

Housing Scorecard: Homeowner Equity up \$3.4 Trillion

By: Jann Swanson | Mbn, Feb 10 2014, 12:03 PM

The Obama Administration's January Housing Scorecard, issued jointly by the Departments of Treasury and Housing and Urban Development (HUD) notes that foreclosure starts in 2013 were at their **lowest levels** since 2005 and rising prices were sufficient to raise homeowner equity by an aggregate of \$3.4 trillion in 2012 and 2013.

"The January Housing Scorecard shows that the Obama Administration's efforts continue to have a positive effect on the housing market," said HUD Deputy Assistant Secretary for Economic Affairs Kurt Usowski. "In 2013, the number of U.S. properties which started the foreclosure process was **down 33 percent** from 2012, while sales of previously owned homes rose by 9.1 percent. With foreclosures down, home sales up, and equity continuing to grow, the housing market continues to make slow, but steadily improving progress."

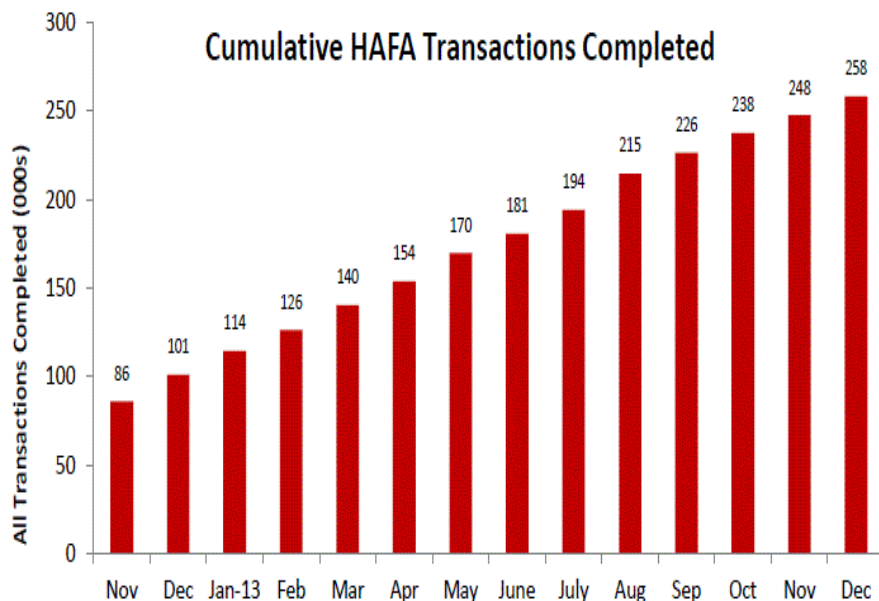
The Housing Scorecard is a **compilation** of the most recent industry information on home sales, distressed properties, mortgage originations, construction statistics, and other data gathered from sources such as the National Associations of Realtors® and Home Builders, S&P Case Shiller, CoreLogic, and the Census Bureau. Most of the information has previously been reported by MND.

Included in the scorecard by reference is the monthly report of the **Making Home Affordable (MHA)** Program and its half-dozen subsidiary programs including the Home Affordable Modification Program (HAMP), the Home Affordable Foreclosure Alternatives Program (HAFA), and the Second Lien Modification Program (2MP),

The newest MHA report contains information for December and spotlights the **HAFA program**. This offers homeowners an opportunity to exit homeownership through means alternative to foreclosure - most commonly a short sale when lenders agree to accept the proceeds of the home sale as payment in full of the mortgage debt even if the amount falls short of that debt. Deeds-in-lieu of foreclosure are also expedited through the program.

HAFA allows borrowers to follow a streamlined process to obtain relief. It requires no verification of income (although it is mandated by some investors) and allows for pre-approved short sale terms. Borrowers receive a waiver of deficiency upon completion of the transaction and at least \$3,000 in relocation assistance.

MHA reports that more than **258,000 homeowners** have completed the program. Of the total 111,484 homeowners had mortgages through Fannie Mae or Freddie Mac (the GSEs) and of those HAFA transactions 96,807 were short sales and 14,577 were deeds-in-lieu. Of the 146,960 non-GSE transactions there were 142,426 short sales and 4,534 deeds-in-lieu. Of the non-GSE loans 40,495 were held in bank portfolios. Since the previous MHA report there were nearly 11,000 HAFA transactions completed.



The HAFAs program has granted an estimated \$20.3 billion in debt relief since the program started. The median relief granted has been \$129,324 or 48 percent on a median mortgage with an unpaid principal balance of \$285,032.

HAMP modifications continue with 13,942 trial modifications initiated in December; a total of 2.152 million since the program started in the spring of 2009. A total of 1.312 million permanent modifications were begun over that time frame, 13,544 since the last HAMP report. Active permanent modifications number 926,792. There have been 23,884 loans with permanent modifications that have been paid off and 360,882 were disqualified.

MHA says the performance of HAMP modifications continues to **improve over time**. Of modifications initiated in 2009 and seasoned for 24 months, 28.6 percent were disqualified while the disqualification rate at 24 months for modifications done in 2011 had dropped to 23.6 percent. Payment reduction remains the strongest driver of sustainability. For example, at 24 months only 15.9 percent where payments had been modified by 50 percent had been disqualified while modifications with a payment reduction of 20 percent or less had a disqualification rate of 41.2 percent.

View this Article: <https://www.mortgagenewsdaily.com/news/02102014-housing-scorecard>