

TRENDS IN DELINQUENCIES AND FORECLOSURES IN CALIFORNIA

May 2010

Community Development Research
Federal Reserve Bank of San Francisco

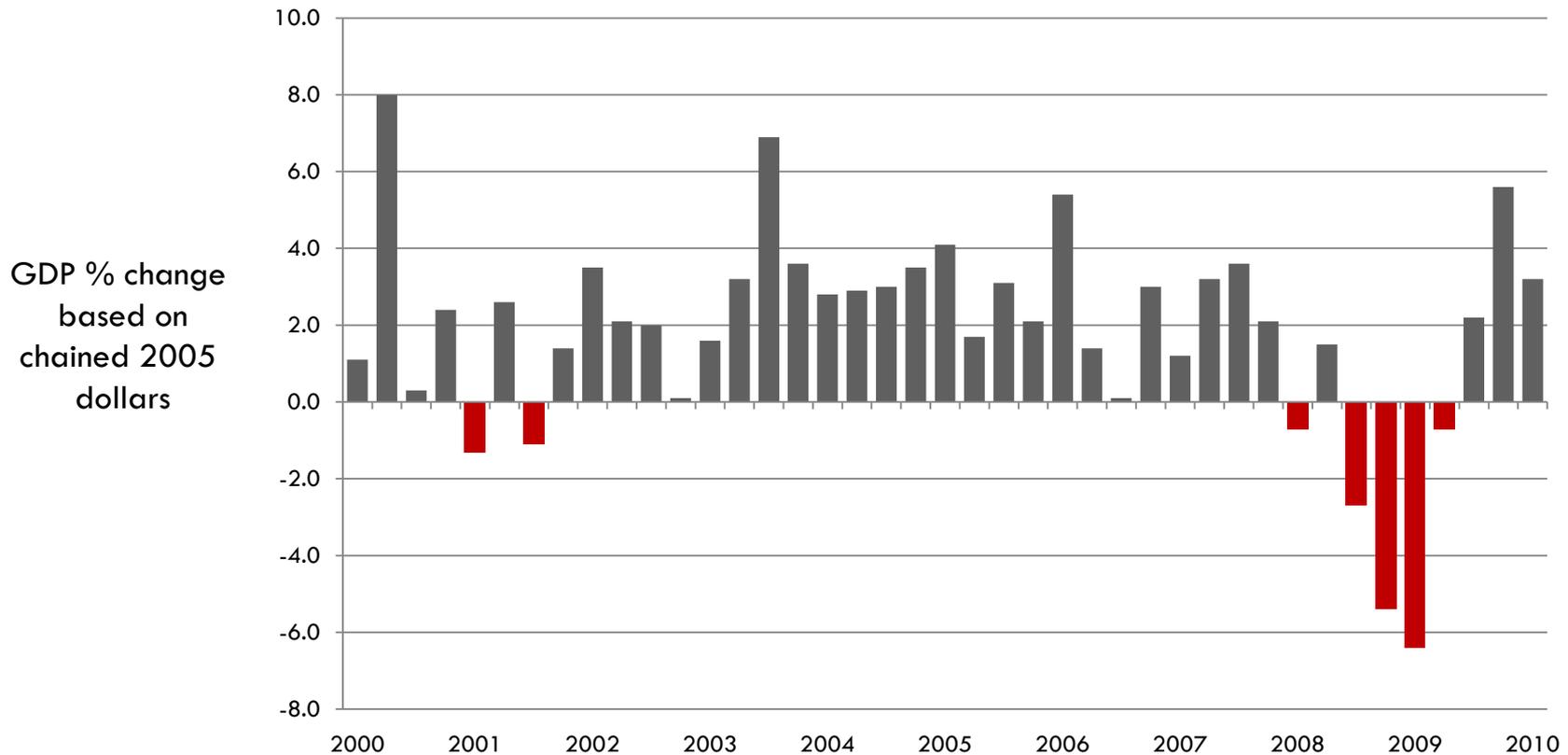
National Trends

