

HOUSING FINANCE POLICY CENTER



HOUSING FINANCE AT A GLANCE

A MONTHLY CHARTBOOK

November 2024

ABOUT THE CHARTBOOK

The Housing Finance Policy Center's (HFPC) mission is to produce analyses and ideas that promote sound public policy, efficient markets, and access to economic opportunity in the area of housing finance. *At A Glance*, a monthly chartbook and data source for policymakers, academics, journalists, and others interested in the government's role in mortgage markets, is at the heart of this mission.

We welcome feedback from our readers on how we can make *At A Glance* a more useful publication. Please email any comments or questions to ataglance@urban.org.

To receive regular updates from the Housing Finance Policy Center, please visit [here](#) to sign up for our bi-weekly newsletter.

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New Chartbook Page for Prepayments Rates

First appearing in the September 2024 edition of the Housing Finance At A Glance Monthly Chartbook, our newest page on prepayment rates with data from Recursion Co. shows the annualized prepay share of outstanding agency mortgages each month ([page 11](#)). Prepayments include all loans that are paid off entirely before maturity, this includes mortgage terminations due to both refinances and home sales. It also includes mortgages that were bought out from the securitized pool due to a loan modification or foreclosure proceeding. Prepayment rates respond to changes in prevailing mortgage interest rates. As mortgage interest rates rise, prepayment rates fall and vice versa. From 2014 through 2018, the overall prepayment rate on outstanding agency loans fluctuated between 10 and 20 percent and averaged 13.1 percent per annum. As mortgage interest rates fell to historic lows over the Covid-19 pandemic, the prepayment rate reached a series high of 35.4 percent in March 2021. As mortgage interest rates increased rapidly over 2022, prepayment rates fell and reached a series low of 4.0 percent in January 2023. As mortgage rates remained elevated over 2023, the share of agency loans that prepaid in 2023 was 5.4 percent, much lower than the 2014-2018 average. Reflecting mortgage rate declines from May through September 2024, the prepayment share has increased over most of 2024 and stands at 9.6 percent in October 2024. However, the prevailing mortgage rate has increased on a weekly basis from September through November 2024 ([page 9](#)) which will likely lead to a reversal in prepayment rates in coming months.

interest rates of 5.00 percent or lower remained unchanged, because despite decreasing, the 30-year FRM has remained above 6.00 percent. However, prepayment rates on loans with interest rates above 5.00 percent increased dramatically as rates fell in 2024. Outstanding agency mortgages with interest rates 5.01 to 6.00 percent prepaid at a rate of 5.6 percent in December 2023 and increased over 2024 to 20.8 percent in October 2024. The prepayment rate on agency loans with interest rates over 6.00 percent increased from 8.1 percent in December 2023 to 36.5 percent in October 2024.

Agency

Ginnie Mae loans, especially VA mortgages generally have higher prepayment rates than loans backed by the GSEs. Part of this difference is likely because both FHA and VA have streamlined refinance programs. For a rate/terms refinance, FHA and VA do not require a credit check or a new property appraisal. This makes the process quicker and easier. GSE refinances are essentially considered a new loan, where both a credit check and new appraisal is required. VA is faster than FHA as the VA funding fee on refinances is low; FHA borrowers must pay a new upfront mortgage insurance premium, although they may receive a credit from the fees on the old loan, depending on how long that loan has been outstanding. GSEs collect their loan level pricing adjustments on all refinances.

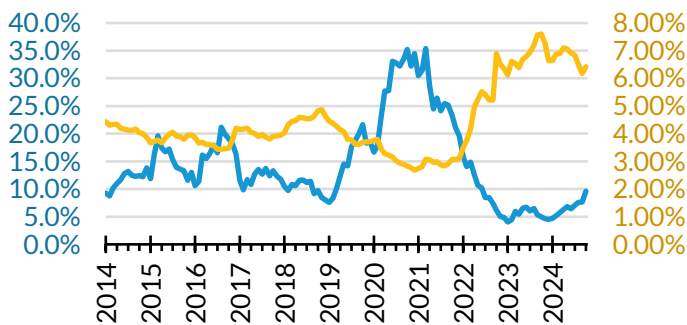
Vintage

Prepayment rates by vintage show the annualized prepayment share of outstanding loans by the year the loans were originated. Prepayment rates on mortgages originated in 2008 and before are less responsive to changes in interest rates than mortgages originated later over our time series. This is because most mortgages originated in 2008 and before that would have refinanced into a lower rate had likely already done so before our data begins in 2014. Mortgages that were originated before 2022 have low prepayment rates in 2023 and 2024. Many of these were low-rate mortgages originated in 2020 and 2021 because mortgages originated before 2019 had the opportunity to refinance at generationally low rates in 2020 and 2021 and hence did not respond to the interest rate decline over the Summer of 2024. However, Mortgages originated in 2022 and since were likely originated with high interest rates and did respond to the interest rate decline, rising from 4.9 percent in December 2023 to 17.2 percent in October 2024.

Prepayment Rate Responds to Changes in Mortgage Interest Rate

prepay share of outstanding loans

30-year FRM



Source: Recursion Co, Freddie Mac and Urban Institute Calculations. Data as of October 2024.

Note Rate

Most, 61.1 percent, of outstanding agency borrowers have mortgages with interest rates below 4.00 percent ([page 10](#)). Since the prevailing 30-year fixed rate mortgage (FRM) has remained over 6.00 percent since October 2022 ([page 9](#)), borrowers with lower interest rates would take a significantly higher rate on a new mortgage if they sold their home or refinanced. This pattern is often referred to as the lock-in effect. Because prepayments include both refinances and home sales, changes in prepayment rates can give us insight into changes in the lock-in effect. Even as interest rates fell over the 2024 Summer, prepayment rates on mortgages with

Inside this Issue

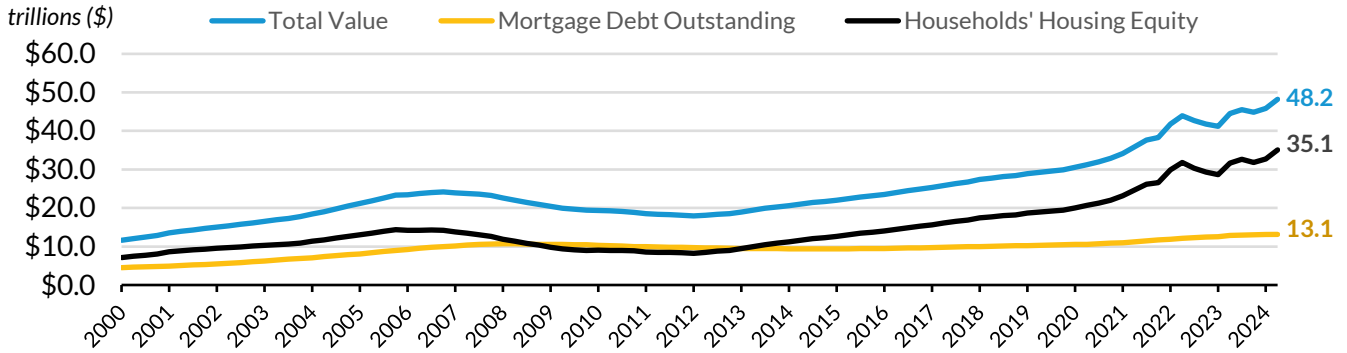
- Year-over-year house price appreciation for the most expensive homes surpassed appreciation for the least expensive homes for the first time since March 2022 ([page 26](#)).
- The cashout share of refinances decreased by 20 percent over the last two months, from 70 to 50 percent, reflecting the uptick in refinancing activity, courtesy of decreasing rates from May to September 2024, however, rates have since started to rise again ([page 12](#)).
- The number of mortgages with mortgage insurance is up from Q3, 2023, but the composition has shifted, with the FHA and VA share up, and the PMI share down ([page 37](#)).

OVERVIEW

MARKET SIZE OVERVIEW

In the second quarter of 2024, the total value of the single-family housing market owned by households was \$48.2 trillion, 8.4 percent higher than the second quarter of 2023. The rise was driven by a 10.8 percent increase in households' housing equity to \$35.1 trillion. Outstanding mortgage debt owed by households increased at a slower rate by 2.3 percent to \$13.1 trillion. The total housing market value owned by households in the second quarter of 2024 has virtually doubled from its fourth quarter 2006 peak, increasing by 99.8 percent. The strong growth in the value of homes owned by households largely reflects households' housing equity, which more than doubled since the fourth quarter of 2006, rising by 147.1 percent. Outstanding mortgage debt owed by households expanded by 32.2 percent during the same time. In the second quarter of 2024, agency MBS accounted for 65.2 percent (\$9.2 trillion) of total mortgage debt outstanding while home equity loans made up 3.8 percent (\$0.54 trillion) and private-label securities made up 3.0 percent (\$0.45 trillion). Unsecuritized first liens, both Bank Portfolio and Other, comprise the remaining 28.0 percent (\$3.9 trillion) with Banks making up 18.9 percent (\$2.6 trillion), and Other accounting for 9.1 percent (\$1.3 trillion). Of Other, non-depositories accounted for 4.9 percent (\$0.7 trillion) of the total and credit unions account for 4.2 percent (\$0.59 trillion) (not shown).

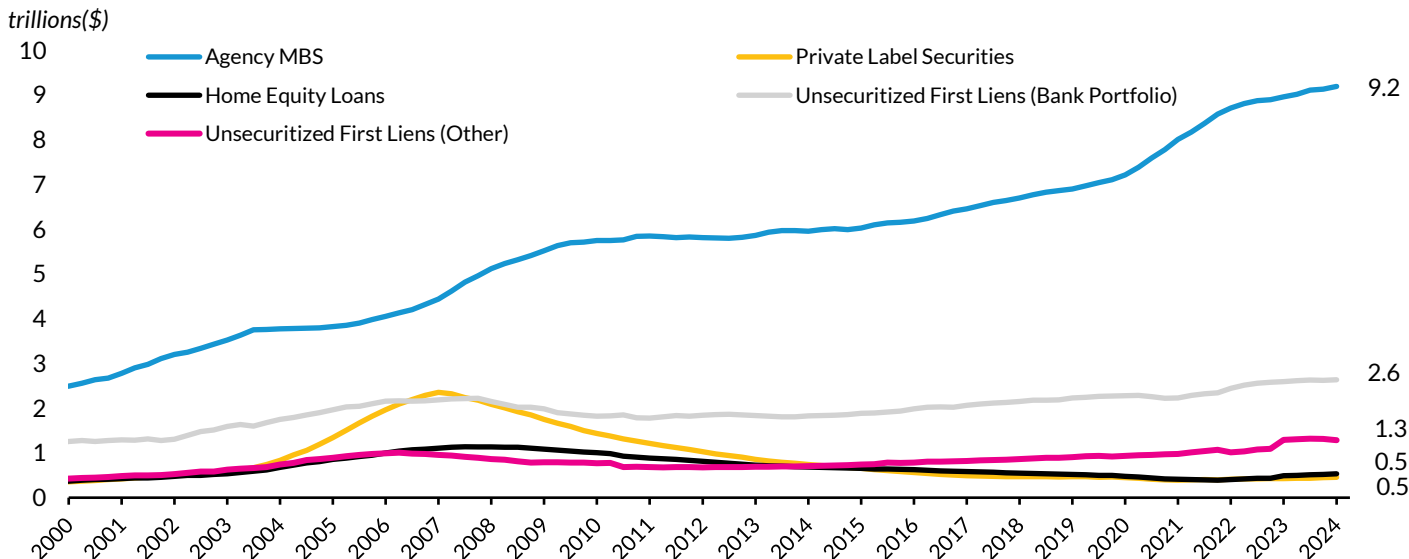
Value of the US Single Family Housing Market



Sources: Financial Accounts of the United States, Table B.101 and Urban Institute. Data as of Q2 2024.

Note: Includes 1-4 family owner-occupied mortgages. Mortgage debt outstanding in the top chart does not match Agency MBS on the bottom as the top does not include investor-owned properties.

Composition of the US Single Family Mortgage Market



Sources: Financial Accounts of the United States and Urban Institute. Data as of Q2 2024.

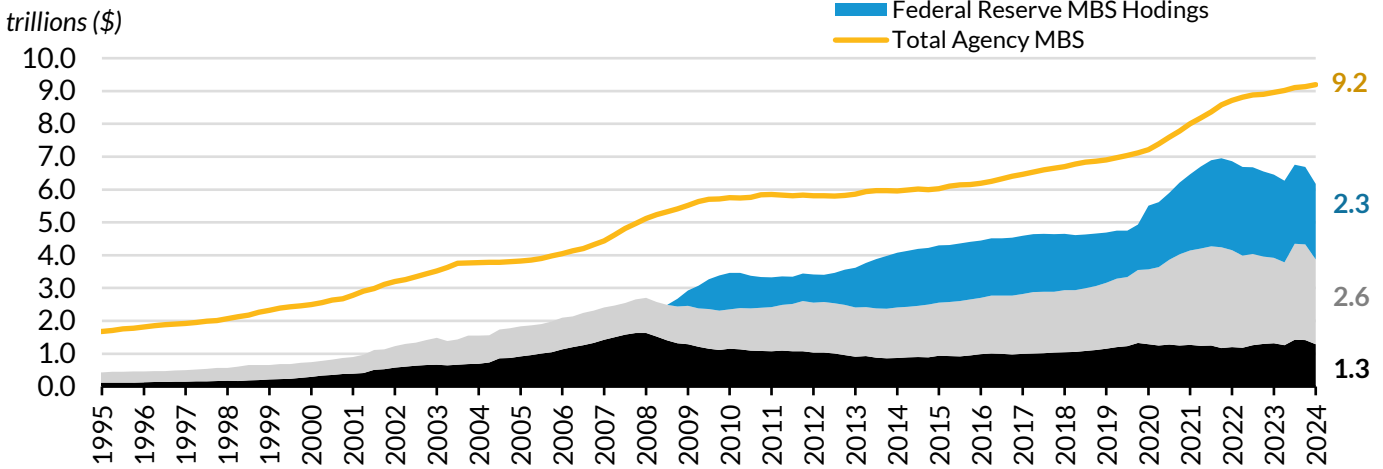
Notes: Unsecuritized First Liens (Other) includes mortgages not held on bank balance sheets. Including investor-owned properties.

OVERVIEW

MARKET SIZE OVERVIEW

The three largest holders of the \$9.2 trillion in outstanding agency MBS are commercial banks (\$2.6 trillion), the Federal Reserve (\$2.3 trillion) and foreign investors (\$1.3 trillion). The foreign investor holdings includes both sovereign as well as private holdings. Amid quantitative tightening, the Federal Reserve had a noticeable reduction in their holdings over the past year. From Q2 2023 to Q2 2024, Federal Reserve holdings are down by 9.4 percent, while commercial bank holdings are down 0.7 percent and foreign investor holdings are down by 2.1 percent. By the end of October 2024, outstanding securities in the agency market totaled slightly over \$9.1 trillion according to loan-level data, 39.6 percent (\$3.6 trillion) of which was Fannie Mae, 33.0 percent (\$3.0 trillion) Freddie Mac, and 27.4 percent (\$2.5 trillion) Ginnie Mae. After closing the gap in securitized volume with Freddie Mac in the aftermath of the Great Recession, Ginnie securitized volumes lagged over the 2020-2022 period. Since then, the gap has begun to close amid higher house prices and interest rates.

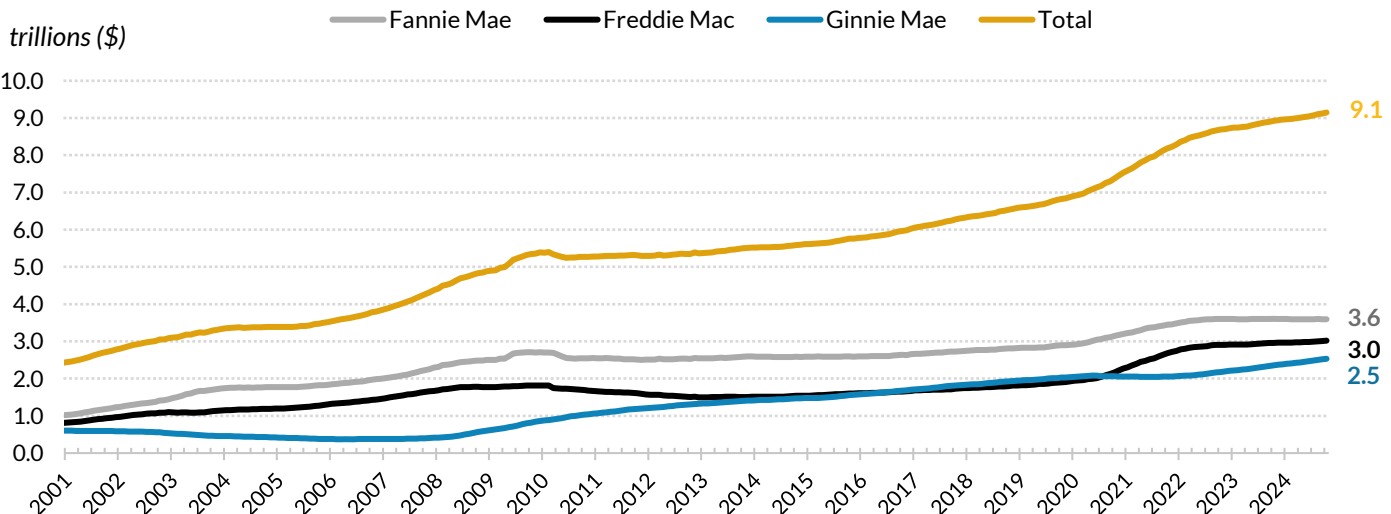
Primary Holders of Agency MBS



Sources: Financial Accounts of the United States (table L.211), Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Moody's Analytics and Urban Institute Calculations. Data as of Q2 2024.

Note: A small amount (roughly 5%) of foreign MBS holdings is agency debentures. Holders not shown: Households, nonfinancial business, federal, state and local governments, insurance companies, pension and retirement funds, money market and mutual funds, REITs, ABS issuers, brokers, and holding companies.

Agency Mortgage-Backed Securities



Sources: eMBS and Urban Institute.

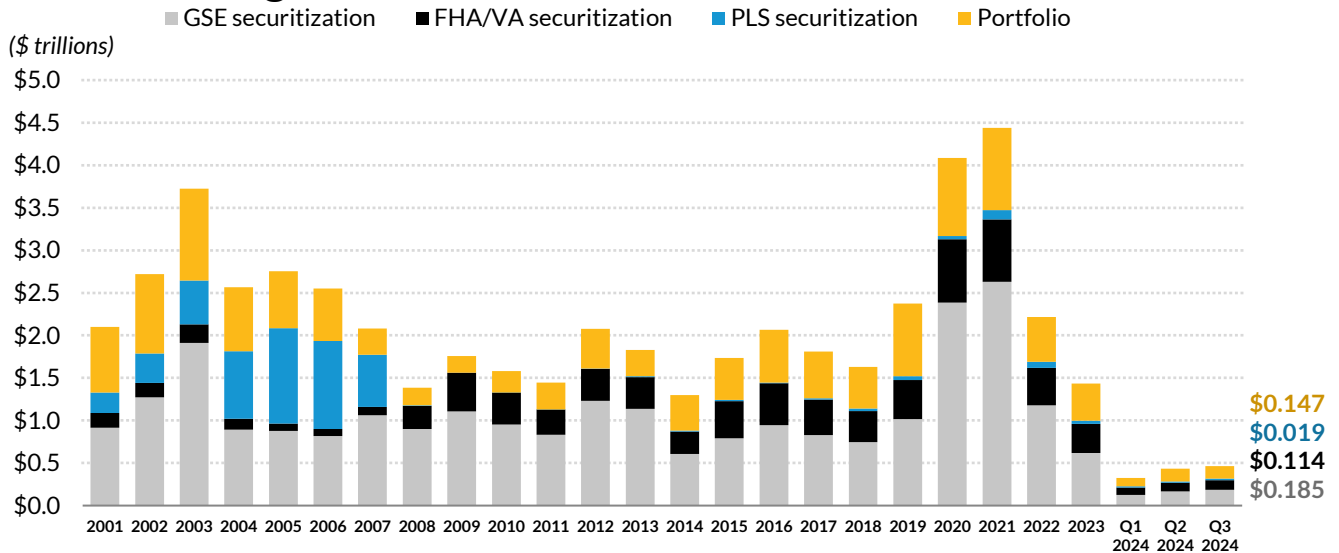
Note: Data as of November 2024.

