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# FEDERAL HOUSING FINANCE AGENCY



## NEWS RELEASE

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For Immediate Release  
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### **Fannie Mae and Freddie Mac Loan Mods Continue to Grow**

**Washington, DC** – Fannie Mae and Freddie Mac completed nearly 32,000 home retention actions in August 2009, a 32 percent increase from July. Separately, trial mortgage loan modifications under the Administration's Home Affordable Modification Program (HAMP) increased nearly 30 percent from September to October 2009. The data were released by Edward J. DeMarco, Acting Director of the Federal Housing Finance Agency (FHFA), as part of the agency's monthly *Foreclosure Prevention Report*. The report summarizes mortgage delinquency and foreclosure prevention data for Fannie Mae and Freddie Mac through Aug. 31, 2009 and HAMP trial modifications through Oct. 31.

Following is a summary of the foreclosure prevention data as of Aug. 31, 2009:

#### **Foreclosure Prevention Actions:**

- Completed loan modifications more than doubled to approximately 17,200 in August from 7,100 in July as servicers continued to offer traditional loan modifications to borrowers who do not qualify for HAMP.
- Completed home retention actions increased 32 percent in August primarily driven by increases in completed loan modifications.

#### **Mortgage Performance:**

- Approximately 93,400 more loans became 60 days or more delinquent in August. Loans 60-plus-days delinquent increased approximately 61 percent year-to-date to 1.5 million. Borrowers enlisting in the HAMP are classified as "delinquent" until they successfully complete the trial period.
- Loans that were 30-59 days delinquent increased by 13 percent to 745,700 in August, from 659,800 in July.

#### **Foreclosures:**

- Foreclosure starts in August increased 11 percent compared with July to nearly 94,700.

- Completed foreclosure and third-party sales declined 13 percent to 21,800 in August, from 25,000 in July.

Following is a summary of HAMP trial modification data through October 2009:

**HAMP Trial Modifications:**

- HAMP trial loan modifications in progress increased to 366,000 in October from 286,000 in September.
- As HAMP applicants complete the trial modification period and provide all required documentation we expect to begin seeing trial modifications become permanent modifications.

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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.*

