

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



December 2010

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

The Administration's goal is to stabilize the housing market and provide security for homeowners. To meet these objectives in the context of a very challenging market, 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, housing counseling, continued Federal Housing Administration (FHA) engagement, support for Fannie Mae and Freddie Mac and increased consumer protections. 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.

## December 2010 Scorecard on Administration's Comprehensive Housing Initiative

The President's housing market recovery efforts began immediately after taking office in February 2009. Data in the scorecard also show that the recovery in the housing market continues to remain fragile. While the recovery will take place over time, the Administration remains committed to its efforts to prevent avoidable foreclosures and stabilize the housing market. The December 2010 housing scorecard includes the following key indicators of market health and results of the Administration's comprehensive response, as outlined above:

- **Foreclosure starts and completions dropped significantly in November.** As lenders review internal procedures related to foreclosure processing, many foreclosure actions have been

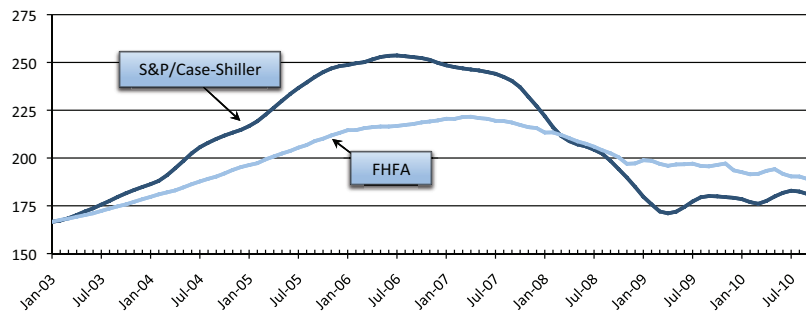
delayed leading to a 21 percent drop in foreclosure activity in November. While this is the biggest month over month decrease since 2005, the decline is likely to be temporary as lenders eventually revise and resubmit foreclosure paperwork in the coming months.

- **As expected with the expiration of the Homebuyer Tax Credit, new and existing home sales have remained below levels seen in the first half of 2010.** However, this month's report also shows that home prices and home equity declined moderately, as prices remain unsettled at this fragile stage of the recovery.
- **More than 3.9 million loss mitigation actions were started between April 2009 and the end of October 2010 —more than double the number of foreclosure completions during that time.** These actions included over 1.4 million Home Affordable Modification Program (HAMP) trial modification starts, more than 600,000 Federal Housing Administration (FHA) loss mitigation and early delinquency interventions, and nearly 1.8 million proprietary modifications under HOPE Now. While some homeowners may have received help from more than one program, the number of agreements offered were more than double the number of foreclosure completions for the same period (1.7 million). To view the November HAMP Servicer Performance Report, visit: <http://www.financialstability.gov/docs/Nov%202010%20MHA%20Report.pdf>.



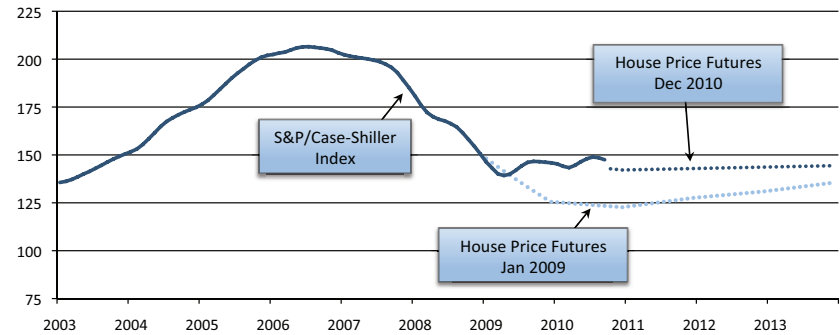
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**House Prices Unsettled During This Fragile Stage of Recovery**  
Monthly House Price Trends By Index (\$ Thousands)



