

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



August 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.

## August 2012 Scorecard on Administration's Comprehensive Housing Initiative

The President's housing market recovery efforts began immediately after taking office in February 2009. The August 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 important progress in home prices and for underwater mortgages, but continued fragility overall.**

The number of underwater borrowers fell 11 percent from the end of last year – dropping from 12.1 million in the 4th quarter of 2011 to 10.8 million in the second quarter of 2012 – with the overall share of underwater mortgages declining from 25.2 percent to 22.3 percent. Also, second quarter home prices rose according to all three measures tracked in the scorecard –

progress that has been maintained for at least three consecutive months. Most notably, the Case-Shiller index registered an annual home price increase for the first time since September 2010.

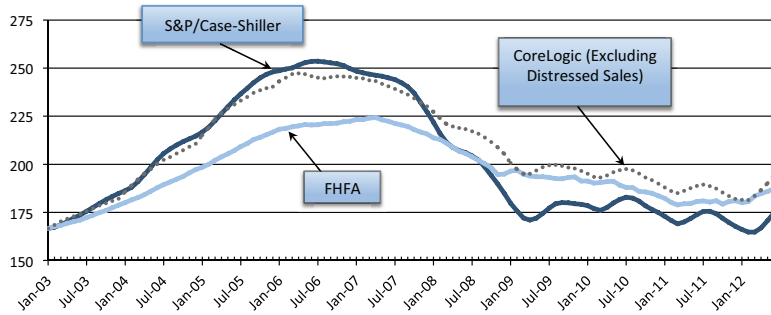
- **The Administration's foreclosure programs are providing relief for millions of homeowners as we continue to recover from an unprecedented housing crisis.** More than 1.2 million homeowner assistance actions have taken place through the Making Home Affordable Program, while the Federal Housing Administration (FHA) has offered more than 1.4 million 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 three million proprietary mortgage modifications through July.
- **Homeowners entering HAMP continue to benefit from deep and sustainable assistance.** As of July, more than one million homeowners have received a permanent HAMP modification, saving approximately \$538 on their mortgage payments each month, and an estimated \$14.4 billion to date. In July, 77 percent of homeowners with eligible non-GSE mortgages benefitted from principal reduction with their HAMP modification. Eighty-seven percent of homeowners entering the program in the last two years have received a permanent modification. The July 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.



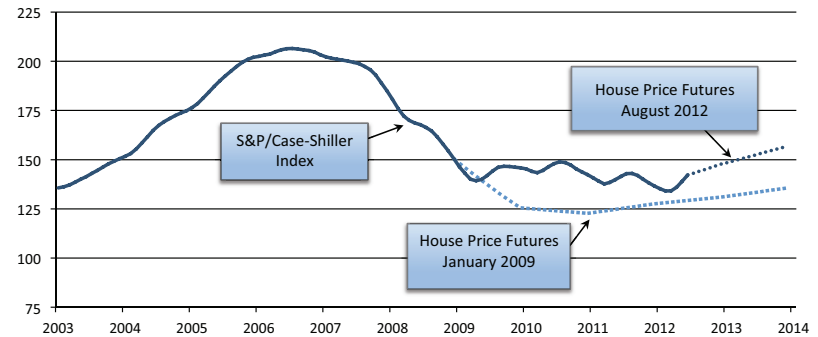
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**House Prices Trended Up In Second Quarter  
 Distressed Sales Remain Key In Recovery**  
 Monthly House Price Trends By Index (\$ Thousands)



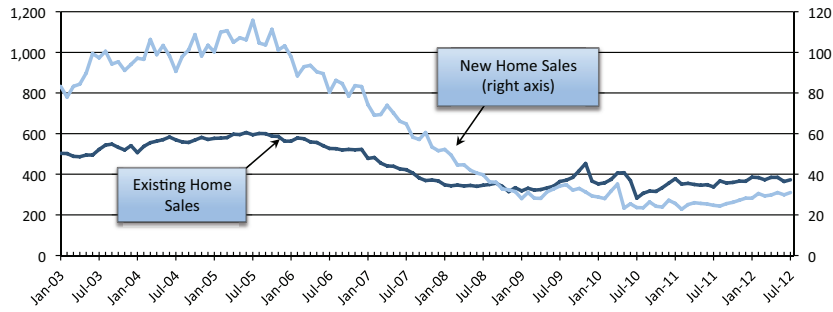
Sources: Standard & Poor's, Federal Housing Finance Agency, CoreLogic, and HUD.  
 See Note 1, Sources and Methodology.