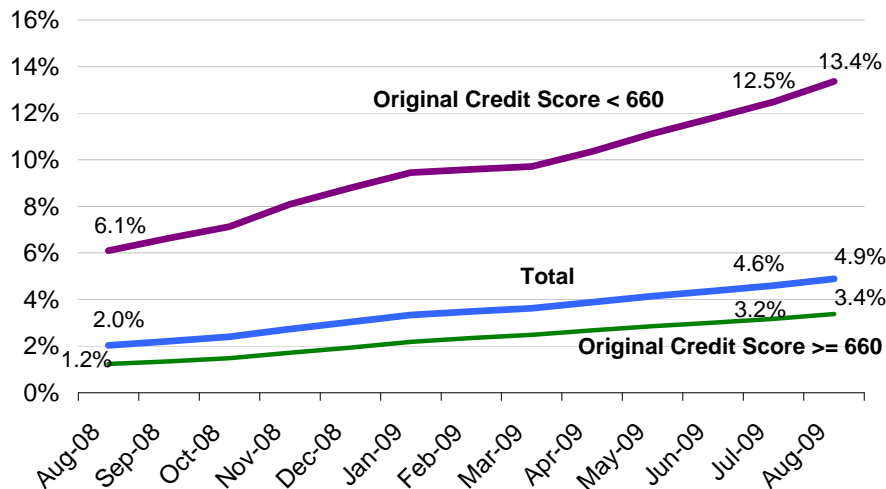


# Federal Housing Finance Agency

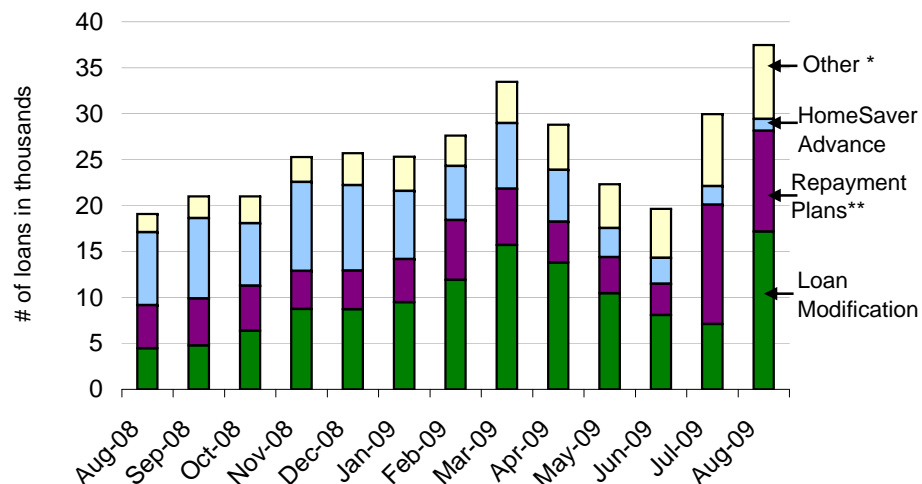
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Foreclosure Prevention Report  
August 2009

**60-plus-days Delinquency Rates**  
Delinquency rates continue to rise.

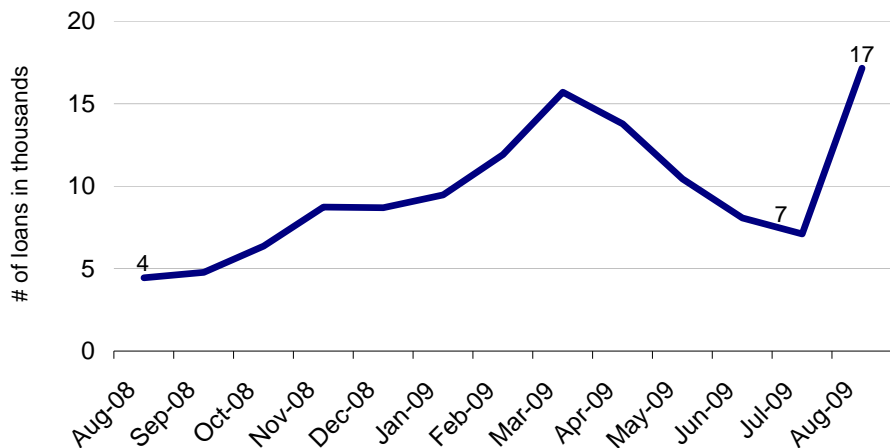


**Foreclosure Prevention Actions Completed**  
Completed foreclosure prevention actions increased in August primarily driven by loan modifications.

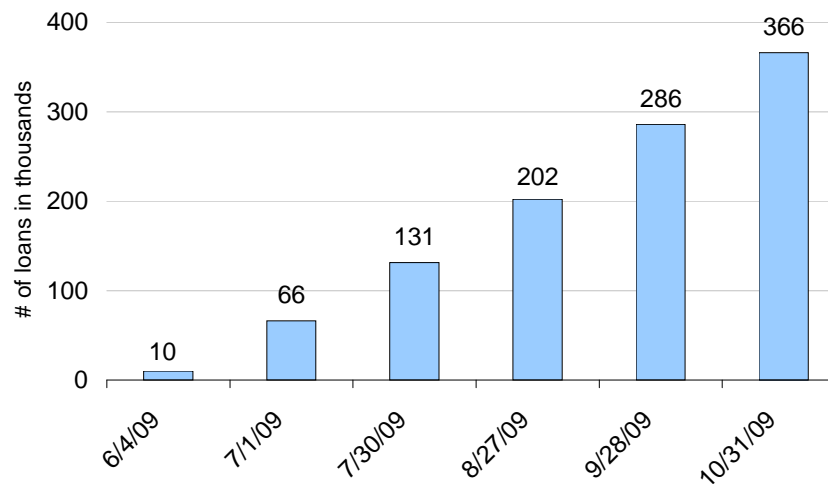


\* Consists of forbearance plans, charge-offs in lieu, short sales and deeds-in-lieu

**Loan Modifications**  
Completed loan modifications increased in August.



**HAMP Trial Modifications - Cumulative**  
HAMP trial modifications continue to increase.



Source: Weekly Servicers Survey through September and IR2 in October

\*\* In July 2009, Fannie Mae changed their definition of completed repayment and forbearance plans to include loans that were 30 days or more delinquent at initiation, 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.

