
FEDERAL HOUSING FINANCE AGENCY



STATEMENT

For Immediate Release
January 27, 2012

Contact: Corinne Russell (202) 649-3032
Stefanie Johnson (202) 649-3030

Statement of FHFA Acting Director Edward J. DeMarco on the Announced Changes to HAMP

“The Administration announced changes today to the Home Affordable Modification Program (HAMP). While HAMP has contributed directly and indirectly to widespread foreclosure prevention efforts, there are still many households struggling with their mortgage and other household debt.

Fannie Mae and Freddie Mac (the Enterprises) currently have 470,000 permanent HAMP modifications on their books but also have active another 530,000 non-HAMP modifications since 2009, or roughly 1 million total. The Enterprises have also completed 1 million non-modification foreclosure prevention actions, ranging from forbearance plans to short-sales, for a total of some 2 million actions that have helped homeowners in trouble avoid foreclosure and, in most cases, keep their home.

In response to today’s HAMP announcement, FHFA is announcing the following with regard to Fannie Mae and Freddie Mac:

- Fannie Mae and Freddie Mac will extend their use of HAMP Tier 1 as the first modification option through 2013 in line with the Treasury’s HAMP extension.
- Fannie Mae and Freddie Mac will continue in their respective roles as financial agents for Treasury in implementing the changes announced today.
- The HAMP Tier 2 option is based on the Enterprises’ standard modification that FHFA announced and the Enterprises implemented last year under the Servicing Alignment Initiative. Therefore, Fannie Mae and Freddie Mac will not need to adopt further changes to be in alignment with HAMP Tier 2.
- FHFA has been asked to consider the newly available HAMP incentives for principal reduction. FHFA recently released analysis concluding that principal forgiveness did not provide benefits that were greater than principal forbearance as a loss mitigation tool. FHFA’s assessment of the investor incentives now being offered will follow its previous analysis, including consideration of the eligible universe, operational costs to implement such changes, and potential borrower incentive effects.”

###

The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.