



# Federal Housing Finance Agency

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## Refinance Report June 2012

This report contains data on refinance program activity of Fannie Mae and Freddie Mac (the Enterprises) through June 2012.

## Report Highlights

- Refinance volume continued to be strong in June as 30-year mortgage rates continued to reach new record lows.
- HARP volume represented 33 percent of total refinance volume in June, the highest percentage reported since the inception of HARP.
- In June, borrowers with LTV greater than 105 percent accounted for 62 percent of HARP volume, up from 32 percent in May.
- HARP refinances for loans with LTV greater than 125 percent surged in June as lenders began to sell Fannie Mae and Freddie Mac securities containing these loans June 1.

## Overview of the Home Affordable Refinance Program (HARP)

### HARP Eligibility

HARP was established in 2009 to assist homeowners unable to access a refinance due to a decline in their home value. The program was originally designed to provide these borrowers with an opportunity to refinance by permitting the transfer of existing mortgage insurance to their newly refinanced loan, or by allowing those without mortgage insurance on their previous loan to refinance without obtaining new coverage.

Below are the basic HARP eligibility criteria:

- Loan must be owned or guaranteed by Fannie Mae or Freddie Mac.

- Loan must have been delivered to the GSEs on or before May 31, 2009.
- Current loan to value ratio -- LTV -- (outstanding mortgage balance/home value) must be greater than 80 percent.
- Borrower must be current on their mortgage payments at the time of the refinance.
- Payment history – borrower is allowed one late payment in the past 12 months, as long as it did not occur in the 6 months prior to the refinance.

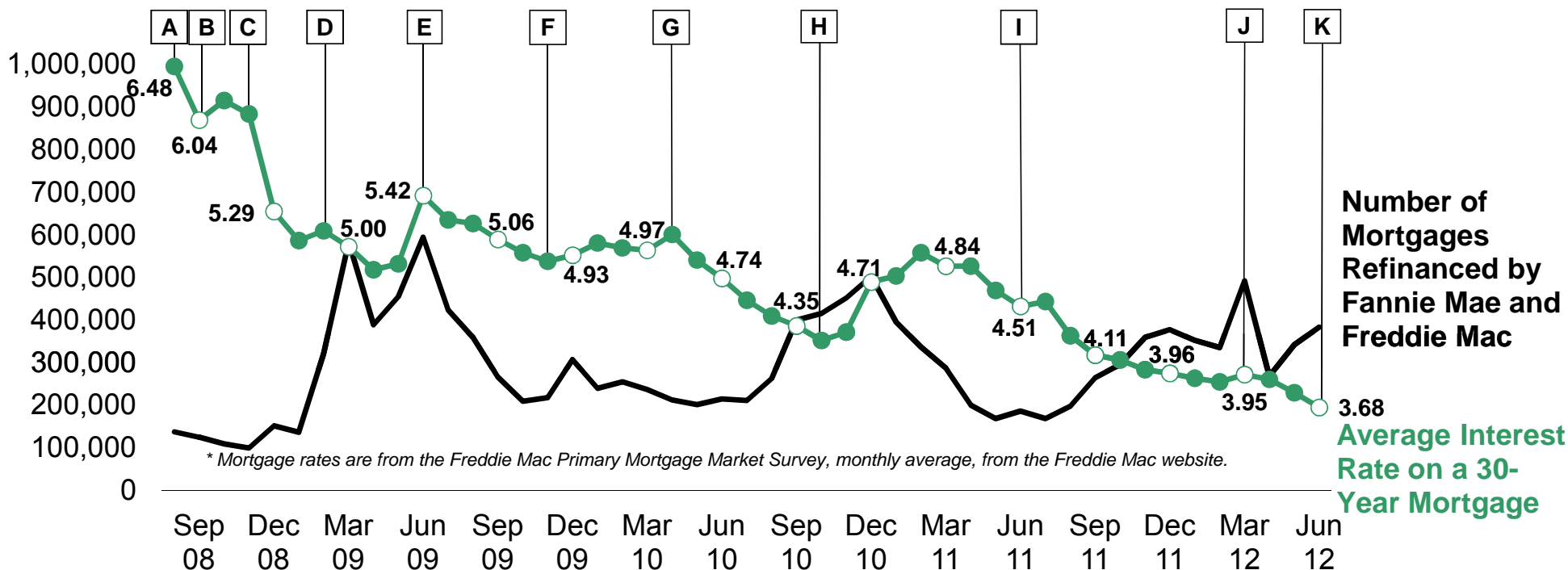
### HARP Enhancements

In the Fall of 2011, FHFA worked collaboratively with the GSEs and other industry participants in an effort to increase access to the program for responsible borrowers who were already eligible. The result of these efforts was a series of enhancements to the program listed below:

