



MGIC

Current State of Housing Finance System and Mortgage Market



Presented by:
Patrick Sinks
CEO





Current State of Housing Finance System

- Ginnie Mae, Fannie Mae and Freddie Mac continue to be the primary outlet for 30 year FRMs
- No real private securitization market exists
- Portfolio lending increasing
- Compliance costs have materially increased
 - ▣ Originations
 - ▣ Servicing



Current State of Housing Finance System

- Regulated entities withdrawing from FHA lending and third party origination channels
- Non-banks stepping into fill the void

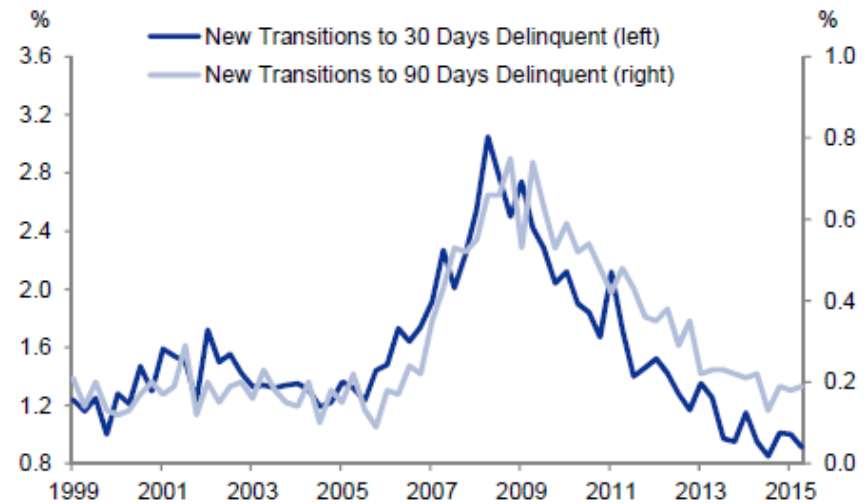


Current State of Mortgage Market

- Legacy credit issues continue to improve
 - ▣ Fewer foreclosure starts
 - ▣ Less loans going delinquent
 - ▣ Judicial states becoming unstuck

- High quality new production
 - ▣ ATR
 - ▣ QM

New transitions into delinquency have fallen to pre-cycle levels



Source: FRBNY.



Current State of Housing Finance System

- ❑ No meaningful legislative progress being made regarding future state of GSEs

- ❑ However changes are occurring
 - ❑ Rep/Warrant clarity from GSEs
 - ❑ Single Security Platform
 - ❑ Credit risk transfer transactions
 - ❑ Non-Performing loan sales

- ❑ Expect current state to continue for some period of time

Thank You

