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

December 2013

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

The Administration's goal remains to stabilize the housing market and provide security for homeowners. To meet these objectives in a 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.

December 2013 Scorecard on Administration's Comprehensive Housing Initiative

The President's housing market recovery efforts began immediately after taking office in 2009. The December 2013 housing scorecard includes key indicators of market health and results of the Administration's comprehensive response, as outlined above:

- **Homeowners' Equity Continues to Rise.** Homeowners' equity jumped $418 billion, or 4.5 percent, to $9.669 trillion in the third quarter of 2013, which is slightly higher than its value at the end of 2003. The equity homeowners have in their homes (total property value less mortgage debt outstanding) is up $3.4 trillion or 55 percent, since the end of 2011.
- **Millions of Homeowners Are No Longer Underwater.** The number of underwater borrowers has fallen 47.5 percent since the beginning of 2012—from 12.1 million to 6.4 million in the third quarter of 2013—lifting 5.7 million homeowners (who owed more on their mortgages than the value of their homes) above water. The national share of mortgages that are underwater fell from 25.2 percent to 13.0 percent over the same period.
- **Treasury's Second Lien Modification Program Has Completed More than 123,000 Modifications.** Homeowners in 2MP with an active permanent modification save a median of $153 per month on their second mortgage, resulting in a median total first and second lien monthly payment reduction of $784, or 41 percent of their median before-modification payment. Homeowners who receive a full extinguishment of their second lien receive a median total first and second lien monthly payment reduction of $1,047, or 53 percent of their before-modification payment.
- **Treasury Expanded the 2MP Program.** Effective September 2013, Treasury expanded the 2MP program to include qualifying first liens that have been modified under the GSE Standard Modification requirements. When a borrower's first lien is modified under the GSE Standard Modification requirements and the first lien satisfies the HAMP eligibility criteria, the 2MP servicer must offer to modify or extinguish the borrower's second lien under 2MP. View the Making Home Affordable Program Report with data through November 2013.
- **Home Values Continue to Increase.** Rising home values have contributed to both the rise in homeowners' equity and the decline in underwater borrowers. As of October 2013, the Federal Housing Finance Agency (FHFA) purchase-only index rose 8.2 percent from last year and ticked up 0.5 percent (seasonally adjusted) from September, showing that home values are now on par with prices in early 2005. The S&P/Case-Shiller 20-City Home Price Index for October posted returns of 13.6 percent over the past 12 months and was up 0.2 percent (not seasonally adjusted) over September, indicating that home values are at the same level as in mid-2004.
- **The Administration's foreclosure mitigation programs continue to provide relief for millions of homeowners as the recovery from the housing crisis continues.** Over 1.8 million homeowner assistance actions have taken place through the Making Home Affordable Program, including more than 1.2 million permanent modifications through the Home Affordable Modification Program (HAMP), while the Federal Housing Administration (FHA) has offered more than 2.1 million loss mitigation and early delinquency interventions through November. The Administration's programs continue to encourage improved standards and processes in the industry, with HOPE Now lenders offering families and individuals more than 3.9 million proprietary modifications through October.

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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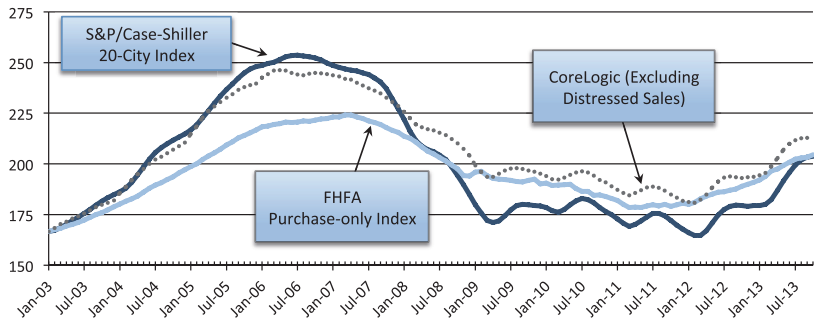
House Prices Rise Again in October
Distressed Sales Remain Key In Recovery

