



# Federal Housing Finance Agency

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## Foreclosure Prevention & Refinance Report Fourth Quarter 2009 / February 2010

### FHFA's Federal Property Manager's Report

This report contains data on foreclosure prevention activity through the fourth quarter of 2009 and on refinance and MHA program activity through February 2010.

# Contents

|   |           |
|---|-----------|
| <b>HIGHLIGHTS.....</b>  | <b>2</b>  |
| <b>MAKING HOME AFFORDABLE PROGRAM - STATUS UPDATE.....</b>        | <b>3</b>  |
| Home Affordable Modification Program (HAMP).....                  | 3         |
| Home Affordable Refinance Program (HARP).....                     | 3         |
| <b>MORTGAGE PERFORMANCE.....</b>                                  | <b>4</b>  |
| <b>FORECLOSURE PREVENTION ACTIONS: All Actions Completed.....</b> | <b>5</b>  |
| Home Retention Actions.....                                       | 6         |
| Enterprises' Loan Modifications.....                              | 7         |
| Fannie Mae's Loan Modifications.....                              | 8         |
| Freddie Mac's Loan Modifications.....                             | 9         |
| Home Forfeiture Actions.....                                      | 10        |
| <b>REFINANCE ACTIVITY.....</b>                                    | <b>11</b> |
| Total Refinance Volume.....                                       | 11        |
| HARP Refinance Volume.....  | 12        |
| <b>FORECLOSURES.....</b>  | <b>13</b> |
| <b>APPENDIX: DATA TABLES.....</b>                                 | <b>14</b> |
| <b>GLOSSARY.....</b>  | <b>23</b> |

## Fourth Quarter Highlights

### Making Home Affordable Program

- HAMP trial and permanent modifications increased 75 percent during the fourth quarter to more than 485,400. The number increased to approximately 572,700 through February 2010 (of which nearly 103,700 were permanent modifications).
- HARP refinance volume increased 63 percent during the fourth quarter to approximately 190,200. The number increased to nearly 257,100 through February 2010.

### Completed Foreclosure Prevention Actions:

- Completed foreclosure prevention activity increased 38 percent in the fourth quarter to approximately 145,400, driven by increases in all forms of home retention activity and short sales.
- Completed loan modifications increased 57 percent to nearly 57,600 in the fourth quarter. The majority of borrowers received a combination of rate reductions and term extensions.
- Approximately 60 percent of loan modifications completed in the fourth quarter lowered borrowers' monthly payments by over 20 percent.
- The Enterprises completed approximately 46,400 and 18,200 repayment plans and forbearance plans, respectively, during the quarter.
- More than 19,800 short sales and deeds-in-lieu were completed during the fourth quarter, an increase of 14 percent over the prior quarter.

### Mortgage Performance:

- Loans that are only one month delinquent decreased by 9,200 loans or nearly 1.3 percent during the fourth quarter to approximately 724,600.
- Loans 60-plus-days delinquent increased by nearly 182,400 loans or 11.5 percent during the fourth quarter to approximately 1.8 million.

### Foreclosures:

- Foreclosure starts declined 4 percent to approximately 243,500, while completed foreclosure sales and third-party sales increased 12 percent to nearly 77,900 in the fourth quarter.

## Foreclosure Prevention & Refinance Activities

|   | 3Q09           | 4Q09           |
|---|----------------|----------------|
| HAMP Trials & Permanent - Cumulative            | 278,139        | 485,418        |
| HARP - Cumulative                               | 116,676        | 190,180        |
| <b>Completed Foreclosure Prevention Actions</b> |                |                |
| Loan Modifications *                            | 36,722         | 57,569         |
| Repayment Plans                                 | 38,939         | 46,406         |
| Forbearance Plans                               | 7,262          | 18,229         |
| Charge-offs In Lieu                             | 810            | 653            |
| HomeSaver Advance ( <i>Fannie</i> )             | 4,347          | 2,759          |
| <b>Home Retention Actions</b>                   | <b>88,080</b>  | <b>125,616</b> |
| Short Sales                                     | 16,586         | 19,102         |
| Deeds-in-lieu                                   | 843            | 715            |
| <b>Home Forfeiture Actions</b>                  | <b>17,429</b>  | <b>19,817</b>  |
| <b>TOTAL</b>                                    | <b>105,509</b> | <b>145,433</b> |

\* Includes HAMP permanent modifications

## Enterprises' Mortgage Portfolio Characteristics

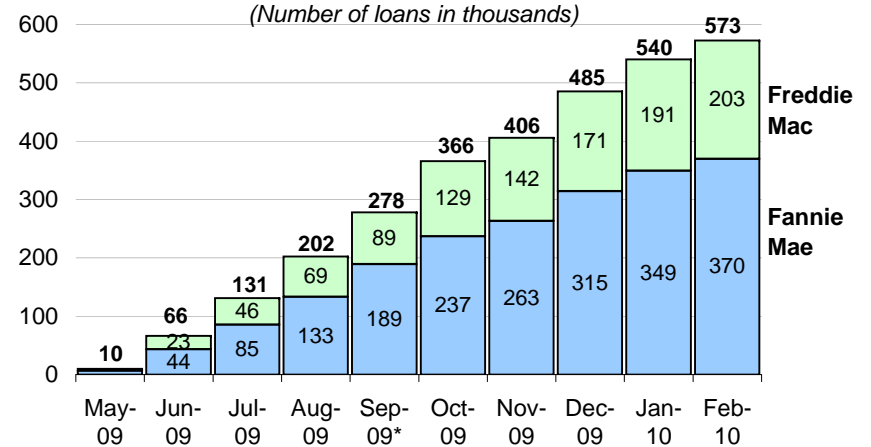
|   | <i>As of the End of</i> |         |
|---|-------------------------|---------|
|   | 3Q09                    | 4Q09    |
| Number of loans serviced (millions)     | 30.6                    | 30.5    |
| Original credit score >= 660            | 26.0                    | 26.0    |
| Original credit score < 660             | 4.6                     | 4.5     |
| Loans Serviced (\$ in billions)         | \$4,640                 | \$4,639 |
| Original Weighted Average Credit Score  | 729                     | 730     |
| Original Weighted Average Loan-to-Value | 71%                     | 71%     |
| Current Weighted Average Loan-to-Value  | 75%                     | 76%     |

# Making Home Affordable Program - Status Update

## Home Affordable Modification Program (HAMP)

- Announced March 4, 2009.
- Allows a borrower's payment to be reduced to an affordable amount through an interest rate reduction (down to 2 percent), a term extension (up to 480 months), or principal forbearance. Incentives are being offered to borrowers, servicers, and investors for program participation and a successful payment history.
- The Enterprises reported approximately 572,700 active trial and permanent modifications through February 2010 (of which nearly 103,700 were permanent modifications).

**HAMP Active Trial and Permanent Modifications - Cumulative**  
(Number of loans in thousands)

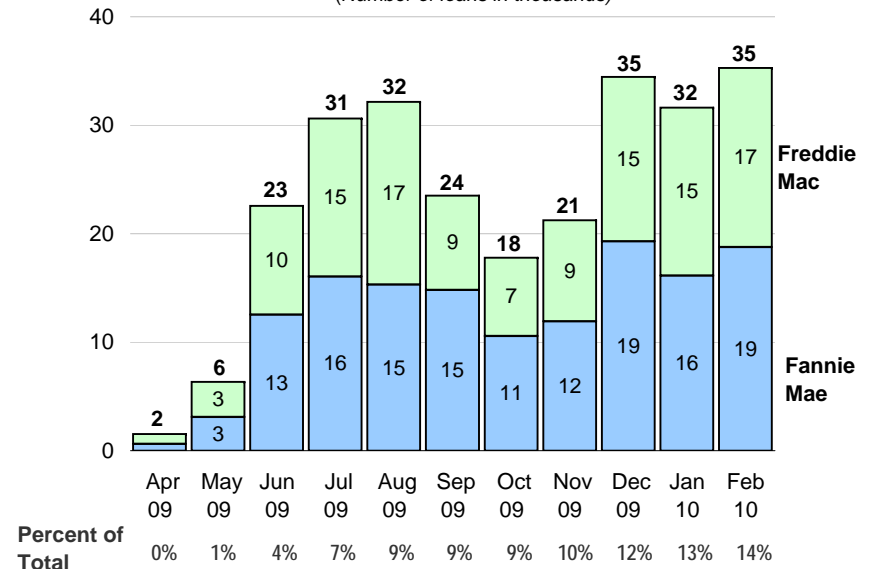


Source: Weekly Servicer Survey through September. IR2 (Making Home Affordable system of records) starting in October.

## Home Affordable Refinance Program (HARP)

- Announced March 4, 2009.
- Allows existing Enterprise borrowers who are current on their mortgage payments to refinance and reduce their monthly mortgage payments at loan-to-value ratios up to 125 percent without new mortgage insurance.
- HARP loan volume grew to 13.9% of the Enterprises' total loans refinanced in February 2010.

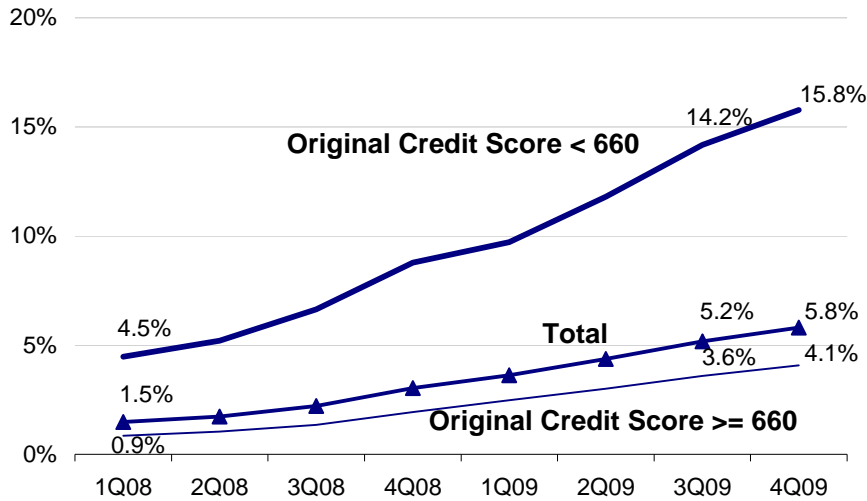
**HARP Refinance, Monthly Volume**  
(Number of loans in thousands)



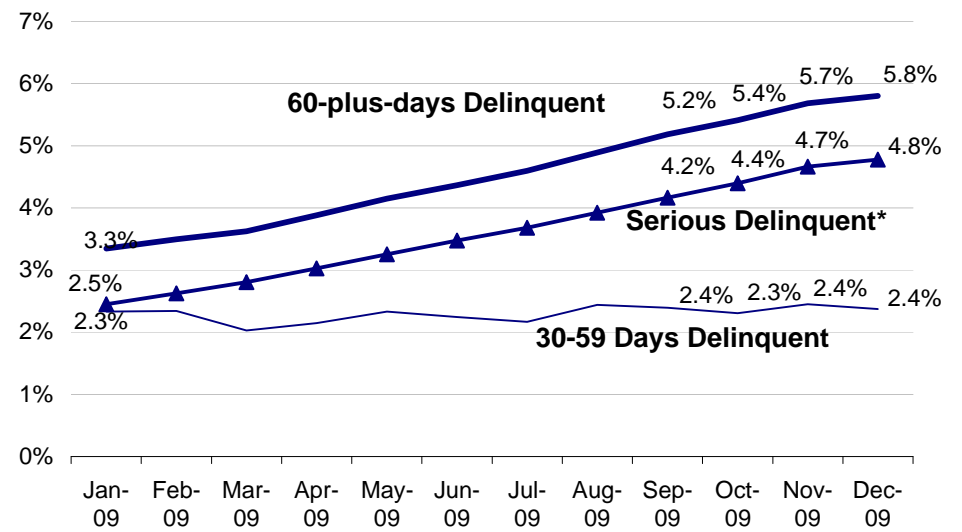
\* The number of loans in HAMP trial period for September has been revised to tie to the Enterprises' financial statements.

