The Obama Administration's Efforts To Stabilize The Housing Market and Help American Homeowners

U.S Department of Housing and Urban Development | U.S. Department of the Treasury

The Administration's goal is to promote stability for both the housing market and homeowners. To meet these objectives, the Administration developed a broad approach implementing state and local housing agency initiatives, tax credits for homebuyers, neighborhood stabilization and community development programs, mortgage modifications and refinancing, continued FHA engagement, and support for Fannie Mae and Freddie Mac. In addition, Federal Reserve and Treasury MBS purchase programs have helped to keep mortgage interest rates at record lows over the past year. More detail on the Administration's efforts can be found in the Appendix.

Overall Impact of Administration's Comprehensive Housing Initiative

The President's housing market recovery efforts began immediately after taking office in February 2009. The Administration's comprehensive response, as outlined above, has yielded many positive impacts:

- Home price performance has improved. After 30 straight months of decline and an expectation of continued significant deterioration, home prices have leveled off in the past year and expectations have adjusted upward. Homeowners have benefitted from the stabilization, as owner equity has increased by over $1 trillion since the first quarter of 2009
- More than 2.5 million first time homebuyers have purchased a home using the First-Time Homebuyer Tax credit, helping to stabilize home sales and prices and increase affordability.
- Martgages are now more affordable. Due to historically low interest rates, more than 6 million homeowners have refinanced, saving an estimated $150 per month on overage and more than $11 billion in total.
- Servicers report that the number of homeowners receiving restructured mortgages since April 2009 has increased to 2.8 million. This includes more than 1.2 million homeowners who have started HAMP trial modifications and nearly 400,000 who have benefitted from FHA loss mitigation activities. Of those in the HAMP program, 346,000 have entered a permanent modification saving a median of more than $500 per month. In addition, HUD-approved mortgage counselors have assisted 3.6 million families.
- Based on newly available survey data, nearly half of homeowners unable to enter a HAMP permanent modification enter an alternative modification with their servicer, and fewer than 10 percent of cancelled trials move to foreclosure sale. Link to see MHA report: http://www.financialstability.gov/docs/May%20MHA%20Public%20062110.pdf

The Administration's housing initiatives were intended to help prevent avoidable foreclosures and stabilize the housing market. However the foreclosure prevention initiatives were not designed to help every borrower and the housing market will continue to adjust for some time.

- Investors and speculators are not protected under the Administration's efforts, nor are Americans living in million dollar homes, defaulters on vacation homes, or those who don't meet their responsibilities for qualification. This month, HAMP cancellations are high because many borrowers who received temporary modifications were not able to meet eligibility requirements such verifying their income and successfully making trial payments.
- The supply of homes on and off market remains near all-time highs. It will take time to work through this large inventory.

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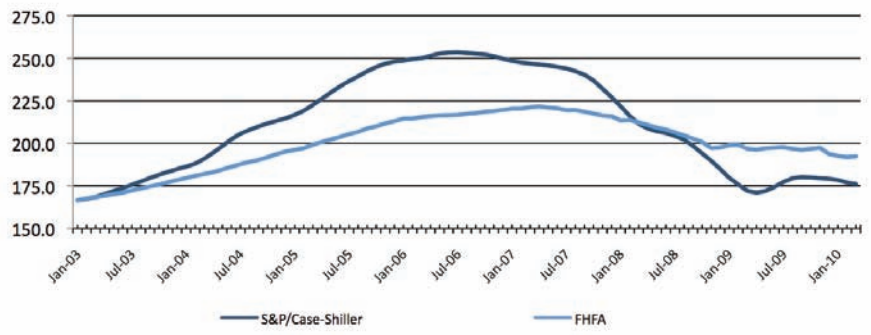
House Prices Show Signs of Stabilizing

