

Originations in Current Rate Environment and Servicing Update

CFPB Advisory Boards and Councils Meetings

June 2022



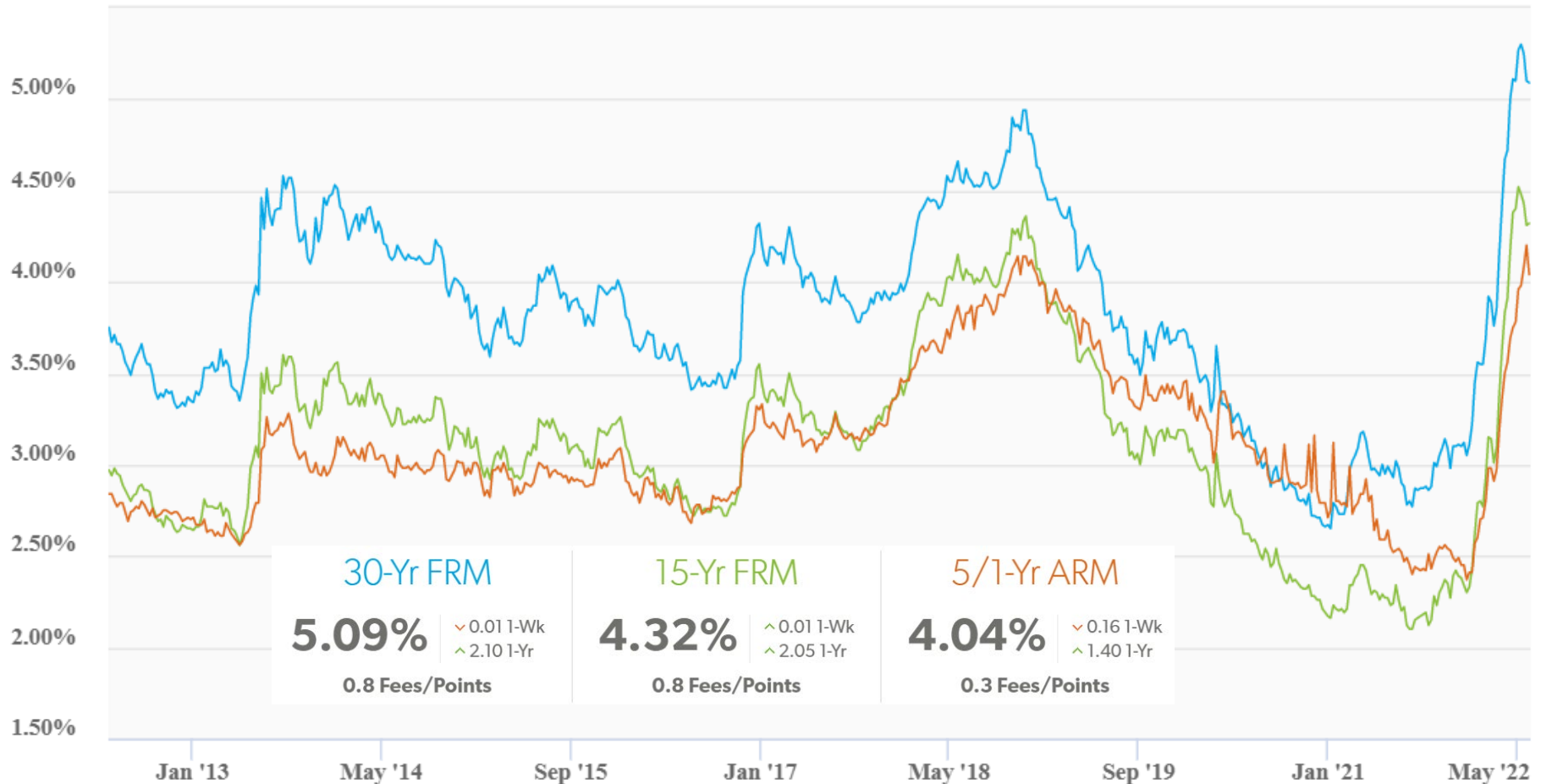
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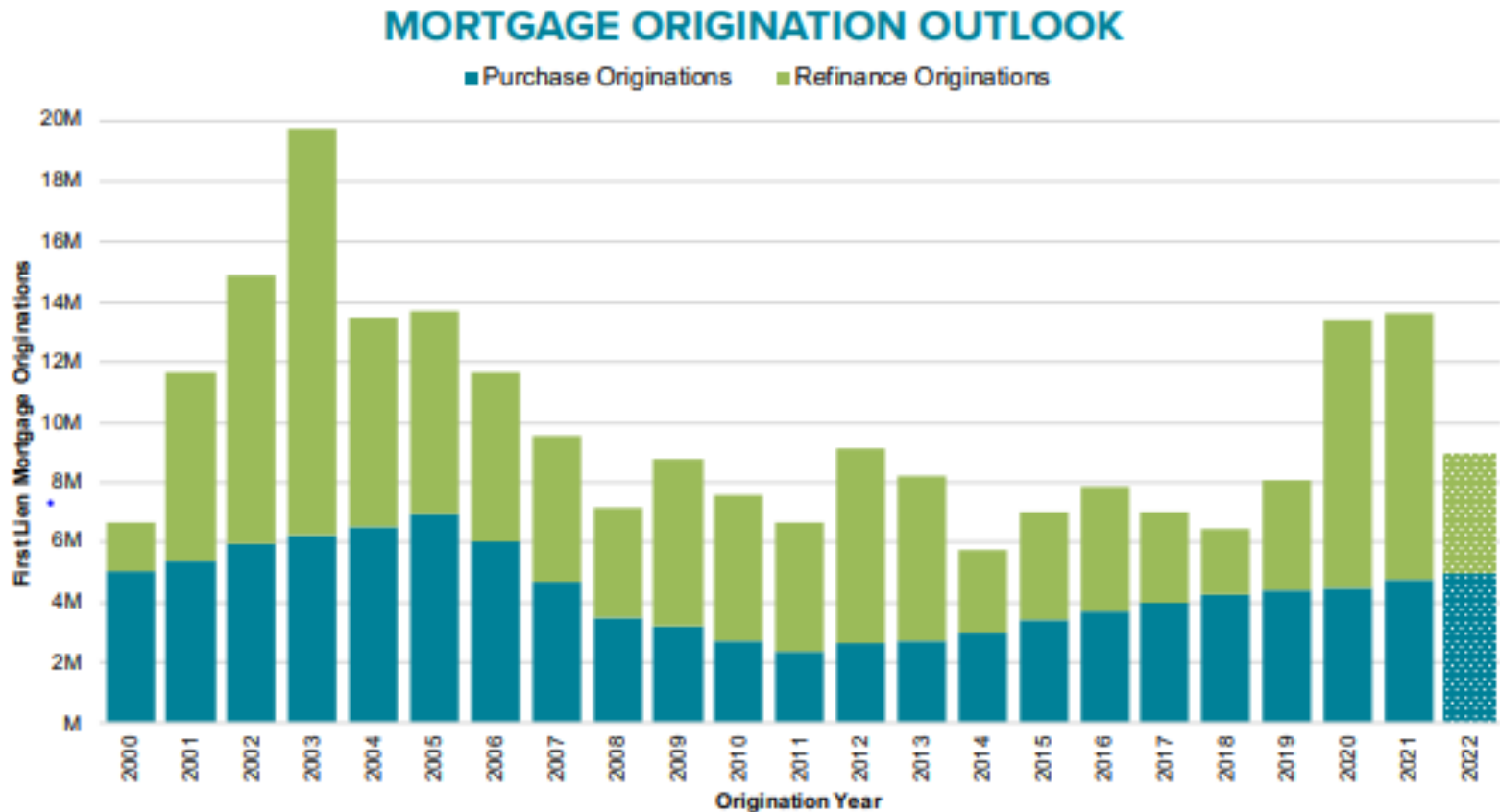
Mortgage Originations

