

TRENDS IN DELINQUENCIES AND FORECLOSURES IN IDAHO

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Outline of Presentation



- National Trends

- Rising foreclosures
- House price declines
- Rising unemployment

- Idaho

- Trends in foreclosure
- Housing market softening
- Rising unemployment
- Scale of loan modifications still falls short of need

National Trends

National Trends



- Foreclosures rose steadily in 2008, with wide repercussions for US economy
 - ▣ After a slight decline in the national foreclosure rate in the 3rd Quarter of 2008, rose again in 4th Quarter
- Factors driving foreclosures nationally
 - ▣ House price declines
 - ▣ Rising unemployment, coupled with turmoil in financial and credit markets, may further influence foreclosure rate going forward

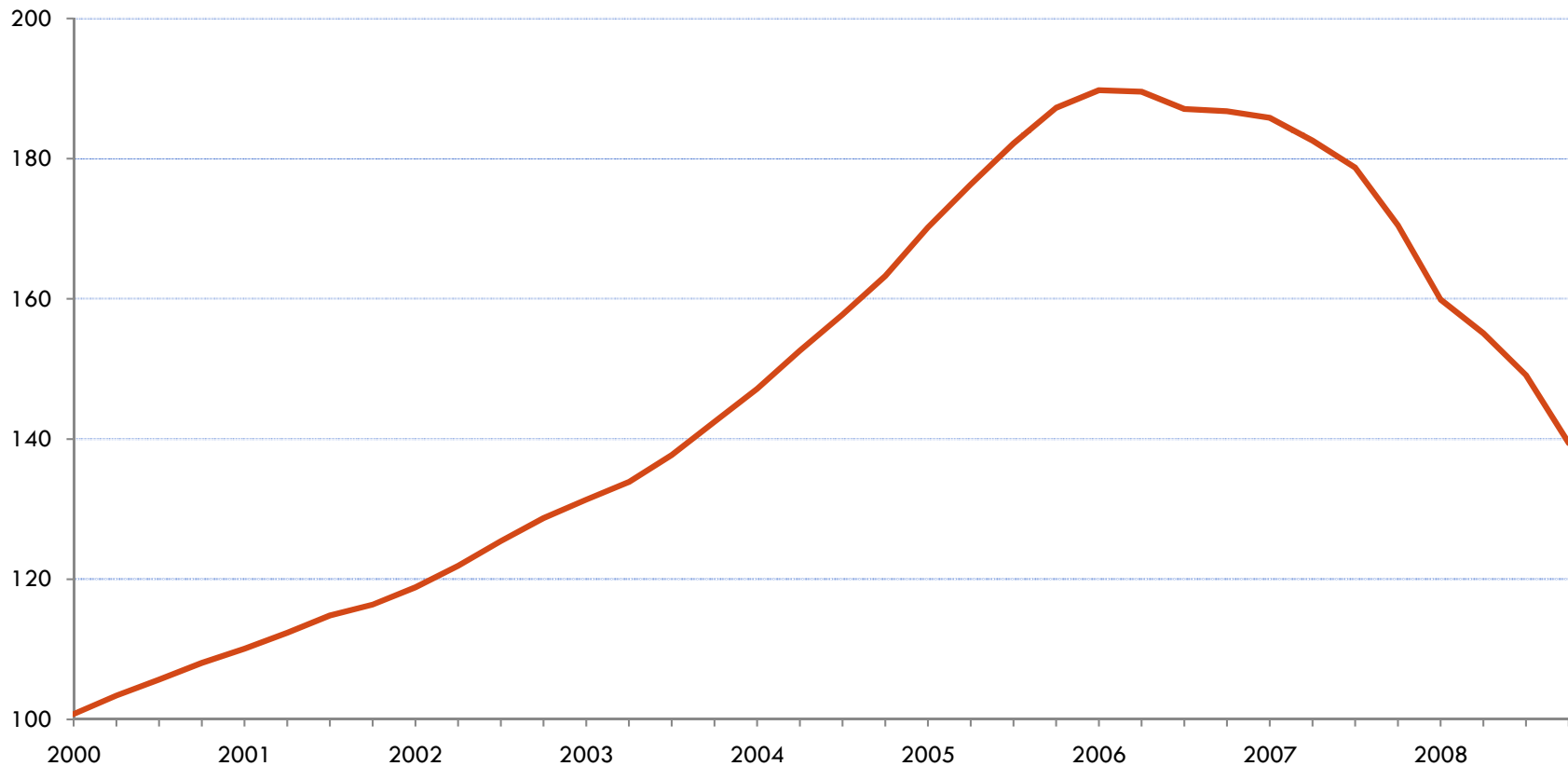
National Foreclosure Starts Rose Slightly in 4th Quarter of 2008



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

Nationally, House Prices Continue to Decline

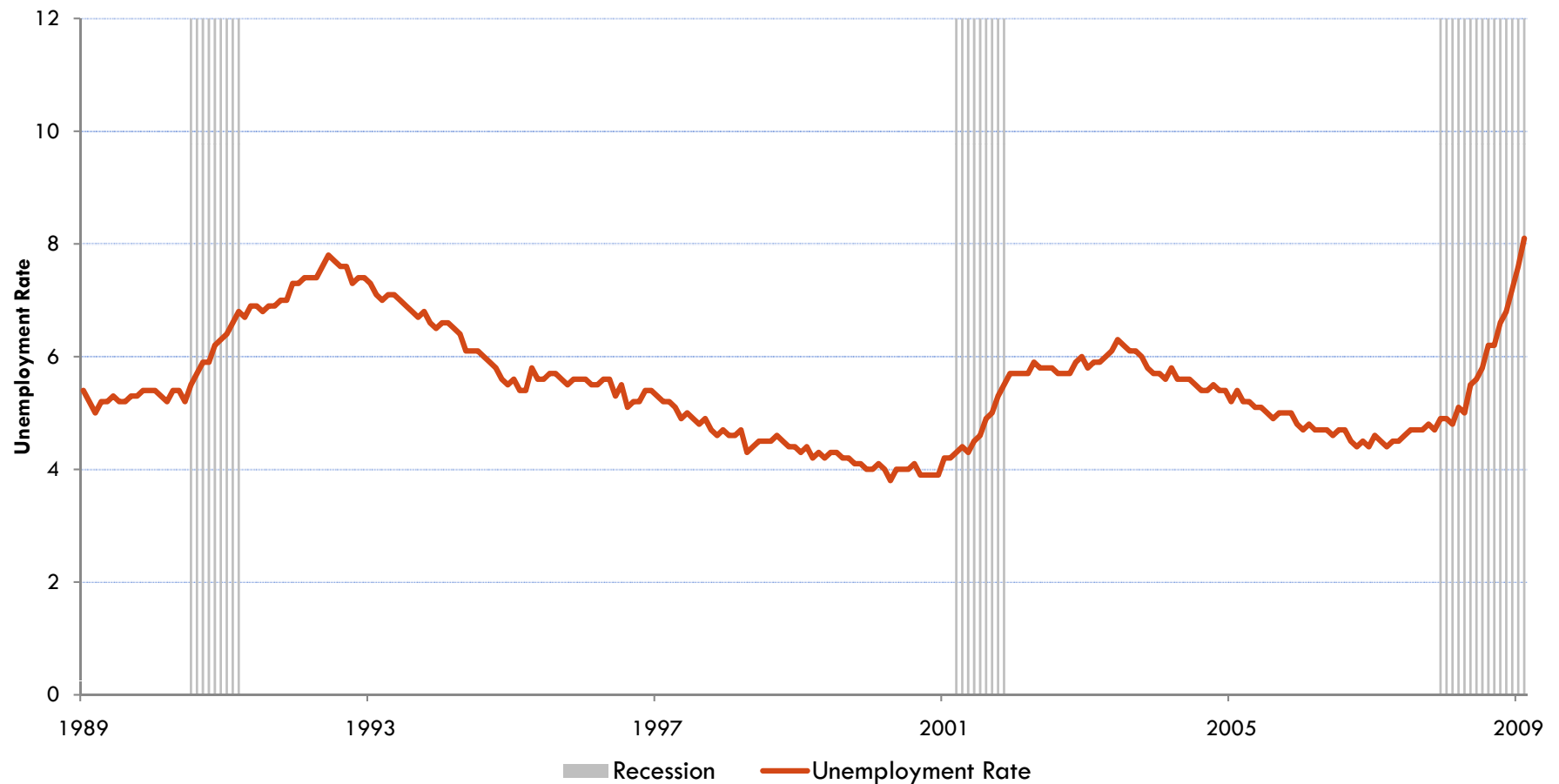
Case-Shiller National House Price Index
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index, 4th Q 2008

