



Federal Housing Finance Agency

Refinance Report August 2012

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

Report Highlights

- Refinance volume continued to be strong in August as 30-year mortgage rates remained near record lows.
- HARP volume continued to represent a material portion of total refinance volume in 2012 as HARP enhancements took effect in the first and second quarters of this year. HARP volume represented 24 percent of total refinance volume in August 2012.
- Borrowers in August with loan-to-value ratios greater than 105 percent continued to account for more than half the volume of HARP loans as HARP enhancements became fully implemented in the second quarter of 2012.

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.

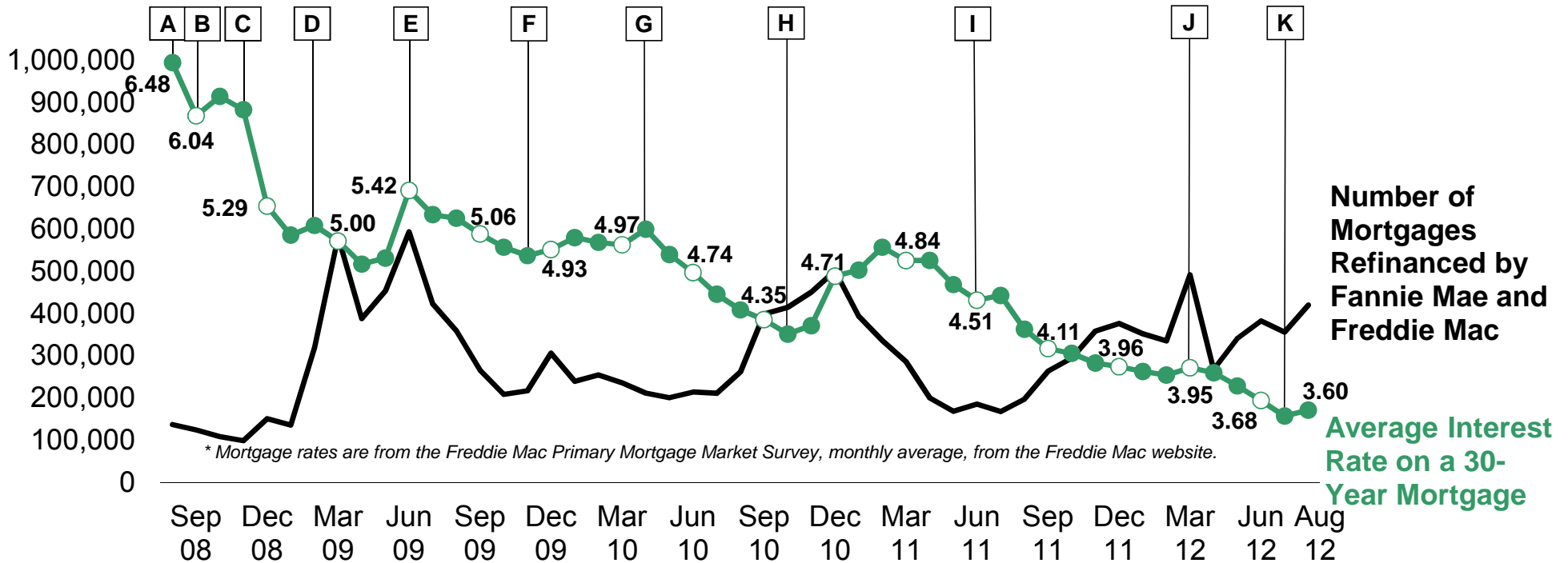
HARP Enhancements

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. 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.

Refinance volume continued to be strong in August as 30-year mortgage rates remained near 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 August 2012, 618,217 refinances were completed through HARP, bringing the total refinances through HARP from the inception of the program to 1,640,068.