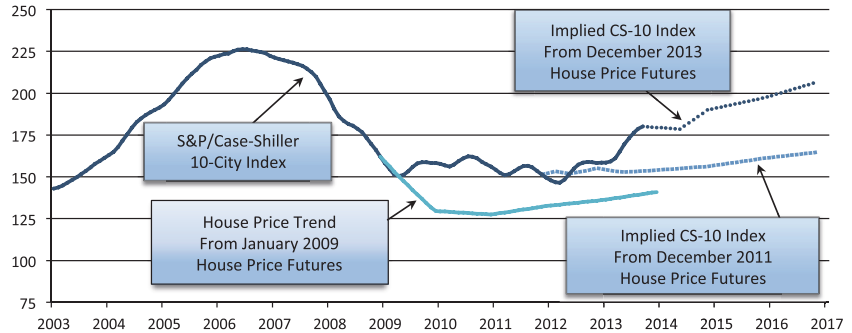
Monthly House Price Trends By Index ($ Thousands)



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

Expectations On House Prices Above December 2011 Projections; Far Above January 2009 Projection

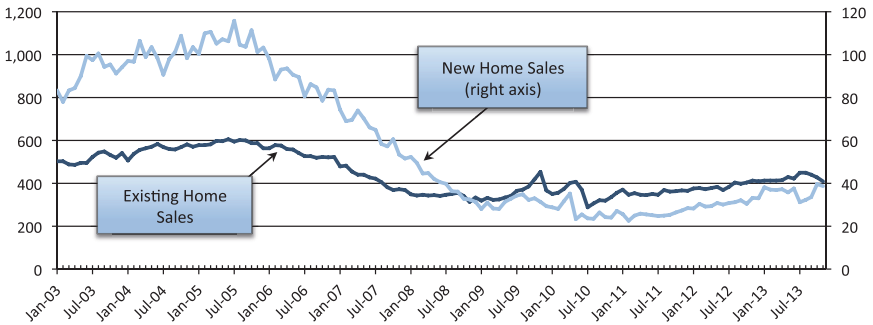
S&P/Case-Shiller 10-City Index (NSA, Jan 2000 = 100) And Implied Index Values Based Upon House Price Futures Market As Of Indicated Dates



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

New And Existing Home Sales

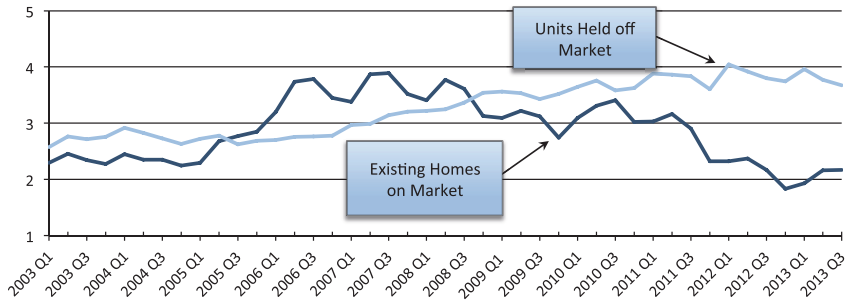
Monthly Sales (Thousands)



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

Supply of Existing Homes On The Market Is Increasing, 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)

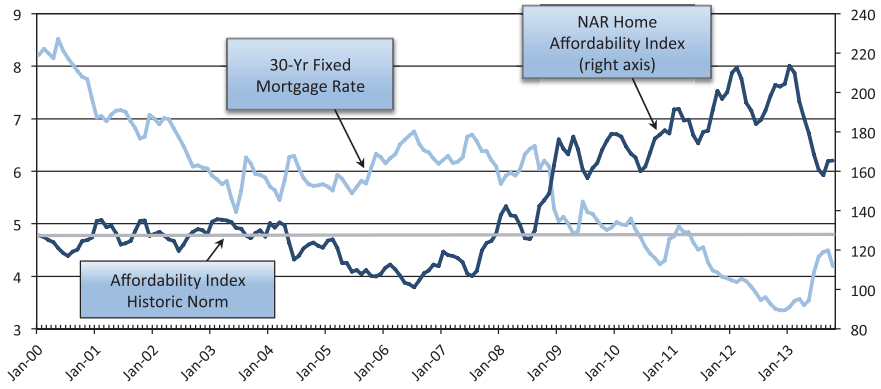


Sources: National Association of Realtors® and Census Bureau.

