



Annual Report to Congress Regarding the Financial Status of the Federal Housing Administration

# Mutual Mortgage Insurance Fund

Fiscal Year 2021





## Secretary's Foreword

It is a new day at the U.S. Department of Housing and Urban Development (HUD). We are in the midst of an historic transformation of our agency and in strengthening our role in the nation's housing system. The Biden-Harris Administration has taken several meaningful actions since January with a commitment to redressing the nation's systemic housing challenges and strengthening homeownership access and opportunity.

The Federal Housing Administration (FHA) plays an essential role in advancing homeownership and reaching our equity goals. We are working every day to break through the legacy of discriminatory practices and barriers based on race, color, national origin, religion, sex, and disability. Too many families continue to be blocked from homeownership in neighborhoods of high opportunity because of limited supply of affordable housing, high costs, lack of access to financing, and unfair or inequitable housing practices. This must change.

This is the first annual report to Congress during my tenure as Secretary overseeing the work of FHA. The FHA program serves a crucial role in delivering on a key priority for HUD: making homeownership accessible and sustainable for those who have been historically underserved in the housing market. This past fiscal year, we served 716,028 first-time homebuyers, representing a record 85 percent of FHA's forward purchase mortgage endorsements. FHA insurance served 457,489 individuals and households of color and 49,163 seniors were able to access their home equity using FHA's Home Equity Conversion Mortgage Program (HECM). All of this occurred during an unprecedented pandemic year filled with uncertainty.

This Administration made historic relief available through the American Rescue Plan for those who have been financially devastated from the economic shocks created by the COVID-19 pandemic. The FHA team took unprecedented action working with mortgage servicers and other housing finance agencies to streamline relief options and assist homeowners. For those homeowners who fell behind on their mortgage payments during the pandemic, FHA delivered new flexibilities and expanded forbearance. It implemented new, sustainable, and affordable payment options that enable more payment reduction modifications than previously available. A healthy and disciplined approach to managing the Mutual Mortgage Insurance Fund (MMI Fund) made this flexibility and new loss mitigation toolkit possible. As this report depicts, the MMI Fund must be able to endure any number of economic scenarios or disaster events, whether

it is housing devastation due to wildfires in California, hurricanes in Louisiana, floods in Tennessee, or the aftermath of a global crisis like the COVID-19 pandemic.

Managing the strong fiscal health and performance of the FHA program is a priority, and the continued health of the MMI Fund is required for FHA to deliver on its vital mission of supporting America's homeowners through all economic cycles. I am encouraged to see the MMI Fund remain strong and resilient through the many events of the past year and the agency will continue to closely monitor the delinquencies that remain in the portfolio while ensuring continued stability of the Fund.

The actuarial study shows the capital reserve ratio of the MMI Fund is 8.03 percent as of September 30, 2021, an increase of 1.93 percentage points over the previous fiscal year. This increase is driven in large part by a housing market that endured the pandemic overall with strong home price appreciation nationwide, sustained low interest rates creating strong refinance volume, and positive financial performance of the HECM portfolio for the first time since 2015.

However, we know that many households did not share in the benefits of a strong housing market and that the overall economy continues to recover. The pandemic disproportionately impacted lower income households and communities of color, populations that represent a large share of those the FHA program currently serves. This was particularly evident as the number of FHA homeowners who became delinquent on their mortgage payments and entered forbearance was at more than 1.5 million between March 2020 and the end of this fiscal year. The effects of the pandemic on the FHA Single Family insurance portfolio continues to unfold, with over 660,000 loans that remain delinquent. As reflected in the actuarial report assumptions, FHA's significantly enhanced efforts at providing deep and meaningful assistance to distressed homeowners during the pandemic have positioned it well to mitigate future losses to the MMI Fund.

Looking forward, HUD and FHA will assess the most effective methods for sustainable homeownership while expanding access to credit for the most vulnerable and overlooked households. This year's report to Congress details upcoming plans – from expanding financing for small-dollar mortgages in low-cost markets to proposals for expanded homebuyer assistance – that could create opportunities for homeownership to a greater number of well-qualified borrowers of modest means, particularly first-time homebuyers and those who have historically been locked out of the market.

We recognize that the key to expanding access to credit is greater availability and affordability of FHA-insured mortgage financing. FHA must continue to attract and serve lenders of all types and sizes, particularly those who are working in, or are themselves part of, underserved communities. We look forward to encouraging more participation in the FHA program by community banks, credit unions, Community Development Financing Institutions, and others in the future.

FHA remains a steadfast and important contributor to our nation's housing finance system. I look forward to working with Congress to continue to build on the work underway to deliver on its important mission.

Marcia L. Fudge

A handwritten signature in blue ink that reads "Marcia L. Fudge". The signature is written in a cursive, flowing style.

Secretary  
U.S. Department of Housing and Urban Development

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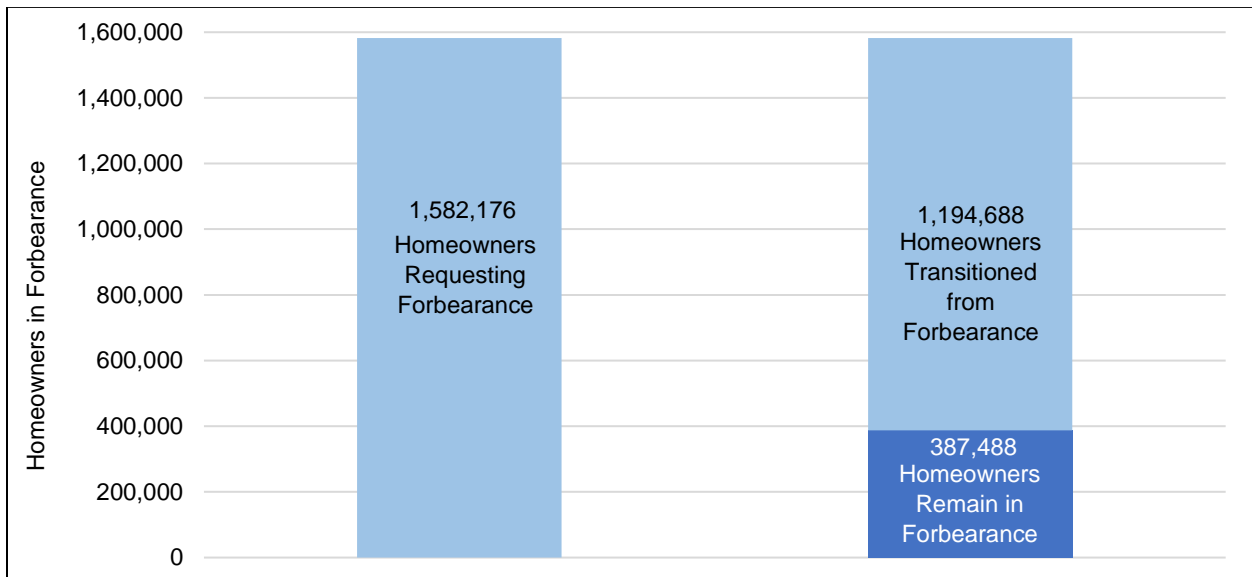
## Executive Summary

The Federal Housing Administration (FHA) remained a critical player in the American housing finance system, amidst the ongoing COVID-19 pandemic and competitive real estate market. FHA provided stability for homeowners in distress, while also ensuring continued access to credit to expand first-time homeownership. On February 24, 2021, President Biden extended the COVID-19 National Emergency Declaration and FHA acted swiftly to implement policy measures to help individuals and families keep their homes. Throughout fiscal year 2021 (FY 2021), FHA continued to assist homeowners facing hardships during these unprecedented times, with a strong focus on protecting individuals and families of color who have been disproportionately impacted by the pandemic.

### Strong Focus on Relief for Households Impacted by the Pandemic

Through a number of policy actions that included extending forbearance and streamlining loss mitigation options, FHA provided meaningful relief to homeowners with FHA-insured mortgages who faced financial challenges. Exhibit O-1 below provides the COVID-19 Forbearance status as of September 30, 2021. As illustrated in the Exhibit, over 1.5 million homeowners, or about 20 percent of all homeowners with FHA-insured mortgages, were granted a COVID-19 Forbearance since March 2020. Of these homeowners, approximately 1.2 million transitioned from forbearance, while more than 387,000 remained in forbearance at the end of FY 2021. About 42 percent of the borrowers who have transitioned have cured or prepaid their mortgage. Another 48 percent have either finalized a loss mitigation agreement or are in process of doing so. The remainder are not currently in a loss mitigation option.

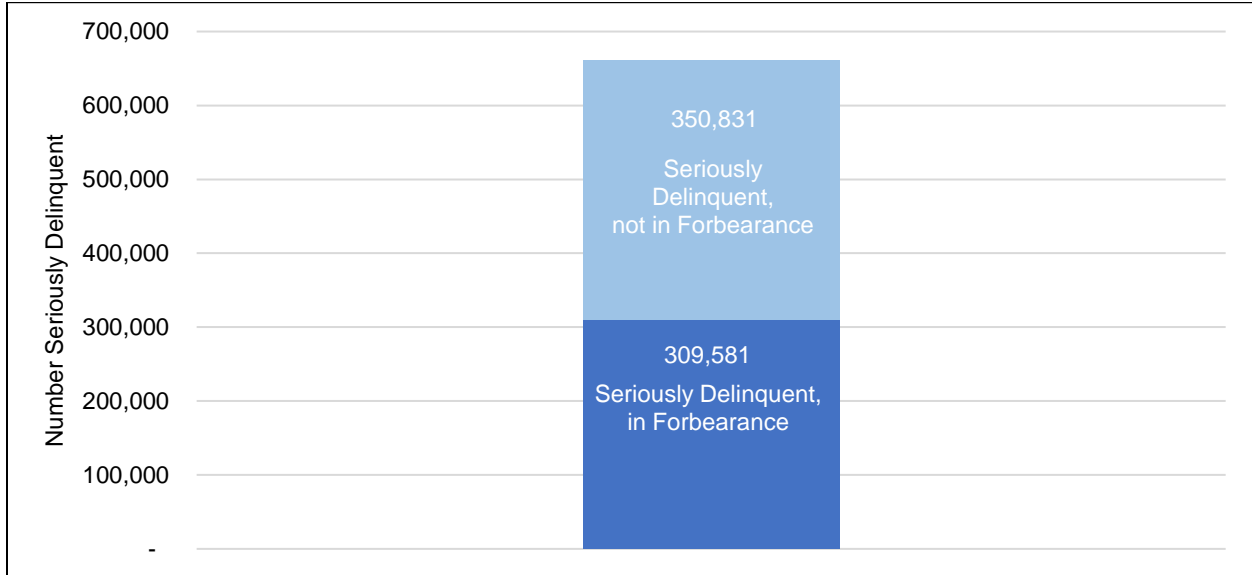
**Exhibit O-1: Borrowers Requesting Forbearance and Remaining Forbearance Counts at the End of FY 2021**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table A-1 in Appendix A.

Of the loans in forbearance, over 309,000 are seriously delinquent and are included in FHA's seriously delinquent portfolio which stood at a total of more than 660,000 loans as of the end of FY 2021, as illustrated in Exhibit O-1A.

**Exhibit O-1A: Seriously Delinquent Homeowners**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table A-5 in Appendix A.

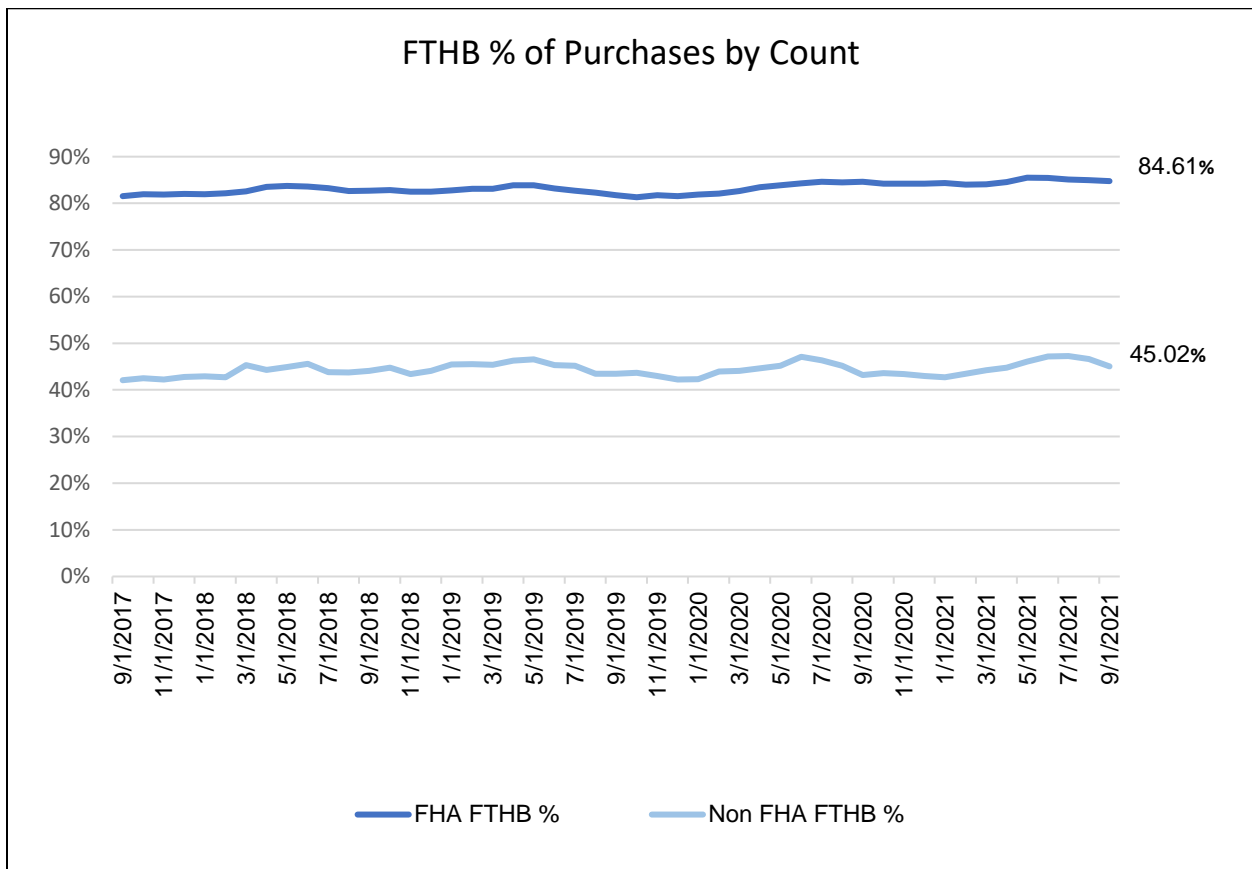
Through a number of measures undertaken throughout the pandemic, FHA's central goal was to keep FHA homeowners in their homes while providing flexibilities to lenders and other FHA program participants necessary to safely continue FHA-insured mortgage lending. Through FY 2021, FHA focused on ensuring that homeowners were provided sustainable home retention options. These measures included:

- Issuing five extensions of the foreclosure and eviction moratoria;
- Extending forbearance relief of up to 18 months;
- Offering streamlined loan modification options; and
- Providing flexibilities in origination and underwriting policies.

## Access to Credit for Underserved Borrowers

FHA-insured mortgages continue to play a significant role in providing access to credit for first-time homebuyers and others traditionally underserved by the conventional mortgage market. In FY 2021, FHA-insured mortgages were an important source of financing for both home purchases and refinances. As Exhibit O-2 below illustrates, FHA achieved record highs in insurance endorsements for first-time homebuyers in FY 2021, both in terms of share (84.61%) and volume (\$176 billion in unpaid principal balance). FHA’s share of lending to first-time homebuyers in 2021 was almost 40 percentage points higher than that of the rest of the U.S. housing market.

**Exhibit O-2: Share of FHA’s Originations to First-time Homebuyers (FTHB) Compared to Other Market Participants**

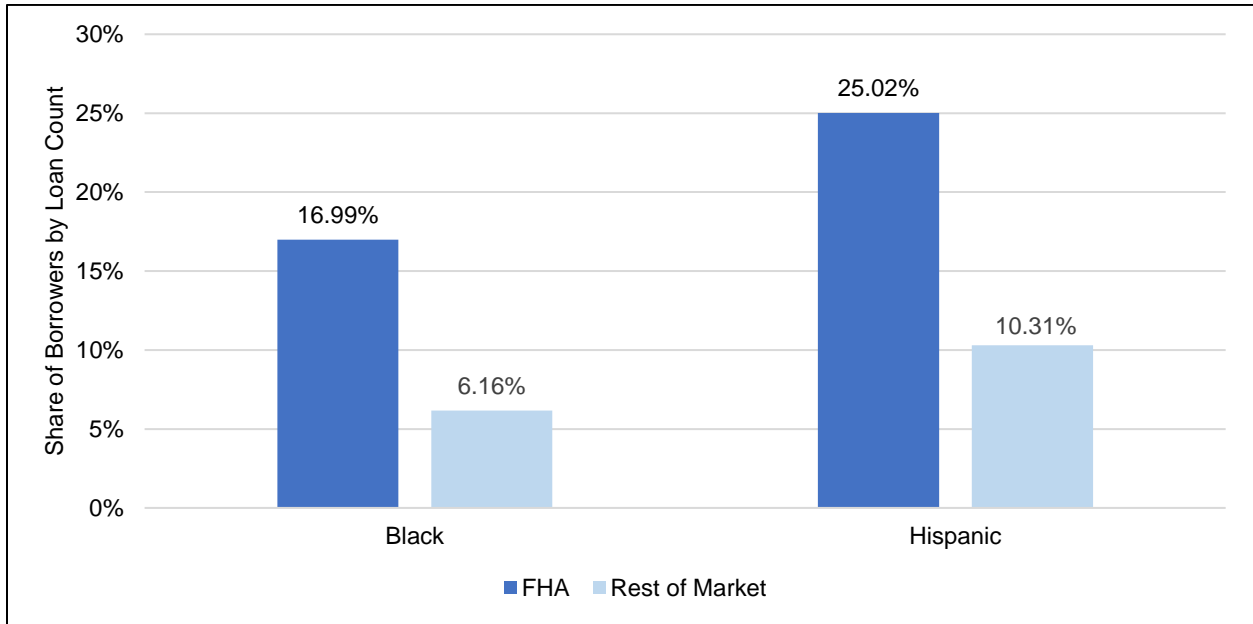


SOURCE: eMBS/Recursion. Exhibit O-2 does not include Private Label Securities or bank portfolio lenders. Refer to data table A-6 in Appendix A.



FHA has traditionally been a vital source of mortgage credit for households of color. As an example, Exhibit O-3, below, shows that the percentages of FHA endorsements for mortgages made to Black and Hispanic borrowers are more than twice that of the rest of the market, according to Calendar Year 2020 Home Mortgage Disclosure Act data. A more detailed description of FHA’s role in supporting affordable mortgage financing for these and other persons of color is contained in Chapter 2.

**Exhibit O-3: FHA’s Share of Lending to Hispanic and Black Borrowers Compared to Other Market Participants**



Source: 2020 Home Mortgage Disclosure Act (HMDA)  
Refer to data table A-3 in Appendix A.

A central focus of FHA’s activity in FY 2021 has been to expand access to credit for homebuyers, especially those representing underserved markets. In FY 2021, FHA conducted a comprehensive review of its policies and programs to identify and address barriers to achieving racial equity. In FY 2021, FHA took concrete action in key areas to advance equitable access to credit and address racial bias in the appraisal process. These actions included:

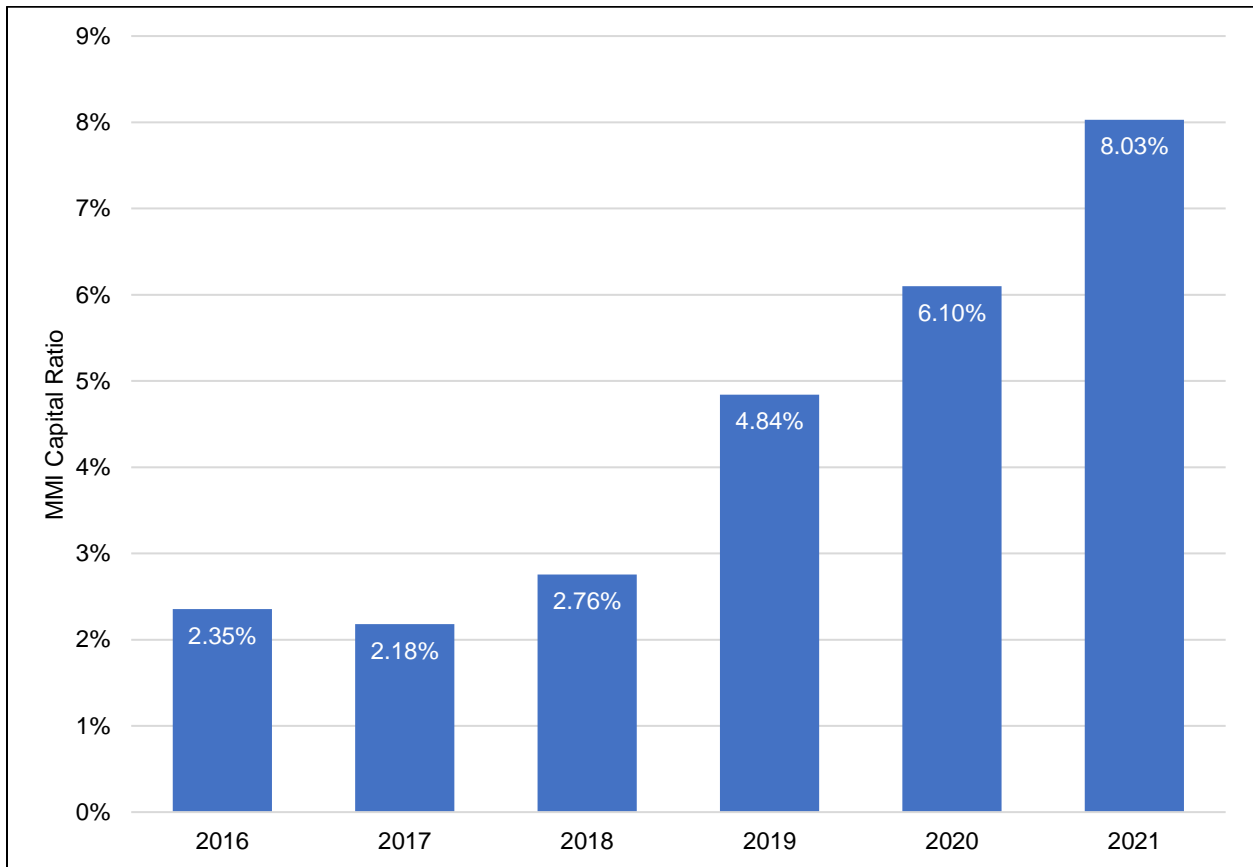
- Made modifications to policies governing the way in which student loan debt is accounted for in the mortgage loan underwriting, which will enable more borrowers to qualify for an FHA loan.
- Provided definitive clarification regarding the eligibility of individuals protected under the Deferred Action for Childhood Arrivals (DACA) program to obtain FHA-insured mortgages.
- Contributed to the work of HUD’s Property Appraisal and Valuation Equity (PAVE) Task Force to address the persistent undervaluation of properties for communities and households of color.

Looking forward to FY 2022, FHA remains steadfast in its commitment to further expand access to credit, particularly among underserved and minority communities. Agency wide efforts to reduce barriers to equity will continue to be a high priority and will influence FHA’s actions and policy making in the coming year.

### Status of the Mutual Mortgage Insurance (MMI) Fund

As of September 30, 2021, the Mutual Mortgage Insurance Fund (MMI Fund) Capital Ratio was 8.03 percent. The Capital Ratio, which represents MMI Fund capital as a share of Insurance-in-Force (IIF), exceeded the two percent statutory minimum for the sixth consecutive year, as illustrated in Exhibit O-4 below.

**Exhibit O-4: MMI Fund Capital Ratio FY 2016 – FY 2021**

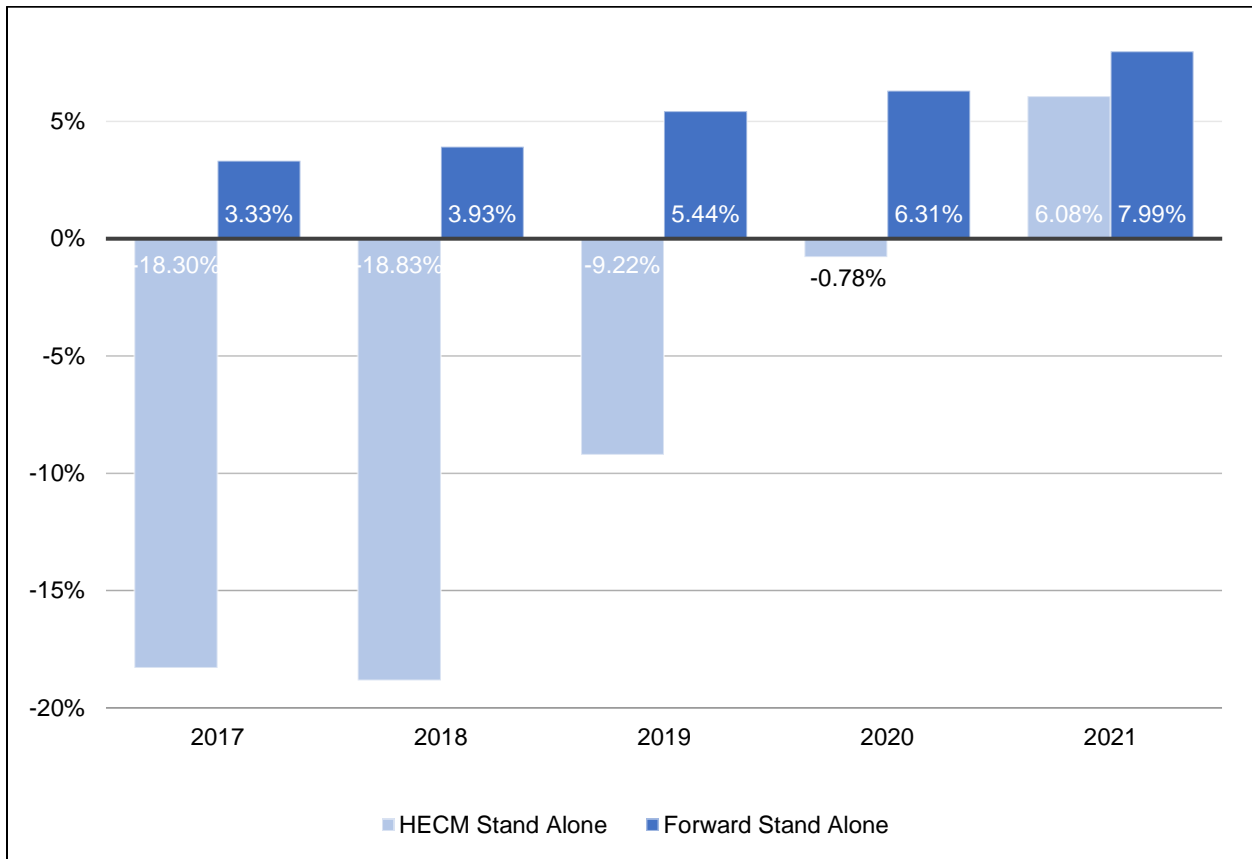


SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table A-4 in Appendix A.

The MMI Fund Capital Ratio includes the standalone Capital Ratios for the forward and Home Equity Conversion Mortgage (HECM) reverse mortgage programs and the \$1.7 billion mandatory appropriation taken in FY 2013, which adds 0.13 percent to the MMI Fund Capital Ratio that is not attributed to either the forward or HECM portfolios. Exclusion of the \$1.7 billion mandatory appropriation would reduce the FY 2021 MMI Fund Capital Ratio to 7.90 percent.

Exhibit O-5 below provides the stand-alone capital ratios for the forward and HECM portfolios since 2017. The financial performance of the HECM portfolio has improved in each of the last three years and is now positive for the first time since FY 2015. The projections of the HECM portfolio’s financial performance are more sensitive to changes in Home Price Appreciation (HPA), and as a result, the strong HPA experienced in recent years explains the increase in the ratio in FY 2021.

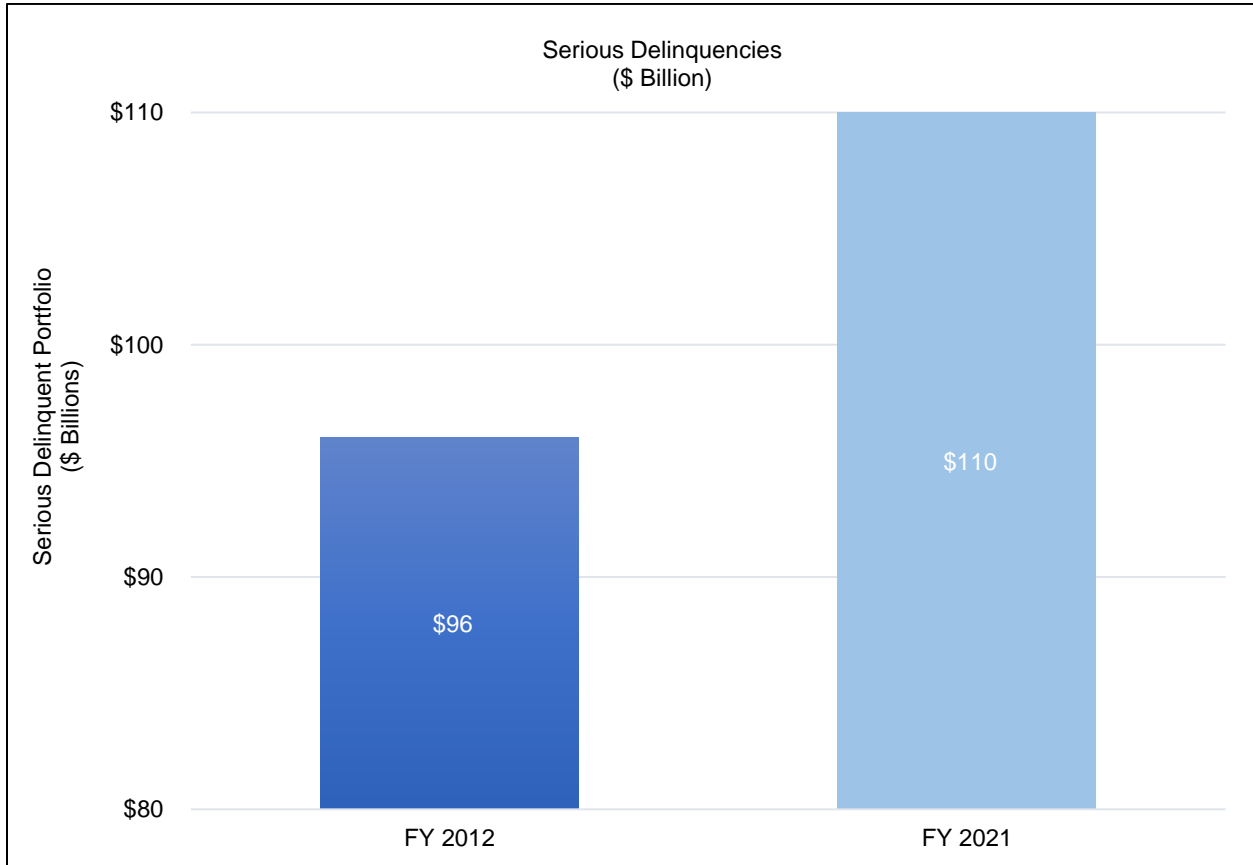
**Exhibit O-5: Stand-Alone Capital Ratios for the Forward and HECM Portfolios**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table A-5B in Appendix A.

Exhibit O-6 below shows that the dollar volume of serious delinquencies in the forward portfolio stood at \$110 billion at the end of FY 2021. By comparison, the pre-pandemic high for serious delinquencies was \$96 billion in FY 2012, a period when the MMI Fund faced great stress resulting from the housing crisis and the MMI Fund Capital Ratio became negative.

**Exhibit O-6: Serious Delinquencies in FY 2012 and FY 2021**

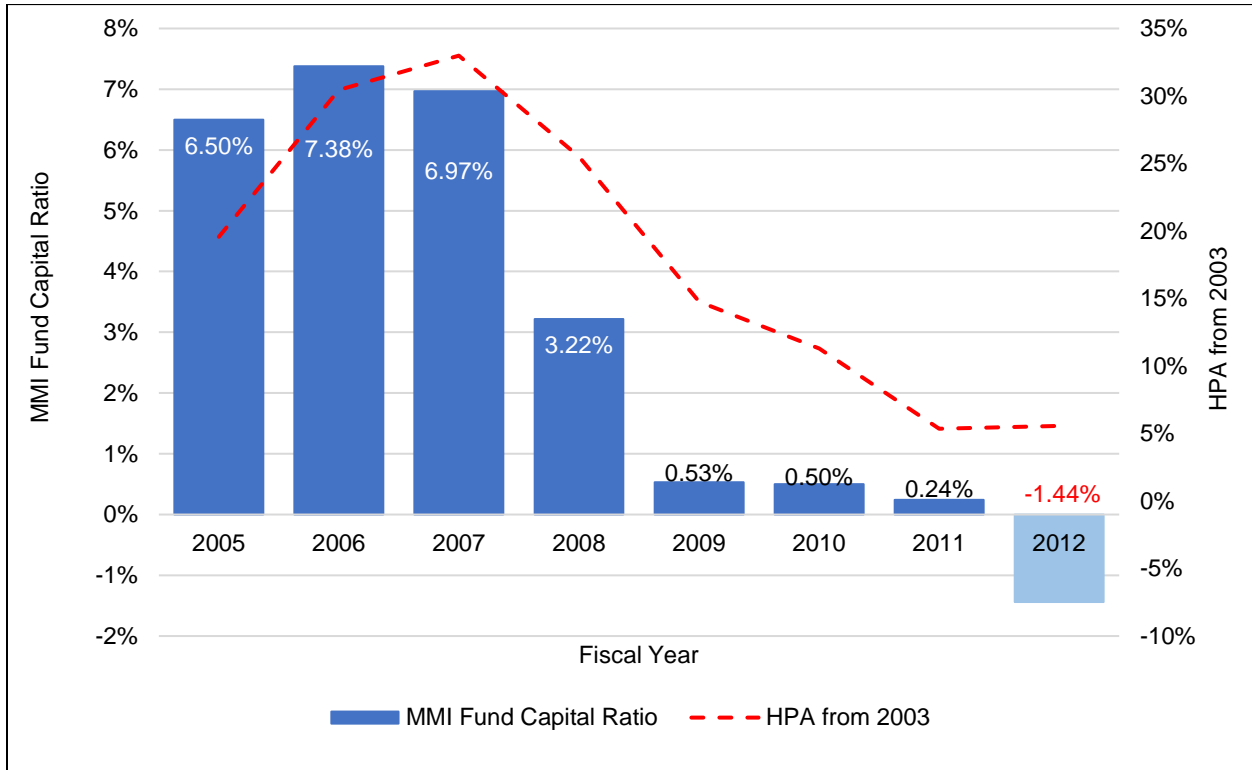


SOURCE: U.S. Department HUD/FHA, October 2021. Refer to data table E-7 in Appendix E.

The size of the serious delinquent portfolio increases the sensitivity of the MMI Fund to macroeconomic outcomes that could diverge from modeled projections. Despite the significant growth in HPA, the size of FHA’s serious delinquent portfolio increases the potential that MMI Fund valuation projections may trend downward in the future based on macroeconomic conditions and future loss projections.

Observations from Exhibit O-7 below underscore the procyclical nature of HPA, and therefore, the MMI Fund Capital Ratio measure. Among the lessons learned, many years of accumulated HPA growth can prove insufficient in the face of a sudden and severe reversal in HPA. For example, in just two years (2007 – 2009), the MMI Fund Capital Ratio collapsed from 6.97 percent to just 0.53 percent, well below the statutory minimum of two percent.

**Exhibit O-7: Impact of Declining HPA on MMI Fund Capital Ratio**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table E-9 in Appendix E.

HPA is a lagging indicator that tends to overstate the health of the economy during good times and the weakness of the economy during bad times. Because the MMI Fund Capital Ratio is so closely tied to HPA, the assessment of FHA’s financial health represented by the ratio can change materially and quickly with changes in both actual and projected home values.

This report is comprised of five chapters:

- Chapter I describes how FHA has assisted homeowners facing hardships during the COVID-19 Pandemic.
- Chapter II explains the steps FHA has taken in FY 2021 to expand access to credit for homebuyers, especially those representing chronically underserved markets.
- Chapter III presents a summary of borrower and portfolio characteristics for both the forward mortgage and the HECM programs.
- Chapter IV provides a robust analysis of the performance of the MMI Fund, including a detailed breakdown of the MMI Fund Capital Ratio and the stand-alone capital ratios for the forward and HECM portfolios.
- Chapter V provides an overview of FHA's focus and intentions for the coming years.

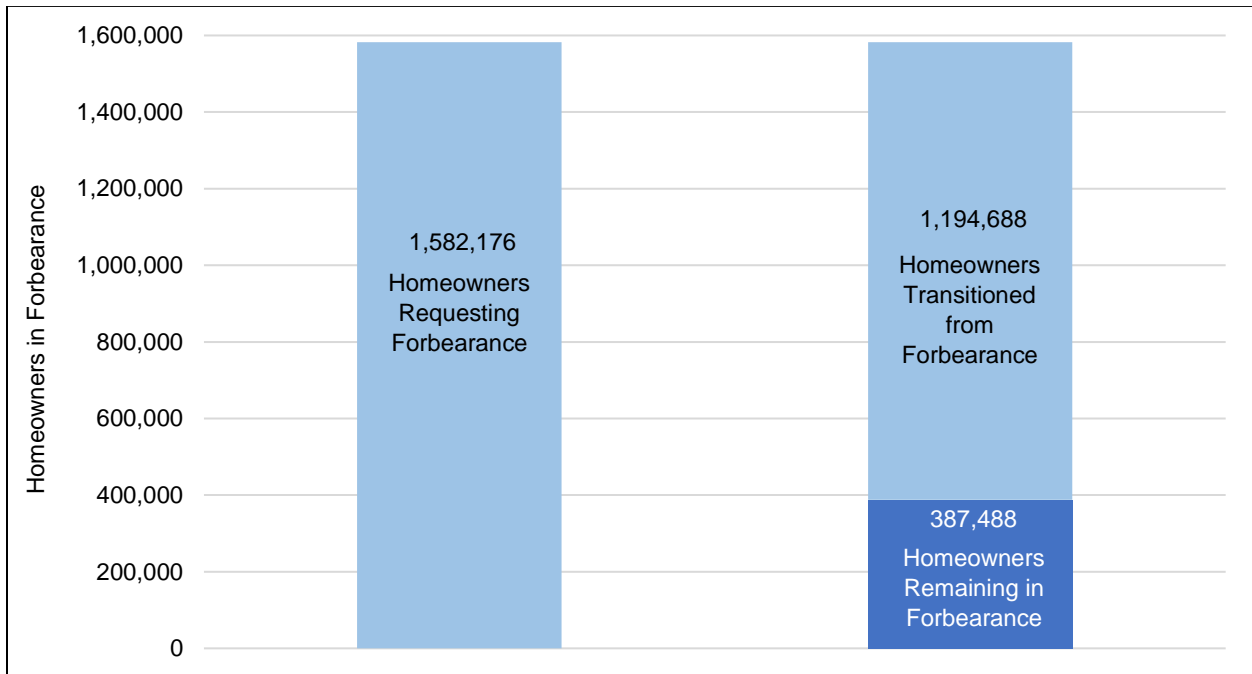
## Chapter I:

# FHA's Response to the COVID-19 Pandemic

## Meeting the Needs of Homeowners

On February 24, 2021, President Biden extended the COVID-19 National Emergency Declaration and FHA acted swiftly to implement policy measures to help individuals and families keep their homes. Throughout fiscal year 2021 (FY 2021), FHA continued to assist homeowners facing hardships during these unprecedented times, with a strong focus on protecting individuals and families of color who have been disproportionately impacted by the pandemic. Through a number of policy actions that included extending forbearance and streamlining loss mitigation options, FHA provided meaningful relief to homeowners with FHA-insured mortgages who faced financial challenges.

**Exhibit I-1: Homeowners Requesting Forbearance and Remaining Forbearance Counts at the End of FY 2021**

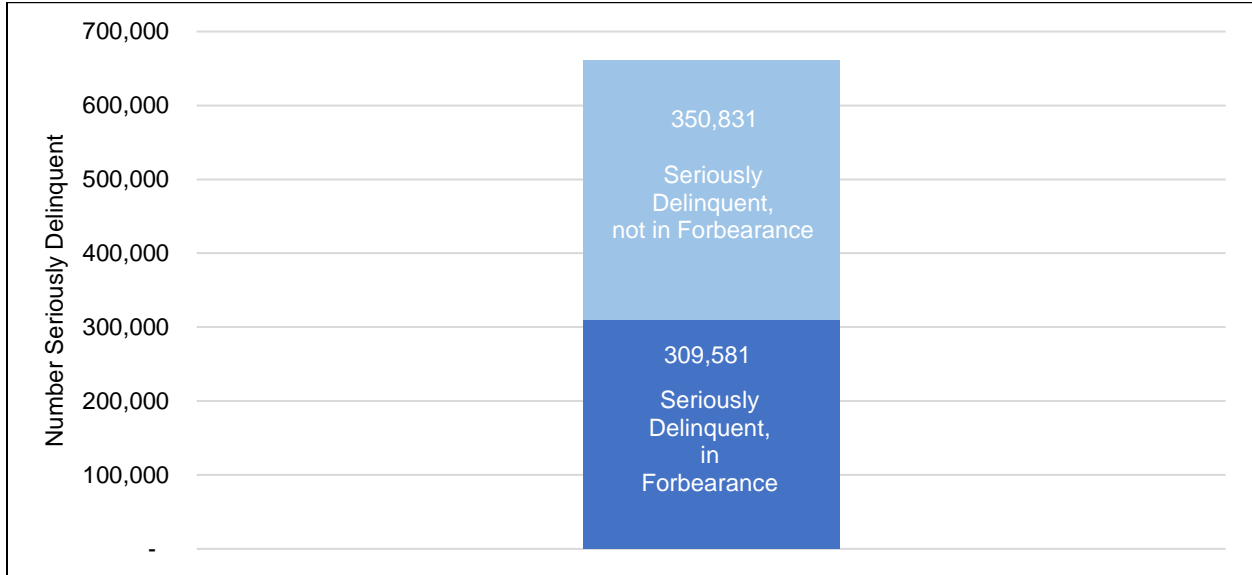


SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table A-1 in Appendix A.

