



## Federal Housing Finance Agency

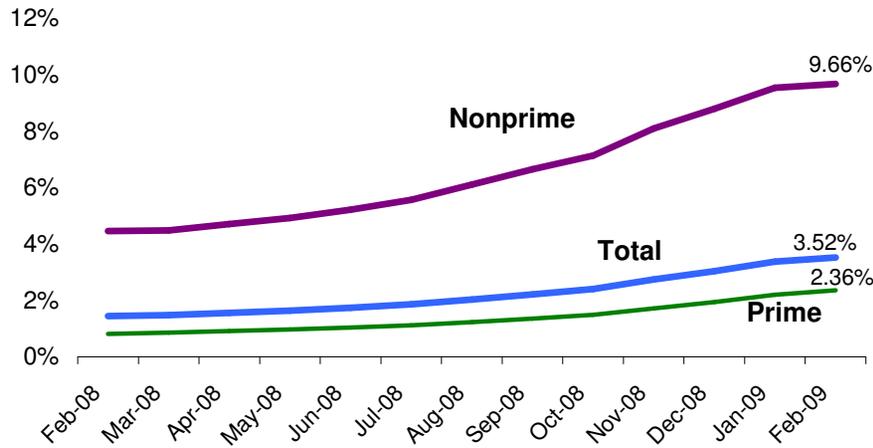
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Foreclosure Prevention Report  
February 2009

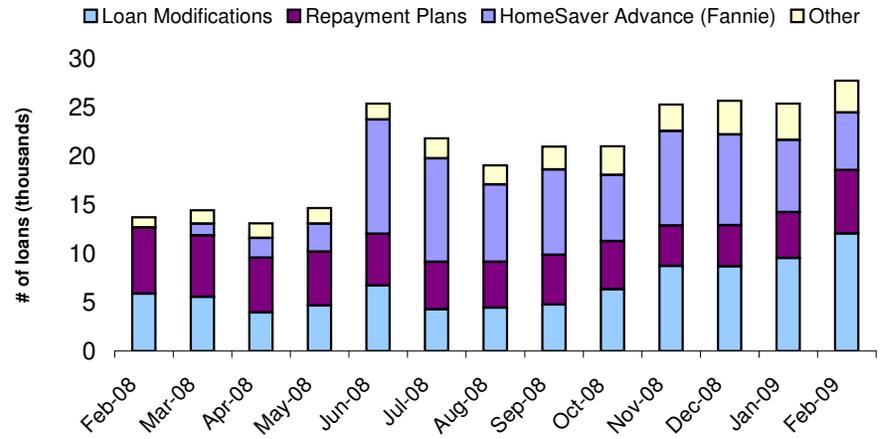
# FHFA Foreclosure Prevention Report - February 2009



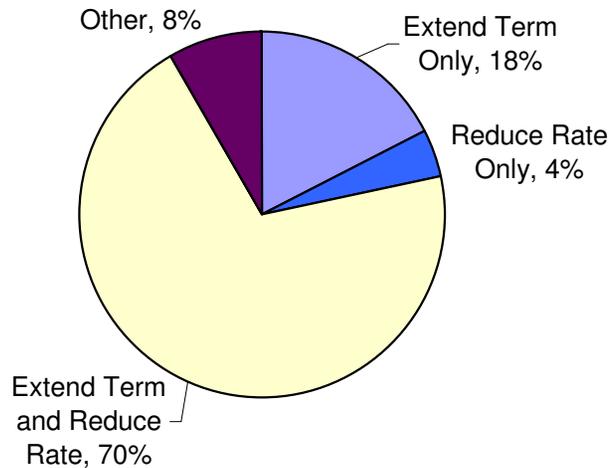
**60 Days+ Delinquency Rates**  
Credit quality continues to deteriorate...



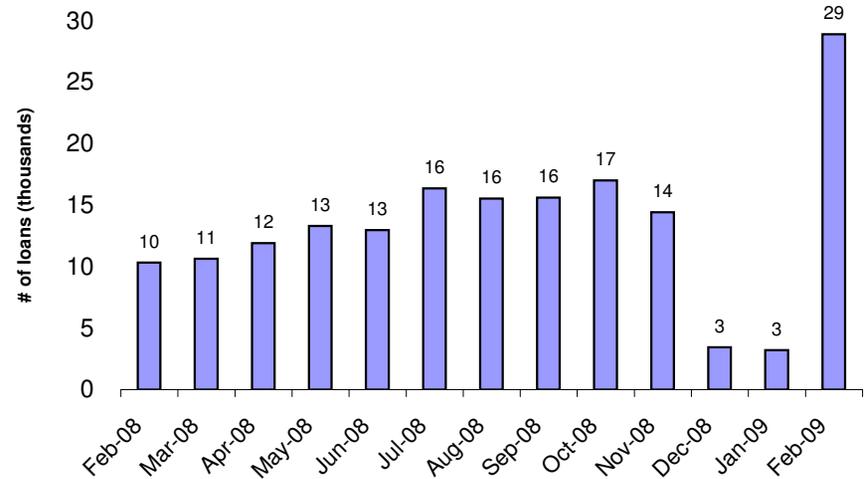
**Foreclosure Prevention Actions Completed**  
...however, loan modifications and repayment plans are increasing.