OVERVIEW

ORIGINATION VOLUME AND COMPOSITION

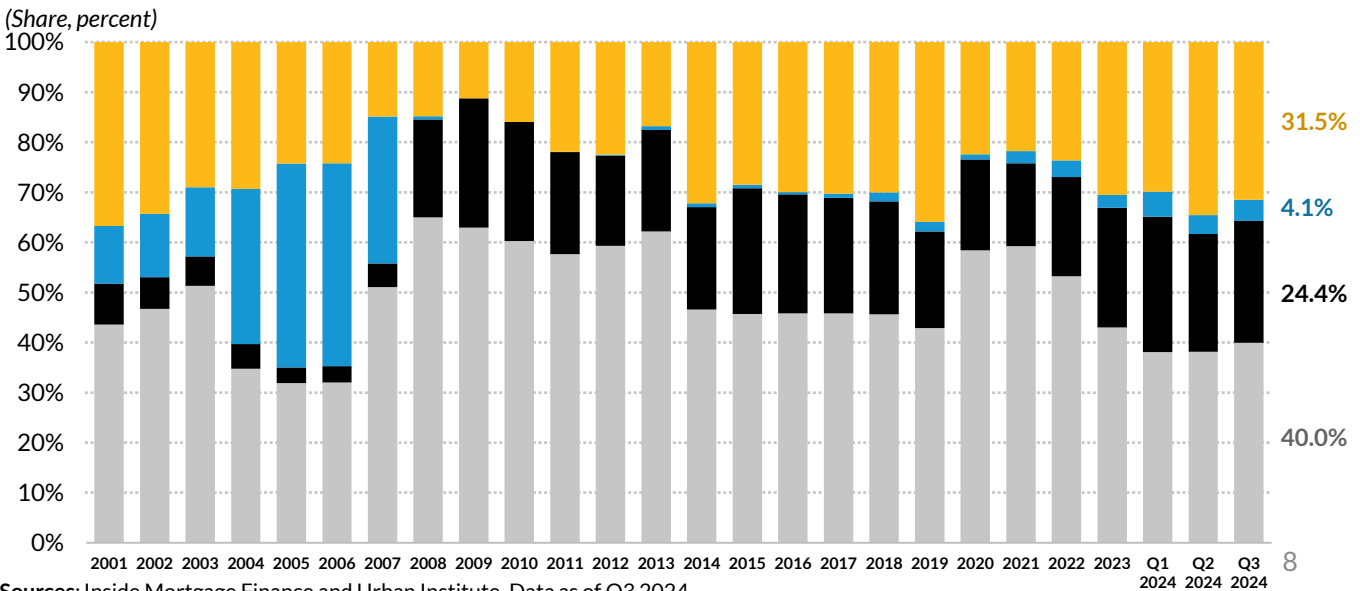
Mortgage origination volume totaled \$465 billion in Q3 2024, 14.8 percent higher than the \$405 billion in Q3 2023. The increase in originations largely reflects increases in PLS and portfolio securitization. PLS origination volume is nearly double that of the previous year, from \$9.9 billion in Q3 2023 to \$19.1 billion in Q3 2024. In Q3 2024 portfolio accounted for 35.5 percent of originations, up from 29.6 percent in Q3 2023, and 4.1 percent of securitizations were PLS, up from 2.4 percent. In contrast, the GSE share of securitizations is lower at 40.0 percent, compared to 46.4 percent in Q2 2023, and FHA/VA securitizations made up 24.4 percent of total volume in Q3 2024, down from 25.1 percent in Q3 2023.

First Lien Origination Volume



Sources: Inside Mortgage Finance and Urban Institute. Data as of Q3 2024.

First Lien Origination Composition



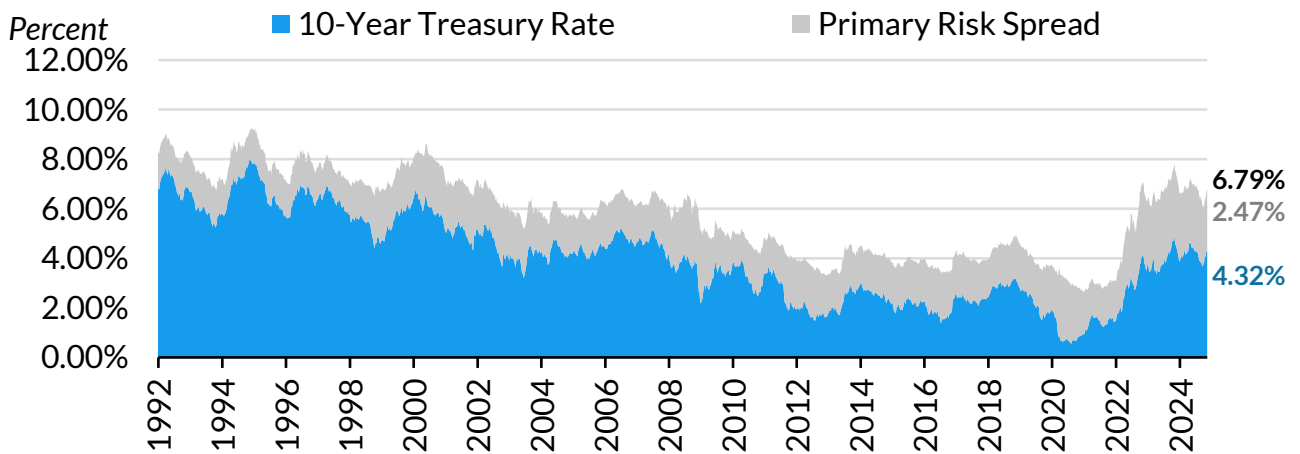
Sources: Inside Mortgage Finance and Urban Institute. Data as of Q3 2024.

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MORTGAGE INTEREST RATES

The primary mortgage market spread (the differential between the 30-year fixed mortgage rate and the 10-year Treasury rate) has been elevated since the Fed started hiking rates, due to high levels of interest rate volatility and the gradual run-off of the Federal Reserve's portfolio. The spread has averaged 1.74 percent in the almost 35-year period since 1990. It reached a series high of 3.13 percent in the first week of June 2023, when the 30-year fixed-rate mortgage was 6.79 percent, and the 10-year Treasury rate was 3.66 percent. In the week of November 8, 2024, the primary risk spread remained elevated compared to historic values at 2.47 percent, with an average 30-year fixed rate mortgage at 6.79 percent and a 10-Year Treasury rate of 4.32 percent. From 2009 to early 2022, the ARM share remained very low, generally between 5 to 8 percent, as ultra-low rates persisted, and product risk was wrung out of the market following the housing bust. However, with rates rising substantially in 2022 and affordability worsening, the ARM share increased to 12.8 percent as of the week ending October 14, 2022. As of November 8, 2024, the ARM share was at 6.5 percent, remaining within its 2009-2022 range.

30-year Fixed Mortgage Commitment Rate By 10-year Treasury and risk spread



Source: U.S. Board of Governors of the Federal Reserve System and Freddie Mac: Primary Mortgage Market Survey. Data as of November 8, 2024.

Note: The 30-year fixed rate mortgage is the sum of the 10-year treasury rate and primary risk spread.

Adjustable-Rate Mortgage Share of Applications



Source: Mortgage Bankers Association (MBA) Weekly Mortgage Applications Survey.

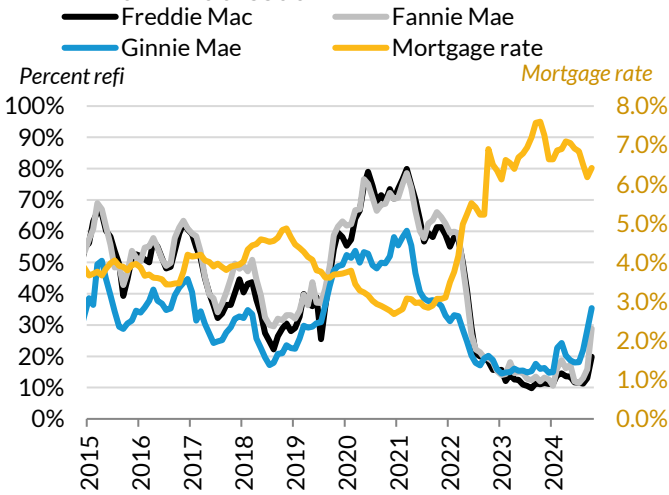
Note: Includes purchase and refinance applications. Data updated through November 8, 2024.

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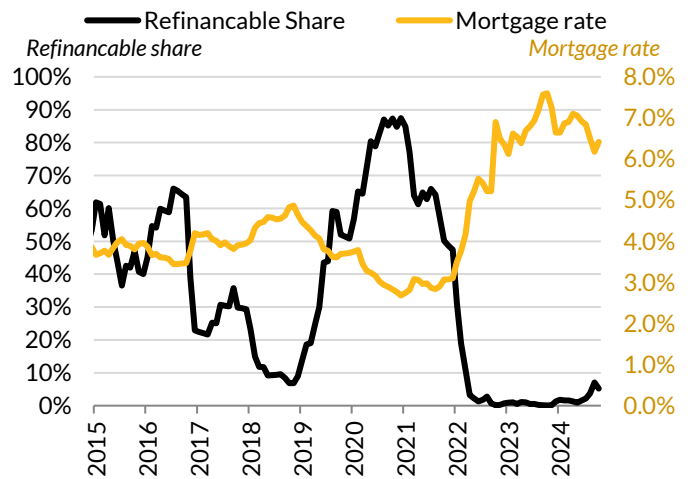
REFINANCABLE MORTGAGES

Despite some monthly variation, the refinance share of originations from late 2018 through March 2021 generally increased for Fannie Mae, Freddie Mac and Ginnie Mae as interest rates dropped. Refinance originations reflect mortgage rates from 6-8 weeks earlier. The recent increase in the refi share is most prevalent among Ginnie loans, with the refi share gap between Ginnie and Fannie or Freddie rising to 6.5 and 15.5 points respectively. Amid falling mortgage rates, the share of outstanding agency loans considered refinancable, that is with a note rate at least 50 basis points above the prevailing 30-year fixed mortgage rate, rose from 6.8 percent in October 2018 to 87.4 percent in December 2020. Then as interest rates increased over 2022 and 2023, the refinancable share of active agency loans plummeted to 3.21 percent in April 2022. The refinancable share of outstanding agency loans has remained low amid elevated interest rates. After reaching a recent high of 7.08 percent in September 2024, it has started to fall again and sits at 5.21 percent in October 2024. Note that the share of outstanding mortgage volume with a rate of 3.5 percent or less has declined by only 9.7 percentage points from a high of 54.9 percent in April 2022 to 45.2 percent in October 2024. Most current homeowners are disincentivized to sell and give up their very low-rate mortgages.

Percent Refi at Issuance



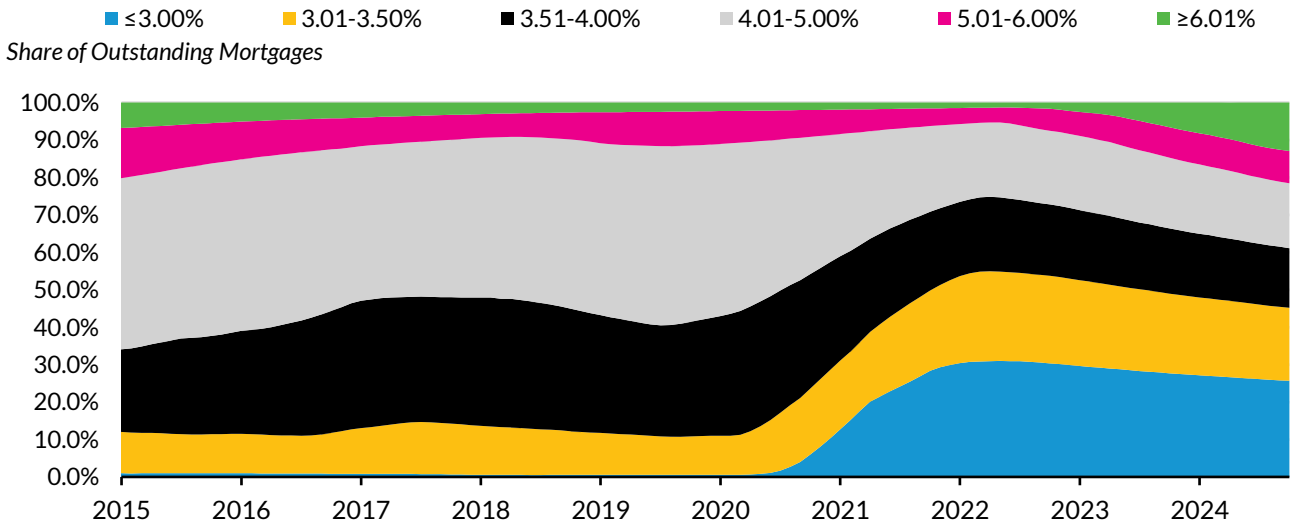
Refinancable Share of Mortgages



Source: eMBS, Freddie Mac and Urban Institute Calculations. Data as of October 2024.

Note: Loans are counted as refinancable if the note rate is at least 50 basis points over the mortgage rate reported by Freddie Mac's Primary Mortgage Market Survey.

Outstanding Agency Mortgage Volume by Interest Rate



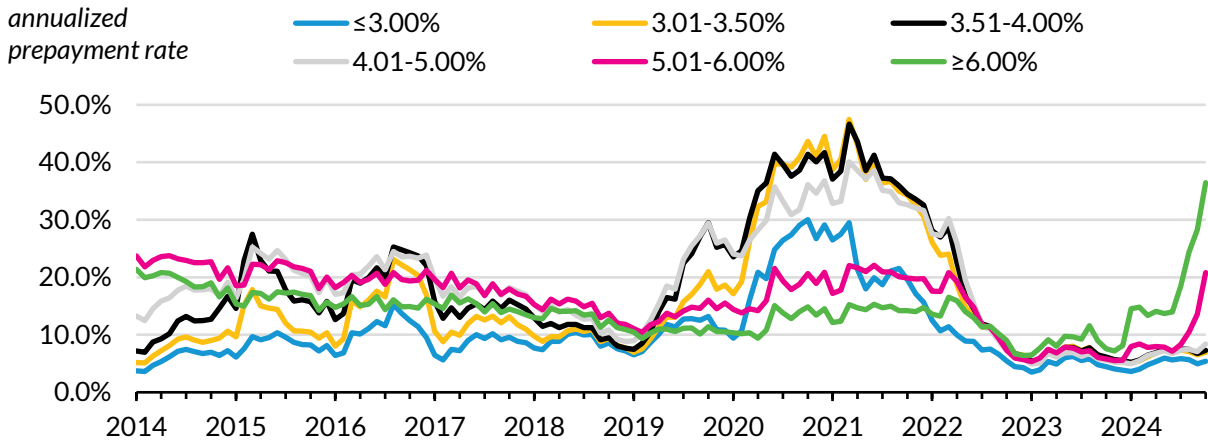
Source: eMBS, Freddie Mac and Urban Institute Calculations. Data as of October 2024

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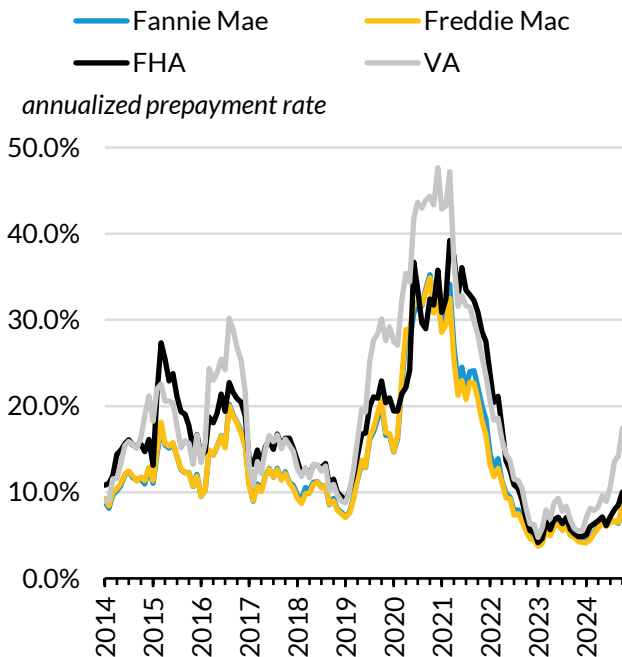
PREPAYMENT SPEEDS

After reaching lows at the beginning of 2019, the share of outstanding agency loans that prepaid increased significantly from 2019 to 2021, as interest rates dropped to historic lows (page 9) and refinancability soared (page 10). Amid lower rates in September and October 2024, prepayment speeds have accelerated among VA loans, loans originated in 2022 and later, and loans with interest rates 5.0 percent or higher.

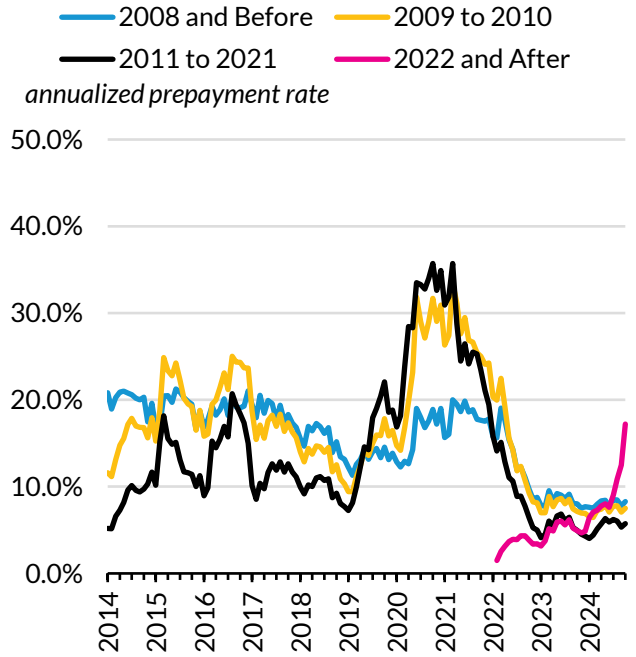
Prepayment Rates by Note Rate



Prepayment Rates by Agency



Prepayment Rates by Vintage



Source: Recursion Co. Data as of October 2024.

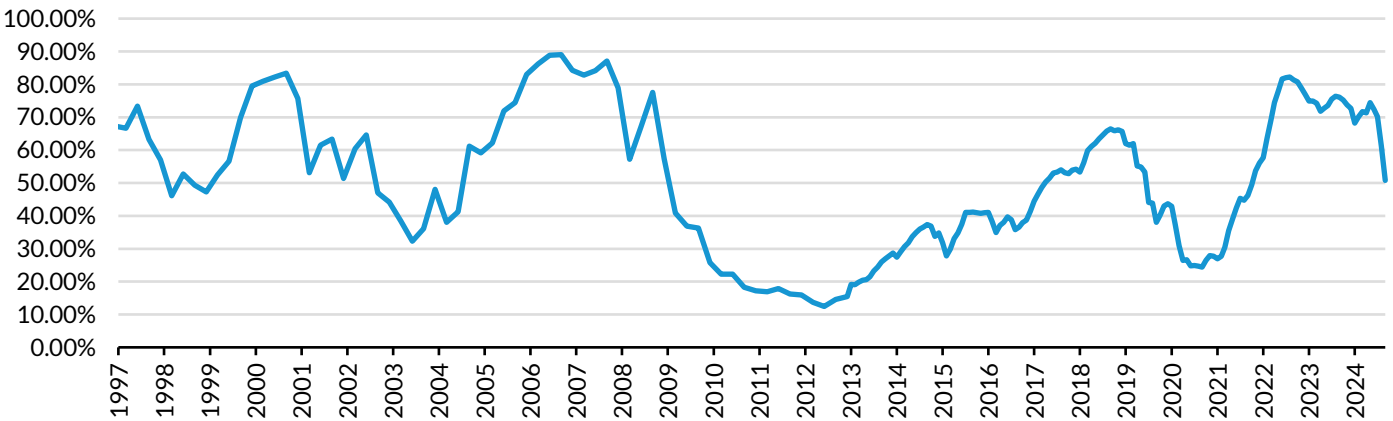
Note: Prepayment rates calculated by loan count out of outstanding mortgage volume.

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CASH-OUT REFINANCES

When mortgage rates are low, the cash-out share of refinances tends to be relatively smaller, as rate/term refinancing allows borrowers to save money by taking advantage of lower rates. But when rates are high, the cash-out refinance share is higher since the rate reduction incentive is gone and the only reason to refinance is to take out equity. When rates rose dramatically over 2022, the cash-out share reached a peak of 82.2 percent in August 2022. Recently, the cashout refinance share decreased from 61.32 percent in August to 50.47 percent of refinance loans in September 2024. The other 49.26 percent are rate/term refinances. The cash-out share is highest among FHA loans, relative to VA and GSE loans and may reflect home equity extraction by lower credit borrowers. VA loans in particular, have fallen sharply from 14.5 percent in September 2023 to 12 percent in September 2024. Although FHA cash-out volume exceeds that of other channels, total agency cash-out volume remains low.

Cash-out Share of Conventional Refinances

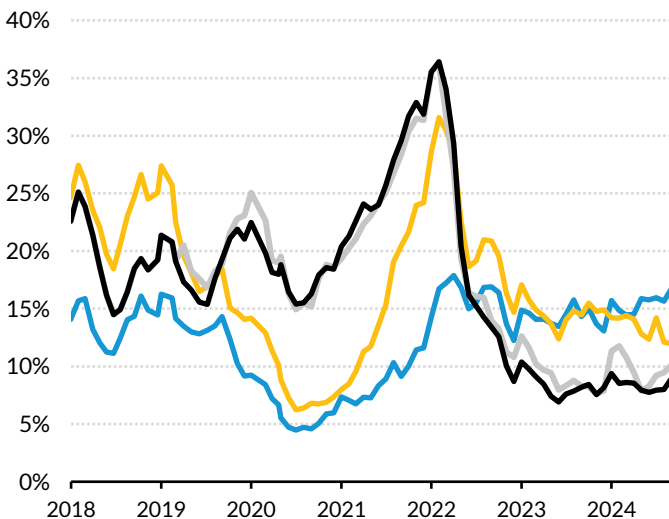


Sources: Freddie Mac, eMBS and Urban Institute.

Note: The cash-out share for conventional market is calculated using Freddie Mac's quarterly refinance statistics from 1995 to 2013. Post 2013 it is calculated monthly using eMBS. Data as of September 2024.

