DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

FHA – Mutual Mortgage Insurance Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2020 Appropriation	130,000	47,564	-	177,564	129,013	112,080
2021 Appropriation	130,000	39,621	-	169,621	148,401	112,000
2022 President's Budget	180,000	25,000	-	205,000	158,000	135,000
Change from 2021	50,000	(14,621)	-	35,379	9,599	23,000

PROGRAM PURPOSE

Under the Federal Housing Administration (FHA) Single Family Housing programs, the Mutual Mortgage Insurance (MMI) Fund has insured approximately 50.9 million home mortgages since 1934. It provides mortgage insurance on single family mortgage loans made by FHA-approved lenders throughout the United States and its territories. FHA Single Family Housing programs provide mortgage insurance for the purchase and refinance of homes with one to four units. The MMI Fund strives to meet the needs of many first-time, low- to moderate-income and minority homebuyers who, without FHA insurance, may find mortgage credit to be unaffordable or simply unavailable. FHA also remains active and viable in all markets during times of economic disruption, playing an important countercyclical role until private capital returns to its normal levels. During times of credit contraction, FHA plays an integral role in expanding equitable access to financing for traditionally marginalized borrowers. Through the MMI Fund, the Department offers several types of single-family forward (traditional) mortgage insurance products and Home Equity Conversion Mortgages (HECMs) for seniors. Activity for the Cooperative Management Housing Insurance (CMHI) Fund—which insures mortgages for multifamily cooperatives—is also reported together with the MMI Fund.

BUDGET OVERVIEW

The 2022 President's Budget requests $180 million for FHA administrative contract expenses, an expansion of the Good Neighbor Next Door (GNND) Program, and a new Home Equity Accelerator Loan (HEAL) pilot; this amount is $50 million more than the 2021 enacted level. The Budget also requests $400 billion in loan guarantee commitment authority and $1 million in direct loan authority, which are both equal to 2021 enacted levels.

The increase of $50 million over 2021 enacted includes an additional $20 million for administrative contract expenses, which is attributable to increased costs for Secretary-held mortgage servicing, including HECM servicing, mortgagee compliance contractor expenses, and Real Estate Owned (REO) Case Management. The primary cause of the increase is the growing expense of servicing the Secretary-held HECM portfolio. In addition, due in part to the increased volume of partial claims in response to COVID-19 and disasters, the Secretary-held mortgage servicing portfolio continues to grow. FHA anticipates expending significantly more resources to service these mortgages and to dispose of the properties once they become vacant.

The increase also includes $30 million for a temporary expansion (up to three years) of the GNND program and the new HEAL pilot. The GNND program enables law enforcement officers, teachers, firefighters, and emergency medical technicians to purchase HUD-owned homes at a discount. A temporary expansion will include making additional individuals eligible for the program and expanding the program beyond current revitalization areas. The HEAL pilot, a new FHA initiative for 2022, will offer new loan products to lower barriers to homeownership for potential first-time, first-generation homebuyers. These programs will assist FHA in equitably strengthening communities by providing affordable housing to people that serve those neighborhoods and expanding access to credit.

JUSTIFICATION

The 2022 President's Budget requests $180 million for the FHA MMI Program Account. This amount will provide funding for contracts necessary for the administration of FHA programs operating under the MMI and the General Insurance and Special Risk Insurance (GI/SRI) Fund, as well as a temporary expansion of the GNND program and the new HEAL pilot. It will fund activities including, but not limited to: insurance endorsement of single-family mortgages, single-family case management system for REO properties, Secretary-held mortgage servicing, HECM counseling tools, construction inspections on multifamily projects, the required annual FHA independent actuarial review, FHA Resource Center, management and oversight of asset disposition, risk analysis, accounting and audit support, and assistance with claims, partial claims, and premium refund processing.

The services identified in the 2022 Budget also support Multifamily Housing's core program functions, including, but not limited to, post-closing portfolio management, loan underwriting support services; construction inspections, document scanning and imaging, loan servicing and accounting, financial advisor services, and the Clearinghouse Call-in Center.