- 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

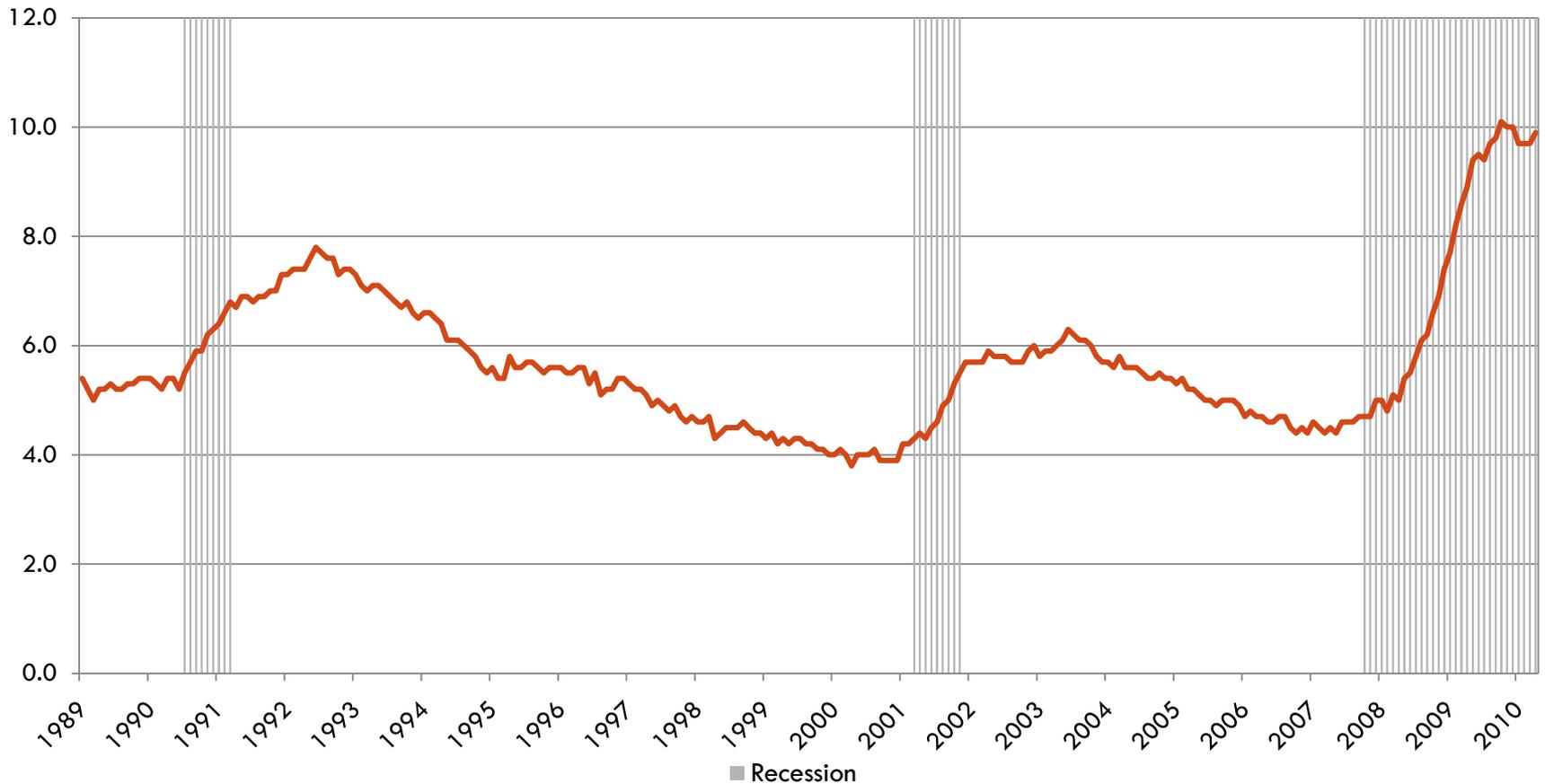
Real Gross Domestic Product
(percent change at seasonally adjusted annual rate)



