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# FEDERAL HOUSING FINANCE AGENCY



## NEWS RELEASE

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### **Fannie Mae and Freddie Mac HAMP Trial Modifications Increase More Than 40 Percent in September**

**Washington, DC** – Fannie Mae and Freddie Mac’s trial mortgage loan modifications under the Administration’s Home Affordable Modification Program (HAMP) were up more than 40 percent in September 2009 from the previous month. Completed loan modifications are also expected to increase when borrowers successfully complete the trial period and provide required documentation. The data were released by Edward J. DeMarco, Acting Director of the Federal Housing Finance Agency (FHFA), as part of the agency’s monthly *Foreclosure Prevention Report* for July. The report summarizes mortgage delinquency and foreclosure prevention data for Fannie Mae and Freddie Mac.

Following is a summary of the foreclosure prevention data as of July 31, 2009, which includes HAMP trial modifications data through September:

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

- HAMP trial loan modifications in progress increased by 41 percent to 286,000 in September, from 202,200 in August.
- Completed loan modifications declined for the fourth consecutive month to approximately 7,100 in July as servicers moved from traditional loan modifications to participate in HAMP.
- Short sales increased by 24 percent in July to 5,500 as the pipeline of serious delinquent loans continued to increase.

#### **Mortgage Performance:**

- Delinquencies continue to increase as approximately 74,200 more loans became 60 days or more delinquent in July. Loans 60-plus-days delinquent increased approximately 51 percent year-to-date to 1.4 million.

**Foreclosures:**

- Foreclosure starts in July decreased 30 percent compared with June to nearly 85,300. HAMP requires servicers to explore alternative work-out solutions for borrowers that do not qualify for a loan modification. Loans are referred to foreclosure as a last resort.
- Foreclosure and third-party sales increased slightly to 25,000 in July up from 24,700 in June.

Completed loan modifications are expected to increase later in the year when trial HAMP modifications complete the three-month trial period and provide all required documentation.

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*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.*

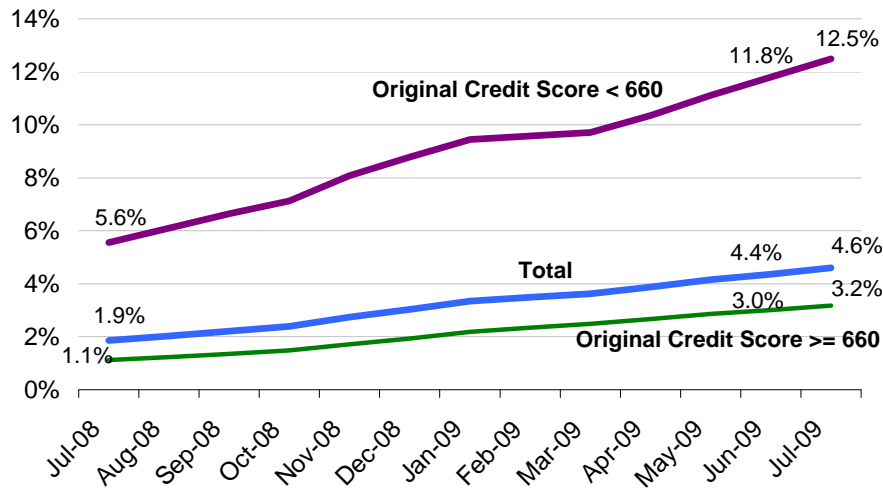


# Federal Housing Finance Agency

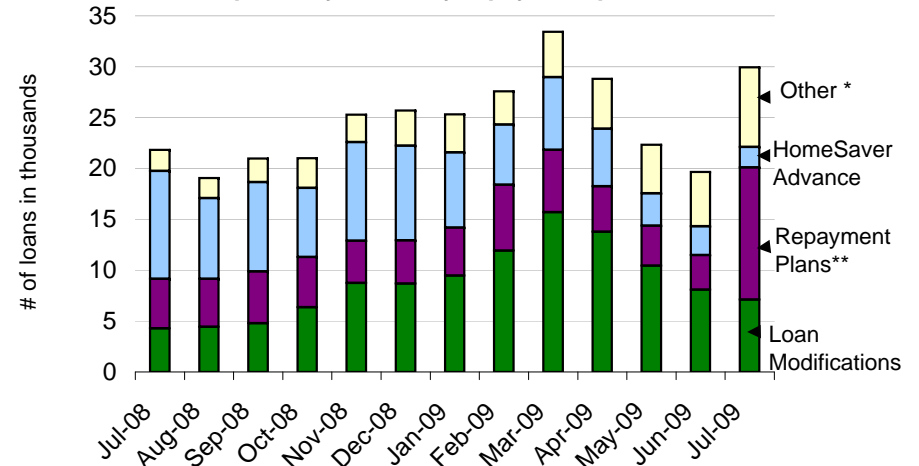
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Foreclosure Prevention Report  
July 2009

