TRENDS IN DELINQUENCIES AND FORECLOSURES IN NORTHERN CALIFORNIA

January 2011

Community Development Research
Federal Reserve Bank of San Francisco

National Trends

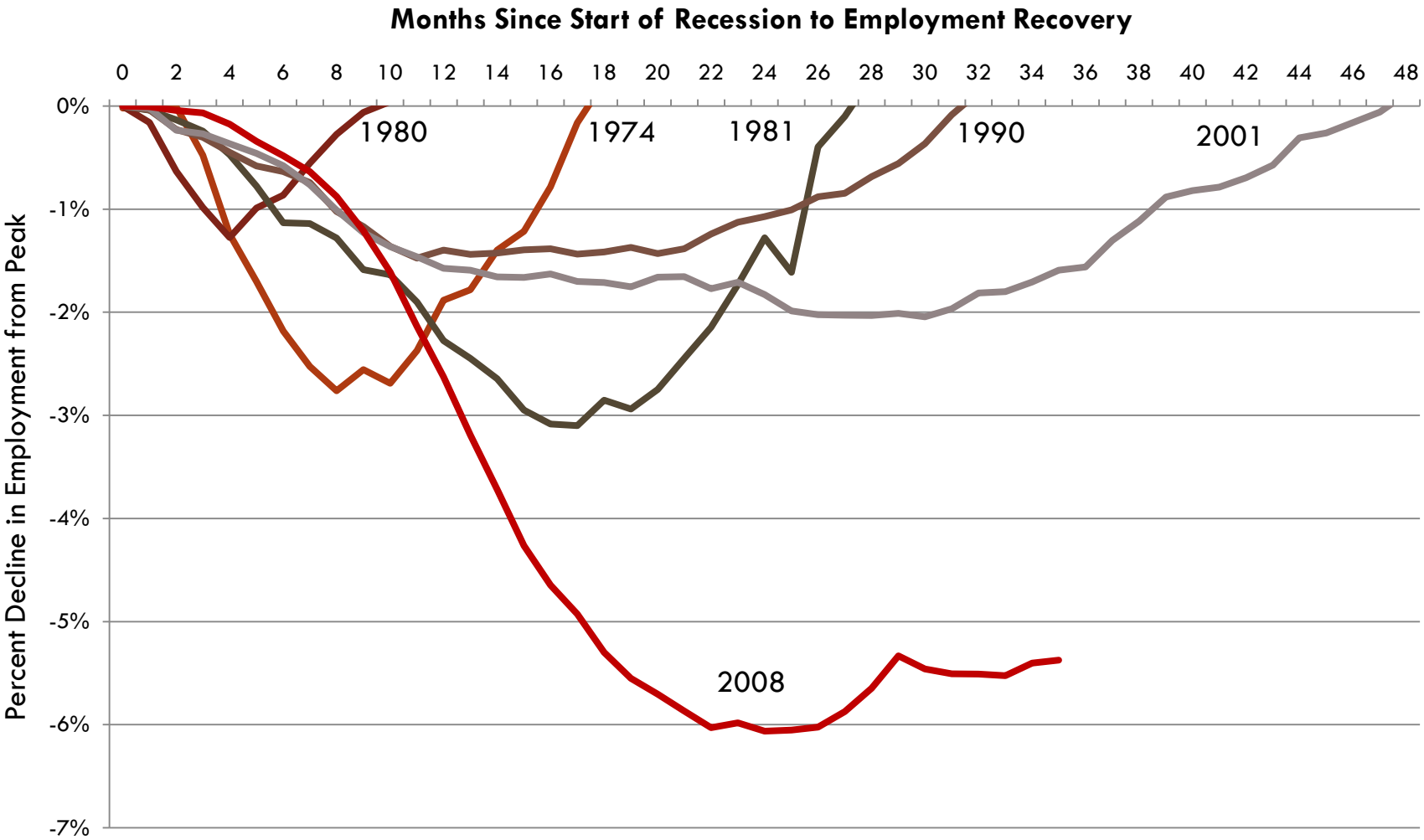
- Even though NBER officially announced the recession's end in June of 2009, pace of recovery remains slow
  - Unemployment rate in November rose to 9.8% from 9.6%, demonstrating continued weakness in the labor market
    - On the more positive side, the private sector has been adding jobs each month, and part of the rise in unemployment is due to an increase in the labor force-that is, the number of people who started looking for work
  - Housing is the one major sector of the economy where we still do not see signs of recovery
    - New and existing home sales remain near historic lows, and inventories of foreclosed homes remain very high
  - Public sector budget crisis in many states is of major concern, and threatens viability of services to LMI communities

National Trends

Unemployment continues to hover around 10%

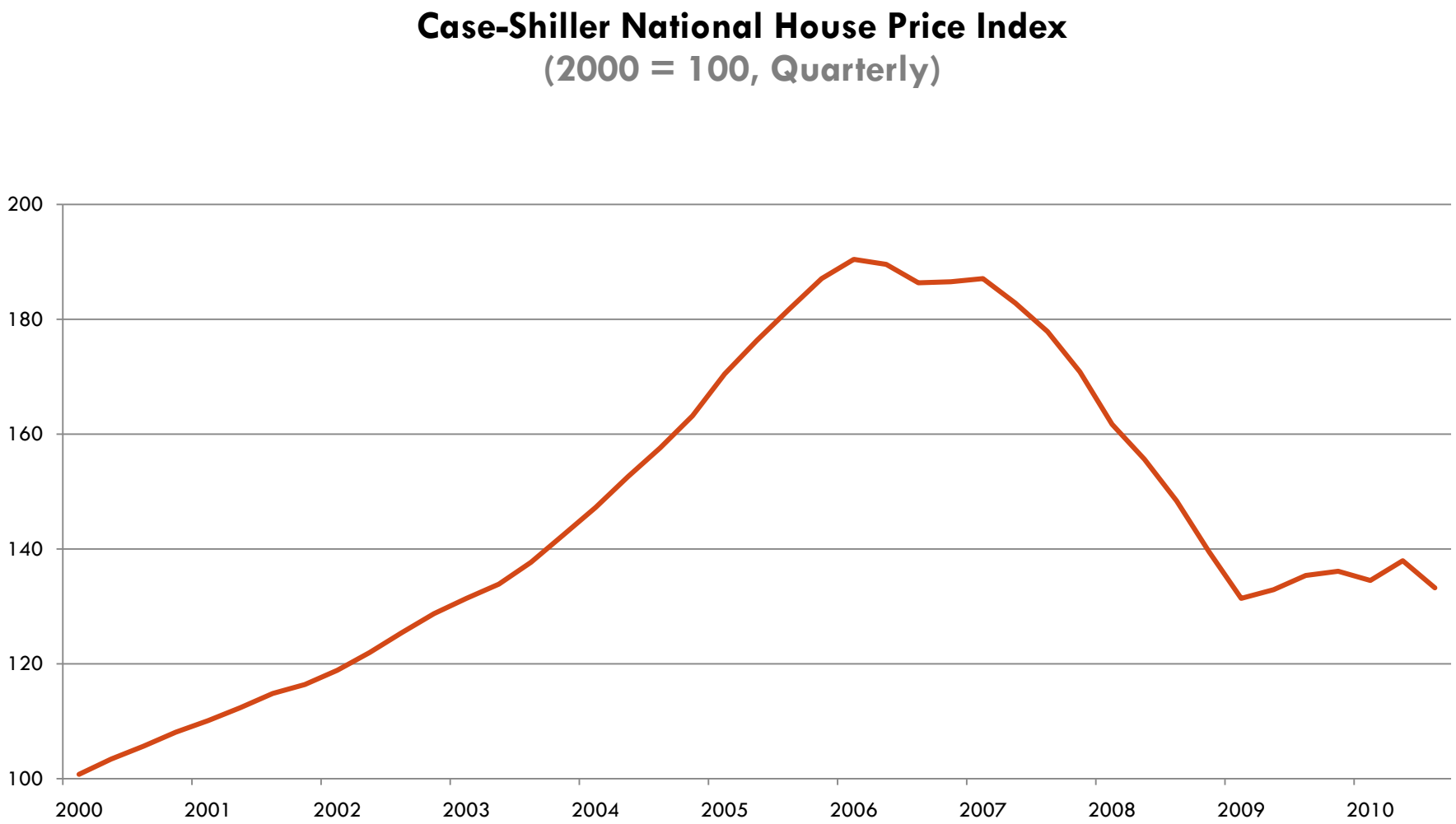
Source: Bureau of Labor Statistics, November 2010

Recovery, particularly in labor market, remains elusive



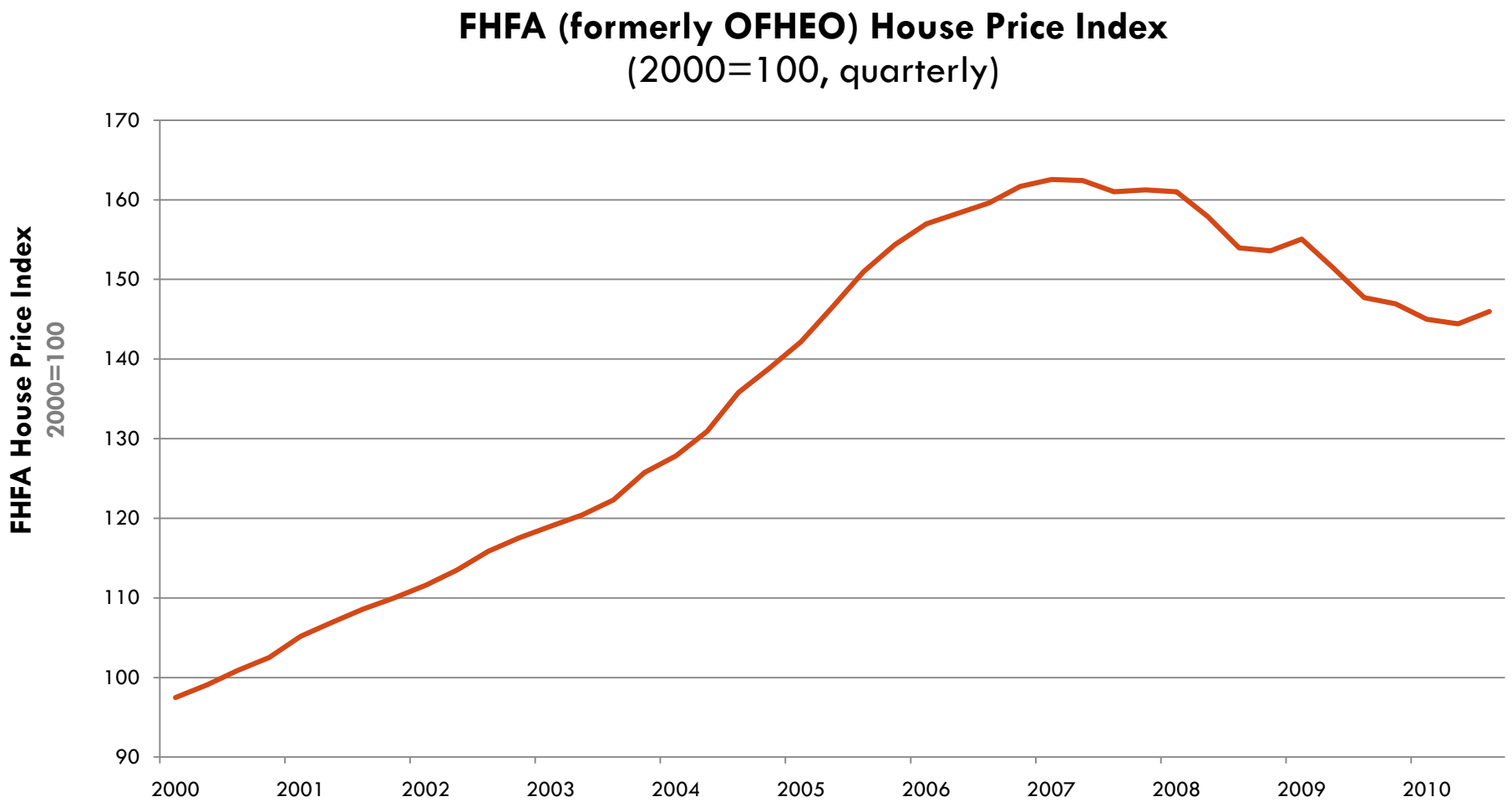
Source: Bureau of Labor Statistics, November 2010

