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

August 2011

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.

August 2011 Scorecard on Administration's Comprehensive Housing Initiative

The President's housing market recovery efforts began immediately after taking office in February 2009. The August 2011 housing scorecard includes the following key indicators of market health and results of the Administration's comprehensive response, as outlined above:

- **The Administration's efforts have helped millions of families deal with the worst economic crisis since the Great Depression.** More than 5 million mortgage aid arrangements were started between April 2009 and the end of July 2011. While some homeowners may have received help from more than one program, the total number of aid offers is more than double the number of foreclosure completions for the same period (2.2 million). In July, more than 28,000 additional homeowners received a permanent modification through the Administration's Home Affordable Modification Program (HAMP); more than 790,000 homeowners across the country have now received a HAMP permanent modification with a median payment reduction of 37 percent. To date, homeowners in permanent modifications have realized aggregate savings in monthly mortgage payments of nearly $7.8 billion. The July monthly report can be found at: http://www.treasury.gov/initiatives/financial-stability/results/MHA-Reports/Pages/default.aspx
- **Housing market remains fragile as data through July paint a mixed picture of recovery.** Home prices as reported by S&P/Case-Shiller and FHFA were up for the third consecutive month in July after several previous months of decline. Foreclosure starts and completions continued a downward trend, as mortgage aid programs are helping homeowners, although some of the decline remains due to lender processing issues delaying some foreclosure actions. The fragility of the market is underscored by the fact mortgage delinquencies rose slightly in July.

Given the current fragility and recognizing that recovery will take place over time, the Administration remains committed to its efforts to prevent avoidable foreclosures and stabilize the housing market.

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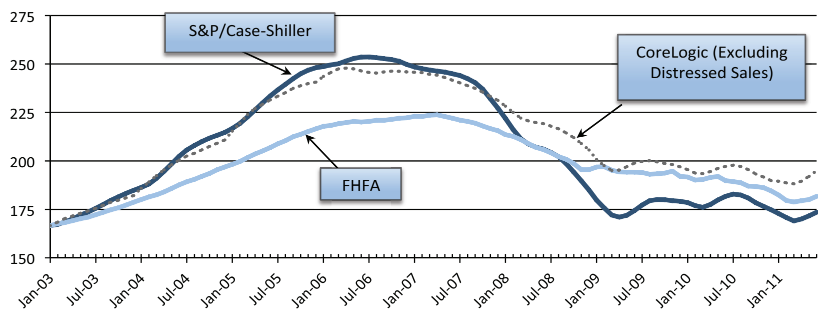
House Prices Up For Third Consecutive Month, Presence Of Distressed Sales Key As Recovery Remains Fragile

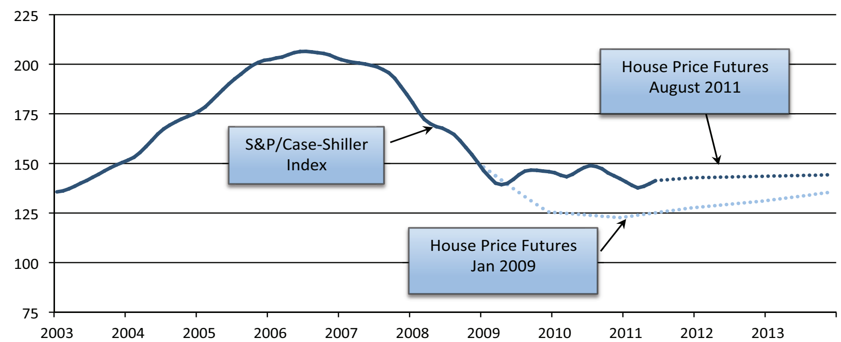
Monthly House Price Trends By Index ($ Thousands)



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

Expectations On House Prices Remain Above 2009 Projections

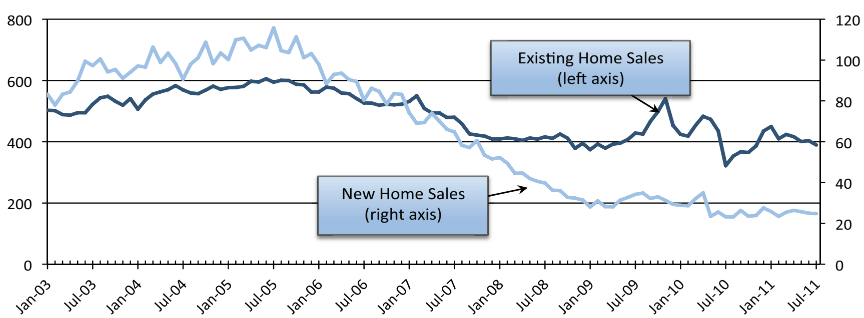
S&P/Case-Shiller, House Price Futures Index (Jan 2000 = 100)



