



# Federal Housing Finance Agency

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## Refinance Report March 2013

This report contains data on refinance program activity of Fannie Mae and Freddie Mac (the Enterprises) through March 2013.

## Report Highlights

- Refinance volume remained high in March 2013 as mortgage rates rose over the past few months but remained near record low levels.
- HARP volume represented 21 percent of total refinance volume in March.
- In March 2013, 98,982 refinances were completed through HARP, bringing the total refinances through HARP from the inception of the program to 2,459,329.
- In March 2013, 22 percent of the loans refinanced through HARP were at a loan-to-value ratio greater than 125 percent.
- Year to date through March 2013, borrowers with loan-to-value ratios greater than 105 percent accounted for 45 percent of the volume of HARP loans.
- Year to date through March 2013, 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.
- Year to date through March 2013, HARP refinances represented 63 percent of total refinances in Nevada, more than triple the 21 percent of total refinances nationwide, and 53 percent in Florida, more than double the 21 percent of total refinances nationwide.
- Year to date through March 2013, underwater borrowers represented 64 percent or more of HARP volume in Nevada, Arizona and Florida.

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

### HARP Overview

HARP was established in 2009 to assist homeowners unable to access a refinance due to a decline in their home value.

The program is 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.

HARP enhancements took effect in 2012 to increase access to the program for responsible borrowers. The program was scheduled to expire on December 31, 2013 and was recently extended to

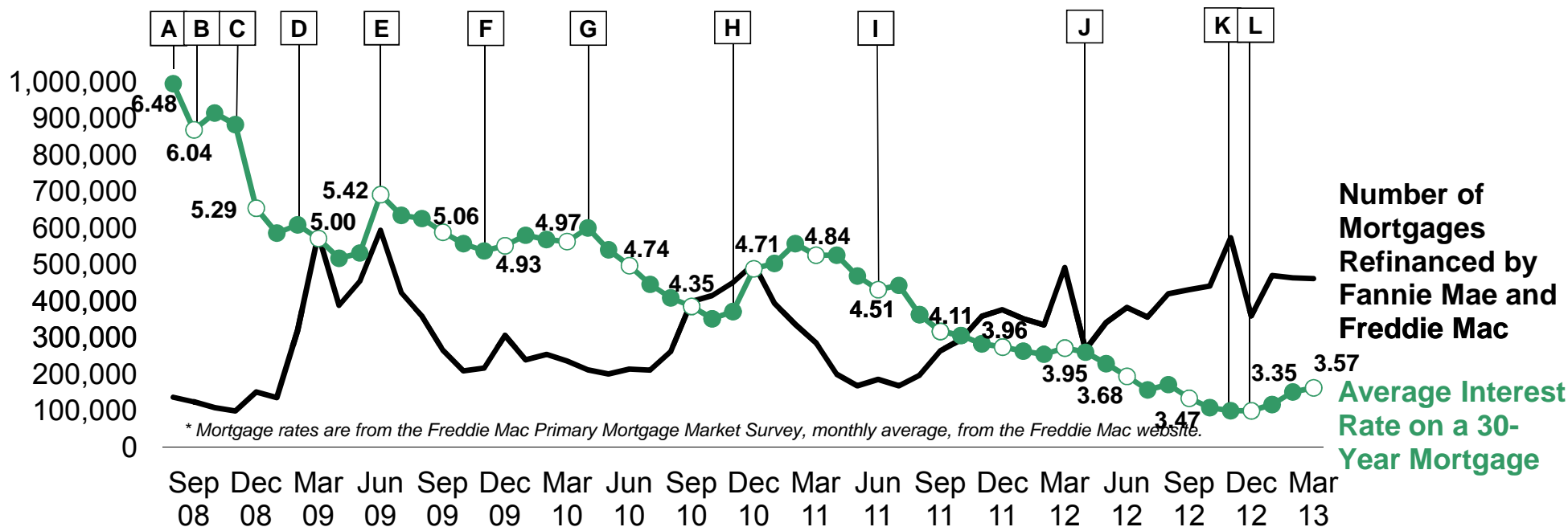
Below are the basic HARP eligibility criteria:

- 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. There is no LTV ceiling.
- 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.

Refinance volume remained high in March as mortgage rates rose over the past few months but remained near record low levels.