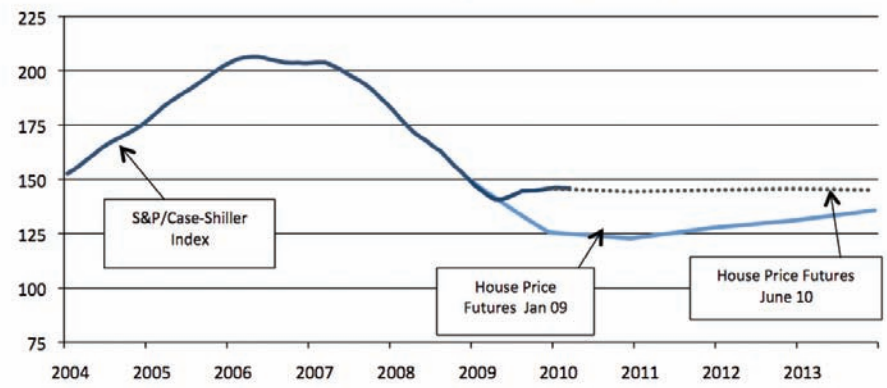
Monthly House Price Trends ($ Thousands)



Sources: Standard & Poor's, Federal Housing Finance Agency, and HUD.
See Note 1, Sources and Methodology.

Expectations on House Prices Have Shifted Up Since 2009

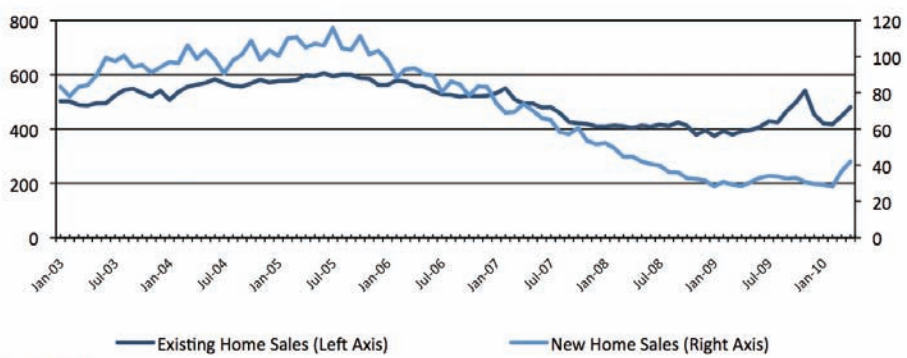
S&P/Case-Shiller, House Price Futures Index (Jan 2000 = 100)



Sources: Standard and Poor's and CME Group.
See Note 2, Sources and Methodology.

Existing and New Home Sales

Monthly Sales (Thousands)



Seasonally Adjusted
Source: National Association of Realtors®, Census Bureau, and HUD.
See Note 3, Sources and Methodology.

Existing Homes on the Market Below Peak, But Number of Units Held Off the Market Has Increased

Existing Homes Available for Sale (End of Period) and Total Vacant Housing Units (Year Round) Off Market (Millions)

Sources: National Association of Realtors® and Census Bureau.

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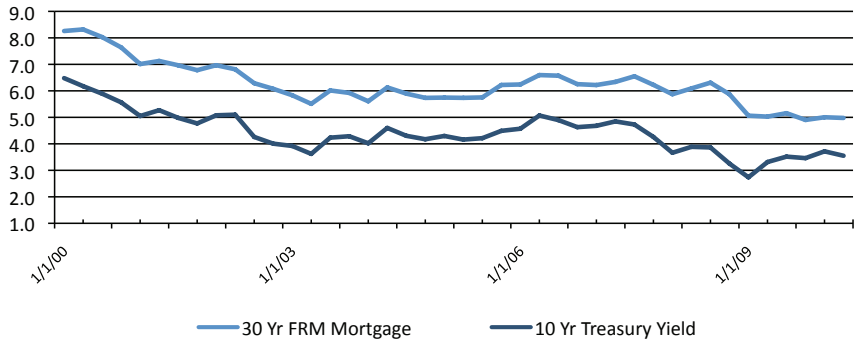
30-Yr Fixed Mortgage Rates Remain Near Historic Lows

