



# Federal Housing Finance Agency

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## Refinance Report November 2012

This report contains data on refinance program activity of Fannie Mae and Freddie Mac (the Enterprises) through November 2012.

## Report Highlights

- Refinance volume continued to be strong in November as 30-year mortgage rates remained at record low levels.
- HARP volume represented 23 percent of total refinance volume in November.
- Year-to-date through November 2012, 998,294 refinances were completed through HARP, bringing the total refinances through HARP from the inception of the program to 2,088,560<sup>1</sup>.

## Overview of the Home Affordable Refinance Program (HARP)

### HARP Eligibility

HARP was established in 2009 to assist homeowners unable to access a refinance due to a decline in their home value. The program was originally designed to provide these borrowers with an opportunity to refinance by permitting the transfer of existing mortgage insurance to their newly refinanced loan, or by allowing those without mortgage insurance on their previous loan to refinance without obtaining new coverage.

Below are the basic HARP eligibility criteria:

- Loan must be owned or guaranteed by Fannie Mae or Freddie Mac.

- Loan must have been delivered to the Enterprises on or before May 31, 2009.
- Current loan-to-value ratio -- LTV -- (outstanding mortgage balance/home value) must be greater than 80 percent.
- Borrower must be current on their mortgage payments at the time of the refinance.
- Payment history – borrower is allowed one late payment in the past 12 months, as long as it did not occur in the 6 months prior to the refinance.

### HARP Enhancements

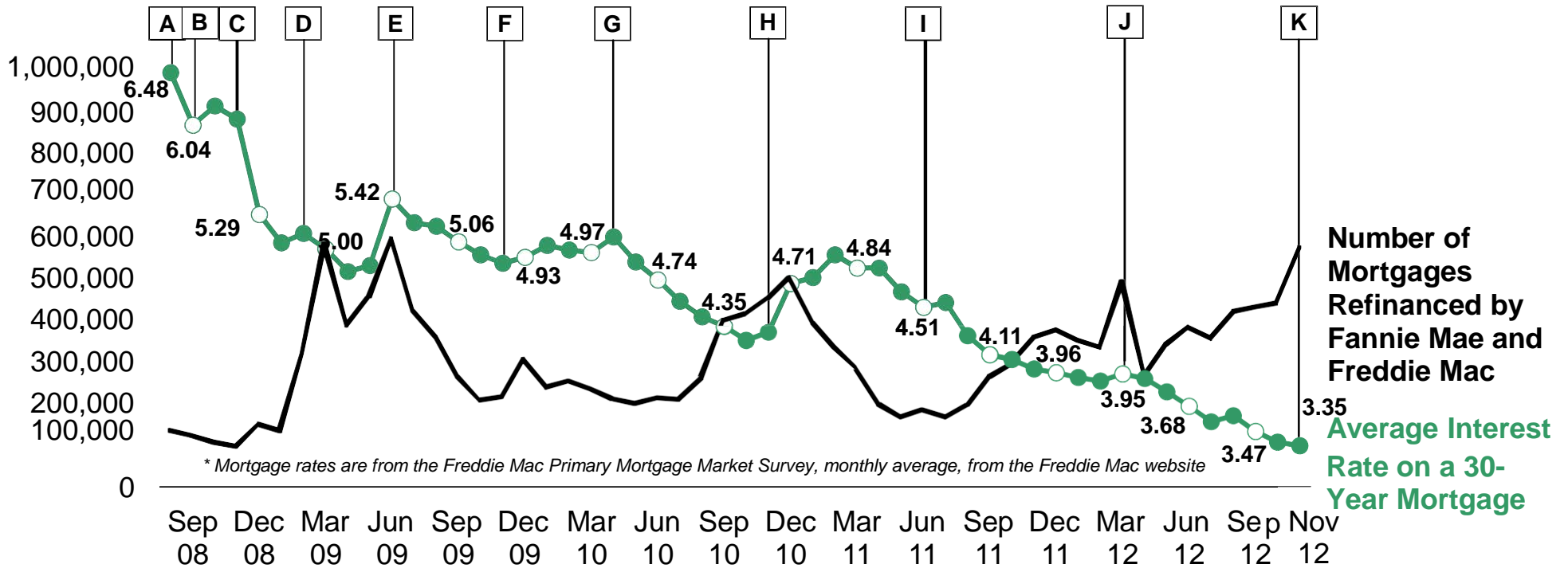
In the Fall of 2011, FHFA worked collaboratively with the Enterprises and other industry participants in an effort to increase access to the program for responsible borrowers. The result of these efforts was a series of enhancements to the program listed below:

- Eliminating certain risk-based fees for borrowers who refinance into shorter-term mortgages and lowering fees for other borrowers;
- Removing the 125 percent LTV ceiling;
- Waiving certain representations and warranties that lenders commit to in making loans owned or guaranteed by Fannie Mae and Freddie Mac;
- Eliminating the need for a new property appraisal where there is a reliable AVM (automated valuation model) estimate provided by the Enterprises; and
- Extending the end date for HARP until Dec. 31, 2013 for loans originally sold to the Enterprises on or before May 31, 2009.

