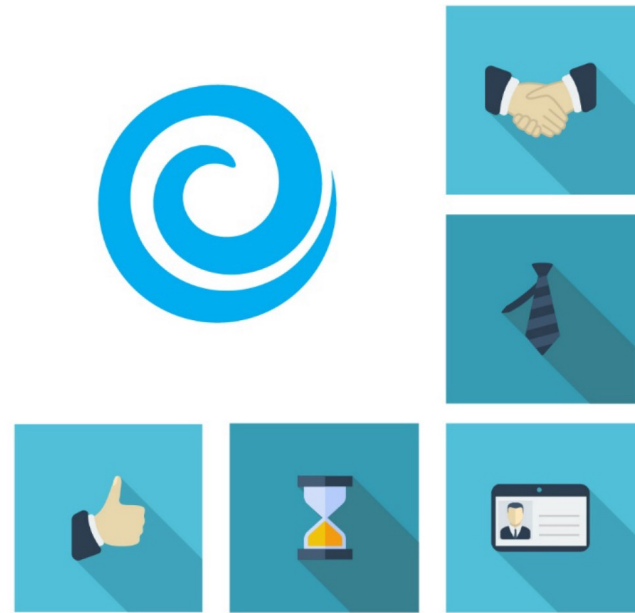
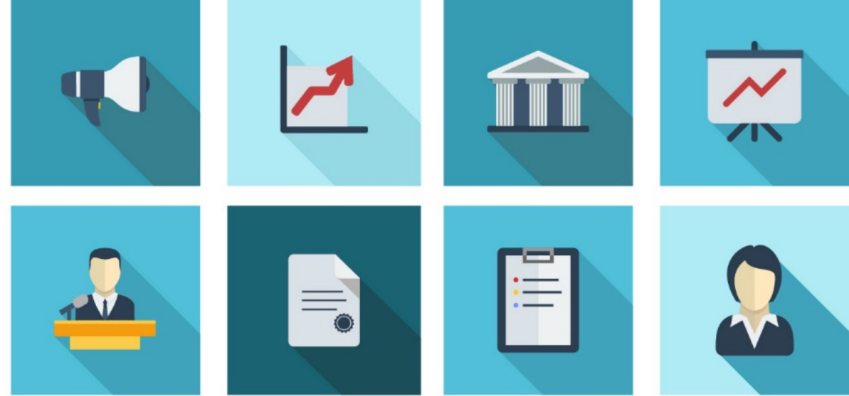


KEEPING CURRENT MATTERS



JULY 2021

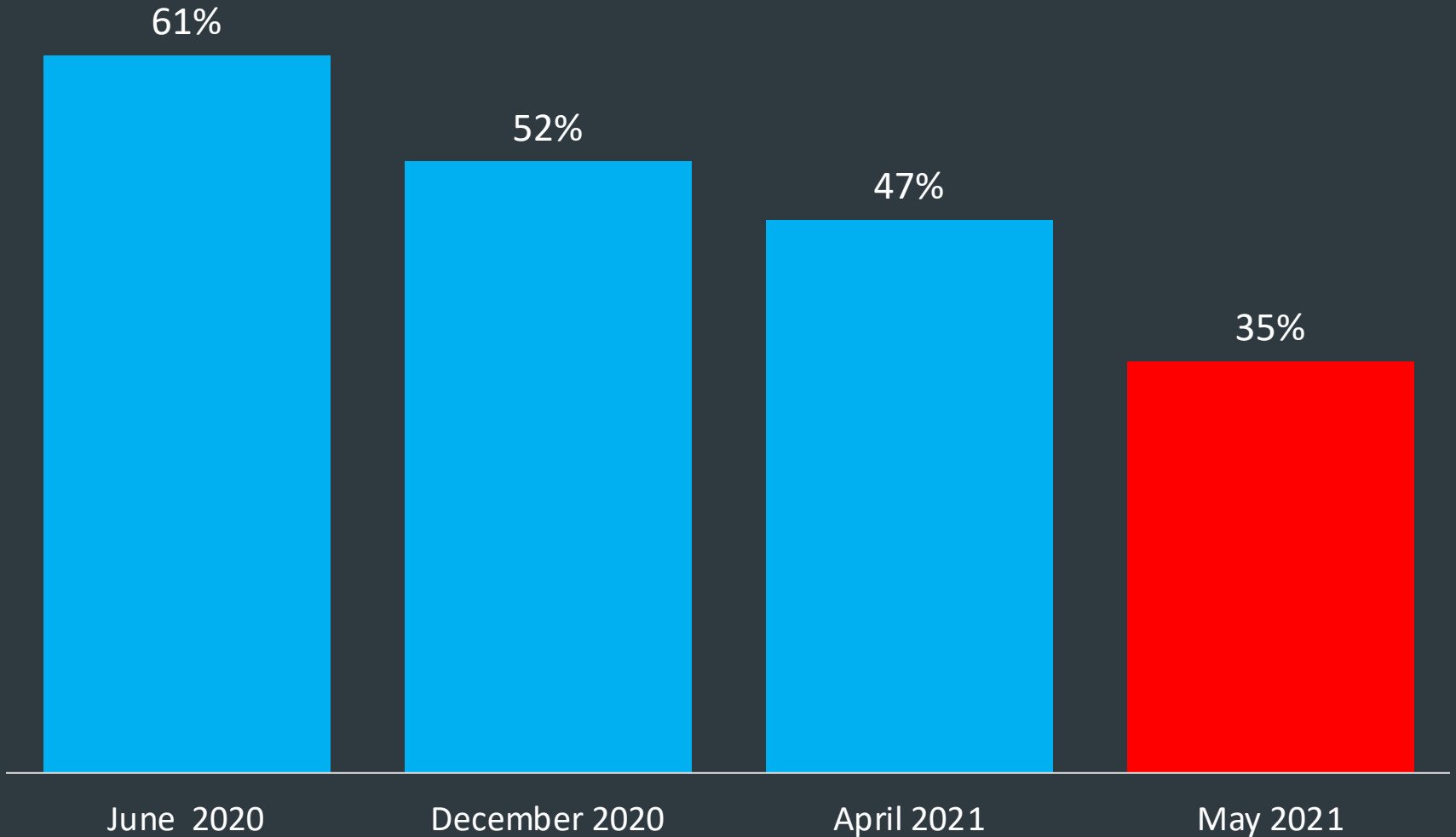


“This month’s overall homebuyer demand rating equaled 86 on a 0-100 scale, down from 88 last month and marking **the first sequential decline since November.**”

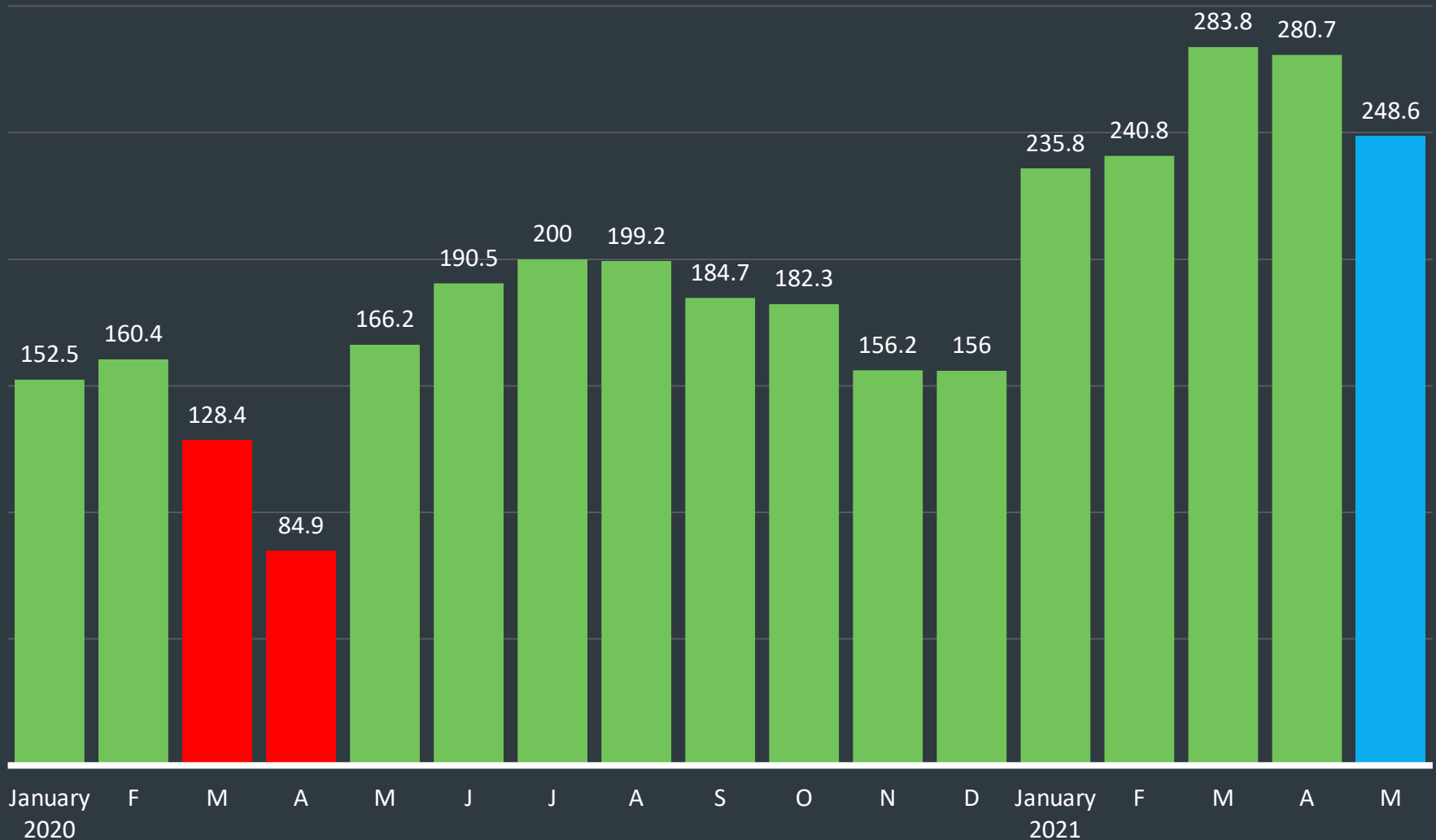
Zelman’s June Broker Report



Percent of Respondents Who Say It's a Good Time To Buy



Monthly ShowingTime Index



Realities of Buyer Fatigue

1. Record price appreciation
2. Extremely low inventory
3. Record high % sales over list price
4. Record low days on market
5. Historically low mortgage rates

Buyer Talking Points

1. Expect a turn in the market in the coming months – **it's already happening**
2. The market's still hyper-competitive
3. Summer is when serious buyers commit 100%
4. Don't get left behind

Months Inventory of Homes for Sale



American Home Equity Skyrocketed

\$33,400

average gain in equity
of mortgaged homes

\$216,000

current average equity
of mortgaged homes

38.2%

of all homes are owned
'free and clear'

19.6%

increase in equity
totaling over \$1.9 trillion

*“It looks like existing inventory is **starting to inch up**, which is good news for a housing market parched for more supply.”*

Odetta Kushi, Deputy Chief Economist at First American

*“We're seeing another significant week-over-week **gain in inventory** — great news for buyers!”*

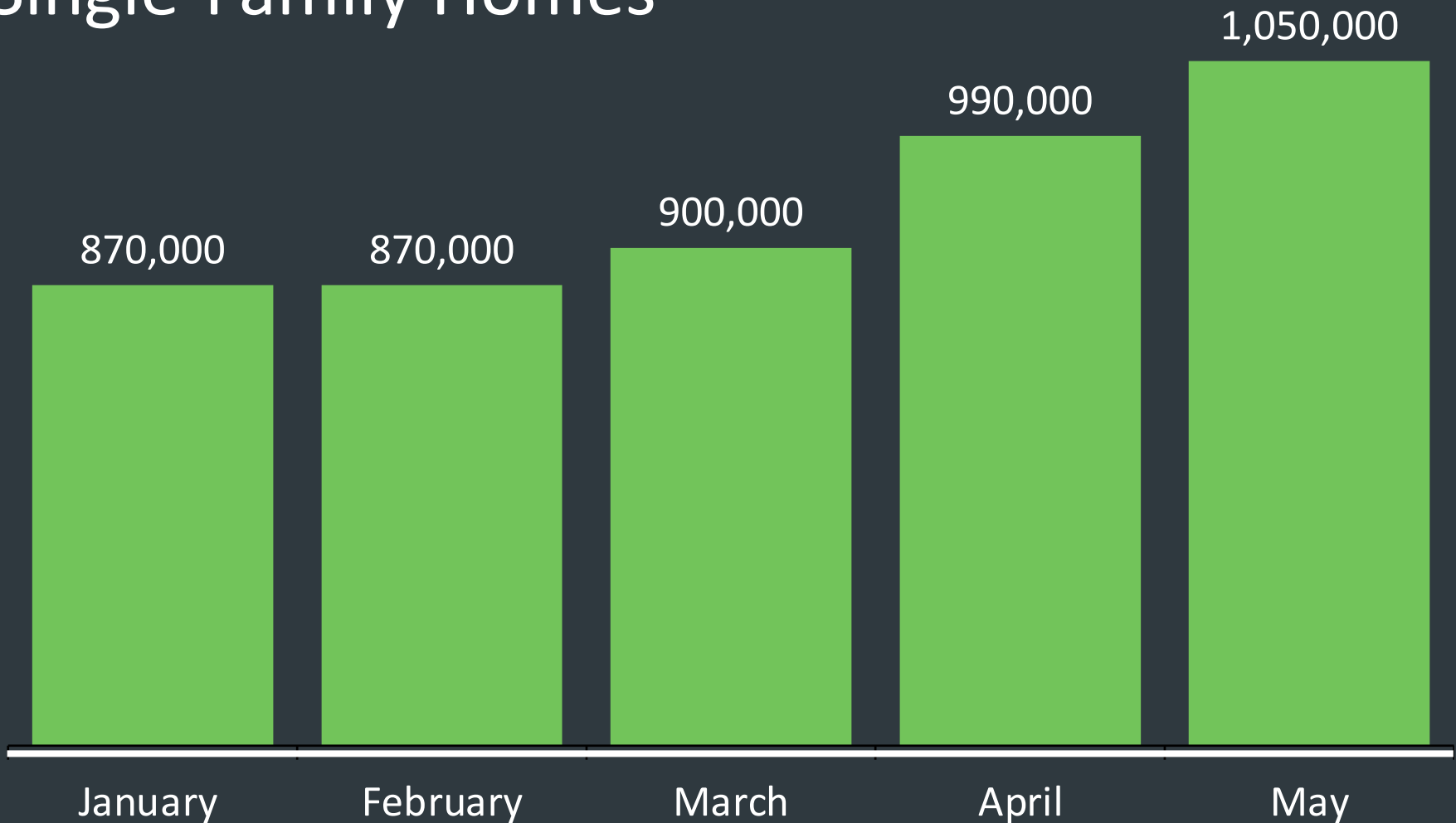
Haus

*“**Supply is expected to improve**, which will give buyers more options and help tamp down record-high asking prices for existing homes.”*

Lawrence Yun, Chief Economist at NAR

Inventory Levels

Single-Family Homes



“The improvement we saw in new listings growth from May to June shows sellers are entering the market historically later in the season, which could mean we'll see home buying continue into the fall as buyers jump at new opportunities.”

George Ratiu

Senior Economist at realtor.com



Seller Talking Points

1. Don't be (**too**) unrealistic
2. Wait, and you'll miss out on an extremely attractive market
3. It's never been a better time to sell
4. Price appreciation will **moderate** as rates and inventory rise later this year

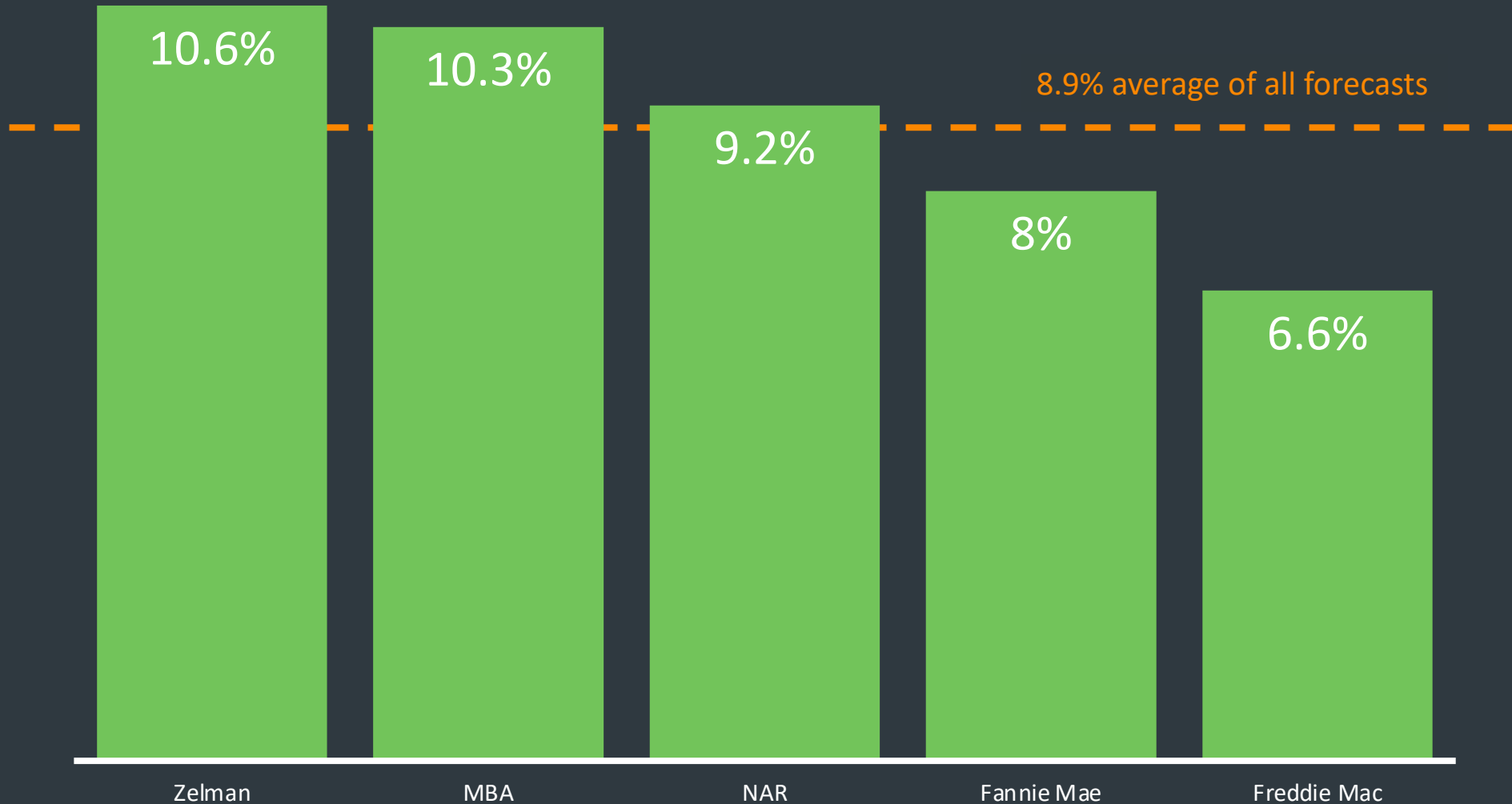


Forecast:
2nd Half of 2021

Mortgage Rate Projections

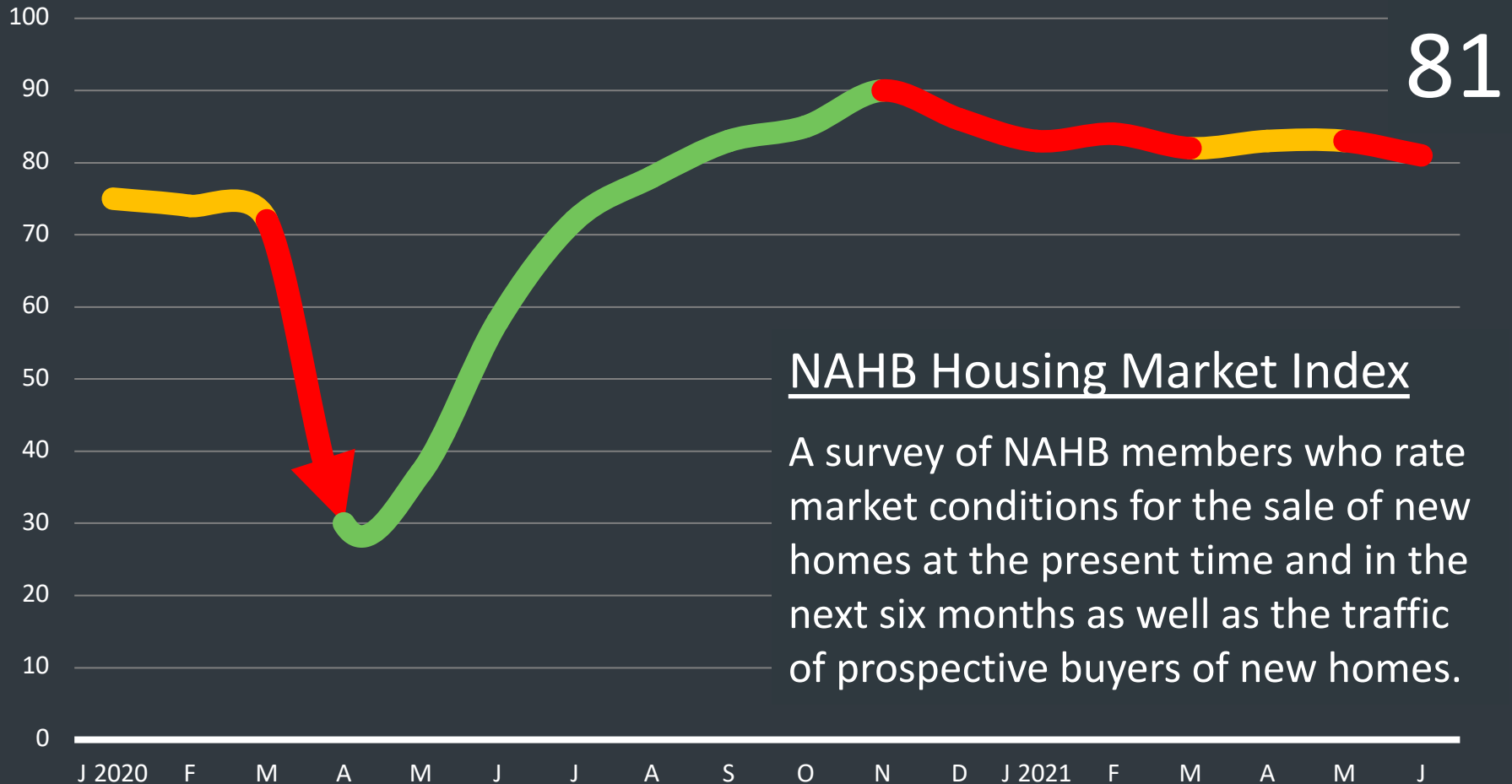
Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 3Q	3.3	3.0	3.2	3.2	3.17%
2021 4Q	3.4	3.2	3.5	3.4	3.37%
2022 1Q	3.5	3.2	3.7	3.5	3.47%
2022 2Q	3.6	3.3	3.9	3.5	3.57%

