Federal Housing Finance Agency
Office of the Director

July 21, 2009

Honorable Christopher Dodd
Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Dodd:

I am transmitting our eighth report in accordance with Section 110 of the Emergency Economic Stabilization Act of 2008 (EESA), titled *Assistance to Homeowners*. Section 110 of the Emergency Economic Stabilization Act of 2008 (EESA) directs Federal Property Managers (FPM) to develop and implement plans to maximize assistance for homeowners and encourage servicers of underlying mortgages to take advantage of programs to minimize foreclosures. FHFA is a designated FPM in its role as conservator for Fannie Mae and Freddie Mac. Each FPM is also required to report to Congress about the number and types of loan modifications and the number of foreclosures during the reporting period.

As you will read in the attached, preventing avoidable foreclosures through loan modifications is a top priority at FHFA. We will continue to update, elaborate and expand FHFA's plan to maximize assistance for home owners and minimize preventable foreclosures consistent with the intent of EESA.

Sincerely,

James B. Lockhart III
Director, Federal Housing Finance Agency
Chairman, FHF Oversight Board

Attachments

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Federal Housing Finance Agency

Federal Property Managers Report No.8

July 21, 2009

FHFA Activities

The Federal Housing Finance Agency has authorized Fannie Mae and Freddie Mac to expand the Home Affordable Refinance Program (HARP) to homeowners who are current on their mortgage payments from the present loan-to-value ratio ceiling of 105 to 125 percent. With these expanded refinance opportunities, qualified borrowers whose mortgages are currently owned or guaranteed by Fannie Mae and Freddie Mac will be allowed to refinance those loans according to the terms of the Home Affordable Refinance Program established earlier this year.

The FHFA was pleased to join Secretaries Donovan and Geithner in announcing FHFA's expansion of the Obama Administration's Making Home Affordable program. The higher LTV refinancings will allow more homeowners to strengthen their finances by taking advantage of lower mortgage rates. The Enterprises are also incenting these borrowers to combine a lower mortgage rate with a faster amortization schedule, which will enable them to get 'above water' on their mortgages more quickly. This program could assist many homeowners who otherwise would have difficulty refinancing due to declining house prices.

The program provides borrowers with an incentive to reduce the term of their loan from 30 years to a shorter-term, fixed-rate mortgage and therefore pay down the principal more quickly and reduce lifetime interest payments. Borrowers who refinance may see lower monthly payments and a more sustainable mortgage, which should reduce the risk of default. This expansion of HARP will assist the Enterprises in managing the credit risk associated with these higher loan-to-value mortgages.

Fannie Mae's and Freddie Mac's New Activities

On July 1, 2009, both Fannie Mae and Freddie Mac announced that each are providing information to servicers regarding changes to the Home Affordable Refinance Program (HARP) that permits refinancing of existing loans with loan-to-value (LTV) ratios up to 125 percent. As a result of this change, qualified borrowers will be able to obtain Relief Refinance Mortgages with loan amounts up to 125 percent of the current value of their property. The higher LTV ratio is expected to give homeowners, especially those in markets that have experienced sharp declines in home values, more options to refinance into mortgages with terms that better position them for long-term homeownership. The loans will be eligible for delivery on or after September 1, 2009.

As agents of the U.S. Treasury, both Fannie Mae and Freddie Mac play major roles in and have assumed responsibilities for the implementation and ongoing oversight of the MHA program. These roles include:

- Both Enterprises are participating in the program for the loans that they own or guarantee, and as administrators on behalf of the Treasury Department for all other loan modifications under this program.
- Fannie Mae, the administrator of the MHA program, is working on guidance to seller/servicers to address loans owned by Fannie Mae and Freddie Mac, and those owned by investors in private-label securities.

- Freddie Mac has an audit and compliance role with the MHA program. Freddie Mac is leading reviews of servicers' compliance with the program guidelines and ensuring that noncompliance is reported and handled.

The Enterprises' continue to expand their efforts to assist more of their borrowers. However, the population at greatest risk is those borrowers whose loans are in private-label securities, and not subject to the Enterprises' contractual requirements. The Enterprises have worked with other industry participants to identify barriers to broad adoption of the MHA programs by the private-label securities community. FHFA has also worked on specific barriers to broader acceptance of the modification program including developing and testing a net present value model for first mortgage modifications that meets the requirements of most private-label securities pooling and servicing agreements.