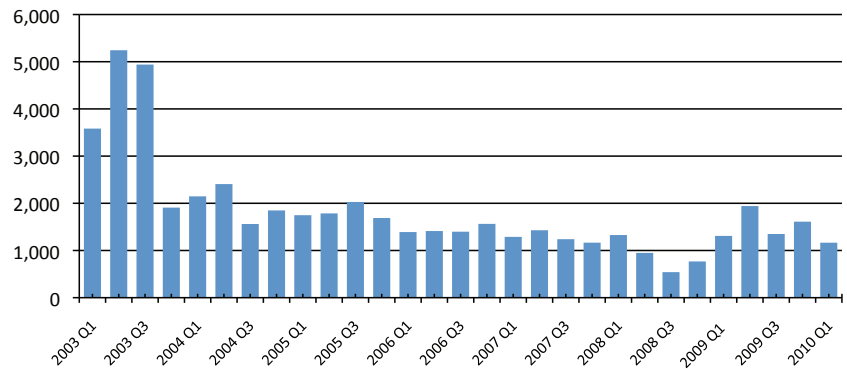
Percentage Rates



Source: Freddie Mac and Treasury.

6.1 Million Homeowners Have Refinanced Since April 2009

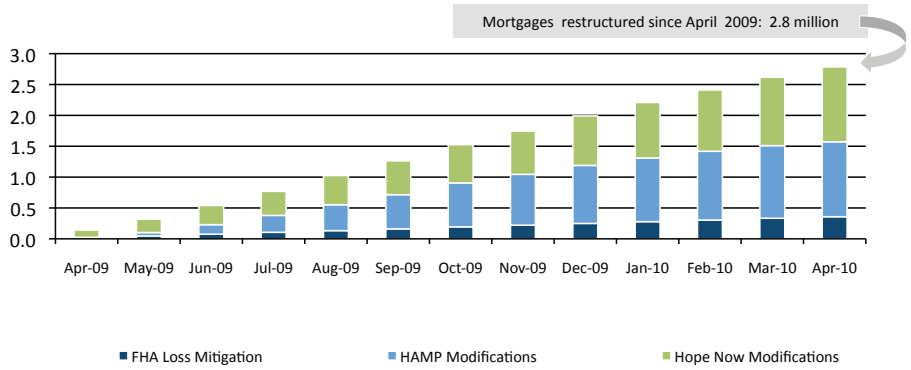
Quarterly Refinance Mortgage Originations (Thousands)



Sources: Mortgage Bankers Association and HUD.
See Note 4, Sources and Methodolgy.

2.8 Million Borrowers Have Received Restructured Mortgages

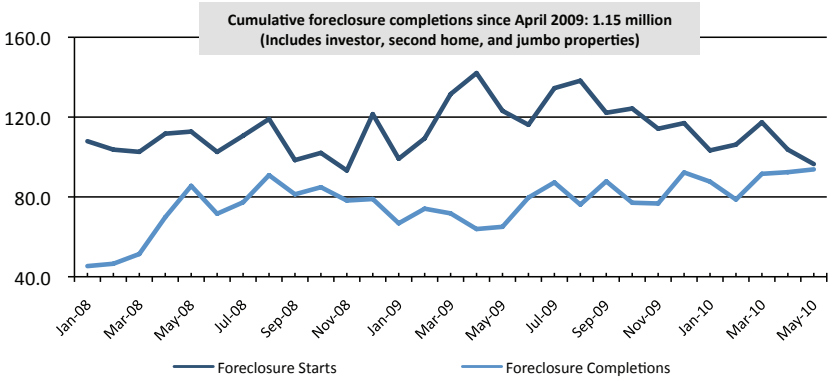
Cumulative Mortgages Restructured Since April 2009 (Millions)



Sources: HUD, Dept. of Treasury, and Hope Now Alliance.
See Note 5, Sources and Methodology.

Foreclosure Starts Declining, Foreclosure Completions Rising

Monthly Foreclosure Actions (Thousands)



Source: Realty Trac.
See Note 6, Sources and Methodology.

