

# TRENDS IN DELINQUENCIES AND FORECLOSURES IN NEVADA

May 2010

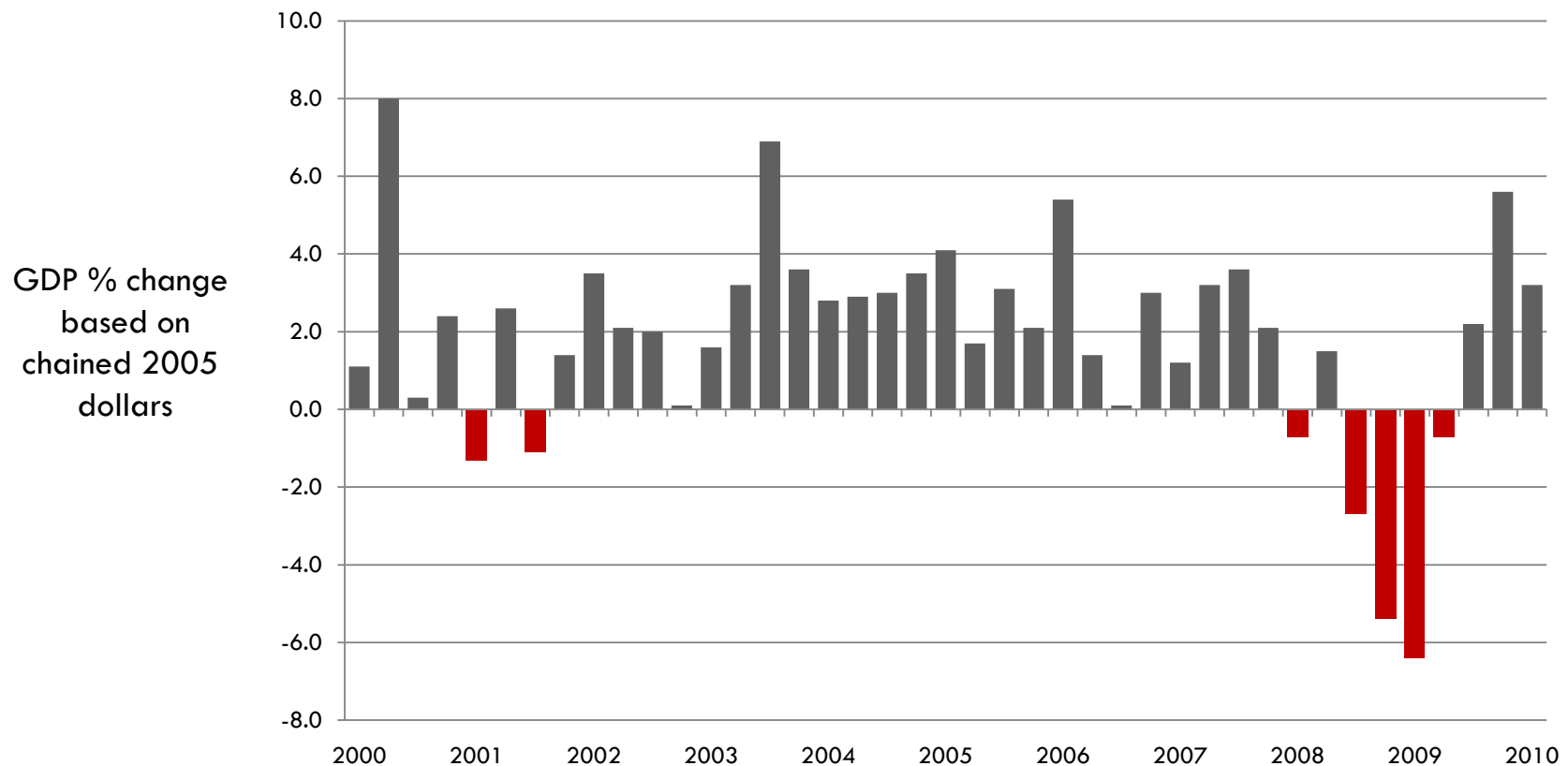
# National Trends

- Continued signs that economy is on the rebound
  - GDP positive for three consecutive quarters
- Unemployment still a major concern; House prices continue to decline or stagnate
- Percent of loans entering foreclosure dropped in 4<sup>th</sup> Quarter of 2009
  - HAMP is initiating fewer trial modifications per month but increasing the number of permanent modifications reached each month
    - As of April 2010, HAMP has resulted in 295,348 active permanent modifications
  - 50.4% of NSP funding committed as of April 2010

# National Trends

# GDP Shows Growth for Third Consecutive Quarter in Q1 2010

Real Gross Domestic Product  
(percent change at seasonally adjusted annual rate)



Source: Bureau of Economic Analysis

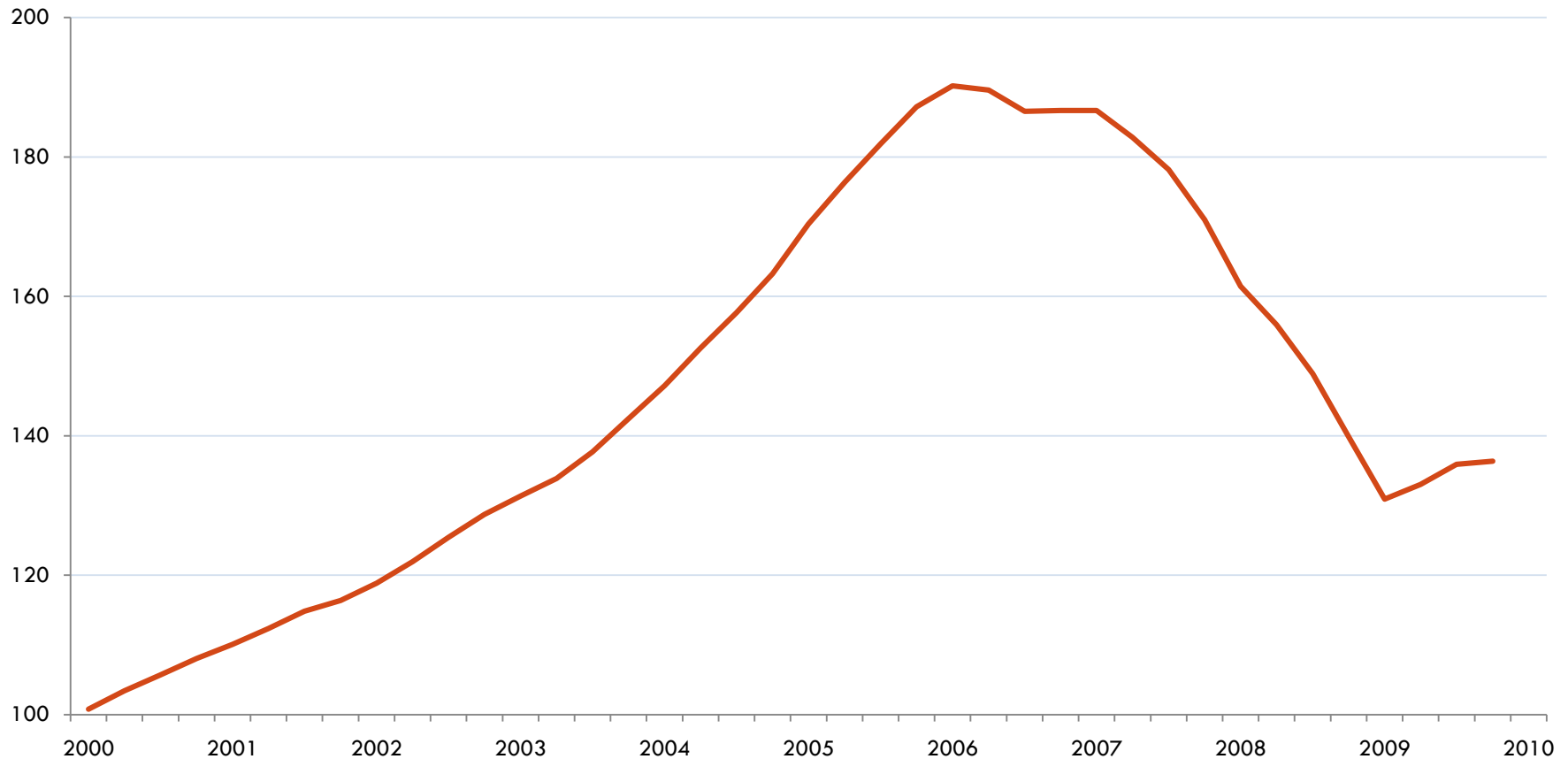
# Unemployment Continues to Hover Around 10%



Source: Bureau of Labor Statistics, April 2010

# Case-Shiller Shows Slowed Increase in House Prices in Q4 2009

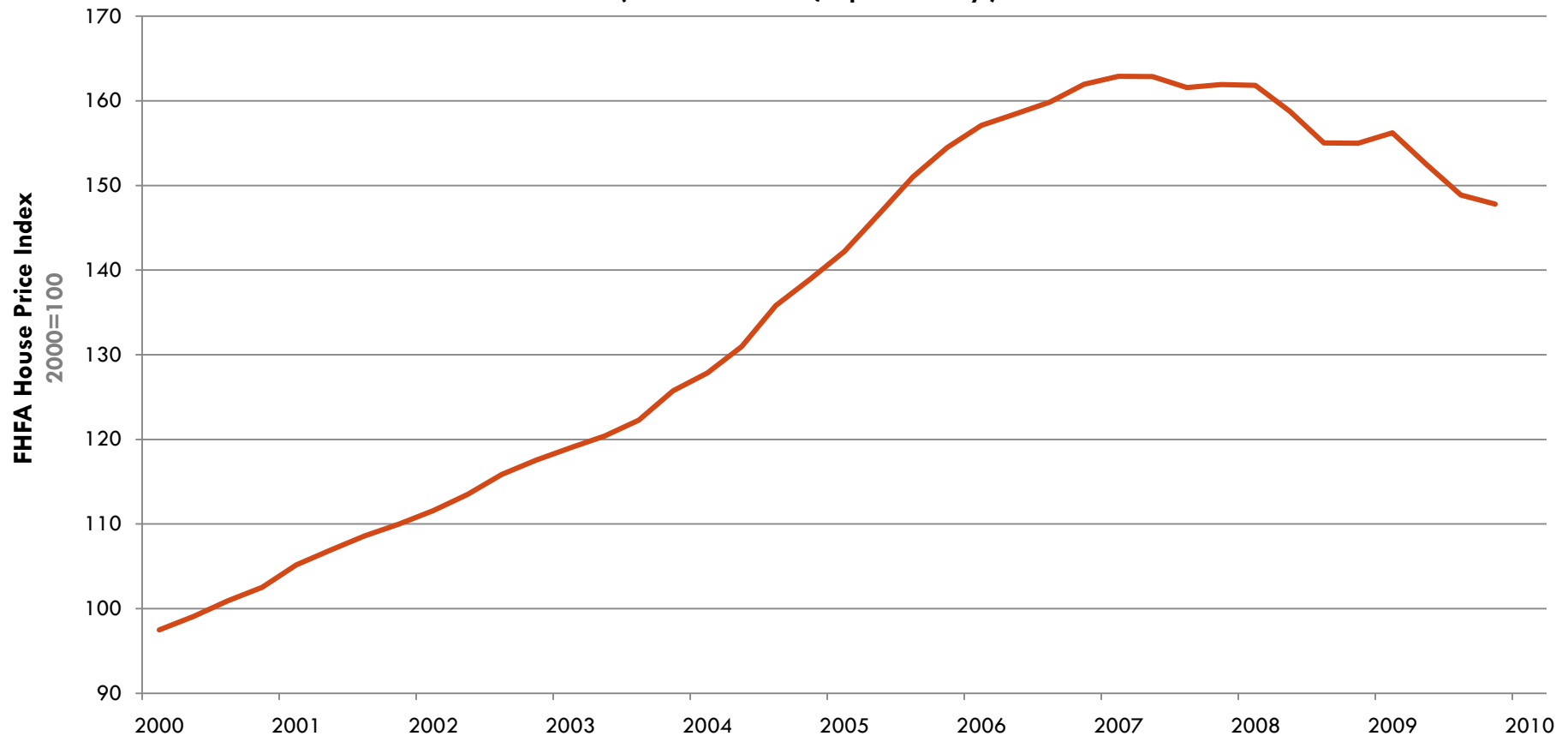
**Case-Shiller National House Price Index**  
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index

