

TRENDS IN DELINQUENCIES AND FORECLOSURES IN UTAH

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Outline of Presentation



□ National Trends

- Recession and turmoil in financial markets has had broad repercussions, especially for lower-income households
 - Signs of stabilization in financial markets and consumer spending

□ Utah

- Rising unemployment across broad range of sectors
 - Ongoing weakness in the labor market may continue to push up foreclosures and poses risks to the recovery of the housing sector
- Trends in foreclosures
 - Though slightly below US average, Utah is seeing a rising foreclosure rate
- Utah seeing softening of real estate market

National Trends

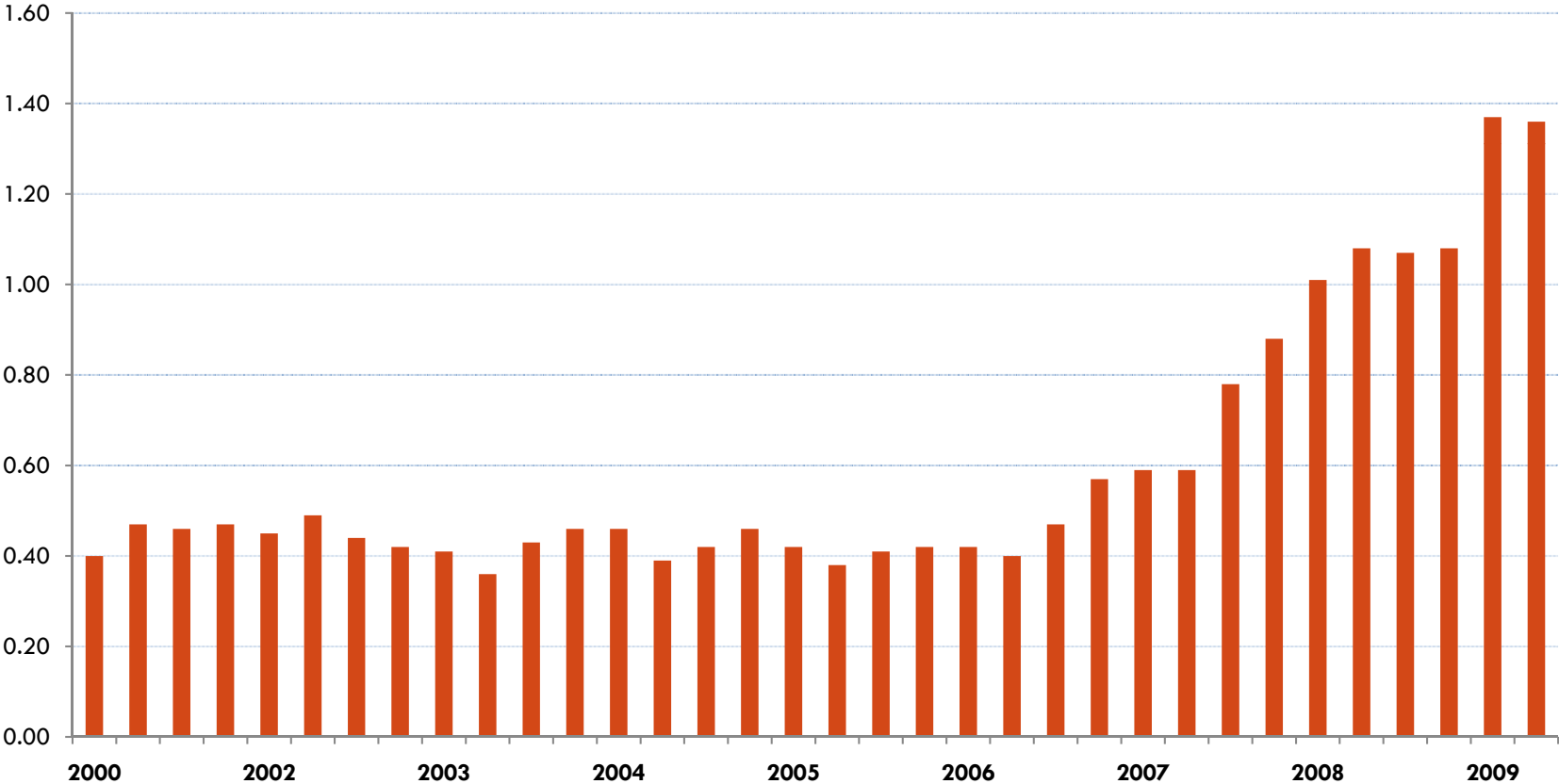
Weakness in Labor Market Grave Concern



Source: Bureau of Labor Statistics

National Foreclosure Starts Rose Sharply in 1st Quarter of 2009

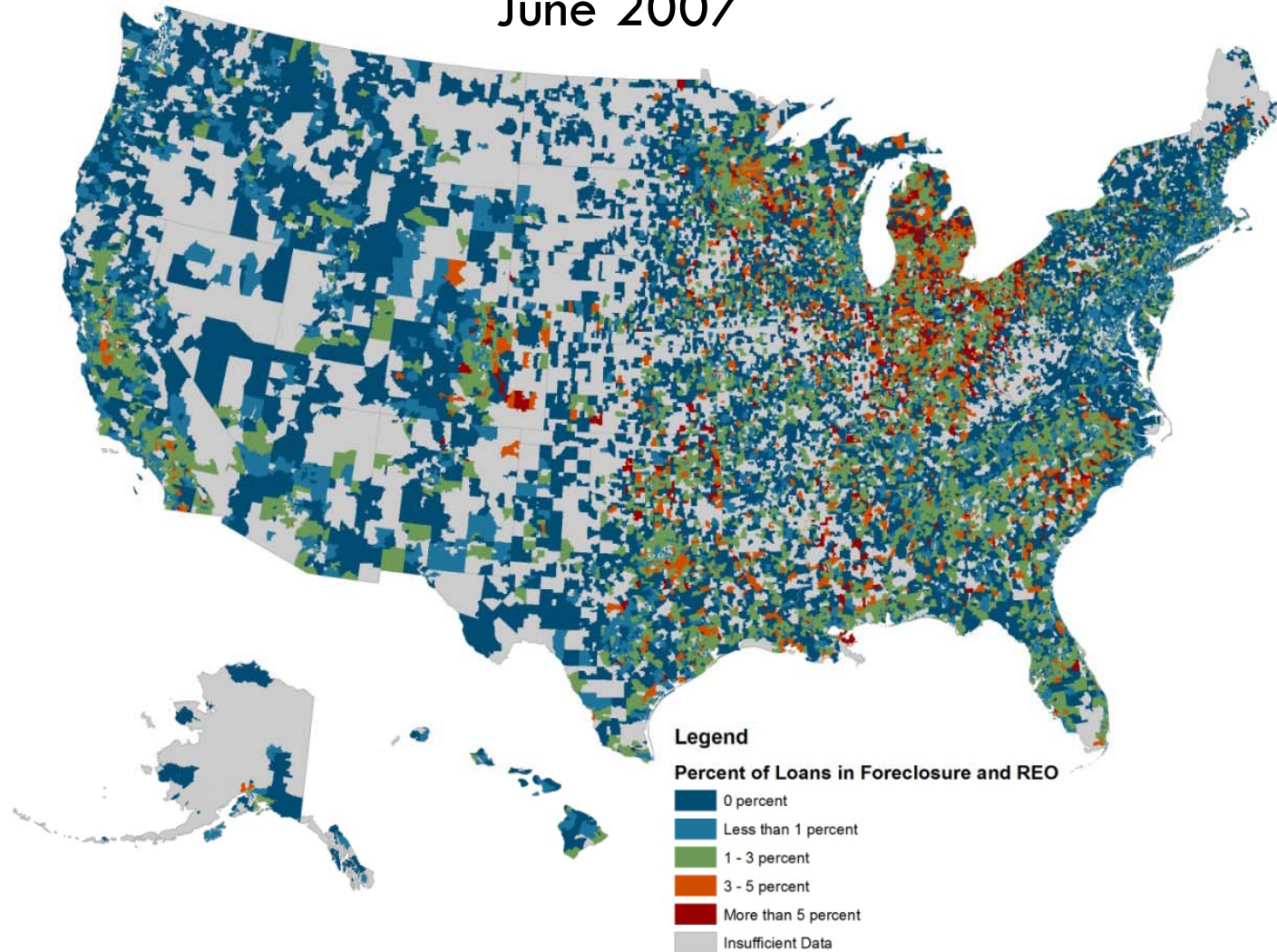
National Foreclosures Starts
Percent of All Loans