Home Price Forecasts 2021



Builder Confidence Slips a Bit

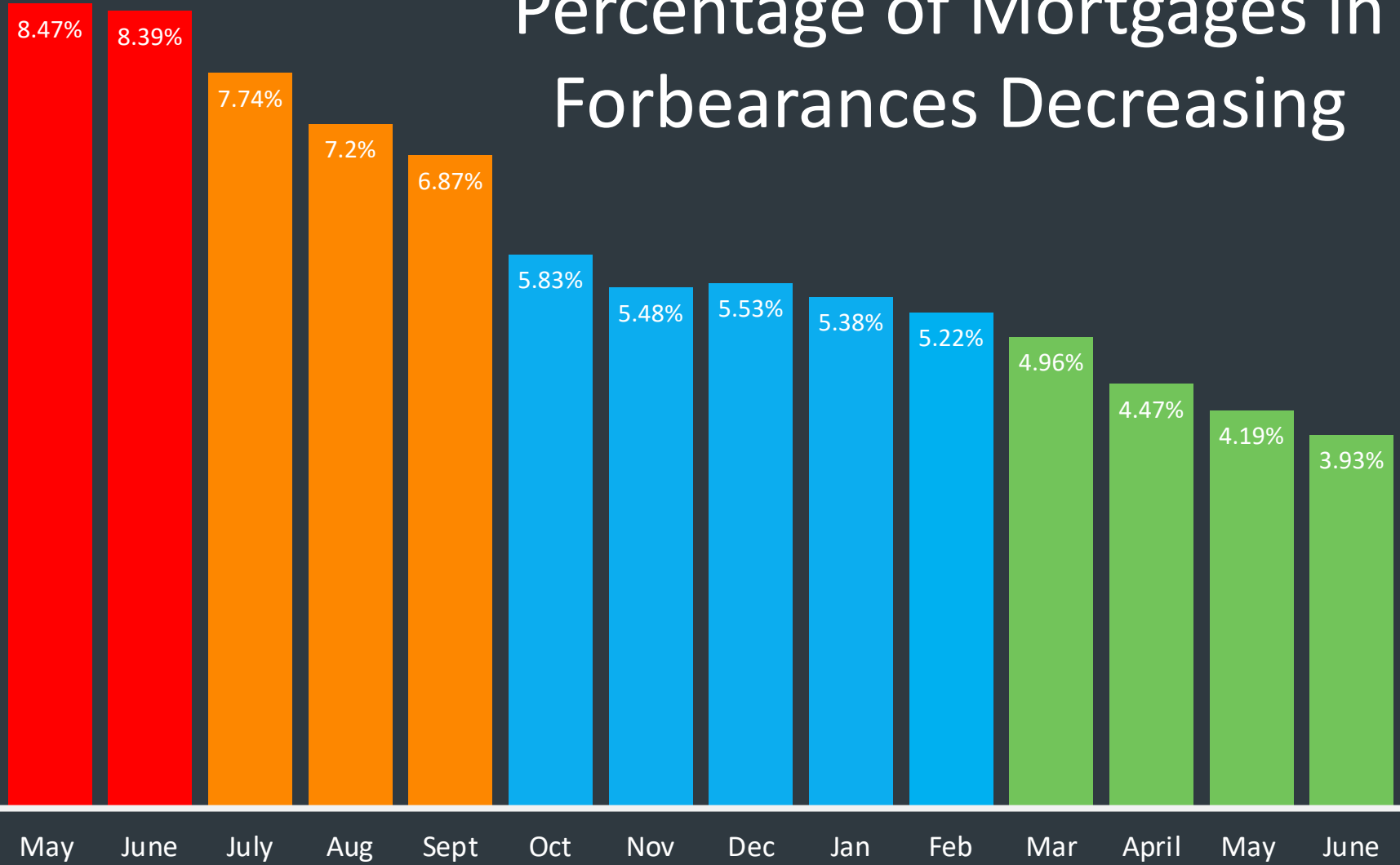
Because of Lumber, Labor, and Land Concerns



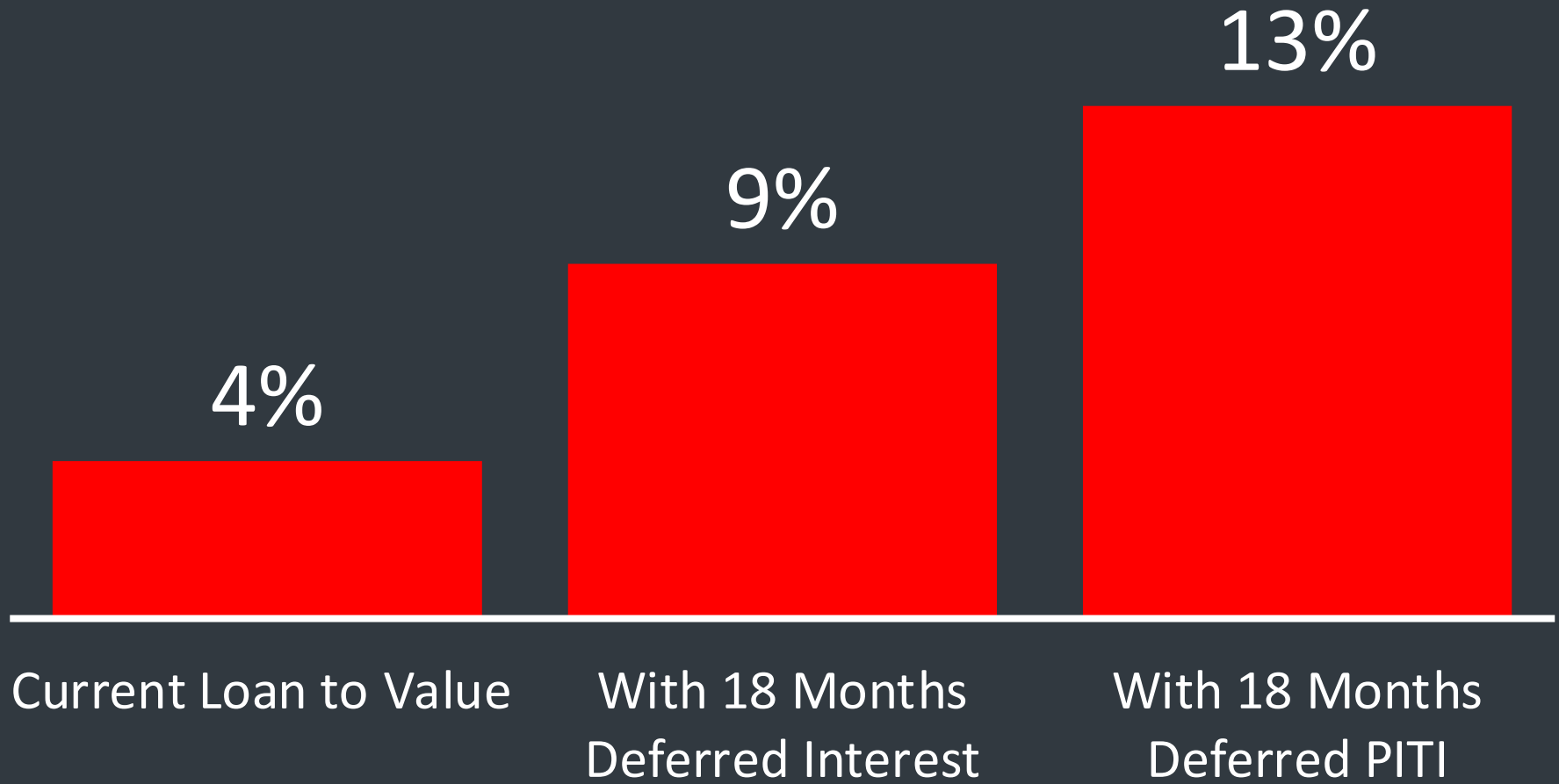
NAHB Housing Market Index

A survey of NAHB members who rate market conditions for the sale of new homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes.

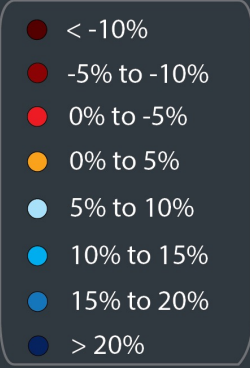
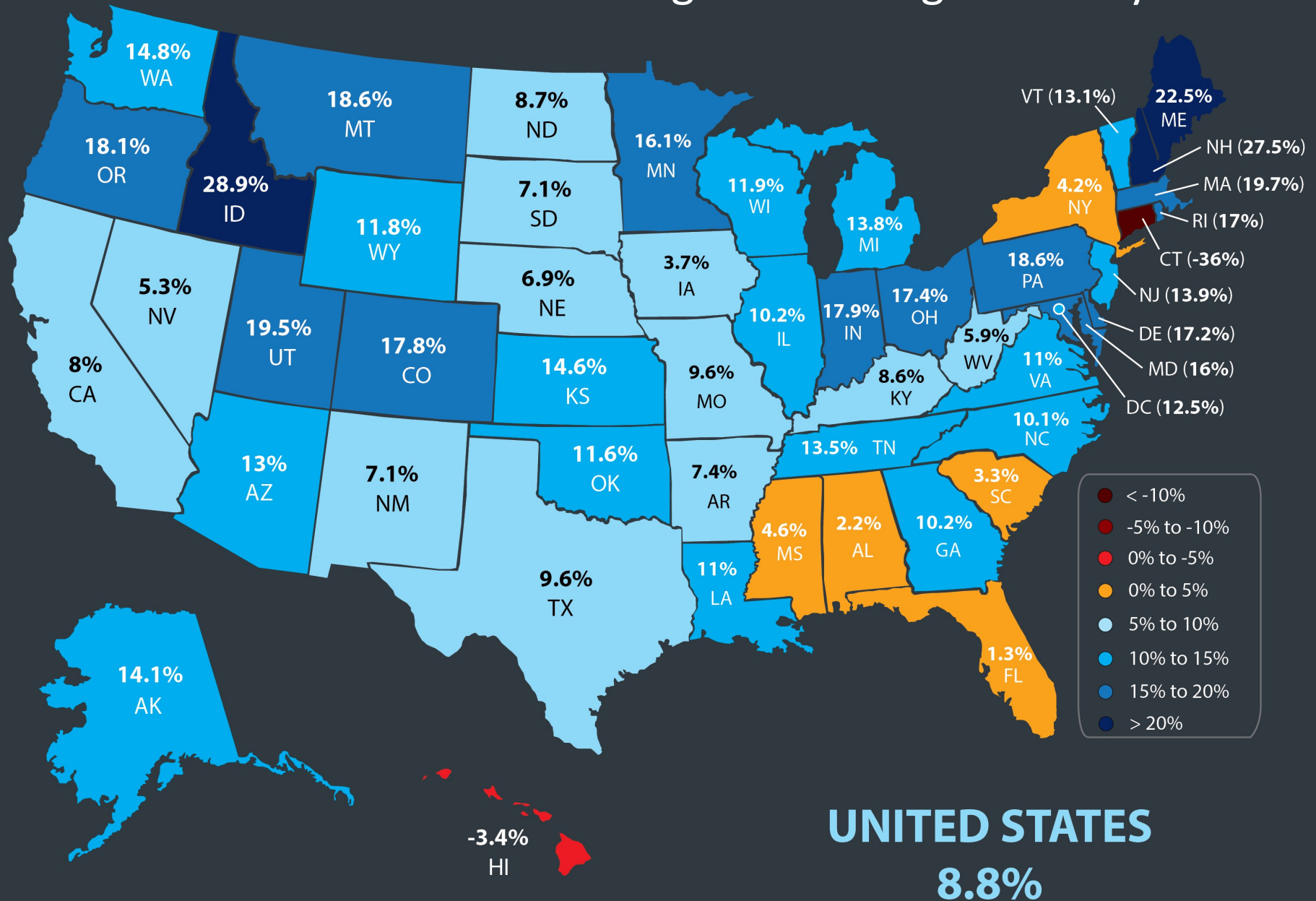
Percentage of Mortgages in Forbearances Decreasing



Share of Mortgages in Forbearance with Less Than 10% Equity



Month-Over-Month Change in Housing Inventory



UNITED STATES
8.8%

“The only places where McBride told me he could envision a bubble bursting are locations where **urban residents bought second homes in a panic** - only to have the urban core quickly get vaccinated and normalize in 2021.”

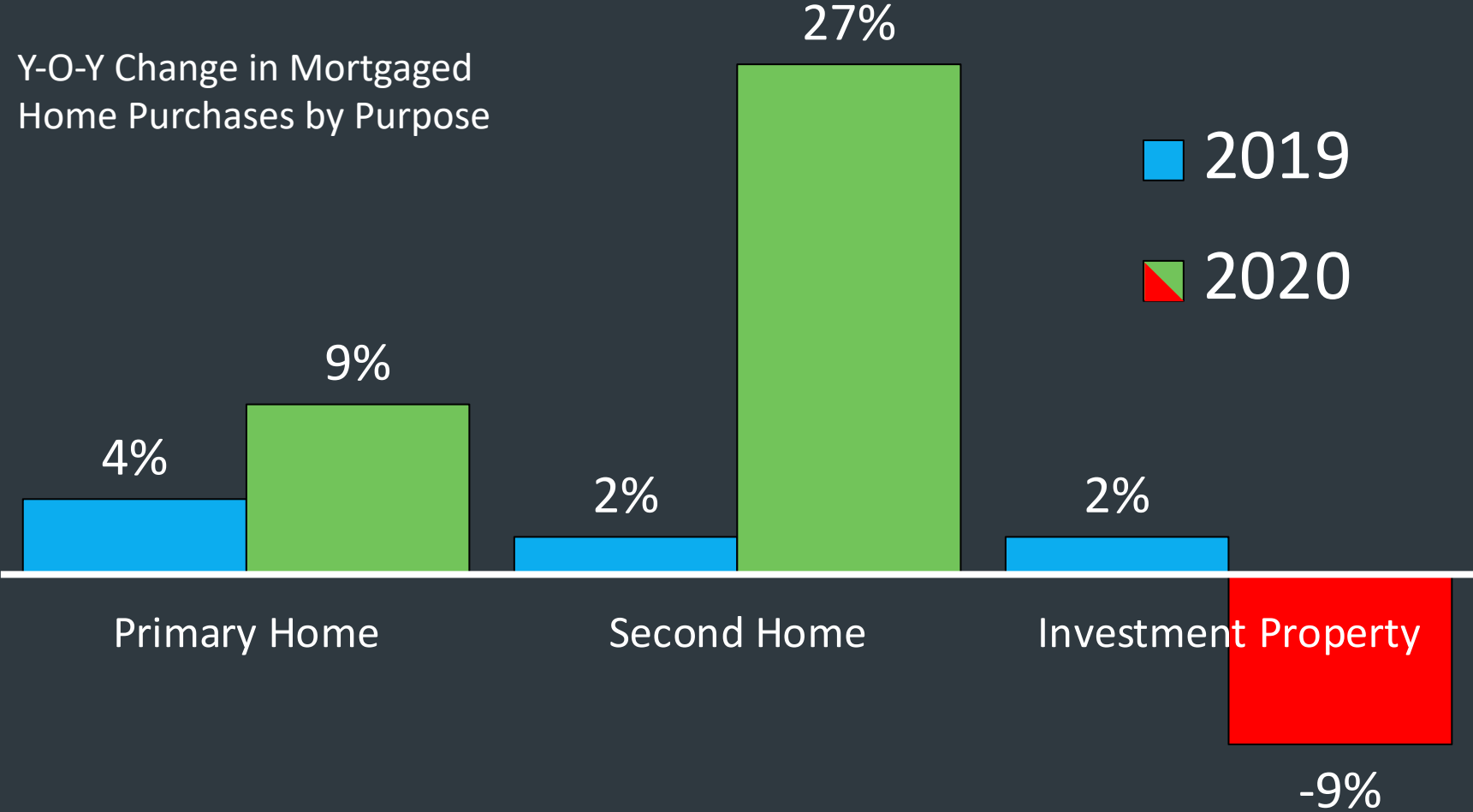
“We might see some price declines in the second home areas, like small towns in New England and other beach towns on the East Coast. **But even there, we just might see a shift where more people decide that they like owning second homes.**”

The Atlantic



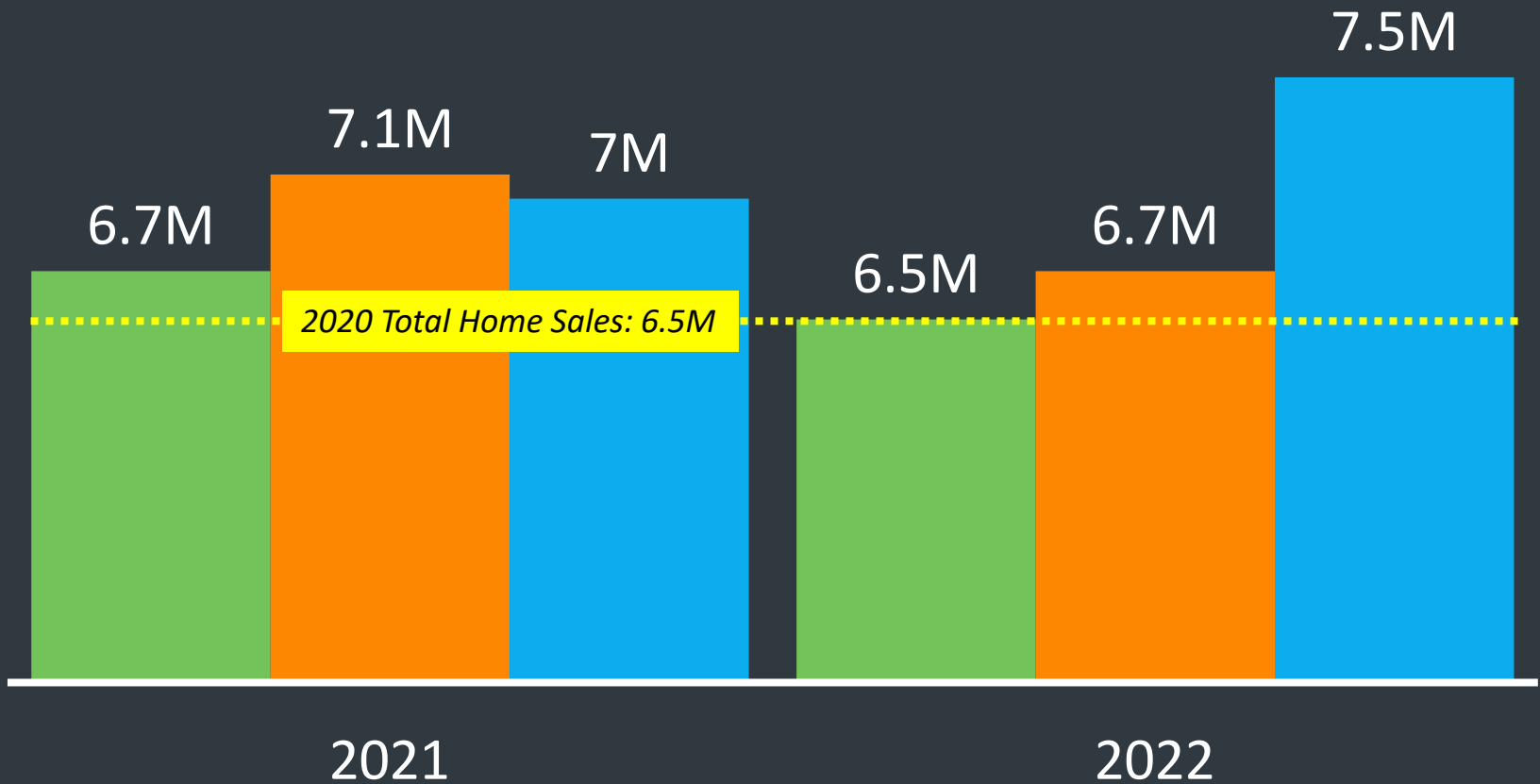
Second-Home Market Surged in 2020

Y-O-Y Change in Mortgaged Home Purchases by Purpose



Home Sales Forecast To Increase Nicely in 2021 and Do Well in 2022

Fannie Mae Freddie Mac MBA



“Homebuyers—interest rates are still historically low, though they are inching up. Housing prices have spiked during the last six-to-nine months, but we don’t expect them to fall soon, and we believe they are more likely to keep rising. **If you are looking to purchase a new home, conditions now may be better than 12 months hence...**”

J.P. Morgan
Insights Report

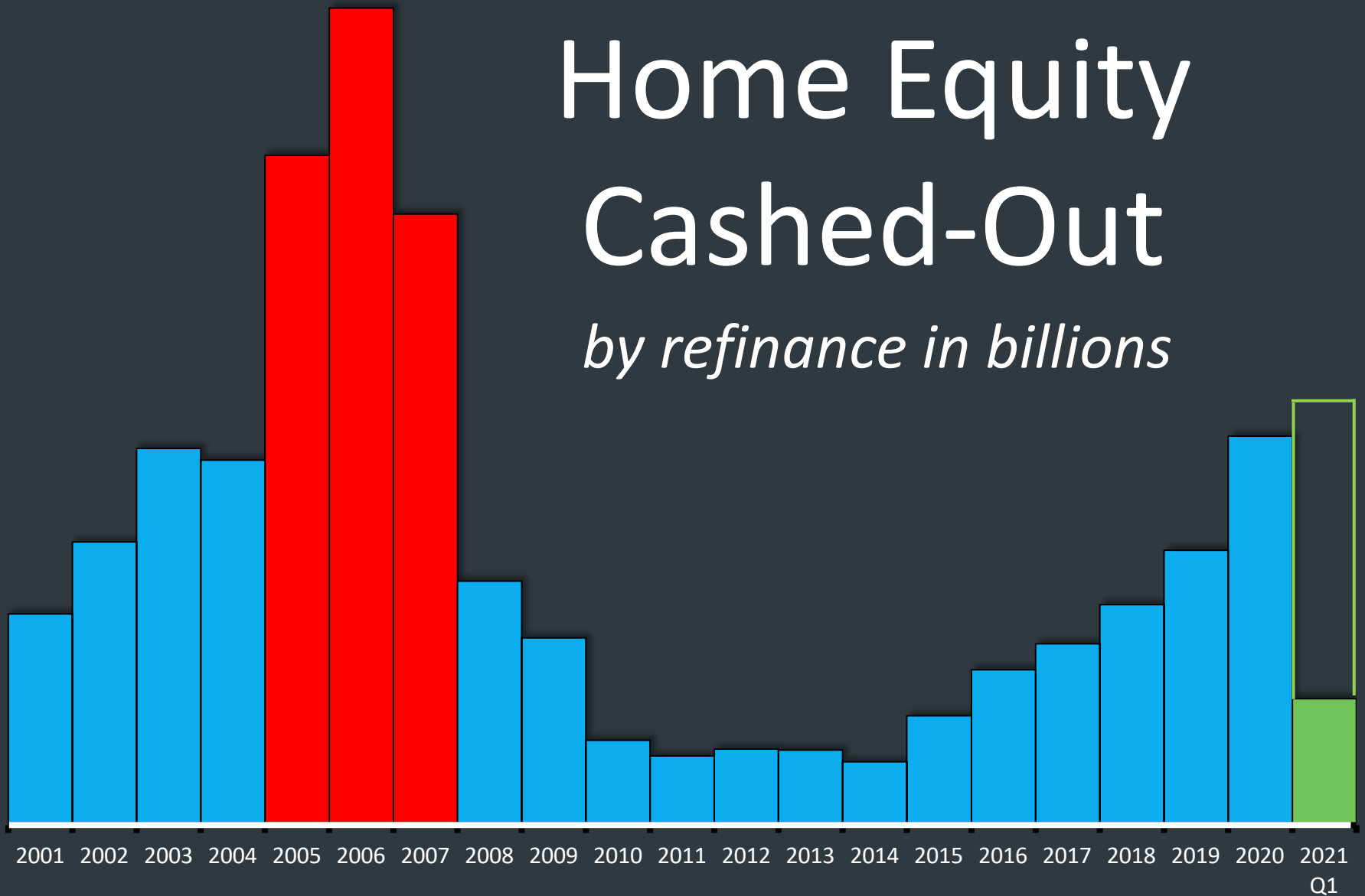


HEADLINES
DO MORE TO
TERRIFY
THAN TO
CLARIFY



Home Equity Cashed-Out

by refinance in billions



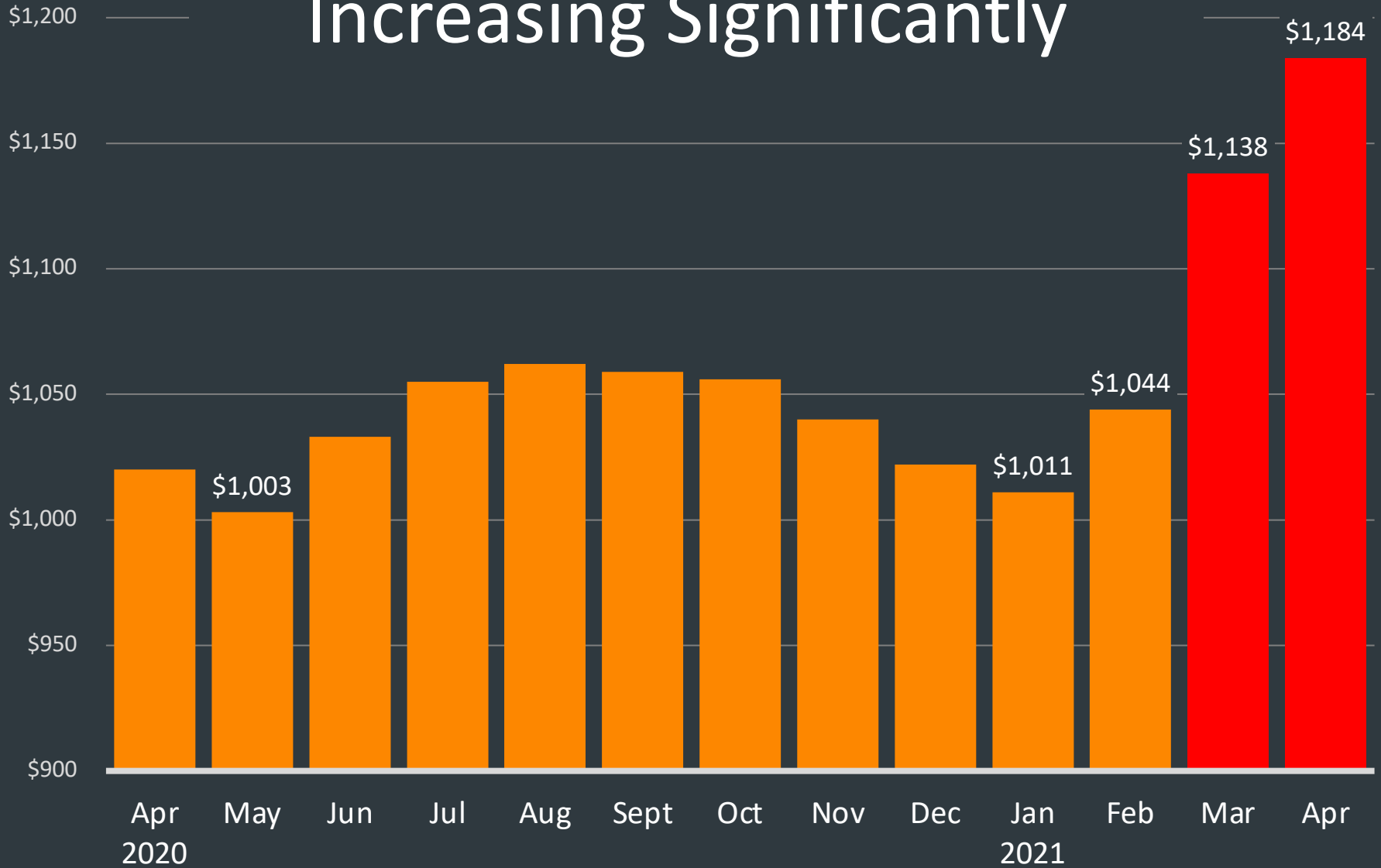
“For Q1 2021, the Net Equity Extraction was \$41 billion, or 0.8% of Disposable Personal Income. This is nothing like the amount of equity extraction during the housing bubble as a percent of DPI.”