Recession Marks Significant Jump in Unemployment

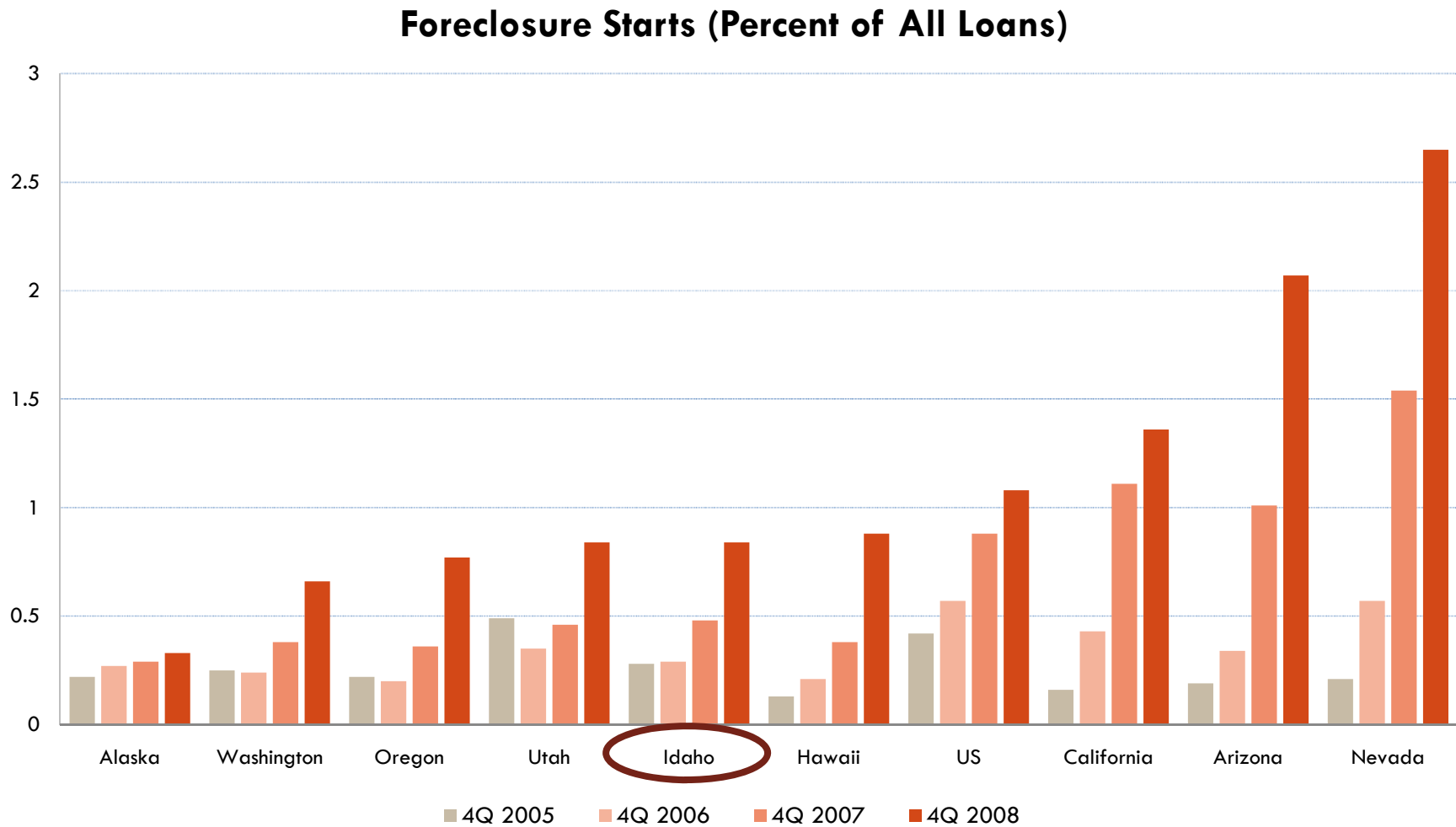
U.S. Unemployment Rate



Source: Bureau of Labor Statistics

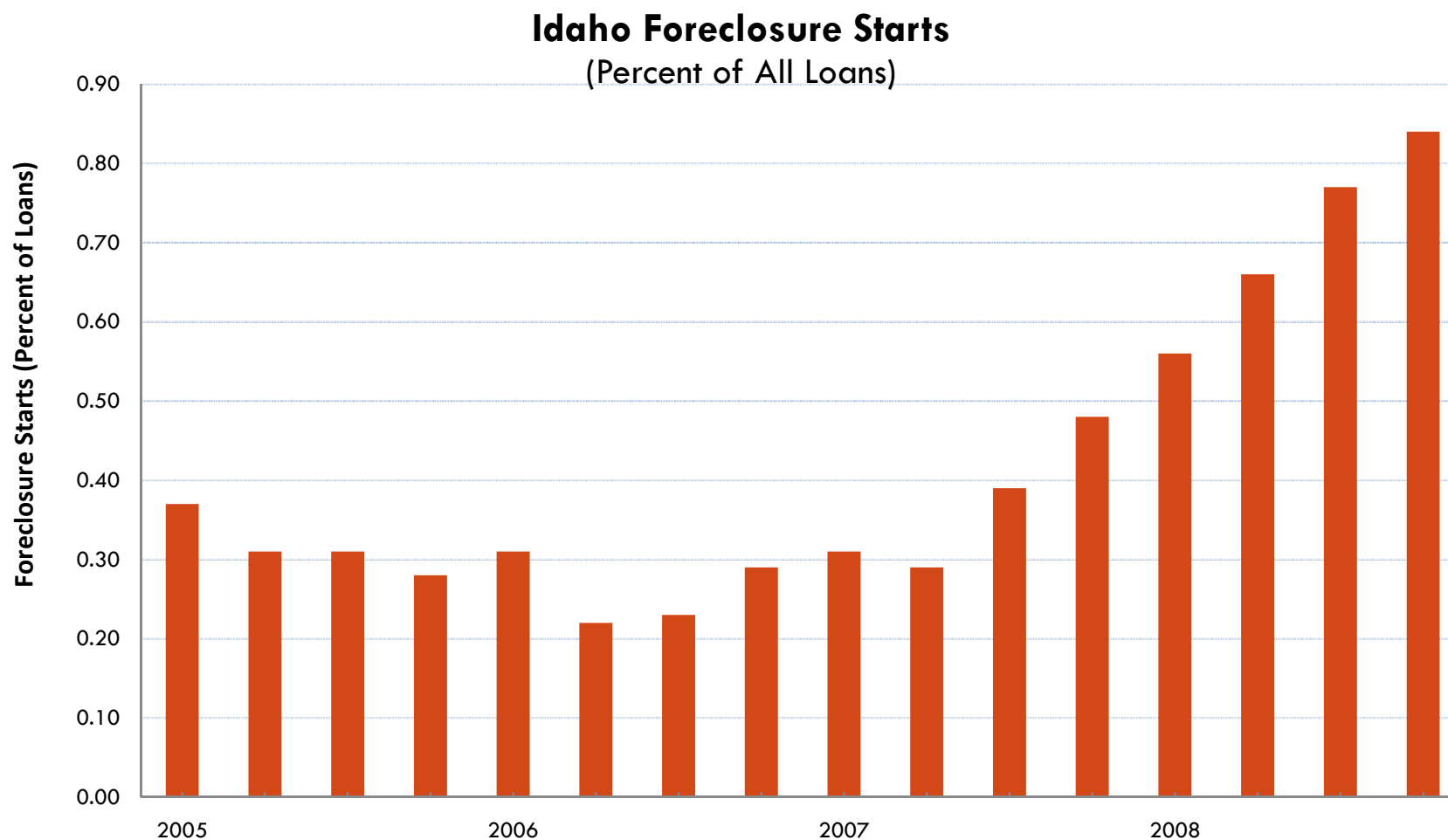
Idaho Trends

Foreclosures in Idaho Have Risen Significantly, But Remain Below US Average



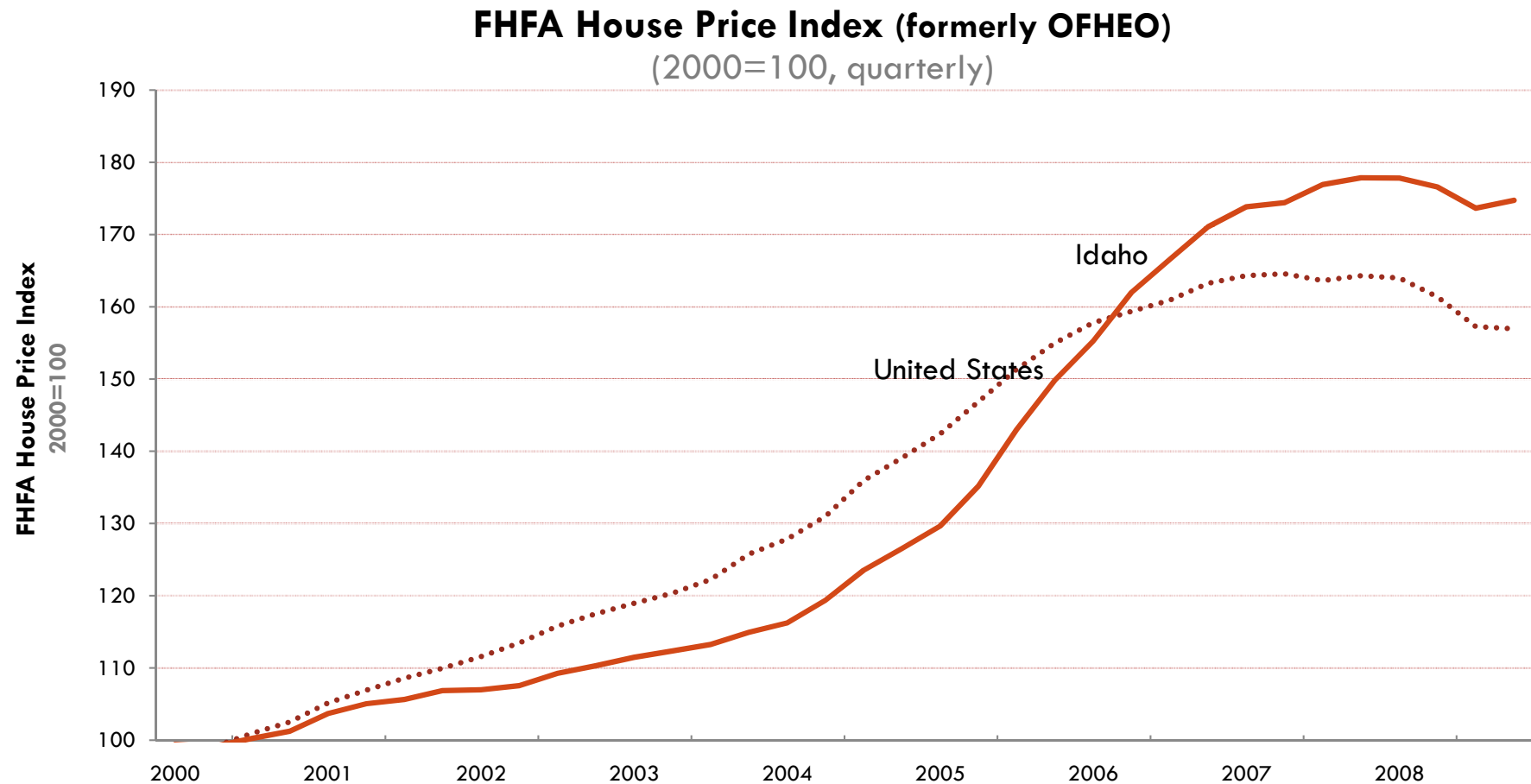
Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

