



RISKSPAN

RISK ADVISORY,
DATA ANALYTICS,
AND TECHNOLOGY

Data made beautiful

VINTAGE QUALITY INDEX

JULY - 2016



RISKSPAN VINTAGE QUALITY INDEX

July-16

JULY 2016

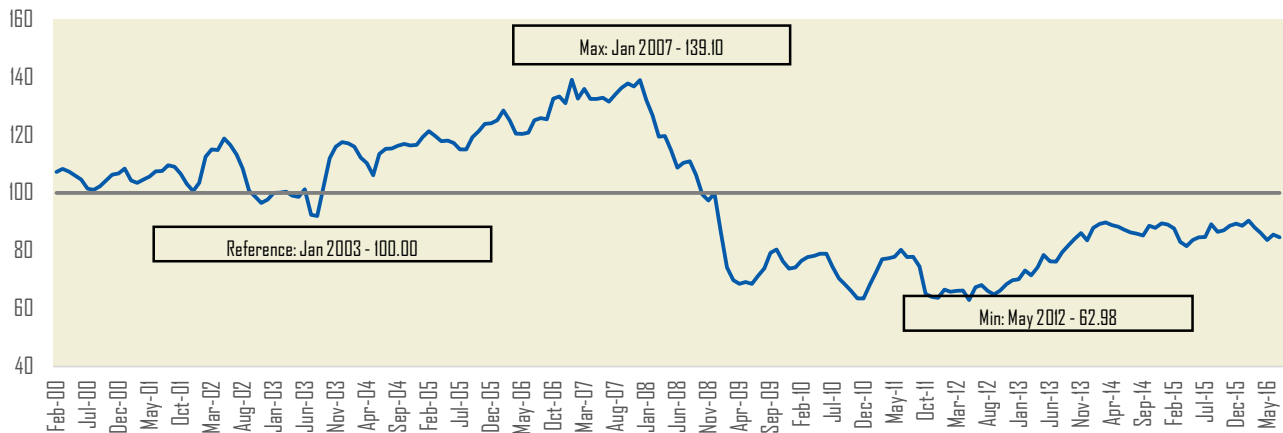
VINTAGE QUALITY INDEX:

84.63

The VQI provides an indication of the underwriting standards associated with a particular vintage of mortgage loans.

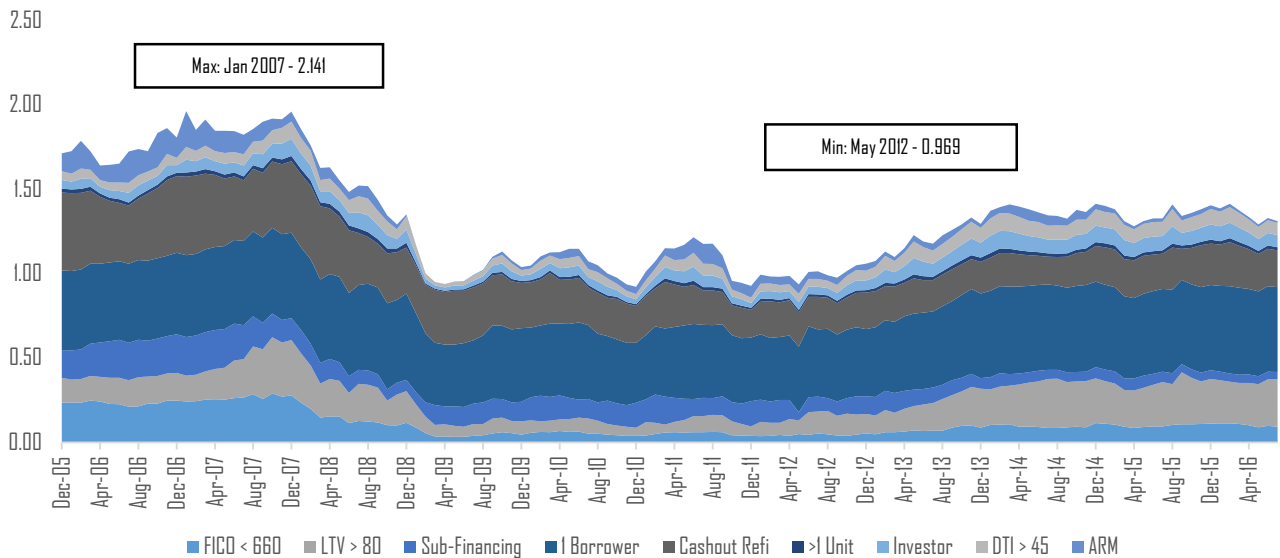
Values below 100 indicate tight underwriting standards relative to January 2003.