**Loan Modifications by Type - February 2009**  
The bulk of loan modifications involve both rate reductions and term extensions.



**Foreclosure Sales Completed**  
...surged as the moratorium on foreclosures was lifted during the first half of February.



# FHFA Foreclosure Prevention Report - February 2009



## 1 - Mortgage Performance (at period end)

	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09
<b>Number of Loans (thous)</b>	30,141	30,190	30,269	30,481	30,459	30,479	30,527	30,626	30,497	30,495	30,536	30,372	30,226
Prime	24,963	25,036	25,132	25,353	25,369	25,419	25,485	25,608	25,571	25,595	25,657	25,521	25,416
Nonprime	5,178	5,153	5,138	5,128	5,090	5,061	5,042	5,018	4,926	4,900	4,879	4,851	4,810
<b>60 Days+ Delinquent (thous)</b>	434	445	470	497	529	566	621	678	731	835	926	1,024	1,065
Prime	203	214	229	245	264	284	313	345	380	439	497	562	600
Nonprime	231	231	241	252	265	281	308	333	351	396	429	462	465
<b>60 Days+ Delinquent (%)</b>	<b>1.44%</b>	<b>1.47%</b>	<b>1.55%</b>	<b>1.63%</b>	<b>1.74%</b>	<b>1.86%</b>	<b>2.03%</b>	<b>2.22%</b>	<b>2.40%</b>	<b>2.74%</b>	<b>3.03%</b>	<b>3.37%</b>	<b>3.52%</b>
Prime	0.81%	0.86%	0.91%	0.97%	1.04%	1.12%	1.23%	1.35%	1.49%	1.71%	1.94%	2.20%	2.36%
Nonprime	4.45%	4.48%	4.70%	4.91%	5.21%	5.56%	6.10%	6.64%	7.13%	8.09%	8.79%	9.53%	9.66%
<b>90 Days+ Delinquent (%)</b>	<b>0.95%</b>	<b>0.99%</b>	<b>1.05%</b>	<b>1.12%</b>	<b>1.18%</b>	<b>1.27%</b>	<b>1.38%</b>	<b>1.52%</b>	<b>1.67%</b>	<b>1.88%</b>	<b>2.14%</b>	<b>2.45%</b>	<b>2.63%</b>
<b>In Bankruptcy (%)</b>												<b>0.24%</b>	<b>0.25%</b>
<b>Top Five Reasons for Default</b>													
Curtailment of Income												34%	35%
Excessive obligations												20%	19%
Unemployment												8%	8%
Illness of principal mortgagor or family member												6%	6%
Marital Difficulties												4%	3%

# FHFA Foreclosure Prevention Report - February 2009



## 2 - Foreclosure Prevention Actions Completed (# of loans)

	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Full Year 2008	Jan-09	Feb-09	YTD 2009
Repayment Plans	6,777	6,314	5,595	5,504	5,294	4,897	4,720	5,093	4,927	4,147	4,235	62,560	4,702	6,506	11,208
Forbearance Plans	366	467	484	459	336	379	326	394	572	658	886	5,692	836	827	1,663
Charge-offs in Lieu	42	70	41	49	66	73	57	72	97	75	101	799	98	61	159
HomeSaver Advance ( <i>Fannie</i> )	11	1,233	2,052	2,881	11,725	10,599	7,914	8,764	6,800	9,692	9,296	70,967	7,403	5,903	13,306
Loan Modifications	5,886	5,541	3,969	4,677	6,741	4,265	4,446	4,777	6,354	8,735	8,688	68,307	9,558	12,067	21,625
<b>Home Retention Actions</b>	<b>13,082</b>	<b>13,625</b>	<b>12,141</b>	<b>13,570</b>	<b>24,162</b>	<b>20,213</b>	<b>17,463</b>	<b>19,100</b>	<b>18,750</b>	<b>23,307</b>	<b>23,206</b>	<b>208,325</b>	<b>22,597</b>	<b>25,364</b>	<b>47,961</b>
Short Sales	556	704	850	1,056	1,156	1,492	1,465	1,717	2,103	1,828	2,261	15,704	2,608	2,228	4,836
Deeds in Lieu	84	122	107	62	67	118	138	171	156	150	234	1,511	188	161	349
<b>Foreclosure Alternatives - Home Forfeiture Actions</b>	<b>640</b>	<b>826</b>	<b>957</b>	<b>1,118</b>	<b>1,223</b>	<b>1,610</b>	<b>1,603</b>	<b>1,888</b>	<b>2,259</b>	<b>1,978</b>	<b>2,495</b>	<b>17,215</b>	<b>2,796</b>	<b>2,389</b>	<b>5,185</b>

