



Consumer Federation of America

Mortgage Access and Sustainable Economic Activity: The Consumer View

Workshop on the Appropriate Government Role in U.S Mortgage Markets

Federal Reserve Bank of NY

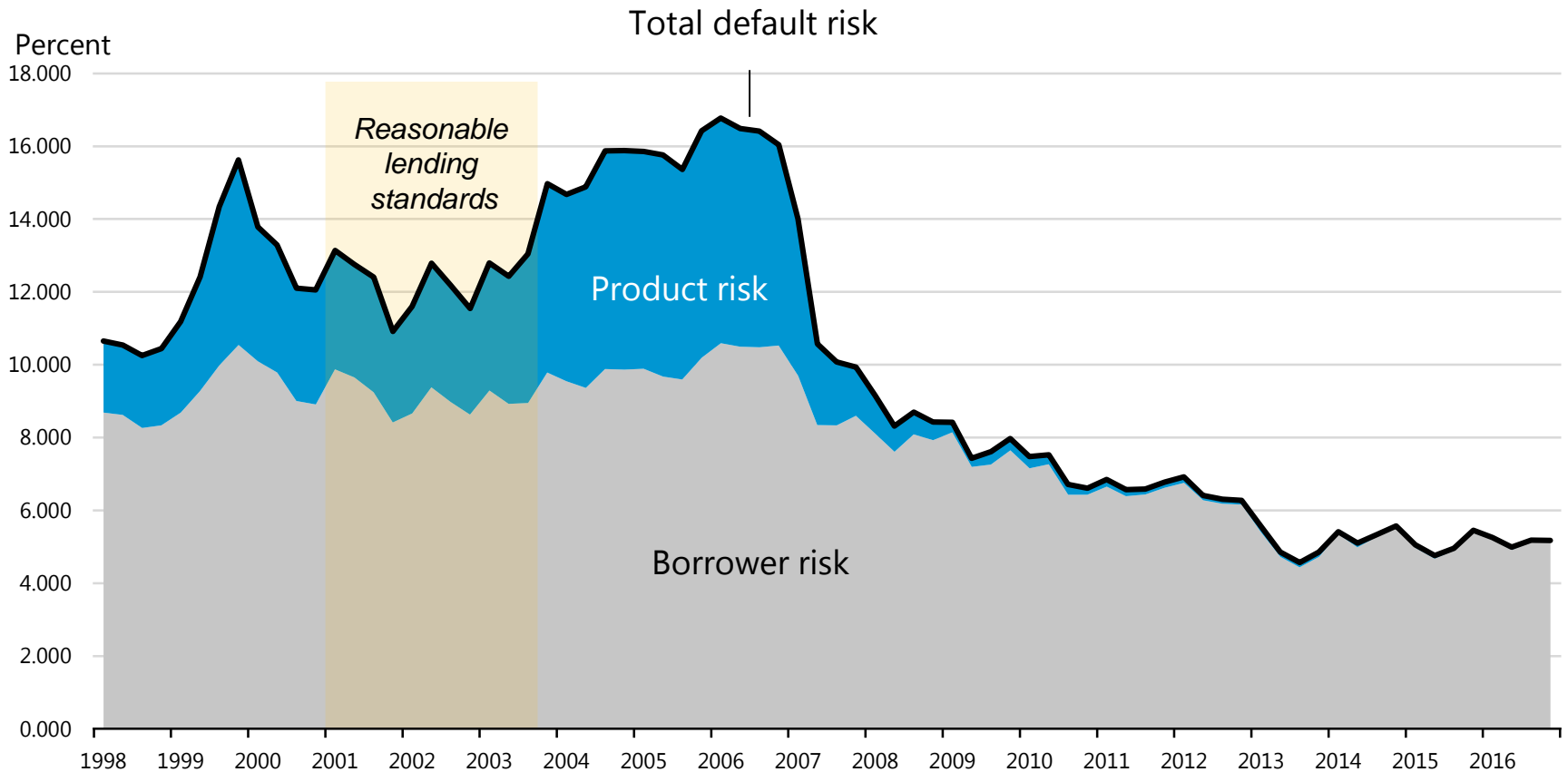
April 28, 2017

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Director of Housing Policy

Housing Credit Availability Index (HCAI)

