

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



October 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.

## October 2011 Scorecard on Administration's Comprehensive Housing Initiative

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

- **Housing data available through September underscore market fragility and paint a mixed picture of recovery.** New home sales rose compared to August, but were still slightly

down from the prior year. Also, mortgage defaults and foreclosure sales continued a downward trend as more homeowners were able to secure mortgage relief; however, foreclosure completions ticked upward after months of decline due to lender processing issues.

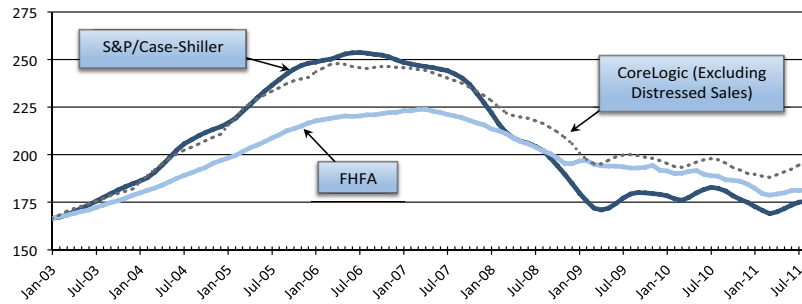
- **The Administration's recovery efforts have helped millions of families deal with the worst economic crisis since the Great Depression.** More than 5.3 million modification arrangements were started between April 2009 and the end of September 2011 – including more than 1.7 million HAMP trial modification starts, more than 1,064,000 FHA loss mitigation and early delinquency interventions, and more than 2.5 million proprietary modifications under HOPE Now. While some homeowners may have received help from more than one program, the total number of agreements offered continues to more than double the number of foreclosure completions for the same period (2.3 million). More than 850,000 homeowners have received a HAMP permanent modification to date, with a median payment reduction of over \$520 each month. The September Monthly Report can be found at: <http://www.treasury.gov/initiatives/financial-stability/results/MHA-Reports/Pages/default.aspx>

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.



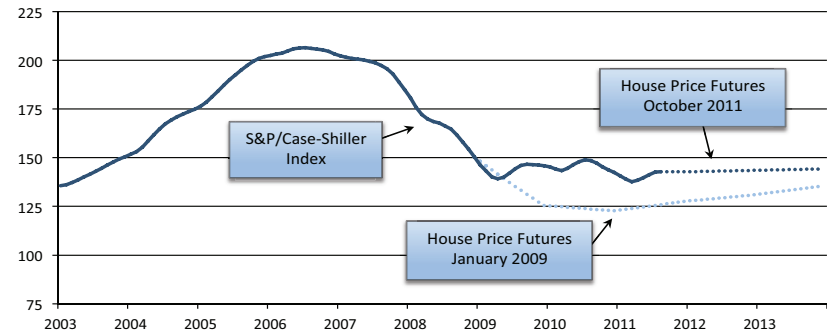
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**House Prices Stable in August, Distressed Sales Remain Key In This Fragile Recovery**  
Monthly House Price Trends By Index (\$ Thousands)



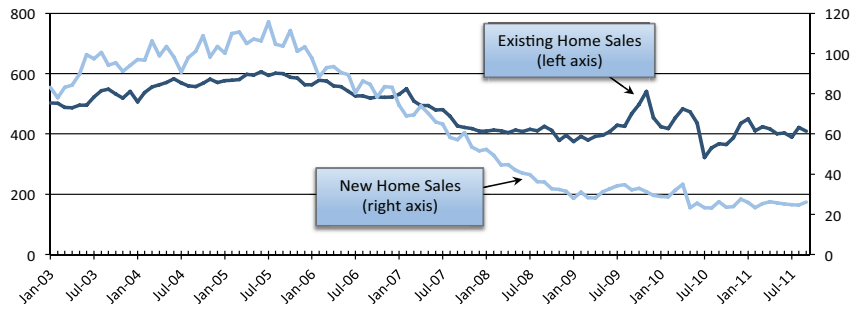
Sources: Standard & Poor's, Federal Housing Finance Agency, Core Logic, and HUD.  
See Note 1, Sources and Methodology.