### Mortgage Rates vs Refinance Volume

FHFA Refinance Report



\* Mortgage rates are from the Freddie Mac Primary Mortgage Market Survey, monthly average, from the Freddie Mac website.

- 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.
- L - Refinance volume surged in November and dipped in December, as seller servicers completed refinancings ahead of a 10 basis point guarantee fee increase that took effect December 1.

In March 2013, 98,982 refinances were completed through HARP, bringing the total refinances through HARP from the inception of the program to 2,459,329.

## Refinances Through March 2013

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	Mar 2013	Year to Date 2013	2012	Inception to Date <sup>1</sup>
<b>Total Refinances</b>				
Fannie Mae	264,778	864,476	3,090,463	10,016,906
Freddie Mac	196,874	530,932	1,660,067	6,168,842
Total	461,652	1,395,408	4,750,530	16,185,748
<b>Total HARP</b>				
Fannie Mae	58,021	181,508	640,459	1,431,927
Freddie Mac	40,961	112,801	434,295	1,027,402
Total	98,982	294,309	1,074,754	2,459,329
<b>HARP LTV &gt;80% -105%</b>				
Fannie Mae	33,026	99,363	373,820	1,039,836
Freddie Mac	22,696	63,216	232,124	721,719
Total	55,722	162,579	605,944	1,761,555
<b>HARP LTV &gt;105% -125%</b>				
Fannie Mae	12,246	39,046	137,055	219,408
Freddie Mac	9,439	25,656	103,611	183,194
Total	21,685	64,702	240,666	402,602
<b>HARP LTV &gt;125%</b>				
Fannie Mae	12,749	43,099	129,584	172,683
Freddie Mac	8,826	23,929	98,560	122,489
Total	21,575	67,028	228,144	295,172
<b>All Other Streamlined Refis</b>				
Fannie Mae	50,279	148,140	476,620	1,738,947
Freddie Mac	29,823	84,145	252,606	1,011,302
Total	80,102	232,285	729,226	2,750,249

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

From inception<sup>1</sup> through March 2013, 2,129,567 loans refinanced through HARP were for primary residences, 78,581 were for second homes and 251,181 were for investment properties.