Bill McBride

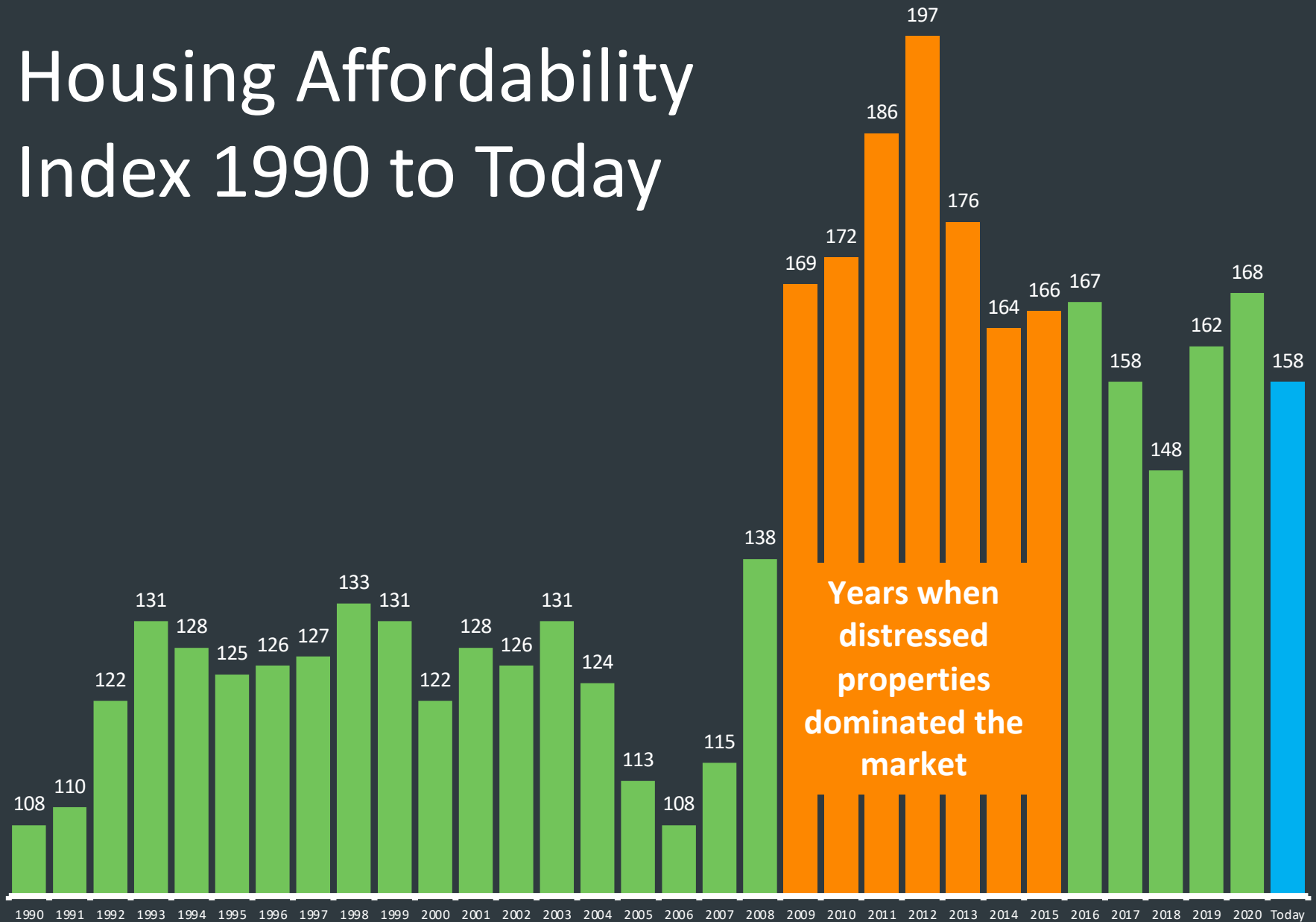
Calculated Risk



Monthly Mortgage Payments Increasing Significantly



Housing Affordability Index 1990 to Today



“These outsized increases have raised concerns that a home price bubble is emerging. However, conditions today are quite different than in the early 2000s, particularly in terms of credit availability. The current climb in house prices instead reflects strong demand amid tight supply, helped along by record-low interest rates.”

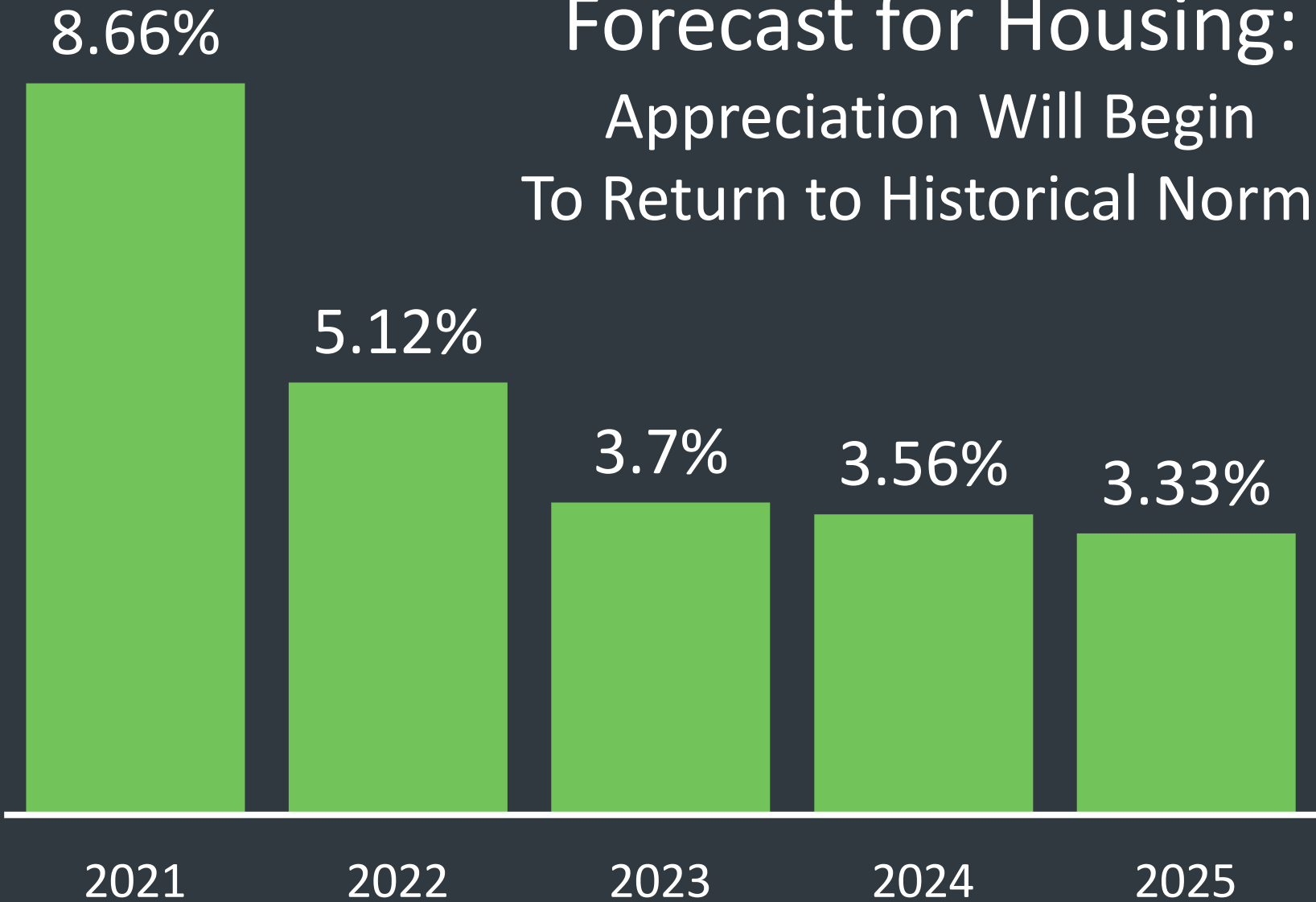
2021 State of the
Nation's Housing





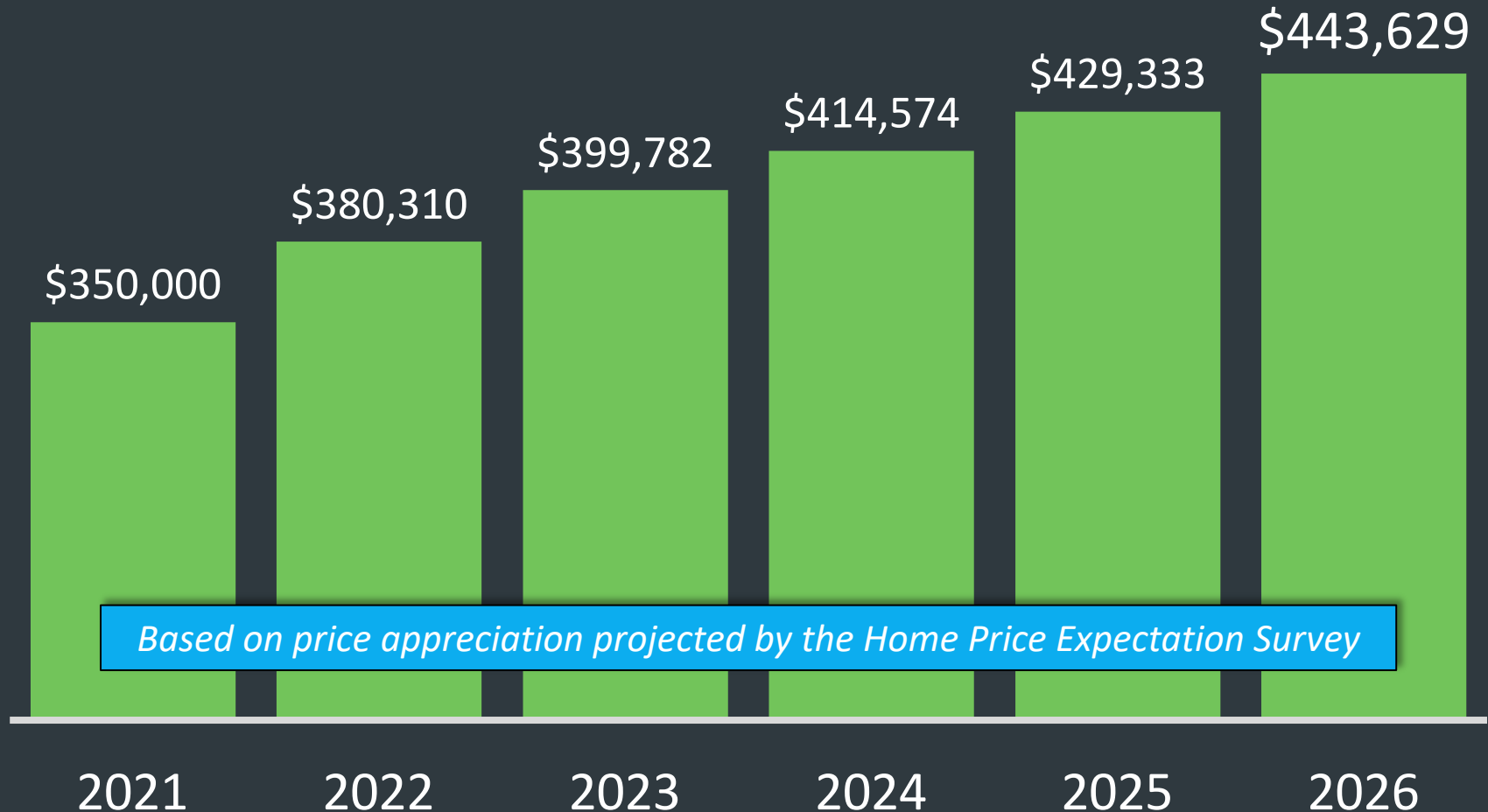
**What's at Stake
Right Now**

Forecast for Housing: Appreciation Will Begin To Return to Historical Norms



\$93,629

potential growth in household wealth over the next five years based solely on increased home equity if you purchase a \$350K home in January 2021



Resources

Slide	Slide Title	Link
2	Zelman's June Broker Report Quote	zelmanassociates.com (subscription required)
3	Good Time To Buy	https://www.fanniemae.com/newsroom/fannie-mae-news/hpsi-dips-consumers-pessimism-toward-homebuying-conditions-sets-survey-record
4	Monthly ShowingTime Index	https://showingindex.stats.showingtime.com/docs/lmu/x/UnitedStates?src=page
5	Realities of Buyer Fatigue	https://www.theatlantic.com/ideas/archive/2021/05/us-housing-market-records/619029/
7	Months Inventory of Homes for Sale	https://www.nar.realtor/topics/existing-home-sales
8	American Home Equity Skyrocketed	https://www.corelogic.com/insights-download/homeowner-equity-report.aspx https://www.corelogic.com/insights-download/homeowner-equity-report.aspx https://data.census.gov/cedsci/all?q=mortgage
9	Expert Quotes	https://twitter.com/odetakushi/status/1407344750534041615 https://twitter.com/haus/status/1407322608496955396 https://www.nar.realtor/newsroom/existing-home-sales-experience-slight-skid-of-0-9-in-may
10	Inventory Levels	https://cdn.nar.realtor/sites/default/files/documents/ehs-05-2021-single-family-only-2021-06-22.pdf
11	Ratiu Quote	https://news.move.com/2021-07-01-Realtor-com-R-Housing-Report-New-Listings-Stage-a-Comeback-in-June-as-Home-Prices-Hit-a-New-High
14	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/20210414_quarterly_economic_forecast.page? https://www.fanniemae.com/media/40281/display https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://cdn.nar.realtor/sites/default/files/documents/forecast-Q2-2021-us-economic-outlook-04-29-2021.pdf

Resources

Slide	Slide Title	Link
15	Home Price Forecasts 2021	https://www.corelogic.com/insights-download/home-price-index.aspx https://cdn.nar.realtor/sites/default/files/documents/forecast-Q2-2021-us-economic-outlook-04-29-2021.pdf www.mba.org http://www.freddiemac.com/research/forecast/index.page https://news.move.com/2020-12-02-Realtor-com-R-2021-Housing-Forecast-Sellers-Will-Get-Top-Dollar-As-Buyers-Struggle-with-Affordability https://www.nar.realtor/newsroom/top-economic-and-housing-experts-predict-post-pandemic-rebound-with-continued-job-growth-stable
16	Builder Confidence	https://nahbnow.com/2021/06/rising-material-challenges-declining-builder-sentiment/
17	Mortgages in Forbearance	https://www.mba.org/news-research-and-resources/newsroom
18	Forbearance with <10% Equity	https://cdn.blackknightinc.com/wp-content/uploads/2021/06/BKI_MM_Apr2021_Report.pdf
19	MOM Change in Housing Inventory	https://www.realtor.com/research/data/
20	The Atlantic Quote	https://www.theatlantic.com/ideas/archive/2021/05/us-housing-market-records/619029/
21	Second-Home Market	https://www.zelmanassociates.com/research/reports/2021/05/real-estate-broker-survey-continued-price-surge-re (subscription required)
22	Home Sales Forecast	https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://www.fanniemae.com/research-and-insights/forecast http://www.freddiemac.com/research/forecast/20210414_quarterly_economic_forecast.page

Resources

Slide	Slide Title	Link
23	J.P. Morgan Quote	https://privatebank.jpmorgan.com/gl/en/insights/living/do-you-want-to-jump-into-the-us-housing-market
25	Home Equity Cashed-Out	http://www.freddiemac.com/research/datasets/refinance-stats/index.page
26	McBride Quote	https://www.calculatedriskblog.com/2021/06/mortgage-equity-withdrawal-in-q1-2021.html
27	Monthly Mortgage Payments	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-as-prices-continue-to-rise-and-incomes-fall
28	Housing Affordability Index	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-as-prices-continue-to-rise-and-incomes-fall
29	State of the Nation's Housing Quote	https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf
31, 32	Home Price Expectations Survey	https://pulsenomics.com/surveys/#home-price-expectations

A close-up photograph of a computer keyboard. The central focus is a large, rectangular blue key with the word "UPDATE" printed in white, bold, sans-serif capital letters. The key is slightly raised and has a subtle gradient. Surrounding it are several other keys: to the left, a white key with a closing curly brace "}" and an opening square bracket "["; above it, a white key with a backslash and forward slash symbol; to the right, a white key with the number "4"; and below it, a large white key, likely the spacebar. The lighting is soft, creating gentle shadows and highlights on the keys' surfaces.

Resources

Slide	Slide Title	Link
40, 60, 70	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
41-43, 51, 61-65	Existing Home Sales	https://www.nar.realtor/topics/existing-home-sales
44-47	New Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales http://www.census.gov/construction/nrs/pdf/newressales.pdf
48	Total Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales
49,50	Pending Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales
55-57	Case Shiller	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research
58	CoreLogic Forecasted YOY % Change in Price	https://www.corelogic.com/insights-download/home-price-index.aspx
61-67	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf

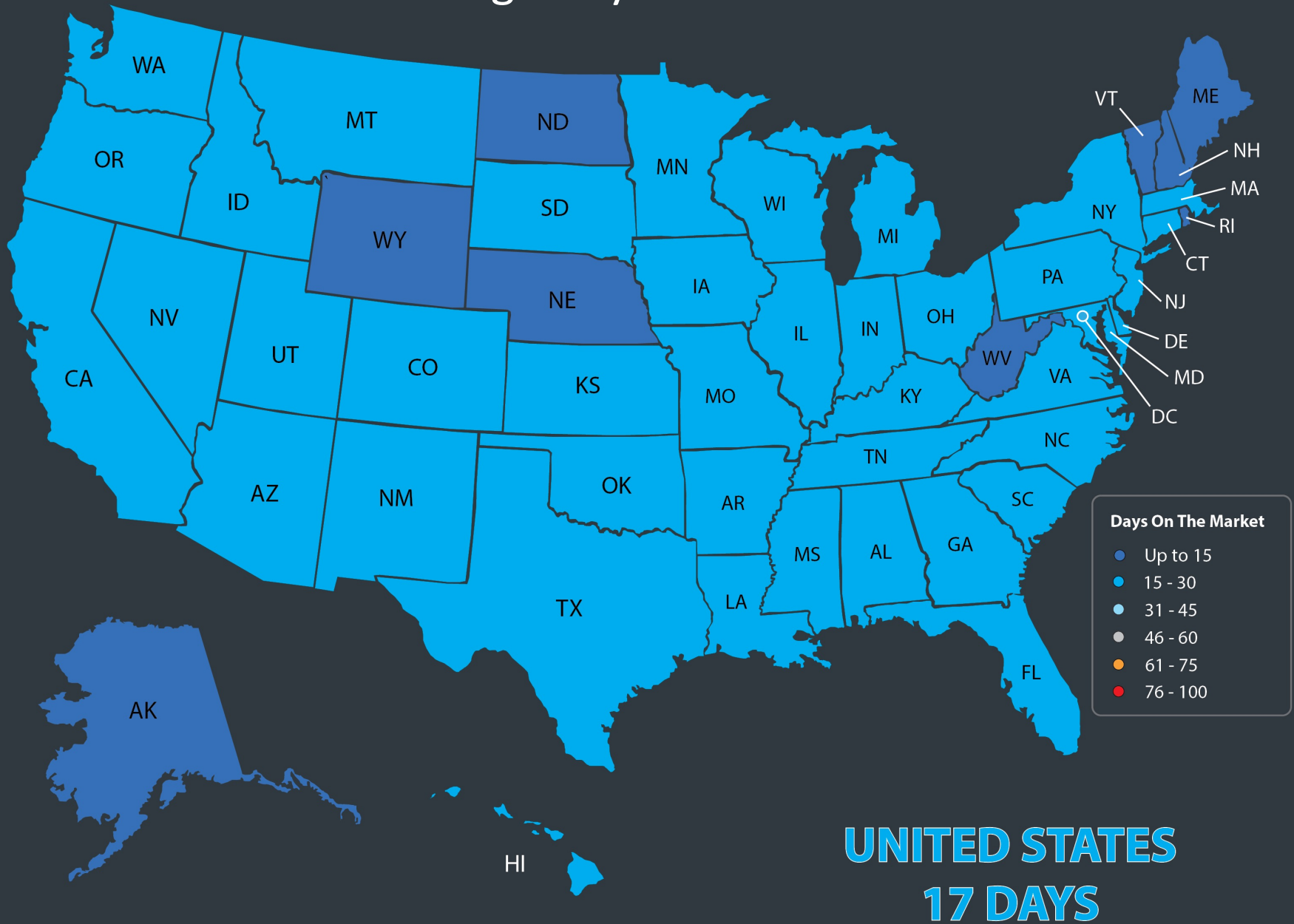
Resources

Slide	Slide Title	Link
69	Showing Activity	https://www.showingtime.com/blog/may-2021-showing-index-results/
72,73, 75,76	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/
74	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/ http://www.fanniemae.com/portal/research-insights/forecast.html https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://www.nar.realtor/research-and-statistics
78,79	Mortgage Credit Availability	https://www.mba.org/news-research-and-resources/newsroom https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index
80-84	Days To Close, FICO Scores, DTI	http://www.elliemae.com/resources/origination-insight-reports



