance for loans written off	477	271
Less principal and interest payments received	(5,045)	(4,771)
Less fees received	(363)	(298)
Less sale of foreclosed property	(879)	(775)

Continued on the next page

Continued from previous page

Loans Receivable, Net and Loan Guarantee Liabilities (Negative Loan Guarantees) (dollars in millions)		
	FY 2024	FY 2023
Less loans written off	(720)	(415)
Less interest revenue on uninvested funds/Add interest expense on borrowings	11	(1)
Less subsidy expense/Add negative subsidy	5	13
Less upward reestimates/Add downward reestimates	3,572	3,830
Other increase/(decrease) to the subsidy allowance	(42)	(132)
Allowance for loan and interest loss adjustments	1	(2)
Other non-cash reconciling items	(4)	(4)
Ending balance of loans receivable, Net	\$ 79,290	\$ 71,279

Note 8: Other Non-Credit Reform Loans

The following tables present HUD's Other Non-Credit Reform Loans Receivable (ONCRL) as of September 30, 2024 and 2023:

Other Non-Credit Reform Loans (dollars in millions)					
	FY 2024				
	Ginnie Mae Reported Balances (Gross)	Ginnie Mae Allowance	Ginnie Mae Net Reported Balances	Allowance for Loan Losses Due to Payment of Probable Claims by FHA	ONCRL Value of Assets Related to Loans
Forward Mortgage Loans, at Fair Value	\$ 1,346	\$ -	\$ 1,346	\$ (2)	\$ 1,344
Reverse Mortgage Loans, at Fair Value	17,977	-	17,977	42	18,019
Claims Receivable					
Foreclosed Property	51	(2)	49	-	49
Short Sale	2	-	2	(2)	-
Assignment Claims	3	-	3	-	3
Properties Held for Sale, Net	50	-	50	-	50
Total	\$ 19,429	\$ (2)	\$ 19,427	\$ 38	\$ 19,465
	FY 2023				
	Ginnie Mae Reported Balances (Gross)	Ginnie Mae Allowance	Ginnie Mae Net Reported Balances	Allowance for Loan Losses Due to Payment of Probable Claims by FHA	ONCRL Value of Assets Related to Loans
Forward Mortgage Loans, at Fair Value	\$ 1,392	\$ -	\$ 1,392	\$ (6)	\$ 1,386
Reverse Mortgage Loans, at Fair Value	19,524	-	19,524	34	19,558
Claims Receivable					
Foreclosed Property	58	(3)	55	-	55
Short Sale	2	-	2	(2)	-
Assignment Claims	3	-	3	-	3
Properties Held for Sale, Net	45	-	45	-	45
Total	\$ 21,024	\$ (3)	\$ 21,021	\$ 26	\$ 21,047

The following table presents a reconciliation of net loans receivable as of September 30, 2024 and 2023:

Other Non-Credit Reform Loans (dollars in millions)		
	FY 2024	FY 2023
Beginning balance of loans receivable, Net	\$ 21,021	\$ 1,604
Add loan disbursements	682	686
Add interest accruals	1,279	926
Add foreclosed property acquired	9	11
Add assumption of issuer portfolio upon default	-	19,922
Less principal and interest payments received	(1,828)	(1,666)
Less claim payments received	(2,161)	(1,419)
Less sale of foreclosed property	(115)	(66)

Continued on the next page

Continued from previous page

Other Non-Credit Reform Loans (dollars in millions)		
	FY 2024	FY 2023
Less loans written off	(15)	(12)
Other changes due to loan modifications	8	8
Other non-cash reconciling items	547	1,027
Ending balance of loans receivable, Net before adjustments	19,427	21,021
Adjustments for unrealized Ginnie Mae claims from defaulted loans	38	26
Ending balance of loans receivable, Net	\$ 19,465	\$ 21,047

Ginnie Mae's Other Non-Credit Reform Loans disclosures are presented in accordance with guidance in FASB ASC 310: *Receivables*, ASC 326: *Financial Instruments – Credit Losses* and the transition relief afforded by the guidance, ASC 820: *Fair Value Measurement*, ASC 825: *Financial Instruments*, ASC 835: *Interest*, as well as relevant industry practices based on the U.S. Securities and Exchange Commission's Regulation S-X.

Below is a description of each type of asset recorded by Ginnie Mae and associated disclosures.

A. Mortgage Loans

Beginning FY 2023, Ginnie Mae adopted the CECL standard. Accordingly, the disclosures below reflect these adoption changes. For additional information, refer to Note (1) Summary of Significant Accounting Policies.

A1. Forward Mortgage Loans, at Fair Value

Ginnie Mae classifies loans as either MFV, Held for Sale (HFS) or Held for Investment (HFI). As of September 30, 2024, Ginnie Mae's loan portfolio did not include any HFS or HFI loans. Ginnie Mae reports the carrying value of forward MFV, which represents the fair value of the UPB, accrued interest and reimbursable costs receivable of the mortgage loan. For the years ended September 30, 2024 and 2023, Ginnie Mae recorded a total gain of \$148 million and a loss of \$92 million, respectively, due to changes in fair market value of MFV. As of September 30, 2024 and 2023, the Fair Value of aggregated mortgage loans at fair value that are 90-days or more past due were \$164 million and \$169 million, which were \$27 million and \$38 million under the UPB.

The tables below present the carrying value of MFV loans including accrued interest and reimbursable costs receivable under FVO as disclosed in Note (6) Accounts Receivable, Net:

Table 8A1 - Forward Mortgage Loans at Fair Value:

Other Non-Credit Reform Loans (dollars in millions)				
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance	UPB of aggregated mortgage loans at fair value that are 90-days or more past due
FY 2024				
Conventional	\$ 65	\$ 73	\$ (8)	\$ 9
FHA	1,248	1,385	(137)	165
VA	21	24	(3)	3
USDA	50	55	(5)	14
Total	\$ 1,384	\$ 1,537	\$ (153)	\$ 191
FY 2023				
Conventional	\$ 68	\$ 80	\$ (12)	\$ 8
FHA	1,294	1,505	(211)	183
VA	22	26	(4)	4
USDA	52	60	(8)	12
Total	\$ 1,436	\$ 1,671	\$ (235)	\$ 207

A2. Reverse Mortgage Loans, at Fair Value

In December 2022, a Ginnie Mae HMBS issuer defaulted, Ginnie Mae assumed the servicing rights and obligations of the defaulted issuer. As part of the acquisition of the issuer's reverse mortgage portfolio, Ginnie Mae

recognized a day one fair value loss of \$1,530 million, calculated as the difference between the UPB of onboarded loans of \$21,393 million and the fair value of the loans of \$19,863 million.

Ginnie Mae recorded a total net loss on acquisition of the HMBS issuer portfolio of \$356 million which is included in gross cost on the SNC. The total net loss was calculated based on the day one loss of \$1,530 million described above, plus a loss on the fair value of HMBS Obligations for which Ginnie Mae took responsibility of \$20,526 million. These losses were offset by the gain from acquiring the UPB of onboarded loans of \$21,393 million, plus a gain on acquisition of the fair value of claims, acquired property and issuer cash of \$307 million. For additional information on fair value and HMBS Obligations, refer to Section (F) Fair Value Measurement below and Note (16) Other Liabilities.

Ginnie Mae records reverse mortgage loans at fair value, which represents the fair value of the UPB, accrued interest and reimbursable costs receivable. For the years ended September 30, 2024 and 2023, Ginnie Mae recognized a total gain of \$1,747 million and \$1,969 million, respectively, due to changes in fair market value of reverse mortgage loans, along with interest income and service fees earned.

The tables below present the carrying value of reverse mortgage loans including accrued interest and reimbursable costs receivable under FVO as disclosed in Note (6) Accounts Receivable, Net:

Table 8A2 - Reverse Mortgage Loans at Fair Value:

Other Non-Credit Reform Loans (dollars in millions)			
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance
FY 2024			
FHA	\$ 17,978	\$ 18,016	\$ (38)
Total	\$ 17,978	\$ 18,016	\$ (38)
FY 2023			
FHA	\$ 19,526	\$ 20,020	\$ (494)
Total	\$ 19,526	\$ 20,020	\$ (494)

B. Foreclosures in Process

Ginnie Mae accounts for mortgage loans as Foreclosures in Process if a foreclosure has been filed but not completed since Ginnie Mae has not received physical possession of the underlying property. Foreclosure in Process loans are accounted for like MFV and are reported as part of the MFV balance.

Physical possession of residential real estate property is achieved when either the creditor obtains legal title to the residential real estate property upon completion of a foreclosure, or the mortgagor conveys all interest in the residential real estate property through completion of a deed in lieu of foreclosure to satisfy that loan.

Beginning in FY 2023, with the adoption of the CECL Standard, Ginnie Mae's Foreclosures in Process are recorded based on the fair value of the asset at each reporting date. As of September 30, 2024 and 2023, there were 366 and 477 properties, respectively, for which formal foreclosure proceedings are in process with a carrying value of \$85 million and \$101 million, respectively.

Although the foreclosure process has begun for these loans, Ginnie Mae believes that a portion of these loans will not complete the foreclosure process due to Ginnie Mae's loss mitigation activities.

C. Advances, Net

Ginnie Mae's advances are presented netted in accordance with guidance within ASC 310: *Receivables*, which is based on management's expectations of future collections from issuers, mortgagors, or recoverability from third-party insurers such as FHA, VA, USDA, and PIH. Ginnie Mae assumed the servicing rights and obligations of five issuers which defaulted in prior fiscal years and advanced funds to the MSS throughout the years ended September 30, 2024 and 2023 to cover P&I not yet paid by the mortgagors, but due to the MBS investors. Ginnie Mae assumed the servicing rights and obligations of a newly defaulted single-family forward loan issuer and advanced funds to the MSS as of

September 30, 2024. The newly assumed rights and obligations have no material impact to Ginnie Mae for the year ended September 30, 2024.

D. Claims Receivable, Net

Claims receivable are balances owed to Ginnie Mae from insuring or guaranteeing agencies (FHA, VA, USDA, and PIH) related to conveyed properties and short sales. Ginnie Mae records an allowance that represents the expected unrecoverable amounts within the portfolio for claims receivable. The claims receivable balance, net of the allowance, represents the amounts that Ginnie Mae determines to be collectible. Ginnie Mae's Claims Receivable is presented in accordance with guidance within ASC 310: *Receivables*.

Ginnie Mae's Foreclosed Property, Short Sale and Assignment Claims Receivable and related allowance, as of September 30, 2024 and 2023 were as follows:

Table 8D1 – Claims Receivable, Net:

Other Non-Credit Reform Loans (dollars in millions)								
	FY 2024				FY 2023			
	FHA	VA	USDA	Total	FHA	VA	USDA	Total
Foreclosed Property Claims Receivable	\$ 49	\$ 1	\$ 1	\$ 51	\$ 56	\$ 1	\$ 1	\$ 58
Short Sale Claims Receivable	2	-	-	2	2	-	-	2
Assignment Claims Receivable	3	-	-	3	3	-	-	3
Allowance for Claims Receivable	(2)	-	-	(2)	(3)	-	-	(3)
Claims Receivable, Net	\$ 52	\$ 1	\$ 1	\$ 54	\$ 58	\$ 1	\$ 1	\$ 60

The Foreclosed Property Claims, Short Sale Claims, and Assignment Claims allowance balances are estimated based on underlying insuring or guaranteeing agency guidelines, and historical collectability experience.

The average number of days of Ginnie Mae's foreclosed properties in inventory as of September 30, 2024 and 2023, respectively, are 1,340-days and 1,383-days. The total number of foreclosed properties on-hand as of September 30, 2024 and 2023, was 311 and 416, respectively.

E. Properties Held for Sale, Net

Ginnie Mae records properties held for sale or "acquired property" when it obtains marketable title to the underlying property after the foreclosure process is complete or the date on which Ginnie Mae received marketable title to the property through a deed-in-lieu of foreclosure as discussed in Note (1) Summary of Significant Accounting Policies.

Activity for acquired properties, as of September 30, 2024 and 2023 are presented in the table below:

Table 8E1 – Activity for Acquired Properties:

Other Non-Credit Reform Loans (dollars in millions)		
	YTD 2024	YTD 2023
Beginning balance - Acquired Properties, Net	\$ 45	\$ 6
Additions	77	85
Dispositions	(76)	(40)
Change in Valuation Allowance	4	(6)
Ending balance - Acquired Properties, Net	\$ 50	\$ 45

F. Fair Value Measurement

Ginnie Mae uses fair value measurements under ASC 820: *Fair Value Measurements* for the initial recognition of assets and periodic re-measurement of certain assets within Other Non-Credit Reform Loans on a recurring or non-recurring basis.

Other Non-Credit Reform Loan Items Measured at Fair Value on a Recurring Basis

The fair value measurement hierarchy level for Non-Credit Reform Loan items measured at fair value on a recurring basis were at Level 3 as of, and for the years ended September 30, 2024 and 2023. There were no transfers into or out of Level 3 during the years ended September 30, 2024 and 2023.

Forward Mortgage Loans, at Fair Value: Ginnie Mae has elected FVO for forward mortgage loans. The valuation technique used by Ginnie Mae to measure the fair value of its forward mortgage loans is based on the present value of expected future cash flows arising from projected borrower payments and recoveries in the event of borrower default, with outflows, like acquired property costs, for borrowers that enter default status.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's forward mortgage loans. Note that Ginnie Mae uses data as of the preceding month to determine fair value measurement factors as a reasonable estimate in order to support timely financial reporting:

Table 8F1- Forward Mortgage - Significant Unobservable Inputs:

Other Non-Credit Reform Loans		
	FY 2024	FY 2023
Prepayment rates assumptions:		
Weighted average prepayment rate	24.43%	28.34%
Minimum prepayment rate	4.28%	0.00%
Maximum prepayment rate	84.92%	88.58%
Default rate assumptions:		
Weighted average default rate	28.10%	23.05%
Minimum default rate	0.89%	0.26%
Maximum default rate	58.96%	55.54%
Market yield assumptions:		
Weighted average market yield	5.28%	5.47%
Minimum market yield	4.93%	5.23%
Maximum market yield	6.15%	6.03%

The fair value adjustments are then allocated to the mortgage loans held at fair value, accrued interest receivable, and the non-pooled component of reimbursable costs using percentage of allocation method.

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Significant increases (decreases) in the market yield and/or cumulative default rate in isolation would result in a lower (higher) fair value measurement. The impact of cumulative prepayment rate to the fair value measurement can be positive or negative depending on other unobservable inputs (e.g., discount rates). The cumulative prepayment rate represents the percentage of the mortgage pool's UPB assumed to be paid off prematurely on a voluntary basis over the remaining life of the pool. The cumulative default rate represents the percentage of the pool's UPB that would be eliminated prematurely due to mortgage default over the remaining life of the pool. The market yield represents the rate which a buyer of a similar product would require in an arm's length transaction.

Reverse Mortgage Loans, at Fair Value: Ginnie Mae has elected FVO for reverse mortgage loans. The valuation technique used by Ginnie Mae to measure the fair value of its reverse mortgage loans is based on the present value of expected future cash flows arising from projected recoveries/proceeds from non-claim or claim terminations with considerations of draws, MIP advances, and acquired property costs.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's reverse mortgage loans. Note that Ginnie Mae uses data as of the preceding month to determine fair value measurement factors as a reasonable estimate in order to support timely financial reporting:

Table 8F2- Reverse Mortgage - Significant Unobservable Inputs:

Other Non-Credit Reform Loans		
	FY 2024	FY 2023
Conditional termination rate assumptions:		
Weighted average conditional termination rate	22.23%	24.03%
Minimum conditional termination rate	2.90%	5.43%
Maximum conditional termination rate	99.99%	99.81%
Asset discount rate assumptions:		
Weighted average discount rate	5.79%	5.67%
Minimum discount rate	5.39%	5.17%
Maximum discount rate	7.17%	7.69%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Increases (decreases) in the discount rates in isolation would result in a lower (higher) fair value measurement for both the asset and obligation. The relationship between the conditional termination rate and the fair value measurement is less direct and would depend on other inputs. The conditional annual termination rate represents the percentage of the mortgage loan's UPB assumed to be terminated over the remaining life of the loan. The discount rate represents the rate which a buyer of a similar product would require in an arm's length transaction.

Note 9: Property, Plant, and Equipment, Net

The following table presents PP&E as of September 30, 2024 and 2023:

PP&E, Net (dollars in millions)						
	FY 2024			FY 2023		
	Cost	Accumulated Depreciation and Amortization	Book Value	Cost	Accumulated Depreciation and Amortization	Book Value
Equipment	\$ 6	\$ (5)	\$ 1	\$ 6	\$ (5)	\$ 1
Equipment - Ginnie Mae	1	(1)	-	2	(2)	-
Leasehold Improvements	74	(45)	29	72	(38)	34
Leasehold Improvements - Ginnie Mae	-	-	-	-	-	-
Internal Use Software	89	(75)	14	83	(64)	19
Internal Use Software - Ginnie Mae	285	(255)	30	262	(239)	23
Internal Use Software in Development	40	-	40	13	-	13
Internal Use Software in Development - Ginnie Mae	14	-	14	23	-	23
Total	\$ 509	\$ (381)	\$ 128	\$ 461	\$ (348)	\$ 113

The following table presents PP&E and accumulated depreciation reconciliation as of September 30, 2024 and 2023:

PP&E, Net (dollars in millions)		
	FY 2024	FY 2023
Balance beginning of year	\$ 113	\$ 180
Capitalized Acquisitions	50	36
Dispositions/Revaluations	-	(4)
Depreciation/Amortization Expense	(35)	(99)
Balance end of year	\$ 128	\$ 113

Note 10: PIH Advances and Prepayments

PIH Prepayments

The following table presents the regular PIH advances and prepayments as of September 30, 2024 and 2023:

PIH Prepayments and Advances (dollars in millions)		
	FY 2024	FY 2023
PIH Advances and Prepayments		
Housing Choice Voucher Program	\$ 216	\$ 160
Moving to Work Program	82	58
Indian Housing Block Grant	334	255
Mainstream	27	13
Total	\$ 659	\$ 486

HUD's assets include the Department's estimates for Restricted Net Position (RNP) balances maintained by PHAs under the HCV Program. The voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. RNP balances represent disbursements to PHAs that are in excess of their expenses. PHAs can use RNP balances to cover any valid HAP expenses.

OCFO and PIH implemented an estimation methodology to calculate the prepayment balance. PHAs have 22-calendar days after the end of the month to report their expenses, which creates delays in expense validations utilizing actuals for the prepayment balance calculation up to 45-days. Therefore, the OCFO and PIH uses the actual expense data from the last month of the previous quarter. The three-months of the quarter's general ledger (GL) disbursement data used in the methodology are the actual amounts. PHAs are also able to adjust prior months expense data at any point throughout the year based on various adjustment needs. These adjustments can adversely impact the estimate if adjustments are not captured in the estimate's beginning balances during the appropriate quarterly reporting cycle. The estimation methodology uses the beginning balance of the MTW and non-MTW RNP reports (including any PHA prior period adjustments), PHA's disbursements from the trial balance, and PHA's expenses from the RNP expense data report (which have been adjusted for expenses greater than funding received). This estimation calculation is completed on a quarterly basis.

PIH Advances – Mainstream Vouchers

Mainstream Vouchers (authorized under Section 811 of the *Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. §8013*), assist non-elderly persons with disabilities. Aside from serving a special population, Mainstream Vouchers are administered using the same rules as other housing choice vouchers. The funding and financial reporting for Mainstream Vouchers is separate from the regular tenant-based voucher program. For the Mainstream Vouchers, PIH uses the same estimation methodology as the HCV Program to calculate the prepayment balances. In addition to the current estimation methodology assumptions, the PHAs are reporting expenses from these funds in VMS's "Mainstream Housing Assistance Program (MS HAP) Expense" field. The FY 2024 Notice on Mainstream Vouchers is *PIH Notice 2024-16 Implementation of the Federal FY 2024 Funding provisions for the Housing Choice Voucher Program*. For additional information on FY 2023 Mainstream Appropriations, refer to *PIH Notice 2023-07*.

PIH Advances – IHBG Program

HUD's assets also include the Department's advance estimates for the PIH, ONAP, IHBG program. The ONAP program administers housing and community development programs that benefit American Indian and Alaska Native tribal governments, tribal members, the Department of Hawaiian Homelands, Native Hawaiians, and other Native American organizations. Its overall mission is to increase the supply of safe, decent, and affordable housing available to Native American families. The recipients of this program can either be individuals or may

designate a TDHE to draw down, invest, and/or expend funds on their behalf. If recipients are eligible through programmatic requirements to invest IHBG funding, then PIH will grant them authority. Those recipients that are not eligible to invest will draw their funds on a reimbursable basis.

OCFO and PIH developed and implemented an estimation methodology to calculate advances on the portion that are invested by eligible recipients. The estimation is determined by multiplying the investment ratio by the current year's grant allocation amount for the recipients that meet the investment criteria. There are currently 32 recipients that have PIH authority to invest and are currently investing. The investment ratio is determined by adding the investment recipients' September 30th balances for the last three fiscal years divided by the grant allocations made available to those eligible recipients during the same three previous fiscal years.

The estimation methodology was required due to the following constraints: (1) recipients have different fiscal year ends; (2) the recipient's financial report *Standard Form 425 Federal Financial Report (SF-425)* does not report investment and expense amounts at the micro-level, i.e., individual grant and fiscal year; and (3) late funding availability causes investment portfolio fluctuations throughout the year. The advance estimation is completed annually by September 30th.

PIH Prepayment – CARES Act

The following table presents the CARES Act portion of PIH's prepayments as of September 30, 2024 and 2023:

PIH Prepayments – CARES Act (dollars in millions)		
	FY 2024	FY 2023
PIH Prepayments - CARES Act		
Housing Choice Voucher - CARES Act	\$ -	\$ 9
Moving to Work - CARES Act	-	8
Total	\$ -	\$ 17

The Office of Housing Voucher Programs, Office of PIH received \$1,250 million in supplemental funding from the CARES Act. Of this amount, \$400 million was earmarked for HAP supplemental to address per unit cost increases (under the Extraordinary Circumstance category, *PIH Notice 2020-17*) and to prevent termination of families from the program (Shortfall Prevention).

The CARES Act program closed on December 31, 2021, when the period of availability for its funding ended. As of September 30, 2024, 100 percent of CARES Act HAP funding has been reported as expended or in HUD Held Reserves. Any remaining PHA *Cares Act* Administrative Fees due to HUD and not returned have been referred to Debt Collections and recorded as Accounts Receivable in HUD's general ledger. As of September 30, 2023, PIH was in the process of closing out the CARES Act program, which was due by December 31, 2022, one year after the end of the performance period. Any unobligated balances were returned to Treasury as PIH closed out PHA's CARES Act financial activity in calendar year 2023. Refer to *PIH Notice 2022-21*.

PIH Prepayment – ARP Funding

The following table presents the ARP portion of PIH's prepayments as of September 30, 2024 and 2023:

PIH Prepayment – ARP Funding (dollars in millions)		
	FY 2024	FY 2023
PIH Prepayments – ARP Act		
Housing Choice Voucher – ARP Act	\$ 140	\$ 105
Total	\$ 140	\$ 105

As discussed in Note (1) Summary of Significant Accounting Policies regarding HUD receiving additional appropriated funding from the ARP, Section 3202 of the ARP appropriated \$5,000 million for the incremental EHV's, the renewal of those EHV's, and fees for the cost of administering the EHV's and other eligible expenses defined by notice to prevent, prepare, and respond to COVID-19 to facilitate the leasing of the emergency

vouchers, such as security deposit assistance and other costs related to retention and support of participating owners. EHV is a 10-year program. PIH evaluated the EHV utilization of funds during the calendar year 2024. Based on this evaluation, 107 vouchers and \$1.3 million in funding were reallocated and obligated by June 30th, with an effective date of July 1, 2024. For additional information, refer to *PIH Notice 2021-15 EHV Operating Requirements*, *PIH Notice 2021-20 EHV Household Reporting Requirements* and *PIH Notice 2023-31, Revocation and Reallocation of Emergency Housing Vouchers CY 2024*.

PIH awarded EHV funding under several categories, including Preliminary Fees, Services Fees, Placement Fees, Issuance Fees, HAP, and regular Administrative Fees. As of September 30, 2024, EHV HAP and Administrative Fees have been obligated through December 2024. HAP and Administrative Fees have been scheduled for disbursement through August 2024. Issuance and Service Fees were processed for eligibility through July 2024. PHAs have spent a portion of these funds. HUD recorded the EHV disbursement net of estimated expenses as an advance in its financial statements.