Source: Bureau of Economic Analysis

Unemployment Continues to Hover Around 10%

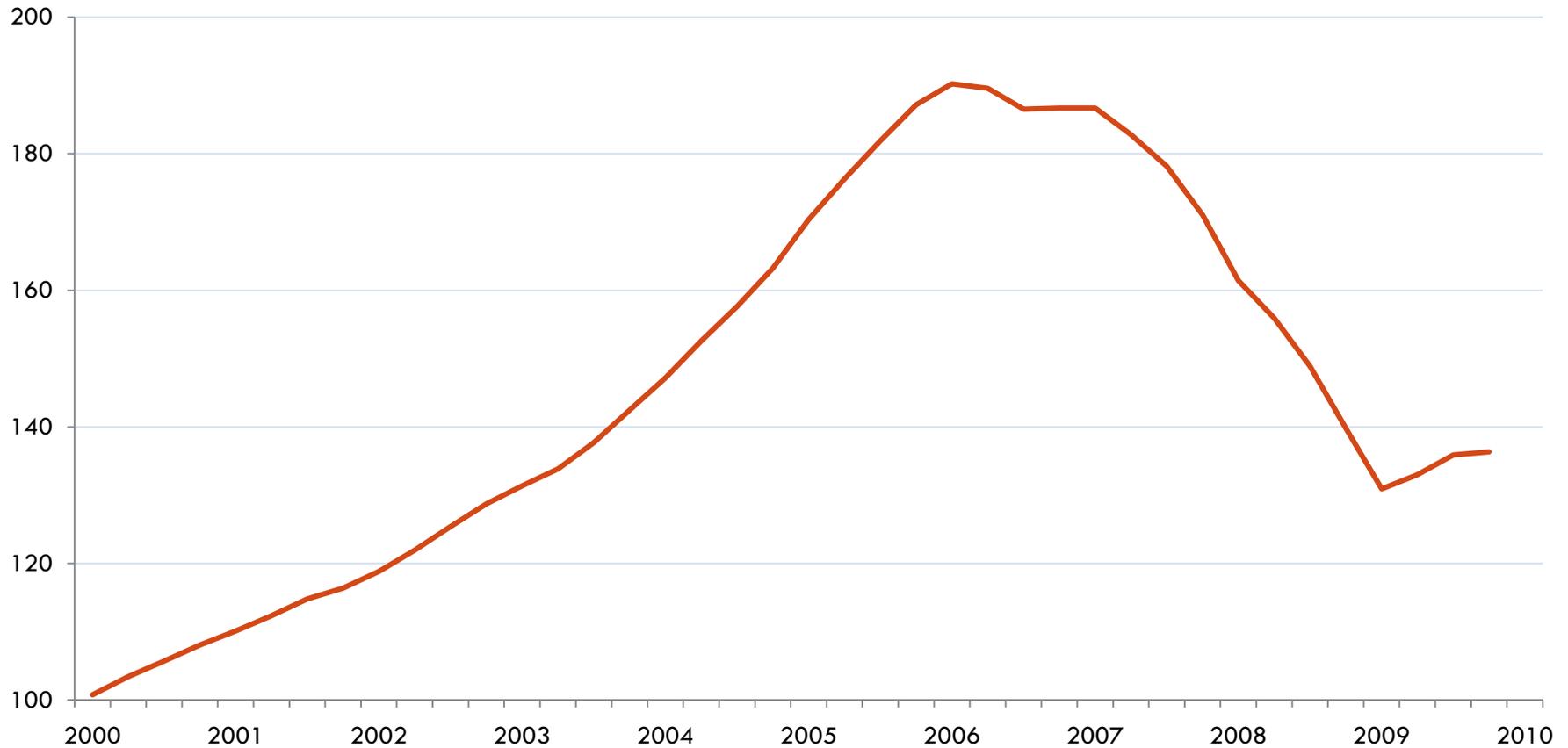
U.S. Unemployment Rate



Source: Bureau of Labor Statistics, April 2010

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

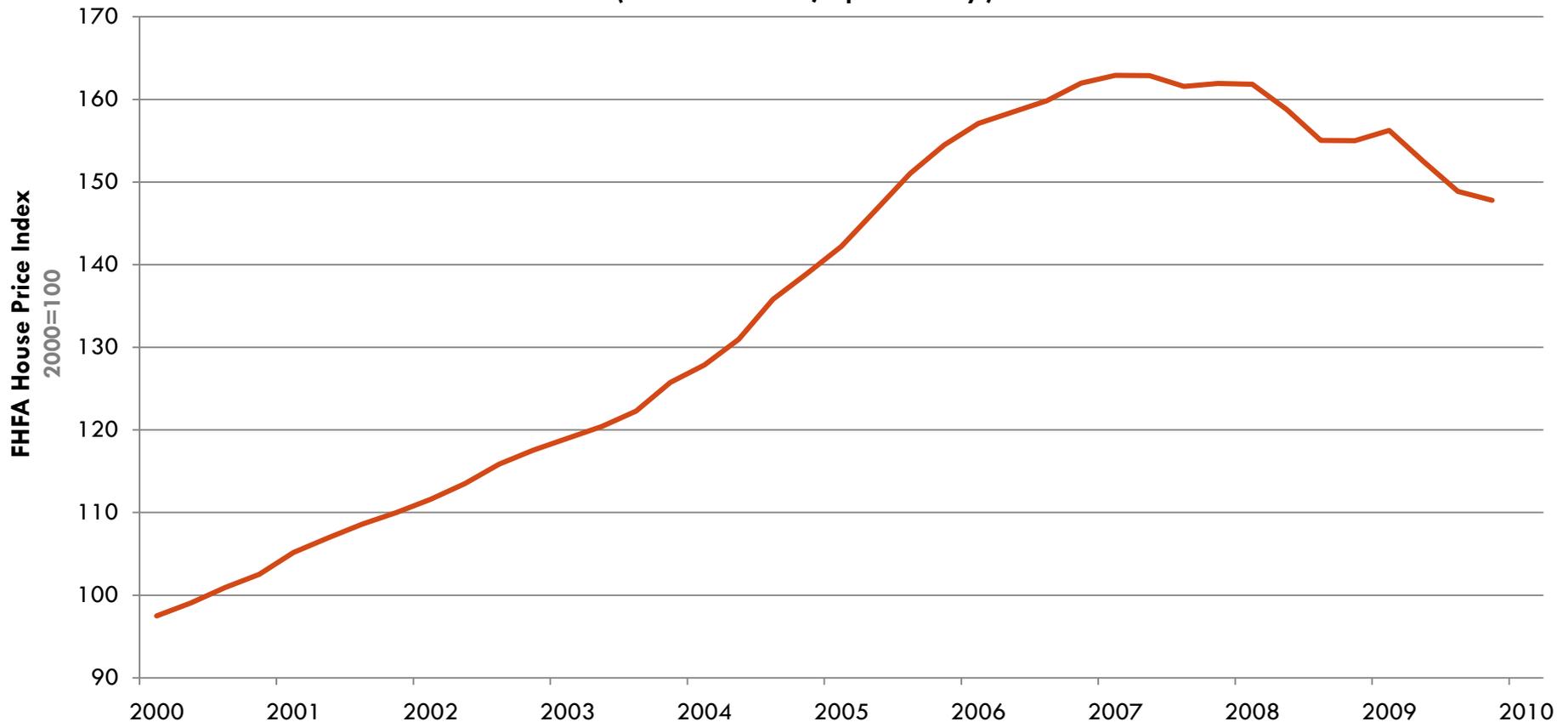
Case-Shiller National House Price Index
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index