RiskSpan VQI Historical Trend



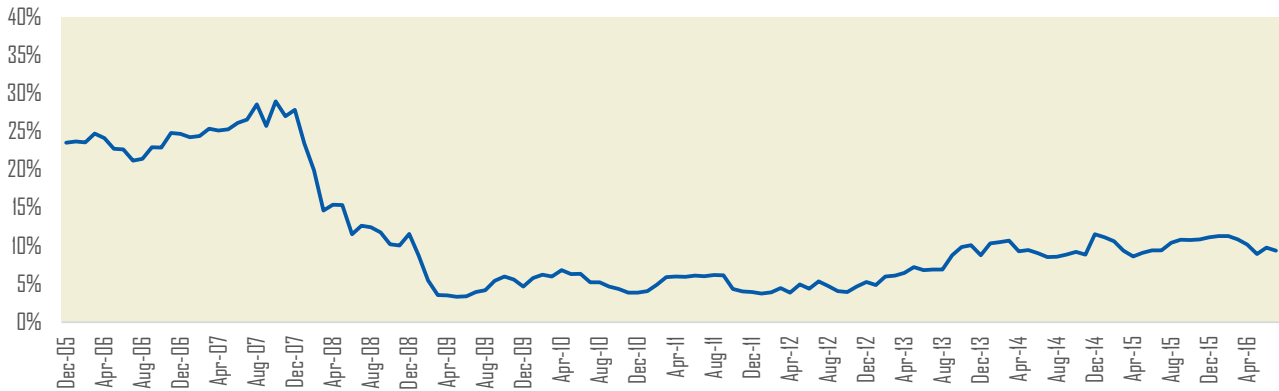
Current (July 2016) Risk Layers: $\frac{1.30}{1.53} \times 100 = 84.63$ Jul 2016 VQI
 Reference (January 2003) Risk Layers:

