

## Fannie Mae Portfolio Reduction Picks up Speed

By: Jann Swanson | Tue, Sep 3 2013, 9:30 AM

The size of Fannie Mae's Gross Mortgage Portfolio dropped in July by the **largest percentage** in at least two years, falling from an ending balance in June of \$565.20 billion to \$547.05 billion by the end of July, a compounded annual growth rate of -32.4 percent. The compounded growth rate in the portfolio thus far in 2013 is -22.1 percent.

The decline in the portfolio came mainly from several areas of activity but primarily Sales and Net Retained Commitments. Commitments to Purchase were down from \$74.33 billion in June to \$62.45 billion and Commitments to sell were down from -\$72.24 billion to -\$67.72 billion. Thus Net Retained Commitments fell from \$2.09 billion to -\$5.28 billion. Purchases for the portfolio totaled \$22.12 billion compared to \$24.57 billion. **Sales rose** from -\$23.51 to -\$29.45 billion and liquidations from -\$10.71 to -\$10.81 billion.

The compounded growth rate for the company's Total Book of Business decreased by 1.7 percent from a balance of \$3.173 trillion in June to \$3.169 trillion in July. The year-to-date compounded growth rate for the Total Book is -1.1 percent.

In addition to the Gross Mortgage Portfolio the Total Book was composed of \$2.770 trillion in Fannie Mae Mortgage-Backed Securities (MBS) and other Guarantees and \$147.99 billion of MBS in Portfolio. New Business Acquisitions during the month were \$73.39 billion, a total of \$541.35 billion year-to-date.

Fannie Mae MBS had an ending balance of \$2.738 trillion, up from \$2.728 trillion in June. Issuances totaled \$73.09 billion (compared to \$67.34 billion) and liquidations -\$63.00 billion from -\$69.63 billion. The Annualized Liquidation Rate was -27.72 percent in July and is -30.84 percent thus far in 2013.

Fannie Mae MBS and other Guarantees were \$32.48 billion for the month; in June they were \$32.77 billion. The compound growth rate in that portfolio was 4.3 percent for the month and 1.8 percent year to date. **Mortgage loans were \$336.13 billion in July** compared to \$343.74 billion in June.

Fannie Mae's **serious delinquency rate** was 2.70 percent at the end of July, down from 2.77 percent the previous month and 3.50 percent in July 2012. The rate for non-credit enhanced loans was 2.24 percent compared to 2.30 percent in June and 2.84 percent a year earlier. The credit-enhanced loan delinquency rate was 5.57 percent, down from 5.79 percent and 7.76 percent in the two earlier periods. The multifamily delinquency rate was 0.18 percent, 10 basis points below the June rate and 8 below the rate in July 2012.

The company said it completed 11,870 loan modifications in July. This brings the number of modifications in 2013 to 95,281.

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