Source: Mortgage Bankers Association, National Delinquency Survey

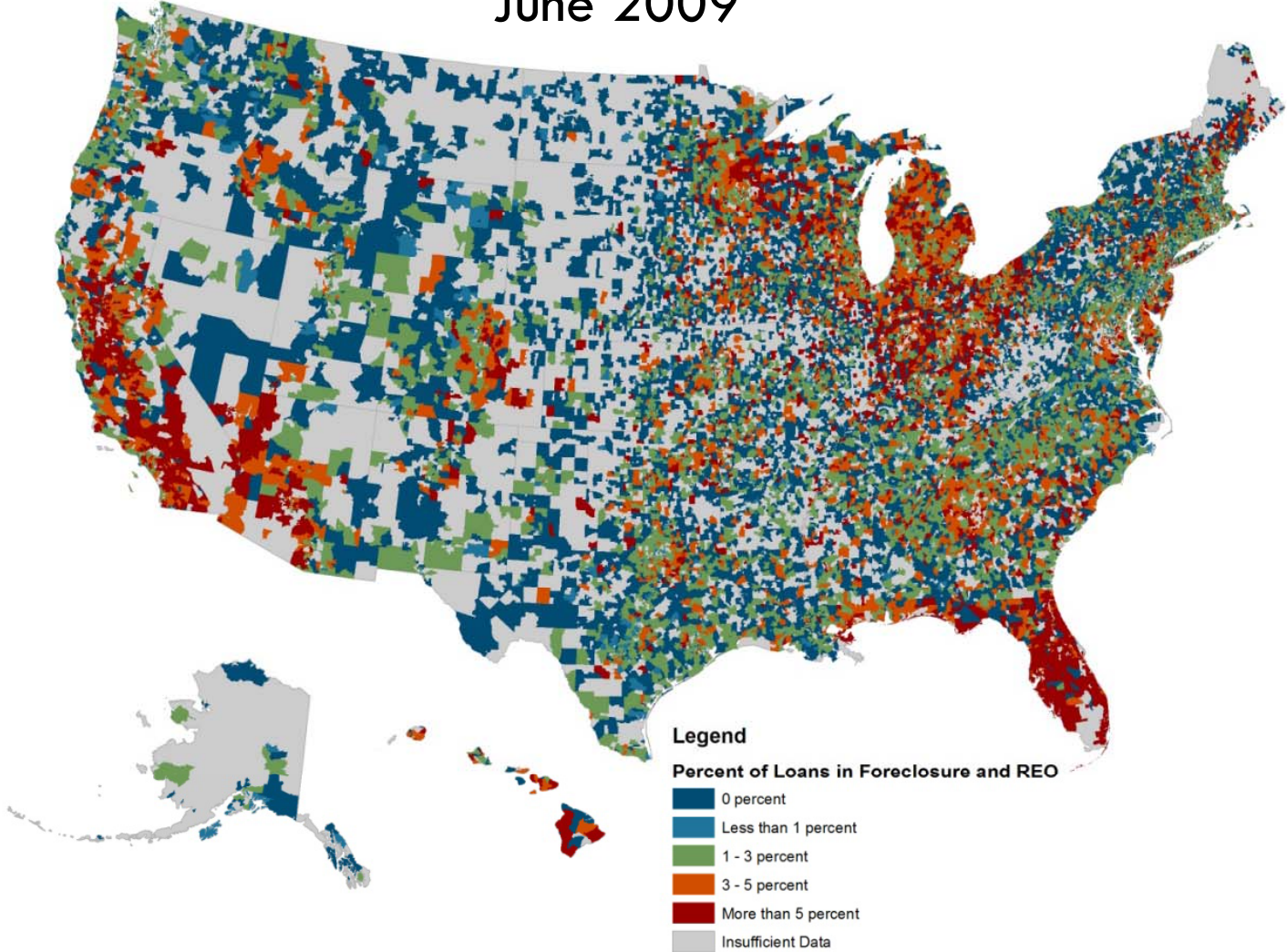
In Last 2 Years, Foreclosure Crisis Has Spread Beyond “Rust Belt” Cities

June 2007



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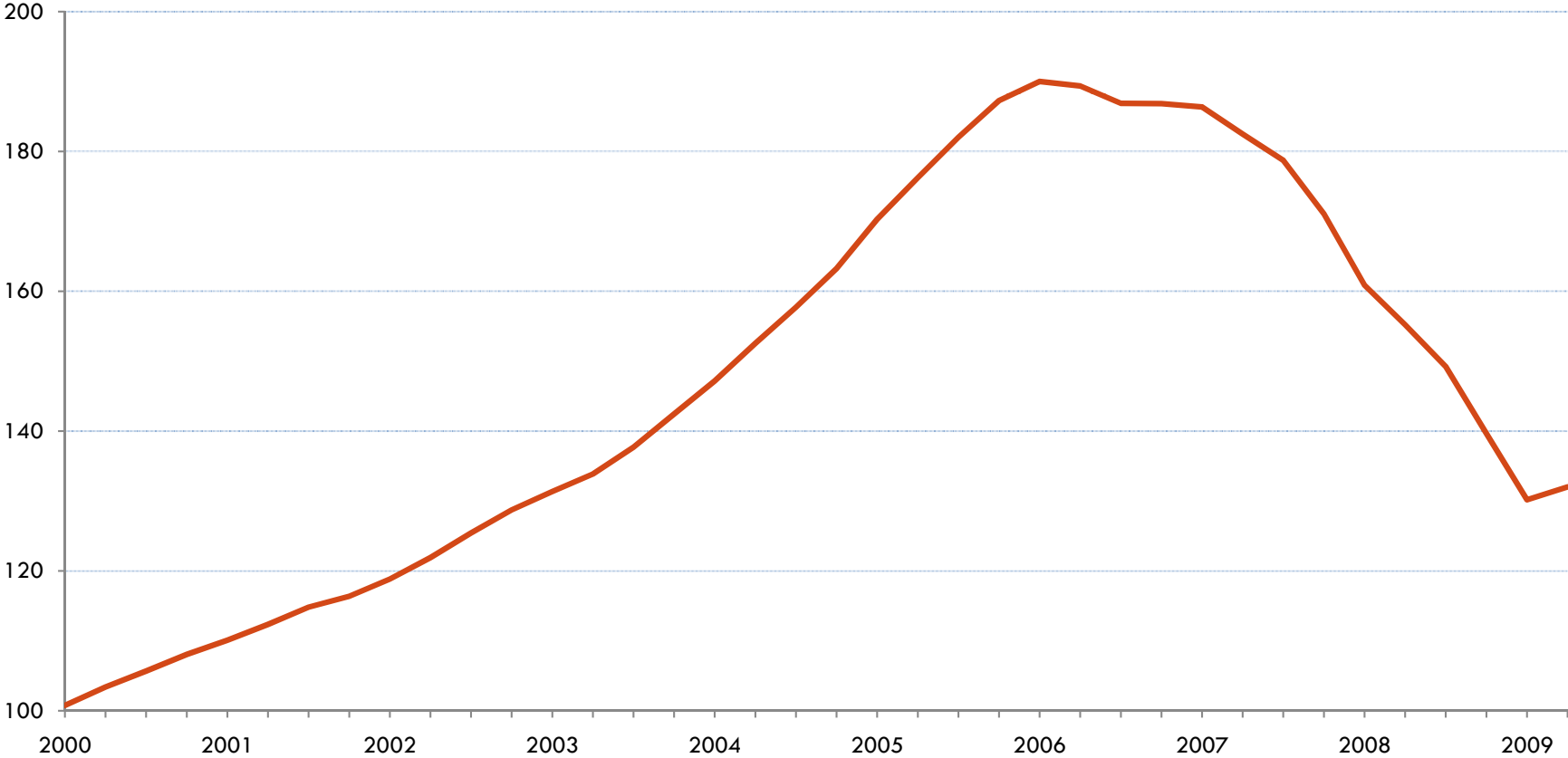
June 2009



House Prices Rose Slightly in 2nd Quarter 2009



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



Source: Case - Shiller Home Price Index

How Does This Compare to Great Depression?