Trends in a new rate environment

Interest rates top 5% for first time in over a decade

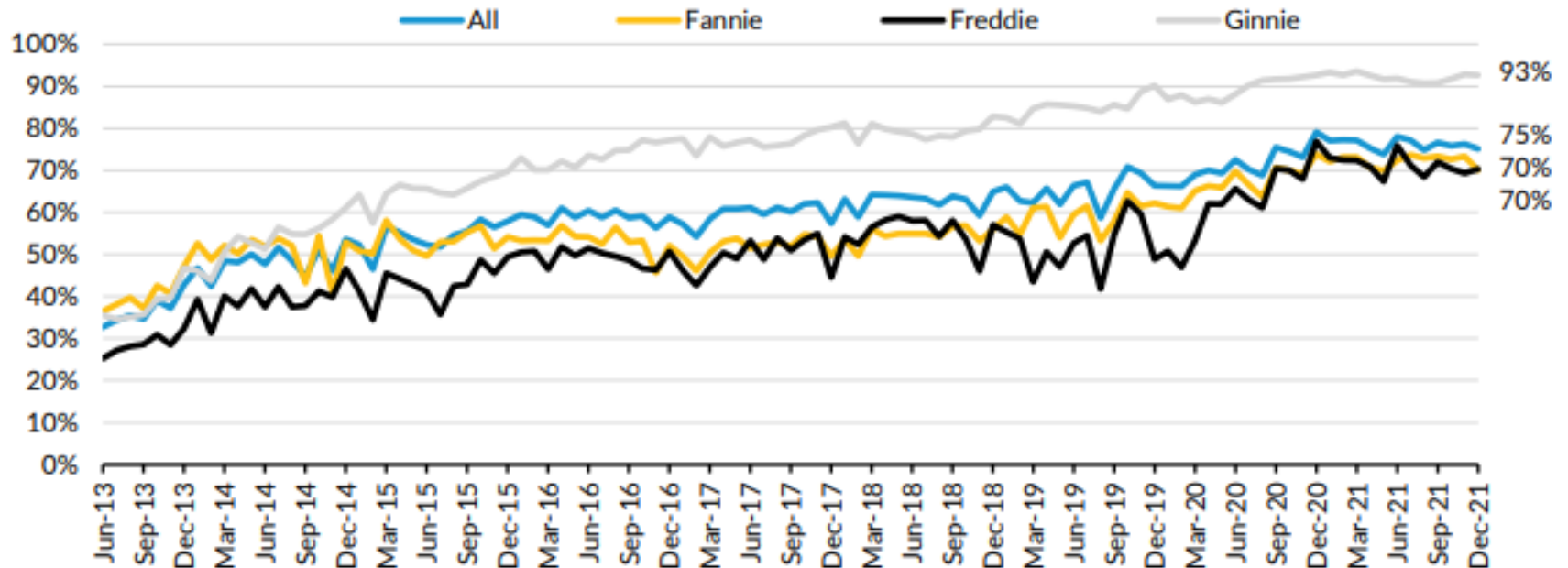


Origination activity expected to fall significantly in 2022 after previous years' record volumes



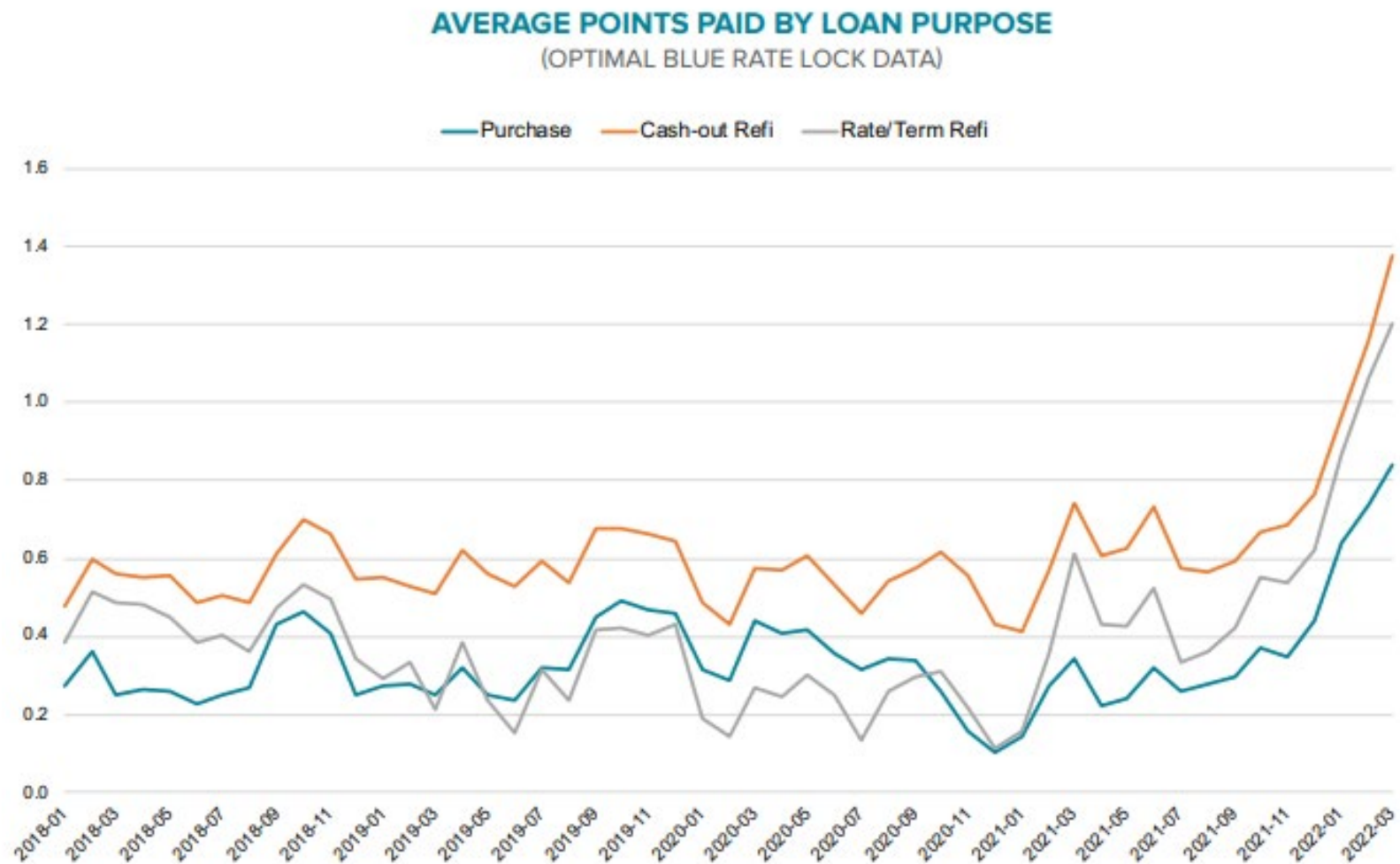
Non-banks continue steady gain of market share, but they have begun reacting to anticipated lower origination activities

