

# An Update From FHFA

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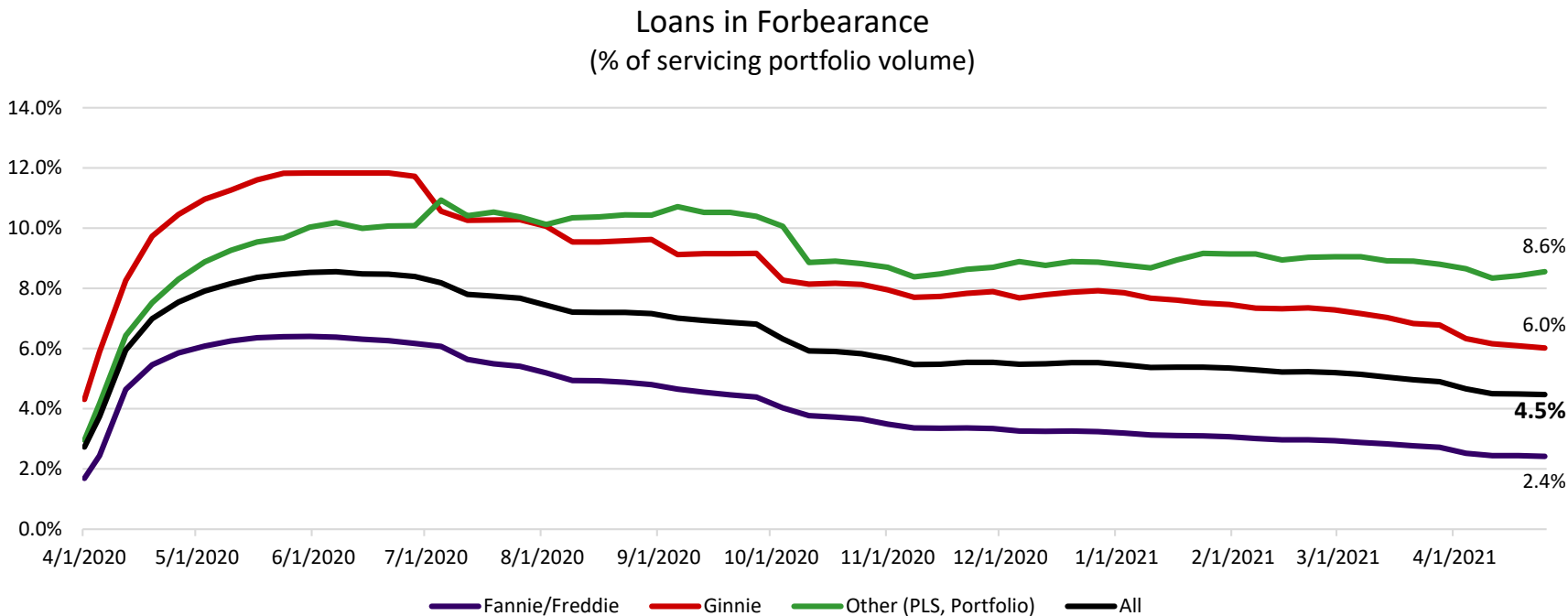


# Overview

- COVID-19 policy responses and mortgage market performance
- House prices
- Plans for GSE Conservatorships