# Mortgage Performance

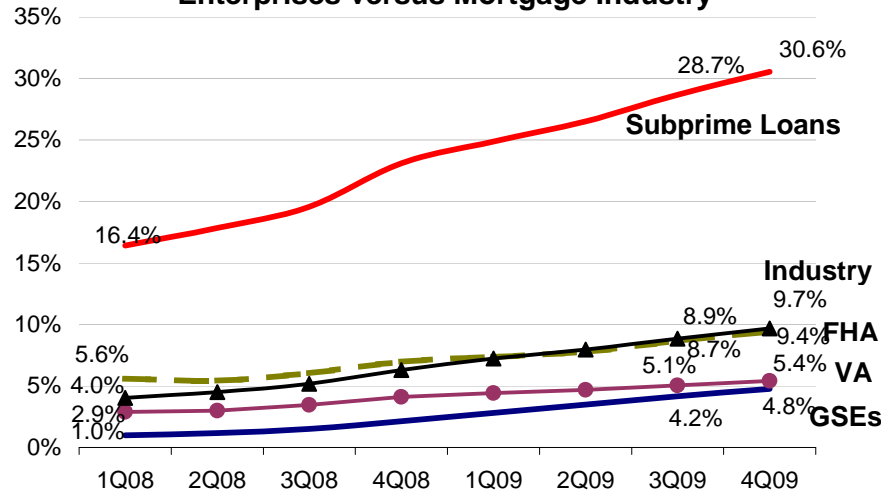
**Enterprises' 60-plus-days Delinquency Rates by Original Credit Score**



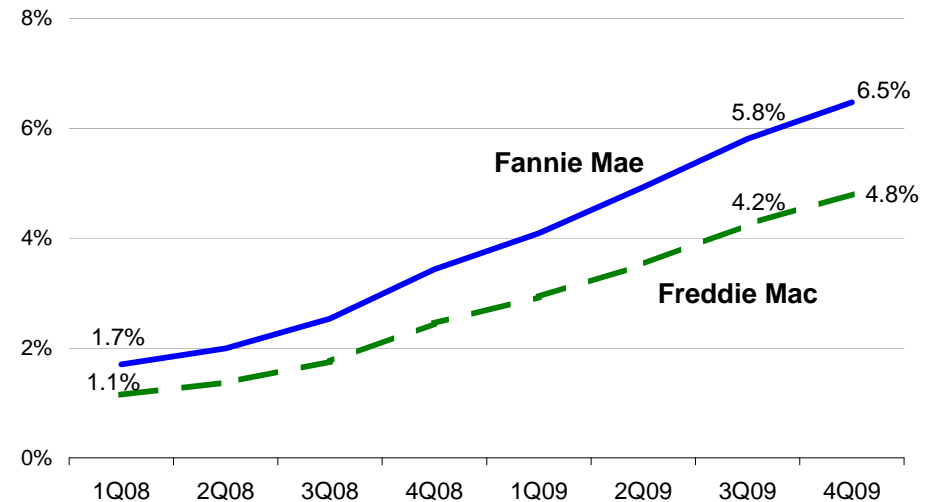
**Enterprises' Mortgage Delinquency Rates**



**Serious Delinquency Rates\* Enterprises versus Mortgage Industry**



**60-plus-days Delinquency Rates**

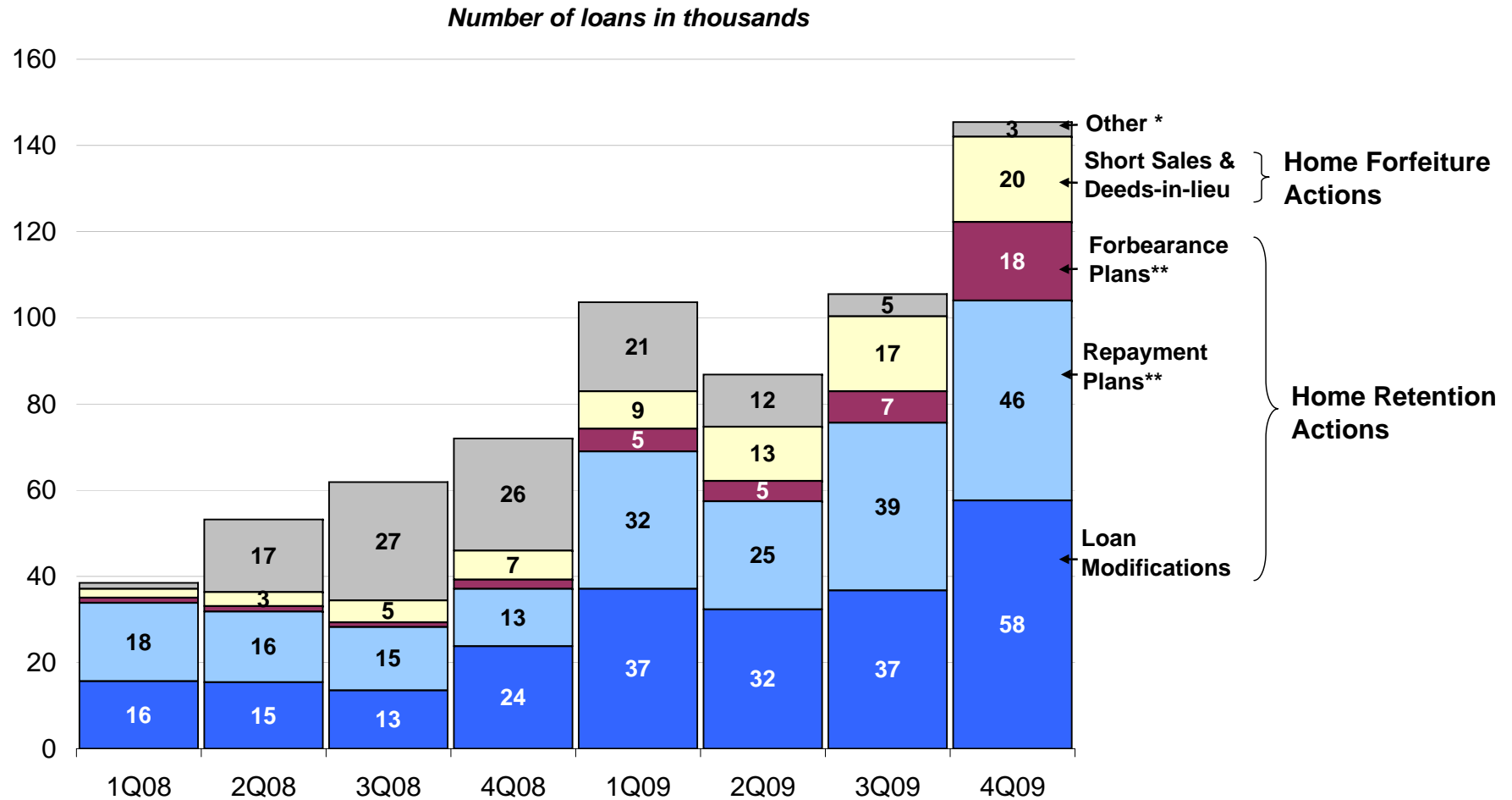


Source: Fannie Mae and Freddie Mac; National Delinquency Survey from Mortgage Bankers Association - Fourth Quarter 2009

\* 90 days or more delinquent, or in the process of foreclosure.

# Foreclosure Prevention Activity: All Actions Completed

Completed foreclosure prevention activity increased in the fourth quarter driven by increases in all forms of home retention activity and short sales.

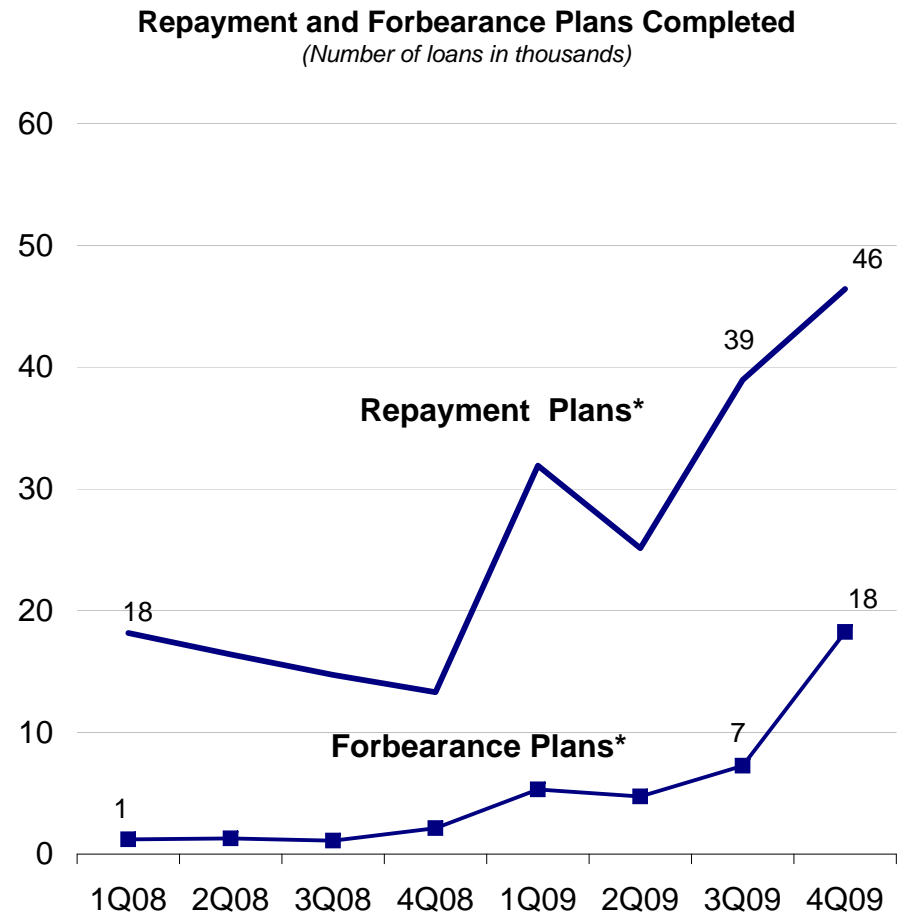
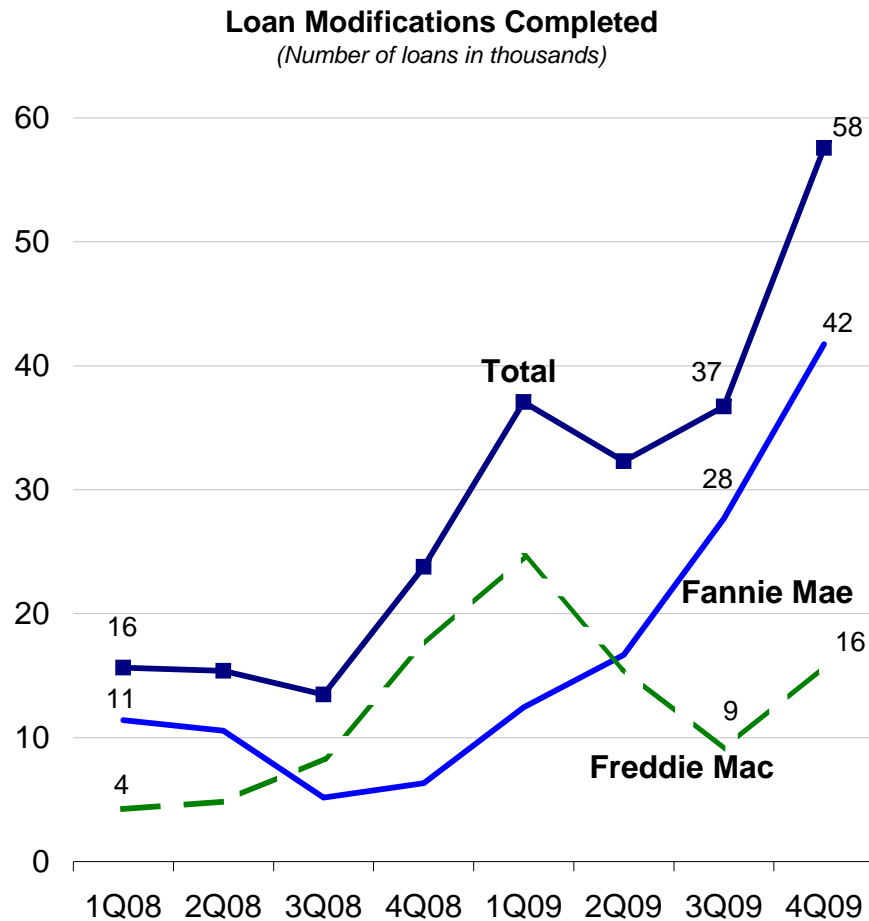


\* Consists of HomeSaver Advance (Fannie Mae) and Charge-offs in lieu.