	Current Crisis	The Great Depression
GDP decline	3.9%	36%
Unemployment	9.4%	25%
Stock Market decline	48%	87%
Mortgage Delinquency	10.5%	50%
Bank Failures	100	Thousands

Source: FRBSF and Haver Analytics, as of July 2009.

And Certain Market Indicators are Looking Up



- Financial markets are improving, and the crisis mode that has characterized the past year is subsiding.
- The housing sector, which has been at the center of the economic and financial crisis, also looks to be stabilizing—albeit, at a very depressed level. Housing starts and new home sales have leveled off, and existing home sales have edged up in recent months.
- Income from the federal fiscal stimulus, as well as some improvement in confidence, has helped stabilize consumer spending. Since consumer spending accounts for two-thirds of all economic activity, this is a key precondition for economic recovery.

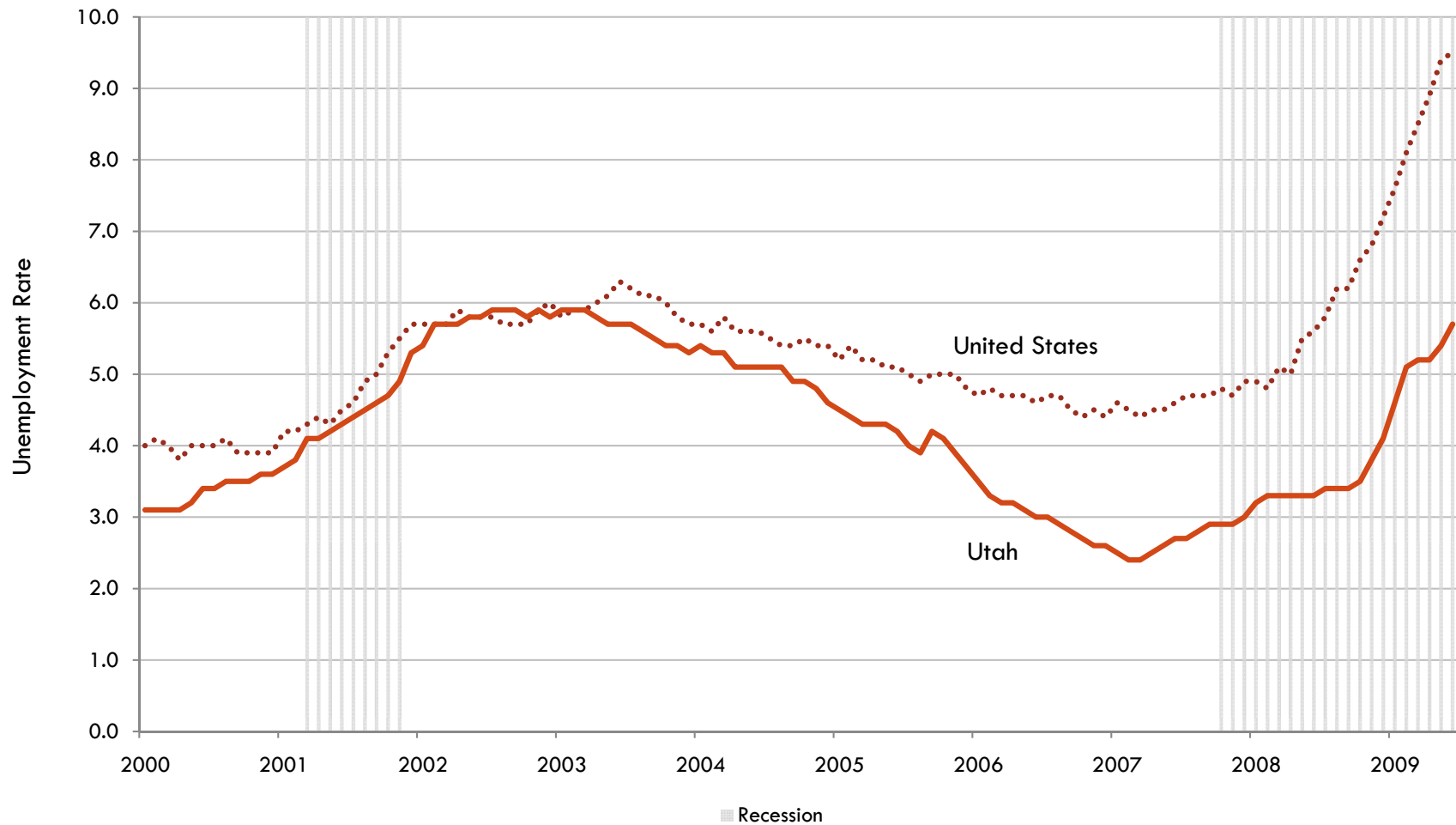
Nevertheless, Recession is Likely to Have Long-Lasting Impacts, Especially for Lower-Income Families



- 48 states face significant budget shortfalls, and are cutting public services such as health benefits for children and public education.
- Tightening lending standards will make it more difficult for families and small businesses to access credit: the Federal Reserve's quarterly Senior Loan Officer Opinion Survey on Bank Lending Practices found that 65 percent reported tightened standards for the fourth quarter of 2008.
- CDFIs are increasingly facing liquidity constraints; their borrowers are in more need of 'patient' capital at the same time it is becoming harder to provide it.