Although the MHA programs are still in their early stages, the Enterprises have reached some key milestones already, which include:

- To date, twenty-seven of the largest servicers representing over 85 percent of first mortgages nationwide have signed a Participation Agreement for the Home Affordable Modification Program (HAMP). The agreement requires that servicers review every potentially eligible borrower who inquires about program consideration. Servicers have been directed to suspend foreclosure on owner-occupied properties until a borrower's eligibility for the HAMP has been verified.

- Since March, 2009, Fannie Mae and Freddie Mac have refinanced 2,210,733 loans. The number of MHA streamlined loans, including HARP at all LTV levels, accounted for 152,753 of the total refinanced loans. The subset of total MHA streamlined loans that are HARP eligible loans with LTVs > 80% to 105% totaled 42,959.

Since the Treasury released guidelines for servicers under the MHA program on March 4, close to 3 million borrowers have accessed Fannie Mae and Freddie Mac loan look-up tools online to see if they have a loan eligible for refinancing.

Freddie Mac

Freddie Mac released a statement that the July 1st announcement to amend HARP "underscores Freddie Mac's commitment to make the Obama Administration's Making Home Affordable program a gateway to successful long-term homeownership for as many borrowers as possible." To encourage borrowers with 30-year fixed rate mortgages to consider a shorter 25-year term, for example, Freddie Mac is providing a special price incentive to lenders. The incentive only applies to Relief Refinance Mortgages with LTV ratios between 105 percent and 125 percent. The 25-year term will result in borrowers paying less interest over the life of their loan and improving their overall equity position over time. Freddie Mac's Relief Refinance Mortgage allows borrowers to finance closing costs, financing costs and prepaids/escrows up to $5,000 or 4 percent of the current unpaid principal balance of the mortgage being refinanced, whichever is less. Mortgage insurance (MI) is not required if the existing mortgage does not require MI. Otherwise, MI coverage on the new loan must be transferred from the original mortgage. Loans for borrowers who apply for Relief Refinance Mortgages through their current servicer will not need to be re-underwritten in most cases. When borrowers apply for Relief Refinance Mortgages through lenders other than their current servicer, the lenders must re-underwrite the loans through Loan Prospector, Freddie Mac's automated underwriting service. The expanded LTV ratios are available now when borrowers apply for Relief Refinance Mortgages through their current servicer and will become available on October 1 when borrowers apply through any lender affiliated with Freddie Mac. Freddie Mac also said the resulting impact on prepayments for certain Freddie Mac Mortgage Participation Certificates, or PCs, may vary, depending on borrower response and other factors.

On July 8, 2009, Freddie Mac posted a new video on YouTube.com that shows late-paying borrowers how gathering a few financial documents before calling a mortgage servicer can cut the time needed to determine their eligibility and process their application for a loan modification under the Making Home Affordable program or Freddie Mac's other workout initiatives. The two-minute video, available in English and Spanish versions, shows step-by-step which documents borrowers should have on hand when they call their servicer to discuss loan modifications. These documents can cut the time a servicer will need to understand the borrower's situation, determine his or her eligibility for a workout, and process the application. According to the video, the key documents borrowers should have when they call their servicer include:

- Most recent monthly mortgage statement,
- Pay stubs or other documents showing their household's monthly pre-tax income,
- Most recent tax return,
- Second loan or home equity line of credit statements,
- Account balances and minimum monthly payments on credit cards, car loans, student loans or other debt, and
- A short, concise description of the financial hardship that is causing, or leading to, a mortgage delinquency.

<u>Fannie Mae</u>

Fannie Mae released a statement that the July 1st announcement to amend HARP is a step that "aims to reach even more borrowers who would benefit from a lower payment," and that "many borrowers in good standing have been shut out from the benefits of refinancing due to significant declines in property values across the country. By broadening the scope of the initiative, more borrowers will experience savings on their monthly mortgage payments and have a better chance of sustaining homeownership over the long term." Previously, HARP allowed for refinancing of Fannie Mae loans with LTVs up to 105 percent. With the expansion, loans with LTVs above 105 percent and up to 125 percent will be eligible for refinancing through the company's Refi Plus manual underwriting option. In conjunction with the LTV eligibility expansion, Fannie Mae will offer a special .50 percent reduction in the upfront fee charged for loans with LTVs above 105 percent and loan terms of 20 and 25 years. The reduction is intended to incent borrowers to select shorter terms and build positive equity in their homes sooner than with a typical 30-year mortgage.

