



Federal Housing Finance Agency

Refinance Report July 2012

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

Report Highlights

- Refinance volume continued to be strong in July as 30-year mortgage rates continued to reach new record lows.
- HARP volume as a percentage of total refinance volume has steadily grown in 2012 as HARP enhancements took effect in the first and second quarters of this year. HARP volume represented 27 percent of total refinance volume in July 2012.
- Borrowers in June and July 2012 with loan-to-value ratios greater than 105 percent accounted for more than half the volume of HARP loans as lenders began to sell Fannie Mae and Freddie Mac securities containing loans with LTV ratios greater than 125 percent as of June 1.

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 GSEs 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.

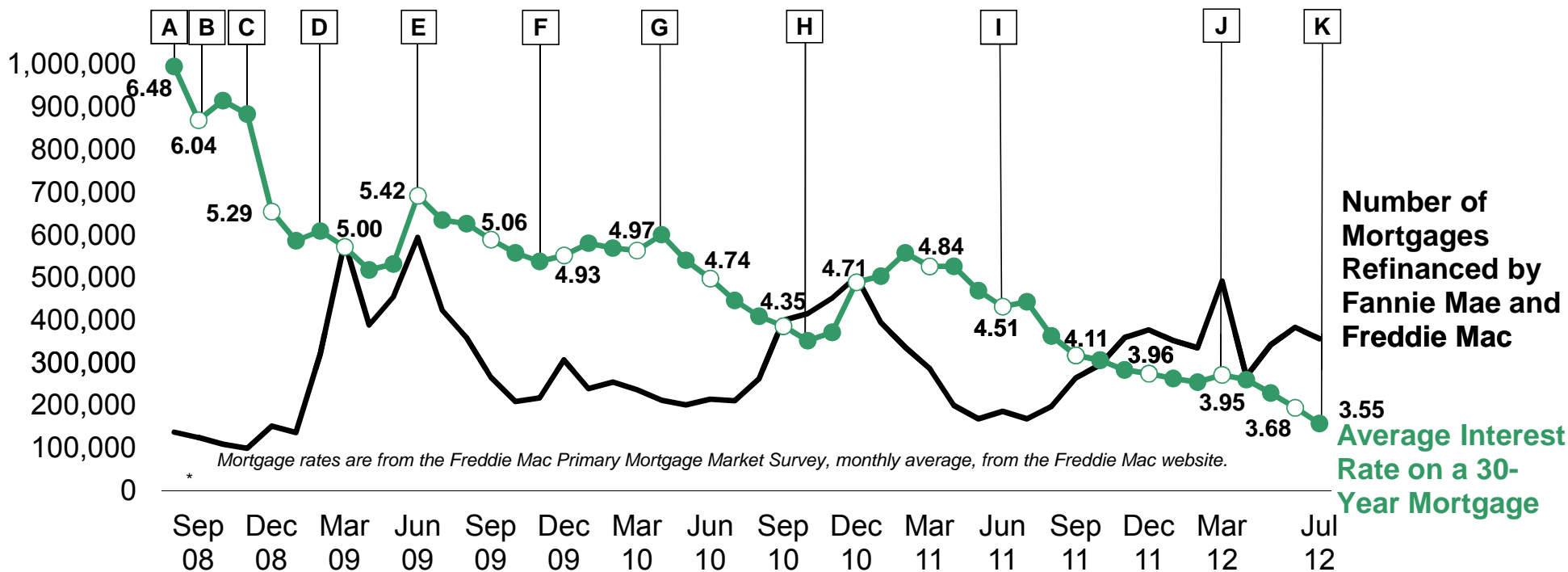
HARP Enhancements

In the Fall of 2011, FHFA worked collaboratively with the GSEs and other industry participants in an effort to increase access to the program for responsible borrowers who were already eligible. 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 current 125 percent LTV ceiling for fixed-rate mortgages backed by Fannie Mae and Freddie Mac;
- 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.

Refinance volume continued to be strong in July as 30-year mortgage rates reached new record lows.

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 July 2012.