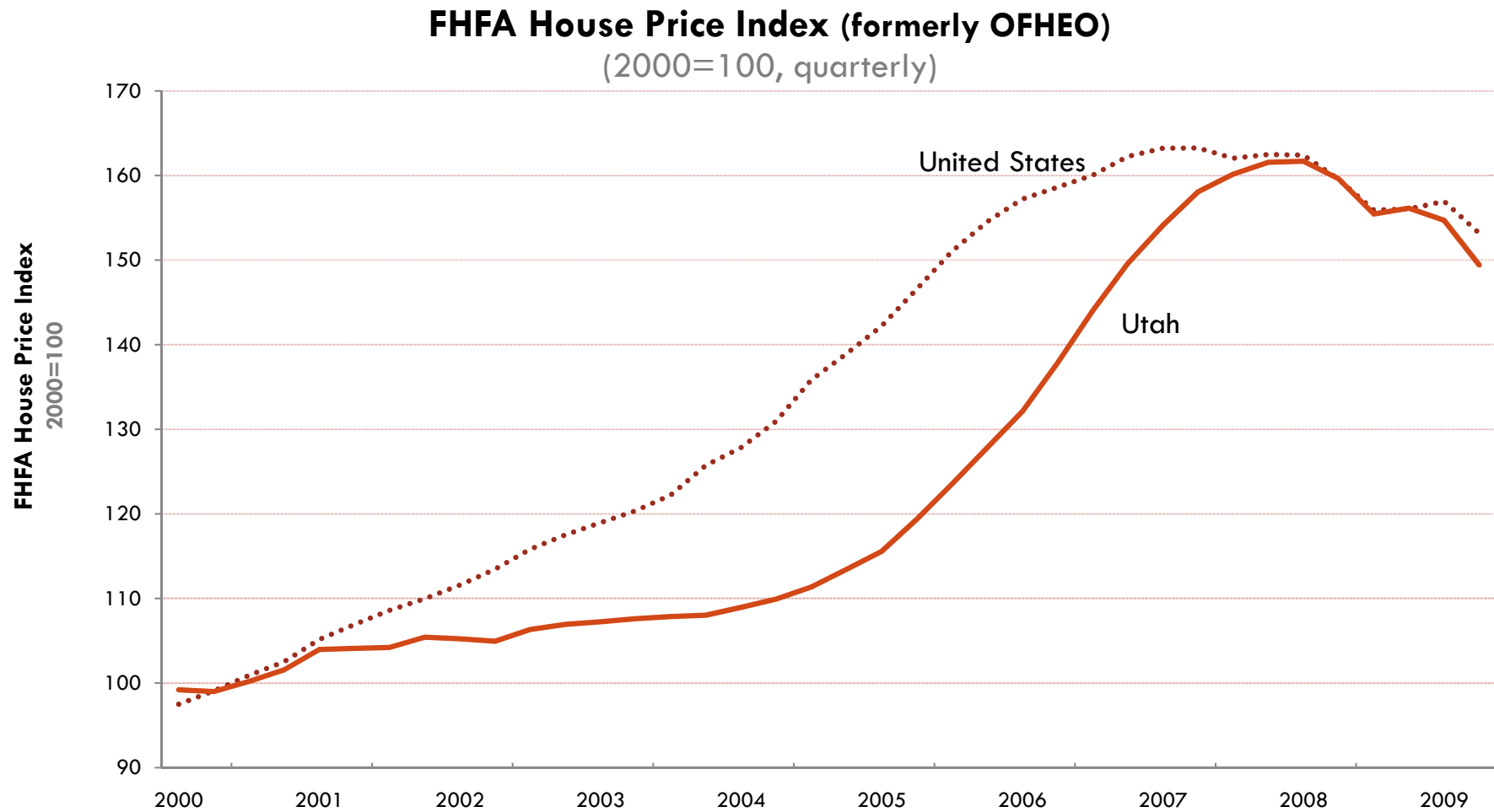
Utah Trends

Unemployment Rate in Utah also on the Rise, though Below US Average



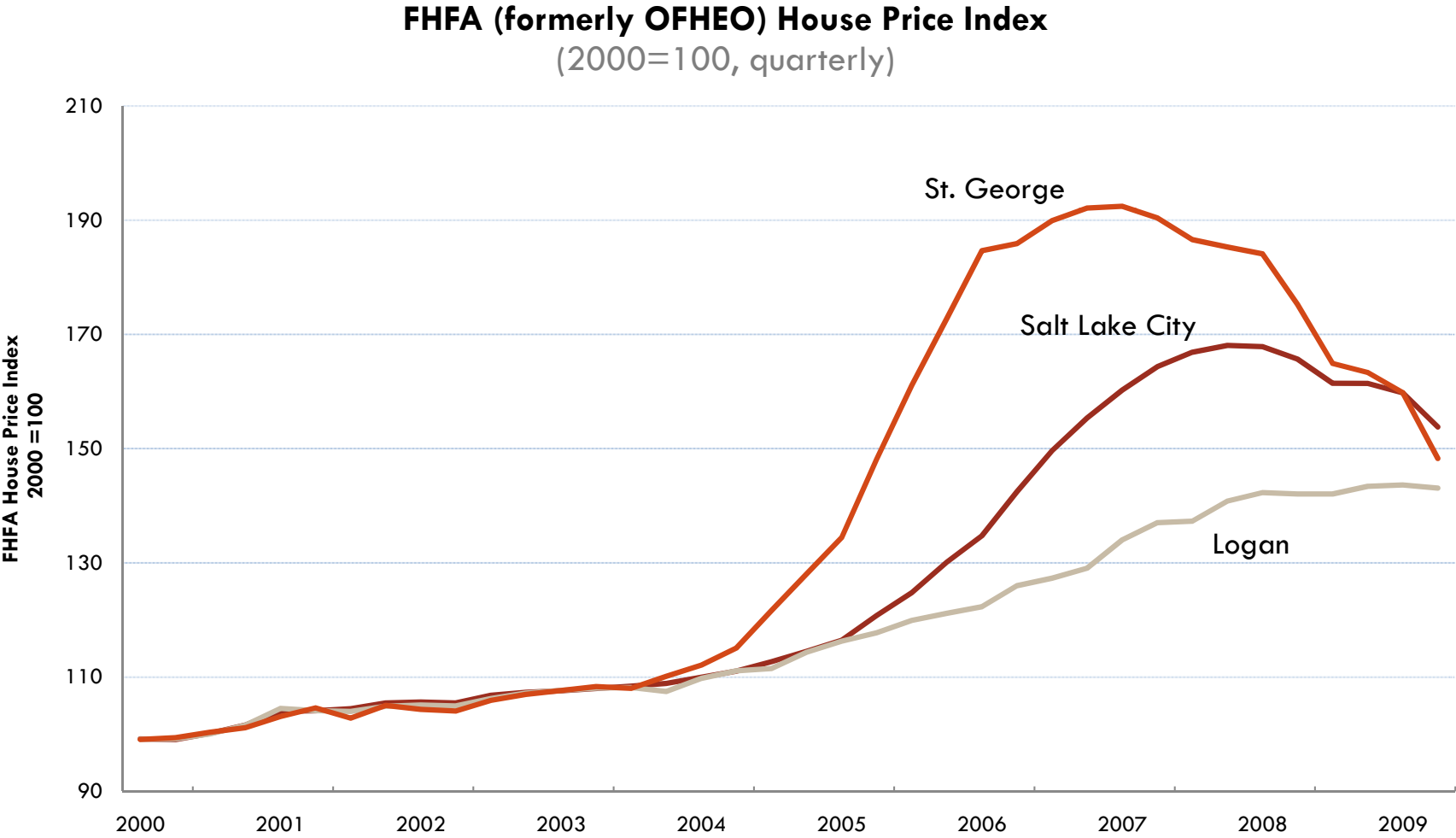
Source: Bureau of Labor Statistics

Utah Seeing Softening of Real Estate Market



Source: Federal Housing Finance Agency (formerly OFHEO)