The Obama Administration's Efforts To Stabilize The Housing Market and Help American Homeowners | December 2013

Mortgage Rates Have Risen, But Affordablity Is Still Above Historic Norm

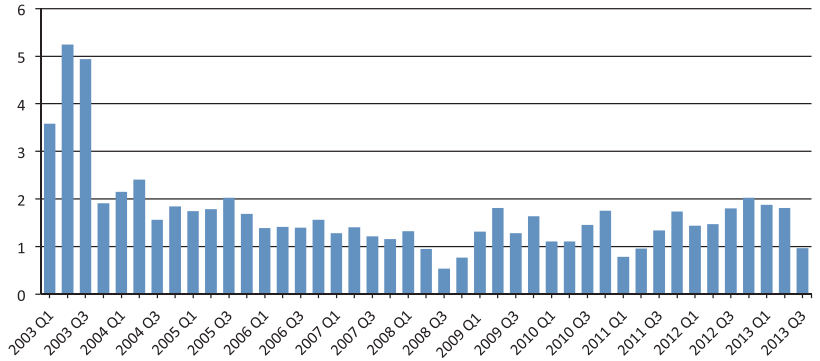
Percentage Rates And Index Values



Sources: Freddie Mac and National Asssociation of Realtors
Note: The historic norm of 128 is the median value of the affordability index since 1989.

26.4 Million Homeowners Have Refinanced Since April 1, 2009

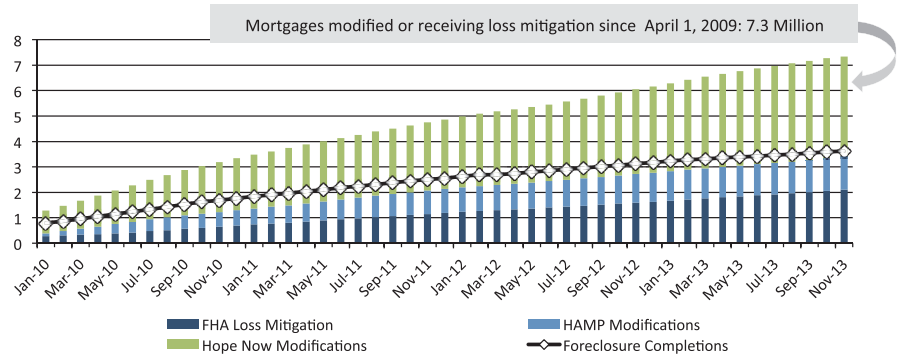
Quarterly Refinance Mortgage Originations (Millions)



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

Mortgage Aid Extended More Than 7.3 Million Times, Outpacing Foreclosures

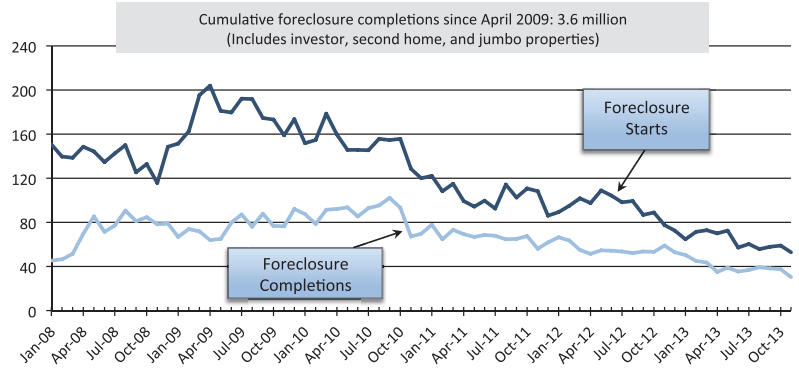
Cumulative Mortgages Receiving Aid and Mortgages Foreclosed Since April 1, 2009 (Millions)



Data exclude trial modifications. Hope Now data through October 2013, all other data through November 2013.
Sources: HUD, Dept. of Treasury, Hope Now Alliance, and Realty Trac.
See Note 5 and Additional Notes, Sources and Methodology.

