

TRENDS IN DELINQUENCIES AND FORECLOSURES IN NORTHERN CALIFORNIA

September 2010

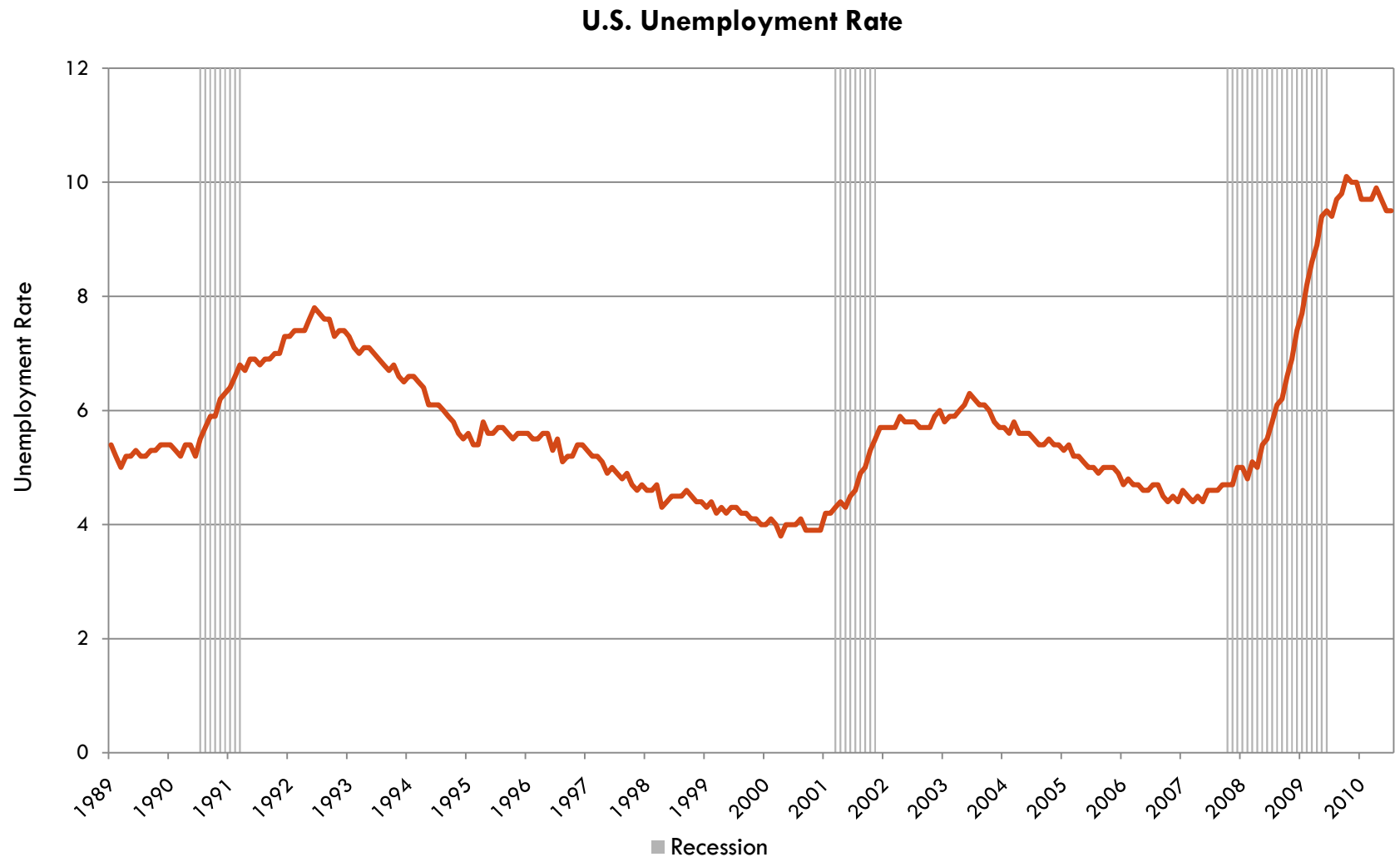
Community Development Research
Federal Reserve Bank of San Francisco

National Trends

- According to John Williams, Director of Research at the FRBSF, the economic outlook is for a slow and modest recovery
 - ▣ Unemployment still a major concern, and unlikely to see significant drops in the unemployment rate in the next year
 - ▣ While the housing market appears to be stabilizing, recovery is muted, and construction starts and home sales are both down in the most recent period
 - ▣ Growth of real gross domestic product (GDP), the broadest measure of the strength of the economy, is hovering around 2 percent in the current quarter
- Large “shadow” inventory of properties in delinquency or some stage of the foreclosure process also remains a concern

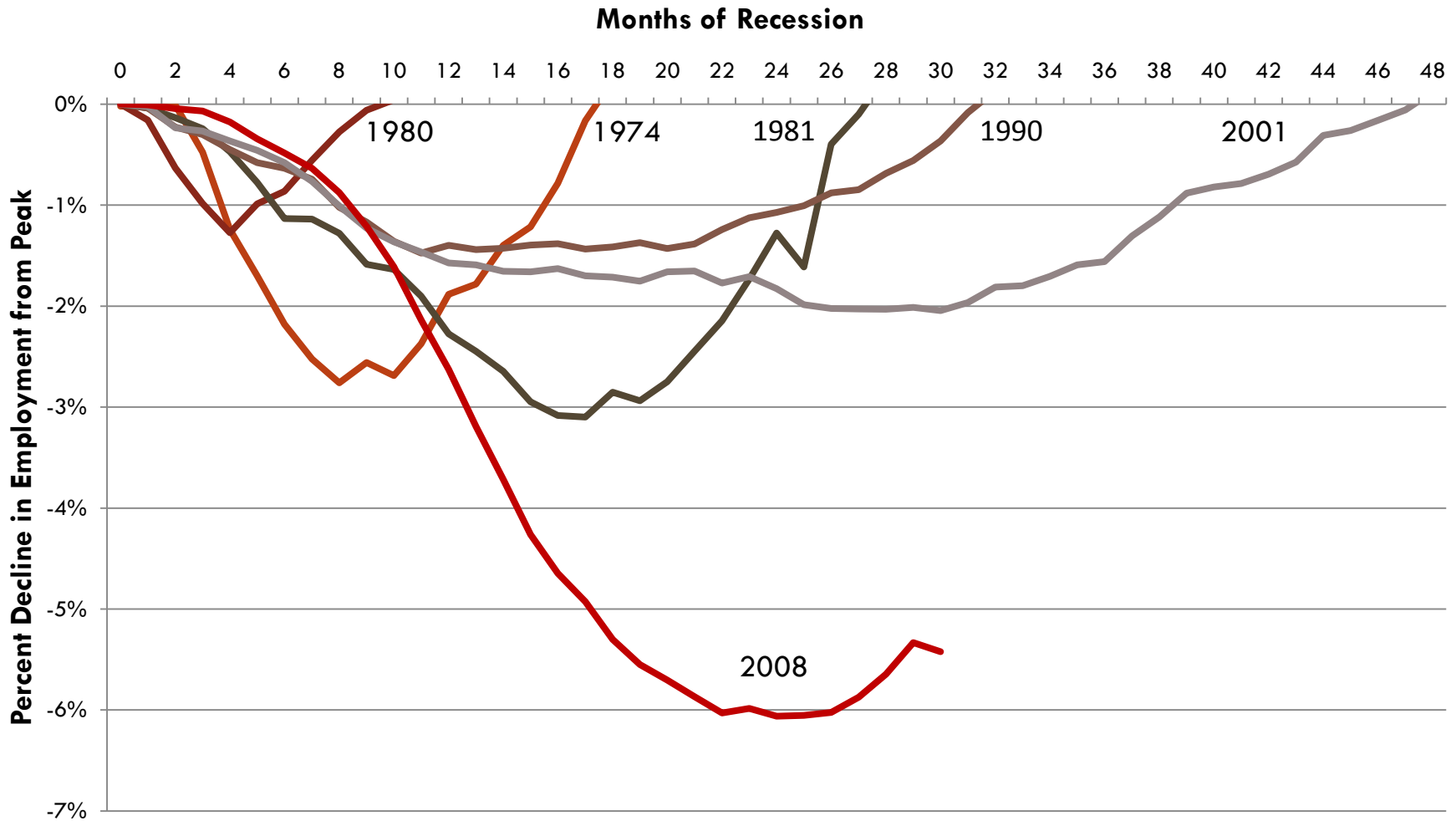
National Trends

Unemployment continues to hover around 10%



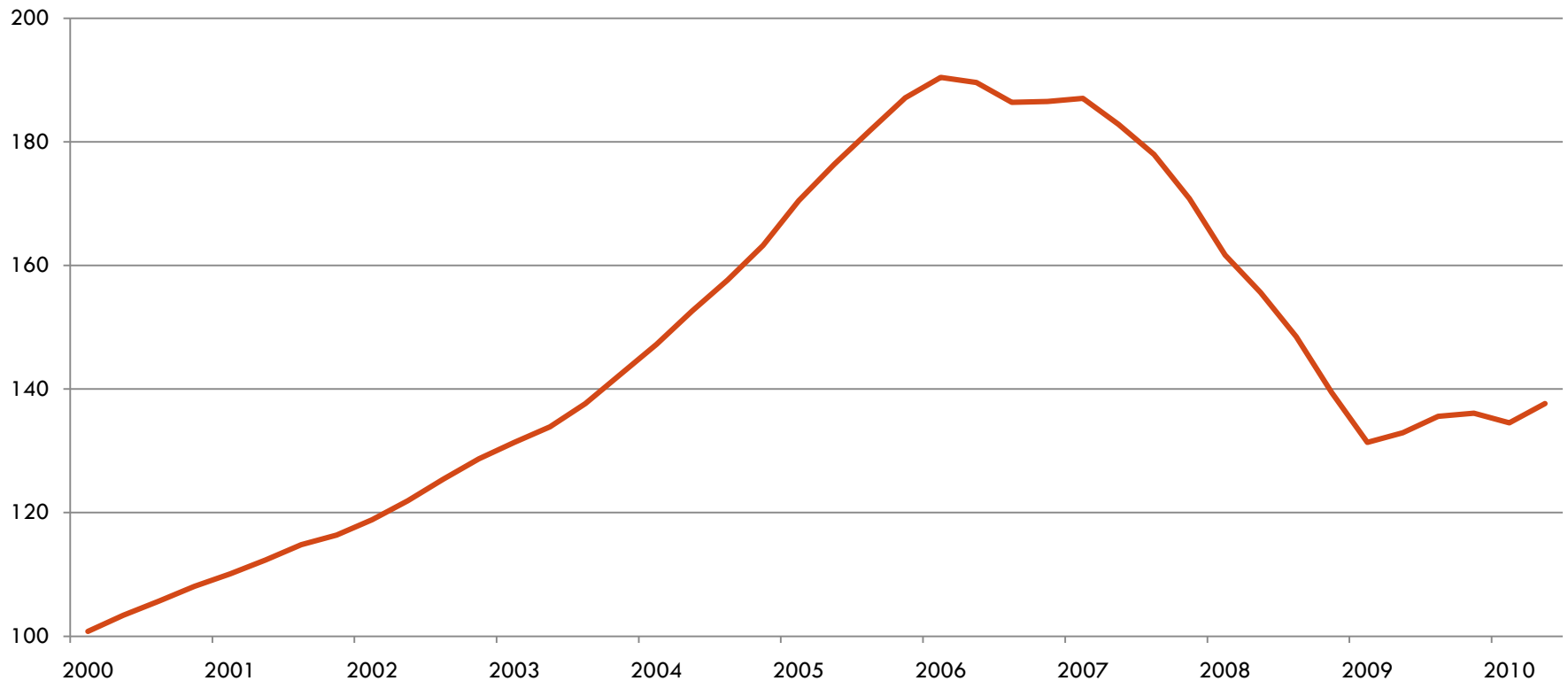
Source: Bureau of Labor Statistics, September 2010