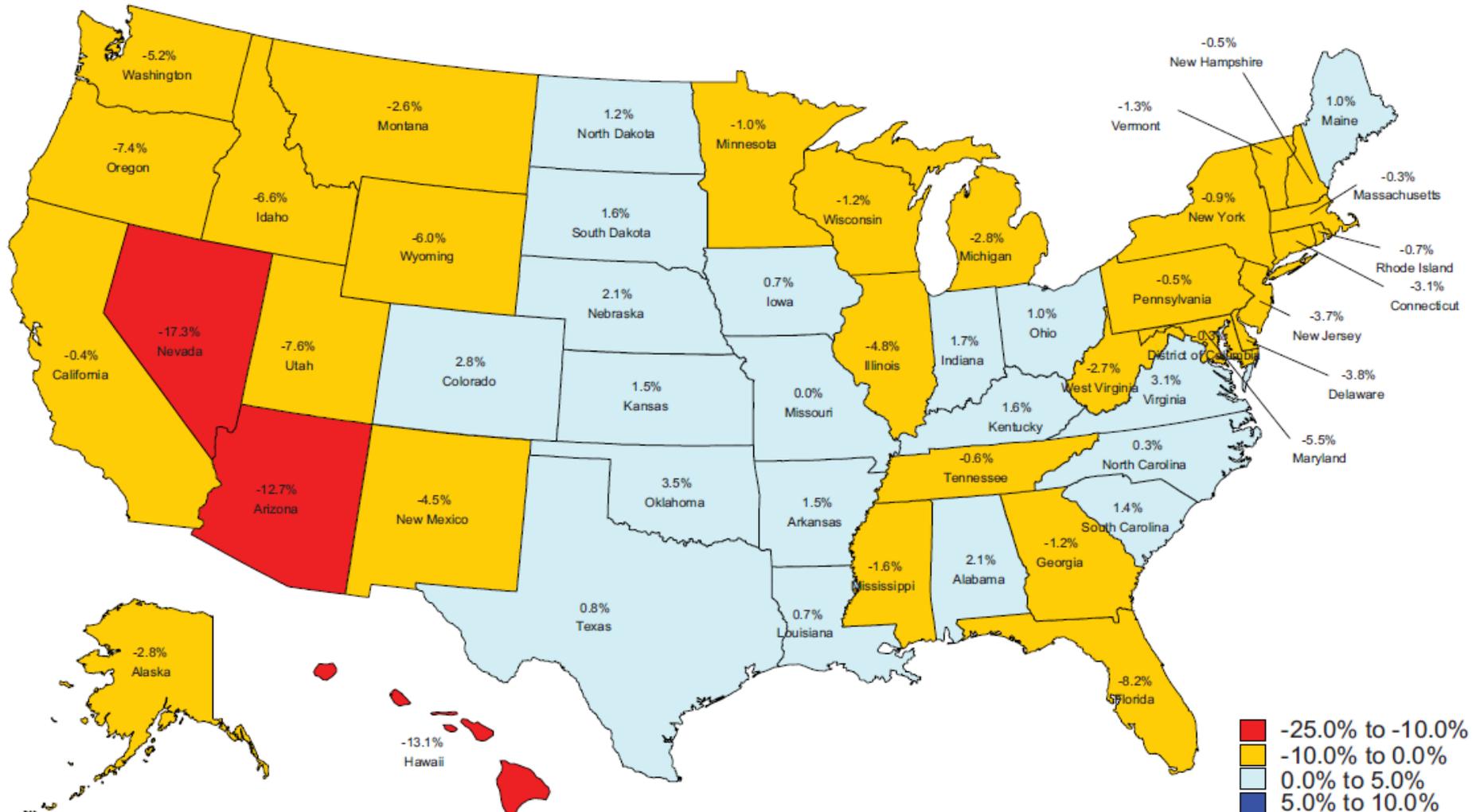
FHFA House Price Index Continues to Fall; Reflecting Activity at Lower End of Market

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



Source: Federal Housing Finance Agency (formerly OFHEO)