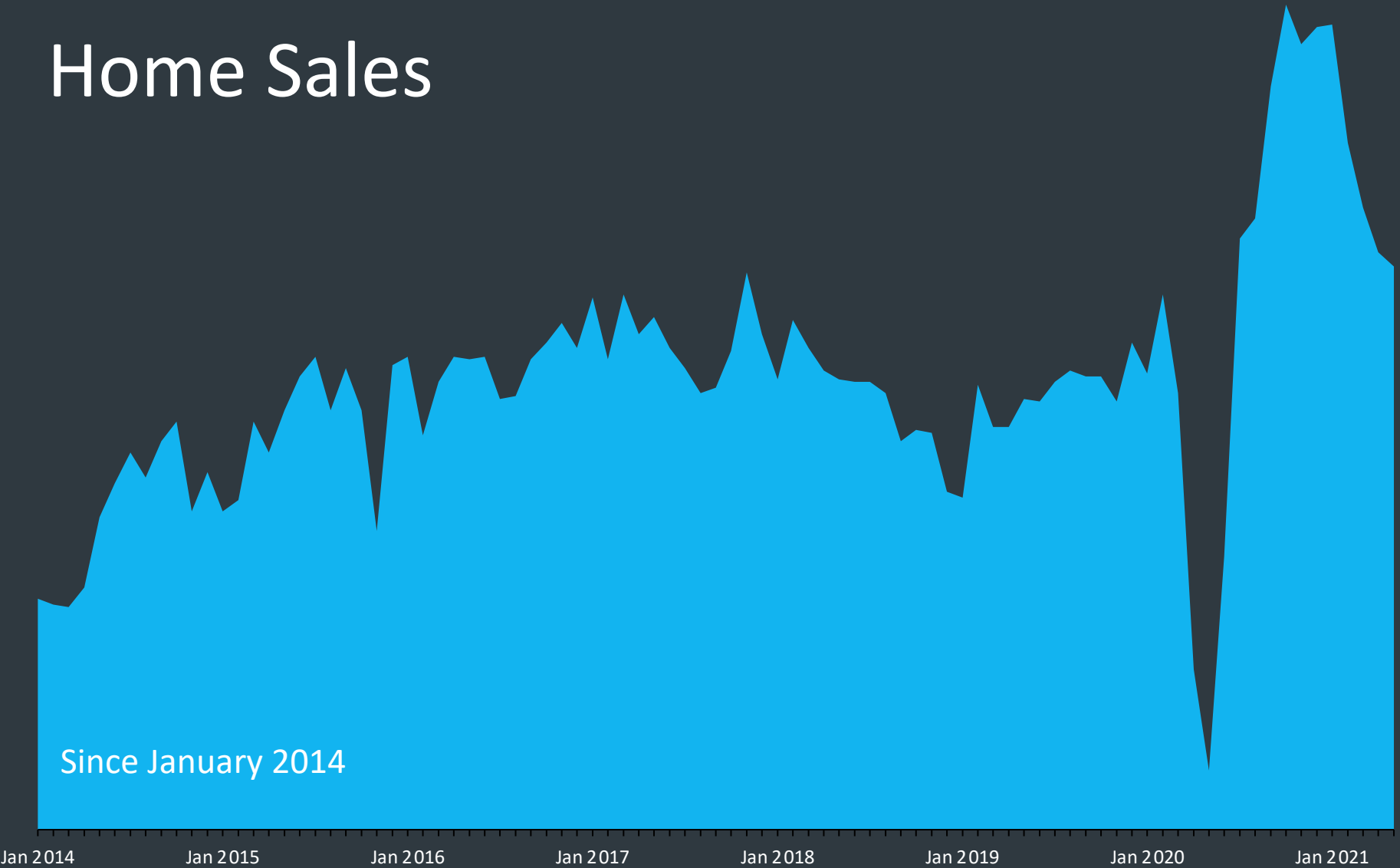
SALES

Average Days on the Market



EXISTING

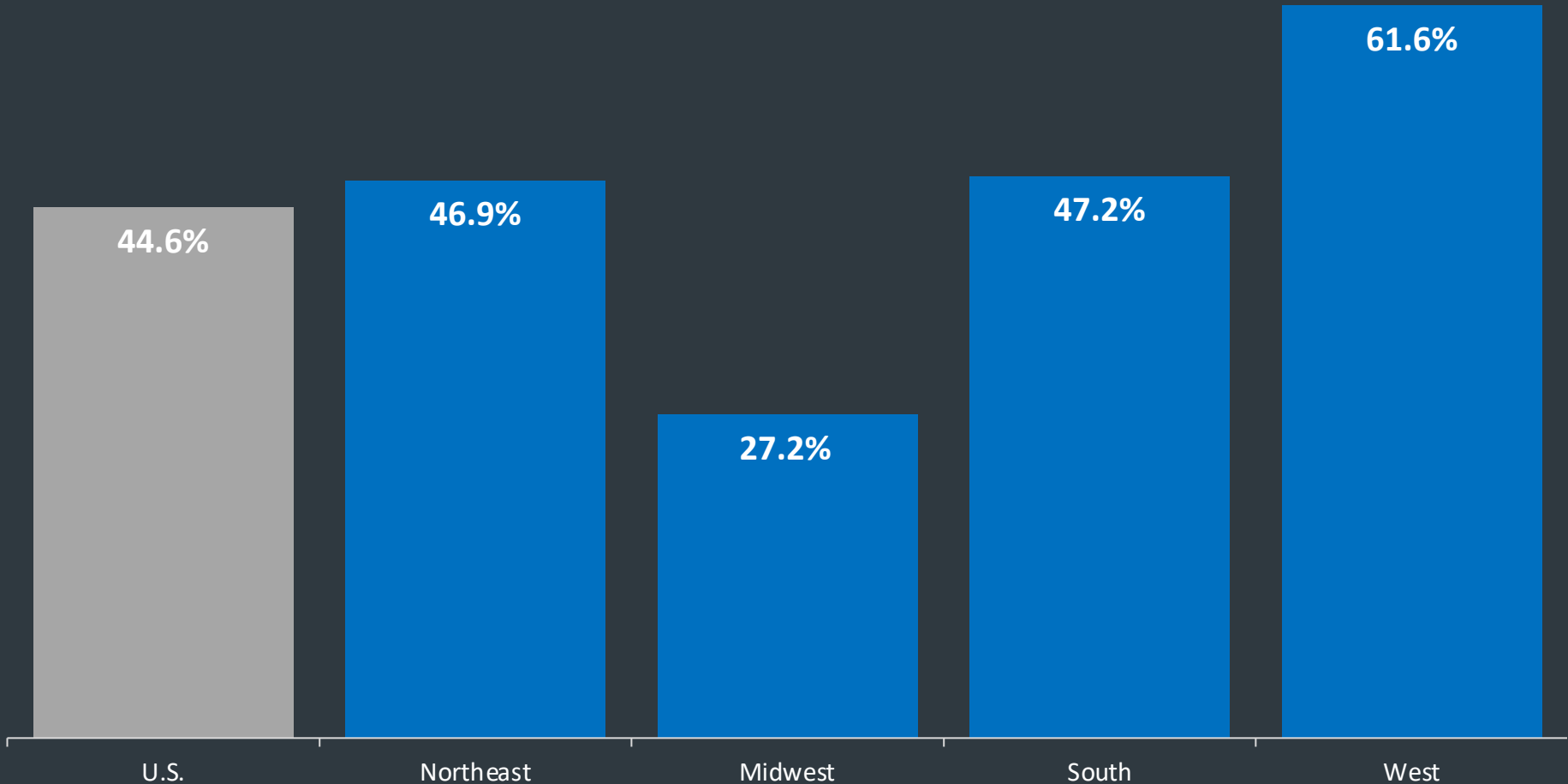
Home Sales



Since January 2014

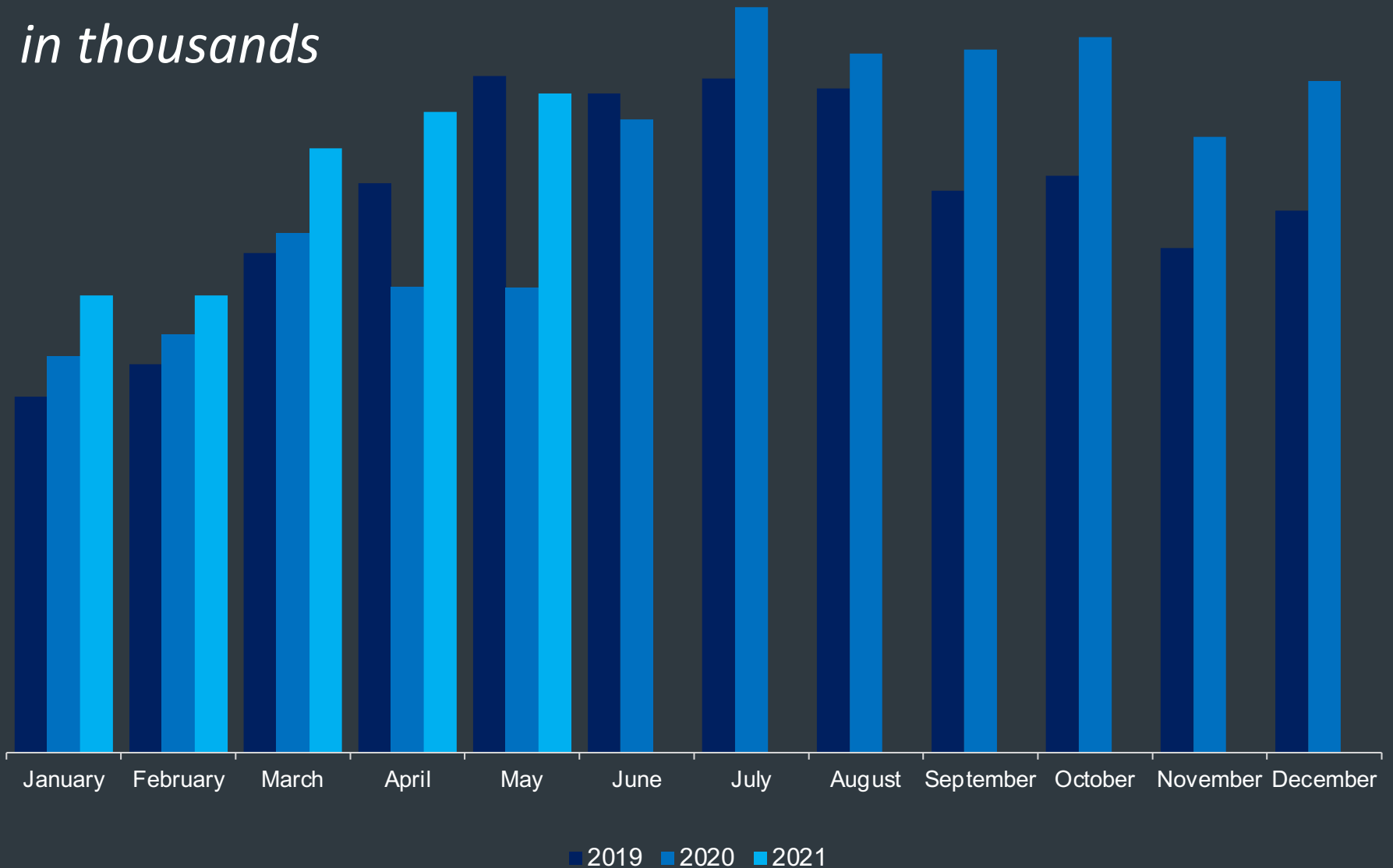
EXISTING Home Sales

Y-O-Y by region

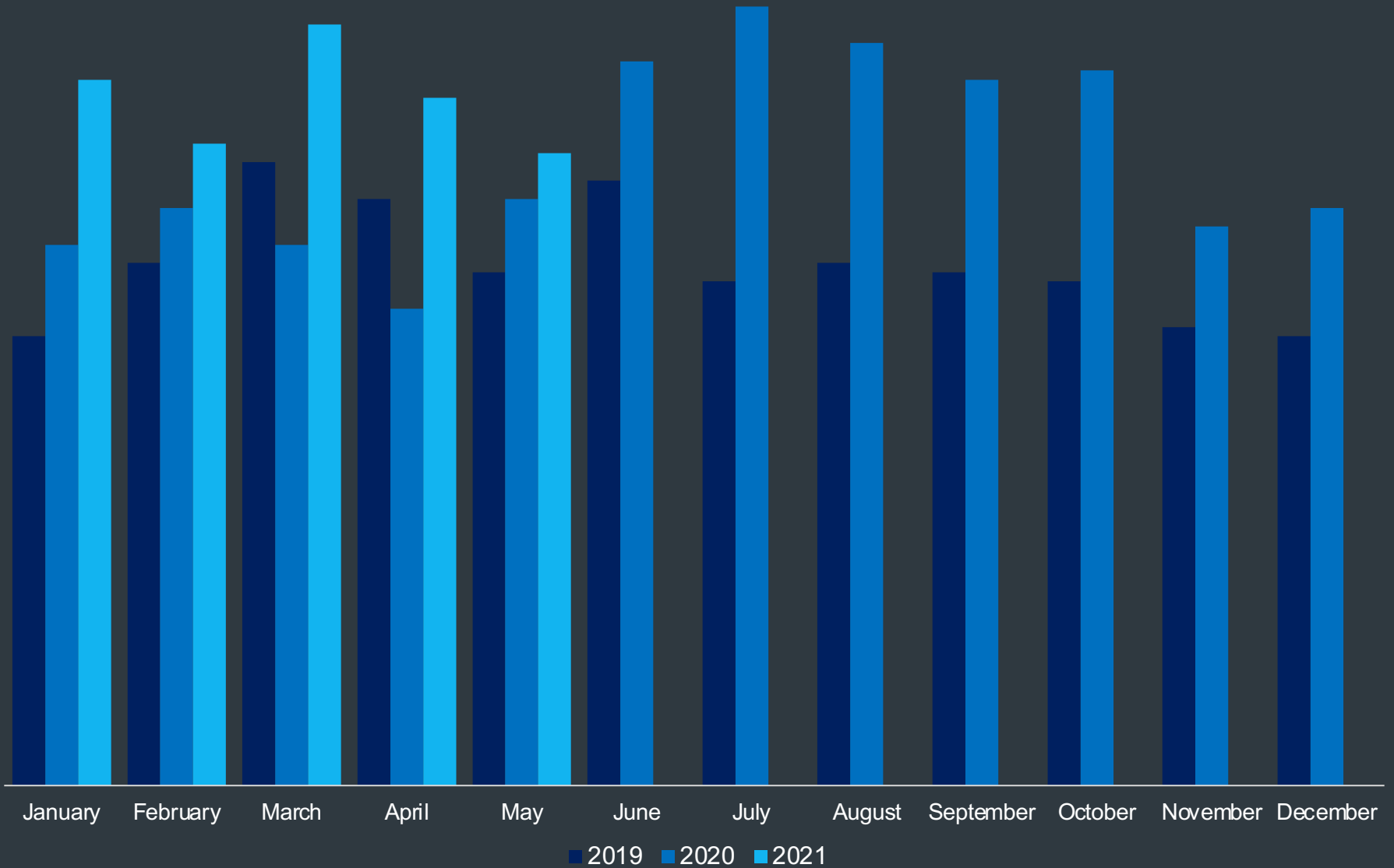


Existing Home Sales

in thousands

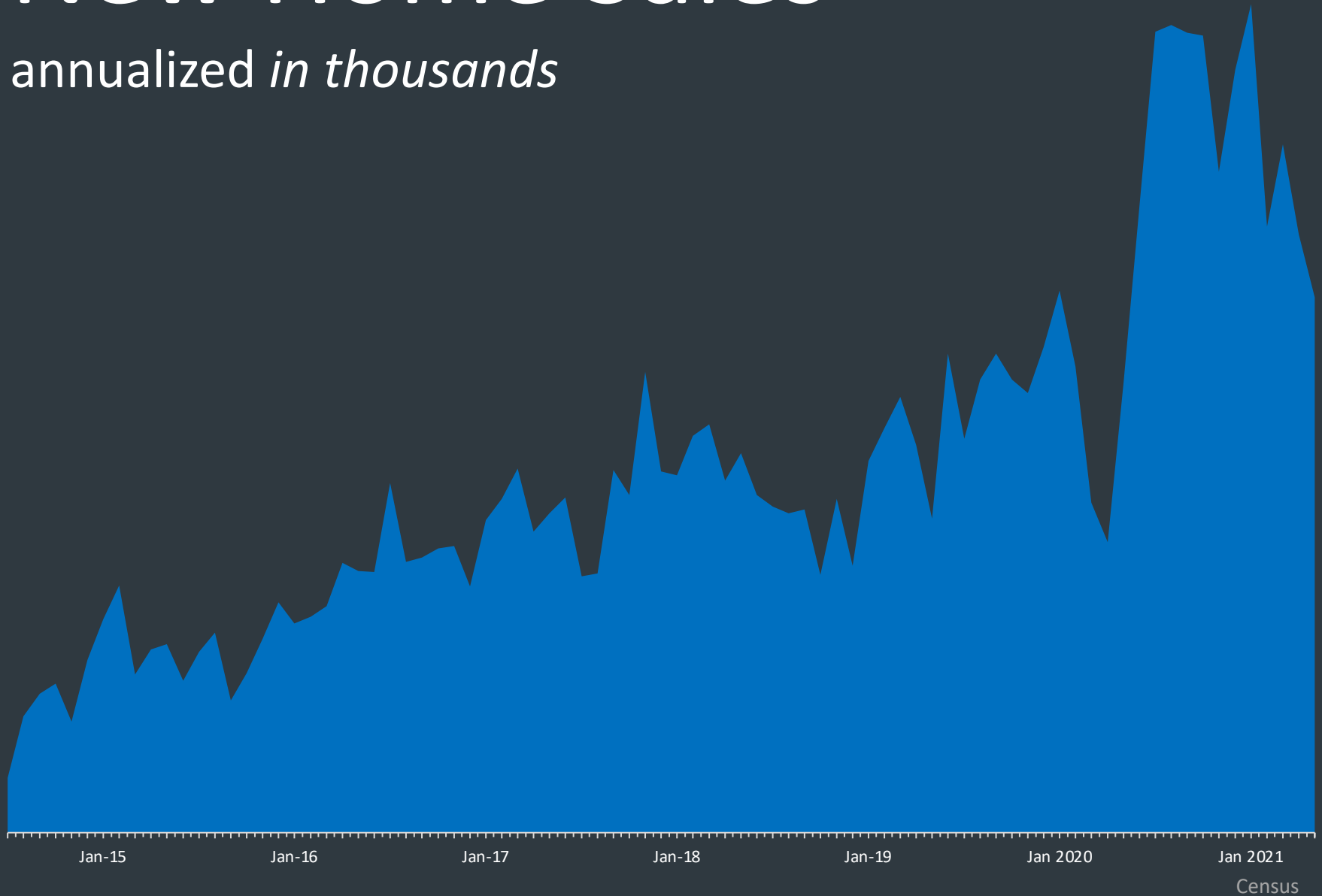


New Home Sales *in thousands*



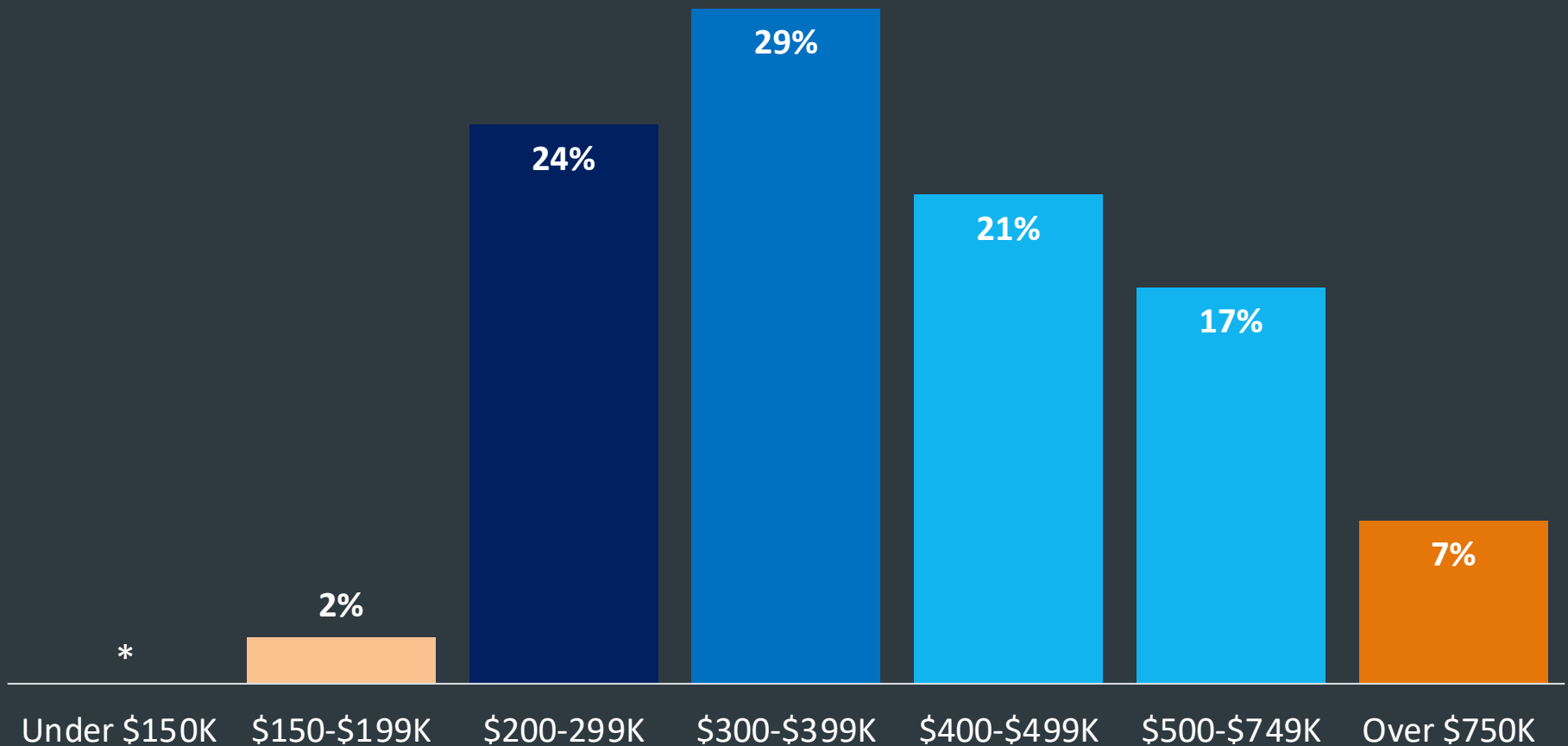
New Home Sales

annualized *in thousands*



New Home Sales

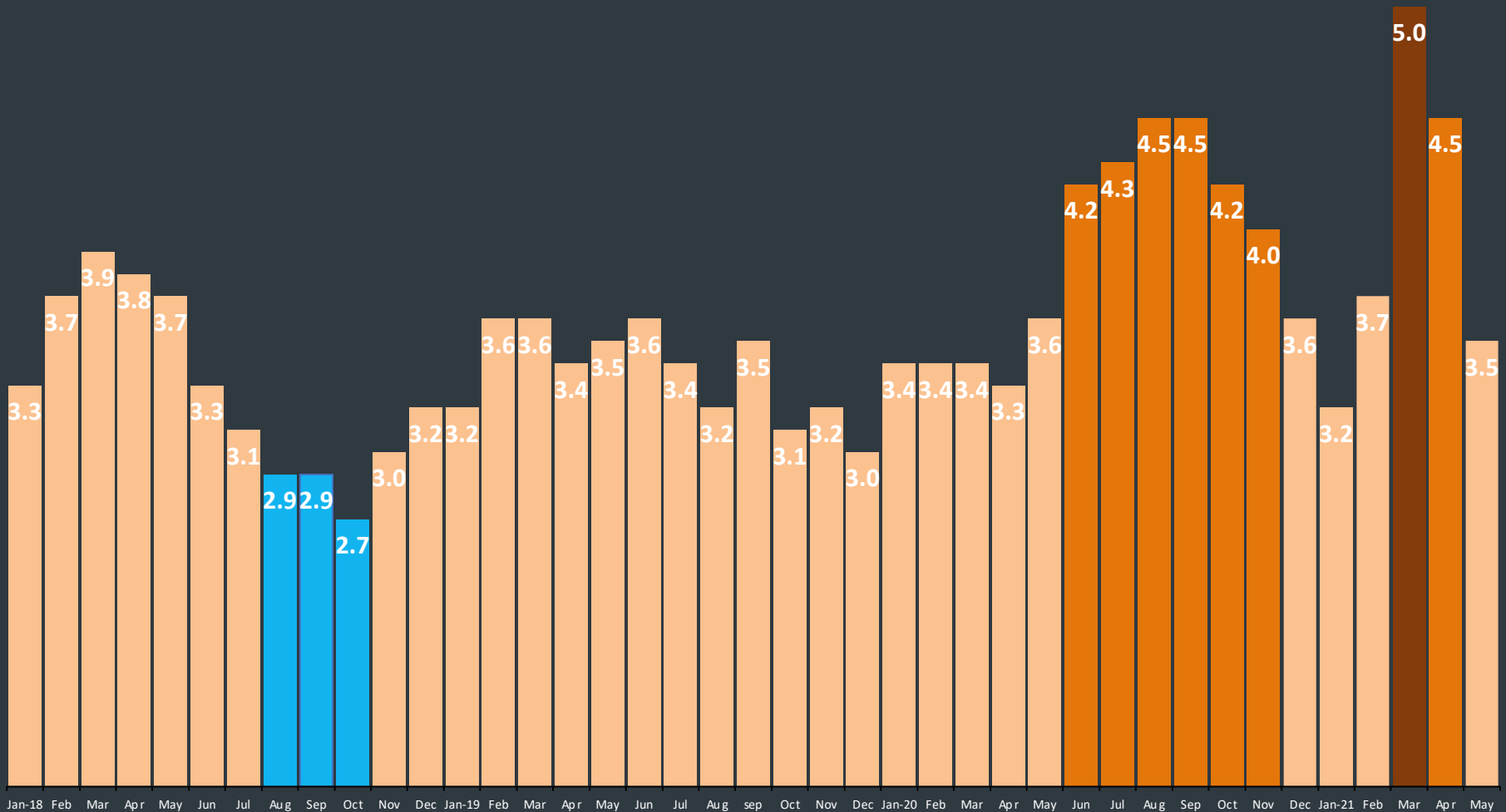
% of distribution by price range



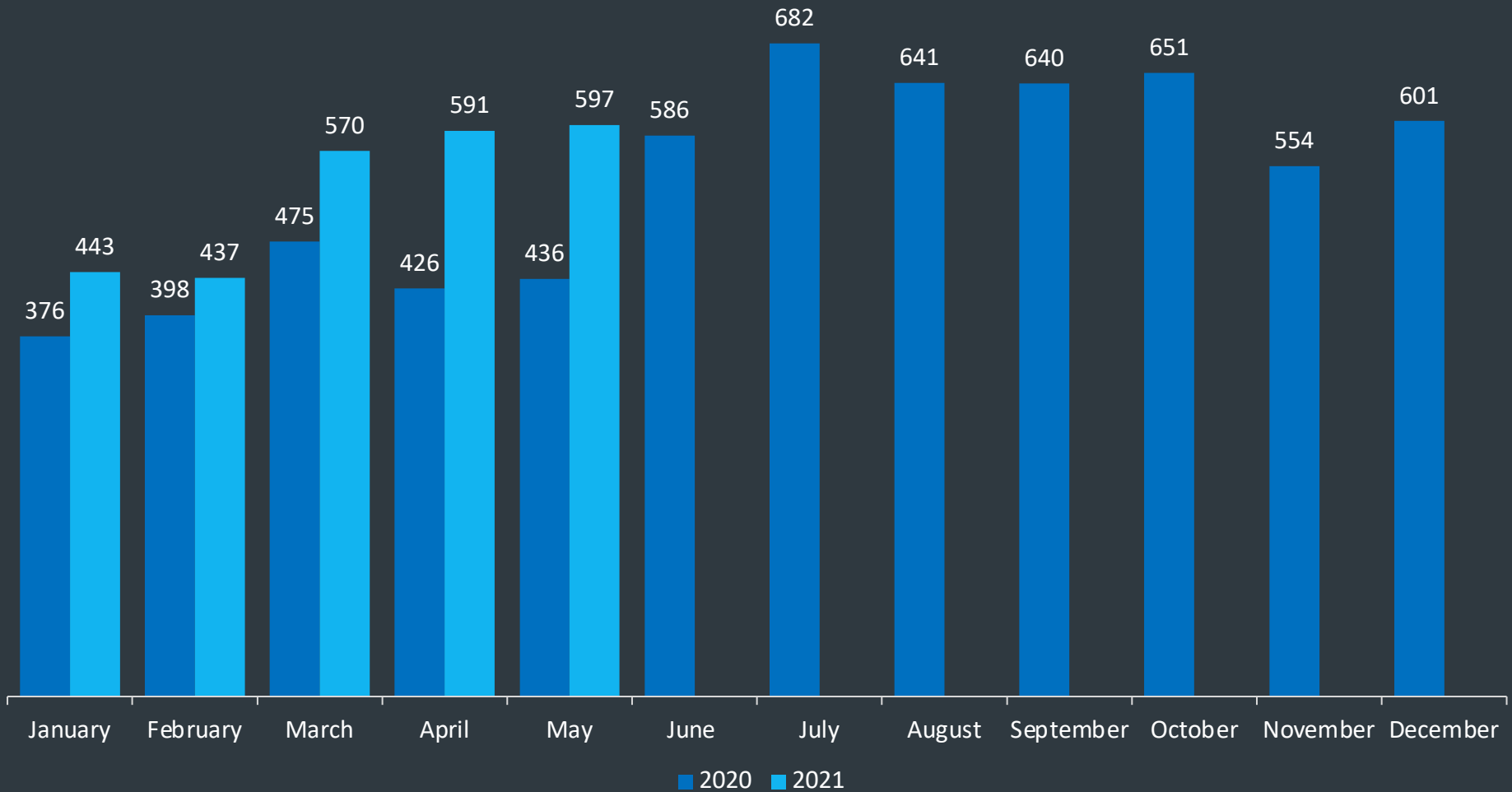
* Less than 500 units or less than 0.5 percent

New Homes Selling Fast

(median months from completion to sold)



Total Home Sales *in thousands*



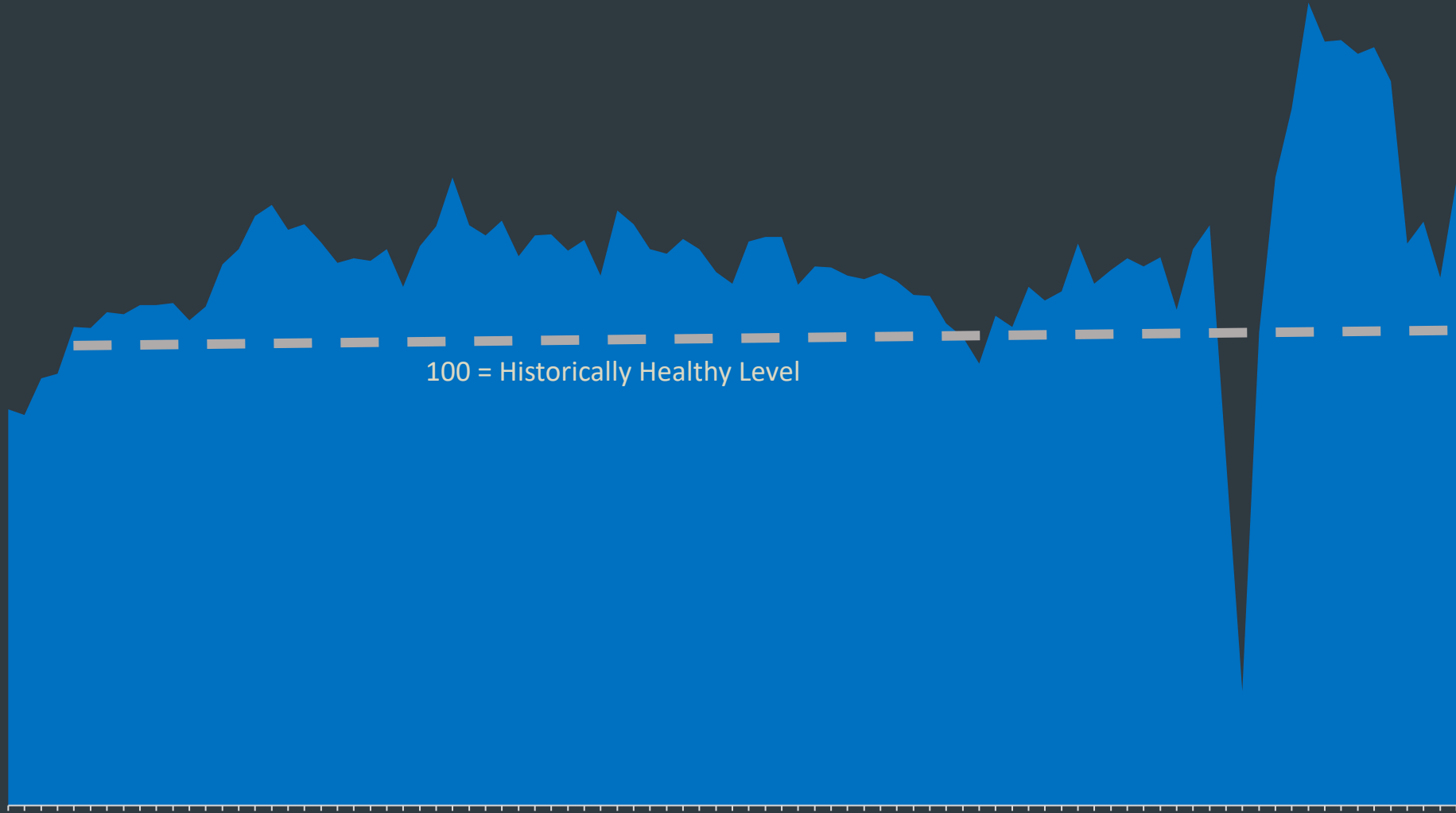
