

TRENDS IN DELINQUENCIES AND FORECLOSURES IN NORTHERN CALIFORNIA

May 2010

Community Development Research
Federal Reserve Bank of San Francisco

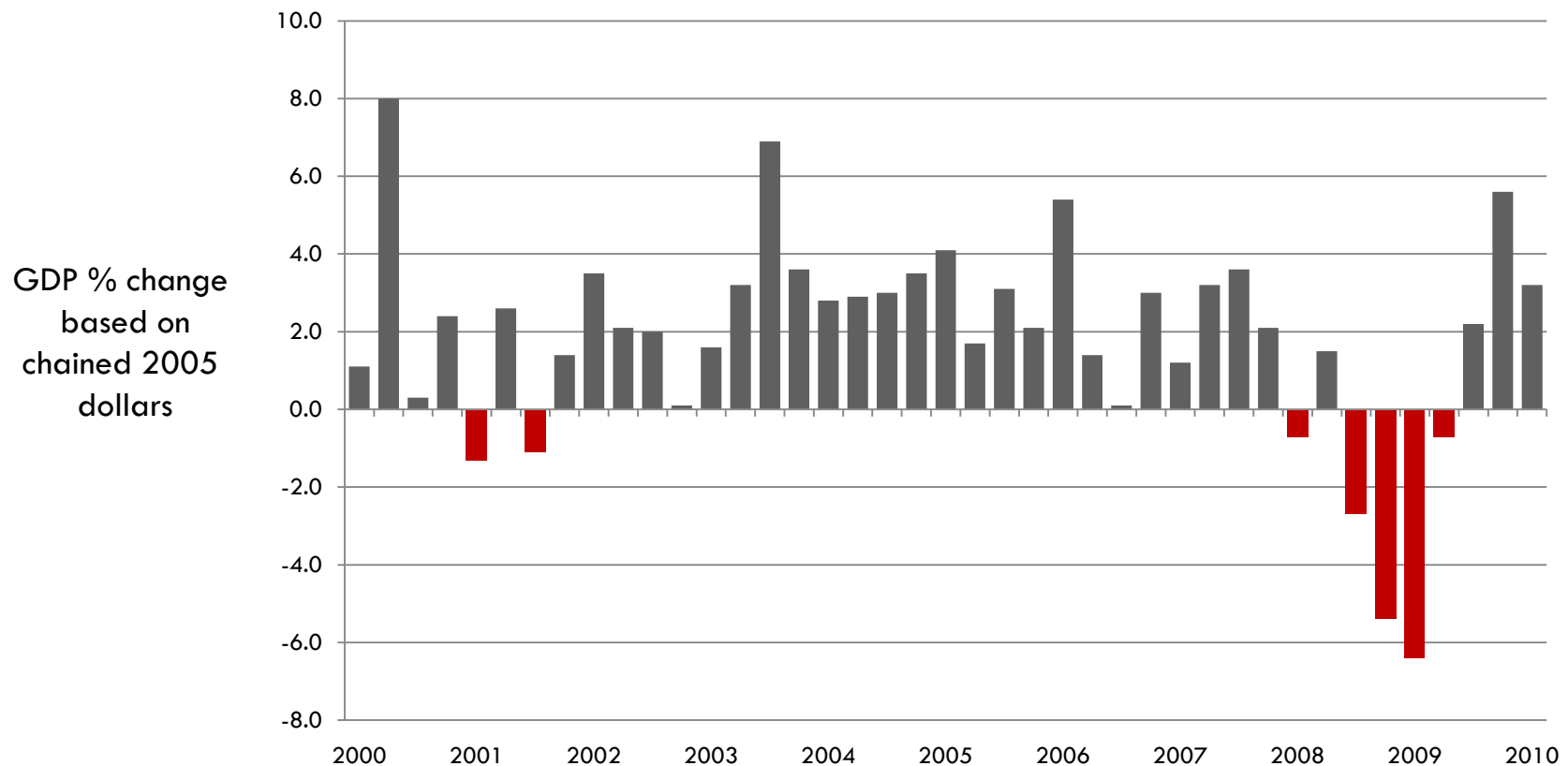
National Trends

- 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 4th 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

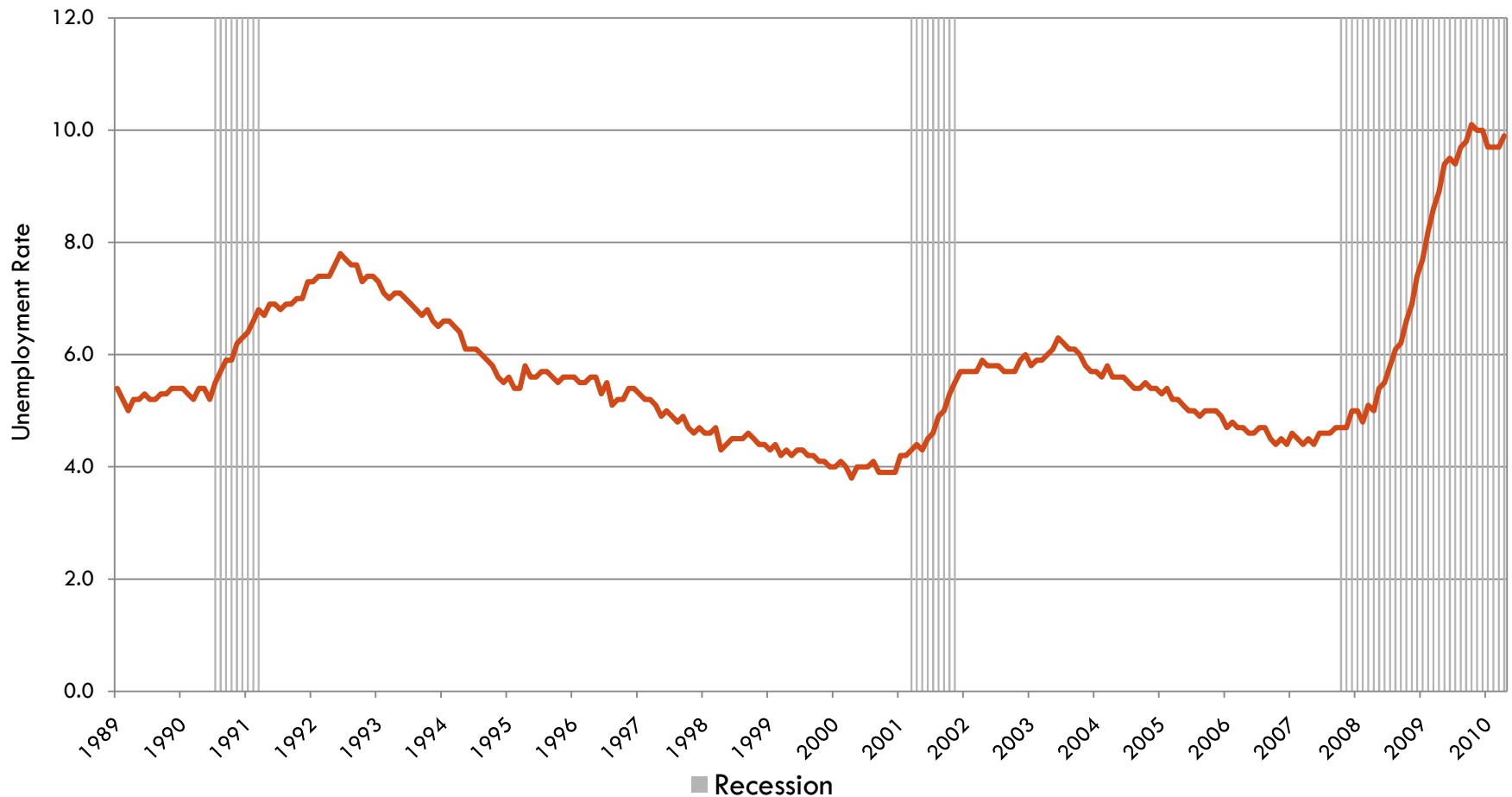
Real Gross Domestic Product
(percent change at seasonally adjusted annual rate)



