



# Mortgage Capital Markets After the Crisis

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Dr. Michael Lea

San Diego State University

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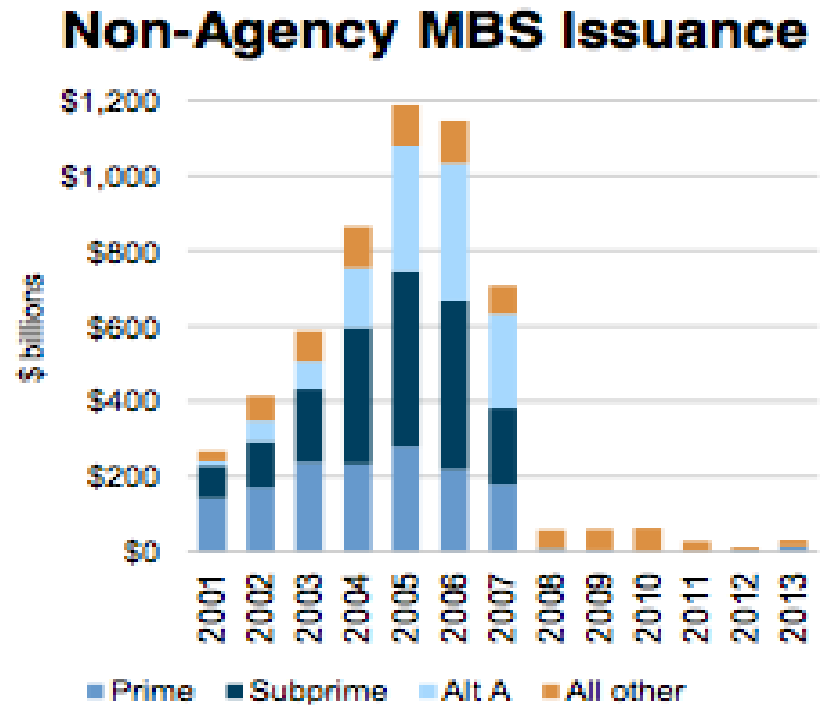
# Capital Market Funding for Housing: What Are the Issues?

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- When will the private securitization markets return in Europe, US?
- How are structured finance and covered bonds progressing in emerging markets?
- What is the role of the government in securitization in the future?
- What is the appropriate regulatory treatment of Covered Bonds and RMBS?