\*\* In July 2009, Fannie Mae changed the definition of completed repayment and forbearance plans to include loans that were 30 to 59 days delinquent at initiation of the plan, consistent with the definition used by Freddie Mac for these items. Previously Fannie Mae's definition of completed repayment and forbearance plans included only repayment plans for loans that were 60 days or more delinquent at initiation and forbearance plans for loans that were 90 days or more delinquent at initiation. Fannie Mae's 2009 data has been revised accordingly.

## Foreclosure Prevention Activity: Home Retention Actions

The volume of completed loan modifications increased 57 percent to nearly 57,600 during the fourth quarter with a sizeable number of modifications completed through HAMP. In addition, repayment plans and forbearance plans increased substantially during the quarter to approximately 46,400 and 18,200 respectively.

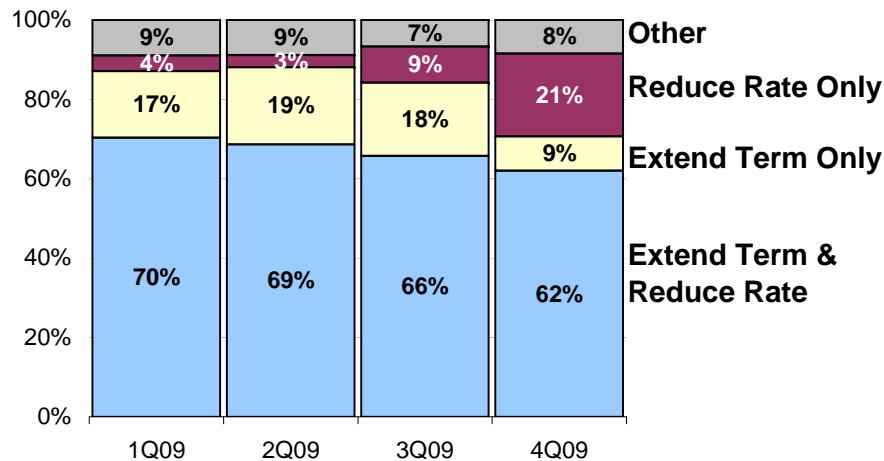


\* 2009 data on repayment and forbearance plans has been revised (see footnote \*\* on page 5).

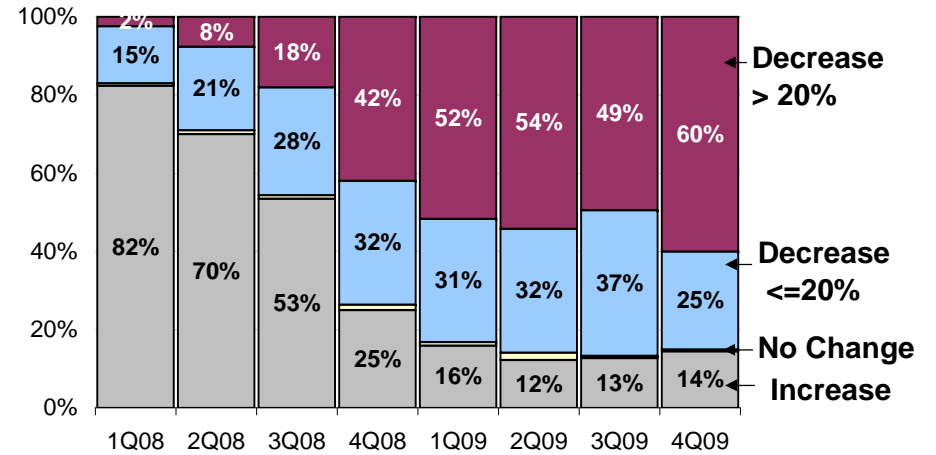
# Enterprises' Loan Modifications

An increasing proportion of loan modifications involve only rate reductions because rate reduction is the first step of the HAMP waterfall. The majority of loan modifications in the fourth quarter involved both rate reductions and term extensions. The proportion of borrowers receiving payment reductions greater than 20 percent in the fourth quarter was the highest in two years.

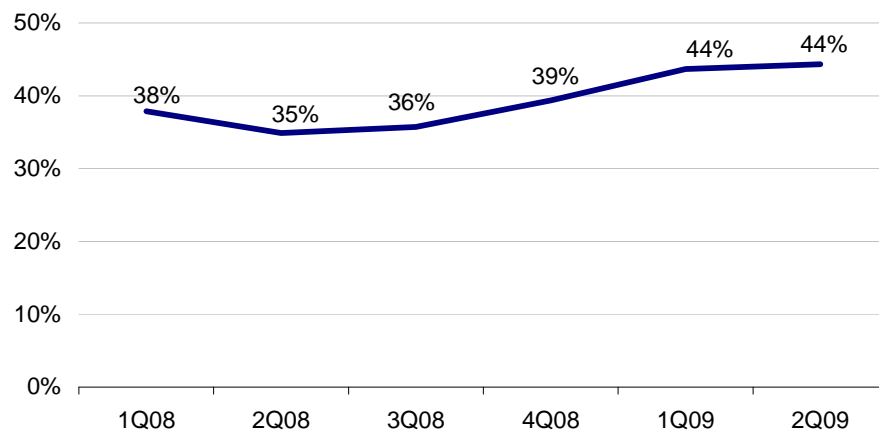
**Type of Modification**



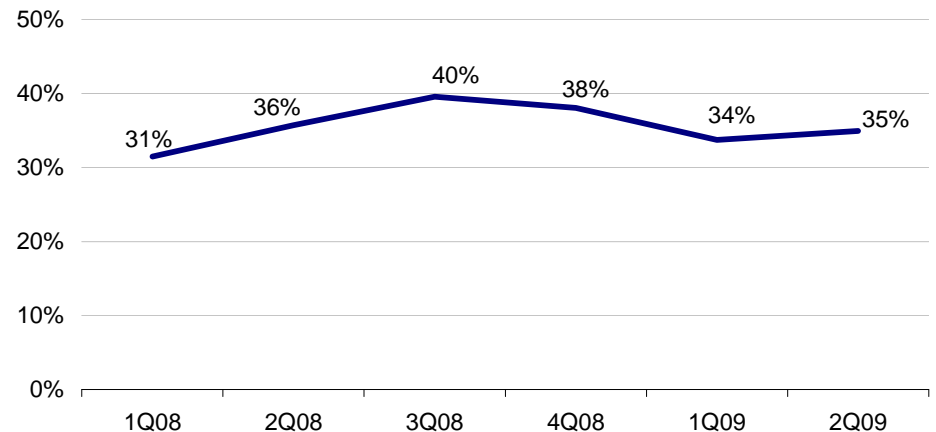
**Size of Payment Change**



**Modified Loans - Current Six Months After Modification**



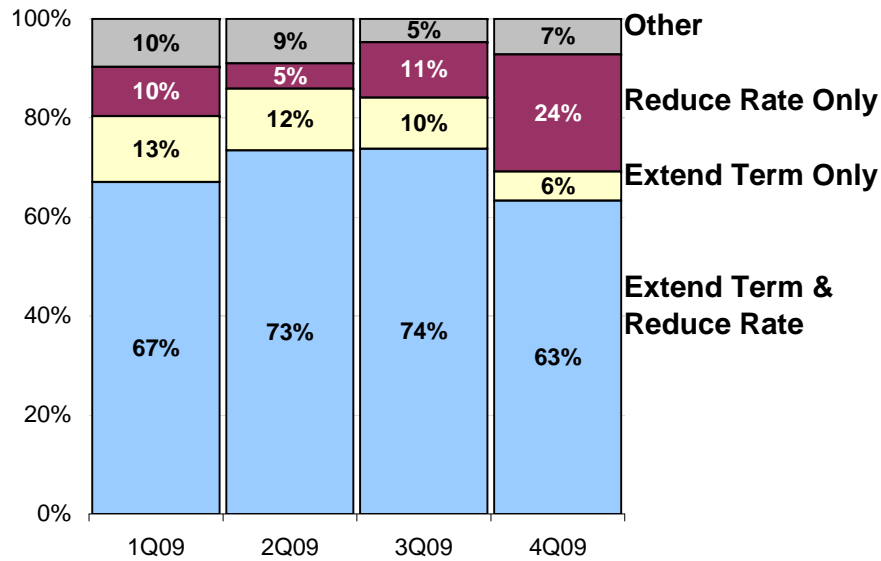
**Modified Loans - 60-plus-days Re-Delinquency Rates Six Months After Modification**