Source: Bureau of Economic Analysis

Unemployment Continues to Hover Around 10%

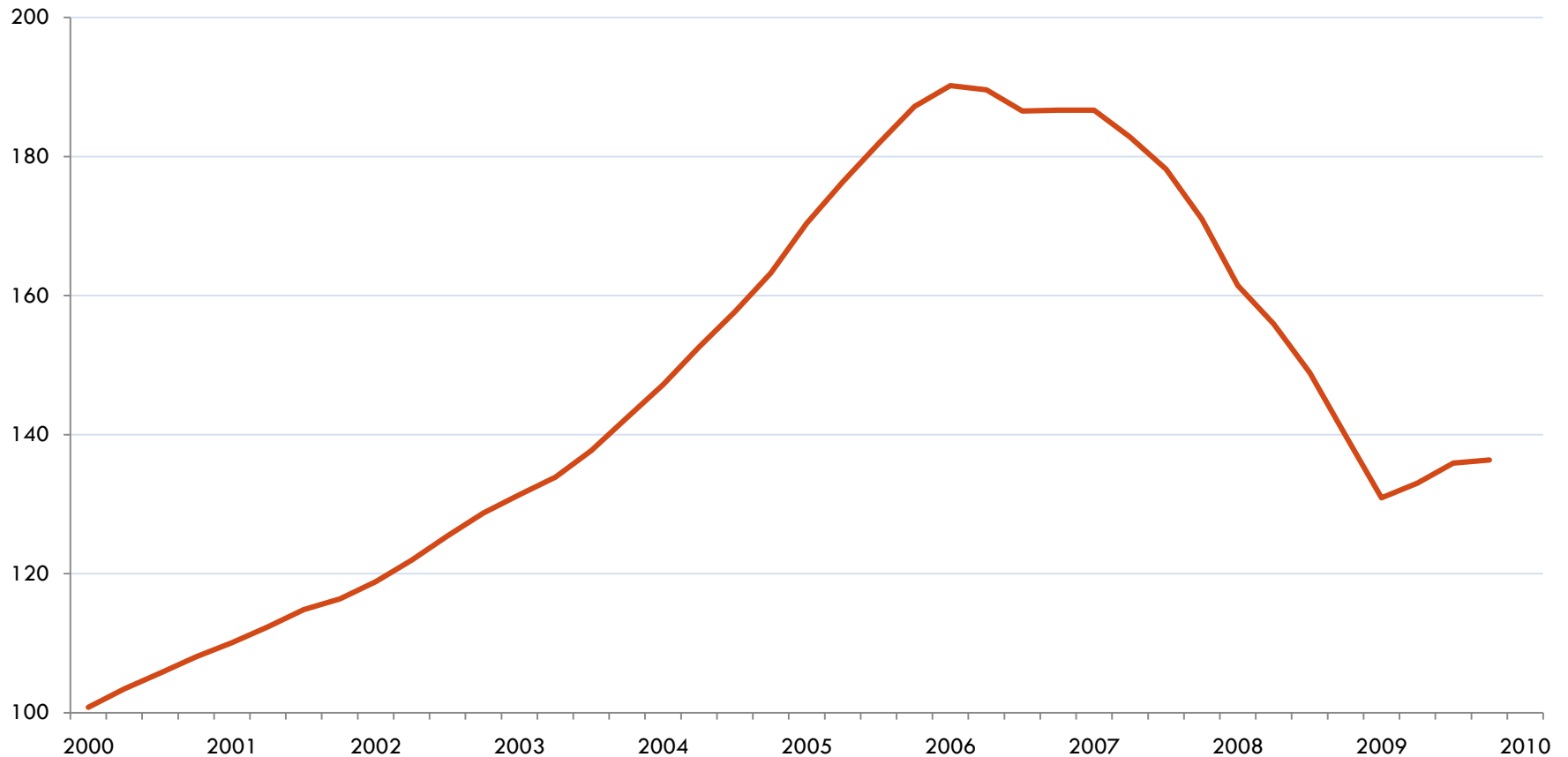
U.S. Unemployment Rate



Source: Bureau of Labor Statistics, April 2010

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

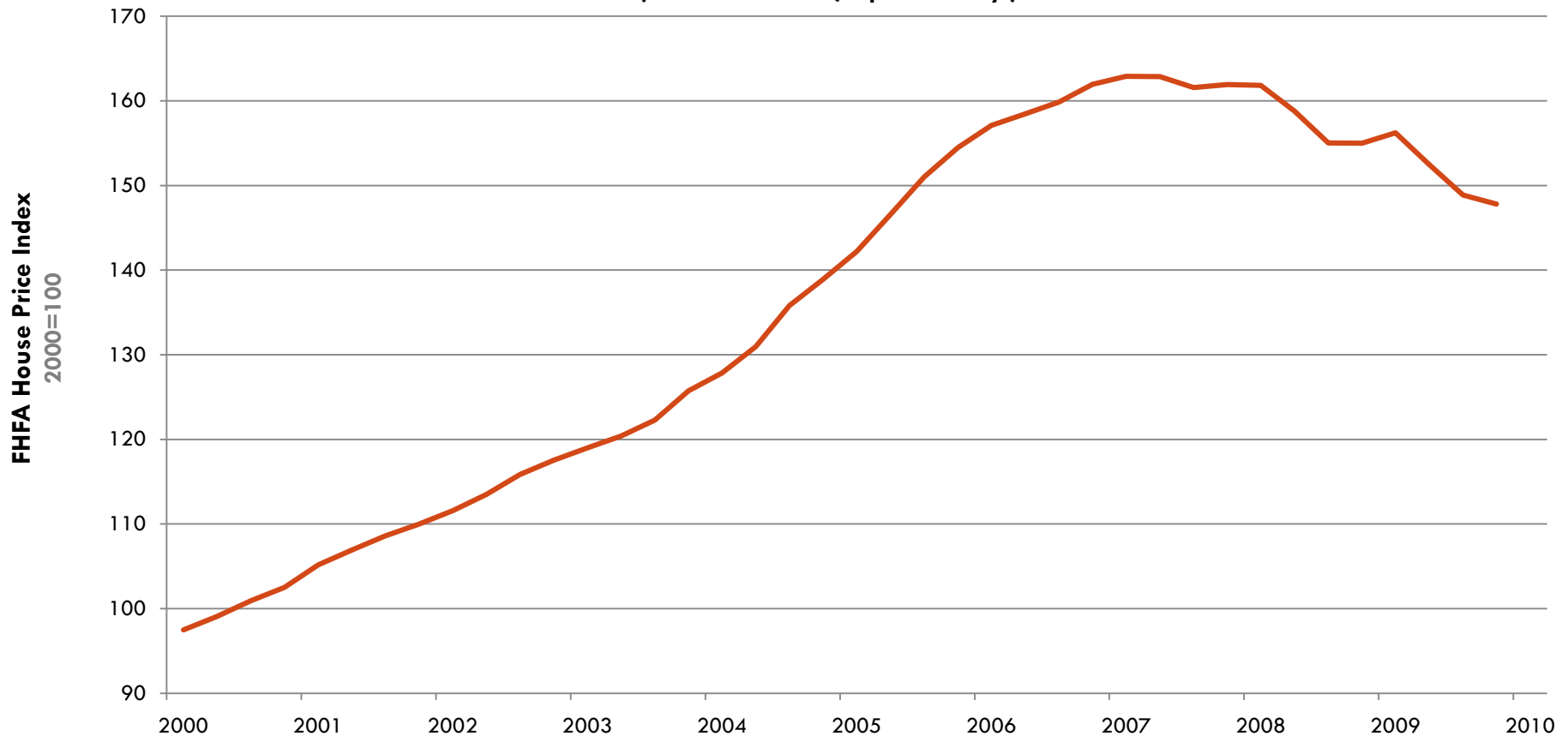
Case-Shiller National House Price Index
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index

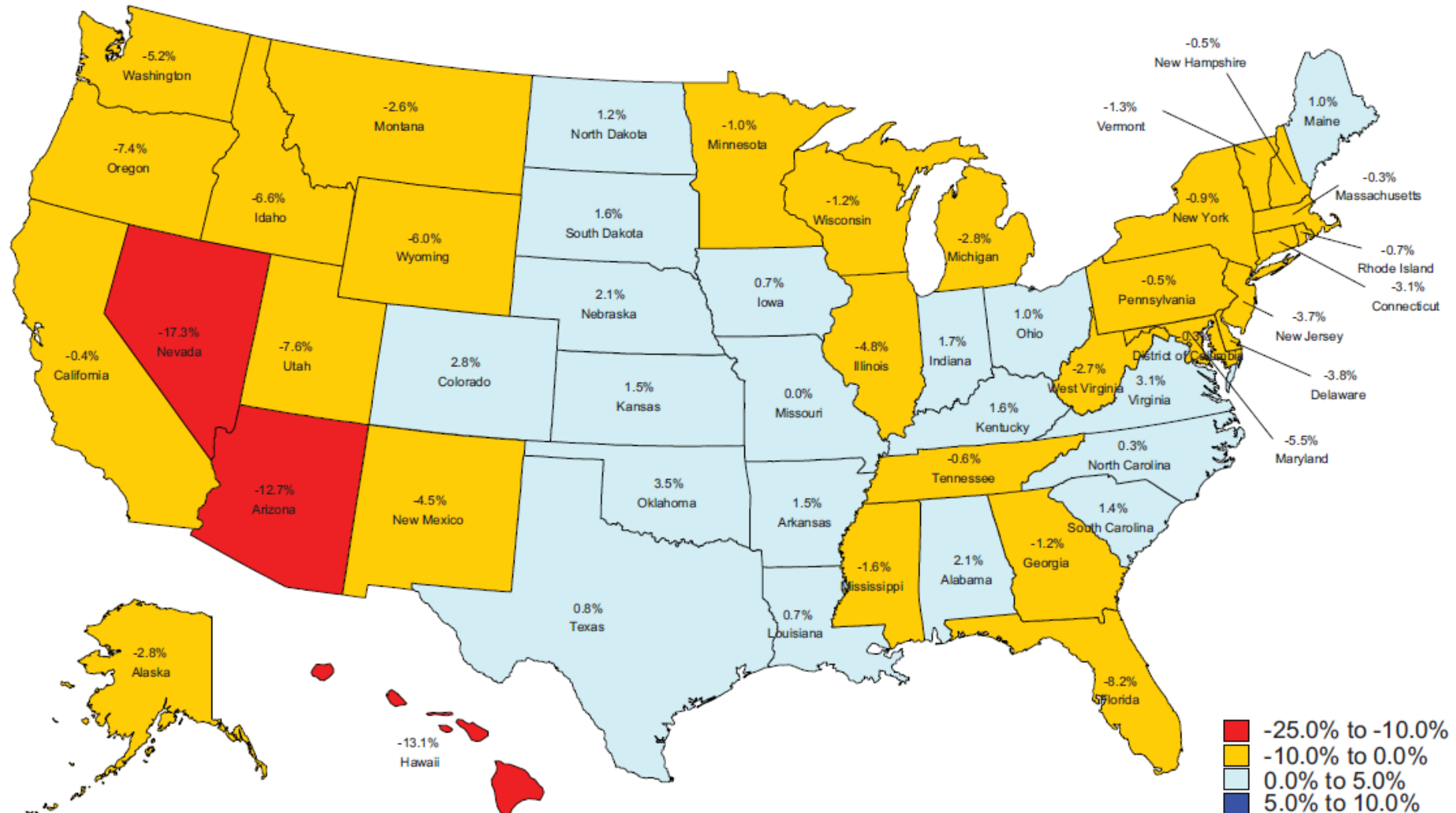
FHFA House Price Index Continues to Fall; Reflecting Activity at Lower End of Market

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



Source: Federal Housing Finance Agency (formerly OFHEO)

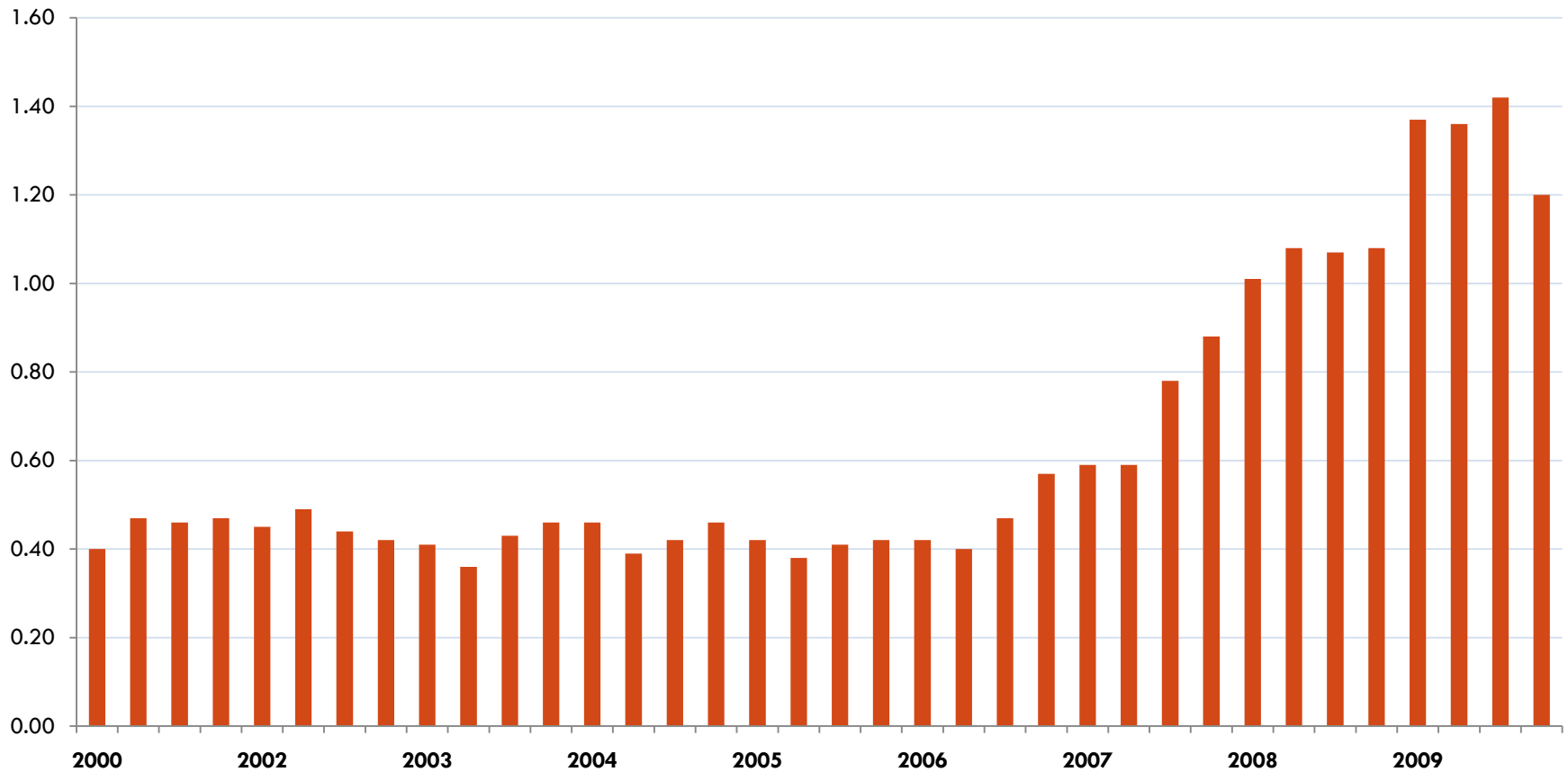
FHFA Four-Quarter Price Change Shows Significant Depreciation in 12th District