PENDING Home Sales

since 2014

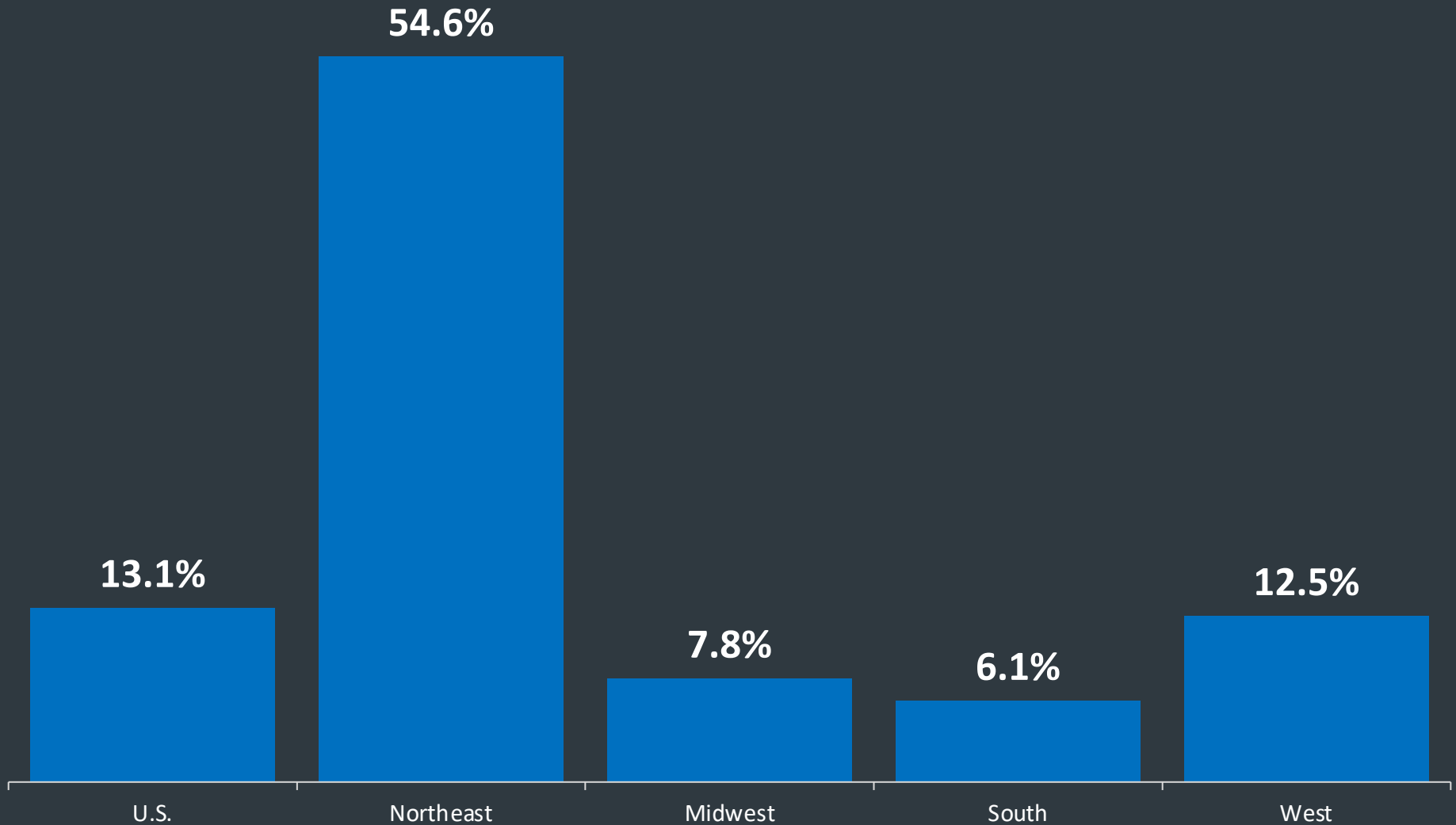
100 = Historically Healthy Level

January 2014 January 2015 January 2016 January 2017 January 2018 January 2019 January 2020 January 2021

NAR



Pending Home Sales *Year-Over-Year By Region*

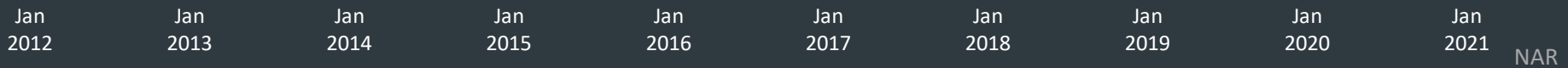


35%

Percentage of Distressed Property Sales

Distressed sales – foreclosures and short sales – represented less than 1% of sales in May.

January 2012 - Today

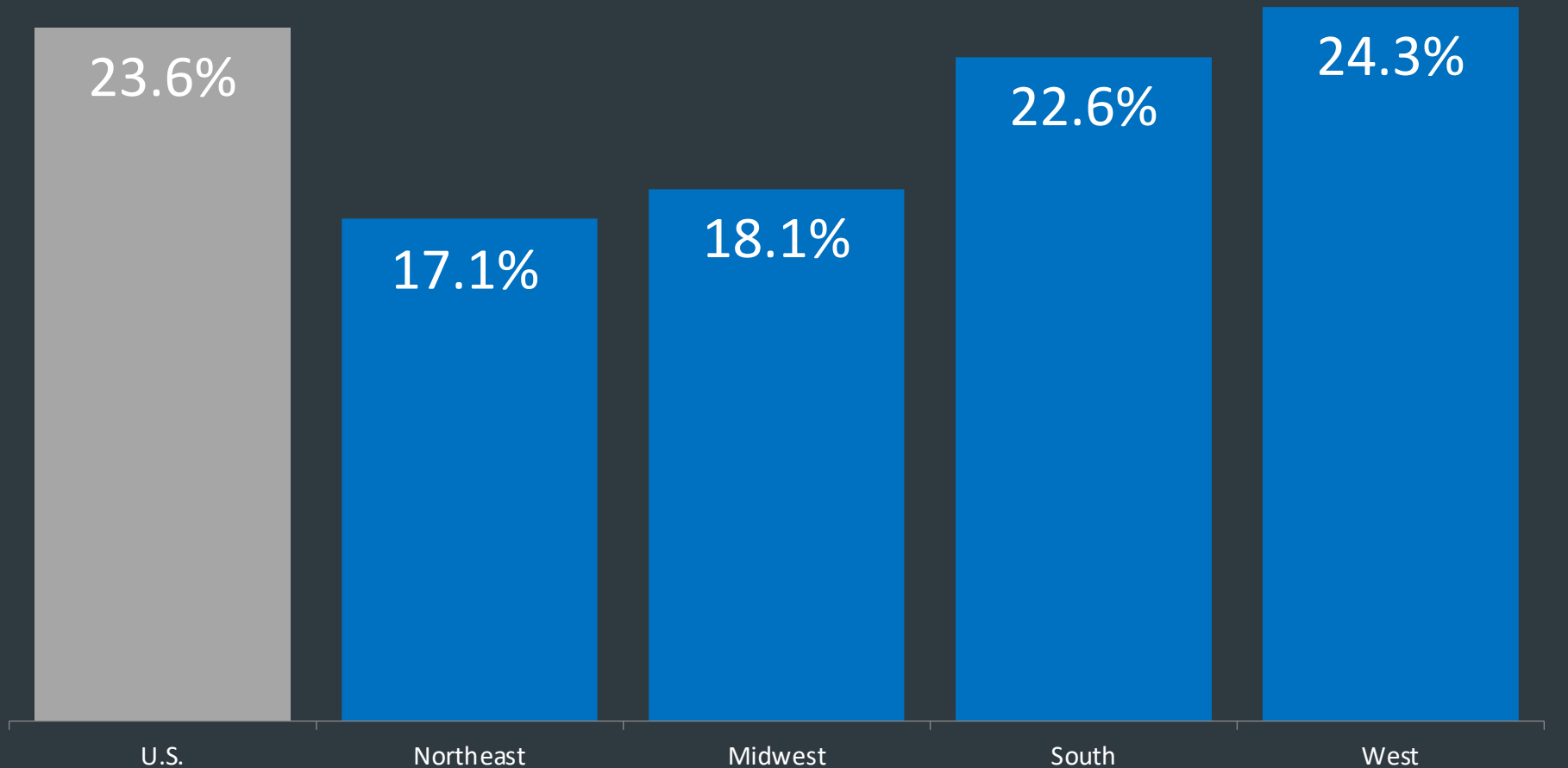


A black and white image of a puzzle where the pieces form a US dollar bill. The portrait of Benjamin Franklin is visible. Two red puzzle pieces are missing, one from the left side and one from the bottom center. A semi-transparent black box with white text is overlaid on the right side.

