FEDERAL HOUSING FINANCE AGENCY

NEWS RELEASE

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Fannie Mae and Freddie Mac Implement HAMP During Second Quarter; Trial Loan Mods Ramp Up as Completed Loan Mods Decline

Washington, DC – The Federal Housing Finance Agency released its second quarter *Foreclosure Prevention Report*, which shows that trial loan modifications under the Administration's Home Affordable Modification Program (HAMP) announced in March are rising steadily. This development explains why completed loan modifications have slowed. The data were released by Edward DeMarco, Acting Director of the Federal Housing Finance Agency, as part of the report for the second quarter of 2009, which now includes cumulative data from HAMP.

The FHFA report details the actions Fannie Mae and Freddie Mac have taken to prevent foreclosures and keep people in their homes. For the first time the report includes trial modification volumes from the HAMP announced in March 2009.

"Fannie Mae and Freddie Mac are working with borrowers and servicers to implement the HAMP and lower mortgage payments to keep people in their homes," said Acting Director DeMarco.

The report shows that of the Enterprises' 30 million residential mortgages:

- Trial loan modifications under HAMP more than tripled from June to August, from 66,200 to 202,200.
- Completed actions to prevent foreclosure declined by 25 percent to approximately 58,200 during the second quarter as HAMP trial loan modifications replaced traditional loan modifications and repayment plans in process. Completed loan modifications decreased by 13 percent over the prior quarter to 32,300.
- Fifty-four percent of loan modifications completed in the second quarter resulted in borrowers' payments decreasing by 20 percent or more, compared with only 8 percent one year earlier.
- Short sales increased by 45 percent during the second quarter to 11,700 as the pipeline of serious delinquent loans increased and Freddie Mac increased the delegated authority of servicers to implement short sales.

- As short sales increased and loan modifications declined, completed home retention actions – actions that result in a borrower keeping his or her home –accounted for 82 percent of all foreclosure prevention actions completed during the second quarter, down from 90 percent in the first quarter.
- Mortgage delinquencies continued to increase during the quarter as higher levels of unemployment contributed to new delinquencies. Foreclosure moratoria associated with HAMP have also contributed to the increase in delinquencies as fewer seriously delinquent loans are transitioning to foreclosure.
- Although the Enterprises' mortgage delinquencies continued to increase during the second quarter of 2009, the rate of delinquency is consistently lower than the industry average. As of June 30, 2009, the percentage of Enterprises' mortgage loans that were at least two payments past due (60 plus days delinquent) was 3.5 percent, compared with 4.7 percent for VA loans, 7.8 percent for FHA loans and 8.0 percent for the industry average.

"We expect the number of completed loan modifications to increase as homeowners complete the HAMP trial period," said DeMarco. "Fannie Mae's and Freddie Mac's efforts with servicers and homeowners are critical to preventing unnecessary foreclosures and to keeping people in their homes."

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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

Foreclosure Prevention Report
Second Quarter 2009

Disclosure and Analysis of Fannie Mae and Freddie Mac Mortgage Loan Data

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Summary

The focus of the Enterprises' foreclosure prevention activity in the second quarter shifted to implementing the Home Affordable Modification program (HAMP). The first HAMP loan modifications entering a trial period occurred during the second quarter and volumes increased substantially in subsequent months. The Enterprises also reported strong increases in the number of repayment plans and forbearance plans initiated during the quarter. However, completed home retention actions[1] fell during the quarter as HAMP trial loan modifications replaced traditional loan modifications and repayment plans in process.

Foreclosure Prevention Actions

The Enterprises continued to focus on lowering mortgage payments to more affordable levels for borrowers with the capacity to continue making payments. Loan modifications under HAMP allow servicers to reduce borrowers' monthly payments through a combination of interest rate reductions (down to 2 percent), term extensions (up to 480 months) or principal forbearance. HAMP requires a three-month trial period for the borrower to demonstrate the ability and willingness to make modified payments. HAMP modifications are considered complete when a borrower successfully completes the trial period and provides required documentation.

- As of June 30, 2009 approximately 66,200 HAMP trial modifications of Enterprises loans were in progress. The number almost doubled to 131,200 through July 2009 and increased to 202,200 in August 2009.

- Completed actions to prevent foreclosure declined by 25 percent to approximately 58,200 during the second quarter as HAMP trial loan modifications replaced traditional loan modifications and repayment plans in process. Completed loan modifications decreased by 13 percent over the prior quarter to 32,300.

- Fifty-four percent of loan modifications completed in the second quarter of 2009 resulted in borrowers' payments decreasing by 20 percent or more, compared to only 8 percent in the second quarter of 2008.

- Short sales increased by 45 percent during the second quarter to 11,700 as the pipeline of serious delinquent loans increased and Freddie Mac increased the delegated authority of servicers to implement short sales.

- As short sales increased and loan modifications declined, completed home retention actions – actions that result in a borrower keeping his or her home –accounted for 82

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[1] Home retention actions include loan modifications, repayment plans, forbearance plans, charge-offs in lieu of foreclosure and delinquency advances. Under HAMP, borrowers must successfully conclude a three-month trial modification period before the modification is completed. Trial modifications do not count as a home retention action.

percent of all foreclosure prevention actions completed during the second quarter, down from 90 percent in the prior quarter.

Mortgage Performance

- Loans that are only one month delinquent increased by 11 percent during the second quarter to 682,000.

- Loans 60-plus-days delinquent increased by 21 percent during the second quarter to 1.3 million. Approximately 227,200 more loans became 60 days or more delinquent in the second quarter of 2009.

Mortgage delinquencies continued to increase during the quarter as higher levels of unemployment contributed to new delinquencies and hampered the ability of delinquent borrowers to cure. The implementation of HAMP also contributed to the increase in delinquencies for multiple reasons.

First, fewer delinquent borrowers transitioned to foreclosure because foreclosure sales are temporarily suspended for borrowers requesting HAMP modifications until their eligibility for HAMP or alternative foreclosure prevention options has been determined. Furthermore, loans in a trial modification period are reported as delinquent until the trial period is successfully completed and the final loan modification is executed. Finally, the resource requirements for HAMP modifications presents a challenge to servicers, who are resource constrained, in view of the large volume of delinquent borrowers.