Federal Housing Finance Agency *Foreclosure Prevention Reports*

In accordance with the reporting requirements of Section 110(b)(5), please find attached FHFA's monthly *Foreclosure Prevention Report*, which reports on loan modifications and foreclosure activities of the Enterprises through April 30, 2009. FHFA also publishes a quarterly report with detailed analysis. The most recent quarterly report is posted at www.fhfa.gov. The FHFA *Foreclosure Prevention Reports* summarize data provided by Fannie Mae and Freddie Mac and give a comprehensive view of their efforts to assist borrowers through forbearance, payment plans, loan modification, and other alternatives to foreclosure such as short sales and deeds-in-lieu. The reports cover 30 million mortgages and focus on the delinquencies, loss mitigation actions, and foreclosure data reported by more than 3,000 approved servicers.

FHFA Monthly *Foreclosure Prevention Report* – April, 2009

The report includes loan modification data under FHFA's Streamlined Modification Program, which was initiated in November 2008 but ended in April 2009. This report does not include data on refinancings or modifications from the Administration's Making Home Affordable Program announced in March 2009. The report shows that as of April 30, 2009, of the Enterprises' 30 million residential mortgages:

- Completed loan modifications fell 12 percent in April to approximately 13,800 from March as the Enterprises ended their Streamlined Modification Program (SMP) and began implementing the Home Affordable Modification Program (HAMP). Modifications under the HAMP require a three-month trial period for the borrower to demonstrate the ability and willingness to make modified payments. Modifications under HAMP are counted as completed after the three-month trial period is completed.

- Loan modifications accounted for 48 percent of all completed foreclosure prevention actions in April compared to 47 percent in March. Seventy-five percent of loans modified in April involved both rate reductions and term extensions, up from 73 percent in March and up from 67 percent in January.

- Completed short sales and deeds in lieu increased 15 percent in April 2009 to nearly 4,000, more than three times the volume one year earlier.

- Delinquencies continued to increase as approximately 71,700 more loans became 60 days or more delinquent in April. Loans 60-plus-days delinquent increased approximately 7 percent in April to 1.2 million.

- Foreclosure starts in April declined 3 percent compared with March to nearly 85,900. Foreclosure starts were lower in April as servicers began to temporarily suspend foreclosure actions on delinquent borrowers who pursued a modification under HAMP, while borrowers' eligibility was being determined. If a borrower is determined to be ineligible for HAMP, the servicer is required to consider other alternatives to prevent foreclosure such as short sales and deeds in lieu.

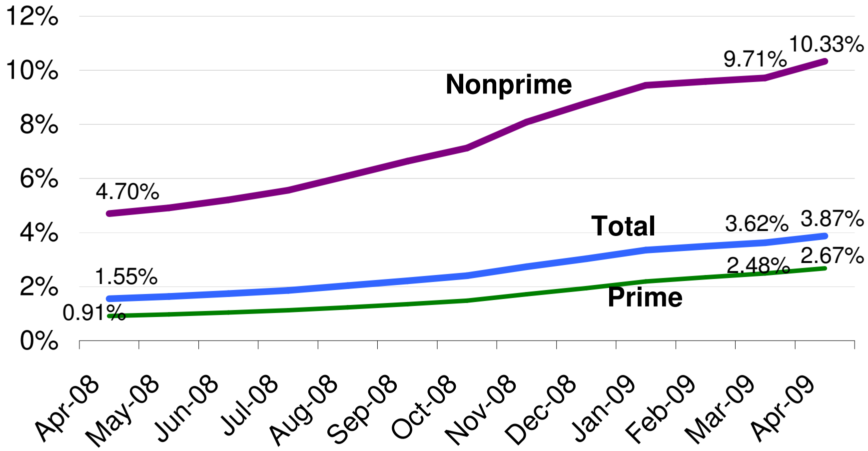
- Foreclosure and third-party sales increased to 14,200 in April up from 9,300 in March driven by sales of non-occupied properties, and owner-occupied properties already determined to be ineligible for HAMP.