<sup>1</sup> The definition of HARP for Fannie Mae has been expanded to include second home and investment property refinances with LTVs greater than 80 percent, which is consistent with the definition of HARP for Freddie Mac since the inception of the program. This reporting change added 160,280 loans to the HARP volume from inception to date through November 2012. For additional details, see page 4.

Refinance volume rose in November as 30-year mortgage rates remained at record low levels.

### Mortgage Rates vs Refinance Volume



- A - Highest rate in 2008 for a 30-year mortgage.
- B - GSEs placed into conservatorship on 09/06/08.
- C - Fed announces MBS purchase program on 11/25/08.
- D - Obama Administration's Making Home Affordable announcement 02/20/09.
- E - Treasury rates sharply rose and reached a 2009 high on a better than expected June unemployment report.
- F - Treasury rates fell sharply after Dubai sought to delay sovereign debt payments.
- G - Treasury Rates rose on optimism of a recovering U.S. economy and a temporary lull in news of a developing debt crisis in Europe.

- H - 30-year mortgage rates reached 4.17 percent in early November, marking the lowest level observed since Freddie Mac began tracking rates in 1971.
- I - Treasury rates fell amid ongoing concerns of a growing debt crisis in Europe.
- J - Refinance volume surged in March and dipped in April, as seller-servicers completed refinancings ahead of a 10 basis point guarantee fee increase that took effect April 1, 2012, mandated by the Temporary Payroll Tax Cut Continuation Act of 2011.
- K - 30-year mortgage rates reached new historic lows in November 2012.

Year-to-date through November 2012, 998,294 refinances were completed through HARP<sup>2</sup>, bringing the total refinances through HARP from the inception of the program to 2,088,560.

	Nov 2012	Year to Date 2012	2011	Inception to Date <sup>1</sup>
<b>Total Refinances</b>				
Fannie Mae	349,380	2,842,115	2,045,762	8,904,082
Freddie Mac	223,773	1,549,222	1,183,304	5,527,065
Total	573,153	4,391,337	3,229,066	14,431,147
<b>Total HARP<sup>2</sup></b>				
Fannie Mae	77,301	589,406	253,279	1,199,366
Freddie Mac	52,445	408,888	184,949	889,194
Total	129,746	998,294	438,228	2,088,560
<b>HARP LTV &gt;80% -105%</b>				
Fannie Mae	41,871	347,364	224,451	914,017
Freddie Mac	28,550	218,016	148,642	644,395
Total	70,421	565,380	373,093	1,558,412
<b>HARP LTV &gt;105% -125%</b>				
Fannie Mae	16,568	125,654	28,828	168,961
Freddie Mac	12,087	97,872	36,307	151,799
Total	28,655	223,526	65,135	320,760
<b>HARP LTV &gt;125%</b>				
Fannie Mae	18,862	116,388	0	116,388
Freddie Mac	11,808	93,000	0	93,000
Total	30,670	209,388	0	209,388
<b>All Other Streamlined Refis</b>				
Fannie Mae	56,275	439,998	479,207	1,554,185
Freddie Mac	35,554	234,472	267,636	909,023
Total	91,829	674,470	746,843	2,463,208

<sup>1</sup> Inception to Date - Since April 1, 2009

<sup>2</sup> See page 4 for changes to the definition of HARP used in this report.

From inception to date through November 2012, 1,834,325 loans refinanced through HARP<sup>2</sup> were for primary residences, 67,255 were for second homes and 186,980 were for investment properties.