- Eliminating certain risk-based fees for borrowers who refinance into shorter-term mortgages and lowering fees for other borrowers;
- Removing the current 125 percent LTV ceiling for fixed-rate mortgages backed by Fannie Mae and Freddie Mac;
- Waiving certain representations and warranties that lenders commit to in making loans owned or guaranteed by Fannie Mae and Freddie Mac;
- Eliminating the need for a new property appraisal where there is a reliable AVM (automated valuation model) estimate provided by the Enterprises; and
- Extending the end date for HARP until Dec. 31, 2013 for loans originally sold to the Enterprises on or before May 31, 2009.

Refinance volume continued to be strong in June as 30-year mortgage rates reached new record lows.

### Mortgage Rates vs Refinance Volume



- A - Highest rate in 2008 for a 30-year mortgage.
- B - GSEs placed into conservatorship on 09/06/08.
- C - Fed announces MBS purchase program on 11/25/08.
- D - Obama Administration's Making Home Affordable announcement 02/20/09.
- E - Treasury rates sharply rose and reached a 2009 high on a better than expected June unemployment report.
- F - Treasury rates fell sharply after Dubai sought to delay sovereign debt payments.
- G - Treasury Rates rose on optimism of a recovering U.S. economy and a temporary lull in news of a developing debt crisis in Europe.

- H - 30-year mortgage rates reached 4.17 percent in early November, marking the lowest level observed since Freddie Mac began tracking rates in 1971.
- I - Treasury rates fell amid ongoing concerns of a growing debt crisis in Europe.
- J - Refinance volume surged in March and dipped in April, as seller-servicers completed refinancings ahead of a 10 basis point guarantee fee increase that took effect in April 1, 2012, mandated by the Temporary Payroll Tax Cut Continuation Act of 2011.
- K - 30-year mortgage rates reached new historic lows in June 2012.

Year-to-date through June 2012, 422,969 refinances were completed through HARP, bringing the total refinance to date through HARP from the inception of the program to 1,444,820.