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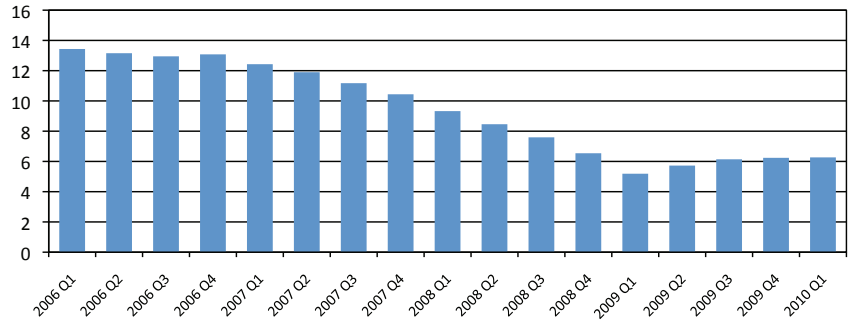
Home Equity Up More than $1 Trillion Since First Quarter 2009

Owners' Equity in Household Real Estate at End of Period ($ Trillions)

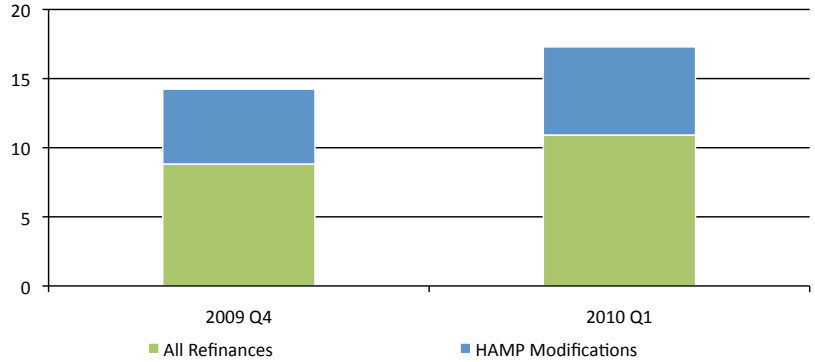


Source: Federal Reserve Board.

Source: Freddie Mac and Treasury.

Homeowners Save From Reduced Mortgage Payments

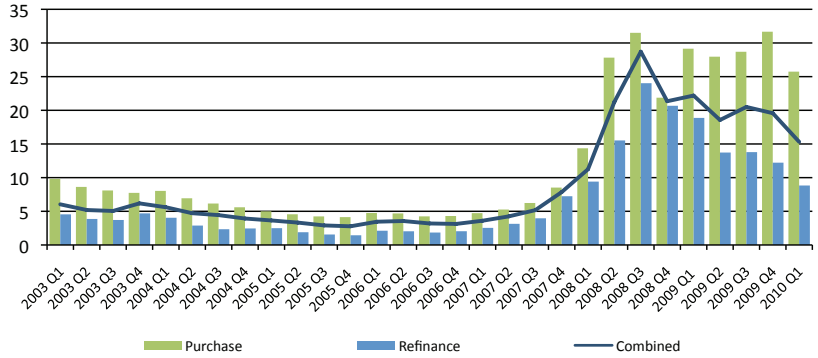
Annualized Savings from Payment Reductions ($ Billions)



Aggregate annual reduction in mortgage payments on refinances and loan modifications since April 1, 2009.
Sources: MBA, Treasury, Freddie Mac, and HUD.
See Note 7, Sources and Methodology.

FHA Supports Mortgage Lending During Crisis

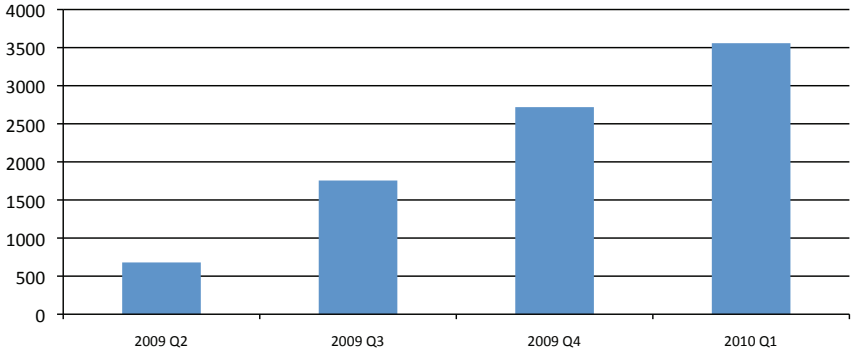
FHA as Share of Quarterly Mortgage Originations by Type (Percent)



Sources: MBA and HUD.
See Note 8, Sources and Methodology.