Exhibit I-1 above provides the COVID-19 Forbearance status as of September 30, 2021. As illustrated in the Exhibit, over 1.5 million homeowners, or about 20 percent of all homeowners with FHA-insured mortgages, were granted a COVID-19 Forbearance since March 2020. Of these, approximately 1.2 million transitioned from forbearance, while more than 387,000 remained in forbearance at the end of FY 2021. About 42 percent of the borrowers who have transitioned

have cured or prepaid their mortgage. Another 48 percent have either finalized a loss mitigation agreement or are in process of doing so. The remainder are not currently in a loss mitigation option.

**Exhibit I-1A: Seriously Delinquent Homeowners**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table A-5 in Appendix A.

As illustrated in Exhibit I-1A above, as of the end of FY 2021, approximately 660,000 loans in FHA’s portfolio remain seriously delinquent. It is important to note that of total seriously delinquent loans, over 309,000 loans are in forbearance, while more than 350,000 are not in forbearance.

Building upon efforts begun in FY 2020, HUD continued to work diligently to address the needs of FHA borrowers impacted by the COVID-19 pandemic over the course of FY 2021. Via an array of measures undertaken throughout the pandemic, FHA’s central goal has been to keep FHA borrowers in their homes and to provide flexibilities necessary to safely make credit available while protecting borrowers and industry partners.

At the start of the COVID-19 pandemic, on March 18, 2020, HUD announced moratoria on foreclosures and evictions for FHA-insured single family properties. These actions protected homeowners with FHA-insured mortgages from losing their homes to foreclosure in the middle of the pandemic and provided them with time to seek assistance, including discussing options with a housing counselor or pursuing federal or state relief and recovery resources. As the pandemic persisted, HUD extended the moratoria on forward loans four times to ensure the ongoing protection of impacted households, ultimately extending these protections to the end of FY 2021.

In addition to keeping homeowners in their homes by extending the foreclosure and eviction moratoria, HUD also took action to address the financial burdens faced by homeowners with



FHA-insured mortgages. FHA provided borrowers impacted by the COVID-19 pandemic the opportunity to request a COVID-19 Forbearance to reduce or suspend their monthly mortgage payments without incurring additional fees or late charges. The availability of FHA's COVID-19 Forbearance was extended four times<sup>1</sup> throughout FY 2021, offering all homeowners with FHA-insured mortgages up to 12 months of forbearance, and certain borrowers up to 18 months.

FHA also provided relief for seniors with reverse mortgages insured through FHA's Home Equity Conversion Mortgage (HECM) program. Similar to the COVID-19 Forbearance for forward mortgages, HUD provided extensions to HECM servicing guidelines for borrowers impacted by the COVID-19 pandemic who requested relief. These extensions applied both to homeowners whose reverse mortgages were not in a due and payable status and to those whose were. FHA's COVID-19 Extensions for HECMs were extended three times through the end of the COVID-19 National Emergency. Like FHA's relief for forward mortgages, all HECM homeowners qualify for up to 12 months of extension through the end of the COVID-19 National Emergency, and certain HECM homeowners may receive an extension of up to 18 months.

In addition to providing payment relief and protection from foreclosure and eviction, FHA also developed new loss mitigation options to help borrowers who were current on their mortgages at the time the pandemic began to achieve permanent solutions for their mortgages once they were able or required to resume payment. Early in the pandemic, FHA introduced the COVID-19 National Emergency Standalone Partial Claim as a means of addressing arrearages accumulated during forbearance for borrowers who were able to resume making their mortgage payments. Later in 2020, FHA streamlined existing loss mitigation options and established several COVID-19 specific loss mitigation options to assist homeowners in bringing their mortgages current.

In early 2021, FHA expanded the eligibility for its COVID-19 loss mitigation and home retention options to include all FHA homeowners impacted by the COVID-19 pandemic, including those who were delinquent prior to the start of the pandemic and those who did not participate in a COVID-19 Forbearance.

As the pandemic continued and the needs of struggling homeowners evolved, FHA further revised its COVID-19 Home Retention Options later in FY 2021 to provide deeper relief and resolution to FHA borrowers. A new and more expansive partial claim replaced the one introduced in 2020 and new modification options were offered which provide borrowers with a reduction in monthly mortgage payments of at least 25 percent.

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<sup>1</sup> Appendix F documents timing and content of all Mortgagee Letters issued in FY 2021.

**Exhibit I-2: FHA Borrowers Home Retention Options**

FHA's COVID-19 Loss Mitigation and COVID-19 Recovery Options	Number Completed in FY 2021	Share of Total Recovery Options
COVID-19 Standalone Partial Claim	364,652	83%
COVID-19 Owner-Occupant Loan Modification	55,544	13%
COVID-19 Combination Partial Claim and Loan Modification	5,589	1%
COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation	3,026	1%
COVID-19 Non-Occupant Loan Modification	8,466	2%
COVID-19 Advance Loan Modification	568	0%
COVID-19 Recovery Modification	14	0%
<b>Total</b>	<b>437,859</b>	<b>100%</b>

SOURCE: U.S. Department HUD/FHA, October 2021.

Exhibit I-2 above provides a count of the number of borrowers who benefited from these actions in FY 2021. Because these new options were established in the latter part of FY 2021 and given the system changes mortgage servicers needed to implement to operationalize them, the full impact of these measures has yet to be determined. FHA expects the number of borrowers to benefit by these options will rise in FY 2022.

### Meeting the Needs of Industry Partners

In response to social distancing requirements brought on by the COVID-19 pandemic, FHA instituted certain flexibilities to protect lenders and appraisers while ensuring the continuation of FHA-insured mortgage originations. Following the declaration of the COVID-19 National Emergency in March 2020, FHA provided lenders with alternatives to re-verify a borrower's employment prior to loan closing and permitted FHA appraisers to use exterior-only or desktop-only appraisal inspections as a substitute for interior home inspections. These measures were eventually extended through June 30, 2021.

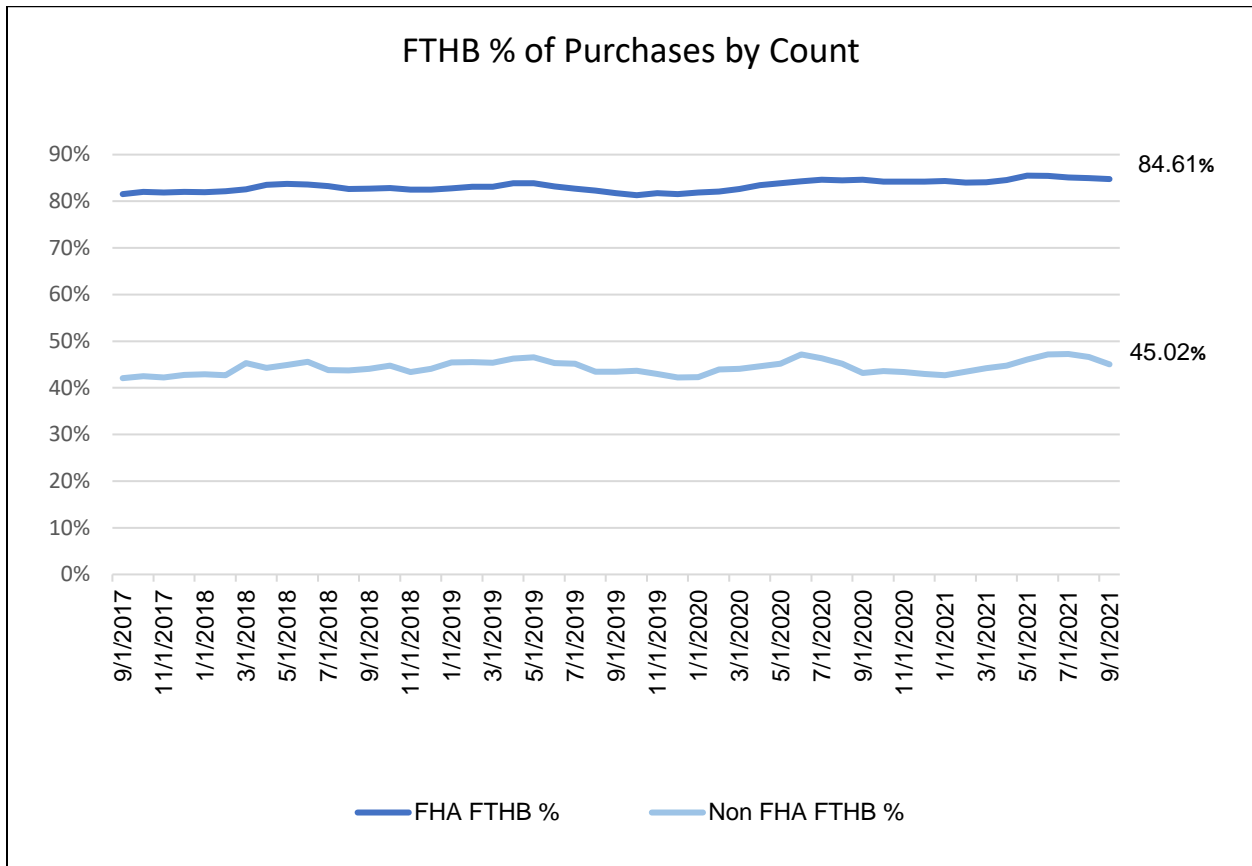
Additionally, on June 29, 2021, FHA provided expanded underwriting flexibilities for the verification of business operations for self-employed borrowers, verification of rental income, and flexibility in the administration of 203(k) rehabilitation escrow accounts for homeowners in forbearance. Extensions were provided throughout FY 2021.

## Chapter II:

### FHA’s Work to Increase Access to Credit

FHA plays a major role in providing affordable mortgage financing for first-time homebuyers and other borrowers traditionally underserved by the conventional mortgage market. While the COVID-19 pandemic impacted many homeowners and those looking to buy a home in fiscal year 2021, FHA-insured mortgages remained an important source of financing for both home purchases and refinances.

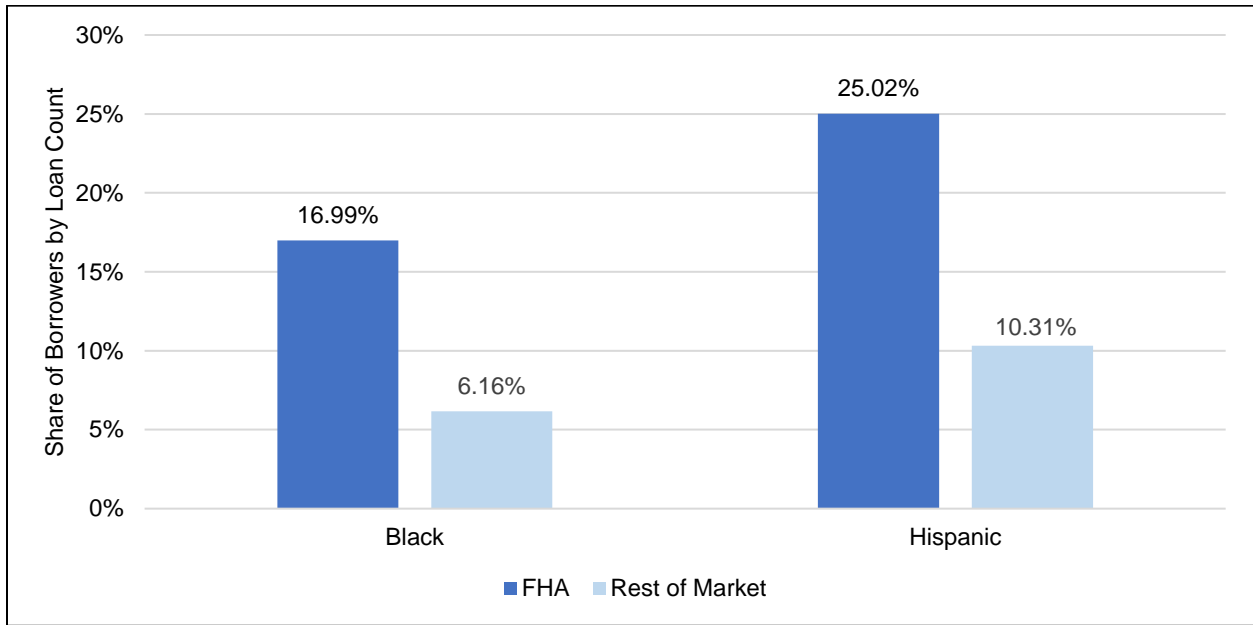
**Exhibit II-1: Share of FHA’s Originations to First-time Homebuyers (FTHB) Compared to Other Market Participants**



SOURCE: eMBS/Recursion. Exhibit II-1 does not include Private Label Securities or portfolio lenders. Refer to data table A-6 in Appendix A.

As Exhibit II-1 above illustrates, FHA achieved record highs in insurance endorsements for first-time homebuyers in FY 2021, both in terms of share (84.61%) and volume (\$176 billion in unpaid principal balance). FHA’s share of lending to first-time homebuyers in 2021 was nearly 40 percentage points higher than that of other participants in the U.S. housing market.

**Exhibit II-2: FHA’s Share of Lending to Hispanic and Black Borrowers Compared to Other Market Participants**



Source: 2020 Home Mortgage Disclosure Act (HMDA)  
Refer to data table A-3 in Appendix A.

FHA has traditionally been a vital source of mortgage credit for households of color. As an example, Exhibit II-2, above, shows that the percentages of FHA endorsements for mortgages made to Black and Hispanic borrowers is more than twice that of the rest of the market, according to Calendar Year 2020 Home Mortgage Disclosure Act data.

### Reducing Barriers to Racial Equity

A central focus of FHA’s work in FY 2021 has been to expand access to credit for homebuyers, especially those representing underserved markets. Not only is this consistent with FHA’s fundamental mission, but it is also responsive to President Biden’s Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, which required that HUD engage in a comprehensive effort to embed equity within all of its programs, policy making and operations. Secretary Fudge has indicated that these efforts are of the highest priority and has engaged every area of HUD in the pursuit of equity.

In FY 2021, FHA began a comprehensive review of its programs and operations to identify and reduce barriers to racial equity in the context of access to credit. FHA’s efforts in FY 2021 are an important and impactful starting point for ongoing efforts to create more equitable access to mortgage credit for all communities. Under Secretary Fudge’s leadership, FHA engaged industry

and consumer groups to identify barriers to equity in the pursuit of homeownership. In FY 2021, FHA engaged on three key areas to advance racial equity and access to credit.

## Student Loan Debt

FHA recognizes that student loan debt creates a significant barrier to homeownership, especially for people of color. On average, more than 80 percent of FHA-insured mortgages are made to first-time homebuyers each year. HUD estimates that 40 percent of FHA-insured first-time homebuyers also have student loan debt, with much of this debt impacting people of color.

In FY 2021, FHA changed its policies governing the way in which student loan debt is accounted for when evaluating a borrower's mortgage loan application. Under FHA's previous policy, mortgagees were required to consider the greater of [(1) one percent of the outstanding balance of the student loan or (2) the monthly student loan payment reported on the credit report] or alternatively, the actual documented payment provided the payment will fully amortize the loan over its term. The new policy allows for the use of the existing reported payment for all loans in repayment, regardless of whether such payment amortizes the loan, and the use of 0.5 percent of the outstanding balance for loans not in repayment. These changes will permit mortgagees to reduce the expected student loan payment when evaluating a borrower's ability to meet their mortgage payment obligations, enabling more borrowers to qualify for an FHA mortgage.

## Policies Governing Non-Permanent Residents

Individuals protected under the Deferred Action for Childhood Arrivals (DACA) program have often faced barriers in accessing FHA-insured mortgages. FHA issued a waiver to clarify that Non-Permanent Residents protected under DACA are eligible to apply for FHA mortgages. This action resolved uncertainty with regard to whether individuals classified under DACA were eligible for FHA-insured loans, making it easier for these households to obtain FHA-insured mortgage financing.

On May 28, 2021, FHA issued a Mortgagee Letter (ML) to address eligibility requirements for Non-Permanent Residents. This ML incorporated and further clarified the waiver addressing DACA recipients and made additional policy changes. The additional policy changes eliminated the requirement to obtain an Employment Authorization Document (EAD) for: (1) Non-Permanent Residents who are citizens of the Freely Associated States, which include the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau, and (2) certain individuals maintaining a lawful H-1B non-immigrant status who have demonstrated stable employment.

## Property Appraisal and Valuation Equity (PAVE) Task Force

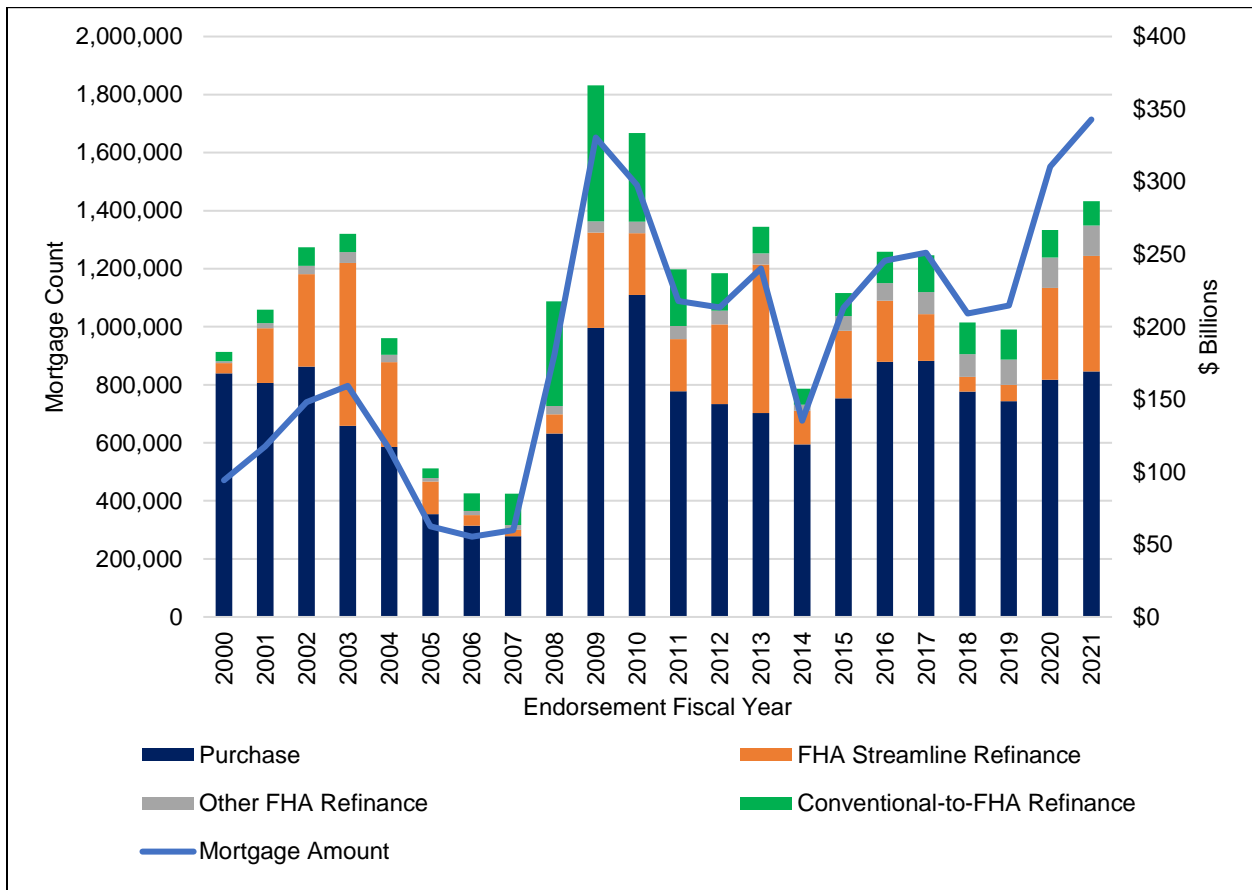
On June 1, 2021, President Biden charged Secretary Fudge with leading the Property Appraisal and Valuation Equity (PAVE) Task Force to address the persistent undervaluation of properties for communities and households of color. HUD assembled an Interagency Task Force led by Secretary Fudge to investigate and address inequity in appraisals. The Task Force convenes 15 federal and independent agencies focused on assessing the extent of misevaluation of properties owned by persons of color or located in communities of color, identifying the causes and factors that may contribute to valuation bias, and identifying and quantifying the consequences for individuals, homeowners, communities, and the Nation. The Task Force will recommend actions to address the causes and factors that it identifies and will implement recommended actions within its members' authority. A report will be delivered to the President early next year. Consistent with its other efforts to address inequity through its programs, FHA anticipates that the recommendations issued by the task force will result in expanded access to homeownership and wealth building for minority households.

## Chapter III: FHA Single Family Mortgage and Borrower Characteristics

### FHA Forward Mortgage Program: New Endorsement Trends and Composition

FHA insured a record dollar volume of mortgages in FY 2021 at a time credit was being restricted throughout much of the marketplace.

**Exhibit III-1: Historical FHA Forward Mortgage Endorsement Activity**

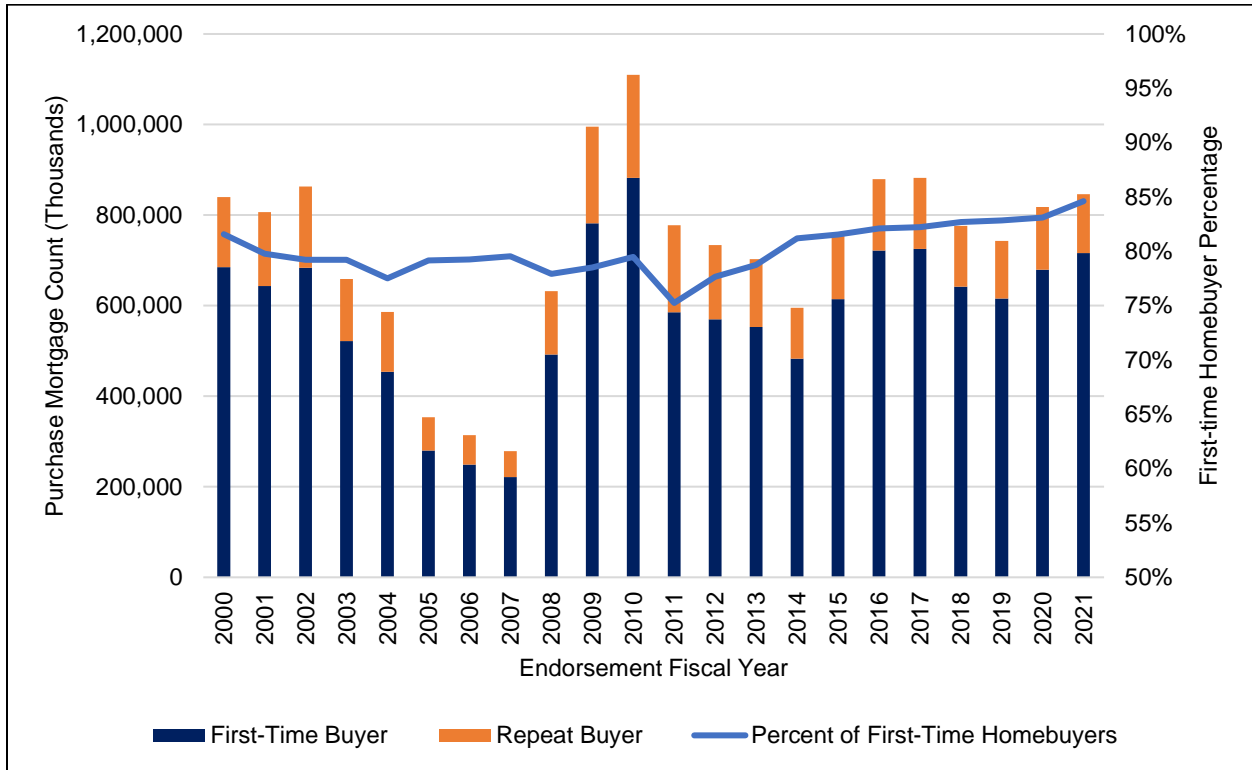


SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-1 in Appendix D.

Exhibit III-1 above provides a historical overview of FHA forward mortgage endorsements by purpose and the aggregate original mortgage amount of endorsed mortgages, for each of the last 22 fiscal years. In FY 2021, FHA endorsed 1,432,877 home mortgages through its forward mortgage program of which 59 percent were purchase mortgages. Of these purchase mortgages, over 84 percent were for first-time homebuyers. The original mortgage amount of all endorsed forward mortgages, including both purchase and refinance mortgages, in FY 2021 totaled

\$342.82 billion, up from \$310.32 billion in FY 2020. The average forward mortgage amount of FHA endorsements in FY 2021 was \$239,256, an increase from the FY 2020 average of \$232,773.

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

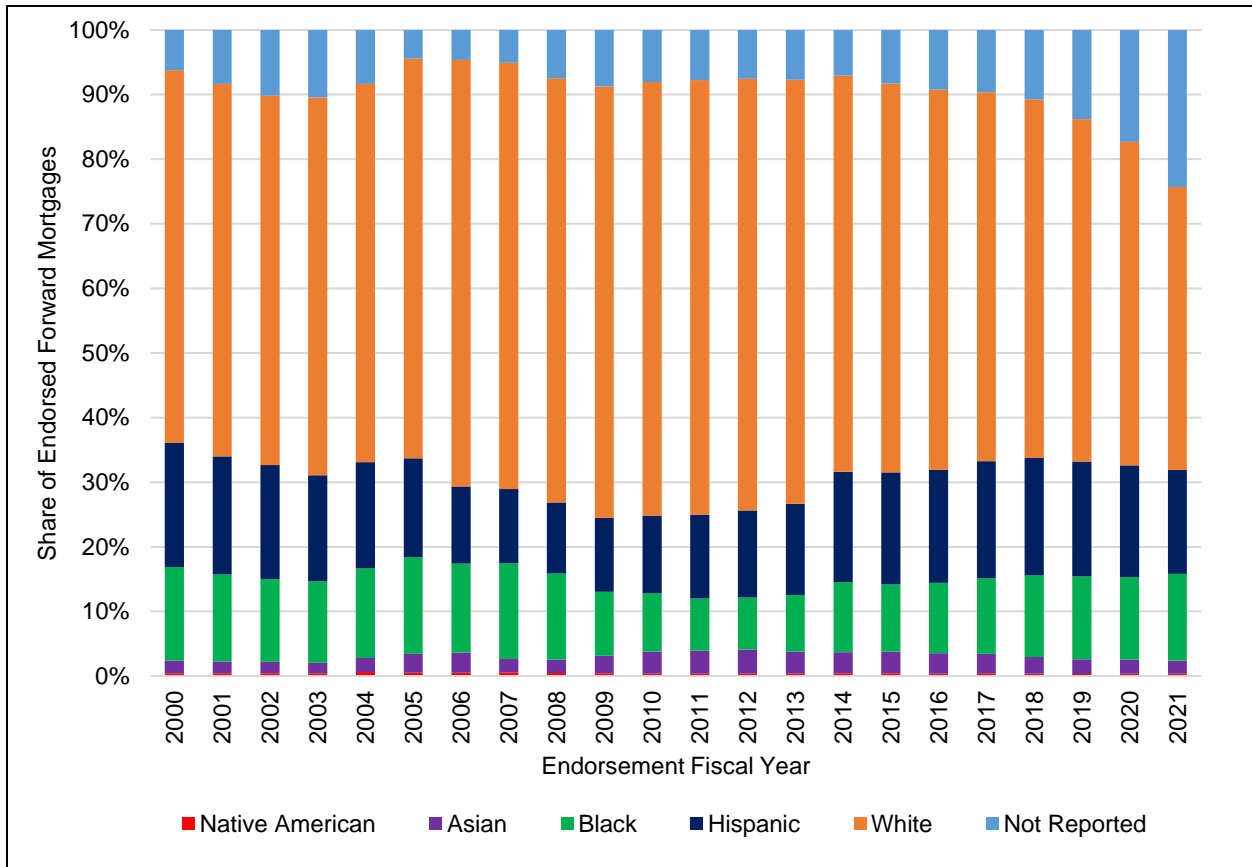


SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-2 in Appendix D.

As illustrated by Exhibit III-2 above, despite the historical variability in the total number of home purchase endorsements, first-time homebuyers consistently represent about four out of every five FHA forward mortgage purchase transactions. The percent of forward mortgages insured for the first time homebuyers in FY 2021 reached a new high of 84.61 percent, representing over 716,000 loans.



**Exhibit III-3: Racial Composition of FHA Forward Mortgages**

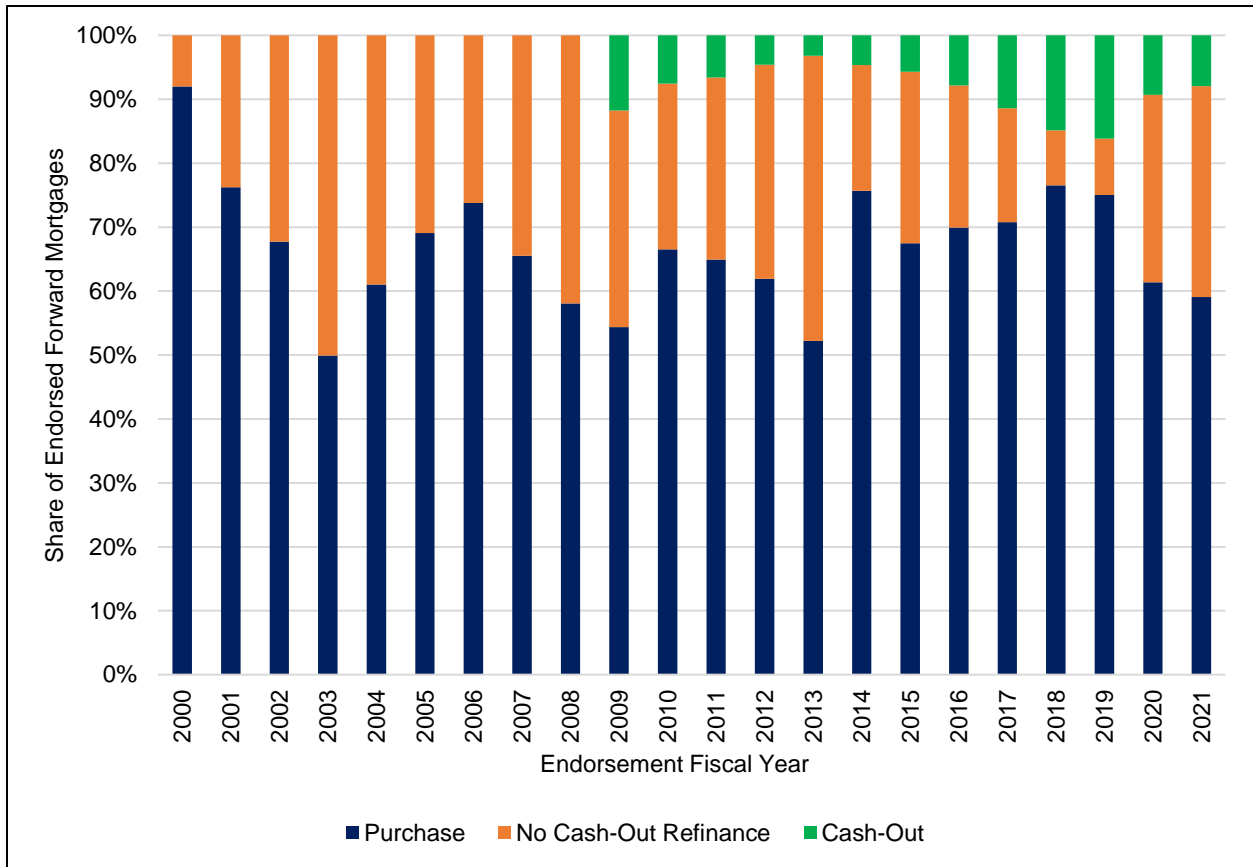


SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-3 in Appendix D.

FHA-insured mortgages continue to serve as an important source of financing for individuals and families of color. Exhibit III-3 above shows that for FY 2021, the composition of borrowers of color served by FHA-insured mortgages<sup>2</sup> was 16.09 percent Hispanic; 13.42 percent Black; 2.04 percent Asian American and Pacific Islander; and 0.37 percent Native American.

<sup>2</sup> Declaration of race and ethnicity is voluntary for borrowers. FHA’s share of non-respondents increased from 17.30 percent in FY 2020 to 24.32 percent in FY 2021.

Exhibit III-4: Historical FHA Forward Endorsement Activity



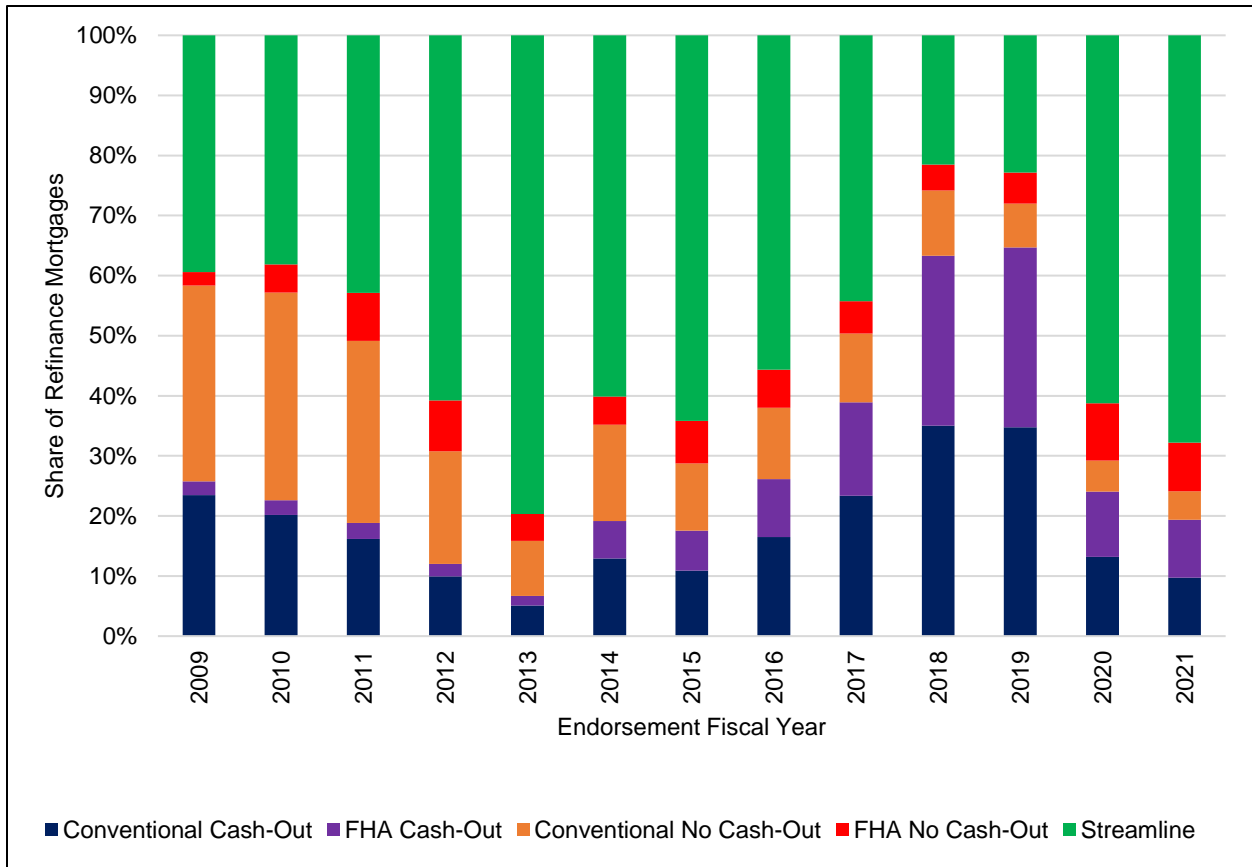
NOTE: Cash-Out Refinance data is not available prior to FY 2009.

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

Refer to data table D-4 in Appendix D.

Purchase transactions still comprised a majority of FHA volume in a year dominated by refinance transactions throughout the rest of the housing market. Exhibit III-4 above provides a detailed breakdown of historical forward endorsement activity. In FY 2021, FHA-insured purchase transaction mortgages represented 59.06 percent of all FHA-insured endorsements, a slight reduction from FY 2020, while the percentage of refinance transactions increased to 40.94 percent.

**Exhibit III-5: FHA Endorsement Activity by Refinance Type**

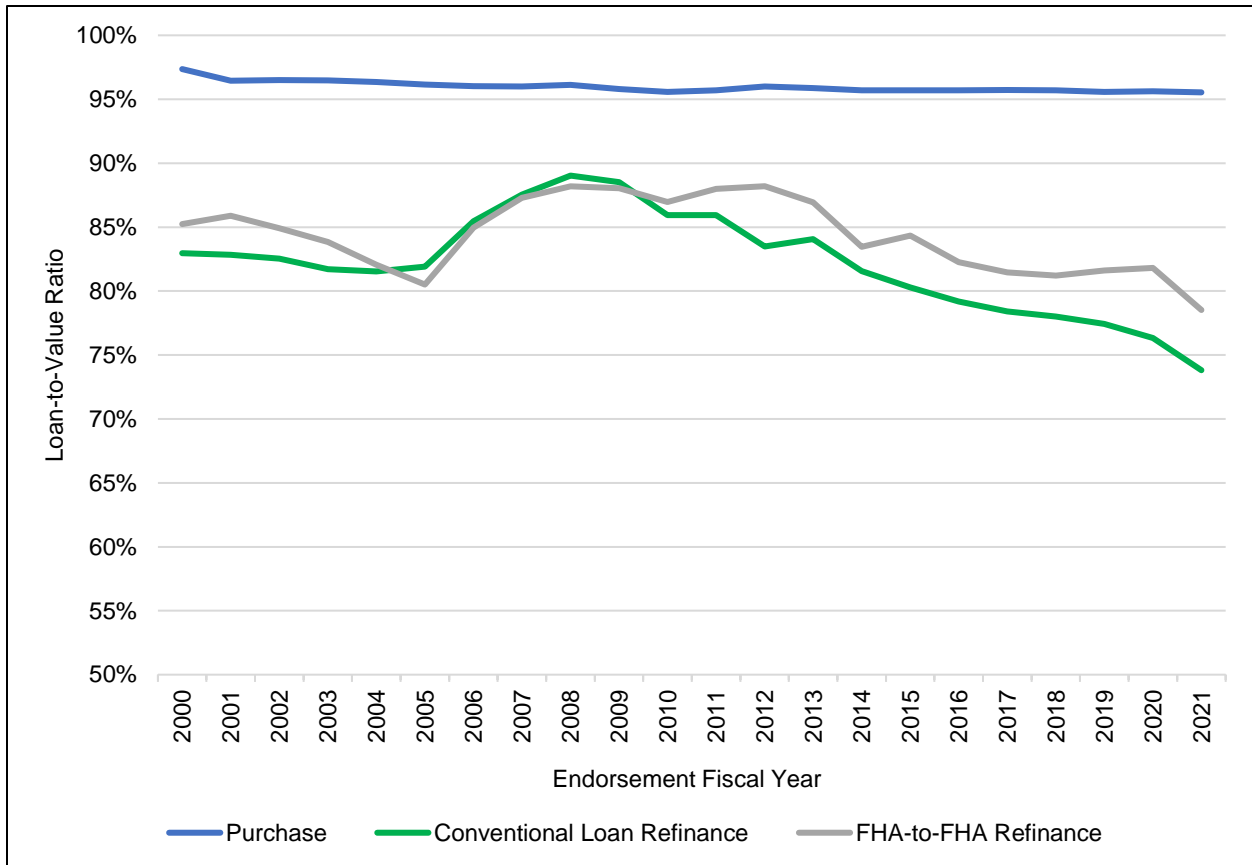


SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-5 in Appendix D.

Exhibit III-5 above provides a detailed breakdown of FHA refinance mortgage endorsements by type of refinance transaction. In FY 2021, cash-out refinance transactions (Conventional-to-FHA Cash-out and FHA-to-FHA Cash-out) represented 19.40 percent of all FHA refinance transactions, a decrease from the FY 2020 level of 24.08 percent.

The share of Streamline Refinance transactions, which offer current FHA borrowers a low-cost and less burdensome refinance option, nearly tripled from 22.83 percent of all refinance transaction endorsements in FY 2019 to 67.78 percent of all refinance transaction endorsements in FY 2021.

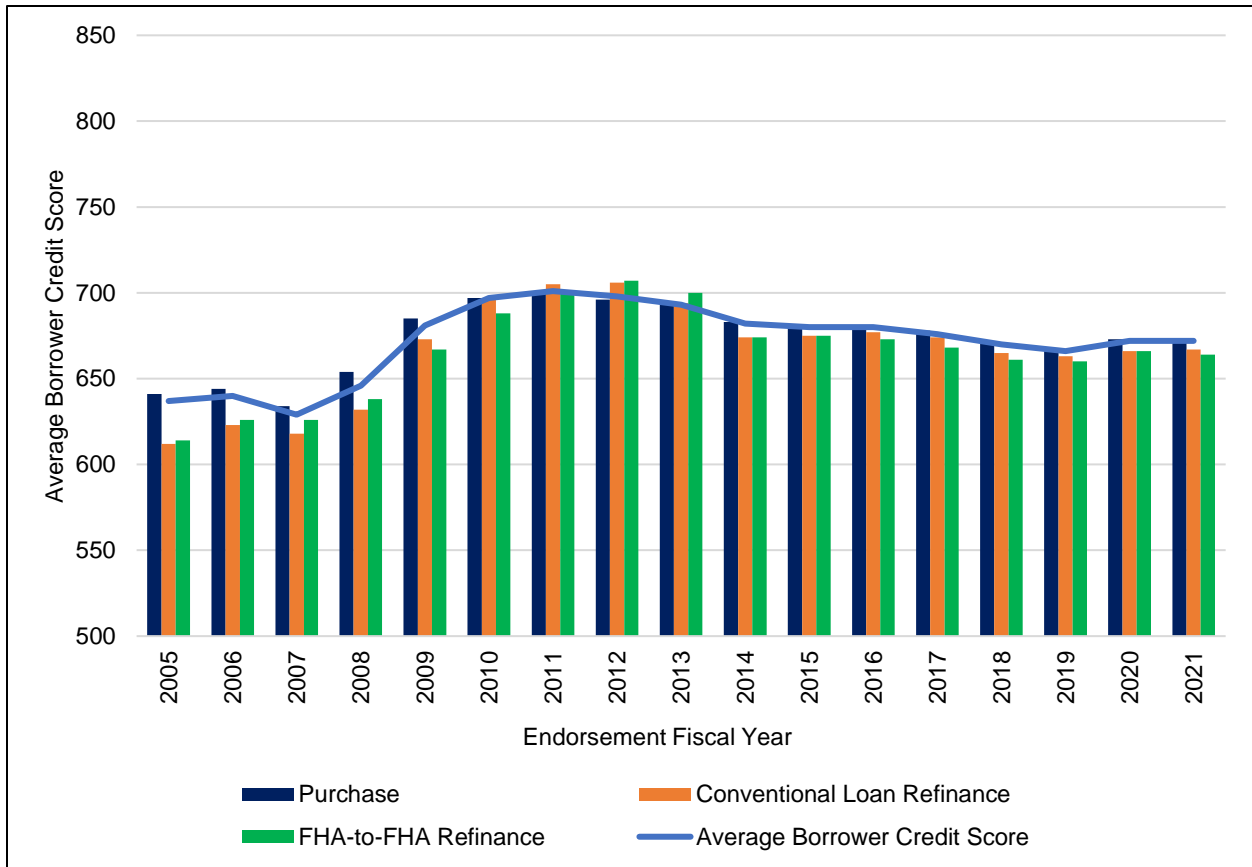
**Exhibit III-6: Average FHA Forward Loan-to-Value Ratio by Mortgage Purpose**



NOTE: Exhibit III-6 includes only fully underwritten mortgages and excludes Streamline Refinances.  
 SOURCE: US Department of HUD/FHA, October 2021.  
 Refer to data table D-6 in Appendix D.