St. George Experiencing Greatest Decline in House Values

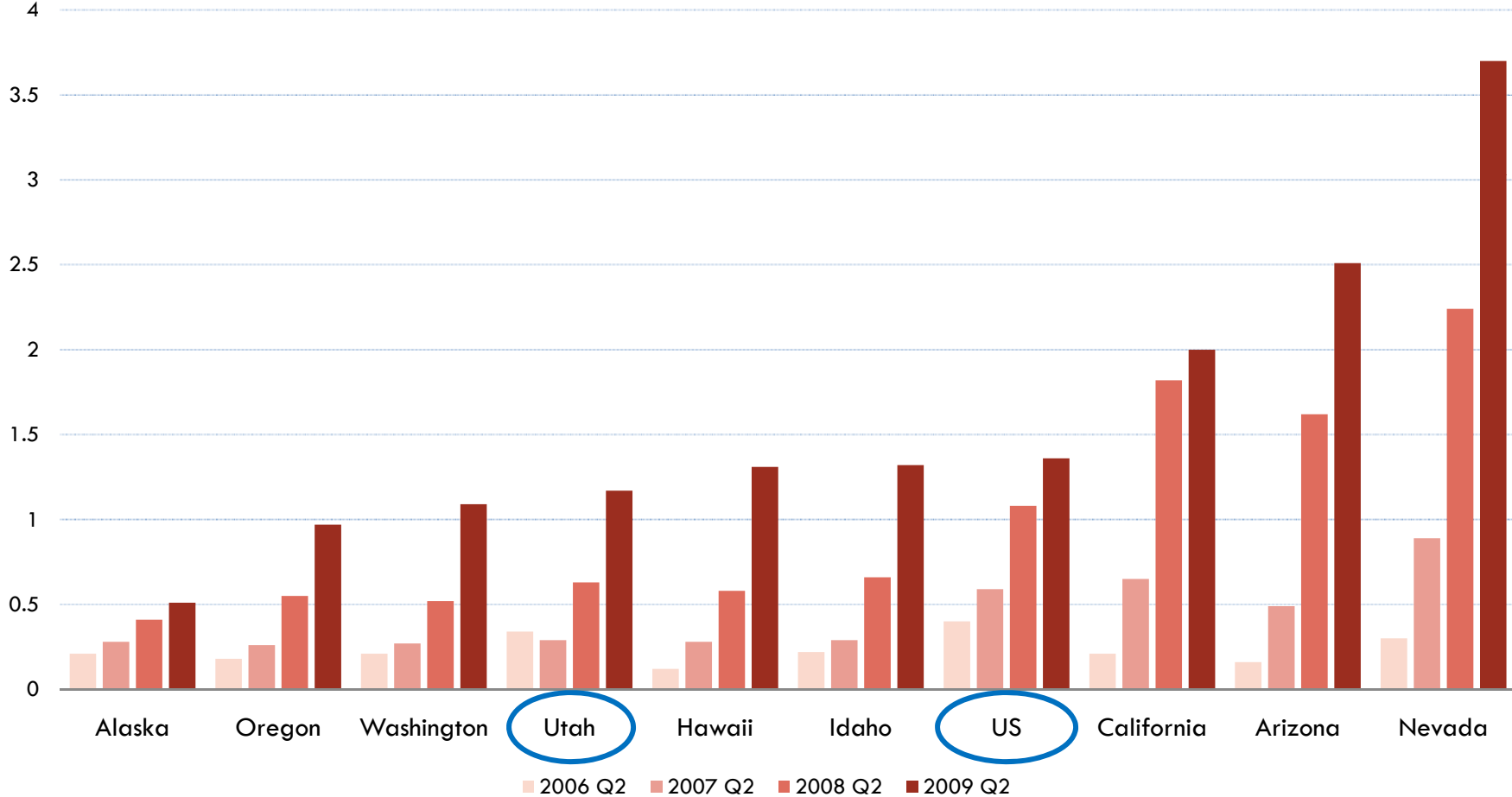


Source: Federal Housing Finance Agency (formerly OFHEO)

Foreclosure Rate in Utah Has Risen Significantly, Nearing US Average



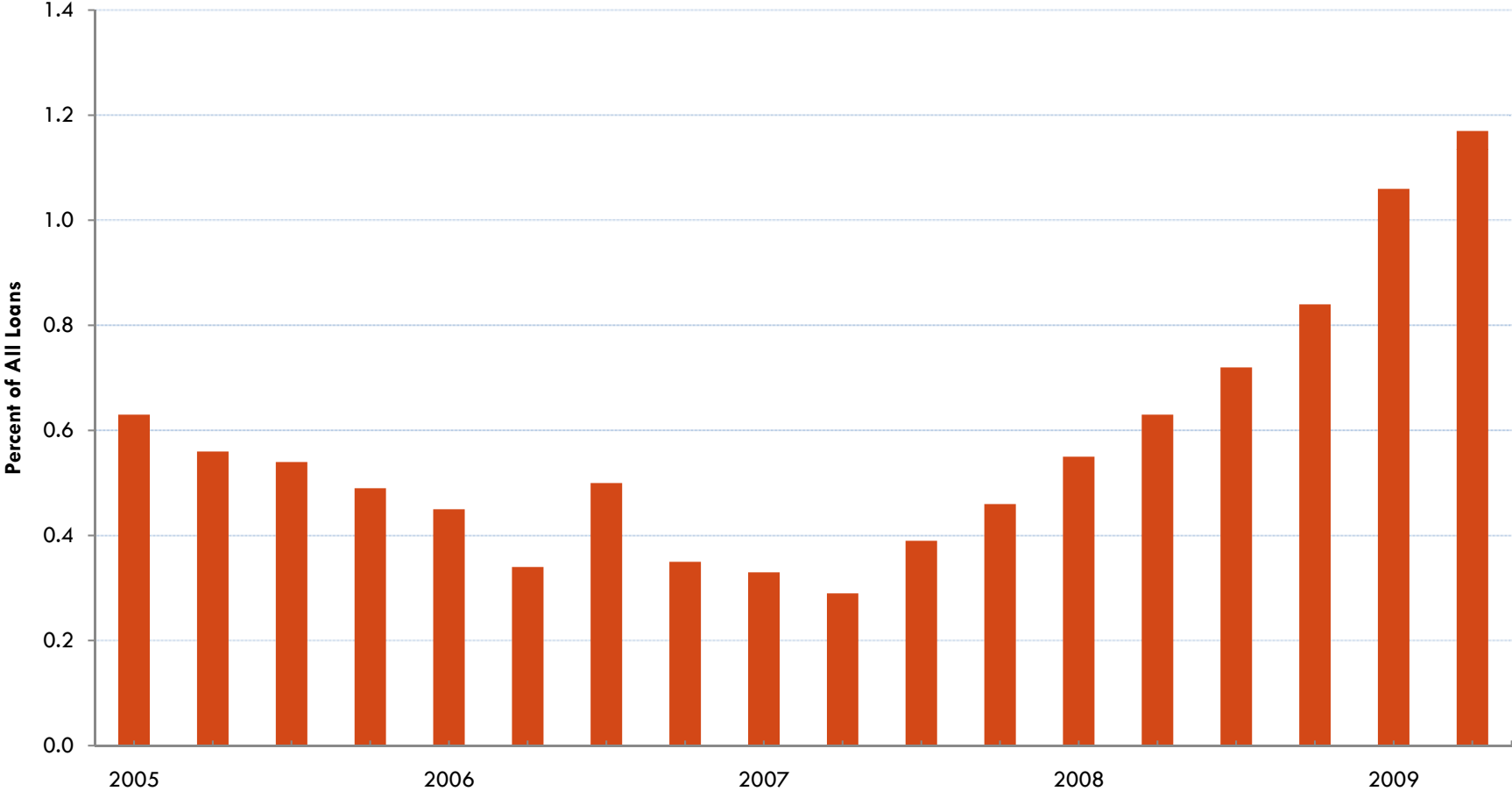
Foreclosure Starts (Percent of All Loans)