For budgetary purposes, the programs of the MMI Fund are broken into three risk categories (Forward mortgages, HECMs, and HEAL); each is discussed below:

- Forward programs provide mortgage insurance for the purchase and refinance of homes with one to four units. Loan products under this category include single-family forward mortgages (Section 203(b)), condominiums, homes purchased on Indian and Hawaiian lands, and rehabilitation loans (Section 203(k)). Maximum mortgage amounts insured by FHA (i.e., loan limits) are calculated annually by HUD and are generally tied to 115 percent of the median house price in each county, subject to a "low-cost" floor and "high-cost" ceiling. There are also special exception loan limits for certain areas to account for higher construction costs.
- The HECM program provides senior homeowners age 62 and older access to FHA-insured reverse mortgages, which enable seniors to access the equity in their homes to support their financial and housing needs as they age. The HECM program fills a unique role in the national mortgage market and offers critical opportunities for the nation's seniors to utilize their own assets and resources to preserve their quality of life. The HECM program provides options for seniors to access their equity through monthly payments, draws from a line of credit, a combination of these options, or one-time draws at closing. Unlike a forward mortgage, the HECM borrower does not make payments on the loan and the loan does not become due and payable until the last remaining borrower no longer occupies the property or fails to comply with other requirements of the loan, such as payment of property taxes and insurance.
- HEAL is a new positive credit subsidy pilot that will provide more opportunities for homeownership to first-time, first-generation homebuyers. It will offer loan products that lower barriers to homeownership, including incentives to lenders and borrowers.

Commitment Authority - Up to $400 billion for New Loan Guarantees

The 2022 President's Budget requests $400 billion in loan guarantee commitment limitation, which is to remain available until September 30, 2023. This limitation includes sufficient authority for insurance of single-family forward mortgages and HECMs. Total loan volume projected for all MMI programs for 2022 is $264.2 billion. Of that total, $247 billion is estimated for standard forward mortgages, $15.9 billion is for HECM, and $1.2 billion is for the new HEAL pilot. The size and two–year availability for this commitment authority reduces the likelihood of program disruption should there be a continuing resolution or greater than expected demand for loan guarantees.

Negative Subsidy Receipts

The $264.2 billion in loan volume projected for the entire MMI portfolio in 2022 is expected to generate $7 billion in negative subsidy receipts, which are transferred to the MMI Capital Reserve account, where they are available to cover any unexpected cost increases for the MMI portfolio.

Commitment Authority - Up to $1 million for Direct Loans

The loan authority requested would provide short-term purchase money mortgages for non-profit and governmental agencies. It would enable these entities to make HUD-acquired single-family properties available for resale to purchasers with household incomes at or below 115 percent of an area's median income. This program has been infrequently used in recent years due to the shortage of State and local government subsidies needed to offset participants' development costs associated with administering the program. Nonetheless, the program remains a valuable tool for HUD's support of affordable homeownership opportunities in distressed communities while responsibly managing its REO inventory of properties.

Administrative Contracts- $150 million

The $150 million request for 2022 will provide funding for contracts necessary in the administration of FHA programs operating under MMI and GI/SRI. This request will fund activities including, but not limited to, insurance endorsement of single-family mortgages, construction inspections on multifamily projects, the required annual FHA independent actuarial review in support of the financial audit and other mandated requirements, management and oversight of asset disposition, risk analysis, accounting support services, and assistance with claims and premium refund processing.

Good Neighbor Next Door and Home Equity Accelerator Loan Programs - $30 million

This increased funding will support the estimated modification cost of expanding the GNND program and the subsidy cost of the new HEAL pilot. The exact allocation of funds between these two eligible uses will be determined prior to execution after further development of program/pilot parameters and estimated costs.