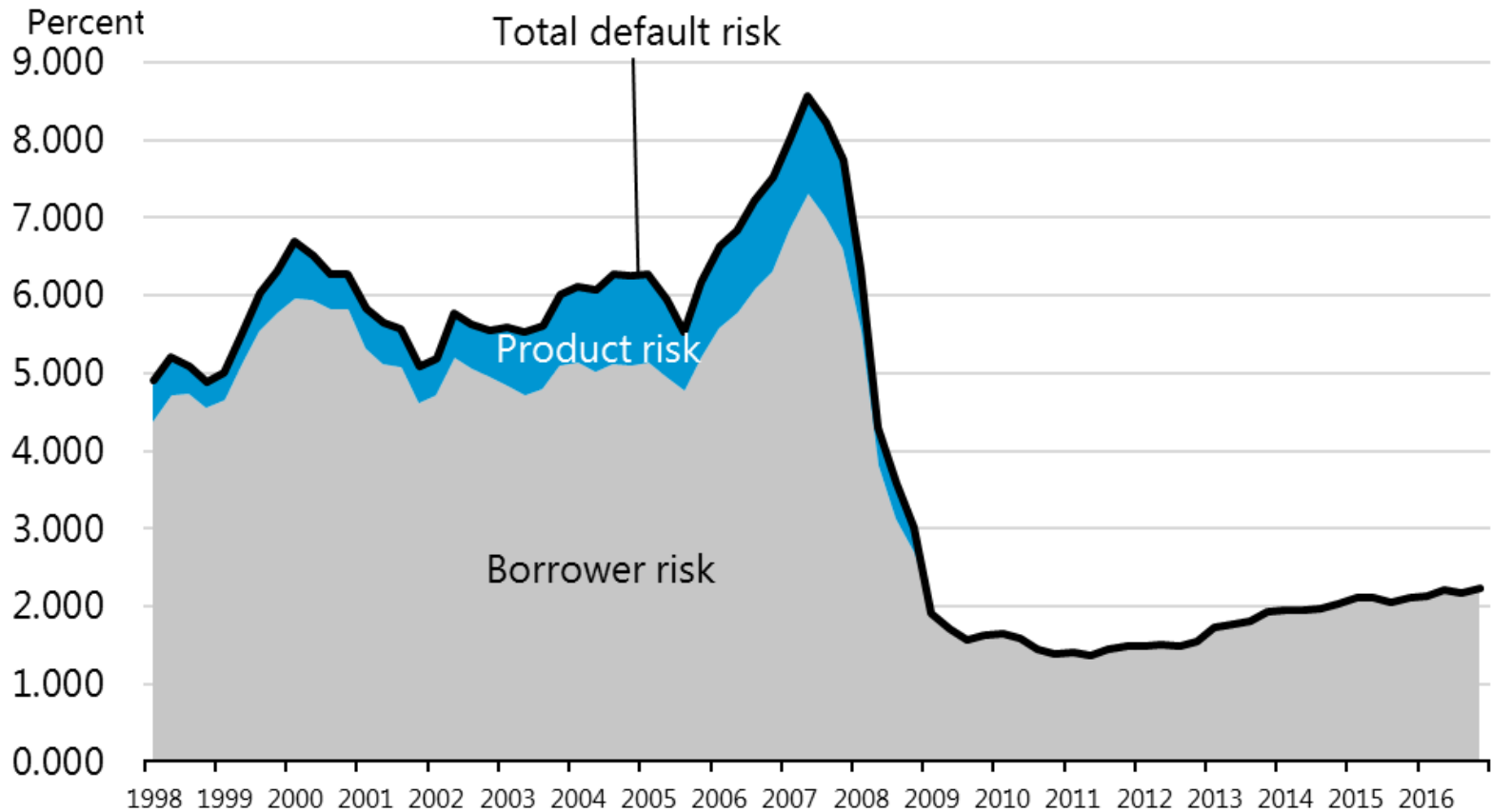
Default Risk Taken by the Mortgage Market, 1998Q1–2016Q4



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

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Default Risk Taken by the Government-Sponsored Enterprises Channel, 1998Q1–2016Q4



