

Budgetary Impact of Major Federal Programs that Guarantee Mortgages for CBO's May 2013 Baseline

By fiscal year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Estimated Value of Mortgage Originations (Millions \$)	1,753,160	1,640,227	1,964,139	2,200,204	2,405,527	2,672,747	2,974,992	3,307,253	3,507,879	3,565,936	3,591,236
Government-Sponsored Enterprises (GSEs)											
Annual Loan Volume (Millions \$)	1,332,402	1,171,374	1,276,835	1,320,435	1,274,567	1,202,981	1,189,980	1,224,388	1,228,189	1,747,401	1,847,816
Annual Subsidy Costs (Millions \$) ^e		6,700	5,100	4,500	3,100	2,300	1,500	1,200	100	2,400	1,500
GSE Cash Receipts (Millions \$) ^b	-112,100	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Share of Estimated Originations	76.0%	71.4%	65.0%	60.0%	53.0%	45.0%	40.0%	37.0%	35.0%	49.0%	51.5%
Subsidy Rate	n.a.	0.8%	0.4%	0.3%	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.4%
Federal Housing Administration's Mutual Mortgage Insurance (MMI) Program^f											
Annual Loan Volume (Millions \$)	241,914	203,400	216,095	242,111	264,678	240,521	223,009	247,790	262,682	266,899	268,698
Annual Subsidy Receipts (Millions \$)	-14,466	-10,841	-9,790	-9,324	-8,664	-6,692	-5,274	-4,981	-4,488	-3,876	-3,317
Share of Estimated Originations	13.8%	12.4%	11.0%	11.0%	11.0%	9.0%	7.5%	7.5%	7.5%	7.5%	7.5%
Subsidy Rate	-6.0%	-5.3%	-4.5%	-3.9%	-3.3%	-2.8%	-2.4%	-2.0%	-1.7%	-1.5%	-1.2%
Veterans Affairs (VA) Home Loan Program^d											
Annual Loan Volume (Millions \$)	135,374	111,240	96,679	82,643	70,116	59,593	62,038	64,169	66,138	68,264	70,441
Annual Subsidy Costs (Millions \$)	-167	208	198	161	103	463	515	574	632	669	699
Share of Estimated Originations	7.7%	6.8%	4.9%	3.7%	2.9%	2.2%	2.1%	1.9%	1.9%	1.9%	2.0%
Subsidy Rate	-0.1%	0.2%	0.2%	0.2%	0.2%	0.8%	0.8%	0.9%	1.0%	1.0%	1.0%
Government National Mortgage Association (GNMA) Mortgage-Backed Securities Program^e											
Annual Subsidy Receipts (Millions \$)	-896	-707	-684	-713	-738	-669	-638	-696	-734	-748	-756

Note: n.a.= not applicable.

- For 2014 through 2023, the baseline includes the projected subsidy costs of new mortgage loans and guarantees made by Fannie Mae and Freddie Mac in each year, using methodology described in the Federal Credit Reform Act (FCRA) including an adjustment for market risk.
- For fiscal year 2013 the baseline includes an estimate of net mandatory cash transactions between the Treasury and Fannie Mae and Freddie Mac.
- Excludes Home Equity Conversion Mortgages; MMI subsidy receipts are recorded in the budget as offsetting collections to discretionary appropriations; subsidy rate for MMI program is calculated using methodology under FCRA.
- Includes guaranteed loans and direct loans made by VA on homes sold by the department; excludes loans acquired from other lenders and guarantees on securities of direct loans originated by VA; costs associated with this program are recorded in the budget as mandatory expenditures; subsidy rate for the VA program is calculated using methodology under FCRA.
- GNMA securitizes about 95 percent of FHA 's MMI loans and 87 percent of VA's loans, resulting in additional offsetting collections to discretionary appropriations recorded in the budget; subsidy rate for GNMA is calculated using methodology under FCRA ; the subsidy rate for this program is estimated to be -.23 percent in 2013 and -.22 percent annually over the 2014-2023 period.