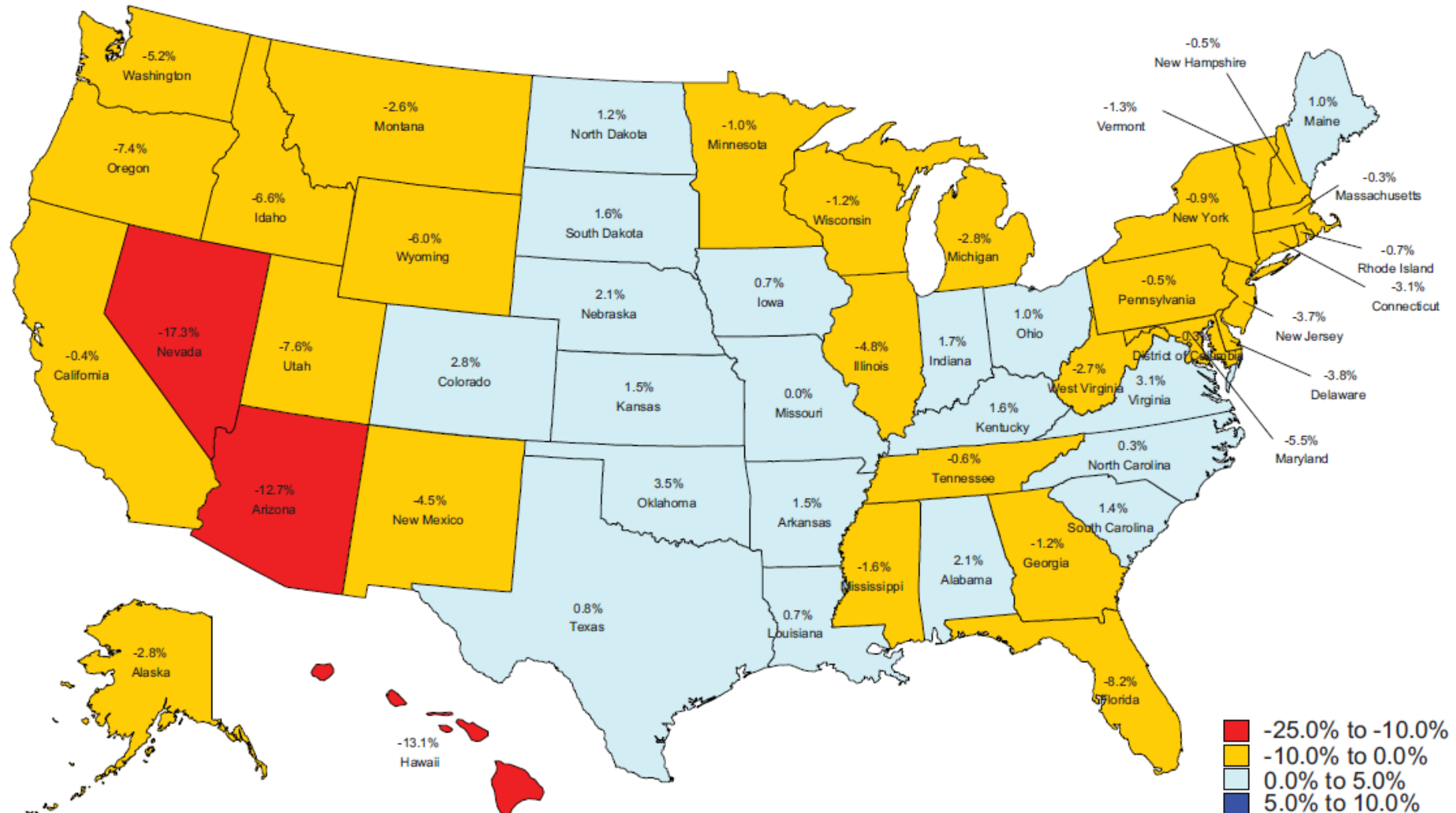
# FHFA House Price Index Continues to Fall; Reflecting Activity at Lower End of Market

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



Source: Federal Housing Finance Agency (formerly OFHEO)

# FHFA Four-Quarter Price Change Shows Significant Depreciation in 12<sup>th</sup> District

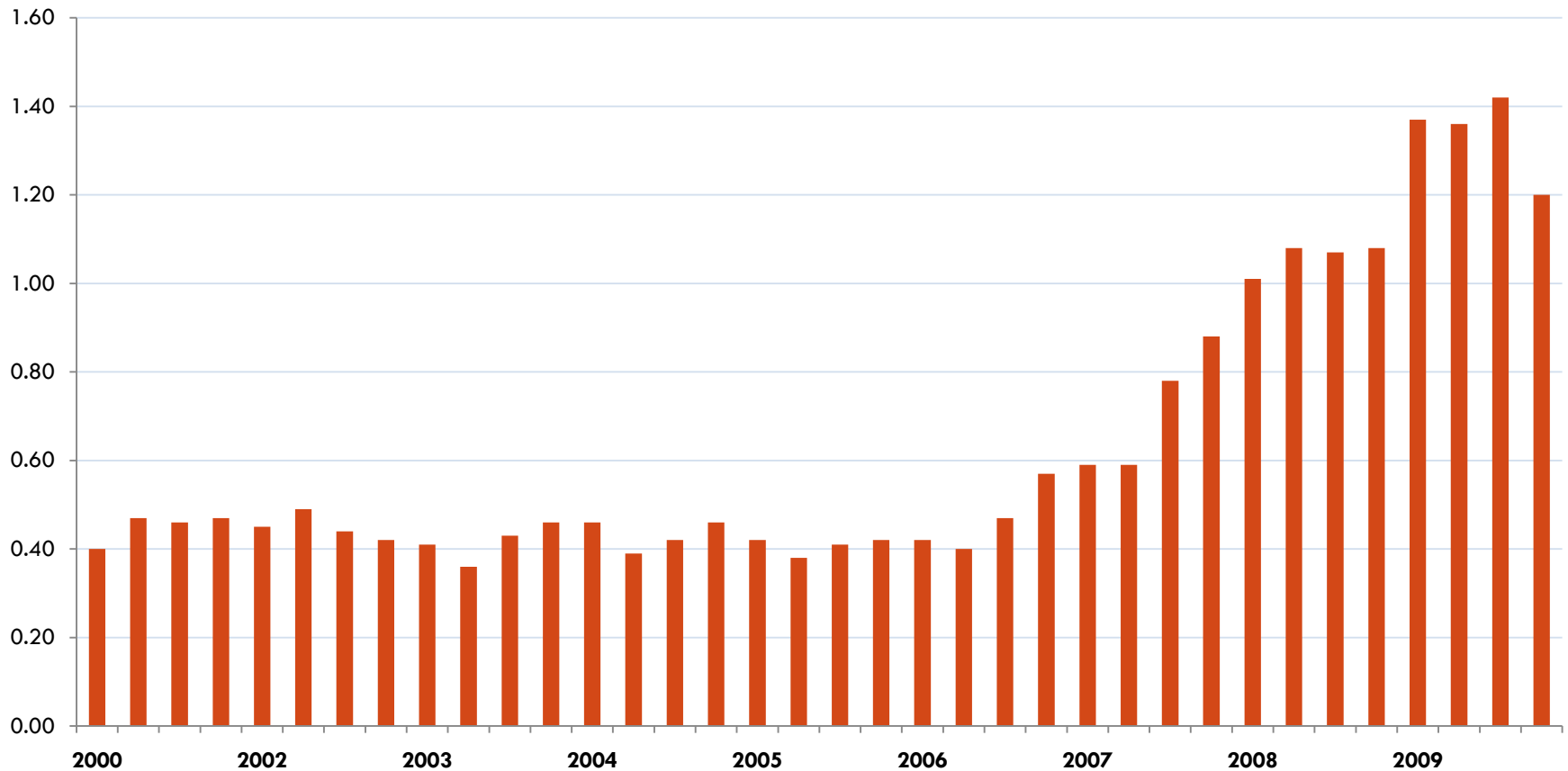


Source: Federal Housing Finance Agency (formerly OFHEO) Four-Quarter Price Change by State: Purchase-Only Index (Seasonally Adjusted), 2008Q4—2009Q4)