Depth of this economic downturn eclipses past recessions



Case-Shiller shows tepid housing recovery

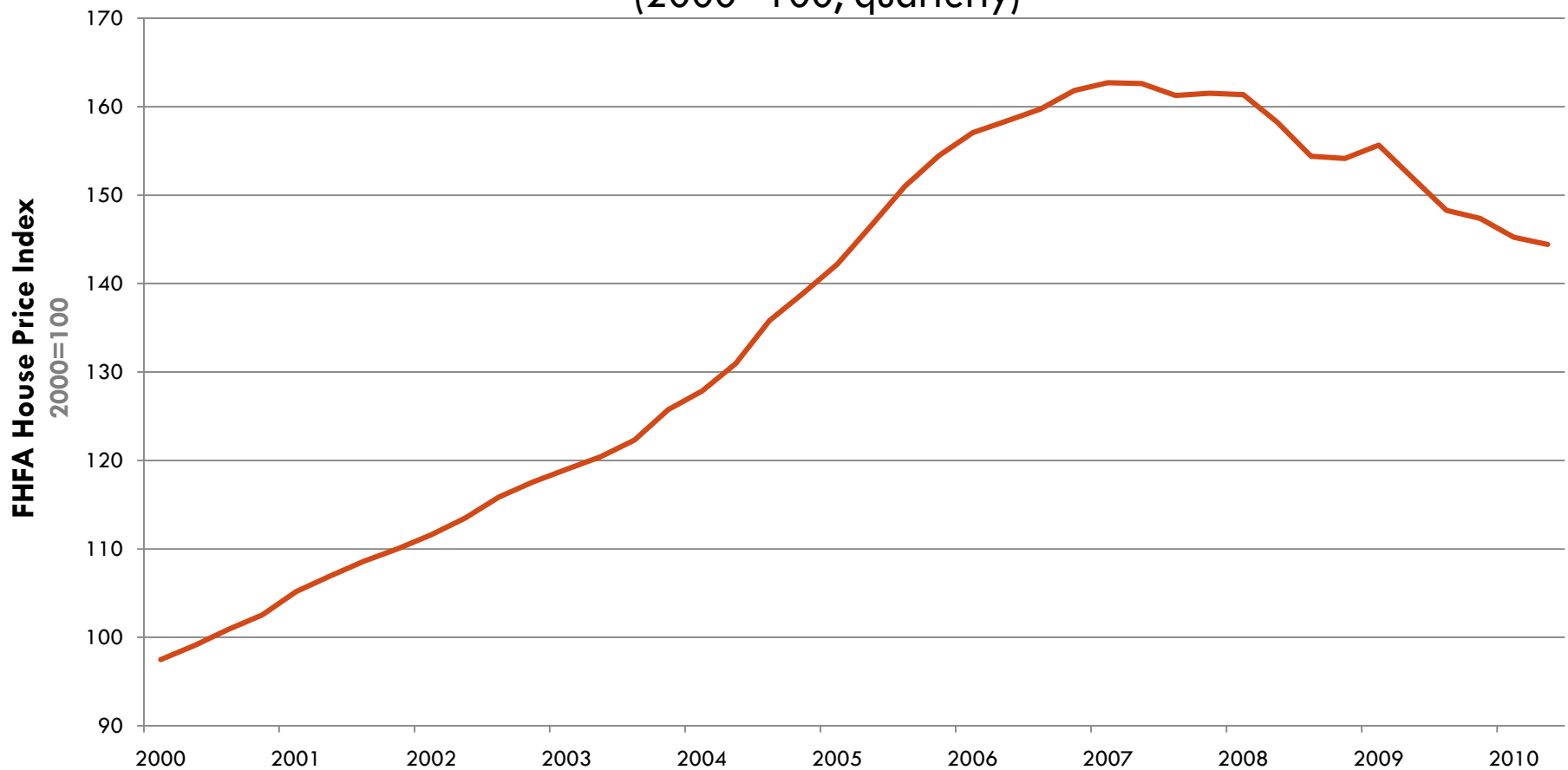
Case-Shiller National House Price Index
(2000 = 100, Quarterly)



Source: Case - Shiller Home Price Index

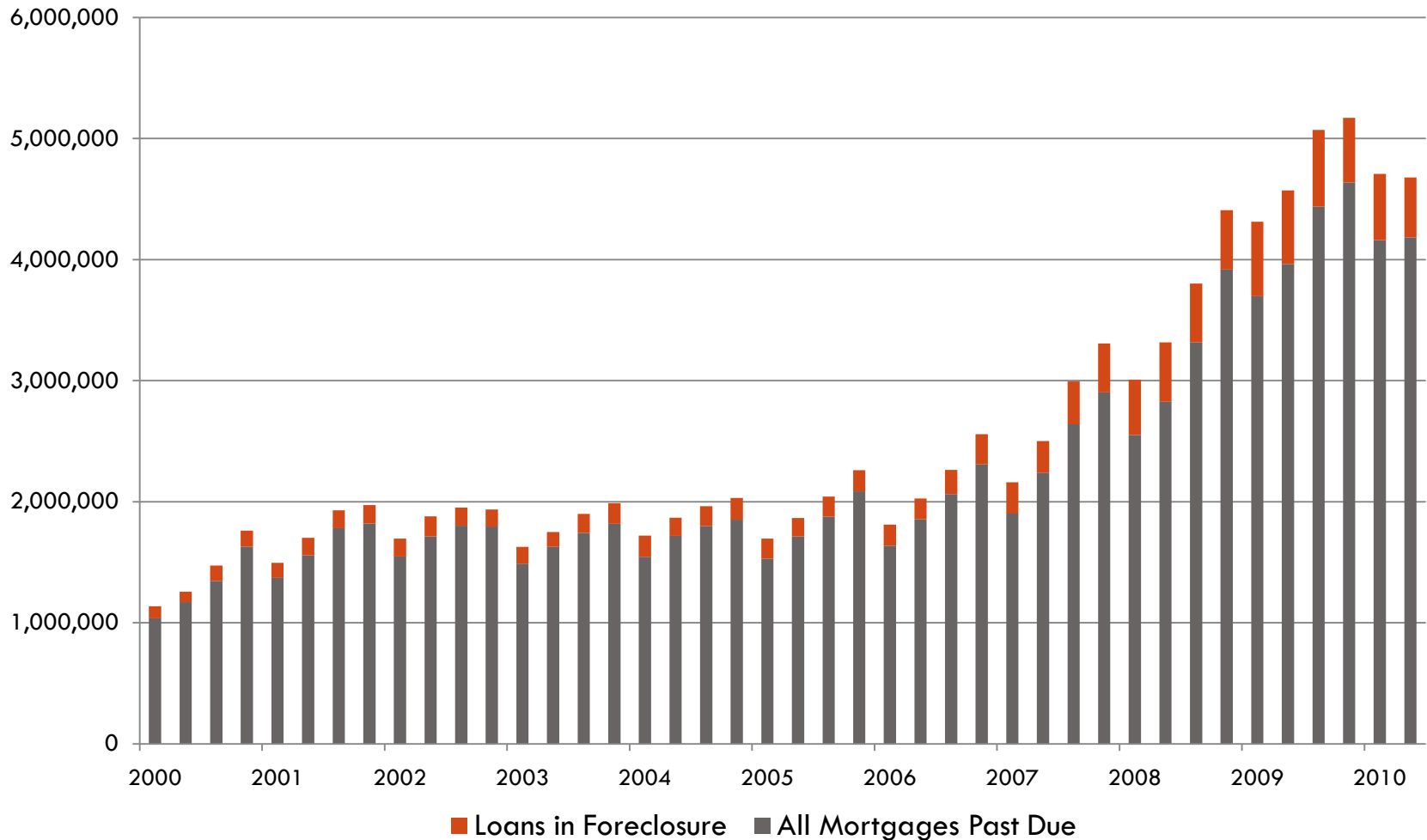
FHFA House Price Index continues to fall, reflecting activity at lower end of market

FHFA (formerly OFHEO) House Price Index
(2000=100, quarterly)



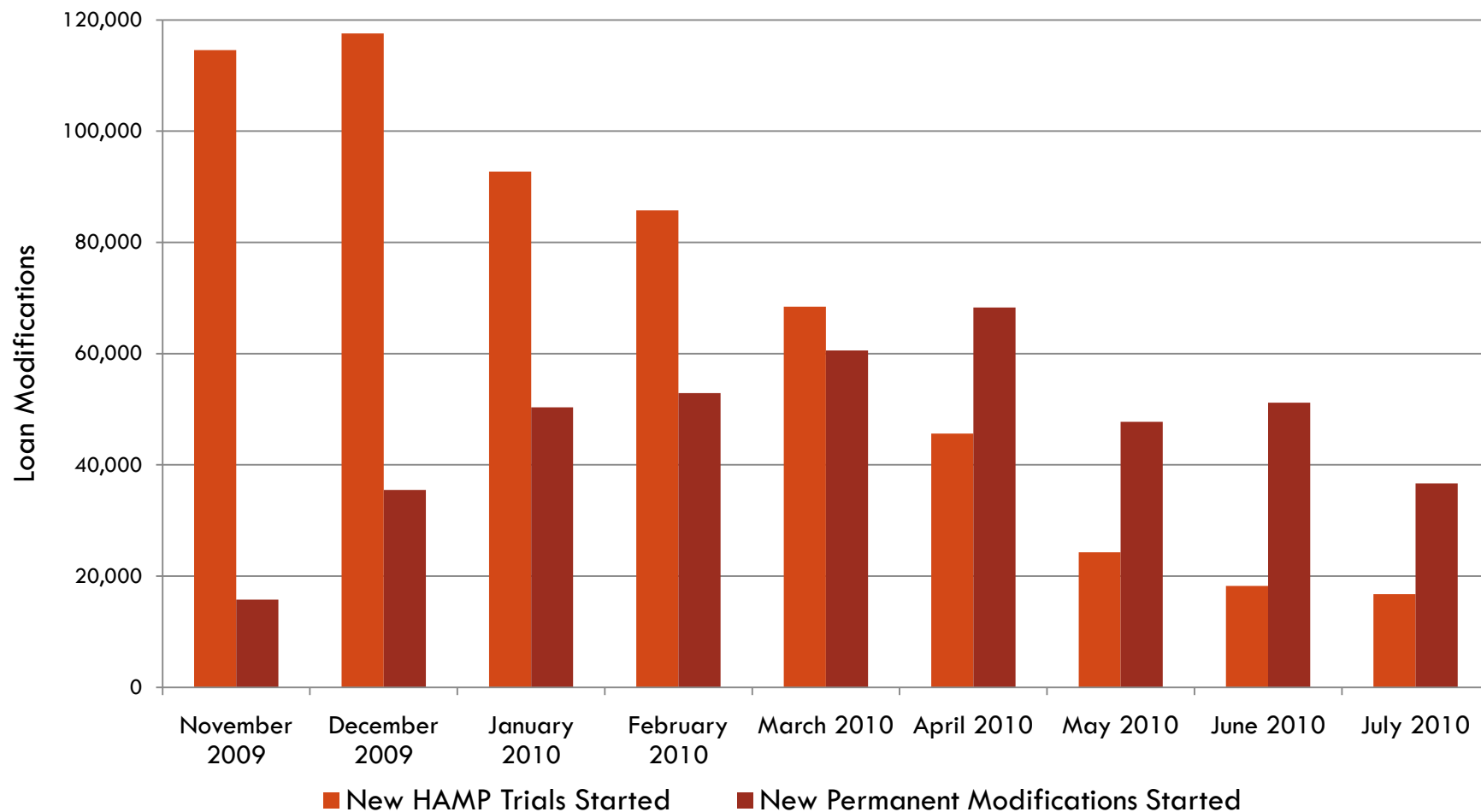
Source: Federal Housing Finance Agency (formerly OFHEO)