The average LTV ratio for purchase transactions in FY 2021 was virtually unchanged from FY 2020 at 95.54 percent. As Exhibit III-6 above illustrates, the average LTV ratio for purchase transaction mortgages has remained relatively stable since 2001. The average LTV ratio for both Conventional-to-FHA and FHA-to-FHA refinance transactions continues to decrease from the highs of FY 2007 through FY 2013, with Conventional-to-FHA refinances at 73.81 percent, and FHA-to-FHA refinances at 78.52 percent in FY 2021. Home Price Appreciation (HPA) and a decrease in the maximum LTV of cash-out refinance mortgages are contributing factors to the declining average LTV ratio of FY 2021 refinance endorsements.

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

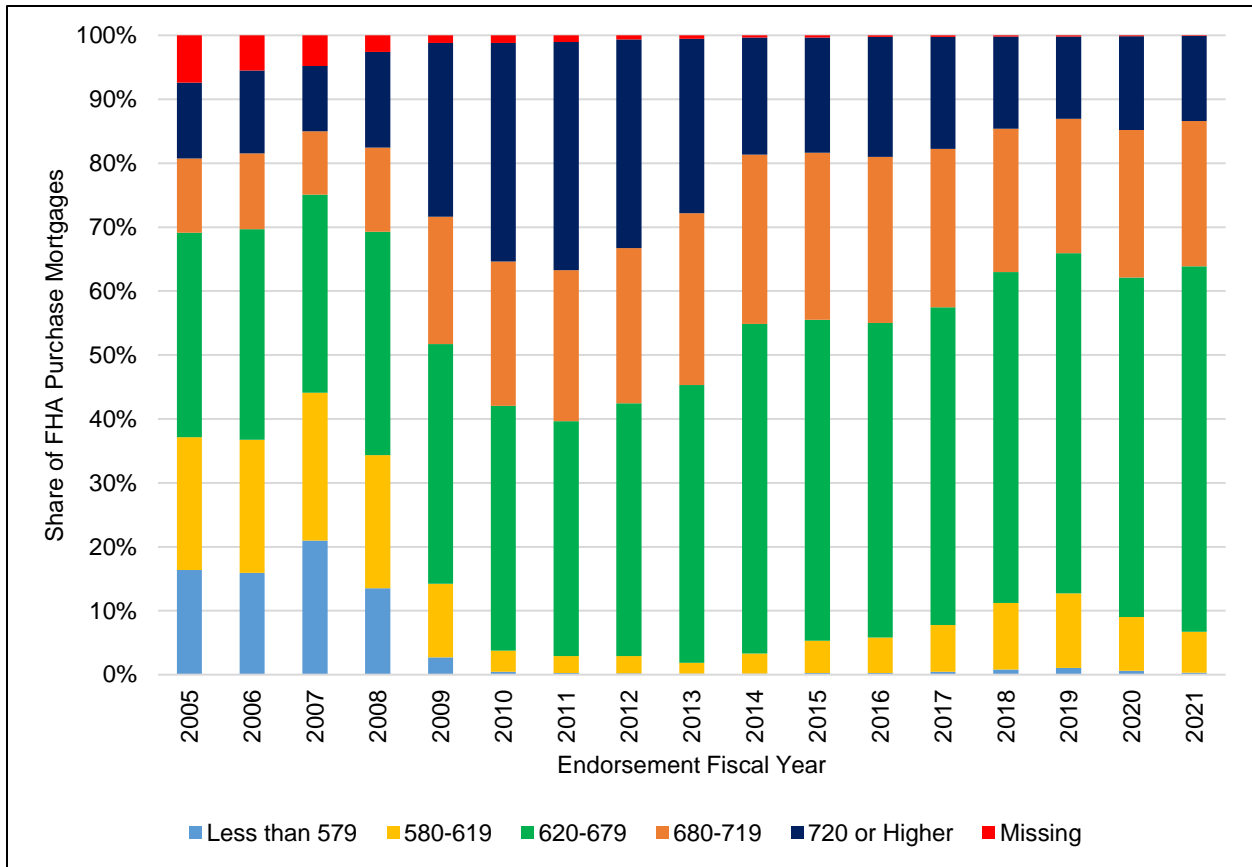


NOTE: Borrower credit score data was not collected prior to 2005.  
 SOURCE: U.S. Department of HUD/FHA, October 2021  
 Refer to data table D-7 in Appendix D.

As reflected above in Exhibit III-7, FHA’s average credit score decreased steadily from FY 2011 through FY 2019, as conventional lending began to recover from the Great Recession and return to a more normal state. As the uncertainty caused by the COVID-19 pandemic drove many participants in the mortgage market to tighten their credit terms, the average borrower credit score for an FHA-insured mortgage increased from 666 in FY 2019 to 672 in FY 2020 and FY 2021<sup>3</sup>.

<sup>3</sup> Borrower credit score data is not collected for Streamline Refinance mortgages.

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



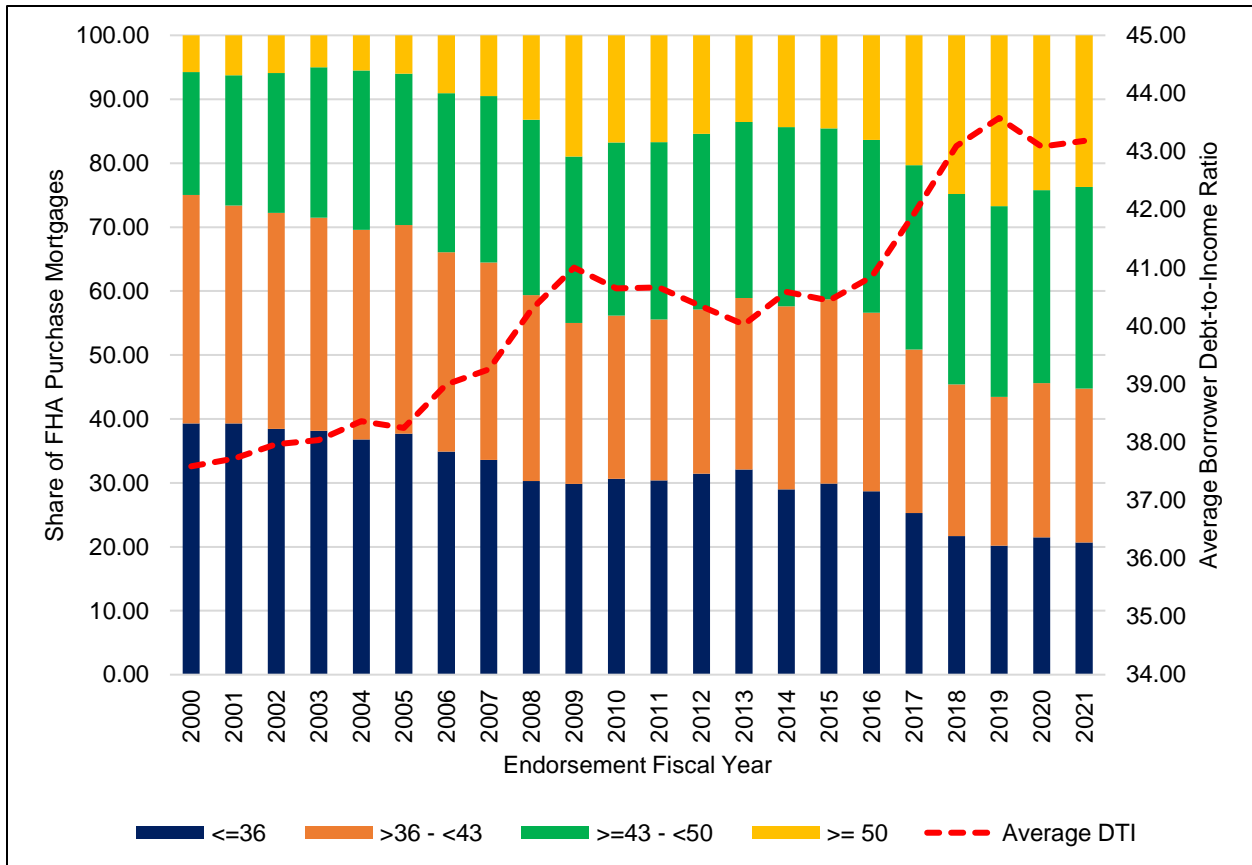
NOTE: Borrower credit score data was not collected prior to 2005.

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

Refer to data table D-8 in Appendix D.

Exhibit III-8 above illustrates the distribution of credit scores for borrowers obtaining FHA endorsements. The share of endorsements with credit scores between 620 and 679 increased slightly in from 53.13 percent in FY 2020 to 57.16 percent in FY 2021. The share of endorsements on mortgages with credit scores of 720 or higher decreased from 14.69 percent in FY 2020 to 13.33 percent in FY 2021.

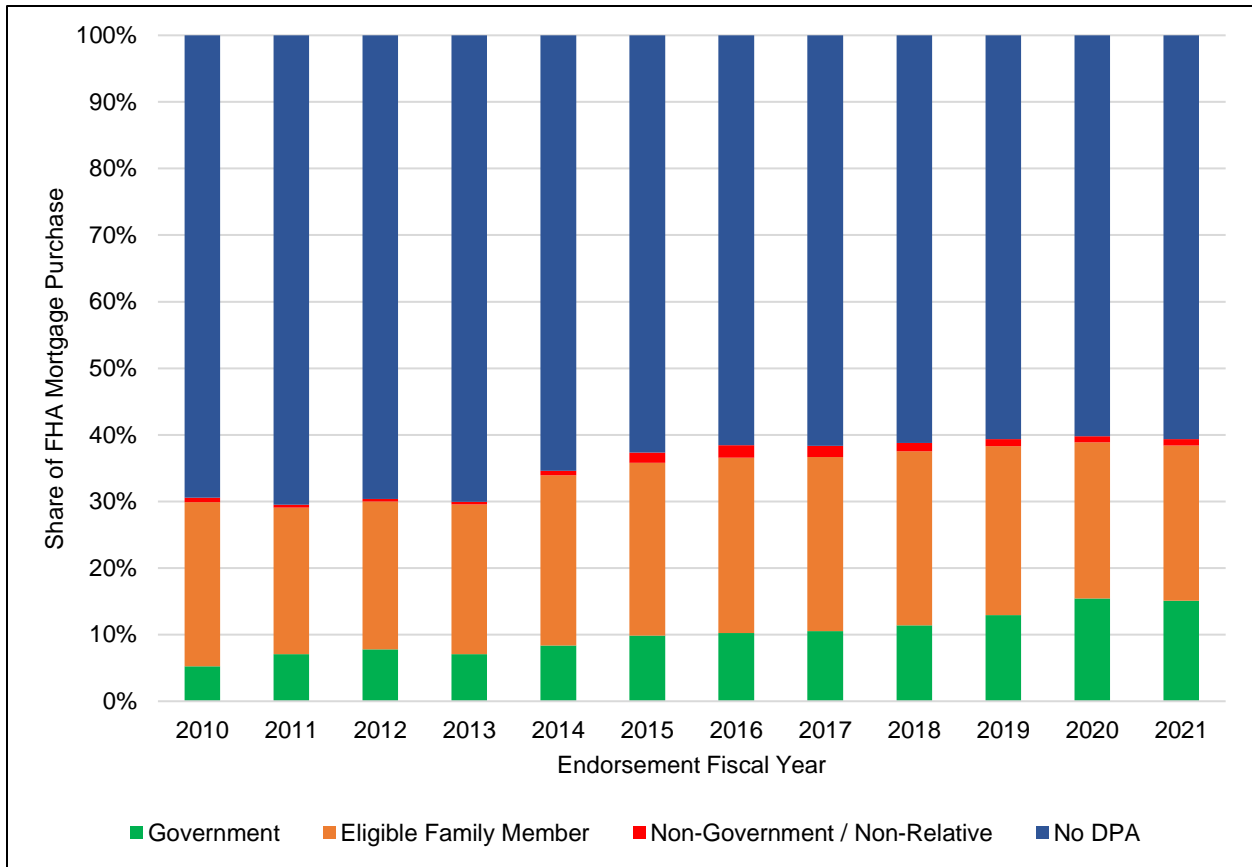
**Exhibit III-9: Borrower Debt-to-Income (DTI) Ratio for FHA Purchase Mortgages**



SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-9 in Appendix D.

The average Debt-to-Income (DTI) ratio for borrowers with FHA-insured purchase mortgages increased slightly, from 43.08 percent in FY 2020 to 43.18 percent in FY 2021, as illustrated in Exhibit III-9 above. The percentage of borrowers with DTI ratios of 50 percent or greater in FY 2021 was at 23.71 percent, a decline from 24.20 percent in FY 2020 and a sign of slightly improving economic circumstances for FHA’s traditional borrowers.

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



NOTE: Data does not account for instances where down payment assistance data was missing from origination data submitted to FHA.

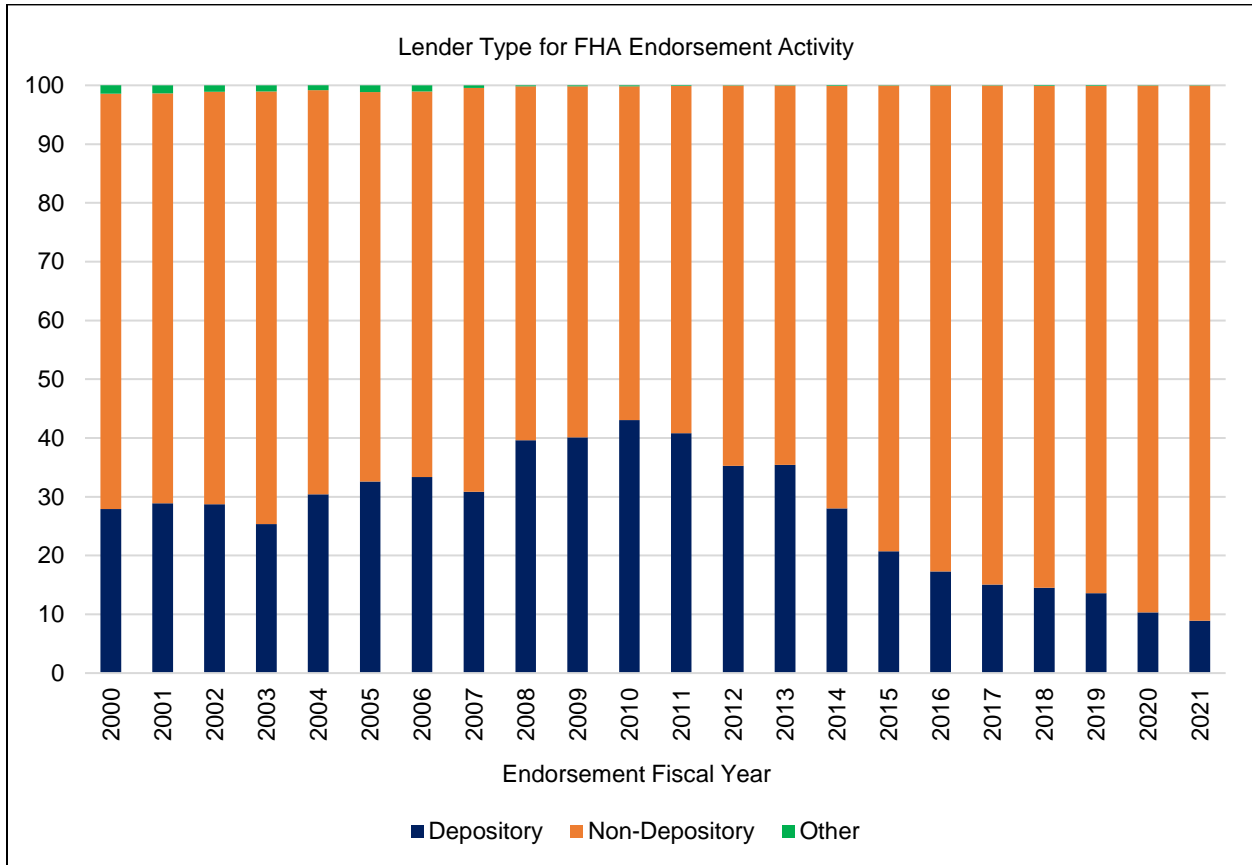
SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-10 in Appendix D.

FHA permits mortgages with down payment assistance (DPA) funds from eligible sources, including governmental entities and eligible family members. As Exhibit III-10 shows above, in FY 2021, a record high share of FHA endorsements, 39.36 percent, were for loans utilizing DPA. Gift funds from eligible family members were the largest source of DPA for borrowers with FHA-insured mortgages in FY 2021, representing 23.30 percent of FHA’s total forward mortgage purchase volume this past fiscal year. Loans with DPA from government sources represented 15.09 percent of FY 2021 forward mortgage endorsements, similar to that of FY 2020.<sup>4</sup>

<sup>4</sup> Borrowers accepting down payment assistance from a governmental entity may execute a note and security instrument agreeing to repay the assistance under specified conditions, unlike a gift from a relative.



**Exhibit III-13: Lender Type for FHA Endorsement Activity**

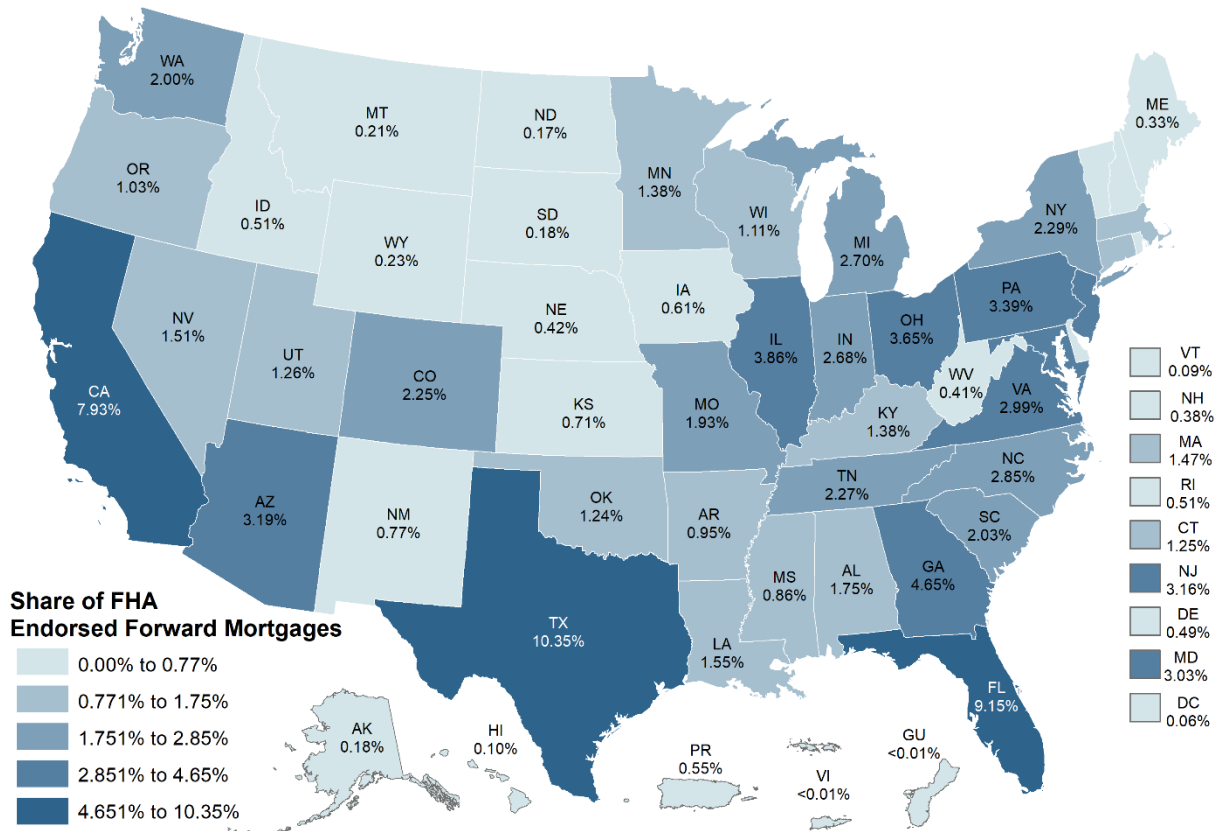


NOTE: This table does not include Streamline refinance mortgages.  
 SOURCE: U.S. Department of HUD/FHA, October 2021.  
 Refer to data table D-14 in Appendix D.

Over the past eleven years, an increasing share of new FHA endorsements were originated by non-depository institutions, as illustrated in Exhibit III-13 above. In FY 2021, non-depository lenders originated mortgages representing 91.02 percent of all FHA forward endorsements, up from 56.80 percent in FY 2010.

Reduced participation by depository institutions may limit opportunities for borrowers to access FHA-insured mortgages and the diminished diversity of FHA counterparties may add risk to the MMI Fund should market and economic conditions deteriorate.

Exhibit III-14: FY 2021 FHA Forward Endorsement Concentration by State



SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-15 in Appendix D.

Exhibit III-14 above shows the percentage of FY 2021 endorsements by state. The three most populous states, California, Texas, and Florida, are also the states that had the greatest counts of FHA-insured mortgage endorsements in FY 2021, totaling 27.43 percent of forward endorsements. Slightly over half of all forward endorsements were concentrated in just ten states.

## Forward Mortgage Program: Portfolio Overview and Performance Trends

Exhibit III-15: Insurance-in-Force, Unpaid Principal Balance, and Seriously Delinquent by Vintage as of September 30, FY 2021

Endorsement Fiscal Year	Insurance-in-Force				Seriously Delinquent	
	Counts	IIF Share (Percent)	UPB (\$ millions)	UPB Share (Percent)	Counts	Rate (Counts)
Pre-2004	398,552	5.32	15,673	1.32	35,948	9.02
2004	108,029	1.44	6,809	0.57	10,867	10.06
2005	78,515	1.05	5,374	0.45	8,834	11.25
2006	62,383	0.83	4,867	0.41	7,771	12.46
2007	60,373	0.81	5,342	0.45	8,587	14.22
2008	138,878	1.85	14,357	1.21	20,490	14.75
2009	276,332	3.69	30,768	2.58	31,035	11.23
2010	337,484	4.50	36,716	3.08	32,009	9.48
2011	269,723	3.60	30,199	2.53	22,969	8.52
2012	339,253	4.52	39,442	3.31	25,134	7.41
2013	476,939	6.36	59,515	5.00	31,677	6.64
2014	212,269	2.83	23,979	2.01	22,748	10.72
2015	362,698	4.84	49,496	4.15	40,158	11.07
2016	514,287	6.86	77,193	6.48	58,242	11.32
2017	573,148	7.64	92,785	7.79	69,839	12.19
2018	475,021	6.33	80,245	6.74	70,245	14.79
2019	484,243	6.46	88,671	7.44	71,553	14.78
2020	939,936	12.53	201,936	16.95	76,628	8.15
2021	1,390,551	18.54	327,910	27.53	15,678	1.13
<b>Total</b>	<b>7,498,614</b>	<b>100.00</b>	<b>1,191,277</b>	<b>100.00</b>	<b>660,412</b>	<b>8.81</b>

NOTE: These mortgage counts and balances are active as of September 30, 2021. Portfolio UPB differs slightly from IIF amounts reported in Chapter 4.

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

Exhibit III-15 above provides a breakdown of FHA Insurance-in-Force (IIF) by vintage, including the Seriously Delinquent (SDQ) rate for each fiscal year. The SDQ rate, a key indicator of portfolio performance, tracks the percentage of FHA-insured mortgages where the borrower is 90 or more days delinquent, including mortgages in foreclosure and bankruptcy.

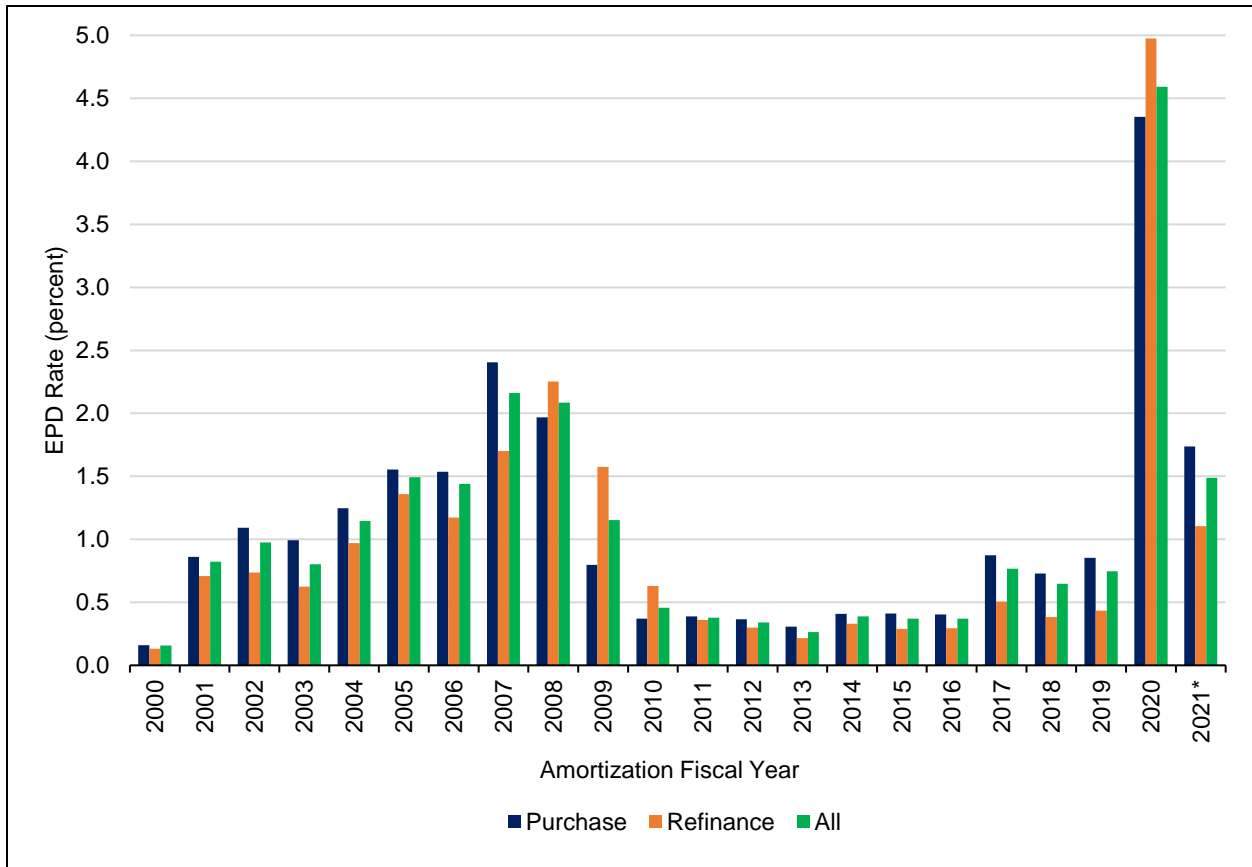
Exhibit III-16: Historical Seriously Delinquent Rates for FHA Mortgages



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-16 in Appendix D.

Starting in April 2020, a significant number of FHA borrowers began to request approval to defer their monthly mortgage payments under the forbearance provisions of the CARES Act. As forbearance requests transitioned into serious delinquencies starting in the summer of 2020, the SDQ rate quickly rose from 4.04 percent in April 2020 to 11.59 percent by the end of FY 2020, as seen in Exhibit III-16 above. The SDQ rate decreased to 8.81 percent by the end of FY 2021 as the economy began to recover.

**Exhibit III-17: FHA Early Payment Default Rates by Mortgage Purpose**



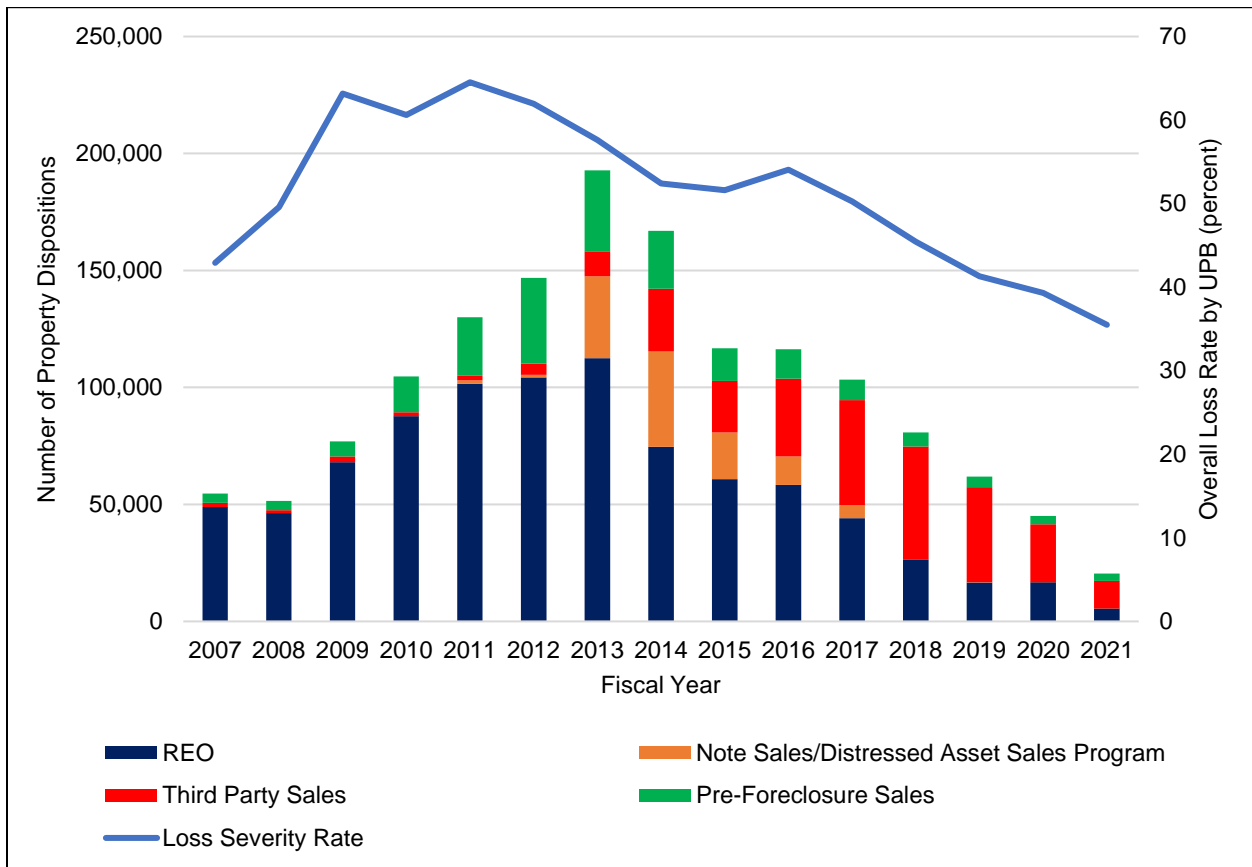
NOTE: FY 2021 data is through February 2021.  
 SOURCE: U.S. Department of HUD/FHA, October 2021.  
 Refer to data table D-17 in Appendix D.

Early Payment Defaults (EPDs) are FHA-insured mortgages where the borrower becomes 90 days or more delinquent within the first six mortgage payments. EPD rates typically reflect the credit quality of new endorsements and serve as an early indicator of mortgage performance. As illustrated in Exhibit III-17 above, EPD rates remained relatively low from FY 2010 through FY 2019.

Adverse impacts of the COVID-19 pandemic began to dominate the second half of FY 2020. Starting in April 2020, a significant number of FHA borrowers began to request approval to defer their monthly mortgage payments under the forbearance provisions of the CARES Act. The average EPD rate rose from 0.60 percent in April 2020 to 9.27 percent by the end of FY 2020 before moderating to 1.49 percent by the end of FY 2021 as the economy began to recover.

## Loss and Claims Activity

**Exhibit III-20: FHA Loss Severity and Claim Count by Disposition Strategy**

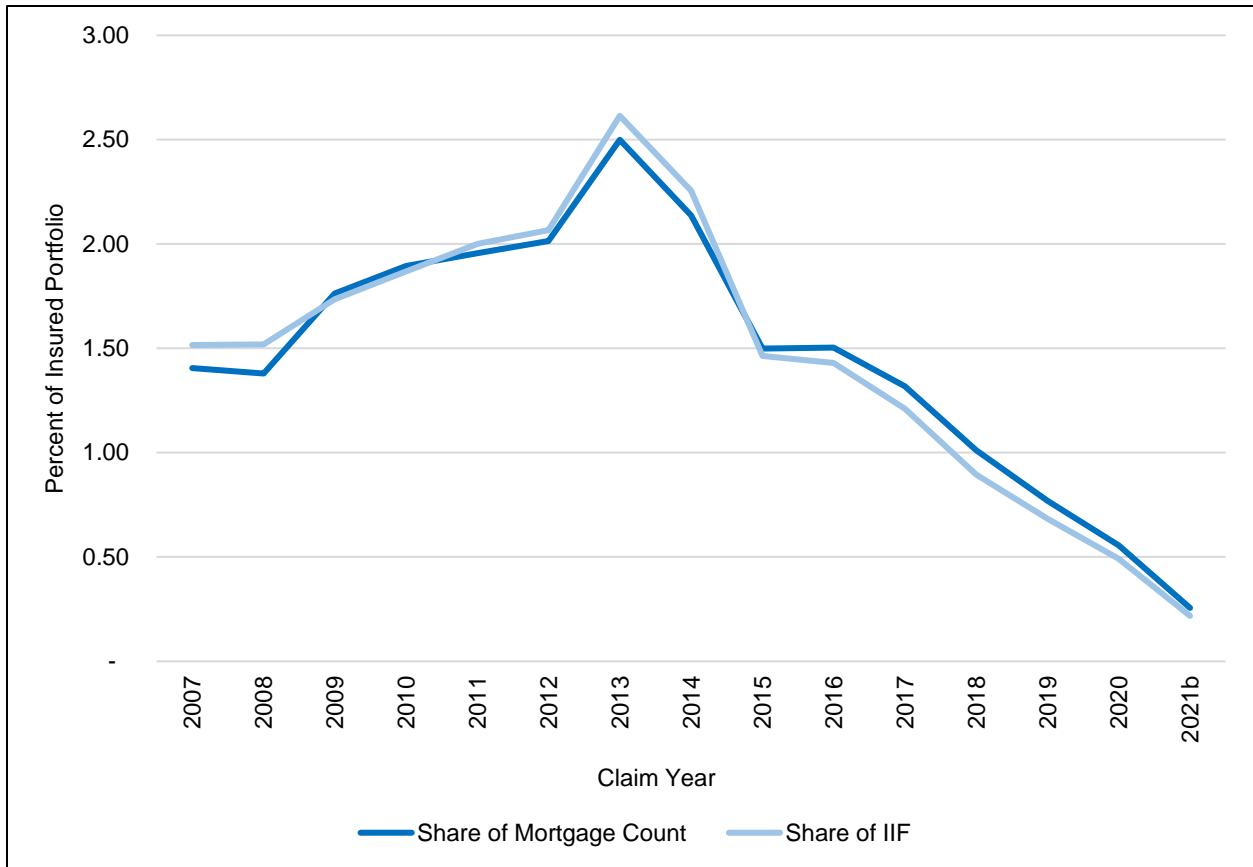


NOTE: De minimis note sales may be reflected in the table above in which final resolution may result in an alternative disposition type. It includes funds outside of MMI Fund and outbids. Fiscal year 2021 data may have de minimis adjustments due to time lag in reporting of dispositions, data is of October 31, 2021 and therefore is missing one month of comparable data to prior fiscal year reports.

SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-20 in Appendix D.

Exhibit III-20 above shows the average loss rate declined to 35.50 percent in FY 2021, down from a peak of over 64.53 percent in FY 2011. The supply of assets for disposition declined precipitously in FY 2021 and the second half of FY 2020, as the foreclosure and eviction moratoria limited foreclosures exclusively to vacant properties.

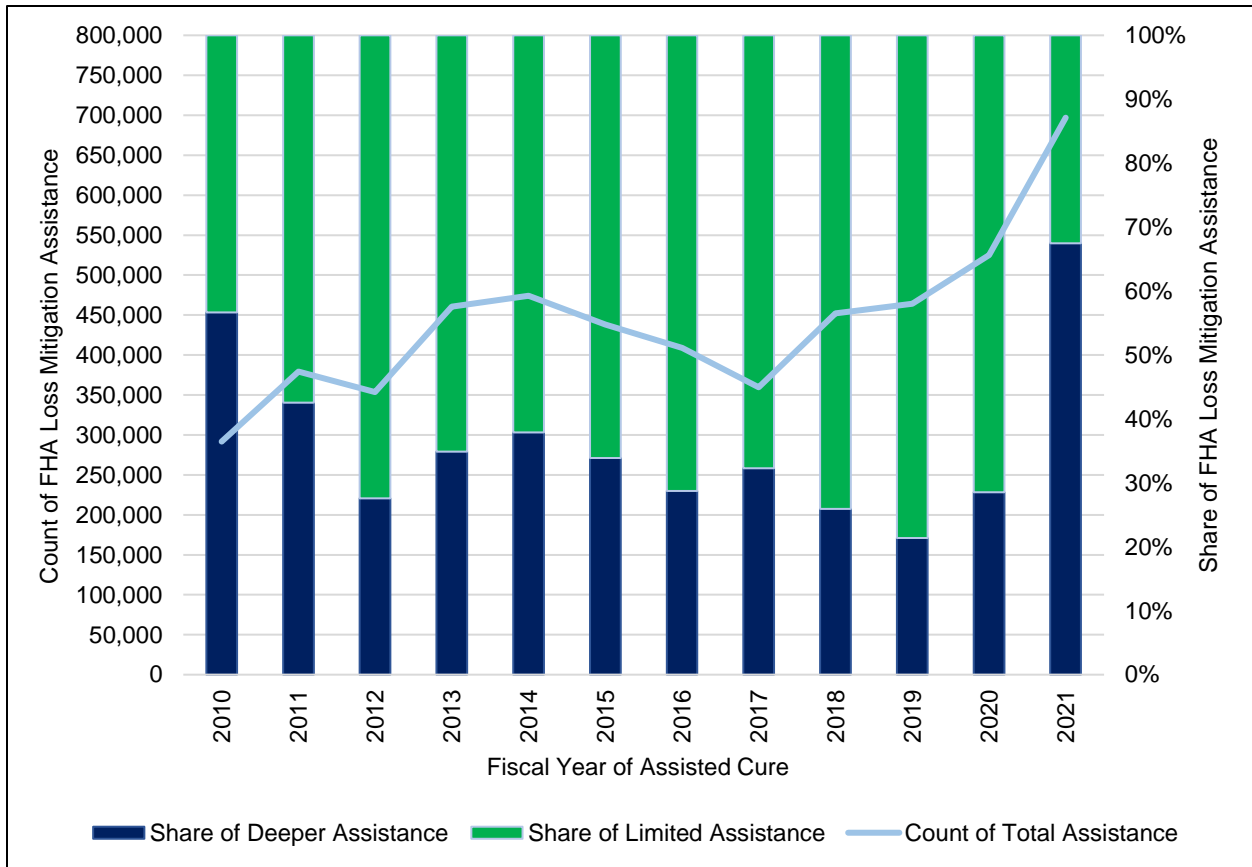
**Exhibit III-21: Annual FHA Claims as a Share of Initial Insurance-in-Force**



NOTE: Data through October 31, 2021, includes funds outside of MMI Fund. Includes outbids.  
 SOURCE: U.S. Department of HUD/FHA, October 2021. Fiscal year 2021 data may have de minimis adjustments due to late reporting of disposition sales.  
 Refer to data table D-21 in Appendix D.

Exhibit III-21 above reflects claims paid as a percentage of IIF for both the number of claims and the dollar balance of claims. The continued improvement in claims paid as a percentage of IIF since FY 2013 reflects a favorable housing and economic environment. The foreclosure moratorium extended by the Biden-Harris Administration during the COVID-19 pandemic further reduced the share of claims in FY2020 and FY 2021.

Exhibit III-22: Loss Mitigation Activity



NOTE: Deeper Loss Mitigation Assistance includes Partial Claims and Loan Modifications. Limited Loss Mitigation Assistance includes Promise to Pay and Repayment Plans. Starting in May 2013, Promise to Pay is no longer classified as a Repayment Plan and is considered its own category.  
 SOURCE: U.S. Department of HUD/FHA, October 2021.  
 Refer to data table D-22 in Appendix D.

FHA’s loss mitigation activities include home retention options that provide a range of tools to enable eligible owner-occupants facing hardship to stay in their homes. FHA differentiates between those tools that offer deeper assistance versus those that offer limited assistance. Limited assistance plans generally offer forbearance with repayment terms that do not offer monetary assistance nor change the terms of the mortgage. Limited assistance options cost less at the outset but have historically led to higher rates of redefault.