Note 11: Advances and Prepayments

The following tables present HUD's non-PIH advances and prepayments as of September 30, 2024 and 2023:

Advances and Prepayments (dollars in millions)					
	FY 2024				
	FHA	Ginnie Mae	Section 8	All Other	Total
Intragovernmental	\$ -	\$ 2	\$ -	\$ 39	\$ 41
Other than Intragovernmental	-	467	-	-	467
Total Advances and Prepayments	\$ -	\$ 469	\$ -	\$ 39	\$ 508
	FY 2023				
	FHA	Ginnie Mae	Section 8	All Other	Total
Intragovernmental	\$ -	\$ 3	\$ -	\$ 38	\$ 41
Other than Intragovernmental	-	421	-	-	421
Total Advances and Prepayments	\$ -	\$ 424	\$ -	\$ 38	\$ 462

The Department's Intragovernmental Other Assets primarily represent PD&R programs with other federal agencies.

Ginnie Mae has recorded prepayments primarily for payments made to the MSS to cover any shortfalls to investors resulting from mortgagors defaulting on their mortgage payments and excess funds paid to the MSS to service the HECM portfolio, including funding scheduled and unscheduled draws, reimbursable cost advances, FHA monthly insurance premiums paid on behalf of borrowers, and payments to HMBS investors for loan buyouts. Advances are reported net of an allowance, which is based on management's expectations of future recoverability from mortgage insuring and guaranteeing agencies such as FHA, VA, USDA, and PIH. HECM portfolio advances are only classified as advances until the MSS executes on the servicing need, at which point the balance is capitalized to the HECM loan UPB or reduces the HMBS obligation. Given this, HECM prepaid balances are expected to be fully recoverable. As of September 30, 2024 and 2023, prepayments totaled \$469 million and \$424 million, respectively. For additional details on the HMBS issuer default, refer to Note (8) Other Non-Credit Reform Loans, Section A2. Reverse Mortgage Loans, at Fair Value and Note (16B) Other Liabilities—HMBS Obligations, at Fair Value.

Note 12: Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, when the liabilities are liquidated, U.S. Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflow, and borrowing from the public (if there is a budget deficit).

Table 12A: Liabilities Not Covered by Budgetary Resources:

The following table presents HUD's liabilities not covered by budgetary resources as of September 30, 2024 and 2023:

Liabilities Not Covered by Budgetary Resources <i>(dollars in millions)</i>		
	FY 2024	FY 2023
Intragovernmental Liabilities:		
Other Liabilities		
Benefit Program Contributions Payable	\$ 12	\$ 12
Other Liabilities - Reimbursable Activities	5	6
Total intragovernmental liabilities	\$ 17	\$ 18
Accounts Payable	\$ 35	\$ 37
Federal Employee Benefits Payable	169	166
Insurance and Guarantee Program Liabilities	1,146	1,127
Other Liabilities		
Contingent Liabilities	-	3
HMBS Obligations, at Fair Value	16,499	19,147
Other Liabilities	17	19
Total liabilities not covered by budgetary resources	\$ 17,883	\$ 20,517
Total liabilities covered by budgetary resources	\$ 137,470	\$ 116,733
Total liabilities not requiring budgetary resources	\$ 1,888	\$ 2,206
Total liabilities	\$ 157,241	\$ 139,456

Table 12B: Liabilities Not Covered by Budgetary Resources:

The following table presents HUD's liabilities not covered by budgetary resources for current and non-current as of September 30, 2024 and 2023:

Liabilities Not Covered by Budgetary Resources <i>(dollars in millions)</i>						
	FY 2024			FY 2023		
	Non-Current	Current	Total	Non-Current	Current	Total
Intragovernmental Liabilities:						
Other Liabilities						
Benefit Program Contributions Payable	\$ -	\$ 12	\$ 12	\$ -	\$ 12	\$ 12
Other Liabilities - Reimbursable Activities	-	5	5	-	6	6
Total Intragovernmental Liabilities	\$ -	\$ 17	\$ 17	\$ -	\$ 18	\$ 18
Other Liabilities						
Contingent Liabilities	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 3
HMBS Obligations, at Fair Value	16,499	-	16,499	19,147	-	19,147
Other Liabilities	17	-	17	19	-	19
Total Other Liabilities Not Covered by Budgetary Resources	\$ 16,516	\$ 17	\$ 16,533	\$ 19,169	\$ 18	\$ 19,187

The Department's intragovernmental liabilities not covered by budgetary resources principally consist of unfunded FECA liabilities. HUD's public liabilities not covered by budgetary resources principally consist of Ginnie Mae's Insurance and Guarantee Program Liabilities, HMBS Obligations, at fair value, and the Department's unfunded payroll and benefits costs such as unfunded leave, unfunded FECA liability, and actuarial FECA liability.

This note also includes the category "Total Liabilities Not Requiring Budgetary Resources" which primarily consists of FHA's receipt account liabilities and HUD's deposit, clearing and general fund receipt account liabilities.

HUD's HMBS Obligations, at Fair Value decreased by \$2,648 million from 4th quarter FY 2023 to 2024. The decrease was primarily due to pass-through payments to security holders and loan pool buyouts, partially offset by an increase in fair value and periodic interest accruals. For additional details on the HMBS issuer default, refer to Note (8) Other Non-Credit Reform Loans, Section A2. Reverse Mortgage Loans, at Fair Value and Note (16B) Other Liabilities—HMBS Obligations, at Fair Value.

Note 13: 13A Federal Debt and Interest Payable and 13B Debt, Terms of Borrowing Authority Used, and Available Borrowing Authority End of Period

Note 13A: Federal Debt and Interest Payable

Historically, the *National Housing Act of 1934, Public Law 73-479, 12 U.S.C. §1721(d), 12 U.S.C. §1710(g), 12 U.S.C. §1716, 12 U.S.C. §1715z-1, 12 U.S.C. §1721*, authorized FHA, in certain cases, to issue debentures in lieu of cash to settle claims. FHA-issued debentures bear interest at rates established by the U.S. Treasury. Lenders were allowed to redeem FHA debentures prior to maturity in order to pay MIPs to FHA. Throughout the years, most of FHA's debentures issued to claimants have been redeemed. As of September 30, 2024 and 2023, the outstanding balance of debt issued to claimants was \$0.2 million.

Note 13B: Debt, Terms of Borrowing Authority Used, and Available Borrowing Authority End of Period

Several HUD programs have the authority to borrow funds from U.S. Treasury for program operations. Additionally, the *National Housing Act of 1934, Public Law 73-479*, authorizes FHA, in certain cases, to issue debentures in lieu of cash to pay claims. Also, PHAs and TDHEs borrowed funds from the private sector and the FFB to finance construction and rehabilitation of low-rent housing. HUD is repaying these borrowings on behalf of the PHAs and TDHEs.

The following tables present HUD's borrowings, and borrowings by PHAs/TDHEs for which HUD is responsible for repayment, as of September 30, 2024 and 2023:

Federal Debt (dollars in millions)					
	Beginning Balance	Borrowing	Repayment	Interest	Ending Balance
FY 2024					
Source of Debt					
Debt Owed to the Federal Financing Bank	\$ 2,807	\$ 61	\$ (38)	\$ -	\$ 2,830
Debt Owed to Treasury other than the FFB	107,103	21,985	(1,477)	-	127,611
Debt Owed to the Public	-	-	-	-	-
Total	\$ 109,910	\$ 22,046	\$ (1,515)	\$ -	\$ 130,441
FY 2023					
Source of Debt					
Debt Owed to the Federal Financing Bank	\$ 2,722	\$ 121	\$ (36)	\$ -	\$ 2,807
Debt Owed to Treasury other than the FFB	93,585	22,393	(8,875)	-	107,103
Debt Owed to the Public	1	-	(1)	-	-
Total	\$ 96,308	\$ 22,514	\$ (8,912)	\$ -	\$ 109,910

Interest paid on borrowings for FHA and HUD Proper as of September 30, 2024 were \$4,307 million and \$11 million, respectively. Interest paid on borrowings for FHA and HUD Proper as of September 30, 2023 were \$3,916 million and \$4 million, respectively.

The purpose of the borrowing is discussed in the following paragraphs.

Borrowings from Treasury

FHA

FHA borrows from the BFS Federal Investments and Borrowings Branch, which facilitates loans to federal agencies on behalf of the U.S. Treasury. The *FCRA* permits agencies to borrow from the U.S. Treasury to support credit programs. Collections and disbursements with the public are transacted in FHA's financing accounts and are considered a means-of-financing (non-budgetary). When cash balances are insufficient to support its operations, FHA borrows from the U.S. Treasury. When there is sufficient cash in the financing accounts, FHA can opt to repay principal. Repayments of principal can be made throughout the fiscal year.

Both interest revenue and expense are accrued at FHA's Single Effective Rate (SER). FHA's single effective rates for U.S. Treasury debt range from 0.68 percent to 7.59 percent and maturity dates for these debts range from September 2026 to September 2049. FFB debt carried interest rates ranging from 1.57 percent to 3.86 percent, and the maturity dates for the FFB debt range from May 2038 to June 2064. Interest revenue is based on the cash balances in the financing accounts, whereas interest expense is based on the principal balances for the entire fiscal year (effective date of October 1st of the current fiscal year), regardless of the actual transaction date.

In FY 2024, after discussions with Treasury, FHA revised its methodology for calculating available borrowing authority. As of September 30, 2024, FHA's available borrowing authority was zero. FHA's available borrowing authority from the U.S. Treasury, as of September 30, 2023, was \$8,875 million.

HUD's borrowings increased by \$20,530 million from the 4th quarter FY 2023 to 2024. This was primarily due to FHA's additional borrowings for all of its financing accounts as a result of increases in HECM, SF, MF claims, an increase in negative subsidy, and an increase in downward reestimates on loan guarantees. In addition, the Department's borrowings increased to cover obligations in the new GRRP program and downward reestimates for ONAP and the GRP program.

Ginnie Mae

As discussed in Note (1) Summary of Significant Accounting Policies, Ginnie Mae executed a borrowing agreement with the U.S. Treasury on September 15, 2023, related to MBS portfolios. Under this agreement, advances shall be made by the U.S. Treasury, on an as needed basis, in event Ginnie Mae has future temporary cash needs related to defaulted and extinguished issuers. Advances may be used for expenses required to perform servicing functions in accordance with the Ginnie Mae MBS Guide when Ginnie Mae extinguishes an issuer's interest and takes over servicing the defaulter issuer's MBS portfolio. Advances under this borrowing agreement may also be used to make interest payments. Interest will accrue on such balances at a rate determined by the Secretary of the U.S. Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of Ginnie Mae.

Each advance must be repaid by Ginnie Mae no later than five years from its effective date, with interest on each advance payable to Treasury semiannually on March 31 and September 30. As of September 30, 2024, Ginnie Mae has not requested any advances under the borrowing agreement.

HUD Proper

HUD's Other Programs with outstanding aggregate borrowings are the Indian Housing Loan Guarantee Program, the Native Hawaiian Housing Loan Guarantee, Community Development Loan Guarantee, Emergency Home Loan Program, and the Green Retrofit Program. These borrowings have interest rates ranging from 1.00 percent to 7.23 percent. As of September 30, 2024, HUD Proper's available borrowing authority from the U.S. Treasury was \$617 million. As of September 30, 2023, HUD Proper's available borrowing authority from the U.S. Treasury was \$83 million.

Borrowings from the Federal Financing Bank and the Public

During the 1960s to 1980s, PHAs obtained loans from the private sector and from the FFB to finance development and rehabilitation of low rent housing projects. HUD is repaying these borrowings on behalf of the PHAs, through the Low Rent Public Housing Program. For borrowings from the public, interest is payable throughout the year. All FFB borrowings have been repaid.

New borrowing authority was authorized to FHA, in FY 2022, for the FFB program. As of September 30, 2024, FHA's available borrowing authority from the FFB was \$244 million. As of September 30, 2023, FHA's available borrowing authority from the FFB was \$223 million. This reflects a \$35 million increase, in FY 2024, due to the inclusion of subsidy expense, compared to the amount reported in HUD's published FY 2023 AFR.

Note 14: Federal Employee Benefits Payable

HUD accrues the portion of the estimated liability for disability benefits assigned to the agency under the FECA, administered and determined by the DOL. A study that is based on the net present value of estimated future payments is conducted by the DOL, and any future payments on this liability are to be funded by future financing sources. The DOL makes the billed amount of payments of the FECA Liability on HUD's behalf, and future payments of this liability are to be funded by future budgetary resources.

Accrued payroll and benefits represent amounts owed to the Department's federal and contractor employees, unfunded accrued annual leave for federal and contractor employees, as well as Thrift Savings Plan withholdings and employer contributions.

The Department's other liabilities (without reciprocals) primarily consists of non-reciprocating employer contributions and payroll taxes payable.

The following table presents HUD's Federal Employee Benefits Payable as of September 30, 2024 and 2023:

Federal Employee Benefits Payable <i>(dollars in millions)</i>		
	FY 2024	FY 2023
Intragovernmental:		
Benefit Program Contributions Payable		
Employer Contributions and Payroll Taxes Payable	\$ 7	\$ 16
Unfunded FECA Liability	12	12
Total Benefit Program Contributions Payable	\$ 19	\$ 28
Other Liabilities (w/o reciprocals)		
Employer Contributions and Payroll Taxes Payable	\$ 2	\$ 5
Total Other Liabilities (w/o reciprocals)	\$ 2	\$ 5
Other than Intragovernmental:		
Federal Employee Benefits Payable		
Employer Contributions and Payroll Taxes Payable	\$ 1	\$ 3
Unfunded Leave	113	107
Accrued Funded Payroll and Leave	27	63
Actuarial FECA Liability	56	59
Total Federal Employee Benefits Payable	\$ 197	\$ 232
Total Federal Employee Benefits	\$ 218	\$ 265

Note 15: Insurance Programs

SFFAS No. 51, establishes accounting and reporting standards for insurance programs to ensure they are adequately defined and report consistent information about the liabilities for losses incurred and claimed as well as expected losses during the remaining coverage.

HUD Proper and FHA administer some direct loans and loan guarantee programs that meet the definition of insurance programs; however, they are excluded from this provision as noted in paragraph 6 of the standard.

Ginnie Mae's MBS program guarantees the timely payment of P&I on securities backed by pools of mortgage loans insured by FHA, PIH, and Rural Housing Service, or guaranteed by the VA. Ginnie Mae's MBS Guaranty program is considered an exchange transaction insurance program other than life insurance. Ginnie Mae's principal risk associated with the MBS Guaranty program is default risk.

When estimating defaults, prepayments, and recovery, Ginnie Mae considers a few indicators including macro-economic factors such as interest rates, home price indices, and unemployment rates. In addition, Ginnie Mae considers several credit quality indicators such as LTV ratios, and delinquency status. Ginnie Mae also considers significant management judgment and estimates of credit losses inherent in the mortgage loan portfolio. As of September 30, 2024 and 2023, the UPB of Ginnie Mae's MBS securities amounted to \$2,642,595 million and \$2,472,843 million, respectively, which represents the maximum potential exposure risk to the program. It should be noted, however, that Ginnie Mae's potential loss is considerably less due to the financial strength of its issuers. In addition, the value of the underlying collateral and the insurance provided by

insuring or guaranteeing agencies indemnify Ginnie Mae for most losses.

Under *SFFAS No. 51*, Ginnie Mae is required to recognize and disclose Revenue and Liability for Unearned Premiums; Liability for Unpaid Insurance Claims; and Liability for Losses on Remaining Coverage for its MBS Guaranty program.

Revenue and Liability for Unearned Premiums

Ginnie Mae guarantees timely payment of P&I on MBS issued by approved issuers. In exchange for providing the guaranty, Ginnie Mae receives guaranty fees from the issuers on the UPB of outstanding MBS in the non-defaulted issuer portfolio. These fees are received and recognized as revenue monthly over the contractual period that the guaranty is provided. If necessary, a liability for unearned premiums is recognized in the amount of premiums collected but not earned monthly. The monthly guaranty fees received result from Ginnie Mae “lending” its creditworthiness to the issuer to enhance the issuer’s ability to borrow funds from investors.

Guaranty fees pricing is prescribed by *National Housing Act of 1934, Public Law 73-479, 12 U.S.C. §1721 Management and Liquidation Functions of Government National Mortgage Association*, which provides for a fee of six basis points for Single-Family Programs, 30 basis points for Manufactured Housing Program, and 13 basis points for Multifamily Housing Programs. Ginnie Mae had guaranty fee revenue of \$1,640 million and \$1,527 million for the years ended September 30, 2024 and 2023, respectively.

Ginnie Mae invests certain accumulated fees not required for current or expected operational needs in U.S. Treasury overnight certificates. For additional information, refer to Note (5) Investments.

Liability for Unpaid Insurance Claims

Ginnie Mae defines the “adverse event” which triggers exercise of its guaranty primarily as default by the Single-Family MBS issuer, which can occur for inability or failure to make pass-through payments to MBS holders, or other violations of Ginnie Mae requirements. For Multifamily, the “adverse event” is triggered in the event of a loan default, pursuant to the Multifamily guaranty agreement. Ginnie Mae is responsible for missed pass-through payments; however, any such pass-through payments are made immediately when due by Ginnie Mae to satisfy the terms of the guaranty agreement and the expectations of MBS holders to receive timely payment. As a result, Ginnie Mae does not have any liability for unpaid insurance claims as of September 30, 2024 and 2023.

Liability for Loss on Remaining Coverage

As of September 30, 2024 and 2023, the Liability for Loss on Remaining Coverage was \$1,146 million and \$1,127 million, respectively. For the years ended September 30, 2024 and 2023, the loss on remaining coverage was \$19 million and \$748 million, respectively, which is included in gross cost in the SNC.

In connection with Ginnie Mae’s adoption of the CECL standard in FY 2023, Ginnie Mae reevaluated its methodology used in determining the estimated amount for the contingent portion of the Liability for Loss on Remaining Coverage associated with its MBS Guaranty program to reflect expected lifetime credit losses. Prior to the adoption of the CECL standard, Ginnie Mae recorded a contingent liability when it is probable that a loss event will occur and the amount of the loss or a range of loss can be reasonably estimated. This change in methodology resulted in a one-time increase in the Liability for Loss on Remaining Coverage and a corresponding loss of \$116 million for the year ended September 30, 2023, which was recognized as a change in accounting estimate and reflected in the loss on remaining coverage above.

For the year ended September 30, 2024, the overall increase in the Liability for Loss on Remaining Coverage of \$19 million was primarily the result of an increase in the Guaranty Asset (GA) balance of \$327 million (debit) which was partially offset by an increase in the Guaranty Obligation (GO) balance of \$261 million (credit) combined with an \$85 million increase (credit) in the contingent liability for issuer defaults and multifamily loan defaults.

The increase in the GO balance was primarily driven by MBS issuances exceeding amortization for the period. Lower GO amortization is consistent with the current economic environment where interest rates remaining at high levels are leading to decreased prepayment/refinancing activities.

The increase in the GA was primarily due to model calibration and updated economic forecasts. Ginnie Mae regularly reviews model performance and addresses model validation outcomes via model updates. In FY 2024, Ginnie Mae updated model parameters associated with forecasted Foreclosure and buyout Time, forecasted Probability of Prepayment, forecasted Probability of Default, and modification to the treatment and source of FICO. These changes resulted in an increase to the GA as of September 30, 2024. The model updates were partially offset by decreases in GA from economic forecasts. Ginnie Mae utilizes Moody's Baseline forecast for the GA valuation model, which is updated quarterly for various economic variables and assumptions. Changes in the forward-looking economic forecasts period over period resulted in a decrease primarily due to higher forecasted Mortgage Purchase Origination Volumes in anticipation of lower interest rates and increased refinance activity in future periods and resulting impact to probability of prepayment.

The increase in contingent liability for issuer defaults was primarily due to two HMBS issuers which were identified as probable of default and two HMBS issuers which were identified as reasonably possible for default as of September 30, 2024.

For the year ended September 30, 2023, the overall increase in the Liability for Loss on Remaining Coverage of \$748 million was primarily the result of an increase in the GO balance of \$405 million (credit) which was combined with a decrease in the GA balance of \$243 million and a \$100 million increase in the contingent liability for multifamily loan defaults. The increase in the GO balance was driven by GO amortization related to prior MBS issuances being lower than new MBS issuances, which is consistent with the economic environment where increasing interest rates are leading to decreased prepayment/refinancing activities. This increase was somewhat offset by a decrease resulting from the derecognition of the GO associated with the HMBS issuer portfolio, which Ginnie Mae took over due to the issuer's default and extinguishment. The decrease in the GA was primarily due to new economic forecasts. Ginnie Mae utilizes Moody's Baseline forecast for the GA valuation model, which is updated quarterly for various economic variables and assumptions. The decrease was mainly impacted by higher forecasted Mortgage Purchase Origination Volumes and resulting impact to probability of prepayment used to derive the GA balance. This decrease was partially offset by new MBS issuances, net of paydowns, and combined with an increase due to GA model assumptions update in FY 2023. The increase in contingent liability for multifamily defaults was primarily due to the change in estimation methodology described in Note (1) Summary of Significant Accounting Policies above.

The issuance of a guaranty under the MBS program obligates Ginnie Mae to stand ready to perform under the terms of the guaranty. Ginnie Mae's GA represents the net present value of expected collections of guaranty fees associated with outstanding Ginnie Mae guaranteed MBS and is determined through a modeling process maintained by the Office of Enterprise Risk. The corresponding GO represents the non-contingent liability for Ginnie Mae's obligation to perform under its guaranty. Ginnie Mae records contingent liability when it is probable that an issuer will default and the amount of the loss or a range of loss can be reasonably estimated. Contingent liability is measured initially and in subsequent periods under *SFFAS No. 5: Accounting for Liabilities of the Federal Government – Contingencies*. If an issuer default is probable to occur, Ginnie Mae estimates the probable credit losses in the underlying loan portfolio to calculate the loss contingency.

Consistent with *SFFAS No. 51* and in connection with Ginnie Mae's adoption of *ASC 326 Financial Instruments – Credit Losses* (the CECL standard guidance), Ginnie Mae records losses for issuer defaults and multifamily loan defaults based on expected lifetime credit losses

As of September 30, 2024, two HECM issuers were considered probable of defaulting. Ginnie Mae recorded an estimated loss of \$99 million related to the probable HECM issuer defaults. As of September 30, 2024, two

additional HECM issuers were considered reasonably possible of defaulting. Ginnie Mae recorded an estimated loss of \$27 million related to the reasonably possible HECM issuer defaults.

As of September 30, 2024 and 2023, the contingent liability related to pooled Multifamily loans defaults were \$71 million and \$111 million, respectively.

Total contingent liabilities were \$196 million and \$111 million as of September 30, 2024 and 2023, respectively, which is included in the Liability for Loss on Remaining Coverage.

Note 16: Other Liabilities

Table 16A Other Liabilities:

The following table presents HUD's Other Liabilities as of September 30, 2024 and 2023:

Other Liabilities (dollars in millions)		
	FY 2024	FY 2023
Intragovernmental Liabilities		
Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets - FHA Special Receipt Account Liability	\$ 1,724	\$ 2,047
Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets	111	114
Other Liabilities (w/o Reciprocals)	2	5
Benefit Program Contributions Payable	19	28
Other Liabilities - Reimbursable Activities	5	6
Total Intragovernmental Liabilities	\$ 1,861	\$ 2,200
Other than Intragovernmental Liabilities		
Other Liabilities w/o Related Budgetary Obligations - HMBS Obligations, at Fair Value	\$ 16,499	\$ 19,147
Other Liabilities w/o Related Budgetary Obligations	17	19
Other Liabilities w/ Related Budgetary Obligations - Accrued Grant Liabilities	4,248	3,904
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections - FHA Escrow Funds Related to Mortgage Notes and Other Liabilities	260	267
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	33	29
Contingent Liabilities	-	3
Total Other than Intragovernmental Liabilities	\$ 21,057	\$ 23,369
Total Other Liabilities	\$ 22,918	\$ 25,569

Special Receipt Account Liability

The special receipt account liability results from negative subsidy and downward credit subsidy reestimate transfers to the GI/SRI and H4H special receipt accounts.

Other Liabilities

FHA's Other Liabilities mostly consisted of miscellaneous liabilities of \$205 million and \$202 million, respectively as of September 30, 2024 and 2023. FHA's miscellaneous liabilities result from FHA's use of clearing accounts to record notes and property resulting from claims. The liabilities result from timing differences and are resolved in the next accounting period. In addition, FHA had liabilities for escrow funds related to mortgage notes and contingencies totaling \$55 million and \$69 million as of September 30, 2024 and 2023, respectively.

Ginnie Mae's other liabilities consist of HMBS Obligations, at fair value, suspense funds, receipt accruals, deposit funds, liabilities for remaining performance obligations under an indemnification agreement and payment received in prior FY, unapplied deposits, and other liabilities. In addition, Ginnie Mae incurs monthly payables to fund and transmit MIP payments on behalf of applicable HECM borrowers for loans insured by FHA. As of September 30, 2024 and 2023, Ginnie Mae recorded \$12 million and \$14 million, respectively, in other liabilities for MIP due to FHA.