Case-Shiller Index shows continued softness in housing market



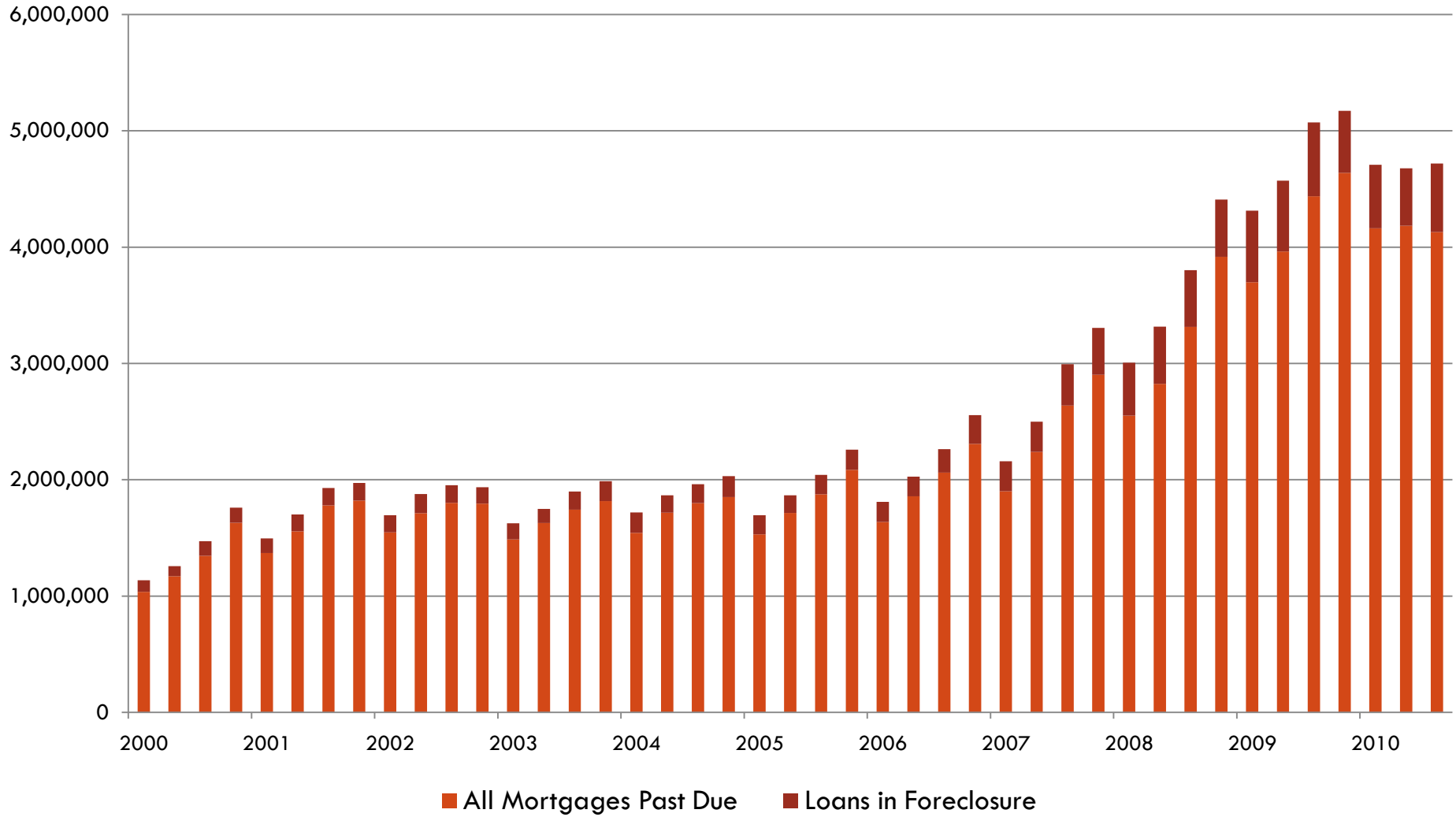
Source: Case - Shiller Home Price Index

FHFA House Price Index rises slightly in 3rd Qtr of 2010



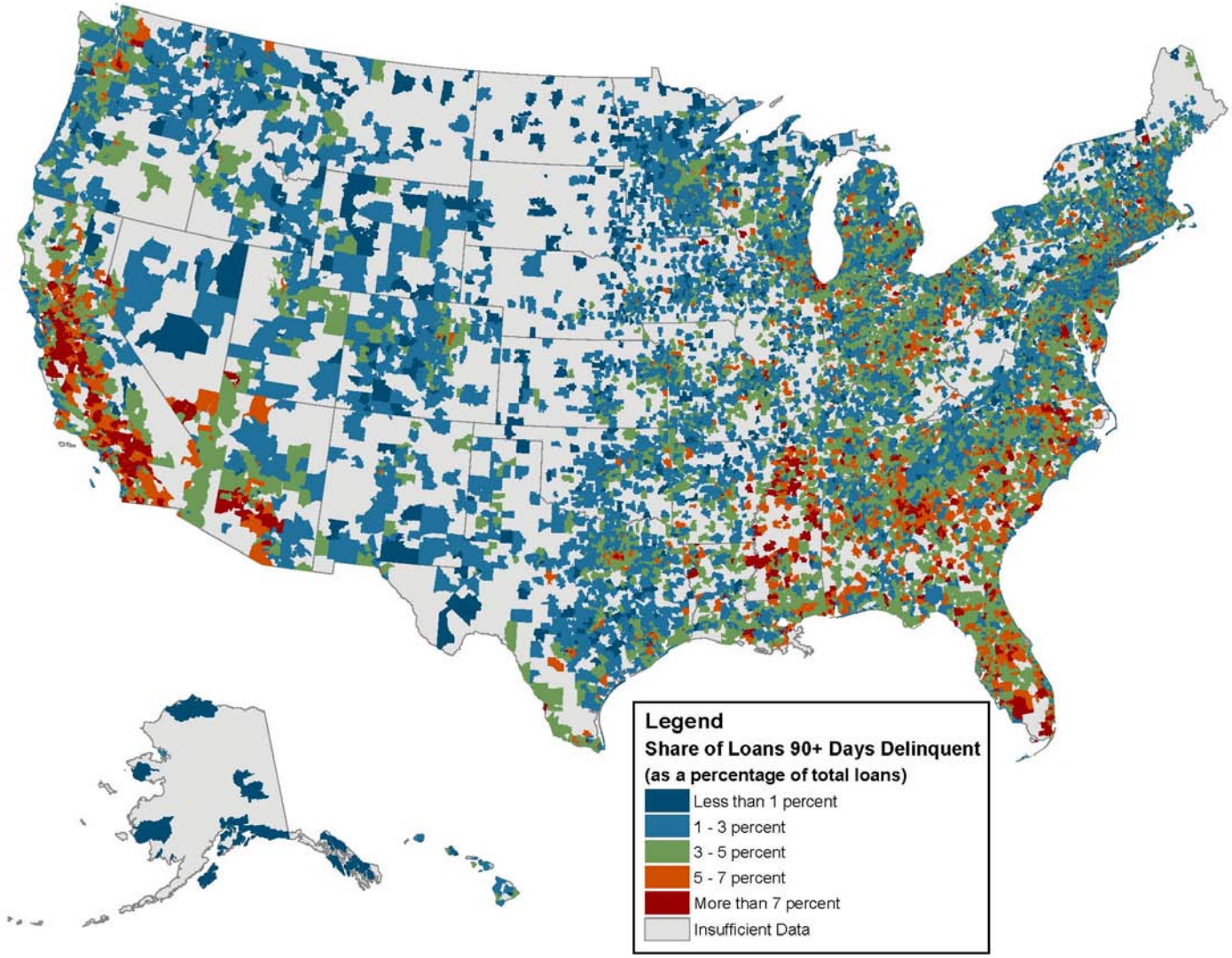
Source: Federal Housing Finance Agency (formerly OFHEO), includes refinancing and is not seasonally adjusted

Nationally, delinquencies drop in 2010, but still more than 4.5 million homes in distress



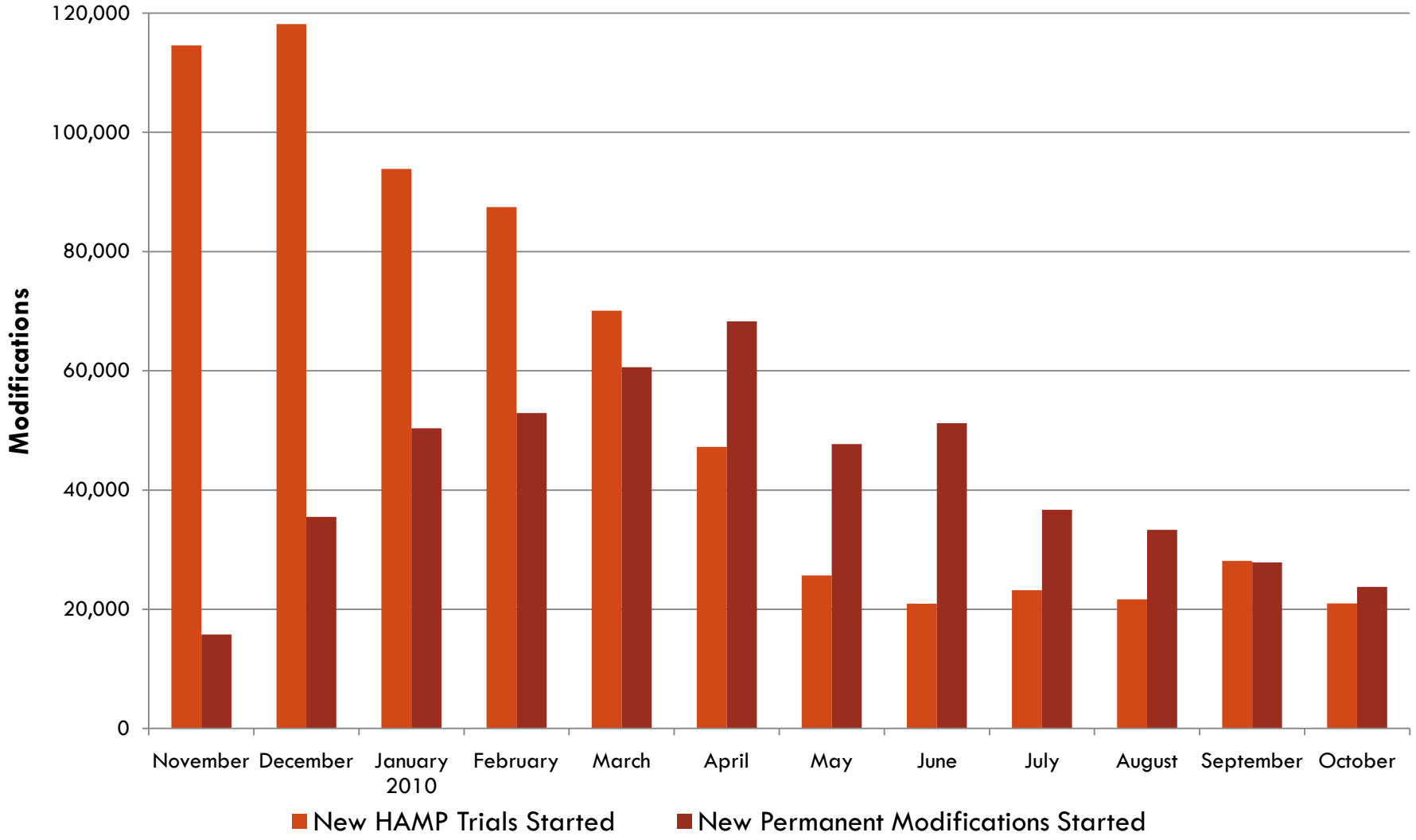
Source: Mortgage Bankers Association, National Delinquency Survey

Despite improvement, high rates of delinquency remain concentrated in western and southern states