Housing Counselors Serve Millions of Families

Cumulative Households Counseled Since Apr 1, 2009 (Thousands)



Source: HUD.

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The Obama Administration's Efforts To Stabilize The Housing Market and Help American Homeowners

HOUSING ASSISTANCE AND STABILIZATION PERFORMANCE METRICS

Indicator	This Period	Last Period	Cumulative From Apr 1, 2009	Latest Release	Sources
Distressed Borrowers Assisted (thousands)					
HAMP Trial Modifications	30.1	37.0	1,244.2	May-10	Treasury
HAMP Permanent Modifications	47.7	68.1	346.8	May-10	Treasury
FHA Loss Mitigation Interventions	25.2	25.2	383.5	May-10	HUD
HOPE Now Modifications	104.3	114.9	1,211.8	April-10	Hope Now Alliance
Counseled Borrowers (thousands)	839.4	1,075.6	3,558	1st Q 10	HUD
Borrower Annual Savings ($ millions)					
HAMP Trial Modifications	–	–	6,095.9	1st Q 10	Treasury, Freddie Mac, and HUD
HAMP Permanent Modifications	–	–	1,401.4	1st Q 10	Treasury and HUD
All Refinances (Including GSEs and FHA)	–	–	10,918.9	1st Q 10	MBA, Treasury, and HUD
Change in Aggregate Home Equity ($ billions)	28.6	97.3	1,079.4	1st Q 10	Federal Reserve Board

HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	As of Dec 08	Latest Release	Sources
Mortgage Rates (30-Yr FRM, percent)	4.75	4.72	5.38	5.1	17-Jun-10	Freddie Mac
Home Prices (indices)						
Case Shiller (NSA)	143.4	144.1	140.1	150.5	March-10	Standard and Poor's
FHFA (SA)	193.9	193.4	198.3	199.0	March-10	Federal Housing Finance Agency
Home Sales (thousands, SA)						
New	42.0	36.6	28.4	31.4	April-10	HUD and Census Bureau
Existing	480.8	446.7	391.7	395.0	April-10	National Association of Realtors ®
First Time Buyers	245.7	227.2	197.4	174.8	April-10	NAR, Census Bureau, and HUD
Housing Supply						
Existing Homes for Sale (thousands, SA)	4,044.0	3,626.0	3,937.0	3,700.0	April-10	National Association of Realtors ®
Existing Homes - Months' Supply (months)	8.4	8.1	10.1	9.4	April-10	National Association of Realtors ®
New Homes for Sale (thousands, SA)	211.0	227.0	300.0	353.0	April-10	HUD and Census Bureau
New Homes for Sale - Months' Supply (months)	5.0	6.2	10.6	11.2	April-10	HUD and Census Bureau
Vacant Units Held Off Market (thousands)	3,628.0	3,497.0	3,527.0	3,508.0	1st Q 10	Census Bureau
Mortgage Originations (thousands)						
Refinance Originations	1,165.0	1,610.5	1,309.1	767.2	1st Q 10	Mortgage Bankers Association and HUD
Purchase Originations	725.0	978.6	625.1	986.4	1st Q 10	Mortgage Bankers Association and HUD
FHA Originations (thousands)						
Refinance Originations Purchase	21.6 (p)	33.4	92.7	62.9	May-10	HUD
Purchase Originations	95.0 (p)	103.3	88.9	72.7	May-10	HUD
Purchases by First Time Buyers	71.3 (p)	76.1	70.2	56.2	May-10	HUD
Mortgage Delinquency Rates (percent)						
Prime	5.9	5.8	4.9	4.4	May-10	LPS-McDash, MBA, and HUD
Subprime	36.4	35.9	33.5	34.1	May-10	LPS-McDash, MBA, and HUD
FHA	12.4	11.7	13.6	14.3	May-10	HUD
Seriously Delinquent Mortgages (thousands)						
Prime	1,939.5	1,983.0	1,366.1	910.5	May-10	LPS-McDash and HUD
Subprime	1,930.9	1,959.4	1,776.4	1,642.8	May-10	LPS-McDash and HUD
FHA	548.2	544.5	388.7	333.1	May-10	HUD
Underwater Borrowers	11,276.9	11,321.7	10,163.3 (a)	–	1st Q 10	First American CoreLogic
Foreclosure Actions (thousands)						
Foreclosure Starts	96.5	103.8	123.1	121.5	May-10	Realty Trac
Notice of Foreclosure Sale	132.7	137.6	133.3	103.0	May-10	Realty Trac
Foreclosure Completions	93.8	92.4	65.0	78.9	May-10	Realty Trac