Ginnie Mae HMBS Obligations, at Fair Value

In December 2022, a Ginnie Mae HMBS issuer was defaulted, terminated, and extinguished. Ginnie Mae stepped into the role of issuer. HMBS Obligations, at fair value, represent the secured borrowing associated with securitization of HECM loans for the HMBS issuer's securitized portfolio. For additional information on Ginnie Mae's HMBS obligations and HMBS issuer default, refer to the following notes: Note (1) Summary of Significant Accounting Policies and Note (8) Other Non-Credit Reform Loans. As of September 30, 2024 and 2023, Ginnie Mae recognized \$16,499 million and \$19,147 million, respectively, in HMBS Obligations, at fair value, and recorded a loss of \$126 million and \$1,164 million, for the years ended September 30, 2024 and 2023, respectively. The decrease in HMBS Obligations, at Fair Value, was primarily due to pass-through payments to security holders and loan pool buyouts, partially offset by an increase in fair value and periodic interest accruals.

Ginnie Mae has elected FVO for HMBS obligations, net. The valuation technique used by Ginnie Mae to measure the fair value of its HMBS obligations consists of the present value of projected pool buyouts based on the conditional termination rate.

The fair value measurement hierarchy level for HMBS Obligations measured at fair value on a recurring basis were at Level 3 for the year ended September 30, 2024. There were no transfers into or out of Level 3 during the year ended September 30, 2024.

Table 16B HMBS Obligations, at Fair Value:

The following table presents HUD's HMBS Obligations at fair value as of September 30, 2024 and 2023:

HMBS Obligations, at Fair Value (dollars in millions)						
	FY 2024			FY 2023		
	Ginnie Mae Reported Balances (Gross)	Fair Value Adjustment	Ginnie Mae Net Reported Balances	Ginnie Mae Reported Balances (Gross)	Fair Value Adjustment	Ginnie Mae Net Reported Balances
HMBS Obligations, at Fair Value	\$ 16,324	\$ 175	\$ 16,499	\$ 19,099	\$ 48	\$ 19,147
Total	\$ 16,324	\$ 175	\$ 16,499	\$ 19,099	\$ 48	\$ 19,147

Table 16C HMBS Obligations, at Fair Value - Significant Unobservable Inputs:

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's HMBS obligations. Note that Ginnie Mae uses data as of the preceding month to determine fair value measurement factors as a reasonable estimate in order to support timely financial reporting.

HMBS Obligations - Significant Unobservable Inputs		
	FY 2024	FY 2023
Conditional Termination Rate Assumptions:		
Weighted Average Conditional Termination Rate	22.23%	24.03%
Minimum Conditional Termination Rate	2.90%	5.43%
Maximum Conditional Termination Rate	99.99%	99.81%
Obligation Discount Rate Assumptions:		
Weighted Average Discount Rate	5.96%	5.85%
Minimum Discount Rate	5.39%	5.17%
Maximum Discount Rate	7.17%	7.69%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Increases (decreases) in the discount rates in isolation would result in a lower (higher) fair value measurement for the obligation. The relationship between the conditional termination rate and the fair value measurement is less direct and would depend on other inputs. The conditional termination rate represents the percentage of the mortgage loan's UPB assumed to be terminated over the remaining life of the loan. The discount rate represents the rate which a buyer of a similar product would require in an arm's length transaction.

Note 17: Leases

The Department is a lessee for 124 intragovernmental leases for office space and printers/copiers. HUD does not lease property to other governmental entities or to the public. For additional information, refer to Note 1 Summary of Significant Accounting Policies section (P) Leases.

Intragovernmental Leases

HUD accounts for intragovernmental leases in accordance with *SFFAS 54* and recognizes lease payments paid to the lessor as expenses based on the payment provisions of the contract or agreement and standards regarding recognition of accounts payable and other related amounts. Prepayments are recognized as an asset, outstanding leases payable are recognized as liabilities, and expenses are recognized in the appropriate reporting period based on the specifics of the lease provisions. Due to *SFFAS 54* implementation, HUD is not required to present comparable FY 2023 lease information. Consequently, FY 2023 AFR lease information is not presented in the FY 2024 AFR. Lease disclosures for FY 2023 can be found within HUD's FY 2023 AFR at <https://www.hud.gov/sites/dfiles/CFO/documents/afr2023.pdf>, but are not comparable to FY 2024 due to the application of different lease accounting standards in the two periods.

The following table presents HUD's intragovernmental lease payments by underlying asset type as of September 30, 2024:

Leases (dollars in millions)		
Lease Type	Lessor	FY 2024
Occupancy Agreements	GSA	\$ 88
Fleet Agreements	GSA	1
Total Leases		\$ 89

Note 18: Contingencies

Legal and Other

HUD is party to several claims and tort actions related to pending or threatened litigation brought against it concerning the implementation or operation of its various programs.

As of September 30, 2024, HUD did not record a contingent liability in its financial statements. As of September 30, 2023, the Department recorded a contingent liability in its financial statements of \$3 million, based on the case listed below as probable.

HUD is also party to various other cases listed below as "reasonably possible" for the period ending September 30, 2024 and 2023:

Contingencies (dollars in millions)			
	FY 2024		
	Accrued Liabilities	Estimated Range of Loss - Lower End	Estimated Range of Loss - Upper End
Legal Contingencies:			
Probable	\$ -	\$ -	\$ -
Reasonably Possible	\$ -	\$ -	\$ 33
Other Contingencies:			
Probable	\$ -	\$ -	\$ -
Reasonably Possible	\$ -	\$ -	\$ -

Continued on the next page

Continued from previous page

Contingencies (dollars in millions)			
	FY 2023		
	Accrued Liabilities	Estimated Range of Loss - Lower End	Estimated Range of Loss - Upper End
Legal Contingencies:			
Probable	\$ 3	\$ -	\$ 3
Reasonably Possible	\$ -	\$ -	\$ 718
Other Contingencies:			
Probable	\$ -	\$ -	\$ -
Reasonably Possible	\$ -	\$ -	\$ -

As of September 30, 2024, all case ranges for amounts listed as reasonably possible have been disclosed. For September 30, 2023, one case had an unknown estimated amount or range of potential losses, while all other case ranges have been disclosed. Other ongoing suits cannot be reasonably determined at this time, and in the opinion of management and general counsel, the ultimate resolution of the other pending litigation will not have a material effect on the HUD's financial statements.

The general counsel has reviewed FHA's and Ginnie Mae's claims for this fiscal year and determined that as of September 30, 2024, the ultimate resolution of the legal actions would not affect HUD's consolidated financial statements. As a result, no contingent liability has been recorded for FHA and Ginnie Mae. In addition, there are no other pending or threatened litigation and asserted or unasserted claims, or assessments, in which Ginnie Mae's potential exposure to loss exceeds \$1 million individually or \$2 million in the aggregate for cases not listed individually or as part of similar cases that could be material to the financial statements as of September 30, 2024 and 2023.

Ginnie Mae's management recognizes the uncertainties that could occur in regard to potential terminated and extinguished issuers as part of the determination of the Liability Loss on Remaining Coverage included in the Insurance and Guarantee Program Liabilities line on the accompanying BS. For additional information, refer to Note (15) Insurance Programs.

If HUD is found liable and does not have the budget authority to cover the contingency, the Judgment Fund will pay the claim on behalf of the agency. The Judgment Fund pays court judgments and negotiated settlements of lawsuits against the government. If the claim(s) are to be paid through the Judgement Fund, the information is disclosed in the agency's legal letter. If the agency has another funding source to pay the claim(s), the Judgment Fund cannot be used even if the other funding source does not have enough money to cover the claim. In that case, the agency with the other source of funds must ask Congress to appropriate more money for that other source.

Note 19: Funds from Dedicated Collections

SFFAS No. 27: Identifying and Reporting Earmarked Funds, as amended by *SFFAS No. 43: Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27*, defines the following three criteria for determining a fund from dedicated collections: (1) a statute committing the federal government to use specifically identified revenue and/or other financing sources that are originally provided to the federal government by a non-federal source only for designated activities, benefits, or purposes; (2) explicit authority for the fund to retain revenue and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and (3) a requirement to account for and report on the receipt, use, and retention of the revenue and/or other financing sources that distinguished the fund from the federal government's general revenue. A fund from dedicated collections may contain non-federal sources of revenue and other financing sources that are material to the reporting entity provided it meets the criteria reported above. Each of HUD's programs are considered non-governmental inflow.

Treasury securities reflect a Government commitment to the program and allow the program to continue to provide benefits required by law. When the benefits are paid, the way the Government finances the benefits is similar to the way it finances other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

Intradepartmental activity reported in a fund from dedicated collections is often offset with activity in other funds. Accordingly, the Department presents information for funds from dedicated collections and all other funds in the BS and SCNP on a combined and consolidated basis. The elimination of intradepartmental activity between dedicated collections and all other funds is presented in the accompanying SCNP.

Ginnie Mae

Ginnie Mae is authorized under *Title III of the National Housing Act of 1934, Public Law 73-479, 12 U.S.C. §1721(d)*, to fund its program's operations through off-setting collections, such as guaranty, commitment, multiclass, new issuer, civil penalty, servicing, and pool transfer fees. These collections are dedicated for Ginnie Mae use to administer its MBS Guaranty Program. In the event the issuer is unable to make any payment of principal or interest on any security guaranteed, Ginnie Mae shall make such payments as and when due in cash, and thereupon shall be subrogated fully to the rights satisfied by such payment.

A Ginnie Mae HMBS issuer defaulted, in December 2022, Ginnie Mae assumed the servicing rights and obligations of the defaulted issuer. The default and subsequent assumption of servicing resulted in significant changes to Ginnie Mae's financial statements, those changes are discussed in the following notes: Note (1) Summary of Significant Accounting Policies, Note (2) Non-Entity Assets, Note (8) Other Non-Credit Reform Loans, Note (11) Advances and Prepayments, Note (15) Insurance Programs, Note (16) Other Liabilities, and Note (21) Exchange Revenues.

Ginnie Mae's total accounts payable from dedicated collections, as of September 30, 2024 and 2023, includes \$36 million and \$18 million, respectively, reclassified from other than intragovernmental to intragovernmental payables to agree to amounts determined by the relevant trading partner.

Ginnie Mae invests certain accumulated fees not required for current or expected operational needs in U.S. Treasury overnight certificates. For additional information, refer to Note (5) Investments.

Rental Housing Assistance Fund

The *Housing and Urban Development Act of 1968, Public Law 90-448*, authorized the Secretary to establish a revolving fund into which rental collections in excess of the established basic rents for units in Section 236 subsidized projects would be deposited. The *Housing and Community Development Amendment of 1978, Public Law 103-233, 12 U.S.C §1701z-11 and §1701z-12*, authorized the Secretary, subject to approval in appropriation acts, to transfer excess rent collections received after 1978 to the Troubled Projects Operating Subsidy Program, renamed the Flexible Subsidy Fund. Prior to that time, collections were used for paying tax and utility increases in Section 236 projects. The *Housing and Community Development Act of 1980, Public Law 96-339*, authorized the transfer of excess rent collections regardless of when collected.

Flexible Subsidy

As authorized by *National Housing Act of 1934, Public Law 73-479, 12 U.S.C. §1715z-1*, the Flexible Subsidy Fund provides federal assistance for troubled multifamily housing projects which includes supporting capital improvements to maintain these low to moderate income projects. The subsidies are intended to prevent potential losses to the FHA fund resulting from project insolvency, and to preserve these projects as a viable source of housing for low- and moderate-income tenants.

Manufactured Housing Fees Trust Fund

The *National Manufactured Housing Construction and Safety Standards Act of 1974, Public Law 93-383*, as

amended by the *Manufactured Housing Improvement Act of 2000, Public Law 106-569*, authorizes the development and enforcement of appropriate standards for the construction, design, and performance of manufactured homes to assure their quality, durability, affordability, and safety. Fees are charged to the manufacturers for each manufactured home transportable section produced and will be used to fund the costs of all authorized activities necessary for the consensus committee (HUD) and its agents to carry out all aspects of the manufactured housing legislation. The fee receipts are permanently appropriated and have helped finance a portion of the direct administrative expenses incurred in program operations. Activities are initially financed via transfer from the Manufactured Housing General Fund.

American Recovery and Reinvestment Act Programs (Recovery Act)

The Recovery Act included 17 programs at HUD which were distributed across three themes that aligned with the broader Recovery Act. As of September 30, 2024 and 2023, respectively, the Green Retrofit program account had a downward technical reestimate processed based on regulatory requirements in the *OMB Circular A-11*. All other Recovery Act programs have achieved their goals and are closed.

Other – GRRP

The GRRP is authorized and funded by Section 30002 of the *Inflation Reduction Act (IRA) of 2022, Public Law 117-169* titled “Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing”. The GRRP provides funding for direct loans and grants to fund projects that improve energy and water efficiency; enhance indoor air quality or sustainability; implement the use of zero-emission electricity generation, low-emission building materials or processes, energy storage, or building electrification strategies; or address climate resilience of eligible HUD-assisted multifamily properties. GRRP also provides funding to support benchmarking at assisted properties.

The following tables below present the funds from dedicated collections balances as of September 30, 2024 and 2023:

Funds from Dedicated Collections (dollars in millions)									
	FY 2024								
	Ginnie Mae	Rental Housing Assistance	Flexible Subsidy	Manufactured Housing Fees Trust Fund	Recovery Act Funds	Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet									
Intragovernmental Assets									
Fund Balance with Treasury	\$ 8,834	\$ 17	\$ 683	\$ 56	\$ -	\$ 249	\$ 9,839	\$ -	\$ 9,839
Investments, Net									
Investments	23,186	-	-	-	-	-	23,186	-	23,186
Accounts Receivable, Net									
Advances and Prepayments	2	-	-	-	-	-	2	-	2
Total Intragovernmental Assets	32,022	17	683	56	-	249	33,027	-	33,027
Other than Intragovernmental Assets									

Continued on the next page

Continued from previous page

Funds from Dedicated Collections (dollars in millions)									
	FY 2024								
	Ginnie Mae	Rental Housing Assistance	Flexible Subsidy	Manufactured Housing Fees Trust Fund	Recovery Act Funds	Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
Cash and Other Monetary Assets	\$ 151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151	\$ -	\$ 151
Accounts Receivable, Net	180	2	-	-	-	-	182	-	182
Loans Receivable, Net									
Loans Receivable, Net	-	-	188	-	-	-	188	-	188
Other Non-Credit Reform Loans	19,427	-	-	-	-	-	19,427	-	19,427
Property, Plant, and Equipment, Net	44	-	-	-	-	-	44	-	44
Advances and Prepayments									
Advances and Prepayments	467	-	-	-	-	-	467	-	467
Total Other than Intragovernmental Assets	20,269	2	188	-	-	-	20,459	-	20,459
Total Assets	\$ 52,291	\$ 19	\$ 871	\$ 56	\$ -	\$ 249	\$ 53,486	\$ -	\$ 53,486
Intragovernmental Liabilities									
Accounts Payable									
Accounts Payable	\$ 83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83	\$ -	\$ 83
Debt									
Loans Payable - Borrowings	-	-	-	-	-	249	249	-	249
Other Liabilities									
Liability to agency other than the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets	-	-	-	-	-	-	-	-	-
Benefit Program Contributions Payable	-	-	-	-	-	-	-	-	-
Other Liabilities - Reimbursable Activities	-	-	-	-	-	-	-	-	-
Total Intragovernmental Liabilities	83	-	-	-	-	249	332	-	332
Other than Intragovernmental Liabilities									
Accounts Payable	\$ 16	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 19	\$ -	\$ 19
Federal Employee Salary, Leave & Benefits Payable	4	-	-	-	-	-	4	-	4
Insurance and Guarantee Program Liabilities	1,146	-	-	-	-	-	1,146	-	1,146
Advances from Others and Deferred Revenue	637	-	-	-	-	-	637	-	637
Other Liabilities									
HMBS Obligations, at Fair Value	16,499	-	-	-	-	-	16,499	-	16,499
Other Liabilities	17	-	-	-	-	-	17	-	17
Total Other than Intragovernmental Liabilities	18,319	-	-	3	-	-	18,322	-	18,322
Total Liabilities	\$ 18,402	\$ -	\$ -	\$ 3	\$ -	\$ 249	\$ 18,654	\$ -	\$ 18,654

Continued on the next page

Continued from previous page

Funds from Dedicated Collections (dollars in millions)									
	FY 2024								
	Ginnie Mae	Rental Housing Assistance	Flexible Subsidy	Manufactured Housing Fees Trust Fund	Recovery Act Funds	Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
Unexpended Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Results of Operations	33,889	19	871	53	-	-	34,832	-	34,832
Total Net Position	\$ 33,889	\$ 19	\$ 871	\$ 53	\$ -	\$ -	\$ 34,832	\$ -	\$ 34,832
Total Liabilities and Net Position	\$ 52,291	\$ 19	\$ 871	\$ 56	\$ -	\$ 249	\$ 53,486	\$ -	\$ 53,486
Statement of Net Cost									
Gross Costs	\$ 2,417	\$ -	\$ -	\$ 10	\$ (7)	\$ 9	\$ 2,429	\$ -	\$ 2,429
Less: Earned Revenues	(5,464)	-	(2)	(16)	-	(9)	(5,491)	-	(5,491)
Net Costs	(3,047)	-	(2)	(6)	(7)	-	(3,062)	-	(3,062)
Statement of Changes in Net Position									
Unexpended Appropriations									
Cumulative Results of Operations:									
Beginning Balance	\$ 30,838	\$ 19	\$ 869	\$ 47	\$ -	\$ -	\$ 31,773	\$ -	\$ 31,773
Beginning Balance, as Adjusted	\$ 30,838	\$ 19	\$ 869	\$ 47	\$ -	\$ -	\$ 31,773	\$ -	\$ 31,773
Imputed Financing	4	-	-	-	-	-	4	-	4
Other	-	-	-	-	(7)	-	(7)	-	(7)
Net Cost of Operations (Note 26)	3,047	-	2	6	7	-	3,062	-	3,062
Net Change in Cumulative Results of Operations	3,051	-	2	6	-	-	3,059	-	3,059
Total Cumulative Results of Operations	33,889	19	871	53	-	-	34,832	-	34,832
Net Position, End of Period	\$ 33,889	\$ 19	\$ 871	\$ 53	\$ -	\$ -	\$ 34,832	\$ -	\$ 34,832
	FY 2023								
	Ginnie Mae	Rental Housing Assistance	Flexible Subsidy	Manufactured Housing Fees Trust Fund	Recovery Act Funds	Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet									
Intragovernmental Assets									
Fund Balance with Treasury Investments, Net	\$ 8,839	\$ 17	\$ 661	\$ 49	\$ -	\$ 75	\$ 9,641	\$ -	\$ 9,641
Investments	21,154	-	-	-	-	-	21,154	-	21,154
Interest Receivable - Investments	3	-	-	-	-	-	3	-	3
Accounts Receivable, Net Advances and Prepayments	3	-	-	-	-	-	3	-	3
Total Intragovernmental Assets	29,999	17	661	49	-	75	30,801	-	30,801
Other than Intragovernmental Assets									

Continued on the next page

Continued from previous page

Funds from Dedicated Collections (dollars in millions)									
	FY 2023								
	Ginnie Mae	Rental Housing Assistance	Flexible Subsidy	Manufactured Housing Fees Trust Fund	Recovery Act Funds	Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
Cash and Other Monetary Assets	\$ 185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185	\$ -	\$ 185
Accounts Receivable, Net	176	2	-	-	-	-	178	-	178
Loans Receivable, Net	-	-	208	-	-	-	208	-	208
Other Non-Credit Reform Loans	21,021	-	-	-	-	-	21,021	-	21,021
Property, Plant, and Equipment, Net	46	-	-	-	-	-	46	-	46
Advances and Prepayments	-	-	-	-	-	-	-	-	-
Advances and Prepayments	421	-	-	-	-	-	421	-	421
Total Other than Intragovernmental Assets	21,849	2	208	-	-	-	22,059	-	22,059
Total Assets	\$ 51,848	\$ 19	\$ 869	\$ 49	\$ -	\$ 75	\$ 52,860	\$ -	\$ 52,860
Intragovernmental Liabilities	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	-	-	-	-	-
Accounts Payable	\$ 59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59	\$ -	\$ 59
Debt	-	-	-	-	-	-	-	-	-
Loans Payable - Borrowings	-	-	-	-	-	75	75	-	75
Other Liabilities	-	-	-	-	-	-	-	-	-
Liability to agency other than the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets	-	-	-	-	-	-	-	-	-
Benefit Program Contributions Payable	-	-	-	-	-	-	-	-	-
Other Liabilities - Reimbursable Activities	-	-	-	-	-	-	-	-	-
Total Intragovernmental Liabilities	59	-	-	-	-	75	134	-	134
Other than Intragovernmental Liabilities	-	-	-	-	-	-	-	-	-
Accounts Payable	\$ 44	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 46	\$ -	\$ 46
Federal Employee Salary, Leave & Benefits Payable	5	-	-	-	-	-	5	-	5
Insurance and Guarantee Program Liabilities	1,127	-	-	-	-	-	1,127	-	1,127
Advances from Others and Deferred Revenue	609	-	-	-	-	-	609	-	609
Other Liabilities	-	-	-	-	-	-	-	-	-
HMBS Obligations, at Fair Value	19,147	-	-	-	-	-	19,147	-	19,147
Other Liabilities	19	-	-	-	-	-	19	-	19
Total Other than Intragovernmental Liabilities	20,951	-	-	2	-	-	20,953	-	20,953
Total Liabilities	\$ 21,010	\$ -	\$ -	\$ 2	\$ -	\$ 75	\$ 21,087	\$ -	\$ 21,087
Unexpended Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Results of Operations	30,838	19	869	47	-	-	31,773	-	31,773
Total Net Position	\$ 30,838	\$ 19	\$ 869	\$ 47	\$ -	\$ -	\$ 31,773	\$ -	\$ 31,773

Continued on the next page

Continued from previous page

Funds from Dedicated Collections (dollars in millions)									
	FY 2023								
	Ginnie Mae	Rental Housing Assistance	Flexible Subsidy	Manufactured Housing Fees Trust Fund	Recovery Act Funds	Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
Total Liabilities and Net Position	\$ 51,848	\$ 19	\$ 869	\$ 49	\$ -	\$ 75	\$ 52,860	\$ -	\$ 52,860
Statement of Net Cost									
Gross Costs	\$ 4,011	\$ -	\$ 12	\$ 10	\$ (9)	\$ 2	\$ 4,026	\$ -	\$ 4,026
Less: Earned Revenues	(4,830)	-	(2)	(14)	-	(2)	(4,848)	-	(4,848)
Net Costs	(819)	-	10	(4)	(9)	-	(822)	-	(822)
Statement of Changes in Net Position									
Unexpended Appropriations									
Cumulative Results of Operations:									
Beginning Balance	\$ 29,846	\$ 19	\$ 876	\$ 43	\$ -	\$ -	\$ 30,784	\$ -	\$ 30,784
Changes in Accounting Principles	171	-	-	-	-	-	171	-	171
Beginning Balance, as Adjusted	\$ 30,017	\$ 19	\$ 876	\$ 43	\$ -	\$ -	\$ 30,955	\$ -	\$ 30,955
Other than Intragovernmental Non-Exchange Revenue:									
Miscellaneous Taxes and Receipts	-	-	3	-	-	-	3	-	3
Total Other than Intragovernmental Non-Exchange Revenue	-	-	3	-	-	-	3	-	3
Imputed Financing	3	-	-	-	-	-	3	-	3
Other	(1)	-	-	-	(9)	-	(10)	-	(10)
Net Cost of Operations (Note 26)	819	-	(10)	4	9	-	822	-	822
Net Change in Cumulative Results of Operations	821	-	(7)	4	-	-	818	-	818
Total Cumulative Results of Operations	30,838	19	869	47	-	-	31,773	-	31,773
Net Position, End of Period	\$ 30,838	\$ 19	\$ 869	\$ 47	\$ -	\$ -	\$ 31,773	\$ -	\$ 31,773

Note Disclosures Related to the Statement of Net Cost

Note 20: Suborganization Program Costs

This note provides a categorization of net costs for several major program areas whose costs were incurred among HUD's principal organizations previously discussed under Section (1) Management Discussion and Analysis (MD&A) of this report. Costs incurred under HUD's other programs represent activities to meet HUD's mission in creating strong, sustainable, inclusive communities and quality affordable homes for all.

