

Making Home Affordable: New Challenges, New Tools

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What I'll cover today



- Challenges facing our communities
- Fannie Mae role, including **Making Home Affordable**
- Tools to help partners

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Lone Star State



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Bayou State

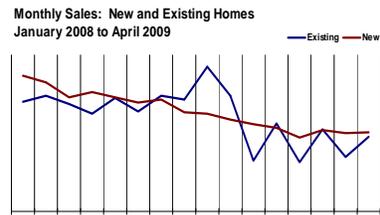


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Market indicators



Source: Federal Housing Finance Agency



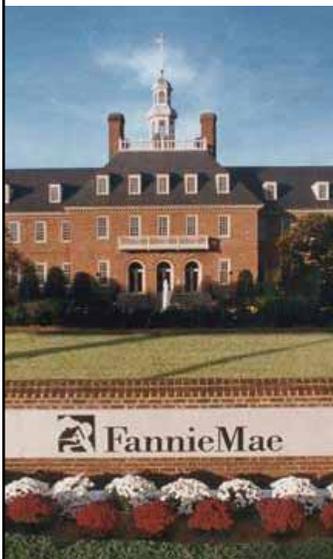
Source: National Association of REALTORS



Sources: FRM: Freddie Mac Primary Mortgage Market Survey; Refi Share: Fannie Mae

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Serving the market every day



Liquidity

- Issuing MBS
- Buying loans

Stability

- Refinancing and modifying mortgages
- Preventing foreclosures

Affordability

- Financing loans with near-record low interest rates

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With support to do the job



Government investment:

- Up to \$200 billion in funding
- Liquidity backstop

Fed pledge to purchase up to:

- \$1.25 trillion in GSE-issued MBS
- \$200 billion in GSE housing-related debt

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Helping millions keep their homes



- Home Affordable **Refinance**
- Home Affordable **Modification**

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Home Affordable Refinance



- Borrower has GSE loan and good payment history
- Borrower will benefit from:
 - Reduced monthly payment or
 - More stable product (e.g., ARM to FRM)
- Up to 105% LTV
- No additional mortgage insurance
- Limited cash-out
- No minimum credit score

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Fannie Mae tools facilitate refinancing



Refi Plus™

- Manual underwriting
- Servicer must be originating lender

DU Refi Plus™

- Automated tool
- Any lender using Desktop Underwriter™ can refinance any eligible Fannie Mae loan
- Expanded eligibility criteria
- All lending channels

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Home Affordable Modification



- GSE loans
 - Our servicers required to participate
 - GSEs share modification costs
 - Replaces Streamlined Modification and Early Workout programs
- Non-GSE loans
 - Servicers receiving TARP funds required to participate
 - Other servicers may opt in
 - Government shares modification costs

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Clear steps to modification



- Target: 31% of gross monthly income:
 - Reduce interest rate to floor of 2%
 - Extend term up to 40 years
 - If necessary, forbear portion of principal
- Calculate NPV
- Borrower must complete trial period

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Modification with **Second Lien Program**



- Up to half of at-risk borrowers have second lien
- Program works seamlessly with modification
- Reduces second lien payments
- Option to extinguish second lien

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Incentives balance interests of all parties



Servicers:

- \$1,000 after successful trial period
- Additional \$500 if borrower faced imminent default
- Incentive to reduce monthly payment by 6% or more
- Incentive for second lien

Borrowers:

- No cost for modification
- Payment for success
- Incentive for second lien

Investors:

- Incentive for target ratio achieved and successful trial period

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Coming soon: More foreclosure prevention options



Making Home Affordable guidance on:

- Short sales
- Deed-in-lieu of foreclosure
- Home price decline protection

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Fannie Mae tools to prevent foreclosure

- HomeSaver Forbearance™
 - Six-month forbearance for borrowers who do not qualify for Home Affordable Modification
- New workout hierarchy

Temporary hardship

1. Forbearance
2. Repayment plan
3. HomeSaver Advance™

Long-term hardship

1. Home Affordable Modification
2. HomeSaver Forbearance
3. Other forbearance
4. Modification
5. Pre-foreclosure or short sale
6. Deed-in-lieu

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Lender and servicer support: eFannieMae.com

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Making Home Affordable
 The Making Home Affordable Program offers assistance to homeowners through Fannie Mae's Home Affordable Refinance and the Home Affordable Modification Program.
[Making Home Affordable Details](#)
[Making Home Affordable Modification FAQs - Updated](#)

High-Balance Loan Feature - New 2009 Loan Limits
 See Announcement 09-08 for details on the updated high-balance loan limits, as well as new eligibility and underwriting requirements. For a summary of key eligibility, underwriting, pricing, committing, and delivery requirements, see the new High-Balance Feature Matrix.
[View Announcement 09-08](#)
[View High-Balance Feature Matrix](#)

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[Need Help With Your User ID or Password?](#)

Frequently Searched Pages

- [Foreclosure Prevention for Homeowners](#)
- [Asset Management History](#)
- [2009 Lender Announcements and Letters Form 1003](#)
- [Single-Family Forms](#)

Industry Specialists
 Not a lender or servicer? Get quick access to the information you need.

