



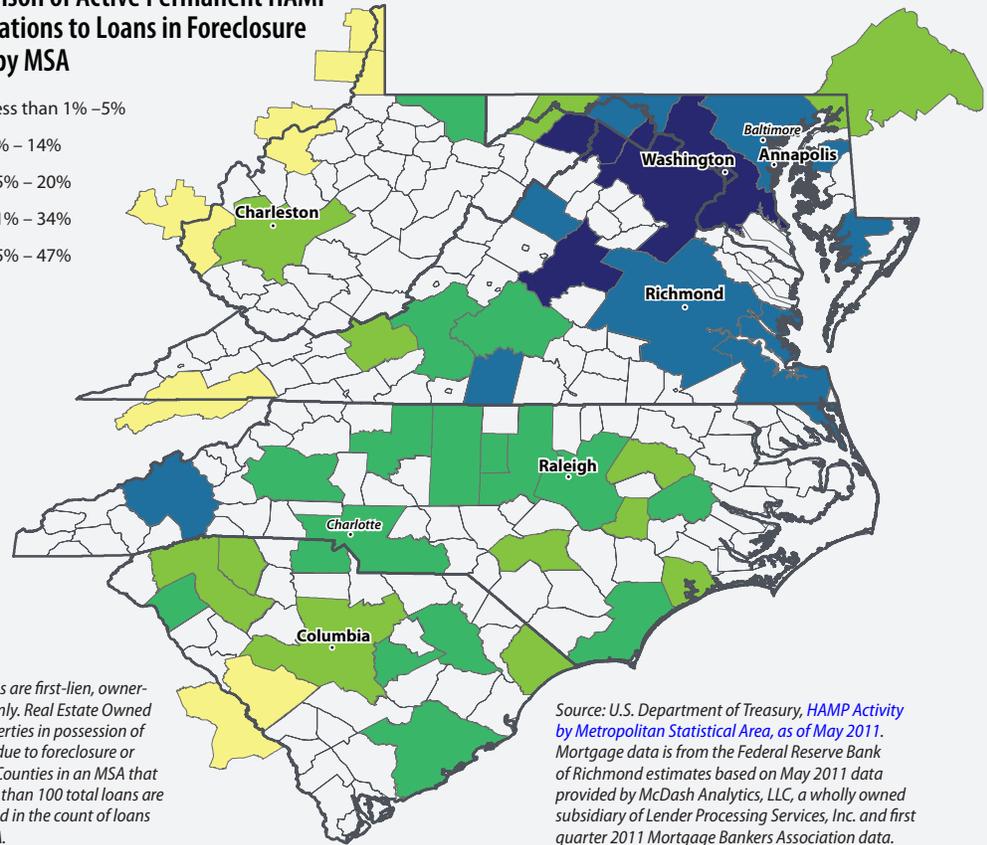
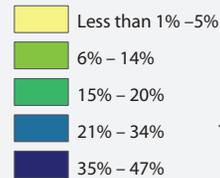
## HAMP Activity in the Fifth District

The Home Affordable Modification Program (HAMP) was the centerpiece of the Making Home Affordable (MHA) initiative to assist homeowners facing foreclosure.<sup>1</sup> When announced in February 2009, the goal was to assist 3 to 4 million homeowners by offering them modifications that made their mortgages more affordable.<sup>2</sup> As of May 2011, 1.8 million homeowners have received a trial modification – a necessary precursor to a permanent modification.<sup>3</sup> The numbers are lower for permanent modifications, with 633,459 active permanent modifications through May 2011. Meanwhile, the number of homeowners who have been foreclosed upon keeps rising. According to RealtyTrac, 1.2 million properties are in some stage of the foreclosure process in the first six months of 2011.<sup>4</sup> HAMP is scheduled to expire on December 31, 2012.

Treasury reports HAMP activity (measured by the total number of active trial and permanent modifications) for metropolitan statistical areas (MSAs).<sup>5</sup> Forty-five MSAs lie within the states of the Fifth District and account for 9.4 percent of the nation's HAMP activity through May 2011.

HAMP has been criticized for the low number of homeowners who have received permanent modifications. There are a number of ways to put HAMP numbers in context, one of which is to compare the number of active permanent HAMP modifications to the number of first-lien,

### Comparison of Active Permanent HAMP Modifications to Loans in Foreclosure or REO by MSA



*Note: Loans are first-lien, owner-occupied only. Real Estate Owned (REO) properties in possession of the lender due to foreclosure or forfeiture. Counties in an MSA that have fewer than 100 total loans are not included in the count of loans for the MSA.*

*Source: U.S. Department of Treasury, HAMP Activity by Metropolitan Statistical Area, as of May 2011. Mortgage data is from the Federal Reserve Bank of Richmond estimates based on May 2011 data provided by McDash Analytics, LLC, a wholly owned subsidiary of Lender Processing Services, Inc. and first quarter 2011 Mortgage Bankers Association data.*

owner-occupied loans in foreclosure or that are real estate owned (REO).

The map above illustrates this comparison for the Fifth District. Active permanent HAMP modifications are less than 50 percent of the loans in foreclosure or REO in every MSA. Looking at individual MSAs, Winchester, VA has the most modifications at 47 percent. In contrast, the modifications in the Jacksonville, NC MSA represent 8 percent of loans in foreclosure or REO.

What might account for the regional disparity? Some parts of the Fifth District, such as the Washington, D.C. MSA have been more deeply affected by the foreclosure crisis than others. It is possible that foreclosure prevention efforts more heavily targeted these areas. Another possibility is that borrowers in the MSAs with fewer permanent modifications faced greater economic challenges. This is borne out by the fact that mortgage

holders in the same MSAs also had less success in converting from trial to permanent modifications. Finally, the numbers may reflect regional variations in the capacity of mortgage servicers participating in HAMP to deal with mounting foreclosures.

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<sup>1</sup> MHA is an initiative of the U.S. Departments of the Treasury and Housing and Urban Development.

<sup>2</sup> U.S. Department of the Treasury, February 18, 2009, *Press Release*.

<sup>3</sup> U.S. Department of the Treasury, July 1, 2011, *Making Home Affordable Program Performance Report Through May 2011*.

<sup>4</sup> RealtyTrac, "Foreclosure Activity Off 29 Percent for First Half of 2011," July 13, 2011.

<sup>5</sup> Metropolitan Statistical Areas (MSAs) are geographic areas with a core urban area and a population of 50,000 or more.