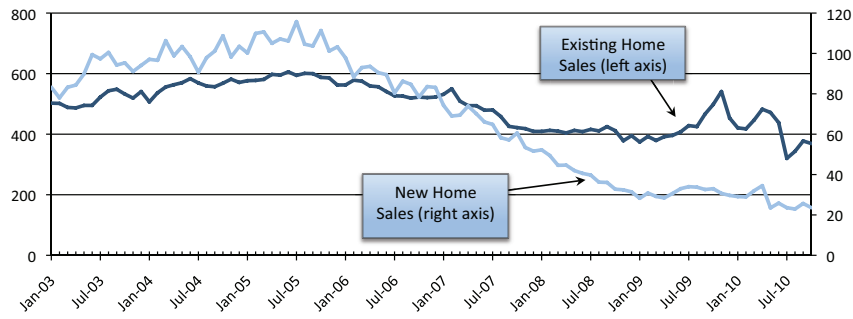
Sources: Standard & Poor's, Federal Housing Finance Agency, and HUD.  
See Note 1, Sources and Methodology.

**Expectations On House Prices Have Shifted Up From 2009**  
S&P/Case-Shiller, House Price Futures Index (Jan 2000 = 100)



Sources: Standard and Poor's and Radar Logic.  
See Note 2, Sources and Methodology.

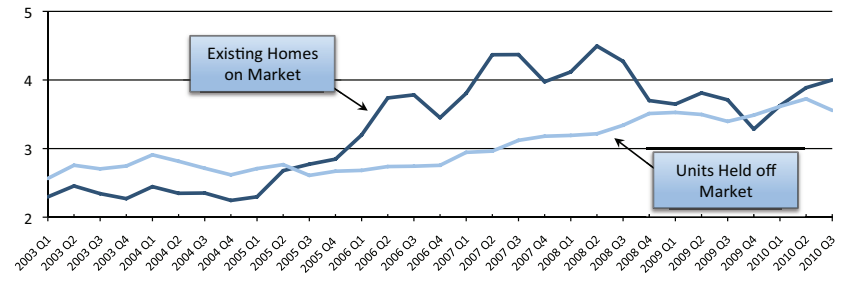
**Existing And New Home Sales**  
Monthly Sales (Thousands)



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

**Existing Homes On The Market Below Peak,  
Number Of Units Held Off The Market Remains High**

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

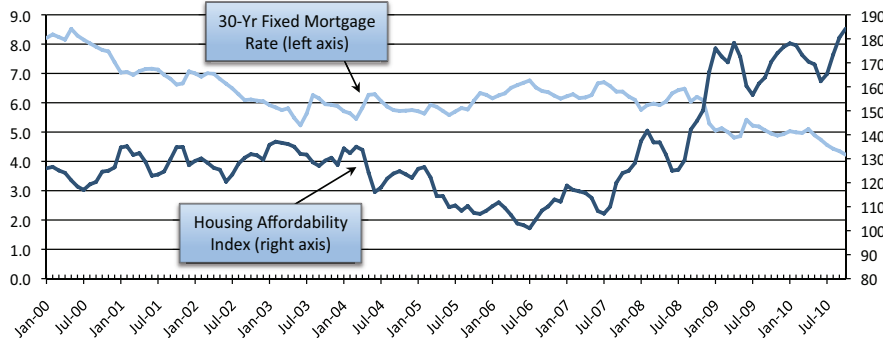


Sources: National Association of Realtors® and Census Bureau.



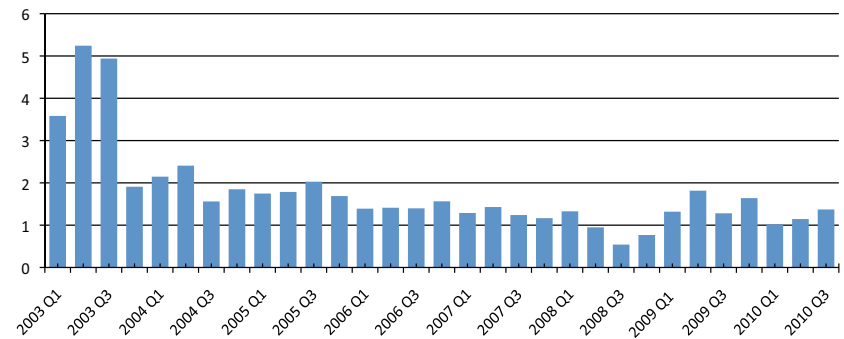
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**Mortgage Rates Remain Near Record Lows  
And Affordability Index Remains High**  
Percentage Rates And Index Values