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

Existing And New Home Sales

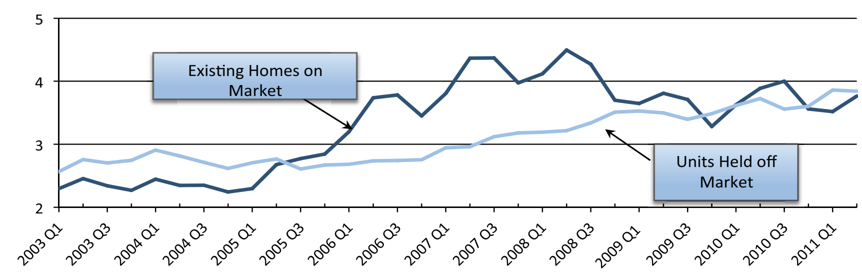
Monthly Sales (Thousands)



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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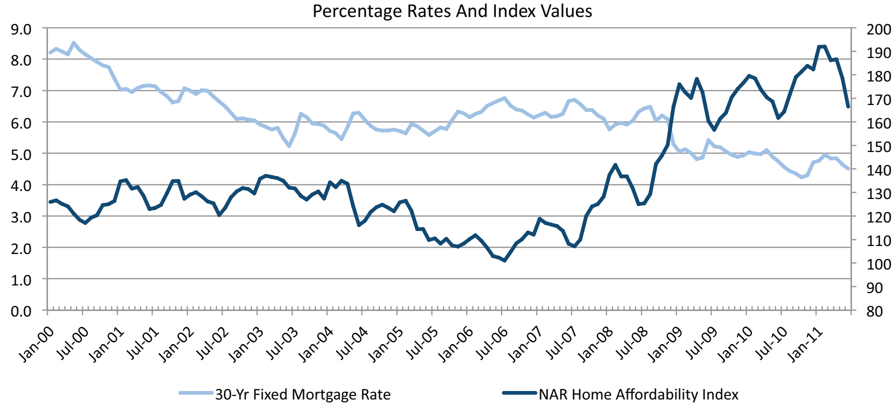
Mortgage Rates Remain Near Record Lows Affordability Index High But Declines

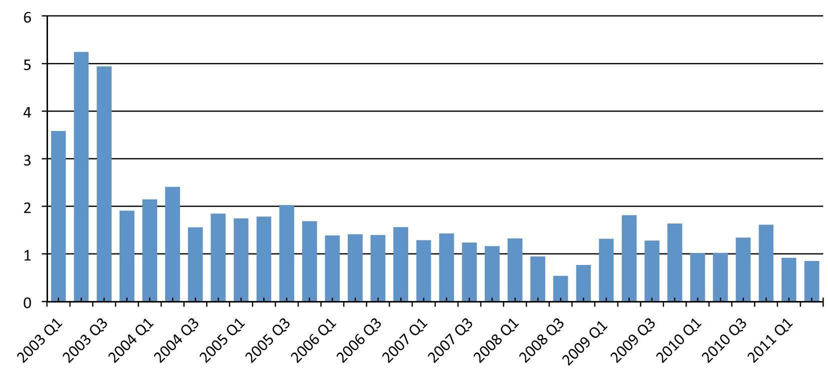
Percentage Rates And Index Values



Sources: Freddie Mac and National Asssociation of Realtors

11.5 Million Homeowners Have Refinanced Since April 1, 2009

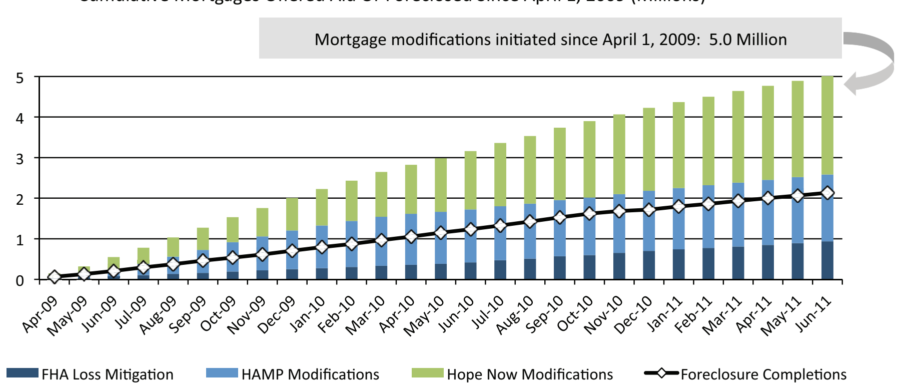
Quarterly Refinance Mortgage Originations (Millions)