Foreclosures

- Foreclosure starts increased in the second quarter by 23 percent over the prior quarter to 299,200, reflecting increases in the foreclosure pipeline as the number of 90-plus-days delinquent loans increased. Although HAMP requires foreclosure activities to be temporarily suspended during the trial period or while a borrower is considered for alternative foreclosure prevention options, the foreclosure process is initiated for vacant and non-owner occupied properties, and properties determined to be ineligible for HAMP.

- Completed foreclosure and third-party sales during the quarter increased by 38 percent to 57,800 generally driven by sales on non-occupied properties and owner-occupied properties already determined to be ineligible for HAMP.

Introduction

This Federal Housing Finance Agency (FHFA) *Foreclosure Prevention Report* for the second quarter of 2009 presents key performance data on first-lien residential mortgages serviced on behalf of the Federal National Mortgage Association, or **Fannie Mae**, and the Federal Home Loan Mortgage Corporation, or **Freddie Mac.** Fannie Mae and Freddie Mac are referred to in this report as "the Enterprises."

This is the sixth quarterly report completed by FHFA. This report presents and analyzes trends in mortgage delinquencies and in the level of assistance offered to borrowers in danger of foreclosure.

Mortgage Portfolio Size and Composition

The Enterprises' aggregate mortgage portfolio increased by approximately 58,000 loans or 0.2 percent compared to the first quarter of 2009 as new purchases and issuances outpaced loan liquidations.

Enterprises' Mortgage Portfolio Characteristics *(First-lien Residential Mortgages)*	31-Dec-08	31-Mar-09	30-Jun-09
Number of loans serviced (millions)	30.5	30.4	30.4
Original credit score >= 660	25.7	25.6	25.7
Original credit score < 660	4.9	4.8	4.7
Loans Serviced ($ in billions)	$4,557	$4,508	$4,558
Original Weighted Average Credit Score	724	725	727
Original Weighted Average Loan-to-Value	72%	71%	71%
Current Weighted Average Loan-to-Value	71%	74%	74%

The number of first-lien residential mortgages with credit score at origination of 660 or higher increased, while mortgages with less than 660 credit score at origination decreased. The increase in the number of loans with 660 or higher credit score and decrease in loans with less than 660 credit score at origination reflect actions taken by both Enterprises to increase the credit quality of new business and continues a trend seen over the past year.

Making Home Affordable Program - Status Update

Home Affordable Refinance Program (HARP) - Announced March 4, 2009.

- Allows existing Enterprise borrowers with current payment histories to refinance and reduce their monthly mortgage payments at loan-to-value ratios up to 125 percent without new mortgage insurance.
- The Enterprises refinanced 93,070 HARP loans through August 2009.
- Fannie Mae began accepting deliveries of refinanced whole loans with LTVs over 105 up to 125 percent on September 1 and began taking deliveries for MBS for these loans on October 1. Freddie Mac began accepting deliveries of these loans on October 1.

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 202,200 trial modifications in progress through August 2009.
- Treasury set a goal of 500,000 trial modifications by November 1, 2009 for both GSE owned and Non-GSE owned loans.
- First incentive payments were made to servicers and investors in August 2009.

Second Lien Modification Program (2MP) - Announced April 28, 2009.

- Requires the second mortgage to be modified when the first mortgage has been modified if the servicer for the second lien has signed up for the program.
- Launched the program in August 2009. No volumes reported to date.

Short Sale/Deed in Lieu Program - Announced May 14, 2009.

- Allows a borrower who fails to qualify for an affordable modified payment to avoid foreclosure by selling his/her home or deeding the property to the servicer prior to a completed foreclosure sale.

Roles - Fannie Mae and Freddie Mac—Agents of Treasury

- Fannie Mae is the administrator for MHA. Program administration responsibilities include development and publication of program policy and documents, establishing requirements for data elements and data reporting, development and maintenance of the system of record for loan-level transaction and servicer-participation information, processing of transaction data, and payment of program incentives over the life of the loan.
- Freddie Mac is the compliance agent for MHA. Compliance responsibilities include on-site readiness evaluations of servicers’ operations, on-site loan-level reviews, desk reviews and data reviews for loans evaluated and decisioned under the program, and NPV model reviews. Freddie Mac recently implemented a Second Look program to evaluate servicers’ efforts to evaluate and qualify all MHA eligible accounts, as well as to review accounts declined for modifications and the reasons.

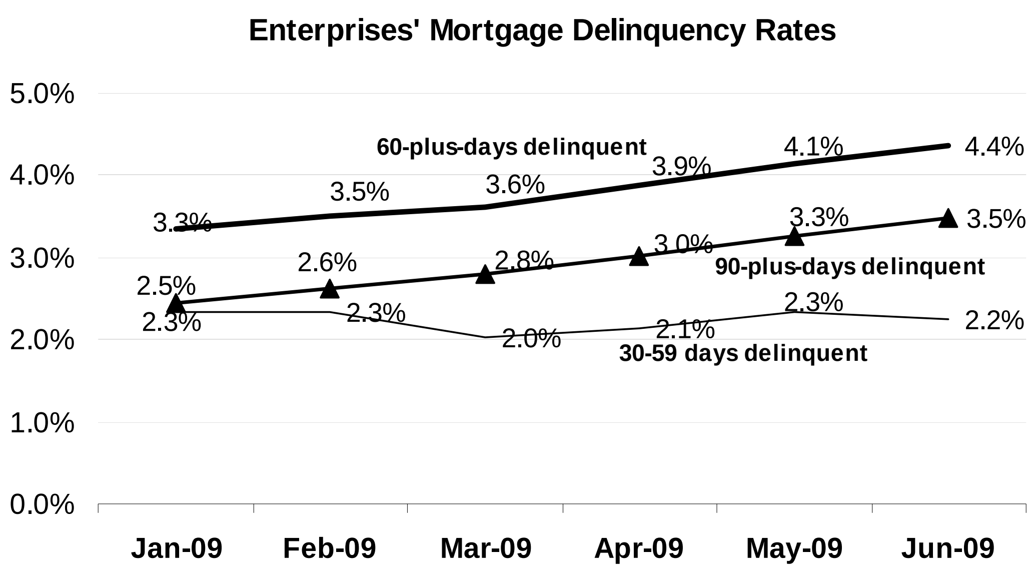
Key Findings

Mortgage Performance

Mortgage delinquencies continued to increase during the second quarter as the weak economy persisted. The number of loans in all stages of delinquency increased. However the number of loans that are three or more months delinquent increased more than loans that are one month delinquent as fewer delinquent borrowers transitioned to foreclosure or cured the delinquency during the quarter.

