HOUSING FINANCE POLICY CENTER

HOUSING FINANCE AT A GLANCE

A MONTHLY CHARTBOOK

March 2025

URBAN INSTITUTE · ELEVATE · THE · DEBATE

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 biweekly newsletter.

ABOUT THE URBAN INSTITUTE

The Urban Institute is a nonprofit research organization that provides data and evidence to help advance upward mobility and equity. We are a trusted source for changemakers who seek to strengthen decisionmaking, create inclusive economic growth, and improve the well-being of families and communities. For more than 50 years, Urban has delivered facts that inspire solutions—and this remains our charge today.

HFPC STAFF

Laurie Goodman
Institute Fellow

Janneke Ratcliffe
Division Vice President

Michael Neal
Senior Fellow

Jung Choi
Principal Research Associate

Linna Zhu
Senior Research Associate

John Walsh
Research Analyst

Daniel Pang
Research Analyst

Amalie Zinn
Research Analyst

Katie Visalli
Research Analyst

Aniket Mehrotra
Policy Assistant

Matthew Pruitt
Research Assistant

Bryson Berry
Research Assistant

Alison Rincon
Director, Center Operations

Todd Hill
Senior Policy Program Manager

Anna Barcus
Project Administrator

Erin Koons
External Affairs Manager

HFPC NONRESIDENT FELLOWS

David Brickman
Nonresident Fellow

Sarah Gerecke
Nonresident Fellow

Mike Loftin
Nonresident Fellow

Jim Parrott
Nonresident Fellow

Vanessa Perry
Nonresident Fellow

Tony Pickett
Nonresident Fellow

Erika Poethig
Nonresident Fellow

Ellen Seidman
Nonresident Fellow

Michael Stegman
Nonresident Fellow

Ted Tozer
Nonresident Fellow

Jun Zhu
Nonresident Fellow

CONTENTS

What a Recession Could Mean for Recent Homebuyers

Expectations of an economic downturn were heightened among industry experts and economists, largely reflecting the response of economic indicators to escalating tariffs and economic uncertainty. A recession would harm homeowners, new and first-time homeowners in particular. Additionally, the ability of these households to recover from a recession could be slowed by staffing changes at key federal housing agencies.

Recessions are typically characterized by rising unemployment rates. For homeowners, the loss of a job often reduces their ability to repay their mortgage. Amid high mortgage rates and home prices, recent homebuyers were also most likely to be cost burdened. Homebuyers who purchased their homes in 2022 or 2023, a period of rising and high mortgage rates, had much higher cost-burden than homeowners who had purchased in 2021 when interest rates were lower. And the typical LMI mortgaged homebuyer was likely to be cost-burdened. Higher housing costs may make it more difficult for these homeowners to absorb an emergency shock.

In addition to higher cost burdens, new homebuyers have had less time to build equity in their homes. On a month-to-month basis, house prices have stagnated across the South and West regions of the country (page 26) and nationwide, homeowners' housing equity has flatlined (page 6). A recession could cause house prices to fall. Absent a catastrophic event, a decline in house prices would be limited by the lack of housing supply. However, even stagnant housing prices coupled with the transactions costs of selling a home could eliminate housing equity among recent first-time homebuyers.

The majority of new homebuyers using an agency mortgage are first-time homebuyers (page 28). FHA disproportionately serves first-time homebuyers. Compared to repeat buyers, new homebuyers start out with lower equity in their homes. Thus, these new homebuyers are at greater risk of delinquency.

During the COVID-19 pandemic, the FHA greatly improved its loss mitigation waterfall, which was recently made permanent, recently made permanent, with a final implementation date of February 2026. COVID policies will remain in effect until then. However, with the prospective cuts to FHA's budget and staff implementation of new policies may be more difficult. Moreover, these staffing cuts are likely to lower the capacity of a loss mitigation response to prevent mortgage default under current policies.

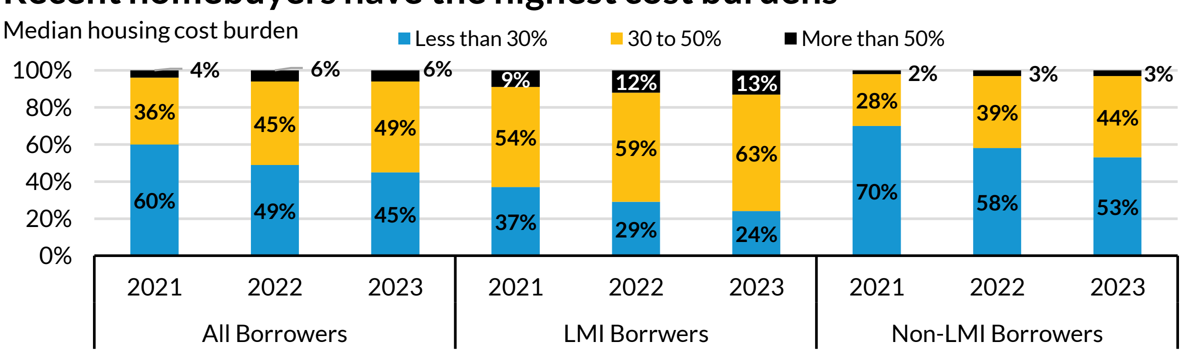
Amid recent events, the ability of households to sustain homeownership has declined and through no fault of their own. Recently, FHA and VA delinquency rates have begun to noticeably rise (page 34). A recession, combined with a less responsive FHA as a result of job cuts could exacerbate this trend and result in more significant loss of homeownership and wealth destruction.

Monetary policy carries great importance in this environment. But navigating its dual mandate of maximum employment and price stability has come under greater pressure from global trade developments. While the Fed doesn't anticipate a recession in the base case, the likelihood of one has clearly risen. This could have significant repercussions for homeownership and particularly for new and first-time homeowners.

Inside This Issue

- Over 2024, the FHA/VA share of securitized first-lien originations expanded (page 8).
- Mortgage rates remain elevated while the ARM share has declined to its long-run average (page 9)
- Over 2024, the volume of mortgage insurance shifted to government and away from PMI (page 37).

Recent homebuyers have the highest cost burdens



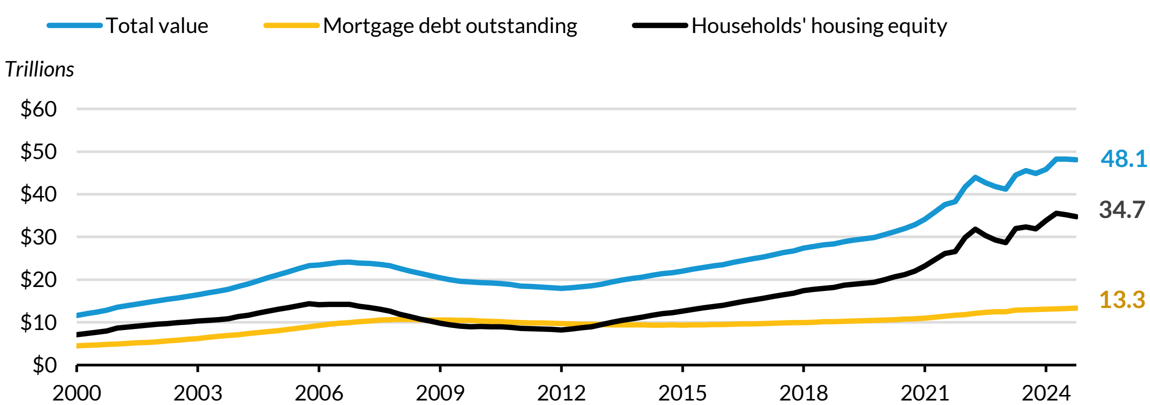
Source: 2021 and 2023 Home Mortgage Disclosure Act data, the Federal Financial Institutions Examination Council, and Urban Institute calculations.
Note: LMI = low- and moderate-income (earning up to 80 percent of the area median income). Cost-burdened households spend at least 30 percent of monthly income on housing costs (principal, taxes, interest, and utilities). Analysis is based on first-lien purchase mortgages for owner-occupied single-family units only.

OVERVIEW // MARKET SIZE OVERVIEW

In the fourth quarter of 2024 (Q4 2024), the total value of the single-family housing market owned by households decreased by 0.4 percent from the previous quarter to $48.1 trillion. Households' housing equity fell for the second consecutive quarter from $35.1 trillion in the second quarter of 2024 to $34.7 trillion in the fourth. Outstanding mortgage debt owed increased by 0.7 percent from $13.2 trillion in the previous quarter to $13.3 trillion. The total housing market value owned by households in the fourth quarter of 2024 has virtually doubled from its fourth quarter 2006 peak, increasing 99.1 percent. This strong growth largely reflects housing equity, which more than doubled since the fourth quarter of 2006, rising 144.6 percent. Outstanding mortgage debt increased 34.2 percent during the same period.

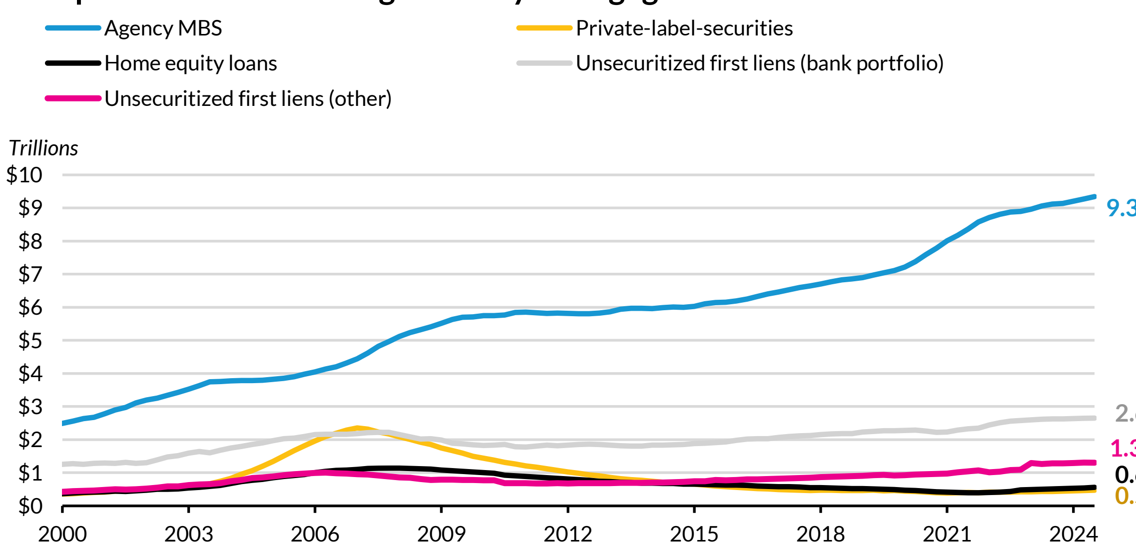
In the fourth quarter of 2024, agency MBS accounted for 65.2 percent ($9.3 trillion) of total mortgage debt outstanding, while home equity loans made up 3.9 percent ($0.6 trillion) and private-label securities made up 3.3 percent ($0.5 trillion). Unsecuritized first liens, both bank portfolio and other, compose the remaining 27.8 percent ($3.9 trillion), with banks making up 18.5 percent ($2.6 trillion), and other accounting for 9.2 percent ($1.3 trillion). Of other, nondepositories accounted for 5.2 percent ($0.7 trillion) of the total, and credit unions accounted for 4.2 percent ($0.6 trillion) (not shown).

Value of the US Single-Family Housing Market



Sources: Financial Accounts of the United States, table B.101, and the Urban Institute.
Notes: Data as of Q4 2024. Includes one-to-four-family owner-occupied mortgages. Mortgage debt outstanding in this figure does not match the totals in the figure below, as the this figure does not include investor-owned properties.

Composition of the US Single-Family Mortgage Market



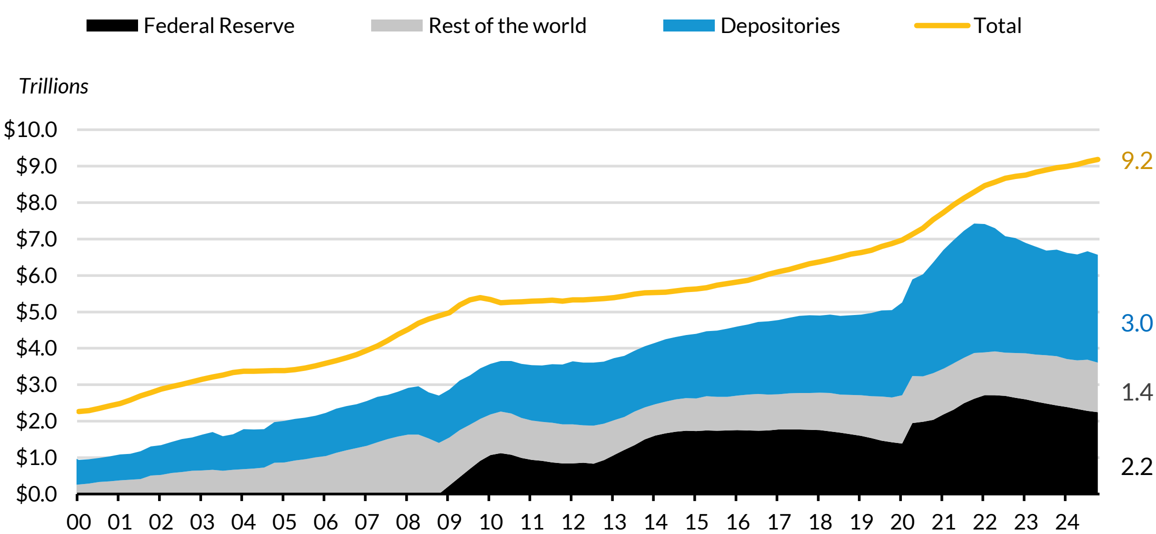
Sources*:* Financial Accounts of the United States and the Urban Institute.
Notes: Data as of Q4 2024. Unsecuritized first liens (other) includes mortgages not held on bank balance sheets. All categories include investor-owned properties.

OVERVIEW // MARKET SIZE OVERVIEW

In the fourth quarter of 2024, the three largest holders of the $9.2 trillion in outstanding agency MBS are US depositories ($3.0 trillion), the Federal Reserve ($2.2 trillion), and foreign investors ($1.4 trillion). Foreign investor holdings includes sovereign and private holdings. Amid quantitative tightening, the Federal Reserve had a noticeable reduction in its holdings over the past year. From Q4 2023 to Q4 2024, Federal Reserve holdings are down 7.7 percent, while commercial bank holdings are up 1.5 percent and foreign investor holdings are up 0.5 percent. The combined amount among all other holders increased by 16.2 percent over the same period.

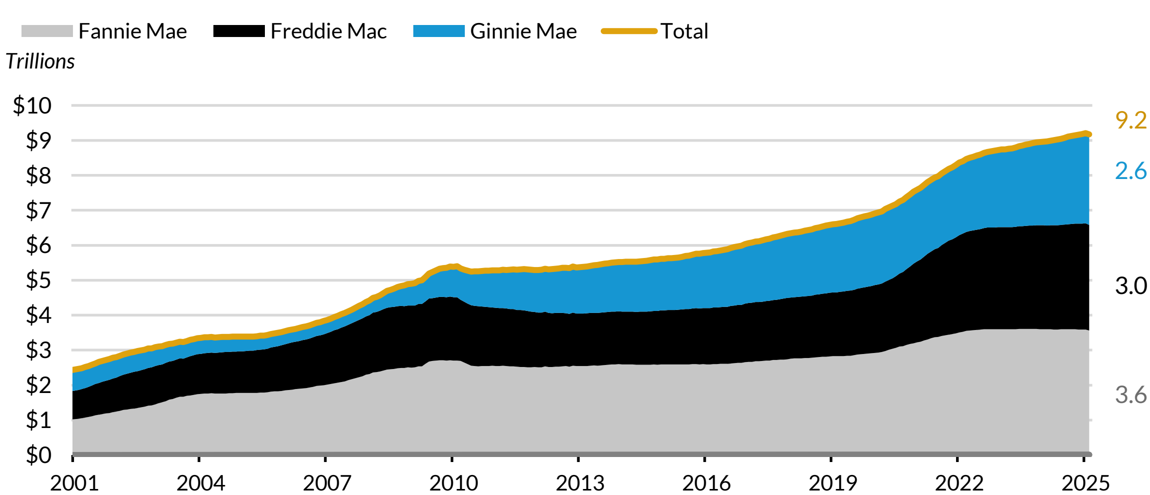
By the end of February 2025, outstanding securities in the agency market totaled slightly under $9.2 trillion according to loan-level data, 38.8 percent ($3.6 trillion) of which belonged to Fannie Mae, 33.0 percent ($3.0 trillion) to Freddie Mac, and 28.2 percent ($2.6 trillion) to Ginnie Mae. Since the middle of 2022, agency MBS across the GSEs has been largely flat while agency MBS volume across Ginnie has been steadily increasing.

Primary Holder of Agency MBS



Sources: Financial Accounts of the United States (table L.211), Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, Moody's Analytics, and Urban Institute calculations.
Note: Data as of Q4 2024. Federal reserve, depository and total holdings shown at face value and holding by the rest of the world at market value. Five percent of foreign MBS holdings is agency debentures. Holders not shown include households; nonfinancial business; federal, state, and local governments; insurance companies; pension and retirement funds; money market and mutual funds; real estate investment trusts; asset-backed security issuers; brokers; and holding companies.

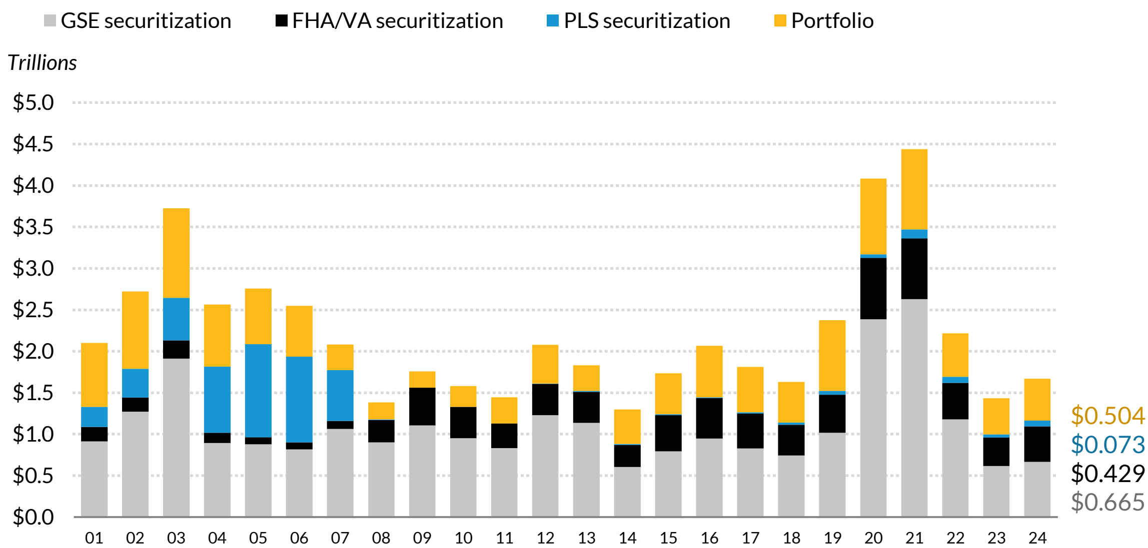
Agency Mortgage-Backed Securities



Sources: eMBS and the Urban Institute.
Note: Data as of February 2025. Total agency MBS in the top and bottom charts differ as the top is quarterly and the bottom is monthly.