<b>Total Foreclosure Prevention Actions</b>	<b>13,722</b>	<b>14,451</b>	<b>13,098</b>	<b>14,688</b>	<b>25,385</b>	<b>21,823</b>	<b>19,066</b>	<b>20,988</b>	<b>21,009</b>	<b>25,285</b>	<b>25,701</b>	<b>225,540</b>	<b>25,393</b>	<b>27,753</b>	<b>53,146</b>
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### % of Total Foreclosure Prevention Actions

Repayment Plans	49%	44%	43%	37%	21%	22%	25%	24%	23%	16%	16%	28%	19%	23%	21%
Forbearance Plans	3%	3%	4%	3%	1%	2%	2%	2%	3%	3%	3%	3%	3%	3%	3%
Charge-offs in Lieu	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HomeSaver Advance ( <i>Fannie</i> )	0%	9%	16%	20%	46%	49%	42%	42%	32%	38%	36%	31%	29%	21%	25%
Loan Modifications	43%	38%	30%	32%	27%	20%	23%	23%	30%	35%	34%	30%	38%	43%	41%
<b>Home Retention Actions</b>	<b>95%</b>	<b>94%</b>	<b>93%</b>	<b>92%</b>	<b>95%</b>	<b>93%</b>	<b>92%</b>	<b>91%</b>	<b>89%</b>	<b>92%</b>	<b>90%</b>	<b>92%</b>	<b>89%</b>	<b>91%</b>	<b>90%</b>
Short Sales	4%	5%	6%	7%	5%	7%	8%	8%	10%	7%	9%	7%	10%	8%	9%
Deeds in Lieu	1%	1%	1%	0%	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
<b>Foreclosure Alternatives - Home Forfeiture Actions</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>8%</b>	<b>5%</b>	<b>7%</b>	<b>8%</b>	<b>9%</b>	<b>11%</b>	<b>8%</b>	<b>10%</b>	<b>8%</b>	<b>11%</b>	<b>9%</b>	<b>10%</b>

# FHFA Foreclosure Prevention Report - February 2009



## 3 - Home Retention Actions Completed by Risk Category

	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Full Year 2008	Jan-09	Feb-09	YTD 2009
<b>Home Retention Actions</b>	13,082	13,625	12,141	13,570	24,162	20,213	17,463	19,100	18,750	23,307	23,206	208,269	22,597	25,364	47,961
Prime	4,551	4,672	4,098	4,875	8,724	7,974	6,310	7,119	6,442	8,045	8,468	74,665	8,560	9,685	18,245
Nonprime	8,531	8,953	8,043	8,695	15,438	12,239	11,153	11,981	12,308	15,262	14,738	133,604	14,037	15,679	29,716
<b>Repayment Plans</b>	6,777	6,314	5,595	5,504	5,294	4,897	4,720	5,093	4,927	4,147	4,235	62,560	4,702	6,506	11,208
Prime	2,528	2,315	2,132	2,156	2,090	1,979	1,857	2,076	1,972	1,584	1,713	24,323	1,886	2,569	4,455
Nonprime	4,249	3,999	3,463	3,348	3,204	2,918	2,863	3,017	2,955	2,563	2,522	38,237	2,816	3,937	6,753
<b>Forbearance Plans</b>	366	467	484	459	336	379	326	394	572	658	886	5,692	836	827	1,663
Prime	148	184	202	198	138	171	130	152	207	311	408	2,399	386	401	787
Nonprime	218	283	282	261	198	208	196	242	365	347	478	3,293	450	426	876
<b>Charge-Offs in Lieu</b>	42	70	41	49	66	73	57	72	97	75	101	799	98	61	159
Prime	11	28	16	20	27	34	25	28	39	32	47	331	52	26	78
Nonprime	31	42	25	29	39	39	32	44	58	43	54	468	46	35	81
<b>HomeSaver Advance (Fannie)</b>	11	1,233	2,052	2,881	11,725	10,599	7,914	8,764	6,800	9,692	9,296	70,967	7,403	5,903	13,306
Prime	3	343	545	856	4,459	4,285	2,747	3,134	1,998	3,113	3,011	24,494	2,502	1,958	4,460
Nonprime	8	890	1,507	2,025	7,266	6,314	5,167	5,630	4,802	6,579	6,285	46,473	4,901	3,945	8,846
<b>Loan Modifications</b>	<b>5,886</b>	<b>5,541</b>	<b>3,969</b>	<b>4,677</b>	<b>6,741</b>	<b>4,265</b>	<b>4,446</b>	<b>4,777</b>	<b>6,354</b>	<b>8,735</b>	<b>8,688</b>	<b>68,307</b>	<b>9,558</b>	<b>12,067</b>	<b>21,625</b>
Prime	1,861	1,802	1,203	1,645	2,010	1,505	1,551	1,729	2,226	3,005	3,289	23,142	3,734	4,731	8,465
Nonprime	4,025	3,739	2,766	3,032	4,731	2,760	2,895	3,048	4,128	5,730	5,399	45,165	5,824	7,336	13,160