## HARP Loans by Property Type Inception through March 2013

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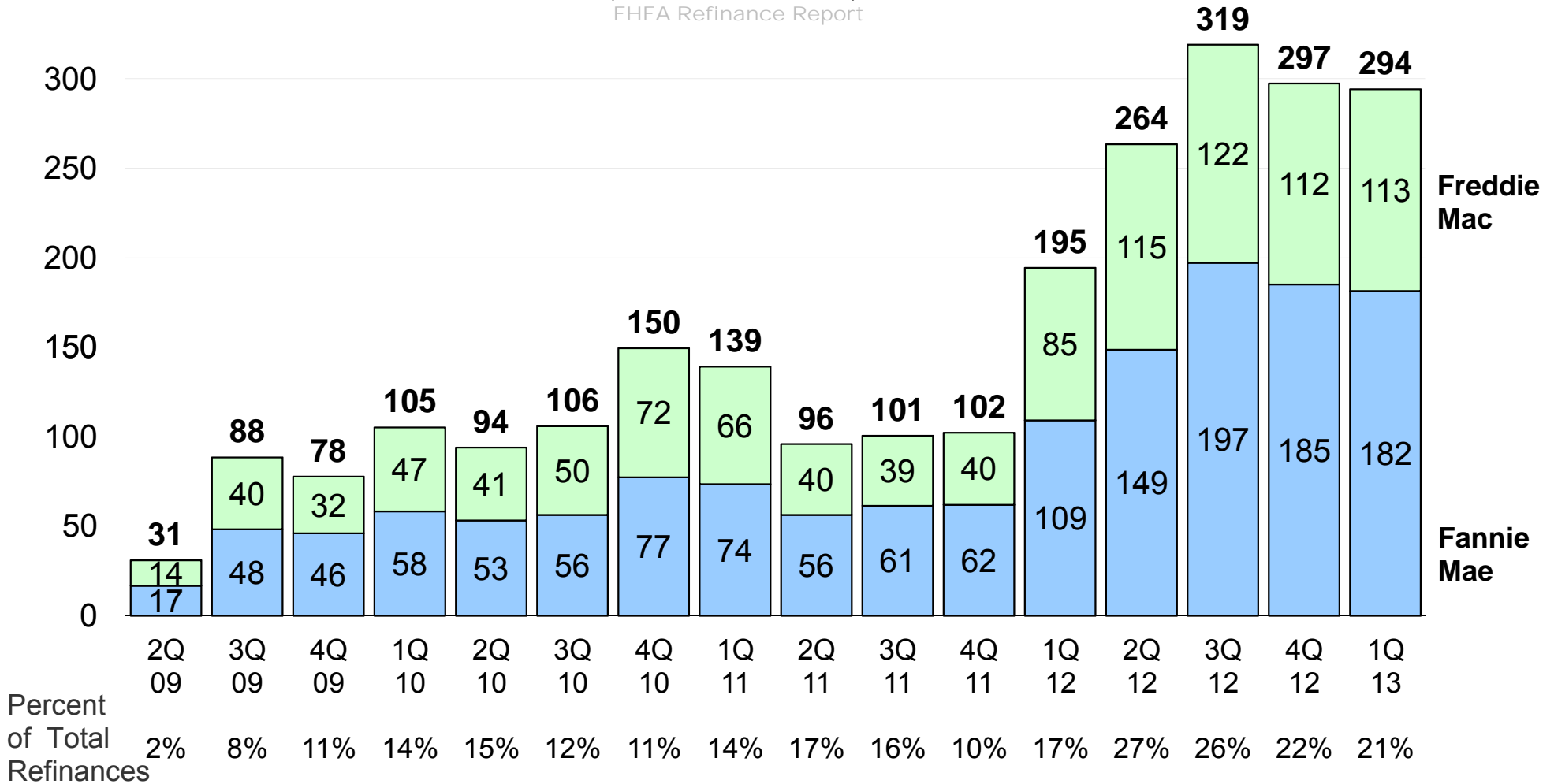
	Total	Primary Residence	Second Home	Investment Property
<b>Total HARP</b>				
Fannie Mae	1,431,927	1,222,724	44,242	164,961
Freddie Mac	<u>1,027,402</u>	<u>906,843</u>	<u>34,339</u>	<u>86,220</u>
Total	2,459,329	<u>2,129,567</u>	<u>78,581</u>	<u>251,181</u>
<b>HARP LTV &gt;80% -105%</b>				
Fannie Mae	1,039,836	903,714	33,236	102,886
Freddie Mac	<u>721,719</u>	<u>650,001</u>	<u>23,198</u>	<u>48,520</u>
Total	1,761,555	1,553,715	56,434	151,406
<b>HARP LTV &gt;105% -125%</b>				
Fannie Mae	219,408	183,081	5,728	30,599
Freddie Mac	<u>183,194</u>	<u>157,530</u>	<u>6,104</u>	<u>19,560</u>
Total	402,602	340,611	11,832	50,159
<b>HARP LTV &gt;125%</b>				
Fannie Mae	172,683	135,929	5,278	31,476
Freddie Mac	<u>122,489</u>	<u>99,312</u>	<u>5,037</u>	<u>18,140</u>
Total	295,172	235,241	10,315	49,616

<sup>1</sup>Inception - April 1, 2009

HARP volume reached 294,309 refinances in the first quarter of 2013, representing 21 percent of total refinance volume through the first quarter.