**Expectations On House Prices Remain Above 2009 Projections**  
S&P/Case-Shiller, House Price Futures Index (Jan 2000 = 100)



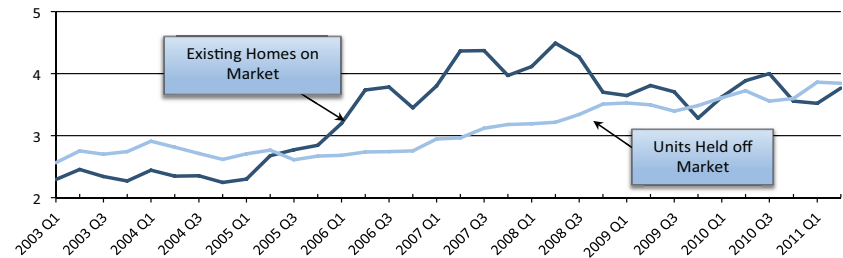
Sources: Standard and Poor's and Radar Logic  
See Note 2, Sources and Methodology.

**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)

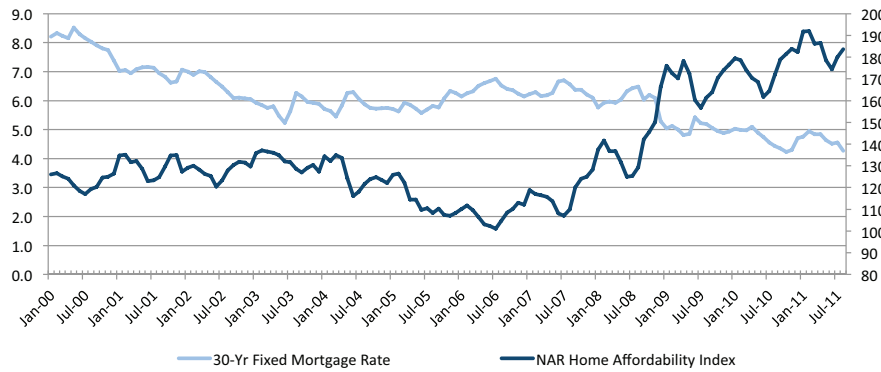


Sources: National Association of Realtors® and Census Bureau.



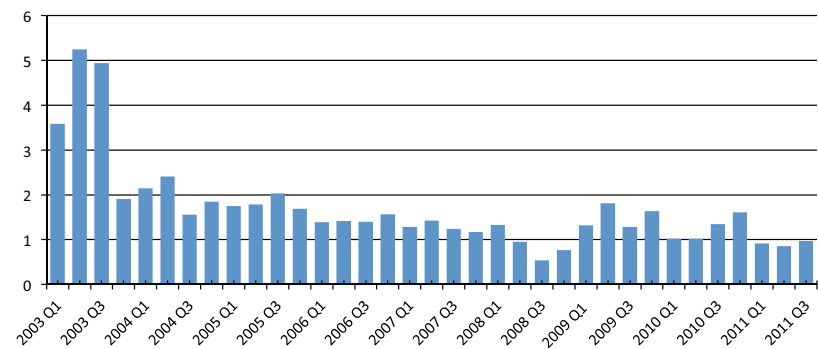
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**Mortgage Rates At Record Lows,  
Affordability Index Remains High**  
Percentage Rates And Index Values



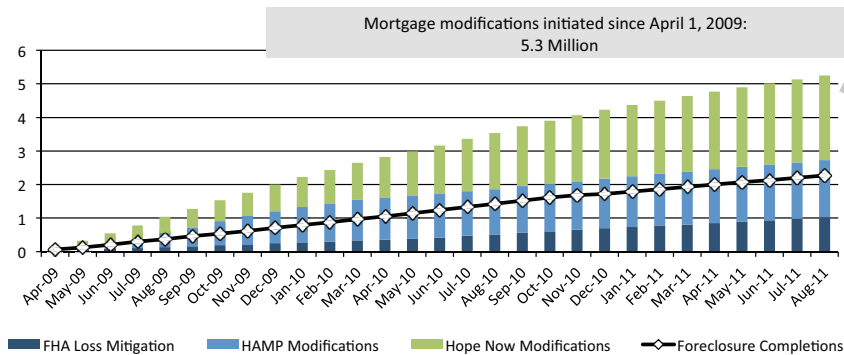
Sources: Freddie Mac and National Association of Realtors