Federal Housing Finance Agency

Foreclosure Prevention Report
April 2009

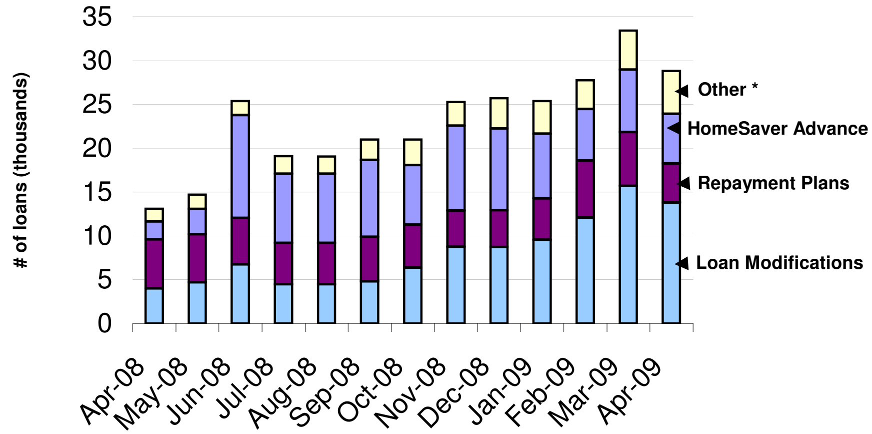
60-plus-days Delinquency Rates

Delinquency rates continue to rise.



Foreclosure Prevention Actions Completed

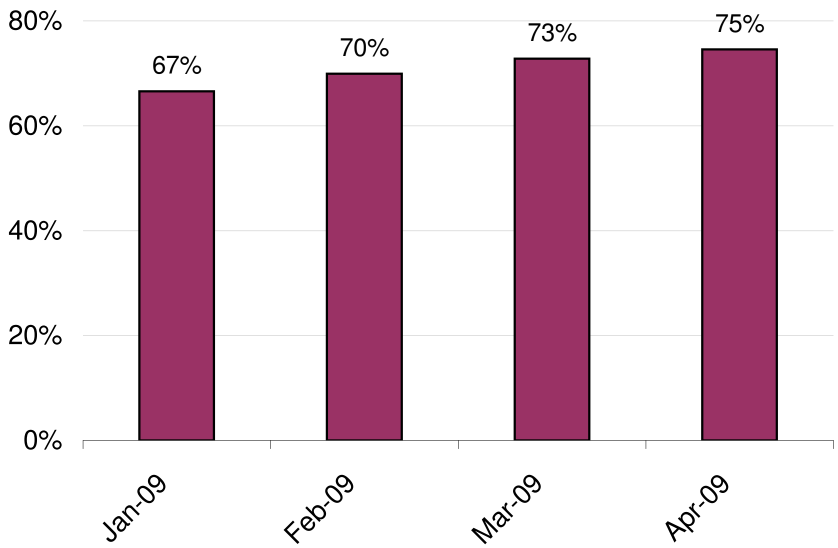
Completed loan modifications and repayment plans fell in April as servicers focused on implementing the HAMP.



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

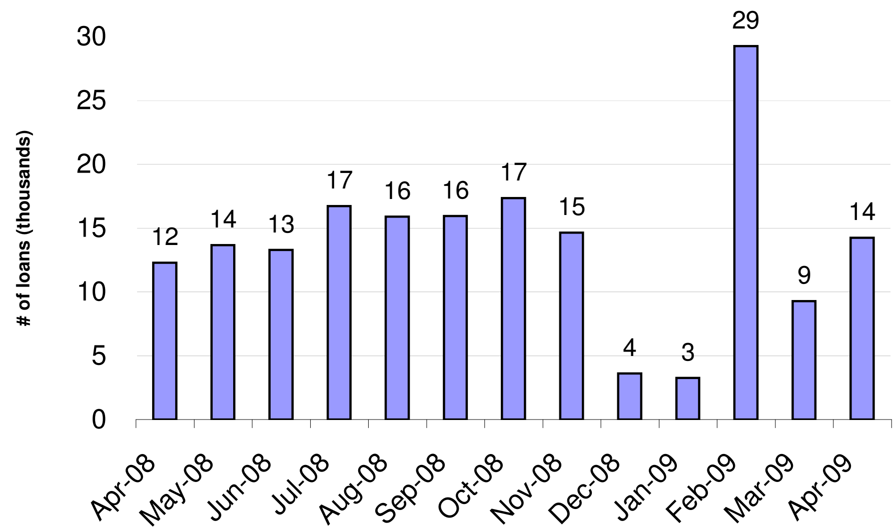
Reduce Rate and Extend Term

The proportion of loan modifications with both rate reductions and term extensions continues to increase.