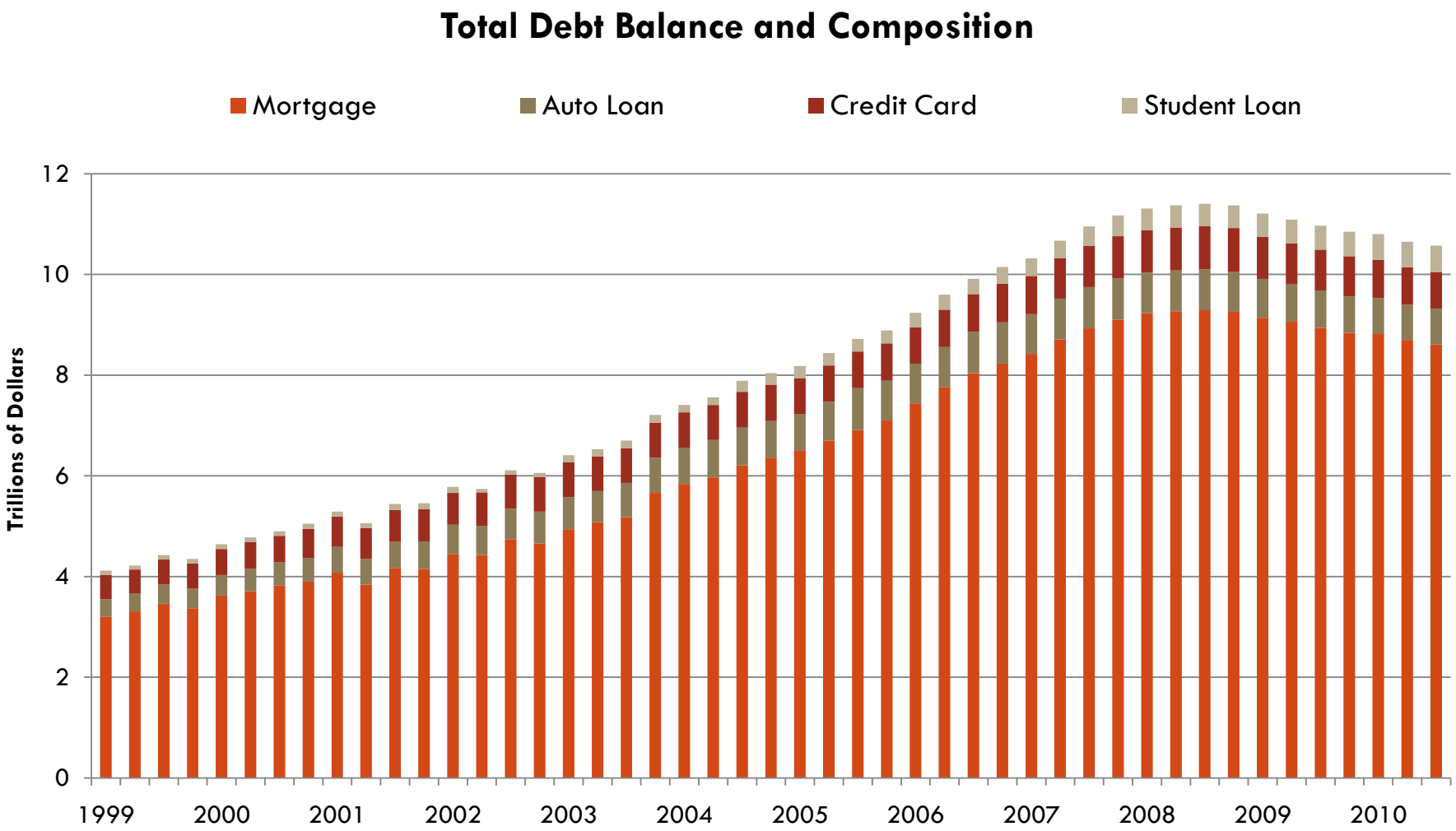
Source: Lender Processing Service Inc. Applied Analytics, November 2010

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



Source: HAMP Service Performance Report Through October 2010

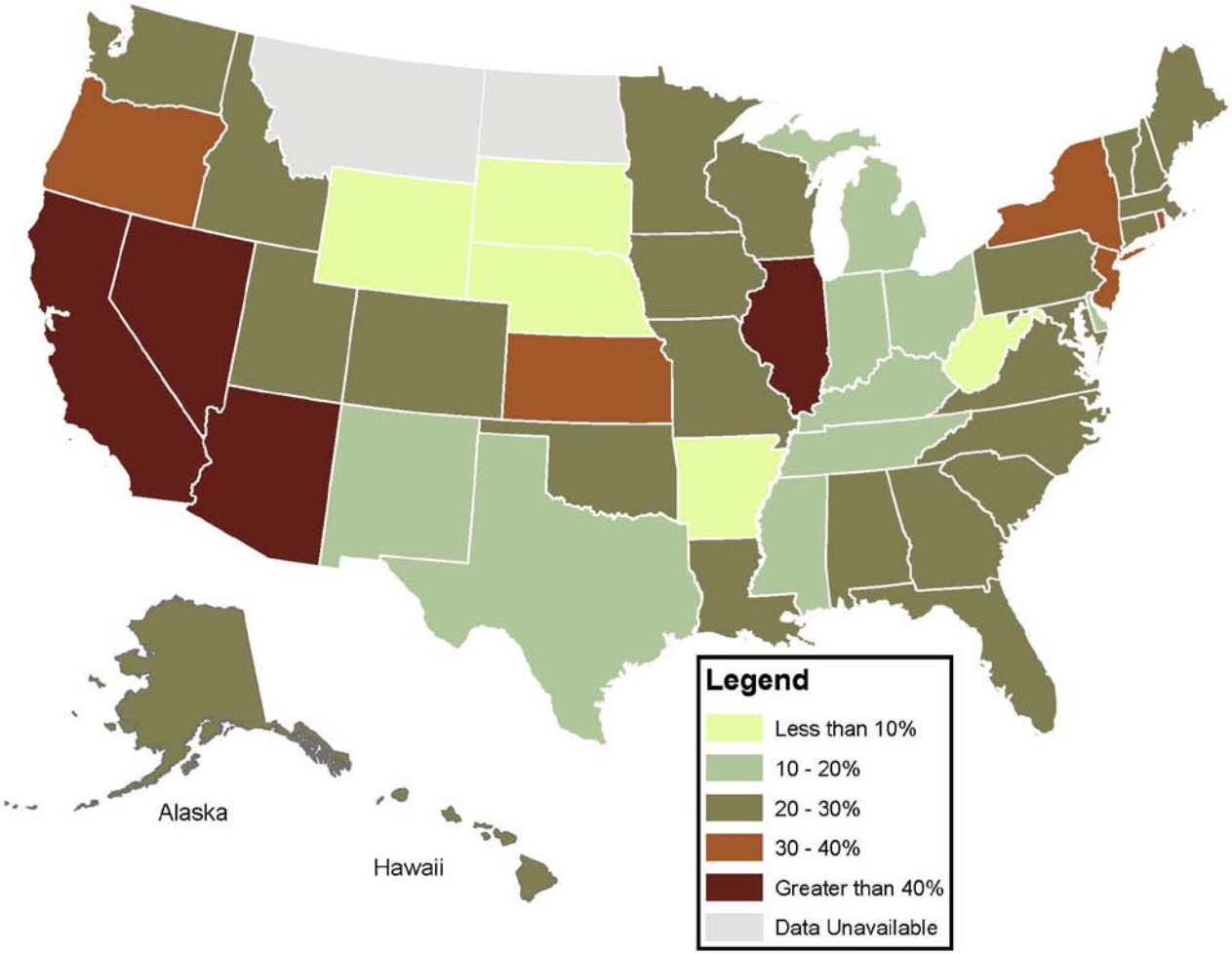
Household debt falling from 2008 peak



Source: Federal Reserve Bank of New York

Many states within 12th District face severe budget shortfalls

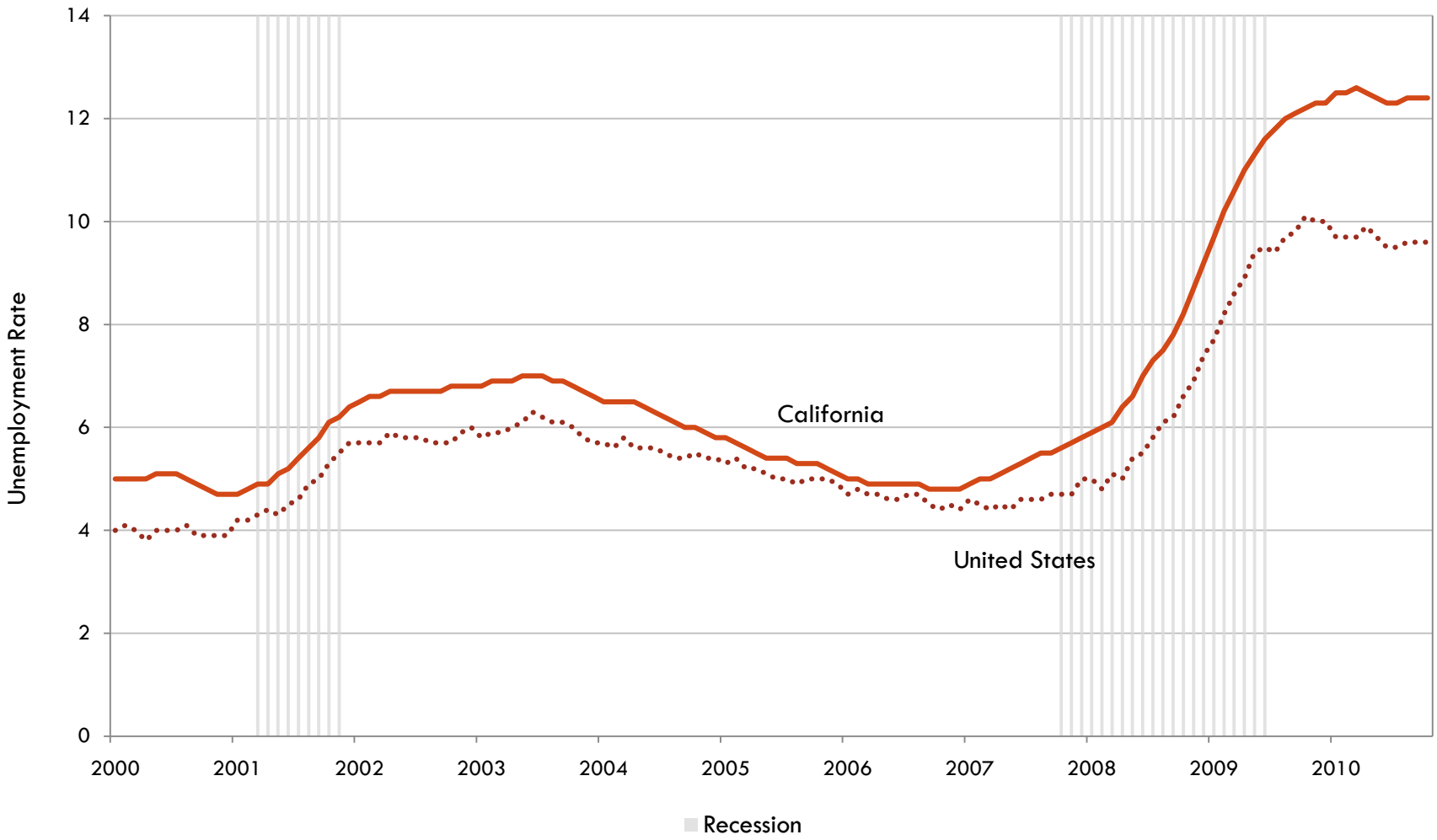
Total End-of-Year Shortfall as Percentage of 2010 Budget



