

U.S. Housing and MBS Market

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

Trends in April speeds in HFA MBS compared to generic counterparts were mixed. In UMBS, the speed ratios were in line to somewhat lower than last month on new production pools across Tiers 1 through 3. In Ginnies, the voluntary speed ratios increased slightly in Tier 1, and more meaningfully in Tier 2/3. That said, these ratios are still mostly in the single digits to teens percent except for higher coupon Tiers 2 and 3. In the Ginnie sector, Lakeview's buyouts bounced as expected, while buyouts by mission focused HFA servicers remain minimal.

Ginnie 30-day delinquencies have mostly drifted to pre-Covid levels or below across various HFA programs and generic counterparts. The upward ramp in 2.5s appears to have ticked down across programs this month. We expect this to tick down gradually in the coming months, in line with trends in higher coupons.

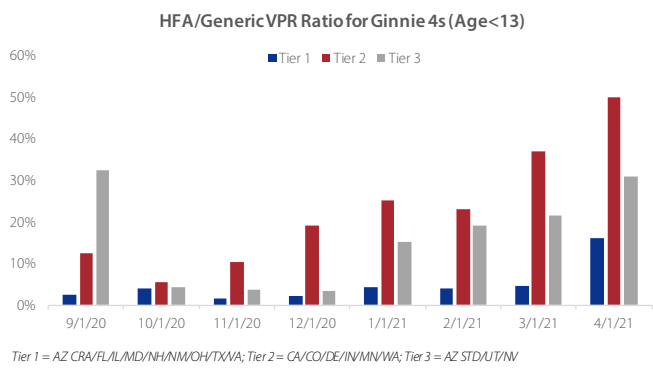
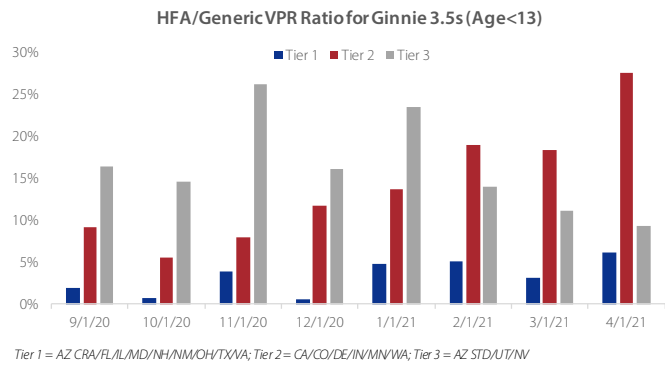
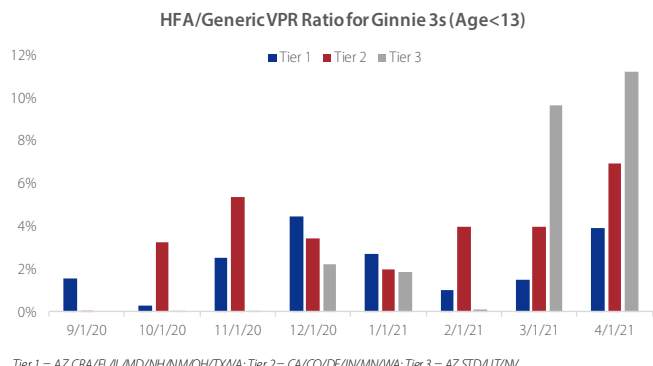
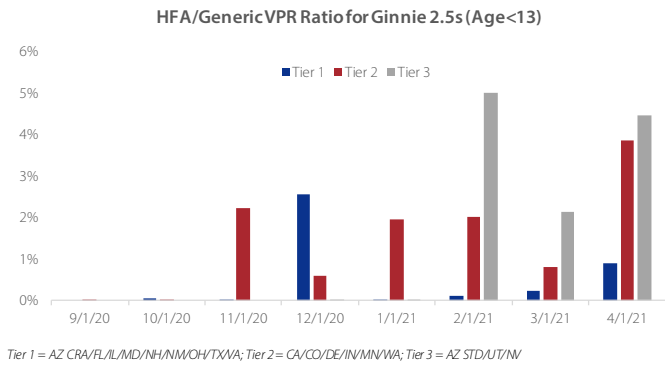
60-day delinquencies have flattened close to pre-Covid levels. This suggests a return to a normalized rate of buyouts by bank servicers in the coming months. We expect Lakeview's buyout to dip next month given a drop in 60-day delinquencies, followed by a gradual return to a normalized buyout rate, although a pent up pipeline of 120+ delinquencies could trigger occasional buyout spikes. We continue to think that the mission driven HFA servicers will likely have minimal buyouts until we approach the end of forbearance at the end of 2021.

Please view HFA/Generic VPR Ratios on page 2.

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Ginnie 30-day delinquencies have mostly drifted to pre-Covid levels or below across various HFA programs and generic counterparts.

VPR ratios to Generic counterparts illustrate solid call protection across the HFA coupon stack and Tiers, although Tier 2/3 ratios have increased recently



Source: Bloomberg, RiskSpan, YieldBook, FHFA, and HilltopSecurities.

This excerpt is a brief summary of our HTS April 2021 HFA prepay report released earlier this week. For more details, please contact us at the MBS Strategy desk or your HTS salesperson.

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