Rising levels of unemployment and underemployment are affecting the ability of some borrowers to cure mortgage delinquencies. Nearly one-half of all delinquent borrowers cited curtailment of income or unemployment as reasons for delinquency, compared to 43 percent in the first quarter of 2009. Furthermore, the suspension of foreclosure sales for delinquent borrowers that are either in a trial loan modification period or in the process of being reviewed for HAMP eligibility or for an alternate foreclosure prevention action has slowed the transition from serious delinquency to foreclosed property.

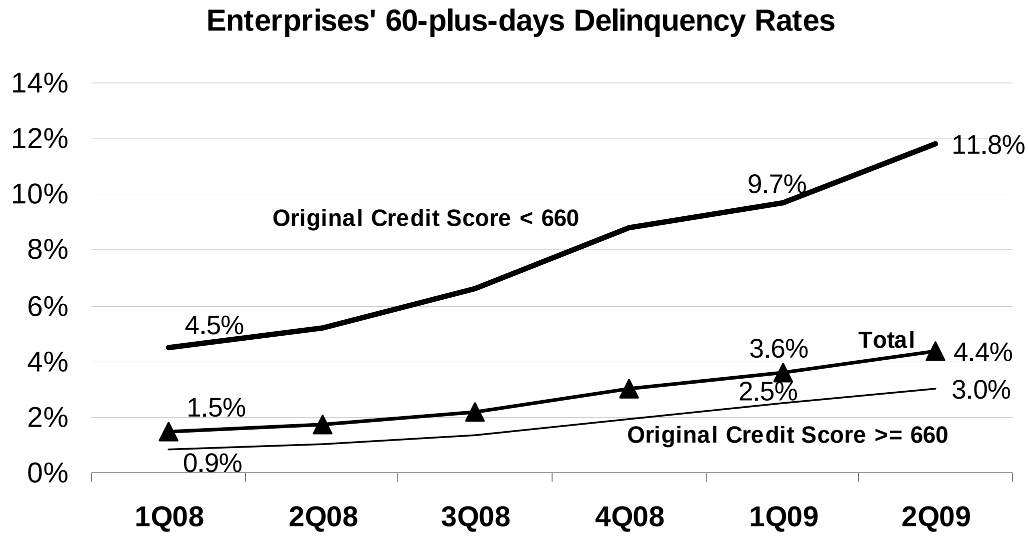
Compared to the prior quarter, the serious delinquency rate (90-plus-days delinquent or in the process foreclosure) increased 70 basis points to 3.5 percent while the 30-59 days delinquent rate rose only 20 basis points to 2.2 percent during the second quarter. The 30-59 days delinquency rate has stayed fairly stable during the first half of 2009 but the 60-plus-days delinquency rate has continued to increase as a result of the factors discussed above.



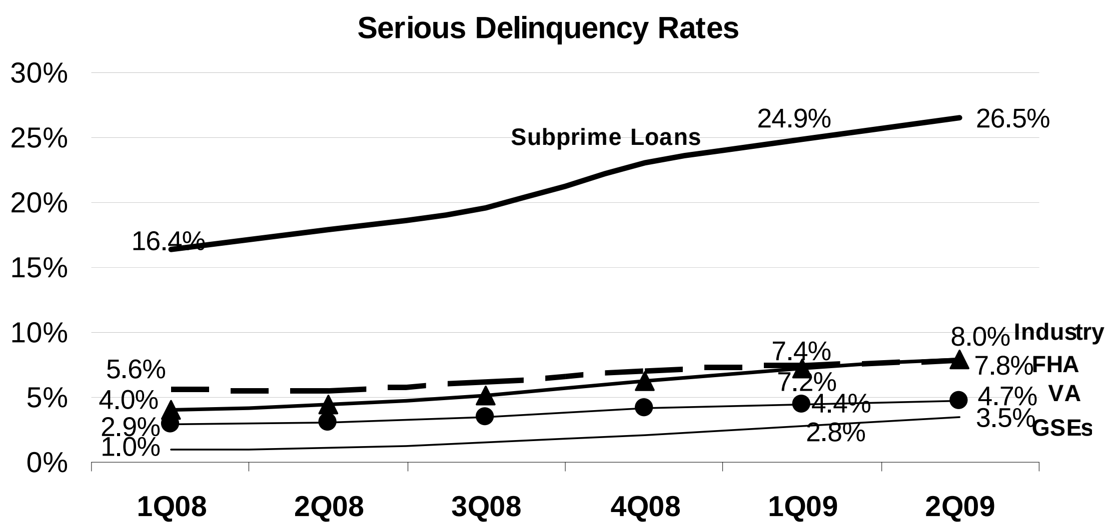
Loans 60-plus-days delinquent increased by 21 percent in the second quarter to 1.3 million, representing 4.4 percent of total loans serviced. Approximately 227,200 more loans became 60-plus-days delinquent in the second quarter of 2009.

In addition to the borrower's equity position and delinquency history, credit scores at origination continue to be a relevant measure for predicting the likelihood that a borrower would become delinquent in the future. At the end of June 2009, one in 8 loans (11.8 percent) with credit score at origination of less than 660 was 60-plus-days delinquent compared to three in 100 loans (3.0 percent) with credit score at origination of 660 or higher.