# Modest Drop in Foreclosure Starts in the Fourth Quarter of 2009

**National Foreclosures Starts**  
Percent of All Loans

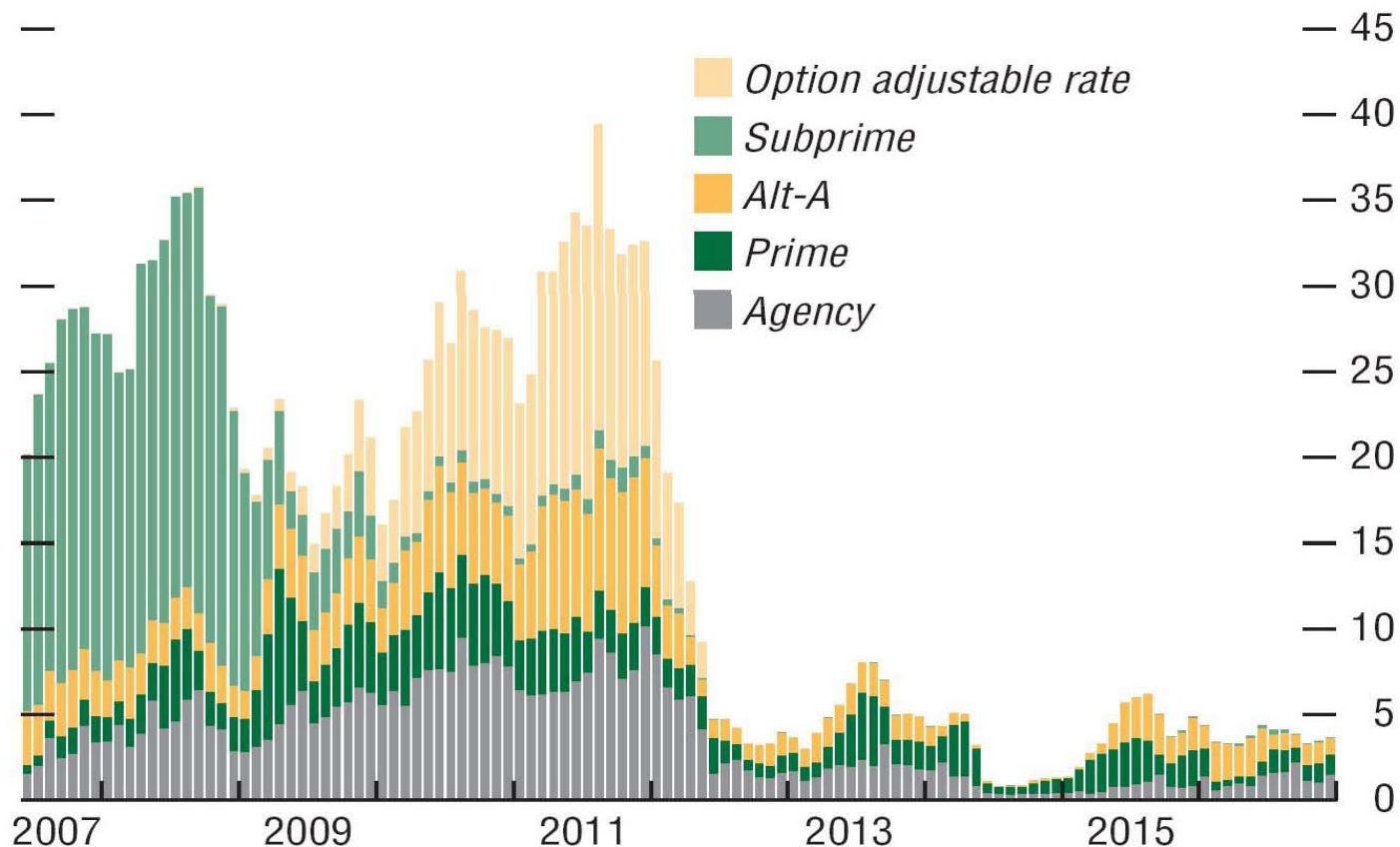


Source: Mortgage Bankers Association, National Delinquency Survey

# Concern that Upcoming Resets will Continue to Drive New Foreclosures

## Monthly Mortgage Rate Resets

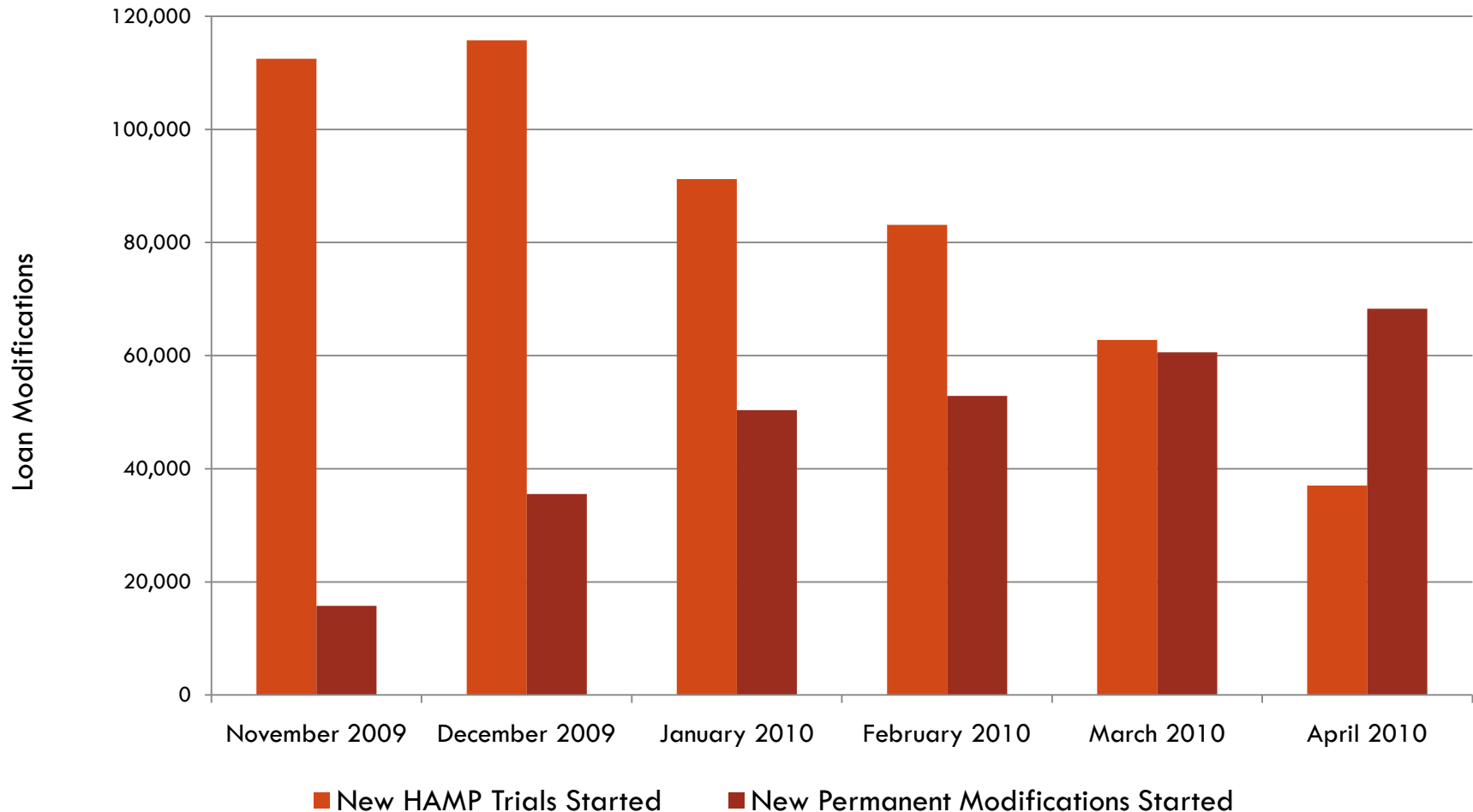
(first reset in billions of US dollars)



Source: Credit Suisse: Assessing Risks to Global Financial Stability, p. 8.

<http://www.imf.org/external/pubs/ft/gfsr/2007/02/pdf/chap1.pdf>

# Loan Modifications: Home Affordable Modification Program

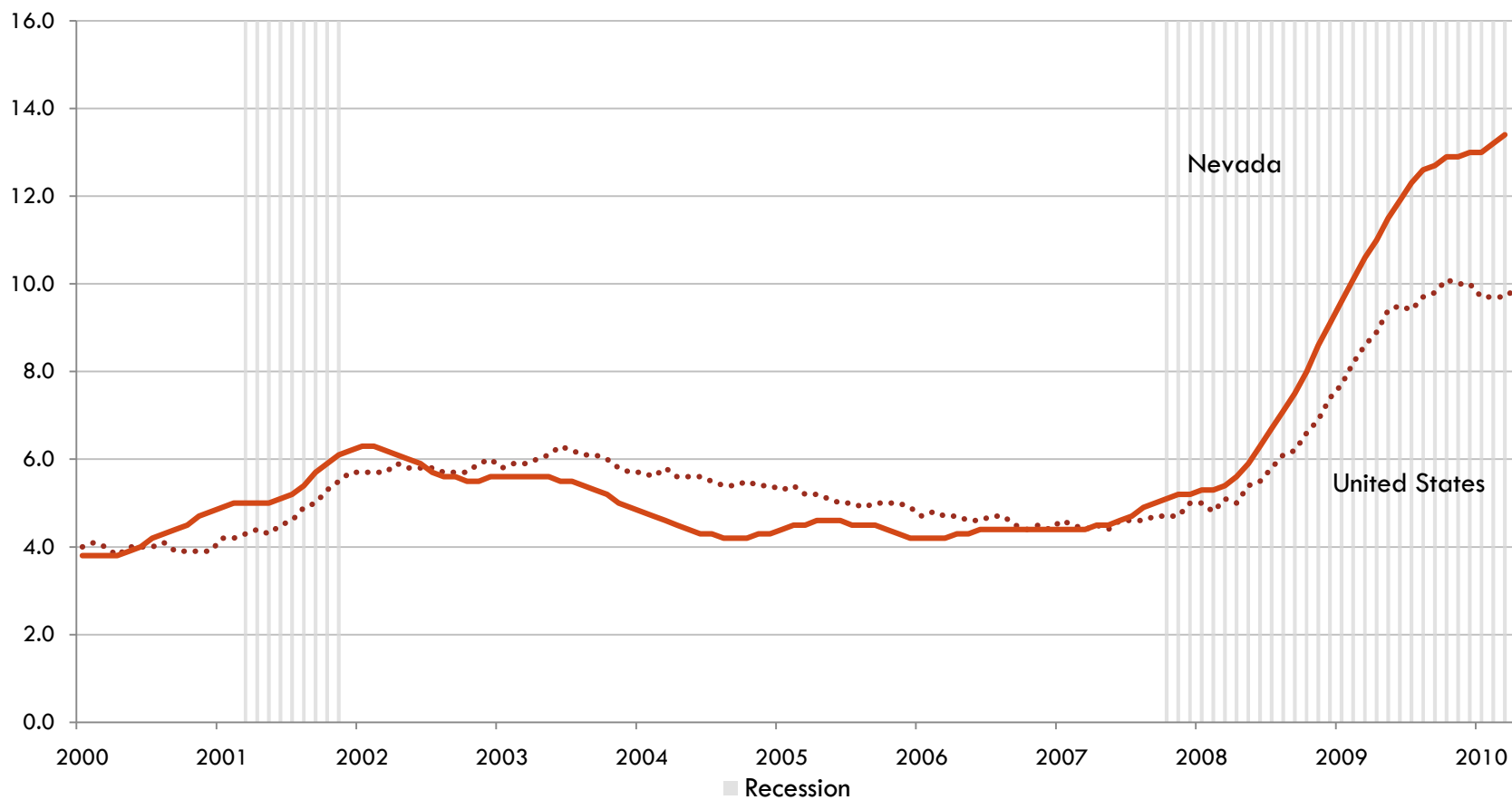


Source: HAMP Service Performance Report Through April 2010:

<http://www.financialstability.gov/docs/April%20MHA%20Public%20051710%20FINAL.pdf>