# COVID-19 forbearance rates

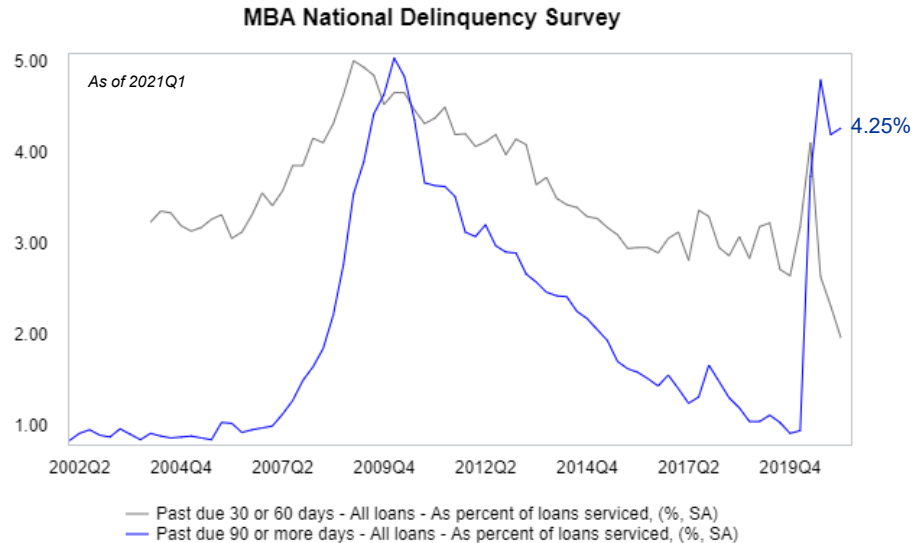
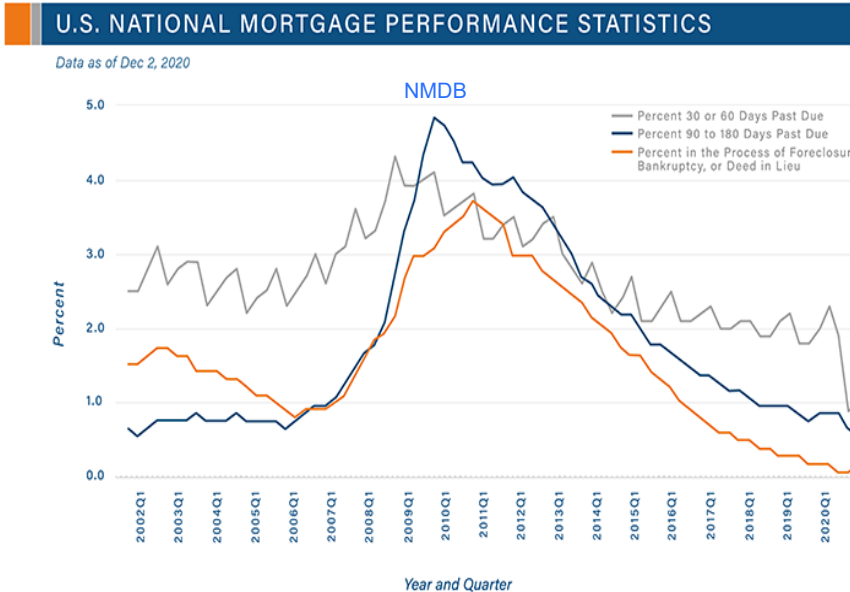


Source: MBA

Check out the NMDB Program's ASMB survey – data forthcoming: [https://www.fhfa.gov/PolicyProgramsResearch/Programs/Documents/ASMB\\_2020\\_Questionnaire.pdf](https://www.fhfa.gov/PolicyProgramsResearch/Programs/Documents/ASMB_2020_Questionnaire.pdf)



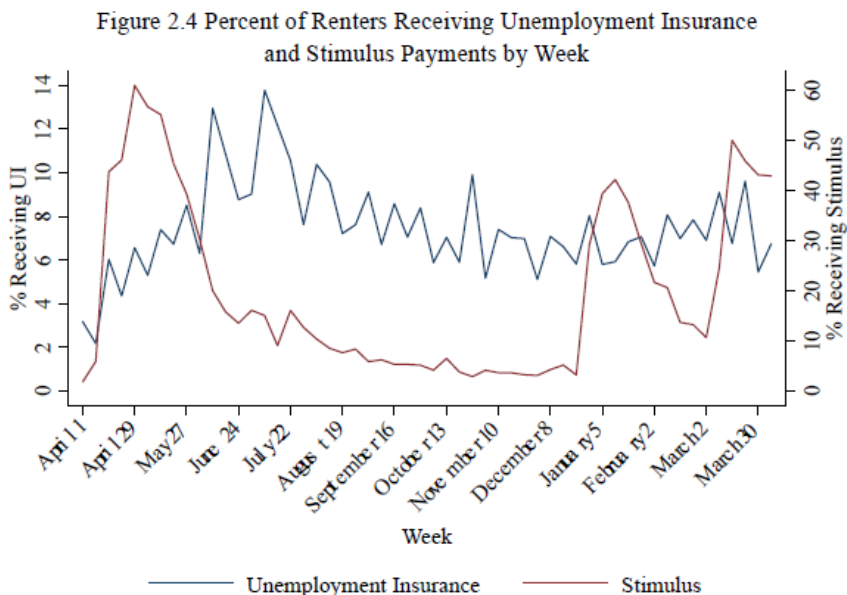
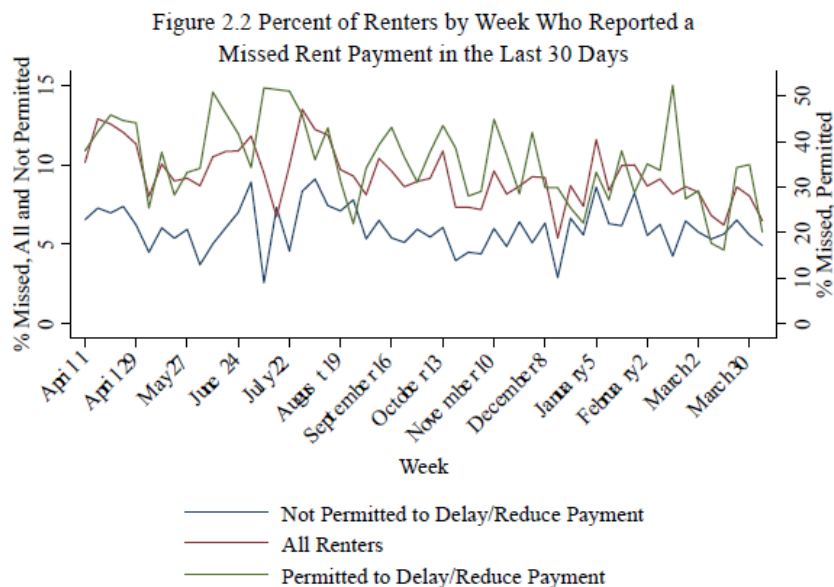
# Mortgage performance: CARES Act reporting vs actual arrears