SA= seasonally adjusted, NSA = not seasonally adjusted, p = preliminary, a = adjusted for methodology change.

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SOURCES AND METHODOLOGY

A. Items in Tables

Indicator	Frequency	Sources	Notes on Methodology
Distressed Homeowners Assisted			
HAMP Trial Modifications	Monthy	Treasury	As reported.
HAMP Permanent Modifications	Monthy	Treasury	As reported.
FHA Loss Mitigation Interventions	Monthy	HUD	All FHA loss mitigation and early delinquency interventions.
HOPE Now Modifications	Monthy	Hope New Alliance	All proprietary modifications completed.
Counseled Borrowers (thousands)	Quarterly	HUD	Housing Counseling Activity Reported by All HUD-Approved Housing Counselors.
Borrower Annual Savings			
HAMP Trial Modifications	Quarterly	Treasury, Freddie Mac, and HUD	Estimates of average savings per HAMP Trial Modifications made by Freddie Mac.
HAMP Permanent Modifications	Quarterly	Treasury and HUD	Average savings per HAMP permanent modification reported by Treasury.
All Refinances	Quarterly	MBA, Treasury, and HUD	Estimate of refinance originations (see below) is multiplied by Freddie Mac estimate of savings per refinance.
Change in Aggregate Home Equity	Quarterly	Federal Reserve Board	Difference in aggregate household owners' equity in real estate as reported in the Federal Reserve Board's Flow of Funds Accounts of the United States for stated time period.
Mortgage Rates (30-Yr FRM)	Weekly	Freddie Mac	Weekly Survey of Mortgage Commitment Rates.
Home Prices			
Case Shiller (NSA)	Monthy	Standard and Poor's	Case Shiller 20-metro composite index, January 2000 = 100.
FHFA (SA)	Monthy	Federal Housing Finance Agency	FHFA monthly (purchase-only) index for US, January 1991 = 100.
Home Sales (SA)			
New	Monthy	HUD and Cencus Bureau	Seasonally adjusted annual rates divided by 12.
Existing	Monthy	National Association of Realtors®	Seasonally adjusted annual rates divided by 12.
First Time Buyers	Monthy	NAR, Census Bureau, and HUD	Sum of seasonally adjusted new and existing home sales (above) multiplied by National Association of Realtors ® annual estimate of first time buyer share of existing home sales.
Housing Supply			
Existing Homes for Sale (SA)	Monthly	National Association of Realtors®	As reported.
Existing Homes - Months' Supply	Monthly	National Association of Realtors®	As reported.
New Homes for Sale (SA)	Monthly	HUD and Cencus Bureau	As reported.
New Homes for Sale - Months' Supply	Monthly	HUD and Cencus Bureau	As reported.
Vacant Units Held Off Market	Quarterly	Cencus Bureau	As reported.
Mortgage Originations			
Refinance Originations	Quarterly	Mortgage Bankers Association and HUD	HUD estimate of refinance originations based on MBA estimate of dollar volume of refiance originations.
Purchase Originations	Quarterly	Mortgage Bankers Association and HUD	HUD estimate of home purchase originations based on MBA estimate of dollar volume of home purchase originations.
FHA Originations			
Refinance Originations	Monthy	HUD	FHA originations reported as of date of loan closing. Estimate for current month scaled upward due to normal reporting lag and shown as preliminary.
Purchase Originations	Monthy	HUD	
Purchases by First Time Buyers	Monthy	HUD	
Mortgage Delinquency Rates			
Prime	Monthy	LPS-McDash Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
Subprime	Monthy	LPS-McDash Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
FHA	Monthy	HUD	Total FHA mortgages past due (30+ days) but not in foreclosure, divided by FHA's insurance in force.
Seriously Delinquent Mortgages			
Prime	Monthy	LPS-McDash, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
Subprime	Monthy	LPS-McDash, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
FHA	Monthy	HUD	Mortgages 90+ days delinquent or in foreclosure.
Underwater Borrowers	Quarterly	First American CoreLogic	As reported. Due to change in reporting methodology, underwater borrower estimates prior to the third quarter of 2009 are adjusted to be compatible with current estimates.
Foreclosure Actions			
Foreclosure Starts	Monthly	Realty Trac	Notice of default plus lis pendens.
Notice of Foreclosure Sale	Monthly	Realty Trac	Notice of sale (auctions).
Foreclosure Completions	Monthly	Realty Trac	Real Estate Owned (REO).