**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.

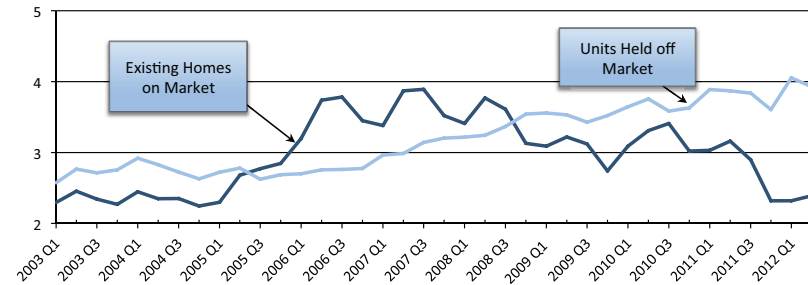
**Existing And New Home Sales**  
 Monthly Sales (Thousands)



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)

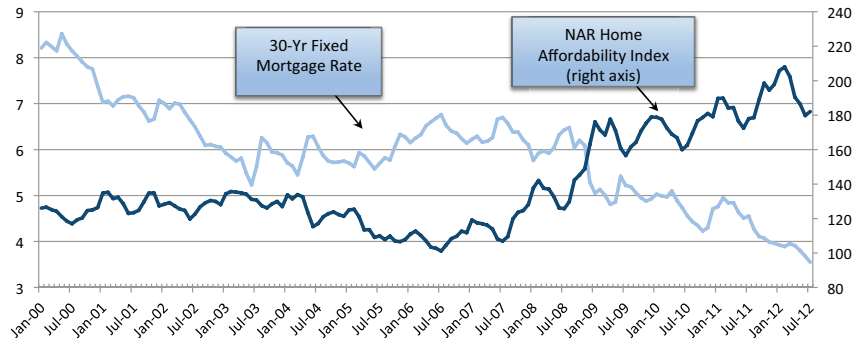


Sources: National Association of Realtors® and Census Bureau.



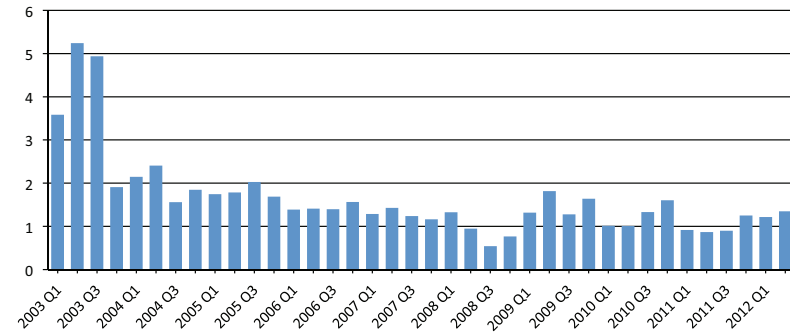
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**Mortgage Rates At Record Lows,  
Homes Remain Highly Affordable**  
Percentage Rates And Index Values



Sources: Freddie Mac and National Association of Realtors

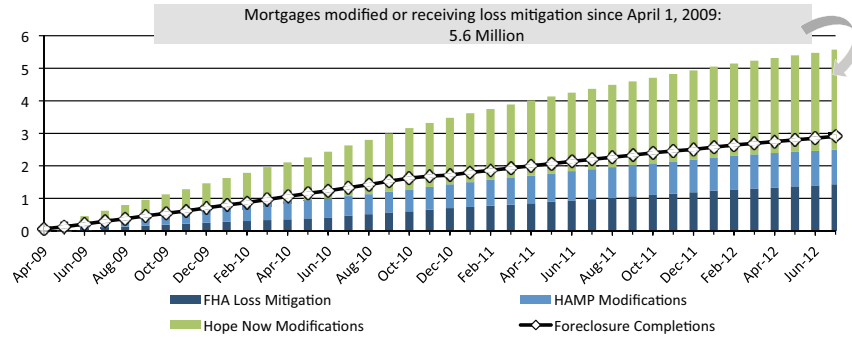
**16.2 Million Homeowners Have Refinanced  
Since April 1, 2009**  
Quarterly Refinance Mortgage Originations (Millions)