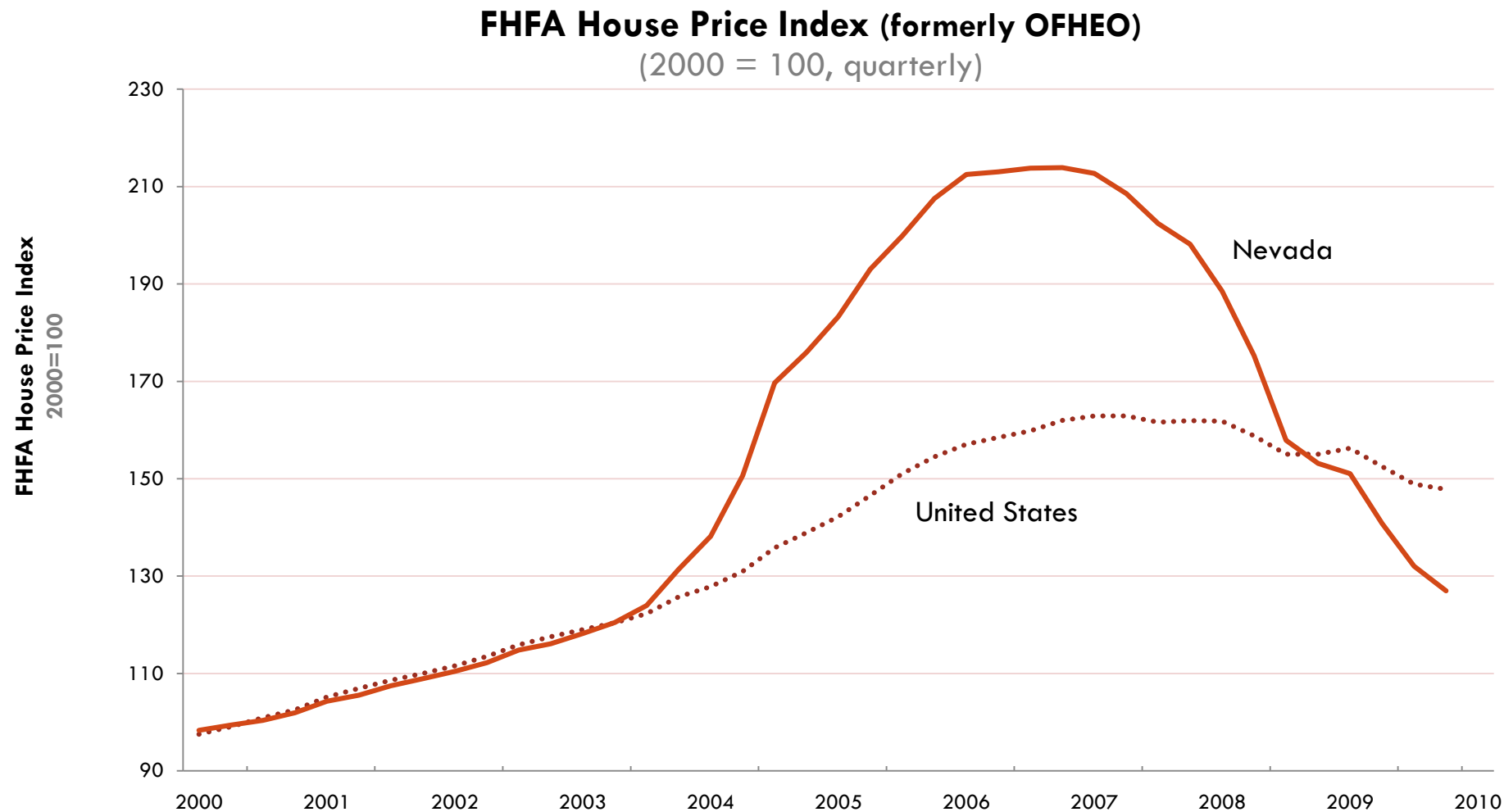
# Nevada Trends

# Unemployment Rate in Nevada Continues to Rise



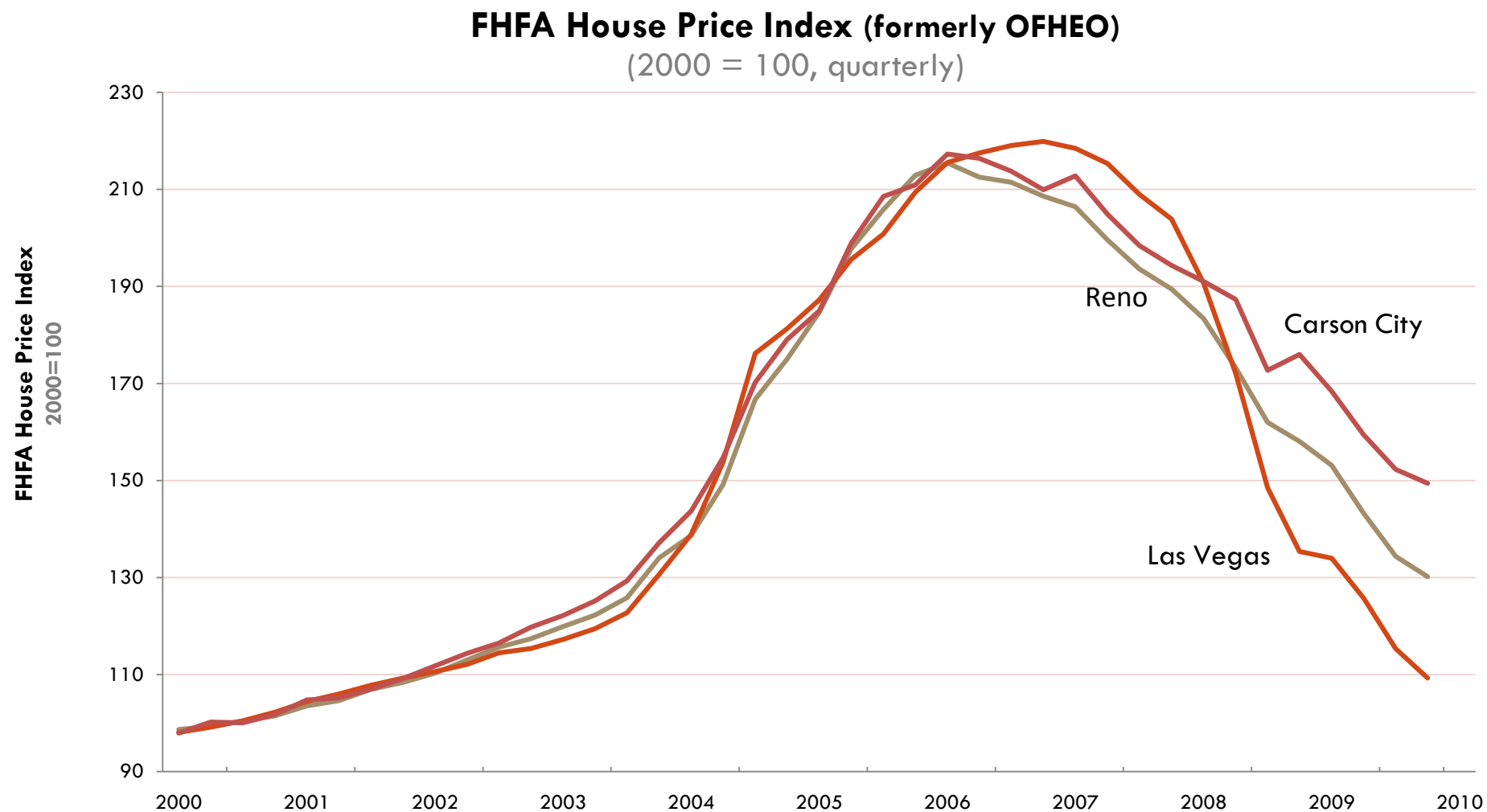
Source: Bureau of Labor Statistics

# Nevada House Prices in Steep Decline



Source: Federal Housing Finance Agency (formerly OFHEO)

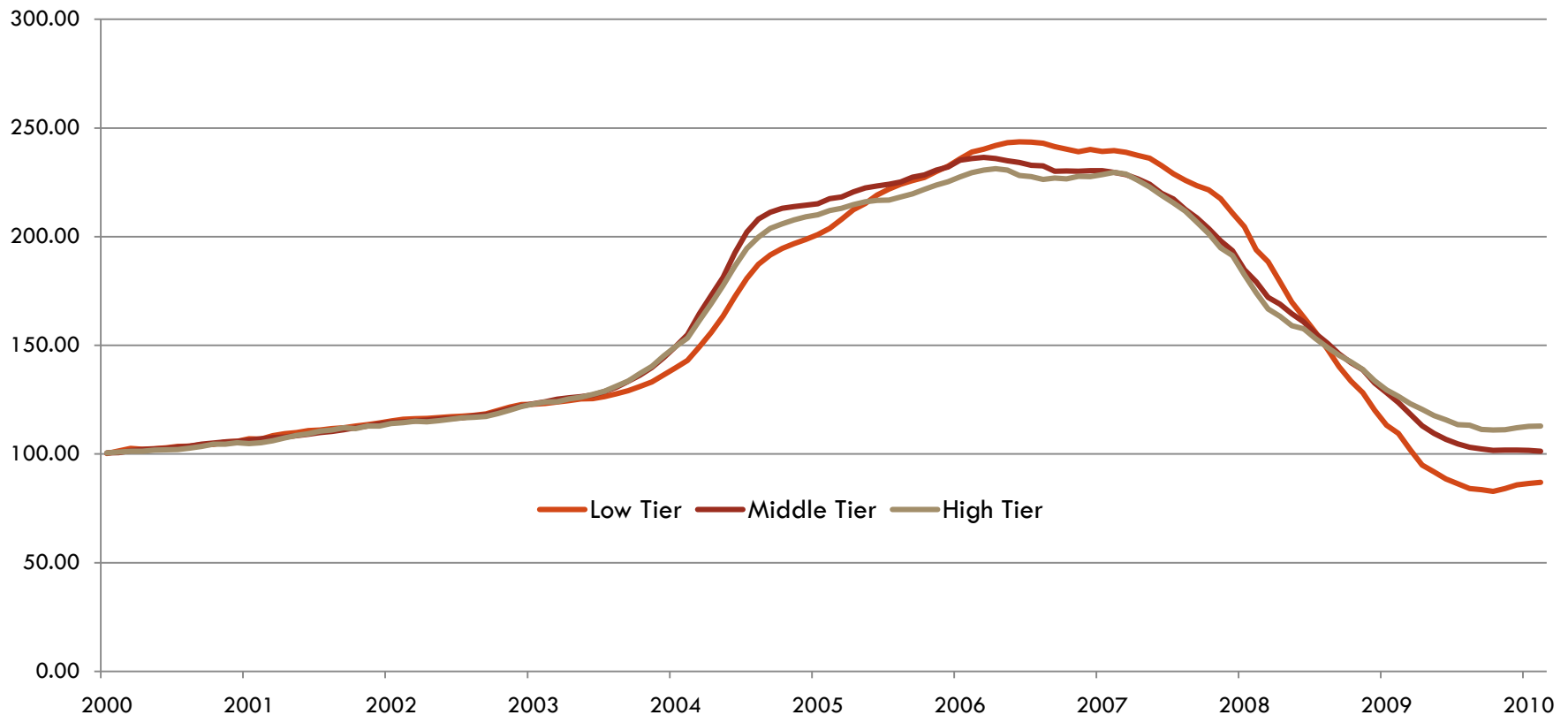
# Las Vegas House Price Index Down to 2002 Levels



Source: Federal Housing Finance Agency (formerly OFHEO)

# Houses in Lowest Price Tier Show Greatest Declines

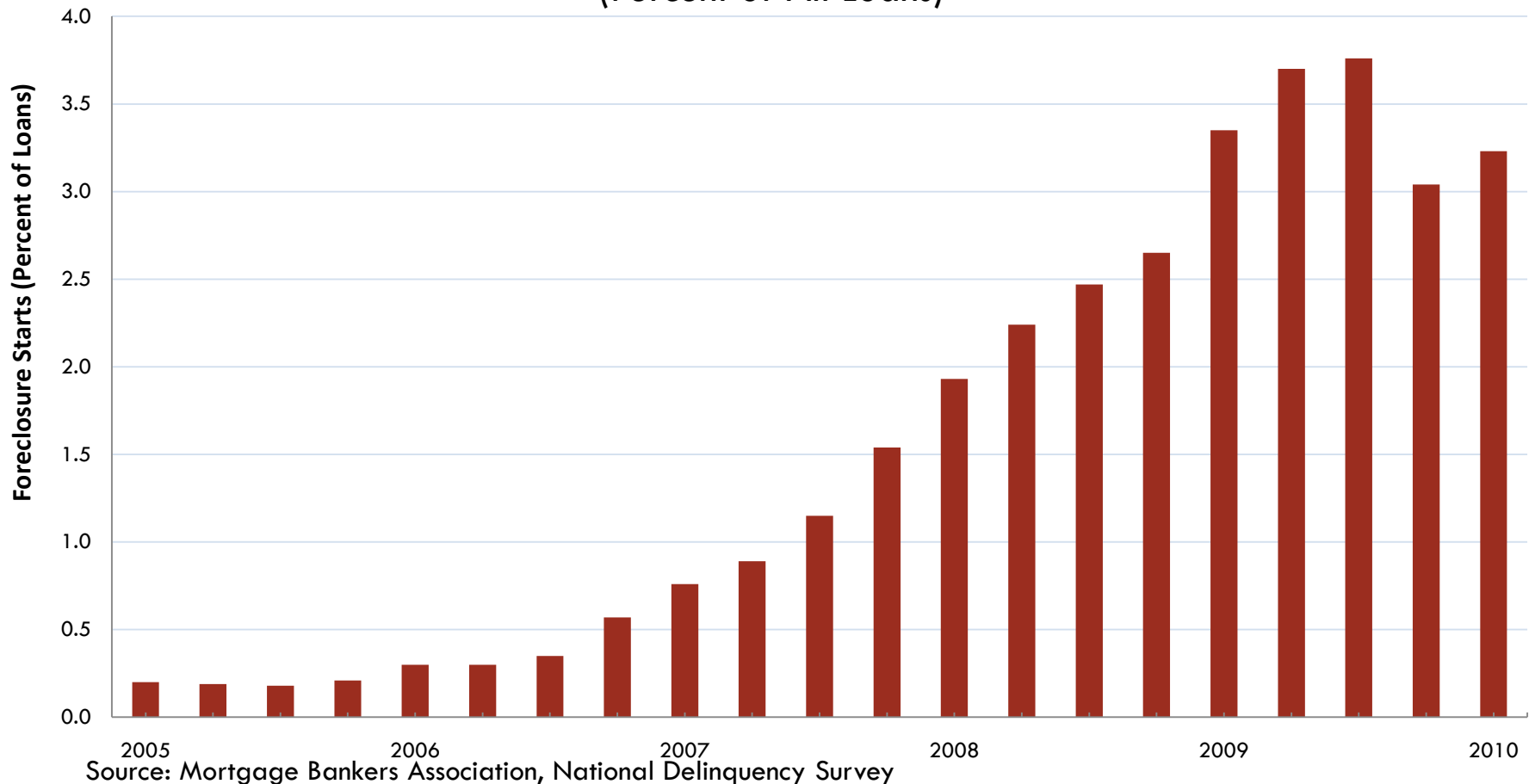
**Tiered Case- Shiller Home Price Index: Las Vegas**  
(2000 = 100)