Source: Mortgage Bankers Association, National Delinquency Survey

Utah Saw a Continued Increase in Foreclosure Starts in 2nd Quarter 2009

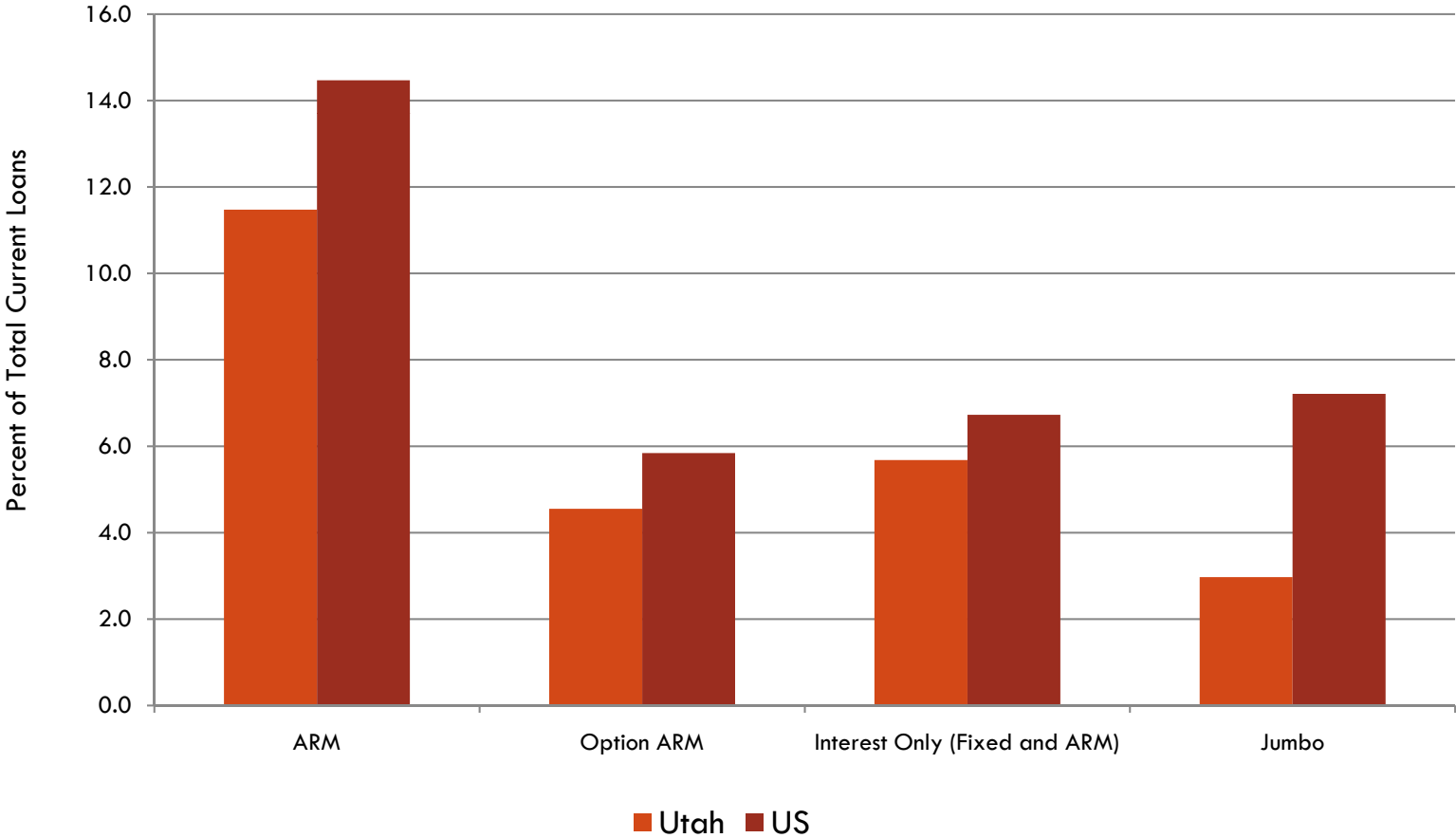
Utah: Foreclosure Starts



Source: Mortgage Bankers Association, National Delinquency Survey

Growing Concerns over Sustainability of Loans with Payment Options (in subprime, prime and Alt-A markets)

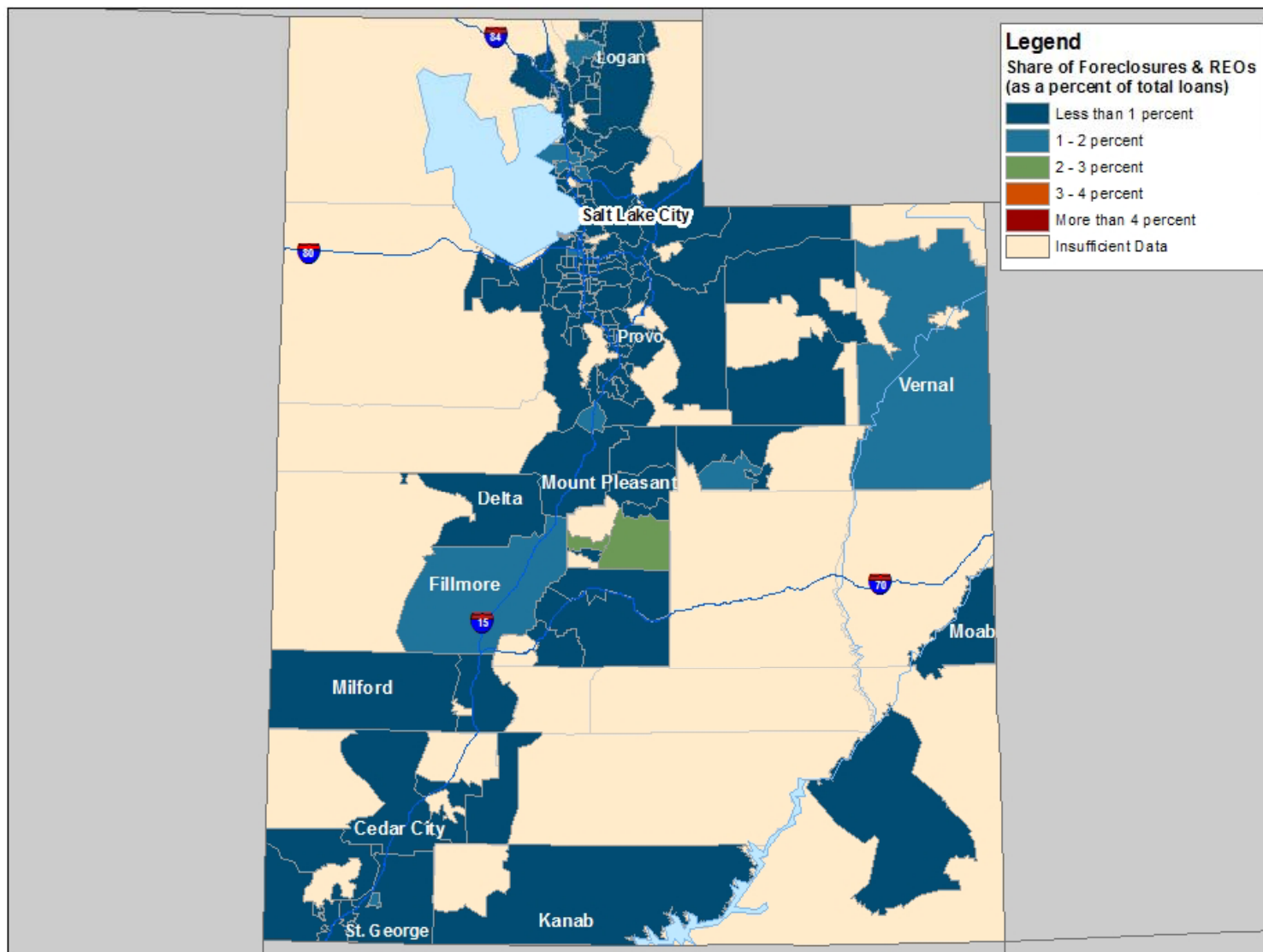
Characteristics of Remaining "Current" Loans