Mortgage Aid Helps Keep Foreclosure Filings Down

Monthly Foreclosure Actions (Thousands)



Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state. See Note 6, Sources and Methodology.
Source: Realty Trac

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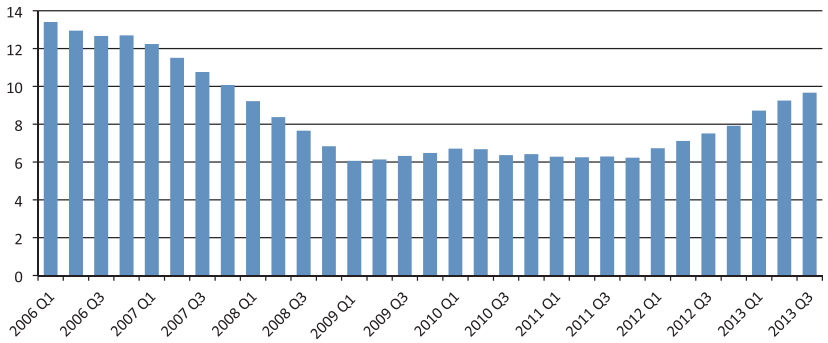
Home Equity Has Another Sharp Gain in Third Quarter 2013

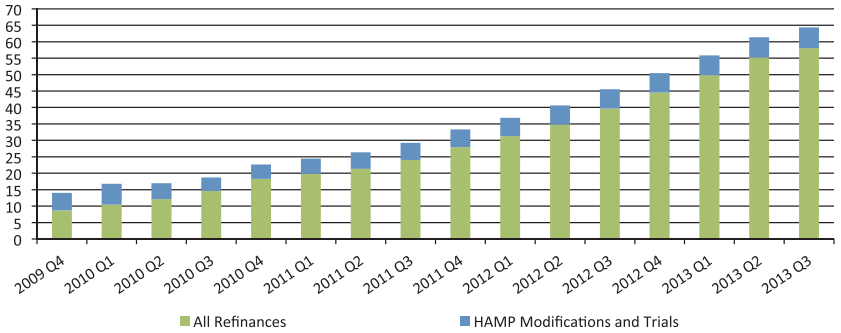
Owners' Equity In Household Real Estate At End Of Period ($ Trillions)



Source: Federal Reserve Board.

Homeowners Save From Reduced Mortgage Payments

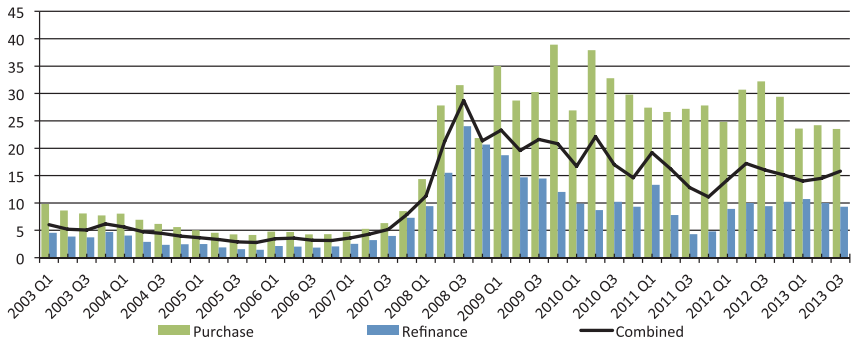
Annualized Savings From Payment Reductions ($ Billions)



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 and Additional Notes, Sources and Methodology.

FHA Supports Mortgage Lending During Crisis

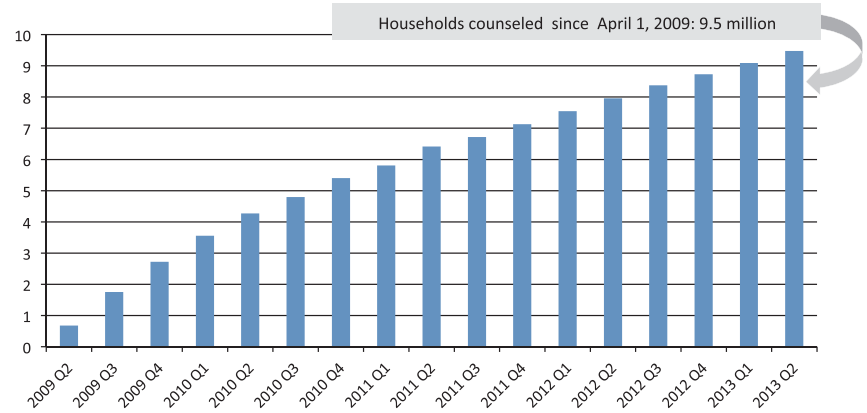
FHA As Share Of Quarterly Mortgage Originations By Type (Percent)



