



# FHA BUSINESS TRENDS

Office of Evaluation  
Office of Risk Management and Regulatory Affairs  
Federal Housing Administration  
U.S. Department of Housing and Urban Development

May 9, 2013

Multifamily  
and  
Healthcare  
Program  
Claim Rates

## **Description of Programs**

### **221(d)(4)**

Section 221(d)(4) includes section 221(d)(4) and 221(d)(4) Market. Section 221(d)(4) insures mortgage loans to facilitate the new construction or substantial rehabilitation of multifamily rental or cooperative housing for moderate-income families, elderly, and the handicapped. The program allows for long-term mortgages (up to 40 years) and is used by profit-motivated sponsors. 221(d)(4) Market includes market rate Section 221(d)(4) including coinsured loans converted to full insurance. 221(d)(4) Market applies to loans endorsed prior to the Federal Credit Reform act effective in 1992.

### **223(a)(7)**

Section 223(a)(7) provides mortgage insurance in connection with the refinancing of projects currently insured by FHA for rate reduction and/or recapitalization. Loans insured under any sections of the National Housing Act may be refinanced under 223(a)(7). The term of the new mortgage is equal to the remaining term of the existing FHA-insured mortgage.

### **223(f)**

Section 223(f) insures mortgage loans to facilitate the purchase or refinancing of existing multifamily rental housing. These projects may have been financed originally with conventional or FHA insured mortgages.

### **Other Rental**

The Other Rental program provides mortgage insurance for the construction, substantial rehabilitation or for repairs, additions and improvements to multifamily rental properties consisting of five or more units. The Other Rental program also includes two-year operating loss loans on properties whose first mortgage is already insured by HUD and risk sharing loans under Sections 542(b) and 542(c). Other Rental covers the following sections:

- Section 220 urban renewal housing
- Section 231 elderly housing
- Section 207 mobile home courts
- Section 213 management cooperatives
- Section 221(d)(3) nonprofit and cooperative sponsors
- Section 223(d) operating loss loans
- Section 241(a) improvement loans
- Section 221(d)(3) below market interest rate
- Section 236 interest rate subsidy
- Section 542(b) Government Sponsored Enterprise (GSE) new construction and refinance
- Section 542(b) Housing Finance Agency (HFA) new construction and refinance

### **Tax Credit**

The Low Income Housing Tax Credit (LIHTC) program is used to finance the development of affordable rental housing for low-income households. An LIHTC project must operate under rent and income restrictions for 30 years or longer, pursuant to written agreements with the agency issuing the tax credits.

**Section 232 (232 New Construction and 232 Refinance)**

Section 232 Mortgage Insurance for Residential Care Facilities program provides mortgage insurance for the construction or rehabilitation of nursing homes, assisted-living and board-and-care facilities and the purchase or refinance of existing healthcare facility projects. Section 232 also includes Section 223(d) two-year operating loss loans.

**Section 242**

Section 242 Mortgage Insurance for Hospitals program enables the affordable financing and refinancing of hospitals. Section 242 of the National Housing Act provides mortgage insurance for acute care hospital facilities ranging from large teaching institutions to small rural critical access hospitals.

FHA Commercial Loan Insurance  
Annual Claim Rates by Major Program Area and Fiscal Year