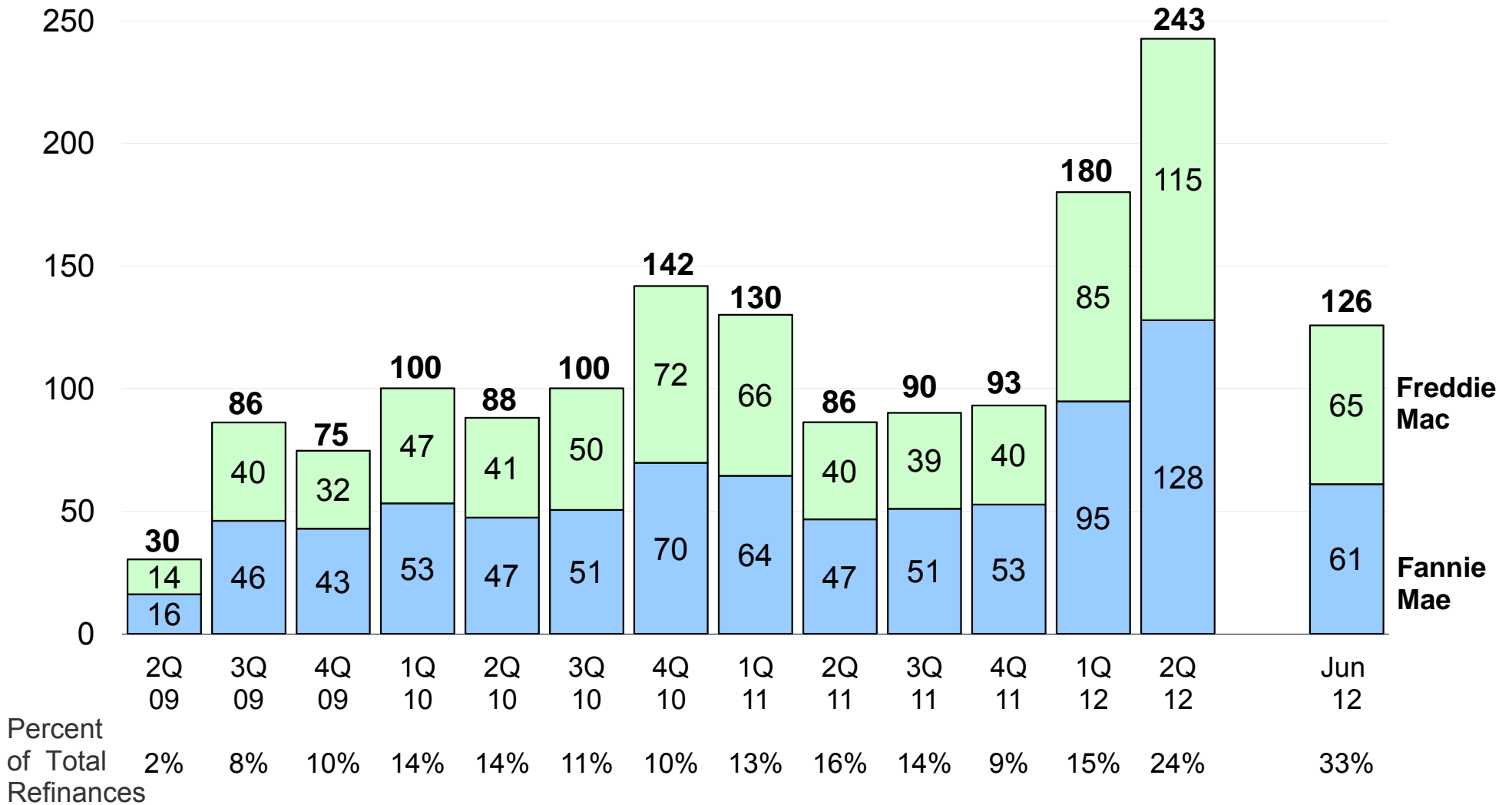
	Jun 2012	Year to Date 2012	2011	Inception to Date <sup>1</sup>
<b>Total Refinances</b>				
Fannie Mae	234,337	1,403,400	2,045,762	7,465,367
Freddie Mac	148,202	766,362	1,183,304	4,744,205
Total	382,539	2,169,762	3,229,066	12,209,572
<b>Total HARP</b>				
Fannie Mae	61,162	222,852	215,075	764,397
Freddie Mac	64,704	200,117	184,949	680,423
Total	125,866	422,969	400,024	1,444,820
<b>HARP LTV &gt;80% -105%</b>				
Fannie Mae	28,016	152,279	191,391	657,135
Freddie Mac	19,734	114,301	148,642	540,680
Total	47,750	266,580	340,033	1,197,815
<b>HARP LTV &gt;105% -125%</b>				
Fannie Mae	12,461	44,163	23,684	80,852
Freddie Mac	11,897	47,350	36,307	101,277
Total	24,358	91,513	59,991	182,129
<b>HARP LTV &gt;125%</b>				
Fannie Mae	20,685	26,410	0	26,410
Freddie Mac	33,073	38,466	0	38,466
Total	53,758	64,876	0	64,876
<b>All Other Streamlined Refis</b>				
Fannie Mae	45,615	263,794	517,413	1,446,398
Freddie Mac	17,636	116,844	267,636	791,395
Total	63,251	380,638	785,049	2,237,793

<sup>1</sup>Inception to Date - Since April 1, 2009

*This page was updated on 8/7/2012: the HARP inception to date value in the text was corrected.*