### HARP Loans by Property Type Inception to Date<sup>1</sup>, through November 2012

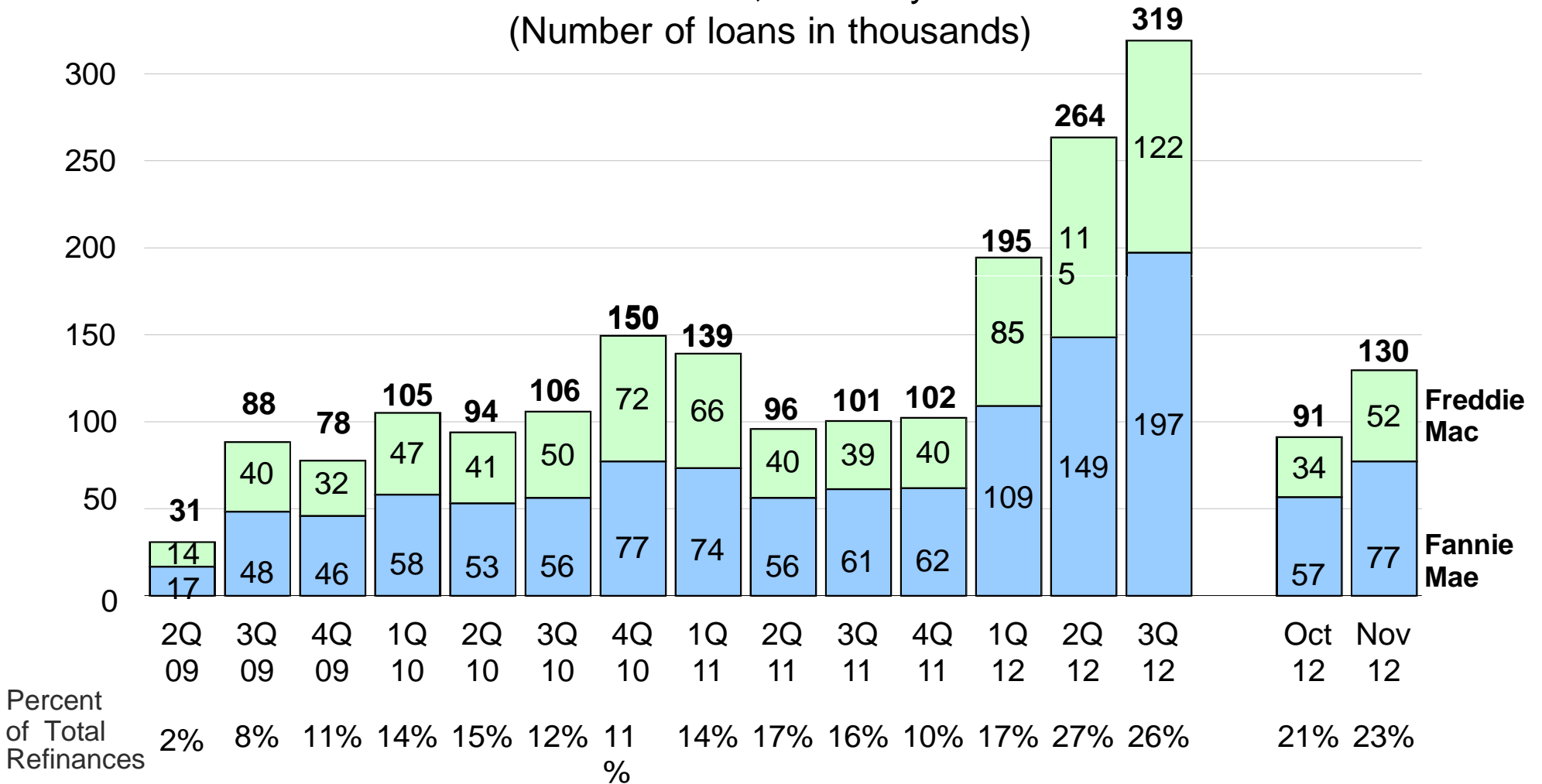
	Total	Primary Residence	Second Home	Investment Property
<b>Total HARP<sup>2</sup></b>				
Fannie Mae	1,199,366	1,039,086	37,649	122,631
Freddie Mac	889,194	795,239	29,606	64,349
Total	2,088,560	1,834,325	67,255	186,980
<b>HARP LTV &gt;80% -105%</b>				
Fannie Mae	914,017	802,000	29,691	82,326
Freddie Mac	644,395	586,481	20,745	37,169
Total	1,558,412	1,388,481	50,436	119,495
<b>HARP LTV &gt;105% -125%</b>				
Fannie Mae	168,961	143,027	4,453	21,481
Freddie Mac	151,799	132,122	5,000	14,677
Total	320,760	275,149	9,453	36,158
<b>HARP LTV &gt;125%</b>				
Fannie Mae	116,388	94,059	3,505	18,824
Freddie Mac	93,000	76,636	3,861	12,503
Total	209,388	170,695	7,366	31,327

<sup>1</sup> Inception to Date - Since April 1, 2009

<sup>2</sup> The definition of HARP for Fannie Mae has been expanded to include second home and investment property refinances with LTVs greater than 80 percent, which is consistent with the definition of HARP for Freddie Mac since the inception of the program. This reporting change added 160,280 loans to the HARP volume from inception to date through November 2012, comprised of 37,649 second home refinances and 122,631 investment property refinances.