Source: National Mortgage Database at <https://www.fhfa.gov/Media/Blog/Pages/Mortgage-Performance-During-the-COVID-19-Pandemic.aspx> and MBA



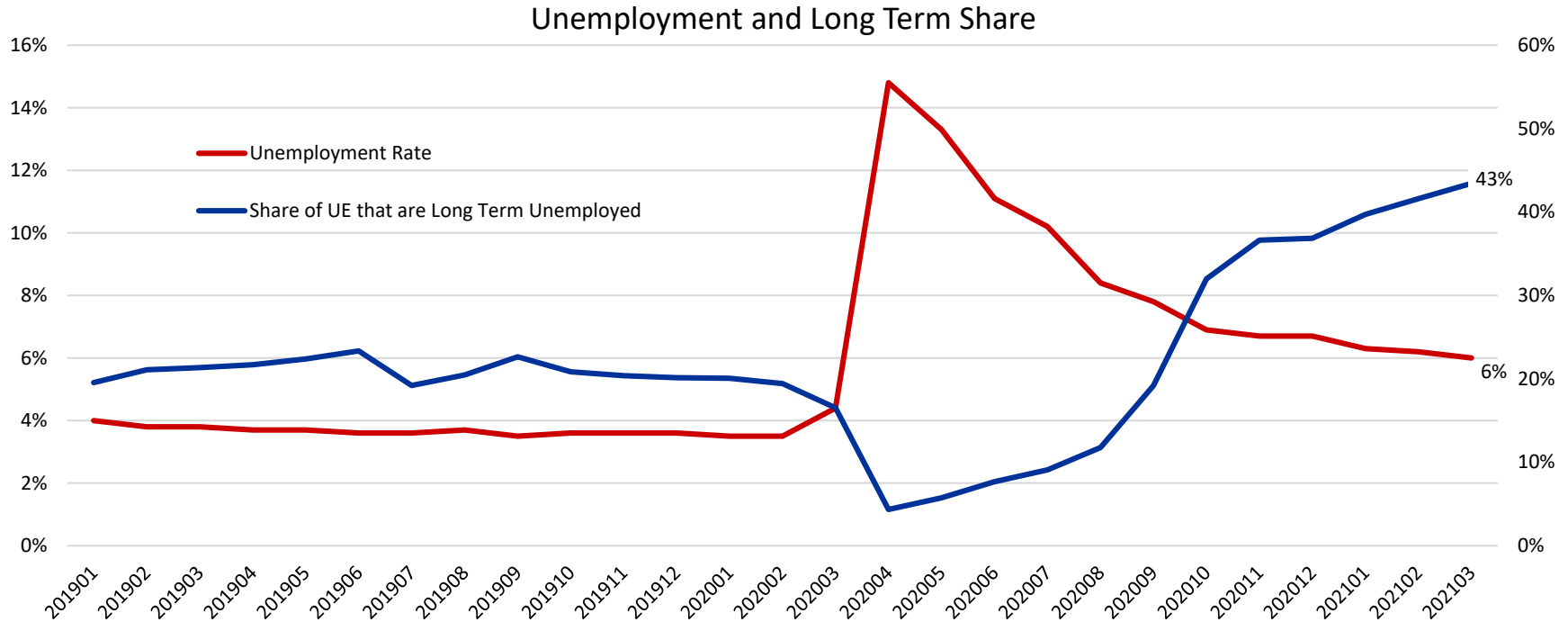
## 7.7% of renters (2.56 million households) missed, delayed, or made a reduced payment in March 2021