The following tables present the Suborganization Program Costs of HUD's major program areas that incur costs which cross multiple program areas as of September 30, 2024 and 2023:

Suborganization Program Costs (dollars in millions)					
	FY 2024				
	PIH	Housing	CPD	Other	Consolidated Total
Crosscutting programs					
Section 8 Rental Assistance					
Gross Costs	34,320	15,738	52	-	50,110
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ 34,320	\$ 15,738	\$ 52	\$ -	\$ 50,110
PIH					
Gross Costs	9,669	-	-	-	9,669
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ 9,669	\$ -	\$ -	\$ -	\$ 9,669
HAG					
Gross Costs	-	-	3,474	-	3,474
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ -	\$ -	\$ 3,474	\$ -	\$ 3,474
HED					
Gross Costs	-	1,072	-	6	1,078
Less: Earned revenues	-	(1)	-	(22)	(23)
Net program costs	\$ -	\$ 1,071	\$ -	\$ (16)	\$ 1,055
CDBG					
Gross Costs	11	-	9,528	-	9,539
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ 11	\$ -	\$ 9,528	\$ -	\$ 9,539
HOME					
Gross Costs	-	-	1,573	-	1,573
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ -	\$ -	\$ 1,573	\$ -	\$ 1,573
Other					
Gross Costs	581	445	1,192	(44)	2,174
Less: Earned revenues	(2)	(28)	(1)	(3)	(34)
Net program costs	\$ 579	\$ 417	\$ 1,191	\$ (47)	\$ 2,140
Costs Not Assigned To Programs	143	61	87	-	291
Net Other Program Costs (Including indirect costs)	\$ 722	\$ 478	\$ 1,278	\$ (47)	\$ 2,431
Intra-entity Eliminations					
Gross Costs	-	-	-	-	-
Less: Earned revenues	-	-	-	-	-
Net Costs	\$ -	\$ -	\$ -	\$ -	\$ -

Continued on the next page

Continued from previous page

Suborganization Program Costs (dollars in millions)					
	FY 2023				
	PIH	Housing	CPD	Other	Consolidated Total
Crosscutting programs					
Section 8 Rental Assistance					
Gross Costs	30,727	14,549	60	-	45,336
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ 30,727	\$ 14,549	\$ 60	\$ -	\$ 45,336
PIH					
Gross Costs	9,280	-	-	-	9,280
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ 9,280	\$ -	\$ -	\$ -	\$ 9,280
HAG					
Gross Costs	-	-	3,512	-	3,512
Less: Earned revenues	-	-	(1)	-	(1)
Net program costs	\$ -	\$ -	\$ 3,511	\$ -	\$ 3,511
HED					
Gross Costs	-	1,238	-	4	1,242
Less: Earned revenues	-	(19)	-	(27)	(46)
Net program costs	\$ -	\$ 1,219	\$ -	\$ (23)	\$ 1,196
CDBG					
Gross Costs	22	-	9,058	-	9,080
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ 22	\$ -	\$ 9,058	\$ -	\$ 9,080
HOME					
Gross Costs	-	-	1,037	-	1,037
Less: Earned revenues	-	-	-	-	-
Net program costs	\$ -	\$ -	\$ 1,037	\$ -	\$ 1,037
Other					
Gross Costs	429	396	972	51	1,848
Less: Earned revenues	(2)	(19)	(1)	(3)	(25)
Net program costs	\$ 427	\$ 377	\$ 971	\$ 48	\$ 1,823
Costs Not Assigned To Programs	137	62	86	-	285
Net Other Program Costs (Including indirect costs)	\$ 564	\$ 439	\$ 1,057	\$ 48	\$ 2,108
Intra-entity Eliminations					
Gross Costs	-	-	-	-	-
Less: Earned revenues	-	-	-	-	-
Net Costs	\$ -	\$ -	\$ -	\$ -	\$ -

Note 21: Exchange Revenues

Exchange Revenues or earned revenues arise when an entity provides goods and services to the public or another government entity for a price. The full amount of exchange revenue is reported on the SNC and is deducted from the gross cost of programs to determine the net program costs. HUD recognizes exchange revenue when earned in accordance with FASAB Standards.

The tables below present a breakdown of HUD's earned revenues presented in the consolidated SNC as of September 30, 2024 and 2023:

Exchange (Earned) Revenues (dollars in millions)							
	FY 2024						
	FHA	Ginnie Mae	HAG	HED	All Other	Eliminations	Total
Intragovernmental:							
Interest Revenue from Deposits at US Treasury (Uninvested Funds)	\$ (921)	\$ -	\$ -	\$ -	\$ (12)	\$ -	\$ (933)
Interest Revenue from Investments with US Treasury	(5,591)	(1,246)	-	-	-	-	(6,837)
Other Intragovernmental Revenue	-	-	-	-	(3)	2	(1)
Intragovernmental Earned Revenue	\$ (6,512)	\$ (1,246)	\$ -	\$ -	\$ (15)	\$ 2	\$ (7,771)
Other than Intragovernmental:							
Interest Revenue	(110)	(1,349)	-	(23)	(3)	-	(1,485)
Ginnie Mae Mortgage Backed Securities Guaranty Fees	-	(1,640)	-	-	-	-	(1,640)
Other Earned Revenues/Income	(30)	(1,229)	-	-	(16)	-	(1,275)
Other than Intragovernmental Earned Revenue	\$ (140)	\$ (4,218)	\$ -	\$ (23)	\$ (19)	\$ -	\$ (4,400)
Total Exchange (Earned) Revenue	\$ (6,652)	\$ (5,464)	\$ -	\$ (23)	\$ (34)	\$ 2	\$ (12,171)
	FY 2023						
	FHA	Ginnie Mae	HAG	HED	All Other	Eliminations	Total
Intragovernmental:							
Interest Revenue from Deposits at US Treasury (Uninvested Funds)	\$ (960)	\$ -	\$ -	\$ -	\$ (5)	\$ -	\$ (965)
Interest Revenue from Investments with US Treasury	(2,255)	(945)	-	-	-	-	(3,200)
Other Intragovernmental Revenue	-	-	(1)	-	(3)	2	(2)
Intragovernmental Earned Revenue	\$ (3,215)	\$ (945)	\$ (1)	\$ -	\$ (8)	\$ 2	\$ (4,167)
Other than Intragovernmental:							
Interest Revenue	(90)	(1,000)	-	(46)	(3)	-	(1,139)
Ginnie Mae Mortgage Backed Securities Guaranty Fees	-	(1,527)	-	-	-	-	(1,527)
Other Earned Revenues/Income	(38)	(1,358)	-	-	(14)	-	(1,410)
Other than Intragovernmental Earned Revenue	\$ (128)	\$ (3,885)	\$ -	\$ (46)	\$ (17)	\$ -	\$ (4,076)
Total Exchange (Earned) Revenue	\$ (3,343)	\$ (4,830)	\$ (1)	\$ (46)	\$ (25)	\$ 2	\$ (8,243)

FHA

FHA's intragovernmental exchange revenue consists of interest revenue from deposits at the U.S. Treasury and from investments with the U.S. Treasury. Deposits at the U.S. Treasury are generated by Post-Credit Reform loan guarantee activity in FHA's financing accounts, and FHA earns interest revenue on uninvested funds in the financing accounts. FHA also invests surplus resources in its MMI/CMHI capital reserve account in U.S. Treasury securities and earns interest revenue on these investments. For additional information, refer to Note (1) Summary of Significant Accounting Policies section (G) Investments.

FHA's other than intragovernmental exchange revenue consists of interest revenue and other earned revenue and income. FHA's other than intragovernmental interest revenue comes primarily from interest on uninvested funds for the FFB Risk Share program. FHA classifies interest revenue for the FFB Risk Share program as non-federal because of the nature of the program. Also, the other than intragovernmental interest revenue includes interest on Pre-Credit Reform loans receivable. Other earned revenue and income consist of late charges, penalties, and premiums associated with Pre-Credit Reform loan guarantees and revenue and gains from Pre-Credit Reform notes and properties held and sold.

Insurance Premium Revenue

Under Credit Reform accounting, FHA's exchange revenue includes only premiums associated with the pre-1992 loan guarantee activity. Premiums for post-1991 guaranteed loans are included in the balance of the LLG. The FHA premium structure includes both up-front premiums and annual periodic premiums. The up-front premium and annual periodic premium rates for FY 2024 and 2023 are reported below. However, the premiums received for post-1991 guaranteed loans are not reported under this note as part of exchange revenue.

Up-front Premiums

The up-front premium rates vary according to the mortgage type and the year of origination. The FHA up-front premium rates for loans committed in FY 2024 and 2023 were as follows:

Exchange (Earned) Revenues		
	FY 2024 Up-front Premium Rates 10/01/2023 - 09/30/2024	FY 2023 Up-front Premium Rates 10/01/2022 - 09/30/2023
Single-Family	1.75%	1.75%
Multifamily	0.25%, 0.50%, 0.65%, 0.80% or 1.00%	0.25%, 0.50%, 0.65%, 0.80% or 1.00%
HECM	2.00%	2.00%

Annual Periodic Premiums

The periodic premium rate is used to calculate monthly or annual premiums. These rates also vary by mortgage type and program. The FHA annual periodic premium rates for loans committed in FY 2024 and 2023 were as follows:

Exchange (Earned) Revenues		
	FY 2024 Annual Periodic Premium Rates 10/01/2023 - 09/30/2024	FY 2023 Annual Periodic Premium Rates 10/01/2022 - 09/30/2023
Single-Family - Term > 15 years	0.50%, 0.55%, 0.70% or 0.75%	0.50%, 0.55%, 0.70% or 0.75%
Single-Family - Term ≤ 15 years	0.15%, 0.40% or 0.65%	0.15%, 0.40% or 0.65%
Multifamily	0.45%, 0.57%, 0.65% or 0.70%	0.45%, 0.57%, 0.65% or 0.70%
HECM	0.50%	0.50%

For Title I, the maximum insurance premium paid for guaranteed cases endorsed in the years 1992 through 2001 is equal to 0.50 percent of the loan amount multiplied by the number of years of the loan term. The annual insurance premium for a Title I Property Improvement loan is 0.50 percent of the loan amount until the maximum insurance charge is paid. The annual insurance premium of a Title I Manufactured Housing loan is calculated in tiers by loan term until the maximum insurance charge is paid.

Ginnie Mae

Ginnie Mae's exchange revenues include interest revenues from U.S. Treasury, interest income on non-credit reform mortgage loans receivable, MBS guarantee fees, and other fees and income including MBS commitment fees, multiclass fees, and other earned revenues.

Ginnie Mae earns interest income from its investments in U.S. Government securities, as well as on its forward and reverse mortgage loans, at fair value. Ginnie Mae invests funds in U.S. Treasury overnight certificates and earns interest based on interest rates and pricing established by U.S. Treasury under Federal Investments Program guidelines. Interest earned on forward and reverse mortgage loans, at fair value is included within the gain/loss on forward mortgage loans, which is part of earned revenue in the SNC. Ginnie Mae accrues interest for loans at the contractual interest rate of the underlying mortgage. Any prepaid interest is recognized as deferred revenue when received.

Ginnie Mae receives guaranty fees from the issuers on the UPB of the outstanding MBS in the non-defaulted issuer portfolio. These fees are received and recognized as revenue on a monthly basis over the contractual period that the guaranty is provided. Pricing of the guaranty fees is prescribed by *National Housing Act of 1934, Public Law 73-479, 12 U.S.C. §1721 Management and Liquidation Functions of Government National Mortgage Association*. Fees are calculated based on the prescribed pricing multiplied by outstanding UPB. For additional information, refer to Note (15) Insurance Programs.

In addition, Ginnie Mae earns other fees and income, including commitment fees received as issuers request commitment authority to issue Ginnie Mae MBS and one-time up-front fees related to the issuance of multiclass products. Pricing for other fees and income are based on guidance published by Ginnie Mae in the MBS Guide and

are designed to provide appropriate compensation for the administrative costs and value of services provided by Ginnie Mae.

HUD Proper

HUD Proper's earned revenues include non-federal interest revenue from outstanding loans receivable in pre-1992 liquidating funds calculated based on contractual rates, intragovernmental interest revenue from uninvested funds deposited at the U.S. Treasury generated from post-1991 loan guarantees and direct loans in financing accounts calculated based on U.S. Treasury rates, Manufactured Housing Trust Fund fees authorized by the *National Manufactured Housing Construction and Safety Standards Act of 1974, Public Law 93-383*, which is administered by the Office of Manufactured Housing Programs, and an immaterial amount of intragovernmental earned revenues from other federal agencies.

Note Disclosure Related to the Statement of Budgetary Resources

Note 22: Net Adjustments to Unobligated Balance, Brought Forward, October 1:

During FY 2024, HUD made certain adjustments to the balances of unobligated budgetary resources available as of October 1, 2023. These adjustments include downward adjustments to undelivered and delivered orders that were obligated in a prior fiscal year as well as other adjustments.

The table below presents the adjustments to the unobligated balance, brought forward October 1 for September 30, 2024 and 2023:

Net Adjustments to Unobligated Balance, Brought Forward October 1 (dollars in millions)		
	FY 2024	FY 2023
Net Adjustments to Unobligated Balance, Brought Forward October 1		
Prior Year Ending Unobligated Balance	\$ 194,840	\$ 181,985
Adjustments to Budgetary Resources Made During Current Year		
Adjustments Reported on Line 1020 of the SF-133	(39)	(197)
Adjustments Reported on Line 1047 of the SF-133	(99)	-
Downward Adjustments of Prior year Undelivered Orders	1,264	1,547
Downward Adjustments of Prior Year Delivered Orders	123	144
Other Adjustments	(387)	(565)
Net Adjustments to Unobligated Balance Brought Forward, October 1	862	929
Unobligated Balance from Prior Year (Discretionary and Mandatory)	\$ 195,702	\$ 182,914

As of September 30, 2024, HUD's other adjustments line primarily consists of Transfers - Prior-Year Balances of \$10 million, Borrowing Authority Withdrawn of \$46 million (credit), and Actual capital transfers to the general fund of the U.S. Government, prior-year balances of \$189 million (credit), and Cancelled Authority of \$162 million (credit).

As of September 30, 2023, HUD's other adjustments line primarily consists of borrowing authority withdrawn in the amount of \$1 million (credit), partial or early cancellation of authority in the amount of \$3 million (credit), transfer of prior year balances in the amount of \$5 million, canceled authority in the amount of \$227 million (credit), and actual capital transfers to the general fund of the U.S. Government for prior-year balances in the amount of \$339 million (credit).

Note 23: Undelivered Orders at the End of the Period, Commitments, Available Contract Authority End of Period, and Permanent Indefinite Appropriations

Contractual Commitments

HUD has entered into extensive long-term obligations that consist of legally binding agreements to provide grants, subsidies, or loans. Obligations become liabilities when all actions required for payment under an agreement have occurred. The mechanism for funding subsidy obligations generally differs depending on whether the agreements were entered into before or after 1988.

With the exception of the HED and Low Rent Public Housing Loan Programs (which have been converted to grant programs), Section 235 Rent Supplement/236 Programs, and a portion of "All Other" programs, HUD management expects all of the programs to continue incurring new obligations under authority granted by Congress in future years. However, estimated future obligations under such new authority are not included in the amounts below.

Prior to FY 1988, HUD's subsidy programs, primarily the Section 8 Program and Section 235/236 Programs, operated under contract authority. Each year, Congress provided HUD the authority to enter into multiyear contracts within annual and total contract limitation ceilings. HUD then drew on permanent indefinite appropriations to fund the current year's portion of those multiyear contracts. Because of the duration of these contracts (up to 40-years), significant authority existed to draw on the permanent indefinite appropriations. Beginning in FY 1988, the Section 8 and Section 235/236 Programs began operating under multiyear budget authority whereby the Congress appropriates

the funds “up-front” for the entire contract term in the initial year. As of September 30, 2024 and 2023, HUD Proper does not have any contract authority available.

HUD’s balances are based on the amount of unliquidated obligations recorded in HUD’s accounting records with no provision for changes in future eligibility, and thus are equal to the maximum amounts available under existing agreements and contracts. Unexpended appropriations and cumulative results of operations shown in the Consolidated BS comprise of funds with the U.S. Treasury which are available to fund existing obligations that were provided through “up-front” appropriations, and also include permanent, indefinite appropriations received in excess of amounts used to fund the pre-1988 subsidy contracts and offsetting collections.

FHA enters into long-term contracts for both program and administrative services. FHA funds these contractual obligations through unexpended appropriations, permanent indefinite authority, and offsetting collections. The appropriated funds are primarily used to support administrative contract expenses while the permanent indefinite authority and the offsetting collections are used for program services. The permanent indefinite authority for FHA as of September 30, 2024 and 2023 was \$54 million and \$45 million, respectively. The offsetting collections for FHA’s undelivered orders as of September 30, 2024 and 2023 were \$3,174 million and \$2,909 million, respectively. The offsetting collections for Ginnie Mae’s undelivered orders as of September 30, 2024 and 2023, were \$2,803 million and \$2,303 million, respectively.

As discussed in Note (1) Summary of Significant Accounting Policies, HUD received additional appropriated disaster funding from the *ARP*. As of September 30, 2024 and 2023, HUD has unpaid undelivered orders in the amount of \$5,634 million and \$5,828 million, respectively, related to the *ARP*. As of September 30, 2024 and 2023, HUD also has paid undelivered orders in the amount of \$140 million and \$105 million, respectively. As of September 30, 2024, HUD had no commitments related to the *ARP*. As of September 30, 2023, HUD had less than \$1 million related to the *ARP*.

The following table presents HUD’s unpaid obligations and contractual commitments under its grant, subsidy, and loan programs as of September 30, 2024 and 2023:

Undelivered Orders at the End of the Period, Unpaid (dollars in millions)						
	FY 2024			FY 2023		
	Federal	Non-Federal	Total	Federal	Non-Federal	Total
FHA	\$ 17	\$ 3,344	\$ 3,361	\$ 8	\$ 3,079	\$ 3,087
Ginnie Mae	119	2,683	2,802	147	2,156	2,303
Section 8 Rental Assistance	-	12,825	12,825	1	13,318	13,319
PIH Loans and Grants	-	10,247	10,247	-	9,999	9,999
HAG	-	3,787	3,787	-	3,789	3,789
HED	9	1,557	1,566	9	1,155	1,164
CDBG	-	52,489	52,489	-	51,281	51,281
HOME	-	9,963	9,963	-	10,365	10,365
Section 235 & 236 Other	-	59	59	-	97	97
All Other	404	7,276	7,680	207	5,821	6,028
Total	\$ 549	\$ 104,230	\$ 104,779	\$ 372	\$ 101,060	\$ 101,432

The following table presents HUD's paid obligations and contractual commitments under its grant, subsidy, and loan programs as of September 30, 2024 and 2023:

Undelivered Orders at the End of the Period, Paid (dollars in millions)						
	FY 2024			FY 2023		
	Federal	Non-Federal	Total	Federal	Non-Federal	Total
FHA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ginnie Mae	2	467	469	3	421	424
Section 8 Rental Assistance	-	465	465	-	353	353
PIH Loans and Grants	-	334	334	-	255	255
All Other	40	-	40	40	-	40
Total	\$ 42	\$ 1,266	\$ 1,308	\$ 43	\$ 1,029	\$ 1,072

Administrative Commitments

In addition to the above contractual commitments, HUD has entered into administrative commitments which are the reservation of funds for specific projects (including those for which a contract has not yet been executed) to obligate all or part of those funds. Administrative commitments become contractual commitments upon contract execution.

The following table presents HUD's administrative commitments as of September 30, 2024 and 2023:

Commitments (dollars in millions)		
	FY 2024	FY 2023
FHA	\$ -	\$ -
Ginnie Mae	-	-
Section 8 Rental Assistance	79	56
PIH Loans and Grants	14	24
HAG	235	546
HED	197	435
CDBG	1,262	5,008
HOME	235	143
All Other	218	130
Total	\$ 2,240	\$ 6,342

Note 24: Legal Arrangements Affecting the Use of Unobligated Balances

Pursuant to *Title III of National Housing Act of 1934, Public Law 73-479, 12 U.S.C. §1716*, Ginnie Mae collections from commitment and Multiclass fees are credited to offsetting collections in the program account. The portion of Commitment and Multiclass fees collection in excess of the enacted amounts available of annual and/or no-year Salaries and Expenses (S&E) spending, are precluded from being available for obligation.

The following table presents the funds precluded from obligation as of September 30, 2024 and 2023:

Legal Arrangements Affecting the Use of Unobligated Balances (dollars in millions)		
	FY 2024	FY 2023
Precluded Obligations Balance, Beginning	\$ 1,510	\$ 1,417
Anticipated	-	-
Collected	100	93
Precluded Obligations Balance, Ending	\$ 1,610	\$ 1,510

Note 25: Explanation of Differences between the Statement of Budgetary Resources (SBR) and the Budget of the United States Government

The President's Budget containing actual FY 2024 data is not available for comparison to the SBR. Actual FY 2024 data will be available at a later date at <https://www.whitehouse.gov/omb/budget/>. For FY 2023, a reconciliation to compare HUD's SBR to the President's Budget of the United States was performed to identify any variances. The "Other" line represents rounding, timing, and other immaterial differences between HUD's Combined SBR and the Budget of the United States.

The table below displays the variances between HUD's Statement of Budgetary Resources to the Budget for the U.S. Government for FY 2023:

Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government (dollars in millions)				
	FY 2023			
	Budgetary Resources	New Obligations and Upwards Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 319,941	\$ 125,101	\$ 2,391	\$ 69,776
Resources related to HUD's expired accounts not reported in the President's Budget	(529)	-	-	-
Offsetting receipts not included in the President's Budget	-	-	(373)	-
Other	6	(2)	1	(3)
Budget of the United States Government	\$ 319,418	\$ 125,099	\$ 2,019	\$ 69,773

Note Disclosure Not Pertaining to a Specific Statement

Note 26: Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation)

FASAB issued *SFFAS No. 53: Budget and Accrual Reconciliation (BAR)*, which requires a reconciliation of HUD's net outlays on a budgetary basis to its net cost of operations during the reporting period. The Reconciliation of Net Cost to Net Outlays replaces the Statement of Financing note disclosure, which reconciled the budgetary resources obligated (and some non-budgetary resources) and the net cost of operations.

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays presented on a budgetary basis, and the net cost presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

In accordance with the guidance provided by *OMB Circular A-136*, the presentation of the BAR has been revised to enhance clarity and compliance. Specifically, HUD has adjusted the reporting of financing accounts related to loans receivable under *FCRA*. Under the updated presentation, financing account activities are now included in the Net Income line of the BAR. This change reflects HUD's commitment to providing a comprehensive overview of our financial performance while adhering to regulatory requirements. However, to maintain transparency and ensure a clear understanding of the financing activities, HUD also included a line item in the "Other Reconciling Section" that backs out these financing account activities thereby following the guidance provided by OMB. Ginnie Mae's does not follow *FCRA*, its financing account activity is included in the reconciliation and is not required to be backed out.

This approach ensures that stakeholders can clearly see the effects of financing accounts on our overall financial results while distinctly isolating these items for better analysis. This dual presentation aligns with *OMB Circular A-136*, which stipulates that agencies must exclude financing account activities from the BAR."

The U.S. Treasury's BAR crosswalk serves as guidance to federal agencies and is not considered to be all inclusive. HUD's BAR deviates in certain situations where activity has both, either, or neither net cost and net outlays activity, and the crosswalk calculated without deviations will show outages. Additionally, changes are made as necessary to account for guidance issued for other statements or notes, such as the BS. Based on guidance from the U.S. Treasury, FHA is reporting two additional line items not included in the U.S. Treasury crosswalk: "Negative Subsidy" and "Liability for Liquidating Fund Transfers."

Components of Net Cost That Are Not Part of Net Outlays

The unique nature of Ginnie Mae's business and accounting processes required to implement the Modified Credit Reform structure described in Note (1) Summary of Significant Accounting Policies requires that certain general ledger accounts be mapped differently than the suggested crosswalk published by the U.S. Treasury. These differences are summarized below:

The U.S. Treasury crosswalk suggests mapping general ledger account "Interest Receivable - Investments" to the "Accounts Receivable" line. Ginnie Mae includes the "Investments" line under "Increase (Decrease) in Assets." This is consistent with how Ginnie Mae presents its investments in the accompanying BS and Note (5) Investments. The balance in this account pertains to interest receivable specifically attributable to Ginnie Mae investments.

Ginnie Mae's mortgage loans are Non-Credit Reform loans, and therefore the activity related to those loans are included within the reconciling line items in the BAR, rather than omitted in lieu of reporting the subsidy cost, as is required for entities that apply *FCRA* reporting standards.

Ginnie Mae's general ledger accounts for "Foreclosed Property" and "Foreclosed Property – Allowance" are included in the "Loans Receivable" line under "Increase (Decrease) in Assets," consistent with how Ginnie Mae presents its "Other Non-Credit Reform Loans" on the accompanying BS.

The U.S. Treasury crosswalk does not include suggested mapping for Ginnie Mae's Other Non-Credit Reform Loans general ledger accounts. For additional information, refer to Note (8) Other Non-Credit Reform Loans.