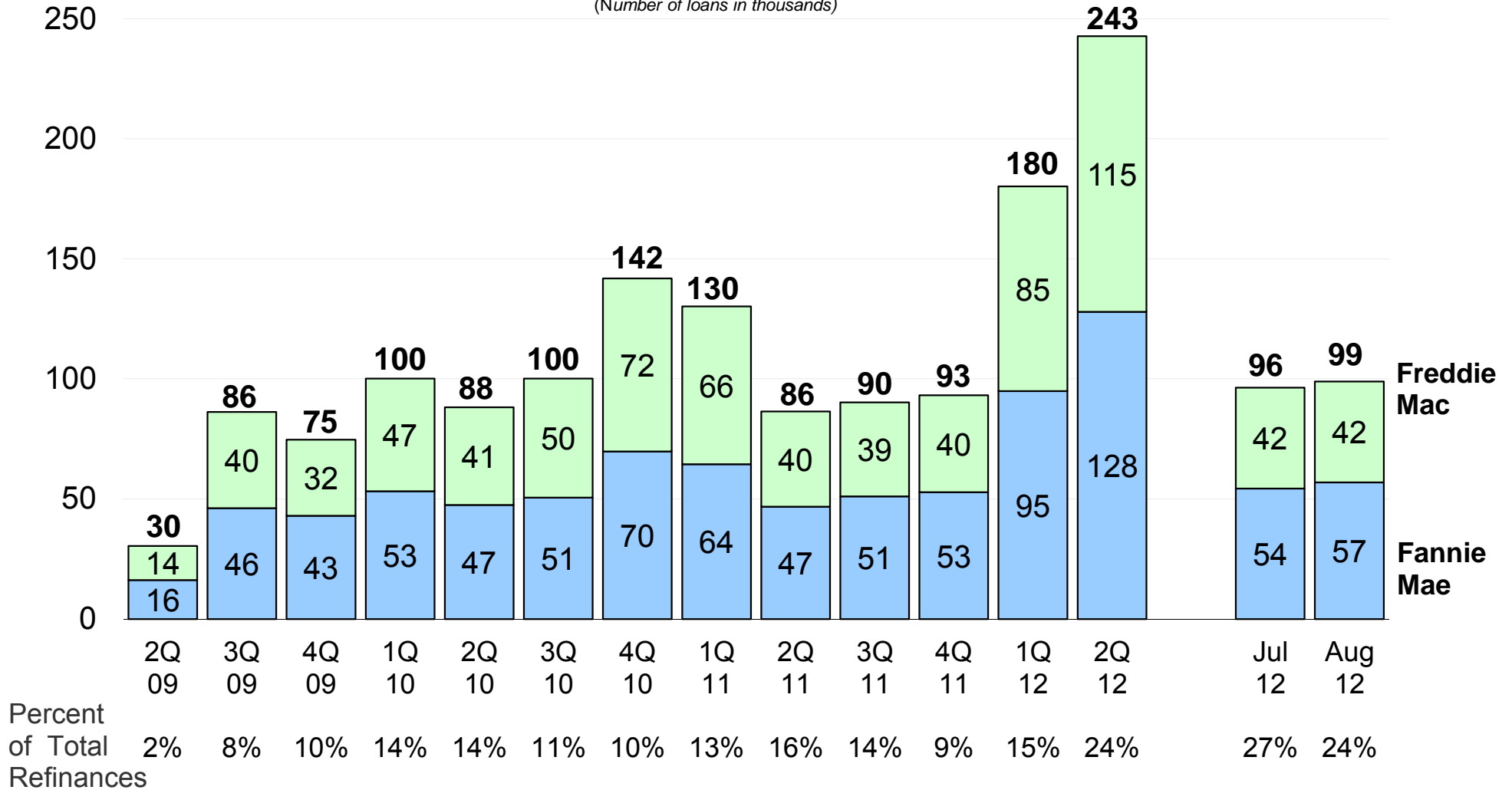
	Aug 2012	Year to Date 2012	2011	Inception to Date ¹
Total Refinances				
Fannie Mae	281,343	1,929,347	2,045,762	7,991,314
Freddie Mac	<u>138,678</u>	<u>1,016,497</u>	<u>1,183,304</u>	<u>4,994,340</u>
Total	420,021	2,945,844	3,229,066	12,985,654
Total HARP				
Fannie Mae	56,855	334,014	215,075	875,559
Freddie Mac	<u>42,030</u>	<u>284,203</u>	<u>184,949</u>	<u>764,509</u>
Total	98,885	618,217	400,024	1,640,068
HARP LTV >80% -105%				
Fannie Mae	29,182	208,574	191,391	713,430
Freddie Mac	<u>19,494</u>	<u>153,123</u>	<u>148,642</u>	<u>579,502</u>
Total	48,676	361,697	340,033	1,292,932
HARP LTV >105% -125%				
Fannie Mae	13,008	69,785	23,684	106,474
Freddie Mac	<u>10,257</u>	<u>68,265</u>	<u>36,307</u>	<u>122,192</u>
Total	23,265	138,050	59,991	228,666
HARP LTV >125%				
Fannie Mae	14,665	55,655	0	55,655
Freddie Mac	<u>12,279</u>	<u>62,815</u>	<u>0</u>	<u>62,815</u>
Total	26,944	118,470	0	118,470
All Other Streamlined Refis				
Fannie Mae	53,014	359,693	517,402	1,542,286
Freddie Mac	<u>21,522</u>	<u>154,065</u>	<u>267,636</u>	<u>828,616</u>
Total	74,536	513,758	785,038	2,370,902

¹Inception to Date - Since April 1, 2009

HARP volume continued to represent a material portion of total refinance volume in 2012 as HARP enhancements took effect in the first and second quarters of this year. HARP volume represented 24 percent of total refinance volume in August 2012.

