

Budgetary Impact of Major Federal Programs that Guarantee Mortgages—CBO's February 2014 Baseline

By Fiscal Year, in Millions of Dollars

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Estimated Value of Mortgage Originations	1,719,397	1,797,433	2,160,267	2,412,280	2,678,731	2,978,845	3,300,593	3,495,015	3,561,064	3,590,337	3,616,195
Fannie Mae and Freddie Mac											
Annual Loan Volume	1,151,996	1,150,357	1,209,749	1,278,509	1,285,791	1,340,480	1,386,249	1,363,056	1,495,647	1,507,941	1,518,802
Annual Subsidy Costs ^a		4,400	3,800	2,900	1,900	1,000	900	300	1,300	1,300	1,300
Cash Receipts ^b	-81,000	n.a.									
Share of Estimated Originations	67.0%	64.0%	56.0%	53.0%	48.0%	45.0%	42.0%	39.0%	42.0%	42.0%	42.0%
Subsidy Rate	n.a.	0.4%	0.3%	0.2%	0.2%	0.1%	0.1%	0.02%	0.1%	0.1%	0.1%
Federal Housing Administration's (FHA's) Mutual Mortgage Insurance (MMI) Program^c											
Annual Loan Volume	180,537	179,743	205,225	217,105	227,692	238,308	231,041	244,651	249,274	251,324	253,134
Annual Subsidy Receipts	-9,623	-9,544	-9,263	-8,329	-7,425	-6,606	-4,621	-4,893	-4,985	-5,026	-5,063
Share of Estimated Originations	10.5%	10.0%	9.5%	9.0%	8.5%	8.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Subsidy Rate	-5.3%	-5.3%	-4.5%	-3.8%	-3.3%	-2.8%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Veterans Affairs (VA) Home Loan Program^d											
Annual Loan Volume	115,000	99,000	83,000	70,000	59,000	61,000	62,000	64,000	67,000	69,000	71,000
Annual Subsidy Costs	458	381	297	213	549	584	610	661	702	734	763
Share of Estimated Originations	6.7%	5.5%	3.8%	2.9%	2.2%	2.0%	1.9%	1.8%	1.9%	1.9%	2.0%
Subsidy Rate	0.4%	0.4%	0.3%	0.2%	0.8%	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%
Government National Mortgage Association (GNMA) Mortgage-Backed Securities Program^e											
Annual Subsidy Receipts	-697	-645	-667	-665	-666	-726	-683	-717	-734	-743	-751

Note: n.a.= not applicable.

- For 2015 through 2024, 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 2014, the baseline includes an estimate of mandatory cash payments from Fannie Mae and Freddie Mac to the Treasury.
- Excludes Home Equity Conversion Mortgages; MMI subsidy receipts are recorded in the budget as offsetting collections to discretionary appropriations; the subsidy rate for MMI program is calculated using the methodology under FCRA.
- Includes guaranteed loans and direct loans made by the VA on homes sold by the department; excludes loans acquired from other lenders and guarantees on securities of direct loans originated by the 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 97 percent of FHA's MMI loans and 98 percent of VA's loans, resulting in additional offsetting collections to discretionary appropriations recorded in the budget; the subsidy rate for GNMA is calculated using methodology under FCRA; the subsidy rate for this program is estimated to be -0.22 percent annually over the 2014 - 2024 period.