Continuing a trend observed over the past several quarters, delinquency rates for borrowers with original credit scores of less than 660 increased more than delinquency rates for borrowers with credit scores of 660 or higher.



Although the Enterprises' mortgage delinquencies continued to increase, the rate is consistently lower than the industry average.



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

Foreclosure Prevention Actions Initiated

- During the second quarter, the Enterprises worked with servicers and financially struggling homeowners to implement the HAMP. At the end of June 2009, the Enterprises had initiated approximately 66,200 trial loan modifications under HAMP. The number of loans in trial modifications almost doubled to 131,200 through July 2009 and increased to 202,200 in August 2009.

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Comparison of Enterprise Loan Modification Programs

Loan Modifications

- Processes for loan modifications have been in place since the 1980s.
- Requires the borrower to submit a personal budget, hardship statement and income verification. The servicer gets an updated credit report. Borrower's ability to pay is based on residual cash-flow.
- Customized to the borrower's situation, this approach requires extensive communication and is labor intensive.

Waterfall priority for adjusting mortgage payments

- Capitalize missed payments
- Extend mortgage term
- Reduce mortgage interest rate
- Principal forbearance

Home Affordable Modifications

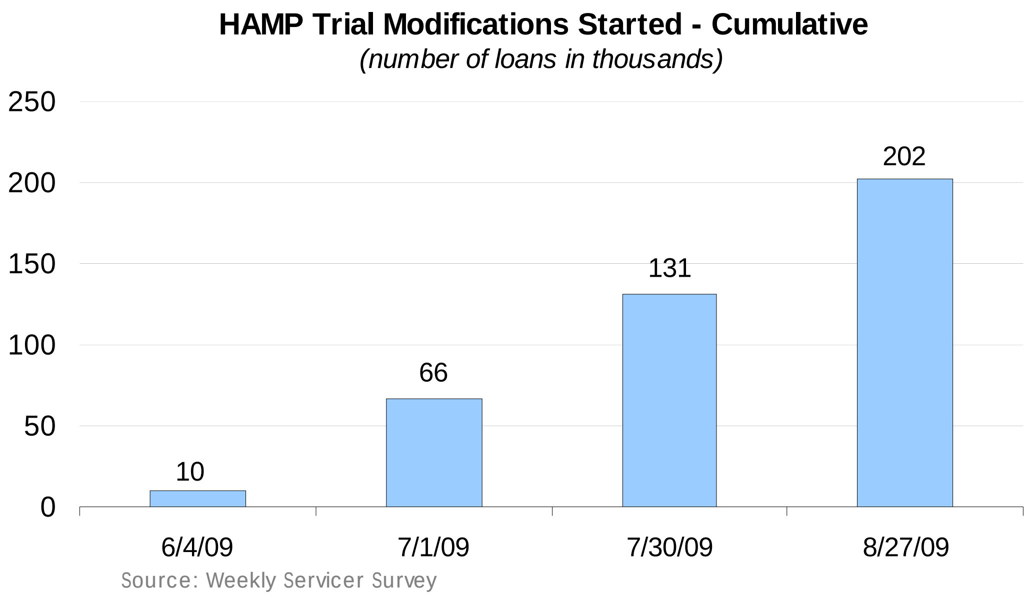
- The Enterprises began participating in the program in April 2009.
- Requires the borrower to submit income documentation to get a trial modification. The borrower has to submit other documents to complete the loan modification.
- Servicers are required to reduce a borrower's payment to 31 percent of gross income.

Waterfall priority for adjusting borrowers payments

- Capitalize missed payments
- Reduce mortgage interest rate (down to 2 percent)
- Extend mortgage term (up to 480 months)
- Principal forbearance

Loan modifications under HAMP require servicers to reduce a borrower's monthly payment to 31 percent of gross income through a combination of methods. After capitalizing missed payments, servicers reduce mortgage payments by first reducing mortgage interest rates (down to 2 percent), then extending the term of the mortgage (up to 480 months) and finally through principal forbearance. This contrasts with the historical approach for loan modifications. Traditional loan modifications involved capitalizing missed payments or reducing payments by first extending the term of the mortgage. Reductions in interest rates were pursued as a final resort for lowering payments.

Unlike previous loan modification programs that were targeted at borrowers who had missed three or more payments, HAMP is positioned to help borrowers earlier in the process. Borrowers whom are current on their mortgage loans but are at risk of imminent default are eligible for HAMP. HAMP requires a trial period during which the borrower makes monthly payments based on the estimated amount of the modification payments.

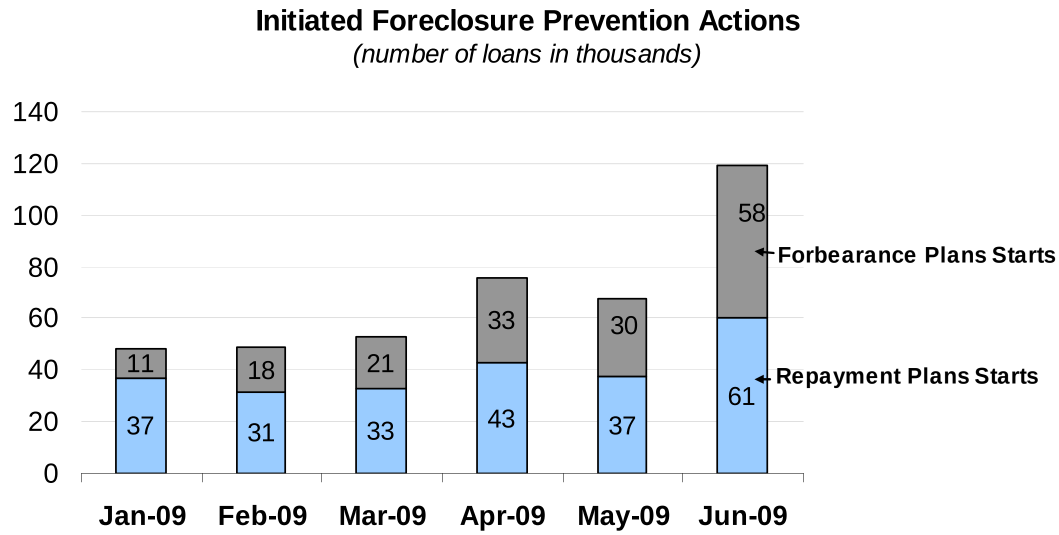


In spite of continued increases in the volumes of trial modifications, the level of trial modifications remains low compared to the level of delinquent loans. This is in part due to operational difficulties with implementing HAMP such as resource constraints of servicers. It is also partly due to the fact that a substantial portion of delinquent borrowers are not eligible for HAMP. The Enterprises estimate that approximately 30 percent to 40 percent of delinquent loans are either non-owner occupied, vacant or in bankruptcy, reducing the workable population of delinquent loans.