Overall delinquencies drop, but still more than 4.5 million homes in distress



Source: Mortgage Bankers Association, National Delinquency Survey

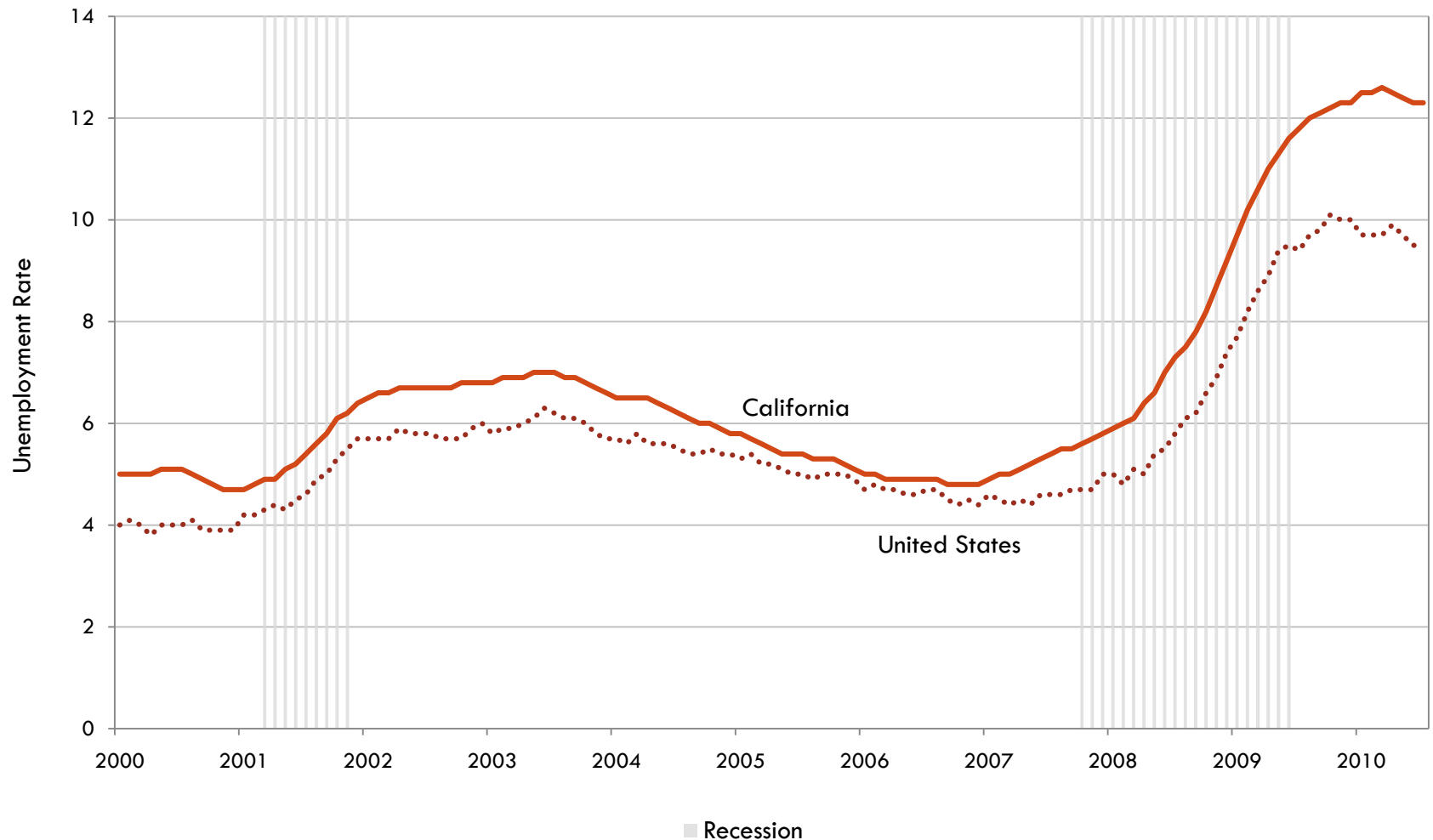
HAMP modifications down slightly in July; borrowers still face challenges in obtaining permanent modifications



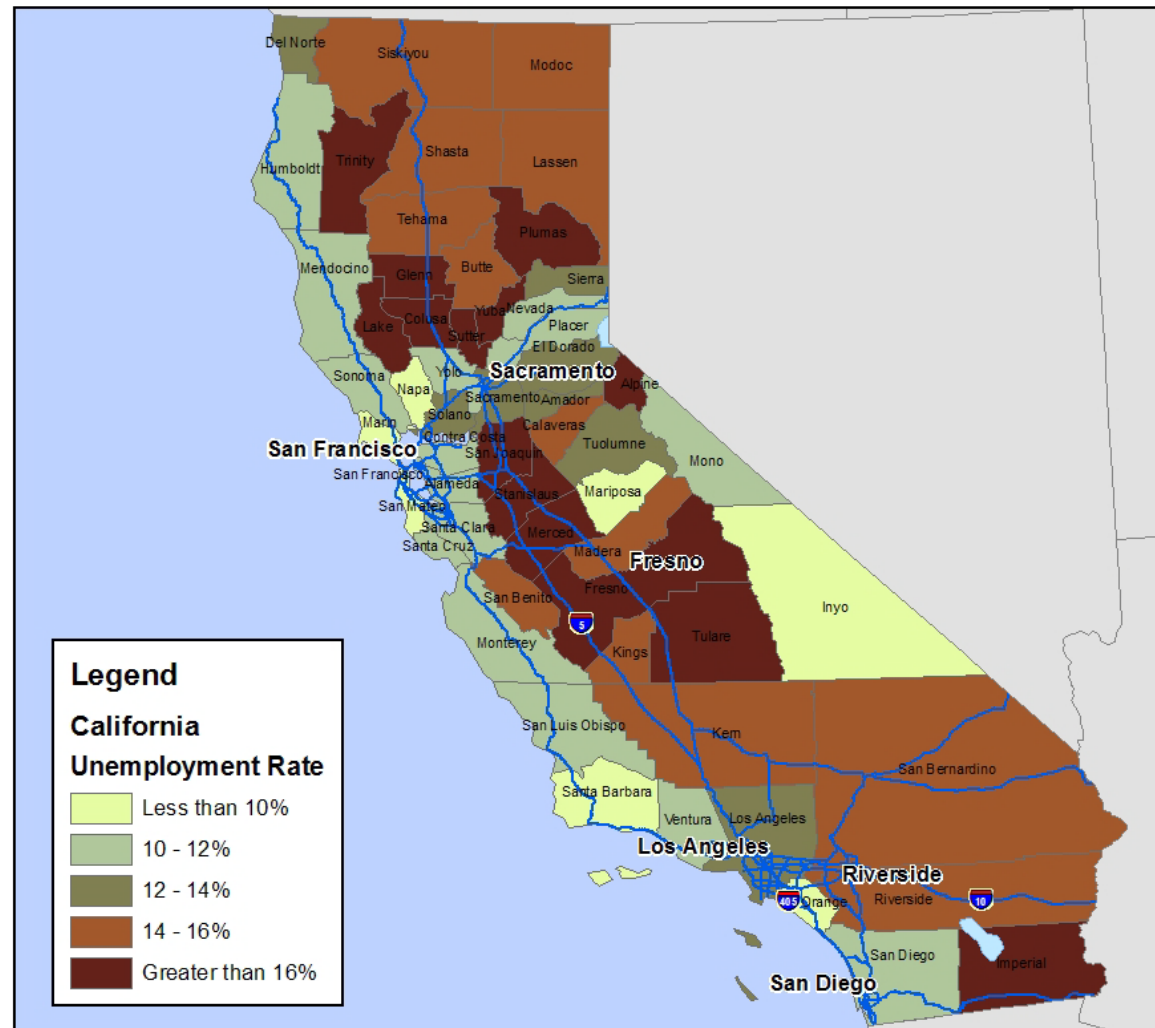
Source: HAMP Service Performance Report Through July 2010

