



FEDERAL HOUSING FINANCE AGENCY
Office of the Director

January 21, 2010

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

Dear Chairman Dodd:

I am transmitting the Federal Housing Finance Agency's (FHFA) Federal Property Manager's 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 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 modification and mortgage refinances is a top priority at FHFA. We will continue to update, elaborate and expand FHFA's plan to maximize assistance for homeowners and minimize preventable foreclosures consistent with the intent of EESA.

Sincerely,

A handwritten signature in blue ink that reads "Edward J. DeMarco".

Edward J. DeMarco
Acting Director

Attachments



Federal Housing Finance Agency
Federal Property Managers Report

January 21, 2010

New Activities

On December 24, 2009, amendments were announced to the Preferred Stock Purchase Agreements between the Department of Treasury and the Federal Housing Finance Agency (FHFA) as Conservator for Fannie Mae and for Freddie Mac to reaffirm the government's commitment to stability in the mortgage market. For more information, see <http://www.fhfa.gov/webfiles/15333/PSPAFHFAstatement122409FINAL.pdf>.

Federal Housing Finance Agency Foreclosure Prevention & Refinance Report

Attached is FHFA's most recent *Foreclosure Prevention & Refinance Report*, which we released on January 8, 2010, and reports on loan modifications, foreclosure activities and refinance activities of Fannie Mae and Freddie Mac as of November 2009. The most recent quarterly report is posted at www.fhfa.gov.

FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

For Immediate Release
January 8, 2010

Contact: Corinne Russell (202) 414-6921
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Fannie Mae and Freddie Mac Implement More Than 405,000 HAMP Mods; Refinance 4 Million Loans Through November

Washington, DC – The Federal Housing Finance Agency today released its third quarter *Foreclosure Prevention & Refinance Report*, which shows that as of November 2009, Fannie Mae and Freddie Mac (the Enterprises), implemented more than 405,000 trial and permanent loan modifications under the Administration's Home Affordable Modification Program (HAMP) and refinanced 4 million loans. The report, which now includes data on delinquencies, loan modifications and refinance activity for each Enterprise, details the actions Fannie Mae and Freddie Mac have taken to prevent foreclosures and keep people in their homes. The report shows:

- As of Nov. 30, 2009, the Enterprises had implemented 405,700 HAMP active trial and permanent loan modifications.
- Foreclosure starts on Enterprise loans declined in the third quarter by 15 percent.
- Loan modifications entered into on Enterprise loans, excluding HAMP trial loan modifications, increased 14 percent from the second quarter, from 32,300 to 36,700.
- Nearly half of loan modifications completed in the third quarter, excluding HAMP trial modifications, resulted in borrowers' payments decreasing by over 20 percent.
- Loans modified in recent quarters performed slightly better six months after modification than did earlier modifications.
- Short sales and deeds in lieu increased by 39 percent during the third quarter from 12,300 to 17,400.
- Loans 60-plus-days delinquent increased by 260,300 loans or nearly 20 percent during the third quarter to 1.6 million.

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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 & Refinance Report Third Quarter 2009

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

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Summary

Fannie Mae and Freddie Mac (the Enterprises) are assisting homeowners through a variety of foreclosure prevention and refinance programs. These programs are intended to provide borrowers with relief from a challenging housing and economic environment and to assist communities through reduced foreclosures. These programs are also intended to mitigate losses and conserve the Enterprises' assets over the long-term.

In the third quarter of 2009, the Enterprises completed 105,500 foreclosure prevention workouts compared to 86,800 in the second quarter of 2009, a 22 percent increase. In addition, the Enterprises entered into 278,100 trial modifications under the Home Affordable Modification Program (HAMP) compared with 66,200 in the second quarter of 2009, a 320 percent increase. HAMP trial modifications provide immediate payment relief to borrowers and have become the primary modification type deployed by the Enterprises. New trial modifications entered into by the Enterprises continued to increase substantially in the fourth quarter. At the end of November, a cumulative 405,700 active trial and permanent modifications were underway on Enterprise loans. Year-to-date through the third quarter, over 574,000 foreclosure prevention activities had been entered into by the Enterprises to assist at-risk homeowners.

The Enterprises have also focused on providing expanded capabilities to lenders to enable borrowers to refinance and obtain lower interest rates on their mortgages, even for mortgages with a current loan-to-value in excess of 80 percent. Year-to-date through November 2009, the Enterprises had refinanced nearly 4 million mortgages. Of those refinances, more than 155,700 were to borrowers with current loan-to-value ratios greater than 80 percent. Refinance activity slowed during the quarter as the average rate on a thirty-year fixed-rate mortgage remained above five percent.

Foreclosure Prevention Actions

- As of the end of November 2009, there were 405,700 HAMP active trial and permanent loan modifications on Enterprise loans.
- Loan modifications entered into on Enterprise loans, excluding HAMP trial modifications, increased by 14 percent in the third quarter over the prior quarter from 32,300 to 36,700.
- Nearly half of loan modifications completed in the third quarter of 2009, excluding HAMP trial modifications, resulted in borrowers' payments decreasing by over 20 percent.
- Loans modified in recent quarters performed slightly better six months after modification than did earlier modifications.
- Short sales and deeds in lieu increased by 39 percent during the third quarter from 12,500 to 17,400.

Mortgage Performance

- Loans that are only one month delinquent increased by 52,000 loans or nearly 8 percent during the third quarter to 734,000.
- Loans 60-plus-days delinquent increased by 260,300 loans or nearly 20 percent during the third quarter to 1.6 million. A number of these loans are in some form of foreclosure prevention relief, such as an active HAMP trial modification, but remain in a delinquent status until the execution of a HAMP permanent modification or successful completion of an active repayment or forbearance plan. Additionally, the Enterprises have issued instructions to servicers to ensure that borrowers have been sufficiently evaluated for a home retention solution prior to moving the loan to a foreclosure or other liquidation.

Refinance Activity

- Fannie Mae and Freddie Mac have refinanced nearly 4 million loans year-to-date through November 2009, and more than 155,700 loans through the HARP program.
- HARP grew to 9.0 percent of total refinancing volume in August and September and increased to 9.8 percent in November.

Foreclosures

- The volume of foreclosure starts in the third quarter decreased 15 percent compared with second quarter of 2009 to nearly 254,200.
- Completed foreclosure and third-party sales increased by 23 percent to nearly 71,000 during the third quarter.

Introduction

This Federal Housing Finance Agency (FHFA) *Foreclosure Prevention & Refinance Report* for the third quarter of 2009 presents key performance data on 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 seventh 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.

New in This Report

This report includes detailed data (by Enterprise) on loan modifications, including the volume of completed modifications and trial modifications, the type of loan modification and the size of payment change. The report also presents information on Fannie Mae and Freddie Mac refinance results.

Mortgage Portfolio Size and Composition

The Enterprises’ aggregate mortgage portfolio increased by approximately 218,000 loans or 0.7 percent during the third quarter of 2009 as new purchases and issuances outpaced loan liquidations.

Enterprises' Mortgage Portfolio Characteristics *(at period end)*

	4Q08	1Q09	2Q09	3Q09
Number of loans serviced (millions)	30.5	30.4	30.4	30.6
Original credit score \geq 660	25.7	25.6	25.7	26.0
Original credit score $<$ 660	4.9	4.8	4.7	4.6
Loans Serviced (\$ in billions)	\$4,557	\$4,508	\$4,558	\$4,640
Original Weighted Average Credit Score	724	725	727	729
Original Weighted Average Loan-to-Value	72%	71%	71%	71%
Current Weighted Average Loan-to-Value	71%	74%	74%	75%

The number of first-lien residential mortgages with credit score at origination of 660 or higher increased by 1.2 percent, while mortgages with less than 660 credit score at origination decreased 2.2 percent during the quarter. The current weighted average loan-to-value (LTV) ratio of Enterprises’ mortgage portfolio increased to 75 percent as of September 30, 2009, from 71 percent as of December 31, 2008. The increase in the

estimated weighted average current LTV ratio reflects the impact of prolonged and severe decline in home prices.