Sources: Freddie Mac and National Association of Realtors.®

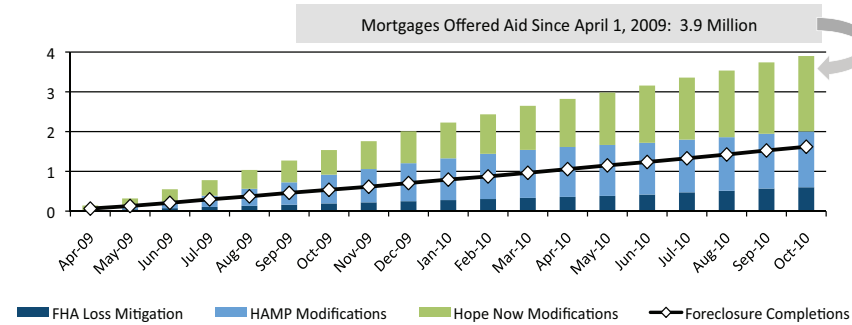
**8.3 Million Homeowners Have Refinanced Since April 1, 2009**  
Quarterly Refinance Mortgage Originations (Millions)



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

**Mortgage Aid Has Been Extended More Than 3.9 Million Times,  
Outpacing Foreclosures**

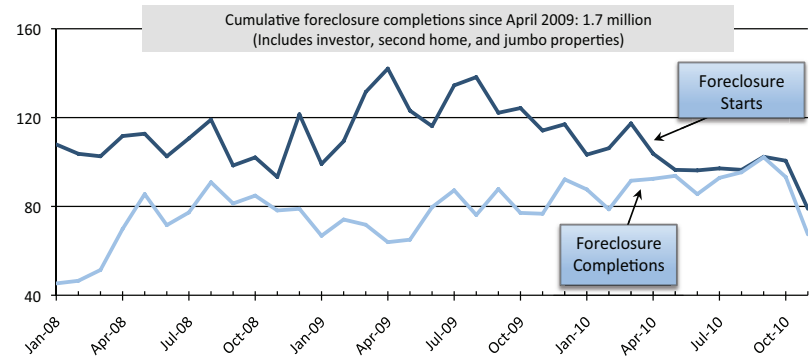
Mortgage Aid Offered Versus Foreclosed Loans, Cumulative Since April 1, 2009 (Millions)



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

**Foreclosure Starts And Completions Fall  
As Lenders Review Internal Procedures**

Monthly Foreclosure Actions (Thousands)



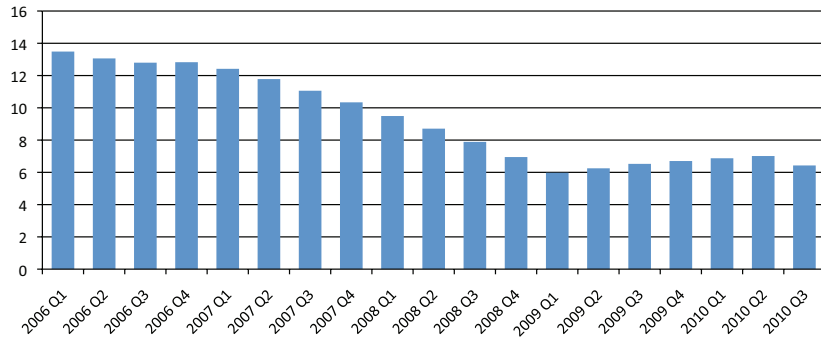
Source: Realty Trac.  
See Note 6, Sources and Methodology.



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### Home Equity Down From Prior Quarter But Remains Higher Than First Quarter 2009

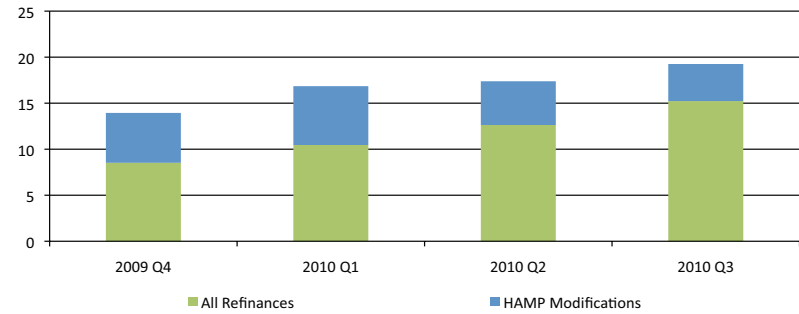
Owners' Equity In Household Real Estate At End Of Period (\$ Trillions)



Source: Federal Reserve Board.