Source: Data from Center for Budget and Policy Priorities

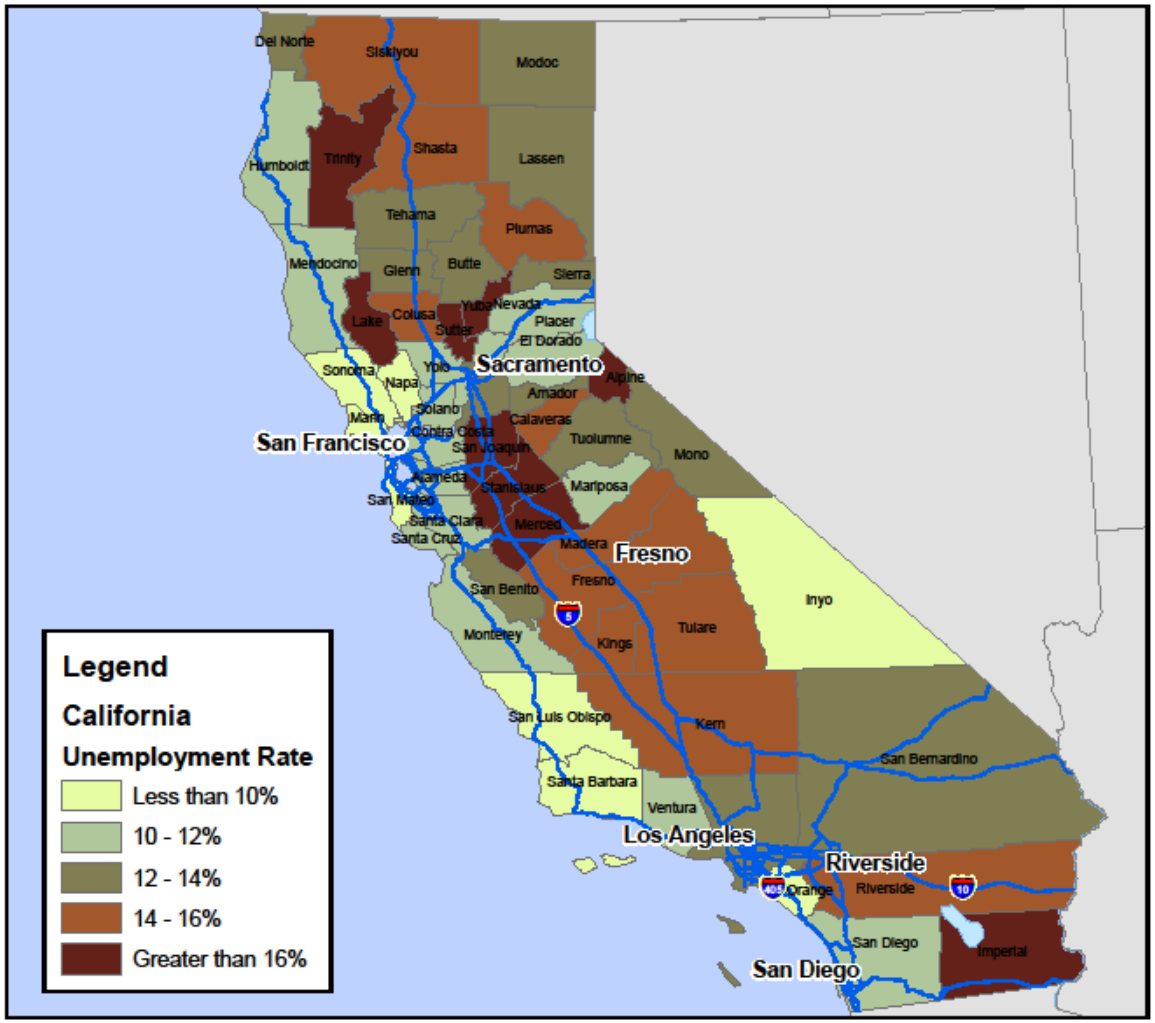
California Trends

California's unemployment still well above national average



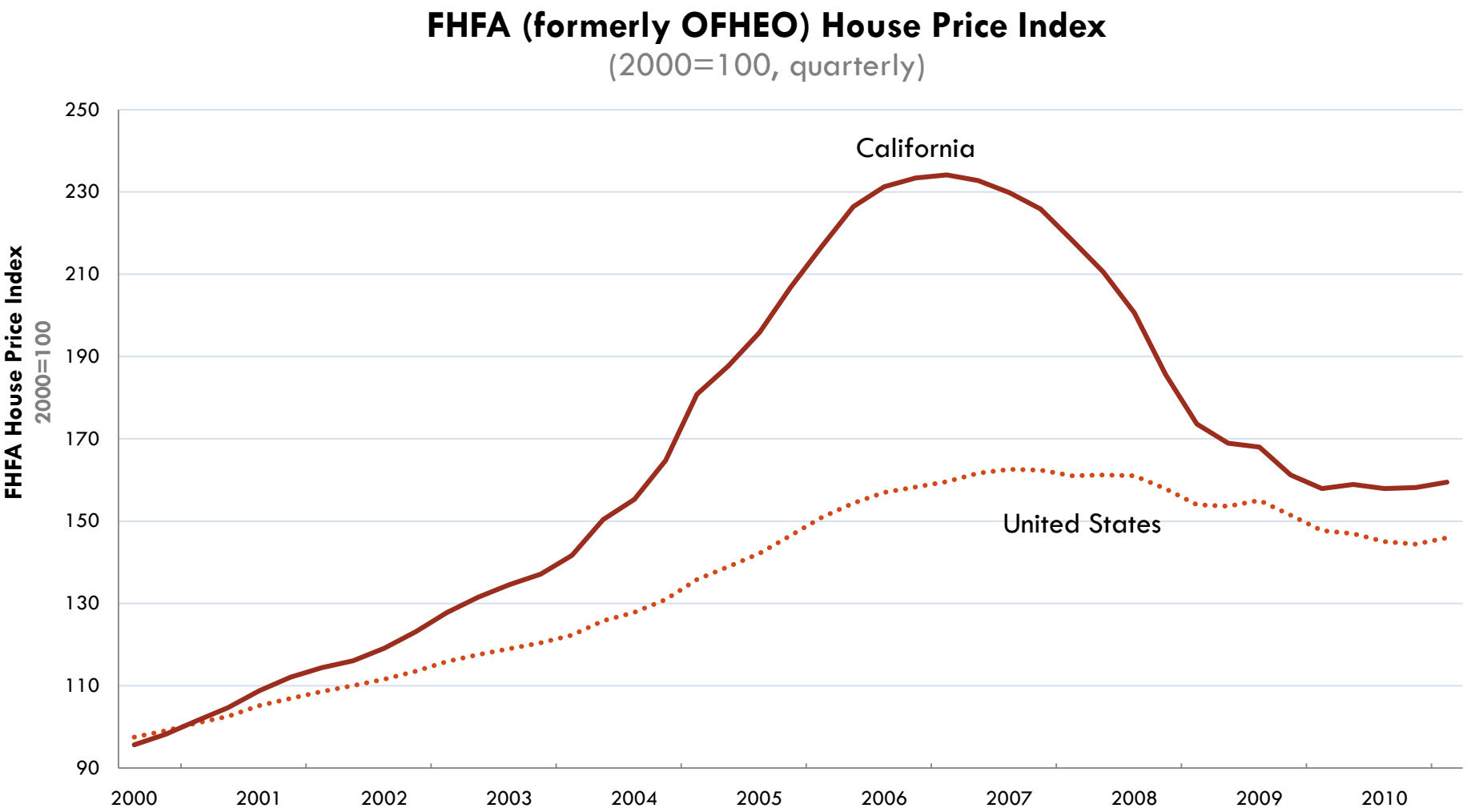
Source: Bureau of Labor Statistics

Unemployment rates particularly high in Central Valley and Inland Empire



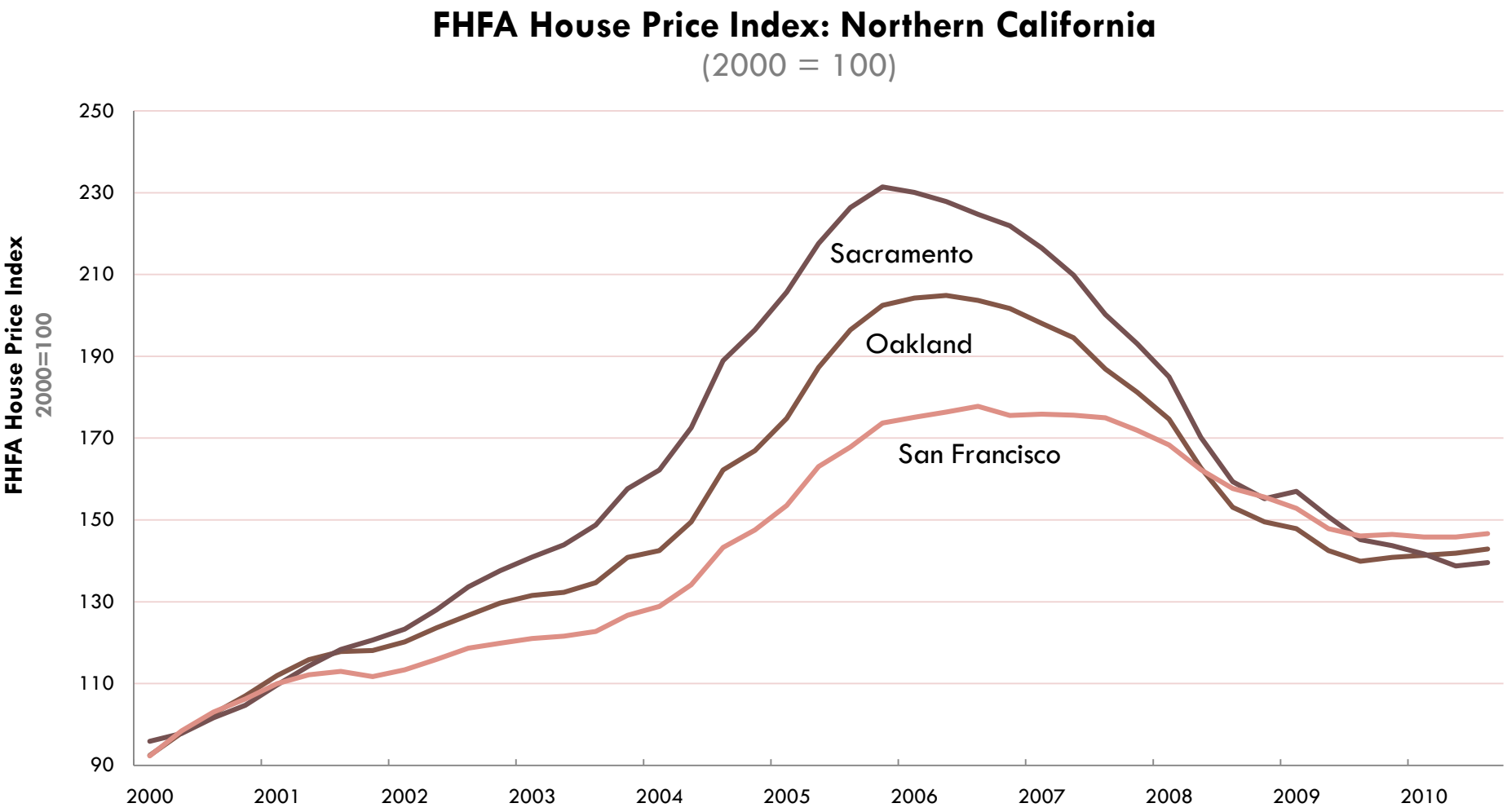
Source: Bureau of Labor Statistics, October 2010

California house prices appear to be stabilizing



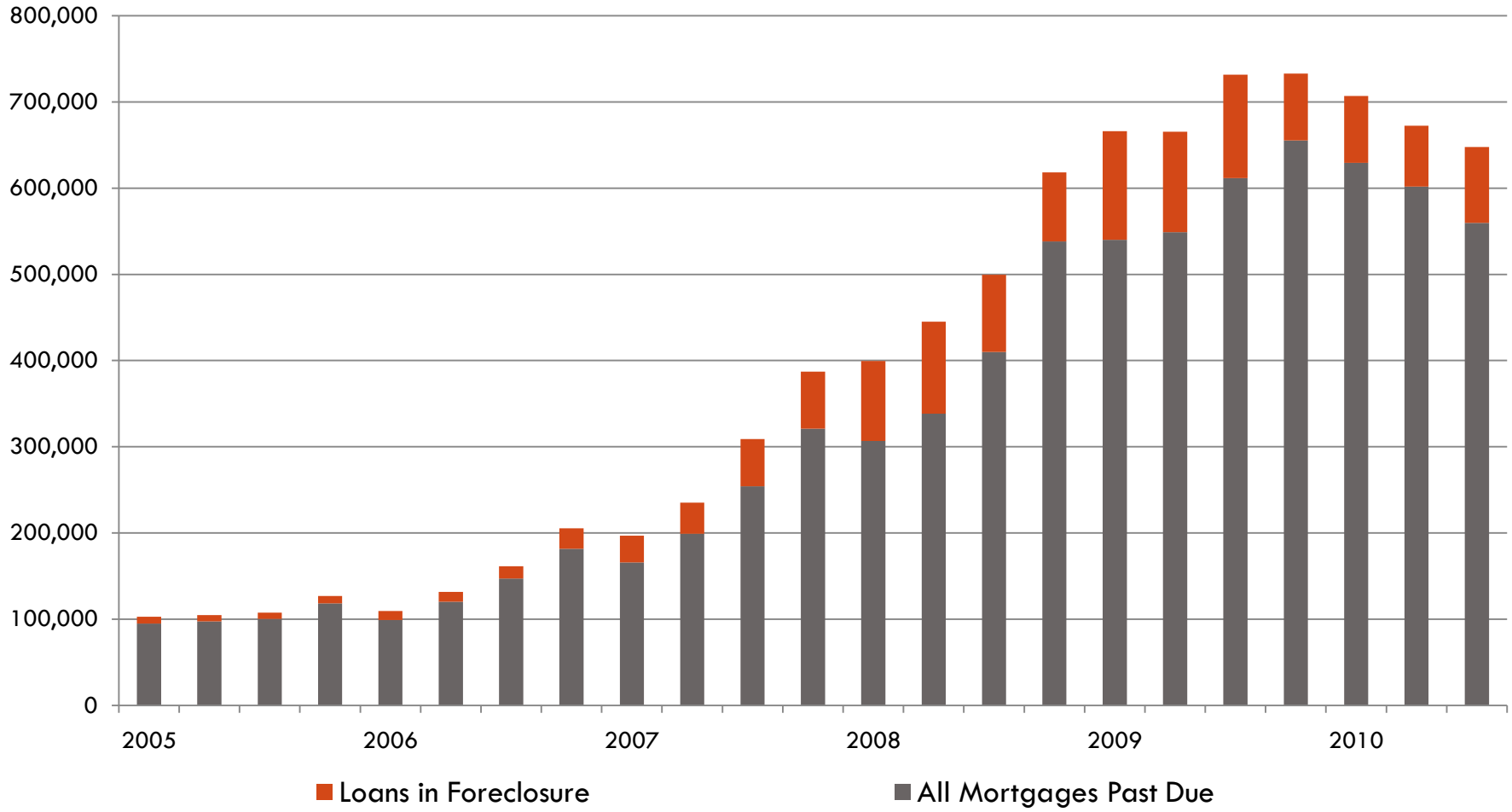
Source: Federal Housing Finance Agency (formerly OFHEO)