Making Home Affordable Program - Status Update

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.
- The Enterprises refinanced more than 155,700 HARP loans through November 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 405,700 active trial and permanent modifications through November 2009 (of which 22,000 were permanent modifications).
- 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.
- Home Affordable Foreclosure Alternatives (HAFA) - Short Sale/Deed-in-Lieu Program Supplemental Directive released November 30, 2009, effective in April 2010.

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

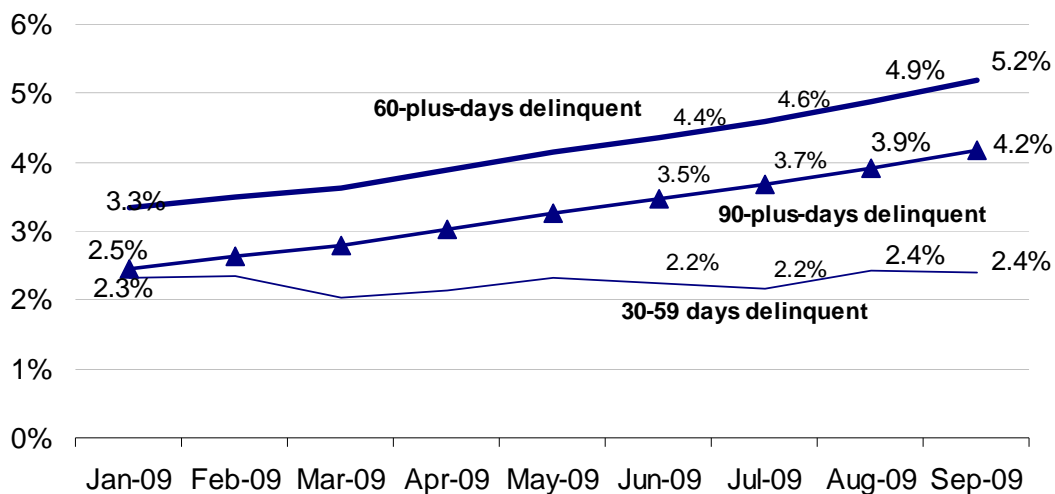
Mortgage Performance

Mortgage delinquencies continued to increase during the third quarter. The number of loans in all stages of delinquency increased during the quarter. The total delinquency rate increased nearly 100 basis points to 7.6 percent. The serious delinquency rate (90 days or more delinquent, or in the process of foreclosure) increased 70 basis points to 4.2 percent while the 30-59 days delinquent rate rose 20 basis points to 2.4 percent during the third quarter. The 60-plus-days delinquent rate (60 days or more delinquent, or in the process of foreclosure) rose 80 basis points to 5.2 percent as of September 2009, from 4.4 percent at the end of second quarter.

The increase in the 60-plus-days delinquency rate is attributable in part to continued deterioration in the Enterprises' books of business as home price and economic conditions remain challenging. However, also contributing to the increase is the fact that many loans are remaining delinquent for a longer period of time before proceeding to a foreclosure sale or other liquidation. New HAMP trial modifications and other relief measures entered into by the Enterprises result in loans staying in a delinquent status until the execution of a permanent HAMP modification or successful completion of a repayment or forbearance plan.

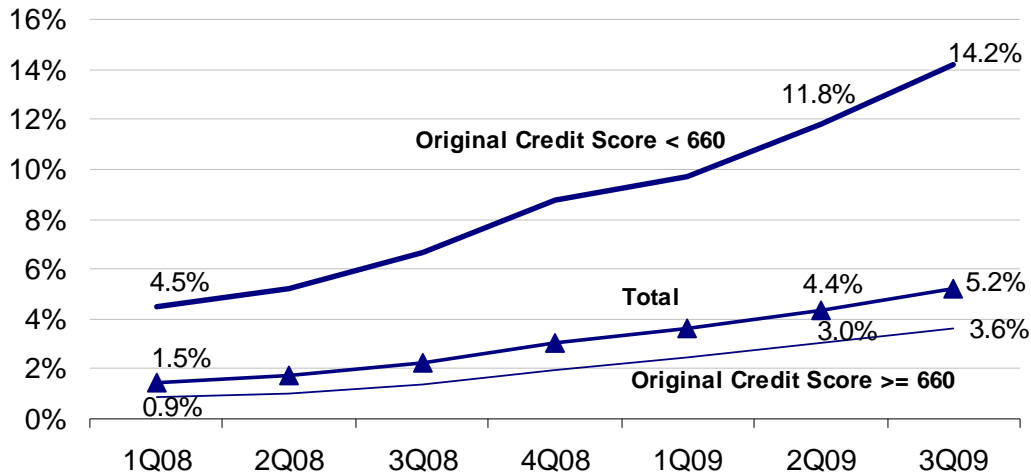
Additionally, the Enterprises have issued specific instructions to mortgage servicers to refrain from completion of a foreclosure sale or other form of liquidation until a borrower has been sufficiently considered for a home retention solution, such as a modification, repayment or forbearance plan. Only 170,500 foreclosure and third-party sales have taken place on Enterprise loans on a year-to-date basis through September 2009, or 14 percent of the average 60-plus-days delinquent loans for the nine month period. Comparatively, the Enterprises have entered into 574,100 home retention solutions, or 46 percent of the 60-plus days delinquent loans for the nine months ended September 2009.

Enterprises' Mortgage Delinquency Rates



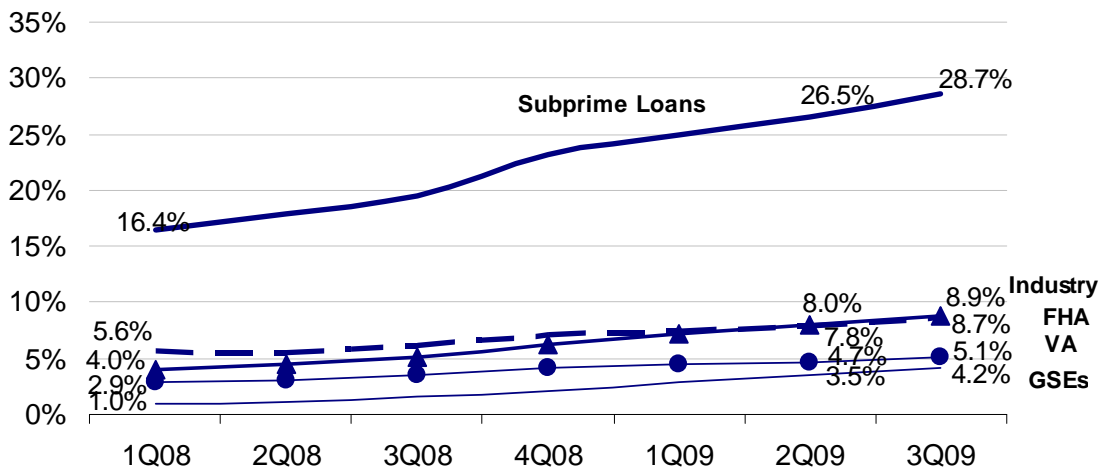
Nearly 1.6 million of the Enterprises' mortgages were 60-plus days delinquent as of September 30, 2009, an increase of 260,300 mortgages during the third quarter. Delinquency rates for borrowers with original credit scores of less than 660 continued to increase faster than for borrowers with credit scores of 660 or higher. The 60-plus days delinquency rate of loans with credit scores at origination of less than 660 increased 240 basis points during the third quarter. The 60-plus days delinquency rate of higher original credit score loans increased 60 basis points during the third quarter.