Year-to-date through July 2012, 519,339 refinances were completed through HARP, bringing the total refinances through HARP from the inception of the program to 1,541,190.

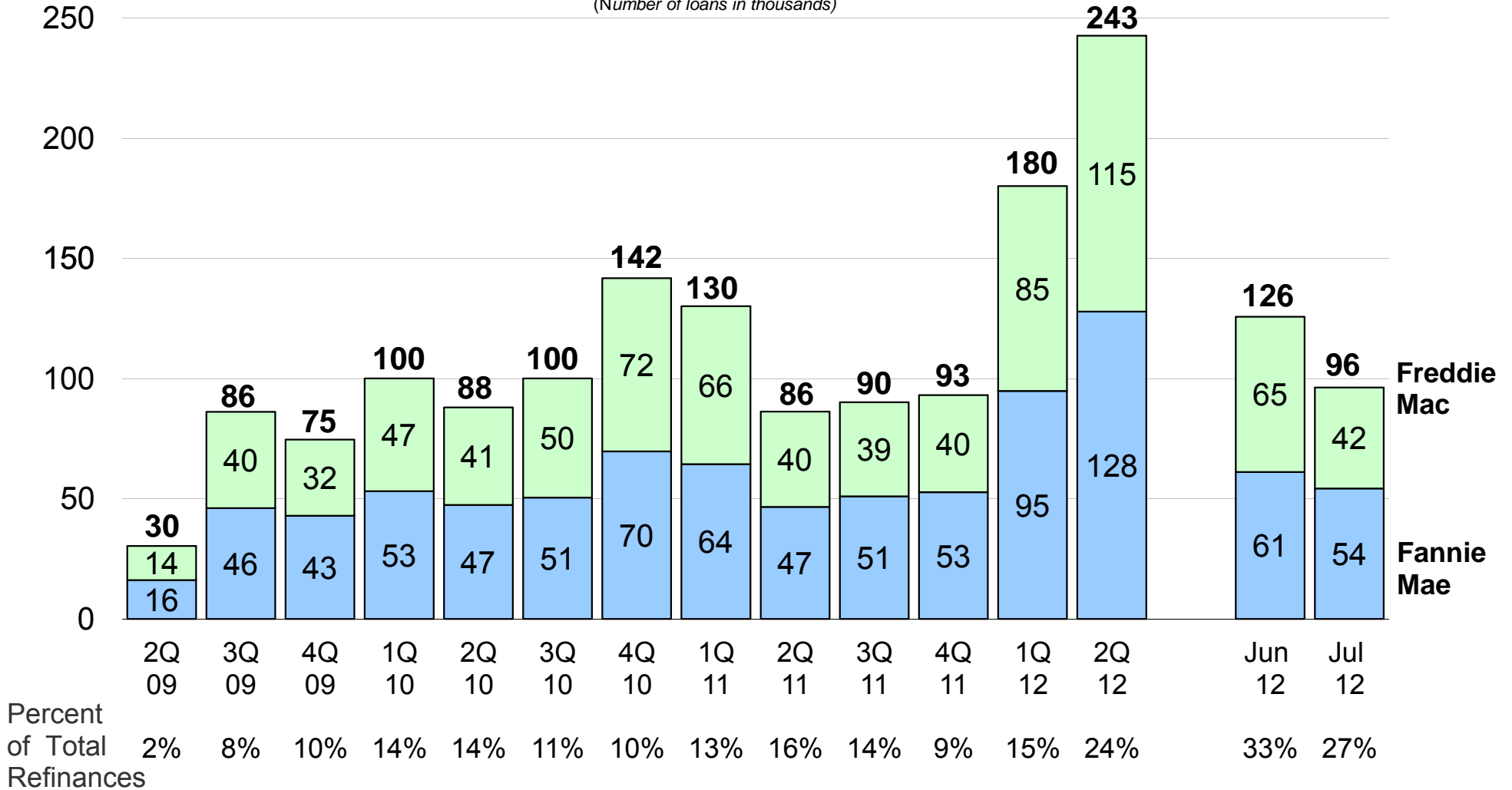
	Jul 2012	Year to Date 2012	2011	Inception to Date ¹
Total Refinances				
Fannie Mae	244,634	1,648,034	2,045,762	7,710,001
Freddie Mac	<u>111,457</u>	<u>877,819</u>	<u>1,183,304</u>	<u>4,855,662</u>
	356,091	2,525,853	3,229,066	12,565,663
Total HARP				
Fannie Mae	54,314	277,166	215,075	818,711
Freddie Mac	<u>42,056</u>	<u>242,173</u>	<u>184,949</u>	<u>722,479</u>
	96,370	519,339	400,024	1,541,190
Total HARP LTV >80% -105%				
Fannie Mae	27,110	179,389	191,391	684,245
Freddie Mac	<u>19,328</u>	<u>133,629</u>	<u>148,642</u>	<u>560,008</u>
	46,438	313,018	340,033	1,244,253
Total HARP LTV >105% -125%				
Fannie Mae	12,623	56,786	23,684	93,475
Freddie Mac	<u>10,658</u>	<u>58,008</u>	<u>36,307</u>	<u>111,935</u>
	23,281	114,794	59,991	205,410
Total HARP LTV >125%				
Fannie Mae	14,581	40,991	0	40,991
Freddie Mac	<u>12,070</u>	<u>50,536</u>	<u>0</u>	<u>50,536</u>
	26,651	91,527	0	91,527
Total All Other Streamlined Refis				
Fannie Mae	42,907	306,701	517,413	1,489,305
Freddie Mac	<u>15,699</u>	<u>132,543</u>	<u>267,636</u>	<u>807,094</u>
	58,606	439,244	785,049	2,296,399
Total				