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



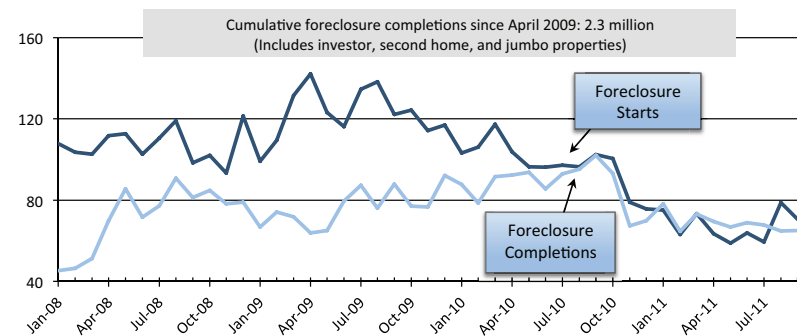
Sources: Mortgage Bankers Association and HUD.  
See Note 4, Sources and Methodology.

**Mortgage Aid Extended More Than 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 Trend Downward, Foreclosure Starts Turn  
Down In September**  
Monthly Foreclosure Actions (Thousands)



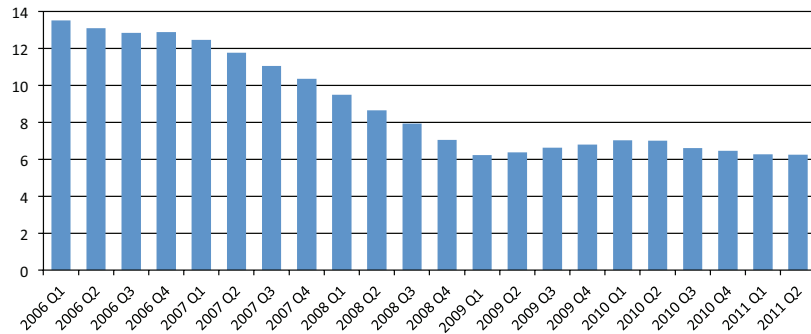
Source: Realty Trac.  
See Note 6, Sources and Methodology.



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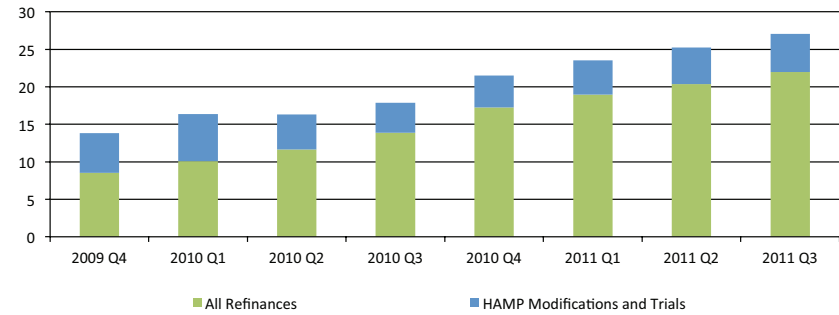
### Total Home Equity Similar To Prior Quarter And Remains Higher Than First Quarter 2009

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



Source: Federal Reserve Board.

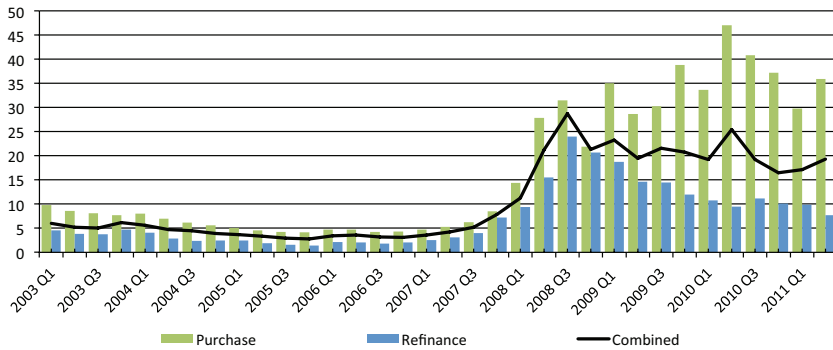
### Homeowners Save From Reduced Mortgage Payments Annualized Savings From Payment Reductions (\$ Billions)



Aggregate annual reduction in mortgage payments on refinances since April 1, 2009 plus active trial and permanent HAMP modifications.