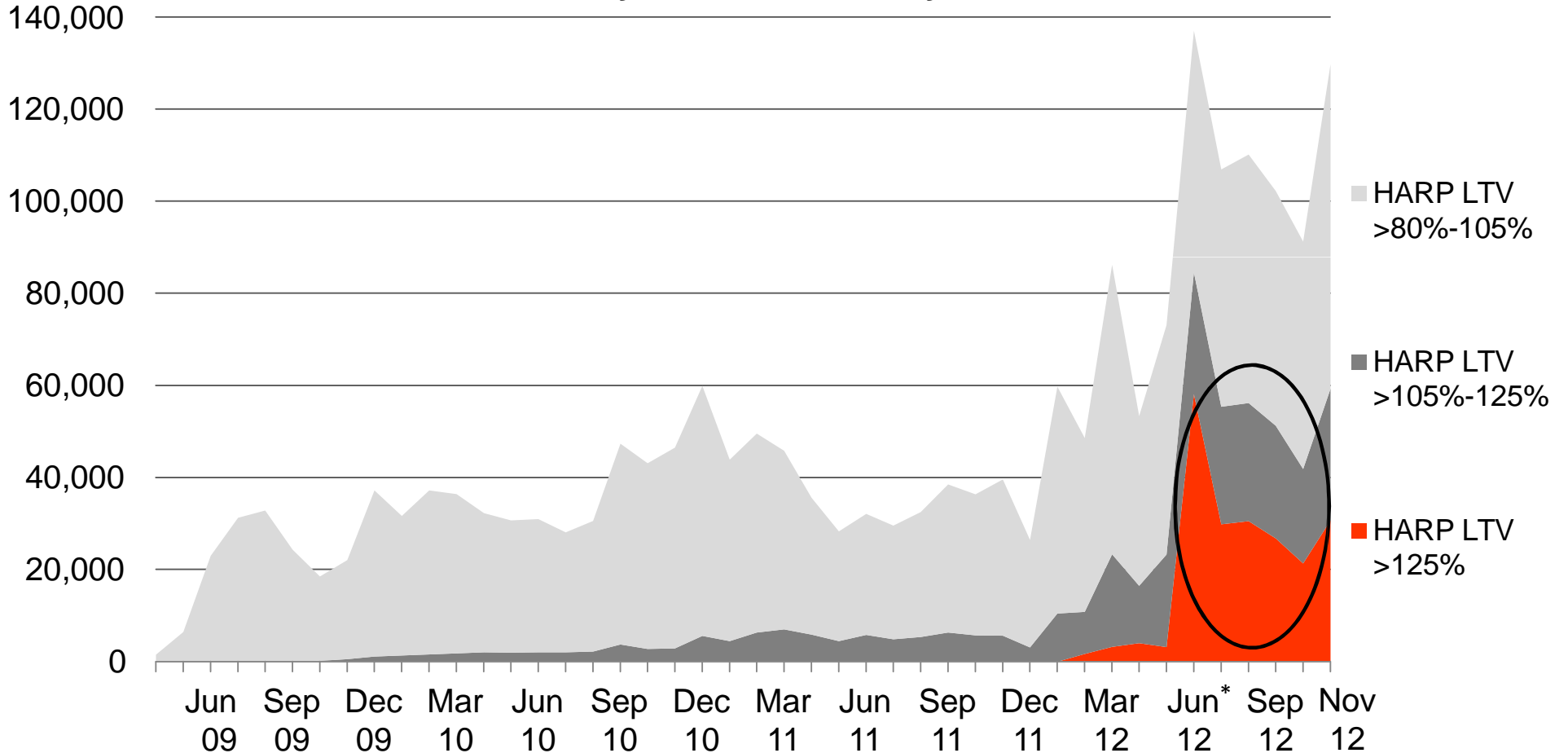
In November 2012, 129,746 homeowners refinanced their mortgage through HARP, representing 23 percent of total monthly refinance volume. The year-to-date through November 2012 HARP volume outpaced the volumes observed in previous years.

HARP Refinance, Quarterly Volume  
(Number of loans in thousands)



The number of completed HARP refinances reported for deeply underwater borrowers continued to represent a significant portion of total HARP volume. In November 2012, 24 percent of the loans refinanced through HARP were at a loan-to-value ratio greater than 125 percent.

