Mortgage Monitor report

May 2024

Contents

Overview – May 2024

Each month, the ICE Mortgage Monitor looks at a variety of issues related to the mortgage finance and housing industries.

To begin, we recap high-level mortgage performance statistics reported in our most recent First Look, tracking improvement in both delinquencies and foreclosures through the end of March.

This month, we share ICE research into climate risk and how the rising cost and growing scarcity of property insurance is contributing to affordability challenges. We also provide an update on recent movements in the federal funds target interest rate and 30-year mortgage offerings and take a deeper dive into dwindling refinance opportunities, originations and prepayment trends. We then examine the latest developments in the ongoing shortage of for-sale inventory and mortgage rates' impact on sales volume and home prices across the country. Finally, we revisit homeowners' equity accumulation and utilization, and look at lending opportunities in light of the tappable share of overall equity topping $11T for the first time.

In producing the Mortgage Monitor, the ICE Research and Analysis team aggregates, analyzes and reports on the most-recently available data from the company's vast mortgage and housing-related data assets. Information is gathered from the McDash and McDash Flash loan-level mortgage-performance data sets, ICE Valuation Analytics home price and sales trends data, eMBS agency securities data, Market Trends origination insights, the ICE Home Price Index, and the company's robust public records database covering 99.99% of the U.S. population. For more information on gaining access to ICE data assets, please call 844-474-2537 or email Mortgage.Monitor@bkfs.com.

First Look at mortgage performance

The ICE First Look at mortgage performance provides a high-level overview compiled from the ICE McDash loan-level database.

Overview of mortgage performance

Serious delinquencies dropped to their lowest level since 2006, as foreclosure inventories continued to improve and prepayment activity rose, driven by lower rates early in the year and the start of the spring homebuying season

-14 bps

Delinquency rate

Delinquencies improved in March, but were up YOY as a result of the Sunday month-end phenomenon

Loans 90+ days past due hit their lowest level since June 2006

+5.3%

Foreclosure starts

March's 26K starts, though up for the month, remained below the 12-month average

The number of loans in active foreclosure fell to its lowest level since January 2022

+15.3%

Prepayment activity

Single-month mortality rose 6 bps to 0.48%, the highest level in seven months

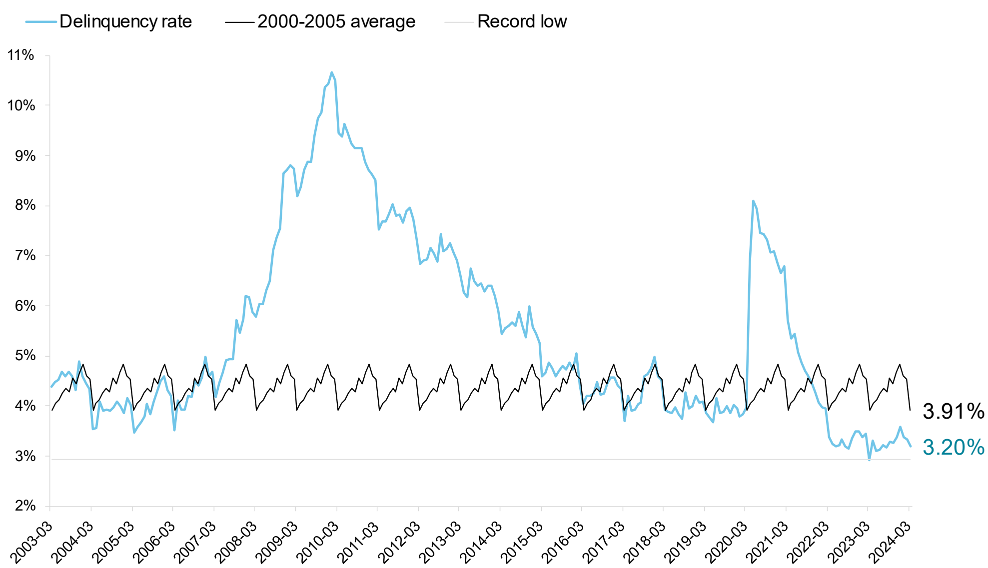
Prepays rose as lower rates in January and early February helped stir market activity

Mortgage performance and foreclosure metrics

The ICE McDash loan-level database provides key performance metrics for a clearer picture of the mortgage landscape. In this section, we take an in-depth look at mortgage performance metrics for March, including a breakdown of recent delinquency numbers, foreclosure statistics and prepayment trends.

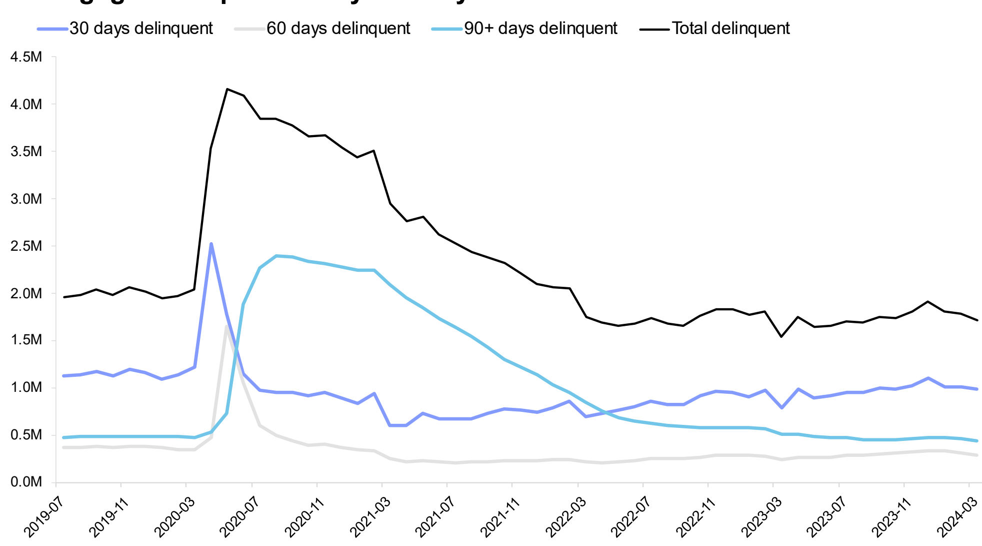
- The national delinquency rate ticked down 14 basis points (bps) to 3.20% in March, holding 27 bps higher than the record low in March 2023
- April, which typically experiences an uptick in delinquencies, may fare better this year, as March delinquencies came in higher than normal due to the month having ended on a Sunday
- Serious delinquencies (loans 90+ days past due but not in active foreclosure) dropped 24K (-5.2%) from February to their lowest level since June 2006
- March saw less inflow of past-due payments as well as fewer rolls to later stages of delinquency, with total cures up 9%, as early-, mid- and late-stage delinquencies all saw improvement

National delinquency rate of first lien mortgages



Source: ICE, McDash

Mortgage delinquencies by severity

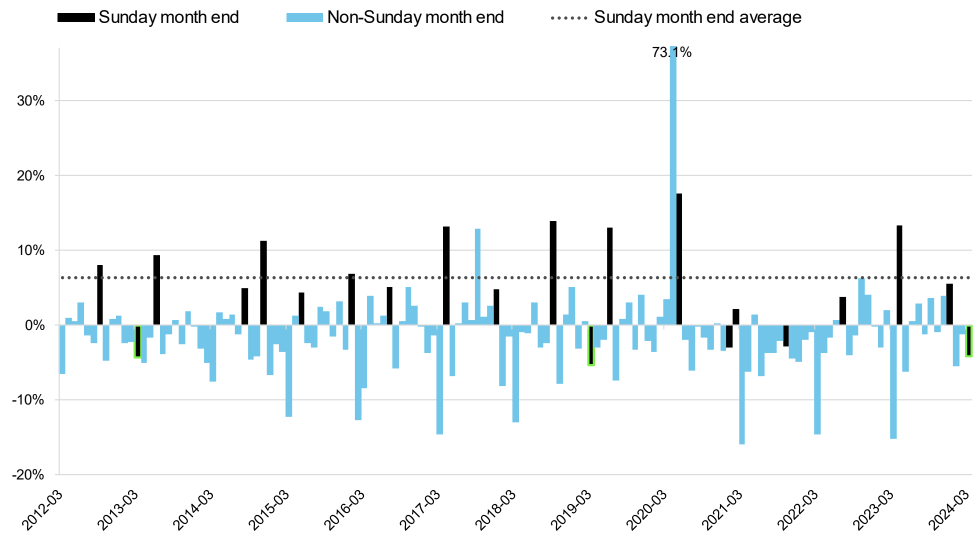


Source: ICE, McDash

Mortgage performance and foreclosure metrics

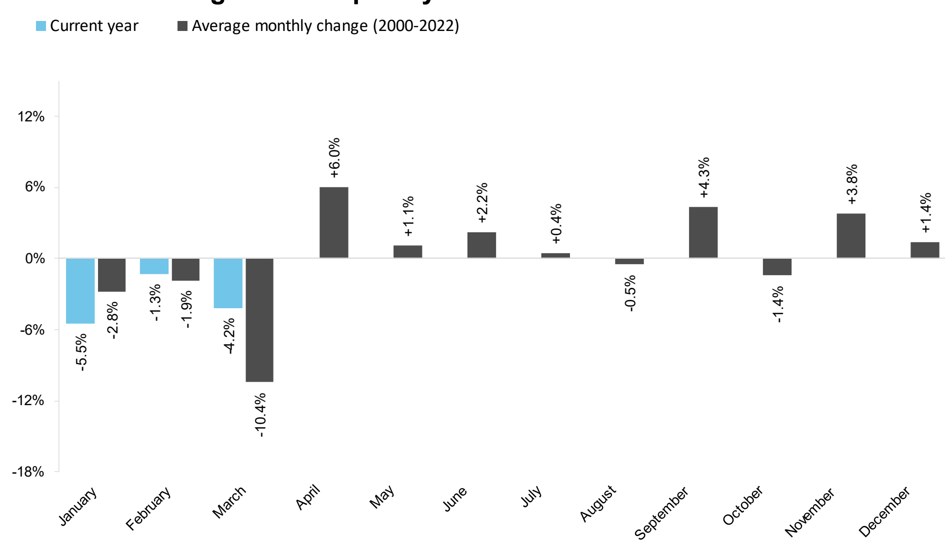
- Since 2000, March delinquencies have declined an average of -10.4% month-over-month, as borrowers often apply tax refunds to bring accounts more current
- Only the third such convergence in the last two decades, this March's 4.2% drop in the delinquency rate is in line with the previous cases in which March ended on a Sunday
- In months that end on Sundays, delinquencies rise an average of +6.9%; of 30 non-March Sunday-ends in the last two decades, only three have shown improvement
- Rolls from 60- to 90-days delinquent have held below 110K every month since March 2021, averaging 90K per month
- Delinquencies tend to worsen an average of +6.0% in April, but typically improve an average of -5.3% when March ends on a Sunday, suggesting April is likely to be nearly flat

