



## Steve Chizmadia

Mortgage Advisor - MLO-244902, Home Loans With Steve

NMLS ID: 1845124- CA BRE: 01524985 - 141 Providence Road Charlotte, NC 28207

Office: (760) 715-9688  
 Mobile: (760) 715-9688  
[steve@homeloanswithsteve.com](mailto:steve@homeloanswithsteve.com)  
[View My Website](#)

## CoreLogic's Take on GSE Affordable Housing Goals

It has been almost a month since the Federal Housing Finance Agency (FHFA) announced the **final goals for affordable housing** for mortgages and rental activity financed by the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac. CoreLogic has now released an evaluation of these goals. In an article on the company's *Insights* blog, Policy Research and Strategy Analyst Stuart Quinn says that the final goals, following over 100 public comments from market participants, did not fall far from the goals FHFA originally purposed.

A balance in these rules is important, Quinn says. Setting the **bar too high**; extending goals to levels above where demand exists, can cause business concerns and impact safety and soundness. Setting the goal too low could lead to accusations that the GSEs are not upholding the intent of their charters. "The end result could then increase impediments to mortgage credit for deserving borrowers," Quinn says.

Purchase mortgage, refinancing, and rental categories each come with a unique set of metrics and targets and Quinn limits his comments in this post to single-family purchase goals. The principal targets for this category are: (1) low-income purchase goals defined as financing conforming and conventional loans for purchase of owner-occupied, one-to-four unit housing provided to borrowers with income no greater than 80 percent of the area median income (AMI) and (2) very low income purchase goals for such purchases at **no greater than 50 percent** of AMI. There are additional sub-goals for low-income areas, high minority areas and communities that have been declared a federal disaster area within the past three years.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	<b>+0.02</b>	0.00
15 Yr. Fixed	5.95%	<b>0.00</b>	0.00
30 Yr. FHA	5.82%	<b>+0.02</b>	0.00
30 Yr. Jumbo	6.62%	<b>0.00</b>	0.00
5/1 ARM	6.28%	<b>-0.01</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.35%	<b>-0.51</b>	0.00
15 Yr. Fixed	5.51%	<b>-0.65</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	6.44%	<b>-0.06</b>	0.54
15 Yr. Fixed	5.88%	<b>-0.16</b>	0.68
30 Yr. FHA	6.36%	<b>-0.06</b>	0.85
30 Yr. Jumbo	6.75%	<b>+0.07</b>	0.39
5/1 ARM	5.98%	<b>-0.27</b>	0.65

Rates as of: 8/30

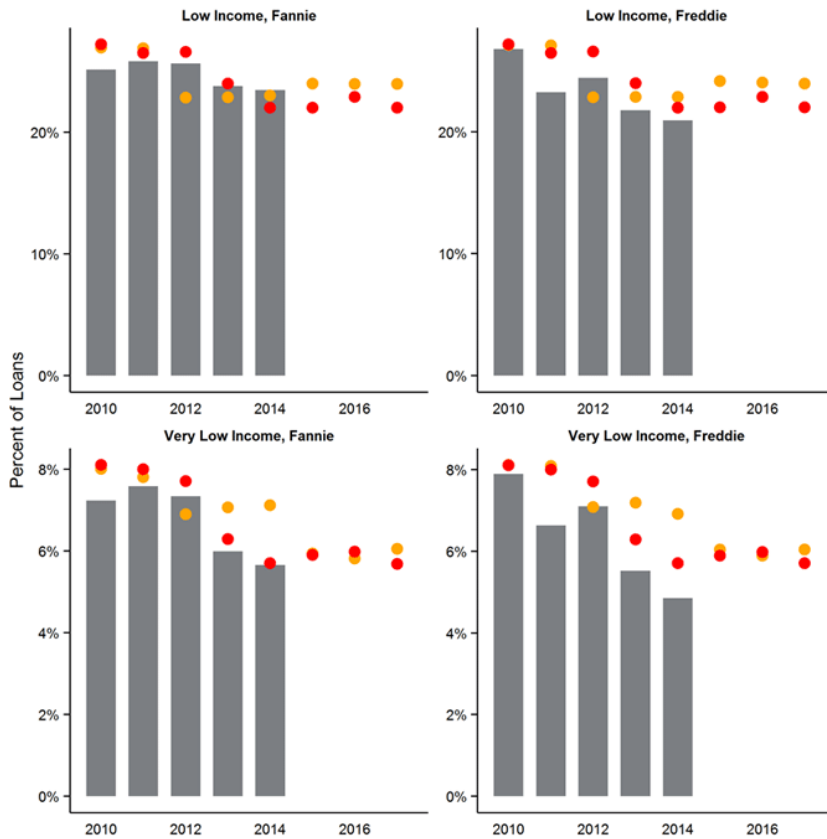
## Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