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

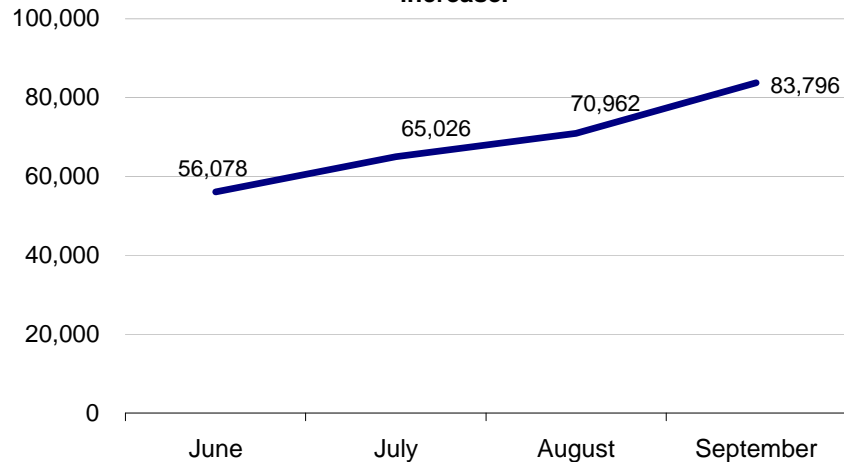


**Foreclosure Prevention Actions Completed**  
Completed foreclosure prevention actions increased in July primarily driven by repayment plans.



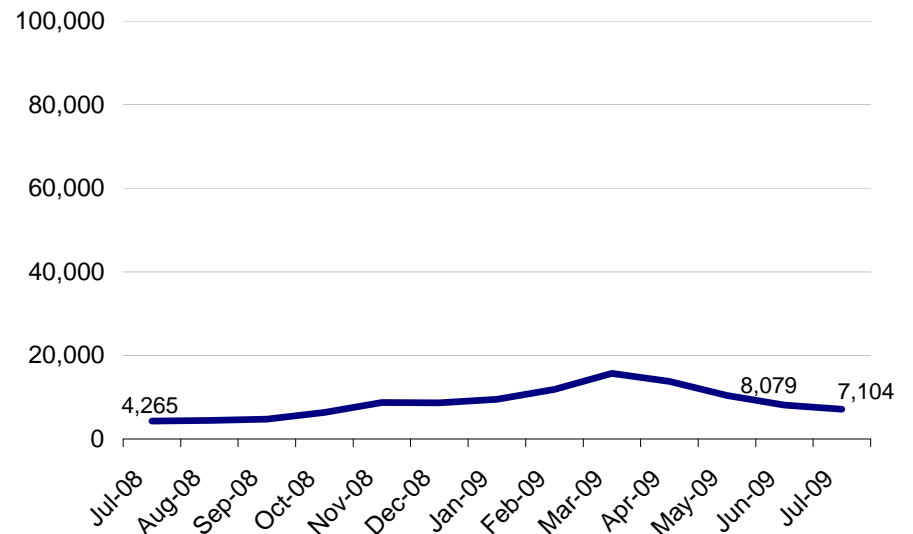
\* Consists of forbearance plans, charge-offs in lieu, short sales and deeds-in-lieu