One-month change in first lien delinquency rate



Source: ICE, McDash

One-Month change in delinquency rate

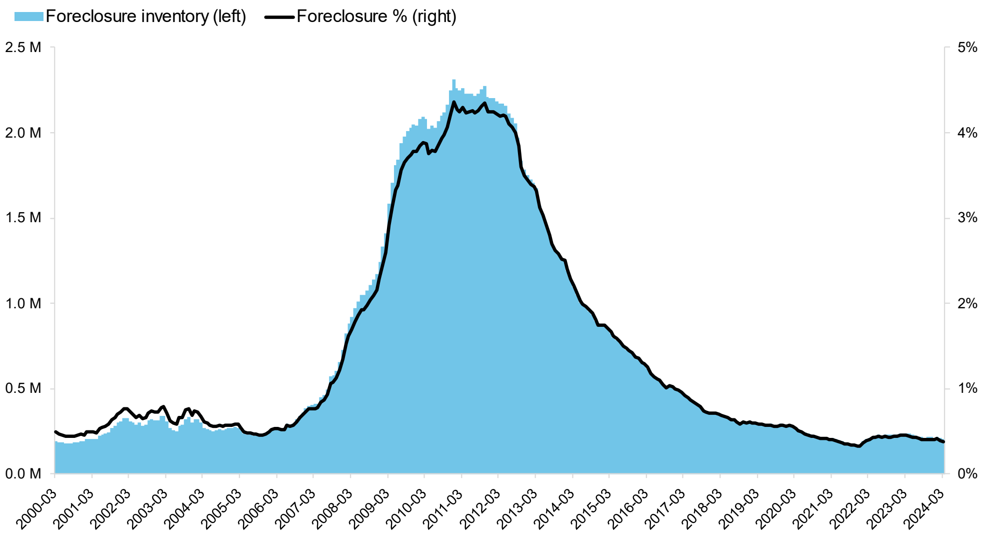


Source: ICE, McDash

Mortgage performance and foreclosure metrics

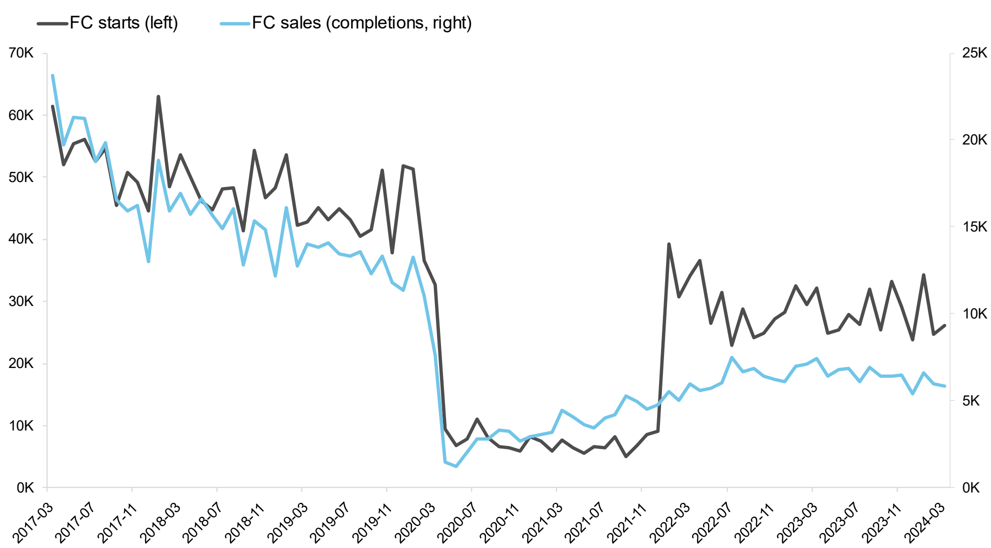
- The number of loans in active foreclosure fell to 205K in March – the fewest since January 2022 and still 28% (-77K) below pre-pandemic levels
- Even accounting for the 5.3% month-over-month rise in foreclosure starts, the month's 26K starts were still below the average for the past 12 months
- 5.8K foreclosures were completed nationally in March – down 3.1% from the prior month to the second lowest level since May 2022
- With start volumes still 30% below pre-pandemic levels and foreclosure rates among both unprotected loans and seriously delinquent populations remaining historically low, activity remains muted

Foreclosure inventory



Source: ICE, McDash

Foreclosure starts and sales



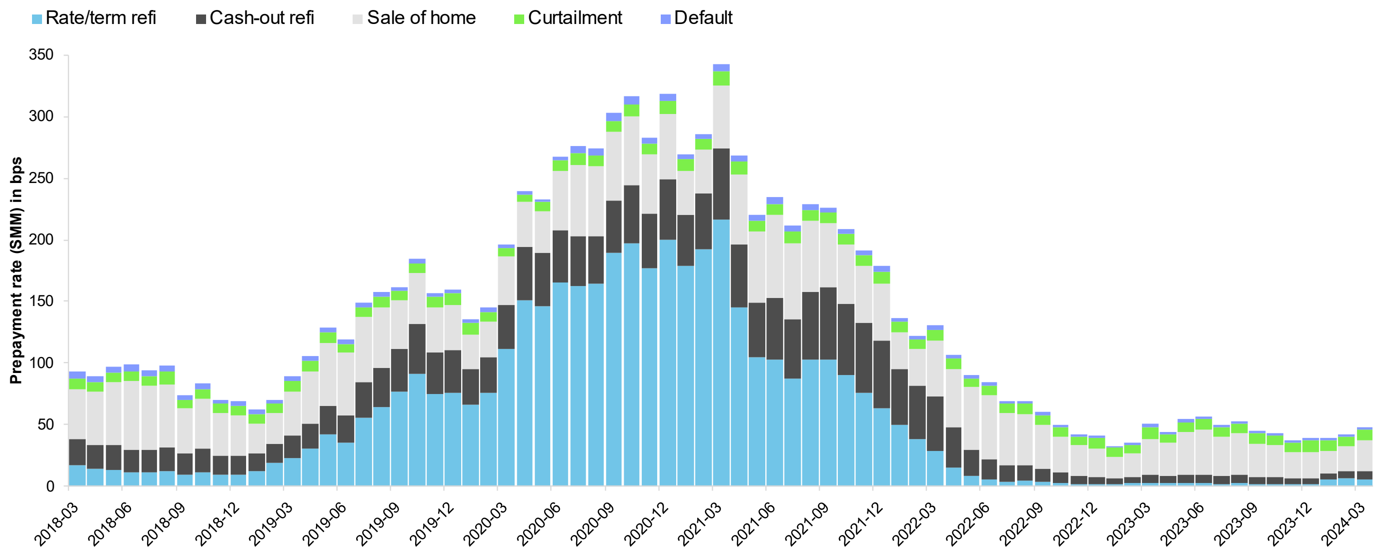
Source: ICE, McDash

Mortgage performance and foreclosure metrics

- Prepayment activity, as measured by single-month mortality (SMM), rose by 6 bps in March to 0.48%, its highest level since August
- The bulk of the rise (~80%) was driven by a seasonal rise in home-sale related prepayments while refinance related prepayments remained flat from the month prior, driving 12 bps of SMM
- Over the past four years, home-sale related prepayments have risen by ~25% seasonally from March to June, which will continue to put a floor under prepayment activity in coming months despite returning headwinds from rising 30-year rates
- If we saw an equivalent rise this year (+25%) it would equate to 6 bps of upward pressure on SMM
- Refinance-related prepayments drove 12 bps of SMM in the month, as a slight decline in refinance related prepayments was offset by a modest rise in cash-out related prepays
- Such refinance related prepayments will face headwinds in coming months as rising interest rates have largely erased the rate/term refinance incentive of early this year

Prepay activity (SMM) by cause of prepayment

All first lien mortgages



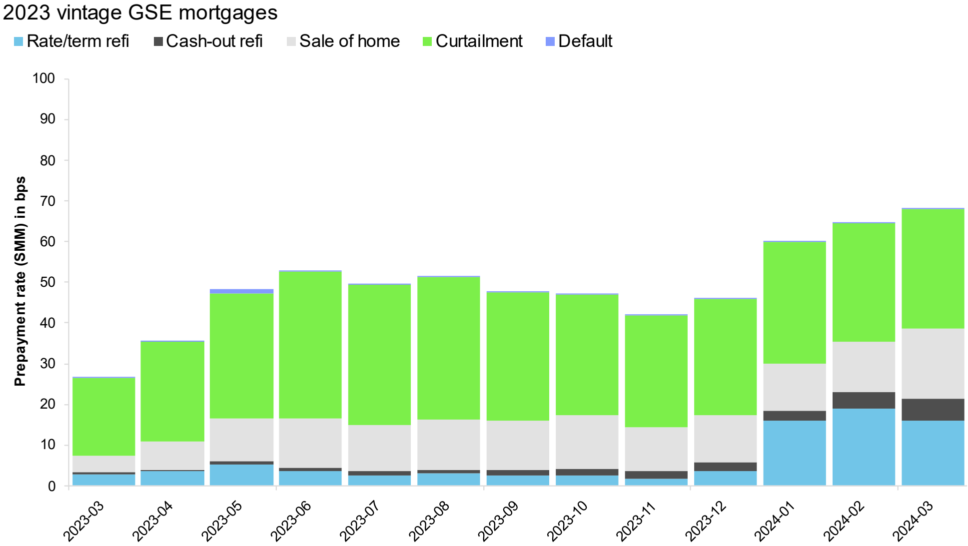
Source: ICE, McDash +Property

Mortgage performance and foreclosure metrics

- As one would expect, given the higher interest rate profile of such loans, the 2023 vintage has seen significant prepayment volatility in recent months
- As reported in our [April Mortgage Monitor](), the conditional prepay rate (CPR) among such loans rose by 68% from November through February as interest rates fell and refinance incentive began to emerge for a portion of those loans
- Dissecting the 2023 vintage provides some additional insight on prepayment activity among such loans
- When looking at 2023 vintage GSE loans specifically, we can see that rate/term refinance related prepayments quadrupled from December to January, driving 16-19 bps of SMM over the past three months
- What's perhaps more interesting, when looking at prepay drivers among 2023 vintage GSE loans, is the volume of activity coming from curtailments (partial prepayments)
- Prepayment speeds due to curtailment among 2023 vintage GSE loans have been nearly 2.5 to 3 times the average of the prior five vintages in their early months

Prepay activity (SMM) by cause of prepayment

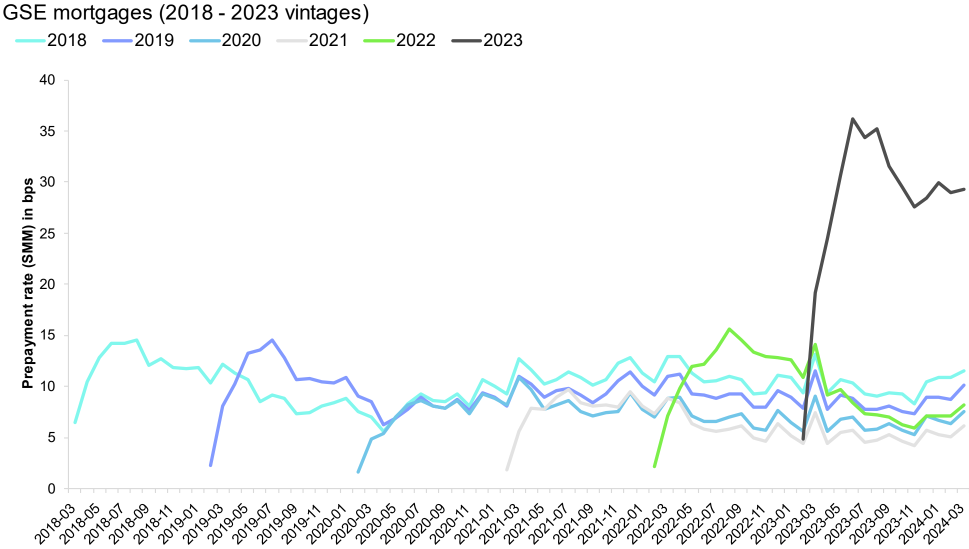
2023 vintage GSE mortgages



Source: ICE, McDash +Property

Curtailment driven prepay activity (SMM) by vintage

GSE mortgages (2018 - 2023 vintages)



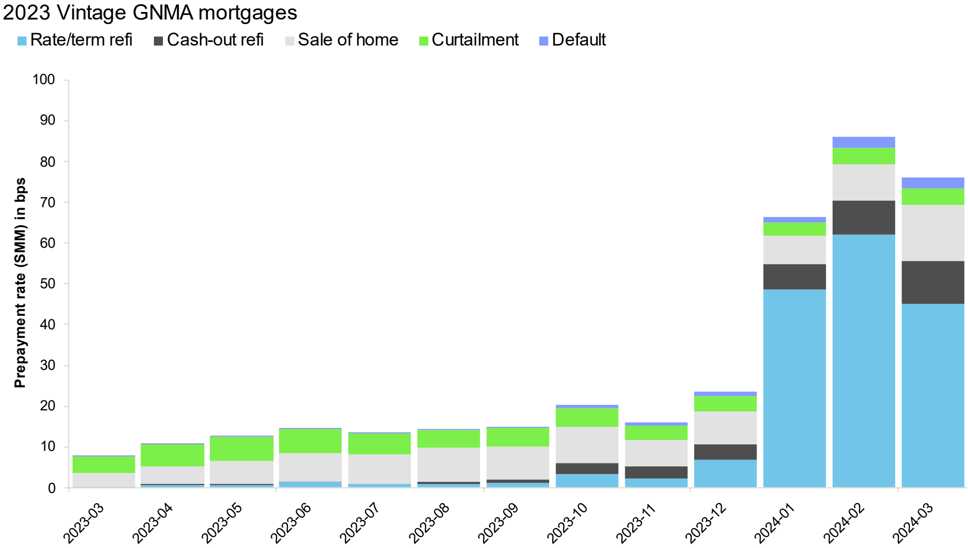
Source: ICE, McDash +Property

Mortgage performance and foreclosure metrics

- Among 2023 vintage GNMA loans, rate/term related prepayments jumped sevenfold from December to January and rose even further in February, driving 62 bps of SMM among such loans
- The impacts were most pronounced among VA mortgages
- GNMA loan curtailment activity has been much more subdued than among their GSE counterparts, likely due to borrower profiles and the ability (through the sale of a prior home or otherwise) to make large additional principal payments
- Despite prepayment activity overall remaining well below 2018/2019/2020 vintage GNMA loans, such prepayment speeds will be worth monitoring closely if/when 30-year rates ultimately begin to ease