Nonbank Origination Share: All Loans



Sources: eMBS and Urban Institute.

More homebuyers are buying down their rates



Source: Optimal Blue, a division of Black Knight

ARM volume jumped, but is still historically low

Adjustable-rate-mortgage applications as share of all applications



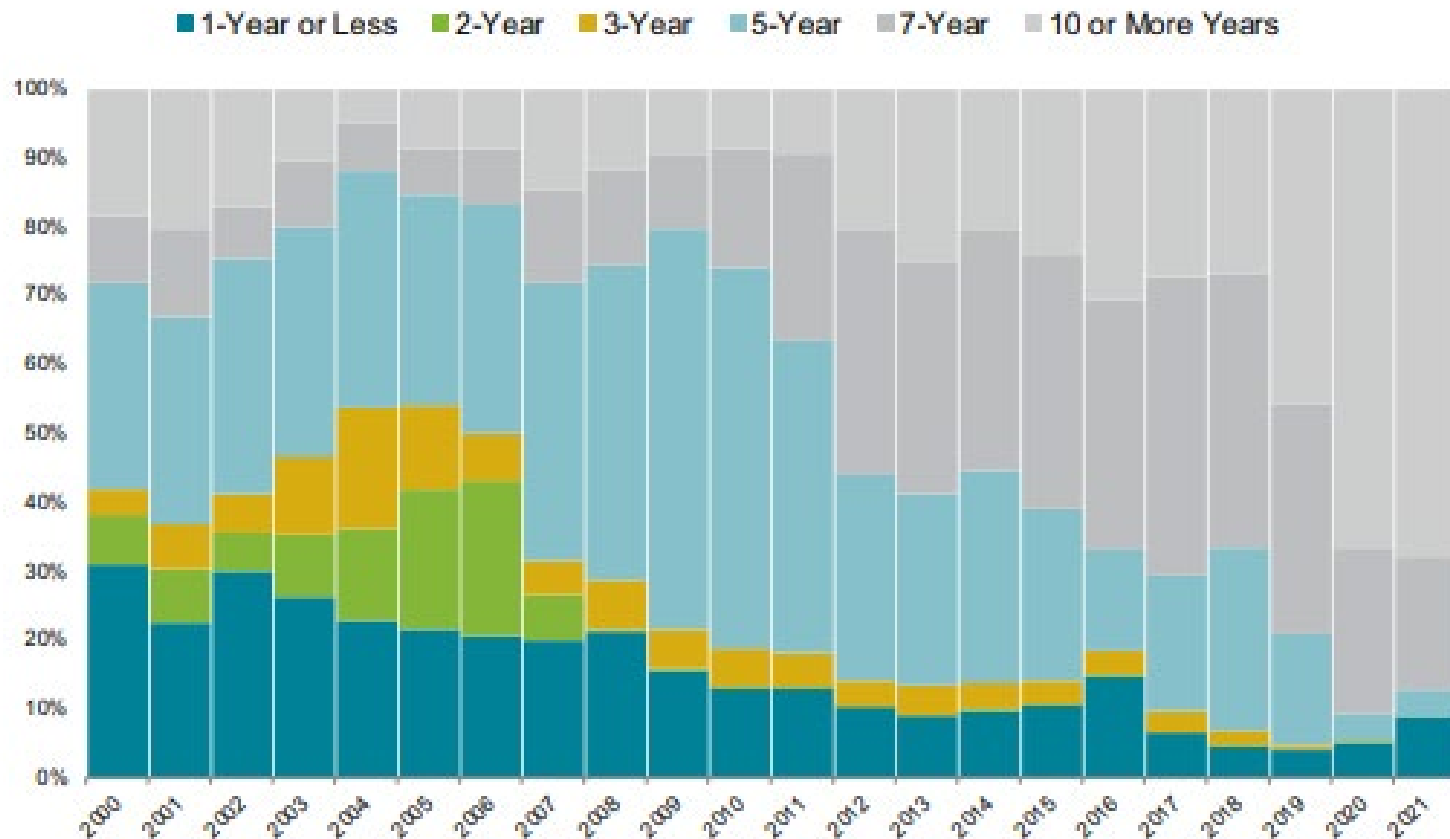
Source: Mortgage Bankers Association

ARMs accounted for about 9% of mortgage applications in late May.

That's well below the 2005 peak of more than 35%.