Northern California house prices steady



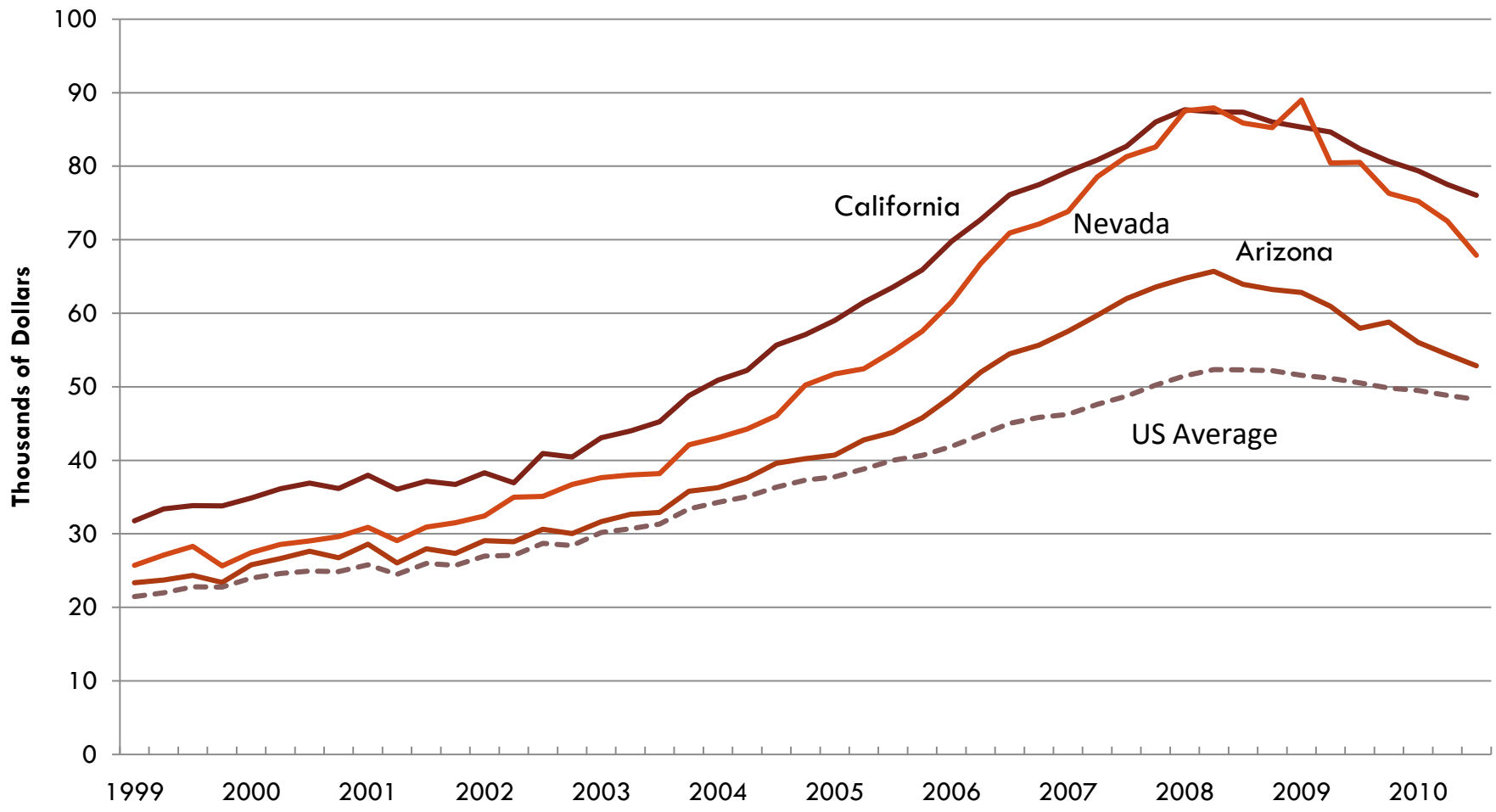
Source: Federal Housing Finance Agency (formerly OFHEO)

Number of delinquent mortgages seems to be stabilizing, but number of properties in foreclosure process rises



Source: Mortgage Bankers Association, National Delinquency Survey

Average household debt falling from 2008 national peak



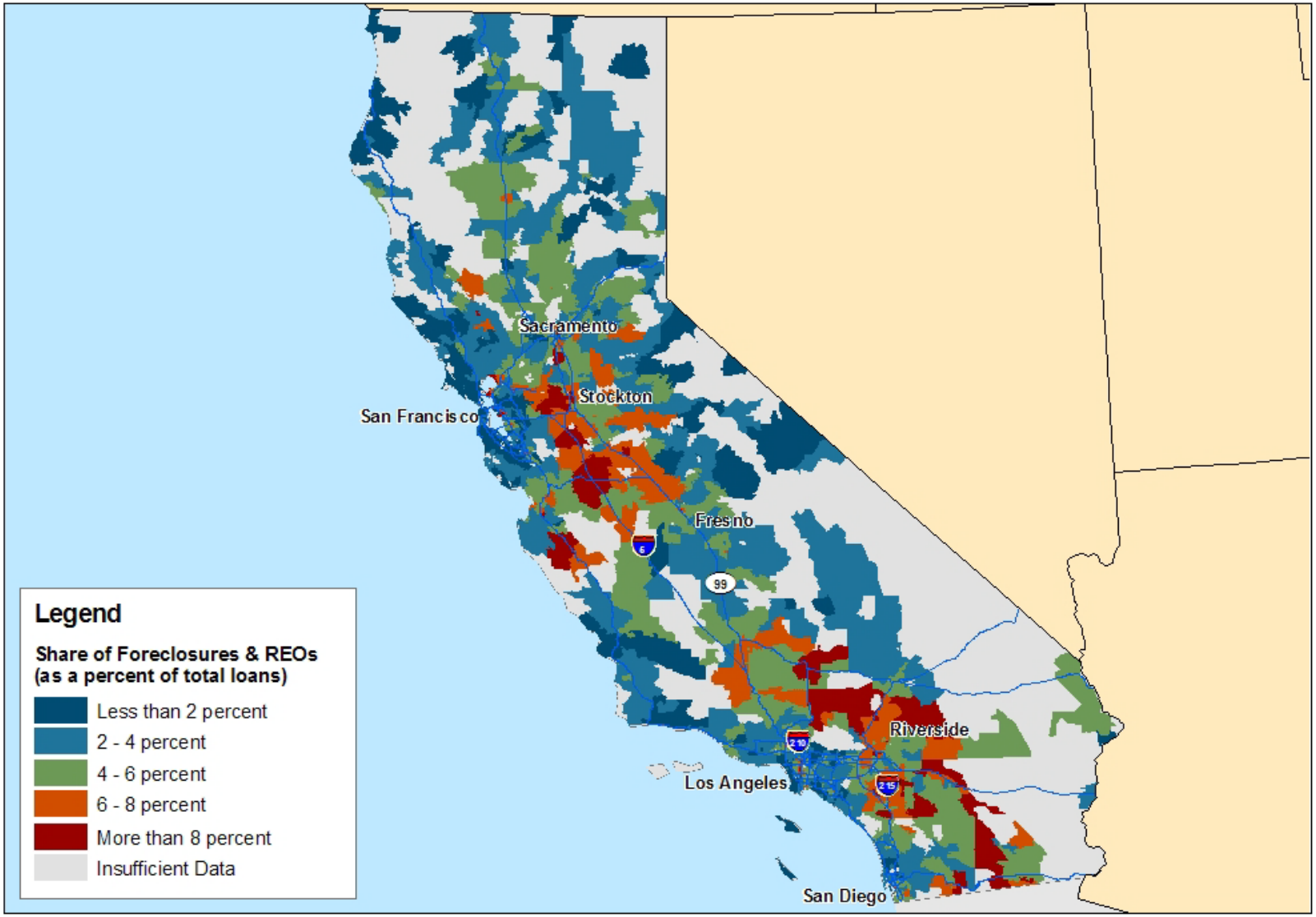
Source: Federal Reserve Bank of NY

Household debt includes: mortgage accounts, HE revolving accounts, auto loans, credit cards, and student loans

State & Local Data Maps

Areas Affected by Concentrated Foreclosures

July 2010



Source: Lender Processing Services Inc. Applied Analytics

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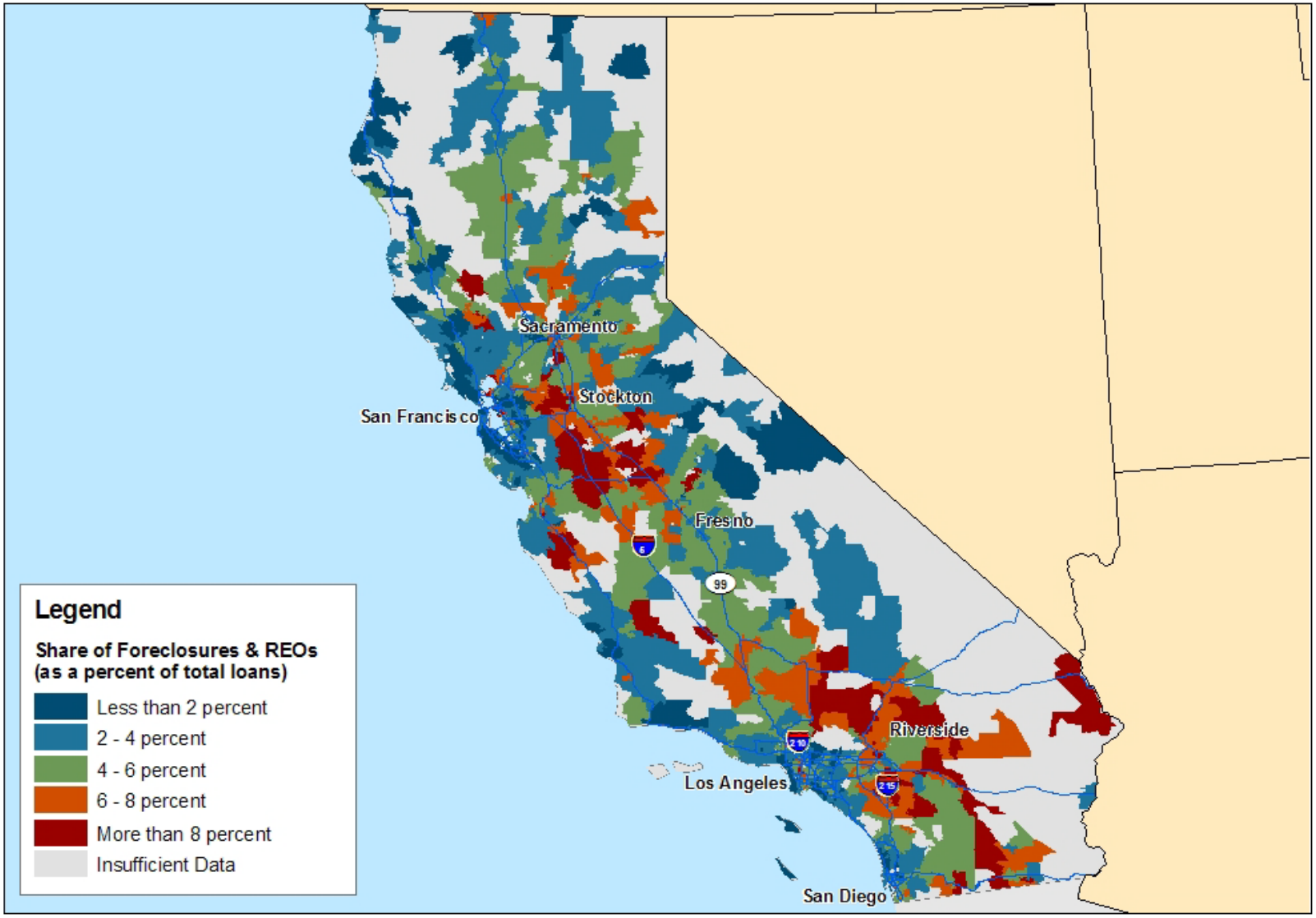

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Areas at Risk of Additional Foreclosures