Enterprises' 60-plus-days Delinquency Rates



Despite the increases in the Enterprises' mortgage delinquencies, the Enterprises' delinquency rates remained lower than the industry average. At the end of the third quarter of 2009, 4.2 percent of the Enterprises' total loans serviced were seriously delinquent (90 days or more delinquent, or in the process of foreclosure). This compares with 5.1 percent for VA loans, 8.7 percent for FHA loans, and 8.9 percent for all loans (industry average).

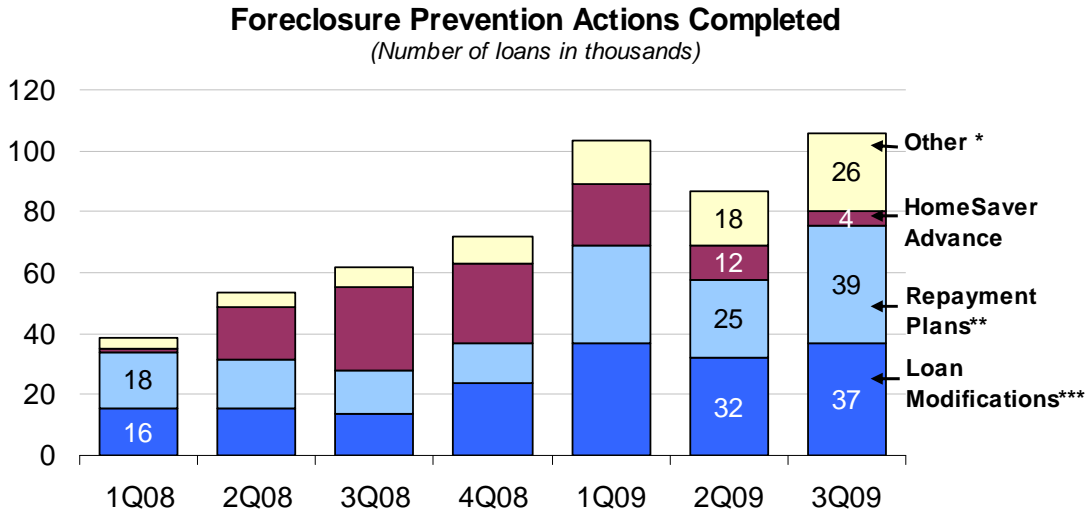
Serious Delinquency Rates



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

Foreclosure Prevention Actions

Volumes of all categories of foreclosure prevention actions increased during the third quarter of 2009. Approximately 105,500 foreclosure prevention actions were completed in the third quarter, an increase of 22 percent over the prior quarter.



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

**Fannie Mae's 2009 data on repayment plans and forbearance plans has been revised (see footnote 1 on page 9).

***Loans in HAMP trial period are excluded.

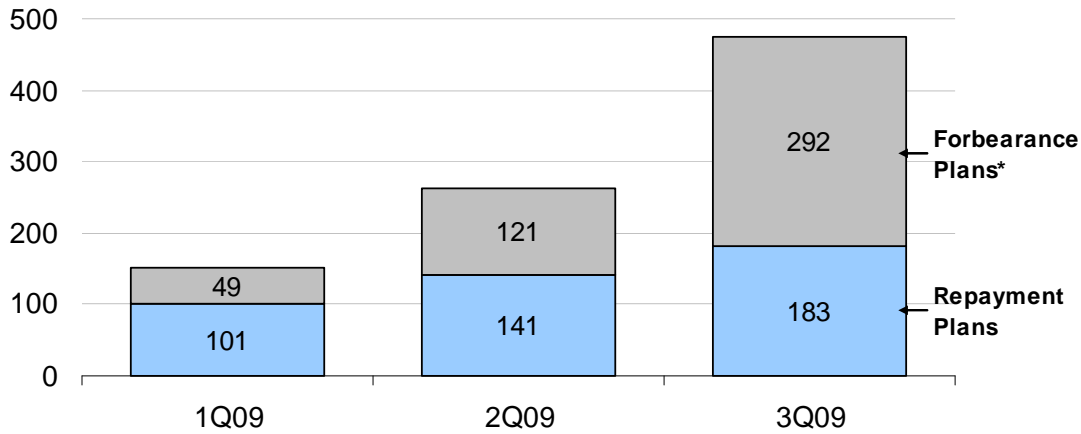
Repayment Plans and Forbearance Plans

Volumes of short-term foreclosure prevention actions such as repayment plans and forbearance plans increased during the third quarter, in part driven by applications for HAMP modifications. Borrowers that are determined to be ineligible for a HAMP loan modification 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.

Repayment plans initiated increased nearly 30 percent in the third quarter to 182,700. 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.

The volume of initiated forbearance plans more than doubled in the third quarter to 291,800, driven by HAMP trials and Fannie Mae's HomeSaver forbearance plans initiated. 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 or modification.

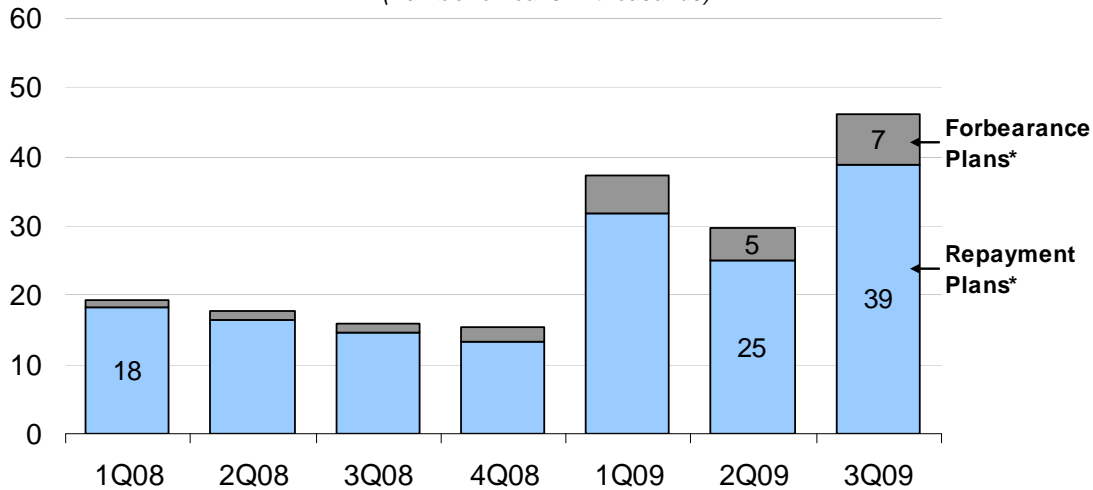
Repayment Plans and Forbearance Plans Initiated
(Number of loans in thousands)



* Forbearance plans initiated include HAMP trials initiated by servicers under the MHA program. In addition, the forbearance plans initiated in 3Q09 include Fannie Mae's HomeSaver forbearance plans.

Approximately 38,900 repayment plans¹ and 7,300 forbearance plans¹ were completed during the quarter, compared with 25,100 and 4,700, respectively in the second quarter of 2009.

Repayment Plans and Forbearance Plans Completed
(Number of loans in thousands)



* 2009 data on repayment and forbearance plans has been revised (see footnote 1 below).