California Trends

California's unemployment drops slightly, but still well above national average



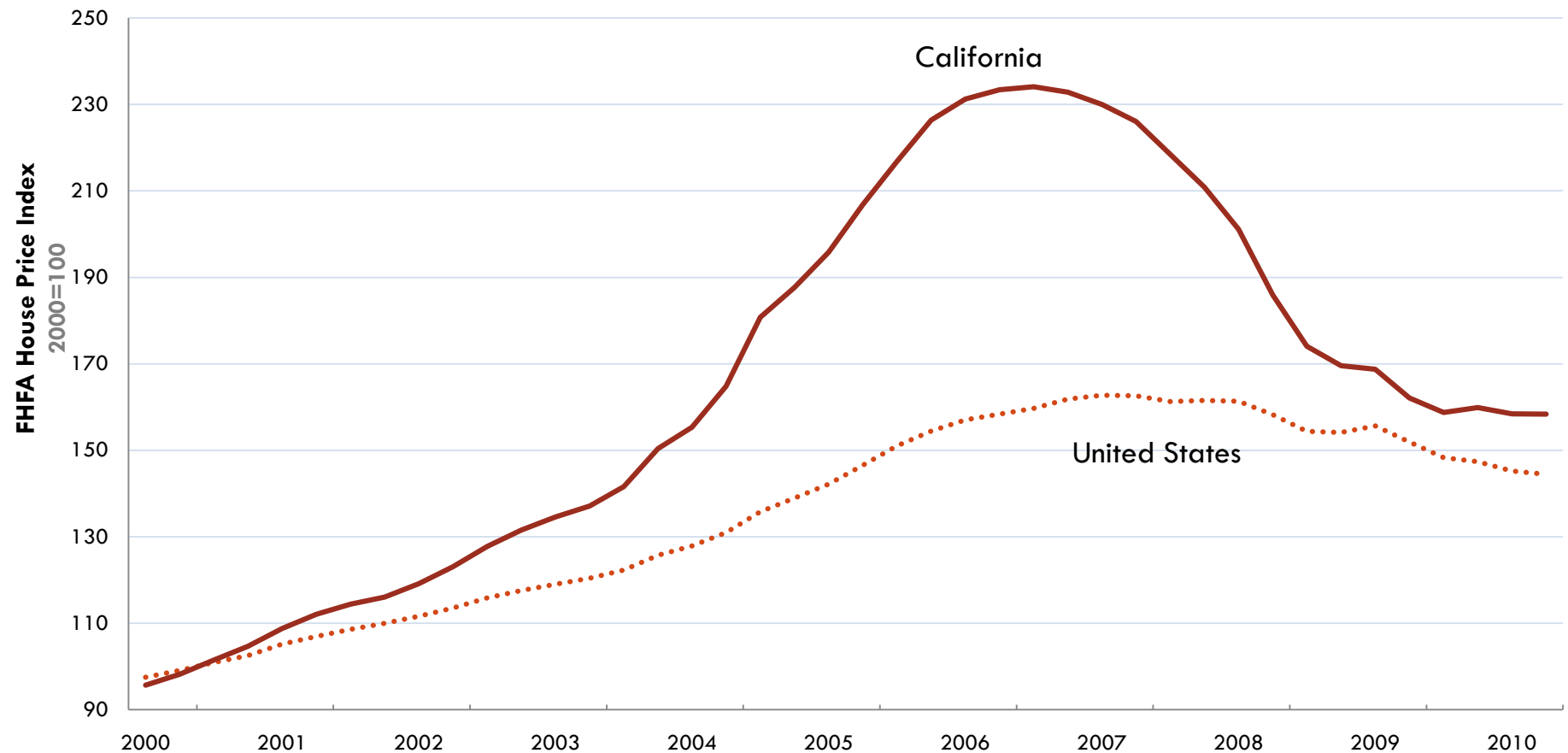
Unemployment rates particularly high in Central Valley and Inland Empire



Source: Bureau of Labor Statistics, July 2010

California house prices appear to be stabilizing

FHFA (formerly OFHEO) House Price Index
(2000=100, quarterly)

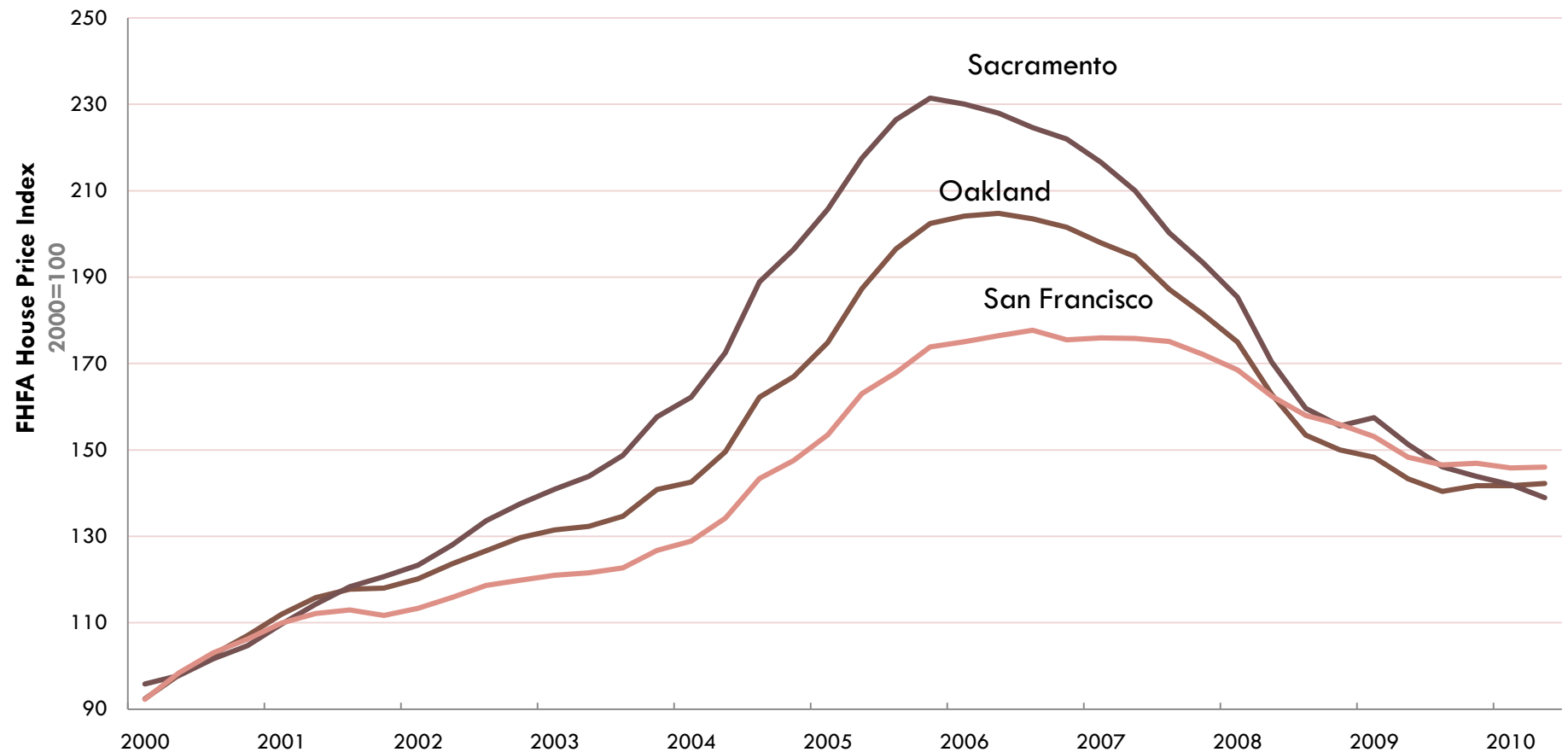


Source: Federal Housing Finance Agency (formerly OFHEO)

Decline in Northern CA MSA house prices slows

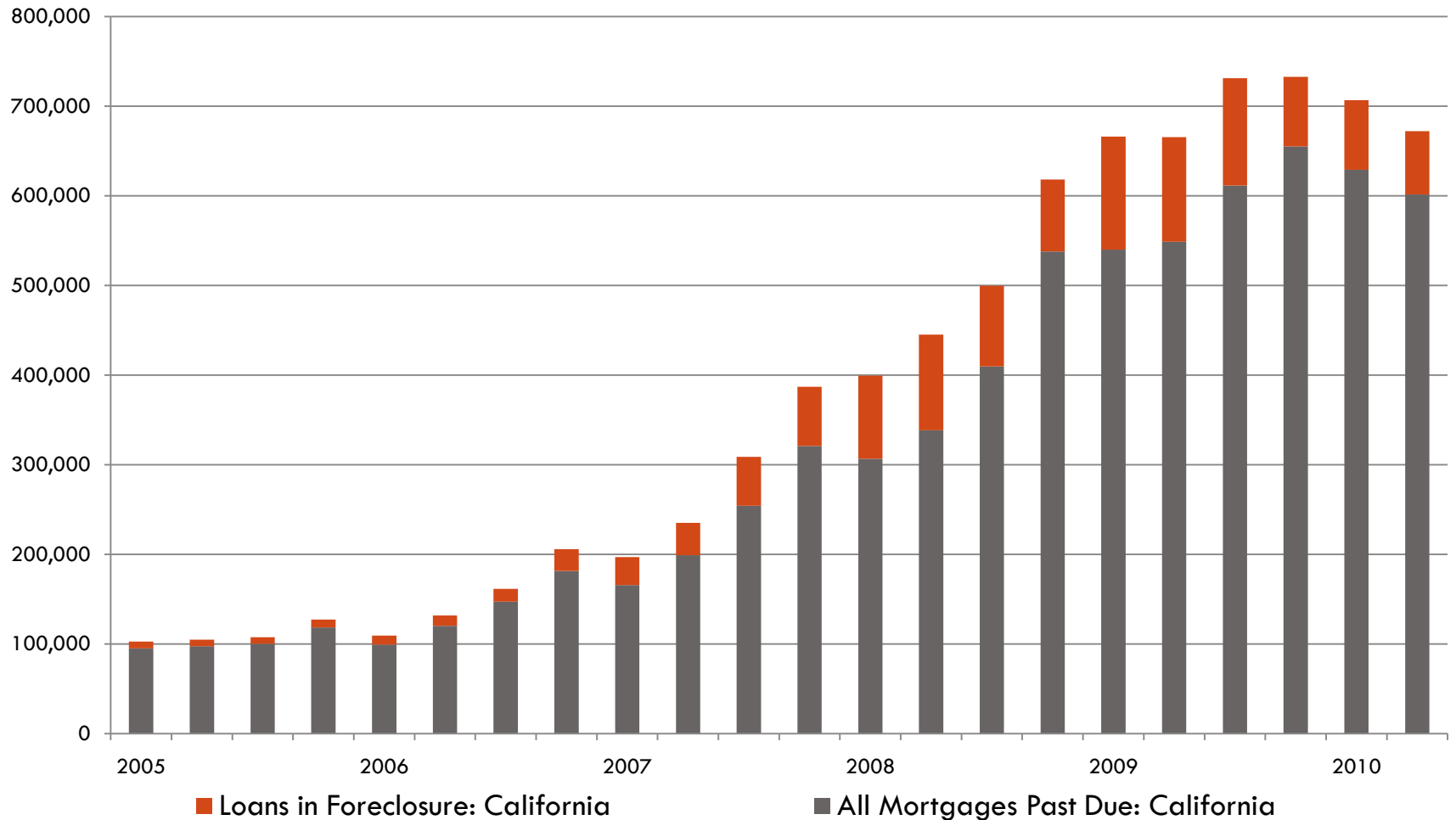
FHFA House Price Index: Northern California

(2000 = 100)



Source: Federal Housing Finance Agency (formerly OFHEO)

The number of distressed properties – delinquent and in foreclosure – has dropped slightly