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

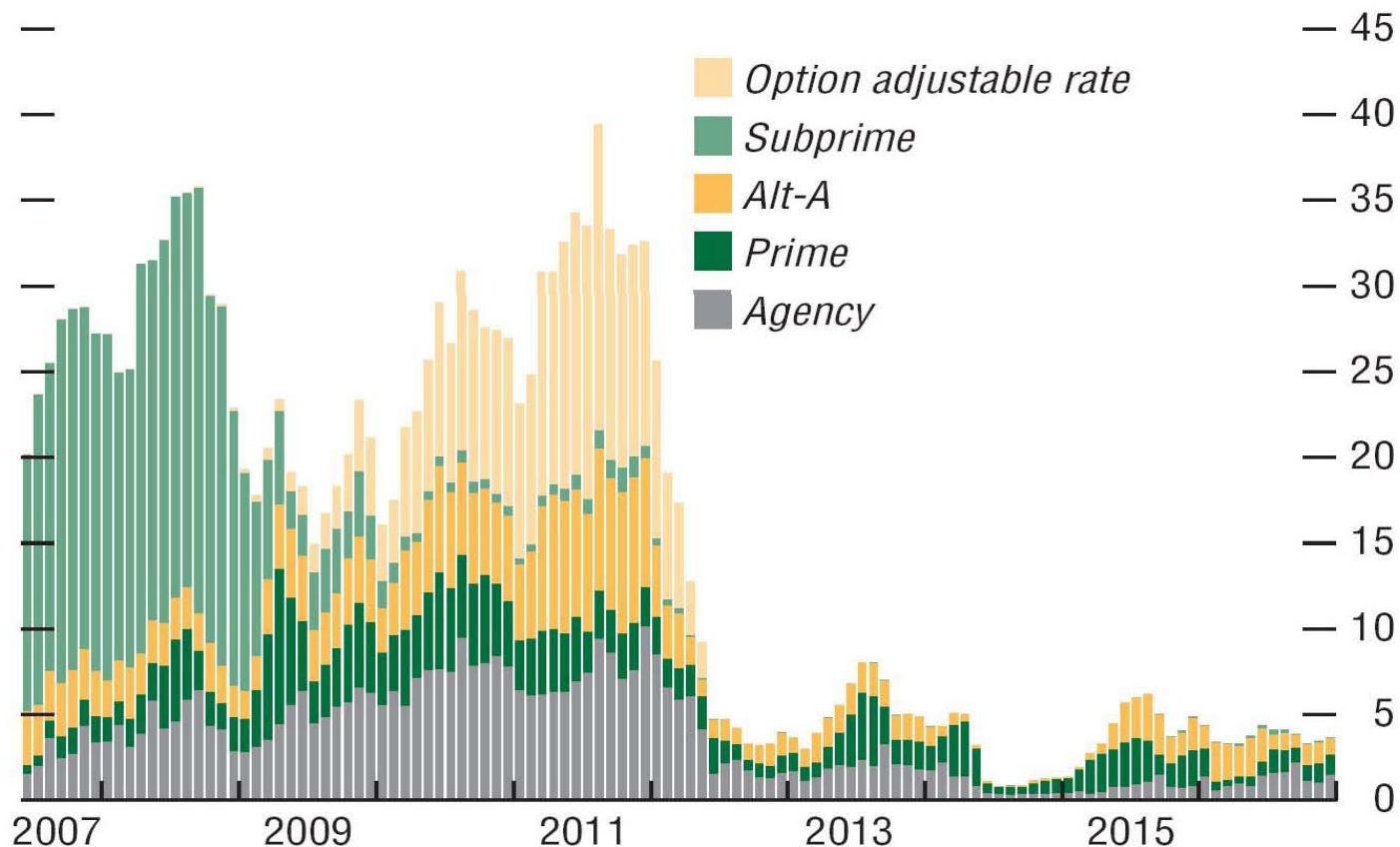


Source: Mortgage Bankers Association, National Delinquency Survey

Concern that Upcoming Resets will Continue to Drive New Foreclosures

Monthly Mortgage Rate Resets

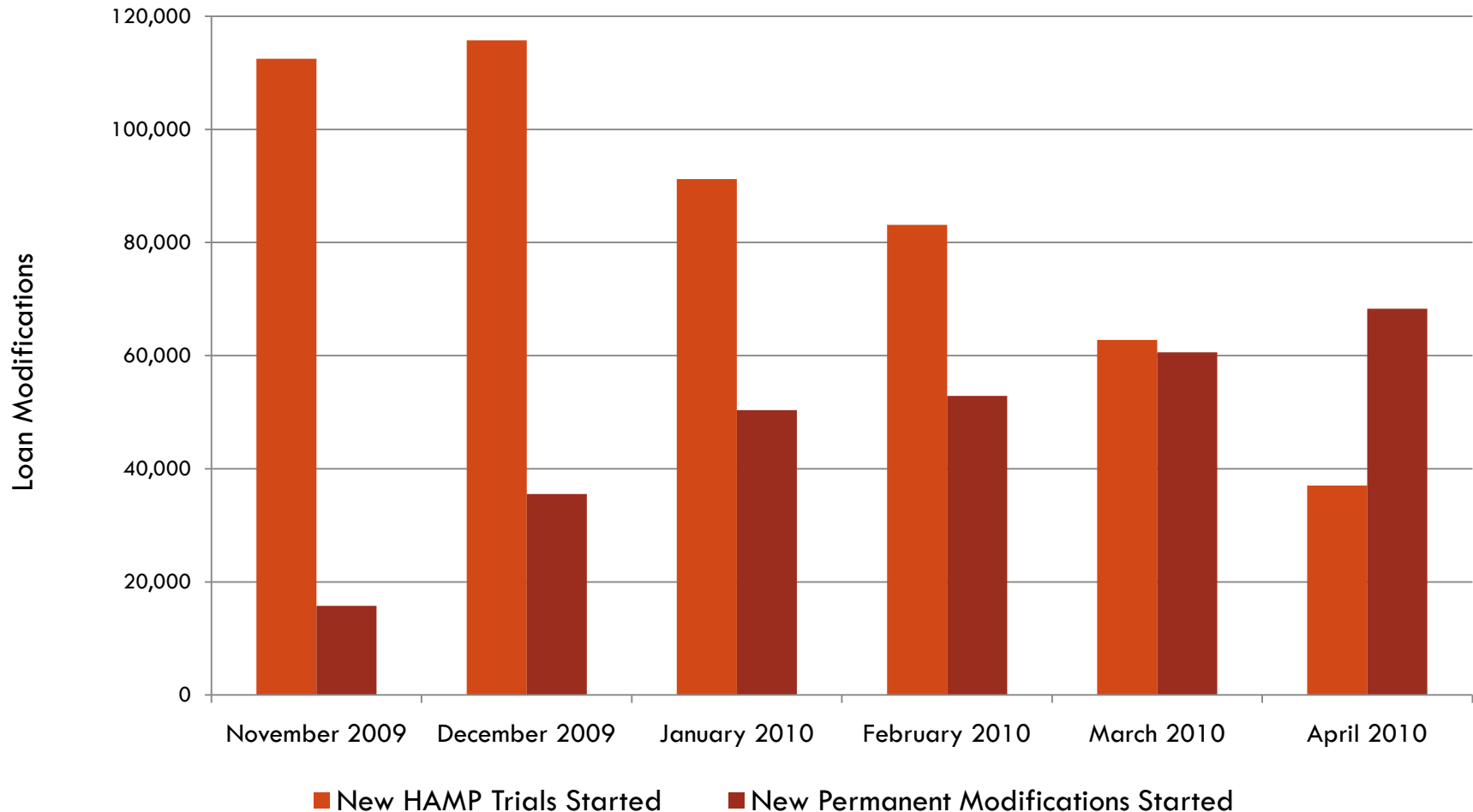
(first reset in billions of US dollars)