The current GNND Sales program is designed to improve the quality of life in distressed urban communities by encouraging law enforcement officers, teachers, firefighters, and emergency medical technicians to purchase and reside in homes in these communities. HUD offers a substantial incentive in the form of a discount of 50 percent off the list price of the HUD-owned home. In return, an eligible buyer must commit to live in the property for 36 months as their principal residence. Except for a small segment of properties reserved for Asset Control Area participants, HUD-Owned Single-Family homes located in revitalization areas are listed exclusively for sale through the GNND Sales program. Properties are available for purchase through the program for seven days.

This increased funding will enable HUD to implement a temporary expansion of the GNND program. The anticipated expansion will include making additional individuals, such as national service workers, eligible for the program. HUD also anticipates expanding the program beyond current revitalization areas to make additional HUD-owned homes available for the program in areas that are economically distressed, or with limited affordable housing. This additional appropriation will assist FHA in equitably strengthening communities by providing affordable housing to people that serve those neighborhoods.

Additionally, the Budget proposes a HEAL pilot that would offer new loan products designed to lower barriers to homeownership. This initiative will expand eligibility for FHA home mortgage insurance and may include attractive incentives for lenders and borrowers.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2020 Budget Authority	2019 Carryover Into 2020	2020 Total Resources	2020 Obligations	2021 Appropriation	2020 Carryover Into 2021	2021 Total Resources	2022 President's Budget
Administrative Contract Expense	130,000	47,564	177,564	129,013	130,000	39,621	169,621	150,000
Good Neighbor Next Door/ Home Equity Accelerator Loans	-	-	-	-	-	-	-	30,000
Total	130,000	47,564	177,564	129,013	130,000	39,621	169,621	180,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions

The 2022 President's Budget re-proposes the following general provisions that were enacted in the 2021 appropriations bill:

Eminent Domain Restrictions: Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain. (2022 President's Budget, Sec. 217)

APPROPRIATIONS LANGUAGE

The 2022 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

New commitments to guarantee single family loans insured under the Mutual Mortgage Insurance Fund shall not exceed $400,000,000,000, to remain available until September 30, [2022] *2023*: Provided, That during fiscal year [2021] *2022*, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed $1,000,000: Provided further, That the foregoing amount in the previous proviso shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under the Mutual Mortgage Insurance Fund: Provided further, That for administrative contract expenses of the Federal Housing Administration, [$130,000,000]*$180,000,000*, to remain available until September 30, [2022] *2023*: *Provided further, That of the amount in the previous proviso, up to $30,000,000, to remain available until September 30, 2024, shall be for the cost of guaranteed loans to support: (1) a pilot expansion of the Good Neighbor Next Door program, notwithstanding any provision of section 204(a)(1) of the National Housing Act; and (2) a pilot of new loan products, which may include mortgagee and borrower incentives designed to lower barriers to homeownership, notwithstanding the limitations on eligibility in section 203(b) of the National Housing Act :* Provided further, That [to the extent guaranteed loan commitments exceed $200,000,000,000 on or before April 1, 2021, an additional $1,400 for administrative contract expenses shall be available for each $1,000,000 in additional guaranteed loan commitments (including a pro rata amount for any amount below $1,000,000), but in no case shall funds made available by this proviso exceed $30,000,000: Provided further, That notwithstanding the limitation in the first sentence of section 255(g) of the National Housing Act (12 U.S.C. 1715z–20(g)), during fiscal year [2021] *2022* the Secretary may insure and enter into new commitments to insure mortgages under section 255 of the National Housing Act only to the extent that the net credit subsidy cost for such insurance does not exceed zero] *such costs in the previous proviso, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974. (Department of Housing and Urban Development Appropriations Act, 2021.)*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

FHA – General and Special Risk Insurance

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2020 Appropriation	-	1,574	-	1,574	-	-
2021 Appropriation	-	1,574	-	1,574	-	-
2022 President's Budget	-	1,574	-	1,574	-	-
Change from 2021	-	-	-	-	-	-

PROGRAM PURPOSE

The Federal Housing Administration's (FHA) General Insurance and Special Risk Insurance (GI/SRI) Fund programs are a critical component of the Department's efforts to meet the nation's need for decent, safe, and affordable housing. They provide the necessary liquidity so that communities can:

- Continue to provide quality affordable housing and assisted living/nursing home/hospital opportunities;
- Improve access to quality healthcare, reduce the cost of that care, and support the needs of aging populations in communities nationwide;
- Strengthen local economies by playing a countercyclical role in the market;
- Improve the availability and maintenance of rental housing for low- and moderate-income families; and
- Enable private lenders to make loans for important projects, places of historic disinvestment or exclusion that might otherwise not be possible.

