

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

HFA voluntary prepayment ratios to generic counterparts were flat to slightly higher except for a slight decline in 3s in November. New prod Tier 3 ratios continued to be pushed up more notably by UT speeds, potentially driven by an available refi program. These ratios for new production Tier 1 remain in the single digits to teens percent, and Tier 2 in the 20s to 30s percent. Tier 3 ratios are in the 60s to 80s percent in aggregate. In the Ginnie sector, buyouts in HFA MBS were mixed – lower than October on Lakeview serviced pools, flat on bank serviced pools, and continued minimal prints on mission focused HFA serviced pools. This continued absence of a pick-up in buyouts in the delinquency pipelines of HFA servicers reinforces the idea that there are frictions limiting traction for FHA's simplified modification program that servicers are required to offer to seriously delinquent borrowers. We continue to monitor if the availability of Ginnie's "ET" pools in December for terms modified to longer than 30-years creates traction.

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