



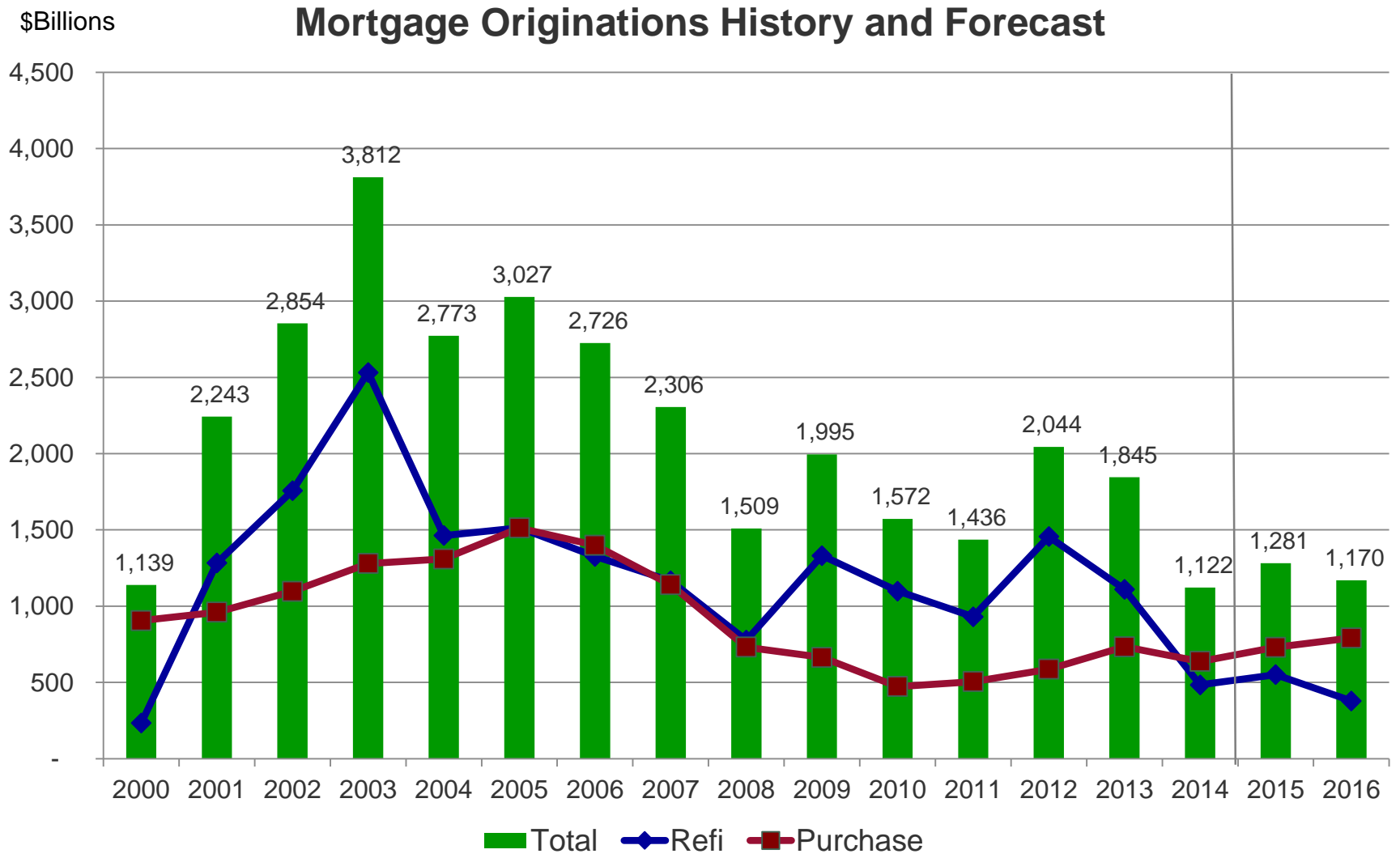
The US Mortgage Market: Re-igniting America's Economic Engine