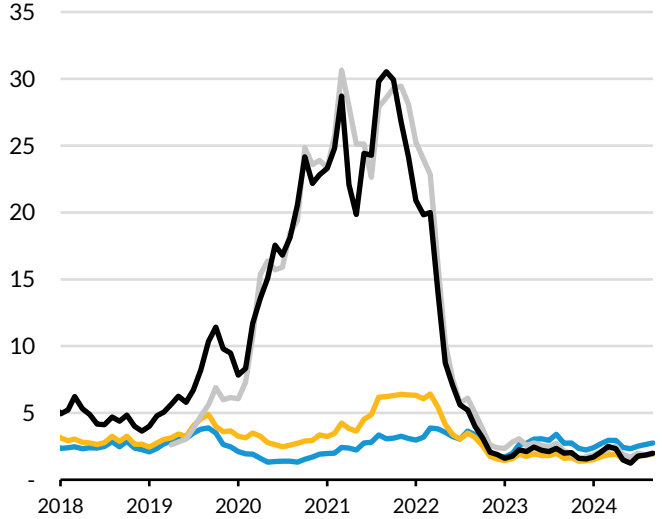
Cash-out Refi Share of All Originations

— FHA — VA
— Fannie Mae — Freddie Mac



Cash-out Refinance Volume by Agency

Billions (\$) — FHA — VA
— Fannie Mae — Freddie Mac



Sources: eMBS and Urban Institute

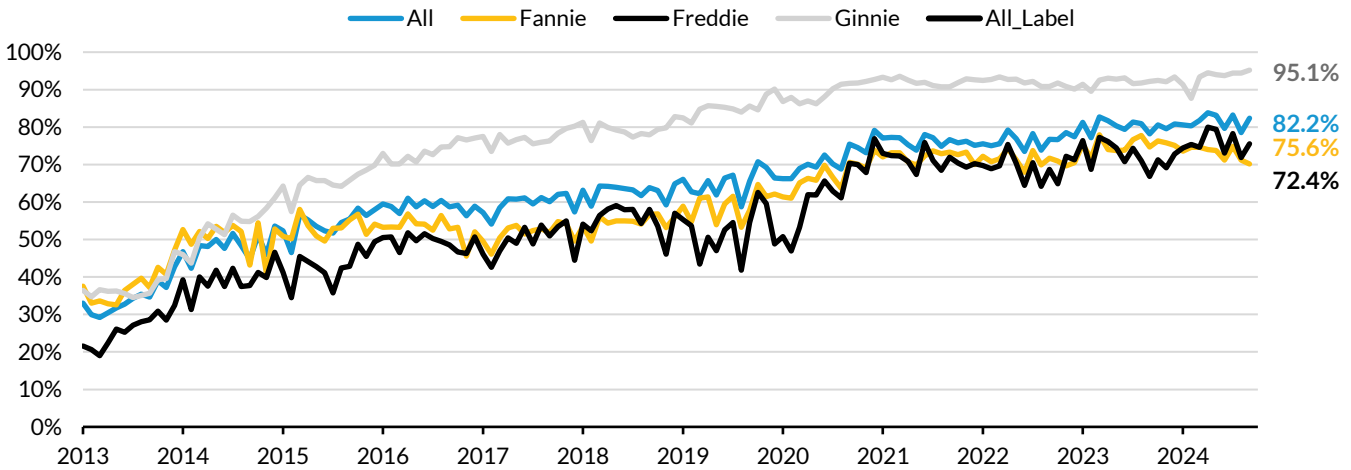
Note: Data as of September 2024. Fannie Mae started reporting cash-out volume in 2018.

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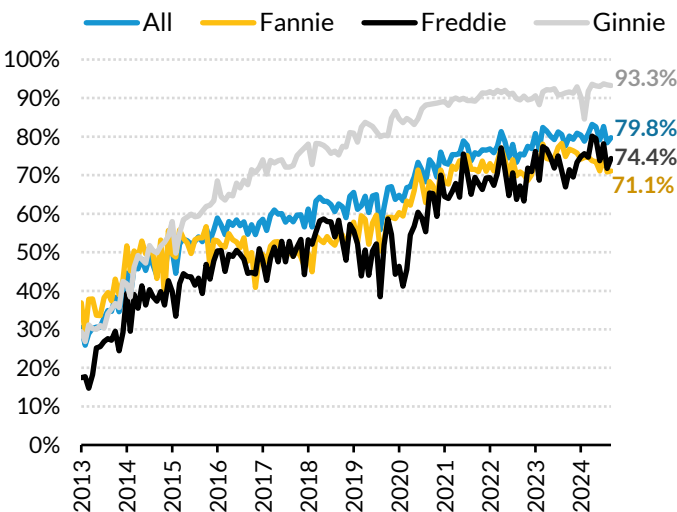
AGENCY NONBANK ORIGINATION SHARE

The nonbank share of agency originations has been rising steadily since 2013, standing at 82.2 percent in October 2024. The Ginnie Mae nonbank share has been consistently higher than the GSEs, standing at 95.1 percent in October 2024. Fannie and Freddie had nonbank shares of 75.6 and 72.4 percent in October 2024. The Ginnie nonbank share of refi loans is 4.8 percentage points higher than the Ginnie nonbank share of purchase loans. The nonbank share of Fannie refi loans is 5.7 percentage points higher than its share of Fannie purchase loans, while the Freddie nonbank refi share is 5.4 percentage points higher than the purchase share. The nonbank share of refi loans overall, 88.2 percent, is 8.4 percentage points above its 79.8 percent share of purchase loans.

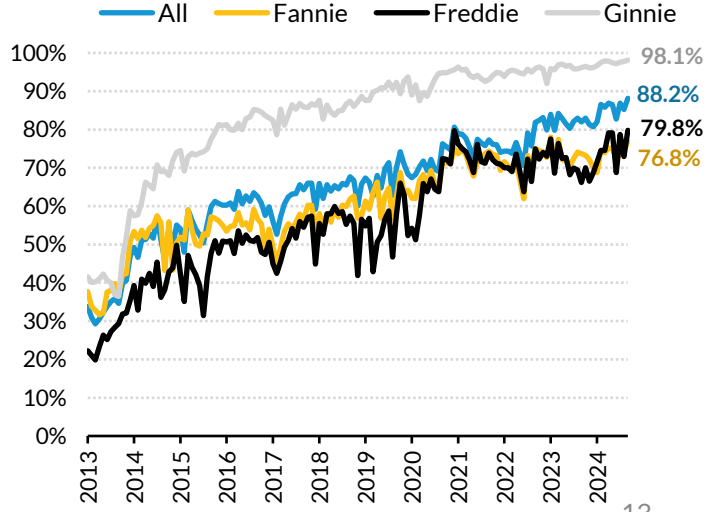
Nonbank Origination Share: All Loans



Nonbank Origination Share: Purchase Loans



Nonbank Origination Share: Refi Loans

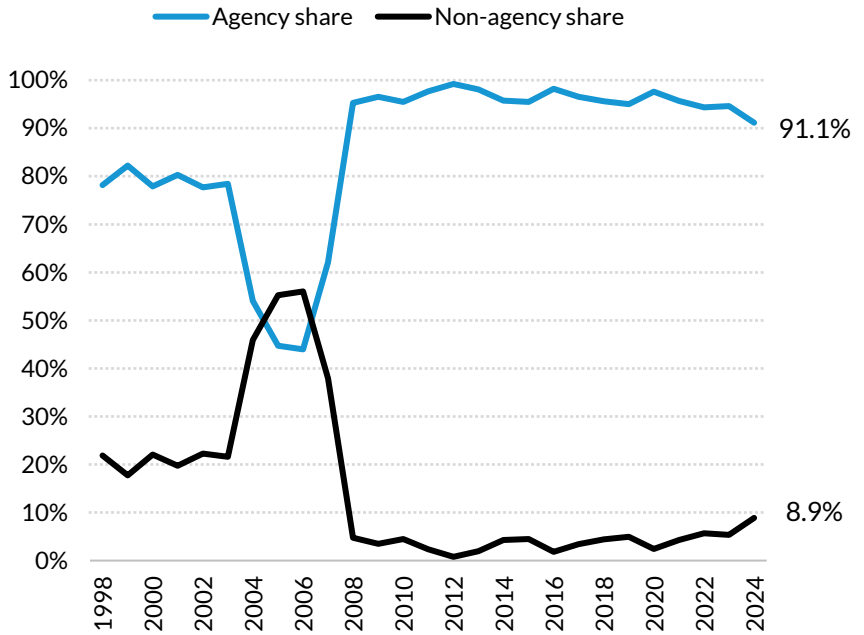


OVERVIEW

SECURITIZATION VOLUME AND COMPOSITION

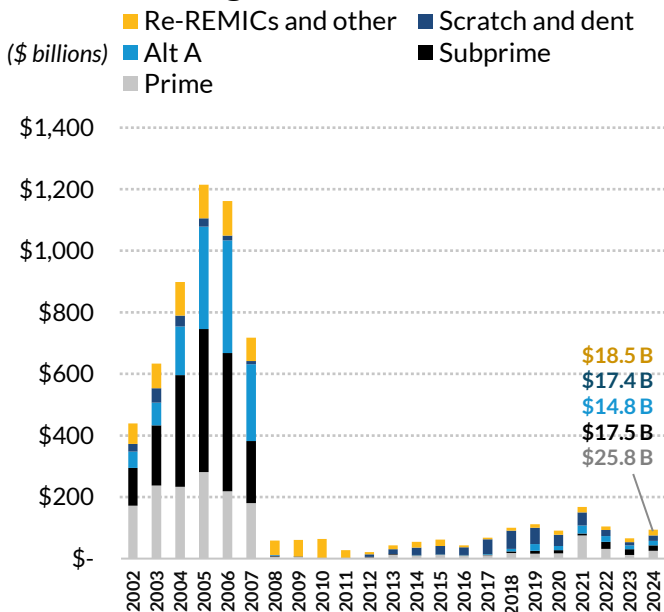
Agency/Non-Agency Share of Residential MBS Issuance

During the housing boom years, the non-agency share of residential MBS issuance rose to more than half of all residential MBS issuance. Amid the collapse in the housing market, the non-agency share contracted to 1.3 percent in 2012. It has steadily increased from 2.4 percent in 2020 to 8.9 percent in 2024 through September, the highest non-agency share since 2007. Reduced origination volumes have affected this market; in 2023, the volume of non-agency issuance reached \$65.5 billion, continuing its decline since a local peak in 2021. That said, the \$11.2 billion in monthly non-agency securitization in September 2024 remains elevated compared to the levels reached in 2023.



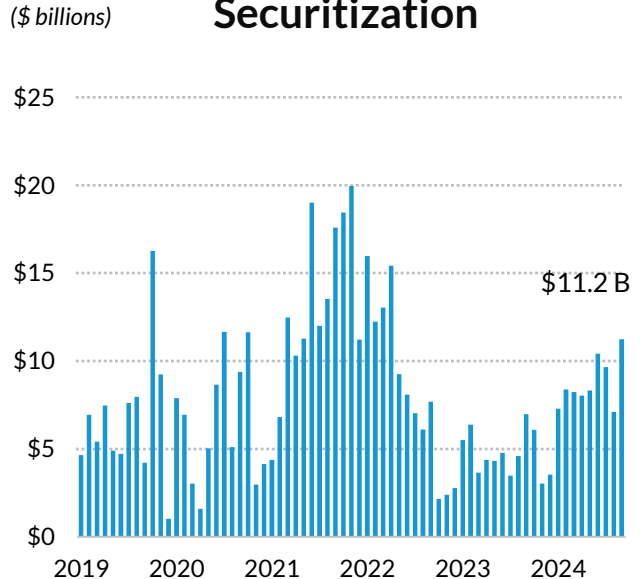
Sources: Inside Mortgage Finance and Urban Institute.
 Note: Monthly non-agency volume is subject to revision. Data through September 2024.

Non-Agency MBS Issuance



Sources: Inside Mortgage Finance and Urban Institute.
 Note: Data through Q3 2024.

Monthly Non-Agency Securitization



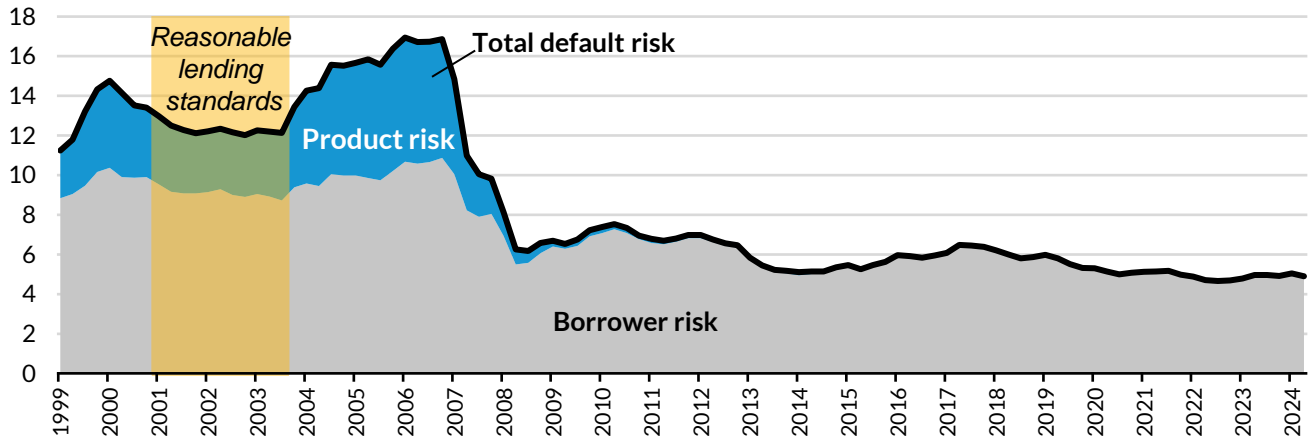
Sources: Inside Mortgage Finance and Urban Institute.
 Note: Data through September 2024

CREDIT BOX

HOUSING CREDIT AVAILABILITY INDEX

The Urban Institute's Housing Credit Availability Index (HCAI) assesses lenders' tolerance for both borrower risk and product risk, calculating the share of owner-occupied purchase loans that are likely to go 90+ days delinquent over the life of the loan. The HCAI stood at 4.90 percent in Q2 2024, down from the previous quarter and a year ago. Tighter credit standards from Q2 2023 to Q2 2024 reflects a decrease in default risk driven by a 5.6 percent decrease among government securities and 3.0 percent by the GSEs. This was slightly offset by portfolio and private label securities, which loosened by 2 percent. Note that we updated the methodology as of Q2 2020, see new methodology [here](#). More information about the HCAI is available [here](#).

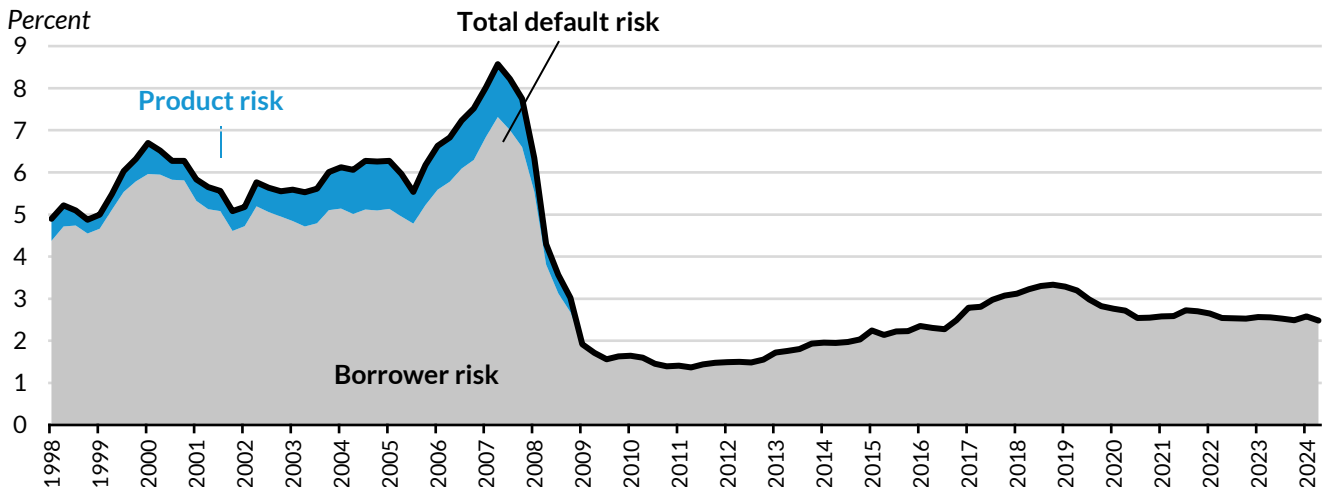
Percent



Sources: eMBS, CoreLogic, HMDA, IMF, and Urban Institute.

GSE Channel

The trend toward greater credit availability in the GSE channel began in Q2 2011. From Q2 2011 to Q1 2019, the total risk taken by the GSE channel more than doubled, from 1.4 percent to 3.1 percent. This is still very modest by pre-crisis standards. However, accelerated tightening throughout 2020 induced by market conditions due to COVID-19 and stay-at-home orders drove down credit risk to 2.5 percent in Q4 2020 where it has largely remained. In Q2 2024, credit availability stood at 2.5 percent.



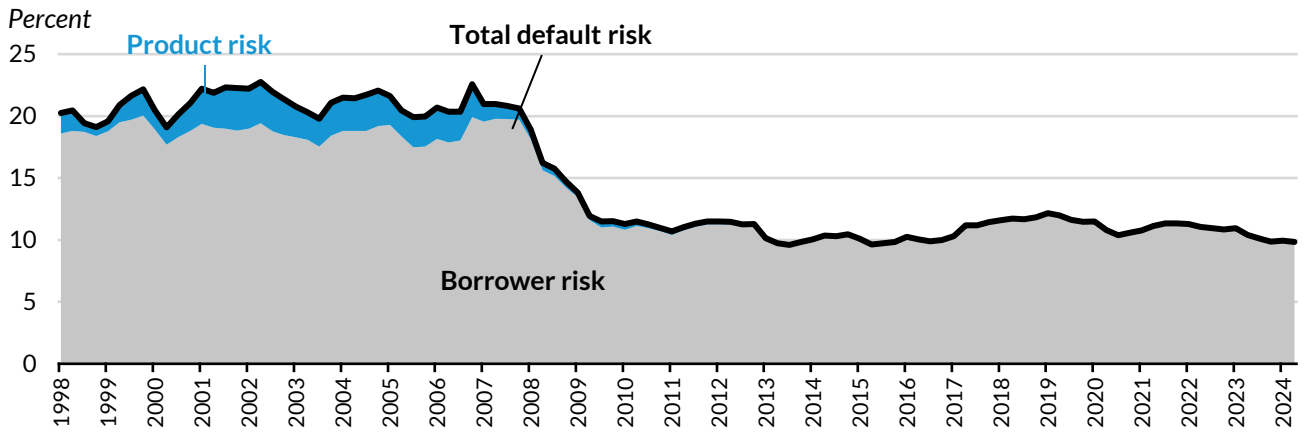
Sources: eMBS, CoreLogic, HMDA, IMF, and Urban Institute.

Note: Default is defined as 90 days or more delinquent at any point. Last updated October 2024.

HOUSING CREDIT AVAILABILITY INDEX

Government Channel

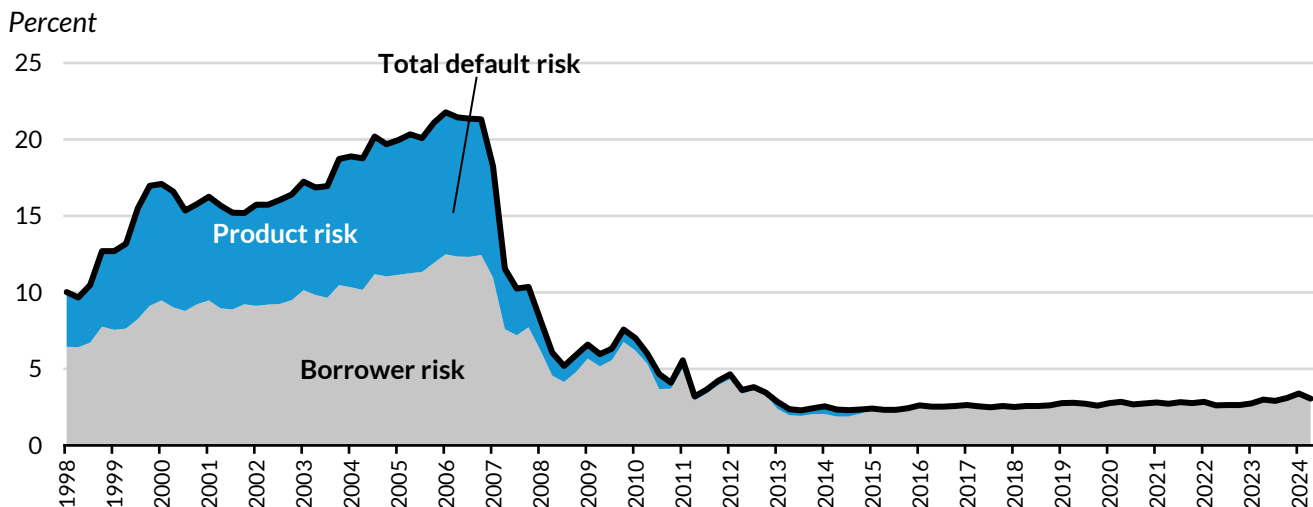
The total default risk the government loan channel is willing to take bottomed out at 9.6 percent in Q3 2013. It fluctuated in a narrow range at or above that number for three years. In the eleven quarters from Q4 2016 to Q1 2019, the risk in the government channel increased from 9.9 to 12.1 percent but has since receded. The government channel stands at 9.8 percent in Q2 2024; far below the pre-bubble level of 19 to 23 percent.



Sources: eMBS, CoreLogic, HMDA, IMF, and Urban Institute.

Portfolio and Private Label Securities Channels

The portfolio and private-label securities (PP) channel took on more product risk than the government and GSE channels during the bubble. After the crisis, the channel’s product and borrower risks dropped sharply. The numbers have stabilized since 2013, with product risk well below 0.5 percent and total risk largely in the range of 2.3-3.4 percent. Since 2022, default risk has increased from 2.6 to 3.1 in Q2 2024 but remains a shadow of the default risk taken prior to the Great Financial Crisis.



Sources: eMBS, CoreLogic, HMDA, IMF, and Urban Institute.

Note: Default is defined as 90 days or more delinquent at any point. Last updated October 2024.