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

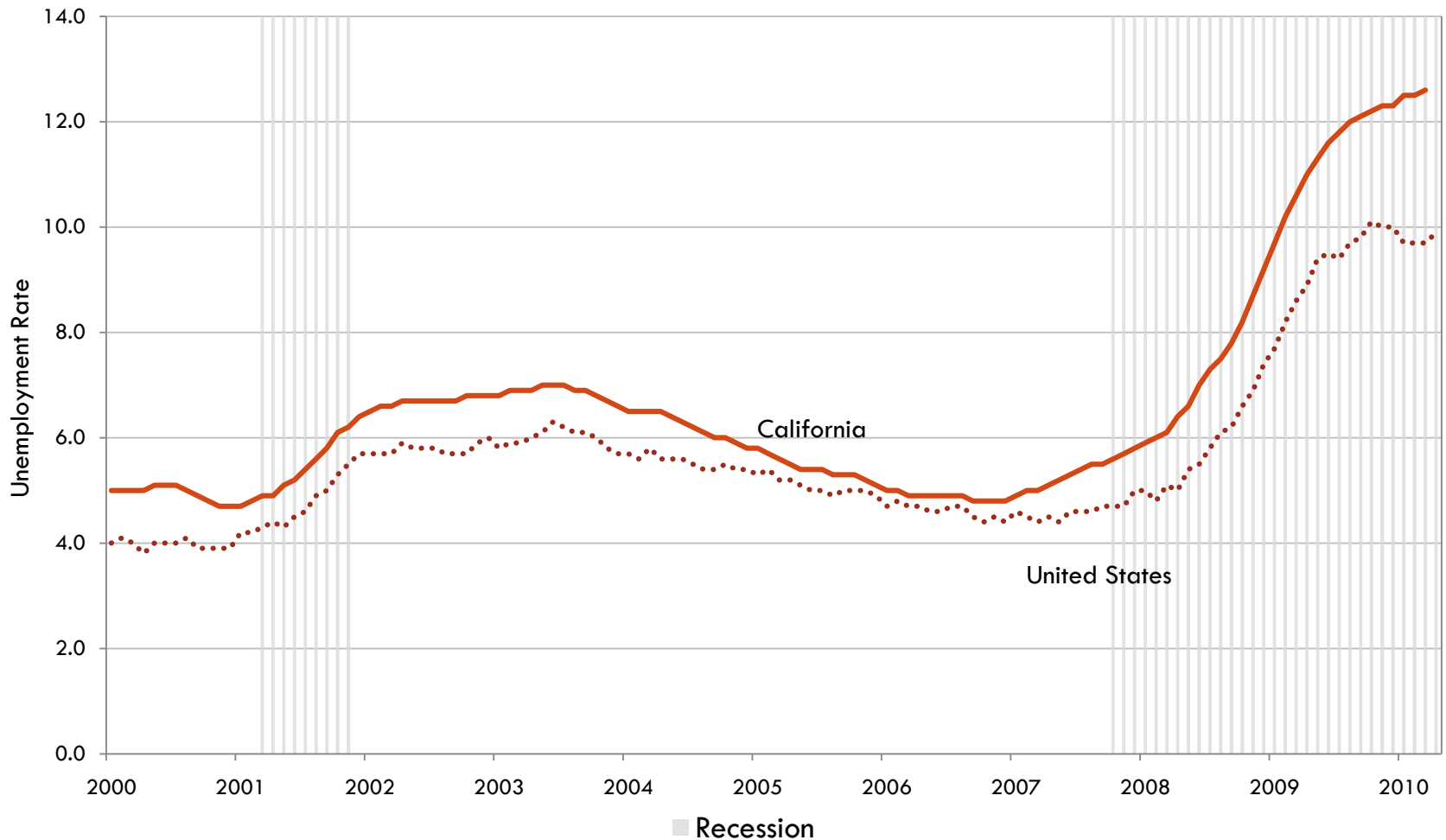


Source: HAMP Service Performance Report Through April 2010:

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

California Trends

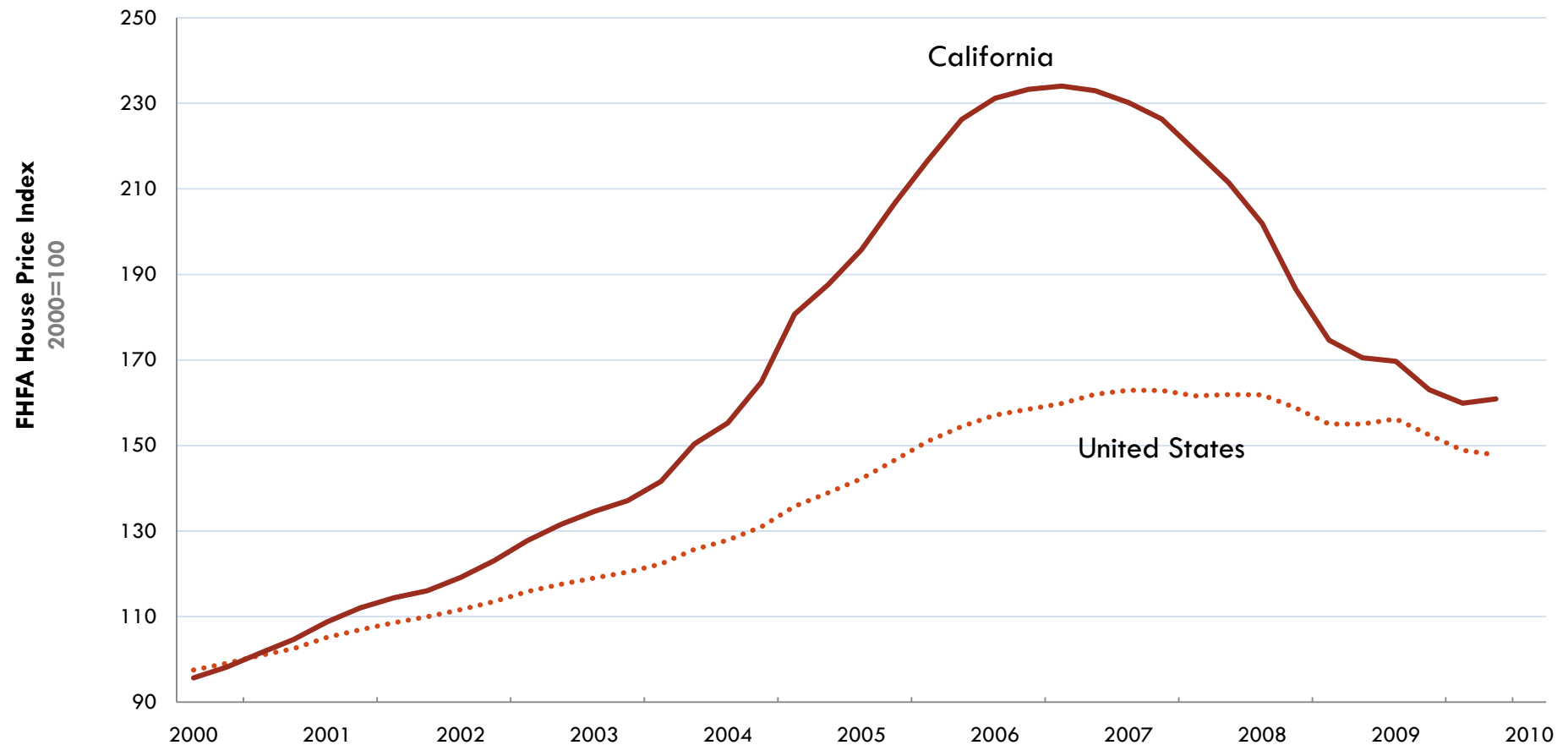
California's Unemployment Rate Continues to Rise



Source: Bureau of Labor Statistics

Steep Decline in CA House Prices Appears to be Stabilizing

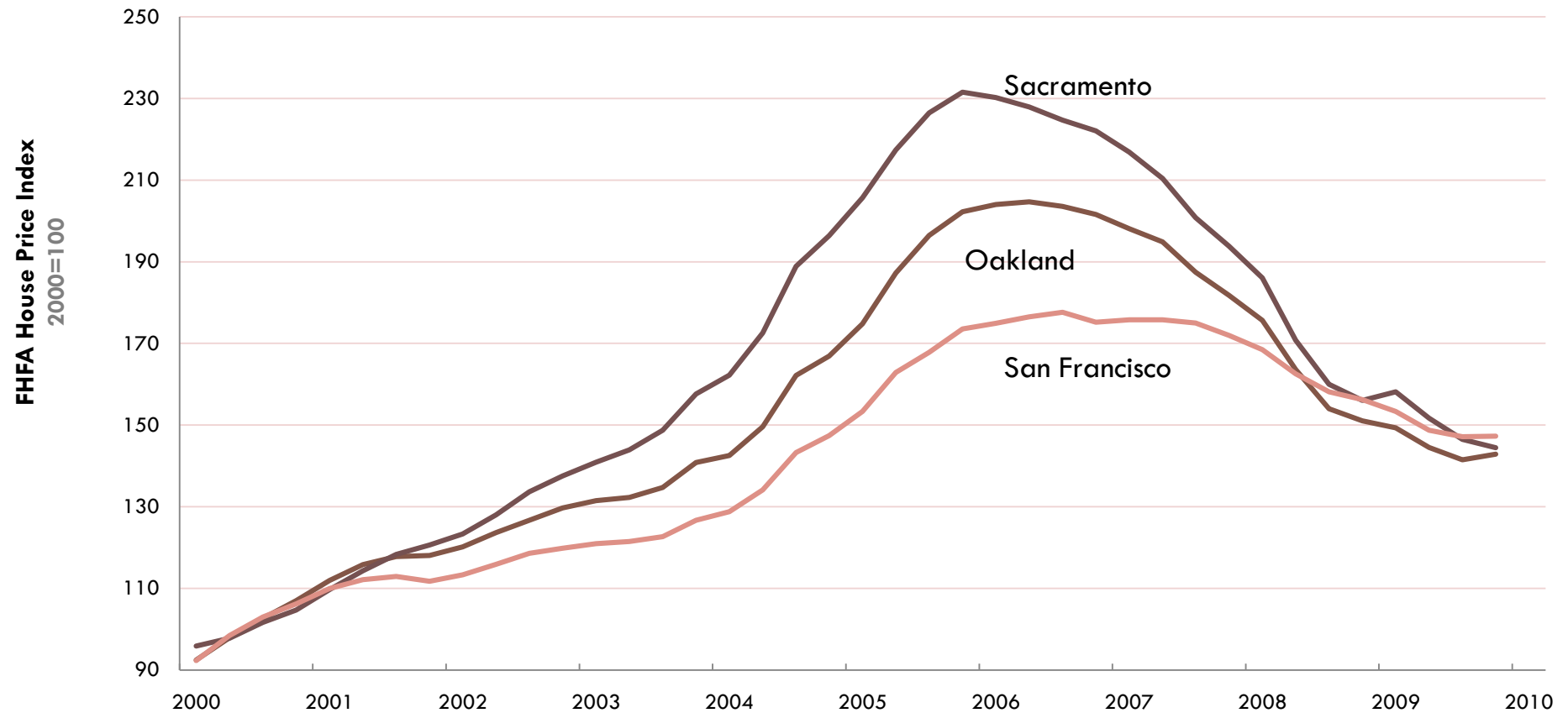
FHFA (formerly OFHEO) House Price Index
(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

