

#### **IV. Recommended Future Enhancements**

In the course of performing this year's Actuarial Review, including discussions with OMB and FHA, we have identified the following technical enhancements for consideration in performing future analyses:

- Use regional economic forecasts in the forward projections of claims and prepayment rates, and possibly demand.
- Develop a dynamic feature for the demand model for the distribution of loans across loan type, LTV category, and region, possibly including a feature designed to capture predicted changes in the FHA share of the overall mortgage market.

These suggested enhancements would require a much expanded scope of work due, in part, to the very large number of regional breakdowns. Also, not all of the elements of the analysis could be completed at the same level of detail, so appropriate groupings would need to be developed and tested. If HUD wishes to incorporate either of these enhancements into future actuarial reviews, appropriate modification to the scope of the actuarial review will be needed.