Prepay activity (SMM) by cause of prepayment

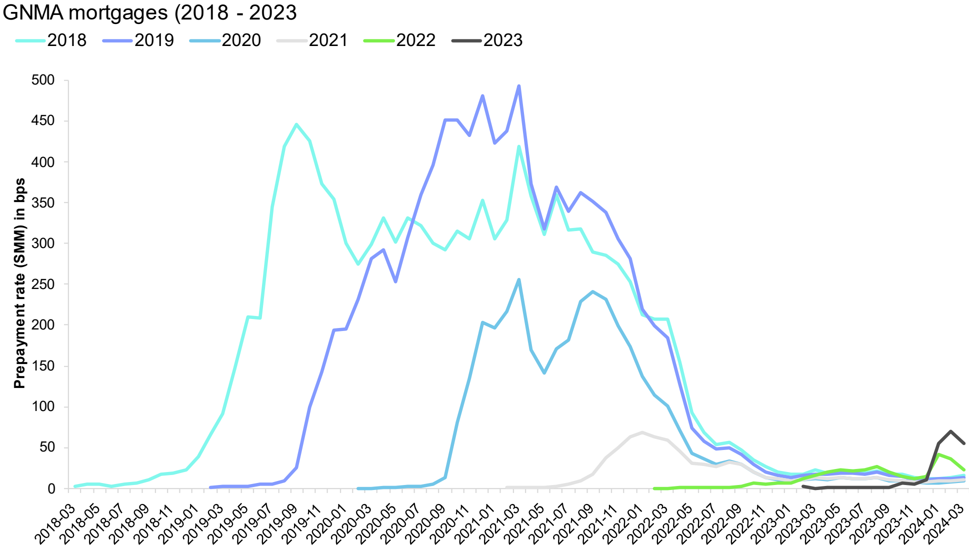
2023 Vintage GNMA mortgages



Source: ICE, McDash +Property

Refinance driven prepay activity (SMM) by vintage

GNMA mortgages (2018 - 2023



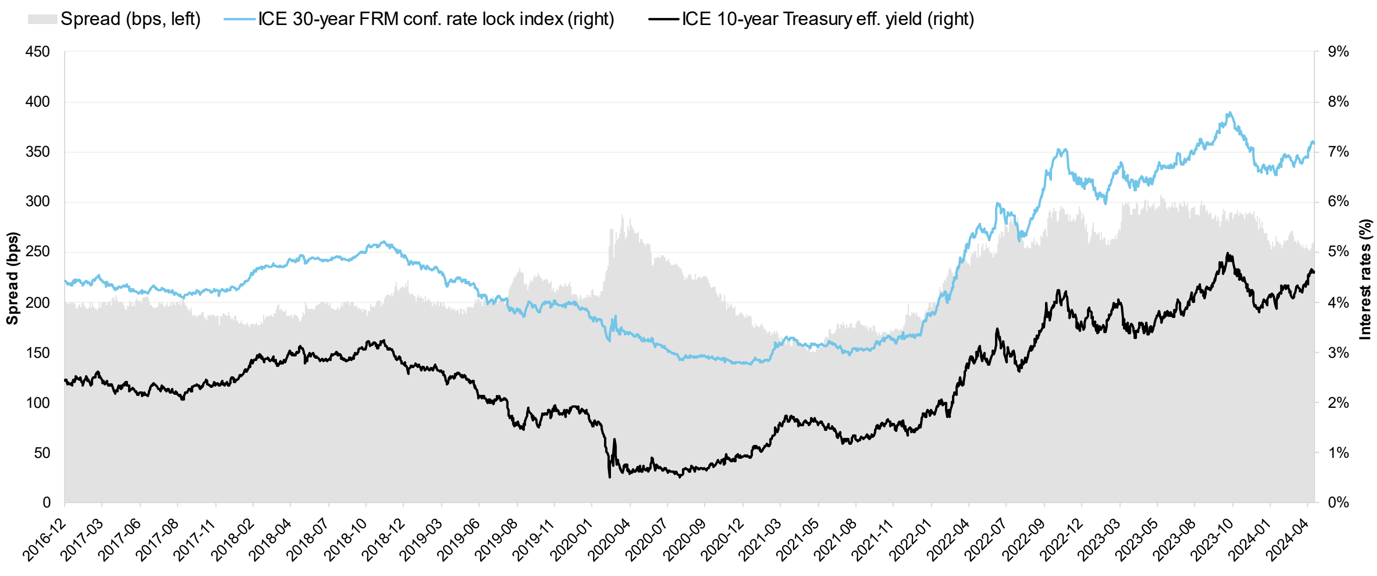
Source: ICE, McDash +Property

Interest rate, affordability and origination trends

This month, we provide an update on recent movements in federal funds and 30-year rates, dwindling refinance opportunities, and recent origination trends. This information comes from ICE, the McDash loan-level mortgage performance database and other public and proprietary data sets. In addition, we share new ICE research into climate risk and how the rising cost and scarcity of property insurance is contributing to affordability concerns.

- According to the ICE Index Platform, the 10-year Treasury effective yield reached 4.66% on April 16 and the conforming 30-year fixed mortgage rate hit a high of 7.21% on April 19, before both eased slightly
- Spreads have continued to hold relatively constant, narrowing back to the 250-260 bps range after widening to 272 in early March
- Since the December 2023 lows of 3.79% for 10-year Treasury yields and 6.62% for 30-year FRM rates, bond yields have climbed 87 bps and mortgage rates 79 bps, respectively
- While mortgage rates are still around 60 bps below an October peak, they are up more than 70 bps from the same time last year
- Composite industry forecasts now have mortgage rates ending 2024 near 6.4%, shifting up 15 bps from last month's projections, and are now expected to end 2025 at 5.95%
- CME FedWatch for April 24 projected the Fed funds rate would end 2024 in the 4.75%-5.00% range and not reach the 4.50%-4.75% range until April 2025 – another significant upward shift since March

30-year mortgage to 10-year Treasury yield spread

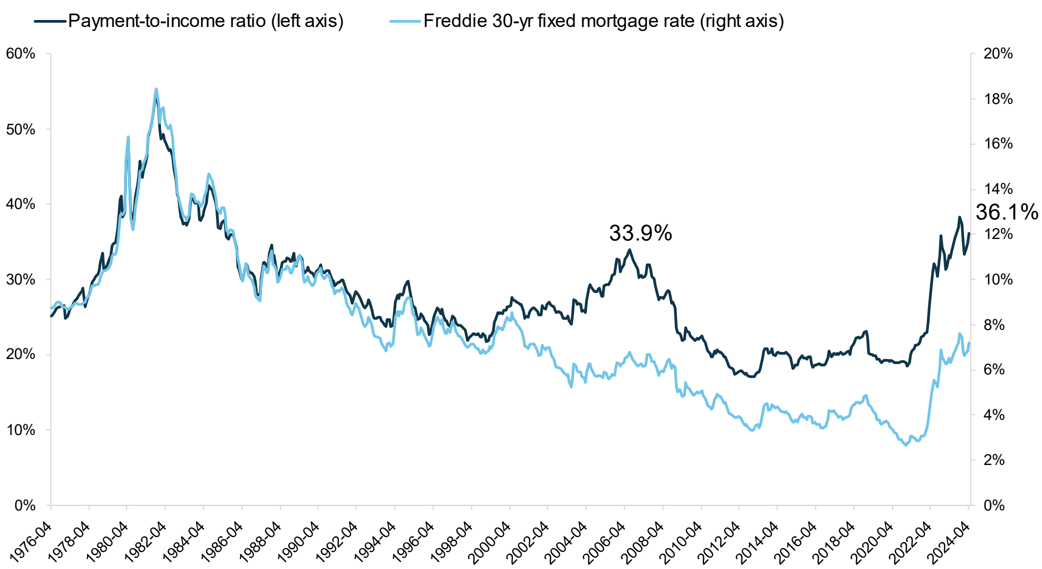


Source: ICE
Data through April 23, 2024

Interest rate, affordability and origination trends

- Rising interest rates have put renewed pressure on home affordability
- With 30-year rates at 7.17% on April 25, according to Freddie Mac, it now requires 36.1% of the median household income to purchase the median priced home
- That's the tightest home affordability has been since November, and ranks among the five least-affordable months over the past 38 years
- The principal and interest payment required to purchase a median priced home – assuming a 20% down payment and financing at the prevailing rate – is now $2,436, up $183/month over the past three months, but still $67/month less than the record high reached last October when rates averaged more than 7.6%
- Under current market conditions, it would require some combination of a more than 3.5% decline in 30-year interest rates, a 49% rise in median incomes, and a 33% decline in home prices to bring home affordability back in line with the 30-year average

National payment-to-income ratio*



Source: ICE Home Price Index, FHLMC PMMS, Census Bureau

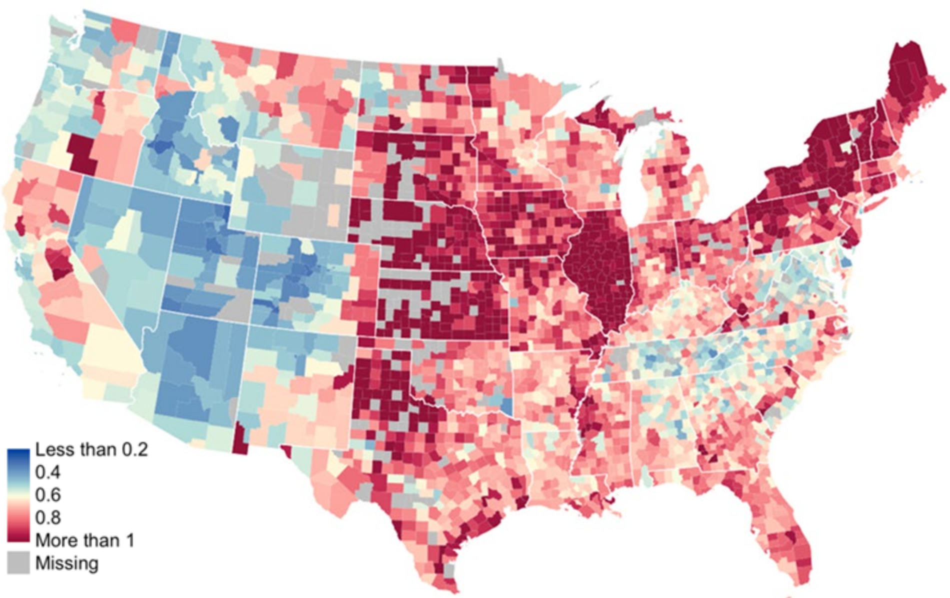
April 2024 reading is based on April 25 FHLMC PMMS of 7.17%

*The national payment-to-income ratio is the share of median income needed to make the monthly principal and interest payment on the purchase of the average-priced home using a 20% down 30-year fixed rate mortgage at the prevailing interest rate

