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

July 2010

U.S Department of Housing and Urban Development | U.S. Department of the Treasury

The Administration's goal is to promote stability for both the housing market and 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, continued FHA engagement, and support for Fannie Mae and Freddie Mac. 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.

July 2010 Scorecard on Administration's Comprehensive Housing Initiative

The President's housing market recovery efforts began immediately after taking office in February 2009. As of July 2010, the Administration's comprehensive response, as outlined above, has yielded the following results:

- **Historic low rates continue to promote affordability:** Families continue to benefit from the lowest rates in history on 30-year fixed mortgages. Since April of 2009, record low rates have helped more than 7.2 million homeowners to refinance, resulting in more stable home prices and $12.9 billion in total borrower savings.
- **Over twice as many homeowners helped compared to foreclosure completions:** Nearly three million borrowers have received restructured mortgages since April 2009, outpacing the 1.24 million foreclosure completions for the same period. As more families are able to remain in their homes, household assets continue to rise with $1.1 trillion in home equity gained since April 2009.
- **HAMP permanent modifications are on pace, as more than 51,000 trial agreements graduated to permanent in June:** Servicers report the number of homeowners receiving restructured mortgages has increased to a new total of 2.95 million, including more than 1.2 million homeowners under HAMP trial modifications and nearly 400,000 benefitting from FHA loss mitigation activities. However, cancellations from HAMP trial plans remain high as many borrowers who received temporary modifications were not able to meet eligibility requirements such as verifying their income and successfully making trial payments. Link to view the latest Making Home Affordable program report: http://www.financialstability.gov/docs/June%20MHA%20Public%20071810.pdf

For the first time, this report now tracks the impact of HUD's Neighborhood Stabilization Program (NSP), a $6 billion effort to help local jurisdictions address the foreclosure crisis by allowing grantees to acquire foreclosed homes and repair, redevelop, rent or sell them to low and moderate income households. Nearly $2 billion in Recovery Act funds were awarded in the second round of NSP grants.

Meanwhile other data in the scorecard show that the recovery of the housing market remains fragile, with the some measures suggesting recovery will take place over time. For example, in May, sales of new and existing sales dropped after the expiration of the tax credit, and the supply of homes on and off the market remains near all-time highs; it will take time to work through this large inventory.

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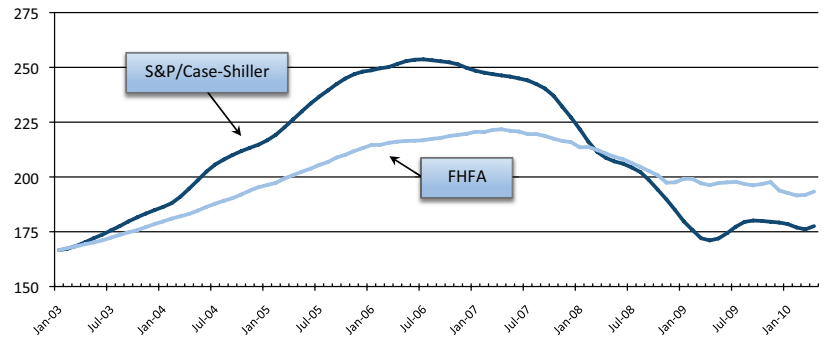
House Prices Show Signs of Stabilizing

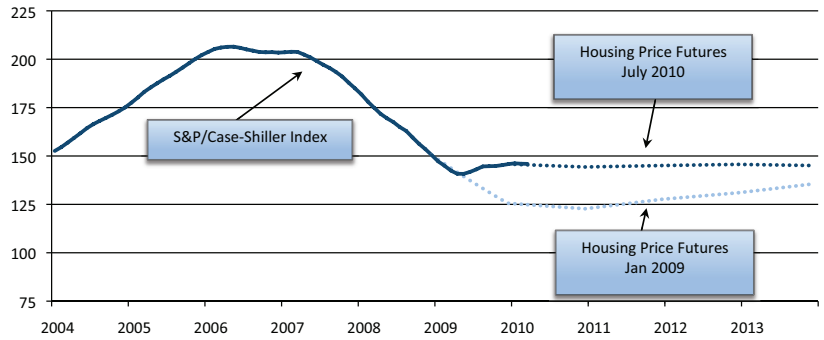
Monthly House Price Trends ($ Thousands)