May 26, 2015

Bill Cosgrove

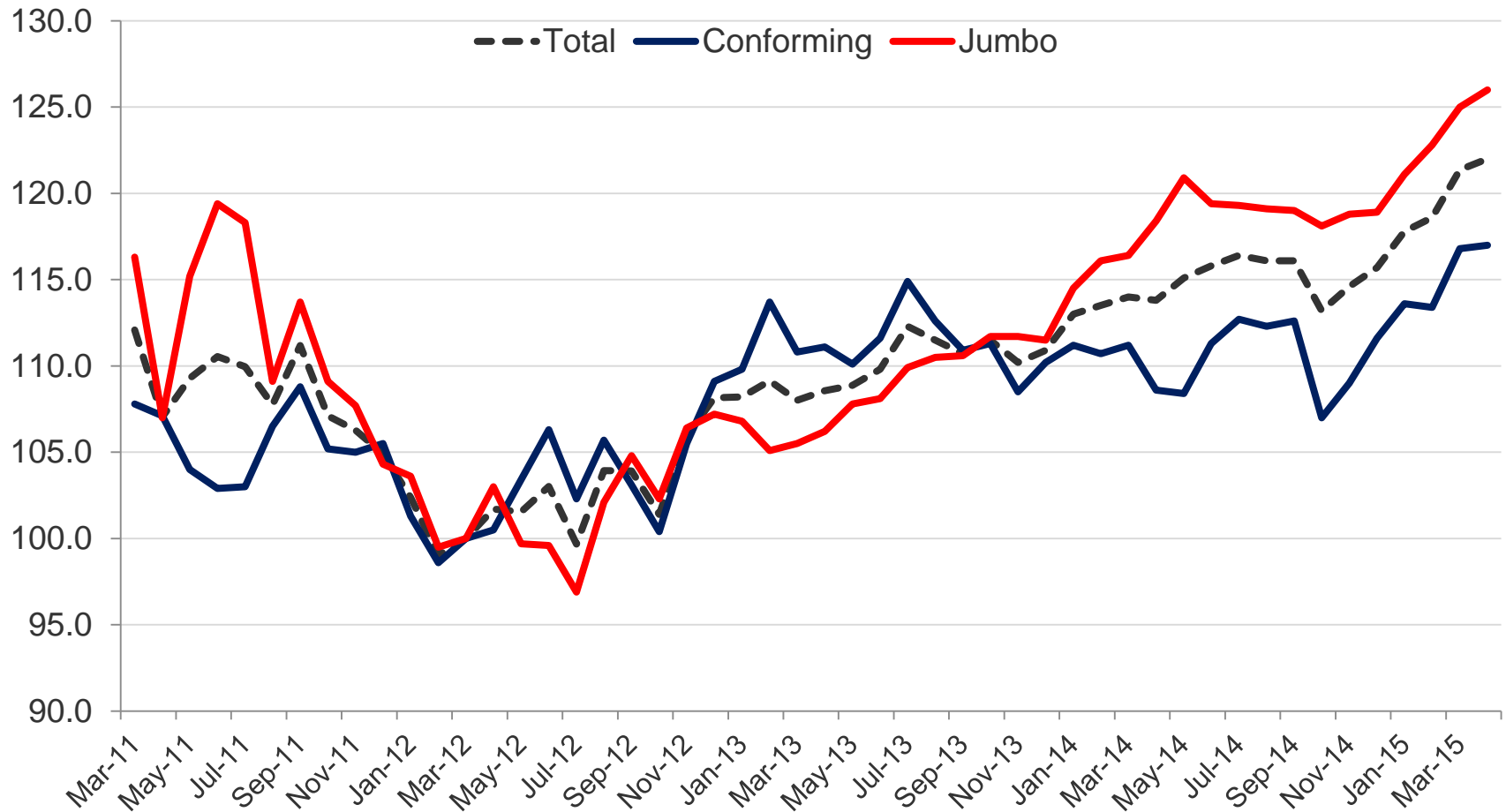
Chairman, Mortgage Bankers Association
President and Chief Executive Officer, Union Home Mortgage