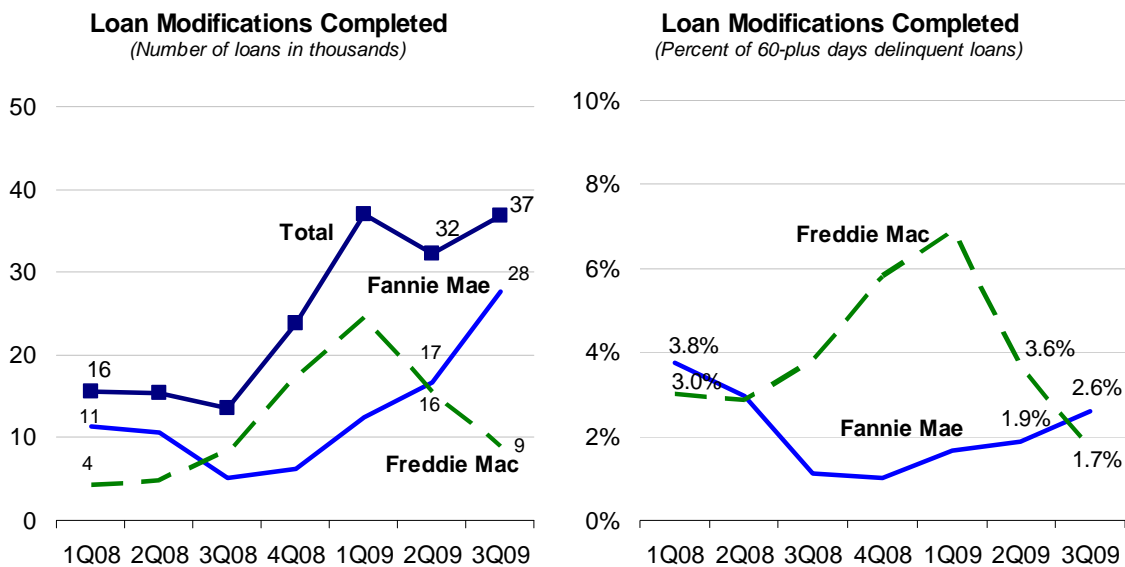
¹ In July 2009, Fannie Mae changed their definition of completed repayment and forbearance plans to include loans that were 30 days or more delinquent at initiation of the plan, consistent with the definition used by Freddie Mac for these items. Previously Fannie Mae's definition of completed repayment 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.

Loan Modifications

Loan modifications increased during the third quarter. The vast majority of completed loan modifications were executed outside of HAMP although the numbers include some HAMP permanent modifications. The Enterprises continue to offer loan modifications to borrowers that do not qualify for modifications under HAMP.

Approximately 36,700 loan modifications were completed during the third quarter of 2009, compared with 32,300 in the prior quarter. Fannie Mae’s volume of loan modifications increased 66 percent to 27,700 during the quarter. Fannie Mae’s completed loan modifications during the quarter represent 2.6 percent of 60-plus delinquent loans at the end of the quarter. While Fannie Mae’s primary modification solution is HAMP, it has also focused on putting borrowers who do not qualify for HAMP modifications into other modification solutions leading to most of this increase in the quarter.

Freddie Mac’s modification volume decreased 42 percent to 9,000 during the quarter. Freddie Mac’s completed loan modifications during the quarter represent 1.7 percent of 60-plus delinquent loans at the end of the quarter. Freddie Mac has also instructed servicers to fully support HAMP as the primary modification option. As HAMP continued to ramp up, Freddie Mac’s completed modification volumes declined for the second consecutive quarter due to the volume of loans being considered for HAMP or on HAMP trial periods.



Most borrowers continued to receive both rate reductions and term extensions during the third quarter. Approximately 65 percent of all loans modified during the quarter involved both term extensions and rate reductions, compared with 68 percent in the second quarter of 2009. Extend term only modifications accounted for 18 percent of all modified loans during the quarter. Rate reduction only modifications increased to nine percent of all modified loans in the third quarter, compared to three percent in the prior quarter.

Types of Modifications (*percent*)

	Enterprises Combined			Fannie Mae			Freddie Mac		
	1Q09	2Q09	3Q09	1Q09	2Q09	3Q09	1Q09	2Q09	3Q09
Extend Term Only	17%	19%	18%	13%	12%	10%	19%	27%	43%
Reduce Rate Only	4%	3%	9%	10%	5%	11%	1%	1%	2%
Extend Term and Reduce Rate	70%	68%	65%	67%	73%	72%	72%	64%	41%
Other	9%	9%	8%	10%	9%	6%	9%	9%	13%

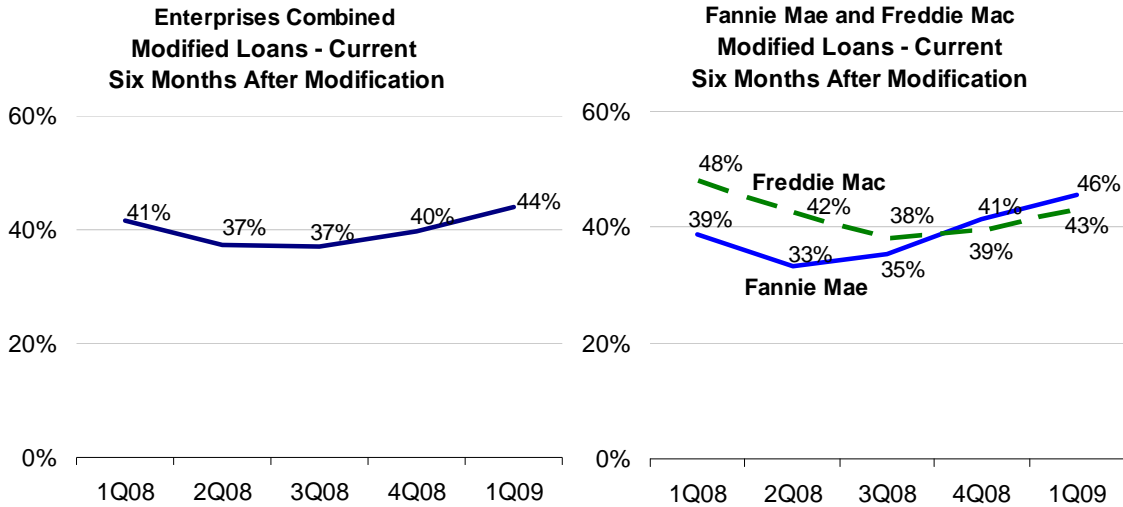
Approximately 87 percent of all completed loan modifications during the third quarter lowered borrowers' monthly payments. Modifications that reduced borrowers' monthly payments by up to 20 percent increased to 37 percent of all modified loans during the quarter, up from 32 percent in the previous quarter. However the percentage of modifications that reduced borrowers' monthly payments by over 20 percent decreased to 50 percent in the third quarter, down from 54 percent in the previous quarter.

Size of Principal and Interest Change (*percent*)

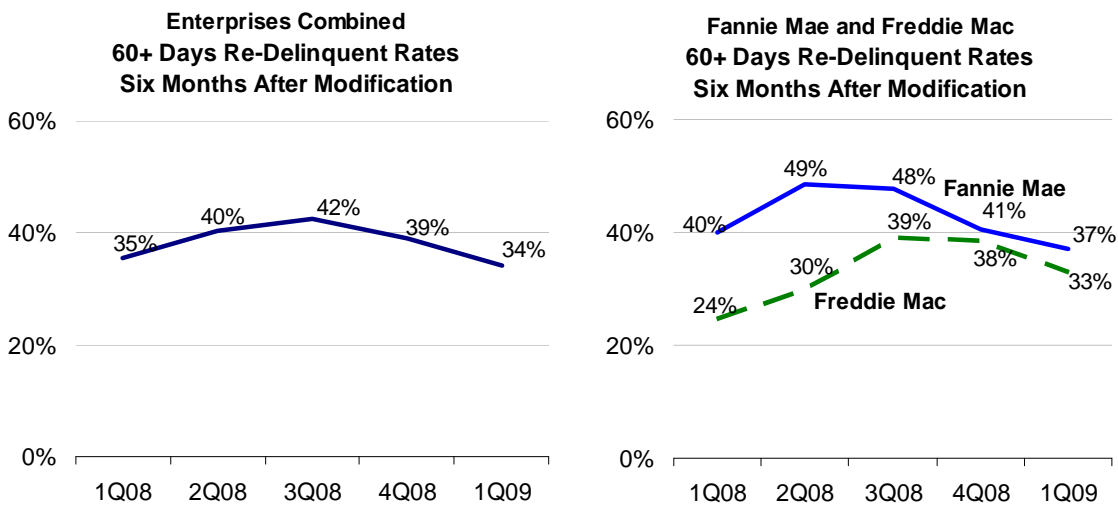
	Enterprises Combined					Fannie Mae					Freddie Mac				
	2008		2009			2008		2009			2008		2009		
	3Q	4Q	1Q	2Q	3Q	3Q	4Q	1Q	2Q	3Q	3Q	4Q	1Q	2Q	3Q
Increase	53%	25%	16%	12%	13%	53%	25%	15%	10%	9%	53%	25%	16%	14%	24%
No Change	1%	1%	1%	2%	0%	1%	1%	0%	3%	0%	1%	2%	1%	1%	1%
Decrease <= 20%	28%	32%	31%	32%	37%	30%	41%	35%	35%	35%	26%	28%	30%	29%	44%
Decrease > 20%	18%	42%	52%	54%	50%	16%	33%	49%	52%	56%	19%	46%	53%	56%	31%