CREDIT BOX

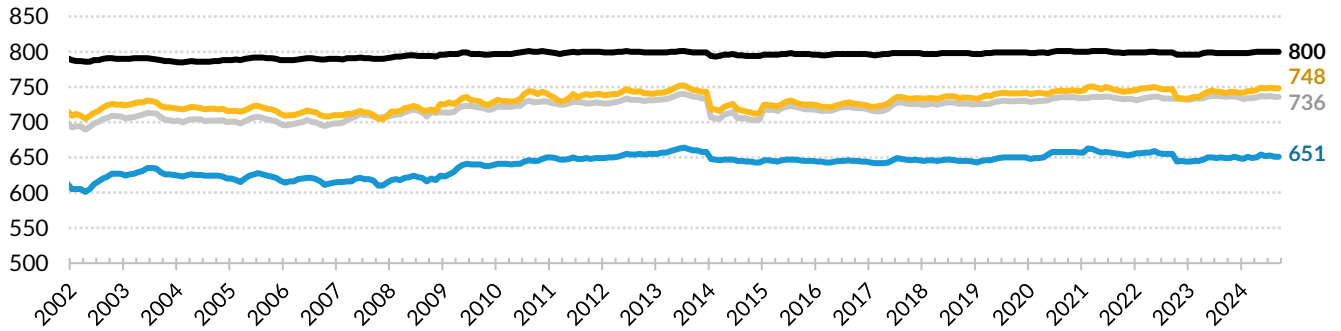
CREDIT AVAILABILITY FOR PURCHASE LOANS

Over 2023 and into early 2024, credit standards have tightened, mostly across the FICO dimension, but remain broadly easier relative to the levels that prevailed in December 2021, just prior to the significant rise in interest rates. Median FICO score at origination in September 2024 was 748, just 2 points above its level in December 2021. Median DTI was 42 percent, which remains above its December 2021 rate of 39 percent. Median LTV sat at 95 percent in June, above its December 2021 level of 90 percent.

— Mean — 90th percentile — Median — 10th percentile

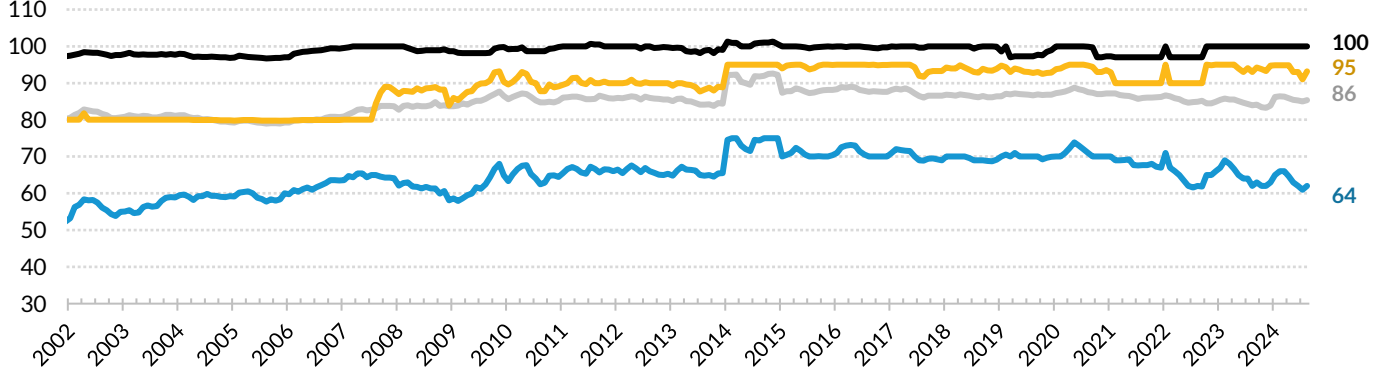
Borrower FICO Score at Origination

FICO Score



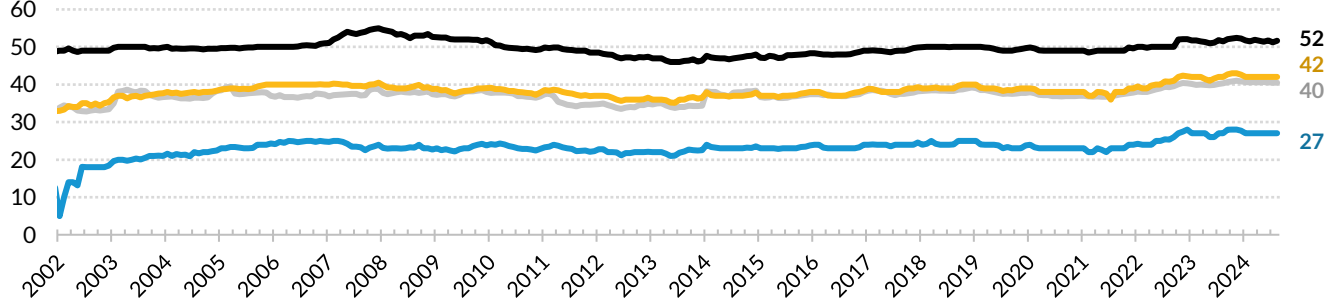
Combined LTV at Origination

LTV



DTI at Origination

DTI



Sources: ICE, eMBS, HMDA, SIFMA, CoreLogic and Urban Institute.

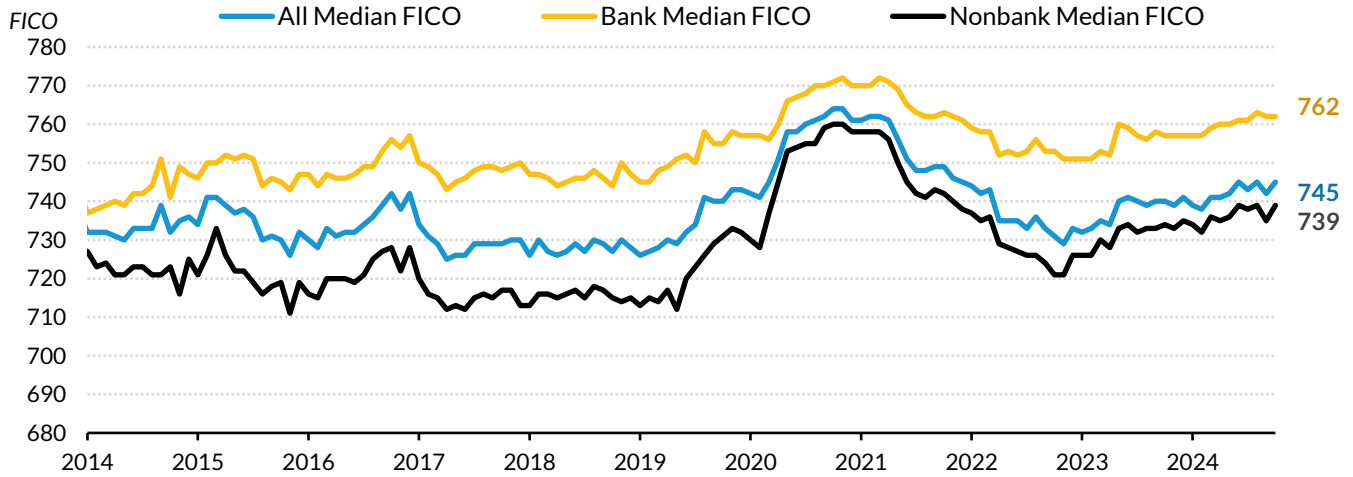
Note: Includes owner-occupied purchase loans only. DTI data prior to April 2018 is from CoreLogic; after that date, it is from ICE.

A back-update to the ICE historical series was made in September 2021 for data starting from 2001 onward. Data as of September 2024.

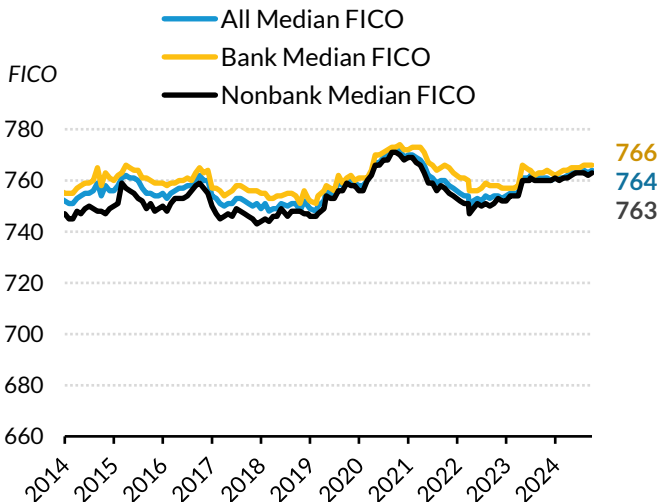
AGENCY NONBANK CREDIT BOX

FICO scores for banks and nonbanks in both GSE and Ginnie Mae segments increased from Q1 2019 to Q1 2021 due to increased refinance activity in response to lower rates. Then as refinance activity tapered over 2021 and 2022, FICO scores fell. Borrowers of refinance loans typically have higher FICO scores than borrowers of purchase loans, which boosted median scores amid the most recent refinancing wave and reduced scores as rates rose. But after falling in 2021 and most of 2022, median FICO scores increased in early 2023 and have remained relatively high at 762 in October 2024 despite a sharp contraction in refinance activity. This likely reflects the fact that with affordability stretched due to the increases in interest rates and home prices, qualification often requires higher FICO scores to compensate. The gap between agency bank and nonbank FICOs reached 23 points in October 2024. While the GSEs accounted for 58 percent of agency volume, the difference between the median FICO on bank and non-bank GSE loans stood at 3 points in October 2024. But across Ginnie Mae loans, the gap currently sits at 28 points. Due to the sharp cut-back in FHA lending by banks post-2008, banks now comprise only 6 percent of Ginnie Mae originations.

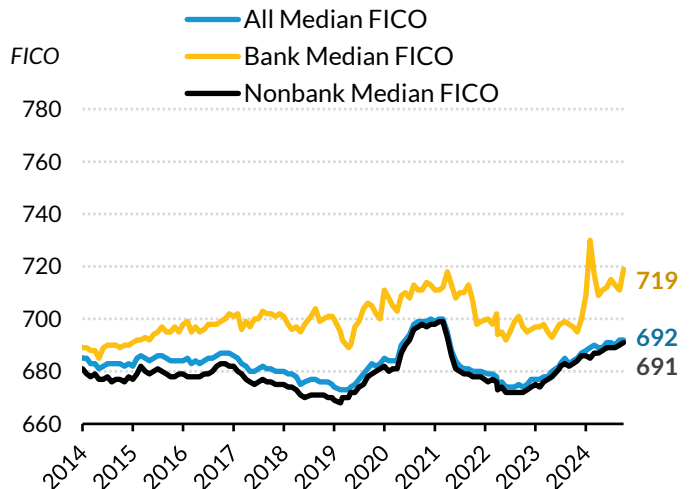
Agency FICO: Bank vs. Nonbank



GSE FICO: Bank vs. Nonbank



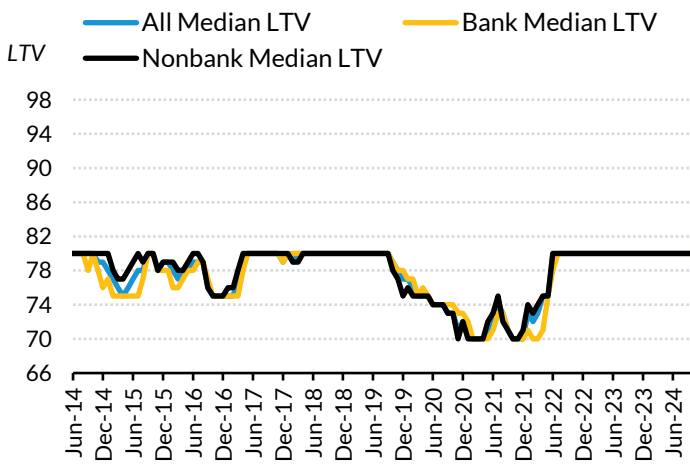
Ginnie Mae FICO: Bank vs. Nonbank



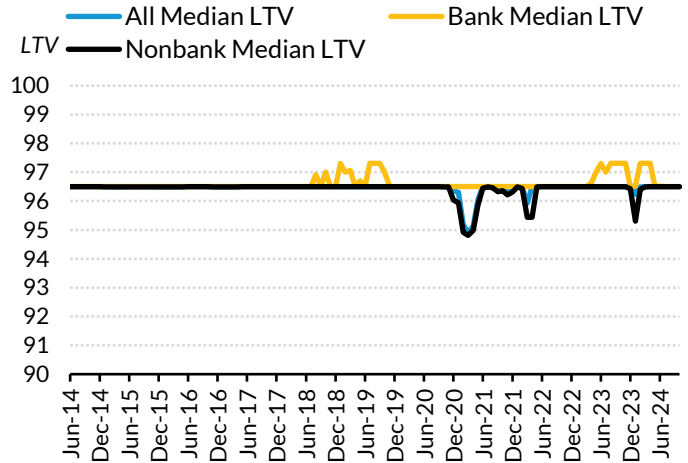
AGENCY NONBANK CREDIT BOX

Nonbanks are more expansive in their lending than their bank counterparts, as indicated by higher back-end DTIs in both GSE and Ginnie Mae markets. From early 2017 to early 2019, there was a sustained increase in DTIs, which has reversed beginning in the spring of 2019. This is true for both Ginnie Mae and the GSEs, for banks and nonbanks. As interest rates in 2018 increased, DTIs rose, because borrower payments were driven up relative to incomes. As rates fell during most of 2019 and 2020, DTIs fell as borrower payments declined relative to incomes. Over 2021 and 2022, DTIs largely increased, reflecting higher rates and house prices, both of which force households to borrow more in relation to income. Since 2023, DTIs have largely flattened at elevated levels.

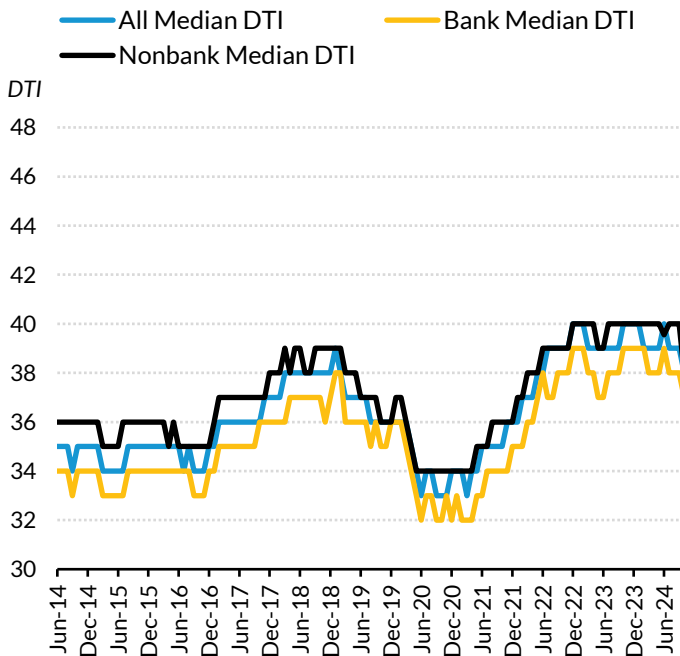
GSE LTV: Bank vs. Nonbank



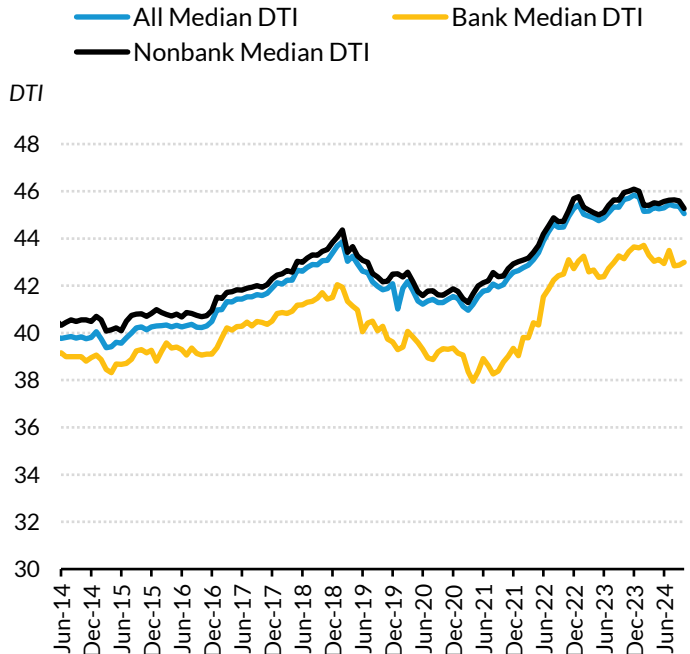
Ginnie Mae LTV: Bank vs. Nonbank



GSE DTI: Bank vs. Nonbank



Ginnie Mae DTI: Bank vs. Nonbank



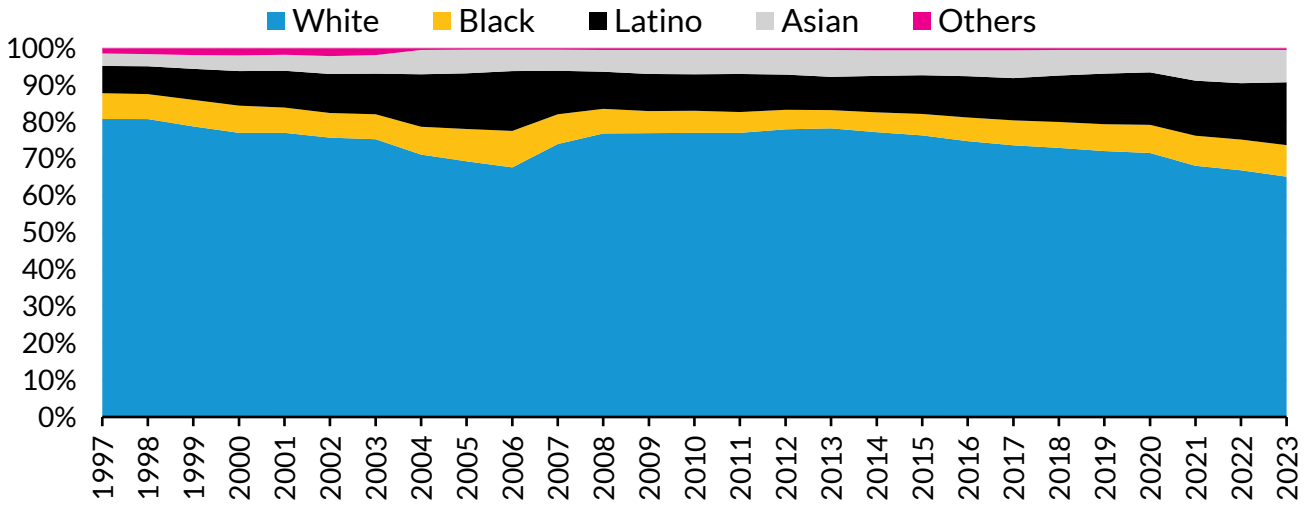
Sources: eMBS and Urban Institute.
 Note: Data as of October 2024.

STATE OF THE MARKET

RACIAL & ETHNIC COMPOSITION

Across all channels, the share of purchase lending to applicants of color reached a peak of 32.3 percent in 2006, the year prior to the Great Recession. Following the Great Recession and amidst a period of very tight credit, the share of purchase loans extended to borrowers of color declined to a low of 21.7% in 2013. Since then, it has slowly increased. In 2023, the borrower of color share stood at 34.8% up from 33.1% in 2022. But the share of purchase lending to borrowers of color varied widely by channel in 2023. Just over half, 50.8 percent, of FHA homebuyers are borrowers of color and 40.3 percent of PLS borrowers. Borrowers of color represented a smaller loan share in the GSE, VA and Portfolio channels, at 30.3 percent, 33.7 percent and 33.0 percent, respectively.

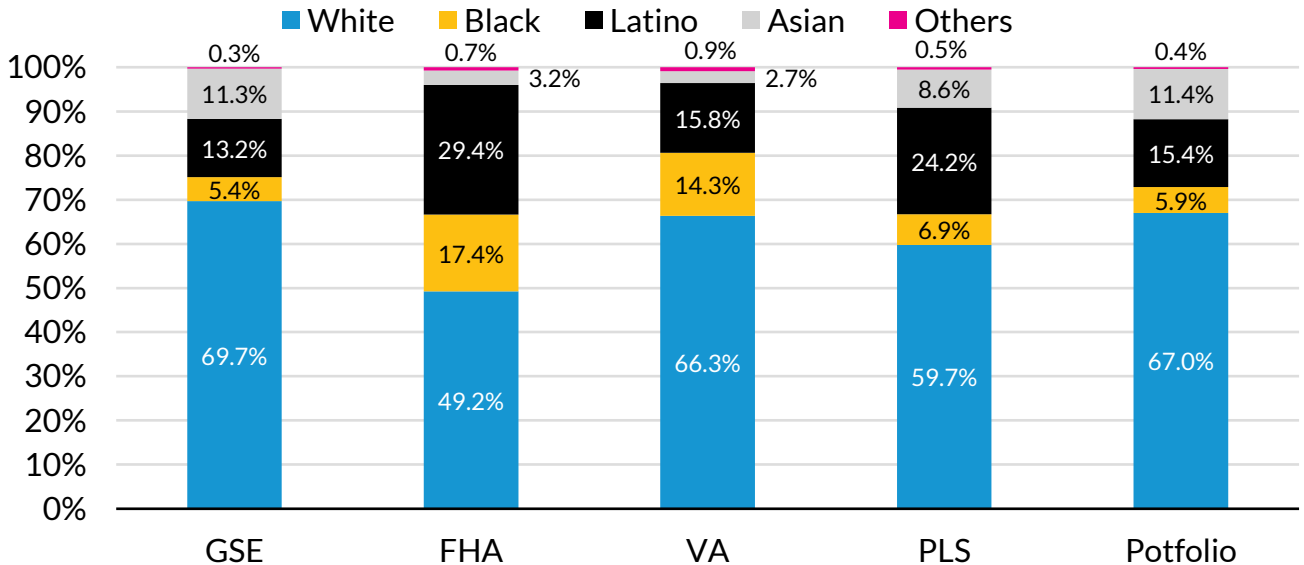
2023 Purchase Loan Shares by Race



Source: 1997 to 2023 Home Mortgage Disclosure Act (HMDA).

Note: Includes purchase loans only.

2023 Purchase Loan Channel Shares by Race



Source: 2023 Home Mortgage Disclosure Act (HMDA).

Note: Includes purchase loans only.

STATE OF THE MARKET

MORTGAGE ORIGINATION PROJECTIONS

For the full year of 2023, both Fannie Mae and Mortgage Bankers' Association reported total origination volume was 36.7 to 27.0 percent below its level in 2022, respectively, continuing the decrease from the recent peak established in 2021. The lower full year mortgage originations in 2023 was primarily due to the lower refi share. A second contributing factor, as illustrated on [page 21](#), is fewer home sales in 2023 relative to 2022, offsetting higher house prices. Industry forecasts anticipate that 2023 was the bottom for the foreseeable future; they are expecting substantial increases in the second half of 2024 from 2023 levels. However, while originations are expected to rise over the full year 2024 and full year 2025, they are not expected to return to 2022 levels by the end of the forecast window.