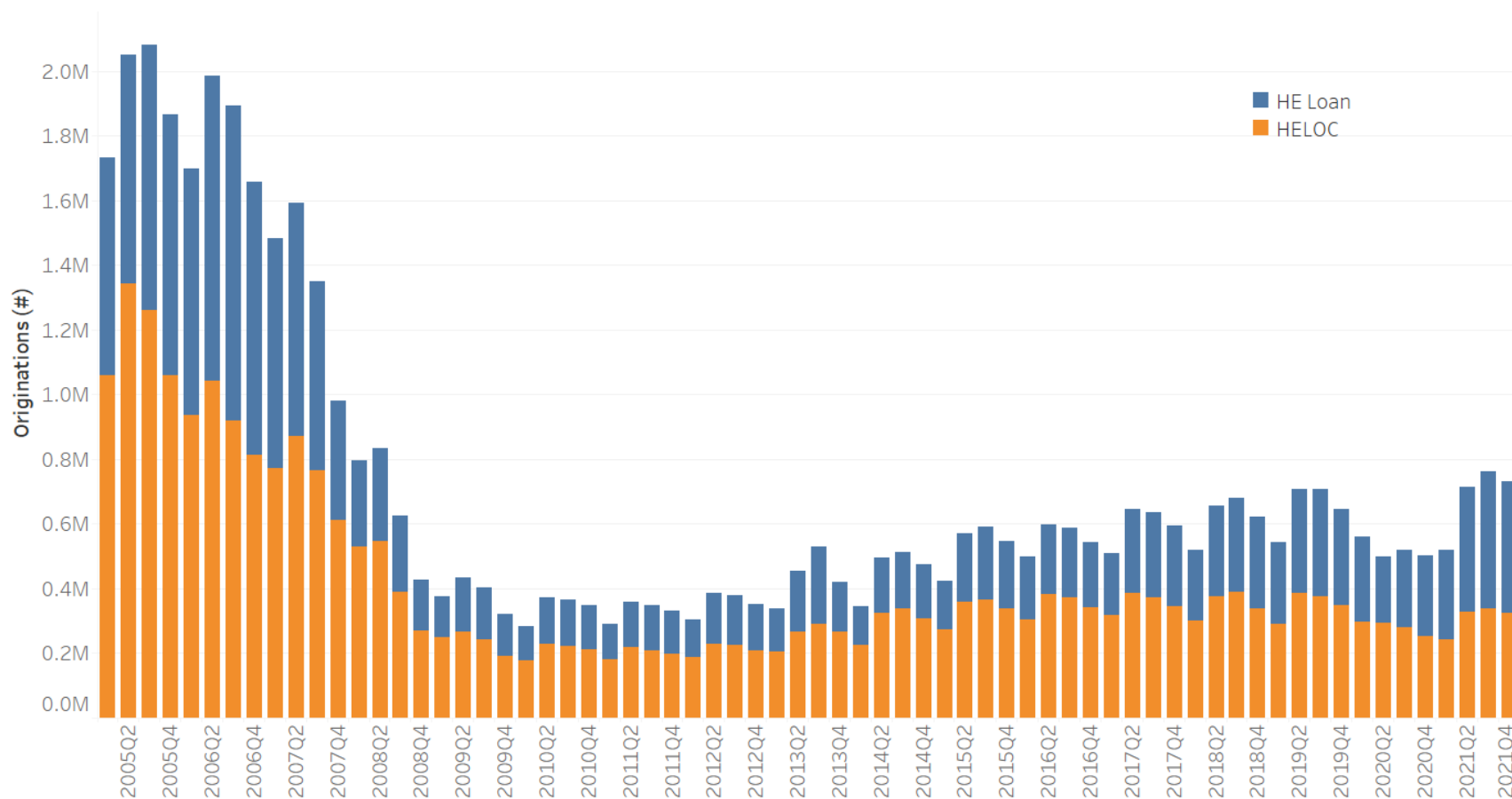
Most ARMs are fixed for the first 7 years or more

**DISTRIBUTION OF ARM ORIGINATIONS
BY INITIAL FIXED PERIOD**



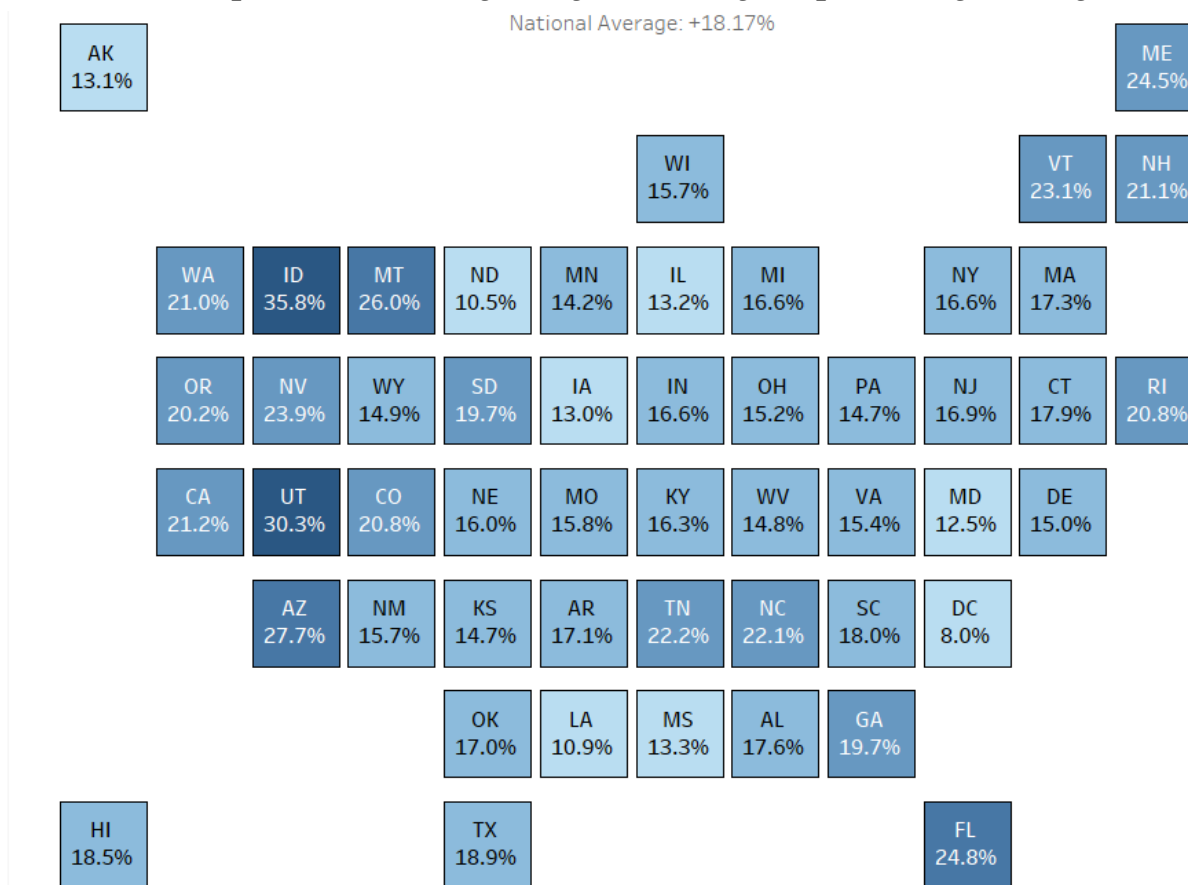
Home equity lending is picking up modestly