### HARP Refinance, Quarterly Volume

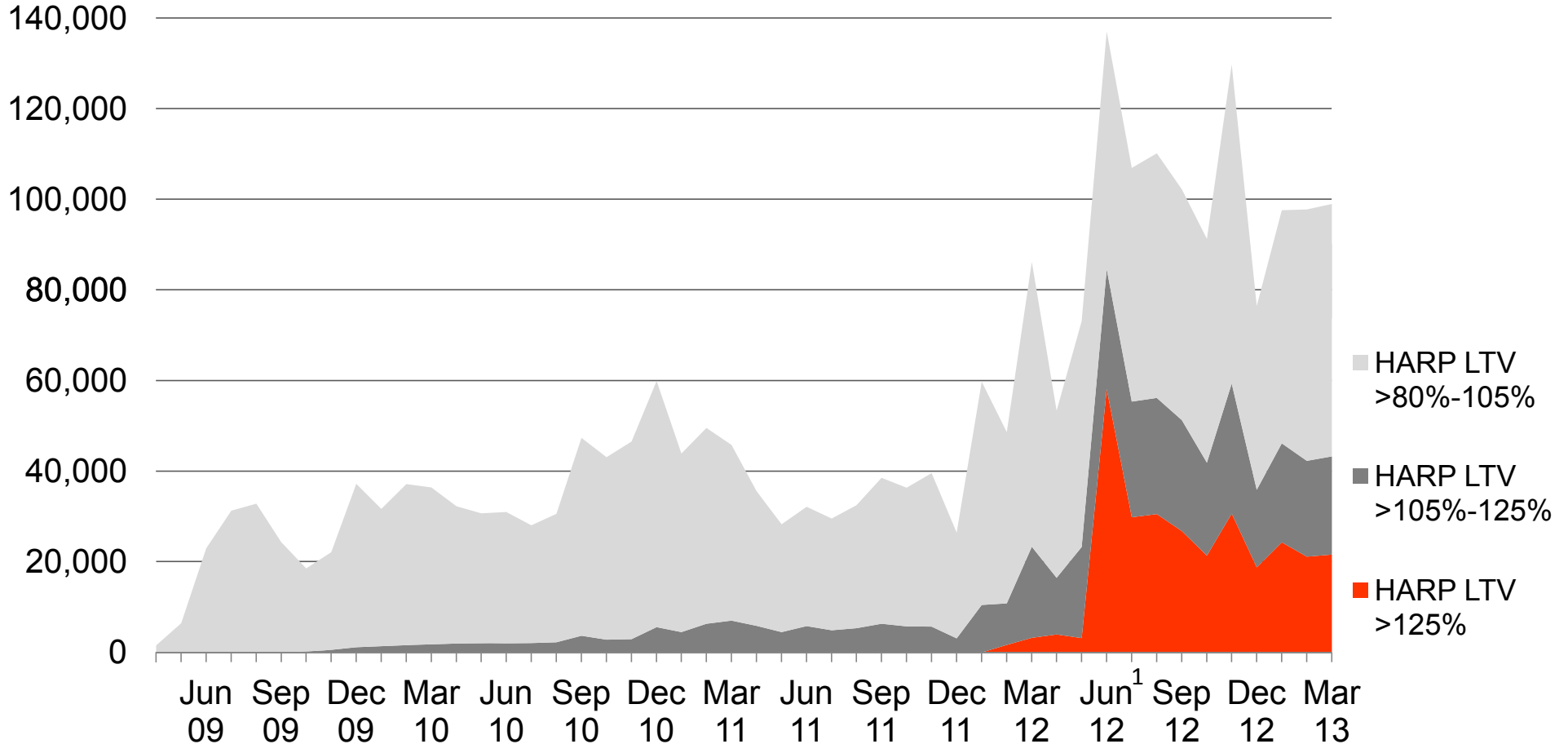
(Number of loans in thousands)  
FHFA Refinance Report



The number of completed HARP refinances reported for deeply underwater borrowers continued to represent a significant portion of total HARP volume. In March 2013, 22 percent of the loans refinanced through HARP had a loan-to-value ratio greater than 125 percent.