Interest rate, affordability and origination trends

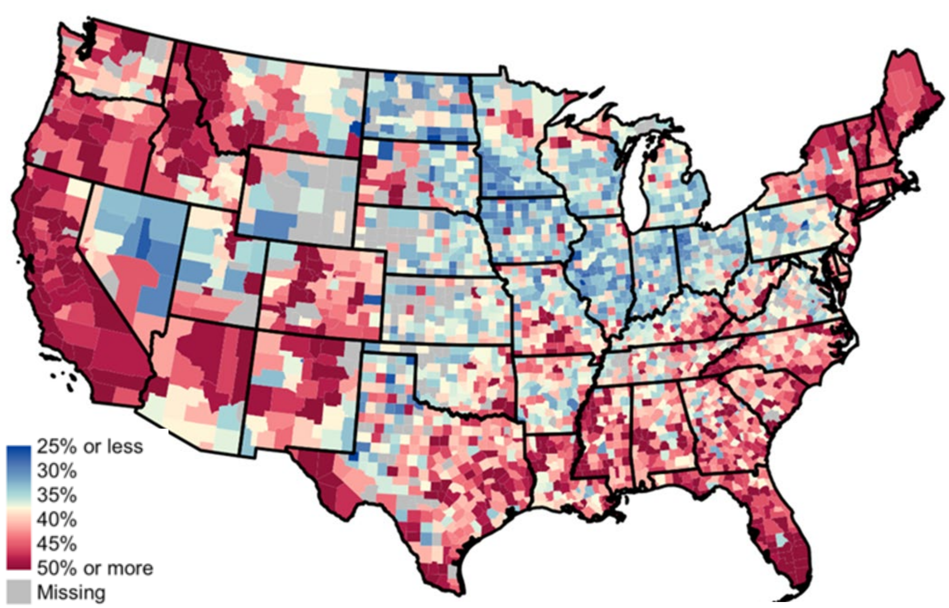
- ICE Sustainable Finance presented new research during the AmeriCatalyst Going to Extremes Leadership Summit in Washington, D.C., April 18
- The research shows that as insurers raise premiums or even pull out of states to manage their own risks, costs to insure properties exacerbate affordability concerns in many major markets
- Climate impacts may also fuel rising utility costs, and multi-billion-dollar disasters contribute to rising property taxes as well, further constricting affordability
- Rising home values also add to growing property taxes and, especially for homeowners with low interest rate loans, taxes may dwarf principal and interest costs

Ratio of utility, insurance, property tax costs to mortgage principal/interest



Source: ICE Sustainable Finance estimates, ICE McDash (February 2024)
Sample: SFR + 2-4 unit properties, excludes condominiums

Average % of net income spent on mortgage, property tax, insurance, utilities

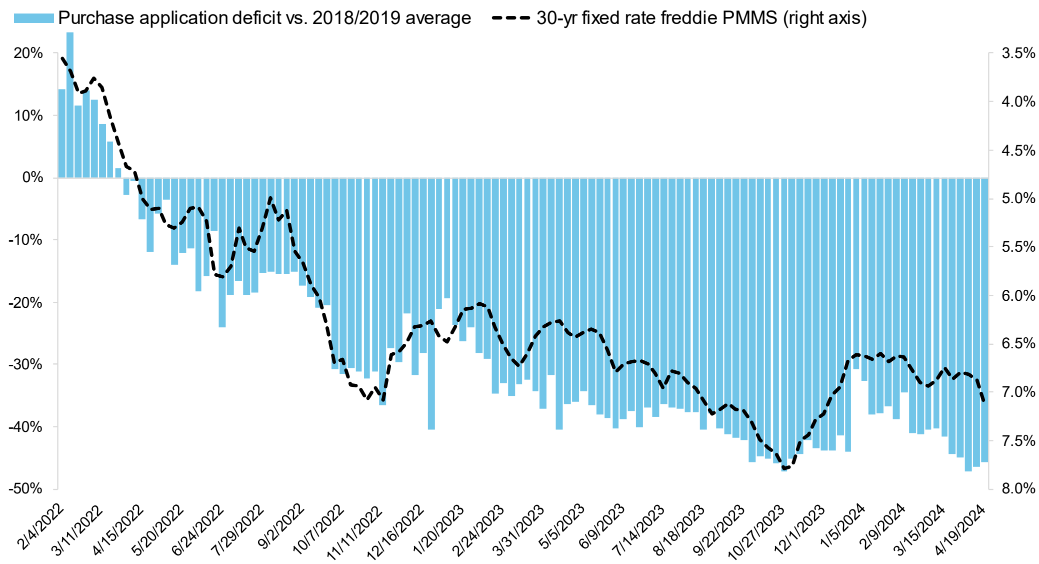


Source: ICE Sustainable Finance estimates, ICE McDash (February 2024)
Sample: SFR + 2-4 unit properties, excludes condominiums

Interest rate, affordability and origination trends

- Purchase application volumes have been weak in late March and throughout April, perhaps signaling weaker adjusted sales volumes in coming months
- In fact, purchase applications fell to 47% below their 2018/2019 same-week averages in the first week of April, marking the strongest comparable deficits seen in recent years, slightly surpassing the deficits seen in October when 30-year rates averaged near 7.8%
- The deficits in early April occurred even with 30-year rates still below 7%, with application volumes remaining compressed – although not quite to the same degree – as rates have edged above 7%
- With purchase originations still driving the bulk of lending (84.6% in March), purchase applications will be worth watching closely in coming weeks to track how borrowers are responding to elevated 30-year rates

Mortgage applications to purchase a home



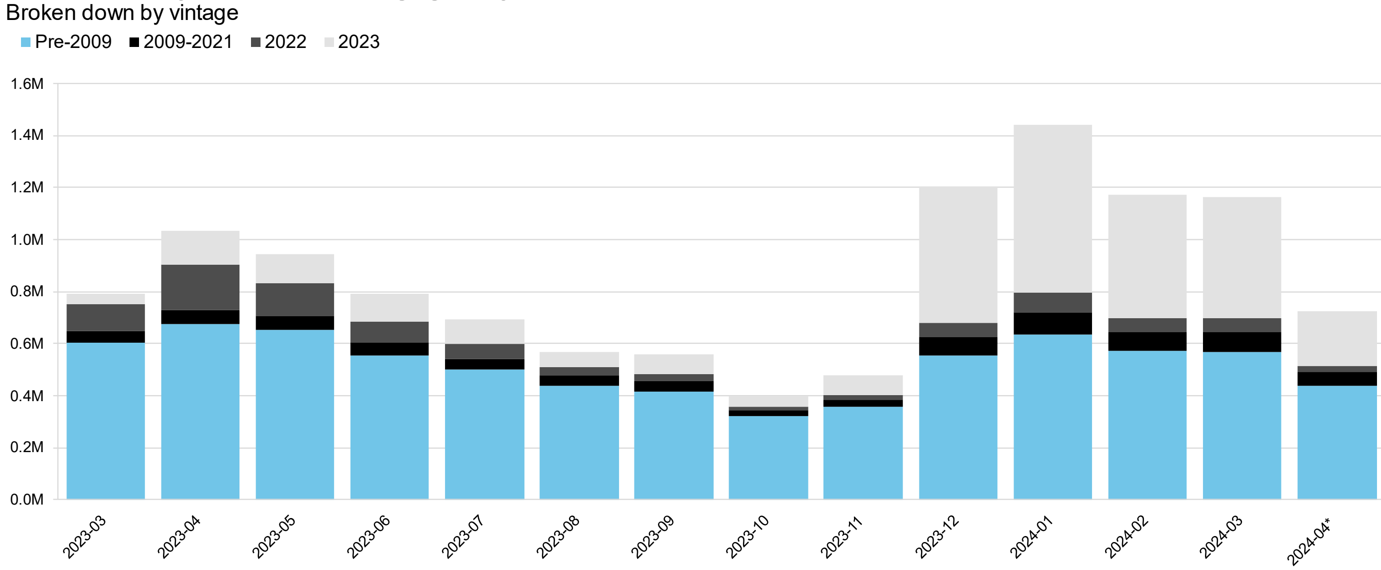
Source: MBA, ICE

Interest rate, affordability and origination trends

- Rising interest rates have cut the number of mortgages in the money for a refinance by half after reaching a 16-month high in January
- There are currently around 750K borrowers who could save at least 75 bps on their current rate through refinance, down from more than 1.4M in January
- 60% of the recent decline in refinance incentive has come from 2023 vintage loans
- In January, there were more than 640K borrowers with mortgages originated in 2023 who could have reduced their rate by 75 bps or more through a refinance; we've seen such incentives begin to spur prepay activity and rate/term refinance volumes in recent months
- As of April 25, with 30-year rates at 7.17% according to the ICE 30-year conforming fixed rate index, only about 200K in-the-money 2023 vintage loans remained
- That said, as of March, some 1.5M borrowers who have taken out mortgages since January 2023 still have rates at or above 7%, providing an opportunity for refinance related lending if/when 30-year rates ease
- The longer rates hold above 7%, the more that population continues to build

"In the money" first lien mortgages by month

Broken down by vintage

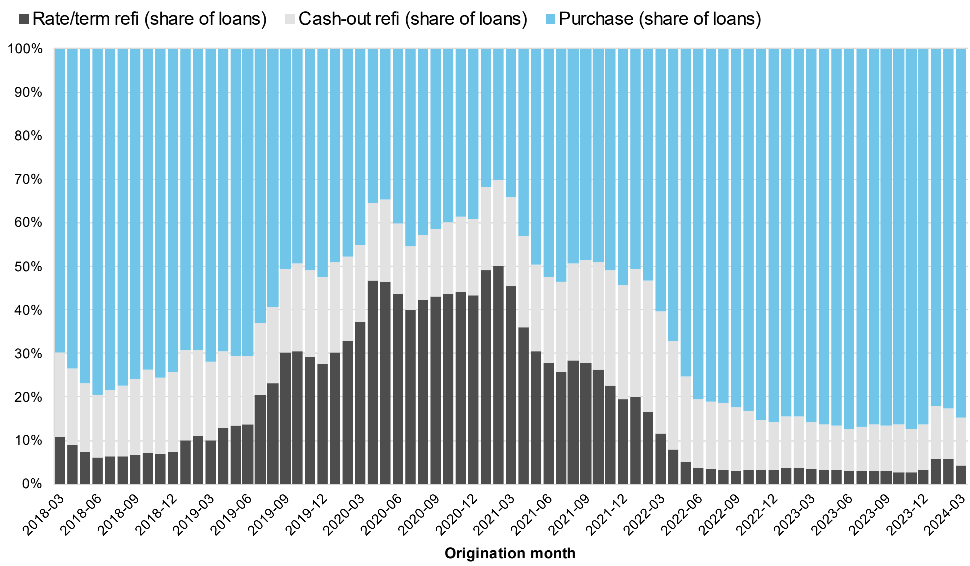


Source: ICE, McDash
*2024-04 is as of April 25, with 30-year rates at 7.17% according to the ICE 30-year conforming rate lock index
"In the money" mortgages are borrowers current on payments on their existing 30-year mortgage that could save at least 75 bps by refinancing into a new 30-year loan at the prevailing rate

Interest rate, affordability and origination trends

- As interest rates have risen in recent months, the brief bounce in rate/term refinance has abated and purchases dominated originations with an 84.6% share in March
- Cash-out refinances made up an 11.2% share of originations in March, around the average for the last 18 months
- Average credit scores for purchase mortgages topped 735 (735.3) in March – the highest level in the six years we track
- Rate/term refi credit scores shifted noticeably down during the recent refi boomlet, likely driven by new refis and first-time homeowners
- Overall, credit scores for first lien originations in March reached 731.3, matching the July 2022 peak for the highest level in two years
- Cash-out credit scores remain lower, as higher-credit-score borrowers have access to home equity loan and HELOC second lien products

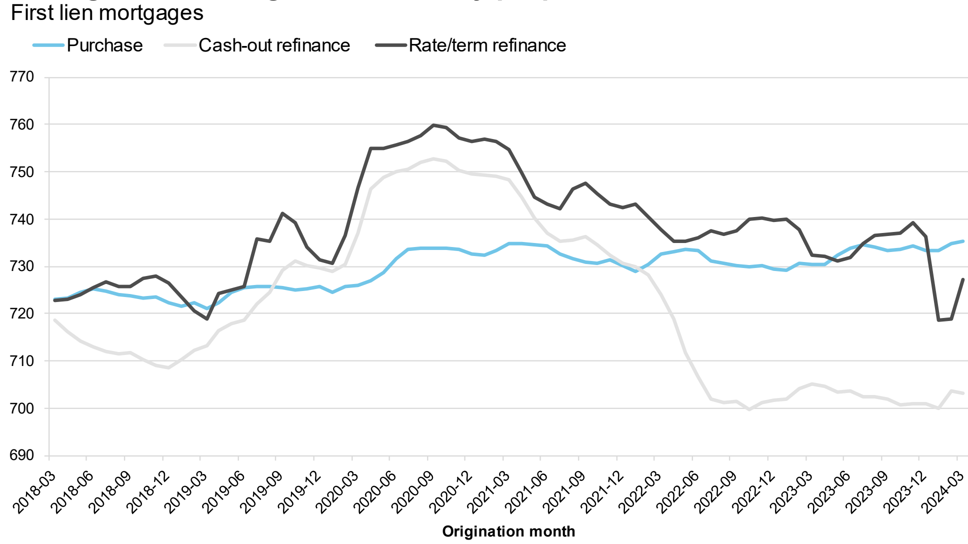
Share of first lien originations by purpose