Source: [Engelhardt and Eriksen \(2021\)](#)



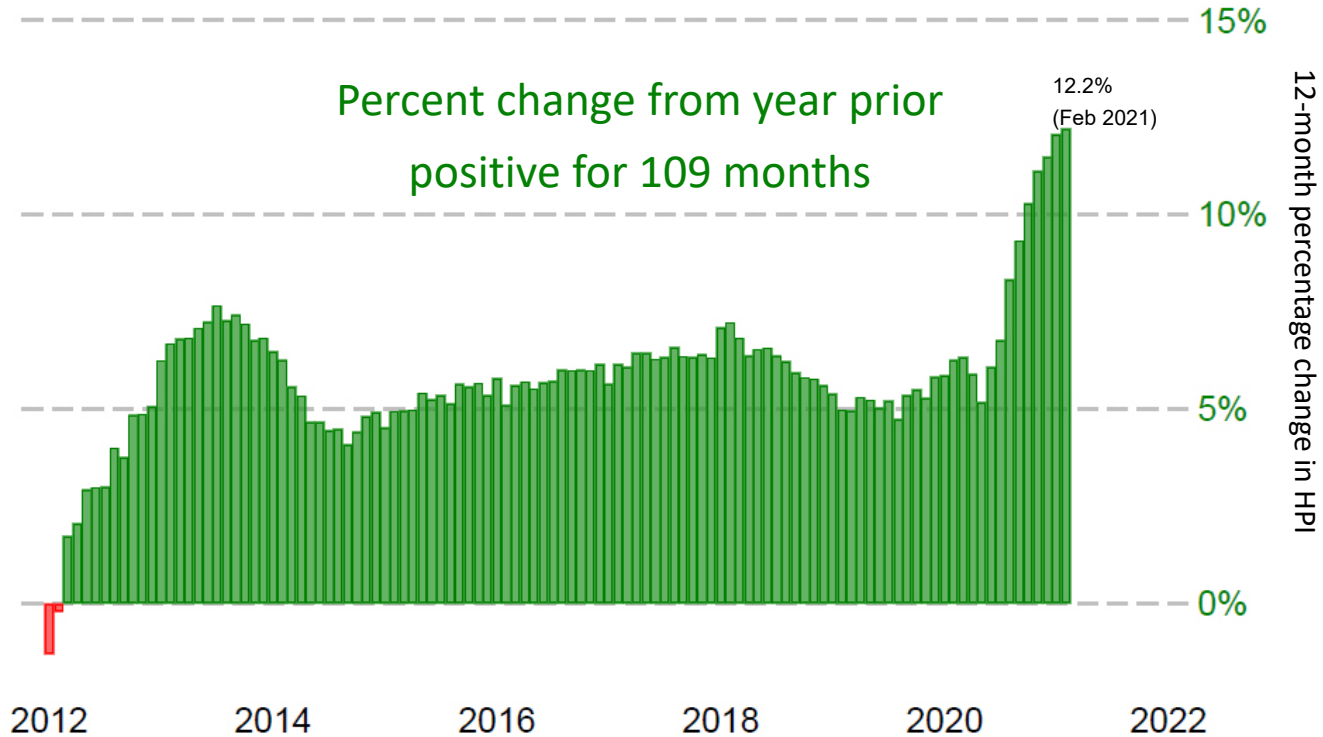
# Long term unemployment challenges for forbearance exits