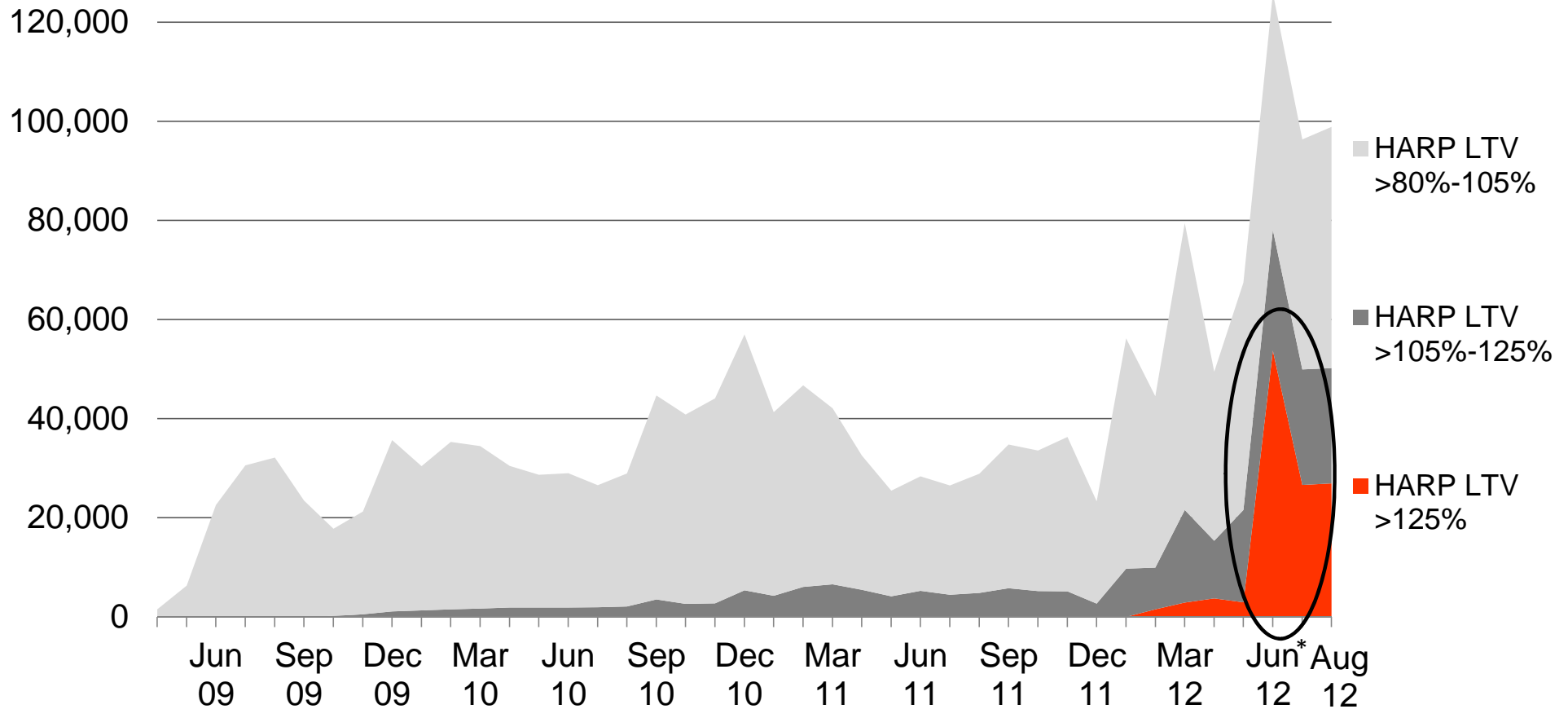
HARP Refinance, Quarterly Volume

(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 August.