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

Mortgage Aid Has Been Extended 5 Million Times, Outpacing Foreclosures

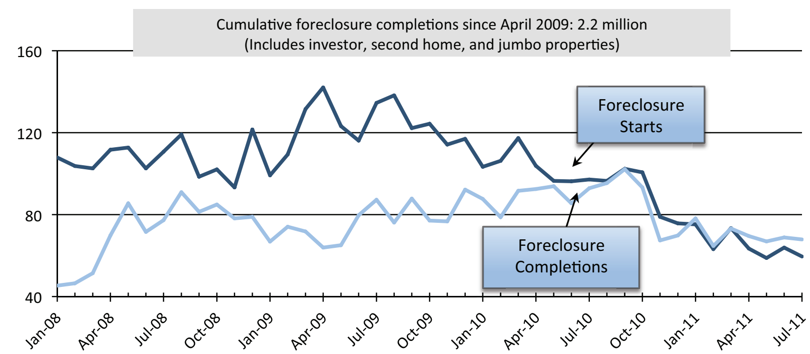
Cumulative Mortgages Offered Aid Or Foreclosed Since April 1, 2009 (Millions)



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

Mortgage Aid Helps Foreclosures Continue Downward Trend, Although Lender Processing Delays Continue

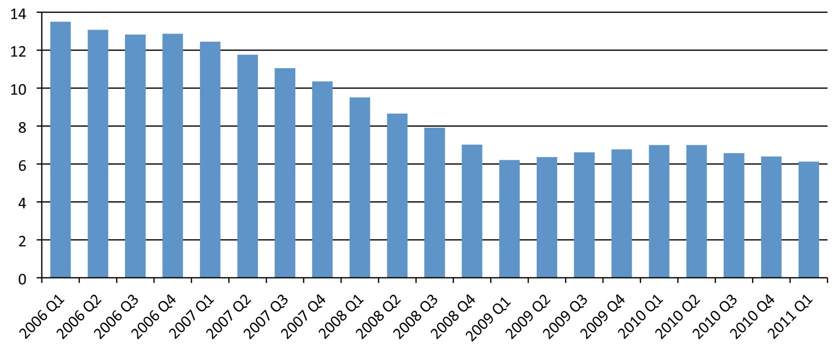
Monthly Foreclosure Actions (Thousands)



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

Home Equity Down From Prior Quarter and Close to First Quarter 2009

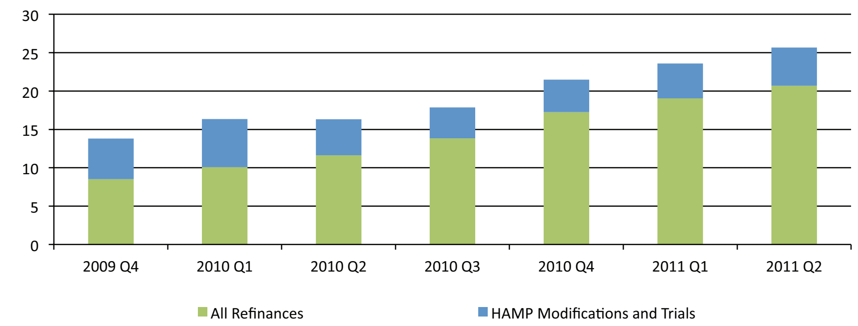
Owners' Equity In Household Real Estate At End Of Period ($ Trillions)



Source: Federal Reserve Board.