Foreclosure & Third-party Sales Completed

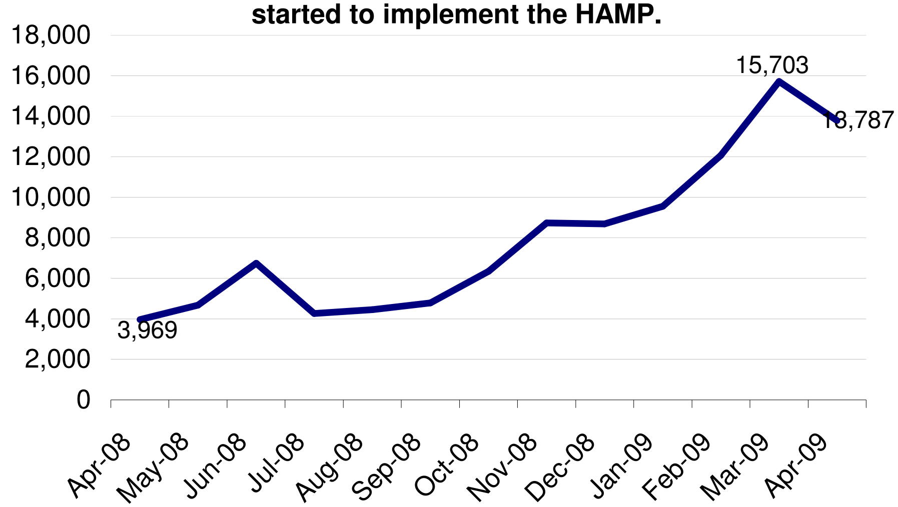
Foreclosure sales increased in April from sales of non-owner occupied properties and properties determined to be ineligible for HAMP.



Please see glossary on page 8

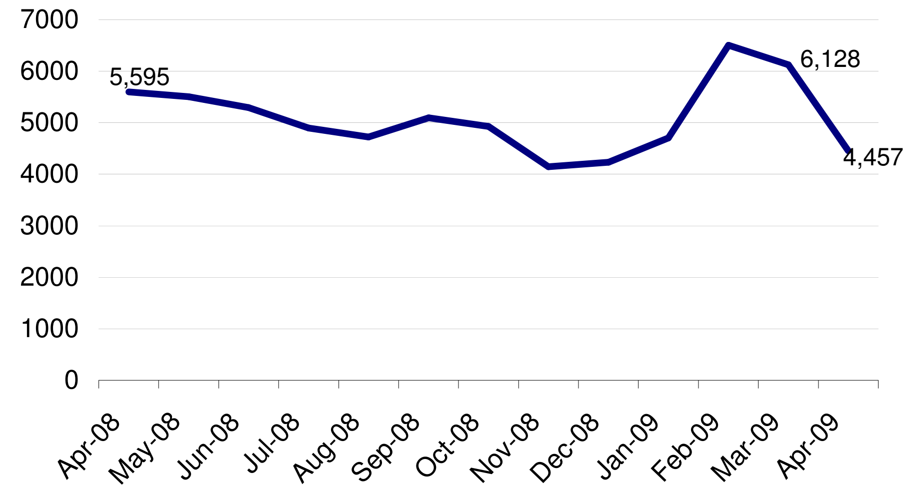
Loan Modifications Completed

Completed loan modifications fell in April as the Streamlined Modification Program ended and servicers started to implement the HAMP.