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

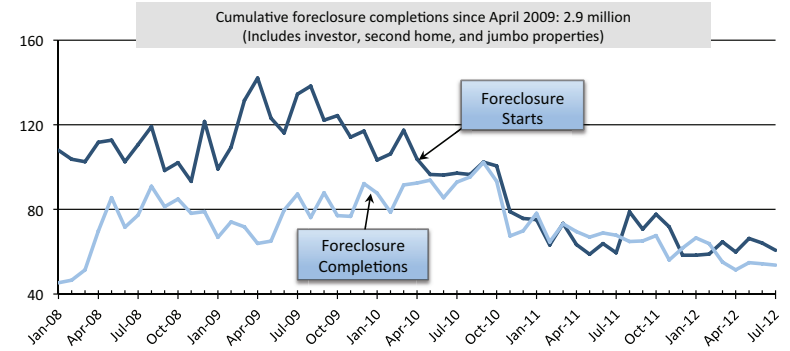
**Mortgage Aid Extended Over 5.5 Million Times,  
Outpacing Foreclosures**

Cumulative Mortgages Receiving Aid and Mortgages Foreclosed Since April 1, 2009 (Millions)



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

**Mortgage Aid Helps Keep Foreclosure Filings Down**  
Monthly Foreclosure Actions (Thousands)



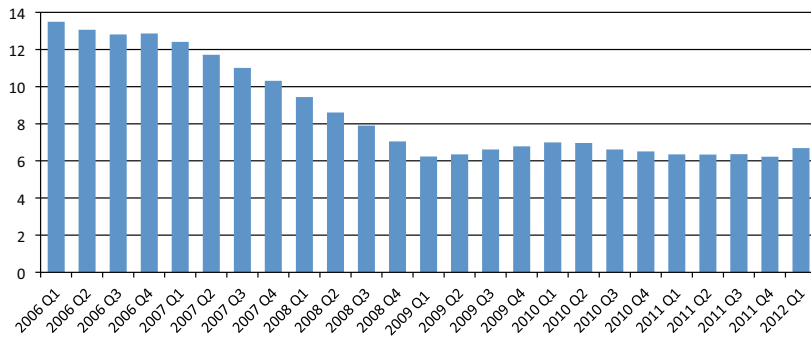
Foreclosure starts as measured by filings of notice of default or *lis pendens*.  
Source: Realty Trac.  
See Note 6, Sources and Methodology.



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### Home Equity Shows Sharp Gain in First Quarter 2012

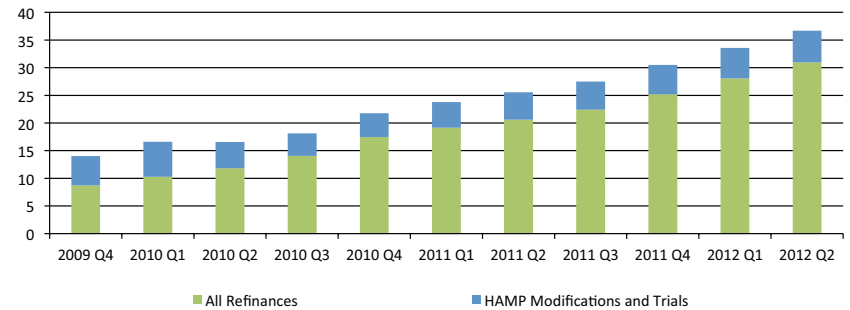
Owners' Equity In Household Real Estate At End Of Period (\$ Trillions)



Source: Federal Reserve Board.