Deeper assistance plans require a greater upfront investment by FHA, based on the expectation that deeper assistance will result in higher success rates for homeowners. The extended payment relief plans described in Chapter 1 in response to hardships brought on by the COVID-19 pandemic are generally deeper assistance plans, for example. However, any adverse movement in the deeper assistance claim rate would result in higher overall costs to FHA. Exhibit III-22 above illustrates that FY 2021 saw a doubling of the share of deeper assistance plans from the prior year, increasing from 28.51 percent to 67.49 percent. As more homeowners emerge from forbearance in FY 2022, FHA expects the trend toward a higher share of deeper assistance plans to continue.



## Home Equity Conversion Mortgage Program

### Overview

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

The HECM program enables senior homeowners aged 62 or older who meet various borrower, property ownership, and financial requirements to withdraw an actuarially-determined portion of the value of their home without any corresponding periodic requirement to repay amounts borrowed. Instead, the principal borrowed, along with interest, Mortgage Insurance Premiums, and servicing fees are added to the mortgage balance over time. As a result, HECM balances may eventually equal or exceed the value of the home, which would result in losses to the MMI Fund. HECM borrowers also remain responsible for the payment of taxes, insurance, and property charges for as long as they remain in their home.

Two approaches that FHA uses to manage its HECM risk exposure include:

- Limiting the Maximum Claim Amount (MCA), which defines the greatest HECM insurance claim a lender can receive. The MCA is determined at origination and does not change over the life of the mortgage.
- Defining the Principal Limit Factor (PLF) that limits the percentage of the initial available equity that a HECM borrower can draw. Conceptually, the PLF is similar to the loan-to-value (LTV) ratio applied to a traditional forward mortgage.

Subject to nationwide limits on claim amounts, the amount of funds that any borrower can access through a HECM depends on a variety of factors, including the value of the property, the age of the youngest borrower or eligible non-borrowing spouse,<sup>5</sup> and the interest rate charged to the borrower.<sup>6</sup>

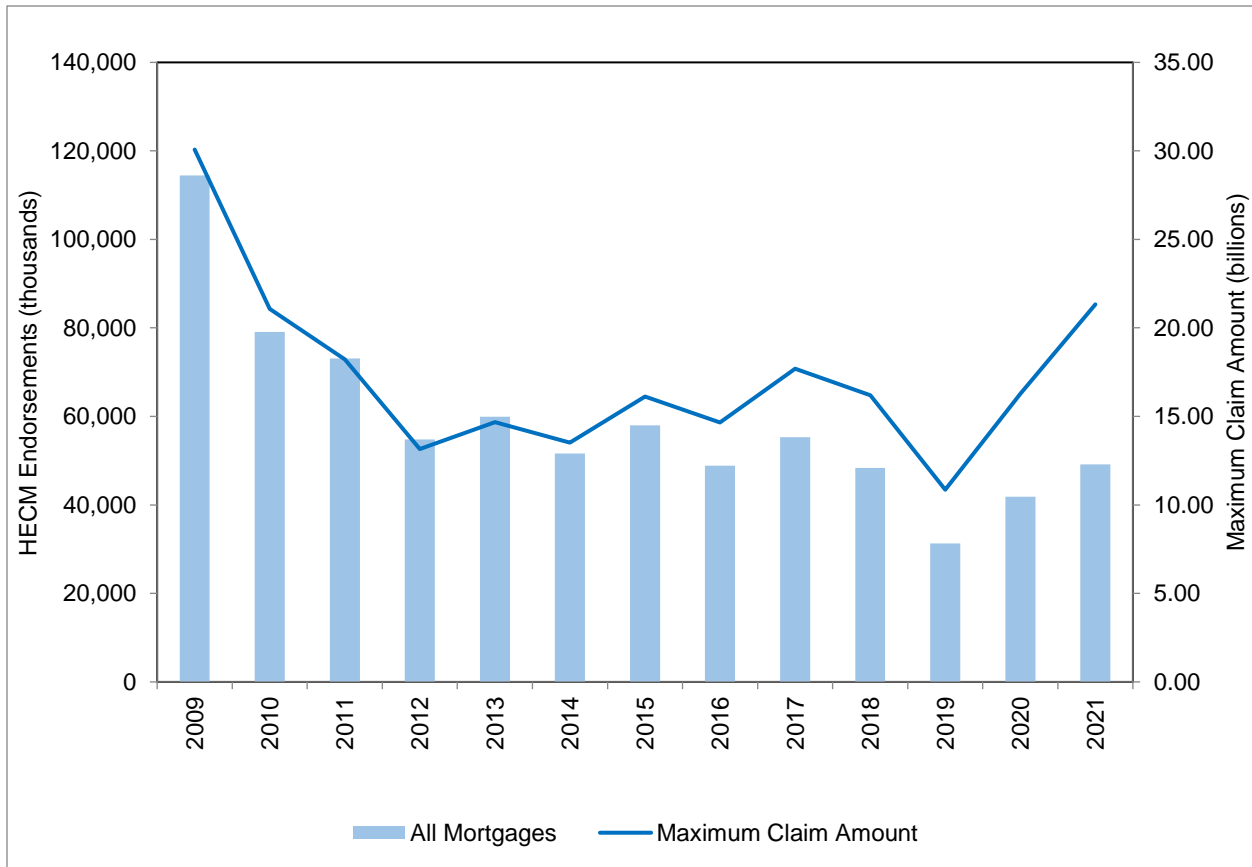
When initially authorized by the Housing and Community Development Act of 1987, the HECM program was made available on a limited basis and all HECMs became obligations of FHA's General Insurance (GI) Fund. In FY 2009, all new HECM endorsements became obligations of the MMI Fund. The program expanded from \$93.2 billion of HECM MCA insured by FHA in the 19 years prior to FY 2009 to over \$200 billion insured in the 12 fiscal years since.

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<sup>5</sup> The inclusion of a non-borrowing spouse was made for all HECMs after August 4, 2014.

<sup>6</sup> The age of the youngest non-borrowing spouse was first introduced as a factor on August 4, 2014.

**Exhibit III-23: FHA HECM Endorsement Activity**

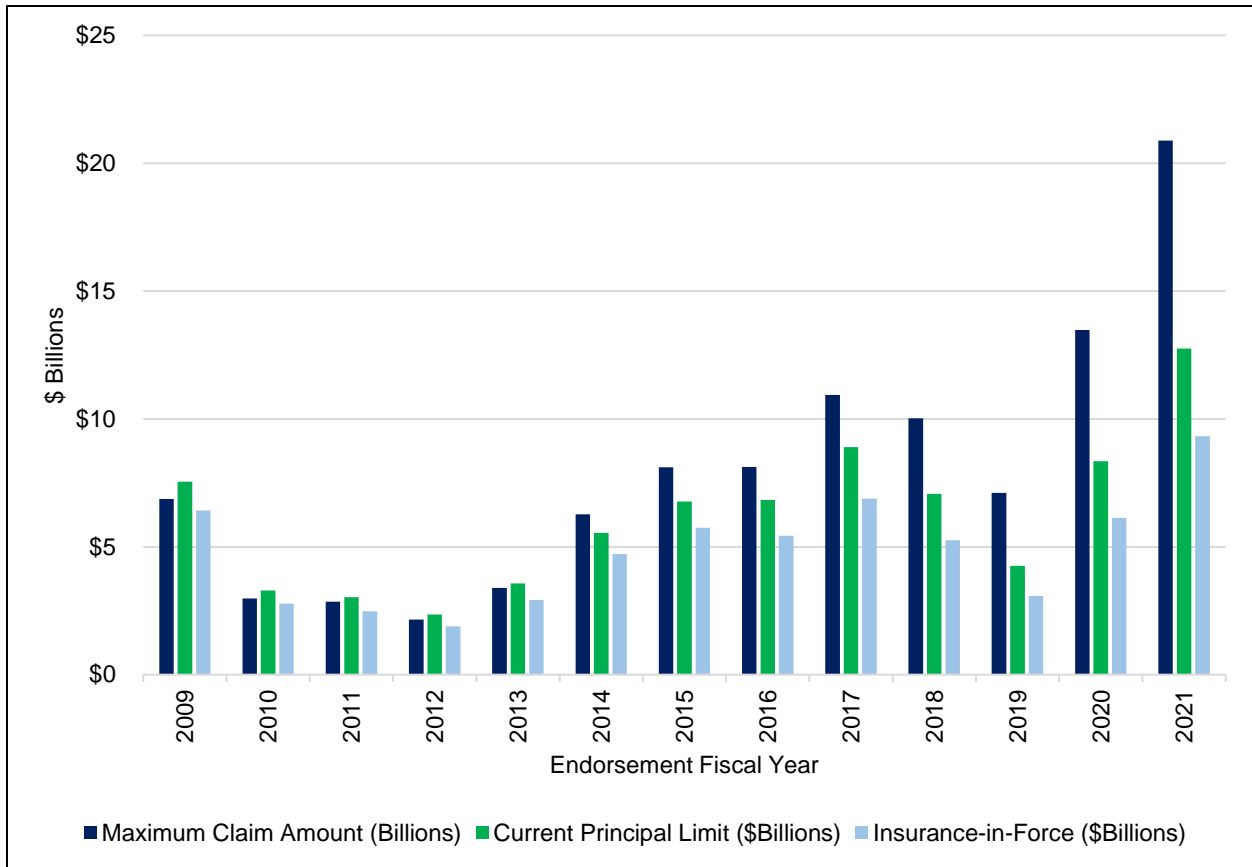


SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-23 in Appendix D.

As shown in Exhibit III-23 above, FHA provided an insurance endorsement for 49,163 HECMs in FY 2021, representing a Maximum Claim Amount<sup>7</sup> (MCA) of \$21.33 billion. This was an increase of more than \$5 billion over FY 2020.

<sup>7</sup> Maximum Claim Amount is used to calculate proceeds and is equal either to the appraised value of the home or the FHA lending limit, whichever is less.

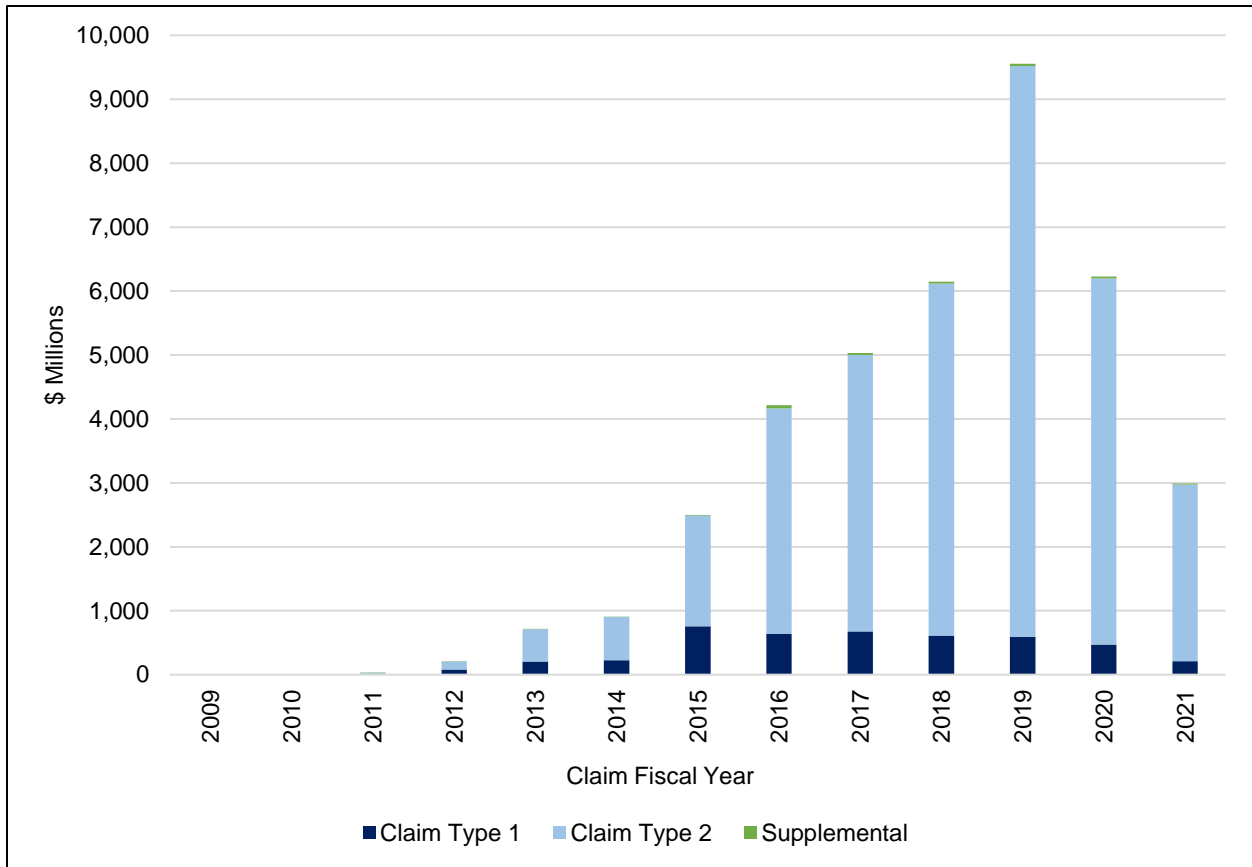
**Exhibit III-24: Current HECM Portfolio by Year of Endorsement**



SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-24 in Appendix D.

Exhibit III-24 above provides a breakdown of the current HECM portfolio by vintage year. For each vintage year, the current outstanding MCA, current total principal limit, and current Insurance-in-Force (IIF) are shown. As of September 30, 2021, the HECM portfolio in the MMI Fund represented a total MCA of \$103.18 billion, a current principal limit of \$80.27 billion and a current IIF of \$63.06 billion. The growth in MCA has largely tracked to overall equity appreciation in housing markets.

**Exhibit III-25: FHA HECM Claims by Claim Type**



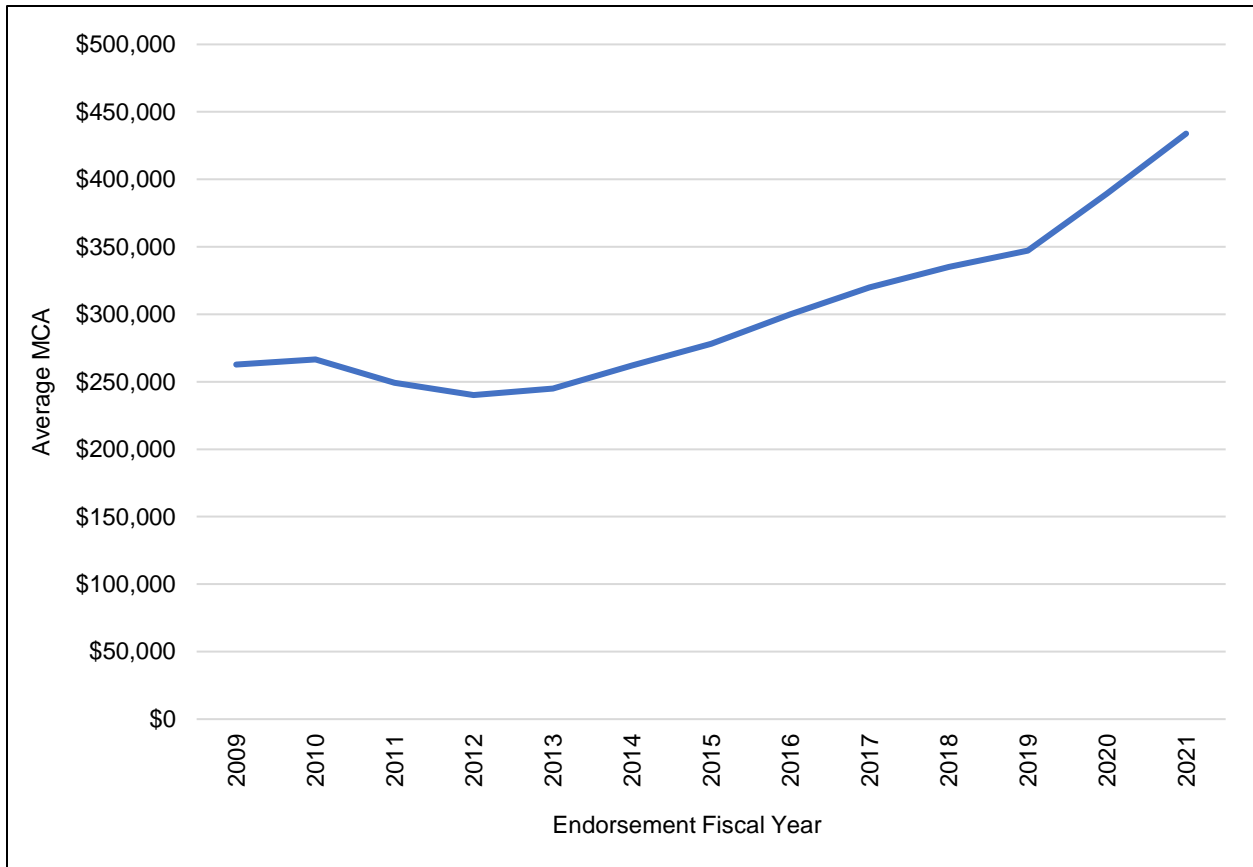
SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-25 in Appendix D.

Exhibit III-25 above shows the total amount and distribution of HECM claims by claim type. The Claim Type 1 category represents the dollar volume of claims generated when the borrower no longer occupies the home, and the property is sold at a loss. The Claim Type 2 category represents the dollar volume of claims resulting from the assignment of the mortgage to the Secretary of HUD when the mortgage reaches 98 percent of the MCA. Supplemental claims are those claims submitted by lenders for other eligible expenses not included in original claims, such as property preservation expenses.

In FY 2021, claims totaled \$2.99 billion, down from \$6.23 billion in FY 2020. Type 2 claims accounted for a majority of the decrease in total claim amount under the HECM program. Type 2 claims increased between FY 2009 and FY 2019, primarily due to the seasoning of the HECM portfolio, which resulted in more mortgage balances reaching 98 percent of the MCA.

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

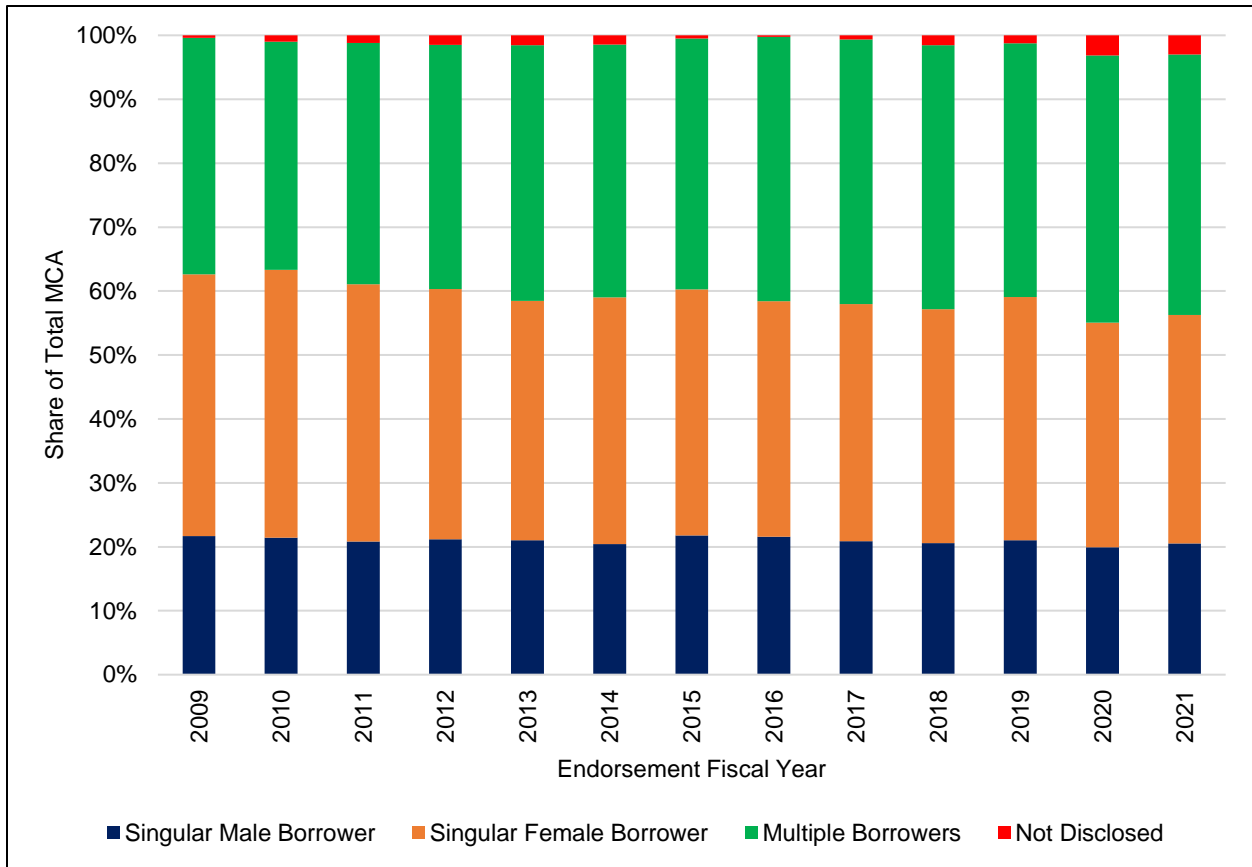
Exhibit III-26: Average Maximum Claim Amount for FHA-Endorsed HECMs



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-26 in Appendix D.

As shown in Exhibit III-26 above, the average MCA per HECM endorsement has continued to rise since FY 2013, increasing to \$433,870 in FY 2021. Rising average MCAs coincide with the increasing health of the housing market and higher appraised values on homes occupied by HECM borrowers. The FHA mortgage maximum limit for HECMs in FY 2021 was \$822,325. This limit is currently applied uniformly across the country, unlike the FHA forward mortgage limits which vary based on geographic locations and are subject to minimum and maximum limits.

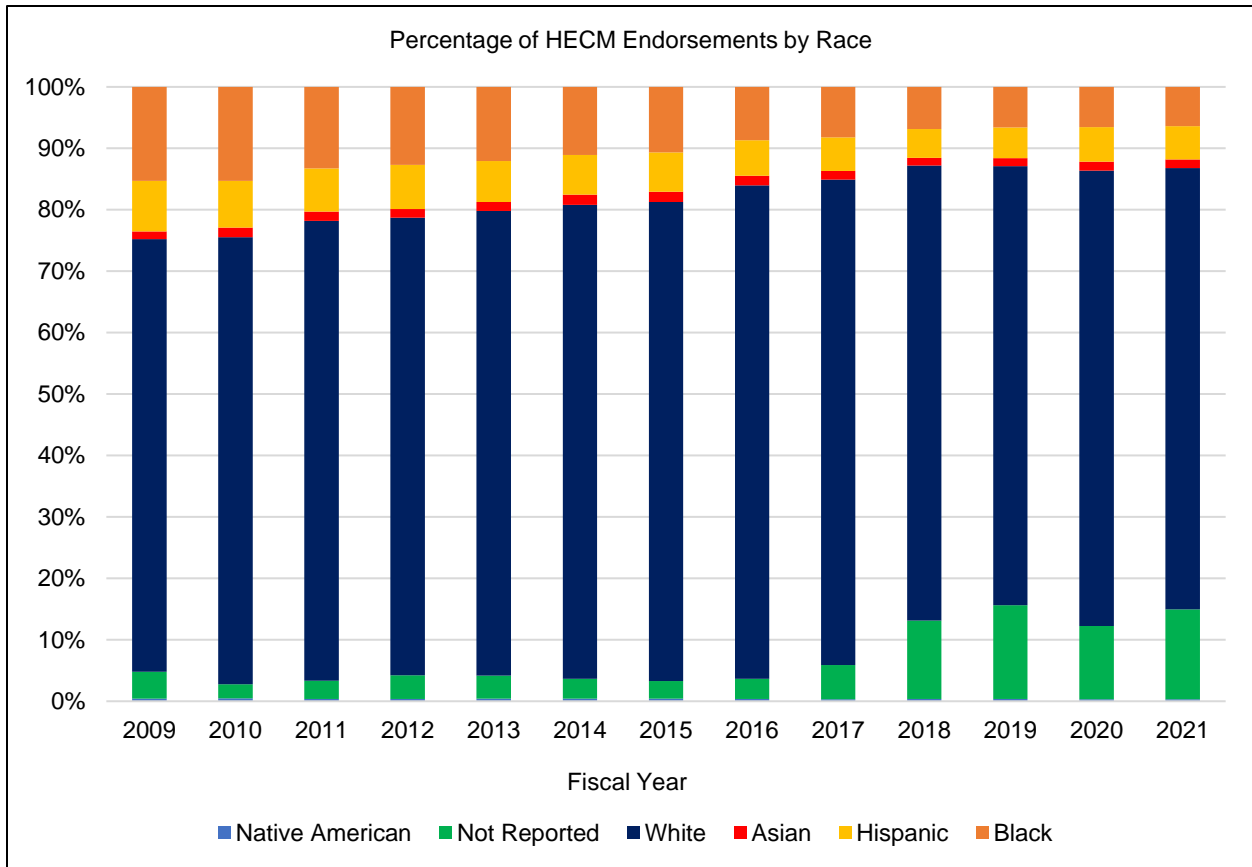
**Exhibit III-27A: Composition of FHA HECM Borrowers**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-27A in Appendix D.

Exhibit III-27A above illustrates the share of HECM endorsement counts by borrower type. In FY 2021, 35.72 percent of HECM endorsements served singular female borrowers, 20.52 percent served singular male borrowers, and 40.75 percent served multiple borrowers. The composition of HECM borrowers has remained relatively consistent since FY 2009.

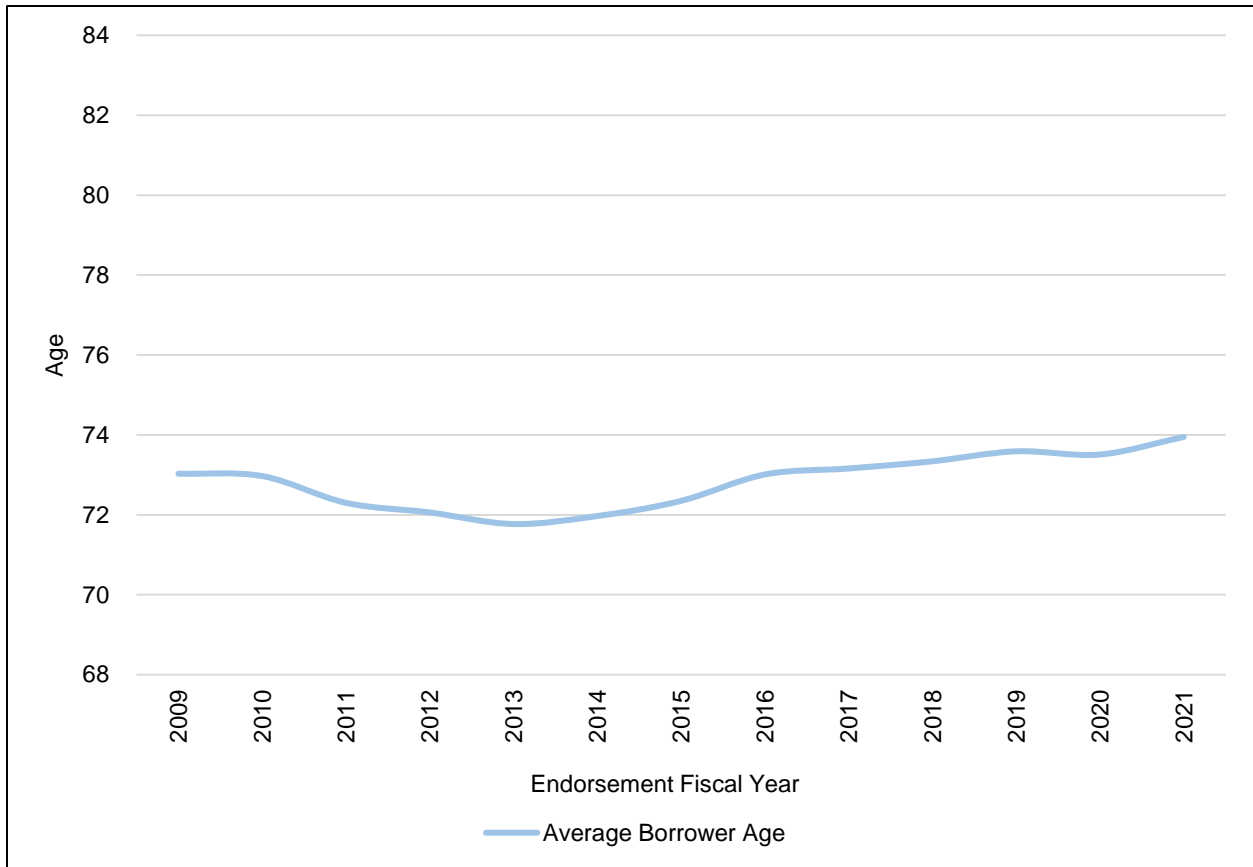
**Exhibit III-27B: Racial Composition of FHA HECM Borrowers**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-27B in Appendix D.

Exhibit III-27B above illustrates the share of HECM endorsement counts by race/ethnicity. In FY 2021, 71.79 percent of HECM endorsements served white borrowers, 6.37 percent served black borrowers, and 5.41 percent served Hispanic borrowers. Documentation of race/ethnicity is voluntary. The share of non-respondents for HECMs has climbed in recent years, reaching 14.63 percent in 2021.

Exhibit III-28: Average Borrower Age at Endorsement of FHA HECMs

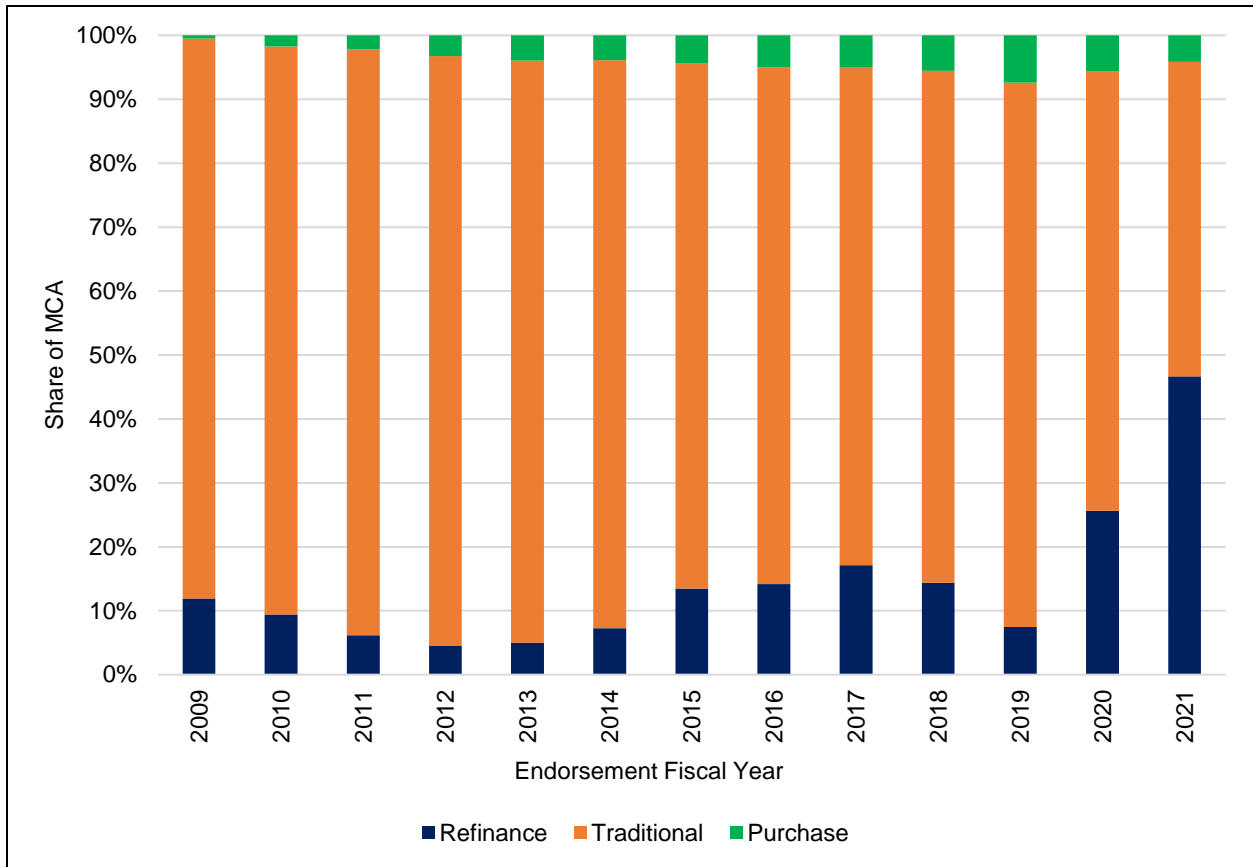


SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table D-28 in Appendix D.

Exhibit III-28 above shows the trend in the average age of HECM borrowers, which has been relatively stable. In FY 2021, the average borrower age increased slightly to 73.95 years from 73.51 years in FY 2020.



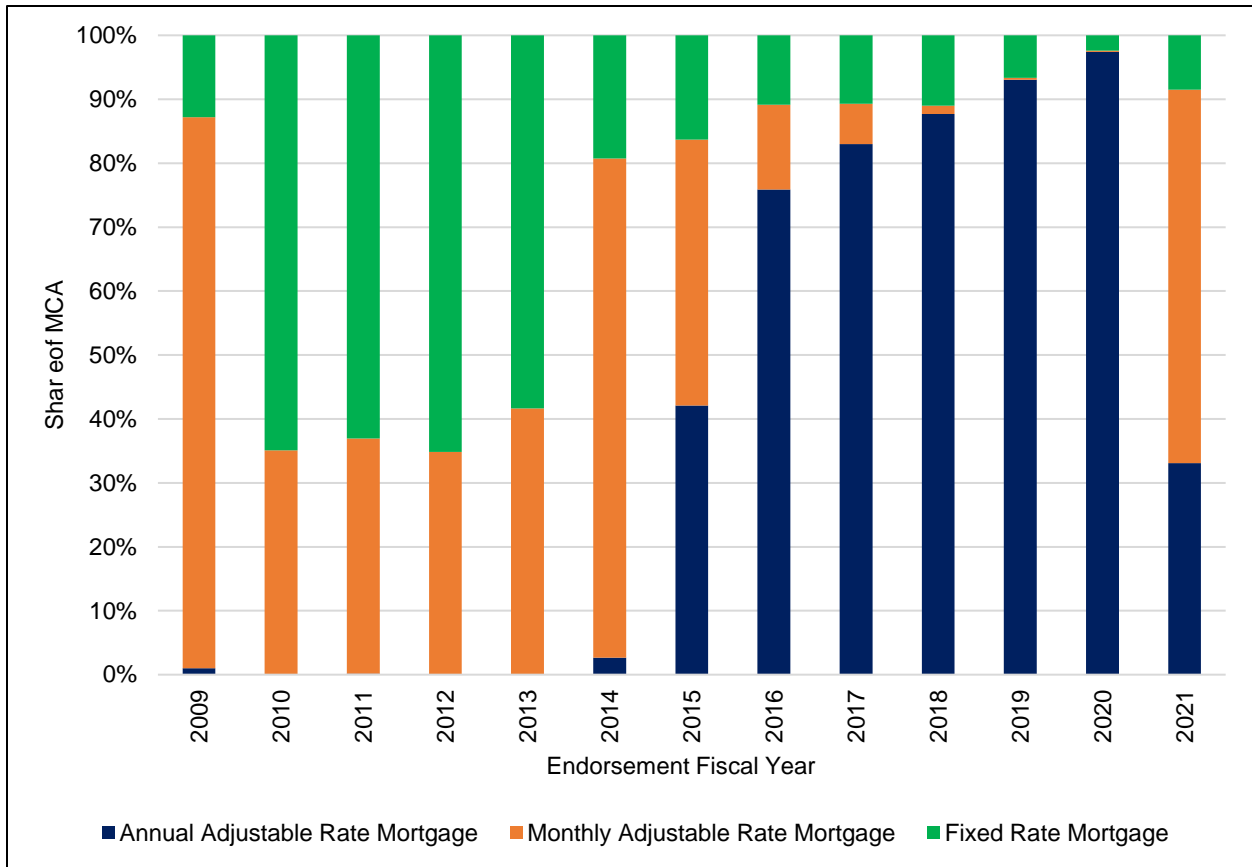
**Exhibit III-29: FHA HECM Endorsement Activity by Mortgage Purpose**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
 Refer to data table D-29 in Appendix D.

As shown in Exhibit III-29 above, the share of HECM MCA for refinance transactions nearly doubled from FY 2020, rising from 25.66 percent to 46.68 percent in FY 2021, as homeowners took advantage of favorable house prices and low interest rates to extract more equity.

Exhibit III-30: FHA HECM Endorsement Activity by Mortgage Type Option

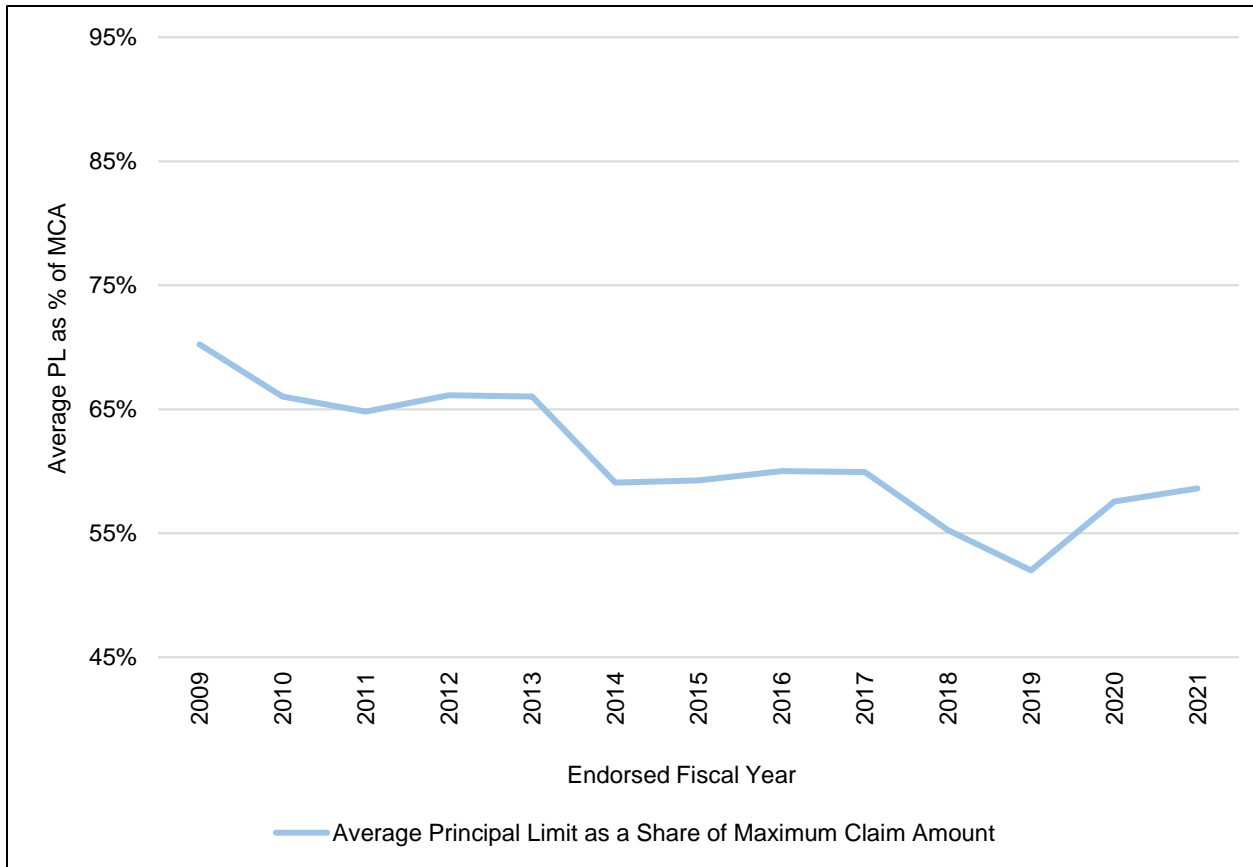


SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-30 in Appendix D.

Exhibit III-30 above illustrates the shift from fixed-rate HECMs to adjustable-rate HECMs since FY 2013. In FY 2021, 91.49 percent of FHA’s HECM endorsements were for adjustable-rate mortgages (ARMs). This change in composition is, in part, a result of policies implemented in FY 2014 related to the insurability of fixed-rate HECMs, including eliminating the option of future draws and a reduction in the amount of principal made available to the borrower.

Historically, lenders were allowed to choose one of two indexes for HECM adjustable-rate mortgages: The Constant Maturity Treasury Index (CMT) or the London Interbank Offered Rate (LIBOR), with LIBOR as the index of choice in virtually all cases. In March 2021, Mortgagee Letter 2021-08 removed approval for use of the LIBOR index for adjustable interest rate HECMs and established the acceptance of the Secured Overnight Financing Rate (SOFR) index. Ginnie Mae will facilitate the creation of Single-Class MBS collateralized by pools containing SOFR ARM in the near term.