¹Inception to Date - Since April 1, 2009

HARP volume as a percentage of total refinance volume has steadily grown in 2012 compared to 2011 as HARP enhancements took effect in the first and second quarters of this year. HARP volume represented 27 percent of total refinance volume in July 2012.

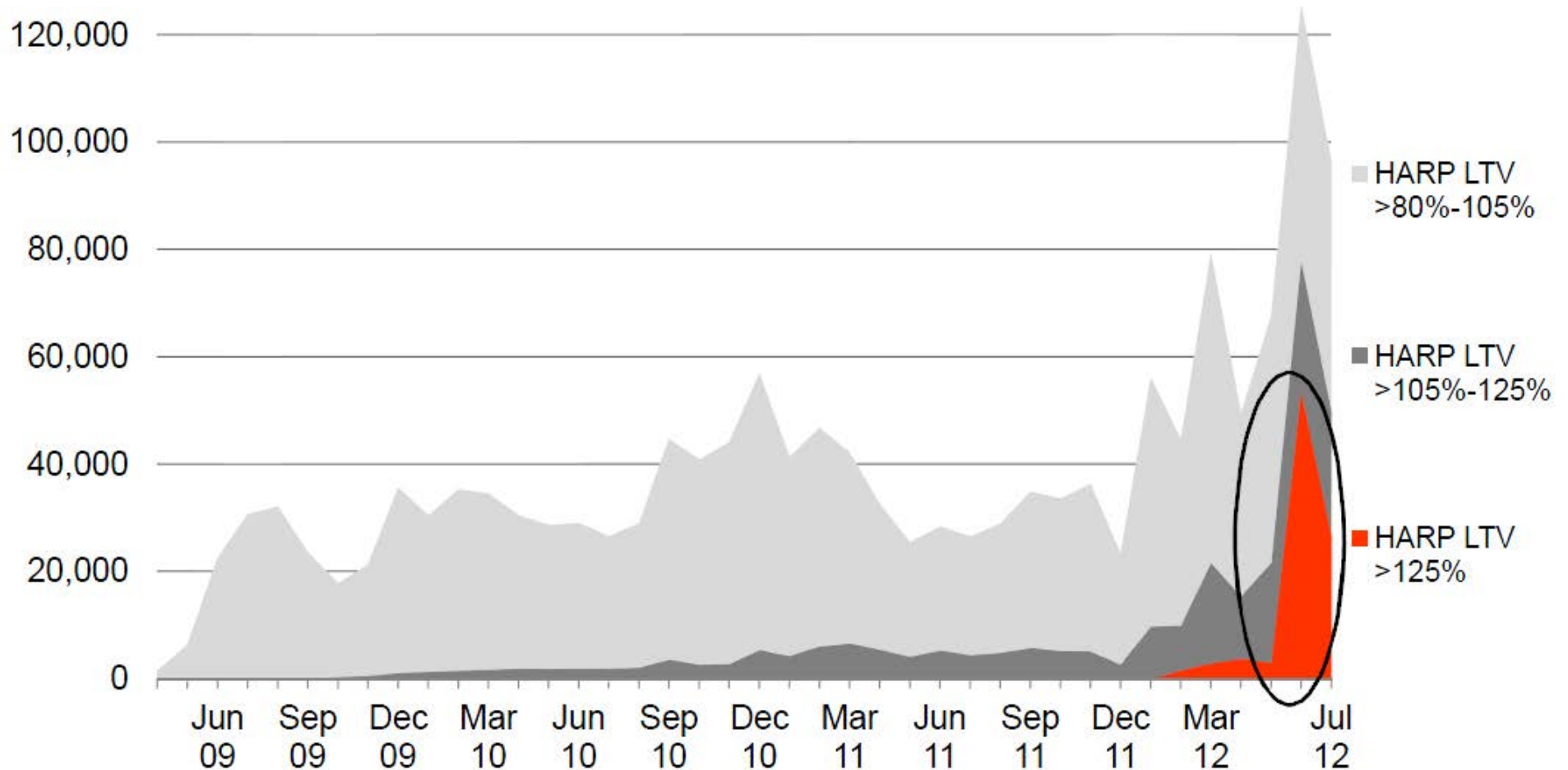
HARP Refinance, Quarterly Volume

(Number of loans in thousands)



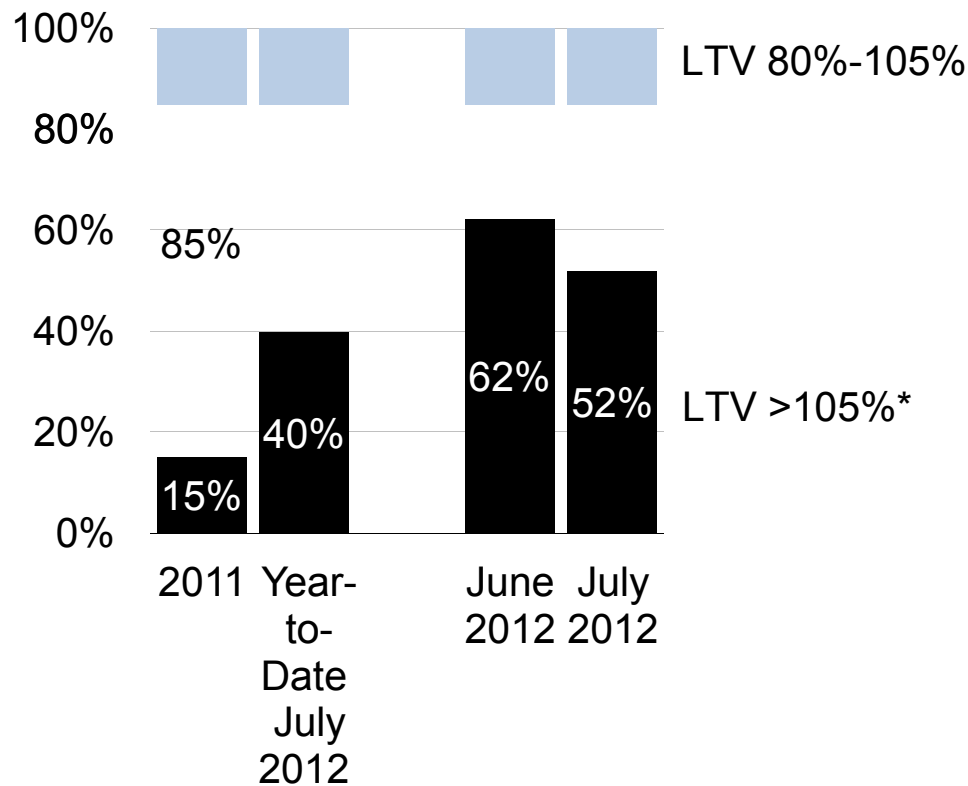
The number of completed HARP refinances reported for deeply underwater borrowers continued to represent a significant portion of total HARP volume in July.