Total Originations and Refinance Shares

Period	Originations (\$ billions)		Refi Share (percent)	
	Total, FNMA estimate	Total, MBA estimate	FNMA Estimate	MBA Estimate
2024 Q1	328	377	20	23
2024 Q2	433	429	16	22
2024 Q3	449	479	22	25
2024 Q4	434	494	27	38
2025 Q1	372	476	31	37
2025 Q2	517	541	25	32
2025 Q3	538	570	25	33
2025 Q4	514	556	28	34
2019	2462	2253	46	44
2020	4374	4108	64	64
2021	4570	4436	58	62
2022	2374	2245	31	33
2023	1503	1458	15	15
2024	1674	1779	22	28
2025	2142	2143	29	34

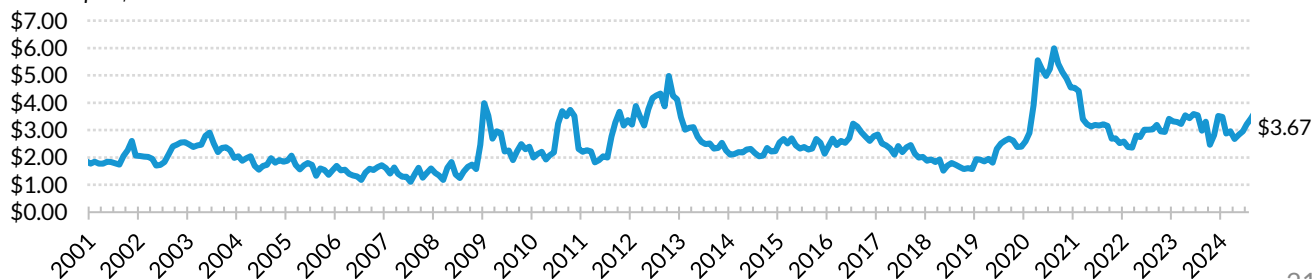
Sources: Fannie Mae, Mortgage Bankers Association and Urban Institute. Forecasts as of November 2024.

Note: Shaded boxes indicate forecasted figures. All figures are estimates for total single-family (1-4 unit) market. Regarding interest rates, the yearly averages for 2017, 2018, 2019, 2020, 2021, and 2022 were 4.0, 4.6, 3.9, 3.0, 3.0, and 5.3 percent.

Originator Profitability and Unmeasured Costs

In September 2024, Originator Profitability and Unmeasured Costs (OPUC) stood at \$3.67 per \$100 loan, up from \$3.42 per \$100 loan in August. Higher profitability seen in 2020 and early 2021 reflected lender capacity constraints amidst strong refi demand. Reduced profitability in 2022 reflected slower refinance activity, forcing originators to compete more aggressively on price. 2023 and 2024 profitability reflected less, but still significant competition between mortgage originators. OPUC, formulated and calculated by the Federal Reserve Bank of New York, is a good relative measure of originator profitability. OPUC uses the sales price of a mortgage in the secondary market (less par) and adds two sources of profitability; retained servicing (both base and excess servicing, net of g-fees), and points paid by the borrower. As volumes decline, fixed costs are spread out over fewer loans, overstating the relative profitability. OPUC is generally high when interest rates are low, as originators are capacity constrained due to refinance demand and have no incentive to reduce rates. Conversely, when interest rates are higher and refi activity low, competition forces originators to lower rates, driving profitability down. While higher rates are limiting volume, originators are adapting to the new environment by slashing head counts and fixed costs.

Dollars per \$100 loan



Sources: Federal Reserve Bank of New York, updated monthly and available at this link:

<http://www.ny.frb.org/research/epr/2013/1113fust.html> and Urban Institute. Data as of September 2024.

Note: OPUC is a monthly (4-week moving) average as discussed in [Fuster et al. \(2013\)](#).

STATE OF THE MARKET

HOUSING SUPPLY

Months' supply of existing homes, or the inventory of homes as a share of existing home sales, remains low in a historical context. However, since 2022, when rates began to rise noticeably, months' supply of existing homes also increased. From October 2023 to October 2024, the inventory of total homes rose by 22.8 percent, while existing home sales over the same period increased by 2.8 percent. Fannie Mae, the MBA, and the NAHB reported housing starts over full year 2023 lagged levels in 2022. Industry forecasters expect 2024 housing starts to be lower than 2023 activity, with 2025 roughly flat-to-up marginally from 2024 level. Amid the lack of inventory, and reduced affordability, home sales in 2023 were much lower than in 2022, and 2024 down marginally from 2023. However, 2024 will likely be the cyclical low point as industry forecasters expect an increase in 2025.

Months' Supply



Source: National Association of Realtors and Urban Institute. Data as of October 2024.

Housing Starts and Home Sales

Year	Housing Starts, thousands			Home Sales, thousands		
	Total, FNMA estimate	Total, MBA estimate	Total, NAHB estimate	Total, FNMA estimate	Total, MBA estimate	Total, NAHB estimate*
2017	1203	1208	1205	6123	6158	5520
2018	1250	1250	1247	5957	5956	5350
2019	1290	1295	1292	6023	6016	5431
2020	1380	1397	1394	6462	6506	5888
2021	1601	1605	1605	6891	6896	6195
2022	1553	1551	1552	5671	5740	5170
2023	1420	1421	1421	4756	4785	4340
2024	1350	1354	1342	4713	4743	4317
2025	1331	1402	1356	4930	5021	4706

Sources: Fannie Mae, Mortgage Bankers Association and National Association of Home Builders forecasts as of November 2024.

Note: Shaded boxes indicate forecasted figures; column labels indicate source of estimate.

*The NAHB home sales also excludes existing condos and co-ops reported by NAR.

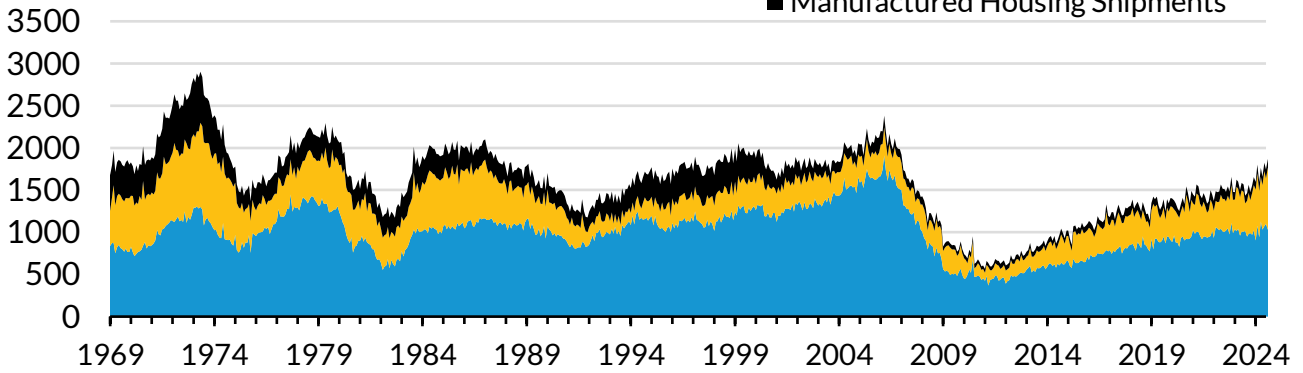
STATE OF THE MARKET

NEW RESIDENTIAL PRODUCTION

New residential production, including single-family and multifamily completions as well as manufactured housing shipments, reached a seasonally adjusted annual rate of 1.80 million units in September 2024, 14.9 percent higher than its level a year ago. Since reaching a low of 565 thousand units in January 2011, new production has risen by 218 percent. However, current production is still 25 percent lower than the peak March 2006 level of 2.38 million units. In September 2024, single-family completions are 48 percent lower than the March 2006 peak of 1.91 million units. However, multifamily completions are 82 percent greater than their level in March 2006. Only 4.1 percent of multifamily units completed in 2024 Q2 were built-for-sale, down significantly from its 2007 Q2 peak of 43.9 percent. The share of single-family units built for sale is 70.1 percent, starting to rise after dropping amid high interest rates in early 2023, although 10.2 percentage points lower than the peak in Q1 2006. The owner-occupied share of mobile homes fell from 2006 to 2014, but partially recovered in the ensuing years.

Completions and Shipments

Thousands, seasonally adjusted annual rate

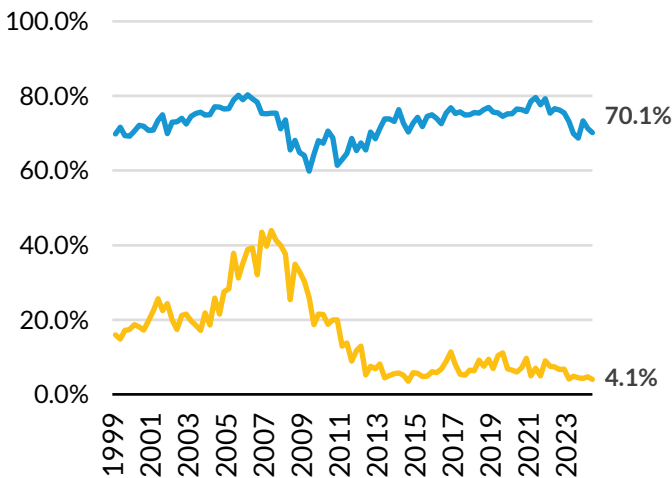


Source: Moody's Analytics, U.S. Census Bureau (BOC) and Urban Institute Calculations

September 2024

Share of Residential Completions Built For Sale

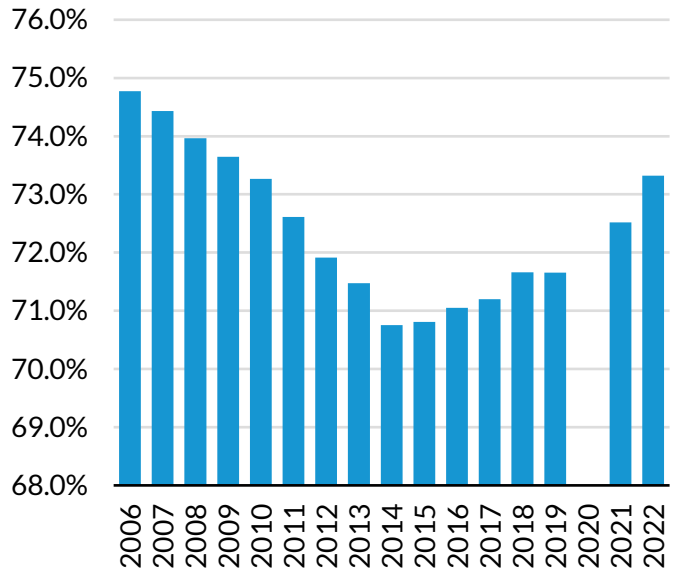
Single-family For-sale share of Single-family Completions
 Multifamily For-sale Share of Multifamily Completions



Source: U.S. Census Bureau (BOC) and Urban Institute Calculations.

Q2 2024

Owner-Occupied Share of Occupied Mobile Homes



Source: 1-year American Community Survey.

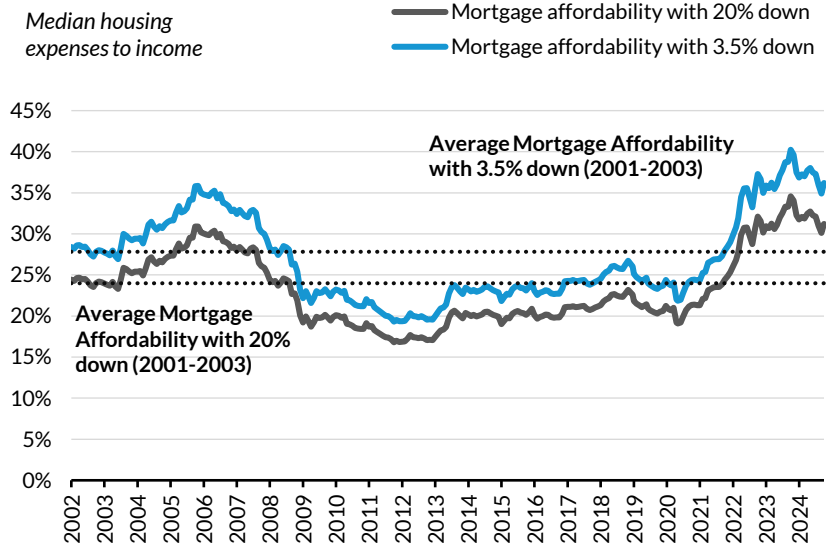
Note: This data is not available for 2020 due to low response rates during the pandemic.

STATE OF THE MARKET

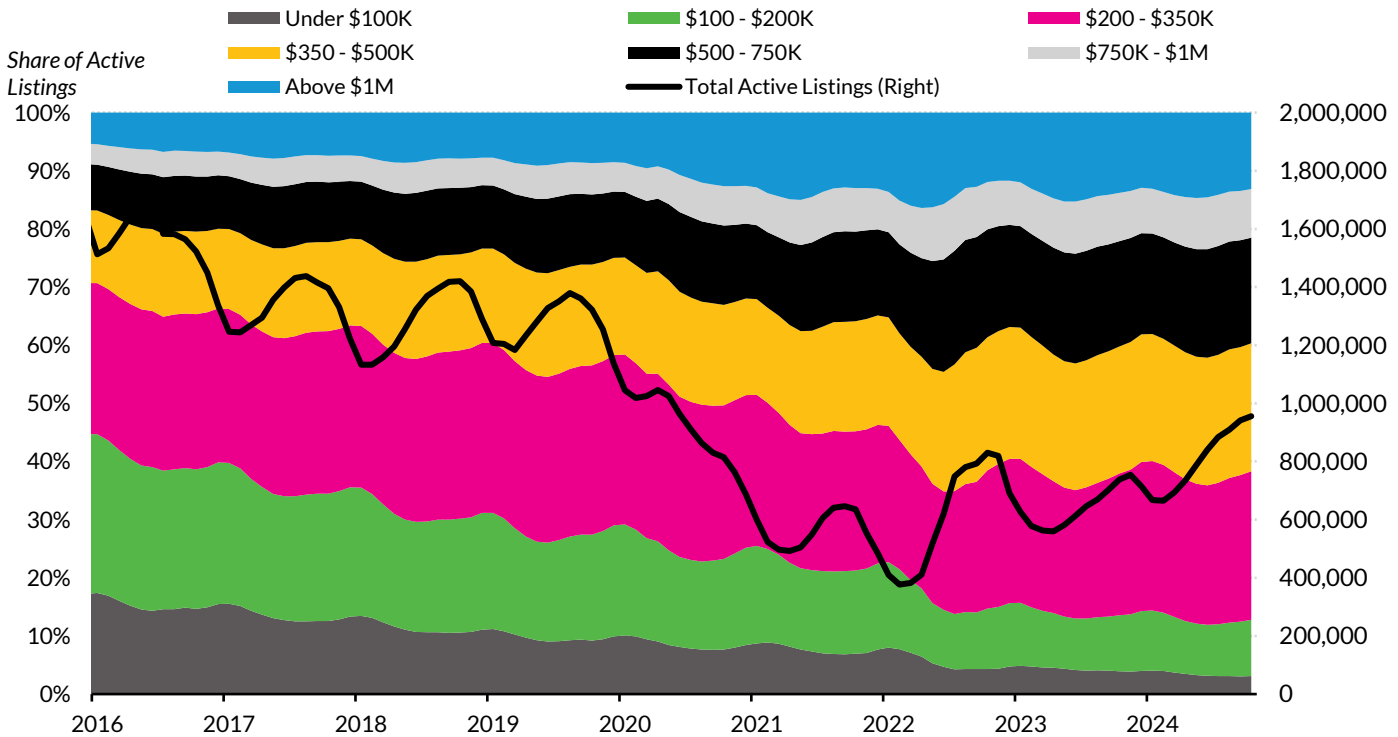
HOUSING AFFORDABILITY

National Mortgage Affordability Over Time

Mortgage affordability has improved as rates moderated but remains close to the worst level since the inception of this series in 2002. As of October 2024, with a 20 percent down payment, the share of median income needed for the monthly mortgage payment stood at 31.2 percent, just above the 30.9 percent at the peak of the housing bubble in November 2005; and with 3.5 percent down the housing cost burden is 36.2 percent, also above the 35.8 percent prior peak in November 2005. As shown in the bottom picture, even amid seasonal variation, active listings remain lower over time and the distribution has shifted markedly towards higher priced homes.



Active Listings by Price Tier Over Time



Sources: National Association of Realtors, US Census Bureau, Current Population Survey, American Community Survey, Moody's Analytics, Freddie Mac Primary Mortgage Market Survey, Realtor.com, and the Urban Institute.

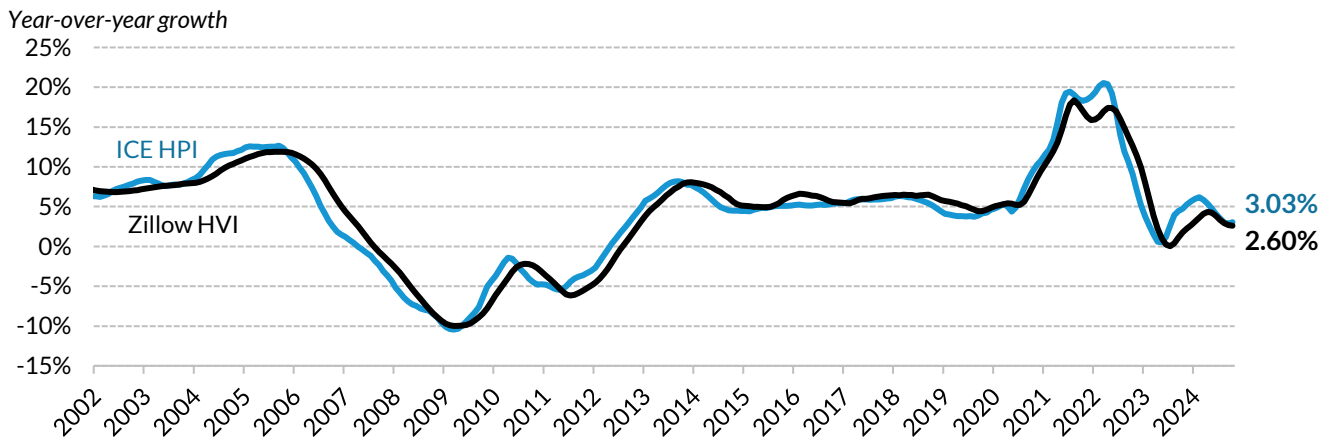
Note: Mortgage affordability is the share of median family income devoted to the monthly principal, interest, taxes, and insurance payment required to buy the median home at the Freddie Mac prevailing rate for a 30-year fixed-rate mortgage and property tax and insurance at 1.75 percent of the housing value. Data for the bottom chart provided by Realtor.com as of October 2024.

STATE OF THE MARKET

HOME PRICE INDICES

National Year-Over-Year HPI Growth

According to ICE's repeat sales index, year-over-year home price appreciation was 3.03 percent in October 2024, up from the previous month's 2.86 percent, the first time ICE's rate of annual's house price appreciation has sped up since February 2024. Year-over-year home price appreciation as measured by Zillow's hedonic home value index is slowing and stands at 2.60 percent in October 2024, down from 2.7 percent in September. Affordability remains low amid increases in home prices combined with elevated interest rates since 2022.

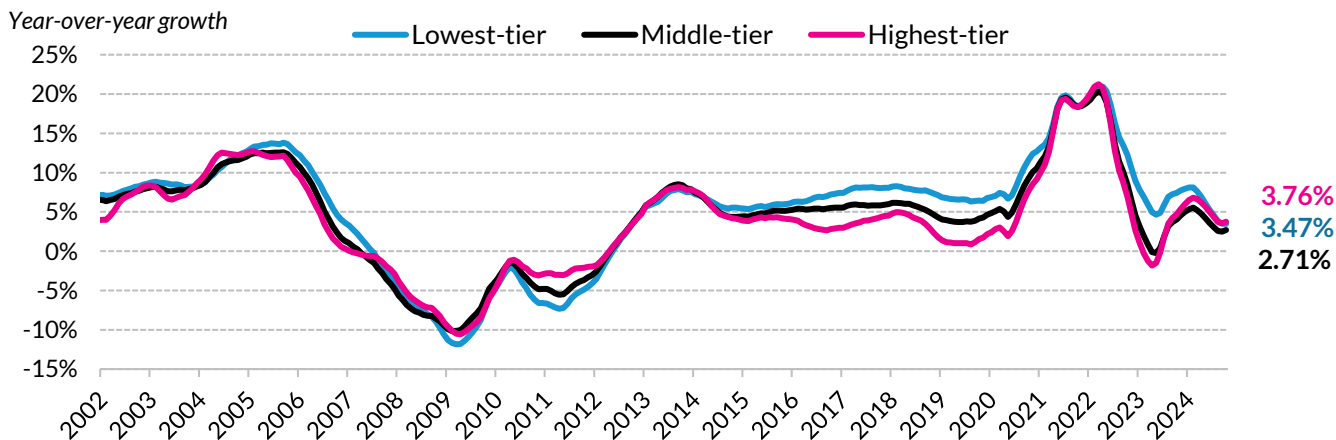


Sources: ICE, Zillow, and Urban Institute.

Note: ICE modified the methodology behind their HPI in February 2021, resulting in changes to historic price estimates. Data as of September 2024.

National Year-Over-Year HPI Growth by Price Tier

House price growth accelerated in the second half of 2020 into 2022 across all price tiers. With higher-priced homes experiencing steeper appreciation in 2020 and 2021, year-over-year growth in the highest-tier had surpassed the middle and lowest tiers by February 2022. With rates rising sharply in 2022, the rate of appreciation slowed, then dropped for all price tiers. After bottoming at the end of Q1 2023, home prices began to rise. From May 2023 to January 2024, year-over-year house price appreciation increased each month at all tiers. Year-over-year house price growth in October is slightly weaker than growth in September for the lowest and middle-tier priced homes and stronger for the highest-tier. Appreciation at the highest tier has the greatest year-over-year house price appreciation at 3.76 percent, followed by 3.47 percent for the lowest-tier and 2.71 for middle-tier homes. This is the first time appreciation for the most expensive homes has outpaced appreciation for the least expensive homes since March 2022.