Source: ICE Market Trends

Average decisioning credit score by purpose

First lien mortgages



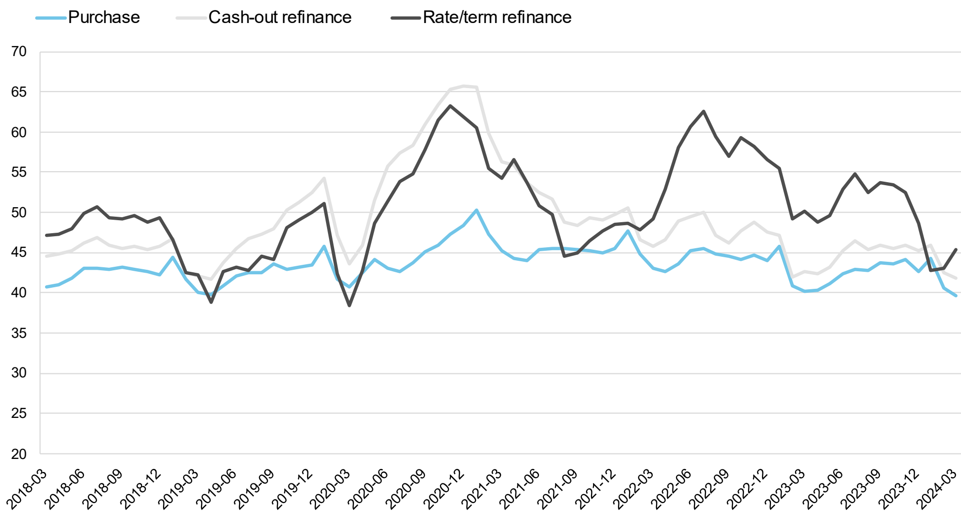
Source: ICE Market Trends

Interest rate, affordability and origination trends

- During the recent climb in mortgage rates, the time from application to close has dropped to 40.2 days – the shortest timeline since April 2019
- Purchase application to origination timelines have dropped to 39.7 days – the lowest level in the six years tracked by ICE
- On easing rates, the ARM share of first lien mortgage rate locks fell to 4.5% in the week ending Feb. 2 – the lowest level in nearly two years – but climbed to 6.78% two weeks ago before settling just under 6%
- For refinances, the February ARM share of originations was 7.9% (the lowest since 2022-03), rising to 9.3% in March; whereas for purchase originations, the February ARM share was 5.6% (the lowest since 2022-03), rising only slightly to 5.9%

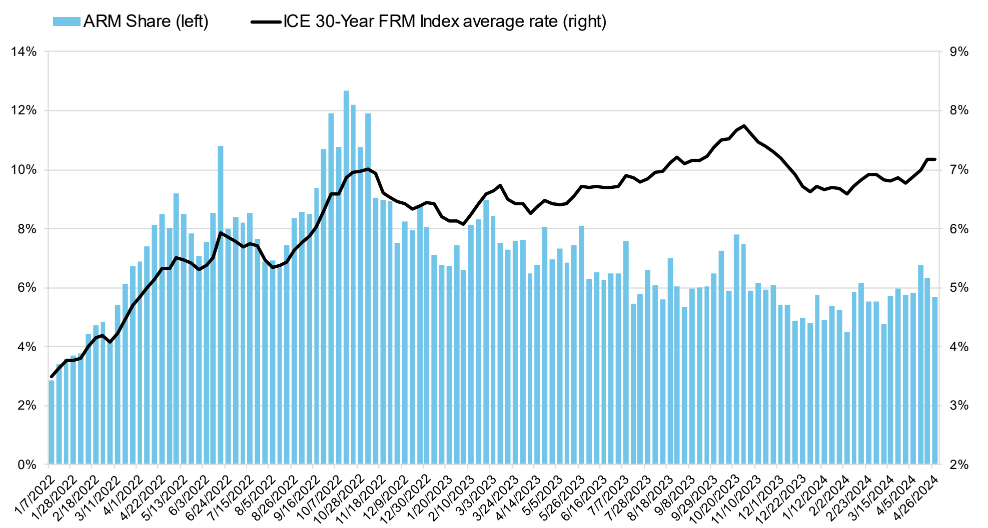
Days from application to close

First lien mortgage originations



Source: ICE Market Trends

ARM share of first lien mortgage rate locks



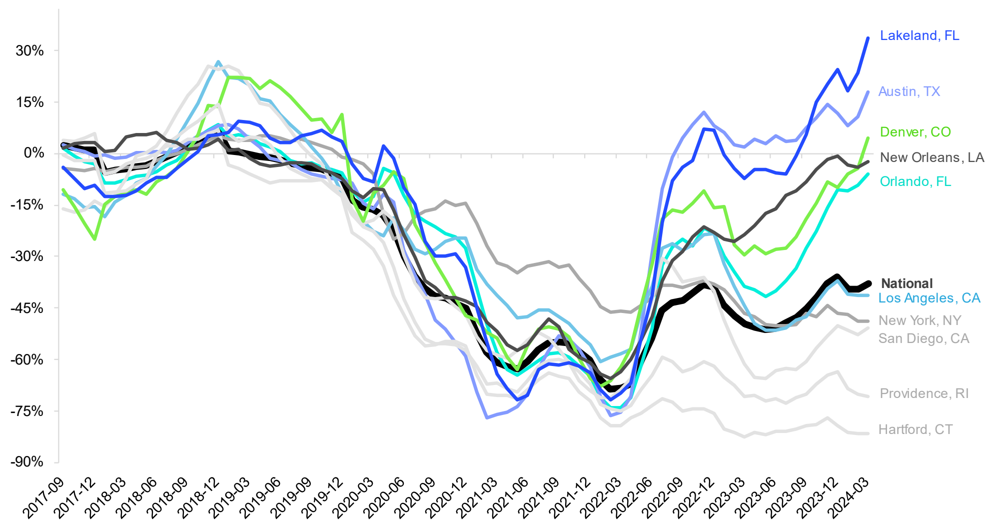
Source: ICE Rate Locks, ICE Index Platform

Housing market update

With home affordability continuing to impact demand and transaction speeds, here we take a closer look at the inventory of homes for sale, sales volumes, and home prices across the U.S. This month we also provide an update on Q1 home equity trends and lending opportunities. This information has been compiled from the ICE Home Price Index and ICE Valuation Analytics database.

- After turning deeper to start the year, the national for-sale inventory deficit modestly improved in March with the number of homes for sale now 38% below the 2017-2019 same month average, up from -40% the month prior
- While new listings continue to run at a 20% deficit from the 2017-2019 same-month averages, that’s a slight improvement from January’s 24% deficit and the 31% deficit a year ago
- More than 70% of market inventory deficits improved in March, with Lakeland, FL (+10 pp), Phoenix (+10 pp), AZ and Denver, CO (+9 pp) seeing the largest single month improvements
- Ten of the 100 largest U.S. markets, concentrated in three states, now have a volume of existing homes for sale at or above pre-pandemic averages; in Florida – Lakeland, Palm Bay, Deltona and Cape Coral); in Texas – San Antonio, Austin, Dallas and McAllen; and in Colorado – Denver and Colorado Springs
- For-sale inventory has been growing sharply across Florida over the past 12 months, with inventory in Lakeland, Palm Bay, Deltona and Cape Coral now back above pre-pandemic levels, and inventory in North Port, Tampa, Orlando and Jacksonville within 10% of 2018/2019 levels
- On the other end of the spectrum, Connecticut is experiencing the deepest inventory deficits with Hartford (-82%), Bridgeport (-80%) and New Haven (-78%) at less than a quarter of the active listings typical for this time of year, while in Albany (-74%), Springfield (-73%), Providence (-71%) and Allentown (-70%) deficits are largely holding firm or worsening from the same time last year

Deficit of homes listed for sale
(% change from 2017-2019 same month average)



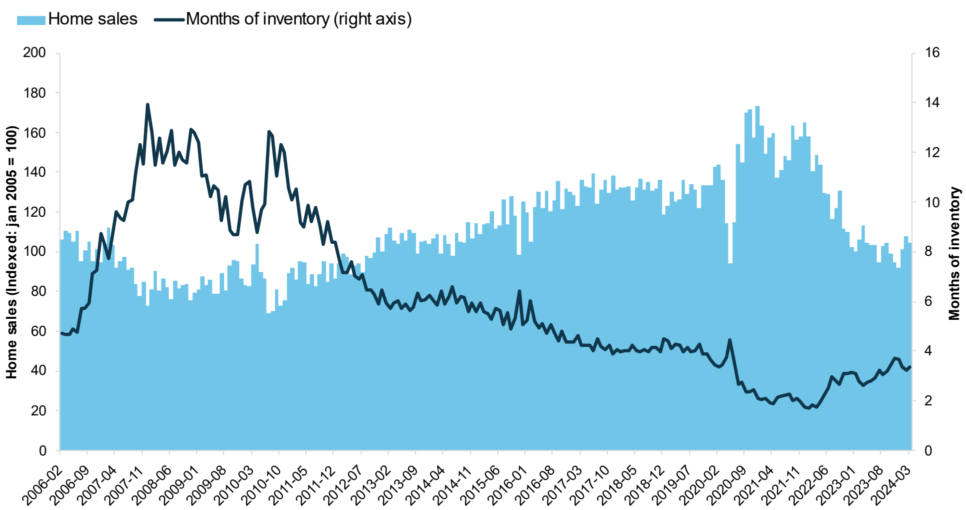
Source: ICE, Realtor.com

Housing market update

- Elevated interest rates put downward pressure on home sales in March, pulling them off the 11-month high reached in February
- While sales volumes remained near a 12-month high, weak purchase application volumes in late March and April suggest seasonally adjusted home sales are likely to weaken in coming months
- The combination of easing sales and modestly growing inventory led to a slight improvement in months of inventory, which now stands at 3.3 months
- While that's better than what we've seen for the majority of the past four years, it still remains historically low

Home sales and months of remaining inventory

Seasonally adjusted - single family residences and condos

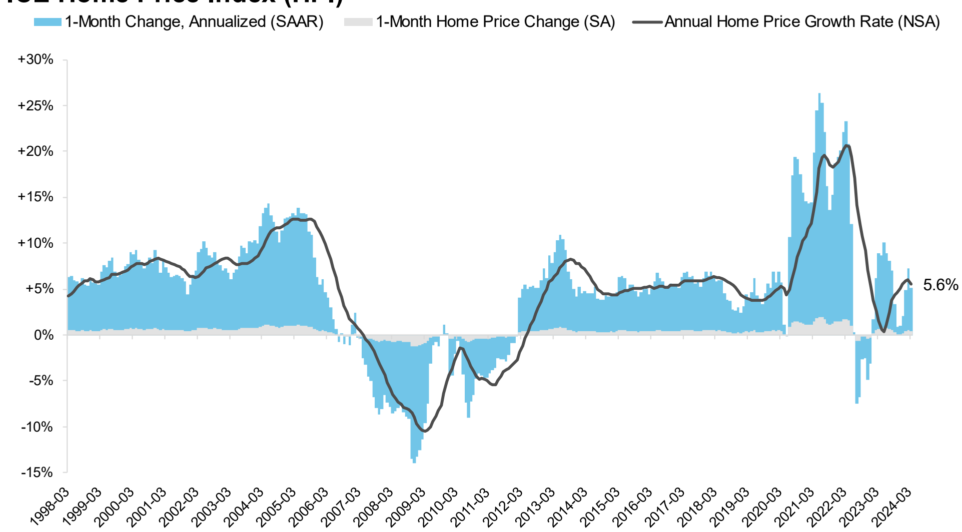


Source: ICE,
ICE Valuation Analytics

Housing market update

- Home price growth slowed in March, driven by a tightening of both mortgage rates and home affordability, but continues to remain historically strong
- Annual home price growth eased from an upwardly revised 6.0% in February to +5.6% in March, with prices rising by a seasonally adjusted +0.42% in the month, down from a revised +0.58% in February
- On a non-adjusted basis, prices were up +1.2% in March, more than 25% above the 25-year March average of +0.96%
- March marked the third straight month of above average monthly growth, after monthly gains fell below the 25-year average in five of the final six months of 2023, dampened by elevated interest rates
- While rising interest rates suppressed purchase demand and allowed modest inventory growth this spring, prices have remained resilient so far
- That said, adjusted monthly growth continuing at or near its currently rate would result in modestly slowing annual home price growth as we move into summer