The U.S. Treasury crosswalk suggests mapping general ledger account "Other Assets" to the "Other Assets" line. Ginnie Mae includes certain "Other Assets" in the "Loans Receivable" line under "Increase (Decrease) in Assets." This is consistent with how Ginnie Mae presents its "Other Non-Credit Reform Loans" on the accompanying BS. Ginnie Mae uses certain "Other Assets" accounts to record its Properties Held for Sale. For additional information, refer to Note (8) Other Non-Credit Reform Loans.

The U.S. Treasury crosswalk suggests mapping general ledger accounts "Gains on Disposition of Assets – Other" to the "Property, Plant, and Equipment disposal & reevaluation" line. Ginnie Mae includes the impact of all costs not part of net outlays which are present in the general ledger account in the "Loans Receivable" line under "Increase (Decrease) in Assets", consistent with how Ginnie Mae presents its "Other Non-Credit Reform Loans" on the accompanying BS. Ginnie Mae uses account "Gains on Disposition of Assets - Other" to record gains and losses on disposal or liquidation of its Other Non-Credit Reform Loan assets. For additional information, refer to Note (8) Other Non-Credit Reform Loans and Note (1) Summary of Significant Accounting Policies section (L) Other Non-Credit Reform Loans.

The U.S. Treasury crosswalk suggests mapping general ledger account "Other Liabilities" to the "Other Liabilities" line. Ginnie Mae includes certain "Other Liabilities" in the "HMBS Obligations, at Fair Value" line under "Increase (Decrease) in Liabilities." This is consistent with how Ginnie Mae presents its "HMBS Obligations, at Fair Value" on the accompanying BS. For additional information, refer to Note (16B) Other Liabilities – HMBS Obligations, at Fair Value.

Ginnie Mae records impairment charges to its internal-use software using a general ledger account for impairment of assets. The U.S. Treasury's crosswalk guidance for the BAR does not include this general ledger account. Ginnie Mae has elected to present these impairment charges as part of the BAR line item "Property, Plant & Equipment – Disposition and Reevaluation."

HUD Proper's crosswalk differs from the U.S. Treasury crosswalk. The U.S. Treasury's current crosswalk excludes half of a transfer between a general receipt fund and revolving funds. The Department included the entire elimination in the BAR in order to reconcile.

Components of Net Outlays that Are Not Part of Net Cost

To determine the amount included in the "Acquisition of Capital Assets" line, Ginnie Mae computed the changes resulting from acquisition of assets in the proprietary property, plant, and equipment accounts. This was necessary as the suggested U.S. Treasury crosswalk requires the use of the memorandum account which is not used by Ginnie Mae. As part of Ginnie Mae's Modified Credit Reform accounting, Ginnie Mae maintains a non-*FCRA* financing account whose outlays are reported as "Disbursements, Net" on the SBR. An additional reconciling line item is included in the Reconciliation of Net Cost to Net Outlays to present the balance of outlays reported by Ginnie Mae's non-*FCRA* financing fund. The inclusion of this line item allows for the BAR to maintain the relationship between the Net Cost of Operations and Budgetary Net Outlays.

On the "effect of prior year credit reform subsidy reestimates" line in the BAR, FHA reports the budgetary

resources required to liquidate the prior-year upward reestimates in the GI/SRI and the Hope for Homeowners funds.

HUD's analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

The Reconciliation of Net Cost to Net Outlays for September 30, 2024 and 2023 were as follows:

Reconciliation of Net Cost to Net Outlays (dollars in millions)						
	FY 2024			FY 2023		
	Intra- governmental	Other than Intragovernmental	Total	Intra- governmental	Other than Intragovernmental	Total
Net Cost	\$ (2,304)	\$ 45,740	\$ 43,436	\$ 823	\$ 66,315	\$ 67,138
Components of net cost not part of budgetary outlays						
Property, plant, and equipment depreciation expense	-	(35)	(35)	-	(99)	(99)
Property, plant, and equipment disposals and revaluations	-	-	-	-	(4)	(4)
Cost of goods sold	-	-	-	-	-	-
Inventory disposals and revaluations	-	-	-	-	-	-
Applied overhead/cost capitalization offset	-	-	-	-	-	-
Year-end credit reform subsidy re-estimates	17,661	-	17,661	10,242	-	10,242
Negative subsidy	3,631	-	3,631	4,956	-	4,956
Adjustments to prior year credit reform reestimates accrual	5,465	-	5,465	(12,864)	-	(12,864)
Loan modification adjustment transfers	-	-	-	-	-	-
Unrealized valuation loss/(gain) on investments in GSEs	-	-	-	-	-	-
Valuation adjustments on investments	-	-	-	-	-	-
Gains/Losses on all other investments	-	-	-	-	-	-
Other gains/losses on all other investments	-	-	-	-	-	-
Increase/(Decrease) in Assets:						
Accounts receivable, Net	4,780	3	4,783	(3,996)	14	(3,982)
Loans receivable, Net (Non-FCRA)	-	(1,680)	(1,680)	-	19,300	19,300
Securities and investments	(56)	-	(56)	(781)	-	(781)
Investments in government-sponsored enterprises	-	-	-	-	-	-
Other assets	-	202	202	35	204	239
(Increase)/Decrease in Liabilities:						
Accounts payable	2,852	262	3,114	(3,755)	(638)	(4,393)
Loan guarantee liabilities	-	-	-	-	-	-
Insurance and guarantee program liabilities	-	(19)	(19)	-	(748)	(748)
Environmental and disposal liabilities	-	-	-	-	-	-
Benefits due and payable	-	-	-	-	-	-
Federal employee benefits payable	-	34	34	-	(8)	(8)
Other Liabilities	11	(367)	(356)	4	176	180
Other Liabilities - HMBS Obligations at Fair Value	-	2,648	2,648	-	(19,147)	(19,147)
Financing Sources:						
Imputed Cost	(142)	-	(142)	(108)	-	(108)
Non-FCRA Financing Fund Disbursements	(761)	1,123	362	(2,300)	321	(1,979)
Total Components of net operating cost not part of the budgetary outlays	\$ 33,441	\$ 2,171	\$ 35,612	\$ (8,567)	\$ (629)	\$ (9,196)

Continued on the next page

Continued from previous page

Reconciliation of Net Cost to Net Outlays (dollars in millions)						
	FY 2024			FY 2023		
	Intra-governmental	Other than Intragovernmental	Total	Intra-governmental	Other than Intragovernmental	Total
Components of the budget outlays that are not part of net operating cost						
Acquisition of capital assets	14	36	50	13	23	36
Acquisition of inventory	-	-	-	-	-	-
Acquisition of other assets	-	-	-	-	-	-
Acquisition of investments	-	-	-	-	-	-
Investment dividend/interest payments	-	-	-	-	-	-
Sale/repayment of investment assets	-	-	-	-	-	-
Other Investment Activity	-	-	-	-	-	-
Effect of prior year credit reform subsidy re-estimates	547	-	547	693	-	693
Financing Sources						
Donated Revenue	-	-	-	-	-	-
Transfers in/out without reimbursements	(27,464)	-	(27,464)	(2,940)	-	(2,940)
Total Components of the budget outlays that are not part of the net operating cost	\$ (26,903)	\$ 36	\$ (26,867)	\$ (2,234)	\$ 23	\$ (2,211)
Other Reconciling Items						
Distributed offsetting receipts	(2,453)	-	(2,453)	(2,391)	-	(2,391)
Custodial Exchange Revenue	-	-	-	-	-	-
Custodial Non-Exchange Revenue	-	-	-	-	-	-
Non Custodial Non-Exchange Revenue	-	(209)	(209)	-	(369)	(369)
Non-Entity Activity	2,431	-	2,431	2,364	-	2,364
Other Temporary Timing Differences	4	-	4	2	-	2
Other Temporary Timing Differences - Change in Accounting Principle	-	-	-	-	(172)	(172)
Appropriated Receipts for Trust/Special Funds	-	211	211	-	368	368
Other Debt	-	-	-	-	-	-
Financing Fund Activity (FHA and HUD Proper)	(3,385)	3,385	-	(2,956)	2,956	-
Liability for Clearing Accounts	-	-	-	-	-	-
Liability for Liquidating Fund Transfers	(189)	-	(189)	(339)	-	(339)
Other Reconciling Items	\$ (3,592)	\$ 3,387	\$ (205)	\$ (3,320)	\$ 2,783	\$ (537)
Total Net Outlays (Calculated Total)	\$ 642	\$ 51,334	\$ 51,976	\$ (13,298)	\$ 68,492	\$ 55,194
Budgetary Agency Outlays, Net (SBR)			\$ 51,976			\$ 55,194

Note 27: Non-Custodial Non-Exchange Revenues

Non-Custodial Non-Exchange Revenue includes revenues the government obtains through the use of its sovereign powers to demand payments from the public (i.e., taxes, fines, and penalties).

HUD's Non-Exchange Revenues as of September 30, 2024 and 2023, were as follows:

Non-Exchange Revenues (dollars in millions)		
	FY 2024 Collections	FY 2023 Collections
Nonexchange Revenue Collections		
Penalties and Fines Revenue	\$ -	\$ 4
Other Revenue	8	5
Total Nonexchange Revenue	\$ 8	\$ 9
Less: Other than Intragovernmental Nonexchange Revenue	(8)	(9)
Intragovernmental Nonexchange Revenue	\$ -	\$ -

Ginnie Mae

Ginnie Mae's Non-Exchange Revenue includes civil monetary penalty fees collected from issuers for violation of the MBS program. Penalties may be imposed against issuers that knowingly and materially violate any provisions under *Title III of the National Housing Act of 1934, Public Law 73-479, 12 U.S.C. §1721(d)*, and any other regulations or handbooks issued by Ginnie Mae. Additionally, because the U.S. Treasury performs the collection function and Ginnie Mae is solely the recipient entity, the revenue is classified as non-custodial.

HUD Proper

HUD Proper's Non-Exchange Revenues primarily consist of collections related to PRAC Residual Receipts, civil money penalties received from Section 8 owners due to their failure to file required annual financial statements, and payments on Flexible Subsidy Loans. Residual Receipts are defined as Multifamily Housing project funds in excess of amounts needed for project operations and required reserves. Residual Receipts are typically required by regulation or applicable PRAC to be deposited by an owner into an interest-bearing account.

Note Disclosures Related to the SNC and SCNP

Note 28: Reclassification of Financial Statement Line Items for Financial Report Compilation Process

To prepare the *Financial Report of the U.S. Government (Financial Report)*, the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop HUD's Reclassified Statement of Net Cost and Reclassified Statement of Changes in Net Position. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the *Financial Report* statements. This note shows HUD's financial statements and HUD's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated *Financial Report* line items. A copy of the 2023 *Financial Report* can be found here: [Financial Report of the United States Government - Financial Statements of the United States Government for the Fiscal Years Ended September 30, 2023, and 2022 \(treasury.gov\)](#) and a copy of the 2024 *Financial Report* will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government.

The term "non-federal" is used in this note to refer to Federal Government amounts that result from transactions with non-federal entities. These include transactions with individuals, businesses, non-profit entities, and state, local, and foreign governments.

Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost (dollars in millions)							
FY 2024							
FY 2024 U.S. Department of Housing and Urban Development SNC		Line Items Used to Prepare FY 2024 Government-wide SNC					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	Other than Dedicated Collections (with Eliminations)	Eliminations between Dedicated and Other than Dedicated	Total	Reclassified Financial Statement Line
Gross Costs	\$ 55,607						Non-Federal Costs
		\$ 2,180	\$ -	\$ 47,960	\$ -	\$ 50,140	Non-Federal Gross Cost
		-	-	-	-	-	Interest on Debt Held by the Public
		-	-	-	-	-	Property Plant and Equipment (PP&E) Partial Impairment Loss
		2,180	-	47,960	-	50,140	Total Non-Federal Costs
							Intragovernmental Costs
		8	-	295	-	303	Benefit Program Costs
		4	-	137	-	141	Imputed Costs
		225	-	396	(2)	619	Buy/Sell Costs
		14	-	-	-	14	Purchase of Assets
		-	-	-	-	-	Federal Securities Interest Expense
		9	-	4,309	-	4,318	Borrowing and Other Interest Expense
		-	-	-	-	-	Borrowing Losses
		3	-	83	-	86	Other Expenses (w/o Reciprocals)
		263	-	5,220	(2)	5,481	Total Intragovernmental Costs
Total Gross Costs	55,607	2,443	-	53,180	(2)	55,621	Total Reclassified Gross Costs
Earned Revenue	(12,171)	(4,236)	-	(164)	-	(4,400)	Non-Federal Earned Revenue
							Intragovernmental Revenue
		-	-	(3)	2	(1)	Buy/Sell Revenue
		-	-	-	-	-	Benefit Program Revenue
		(14)	-	-	-	(14)	Purchase of Assets Offset
		(1,246)	-	(5,591)	-	(6,837)	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
		(9)	-	(924)	-	(933)	Borrowing and Other Interest Revenue
		-	-	-	-	-	Borrowing Gains
		(1,269)	-	(6,518)	2	(7,785)	Total Intragovernmental Earned Revenue
Total Earned Revenue	(12,171)	(5,505)	-	(6,682)	2	(12,185)	Total Reclassified Earned Revenue
(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes	-	-	-	-	-	-	Gains/Losses from Changes in Actuarial Assumptions (Non-Federal)
Total Net Cost of Operations	\$ 43,436	\$ (3,062)	\$ -	\$ 46,498	\$ -	\$ 43,436	Net Cost of Operations

Continued on the next page

Continued from previous page

Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost (dollars in millions)							
FY 2023							
FY 2023 U.S. Department of Housing and Urban Development SNC		Line Items Used to Prepare FY 2023 Government-wide SNC					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	Other than Dedicated Collections (with Eliminations)	Eliminations between Dedicated and Other than Dedicated	Total	Reclassified Financial Statement Line
Gross Costs	\$ 75,381						Non-Federal Costs
		\$ 3,810	\$ -	\$ 66,582	\$ -	\$ 70,392	Non-Federal Gross Cost
		-	-	-	-	-	Interest on Debt Held by the Public
		-	-	-	-	-	Property Plant and Equipment (PP&E) Partial Impairment Loss
		3,810	-	66,582	-	70,392	Total Non-Federal Costs
							Intragovernmental Costs
		7	-	269	-	276	Benefit Program Costs
		3	-	105	-	108	Imputed Costs
		202	-	404	(2)	604	Buy/Sell Costs
		13	-	-	-	13	Purchase of Assets
		-	-	-	-	-	Federal Securities Interest Expense
		2	-	3,918	-	3,920	Borrowing and Other Interest Expense
		-	-	-	-	-	Borrowing Losses
		2	-	75	-	77	Other Expenses (w/o Reciprocals)
		229	-	4,771	(2)	4,998	Total Intragovernmental Costs
Total Gross Costs	75,381	4,039	-	71,353	(2)	75,390	Total Reclassified Gross Costs
Earned Revenue	(8,243)	(3,902)	-	(174)	-	(4,076)	Non-Federal Earned Revenue
							Intragovernmental Revenue
		-	-	(5)	2	(3)	Buy/Sell Revenue
		-	-	-	-	-	Benefit Program Revenue
		(13)	-	-	-	(13)	Purchase of Assets Offset
		(944)	-	(2,252)	-	(3,196)	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
		(2)	-	(962)	-	(964)	Borrowing and Other Interest Revenue
		-	-	-	-	-	Borrowing Gains
		(959)	-	(3,219)	2	(4,176)	Total Intragovernmental Earned Revenue
Total Earned Revenue	(8,243)	(4,861)	-	(3,393)	2	(8,252)	Total Reclassified Earned Revenue
(Gain)/Loss on Pension, ORB, or OPEB Assumption Changes	-	-	-	-	-	-	Gains/Losses from Changes in Actuarial Assumptions (Non-Federal)
Net Cost of Operations	\$ 67,138	\$ (822)	\$ -	\$ 67,960	\$ -	\$ 67,138	Net Cost of Operations

Reclassification of Statement of Changes in Net Position to Line Items Used for Government-wide Statement of Operations and Changes in Net Position (dollars in millions)			
	FY 2024		
FY 2024 U.S. Department of Housing and Urban Development SCNP	Line Items Used to Prepare FY 2024 Government-wide SCNP		
Financial Statement Line	Amounts	Total	Reclassified Financial Statement Line
UNEXPENDED APPROPRIATIONS			
Unexpended Appropriations, Beginning Balance	\$ 114,874	\$ 114,874	Net Position, Beginning of Period
Changes in Accounting Principles	-	-	Changes in Accounting Principles - Federal
		-	Changes in Accounting Principles - Non-Federal
<i>Total Corrections of Errors</i>	-	-	<i>Total Reclassified Corrections of Errors</i>
Appropriations Received	76,274	75,541	Appropriations Received as Adjusted
Other Adjustments	(733)		
Appropriations Transferred In/Out	6	6	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		-	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
<i>Total Appropriations Transferred In/Out</i>	6	6	<i>Total Reclassified Appropriations Transferred In/Out</i>
Appropriations Used	(78,855)	(78,855)	Appropriations Used
Net Change in Unexpended Appropriations	(3,308)		
Total Unexpended Appropriations	\$ 111,566	\$ 111,566	Total Unexpended Appropriations
CUMULATIVE RESULTS OF OPERATIONS			
Cumulative Results, Beginning Balance	\$ 175,744	\$ 175,744	Cumulative Results, Beginning Balance, as adjusted
Changes in Accounting Principles	-	-	Changes in Accounting Principles - Federal
		-	Changes in Accounting Principles - Non-Federal
Other Adjustments	353	353	Other Adjustments
Appropriations Used	78,855	78,855	Appropriations Used
Nonexchange Revenues	8		Non-Federal Nonexchange Revenues
		-	Individual Income Tax and Tax Withholdings
		-	Corporation Income Taxes
		-	Excise Taxes
		-	Unemployment Taxes
		-	Customs Duties
		-	Estate and Gift Taxes
		8	Other Taxes and Receipts
		8	Total Non-Federal Nonexchange Revenues
			Intragovernmental Nonexchange Revenue
		-	Federal Securities Interest Revenue, including Associated Gains/Losses (Nonexchange)
		-	Borrowings and Other Interest Revenue (Nonexchange)
		-	Benefit Program Revenue (Nonexchange)
		-	Accruals for Entity Amounts to be Collected in a TAS Other than the General Fund
		-	Other Taxes and Receipts
		-	Total Intragovernmental Nonexchange Revenues
Total Nonexchange Revenues	\$ 8	\$ 8	Total Reclassified Nonexchange Revenues

Continued on the next page

Continued from previous page

Reclassification of Statement of Changes in Net Position to Line Items Used for Government-wide Statement of Operations and Changes in Net Position (dollars in millions)			
	FY 2024		
FY 2024 U.S. Department of Housing and Urban Development SCNP	Line Items Used to Prepare FY 2024 Government-wide SCNP		
Financial Statement Line	Amounts	Total	Reclassified Financial Statement Line
Donations and Forfeitures of Property	\$ -	\$ -	Other Taxes and Receipts (Non-Federal) - Donations and Forfeitures of Property
Transfers In/Out without Reimbursement	(2)	-	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
		-	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
		-	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		-	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
		-	Expenditure Transfers-In of Financing Sources
		(2)	Expenditure Transfers-Out of Financing Sources
		-	Non-Expenditure Transfers-In of Financing Sources - Capital Transfers
		-	Non-Expenditure Transfers-Out of Financing Sources - Capital Transfers
		-	Transfers-In without Reimbursement
		-	Transfers-Out without Reimbursement
		-	Other Non-Budgetary Financing Sources
Total Transfers In/Out without Reimbursement	\$ (2)	\$ (2)	Total Reclassified Transfers In/Out without Reimbursement - Budgetary
Other	(1,904)		Non-Federal Nonexchange Revenues Other
		201	Other Taxes and Receipts
		-	Miscellaneous Earned Revenues
		201	Total Non-Federal Nonexchange Revenues Other
			Intragovernmental Other
		-	Miscellaneous Earned Revenues
		-	Federal Securities Interest Revenue including Associated Gains/Losses (Nonexchange)
		-	Borrowing and Other Interest Revenue (Nonexchange)
		-	Accruals of Collections Yet to be Transferred to a TAS Other than the General Fund
		(2,431)	Non-Entity Collections Transferred to the General Fund
		326	Accruals for Non-Entity Amounts to be Collected and Transferred to the General Fund
		-	Other Budgetary Financing Sources
		-	Other Taxes and Receipts
		(2,105)	Total Intragovernmental Other
Total Other	\$ (1,904)	\$ (1,904)	Total Reclassified Other
Donations and Forfeitures of Cash and Cash Equivalents	-	-	Donations and Forfeitures of Cash and Cash Equivalents
Imputed Financing	142	142	Imputed Financing Sources
Total Donations, Transfers, & Imputed Financing	\$ (1,764)	\$ (1,764)	Total Donations, Transfers, & Imputed Financing
Net Cost of Operations	(43,436)	(43,436)	Net Cost of Operations
Net Change in Cumulative Results of Operations	34,016		
Ending Balance - Cumulative Results of Operations	\$ 209,760	\$ 209,760	Cumulative Results of Operations
Total Net Position	\$ 321,326	\$ 321,326	Net Position

Note 29: Subsequent Events

Ginnie Mae, a HUD component, has evaluated subsequent events through November 15, 2024, the date the financial statements were available to be issued. As of the date of issuance for these financial statements and notes, Ginnie Mae was still assessing the full impact of Hurricane Milton on the carrying values of its assets and liabilities. This assessment is expected to be completed during the fiscal year 2025, and any adjustments will be reflected in subsequent reporting periods as necessary.