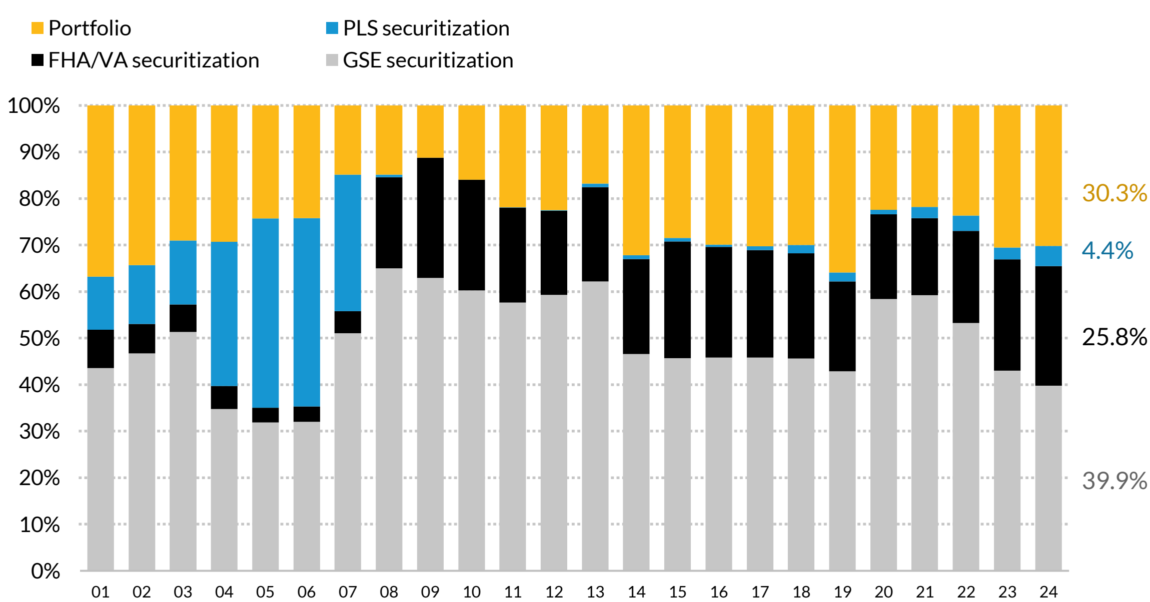
Mortgage origination volume totaled $1.67 trillion in 2024, 14.8 percent higher than the $1.45 trillion in 2023. From 2023 to 2024 the FHA/VA and PLS channels increased the most. First-lien PLS securitization volume in 2024 was $72.5 billion, nearly double the $36.8 billion from 2023. FHA/VA securitization volume was $428.7 billion in 2024, 25 percent higher than $342.9 billion in 2023. As a result of these increases in securitized first-lien originations, the FHA/VA share of all securitized originations rose by 2.2 percentage points from 23.6 percent in 2023 to 25.8 percent in 2024. The PLS share expanded from 2.5 percent to 4.4 percent in the same period In contrast, the 2024 GSE share of securitizations was 39.9 percent, compared with 42.5 percent in 2023. Portfolio accounted for 30.3 percent of originations, largely flat compared to its 30.2 percent share in 2023.

Volume of Securitized First-Lien Originations



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Data as of Q4 2024.

Composition of Securitized First-Lien Originations



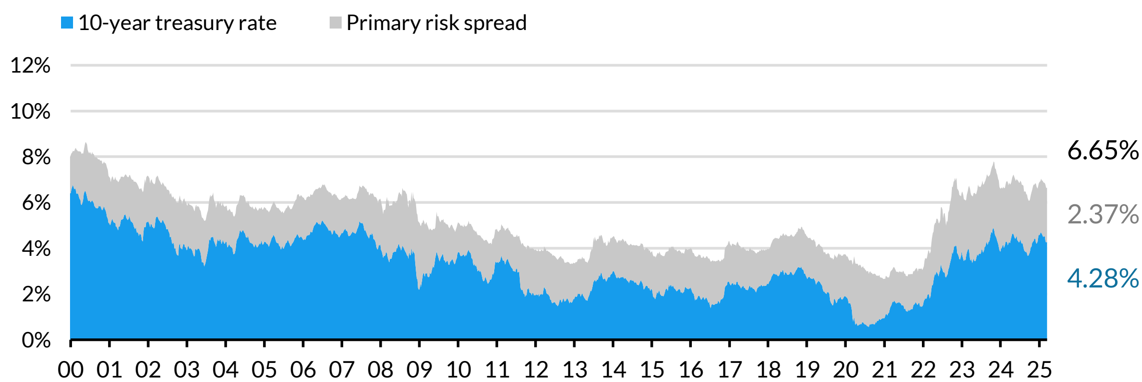
Sources: Inside Mortgage Finance and Urban Institute.
Note: Data as of Q4 2024.

The primary mortgage market spread (the differential between the 30-year fixed mortgage rate and the 10-year Treasury rate) has been elevated primarily reflecting higher levels of interest rate volatility amid concerns about the broader economy. The spread has averaged 1.75 percent 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 March 14, 2025, the 30-year fixed-rate mortgage was 6.65 percent. Although the primary spread has declined 76 basis points to 2.37 percent since the first week of June 2023 amid solid economic growth and greater price stability, these characteristics have helped to boost the 10-year Treasury rate by 62 basis points to 4.28 percent.

From 2009 to early 2022, the adjustable-rate mortgage (ARM) share remained very low, generally between 5 and 8 percent, as ultra-low rates persisted and product risk was wrung out of the market following the housing bust. But 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. Since then, the ARM share has largely declined even as the FHA/VA share of originations continued to rise over 2023 and 2024. As of March 7, 2025, the ARM share was 7.2 percent, within its 2009–22 range.

30-Year Fixed Mortgage Commitment Rate

By 10-year Treasury and risk spread



Source: Board of Governors of the Federal Reserve System and the Freddie Mac Primary Mortgage Market Survey and the Urban Institute.
Notes: Data as of March 14, 2025. The primary risk spread is the difference between the 30-year fixed mortgage rate and

Adjustable-Rate Mortgage Share of Applications

Source: Mortgage Bankers Association Weekly Mortgage Applications Survey.
Notes: Includes purchase and refinance applications. Data updated through March 7, 2025.

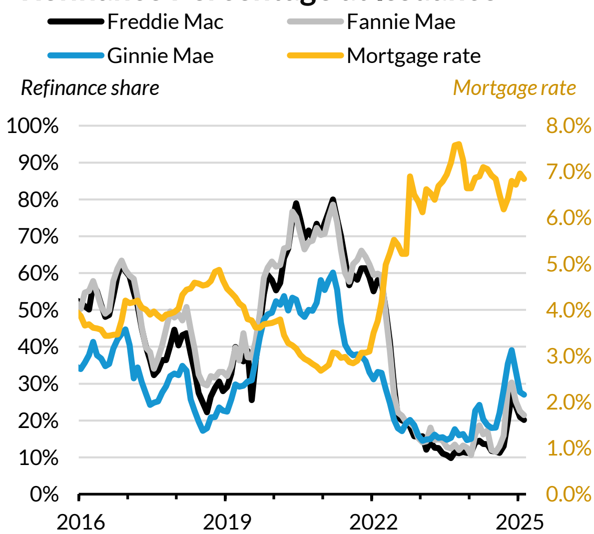
OVERVIEW // REFINANCABLE MORTGAGES

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 six to eight weeks earlier. The refinance share of originations dropped quickly over 2022 as interest rates increased, and have remained relatively low ever since. In recent years, the Ginnie Mae refinance share has exceeded that for Fannie Mae and Freddie Mac.

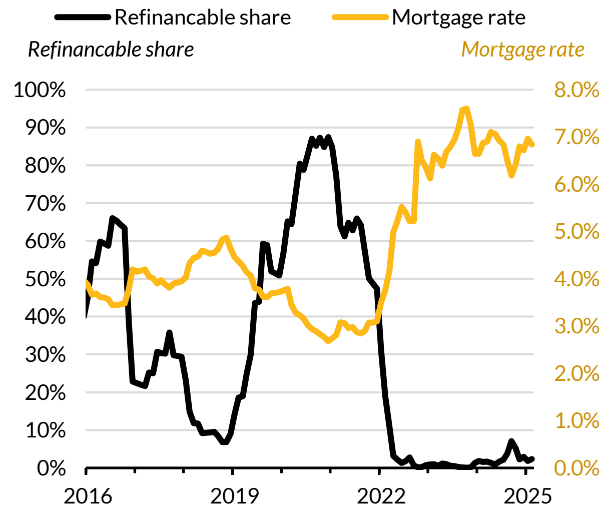
Amid falling mortgage rates in 2019 and 2020, the share of outstanding agency loans considered refinancable (i.e., with a note rate at least 50 basis points above the prevailing 30-year fixed mortgage rate) rose from 6.8 percent in October 2018 to 87.4 percent in December 2020. As interest rates increased in 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, the refinancable share of mortgages is 2.4 percent in February 2025.

The share of outstanding mortgage volume with a rate of 3.5 percent or lower has declined only 10.8 percentage points from a high of 54.9 percent in April 2022 to 44.1 percent in February 2025. Eighty-five percent of outstanding agency borrowers have a rate no higher than 6.0 percent (65 basis points below the 6.65 percent mortgage rate).

Refinance Percentage at Issuance

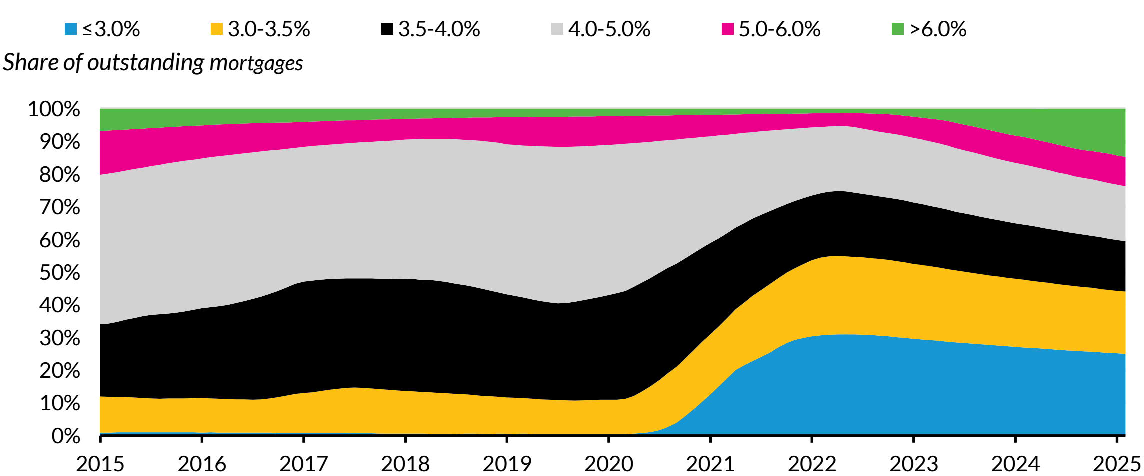


Refinancable Share of Mortgages



Sources: eMBS, Freddie Mac, and Urban Institute calculations.
Notes: Data as of February 2025. 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

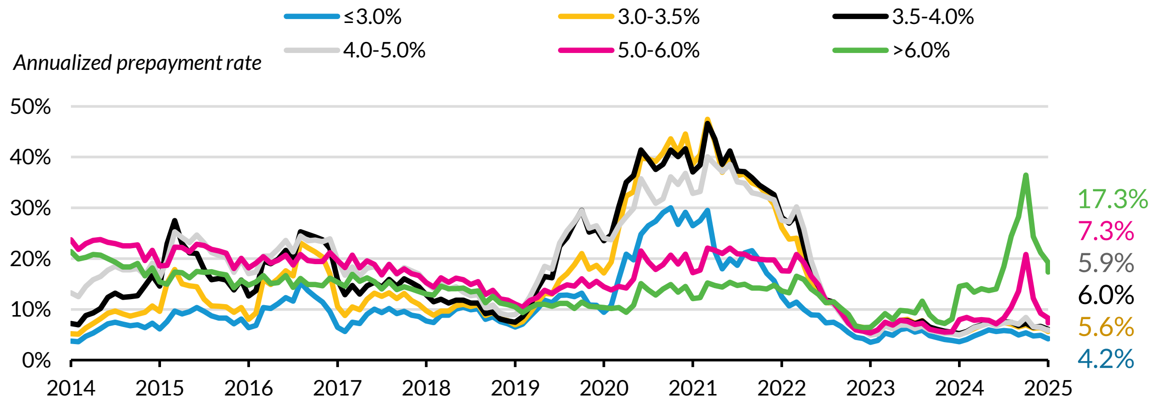


Sources: eMBS, Freddie Mac, and Urban Institute calculations.
Note: Data as of February 2025.

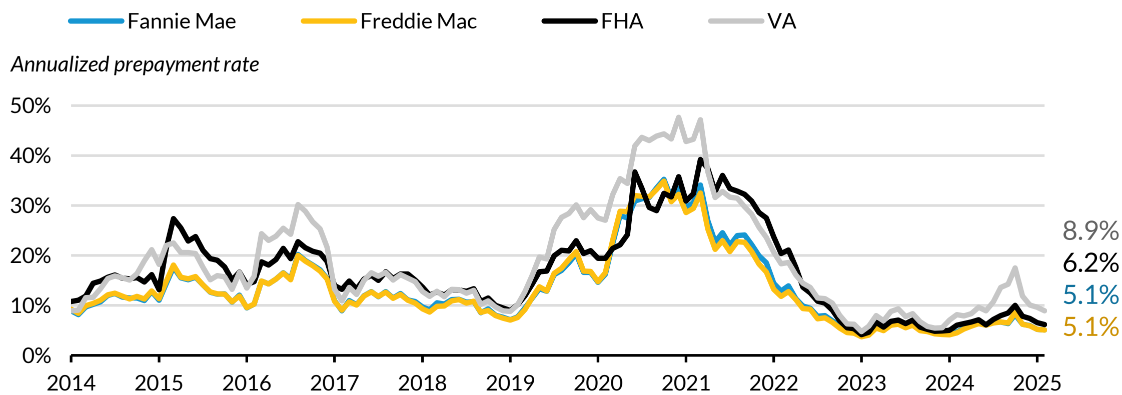
OVERVIEW // PREPAYMENT SPEEDS

After reaching lows at the beginning of 2019, the share of outstanding agency loans that were prepaid increased significantly from 2019 to 2021, as interest rates dropped to historic lows (page 9) and refinancability soared (page 10). Prepayments rates slowed dramatically from mid-2021 to mid-2024. In the last half of 2024, prepayment speeds accelerated, particularly among VA loans, loans originated in 2022 and later, and loans with interest rates over 5 percent. But increased interest rates over the last quarter of 2024 have caused prepayment rates to drop sharply at the start of 2025.

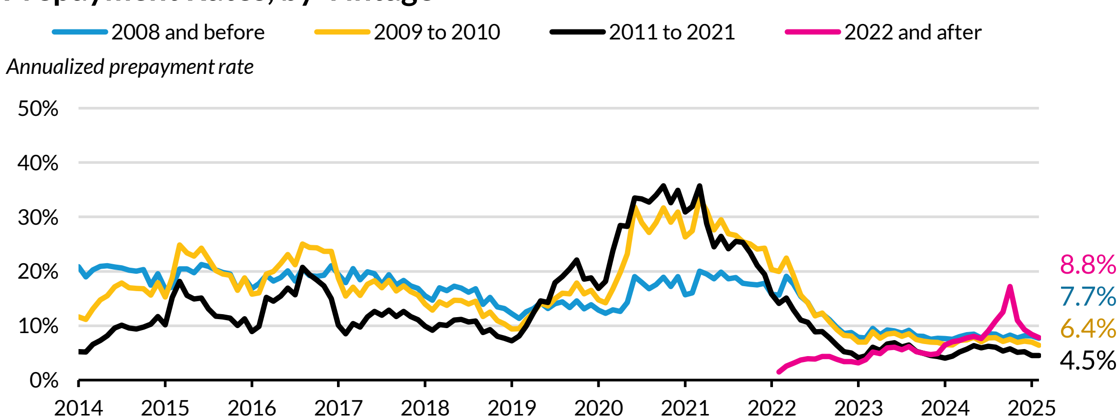
Prepayment Rates, by Note Rate



Prepayment Rates, by Agency



Prepayment Rates, by Vintage



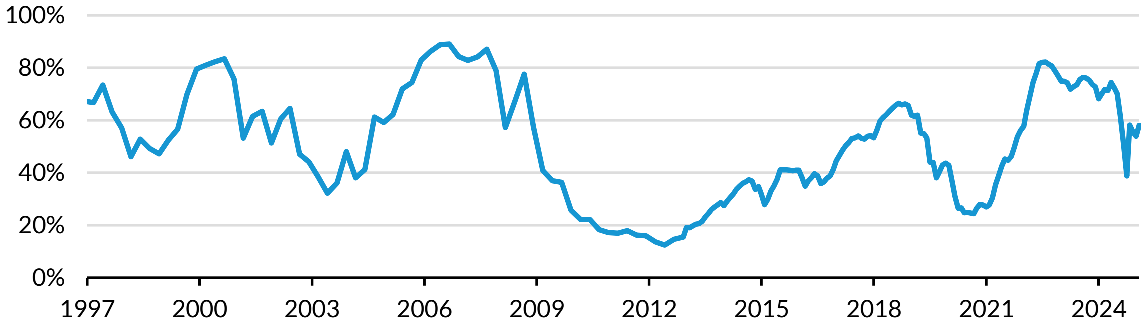
Source: Recursion Co. data as of February 2025.
Note: Prepayment rates calculated by loan count out of outstanding mortgage volume.

OVERVIEW // CASH-OUT REFINANCES

When mortgage rates are low, the cash-out share of refinances tends to fall, as more borrowers are incentivized to reduce their payments with rate-and-term refinancing. But when rates are high, the cash-out refinance share is elevated because the rate reduction incentive is gone and the only reason to refinance is to take out equity. Amid rising rates in 2022, the cash-out share reached a peak of 82.2 percent in August 2022. After the cash-out refinance share dipped to 38.8 percent in October 2024, the cash-out share of refinance loans stood at 58.1 percent in February 2025. The cash-out share is higher among Ginnie Mae loans than among GSE loans.

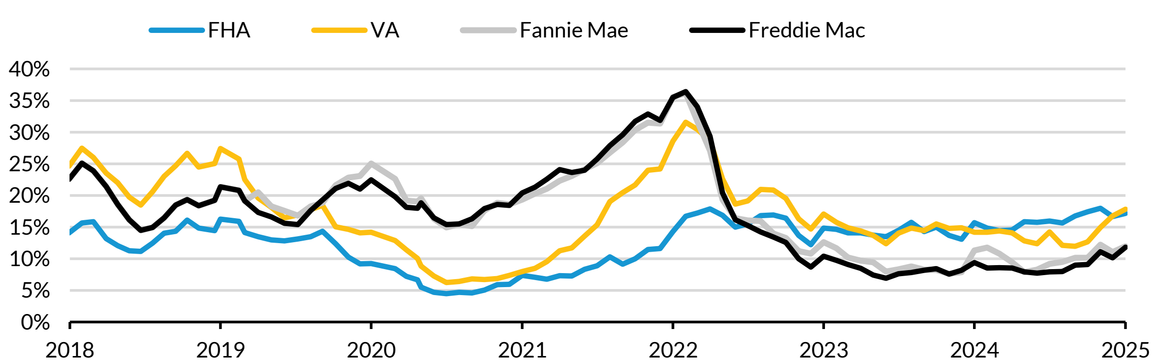
Total agency cash-out volume remains low. In January 2025, 17.1 percent of FHA loans and 17.8 percent of VA loans were cash-out refinances, relative to 12.0 percent of Fannie Mae loans and 11.8 percent of Freddie Mac loans. The higher Ginnie Mae cash-out share might reflect home equity extraction by borrowers with low credit scores.