MBA

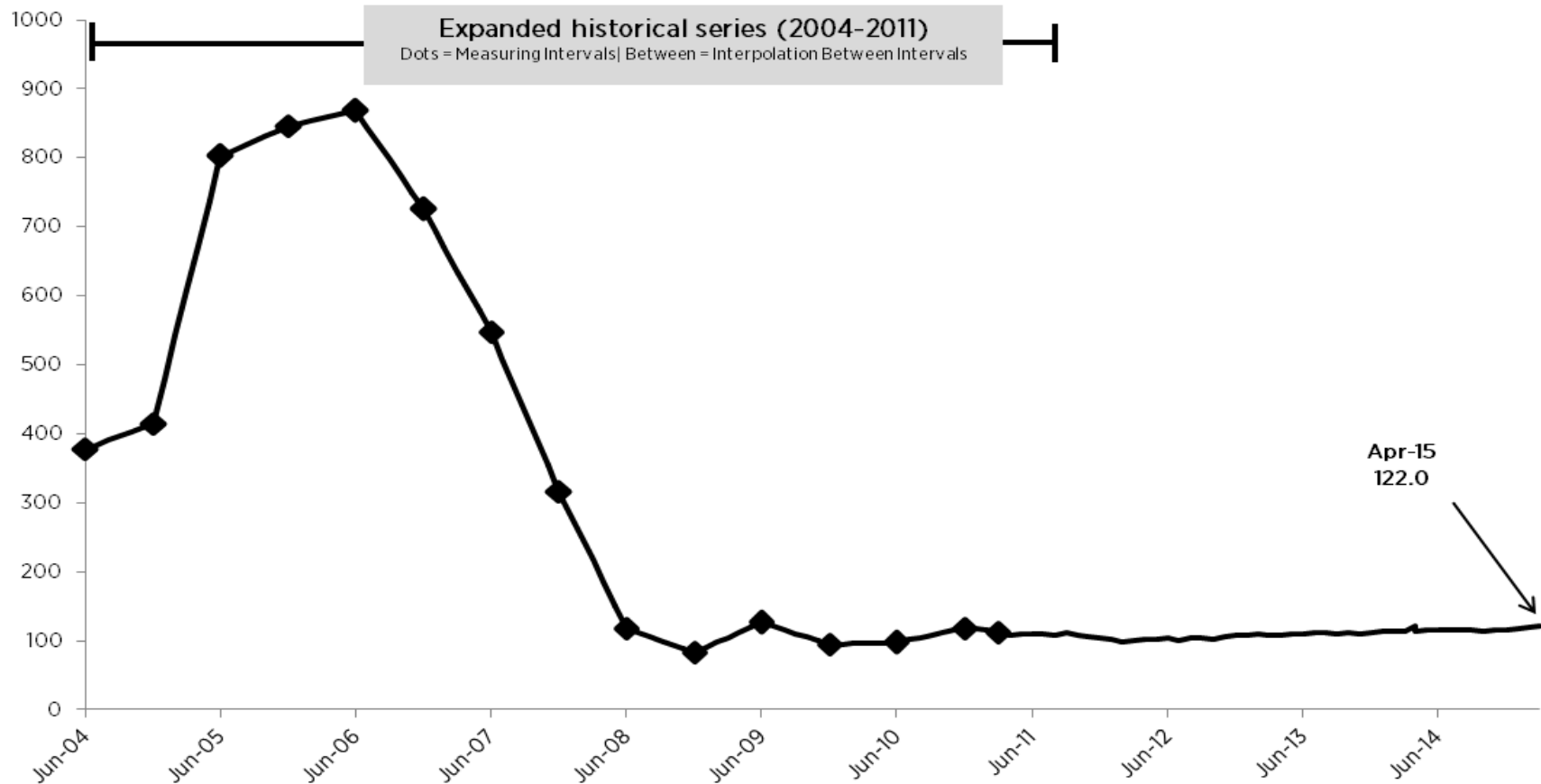


Source: MBA May 2015 Forecast

Mortgage Credit Availability by Component Index (March 2012 = 100)



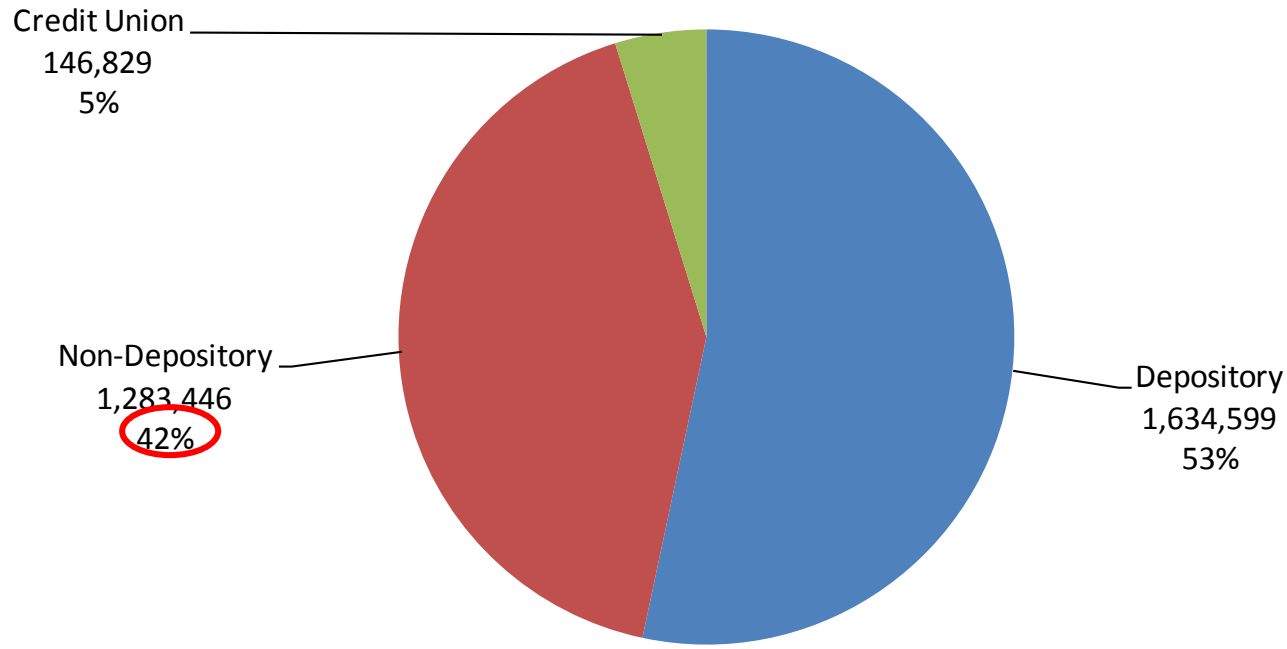
Expanded Historical Series: Total Mortgage Credit Availability Index, Index Level by Month (NSA, 3/2012=100)