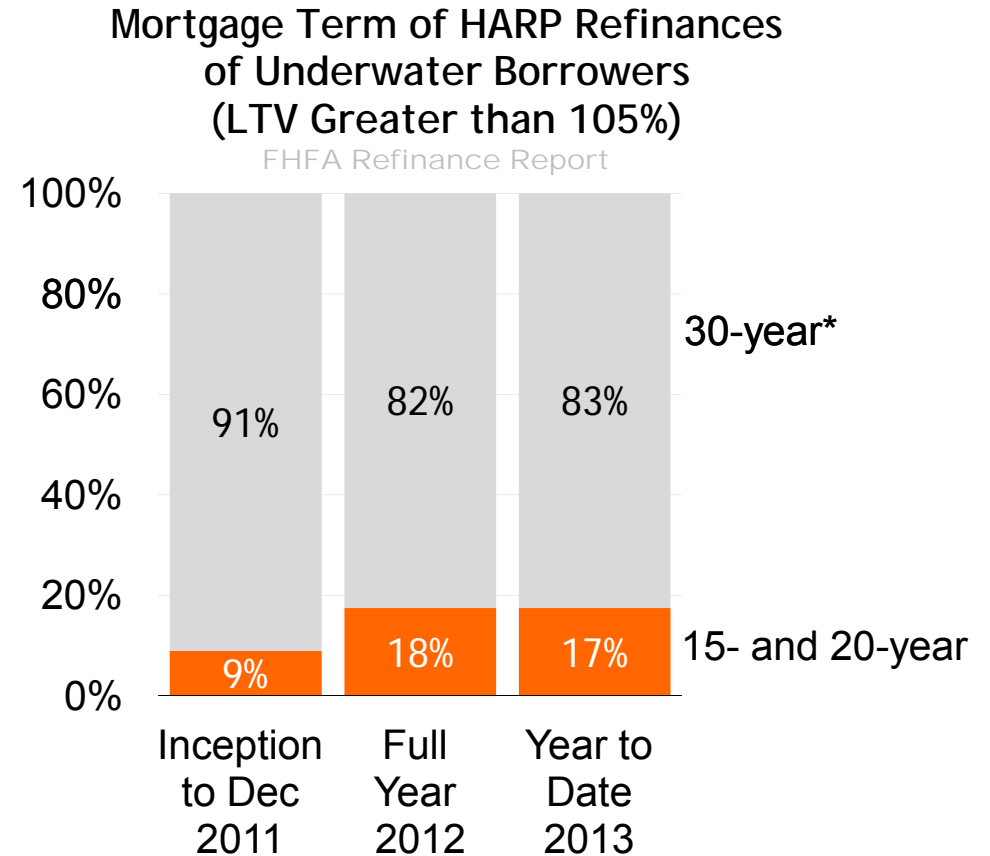
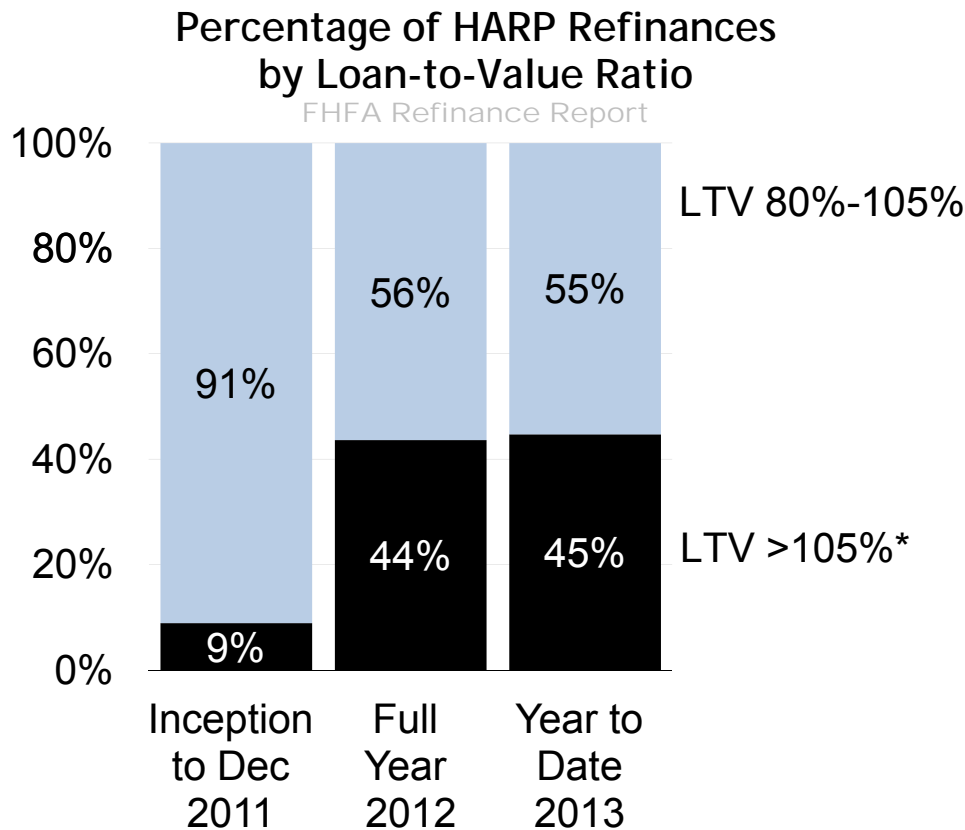
### Monthly HARP Volume by LTV

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<sup>1</sup> 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.