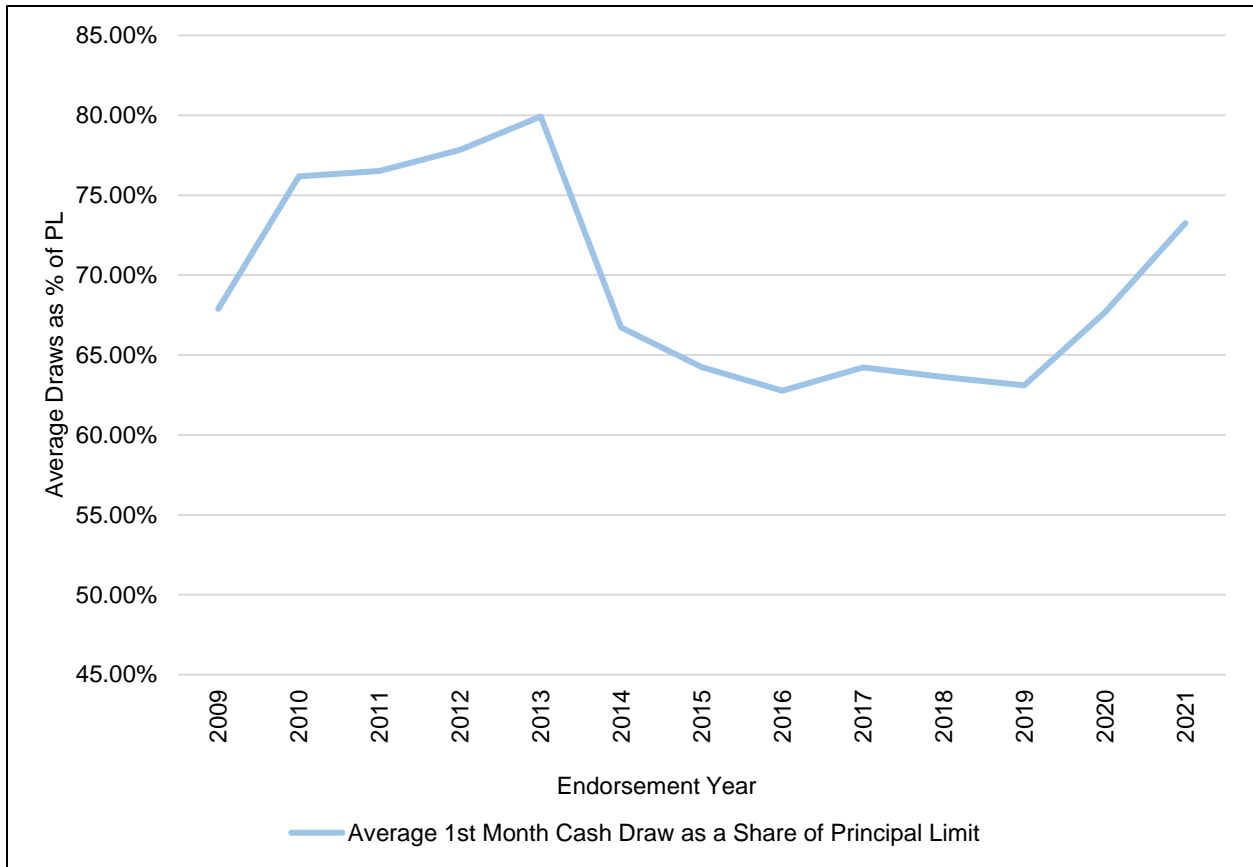
Exhibit III-31: Average Principal Limit of FHA HECMs



SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-31 in Appendix D.

The average principal limit, or amount that borrowers have access to withdraw, on a HECM in FY 2021 was 58.61 percent of the MCA, up from 57.56 percent in FY 2020, as a result of lower interest rates and higher borrower ages.

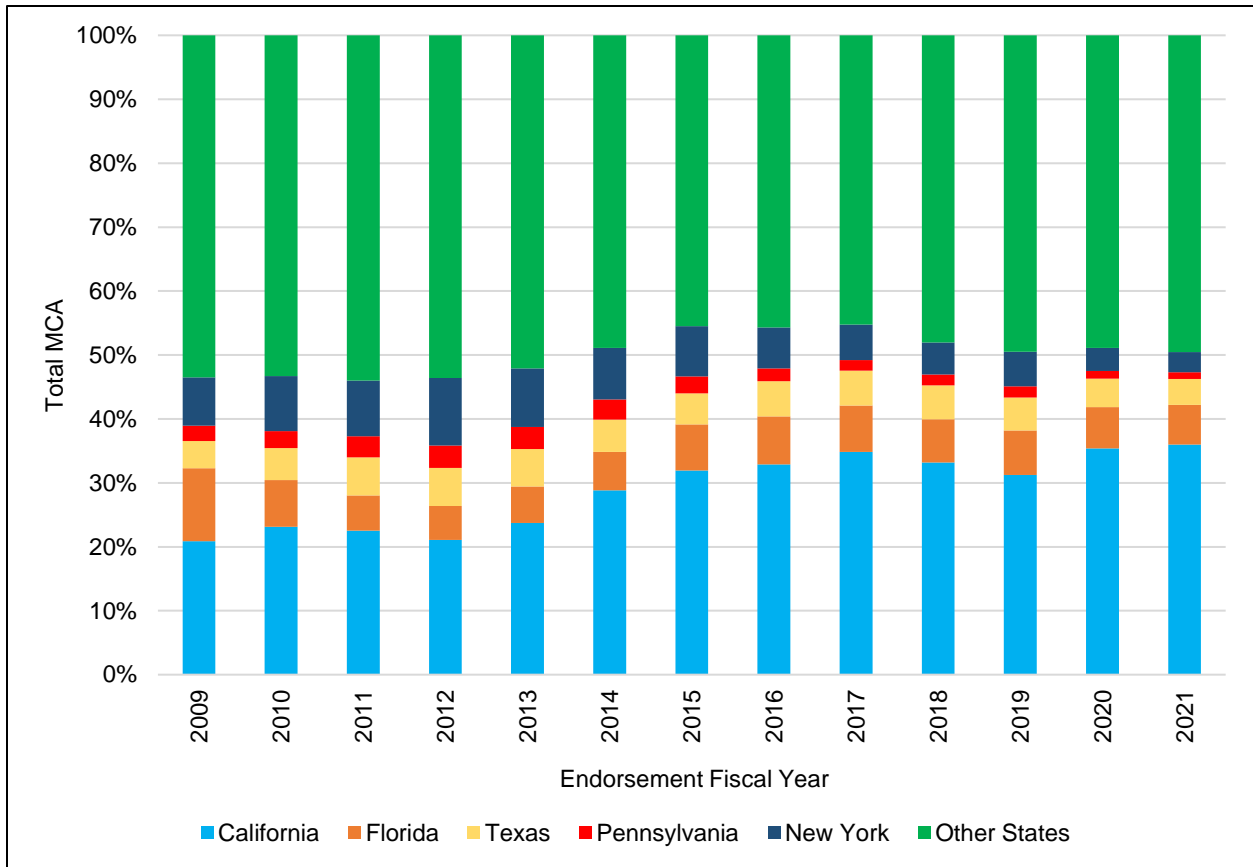
**Exhibit III-32: Average Initial Cash Draws of FHA-Endorsed HECMs**



SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-31 in Appendix D.

HECM borrowers withdrew an average of 73.26 percent of their available principal limit on their initial draw in FY 2021, as reflected in Exhibit III-32 above. Large upfront draws increase the risk to borrowers and to FHA, as they decrease the financial resources available to pay future obligations such as taxes and insurance. In addition, large upfront draws cause HECM balances to compound more quickly, resulting in faster depletion of borrower equity in the home and increased potential losses for FHA.

**Exhibit III-33: States with the Highest Share of FHA HECMs by MCA**

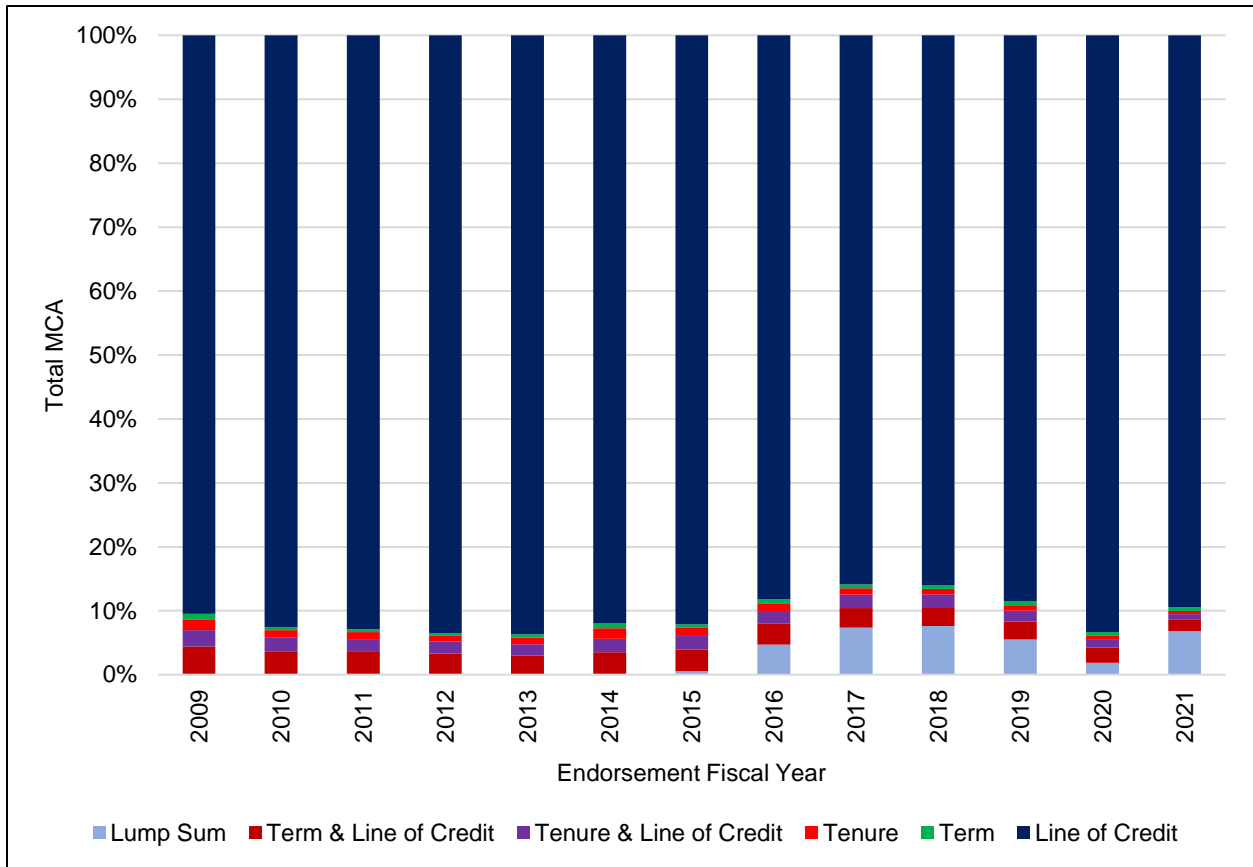


SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-32 in Appendix D.

HECMs are more geographically concentrated than FHA-insured forward mortgages. California remains by far the state with the largest share of HECM production, at 35.98 percent of FHA’s HECM FY 2021 endorsements based on total MCA. The top five states represented 50.46 percent of new HECM endorsements in FY 2021, illustrating that geographical risk profile for the HECM program has become more concentrated in recent years.

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

Exhibit III-34: FHA HECMs by Payment Plan Option



SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-33 in Appendix D.

Exhibit III-34 above summarizes the share of aggregate HECM MCA by payment plan option type for each fiscal year since FY 2009. HECM borrowers can choose from the following payment options to receive mortgage proceeds:

- **Lump Sum:** Under the Lump Sum payment option, the borrower receives a single lump sum disbursement at closing. This payment option is only available for fixed-rate HECMs.
- **Term:** Under the term payment option, equal monthly payments are made to the borrower for a fixed term of months chosen by the borrower.
- **Tenure:** Under the tenure payment option, equal monthly payments are made to the borrower.
- **Line of Credit (LOC):** Under the LOC payment option, payments are made to the borrower at times and in amounts determined by the borrower until the LOC is exhausted.
- **Term or Tenure with LOC:** Under the term or tenure payment options with a LOC, equal monthly payments are made to the borrower for a fixed period. These payment plans

segregate a portion of the available principal for a LOC and then calculate monthly draws based on the borrower's selection of Term or Tenure.

As was the case in previous years, the HECM LOC draw option was the most popular payment plan type with HECM borrowers due to its flexibility. Borrowers with fixed-rate HECMs may not request a change in payment option. Borrowers with adjustable-rate HECMs originated after FY 2014 may request a change in payment option after the first 12-month disbursement period if the outstanding mortgage balance is less than the principal limit.

## Chapter IV: Condition of the Mutual Mortgage Insurance Fund

### Mutual Mortgage Insurance Fund Capital Ratio

Consistent with the Federal Credit Reform Act of 1990 (FCRA), the Net Present Value (NPV) of future Mutual Mortgage Insurance Fund (MMI Fund) cash flows (NPV Cash Flows) were estimated using the underlying economic assumptions from the FY 2021 President’s Economic Assumptions. The concept of Claims Paying Capacity was introduced in recent years, disaggregating NPV Cash Flows into its two components:

- Net Present Value of Projected Mortgage Insurance Premium (MIP) Revenue (NPV Projected Revenue): Estimated value of monthly insurance premiums through the life of the loan after applying modeled prepay assumptions.
- Net Present Value of Projected Claims Losses (NPV Projected Losses): Projected claim payments to cover default costs minus collections from recoveries on defaulted loans. Also includes expenses associated with foreclosure activities.

The formula for calculating MMI Fund Capital and the MMI Fund Capital Ratio using these factors is shown below:

- $\text{MMI Fund Capital}^8 = (\text{Total Capital Resources} + \text{NPV Projected Revenue} - \text{NPV Projected Losses})$

12 USC § 1708(a)(4) requires FHA to annually provide for an independent actuarial study of the MMI Fund and to submit a report to Congress describing the results of such study. The actuary serves as an independent verification of FHA’s methodology. For this Annual Report, FHA engaged Pinnacle Actuarial Resources (Pinnacle) to test the reasonableness of its FY 2021 estimates of forward and Home Equity Conversion Mortgage (HECM) Cash Flow NPVs. FHA’s and Pinnacle’s estimates were prepared in accordance with the Federal Credit Reform Act and Actuarial Standards of Practice.

Forecast scenarios of Cash Flow NPV were estimated by FHA and tested for reasonableness by Pinnacle. For FY 2021, Pinnacle concluded that FHA’s Cash Flow NPV is reasonable and within Pinnacle’s reasonable range of Actuarial Estimates.

Pinnacle’s Actuarial Reviews for the forward and HECM portfolios are available on FHA’s website at: [https://www.hud.gov/program\\_offices/housing/rmra/oe/rpts/actr/actrmenu](https://www.hud.gov/program_offices/housing/rmra/oe/rpts/actr/actrmenu).

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<sup>8</sup> The term “MMI Fund Capital” means Economic Net Worth of the Mutual Mortgage Insurance Fund, as determined by the Secretary in accordance with the annual audit required under section 1735f-16 of this title. This terminology was introduced in FHA’s FY 2019 Annual Report, and is more consistent with industry standards, as the MMI Fund Capital Ratio can now be expressed as MMI Fund Capital/IIF.



The MMI Fund Capital Ratio as of September 30, 2021, is 8.03<sup>9</sup> percent of Insurance-in-Force (IIF), representing an increase of 1.93 percentage points from the FY 2020 MMI Fund Capital Ratio of 6.10 percent.

**Exhibit IV-1: Mutual Mortgage Insurance Fund Balance and Capital Ratio Estimates FY 2019 – FY 2021 (\$ millions)**

Description	FY 2019	FY 2020	FY 2021
Total Capital Resources	\$57,980	\$70,652	\$83,604
Cash Flow NPV	4,402	8,298	16,871
<b>MMI Fund Capital</b>	<b>\$62,382</b>	<b>\$78,950</b>	<b>\$100,475</b>
Insurance-In-Force	\$1,288,436	\$1,294,731	\$1,251,270
Total Capital Resources	4.50%	5.46%	6.68%
Cash Flow NPV	0.34%	0.64%	1.35%
<b>MMI Fund Capital Ratio</b>	<b>4.84%</b>	<b>6.10%</b>	<b>8.03%</b>

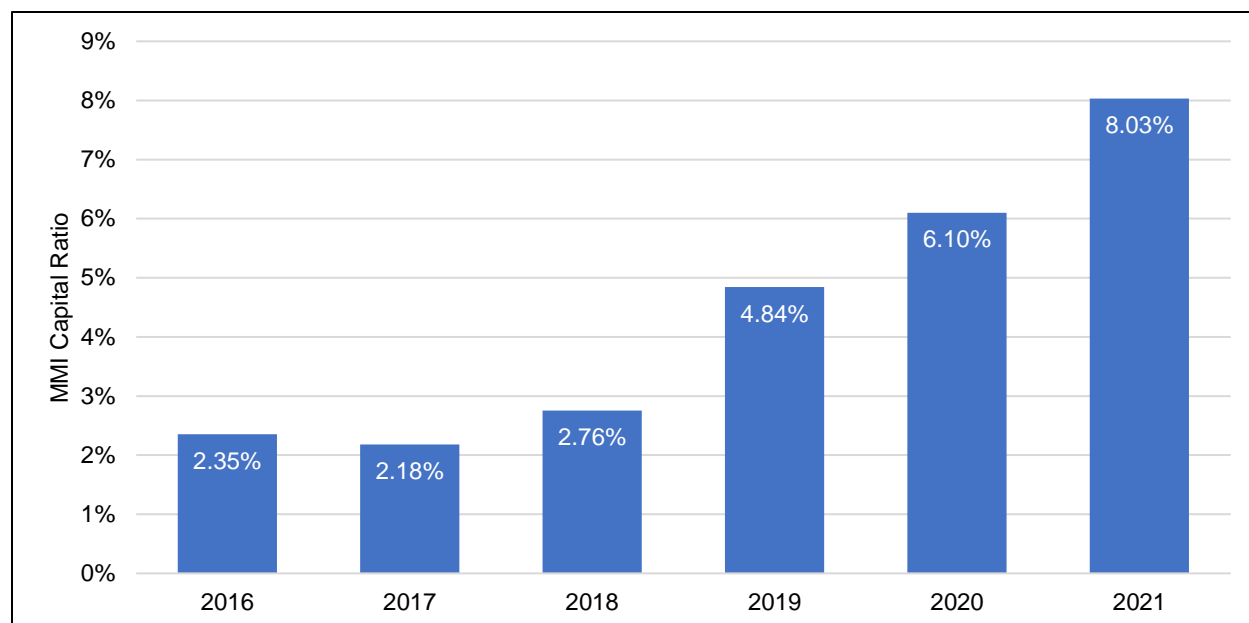
SOURCE: U.S. Department of HUD/FHA, October 2021.

As shown above in Exhibit IV-1, MMI Fund Capital increased by \$21.5 billion between September 30, 2020, and September 30, 2021. The \$21.5 billion increase is in large part attributable to the assumptions related to the NPV of Projected Losses.

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<sup>9</sup> The MMI Fund Capital Ratio includes the forward standalone Capital Ratios for the forward and Home Equity Conversion Mortgage (HECM) reverse mortgage programs and the \$1.7 billion mandatory appropriation taken in FY 2013, which adds 0.13 percent to the MMI Fund Capital Ratio that is not attributed to either the forward or HECM portfolios. Exclusion of the \$1.7 billion mandatory appropriation would reduce the FY 2021 MMI Fund Capital Ratio to 7.90 percent.

**Exhibit IV-2: MMI Fund Capital Ratio FY 2016 – FY 2021**



SOURCE: U.S. Department HUD/FHA, October 2021.  
Refer to data table A-4 in Appendix A.

The FY 2021 MMI Fund Capital Ratio has improved over the last four fiscal years, as shown by Exhibit IV-2 above.

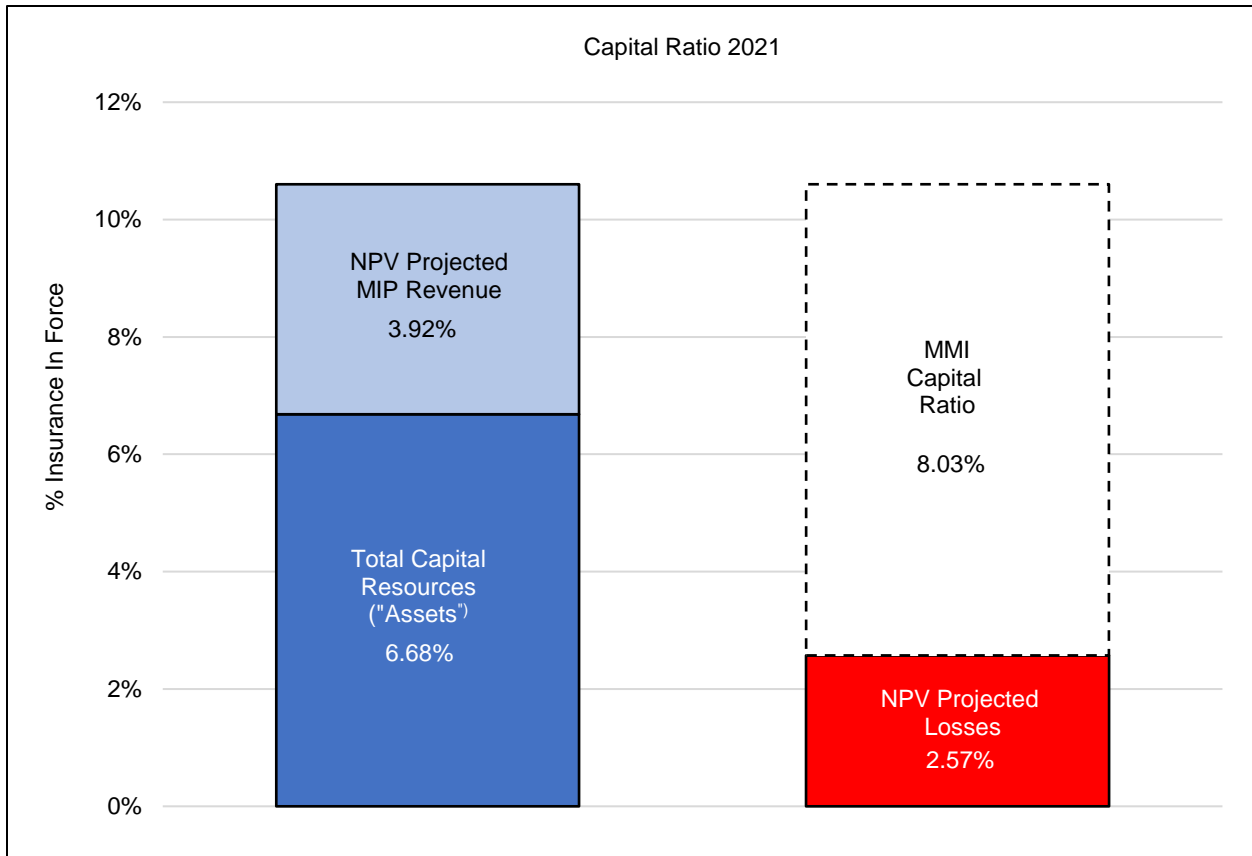
**Exhibit IV-3: MMI Fund Capital Ratio Components FY 2019 – FY 2021**

Description	FY 2019	FY 2020	FY 2021
Total Capital Resources	\$57,980	\$70,652	\$83,604
Plus: NPV Projected Revenue	\$51,436	48,807	49,045
Equals: Claims Paying Capacity	\$109,416	\$119,459	\$132,579
Less: NPV Projected Losses	(\$47,034)	(40,509)	(32,174)
<b>Equals: MMI Fund Capital</b>	<b>\$62,382</b>	<b>\$78,950</b>	<b>\$100,475</b>
Insurance-In-Force	\$1,288,436	\$1,294,731	\$1,251,270
Total Capital Resources	4.50%	5.46%	6.68%
Plus: NPV Projected Revenue	3.99%	3.77%	3.92%
Equals: Claims Paying Capacity	8.49%	9.23%	10.60%
Less: NPV Projected Losses	-3.65%	-3.13%	-2.57%
<b>Equals: MMI Fund Capital Ratio</b>	<b>4.84%</b>	<b>6.10%</b>	<b>8.03%</b>

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

Exhibit IV-3, above, presents an itemization of the components that comprise the MMI Fund Capital Ratio calculation. MMI Fund Capital increased by \$21.5 billion from FY 2020 to FY 2021, from \$79.0 billion to \$100.5 billion.

**Exhibit IV-4: Claims Paying Capacity and Projected Losses FY 2021**



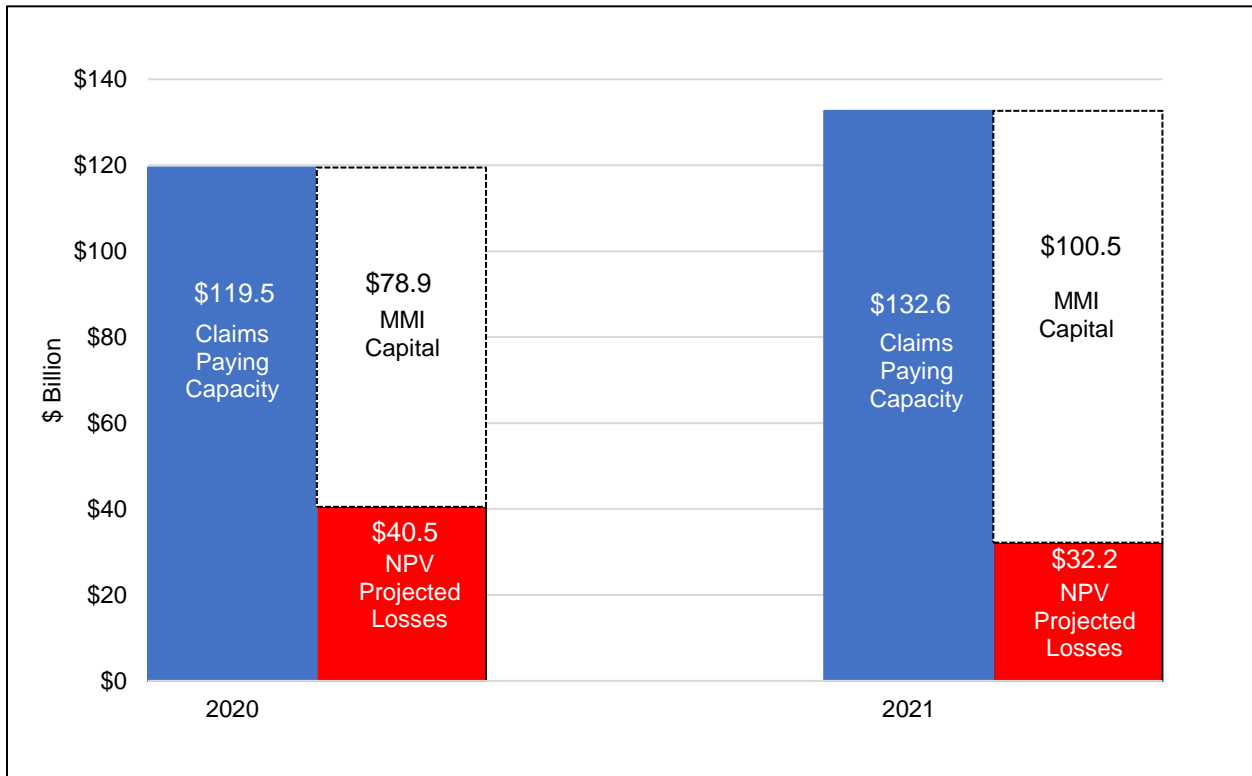
SOURCE: U.S. Department of HUD/FHA, October 2021  
 Refer to data table E-1 in Appendix E.

Exhibit IV-4, above, illustrates the components that make up the FY 2021 MMI Fund Capital Ratio. It highlights an important observation regarding the composition of MMI Fund Capital: not all elements comprising MMI Fund Capital can be used as a capital buffer<sup>10</sup> against adverse shocks and financial events during uncertain times. The sum of the two components on the left side of Exhibit IV-4, Total Capital Resources (essentially cash and other similar assets) plus NPV of Projected Revenue, provides a metric that aligns conceptually with that of a capital buffer. Together, the sum of the two components measures the MMI Fund’s ability to pay for claims losses and will be referred to as Claims Paying Capacity throughout this report.

The third component of the MMI Fund Capital Ratio, NPV of Projected Losses, is a model-driven estimate that is highly dependent on forecasted rates of home price appreciation (HPA). HPA estimates historically have been shown to be a volatile and lagging indicator of the health of the economy, and correspondingly, the health of the MMI Fund.

<sup>10</sup> Basel III formalized the concept of “capital buffer”, which is capital that financial institutions are required to hold in addition to other minimum capital requirements, designed to reduce adverse impacts due to the procyclical nature of lending.  
<https://research.stlouisfed.org/publications/economic-synopses/2019/06/21/can-countercyclical-capital-buffers-help-prevent-a-financial-crisis>.

**Exhibit IV-5: Changes to Claims Paying Capacity and NPV of Projected Losses from FY 2020 to FY 2021**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table E-1 in Appendix E.

Exhibit IV-5, above, shows that MMI Fund Capital grew by \$21.5 billion over the last year. As can be seen in the Exhibit, a decrease in NPV of Projected Losses was responsible for \$8.3 billion of the total increase in MMI Fund Capital.

A decrease in year-over-year loss expectations may appear contrary to many indicators of macroeconomic stress resulting from the COVID-19 pandemic<sup>11</sup>. However, the housing market remained an area of strength in the economy during the period of pandemic-related economic disruption. For example, strong HPA rates have continued through FY 2021, resulting in a 45 percent decrease in FHA’s average loss severity<sup>12</sup> on foreclosed properties from the peak of 64.53 percent in 2011 to 35.50 percent in FY 2021.

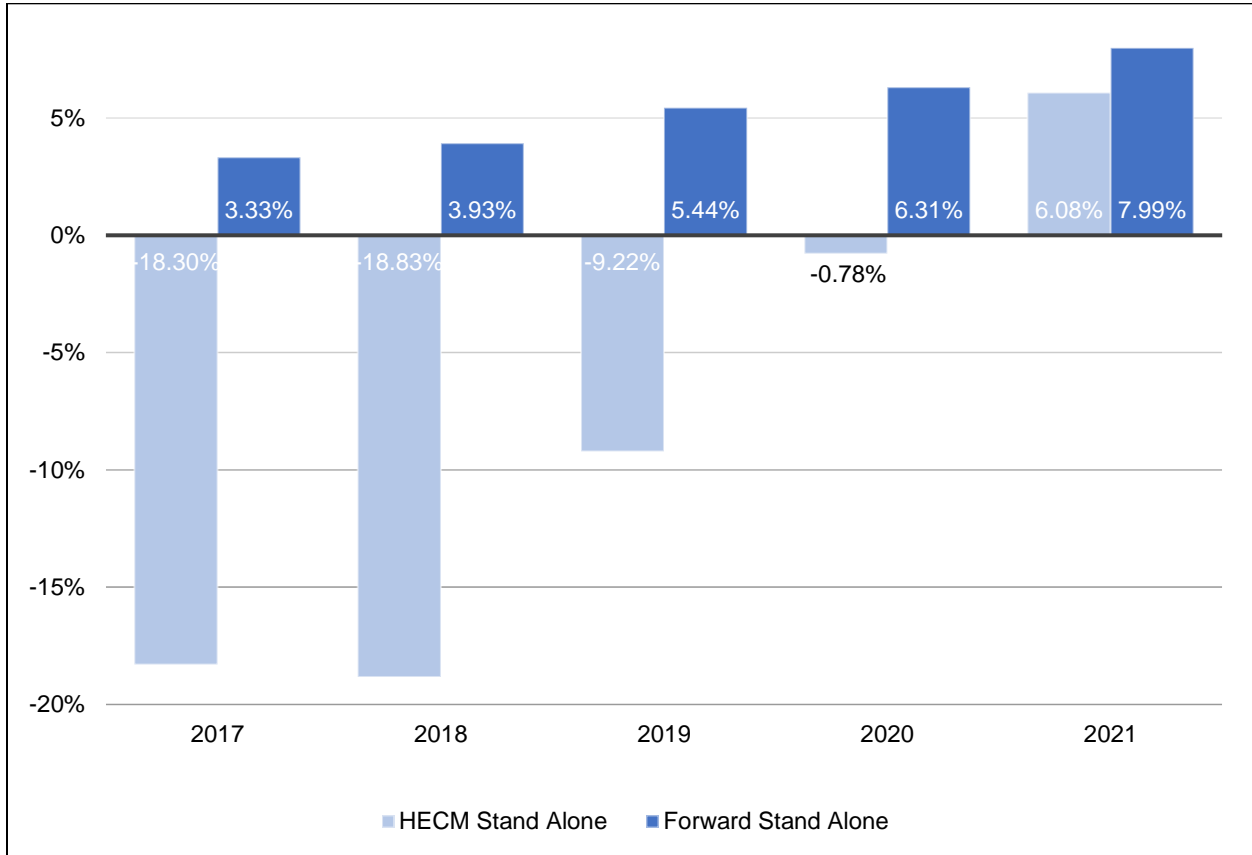
<sup>11</sup> Indicators of economic stress on the MMI portfolio are discussed more fully in “The Impact of Continued Economic Uncertainty”, later in this chapter.

<sup>12</sup> Also known in the industry as Loss Given Default (LGD)

### Stand-Alone Capital Ratios for Forward Mortgages and HECMs

The MMI Fund includes capital for both the Single Family forward and reverse, or Home Equity Conversion Mortgage (HECM)<sup>13</sup>, programs. The following sections describe the individual (stand-alone) status of each portfolio.

**Exhibit IV-6: Forward and HECM Stand-Alone Capital Ratios**



SOURCE: U.S. Department HUD/FHA, October 2021.  
Refer to data table A-5B in Appendix A.

Exhibit IV-6 provides a comparison of stand-alone capital ratios for the forward and HECM portfolios since 2017. The financial performance of the HECM portfolio has improved in each of the last three years and is now positive for the first time since FY 2015. The HECM portfolio is historically more volatile than the forward mortgage portfolio, as projections of the HECM portfolio’s financial performance are substantially more sensitive to changes in HPA.

<sup>13</sup> The Housing and Economic Recovery Act of 2008 placed new HECMs in FHA’s MMI Fund starting in 2009.

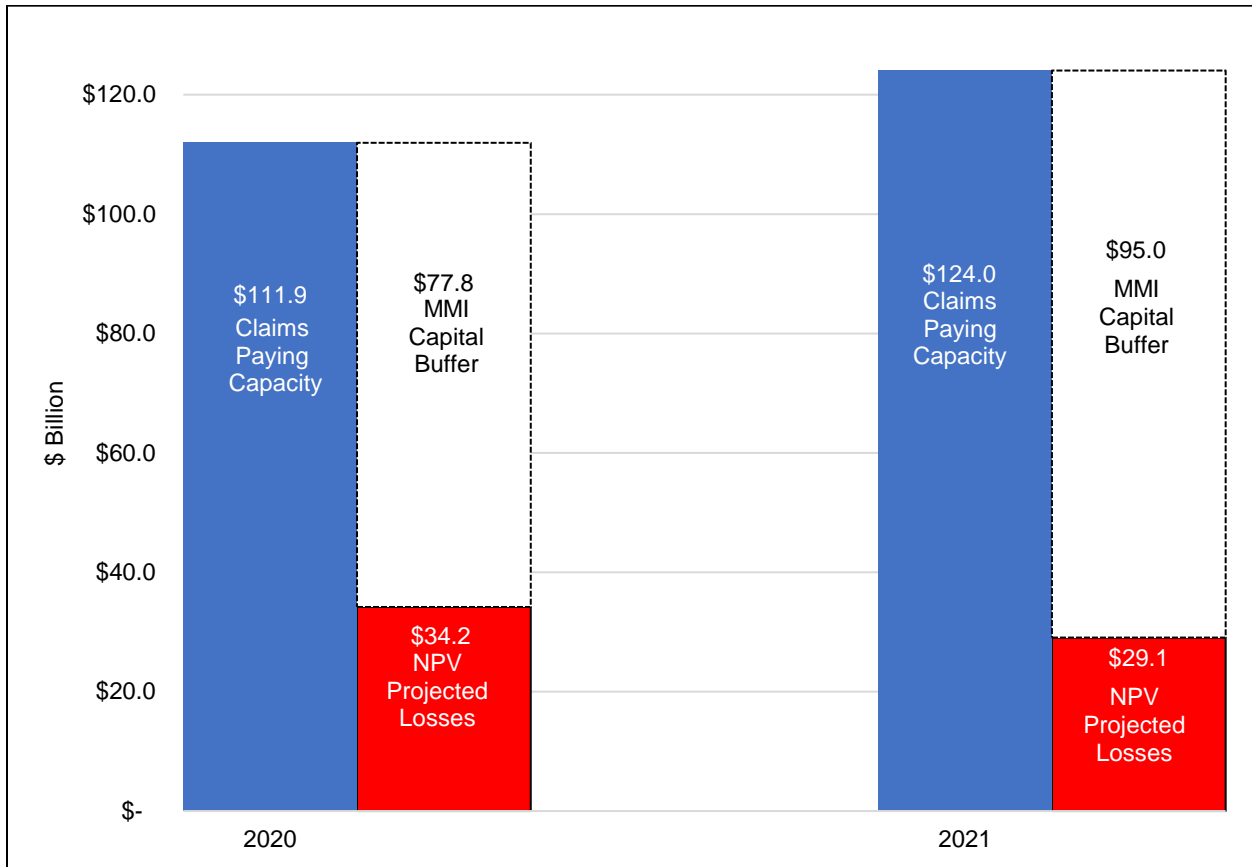
**Exhibit IV-7: Forward Mortgage Stand-Alone Capital Ratio Components (\$ millions)**

Description	FY 2019	FY 2020	FY 2021
Total Capital Resources	\$54,600	\$67,368	\$78,500
Plus: NPV Revenue	\$45,783	\$44,574	\$45,544
Equals: Claims Paying Capacity	\$100,383	\$111,942	\$120,167
Less: NPV Losses	(\$33,769)	(\$34,187)	(\$29,063)
<b>Equals: MMI Fund Capital</b>	<b>\$66,614</b>	<b>\$77,755</b>	<b>\$94,889</b>
Insurance-In-Force	\$1,224,225	\$1,232,093	\$1,188,595
Total Capital Resources	4.46%	5.47%	6.60%
Plus: NPV Revenue	3.74%	3.62%	3.83%
Equals: Claims Paying Capacity	8.20%	9.09%	10.43%
Less: NPV Losses	-2.76%	-2.77%	-2.45%
<b>Equals: MMI Fund Capital Ratio</b>	<b>5.44%</b>	<b>6.31%</b>	<b>7.99%</b>
Insurance-In-Force	100.00%	100.00%	100.00%

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

Exhibit IV-7, above, shows that the stand-alone MMI Fund capital ratio for the forward portfolio increased from 6.31 percent in FY 2020 to 7.99 percent in FY 2021. MMI Fund Capital for the forward portfolio grew by almost \$17.1 billion over the last fiscal year.

**Exhibit IV-8: Changes in Forward Portfolio Claims Paying Capacity and NPV of Projected Losses from FY 2020 to FY 2021**



SOURCE: U.S. Department of HUD/FHA, October 2021.  
Refer to data table E-4 in Appendix E.

Exhibit IV-8, above, shows that the NPV of Projected Losses for the forward portfolio decreased by \$5.1 billion in FY 2021. Growth in Claims Paying Capacity (resources available to pay for claims losses) contributed another \$12.1 billion to the total increase in MMI Fund Capital for the forward portfolio of approximately \$17.2 billion.

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

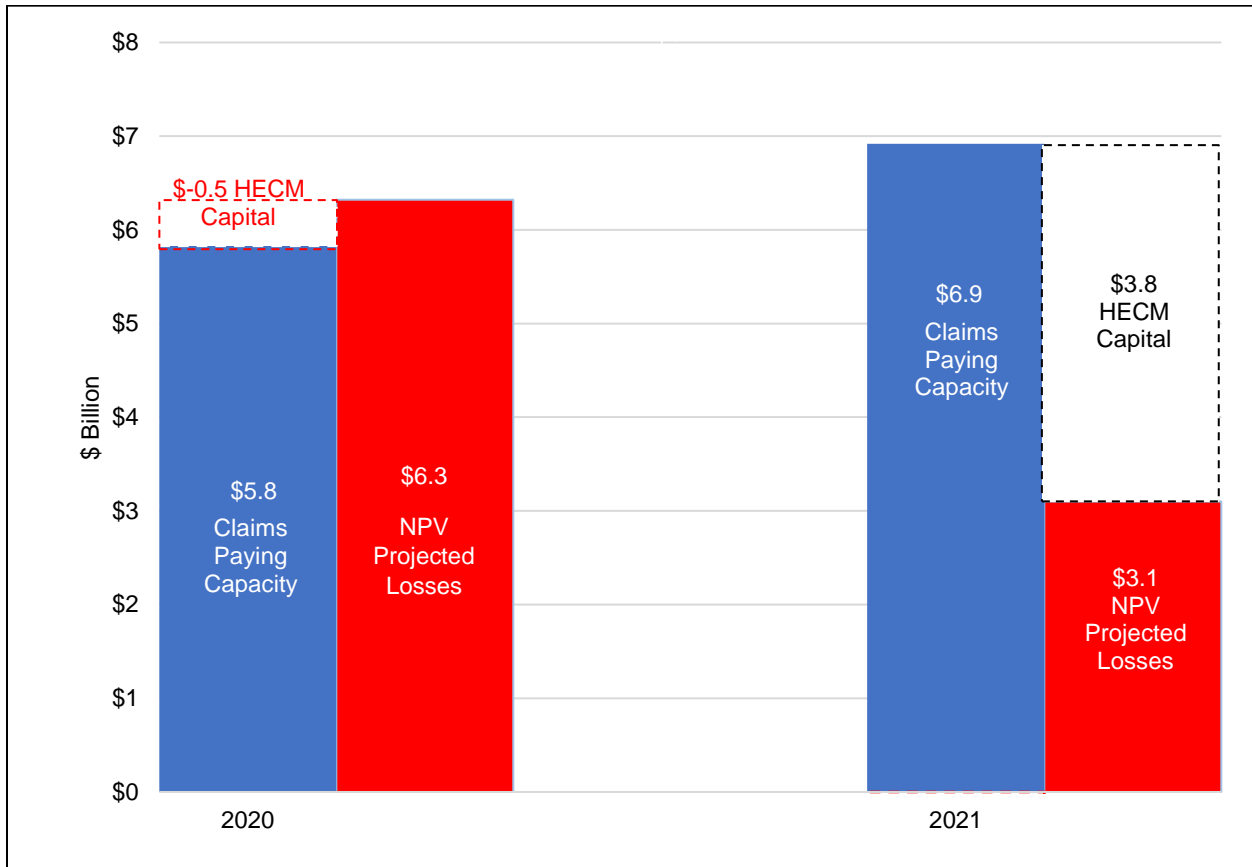
Description	FY 2019	FY 2020	FY 2021
Total Capital Resources	\$1,694	\$1,597	\$3,418
Plus: NPV Revenue	\$5,653	\$4,233	\$3,501
Equals: Claims Paying Capacity	\$7,347	\$5,830	\$6,919
Less: NPV Losses	(13,265)	(6,322)	(3,111)
<b>Equals: MMI Fund Capital</b>	<b>(\$5,918)</b>	<b>(\$492)</b>	<b>\$3,808</b>
Insurance-In-Force	\$64,211	\$62,638	\$62,675
Equals: Total Capital Resources	2.64%	2.55%	5.45%
Plus: NPV Revenue	8.80%	6.76%	5.59%
Equals: Claims Paying Capacity	11.44%	9.31%	11.04%
Less: NPV Losses	-20.66%	-10.09%	-4.96%
<b>Equals: MMI Fund Capital Ratio</b>	<b>-9.22%</b>	<b>-0.78%</b>	<b>6.08%</b>
Insurance-In-Force	100.00%	100.00%	100.00%

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

As shown in Exhibit IV-9, above, the stand-alone capital ratio of the HECM portfolio increased by 6.86 percentage points, from negative 0.78 percent in FY 2020 to a positive 6.08 percent in FY 2021. Traditional forward mortgages are underwritten with both borrower income and property value considered. HECM mortgages do not require a borrower to have current income. Instead, HECM mortgages are asset-based loans that are underwritten based on property value. Because long term HPA projections drive HECM valuations rather than income, the HECM portfolio is therefore less affected by shorter-term employment and income disruptions caused by the COVID-19 pandemic. However, this portfolio's valuations can shift substantially as a result of even minor changes in forecasted HPA.