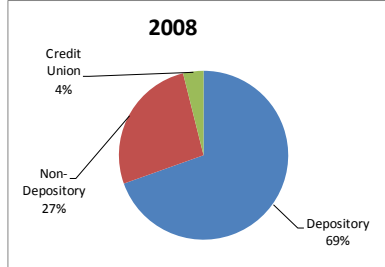
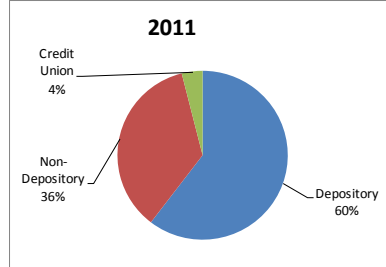
Source: Mortgage Bankers Association; Powered by Ellie Mae's AllRegs® Market Clarity®

Data prior to 3/31/2011 was generated using less frequent and less complete data measured at 6-month intervals and extrapolated in the months between for charting purposes

2013 Total Home Purchase Origination Count by Company Type



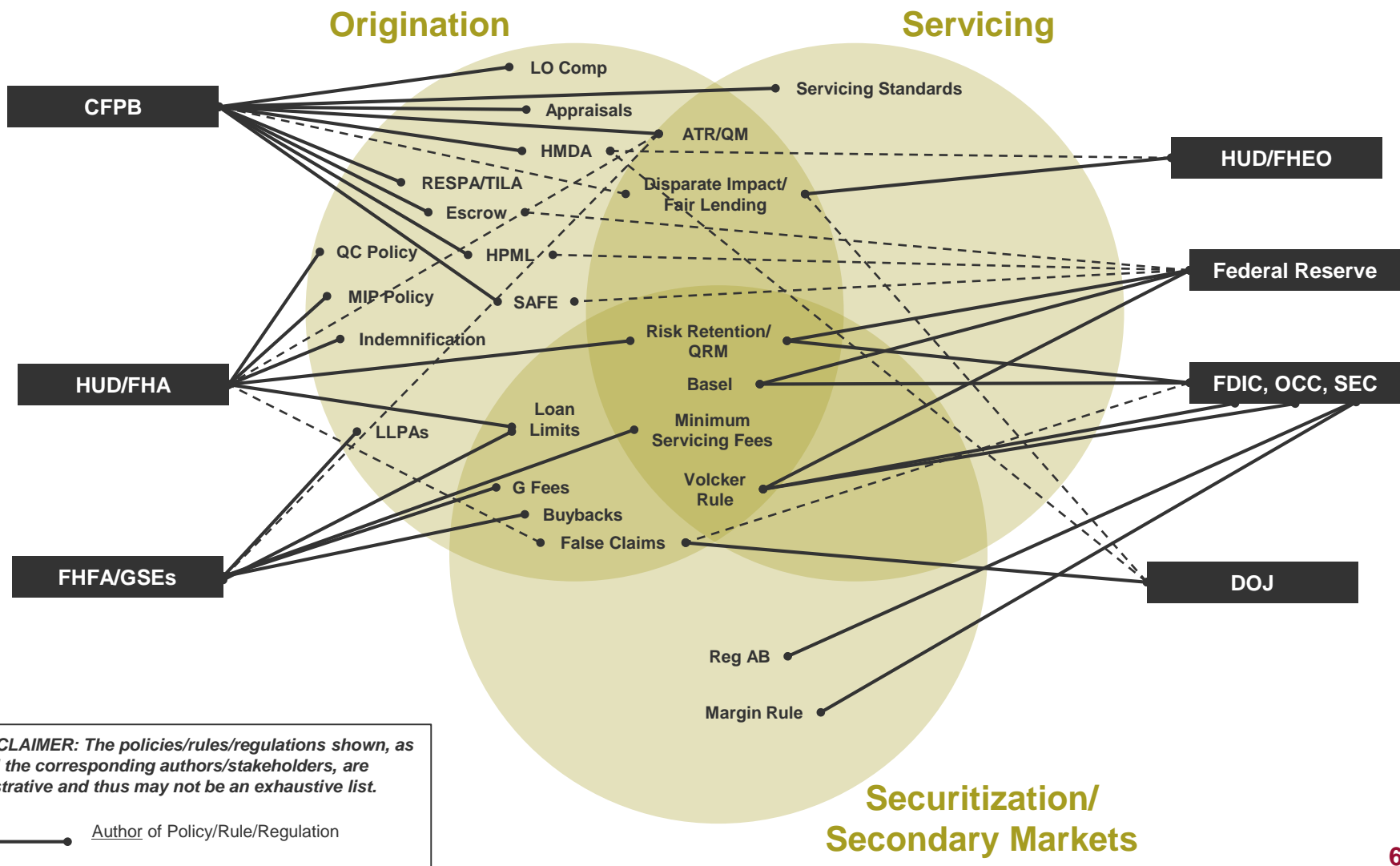
..and was up from 36% in 2011 and 27% in 2008