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	15.0 (s)	13.7	2,138	November-13
HAMP Permanent Modifications	13.0 (s)	16.4	1,298	November-13
FHA Loss Mitigation Interventions	50.6	54.6	2,108	November-13
HOPE Now Modifications	33.6	39.8	3,932	October-13
HARP Refinances	46.4	56.0	2,989	October-13
Counseled Borrowers (thousands)	389.5	359.3	9,479	2nd Q 13
Borrower Annual Savings ($ millions)				
HAMP Active Trial Modifications	–	–	296	3rd Q 13
HAMP Active Permanent Modifications	–	–	5,964 (r)	3rd Q 13
All Refinances	–	–	58,070	3rd Q 13
Activities Completed Under NSP (housing units)				
New Construction or Residential Rehab	–	–	28,710 [61,020] (b,s)	3rd Q 13
Demolition or Clearance	–	–	27,239 [23,965] (b,s)	3rd Q 13
Direct Homeownership Assistance	–	–	10,503 [17,036] (b,s)	3rd Q 13
Change in Aggregate Home Equity ($ billions)	418.2	528.2 (r)	3,600.5	3rd Q 13

HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	As of Dec 2008	Latest Release
Mortgage Rates (30-Yr FRM, percent)	4.53	4.48	3.34	5.10	2-Jan-14
Housing Affordability (index)	165.4	165.1 (r)	203.7	162.9	October-13
Home Prices (indices)					
Case Shiller (NSA)	165.9	165.6 (r)	146.0	150.5	October-13
FHFA (SA)	207.2	206.2 (r)	191.6	196.7 (r)	October-13
CoreLogic - Excluding Distressed Sales (NSA)	167.4	166.9 (r)	151.6	160.0 (r)	November-13
Home Sales (thousands, SA)					
New	38.7	39.5 (r)	33.2	31.4	November-13
Existing	408.3	426.7	413.3	334.2	November-13
First Time Buyers	174.3 (p)	181.8 (r)	174.1	149.9	November-13
Distressed Sales (percent, NSA)	17 (p)	17 (r)	23	32	October-13
Housing Supply					
Existing Homes for Sale (thousands, NSA)	2,090	2,110 (r)	1,990	3,130	November-13
Existing Homes - Months' Supply (months)	5.1	4.9 (r)	4.8	9.4	November-13
New Homes for Sale (thousands, SA)	167	179 (r)	149	353	November-13
New Homes for Sale - Months' Supply (months, SA)	4.3	4.5 (r)	4.5	11.2	November-13
Vacant Units Held Off Market (thousands)	3,675	3,773	3,798	3,542	3rd Q 13
Mortgage Originations (thousands)					
Refinance Originations	971.7	1,816.2	1,802.3	767.1	3rd Q 13
Purchase Originations	815.7 (r)	831.2	742.3	986.3	3rd Q 13
FHA Originations (thousands)					
Refinance Originations	13.4 (p)	17.7 (r)	58.5	62.9	November-13
Purchase Originations	47.9 (p)	52.7 (r)	57.2	72.7	November-13
Purchases by First Time Buyers	37.5 (p)	39.1 (r)	44.6	56.2	November-13
Mortgage Delinquency Rates (percent)					
Prime	3.3	3.2	4.0	4.4	November-13
Subprime	31.9	31.0	30.4	34.3	November-13
FHA	11.5	11.1	11.8	14.3	November-13
Seriously Delinquent Mortgages (thousands)					
Prime	779	801	1,181	915	November-13
Subprime	1,140	1,131	1,555	1,632	November-13
FHA	627	629	735	333	November-13
Underwater Borrowers (thousands)	6,361	7,152 (r)	10,574	–	3rd Q 13
Foreclosure Actions (thousands)					
Foreclosure Starts	52.8	58.9	77.5	148.6	November-13
Foreclosure Completions	30.5	37.8	59.1	78.9	November-13
Short Sales	21.3 (p)	23.1 (r)	35.4	14.0	October-13
REO Sales	33.5 (p)	35.4 (r)	49.3	74.8	October-13