**Exhibit IV-10: Changes in HECM Portfolio Claims Paying Capacity and NPV of Projected Losses from FY 2020 to FY 2021**

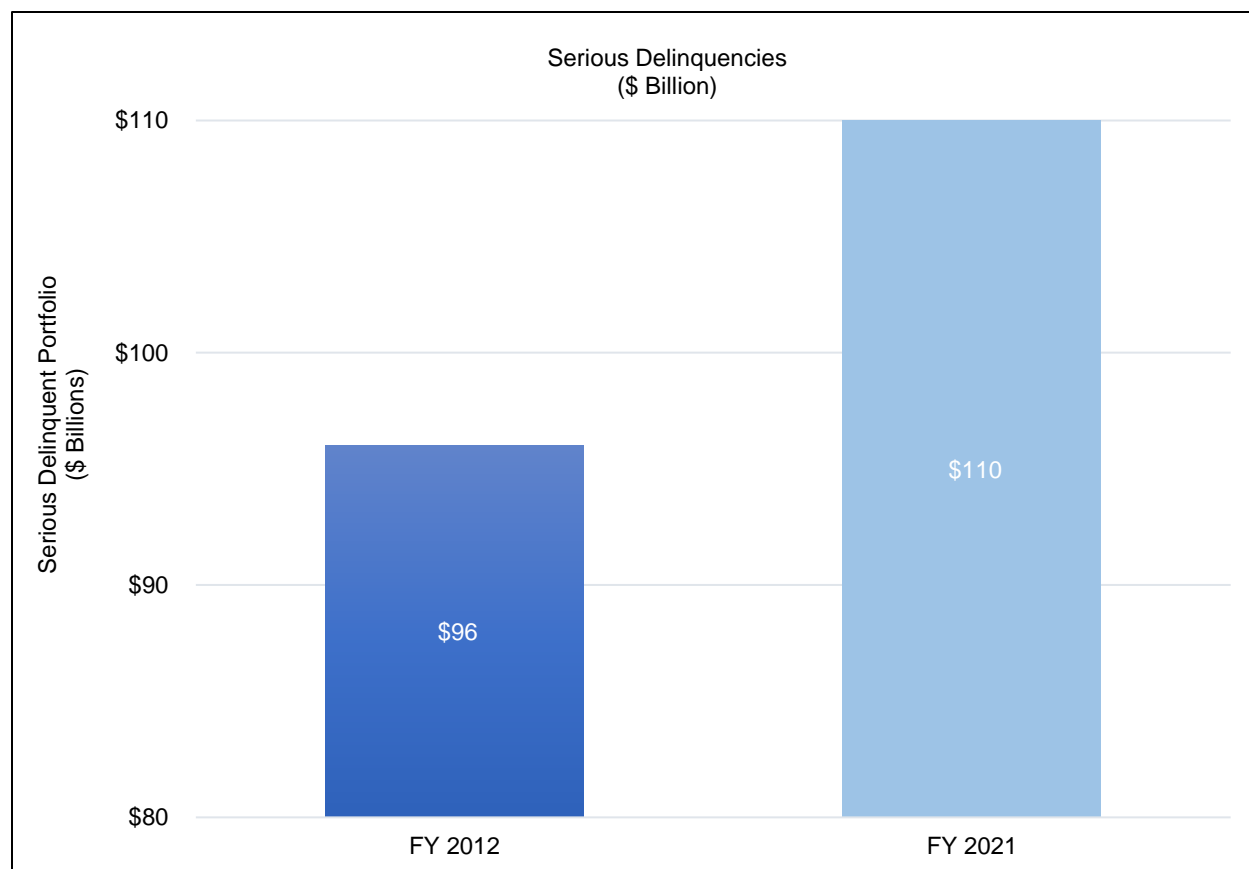


SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table E-5 in Appendix E.

MMI Fund Capital for the HECM portfolio increased by \$4.3 billion over the last year. The improved projection for HECM is largely based on a decrease in the NPV of Projected Losses that generated \$3.2 billion of new MMI Fund Capital, as shown in Exhibit IV-10, above.

### The Impact of Continued Economic Uncertainty

While the health of the MMI Fund has remained resilient amid the financial challenges faced by homeowners with FHA-insured mortgages, the FHA portfolio has experienced significant levels of seriously delinquent loans as a result of the COVID-19 pandemic.

**Exhibit IV-12: Serious Delinquencies in FY 2012 and FY 2021**

SOURCE: U.S. Department HUD/FHA, October 2021.  
Refer to data table E-7 in Appendix E.

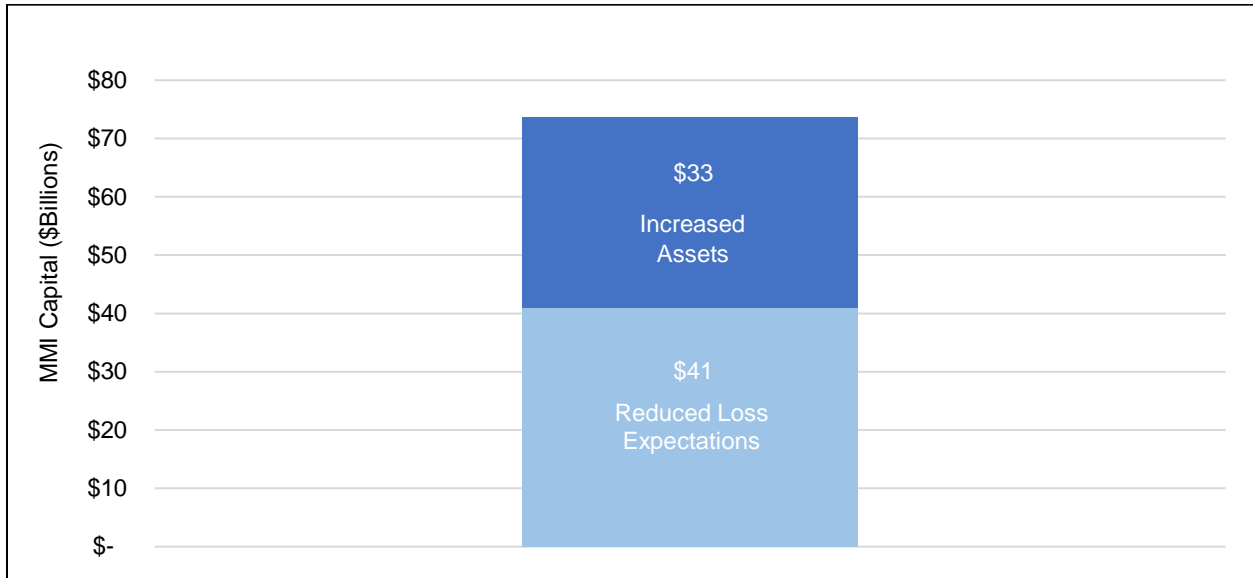
Exhibit IV-12 shows that the dollar volume of serious delinquencies in the forward portfolio stood at \$110 billion at the end of FY 2021, as more than 660,000 homeowners are seriously delinquent. By comparison, the pre-pandemic high for serious delinquencies was \$96 billion in fiscal year 2012, a period when the MMI Fund faced great stress resulting from the housing crisis and the MMI Fund Capital Ratio became negative.

More than half of the homeowners who are currently seriously delinquent have not made payments in more than one year. The size of the serious delinquent portfolio increases the sensitivity of the MMI Fund to macroeconomic outcomes that could diverge from modeled projections. Current expectations of falling future losses, the primary reason the MMI Fund Capital Ratio has risen over the last four years, are highly dependent on long term projections of continued HPA growth.

Significant tailwinds support MMI Capital valuations. However, the foreclosure moratorium has paused many normal market activities for the last 18 months. As a result, models driven by industry-wide HPA assumptions are not necessarily indicative of the outcomes for this distinct population of mortgages, resulting in further uncertainty regarding the impact to the MMI Fund

as the economy continues its recovery from the pandemic. The size of the seriously delinquent portfolio further magnifies the uncertain future MMI Fund performance.

**Exhibit IV-13: Sources of MMI Fund Capital (FY 2017 – FY 2021)**



SOURCE: U.S. Department HUD/FHA, October 2021. Refer to data table E-8 in Appendix E.

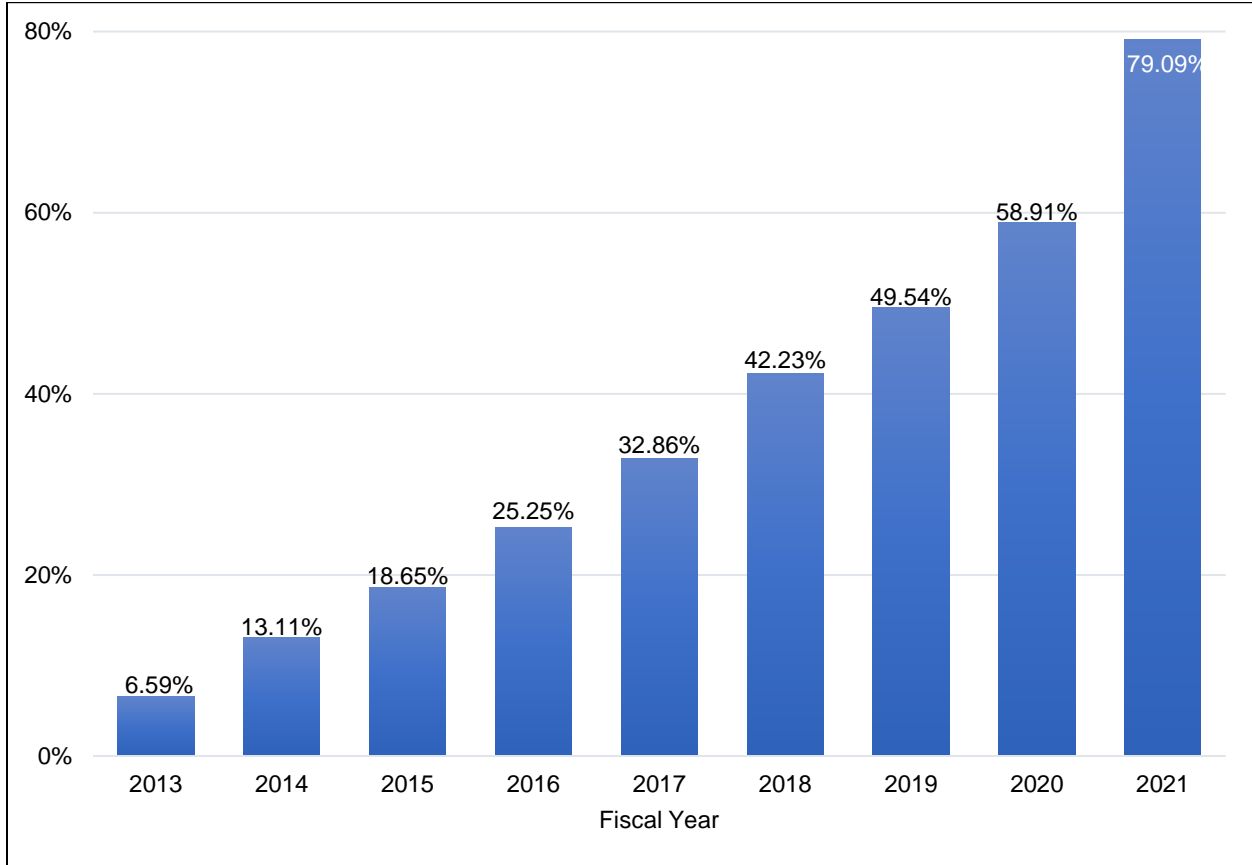
Exhibit IV-13 above indicates that MMI Capital has increased by \$74 billion over the last four years and that reduced loss expectations accounted for \$41 billion of the total. While the NPV of Projected Losses is defined as part of the MMI Capital calculation, loss projections are not typically considered a capital buffer. Loss projections are volatile and have shown that they can move by tens of billions of dollars in a year. The sudden elimination of tens of billions of dollars of this form of “capital” would rapidly alter the actuarial assessment of the MMI Fund.

The NPV of Projected Losses for the MMI Fund decreased by almost \$15 billion in the last two fiscal years. Lower projected losses might seem counter to expectations given the recent stress on the economy resulting from the COVID-19 pandemic, but as illustrated earlier in this report, rising home prices and the general stability of the housing market have countered other pandemic-related economic challenges.

Further, as described in Chapter 1, FHA has introduced a number of policies that are designed to assist homeowners through and beyond the current crisis while also serving to mitigate losses to the MMI Fund. Homeowners with seriously delinquent mortgages may qualify for FHA’s COVID-19 Partial Claim, which can help them transition from forbearance to a sustainable mortgage payment. In addition, low mortgage rates are projected to improve the success rate of loss mitigation options for employed delinquent borrowers, even those who may not qualify for the COVID-19 Partial Claim or the COVID-19 Recovery Modification. Further, many borrowers will be able to refinance into lower monthly payments, which increases their likely success rate.

In addition to policy initiatives designed to mitigate losses to the MMI Fund, valuation of the MMI Capital Ratio for FY 2021 benefits from a continuation of strong HPA that eclipsed other negative economic developments.

**Exhibit IV-14: House Price Appreciation FY 2013 – FY 2021**

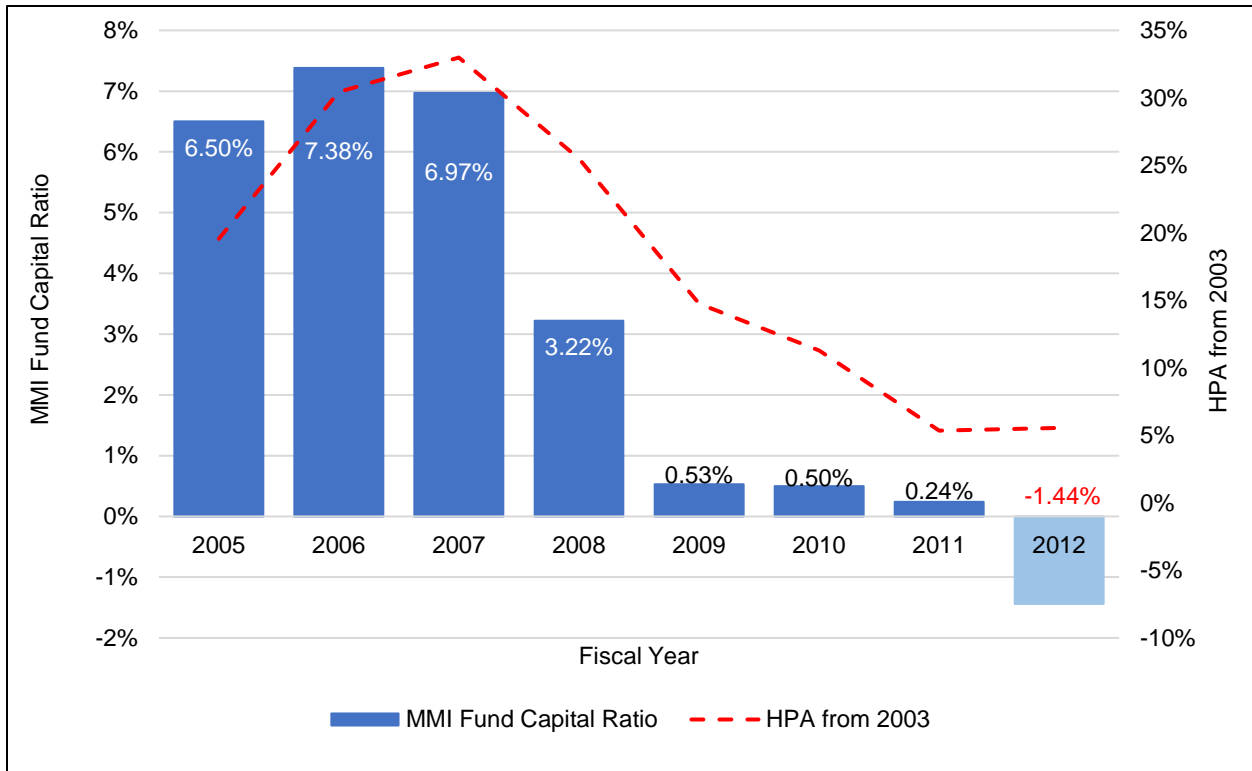


SOURCE: Federal Housing Finance Agency (FHFA) House Quarterly Purchase-only Price Index, September 2021 (2012 base year).

Exhibit IV-14 above shows that the average national HPA has increased by 79 percent over the last nine years and that the rate of increase has accelerated particularly over the last two years, during which time the national average HPA increased by more than 29 percentage points.

Prior to the Great Recession of 2008, FHA’s 2007 portfolio experienced a similar HPA benefit to that of the FY 2021 portfolio (84 percent vs. 79 percent for the nine preceding years) and a similar MMI Fund Capital Ratio as well (6.97 percent MMI Fund Capital Ratio for the 2007 portfolio vs 8.03 percent MMI Fund Capital Ratio for the 2021 portfolio).

**Exhibit IV-16: Impact of Declining HPA on MMI Fund Capital Ratio**



SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table E-9 in Appendix E.

Observations from Exhibit IV-16 above underscore the procyclical nature of HPA, and therefore, the MMI Fund Capital Ratio measure. Among the lessons learned, many years of accumulated HPA growth can prove insufficient in the face of a sudden and severe reversal in HPA. For example, in just two years (2007 – 2009), the MMI Fund Capital Ratio collapsed from 6.97 percent to just 0.53 percent, well below the statutory minimum of two percent.

HPA is a lagging indicator that tends to overstate the health of the economy during good times and the weakness of the economy during bad times. Rising HPA from 2005 – 2007 signaled a continuation of prosperity over a period that, in hindsight, contributed the highest loss rates for the MMI Fund in subsequent years. Falling HPA from 2008 – 2011 signaled continued economic stress for the 2010 – 2012 MMI Capital valuations, a period that retrospectively marked the start of the turnaround for the financial performance of the MMI Fund. Because the MMI Fund Capital Ratio is so closely tied to HPA, the assessment of FHA’s financial health represented by the ratio can change materially and quickly with changes in both actual and projected home values.

The sensitivity of MMI Fund portfolio valuations to changes in HPA is the key to understanding how quickly the financial performance of the MMI portfolio can change. One method used to test the sensitivity of MMI Fund Capital Ratio to changing economic conditions is to shift the future path of home prices and interest rates upward and downward by equal amounts.

**Exhibit IV-17: Sensitivity of MMI Fund Capital Ratio to Decreases in HPA and Interest Rates**

Scenario	Forward	HECM	MMI	MMI
	Capital (\$ billion)	Capital (\$ billion)	Capital (\$ billion)	Capital Ratio
Interest -1	(5.1)	(0.2)	(5.3)	-0.42%
HPA -1	(9.3)	(6.6)	(15.8)	-1.26%
Interest +1	3.4	0.0	3.4	0.27%
HPA +1	6.1	5.9	12.1	0.97%

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

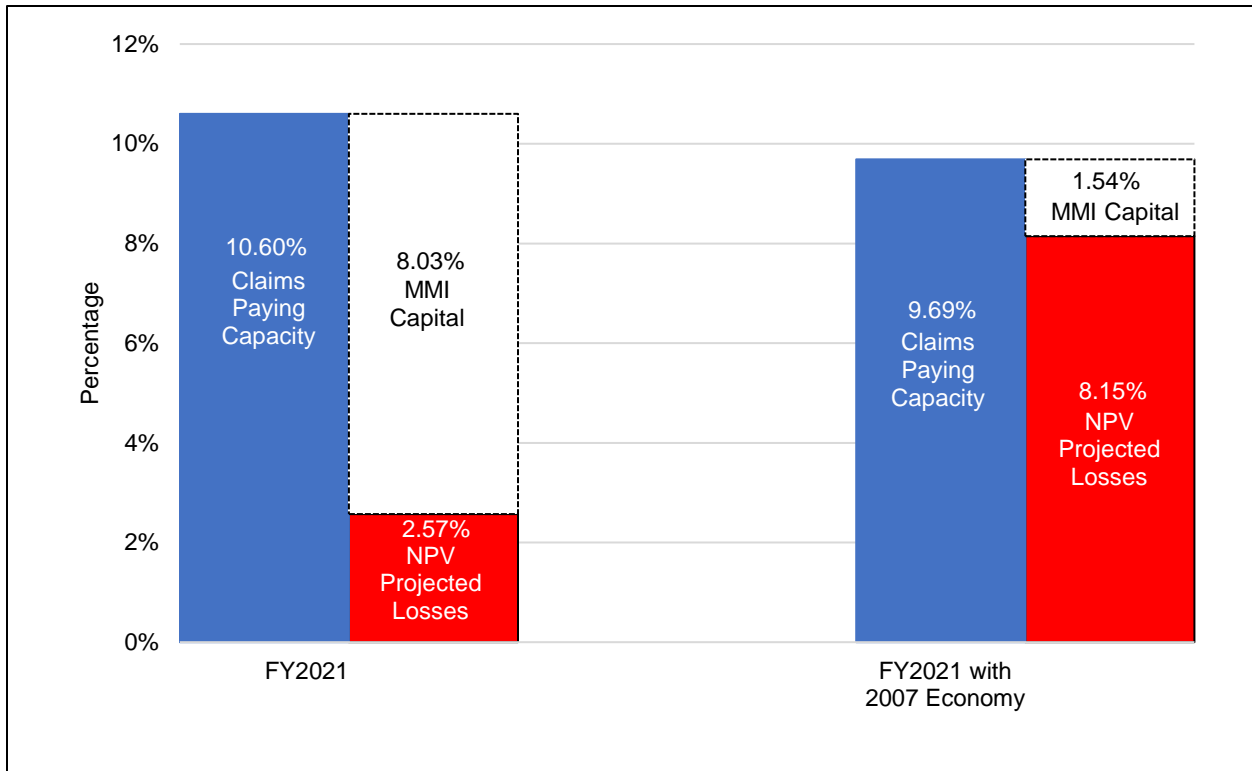
Exhibit IV-17, above, shows that the MMI Fund Capital Ratio is three times more sensitive to a one percent decrease in HPA than to the same percent change in interest rates. For example:

- A one percentage decrease in HPA projections would reduce the MMI Fund Capital Ratio by 1.26 percent
- A one percentage decrease in interest rates would reduce the MMI Fund Capital Ratio by 0.42 percent

A one percentage increase in HPA has a similar dollar impact on the HECM and forward portfolios despite HECMs comprising only five percent of the MMI Fund portfolio.

To better understand the impact of lowered HPA expectations, FHA ran over 100 historical scenarios to predict the outcomes of potential stress events. Historical 30-year economic scenarios were constructed from actual coincident quarterly changes in interest rates and house prices starting in 1954. The economic conditions consistent with those at the start of Q3 FY 2007 produced the highest loss of the 100 scenarios.

**Exhibit IV-18: Impact of Q3 FY 2007 Economic Conditions on the FY 2021 Portfolio**



SOURCE: U.S. Department HUD/FHA, October 2021.  
Refer to data table E-10 in Appendix E.

As shown above by Exhibit IV-18, subjecting the FY 2021 portfolio to the same macroeconomic conditions faced by the 2007 portfolio would result in a MMI Fund Capital Ratio of 1.54 percent, below the statutory two percent minimum established by the Cranston-Gonzalez National Affordable Housing Act of 1990. The reduction in Claims Paying Capacity in the stress scenario was relatively mild; the extreme sensitivity of loss projections to a change in HPA was the primary driver of the resulting loss of MMI Capital.

Potential scenarios that might result in negative outcomes that diverge from modeled projections and cause significantly higher-than-expected losses to the MMI Fund include:

- Industry capacity constraints** – The foreclosure moratorium has been extended several times since the original 12-month maximum established by FHA. A gradual unwinding of forbearance would be the preferred course, as it would be less likely to result in capacity constraints and supply chain issues for the industry. Although the forbearance pipeline across all mortgage participants has seen significant curing, a large number of forbearance plans are still outstanding. The Risk Assessment, Data Analysis, and Research (RADAR) group of the Federal Reserve Bank of Philadelphia estimates that across the housing market, over 1.21 million forbearance plans remained outstanding as of October

2021<sup>14</sup>. The magnitude of the number of borrowers expected to emerge from forbearance over the next six months significantly increases the possibility that capacity constraints within the industry could delay resolutions in the coming year, resulting in costs to the MMI Fund that exceed current projections.

- **Interest rates rise higher and faster than projected** – Low mortgage interest rates were mentioned previously as one of the mitigating factors expected to improve the success rate of home retention options. Mortgage rates have been consistently at or about three percent for most of FY 2021, close to their all-time lows. A significant increase in mortgage rates before currently delinquent borrowers can refinance or take advantage of FHA COVID-19 loss mitigation tools will increase costs to the MMI Fund, both directly by increasing the cost of loss mitigation and home retention options, and indirectly by reducing the success rate for these options. To the extent that lower mortgage rates were capitalized into home values, rising rates could also dampen future HPA growth below modeled projections. Rising interest rates also cause adjustable rate HECM balances to compound more quickly, which would result in faster depletion of borrower equity in the home and increased potential losses to FHA.
- **Higher than projected unemployment** – The number of distressed properties that eventually reach the real estate marketplace is highly dependent on the unemployment rate. Qualifying for the COVID-19 Recovery Standalone Partial Claim or the COVID-19 Recovery Modification is contingent upon the existence of income that will allow the homeowner to resume monthly mortgage payments. These home retention options would not be suitable for unemployed borrowers, requiring them to execute non-retention options resulting in disposition of the property and greater losses to FHA.
- **An influx of distressed properties coming to market** – Lack of housing supply is one of the primary drivers of recent growth in HPA. As noted above, the RADAR group of the Federal Reserve Bank of Philadelphia estimates that 1.21 million borrowers are in forbearance. In addition, an estimated 1.18 million borrowers are seriously delinquent but not in a forbearance plan. While it is not clear how many of these properties would ultimately enter the marketplace through a sale or foreclosure process, the potential market disruption could be serious enough to cause property values to fall.

In summary, strong forces are at work to reduce projected losses to the MMI Fund, including many years of improving HPA and new FHA policies established to keep homeowners in their homes, reducing potential foreclosure-related costs. At the same time, the economy is still recovering from a pandemic that exposes the MMI Fund to substantial uncertainty, which is exacerbated by the size of the seriously delinquent portfolio.

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<sup>14</sup> <https://www.philadelphiafed.org/-/media/frbp/assets/consumer-finance/reports/21-10-tracking-resolutions-of-mortgage-forbearances-and-delinquencies.pdf>, Risk Assessment, Data Analysis and Research (RADAR) Group, Federal Reserve Bank of Philadelphia

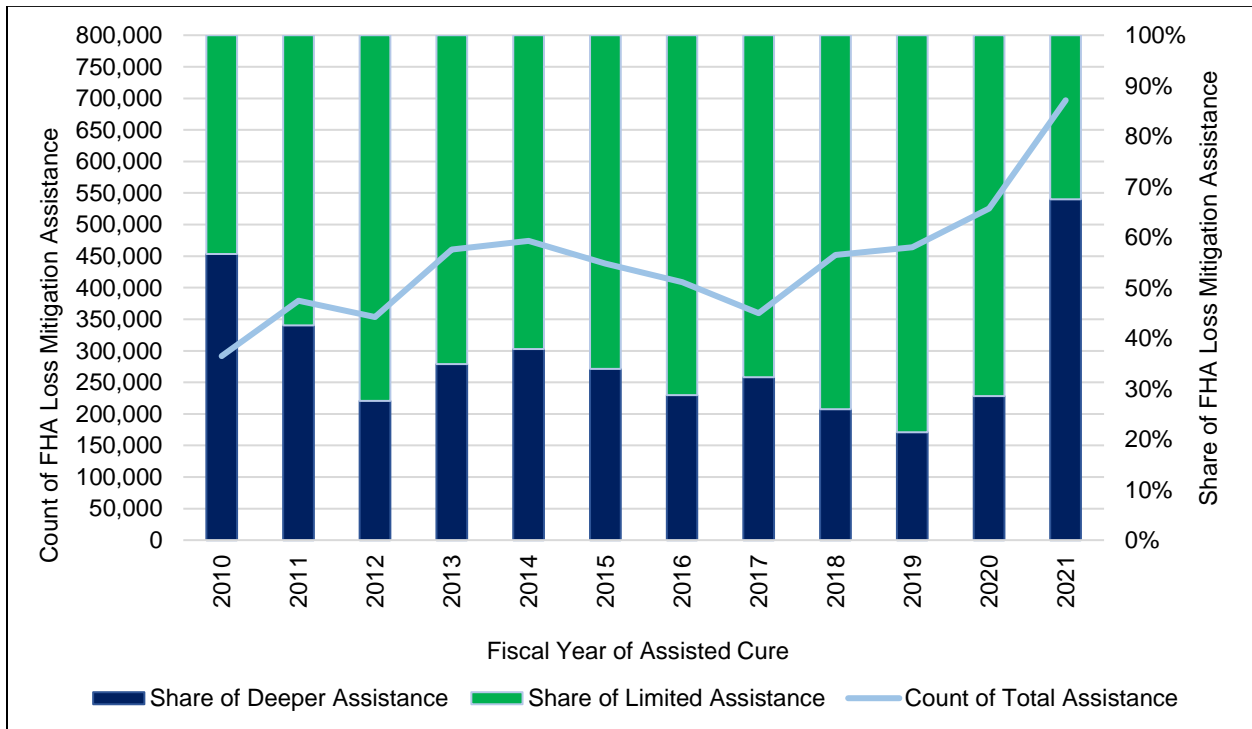


Although significant positive factors support MMI Capital valuations, it should again be noted that the foreclosure moratorium has paused many normal market activities for the last 18 months. As a result, many of the assumptions and linkages utilized in HUD’s MMI Fund valuations for FY 2021 have not been tested. The COVID-19 Partial Claim provides one example of the challenges posed by the foreclosure pause.

The partial claim strategy was originally employed for natural disasters where homeowners might be temporarily unemployed while they and their community are recovering from widespread damage. The success rate for homeowners in these situations is high, as they generally regain their jobs in a relatively short time following the disaster.

The COVID-19 Recovery Standalone Partial Claim is modeled after this successful program. However, unlike the relatively short time it takes for homeowners to regain employment after a natural disaster generally, many borrowers requesting COVID-19 forbearance will have gone up to 18 months without making payments. Businesses that were once a source of employment may no longer exist. Borrowers may or may not regain employment, and if they do, may experience decreases in income from their pre-pandemic employment. For all of these reasons, the actual versus modeled success rate of the loss mitigation tools developed to assist borrowers impacted by the COVID-19 pandemic will only become apparent in the coming year.

**Exhibit IV-19: Recent FHA Loss Mitigation Activity**



SOURCE: U.S. Department of HUD/FHA, October 2021. Refer to data table D-22 in Appendix D.

Exhibit IV-19 shows that FHA already has begun to invest heavily in deeper assistance plans like the COVID-19 Partial Claim, as the use of deeper assistance plans more than doubled in FY 2021

from the prior year. Further, FHA will continue to invest heavily in deeper assistance plans as more homeowners emerge from forbearance in FY 2022, based on the expectation that deeper assistance will result in higher success rates for homeowners. However, any adverse movement in the deeper assistance claim rate would result in higher than projected costs. FHA will continue to monitor mortgage performance trends within its portfolio and evaluate and fine-tune strategies to maximize outcomes for borrowers and the MMI Fund.

Despite the uncertainties that persist with regard to borrowers exiting forbearance, FHA remains committed to its mission of providing access to homeownership for American families and keeping homeowners in their homes. Therefore, as is outlined in the following chapter, HUD will consider opportunities to leverage a presently strong MMI Fund to invest strategically to increase access to homeownership and support greater numbers of FHA borrowers to remain in their homes. FHA is considering both short- and long-term policy actions that will make homeownership opportunities possible for first time homebuyers, those with lower incomes and households of color who have been historically locked out of the market. This aligns with HUD's priority of advancing racial equity and support for underserved communities.

## Chapter V: Looking Forward

### Supporting an Equitable Recovery

As the nation and our economy emerge from the COVID-19 pandemic, FHA's primary focus in the near term will be to promote an equitable recovery for homeowners impacted by the effects of the pandemic. Hundreds of thousands of borrowers with FHA-insured mortgages who entered into COVID-19 mortgage payment forbearance are reaching the end of their forbearance period. FHA will continue to work closely with mortgage servicers, housing counselors, and other industry participants to ensure that these homeowners find the best available solutions to position them for success in a recovering economy. The loss mitigation tools developed by FHA for COVID-impacted borrowers will only be effective if used appropriately by servicers and borrowers. Therefore, FHA will support servicers in their efforts to identify and execute suitable loss mitigation solutions for distressed borrowers.

### Expanding Access to Homeownership

Facilitating broad and equitable economic recovery necessitates more than just helping existing homeowners navigate a post-pandemic environment. It also requires that FHA expand access to homeownership. The primary driver of the nation's growing racial wealth gap is the divergence in homeownership rates between white and households of color. For too long, communities of color have not been afforded the opportunity to build wealth through homeownership. This has had substantial effect on the creation of generational wealth, which has far-reaching implications for families – not just regarding housing, but also for education, employment, health, and other areas of well-being.

HUD is committed to breaking down barriers and building new bridges to homeownership. This includes addressing obstacles like exclusionary zoning and bias in home appraisals, as well as pursuing new innovations that permit more prospective homebuyers to access mortgage credit. For many low- and moderate-income households, the primary impediment to homeownership is amassing the required down payment. FHA will explore the ways in which it can expand or enhance homebuyer assistance programs to better support underserved borrowers, particularly individuals and families of color.

In addition, FHA will pursue options to increase the availability of small-dollar mortgages. Purchasers and owners of properties in low-cost markets often face difficulties in accessing mortgage credit, resulting in yet another barrier to homeownership for low- and moderate-income borrowers. Therefore, FHA will explore opportunities to address the financial and operational barriers that prevent the origination of these loans.

Finally, FHA will evaluate its loan underwriting policies and practices to identify elements that unnecessarily prevent low- and moderate-income borrowers and borrowers of color from

obtaining FHA-insured mortgages. FHA will explore potential enhancements that could enable more qualified borrowers to access FHA-insured mortgage financing.

Providing access to mortgage financing addresses only part of the challenge facing low-wealth households seeking to purchase a home. These buyers also must contend with a limited supply of affordable homes in the market. . On September 1, 2021, the Biden-Harris Administration announced a series of measures intended to address the shortage of affordable housing supply, including strategies intended to spur the construction of new housing and plans to better improve outcomes from the disposition of existing housing stock. This announcement included a series of actions that FHA will take to leverage assets associated with foreclosed FHA-insured mortgages to create additional supply for owner-occupants, non-profit organizations, and state and local governments. First, FHA will revise its policies governing the Claims Without Conveyance of Title (CWCOT) program whereby homes with foreclosed FHA-insured mortgages are sold prior to conveyance to HUD. FHA will offer an exclusive listing period during which only governmental entities, nonprofits, and owner-occupant buyers are able to bid on these properties. In addition, FHA will take steps to try to increase the overall percentage of CWCOT properties acquired by owner-occupant purchasers. Finally, FHA will extend the first look period in which only owner-occupant and approved nonprofits may view and bid on HUD real estate owned properties to increase the number of purchases by these buyer segments.

FHA will also seek to increase the participation of nonprofit and government buyers in its sales of nonperforming mortgage loans. Toward that end, in September, HUD offered a virtual training conference for interested nonprofit organizations and local governments to acquaint them with the note sale process and technical considerations for these sales. In its upcoming sale of notes for vacant HUD-held properties, FHA will seek to offer up to fifty percent of the notes in multi-loan pools to nonprofits and units of local government. Building upon these early efforts, FHA will continue to pursue partnerships with buyers willing and capable to restore foreclosed properties to viable use as affordable housing supply in communities.

Further, FHA will explore additional mechanisms to expand the supply of affordable homes for sale. FHA will seek to develop and enhance financing options for manufactured housing units to increase the availability and affordability of this important component of the nation's housing stock. Further, HUD will identify potential policy and programmatic changes that could facilitate the growth of other important segments of the affordable housing market like condominiums, shared equity homeownership programs, and accessory dwelling units. Innovation and modernization are vital to ensuring that FHA's programs meet the needs of today's housing market and will be a central focus for FHA in the coming years.

FHA's work to support equitable recovery from the pandemic, expand access to homeownership, and create additional affordable homeownership supply will only yield results for low- and moderate-income households and communities of color if the homes they purchase and the neighborhoods in which they reside are climate resilient. Therefore, HUD will make efforts to better understand and address climate-related risk in its programs and practices. As a start, HUD

is working with its federal agency partners to improve the quality and integration of climate related data in government mortgage loan programs and evaluate opportunities for inclusion of climate related risk in FHA's underwriting policies. Further, FHA will explore with industry partners and stakeholders prospects for increasing energy- and water-efficiency improvements for new and existing homes, including the potential to expand the usage of FHA-insured financing products to facilitate these improvements. Finally, HUD will work with its partners in the housing counseling community to encourage incorporation of climate related risk information in counseling and homebuyer education offerings.

For almost 90 years, FHA has made homeownership possible for low- and moderate-income homebuyers and households with limited wealth. And it has offered countercyclical support to the mortgage market when other financing sources retreated. Now, FHA has also been a source of stability and opportunity in the midst of a global pandemic. As the nation looks to the future, HUD's leadership remains dedicated to making certain that FHA and the MMI Fund remain healthy and resilient, while ensuring access and opportunity for future homebuyers. HUD is also committed to ensuring that FHA's programs are tailored to meet the needs and challenges of our time, and that the benefits and opportunities they provide are broadly and equitably available. Under the leadership of Secretary Fudge and with the support of the Biden-Harris Administration, HUD will endeavor to ensure that every qualified borrower in pursuit of that dream has the tools and resources needed to make sustainable and affordable homeownership a reality.