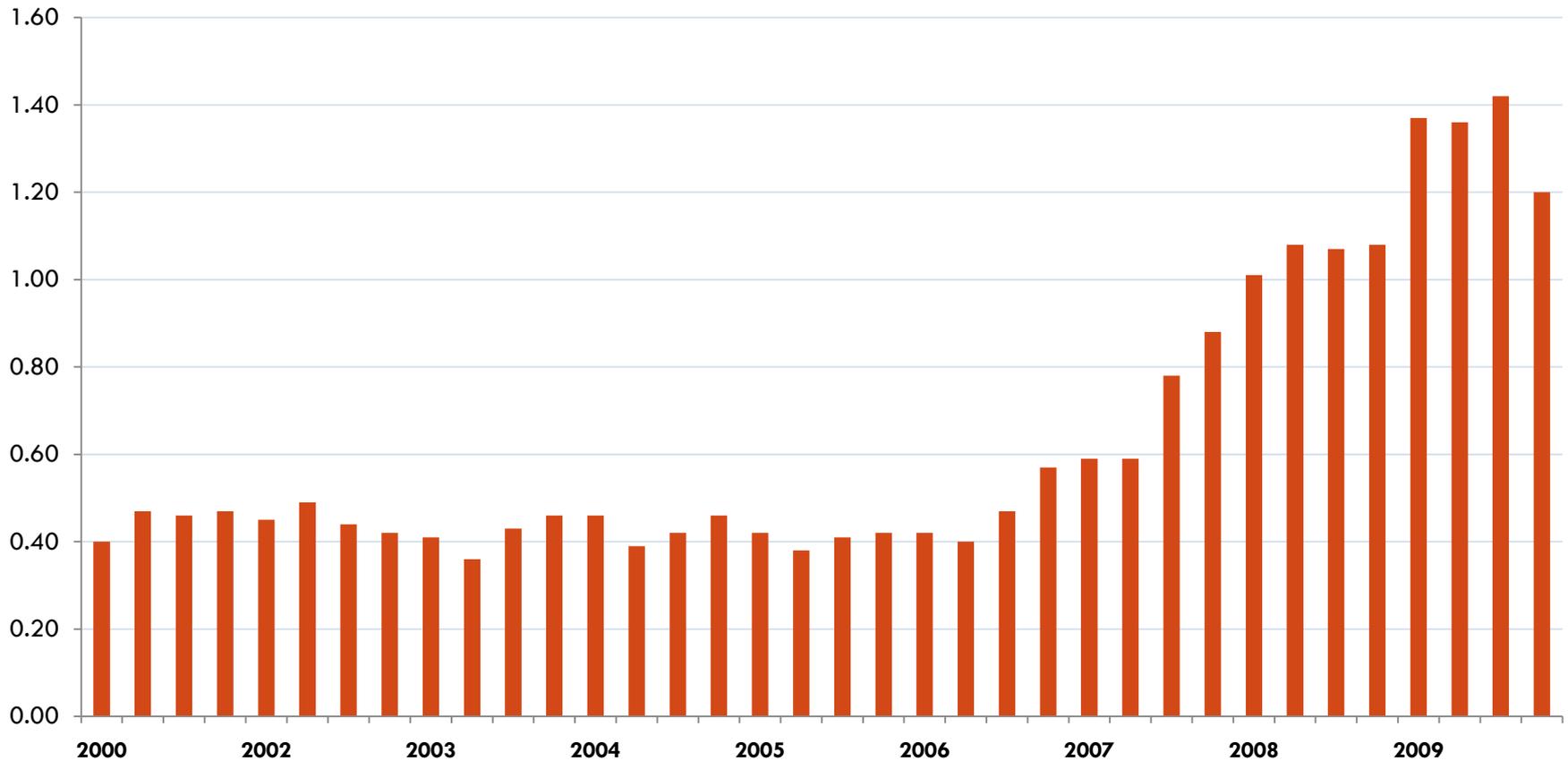
FHFA Four-Quarter Price Change Shows Significant Depreciation in 12th District



