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

April 2012

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 Mortgage-Backed Securities 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.

April 2012 Scorecard on Administration's Comprehensive Housing Initiative

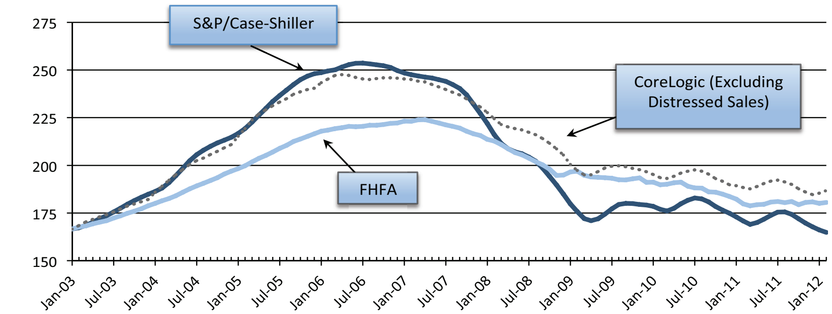
The President's housing market recovery efforts began immediately after taking office in February 2009. The April 2012 housing scorecard includes the following key indicators of market health and results of the Administration's comprehensive response, as outlined above:

- **Market data show progress on home sales and mortgage delinquencies, but continued fragility overall.** Mortgage delinquencies have declined for four consecutive months and remain substantially below year ago levels; sales of existing homes in the first quarter were 5.3 percent higher than one year ago. While data on home prices were soft in many mortgage markets, adjusting for the traditionally slow winter months reveals the first uptick since April 2011. Finally, inventories of homes for sale are at their lowest levels in years; at the current sales pace, it would take 5.3 months to sell the current months' supply of new homes for sale and 6.3 months to sell the current supply of existing homes. Experts consider a six month supply of homes for sale to be a balanced market.
- **The Administration's recovery efforts continue to help millions of families deal with the worst economic crisis since the Great Depression.** More than 5.9 million modification arrangements were started between April 2009 and the end of March 2012 – including more than 1.8 million HAMP trial modification starts and more than 1.3 million FHA loss mitigation and early delinquency interventions. The Administration's programs continue to encourage improved standards and processes in the industry, with HOPE Now lenders offering families and individuals more than 2.8 million proprietary mortgage modifications through February.
- **More than 1.1 million homeowner assistance actions were granted through Making Home Affordable.** Eligible homeowners entering HAMP continue to demonstrate a high likelihood of long-term success in the program. As of March, more than 990,000 homeowners received a permanent HAMP modification, saving approximately $535 on their mortgage payments each month with a total estimated savings of $12.2 billion to date. Eighty-six percent of homeowners entering the program in the last 21 months have received a permanent modification, with an average trial period of 3.5 months. After six months in the program, more than 94 percent of homeowners remain in their HAMP permanent modification. The March 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.

House Prices Remain Soft in Many Markets
Distressed Sales Still Key In This Fragile Recovery

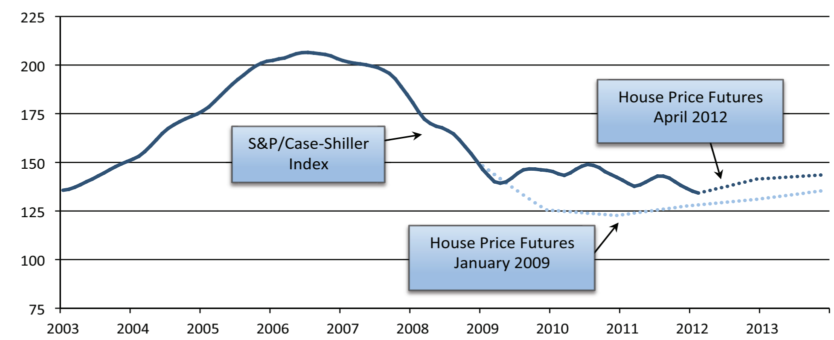
Monthly House Price Trends By Index ($ Thousands)



