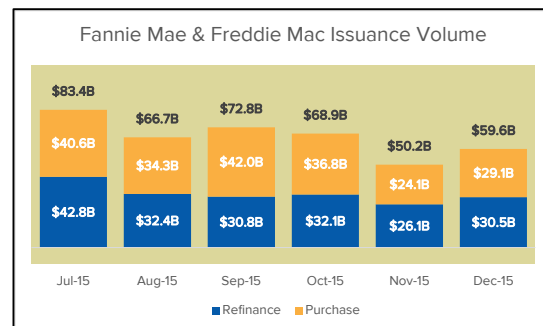


# 5 THINGS TO KNOW ABOUT AGENCY ISSUANCES – DECEMBER 2015

## 1 Issuance Volume Rebounds

After a drop in November, combined issuance volume rebounded in December to \$59.6B (up 19%). Though the recovery hints that November's drop may have been related to timing more than anything, December's rebound fell short of December 2014's volume by more than \$4.5B (down 8%). Fannie led the year-over-year fall, coming up \$6.3B short (down 14.5%) vs December 2014. The shortfall was also not symmetrical across loan purposes, with refinance loans down \$4.2B, representing the lion's share of the year-over-year difference.



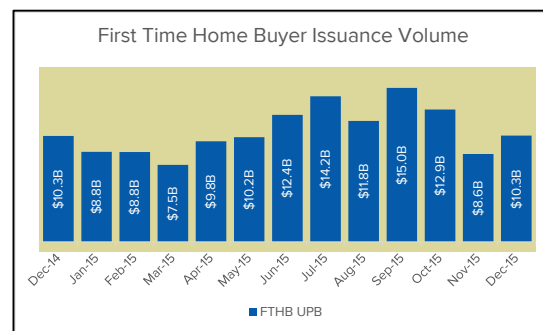
## 2 FICO's over 740 Lose Share

December 2015 saw the share of loans with FICO over 740 fall almost 1% as compared to December 2014 (seen in the figure to the right in the top row of colored cells). The drop for high FICO loans was concentrated in loans with LTV 80 or below (down 1.9%), while LTV over 80 actually grew (up 0.9%). The trend was the same across all FICO ranges, with all loans with LTV 80 or lower losing share (down 0.8%) to loans over 80 (up an inverse 0.8%).

FICO Range	LTV Range									Total
	≤ 60	>60 ≤ 70	>70 ≤ 75	>75 ≤ 80	>80 ≤ 85	>85 ≤ 90	>90 ≤ 95	>95 ≤ 97	>97	
> 740	(0.4%)	(0.3%)	(0.4%)	(0.7%)	(0.2%)	0.6%	0.3%	0.4%	(0.2%)	(0.9%)
720-739	0.1%	0.1%	(0.0%)	0.0%	(0.0%)	0.2%	(0.0%)	0.2%	(0.0%)	0.3%
700-719	0.1%	0.1%	(0.0%)	0.0%	(0.1%)	0.1%	0.0%	0.1%	(0.1%)	0.3%
680-699	0.1%	0.1%	0.1%	0.1%	(0.1%)	0.0%	(0.1%)	0.1%	(0.0%)	0.4%
660-679	0.1%	0.1%	0.0%	(0.0%)	(0.1%)	(0.1%)	(0.1%)	0.0%	(0.1%)	(0.0%)
640-659	0.1%	0.1%	0.0%	0.0%	(0.0%)	(0.0%)	(0.0%)	0.0%	(0.0%)	0.1%
620-639	0.0%	0.0%	(0.0%)	(0.0%)	(0.0%)	(0.0%)	0.0%	0.0%	(0.0%)	0.0%
< 620	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.1%)	(0.2%)
Total	(0.0%)	0.2%	(0.4%)	(0.6%)	(0.4%)	0.8%	0.1%	0.9%	(0.5%)	0.0%

