

August HFA Prepay Report, Delinquency Trends, and Outlook

August HFA voluntary prepayment ratios to generic counterparts declined sharply, reversing the increases of the past two months. The ratios on new production Tier 1 Ginnies are at zero on 4s and higher, and in the 20s percent on lower coupons. Tier 2 ratios are similarly split, with 4s and higher at zero and lower coupons averaging high 40s percent on 3.5s and nearly 20 percent on 2.5s and 3s, and Tier 3 ratios are near zero except for nearly 60 percent on 2.5s and a wide range of 14 percent to 115 percent on 4s. HFA S-curves continue to normalize and should settle down at flatter levels in the coming months.

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