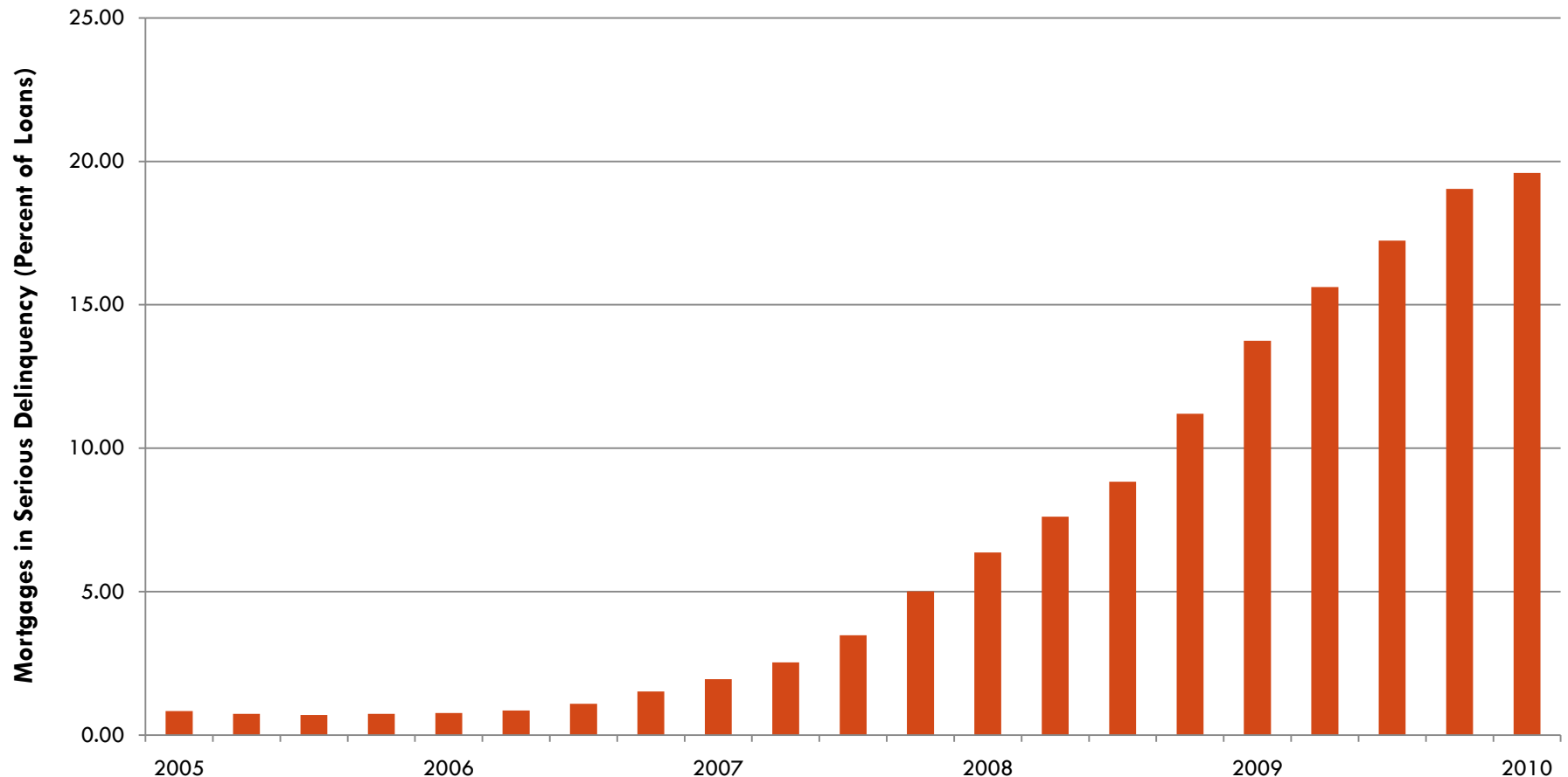
# Nevada Foreclosure Starts Drop Slightly in Q4 2009; Though Rise Again Slightly in Q1 2010

**Nevada Foreclosure Starts**  
(Percent of All Loans)



# Nevada Mortgages in Serious Delinquency Continues to Rise

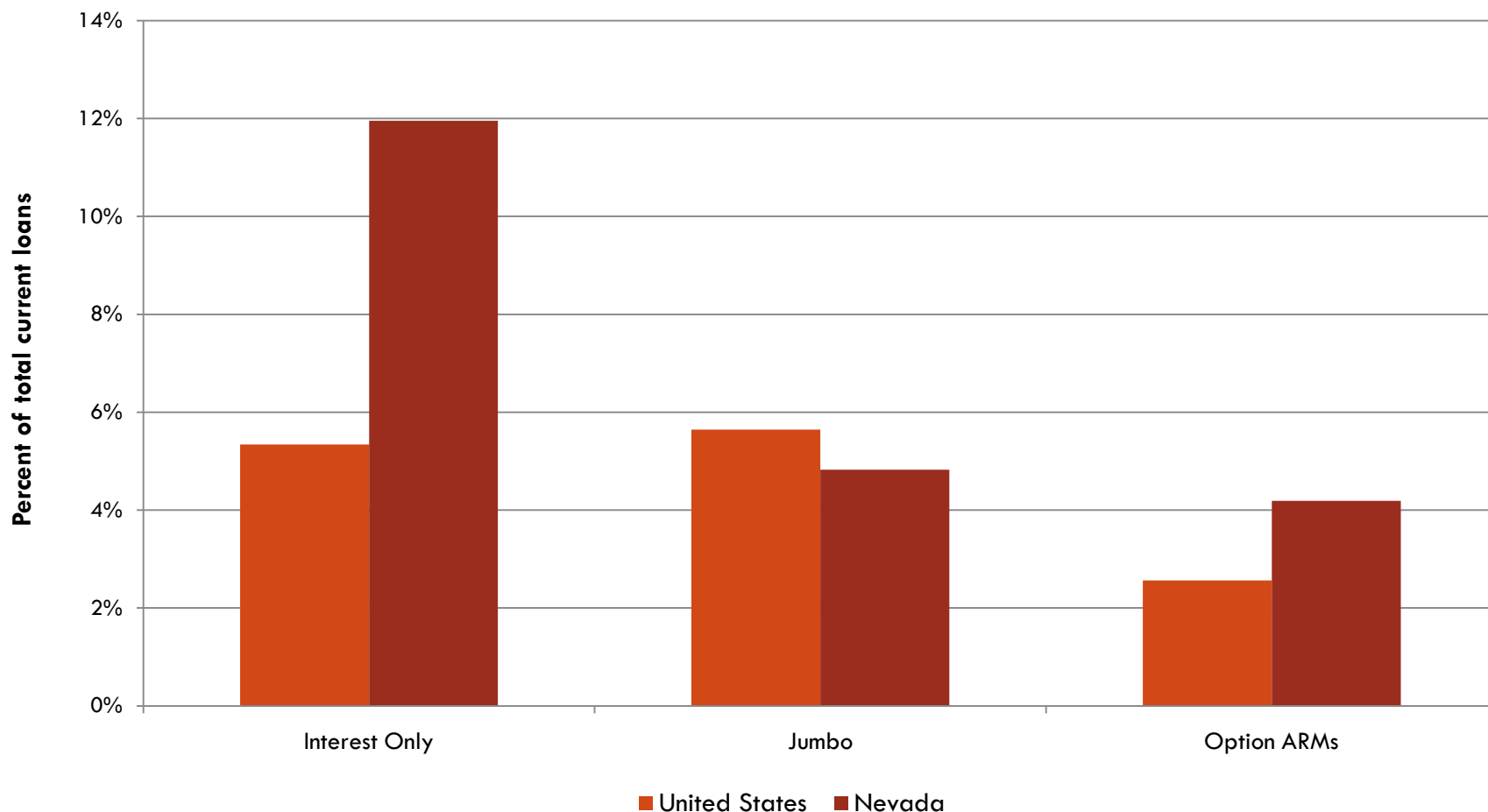
## Serious Delinquent Mortgages - Nevada



Source: Mortgage Bankers Association, National Delinquency Survey

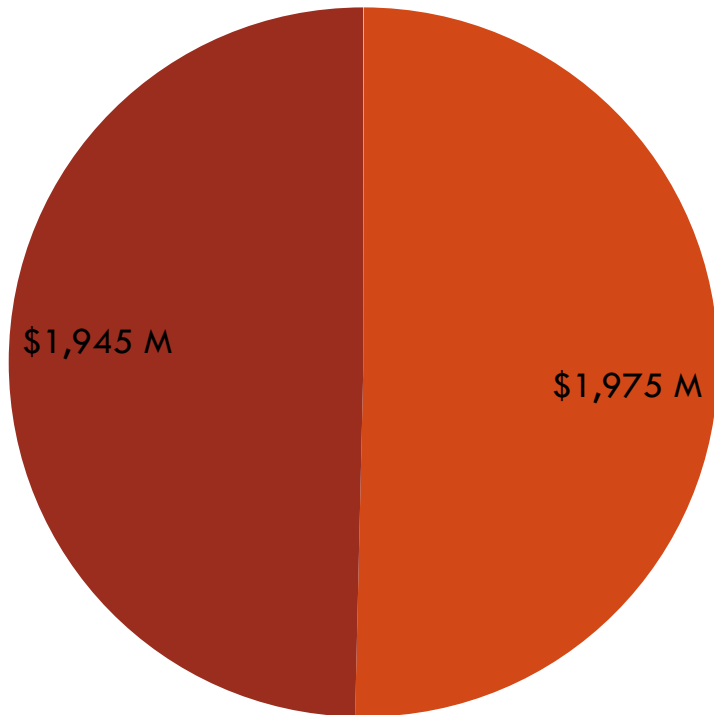
# Nevada Still Has Large Share of Outstanding Loans with Payment Options (in subprime, prime and Alt-A markets)