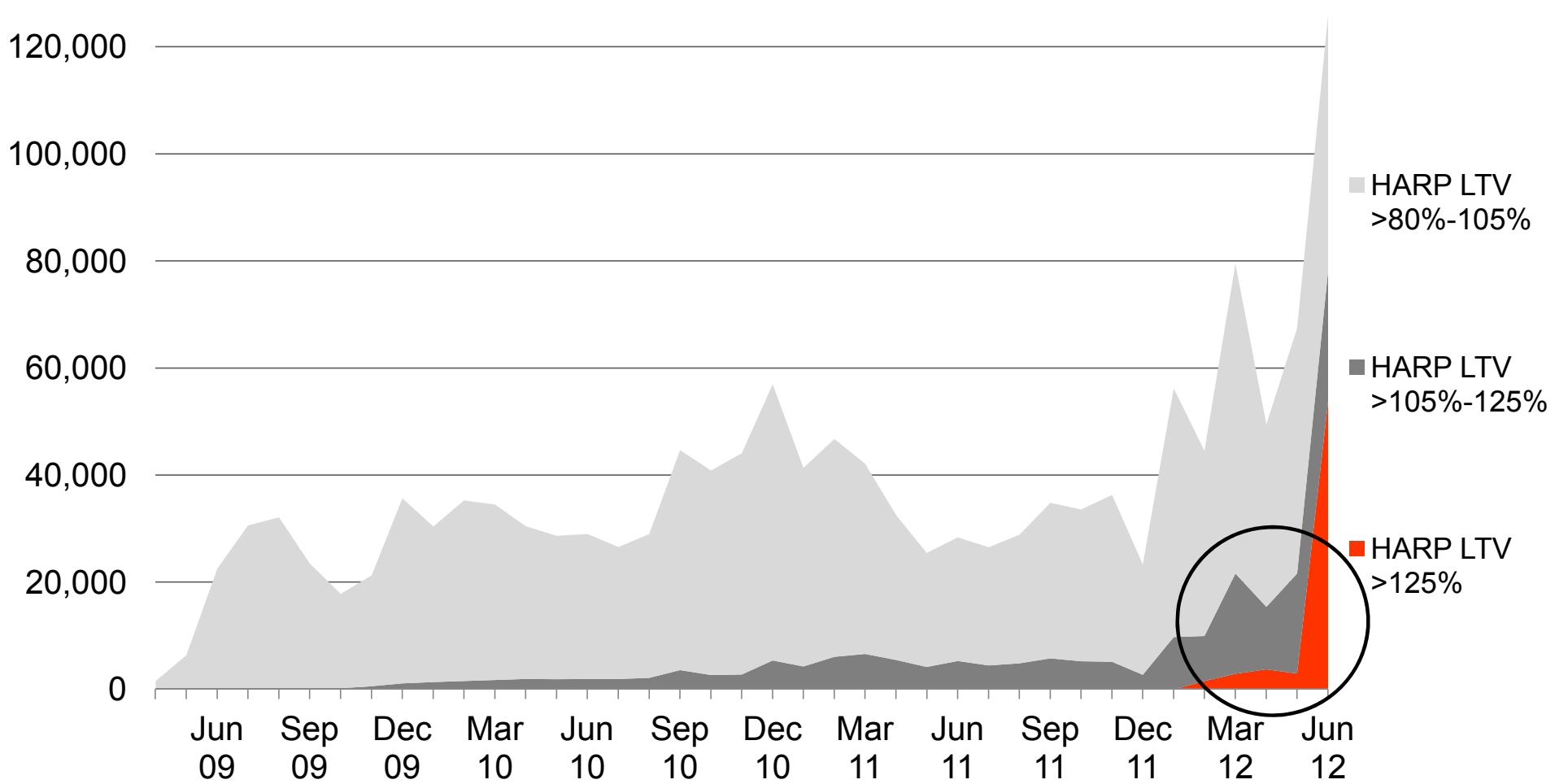
HARP volume represented 33 percent of total refinance volume in June, the highest percentage reported since the inception of HARP.