SOURCES AND METHODOLOGY

B. Notes on Charts.

1. Monthly house price trends shown as changes in respective house price indices applied to a base price in January 2008 set to equal the median price of an existing home sold in January 2008 as reported by the National Association of Realtors. Indices shown: S&P/Case Shiller 20-metro composite index, January 2000 = 100, and FHFA monthly (purchase-only) index for US, January 1991 = 100.
2. S&P/Case-Shiller Index as reported monthly. Futures index figures report forward expectations of house prices reflected by the market as of the date indicated.
3. Reported seasonally adjusted annual rates for new and existing home sales divided by 12.
4. HUD estimate of refinance originations based on MBA estimate of dollar volume of refinance originations.
5. Cumulative HAMP modifications started, FHA loss mitigation and early delinquency interventions, plus proprietary modifications completed as reported by Hope Now Alliance.
6. Foreclosure starts include notice of default and lis pendens, completions are properties entering REO. Both as reported by Realty Trac.
7. See "Borrower Annual Savings" above.
8. FHA market shares as FHA purchase and refinance originations divided by HUD estimates of purchase and refinance mortgage originations as noted in "Mortgage Originations" above.

Appendix

The Administration has taken a broad set of actions to stabilize the housing market and help American homeowners. A year ago, stress in the financial system had severely reduced the supply of mortgage credit, limiting the ability of Americans to buy homes or refinance mortgages. Millions of responsible families who had made their monthly payments and had fulfilled their obligations saw their property values fall. They also found themselves unable to refinance at lower mortgage rates.

In February 2009, less than one month after taking office, President Obama announced the Homeowner Affordability and Stability Plan. As part of this plan and through other housing initiatives, the Administration has taken the following actions to strengthen the housing market:

- Supported to Fannie Mae and Freddie Mac to ensure continued access to affordable mortgage credit;
- The Federal Reserve and the U.S. Treasury purchased more than $1.4 trillion in agency mortgage backed securities through independent MBS purchase programs, helping to keep mortgage rates at historic lows;
- Launched a modification initiative to help homeowners reduce mortgage payments to affordable levels and to prevent avoidable foreclosures;
- Launched a $23.5 billion Housing Finance Agencies Initiative to increase sustainable homeownership and rental resources;
- Supported the First Time Homebuyer Tax Credit, which has helped 2.5 million American families purchase homes;
- Provided more than $5 billion in support for affordable rental housing through low income housing tax credit programs and $2 billion in support for the Neighborhood Stabilization Program through the Recovery Act to restore neighborhoods hardest hit by concentrated foreclosures;
- Created the $2.1 billion HFA Hardest Hit Fund for innovative foreclosure prevention programs in the nation's hardest hit housing markets.
- Supported home purchase and refinance activity through the FHA to provide access to affordable mortgage capital and help homeowners prevent foreclosures.

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