Performance of Modified Loans

Loans modified in recent quarters performed slightly better six months after modification than did earlier modifications. The percentage of loans that were current six months after modification for loans modified during the first quarter of 2009 was 44 percent, compared with 39 percent of loans modified in 2008. This represents the second consecutive quarter in which the performance of modified loans has improved.

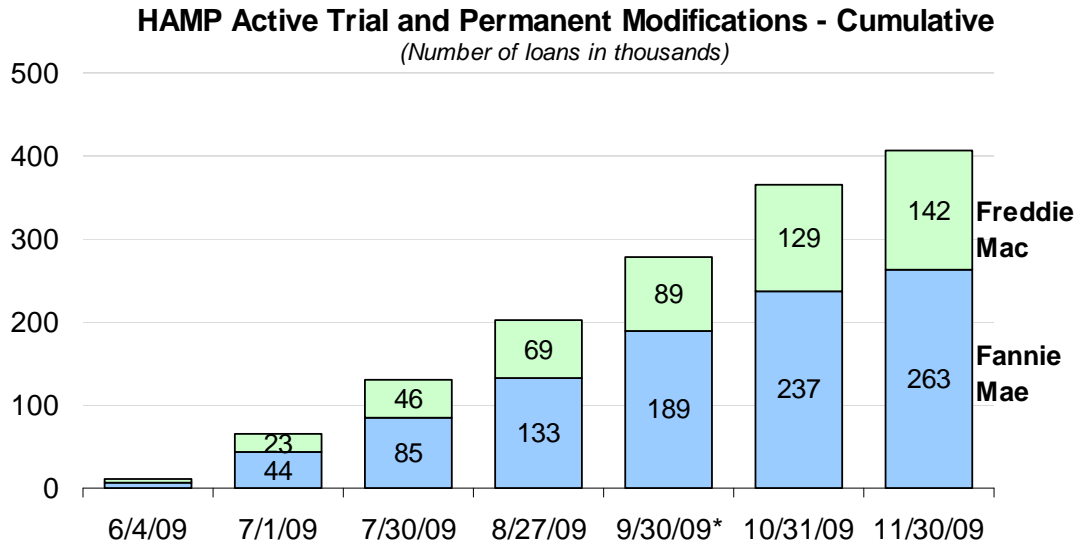


Similarly, loans modified in recent quarters have lower re-delinquency rates six months after modification. Approximately 34 percent of loans modified in the first quarter of 2009 were 60-plus days delinquent six months after modifications, compared with 39 percent of loans modified in 2008.



Home Affordable Modification Program

HAMP trial modifications ramped up during the third quarter. Approximately 278,100 of Enterprise loans were in the trial period of the HAMP process at end of the third quarter. The number of loans in the HAMP trial period and permanent modifications increased to 405,700 at the end of November 2009. HAMP trial period and permanent modifications on Enterprise loans represent 56 percent of the all active trial period and permanent modifications reported by the U.S. Treasury Department as of November 2009.



* The number of loans in HAMP trial period for September has been revised to tie to the Enterprises' financial statements.
Source: Weekly Servicer Survey through September. IR2 (Making Home Affordable system of records) starting in October.

While HAMP Trial Modifications as a percentage of foreclosure prevention activities have increased, the conversion to permanent modifications is low. As of November 30, 2009, Fannie Mae had completed 11,700 permanent loan modifications while Freddie Mac had completed 10,300 permanent loan modifications. The U.S. Treasury Department has noted that there are issues with conversion of trial modifications to permanent modifications and has undertaken efforts with mortgage servicers to address these issues. The specific issues noted include:

- Some borrowers are current on payments but are missing required documentation, either because the documentation has not been submitted or because servicers' systems do not readily track the completeness of HAMP loan files. The Enterprises have hired firms to contact borrowers directly by knocking on doors.
- Some borrowers who have made the required trial period payments were found to be ineligible for HAMP based on verified income. (Stated income may be used to qualify borrowers for HAMP trial modifications). These borrowers are being considered for other workouts including standard loan modifications, repayment plans, or forbearance plans.

Teams from the U.S. Treasury Department and Fannie Mae (as administrator of the HAMP program) have been deployed to major servicers to obtain real-time information about servicers' HAMP processes and provide onsite guidance in addressing program issues. Borrowers who do not succeed in the HAMP trial modification will be considered by the Enterprises for other types of workouts such as short sales or deeds in lieu of foreclosure.

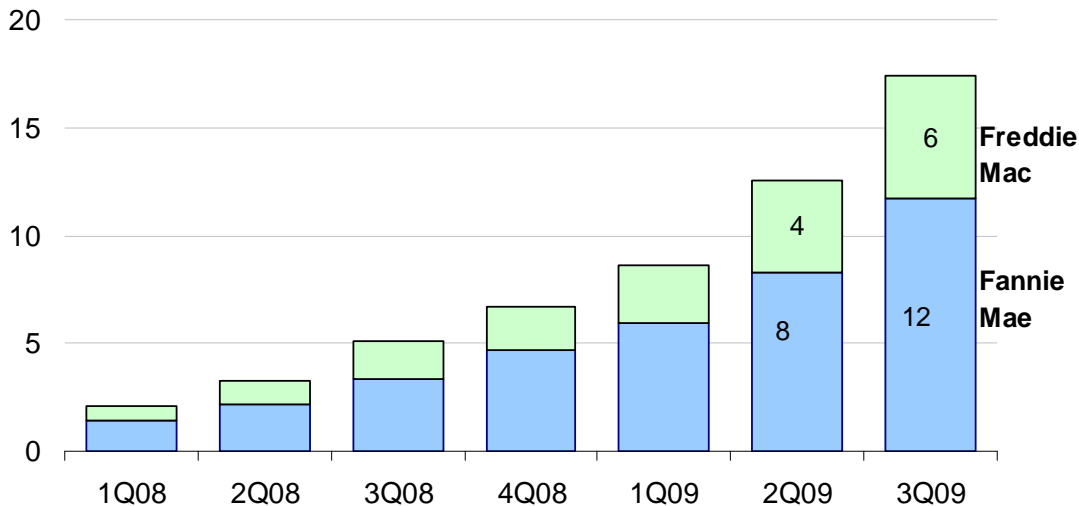
Short Sales and Deeds in Lieu

Home forfeiture actions such as short sales and deeds in lieu of foreclosure continued to increase during the third quarter. This reflects the increasing number of borrowers that no longer have the capacity or desire to retain their homes, due to unemployment, underemployment, negative equity, or other factors affecting the household's financial situation.