**HARP Refinance, Quarterly Volume**  
(Number of loans in thousands)



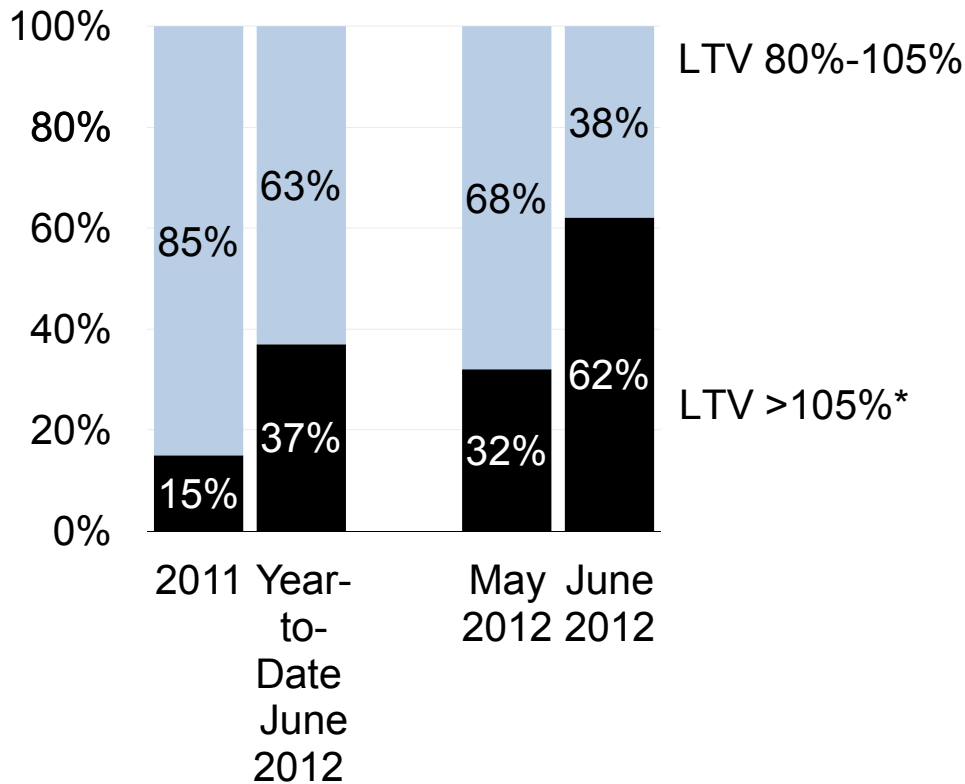
The number of completed HARP refinances reported for deeply underwater borrowers grew in June as further enhancements to HARP went into effect. Starting June 1, 2012, lenders became able to securitize loans refinanced through HARP with loan-to-value ratios greater than 125 percent.

### Monthly HARP Volume by LTV

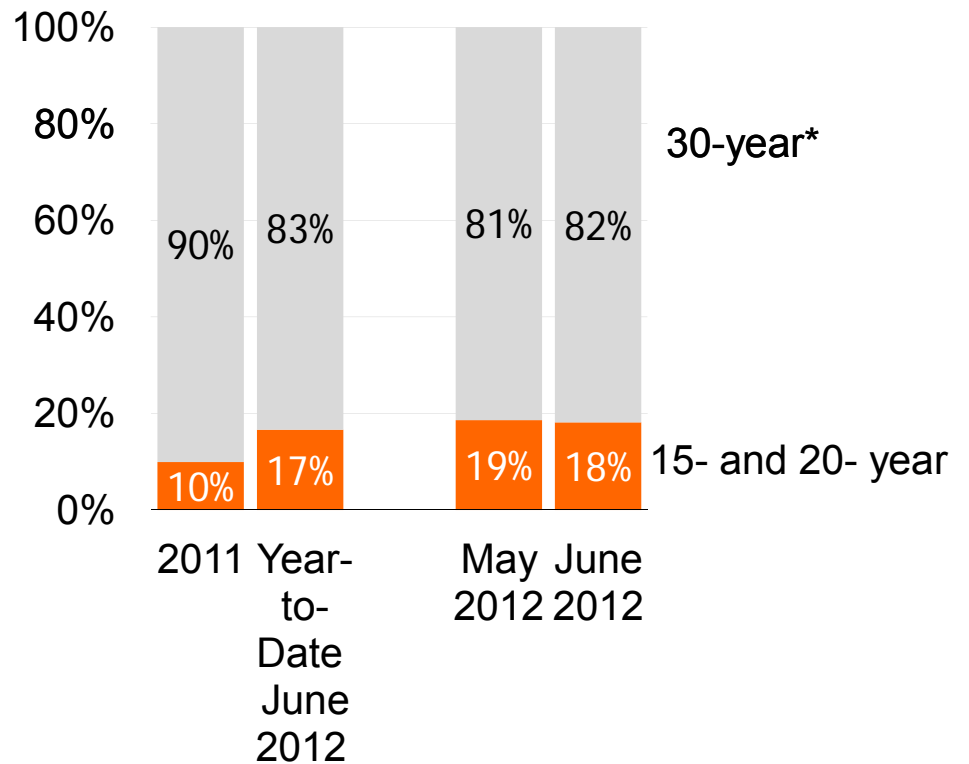


In June, borrowers with loan-to-value ratios greater than 105 percent accounted for 62 percent of HARP volume, up from 32 percent in May and 15 percent in 2011. In addition, 18 percent of underwater borrowers chose shorter-term 15- and 20-year mortgages, which build equity faster than traditional 30-year mortgages.