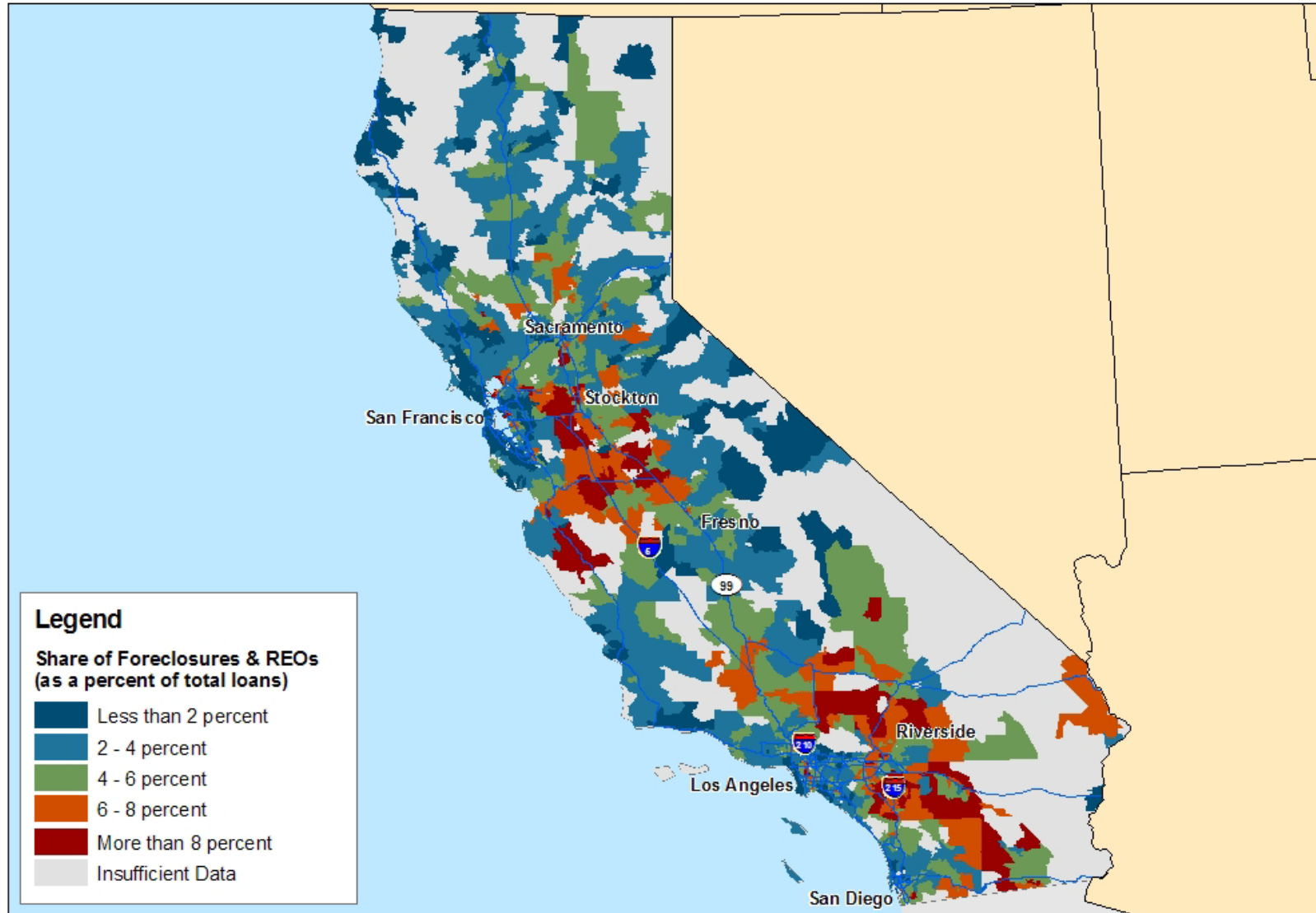


Source: Mortgage Bankers Association, National Delinquency Survey

State & Local Data Maps

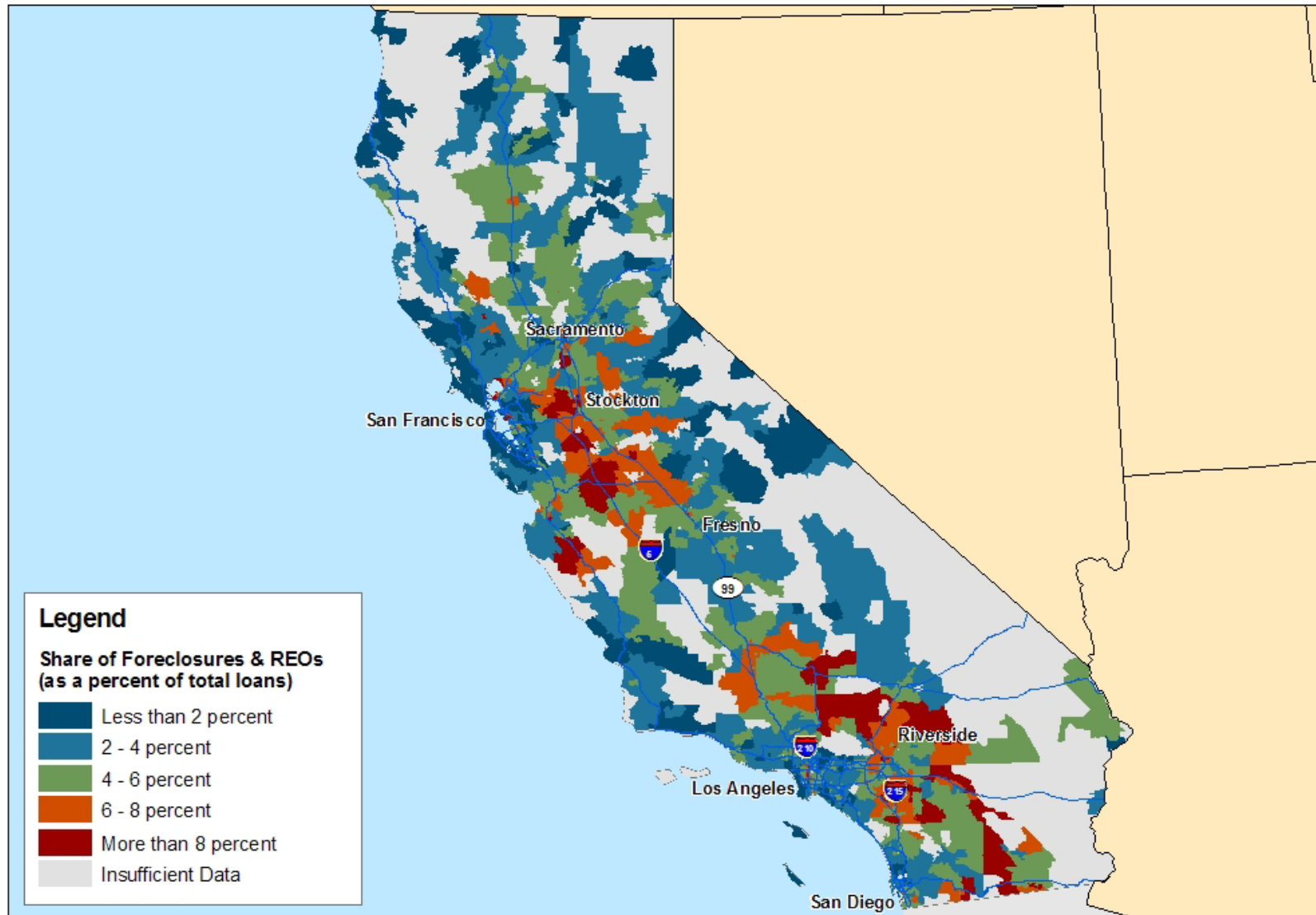
Areas Affected by Concentrated Foreclosures

February 2010



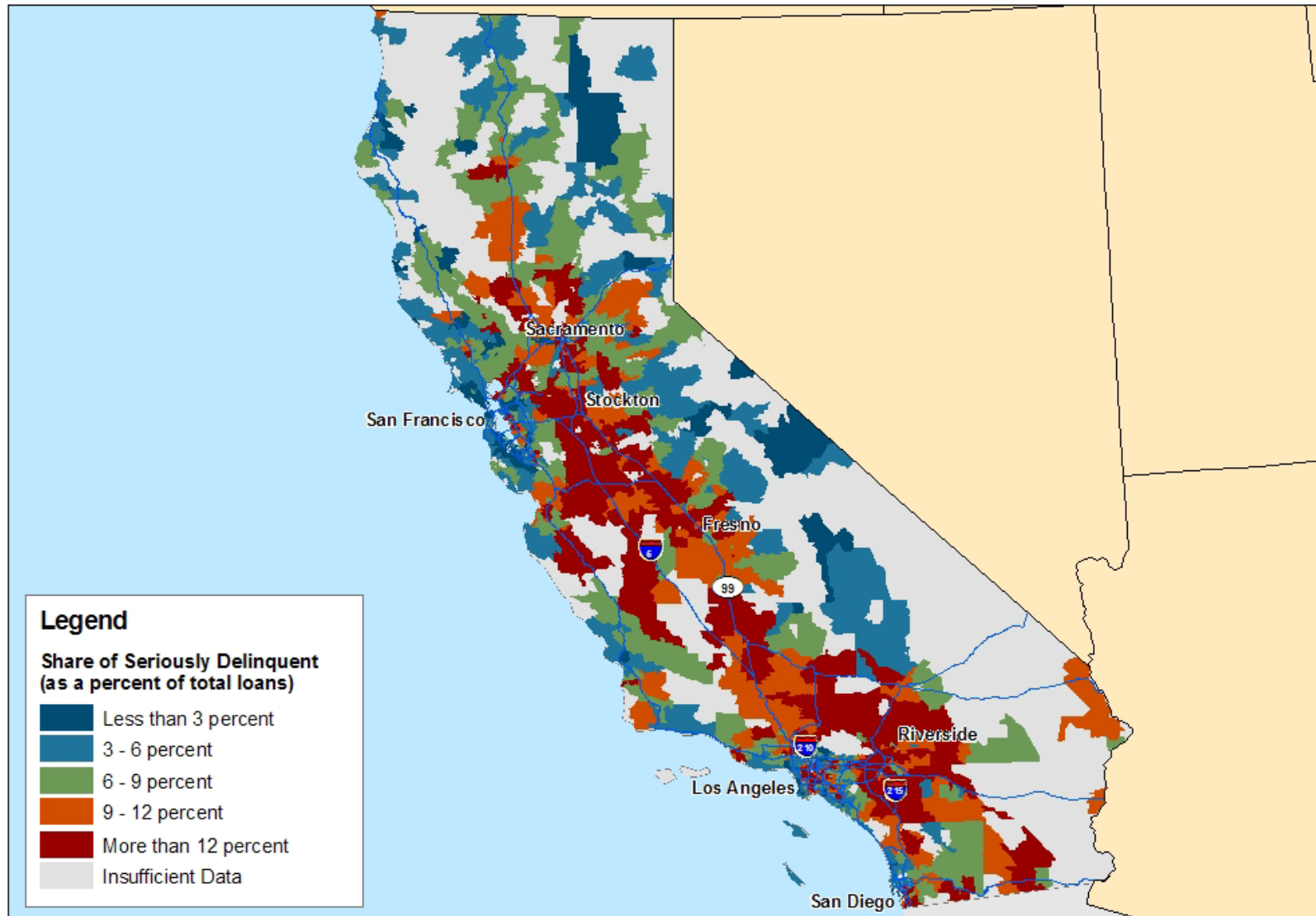
Areas Affected by Concentrated Foreclosures