## 1 - Mortgage Performance (at period end)

(# of loans in thousands)	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
<b>Total Loans Serviced</b>	30,527	30,626	30,497	30,495	30,536	30,372	30,226	30,353	30,314	30,285	30,411	30,465	30,575
Original Credit Score >= 660	25,485	25,608	25,571	25,595	25,657	25,521	25,416	25,578	25,543	25,553	25,722	25,817	25,959
Original Credit Score < 660	5,042	5,018	4,926	4,900	4,879	4,851	4,810	4,775	4,771	4,731	4,689	4,648	4,616
<b>Total Delinquent Loans</b>						1,724	1,765	1,715	1,827	1,962	2,009	2,061	2,240
Original Credit Score >= 660						913	967	952	1,013	1,093	1,126	1,167	1,289
Original Credit Score < 660						810	797	763	814	869	882	894	951
<b>30 - 59 Days Delinquent</b>						708	708	615	650	706	682	660	746
Original Credit Score >= 660						356	372	316	330	363	353	346	412
Original Credit Score < 660						352	336	299	320	343	329	313	334
<b>60 - 89 Days Delinquent</b>						275	265	254	260	270	269	278	294
Original Credit Score >= 660						139	139	137	137	140	140	148	158
Original Credit Score < 660						137	126	117	123	130	129	130	135
<b>60-plus-days Delinquent</b>	621	678	731	835	926	1,015	1,056	1,100	1,176	1,257	1,327	1,401	1,494
Original Credit Score >= 660	313	345	380	439	497	557	595	636	683	731	774	821	877
Original Credit Score < 660	308	333	351	396	429	458	461	464	494	526	553	580	617

## Percent of Total Loans Serviced

<b>Total Delinquent Loans</b>						5.68%	5.84%	5.65%	6.03%	6.48%	6.61%	6.76%	7.33%
Original Credit Score >= 660						3.58%	3.81%	3.72%	3.96%	4.28%	4.38%	4.52%	4.97%
Original Credit Score < 660						16.70%	16.58%	15.98%	17.06%	18.37%	18.82%	19.23%	20.60%
<b>30 - 59 Days Delinquent</b>						2.33%	2.34%	2.03%	2.14%	2.33%	2.24%	2.17%	2.44%
Original Credit Score >= 660						1.40%	1.46%	1.24%	1.29%	1.42%	1.37%	1.34%	1.59%
Original Credit Score < 660						7.26%	6.99%	6.27%	6.71%	7.25%	7.02%	6.74%	7.23%
<b>60 - 89 Days Delinquent</b>						0.91%	0.88%	0.84%	0.86%	0.89%	0.88%	0.91%	0.96%
Original Credit Score >= 660						0.54%	0.55%	0.54%	0.54%	0.55%	0.55%	0.57%	0.61%
Original Credit Score < 660						2.82%	2.62%	2.46%	2.58%	2.75%	2.75%	2.80%	2.93%
<b>60-plus-days Delinquent</b>	2.03%	2.22%	2.40%	2.74%	3.03%	3.34%	3.49%	3.62%	3.88%	4.15%	4.36%	4.60%	4.89%
Original Credit Score >= 660	1.23%	1.35%	1.49%	1.71%	1.94%	2.18%	2.34%	2.48%	2.67%	2.86%	3.01%	3.18%	3.38%
Original Credit Score < 660	6.10%	6.64%	7.13%	8.09%	8.79%	9.44%	9.58%	9.71%	10.35%	11.12%	11.80%	12.49%	13.37%
<b>Serious Delinquency Rate</b>	1.38%	1.52%	1.67%	1.88%	2.14%	2.45%	2.63%	2.80%	3.03%	3.25%	3.48%	3.68%	3.92%
<b>In Bankruptcy</b>						0.26%	0.27%	0.29%	0.30%	0.31%	0.33%	0.33%	0.36%