Cash-Out Share of Conventional Refinances

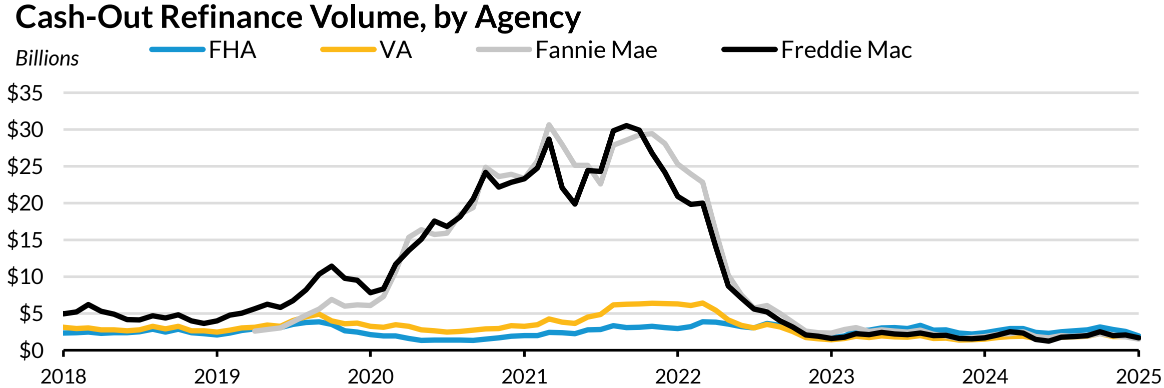


Sources: Freddie Mac, eMBS and Urban Institute.
Note: The cash-out share for conventional market is calculated using Freddie Mac's quarterly refinance statistics from 1995 to 2013. Post 2013 it is calculated monthly using eMBS. Data as of February 2025.

Cash-Out Refinance Share of All Originations



Cash-Out Refinance Volume, by Agency



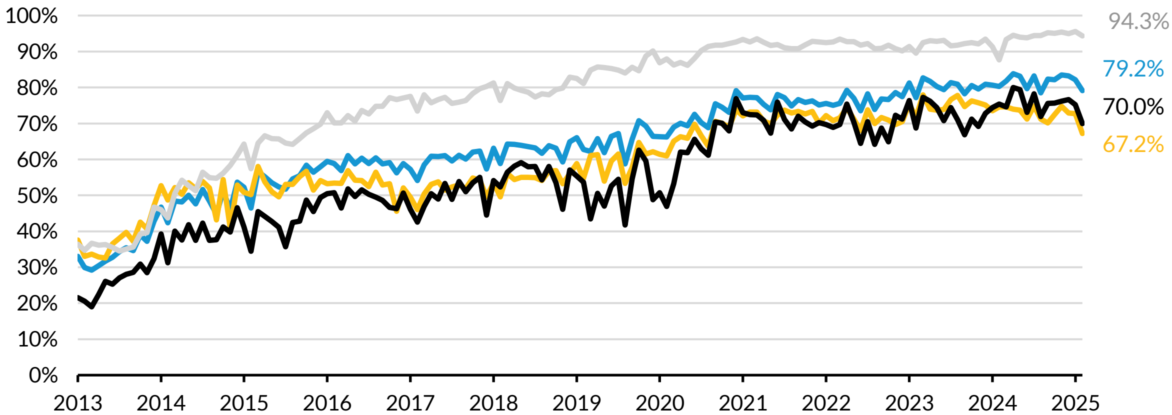
Sources: eMBS and the Urban Institute.
Notes: Data as of January 2025. Fannie Mae started reporting cash-out volume in 2018.

OVERVIEW // AGENCY NONBANK ORIGINATION SHARE

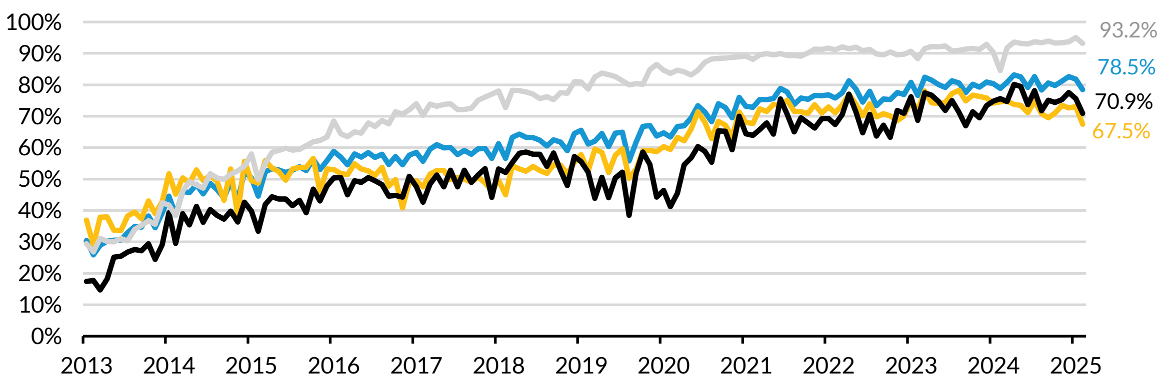
The nonbank share of agency originations (79.2 percent in February 2025) has risen steadily since 2013. The Ginnie Mae nonbank share (94.3 percent in February 2025) has been consistently higher than the GSE share. Fannie Mae and Freddie Mac had nonbank shares of 67.2 and 70.0 percent, respectively. GSE nonbank origination shares have decreased since December 2024. The Ginnie Mae nonbank share of refinance loans is 4.0 percentage points higher than the Ginnie Mae nonbank share of purchase loans. For GSE loans, the nonbank share of refinance loans is lower than the purchase share. The nonbank share of refinance loans overall, 81.3 percent, is 2.8 percentage points above its 78.5 percent share of purchase loans.

All Fannie Mae Freddie Mac Ginnie Mae

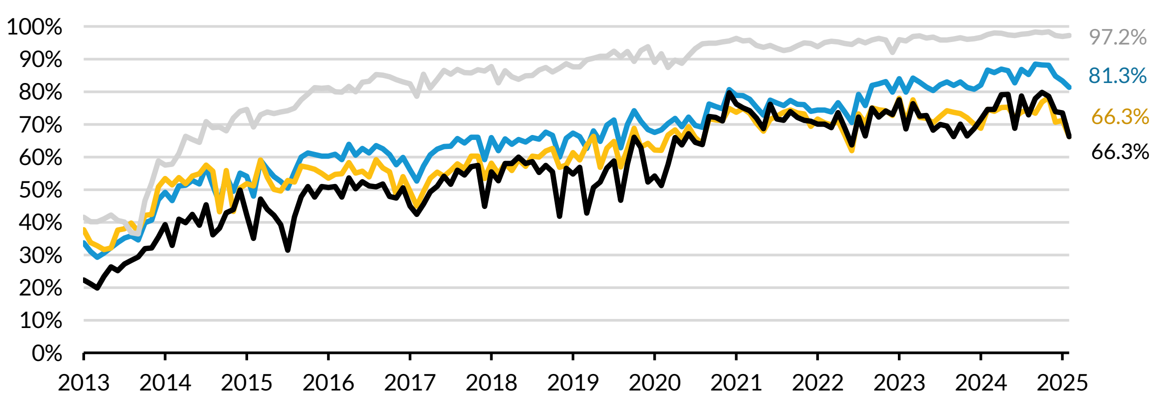
Nonbank Origination Share: All Loans



Nonbank Origination Share: Purchase Loans



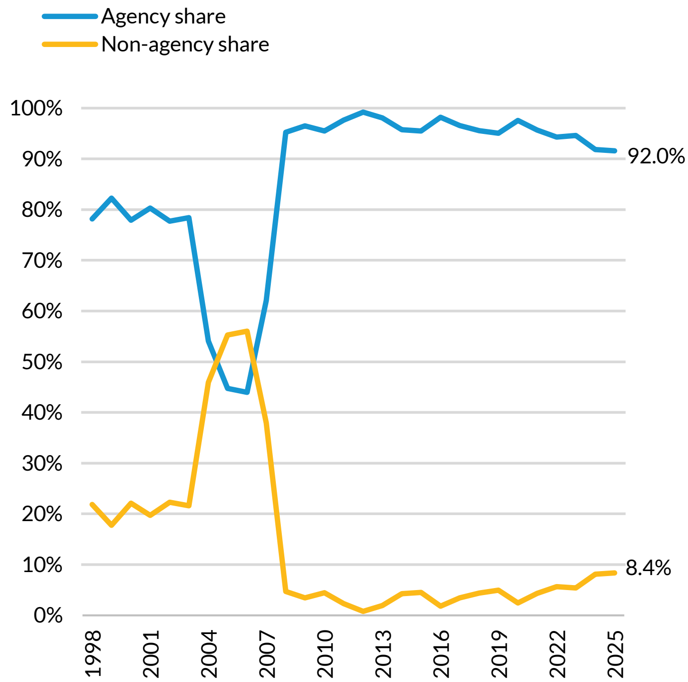
Nonbank Origination Share: Refinance Loans



Sources: eMBS and Urban Institute.
Note: Data as of February 2025.

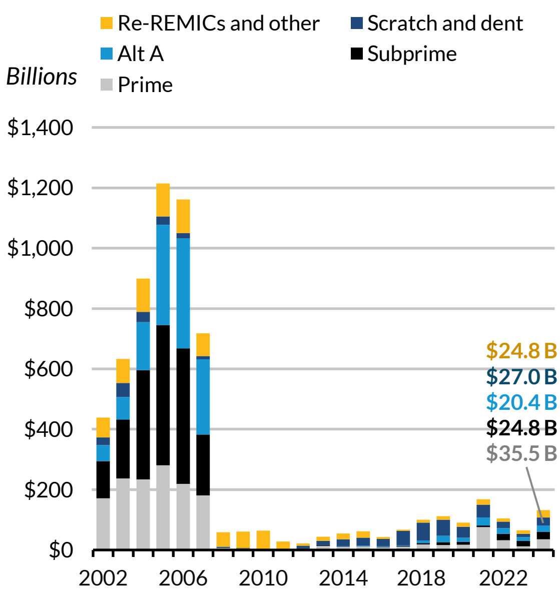
Agency and Non-agency Share of Residential MBS Issuance

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 housing market collapse, the non-agency share contracted to 1.3 percent in 2012. It has steadily increased from 2.4 percent in 2020 to 8.1 percent in 2024. The non-agency share of issuance continued to rise in 2024 though it remains relatively low at 8.4 percent through February. In 2024, the volume of non-agency issuance reached $132.5 billion, over double the $65.6 billion in 2023. Monthly non-agency securitization reached a two-year high of $13.5 billion in October 2024 before contracting. It sits at $7.3 billion in February 2025.



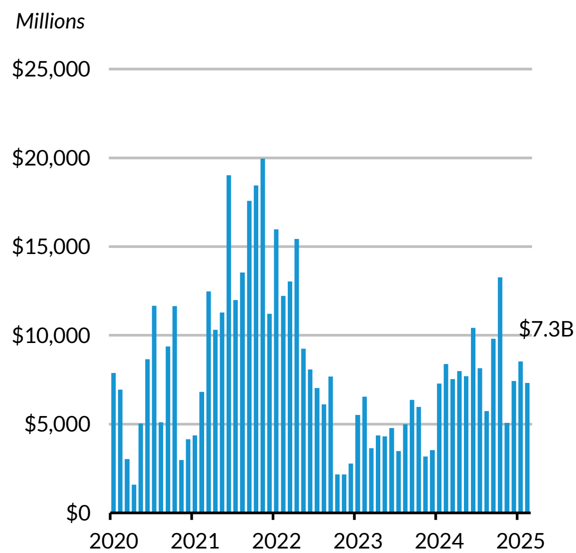
Sources: Inside Mortgage Finance and the Urban Institute.
Notes: Monthly non-agency volume is subject to revision. Data through February 2025.

Non-Agency MBS Issuance



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Data through Q4 2024.

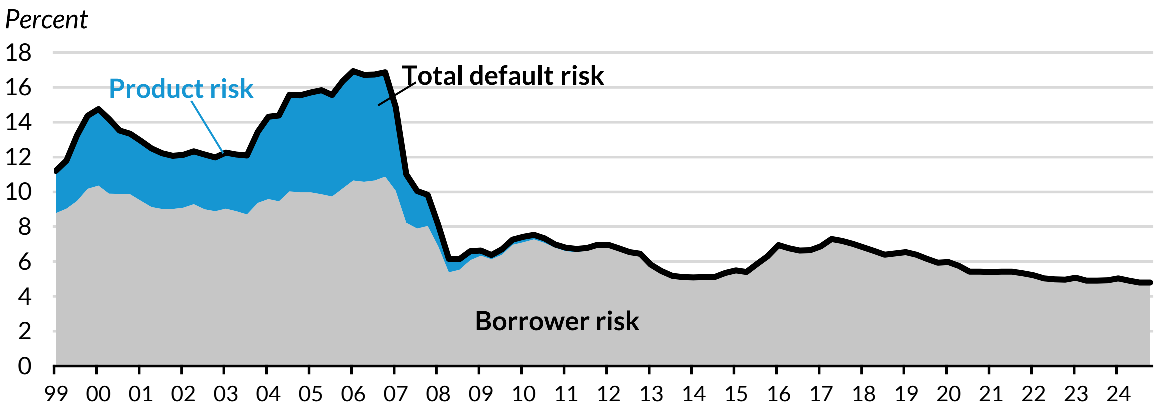
Monthly Non-Agency Securitization



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Data though February 2025.

CREDIT BOX // HOUSING CREDIT AVAILABILITY INDEX

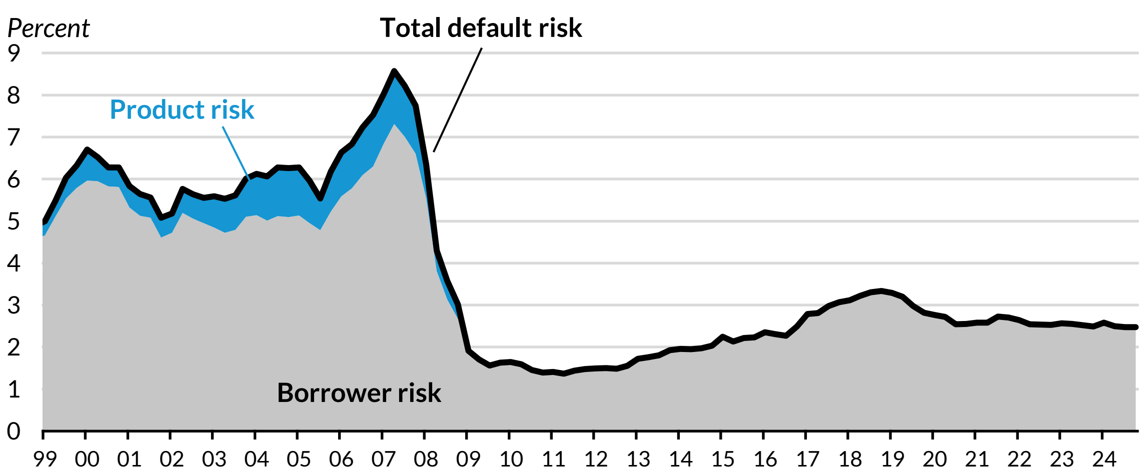
The Urban Institute's Housing Credit Availability Index (HCAI) assesses lenders' tolerance for both borrower risk and product risk, it stands at 4.80 percent in Q4 2024, up slightly from 4.79 percent in Q3 2024 but down from 4.93 percent in Q4, 2023. Year-over-year, this represents a 13 basis point decline. Credit availability tightened from Q4 2023 to Q4 2024 reflecting a decrease in default risk overall, led by a 14 percent decrease in default risk among portfolio and private label securities. There was tightening in the government and GSE channels, with small year-over-year declines in default risks in each. We updated the methodology as of Q2 2020. More information about the HCAI is available here.



Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the Urban Institute.

GSE Channel

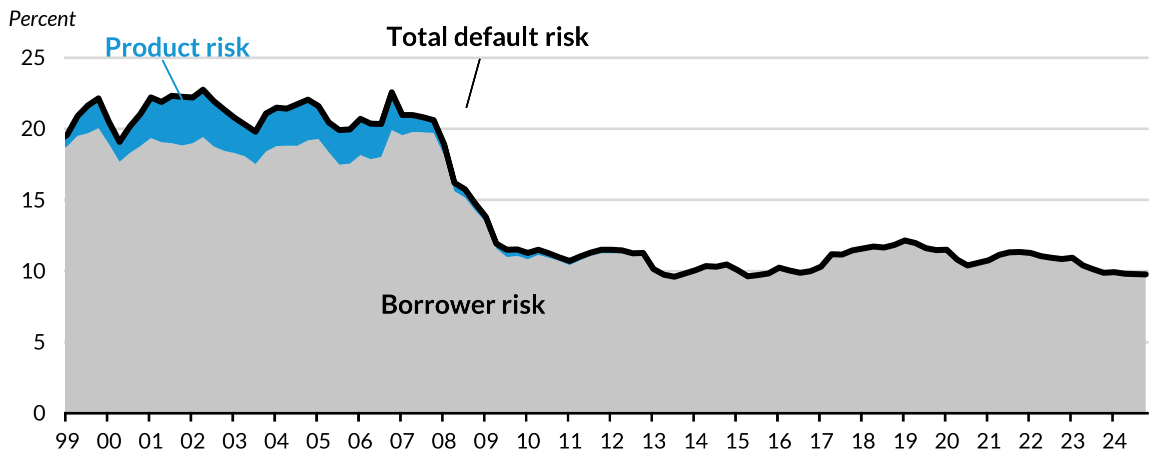
The trend toward greater credit availability in the GSE channel began in Q2 2011. From Q2 2011 to Q1 2020, the total risk taken by the GSE channel nearly doubled, from 1.4 percent to 2.7 percent. This is still very modest by pre-crisis standards. However, accelerated tightening throughout 2020 induced by market conditions due to COVID-19 drove down credit risk to 2.5 percent in Q4 2020. The increase in Q1 2021, to 2.58 percent, marked the first expansion of credit availability in the GSE channel since Q1 2019. In Q4 2024, credit availability stood at 2.47 percent, near its Q4 2023 level.



Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the Urban Institute.
Notes: Default is defined as 90 days or more delinquent at any point. Last updated for Q3 2024.