In a short sale, the borrower sells the homes for less than the full payoff amount due on the mortgage and lenders 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. On November 30, 2009, the Treasury department also rolled out the Home Affordable Foreclosure Alternative (HAFA) program to simplify and streamline the use of short sale and deeds in lieu. The volume of completed short sales and deeds in lieu increased 39 percent to 17,400 during the third quarter.

Short Sales and Deeds in Lieu Completed

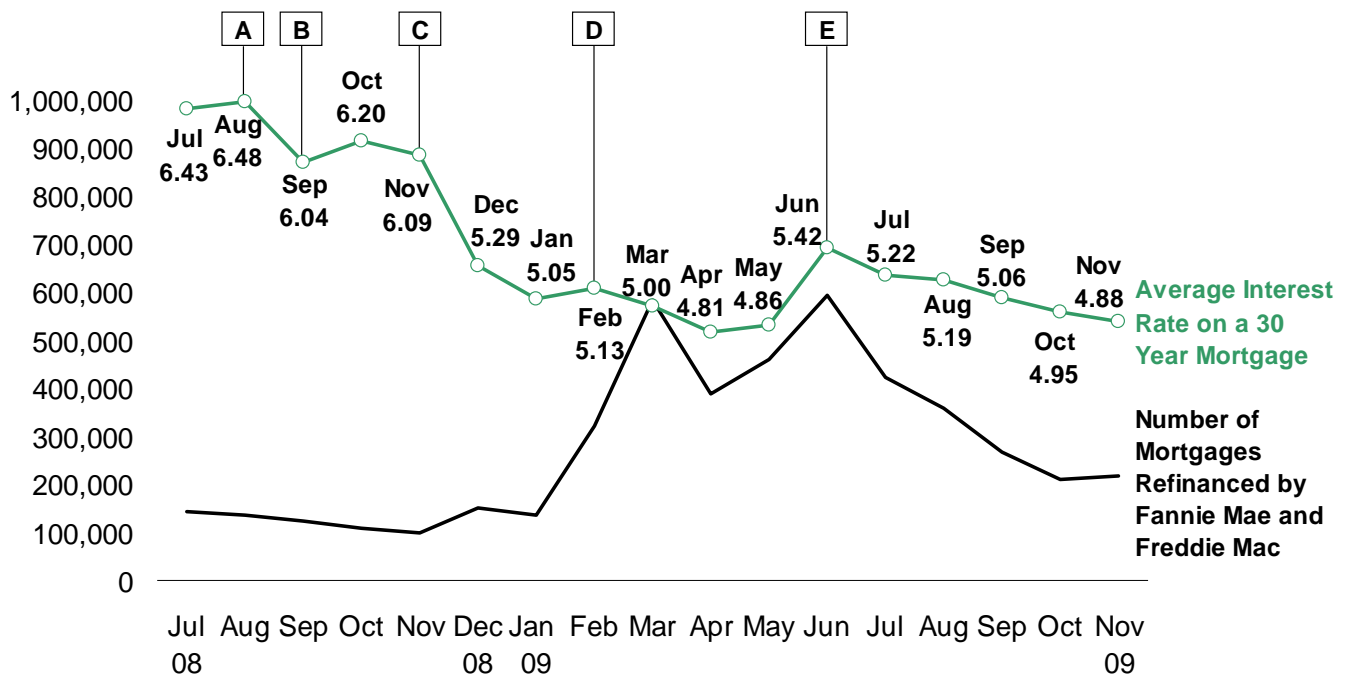
(Number of loans in thousands)



Refinance Activity

Total Refinance Volume

Fannie Mae and Freddie Mac have refinanced nearly 4 million loans year-to-date through November 2009. The total refinance volume dropped in 3Q09 and October after the rate for a 30-year mortgage rose in June and remained above 5 percent throughout the third quarter. Total refinance volume then rose in November in response to a sustained decline in rates. Refinance volumes are strongly influenced by mortgage rates with the effect most visible after a lag.



- 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.

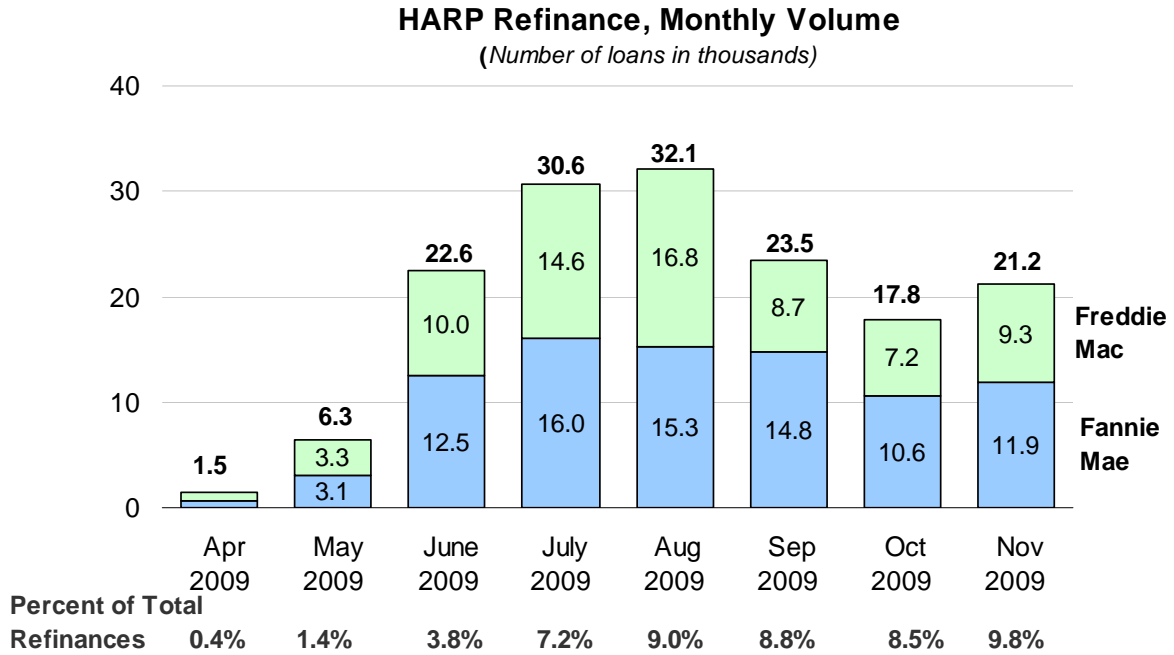
HARP Refinance Volume

Fannie Mae and Freddie Mac refinanced more than 155,700 loans through the HARP program through November 2009.