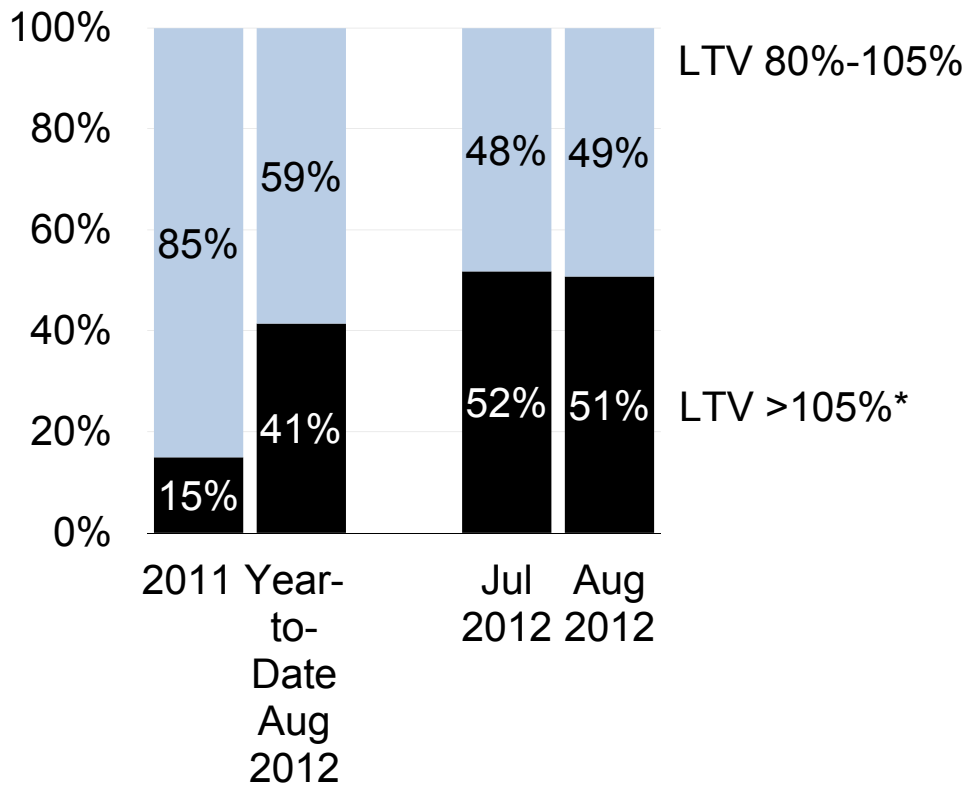
Monthly HARP Volume by LTV



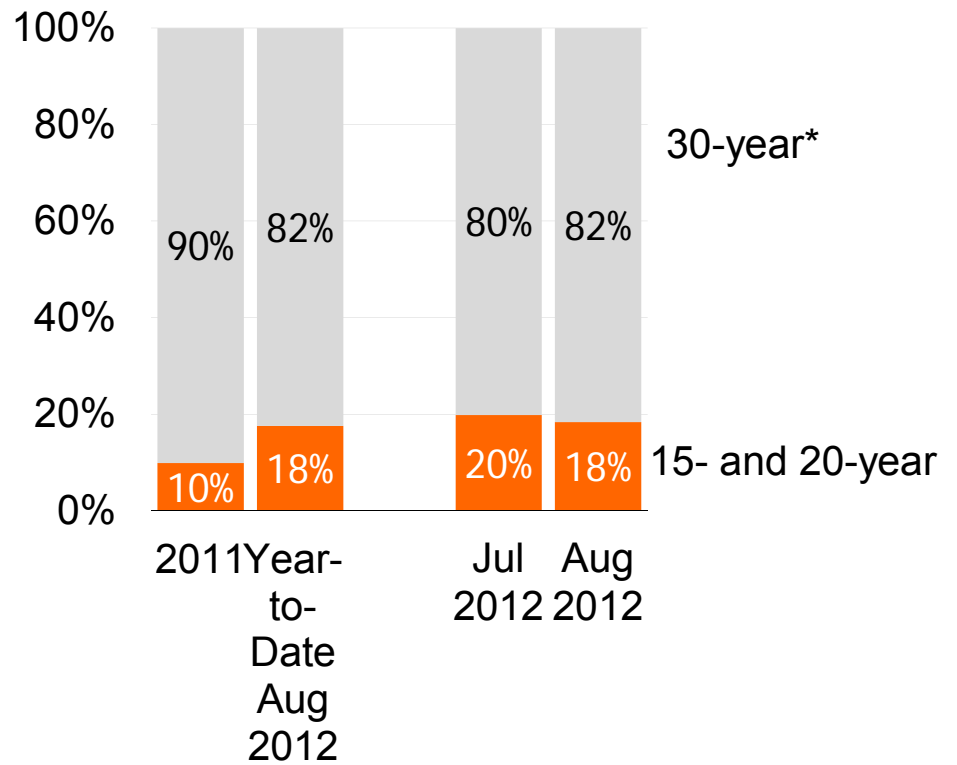
* The number of completed HARP refinances reported for deeply underwater borrowers increased sharply in June 2012 as further enhancements to HARP went into effect. Starting June 1, 2012, lenders became able to deliver loans with loan-to-value ratios greater than 125 percent refinanced through HARP to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

Borrowers in August with loan-to-value ratios greater than 105 percent continued to account for more than half the volume of HARP loans as HARP enhancements became fully implemented in the second quarter of 2012. In August, 18 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%)