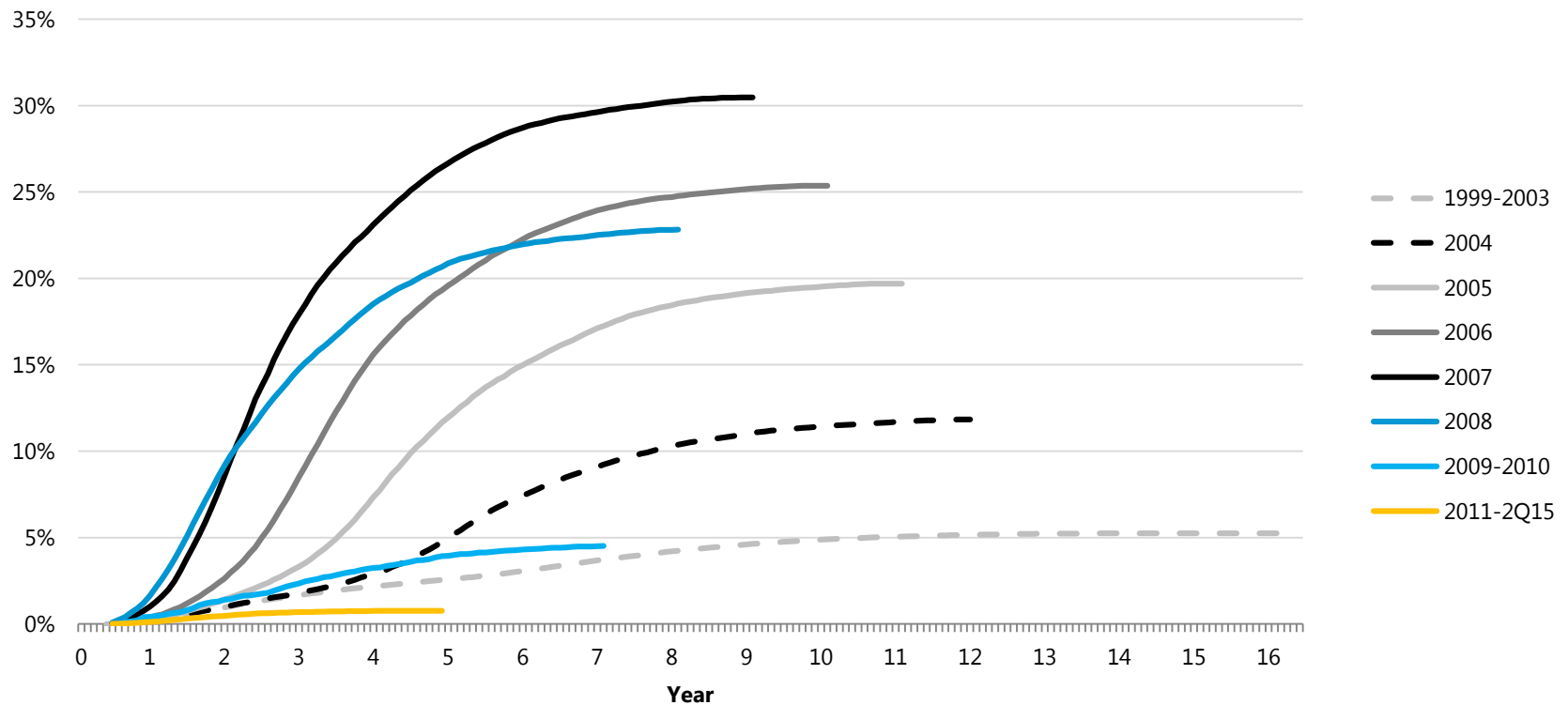
Sources: eMBS, CoreLogic, HMDA, IMF, and Urban Institute.

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Fannie Mae Cumulative Default Rate by Vintage Year