Credit programs under the FHA GI/SRI Fund include:

- Multifamily Rental Housing: loan guarantees for the construction, rehabilitation, preservation, and refinancing of multifamily rental housing;
- Healthcare Facilities: loan guarantees for the construction, rehabilitation, and refinancing of hospitals, nursing homes, and other healthcare facilities; and
- Single family: loan guarantees for manufactured housing and property improvement loans under Title I of the National Housing Act.

BUDGET OVERVIEW

The 2022 President's Budget requests $30 billion in loan guarantee commitment authority for the Federal Housing Administration's (FHA) General Insurance and Special Risk Insurance (GI/SRI) Fund, and $1 million in direct loan authority, which is equal to the 2021 enacted level. The Budget estimates $940 million in offsetting negative credit subsidy receipts in 2022 from GI/SRI loan guarantees.

GI/SRI's mortgage insurance programs are designed to operate without the need for subsidy appropriations, with fees set to cover anticipated losses. Therefore, the budget requests no subsidy budget authority for the GI/SRI Fund.

At the requested level, GI/SRI is projected to issue over $33 billion in loan insurance commitments in 2022, including:

- Approximately $660 million in loan guarantees for 55 new Federal Financing Bank (FFB) Risk Sharing loans;
- Approximately $27 billion in loan guarantees to support 830 housing apartment projects;
- Approximately $5 billion in loan guarantees for 360 residential healthcare facilities; including skilled nursing homes, assisted living facilities, board and care homes, and hospitals; and
- Approximately $63 million for 2,800 Title I manufactured housing and property improvement projects.

JUSTIFICATION

The 2022 Budget supports mortgage insurance programs that are essential in achieving the Department's mission of providing decent, safe, and affordable housing as a safety net for those who need it the most. More specifically:

- GI/SRI mortgage insurance encourages private lenders to make loans for new rental housing in high-demand markets, innovative energy technology renovations, nursing homes serving aging senior citizens, and critical access hospitals. In addition to providing better access to credit for new developments, GI/SRI supports refinance lending to preserve financially healthy housing and healthcare projects by helping them reduce high current debt obligations. The major refinancing programs for housing and nursing home facilities offer long-term amortization periods and are a critical option for many conventionally financed projects facing large balloon payments. GI/SRI refinancing may also enable properties to undertake needed renovation and rehabilitation for the health and safety of the residents.
- FHA mortgage insurance enhances a borrower's credit and provides banks with better access to capital markets, most notably through Ginnie Mae securities. In exchange for adherence to strict underwriting and application requirements established by HUD and the payment of annual insurance premiums, HUD-certified lenders can file claims with FHA when a borrower defaults. Mortgage insurance premiums and specific terms for claim payments vary by program. GI/SRI mortgage insurance works in part by helping private lenders access liquidity otherwise not available to borrowers developing or maintaining rental housing for low- and moderate-income families. The credit enhancement provided by an FHA loan guarantee enables borrowers to obtain long-term, fully amortizing financing (up to 40 years in the case of new construction/substantial rehabilitation), which can result in substantial cost savings.
- FHA mortgage insurance facilitates fixed-rate loans with long-term amortization not found with conventional lending sources. This mitigates interest rate risk for owners because they do not necessarily have to refinance to maintain affordability of their payments. The long-term amortization period and guarantee of payment in the event of claim stabilizes interest rates and can also allow monthly mortgage payments to be less than payments required under non-insured financing. These savings in turn can reduce the overall costs of developing and maintaining housing, stabilizing housing markets, and benefiting low- and moderate-income residents. Similarly, FHA financing of healthcare facilities contributes to lower healthcare costs for taxpayers and consumers.