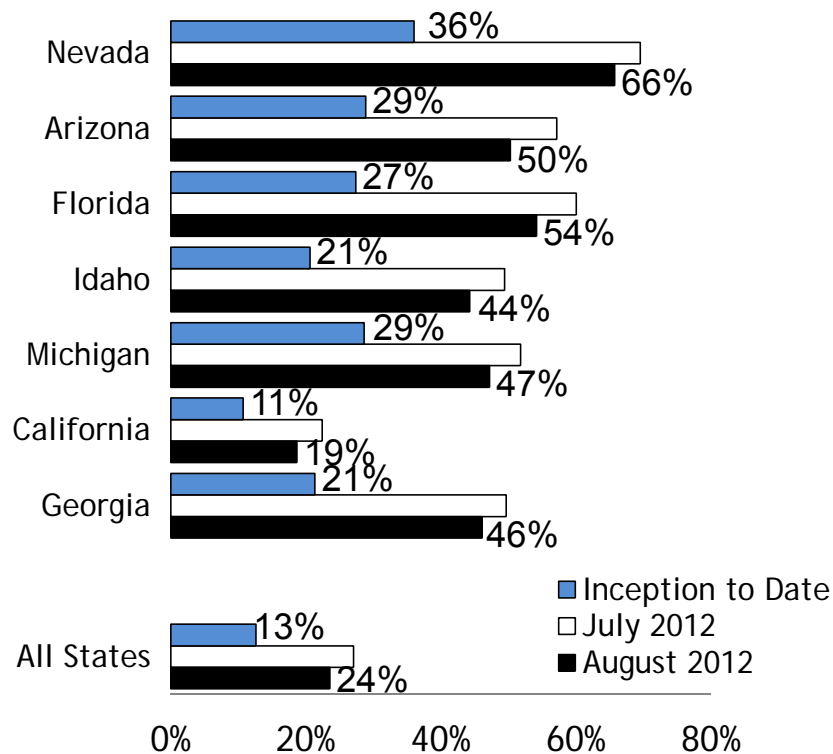
* Includes HARP LTV >105%-125% and HARP LTV >125%.

* Includes 25-year and 40-year mortgages.

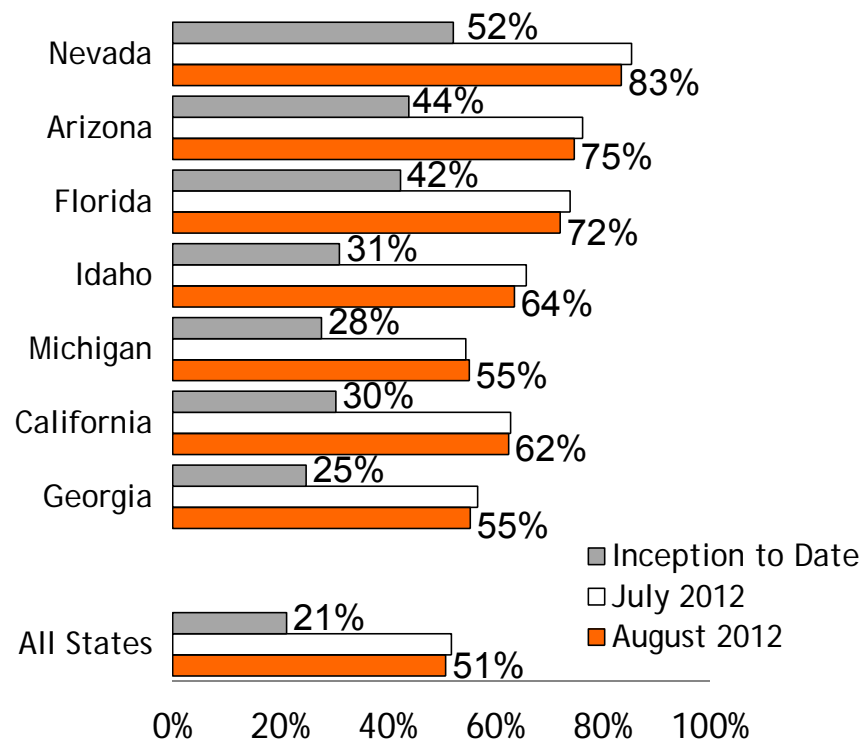
HARP continued to account for a substantial portion of total Enterprise refinance volume in certain states. In August 2012, HARP refinances represented 50 percent or more of total Enterprise refinances in Nevada, Arizona, and Florida, compared to 24 percent of total Enterprise refinances nationwide.