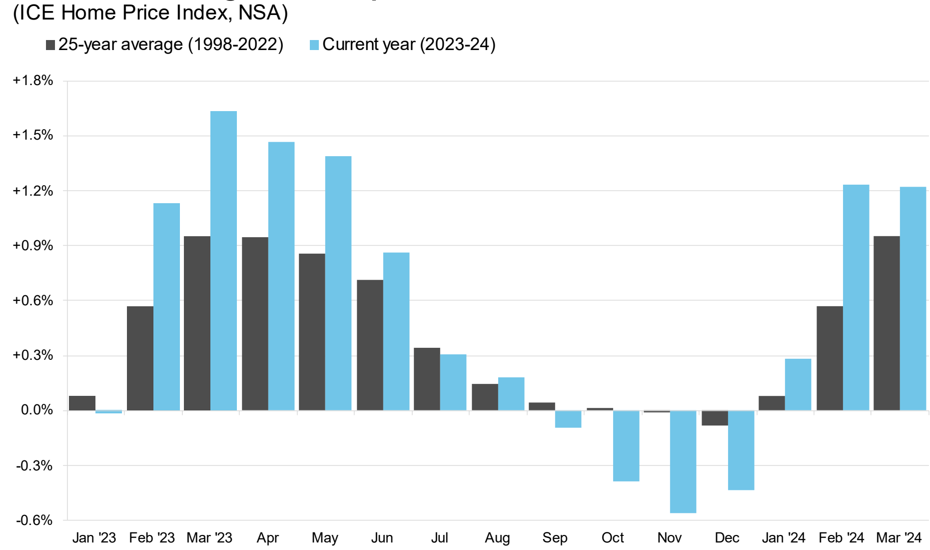
ICE Home Price Index (HPI)



Source: ICE Home Price Index (HPI)

One-month change in home prices

(ICE Home Price Index, NSA)

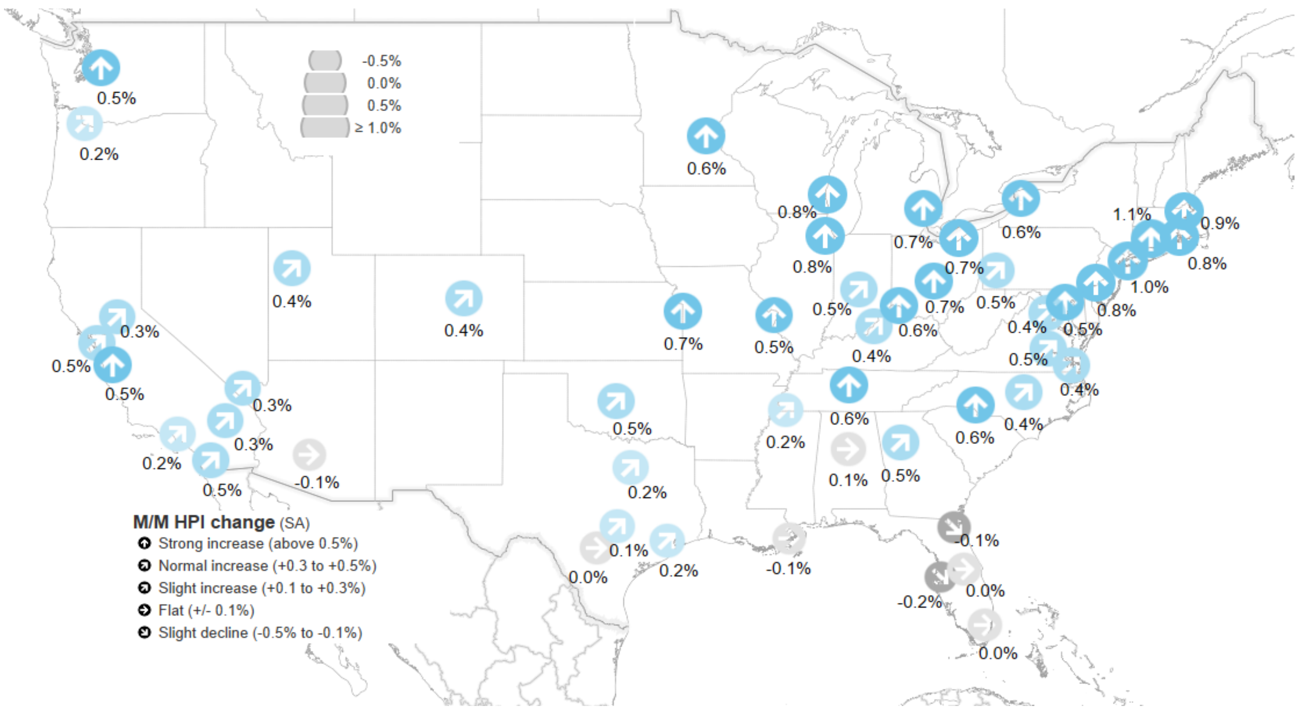


Source: ICE Home Price Index (HPI)

Housing market update

- The Northeast continues to lead the way in monthly price gains, with New Haven (+1.3%), Hartford (+1.1%), New York/Newark (+1.0%), Boston (+0.9%), Bridgeport (+0.9%) and Allentown (+0.8%) posting six of the seven largest single month March price gains among the 100 largest metros
- Midwestern markets, including Madison (+0.9%), Grand Rapids (+0.8%), Milwaukee (+0.8%), Chicago (+0.8%) and Cleveland (+0.7%) were also among markets seeing some of the largest monthly gains
- Southern markets across Arizona, Texas and Louisiana had monthly declines or weak growth, with several Florida markets showing declines
- Miami experienced a modest decline in prices (-0.01%), while prices fell noticeably on a seasonally adjusted basis in North Port (-0.4%), Palm Bay (-0.4%) and Cape Coral (-0.5%)
- Miami inventory has also been trending higher, but remains 27% below pre-pandemic levels

One-month home price growth (seasonally adjusted)



Source: ICE Home Price Index (HPI)
March 2024

Housing market update

- On an annual basis, Hartford continues to lead the way with prices up 13% from the same time last year, followed by New Haven, Providence and Bridgeport, where prices rose by 10% or more over the past 12 months
- Only five markets have seen prices fall from the same time last year, including Austin (-2.1%), North Port (-1.0%), New Orleans (-0.6%), Cape Coral (-0.4%) and San Antonio (-0.3%)
- In Florida, for-sale inventory has been growing sharply across the state with inventory in Lakeland, Palm Bay, Deltona, and Cape Coral now back above pre-pandemic levels, and inventory in North Port, Tampa, Orlando, and Jacksonville within 10% of 2018/2019 levels
- With inventory on the rise, prices are weakening across the state; prices edged lower in each of the nine largest Florida markets on an adjusted basis, accounting for nine of the 11 weakest markets overall in March along with New Orleans (-0.1%) and Phoenix (-0.1%)

One-month home price growth (seasonally adjusted)

Highest home price growth rates				
Rank	Geography (CBSA)	1-month home price growth rate (SA)	Annual home price growth rate	Seasonally adjusted annualized rate (SAAR)
1	Hartford, CT	**+1.12%**	+13.0%	▲ +13.4%
2	New York-Newark, NY-NJ	**+0.96%**	+9.9%	▲ +11.5%
3	Boston, MA	**+0.93%**	+8.6%	▲ +11.1%
4	Milwaukee, WI	**+0.81%**	+8.0%	▲ +9.7%
5	Philadelphia, PA	**+0.80%**	+7.5%	▲ +9.5%
6	Chicago, IL	**+0.79%**	+8.6%	▲ +9.5%
7	Providence, RI	**+0.79%**	+10.4%	▼ +9.5%
8	Cleveland, OH	**+0.75%**	+8.0%	▲ +9.0%
9	Columbus, OH	**+0.72%**	+7.9%	▲ +8.6%
10	Detroit, MI	**+0.69%**	+7.9%	▲ +8.3%
11	Kansas City, MO	**+0.66%**	+6.5%	▲ +7.9%
12	Nashville, TN	**+0.65%**	+4.3%	▲ +7.8%
13	Buffalo, NY	**+0.64%**	+5.6%	▲ +7.7%
14	Charlotte, NC	**+0.60%**	+6.6%	▲ +7.1%
15	Cincinnati, OH	**+0.57%**	+8.1%	▼ +6.9%

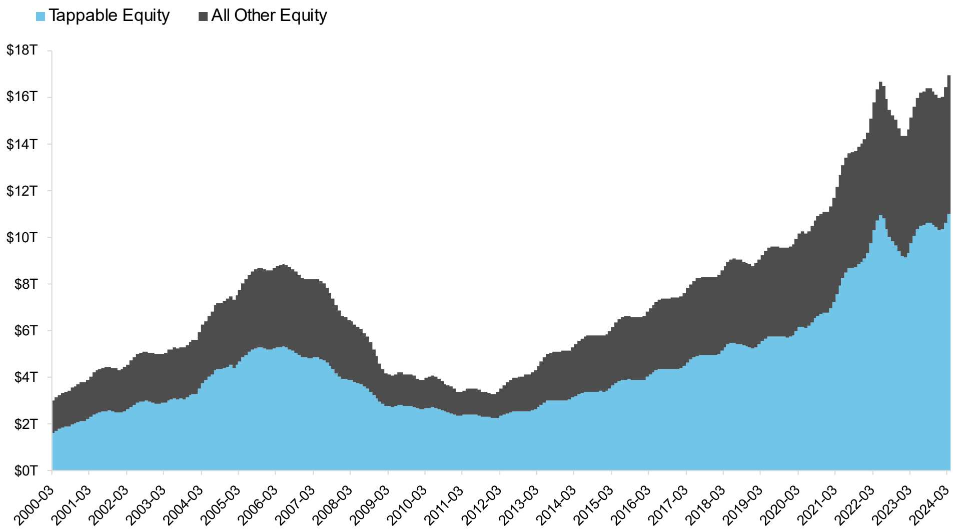
Lowest home price growth rates				
nk	Geography (CBSA)	1-month home price growth rate (SA)	Annual home price growth rate	Seasonally adjusted annualized rate (SAAR)
36	Las Vegas, NV	**+0.31%**	+7.3%	▼ +3.7%
37	Dallas, TX	**+0.24%**	+2.7%	▲ +2.9%
38	Los Angeles, CA	**+0.22%**	+7.2%	▼ +2.7%
39	Portland, OR	**+0.21%**	+1.8%	▲ +2.5%
40	Memphis, TN	**+0.18%**	+1.7%	▲ +2.1%
41	Houston, TX	**+0.17%**	+2.8%	▼ +2.1%
42	Austin, TX	**+0.13%**	-2.1%	▲ +1.5%
43	Birmingham, AL	**+0.07%**	+1.1%	▼ +0.8%
44	San Antonio, TX	**+0.01%**	-0.3%	▲ +0.1%
45	Miami, FL	**-0.01%**	+6.5%	▼ -0.2%
46	Orlando, FL	**-0.05%**	+4.2%	▼ -0.6%
47	New Orleans, LA	**-0.09%**	-0.6%	▼ -1.1%
48	Phoenix, AZ	**-0.10%**	+4.6%	▼ -1.2%
49	Jacksonville, FL	**-0.13%**	+3.1%	▼ -1.5%
50	Tampa, FL	**-0.25%**	+2.7%	▼ -3.0%

Arrows indicate whether the seasonally adjusted annualized rate is higher (▲) or lower (▼) than the annual growth rate