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

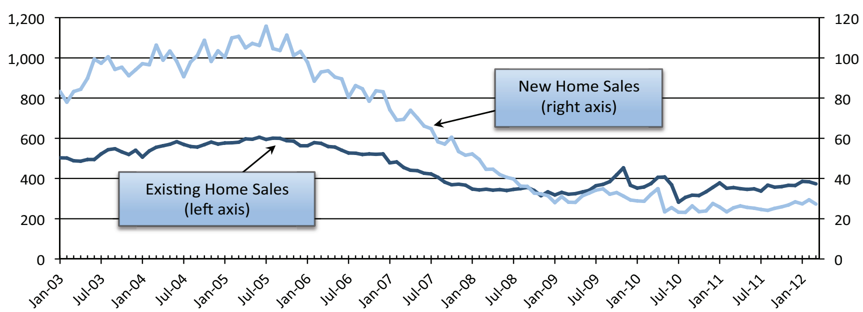
S&P/Case-Shiller, House Price Futures Index (Jan 2000 = 100)



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

Existing And New Home Sales

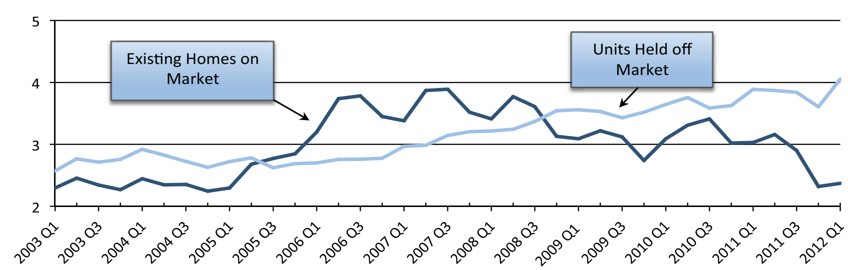
Monthly Sales (Thousands)



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

Existing Homes On The Market At Low Level,
Number Of Units Held Off The Market Remains High

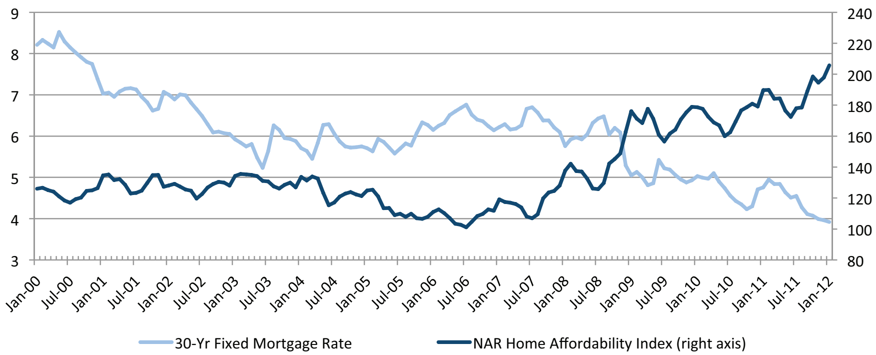
Existing Homes Available for Sale (End of Period)
and Total Vacant Housing Units (Year Round) Off Market (Millions)



Sources: National Association of Realtors® and Census Bureau.