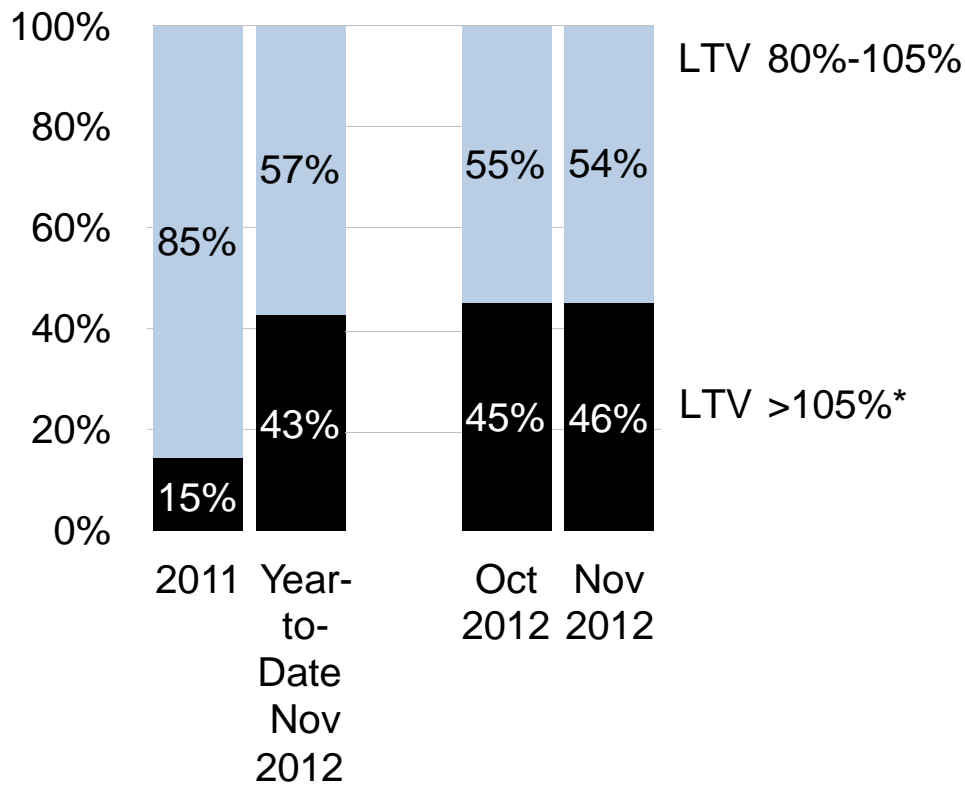
### Monthly HARP Volume by LTV



\* The number of completed HARP refinances reported for deeply underwater borrowers increased sharply in June 2012 as further enhancements to HARP went into effect. Starting June 1, 2012, lenders became able to deliver loans with loan-to-value ratios greater than 125 percent refinanced through HARP to the Enterprises to be securitized.

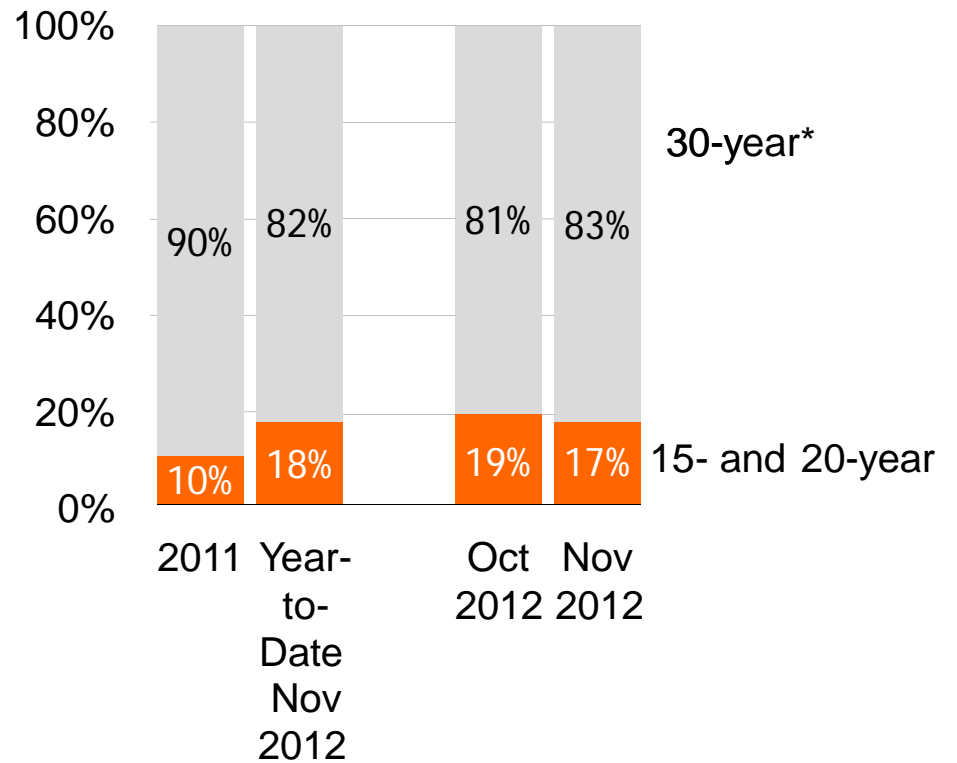
Borrowers in November with loan-to-value ratios greater than 105 percent accounted for 46 percent of the volume of HARP loans. In November, 17 percent of HARP refinances for underwater borrowers were for shorter-term 15- and 20-year mortgages, which build equity faster than traditional 30-year mortgages.