### Homeowners Save From Reduced Mortgage Payments

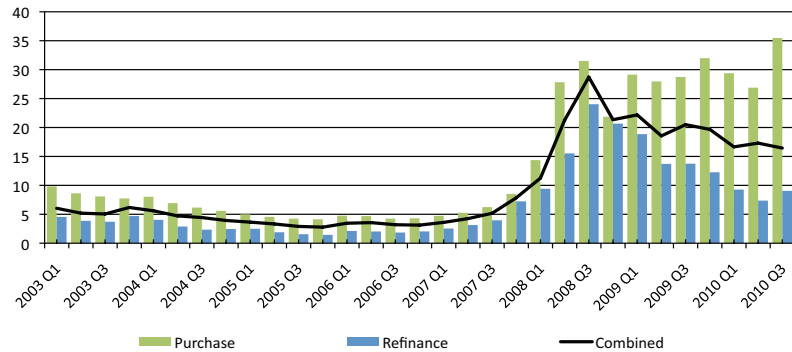
Annualized Savings From Payment Reductions (\$ Billions)



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

### FHA Supports Mortgage Lending During Crisis

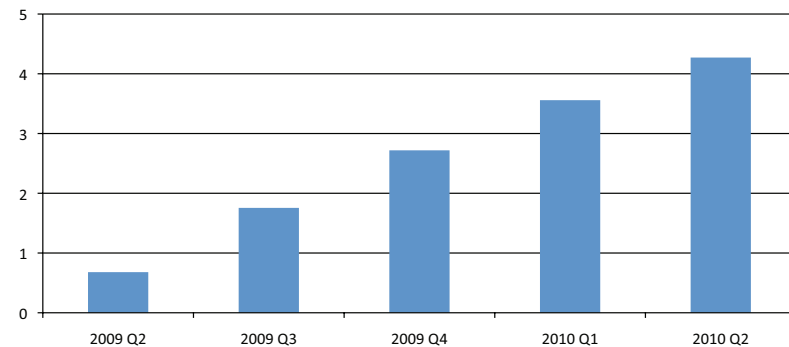
FHA As Share Of Quarterly Mortgage Originations By Type (Percent)



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

### Housing Counselors Serve Millions Of Families

Cumulative Households Counseled Since Apr 1, 2009 (Millions)



Source: HUD.



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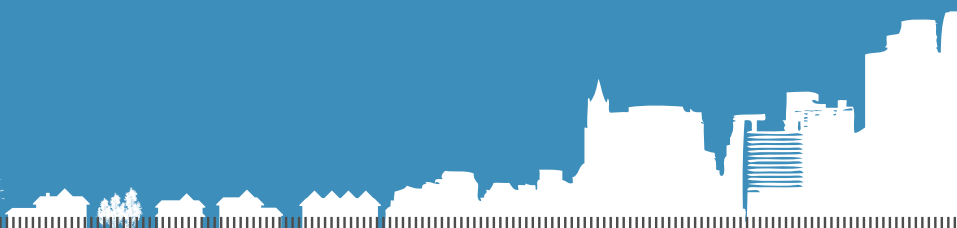
HOUSING ASSISTANCE AND STABILIZATION PERFORMANCE METRICS

Indicator	This Period	Last Period	Cumulative From Apr 1, 2009	Latest Release
Distressed Homeowners Assisted (thousands)				
HAMP Trial Modifications	31.3	26.1	1,426.8	November-10
HAMP Permanent Modifications	30.0	23.8	549.6	November-10
FHA Loss Mitigation Interventions	52.5	31.9	652.5	November-10
HOPE Now Modifications	100.9	119.6	1,896.0	October-10
Counseled Borrowers (thousands)	714	839	4,272	2nd Q 10
Borrower Annual Savings (\$ millions)				
HAMP Trial Modifications	-	-	1,103	3rd Q 10
HAMP Permanent Modifications	-	-	2,925	3rd Q 10
All Refinances	-	-	15,228	3rd Q 10
Activities Completed Under NSP (housing units)				
New Construction or Residential Rehab	210 (p)	3,033	9,459 [41,168] (b)	3rd Q 10
Demolition or Clearance	165 (p)	1,041	3,152 [9,158] (b)	3rd Q 10
Direct Homeownership Assistance	1,040 (p)	1,147	4,808 [19,272] (b)	3rd Q 10
Change in Aggregate Home Equity (\$ billions)	-584	139	452	3rd Q 10

HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	As of Dec 2008	Latest Release
Mortgage Rates (30-Yr FRM, percent)	4.83	4.61	4.94	5.10	16-Dec-10
Housing Affordability (index)	184.2	180.5	170.4	166.3	October-10
Home Prices (indices)					
Case Shiller (NSA)	147.5	148.6	146.6	150.5	September-10
FHFA (SA)	190.5	191.8	197.1	198.7	September-10
Home Sales (thousands, SA)					
New	23.6	25.7	33.0	31.4	October-10
Existing	369.2	377.5	498.3	395.0	October-10
First Time Buyers	184.6 (p)	189.5	249.7	174.8	October-10
Housing Supply					
Existing Homes for Sale (thousands, NSA)	3,864	4,000	3,565	3,700	October-10
Existing Homes - Months' Supply (months)	10.5	10.6	7.2	9.4	October-10
New Homes for Sale (thousands, SA)	202	203	242	353	October-10
New Homes for Sale - Months' Supply (months, SA)	8.6	7.9	7.3	11.2	October-10
Vacant Units Held Off Market (thousands)	3,557	3,725	3,396	3,511	3rd Q 10
Mortgage Originations (thousands)					
Refinance Originations	1,371	1,145	1,281	767	3rd Q 10
Purchase Originations	532	833	1,047	986	3rd Q 10
FHA Originations (thousands)					
Refinance Originations	54.9 (p)	55.9 (r)	67.5	62.9	November-10
Purchase Originations	59.3 (p)	60.7 (r)	112.5	72.7	November-10
Purchases by First Time Buyers	41.5 (p)	40.7 (r)	95.7	56.2	November-10
Mortgage Delinquency Rates (percent)					
Prime	4.9	5.2	6.4	4.4	November-10
Subprime	35.7	36.5	38.1	34.1	November-10
FHA	12.7	12.4	14.7	14.3	November-10
Seriously Delinquent Mortgages (thousands)					
Prime	1,674	1,683	1,955	913	November-10
Subprime	1,916	1,905	2,065	1,642	November-10
FHA	589	547	530	333	November-10
Underwater Borrowers (thousands)	10,780	10,971	10,698	-	3rd Q 10
Foreclosure Actions (thousands)					
Notice of Default (Foreclosure Starts)	79.0	100.6	114.2	121.5	November-10
Notice of Foreclosure Sale	116.0	138.4	115.8	103.0	November-10
Foreclosure Completions	67.4	93.2	76.7	78.9	November-10
Short Sales	17.6 (p)	20.8 (r)	22.5	13.9	September-10

SA = seasonally adjusted, NSA = not SA, p = preliminary, r = revised, b = brackets include units in process.