Year to date through March 2013, borrowers with loan-to-value ratios greater than 105 percent accounted for 45 percent of the volume of HARP loans, and 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.



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

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

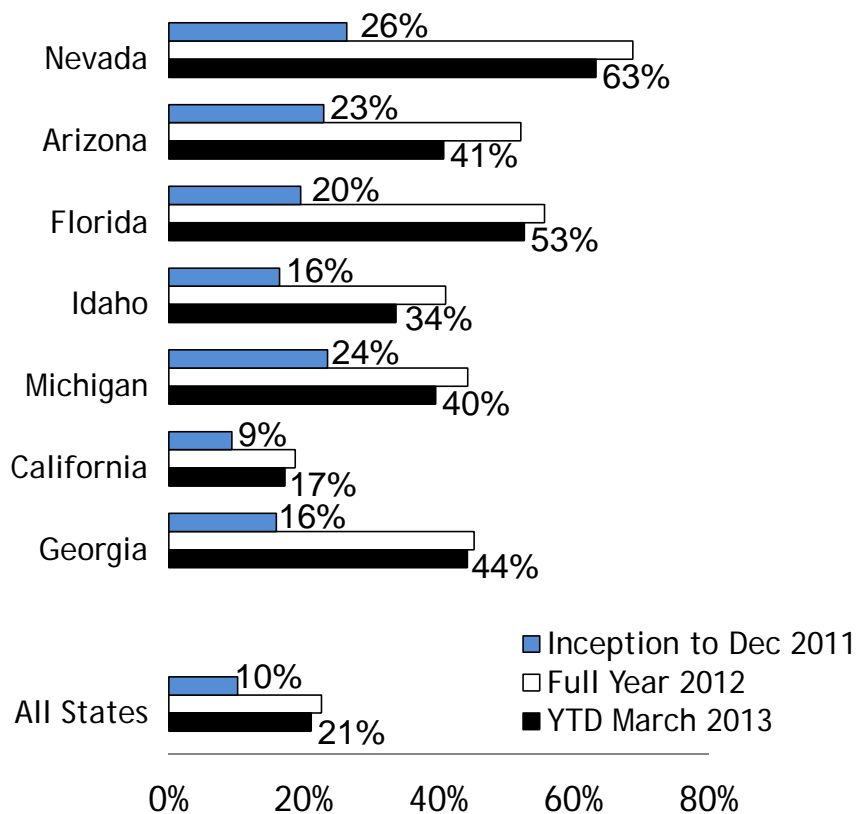


HARP continued to account for a substantial portion of total refinance volume in certain states. Year to date through March 2013, HARP refinances represented 63 percent of total refinances in Nevada, more than triple the 21 percent of total refinances nationwide, and 53 percent in Florida, more than double the 21 percent of total refinances nationwide.

Underwater borrowers accounted for a large portion of HARP refinances in a number of states. Year to date through March 2013, underwater borrowers represented 64 percent or more of HARP volume in Nevada, Arizona and Florida.