Underwater borrowers accounted for a large portion of HARP refinances in a number of states. In Nevada, Arizona and Florida, underwater borrowers represented 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)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Total Refinances													
Fannie Mae	120,694	169,066	183,055	233,837	264,305	221,270	211,428	329,207	176,631	230,499	234,335	244,634	281,343
Freddie Mac	76,377	94,703	111,822	124,544	112,050	130,655	123,603	162,239	90,977	110,686	148,202	111,457	138,678
Total	197,071	263,769	294,877	358,381	376,355	351,925	335,031	491,446	267,608	341,185	382,537	356,091	420,021
Total HARP													
Fannie Mae	17,011	19,599	17,766	21,209	13,825	29,268	24,010	41,634	26,826	39,944	61,162	54,315	56,855
Freddie Mac	11,871	15,216	15,799	15,094	9,499	26,914	20,531	37,840	22,625	27,503	64,704	42,056	42,030
Total	28,882	34,815	33,565	36,303	23,324	56,182	44,541	79,474	49,451	67,447	125,866	96,371	98,885
HARP LTV >80% -105%													
Fannie Mae	15,073	17,140	15,510	18,958	12,465	25,162	19,430	32,356	19,735	27,582	28,016	27,111	29,182
Freddie Mac	8,969	11,900	12,821	12,192	8,141	21,254	15,176	25,522	14,345	18,270	19,734	19,328	19,494
Total	24,042	29,040	28,331	31,150	20,606	46,416	34,606	57,878	34,080	45,852	47,750	46,439	48,676
HARP LTV >105% -125%													
Fannie Mae	1,938	2,459	2,256	2,251	1,360	4,106	3,828	7,814	5,577	10,368	12,461	12,623	13,008
Freddie Mac	2,902	3,316	2,978	2,902	1,358	5,660	4,557	10,896	6,067	8,273	11,897	10,658	10,257
Total	4,840	5,775	5,234	5,153	2,718	9,766	8,385	18,710	11,644	18,641	24,358	23,281	23,265
HARP LTV >125%													
Fannie Mae							752	1,464	1,514	1,994	20,685	14,581	14,665
Freddie Mac							798	1,422	2,213	960	33,073	12,070	12,279
Total							1,550	2,886	3,727	2,954	53,758	26,651	26,944
All Other Streamlined Refis													
Fannie Mae	38,962	50,235	39,298	50,879	52,006	41,619	41,916	60,756	30,332	43,533	45,615	42,908	53,014
Freddie Mac	15,702	22,479	25,491	23,933	29,810	21,548	19,378	25,899	13,122	19,261	17,636	15,699	21,522
Total	54,664	72,714	64,789	74,812	81,816	63,167	61,294	86,655	43,454	62,794	63,251	58,607	74,536

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 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)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Total Refinances													
FRM 30 (incl FRM 25 & 40)	59,506	73,888	79,000	107,620	138,233	108,816	116,828	194,160	96,234	135,621	133,152	137,642	161,122
FRM 20	8,094	16,318	20,026	24,690	22,532	24,143	16,783	26,968	14,500	19,205	22,900	21,657	26,423
FRM 15	46,009	70,008	76,032	93,903	95,282	79,726	70,518	98,983	59,534	69,290	72,102	79,403	88,209
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	11,054	11,232	10,306	12,114	10,139	15,931	14,028	22,495	13,787	19,000	19,333	18,455	20,145
FRM 20	1,328	2,257	2,323	2,702	689	3,683	1,998	4,086	2,394	3,333	3,689	3,653	4,132
FRM 15	2,185	2,973	2,437	3,787	1,385	5,265	3,170	5,445	3,363	5,003	4,712	4,769	4,716
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	1,794	2,191	1,999	1,984	1,260	3,654	3,444	6,922	5,141	8,891	10,094	10,246	10,663
FRM 20	144	268	257	267	100	451	384	892	436	1,477	1,579	1,520	1,376
FRM 15						1					788	857	969
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)							700	1,362	1,425	1,818	17,588	12,277	12,650
FRM 20							52	102	89	176	2,556	1,535	1,122
FRM 15											541	769	893
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	21,005	20,179	16,933	20,197	24,023	19,125	21,919	32,573	15,906	23,343	26,438	23,542	29,582
FRM 20	3,016	6,914	7,122	9,382	7,034	6,163	4,278	6,774	3,158	4,151	5,270	5,175	7,483
FRM 15	13,989	22,132	14,565	20,667	20,436	15,809	15,310	20,872	10,956	15,701	13,526	13,857	15,645