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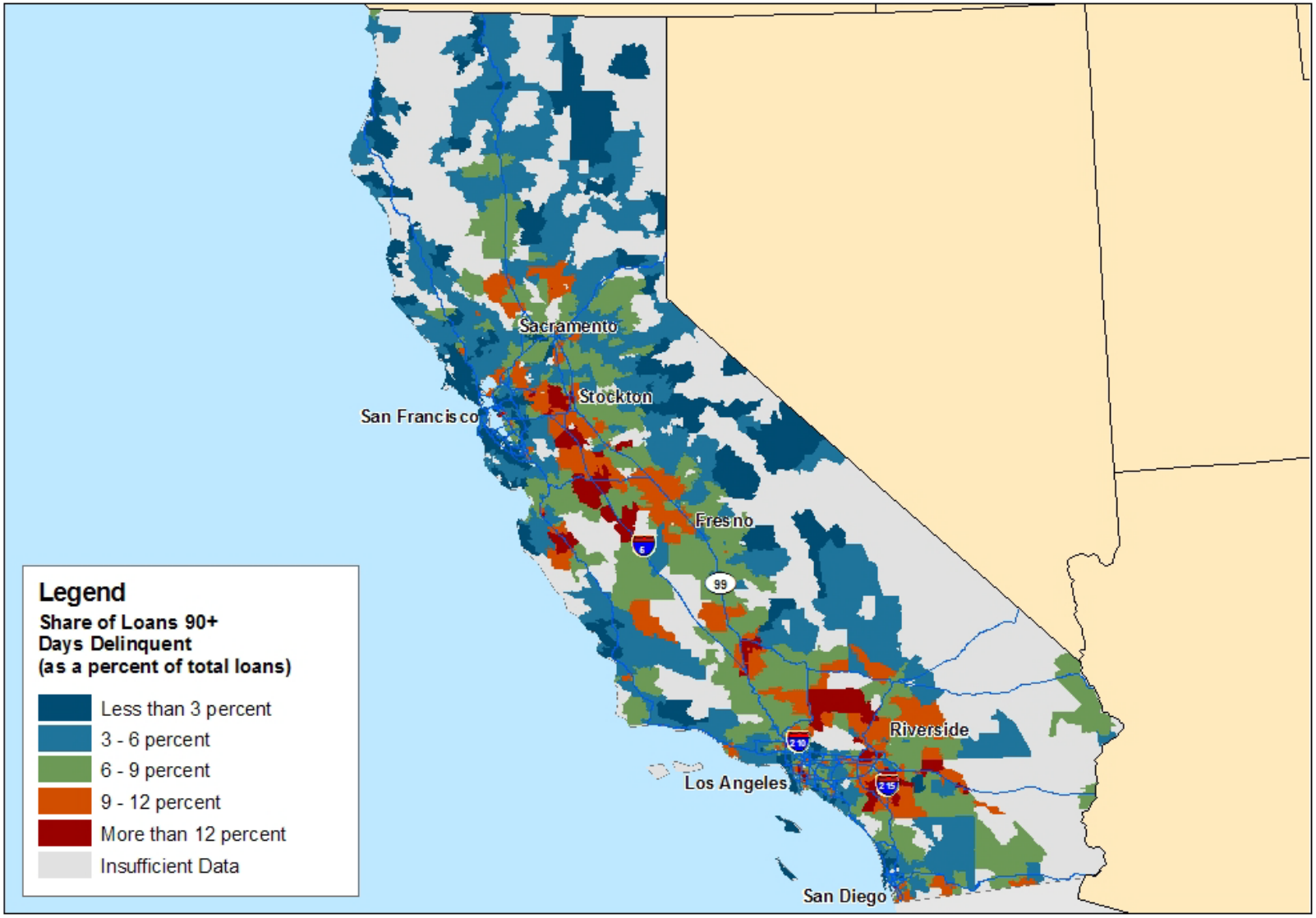

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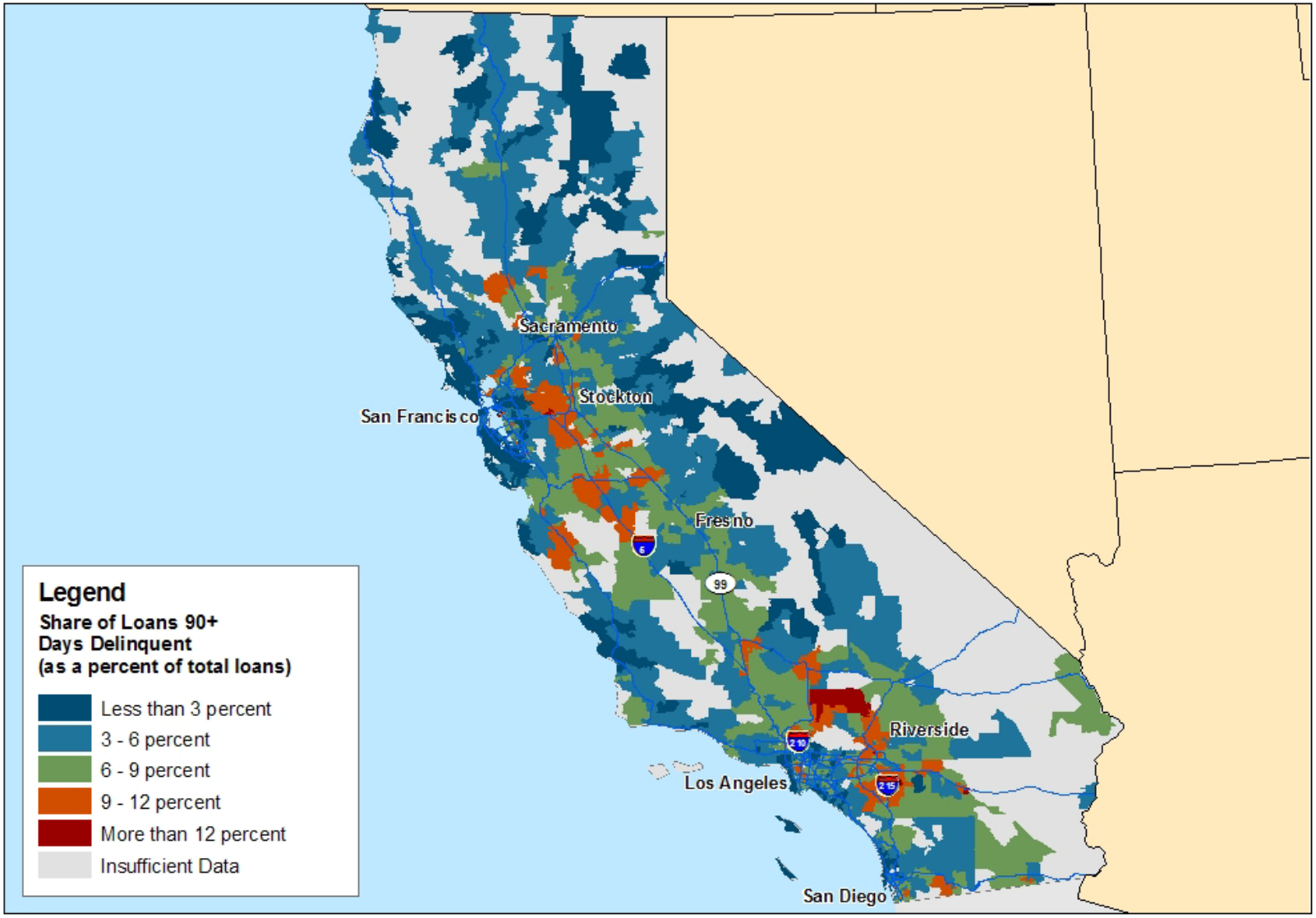

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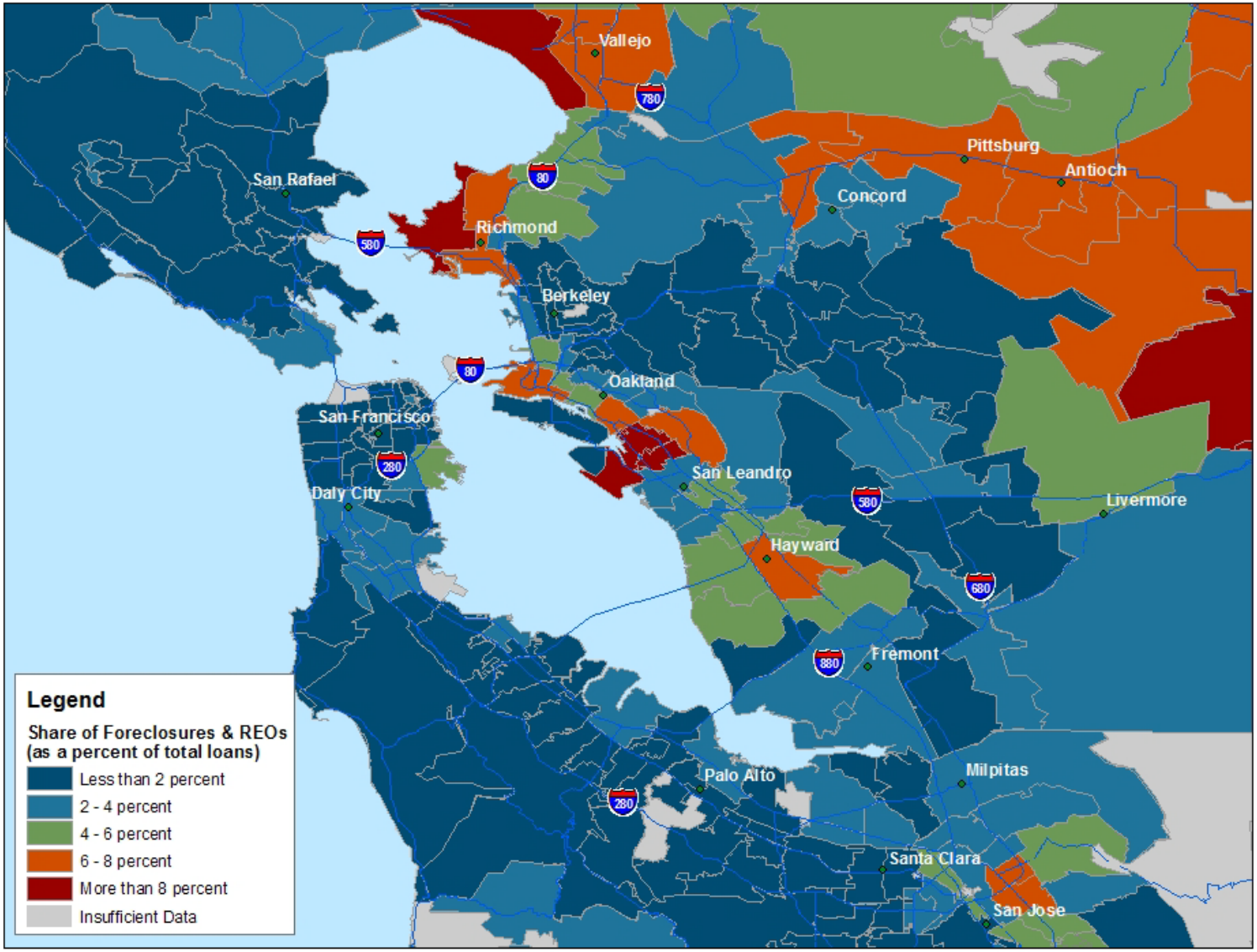

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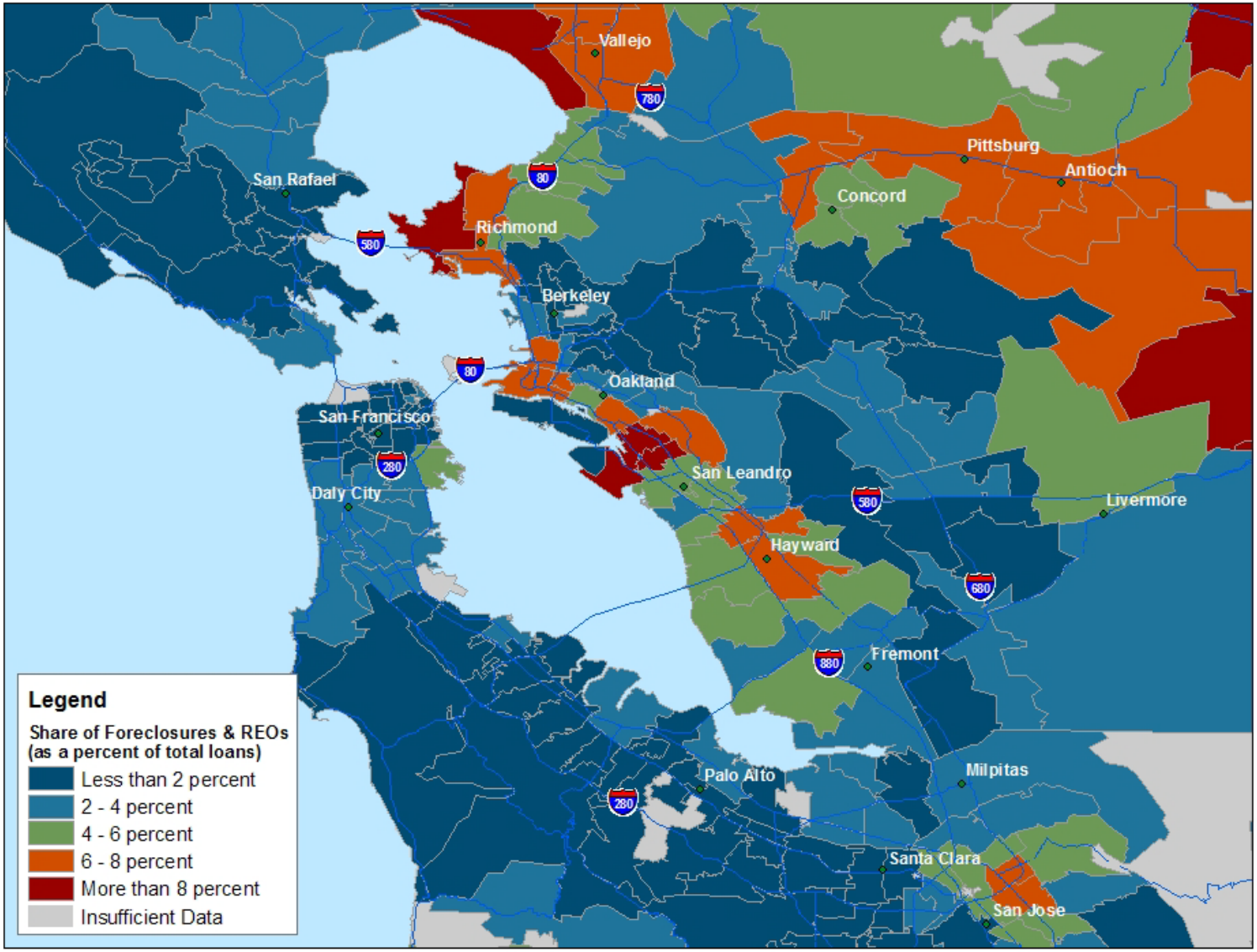