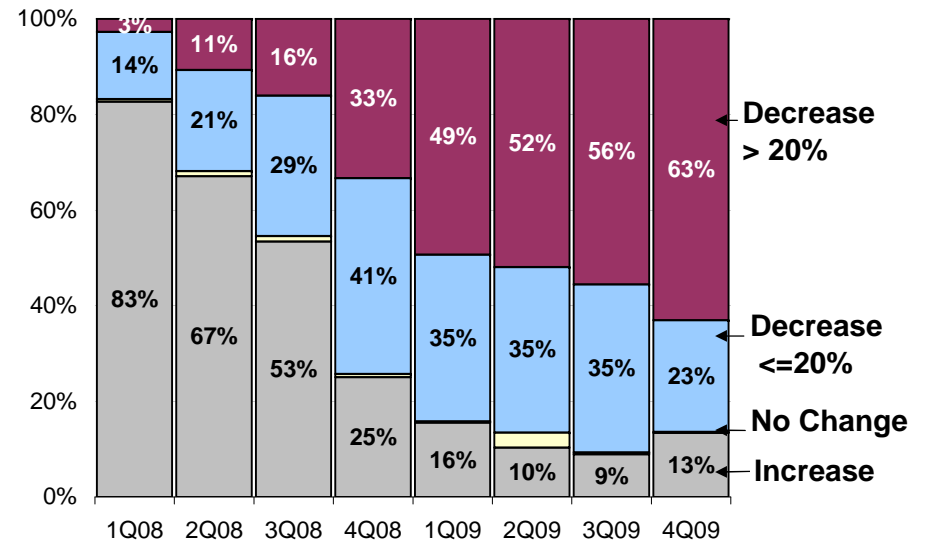


# Fannie Mae's Loan Modifications

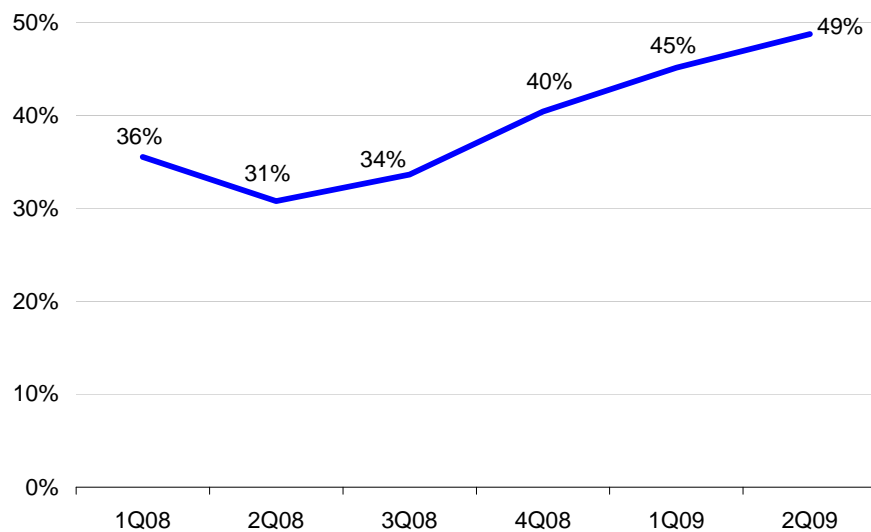
**Type of Modification**



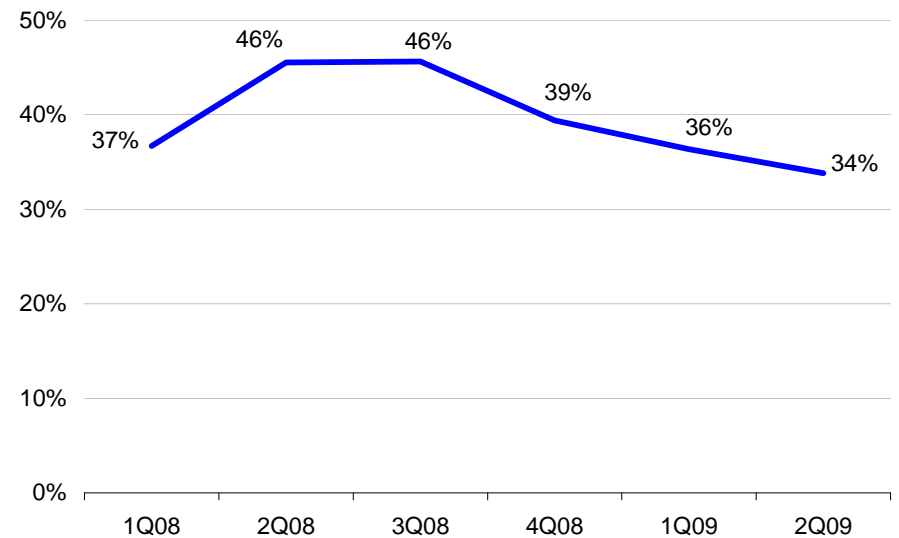
**Size of Payment Change**



**Modified Loans - Current Six Months After Modification**

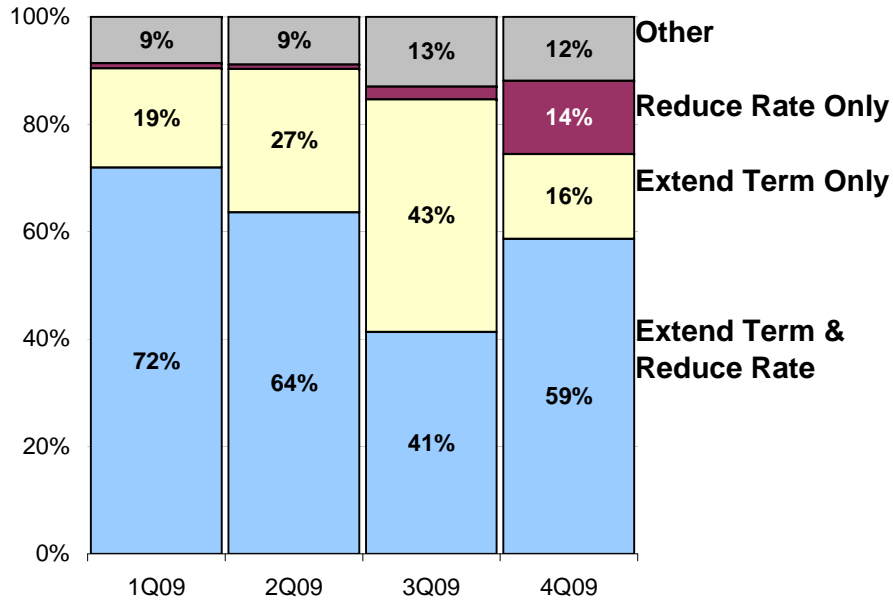


**Modified Loans - 60-plus-days Re-Delinquency Rates Six Months After Modification**

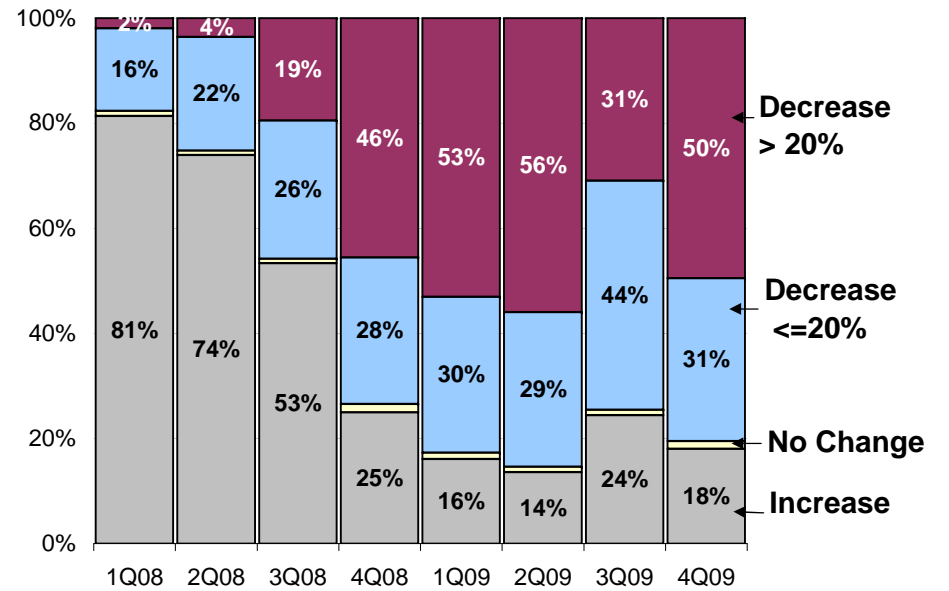


# Freddie Mac's Loan Modifications

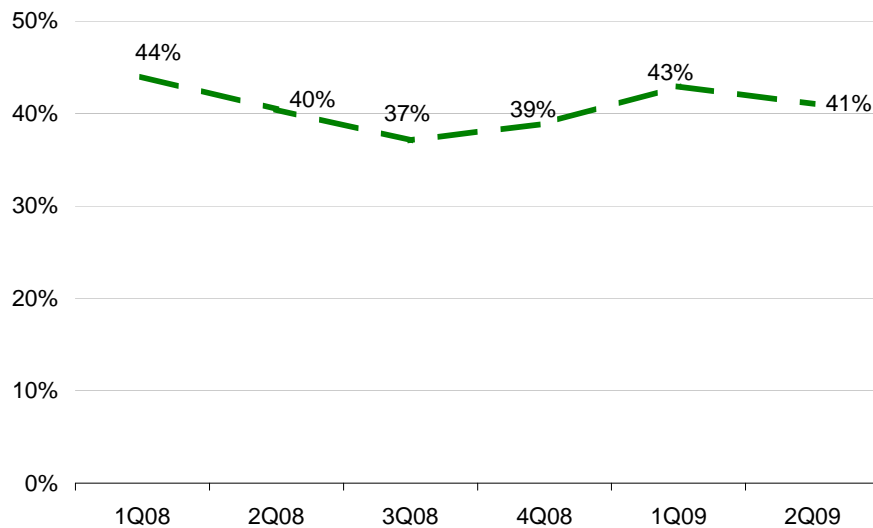
**Type of Modification**



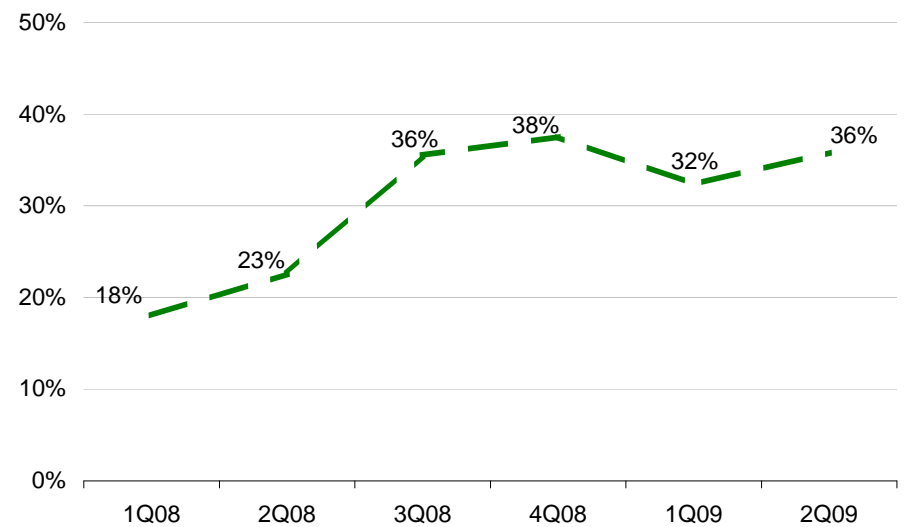
**Size of Payment Change**



**Modified Loans - Current Six Months After Modification**

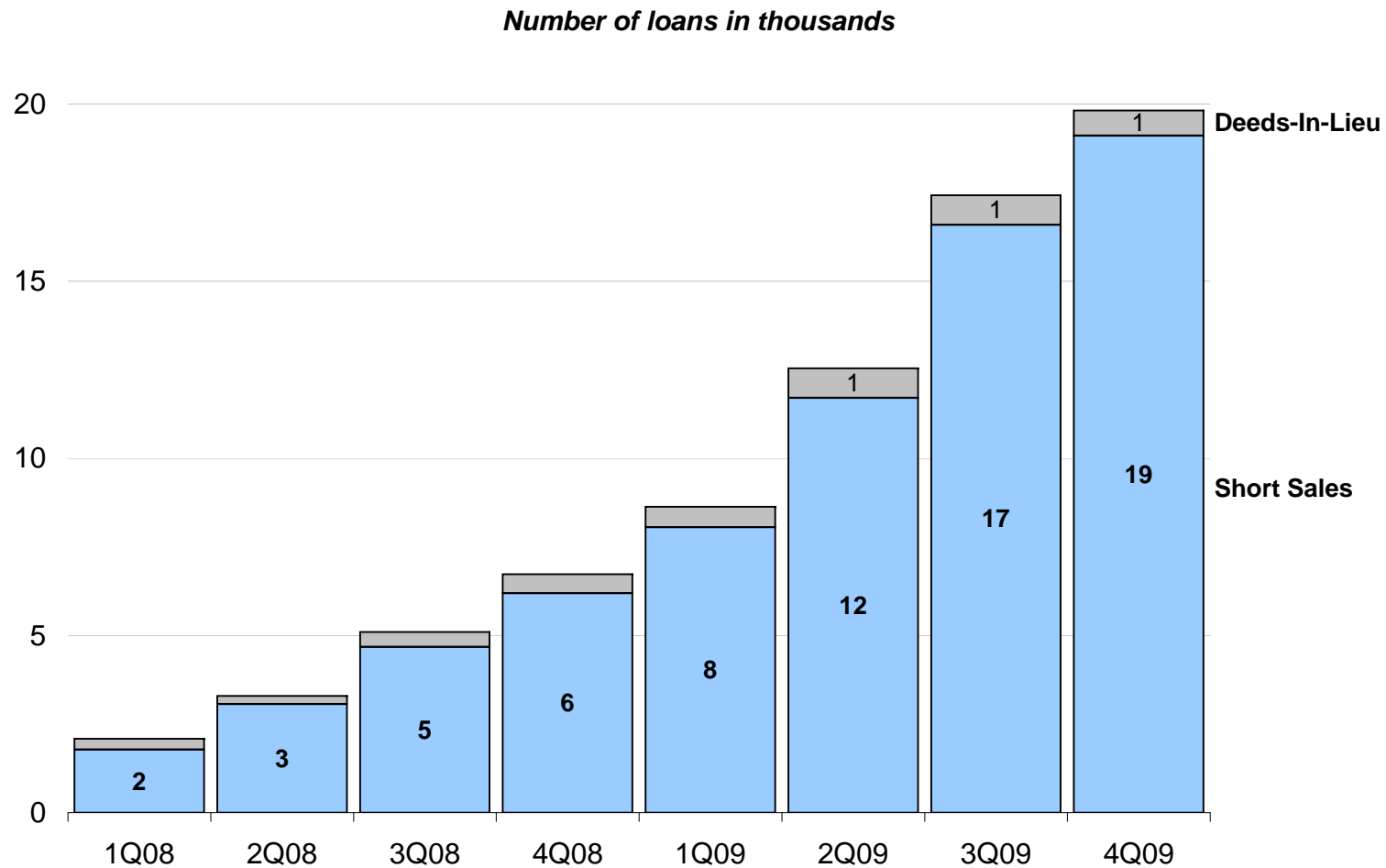


**Modified Loans - 60-plus-days Re-Delinquency Rates Six Months After Modification**



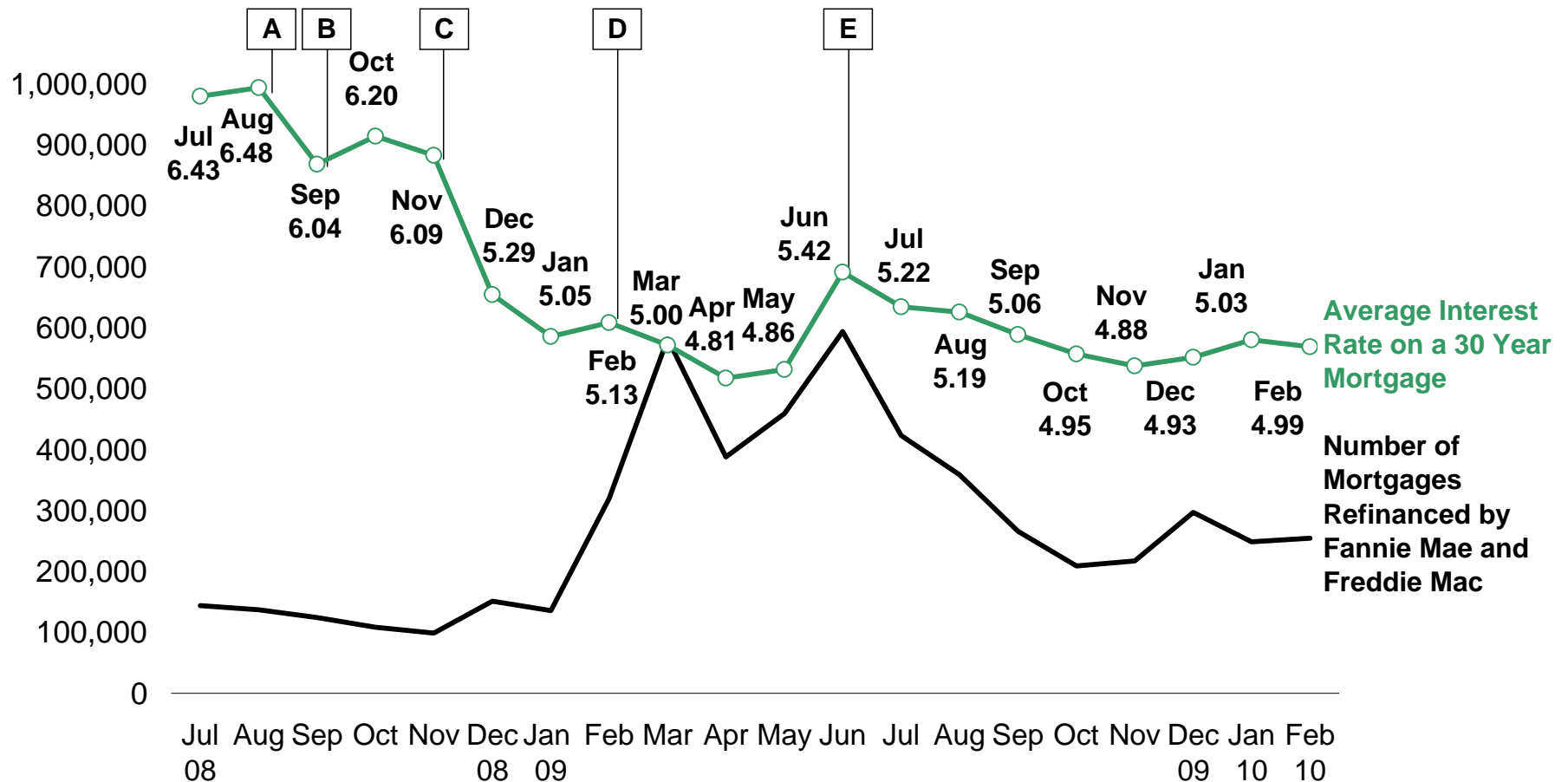
## Foreclosure Prevention Activity: Home Forfeiture Actions

Short sales and deeds-in-lieu of foreclosure increased during the fourth quarter as the Enterprises continue to utilize these strategies to reduce foreclosure-related costs and to minimize the impact of foreclosures on borrowers, communities and neighborhoods.



## Refinance Activity

Refinance volume increased only slightly in February as the rate for a thirty year mortgage fluctuated in a narrow range over the prior months.



- A - Highest rate in 2008 for a 30 year mortgage
- B - GSEs placed into conservatorship on 09/07/08
- C - Fed announces MBS purchase program on 11/25/08

- D - Obama Administration's Making Homes Affordable announcement 02/20/09
- E - Treasury rates sharply rose and reached a 2009 high on a better than expected unemployment report in June.

## Refinance Activity

Fannie Mae and Freddie Mac refinanced 257,079 loans through the HARP program through February 2010.

|                                    | February<br>2010 | Year to<br>Date | Inception to<br>Date <sup>1</sup> |
|------------------------------------|------------------|-----------------|-----------------------------------|
| <b>Total Refinances</b>            |                  |                 |                                   |