Percentage of HARP Refinances by Loan-to-Value Ratio



\* Includes HARP LTV >105%-125% and HARP LTV >125%.

Mortgage Term of HARP Refinances of Underwater Borrowers (LTV Greater than 105%)



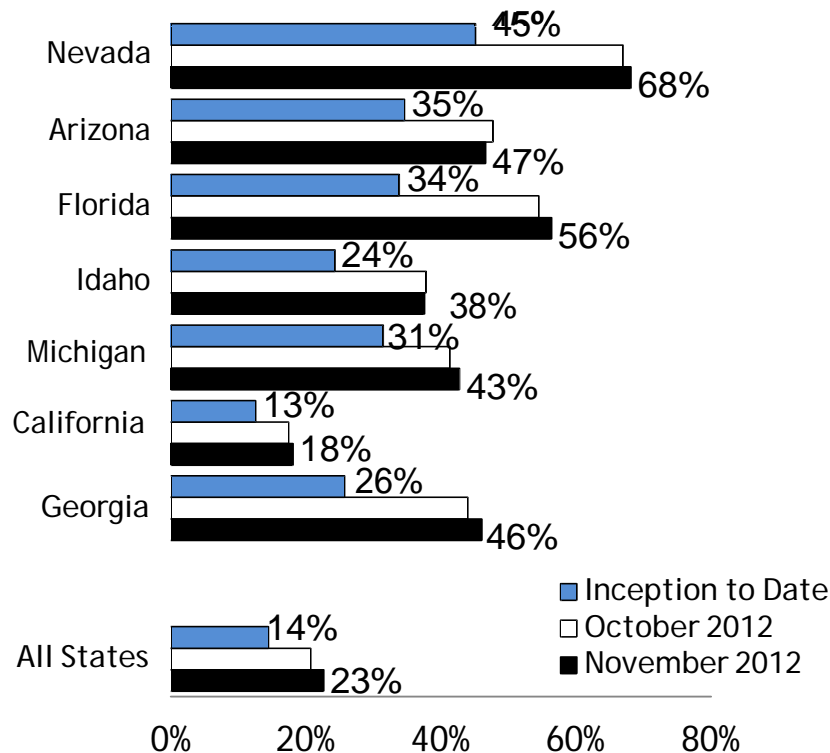
\* Includes 25-year and 40-year mortgages.



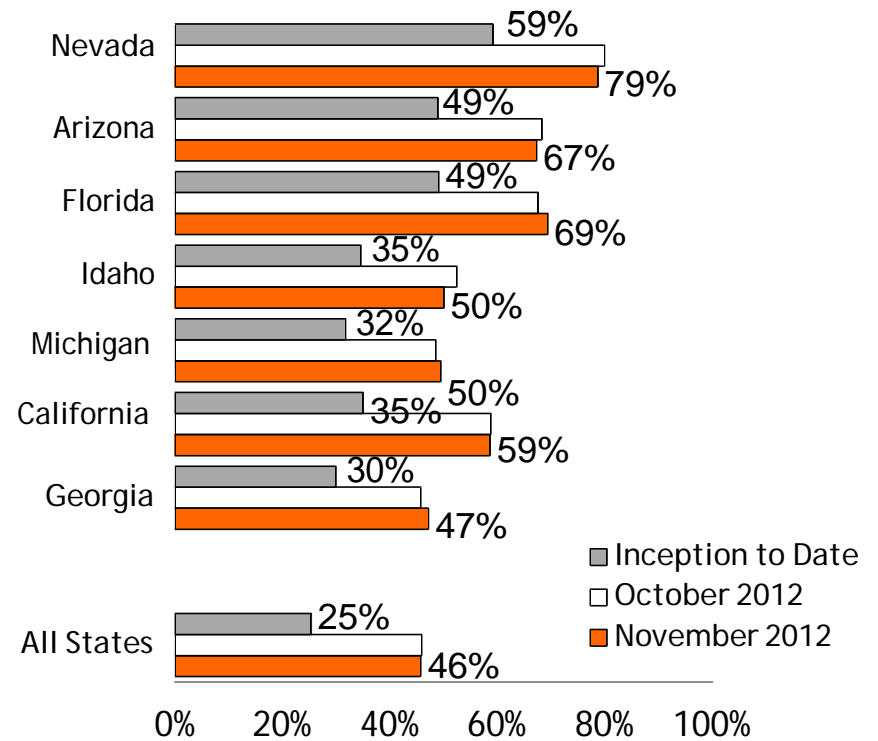
HARP continued to account for a substantial portion of total refinance volume in certain states. In November 2012, HARP refinances represented 68 percent of total refinances in Nevada, nearly triple the 23 percent of total refinances nationwide. HARP refinances also represented 56 percent of total refinances in Florida in November, more than double the 23 percent of total refinances nationwide.