Idaho Saw a Continued Increase in Foreclosure Starts in 4th Quarter 2008



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

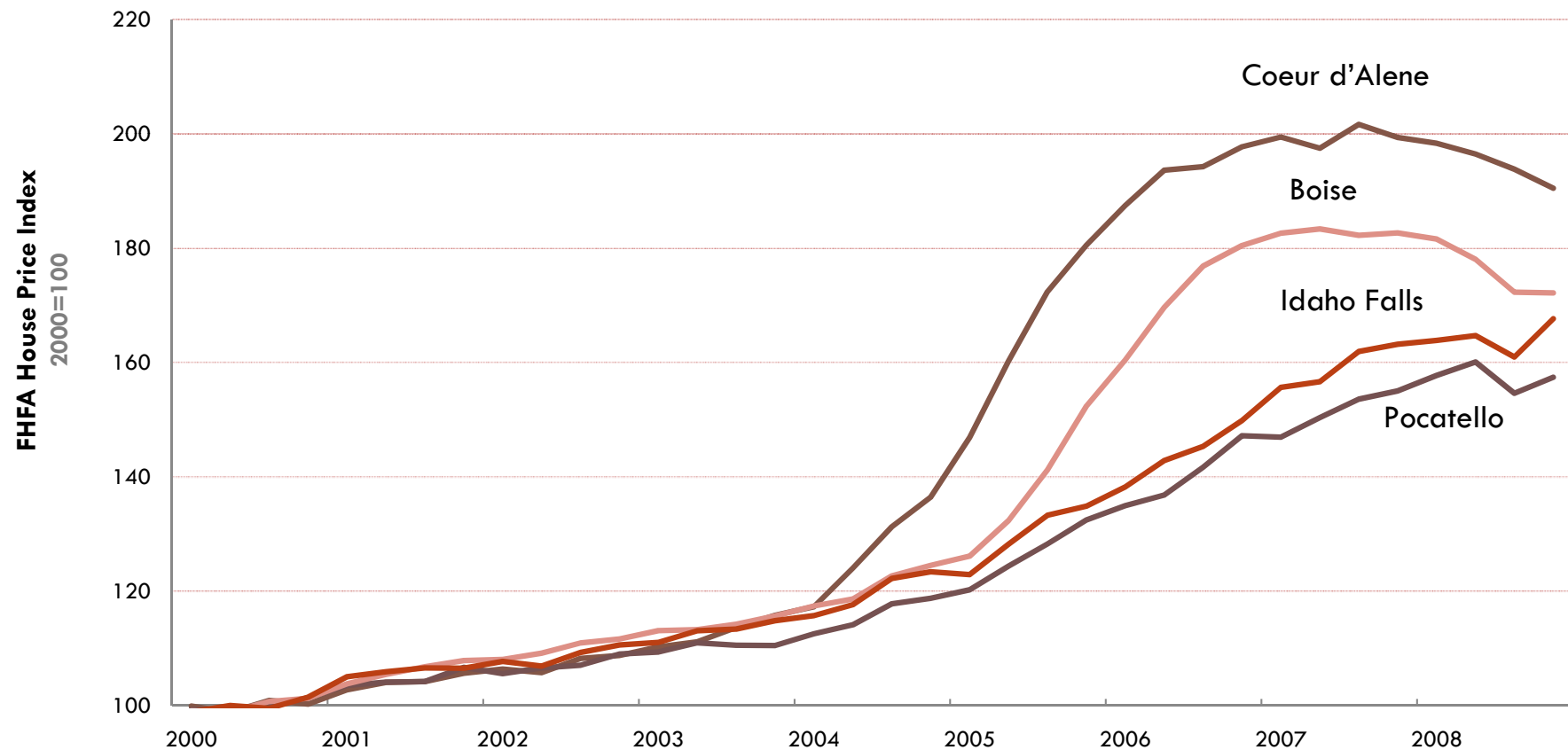
Idaho Seeing Softening of Real Estate Market, Though Prices Rose Slightly in 4th Qtr 2008



Source: Federal Housing Finance Agency (formerly OFHEO), 4th Quarter 2008

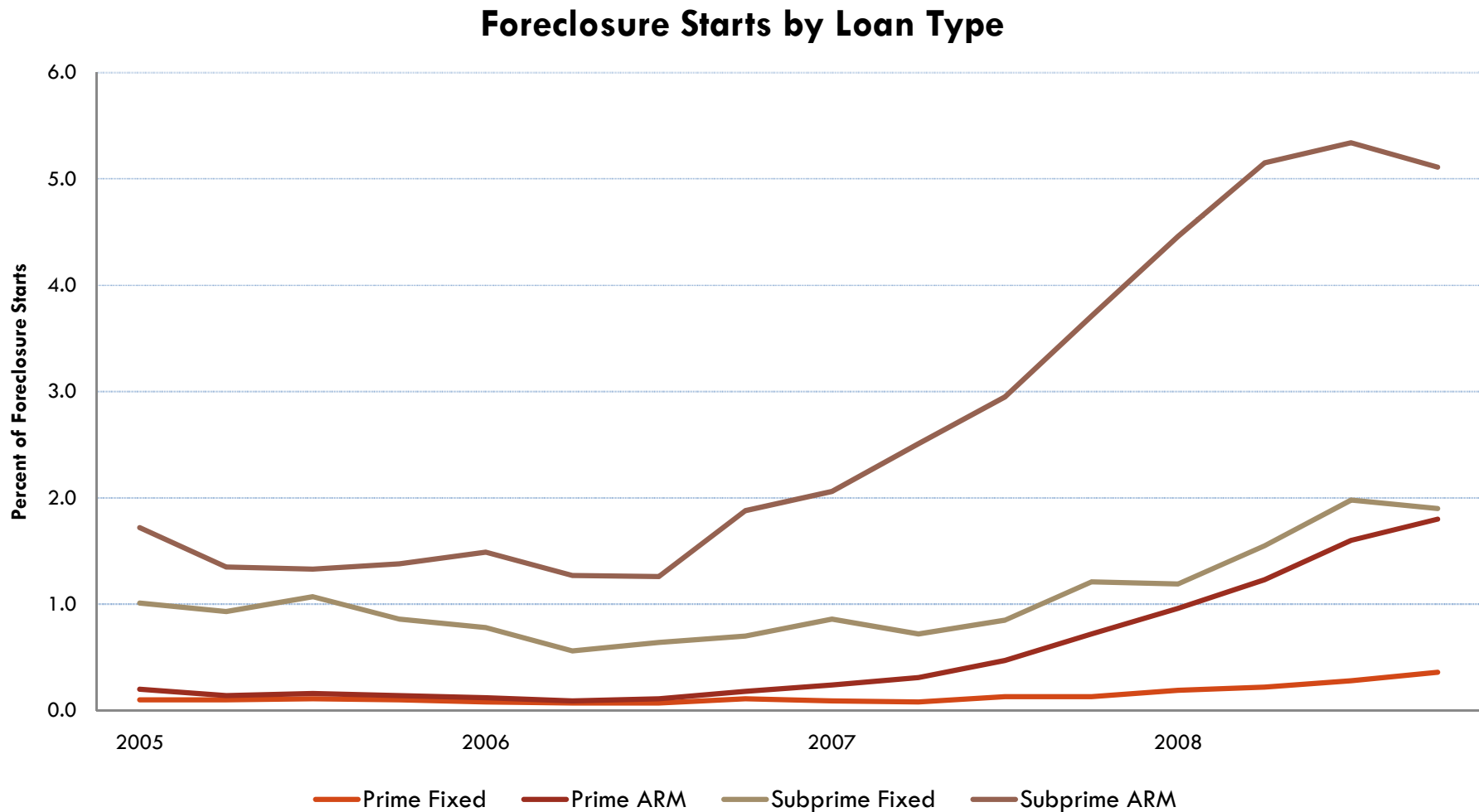
Changes in House Prices at the Metropolitan Level