Government Channel

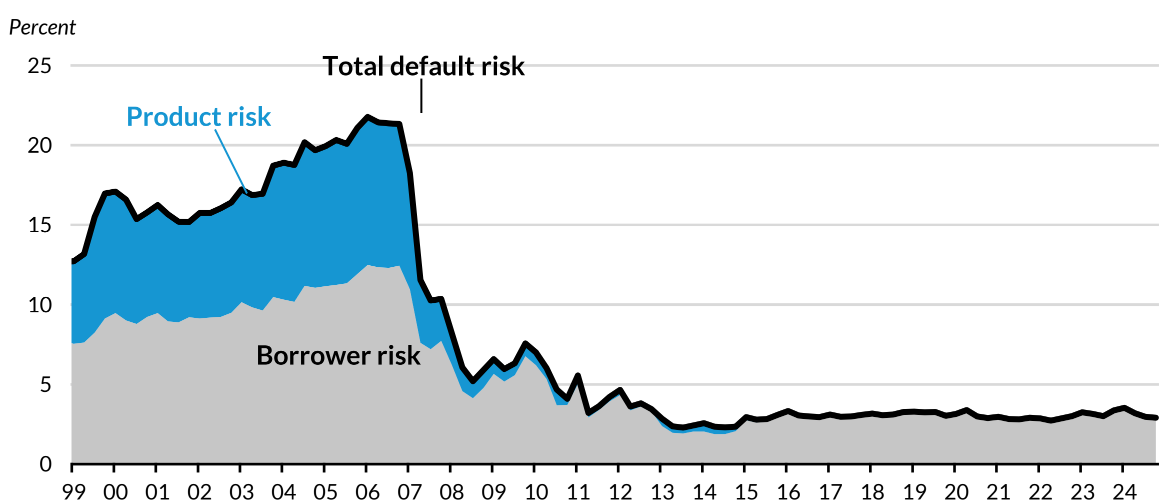
The total default risk the government loan channel is willing to take bottomed out at 9.6 percent in Q3 2013. It fluctuated in a narrow range at or above that number for three years. In the eleven quarters from Q4 2016 to Q1 2019, the risk in the government channel increased significantly from 9.9 to 12.1 percent but has since receded. After declining to 10.4 percent in Q3 of 2020, the government channel had begun to increase risk to 11.3 percent up until Q1 2022 but has since dropped to 9.76 percent in Q4 2024; far below the pre-bubble level of 19 to 23 percent.



Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the 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 2.3-3.5 percent; it was 2.91 percent in Q4 2024. This represents a 14 percent tightening from 3.18 percent in Q4 2023.



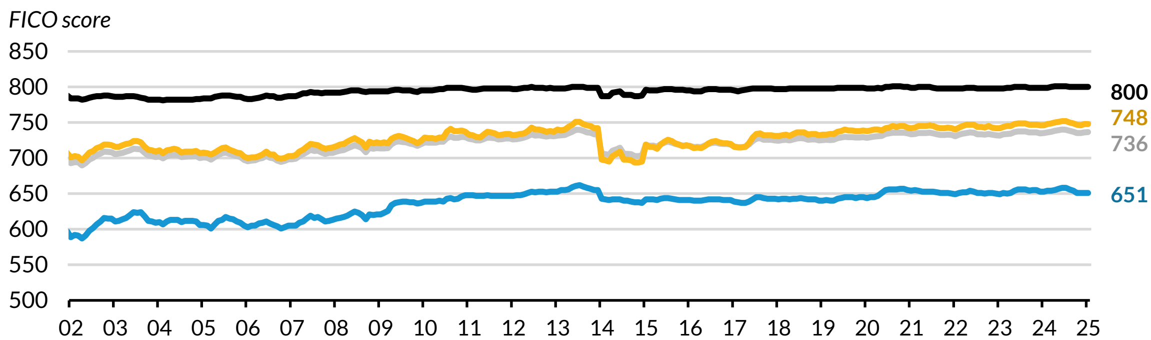
Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the Urban Institute.
Notes: Default is defined as 90 days or more delinquent at any point. Last updated for Q3 2024.

CREDIT BOX // CREDIT AVAILABILITY FOR PURCHASE LOANS

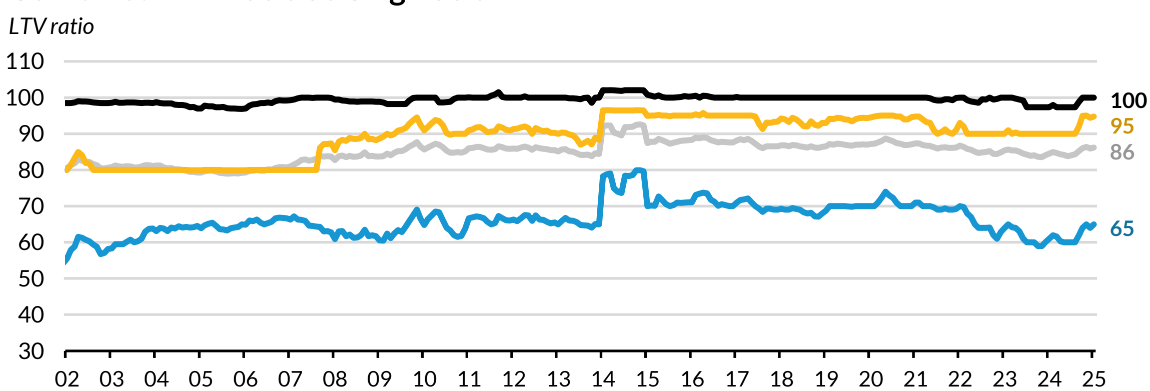
Since 2021, interest rates and home price have both risen. As a result, borrowers are seeking loans requiring smaller down payments (e.g. higher loan-to-value (LTV) ratios) and must use more of their income for debt service, reflected in increasing debt-to-income (DTI) ratios. Median LTVs have risen from 91 in December 2021 to 95 as of January 2025, while median DTIs have risen from 39 to 42. Offsetting the loosening in both LTV and DTI, there has been a tightening in credit scores. Median credit scores have increased from 742 in December of 2021 to 748 now.

Mean   90th percentile   Median   10th percentile

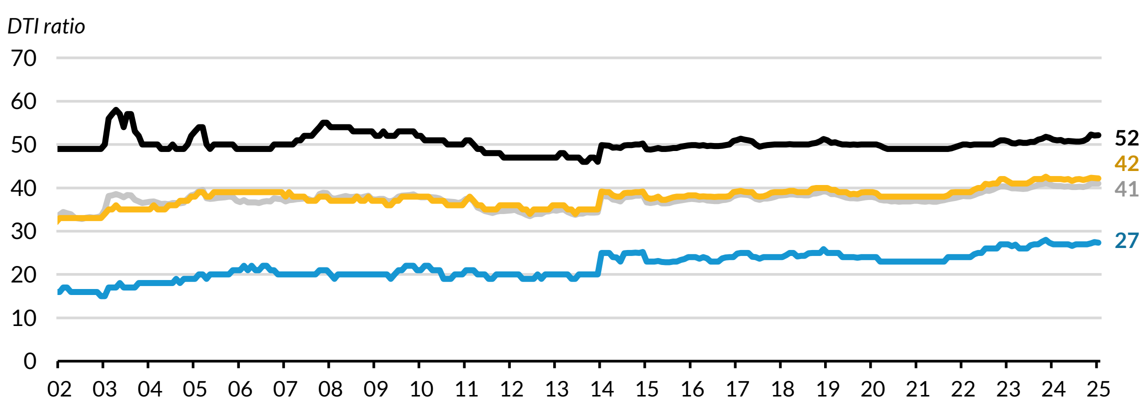
Borrower FICO Score at Origination



Combined LTV Ratio at Origination



DTI Ratio at Origination



Sources: ICE Mortgage Technology, eMBS, Home Mortgage Disclosure Act data, Securities Industry and Financial Markets Association, CoreLogic, and the Urban Institute.
Notes: Includes owner-occupied purchase loans only. DTI ratio data before April 2018 are from CoreLogic; after that date, they are from ICE. A back-update to the ICE historical series was made in September 2021 for data starting from 2001 onward. Data as of January 2025.

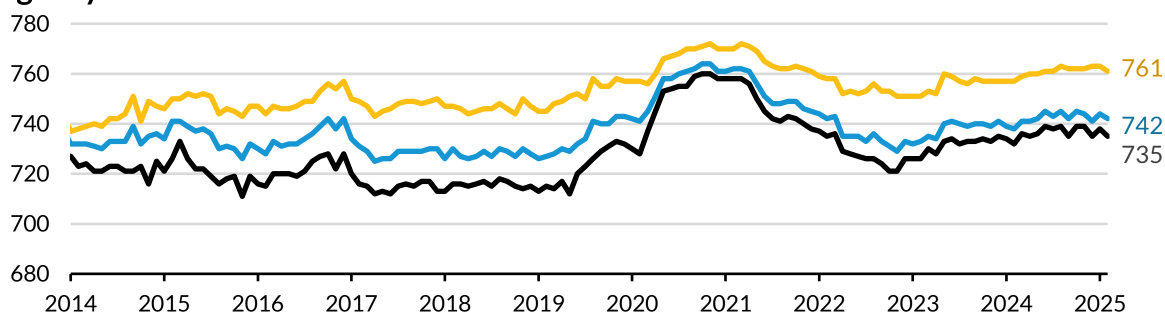
CREDIT BOX // AGENCY NONBANK CREDIT BOX

FICO scores for banks and nonbanks in both GSE and Ginnie Mae segments increased from Q1 2019 to Q1 2021 because of increased refinance activity in response to lower rates and tighter credit standards through the COVID crisis. 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 median scores as rates rose. After falling in 2021 and most of 2022, the median agency FICO score increased in early 2023 and remains relatively high at 742 in February 2025, despite a sharp contraction in refinance activity. This likely reflects the fact that with affordability stretched because of the increases in interest rates and home prices, qualification often requires higher FICO scores to compensate.

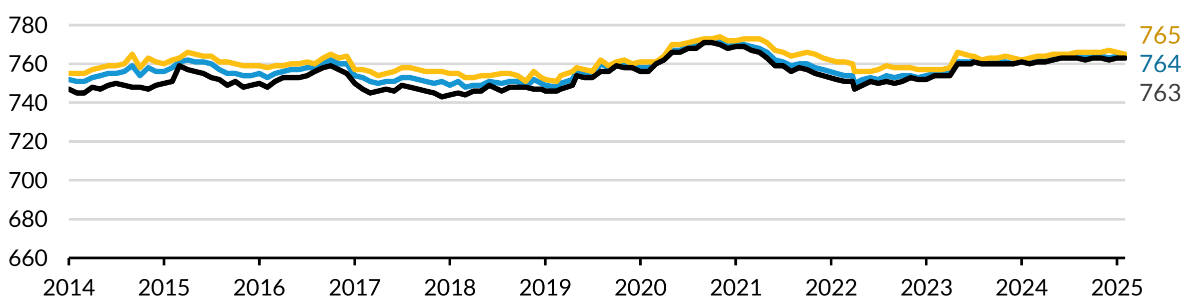
The gap between agency bank and nonbank FICO scores was 25 points in January 2025. For GSE loans, the difference between the median FICO score on bank and nonbank loans stood at 3 points in January 2025. But across Ginnie Mae loans, the gap is 22 points. Because of the sharp cutback in FHA lending by banks post-2008, banks now compose only 5 percent of Ginnie Mae originations.

All Median FICO Bank Median FICO Nonbank Median FICO

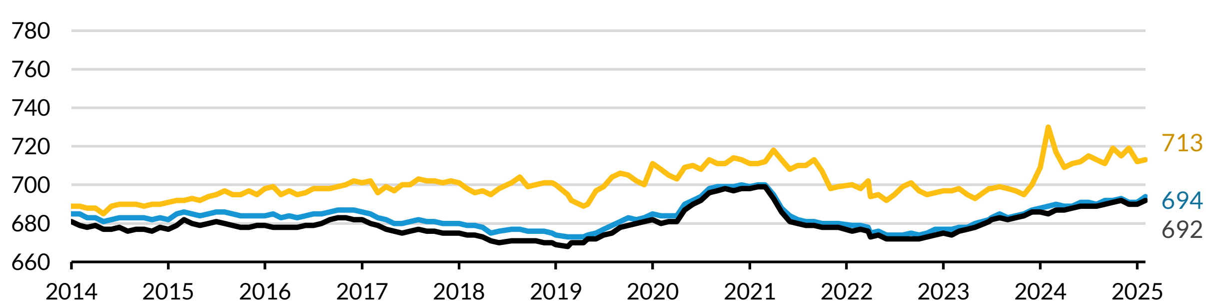
Agency FICO Scores: Bank versus Nonbank



GSE FICO Scores: Bank versus Nonbank



Ginnie Mae FICO Scores: Bank versus Nonbank

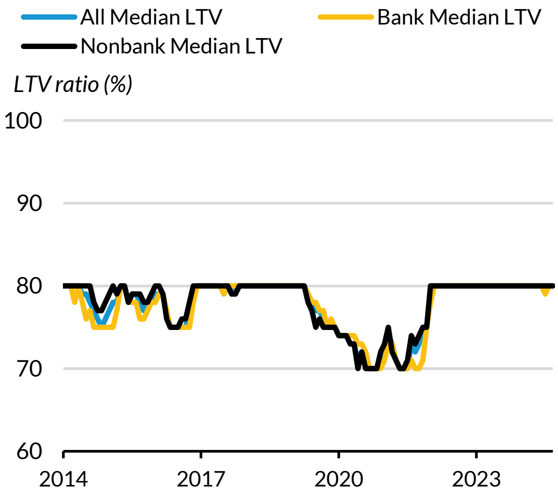


Sources: eMBS and the Urban Institute.
Note: Data as of February 2025.

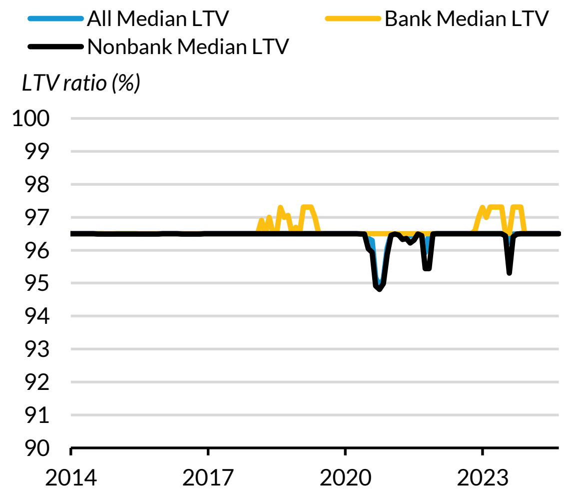
CREDIT BOX // AGENCY NONBANK CREDIT BOX

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

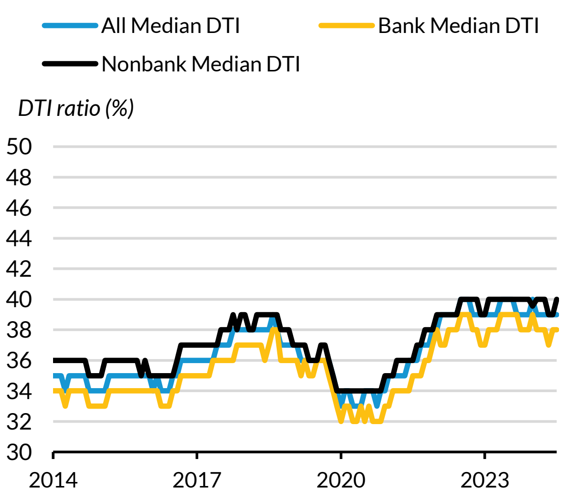
GSE LTV Ratios: Bank versus Nonbank



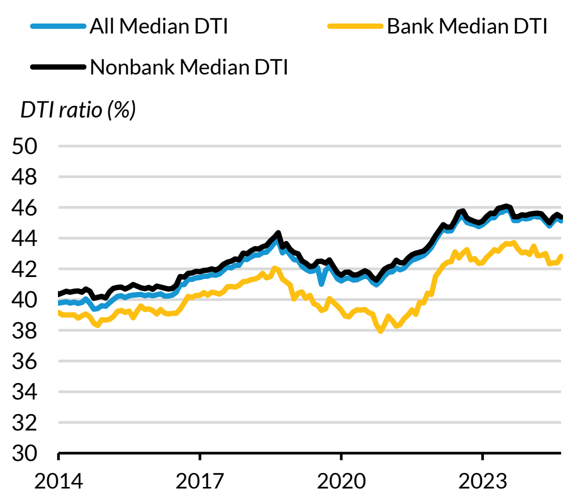
Ginnie Mae LTV Ratios: Bank versus Nonbank



GSE DTI Ratios: Bank versus Nonbank



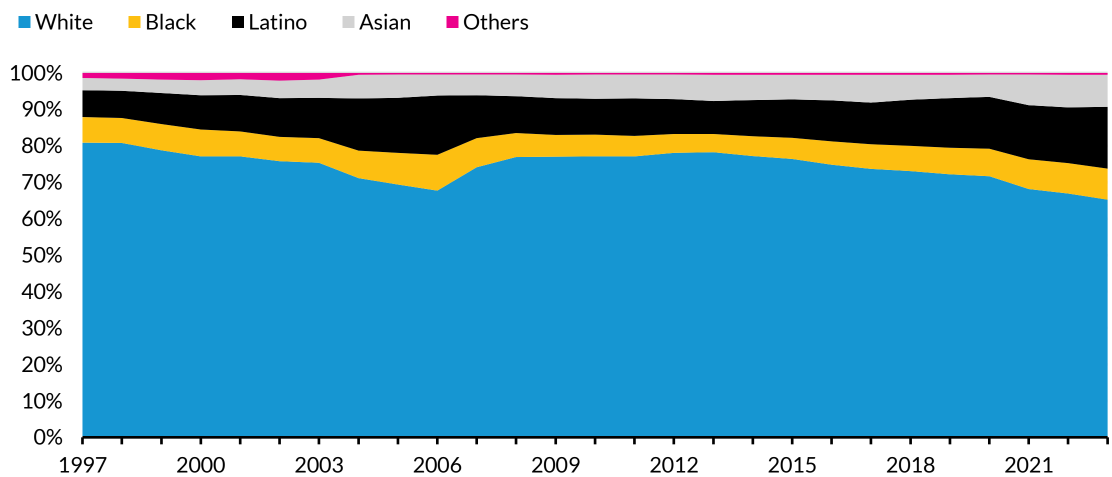
Ginnie Mae DTI Ratios: Bank versus Nonbank



Sources: eMBS and the Urban Institute.
Note: Data as of February 2025.

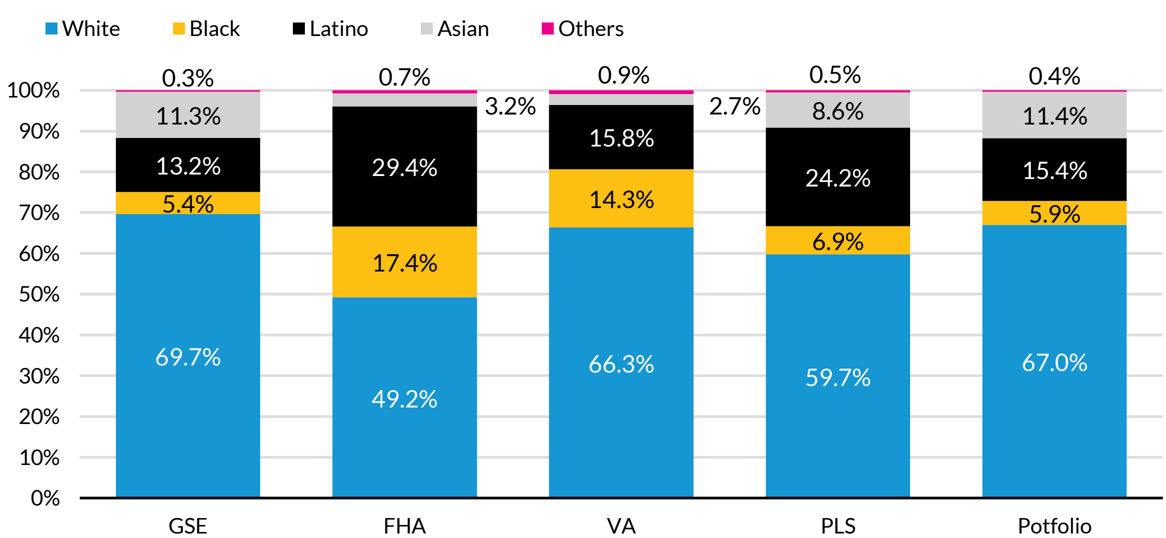
Across all channels, the share of purchase lending to applicants of color reached a peak of 32.3 percent in 2006, the year before the Great Recession. Following the Great Recession and amid a period of very tight credit, the share of purchase loans extended to borrowers of color declined to a low of 21.7 percent in 2013. Since then, it has slowly increased. In 2023, the borrower of color share stood at 34.8 percent, up from 33.1 percent 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 (30.3 percent, 33.7 percent, and 33.0 percent, respectively).