## Appendix A: Data Tables for Executive Summary

**Table A-1: Data Table for Exhibit O-1: Borrowers Requesting Forbearance and Remaining Forbearance Counts at the End of FY 2021 and Exhibit I-1: Borrowers Requesting Forbearance and Remaining Forbearance Counts at the End of FY 2021 and Exhibit IV-11: Homeowners Requesting Forbearance and Remaining Forbearance Counts at the End of FY 2021**

Homeowners Requesting Forbearance	1,582,176.00
Homeowners Transitioned from Forbearance	1,194,688.00
Homeowners Still in Forbearance	387,488.00

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

**Table A-3: Data Table for Exhibit O-3: FHA’s Share of Lending to Hispanics and Borrowers of Color Compared to Other Market Participants and Exhibit II-2: FHA’s Share of Lending to Hispanics and Borrowers of Color Compared to Other Market Participants**

Share of Borrowers by Loan Count	African American	Hispanic
FHA	16.99%	25.02%
Rest of Market	6.16%	10.31%

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

**Table A-4: Data Table for Exhibit O-4: MMI Fund Capital Ratio FY 2016 – FY 2021 and Exhibit IV-2: MMI Fund Capital Ratio FY 2017 – FY 2021**

Fiscal Year	MMI Fund Capital Ratio
2016	2.35
2017	2.18
2018	2.76
2019	4.84
2020	6.10
2021	8.03

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

**Table A-5: Data Table for Exhibit O-1A: Seriously Delinquent Homeowners and Exhibit I-1A: Seriously Delinquent Homeowners**

Seriously Delinquent, not in Forbearance	350,831.00
Seriously Delinquent, in Forbearance	309,581.00

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

**Table A-5B: Data Table for Exhibit O-5: Stand-Alone Capital Ratios for the Forward and HECM Portfolios and Exhibit IV-6: Forward and HECM Stand-Alone Capital Ratios**

<b>Fiscal Year</b>	<b>Forward Stand-Alone Capital Ratio</b>	<b>HECM Stand-Alone Capital Ratio</b>
2017	3.33	-18.30
2018	3.93	-18.83
2019	5.44	-9.22
2020	6.31	-0.78
2021	7.99	6.08

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

**Table A-6: Data Table for Exhibit O-2 and Exhibit II-1: FHA's Share of First-time Homebuyers (FTHB) Compared to Other Market Participants**

Factor Date	FHA FTHB %	Non FHA FTHB %
9/1/2017	81.54%	42.08%
10/1/2017	81.98%	42.50%
11/1/2017	81.88%	42.23%
12/1/2017	81.98%	42.75%
1/1/2018	81.96%	42.93%
2/1/2018	82.15%	42.70%
3/1/2018	82.59%	45.32%
4/1/2018	83.50%	44.31%
5/1/2018	83.74%	44.93%
6/1/2018	83.60%	45.60%
7/1/2018	83.23%	43.82%
8/1/2018	82.66%	43.76%
9/1/2018	82.67%	44.06%
10/1/2018	82.80%	44.77%
11/1/2018	82.53%	43.40%
12/1/2018	82.52%	44.09%
1/1/2019	82.74%	45.44%
2/1/2019	83.09%	45.51%
3/1/2019	83.11%	45.41%
4/1/2019	83.85%	46.28%
5/1/2019	83.84%	46.54%
6/1/2019	83.14%	45.28%
7/1/2019	82.68%	45.20%
8/1/2019	82.26%	43.48%
9/1/2019	81.72%	43.48%
10/1/2019	81.30%	43.63%
11/1/2019	81.75%	43.00%
12/1/2019	81.53%	42.19%
1/1/2020	81.91%	42.30%
2/1/2020	82.09%	43.93%
3/1/2020	82.62%	44.10%
4/1/2020	83.43%	44.60%
5/1/2020	83.86%	45.14%
6/1/2020	84.27%	47.13%
7/1/2020	84.63%	46.32%
8/1/2020	84.49%	45.20%
9/1/2020	84.60%	43.16%
10/1/2020	84.24%	43.59%
11/1/2020	84.18%	43.40%
12/1/2020	84.24%	43.01%
1/1/2021	84.31%	42.73%
2/1/2021	84.03%	43.45%
3/1/2021	84.06%	44.24%
4/1/2021	84.54%	44.78%
5/1/2021	85.49%	46.06%
6/1/2021	85.43%	47.16%
7/1/2021	85.07%	47.26%
8/1/2021	84.95%	46.65%
9/1/2021	84.61%	45.02%

SOURCE: eMBS/Recursion



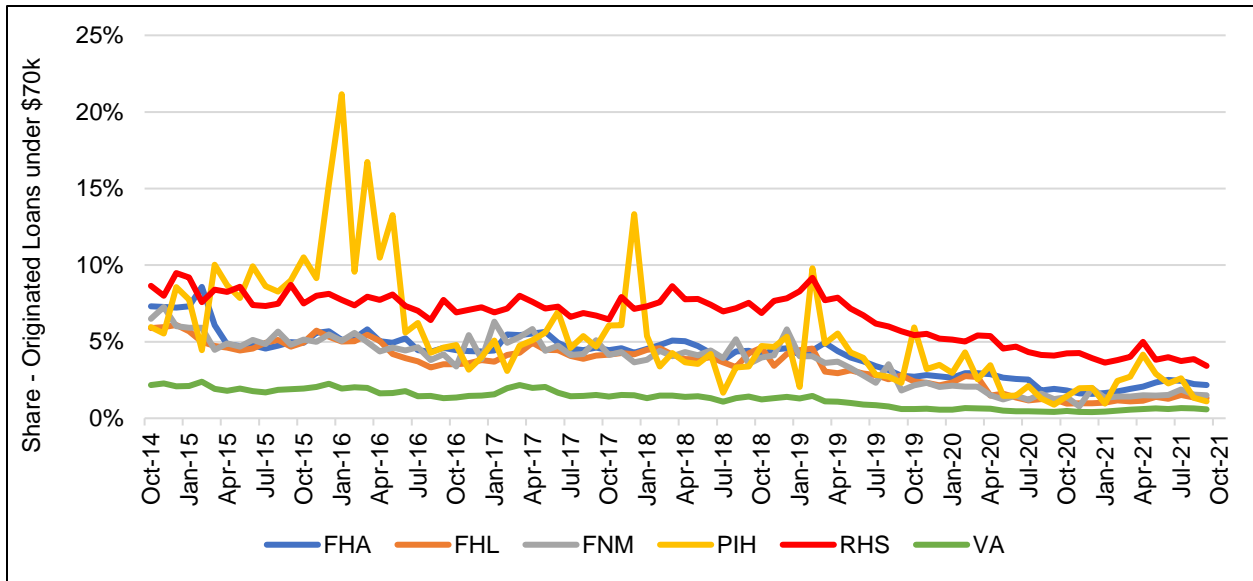
Table A-7: Data Table of MMI Capital Ratio FY 2000 to FY 2021

MMI Capital Ratio (FY 2000 - FY 2021)				
	Forward	HECM	MMI	YOY
				HPA
FY 2000	3.51%			6.4%
FY 2001	3.75%			7.0%
FY 2002	4.52%			6.5%
FY 2003	5.21%			7.7%
FY 2004	5.53%			8.3%
FY 2005	6.02%			10.4%
FY 2006	6.82%			9.1%
FY 2007	6.40%			1.9%
FY 2008	3.00%			-5.6%
FY 2009	0.42%	3.17%	0.53%	-8.7%
FY 2010	0.59%	-0.98%	0.50%	-3.0%
FY 2011	0.12%	1.99%	0.24%	-5.3%
FY 2012	-0.91%	-10.91%	-1.34% <sup>15</sup>	0.1%
FY 2013	-0.44%	3.07%	-0.12%	6.6%
FY 2014	0.88%	-10.13%	0.42%	6.1%
FY 2015	2.00%	1.17%	2.10%	4.9%
FY 2016	3.11%	-11.81%	2.35%	5.5%
FY 2017	3.33%	-18.30%	2.18%	6.0%
FY 2018	3.93%	-18.83%	2.76%	7.0%
FY 2019	5.44%	-9.22%	4.84%	5.1%
FY 2020	6.31%	-0.78%	6.10%	6.3%
FY 2021	7.99%	6.08%	8.03%	12.9%

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

<sup>15</sup> The FY 2012 MMI Capital Ratio was originally -1.44 percent, restated to -1.34 percent in the FY 2017 FHA Annual Report to Congress

**Table A-8: Data Table and Exhibit of Share – Originated Loans under \$70K**



SOURCE: eMBS/Recursion.

U.S. Department of Housing and Urban Development

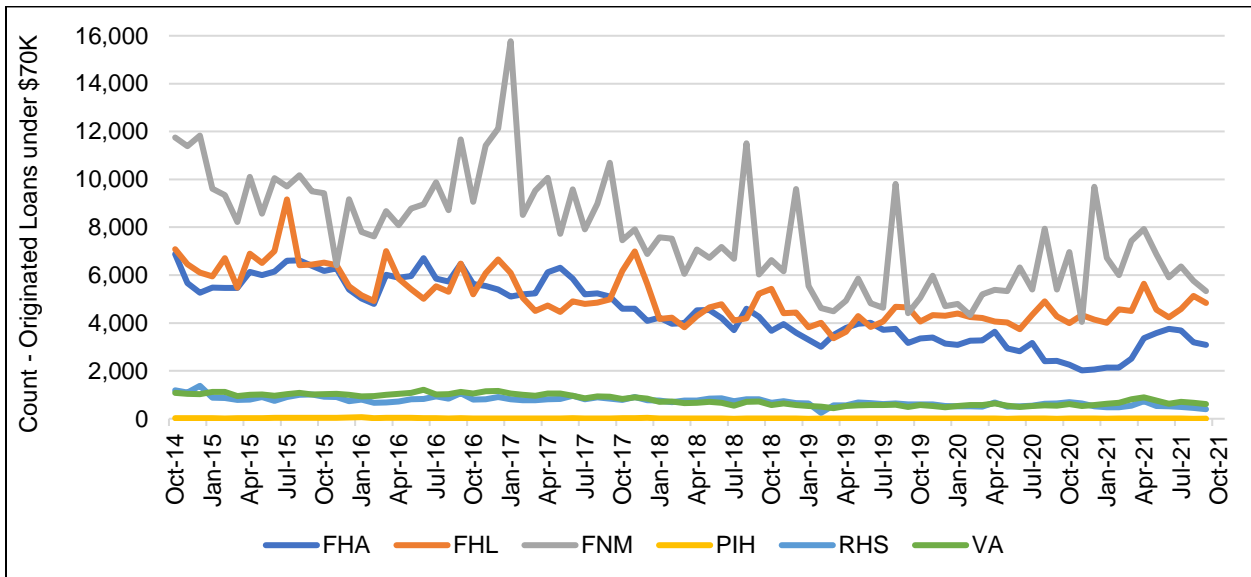
Month/FY	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
FHA	7.30%	7.26%	7.22%	7.31%	8.58%	6.07%	4.82%	4.72%	4.77%
FHL	5.89%	5.95%	6.09%	5.68%	4.98%	4.72%	4.61%	4.43%	4.56%
FNM	6.50%	7.27%	6.01%	5.91%	5.91%	4.46%	4.88%	4.68%	5.11%
PIH	5.96%	5.54%	8.55%	7.74%	4.44%	10.03%	8.68%	7.86%	9.91%
RHS	8.66%	8.00%	9.48%	9.20%	7.59%	8.39%	8.25%	8.57%	7.38%
VA	2.17%	2.28%	2.08%	2.12%	2.39%	1.92%	1.79%	1.93%	1.77%
Month/FY	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
FHA	4.54%	4.74%	4.97%	4.93%	5.58%	5.67%	5.12%	5.23%	5.80%
FHL	4.94%	5.11%	4.67%	4.95%	5.73%	5.31%	5.02%	5.03%	5.44%
FNM	4.84%	5.66%	4.80%	5.14%	4.98%	5.48%	5.04%	5.57%	4.97%
PIH	8.63%	8.28%	9.00%	10.50%	9.14%	15.31%	21.15%	9.56%	16.73%
RHS	7.34%	7.49%	8.72%	7.49%	8.01%	8.12%	7.74%	7.37%	7.94%
VA	1.69%	1.85%	1.90%	1.94%	2.05%	2.25%	1.94%	2.03%	1.97%
Month/FY	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
FHA	5.03%	4.93%	5.23%	4.44%	4.34%	4.58%	4.45%	4.38%	4.37%
FHL	5.05%	4.19%	3.92%	3.72%	3.33%	3.54%	3.52%	3.59%	3.81%
FNM	4.37%	4.61%	4.43%	4.63%	3.80%	4.18%	3.38%	5.43%	3.86%
PIH	10.49%	13.25%	5.59%	6.23%	4.28%	4.61%	4.78%	3.18%	3.99%
RHS	7.73%	8.08%	7.33%	7.01%	6.41%	7.72%	6.90%	7.07%	7.25%
VA	1.63%	1.65%	1.77%	1.43%	1.46%	1.30%	1.36%	1.47%	1.48%
Month/FY	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
FHA	4.42%	5.48%	5.42%	5.54%	5.64%	4.93%	4.55%	4.44%	4.61%
FHL	3.70%	4.14%	4.28%	4.94%	4.47%	4.44%	4.07%	3.89%	4.09%
FNM	6.31%	4.92%	5.30%	5.82%	4.41%	4.73%	4.13%	4.20%	5.10%
PIH	5.06%	3.10%	4.74%	5.10%	5.60%	6.95%	4.60%	5.36%	4.67%
RHS	6.90%	7.16%	8.00%	7.61%	7.17%	7.29%	6.62%	6.87%	6.71%
VA	1.57%	1.95%	2.17%	1.99%	2.05%	1.67%	1.44%	1.46%	1.53%
Month/FY	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
FHA	4.45%	4.57%	4.29%	4.53%	4.78%	5.07%	5.02%	4.72%	4.25%
FHL	4.15%	4.27%	4.17%	4.47%	4.58%	4.16%	3.86%	3.86%	3.98%
FNM	4.13%	4.33%	3.64%	3.83%	4.40%	4.04%	4.33%	4.11%	4.42%
PIH	6.06%	6.07%	13.33%	5.38%	3.39%	4.27%	3.64%	3.54%	4.20%
RHS	6.46%	7.91%	7.15%	7.30%	7.59%	8.62%	7.76%	7.78%	7.42%
VA	1.42%	1.52%	1.50%	1.31%	1.49%	1.48%	1.40%	1.44%	1.32%
Month/FY	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
FHA	3.77%	4.37%	4.40%	4.12%	4.49%	4.57%	4.16%	4.43%	4.92%
FHL	3.65%	3.34%	4.23%	4.61%	3.41%	4.20%	4.46%	4.54%	3.05%
FNM	3.92%	5.16%	3.56%	3.97%	4.12%	5.81%	4.04%	4.05%	3.61%
PIH	1.67%	3.32%	3.38%	4.72%	4.66%	5.33%	2.05%	9.80%	4.88%
RHS	6.97%	7.18%	7.54%	6.88%	7.66%	7.84%	8.30%	9.17%	7.71%
VA	1.08%	1.31%	1.41%	1.22%	1.31%	1.40%	1.30%	1.47%	1.11%
Month/FY	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
FHA	4.39%	3.96%	3.72%	3.40%	3.16%	2.78%	2.71%	2.81%	2.73%
FHL	2.95%	3.13%	2.93%	2.81%	2.54%	2.80%	2.40%	2.32%	2.15%
FNM	3.69%	3.27%	2.80%	2.31%	3.52%	1.81%	2.15%	2.32%	2.04%
PIH	5.53%	4.30%	3.95%	2.84%	2.71%	2.31%	5.94%	3.22%	3.49%
RHS	7.87%	7.16%	6.72%	6.19%	5.99%	5.68%	5.43%	5.50%	5.20%
VA	1.08%	1.01%	0.90%	0.85%	0.77%	0.60%	0.60%	0.63%	0.57%
Month/FY	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
FHA	2.66%	2.95%	2.94%	2.88%	2.65%	2.58%	2.52%	1.82%	1.92%
FHL	2.33%	2.75%	2.70%	1.48%	1.60%	1.35%	1.17%	1.25%	1.24%
FNM	2.12%	2.07%	2.06%	1.50%	1.22%	1.48%	1.21%	1.60%	1.25%
PIH	2.95%	4.31%	2.54%	3.46%	1.47%	1.49%	2.10%	1.28%	0.89%
RHS	5.14%	5.00%	5.41%	5.36%	4.54%	4.68%	4.32%	4.13%	4.09%

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VA	0.56%	0.67%	0.65%	0.62%	0.50%	0.46%	0.46%	0.44%	0.42%
Month/FY	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
FHA	1.81%	1.62%	1.59%	1.64%	1.76%	1.91%	2.07%	2.33%	2.51%
FHL	0.96%	0.99%	0.97%	1.03%	1.16%	1.11%	1.14%	1.40%	1.27%
FNM	1.38%	0.78%	1.95%	1.34%	1.41%	1.42%	1.50%	1.47%	1.52%
PIH	1.44%	1.97%	1.98%	0.96%	2.45%	2.70%	4.15%	2.90%	2.28%
RHS	4.24%	4.26%	3.92%	3.63%	3.80%	4.01%	4.99%	3.82%	3.98%
VA	0.47%	0.41%	0.40%	0.44%	0.49%	0.56%	0.60%	0.65%	0.60%
Month/FY	Jul-21	Aug-21	Sep-21						
FHA	2.43%	2.23%	2.17%						
FHL	1.53%	1.36%	1.32%						
FNM	1.88%	1.55%	1.50%						
PIH	2.61%	1.33%	1.11%						
RHS	3.74%	3.86%	3.42%						
VA	0.67%	0.65%	0.59%						

SOURCE: eMBS/Recursion.

Table A-9: Data Table and Exhibit of Count – Originated Loans under \$70K



SOURCE: eMBS/Recursion.

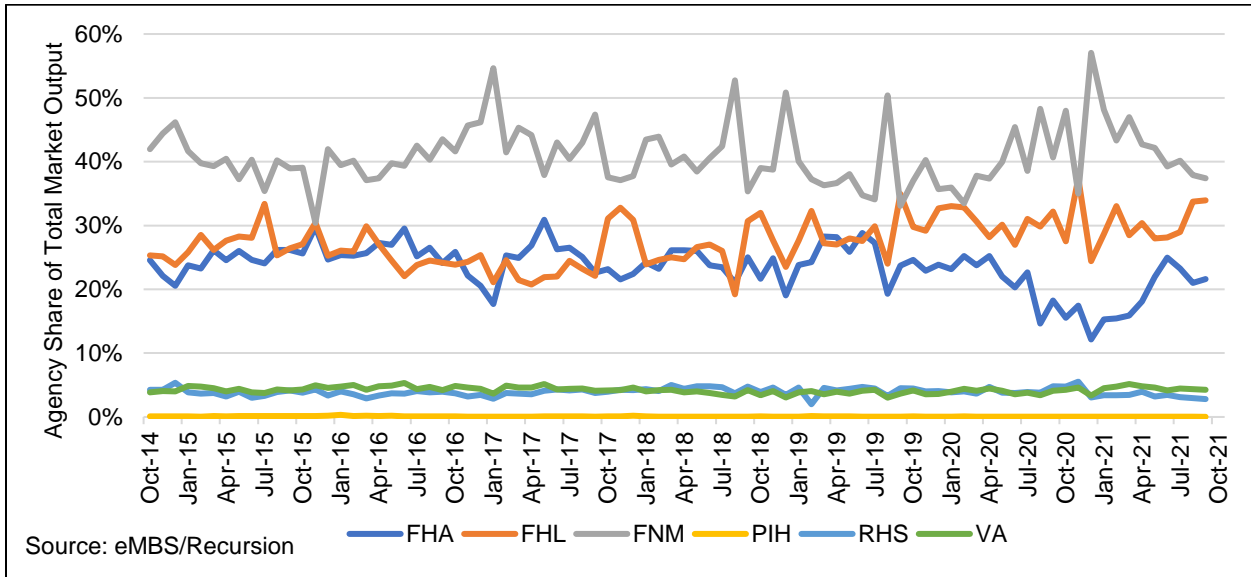
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Month/FY	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
FHA	6,879	5,663	5,265	5,484	5,467	5,467	6,136	5,995	6,143	6,603
FHL	7,090	6,450	6,107	5,954	6,714	5,478	6,898	6,513	7,000	9,164
FNM	11,749	11,388	11,833	9,608	9,346	8,227	10,101	8,571	10,053	9,704
PIH	24	20	26	25	12	29	29	29	34	34
RHS	1,192	1,088	1,376	885	862	790	796	905	749	905
VA	1,076	1,037	1,028	1,117	1,121	947	1,006	1,012	963	1,027
Month/FY	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
FHA	6,621	6,386	6,174	6,279	5,396	5,020	4,791	6,009	5,898	5,960
FHL	6,409	6,440	6,526	6,422	5,532	5,158	4,917	6,997	5,857	5,413
FNM	10,176	9,504	9,421	6,419	9,175	7,812	7,620	8,679	8,091	8,783
PIH	36	37	40	32	45	66	24	44	32	44
RHS	995	1,011	920	906	734	795	672	684	724	813
VA	1,086	1,019	1,033	1,044	994	939	953	995	1,036	1,080
Month/FY	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
FHA	6,712	5,848	5,739	6,466	5,633	5,542	5,393	5,105	5,202	5,243
FHL	5,018	5,535	5,308	6,486	5,193	6,081	6,661	6,095	5,054	4,508
FNM	8,952	9,879	8,718	11,669	9,059	11,420	12,121	15,772	8,518	9,533
PIH	20	21	16	19	16	11	14	16	10	13
RHS	826	939	835	1,066	803	807	902	818	769	768
VA	1,211	1,016	1,023	1,122	1,060	1,148	1,156	1,055	1,005	965
Month/FY	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
FHA	6,119	6,304	5,856	5,203	5,242	5,099	4,598	4,599	4,086	4,227
FHL	4,733	4,467	4,904	4,792	4,853	4,981	6,177	6,993	5,633	4,170
FNM	10,059	7,730	9,588	7,919	8,985	10,689	7,464	7,917	6,884	7,584
PIH	15	15	21	15	17	14	22	19	32	15
RHS	807	833	956	819	900	843	788	907	769	756
VA	1,050	1,055	954	860	928	927	827	897	837	701
Month/FY	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18
FHA	3,975	3,997	4,529	4,538	4,207	3,700	4,592	4,265	3,676	3,961
FHL	4,217	3,825	4,283	4,651	4,782	4,100	4,192	5,227	5,431	4,409
FNM	7,528	6,054	7,073	6,717	7,175	6,686	11,508	6,028	6,625	6,166
PIH	6	9	9	9	12	4	9	9	12	9
RHS	694	763	762	841	851	737	812	807	667	733
VA	723	655	671	703	668	547	704	715	575	643
Month/FY	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
FHA	3,600	3,294	3,005	3,496	3,792	3,970	4,008	3,711	3,758	3,163
FHL	4,439	3,825	4,005	3,364	3,635	4,294	3,829	4,064	4,674	4,657
FNM	9,597	5,547	4,620	4,487	4,936	5,849	4,830	4,640	9,807	4,413
PIH	13	4	15	10	11	11	9	8	6	7
RHS	653	639	247	561	557	676	654	607	639	603
VA	578	534	505	442	533	563	571	577	589	489
Month/FY	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20
FHA	3,356	3,395	3,144	3,086	3,261	3,269	3,639	2,939	2,820	3,172
FHL	4,061	4,328	4,301	4,403	4,247	4,212	4,061	4,020	3,746	4,347
FNM	5,046	5,970	4,701	4,793	4,334	5,203	5,390	5,336	6,316	5,399
PIH	12	10	8	7	9	5	9	4	6	7
RHS	605	593	534	515	519	502	682	506	523	546
VA	567	528	477	526	570	567	643	545	491	534
Month/FY	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
FHA	2,407	2,422	2,252	2,020	2,062	2,136	2,136	2,516	3,361	3,578
FHL	4,910	4,272	3,990	4,328	4,141	4,008	4,576	4,506	5,639	4,562
FNM	7,946	5,403	6,959	4,047	9,685	6,722	6,000	7,434	7,932	6,872
PIH	6	4	5	7	5	3	8	8	12	10
RHS	626	640	690	640	514	473	474	547	730	526
VA	563	542	616	532	570	631	661	813	895	754

Month/FY	Jun-21	Jul-21	Aug-21	Sep-21
FHA	3,761	3,684	3,194	3,081
FHL	4,231	4,588	5,127	4,840
FNM	5,909	6,359	5,760	5,334
PIH	7	7	4	3
RHS	523	493	450	403
VA	622	703	662	608

SOURCE: eMBS/Recursion.

Table A-10: Data Table and Exhibit of Agency Share of Total Market Output



SOURCE: eMBS/Recursion.

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Month/FY	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
FHA	24.6%	22.1%	20.5%	23.8%	23.2%	26.1%	24.6%	26.0%	24.6%
FHL	25.3%	25.2%	23.8%	25.8%	28.5%	26.2%	27.6%	28.3%	28.1%
FNM	41.9%	44.4%	46.2%	41.6%	39.7%	39.3%	40.5%	37.2%	40.3%
PIH	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
RHS	4.3%	4.2%	5.4%	3.8%	3.7%	3.8%	3.2%	3.9%	3.0%
VA	3.8%	4.0%	4.0%	4.8%	4.8%	4.5%	4.0%	4.4%	3.9%
Month/FY	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
FHA	24.1%	26.1%	26.2%	25.6%	29.8%	24.7%	25.4%	25.2%	25.7%
FHL	33.4%	25.3%	26.4%	27.1%	30.4%	25.3%	26.1%	25.9%	29.9%
FNM	35.4%	40.2%	39.0%	39.1%	30.4%	41.9%	39.5%	40.2%	37.1%
PIH	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%	0.1%	0.2%
RHS	3.3%	3.9%	4.1%	3.8%	4.3%	3.4%	4.0%	3.5%	2.9%
VA	3.7%	4.3%	4.2%	4.3%	4.9%	4.5%	4.7%	5.0%	4.3%
Month/FY	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
FHA	27.3%	27.0%	29.5%	25.2%	26.5%	24.1%	25.9%	22.2%	20.5%
FHL	27.1%	24.5%	22.1%	23.8%	24.5%	24.2%	23.9%	24.3%	25.4%
FNM	37.4%	39.8%	39.4%	42.5%	40.3%	43.5%	41.6%	45.7%	46.2%
PIH	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
RHS	3.3%	3.7%	3.6%	4.0%	3.9%	4.0%	3.7%	3.2%	3.4%
VA	4.8%	4.9%	5.3%	4.4%	4.7%	4.2%	4.9%	4.6%	4.4%
Month/FY	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
FHA	17.7%	25.3%	24.9%	26.9%	30.9%	26.3%	26.5%	25.1%	22.6%
FHL	21.1%	24.6%	21.4%	20.8%	21.9%	22.0%	24.4%	23.2%	22.1%
FNM	54.6%	41.4%	45.3%	44.2%	37.9%	43.0%	40.4%	42.9%	47.4%
PIH	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
RHS	2.8%	3.7%	3.7%	3.5%	4.1%	4.3%	4.2%	4.3%	3.7%
VA	3.7%	4.9%	4.6%	4.6%	5.2%	4.3%	4.4%	4.4%	4.1%
Month/FY	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
FHA	23.1%	21.6%	22.4%	24.2%	23.2%	26.1%	26.1%	26.0%	23.8%
FHL	31.1%	32.8%	30.9%	23.9%	24.6%	25.0%	24.7%	26.6%	27.0%
FNM	37.6%	37.1%	37.7%	43.5%	43.9%	39.6%	40.8%	38.5%	40.5%
PIH	0.1%	0.1%	0.2%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
RHS	4.0%	4.3%	4.2%	4.3%	4.0%	5.0%	4.4%	4.8%	4.8%
VA	4.2%	4.2%	4.6%	4.0%	4.2%	4.3%	3.9%	4.0%	3.8%
Month/FY	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
FHA	23.5%	21.0%	25.0%	21.6%	24.9%	19.1%	23.8%	24.2%	28.3%
FHL	26.0%	19.2%	30.7%	32.0%	27.7%	23.5%	27.6%	32.3%	27.2%
FNM	42.4%	52.7%	35.4%	39.0%	38.7%	50.8%	40.1%	37.3%	36.3%
PIH	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%
RHS	4.7%	3.7%	4.7%	3.9%	4.6%	3.5%	4.6%	2.0%	4.5%
VA	3.5%	3.2%	4.2%	3.4%	4.0%	3.1%	3.9%	4.1%	3.6%
Month/FY	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
FHA	28.2%	25.8%	28.8%	27.3%	19.3%	23.7%	24.6%	22.9%	23.9%
FHL	27.0%	28.0%	27.5%	29.9%	24.0%	34.9%	29.8%	29.2%	32.7%
FNM	36.7%	38.1%	34.7%	34.1%	50.4%	33.1%	37.0%	40.3%	35.7%
PIH	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
RHS	4.1%	4.4%	4.7%	4.5%	3.3%	4.5%	4.4%	4.0%	4.1%
VA	4.0%	3.7%	4.1%	4.2%	3.0%	3.7%	4.2%	3.6%	3.6%
Month/FY	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
FHA	23.2%	25.2%	23.8%	25.2%	22.0%	20.3%	22.6%	14.6%	18.2%
FHL	33.0%	32.8%	30.6%	28.2%	30.1%	26.9%	31.0%	29.8%	32.2%
FNM	36.0%	33.5%	37.8%	37.4%	40.0%	45.4%	38.6%	48.3%	40.7%
PIH	0.1%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
RHS	3.9%	4.0%	3.6%	4.7%	3.8%	3.8%	3.9%	3.8%	4.8%
VA	3.9%	4.4%	4.1%	4.5%	4.1%	3.5%	3.8%	3.4%	4.1%

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Month/FY	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
FHA	15.5%	17.5%	12.1%	15.3%	15.4%	15.9%	18.1%	21.9%	25.0%
FHL	27.5%	37.4%	24.4%	28.7%	33.0%	28.5%	30.4%	28.0%	28.1%
FNM	48.0%	35.0%	57.0%	48.1%	43.3%	47.0%	42.7%	42.2%	39.3%
PIH	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%
RHS	4.8%	5.5%	3.0%	3.4%	3.4%	3.5%	3.9%	3.2%	3.5%
VA	4.2%	4.6%	3.4%	4.5%	4.8%	5.1%	4.8%	4.6%	4.1%
Month/FY	Jul-21	Aug-21	Sep-21						
FHA	23.3%	21.0%	21.6%						
FHL	29.0%	33.7%	33.9%						
FNM	40.2%	37.9%	37.4%						
PIH	0.0%	0.0%	0.0%						
RHS	3.1%	3.0%	2.8%						
VA	4.4%	4.4%	4.3%						

SOURCE: eMBS/Recursion.



## Appendix D: Data Tables for Chapter III

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

Endorsement Fiscal Year	Mortgage Amount (\$ billions)	FHA Forward Endorsed Mortgage Counts				
		Purchase	FHA Streamline Refinance	Other FHA Refinance	Conventional-to-FHA Refinance	Total
2000	94.22	839,870	34,443	6,780	32,007	913,100
2001	117.69	806,818	188,422	17,230	46,207	1,058,677
2002	148.10	862,899	318,245	28,525	64,475	1,274,144
2003	159.23	658,639	560,890	37,504	62,694	1,319,727
2004	115.98	586,110	291,483	26,147	56,695	960,435
2005	62.36	353,845	113,062	11,840	33,580	512,327
2006	55.30	313,998	36,374	14,722	60,397	425,491
2007	59.84	278,395	22,087	16,504	107,738	424,724
2008	181.17	631,656	66,773	28,510	360,455	1,087,394
2009	330.49	995,550	329,436	38,071	468,941	1,831,998
2010	297.60	1,109,582	212,896	39,602	305,530	1,667,610
2011	217.81	777,426	180,265	44,559	195,559	1,197,809
2012	213.30	733,864	274,059	47,596	129,221	1,184,740
2013	240.12	702,415	511,843	39,088	91,500	1,344,846
2014	135.22	594,998	115,038	20,962	55,354	786,352
2015	213.12	753,387	232,811	50,018	80,014	1,116,230
2016	245.41	879,512	210,629	60,444	107,463	1,258,048
2017	250.96	882,078	161,308	76,172	126,878	1,246,436
2018	209.05	776,275	51,255	77,616	109,454	1,014,600
2019	214.62	743,278	56,432	86,767	103,948	990,425
2020	310.32	817,839	315,558	105,206	94,556	1,333,159
2021	342.82	846,248	397,600	104,442	84,587	1,432,877

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

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

Endorsement Fiscal Year	FHA Forward Mortgages			Percent of First-Time Homebuyer	Average Age for First-Time Homebuyer
	First-Time Buyer	Repeat Buyer	Purchase Total		
2000	684,999	154,871	839,870	81.56	30.00
2001	643,640	163,178	806,818	79.78	29.25
2002	683,582	179,317	862,899	79.22	31.09
2003	521,723	136,916	658,639	79.21	36.09
2004	454,241	131,869	586,110	77.50	34.65
2005	280,082	73,763	353,845	79.15	34.72
2006	248,884	65,114	313,998	79.26	34.80
2007	221,473	56,922	278,395	79.55	35.37
2008	492,288	139,368	631,656	77.94	35.82
2009	781,681	213,869	995,550	78.52	35.94
2010	882,099	227,483	1,109,582	79.50	36.08
2011	585,005	192,421	777,426	75.25	37.09
2012	569,826	164,038	733,864	77.65	37.02
2013	553,078	149,337	702,415	78.74	37.21
2014	483,051	111,947	594,998	81.19	37.85
2015	614,313	139,074	753,387	81.54	38.15
2016	722,069	157,443	879,512	82.10	38.43
2017	725,219	156,859	882,078	82.22	38.78
2018	641,910	134,365	776,275	82.69	38.95
2019	615,708	127,570	743,278	82.84	39.06
2020	679,623	138,216	817,839	83.10	38.66
2021	716,028	130,220	846,248	84.61	38.67

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

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

Endorsement Fiscal Year	Share of FHA Forward Endorsed Mortgages					
	Native American	Asian	Black	Hispanic	White	Not Reported
2000	0.43	1.97	14.48	19.18	57.71	6.23
2001	0.40	1.86	13.48	18.25	57.67	8.35
2002	0.40	1.78	12.86	17.63	57.15	10.18
2003	0.41	1.66	12.59	16.42	58.52	10.41
2004	0.60	2.19	13.88	16.42	58.57	8.33
2005	0.51	2.92	14.95	15.30	61.88	4.44
2006	0.52	3.11	13.76	11.97	66.02	4.62
2007	0.55	2.09	14.83	11.48	65.98	5.07
2008	0.45	2.11	13.31	10.99	65.70	7.45
2009	0.42	2.75	9.86	11.48	66.77	8.73
2010	0.39	3.41	9.01	12.01	67.13	8.05
2011	0.35	3.59	8.07	12.98	67.25	7.76
2012	0.36	3.71	8.07	13.50	66.82	7.54
2013	0.37	3.42	8.75	14.12	65.64	7.70
2014	0.41	3.27	10.87	17.09	61.33	7.04
2015	0.43	3.35	10.40	17.36	60.17	8.29
2016	0.39	3.13	10.91	17.49	58.83	9.24
2017	0.41	3.02	11.70	18.14	57.11	9.63
2018	0.36	2.60	12.62	18.17	55.51	10.73
2019	0.34	2.27	12.83	17.75	53.04	13.78
2020	0.36	2.20	12.74	17.29	50.11	17.30
2021	0.37	2.04	13.42	16.09	43.76	24.32

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

**Table D-4: Data Table for Exhibit III-4: Historical FHA Forward Endorsement Activity**

Endorsement Fiscal Year	FHA Forward Endorsed Mortgages			
	Purchase	No Cash-Out Refinance	Cash-Out	Total
2000	839,870	73,230	na	913,100
2001	806,818	251,859	na	1,058,677
2002	862,899	411,245	na	1,274,144
2003	658,639	661,088	na	1,319,727
2004	586,110	374,325	na	960,435
2005	353,845	158,482	na	512,327
2006	313,998	111,493	na	425,491
2007	278,395	146,329	na	424,724
2008	631,656	455,738	na	1,087,394
2009	995,550	620,858	215,590	1,831,998
2010	1,109,582	431,774	126,254	1,667,610
2011	777,426	341,233	79,150	1,197,809
2012	733,864	396,563	54,313	1,184,740
2013	702,415	599,379	43,052	1,344,846
2014	594,998	154,708	36,646	786,352
2015	753,387	299,063	63,780	1,116,230
2016	879,512	279,588	98,948	1,258,048
2017	882,078	222,473	141,885	1,246,436
2018	776,275	87,441	150,884	1,014,600
2019	743,278	87,298	159,849	990,425
2020	817,839	391,246	124,074	1,333,159
2021	846,248	472,846	113,783	1,432,877

NOTE: Cash-Out Refinance data is not available prior to FY 2009.

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

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

Endorsement Fiscal Year	Share of FHA Forward Refinance Mortgage Count				
	Conventional Cash-Out	FHA Cash-Out	Conventional No Cash-Out	FHA No Cash-Out	Streamline
2009	23.47	2.31	32.60	2.24	39.39
2010	20.17	2.46	34.58	4.64	38.15
2011	16.18	2.65	30.34	7.95	42.88
2012	9.93	2.11	18.73	8.45	60.78
2013	5.10	1.60	9.14	4.48	79.67
2014	12.90	6.25	16.02	4.71	60.12
2015	10.88	6.70	11.17	7.09	64.16
2016	16.49	9.65	11.90	6.32	55.64
2017	23.38	15.56	11.44	5.34	44.27
2018	35.05	28.26	10.87	4.31	21.51
2019	34.75	29.93	7.31	5.18	22.83
2020	13.18	10.90	5.17	9.51	61.24
2021	9.73	9.67	4.69	8.13	67.78

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

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

<b>Endorsement Fiscal Year</b>	<b>Purchase</b>	<b>Conventional Loan Refinance</b>	<b>FHA-to-FHA Refinance</b>
2000	97.36	82.96	85.23
2001	96.45	82.84	85.89
2002	96.49	82.54	84.92
2003	96.47	81.71	83.83
2004	96.35	81.53	82.05
2005	96.14	81.91	80.50
2006	96.02	85.47	84.97
2007	95.99	87.54	87.30
2008	96.12	89.03	88.18
2009	95.80	88.52	88.03
2010	95.58	85.95	86.96
2011	95.70	85.95	87.98
2012	95.99	83.49	88.20
2013	95.88	84.06	86.94
2014	95.71	81.55	83.46
2015	95.69	80.29	84.35
2016	95.71	79.18	82.26
2017	95.72	78.41	81.47
2018	95.70	78.00	81.22
2019	95.58	77.42	81.62
2020	95.63	76.33	81.81
2021	95.54	73.81	78.52

NOTE: In accordance with statutory requirements for determining eligibility of mortgages for FHA insurance, FHA measures loan-to-value (LTV) without including any Mortgage Insurance Premium financed into the mortgage balance. Exhibit III-6 includes only fully underwritten mortgages and excludes Streamline Refinances.

SOURCE: US Department of HUD/FHA, October 2021.

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

Fiscal Year	Purchase	Conventional Loan Refinance	FHA-to-FHA Refinance	Average Borrower Credit Score
2005	641	612	614	637
2006	644	623	626	640
2007	634	618	626	629
2008	654	632	638	646
2009	685	673	667	681
2010	697	696	688	697
2011	700	705	701	701
2012	696	706	707	698
2013	693	694	700	693
2014	683	674	674	682
2015	680	675	675	680
2016	681	677	673	680
2017	678	674	668	676
2018	671	665	661	670
2019	667	663	660	666
2020	673	666	666	672
2021	673	667	664	672

NOTE: Borrower credit score data was not collected prior to 2005 and does not include Streamline Refinance mortgages.

SOURCE: US Department of HUD/FHA, October 2021.

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

Endorsement Fiscal Year	Share of FHA Forward Refinance Mortgage Counts					
	720 or Higher	680-719	620-679	580-619	Less than 579	Missing
2005	11.87	11.61	32.01	20.75	16.38	7.38
2006	12.97	11.86	32.95	20.82	15.92	5.48
2007	10.25	9.89	30.97	23.12	20.99	4.78
2008	14.96	13.14	34.95	20.85	13.50	2.60
2009	27.18	19.90	37.52	11.49	2.71	1.20
2010	34.18	22.55	38.27	3.30	0.48	1.21
2011	35.69	23.61	36.78	2.62	0.27	1.03
2012	32.64	24.25	39.56	2.69	0.21	0.65
2013	27.27	26.87	43.44	1.72	0.16	0.55
2014	18.30	26.49	51.54	3.13	0.18	0.36
2015	18.04	26.14	50.21	5.06	0.24	0.32
2016	18.76	25.97	49.20	5.55	0.26	0.26
2017	17.50	24.81	49.69	7.33	0.44	0.24
2018	14.39	22.44	51.76	10.37	0.83	0.21
2019	12.89	21.04	53.17	11.69	1.04	0.17
2020	14.69	23.06	53.13	8.39	0.61	0.12
2021	13.33	22.75	57.16	6.37	0.32	0.07

NOTE: Borrower credit score data was not collected prior to 2005 and does not include Streamline Refinance mortgages.

SOURCE: US Department of HUD/FHA, October 2021.

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

Endorsement Fiscal Year	Share of FHA-Endorsed Purchase Mortgages				Average DTI ratios
	<=36	>36 - <43	>=43 - <50	>= 50	
2000	39.28	35.76	19.20	5.76	37.58
2001	39.30	34.07	20.37	6.25	37.72
2002	38.45	33.76	21.88	5.91	37.97
2003	38.12	33.34	23.55	4.99	38.04
2004	36.81	32.79	24.90	5.50	38.36
2005	37.70	32.63	23.67	6.00	38.25
2006	34.89	31.19	24.84	9.07	38.99
2007	33.58	30.92	26.02	9.48	39.25
2008	30.28	29.10	27.43	13.20	40.28
2009	29.84	25.18	26.02	18.97	41.00
2010	30.62	25.55	27.08	16.76	40.65
2011	30.40	25.18	27.73	16.69	40.66
2012	31.44	25.70	27.44	15.42	40.34
2013	32.08	26.83	27.56	13.54	40.03
2014	29.00	28.61	28.02	14.37	40.59
2015	29.88	28.82	26.72	14.58	40.44
2016	28.70	27.91	27.06	16.33	40.85
2017	25.27	25.60	28.82	20.30	41.93
2018	21.69	23.70	29.81	24.80	43.09
2019	20.19	23.26	29.82	26.73	43.58
2020	21.47	24.14	30.19	24.20	43.08
2021	20.66	24.12	31.51	23.71	43.18

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-10: Exhibit III-10: FHA Purchase Activity by Type of Downpayment Assistance**

Endorsement Fiscal Year	Share of FHA-Endorsed Forward Mortgages			
	Government	Eligible Family Member	Non-Government/Non-Relative	No DPA
2011	7.06	22.01	0.46	70.47
2012	7.80	22.19	0.40	69.61
2013	7.09	22.47	0.40	70.03
2014	8.37	25.57	0.66	65.41
2015	9.88	25.91	1.54	62.67
2016	10.27	26.33	1.86	61.55
2017	10.56	26.10	1.70	61.64
2018	11.40	26.16	1.24	61.21
2019	12.91	25.41	1.02	60.66
2020	15.43	23.44	0.93	60.20
2021	15.09	23.30	0.97	60.64

NOTE: Data does not account for instances where downpayment assistance data was missing from origination data submitted to FHA. SOURCE: US Department of HUD/FHA, October 2021.

Table D-14: Data Table for Exhibit III-13: Lender Type for FHA Endorsement Activity

Endorsement Fiscal Year	Share of FHA Forward Endorsed Mortgages		
	Other	Non-Depository	Depository
2000	1.45	70.66	27.9
2001	1.38	69.70	28.92
2002	1.08	70.19	28.73
2003	1.01	73.63	25.36
2004	0.85	68.75	30.41
2005	1.13	66.28	32.59
2006	1.04	65.62	33.34
2007	0.43	68.71	30.86
2008	0.15	60.23	39.62
2009	0.15	59.73	40.12
2010	0.15	56.80	43.05
2011	0.09	59.09	40.82
2012	0.05	64.68	35.27
2013	0.07	64.53	35.4
2014	0.09	71.87	28.03
2015	0.07	79.20	20.73
2016	0.08	82.65	17.27
2017	0.08	84.88	15.04
2018	0.10	85.39	14.51
2019	0.09	86.34	13.57
2020	0.08	89.57	10.35
2021	0.07	91.02	8.91

NOTE: This table does not include Streamline Refinance mortgages.

SOURCE: US Department of HUD/FHA, October 2021.



**Table D-15: Data Table for Exhibit III-14: FY 2021 FHA Forward Endorsement Concentration by State**

State	Share of FHA-Endorsed Forward Mortgages Endorsement Fiscal Year	
	FY 2020	FY 2021
Alabama	1.55	1.75
Alaska	0.16	0.18
Arizona	3.55	3.19
Arkansas	0.81	0.95
California	9.32	7.93
Colorado	2.65	2.25
Connecticut	1.05	1.25
Delaware	0.45	0.49
District of Columbia	0.06	0.06
Florida	9.17	9.15
Georgia	4.68	4.65
Guam	0.00	0.00
Hawaii	0.10	0.10
Idaho	0.67	0.51
Illinois	3.47	3.86
Indiana	2.60	2.68
Iowa	0.56	0.61
Kansas	0.67	0.71
Kentucky	1.31	1.38
Louisiana	1.39	1.55
Maine	0.34	0.33
Maryland	2.82	3.03
Massachusetts	1.48	1.47
Michigan	2.62	2.70
Minnesota	1.47	1.38
Mississippi	0.76	0.86
Missouri	1.92	1.93
Montana	0.24	0.21
Nebraska	0.42	0.42
Nevada	1.62	1.51
New Hampshire	0.43	0.38
New Jersey	2.98	3.16
New Mexico	0.71	0.77
New York	2.25	2.29
North Carolina	2.72	2.85
North Dakota	0.16	0.17
Ohio	3.47	3.65
Oklahoma	1.15	1.24
Oregon	1.19	1.03
Pennsylvania	3.17	3.39
Puerto Rico	0.40	0.55

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Rhode Island	0.47	0.51
South Carolina	1.89	2.03
South Dakota	0.20	0.18
Tennessee	2.48	2.27
Texas	10.15	10.35
Utah	1.57	1.26
Vermont	0.08	0.09
Virgin Islands	0.00	0.00
Virginia	2.71	2.99
Washington	2.25	2.00
West Virginia	0.37	0.41
Wisconsin	1.06	1.11
Wyoming	0.23	0.23

SOURCE: US Department of HUD/FHA, October 2021.