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



Source: Federal Housing Finance Agency (formerly OFHEO), 4th Quarter 2008

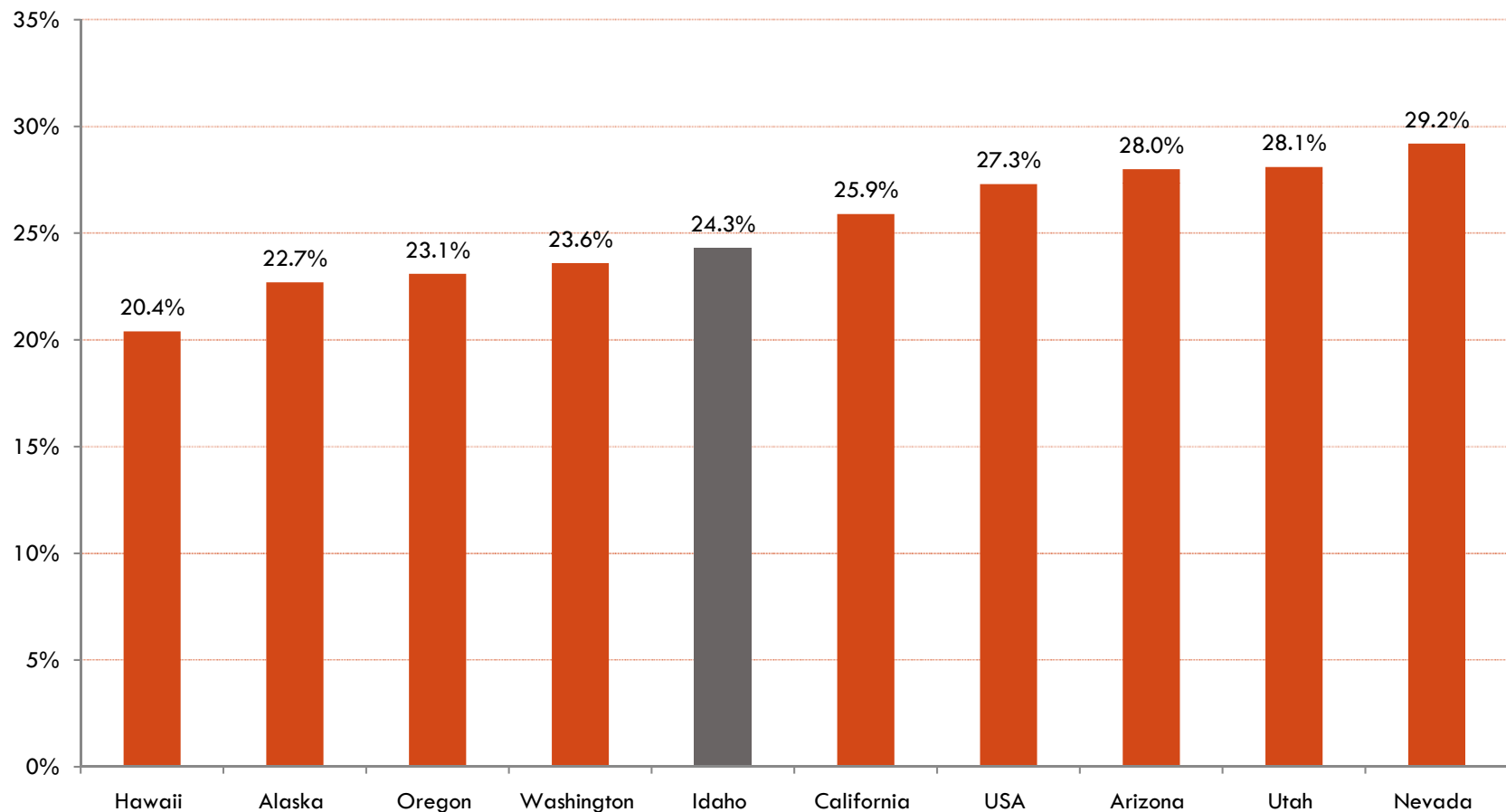
Idaho's Foreclosures are Concentrated in Subprime ARM Market



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

Nearly 1 in 4 Loans during Subprime Boom in Idaho Was a High Cost Loan

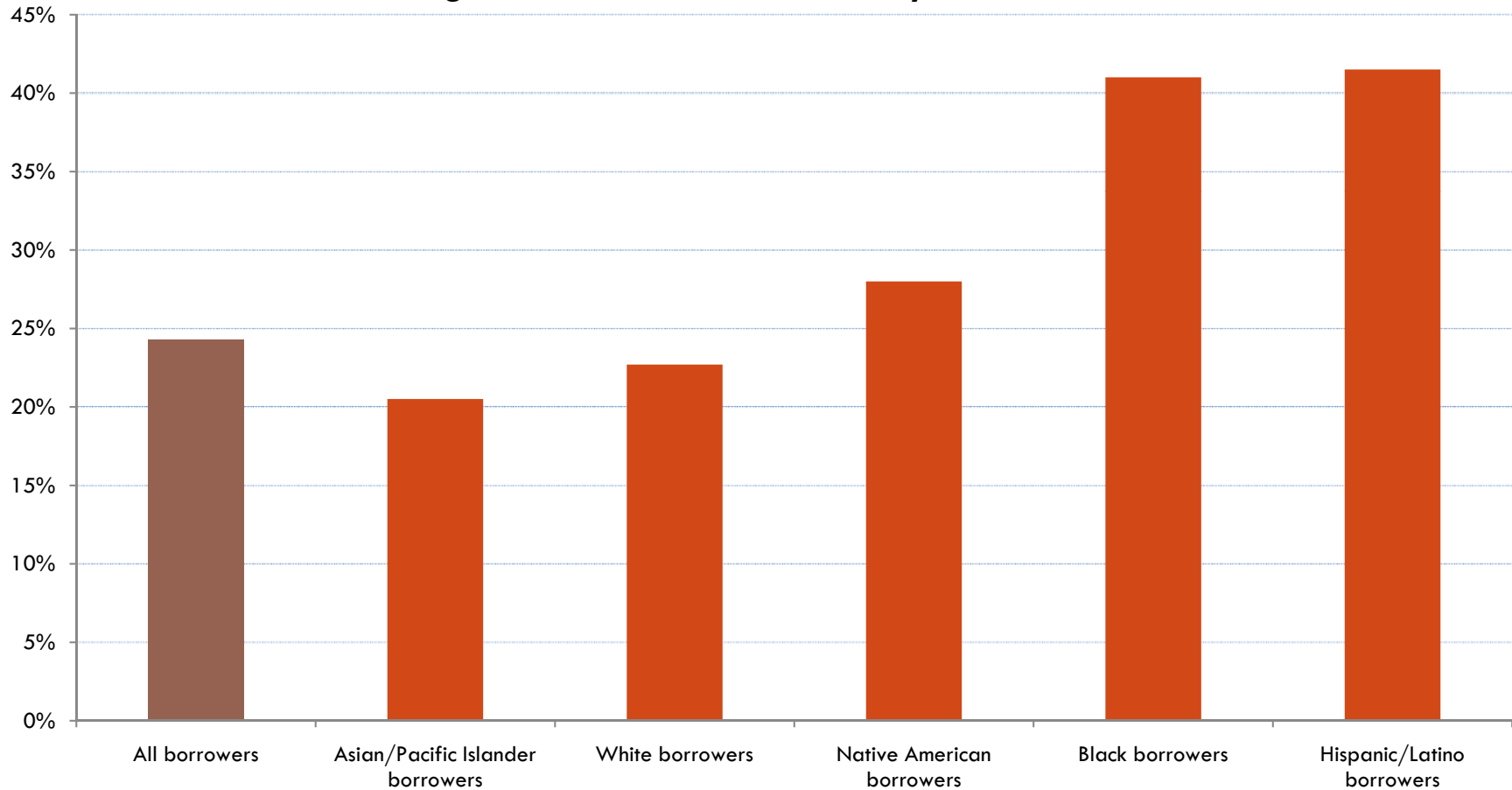
Percent of All Borrowers with High Interest Conventional Loans, 2005



Source: Home Mortgage Disclosure Act Data, 2005

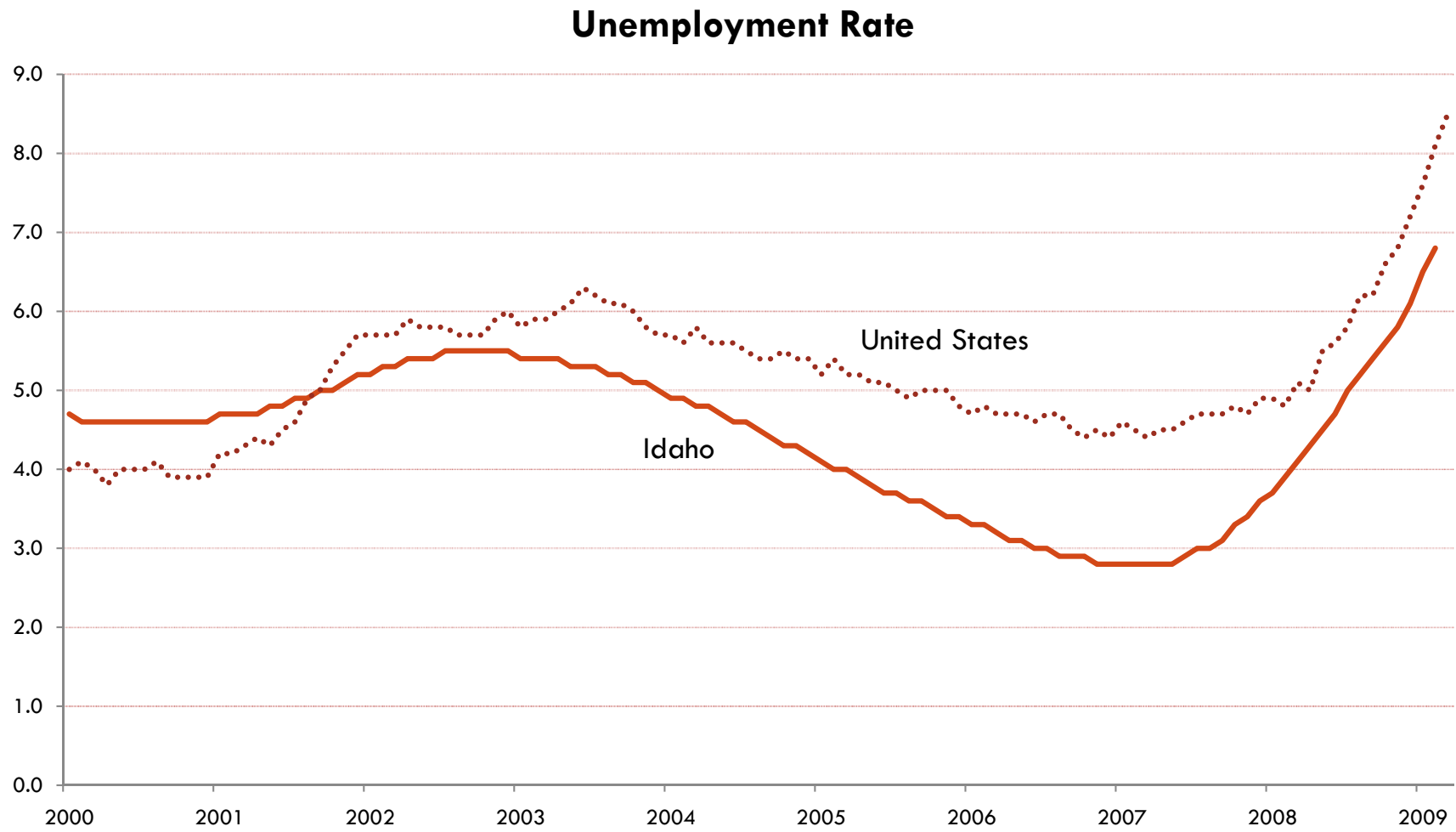
High Cost Lending in Idaho More Prevalent Among Some Minority Groups