2023 Purchase Loan Shares, by Race or Ethnicity



Source: 1997 to 2023 Home Mortgage Disclosure Act data.
Note: Includes purchase loans only.

2023 Purchase Loan Channel Shares, by Race or Ethnicity



Source: 2023 Home Mortgage Disclosure Act data.
Note: Includes purchase loans only.

For the first time since 2020-2021, mortgage origination volume rose on an annual basis in 2024. Home sales over the year were largely flat though there was a compositional shift from purchase loans to refinances. However, house prices also increased contributing to higher volume Origination volume is projected to rise further in 2025 amid a continued shift in refinancings and expectations of higher home sales.

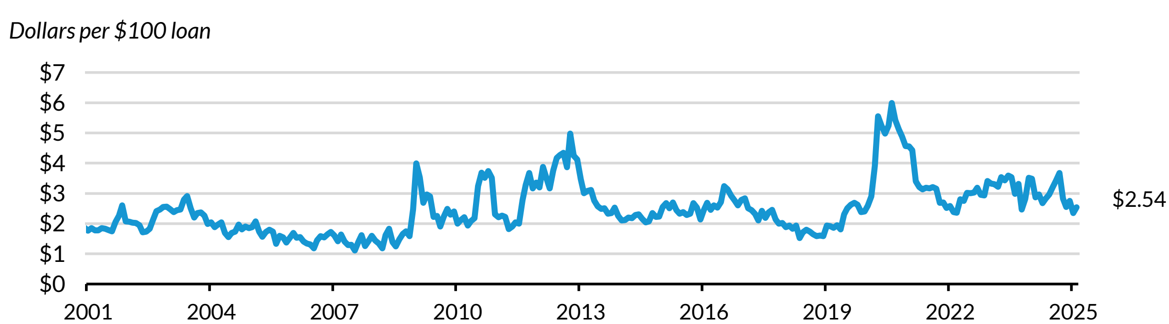
Total Originations and Refinance Shares

	Originations ($ Billions)		Refinance Share (Percent)	
Period	Total, FNMA estimate	Total, MBA estimate	FNMA estimate	MBA estimate
2024 Q1	328	377	20	23
2024 Q2	432	429	16	22
2024 Q3	455	479	22	25
2024 Q4	475	494	32	38
2025 Q1	363	384	26	29
2025 Q2	508	548	23	32
2025 Q3	523	587	23	33
2025 Q4	493	550	27	33
2019	2,462	2,253	46	44
2020	4,374	4,108	64	64
2021	4,570	4,436	58	62
2022	2,374	2,245	31	33
2023	1,503	1,458	15	15
2024	1,689	1,779	23	28
2025	1,887	2,069	25	32

Sources: Fannie Mae (FNMA), the Mortgage Bankers Association (MBA), and the Urban Institute.
Note: Fannie Mae forecasts as of February 2025. MBA forecasts as of March 2025. Shaded boxes indicate forecasted figures. All figures are estimates for the total single-family (one-to-four-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

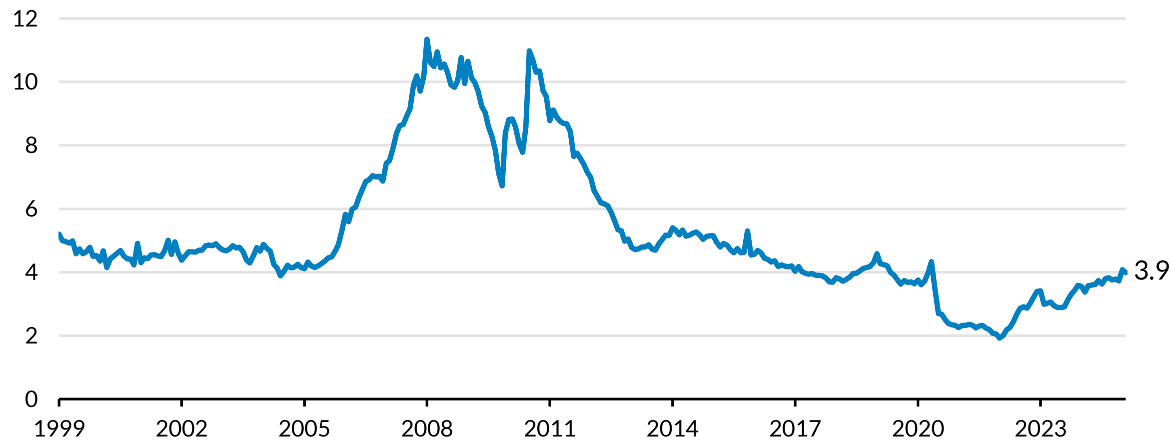
In February 2025, Originator Profitability and Unmeasured Costs (OPUC) was $2.54 per $100 loan, down from $2.35 in January. Higher profitability in 2020 and early 2021 reflected lender capacity constraints amid strong refinance demand. Reduced profitability in 2022 reflected slower refinance activity, forcing originators to compete more aggressively on price. 2023 and 2024 profitability reflected less but significant competition between mortgage originators. OPUC, formulated and calculated by the Federal Reserve Bank of New York, is a strong 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 guarantee fees, or g-fees) and points the borrower pays. As volumes decline, fixed costs are spread out over fewer loans, overstating relative profitability. OPUC is generally high when interest rates are low, as originators are capacity constrained because of refinance demand and have no incentive to reduce rates. Conversely, when interest rates are higher and refinance activity is low, competition forces originators to lower rates, driving profitability down. Although higher rates are limiting volume, originators have adapted to the new environment by slashing head counts and fixed costs.



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 the Urban Institute.
Note: Data as of February 2025. OPUC is a is a monthly (four-week moving) average, as discussed in the link above.

Months' supply of existing homes, or the inventory of homes as a share of existing home sales, remains low in a historical context. But since 2022, when interest rates began to rise noticeably, months' supply of existing homes also increased. From February 2024 to February 2025, the inventory of total homes rose 18.4 percent, while total home sales over the same period decreased 0.3 percent. Fannie Mae, the MBA, and the National Association of Home Builders (NAHB) reported that housing starts over full-year 2023 lagged levels in 2022 and 2024 starts lagged 2023. Housing starts in 2025 are expected to be similar to projected levels in 2024. Industry forecasters expect total home sales in 2025 to increase from its 2024 projected level.

Months' Supply



Sources: National Association of Realtors and the Urban Institute.
Note: Data as of Februrary 2025.

Housing Starts and Home Sales

	Housing Starts, Thousands			Home Sales, Thousands		
Year	Total, FNMA estimate	Total, MBA estimate	Total, NAHB estimate	Total, FNMA estimate	Total, MBA estimate	Total, NAHB estimate*
2017	1,203	1,208	1,205	6,123	6,158	5,520
2018	1,250	1,250	1,247	5,957	5,956	5,350
2019	1,290	1,295	1,292	6,023	6,016	5,431
2020	1,380	1,397	1,394	6,462	6,506	5,888
2021	1,601	1,605	1,605	6,891	6,896	6,195
2022	1,553	1,551	1,552	5,671	5,740	5,170
2023	1,420	1,421	1,421	4,756	4,785	4,340
2024	1,364	1,367	1,367	4,745	4,763	4,359
2025	1,341	1,399	1,353	4,897	5,086	4,432

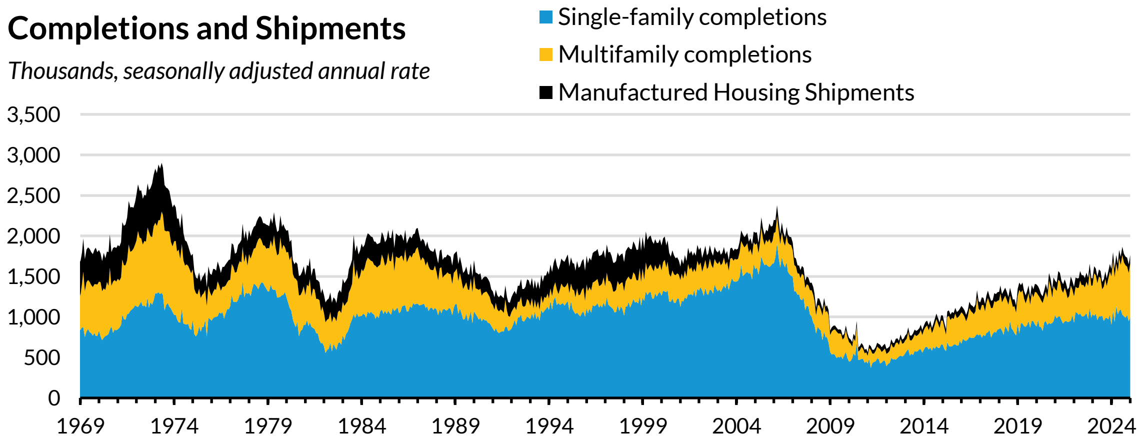
Sources: Fannie Mae (FNMA) forecasts as of February 2025. Mortgage Bankers Association (MBA) and National Association of Home Builders (NAHB) forecasts as of March 2025.
Note: Shaded boxes indicate forecasted figures; column labels indicate source of estimate.
*The NAHB home sales also excludes existing condos and co-ops reported by the National Association of Realtors.

New residential production—including single-family and multifamily completions, as well as manufactured housing shipments—reached a seasonally adjusted annual rate of 1.76 million units in January 2025. This rate saw a recent uptick from 1.65 million units in December 2024, reversing a recent trend of month-over-month decreases in production. Since reaching a low of 565,000 units in January 2011, new production has risen 212 percent. But current production is still 26 percent lower than the peak March 2006 level of 2.38 million units. In January 2025, single-family completions are 52 percent lower than the March 2006 peak of 1.91 million units. But multifamily completions are 75 percent greater than their level in March 2006.

Only 5.1 percent of multifamily units completed in Q4 2024 were built for sale, down significantly from its Q2 2007 peak of 43.9 percent. The share of single-family units built for sale is 73 percent, having declined amid higher interest rates. The owner-occupied share of mobile homes has slowly increased over the past decade after declining amid the impact from the Great Recession.

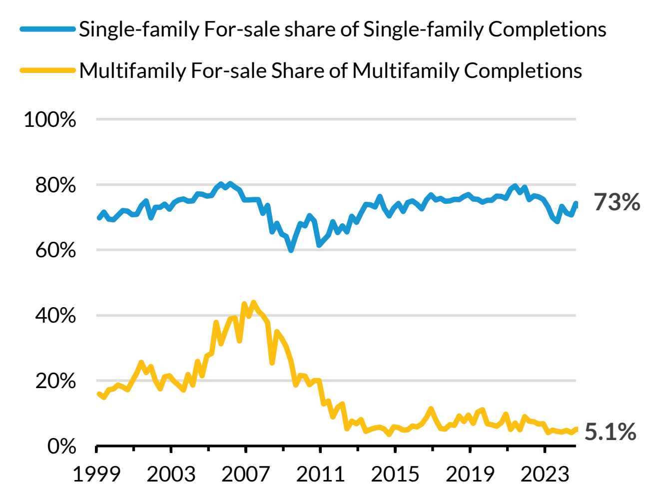
Completions and Shipments

Thousands, seasonally adjusted annual rate



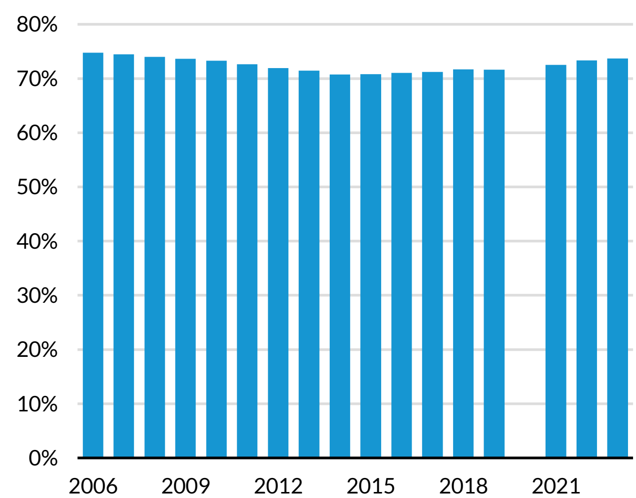
Sources: Moody's Analytics, US Census Bureau, and Urban Institute calculations. January 2025

Share of Residential Completions Built For Sale



Sources: US Census Bureau and Urban Institute calculations. Q4 2024

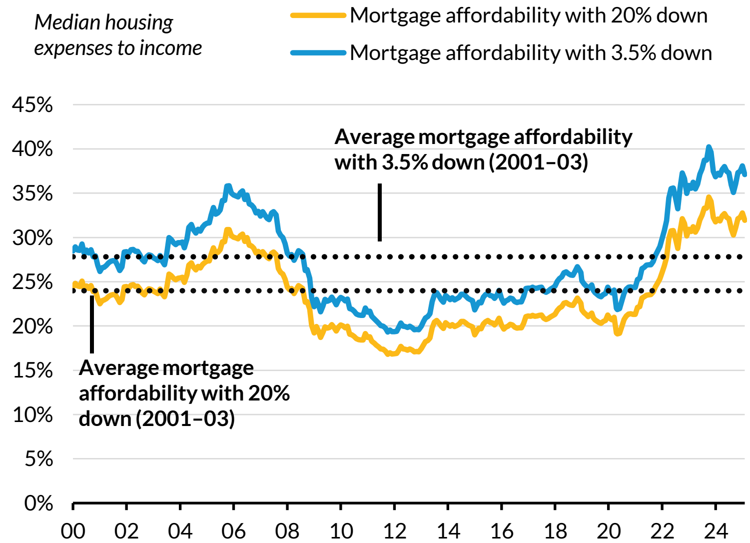
Owner-Occupied Share of Occupied Mobile Homes



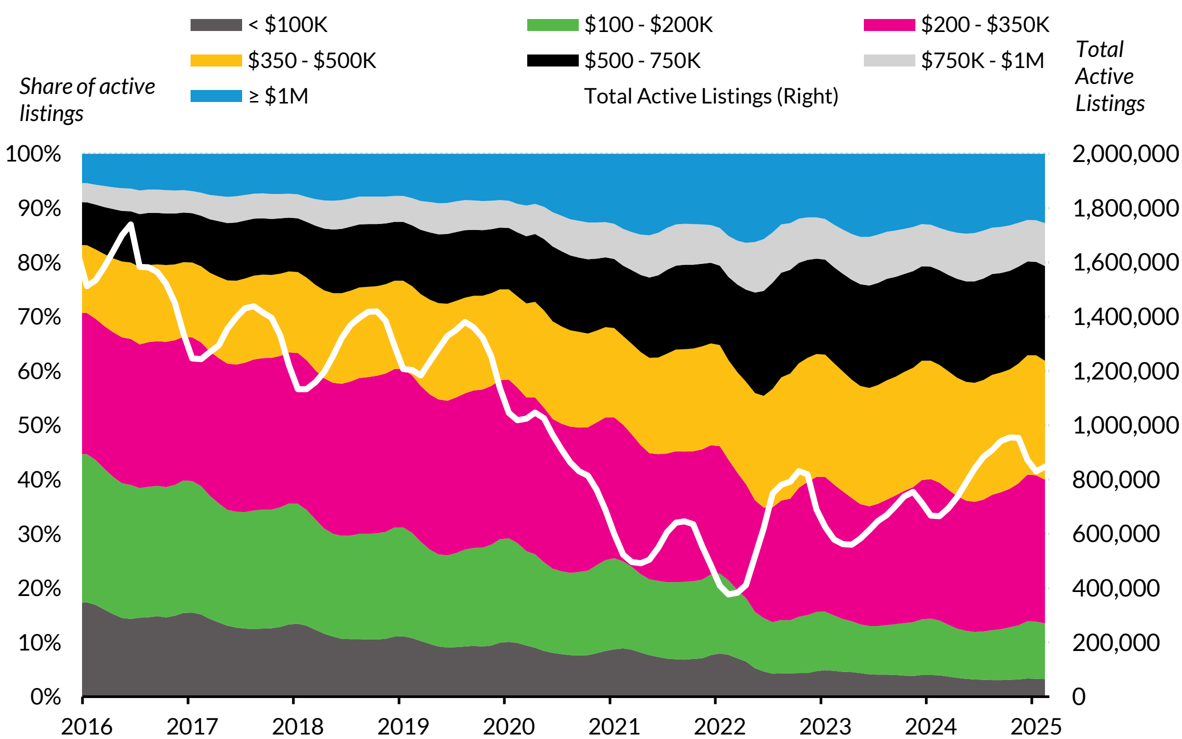
Source: One-year American Community Survey data.
Note: Data are not available for 2020 because of low response rates during the pandemic.

National Mortgage Affordability over Time

Mortgage affordability remains close to the worst level since the inception of this series in 2000. As of February 2025, with a 20 percent down payment, the share of median income needed for the median monthly mortgage payment was 31.9 percent, 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 37.1 percent, also above the 35.8 percent prior peak in November 2005. Active listings have broadly increased since 2022 but remain lower over time. And the distribution of inventory has likely shifted away from relatively affordable "starter" homes.



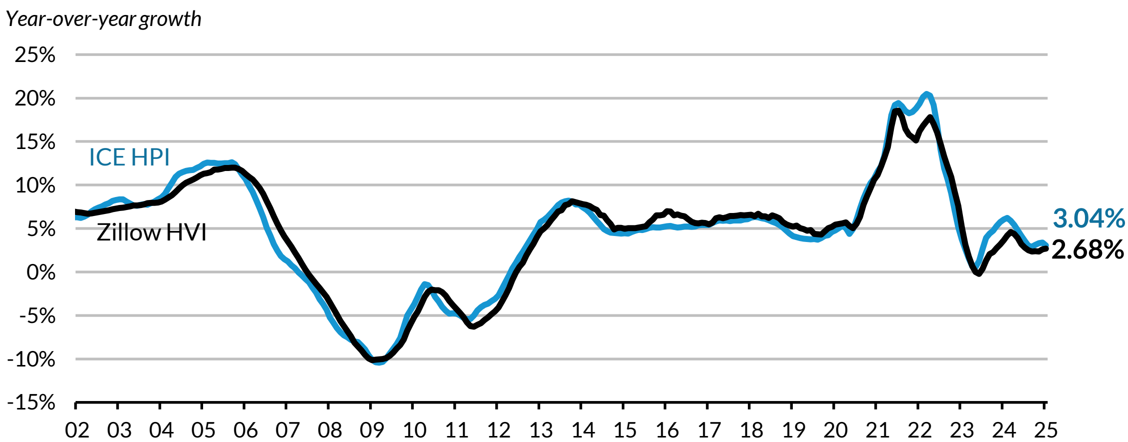
Active Listings, by Price Tier, over Time



Sources: National Association of Realtors, the US Census Bureau, the Current Population Survey, the American Community Survey, Moody's Analytics, the Freddie Mac Primary Mortgage Market Survey, Realtor.com, and the Urban Institute.
Notes: 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 February 2024.