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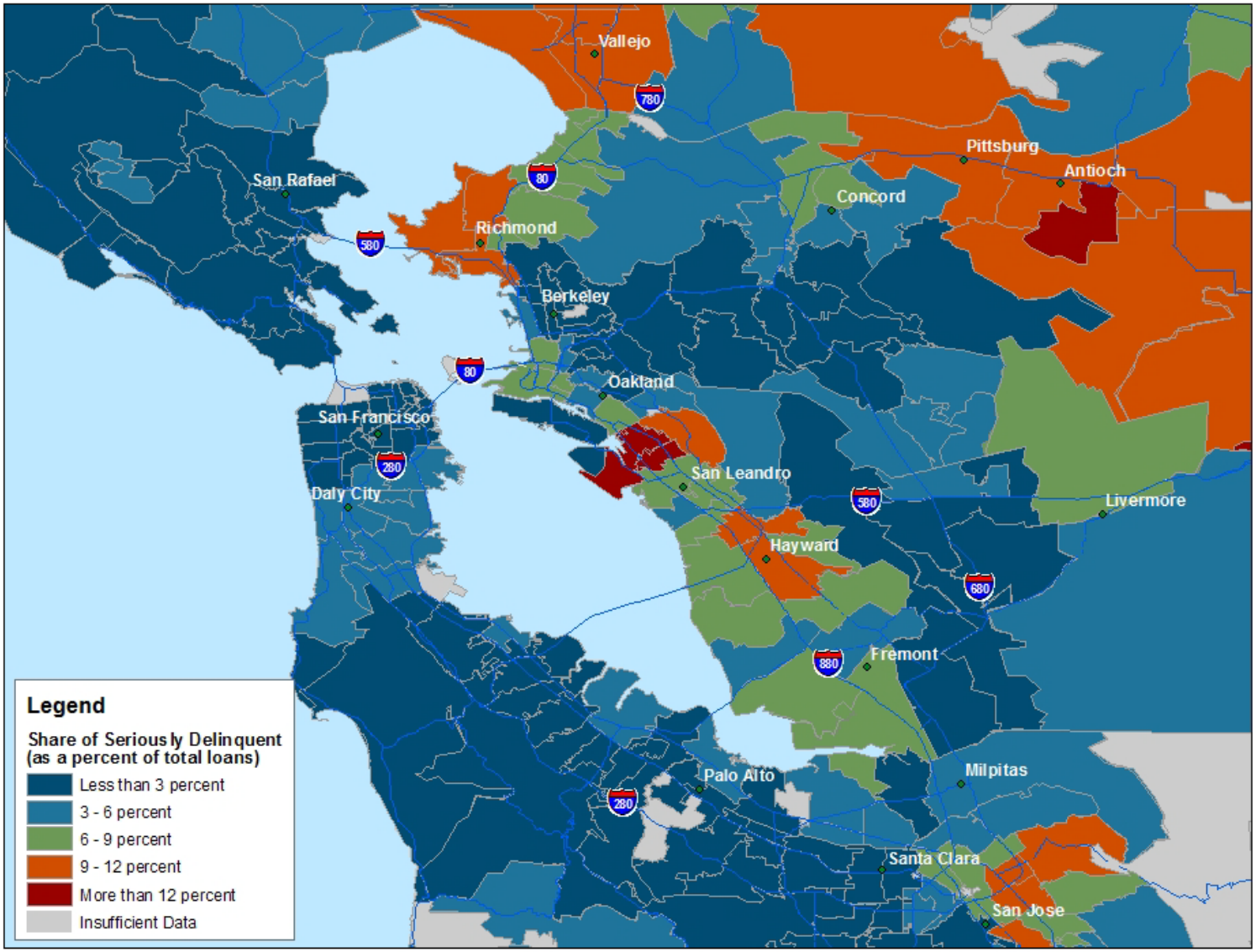

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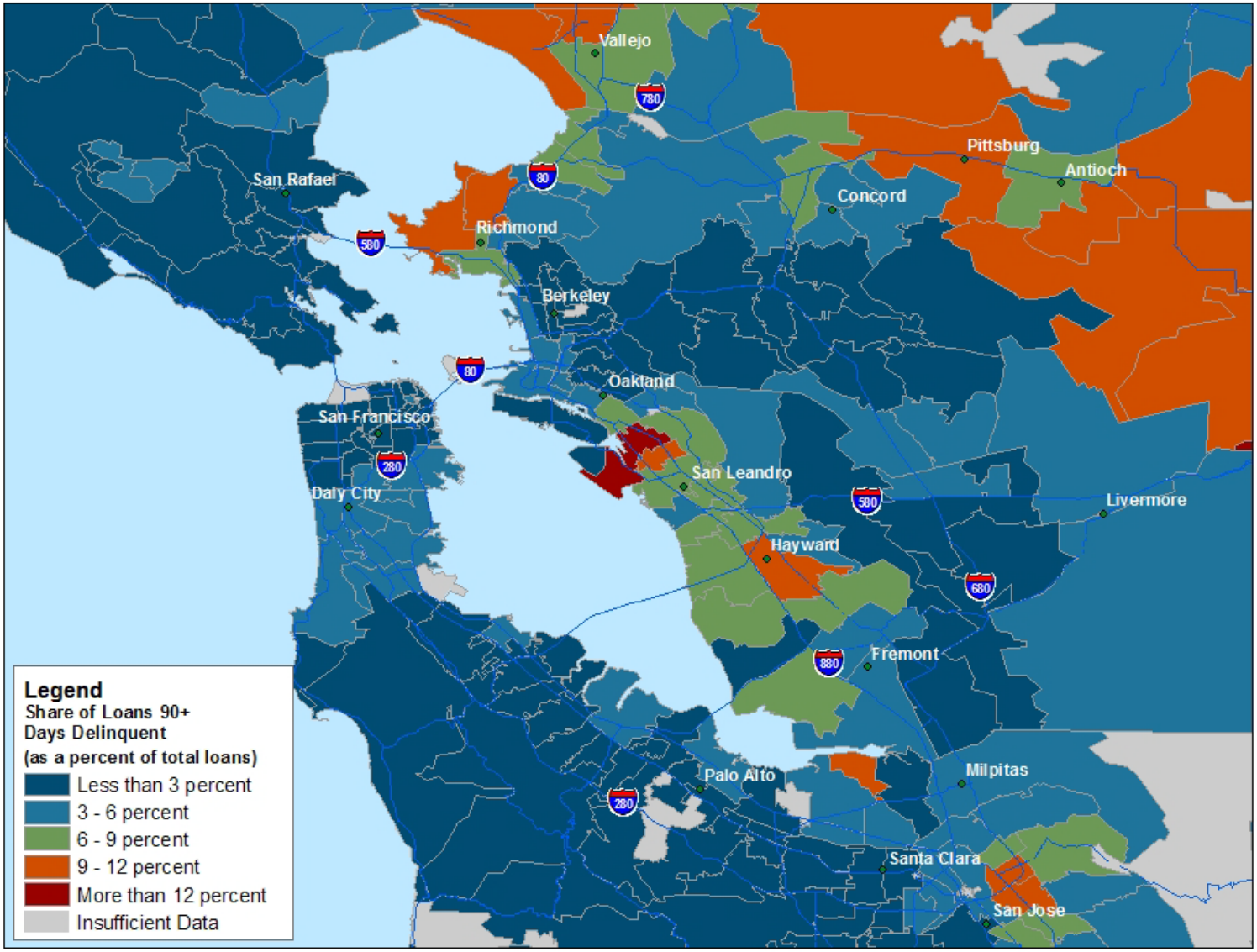

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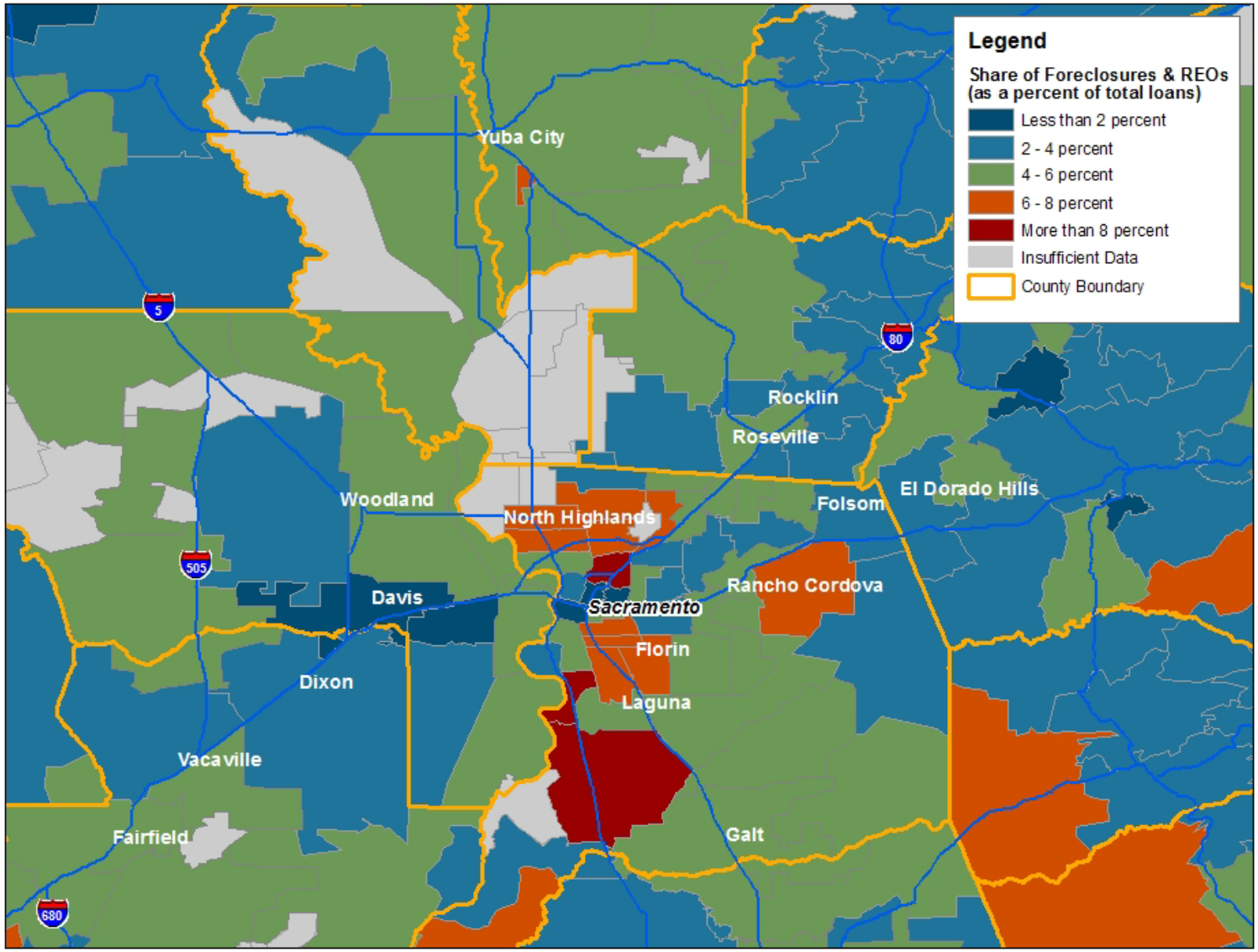