Note: See "Methodology" page for specific data exclusions. Refer to Executive DataBook report '3a', for more data from this page.

Overlapping Federal Agencies & Regulations

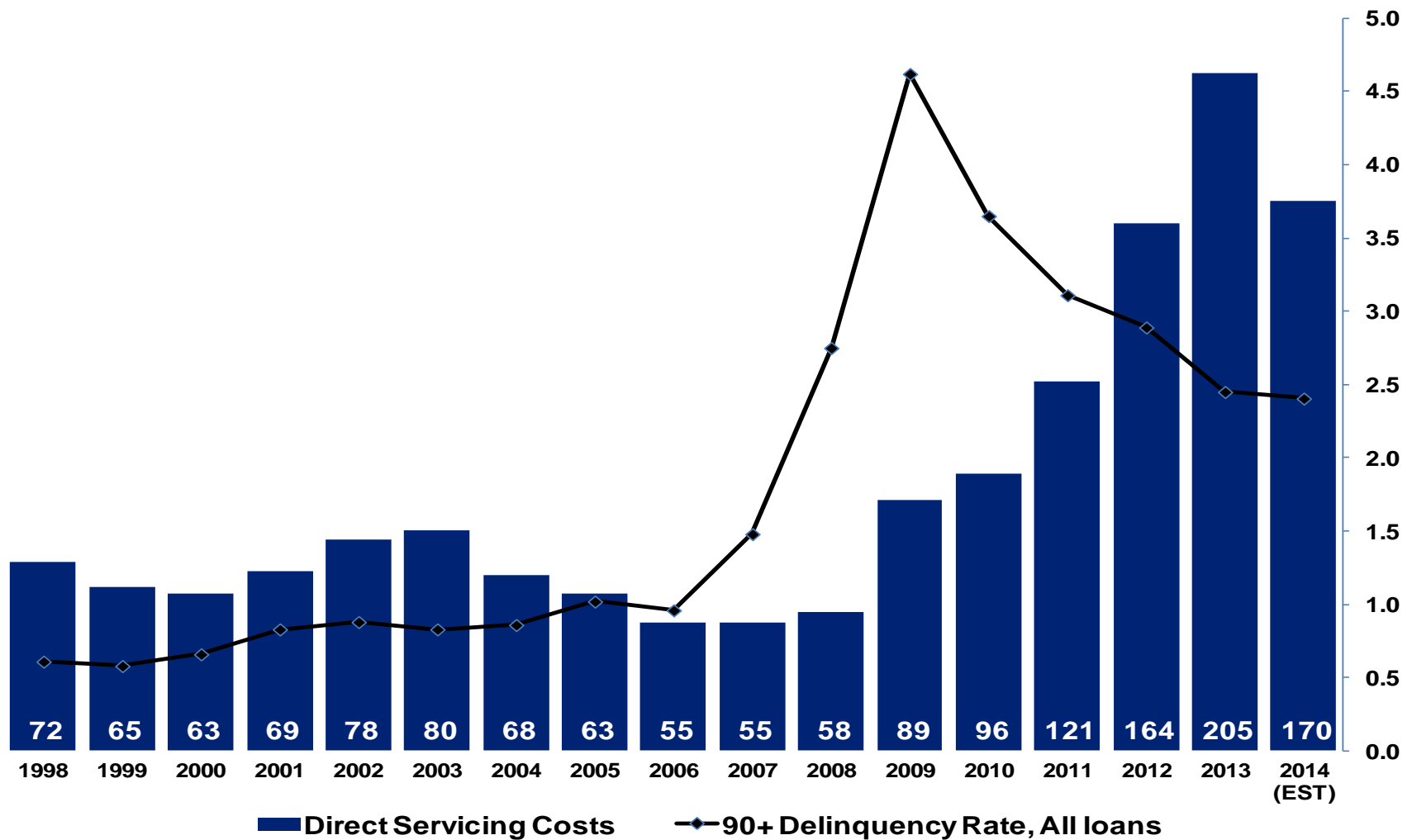
...holding back market growth.