Sources: ICE and Urban Institute.

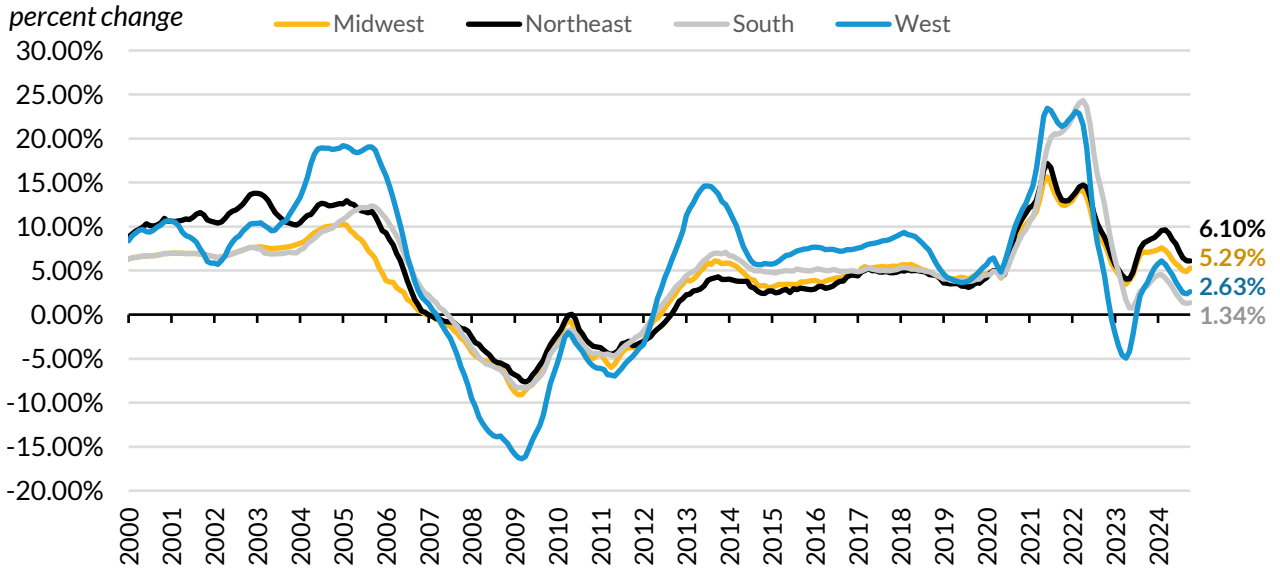
Note: ICE modified the methodology behind their HPI in February 2021, resulting in changes to historic price estimates. Data as of October 2024.

STATE OF THE MARKET

REGIONAL HOME PRICE INDICES

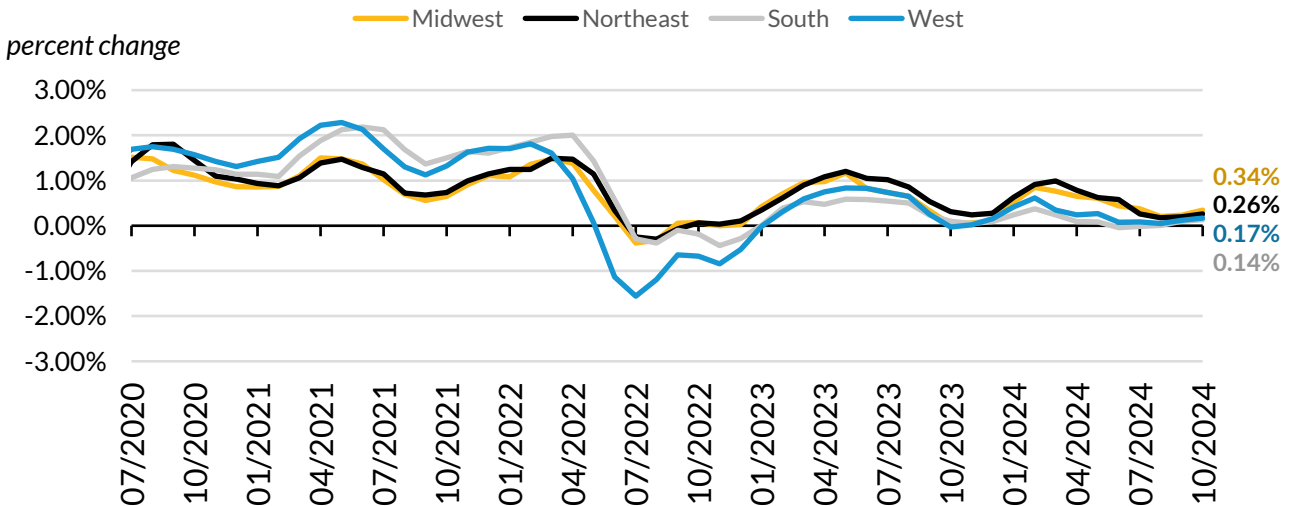
In October 2024, the Northeast region had the highest year-over-year house price appreciation at 6.10 percent, followed by the Midwest at 5.29 percent. The West and South have lower, but positive appreciation at 2.63 and 1.34 percent, respectively. From September to October, the rate of house price appreciation accelerated in the Northeast and West and slowed in the Midwest and South. Month over month house price appreciation remains positive in each region of the country as of October 2024.

Year over Year House Price Appreciation by Region



Source: ICE Mortgage Technologies and Urban Institute Calculations. Data as of September 2024

Month over Month House Price by Region



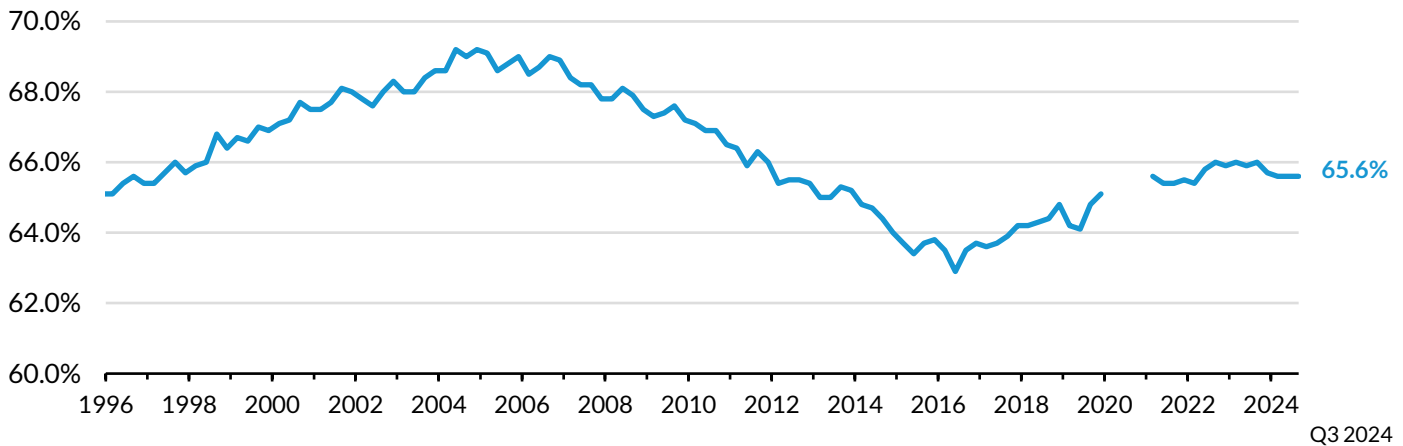
Source: ICE Mortgage Technologies and Urban Institute Calculations. Data as of October 2024.

STATE OF THE MARKET

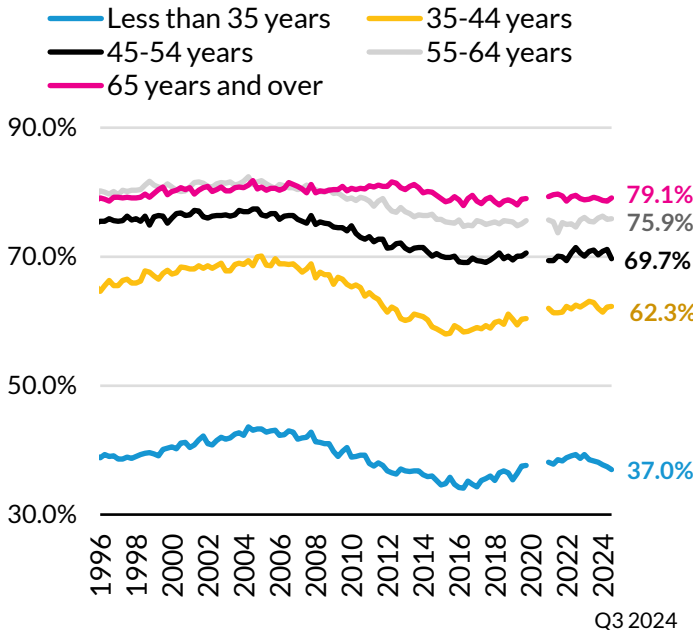
HOMEOWNERSHIP RATES

In the third quarter of 2024, the homeownership rate was at 65.6 percent, unchanged from the previous quarter, 0.4 percentage points lower than a year ago. After falling to 62.9 percent in the second quarter of 2016, the homeownership rate began to recover but remains 3.4 percentage points below its Q1 2005 peak of 69.0 percent. However, the homeownership rate has stagnated since the fourth quarter of 2022. By age groups, senior households are more likely to be homeowners relative to younger households. In addition, the homeownership rate for households 65 years old and above is closest to its 2000s peak levels. By race and ethnicity, white households are more likely to be homeowners relative to households of color. However, the homeownership rate among Latino households is closest to returning to its 2000s peak.

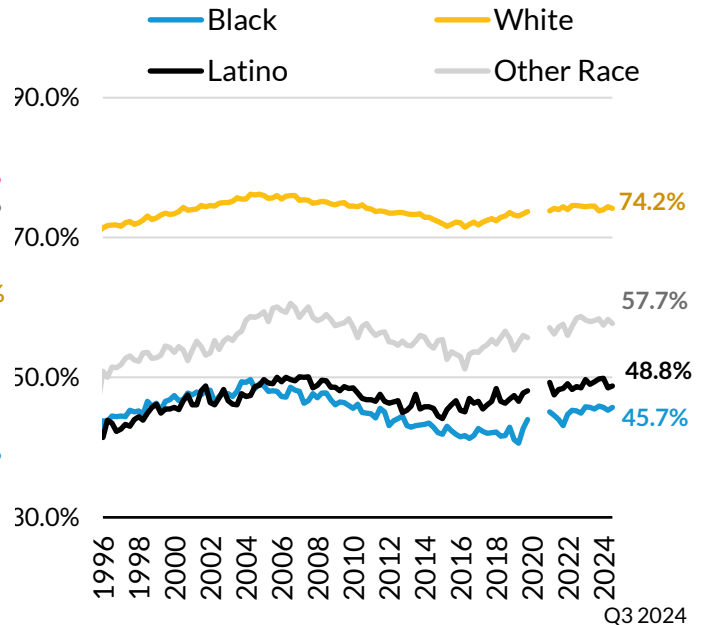
Overall Homeownership Rate



Homeownership by Owner Age



Homeownership Rate by Race/Ethnicity



Source: Moody's Analytics, U.S. Census Bureau (BOC) and Urban Institute Calculations.

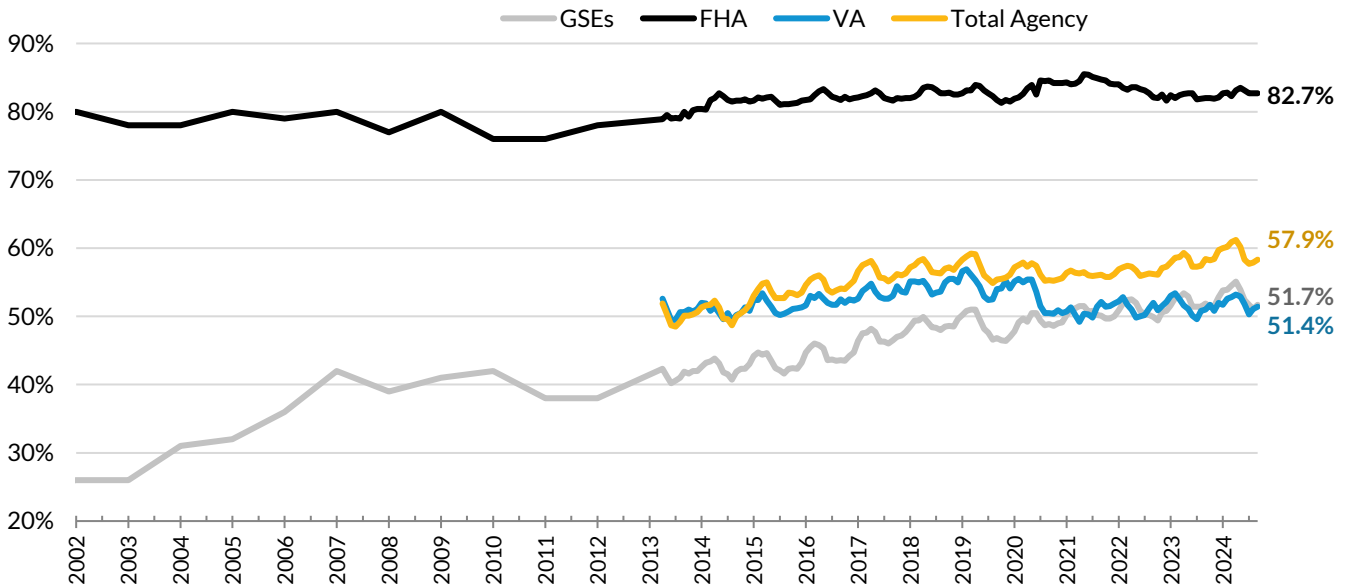
Note: Data from 2020 is poor due to low response rates during the pandemic.

STATE OF THE MARKET

FIRST-TIME HOMEBUYERS

First-Time Homebuyer Share

In September 2024, the first-time homebuyer (FTHB) share for FHA, which has always been more focused on first time homebuyers, was 82.7 percent. The FTHB share of GSE lending in September was 51.7 percent, slightly higher than the VA share of 51.4 percent. The bottom table shows that based on mortgages originated in September 2024, the average FTHB was more likely than an average repeat buyer to take out a smaller loan, have a lower credit score and a higher LTV.



Sources: eMBS, Federal Housing Administration (FHA), and Urban Institute.

Note: All series measure the first-time homebuyer share of purchase loans for principal residences.

September 2024

Comparison of First-Time and Repeat Homebuyers, GSE and FHA Originations

Characteristics	GSEs		FHA		GSEs and FHA	
	First-time	Repeat	First-time	Repeat	First-time	Repeat
Loan Amount (\$)	\$352,230	\$387,256	\$333,031	\$344,774	\$347,770	\$389,345
Credit Score	752	764	689	716	726	751
LTV (%)	84	75	95	99	90	81
DTI (%)	37	38	45	43	41	40
Loan Rate (%)	6.26	6.26	5.94	5.90	6.11	6.14

Sources: eMBS and Urban Institute.

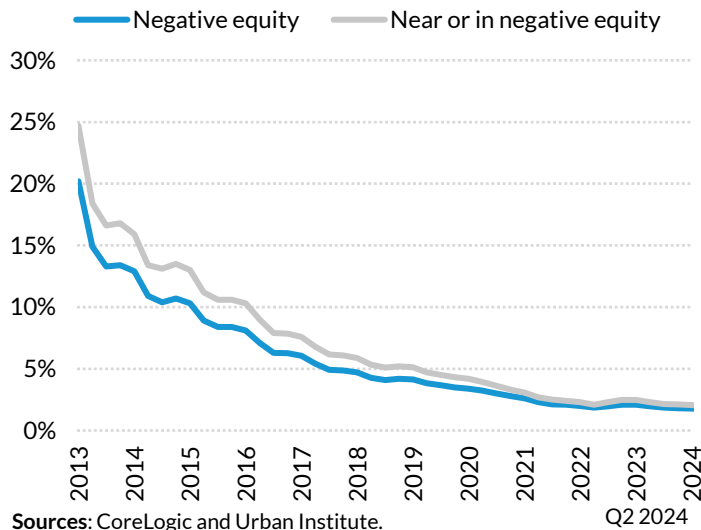
Note: Based on owner-occupied purchase mortgages originated in September 2024.

STATE OF THE MARKET

DELINQUENCIES AND LOSS MITIGATION ACTIVITY

The share of loans in and near negative equity remained flat at 2.0 percent from Q1 2024 to Q2 2024. In the second quarter of 2024, the composition of loans in or near negative equity consisted of approximately 1.7 percent with negative equity, and 0.3 percent between zero and 5 percent equity. The share of loans that are 90 days or more delinquent or in foreclosure increased by 9 basis points, from 1.44 percent in Q2 2024 to 1.53 percent in Q3 2024. This largely reflects a 7 basis point increase in the share of mortgages 90 days or more delinquent; over the same period the share of loans in foreclosure increased 2 basis points. Serious delinquencies include loans where borrowers have missed their payments, including loans in forbearance. The bottom chart shows the share of loans in forbearance according to the MBA Weekly Forbearance and Call Volume Survey, launched in March 2020. After peaking at 8.55 percent in early June 2020, the total forbearance rate declined to 2.06 percent as of October 31st, 2021, the final week of the call survey. The MBA has since moved to conducting a monthly survey with the most recent forbearance rate increasing to 0.43 percent as of October 31st 2024. GSE loans have consistently had the lowest forbearance rates, standing at 0.20 percent at the end of October. The most recent forbearance rate for Other (e.g., portfolio and PLS) loans was 0.47 percent; Ginnie Mae loans had the highest forbearance rate at 1.06 percent, up 30 basis points from September.

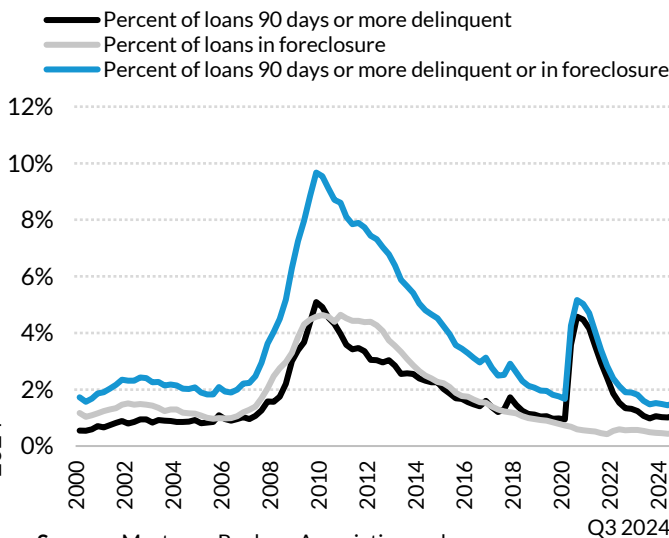
Negative Equity Share



Sources: CoreLogic and Urban Institute.

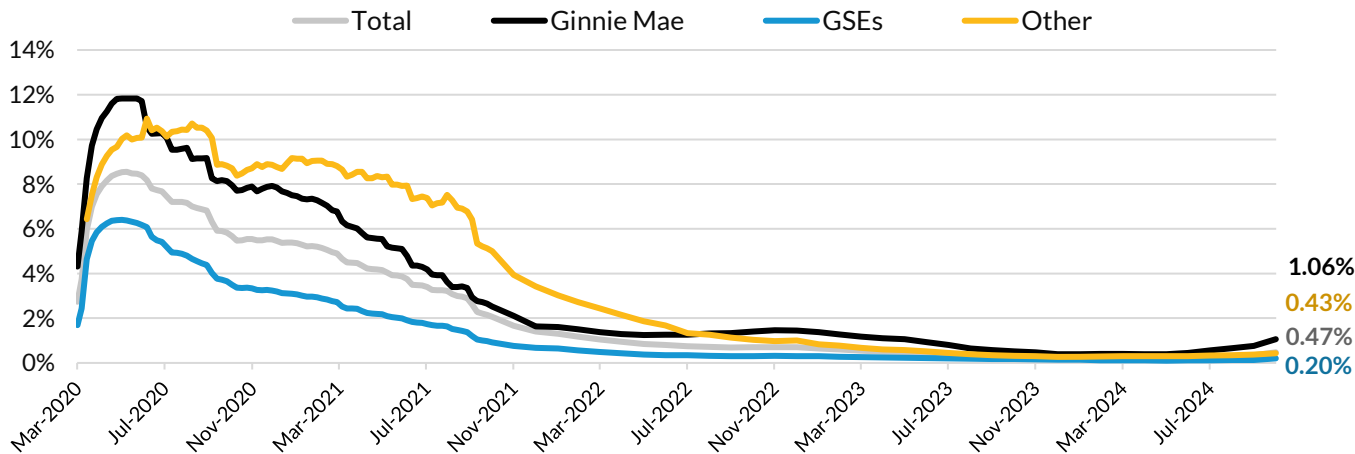
Note: Loans with negative equity refer to loans above 100 percent LTV. Loans near negative equity refer to loans above 95 percent LTV.

Loans in Serious Delinquency/Foreclosure



Sources: Mortgage Bankers Association and Urban Institute.