**HAMP Trial Modifications Started - Monthly Volume**  
HAMP trial loan modifications in progress continue to increase.



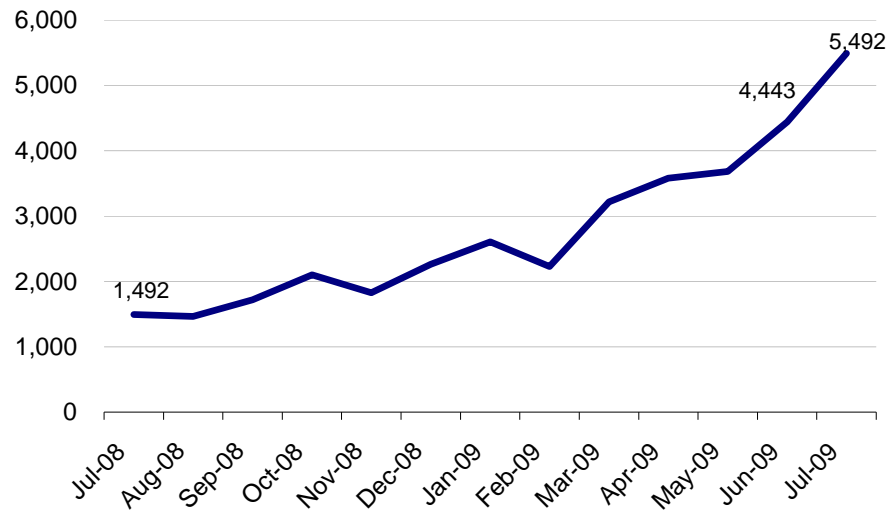
Source: Weekly Servicer Survey

**Loan Modifications Completed**  
Completed loan modifications declined due to HAMP trials.

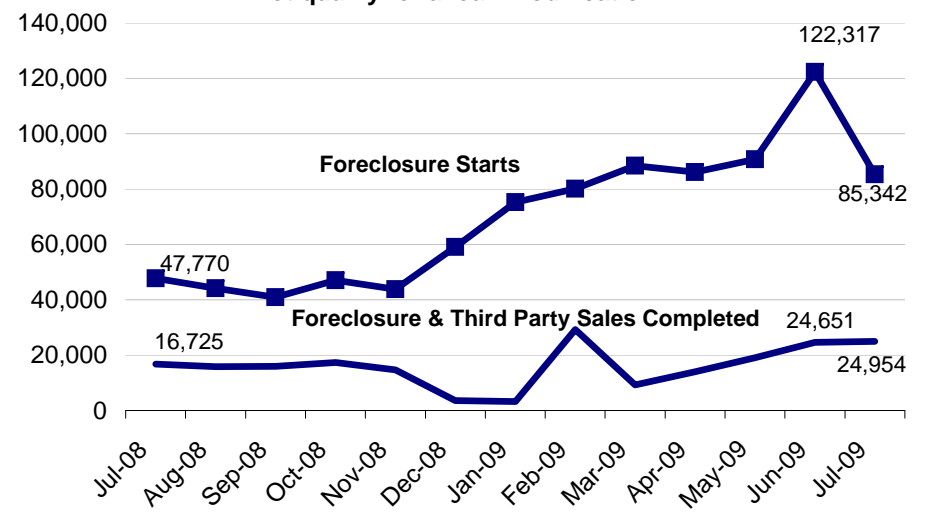


\*\* In July 2009, Fannie Mae changed their definition of completed repayment and forbearance plans to include loans that were 30 days or more delinquent at initiation, consistent with the definition used by Freddie Mac for these items. Previously Fannie Mae's definition of completed repayment and forbearance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

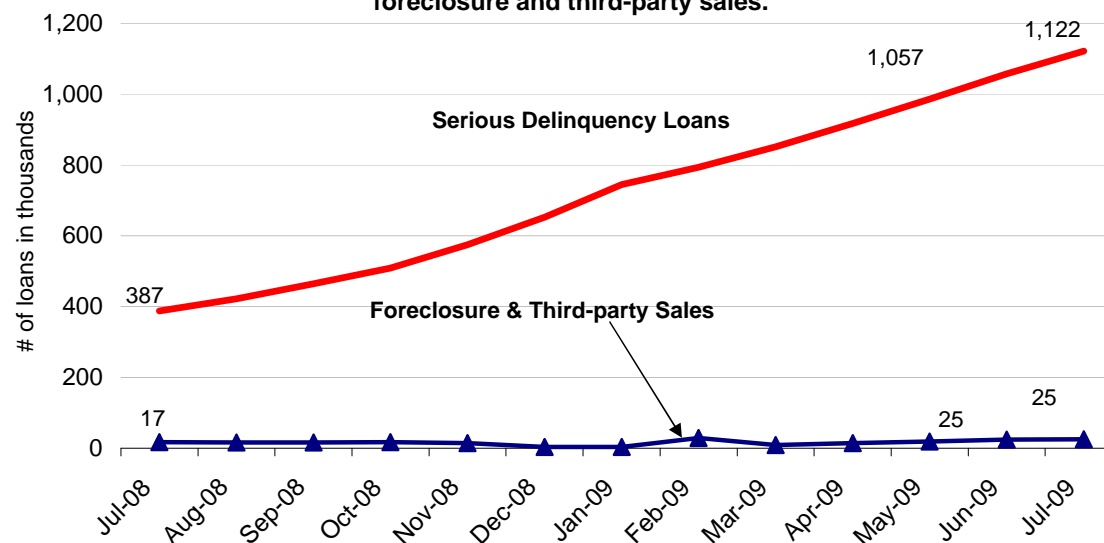
**Short Sales Completed**  
Completed short sales continued to increase.