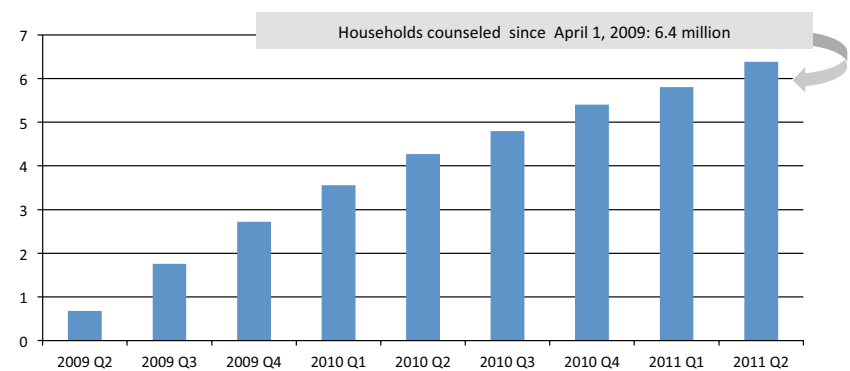
Sources: MBA, Treasury, Freddie Mac, and HUD.  
 See Note 7, Sources and Methodology.

### 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 April 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	26.0	26.6	1,714	September-11
HAMP Permanent Modifications	40.1	25.4	857	September-11
FHA Loss Mitigation Interventions	39.0	46.8	1,064	September-11
HOPE Now Modifications	55.8	55.7 (r)	2,526	August-11
HARP Refinances	28.9	26.5	894	August-11
Counseled Borrowers (thousands)	582.8	404.5	6,388	2nd Q 11
Borrower Annual Savings (\$ millions)				
HAMP Trial Modifications	-	-	562	3rd Q 11
HAMP Permanent Modifications	-	-	4,545	3rd Q 11
All Refinances	-	-	21,964 (p)	3rd Q 11
Activities Completed Under NSP (housing units)				
New Construction or Residential Rehab	-	-	6,612 [49,973] (b)	2nd Q 11
Demolition or Clearance	-	-	17,951 [25,027] (b)	2nd Q 11
Direct Homeownership Assistance	-	-	8,291 [20,433] (b)	2nd Q 11
Change in Aggregate Home Equity (\$ billions)	-17.6	-195.8 (r)	20.3	2nd 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)	4.10	4.11	4.23	5.10	27-Oct-11
Housing Affordability (index)	183.7	180.1 (r)	171.8	166.3	August-11
Home Prices (indices)					
Case Shiller (NSA)	142.8	142.6 (r)	148.5	150.5	August-11
FHFA (SA)	183.0	183.2 (r)	190.7	197.5	August-11
CoreLogic - Excluding Distressed Sales (NSA)	154.3	153.2 (r)	155.3	161.9	August-11
Home Sales (thousands, SA)					
New	26.1	24.7 (r)	26.3	31.4	September-11
Existing	409.2	421.7 (r)	367.5	395.0	September-11
First Time Buyers	217.6 (p)	223.2 (r)	196.9	174.8	September-11
Distressed Sales (percent, NSA)	27 (p)	27 (r)	30	32 (r)	August-11
Housing Supply					
Existing Homes for Sale (thousands, NSA)	3,480	3,551	4,000	3,700	September-11
Existing Homes - Months' Supply (months)	8.5	8.4 (r)	10.9	9.4	September-11
New Homes for Sale (thousands, SA)	163	163 (r)	202	353	September-11
New Homes for Sale - Months' Supply (months, SA)	6.2	6.6	7.7	11.2	September-11
Vacant Units Held Off Market (thousands)	3,843	3,861	3,725	3,511	2nd Q 11
Mortgage Originations (thousands)					
Refinance Originations	964.8 (p)	851.3	1,341.9	767.2	3rd Q 11
Purchase Originations	566.4 (p)	593.4	500.6	986.4	3rd Q 11
FHA Originations (thousands)					
Refinance Originations	26.3 (p)	21.7 (r)	56.6	62.9	September-11
Purchase Originations	71.3 (p)	71.8 (r)	70.0	72.7	September-11
Purchases by First Time Buyers	53.3 (p)	53.6 (r)	50.7	56.2	September-11
Mortgage Delinquency Rates (percent)					
Prime	4.4	4.4	5.2	4.4	September-11
Subprime	31.8	32.1	36.4	34.1	September-11
FHA	12.4	12.1	12.7	14.3	September-11
Seriously Delinquent Mortgages (thousands)					
Prime	1,481	1,472	1,660	913	September-11
Subprime	1,738	1,725	1,827	1,642	September-11
FHA	635	612	574	333	September-11
Underwater Borrowers (thousands)	10,882	10,906	10,971	-	2nd Q 10
Foreclosure Actions (thousands)					
Notice of Default (Foreclosure Starts)	70.7	78.9	102.4	121.5	September-11
Notice of Foreclosure Sale	79.1	84.4	142.9	103.0	September-11
Foreclosure Completions	65.0	64.8	102.1	78.9	September-11
Short Sales	24.9 (p)	24.1 (r)	22.4	13.9	August-11
REO Sales	50.6 (p)	52.6 (r)	66.0	74.1 (r)	August-11