HAMP also drove significant increases in the volumes of other foreclosure prevention plans initiated during the quarter. Borrowers that request a HAMP loan modification but are found to be ineligible because their debt to income ratio is already below 31 percent (or for other reasons) are then considered for other types of foreclosure prevention actions.

The volume of initiated forbearance plans more than doubled in the second quarter to 121,500. Under a forbearance plan, the servicer and the borrower agree to reduce or suspend monthly payments for a defined period of time, usually no more than six months. At the end of the forbearance period the borrower is required to bring the account current or to enter into another home retention action such as a repayment plan.

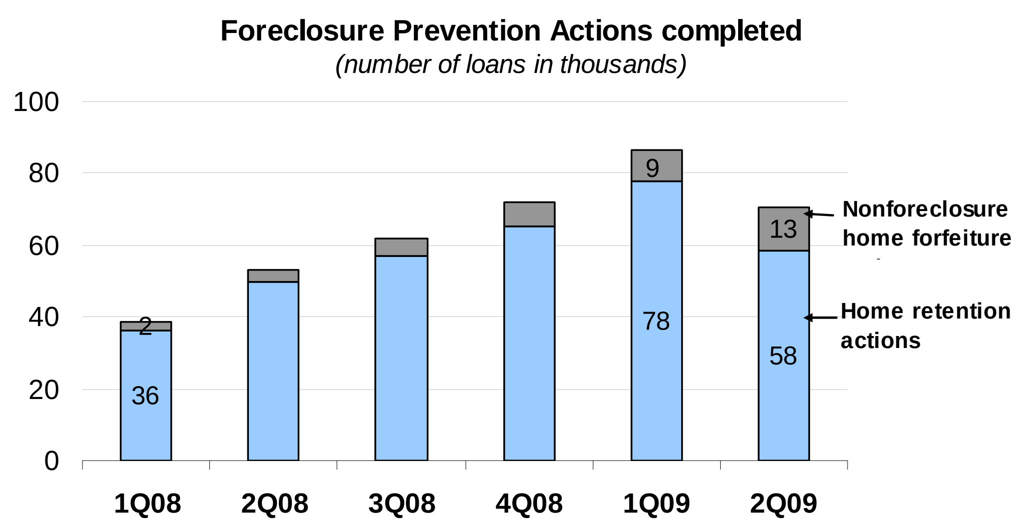
Repayment plans initiated also increased by 39 percent in the second quarter to 140,600. Under a repayment plan, the homeowner is given a defined period of time to reinstate the mortgage by paying normal regular payments plus an additional agreed upon amount in repayment of the missed payments



Foreclosure Prevention Actions Completed

Completed actions to prevent foreclosures declined in the second quarter of 2009 as HAMP trial loan modifications replaced traditional loan modifications and repayment plans in process. Approximately 70,800 foreclosure prevention actions were completed in the second quarter, a decrease of 18 percent over the prior quarter.

Actions that allow borrowers to retain their homes—repayment plans, forbearance plans, charge-offs in lieu of foreclosure, delinquency advances and loan modifications—accounted for 82 percent of completed foreclosure prevention actions, down from 90 percent in the prior quarter. Foreclosure prevention actions that result in borrowers forfeiting their homes are short sales and deeds in lieu of foreclosure. Volumes of these actions increased substantially and accounted for 18 percent of all foreclosure prevention actions completed in the second quarter.

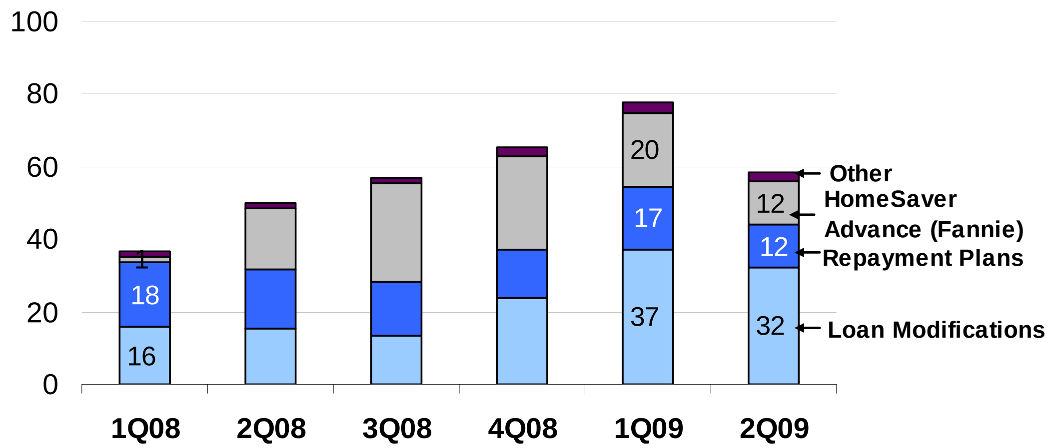


Home Retention Actions Completed

Volumes of all categories of home retention actions decreased during the second quarter. Completed repayment plans decreased by 32 percent over the prior quarter to 11,800. The decline in completed repayment plans reflects the transfer of some borrowers with repayment plans in process into either HAMP trial modifications or consideration for HAMP eligibility. Rising unemployment and underemployment may also be affecting the ability of some borrowers to complete repayment plans.