Monthly HARP Volume by LTV

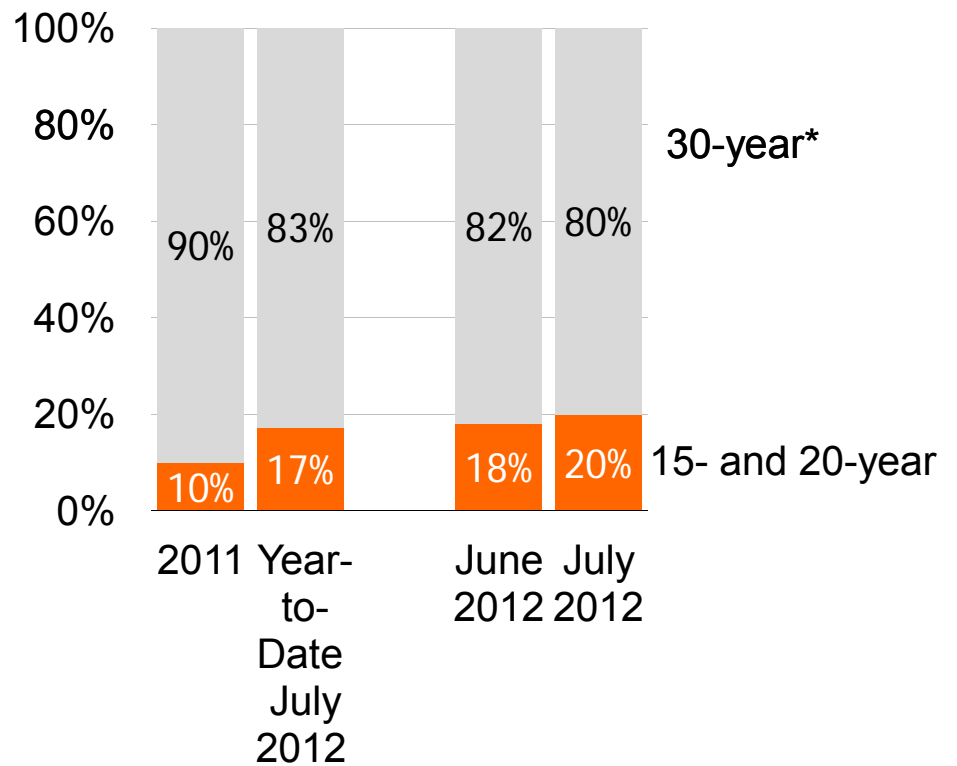


Borrowers in June and July 2012 with loan-to-value ratios greater than 105 percent accounted for more than half the volume of HARP loans as lenders began to sell Fannie Mae and Freddie Mac securities containing loans with LTV ratios greater than 125 percent as of June 1. In July, 20 percent of underwater borrowers chose 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