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

SOURCES AND METHODOLOGY

A. Items in Tables

Description	Frequency	Sources	Notes on Methodology
Distressed Homeowners Assisted			
HAMP Trial Modifications	Monthly	Treasury	As reported. Also see additional note in Section C below on HAMP Tier 2.
HAMP Permanent Modifications	Monthly	Treasury	As reported. Also see additional note in Section C below on HAMP Tier 2.
HARP Refinances	Monthly	Federal Housing Finance Agency	As reported. Also see additional note in Section C below on HARP.
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 Active 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. Also see additional note in Section C below on HAMP Tier 2.
HAMP Active Permanent Modifications	Quarterly	HUD and Treasury	HUD estimate of annualized savings based on Treasury reported active HAMP permanent modifications and median monthly savings estimates. Also see additional note in Section C below on HAMP Tier 2.
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)	Quarterly	HUD	Housing units constructed/rehabilitated using Neighborhood Stabilization Program. Bracketed numbers include units in process, to be completed by 3/2013.
New Construction or Residential Rehab	Quarterly	HUD	Housing units demolished/cleared using Neighborhood Stabilization Program. Bracketed numbers as above.
Demolition or Clearance	Quarterly	HUD	Completed downpayment assistance or non-amortizing second mortgages by grantee to make purchase of NSP unit affordable. Bracketed numbers as above.
Direct Homeownership Assistance			
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 a 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 monthly (purchase-only) index for US, January 1991 = 100. CoreLogic national combined index, distressed sales excluded, January 2000 = 100. (Only available as NSA).
FHFA (SA)	Monthly	Federal Housing Finance Agency	
CoreLogic - Excluding Distressed Sales (NSA)	Monthly	CoreLogic	
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 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	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 Buyers	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			
Foreclosure Starts	Monthly	Realty Trac	Foreclosure starts are reported counts of notice of default or scheduled foreclosure auction, depending on which action starts the foreclosure process in a state.
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 10-metro composite index (NSA) as reported monthly. Implied Case-Shiller futures index figures report forward expectations for the level of the S&P/Case Shiller index as of the date indicated, estimated from prices of futures purchased on the Chicago Mercantile Exchange reported by CME Group. The January 2009 market trend projection reports forward expectations estimated from prices of futures contracts reported by Radar Logic. Also see additional note in Section C below.
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. Also see additional note in Section C below on HAMP Tier 2.
6. Beginning with the September 2012 release, filings of a notice of default or scheduled foreclosure auction, depending on which action starts the foreclosure process in a state, are reported for foreclosure starts. Foreclosure defaults previously had been reported as a proxy for foreclosure starts. Foreclosure 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. See additional note below on FHA market share.

C. Additional Notes.

Beginning with the February 2013 release, the House Price Expectations Chart was updated by replacing market expectations as they existed in January 2009 with expectations as of December 2011. Prices of futures purchased for the S&P/Case-Shiller 10-metro composite index, available on the web from CME Group, were used to estimate expectations for December 2011 and for the current month. Market trend as of January 2009 is estimated from percentage changes in house price futures based on a different house price index: RadarLogic RPX. This trend has been added back to the chart because it imparts important information on how house price expectations have changed over time.

The Q1 2013 NSP actual count was revised for the demolition or clearance category.

Beginning with the January 2013 release, mortgage aid under HAMP Tier 2 is included in the totals. Effective June 2012, HAMP Tier 2 expanded eligibility requirements to further reduce foreclosures and help stabilize neighborhoods. For non-GSE loans, eligibility was expanded to allow for more flexible debt-to-income criteria and to include properties currently occupied by a tenant, as well as vacant properties which a borrower intends to rent.

FHA market share estimates have been revised from Q1 2011 to Q4 2012 based on new methodology and estimates of FHA Market Share for Q1 through Q3 2013 are also reported for the first time. See the Q2 2013 FHA Market Share report on the FHA Market Share website for an explanation of the new methodology: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/oe/rpts/fhamktsh/fhamktqtrly.

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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