High Cost Conventional Loans by Race, 2005



Source: Home Mortgage Disclosure Act Data, 2005

Unemployment Rate in Idaho Has Risen Sharply



Source: Bureau of Labor Statistics, March 2009

Employment Trends by Industry in Idaho

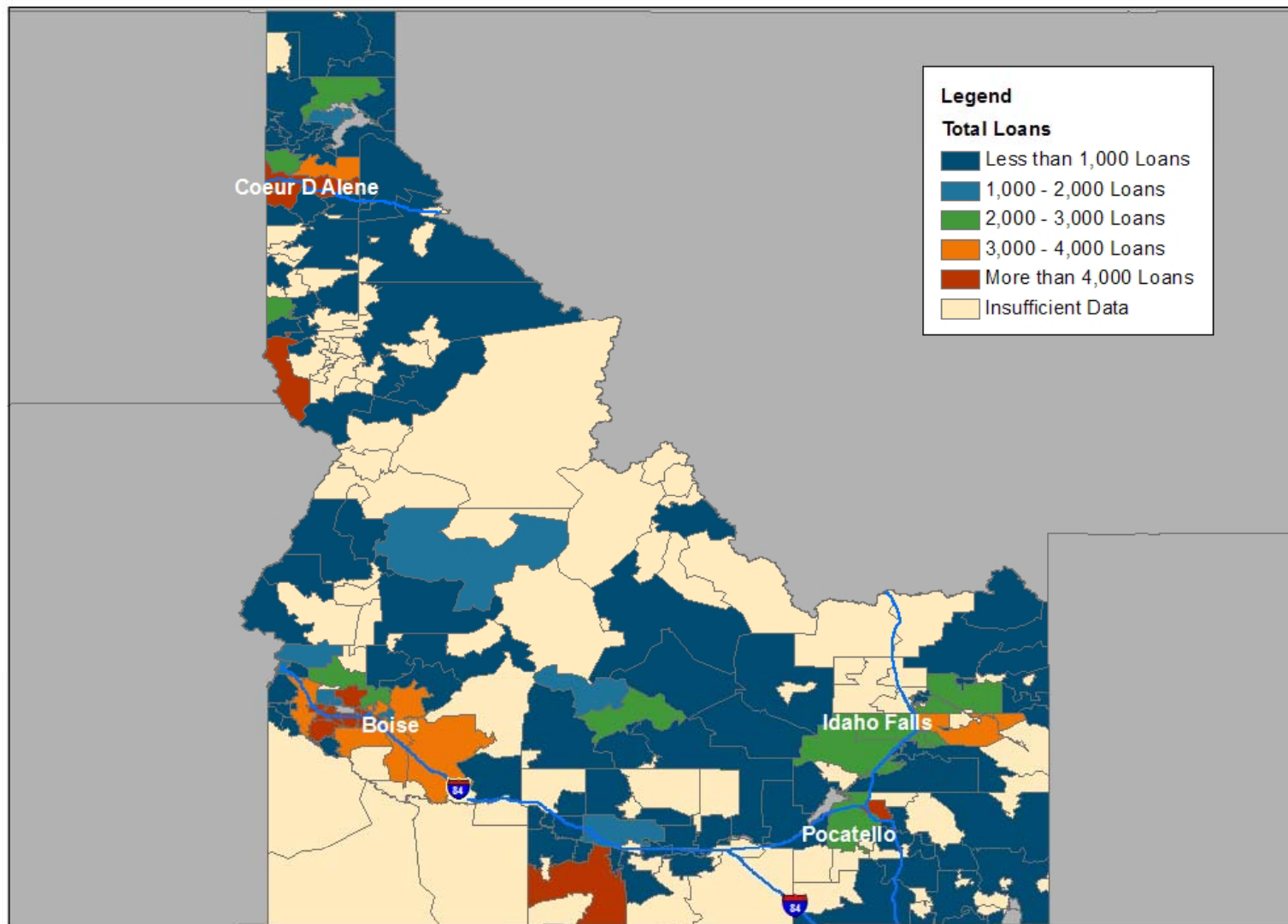
Idaho	Total Employed (thousands) Feb-09	Percent Change		
		1-mo.	3-mo.	12-mo.
Total	625.4	-8.9	-7.8	-4.5
Trade, Transportation & Utilities	125.1	-11.7	-7.3	-5.9
Government	121.0	-9.4	-0.3	2.0
Professional & Business Svcs.	74.9	-13.4	-12.8	-8.9
Educational & Health Svcs.	77.6	0.0	1.0	1.0
Leisure & Hospitality	60.3	-2.0	-18.2	-5.8
Manufacturing	59.1	-13.2	-13.0	-8.8
Construction	40.4	-8.5	-20.6	-14.0
Financial Activities	31.6	3.9	1.3	-1.6
Other Services	19.6	-21.5	-4.0	-3.9
Information	12.1	-9.4	-3.2	7.1
Natural Resources & Mining	3.7	-46.8	-10.1	-15.9