Default rate for loans with FICO < 700 and 80-90 LTV

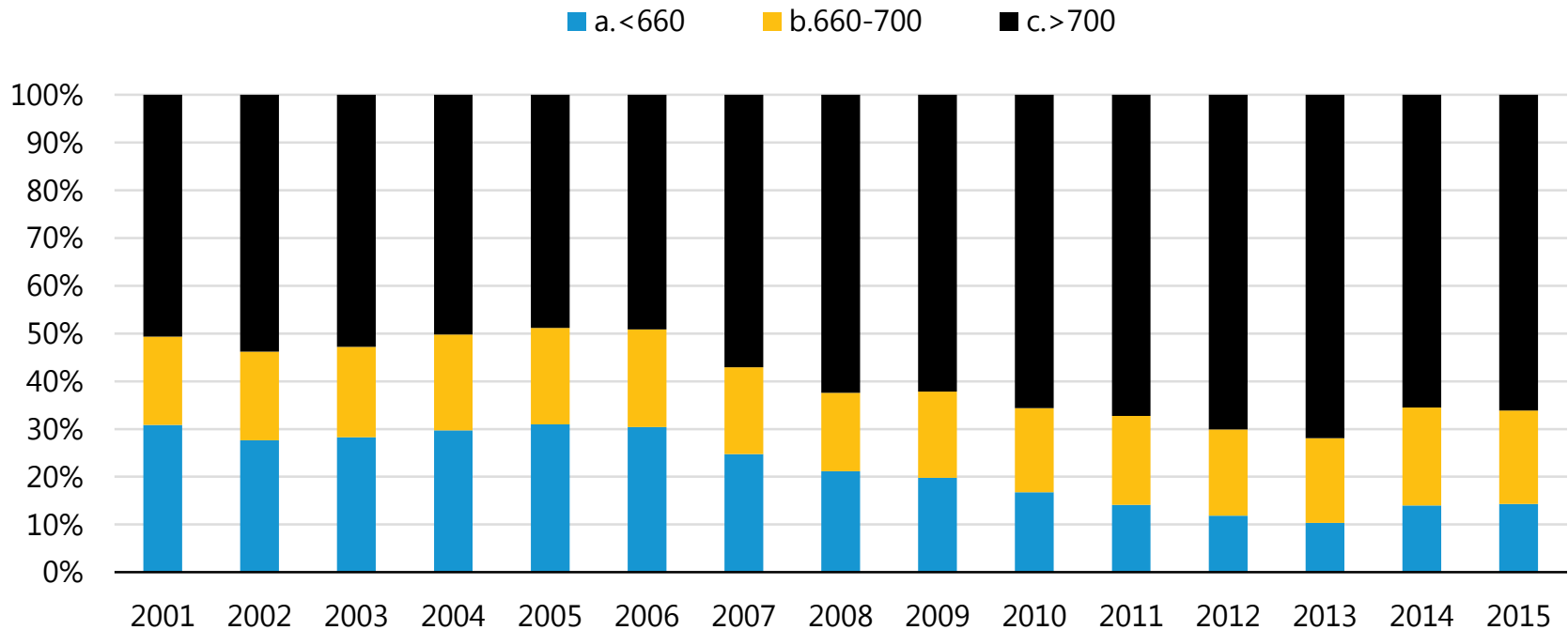
Default rate, percent



Sources: Fannie Mae Single Family Loan-Level Dataset and Urban Institute calculations

The share of borrowers with strong credit has increased dramatically

FICO Score Distribution of New-Purchase Borrowers



Source: Urban Institute

How many purchase loans are missing because of credit availability?

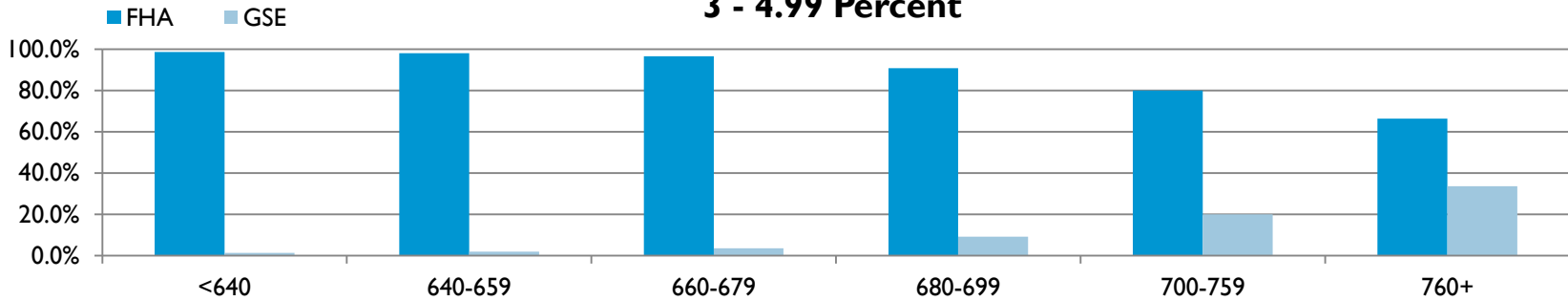
Loan category	2001, scaled to HMDA	2015, scaled to HMDA	Actual Percent decline	2015, assuming no constraint >700	Difference between >700 unconstrained and actual
CL-HMDA merged loans, <660	1,433,986	503,013	64.9%	1,414,087	911,074
CL-HMDA merged loans, 660-700	861,047	686,073	20.3%	849,099	163,026
CL-HMDA merged loans, >700	2,356,516	2,323,816	1.4%		
CL-HMDA merged loans, Total	4,651,549	3,512,903	32.4%		1,074,099

Cumulatively, 6.3 million loans are missing from 2009-29015.