Underwater borrowers accounted for a large portion of HARP refinances in a number of states. In Nevada, Arizona and Florida, underwater borrowers represented 67 percent or more of HARP volume in November.

**Total HARP as a Percentage of Total Refinances**



**HARP LTV >105% as a Percentage of Total HARP**



## Appendix: Data Tables

## Fannie Mae and Freddie Mac - Monthly Refinance Volume (# of loans)

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
<b>Total Refinances</b>													
Fannie Mae	233,837	264,305	221,269	211,428	329,206	176,630	230,499	234,332	244,627	281,338	293,118	270,288	349,380
Freddie Mac	124,544	112,050	130,655	123,603	162,239	90,977	110,686	148,202	111,457	138,678	138,223	170,729	223,773
Total	358,381	376,355	351,924	335,031	491,445	267,607	341,185	382,534	356,084	420,016	431,341	441,017	573,153
<b>Total HARP<sup>1</sup></b>													
Fannie Mae	24,471	16,947	32,842	28,080	48,343	30,719	45,598	72,359	64,847	68,101	64,388	56,828	77,301
Freddie Mac	15,094	9,499	26,914	20,531	37,840	22,625	27,503	64,704	42,056	42,030	37,814	34,426	52,445
Total	39,565	26,446	59,756	48,611	86,183	53,344	73,101	137,063	106,903	110,131	102,202	91,254	129,746
<b>HARP LTV &gt;80% -105%</b>													
Fannie Mae	21,688	15,210	28,026	22,617	37,315	22,501	31,572	32,774	32,213	34,480	32,891	31,104	41,871
Freddie Mac	12,192	8,141	21,254	15,176	25,522	14,345	18,270	19,734	19,328	19,494	18,062	18,281	28,550
Total	33,880	23,351	49,280	37,793	62,837	36,846	49,842	52,508	51,541	53,974	50,953	49,385	70,421
<b>HARP LTV &gt;105% -125%</b>													
Fannie Mae	2,783	1,737	4,816	4,571	9,237	6,432	11,805	14,531	14,877	15,388	14,891	12,538	16,568
Freddie Mac	2,902	1,358	5,660	4,557	10,896	6,067	8,273	11,897	10,658	10,257	9,566	7,954	12,087
Total	5,685	3,095	10,476	9,128	20,133	12,499	20,078	26,428	25,535	25,645	24,457	20,492	28,655
<b>HARP LTV &gt;125%</b>													
Fannie Mae				892	1,791	1,786	2,221	25,054	17,757	18,233	16,606	13,186	18,862
Freddie Mac				798	1,422	2,213	960	33,073	12,070	12,279	10,186	8,191	11,808
Total				1,690	3,213	3,999	3,181	58,127	29,827	30,512	26,792	21,377	30,670
<b>All Other Streamlined Refis</b>													
Fannie Mae	47,619	48,886	38,047	37,846	54,046	26,441	37,877	34,419	32,372	41,768	40,316	40,591	56,275
Freddie Mac	23,933	29,810	21,548	19,378	25,899	13,122	19,261	17,636	15,699	21,522	19,487	25,366	35,554
Total	71,552	78,696	59,595	57,224	79,945	39,563	57,138	52,055	48,071	63,290	59,803	65,957	91,829

<sup>1</sup> See page 4 for changes to the definition of HARP used in this report.

## Notes:

**Initially HARP Refinance Loans** were defined as Fannie Mae to Fannie Mae and Freddie Mac to Freddie Mac first-lien refinance loans with limited and no cash out that have loan-to-value ratios over 80 percent up to 125 percent.

**HARP Enhancements:** On October 24, 2011, FHFA, Fannie Mae and Freddie Mac announced HARP changes to reach more borrowers. Effective December 1, 2011, existing Enterprise borrowers who are current on their mortgage payments can refinance and reduce their monthly mortgage payments at loan-to-value ratios above 80 percent without any maximum loan-to-value limit.

**All Other Streamlined Refis** are streamlined refinances that do not qualify as HARP refinances. Fannie Mae implements streamlined refinances through the Refi Plus product for manual underwriting and DU Refi Plus product for loans underwritten through Desktop Underwriter. The product is available for refinances of existing Fannie Mae loans only. Freddie Mac implements streamlined refinances through the Relief Refinance Mortgage product. Loans may be originated by any Freddie Mac approved servicer.