### Homeowners Save From Reduced Mortgage Payments

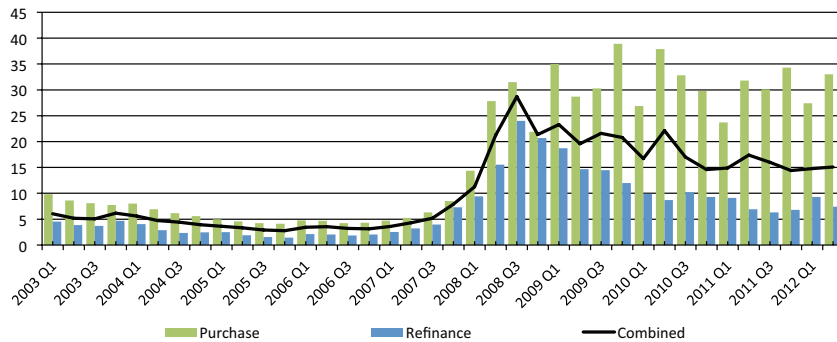
Annualized Savings From Payment Reductions (\$ Billions)



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

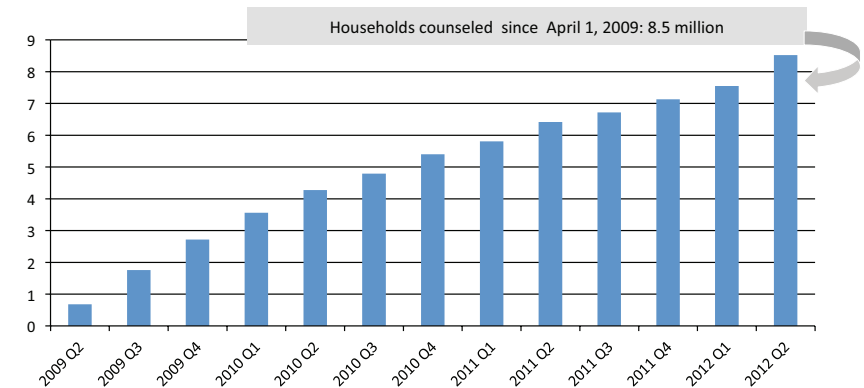
FHA As Share Of Quarterly Mortgage Originations By Type (Percent)



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 April 1, 2009	Latest Release
Distressed Homeowners Assisted (thousands)				
HAMP Trial Modifications	14.1	16.3	1,898	July-12
HAMP Permanent Modifications	16.8	17.2	1,060	July-12
FHA Loss Mitigation Interventions	33.7	33.5	1,435	July-12
HOPE Now Modifications	66.0	46.2	3,081	July-12
HARP Refinances	96.4	125.9	1,541	July-12
Counseled Borrowers (thousands)	972.3	420.4	8,522	2nd Q 12
Borrower Annual Savings (\$ millions)				
HAMP Active Trial Modifications	-	-	421	2nd Q 12
HAMP Active Permanent Modifications	-	-	5,277 (r)	2nd Q 12
All Refinances	-	-	30,972 (r)	2nd Q 12
Activities Completed Under NSP (housing units)				
New Construction or Residential Rehab	-	-	14,754 [56,949] (b)	2nd Q 12
Demolition or Clearance	-	-	23,822 [25,779] (b)	2nd Q 12
Direct Homeownership Assistance	-	-	8,792 [18,070] (b,s)	2nd Q 12
Change in Aggregate Home Equity (\$ billions)	457.1	-132.7 (r)	451.9	1st Q 12

HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	As of Dec 2008	Latest Release
Mortgage Rates (30-Yr FRM, percent)	3.55	3.59	4.12	5.10	6-Sep-12
Housing Affordability (index)	182.0	179.7	178.0	162.9	July-12
Home Prices (indices)					
Case Shiller (NSA)	142.2	139.0	141.5	150.5	June-12
FHFA (SA)	189.8	188.5 (r)	183.1	197.6	June-12
CoreLogic - Excluding Distressed Sales (NSA)	155.1	152.5	148.8	161.4	July-12
Home Sales (thousands, SA)					
New	31.0	29.9 (r)	24.8	31.4	July-12
Existing	372.5	364.2	337.5	334.2	July-12
First Time Buyers	149.3 (p)	145.8 (r)	134.0	149.9	July-12
Distressed Sales (percent, NSA)	22 (p)	24	27	32	June-12
Housing Supply					
Existing Homes for Sale (thousands, NSA)	2,400	2,370 (r)	3,150	3,130	July-12
Existing Homes - Months' Supply (months)	6.4	6.5 (r)	9.3	9.4	July-12
New Homes for Sale (thousands, SA)	142	143 (r)	165	353	July-12
New Homes for Sale - Months' Supply (months, SA)	4.6	4.8 (r)	6.7	11.2	July-12
Vacant Units Held Off Market (thousands)	3,928	4,053	3,869	3,542	2nd Q 12
Mortgage Originations (thousands)					
Refinance Originations	1,348.5	1,215.0 (r)	869.1	767.2	2nd Q 12
Purchase Originations	497.8	456.0 (r)	541.8	986.4	2nd Q 12
FHA Originations (thousands)					
Refinance Originations	24.9 (p)	32.0 (r)	17.1	62.9	July-12
Purchase Originations	60.4 (p)	69.8 (r)	68.4	72.7	July-12
Purchases by First Time Buyers	46.3 (p)	49.0 (r)	52.1	56.2	July-12
Mortgage Delinquency Rates (percent)					
Prime	4.0	4.1	4.5	4.4	July-12
Subprime	29.1	29.5	33.1	34.3	July-12
FHA	11.9	12.0	12.2	14.3	July-12
Seriously Delinquent Mortgages (thousands)					
Prime	1,335	1,352 (r)	1,469	915	July-12
Subprime	1,585	1,599 (r)	1,733	1,632	July-12
FHA	726	721	599	333	July-12
Underwater Borrowers (thousands)	10,779	11,374 (r,s)	11,794	-	2nd Q 12
Foreclosure Actions (thousands)					
Notice of Default (Foreclosure Starts)	60.6	64.1	59.5	121.5	July-12
Notice of Foreclosure Sale	77.6	79.5	85.4	103.0	July-12
Foreclosure Completions	53.7	54.3	67.8	78.9	July-12
Short Sales	26.7 (p)	30.7 (r)	28.4	13.9	June-12
REO Sales	36.0 (p)	51.4 (r)	67.8	74.5	June-12

SA = seasonally adjusted, NSA = not SA, p = preliminary, r = revised, b = brackets include units in process, s = see note Sources and Methodology page.



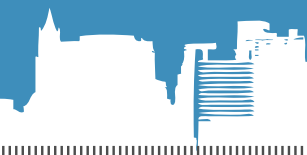
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SOURCES AND METHODOLOGY

**A. Items in Tables**

Description	Frequency	Sources	Notes on Methodology
Distressed Homeowners Assisted HAMP Trial Modifications HAMP Permanent Modifications HARP Refinances FHA Loss Mitigation Interventions HOPE Now Modifications	Monthly Monthly Monthly Monthly Monthly	Treasury Treasury Federal Housing Finance Agency HUD Hope Now Alliance	As reported. 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 Active Trial Modifications HAMP Active 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 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 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 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 permanent 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.

The Q4 2011 NSP data shown in prior scorecards were revised with the Q1 2012 data. Also, the Q1 2011 NSP counts for Direct Homeownership Assistance were revised with the Q2 2012 data.

Beginning the 1st quarter of 2012, Corelogic revised the methodology used to estimate the number of underwater borrowers by improving the accuracy of their home value estimates. This resulted in increasing the share and number of loans underwater, affecting current and past quarters. CoreLogic provided revised estimates back through the 3rd quarter of 2009.



## Appendix

The Administration has taken a broad set of actions to stabilize the housing market and help American homeowners. Three 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.
- Implemented a series of changes to the Home Affordable Refinance Program (HARP) in an effort to attract more eligible borrowers who can benefit from refinancing their home mortgages during this time of historically low mortgage rates.

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