Completed loan modifications decreased 13 percent over the prior quarter to 32,300. Part of the reduction in volumes is from declines in loan modifications from Freddie Mac's mass modification program which ended in April 2009 with program volume trailing off through July 2009.

Home Retention Actions Completed
(number of loans in thousands)

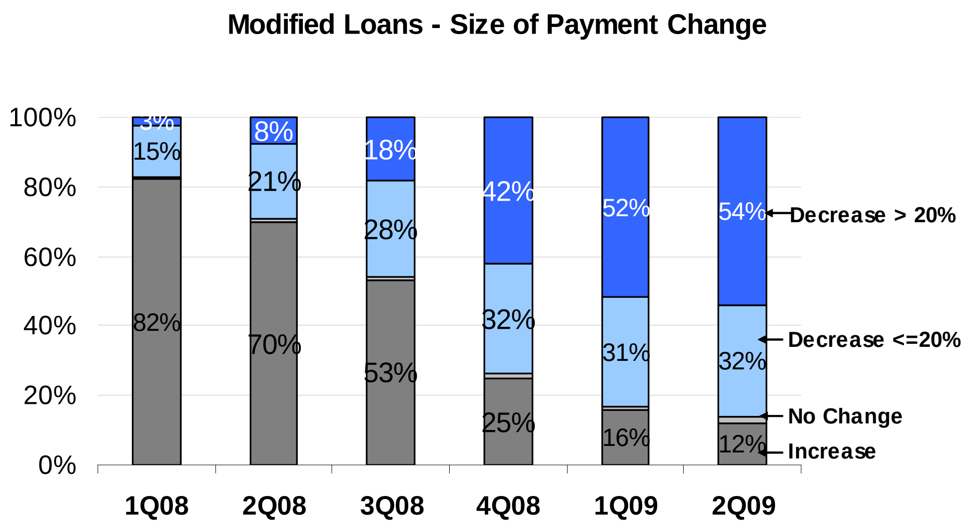


Other consists of forbearance plan and charge-offs in lieu

The volume of delinquency advances from Fannie Mae's HomeSaver Advance (HSA) funding program declined 43 percent compared to the first quarter. The HSA program advances new, unsecured loans to cure past due amounts to delinquent borrowers who are able to make future scheduled payments but unable to pay past due amounts. For the first six months, the note does not accrue interest and requires no payments. Fannie Mae is deemphasizing the HSA program – which is more applicable to temporary hardships – and focusing on increasing loan modifications.

Loan modifications completed

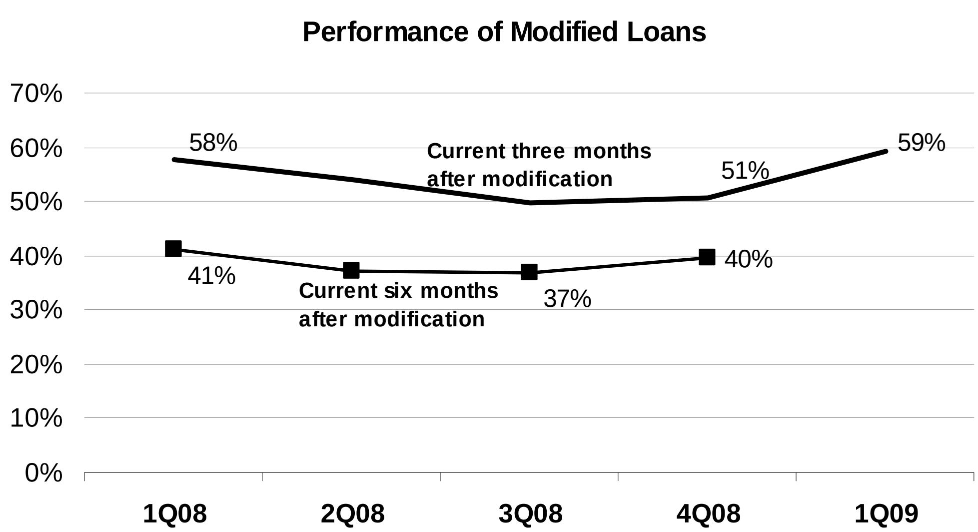
During 2008 the Enterprises changed the focus of loan modifications from capitalization of missed payments to making payments more affordable for borrowers. Continuing a trend observed for several quarters the proportion of loan modifications that resulted in substantial payment reductions increased during the quarter. Eighty-six percent of loan modifications completed in the second quarter of 2009 resulted in borrowers' payments decreasing, compared to only 29 percent in the second quarter of 2008.



As recent loan modifications have resulted in greater reductions to borrowers' payments, all other things being equal, loans modified in more recent quarters would be expected to perform better than loans modified in prior quarters.

The performance of modified loans improved during the quarter consistent with expectations however it is too early to tell whether this performance will be sustained in light of continuing economic weakness.

The percentage of loans that were current three months after modification increased to 59 percent for loans modified in the first quarter of 2009 from 50 percent for loans modified in the fourth quarter of 2008. Similarly, the percentage of loans that were current six months after modification increased to 40 percent for loans modified in 4Q08 from 37 percent for loans modified in the third quarter of 2008. It is too early to determine whether re-delinquent rates will continue to fall going forward.



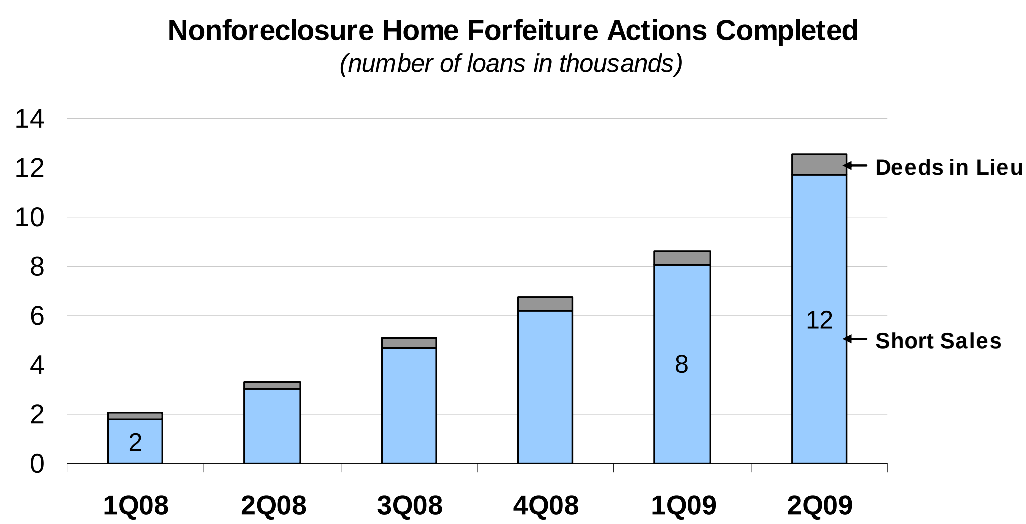
Nonforeclosure Home Forfeiture Actions Completed