Source: Bureau of Labor Statistics, February 2009, *Annualized

Idaho Foreclosure Data Maps

Distribution of Lending Volumes

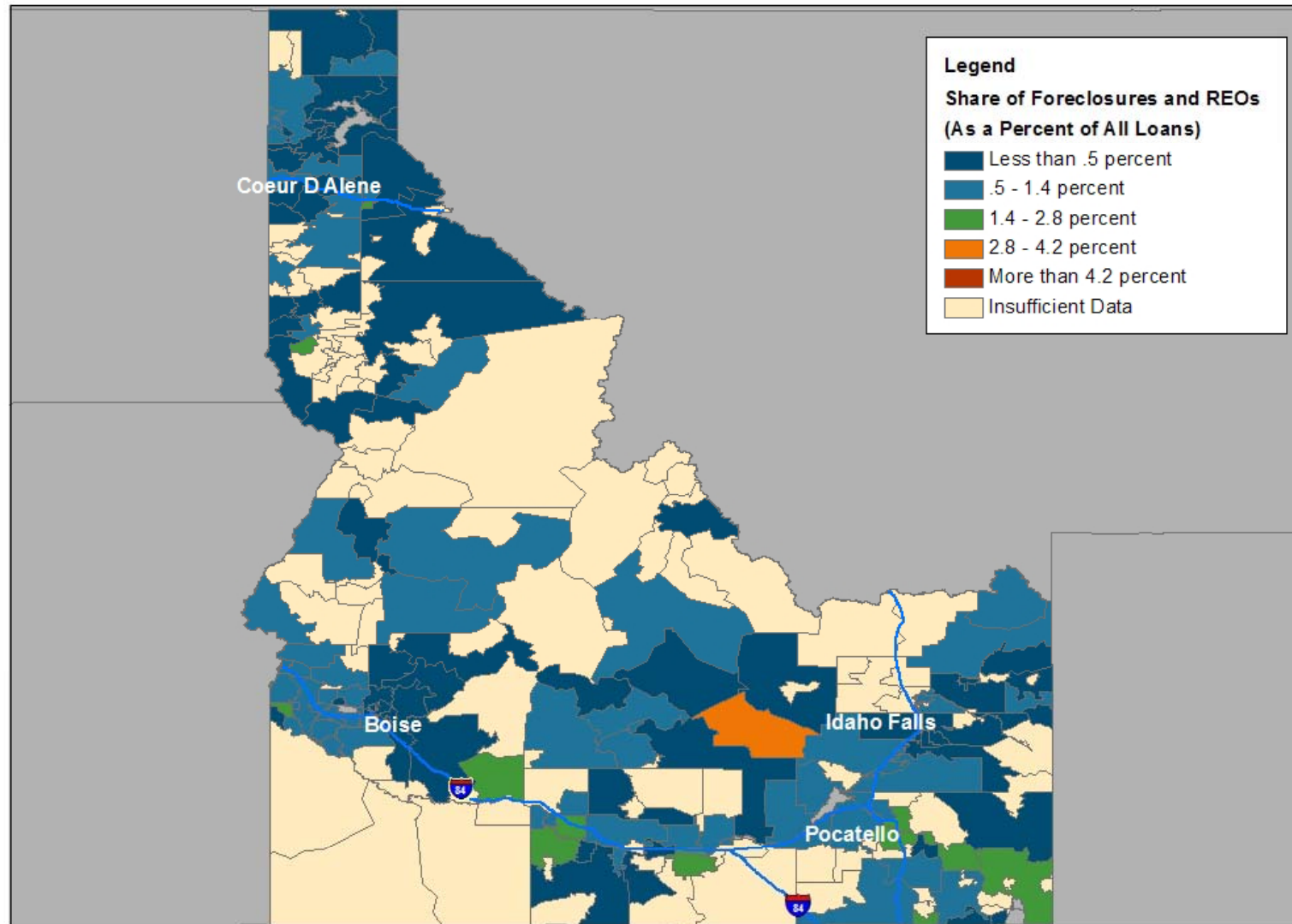
September 2007



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, September 2007

Areas Affected by Concentrated Foreclosures

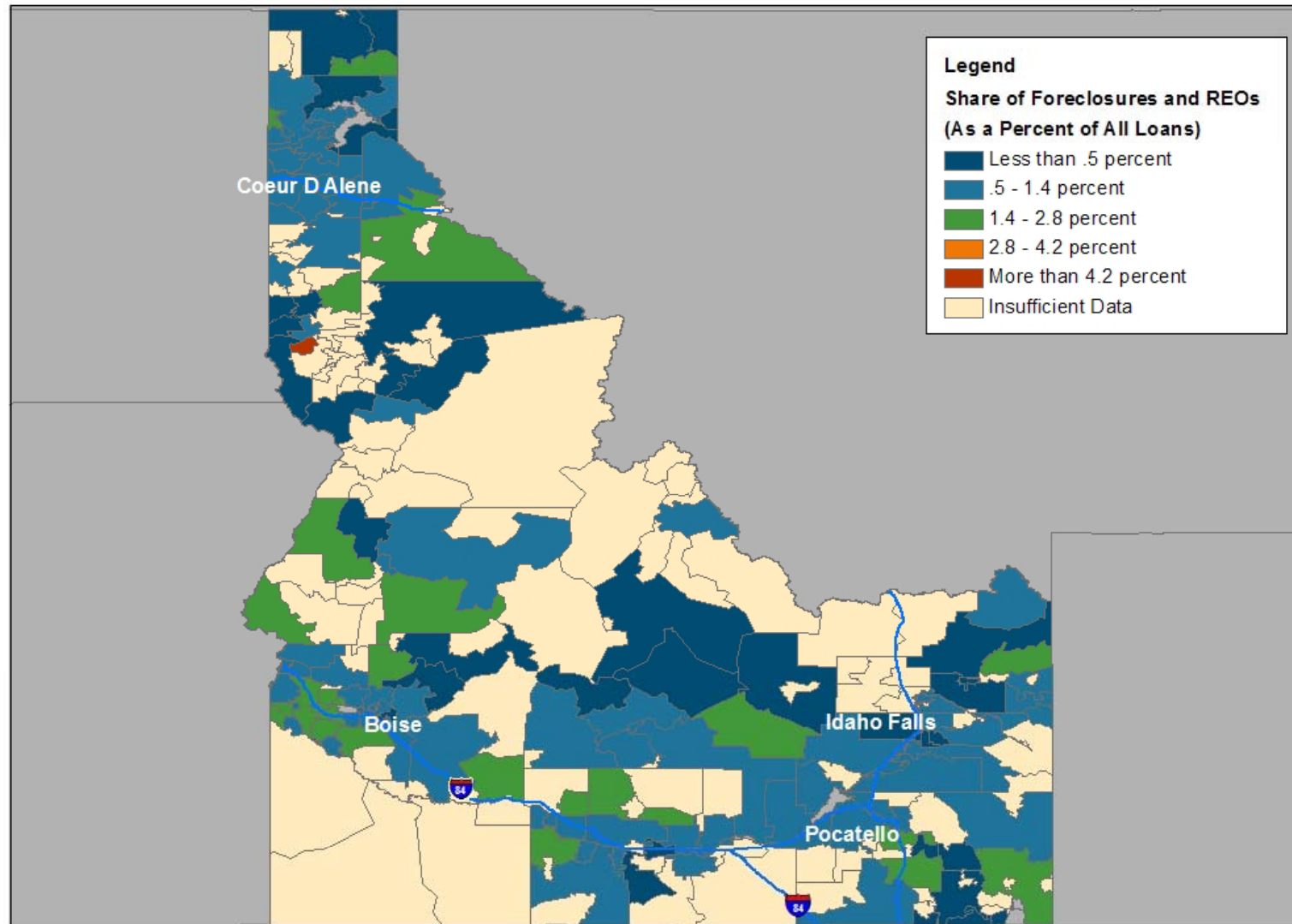
September 2007



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, September 2007

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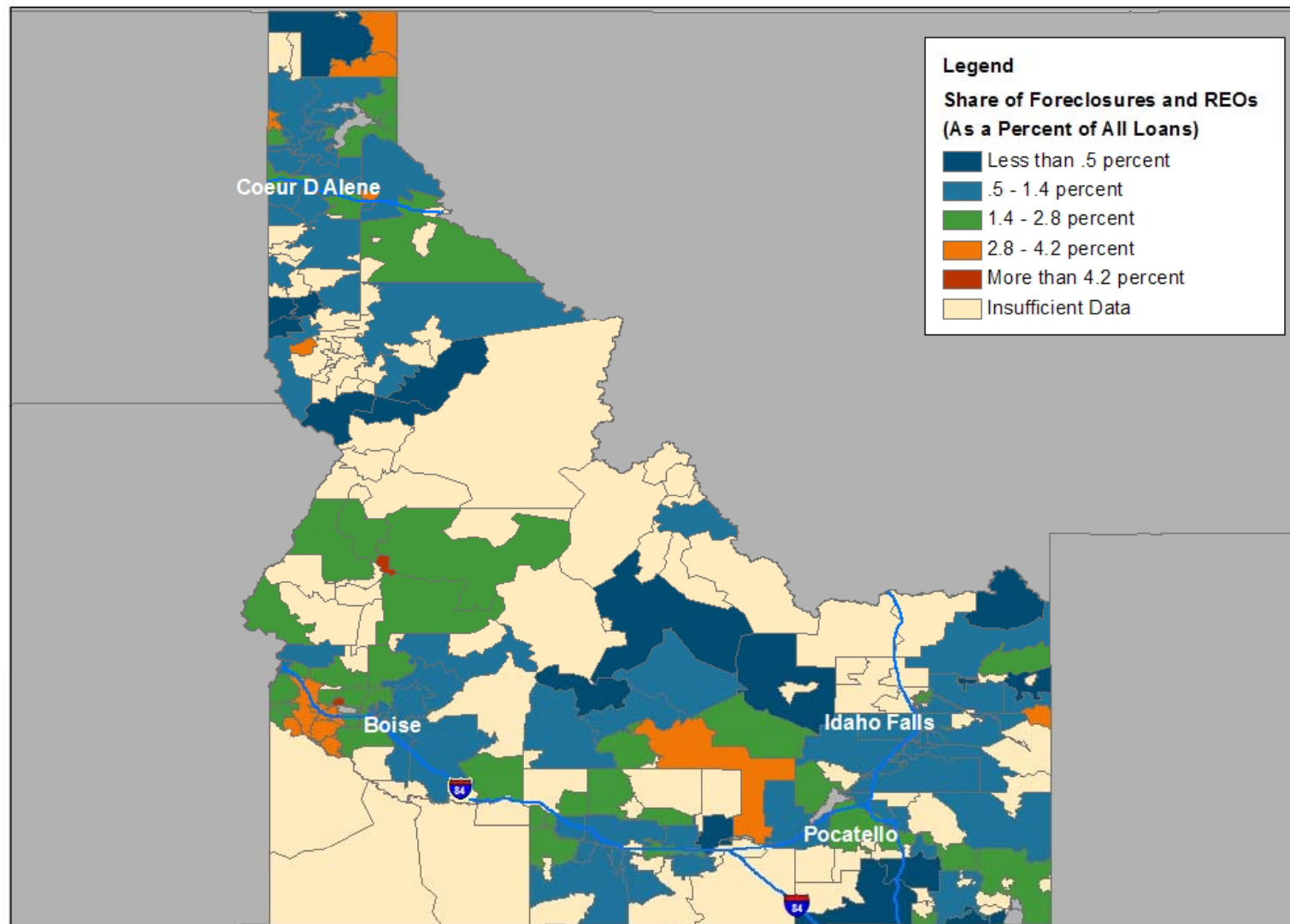
April 2008