Projected activity by risk category is detailed in the "GI/SRI Risk Categories and Estimated Volume" table; please see below for descriptions of each loan category.

GI/SRI Risk Categories and Estimated Volume:

2022 GI/SRI Programs (Dollars in Millions)	Commitment Volume (projected)	Credit Subsidy Rate	Offsetting Receipts (projected) [a]
Direct Loans Levels	-	-	-
FFB Risk Sharing [b]	$660	-9.23%	$15
	-	-	-
Guaranteed Loan Levels	-	-	-
Apartments New Construction / Substantial Rehab (221d4)	$3,013	-1.32%	$40
Tax Credit Projects (includes Healthcare Tax Credit Projects)	$5,358	-2.52%	$135
Apartment Refinances (223a7 & 223f)	$18,245	-2.88%	$520
Housing Finance Agency Risk Sharing (542c)	$364	-2.27%	$7
GSE risk-share	-	-	-
Other Rental	$175	-3.34%	$5
Subtotal - Multifamily Programs [c]	*$27,155*	*-2.63%*	*$707*
	-	-	-
New Construction and 241(a)/Residential Care Facilities (232_nc), 241(d)	$187	-6.51%	$11
Refinances (a7 and 223(f))/Residential Care Facility Refinances (232_refi), Operation Loss	$4,317	-3.50%	$152
Hospitals (242)	$972	-5.37%	$53
Subtotal - Healthcare Programs [c]	*$5,476*	*-3.93%*	*$216*
	-	-	-
Title 1 - Property Improvement	$49	-1.69%	$1
Title 1 - Manufactured Housing	$14	-6.21%	$1
Total - Guaranteed Loan Levels [c]	*$32,694*	*-2.85%*	$925
	-	**-**	**-**
Total - GI/SRI Fund [c]	***$33,354***	***-2.97%***	**$940**

a/ Receipts are recognized as the underlying loans are disbursed.
b/ The FFB Risk Sharing program ceased accepting new applications after December 31, 2018. New commitments are projected for the resumption of this program in 2022.
c/ The subsidy rate is a weighted average.

Multifamily and Healthcare loans are large and complex. Prior to receiving a mortgage guarantee for any multifamily or healthcare loan, lenders and borrowers must complete a rigorous application process in which HUD staff review borrower creditworthiness, cash flow projections, property appraisals, architectural design, environmental impact, requested loan size, quality of the property management, and other information that establishes a loan as an acceptable credit risk to HUD. Large multifamily housing projects and all healthcare facility loans receive secondary review and approval by a national loan committee of senior HUD officials. Once insurance has been approved, progress on any new construction or renovation is closely monitored by HUD inspectors. HUD asset managers monitor project financial statements on an ongoing basis and periodic physical inspections are conducted by HUD's Real Estate Assessment Center. Loss mitigation measures, including partial payment of claims based on the policy approved in 2010, are undertaken before a default and full claim on the loan occurs. When a borrower does default and a claim is filed, HUD will take possession of the mortgage note or property and seek to recover losses.

With each mortgage it insures, FHA carefully considers the benefits of renewed capital investment in the community balanced with the financial risks to the government. Cognizant of the risks associated with FHA's role in the housing market, the Department has launched several new initiatives aimed at appropriately managing the risk involved with Multifamily loans. Risk mitigation procedures for Multifamily Housing originations include a tiered loan approval structure requiring increasing levels of Loan Committee review based on program and dollar amount of each loan. In addition, HUD staff conduct a thorough underwriting review of each transaction and the Office of Risk Management conducts sampling of post-commitment reviews. Loan origination and default data and trends are monitored by HUD, and lenders are required to obtain third-party quality control reviews on a sampling of loans and for all early claims within four years of final endorsement.