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 HARP Refinances	Monthly Monthly Monthly Monthly Monthly	Treasury Treasury HUD Hope Now Alliance Federal Housing Finance Agency	As reported. As reported. All FHA loss mitigation and early delinquency interventions. All proprietary modifications completed. As reported.
Counseled Borrowers (thousands)	Quarterly	HUD	Housing counseling activity reported by all HUD-approved housing counselors.
Borrower Annual Savings HAMP Trial Modifications HAMP Permanent Modifications All Refinances	Quarterly Quarterly Quarterly	HUD, Treasury, and Freddie Mac HUD and Treasury HUD, and MBA	HUD estimate of annualized savings based on Treasury reported active HAMP trial modifications and Freddie Mac monthly savings estimates. HUD estimate of annualized savings based on Treasury reported active HAMP permanent modifications and median monthly savings estimates. Refinance originations (see below) multiplied by HUD estimate of annualized savings per refinance.
Completed Activities Under NSP (housing units) New Construction or Residential Rehab Demolition or Clearance Direct Homeownership Assistance	Quarterly Quarterly Quarterly	HUD HUD HUD	Housing units constructed/rehabilitated using Neighborhood Stabilization Program. Bracketed numbers include units in process, to be completed by 3/2013. Housing units demolished/cleared using Neighborhood Stabilization Program. Bracketed numbers as above. 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) FHFA (SA) CoreLogic - Excluding Distressed Sales (NSA)	Monthly Monthly Monthly	Standard and Poor's Federal Housing Finance Agency CoreLogic	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 monthly (purchase-only) index for US, January 1991 = 100. CoreLogic national combined index, distressed sales excluded, January 2000 = 100. (Only available as NSA).
Home Sales (SA) New Existing First Time Buyers Distressed Sales (NSA)	Monthly Monthly Monthly Monthly	HUD and Census Bureau National Association of Realtors® NAR, Census Bureau, and HUD CoreLogic	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. 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. 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. 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) 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 Purchase Originations	Quarterly Quarterly	Mortgage Bankers Association and HUD Mortgage Bankers Association and HUD	HUD estimate of refinance originations based on MBA estimate of dollar volume of refinance originations. 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 Buyer	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 Applied Analytics LPS Applied 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 Applied Analytics, MBA, and HUD LPS Applied Analytics, 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	CoreLogic	As reported.
Foreclosure Actions Notice of Default (Foreclosure Starts) Notice of Foreclosure Sale Foreclosure Completions Short sales REO Sales	Monthly Monthly Monthly Monthly Monthly	Realty Trac Realty Trac Realty Trac CoreLogic CoreLogic	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 sale (auctions). Real Estate Owned (REO). Count of Short Sales for the month as reported (current month subject to revision). 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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