REQUIRED SUPPLEMENTARY INFORMATION

U.S. Department of Housing Urban Development
Combining Statement of Budgetary Resources
For the Year Ended September 30, 2024
(dollars in millions)

FY 2024	FHA	Ginnie Mae	Section 8 Rental Assistance	PIH	HAG	HED	CDBG	HOME	All Other	Budgetary Total	FHA Non-Budgetary	Ginnie Mae Non-Budgetary	Other Non-Budgetary Credit Reform Accounts	Total Non-Budgetary Credit Reform Accounts	Total
Budgetary Resources															
Unobligated Balance From Prior Year Budget Authority, Net (discretionary and mandatory) (Note 22)	\$ 132,301	\$ 23,780	\$ 4,508	\$ 875	\$ 4,855	\$ 1,128	\$ 5,274	\$ 166	\$ 4,273	\$ 177,160	\$ 16,091	\$ 2,355	\$ 96	\$ 18,542	\$ 195,702
Appropriations (discretionary and mandatory)	699	-	48,487	10,070	4,051	1,095	6,719	1,250	3,899	76,270	-	-	-	-	76,270
Borrowing Authority (discretionary and mandatory)	-	-	-	-	-	-	-	-	-	-	22,018	-	249	22,267	22,267
Spending Authority from Offsetting Collections (discretionary and mandatory)	27,060	2,795	-	-	-	80	-	-	92	30,027	25,912	6,270	207	32,389	62,416
Total Budgetary Resources	\$ 180,060	\$ 26,575	\$ 52,995	\$ 10,945	\$ 8,906	\$ 2,303	\$ 11,993	\$ 1,416	\$ 8,264	\$ 283,457	\$ 64,021	\$ 8,625	\$ 552	\$ 73,198	\$ 356,655
Status of Budgetary Resources															
New Obligations and Upward Adjustments (Total)	\$ 4,891	\$ 1,496	\$ 49,248	\$ 9,926	\$ 3,910	\$ 1,478	\$ 10,590	\$ 1,157	\$ 5,569	\$ 88,265	\$ 46,247	\$ 6,196	\$ 442	\$ 52,885	\$ 141,150
Unobligated Balance, End of Year															
Apportioned, Unexpired Accounts	22	502	3,676	990	4,310	718	1,369	248	1,733	13,568	6,842	742	21	7,605	21,173
Unapportioned, Unexpired Accounts	155,119	24,577	71	11	39	62	32	4	757	180,692	10,832	1,687	89	12,708	193,400
Unexpired Unobligated Balance, End of Year	\$ 155,141	\$ 25,079	\$ 3,747	\$ 1,001	\$ 4,349	\$ 800	\$ 1,401	\$ 252	\$ 2,490	\$ 194,260	\$ 17,774	\$ 2,429	\$ 110	\$ 20,313	\$ 214,573
Expired Unobligated Balance, End of Year	28	-	-	18	647	25	2	7	205	932	-	-	-	-	932
Unobligated Balance, End of Year (Total)	155,169	25,079	3,747	1,019	4,996	825	1,403	259	2,695	195,192	17,774	2,429	110	20,313	215,505
Total Budgetary Resources	\$ 160,060	\$ 26,575	\$ 52,995	\$ 10,945	\$ 8,906	\$ 2,303	\$ 11,993	\$ 1,416	\$ 8,264	\$ 283,457	\$ 64,021	\$ 8,625	\$ 552	\$ 73,198	\$ 356,655
Outlays, Net and Disbursements, Net															
Outlays, Net (Total) (discretionary and mandatory)	(22,596)	(1,665)	49,667	9,709	3,220	1,063	9,373	1,465	4,193	54,429	-	-	-	-	54,429
Distributed Offsetting Receipts (-)	(2,207)	-	-	-	-	-	-	-	(246)	(2,453)	-	-	-	-	(2,453)
Agency Outlays, Net (discretionary and mandatory) (Note 26)	\$ (24,803)	\$ (1,665)	\$ 49,667	\$ 9,709	\$ 3,220	\$ 1,063	\$ 9,373	\$ 1,465	\$ 3,947	\$ 51,976	\$ -	\$ -	\$ -	\$ -	\$ 51,976
Disbursements, Net (Total) (mandatory)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,044	\$ (362)	\$ (11)	\$ 17,671	\$ 17,671

U.S. Department of Housing Urban Development
Combining Statement of Budgetary Resources
For the Year Ended September 30, 2023
(dollars in millions)

FY 2023	FHA	Ginnie Mae	Section 8 Rental Assistance	PIH	HAG	HED	CDBG	HOME	All Other	Budgetary Total	FHA Non-Budgetary	Ginnie Mae Non-Budgetary	Other Non-Budgetary Credit Reform Accounts	Total Non-Budgetary Credit Reform Accounts	Total
Budgetary Resources															
Unobligated Balance From Prior Year Budget Authority, Net (discretionary and mandatory) (Note 22)	\$ 120,465	\$ 20,404	\$ 5,194	\$ 1,037	\$ 4,183	\$ 777	\$ 8,254	\$ 636	\$ 4,265	\$ 165,215	\$ 12,767	\$ 4,816	\$ 116	\$ 17,699	\$ 182,914
Appropriations (discretionary and mandatory)	869	-	45,259	9,440	3,633	1,407	11,387	1,500	4,694	78,189	-	-	-	-	78,189
Borrowing Authority (discretionary and mandatory)	-	-	-	-	-	-	-	-	-	-	22,625	-	112	22,737	22,737
Spending Authority from Offsetting Collections (discretionary and mandatory)	13,765	3,285	-	-	-	115	-	-	83	17,248	14,514	4,281	58	18,853	36,101
Total Budgetary Resources	\$ 135,099	\$ 23,689	\$ 50,453	\$ 10,477	\$ 7,816	\$ 2,299	\$ 19,641	\$ 2,136	\$ 9,042	\$ 260,652	\$ 49,906	\$ 9,097	\$ 286	\$ 59,289	\$ 319,941
Status of Budgetary Resources															
New Obligations and Upward Adjustments (Total)	\$ 2,693	\$ 465	\$ 46,004	\$ 9,630	\$ 3,392	\$ 1,079	\$ 14,368	\$ 1,972	\$ 4,898	\$ 84,501	\$ 34,168	\$ 6,241	\$ 191	\$ 40,600	\$ 125,101
Unobligated Balance, End of Year															
Apportioned, Unexpired Accounts	20	622	4,388	819	4,143	1,079	5,239	154	2,362	18,826	6,033	1,322	52	7,407	26,233
Unapportioned, Unexpired Accounts	132,351	22,602	61	11	21	116	32	-	1,646	156,840	9,705	1,534	43	11,282	168,122
Unexpired Unobligated Balance, End of Year	\$ 132,371	\$ 23,224	\$ 4,449	\$ 830	\$ 4,164	\$ 1,195	\$ 5,271	\$ 154	\$ 4,008	\$ 175,666	\$ 15,738	\$ 2,856	\$ 95	\$ 18,689	\$ 194,355
Expired Unobligated Balance, End of Year	35	-	-	17	260	25	2	10	136	485	-	-	-	-	485
Unobligated Balance, End of Year (Total)	132,406	23,224	4,449	847	4,424	1,220	5,273	164	4,144	176,151	15,738	2,856	95	18,689	194,840
Total Budgetary Resources	\$ 135,099	\$ 23,689	\$ 50,453	\$ 10,477	\$ 7,816	\$ 2,299	\$ 19,641	\$ 2,136	\$ 9,042	\$ 260,652	\$ 49,906	\$ 9,097	\$ 286	\$ 59,289	\$ 319,941
Outlays, Net and Disbursements, Net															
Outlays, Net (Total) (discretionary and mandatory)	(10,942)	(2,899)	44,119	9,215	3,642	1,004	8,774	1,017	3,655	57,585	-	-	-	-	57,585
Distributed Offsetting Receipts (-)	(1,932)	-	-	-	-	-	-	-	(459)	(2,391)	-	-	-	-	(2,391)
Agency Outlays, Net (discretionary and mandatory) (Note 26)	\$ (12,874)	\$ (2,899)	\$ 44,119	\$ 9,215	\$ 3,642	\$ 1,004	\$ 8,774	\$ 1,017	\$ 3,196	\$ 55,194	\$ -	\$ -	\$ -	\$ -	\$ 55,194
Disbursements, Net (Total) (mandatory)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,149	\$ 1,980	\$ 62	\$ 12,191	\$ 12,191

INDEPENDENT AUDITOR'S REPORT



OFFICE of
INSPECTOR GENERAL

★ ★ ★ ★
UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

Audit of U.S. Department of Housing and Urban Development's Fiscal Years 2024 and 2023 Financial Statements

Audit Report Number: 2025-FO-0003

November 15, 2024

Office of Audit | Office of Inspector General
U.S. Department of Housing and Urban Development



Date: November 15, 2024

To: Vinay V. Singh
Chief Financial Officer, F

//signed//
From: Kilah S. White
Assistant Inspector General for Audit, GA

Subject: Transmittal of Independent Public Accountant's Audit Report on the U.S. Department of Housing and Urban Development's Fiscal Years 2024 and 2023 Financial Statements

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) results of the audit of HUD's fiscal years 2024 and 2023 financial statements and reports on internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements and other matters.

We contracted with the independent public accounting firm of Sikich CPA LLC to audit the financial statements of HUD as of and for the fiscal years ending September 30, 2024 and 2023,¹ and to provide reports on HUD's (1) internal control over financial reporting and (2) compliance with laws, regulations, contracts, and grant agreements and other matters, including whether financial management systems complied substantially with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA). Our contract with Sikich required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget audit requirements, and the Financial Audit Manual of the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency.

In its audit of HUD, Sikich reported

- That HUD's financial statements as of and for the fiscal year ending September 30, 2024, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.
- No material weaknesses² for fiscal year 2024 in internal control over financial reporting, based on limited procedures performed.

---

¹ The accompanying financial statements as of and for the fiscal year ending September 30, 2023, were audited by other auditors, whose Independent Auditor's Report, issued on November 15, 2023, expressed an unmodified opinion on those financial statements.

² A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of HUD's financial statements will not be prevented or detected and corrected on a timely basis.



- One significant deficiency³ for fiscal year 2024 in internal control over financial reporting, based on the limited procedures performed. The significant deficiency was related to HUD's financial reporting controls over grant accruals.
- No reportable noncompliance issues for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.

In connection with the contract, we reviewed Sikich's reports and related documentation and questioned its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express and we do not express opinions on HUD's financial statements or conclusions about (1) the effectiveness of HUD's internal control over financial reporting; (2) HUD's compliance with laws, regulations, contracts, and grant agreements or other matters; or (3) whether HUD's financial management systems complied substantially with the three FFMIA requirements. Sikich is responsible for the attached Independent Auditors' Report, dated November 15, 2024, and the conclusions expressed therein. Our review disclosed no instances in which Sikich did not comply, in all material respects, with U.S. generally accepted government auditing standards.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Brittany Wing, Audit Director, at (202) 320-7296.

---

³ A significant deficiency is a deficiency or a combination of deficiencies in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.



333 John Carlyle Street, Suite 500
Alexandria, VA 22314
703.836.6701

SIKICH.COM

INDEPENDENT AUDITORS' REPORT

The Honorable Rae Oliver Davis, Inspector General
U.S. Department of Housing and Urban Development

The Honorable Adrienne Todman, Deputy Secretary Performing the Delegable Duties of the Secretary
U.S. Department of Housing and Urban Development

In our audit of the fiscal year 2024 financial statements of the U.S. Department of Housing and Urban Development (HUD), we found:

- The financial statements as of and for the fiscal year ended September 30, 2024, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- No material weaknesses in internal control over financial reporting based on the limited procedures we performed;
- One significant deficiency in internal control over financial reporting as of September 30, 2024; and
- No reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements that we tested.

The following sections contain:

1. Our report on HUD's financial statements, including an emphasis-of-matter paragraph related to disclosures regarding federal credit reform accounting, an other-matter paragraph related to the prior-period financial statements having been audited by a predecessor auditor, required supplementary information (RSI), and other information included with the financial statements; and
2. Other reporting required by *Government Auditing Standards*, which is our report on HUD's (a) internal control over financial reporting and (b) compliance and other matters. This section also includes HUD's comments on our report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HUD, which comprise the consolidated balance sheet as of September 30, 2024, and the related consolidated statement of net cost, consolidated changes in net position, and combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statements (collectively, the basic financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HUD as of September 30, 2024, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.



Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audits contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin 24-02 are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* subsection of our report. We are required to be independent of HUD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in notes 1 and 7 to the financial statements, HUD discloses certain loans receivable, net, and negative loan guarantees, the majority of which are issued under the *Federal Credit Reform Act of 1990 (FCRA)* and attributable to the Federal Housing Administration (FHA), a significant component of HUD. HUD values these credit reform direct loans and loan guarantees and related receivables from assigned notes and property inventories at the present value of their estimated future cash flows associated with these assets. Anticipated cash outflows primarily include lender claims arising from borrower defaults, premium refunds, and costs to maintain and sell foreclosed properties. Anticipated cash inflows primarily include insurance premium receipts, proceeds from asset sales, and principal and interest collections on Secretary-held notes. These valuation estimates are developed using cash flow models that integrate historical data with economic and program forecasts to develop assumptions underlying the models. Actual results may differ from the estimates. Our opinion on HUD's financial statements is not modified with respect to this matter.

As discussed in notes 1 and 15 to the financial statements, HUD discloses that the Government National Mortgage Association (Ginnie Mae), a significant component of HUD, administers a mortgage-backed securities (MBS) guarantee program that is not subject to FCRA, but instead has implemented a "modified credit reform" process using program, financing, liquidating, and capital reserve accounts to process its cash receipts and disbursements through the U.S. Department of Treasury and to record upward and downward re-estimate transactions and negative subsidy payments. Ginnie Mae is in ongoing discussions with OMB and its legal counsel on whether the financing account is fully subject to the provisions of FCRA. HUD accounts for Ginnie Mae's MBS guarantee program in accordance with Statement of Federal Financial Accounting Standards (SFFAS) 51 – *Insurance Programs* while also performing modified credit reform accounting. Our opinion on HUD's financial statements is not modified with respect to this matter.

Other Matter

HUD's financial statements as of and for the year ended September 30, 2023, were audited by other auditors, whose Independent Auditors' Report thereon dated November 15, 2023, expressed an unmodified opinion on those financial statements and included an emphasis-of-matter paragraph on disclosures regarding FHA's federal credit reform accounting and Ginnie Mae's modified federal credit reform accounting. We were not engaged to audit, review, or apply any procedures to HUD's fiscal year 2023 financial statements and, accordingly, we do not express an opinion or any other form of assurance on the fiscal year 2023 financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) the preparation, measurement, and presentation of the RSI in accordance with U.S. generally accepted accounting principles; (3) the preparation and presentation of other information included in HUD's Annual Financial Report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, GAGAS, and OMB guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgments made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HUD's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America and OMB Circular No. A-136, *Financial Reporting Requirements*, require that the Management's Discussion and Analysis (MD&A) and other RSI be presented to supplement the basic financial statements. Such RSI is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB) and OMB, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context.

We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit and we do not express an opinion or provide any assurance on the information because the limited procedures we applied do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

HUD's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in



HUD's Agency Financial Report. The other information comprises the *Summary of Financial Statement Audit and Management Assurances*, *OIG Report on Top Management Challenges Facing HUD in FY 2025*, *Response to OIG Report on Top Management Challenges*, *Payment Integrity Information Act Reporting*, *Civil Monetary Penalty Adjustment for Inflation*, *Grant Programs*, *Climate Related Financial Risk*, and *Agency Audit Resolution Report* sections of the Agency Financial Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Internal Control over Financial Reporting

In connection with our audit of HUD's financial statements, we considered HUD's internal control over financial reporting, consistent with our auditors' responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose described below and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of HUD's internal control over financial reporting. Given these limitations, during our 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency, described below and in Attachment A.

HUD's Internal Controls Over Financial Reporting of the Grant Accrual Need to Be Strengthened

Deficiencies remain within the internal control environment surrounding HUD's grant accrual estimate; specifically, there is a lack of governance and effective collaboration, communication, and documentation amongst and between the two stakeholders: the Office of the Chief Financial Officer (OCFO) and the program office of Community and Planning Development (CPD). This lack of governance, communication, and collaboration, coupled with the significant recent growth of the estimate and increasing complexity, subjectivity, and inherent risk factors surrounding the estimate, have substantially increased the risk of estimation uncertainty and susceptibility to misstatement of HUD's Grant Accrual.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our fiscal year 2024 audit, we also identified deficiencies in HUD's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant HUD management's attention. We have communicated these matters to HUD management and, where appropriate, will report on them separately.

**Basis for Results of Our Consideration of Internal Control over Financial Reporting**

We performed our procedures related to HUD's internal control over financial reporting in accordance with GAGAS and OMB audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

HUD management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of HUD's financial statements as of and for the fiscal year ended September 30, 2024, in accordance with GAGAS, we considered HUD's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HUD's internal control over financial reporting. Accordingly, we do not express an opinion on HUD's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of HUD's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of HUD's internal control over financial reporting. This report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Compliance and Other Matters

In connection with our audit of HUD's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for fiscal year 2024 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to HUD. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters

We performed our tests of compliance in accordance with GAGAS and OMB audit guidance.



Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

HUD management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to HUD.

Auditors' Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in HUD's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to HUD. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements and other matters is not suitable for any other purpose.

HUD's Comments

HUD's comments on this report are included in Attachment B. HUD concurred with the finding in our report.

SiKich CPA LLC

Alexandria, VA
November 15, 2024



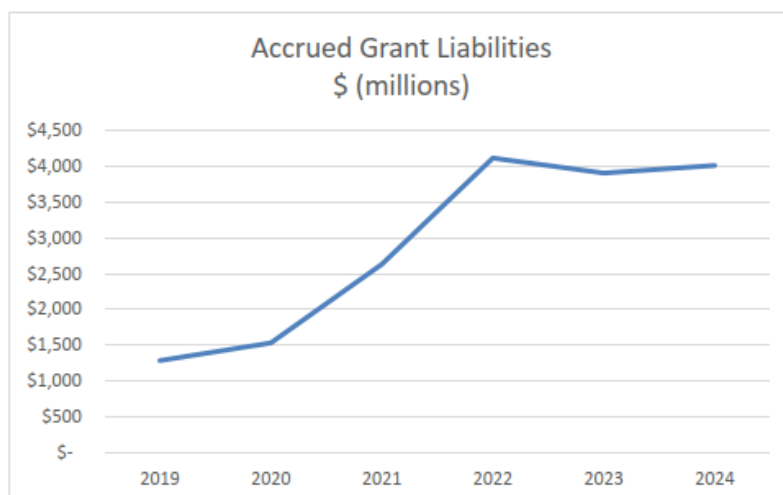
ATTACHMENT A: SIGNIFICANT DEFICIENCY

During our engagement to audit the fiscal year (FY) 2024 U.S. Department of Housing and Urban Development (HUD) financial statements, we identified deficiencies in internal control over financial reporting. These deficiencies include one significant deficiency, as described in this attachment.

SIGNIFICANT DEFICIENCY 1: HUD'S INTERNAL CONTROLS OVER FINANCIAL REPORTING OF THE GRANT ACCRUAL NEEDS TO BE STRENGTHENED

HUD does not have sufficient governance, including effective collaboration, communication, and documentation between the program office (CPD) and the financial office (OCFO), to support the effective development, review, and execution of both the grant accrual calculation and the accrual validation.

Background: Although various HUD program offices are responsible for calculating HUD's quarterly and year-end grant accruals, the Office of Community Planning Development (CPD) is responsible for calculating the majority of these accruals (approximately 94 percent). The grant accruals represent HUD's estimate for its obligations/ liabilities for work completed in its grant programs but not yet billed to HUD. HUD's grant accrual has undergone significant increases since 2019, as shown in the following chart:



This increase in the estimate has also significantly increased the risk of estimation uncertainty, giving rise to inherent subjectivity and variation in measurement outcomes. In calculating the accounting estimate, HUD selects and applies various methodologies using assumptions and data that require significant judgment and complex measurements. The susceptibility to misstatement for this estimate is driven by the effects of increasing complexity, subjectivity, and other inherent risk factors.

A specific key control performed by the Office of the Chief Financial Officer (OCFO) around the relevance and accuracy of HUD's grant accrual is the grant accrual validation process¹. HUD's grant accrual validation is performed annually, in two stages. The first stage is conducted in the year after the year-end estimate is recorded and is called the "preliminary validation". The second stage is conducted in the second year after the same year-end estimate is recorded and is called the "final validation". For example, OCFO's preliminary validation of the FY 2023 grant accrual was conducted in FY 2024 and determined whether a sample of transactions from October 2023 through February 2024 (i.e., the first 5

¹ During this validation process, the OCFO's objective is to determine how close the program office's year-end grant accrual estimate compares to actual grant expenses.



months of FY 2024) represented expenses that were incurred during FY 2023 or FY 2024. OCFO then estimates the program expenses for March through September 2024 (i.e., the subsequent 7 months of FY 2024) using proxy data from the prior two years' expenses. OCFO uses both the preliminary validation and the proxy data to validate the FY 2023 accrual in FY 2024. Later, in FY 2025, OCFO will review a sample of transactions that occurred from March through September 2024—which it previously estimated using the proxy data—to determine whether the expenses were incurred in FY 2023 or in FY 2024. OCFO will use the results of this review to determine the final grant accrual validation for FY 2023.

Condition:

When developing CPD's grant accrual methodologies and calculating and validating the CPD grant accrual, CPD and OCFO made decisions based on incomplete analysis, unilateral and unsupported rationale, and erroneous information. Specifically, we noted the following issues in fiscal year 2024:

Grant Accrual Calculation

- a. We noted several errors in the second and third-quarter FY 2024 grant accrual calculation that CPD prepared for the Community Development Block Grant Disaster Recovery (CDBG-DR) program.
  - i. For the second quarter, CPD did not calculate the CDBG-DR grant accrual estimate using the correct cumulative outlays. Specifically, CPD erroneously used the outlays from February 2023 to January 2024, instead of the outlays from April 2023 to March 2024.
  - ii. For the third quarter, CPD incorrectly calculated the CDBG-DR grant accrual. Specifically, we determined that CPD had miscalculated one of the cash-on-hand (COH) ratios² dividing the FY 2021 final point estimate by the FY 2022 outlays, instead of to the FY 2021 outlays. We also determined that CPD had miscalculated another COH ratio because OCFO provided CPD with an incorrect point estimate. OCFO was supposed to provide CPD with the CDBG-DR point estimate from OCFO's preliminary validation of the FY 2023 grant accrual; however, OCFO supplied a point estimate of \$1.35 billion, when the correct point estimate would have been \$1.45 billion.
- b. CPD based its decision to change the third-quarter FY 2024 grant accrual methodologies on an incomplete analysis. Specifically, CPD did not include the CDBG-DR program in the analysis that compared the outcome of the new accrual methodology to the outcome of the old accrual methodology on a program-by-program basis. CDBG-DR represents \$1.2 billion, or 32 percent, of CPD's total third quarter grant accrual, and therefore CPD should have included CDBG-DR in the analysis.
- c. OCFO approved CPD's grant accrual estimate for the CDBG-DR program in the third quarter of FY 2024 without being aware that CPD had changed its grant accrual methodology for CDBG-DR. OCFO also approved the annual CPD grant accrual methodologies on August 1, 2024, without knowing that the CDBG-DR grant accrual methodology had changed.
- d. As part of CPD's year-end FY 2024 grant accrual, OCFO approved an accrual amount of \$76 million for the Economic Development Initiative (EDI) program despite CPD not providing adequate documentation and analysis to justify the basis for this amount.

Grant Accrual Validation

- e. In performing its preliminary validation of CPD's FY 2023 grant accrual, OCFO intended to use proxy data for the last 7 months of the prior two FYs (i.e., 2021 and 2022). However, we noted that OCFO

² The cash-on-hand ratio is calculated by using the grant accrual validation's point estimate from a given fiscal year divided by the cash outlays for that fiscal year.



had inadvertently incorporated three FY's worth of proxy data in its validation, rather than two. The inadvertent inclusion of the FY 2020 proxy data caused errors in the results of the validation.

- f. OCFO and CPD did not use the FY 2022 final grant accrual validation results in developing the methodology for CPD's FY 2024 grant accrual and they did not have a documented rationale or coordinated agreement regarding this decision. Instead of operating together in a collaborative effort to develop a better accrual methodology and to improve future validations, OCFO simply informed CPD that the FY 2022 validation results were not reliable and not to use them. The Accounting, Monitoring and Analysis Division (AMAD) staff within OCFO made the recommendation to the Assistant Chief Financial Officer of Accounting, who made the determination not to use the results without documented joint concurrence with CPD. In turn, CPD did not have the opportunity to determine if any portion of the validation was still useful in assessing the reasonableness of CPD's changes to the grant accrual methodologies.

Criteria: GAO-14-704G, *Standards for Internal Controls in the Federal Government* (September 2014), states:

Component – Control Environment

Principle 3 – Establish Structure, Responsibility, and Authority Attributes –

Organizational Structure

3.02 Management establishes the organizational structure necessary to enable the entity to plan, execute, control, and assess the organization in achieving its objectives. Management develops the overall responsibilities from the entity's objectives that enable the entity to achieve its objectives and address related risks.

3.03 Management develops an organizational structure with an understanding of the overall responsibilities and assigns these responsibilities to discrete units to enable the organization to operate in an efficient and effective manner, comply with applicable laws and regulations, and reliably report quality information.

3.04 As part of establishing an organizational structure, management considers how units interact in order to fulfill their overall responsibilities. Management establishes reporting lines within an organizational structure so that units can communicate the quality information necessary for each unit to fulfill its overall responsibilities. Based on the nature of the assigned responsibility, management chooses the type and number of discrete units, such as divisions, offices, and related subunits. Reporting lines are defined at all levels of the organization and provide methods of communication that can flow down, across, up, and around the structure. Management also considers the entity's overall responsibilities to external stakeholders and establishes reporting lines that allow the entity to both communicate and receive information from external stakeholders.

3.05 Management periodically evaluates the organizational structure so that it meets the entity's objectives and has adapted to any new objectives for the entity, such as a new law or regulation.

Documentation of the Internal Control System

3.10 Effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors.



Component – Control Activities

Principle 12 – Implement Control Activities

Attributes –

Documentation of Responsibilities through Policies

12.03 Management documents policies for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness. Each unit, with guidance from management, determines the policies necessary to operate the process based on the objectives and related risks for the operational process. Each unit also documents policies in the appropriate level of detail to allow management to effectively monitor the control activity.

Periodic Review of Control Activities

12.05 Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately.

Component – Information and Communication

Principle 14 – Communicate Internally

Attributes –

14.01 Management should internally communicate the necessary quality information to achieve the entity's objectives.

Communication throughout the Entity

14.03 Management communicates quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles.

14.05 The oversight body receives quality information that flows up the reporting lines from management and personnel. Information relating to internal control communicated to the oversight body includes significant matters about adherence to, changes in, or issues arising from the internal control system. This upward communication is necessary for the effective oversight of internal control.

The Federal Accounting Standards Advisory Board's (FASAB's) Federal Financial Accounting Technical Release 12 (TR 12), *Accrual Estimates for Grant Programs* (August 4, 2010), states:

11. *Preparing reliable and timely accrual estimates for grant programs must be a joint effort between the budget, financial, and program offices at each agency. These offices should work together to ensure that the procedures and internal control recommendations outlined in this TR are implemented and operating as designed.*
15. *For existing programs, management should ensure that adequate documentation is available for accrual estimates relating to existing grant programs. Typical support documentation may include:*
  - a. *support for the calculation of the estimate, including the underlying assumptions used*
  - b. *historical data supporting the assumptions*



Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Policy, states:

Risk management practices must be forward-looking and designed to help leaders make better decisions, alleviate threats and to identify previously unknown opportunities to improve the efficiency and effectiveness of government operations. Management is also responsible for establishing and maintaining internal controls to achieve specific internal control objectives related to operations, reporting, and compliance.