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

Expectations on House Prices Have Shifted Up from 2009

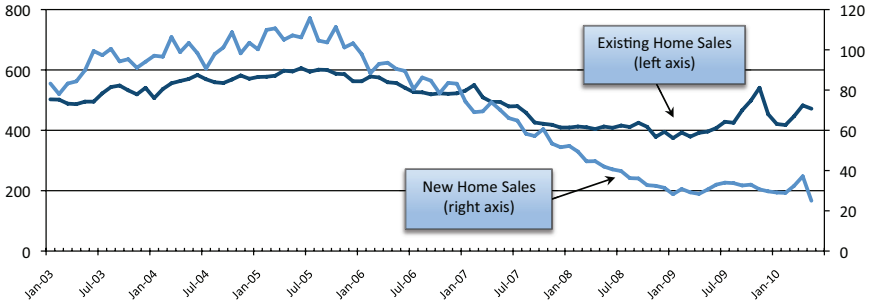
S&P/Case-Shiller, House Price Futures Index (Jan 2000 = 100)



Sources: Standard and Poor's and CME Group.
See Note 2, Sources and Methodology.

Existing and New Home Sales

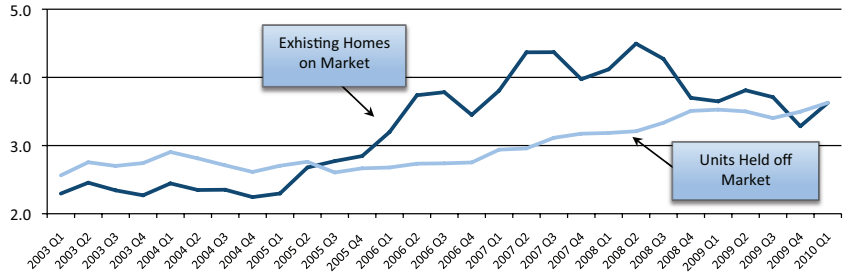
Monthly Sales (Thousands)



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

Existing Homes on the Market Below Peak, But Number of Units Held Off the Market Has Increased

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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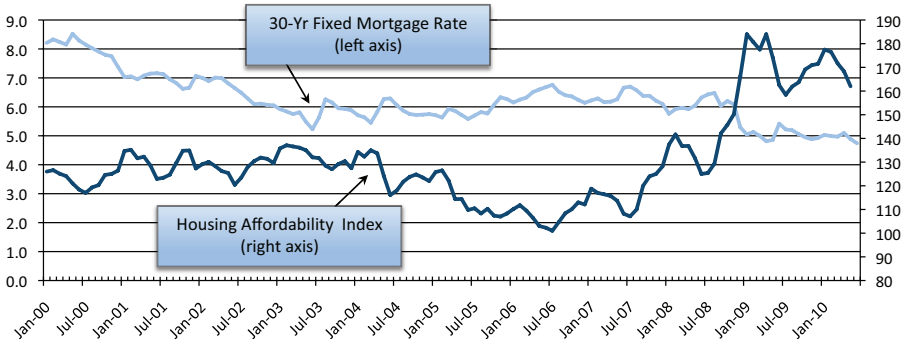
Mortgage Rates Fall to Record Low and Affordability Index Remains High

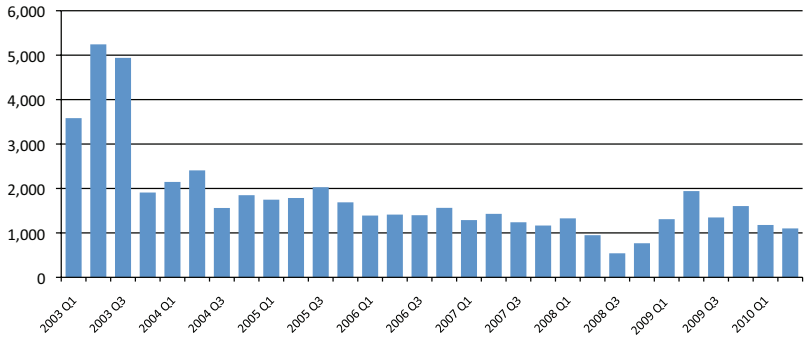
Percentage Rates (left axis) and Index Values