**Foreclosures**  
Foreclosure starts decreased sharply in July as servicers explore alternative work-out solutions for borrowers that do not qualify for a loan modification.



The gap between seriously delinquent loans and foreclosure & third-party sales continues to widen as loans take longer to liquidate through foreclosure and third-party sales.



## 1 - Mortgage Performance (at period end)

(# of loans in thousands)	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
<b>Total Loans Serviced</b>	30,479	30,527	30,626	30,497	30,495	30,536	30,372	30,226	30,353	30,314	30,285	30,411	30,465
Original Credit Score >= 660	25,419	25,485	25,608	25,571	25,595	25,657	25,521	25,416	25,578	25,543	25,553	25,722	25,817
Original Credit Score < 660	5,061	5,042	5,018	4,926	4,900	4,879	4,851	4,810	4,775	4,771	4,731	4,689	4,648
<b>Total Delinquent Loans</b>							1,724	1,765	1,715	1,827	1,962	2,009	2,061
Original Credit Score >= 660							913	967	952	1,013	1,093	1,126	1,167
Original Credit Score < 660							810	797	763	814	869	882	894
<b>30 - 59 Days Delinquent</b>							708	708	615	650	706	682	660
Original Credit Score >= 660							356	372	316	330	363	353	346
Original Credit Score < 660							352	336	299	320	343	329	313
<b>60 - 89 Days Delinquent</b>							275	265	254	260	270	269	278
Original Credit Score >= 660							139	139	137	137	140	140	148
Original Credit Score < 660							137	126	117	123	130	129	130
<b>60-plus-days Delinquent</b>	566	621	678	731	835	926	1,015	1,056	1,100	1,176	1,257	1,327	1,401
Original Credit Score >= 660	284	313	345	380	439	497	557	595	636	683	731	774	821
Original Credit Score < 660	281	308	333	351	396	429	458	461	464	494	526	553	580

## Percent of Total Loans Serviced

<b>Total Delinquent Loans</b>							5.68%	5.84%	5.65%	6.03%	6.48%	6.61%	6.76%
Original Credit Score >= 660							3.58%	3.81%	3.72%	3.96%	4.28%	4.38%	4.52%
Original Credit Score < 660							16.70%	16.58%	15.98%	17.06%	18.37%	18.82%	19.23%
<b>30 - 59 Days Delinquent</b>							2.33%	2.34%	2.03%	2.14%	2.33%	2.24%	2.17%
Original Credit Score >= 660							1.40%	1.46%	1.24%	1.29%	1.42%	1.37%	1.34%
Original Credit Score < 660							7.26%	6.99%	6.27%	6.71%	7.25%	7.02%	6.74%
<b>60 - 89 Days Delinquent</b>							0.91%	0.88%	0.84%	0.86%	0.89%	0.88%	0.91%
Original Credit Score >= 660							0.54%	0.55%	0.54%	0.54%	0.55%	0.55%	0.57%
Original Credit Score < 660							2.82%	2.62%	2.46%	2.58%	2.75%	2.75%	2.80%
<b>60-plus-days Delinquent</b>	1.86%	2.03%	2.22%	2.40%	2.74%	3.03%	3.34%	3.49%	3.62%	3.88%	4.15%	4.36%	4.60%
Original Credit Score >= 660	1.12%	1.23%	1.35%	1.49%	1.71%	1.94%	2.18%	2.34%	2.48%	2.67%	2.86%	3.01%	3.18%
Original Credit Score < 660	5.56%	6.10%	6.64%	7.13%	8.09%	8.79%	9.44%	9.58%	9.71%	10.35%	11.12%	11.80%	12.49%
<b>Serious Delinquency Rate</b>	1.27%	1.38%	1.52%	1.67%	1.88%	2.14%	2.45%	2.63%	2.80%	3.03%	3.25%	3.48%	3.68%
<b>In Bankruptcy</b>							0.26%	0.27%	0.29%	0.30%	0.31%	0.33%	0.33%