Decline in Northern CA MSA House Prices Slows

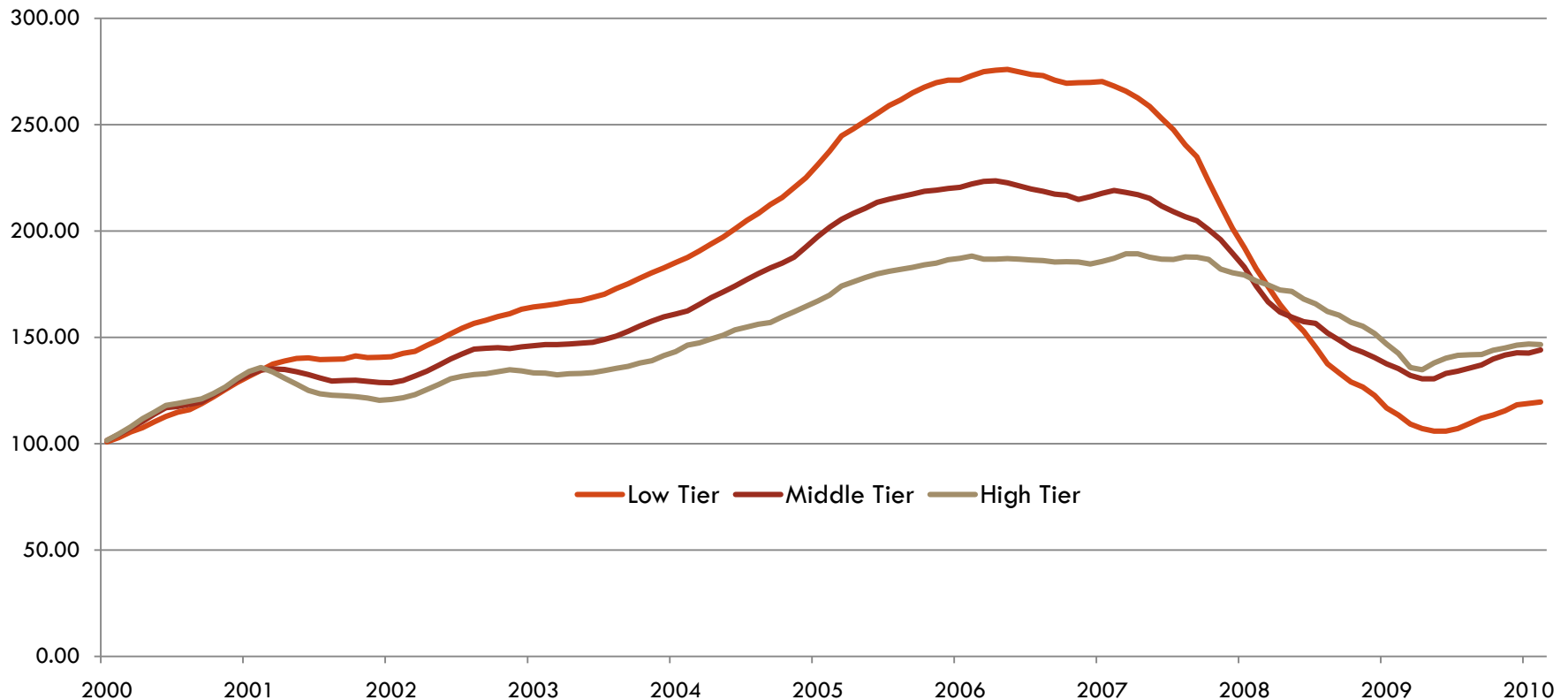
FHFA House Price Index: Northern California
(2000 = 100)



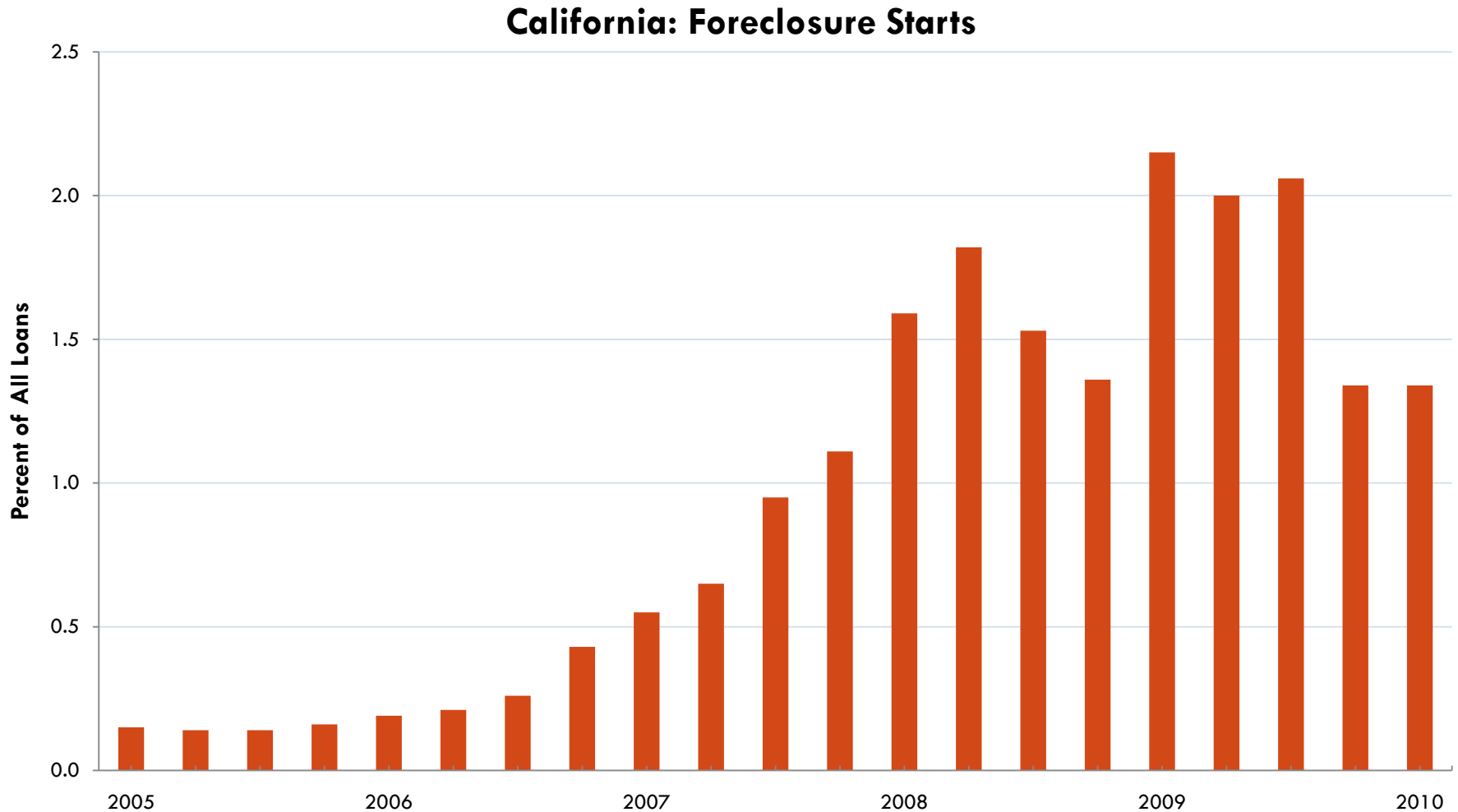
Source: Federal Housing Finance Agency (formerly OFHEO)

Low Tier – Homes at the Bottom End of the Market – Has Shown Greatest Price Volatility

Tiered Case- Shiller Home Price Index: San Francisco
(2000 = 100)



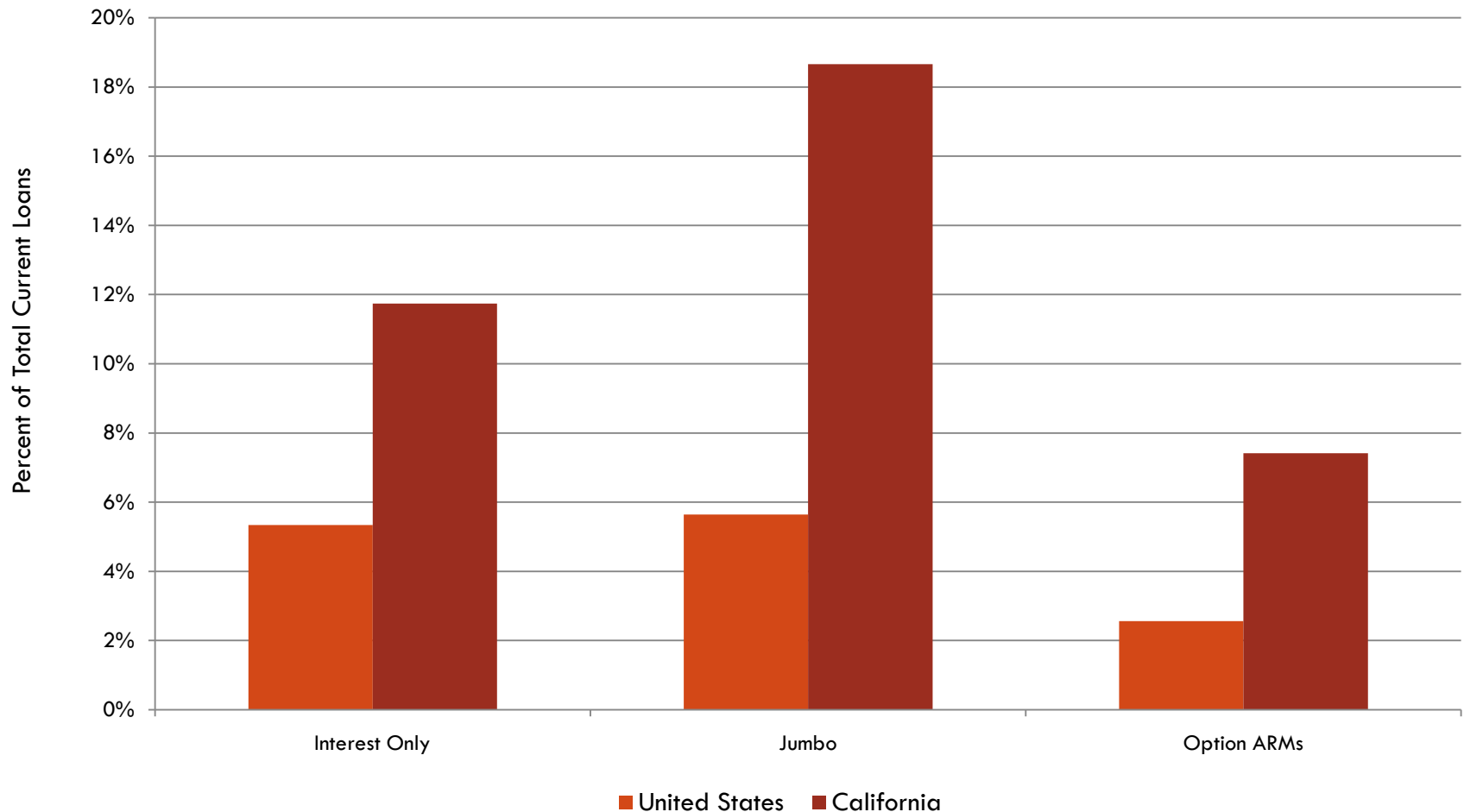
California Foreclosures Show Sustained Drop in Late 2009/early 2010