Homeowners Save From Reduced Mortgage Payments

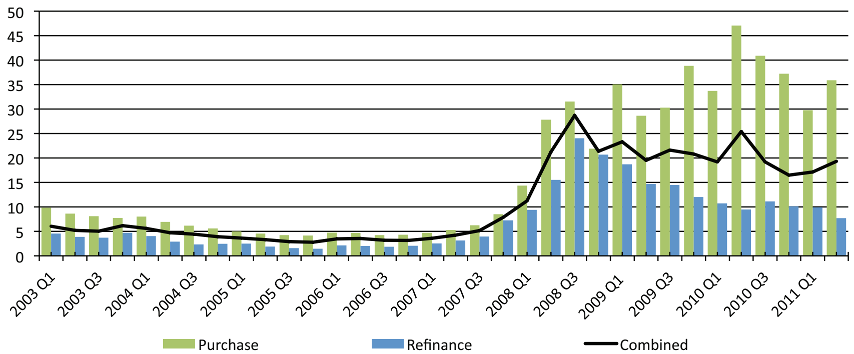
Annualized Savings From Payment Reductions ($ Billions)



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

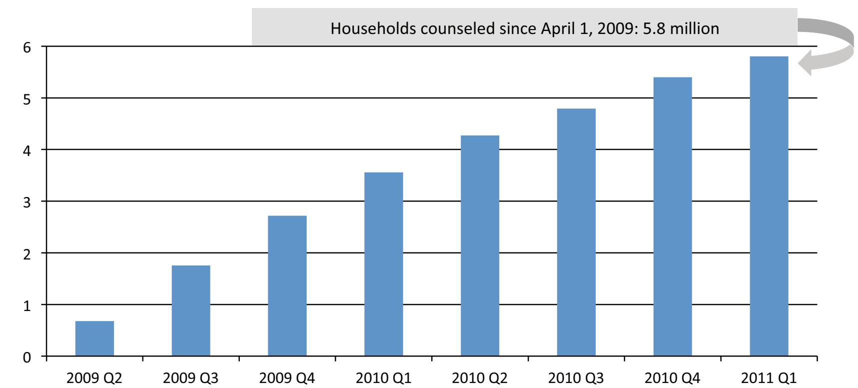
FHA As Share Of Quarterly Mortgage Originations By Type (Percent)



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.

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	22.1	24.7	1,661.5	July-11
HAMP Permanent Modifications	28.3	31.6	791.4	July-11
FHA Loss Mitigation Interventions	39.3	45.7	978.0	July-11
HOPE Now Modifications	51.6	56.4	2,422.5	June-11
Counseled Borrowers (thousands)	404	607	5,805	1st Q 11
Borrower Annual Savings ($ millions)				
HAMP Trial Modifications	–	–	841	2nd Q 11
HAMP Permanent Modifications	–	–	4,144	2nd Q 11
All Refinances	–	–	20,691	2nd Q 11
Activities Completed Under NSP (housing units)				
New Construction or Residential Rehab	192 (p)	462	10,137 [80,882] (b)	1st Q 11
Demolition or Clearance	8,986 (p)	606	12,667 [21,651] (b)	1st Q 11
Direct Homeownership Assistance	9,784 (p)	669	14,745 [35,808] (b)	1st Q 11
Change in Aggregate Home Equity ($ billions)	–271	–176 (r)	–82	1st Q 11

HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	As of Dec 2008	Latest Release
Mortgage Rates (30-Yr FRM, percent)	4.22	4.15	4.36	5.10	25-Aug-11
Housing Affordability (index)	166.5	178.5 (r)	161.7	166.3	June-11
Home Prices (indices)					
Case Shiller (NSA)	141.3	139.8 (r)	148.0	150.5	June-11
FHFA (SA)	183.7	182.0 (r)	191.9	197.6 (r)	June-11
CoreLogic - Excluding Distressed Sales (NSA)	153.5	151.2 (r)	155.2	161.9	June-11
Home Sales (thousands, SA)					
New	24.8	25.0 (r)	23.3	31.4	July-11
Existing	389.2	403.3	321.7	395.0	July-11
First Time Buyers	207.0 (p)	214.2 (r)	172.5	174.8	July-11
Distressed Sales (percent, NSA)	27 (p)	30	26	33	June-11
Housing Supply					
Existing Homes for Sale (thousands, NSA)	3,652	3,717 (r)	4,007	3,700	July-11
Existing Homes - Months' Supply (months)	9.4	9.2 (r)	12.5	9.4	July-11
New Homes for Sale (thousands, SA)	165	166 (r)	210	353	July-11
New Homes for Sale - Months' Supply (months, SA)	6.6	6.6 (r)	9.0	11.2	July-11
Vacant Units Held Off Market (thousands)	3,843	3,861	3,725	3,511	2nd Q 11
Mortgage Originations (thousands)					
Refinance Originations	851 (r)	919	1,021	767	2nd Q 11
Purchase Originations	593 (r)	524	750	986	2nd Q 11
FHA Originations (thousands)					
Refinance Originations	23.6 (p)	19.1	38.5	62.9	July-11
Purchase Originations	75.7 (p)	77.2	66.5	72.7	July-11
Purchases by First Time Buyers	56.4 (p)	53.2	47.9	56.2	July-11
Mortgage Delinquency Rates (percent)					
Prime	4.5	4.4	5.4	4.4	July-11
Subprime	33.2	32.9	36.4	34.1	July-11
FHA	12.2	11.5	12.5	14.3	July-11
Seriously Delinquent Mortgages (thousands)					
Prime	1,485	1,490	1,742	913	July-11
Subprime	1,728	1,721 (r)	1,817	1,642	July-11
FHA	599	585	560	333	July-11
Underwater Borrowers (thousands)	10,906	11,089	11,277	–	1st Q 10
Foreclosure Actions (thousands)					
Notice of Default (Foreclosure Starts)	59.5	63.9	97.1	121.5	July-11
Notice of Foreclosure Sale	85.4	90.0	135.2	103.0	July-11
Foreclosure Completions	67.8	68.9	92.9	78.9	July-11
Short Sales	24.6 (p)	25.1 (r)	31.0	13.9	June-11
REO Sales	53.9 (p)	61.1 (r)	69.9	73.8 (r)	June-11