Home retention actions such as repayment plans, forbearance plans and loan modifications require borrowers to have the capacity to continue to make payments. For borrowers that no longer have the capacity or desire to retain their homes, short sales and deeds-in-lieu offer an option to foreclosure.

Short sales allow borrowers to sell their homes for less than the full payoff amount due on the mortgage and for lenders to accept such amounts. Alternatively borrowers may convey title to the home to the servicer through a deed-in-lieu of foreclosure. Short sales help to keep REO inventories down and both short sales and deeds-in-lieu help to minimize the impact of foreclosure on borrowers and neighborhoods.

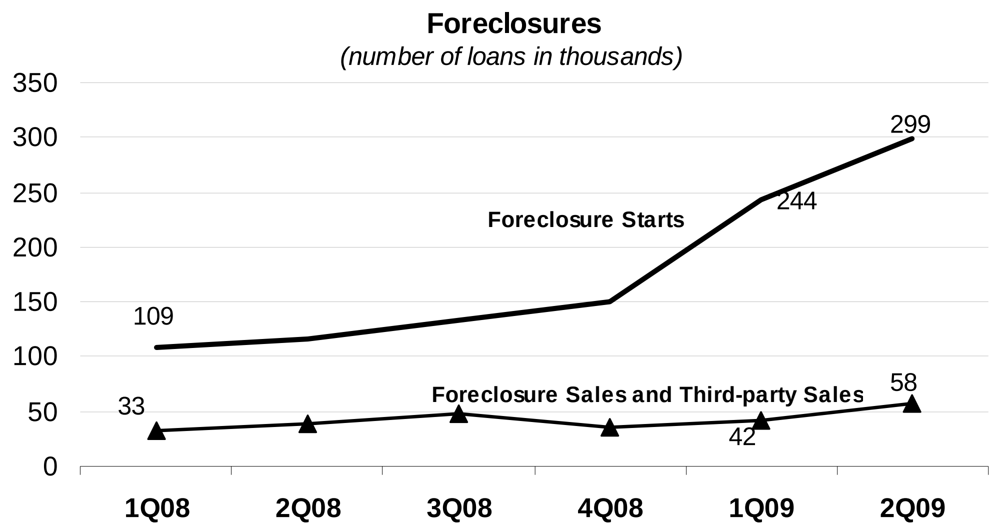
The Enterprises continued to work with servicers to streamline the process for these actions. In the typical short sale process, the Enterprises delegate authority to servicers to complete short sales subject to certain guidance. Freddie Mac has delegated additional authority to servicers to complete short sales by reducing the minimum net recovery rates in the five high risk states (California, Florida, Nevada, Arizona and Michigan).

The volume of short sales rose 45 percent to 11,700 during the second quarter, reflecting increases in the pipeline of 90-plus-days delinquencies, and the number of borrowers who are not eligible for other foreclosure prevention actions. Deed-in-lieu of foreclosure actions also increased significantly during the quarter, albeit from relatively low volumes, compared to the first quarter of 2009.



Foreclosures

Newly initiated foreclosures in process increased by 23 percent in the second quarter over the prior quarter to 299,200. This reflects increases in the number of 90-plus-days delinquent loans which increase the foreclosure pipeline. HAMP requires servicers to temporarily suspend foreclosure sales on loans previously referred to foreclosure. HAMP also prohibits referral of loans to foreclosure during the 30-day period that the borrower has to submit documents confirming intent to accept the trial period plan offer. Servicers are permitted to refer to the foreclosure process loans that are not HAMP eligible or for which the borrower has chosen not to pursue a home retention workout.



Completed foreclosure and third-party sales in the second quarter increased by 38 percent to 57,800. Although foreclosure sales increased during the second quarter, the gap between foreclosure starts and completed foreclosure sales and third party sales continued to increase. Temporary moratoriums on completing foreclosure sales related to HAMP are contributing to this trend.

Appendix: Data Tables

1 - Mortgage Performance *(at period end)*

(# of loans in thousands)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09
Total Loans Serviced	30,190	30,459	30,626	30,536	30,353	30,411
Original Credit Score >= 660	25,036	25,369	25,608	25,657	25,578	25,722
Original Credit Score < 660	5,153	5,090	5,018	4,879	4,775	4,689
Total Delinquent Loans					1,715	2,009
Original Credit Score >= 660					952	1,126
Original Credit Score < 660					763	882
30 - 59 Days Delinquent					615	682
Original Credit Score >= 660					316	353
Original Credit Score < 660					299	329
60 - 89 Days Delinquent					254	269
Original Credit Score >= 660					137	140
Original Credit Score < 660					117	129
60-plus-days Delinquent	445	529	678	926	1,100	1,327
Original Credit Score >= 660	214	264	345	497	636	774
Original Credit Score < 660	231	265	333	429	464	553