Risk Layers Historical Trend

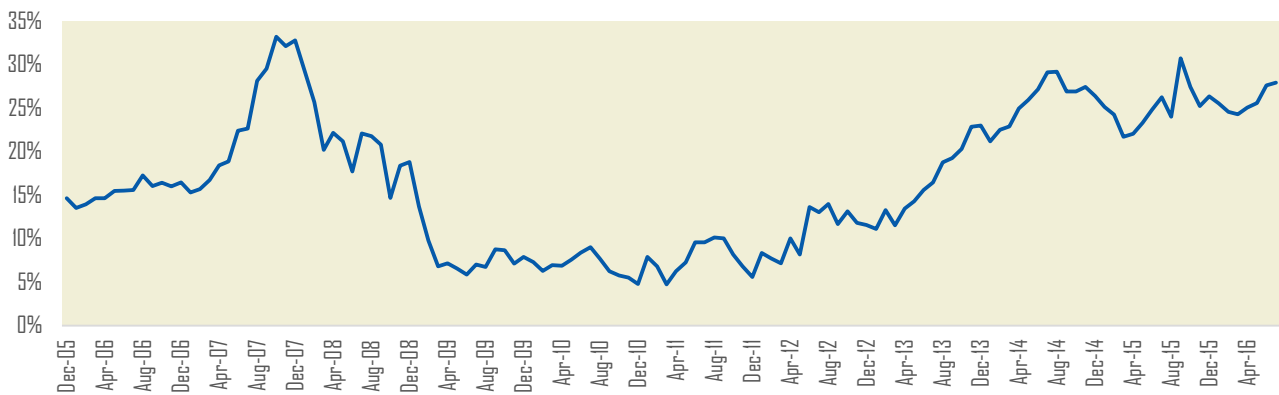


RISK LAYERS - JULY-16 - ALL ISSUED LOANS BY COUNT

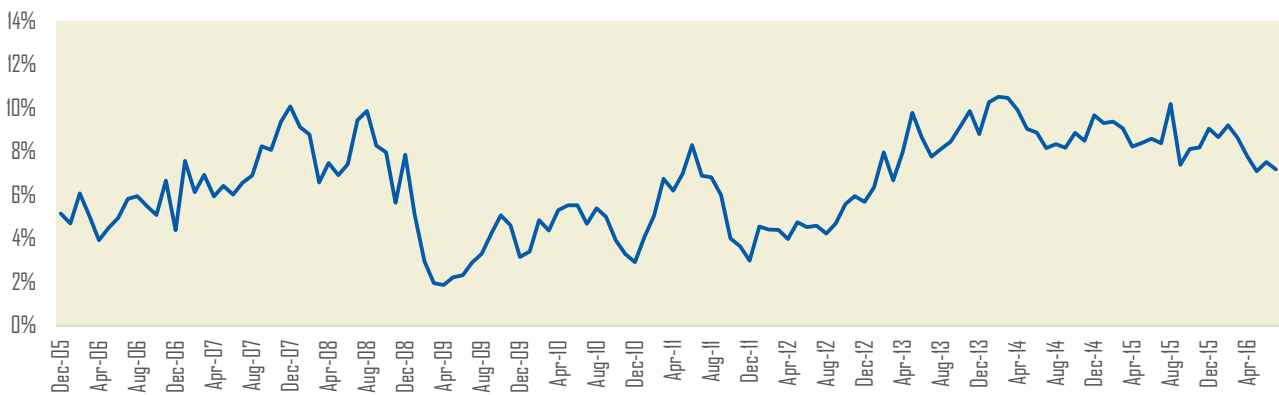
FICO < 660 - Share of Issued Loans*



Loan-to-Value > 80 - Share of Issued Loans*



Debt-to-Income > 45 - Share of Issued Loans*

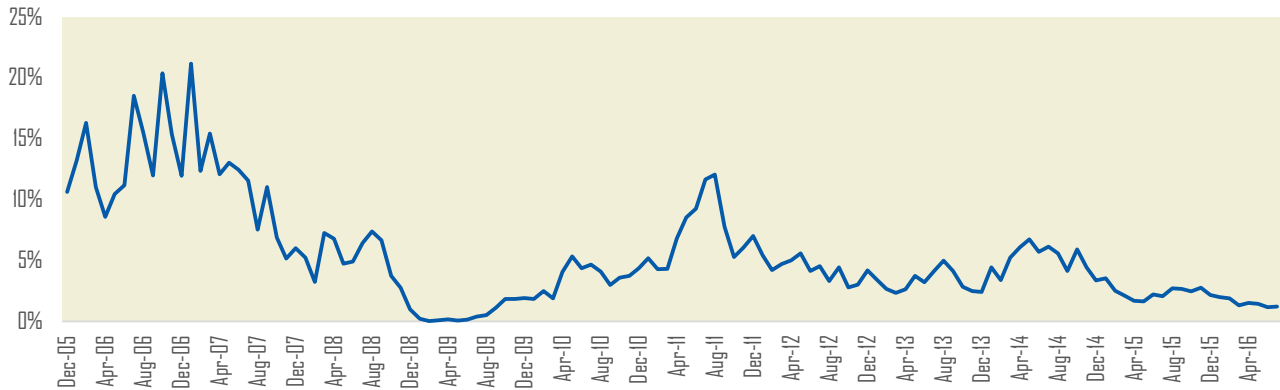


* See Page 6 for a listing of assumptions

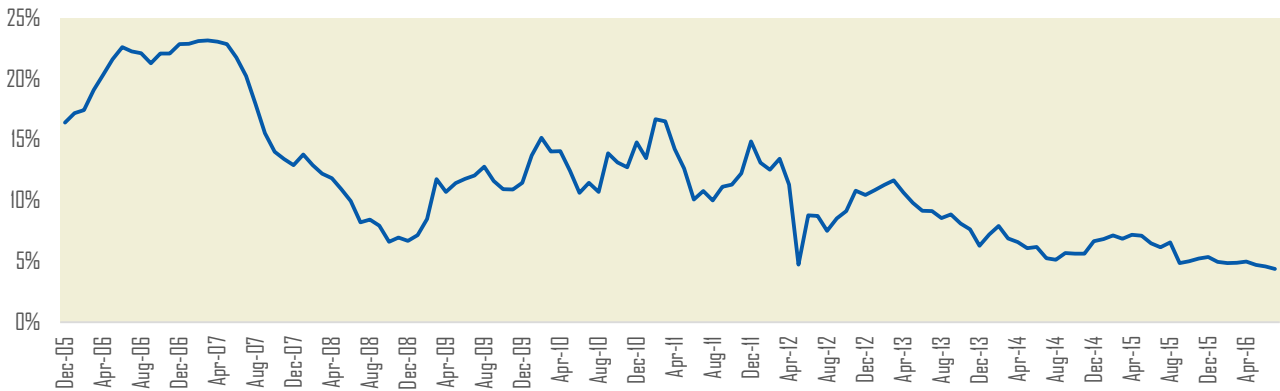
Source: Freddie Mac and Fannie Mae Daily Loan Level Disclosure