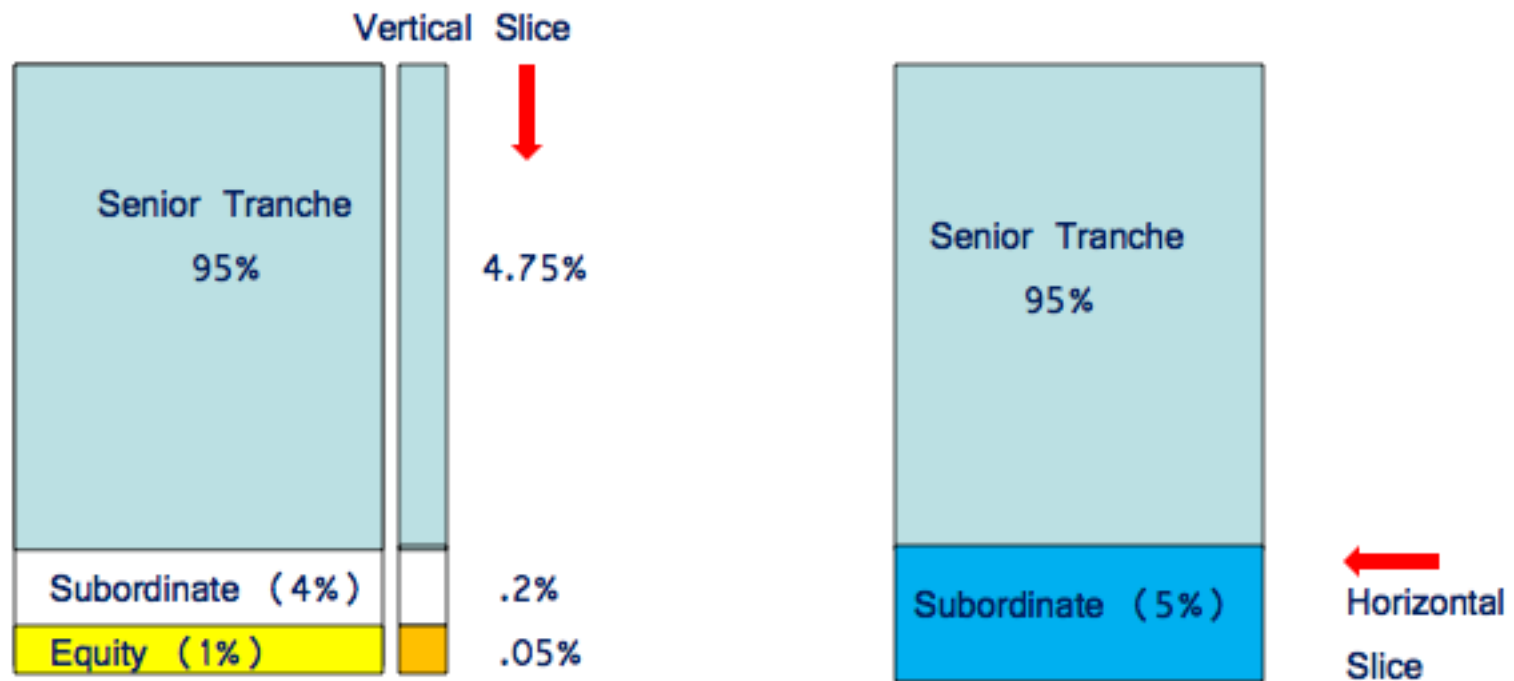
# US Private Label Securitization

- Little PLS activity
- Uncertainty about risk retention and regulatory treatment
- Mistrust of rating agencies (AAA buyers)
- Lack of standardization
- GSE competition
- Outlook brighter
  - Better quality loans/information



Source: Urban Institute

# Risk Retention



Source: Rossi 2012



# US GSE Reform

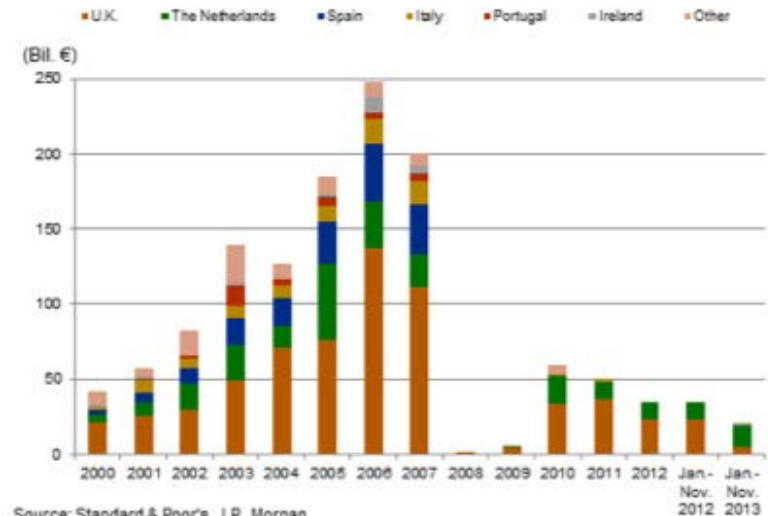
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- Common securitization platform
  - Proposed wind down of Fannie Mae and Freddie Mac
    - Replaced with Federal Mortgage Insurance Corp.
    - Would provide the government guaranty on mortgage-backed securities which are issued by approved entities.
    - Approved guarantors would provide credit support of 10% which will absorb losses in front of the FMIC guaranty. The FMIC would monitor and supervise the approved entities
    - Who are the issuers/aggregators?

# European Securitization

- European structured finance has not recovered from crisis despite good performance
- Economic weakness (peripheral countries) and govt. funding
- Enhanced govt. involvement
  - UK guarantees; NL planned secondary market facility
- Regulatory changes and treatment uncertainty
  - Risk retention
  - Capital treatment/Solvency II
  - Net stable funding and Liquidity coverage ratio

Investor-Placed European RMBS Issuance  
By country



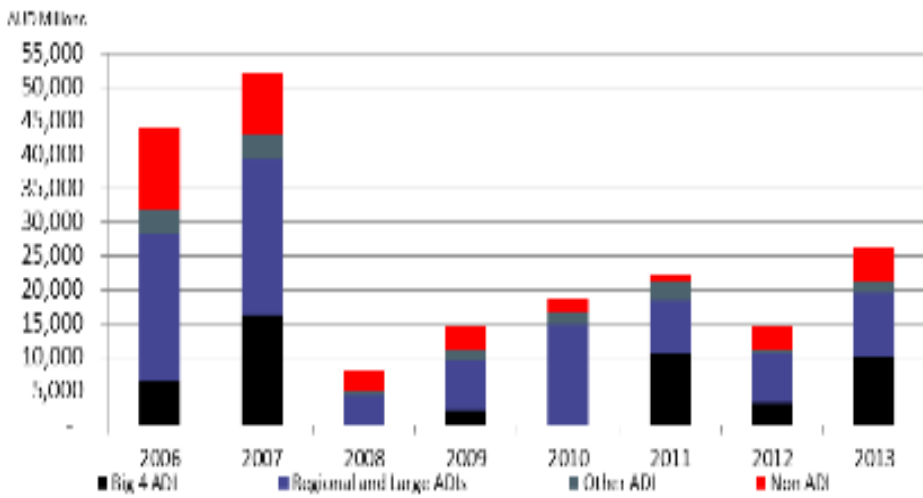
Source: Standard & Poor's, J.P. Morgan.

