

GSEs' Incomes Doubled Year-Over-Year

By: Jann Swanson | Tue, Aug 3 2021, 5:43 PM

Each of the GSEs have posted **strong financial results** for the second quarter of 2021. Both Freddie Mac and Fannie Mae more than doubled their net income compared to a year earlier while Fannie Mae also set a record for single family home purchase acquisitions.

Freddie Mac's net income was **\$1.9 billion higher** than in the second quarter of 2020, rising to \$3.68 billion from \$1.78 billion. The 107 percent increase was driven by higher net interest income (\$4.77 billion compared to 2.88 billion) higher average guarantee fee rates on the Single-Family mortgage portfolio, and higher deferred fee income recognition.

Net revenues increased **41 percent** to \$5.87 billion and credit related income was \$0.2 billion compared to a \$0.7 billion expense in the second quarter of last year thanks to a reserve release due to realized house price appreciation and improving economic conditions verses the negative effects of COVID-19 a year earlier.

Freddie Mae provided funding for approximately **1.0 million single family homes**, more than 708,000 of which were refinances. First-time homeowners accounted for 47 percent of purchase loans.

Single family loan workout activity decreased to 88,000 loans, down by 1,000 compared to the second quarter of 2020. As of June 30, approximately 1.67 percent of the loans in the company's single family portfolio were in forbearance.

At the end of the second quarter Freddie Mac had a net worth of \$22.40 billion, compared to \$11.4 billion in the same quarter of 2020. The senior preferred stock liquidation preference increased by \$9.2 billion to \$91.4 billion.

Fannie Mae posted net income of **\$7.15 billion** compared to \$2.55 billion in the second quarter of 2020, a **181 percent rate of growth**. Net interest income increased from \$5.78 billion to \$8.29 billion while credit related income was \$2.55 billion rather than a \$22 million loss.

Single-family conventional acquisition volume was **\$373.3 billion** and purchase acquisitions reached a record high of 129.5 billion. Nearly 50 percent of those acquisitions were for first-time homebuyers. Refinance acquisitions, at \$243.8 billion were down slightly from the first quarter of 2021.

As of June 30, 2021, 313,679 or 1.8 percent of total single-family loans were in forbearance, down from 2.5 percent at the end of Q1. Since the start of the pandemic, 74 percent of loans that entered forbearance have successfully exited.

Net worth at the end of the reporting period was \$37.3 billion compared to \$25.3 billion a year earlier.

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