Percentage of HARP Refinances by Loan-to-Value Ratio



Mortgage Term of HARP Refinances of Underwater Borrowers (LTV Greater than 105%)



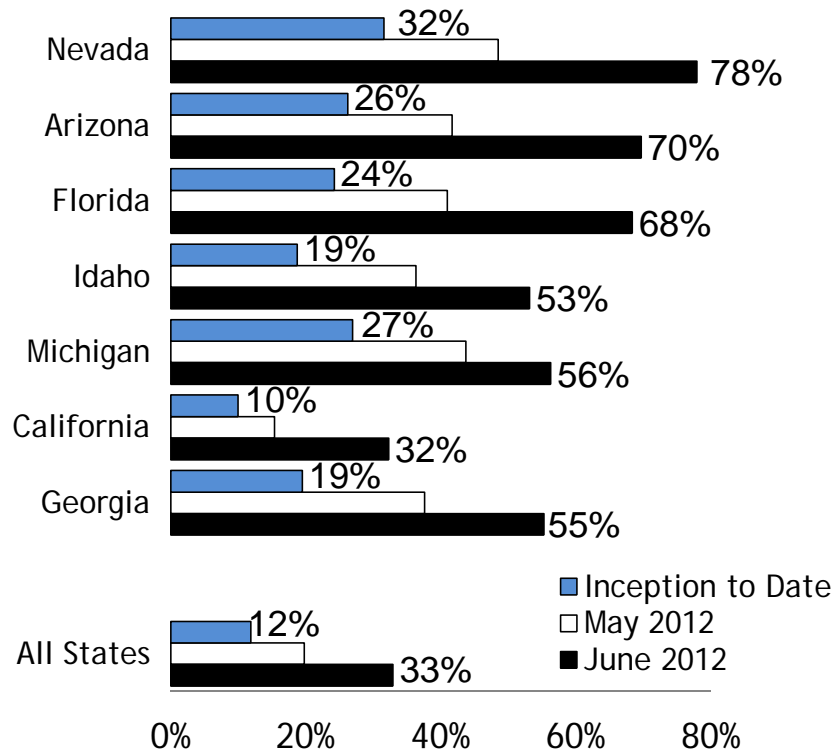
\* Includes HARP LTV >105%-125% and HARP LTV >125%.

\* Includes 25-year and 40-year mortgages.

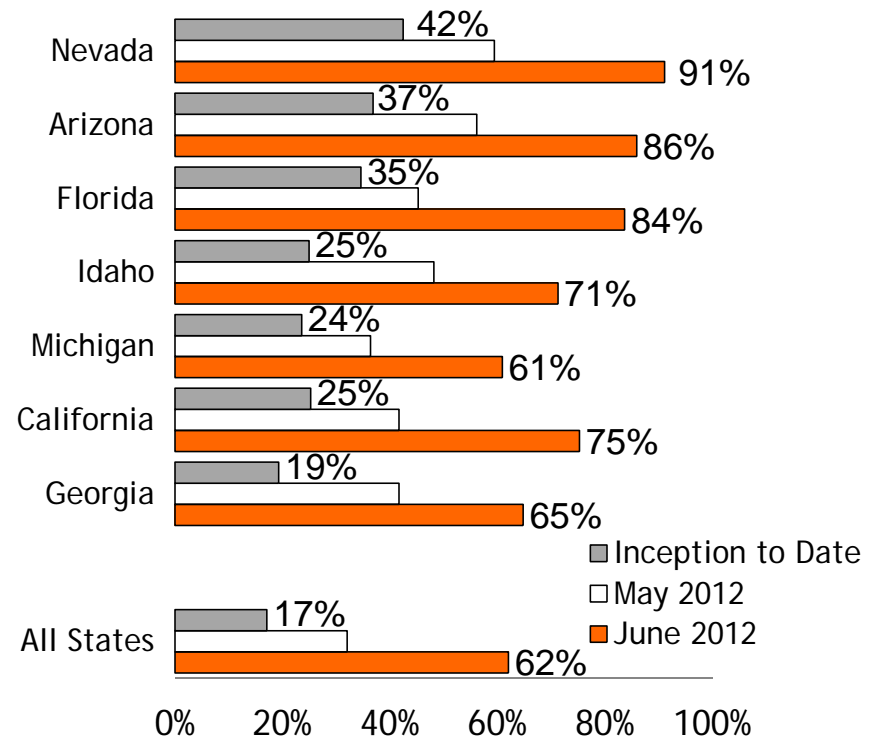
In June 2012, HARP accounted for a substantial portion of total refinance volume in certain states. HARP refinances represented 68 percent or more of total refinances in Nevada, Arizona, and Florida, compared to 33 percent of total refinances nationwide.