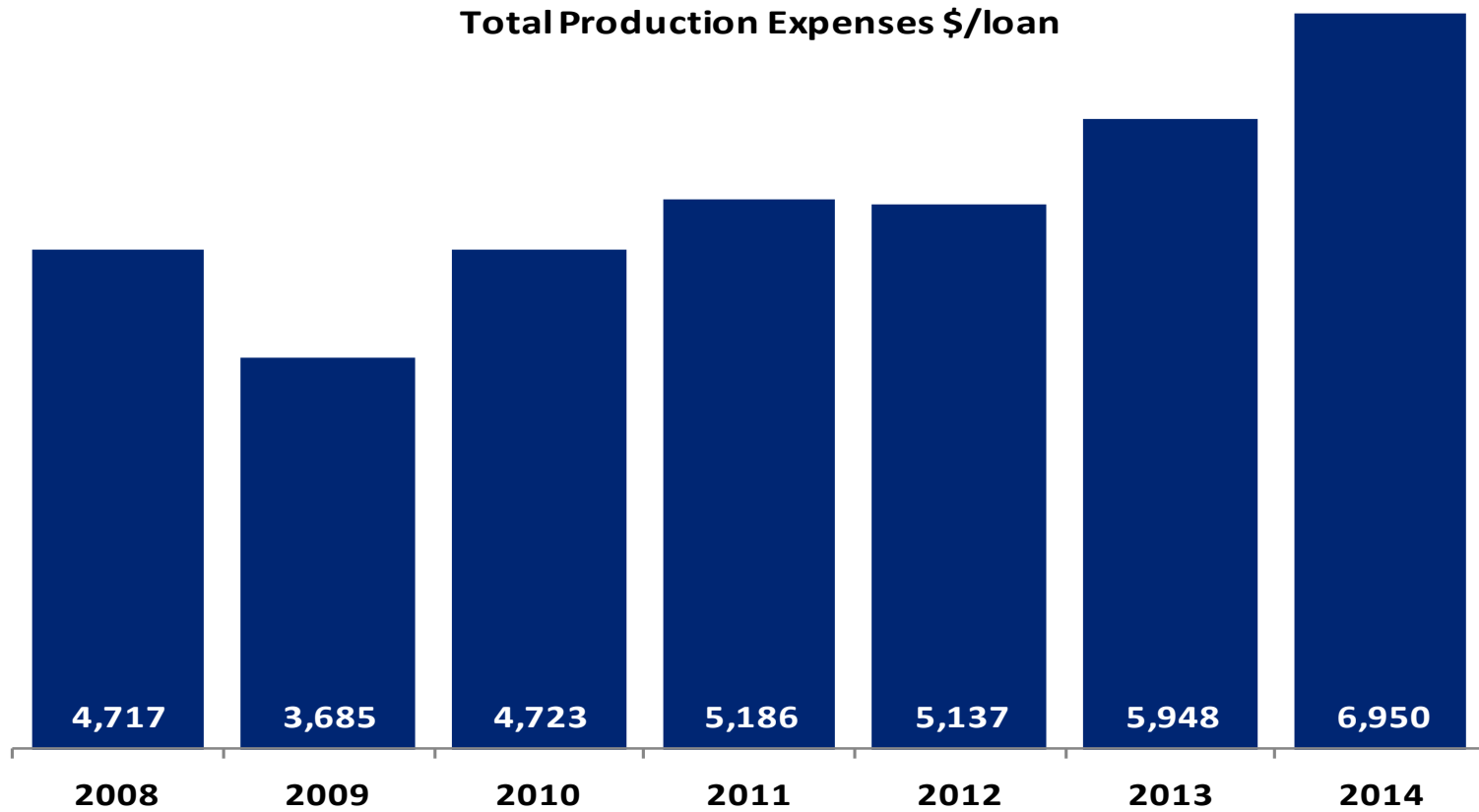
DISCLAIMER: The policies/rules/regulations shown, as well the corresponding authors/stakeholders, are illustrative and thus may not be an exhaustive list.