Source: BLS



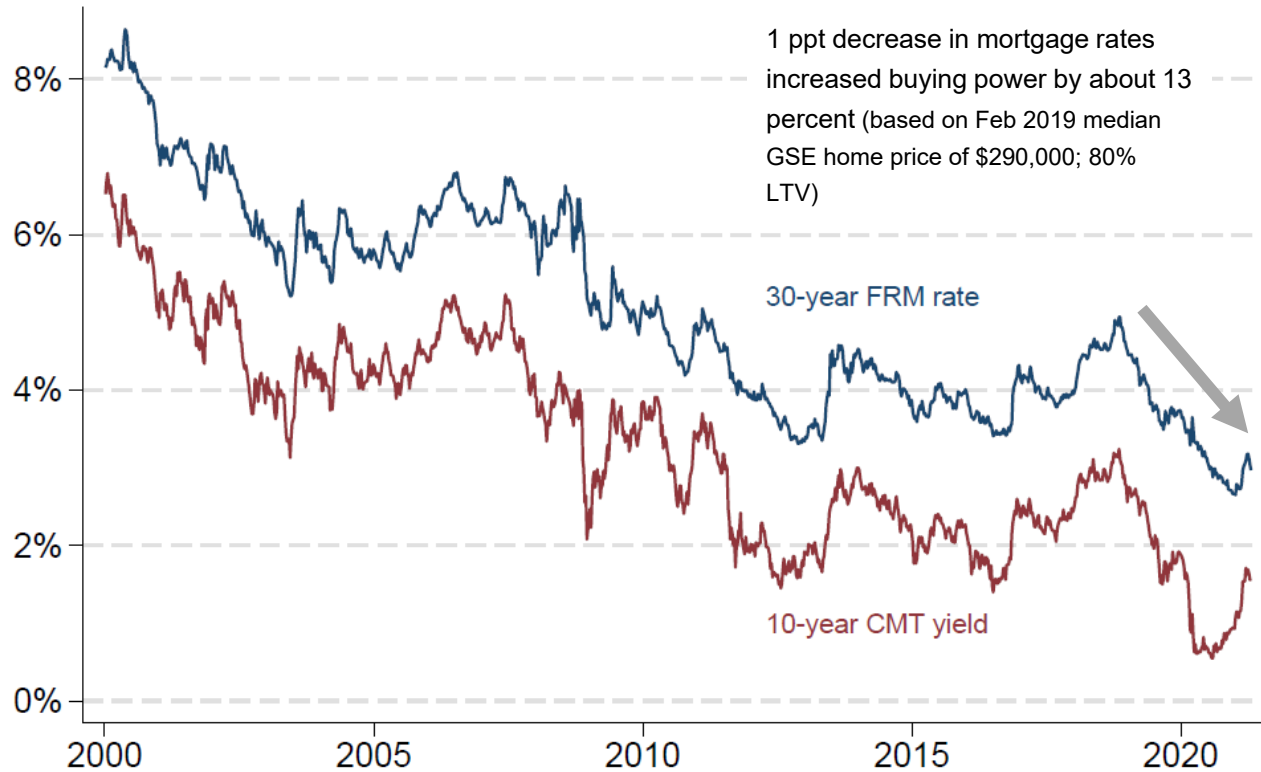
# What else is different this time? House prices



Source: FHFA HPI (national, nominal, seasonally adjusted, purchase-only). Rolling 12-month percentage change in house price index levels. Data thru February 2021.



# Steady decline in mortgage rates

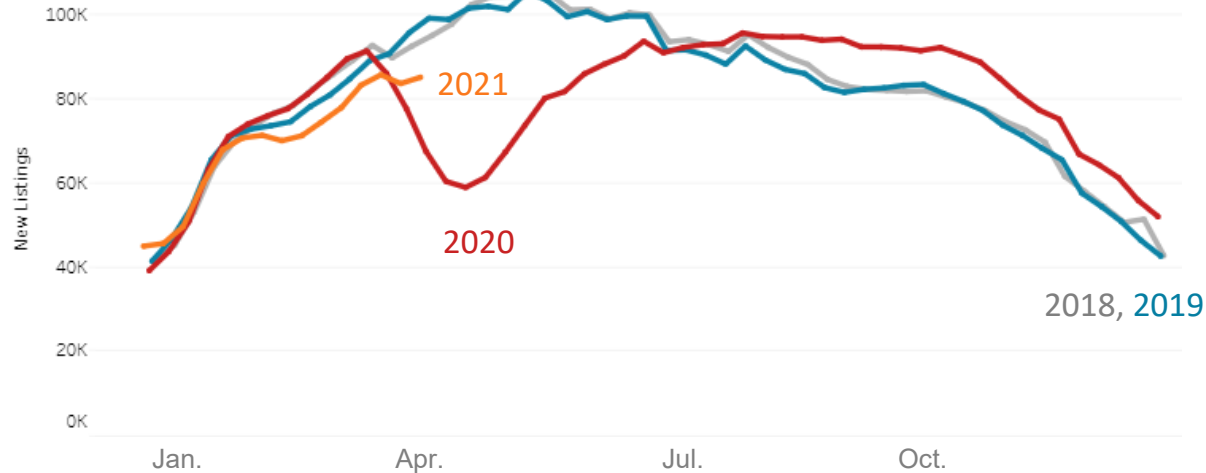


Source: Treasury, Freddie Mac. Data thru April 2021.