Fiscal Year	Active Loans Beginning of Year		Full Claims					Partial Payment of Claims (PPCs)				
			Counts		Dollars			Counts		Dollars		
	Count	UPB (millions)	Count	Rate	Total (millions)	Rate	Average (millions)	Count	Rate	Total (millions)	Rate	Average (millions)
Multifamily Programs												
2008	9,854	\$ 37,860	39	0.40%	\$ 200	0.53%	\$ 5	4	0.04	\$ 11	0.03%	\$ 3
2009	9,639	37,141	61	0.63	571	1.54	9	5	0.05	22	0.06	4
2010	9,586	38,506	51	0.53	493	1.28	10	18	0.19	118	0.31	7
2011	9,966	45,489	23	0.23	159	0.35	7	15	0.15	92	0.20	6
2012	10,221	51,498	19	0.19	189	0.37	10	9	0.09	39	0.08	4
2013 <sup>a</sup>	10,521	59,809	9	0.09	93	0.16	10	4	0.04	15	0.02	4
Nursing Home and Assisted Living Programs												
2008	2,155	\$ 12,818	13	0.60%	\$ 61	0.48%	\$ 5	0	0.00	\$ 0	0.00%	\$ 0
2009	2,180	13,093	16	0.73	109	0.83	7	0	0.00	0	0.00	0
2010	2,375	14,858	12	0.51	59	0.39	5	0	0.00	0	0.00	0
2011	2,557	16,819	5	0.20	18	0.11	4	1	0.04	4	0.03	4
2012	2,712	18,409	8	0.29	40	0.22	5	1	0.04	4	0.02	4
2013 <sup>a</sup>	2,928	20,549	2	0.07	8	0.04	4	2	0.07	7	0.04	4
Hospitals												
2008	81	\$ 5,642	1	1.23%	\$ 26	0.46%	\$ 26	0	0.00	\$ 0	0.00%	\$ 0
2009	85	6,073	0	0.00	0	0.00	0	0	0.00	0	0.00	0
2010	93	7,027	1	1.08	26	0.36	26	0	0.00	0	0.00	0
2011	106	8,547	1	0.94	14	0.16	14	0	0.00	0	0.00	0
2012	110	8,706	0	0.00	0	0.00	0	0	0.00	0	0.00	0
2013 <sup>a</sup>	113	8,687	0	0.00	0	0.00	0	0	0.00	0	0.00	0

<sup>a</sup> FY 2013 data is for October – March.

Source: US Department of HUD/FHA; April 2013.

FHA Multifamily Insurance  
Annual Claim Rates by Program and Fiscal Year

Risk Category	Fiscal Year	Active Loans Beginning of Year		Full Claims					Partial Payment of Claims (PPCs)				
				Counts		Dollars			Counts		Dollars		
		Count	UPB (millions)	Count	Rate	Total (millions)	Rate	Average (millions)	Count	Rate	Total (millions)	Rate	Average (millions)
221d4	2008	1,590	\$12,537	16	1.01%	\$101	0.81%	\$6	1	0.06%	\$5	0.04%	\$5
	2009	1,438	11,993	15	1.04	149	1.24	10	0	0.00	0	0.00	0
	2010	1,364	12,356	16	1.17	178	1.44	11	8	0.59	52	0.42	7
	2011	1,301	13,073	8	0.61	73	0.56	9	7	0.54	49	0.37	7
	2012	1,114	11,984	7	0.63	156	1.30	22	4	0.36	21	0.18	5
	2013 <sup>a</sup>	981	11,767	5	0.51	83	0.70	17	0	0.00	0	0.00	0
223a7	2008	2,665	\$6,268	4	0.15%	\$20	0.31%	\$5	0	0.00%	\$0	0.00%	\$0
	2009	2,621	6,031	9	0.34	18	0.30	2	0	0.00	0	0.00	0
	2010	2,580	6,224	7	0.27	40	0.65	6	5	0.19	25	0.40	5
	2011	2,697	7,674	2	0.07	4	0.05	2	2	0.07	11	0.14	6
	2012	3,086	11,991	4	0.13	9	0.08	2	1	0.03	2	0.02	2
	2013 <sup>a</sup>	3,388	15,340	2	0.06	6	0.04	3	2	0.06	6	0.04	3
223f	2008	1,652	\$6,797	9	0.54%	\$62	0.92%	\$7	1	0.06%	\$3	0.04%	\$3
	2009	1,767	7,152	3	0.17	15	0.21	5	0	0.00	0	0.00	0
	2010	1,935	8,233	11	0.57	54	0.66	5	0	0.00	0	0.00	0
	2011	2,337	12,356	11	0.47	73	0.59	7	2	0.09	6	0.05	3
	2012	2,641	14,879	6	0.23	17	0.11	3	0	0.00	0	0.00	0
	2013 <sup>a</sup>	3,137	19,807	2	0.06	5	0.02	2	0	0.00	0	0.00	0
Other Rental	2008	2,904	\$5,974	9	0.31%	\$9	0.16%	\$1	1	0.03%	\$1	0.02%	\$1
	2009	2,720	5,550	17	0.63	191	3.44	10	0	0.00	0	0.00	0
	2010	2,593	5,274	10	0.39	100	1.89	11	2	0.08	16	0.31	8
	2011	2,429	5,501	1	0.04	1	0.02	1	0	0.00	0	0.00	0
	2012	2,102	5,218	1	0.05	0	0.00	0	0	0.00	0	0.00	0
	2013 <sup>a</sup>	1,672	4,876	0	0.00	0	0.00	0	0	0.00	0	0.00	0
Tax Credit	2008	1,043	\$6,285	1	0.10%	\$7	0.12%	\$7	1	0.10%	\$2	0.02%	\$2
	2009	1,093	6,415	17	1.56	199	3.10	12	5	0.46	22	0.34	4
	2010	1,114	6,418	7	0.63	121	1.88	17	3	0.27	25	0.39	8
	2011	1,202	6,885	1	0.08	7	0.11	7	4	0.33	26	0.37	6
	2012	1,278	7,427	1	0.08	6	0.09	6	4	0.31	15	0.20	4
	2013 <sup>a</sup>	1,343	8,019	0	0.00	0	0.00	0	2	0.15	9	0.11	4