Home Equity Originations

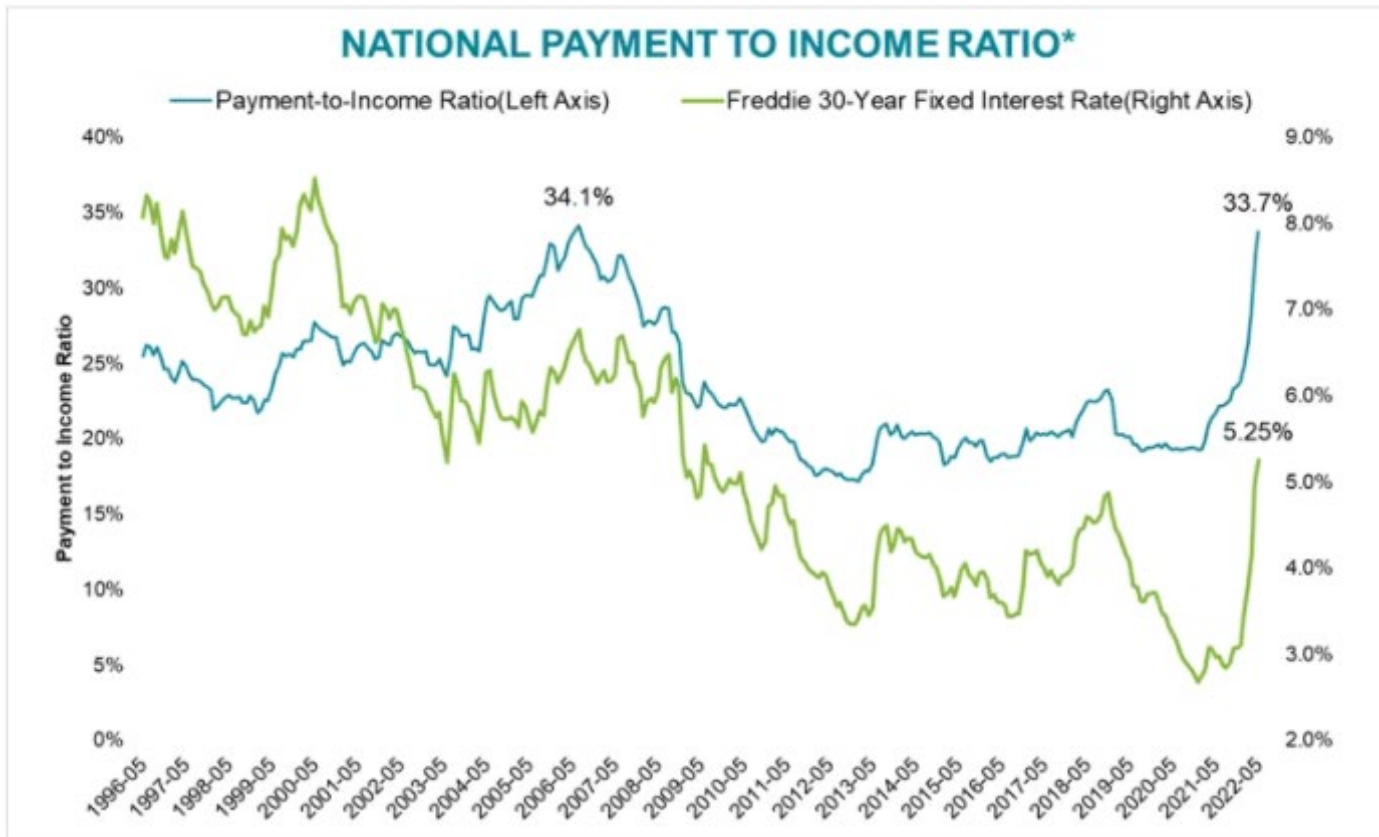


Home prices continue to rise, but at a slower rate than the price escalations seen from end of 2020 into 2021

ID, UT, AZ, MT, and FL experienced the highest year-over-year percentage change increase in the HPI.