RISK LAYERS - JULY-16 - ALL ISSUED LOANS BY COUNT

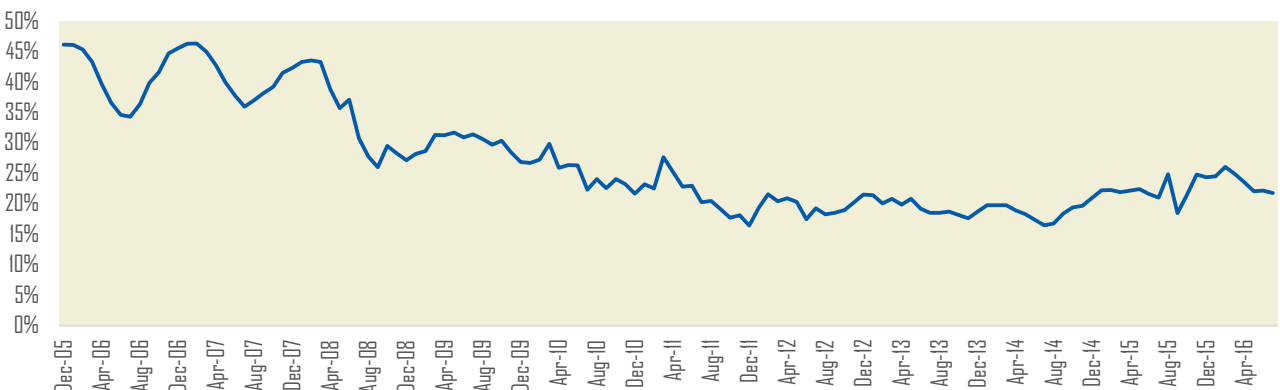
Adjustable Rate - Share of Issued Loans*