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



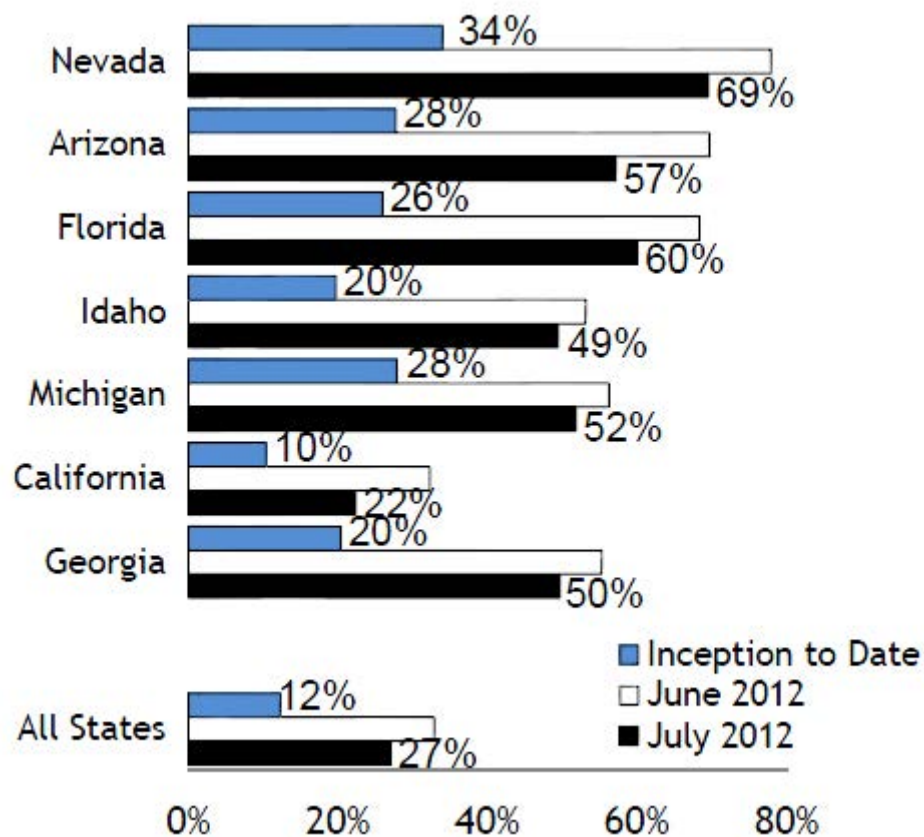
* Includes HARP LTV >105%-125% and HARP LTV >125%.

* Includes 25-year and 40-year mortgages.

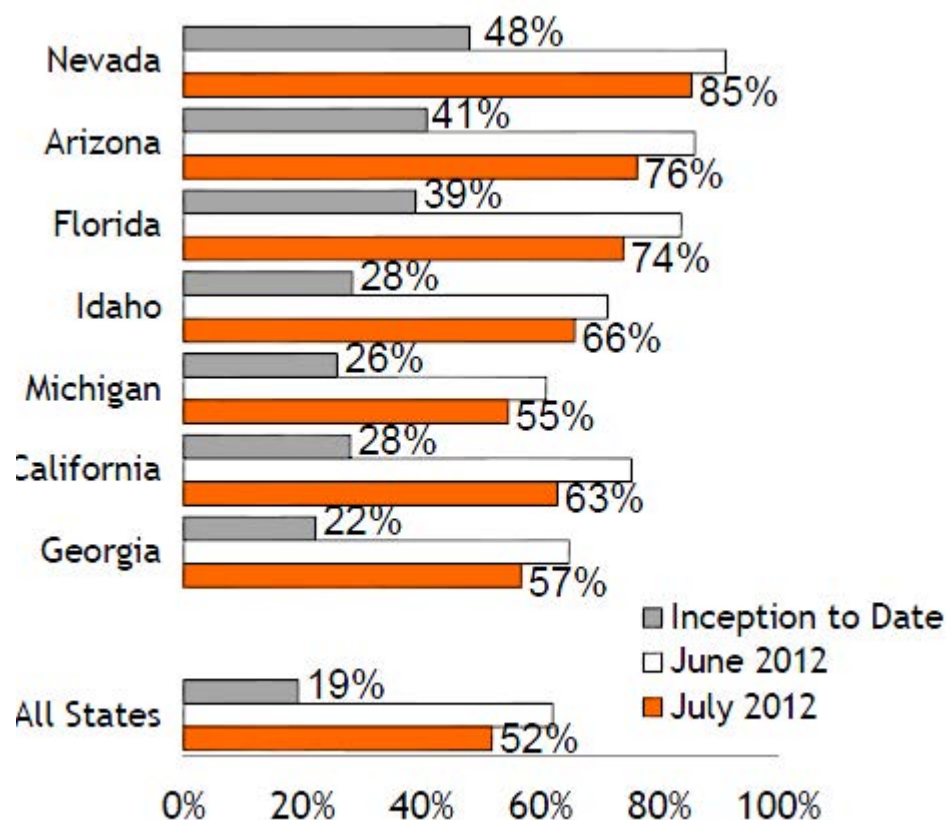
HARP continued to account for a substantial portion of total refinance volume in certain states. In July 2012, HARP refinances represented 57 percent or more of total refinances in Nevada, Arizona, and Florida, compared to 27 percent of total refinances nationwide.