Cause:

The conditions occurred because HUD does not have sufficient governance over the CPD grant accrual. HUD's Departmental Grant Accrual Policy, CFO-14-002 REV 1, dated July 31, 2023 (policy), does not effectively establish the organizational structure, assign responsibility, and delegate authority to achieve HUD's objectives. Further, the policy does not sufficiently provide for effective and quality communication to ensure that HUD personnel appropriately document and effectively review changes and decisions in key accrual methodologies and accrual calculations. For example, HUD's policy does not include requirements for documented oversight, collaborative discussion, and decisioning for key areas in the form of committee meeting agendas and committee meeting minutes documenting the decisions, why those decisions were made, and key discussion points held between the stakeholders. Additionally, procedures were not sufficient to identify and correct errors before they affected key decisions, and the amounts recorded in HUD's financial statements.

Because CPD has sole responsibility for developing the quarterly grant accruals, OCFO is not effectively and meaningfully involved in the grant accrual process before posting the accruals. The OCFO and CPD do not have formal, scheduled, and documented discussions to ensure that both parties understand any changes and have an opportunity to provide feedback prior to implementation. HUD could have further mitigated the conditions noted through formal and documented consultation and concurrence regarding whether and how proposed changes to the grant accrual methodologies meet HUD's objective of calculating a reasonable and reliable estimate for CPD grant accruals.

Effect:

The lack of a formal governing process over the grant accrual and validation process—one that includes all stakeholders—increases the risk that HUD's CPD grant accrual liability will be misstated. Those risks are demonstrated as follows:

- CPD understated the CDBG-DR grant accrual by approximately \$35 million in the second quarter of FY 2024 and by approximately \$34 million in the third quarter of FY 2024.
- Since CPD based its decision to change the third-quarter FY 2024 grant accrual methodologies on an incomplete analysis, the third-quarter CPD grant accrual was at risk of being understated³. After we brought this to OCFO and CPD's attention, CPD updated the analysis to include CDBG-DR and OCFO made the decision to have CPD go back to using the old grant accrual methodology for CDBG-DR because it would result in a better grant accrual for the fourth quarter of FY 2024.

³ The flawed analysis, excluding CDBG-DR, showed an increase in the CPD accrual under the new methodologies of \$304 million over the old methodologies in the third quarter of FY 2024. Since the results from OCFO's preliminary validation of the CPD grant accrual for FY 2023 determined the accrual was potentially understated by \$145 million based on the old methodology, the erroneous increase of \$304 million led OCFO to believe the new methodology would result in a better estimate for FY 2024. However, the correct analysis including CDBG-DR, actually decreased the accrual by \$217 million. Consequently, the impact of the changes in methodologies for all CPD programs was reduced to \$87 million (\$304 million - \$217 million), and therefore, no longer resulted in the substantial increase needed to reduce the risk of the accrual being potentially understated.



- Given that OCFO's preliminary validation of the CPD grant accrual for FY 2023 projected an accrual of \$115 million for EDI and that OCFO believes the program is growing, the FY 2024 EDI grant accrual of \$76 million may be potentially understated.
- Although it is not possible to calculate the direct effect on the FY 2024 grant accrual, the erroneous use of three FY's worth of proxy data caused OCFO's preliminary validation of CPD's FY 2023 grant accrual to fall within OCFO's acceptable range by a margin of more than \$144 million, instead of being \$145 million under OCFO's acceptable range.
- Although it is not possible to calculate the direct effect on the FY 2024 grant accrual, OCFO's final validation of the CPD grant accrual for FY 2022 indicated that CPD's FY 2022 grant accrual was under OCFO's acceptable range by \$1.72 billion. By disregarding this validation, the OCFO may be missing key data points that are needed to produce a reliable estimate, which increases the risk of a potential misstatement in FY 2024 and future years.
- There are also risks that available solutions to challenges in estimating HUD's grant accrual are not identified timely. For example, OCFO performed the grant accrual validation for 3 years before implementing an available solution in the grant accrual validation methodology, known as the partial-pass method, in FY 2024.⁴ Having a partial-pass method earlier would have allowed for additional data to be considered thereby increasing the representation of the various testing strata and thus contributing to an improved precision in the validation for assessing the reasonableness of the CPD grant accrual.

Recommendations:

We recommend that the Chief Financial Officer:

1A. Enhance existing policies to establish a formal grant accrual risk management framework, to help ensure consistent standards across HUD with regard to the development, review, and execution of the grant accrual and validation. This framework should include 1) identifying grant accrual estimation risk, assessing the magnitude of this risk, and managing the risks that arise when using certain quantitative estimation methods, 2) a governance structure that includes estimation ownership, oversight, and framework assessment, 3) the creation of a committee that is responsible for establishing a holistic approach to estimation risk management, including key stakeholders from OCFO and program offices, such as CPD, and 4) a requirement for documentation of committee meeting agendas, minutes, and key decisions and discussion points which impacts the various grant accrual methodologies across the Department.

We recommend that the Deputy Assistant Secretary for Operations of Community Planning and Development:

1B. Enhance CPD's existing Grant Accrual Standard Operating Procedures to strengthen governance within CPD and to effectively work within the framework established by the OCFO in recommendation 1A. The updated procedures should include increased ownership and oversight over the reviews, authorizations, approvals, and changes to the CPD grant accrual estimates and methodology.

⁴ The partial-pass method is a technique that auditors use when performing classical variable sampling to evaluate a sample of items from a population. It involves testing a subset of the sample to determine if the subset meets certain criteria before deciding whether to test the entire sample. If the subset passes the criteria, the auditor can conclude that the entire sample is likely to be acceptable, thus reducing the amount of testing required. This method is thought to have improved the precision of the validation because it allows the calculation to obtain and use a more efficient data set, which improves the representation in each testing strata.

Attachment B

HUD's Comments to the Audit Report



OFFICE OF THE CHIEF FINANCIAL OFFICER

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

HUD OCFO MEMO 25-7

November 7, 2024

MEMORANDUM FOR: Rae Oliver Davis, Inspector General, GAF

FROM: Vinay V. Singh, Chief Financial Officer, F

Vinay Vijay Singh
 Digitally signed by Vinay Vijay Singh
 DN: cn = Vinay Vijay Singh,
 email = vinay.v.singh@hud.gov,
 c = US, o = HUD OU = OCFO
 Date: 2024.11.07 09:52:44 -0500

SUBJECT: Management's Response to Draft Independent Auditor's Report on HUD's Fiscal Year 2024 Financial Statements

Thank you for the opportunity to comment and review the draft Independent Auditor's Report on HUD's Fiscal Year 2024 Financial Statements. The Department's success is a result of every person at HUD's commitment to the mission, collaborative spirit, and financial integrity. We are excited to have earned an unmodified (clean) audit opinion on our consolidated financial statements for the fifth consecutive year.

Based on our success, HUD will continue exploring innovations to improve financial processes, reduce burden, and enhance operational effectiveness as we carry out HUD's mission "to create strong, sustainable, inclusive communities and quality affordable homes to all". The annual financial statement audit, coupled with our internal validations conducted through the Accountability, Integrity and Risk program, provide HUD with a valuable opportunity to assess our governance structure, analyze the Department's risk management and control environment, and refine our operations for optimal results.

We welcome and appreciate the due diligence of the independent public accounting firm Sikich, and the efforts and partnership provided by your office as we continue making improvements to mission reliability and innovating on how we operate to provide the best value to America. Our cooperative efforts demonstrate to the American taxpayer our commitment to fiscal stewardship.

www.hud.gov

espanol.hud.gov



SECTION 3: OTHER INFORMATION

- 159** Summary of Financial Statement Audit and Management Assurances
- 161** OIG Report on Top Management Challenges Facing HUD in FY 2025
- 164** Response to OIG Report on Top Management Challenges
- 165** Payment Integrity Information Act Reporting
- 168** Civil Monetary Penalty Adjustment for Inflation
- 169** Grants Programs
- 170** Climate-Related Financial Risk
- 171** Agency Audit Resolution Report

HUD IN ACTION: The Honorable Adrianne Todman Attends MHI Congress & Expo

The Honorable Adrianne Todman visited Orlando, FL to attend the Manufactured Housing Institute (MHI) Congress & Expo, a premier event for manufactured housing professionals to showcase their latest innovations in manufactured housing products and participate in educational programs hosted by the industry's most successful professionals.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

HUD's independent external auditors identified no material weaknesses in HUD's FY 2024 Consolidated Financial Statement Audit Report. Table 1 presents a summary of the status of the independent audit of HUD's consolidated financial statements. Table 2 is a summary of HUD's *FMFIA* management assurances and systems' compliance with *Section 803(a) of FFMIA*.

Table 1: Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
N/A	0	0	0	0	0
Total Material Weakness	0	0	0	0	0

Table 2: Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (<i>FMFIA</i> § 2)						
Statement of Assurance	Modified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
N/A	0	0	0	0	0	0
Total Material Weakness	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (<i>FMFIA</i> § 2)						
Statement of Assurance	Unmodified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
N/A	0	0	0	0	0	0
Total Material Weakness	0	0	0	0	0	0

Conformance with Federal Financial Management System Requirements (<i>FMFIA</i> § 4)						
Statement of Assurance	Federal systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
N/A	0	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FMFIA)		
	Agency	Auditor
1. Federal Financial Management Systems Requirements	No lack of substantial compliance noted	No lack of substantial compliance noted
2. Applicable Federal Accounting Standards	No lack of substantial compliance noted	No lack of substantial compliance noted
3. USSGL at Transaction Level	No lack of substantial compliance noted	No lack of substantial compliance noted

OIG REPORT ON TOP MANAGEMENT CHALLENGES FACING HUD IN FY 2025

Memorandum

OCTOBER 15, 2024

To:
Adrianne Todman
Acting Secretary, S

From:
Rae Oliver Davis
Inspector General, G

Management and Performance Challenges For Fiscal Year 2025

Each year, the U.S. Department of Housing and Urban Development (HUD or the Department), Office of Inspector General (OIG), issues a report summarizing what we consider to be the most serious management and performance challenges facing the Department for inclusion in HUD's annual agency financial report. This report represents HUD OIG's independent perspective on the top management challenges facing HUD in fiscal year 2025 and beyond.

We have identified the following eight top management challenges:



We are pleased to report we have removed human capital management as a top management challenge for this cycle. HUD has shown sustained progress in human capital management over the last 2 years, notably through the Office of the Chief Human Capital Officer's (OCHCO) closing OIG priority open recommendations. Program offices also reported consistently to OIG that OCHCO's assistance continues improving.

We highlight priority open recommendations throughout this report, which if implemented by HUD, will have the largest beneficial impact on helping HUD achieve its mission and address its top management challenges. We track HUD's progress in addressing all OIG recommendations, including those designated as priorities, on a [Recommendations Dashboard](#).

Introduction

To identify this year's top management challenges, we reviewed our fiscal year (FY) 2024 Top Management Challenges report as well as progress made by HUD in each area. We placed emphasis on challenges and progress affecting the HUD mission, its [Fiscal Year 2022-2026 HUD Strategic Plan](#), and performance related to key performance indicators in HUD's [FY 2024 Annual Performance Plan/2022 Performance Report](#). We also considered reports issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Pandemic Response Accountability Committee, and the U.S. Government Accountability Office (GAO), as well as the views and input of HUD leadership, program officials, oversight partners, and key external stakeholders to leverage their knowledge, experiences, and expertise.

We determined that while HUD has made significant progress over the past year, eight top management challenges remain. Several of these challenges are common to Federal agencies, as reflected by their inclusion in CIGIE's [Top Management and Performance Challenges Facing Multiple Federal Agencies \(September 2023\)](#). Specifically, the Inspector General (IG) community has identified Information Technology Security, Financial Management (Improper Payments), Procurement Management, Grants Management, and Disaster Preparedness as key areas of concern.

In each section of this report, we highlight progress made by HUD over the past year, discuss additional work that needs to be accomplished to address the challenge, and share resources used to develop and inform each section.

Progress: Human Capital Management

We have determined that human capital management is no longer a top management challenge for the Department, largely due to the sustained efforts of the OCHCO. Over the past few years, OCHCO has consistently closed OIG priority open recommendations, and HUD leadership across the Department has widely reported improved coordination with and assistance provided by OCHCO. OCHCO has helped HUD:

1. reduce the time to hire;
2. increase staffing levels;
3. modernize HUD's human capital policies; and
4. develop workforce planning systems to assess human capital needs and track human capital activity, such as recruitment, retention, attrition, and employee feedback.

These are significant efforts and have led to progress in this challenge. HUD, however, still faces capacity challenges that affect its ability to oversee grantees, contractors, and financial sector counterparties; provide high-touch technical assistance; and modernize its programs and IT systems. Additionally, HUD needs to maintain an emphasis on preserving and sharing knowledge within the Department.

While no longer a top management challenge, we encourage HUD leadership throughout the Department to leverage OCHCO's successes to continue improving human capital and performance management in program delivery and execution.

Whistleblower Protections

Federal employees, as well as employees of Federal contractors, subcontractors, grantees, and subgrantees, are protected by law from retaliation when they disclose information that they reasonably believe to be evidence of gross waste; gross mismanagement; abuse of authority; or a violation of a law, rule, or regulation related to a Federal grant or contract. Whistleblowers play a critical role in maintaining the integrity of Government programs. Facilitating awareness about the rights of whistleblowers and protecting whistleblowers themselves are key elements of mitigating fraud and mismanagement.

We issued a [management alert](#) in May 2023 after learning that HUD determined that thousands of its contractors' employees were not protected against retaliation for blowing the whistle. HUD informed OIG that its contracts with many program participants predated the 2013 statute that expanded whistleblower protections to employees of Federal contractors. In our alert, we asked HUD to take immediate action to protect contractor employees who disclose wrongdoing from retaliation.

Continued Impact of Capacity Challenges

Stakeholders consistently identified HUD's capacity as a key theme in addressing its top management challenges. They routinely noted that HUD lacks the funding and infrastructure necessary to meet its growing mission and program responsibilities. Of significant concern was the difficulty HUD faces in recruiting and retaining employees with housing finance, data science, and information technology (IT) skills. Limited staff capacity leads to expertise's being consolidated with too few staff members, posing operational risks when those experts leave the agency.

HUD's stakeholders identified legacy IT systems as a major impediment for HUD in effectively and efficiently administering its programs and delivering an outstanding customer experience. With respect to data, they raised concerns about HUD's ability to securely collect, retain, and share data. We heard from HUD principals and many stakeholders that HUD is unable to leverage technology to innovate and keep pace with its partners, in large part because of its limited authority to reallocate agency funding.

Throughout its strategic and performance plans, HUD builds many of these challenges and considerations into its goals and objectives and establishes strategies and measures to address them. We incorporated HUD's self-identified challenges and considerations into this report to further shed light on what steps HUD must take to address its top management challenges and identify priority open recommendations that would have the greatest impact on helping HUD meet these challenges.

OVERSIGHT & OTHER RESOURCES HIGHLIGHTED IN THIS REPORT

[FY 2024 Top Management Challenges report](#), (November 15, 2023)

[HUD OIG's FY 2024 Priority Open Recommendations report](#), (January 5, 2024)

[HUD's FY 2022-2026 Strategic Plan](#), (March 28, 2022)

[HUD's FY 2025 Annual Performance Plan/2023 Performance Report](#), (March 18, 2024)

[CIGIE's Top Management and Performance Challenges Facing Multiple Federal Agencies](#), (September 2023)

[GAO's Priority Open Recommendations: Department of Housing and Urban Development](#), (June 10, 2024)

[THE FULL HUD'S TOP MANAGEMENT CHALLENGES FY 2025 REPORT CAN BE FOUND ON THE OFFICE OF INSPECTOR GENERAL WEBSITE](#)

RESPONSE TO OIG REPORT ON TOP MANAGEMENT CHALLENGES

HUD is committed to its mission of creating strong, sustainable, and inclusive communities, and providing quality affordable homes for all Americans. We actively work to empower families by expanding homeownership opportunities, developing resilient communities, enhancing environmental justice, and supporting individuals experiencing homelessness. Through these initiatives, we have steadfastly guided our communities across the country through challenging times, demonstrating our dedication to improving lives through our programs.

While we celebrate our significant accomplishments, we recognize that there is still much work ahead. As the OIG's Top Management Challenges for 2025 illustrates, funding limitations, IT infrastructure challenges, and the need for flexibility to reallocate resources can frustrate the execution of our mission. At the same time, we see a rising number of individuals at risk of housing insecurity and a decrease in affordable housing options, highlighting the critical need for our services. These challenges invigorate our efforts to streamline internal processes, improve access to programs, refine business practices, and minimize risks to better serve our communities.

The OIG's recognition of our progress, coupled with constructive feedback in the Top Management Challenges report, will continue to inspire our team as we evaluate our successes, set future priorities, and identify opportunities for improvement. We are particularly proud of the OIG's decision to remove Human Capital Management as a separate major challenge, reflecting HUD's commitment to sustained progress in this area. Through the efforts of the OCHCO, we have successfully reduced hiring times, increased staffing levels, modernized human capital policies, and developed workforce planning systems that effectively track our capital initiatives.

Moreover, HUD has made significant progress in providing consistent guidance to disaster grantees. We launched an interactive guidebook to support grantees in submission processes and action plan development, helping to drive our mission forward. The OIG's recognition of our initiatives to expand access to affordable housing and eliminate hazards in HUD-supported housing reinforces the significance of our work, particularly in light of the challenges posed by years of staff reductions. In addition, we have worked closely with OIG to address whistleblower protections for employees, contractors and grantees, and compliance monitoring across HUD grants and programs.

As we continue to grow and invest in our workforce and technology, as proposed in the President's Budget, we will build upon our achievements. We have made significant improvements in data protection, privacy, and incident response capabilities, achieving a "managed and measurable" maturity level in 14 FISMA metrics for the first time. These advancements empower us to safeguard sensitive information better and detect potential threats to our systems.

Additionally, our OCPO is enhancing procurement policies and practices, ensuring we can efficiently support our program beneficiaries. We remain committed to improving the OCPO's operational support, allowing us to meet the needs of those we serve effectively.

At HUD, we appreciate the OIG's persistent dedication to quality. We are committed to addressing every challenge identified through data-driven and evidence-based approaches. We look forward to fruitful collaboration with the OIG in creating an effective environment that emphasizes audit integrity, enhances mission fulfillment, fosters an ideal workplace for our dedicated staff, and better serves the American taxpayers. Together, we can achieve remarkable outcomes that elevate our communities and lead the way to a brighter future for all.

PAYMENT INTEGRITY INFORMATION ACT REPORTING

In FY 2024, the Department of Housing and Urban Development (HUD) conducted a comprehensive risk assessment of its disbursement processes and programs using FY 2023 payment data. This rigorous assessment revealed no additional programs susceptible to significant improper payments, a significant achievement considering that prior-year analyses had identified two such programs: Tenant Based Rental Assistance (TBRA) and Project Based Rental Assistance (PBRA).

HUD continued a critical mission: to ensure the integrity of its payment systems and safeguard taxpayer dollars while effectively delivering essential housing assistance. From FY 2020 to FY2022, HUD deployed testing approaches that minimized burden on recipients and program staff while meeting the rigorous standards for sampling, testing and estimation required by the Payment Integrity Information Act of 2019 (PIIA). Through this collaborative process HUD successfully completed testing and published improper and unknown payment estimates below the statutory threshold for four of six high risk programs, demonstrating the integrity and effectiveness of its operational controls. These programs were Ginnie Mae Contractor Payments, CPD-Harvey, Irma and Maria (CPD-HIM), CPD-Sandy, and FHA Single Family Insurance Claims (FHA SFIC).

The sheer scale and intricacy of this program presented a formidable challenge to payment integrity testing. Specifically, the PBRA program is comprised of three major sub-programs (Section 8, Section 202, and Section 811), each with its own unique processes, contracting parties, and eligibility requirements. This multi-layered process, involving hard-copy documentation maintained by various entities introduces significant challenges for payment integrity testing.

In prior years, validating payments and identifying populations for testing within PBRA was a manual, resource-intensive process, hampered by decentralized document retention and varying procedures at the contract administrators. The basic sub-sampling approach used historically yielded limited insights and risked overlooking errors further down the payment chain. In the face of these challenges, HUD recognized the need for a transformation in approach and responded with a series of innovations.

New templates and automation processes were introduced to streamline payment reconciliation and enhance data accuracy. Additionally, the shift from sub-sampling to a sophisticated, statistically valid, discrete population testing methodology for FY 2024 represented a significant leap forward. This approach independently tested both payment accuracy (Payee Tier) and tenant eligibility (Eligibility Tier), providing unprecedented visibility into errors, their root causes at all levels, and precision rates. It also reduced the burden on recipients while maintaining statistical validity. To protect sensitive information (PII), a secure SharePoint site was established, ensuring data privacy in the collection process from recipients. Robotic Process Automation (RPA) streamlined the tedious process of document collection and recipient coordination.

Approximately 50 contract administrators (recipients) manage over \$1.2 billion in monthly payments to 17,000 properties on behalf of 1.3 million tenants. The variability in the contract administrators' processes, controls, and documentation retention amplify the risk of improper payments, especially in the Payee Tier (encompassing payments from HUD to contract administrators and from contract administrators to property owners), a high-risk area highlighted by both HUD and the Office of Inspector General (OIG). This prompted HUD to focus significant resources on the Payee Tier testing, understanding that heightened risk exists outside HUD's direct control.

The results of HUD's enhanced FY 2024 testing strategy speak volumes: The Payee Tier showed a reliable (96% precision rate) unknown payment rate of 0.30% (\$45.2 million), with no improper payments identified, significantly below statutory thresholds. This amount is under the statutory threshold for a program to be considered susceptible to significant improper/unknown payments. The unknown payment estimate reflects the amount related to insufficient documentation. This success demonstrates HUD's commitment to protecting taxpayer money. Eligibility Tier testing revealed significant difficulties in retrieving evidence from the contract

administrators to timely support tenant eligibility and any error rate estimation would be misleading based on a lack of precision in an extrapolating error rate. As corrective actions, HUD continued its training efforts to improve contract administrators' timely evidence organization, retention, collection, and submission through training and outreach. The identified corrective actions aim to reduce the unknown payments. They will provide knowledge to the Owners/Agents on their role in the testing process. Due to the absence of adequate documentation from the Owners/Agents to substantiate the payments, \$45.24 million of unknown payments are being reported in FY24. With improved understanding and support regarding the documentation requirements, Owners/Agents will have additional knowledge to furnish the correct documents timely and reduce the extrapolated error.

In conclusion, HUD's journey to payment integrity within PBRA has been a testament to innovation, collaboration, and a commitment to continuous improvement. By implementing new technologies, refining methodologies, and actively engaging with stakeholders, HUD is not only safeguarding taxpayer dollars but also ensuring that vital housing assistance reaches those who need it most. While challenges remain, the progress made reflects HUD's dedication to transparency, efficiency, and accountability in managing its programs.

During FY 2024, HUD assessed existing technology solutions and planned improvements to establish effective controls within the Tenant Based Rental Assistance (TBRA) program. The goal is to prevent and detect improper payments, as outlined in the Public and Indian Housing IT modernization plan. Currently, HUD's Office of Public and Indian Housing (PIH) Office of Field Operations (OFO) uses the Compliance Monitoring Review (CMR) tool and the Enterprise Income Verification (EIV) system to verify and validate information, such as accurate payment standards, income eligibility, eligibility determination, in PHA tenant files for accuracy. Public housing agency's (PHAs) subject to reviews are selected using a risk matrix and performed both on site and in the virtual environment. HUD evaluated existing reports for estimating improper payment rates but found they did not meet the stringent requirements set by the Payment Integrity Information Act (PIIA). Additionally, these reports could not generate reliable error estimates with sufficient precision to cover the entire payment life cycle, which includes payments from HUD to public housing authorities (PHAs), from PHAs to landlords, and considerations for eligibility verification.

Looking ahead to FY 2025 and beyond, and as funding is available, HUD will continue implementing the Public and Indian Housing IT modernization plan and will explore testing methods for sub-populations within the TBRA portfolio. By exploring other approaches for testing, such as subdividing the TBRA PHA populations, HUD will be able to support some level of testing along with modernization efforts and tailor the testing approach. HUD's modernization plans will benefit efforts to test the full payment life cycle for both payee and eligibility tiers through the following initiatives:

- The Enterprise Voucher Management System (eVMS) is set to significantly improve the administration of the Housing Choice Voucher (HCV) program. It will modernize how HUD records monthly HCV performance and automate cash management transactions as well as financial reporting. eVMS will enhance the accuracy and timeliness of housing assistance payments (HAPs), thereby reducing prepaid expenses and accounts payables. This will be achieved by using real-time family-level data that PHAs submit to HUD via the HUD-50058 through IMS PIC. The system will also perform month-to-month reconciliations for retroactive adjustments due to annual income certifications or changes in family composition. Moreover, eVMS will calculate and track administrative fees across all voucher programs, simplifying decision-making for PHAs regarding voucher issuance and other program needs by providing daily online views of PHA funding balances. Overall, eVMS will automate cash management payments and reconciliations, streamline reporting for HUD's financials, and generate data to test elements within payee and eligibility tiers.