**Characteristics of Remaining "Current" Loans**

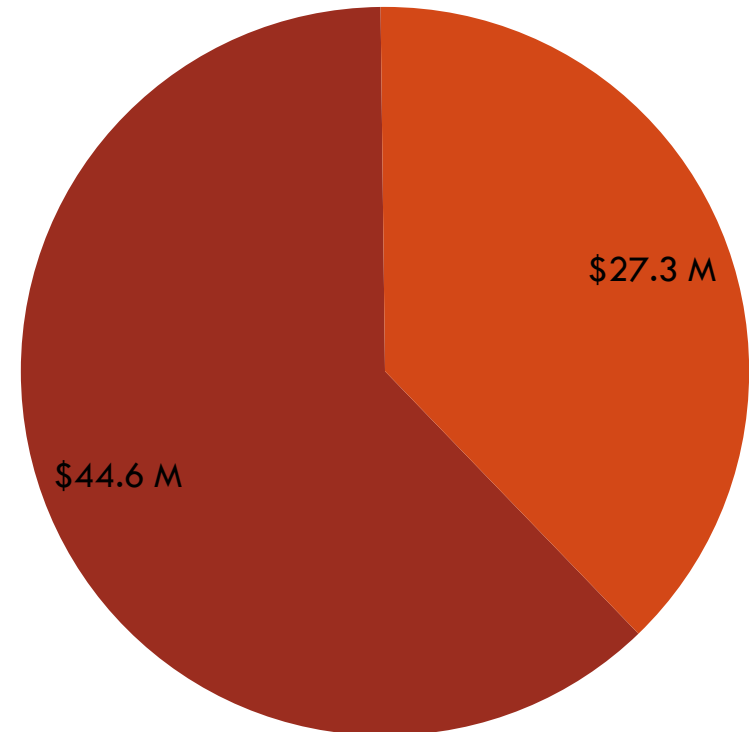


# Neighborhood Stabilization Program

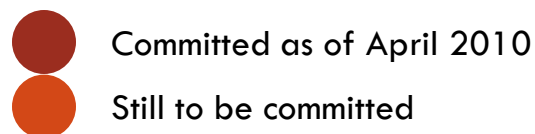
## US Program Nationwide



## Nevada Program Statewide



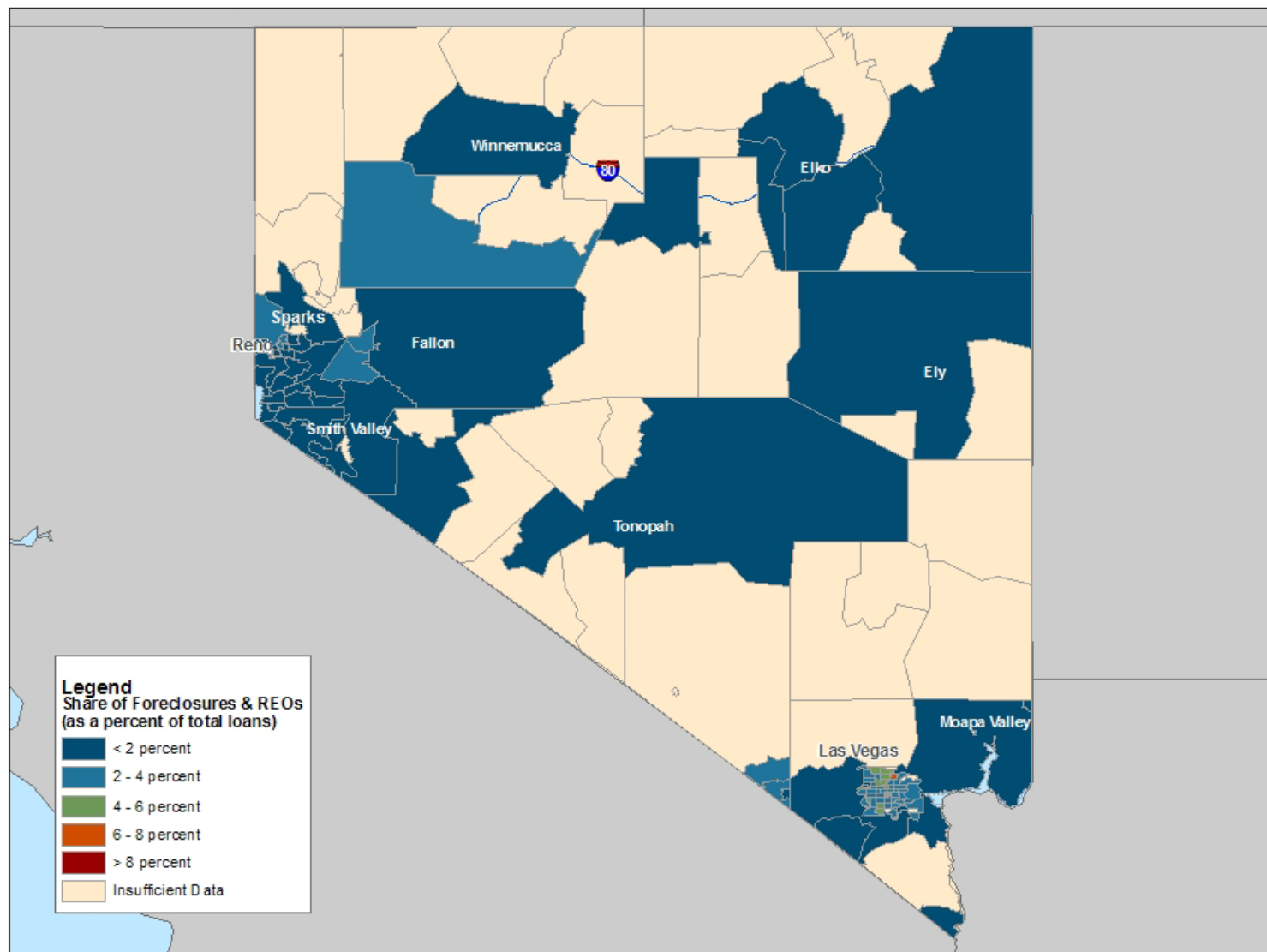
Source: HUD NSP Snapshots



# Nevada Foreclosure Data Maps

# Areas Affected by Concentrated Foreclosures

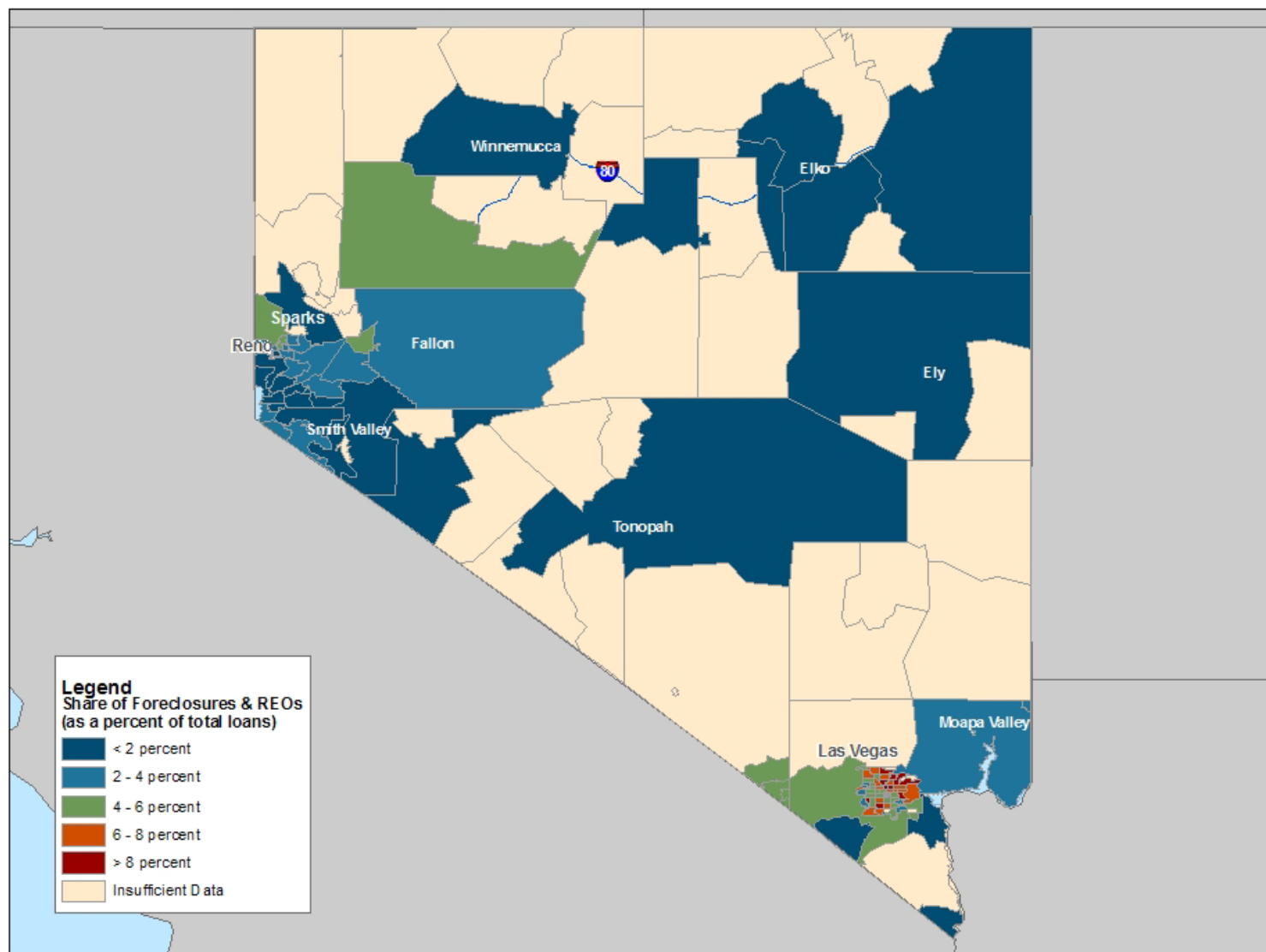
## February 2008



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

# Areas Affected by Concentrated Foreclosures

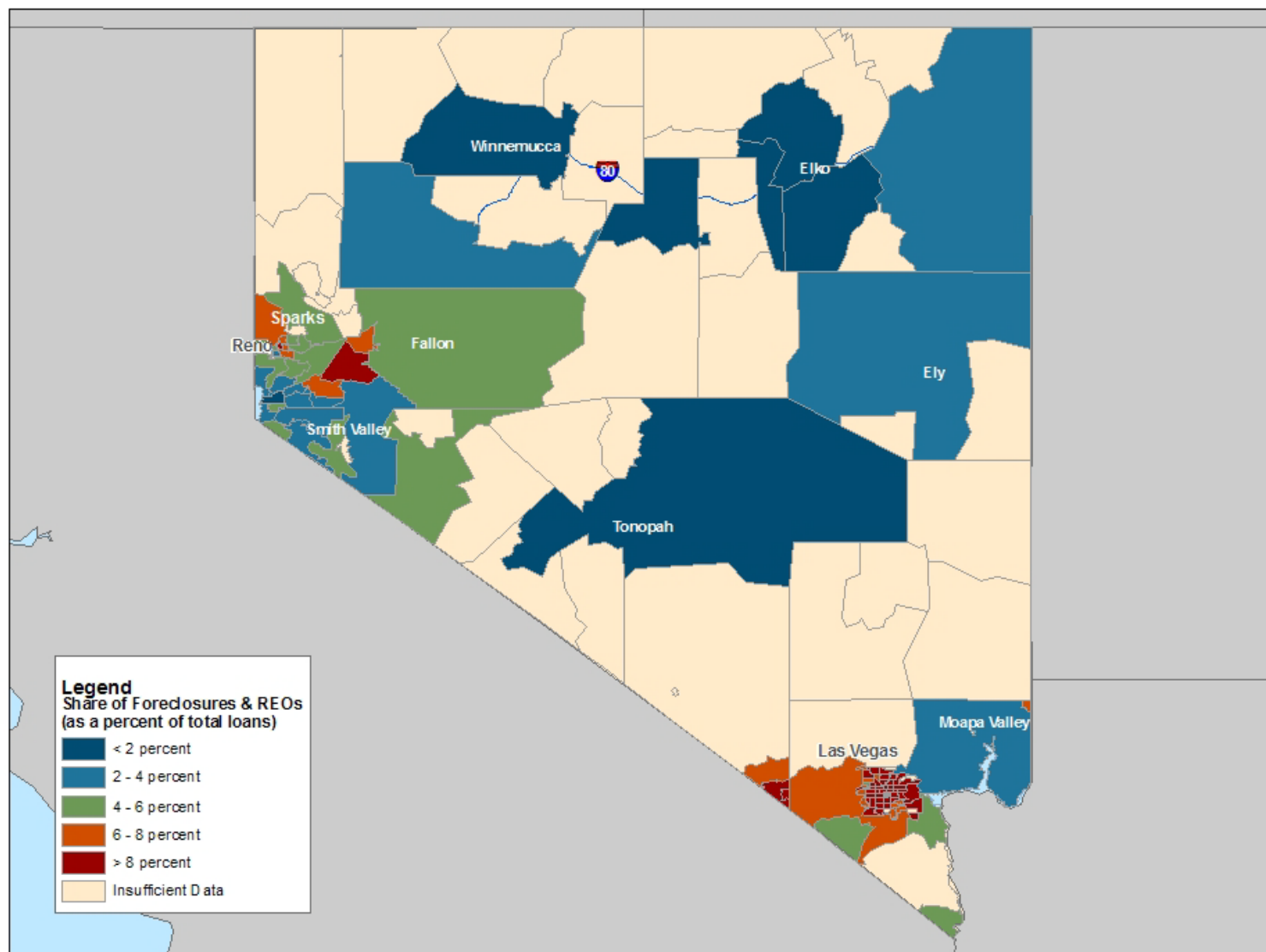