Housing market update

- Mortgage holders closed out Q1 with a record $16.9T in equity of which $11T was “tappable,” meaning it could be accessed via a cash-out refinance or second lien home equity product while still maintaining at least a 20% equity cushion in their home
- That marks the first time tappable equity has reached the $11T milestone, with the average borrower now having $206K in tappable equity, up from $185K at the same time last year
- All in, approximately 48M mortgage holders have some volume of tappable equity in their home that could be accessed even under relatively conservative CLTV limits
- Overall debt leverage among mortgage holders fell in Q1, with the total market CLTV – which measures the current value of all mortgage residential properties against underlying first and second lien debt – fell to 44.6% in Q1, down from 45.9% entering the year and 52.2% heading into the pandemic
- The underwater share of borrowers also improved in the quarter, falling to 0.72%, with fewer than 390,000 such borrowers nationwide
- Mortgage-holder equity remains ripe for second lien home equity utilization with two thirds of tappable equity held by borrowers with credit scores of 760 or higher, and 84% held by borrowers with first lien rates below 5% (two thirds have rates below 4%)

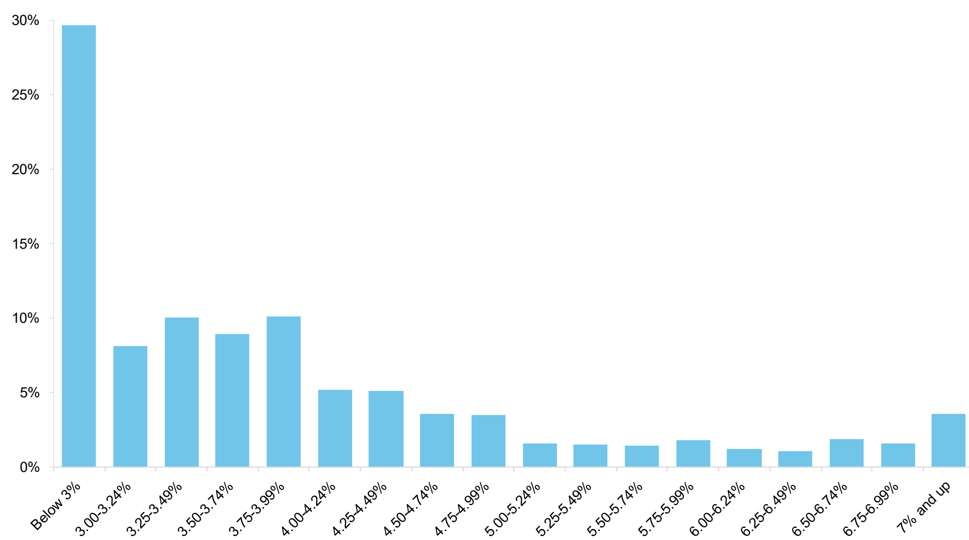
Homeowner equity on mortgaged residential properties



Tappable equity: equity that could be withdrawn while still maintaining an 80% or lower loan-to-value ratio

Source: ICE, McDash +Property

Tappable equity by first lien interest rate

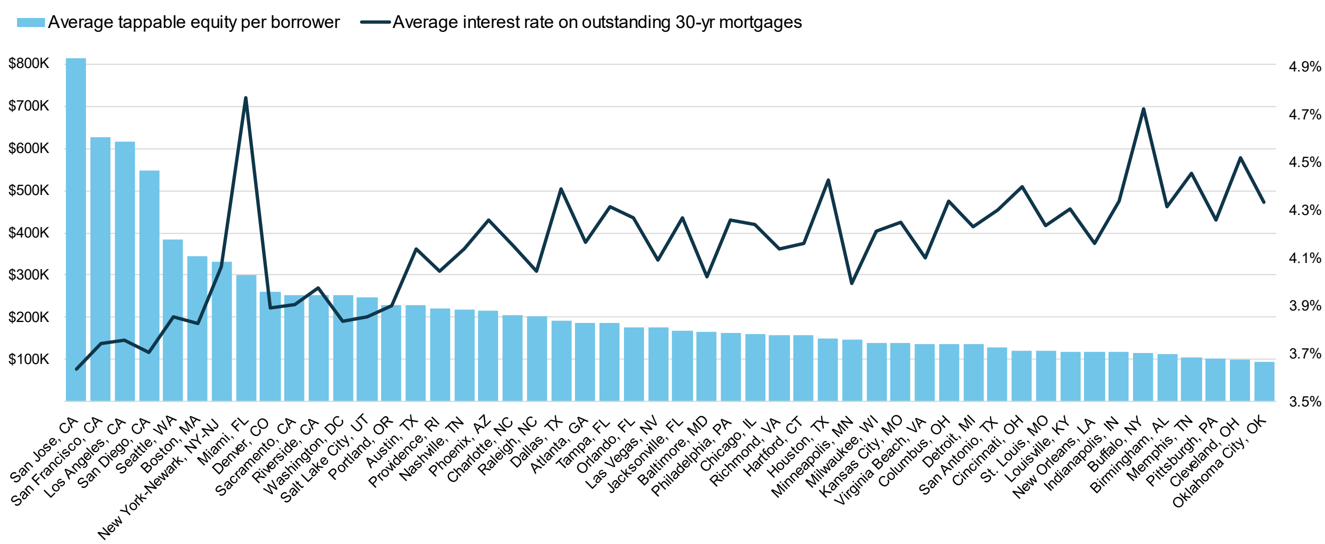


Source: ICE, McDash +Property)

Housing market update

- Major West Coast markets are attractive options for equity lenders when assessing mortgage-holder equity by market (CBSA)
- Not only do Los Angeles, San Francisco, San Jose, San Diego and Seattle rank among the top seven markets in both total tappable equity and average tappable equity per borrower, but also the lowest average interest rates on outstanding first lien mortgages, making home equity products attractive to borrowers looking to tap equity while retaining low rate first liens
- Mortgage holders in Los Angeles alone have nearly $1.1T in home equity ($615K/borrower on average) that could be accessed while still maintaining an 80% or lower loan to value ratio, with Los Angeles ($1.1T), San Francisco ($648B), San Jose ($348B), San Diego ($331B) and Seattle ($324B) combining for more than $2.7T in tappable equity – over a third of all tappable equity nationwide
- New York/Newark and Washington, D.C. combine for another $1.1T in tappable equity, another 10% of the overall market, both with average interest rates on outstanding mortgages well below the national average
- While home equity products may also be attractive options in Midwest markets, lower average balances and higher average interest rates among existing mortgage holders in such areas may also make cash-out refinances more attractive options

Average tappable equity per borrower



Source: ICE, McDash +Property
Tappable equity: equity that could be withdrawn while still maintaining an 80% or lower loan-to-value ratio

Appendix

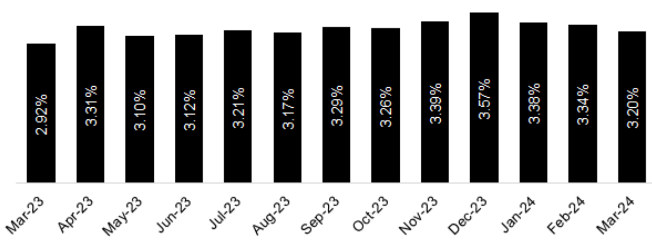
Summary statistics

Mar. 31, 2024

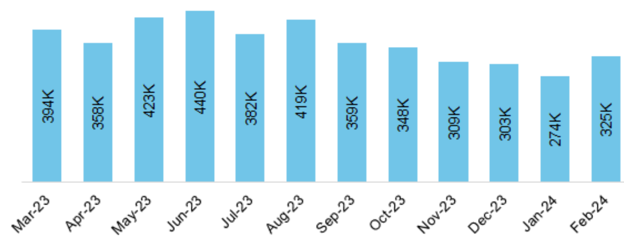
	Mar-24	Monthly	YTD change	Yearly
Delinquencies	3.20%	-4.15%	-5.39%	9.40%
Foreclosure	0.38%	-3.18%	-6.56%	-15.80%
Foreclosure Starts	26,000	5.26%	-23.98%	-19.25%
Seriously Delinquent (90+) or in Foreclosure	1.20%	-4.72%	-7.44%	-16.17%
New Originations (data as of Feb-24)	325K	18.69%	7.05%	11.67%

	Mar-24	Feb-24	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23
Delinquencies	3.20%	3.34%	3.38%	3.57%	3.39%	3.26%	3.29%	3.17%	3.21%	3.12%	3.10%	3.31%	2.92%
Foreclosure	0.38%	0.40%	0.41%	0.40%	0.41%	0.41%	0.40%	0.41%	0.42%	0.42%	0.43%	0.44%	0.46%
Foreclosure Starts	26,000	24,700	34,200	23,900	29,100	33,100	25,400	31,900	26,300	28,000	25,400	24,800	32,200
Seriously Delinquent (90+) or in Foreclosure	1.20%	1.25%	1.29%	1.29%	1.27%	1.25%	1.26%	1.25%	1.30%	1.31%	1.35%	1.40%	1.43%
New Originations		325K	274K	303K	309K	348K	359K	419K	382K	440K	423K	358K	394K

Total delinquencies



New originations



Non-current loans by state

State	DQ %	FC %	NC %	Yr/yr change in NC%
National	3.2%	0.4%	3.6%	6.0%
MS	7.1%	0.5%	7.6%	7.7%
LA *	6.6%	0.9%	7.5%	13.9%
AL	5.3%	0.3%	5.6%	9.9%
AR	4.5%	0.4%	4.9%	9.7%
WV	4.4%	0.4%	4.9%	6.7%
IN *	4.3%	0.5%	4.9%	9.3%
PA *	4.1%	0.6%	4.7%	3.9%
GA	4.3%	0.3%	4.6%	11.6%
OK *	3.9%	0.6%	4.5%	3.1%
TX	4.1%	0.3%	4.4%	8.0%
OH *	3.8%	0.6%	4.4%	4.2%
IL *	3.8%	0.6%	4.4%	3.8%
DE *	3.8%	0.5%	4.3%	4.6%
MD *	3.8%	0.4%	4.2%	4.5%
SC *	3.7%	0.4%	4.1%	9.4%
NY *	2.9%	1.2%	4.1%	-0.1%
KY *	3.5%	0.6%	4.0%	0.7%

State	DQ %	FC %	NC %	Yr/yr change in NC%
National	3.2%	0.4%	3.6%	6.0%
FL *	3.5%	0.5%	3.9%	3.1%
IA *	3.3%	0.5%	3.7%	5.4%
CT *	3.2%	0.5%	3.7%	2.4%
MO	3.4%	0.3%	3.7%	5.4%
TN	3.4%	0.2%	3.6%	13.5%
RI	3.2%	0.3%	3.5%	2.3%
WI *	3.1%	0.4%	3.5%	5.5%
MI	3.3%	0.2%	3.5%	3.8%
NJ *	3.0%	0.5%	3.5%	2.8%
KS *	3.0%	0.4%	3.4%	7.0%
ME *	2.8%	0.6%	3.4%	6.8%
NM *	2.8%	0.5%	3.4%	3.2%
NE *	3.1%	0.3%	3.3%	8.5%
NC	3.1%	0.2%	3.3%	10.9%
VA	3.0%	0.2%	3.2%	9.3%
VT *	2.5%	0.6%	3.1%	5.8%
MN	2.7%	0.3%	3.0%	6.8%

State	DQ %	FC %	NC %	Yr/yr change in NC%
National	3.2%	0.4%	3.6%	6.0%
SD *	2.5%	0.4%	2.9%	18.6%
AZ	2.7%	0.1%	2.8%	18.6%
MA	2.5%	0.3%	2.8%	3.8%
NV	2.5%	0.3%	2.8%	4.6%
ND *	2.3%	0.5%	2.8%	5.4%
WY	2.6%	0.2%	2.8%	4.1%
AK	2.5%	0.3%	2.8%	-5.0%
DC	2.0%	0.7%	2.7%	0.4%
UT	2.5%	0.2%	2.7%	5.0%
NH	2.4%	0.2%	2.5%	-1.7%
HI *	1.8%	0.7%	2.5%	0.7%
OR	1.9%	0.2%	2.2%	6.6%
CA	2.0%	0.2%	2.1%	4.0%
MT	1.9%	0.2%	2.1%	6.6%
ID	1.9%	0.2%	2.0%	9.8%
WA	1.8%	0.2%	2.0%	8.0%
CO	1.8%	0.1%	1.9%	4.5%