Home Prices

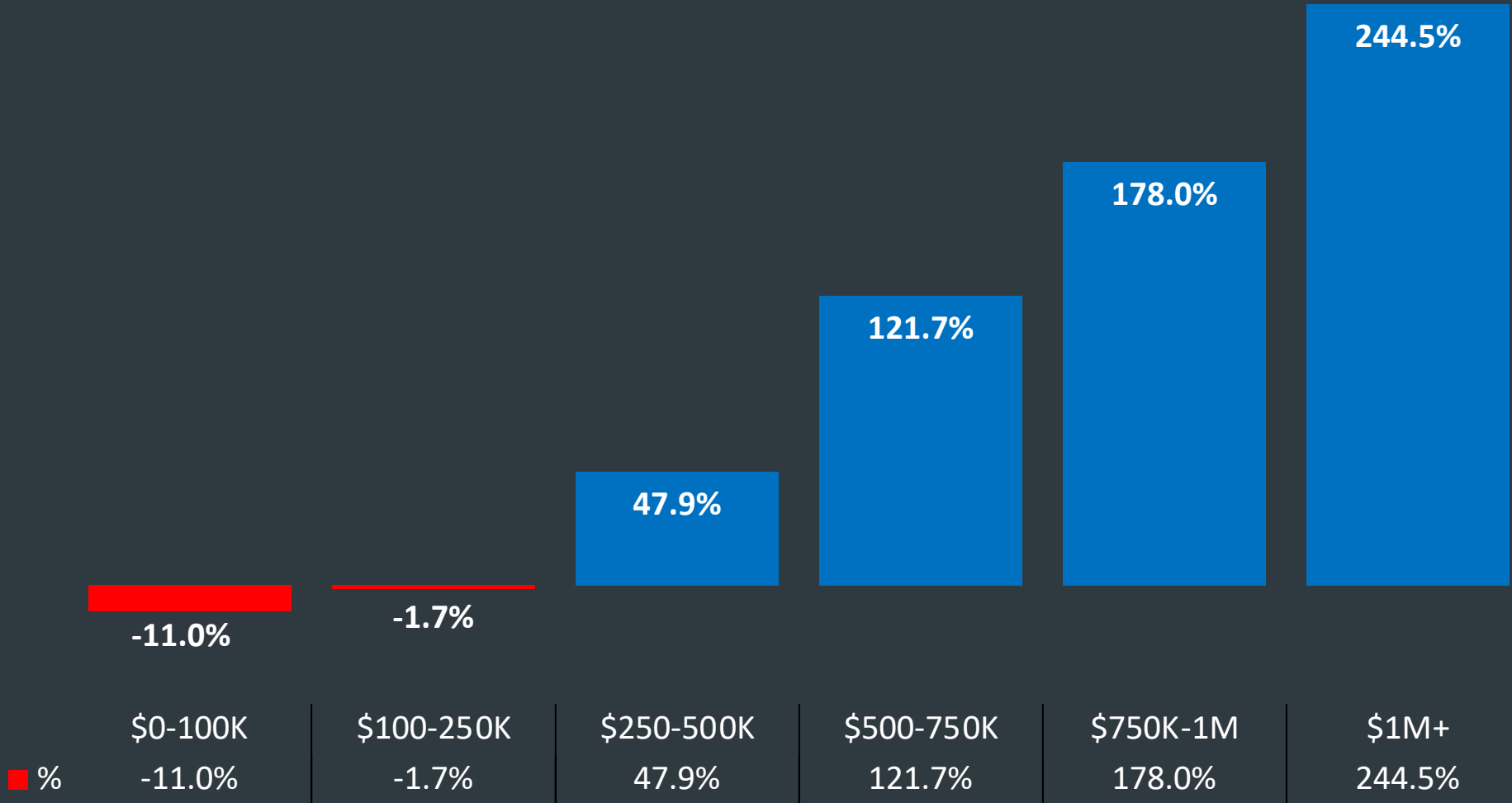
EXISTING Home Prices

Y-O-Y by region



% Change in Sales

from last year by Price Range



Case Shiller

Year-Over-Year

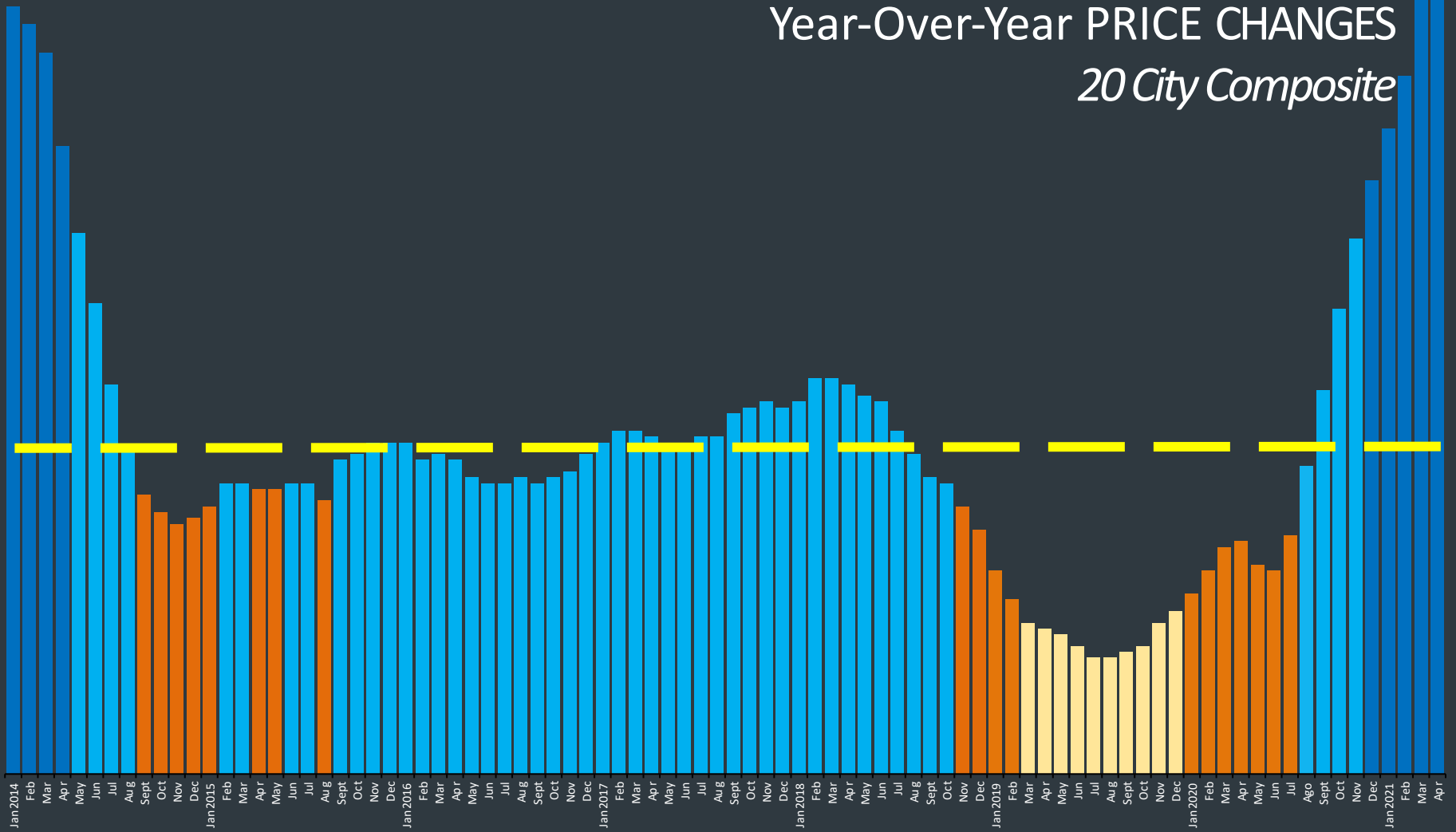
PRICE
CHANGES



Case Shiller

Year-Over-Year PRICE CHANGES

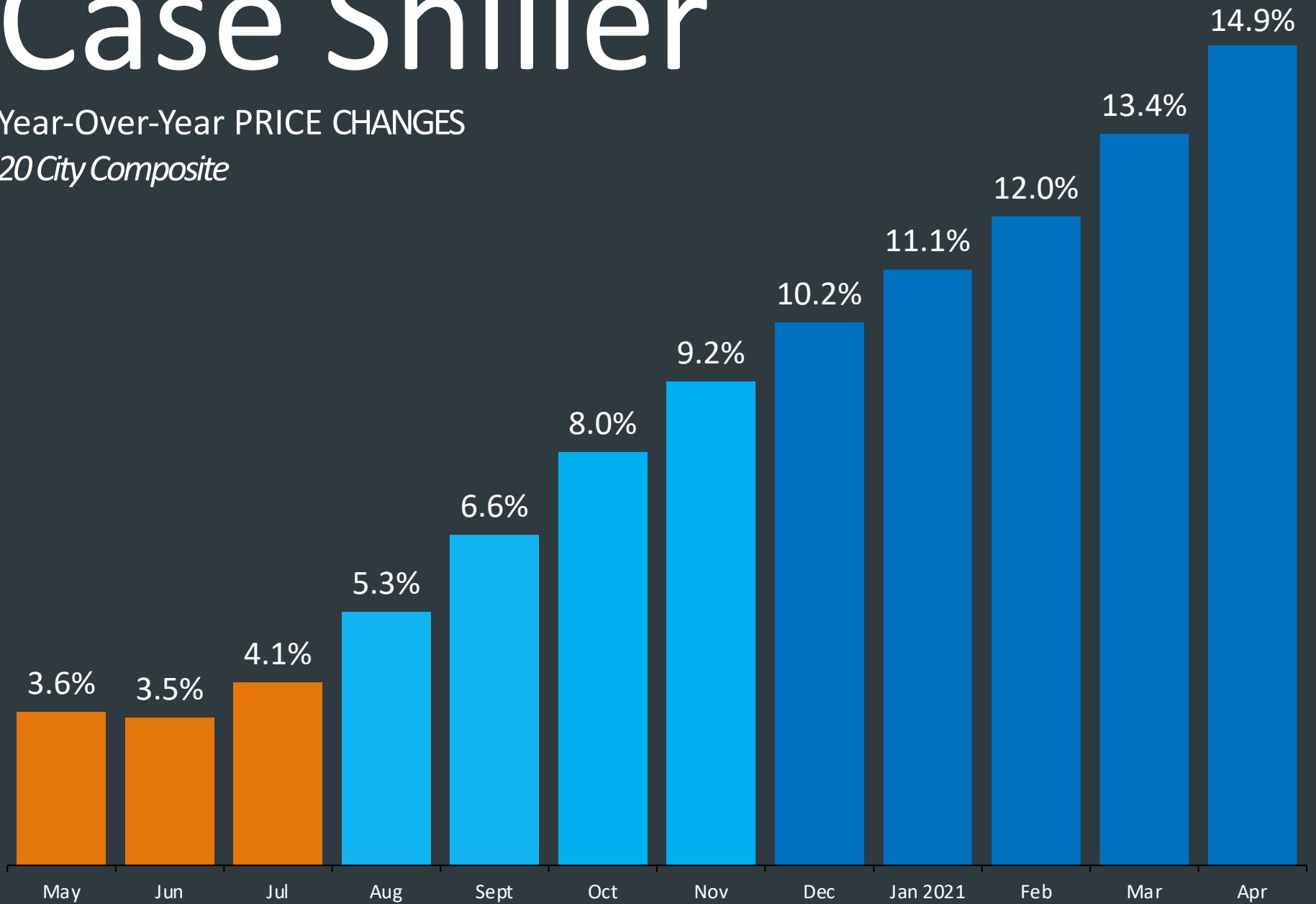
20 City Composite



Case Shiller

Year-Over-Year PRICE CHANGES

20 City Composite



Year-Over-Year % Change in Price

15.4%

3.4%

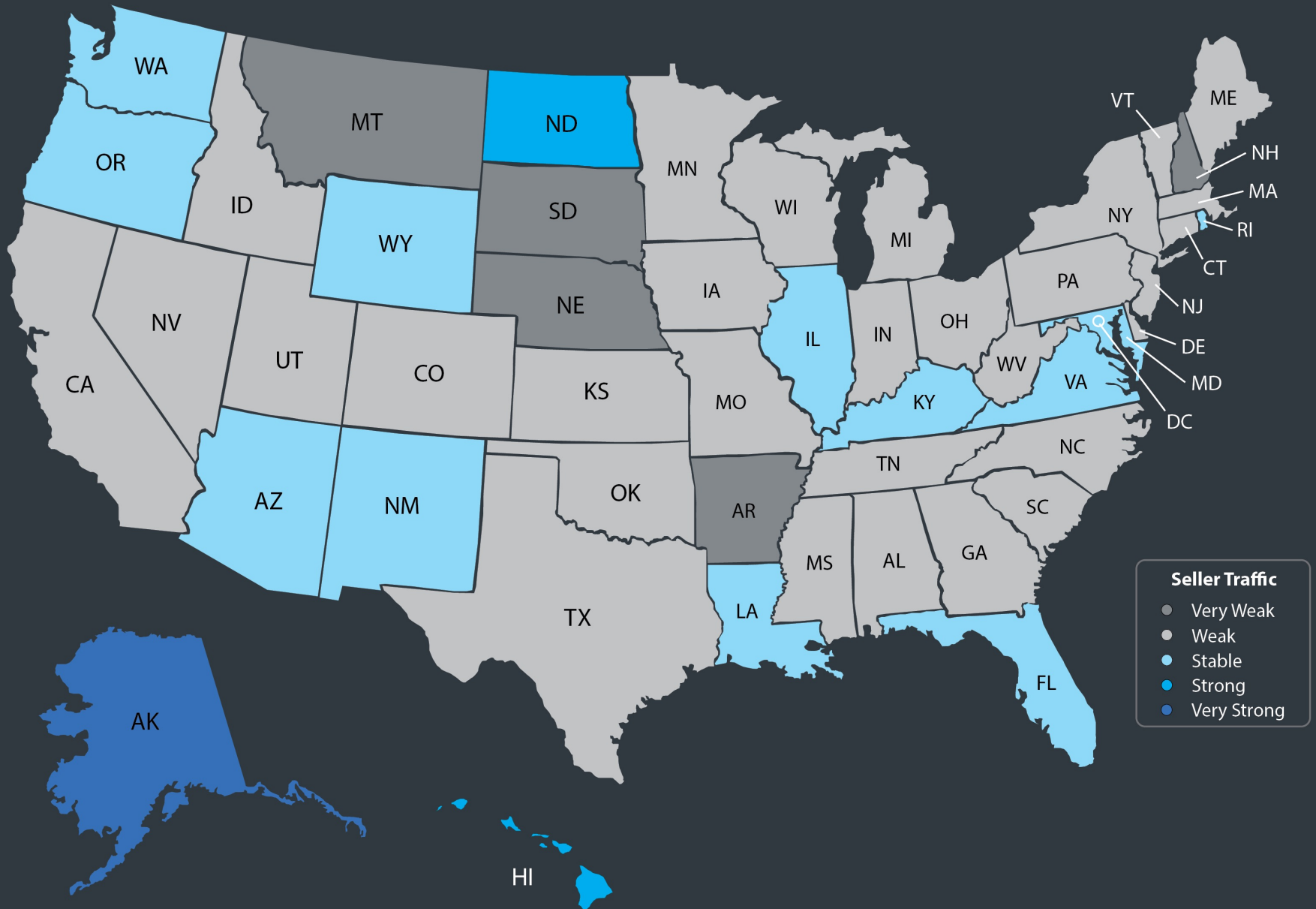
■ Current

■ Forecast

HOUSING INVENTORY



Seller Traffic Index



Seller Traffic

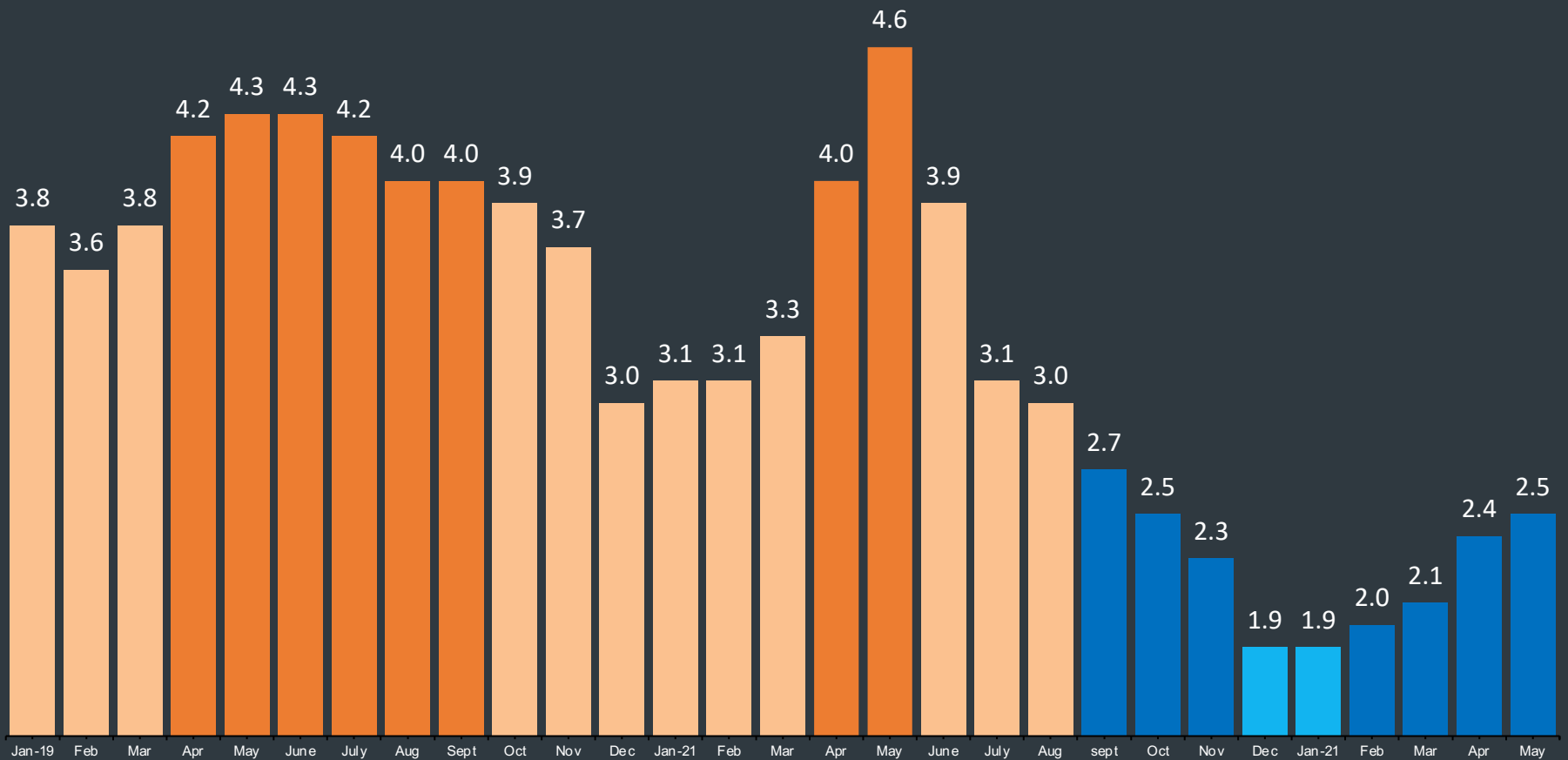
- Very Weak
- Weak
- Stable
- Strong
- Very Strong