| Fannie Mae                         | 146,955          | 288,180         | 2,175,665                         |
| Freddie Mac                        | <u>107,438</u>   | <u>215,028</u>  | <u>1,538,791</u>                  |
| Total                              | 254,393          | 503,208         | 3,714,456                         |
| <b>HARP LTV &gt;80% -105%</b>      |                  |                 |                                   |
| Fannie Mae                         | 18,067           | 33,585          | 136,732                           |
| Freddie Mac                        | <u>15,670</u>    | <u>30,420</u>   | <u>115,530</u>                    |
| Total                              | 33,737           | 64,005          | 252,262                           |
| <b>HARP LTV &gt;105% -125%</b>     |                  |                 |                                   |
| Fannie Mae                         | 683              | 1,309           | 2,279                             |
| Freddie Mac                        | <u>868</u>       | <u>1,585</u>    | <u>2,538</u>                      |
| Total                              | 1,551            | 2,894           | 4,817                             |
| <b>All Other Streamlined Refis</b> |                  |                 |                                   |
| Fannie Mae                         | 32,092           | 58,750          | 283,668                           |
| Freddie Mac                        | <u>22,330</u>    | <u>43,584</u>   | <u>126,739</u>                    |
| Total                              | 54,422           | 102,334         | 410,407                           |

**HARP Refinance Loans** are 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 LTV's over 80 to 125.

**All Other Streamlined Refis** are streamlined refinances that do not qualify as HARP >80% - 125% 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.

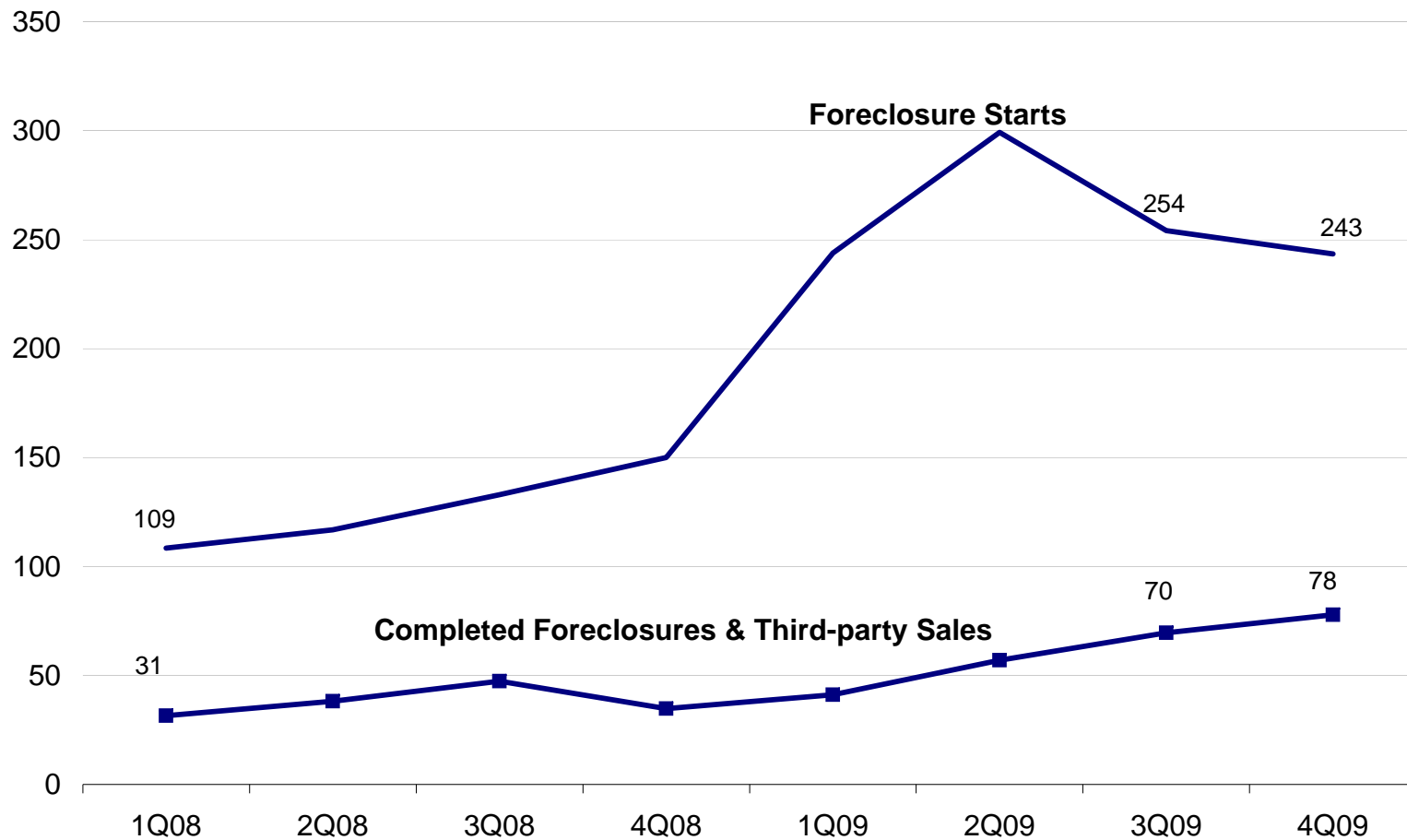
<sup>1</sup>Inception to Date - Since April 1, 2009

Monthly totals may change due to ongoing reconciliation.

# Foreclosures

Foreclosure starts declined, while completed foreclosure sales and third-party sales increased during the fourth quarter.