# New listings catching-up?



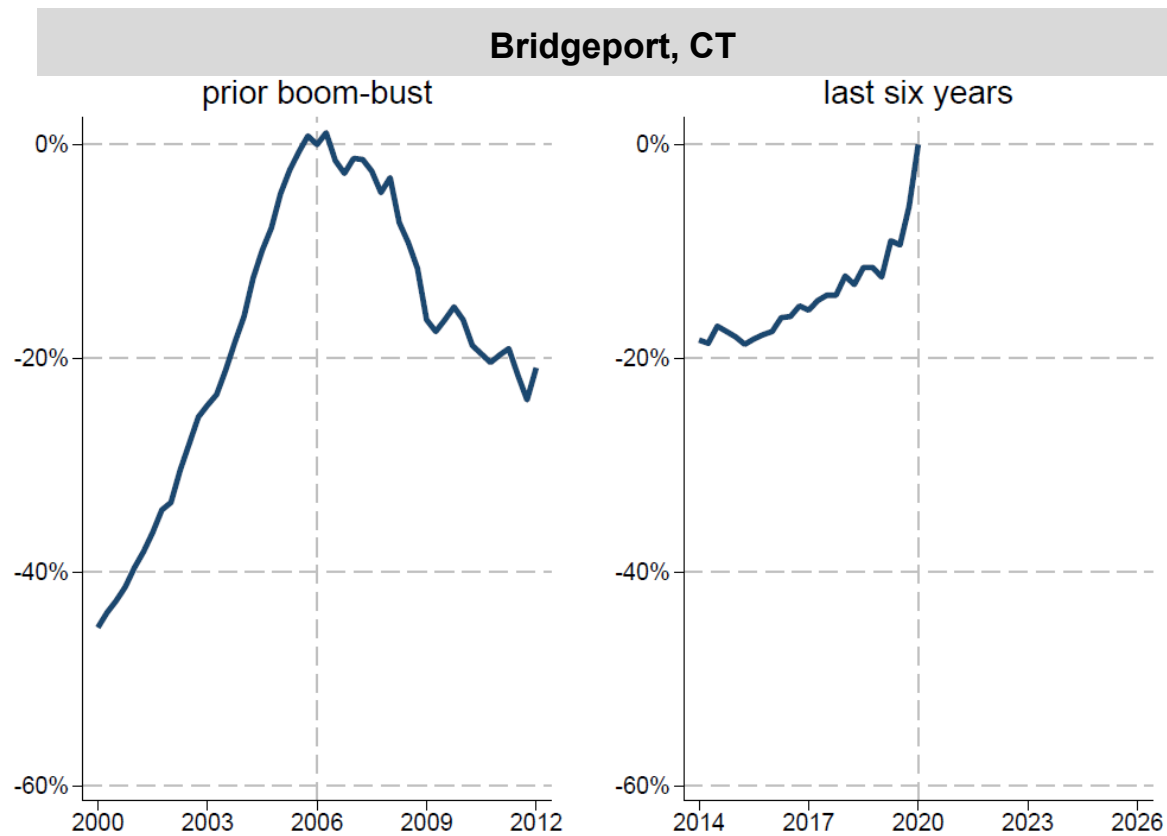
New listings have been down (-10% year-over-year for much of 2021).

Active listings remain down (from -30% to -40% year-over-year in April).

Source: Redfin. Total number of new (not all active) listings. Reflects 4-week rolling windows. Data thru mid-April 2021.



# Recent run-ups



Source: FHFA HPI (nominal, seasonally adjusted, purchase-only). Price changes are relative to metro-specific peak.  
Data thru 2020Q4.