- HUD is also advancing one key project a beta version of the Enhanced EIV tool, which uses business intelligence and predictive analytics to identify income trends and changes. The system improvements will strengthen preventative controls at the time of initial applications and renewals, with a focus on eligibility. The Enhanced EIV tool will help identify income discrepancies during tenant applications and renewals, providing PHAs with immediate access to income data reported by other partners. This proactive approach aims to reduce the risk of improper payments resulting from income discrepancies. By leveraging both current and historical data alongside predictive analytics, HUD will be able to pinpoint trends and forecasts concerning family income. The enhancements will eventually expand to involve multiple stakeholders, including all housing authorities. The Enhanced EIV tool will offer a comprehensive view across the department for all PHAs, ensuring that accurate tenant-level information is used for determining Voucher Housing Assistance Payments (HAP) eligibility. This holistic perspective will aid in identifying discrepancies between tenant-reported income and data from other partners and federal agencies, such as the National Database of New Hires from the Department of Health and Human Services (HHS).

These initiatives reflect HUD's commitment to enhancing the integrity and efficiency of the TBRA program, ultimately benefiting the communities we serve and demonstrating a strong commitment to payment integrity.

Actions Taken to Address Auditor Recovery Recommendations

HUD did not receive any recovery auditor recommendations for the FY 2024 reporting cycle, as such, no actions are needed to address recovery auditor recommendations.



For more detailed information on HUD's payment integrity efforts, please scan the QR code or visit <https://www.paymentaccuracy.gov/>.



CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

In accordance with the *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Public Law 114-74*, HUD has published in the [Federal Register](#) the adjustments for inflation of civil monetary penalties under its jurisdiction. The following table summarizes the current penalty levels, which were published in the FR on February 23, 2024, with an effective date of March 25, 2024.

Statutory Authority	Penalty (Name or Description)	Year Penalty Enacted	Latest Year of Adjustment	Current Penalty Level	Location for Penalty Update Details
31 U.S. Code (U.S.C.) §3802(a)(1)	False Claims	1986	2024	\$13,946	88 FR 9745 (February 15, 2023)
31 U.S.C. §3802(a)(2)	False Statements	1986	2024	\$13,946	88 FR 9745 (February 15, 2023)
42 U.S.C. §3537a(c)	Advance Disclosure of Funding	1989	2024	\$24,496	88 FR 9745 (February 15, 2023)
42 U.S.C. §3545(f)	Disclosure of Subsidy Layering	1989	2024	\$24,496	88 FR 9745 (February 15, 2023)
12 U.S.C. §1735f-14(a)(2)	FHA Mortgages and Lenders Violations	1989	2024	Per Violation: \$12,249 Per Year: \$2,449,575	88 FR 9745 (February 15, 2023)
12 U.S.C. §1735f-14(a)(2)	Other FHA Participants Violations	1997	2024	Per Violation: \$12,249 Per Year: \$2,449,575	88 FR 9745 (February 15, 2023)
12 U.S.C. §1715z-13a(g)(2)	Indian Home Loan Guarantee Lender or Holder Violations	1992	2024	Per Violation: \$12,249 Per Year: \$2,449,575	88 FR 9745 (February 15, 2023)
12 U.S.C. §1735f-15(c)(2)	Multifamily & Section 202 or 811 Owners Violations	1989	2024	\$61,238	88 FR 9745 (February 15, 2023)
12 U.S.C. §1723i(a)	Ginnie Mae Issuers & Custodians Violations	1989	2024	Per Violation: \$12,249 Per Year: \$2,449,575	88 FR 9745 (February 15, 2023)
12 U.S.C. §1703	Title I Broker & Dealers Violations	1989	2024	Per Violation: \$12,249 Per Year: \$2,449,575	88 FR 9745 (February 15, 2023)
42 U.S.C. § 4852d(b)(1)	Lead Disclosure Violation	1992	2024	\$21,699	88 FR 9745 (February 15, 2023)
42 U.S.C. §1437z-1(b)(2)	Section 8 Owners Violations	1997	2024	\$47,596	88 FR 9745 (February 15, 2023)
31 U.S.C. §1352	Lobbying Violation	1989	2024	Min: \$24,496 Max \$244,958	88 FR 9745 (February 15, 2023)
42 U.S.C. §3612(g)(3)	<i>Fair Housing Act</i> Civil Penalties	1988	2024	No Priors: \$25,597 One Prior: \$63,991 Two or More Priors: \$127,983	88 FR 9745 (February 15, 2023)
42 U.S.C. §5410	Manufactured Housing Regulations Violation	1974	2024	Per Violation: \$3,558 Per Year: \$4,446,753	88 FR 9745 (February 15, 2023)

GRANTS PROGRAMS

In accordance with *OMB Circular A-136*, all reporting entities with federal grants programs must submit a brief high-level summary of expired, but not closed, federal grants and cooperative agreements.

The summary table below shows the total number of awards and balances still open as of September 30, 2024 for awards where the period of performance end date was September 30, 2022 or earlier.

Category	Period of Performance Lapsed		
	2-3 Years	4-5 Years	More Than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	7,678	2,649	165
Number of Grants/Cooperative Agreements with Undisbursed Balances	1,445	181	15
Total Amount of Undisbursed Balances (in millions)	\$161.30	\$5.37	\$1.24

HUD has made significant progress in closing out awards in FY 2024. OCFO continually promoted the need for Grant Closeouts with the program office staff and as a result, in comparison to FY 2023, HUD has been able to reduce its outstanding Grant Closeouts by 21 percent over last year's counts.

There are some challenges related to staff turnover and timely submission of Closeout documentation which HUD is working with program office staff to remediate. In addition, HUD is in the final phase of software development for an interface between CPD's Integrated Disbursement & Information System and OCFO's LOCCS to facilitate the recording of Grant Closeouts.

HUD will continue to update processes and guidance for grantees to emphasize the importance of Grant Closeouts.

CLIMATE-RELATED FINANCIAL RISK

Climate change has emerged as a critical issue as communities across the United States endure the effects of intense storms, floods, wildfire, droughts, and extreme temperature fluctuations. As the Nation drives toward a clean energy and carbon-free future, HUD is dedicated to ensuring that low-income and historically disadvantaged communities are part of the transformation.

Following the directives of *Executive Order 14008, Tackling the Climate Crisis at Home and Abroad*, HUD has integrated its Climate Action Plan into its Agency Strategic Plan. This integration not only highlights the importance of climate-related initiatives to HUD's mission but also establishes a framework for HUD to monitor and communicate its advancements in meeting its climate goals.

The Department's policy is to organize and deploy the full potential of its divisions to reduce greenhouse gas emissions, enhance resilience against climate change effects, safeguard public health, ensure environmental justice, and stimulate the creation of well-paying union jobs and economic expansion. HUD is dedicated to executing this policy in a manner that fulfills the President's pledge to environmental justice and the advancement of racial equity, in line with *Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*. This order requires HUD to allocate resources with the goal of addressing the historical oversight by the Federal Government in providing sufficient and fair investment in underserved communities, particularly communities of color. HUD has affirmed its dedication to its Climate Action Plan by centering climate goals in the Department's current budget priorities. This highlights HUD's intention to allocate resources to promote climate resilience, environmental justice, and energy efficiency within its portfolio and across the housing sector.

For more information on HUD's Climate Action Plan, please see the link: <https://www.hud.gov/climate>

Ensuring Resiliency and Energy Efficiency

Building on historic investments under the *Inflation Reduction Act (IRA)*, HUD has focused on increasing access to and awareness of funding opportunities while building stronger relationships with interagency partners for collaboration on gathering climate data and ensuring that climate investments enhance housing affordability.

In FY 2024, HUD awarded more than \$544 million of available GRRP funding through 6 rounds of awards. Since being established by the IRA in 2022, more than \$842 million has gone to approximately 200 qualified, HUD-assisted, multifamily properties. These grants are disbursed for HUD-assisted properties to reduce climate pollution, generate renewable energy, reduce housing operating costs, promote the use of green building materials, and improve the quality of life for residents. This GRRP funding has enabled **approximately 22,500 homes** to build climate resilience, increase energy efficiency, improve resident health, and reduce carbon emissions. Two remaining award announcements are expected in FY 2025.

To learn more about GRRP, click [here](#).



HUD celebrated its annual Earth Day tradition of planting with The Children's House in Washington, D.C.

AGENCY AUDIT RESOLUTION REPORT

In FY 2024, HUD continued executing a multi-faceted approach to bring timely and effective closure of open recommendations. Key metrics achieved and improvements made include:

- Reducing the open OIG recommendations to the lowest level since a high in FY 2016 of 2,243 to 612.
- Minimizing the number of recommendations being referred for resolution.
- Validating recommendation closures were properly executed and documented within the audit tracking system by responsible stakeholders.

HUD achieved this significant progress by:

- Utilizing a Tiger Team comprised of HUD and OIG members to facilitate the negotiation of resolving complex, aged, or otherwise difficult to resolve recommendations, as well as enhancing open discussions across diverse and opposing groups. These coordinated opportunities foster understanding about current processes, resource gaps and strategies for addressing open audit recommendations; and exchanging ideas and options for overcoming barriers to closure.
- Conducting virtual roadshows and quarterly meetings with HUD stakeholders to review priority recommendations and challenges of audit workstreams, process, and policy reaching over 784 HUD stakeholders in FY 2024.
- Holding regular touchpoint meetings with affected stakeholders and offering multiple training sessions along with customized tools to help Audit Liaison Officers better manage their resources and track the status of their open audit recommendations. This promoted audit awareness, drove deeper conversations, and helped uncover key insights toward tracking, closing, and reporting all audit-related activities across HUD.
- Working cooperatively with the OIG to close recommendations referred to the Departmental Claims Collection Officer for processing and recommendations with current repayment agreements.

The following charts provide additional details on the key metrics cited above.

Status of OIG Recommendations by FY		
Recommendations	FY 2024	FY 2023
Total New Audit Recommendations	123	175
Total Closed Recommendations	254	318
Total Unresolved/Open Recommendations	612	736
Active Recommendations ³⁷	464	510
Restricted Recommendations ³⁸	148	226
Overdue Recommendations	293	280

³⁷ Active Recommendations – Represent recommendations that HUD is working to resolve.

³⁸ Restricted Recommendations – Represent recommendations where HUD takes no action as an investigation or judicial review is underway, legislative change is needed, or where a payment agreement is in place.

OIG Open Recommendations by Program Office								
Offices	End of FY 2020	End of FY 2021	End of FY 2022	End of FY 2023	End of FY 2024	FY 2024 Restrict ³⁹	FY 2024 Repays	Open and Active FY 2024
Office of Community Planning and Development	502	416	388	352	297	44	7	246
Public and Indian Housing	445	334	298	204	173	18	43	112
Office of Housing	217	145	136	132	109	30	4	75
Office of the Chief Financial Officer	31	18	20	20	8	0	0	8
Office of General Counsel	20	16	13	7	4	0	2	2
Office of Lead Hazard Control and Healthy Homes	22	15	0	1	1	0	0	1
Office of the Chief Information Officer	20	12	0	2	2	0	0	2
Office of the Secretary/Deputy Secretary	5	10	10	0	1	0	0	1
Government National Mortgage Association	22	9	9	8	2	0	0	2
Office of Administration	5	2	0	0	0	0	0	0
Office of the Chief Procurement Officer	2	1	2	6	7	0	0	7
Office of Field Policy and Management	1	1	1	0	0	0	0	0
Office of Policy Development and Research	1	1	2	2	2	0	0	2
Office of the Chief Human Capital Officer	1	0	0	0	0	0	0	0
Office of Fair Housing and Equal Opportunity	3	0	0	2	6	0	0	6
Office of Departmental Equal Employment Opportunity	2	0	0	0	0	0	0	0
Total	1,299	980	879	736	612	92	56	464

³⁹ The sum of FY 2024 Restrict and Repays by offices.



SECTION 4: APPENDICES

- 174** Appendix A: Glossary of Acronyms and Abbreviations
- 180** Appendix B: Table of Websites

HUD IN ACTION: The Honorable Adrienne Todman Visits San Antonio, TX

The Honorable Adrienne Todman traveled to San Antonio, TX to visit the development of Los Arcos at VIDA. This community is the first to break ground utilizing funds from the 2022-2027 City of San Antonio Housing Bond Program and will offer members of the community high-quality living options at affordable rates.

APPENDIX A: GLOSSARY OF ACRONYMS AND ABBREVIATIONS

A

AFR	Agency Financial Report
AHAR	Annual Homelessness Assessment Report
AIDS	Acquired Immunodeficiency Syndrome
APG	Agency Priority Goal
APP	Annual Performance Plan
APR	Annual Performance Report
ARC	Administrative Resource Center
ARP	American Rescue Plan Act
ASC	Accounting Standards Codification
ASU	Accounting Standards Update

B

BAR	Budget and Accrual Reconciliation
BFS	Bureau of the Fiscal Service
BS	Consolidated Balance Sheets

C

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant Disaster Recovery
CECL	Current Expected Credit Losses
CFR	Code of Federal Regulations
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMHI	Cooperative Management Housing Insurance
CoC	Continuum of Care
COVID-19	Coronavirus Disease 2019
CPD	Office of Community Planning and Development
CRO	Cumulative Results of Operations
CSRS	Civil Service Retirement System
CSS	Community and Support Services
CY	Calendar Year

D

DHHL	Department of Hawaiian Homelands
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor

E

EDI	Economic Development Initiatives
EHLP	Emergency Homeowners' Loan Program
EHV	Emergency Housing Vouchers
EIV	Enterprise Income Verification
ESG	Emergency Solutions Grants
EVMS	Enterprise Voucher Management System
Executive Order 13985	Advancing Racial Equity and Support for Underserved Communities Through the Federal Government

Executive Order 14008	Tackling the Climate Crisis at Home and Abroad
Executive Order 14110	Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence (AI)

F

FAIR	Fair Access to Insurance Requirements
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FBWT	Fund Balance with Treasury
FCRA	Federal Credit Reform Act of 1990
FECA	Federal Employees' Compensation Act of 1916
FERS	Federal Employees Retirement System
FFB	Federal Financing Bank
FFMIA	Federal Financial Management Improvement Act of 1996
FHA	Federal Housing Administration
FHEO	Office of Fair Housing and Equal Opportunity
Financial Report	Financial Report of the U.S. Government
FMFIA	Federal Managers Financial Integrity Act of 1982
FOMC	Federal Open Market Committee of the Board of Governors of the Federal Reserve
Forward MFV	Forward Mortgage Loans, at Fair Value
FR	Federal Register
FVO	Fair Value Option
FY	Fiscal Year

G

GA	Guaranty Asset
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GDP	Gross Domestic Product
GI	General Insurance
GI/SRI	General Insurance and Special Risk Insurance
Ginnie Mae	Government National Mortgage Association
GL	General Ledger
GO	Guaranty Obligation
GPO	U.S. Government Publishing Office
GRRP	Green and Resilient Retrofit Program
GSA	General Services Administration
GSE	Government-Sponsored Enterprise

H

H4H	HOPE for Homeowners
HAG	Homeless Assistance Grants
HAP	Housing Assistance Payments
HCV	Housing Choice Voucher
HECM	Home Equity Conversion Mortgage
HED	Housing for the Elderly and Disabled
HERA	Housing and Economic Recovery Act of 2008
HFA	Housing Finance Authorities

HFI	Held for Investments
HFS	Held for Sale
HINT	Housing Interventions
HIV	Human Immunodeficiency Virus
HMBS	Home Equity Conversion Mortgage-Backed Security
HOME	HOME Investment Partnerships Program
HOPE VI	HOPE VI Revitalization Grants
HOPWA	Housing Opportunities for Persons with AIDS
HTF	Housing Trust Fund
HUD	U.S. Department of Housing and Urban Development
HUDCAPS	HUD Central Accounting and Program System

I

IAA	Interagency Agreement
ICDBG	Indian Community Development Block Grants
IHBG	Indian Housing Block Grant
IIF	Insurance-In-Force
IRA	Inflation Reduction Act of 2022
IT	Information Technology
IUS	Internal Use Software

L

LGL	Loan Guarantee Liability
LLG	Liability for Loan Guarantees
LLR	Loan Loss Reserve
LOCCS	Line of Credit Control System

M

MBS	Mortgage-Backed Securities
MCA	Maximum Claim Amount
MD&A	Management's Discussion & Analysis
MFD	Multi-Functional Devices
MFV	Mortgage Loans, at Fair Value
MIP	Mortgage Insurance Premiums
MMI	Mutual Mortgage Insurance
MNA	Mortgage Notes Assigned
MS HAP	Mainstream Housing Assistance Program
MSS	Master Sub-servicer
MTW	Moving to Work
MX	Modification and Exchange

N

NAHASDA	Title VI of Native American Housing Assistance and Self Determination Act of 1996
NAR	National Association of Realtors
NCIS	New Core Interface Solution
NET	Non-Expenditures Transfers
NHHBG	Native Hawaiian Housing Block Grant
NOFA	Notice of Funding Availability
NOFO	Notice of Funding Opportunity

NSP	Neighborhood Stabilization Program
NSPIRE	National Standards for the Physical Inspection of Real Estate

O

OA	Occupancy Agreements
OCFO	Office of the Chief Financial Officer
OCHCO	Office of the Chief Human Capital Officer
OCPO	Office of the Chief Procurement Officer
OHC	Office of Housing Counseling
OIG	Office of Inspector General
OLHCHH	Office of Lead Hazard Control and Healthy Homes
OMB	Office of Management and Budget
ONAP	Office of Native American Programs
ONCRL	Other Non-Credit Reform Loans Receivable

P

P&I	Principal and Interest
PBRA	Project Based Rental Assistance
PD&R	Office of Policy Development and Research
PH	Public Housing
PHA	Public Housing Authorities
PIH	Office of Public and Indian Housing
PIIA	Payment Integrity Improvement Act of 2019
PMM	Purchase Money Mortgages
PP&E	Property, Plant, and Equipment
PRA	Section 811 Project Rental Assistance
PRAC	Project Rental Assistance Contract
Pre-Credit Reform	FCRA Before October 1, 1991
PRISM	Procurement Information System for Management
PRO Housing	Pathways to Removing Obstacles to Housing
Public Law 64-267	Federal Employees' Compensation Act (FECA)
Public Law 66-215	Civil Service Retirement Act
Public Law 73-479	National Housing Act of 1934
Public Law 75-412	Housing Act of 1937
Public Law 86-372	Housing Act of 1959
Public Law 89-174	Department of Housing and Urban Development Act
Public Law 90-448	Housing and Urban Development Act of 1968
Public Law 93-383	Housing and Community Development Act of 1974
Public Law 93-383	National Manufactured Housing Construction and Safety Standards Act of 1974
Public Law 96-339	Housing and Community Development Act of 1980
Public Law 101-508	Federal Credit Reform Act of 1990 (FCRA)
Public Law 101-625	Cranston-Gonzalez National Affordable Housing Act / National Affordable Housing Act of 1990
Public Law 102-550	Housing and Community Development Act of 1992
Public Law 102-589	Cash Management Improvement Act Amendments of 1992 (CMIAA)
Public Law 103-233	Housing and Community Development Amendment of 1978
Public Law 103-356	Government Management Reform Act of 1994
Public Law 104-155	Church Arson Prevention Act of 1996
Public Law 104-156	Single Audit Act (SAA) Amendments of 1996
Public Law 104-208	Federal Financial Management Improvement Act (FFMIA)

Public Law 104-330	Native American Housing Assistance and Self Determination Act (NAHASDA) of 1996
Public Law 106-569	Hawaiian Homelands Homeownership Act of 2000
Public Law 106-569	Manufactured Housing Improvement Act of 2000
Public Law 110-289	Housing and Economic Recovery Act of 2008 (HERA Act)
Public Law 111-5	American Recovery and Reinvestment Act of 2009
Public Law 111-203	Dodd-Frank Wall Street Reform and Consumer Protection Act
Public Law 111-352	Government Performance and Results Act Modernization Act
Public Law 114-74	Penalties Inflation Adjustment Act Improvements Act of 2015
Public Law 116-117	Payment Integrity Improvement Act of 2019 (PIIA)
Public Law 116-136	Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
Public Law 117-2	American Rescue Plan Act (ARP Act)
Public Law 117-169	Inflation Reduction Act of 2022 (IRA)

R

RAD	Rental Assistance Demonstration
Recovery Act	American Recovery and Reinvestment Act of 2009
REMIC	Real Estate Mortgage Investment Conduits
REO	Real Estate Owned
Reverse MFV	Reverse Mortgage Loans, at Fair Value
RNP	Restricted Net Position
RSSI	Required Supplementary Stewardship Information

S

S&E	Salary and Expense
SAA	Single Audit Act Amendments of 1996
SBR	Statements of Budgetary Resources
SCNP	Consolidated Statements of Net Position
Section 8	Rental Assistance
Section 108	Loan Guarantees
Section 184	Loan Guarantee Program
Section 202	Supportive Housing for the Elderly Program
Section 235	Rent Supplement Program
Section 236	Rental Housing Assistance Program
Section 811	Supportive Housing for Persons with Disabilities
SER	Single Effective Rate
SF-132	Standard Form 132: Apportionment and Reapportionment Schedule
SF-133	Standard Form 133: Report on Budget Execution and Budgetary Resources
SFFAS	Statements of Federal Financial Accounting Standards
SHOP	Self Help and Assisted Homeownership Opportunity Program
SNC	Consolidated Statements of Net Cost
SRI	Special Risk Insurance

T

TA	Technical Assistance
TBRA	Tenant Based Rental Assistance
TDAT	Tribal Directory Assessment Tool
TDHE	Tribally Designated Housing Entity
Treasury	U.S. Department of the Treasury
TSP	Thrift Savings Plan

U-Y

U.S.	United States
U.S.C.	U.S. Code
UPB	Unpaid Principal Balance
USAO	U.S. Attorney's Office
USDA	U.S. Department of Agriculture
USSGL	U.S. Standard General Ledger
VA	U.S. Department of Veterans Affairs
YHDP	Youth Homelessness Demonstration Program
YHSI	Youth Homelessness System Improvement

APPENDIX B: TABLE OF WEBSITES

HUD's Resources for Homeowners, Renters, Citizens, and Partners

[Sign up for HUD Email Lists](#)
[HUD Toll-Free Hotlines](#)
[HUD's Local Offices](#)
[HUD's Site Index/Quick Links](#)
[Housing Choice Voucher](#)
[Native American Programs](#)
[Rental Assistance Demonstration](#)
[Lead Disclosure Rule for pre-1978 homes](#)

Help for Mortgages

[Appraiser Selection by Lender](#)
[Approved Appraisers](#)
[Holding the Mortgage Industry Accountable Housing Scorecard](#)
[Mortgagee Letters](#)
[Neighborhood Watch](#)

Access for Housing Authorities and other HUD Partners

[eCon Planning Suite](#)
[FHA Connection](#)
[Information for Housing Counselors](#)
[Public and Indian Housing One-Stop Tool \(POST\) for PHAs](#)

Help for Homeowner, Renters, and Citizens

[Owning a Home](#)
[Affordable Apartment Search](#)
[Buy Versus Rent Calculator](#)
[Fair Market Rent](#)
[FHA Mortgage Limits](#)
[Foreclosure Avoidance Counseling](#)
[Homeownership Mortgage Calculator](#)
[HUD Approved Condominium Projects](#)
[HUD Approved Housing Counseling Agencies](#)
[HUD Homes for Sale](#)
[Lender Locator](#)
[Home Affordability Estimator Calculator](#)
[Loan Affordability Estimator Calculator](#)

Picture: The Honorable Adrienne Todman delivers the opening remarks at the 2024 Annual Innovative Housing Showcase.



Connect With HUD



<https://www.facebook.com/HUD/>



<https://www.flickr.com/photos/hudopa>



<https://www.instagram.com/hudgov/>



<https://www.hud.gov/rss>



<http://X.com/HUDgov>



<https://www.hud.gov/>



<https://www.youtube.com/user/HUDchannel>

Thank you for your interest in HUD's FY 2024 Agency Financial Report. OCFO welcomes your comments or suggestions on how we can improve this report.



202-708-1946



AgencyFinancialReport@HUD.gov



U.S. Department of Housing and Urban Development
451 7th St. SW, Room 3126
Washington, DC 20410
Attention: Chief Financial Officer



To view the report online, please visit the link below:
<https://www.hud.gov/sites/dfiles/CFO/documents/afr2024.pdf>

Acknowledgments

This report reflects the talent and dedication of the entire HUD team in service of the American people.

U.S. Department of Housing and Urban Development

 **451 7th St S.W., Washington, DC 20410**

 **Telephone: 202-708-1112 | TTY: 202-708-1455**

WWW.HUD.GOV