Forbearance Rates by Channel



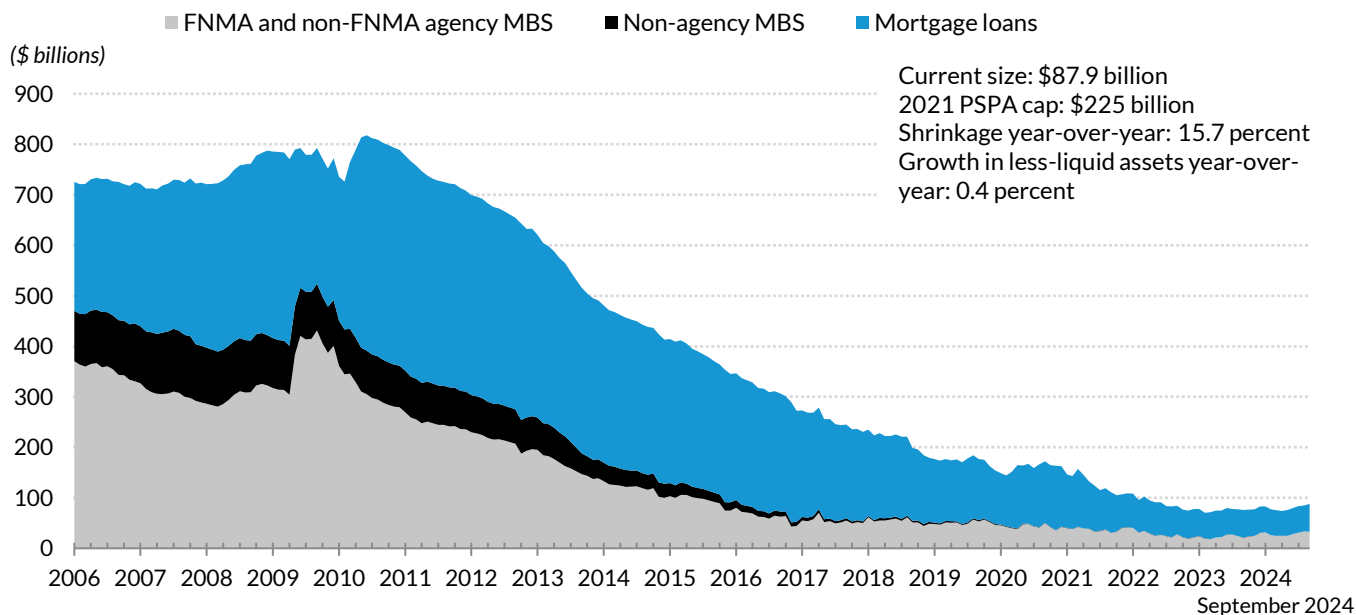
Source: MBA Weekly Forbearance and Call Volume Survey. Forbearance rates as of October 31, 2024

GSES UNDER CONSERVATORSHIP

GSE PORTFOLIO WIND-DOWN

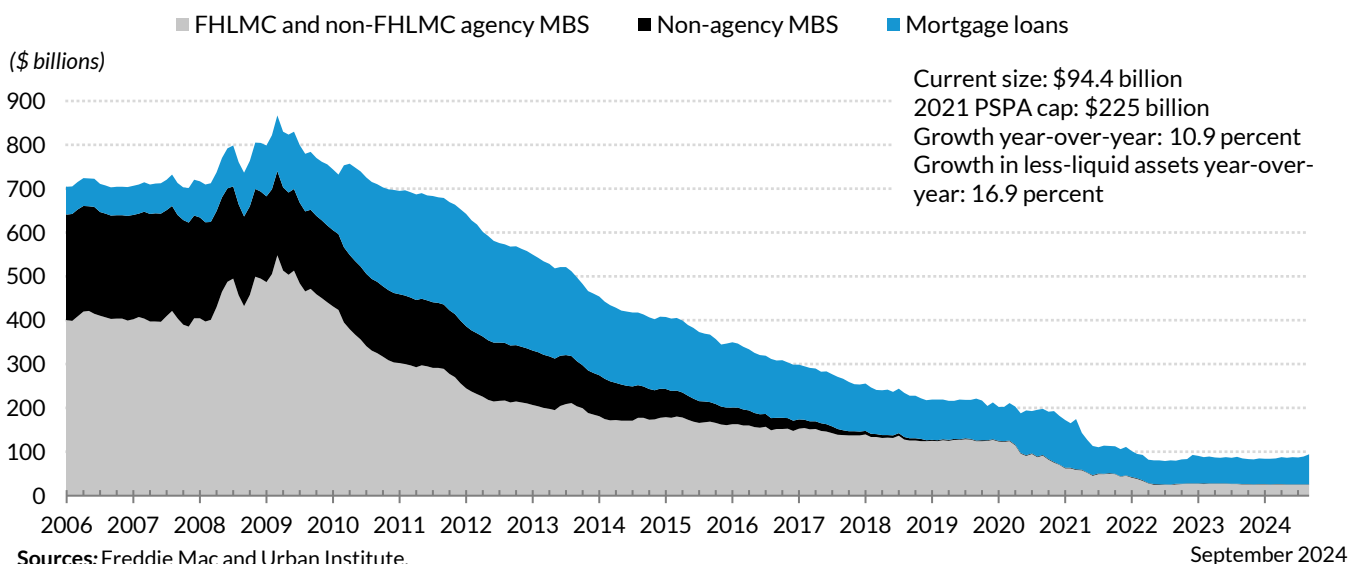
The Fannie Mae and Freddie Mac portfolios remain well below the \$225 billion cap mandated in January 2021 by the new Preferred Stock Purchase Agreements (PSPAs), at \$87.9 and \$94.4 billion, respectively. From September 2023 to September 2024, the Fannie portfolio shrank 15.7 percent, and Freddie's grew by 10.9 percent. Within the portfolios, Fannie Mae grew their less-liquid assets (mortgage loans, non-agency MBS) by 0.4 percent while Freddie grew theirs by 16.9 percent over the same 12-month period.

Fannie Mae Mortgage-Related Investment Portfolio Composition



Sources: Fannie Mae and Urban Institute.

Freddie Mac Mortgage-Related Investment Portfolio Composition



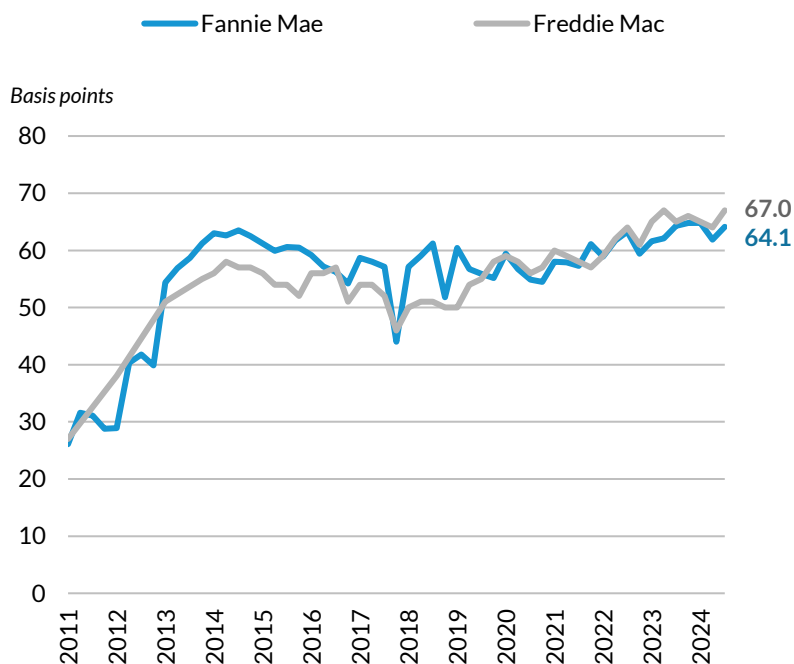
Sources: Freddie Mac and Urban Institute.

Note: Effective March 2021, Freddie Mac doesn't provide FHLMC/non-FHLMC breakout of agency MBS. The above charts were updated in May 2021 to reflect this.

EFFECTIVE GUARANTEE FEES

Guarantee Fees Charged on New Acquisitions

Fannie Mae's average g-fees charged on new acquisitions increased to 64.1 basis points in Q3 2024, up from 64.1 basis points in Q2 2024. Freddie's increased from 64.0 to 67.0 basis points over the same time period. Today's g-fees are markedly higher than g-fee levels in 2011 and 2012, contributing to the GSEs' earnings amid sharp drops in acquisition volume. The bottom table shows Fannie Mae LLPAs, which are expressed as upfront charges. In October 2022, the GSEs announced the elimination of LLPAs for loans to FTHB's earning up to the AMLI, affordable mortgage products such as Home Possible and Home Ready, and for loans supporting the Duty to Serve program. In January 2023, the GSEs released an updated LPA Adjustment Matrix, effective since May 1, 2023.



Sources: Fannie Mae, Freddie Mac and Urban Institute.
Data as of Q3 2024.

Fannie Mae Upfront Loan-Level Price Adjustments (LLPAs)

Credit Score	LTV (%)								
	≤60	30.01 - 60	60.01 - 70	70.01 - 75	75.01 - 80	80.01 - 85	85.01 - 90	90.01 - 95	>95
> 779	0.000	0.000	0.000	0.500	0.375	0.375	0.250	0.250	0.125
760 - 779	0.000	0.000	0.000	0.250	0.625	0.625	0.500	0.500	0.250
740 - 759	0.000	0.000	0.125	0.375	0.875	1.000	0.750	0.625	0.500
720 - 739	0.000	0.000	0.250	0.750	1.250	1.250	1.000	0.875	0.750
700 - 719	0.000	0.000	0.375	0.875	1.375	1.500	1.250	1.125	0.875
680 - 699	0.000	0.000	0.625	1.125	1.750	1.875	1.500	1.375	1.125
660 - 679	0.000	0.000	0.750	1.375	1.875	2.125	1.750	1.625	1.250
640 - 679	0.000	0.000	1.125	1.500	2.250	2.500	2.000	1.875	1.500
< 640	0.000	0.125	1.500	2.125	2.750	2.875	2.625	2.250	1.750

Sources: Fannie Mae and Urban Institute.
Last updated January of 2023.

GSES UNDER CONSERVATORSHIP

GSE RISK-SHARING TRANSACTIONS

Fannie Mae and Freddie Mac have been laying off credit risk primarily through their CAS/STACR and reinsurance transactions. Since 2014, the GSEs have transferred the bulk of the credit risk on most of their mortgages to the private markets. Fannie Mae's CAS issuances since inception total \$2.27 trillion; Freddie's STACR totals \$2.74 trillion. After the COVID-19 spread widening in March 2020, and the re-proposed capital rules released by FHFA shortly thereafter, Fannie Mae did not issue any deals from Mar 2020 to Sep 2021, while Freddie Mac continued to issue. With the changes in the final Capital Rule more CRT friendly, and more positive attitude toward CRT at FHFA, Fannie resumed CAS issuance in October 2021. Since the beginning of 2024, Fannie Mae has issued 6 CAS deals and Freddie Mac has issued 5 STACR deals. Over 2024 to-date, the amount of Freddie Mac STACRs issued is 56 percent higher than issuance in 2023 through October. Fannie Mae CAS issuance through September 2024 is 11 percent higher than CAS issuance through September 2023.

Fannie Mae – Connecticut Avenue Securities (CAS)

Date	Transaction	Reference Pool Size (\$ m)	Amount Issued (\$m)	% of Reference Pool Covered
2013	CAS 2013 deals	\$26,756	\$675	2.5
2014	CAS 2014 deals	\$222,224	\$5,849	2.6
2015	CAS 2015 deals	\$187,127	\$5,463	2.9
2016	CAS 2016 deals	\$236,459	\$7,392	3.1
2017	CAS 2017 deals	\$264,697	\$8,707	3.3
2018	CAS 2018 deals	\$205,998	\$7,314	3.6
2019	CAS 2019 deals	\$290,211	\$8,073	2.8
2020	CAS 2020 deals	\$58,015	\$2,167	3.7
2021	CAS 2021 deals	\$142,202	\$3,095	2.2
2022	CAS 2022 deals	\$325,601	\$8,920	2.7
2023	CAS 2023 deals	\$191,497	\$5,440	2.8
January 2024	CAS 2024 - R01	\$19,674	\$752	3.8
March 2024	CAS 2024 - R02	\$19,061	\$751	3.9
April 2024	CAS 2024 - R03	\$26,843	\$628	2.3
May 2024	CAS 2024 - R04	\$19,070	\$708	3.7
July 2024	CAS 2024 - R05	\$21,981	\$659	3.0
September 2024	CAS 2024 - R06	\$17,061	\$665	3.9
Total		\$2,274,476	\$67,258	3.0%

Freddie Mac – Structured Agency Credit Risk (STACR)

Date	Transaction	Reference Pool Size (\$ m)	Amount Issued (\$m)	% of Reference Pool Covered
2013	STACR 2013 deals	\$57,912	\$1,130	2.0
2014	STACR 2014 deals	\$147,120	\$4,916	3.3
2015	STACR 2015 deals	\$179,196	\$6,658	3.7
2016	STACR 2016 deals	\$183,421	\$5,541	3.0
2017	STACR 2017 deals	\$248,821	\$5,663	2.3
2018	STACR 2018 deals	\$243,007	\$6,055	2.5
2019	STACR 2019 deals	\$181,753	\$5,807	3.2
2020	STACR 2020 deals	\$403,591	\$10,372	2.6
2021	STACR 2021 deals	\$574,706	\$11,024	1.9
2022	STACR 2022 deals	\$327,773	\$11,203	3.4
2023	STACR 2023 deals	\$87,794	\$2,838	3.2
February 2024	STACR Series 2024 – DNA1	\$18,798	\$572	3.0
March 2024	STACR Series 2024 – HQA1	\$23,710	\$712	3.0
May 2024	STACR Series 2024 – DNA2	\$33,087	\$899	2.7
August 2024	STACR Series 2024 – HQA2	\$34,318	\$853	2.5
October 2024	STACR Series 2024 – HQA3	\$25,430	\$643	2.5
Total		\$2,736,118	\$74,032	2.7%

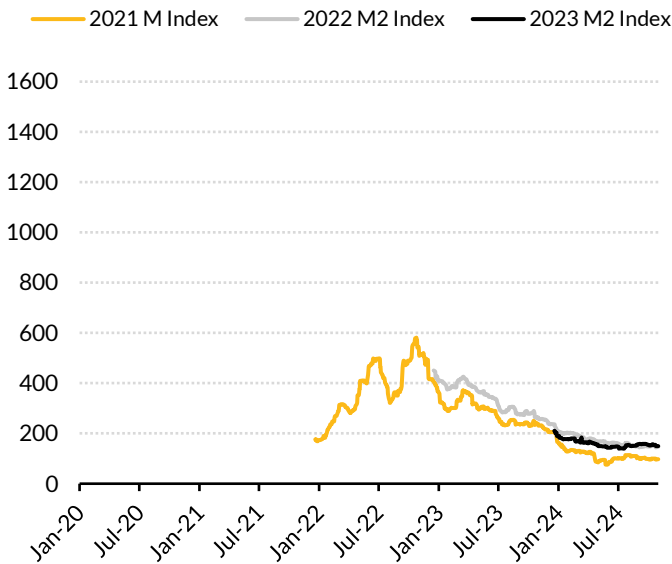
Sources: Fannie Mae, Freddie Mac and Urban Institute. Note: Classes A-H, M-1H, M-2H, and B-H are reference tranches only. These classes are not issued or sold. The risk is retained by Fannie Mae and Freddie Mac. "CE" = credit enhancement.

GSES UNDER CONSERVATORSHIP

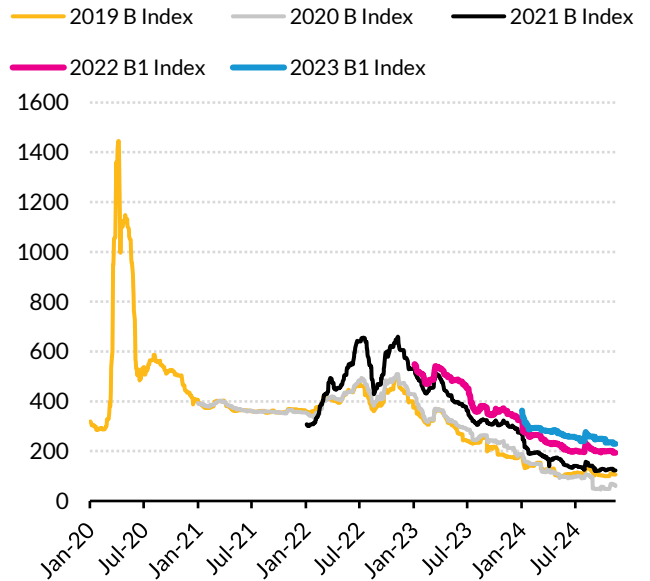
GSE RISK-SHARING INDICES

The figures below show the spreads on 2019, 2020, 2021, 2022 and 2023 indices, as priced by dealers. The spread between 2021 indices and previous vintages 2019 and 2020 widened from February to November 2022 and remained wide through 2023, but not to the same degree of widening that took place during the pandemic. Since December 2023, 2021 indices dropped to align more with previous vintages. However, 2022 and 2023 indices remain elevated compared to 2019-2021 indices. This pattern reflects lower embedded home price appreciation as well as higher mortgage rates, contributing to higher credit risk on newer vintages.

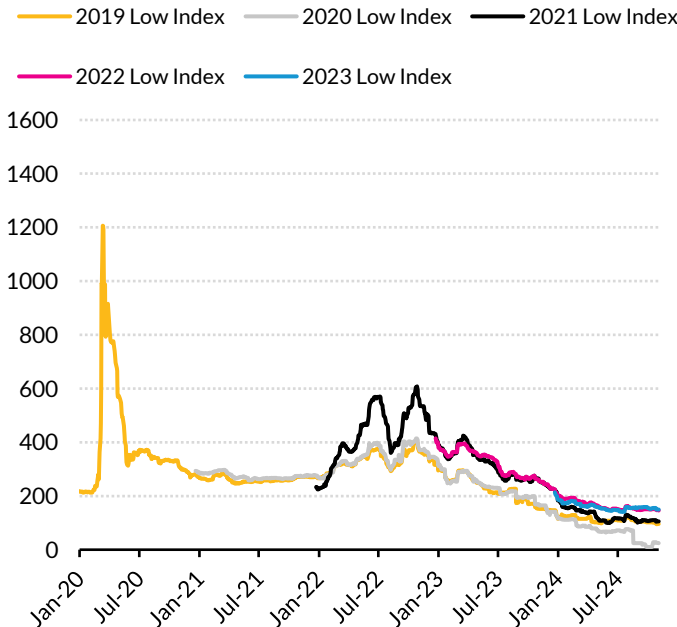
M Indices



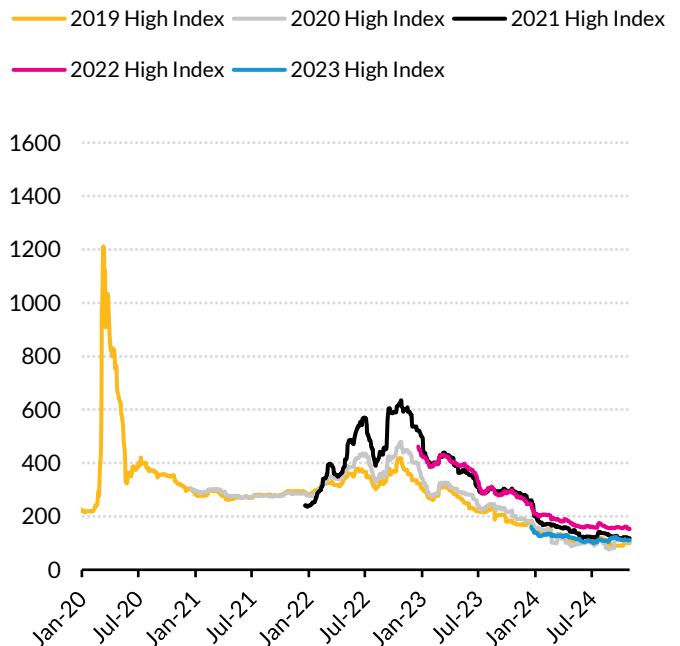
B Indices



Low Indices



High Indices

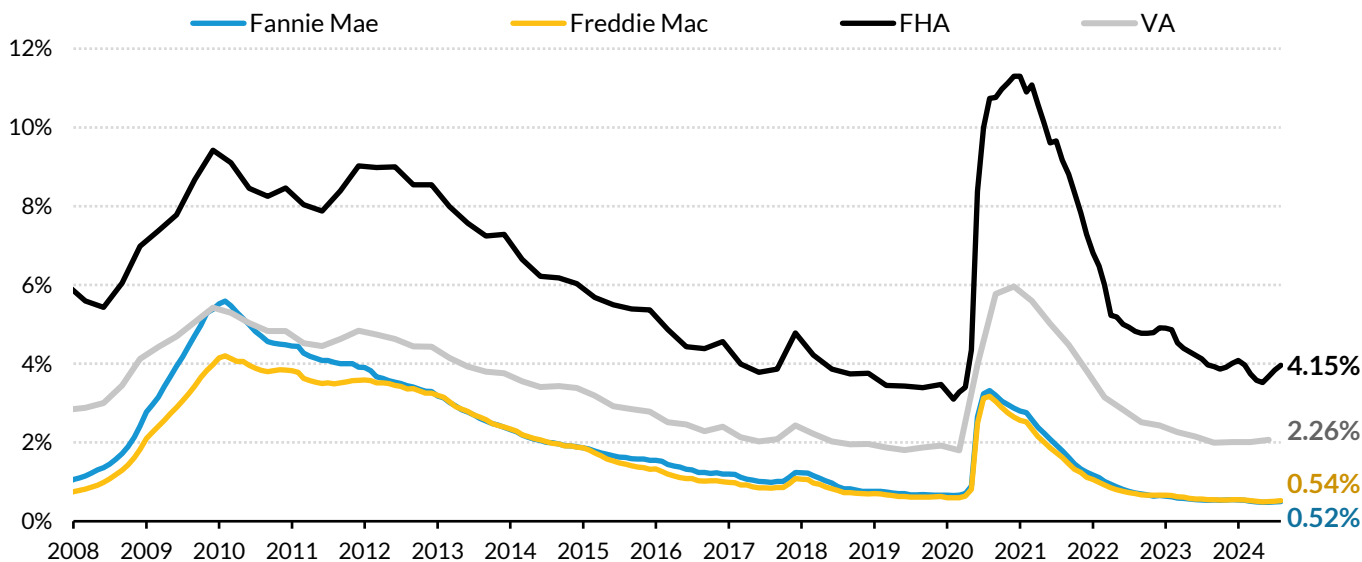


Sources: Vista Data Services and Urban Institute.
Note: Data as of November 14, 2024.