Sources: Freddie Mac and National Asssociation of Realtors.®

7.2 Million Homeowners Have Refinanced Since April 2009

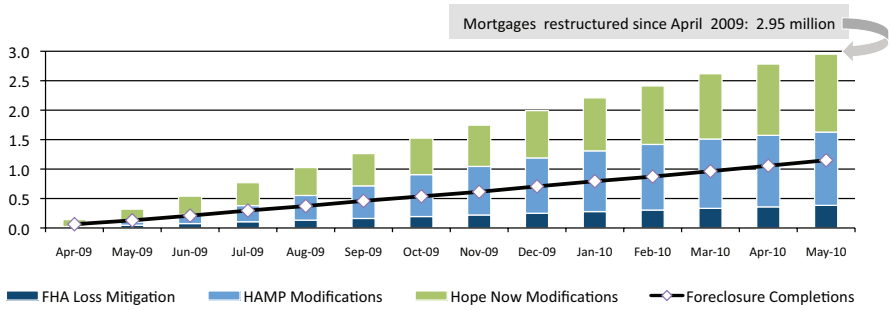
Quarterly Refinance Mortgage Originations (Thousands)



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

Three Million Borrowers Have Received Restructured Mortgages, Outpacing Foreclosures

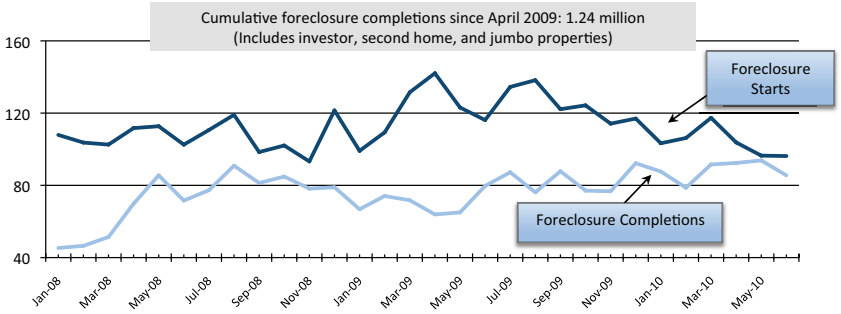
Cumulative Mortgages Restructured or Foreclosed Since April 1, 2009 (Millions)



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

Foreclosure Starts Declining, Foreclosure Completions Remain Elevated

Monthly Foreclosure Actions (Thousands)



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

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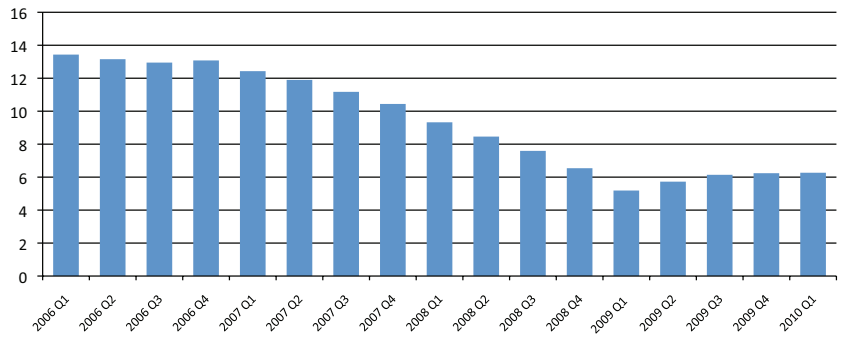
Home Equity Up More than $1 Trillion Since First Quarter 2009

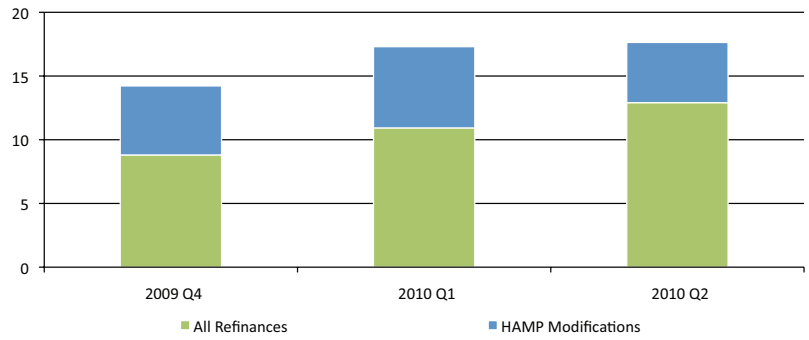
Owners' Equity in Household Real Estate at End of Period ($ Trillions)



Source: Federal Reserve Board.