Underwater borrowers accounted for a very large portion of HARP refinances in a number of states. In Nevada, Arizona and Florida, underwater borrowers represented over 80 percent of HARP volume, and in Idaho and California they represented more than 70 percent of HARP refinances.

**Total HARP as a Percentage of Total Refinances**



**HARP LTV >105% as a Percentage of Total HARP**





## Appendix: Data Tables

## Fannie Mae and Freddie Mac - Monthly Refinance Volume (# of loans)

	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
<b>Total Refinances</b>													
Fannie Mae	118,098	108,870	120,694	169,066	183,055	233,837	264,305	221,272	211,428	329,207	176,633	230,523	234,337
Freddie Mac	67,525	59,316	76,377	94,703	111,822	124,544	112,050	130,655	123,603	162,239	90,977	110,686	148,202
Total	185,623	168,186	197,071	263,769	294,877	358,381	376,355	351,927	335,031	491,446	267,610	341,209	382,539
<b>Total HARP</b>													
Fannie Mae	16,222	14,441	17,011	19,599	17,766	21,210	13,824	29,269	24,007	41,633	26,828	39,953	61,162
Freddie Mac	12,135	12,070	11,871	15,216	15,799	15,094	9,499	26,914	20,531	37,840	22,625	27,503	64,704
Total	28,357	26,511	28,882	34,815	33,565	36,304	23,323	56,183	44,538	79,473	49,453	67,456	125,866
<b>HARP LTV &gt;80% -105%</b>													
Fannie Mae	14,266	12,756	15,073	17,140	15,510	18,959	12,464	25,162	19,427	32,356	19,737	27,581	28,016
Freddie Mac	8,830	9,291	8,969	11,900	12,821	12,192	8,141	21,254	15,176	25,522	14,345	18,270	19,734
Total	23,096	22,047	24,042	29,040	28,331	31,151	20,605	46,416	34,603	57,878	34,082	45,851	47,750
<b>HARP LTV &gt;105% -125%</b>													
Fannie Mae	1,956	1,685	1,938	2,459	2,256	2,251	1,360	4,106	3,828	7,813	5,577	10,378	12,461
Freddie Mac	3,305	2,779	2,902	3,316	2,978	2,902	1,358	5,660	4,557	10,896	6,067	8,273	11,897
Total	5,261	4,464	4,840	5,775	5,234	5,153	2,718	9,766	8,385	18,709	11,644	18,651	24,358
<b>HARP LTV &gt;125%</b>													
Fannie Mae									752	1,464	1,514	1,994	20,685
Freddie Mac									798	1,422	2,213	960	33,073
Total									1,550	2,886	3,727	2,954	53,758
<b>All Other Streamlined Refis</b>													
Fannie Mae	40,712	32,896	38,962	50,237	39,301	50,880	52,008	41,621	41,914	60,765	30,333	43,546	45,615
Freddie Mac	14,549	13,168	15,702	22,479	25,491	23,933	29,810	21,548	19,378	25,899	13,122	19,261	17,636
Total	55,261	46,064	54,664	72,716	64,792	74,813	81,818	63,169	61,292	86,664	43,455	62,807	63,251

## Notes:

**Initially HARP Refinance Loans** were defined as Fannie Mae to Fannie Mae and Freddie Mac to Freddie Mac first-lien refinance loans with limited and no cash out that are owner-occupied with loan-to-value ratios over 80 percent up to 125 percent.

**HARP Enhancements:** On October 24, 2011, FHFA, Fannie Mae and Freddie Mac announced HARP changes to reach more borrowers. Effective December 1, 2011, existing Enterprise borrowers who are current on their mortgage payments can refinance and reduce their monthly mortgage payments at loan-to-value ratios above 80 percent without any maximum loan-to-value limit.