National Year-Over-Year HPI Growth

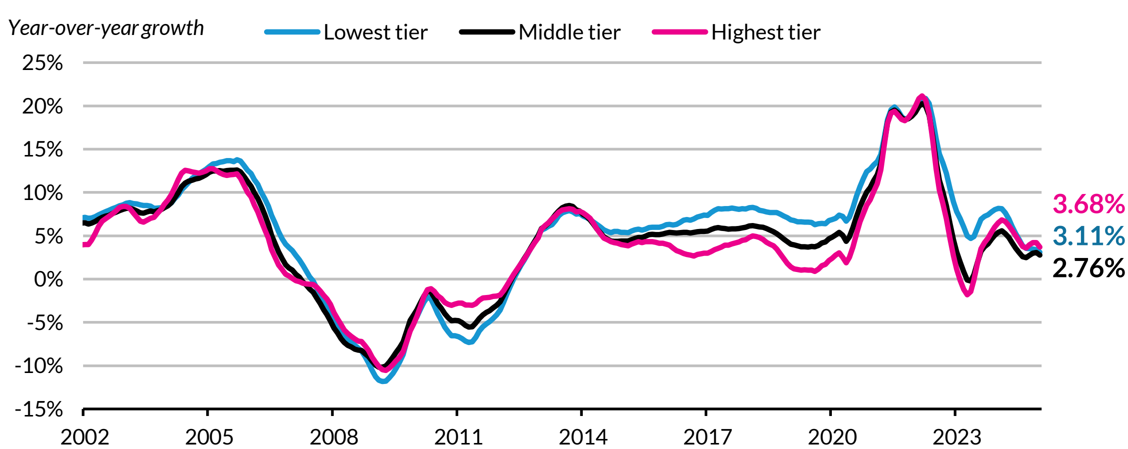
According to ICE Mortgage Technology's repeat sales index, year-over-year home price appreciation was 3.04 percent in January 2025, down from the previous month's 3.37 percent. Year-over-year home price appreciation, as measured by Zillow's hedonic home value index, is 2.68 percent in January 2025, up from 2.63 percent in December. Affordability remains low amid home prices increases, combined with elevated interest rates since 2022.



Sources: ICE Mortgage Technology, Zillow, and the Urban Institute.
Notes: ICE modified the methodology behind its HPI in February 2021, resulting in changes to historic price estimates. Data as of January 2025.

National Year-Over-Year HPI Growth, by Price Tier

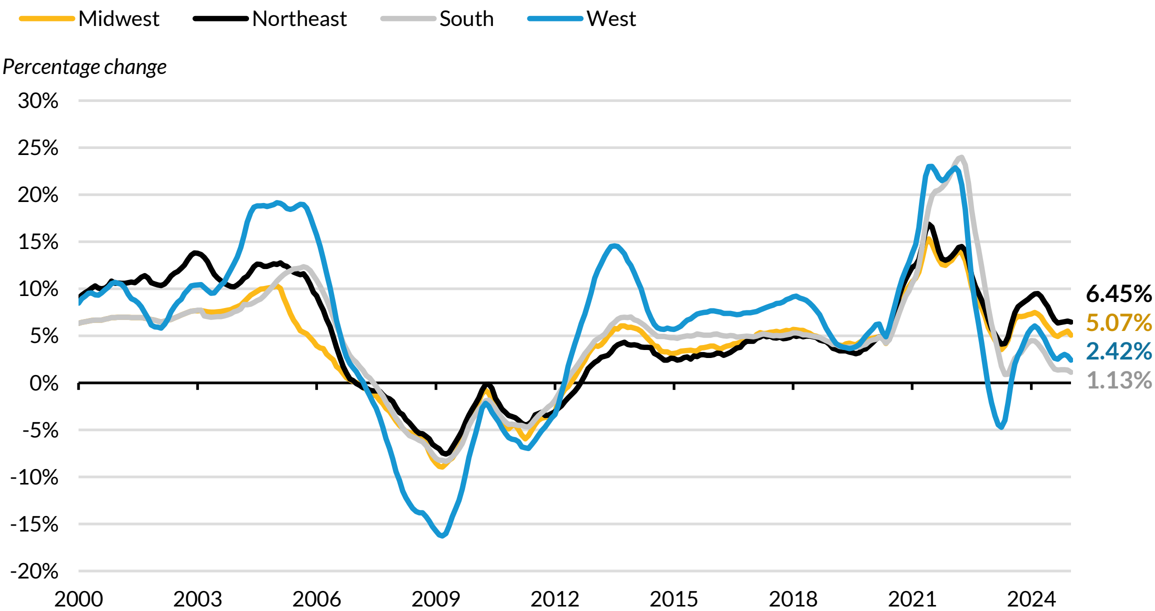
Home price growth accelerated in the second half of 2020 into 2022 across all price tiers. With more expensive homes experiencing steeper appreciation in 2020 and 2021, year-over-year growth in the highest tier had surpassed the middle and lowest tiers by February 2022. With rates rising sharply in 2022, the appreciation rate slowed and then dropped for all price tiers. Deceleration in growth was greater in the groups that experienced faster acceleration over 2020 and 2021, the highest and middle tier categories. After bottoming out at the end of Q1 2023, home prices began to accelerate and house price growth among the highest and middle tiers converged with the growth rate of the lowest tier. Year-over-year home price growth in January 2025 was weaker than growth in December across all price tiers and the pace of appreciation across each tier is broadly similar. Year-over-year appreciation was highest among the most expensive homes at 3.68 percent, followed by 3.11 percent for the lowest-tier homes and 2.76 for middle-tier homes.



Sources: ICE Mortgage Technology and the Urban Institute.
Notes: ICE modified the methodology behind its HPI in February 2021, resulting in changes to historic price estimates. Data as of January 2025.

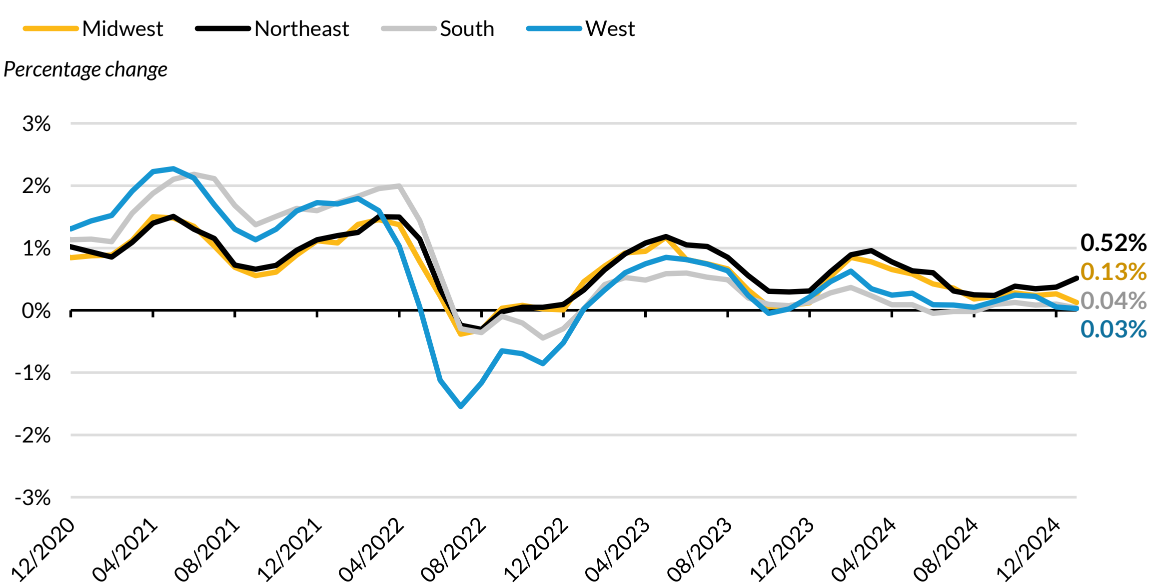
In January 2025, the Northeast region had the highest year-over-year house price appreciation (6.45 percent), followed by the Midwest at 5.07 percent. The West and South have lower but positive appreciation (2.42 and 1.13 percent, respectively). Annual home price appreciation has generally been slowing in the last 6 months, On a monthly basis, house price growth in the West and South are largely flat.

Year-over-Year Home Price Appreciation, by Region



Sources: ICE Mortgage Technology and Urban Institute calculations.
Note: Data as of January 2025.

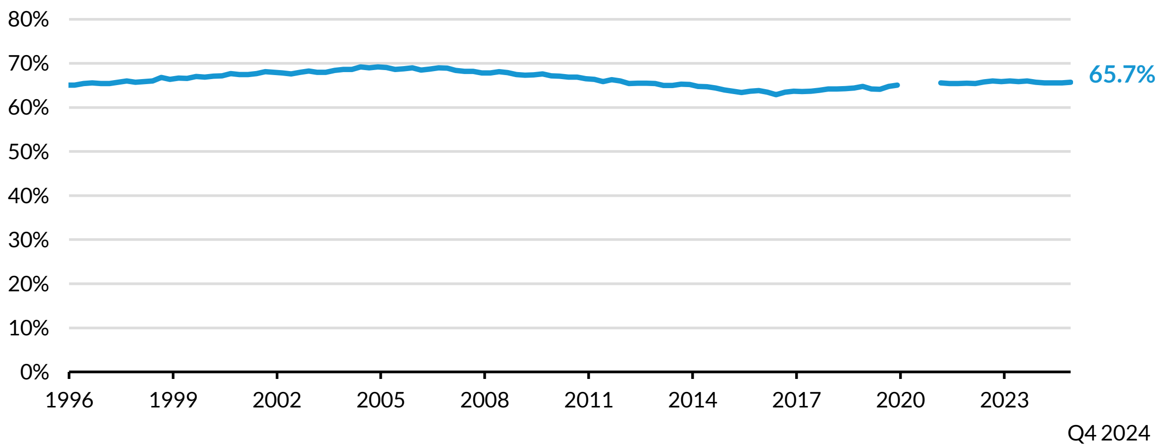
Month-over-Month Home Price, by Region



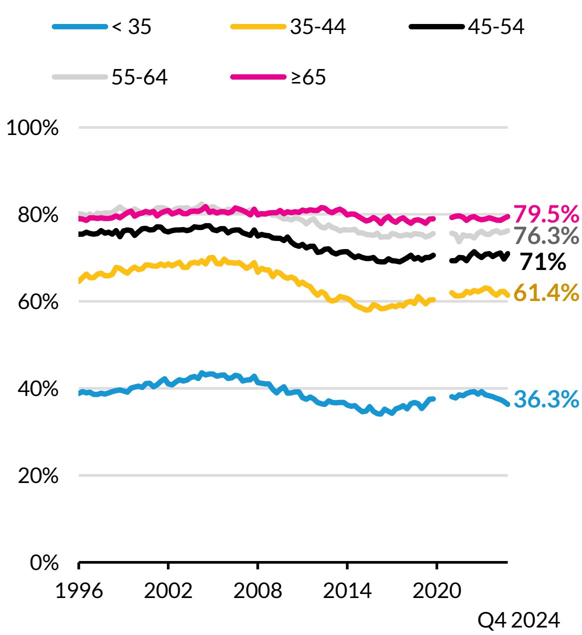
Sources: ICE Mortgage Technology and Urban Institute calculations.
Note: Data as of January 2025. Values are seasonally adjusted.

In Q4 2024, the homeownership rate was at 65.7 percent, unchanged from the previous quarter and the year earlier. After falling to 62.9 percent in Q2 2016, the homeownership rate began to recover but remains 3.4 percentage points below its Q1 2005 peak of 69.0 percent. By age groups, older households are more likely to be homeowners relative to younger households. In addition, the homeownership rate for households 65 and older is closest to its 2000s peak level. By race and ethnicity, white households are more likely to be homeowners relative to households of color. But the homeownership rate among Latino households is closest to returning to its 2000s peak.

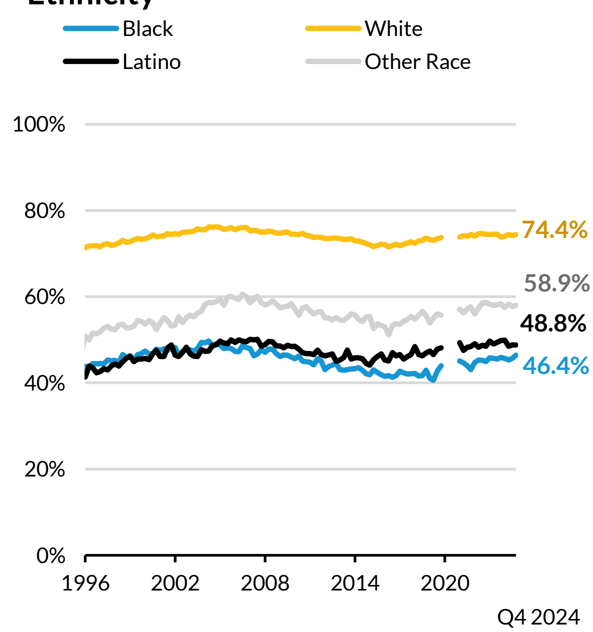
Overall Homeownership Rate



Homeownership, by Owner Age



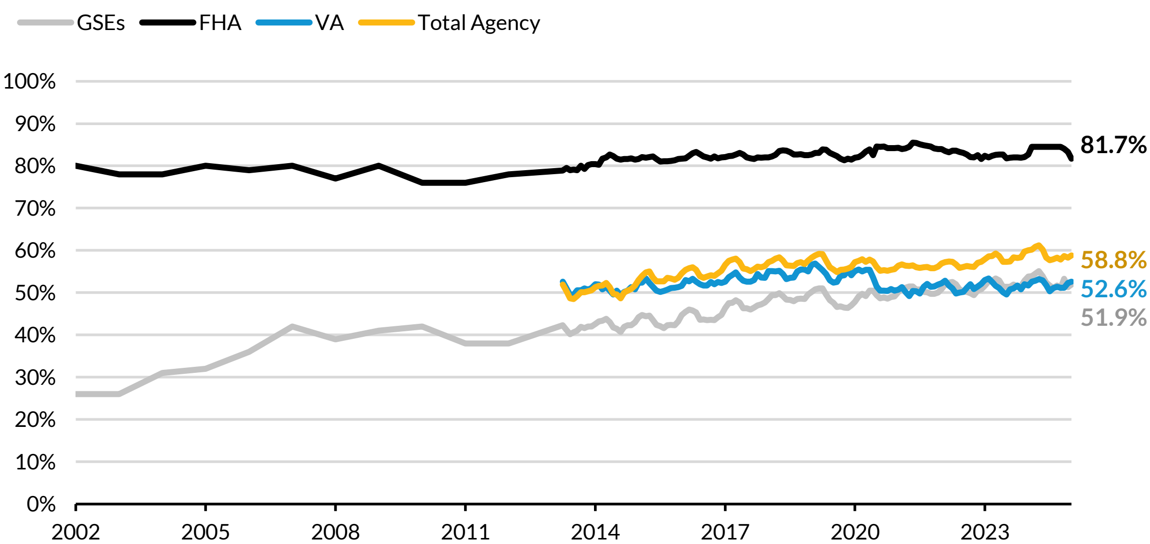
Homeownership Rate, by Race or Ethnicity



Sources: Moody's Analytics, US Census Bureau, and Urban Institute calculations.
Note: Data from 2020 are poor because of low response rates during the pandemic.

First-Time Homebuyer Share

In January 2025, the first-time homebuyer (FTHB) share for FHA loans was 81.7 percent, FHA has always been more focused on FTHBs than either VA or the GSEs. The FTHB share of GSE lending in January 2025 was 51.9 percent, slightly lower than the VA share (52.6 percent). The bottom table shows that based on mortgages originated in January 2025, the average FTHB was more likely than an average repeat buyer to take out a smaller loan and to have a lower credit score and a higher LTV ratio.



Sources: eMBS, the Federal Housing Administration, and the Urban Institute.
Note: All series measure the first-time homebuyer share of purchase loans for principal residences. FHA's FTHB share previously reflected the FHA's latest Production Report, however this report has not been updated since September 2024. Current FHA FTHB share is calculated by taking the average difference between the FHA and eMBS FTHB share from 2023 through 2024, and has been back-

January 2025

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

	GSEs		FHA		GSEs and FHA	
Characteristics	First-time	Repeat	First-time	Repeat	First-time	Repeat
Loan amount	$345,548	$380,785	$322,496	$338,726	$339,552	$383,152
Credit score	753	764	692	697	727	751
LTV ratio (%)	84	75	95	93	90	81
DTI ratio (%)	38	39	45	47	41	41
Loan rate (%)	6.70	6.72	6.17	6.18	6.46	6.55

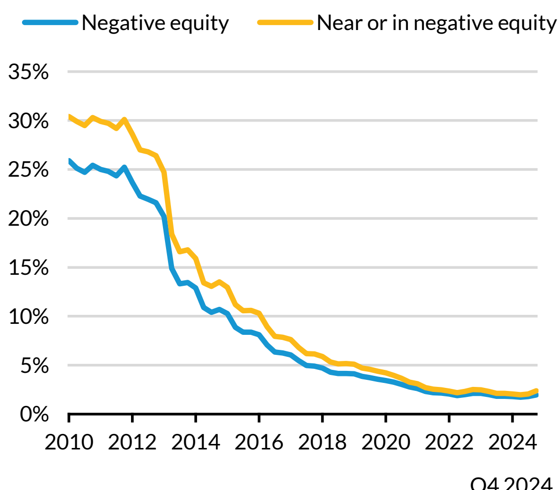
Sources: eMBS and the Urban Institute.
Note: Based on owner-occupied purchase mortgages originated in January 2025.

The share of loans with negative and near-negative equity increased from 2.0 to 2.4 percent from Q3 2024 to Q4 2024. In Q4 2024, the composition of loans with negative or near-negative equity consisted of 2.0 percent with negative equity and 0.4 percent with between 0 and 5 percent equity.

The share of loans that are 90 days or more delinquent or in foreclosure increased 11 basis points, from 1.53 percent in Q3 2024 to 1.64 percent in Q4 2024. This reflects a 11 basis-point increase in the share of mortgages 90 days or more delinquent; over the same period, the share of loans in foreclosure did not change. Serious delinquencies include loans where borrowers have missed their payments, including loans in forbearance.

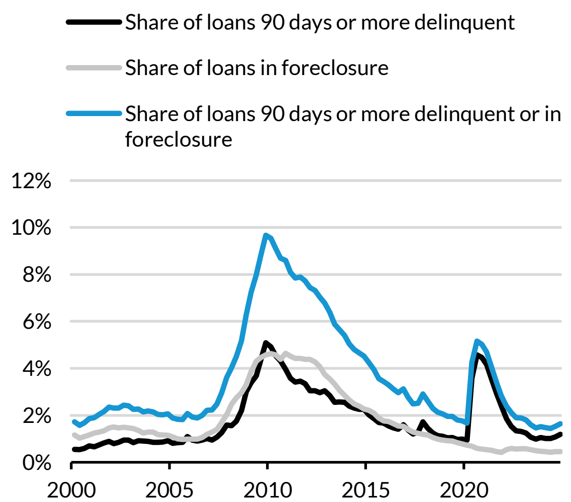
The bottom chart shows the share of loans in forbearance according to the MBA Weekly Forbearance and Call Volume Survey, launched in March 2020. After peaking at 8.55 percent in early June 2020, the total forbearance rate declined to 2.06 percent as of October 31, 2021, the final week of the call survey. The MBA has since moved to conducting a monthly survey, with the most recent forbearance rate decreasing by 2 basis points to 0.38 percent as of February 28, 2025. Ginnie Mae loans had the highest forbearance rate at 0.84 percent. GSE loans have consistently had the lowest forbearance rates at 0.15 percent. The forbearance rate across other loans (e.g., portfolio and PLS) was 0.37 percent.

