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# FEDERAL HOUSING FINANCE AGENCY



## NEWS RELEASE

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### **FANNIE MAE AND FREDDIE MAC HELPING MORE HOMEOWNERS; LOAN MODIFICATIONS INCREASING**

**Washington, DC** – Fannie Mae and Freddie Mac modified nearly 24,000 loans during the fourth quarter of 2008, an increase of 76 percent over the third quarter. The modifications, along with the suspension of foreclosures that began November 26, reduced the number of foreclosures by nearly 27 percent during the quarter. The data were released by James B. Lockhart, Director of the Federal Housing Finance Agency, as part of the *Foreclosure Prevention Report* for the fourth quarter for 2008.

The FHFA report details the actions Fannie Mae and Freddie Mac have taken to prevent foreclosures and keep people in their homes. It analyzes data provided by the companies with adjustments to account for the impact of the foreclosure suspension. The suspension, originally set to end Jan. 9, 2009, was later extended to Jan. 31, 2009.

“Fewer homeowners are losing their homes as a result of the foreclosure prevention efforts,” said Director Lockhart. “We expect the numbers of those getting relief to grow further as the *Making Home Affordable* program picks up speed in coming months.”

The foreclosure prevention options include forbearance plans, payment plans, delinquency advances and loan modifications. Workout options that led to resolution of delinquent accounts, which means the account was either reinstated or removed from the portfolio, increased 15 percent in the last quarter of 2008.

The report shows that as of Dec. 31, 2008, of the Enterprises’ 30.7 million residential mortgages:

- Modifications represented 34.0 percent of fourth quarter loss mitigation actions up from 22.2 percent of the third quarter.
- Completed payment plans represented 19.0 percent of fourth quarter loss mitigation actions compared to 24.2 percent of the third quarter.
- Short sales represented 8.9 percent of fourth quarter loss mitigation actions compared to 7.7 percent of third quarter.

- Deeds in lieu represented 0.8 percent of fourth quarter loss mitigation actions compared to 0.7 percent in the third quarter.

As a result of increased loss mitigation efforts and the foreclosure suspensions, the overall loss mitigation performance ratio (loss mitigation actions as a percentage of mortgages for which foreclosure was likely) for mortgages serviced on behalf of Fannie Mae and Freddie Mac, increased from 55 percent during the third quarter of 2008 to 65.7 percent in the fourth quarter. For prime loans, the ratio increased from 45.1 to 54.2 percent, and for nonprime loans from 64.7 percent in the third quarter to 75.3 percent in the fourth quarter.

Suspensions gave servicers more time to work with borrowers in foreclosure who were eligible for the Streamlined Modification Program introduced in early November. The impact of the suspensions caused December numbers for completed foreclosure and third-party sales to decline and for total loans, 60-plus, and 90-plus-days delinquent loans to increase.

When adjusted to account for foreclosure suspensions, the month-over-month change in the delinquency rates actually decreased. The month-over-month change in the 60-plus-days delinquency rate from October to November was an increase of 14.39 percent. The month-over-month change from November to December was an increase of 9.31 percent.

***Link to [Report](#)***

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*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.*