Appendix

Loan counts and average days delinquent

Mar. 31, 2024

Month	Total active count	30 days	60 days	90+ days	Foreclosure (FC)	Total non-current	FC starts	FC sales (completions)	Average days delinquent for 90+	Average days delinquent for FC	DQ%	Monthly change	Yearly change	FC%	Monthly change	Yearly change
12/31/2000	41,340,000	1,403,000	332,000	378,000	190,000	2,302,000	32,800	16,200	210	305	5.1%	15.6%		0.5%	-2.7%	
12/31/2001	42,676,000	1,471,000	373,000	548,000	309,000	2,701,000	76,100	21,400	211	282	5.6%	10.3%	9.7%	0.7%	3.7%	58.1%
12/31/2002	43,421,000	1,425,000	364,000	483,000	317,000	2,587,000	76,400	23,200	237	298	5.2%	0.8%	-6.7%	0.7%	0.1%	0.5%
12/31/2003	43,833,000	1,204,000	336,000	474,000	321,000	2,335,000	83,100	24,300	275	345	4.6%	-6.0%	-12.1%	0.7%	6.7%	0.4%
12/31/2004	46,586,000	1,077,000	300,000	424,000	268,000	2,070,000	70,000	23,200	248	340	3.9%	-3.4%	-15.8%	0.6%	0.0%	-21.3%
12/31/2005	49,764,000	1,332,000	412,000	538,000	247,000	2,528,000	74,700	21,600	202	306	4.6%	1.7%	18.5%	0.5%	6.1%	-13.7%
12/31/2006	52,667,000	1,602,000	483,000	538,000	383,000	3,006,000	106,800	32,300	203	272	5.0%	9.1%	8.6%	0.7%	6.4%	46.3%
12/31/2007	54,156,000	1,792,000	663,000	904,000	729,000	4,088,000	168,800	51,500	188	258	6.2%	8.3%	24.6%	1.3%	10.8%	85.3%
12/31/2008	54,448,000	2,032,000	953,000	1,755,000	1,242,000	5,982,000	229,800	59,600	192	318	8.7%	0.6%	40.3%	2.3%	5.9%	69.5%
12/31/2009	54,131,000	1,840,000	896,000	2,909,000	2,043,000	7,689,000	230,000	99,400	247	415	10.4%	0.7%	19.8%	3.8%	0.0%	65.4%
12/31/2010	53,070,000	1,739,000	753,000	2,136,000	2,314,000	6,943,000	285,400	79,600	331	520	8.7%	-1.7%	-16.4%	4.4%	3.2%	15.5%
12/31/2011	51,973,000	1,639,000	660,000	1,834,000	2,204,000	6,337,000	185,100	76,200	394	667	8.0%	0.8%	-8.8%	4.2%	-0.1%	-2.7%
12/31/2012	50,867,000	1,500,000	594,000	1,587,000	1,751,000	5,433,000	144,300	58,700	463	802	7.2%	1.3%	-9.0%	3.4%	-1.5%	-18.8%
12/31/2013	49,779,000	1,393,000	534,000	1,260,000	1,246,000	4,433,000	110,000	43,600	498	908	6.4%	-0.1%	-11.5%	2.5%	-0.7%	-27.3%
12/31/2014	49,618,000	1,235,000	466,000	1,066,000	863,000	3,631,000	88,500	28,700	507	1,026	5.6%	-6.7%	-12.9%	1.7%	-0.5%	-30.6%
12/31/2015	49,662,000	1,138,000	412,000	793,000	676,000	3,019,000	76,800	27,600	493	1,055	4.7%	-3.2%	-15.4%	1.4%	-1.1%	-21.7%
12/31/2016	49,796,000	1,186,000	403,000	689,000	497,000	2,774,000	59,400	20,700	449	1,024	4.6%	-0.1%	-3.1%	1.0%	-2.5%	-26.7%
12/31/2017	50,091,000	1,297,000	451,000	750,000	354,000	2,853,000	44,500	13,000	351	923	5.0%	4.8%	9.1%	0.7%	-0.1%	-29.1%
12/31/2018	50,458,000	1,202,000	384,000	536,000	308,000	2,430,000	48,300	12,200	398	829	4.2%	5.2%	-15.7%	0.6%	1.4%	-13.6%
12/31/2019	51,144,000	1,158,000	378,000	480,000	288,000	2,304,000	51,800	11,400	348	764	3.9%	-2.1%	-6.2%	0.6%	-0.3%	-7.9%
12/31/2020	51,663,000	888,000	366,000	2,283,000	214,000	3,751,000	8,200	2,900	260	1,169	6.8%	-3.4%	73.6%	0.4%	0.2%	-26.4%
12/31/2021	51,822,000	745,000	225,000	1,132,000	167,000	2,270,000	9,000	4,800	414	1,560	4.1%	-4.9%	-40.7%	0.3%	-1.7%	-22.1%
12/31/2022	52,450,000	954,000	290,000	583,000	232,000	2,058,000	28,200	6,100	353	1,112	3.5%	-0.1%	-14.2%	0.4%	-0.2%	36.9%
12/31/2023	53,376,000	1,097,000	336,000	475,000	212,000	2,120,000	23,900	5,400	323	954	3.6%	5.6%	2.6%	0.4%	-2.4%	-10.2%
1/31/2024	53,346,000	1,003,000	329,000	470,000	219,000	2,022,000	34,200	6,600	322	910	3.4%	-5.5%	-0.1%	0.4%	3.4%	-9.4%
2/29/2024	53,412,000	1,013,000	309,000	459,000	211,000	1,993,000	24,700	6,000	322	920	3.3%	-1.3%	-3.2%	0.4%	-3.5%	-13.2%
3/31/2024	53,519,000	986,000	291,000	435,000	205,000	1,916,000	26,000	5,800	332	929	3.2%	-4.2%	9.4%	0.4%	-3.2%	-15.8%

Loan counts and average days delinquent – recent months

Month	Total active count	30 days	60 days	90+ days	Foreclosure (FC)	Total non-current	FC starts	FC sales (completions)	Average days delinquent for 90+	Average days delinquent for FC	DQ%	Monthly change	Yearly change	FC%	Monthly change	Yearly change
3/31/2022	51,905,000	691,000	215,000	842,000	209,000	1,957,000	34,100	6,000	409	1,282	3.4%	-14.6%	-41.0%	0.4%	1.5%	-0.4%
4/30/2022	51,970,000	731,000	202,000	752,000	220,000	1,905,000	36,600	5,600	408	1,238	3.2%	-3.7%	-39.4%	0.4%	5.2%	8.1%
5/31/2022	52,042,000	760,000	213,000	686,000	222,000	1,881,000	26,500	5,700	408	1,213	3.2%	-1.7%	-41.3%	0.4%	0.7%	12.0%
6/30/2022	52,128,000	800,000	227,000	648,000	229,000	1,903,000	31,500	6,000	407	1,175	3.2%	0.7%	-36.6%	0.4%	3.2%	19.9%
7/31/2022	52,190,000	862,000	247,000	629,000	224,000	1,962,000	22,900	7,500	390	1,171	3.3%	3.7%	-31.7%	0.4%	-2.4%	20.2%
8/31/2022	52,281,000	825,000	249,000	598,000	229,000	1,901,000	28,800	6,700	396	1,172	3.2%	-4.0%	-31.9%	0.4%	2.0%	24.8%
9/30/2022	52,356,000	816,000	249,000	587,000	228,000	1,880,000	24,200	6,900	388	1,158	3.2%	-1.3%	-31.3%	0.4%	-0.7%	30.7%
10/31/2022	52,359,000	910,000	264,000	582,000	228,000	1,983,000	24,900	6,400	379	1,148	3.4%	6.2%	-24.9%	0.4%	0.0%	29.9%
11/30/2022	52,399,000	958,000	288,000	582,000	232,000	2,059,000	27,300	6,300	371	1,129	3.5%	4.0%	-18.3%	0.4%	1.8%	34.8%
12/31/2022	52,450,000	954,000	290,000	583,000	232,000	2,058,000	28,200	6,100	353	1,112	3.5%	-0.1%	-14.2%	0.4%	-0.2%	36.9%
1/31/2023	52,492,000	908,000	288,000	579,000	238,000	2,012,000	32,500	7,000	348	1,075	3.4%	-2.9%	-15.1%	0.5%	2.4%	23.3%
2/28/2023	52,522,000	973,000	276,000	562,000	240,000	2,050,000	29,500	7,100	345	1,057	3.4%	2.0%	-12.6%	0.5%	0.8%	15.2%
3/31/2023	52,657,000	786,000	242,000	511,000	240,000	1,779,000	32,200	7,500	356	1,045	2.9%	-15.2%	-13.2%	0.5%	-0.2%	13.2%
4/30/2023	52,728,000	986,000	259,000	502,000	234,000	1,980,000	24,800	6,400	358	1,034	3.3%	13.3%	2.1%	0.4%	-2.6%	4.9%
5/31/2023	52,789,000	892,000	264,000	483,000	229,000	1,868,000	25,400	6,800	363	1,035	3.1%	-6.3%	-2.6%	0.4%	-2.0%	2.0%
6/30/2023	52,866,000	911,000	268,000	471,000	224,000	1,874,000	28,000	6,900	362	1,029	3.1%	0.5%	-2.8%	0.4%	-2.5%	-3.6%
7/31/2023	52,914,000	946,000	285,000	468,000	220,000	1,919,000	26,300	6,100	359	1,025	3.2%	2.9%	-3.6%	0.4%	-2.0%	-3.2%
8/31/2023	53,056,000	948,000	288,000	448,000	215,000	1,899,000	31,900	6,900	358	1,013	3.2%	-1.2%	-0.8%	0.4%	-2.4%	-7.4%
9/30/2023	53,135,000	997,000	296,000	455,000	214,000	1,963,000	25,400	6,400	353	1,014	3.3%	3.7%	4.3%	0.4%	-0.4%	-7.2%
10/31/2023	53,205,000	980,000	306,000	447,000	217,000	1,951,000	33,100	6,400	347	972	3.3%	-1.0%	-2.8%	0.4%	1.2%	-6.1%
11/30/2023	53,250,000	1,022,000	322,000	459,000	216,000	2,020,000	29,100	6,500	335	953	3.4%	3.9%	-2.9%	0.4%	-0.4%	-8.2%
12/31/2023	53,376,000	1,097,000	336,000	475,000	212,000	2,120,000	23,900	5,400	323	954	3.6%	5.6%	2.6%	0.4%	-2.4%	-10.2%
1/31/2024	53,346,000	1,003,000	329,000	470,000	219,000	2,022,000	34,200	6,600	322	910	3.4%	-5.5%	-0.1%	0.4%	3.4%	-9.4%
2/29/2024	53,412,000	1,013,000	309,000	459,000	211,000	1,993,000	24,700	6,000	322	920	3.3%	-1.3%	-3.2%	0.4%	-3.5%	-13.2%
3/31/2024	53,519,000	986,000	291,000	435,000	205,000	1,916,000	26,000	5,800	332	929	3.2%	-4.2%	9.4%	0.4%	-3.2%	-15.8%

Definitions

Total active count	All active loans as of month-end, including loans in any state of delinquency or foreclosure. Post-sale loans and loans in REO are excluded from the total active count.
Delinquency statuses (30, 60, 90+, etc.)	All delinquency statuses are calculated using the MBA methodology based on the payment due date provided by the servicer. Loans in foreclosure are reported separately and are not included in the MBA days delinquent.
90-day defaults	Loans that were less than 90 days delinquent in the prior month and were 90 days delinquent, but not in foreclosure, in the current month.
Foreclosure inventory	The servicer has referred the loan to an attorney for foreclosure. Loans remain in foreclosure inventory from referral to sale.
Foreclosure starts	Any active loan that was not in foreclosure in the prior month that moves into foreclosure inventory in the current month.
Non-current	Loans in any stage of delinquency or foreclosure.
Foreclosure sale / new REO	Any loan that was in foreclosure in the prior month that moves into post-sale status or is flagged as a foreclosure liquidation.
REO	The loan is in post-sale foreclosure status. Listing status is not a consideration; this includes all properties on and off the market.
Deterioration ratio	The ratio of the percentage of loans deteriorating in delinquency status vs. those improving.

Extrapolation methodology: Mortgage statistics are scaled to estimate the total market performance based on coverage within the McDash database.

Disclosures

You can reach us by email at
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Mortgage Monitor disclosures

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