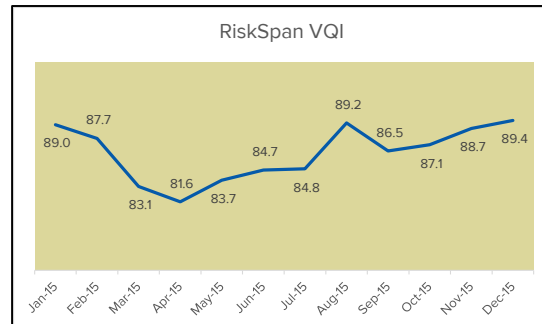
## 3 First Time Home Buyers Rebound

After a large dip in FTHB issuance in November, December's volume rebounded \$1.8B to a total of \$10.3B. This total matches the FTHB volume from December 2014, and does not appear to be an artificially inflated (timing-related) rebound from November. Together with the drop in refinance activity, the flat purchase and FTHB volumes seem to paint a picture of a generally weak November (for both purchases and refinances) and generally flat purchase activity for December (FTHB and otherwise).



## 4 RiskSpan VQI Hits 2015 High

The RiskSpan VQI ended 2015 at its highest level for the year. Edging out the spike from August (fueled by cash-out refinances), December’s increase looks to be coming from a broader list of risk layers. FICO less than 660, LTV over 80, Cash-Out Refinance, and Investment Properties have all trended up since the VQI’s 2015 low in April, and all contributed to December setting a high water mark for 2015. However, with the VQI mostly flat since February 2013 (with small drops in September 2014 and April 2015), we will have to wait and see if underwriting standards will continue to loosen in 2016.



## 5 US Bank Delivers Differing LTVs

RiskSpan’s Monthly Top Sellers report shows the Top sellers to both Fannie and Freddie by Loan Type (Prefix). A close look at Fixed 30 loans for each agency shows US Bank is targeting its High LTV (and CLTV) loans to Fannie Mae. While the other institutions at the top of both Fannie Mae’s and Freddie Mac’s Fixed 30 listing (shown on the right) seem to deliver generally similar loans to each agency,

Agency	Seller	UPB	Count	Avg Size	FICO	LTV	CLTV
Fannie	WELLS FARGO BANK, N.A.	2,584,851,000	11,185	231,100	755	78.5	79.3
Freddie	WELLSFARGOBANK,NA	2,274,830,812	9,831	231,394	744	78.4	79.3
Fannie	QUICKEN LOANS INC.	1,567,042,000	6,999	223,895	734	74.5	75.3
Freddie	QUICKENLOANINC	1,003,672,914	4,356	230,412	741	76.4	77.0
Fannie	CITIMORTGAGE, INC.	643,895,000	2,596	248,034	756	66.5	68.2
Freddie	CITIMORTGAGE,INC	432,798,174	2,091	206,981	744	68.8	70.1
Fannie	UNITED SHORE FINANCIAL SERVICES, LLC D/B	577,293,500	2,116	272,823	757	76.0	76.4
Freddie	UNITEDSHOREFINANCIAL	306,582,644	1,231	249,052	750	78.2	78.4
Fannie	JPMORGAN CHASE BANK, NATIONAL ASSOCIATIO	556,334,900	2,106	264,167	744	76.4	77.2
Freddie	JPMORGANCHASEBANK,NA	287,682,919	1,157	248,646	739	79.5	80.0
Fannie	FRANKLIN AMERICAN MORTGAGE COMPANY	484,420,800	1,921	252,171	750	80.5	81.2
Freddie	FRANKLINAMERICANMTGE	341,038,316	1,862	183,157	749	79.6	80.0
Fannie	U.S. BANK N.A.	482,523,300	2,548	189,373	743	86.1	90.0
Freddie	USBANKNA	1,213,341,728	5,133	236,381	750	78.5	79.9

US Bank appears to be delivering notably higher LTVs to Fannie. US Bank’s sales to Fannie are concentrated as purchase loans (89% to Fannie vs. 61% to Freddie) and concentrated from non-retail channels (8% to Fannie vs. 24.5% to Freddie); both of these disparities are significantly larger than the other top sellers listed. One possible explanation is that this is the result of improved pricing US Bank has negotiated with Fannie; if this was a simple best execution play, one would expect to see the other large sellers following suit.

Data Source: Fannie Mae PoolTalk® and Freddie Mac Loan Level Disclosure

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