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### SOURCES AND METHODOLOGY

#### A. Items in Tables

Description	Frequency	Sources	Notes on Methodology
Distressed Homeowners Assisted HAMP Trial Modifications HAMP Permanent Modifications FHA Loss Mitigation Interventions HOPE Now Modifications	Monthly Monthly Monthly Monthly	Treasury Treasury HUD Hope Now Alliance	As reported. As reported. All FHA loss mitigation and early delinquency interventions. 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	HUD, Treasury, and Freddie Mac	HUD estimate of annualized savings based on Treasury reported active HAMP trial modifications and Freddie Mac monthly savings estimates.
HAMP Permanent Modifications	Quarterly	HUD and Treasury	HUD estimate of annualized savings based on Treasury reported active HAMP permanent modifications and median monthly savings estimates.
All Refinances	Quarterly	HUD, and MBA	Refinance originations (see below) multiplied by HUD estimate of annualized savings per refinance.
Completed Activities Under NSP (housing units) New Construction or Residential Rehab	Quarterly	HUD	Housing units constructed/rehabilitated using Neighborhood Stabilization Program. Bracketed numbers include units in process, to be completed by 3/2013.
Demolition or Clearance	Quarterly	HUD	Housing units demolished/cleared using Neighborhood Stabilization Program. Bracketed numbers as above.
Direct Homeownership Assistance	Quarterly	HUD	Completed downpayment assistance or non-amortizing second mortgages by grantee to make purchase of NSP unit affordable. Bracketed numbers as above.
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	Primary Mortgage Market Survey, as reported for 30-Year fixed rate mortgages (FRM).
Housing Affordability	Monthly	National Association of Realtors®	NAR's composite housing affordability index as reported. A value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that family earning the median income has more than enough income to qualify.
Home Prices Case-Shiller (NSA)	Monthly	Standard and Poor's	Case-Shiller 20-metro composite index, January 2000 = 100. Standard and Poor's recommends use of not seasonally adjusted index when making monthly comparisons.
FHFA (SA)	Monthly	Federal Housing Finance Agency	FHFA monthly (purchase-only) index for US, January 1991 = 100.
Home Sales (SA) New	Monthly	HUD and Census Bureau	Seasonally adjusted annual rates divided by 12. A newly constructed house is considered sold when either a sales contract has been signed or a deposit accepted, even if this occurs before construction has actually started.
Existing	Monthly	National Association of Realtors®	Seasonally adjusted annual rates divided by 12. Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings. This differs from the U.S. Census Bureau's series on new single-family home sales, which are based on contracts or the acceptance of a deposit.
First Time Buyers	Monthly	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 (NSA) Existing Homes - Months' Supply New Homes for Sale (SA) New Homes for Sale - Months' Supply (SA) Vacant Units Held Off Market	Monthly Monthly Monthly Monthly Quarterly	National Association of Realtors® National Association of Realtors® HUD and Census Bureau HUD and Census Bureau Census Bureau	As reported. As reported. As reported. As reported. 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 refinance 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 Purchase Originations Purchases by First Time Buyers	Monthly Monthly Monthly	HUD HUD 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.
Mortgage Delinquency Rates (NSA) Prime Subprime FHA	Monthly Monthly Monthly	LPS-McDash Analytics LPS-McDash Analytics HUD	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced. Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced. Total FHA mortgages past due (30+ days) but not in foreclosure, divided by FHA's insurance in force.
Seriously Delinquent Mortgages Prime Subprime FHA	Monthly Monthly Monthly	LPS-McDash, MBA, and HUD LPS-McDash, MBA, and HUD HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market. Mortgages 90+ days delinquent or in foreclosure, scaled up to market. Mortgages 90+ days delinquent or in foreclosure.
Underwater Borrowers	Quarterly	First American CoreLogic	As reported.
Foreclosure Actions Notice of Default (Foreclosure Starts)	Monthly	Realty Trac	Reported counts of notice of default plus <i>lis pendens</i> . Some foreclosure starts may be omitted in states where the filing of a notice of default is optional.
Notice of Foreclosure Sale Foreclosure Completions Short sales	Monthly Monthly Monthly	Realty Trac Realty Trac Core Logic	Notice of sale (auctions). Real Estate Owned (REO). Count of Short Sales for the month as reported (current month subject to revision).



## SOURCES AND METHODOLOGY

### B. Notes on Charts.

1. Monthly house price trends shown as changes in respective house price indices applied to a common base price set equal to the median price of an existing home sold in January 2003 as reported by the National Association of Realtors. Indices shown: S&P/Case Shiller 20-metro composite index (NSA), January 2000 = 100, and FHFA monthly (purchase-only) index for US (SA), January 1991 = 100.
2. S&P/Case-Shiller 20 metro composite index (NSA) as reported monthly. Futures index figures report forward expectations of the level of the S&P/Case Shiller index as of the date indicated, estimated from prices of futures contracts reported by Radar Logic.
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. Some homeowners may be counted in more than one category. Foreclosure completions are properties entering Real Estate Owned (REO) as reported by Realty Trac.
6. Foreclosure starts include notice of default and *lis pendens*, completions are properties entering REO. Both as reported by Realty Trac. See "Foreclosure Actions" above.
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 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 \$6.92 billion in support for the Neighborhood Stabilization Program to restore neighborhoods hardest hit by the concentrated foreclosures;
- Created the \$4.1 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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