		Value	Change
Builder Confidence	Mar	51	+6.25%

**Figure 1: Percent of Loans Counted Towards Affordability Goals**

Single-Family, Purchase Only



Low-income families: incomes no greater than 80 percent of Area Median Income (AMI). Very low: incomes no greater than 50 percent of AMI. Low-income areas home purchase goals includes mortgages in low-income census tracts and loans to borrowers with incomes greater than AMI in high-minority census tracts

● Benchmark  
● Market Level

Source: FHFA and CoreLogic

The figure above illustrates the two measurements used to evaluate success for each GSE.

- The benchmark goal is a prospective forecast estimate based off of an FHFA econometric time-series model, which examines historical market performance, as well as factors that influence the market, including home sales, interest rates, employment and a host of additional measures. Since it is a forecast, it is sensitive to volatility and market dynamics that may be presently unobservable.
- The market goal is determined retrospectively. It is based on the Home Mortgage Disclosure Data (HMDA) released by September covering the entire preceding year. The analysis considers not only loans purchased, but includes comparable loans that may have been eligible for purchase, sold via another conduit or privately securitized. This method enables FHFA and the industry to get a better sense of GSE market-wide penetration for goal oriented activities.

Meeting affordable housing goals means that both GSEs meet or exceed *either* the benchmark level or the market level. Any bar exceeding either colored dot indicates achieving the target goal.

For 2015 the final benchmark for low income purchases will be 1.6 percent above the market share estimate or 24 percent, an increase of 1 percentage point from the proposed rule. This leaves a **higher** prospective benchmark, and a larger possible spread should market data result in less than 22 percent, which is the current market goal.

The **2015 very low income purchase goal** will be 6 percent, 1 percentage point below both the 2014 benchmark level and proposed benchmark level. Both 2012 and 2013 saw relatively large downward shifts for both GSEs on a percent basis. Some possible explanations for this include: banks taking on more loans for Community Reinvestment Act purposes, fear over repurchase liability to GSEs, loans without private mortgage insurance so recourse would be owed, or increased endorsement through the Federal Housing Administration channel.

There is a 2015 sub-goal for low income areas which are defined to include census tracts with median income less than or equal to 80 percent of AMI or for families with incomes less than or equal to AMI who reside in minority census tracts (minority population of greater than 30 percent). The sub-goal benchmark is 14 percent, 3 percentage points higher than the 2014 level of 11 percent and the same as the proposed benchmark.

## Service oriented, responsive, competitive rates and an in depth knowledge of today's mortgage market

After completing my degree in finance at the University of Connecticut, I started in the mortgage business right out of college in 2004. With 15+ years of experience and a primary objective of thoroughly explaining all available loan options to my clients with what is typically the largest investment in their lives, I strive to always make myself available. I constantly educate myself with respect to the mortgage industry and underwriting guidelines for FHA, VA, conventional and jumbo financing. I deliver on the expectations discussed up front and provide the service level my clients deserve from day one. I will remain in touch throughout the process and continue to follow up with you after closing. My goal is to wow you and turn you into clients for life. I want you to be so impressed that throughout and after the process you share my information with your friends, family, neighbors and co-workers who may value from my services.

**Steve Chizmadia**