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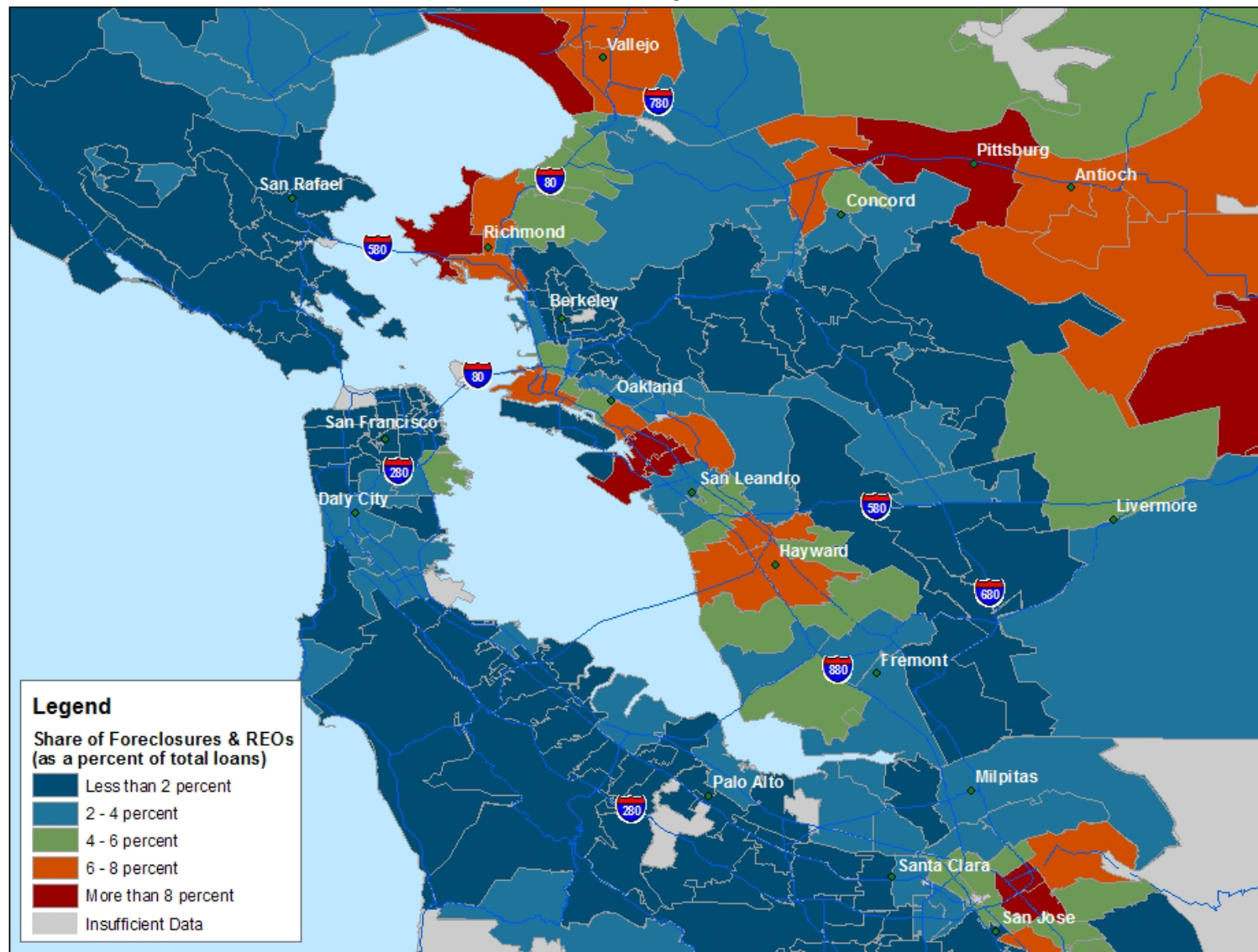
Areas at Risk of Additional Foreclosures