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

	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	YTD 2009
<b>Starts **</b>														
HAMP Modifications Trials- Cumulative											66,201	131,227	202,189	202,189
Repayment Plans	29,506	30,183	29,482	26,288	29,106	37,036	31,258	32,623	42,718	37,415	60,508	48,608	70,326	360,492
Forbearance Plans						11,210	17,545	20,614	32,953	30,120	58,423	73,846	101,848	346,559
<b>Completed</b>														
Repayment Plans ***	4,720	5,093	4,927	4,147	4,235	4,702	6,506	6,128	4,457	3,944	3,411	12,981	10,957	53,086
Forbearance Plans ***	326	394	572	658	886	836	827	913	727	701	533	1,941	2,241	8,719
Charge-offs in Lieu	57	72	97	75	101	98	61	129	211	155	130	136	308	1,228
HomeSaver Advance ( <i>Fannie</i> )	7,914	8,764	6,800	9,692	9,296	7,403	5,903	7,125	5,667	3,183	2,812	2,035	1,302	35,430
Loan Modifications	4,446	4,777	6,354	8,735	8,688	9,469	11,904	15,696	13,774	10,434	8,079	7,104	17,158	93,618
Home Retention Actions	<b>17,463</b>	<b>19,100</b>	<b>18,750</b>	<b>23,307</b>	<b>23,206</b>	<b>22,508</b>	<b>25,201</b>	<b>29,991</b>	<b>24,836</b>	<b>18,417</b>	<b>14,965</b>	<b>24,197</b>	<b>31,966</b>	<b>192,081</b>
Short Sales	1,465	1,717	2,103	1,828	2,261	2,608	2,228	3,218	3,578	3,684	4,443	5,492	5,256	30,507
Deeds in Lieu	138	171	156	150	234	188	161	229	385	219	231	242	238	1,893
Nonforeclosure - Home Forfeiture Actions	<b>1,603</b>	<b>1,888</b>	<b>2,259</b>	<b>1,978</b>	<b>2,495</b>	<b>2,796</b>	<b>2,389</b>	<b>3,447</b>	<b>3,963</b>	<b>3,903</b>	<b>4,674</b>	<b>5,734</b>	<b>5,494</b>	<b>32,400</b>
<b>Total Foreclosure Prevention Actions</b>	<b>19,066</b>	<b>20,988</b>	<b>21,009</b>	<b>25,285</b>	<b>25,701</b>	<b>25,304</b>	<b>27,590</b>	<b>33,438</b>	<b>28,799</b>	<b>22,320</b>	<b>19,639</b>	<b>29,931</b>	<b>37,460</b>	<b>224,481</b>
<b>Percent of Total Foreclosure Prevention Actions</b>														
Repayment Plans	25%	24%	23%	16%	16%	19%	24%	18%	15%	18%	17%	43%	29%	24%
Forbearance Plans	2%	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%	6%	6%	4%
Charge-offs in Lieu	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	0%	1%	1%
HomeSaver Advance ( <i>Fannie</i> )	42%	42%	32%	38%	36%	29%	21%	21%	20%	14%	14%	7%	3%	16%
Loan Modifications	23%	23%	30%	35%	34%	37%	43%	47%	48%	47%	41%	24%	46%	42%
Home Retention Actions	<b>92%</b>	<b>91%</b>	<b>89%</b>	<b>92%</b>	<b>90%</b>	<b>89%</b>	<b>91%</b>	<b>90%</b>	<b>86%</b>	<b>83%</b>	<b>76%</b>	<b>81%</b>	<b>85%</b>	<b>86%</b>
Short Sales	8%	8%	10%	7%	9%	10%	8%	10%	12%	17%	23%	18%	14%	14%
Deeds in Lieu	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Nonforeclosure - Home Forfeiture Actions	<b>8%</b>	<b>9%</b>	<b>11%</b>	<b>8%</b>	<b>10%</b>	<b>11%</b>	<b>9%</b>	<b>10%</b>	<b>14%</b>	<b>17%</b>	<b>24%</b>	<b>19%</b>	<b>15%</b>	<b>14%</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 may include HAMP trials initiated by servicers under the MHA program. In addition, the forbearance plans initiated in August include Fannie Mae's HomeSaver forbearance plans.

\*\*\* In July 2009, Fannie Mae changed their definition of completed repayment and forbearance plans to include loans that were 30 days or more delinquent at initiation, 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.