Negative Equity Share



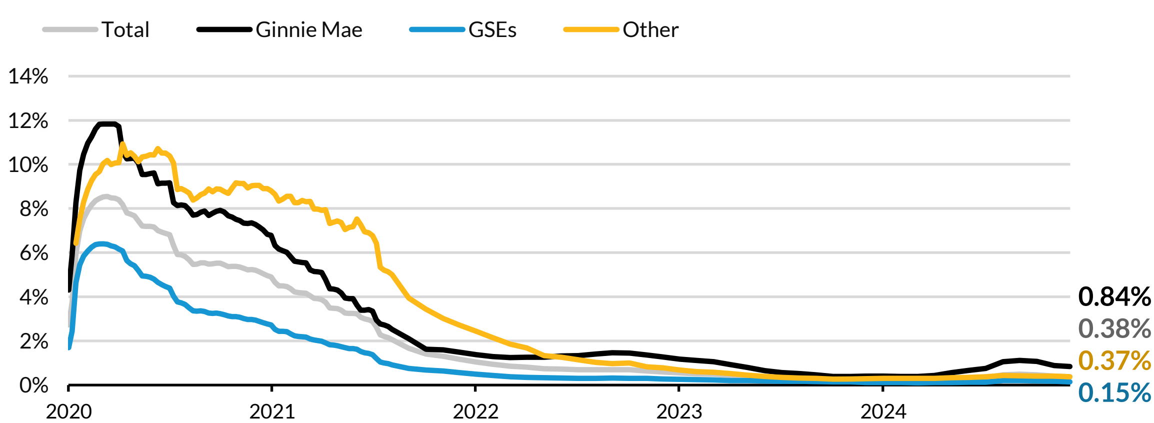
Sources: CoreLogic and the Urban Institute.
Notes: Loans with negative equity refer to loans with LTV ratios above 100 percent. Loans near negative equity refer to loans with LTV ratios above 95 percent.

Loans in Serious Delinquency or Foreclosure



Sources: Mortgage Bankers Association and the Urban Institute.
Q4 2024

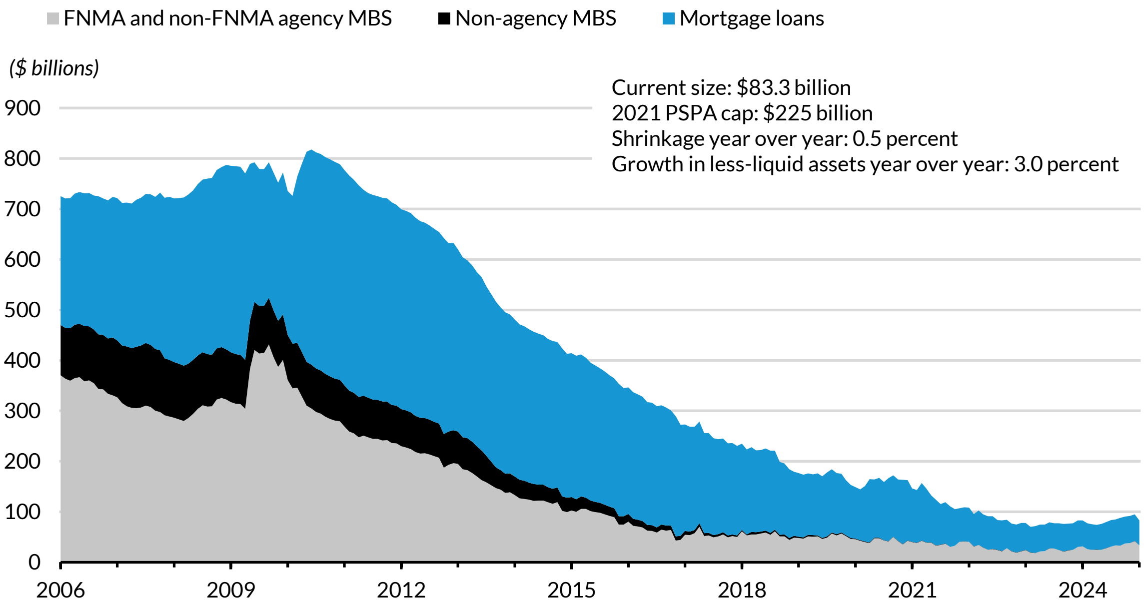
Forbearance Rates, by Channel



Source: MBA Weekly Forbearance and Call Volume Survey.
Note: Forbearance rates as of February 28, 2025.

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) ($83.3 and $97.4 billion, respectively). From January 2024 to January 2025, the Fannie Mae portfolio shrank 0.5 percent, and Freddie Mac's grew by 15.5 percent. Within the portfolios, Fannie Mae and Freddie Mac increased their less liquid assets (mortgage loans, non-agency MBS) by 3.0 and 23.6 percent, respectively.

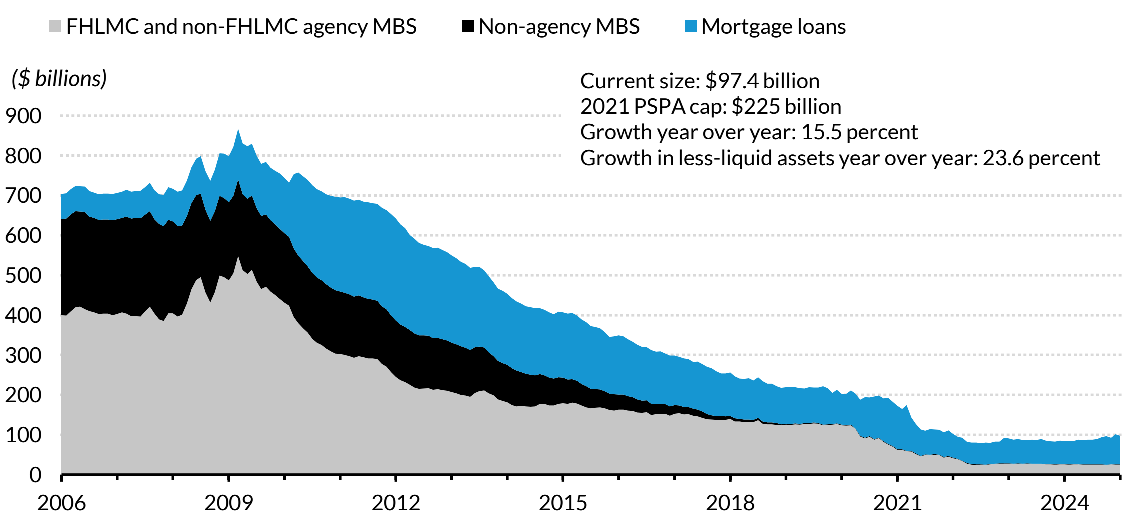
Fannie Mae Mortgage-Related Investment Portfolio Composition



Sources: Fannie Mae (FNMA) and the Urban Institute.

January 2025

Freddie Mac Mortgage-Related Investment Portfolio Composition



Sources: Freddie Mac (FHLMC) and the Urban Institute.

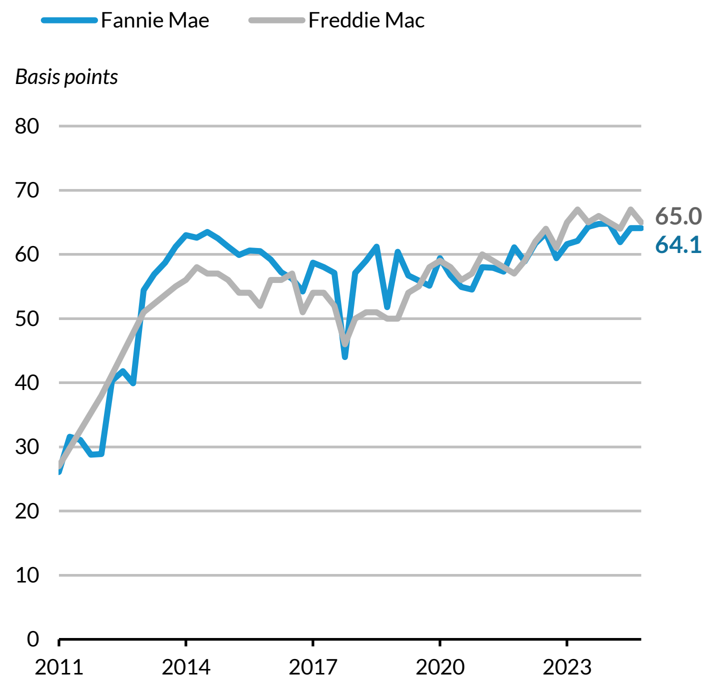
January 2025

Note: Effective March 2021, Freddie Mac does not provide Freddie Mac/non–Freddie Mac breakout of agency mortgage-backed securities. The above charts were updated in May 2021 to reflect this.

Guarantee Fees Charged on New Acquisitions

Fannie Mae's average g-fees charged on new acquisitions remained at 64.1 basis points in Q4 2024. Freddie Mac's decreased from 67 to 65 basis points from Q3 to Q4 2024. Today's g-fees are markedly higher than g-fees in 2011 and 2012, contributing to the GSEs' earnings amid sharp drops in acquisition volume.

The bottom table shows Fannie Mae loan-level pricing adjustments (LLPAs), which are expressed as up-front charges. In October 2022, the GSEs announced the elimination of LLPAs for loans to FTHBs earning up to the area median income; for 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 LLPA Adjustment Matrix, effective since May 1, 2023.



Sources: Fannie Mae, Freddie Mae, and the Urban Institute.
Note: Data as of Q4 2024.

Fannie Mae Up-Front Loan-Level Price Adjustments (LLPAs)

	LTV Ratio								
Credit score	≤ 60%	30–60%	60–70%	70–75%	75–80%	80–85%	85–90%	90–95%	> 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 the Urban Institute.
Note: Last updated January 2023.

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 $2.31 trillion; Freddie's STACR totals $2.78 trillion. After the COVID-19 spread widening in March 2020, and the reproposed capital rules released by FHFA shortly thereafter, Fannie Mae did not issue any deals from March 2020 to September 2021, while Freddie Mac continued to issue. With the changes in the final Capital Rule more credit risk transfer (CRT) friendly, and more positive attitude toward CRTs at FHFA, Fannie Mae resumed CAS issuance in October 2021. Over 2024, Fannie Mae issued 6 CAS deals and Freddie Mac issued 5 STACR deals. The amount of Freddie Mac STACR deals issued is 15 percent higher than issuance in 2023 and Fannie Mae CAS issuance in 2024 is 35 percent lower than CAS issuance over 2023. Thus far in 2025 Fannie Mae and Freddie Mac have each issued two credit risk transfer deals.

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
2024	CAS 2024 deals	$123,689	$4,163	3.4
January 2025	CAS Series 2025 – R01	$17,922	$777	4.3
March 2025	CAS Series 2025 – R02	$17,423	$711	4.1
Total		**$2,309,822**	**$68,746**	**3.0%**

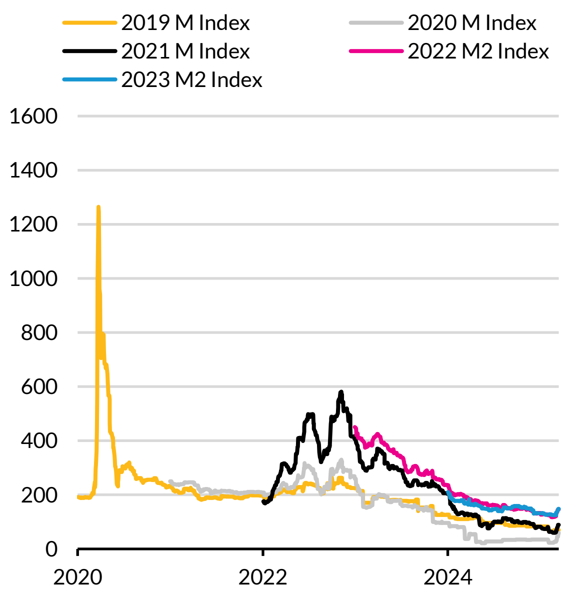
Freddie Mac – Structured Agency Credit Risk (STACR)

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
2024	STACR 2024 deals	$101.024	$2,826	2.8
January 2025	STACR 2025 – DNA1	$19,301	$676	3.5
February 2025	STACR 2025 – HQA1	$19,709	$620	3.1
Total		**$2,775,128**	**$75,328**	**2.7%**

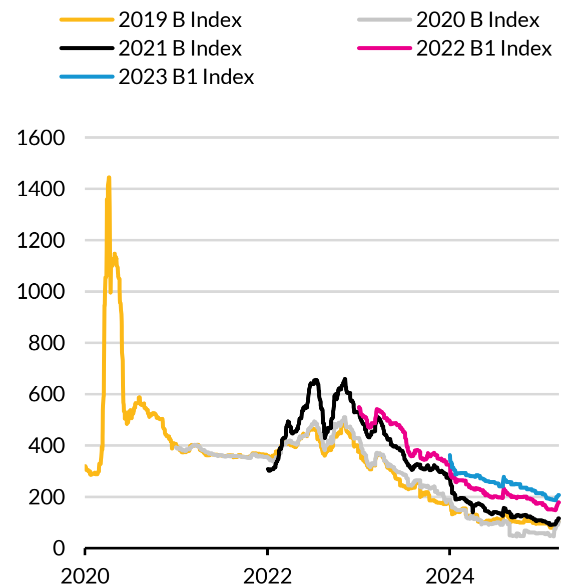
Sources: Fannie Mae, Freddie Mac and Urban Institute. **Note**: Classes A-H, M-1H, M-2H, and B-H are reference tranches only. These classes are not issued or sold. The risk is retained by Fannie Mae and Freddie Mac. “CE” = credit enhancement.

The figures below show the spreads on 2019–23 indexes, as priced by dealers. The spread between 2021 indexes 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 indexes dropped to align more with previous vintages. In addition, 2022 and 2023 indexes remain elevated compared with 2019–21 indexes. This pattern reflects lower embedded home price appreciation and higher mortgage rates, contributing to higher credit risk on newer vintages. But spreads on all indexes are declining over time, with greater declines on the 2022 and 2023 indexes.

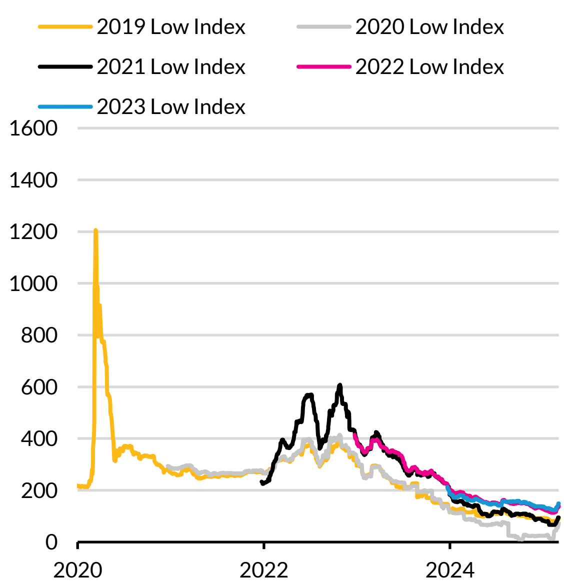
M Indexes



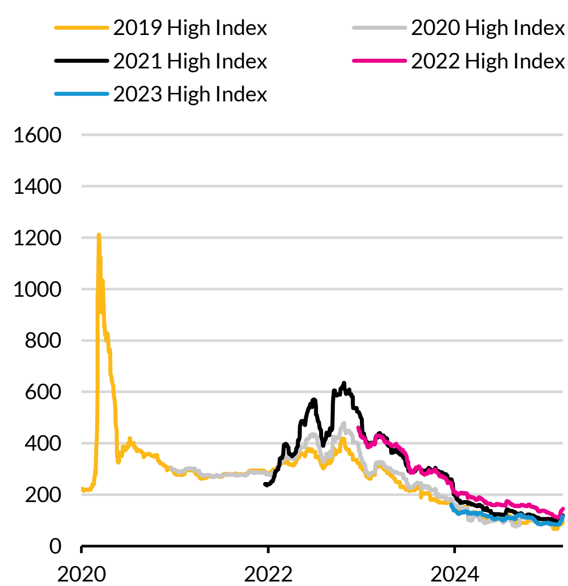
B Indexes



Low Indexes



High Indexes

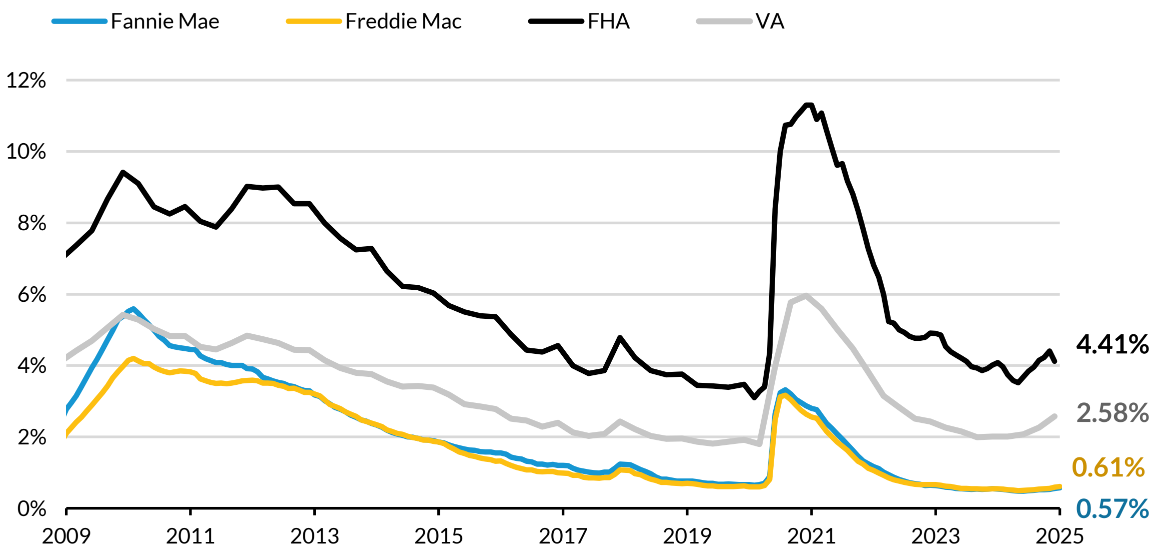


Sources: Vista Data Services and the Urban Institute.
Note: Data as of February 14, 2025.

GSEs UNDER CONSERVATORSHIP // SERIOUS DELINQUENCY RATES

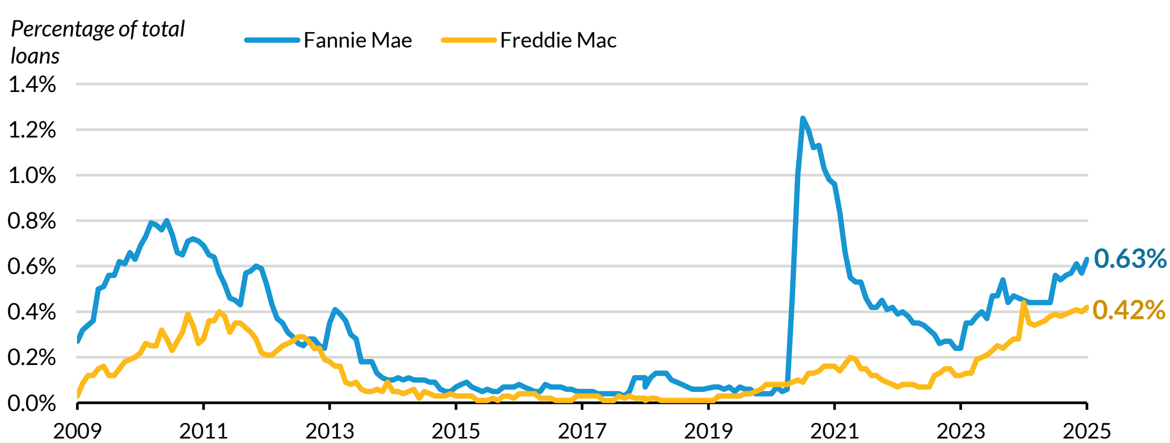
Serious delinquency rates for single-family loans have declined to prepandemic levels among GSE loans, with rates on FHA and VA loans only slightly above their prepandemic lows. In December 2024, the serious delinquency rates on Fannie Mae and Freddie Mac single-family loans both increased slightly to 0.57 and 0.61 percent, respectively. Serious delinquency rates for FHA loans, which are higher than those on GSE or VA loans, decreased to 4.12 percent in Q4 2024. In Q4 2024, VA serious delinquency rates increased to 2.58 percent from 2.26 percent in Q3 2024. Loans in forbearance are counted as delinquent for the purpose of measuring delinquency rates. Serious delinquency rates on Fannie Mae and Freddie Mac multifamily loans rose in 2023 and 2024 amid higher interest rates and reports of lower property values on multifamily properties.