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, April 2008

Areas Affected by Concentrated Foreclosures

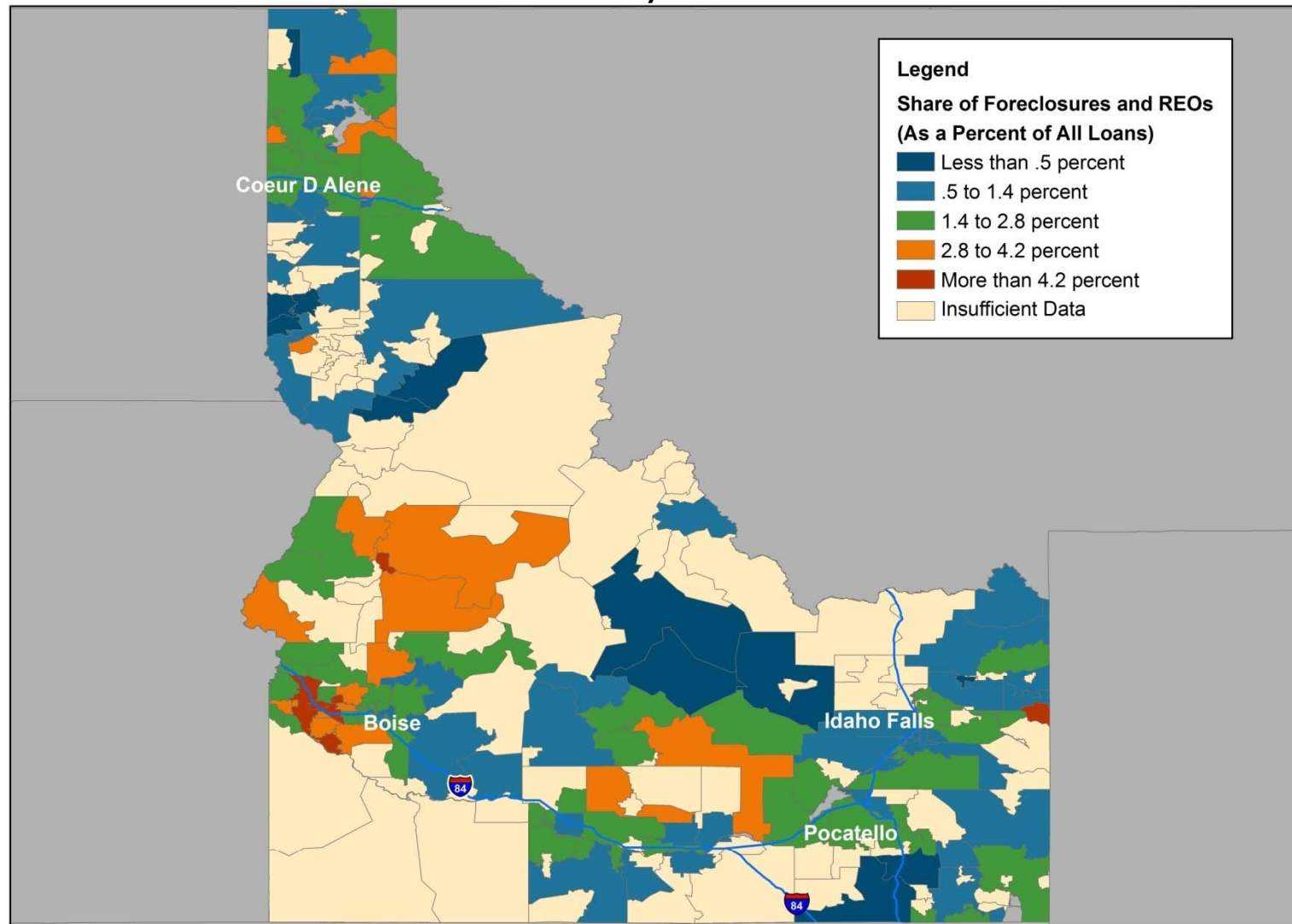
November 2008



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, November 2008

Areas Affected by Concentrated Foreclosures

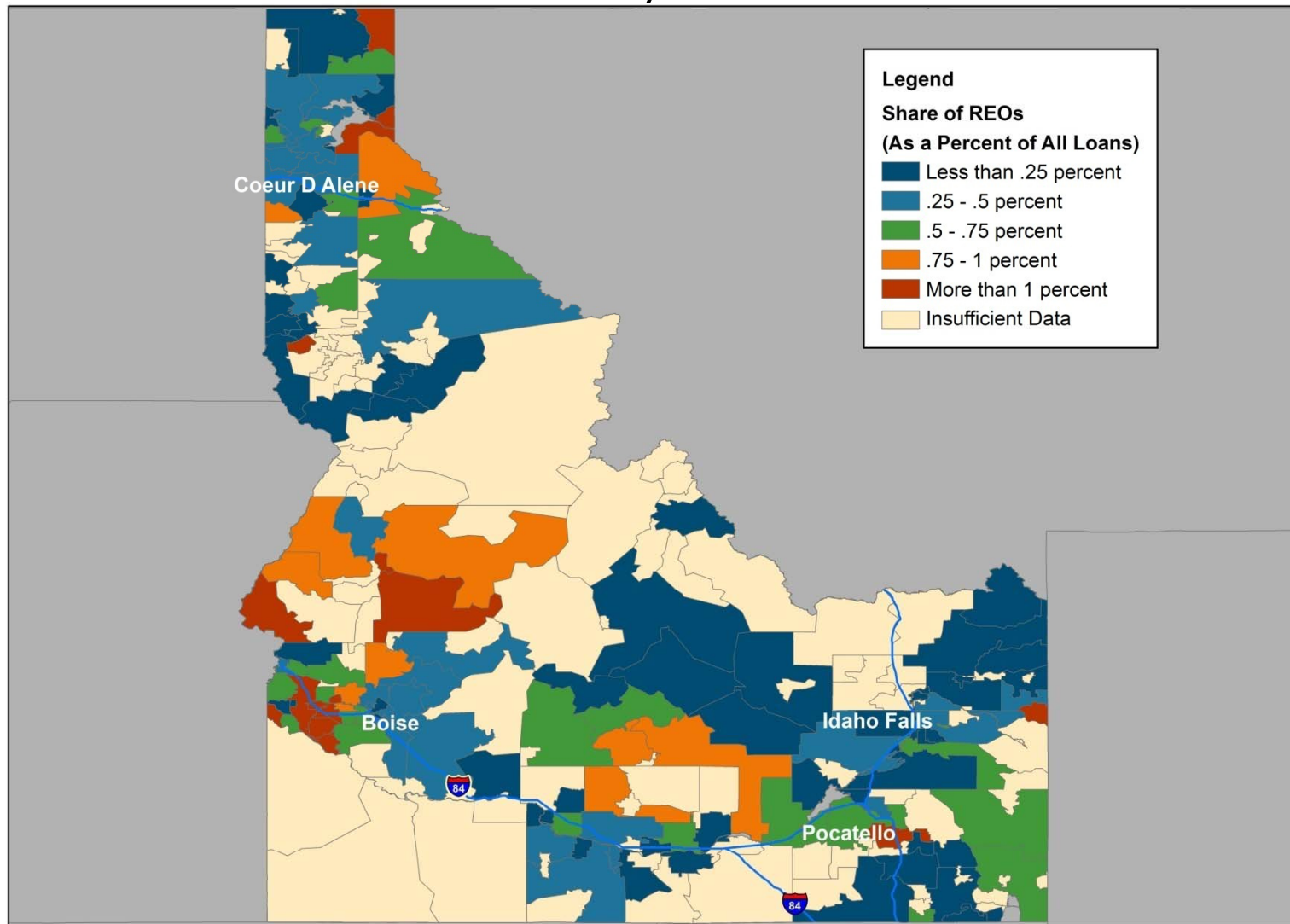
February 2009



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

Areas with Concentrations of REO Properties

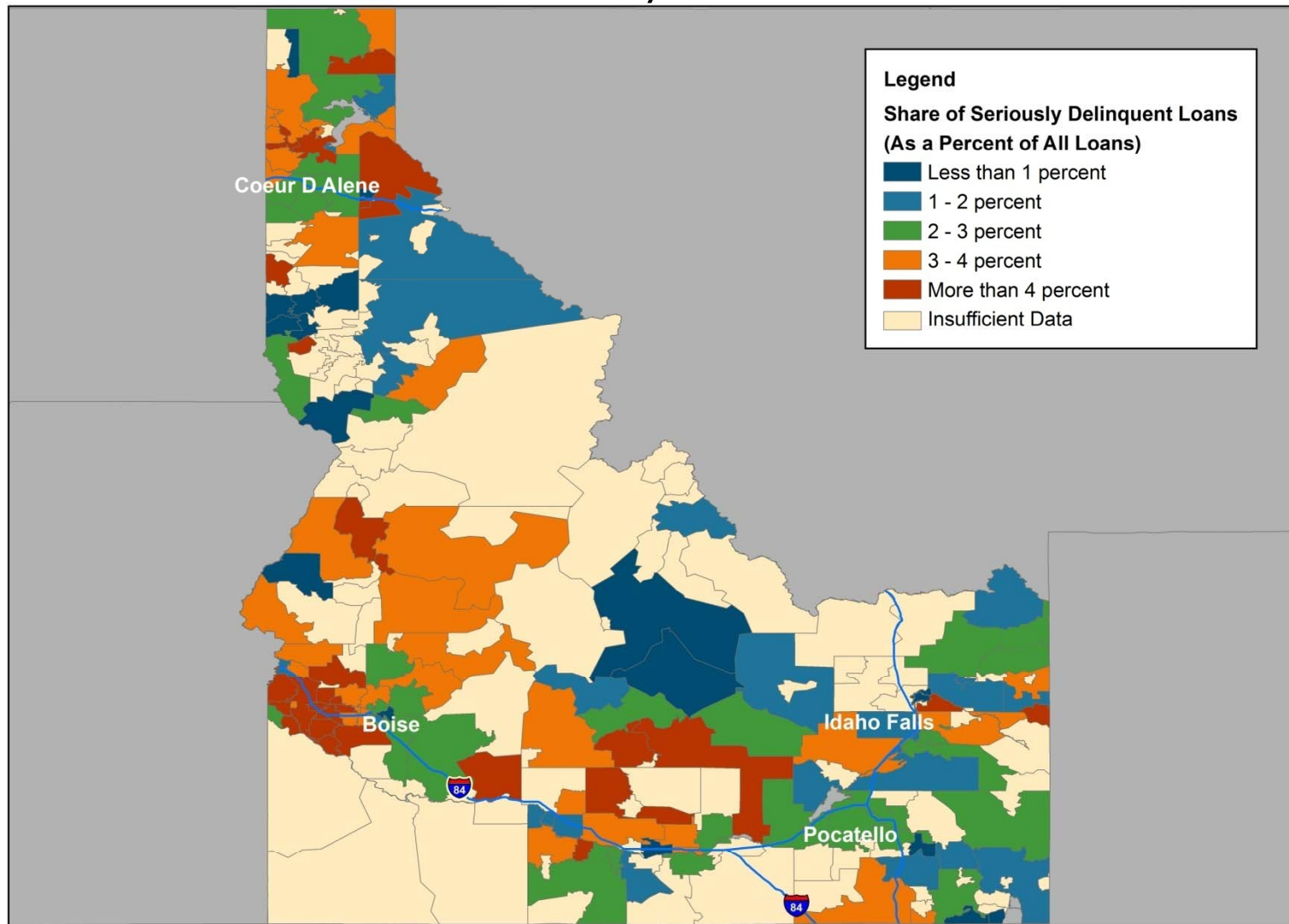
February 209



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

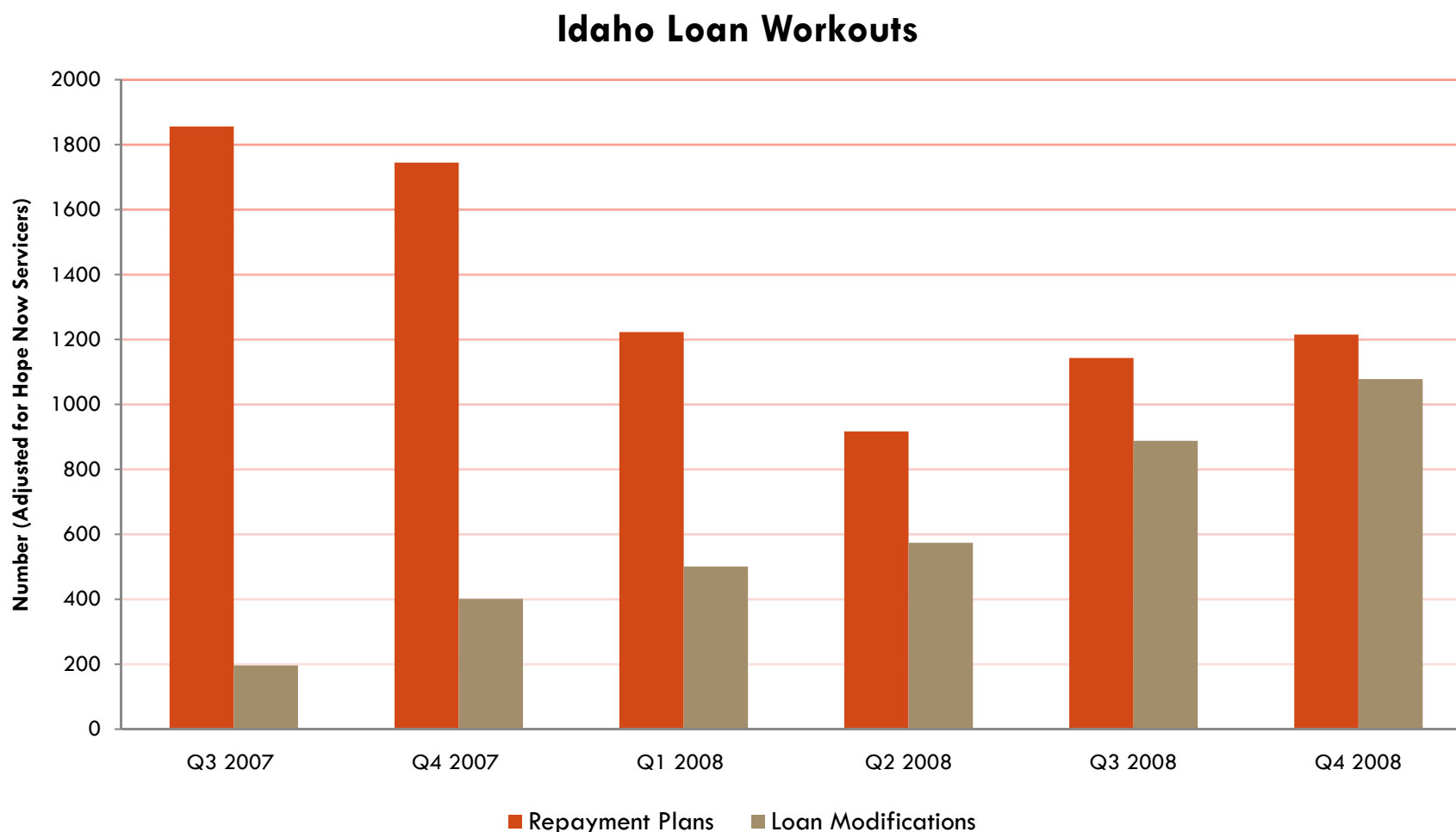
Areas at Risk of Additional Foreclosures

February 2009



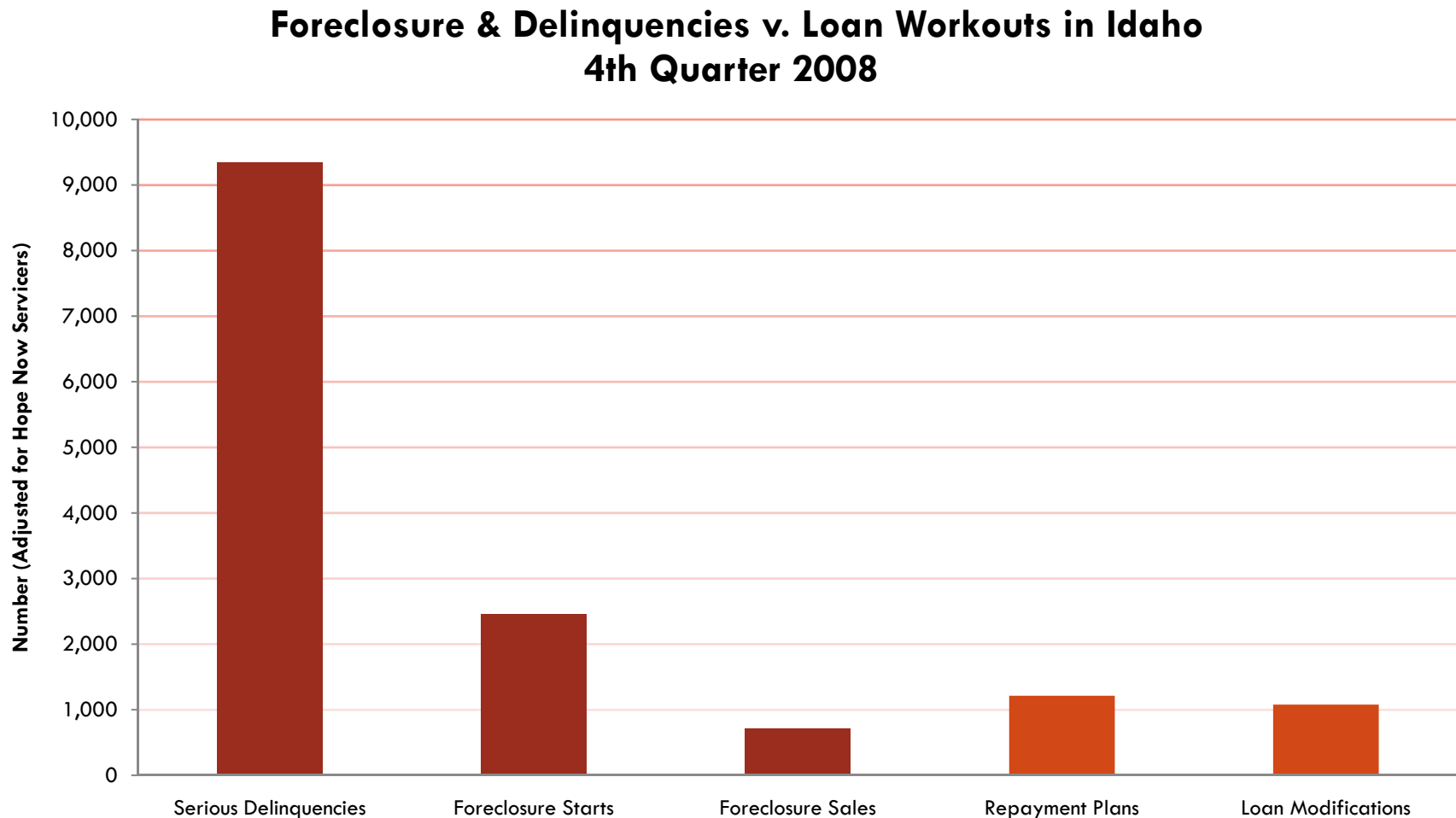
Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

Loan Modifications as Share of Loan Workouts Have Increased



Source: Hope Now Alliance Servicing Data, 4th Quarter 2008

Yet, Workouts Still Fall Short of Need



Source: Hope Now Alliance Servicing Data, 4thQuarter 2008