Utah Foreclosure Data Maps

Areas Affected by Concentrated Foreclosures

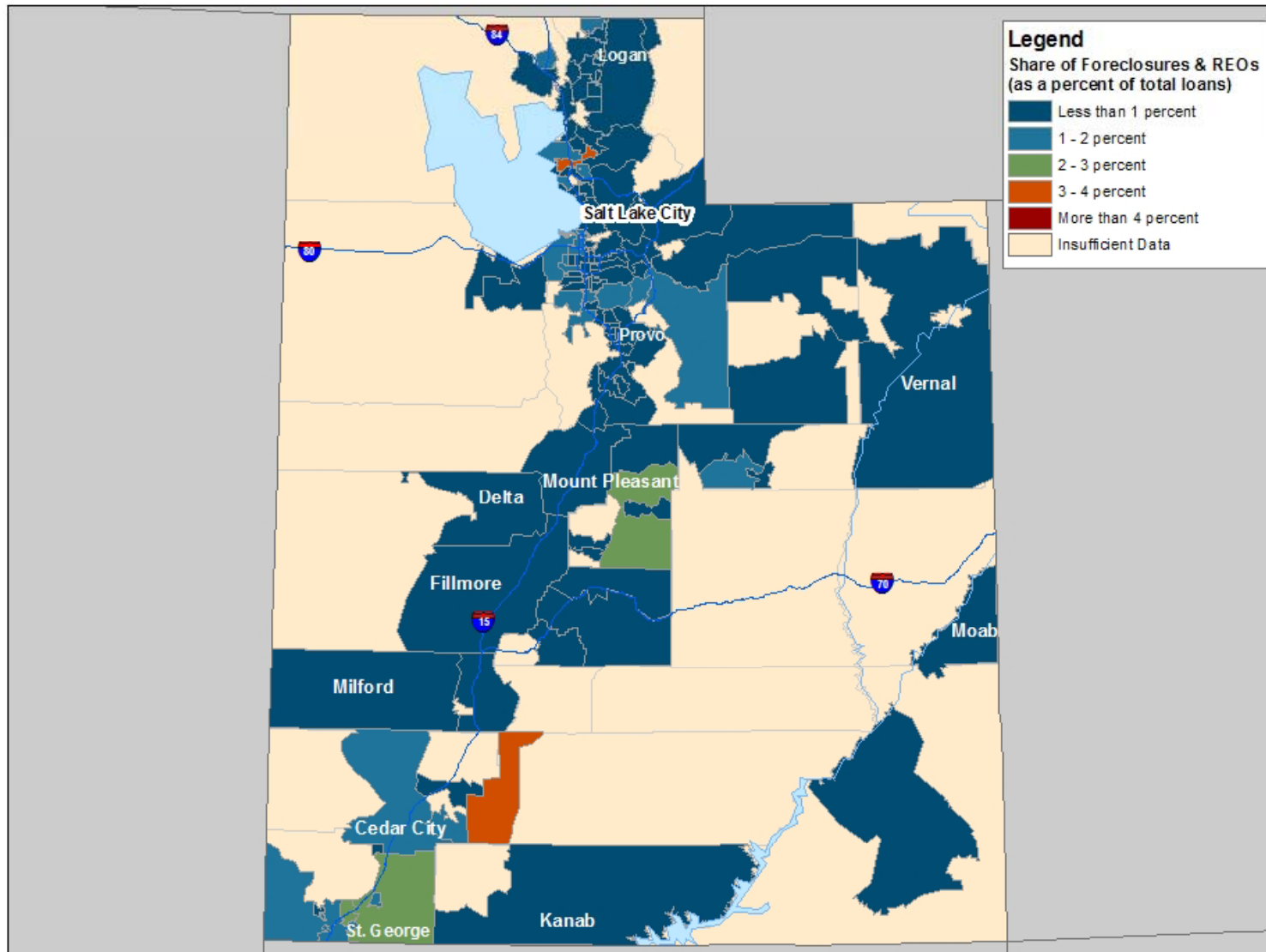
June 2007



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

Areas Affected by Concentrated Foreclosures

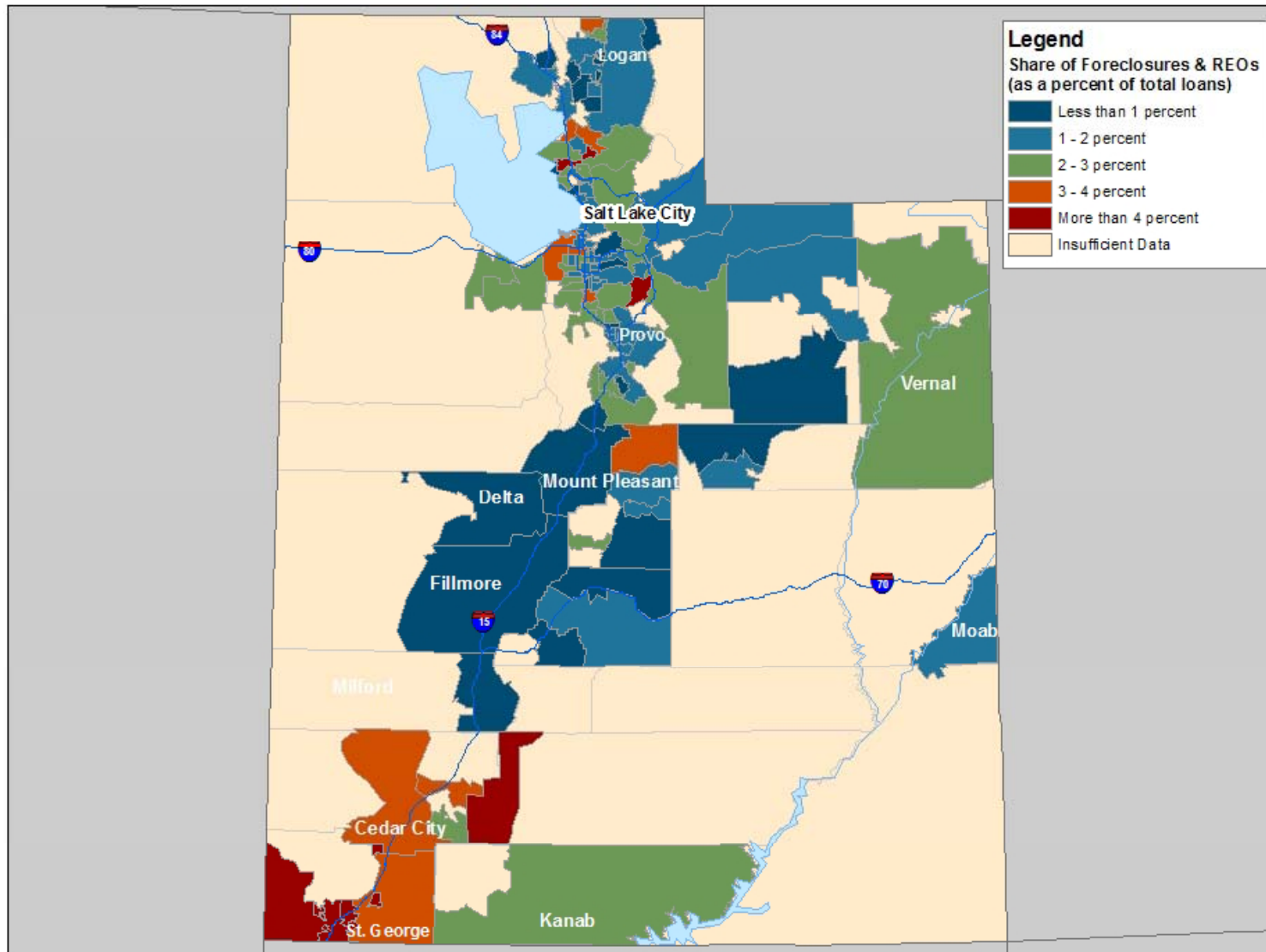
June 2008



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

Areas Affected by Concentrated Foreclosures

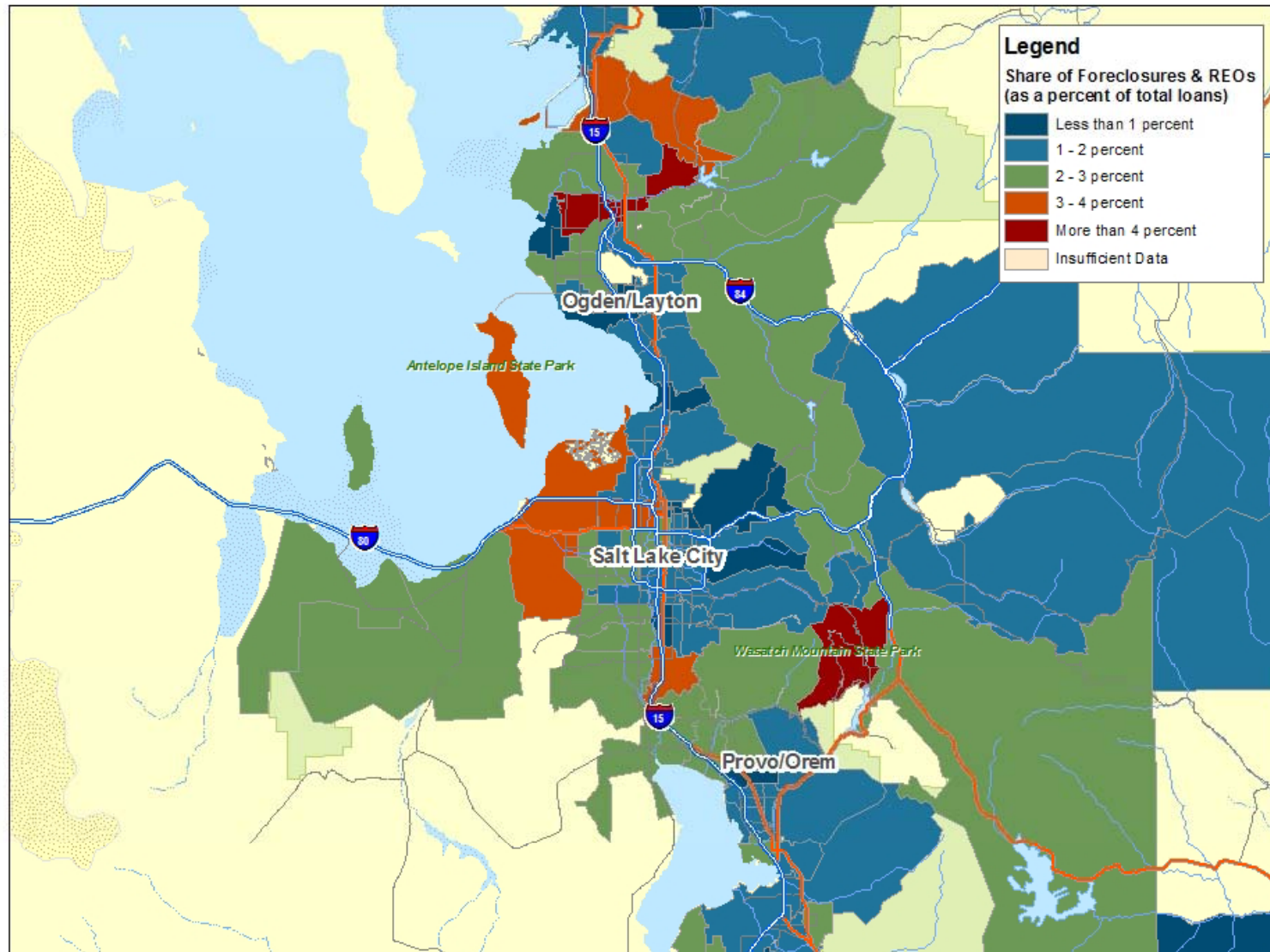
June 2009



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

Salt Lake City Data Maps

Neighborhoods Affected by Concentrated Foreclosures June 2009

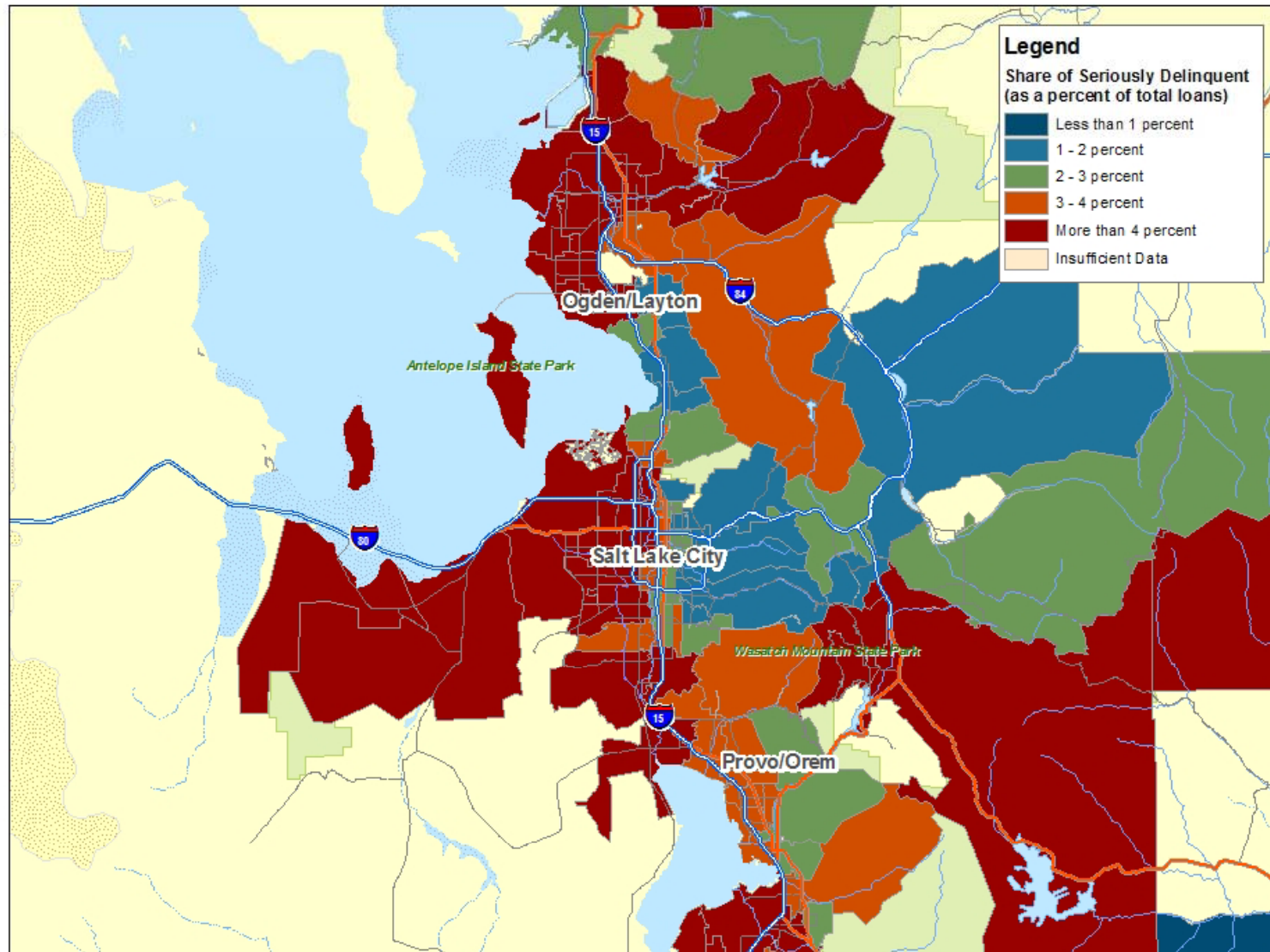


Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

Salt Lake City Data Maps

Neighborhoods at Risk for Additional Foreclosures

June 2009



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 prevention workbook
 - http://www.utahhousing.org/documents/2008_SEPForeclosureWorkbook_English-1.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

The screenshot shows the homepage of the Federal Reserve Bank of San Francisco's Community Development website. The header includes the bank's name and navigation links for 'Careers', 'Fed Links', and 'Subscriptions'. A secondary navigation bar lists various topics: 'About the Fed', 'News and Events', 'Economic Research and Data', 'Educational Resources', 'Community Development', 'Consumer Information', 'Banking Information', and 'Services for Financial Institutions'. Below