Mortgage Rates At Record Lows, Affordability Index at Record High

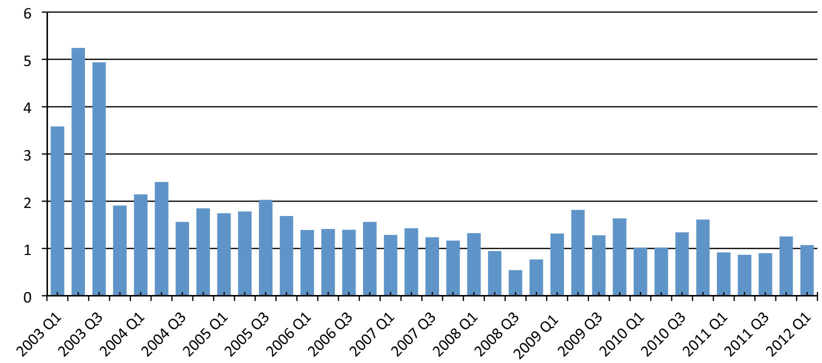
Percentage Rates And Index Values



Sources: Freddie Mac and National Asssociation of Realtors

14.7 Million Homeowners Have Refinanced Since April 1, 2009

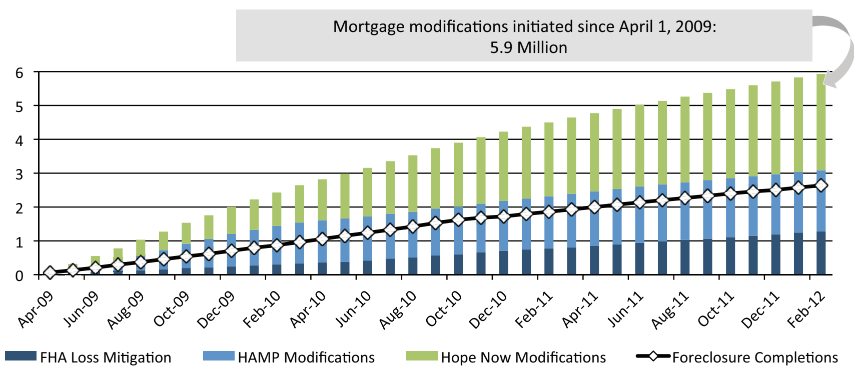
Quarterly Refinance Mortgage Originations (Millions)



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

Mortgage Aid Extended Nearly 6 Million Times, Outpacing Foreclosures

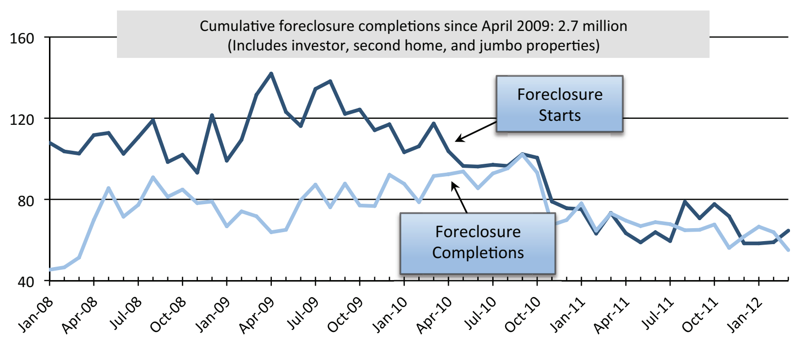
Cumulative Mortgages Offered Aid Or Foreclosed Since April 1, 2009 (Millions)



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

Mortgage Aid Helps Foreclosures Trend Downward, Foreclosure Completions Turn Down Again

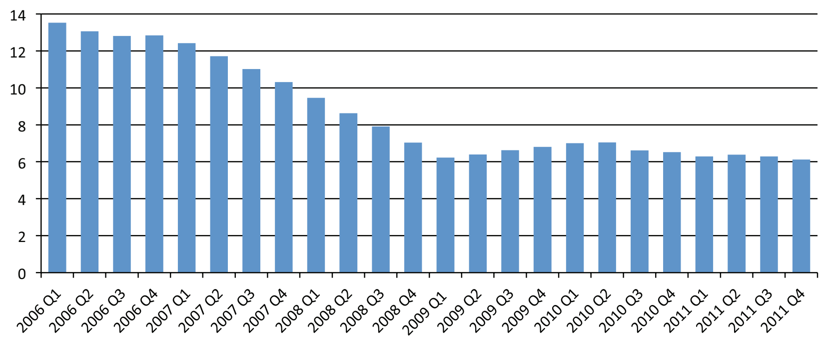
Monthly Foreclosure Actions (Thousands)



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

Total Home Equity Down From Prior Quarter And Slightly Lower Than First Quarter 2009