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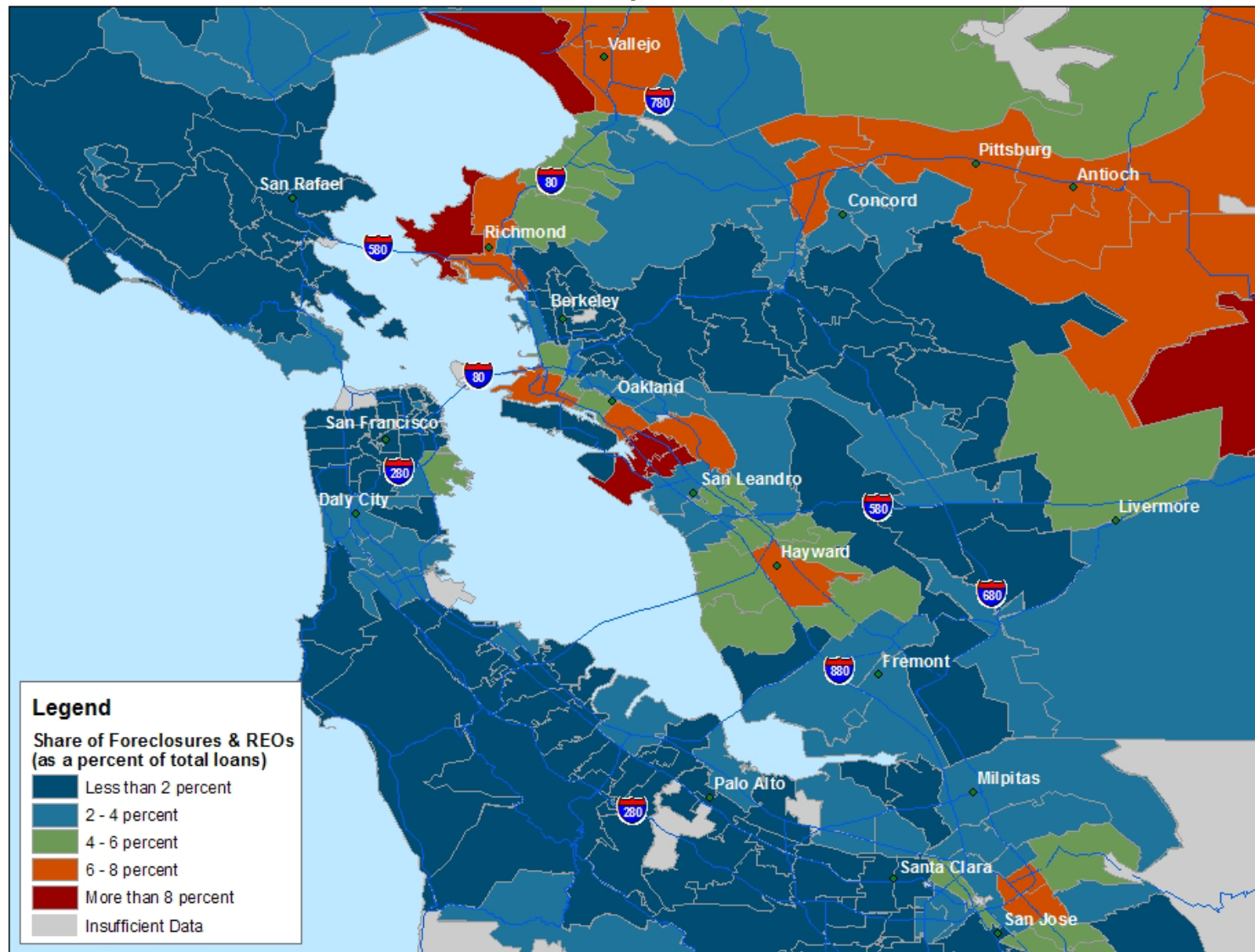
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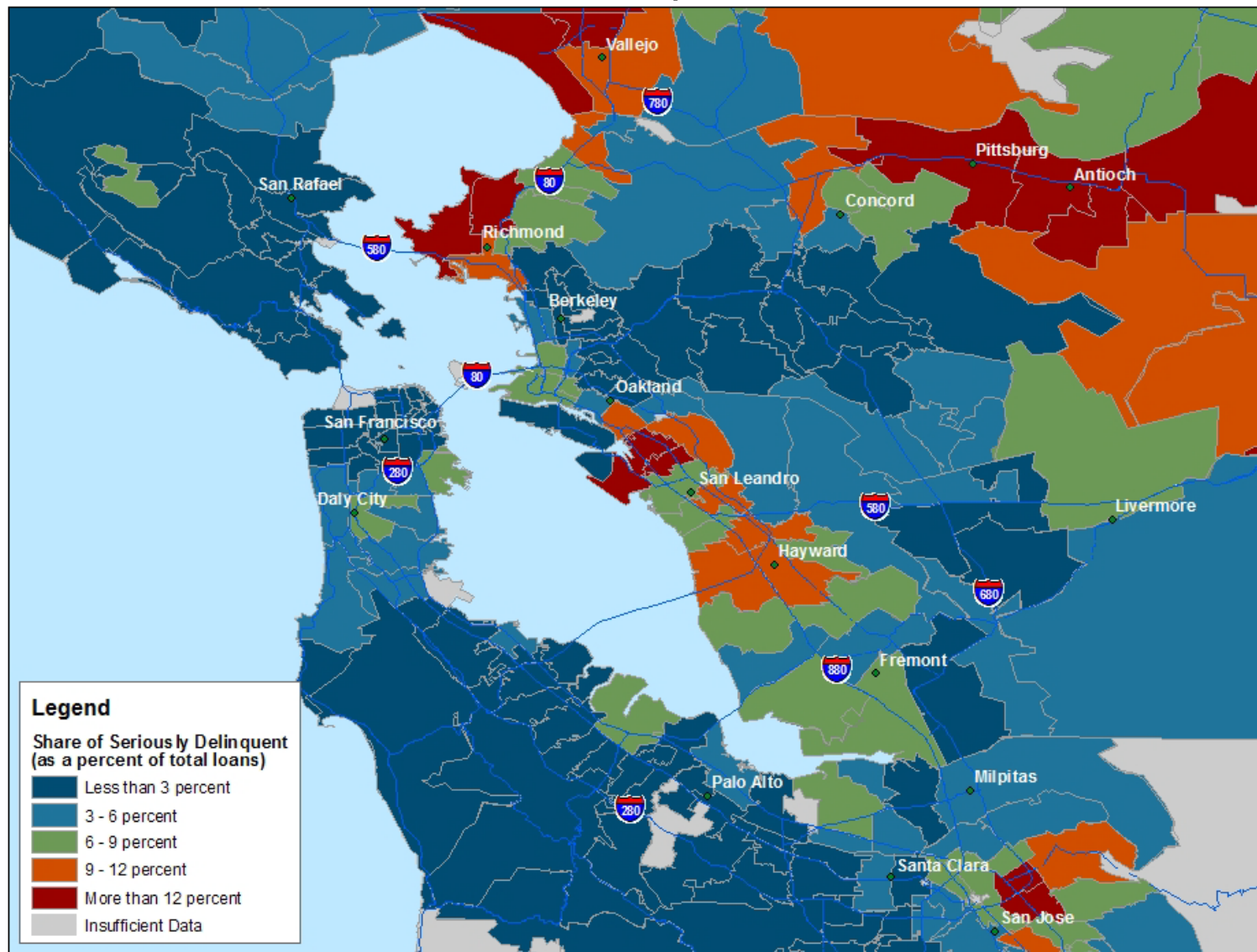
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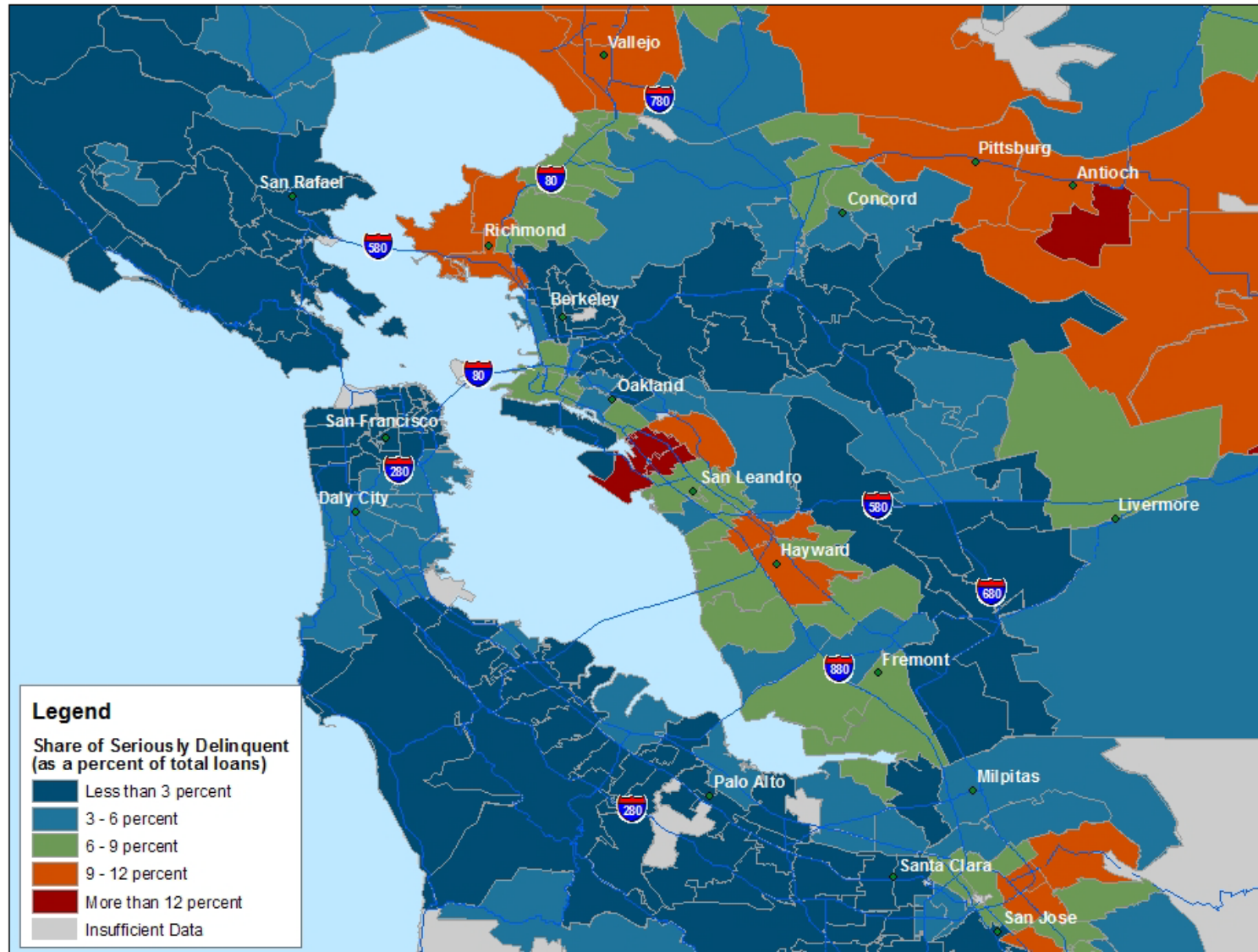
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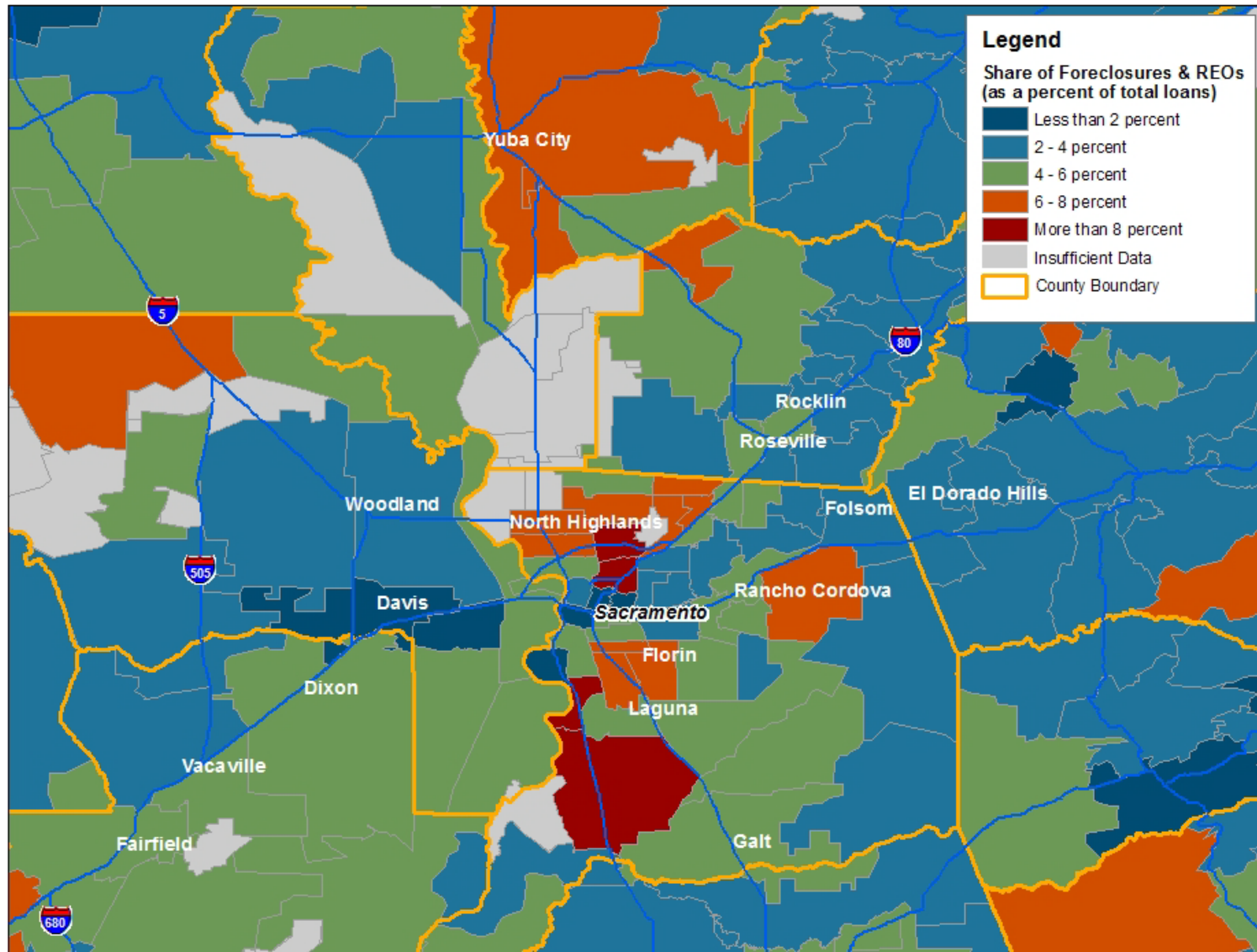
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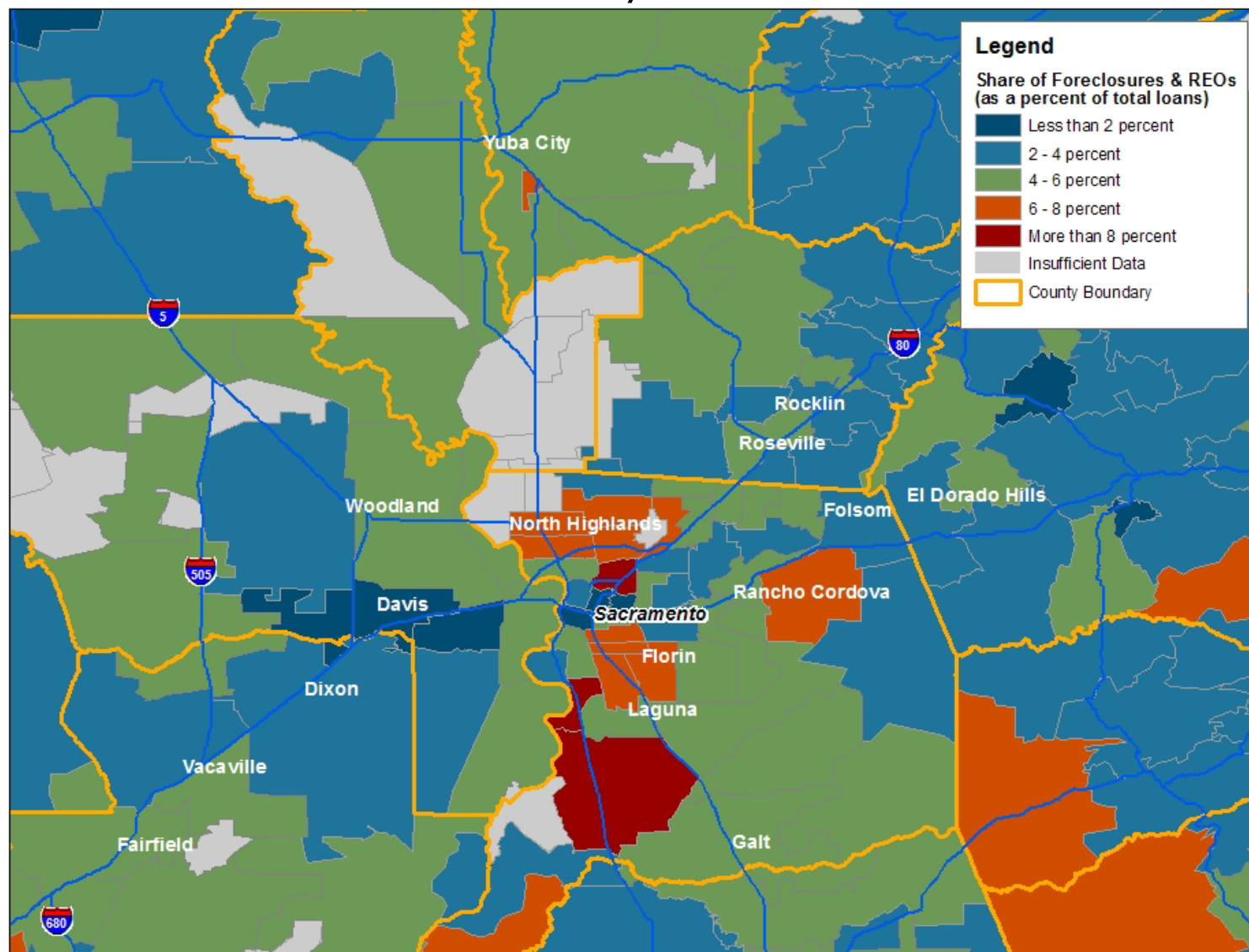


