

# MBA Mortgage Finance Forecast

January 12, 2010

|   | 2008  |       |       |       | 2009  |       |       |       | 2010  |       |       |       | 2011  |       |       |       | 2012  |       |       |       | 2008  | 2009  | 2010  | 2011  | 2012  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    |       |       |       |       |       |
| <b>Housing Measures (Thous)</b>                 |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Housing Starts                                  | 1,059 | 1,017 | 868   | 658   | 528   | 540   | 587   | 560   | 650   | 720   | 780   | 820   | 895   | 990   | 1,080 | 1,135 | 1,210 | 1,300 | 1,385 | 1,450 | 906   | 554   | 743   | 1,025 | 1,336 |
| Single-Family                                   | 734   | 670   | 598   | 461   | 358   | 425   | 498   | 480   | 550   | 595   | 630   | 660   | 725   | 810   | 890   | 935   | 990   | 1,060 | 1,125 | 1,170 | 622   | 440   | 609   | 840   | 1,086 |
| Two or More                                     | 324   | 347   | 270   | 197   | 169   | 115   | 88    | 80    | 100   | 125   | 150   | 160   | 170   | 180   | 190   | 200   | 220   | 240   | 260   | 280   | 284   | 113   | 134   | 185   | 250   |
| <b>Home Sales</b>                               |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Total Existing Homes                            | 4,927 | 4,900 | 5,007 | 4,740 | 4,583 | 4,757 | 5,290 | 6,083 | 5,403 | 5,510 | 5,191 | 5,407 | 5,491 | 5,627 | 5,742 | 5,775 | 5,738 | 5,807 | 5,836 | 5,796 | 4,913 | 5,178 | 5,378 | 5,659 | 5,794 |
| New Homes                                       | 564   | 510   | 460   | 391   | 338   | 372   | 407   | 379   | 412   | 421   | 401   | 413   | 456   | 502   | 549   | 593   | 624   | 666   | 700   | 726   | 485   | 376   | 412   | 525   | 679   |
| FHFA US House Price Index (YOY % Change)        | -0.6  | -2.4  | -3.9  | -4.1  | -3.4  | -4.0  | -4.1  | -4.1  | -3.3  | -2.6  | -1.6  | 0.0   | 0.2   | 1.2   | 2.0   | 2.8   | 3.4   | 4.0   | 4.6   | 5.0   | -4.1  | -4.1  | 0.0   | 2.8   | 5.0   |
| Median Price of Total Existing Homes (Thous \$) | 198.5 | 208.1 | 201.6 | 180.8 | 167.6 | 174.4 | 178.3 | 166.5 | 163.9 | 174.7 | 184.1 | 169.9 | 170.7 | 179.1 | 188.3 | 175.6 | 186.4 | 193.5 | 190.2 | 187.3 | 198.1 | 171.7 | 173.2 | 178.4 | 189.4 |
| Median Price of New Homes (Thous \$)            | 235.7 | 236.7 | 227.8 | 221.5 | 207.8 | 218.7 | 211.6 | 209.1 | 204.7 | 216.1 | 215.8 | 215.6 | 210.6 | 220.8 | 219.4 | 219.1 | 227.0 | 230.8 | 228.8 | 232.8 | 231.9 | 211.5 | 213.0 | 217.5 | 229.9 |
| <b>Interest Rates (%)</b>                       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| 30-Year Fixed Rate Mortgage                     | 5.9   | 6.1   | 6.3   | 5.9   | 5.1   | 5.0   | 5.2   | 4.9   | 5.4   | 5.9   | 6.0   | 6.1   | 6.1   | 6.2   | 6.2   | 6.3   | 6.4   | 6.4   | 6.5   | 6.6   | 6.0   | 5.0   | 5.8   | 6.2   | 6.5   |
| 10-Year Treasury Yield                          | 3.7   | 3.9   | 3.9   | 3.3   | 2.7   | 3.3   | 3.5   | 3.5   | 3.9   | 4.0   | 4.1   | 4.2   | 4.3   | 4.4   | 4.4   | 4.5   | 4.7   | 4.8   | 4.9   | 5.0   | 3.7   | 3.3   | 4.1   | 4.4   | 4.8   |
| 1-Year Treasury ARM                             | 5.1   | 5.2   | 5.2   | 5.2   | 4.9   | 4.8   | 4.7   | 4.7   | 4.8   | 4.9   | 4.9   | 5.0   | 5.1   | 5.4   | 5.6   | 5.8   | 6.0   | 6.2   | 6.4   | 6.5   | 5.2   | 4.8   | 4.9   | 5.5   | 6.3   |
| 1-Year Treasury Yield                           | 2.1   | 2.1   | 2.1   | 1.0   | 0.6   | 0.5   | 0.4   | 0.3   | 0.5   | 0.6   | 0.7   | 0.8   | 1.2   | 1.6   | 2.0   | 2.3   | 2.8   | 3.1   | 3.5   | 3.8   | 1.8   | 0.4   | 0.7   | 1.8   | 3.3   |
| <b>Mortgage Originations</b>                    |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Total 1- to 4-Family (Bil \$)                   | 465   | 378   | 297   | 369   | 410   | 627   | 519   | 558   | 312   | 379   | 333   | 254   | 224   | 345   | 370   | 285   | 275   | 404   | 391   | 328   | 1,509 | 2,113 | 1,278 | 1,224 | 1,398 |
| Purchase  | 167   | 174   | 187   | 203   | 123   | 201   | 223   | 195   | 147   | 231   | 223   | 175   | 155   | 241   | 252   | 194   | 179   | 271   | 262   | 210   | 731   | 742   | 776   | 841   | 921   |
| Refinance                                       | 297   | 204   | 110   | 166   | 287   | 426   | 296   | 363   | 166   | 148   | 110   | 79    | 69    | 103   | 118   | 91    | 96    | 133   | 129   | 118   | 777   | 1,372 | 502   | 382   | 477   |
| Refinance Share (%)                             | 64    | 54    | 37    | 45    | 70    | 68    | 57    | 65    | 53    | 39    | 33    | 31    | 31    | 30    | 32    | 32    | 35    | 33    | 33    | 36    | 52    | 65    | 39    | 31    | 34    |

**Notes:**

Housing starts and home sales are seasonally adjusted at annual rate.

Total existing home sales include condos and co-ops.

Total 1-to-4-family originations and refinance share are MBA estimates. These exclude second mortgages and home equity loans.

The FHFA US House Price Index is the forecasted year over year percent change of the FHFA All Transactions House Price Index.

Refinance share is percent of total dollar volume of closed loans.

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