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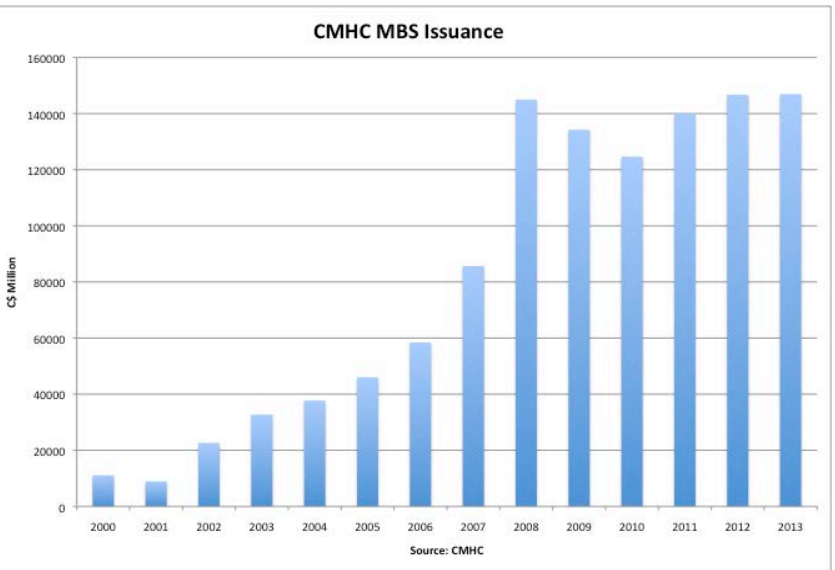
Source: Standard & Poors

# Australia and Canada RMBS

Chart 1 – Australian RMBS issuance by year by issuer type



Source: NAB and Bloomberg

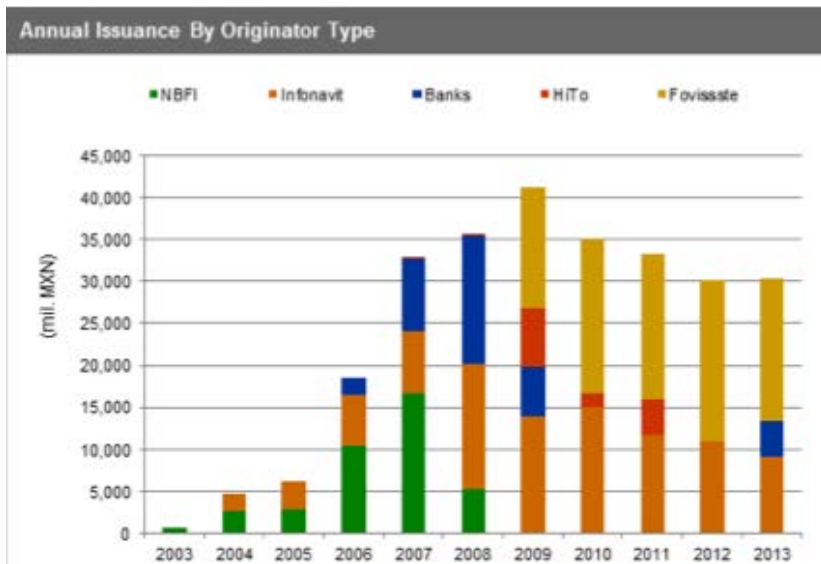


Source: CMHC

Source: Australian Securitisation Forum

# Emerging Markets RMBS

## Mexico

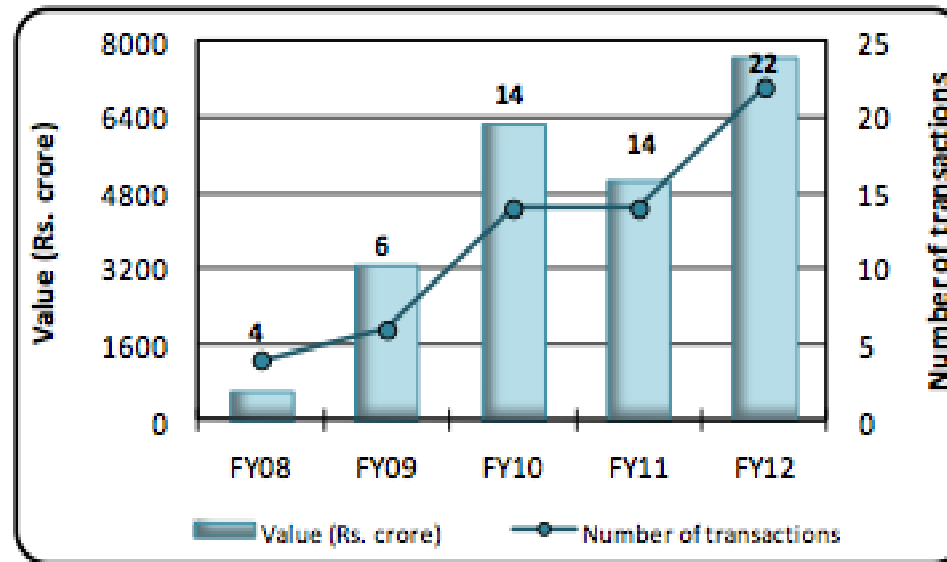


NBFI—Nonbank financial institution. Source: Standard & Poor's.

Source: Standard & Poors

## India

Figure 6: Issuance Volumes in Indian RMBS Market



Source: ICRA