Table D-16: Data Table for Exhibit III-16: Historical Seriously Delinquent Rates for FHA Mortgages

End of Month	Rate		
Sep-08	6.17	Jun-12	9.44
Oct-08	6.40	Jul-12	9.47
Nov-08	6.82	Aug-12	9.47
Dec-08	7.11	Sep-12	9.58
Jan-09	7.52	Oct-12	9.49
Feb-09	7.46	Nov-12	9.49
Mar-09	7.36	Dec-12	9.59
Apr-09	7.48	Jan-13	9.49
May-09	7.69	Feb-13	9.28
Jun-09	7.85	Mar-13	8.87
Jul-09	8.82	Apr-13	8.58
Aug-09	8.37	May-13	8.27
Sep-09	8.52	Jun-13	8.38
Oct-09	8.97	Jul-13	8.17
Nov-09	9.25	Aug-13	7.98
Dec-09	9.43	Sep-13	8.04
Jan-10	9.70	Oct-13	8.04
Feb-10	9.45	Nov-13	8.02
Mar-10	9.04	Dec-13	8.02
Apr-10	8.77	Jan-14	7.83
May-10	8.71	Feb-14	7.71
Jun-10	8.61	Mar-14	7.44
Jul-10	8.61	Apr-14	7.25
Aug-10	8.48	May-14	7.19
Sep-10	8.66	Jun-14	7.14
Oct-10	8.21	Jul-14	6.98
Nov-10	8.73	Aug-14	6.94
Dec-10	8.78	Sep-14	6.99
Jan-11	8.90	Oct-14	6.94
Feb-11	8.94	Nov-14	7.02
Mar-11	8.31	Dec-14	7.00
Apr-11	8.19	Jan-15	6.96
May-11	8.18	Feb-15	6.76
Jun-11	8.18	Mar-15	6.42
Jul-11	8.31	Apr-15	6.28
Aug-11	8.43	May-15	6.24
Sep-11	8.69	Jun-15	6.12
Oct-11	9.01	Jul-15	5.75
Nov-11	9.35	Aug-15	5.91
Dec-11	9.59	Sep-15	5.86
Jan-12	9.83	Oct-15	5.79
Feb-12	9.66	Nov-15	5.82
Mar-12	9.42	Dec-15	5.79
Apr-12	9.37	Jan-16	5.80
May-12	9.39	Feb-16	5.55
		Mar-16	5.31

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Apr-16	5.16
May-16	5.07
Jun-16	5.02
Jul-16	4.96
Aug-16	4.95
Sep-16	4.92
Oct-16	4.91
Nov-16	4.94
Dec-16	4.99
Jan-17	4.97
Feb-17	4.81
Mar-17	4.54
Apr-17	4.47
May-17	4.36
Jun-17	4.28
Jul-17	4.20
Aug-17	4.24
Sep-17	4.32
Oct-17	4.42
Nov-17	4.83
Dec-17	5.19
Jan-18	5.18
Feb-18	5.06
Mar-18	4.66
Apr-18	4.54
May-18	4.35
Jun-18	4.28
Jul-18	4.08
Aug-18	4.11
Sep-18	4.11
Oct-18	4.06
Nov-18	4.06
Dec-18	4.08
Jan-19	4.16

Feb-19	4.10
Mar-19	3.88
Apr-19	3.74
May-19	3.67
Jun-19	3.76
Jul-19	3.78
Aug-19	3.82
Sep-19	3.88
Oct-19	3.93
Nov-19	4.06
Dec-19	4.35
Jan-20	4.12
Feb-20	4.04
Mar-20	3.97
Apr-20	4.04
May-20	4.91
Jun-20	8.96
Jul-20	10.58
Aug-20	11.35
Sep-20	11.59
Oct-20	11.73
Nov-20	11.90
Dec-20	11.89
Jan-21	11.83
Feb-21	11.37
Mar-21	11.61
Apr-21	11.06
May-21	10.59
Jun-21	10.11
Jul-21	9.66
Aug-21	9.17
Sep-21	8.81

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-17: Data Table for Exhibit III-17: FHA Early Payment Default Rates by Mortgage Purpose**

Endorsement Fiscal Year	FHA Endorsed Forward Mortgages		
	Purchase	Refinance	All
2000	0.16	0.13	0.16
2001	0.86	0.71	0.82
2002	1.09	0.74	0.97
2003	0.99	0.62	0.80
2004	1.25	0.97	1.14
2005	1.55	1.36	1.49
2006	1.54	1.17	1.44
2007	2.41	1.70	2.16
2008	1.97	2.25	2.09
2009	0.80	1.57	1.15
2010	0.37	0.63	0.46
2011	0.39	0.36	0.38
2012	0.36	0.30	0.34
2013	0.31	0.21	0.26
2014	0.41	0.33	0.39
2015	0.41	0.29	0.37
2016	0.40	0.29	0.37
2017	0.87	0.51	0.77
2018	0.73	0.38	0.65
2019	0.85	0.43	0.75
2020	4.35	4.98	4.59
2021*	1.74	1.11	1.49

\*NOTE: FY 2021 data is through February of 2021. There is a 7 month Lag. SOURCE: U.S. Department of HUD/FHA, October 2021.

**Table D-20: Data Table for Exhibit III-20: FHA Loss Severity and Claim Count by Disposition Strategy**

Claim Fiscal Year	Insurance-in-Force	FHA Claim Disposition Type				Loss Severity Rate
		REO	Note Sales/Distressed Asset Sales Program	Third Party Sales	Pre-Foreclosure Sales	
2007	3,737,757	48,849		1,802	4,026	42.90
2008	4,366,032	46,370		1,123	4,071	49.57
2009	5,525,783	68,042		2,437	6,473	63.17
2010	6,650,022	87,690	125	1,568	15,287	60.60
2011	7,288,440	101,500	1,606	1,861	25,064	64.53
2012	7,711,684	104,257	1,154	4,718	36,728	61.96
2013	7,810,422	112,441	35,020	10,739	34,548	57.62
2014	7,787,092	74,653	40,746	26,829	24,696	52.41
2015	7,742,143	60,759	19,975	22,052	13,968	51.60
2016	7,838,495	58,290	12,244	33,173	12,668	54.07
2017	7,982,070	44,157	5,550	44,868	8,703	50.27
2018	8,048,639	26,317	68	48,377	6,000	45.44
2019	8,107,806	16,569	131	40,682	4,528	41.31
2020	7,988,354	16,716	47	24,706	3,573	39.32
2021 <sup>b</sup>	7,498,614	5,519	68	11,766	3,098	35.50

NOTE: De minimis note sales may be reflected in the table above in which final resolution may result in an alternative disposition type. Includes funds outside of MMI Fund and includes outbids. Due to time lag in reporting of dispositions, data as of October 31, 2021 and are therefore missing one month of comparable data to prior fiscal years.

SOURCE: U.S. Department of HUD/FHA, October 2021. Fiscal year 2021 data may have de minimis adjustments due to late reporting of dispositions sales.

**Table D-21: Data Table for Exhibit III-21: Annual FHA Claims as a Share of Initial Insurance-in-Force**

Claim Fiscal Year	FHA Forward Mortgage Count		Share of Mortgage Count	Insurance-in-Force Unpaid Principal Balance (\$ billions)		Share of IIF
	Mortgage Claims	Active Mortgages (Beginning-of-FY)		Mortgage Claims <sup>b</sup>	Active Mortgages (Beginning-of-FY)	
2007	54,677	3,892,440	1.40	5.13	338.60	1.52
2008	51,564	3,737,757	1.38	5.21	342.60	1.52
2009	76,952	4,366,032	1.76	8.23	474.40	1.74
2010	104,670	5,525,783	1.89	13.03	697.30	1.87
2011	130,031	6,650,022	1.96	17.98	898.50	2.00
2012	146,857	7,288,440	2.01	20.98	1,015.18	2.07
2013	192,748	7,711,684	2.50	28.32	1,083.35	2.61
2014	166,924	7,810,422	2.14	24.75	1,097.39	2.26
2015	116,754	7,787,092	1.50	15.86	1,083.51	1.46
2016	116,375	7,742,143	1.50	15.35	1,072.82	1.43
2017	103,278	7,838,495	1.32	13.39	1,106.28	1.21
2018	80,762	7,982,070	1.01	10.37	1,158.84	0.90
2019	61,910	8,048,639	0.77	8.17	1,196.30	0.68
2020	45,042	8,107,806	0.56	6.04	1,228.03	0.49
2021 <sup>b</sup>	20,451	7,988,354	0.26	2.69	1,235.41	0.22

NOTE: Data through August 31, 2021. Includes funds outside of MMI Fund. Mortgage Claims includes outbids.

SOURCE: U.S. Department of HUD/FHA, October 2021. Fiscal year 2021 may have de minimis adjustments due to late reporting of disposition sales.

**Table D-22: Data Table for Exhibit III-22: Recent FHA Loss Mitigation Activity**

Assisted Cure Fiscal Year	Type of FHA Loss Mitigation Assistance		
	Deeper Assistance	Limited Assistance	Total Assisted Cures
2010	165,222	126,457	291,679
2011	161,418	217,797	379,215
2012	97,568	256,057	353,625
2013	160,765	299,828	460,593
2014	179,546	294,399	473,945
2015	148,507	289,517	438,024
2016	117,365	291,367	408,732
2017	116,012	243,512	359,524
2018	117,317	334,688	452,005
2019	99,313	364,926	464,239
2020	149,753	375,422	525,175
2021	470,368	226,553	696,921

NOTE: Deeper Loss Mitigation Assistance includes FHA-HAMP, Partial Claims, and Loan Modifications. Limited Loss Mitigation Assistance includes Promise to Pay and Repayment Plans. Starting in May 2013, Promise to Pay is no longer classified as a Repayment Plan and is considered its own category.

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

Table D-23: Data Table for Exhibit III-23: FHA HECM Endorsement Activity

Endorsement Fiscal Year	Home Equity Conversion Mortgages (HECM)						
	Mortgage Purpose Type		Mortgage Product Type			All Mortgages	Original Maximum Claim Amount (\$ billions)
	Fixed Rate	Adjustable Rate	Purchase	Refinance	Traditional		
2009	13,312	101,113	559	8,973	104,893	114,425	30.07
2010	54,483	24,575	1,389	4,836	72,833	79,058	21.07
2011	49,742	23,370	1,538	2,737	68,837	73,112	18.21
2012	38,051	16,761	1,627	1,444	51,741	54,812	13.16
2013	36,326	23,598	2,091	1,834	55,999	59,924	14.68
2014	9,635	41,981	1,825	2,406	47,385	51,616	13.52
2015	9,131	48,859	2,411	5,571	50,008	57,990	16.13
2016	5,198	43,670	2,367	5,398	41,103	48,868	14.66
2017	5,710	49,581	2,634	8,016	44,641	55,291	17.69
2018	4,898	43,431	2,615	5,860	39,854	48,329	16.19
2019	1,890	29,382	2,295	1,679	27,298	31,272	10.86
2020	793	41,032	2,471	8,610	30,744	41,825	16.29
2021	3,530	45,633	2,227	20,630	26,306	49,163	21.33

SOURCE: US Department of HUD/FHA, October 2021.

Table D-24: Data Table for Exhibit III-24: Current HECM Portfolio by Year of Endorsement

Endorsement Fiscal Year	Active HECM	Current Maximum Claim Amount (\$ billions)	Current Principal Limit (\$ billions)	Insurance-in-Force (\$ billions)
2009	26,921	6.88	7.55	6.42
2010	10,757	2.98	3.30	2.77
2011	10,743	2.85	3.03	2.48
2012	8,255	2.15	2.36	1.89
2013	13,550	3.39	3.57	2.92
2014	25,007	6.27	5.55	4.72
2015	30,819	8.10	6.77	5.74
2016	28,454	8.13	6.83	5.43
2017	35,783	10.93	8.89	6.89
2018	31,561	10.02	7.07	5.26
2019	21,366	7.11	4.26	3.09
2020	35,111	13.48	8.34	6.13
2021	48,149	20.89	12.75	9.33
Total	326,476	103.18	80.27	63.06

SOURCE: US Department of HUD/FHA, October 2021.



**Table D-25: Data Table for Exhibit III-25: FHA HECM Claims by Claim Type**

Claim Fiscal Year	Claim Amount Paid in Fiscal Year (\$)			
	Claim Type 1	Claim Type 2	Supplemental	Total
2009	5,818	280,946	.	286,764
2010	2,429,944	511,603	6,088	2,947,636
2011	10,978,684	17,521,667	47,061	28,547,412
2012	81,388,383	123,067,358	5,479	204,461,219
2013	207,874,582	504,097,996	1,265,207	713,237,784
2014	224,538,487	676,797,426	644,761	901,980,675
2015	755,477,982	1,734,780,373	8,884,319	2,499,142,673
2016	636,636,110	3,529,360,512	47,313,221	4,213,309,843
2017	676,564,968	4,325,602,086	27,628,098	5,029,795,151
2018	612,273,102	5,502,089,113	34,182,468	6,148,544,683
2019	591,073,714	8,930,409,213	35,470,645	9,556,953,572
2020	468,935,669	5,728,949,124	28,786,484	6,226,671,278
2021	210,727,402	2,764,261,459	13,954,911	2,988,943,772

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

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-26: Data Table for Exhibit III-26: Average Maximum Claim Amount for FHA-Endorsed HECMs**

Endorsement Fiscal Year	HECMs Endorsed (count)	Average MCA (\$)	Total MCA Endorsed (\$)
2009	114,425	262,833	30,074,665,579
2010	79,058	266,559	21,073,604,164
2011	73,112	249,132	18,214,512,353
2012	54,812	240,138	13,162,427,359
2013	59,924	245,000	14,681,369,941
2014	51,616	261,948	13,520,722,585
2015	57,990	278,145	16,129,647,170
2016	48,868	300,000	14,660,406,133
2017	55,291	319,964	17,691,103,579
2018	48,329	334,986	16,189,558,432
2019	31,272	347,239	10,858,868,290
2020	41,825	389,378	16,285,720,158
2021	49,163	433,870	21,330,364,981

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-27A: Data Table for Exhibit III-27A: Composition of FHA HECM Borrowers**

Endorsement Fiscal Year	Total Endorsements			
	Singular Male Borrower	Singular Female Borrower	Multiple Borrowers	Not Disclosed
2009	24,808	46,826	42,336	455
2010	16,951	33,102	28,214	791
2011	15,236	29,416	27,573	887
2012	11,611	21,449	20,934	818
2013	12,590	22,437	23,971	926
2014	10,549	19,902	20,413	752
2015	12,636	22,321	22,740	293
2016	10,554	17,982	20,205	127
2017	11,533	20,512	22,903	343
2018	9,935	17,701	19,938	755
2019	6,570	11,895	12,414	393
2020	8,324	14,716	17,473	1,312
2021	10,089	17,564	20,033	1,477

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-27B: Data Table for Exhibit III-27B: Racial Composition of FHA HECM Borrowers**

Endorsement Fiscal Year	Racial Composition					
	Native American	Asian	Black	Hispanic	White	Not Reported
2009	493	1,466	17,523	9,371	80,570	5,002
2010	369	1,218	12,099	6,013	57,525	1,834
2011	272	1,077	9,695	5,162	54,718	2,188
2012	219	787	6,954	3,933	40,806	2,113
2013	252	886	7,219	3,992	45,320	2,255
2014	209	845	5,724	3,330	39,827	1,681
2015	241	971	6,190	3,706	45,203	1,679
2016	188	741	4,246	2,831	39,261	1,601
2017	189	762	4,545	3,023	43,695	3,077
2018	184	628	3,311	2,256	35,786	6,164
2019	118	399	2,060	1,568	22,349	4,778
2020	125	604	2,747	2,350	31,000	4,999
2021	170	714	3,133	2,658	35,295	7,193

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-28: Data Table for Exhibit III-28: Average Borrower Age at Endorsement of FHA HECMs**

<b>Endorsement Fiscal Year</b>	<b>HECMs Endorsed (count)</b>	<b>Average Borrower Age</b>
2009	114,425	73.03
2010	79,058	72.97
2011	73,112	72.30
2012	54,812	72.06
2013	59,924	71.77
2014	51,616	71.97
2015	57,990	72.35
2016	48,868	73.01
2017	55,291	73.16
2018	48,329	73.34
2019	31,272	73.59
2020	41,825	73.51
2021	49,163	73.95

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-29: Data Table for Exhibit III-29: FHA HECM Endorsement Activity by Mortgage Purpose**

Endorsement Fiscal Year	Share of Total Maximum Claim Amount (MCA)		
	Purchase	Refinance	Traditional
2009	0.47	11.90	87.63
2010	1.73	9.41	88.86
2011	2.21	6.16	91.64
2012	3.26	4.56	92.17
2013	3.95	5.03	91.03
2014	3.91	7.24	88.84
2015	4.33	13.48	82.19
2016	4.98	14.19	80.83
2017	4.93	17.11	77.97
2018	5.52	14.39	80.09
2019	7.40	7.44	85.16
2020	5.58	25.66	68.77
2021	4.17	46.68	49.16

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-30: Data Table for Exhibit III-30: FHA HECM Endorsement Activity by Mortgage Type Option**

Endorsement Fiscal Year	Share of Total Maximum Claim Amount (MCA)		
	Annual Adjustable Rate Mortgage	Monthly Adjustable Rate Mortgage	Fixed Rate Mortgage
2009	1.01	86.19	12.80
2010	0.08	35.01	64.90
2011	0.13	36.83	63.04
2012	0.05	34.81	65.15
2013	0.11	41.56	58.33
2014	2.63	78.11	19.26
2015	42.10	41.61	16.29
2016	75.89	13.27	10.84
2017	83.00	6.29	10.72
2018	87.72	1.29	10.99
2019	93.07	0.29	6.64
2020	97.40	0.19	2.41
2021	33.08	58.40	8.51

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-31: Data Table for Exhibits III-31: Average Principal Limit of FHA HECMs and III-32: Average Initial Cash Draws of FHA-Endorsed HECMs**

Endorsement Fiscal Year	HECMs Endorsed (count)	Average Principal Limit as a Share of Maximum Claim Amount	Average 1st Month Cash Draw as a Share of Principal Limit
2009	114,425	70.23%	67.89%
2010	79,058	66.03%	76.18%
2011	73,112	64.80%	76.52%
2012	54,812	66.14%	77.83%
2013	59,924	66.02%	79.92%
2014	51,616	59.09%	66.72%
2015	57,990	59.27%	64.24%
2016	48,868	60.02%	62.77%
2017	55,291	59.94%	64.23%
2018	48,329	55.26%	63.63%
2019	31,272	52.00%	63.10%
2020	41,825	57.56%	67.66%
2021	49,163	58.61%	73.26%

SOURCE: US Department of HUD/FHA, October 2021.

**Table D-32: Data Table for Exhibit III-33: States with the Highest Share of FHA HECMs by MCA**

Endorsement Fiscal Year	Share of Total Maximum Claim Amount (MCA) by Endorsement Fiscal Year					
	California	Florida	Texas	New York	Pennsylvania	Other States
2009	20.89	11.41	4.23	7.54	2.44	53.49
2010	23.11	7.31	5.05	8.61	2.63	53.29
2011	22.52	5.51	5.94	8.72	3.30	54.01
2012	21.09	5.27	6.00	10.56	3.48	53.59
2013	23.73	5.69	5.89	9.15	3.46	52.08
2014	28.83	6.03	5.04	8.07	3.13	48.89
2015	31.92	7.24	4.85	7.82	2.67	45.50
2016	32.87	7.54	5.50	6.41	2.00	45.69
2017	34.86	7.25	5.45	5.54	1.64	45.25
2018	33.17	6.79	5.30	4.98	1.71	48.04
2019	31.26	6.92	5.17	5.42	1.73	49.49
2020	35.40	6.46	4.44	3.61	1.21	48.89
2021	35.98	6.19	4.07	3.14	1.08	49.54

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

**Table D-33: Data Table for Exhibit III-34: FHA HECMs by Payment Plan Option**

Endorsement Fiscal Year	Share of Maximum Claim Amount (MCA)					
	HECM Payment Options					
	Term	Line of Credit	Tenure	Term & Line of Credit	Tenure & Line of Credit	Lump Sum
2009	0.85	90.48	1.70	4.41	2.56	0.00
2010	0.55	92.51	1.06	3.65	2.23	0.00
2011	0.46	92.88	1.08	3.55	2.03	0.00
2012	0.32	93.50	0.99	3.29	1.90	0.00
2013	0.47	93.71	1.07	3.03	1.73	0.00
2014	0.74	91.98	1.68	3.51	2.08	0.02
2015	0.58	92.13	1.24	3.36	2.16	0.53
2016	0.62	88.19	1.21	3.25	2.03	4.69
2017	0.57	85.90	1.03	3.06	2.08	7.35
2018	0.59	86.01	0.85	2.95	1.99	7.61
2019	0.58	88.52	0.85	2.80	1.73	5.51
2020	0.59	93.35	0.49	2.39	1.32	1.86
2021	0.61	89.44	0.46	1.82	0.84	6.82

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

## Appendix E: Data Tables for Chapter IV

**Table E-1: Data Table for Exhibit IV-4: Claims Paying Capacity and Projected Losses FY 2021 and Exhibit IV-5: Changes to Claims Paying Capacity and NPV of Projected Losses from FY 2020 to FY 2021**

MMI Fund Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Ending Balances (\$ Millions)</b>					
Total Capital Resources	\$40,857	\$49,237	\$57,980	\$70,652	\$83,604
Plus: NPV Revenue	\$59,115	\$51,248	\$51,436	\$48,807	\$49,045
Less: NPV Losses	(\$73,227)	(\$65,623)	(\$47,034)	(\$40,509)	(\$32,174)
Equals: Cash Flow NPV	(\$14,112)	(\$14,375)	\$4,402	\$8,298	\$16,871
Equals: Economic Net Worth	\$26,745	\$34,862	\$62,382	\$78,950	\$100,475
Insurance-In-Force	\$1,226,843	\$1,264,672	\$1,288,436	\$1,294,731	\$1,251,270
<b>Balances as a Percent of Ending Insurance-In-Force</b>					
Total Capital Resources	3.33%	3.89%	4.50%	5.46%	6.68%
Plus: NPV Revenue	4.82%	4.05%	3.99%	3.77%	3.92%
Less: NPV Losses	-5.97%	-5.19%	-3.65%	-3.13%	-2.57%
Equals: Cash Flow NPV	-1.15%	-1.14%	0.34%	0.64%	1.35%
Equals: Economic Net Worth - Capital Ratio	2.18%	2.76%	4.84%	6.10%	8.03%
Insurance-In-Force	100.00%	100.00%	100.00%	100.00%	100.00%

SOURCE: US Department of HUD/FHA, October 2021.

**Table E-4: Data Table for Exhibit IV-8: Changes in Forward Portfolio Claims Paying Capacity and NPV of Projected losses from FY 2020 to FY 2021**

Forward Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Ending Balances (\$ millions)</b>					
Total Capital Resources	\$37,056	\$45,438	\$54,600	\$67,368	\$78,500
Plus: NPV Revenue	\$54,001	\$45,307	\$45,783	\$44,574	\$45,544
Less: NPV Losses	(\$52,643)	(\$43,935)	(\$33,769)	(\$34,187)	(\$29,063)
Equals: Cash Flow NPV	\$1,357	\$1,372	\$12,014	\$10,387	\$16,481
Equals: Economic Net Worth	\$38,413	\$46,810	\$66,614	\$77,755	\$94,981
Insurance-In-Force	\$1,153,875	\$1,192,283	\$1,224,225	\$1,232,093	\$1,188,595
<b>Balances as a Percent of Ending Insurance-In-Force</b>					
Total Capital Resources	3.21%	3.81%	4.46%	5.47%	6.60%
Plus: NPV Revenue	4.68%	3.80%	3.74%	3.62%	3.83%
Less: NPV Losses	-4.56%	-3.68%	-2.76%	-2.77%	-2.45%
Equals: Cash Flow NPV	0.12%	0.12%	0.98%	0.84%	1.39%
Equals: Economic Net Worth - Capital Ratio	3.33%	3.93%	5.44%	6.31%	7.99%
Insurance-In-Force	100.00%	100.00%	100.00%	100.00%	100.00%

SOURCE: US Department of HUD/FHA, October 2021

**Table E-5: Data Table for Exhibit IV-10: Changes in HECM Portfolio Claims Paying Capacity and NPV of Projected losses from FY 2020 to FY 2021.**

HECM Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Ending Balances (\$ millions)</b>					
Total Capital Resources	\$2,115	\$2,113	\$1,694	\$1,597	\$3,418
Plus: NPV Revenue	\$5,115	\$5,941	\$5,653	\$4,233	\$3,501
Less: NPV Losses	(\$20,584)	(\$21,688)	(\$13,265)	(\$6,322)	(\$3,111)
Equals: Cash Flow NPV	(\$15,469)	(\$15,747)	(\$7,612)	(\$2.09)	\$390
Equals: Economic Net Worth	(\$13,354)	(\$13,634)	(\$5,918)	(\$492)	\$3,808
Insurance-In-Force	\$72,968	\$72,389	\$64,211	\$62,638	\$62,675
<b>Balances as a Percent of Ending Insurance-In-Force</b>					
Total Capital Resources	2.90%	2.92%	2.64%	2.55%	5.45%
Plus: NPV Revenue	7.01%	8.21%	8.80%	6.76%	5.59%
Less: NPV Losses	-28.21%	-29.96%	-20.66%	-10.09%	-4.96%
Equals: Cash Flow NPV	-21.20%	-21.75%	-11.85%	-3.34%	0.62%
Equals: Economic Net Worth - Capital Ratio	-18.30%	-18.83%	-9.22%	-0.78%	6.08%
Insurance-In-Force	100.00%	100.00%	100.00%	100.00%	100.00%

SOURCE: US Department of HUD/FHA, October 2021.



**Table E-7: Data Table for Exhibit IV-12: Serious Delinquencies in FY 2012 and FY 2021.**

Fiscal Year	Serious Delinquencies (\$ Billion)
FY 2012	\$96
FY 2021	\$110

SOURCE: US Department of HUD/FHA, October 2021.

**Table E-8: Data Table for Exhibit IV-13: Sources of MMI Fund Capital.**

MMI Capital Attribution Analysis				
	2017	2021		Difference
Total Capital Resources	40.9	83.6	42.7	33
NPV Revenue	59.1	49.0	-10.1	
NPV Losses	73.2	32.2	-41	41
MMI Capital	26.8	100.4		74

SOURCE: US Department of HUD/FHA, October 2021.

**Table E-9: Data Table for Exhibit IV-16: Impact of Declining HPA on MMIF Capital Ratio**

Category	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
HPA from 2003	19.56%	30.45%	32.99%	25.52%	14.75%	11.29%	5.35%	5.56%
MMI Capital Ratio	6.50%	7.40%	7.00%	3.20%	0.40%	0.50%	0.24%	-1.44%

SOURCE: US Department of HUD/FHA, October 2021.

**Table E-10: Data Table for Exhibit IV-18: Impact of Q3 FY 2007 Economic Conditions on the FY 2021 Portfolio**

Category	FY 2021	3Q FY 2007
Claims Paying Capacity	10.60%	9.69%
NPV Projected Losses	-2.57%	-8.15%
CPC/MMI Fund	\$ 132,578,793,323	\$ 121,209,002,078
CPC/NPV Losses	\$ (32,196,255,383)	\$ (101,929,861,612)
IIF	\$1,251,270,728,014	\$ 1,251,270,728,014

SOURCE: US Department of HUD/FHA, October 2021.

Table E-11: FY 2021 Forward GAO Cashflows

FY2021 Annual Report Cash Flows				
Estimation FY	Premiums	Claims	Recoveries	Total
2022	\$ 7,236,400,927	\$ (16,842,911,104)	\$ 1,199,565,458	\$ (8,406,944,720)
2023	\$ 6,014,075,416	\$ (5,756,083,476)	\$ 2,136,115,265	\$ 2,394,107,205
2024	\$ 5,125,355,344	\$ (5,242,422,384)	\$ 1,878,945,517	\$ 1,761,878,477
2025	\$ 4,375,761,547	\$ (4,338,561,488)	\$ 1,635,957,084	\$ 1,673,157,143
2026	\$ 3,742,579,206	\$ (3,454,932,988)	\$ 1,359,588,050	\$ 1,647,234,267
2027	\$ 3,191,148,574	\$ (2,746,510,801)	\$ 1,130,532,331	\$ 1,575,170,103
2028	\$ 2,706,796,305	\$ (2,163,403,037)	\$ 940,368,332	\$ 1,483,761,601
2029	\$ 2,296,735,322	\$ (1,683,407,573)	\$ 784,485,001	\$ 1,397,812,750
2030	\$ 1,952,748,475	\$ (1,245,477,471)	\$ 652,908,111	\$ 1,360,179,115
2031	\$ 1,630,603,304	\$ (886,594,527)	\$ 535,094,190	\$ 1,279,102,967
2032	\$ 1,309,623,002	\$ (626,514,033)	\$ 437,504,844	\$ 1,120,613,812
2033	\$ 1,052,971,714	\$ (459,954,932)	\$ 364,502,881	\$ 957,519,663
2034	\$ 895,263,042	\$ (317,540,920)	\$ 305,494,149	\$ 883,216,271
2035	\$ 758,438,111	\$ (202,759,092)	\$ 255,564,829	\$ 811,243,848
2036	\$ 639,811,644	\$ (117,499,103)	\$ 214,178,219	\$ 736,490,760
2037	\$ 537,012,123	\$ (43,390,599)	\$ 180,346,278	\$ 673,967,802
2038	\$ 447,967,695	\$ 18,942,908	\$ 152,231,074	\$ 619,141,677
2039	\$ 370,886,000	\$ 65,951,594	\$ 128,592,110	\$ 565,429,703
2040	\$ 304,216,228	\$ 117,259,544	\$ 108,101,914	\$ 529,577,685
2041	\$ 246,611,988	\$ 107,190,320	\$ 90,065,609	\$ 443,867,917
2042	\$ 196,901,952	\$ 132,773,660	\$ 74,889,932	\$ 404,565,543
2043	\$ 154,077,623	\$ 142,809,558	\$ 62,139,621	\$ 359,026,802
2044	\$ 117,603,820	\$ 115,471,631	\$ 51,292,747	\$ 284,368,198
2045	\$ 87,136,660	\$ 148,966,778	\$ 42,415,198	\$ 278,518,637
2046	\$ 62,214,129	\$ 171,471,346	\$ 34,710,529	\$ 268,396,005
2047	\$ 42,384,796	\$ 169,071,574	\$ 26,895,257	\$ 238,351,628
2048	\$ 26,883,750	\$ 148,731,722	\$ 19,833,882	\$ 195,449,354
2049	\$ 14,781,085	\$ 162,925,024	\$ 14,558,341	\$ 192,264,450
2050	\$ 5,930,044	\$ 346,391,966	\$ 10,142,394	\$ 362,464,404
2051	\$ 1,194,711	\$ 383,844,562	\$ 5,300,029	\$ 390,339,302
2052	\$ -	\$ (170,007)	\$ 894,469	\$ 724,461
Total	\$ 45,544,114,536	\$ (43,896,331,350)	\$ 14,833,213,643	\$ 16,480,996,829

SOURCE: US Department of HUD/FHA, October 2021.

Table E-12: FY 2021 HECM GAO Cashflows

FY2021 Annual Report Cash Flows				
Estimation FY	Premiums	Claims	Recoveries	Total
2022	\$ 487,859,959.84	\$ (2,327,171,561.11)	\$ -	\$ (1,839,311,601.27)
2023	\$ 446,016,533.15	\$ (2,721,435,134.59)	\$ 145,735,201.47	\$ (2,129,683,399.97)
2024	\$ 396,142,406.33	\$ (2,949,053,822.93)	\$ 387,680,651.80	\$ (2,165,230,764.80)
2025	\$ 346,005,252.75	\$ (2,829,885,516.87)	\$ 614,759,821.18	\$ (1,869,120,442.94)
2026	\$ 297,530,896.10	\$ (2,808,676,685.32)	\$ 825,492,391.87	\$ (1,685,653,397.35)
2027	\$ 250,384,105.67	\$ (2,568,471,039.74)	\$ 1,013,360,596.20	\$ (1,304,726,337.87)
2028	\$ 207,234,004.04	\$ (2,011,260,557.89)	\$ 1,151,620,532.68	\$ (652,406,021.17)
2029	\$ 171,966,967.22	\$ (1,425,449,430.07)	\$ 1,239,337,882.80	\$ (14,144,580.05)
2030	\$ 145,357,445.86	\$ (1,068,004,598.30)	\$ 1,294,390,336.80	\$ 371,743,184.36
2031	\$ 125,033,449.90	\$ (967,531,687.02)	\$ 1,345,135,571.43	\$ 502,637,334.31
2032	\$ 108,218,829.09	\$ (1,097,220,225.20)	\$ 1,362,487,593.54	\$ 373,486,197.43
2033	\$ 92,903,815.71	\$ (1,316,682,588.96)	\$ 1,377,093,482.37	\$ 153,314,709.12
2034	\$ 78,134,042.73	\$ (1,423,437,213.65)	\$ 1,405,754,709.77	\$ 60,451,538.85
2035	\$ 64,207,589.54	\$ (1,322,427,399.26)	\$ 1,432,558,913.11	\$ 174,339,103.38
2036	\$ 52,016,218.66	\$ (1,063,634,351.65)	\$ 1,437,331,329.82	\$ 425,713,196.84
2037	\$ 42,091,309.44	\$ (773,722,581.94)	\$ 1,416,536,713.95	\$ 684,905,441.46
2038	\$ 34,307,945.16	\$ (522,000,958.41)	\$ 1,367,588,463.88	\$ 879,895,450.64
2039	\$ 28,298,379.25	\$ (349,345,055.64)	\$ 1,294,382,342.59	\$ 973,335,666.20
2040	\$ 23,558,903.62	\$ (235,761,801.72)	\$ 1,193,584,214.31	\$ 981,381,316.21
2041	\$ 19,723,464.66	\$ (162,649,979.44)	\$ 1,080,882,002.15	\$ 937,955,487.37
2042	\$ 16,531,028.22	\$ (117,941,941.10)	\$ 978,467,557.72	\$ 877,056,644.84
2043	\$ 13,802,122.05	\$ (90,632,356.67)	\$ 881,549,929.57	\$ 804,719,694.95
2044	\$ 11,442,366.31	\$ (73,179,769.09)	\$ 771,370,139.52	\$ 709,632,736.74
2045	\$ 9,397,641.77	\$ (60,572,161.81)	\$ 663,946,410.55	\$ 612,771,890.52
2046	\$ 7,638,234.24	\$ (50,569,252.07)	\$ 563,499,964.54	\$ 520,568,946.71
2047	\$ 6,134,182.95	\$ (42,361,419.72)	\$ 471,634,627.98	\$ 435,407,391.21
2048	\$ 4,860,672.55	\$ (35,393,795.71)	\$ 388,926,503.31	\$ 358,393,380.14
2049	\$ 3,794,616.50	\$ (29,305,661.09)	\$ 315,884,926.81	\$ 290,373,882.22
2050	\$ 2,914,497.62	\$ (23,881,330.38)	\$ 252,889,524.84	\$ 231,922,692.08
2051	\$ 2,202,340.42	\$ (19,081,227.68)	\$ 198,335,874.20	\$ 181,456,986.94
2052	\$ 1,635,749.16	\$ (15,003,097.97)	\$ 153,221,599.70	\$ 139,854,250.89
2053	\$ 1,190,523.46	\$ (11,623,933.91)	\$ 116,534,360.16	\$ 106,100,949.71
2054	\$ 840,237.38	\$ (8,947,870.42)	\$ 87,579,897.33	\$ 79,472,264.29
2055	\$ 581,993.84	\$ (6,528,040.68)	\$ 63,664,959.80	\$ 57,718,912.96
2056	\$ 392,217.47	\$ (4,717,420.30)	\$ 45,729,133.23	\$ 41,403,930.40
2057	\$ 256,593.85	\$ (3,359,384.79)	\$ 32,239,183.95	\$ 29,136,393.01
2058	\$ 161,309.43	\$ (2,348,483.42)	\$ 22,422,366.54	\$ 20,235,192.55
2059	\$ 96,496.73	\$ (1,596,488.84)	\$ 15,009,444.36	\$ 13,509,452.25
2060	\$ 52,948.68	\$ (1,054,634.99)	\$ 9,864,709.36	\$ 8,863,023.05
2061	\$ 26,588.32	\$ (663,577.42)	\$ 6,167,166.33	\$ 5,530,177.23
2062	\$ 12,581.38	\$ (396,599.87)	\$ 3,726,302.09	\$ 3,342,283.61
2063	\$ 6,282.79	\$ (222,424.19)	\$ 2,077,215.24	\$ 1,861,073.85
2064	\$ 2,622.05	\$ (125,618.79)	\$ 1,181,791.87	\$ 1,058,795.13
2065	\$ 484.53	\$ (67,843.75)	\$ 639,279.11	\$ 571,919.89
2066	\$ -	\$ (14,822.31)	\$ 144,341.03	\$ 129,518.72
Totals	\$ 3,500,965,850	\$ (30,543,411,347)	\$ 27,432,419,961	\$ 389,974,465

SOURCE: US Department of HUD/FHA, October 2021.

## Appendix F:

### FHA Single Family Housing Mortgagee Letters Published FY 2021

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

In FY 2021, FHA published the Mortgagee Letters listed in the table below.

ML#	Publication Date	Title
2021-25	9/30/2021	Federal Housing Administration's Financial Requirements for Mortgagee Eligibility - Update to Unacceptable Assets
2021-24	9/27/2021	Extension for COVID-19 Forbearance and COVID-19 Home Equity Conversion Mortgage (HECM) Extensions
2021-23	9/15/2021	Mandatory Transition to the Federal Housing Administration (FHA) Catalyst: Electronic Appraisal Delivery (EAD) Module for FHA Single Family Appraisals
2021-21	9/13/2021	FHA Catalyst: Single Family Default Monitoring System (SFDMS) Reporting Module
2021-19	7/30/2021	Extension of the Foreclosure-Related Eviction Moratorium and Expiration of the Foreclosure Moratorium in Connection with the Presidentially-Declared COVID-19 National Emergency
2021-18	7/23/2021	COVID-19 Recovery Loss Mitigation Options
2021-17	6/30/2021	Revisions to Property and Appraisal Quality Control Review Requirements
2021-16	6/29/2021	Extension of the End Date for COVID-19 Multisubject: Updated Temporary Guidance for Verification of Self-Employment; Rental Income; 203(k) Rehabilitation Escrow Account

2021-15	6/25/2021	Extension of the Foreclosure and Eviction Moratorium in Connection with the Presidentially-Declared COVID-19 National Emergency, Further Expansion of the COVID-19 Forbearance and the COVID-19 Home Equity Conversion Mortgage (HECM) Extensions, and Establishment of the COVID-19 Advance Loan Modification (COVID-19 ALM)
2021-14	6/24/2021	Extension of Implementation Date for April 19, 2021 Publication of the Single Family Housing Policy Handbook 4000.1
2021-13	6/17/2021	Student Loan Payment Calculation of Monthly Obligation
2021-12	5/28/2021	Eligibility Requirements for Certain Non-Permanent Resident Borrowers
2021-11	5/6/2021	Amendments to HUD's Non-Borrowing Spouse Policy for all Home Equity Conversion Mortgage (HECM) Loans
2021-09	3/15/2021	Announcement of Revised Form HUD-9991, FHA Condominium Loan Level/Single-Unit Approval Questionnaire and Revised Form HUD-9992, FHA Condominium Project Approval Questionnaire
2021-08	3/11/2021	Home Equity Conversion Mortgage (HECM) Program - Changes to Interest Rate Requirements Including Removal of the London Interbank Offered Rate (LIBOR) Index
2021-07	2/23/2021	Extension of the End Date for COVID-19 Multisubject: Updated Temporary Guidance for Verification of Self-Employment; Rental Income; 203(k) Rehabilitation Escrow Account
2021-06	2/23/2021	Extension of Re-verification of Employment and Exterior-Only Appraisal scope of work (SOW) option for Federal Housing Administration (FHA) Single Family programs impacted by the Coronavirus Disease of 2019 (COVID-19)
2021-05	2/16/2021	Extensions of Single Family Foreclosure and Eviction Moratorium, Start Date of COVID-19 Initial Forbearance, and HECM Extension Period; Expansion of COVID-19 Loss Mitigation Options

2021-04	1/26/2021	Update to the COVID-19 Forbearance Start Date and the COVID-19 Home Equity Conversion Mortgage (HECM) Extension Period
2021-03	1/21/2021	Extension of Foreclosure and Eviction Moratorium in Connection with the Presidentially-Declared COVID-19 National Emergency
2021-02	1/19/2021	FHA Catalyst: Single Family Origination Module - Uniform Closing Dataset
2020-49	12/22/2020	Revised Form HUD-92900-A, HUD Addendum to Uniform Residential Loan Application
2020-47	12/17/2020	Extension of Re-verification of Employment and Exterior only Appraisal scope of work option for Federal Housing Administration (FHA) Single Family programs impacted by the Coronavirus Disease of 2019 (COVID-19)
2020-46	12/17/2020	Extension of Temporary Guidance for COVID-19 Multisubject: Updated Temporary Guidance for Verification of Self-Employment; Rental Income; 203(k) Rehabilitation Escrow Account
2020-45	12/17/2020	Extension of Temporary Guidance for Endorsement of Mortgages under Forbearance for Borrowers Affected by the Presidentially-Declared COVID-19 National Emergency consistent with the Coronavirus Aid, Relief, and Economic Security (CARES) Act
2020-37	10/28/2020	Extension of Re-verification of Employment guidance and Updated Appraisal Scope of Work Option for Federal Housing Administration (FHA) Single Family programs impacted by the Coronavirus Disease of 2019 (COVID-19)
2020-36	10/22/2020	FHA New Construction Requirements
2020-35	10/21/2020	FHA Catalyst: Single Family Origination Module - Automated Underwriting System
2020-34	10/20/2020	Update to the Date for Approving a COVID-19 Forbearance or COVID-19 Home Equity Conversion Mortgage (HECM) Extension (Superseded in part by Handbook 4000.1)



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