Healthcare facilities are major economic engines and community anchors that are pivotal for economic growth and quality of life within communities nationwide. The healthcare portfolio as of February 2021 included 3,771 insured residential care facilities (assisted living facilities, nursing homes, and board and care homes) in all 50 States as well as the District of Columbia, and 92 hospitals within 29 States and territories including Puerto Rico. Through proactive risk management, HUD has maintained extremely low claim rates of under two percent in both programs.

FHA's effectiveness is demonstrated by the tangible result of its programs. Quality housing and healthcare facilities are made possible and more affordable throughout the country due to the FHA mortgage guarantee. For example, over the last 10 years, GI/SRI insurance has supported over 1.7 million multifamily housing units and 517,788 residential care facility beds.

Multifamily Risk Categories

Federal Financing Bank (FFB) Risk Share: The FFB Risk Share Initiative was started in 2015 to increase access to and reduce the cost of funding for multifamily mortgage loans insured by FHA through its Section 542 Risk Sharing programs with Housing Finance Agencies (HFAs). This Initiative was a temporary inter-agency partnership between HUD, Treasury's FFB and HFAs that provided a Ginnie Mae-like financing mechanism for HFA risk share partners until use of Ginnie Mae securitization is allowed for the Section 542(c) programs. Ginnie Mae legislation was not ultimately enacted, and the Initiative was wound down in 2018. To address the critical need for affordable housing, and to ensure a stable source of capital in an environment of volatile tax-exempt bond pricing, HUD is temporarily resuming the Initiative, with a renewed emphasis on enacting legislation to provide a permanent source of lower-cost capital through Ginnie Mae securitization. This second phase of the FFB initiative will sunset three years after implementation, to give HUD adequate time to pursue legislation and transition 542(c) participants from FFB financing to Ginnie Mae securitization.

Section 221(d)(4) Mortgage Insurance for Rental Housing: The Section 221(d)(4) program is FHA's largest for new construction/substantial rehabilitation of multifamily housing. The program insures loans for up to between 85 and 90 percent of the project replacement cost (as limited by debt service coverage and per-unit cost requirements). The program covers long-term mortgages of up to 40 years and, like all FHA new construction loan programs, provides for both construction and permanent financing.

Section 223(f) Mortgage Insurance for Refinancing or Purchase of Existing Multifamily Rental Housing: Section 223(f) allows for long-term mortgages of up to 35 years for refinancing or purchase of existing multifamily rental housing. Refinances of current FHA-insured multifamily loans are also offered under Section 223(a)(7) but are grouped together with Section 223(f) for budgetary purposes.

Section 241(a) Mortgage Insurance for Supplemental Loans for Multifamily Housing Projects: Section 241(a) provides mortgage insurance for supplemental loans for multifamily housing projects already insured or held by HUD. This program is intended to keep projects competitive, extend their economic life, and finance the replacement of obsolete equipment. Section 241(a) mortgages finance repairs, additions, and other improvements. These loans take the second position to the primary mortgage. For budgetary purposes, these loans are included in the risk category of the primary loan they are supplementing.

Section 542(b) Risk Sharing with Qualified Participating Entities (QPEs): This is one of two multifamily programs under which FHA insures only a portion of the losses by sharing the risk with

Fannie Mae, Freddie Mac, and other qualified Federal, State, and local public financial and housing institutions. If a loan insured under Section 542(b) defaults, the QPE will pay all costs associated with loan disposition and will seek reimbursement from HUD for 50 percent of the losses.

Section 542(c) Risk Sharing with Housing Finance Agencies (HFAs): Section 542(c) provides mortgage insurance of multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by State and local HFAs. FHA insurance enhances HFA bonds to investment grade and provides capital for affordable housing construction. HFAs may elect to share from 10 to 90 percent of the loss on a loan with HUD. Section 542(c) insured-projects often include low-income housing tax-credits, in which case they are reported under GI/SRI's risk category for Tax Credit Projects.