*Number of loans in thousands*



## Appendix: Data Tables

1(i) Enterprises Combined - Mortgage Performance *(at period end)*

| <i>(# of loans in thousands)</i>       | 1Q08   | 2Q08   | 3Q08   | 4Q08   | 1Q09   | 2Q09   | 3Q09   | 4Q09   | <u>2008</u> | <u>2009</u> |
|--|--------|--------|--------|--------|--------|--------|--------|--------|-------------|-------------|
| <b>Total Loans Serviced</b>            | 30,190 | 30,459 | 30,626 | 30,536 | 30,353 | 30,411 | 30,629 | 30,509 | 30,536      | 30,509      |
| Original Credit Score >= 660           | 25,036 | 25,369 | 25,608 | 25,657 | 25,578 | 25,722 | 26,044 | 26,022 | 25,657      | 26,022      |
| Original Credit Score < 660            | 5,153  | 5,090  | 5,018  | 4,879  | 4,775  | 4,689  | 4,586  | 4,487  | 4,879       | 4,487       |
| <b>Total Delinquent Loans</b>          |        |        |        |        | 1,715  | 2,009  | 2,321  | 2,494  |             | 2,494       |
| Original Credit Score >= 660           |        |        |        |        | 952    | 1,126  | 1,341  | 1,468  |             | 1,468       |
| Original Credit Score < 660            |        |        |        |        | 763    | 882    | 980    | 1,026  |             | 1,026       |
| <b>30 - 59 Days Delinquent</b>         |        |        |        |        | 615    | 682    | 734    | 725    |             | 725         |
| Original Credit Score >= 660           |        |        |        |        | 316    | 353    | 404    | 406    |             | 406         |
| Original Credit Score < 660            |        |        |        |        | 299    | 329    | 330    | 318    |             | 318         |
| <b>60 - 89 Days Delinquent</b>         |        |        |        |        | 254    | 269    | 310    | 310    |             | 310         |
| Original Credit Score >= 660           |        |        |        |        | 137    | 140    | 171    | 176    |             | 176         |
| Original Credit Score < 660            |        |        |        |        | 117    | 129    | 139    | 135    |             | 135         |
| <b>60-plus-days Delinquent</b>         | 445    | 529    | 678    | 926    | 1,100  | 1,327  | 1,587  | 1,769  | 926         | 1,769       |
| Original Credit Score >= 660           | 214    | 264    | 345    | 497    | 636    | 774    | 937    | 1,061  | 497         | 1,061       |
| Original Credit Score < 660            | 231    | 265    | 333    | 429    | 464    | 553    | 650    | 708    | 429         | 708         |
| <b>Percent of Total Loans Serviced</b> |        |        |        |        |        |        |        |        |             |             |
| <b>Total Delinquent Loans</b>          |        |        |        |        | 5.65%  | 6.61%  | 7.58%  | 8.17%  |             | 8.17%       |
| Original Credit Score >= 660           |        |        |        |        | 3.72%  | 4.38%  | 5.15%  | 5.64%  |             | 5.64%       |
| Original Credit Score < 660            |        |        |        |        | 15.98% | 18.82% | 21.37% | 22.87% |             | 22.87%      |
| <b>30 - 59 Days Delinquent</b>         |        |        |        |        | 2.03%  | 2.24%  | 2.40%  | 2.38%  |             | 2.38%       |
| Original Credit Score >= 660           |        |        |        |        | 1.24%  | 1.37%  | 1.55%  | 1.56%  |             | 1.56%       |
| Original Credit Score < 660            |        |        |        |        | 6.27%  | 7.02%  | 7.20%  | 7.09%  |             | 7.09%       |
| <b>60 - 89 Days Delinquent</b>         |        |        |        |        | 0.84%  | 0.88%  | 1.01%  | 1.02%  |             | 1.02%       |
| Original Credit Score >= 660           |        |        |        |        | 0.54%  | 0.55%  | 0.66%  | 0.68%  |             | 0.68%       |
| Original Credit Score < 660            |        |        |        |        | 2.46%  | 2.75%  | 3.04%  | 3.00%  |             | 3.00%       |
| <b>60-plus-days Delinquent</b>         | 1.47%  | 1.74%  | 2.22%  | 3.03%  | 3.62%  | 4.36%  | 5.18%  | 5.80%  | 3.03%       | 5.80%       |
| Original Credit Score >= 660           | 0.86%  | 1.04%  | 1.35%  | 1.94%  | 2.48%  | 3.01%  | 3.60%  | 4.08%  | 1.94%       | 4.08%       |
| Original Credit Score < 660            | 4.48%  | 5.21%  | 6.64%  | 8.79%  | 9.71%  | 11.80% | 14.17% | 15.78% | 8.79%       | 15.78%      |
| <b>Serious Delinquency Rate</b>        | 0.99%  | 1.18%  | 1.52%  | 2.14%  | 2.80%  | 3.48%  | 4.16%  | 4.77%  | 2.14%       | 4.77%       |
| <b>In Bankruptcy</b>                   |        |        |        |        | 0.29%  | 0.33%  | 0.36%  | 0.37%  |             | 0.37%       |

## Appendix: Data Tables

## 1(ii) Fannie Mae - Mortgage Performance (at period end)

| (# of loans in thousands)              | 1Q08   | 2Q08   | 3Q08   | 4Q08   | 1Q09   | 2Q09   | 3Q09   | 4Q09   | <u>2008</u> | <u>2009</u> |
|--|--------|--------|--------|--------|--------|--------|--------|--------|-------------|-------------|
| <b>Total Loans Serviced</b>            | 17,793 | 18,041 | 18,167 | 18,220 | 18,131 | 18,221 | 18,360 | 18,284 | 18,220      | 18,284      |
| Original Credit Score >= 660           | 14,601 | 14,884 | 15,055 | 15,164 | 15,144 | 15,274 | 15,480 | 15,469 | 15,164      | 15,469      |
| Original Credit Score < 660            | 3,192  | 3,157  | 3,112  | 3,056  | 2,987  | 2,947  | 2,879  | 2,816  | 3,056       | 2,816       |
| <b>Total Delinquent Loans</b>          |        |        |        |        | 1,139  | 1,335  | 1,518  | 1,636  |             | 1,636       |
| Original Credit Score >= 660           |        |        |        |        | 632    | 747    | 870    | 957    |             | 957         |
| Original Credit Score < 660            |        |        |        |        | 507    | 588    | 648    | 679    |             | 679         |
| <b>30 - 59 Days Delinquent</b>         |        |        |        |        | 397    | 438    | 452    | 453    |             | 453         |
| Original Credit Score >= 660           |        |        |        |        | 203    | 225    | 242    | 250    |             | 250         |
| Original Credit Score < 660            |        |        |        |        | 195    | 213    | 210    | 203    |             | 203         |
| <b>60 - 89 Days Delinquent</b>         |        |        |        |        | 170    | 177    | 197    | 196    |             | 196         |
| Original Credit Score >= 660           |        |        |        |        | 91     | 92     | 107    | 110    |             | 110         |
| Original Credit Score < 660            |        |        |        |        | 79     | 85     | 90     | 86     |             | 86          |
| <b>60-plus-days Delinquent</b>         | 303    | 359    | 460    | 625    | 742    | 897    | 1,066  | 1,183  | 625         | 1,183       |
| Original Credit Score >= 660           | 146    | 180    | 236    | 336    | 429    | 522    | 628    | 707    | 336         | 707         |
| Original Credit Score < 660            | 156    | 179    | 224    | 289    | 313    | 375    | 439    | 476    | 289         | 476         |
| <b>Percent of Total Loans Serviced</b> |        |        |        |        |        |        |        |        |             |             |
| <b>Total Delinquent Loans</b>          |        |        |        |        | 6.28%  | 7.33%  | 8.27%  | 8.95%  |             | 8.95%       |
| Original Credit Score >= 660           |        |        |        |        | 4.17%  | 4.89%  | 5.62%  | 6.19%  |             | 6.19%       |
| Original Credit Score < 660            |        |        |        |        | 16.98% | 19.96% | 22.51% | 24.12% |             | 24.12%      |
| <b>30 - 59 Days Delinquent</b>         |        |        |        |        | 2.19%  | 2.40%  | 2.46%  | 2.48%  |             | 2.48%       |
| Original Credit Score >= 660           |        |        |        |        | 1.34%  | 1.47%  | 1.57%  | 1.61%  |             | 1.61%       |
| Original Credit Score < 660            |        |        |        |        | 6.51%  | 7.24%  | 7.28%  | 7.22%  |             | 7.22%       |
| <b>60 - 89 Days Delinquent</b>         |        |        |        |        | 0.94%  | 0.97%  | 1.07%  | 1.07%  |             | 1.07%       |
| Original Credit Score >= 660           |        |        |        |        | 0.60%  | 0.60%  | 0.69%  | 0.71%  |             | 0.71%       |
| Original Credit Score < 660            |        |        |        |        | 2.66%  | 2.90%  | 3.11%  | 3.06%  |             | 3.06%       |
| <b>60-plus-days Delinquent</b>         | 1.70%  | 1.99%  | 2.53%  | 3.43%  | 4.09%  | 4.92%  | 5.81%  | 6.47%  | 3.43%       | 6.47%       |
| Original Credit Score >= 660           | 1.00%  | 1.21%  | 1.57%  | 2.22%  | 2.83%  | 3.42%  | 4.05%  | 4.57%  | 2.22%       | 4.57%       |
| Original Credit Score < 660            | 4.90%  | 5.66%  | 7.20%  | 9.44%  | 10.47% | 12.72% | 15.23% | 16.90% | 9.44%       | 16.90%      |
| <b>Serious Delinquency Rate</b>        | 1.15%  | 1.36%  | 1.72%  | 2.42%  | 3.15%  | 3.94%  | 4.72%  | 5.38%  | 2.42%       | 5.38%       |
| <b>In Bankruptcy</b>                   |        |        |        |        | 0.33%  | 0.38%  | 0.40%  | 0.41%  |             | 0.41%       |



## Appendix: Data Tables

## 1(iii) Freddie Mac - Mortgage Performance (at period end)

| (# of loans in thousands)              | 1Q08   | 2Q08   | 3Q08   | 4Q08   | 1Q09   | 2Q09   | 3Q09   | 4Q09   | <u>2008</u> | <u>2009</u> |
|--|--------|--------|--------|--------|--------|--------|--------|--------|-------------|-------------|
| <b>Total Loans Serviced</b>            | 12,397 | 12,418 | 12,458 | 12,316 | 12,222 | 12,191 | 12,269 | 12,225 | 12,316      | 12,225      |
| Original Credit Score >= 660           | 10,436 | 10,484 | 10,553 | 10,494 | 10,434 | 10,448 | 10,563 | 10,553 | 10,494      | 10,553      |
| Original Credit Score < 660            | 1,961  | 1,933  | 1,906  | 1,822  | 1,788  | 1,742  | 1,706  | 1,672  | 1,822       | 1,672       |
| <b>Total Delinquent Loans</b>          |        |        |        |        | 576    | 674    | 803    | 858    |             | 858         |
| Original Credit Score >= 660           |        |        |        |        | 320    | 379    | 471    | 511    |             | 511         |
| Original Credit Score < 660            |        |        |        |        | 256    | 294    | 332    | 347    |             | 347         |
| <b>30 - 59 Days Delinquent</b>         |        |        |        |        | 218    | 244    | 282    | 272    |             | 272         |
| Original Credit Score >= 660           |        |        |        |        | 113    | 128    | 161    | 157    |             | 157         |
| Original Credit Score < 660            |        |        |        |        | 105    | 116    | 120    | 115    |             | 115         |
| <b>60 - 89 Days Delinquent</b>         |        |        |        |        | 84     | 92     | 114    | 114    |             | 114         |
| Original Credit Score >= 660           |        |        |        |        | 46     | 49     | 64     | 66     |             | 66          |
| Original Credit Score < 660            |        |        |        |        | 38     | 43     | 50     | 48     |             | 48          |
| <b>60-plus-days Delinquent</b>         | 142    | 170    | 219    | 301    | 358    | 430    | 521    | 586    | 301         | 586         |
| Original Credit Score >= 660           | 68     | 84     | 110    | 161    | 207    | 251    | 310    | 354    | 161         | 354         |
| Original Credit Score < 660            | 74     | 87     | 109    | 140    | 151    | 178    | 211    | 232    | 140         | 232         |
| <b>Percent of Total Loans Serviced</b> |        |        |        |        |        |        |        |        |             |             |
| <b>Total Delinquent Loans</b>          |        |        |        |        | 4.71%  | 5.53%  | 6.54%  | 7.02%  |             | 7.02%       |
| Original Credit Score >= 660           |        |        |        |        | 3.07%  | 3.63%  | 4.46%  | 4.84%  |             | 4.84%       |
| Original Credit Score < 660            |        |        |        |        | 14.31% | 16.90% | 19.44% | 20.77% |             | 20.77%      |
| <b>30 - 59 Days Delinquent</b>         |        |        |        |        | 1.78%  | 2.00%  | 2.30%  | 2.22%  |             | 2.22%       |
| Original Credit Score >= 660           |        |        |        |        | 1.09%  | 1.23%  | 1.53%  | 1.48%  |             | 1.48%       |
| Original Credit Score < 660            |        |        |        |        | 5.86%  | 6.65%  | 7.06%  | 6.87%  |             | 6.87%       |
| <b>60 - 89 Days Delinquent</b>         |        |        |        |        | 0.69%  | 0.76%  | 0.93%  | 0.93%  |             | 0.93%       |
| Original Credit Score >= 660           |        |        |        |        | 0.44%  | 0.47%  | 0.61%  | 0.62%  |             | 0.62%       |
| Original Credit Score < 660            |        |        |        |        | 2.14%  | 2.48%  | 2.91%  | 2.89%  |             | 2.89%       |
| <b>60-plus-days Delinquent</b>         | 1.15%  | 1.37%  | 1.75%  | 2.44%  | 2.93%  | 3.52%  | 4.24%  | 4.80%  | 2.44%       | 4.80%       |
| Original Credit Score >= 660           | 0.65%  | 0.80%  | 1.04%  | 1.53%  | 1.98%  | 2.40%  | 2.93%  | 3.35%  | 1.53%       | 3.35%       |
| Original Credit Score < 660            | 3.79%  | 4.48%  | 5.71%  | 7.69%  | 8.46%  | 10.24% | 12.38% | 13.90% | 7.69%       | 13.90%      |
| <b>Serious Delinquency Rate</b>        | 0.77%  | 0.93%  | 1.22%  | 1.72%  | 2.29%  | 2.78%  | 3.33%  | 3.87%  | 1.72%       | 3.87%       |
| <b>In Bankruptcy</b>                   |        |        |        |        | 0.22%  | 0.26%  | 0.30%  | 0.33%  |             | 0.33%       |