## 3 - Loan Modifications (# of loans)

	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	YTD 2009
<b>Type of Modifications (# of loans)</b>														
Extend Term Only						1,732	2,120	2,413	2,326	2,220	1,719	1,802	3,179	17,511
Reduce Rate Only						531	493	450	409	263	319	221	1,498	4,184
Extend Term and Reduce Rate						6,366	8,440	11,430	10,280	6,444	5,405	4,642	11,143	64,150
Other						929	1,014	1,410	772	1,515	665	439	1,338	8,082

**Type of Modifications (%)**

Extend Term Only						18%	18%	15%	17%	21%	21%	25%	19%	19%
Reduce Rate Only						6%	4%	3%	3%	3%	4%	3%	9%	4%
Extend Term and Reduce Rate						67%	71%	73%	75%	62%	67%	65%	65%	69%
Other						10%	9%	9%	6%	15%	8%	6%	8%	9%

\* Total number of modified loans reported in this table may not tie to the number of modified loans shown in section 2 of the appendix due to timing differences in reporting systems.

## 4 - Home Forfeiture Actions (# of loans)

	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	YTD 2009
Short Sales	1,465	1,717	2,103	1,828	2,261	2,608	2,228	3,218	3,578	3,684	4,443	5,492	5,256	30,507
Deeds in Lieu	138	171	156	150	234	188	161	229	385	219	231	242	238	1,893
<b>Nonforeclosure Home Forfeiture Actions *</b>	<b>1,603</b>	<b>1,888</b>	<b>2,259</b>	<b>1,978</b>	<b>2,495</b>	<b>2,796</b>	<b>2,389</b>	<b>3,447</b>	<b>3,963</b>	<b>3,903</b>	<b>4,674</b>	<b>5,734</b>	<b>5,494</b>	<b>32,400</b>
Third-party Sales	729	716	775	515	281	169	917	381	694	1,007	1,088	1,355	1,312	6,923
Original Credit Score >= 660	402	440	473	296	159	104	596	236	463	666	757	910	880	4,612
Original Credit Score < 660	327	276	302	219	122	65	321	145	231	341	331	445	432	2,311
Foreclosure Sales	15,156	15,219	16,556	14,130	3,335	3,079	28,336	8,898	13,342	18,099	23,563	23,599	20,506	139,422
Original Credit Score >= 660	9,029	9,141	9,937	8,582	2,090	2,008	17,879	5,669	8,414	11,840	15,718	15,615	13,508	90,651
Original Credit Score < 660	6,127	6,078	6,619	5,548	1,245	1,071	10,457	3,229	4,928	6,259	7,845	7,984	6,998	48,771
<b>Third-party &amp; Foreclosure Sales</b>	<b>15,885</b>	<b>15,935</b>	<b>17,331</b>	<b>14,645</b>	<b>3,616</b>	<b>3,248</b>	<b>29,253</b>	<b>9,279</b>	<b>14,036</b>	<b>19,106</b>	<b>24,651</b>	<b>24,954</b>	<b>21,818</b>	<b>146,345</b>
Original Credit Score >= 660	9,431	9,581	10,410	8,878	2,249	2,112	18,475	5,905	8,877	12,506	16,475	16,525	14,388	95,263
Original Credit Score < 660	6,454	6,354	6,921	5,767	1,367	1,136	10,778	3,374	5,159	6,600	8,176	8,429	7,430	51,082
Foreclosure Starts	44,170	40,969	47,086	43,827	59,068	75,230	80,103	88,491	86,084	90,807	122,317	85,342	94,754	723,128
Original Credit Score >= 660	25,082	22,495	26,808	25,456	35,040	44,182	51,483	55,946	55,695	58,919	76,375	54,588	60,239	457,427
Original Credit Score < 660	19,088	18,474	20,278	18,371	24,028	31,048	28,620	32,545	30,389	31,888	45,942	30,754	34,515	265,701
<b>Top Five Reasons for Delinquency</b>														
Curtailment of Income						34%	35%	36%	38%	40%	40%	40%	40%	
Excessive obligations						20%	19%	19%	18%	18%	17%	17%	16%	
Unemployment						8%	8%	8%	9%	9%	9%	9%	8%	
Illness of principal mortgagor or family member						6%	6%	6%	6%	6%	5%	5%	5%	
Marital Difficulties						4%	3%	3%	3%	3%	3%	3%	3%	

\* Short sales and deeds in lieu of foreclosure completed



## 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.