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

SOURCES AND METHODOLOGY

A. Items in Tables

Description	Frequency	Sources	Notes on Methodology
Distressed Homeowners Assisted			
HAMP Trial Modifications	Monthly	Treasury	As reported.
HAMP Permanent Modifications	Monthly	Treasury	As reported.
FHA Loss Mitigation Interventions	Monthly	HUD	All FHA loss mitigation and early delinquency interventions.
HOPE Now Modifications	Monthly	Hope Now 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	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.
CoreLogic - Excluding Distressed Sales (NSA)	Monthly	CoreLogic	CoreLogic national combined index, distressed sales excluded, January 2000 = 100. (Only available as NSA).
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.
Distressed Sales (NSA)	Monthly	CoreLogic	Short sales and REO (Real Estate Owned) sales as a percent of total existing home sales (current month subject to revision).
Housing Supply			
Existing Homes for Sale (NSA)	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 Census Bureau	As reported.
New Homes for Sale - Months' Supply (SA)	Monthly	HUD and Census Bureau	As reported.
Vacant Units Held Off Market	Quarterly	Census 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 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	Monthly	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	Monthly	HUD	
Purchases by First Time Buyer	Monthly	HUD	
Mortgage Delinquency Rates (NSA)			
Prime	Monthly	LPS Applied Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
Subprime	Monthly	LPS Applied Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
FHA	Monthly	HUD	Total FHA mortgages past due (30+ days) but not in foreclosure, divided by FHA's insurance in force.
Seriously Delinquent Mortgages			
Prime	Monthly	LPS Applied Analytics, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
Subprime	Monthly	LPS Applied Analytics, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
FHA	Monthly	HUD	Mortgages 90+ days delinquent or in foreclosure.
Underwater Borrowers	Quarterly	CoreLogic	As reported.
Foreclosure Actions			
Notice of Default (Foreclosure Starts)	Monthly	Realty Trac	Reported counts of notice of default plus *lis pendens*. Some foreclosure starts may be omitted in states where the filing of a notice of default is optional.
Notice of Foreclosure Sale	Monthly	Realty Trac	Notice of sale (auctions).
Foreclosure Completions	Monthly	Realty Trac	Real Estate Owned (REO).
Short sales	Monthly	CoreLogic	Count of Short Sales for the month as reported (current month subject to revision).
REO Sales	Monthly	CoreLogic	Count of REO (Real Estate Owned) 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, FHFA monthly (purchase-only) index for US (SA), January 1991 = 100, and CoreLogic-Distressed Sales Excluded (Monthly) for US (NSA), January 2000 =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. Two years 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 helped more than 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 $7.6 billion HFA Hardest Hit Fund for innovative foreclosure prevention programs in the nation's hardest hit housing markets.
- Launched the $1 billion Emergency Homeowners Loan Program, as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, to help unemployed and underemployed homeowners pay a portion of their monthly mortgage.
- Created an FHA Short Refinance Option that helps underwater borrowers refinance into a new, stable, FHA-insured mortgage that is more aligned with actual property values.
- 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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