Home prices & interest rates challenge housing affordability

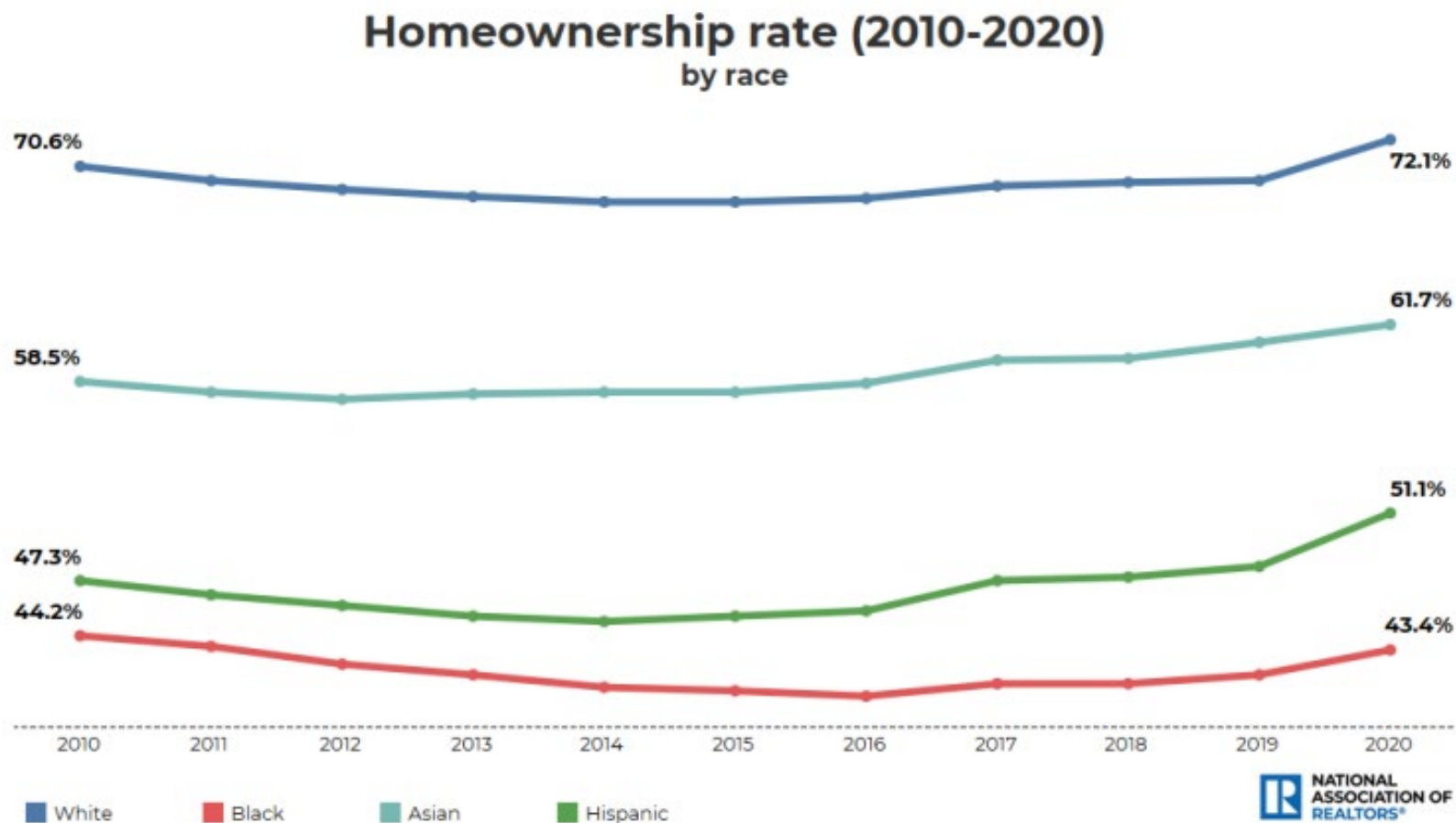


Source: Black Knight HPI, FHLMC PMMS, Moodys

*The National Payment to Income Ratio is the share of median income needed to make the monthly principal and interest payment on the purchase of the average-priced home using a 20% down 30-year fixed rate mortgage at the prevailing interest rate