## Appendix: Data Tables

## Fannie Mae - Loan Count by LTV and Product (Mortgage Term)

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Total Refinances													
FRM 30 (incl FRM 25 & 40)	107,620	138,233	108,816	116,828	194,160	96,234	135,621	133,152	137,642	161,122	169,030	154,734	208,485
FRM 20	24,690	22,532	24,143	16,783	26,968	14,500	19,205	22,900	21,657	26,423	28,311	24,427	31,467
FRM 15	93,903	95,282	79,726	70,518	98,983	59,534	69,290	72,102	79,403	88,209	89,637	86,360	104,428
Total HARP <sup>1</sup>													
FRM 30 (incl FRM 25 & 40)	14,098	11,399	19,585	18,172	30,779	20,353	29,709	47,015	40,978	43,458	39,746	35,189	60,075
FRM 20	2,969	789	4,134	2,434	5,080	2,919	4,986	7,824	6,708	6,630	6,378	5,330	8,351
FRM 15	3,787	1,385	5,266	3,170	5,445	3,363	5,003	6,041	6,395	6,578	6,632	6,499	8,687
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	12,114	10,139	15,931	14,028	22,495	13,787	19,000	19,333	18,455	20,145	19,172	18,304	30,175
FRM 20	2,702	689	3,683	1,998	4,086	2,394	3,333	3,689	3,653	4,132	3,653	3,237	5,330
FRM 15	3,787	1,385	5,265	3,170	5,445	3,363	5,003	4,712	4,769	4,716	4,527	4,585	6,178
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	1,984	1,260	3,654	3,444	6,922	5,141	8,891	10,094	10,246	10,663	9,757	8,181	13,760
FRM 20	267	100	451	384	892	436	1,477	1,579	1,520	1,376	1,393	1,150	1,532
FRM 15			1					788	857	969	1,214	1,042	1,276
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)				700	1,362	1,425	1,818	17,588	12,277	12,650	10,817	8,704	16,140
FRM 20				52	102	89	176	2,556	1,535	1,122	1,332	943	1,489
FRM 15								541	769	893	891	872	1,233
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	20,197	24,023	19,125	21,919	32,573	15,906	23,343	26,438	23,542	29,582	28,628	27,964	28,601
FRM 20	9,382	7,034	6,163	4,278	6,774	3,158	4,151	5,270	5,175	7,483	7,062	6,350	8,427
FRM 15	20,667	20,436	15,809	15,310	20,872	10,956	15,701	13,526	13,857	15,645	15,756	15,672	18,986

<sup>1</sup> See page 4 for changes to the definition of HARP used in this report.

## Appendix: Data Tables

## Freddie Mac - Loan Count by LTV and Product (Mortgage Term)

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Total Refinances													
FRM 30 (incl FRM 25 & 40)	53,169	48,918	64,406	65,538	81,006	43,422	51,153	93,431	61,764	81,230	76,410	98,982	135,985
FRM 20	14,547	10,228	13,772	10,227	17,029	8,785	10,696	12,911	11,890	12,795	12,248	14,167	17,305
FRM 15	51,385	47,470	47,423	43,334	58,863	35,155	44,461	38,170	34,330	41,171	45,578	54,102	65,751
Total HARP													
FRM 30 (incl FRM 25 & 40)	10,244	7,686	18,309	15,336	27,842	16,073	19,132	49,698	30,432	31,446	28,120	26,079	40,426
FRM 20	2,077	533	3,170	2,063	4,673	2,709	3,653	6,748	4,631	4,792	4,376	3,667	5,301
FRM 15	2,576	1,086	5,277	2,980	5,158	3,710	4,545	8,126	6,823	5,682	5,172	4,604	6,622
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	7,860	6,512	13,567	10,839	17,503	9,384	12,263	13,428	12,925	13,770	12,293	12,925	21,033
FRM 20	1,861	454	2,796	1,686	3,641	2,047	2,471	2,696	2,355	2,270	2,479	2,237	3,115
FRM 15	2,274	981	4,733	2,499	4,211	2,781	3,363	3,478	3,878	3,344	3,144	3,043	4,306
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	2,384	1,174	4,742	3,827	9,139	4,849	6,062	9,032	7,858	7,889	7,375	6,225	9,604
FRM 20	216	79	374	328	936	436	1,103	1,303	1,268	1,137	1,015	791	1,219
FRM 15	302	105	544	402	821	782	1,108	1,562	1,532	1,231	1,176	938	1,264
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)				670	1,200	1,840	807	27,238	9,649	9,787	8,452	6,929	9,789
FRM 20				49	96	226	79	2,749	1,008	1,385	882	639	967
FRM 15				79	126	147	74	3,086	1,413	1,107	852	623	1,052
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	9,157	12,875	9,127	8,733	11,959	4,264	9,049	7,761	6,064	11,339	8,422	10,520	18,909
FRM 20	4,116	3,067	2,777	2,066	3,278	1,911	2,160	2,118	1,965	2,367	3,088	3,277	3,752
FRM 15	10,459	13,717	9,516	8,447	10,553	6,856	7,951	7,611	7,570	7,745	7,883	11,523	12,762