Enterprises' Refinance Volumes			
	November 2009	Inception to Date¹	Year to Date
Total Refinances			
Fannie Mae	124,645	1,716,873	2,320,555
Freddie Mac	<u>92,498</u>	<u>1,197,628</u>	<u>1,631,365</u>
Total	217,143	2,914,501	3,951,920
HARP LTV >80% -105%			
Fannie Mae	11,623	84,376	84,376
Freddie Mac	<u>9,087</u>	<u>70,534</u>	<u>70,534</u>
Total	20,710	154,910	154,910
HARP LTV >105% -125%			
Fannie Mae	283	449	449
Freddie Mac	<u>257</u>	<u>363</u>	<u>363</u>
Total	540	812	812
All Other Streamlined Refis			
Fannie Mae	19,341	194,003	194,003
Freddie Mac	<u>12,214</u>	<u>63,538</u>	<u>63,538</u>
Total	31,555	257,541	257,541

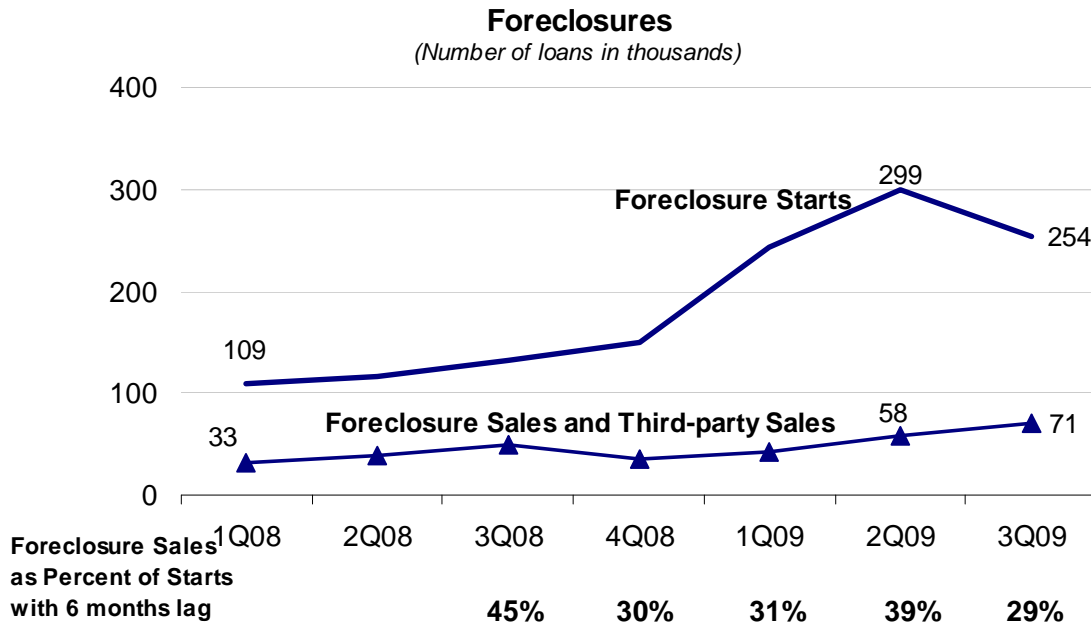
¹ Date of inception, April 2009.
Monthly totals may change due to ongoing reconciliation.

From inception in April, monthly HARP volume increased and peaked in August at 32,141 loans. HARP volume declined from August to October then rose in November, following the same pattern as overall refinancing volume. HARP grew to 9.0 percent of total refinancing volume in August and September and increased to 9.8 percent in November.



Foreclosures

The volume of foreclosure starts decreased by 15 percent in the third quarter to nearly 254,200.



Completed foreclosure and third-party sales totaled 71,000 during the third quarter, compared with 57,800 in the second quarter of 2009. Although completed foreclosure sales and third party sales increased during the third quarter, the proportion of foreclosure starts transitioning to completed foreclosure sales declined, due to HAMP trial plans and other forms of foreclosure alternatives.

Appendix: Data Tables

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

(# of loans in thousands)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
Total Loans Serviced	30,190	30,459	30,626	30,536	30,353	30,411	30,629
Original Credit Score >= 660	25,036	25,369	25,608	25,657	25,578	25,722	26,044
Original Credit Score < 660	5,153	5,090	5,018	4,879	4,775	4,689	4,586
Total Delinquent Loans					1,715	2,009	2,321
Original Credit Score >= 660					952	1,126	1,341
Original Credit Score < 660					763	882	980
30 - 59 Days Delinquent					615	682	734
Original Credit Score >= 660					316	353	404
Original Credit Score < 660					299	329	330
60 - 89 Days Delinquent					254	269	310
Original Credit Score >= 660					137	140	171
Original Credit Score < 660					117	129	139
60-plus-days Delinquent	445	529	678	926	1,100	1,327	1,587
Original Credit Score >= 660	214	264	345	497	636	774	937
Original Credit Score < 660	231	265	333	429	464	553	650

Percent of Total Loans Serviced

Total Delinquent Loans					5.65%	6.61%	7.58%
Original Credit Score >= 660					3.72%	4.38%	5.15%
Original Credit Score < 660					15.98%	18.82%	21.37%
30 - 59 Days Delinquent					2.03%	2.24%	2.40%
Original Credit Score >= 660					1.24%	1.37%	1.55%
Original Credit Score < 660					6.27%	7.02%	7.20%
60 - 89 Days Delinquent					0.84%	0.88%	1.01%
Original Credit Score >= 660					0.54%	0.55%	0.66%
Original Credit Score < 660					2.46%	2.75%	3.04%
60-plus-days Delinquent	1.47%	1.74%	2.22%	3.03%	3.62%	4.36%	5.18%
Original Credit Score >= 660	0.86%	1.04%	1.35%	1.94%	2.48%	3.01%	3.60%
Original Credit Score < 660	4.48%	5.21%	6.64%	8.79%	9.71%	11.80%	14.17%
Serious Delinquency Rate	0.99%	1.18%	1.52%	2.14%	2.80%	3.48%	4.16%
In Bankruptcy					0.29%	0.33%	0.36%

Appendix: Data Tables

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

(# of loans in thousands)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
Total Loans Serviced	17,793	18,041	18,167	18,220	18,131	18,221	18,360
Original Credit Score >= 660	14,601	14,884	15,055	15,164	15,144	15,274	15,480
Original Credit Score < 660	3,192	3,157	3,112	3,056	2,987	2,947	2,879
Total Delinquent Loans					1,139	1,335	1,518
Original Credit Score >= 660					632	747	870
Original Credit Score < 660					507	588	648
30 - 59 Days Delinquent					397	438	452
Original Credit Score >= 660					203	225	242
Original Credit Score < 660					195	213	210
60 - 89 Days Delinquent					170	177	197
Original Credit Score >= 660					91	92	107
Original Credit Score < 660					79	85	90
60-plus-days Delinquent	303	359	460	625	742	897	1,066
Original Credit Score >= 660	146	180	236	336	429	522	628
Original Credit Score < 660	156	179	224	289	313	375	439

Percent of Total Loans Serviced

Total Delinquent Loans					6.28%	7.33%	8.27%
Original Credit Score >= 660					4.17%	4.89%	5.62%
Original Credit Score < 660					16.98%	19.96%	22.51%
30 - 59 Days Delinquent					2.19%	2.40%	2.46%
Original Credit Score >= 660					1.34%	1.47%	1.57%
Original Credit Score < 660					6.51%	7.24%	7.28%
60 - 89 Days Delinquent					0.94%	0.97%	1.07%
Original Credit Score >= 660					0.60%	0.60%	0.69%
Original Credit Score < 660					2.66%	2.90%	3.11%
60-plus-days Delinquent	1.70%	1.99%	2.53%	3.43%	4.09%	4.92%	5.81%
Original Credit Score >= 660	1.00%	1.21%	1.57%	2.22%	2.83%	3.42%	4.05%
Original Credit Score < 660	4.90%	5.66%	7.20%	9.44%	10.47%	12.72%	15.23%
Serious Delinquency Rate	1.15%	1.36%	1.72%	2.42%	3.15%	3.94%	4.72%
In Bankruptcy					0.33%	0.38%	0.40%

Appendix: Data Tables

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

<i>(# of loans in thousands)</i>	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
Total Loans Serviced	12,397	12,418	12,458	12,316	12,222	12,191	12,269
Original Credit Score >= 660	10,436	10,484	10,553	10,494	10,434	10,448	10,563
Original Credit Score < 660	1,961	1,933	1,906	1,822	1,788	1,742	1,706
Total Delinquent Loans					576	674	803
Original Credit Score >= 660					320	379	471
Original Credit Score < 660					256	294	332
30 - 59 Days Delinquent					218	244	282
Original Credit Score >= 660					113	128	161
Original Credit Score < 660					105	116	120
60 - 89 Days Delinquent					84	92	114
Original Credit Score >= 660					46	49	64
Original Credit Score < 660					38	43	50
60-plus-days Delinquent	142	170	219	301	358	430	521
Original Credit Score >= 660	68	84	110	161	207	251	310
Original Credit Score < 660	74	87	109	140	151	178	211