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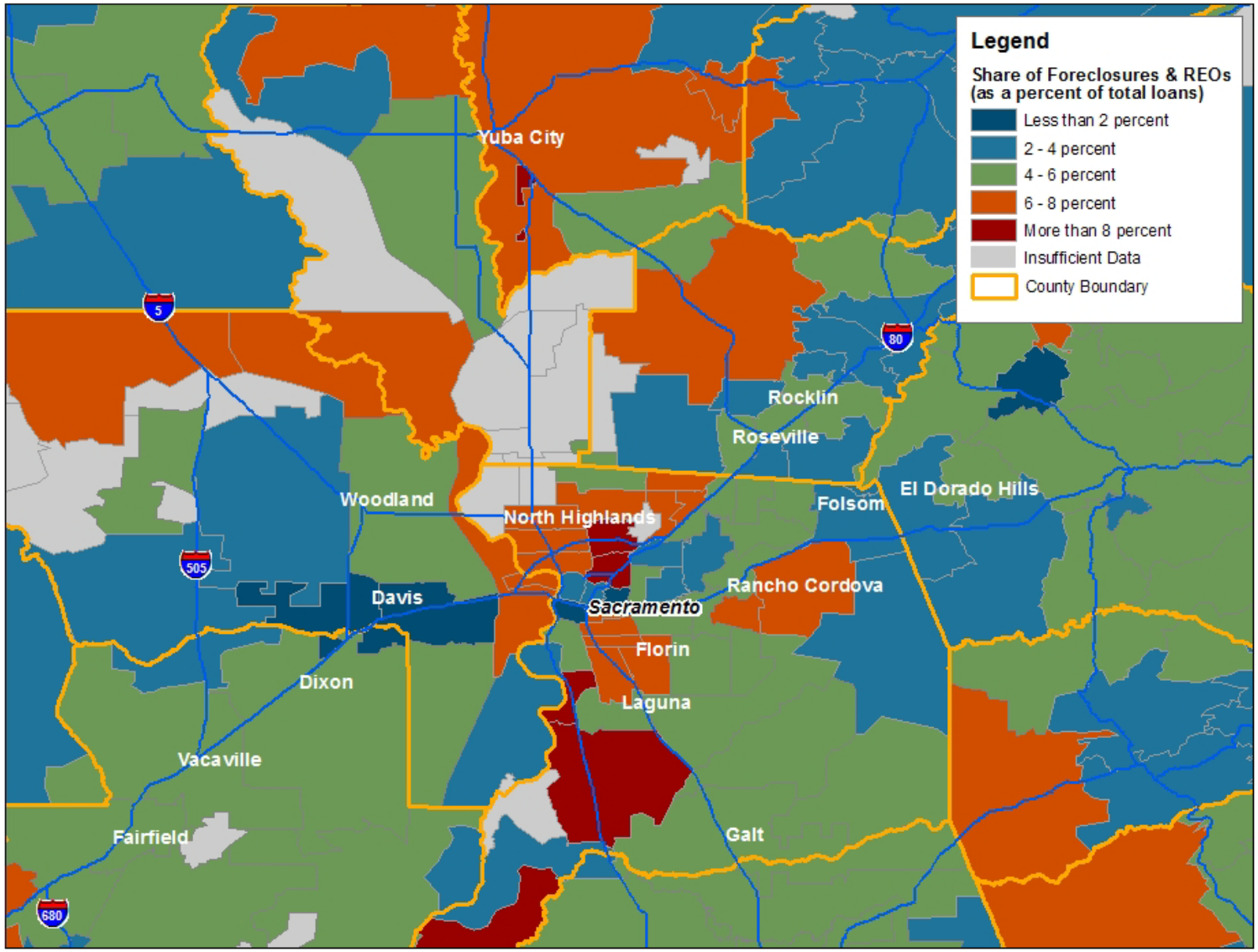

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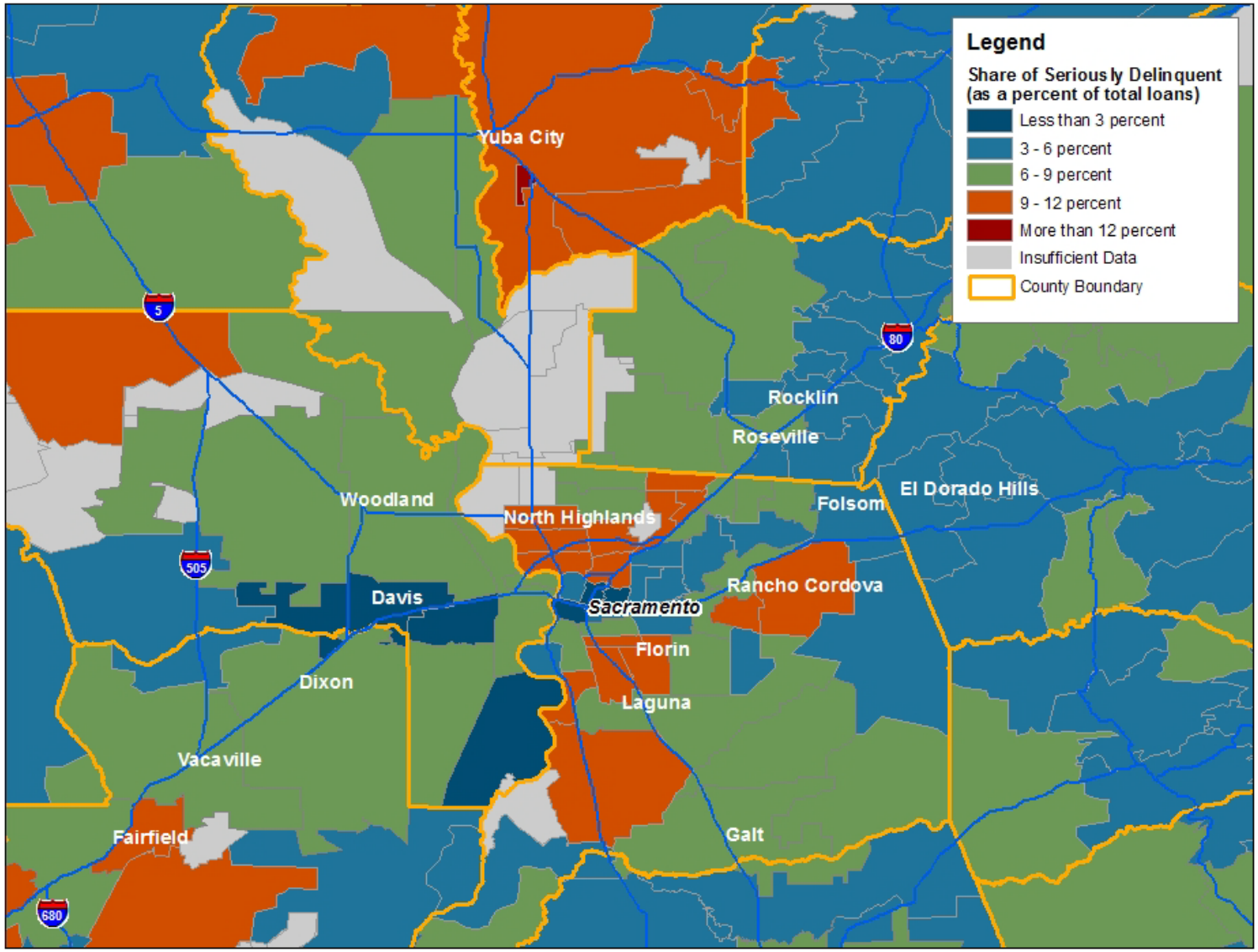

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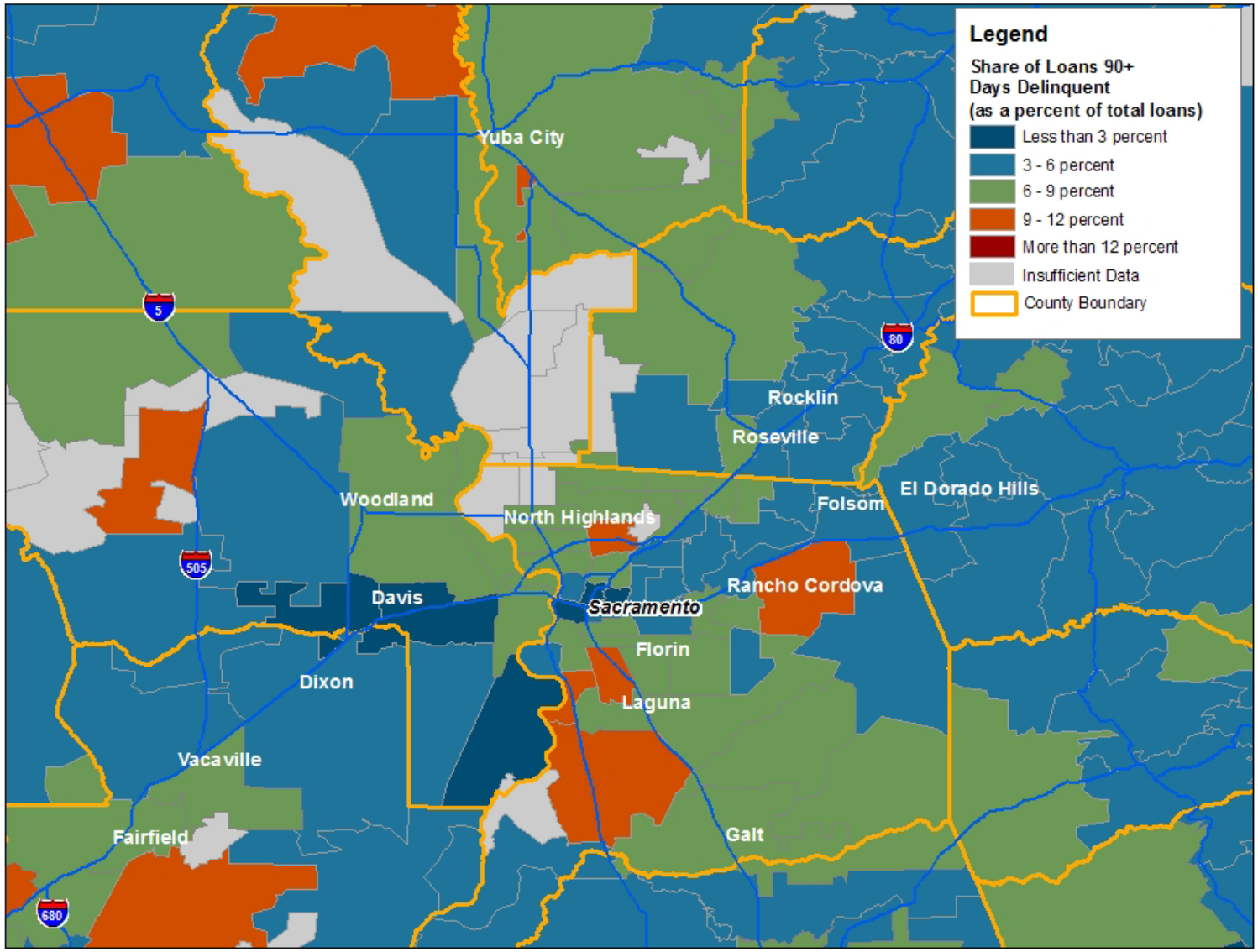

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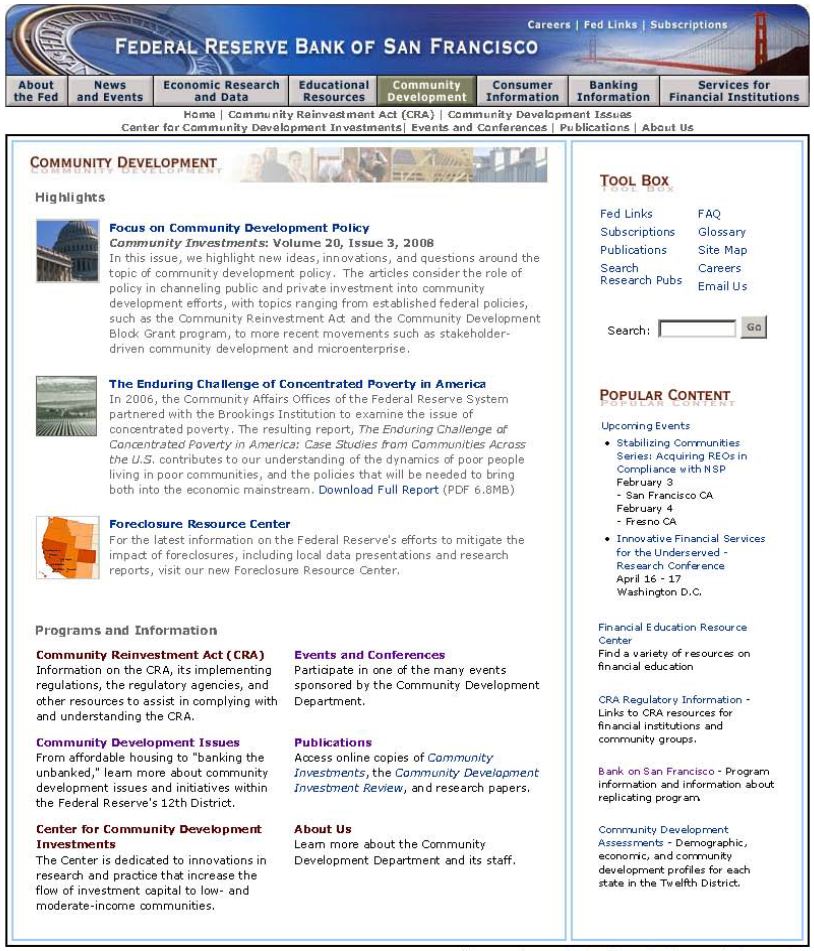
Conclusions

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/