### Type of Modifications (# of loans)

Extend Term Only													1,732	2,120	3,852
Reduce Rate Only													531	493	1,024
Extend Term and Reduce Rate													6,366	8,440	14,806
Extend Term, Reduce Rate, and Forbear Principal													-	-	-
Other													929	1,014	1,943

### Type of Modifications (%)

Extend Term Only													18%	18%	18%
Reduce Rate Only													6%	4%	5%
Extend Term and Reduce Rate													67%	70%	68%
Extend Term, Reduce Rate, and Forbear Principal													0%	0%	0%
Other													10%	8%	9%

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## 4 - Home Forfeiture Actions completed by Risk Category

	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Full Year 2008	Jan-09	Feb-09	YTD 2009
<b>Home Forfeiture Actions</b>	11,616	12,065	13,586	15,100	14,849	18,699	17,860	18,209	20,042	16,901	6,206	177,064	6,177	32,213	38,390
Prime	6,416	6,693	7,781	8,641	8,855	11,467	10,816	11,180	12,350	10,533	4,210	105,511	4,319	20,676	24,995
Nonprime	5,242	5,442	5,846	6,508	6,060	7,305	7,101	7,101	7,789	6,443	2,097	72,296	1,956	11,598	13,554
<b>Short Sales</b>	556	704	850	1,056	1,156	1,492	1,465	1,717	2,103	1,828	2,261	15,704	2,608	2,228	4,836
Prime	341	425	525	677	754	1,000	1,033	1,200	1,489	1,323	1,671	10,741	1,923	1,669	3,592
Nonprime	215	279	325	379	402	492	432	517	614	505	590	4,963	685	559	1,244
<b>Deeds in Lieu</b>	84	122	107	62	67	118	138	171	156	150	234	1,511	188	161	349
Prime	61	93	82	42	44	80	114	118	123	113	180	1,112	145	117	262
Nonprime	23	29	25	20	23	38	24	53	33	37	54	399	43	44	87
<b>Third Party Sales</b>	659	594	713	677	662	725	729	716	775	515	281	7,732	159	927	1,086
Prime	380	350	443	388	404	424	402	440	473	296	159	4,553	95	605	700
Nonprime	279	244	270	289	258	301	327	276	302	219	122	3,179	64	322	386
<b>Foreclosure Sales</b>	10,317	10,645	11,916	13,305	12,964	16,364	15,528	15,605	17,008	14,408	3,430	152,061	3,222	28,897	32,119
Prime	5,623	5,797	6,715	7,514	7,626	9,929	9,242	9,394	10,226	8,769	2,153	88,774	2,104	18,259	20,363
Nonprime	4,694	4,848	5,201	5,791	5,338	6,435	6,286	6,211	6,782	5,639	1,277	63,287	1,118	10,638	11,756
<b>Foreclosure Alternatives - Home Forfeiture Actions <sup>1</sup></b>	640	826	957	1,118	1,223	1,610	1,603	1,888	2,259	1,978	2,495	17,215	2,796	2,389	5,185
Prime	402	518	607	719	798	1,080	1,147	1,318	1,612	1,436	1,851	11,877	2,068	1,786	3,854
Nonprime	238	308	350	399	425	530	456	570	647	542	644	5,338	728	603	1,331
<b>Foreclosure Starts</b>	39,980	35,957	39,031	37,887	39,925	47,770	44,170	40,969	47,086	43,827	59,068	508,253	75,230	80,103	155,333
Prime	21,832	20,021	21,965	21,579	22,374	27,998	25,082	22,495	26,808	25,456	35,040	286,746	44,182	51,483	95,665
Nonprime	18,148	15,936	17,066	16,308	17,551	19,772	19,088	18,474	20,278	18,371	24,028	221,507	31,048	28,620	59,668