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

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	YTD 2009
<b>Starts</b>														
HAMP Modifications Trials- Cumulative												66,201	131,227	131,227
Repayment Plans	26,082	29,506	30,183	29,482	26,288	29,106	37,036	31,258	32,623	42,718	37,415	60,508	48,608	290,166
Forbearance Plans							11,210	17,545	20,614	32,953	30,120	58,423	73,846	244,711
<b>Completed</b>														
Repayment Plans **	4,897	4,720	5,093	4,927	4,147	4,235	4,702	6,506	6,128	4,457	3,944	3,411	12,981	42,129
Forbearance Plans **	379	326	394	572	658	886	836	827	913	727	701	533	1,941	6,478
Charge-offs in Lieu	73	57	72	97	75	101	98	61	129	211	155	130	136	920
HomeSaver Advance ( <i>Fannie</i> )	10,599	7,914	8,764	6,800	9,692	9,296	7,403	5,903	7,125	5,667	3,183	2,812	2,035	34,128
Loan Modifications	4,265	4,446	4,777	6,354	8,735	8,688	9,469	11,904	15,696	13,774	10,434	8,079	7,104	76,460
Home Retention Actions	<b>20,213</b>	<b>17,463</b>	<b>19,100</b>	<b>18,750</b>	<b>23,307</b>	<b>23,206</b>	<b>22,508</b>	<b>25,201</b>	<b>29,991</b>	<b>24,836</b>	<b>18,417</b>	<b>14,965</b>	<b>24,197</b>	<b>160,115</b>
Short Sales	1,492	1,465	1,717	2,103	1,828	2,261	2,608	2,228	3,218	3,578	3,684	4,443	5,492	25,251
Deeds in Lieu	118	138	171	156	150	234	188	161	229	385	219	231	242	1,655
Nonforeclosure - Home Forfeiture Actions	<b>1,610</b>	<b>1,603</b>	<b>1,888</b>	<b>2,259</b>	<b>1,978</b>	<b>2,495</b>	<b>2,796</b>	<b>2,389</b>	<b>3,447</b>	<b>3,963</b>	<b>3,903</b>	<b>4,674</b>	<b>5,734</b>	<b>26,906</b>
<b>Total Foreclosure Prevention Actions</b>	<b>21,823</b>	<b>19,066</b>	<b>20,988</b>	<b>21,009</b>	<b>25,285</b>	<b>25,701</b>	<b>25,304</b>	<b>27,590</b>	<b>33,438</b>	<b>28,799</b>	<b>22,320</b>	<b>19,639</b>	<b>29,931</b>	<b>187,021</b>
<b>Percent of Total Foreclosure Prevention Actions</b>														
Repayment Plans	22%	25%	24%	23%	16%	16%	19%	24%	18%	15%	18%	17%	43%	23%
Forbearance Plans	2%	2%	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%	6%	3%
Charge-offs in Lieu	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	0%	0%
HomeSaver Advance ( <i>Fannie</i> )	49%	42%	42%	32%	38%	36%	29%	21%	21%	20%	14%	14%	7%	18%
Loan Modifications	20%	23%	23%	30%	35%	34%	37%	43%	47%	48%	47%	41%	24%	41%
Home Retention Actions	<b>93%</b>	<b>92%</b>	<b>91%</b>	<b>89%</b>	<b>92%</b>	<b>90%</b>	<b>89%</b>	<b>91%</b>	<b>90%</b>	<b>86%</b>	<b>83%</b>	<b>76%</b>	<b>81%</b>	<b>86%</b>
Short Sales	7%	8%	8%	10%	7%	9%	10%	8%	10%	12%	17%	23%	18%	14%
Deeds in Lieu	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Nonforeclosure - Home Forfeiture Actions	<b>7%</b>	<b>8%</b>	<b>9%</b>	<b>11%</b>	<b>8%</b>	<b>10%</b>	<b>11%</b>	<b>9%</b>	<b>10%</b>	<b>14%</b>	<b>17%</b>	<b>24%</b>	<b>19%</b>	<b>14%</b>

