

APRIL 2010

Executive Summary

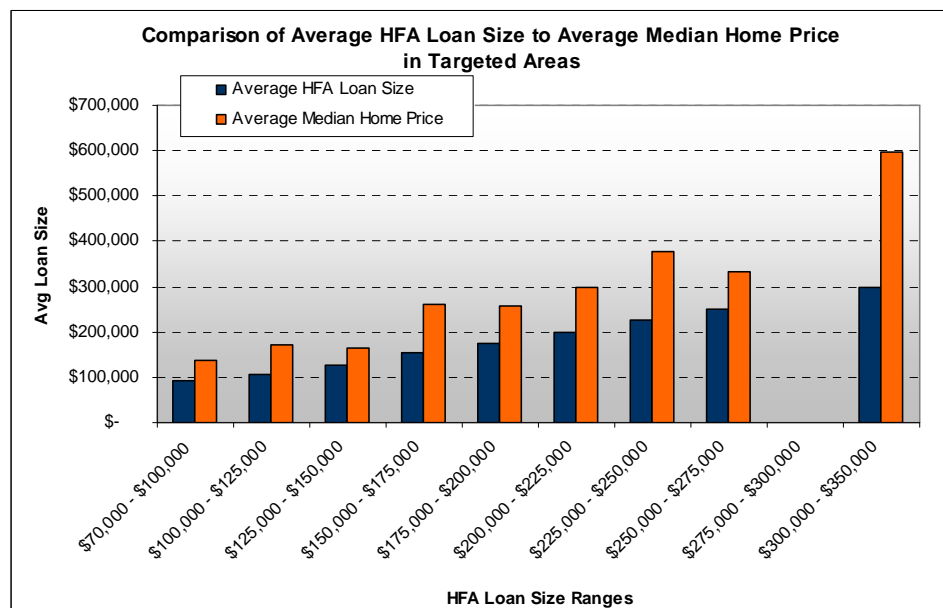
Introduction

SSgA, on behalf of Treasury, sent a 12 question optional survey, in March 2010, to the 84 HFAs that participated in the Single Family New Issue Bond Program. The goal of this survey was to gain insight into how the program is serving the HFAs as well as learn potential areas for improvement of the program. Of the 72 respondents, 47 were State HFAs and 25 were Local HFAs. Survey responses were thorough and enabled us to distill the following major themes regarding the state of the New Issue Bond Program at the end of the first quarter:

- New Issue Bond Program is helping HFAs accomplish their mission
- Macroeconomic factors are having a negative effect on the implementation of the program
- Private Mortgage Insurance options are limited
- A number of HFAs have indicated a desire for an extension or repeat of the program

NIPB helping HFAs accomplish their mission

To date, **7,730** loans have been issued under NIPB, by 16 HFAs. Survey respondents estimate that by the end of the program they expect to issue **128,892** new loans. The NIPB program is made more meaningful by the fact that 62% of Local HFAs indicated that they will be issuing no loans outside of NIPB. The chart below illustrates that NIPB is assisting HFAs in providing low-income borrowers and first time homebuyers with loans for homes, in a manner consistent with their mission.



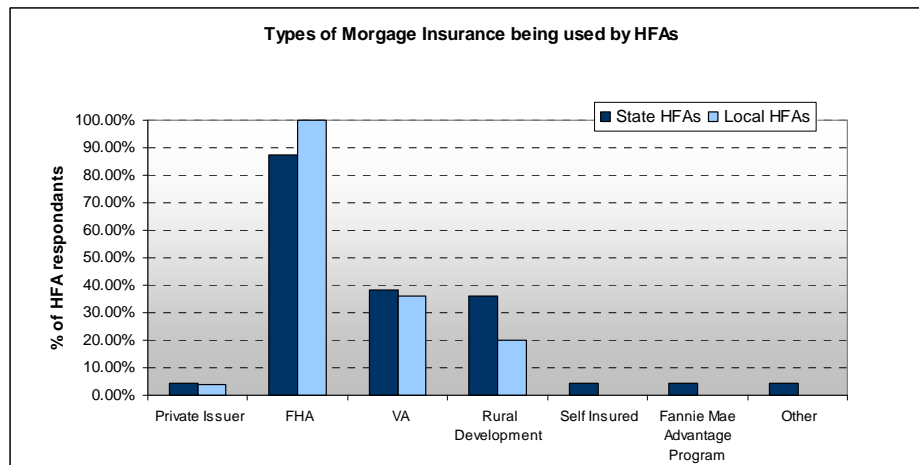
Source: SSgA 04.09.10

Macroeconomic factors affecting NIBP

When asked what factors have hindered the implementation of NIBP, 62% of respondents answered mortgage rates (market rates), 40% responded demand for mortgage loans, and 11% responded general market conditions. This response rate implies that due to primary conventional mortgage rates being at record low levels (Bank of America's primary rate is currently 5.125%), HFAs believe, the NIBP rate they are able to offer does not currently have a clear competitive advantage in the marketplace.

Lack of private mortgage insurance

As the chart below indicates, both State and Local HFAs are heavily reliant on FHA mortgage insurance. The survey highlights the housing market's dependence on government backed insurance programs and lack of private options. Concerns have been raised around the issue of Rural Development Insurance funding being depleted at the end of April. Given that nearly 40% of State HFAs cited using Rural Development Insurance in their program, further pressure could be put on the FHA and other mortgage insurers to underwrite these loans.



Source: SSgA 04.09.10

Necessity of extending or repeating NIBP

A majority of both State and Local HFAs suggested that NIBP be either extended or repeated. The answer in and of itself needs to be further examined to decipher if in every case “extended” means to allow more time to issue bonds, given the same allocation; and “repeat” means to allocate more funds and run the program again in 2011.

Survey data created for US Treasury use only.