## November 2008



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

# Areas Affected by Concentrated Foreclosures

November 2009

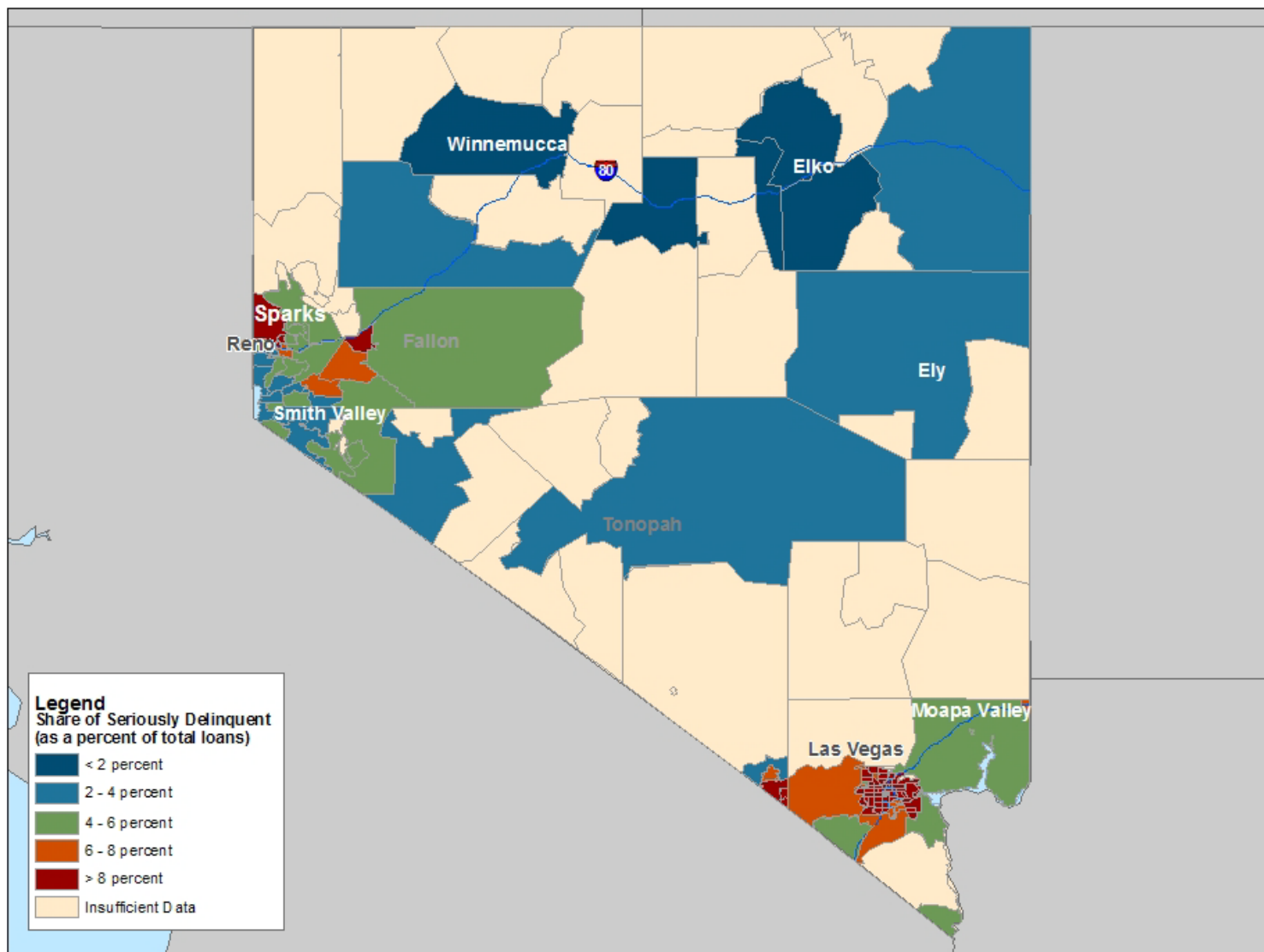


Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations



# Areas Affected by Concentrated Foreclosures

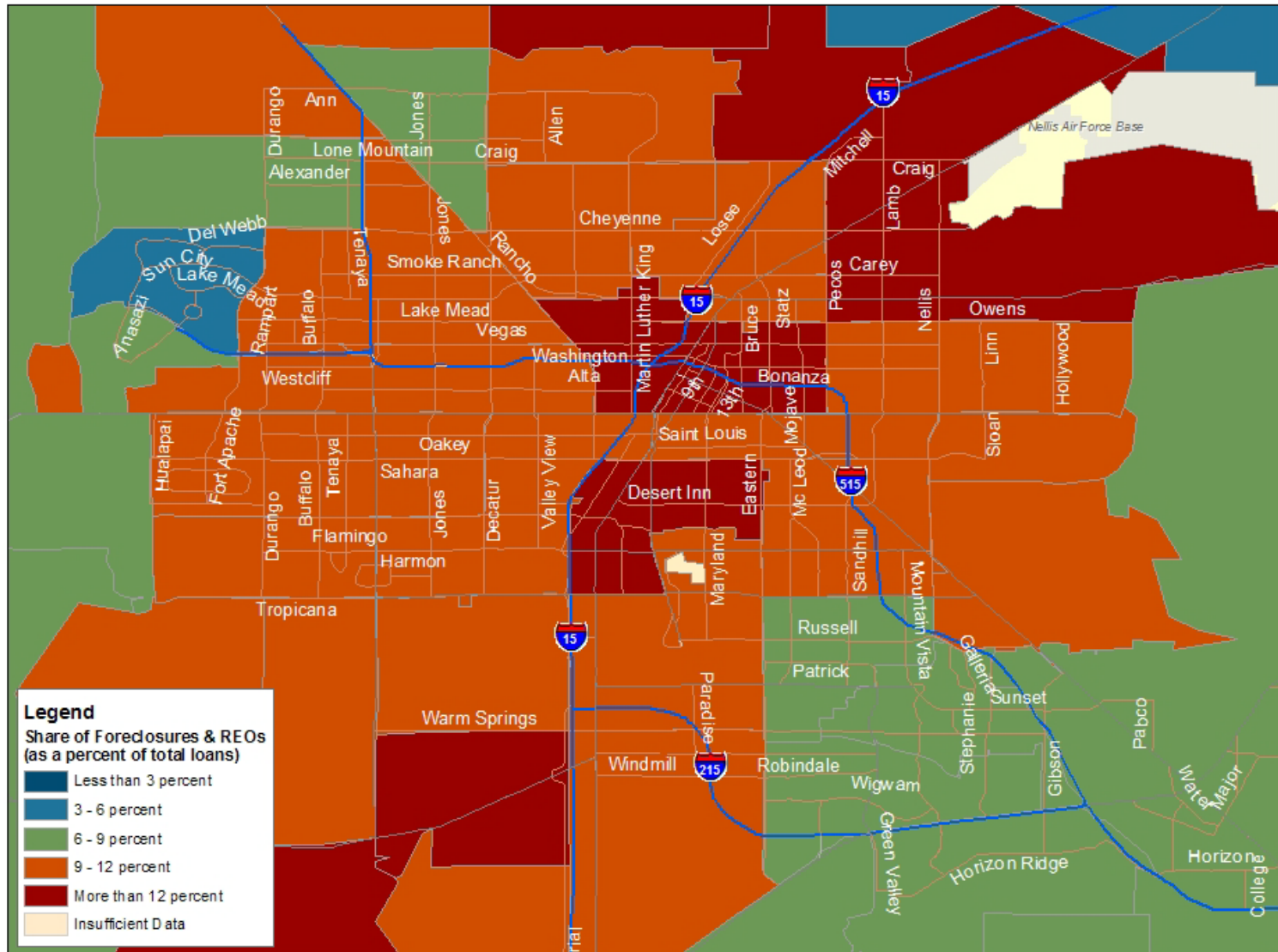
February 2010



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

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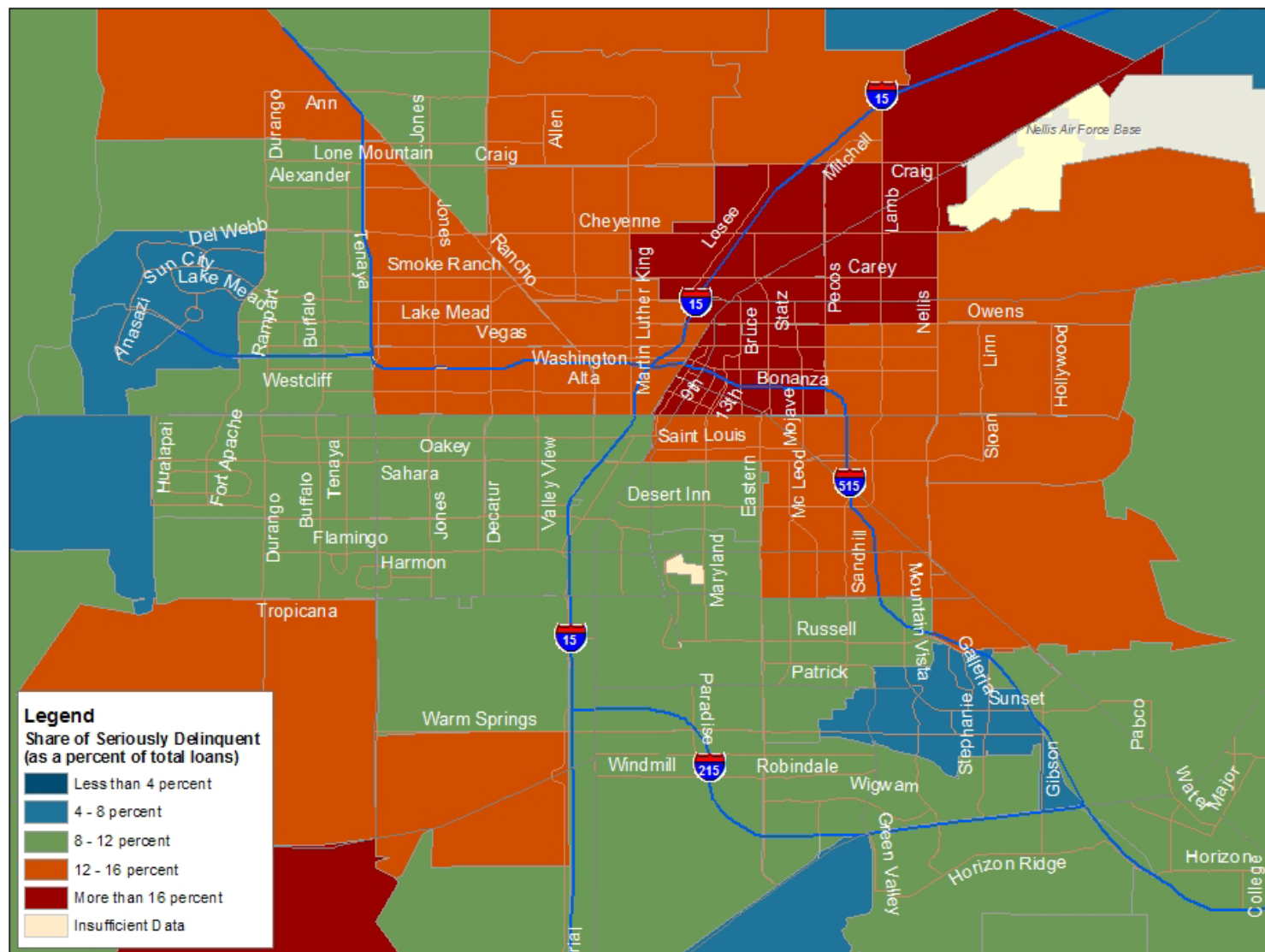
February 2010