Underwater borrowers accounted for a very large portion of HARP refinances in a number of states. In Nevada, Arizona and Florida, underwater borrowers represented over 70 percent of HARP volume, and in Idaho and California they represented more than 60 percent of HARP refinances.

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)

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	
Total Refinances														
Fannie Mae	108,870	120,694	169,066	183,055	233,837	264,305	221,272	211,428	329,207	17	6,633	230,523	234,337	244,634
Freddie Mac	59,316	76,377	94,703	111,822	124,544	112,050	130,655	123,603	162,239	90,977	610	110,686	148,202	111,457
Total	168,186	197,071	263,769	294,877	358,381	376,355	351,927	335,031	491,446	267,	341,209	382,539	356,091	
Total HARP														
Fannie Mae										33				
Freddie Mac	14,441	17,011	19,599	17,766	21,210	13,824	29,269	24,007	41,6	840	26,828	39,953	61,162	54,314
Total	14,441	17,011	19,599	17,766	21,210	13,824	29,269	24,007	41,6	840	26,828	39,953	61,162	54,314
HARP LTV >80% -105%														
Fannie Mae														
Freddie Mac	12,070	11,871	15,216	15,799	15,094	9,499	26,914	20,531	37,		22,625	27,503	64,704	42,056
Total	12,070	11,871	15,216	15,799	15,094	9,499	26,914	20,531	37,		22,625	27,503	64,704	42,056
HARP LTV >105% -125%														
Fannie Mae														
Freddie Mac	12,756	15,073	17,140	15,510	18,959	12,464	25,162	19,427	32,3	522	19,737	27,581	28,016	27,110
Total	12,756	15,073	17,140	15,510	18,959	12,464	25,162	19,427	32,3	522	19,737	27,581	28,016	27,110
HARP LTV >125%														
Fannie Mae														
Freddie Mac	1,685	1,938	2,459	2,256	2,251	1,360	4,106	3,828	7,8	896	5,577	10,378	12,461	12,623
Total	1,685	1,938	2,459	2,256	2,251	1,360	4,106	3,828	7,8	896	5,577	10,378	12,461	12,623
All Other Streamlined Refis														
Fannie Mae														
Freddie Mac	13,168	15,702	22,479	25,491	23,933	29,810	21,548	19,378	25,		13,122	19,261	17,636	15,699
Total	13,168	15,702	22,479	25,491	23,933	29,810	21,548	19,378	25,		13,122	19,261	17,636	15,699
All Other Streamlined Refis														
Fannie Mae														
Freddie Mac	32,896	38,962	50,237	39,301	50,880	52,008	41,621	41,914	60,7	899	30,333	43,546	45,615	42,907
Total	32,896	38,962	50,237	39,301	50,880	52,008	41,621	41,914	60,7	899	30,333	43,546	45,615	42,907
All Other Streamlined Refis														
Fannie Mae														
Freddie Mac	13,168	15,702	22,479	25,491	23,933	29,810	21,548	19,378	25,		13,122	19,261	17,636	15,699
Total	13,168	15,702	22,479	25,491	23,933	29,810	21,548	19,378	25,		13,122	19,261	17,636	15,699
All Other Streamlined Refis														
Fannie Mae														
Freddie Mac	46,064	54,664	72,716	64,792	74,813	81,818	63,169	61,292	86,664	43,455	62,807	63,251	58,606	
Total	46,064	54,664	72,716	64,792	74,813	81,818	63,169	61,292	86,664	43,455	62,807	63,251	58,606	