Appendix: Data Tables

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

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Total Refinances													
FRM 30 (incl FRM 25 & 40)	36,296	42,304	50,683	53,169	48,918	64,406	65,538	81,006	43,422	51,153	93,431	61,764	81,230
FRM 20	6,110	8,074	11,639	14,547	10,228	13,772	10,227	17,029	8,785	10,696	12,911	11,890	12,795
FRM 15	25,941	38,274	45,030	51,385	47,470	47,423	43,334	58,863	35,155	44,461	38,170	34,330	41,171
HARP >80-105 LTV													
FRM 30 (incl FRM 25 & 40)	6,333	7,872	8,167	7,860	6,512	13,567	10,839	17,503	9,384	12,263	13,428	12,925	13,770
FRM 20	1,131	1,454	1,937	1,861	454	2,796	1,686	3,641	2,047	2,471	2,696	2,355	2,270
FRM 15	1,360	2,346	2,523	2,274	981	4,733	2,499	4,211	2,781	3,363	3,478	3,878	3,344
HARP >105-125 LTV													
FRM 30 (incl FRM 25 & 40)	2,646	2,780	2,606	2,384	1,174	4,742	3,827	9,139	4,849	6,062	9,032	7,858	7,889
FRM 20	89	268	169	216	79	374	328	936	436	1,103	1,303	1,268	1,137
FRM 15	167	268	203	302	105	544	402	821	782	1,108	1,562	1,532	1,231
HARP > 125 LTV													
FRM 30 (incl FRM 25 & 40)							670	1,200	1,840	807	27,238	9,649	9,787
FRM 20							49	96	226	79	2,749	1,008	1,385
FRM 15							79	126	147	74	3,086	1,413	1,107
All Other Streamlined Refis													
FRM 30 (incl FRM 25 & 40)	7,126	8,659	9,820	9,157	12,875	9,127	8,733	11,959	4,264	9,049	7,761	6,064	11,339
FRM 20	1,864	2,973	3,691	4,116	3,067	2,777	2,066	3,278	1,911	2,160	2,118	1,965	2,367
FRM 15	6,568	10,680	11,803	10,459	13,717	9,516	8,447	10,553	6,856	7,951	7,611	7,570	7,745