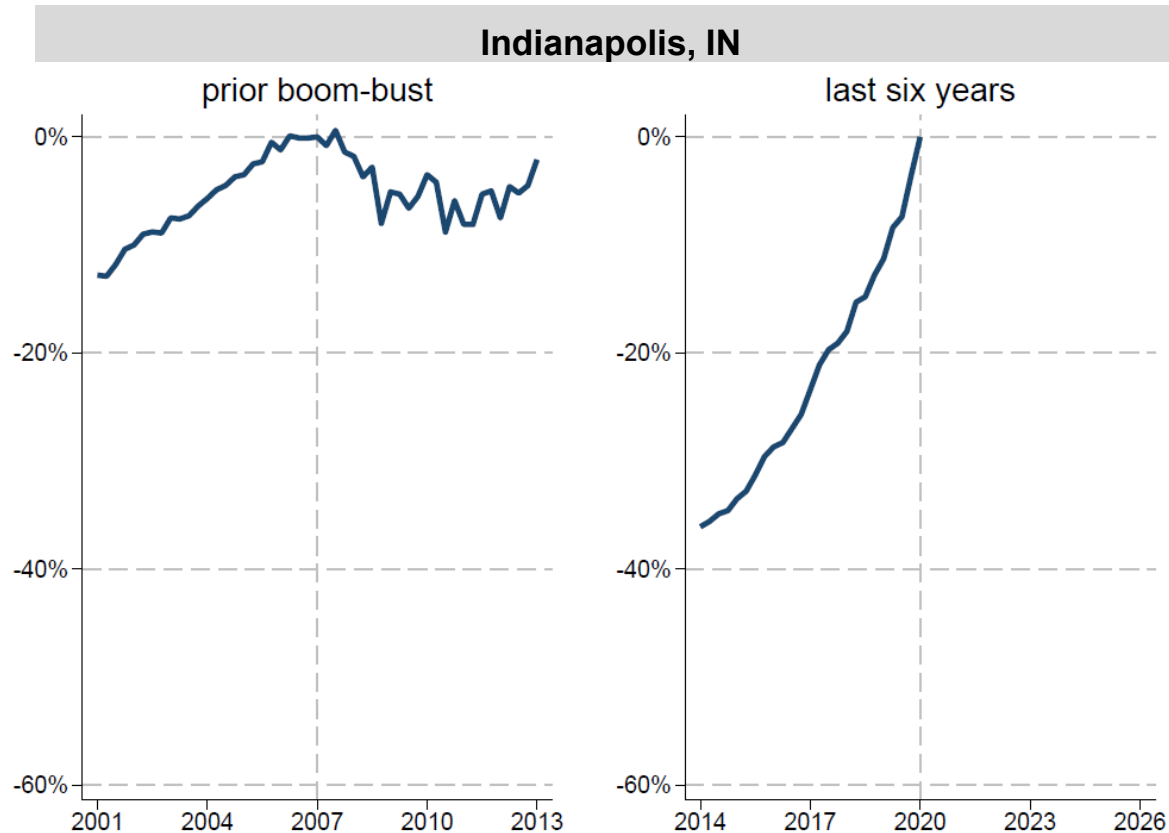
# Slowing growth



Source: FHFA HPI (nominal, seasonally adjusted, purchase-only). Price changes are relative to metro-specific peak.  
Data thru 2020Q4.



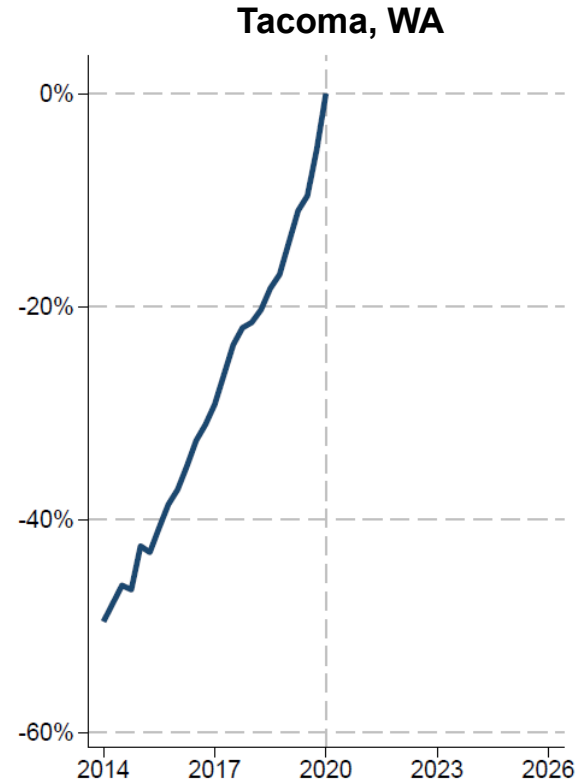
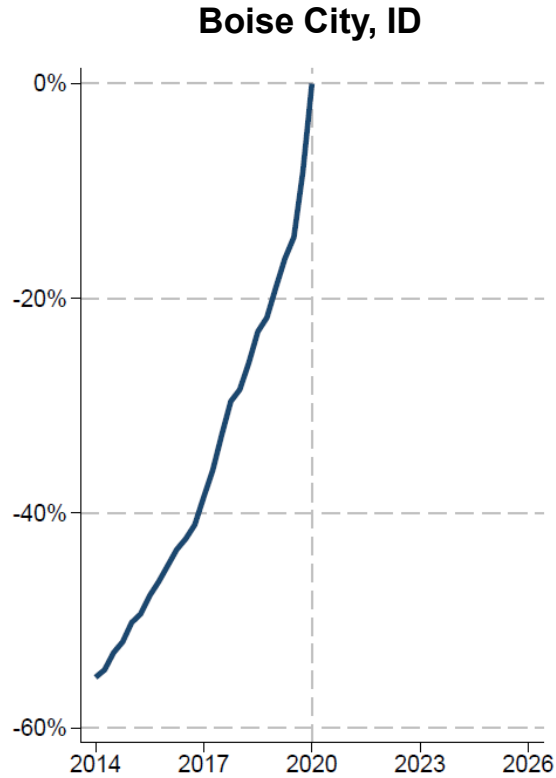
# Some places have puzzling gains