## Appendix: Data Tables

## 2 Enterprises Combined - Foreclosure Prevention Actions (# of loans)\*

|  | 1Q08          | 2Q08          | 3Q08          | 4Q08          | 1Q09           | 2Q09          | 3Q09           | 4Q09           | <u>2008</u>    | <u>2009</u>    |
|--|---------------|---------------|---------------|---------------|----------------|---------------|----------------|----------------|----------------|----------------|
| <b>Starts **</b>                                 |               |               |               |               |                |               |                |                |                |                |
| HAMP Trial & Permanent Modifications- Cumulative |               |               |               |               |                | 66,200        | 278,139        | 485,418        |                | 485,418        |
| Repayment Plans                                  | 63,756        | 66,443        | 85,771        | 84,876        | 100,917        | 140,641       | 182,720        | 170,109        | 300,846        | 594,387        |
| Forbearance Plans                                |               |               |               |               | 49,369         | 121,496       | 291,825        | 335,090        |                | 797,780        |
| <b>Completed</b>                                 |               |               |               |               |                |               |                |                |                |                |
| Repayment Plans ***                              | 18,148        | 16,393        | 14,710        | 13,309        | 31,901         | 25,114        | 38,939         | 46,406         | 62,560         | 142,360        |
| Forbearance Plans ***                            | 1,198         | 1,279         | 1,099         | 2,116         | 5,304          | 4,727         | 7,262          | 18,229         | 5,692          | 35,522         |
| Charge-offs in Lieu                              | 168           | 156           | 202           | 273           | 288            | 496           | 810            | 653            | 799            | 2,247          |
| HomeSaver Advance ( <i>Fannie</i> )              | 1,244         | 16,658        | 27,277        | 25,788        | 20,431         | 11,662        | 4,347          | 2,759          | 70,967         | 39,199         |
| Loan Modifications                               | 15,655        | 15,387        | 13,488        | 23,777        | 37,069         | 32,287        | 36,722         | 57,569         | 68,307         | 163,647        |
| Home Retention Actions                           | <b>36,413</b> | <b>49,873</b> | <b>56,776</b> | <b>65,263</b> | <b>94,993</b>  | <b>74,286</b> | <b>88,080</b>  | <b>125,616</b> | <b>208,325</b> | <b>382,975</b> |
| Short Sales                                      | 1,776         | 3,062         | 4,674         | 6,192         | 8,054          | 11,705        | 16,586         | 19,102         | 15,704         | 55,447         |
| Deeds-in-lieu                                    | 308           | 236           | 427           | 540           | 578            | 835           | 843            | 715            | 1,511          | 2,971          |
| Nonforeclosure -<br>Home Forfeiture Actions      | <b>2,084</b>  | <b>3,298</b>  | <b>5,101</b>  | <b>6,732</b>  | <b>8,632</b>   | <b>12,540</b> | <b>17,429</b>  | <b>19,817</b>  | <b>17,215</b>  | <b>58,418</b>  |
| <b>Total Foreclosure<br/>Prevention Actions</b>  | <b>38,497</b> | <b>53,171</b> | <b>61,877</b> | <b>71,995</b> | <b>103,625</b> | <b>86,826</b> | <b>105,509</b> | <b>145,433</b> | <b>225,540</b> | <b>441,393</b> |

## Percent of Total Foreclosure Prevention Actions

|   |            |            |            |            |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Repayment Plans                             | 47%        | 31%        | 24%        | 18%        | 31%        | 29%        | 37%        | 32%        | 28%        | 32%        |
| Forbearance Plans                           | 3%         | 2%         | 2%         | 3%         | 5%         | 5%         | 7%         | 13%        | 3%         | 8%         |
| Charge-offs in Lieu                         | 0%         | 0%         | 0%         | 0%         | 0%         | 1%         | 1%         | 0%         | 0%         | 1%         |
| HomeSaver Advance ( <i>Fannie</i> )         | 3%         | 31%        | 44%        | 36%        | 20%        | 13%        | 4%         | 2%         | 31%        | 9%         |
| Loan Modifications                          | 41%        | 29%        | 22%        | 33%        | 36%        | 37%        | 35%        | 40%        | 30%        | 37%        |
| Home Retention Actions                      | <b>95%</b> | <b>94%</b> | <b>92%</b> | <b>91%</b> | <b>92%</b> | <b>86%</b> | <b>83%</b> | <b>86%</b> | <b>92%</b> | <b>87%</b> |
| Short Sales                                 | 5%         | 6%         | 8%         | 9%         | 8%         | 13%        | 16%        | 13%        | 7%         | 13%        |
| Deeds-in-lieu                               | 1%         | 0%         | 1%         | 1%         | 1%         | 1%         | 1%         | 0%         | 1%         | 1%         |
| Nonforeclosure -<br>Home Forfeiture Actions | <b>5%</b>  | <b>6%</b>  | <b>8%</b>  | <b>9%</b>  | <b>8%</b>  | <b>14%</b> | <b>17%</b> | <b>14%</b> | <b>8%</b>  | <b>13%</b> |

\*The number of foreclosure prevention actions reported in this table may not tie to the Enterprises' financial statements due to timing differences in reporting systems.

\*\* Forbearance plans initiated include HAMP trials initiated by servicers under the MHA program. In addition, starting in August, forbearance plans initiated include Fannie Mae's HomeSaver forbearance plans. The number of loans in HAMP trial period at the end of third quarter has been revised to tie to the Enterprises' financial statements.

\*\*\* In July 2009, Fannie Mae changed their definition of completed repayment and forbearance plans to include loans that were 30 to 59 days delinquent at initiation of the plan, consistent with the definition used by Freddie Mac for these items. Previously Fannie Mae's definition of completed repayment and forbearance plans included only repayment plans that were 60 days or more delinquent at initiation and forbearance plans for loans that were 90 days or more delinquent at initiation. Fannie Mae's 2009 data has been revised accordingly.

**Appendix: Data Tables****3(i) Enterprises Combined - Loan Modifications**

|  | 1Q08   | 2Q08   | 3Q08   | 4Q08   | 1Q09   | 2Q09   | 3Q09   | 4Q09   | <u>2008</u> | <u>2009</u> |
|--|--------|--------|--------|--------|--------|--------|--------|--------|-------------|-------------|
| <b>Loan Modifications (# of loans)</b>   | 15,655 | 15,387 | 13,488 | 23,777 | 37,069 | 32,287 | 36,722 | 57,569 | 68,307      | 163,647     |
| <b>Principal and Interest Change (%)</b> |        |        |        |        |        |        |        |        |             |             |
| Increase                                 | 82%    | 70%    | 53%    | 25%    | 16%    | 12%    | 13%    | 14%    | 54%         | 14%         |
| No Change                                | 1%     | 1%     | 1%     | 1%     | 1%     | 2%     | 1%     | 0%     | 1%          | 1%          |
| Decrease <= 20%                          | 15%    | 21%    | 28%    | 32%    | 31%    | 32%    | 37%    | 25%    | 25%         | 31%         |
| Decrease > 20%                           | 2%     | 8%     | 18%    | 42%    | 52%    | 54%    | 49%    | 60%    | 21%         | 55%         |
| <b>Type of Modifications (%)</b>         |        |        |        |        |        |        |        |        |             |             |
| Extend Term Only                         |        |        |        |        | 17%    | 19%    | 18%    | 9%     |             | 15%         |
| Reduce Rate Only                         |        |        |        |        | 4%     | 3%     | 9%     | 21%    |             | 11%         |
| Extend Term and Reduce Rate              |        |        |        |        | 70%    | 69%    | 66%    | 62%    |             | 66%         |
| Other                                    |        |        |        |        | 9%     | 9%     | 7%     | 8%     |             | 8%          |
| <b>60+ Days Re-Delinquency (%)</b>       |        |        |        |        |        |        |        |        |             |             |
| 3 Months after Modification              | 18%    | 20%    | 26%    | 29%    | 21%    | 24%    | 21%    |        |             |             |
| 6 Months after Modification              | 31%    | 36%    | 40%    | 38%    | 34%    | 35%    |        |        |             |             |
| 9 Months after Modification              | 40%    | 43%    | 44%    | 43%    | 41%    |        |        |        |             |             |

## Appendix: Data Tables

## 3(ii) Fannie Mae - Loan Modifications

|  | 1Q08   | 2Q08   | 3Q08  | 4Q08  | 1Q09   | 2Q09   | 3Q09   | 4Q09   | <u>2008</u> | <u>2009</u> |
|--|--------|--------|-------|-------|--------|--------|--------|--------|-------------|-------------|
| Loan Modifications ( <i># of loans</i> ) | 11,409 | 10,560 | 5,173 | 6,314 | 12,446 | 16,684 | 27,686 | 41,753 | 33,456      | 98,569      |
| <b>Principal and Interest Change (%)</b> |        |        |       |       |        |        |        |        |             |             |
| Increase                                 | 83%    | 67%    | 53%   | 25%   | 16%    | 10%    | 9%     | 13%    | 61%         | 12%         |
| No Change                                | 1%     | 1%     | 1%    | 1%    | 0%     | 3%     | 0%     | 0%     | 1%          | 1%          |
| Decrease <= 20%                          | 14%    | 21%    | 29%   | 41%   | 35%    | 35%    | 35%    | 23%    | 24%         | 30%         |
| Decrease > 20%                           | 3%     | 11%    | 16%   | 33%   | 49%    | 52%    | 56%    | 63%    | 14%         | 58%         |
| <b>Type of Modifications (%)</b>         |        |        |       |       |        |        |        |        |             |             |
| Extend Term Only                         |        |        |       |       | 13%    | 12%    | 10%    | 6%     |             | 9%          |
| Reduce Rate Only                         |        |        |       |       | 10%    | 5%     | 11%    | 24%    |             | 15%         |
| Extend Term and Reduce Rate              |        |        |       |       | 67%    | 73%    | 74%    | 63%    |             | 68%         |
| Other                                    |        |        |       |       | 10%    | 9%     | 5%     | 7%     |             | 7%          |
| <b>60+ Days Re-Delinquency (%)</b>       |        |        |       |       |        |        |        |        |             |             |
| 3 Months after Modification              | 21%    | 28%    | 32%   | 25%   | 19%    | 19%    | 23%    |        |             |             |
| 6 Months after Modification              | 37%    | 46%    | 46%   | 39%   | 36%    | 34%    |        |        |             |             |
| 9 Months after Modification              | 47%    | 52%    | 54%   | 51%   | 47%    |        |        |        |             |             |