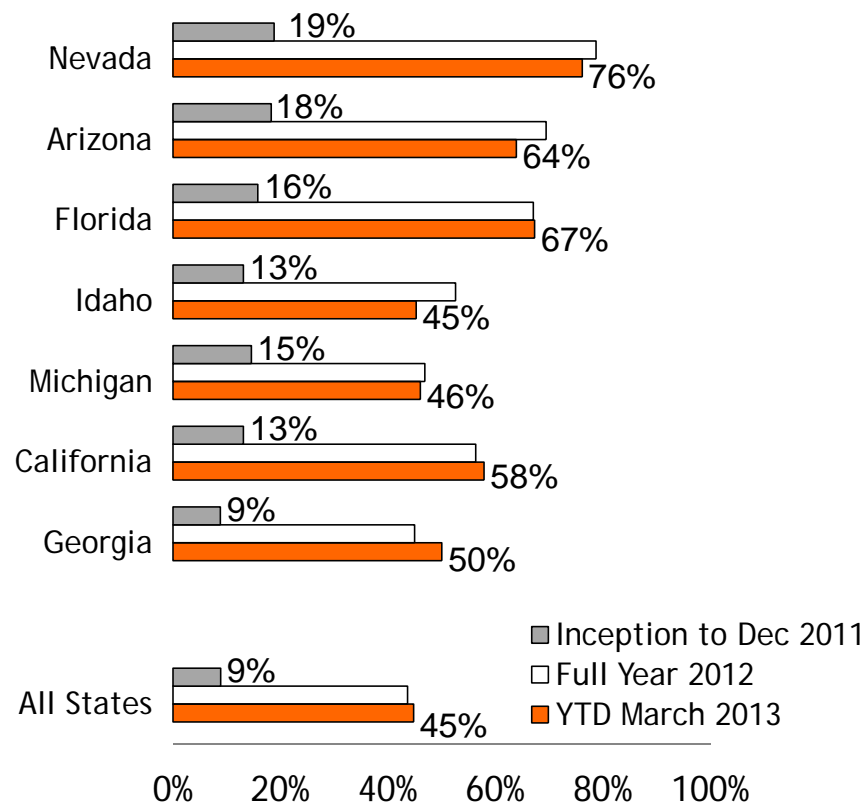
**Total HARP as a Percentage of Total Refinances**

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

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## Appendix: Data Tables

Fannie Mae and Freddie Mac - Monthly Refinance Volume<sup>1</sup> (# of loans)

	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
<b>Total Refinances</b>													
Fannie Mae	329,206	176,629	230,499	234,330	244,627	281,336	293,118	270,286	349,379	248,356	305,396	294,302	264,778
Freddie Mac	162,239	90,977	110,686	148,202	111,457	138,678	138,223	170,729	223,773	110,845	164,557	169,501	196,874
Total	491,445	267,606	341,185	382,532	356,084	420,014	431,341	441,015	573,152	359,201	469,953	463,803	461,652
<b>Total HARP</b>													
Fannie Mae	48,344	30,718	45,598	72,357	64,848	68,101	64,389	56,828	77,301	51,053	62,519	60,968	58,021
Freddie Mac	37,840	22,625	27,503	64,704	42,056	42,030	37,814	34,426	52,445	25,407	35,070	36,770	40,961
Total	86,184	53,343	73,101	137,061	106,904	110,131	102,203	91,254	129,746	76,460	97,589	97,738	98,982
<b>HARP LTV &gt;80% -105%</b>													
Fannie Mae	37,316	22,500	31,572	32,772	32,213	34,480	32,892	31,104	41,871	26,457	31,513	34,824	33,026
Freddie Mac	25,522	14,345	18,270	19,734	19,328	19,494	18,062	18,281	28,550	14,108	19,916	20,604	22,696
Total	62,838	36,845	49,842	52,506	51,541	53,974	50,954	49,385	70,421	40,565	51,429	55,428	55,722
<b>HARP LTV &gt;105% -125%</b>													
Fannie Mae	9,237	6,432	11,805	14,531	14,878	15,388	14,891	12,538	16,568	11,400	14,070	12,730	12,246
Freddie Mac	10,896	6,067	8,273	11,897	10,658	10,257	9,566	7,954	12,087	5,739	7,791	8,426	9,439
Total	20,133	12,499	20,078	26,428	25,536	25,645	24,457	20,492	28,655	17,139	21,861	21,156	21,685
<b>HARP LTV &gt;125%</b>													
Fannie Mae	1,791	1,786	2,221	25,054	17,757	18,233	16,606	13,186	18,862	13,196	16,936	13,414	12,749
Freddie Mac	1,422	2,213	960	33,073	12,070	12,279	10,186	8,191	11,808	5,560	7,363	7,740	8,826
Total	3,213	3,999	3,181	58,127	29,827	30,512	26,792	21,377	30,670	18,756	24,299	21,154	21,575
<b>All Other Streamlined Refis</b>													
Fannie Mae	54,048	26,441	37,877	34,419	32,372	41,767	40,315	40,594	56,276	36,618	45,694	52,167	50,279
Freddie Mac	25,899	13,122	19,261	17,636	15,699	21,522	19,487	25,366	35,554	18,134	27,587	26,735	29,823
Total	79,947	39,563	57,138	52,055	48,071	63,289	59,802	65,960	91,830	54,752	73,281	78,902	80,102

## 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.

Starting with the November 2012 Refinance Report, 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.