<sup>1</sup> Sum of short sales and deeds in lieu



## Glossary

### Section 1: Mortgage Performance

**Number of Loans** - Total conventional active book of business, excluding loans that were liquidated during the month.

**Prime Borrowers** - FICO score greater than or equal to than 660

**Nonprime Borrowers** - FICO score less than 660

**60 Days+ Delinquent** - Loans two or more payments delinquent, including loans in relief, in the process of foreclosure, or in the process of bankruptcy. Calculated as total loans minus loans current and performing, as well as those 30 to 59 days delinquent.

**90 Days+ Delinquent** - Loans three or more payments delinquent, including loans in relief, in the process of foreclosure, and in the process of bankruptcy.

**In Bankruptcy** - Loans in the process of bankruptcy; includes all delinquency status.

**Delinquency Reason Codes** - Includes only loans three months or more delinquent and also in relief, foreclosure, or bankruptcy.

### Section 2: Completed Foreclosure Prevention Actions

**Home Retention Actions** - Repayment plans, forbearance plans, charge-offs in lieu of foreclosure, Home Saver Advances, and loan modifications. Home retention actions allow borrowers to retain ownership/occupancy of their homes while attempting to return loans to current and performing status.

**Repayment Plans** - Number of loans for which borrowers completed the terms of a formal repayment plan during the month.

**Forbearance Plans** - Number of loans for which terms have been completed (become current) under a forbearance plan that had previously authorized suspension of payments or had agreed to accept periodic payment of less than the borrower's scheduled monthly payment, periodic payments at different intervals, etc., to give the borrower and servicer additional time to determine and implement the most appropriate way to cure the delinquency.

**Charge-Offs in Lieu of Foreclosure** - A delinquent loan for which collection efforts or legal actions against the borrower are agreed to be not in the Enterprises' best interests (because of reduced property value, a low outstanding mortgage balance, or presence of certain environmental hazards).

**Home Saver Advance (Fannie Mae)** - An unsecured personal loan to a qualified borrower to cure his or her payment defaults under a mortgage loan the Enterprises own or guarantee. The borrower must be able to resume regular monthly payments on his or her mortgage.

**Loan Modifications** - Number of modified, renegotiated, or restructured loans, regardless of performance-to-date under the plan during the month. Terms of the contract between the borrower and the lender are altered with the aim of curing the delinquency (30 days or more past due).

**Foreclosure Alternatives - Home Forfeiture Actions**- Short sales and deeds in lieu of foreclosure. These actions require borrowers to give up their homes. Although homes are forfeited, foreclosure alternatives generally have less adverse impact on borrowers and their credit reports than foreclosure.

**Short Sales** - A payoff of less than the full amount of loan debt to avoid the expense of foreclosure proceedings.

**Deed(s) in Lieu of Foreclosure** - A loan for which the borrower voluntarily conveys the property to the lender to avoid a foreclosure proceeding.

### Section 3: Loan Modification Types

**Extend Term Only** - Remaining term of the loan is longer after modification.

**Reduce Rate Only** - Loan's rate is lower after modification.

**Extend Term and Reduce Rate** - Loan's rate reduced and term extended.

**Extend Term, Rate Reduction, and Forbear Principal** - Modification includes term extension, rate reduction, and forbearance of principal.

**Other** - A modification that does not fit in any of the above categories. The majority of these loans are capitalized modifications.

### Section 4: Third Party Sales and Foreclosures

**Third Party Sales** - A third party entity purchases the property at the foreclosure sale/auction above the initial bid set forth by Fannie Mae or Freddie Mac.

**Foreclosure Starts** - The total number of loans referred to an attorney to initiate the legal process of foreclosure during the month. These are loans measured as not being in foreclosure in the previous month but referred to foreclosure in the current month.

**Foreclosure Sales** - The number of loans that went to foreclosure (sheriff's) sale during the month.