FEDERAL HOUSING FINANCE AGENCY

NEWS RELEASE

For Immediate Release	**Contact:**	Corinne Russell	(202) 414-6921
April 21, 2009		Stefanie Mullin	(202) 414-6376

FHFA EXPANDS REPORTING ON HOMEOWNER ASSISTANCE

Washington, DC – Federal Housing Finance Agency (FHFA) Director James B. Lockhart submitted to Congress FHFA's latest report as a Federal Property Manager (FPM) detailing actions taken to prevent unnecessary foreclosures. The report includes metrics not previously reported; specifically, reasons for default, loans in bankruptcy, and types of modifications.

Since late November, the Enterprises had suspended foreclosure sales and evictions on owner-occupied properties. The suspensions, which ended on March 31, 2009, allowed servicers additional time to work with borrowers in foreclosure who were eligible for the Streamlined Modification Program (SMP). The impact of the suspensions caused completed foreclosure sales and third-party sales to decline 77 percent from the prior three-month average of 16,342 to 3,711 in December, and 79 percent to 3,391 in January. At the same time, loans that were 60+ and 90+ days delinquent increased. All loans 60+ days delinquent increased from 834,831 as of November 30 to 1,229,051 as of January 31, representing an increase of 47 percent over the period. However, prime loans 60+ days delinquent increased by 69.6 percent while nonprime loans increased by 23 percent.

The report, based on data from the Enterprises' 30.6 million residential mortgages, shows that during or at the end of January:

- The top five identified reasons for default were curtailment of income (34.1 percent), excessive obligations (19.8 percent), unemployment (8.1 percent), illness of the principal mortgagor or a family member (6.5 percent) or marital difficulties (3.5 percent). This is a new metric introduced this month.

- Loans 90+ days delinquent (including those in bankruptcy and foreclosure) as a percent of all loans, increased from 1.67 percent as of October 31 to 2.14 percent as of December 31 and 2.45 percent of January 31.

- Loans in bankruptcy proceedings represented 0.16 percent of all loans serviced. This is a new metric introduced this month.

- Loans for which the foreclosure process was started as a percent of loans 60+ days delinquent declined from 6.38 percent in December to 6.12 percent in January. During

2008, foreclosure starts as a percent of 60+ days delinquent loans ranged from a low of 5.25 percent in November to a high of 9.22 percent in February 2008 and averaged 7.33 percent.

- Loans for which a foreclosure or third party sale was completed as a percent of loans 60+ days delinquent decreased from 2.43 percent for October, 1.79 percent for November, 0.40 percent for December and 0.28 percent for January.

- In January 8,953 loan modifications were completed compared to 8,688 in December and the prior 3-month average of 7,926. This represents a 3 percent increase in loan modifications by Fannie Mae and Freddie Mac from December 2008 to January 2009. Of the modifications completed, 65.2 percent required an interest rate reduction and term extension, 19.5 percent a term extension only, and 5.3 percent an interest rate reduction only. Modification types were broken out in greater detail this month.

Link to Letter and FHFA Federal Property Managers Report No. 5 (includes monthly *Foreclosure Prevention Report).* (Identical letters sent to Chairmen Dodd and Frank and Ranking Members Shelby and Bachus.)

###

The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than $6.3 trillion in funding for the U.S. mortgage markets and financial institutions.