—●— Author of Policy/Rule/Regulation
 - - - ● - - - Stakeholder of Policy/Rule/Regulation

Direct Cost to Service (\$ per loan)



Source: MBA's Servicing Operations Study and Forum (SOSF);
MBA National Delinquency Survey (NDS)

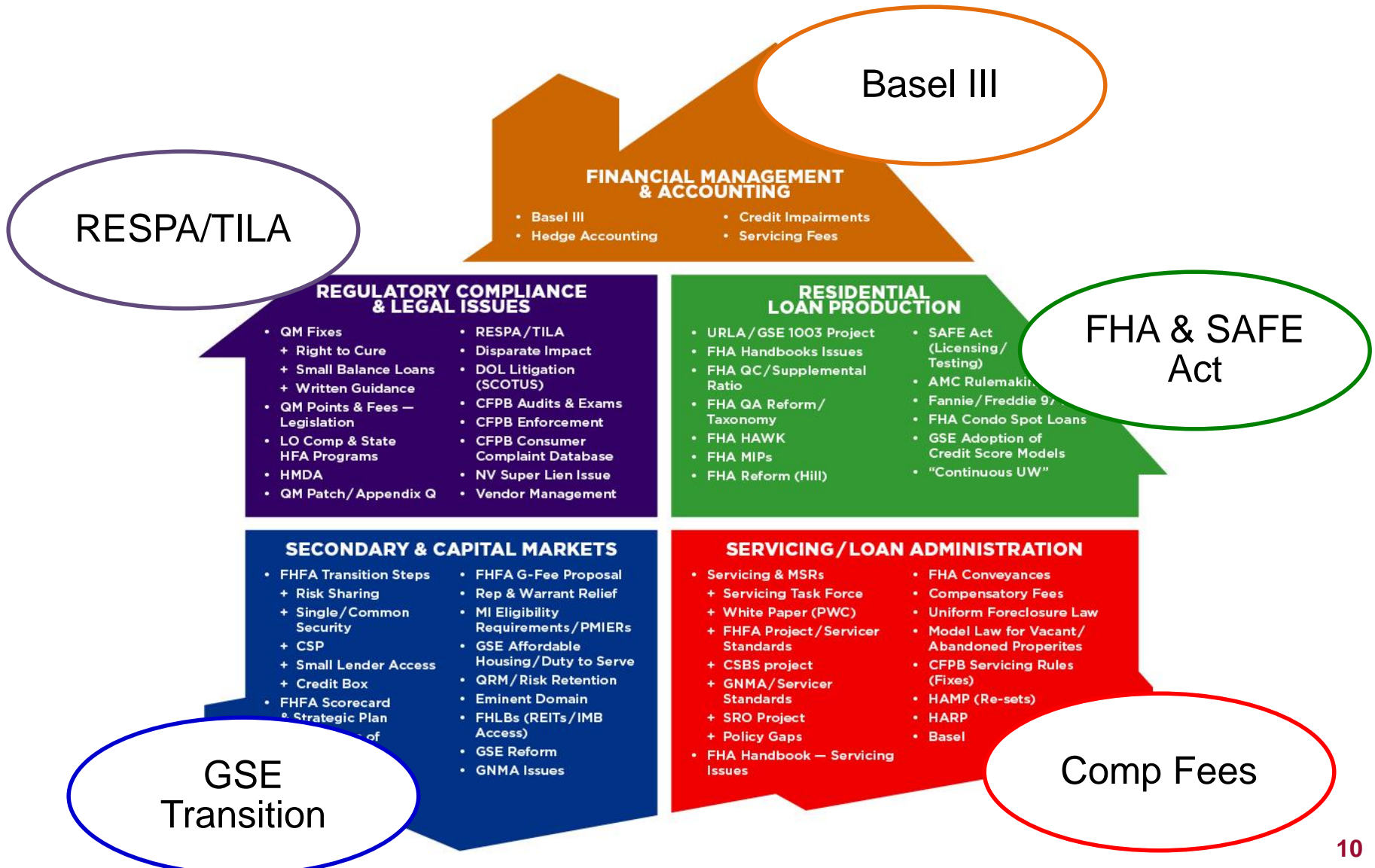




Regulators must own this!

- ➡ Excessive & punitively high capital standards – drive up costs to consumers
- ➡ Capital Standards too high – fewer servicers, greater systematic risks

Needed Clarification – Regulations & Enforcement



FHFA & GSEs

- ➔ MBA called for CSP, Risk Share, Common Security, Rep & Warrant
- ➔ Progress & alignment - these items don't require legislation
- ➔ Dialogue with Congress - keep pushing; a lot less work to do on legislation