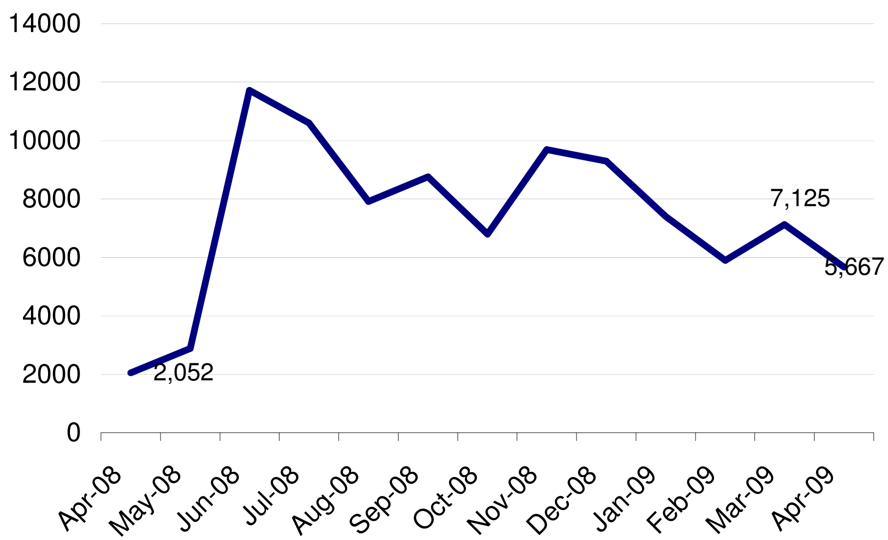
Repayment Plans Completed

Completed repayment plans fell in April as some borrowers were evaluated for HAMP eligibility.



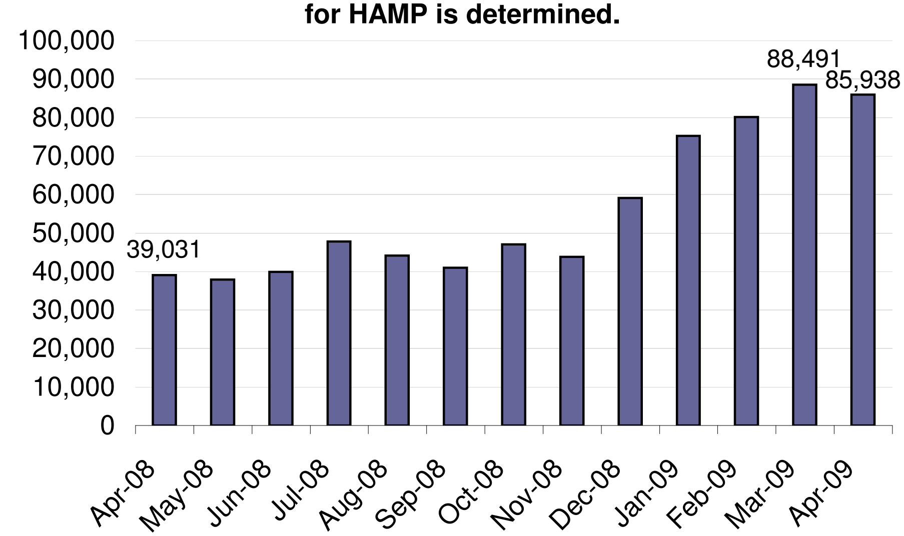
HomeSaver Advance Completed (Fannie)

Completed HSA funding fell in April as Fannie Mae deemphasized the program to focus on HAMP.



Foreclosure Starts

Foreclosure starts declined in April because servicers suspended new foreclosures until borrowers' eligibility for HAMP is determined.