Percent of Total Loans Serviced

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09
Total Delinquent Loans					**5.65%**	**6.61%**
Original Credit Score >= 660					3.72%	4.38%
Original Credit Score < 660					15.98%	18.82%
30 - 59 Days Delinquent					**2.03%**	**2.24%**
Original Credit Score >= 660					1.24%	1.37%
Original Credit Score < 660					6.27%	7.02%
60 - 89 Days Delinquent					**0.84%**	**0.88%**
Original Credit Score >= 660					0.54%	0.55%
Original Credit Score < 660					2.46%	2.75%
60-plus-days Delinquent	**1.47%**	**1.74%**	**2.22%**	**3.03%**	**3.62%**	**4.36%**
Original Credit Score >= 660	0.86%	1.04%	1.35%	1.94%	2.48%	3.01%
Original Credit Score < 660	4.48%	5.21%	6.64%	8.79%	9.71%	11.80%
Serious Delinquency Rate	**0.99%**	**1.18%**	**1.52%**	**2.14%**	**2.80%**	**3.48%**
In Bankruptcy					**0.29%**	**0.33%**

Appendix: Data Tables

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

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	YTD 2009
Starts							
HAMP Modifications Trials						66,200	66,200
Repayment Plans	63,756	66,443	85,771	84,876	100,917	140,641	241,558
Forbearance Plans					49,369	121,496	170,865
Completed							
Repayment Plans	18,148	16,393	14,710	13,309	17,336	11,812	29,148
Forbearance Plans	1,198	1,279	1,099	2,116	2,576	1,961	4,537
Charge-offs in Lieu	168	156	202	273	288	496	784
HomeSaver Advance *(Fannie)*	1,244	16,658	27,277	25,788	20,431	11,662	32,093
Loan Modifications	15,655	15,387	13,488	23,777	37,069	32,287	69,356
Home Retention Actions	**36,413**	**49,873**	**56,776**	**65,263**	**77,700**	**58,218**	**135,918**
Short Sales	1,776	3,062	4,674	6,192	8,054	11,705	19,759
Deeds in Lieu	308	236	427	540	578	835	1,413
Nonforeclosure - Home Forfeiture Actions	**2,084**	**3,298**	**5,101**	**6,732**	**8,632**	**12,540**	**21,172**
Total Foreclosure Prevention Actions	**38,497**	**53,171**	**61,877**	**71,995**	**86,332**	**70,758**	**157,090**
Percent of Total Foreclosure Prevention Actions							
Repayment Plans	47%	31%	24%	18%	20%	17%	19%
Forbearance Plans	3%	2%	2%	3%	3%	3%	3%
Charge-offs in Lieu	0%	0%	0%	0%	0%	1%	0%
HomeSaver Advance *(Fannie)*	3%	31%	44%	36%	24%	16%	20%
Loan Modifications	41%	29%	22%	33%	43%	46%	44%
Home Retention Actions	**95%**	**94%**	**92%**	**91%**	**90%**	**82%**	**87%**
Short Sales	5%	6%	8%	9%	9%	17%	13%
Deeds in Lieu	1%	0%	1%	1%	1%	1%	1%
Nonforeclosure - Home Forfeiture Actions	**5%**	**6%**	**8%**	**9%**	**10%**	**18%**	**13%**

* 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.

3 - Loan Modifications *(# of loans)*

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	YTD 2009
Principal and Interest Change *(# of loans)**							
Increase	11,845	8,274	7,049	5,362	5,268	4,435	9,703
No Change	95	111	120	285	294	698	992
Decrease <=20%	2,094	2,524	3,657	6,825	10,444	11,548	21,992
Decrease > 20%	361	910	2,409	9,018	17,165	19,785	36,950
Type of Modifications *(# of loans)*							
Extend Term Only					6,265	6,265	12,530
Reduce Rate Only					1,474	991	2,465
Extend Term and Reduce Rate					26,236	22,129	48,365
Other					3,353	2,881	6,234
Principal and Interest Change (%)							
Increase	82%	70%	53%	25%	16%	12%	14%
No Change	1%	1%	1%	1%	1%	2%	1%
Decrease <= 20%	15%	21%	28%	32%	31%	32%	32%
Decrease > 20%	3%	8%	18%	42%	52%	54%	53%
Type of Modifications *(%)*							
Extend Term Only					17%	19%	18%
Reduce Rate Only					4%	3%	4%
Extend Term and Reduce Rate					71%	69%	70%
Other					9%	9%	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)*

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	YTD 2009
Short Sales	1,776	3,062	4,674	6,192	8,054	11,705	19,759
Deeds in Lieu	308	236	427	540	578	835	1,413
Nonforeclosure Home Forfeiture Actions *	**2,084**	**3,298**	**5,101**	**6,732**	**8,632**	**12,540**	**21,172**
Third-party Sales	1,939	2,052	2,170	1,571	1,771	3,344	5,115
Original Credit Score >= 660	1,124	1,235	1,266	928	1,138	2,289	3,427
Original Credit Score < 660	815	817	904	643	633	1,055	1,688
Foreclosure Sales	**30,613**	**37,161**	**46,375**	**34,021**	**40,009**	**54,449**	**94,458**
Original Credit Score >= 660	16,651	21,206	27,887	20,609	25,354	35,569	60,923
Original Credit Score < 660	13,962	15,955	18,488	13,412	14,655	18,880	33,535
Third-party & Foreclosure Sales	**32,552**	**39,213**	**48,545**	**35,592**	**41,780**	**57,793**	**99,573**
Original Credit Score >= 660	17,775	22,441	29,153	21,537	26,492	37,858	64,350
Original Credit Score < 660	14,777	16,772	19,392	14,055	15,288	19,935	35,223
Foreclosure Starts	**108,520**	**116,843**	**132,909**	**149,981**	**243,824**	**299,208**	**543,032**
Original Credit Score >= 660	57,949	65,918	75,575	87,304	151,611	190,989	342,600
Original Credit Score < 660	50,571	50,925	57,334	62,677	92,213	108,219	200,432

Top Five Reasons for Delinquency

	1Q09	2Q09
Curtailment of Income	35%	40%
Excessive obligations	19%	18%
Unemployment	8%	9%
Illness of principal mortgagor or family member	6%	6%
Marital Difficulties	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 Delinquent - 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. At the end of the forbearance, the borrower is required to bring the account current or to enter into another loss mitigation action, such as a payment plan or a loan modification.
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.