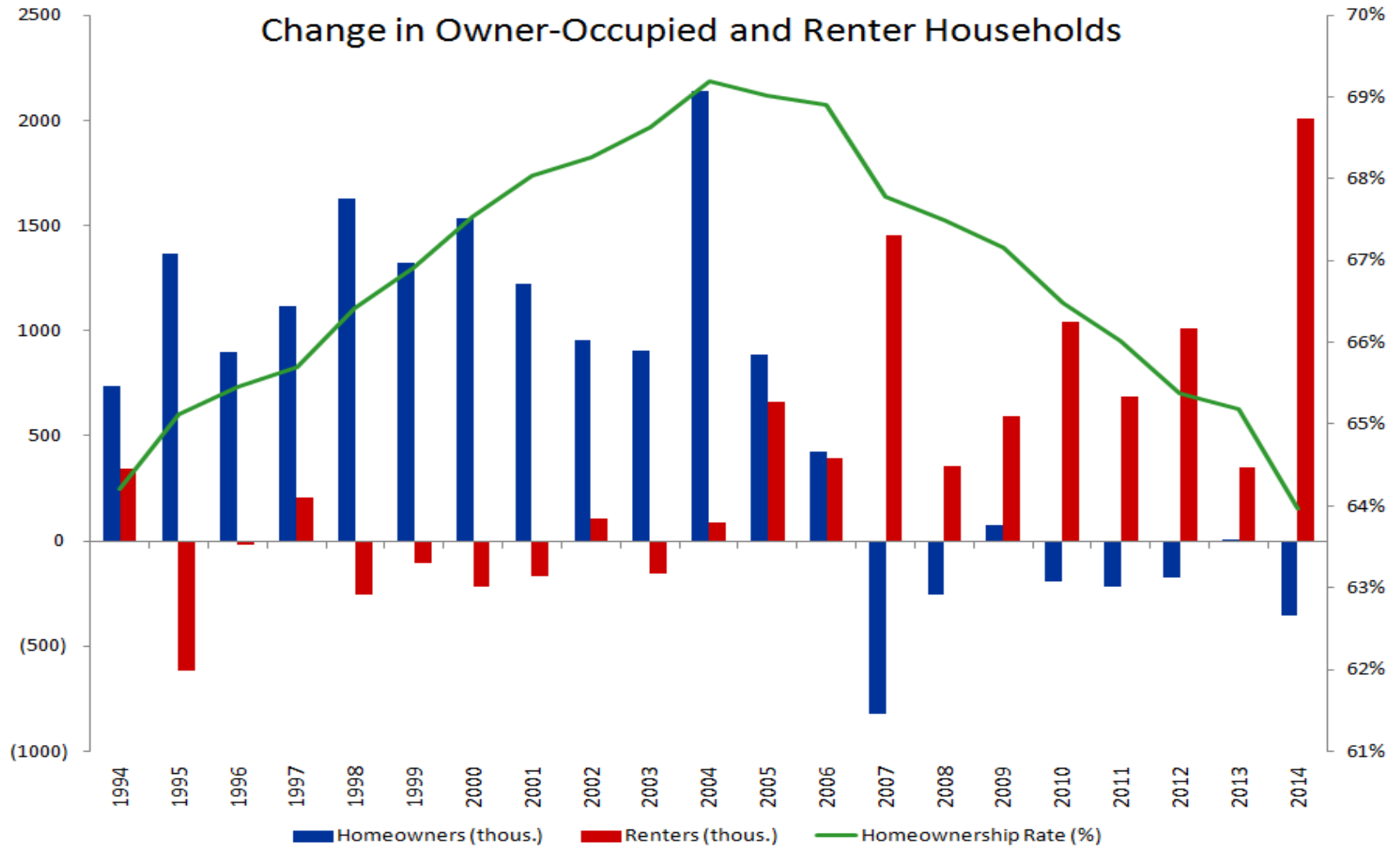
FHA

- ➔ MBA – driving force on stopping open-ended FHA fee on lenders
- ➔ MIP Reduction

USDA

- ➔ Since March 2015, MBA met three times with senior USDA RHS staff
- ➔ April - IMBs, builder lenders, and regional and large national lenders
- ➔ Suggested policy changes & process improvements – MBA holding webinar in June on USDA underwriting

Impact on Consumers - Household Formations



Puerto Rico vs. National NDS Data



	Puerto Rico	US Total
Serious Delinquency		
Q4 2014	26.60%	4.52%
Q1 2015	10.0%	4.24%
Foreclosure Starts		
Q4 2014	11.81%	0.46%
Q1 2015	1.56%	0.45%
Unemployment Rate	11.93%	5.57%
YOY Home Price Change (Q1 2013)	-0.85%	5.48%

- Cramdown Legislation
 - ▶ Emphasizes need for harmony of local, state, federal regulations
 - ▶ Closest thing we have in the states – Eminent Domain
 - ▶ MBA Opposes! Will undermine the value of the collateral securing the mortgage & abrogate contractual rights of creditors.
 - ▶ Lenders will stop lending – have to underwrite the risks & can't afford
- Local economy – GSEs PMI Companies
- FHA
- USDA – 35% of loans

QUESTIONS?