Other Rental Programs: This risk category includes several relatively low-volume programs that have been grouped together for budgetary purposes, including Section 220 loans in urban areas, Section 231 loans for elderly housing, and Section 207 loans for mobile home park development. Section 220 is a new-construction program, distinct from 221(d)(4) in that it insures loans for multifamily housing projects in urban renewal areas, code enforcement areas, and other areas where local governments have undertaken designated revitalization activities. The program offers special underwriting allowances for greater mixed-use development. Section 231 is also a new construction/substantial rehabilitation program, but for projects specifically designed for senior citizens. For Section 231 projects with 90 percent or greater rental assistance, the maximum loan amount is 90 percent of the estimated replacement cost.

Tax Credit Projects: Projects assisted with Low-Income Housing Tax Credits (LIHTC) may be insured under several FHA multifamily programs but are grouped together in a single budget risk category. These loans have a lower risk of default than similar projects without tax credits and require borrowers to pay lower FHA mortgage insurance premiums.

Healthcare Risk Categories

Section 232 New Construction/Substantial Rehabilitation of Residential Care Facilities: Section 232 programs are split into two budget risk categories, the first of which includes new-construction and substantial-renovation projects. The program enables access to capital that may not otherwise be available for many quality providers in underserved areas, thereby providing access to needed healthcare and residences for seniors. These loans are offered for terms of up to 40 years and provide both construction and permanent financing. This risk category also includes Section 241(a) supplemental loans made to projects with a primary FHA Section 232 mortgage.

Section 232/223(f) Refinancing and Purchase of Existing Residential Care Facilities: The Section 232/223(f) refinancing program, the second of the two budget risk categories of the section 232 program, enables existing facilities to take advantage of refinancing at low-interest rates with loan terms of up to 35 years. For a refinance, maximum mortgage amounts are up to 85 percent of the appraised value (90 percent if the borrower is a non-profit organization). For acquisitions, mortgages are insured up to 85 percent of the acquisition price plus transaction costs (90 percent of acquisition price if the borrower is a non-profit organization). Equity cash-out transactions are prohibited under this program. Section 223(a)(7) refinances of existing Section 232 loans are also reported under this risk category, as well as operating loss loans insured under Section 223(d).

Section 242 Hospitals: The Section 242 program provides mortgage insurance for loans made to acute care hospitals. An FHA guarantee allows hospitals to lock in low-interest rates and reduce borrowing costs for major renovation, expansion, replacement, and refinancing projects that help improve healthcare access and quality. Loans are up to 25 years in length, plus a construction period, if applicable. The risk category also includes Section 241(a) supplemental loans, Section

223(a)(7) loans for refinancing current FHA-insured projects, and Section 223(e) loans for hospitals in older, economically declining urban areas.

Single Family Risk Categories

Title 1 Property Improvement: The Title I Property Improvement program insures loans for repairs and other improvements to residential and non-residential structures, as well as new construction of non-residential buildings.

Title 1 Manufactured Housing: Under Title I, HUD provides mortgage insurance for individuals to finance manufactured homes and lots on which to set the homes.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2020 Budget Authority	2019 Carryover Into 2020	2020 Total Resources	2020 Obligations	2021 Appropriation	2020 Carryover Into 2021	2021 Total Resources	2022 President's Budget
Positive Subsidy Appropriation	-	1,574	1,574	-	-	1,574	1,574	-
Total	-	1,574	1,574	-	-	1,574	1,574	-

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None.

APPROPRIATIONS LANGUAGE

The 2022 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

New commitments to guarantee loans insured under the General and Special Risk Insurance Funds, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z-3 and 1735c), shall not exceed $30,000,000,000 in total loan principal, any part of which is to be guaranteed, to remain available until September 30, [2022]*2023*: *Provided*, That during fiscal year [2021]*2022*, gross obligations for the principal amount of direct loans, as authorized by sections 204(g), 207(l), 238, and 519(a) of the National Housing Act, shall not exceed $1,000,000, which shall be for loans to nonprofit and governmental entities in connection with the sale of single family real properties owned by the Secretary and formerly insured under such Act. *(Department of Housing and Urban Development Appropriations Act, 2021.)*