Source: FHFA HPI (nominal, seasonally adjusted, purchase-only). Price changes are relative to metro-specific peak.  
Data thru 2020Q4.



# New hot spots



Source: FHFA HPI (nominal, seasonally adjusted, purchase-only). Price changes are relative to current levels.  
Data thru 2020Q4.



# Fannie Mae and Freddie Mac

- FHFA's on-going efforts towards an exit from conservatorship
  - Develop a robust prudential regulatory framework for the Enterprises
    - [Final Rule on Enterprise Capital](#)
    - [Final Rule on Enterprise Resolution Plans](#)
    - NPR on [Enterprise Liquidity Requirements](#)
  - Further strengthen FHFA as a world-class regulatory agency
- Recent [PSPA Amendments](#)



# Rationale for Re-proposing the 2018 Capital Rule

- 1) **Ending Conservatorships** - FHFA has begun the process to responsibly end the conservatorships of the Enterprises. This policy change is a departure from the expectations of interested parties at the time of the 2018 proposal.
- 2) **Quantity and Quality of Capital** - The final rule ensures that each Enterprise maintains high-quality regulatory capital by including a set of supplemental capital requirements based on the U.S. banking framework's definitions of CET1, tier 1, and total capital, and strengthens the quantity of regulatory capital.
- 3) **Pro-cyclicality** - The significant pro-cyclicality of the aggregate risk-based capital requirements of the 2018 proposal is mitigated in the final rule through buffers and other measures.



## Other Matters in Flight

Enterprise Housing Goals and Mission [ANPR](#)

Appraisal-Related Policies, Practices, and Processes [RFI](#)

Climate and Natural Disaster [RFI](#)

Further reference:

[FHFA HPI](#)

[FHFA Stats Blog](#)

[FHFA Working Papers](#)





# Appendix



# \$283 Billion in Adjusted Total Capital (as of June 30, 2020)

Table 1: Summary of Risk-based Capital Requirements for Fannie Mae and Freddie Mac Combined as of June 30, 2020

Enterprises Combined				
Risk-based Capital Requirements				
<i>\$ in billions</i>	Total Capital (Statutory)	CET1	Tier 1	Adjusted Total Capital
Capital Requirement	\$174	\$98	\$131	\$174
Prescribed Buffers				
Stress Capital Buffer		50	50	50
Stability Capital Buffer		60	60	60
Countercyclical Capital Buffer Amount		<u>0</u>	<u>0</u>	<u>0</u>
Prescribed Capital Conservation				
Buffer Amount (PCCBA)	<u>0</u>	<u>109</u>	<u>109</u>	<u>109</u>
Requirement and PCCBA	\$174	\$207	\$240	<b>\$283</b>
Leverage Capital Requirements				
	Core Capital (Statutory)	Tier 1		
Capital Requirement	\$166	\$166		
Prescribed Leverage Buffer				
Amount (PLBA)	<u>0</u>	<u>100</u>		
Requirement and PLBA	\$166	\$265		

Source: [Fact Sheet: Final Rule on Enterprise Capital](#)