<sup>a</sup> FY 2013 data is for October – March.

Source: US Department of HUD/FHA; April 2013.

FHA Healthcare Insurance  
Annual Claim Rates by Program and Fiscal Year

Risk Category	Fiscal Year	Active Loans Beginning of Year		Full Claims					Partial Payment of Claims (PPCs)				
		Count	UPB (millions)	Counts		Dollars			Counts		Dollars		
				Count	Rate	Total (millions)	Rate	Average (millions)	Count	Rate	Total (millions)	Rate	Average (millions)
Section 232 New Construction	2008	667	\$4,932	8	1.20%	\$40	0.81%	\$5	0	0.00%	\$0	0.00%	\$0
	2009	639	4,831	5	0.78	49	1.01	10	0	0.00	0	0.00	0
	2010	662	5,063	5	0.76	18	0.36	4	0	0.00	0	0.00	0
	2011	647	5,273	1	0.15	6	0.10	6	0	0.00	0	0.00	0
	2012	572	4,854	1	0.17	25	0.52	25	1	0.17	4	0.07	4
	2013 <sup>a</sup>	459	4,099	0	0.00	0	0.00	0	1	0.22	4	0.10	4
Section 232 Refinance	2008	1,488	\$7,886	5	0.34%	\$22	0.27%	\$4	0	0.00%	\$0	0.00%	\$0
	2009	1,541	8,262	11	0.71	60	0.73	5	0	0.00	0	0.00	0
	2010	1,713	9,795	7	0.41	41	0.41	6	0	0.00	0	0.00	0
	2011	1,910	11,546	4	0.21	12	0.11	3	1	0.05	4	0.04	4
	2012	2,140	13,555	7	0.33	15	0.11	2	0	0.00	0	0.00	0
	2013 <sup>a</sup>	2,469	16,451	2	0.08	8	0.05	4	1	0.04	3	0.02	3
Section 242	2008	81	\$5,642	1	1.23%	\$26	0.46%	\$26	0	0.00%	\$0	0.00%	\$0
	2009	85	6,073	0	0.00	0	0.00	0	0	0.00	0	0.00	0
	2010	93	7,027	1	1.08	26	0.36	26	0	0.00	0	0.00	0
	2011	106	8,547	1	0.94	14	0.16	14	0	0.00	0	0.00	0
	2012	110	8,706	0	0.00	0	0.00	0	0	0.00	0	0.00	0
	2013 <sup>a</sup>	113	8,687	0	0.00	0	0.00	0	0	0.00	0	0.00	0

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