Serious Delinquency Rates among Single-Family Loans



Sources: Fannie Mae, Freddie Mac, FHA, the MBA Delinquency Survey, and the Urban Institute. VA and FHA data as of Q4 2024. GSE data as of January 2025.
Notes: Serious delinquency refers to loans 90 days or more past due or in foreclosure. Not seasonally adjusted. From February 2020 through November 2024, FHA delinquency rates were collected from FHA's monthly single-family loan performance trends report, before and after this FHA serious delinquencies are from the quarterly MBA Delinquency Survey.

Serious Delinquency Rates among Multifamily GSE Loans



Sources: Fannie Mae, Freddie Mac, and the Urban Institute.
Notes: Data as of January 2025. 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 $101.8 billion in the first month of 2025; $63.1 billion by the GSEs and $38.7 billion by Ginnie Mae. GSE issuance was up 48.4 percent, and Ginnie Mae issuance was up 40.0 percent from January 2024 issuance levels. January 2025 net issuance (new securities issued less the decline in outstanding securities attributable to principal paydowns or prepayments) of $23.5 billion was 121.7 percent higher than net issuance over the same period in 2024. Higher net level relative to a year earlier is largely attributable to negative GSE issuance in the beginning of 2024 where new securities issued were less than the decline in outstanding securities.

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	$691.1	$453.6	$1,144.7
2025	$63.1	$38.7	$101.8
2025 % Change 2024	48.4%	40.0%	45.1%

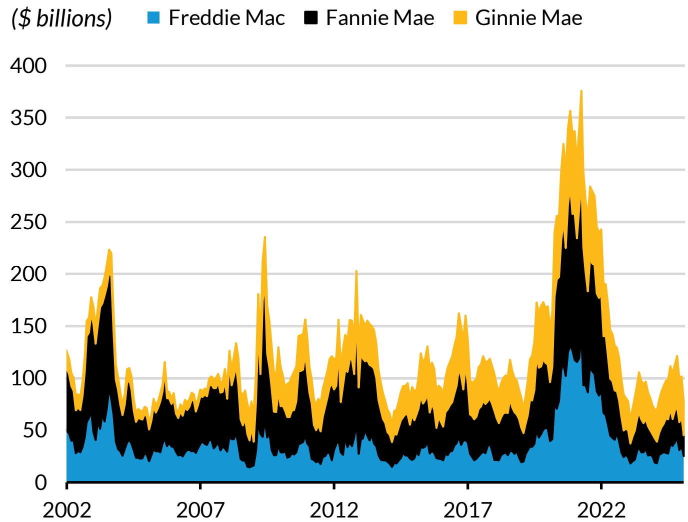
Agency Net Issuance

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	$47.5	$181.2	$228.7
2025	$8.6	$14.9	$23.5
2025 % change over 2024	-	21.4%	121.7%

Sources: eMBS and the Urban Institute.
Notes: Dollar amounts are in billions. Data as of January 2025.

Agency issuances by the GSEs and Ginnie Mae totaled $77.6 billion in February 2025, 12.1 percent higher than volume in February 2024. From 2016 through 2019 the Ginnie Mae share of new issuances remained relatively stable and ranged between 30 and 37 percent. The Ginnie Mae 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 Mae share then reached a new series high of 43.5 percent in February 2024 and remains relatively high at 41.8 percent in February 2025.

Monthly Gross Issuance

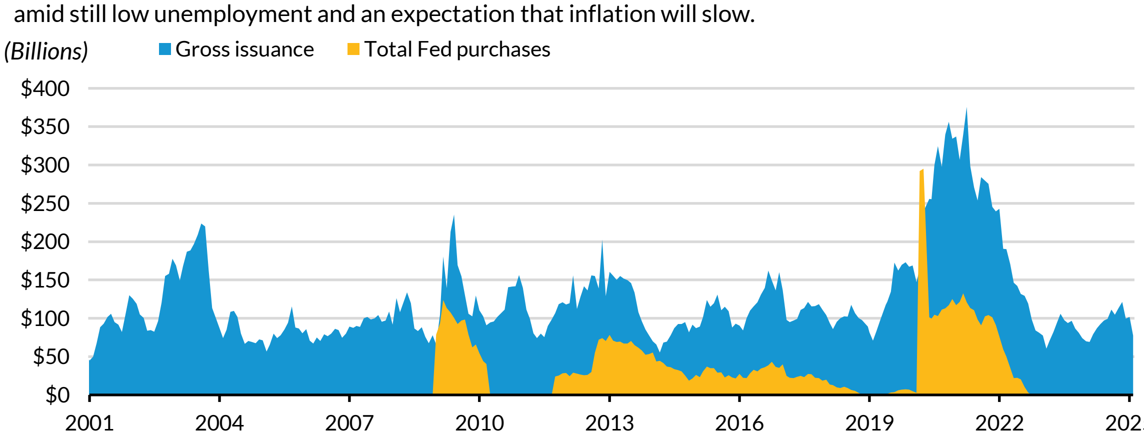


Sources: eMBS and Urban Institute calculations.

February 2025

Federal Reserve Absorption of Agency Gross Issuance

The Federal Reserve's portfolio was a critical policy tool during the pandemic. In March 2020, the Fed announced it would buy mortgages and Treasury securities in an amount necessary to support smooth-functioning markets. The Fed stopped buying MBS in March 2022 and started allowing for runoff in June 2022. The Fed's purchases of agency MBS dropped to $0 in November 2022 and has remained negligible since, reflecting its policy of allowing paydowns up to $35 billion to run off. It 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; it was further reduced to $5 billion at the March 2025 meeting. The Fed will maintain the monthly redemption cap on agency debt and agency MBS at $35 billion and will reinvest any principal payments in excess of this cap into Treasury securities. On February 26, 2025, the Fed's mortgage portfolio stood at $2.19 trillion, down 8.4 percent from its level a year earlier. Recently, the Fed held the federal funds rate at the range of 4.25 to 4.50 percent as recent indicators suggest that economic activity has continued to expand at a solid pace in 2025. The median projection of the federal funds rate suggests easier monetary policy in 2025 amid still low unemployment and an expectation that inflation will slow.

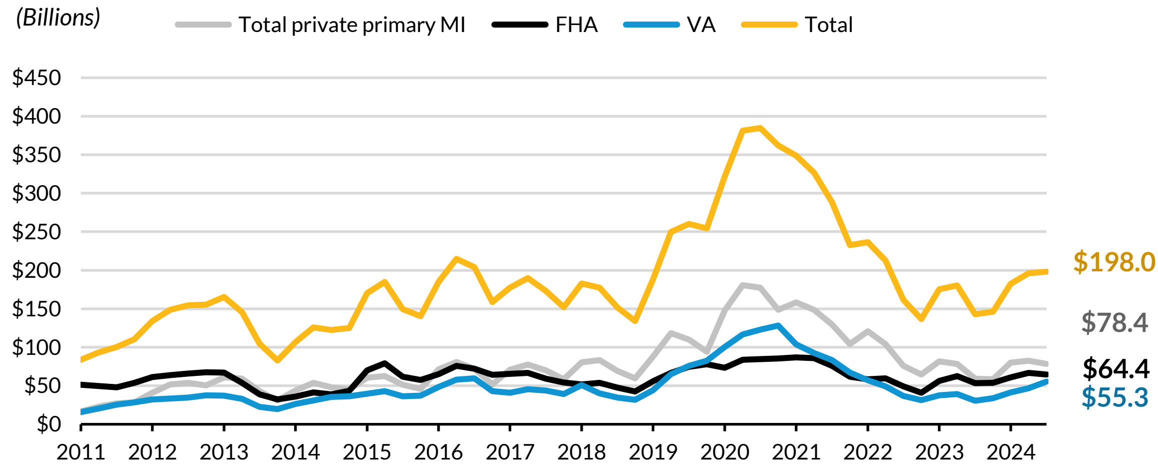


Sources: eMBS, the Federal Reserve Bank of New York, and the Urban Institute.

February 2025

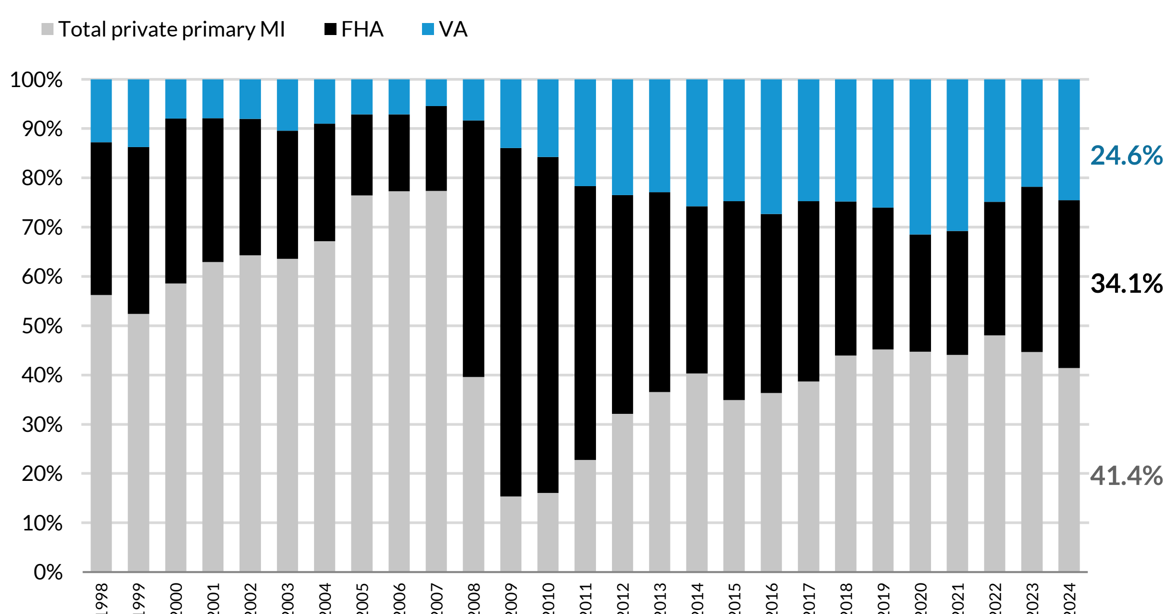
MI Activity

Total mortgage insurance written in 2024 was 13.7 percent higher than in 2023, reflecting greater use of the Ginnie Mae channel. FHA and VA mortgage insurance activity increased 15.4 and 28.2 percent, respectively, from 2023 to 2024. In 2024, private primary mortgage insurance activity was $298.9 billion, 5.4 percent higher than in 2023. Over the same period, the composition of total mortgage insurance activity shifted toward government channels. The private mortgage insurer share decreased from 44.6 to 41.4 percent. In contrast, the FHA share increased from 33.6 to 34.1 percent, and the VA share increased from 21.8 to 24.6 percent.



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Last updated for Q4 2024.

MI Market Share



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

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 the FHA worked to shore up its finances. In January 2015, President Obama announced a 50 basis-point cut in annual insurance premiums. In February 2023, Vice President Harris announced another 30 basis-point cut to FHA insurance premiums. FHA mortgages are now more attractive than GSE mortgages for most borrowers putting down less than 5 percent, regardless of FICO score. This is a reversal for borrowers with a FICO score at or above 760, and it reflects the wider spread between the Conforming and FHA base rates. Since the last Chartbook, the spread has widened from 19 basis points to 46 basis points.

FHA MI Premiums for a Typical Purchase Loan

Case number date	Up-front mortgage insurance premium (UFMIP) paid (basis points)	Annual mortgage insurance premium (MIP) (basis points)
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 the Urban Institute.
Note: A typical purchase loan has an LTV ratio over 95 percent and a loan term longer than 15 years.
* For a short period in 2008, the FHA used a risk-based FICO score/LTV ratio matrix for MI.
[a] Applies to purchase loans up to $625,500. Those over that amount have an annual premium of 150 basis points.
[b] Applies to purchase loans up to $625,500. Those over that amount have an annual premium of 155 basis points.
[c] Applies to purchase loans up to $625,500. Those over that amount have an annual premium of 105 basis points.

Initial Monthly Payment Comparison: FHA versus GSE with PMI

Assumptions	
Property value	$300,000
Loan amount	$289,500
LTV ratio	96.5%
Base rate	
Conforming base rate	6.80%
FHA base rate	6.34%

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	$1,992	$1,992	$1,992	$1,992	$1,992	$1,992	$1,992	$1,992
GSE plus PMI	$2,248	$2,203	$2,183	$2,123	$2,077	$2,055	$2,026	$1,998
GSE plus PMI Advantage	-$256	-$210	-$191	-$131	-$85	-$63	-$34	-$5

Sources: Enact Mortgage Insurance, Ginnie Mae, and the Urban Institute. FHA and 30-year conforming rates come from the Mortgage Bankers Association Weekly Applications Survey.
Notes: PMI = private mortgage insurance. Rates as of March 12, 2025. Mortgage insurance premiums are listed in percentage points. Gray shading indicates the 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 programs.

PUBLICATIONS AND EVENTS

See our events page for more information on other upcoming and past events.

Projects

The Future of Homeownership and Housing Finance

A Road Map to Address America's Housing Crisis

Exploring Mom-and-Pop Landlord Rentals

Sustaining Homeownership

The Special Purpose Credit Program Data Toolkit

Home Ownership Means Equity (HOME) Initiative: Call for Papers on Advancing Latino Homeownership

Wealth Opportunities Realized through Homeownership State Data to Target Homeowner

Assistance Fund Dollars

The Mortgage Servicing Collaborative

Housing Credit Availability Index (HCAI)

Home Mortgage Disclosure Act Projects

Mortgage Markets COVID-19 Collaborative

Reducing the Racial Homeownership Gap

Monthly Chartbooks

Data Tools Available Online

Special Purpose Credit Program Data Toolkit

Tracking Rent Payments to Mom-and-Pop Landlords

Tracking Homeownership Wealth Gaps

Publications

Climate Risks to Latino Homeowners and Communities
Authors: Linna Zhu, John Walsh, Bryson Berry
Date: March 19, 2025

Evaluating the WORTH Initiative's Progress in Year 2
Authors: Michael Neal, Lydia Lo, Jung Hyun Choi, Ilina Mitra, Matthew Pruitt, Violet Sulka/Hewes, Corianne Payton Scally
Date: March 14, 2025

Are Federal Urban Development and Housing Investments Meeting the Need?
Authors: Yonah Freemark, Gabe Samuels, Tomi Rajninger, Amanda Hermans, Sam Lieberman, Teddy Maginn
Date: March 13, 2025

Leveraging the Community First Fund to Scale FHLBanks' Mission Impact
Author: Joe Neri
Date: February 26, 2025

Improving and Standardizing Mortgage Refinancing
Authors: February 14, 2025
Date: Edward Golding, Laurie Goodman, Ted Tozer

Blog Posts

Homeownership Has Fallen Further Out of Reach for Younger Families with the Lowest Incomes
Authors: Laurie Goodman, Ted Tozer, Jun Zhu
Date: March 17, 2025

America's Housing Market Is Failing Older Adults
Authors: Linna Zhu, Amalie Zinn
Date: March 12, 2025

Gutting the FHA Will Decrease Housing Market Efficiency and Hurt Borrowers
Authors: Amalie Zinn, Katie Visalli, Laurie Goodman
Date: February 26, 2025

Black Housing Wealth Varies across Local Markets, Despite Recent Improvement in the Black Homeownership Rate Nationally
Authors: John Walsh, Jung Hyun Choi
Date: February 18. 2025

Including Rental Payment History in Underwriting and Credit Scores Could Expand Access to Credit
Authors: Daniel Pang, Laurie Goodman, Jung Hyun Choi
Date: January 16, 2025

Why Do Closing Costs Differ Between States?
Authors: Bryson Berry, Jung Hyun Choi, Laurie Goodman, Katie Visalli
Date: January 7, 2025

What Components Make Up Closing Costs?
Authors: Jung Hyun Choi, Bryson Berry, Laurie Goodman, Katie Visalli
Date: January 6, 2025

Reinstating Limitations on Fannie Mae and Freddie Mac Mortgage Lending Would Hamper Access to Credit
Authors: Laurie Goodman, John Walsh
Date: December 19, 2024

How Do One-Size-Fits-All Landlord-Tenant Laws Affect Small Landlords?
Authors: Daniel Pang, Jung Hyun Choi, Katie Fallon
Date: December 5, 2024

Manufactured Homes Increase in Value at the Same Pace as Site-Built Homes
Authors: Laurie Goodman, Daniel Pang
Date: November 19, 2024

Inherited Homes Are Most Likely to Be Poor Quality, Compounding Racial Wealth and Housing Gaps
Authors: Michael Neal, Amalie Zinn, John Walsh
Date: November 12, 2024

Acknowledgments

The Housing Finance Policy Center (HFPC) was launched with generous support at the leadership level from the Citi Foundation and John D. and Catherine T. MacArthur Foundation. Additional support was provided by The Ford Foundation and The Open Society Foundations.

Ongoing support for HFPC is also provided by the Housing Finance Innovation Forum, a group of organizations and individuals that support high-quality independent research that informs evidence-based policy development. Funds raised through the Forum provide flexible resources, allowing HFPC to anticipate and respond to emerging policy issues with timely analysis. This funding supports HFPC's research, outreach and engagement, and general operating activities.

The chartbook is funded by these combined sources. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at www.urban.org/support.

Housing Finance Innovation Forum Members as of March 2025

Organizations
400 Capital Management
AGNC Investment Corp.
American Bankers Association
American Investment Council
Andrew Davidson & Co.
Arch Capital Group
Assurant Charitable Foundation
Auction.com
Bank of America
Bilt Rewards
BlackRock
Citizens Bank
CoreLogic
Council of Federal Home Loan Banks
Ellington Management Group
Enact Mortgage Insurance Corporation
Equifax
Fannie Mae
FICO
Freddie Mac
Freedom Mortgage
Housing Policy Council
Ivory Innovations
Living Cities
MGIC
Mortgage Bankers Association
Move.com, formerly Avail
Mr. Cooper
National Association of Affordable Housing Lenders
National Association of Home Builders
National Association of Realtors
National Community Stabilization Trust
National Fair Housing Alliance
Padgett Law Group
Pretium Partners
Pulte Home Mortgage
RiskSpan
Rithm Capital Corp.
Rocket Mortgage
Union Home Mortgage
U.S. Mortgage Insurers
Veteran United Home Loans
Wells Fargo
Zest AI
Zillow

Individuals
Kenneth Bacon
David & Rita Brickman
Mary Miller
Jim Millstein
Shekar Narasimhan
Faith Schwartz
Bill Young

Data Partners
Avail, by Realtor.com
CAPE Analytics
CoreLogic
First American
Intercontinental Exchange (ICE)
Moody's Analytics
Recursion Co