Months Inventory of HOMES FOR SALE 2011 - Today



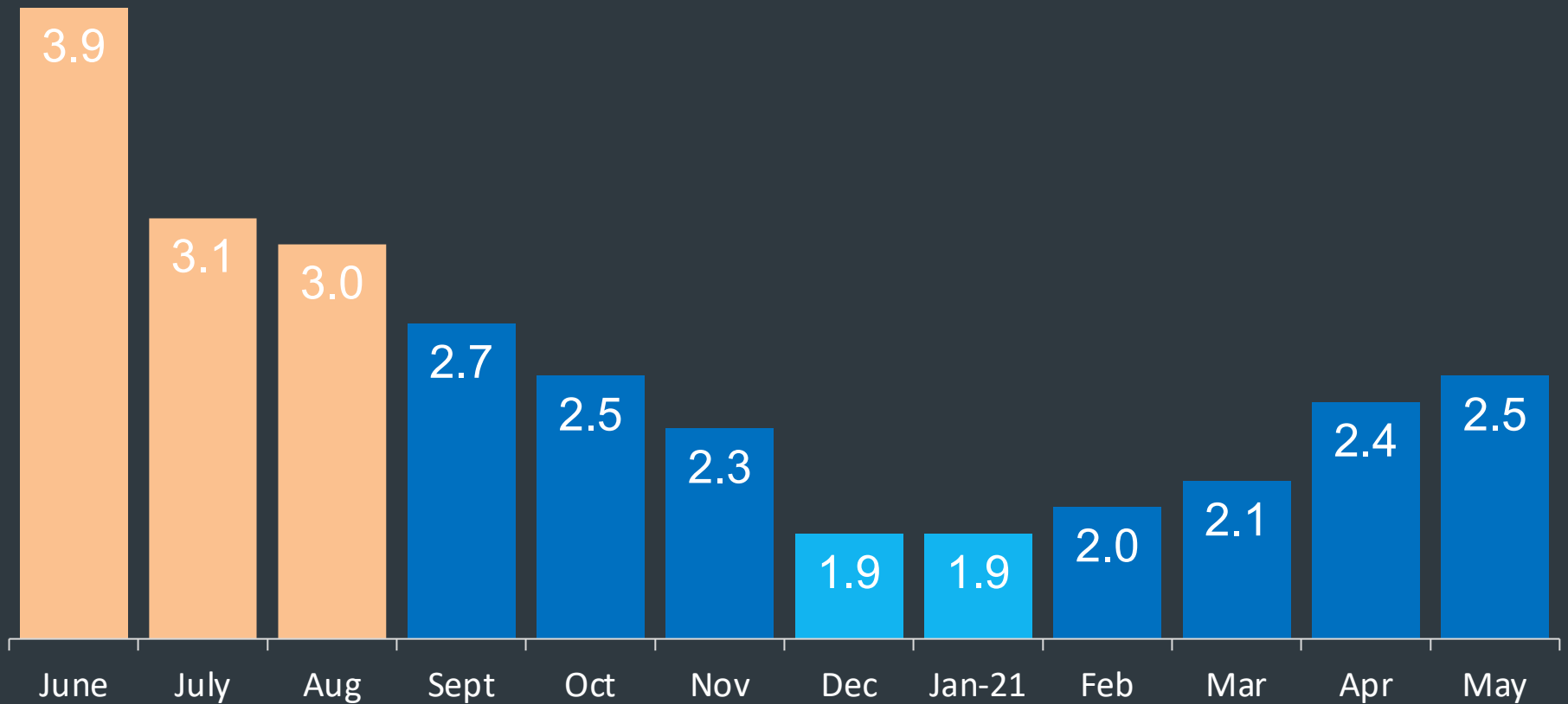
Months Inventory of HOMES FOR SALE

last 2 years



Months Inventory of HOMES FOR SALE

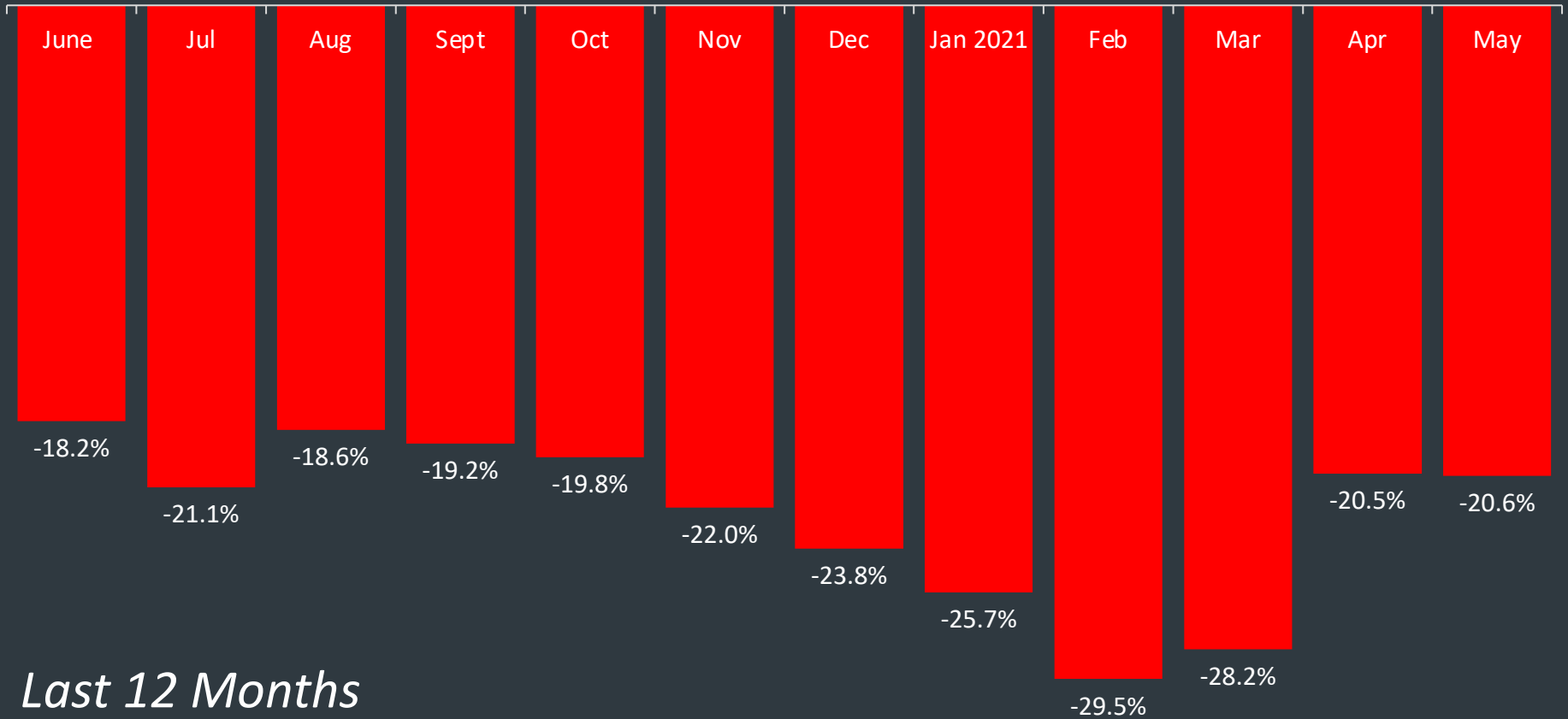
Last 12 Months





HOUSING SUPPLY

Year-Over-Year



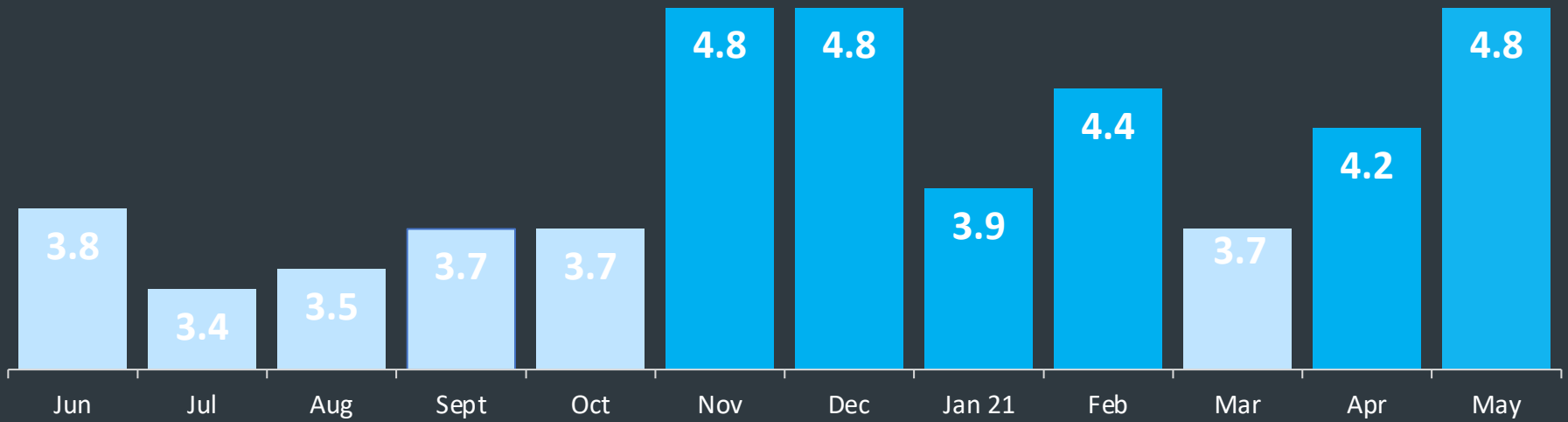
Last 12 Months

New Home Inventory

months supply

Not seasonally adjusted

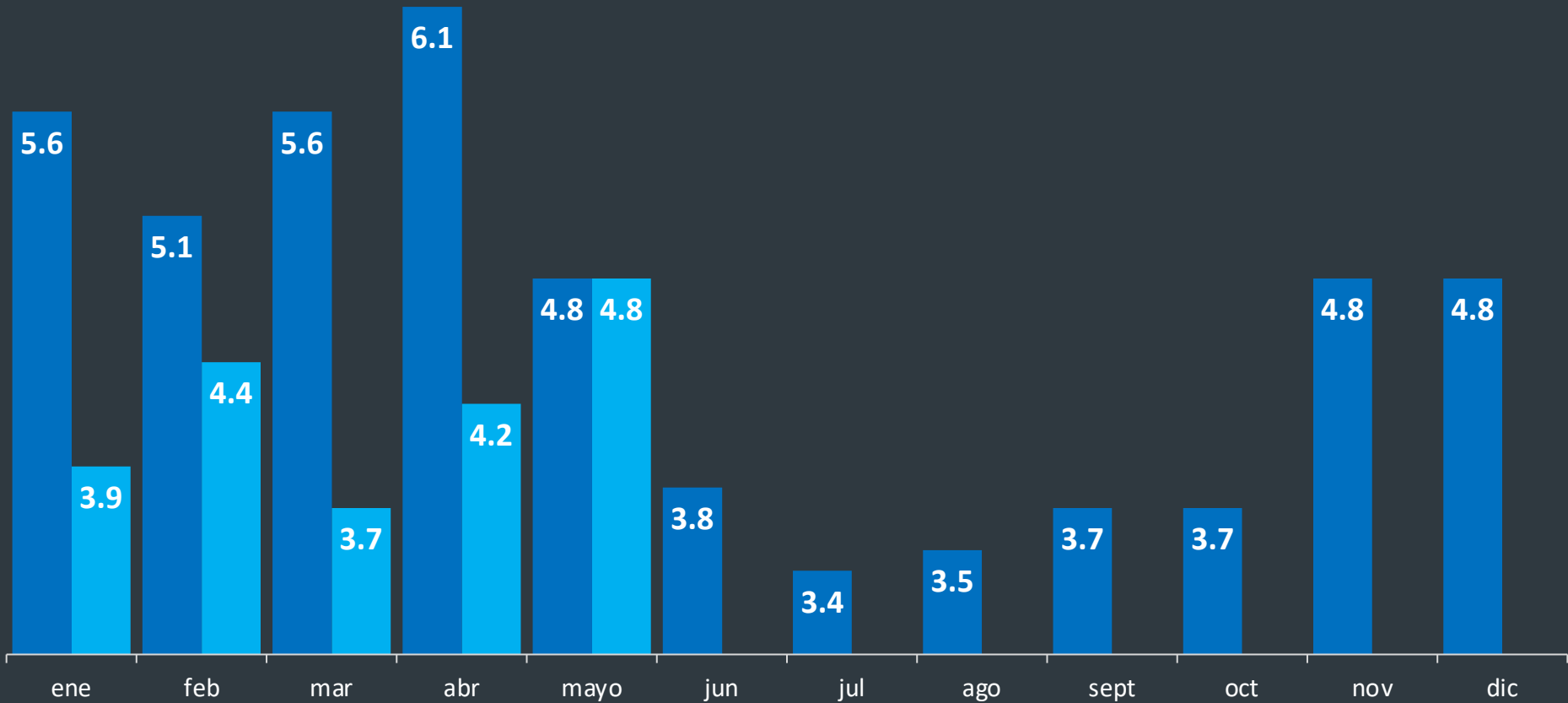
Last 12 Months



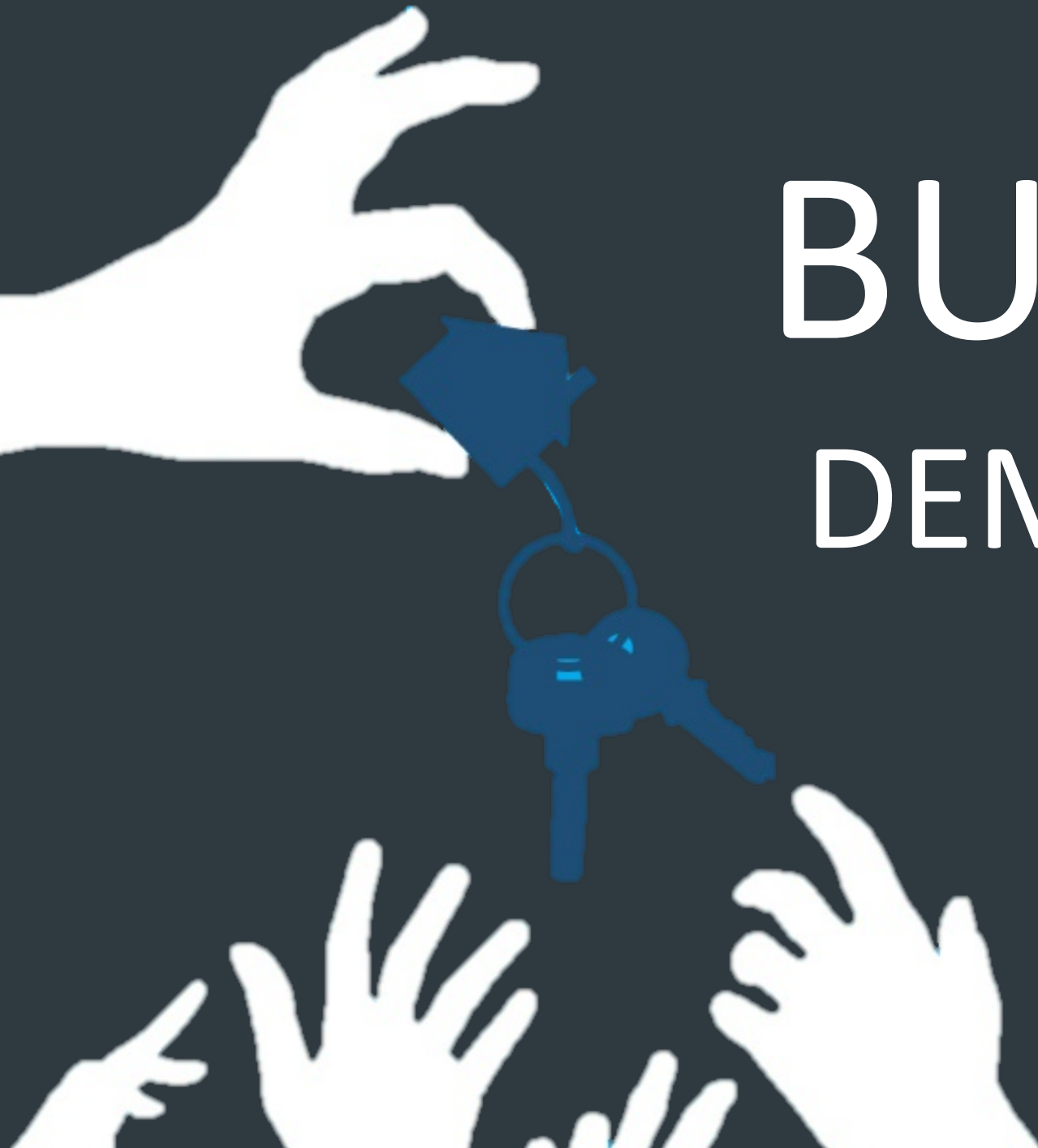
New Home Inventory

months supply

■ 2020 ■ 2021



BUYER DEMAND

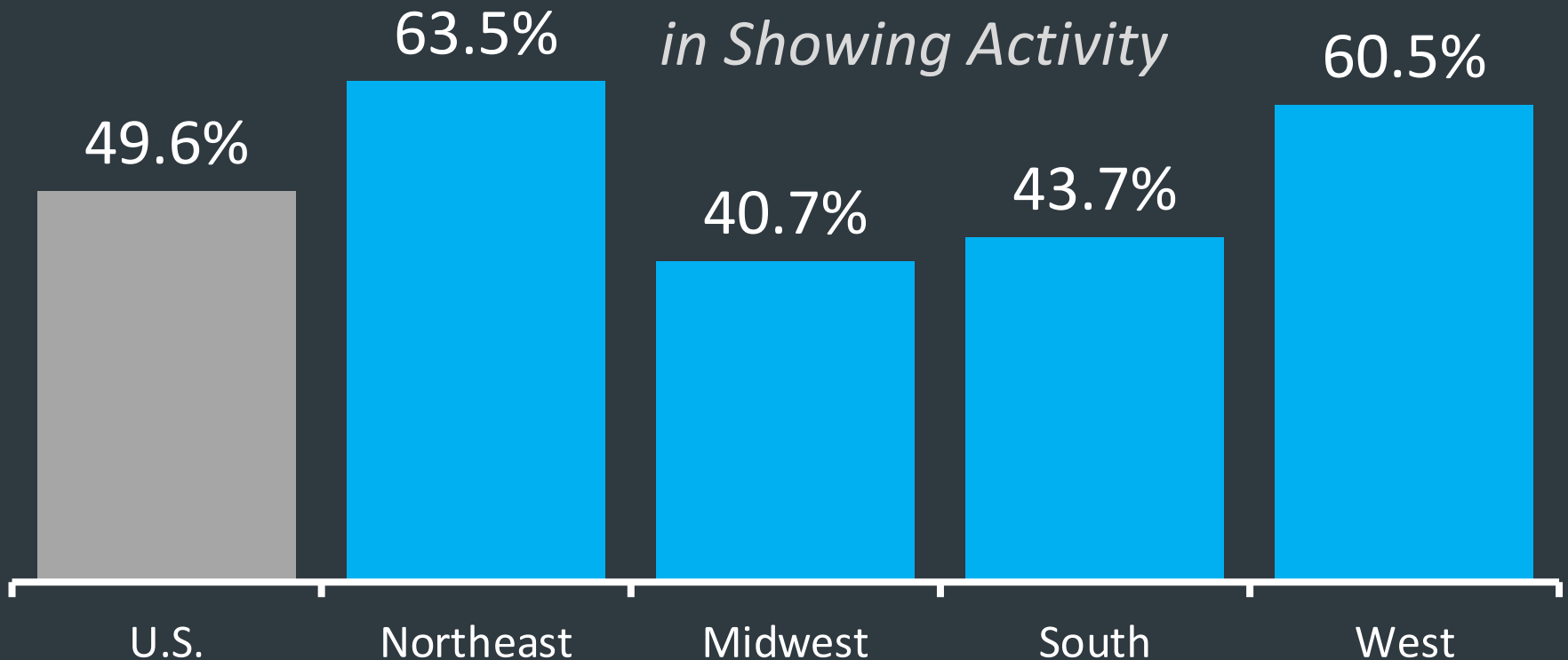


“Although May's buyer traffic declined compared to April, it remains elevated from the same time last year.

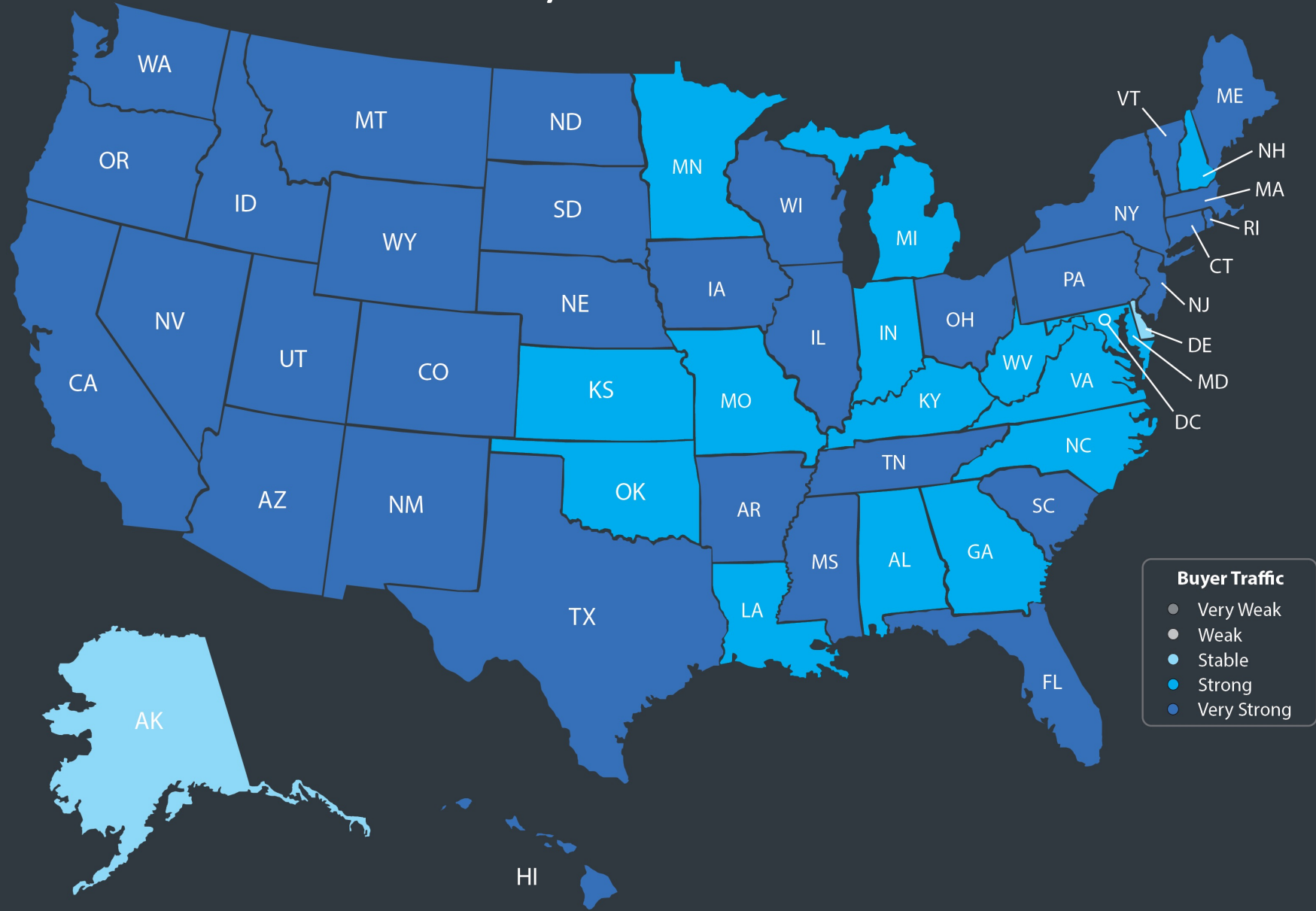
Of the 30 busiest markets for showings across the U.S., 28 recorded month-over-month declines from April. The exceptions were Orlando, Fla., and Raleigh, N.C., which were unchanged. Jackson, Tenn., bucked the trend, recording an 11 percent increase in the average number of showings per listing.

May's ebb in traffic suggests the U.S. residential real estate market is adjusting and stabilizing, as inventory levels begin to rise again.” - *ShowingTime*

Year-Over-Year Increase in Showing Activity



Buyer Traffic Index



INTEREST RATES



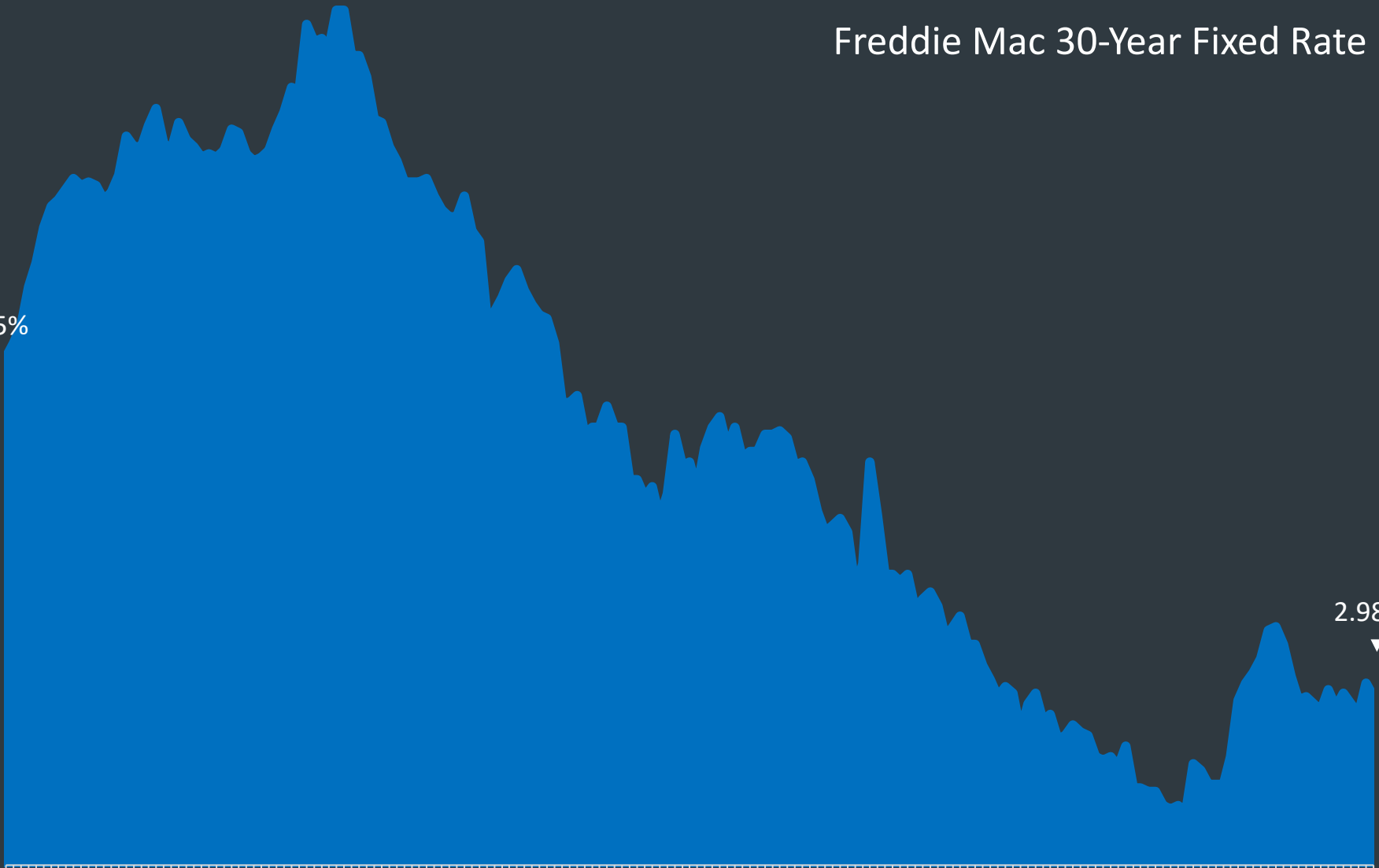
Mortgage Rates

Freddie Mac 30-Year Fixed Rate

3.95%

2.98%

1/4 2/1 3/1 4/5 5/3 6/7 7/5 8/2 9/6 10/4 11/1 12/6 1/3 1/31 3/7 4/4 5/2 6/6 7/3 8/1 9/5 10/3 11/7 12/5 1/2 2/6 3/5 4/2 5/7 6/4 7/2 8/6 9/3 10/1 11/5 12/3 1/7 2/4 3/4 4/1 5/6 6/3 7/1



30-Year Fixed

Rate Mortgages
from Freddie Mac

3.97%

1/7/16 2/4 3/3 4/7 5/5 6/2 7/7 8/4 9/1 10/6 11/3 12/1 1/5/2017 2/2 3/2 3/30 4/27 5/25 6/22 7/20 8/17 9/14 10/12 11/9 12/7 1/4/2018 2/1 3/1 4/5 5/4 6/7 7/5 8/2 9/6 10/4 11/1 12/6 1/3/2019 1/31 3/7 4/4 5/2 6/6 7/3 8/1 9/5 10/3 11/7 12/5 1/2/2020 2/6 3/5 4/2 5/7 6/4 7/2 8/6 9/3 10/1 11/5 12/3 1/7/2021 2/4 3/4 4/1 5/6 6/3 7/1

2.98%



Mortgage Rate Projections

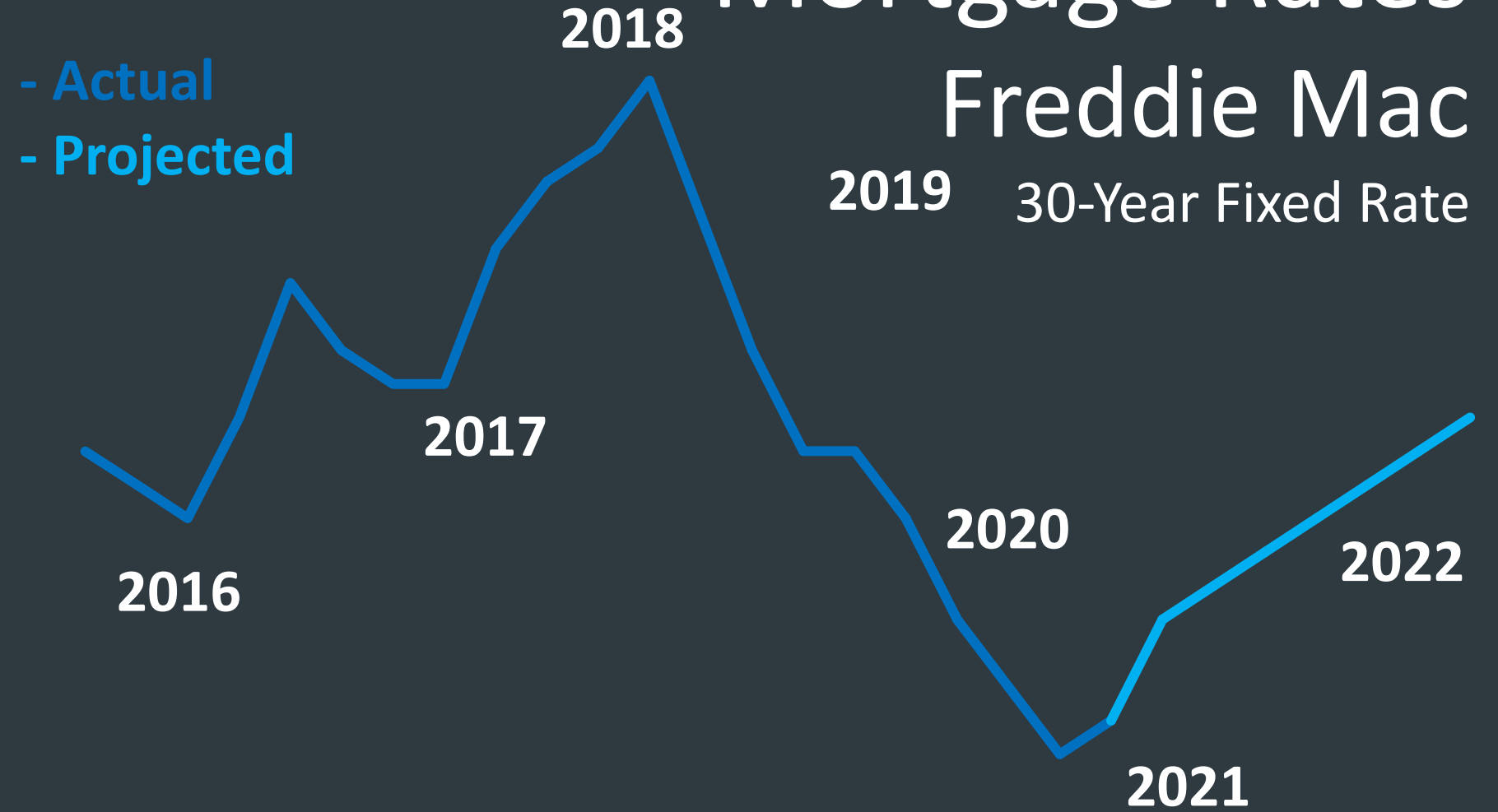
Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 3Q	3.3	3.0	3.2	3.2	3.17%
2021 4Q	3.4	3.2	3.5	3.4	3.37%
2022 1Q	3.5	3.2	3.7	3.5	3.47%
2022 2Q	3.6	3.3	3.9	3.5	3.57%

Mortgage Rates

Freddie Mac

2019 30-Year Fixed Rate

- Actual
- Projected



	2016	2016	2016	2016	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Rate	3.7	3.6	3.5	3.8	4.2	4.0	3.9	3.9	4.3	4.5	4.6	4.8	4.4	4	3.7	3.7	3.5	3.2	3.0	2.8	2.9	3.2	3.3	3.4	3.5	3.6	3.7	3.8

Mortgage Rates

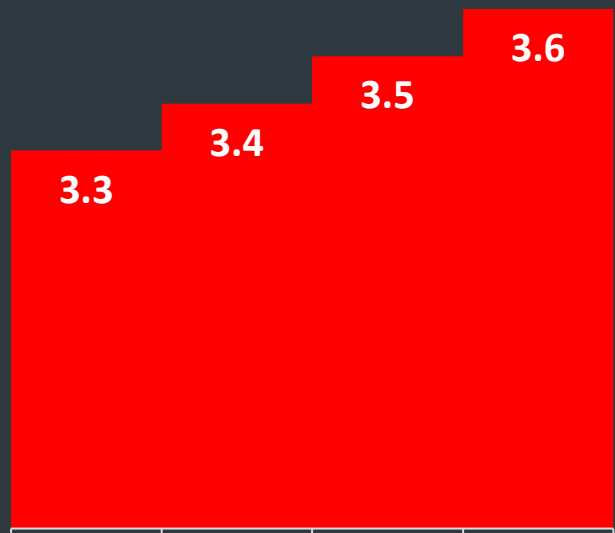
Freddie Mac

30-Year Fixed Rate

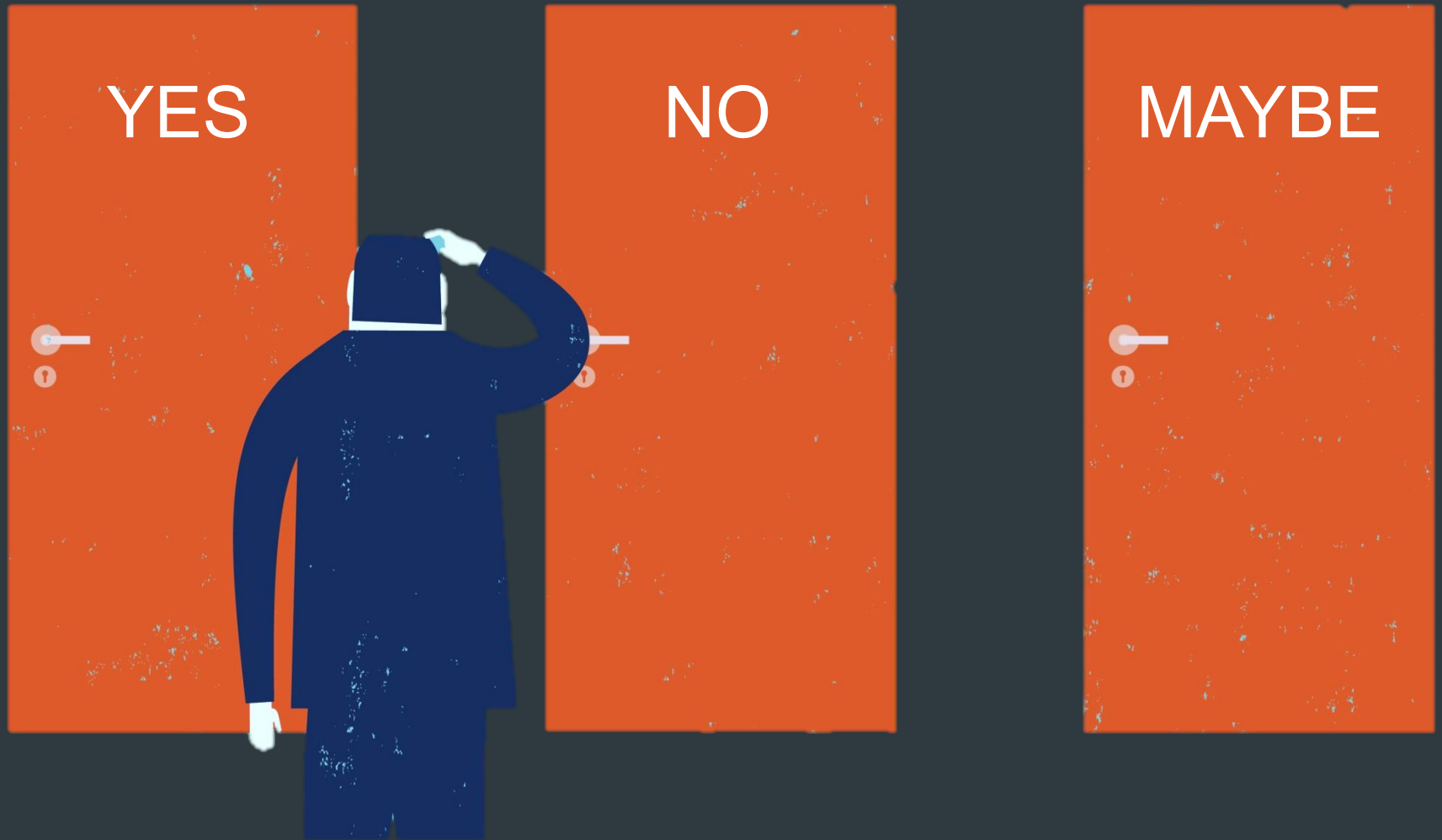
Where Are They Going?