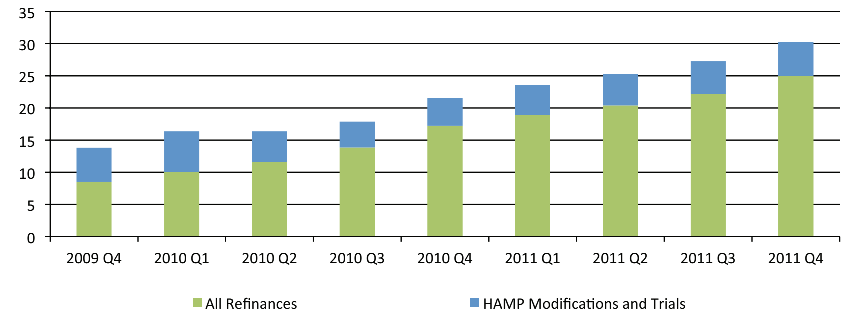
Owners' Equity In Household Real Estate At End Of Period ($ Trillions)



Source: Federal Reserve Board.

Homeowners Save From Reduced Mortgage Payments

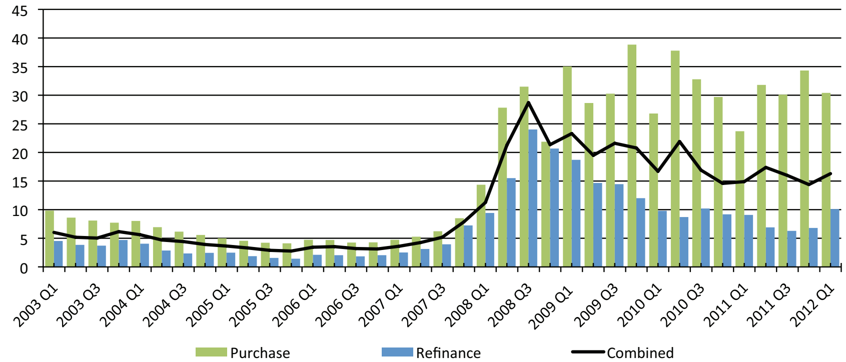
Annualized Savings From Payment Reductions ($ Billions)



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

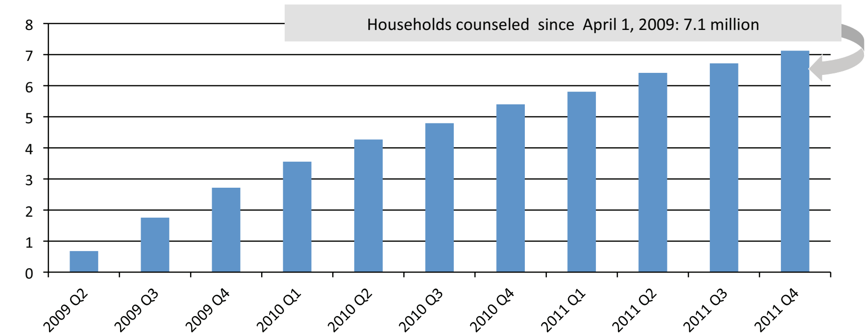
FHA As Share Of Quarterly Mortgage Originations By Type (Percent)



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.