Conclusions

Conclusions



- Multi-pronged strategy is needed to stem foreclosure crisis
- Continued foreclosure prevention efforts are critical
 - Foreclosure Prevention: Borrower Outreach, Refinance and Loan Modification (including principal reduction)
 - Reaching these borrowers now may help to prevent unnecessary foreclosures
 - Encourage borrowers to contact the Hope Hotline by calling (888) 995-HOPE or visiting www.995hope.org

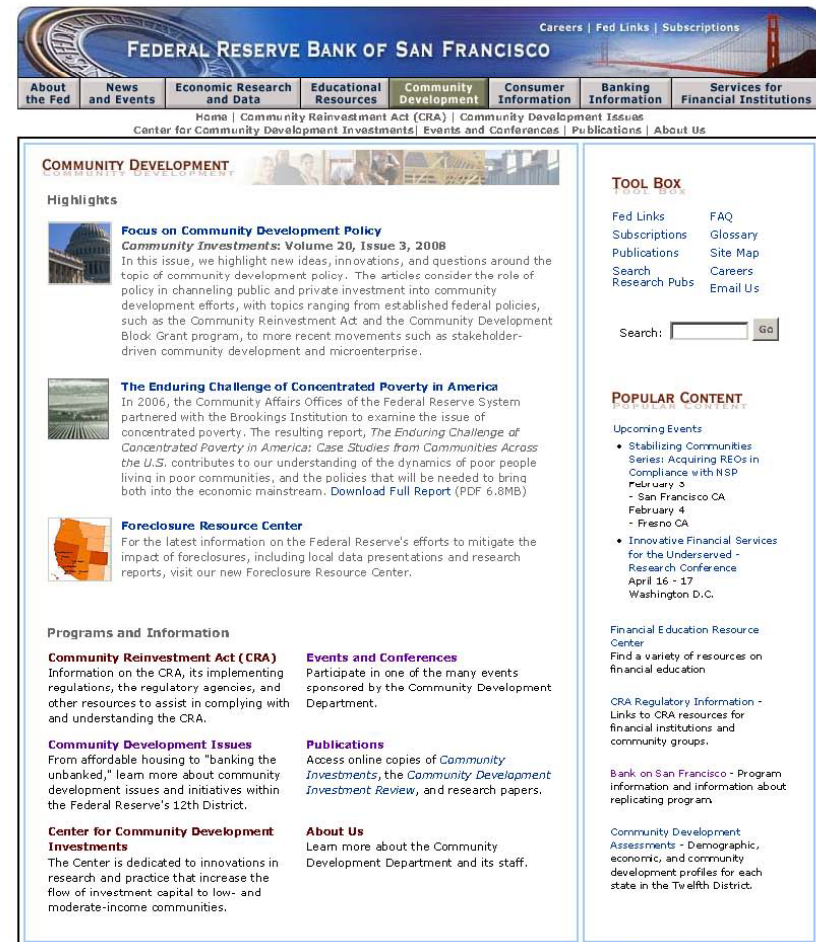
Conclusions



- ❑ Other strategies that can help to mitigate the negative impacts of foreclosure on families and neighborhoods
 - ❑ Addressing vacant properties: ensuring that servicers maintain properties
 - ❑ REO property disposition: return REO properties into productive use, affordable housing
 - ❑ Ensuring continued access to credit and homeownership: credit repair, financial education, responsible lending

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/>