Source: Mortgage Bankers Association, National Delinquency Survey

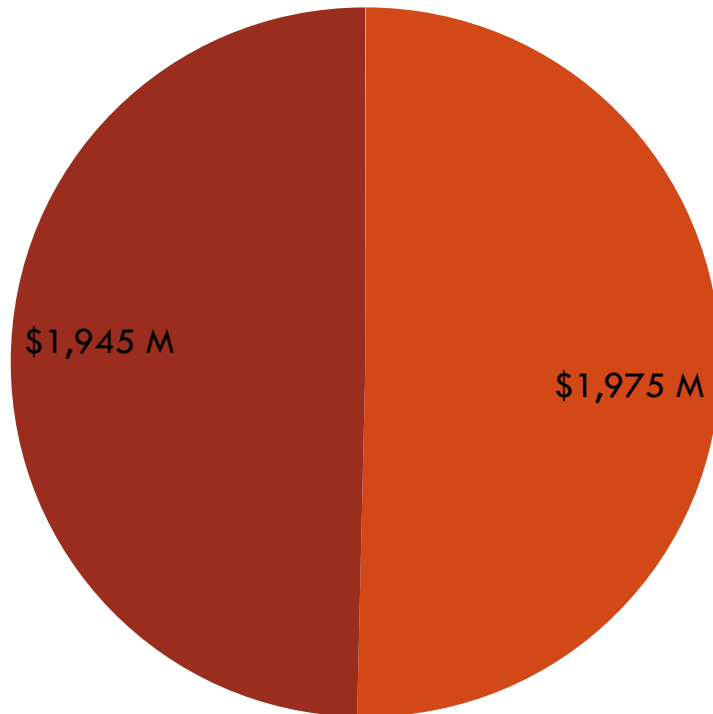
Remaining Concerns over Sustainability of Loans with Payment Options (in subprime, prime and Alt-A markets)

Characteristics of Remaining "Current" Loans

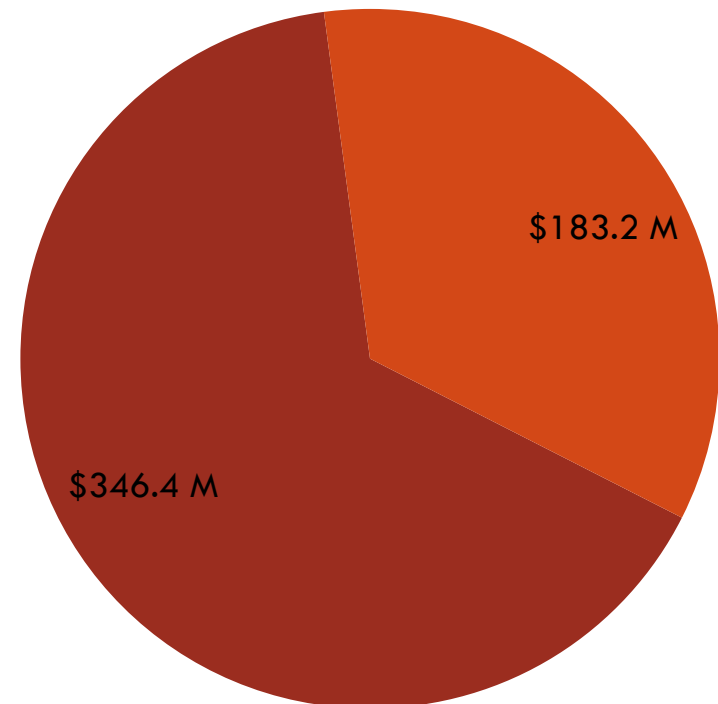


Neighborhood Stabilization Program

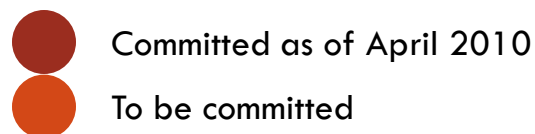
US Program Nationwide



California Program Statewide



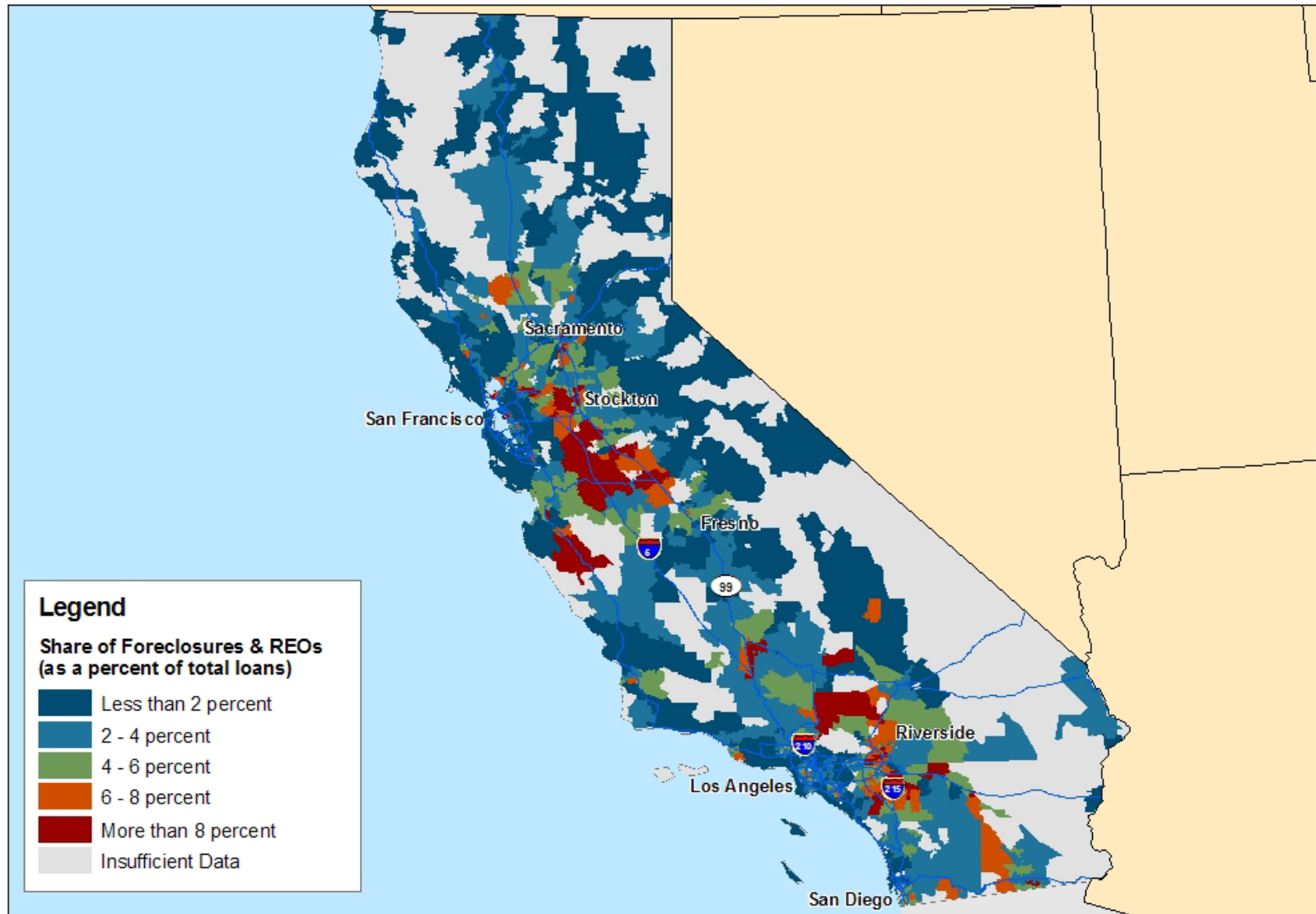
Source: HUD NSP Snapshots



State & Local Data Maps

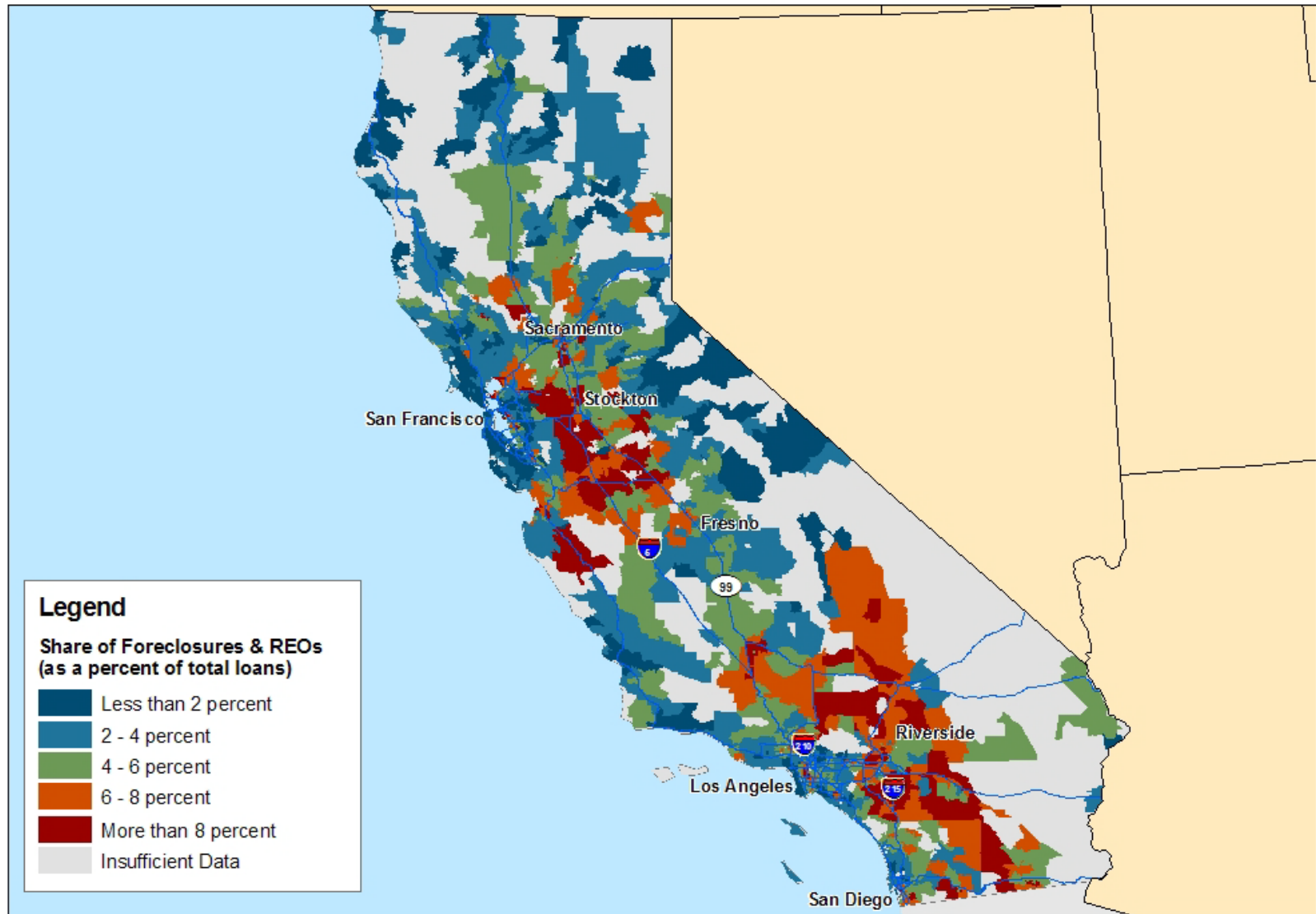
Areas Affected by Concentrated Foreclosures