Appendix: State Level Data

Freddie Mac Refinance Activity by State - August 31, 2012

State	August 2012						Year-to-Date August 2012						Inception to Date ^{1,3}					
	Total Refinances	Other Streamlined Refis	HARP LTV >80% -105%	HARP LTV >105% -125%	HARP LTV >125%	Total HARP	Total Refinances	Other Streamlined Refis	HARP LTV >80% -105%	HARP LTV >105% -125%	HARP LTV >125%	Total HARP	Total Refinances	Other Streamlined Refis	HARP LTV >80% -105%	HARP LTV >105% -125%	HARP LTV >125%	Total HARP
AK	262	68	9	1	-	10	2,250	513	117	4	1	122	14,026	2,863	658	7	1	666
AL	990	274	192	55	16	263	7,181	1,532	1,294	298	62	1,654	41,398	7,112	3,860	446	62	4,368
AR	670	159	101	29	8	138	5,000	976	754	242	57	1,053	26,970	4,535	2,421	375	57	2,853
AZ	4,578	560	715	727	1,368	2,810	28,635	3,633	4,587	4,425	8,201	17,213	98,662	17,430	17,610	8,157	8,201	33,968
CA	24,315	2,748	2,211	1,661	2,852	6,724	159,712	18,261	15,653	10,885	15,834	42,372	697,628	107,759	62,774	20,710	15,834	99,318
CO	2,847	618	433	67	32	532	21,227	4,267	3,292	554	127	3,973	126,394	25,851	14,172	1,043	127	15,342
CT	1,774	214	228	87	35	350	13,279	1,743	1,669	554	163	2,386	63,644	9,185	6,191	877	163	7,231
DC	296	33	19	7	2	28	2,324	238	167	29	18	214	10,002	1,086	731	61	18	810
DE	370	67	82	34	8	124	3,349	538	711	200	35	946	18,081	2,212	2,546	365	35	2,946
FL	7,697	1,311	1,342	1,177	2,568	5,087	47,419	7,944	8,947	7,468	13,147	29,562	158,983	34,435	28,746	12,181	13,147	54,074
GA	4,082	744	886	631	768	2,285	28,115	4,879	7,561	3,790	3,017	14,368	120,240	17,653	20,846	5,639	3,017	29,502
HI	524	42	57	18	12	87	3,358	314	312	134	43	489	17,145	1,538	1,620	266	43	1,929
IA	1,613	251	103	6	-	109	11,821	2,050	934	86	5	1,025	57,631	11,114	3,491	166	5	3,662
ID	853	132	164	157	142	463	6,094	1,039	1,399	989	649	3,037	28,888	4,781	4,612	1,619	649	6,880
IL	8,152	693	1,130	758	853	2,741	58,632	5,764	9,050	5,298	4,320	18,668	312,828	40,311	41,139	10,584	4,320	56,043
IN	2,948	412	339	49	5	393	25,042	3,703	3,019	385	36	3,440	137,043	19,047	12,898	998	36	13,932
KS	1,259	195	103	11	1	115	9,036	1,169	680	64	5	749	46,748	7,040	2,768	124	5	2,897
KY	2,064	268	117	12	2	131	16,055	1,739	1,051	84	6	1,141	79,643	9,989	4,631	211	6	4,848
LA	829	197	118	14	5	137	5,836	1,310	897	111	13	1,021	35,933	6,478	2,825	229	13	3,067
MA	3,810	289	387	189	52	628	33,052	1,915	3,185	951	259	4,395	163,273	9,542	12,805	1,747	259	14,811
MD	3,328	499	492	303	269	1,064	25,700	3,634	3,884	1,973	1,104	6,961	130,663	21,982	16,596	3,662	1,104	21,362
ME	506	71	53	12	-	65	4,296	443	455	55	3	513	24,435	2,707	1,897	131	3	2,031
MI	5,424	619	1,252	825	940	3,017	43,843	5,952	11,397	6,577	4,879	22,853	163,247	24,732	35,007	11,877	4,879	51,763
MN	4,072	658	750	486	246	1,482	33,266	5,901	7,381	3,402	1,218	12,001	159,717	32,462	29,161	5,612	1,218	35,991
MO	2,856	362	447	137	48	632	23,740	2,657	3,059	804	201	4,064	122,927	16,173	11,586	1,419	201	13,206
MS	354	74	68	10	6	84	2,204	523	442	68	18	528	13,514	2,275	1,685	148	18	1,851
MT	399	83	43	13	1	57	3,351	659	353	77	8	438	19,739	3,735	1,438	133	8	1,579
NC	3,810	777	686	201	50	937	30,506	6,047	5,432	1,177	167	6,776	172,844	35,527	18,804	1,715	167	20,686
ND	228	45	1	-	-	1	1,665	323	30	-	-	30	9,249	1,730	190	1	-	191
NE	636	154	32	2	-	34	5,565	1,206	358	10	-	368	31,528	6,941	1,993	36	-	2,029
NH	770	92	125	42	10	177	5,973	654	1,069	336	58	1,463	31,366	3,488	4,275	557	58	4,890
NJ	3,737	696	574	310	138	1,022	30,211	5,311	4,486	1,917	685	7,088	156,085	30,297	18,530	3,199	685	22,414
NM	606	125	137	37	5	179	4,429	902	1,053	241	18	1,312	24,323	3,428	3,167	340	18	3,525
NV	1,465	96	164	178	847	1,189	8,463	763	1,112	1,119	4,186	6,417	24,477	3,878	4,550	2,065	4,186	10,801
NY	4,388	1,103	528	164	56	748	33,134	9,065	4,239	878	226	5,343	183,667	43,210	16,553	1,571	226	18,350
OH	6,045	511	887	241	128	1,256	42,867	4,431	7,687	2,267	491	10,445	205,788	27,321	28,350	4,371	491	33,212
OK	633	153	70	7	-	77	4,602	1,016	632	43	-	675	30,841	4,484	2,475	66	-	2,541
OR	2,250	471	458	237	157	852	17,062	3,189	3,449	1,652	772	5,873	96,198	21,094	15,423	2,878	772	19,073
PA	3,523	900	510	104	34	648	29,668	6,467	4,249	757	129	5,135	167,260	32,969	15,526	1,249	129	16,904
RI	422	38	55	52	32	139	3,393	240	472	306	148	926	16,953	1,571	1,932	502	148	2,582
SC	1,395	234	270	103	43	416	10,640	1,725	2,112	602	194	2,908	57,998	7,511	6,936	1,033	194	8,163
SD	186	58	10	-	-	10	1,545	491	116	2	-	118	10,860	3,656	502	4	-	506
TN	1,602	393	264	64	9	337	11,844	2,232	1,843	383	40	2,266	68,318	11,410	6,737	615	40	7,392
TX	4,614	1,853	581	54	8	643	33,558	10,256	4,769	352	39	5,160	188,418	45,629	14,078	696	39	14,813
UT	1,737	189	322	141	70	533	13,329	1,598	2,320	890	292	3,502	71,247	9,114	9,509	1,752	292	11,553
VA	4,179	691	594	212	104	910	32,556	4,837	4,547	1,586	437	6,570	167,183	27,984	18,468	3,150	437	22,055
VT	427	28	20	2	1	23	3,693	300	167	12	1	180	18,467	1,802	803	20	1	824
WA	4,212	718	762	468	286	1,516	30,639	4,761	5,507	2,966	1,222	9,695	172,457	31,344	26,450	5,467	1,222	33,139
WI	4,277	438	465	107	45	617	33,058	4,203	4,605	1,008	221	5,834	171,264	26,465	17,668	1,709	221	19,598
WV	289	55	27	19	13	59	2,351	425	323	164	45	532	13,284	2,036	1,151	294	45	1,490
WY	153	34	14	2	1	17	1,221	275	91	13	7	111	7,810	1,637	510	38	7	555
Other ²	222	29	97	34	3	134	708	51	207	77	5	289	7,053	59	211	77	5	293
Total	138,678	21,522	19,494	10,257	12,279	42,030	1,016,497	154,064	153,125	68,265	62,812	284,202	4,994,340	828,612	579,505	122,192	62,812	764,509

¹ Inception to Date - Since April 1, 2009, the inception of HARP.² Consists of Guam, Puerto Rico, Virgin Islands and other loans for which data are not available.³ State and national totals differ due to timing differences.