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

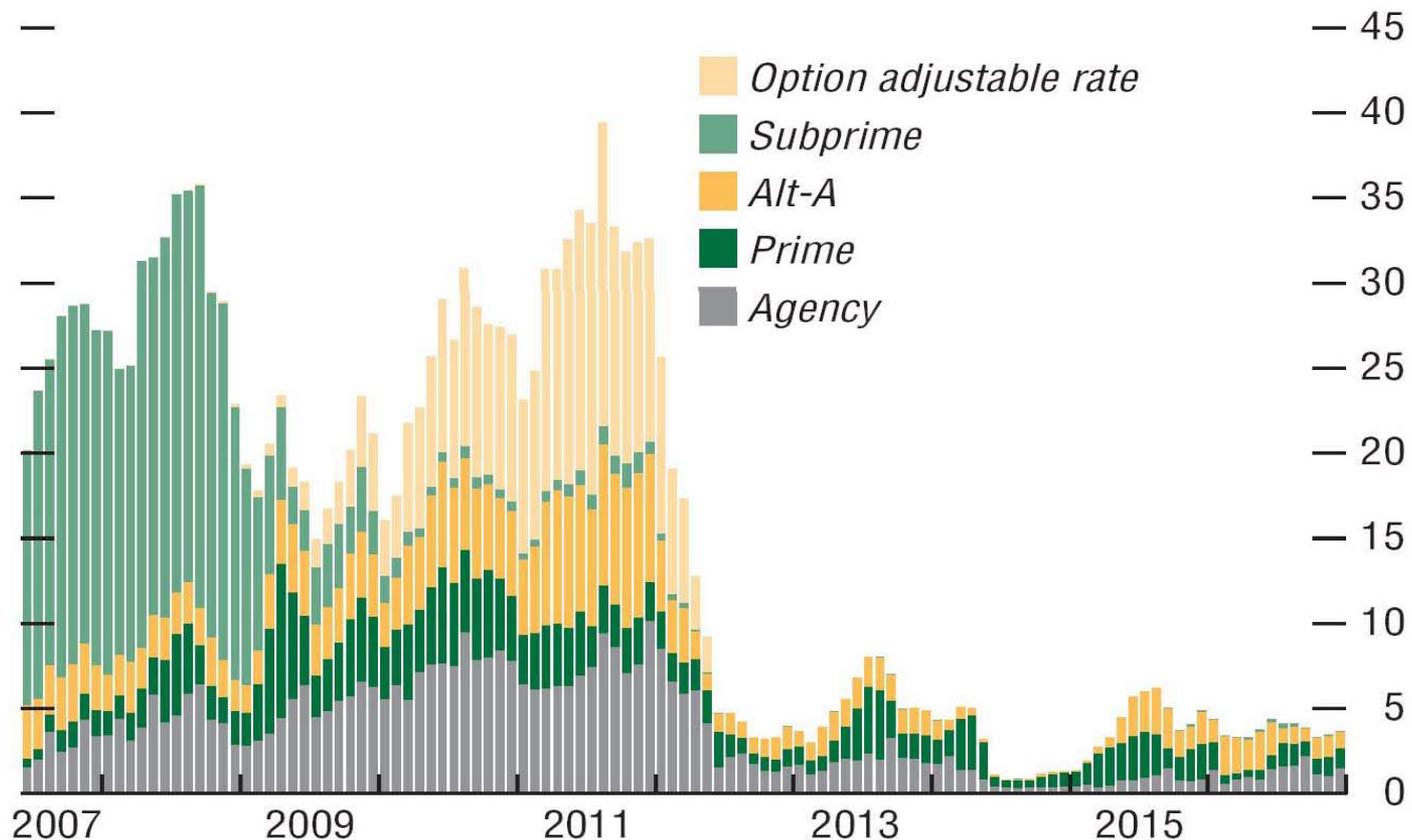


Source: Mortgage Bankers Association, National Delinquency Survey