November 2008



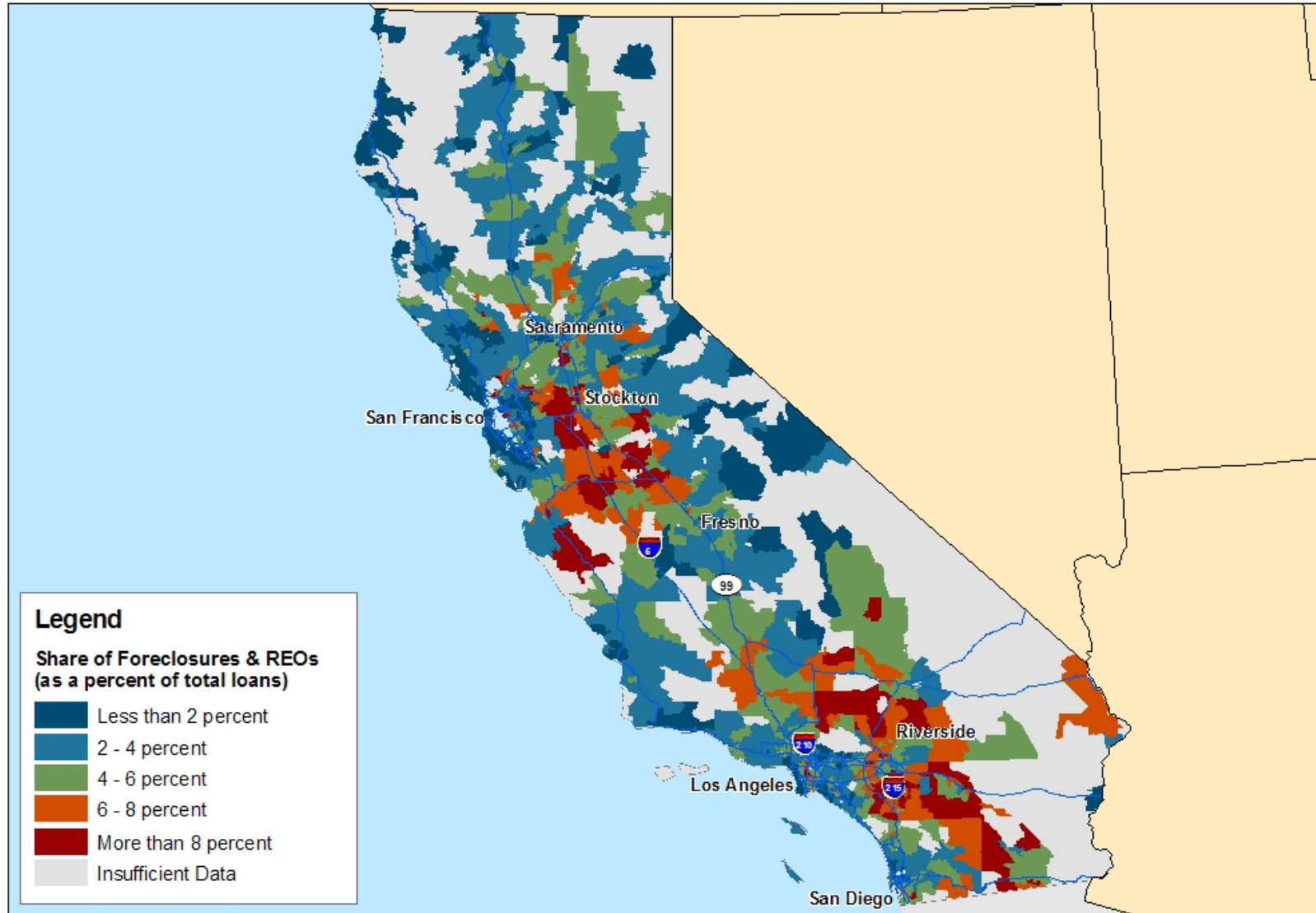
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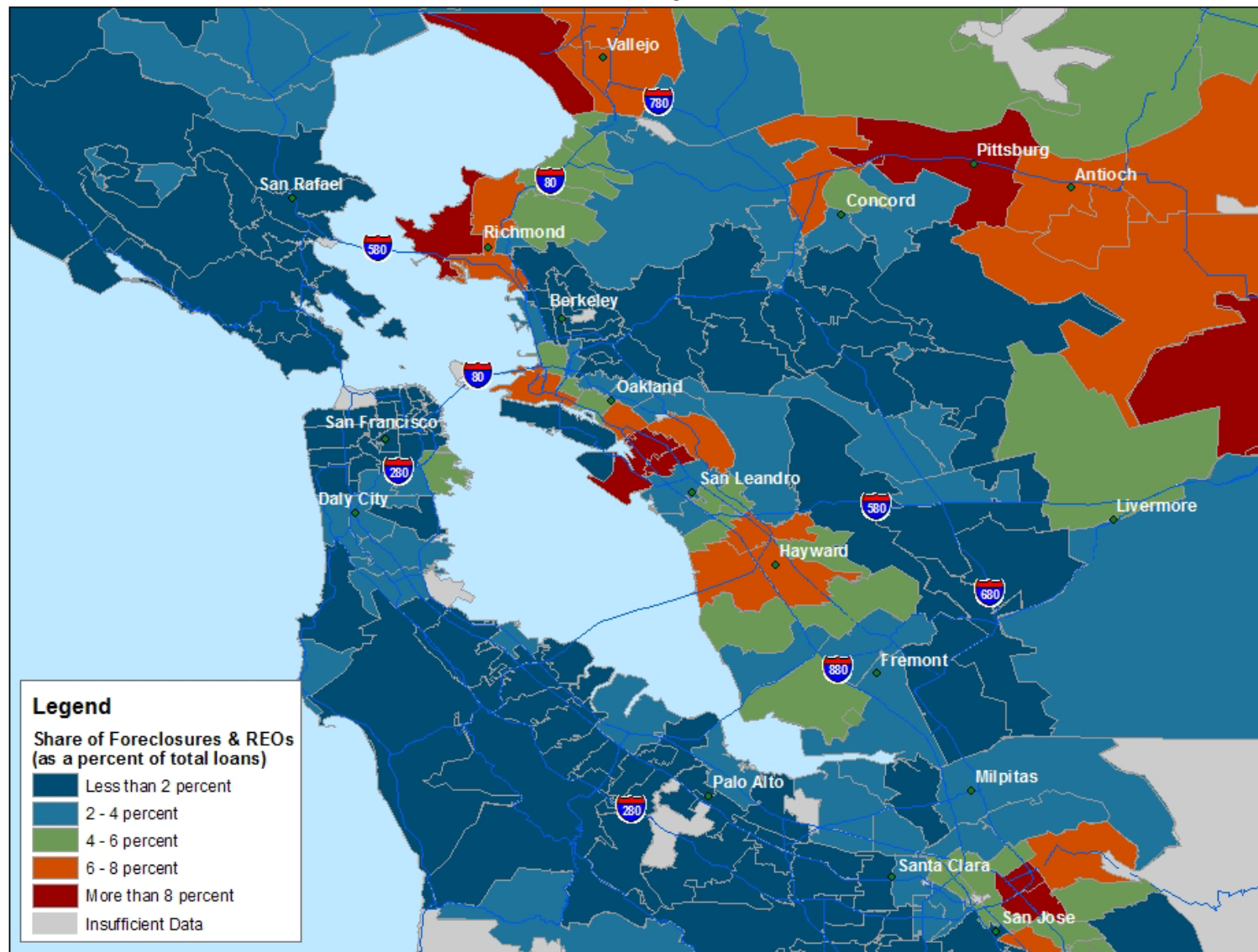
Areas Affected by Concentrated Foreclosures

February 2010



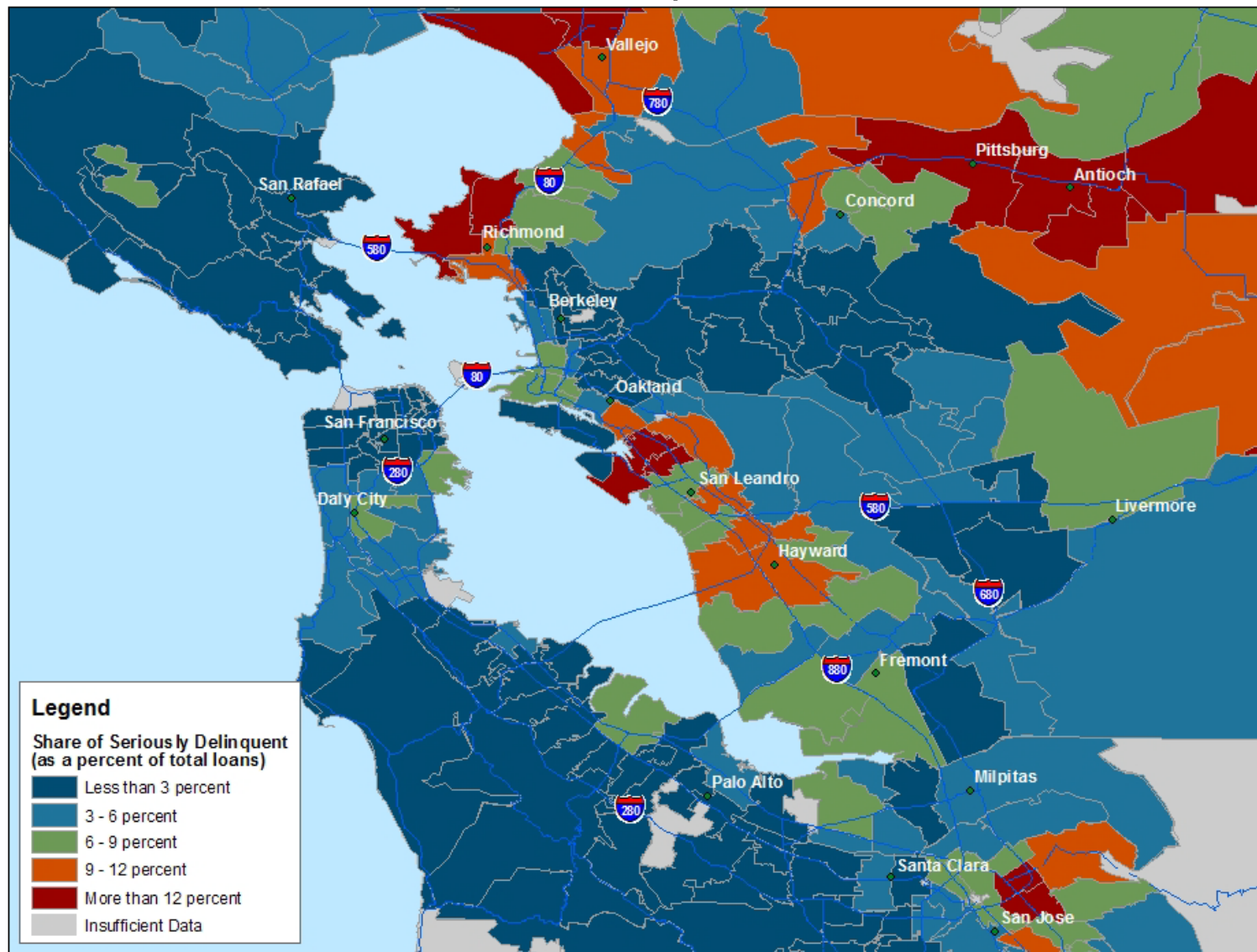
Areas Affected by Concentrated Foreclosures