SERIOUS DELINQUENCY RATES

Serious delinquency rates for single family loans have declined to pre-pandemic levels, and seasonal trends now govern changes in delinquencies. In September 2024, the serious delinquency rate on Fannie Mae and Freddie Mac single-family loans both increased slightly to 0.52 and 0.54 percent, respectively. Serious delinquency rates for FHA loans, which are higher than those on GSE or VA loans, increased from 3.96 percent in August to 4.15 percent in September. In Q3 2024, VA serious delinquency rates increased to 2.26 percent, from 2.07 percent in Q2 2024. Note that loans that are in forbearance are counted as delinquent for the purpose of measuring delinquency rates. Serious delinquency rates on Fannie and Freddie multifamily loans rose in 2023 amid higher interest rates and reports of lower property values on multifamily properties. Multifamily delinquency rates, while choppy on a month-to-month basis, have generally continued to rise in 2024.

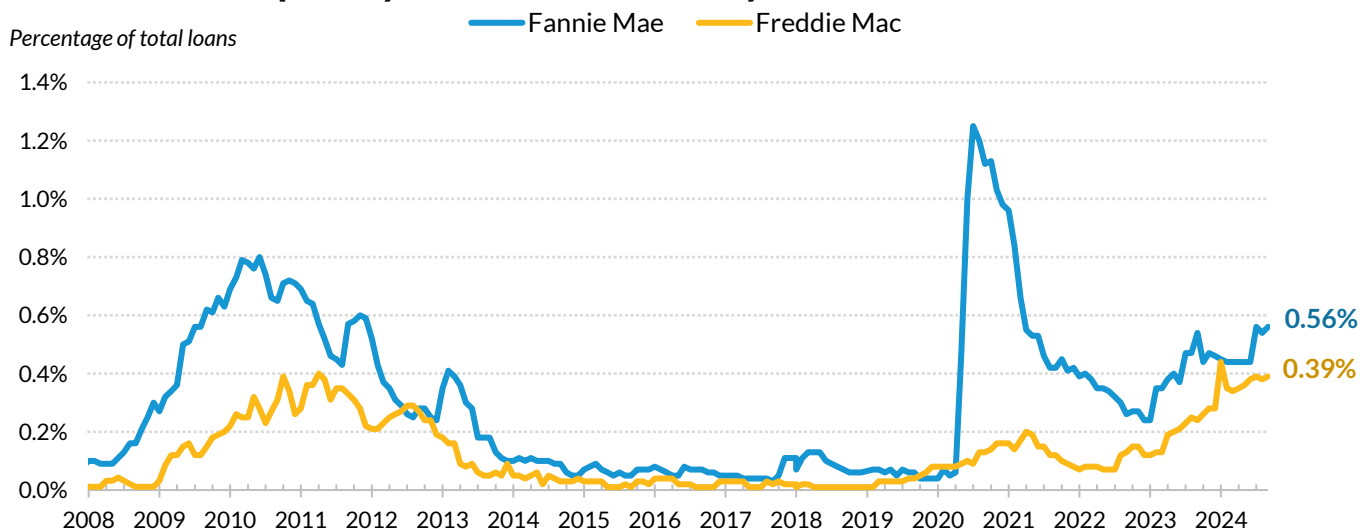
Serious Delinquency Rates—Single-Family Loans



Sources: Fannie Mae, Freddie Mac, Federal Housing Administration, MBA Delinquency Survey and Urban Institute. VA delinquencies are reported on a quarterly basis, last updated for Q2 2024. GSE and FHA delinquencies are reported monthly, data as of August 2024.

Note: Serious delinquency is defined as 90 days or more past due or in the foreclosure process. Not seasonally adjusted.

Serious Delinquency Rates—Multifamily GSE Loans



Sources: Fannie Mae, Freddie Mac and Urban Institute. Data as of August 2024.

Note: Multifamily serious delinquency is the unpaid balance of loans 60 days or more past due, divided by the total unpaid balance.

AGENCY ISSUANCE

AGENCY GROSS AND NET ISSUANCE

Agency gross issuance totaled \$923.5 billion in the first ten months of 2024, \$560.6 billion by the GSEs and \$362.9 billion by Ginnie Mae. GSE issuance is up 3.5 percent and Ginnie Mae is up 12.1 percent from 2023 issuance activity through October. Total 2024 net issuance (new securities issued less the decline in outstanding securities due to principal pay-downs or prepayments) of \$193.7 billion was 3.1 percent lower than the net issuance through same period in 2023. This lower net level relative to a year ago is mostly due to lower net issuance so far in the year by the GSEs.

Agency Gross Issuance

Issuance Year	GSEs	Ginnie Mae	Total
2003	\$1,874.9	\$213.1	\$2,088.0
2004	\$872.6	\$119.2	\$991.9
2005	\$894.0	\$81.4	\$975.3
2006	\$853.0	\$76.7	\$929.7
2007	\$1,066.2	\$94.9	\$1,161.1
2008	\$911.4	\$267.6	\$1,179.0
2009	\$1,280.0	\$451.3	\$1,731.3
2010	\$1,003.5	\$390.7	\$1,394.3
2011	\$879.3	\$315.3	\$1,194.7
2012	\$1,288.8	\$405.0	\$1,693.8
2013	\$1,176.6	\$393.6	\$1,570.1
2014	\$650.9	\$296.3	\$947.2
2015	\$845.7	\$436.3	\$1,282.0
2016	\$991.6	\$508.2	\$1,499.8
2017	\$877.3	\$455.6	\$1,332.9
2018	\$795.0	\$400.6	\$1,195.3
2019	\$1,042.6	\$508.6	\$1,551.2
2020	\$2,407.5	\$775.4	\$3,182.9
2021	\$2,650.8	\$855.3	\$3,506.1
2022	\$1,200	\$527.4	\$1,727.4
2023	\$637.9	\$382.9	\$1,020.7
2024 YTD	\$560.6	\$362.9	\$923.5
YTD 2024 % Change Over 2023	3.5%	12.1%	6.7%
2024 Annualized	\$672.7	\$435.5	\$1,108.2

Agency Net Issuance

Issuance Year	GSEs	Ginnie Mae	Total
2003	\$334.9	-\$77.6	\$257.3
2004	\$82.5	-\$40.1	\$42.4
2005	\$174.2	-\$42.2	\$132.0
2006	\$313.6	\$0.2	\$313.8
2007	\$514.9	\$30.9	\$545.7
2008	\$314.8	\$196.4	\$511.3
2009	\$250.6	\$257.4	\$508.0
2010	-\$303.2	\$198.3	-\$105.0
2011	-\$128.4	\$149.6	\$21.2
2012	-\$42.4	\$119.1	\$76.8
2013	\$65.3	\$89.6	\$154.9
2014	\$26.0	\$61.6	\$87.7
2015	\$68.4	\$97.2	\$165.6
2016	\$127.4	\$125.8	\$253.1
2017	\$160.7	\$132.3	\$293.0
2018	\$149.4	\$112.0	\$261.5
2019	\$197.8	\$95.7	\$293.5
2020	\$632.8	\$19.9	\$652.7
2021	\$753.5	\$5.6	\$759.1
2022	\$289.5	\$143.0	\$432.5
2023	\$57.5	\$175.4	\$232.9
2024 YTD	\$43.9	\$149.8	\$193.7
YTD 2024 % Change Over 2023	-15.3%	1.2%	-3.1%
2024 Annualized	\$52.6	\$179.8	\$232.5

Sources: eMBS and Urban Institute.

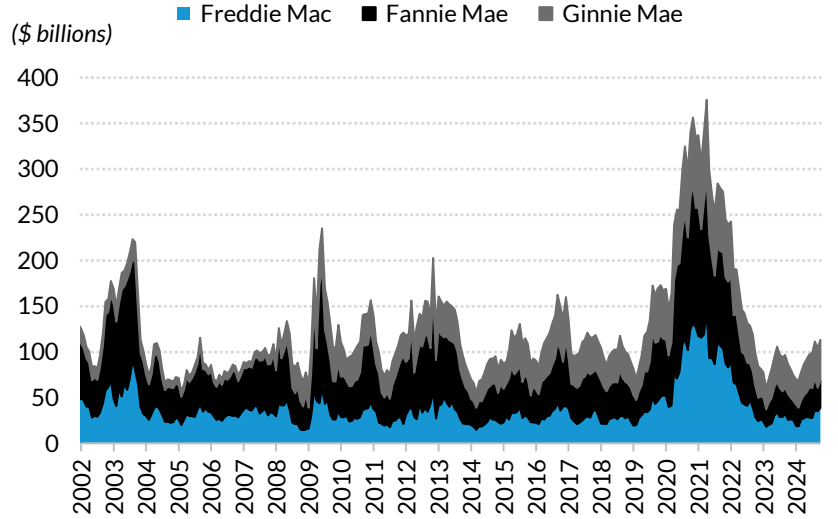
Note: Dollar amounts are in billions. Data as of October 2024.

AGENCY ISSUANCE

AGENCY GROSS ISSUANCE & FED PURCHASES

Agency issuances by the GSEs and Ginnie Mae totaled \$113.0 billion in October 2024, 30.2 percent higher than volume in October 2023. While Fannie and Freddie lending has dominated the mortgage market since the 2008 housing crisis, there has been a change in the mix. The Ginnie share of new issuances rose from a pre-crisis level of 10-12 percent to 34.8 percent in February 2020, reflecting gains in both purchase and refinance shares. The Ginnie share then declined to a low of 20.4 percent in November 2020, reflecting the more robust ramp up in GSE refinances relative to Ginnie Mae refinances. The Ginnie share then reached a new series high of 43.5 percent in February 2024 and remains relatively high at 39.2 percent in October 2024.

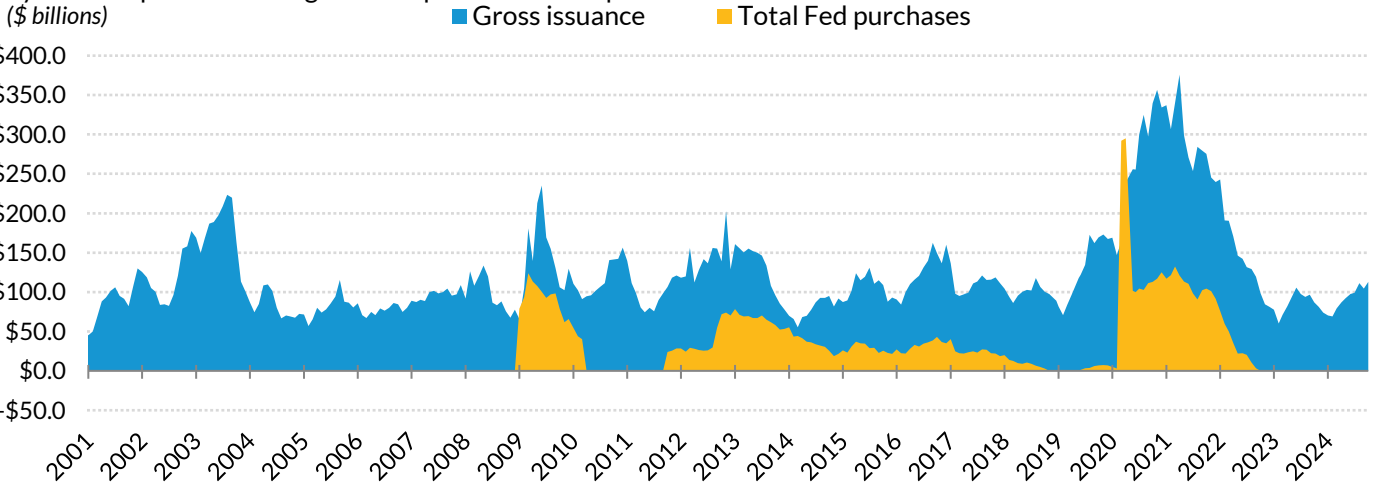
Monthly Gross Issuance



October 2024

Fed Absorption of Agency Gross Issuance

The Federal Reserve's portfolio was a critical policy tool during the pandemic. In March of 2020, the Fed announced they would buy mortgages, as well as Treasury securities, in an amount necessary to support smooth functioning markets. The Fed stopped buying MBS in March of 2022 and started allowing for run off in June of 2022. The Fed's purchases of agency MBS dropped to \$0 in November 2022 and has remained negligible since, reflecting their policy of allowing paydowns up to \$35 billion to run off. They also allowed paydowns of \$60 billion in US Treasury securities. At its May 2024 meeting, the Fed decided to slow the pace of decline of its securities holdings by reducing the monthly redemption cap on Treasury securities from \$60 billion to \$25 billion. The Fed will maintain the monthly redemption cap on agency debt and agency mortgage-backed securities at \$35 billion and will reinvest any principal payments in excess of this cap into Treasury securities. On November 20th 2024, the Fed's mortgage portfolio stood at \$2.26 trillion, down 8 percent from its level a year ago. Recently, the Fed continued easing monetary policy by reducing the federal funds rate by 50 basis points to a range of 5.33 percent to 4.83 percent.

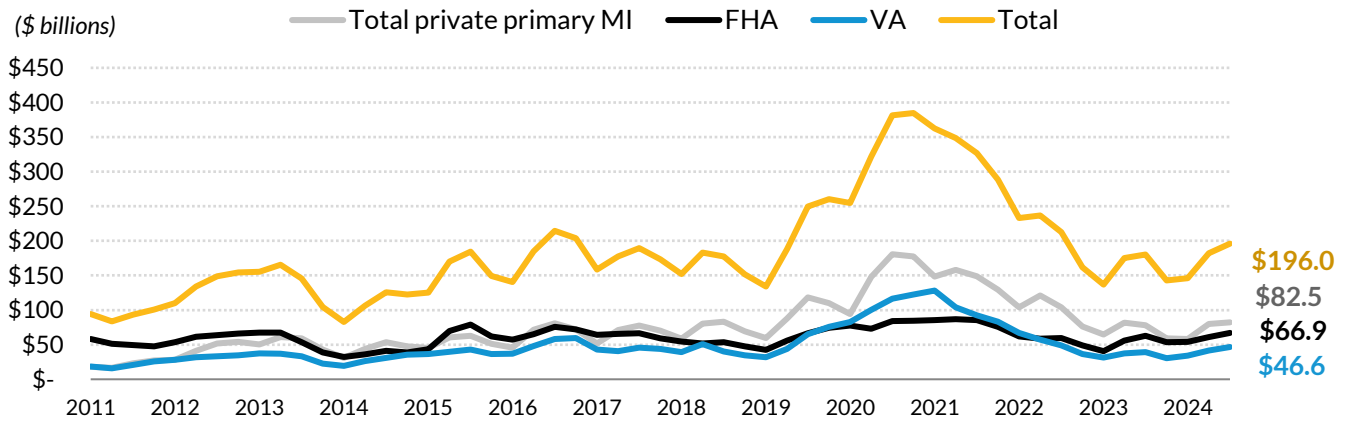


October 2024

MORTGAGE INSURANCE ACTIVITY

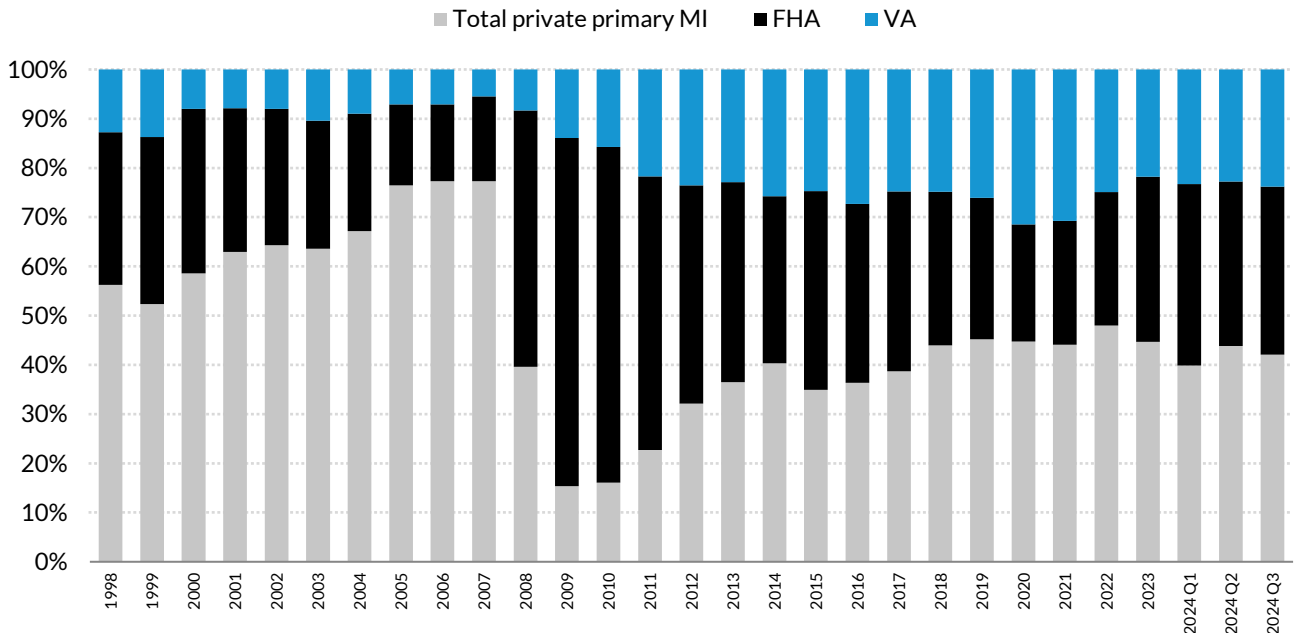
MI Activity

Total mortgage insurance written in Q3 2024 is 8.7 percent higher than the third quarter of 2023, reflecting greater use of the Ginne Mae channel. VA and FHA mortgage insurance activity increased by 18.5 and 6.6 percent, respectively from a Q3 2023 to Q3 2024. In Q3 2024, private primary mortgage insurance activity was \$82.5 billion, 5.4 percent higher than Q3 2023. Over the same time period, the composition of total mortgage insurance activity shifted towards government channels. The private mortgage insurers share decreased from 43.8 to 42.1 percent. In contrast, FHA's share increased from 33.4 to 34.1 percent and the VA share increased from 22.8 to 23.8 percent.



Sources: Inside Mortgage Finance and Urban Institute. Last updated for Q3 2024.

MI Market Share



Sources: Inside Mortgage Finance and Urban Institute. Last updated for Q3 2024.

AGENCY ISSUANCE

MORTGAGE INSURANCE ACTIVITY

FHA premiums rose significantly in the years following the housing crash, with annual premiums rising from 50 to 135 basis points between 2008 to 2013 as FHA worked to shore up its finances. In January 2015, President Obama announced a 50 basis points cut in annual insurance premiums. In February 2023, Vice President Harris announced another 30 basis points cut to FHA insurance premiums, making FHA mortgages more attractive than GSE mortgages for most borrowers putting down less than 5 percent. As shown in the bottom table, a borrower putting 3.5 percent down with a FICO score less than 760 will currently find FHA financing to be more financially attractive, borrowers with FICO's of 760 and above will find GSE execution with PMI to be more attractive. This calculation reflects both the FHA MIP cut and the more favorable GSE LLPA's for borrowers with low to moderate incomes.

FHA MI Premiums for Typical Purchase Loan

Case number date	Upfront mortgage insurance premium (UFMIP) paid	Annual mortgage insurance premium (MIP)
1/1/2001 - 7/13/2008	150	50
7/14/2008 - 4/5/2010*	175	55
4/5/2010 - 10/3/2010	225	55
10/4/2010 - 4/17/2011	100	90
4/18/2011 - 4/8/2012	100	115
4/9/2012 - 6/10/2012	175	125
6/11/2012 - 3/31/2013 ^a	175	125
4/1/2013 - 1/25/2015 ^b	175	135
1/26/2015 - 3/19/2023 ^c	175	85
Beginning 3/20/2023	175	55

Sources: Ginnie Mae and Urban Institute.

Note: A typical purchase loan has an LTV over 95 and a loan term longer than 15 years. Mortgage insurance premiums are listed in basis points.

* For a short period in 2008 the FHA used a risk based FICO/LTV matrix for MI.

^a Applies to purchase loans less than or equal to \$625,500. Those over that amount have an annual premium of 150 bps.

^b Applies to purchase loans less than or equal to \$625,500. Those over that amount have an annual premium of 155 bps.

^c Applies to purchase loans less than or equal to \$625,500. Those over that amount have an annual premium of 105 bps.

Initial Monthly Payment Comparison: FHA vs. GSE with PMI

		Assumptions								
Property Value		\$300,000								
Loan Amount		\$289,500								
LTV		96.5								
Base Rate										
Conforming Base Rate		7.04								
FHA Base Rate		6.86								
FICO		620 - 639	640 - 659	660 - 679	680 - 699	700 - 719	720 - 739	740 - 759	760 +	
FHA MI Premiums										
FHA UFMIP		1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	
FHA MIP		0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	
PMI										
PMI Annual MIP		1.50%	1.31%	1.23%	0.98%	0.79%	0.70%	0.58%	0.46%	
Monthly Payment										
FHA		\$2,065	\$2,065	\$2,065	\$2,065	\$2,065	\$2,065	\$2,065	\$2,065	
GSE plus PMI		\$2,296	\$2,250	\$2,231	\$2,170	\$2,124	\$2,103	\$2,074	\$2,045	
GSE plus PMI Advantage		-\$231	-\$185	-\$166	-\$105	-\$60	-\$38	-\$9	\$20	

Sources: Enact Mortgage Insurance, Ginnie Mae, and Urban Institute. FHA and 30-year conforming rates from MBA Weekly Applications Survey.

Note: Rates as of November 15, 2024.

Mortgage insurance premiums listed in percentage points. Grey shade indicates FHA monthly payment is more favorable, while blue indicates PMI is more favorable.

The PMI monthly payment calculation is based on the 25 percent coverage that applies to Fannie Mae's HomeReady and Freddie Mac's Home Possible (HP) programs.

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