Homeowners Save From Reduced Mortgage Payments

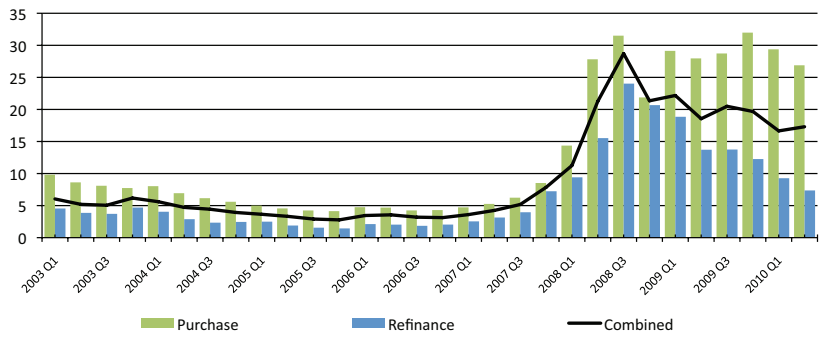
Annualized Savings from Payment Reductions ($ Billions)



Aggregate annual reduction in mortgage payments on refinances and loan modifications since April 1, 2009.
Sources: MBA, Treasury, Freddie Mac, and HUD.
See Note 7, Sources and Methodology.

FHA Supports Mortgage Lending During Crisis

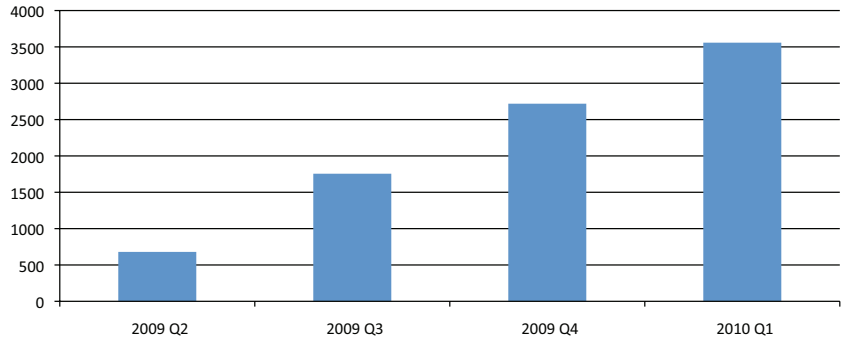
FHA as Share of Quarterly Mortgage Originations by Type (Percent)



Sources: MBA and HUD.
See Note 8, Sources and Methodology.

Housing Counselors Serve Millions of Families

Cumulative Households Counseled Since Apr 1, 2009 (Thousands)



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 Borrowers Assisted (thousands)				
HAMP Trial Modifications	38.7	30.1	1,282.9	June-10
HAMP Permanent Modifications	51.2	47.7	398.0	June-10
FHA Loss Mitigation Interventions	32.9	25.2	416.4	June-10
HOPE Now Modifications	112.1	103.1	1,322.7	May-10
Counseled Borrowers (thousands)	839.4	1,075.6	3,558	1st Q 10
Borrower Annual Savings ($ millions)				
HAMP Trial Modifications	–	–	2,313.3	2nd Q 10
HAMP Permanent Modifications	–	–	2,410.3	2nd Q 10
All Refinances	–	–	12,909.0	2nd Q 10
Completed Activities under NSP (housing units)				
New Construction or Residential Rehab	2,118 (p)	8,597 (p)	21,148 (p)	2nd Q 10
Demolition or Clearance	1,278	3,580	11,814	2nd Q 10
Direct Homeownership Assistance	48	679	3,283	2nd Q 10
Change in Aggregate Home Equity ($ billions)	28.6	97.3	1,079.4	1st Q 10

HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	As of Dec 2008	Latest Release
Mortgage Rates (30-Yr FRM, percent)	4.57	4.57	5.14	5.1	15-Jul-10
Housing Affordability (index)	162.0	168.3	174.2	166.3	May-10
Home Prices (indices)					
Case Shiller (NSA)	144.6	143.4	139.3	150.5	April-10
FHFA (SA)	194.7	193.2	197.7	199.0	April-10
Home Sales (thousands, SA)					
New	25.0	37.2	30.6	31.4	May-10
Existing	471.7	482.5	395.8	395.0	May-10
First Time Buyers	233.4	244.2	200.4	174.8	May-10
Housing Supply					
Existing Homes for Sale (thousands, NSA)	3,892.0	4,029.0	3,851.0	3,700.0	May-10
Existing Homes - Months' Supply (months)	8.3	8.4	9.7	9.4	May-10
New Homes for Sale (thousands, SA)	213.0	214.0	291.0	353.0	May-10
New Homes for Sale - Months' Supply (months, SA)	8.5	5.8	9.5	11.2	May-10
Vacant Units Held Off Market (thousands)	3,628.0	3,497.0	3,527.0	3,508.0	1st Q 10
Mortgage Originations (thousands)					
Refinance Originations	1,100.8 (p)	1,178.3	1,941.0	767.2	2nd Q 10
Purchase Originations	1,140.8 (p)	683.5	997.4	986.4	2nd Q 10
FHA Originations (thousands)					
Refinance Originations	25.22 (p)	27.7	79.4	62.9	June-10
Purchase Originations	118.9 (p)	112.1	107.9	72.7	June-10
Purchases by First Time Buyers	89.2 (p)	81.8	85.2	56.2	June-10
Mortgage Delinquency Rates (percent)					
Prime	5.6	5.9	5.0	4.4	June-10
Subprime	36.3	36.4	34.3	34.1	June-10
FHA	12.4	12.4	12.2	14.3	June-10
Seriously Delinquent Mortgages (thousands)					
Prime	1,868.0	1,939.5	1,472.3	910.5	June-10
Subprime	1,885.7	1,930.9	1,817.1	1,642.8	June-10
FHA	551.3	548.2	368.2	333.1	June-10
Underwater Borrowers (thousands)	11,276.9	11,321.7	10,163.3 (a)	–	1st Q 10
Foreclosure Actions (thousands)					
Foreclosure Starts	96.2	96.5	116.1	121.5	June-10
Notice of Foreclosure Sale	132.1	132.7	141.6	103.0	June-10
Foreclosure Completions	85.5	93.8	79.7	78.9	June-10

SA= seasonally adjusted, NSA = not seasonally adjusted, p = preliminary, a = adjusted for methodology change.

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SOURCES AND METHODOLOGY

A. Items in Tables

Description	Frequency	Sources	Notes on Methodology
Distressed Homeowners Assisted			
HAMP Trial Modifications	Monthy	Treasury	As reported.
HAMP Permanent Modifications	Monthy	Treasury	As reported.
FHA Loss Mitigation Interventions	Monthy	HUD	All FHA loss mitigation and early delinquency interventions.
HOPE Now Modifications	Monthy	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	Treasury, Freddie Mac, and HUD	Estimates of average savings per HAMP Trial Modifications by Freddie Mac.
HAMP Permanent Modifications	Quarterly	Treasury and HUD	Average savings per HAMP permanent modification by Treasury.
All Refinances	Quarterly	MBA, Treasury, and HUD	Refinance originations (see below) multiplied by Treasury estimate of savings per refinance.
Completed Activities under NSP (housing units)			
New Construction or Residential Rehab	Monthly	HUD	Housing Units Constructed/Rehabilitated using Neighborhood Stabilization Program.
Demolition or Clearance	Monthly	HUD	Housing Units Demolished/Cleared using Neighborhood Stabilization Program.
Direct Homeownership Assistance	Monthly	HUD	Completed downpayment assistance or non-amortizing second mortgages by grantee to make purchase of NSP unit affordable.
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.
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)	Monthy	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)	Monthy	Federal Housing Finance Agency	FHFA monthly (purchase-only) index for US, January 1991 = 100.
Home Sales (SA)			
New	Monthy	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	Monthy	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	Monthy	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.
Housing Supply			
Existing Homes for Sale (SA)	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	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	Monthy	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	Monthy	HUD	
Purchases by First Time Buyers	Monthy	HUD	
Mortgage Delinquency Rates (NSA)			
Prime	Monthy	LPS-McDash Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
Subprime	Monthy	LPS-McDash Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
FHA	Monthy	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-McDash, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
Subprime	Monthly	LPS-McDash, 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	First American CoreLogic	As reported. Due to change in reporting methodology, underwater borrower estimates prior to the third quarter of 2009 are adjusted to be compatible with current estimates.
Foreclosure Actions			
Foreclosure Starts	Monthy	Realty Trac	Notice of default plus *lis pendens*.
Notice of Foreclosure Sale	Monthy	Realty Trac	Notice of sale (auctions).
Foreclosure Completions	Monthy	Realty Trac	Real Estate Owned (REO).

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, and FHFA monthly (purchase-only) index for US (SA), January 1991 = 100.
2. S&P/Case-Shiller 20 Metro Index as reported monthly. Futures index figures report forward expectations of house prices reflected by the market as of the date indicated.
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. 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.
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. A year 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 to 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 has helped 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 $2 billion in support for the Neighborhood Stabilization Program through the Recovery Act to restore neighborhoods hardest hit by concentrated foreclosures;
- Created the $2.1 billion HFA Hardest Hit Fund for innovative foreclosure prevention programs in the nation's hardest hit housing markets.
- 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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