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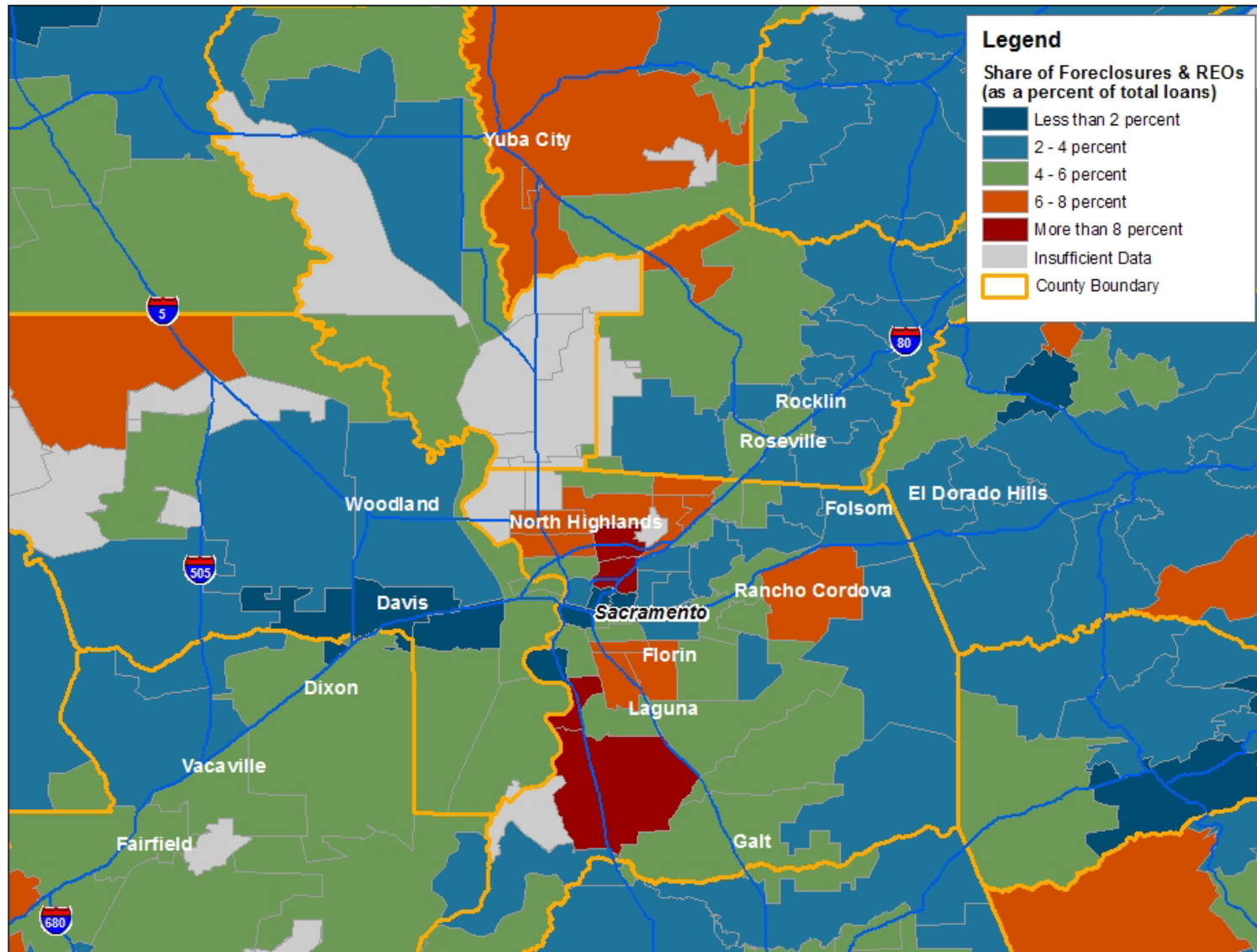
Areas at Risk of Additional Foreclosures

February 2010



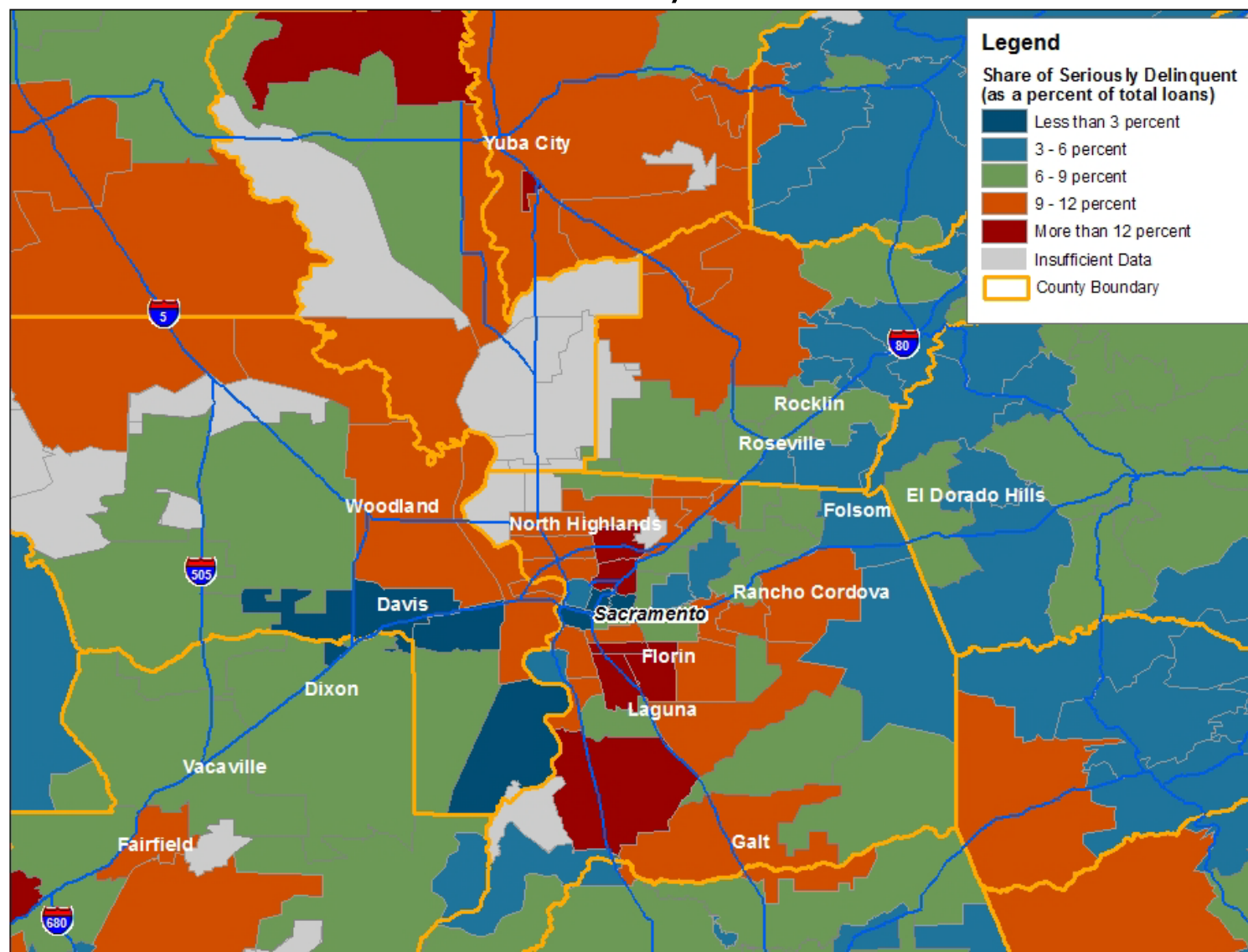
Areas Affected by Concentrated Foreclosures

February 2010



Areas at Risk of Additional Foreclosures

February 2010



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

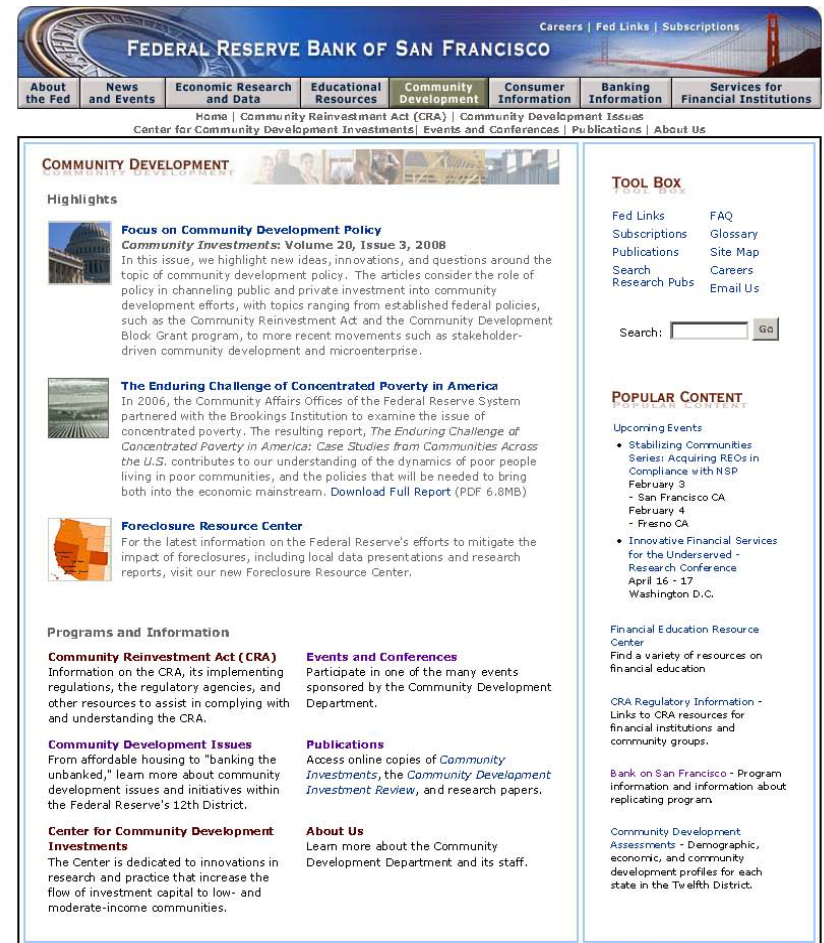
- Foreclosure scams are proliferating, especially in markets with investor interest
 - ▣ Some counties are sending notices to all delinquent borrowers to warn them about foreclosure scams
 - ▣ Free media kit available from the Federal Reserve which includes a PSA and other resources:
<http://www.federalreserveeducation.org/pfed/mediakit.cfm>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