1 - Mortgage Performance *(at period end)*

(# of loans in thousands)	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Total Loans Serviced	30,269	30,481	30,459	30,479	30,527	30,626	30,497	30,495	30,536	30,372	30,226	30,353	30,263
Prime	25,132	25,353	25,369	25,419	25,485	25,608	25,571	25,595	25,657	25,521	25,416	25,578	25,527
Nonprime	5,138	5,128	5,090	5,061	5,042	5,018	4,926	4,900	4,879	4,851	4,810	4,775	4,735
Total Delinquent Loans										1,724	1,765	1,715	1,817
Prime										913	967	952	1,012
Nonprime										810	797	763	805
30 - 59 Days Delinquent										708	708	615	646
Prime										356	372	316	330
Nonprime										352	336	299	316
60 - 89 Days Delinquent										275	265	254	258
Prime										139	139	137	136
Nonprime										137	126	117	121
60-plus-days Delinquent	470	497	529	566	621	678	731	835	926	1,015	1,056	1,100	1,171
Prime	229	245	264	284	313	345	380	439	497	557	595	636	682
Nonprime	241	252	265	281	308	333	351	396	429	458	461	464	489
Percent of Total Loans Serviced													
Total Delinquent Loans										**5.68%**	**5.84%**	**5.65%**	**6.00%**
Prime										3.58%	3.81%	3.72%	3.96%
Nonprime										16.70%	16.58%	15.98%	17.00%
30 - 59 Days Delinquent										**2.33%**	**2.34%**	**2.03%**	**2.13%**
Prime										1.40%	1.46%	1.24%	1.29%
Nonprime										7.26%	6.99%	6.27%	6.67%
60 - 89 Days Delinquent										**0.91%**	**0.88%**	**0.84%**	**0.85%**
Prime										0.54%	0.55%	0.54%	0.53%
Nonprime										2.82%	2.62%	2.46%	2.57%
60-plus-days Delinquent	**1.55%**	**1.63%**	**1.74%**	**1.86%**	**2.03%**	**2.22%**	**2.40%**	**2.74%**	**3.03%**	**3.34%**	**3.49%**	**3.62%**	**3.87%**
Prime	0.91%	0.97%	1.04%	1.12%	1.23%	1.35%	1.49%	1.71%	1.94%	2.18%	2.34%	2.48%	2.67%
Nonprime	4.70%	4.91%	5.21%	5.56%	6.10%	6.64%	7.13%	8.09%	8.79%	9.44%	9.58%	9.71%	10.33%
Serious Delinquency Rate	1.05%	1.12%	1.18%	1.27%	1.38%	1.52%	1.67%	1.88%	2.14%	2.45%	2.63%	2.80%	3.03%
In Bankruptcy										0.26%	0.27%	0.29%	0.30%

Please see glossary on page 8

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

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	YTD 2009
Starts														
Repayment Plans	21,837	19,945	24,661	26,082	29,506	30,183	29,482	26,288	29,106	37,036	31,258	32,623	42,718	143,635
Forbearance Plans										11,210	17,545	20,614	32,953	82,322
Completed														
Repayment Plans	5,595	5,504	5,294	4,897	4,720	5,093	4,927	4,147	4,235	4,702	6,506	6,128	4,457	21,793
Forbearance Plans	484	459	336	379	326	394	572	658	886	836	827	913	727	3,303
Charge-offs in Lieu	41	49	66	73	57	72	97	75	101	98	61	129	211	499
HomeSaver Advance *(Fannie)*	2,052	2,881	11,725	10,599	7,914	8,764	6,800	9,692	9,296	7,403	5,903	7,125	5,667	26,098
Loan Modifications	3,969	4,677	6,741	4,265	4,446	4,777	6,354	8,735	8,688	9,558	12,067	15,703	13,787	51,115
Home Retention Actions	**12,141**	**13,570**	**24,162**	**20,213**	**17,463**	**19,100**	**18,750**	**23,307**	**23,206**	**22,597**	**25,364**	**29,998**	**24,849**	**102,808**
Short Sales	850	1,056	1,156	1,492	1,465	1,717	2,103	1,828	2,261	2,608	2,228	3,218	3,578	11,632
Deeds in Lieu	107	62	67	118	138	171	156	150	234	188	161	229	385	963
Nonforeclosure - Home Forfeiture Actions	**957**	**1,118**	**1,223**	**1,610**	**1,603**	**1,888**	**2,259**	**1,978**	**2,495**	**2,796**	**2,389**	**3,447**	**3,963**	**12,595**
Total Foreclosure Prevention Actions	**13,098**	**14,688**	**25,385**	**21,823**	**19,066**	**20,988**	**21,009**	**25,285**	**25,701**	**25,393**	**27,753**	**33,445**	**28,812**	**115,403**
Percent of Total Foreclosure Prevention Actions														
Repayment Plans	43%	37%	21%	22%	25%	24%	23%	16%	16%	19%	23%	18%	15%	19%
Forbearance Plans	4%	3%	1%	2%	2%	2%	3%	3%	3%	3%	3%	3%	3%	3%
Charge-offs in Lieu	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%
HomeSaver Advance *(Fannie)*	16%	20%	46%	49%	42%	42%	32%	38%	36%	29%	21%	21%	20%	23%
Loan Modifications	30%	32%	27%	20%	23%	23%	30%	35%	34%	38%	43%	47%	48%	44%
Home Retention Actions	**93%**	**92%**	**95%**	**93%**	**92%**	**91%**	**89%**	**92%**	**90%**	**89%**	**91%**	**90%**	**86%**	**89%**
Short Sales	6%	7%	5%	7%	8%	8%	10%	7%	9%	10%	8%	10%	12%	10%
Deeds in Lieu	1%	0%	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Nonforeclosure - Home Forfeiture Actions	**7%**	**8%**	**5%**	**7%**	**8%**	**9%**	**11%**	**8%**	**10%**	**11%**	**9%**	**10%**	**14%**	**11%**