January 2018 – Today
Actual Interest Rates

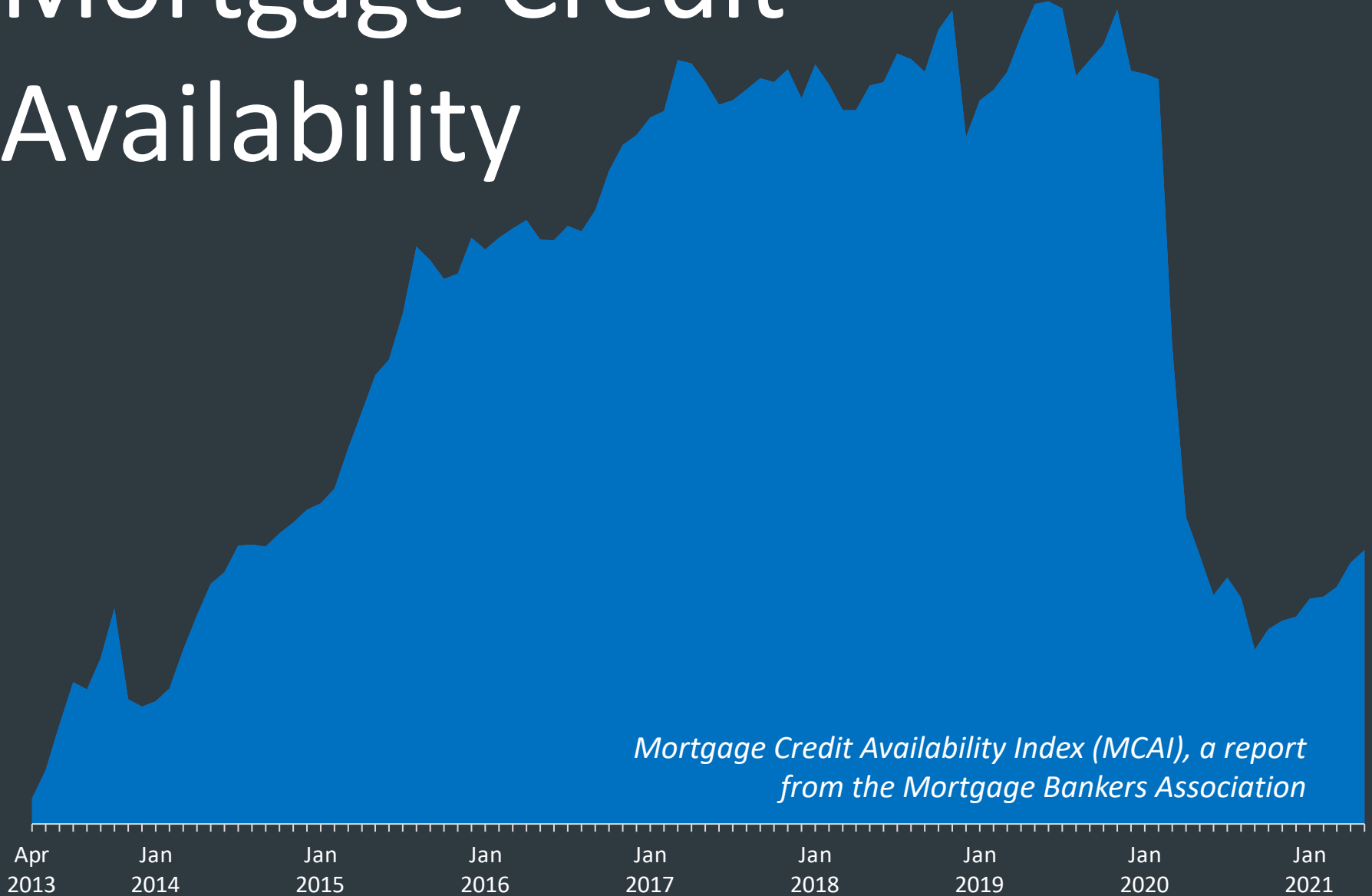
2018 2/1 3/1 4/5 5/3 6/7 7/5 8/2 9/6 10/4 11/1 12/6 2019 1/3 3/7 4/4 5/2 6/6 7/3 8/1 9/5 10/3 11/7 12/5 2020 2/6 3/5 4/2 5/7 6/4 7/2 8/6 9/3 10/1 11/5 12/3 2021 2/4 3/4 4/1 5/6 6/3 7/1



Mortgage Credit Availability



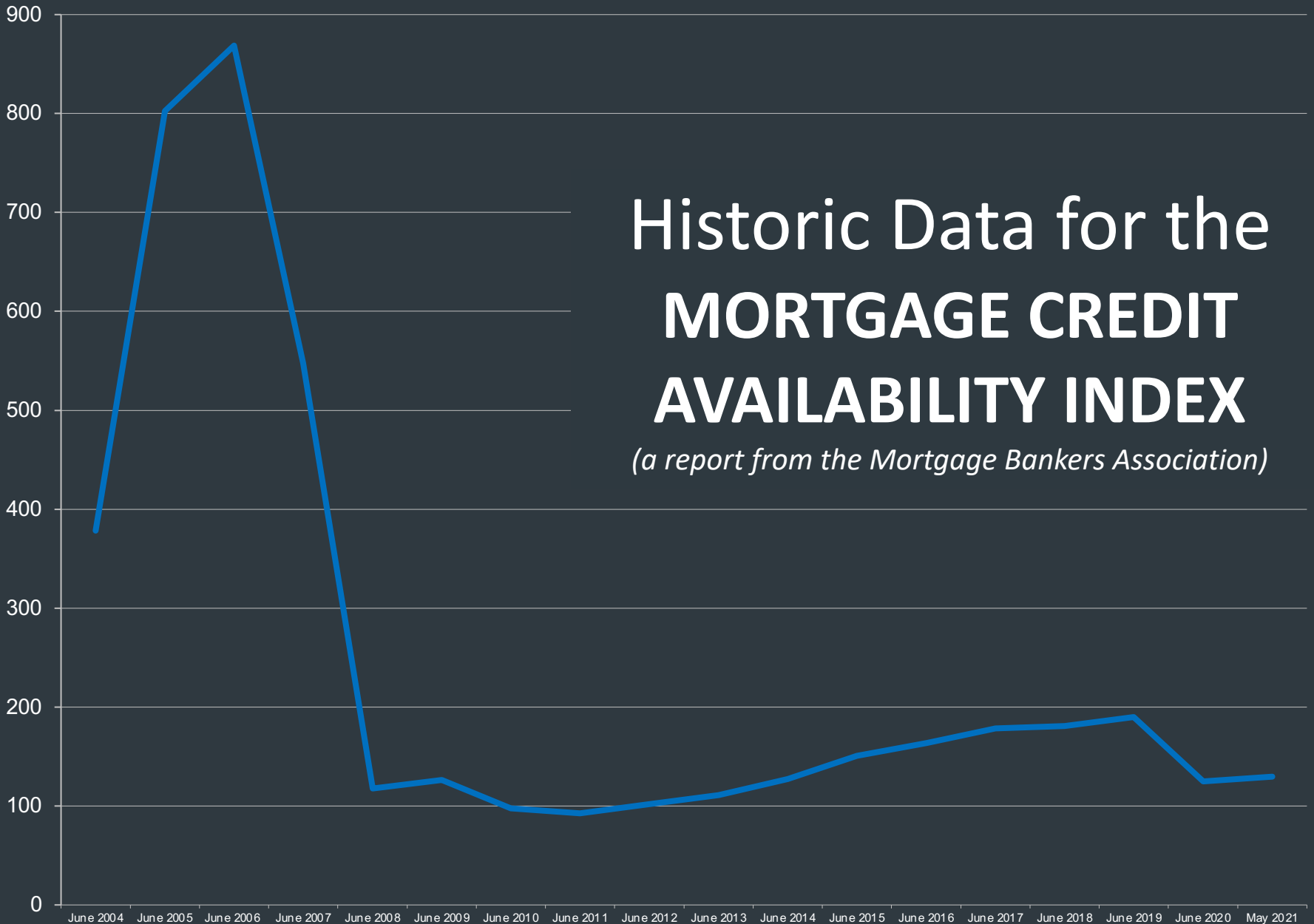
Mortgage Credit Availability



Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association

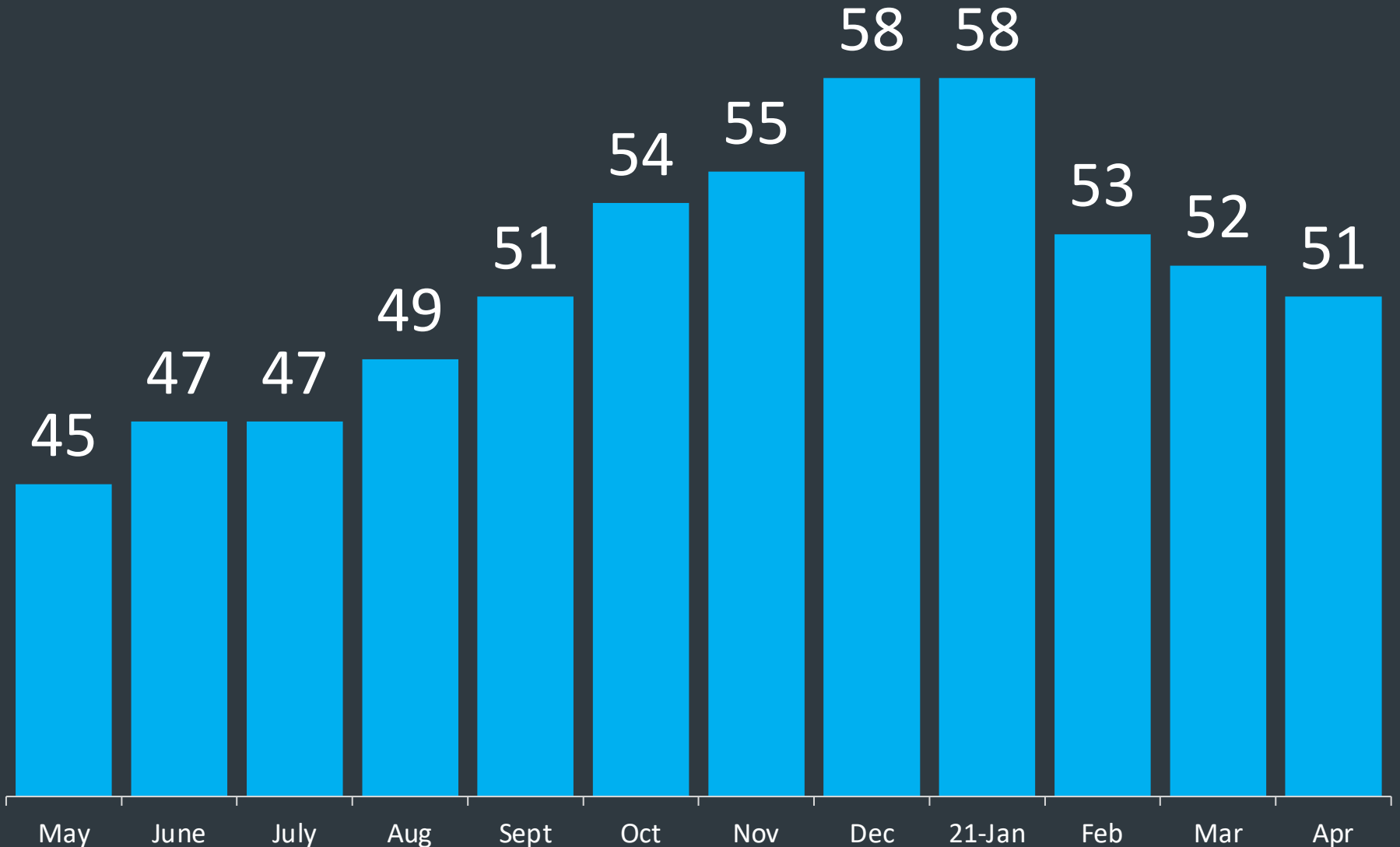
Historic Data for the **MORTGAGE CREDIT AVAILABILITY INDEX**

(a report from the Mortgage Bankers Association)



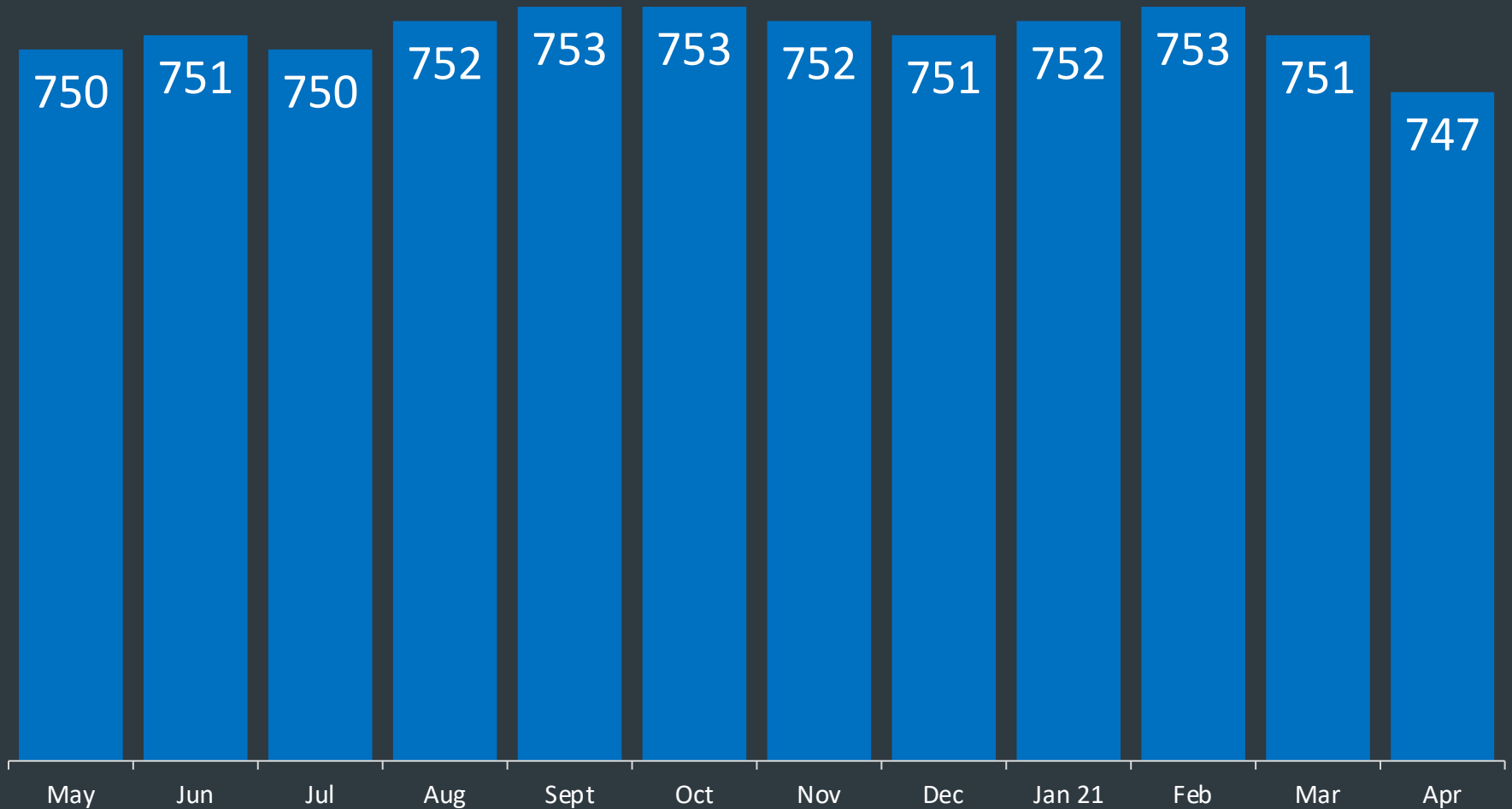
Average Days To Close A Loan

Last 12 Months

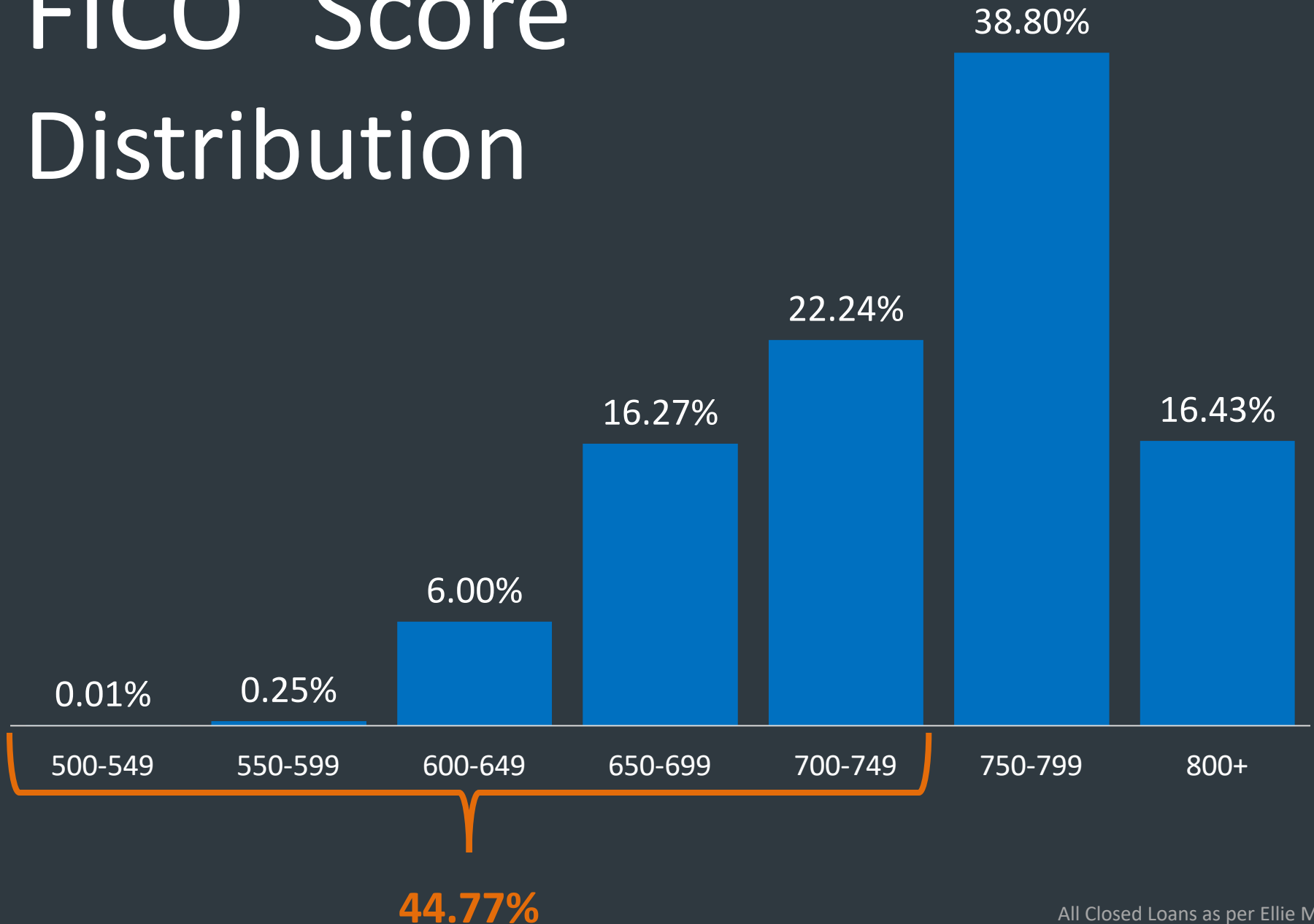


FICO[®] Score Requirements

Last 12 months

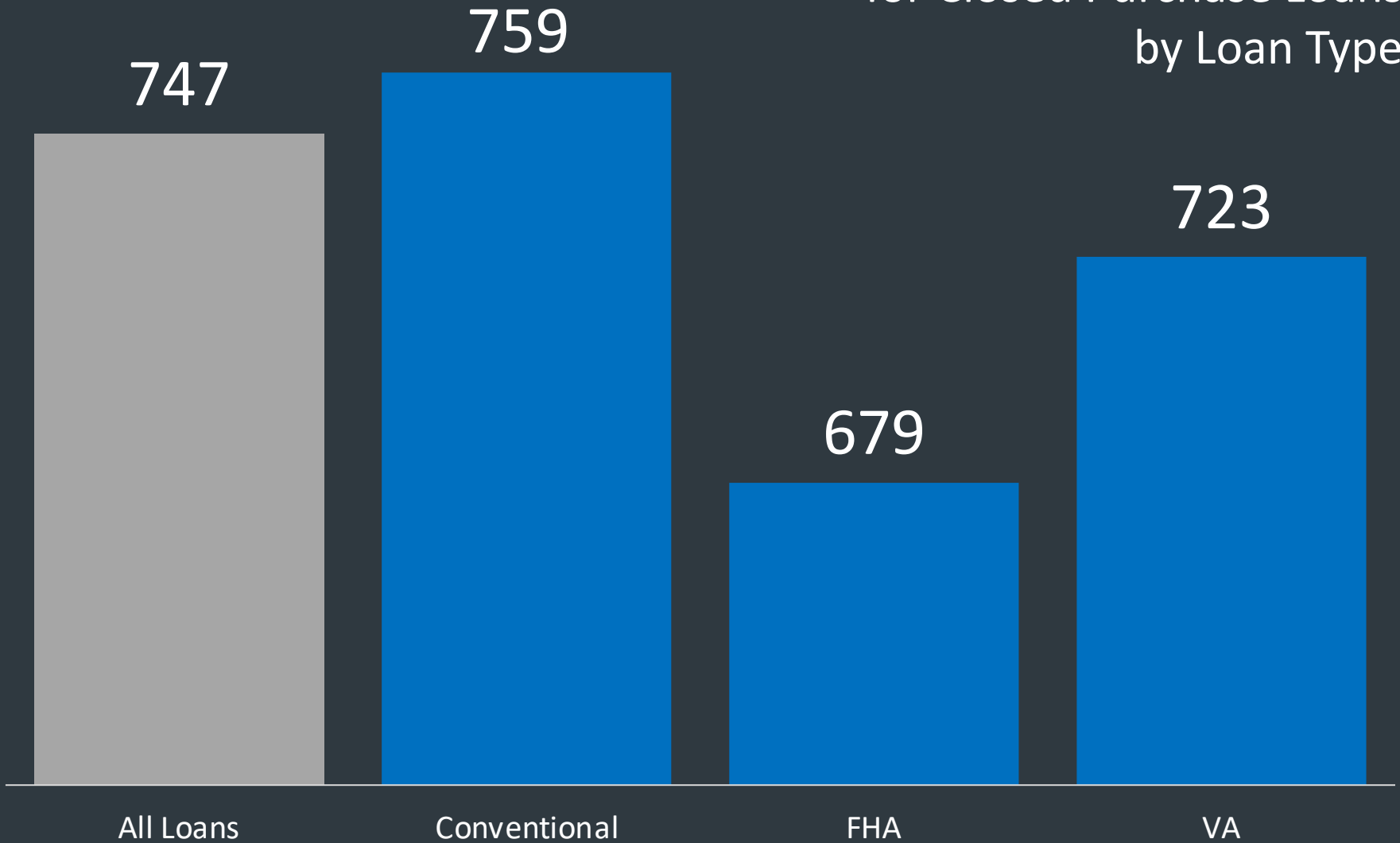


FICO[®] Score Distribution



Average FICO[®] Score

for Closed Purchase Loans
by Loan Type



Average Back End DTI

for Closed Purchase Loans by Loan Type