**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<sup>1</sup> (Mortgage Term)

	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Total Refinances													
FRM 30 (incl FRM 25 & 40)	194,159	96,232	135,621	133,147	137,639	161,118	169,029	154,733	208,484	143,161	184,910	182,604	154,486
FRM 20	26,968	14,500	19,205	22,900	21,657	26,423	28,311	24,427	31,467	21,292	26,031	24,513	22,895
FRM 15	98,983	59,534	69,290	72,102	79,399	88,206	89,637	86,359	104,428	79,910	90,601	84,353	83,592
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	26,172	15,845	21,913	22,879	22,343	24,180	23,169	21,965	30,175	18,931	22,755	25,830	23,928
FRM 20	4,601	2,607	3,679	4,166	4,138	4,676	4,245	3,729	5,330	3,186	3,699	4,040	3,797
FRM 15	6,161	3,814	5,691	5,377	5,434	5,384	5,192	5,208	6,178	4,186	4,901	4,838	5,238
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	8,178	5,952	10,162	11,899	12,178	12,682	11,893	9,980	13,760	9,210	11,416	10,323	9,917
FRM 20	1,059	480	1,643	1,776	1,765	1,622	1,630	1,383	1,532	1,250	1,419	1,317	1,125
FRM 15	0	0	0	856	935	1,084	1,368	1,175	1,276	940	1,235	1,090	1,204
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)	1,666	1,688	2,021	21,459	14,988	15,784	13,763	11,005	16,140	11,129	14,371	11,306	10,922
FRM 20	125	98	200	3,004	1,899	1,409	1,773	1,163	1,489	1,134	1,523	1,210	933
FRM 15	0	0	0	591	870	1,040	1,070	1,018	1,233	933	1,042	898	894
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	27,336	12,774	18,955	17,215	15,011	20,392	19,550	20,206	28,602	17,148	22,980	27,494	25,333
FRM 20	6,070	2,892	3,615	4,148	4,081	6,407	5,792	5,405	8,427	5,273	6,971	8,088	7,688
FRM 15	20,157	10,506	15,012	12,743	13,010	14,715	14,758	14,770	18,986	14,040	15,535	16,427	17,111

## Appendix: Data Tables

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

	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Total Refinances													
FRM 30 (incl FRM 25 & 40)	81,006	43,422	51,153	93,431	61,764	81,230	76,410	98,982	135,985	62,407	96,635	97,480	118,663
FRM 20	17,029	8,785	10,696	12,911	11,890	12,795	12,248	14,167	17,305	7,526	10,783	13,291	13,585
FRM 15	58,863	35,155	44,461	38,170	34,330	41,171	45,578	54,102	65,751	37,393	52,773	55,036	61,134
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	17,503	9,384	12,263	13,428	12,925	13,770	12,293	12,925	21,033	10,125	14,613	15,151	16,889
FRM 20	3,641	2,047	2,471	2,696	2,355	2,270	2,479	2,237	3,115	1,414	1,937	2,277	2,433
FRM 15	4,211	2,781	3,363	3,478	3,878	3,344	3,144	3,043	4,306	2,485	3,308	3,127	3,304
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	9,139	4,849	6,062	9,032	7,858	7,889	7,375	6,225	9,604	4,424	6,076	6,779	7,583
FRM 20	936	436	1,103	1,303	1,268	1,137	1,015	791	1,219	544	770	671	817
FRM 15	821	782	1,108	1,562	1,532	1,231	1,176	938	1,264	771	945	976	1,039
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)	1,200	1,840	807	27,238	9,649	9,787	8,452	6,929	9,789	4,656	6,056	6,523	7,406
FRM 20	96	226	79	2,749	1,008	1,385	882	639	967	398	549	574	692
FRM 15	126	147	74	3,086	1,413	1,107	852	623	1,052	606	758	643	728
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	11,959	4,264	9,049	7,761	6,064	11,339	8,422	10,520	18,909	7,146	14,958	13,349	14,400
FRM 20	3,278	1,911	2,160	2,118	1,965	2,367	3,088	3,277	3,752	2,304	3,021	3,569	4,451
FRM 15	10,553	6,856	7,951	7,611	7,570	7,745	7,883	11,523	12,762	8,604	9,548	9,764	10,873