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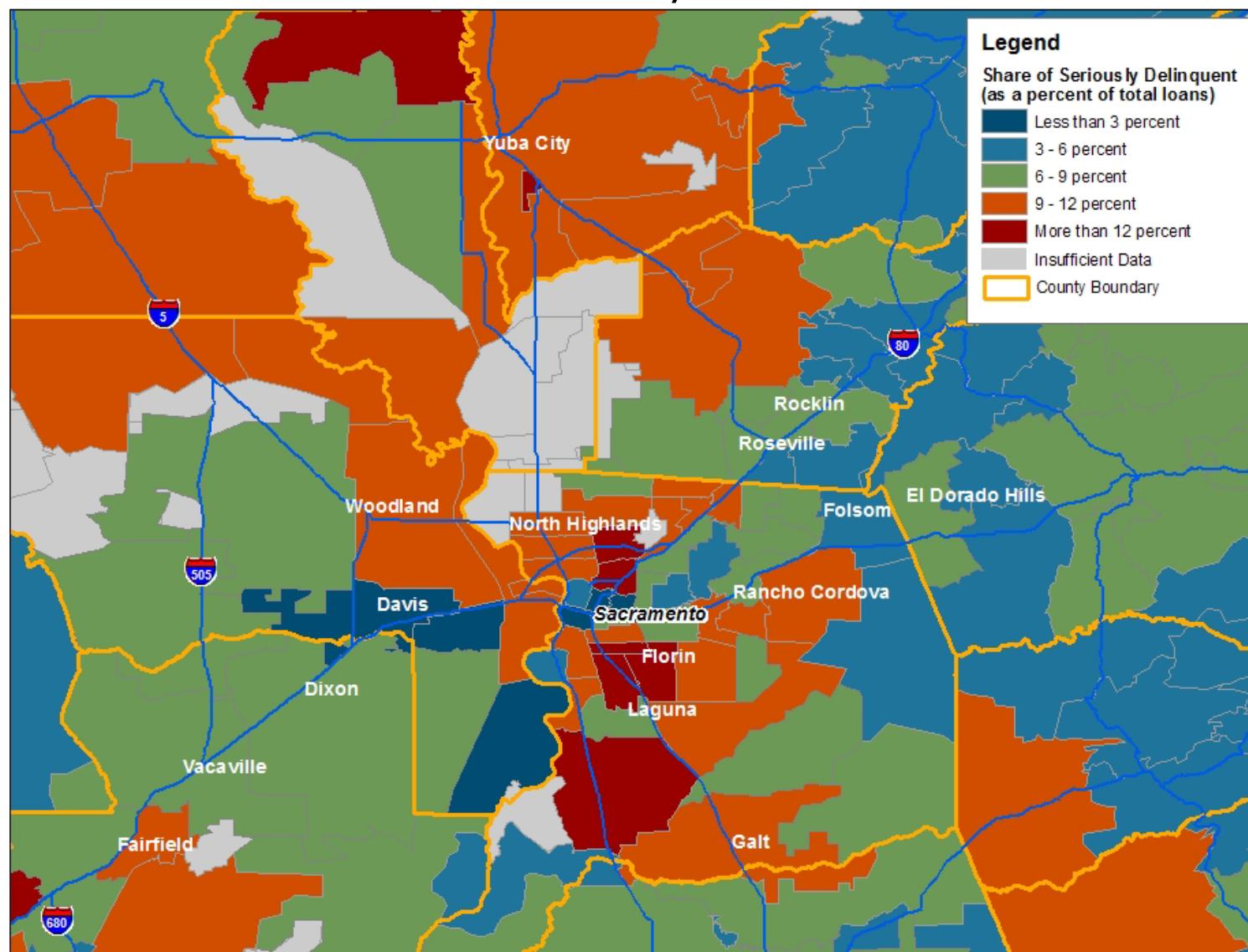


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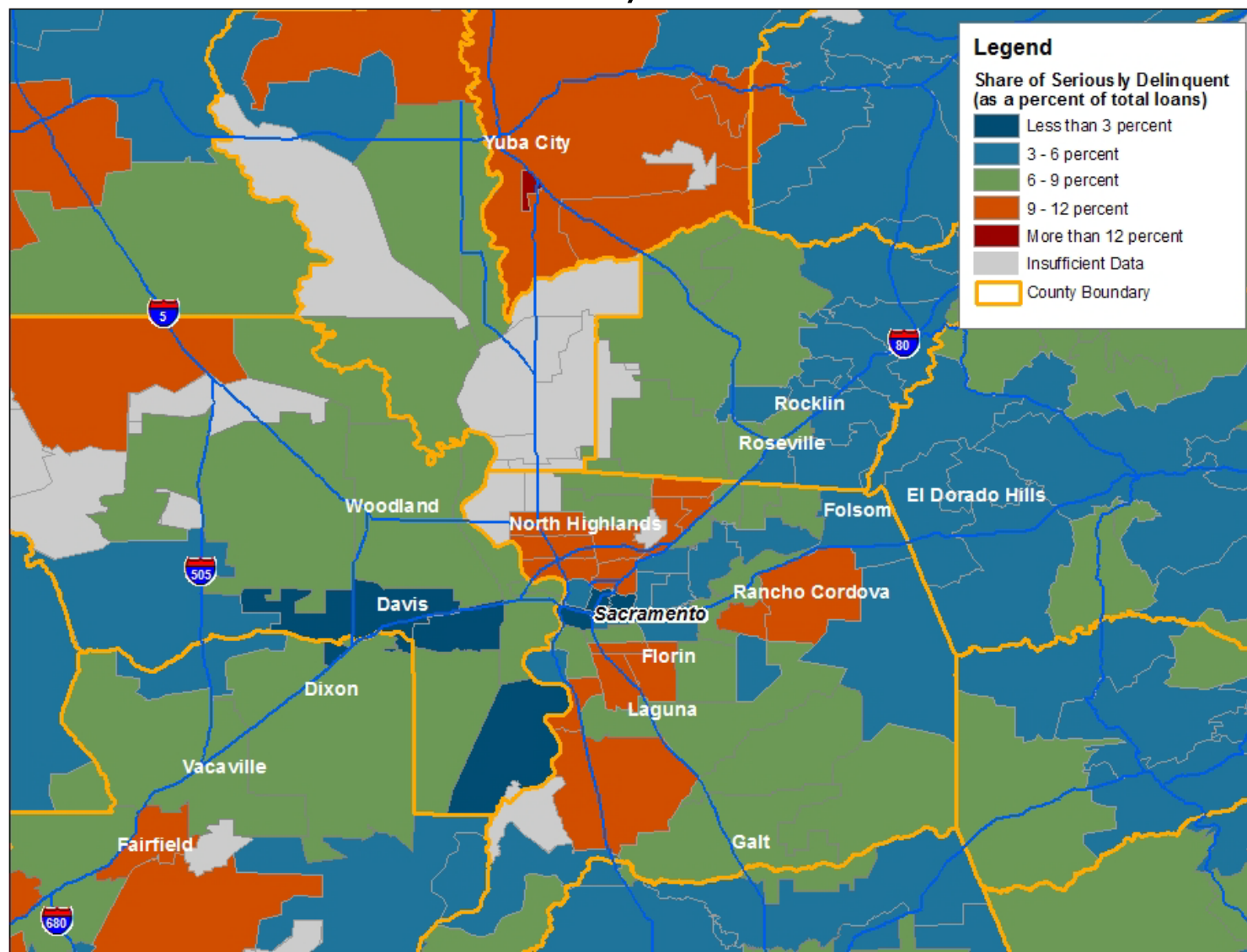
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Conclusions

Continued Need for Foreclosure Prevention

- Important to reach borrowers with ‘preventable’ foreclosures
 - ▣ Borrower Outreach Events
 - Create a foreclosure prevention workbook -- for an example see Arizona’s:
http://www.pima.gov/current/2008_November%20English%20Workbook.pdf
 - ▣ Making Homes Affordable
 - Federal program provides both loan modification and refinance options
 - Online form available that allows borrowers to assess if they qualify for the program
 - <http://makinghomeaffordable.gov/eligibility.html>

Preventing Foreclosure Scams

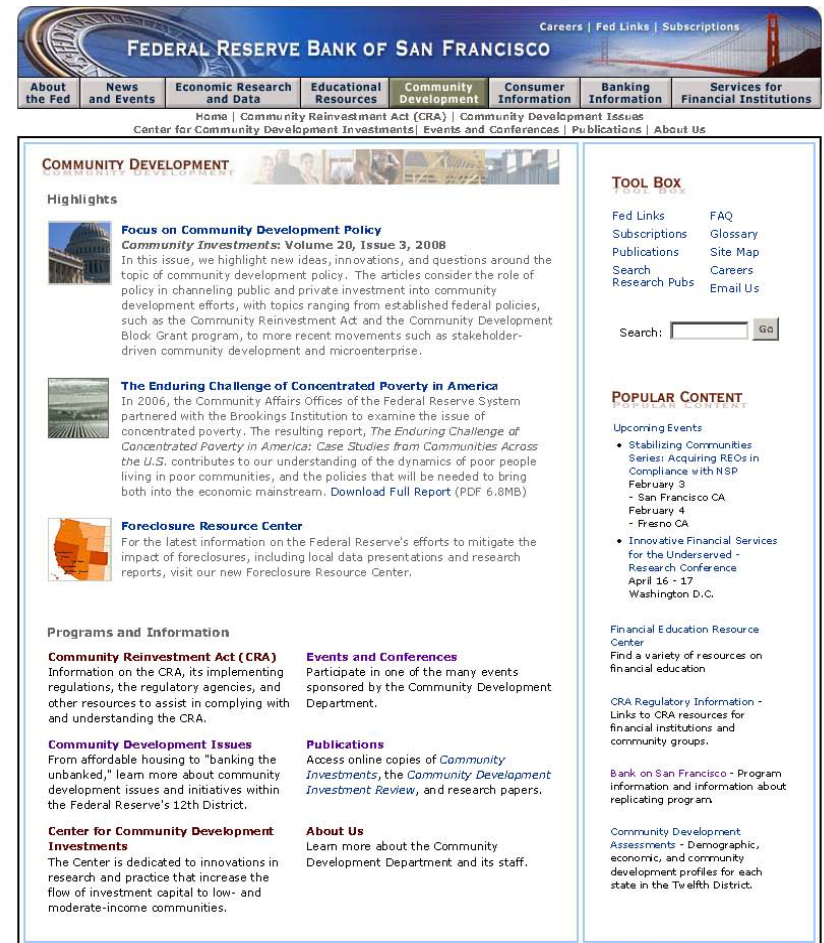
- Foreclosure scams are proliferating, especially in markets with investor interest
 - ▣ Some counties are sending notices to all delinquent borrowers to warn them about foreclosure scams
 - ▣ Free media kit available from the Federal Reserve which includes a PSA and other resources:
<http://www.federalreserveeducation.org/pfed/mediakit.cfm>
 - ▣ NeighborWorks PSA: <http://www.youtube.com/nwpad>
- Other 5 Tip brochures and resources available from the Federal Reserve
<http://www.federalreserve.gov/consumerinfo/fivetips.htm>

Stabilizing Communities and Helping Families After Foreclosure

- Develop service delivery and resources for families who go through foreclosure
 - ▣ Rental housing assistance
 - ▣ Credit repair
 - ▣ Minimizing disruption for children (e.g. allowing them to finish the school year in their old school)
- Minimize negative spillover effects of vacant properties on surrounding neighborhood
 - ▣ Ensure servicer maintenance of REOs
 - ▣ Work with lenders/servicers to acquire and rehab foreclosures for affordable housing

For More Information: FRBSF Community Development Website

- Links to other resources and research on foreclosure trends and mitigation strategies
- All publications, presentations available on our website
- Conference materials also posted shortly after events



<http://www.frbsf.org/community/>