- [Brokers & Correspondents](#)
- [Appraisers](#)

Highlights

- [New Selling Guide Now Available](#)
 Learn about and access the authoritative version of the new Guide.

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Administrative Website for Servicers Home Affordable Modification Program
 Administered by Fannie Mae

[About the Program](#) | [Become a Participating Servicer](#) | [Program Specifics](#) | [Modification Documents](#) | [Support](#)

You are here: [Home](#)

Providing the tools you need to help America's homeowners

This site provides mortgage servicers the information & tools needed to participate in the Treasury Department's Home Affordable Modification Program (HAMP).

To familiarize yourself with the program, please review the following documents that provide an overview of the guidelines and tools:

- [Servicer Participation Agreement](#) Template of the agreement servicers need to sign to participate in the HAMP for loans that are not owned, securitized or guaranteed by Fannie Mae or Freddie Mac.
- [Supplemental Directive 08-01 - Home Affordable Modification Guidelines](#) Additional guidance to servicers for adoption and implementation of the Home Affordable Modification Program for non-GSE mortgages.
- [HAMP Data Dictionary](#) The catalogue of all data elements and associated metadata for the program, including the names, definitions, allowable values, and data types; it also defines the functional areas where the data elements are being used.

Participating Servicer Login

What's an Approved Participating Servicer?
 A servicer that has taken the necessary steps required to submit modifications via the tools provided on this site. To become an approved participating servicer, get started by completing the HAMP Registration Form.

If you need help or would like to contact us, please visit the [support](#) section.

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Reaching borrowers: MakingHomeAffordable.gov

Text A- A- A | En español Need urgent help? Contact the Homeowner's HOPE™ Hotline: (888) 995-HOPE

MAKING HOME AFFORDABLE.gov HELP FOR AMERICA'S HOMEOWNERS

ABOUT | ELIGIBILITY | LOAN LOOK UP | FIND A COUNSELOR | CONTACT YOUR MORTGAGE SERVICER | RESOURCES | AUDIO AND VIDEO



Are You Eligible?

Please use the self-assessment tools provided on this website to see if you are among the 7 to 9 million homeowners who may be able to benefit from **Making Home Affordable**.

[Find out if you are eligible](#)

Release: Obama Administration Announces New Details on Making Home Affordable Program
Parallel Second Lien Program to Help Homeowners Achieve Greater Affordability

Learn About Making Home Affordable

Refinancing
When homeowners can't afford to make their mortgage payments, they may be able to refinance to get...

NEW: Asked and Answered Questions from Homeowners like You

Send us your questions about the Making Home Affordable plan and see the responses to questions from homeowners like you.

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Reaching borrowers: fanniemae.com

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We're here to help

If you're struggling to pay your mortgage, the newly created Making Home Affordable Program may offer the help you need.



Homeowners

- Overview
- Refinance or Modify Your Mortgage
- More Options to Avoid Foreclosure
- Beware of Scams
- Foreclosure Prevention FAQs

Information and Guidance



Making Home Affordable: Help for America's Homeowners

If you are struggling to make your mortgage payments or can't take advantage of lower interest rates because your home has dropped in value, you may be one of the 7 to 9 million homeowners eligible for Making Home Affordable, the Obama Administration's new program to help responsible homeowners and strengthen the housing market.

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Reaching borrowers: Personal connections



- *Bringing Hope Home*
- Media
- Foreclosure prevention events

888-995-HOPE
Homeowner's HOPE™ Hotline



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Depend on Fannie Mae for servicing help



- Clear guidance
- Standards and procedures
- Tools and support

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Putting foreclosed homes back into service

HomePath.com En Español
by Fannie Mae

Home | HomePath Financing | Exclusive Offers | Real Estate Professionals | About Fannie Mae Homes

Recent Sales

		
<p>Under Contract</p> <p>Queen Creek, AZ</p> <p>3,864 Sq Ft 3 Bd/2 Ba \$114,900</p>	<p>Sold</p> <p>Southbridge, MA</p> <p>1,737 Sq Ft 3 Bd/1 Ba \$127,500</p>	<p>Sold</p> <p>Piquette Pleasant, OH</p> <p>2,192 Sq Ft 3 Bd/1.5 Ba</p>

Basic Search | Map Search | Fit My Budget | Special Financing

City: State: Zip code: REO ID/HLS ID:

Price Range: to Bedrooms: Baths:

More search options

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Our goal: Sustainable homeownership



Buyers need best loan for the long term

- Equity / "skin in the game"
- Fewer risk layers
- Sound underwriting standards

Owning a home, not just buying a home

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Look to Fannie Mae



- Liquidity
- Making Home Affordable
- Support for servicers
- Education for borrowers
- Financing for responsible lending

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