Loans w/ Subordinate Financing - Share of Issued Loans*



Cashout Refinance - Share of Issued Loans*

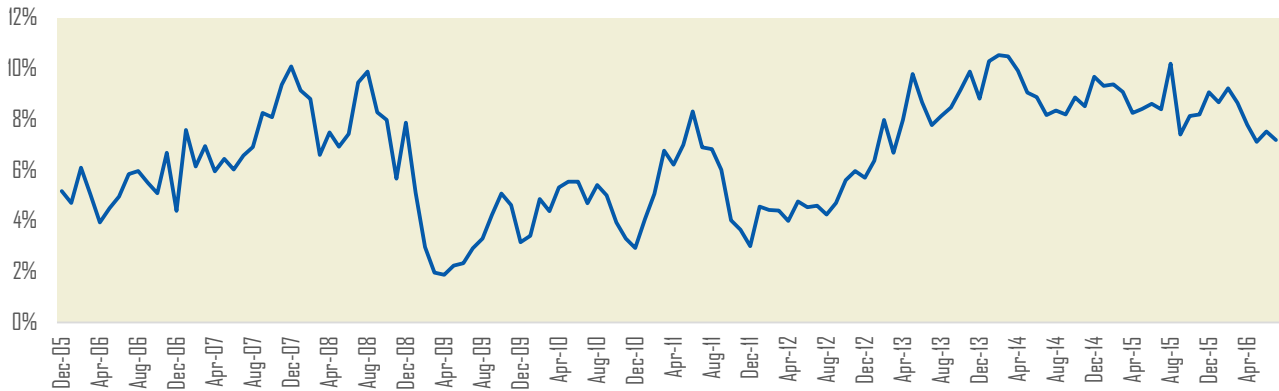


* See Page 6 for a listing of assumptions

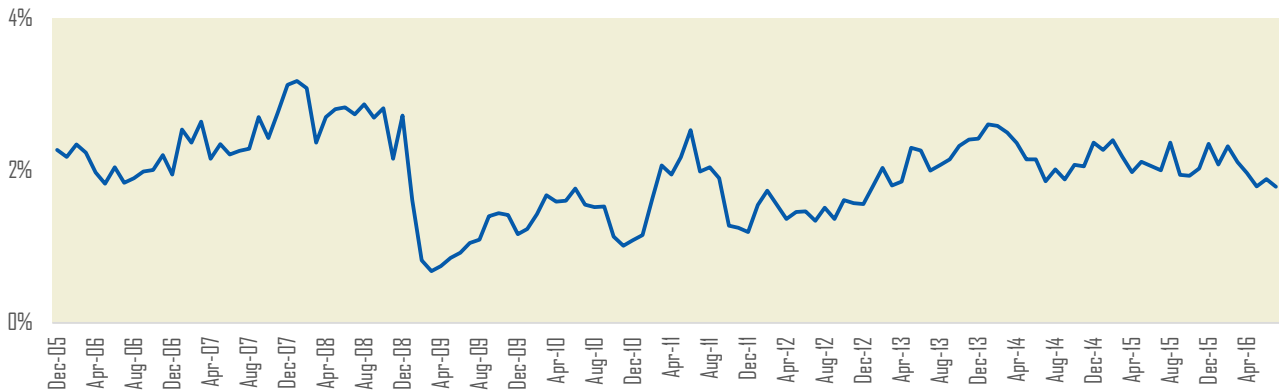
Source: Freddie Mac and Fannie Mae Daily Loan Level Disclosure

RISK LAYERS - JULY-16 - ALL ISSUED LOANS BY COUNT

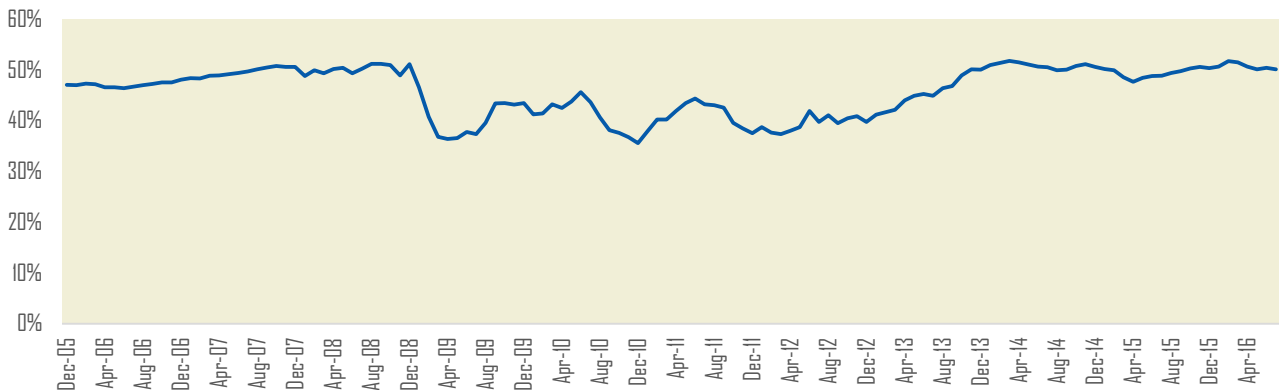
Loan Purpose - Investment - Share of Issued Loans*



Multi-Unit - Share of Issued Loans*



One Borrower Loans - Share of Issued Loans*



* See Page 6 for a listing of assumptions

Source: Freddie Mac and Fannie Mae Daily Loan Level Disclosure



ANALYTICAL AND DATA ASSUMPTIONS

Population assumptions:

- Issuance data for Fannie Mae and Freddie Mac.
- Loans originated more than three months prior to issuance are excluded because the index is meant to reflect current market conditions.
- Loans likely to have been originated through the HARP program, as identified by LTV, MI coverage percentage, and loan purpose, are also excluded. These loans do not represent credit availability in the market as they likely would not have been originated today but for the existence of HARP.

Data assumptions:

- Freddie Mac data goes back to 12/2005. Fannie Mae only back to 12/2014.
- Certain fields for Freddie Mac data were missing prior to 6/2008.

GSE historical loan performance data release in support of GSE Risk Transfer activities was used to help back-fill data where it was missing.

An outline of our approach to data imputation can be found in our VQI Blog Post from October 28, 2015.