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

## Areas at Risk of Additional Foreclosures

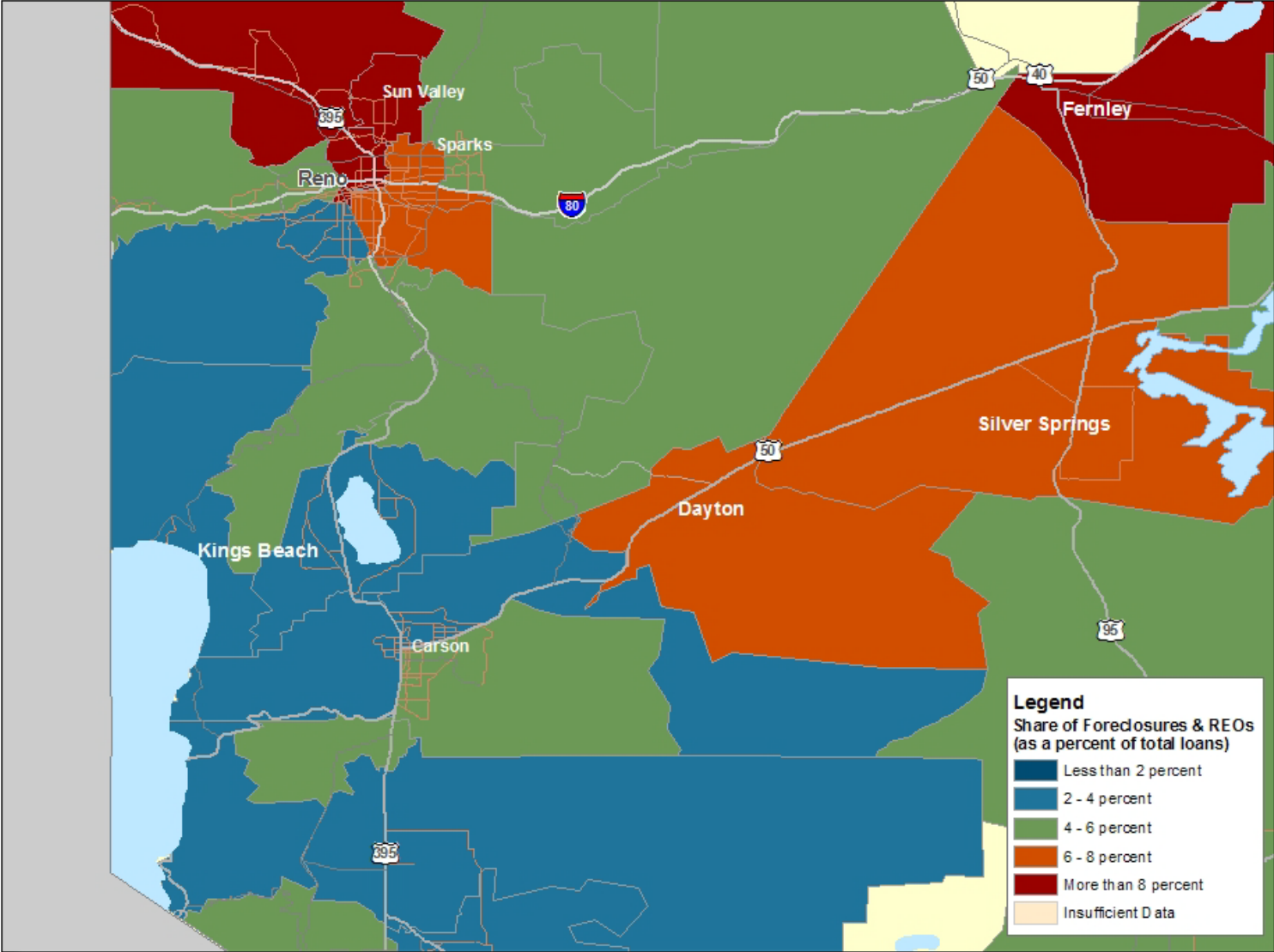
February 2010



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

# Areas Affected by Concentrated Foreclosures

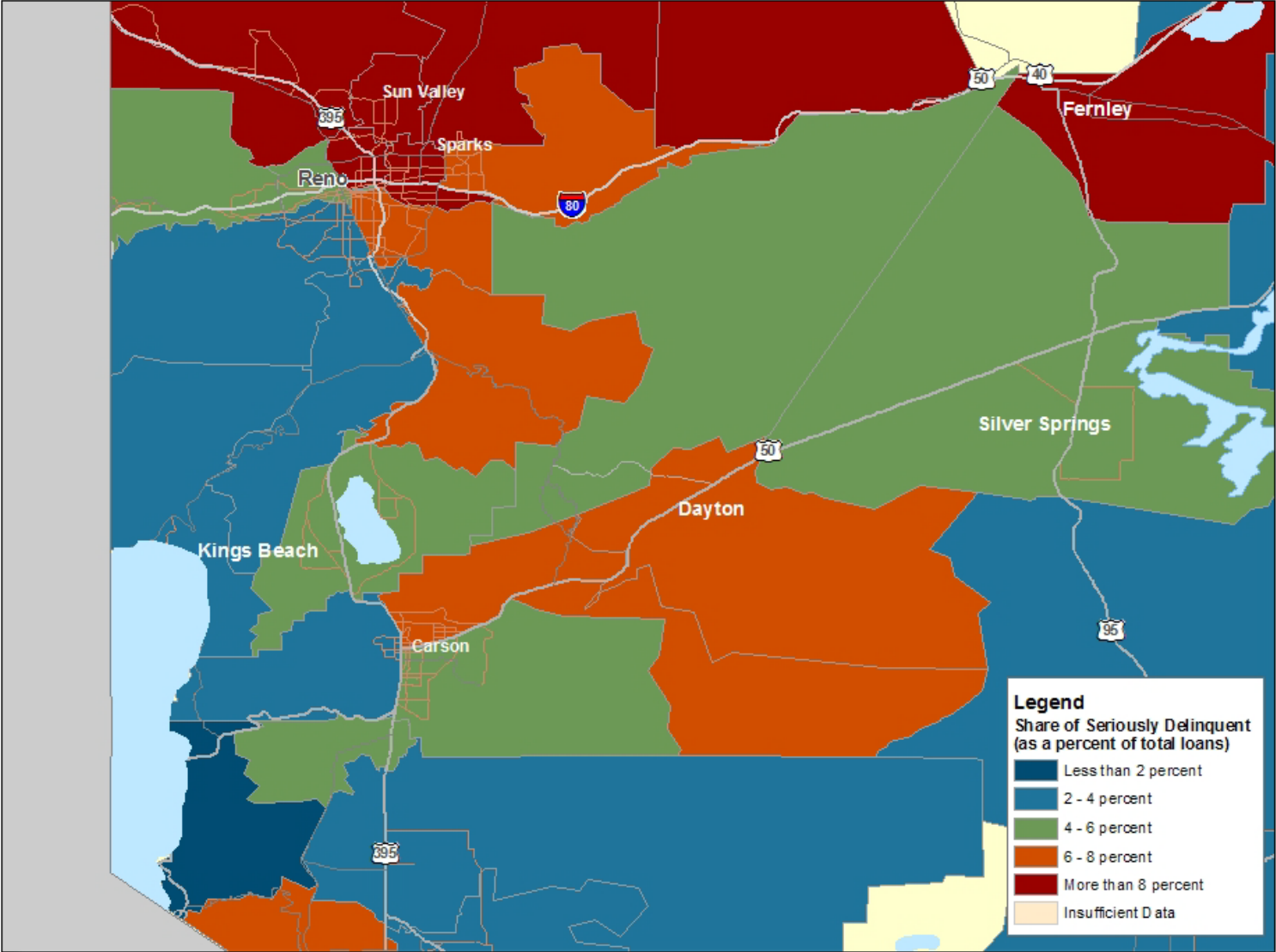
February 2010



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

# Areas at Risk of Additional Foreclosures

February 2010



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

# Conclusions

# Continued Need for Foreclosure Prevention

- Important to reach borrowers with ‘preventable’ foreclosures
  - ▣ Borrower Outreach Events
    - Expand use of foreclosure information workbook
      - <http://foreclosurehelp.nv.gov/Brochures/ForeclosureWorkbook.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>

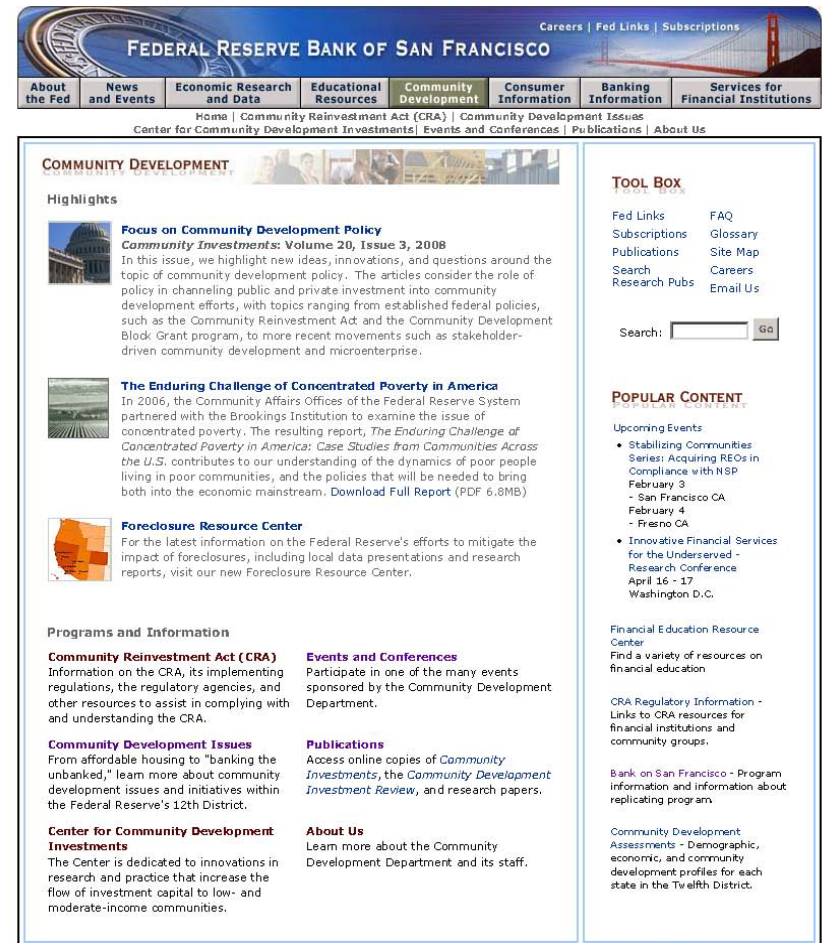


# Stabilizing Communities and Helping Families After Foreclosure

- 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/>