2022-05: Data as of May 19th, 2022

The Black-White homeownership gap has widened over the past decade

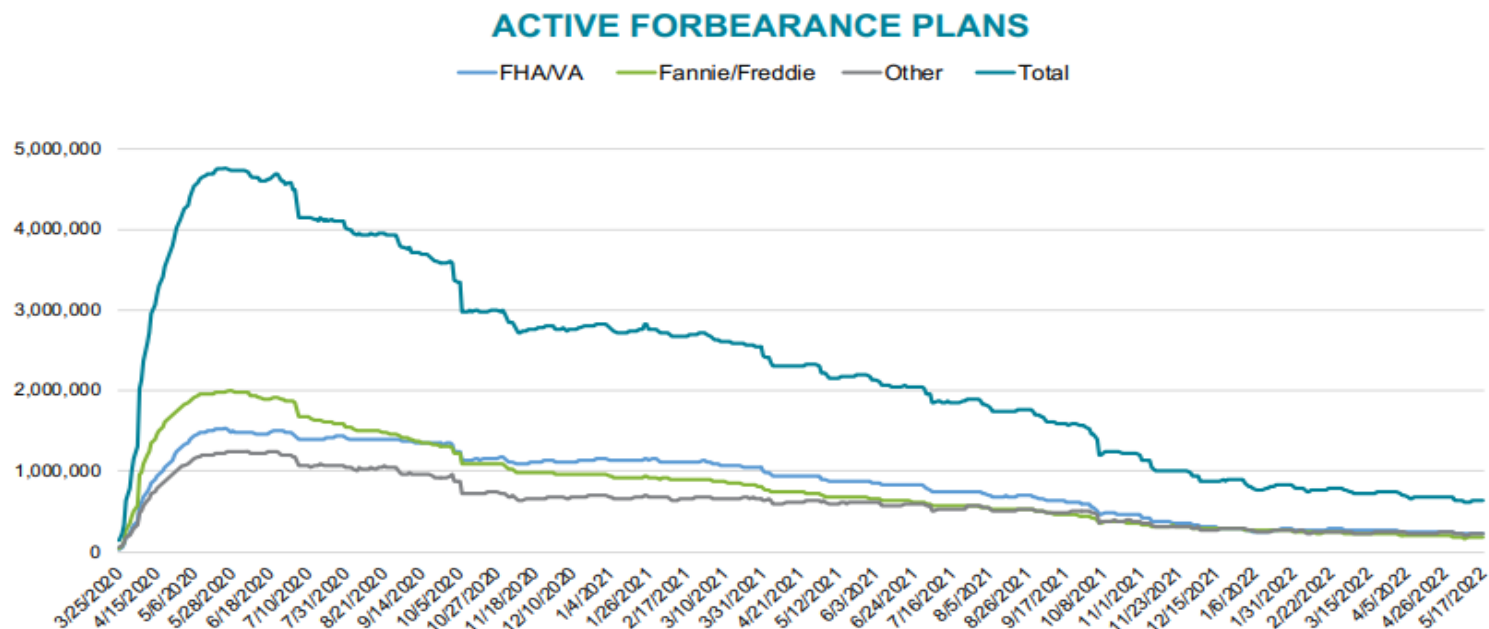


Mortgage Servicing Update



Consumer Financial
Protection Bureau

Recent Market Data: Active Forbearance Plans



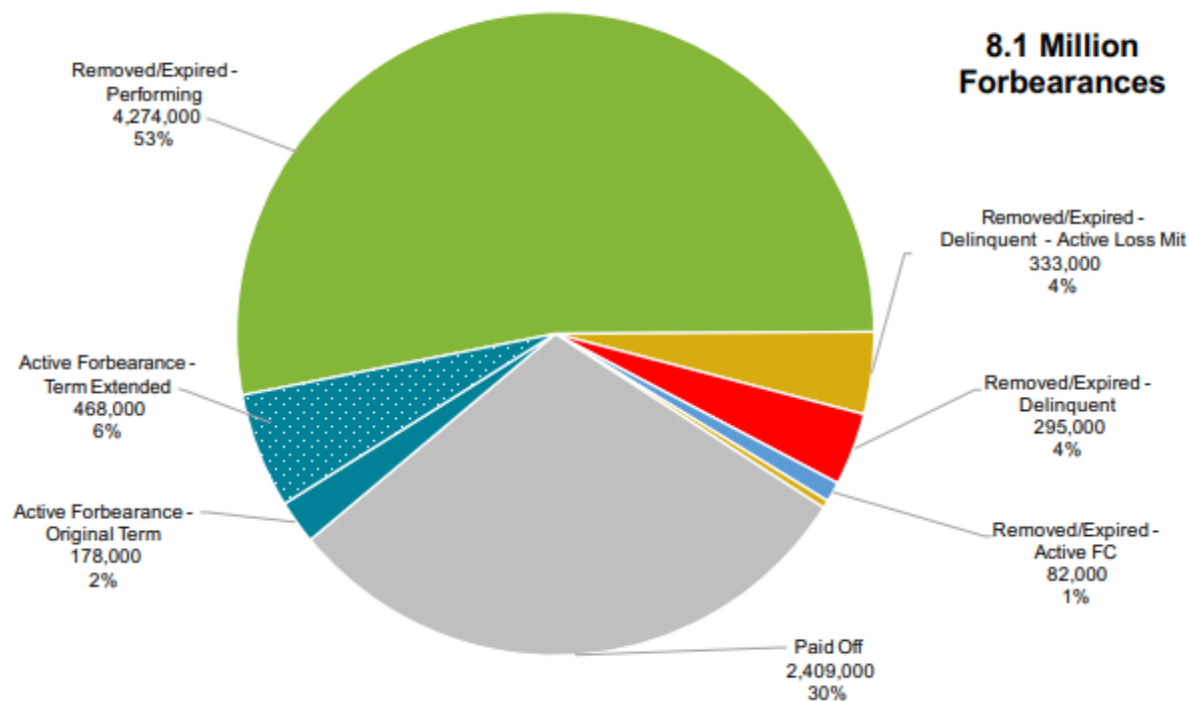
	Fannie & Freddie	FHA & VA	Other**	Total
Loans in Forbearance*	180,000	234,000	231,000	645,000
UPB of Loans in Forbearance (\$Bil)*	\$36	\$41	\$38	\$115
Share of Loans in Forbearance*	0.6%	1.9%	1.8%	1.2%

Black Knight McDash Flash
Data as of May 17, 2022



Status of COVID-Related Forbearances

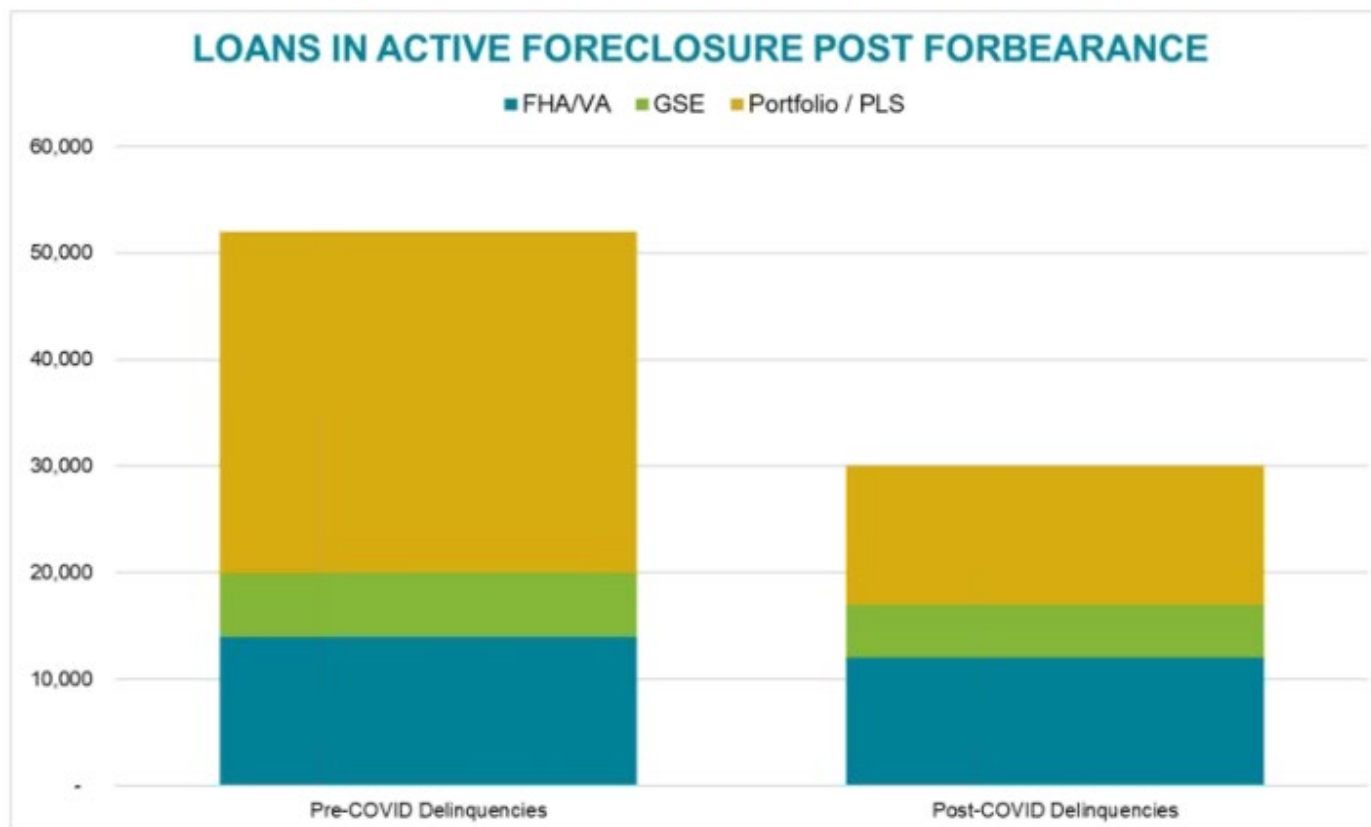
CURRENT STATUS OF COVID-19 RELATED FORBEARANCES