HOUSING ASSISTANCE AND STABILIZATION PERFORMANCE METRICS

Indicator	This Period	Last Period	Cumulative From April 1, 2009	Latest Release
Distressed Homeowners Assisted (thousands)				
HAMP Trial Modifications	20.9	17.5	1,830	March-12
HAMP Permanent Modifications	19.9	22.3	994	March-12
FHA Loss Mitigation Interventions	29.9	35.1	1,305	March-12
HOPE Now Modifications	44.5	55.8	2,843	February-12
HARP Refinances	44.5	56.2	1,123	February-12
Counseled Borrowers (thousands)	411.2	301.7	7,130	4th Q 11
Borrower Annual Savings ($ millions)				
HAMP Trial Modifications	–	–	396	4th Q 11
HAMP Permanent Modifications	–	–	4,864	4th Q 11
All Refinances	–	–	27,377	1st Q 12
Activities Completed Under NSP (housing units)				
New Construction or Residential Rehab	–	–	9,654 [54,204] (b)	4th Q 11
Demolition or Clearance	–	–	24,181 [29,355] (b)	4th Q 11
Direct Homeownership Assistance	–	–	8,698 [19,566] (b)	4th Q 11
Change in Aggregate Home Equity ($ billions)	–171.4	–88.3 (r)	–106.1	4th 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)	3.88	3.90	4.78	5.10	26-Apr-12
Housing Affordability (index)	206.6	205.8 (r)	189.8	162.9 (r)	February-12
Home Prices (indices)					
Case Shiller (NSA)	134.2	135.2 (r)	139.1	150.5	February-12
FHFA (SA)	182.5	182.0 (r)	181.7	197.1 (r)	February-12
CoreLogic - Excluding Distressed Sales (NSA)	146.9	145.8 (r)	148.1	161.5	February-12
Home Sales (thousands, SA)					
New	27.3	29.4 (r)	25.4	31.4	March-12
Existing	373.3	383.3 (r)	355.0	334.2	March-12
First Time Buyers	148.2 (p)	152.7 (r)	140.8	149.9	March-12
Distressed Sales (percent, NSA)	29 (p)	31	35	32	February-12
Housing Supply					
Existing Homes for Sale (thousands, NSA)	2,370	2,400 (r)	3,030	3,130	March-12
Existing Homes - Months' Supply (months)	6.3	6.3 (r)	8.5	9.4	March-12
New Homes for Sale (thousands, SA)	144	146 (r)	178	353	March-12
New Homes for Sale - Months' Supply (months, SA)	5.3	5.0 (r)	7.0	11.2	March-12
Vacant Units Held Off Market (thousands)	4,053	3,606	3,889	3,542	4th Q 11
Mortgage Originations (thousands)					
Refinance Originations	1,071.5 (p)	1,253.6 (r)	918.1	767.2	1st Q 12
Purchase Originations	406.6 (p)	410.3 (r)	517.8	986.4	1st Q 12
FHA Originations (thousands)					
Refinance Originations	60.6 (p)	41.6 (r)	29.0	62.9	March-12
Purchase Originations	77.7 (p)	49.1 (r)	66.6	72.7	March-12
Purchases by First Time Buyers	58.5 (p)	35.5 (r)	50.8	56.2	March-12
Mortgage Delinquency Rates (percent)					
Prime	3.8	4.2 (r)	4.2	4.4	March-12
Subprime	28.6	29.9 (r)	31.8	34.3 (r)	March-12
FHA	11.4	12.1	10.6	14.3	March-12
Seriously Delinquent Mortgages (thousands)					
Prime	1,405	1,438 (r)	1,538	915 (r)	March-12
Subprime	1,670	1,707 (r)	1,710	1,632 (r)	March-12
FHA	708	724	581	333	March-12
Underwater Borrowers (thousands)	11,119	10,723	11,089	–	4th Q 10
Foreclosure Actions (thousands)					
Notice of Default (Foreclosure Starts)	64.7	58.9	73.4	121.5	March-12
Notice of Foreclosure Sale	79.1	84.2	93.2	103.0	March-12
Foreclosure Completions	55.1	63.8	73.2	78.9	March-12
Short Sales	21.3 (p)	21.9 (r)	19.3	13.9	February-12
REO Sales	40.1 (p)	44.4 (r)	63.4	74.4 (r)	February-12

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.
HARP Refinances	Monthly	Federal Housing Finance Agency	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 in Census CPS/HPS Table 4. Estimates of Housing Inventory, line item "Year-round vacant, held off market for reasons other than occasional use or usually reside elsewhere." Vacant units can be held off the market for a variety of reasons.
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	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 purchased on the Chicago Board of Exchange 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. Data for 2010 and 2011 have been revised.

C. Additional Notes.

Additional loan servicers were added to the LPS Applied Analytics data base in March 2012, increasing market coverage of active prime loans in the LPS sample by 0.5 percent and active subprime loans by 20 percent. Since the estimated number of delinquent loans from this source have always been scaled to represent the entire market, the additional market coverage would not necessarily increase the number of delinquent loans reported here. The increased sample size improves the accuracy of the estimates.

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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