this, a breadcrumb trail reads: 'Home | Community Reinvestment Act (CRA) | Community Development Issues | Center for Community Development Investments | Events and Conferences | Publications | About Us'. The main content area is titled 'COMMUNITY DEVELOPMENT' and features a 'Highlights' section with three articles: 'Focus on Community Development Policy' (Community Investments: Volume 20, Issue 3, 2008), 'The Enduring Challenge of Concentrated Poverty in America' (2006 report), and 'Foreclosure Resource Center'. A 'Programs and Information' section is divided into 'Community Reinvestment Act (CRA)', 'Events and Conferences', 'Community Development Issues', 'Publications', 'Center for Community Development Investments', and 'About Us'. On the right side, there is a 'TOOL BOX' with links for 'Fed Links', 'Subscriptions', 'Publications', 'Search', and 'Research Pubs', along with a search bar. Below that is 'POPULAR CONTENT' listing 'Upcoming Events' such as 'Stabilizing Communities Series: Acquiring REOs in Compliance with NSP' and 'Innovative Financial Services for the Underserved - Research Conference'. At the bottom right, there are links for 'Financial Education Resource Center', 'CRA Regulatory Information - Links to CRA resources for financial institutions and community groups', and 'Bank on San Francisco - Program information and information about replicating program'.

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