Concern that Upcoming Resets will Continue to Drive New Foreclosures

Monthly Mortgage Rate Resets

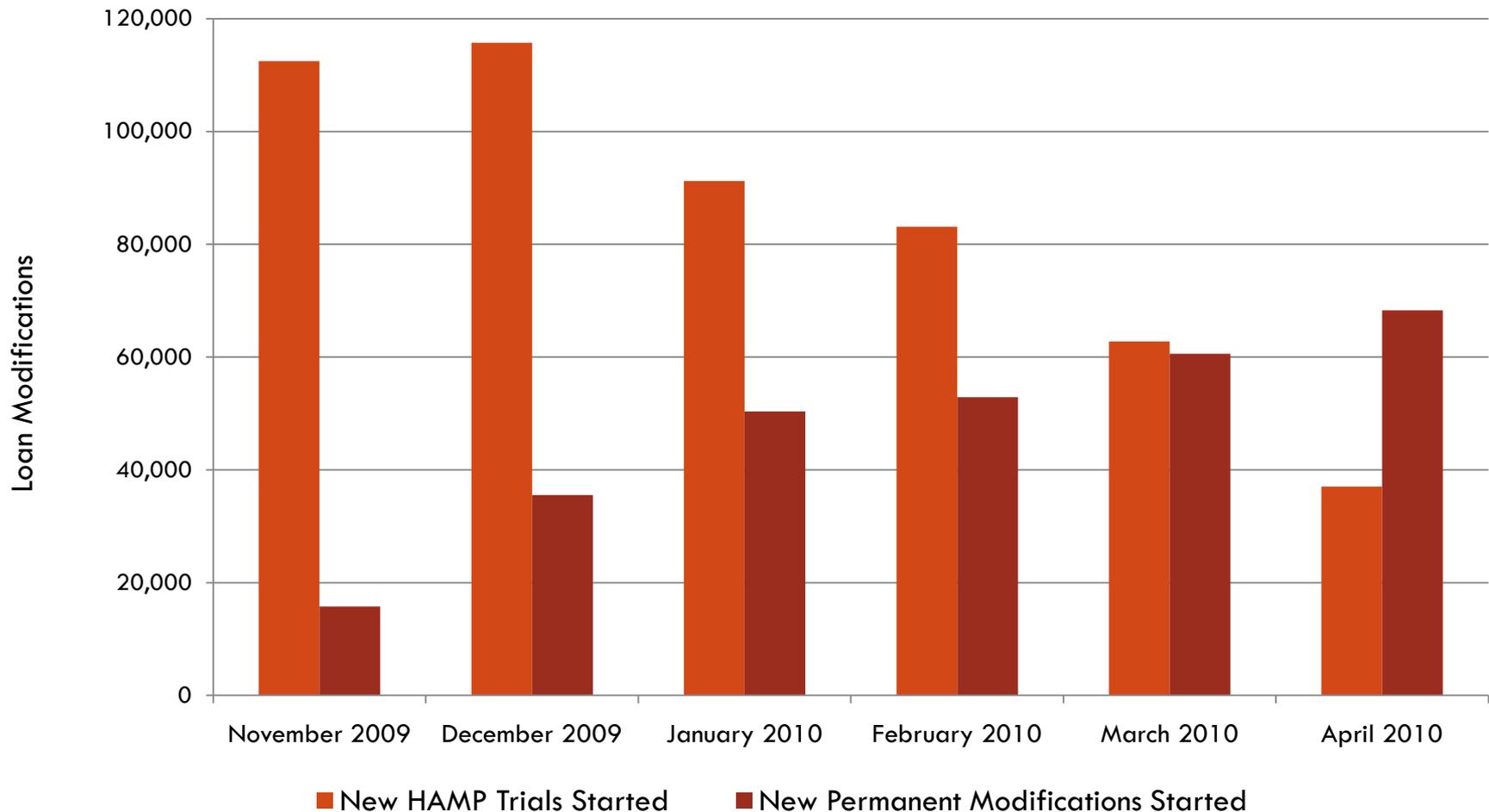
(first reset in billions of US dollars)