**All Other Streamlined Refis** are streamlined refinances that do not qualify as HARP refinances. Fannie Mae implements streamlined refinances through the Refi Plus product for manual underwriting and DU Refi Plus product for loans underwritten through Desktop Underwriter. The product is available for refinances of existing Fannie Mae loans only. Freddie Mac implements streamlined refinances through the Relief Refinance Mortgage product. Loans may be originated by any Freddie Mac approved servicer.

## Appendix: Data Tables

## Fannie Mae - Loan Count by LTV and Product (Mortgage Term)

	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Total Refinances													
FRM 30 (incl FRM 25 & 40)	60,484	53,310	59,506	73,888	79,000	107,620	138,233	108,818	116,828	194,160	96,236	135,645	133,153
FRM 20	8,165	8,130	8,094	16,318	20,026	24,690	22,532	24,143	16,783	26,968	14,500	19,205	22,900
FRM 15	43,106	40,950	46,009	70,008	76,032	93,903	95,282	79,726	70,518	98,983	59,534	69,290	72,103
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	10,617	9,030	11,054	11,232	10,306	12,115	10,138	15,931	14,025	22,495	13,788	18,999	19,333
FRM 20	1,186	1,253	1,328	2,257	2,323	2,702	689	3,683	1,998	4,086	2,394	3,333	3,689
FRM 15	1,957	1,948	2,185	2,973	2,437	3,787	1,385	5,265	3,170	5,445	3,364	5,003	4,712
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	1,815	1,546	1,794	2,191	1,999	1,984	1,260	3,654	3,444	6,921	5,141	8,901	10,094
FRM 20	141	139	144	268	257	267	100	451	384	892	436	1,477	1,579
FRM 15								1					788
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)								1	700	1,362	1,425	1,818	17,588
FRM 20									52	102	89	176	2,556
FRM 15													541
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	20,461	15,990	21,005	20,180	16,933	20,197	24,025	19,126	21,919	32,574	15,907	23,357	26,438
FRM 20	3,062	3,392	3,016	6,914	7,123	9,383	7,033	6,163	4,278	6,778	3,158	4,151	5,270
FRM 15	16,400	12,681	13,989	22,133	14,567	20,667	20,437	15,810	15,308	20,875	10,956	15,700	13,526

## Appendix: Data Tables

## Freddie Mac - Loan Count by LTV and Product (Mortgage Term)

	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Total Refinances													
FRM 30 (incl FRM 25 & 40)	34,865	28,413	36,296	42,304	50,683	53,169	48,918	64,406	65,538	81,006	43,422	51,153	93,431
FRM 20	4,967	5,632	6,110	8,074	11,639	14,547	10,228	13,772	10,227	17,029	8,785	10,696	12,911
FRM 15	22,417	20,490	25,941	38,274	45,030	51,385	47,470	47,423	43,334	58,863	35,155	44,461	38,170
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	6,282	6,433	6,333	7,872	8,167	7,860	6,512	13,567	10,839	17,503	9,384	12,263	13,428
FRM 20	821	1,237	1,131	1,454	1,937	1,861	454	2,796	1,686	3,641	2,047	2,471	2,696
FRM 15	1,503	1,407	1,360	2,346	2,523	2,274	981	4,733	2,499	4,211	2,781	3,363	3,478
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	2,990	2,444	2,646	2,780	2,606	2,384	1,174	4,742	3,827	9,139	4,849	6,062	9,032
FRM 20	114	164	89	268	169	216	79	374	328	936	436	1,103	1,303
FRM 15	201	171	167	268	203	302	105	544	402	821	782	1,108	1,562
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)									670	1,200	1,840	807	27,238
FRM 20									49	96	226	79	2,749
FRM 15									79	126	147	74	3,086
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	6,881	5,292	7,126	8,659	9,820	9,157	12,875	9,127	8,733	11,959	4,264	9,049	7,761
FRM 20	1,626	1,972	1,864	2,973	3,691	4,116	3,067	2,777	2,066	3,278	1,911	2,160	2,118
FRM 15	5,782	5,698	6,568	10,680	11,803	10,459	13,717	9,516	8,447	10,553	6,856	7,951	7,611





