

U.S. DEPARTMENT OF THE TREASURY

Press Center



Obama Administration Releases May Housing Scorecard

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Quarterly Servicer Assessments Show Mortgage Servicers Continue to Demonstrate Broad Improvement in Implementation of the Making Home Affordable Program as Expanded Program Eligibility Becomes Available for Homeowners

WASHINGTON- The U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of the Treasury today released the **May edition** of the Obama Administration's Housing Scorecard – a comprehensive report on the nation's housing market. Data in the May Housing Scorecard show promise as indicators continue to show signs of stability, though officials caution that the overall outlook remains mixed. Sales of existing homes rose 2.4 percent in April, increasing in every region of the U.S. In addition, the inventory of newly constructed houses increased for the first time since April 2007. Since sales outpaced inventory levels, the supply of homes on the market dipped to 5.1 months from 5.2 months in March and a peak of 12.2 months in January 2009. Distressed sales remain a key factor, however, as the impact of serious delinquencies and underwater mortgages continue to temper market gains. The full report is available online at www.hud.gov/scorecard.

HUD Acting Assistant Secretary Erika Poethig said, "This month's indicators show promise – more than 180,000 borrowers took advantage of our enhanced Home Affordable Refinance Program in the last quarter alone and foreclosure starts are declining as more homeowners secure mortgage relief – but with so many households still struggling to make ends meet it's clear that we have more work ahead." Poethig continued, "That is why we are asking the Congress to approve the President's refinancing proposal so that more homeowners can receive assistance."

Included in this month's **Making Home Affordable Program Report** are detailed assessments for the largest mortgage servicers participating in the program with results from the first quarter of 2012. The Servicer Assessments – first introduced in June 2011 and published quarterly – have set a benchmark for disclosure around servicer efforts to assist struggling homeowners. The First Quarter 2012 assessments show that the largest servicers continue to demonstrate broad improvement in implementation of the Making Home Affordable Program, and have focused attention on remediating past areas of need identified by Treasury through ongoing program reviews. For the second consecutive quarter, no mortgage servicer was found to be in need of substantial improvement.

"The Administration's programs have established critical standards and accountability for mortgage servicers that have compelled the industry to provide higher quality assistance to struggling homeowners; however, servicers still have more work to do," said Treasury Assistant Secretary for Financial Stability Tim Massad. "This month, expanded eligibility for the Making Home Affordable Program becomes available to help more families benefit from the program's sustainable assistance and homeowner protections."

Since inception of the Making Home Affordable Program, Treasury has required participating servicers to take specific actions to improve their processes through ongoing program reviews. The Servicer Assessments summarize performance on metrics in three categories of program implementation: identifying and contacting homeowners; homeowner evaluation and assistance; and program reporting, management and governance.

For the first quarter of 2012, three servicers were found to need only minor improvement with respect to the specific metrics evaluated. Six servicers were found to need moderate improvement. All servicers must continue to demonstrate progress and program compliance through ongoing reviews. Treasury continues to retain the right to withhold program incentives from mortgage servicers in future periods if necessary.

The release of the First Quarter 2012 Servicer Assessments coincides with the availability of expanded program eligibility for the Making Home Affordable Program **announced by Treasury in January**. The new criteria expand program eligibility to include homeowners with a debt-to-income ratio below 31 percent, properties occupied by a tenant and vacant properties which the borrower intends to rent. As of June 1, 2012, servicers have informed Treasury that they have begun accepting HAMP Tier 2 modification requests from homeowners.

As the Administration continues to push servicers to provide more effective assistance to struggling homeowners, the ongoing recovery of the housing market demonstrates the need for the Administration's continuing efforts. The **May Housing Scorecard** features key data on the health of the housing market and the impact of the Administration's foreclosure prevention programs, including:

- **The Administration's foreclosure programs are providing relief for millions of homeowners as the housing market continues to recover from an unprecedented crisis.** More than 1.1 million homeowner assistance actions have taken place through the Administration's Making Home Affordable Program, while the Federal Housing Administration (FHA) has offered more than 1.3 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 nearly 2.9 million proprietary mortgage modifications through April.
- **Homeowners entering HAMP demonstrate a high likelihood of long-term success in the program.** As of April, more than one million homeowners have received a permanent HAMP modification, saving approximately \$535 on their mortgage payments each month, and an estimated \$12.7 billion to date. Eighty-six percent of homeowners entering the program in the last 22 months have received a permanent modification, with an average trial period of 3.5 months. Seventy percent of non-GSE customers entering HAMP in recent months have received some form of principal reduction with their modification. Those participating in the HAMP Principal Reduction Alternative (PRA) have seen a median principal reduction of \$68,267 – or 31 percent. [View the Making Home Affordable Program Report with data through April 2012.](#)

Also featured this month is the Administration's Housing Scorecard Regional Spotlight on market strength in Cincinnati, Ohio and surrounding communities. The Cincinnati metro area was one of the hardest hit areas in the nation following the housing market downturn and an area where the Administration's broad approach to stabilizing the housing market has been very active.

"The fragile signs of stability that the national data show for the broader housing market are even more delicate in the Cincinnati market," said Poethig. "The Administration is working hard to help all homeowners who have been hit hard during the crisis and, as this Regional Spotlight shows, our efforts have helped nearly 34,000 Cincinnati households to avoid foreclosure. A modest local economic recovery is underway, but we have much more to do to reach the many households who still face trouble and to help the Cincinnati market recover."

The bi-monthly Housing Scorecard Regional Spotlight features data on the health of the Cincinnati housing market and impact of efforts to help homeowners at the local level including:

- **The challenges in the far-spanning Cincinnati housing market have been more severe than those in most areas of the nation, as a high percentage of distressed mortgages and many severely underwater mortgages contribute to continued fragility.** Sales of bank-owned properties and short sales remain high at 30 percent of existing home sales in the Cincinnati market compared to 29 percent nationally, which contributes to continued weakness in local home prices. Moreover, 25 percent of mortgages in the Cincinnati area are currently underwater – compared to 23 percent nationally – representing additional homeowners and loans potentially at risk.
- **More than 34,000 Cincinnati households have received mortgage modifications, many directly through Administration programs.** Since April 1, 2009 more than 34,000 mortgage assistance interventions have been offered to homeowners in the Cincinnati metropolitan area. Nearly 20,000 interventions were offered through HAMP and the FHA loss mitigation and early delinquency intervention programs. An estimated additional 14,000 proprietary modifications have been offered through HOPE Now Alliance servicers. While some homeowners may have received help from more than one program, the number of times assistance has been offered in the Cincinnati MSA is nearly double the number of foreclosures completed during this period (17,900).
- **The Administration's Hardest Hit Fund and Neighborhood Stabilization Programs have fueled local foreclosure prevention efforts and market stability.** Ohio has received approximately \$570 million through the Hardest Hit Fund to implement local solutions to mitigate borrower mortgage defaults and address the range of factors that contribute to a family's financial problems. Moreover, approximately \$52.7 million has been awarded to five jurisdictions through the Neighborhood Stabilization Program to help purchase or redevelop residential properties and address the effects of abandoned and foreclosed housing. Both programs have helped provide stability to the Cincinnati housing market.

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