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

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

## 3 - Loan Modifications (# of loans)

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	YTD 2009
<b>Type of Modifications (# of loans)</b>														
Extend Term Only							1,732	2,120	2,413	2,326	2,220	1,719	1,802	14,332
Reduce Rate Only							531	493	450	409	263	319	221	2,686
Extend Term and Reduce Rate							6,366	8,440	11,430	10,280	6,444	5,405	4,642	53,007
Other							929	1,014	1,410	772	1,498	611	428	6,662

**Type of Modifications (%)**

Extend Term Only							18%	18%	15%	17%	21%	16%	25%	19%
Reduce Rate Only							6%	4%	3%	3%	3%	3%	3%	4%
Extend Term and Reduce Rate							67%	71%	73%	75%	62%	52%	65%	69%
Other							10%	9%	9%	6%	14%	6%	6%	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)

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	YTD 2009
Short Sales	1,492	1,465	1,717	2,103	1,828	2,261	2,608	2,228	3,218	3,578	3,684	4,443	5,492	25,251
Deeds in Lieu	118	138	171	156	150	234	188	161	229	385	219	231	242	1,655
<b>Nonforeclosure Home Forfeiture Actions *</b>	<b>1,610</b>	<b>1,603</b>	<b>1,888</b>	<b>2,259</b>	<b>1,978</b>	<b>2,495</b>	<b>2,796</b>	<b>2,389</b>	<b>3,447</b>	<b>3,963</b>	<b>3,903</b>	<b>4,674</b>	<b>5,734</b>	<b>26,906</b>
Third-party Sales	725	729	716	775	515	281	251	1,032	488	859	1,148	1,337	1,585	6,700
Original Credit Score >= 660	424	402	440	473	296	159	157	674	307	575	767	947	1,084	4,511
Original Credit Score < 660	301	327	276	302	219	122	94	358	181	284	381	390	501	2,189
Foreclosure Sales	16,000	15,156	15,219	16,556	14,130	3,335	2,997	28,221	8,791	13,177	17,958	23,314	23,369	117,827
Original Credit Score >= 660	9,717	9,029	9,141	9,937	8,582	2,090	1,955	17,801	5,598	8,302	11,739	15,528	15,441	76,364
Original Credit Score < 660	6,283	6,127	6,078	6,619	5,548	1,245	1,042	10,420	3,193	4,875	6,219	7,786	7,928	41,463
<b>Third-party &amp; Foreclosure Sales</b>	<b>16,725</b>	<b>15,885</b>	<b>15,935</b>	<b>17,331</b>	<b>14,645</b>	<b>3,616</b>	<b>3,248</b>	<b>29,253</b>	<b>9,279</b>	<b>14,036</b>	<b>19,106</b>	<b>24,651</b>	<b>24,954</b>	<b>124,527</b>
Original Credit Score >= 660	10,141	9,431	9,581	10,410	8,878	2,249	2,112	18,475	5,905	8,877	12,506	16,475	16,525	80,875
Original Credit Score < 660	6,584	6,454	6,354	6,921	5,767	1,367	1,136	10,778	3,374	5,159	6,600	8,176	8,429	43,652
Foreclosure Starts	47,770	44,170	40,969	47,086	43,827	59,068	75,230	80,103	88,491	86,084	90,807	122,317	85,342	628,374
Original Credit Score >= 660	27,998	25,082	22,495	26,808	25,456	35,040	44,182	51,483	55,946	55,695	58,919	76,375	54,588	397,188
Original Credit Score < 660	19,772	19,088	18,474	20,278	18,371	24,028	31,048	28,620	32,545	30,389	31,888	45,942	30,754	231,186
<b>Top Five Reasons for Delinquency</b>														
Curtailment of Income							34%	35%	36%	38%	40%	40%	40%	
Excessive obligations							20%	19%	19%	18%	18%	17%	17%	
Unemployment							8%	8%	8%	9%	9%	9%	9%	
Illness of principal mortgagor or family member							6%	6%	6%	6%	6%	5%	5%	
Marital Difficulties							4%	3%	3%	3%	3%	3%	3%	

\* Short sales and deeds in lieu of foreclosure completed

## Glossary

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

### Section 1: Mortgage Performance

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

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

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

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

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

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

**Serious 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.