Percent of Total Loans Serviced

Total Delinquent Loans					4.71%	5.53%	6.54%
Original Credit Score >= 660					3.07%	3.63%	4.46%
Original Credit Score < 660					14.31%	16.90%	19.44%
30 - 59 Days Delinquent					1.78%	2.00%	2.30%
Original Credit Score >= 660					1.09%	1.23%	1.53%
Original Credit Score < 660					5.86%	6.65%	7.06%
60 - 89 Days Delinquent					0.69%	0.76%	0.93%
Original Credit Score >= 660					0.44%	0.47%	0.61%
Original Credit Score < 660					2.14%	2.48%	2.91%
60-plus-days Delinquent	1.15%	1.37%	1.75%	2.44%	2.93%	3.52%	4.24%
Original Credit Score >= 660	0.65%	0.80%	1.04%	1.53%	1.98%	2.40%	2.93%
Original Credit Score < 660	3.79%	4.48%	5.71%	7.69%	8.46%	10.24%	12.38%
Serious Delinquency Rate	0.77%	0.93%	1.22%	1.72%	2.29%	2.78%	3.33%
In Bankruptcy					0.22%	0.26%	0.30%

Appendix: Data Tables

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

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	YTD 2009
Starts **								
HAMP Modifications Trials- Cumulative						66,200	278,139	278,139
Repayment Plans	63,756	66,443	85,771	84,876	100,917	140,641	182,720	424,278
Forbearance Plans					49,369	121,496	291,825	462,690
Completed								
Repayment Plans ***	18,148	16,393	14,710	13,309	31,901	25,114	38,939	95,954
Forbearance Plans ***	1,198	1,279	1,099	2,116	5,304	4,727	7,262	17,293
Charge-offs in Lieu	168	156	202	273	288	496	810	1,594
HomeSaver Advance (<i>Fannie</i>)	1,244	16,658	27,277	25,788	20,431	11,662	4,347	36,440
Loan Modifications	15,655	15,387	13,488	23,777	37,069	32,287	36,722	106,078
Home Retention Actions	36,413	49,873	56,776	65,263	94,993	74,286	88,080	257,359
Short Sales	1,776	3,062	4,674	6,192	8,054	11,705	16,586	36,345
Deeds in Lieu	308	236	427	540	578	835	843	2,256
Nonforeclosure - Home Forfeiture Actions	2,084	3,298	5,101	6,732	8,632	12,540	17,429	38,601
Total Foreclosure Prevention Actions	38,497	53,171	61,877	71,995	103,625	86,826	105,509	295,960

Percent of Total Foreclosure Prevention Actions

Repayment Plans	47%	31%	24%	18%	31%	29%	37%	32%
Forbearance Plans	3%	2%	2%	3%	5%	5%	7%	6%
Charge-offs in Lieu	0%	0%	0%	0%	0%	1%	1%	1%
HomeSaver Advance (<i>Fannie</i>)	3%	31%	44%	36%	20%	13%	4%	12%
Loan Modifications	41%	29%	22%	33%	36%	37%	35%	36%
Home Retention Actions	95%	94%	92%	91%	92%	86%	83%	87%
Short Sales	5%	6%	8%	9%	8%	13%	16%	12%
Deeds in Lieu	1%	0%	1%	1%	1%	1%	1%	1%
Nonforeclosure - Home Forfeiture Actions	5%	6%	8%	9%	8%	14%	17%	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.

** Forbearance plans initiated 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. The number of loans in HAMP trial period for September 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 days or more 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.

Appendix: Data Tables

3(i) Enterprises Combined - Loan Modifications

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	YTD 2009
Loan Modifications (<i># of loans</i>)	15,655	15,387	13,488	23,777	37,069	32,287	36,722	106,078
Principal and Interest Change (%)								
Increase	82%	70%	53%	25%	16%	12%	13%	14%
No Change	1%	1%	1%	1%	1%	2%	0%	1%
Decrease <= 20%	14%	21%	28%	32%	31%	32%	37%	33%
Decrease > 20%	3%	8%	18%	42%	52%	54%	50%	52%
Type of Modifications (%)								
Extend Term Only					17%	19%	18%	18%
Reduce Rate Only					4%	3%	9%	5%
Extend Term and Reduce Rate					70%	68%	65%	68%
Other					9%	9%	8%	9%
60+ Days Re-Delinquency (%)								
3 Months after Modification	19%	22%	28%	29%	22%	24%		
6 Months after Modification	35%	40%	42%	39%	34%			
9 Months after Modification	47%	48%	48%	45%				

Appendix: Data Tables

3(ii) Fannie Mae - Loan Modifications

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	YTD 2009
Loan Modifications (<i># of loans</i>)	11,409	10,560	5,173	6,314	12,446	16,684	27,686	56,816
Principal and Interest Change (%)								
Increase	83%	67%	53%	25%	15%	10%	9%	11%
No Change	1%	1%	1%	1%	0%	3%	0%	1%
Decrease <= 20%	14%	21%	30%	41%	35%	35%	35%	35%
Decrease > 20%	3%	11%	16%	33%	49%	52%	56%	53%
Type of Modifications (%)								
Extend Term Only					13%	12%	10%	12%
Reduce Rate Only					10%	5%	11%	9%
Extend Term and Reduce Rate					67%	73%	72%	71%
Other					10%	9%	6%	8%
60+ Days Re-Delinquency (%)								
3 Months after Modification	23%	29%	34%	25%	19%	19%		
6 Months after Modification	40%	49%	48%	41%	37%			
9 Months after Modification	53%	57%	58%	54%				

3(iii) Freddie Mac - Loan Modifications

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	YTD 2009
Loan Modifications (<i># of loans</i>)	4,246	4,827	8,315	17,463	24,623	15,603	9,036	49,262
Principal and Interest Change (%)								
Increase	81%	74%	53%	25%	16%	14%	24%	17%
No Change	1%	1%	1%	2%	1%	1%	1%	1%
Decrease <= 20%	16%	22%	26%	28%	30%	29%	44%	32%
Decrease > 20%	2%	4%	19%	46%	53%	56%	31%	50%
Type of Modifications (%)								
Extend Term Only					19%	27%	43%	26%
Reduce Rate Only					1%	1%	2%	1%
Extend Term and Reduce Rate					72%	64%	41%	64%
Other					9%	9%	13%	9%
60+ Days Re-Delinquency (%)								
3 Months after Modification	10%	13%	24%	31%	23%	28%		
6 Months after Modification	24%	30%	39%	38%	33%			
9 Months after Modification	31%	36%	41%	41%				

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

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	YTD 2009
Short Sales	1,776	3,062	4,674	6,192	8,054	11,705	16,586	36,345
Deeds in Lieu	308	236	427	540	578	835	843	2,256
Nonforeclosure Home Forfeiture Actions *	2,084	3,298	5,101	6,732	8,632	12,540	17,429	38,601
Third-party Sales	1,939	2,052	2,170	1,571	1,467	2,789	4,263	8,519
Foreclosure Sales	30,613	37,161	46,375	34,021	40,313	55,004	66,709	162,026
Third-party & Foreclosure Sales	32,552	39,213	48,545	35,592	41,780	57,793	70,972	170,545
Foreclosure Starts	108,520	116,843	132,909	149,981	243,824	299,208	254,168	797,200
Top Five Reasons for Delinquency								
Curtailment of Income					35%	40%	40%	
Excessive obligations					19%	18%	16%	
Unemployment					8%	9%	8%	
Illness of principal mortgagor or family member					6%	6%	5%	
Marital Difficulties					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.