**Appendix: Data Tables****3(iii) Freddie Mac - Loan Modifications**

|  | 1Q08  | 2Q08  | 3Q08  | 4Q08   | 1Q09   | 2Q09   | 3Q09  | 4Q09   | <u>2008</u> | <u>2009</u> |
|--|-------|-------|-------|--------|--------|--------|-------|--------|-------------|-------------|
| <b>Loan Modifications (# of loans)</b>   | 4,246 | 4,827 | 8,315 | 17,463 | 24,623 | 15,603 | 9,036 | 15,816 | 34,851      | 65,078      |
| <b>Principal and Interest Change (%)</b> |       |       |       |        |        |        |       |        |             |             |
| Increase                                 | 81%   | 74%   | 53%   | 25%    | 16%    | 14%    | 24%   | 18%    | 47%         | 17%         |
| No Change                                | 1%    | 1%    | 1%    | 2%     | 1%     | 1%     | 1%    | 1%     | 1%          | 1%          |
| Decrease <= 20%                          | 16%   | 22%   | 26%   | 28%    | 30%    | 29%    | 44%   | 31%    | 25%         | 32%         |
| Decrease > 20%                           | 2%    | 4%    | 19%   | 46%    | 53%    | 56%    | 31%   | 50%    | 27%         | 50%         |
| <b>Type of Modifications (%)</b>         |       |       |       |        |        |        |       |        |             |             |
| Extend Term Only                         |       |       |       |        | 19%    | 27%    | 43%   | 16%    |             | 23%         |
| Reduce Rate Only                         |       |       |       |        | 1%     | 1%     | 2%    | 14%    |             | 4%          |
| Extend Term and Reduce Rate              |       |       |       |        | 72%    | 64%    | 41%   | 59%    |             | 62%         |
| Other                                    |       |       |       |        | 9%     | 9%     | 13%   | 12%    |             | 10%         |
| <b>60+ Days Re-Delinquency (%)</b>       |       |       |       |        |        |        |       |        |             |             |
| 3 Months after Modification              | 7%    | 11%   | 22%   | 30%    | 23%    | 28%    | 14%   |        |             |             |
| 6 Months after Modification              | 18%   | 23%   | 36%   | 38%    | 32%    | 36%    |       |        |             |             |
| 9 Months after Modification              | 21%   | 29%   | 38%   | 40%    | 37%    |        |       |        |             |             |

**Appendix: Data Tables****4 Enterprises Combined - Home Forfeiture Actions (# of loans)**

|   | 1Q08          | 2Q08          | 3Q08          | 4Q08          | 1Q09          | 2Q09          | 3Q09          | 4Q09          | <u>2008</u>    | <u>2009</u>    |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Short Sales                                     | 1,776         | 3,062         | 4,674         | 6,192         | 8,054         | 11,705        | 16,586        | 19,102        | 15,704         | 55,447         |
| Deeds-in-lieu                                   | 308           | 236           | 427           | 540           | 578           | 835           | 843           | 715           | 1,511          | 2,971          |
| <b>Nonforeclosure Home Forfeiture Actions *</b> | <b>2,084</b>  | <b>3,298</b>  | <b>5,101</b>  | <b>6,732</b>  | <b>8,632</b>  | <b>12,540</b> | <b>17,429</b> | <b>19,817</b> | <b>17,215</b>  | <b>58,418</b>  |
| Third-party Sales                               | 1,939         | 2,052         | 2,170         | 1,571         | 1,467         | 2,789         | 4,263         | 4,908         | 7,732          | 13,427         |
| Foreclosure Sales                               | 29,548        | 36,093        | 45,277        | 33,233        | 39,733        | 54,236        | 65,375        | 72,989        | 144,151        | 232,333        |
| <b>Third-party &amp; Foreclosure Sales</b>      | <b>31,487</b> | <b>38,145</b> | <b>47,447</b> | <b>34,804</b> | <b>41,200</b> | <b>57,025</b> | <b>69,638</b> | <b>77,897</b> | <b>151,883</b> | <b>245,760</b> |
| Foreclosure Starts                              | 108,520       | 116,843       | 132,909       | 149,981       | 243,824       | 299,208       | 254,168       | 243,485       | 508,253        | 1,040,685      |
| <b>Top Five Reasons for Delinquency</b>         |               |               |               |               |               |               |               |               |                |                |
| Curtailment of Income                           |               |               |               |               | 35%           | 40%           | 40%           | 41%           |                |                |
| Excessive obligations                           |               |               |               |               | 19%           | 18%           | 16%           | 13%           |                |                |
| Unemployment                                    |               |               |               |               | 8%            | 9%            | 8%            | 8%            |                |                |
| Illness of principal mortgagor or family member |               |               |               |               | 6%            | 6%            | 5%            | 5%            |                |                |
| Marital Difficulties                            |               |               |               |               | 3%            | 3%            | 3%            | 3%            |                |                |

\* Short sales and deeds in lieu of foreclosure completed.

## Appendix: Data Tables

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

|                                    | Feb-09  | Mar-09  | Apr-09  | May-09  | Jun-09  | Jul-09  | Aug-09  | Sep-09  | Oct-09  | Nov-09  | Dec-09  | Jan-10  | Feb-10  |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Total Refinances</b>            |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Fannie Mae                         | 188,886 | 343,751 | 213,110 | 273,621 | 356,927 | 264,802 | 193,814 | 167,958 | 121,997 | 124,644 | 170,612 | 141,225 | 146,955 |
| Freddie Mac                        | 130,885 | 238,144 | 175,069 | 185,343 | 236,818 | 158,182 | 164,875 | 98,048  | 86,796  | 92,498  | 126,134 | 107,590 | 107,438 |
| Total                              | 319,771 | 581,895 | 388,179 | 458,964 | 593,745 | 422,984 | 358,689 | 266,006 | 208,793 | 217,142 | 296,746 | 248,815 | 254,393 |
| <b>HARP LTV &gt;80% -105%</b>      |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Fannie Mae                         |         |         | 605     | 3,084   | 12,531  | 16,032  | 15,295  | 14,781  | 10,425  | 11,623  | 18,771  | 15,518  | 18,067  |
| Freddie Mac                        |         |         | 915     | 3,263   | 10,026  | 14,577  | 16,846  | 8,684   | 7,136   | 9,087   | 14,576  | 14,750  | 15,670  |
| Total                              |         |         | 1,520   | 6,347   | 22,557  | 30,609  | 32,141  | 23,465  | 17,561  | 20,710  | 33,347  | 30,268  | 33,737  |
| <b>HARP LTV &gt;105% -125%</b>     |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Fannie Mae                         |         |         |         |         |         | 1       |         | 36      | 129     | 283     | 521     | 626     | 683     |
| Freddie Mac                        |         |         |         |         |         |         |         |         | 106     | 257     | 590     | 717     | 868     |
| Total                              |         |         |         |         |         | 1       |         | 36      | 235     | 540     | 1,111   | 1,343   | 1,551   |
| <b>All Other Streamlined Refis</b> |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Fannie Mae                         |         |         | 7,904   | 18,572  | 41,757  | 38,627  | 27,857  | 23,420  | 16,539  | 19,342  | 30,900  | 26,658  | 32,092  |
| Freddie Mac                        |         |         | 1,172   | 3,812   | 9,343   | 9,543   | 11,927  | 7,563   | 7,965   | 12,214  | 19,616  | 21,254  | 22,330  |
| Total                              |         |         | 9,076   | 22,384  | 51,100  | 48,170  | 39,784  | 30,983  | 24,504  | 31,556  | 50,516  | 47,912  | 54,422  |

FHFA produces monthly and quarterly versions of the Foreclosure Prevention and Refinance Report. In addition to the data provided in the monthly reports, the quarterly narrative reports includes the following information: MHA program updates; benchmarking of the Enterprises' delinquency rates; the type and depth of loan modifications; and the performance of modified loans.

## Glossary

*Data and definitions in this report have been revised relative to prior versions of the report. FHFA continues to work with the Enterprises to improve the comparability of reported data.*

### Section 1: Mortgage Performance

**Total Loans Serviced** - Total conventional active book of business, excluding loans that were liquidated during the month.

**Current and Performing** - Loans that are making timely payments and are 0 months delinquent as of the reporting month.

**Total Delinquent Loans** - Loans that are at least one payment past due, i.e., total servicing *minus* current and performing.

**30-59 Days Delinquent** - Includes loans that are only one payment delinquent.

**60-89 Days Delinquent** - Includes loans that are only two payments delinquent.

**60-plus-days Delinquent** - Loans that are two or more payments delinquent, including loans in relief, in the process of foreclosure, or in the process of bankruptcy, i.e., total servicing *minus* current and performing, and 30 to 59 days delinquent loans. Our calculation may exclude loans in bankruptcy process that are less than 60 days delinquent.

**Serious Delinquency** - All loans in the process of foreclosure *plus* loans that are three or more payments delinquent (including loans in the process of bankruptcy).

**In Bankruptcy** - Loans in the process of bankruptcy; includes all delinquency status.

### Section 2: Completed Foreclosure Prevention Actions

**Home Retention Actions** - Repayment plans, forbearance plans, charge-offs in lieu of foreclosure, Home Saver Advances, and loan modifications. Home retention actions allow borrowers to retain ownership/occupancy of their homes while attempting to return loans to current and performing status.

**Repayment Plans** - An agreement between the servicer and a borrower that gives the borrower a defined period of time to reinstate the mortgage by paying normal regular payments plus an additional agreed upon amount in repayment of the delinquency.

**Forbearance Plans** - An agreement between the servicer and the borrower (or estate) to reduce or suspend monthly payments for a defined period of time after which borrower resumes regular monthly payments and pays additional money toward the delinquency to bring the account current or works with the servicer to identify a permanent solution, such as loan modification or short sale, to address the delinquency.

**Charge-offs in Lieu of Foreclosure** - A delinquent loan for which collection efforts or legal actions against the borrower are agreed to be not in the Enterprises' best interests (because of reduced property value, a low outstanding mortgage balance, or presence of certain environmental hazards). The servicer charges off the mortgage debt rather than completing foreclosure and taking the property title. The borrower retains the property. The unpaid mortgage balance becomes a lien on the borrower's property, which must be satisfied when the borrower transfers ownership.

**Home Saver Advance (Fannie Mae)** - An unsecured personal loan to a qualified borrower to cure his or her payment defaults under a mortgage loan the Enterprises own or guarantee. The borrower must be able to resume regular monthly payments on his or her mortgage.

**Loan Modifications** - Number of modified, renegotiated, or restructured loans, regardless of performance-to-date under the plan during the month. Terms of the contract between the borrower and the lender are altered with the aim of curing the delinquency (30 days or more past due).

**Nonforeclosure Home Forfeiture Actions**- Short sales and deeds-in-lieu of foreclosure. These actions require borrowers to give up their homes. Although homes are forfeited, foreclosure alternatives generally have less adverse impact on borrowers and their credit reports than foreclosure.

**Short Sales** - A short sale (also called a preforeclosure sale) is the sale of a mortgaged property at a price that nets less than the total amount due on the mortgage (e.g., the sum of the unpaid principal balance, accrued interest, advanced escrows, late fees, and delinquency charges.) The servicer and borrower negotiate payment of the difference between the net sales price and the total amount due on the mortgage.

**Deed(s)-in-lieu of Foreclosure** - A loan for which the borrower voluntarily conveys the property to the lender to avoid a foreclosure proceeding.

### Section 3: Loan Modifications

**Increase** - Principal and interest after modification is higher than before the modification.

**No Increase** - Original principal and interest is unchanged after the modifications.

**Decrease <=20%** - Original principal and interest is decreased by 20 percent or less after modification.

**Decrease >20%** - Original principal and interest is decreased by more than 20 percent after modification.

**Extend Term Only** - Remaining term of the loan is longer after modification.

**Reduce Rate Only** - Loan's rate is lower after modification.

**Extend Term and Reduce Rate** - Loan's rate reduced and term extended.

**Extend Term, Rate Reduction, and Forbear Principal** - Modification includes term extension, rate reduction, and forbearance of principal.

**Other** - A modification that does not fit in any of the above categories. The majority of these loans are capitalized modifications.

### Section 4: Third-party Sales and Foreclosures

**Third-party Sales** - A third party entity purchases the property at the foreclosure sale/auction above the initial bid set forth by Fannie Mae or Freddie Mac.

**Foreclosure Starts** - The total number of loans referred to an attorney to initiate the legal process of foreclosure during the month. These are loans measured as not being in foreclosure in the previous month but referred to foreclosure in the current month.

**Foreclosure Sales** - The number of loans that went to foreclosure (sheriff's) sale during the month.