Source: Black Knight McDash Flash
As of May 17, 2022



Recent Market Data: Post-Forbearance Foreclosure



Source: McDash Flash



Consumer Financial
Protection Bureau

Source: Black Knight Mortgage Monitor Report April 2022

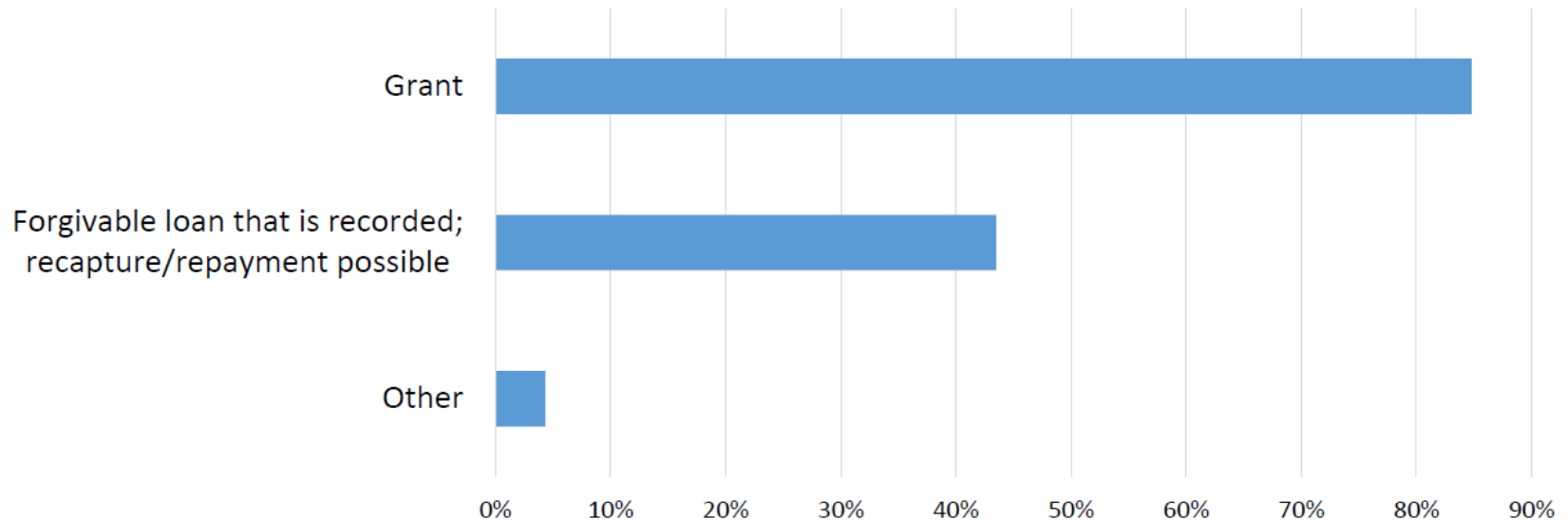
Existing COVID-Related Homeowner Assistance

- **Forbearance:** Although many borrowers have received forbearance, for most federally backed mortgage loans, there is currently no set date for requesting an initial COVID-related forbearance.
- **Foreclosure Protections:** Regulation X provides certain protections against foreclosure based on the length of the borrower's delinquency and the receipt of a complete loss mitigation application.
- **Homeowner Assistance Fund (HAF):** Congress authorized nearly \$10 billion for assistance with mortgage payments and other housing-related expenses. More than 40 states, Guam, and Puerto Rico have launched HAF programs, and the others are working diligently to get their programs approved and up and running quickly.

Homeowner Assistance Fund

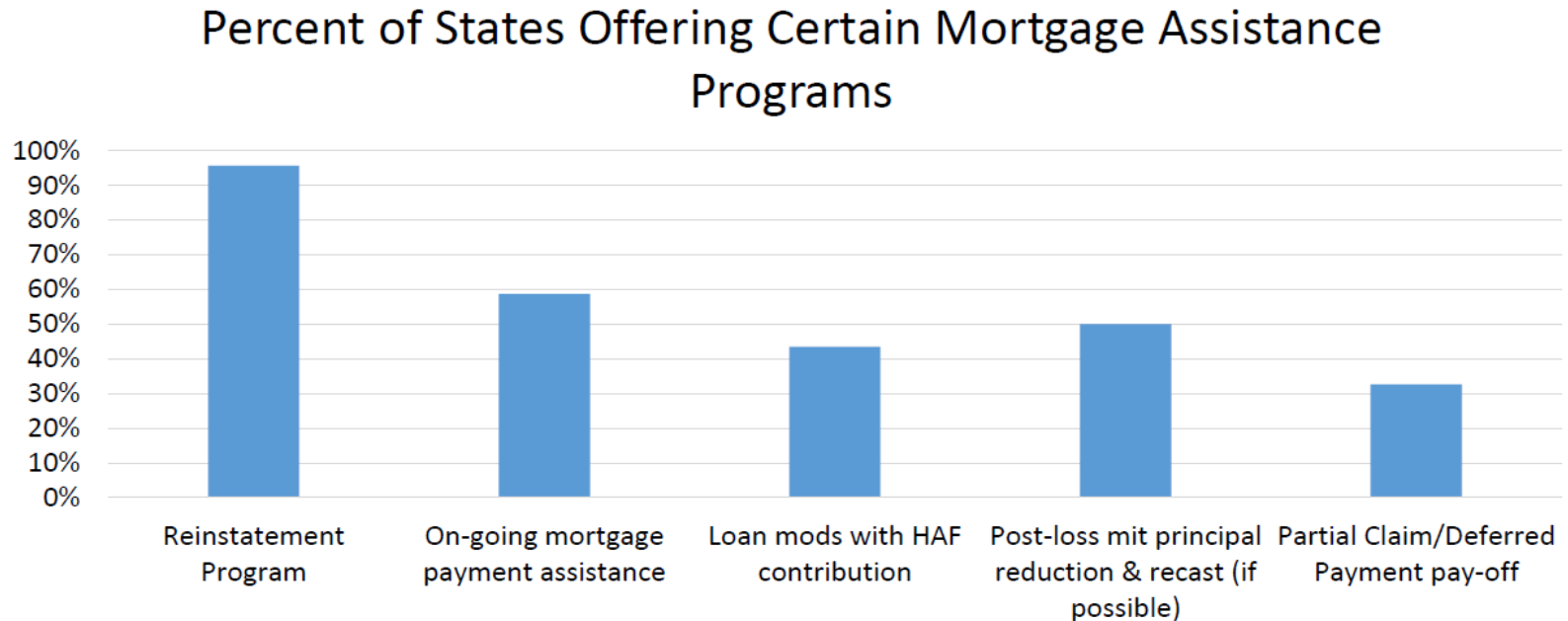
The type of HAF assistance varies by state:

Percentage of States Offering HAF As:



Homeowner Assistance Fund

The type of mortgage assistance varies by state:



Bureau Activities

- Market Monitoring Ongoing
- New content on Homeowners Assistance Fund on consumerfinance.gov
- Tracking HAF-Related Complaints
- Supervision Report (May 2022) “Mortgage Servicing COVID-19 Pandemic Response Metrics: New Observations from Data Reported by Sixteen Servicers for May-December 2021”
- Ongoing Supervision and Enforcement Oversight