Please see glossary on page 8

3 - Loan Modifications

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	YTD 2009
Type of Modifications *(# of loans)*														
Extend Term Only										1,732	2,120	2,413	2,326	8,591
Reduce Rate Only										531	493	450	409	1,883
Extend Term and Reduce Rate										6,366	8,440	11,430	10,280	36,516
Other										929	1,014	1,410	772	4,125
Type of Modifications *(%)*														
Extend Term Only										18%	18%	15%	17%	17%
Reduce Rate Only										6%	4%	3%	3%	4%
Extend Term and Reduce Rate										67%	70%	73%	75%	71%
Other										10%	8%	9%	6%	8%

* 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.

Please see glossary on page 8

4 - Home Forfeiture Actions by Risk Category *(# of loans)*

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	YTD 2009
Short Sales	850	1,056	1,156	1,492	1,465	1,717	2,103	1,828	2,261	2,608	2,228	3,218	3,578	11,632
Deeds in Lieu	107	62	67	118	138	171	156	150	234	188	161	229	385	963
Nonforeclosure Home Forfeiture Actions *	**957**	**1,118**	**1,223**	**1,610**	**1,603**	**1,888**	**2,259**	**1,978**	**2,495**	**2,796**	**2,389**	**3,447**	**3,963**	**12,595**
Third-party Sales	713	677	662	725	729	716	775	515	281	251	1,032	488	859	2,630
Prime	443	388	404	424	402	440	473	296	159	157	674	307	575	1,713
Nonprime	270	289	258	301	327	276	302	219	122	94	358	181	284	917
Foreclosure Sales	**11,562**	**12,977**	**12,622**	**16,000**	**15,156**	**15,219**	**16,556**	**14,130**	**3,335**	**2,997**	**28,221**	**8,791**	**13,382**	**53,391**
Prime	6,498	7,309	7,399	9,717	9,029	9,141	9,937	8,582	2,090	1,955	17,801	5,598	8,437	33,791
Nonprime	5,064	5,668	5,223	6,283	6,127	6,078	6,619	5,548	1,245	1,042	10,420	3,193	4,945	19,600
Third-party & Foreclosure Sales	**12,275**	**13,654**	**13,284**	**16,725**	**15,885**	**15,935**	**17,331**	**14,645**	**3,616**	**3,248**	**29,253**	**9,279**	**14,241**	**56,021**
Prime	6,941	7,697	7,803	10,141	9,431	9,581	10,410	8,878	2,249	2,112	18,475	5,905	9,012	35,504
Nonprime	5,334	5,957	5,481	6,584	6,454	6,354	6,921	5,767	1,367	1,136	10,778	3,374	5,229	20,517
Foreclosure Starts	**39,031**	**37,887**	**39,925**	**47,770**	**44,170**	**40,969**	**47,086**	**43,827**	**59,068**	**75,230**	**80,103**	**88,491**	**85,938**	**329,762**
Prime	21,965	21,579	22,374	27,998	25,082	22,495	26,808	25,456	35,040	44,182	51,483	55,946	55,673	207,284
Nonprime	17,066	16,308	17,551	19,772	19,088	18,474	20,278	18,371	24,028	31,048	28,620	32,545	30,265	122,478
Top Five Reasons for Delinquency														
Curtailment of Income										34%	35%	36%	38%	
Excessive obligations										20%	19%	19%	18%	
Unemployment										8%	8%	8%	9%	
Illness of principal mortgagor or family member										6%	6%	6%	6%	
Marital Difficulties										4%	3%	3%	3%	

* Short sales and deeds in lieu of foreclosure completed

Please see glossary on page 8

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.
FICO Score - A standard measure of consumer credit risk developed by the Fair Isaac Corporation.
Prime Loan - A mortgage with a FICO score at origination greater than or equal to 660.
Nonprime Loan - A mortgage with either a FICO score at origination of less than 660 or with no FICO score at origination.
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.
90-plus-days Delinquent (Serious Delinquent) - Loans three or more payments delinquent, including loans in relief, or in the process of foreclosure and 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.