



## Eric Gousios

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## Fannie Posts Profit, will Continue Dividend Payments

In releasing its first quarter financial results on Thursday Fannie Mae surprised some by not following Freddie Mac down the rabbit hole. The larger of the two GSEs (government sponsored enterprises) said it did post a first quarter profit, with **net income of \$1.1 billion** and comprehensive income of \$936 million. On Tuesday Freddie Mac reported its first quarterly loss since 2012, in the red with a \$354 million net loss and a \$200 million comprehensive loss.

Fannie Mae's first quarter profit however was **considerably smaller** than that of the fourth quarter of 2014 when it posted \$2.5 billion net and 2.3 billion comprehensive income. The most recent profit came from \$5 billion in revenue from interest and fees compared to \$5.3 billion the previous quarter. The company said its income was offset by derivative losses of 2.8 billion. It was derivative losses that contributed heavily to Freddie Mac's problems as well.

Both GSEs are required, under a 2012 agreement with the Treasury Department, to sweep all profits above a steadily diminishing buffer into a dividend paid to Treasury. Because of its losses Freddie Mac will not make a payment this quarter but Fannie Mae said it will remit a **\$919 million dividend** out of its total positive net worth of \$2.1 billion. In the four years the followed being put in government conservatorship in 2008 Fannie Mae drew a cumulative \$116.1 billion in support from the U.S. Government. After the pending payment the company will have made \$148.5 billion in dividend payments. None of the payments have reduced its Treasury debt.

As the company has reduced its portfolio as mandated by the Treasury agreement an increasing percentage of its income has come from **guaranty fees** and this was amplified by increases in those fees in 2012. In the first quarter single-family guaranty income totaled \$3.2 billion, approximately the same as in the previous quarter and made up approximately two-thirds of interest income. The company expects this source will continue to expand grow as a portion of overall income.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

## Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%

## Helping families buy and refinance homes since 1996

	Value	Change
Confidence	Mar 51	+6.25%

I appreciate the opportunity to help manage your mortgage and financial needs not just today, but for a lifetime. Illinois Loan programs for buying your new home or refinancing with VA, VA IRRRL, FHA, FHA Streamline, and Conventional loans. Illinois Residential Mortgage Licensee MB.6760479.

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