May Housing Finance Agency Prepayment Report, Delinquency Trends, and Outlook

HFA MBS prepayments in May declined less than generic counterparts, pushing up CPR and VPR ratios. This is consistent with the idea that HFA borrowers potentially react with somewhat longer lags compared to generic borrowers. These ratios could tick up again next month as aggregate speeds decline slightly. That said, these ratios are still mostly in the single digits to teens except for higher coupon Tiers 2 and 3. In the Ginnie sector, Lakeview's buyouts declined as expected, while buyouts by mission focused HFA servicers remain minimal.

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