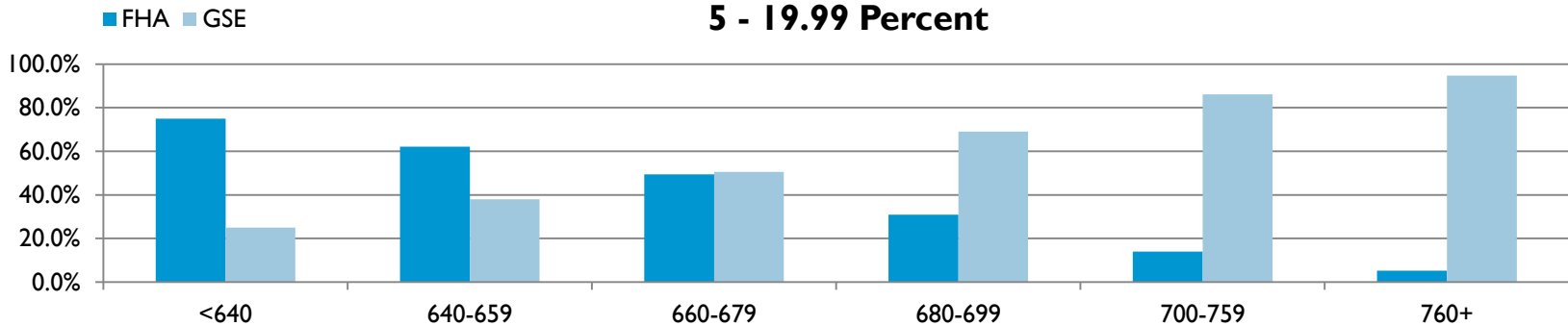
Source: Urban Institute Calculations from HMDA and CoreLogic data

FHA Captures the Riskier Borrowers

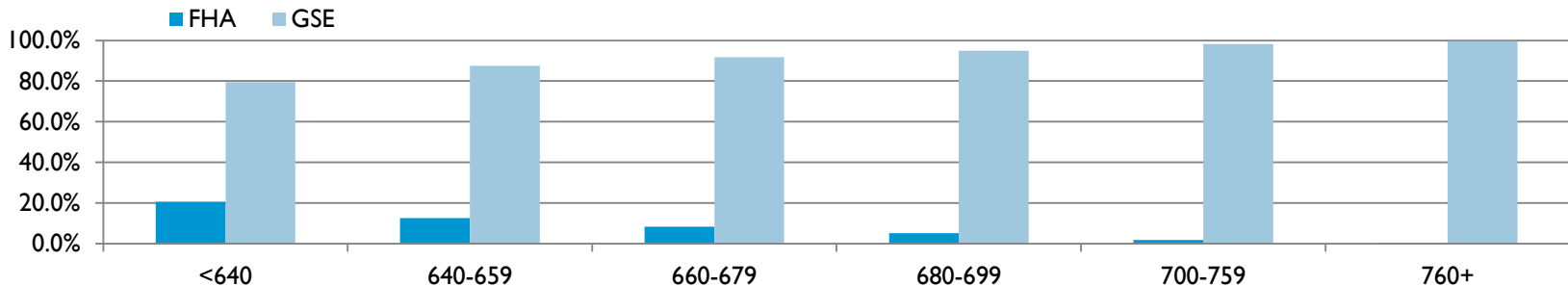
Channel Choice by Credit Score When Down Payment is 3 - 4.99 Percent



Channel Choice by Credit Score When Down Payment is 5 - 19.99 Percent



Channel Choice by Credit Score When Down Payment is 20 Percent or More



Source: eMBS and the Urban Institute.

Note: 2016 purchase and refinance mortgage.

Building Access into a New System

- Assure that entities that use government support do not “cream” the market
- Create a mandate for “leading the market” into new areas through research, pilots, and partnerships that extend secondary market liquidity responsibly
- Charge a fee on government backed MBS to support market expanding activities and contribute to support for low income rental assistance programs

2012 Federal Support for Housing