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 are owner-occupied with 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)

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
Total Refinances													
FRM 30 (incl FRM 25 & 40)	53,310	59,506	73,888	79,000	107,620	138,233	108,818	116,828	194,160	96,236	135,645	133,153	137,642
FRM 20	8,130	8,094	16,318	20,026	24,690	22,532	24,143	16,783	26,968	14,500	19,205	22,900	21,657
FRM 15	40,950	46,009	70,008	76,032	93,903	95,282	79,726	70,518	98,983	59,534	69,290	72,103	79,403
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	9,030	11,054	11,232	10,306	12,115	10,138	15,931	14,025	22,495	13,788	18,999	19,333	18,454
FRM 20	1,253	1,328	2,257	2,323	2,702	689	3,683	1,998	4,086	2,394	3,333	3,689	3,653
FRM 15	1,948	2,185	2,973	2,437	3,787	1,385	5,265	3,170	5,445	3,364	5,003	4,712	4,769
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	1,546	1,794	2,191	1,999	1,984	1,260	3,654	3,444	6,921	5,141	8,901	10,094	10,246
FRM 20	139	144	268	257	267	100	451	384	892	436	1,477	1,579	1,520
FRM 15							1					788	857
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)								700	1,362	1,425	1,818	17,588	12,277
FRM 20								52	102	89	176	2,556	1,535
FRM 15												541	769
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	15,990	21,005	20,180	16,933	20,197	24,025	19,126	21,919	32,574	15,907	23,357	26,438	23,541
FRM 20	3,392	3,016	6,914	7,123	9,383	7,033	6,163	4,278	6,778	3,158	4,151	5,270	5,175
FRM 15	12,681	13,989	22,133	14,567	20,667	20,437	15,810	15,308	20,875	10,956	15,700	13,526	13,857

Appendix: Data Tables

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

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
Total Refinances													
FRM 30 (incl FRM 25 & 40)	28,413	36,296	42,304	50,683	53,169	48,918	64,406	65,538	81,006	43,422	51,153	93,431	61,764
FRM 20	5,632	6,110	8,074	11,639	14,547	10,228	13,772	10,227	17,029	8,785	10,696	12,911	11,890
FRM 15	20,490	25,941	38,274	45,030	51,385	47,470	47,423	43,334	58,863	35,155	44,461	38,170	34,330
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	6,433	6,333	7,872	8,167	7,860	6,512	13,567	10,839	17,503	9,384	12,263	13,428	12,925
FRM 20	1,237	1,131	1,454	1,937	1,861	454	2,796	1,686	3,641	2,047	2,471	2,696	2,355
FRM 15	1,407	1,360	2,346	2,523	2,274	981	4,733	2,499	4,211	2,781	3,363	3,478	3,878
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	2,444	2,646	2,780	2,606	2,384	1,174	4,742	3,827	9,139	4,849	6,062	9,032	7,858
FRM 20	164	89	268	169	216	79	374	328	936	436	1,103	1,303	1,268
FRM 15	171	167	268	203	302	105	544	402	821	782	1,108	1,562	1,532
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)								670	1,200	1,840	807	27,238	9,649
FRM 20								49	96	226	79	2,749	1,008
FRM 15								79	126	147	74	3,086	1,413
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	5,292	7,126	8,659	9,820	9,157	12,875	9,127	8,733	11,959	4,264	9,049	7,761	6,064
FRM 20	1,972	1,864	2,973	3,691	4,116	3,067	2,777	2,066	3,278	1,911	2,160	2,118	1,965
FRM 15	5,698	6,568	10,680	11,803	10,459	13,717	9,516	8,447	10,553	6,856	7,951	7,611	7,570