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

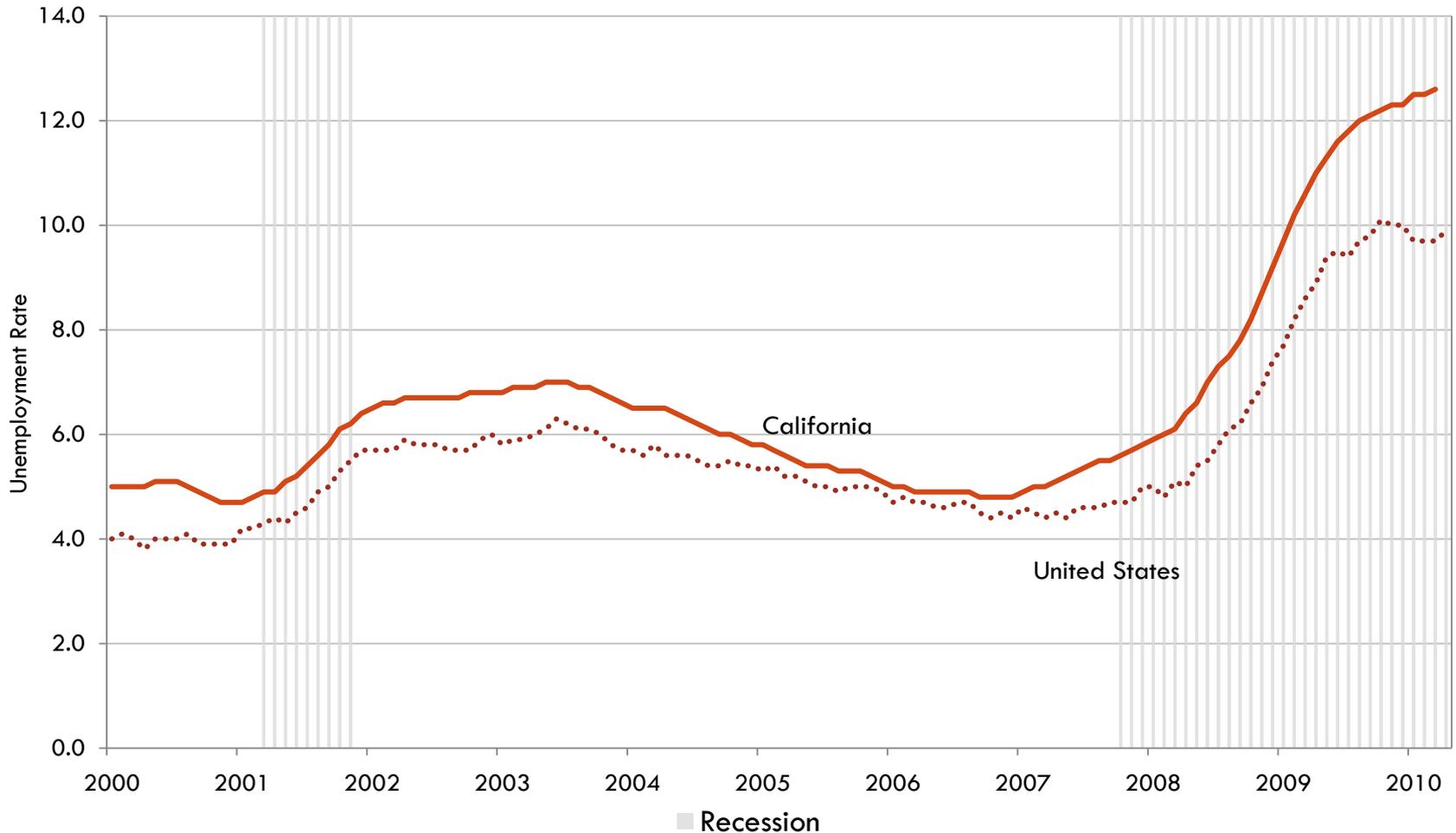


Source: HAMP Service Performance Report Through April 2010:

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

California Trends

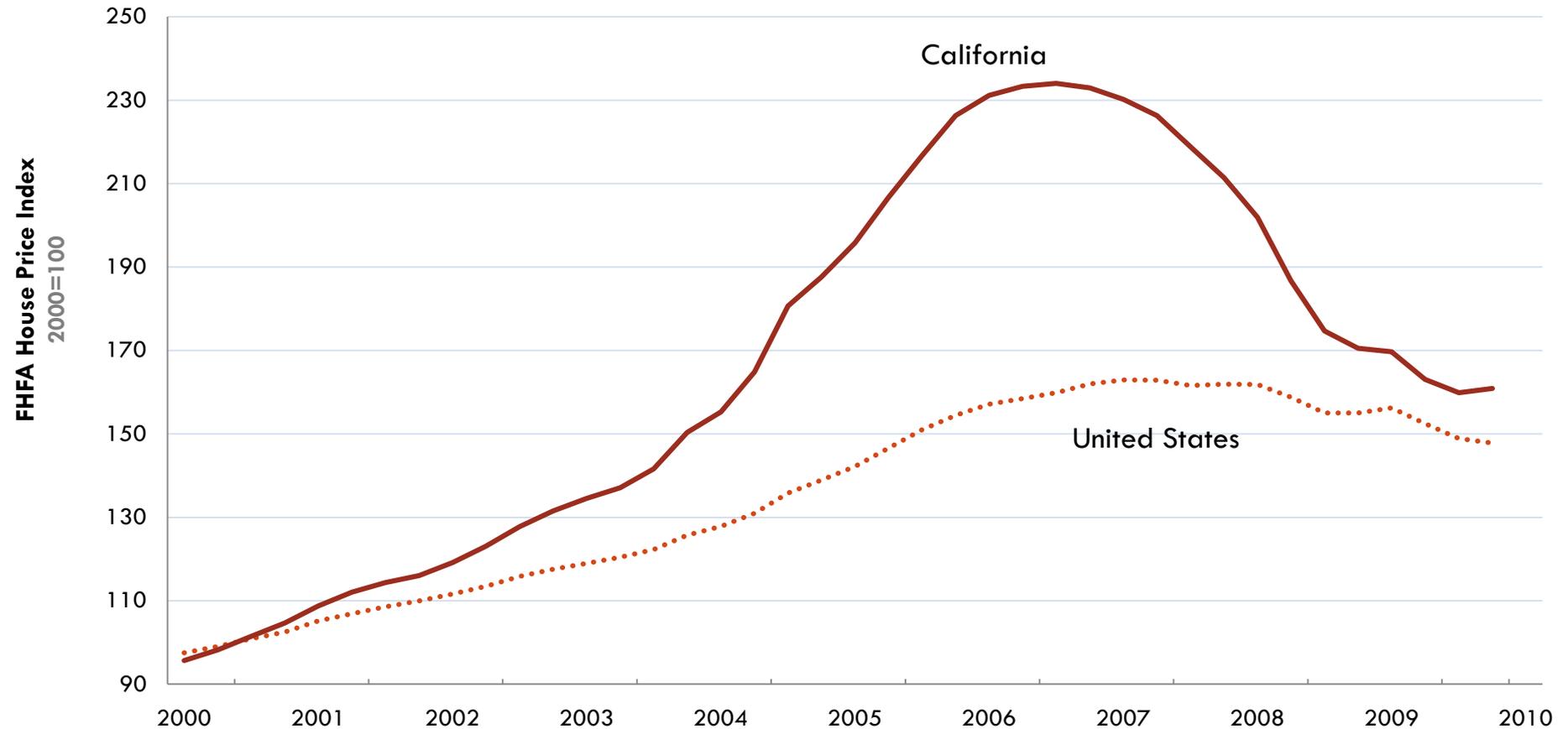
California's Unemployment Rate Continues to Rise



Source: Bureau of Labor Statistics

Steep Decline in CA House Prices Appears to be Stabilizing

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

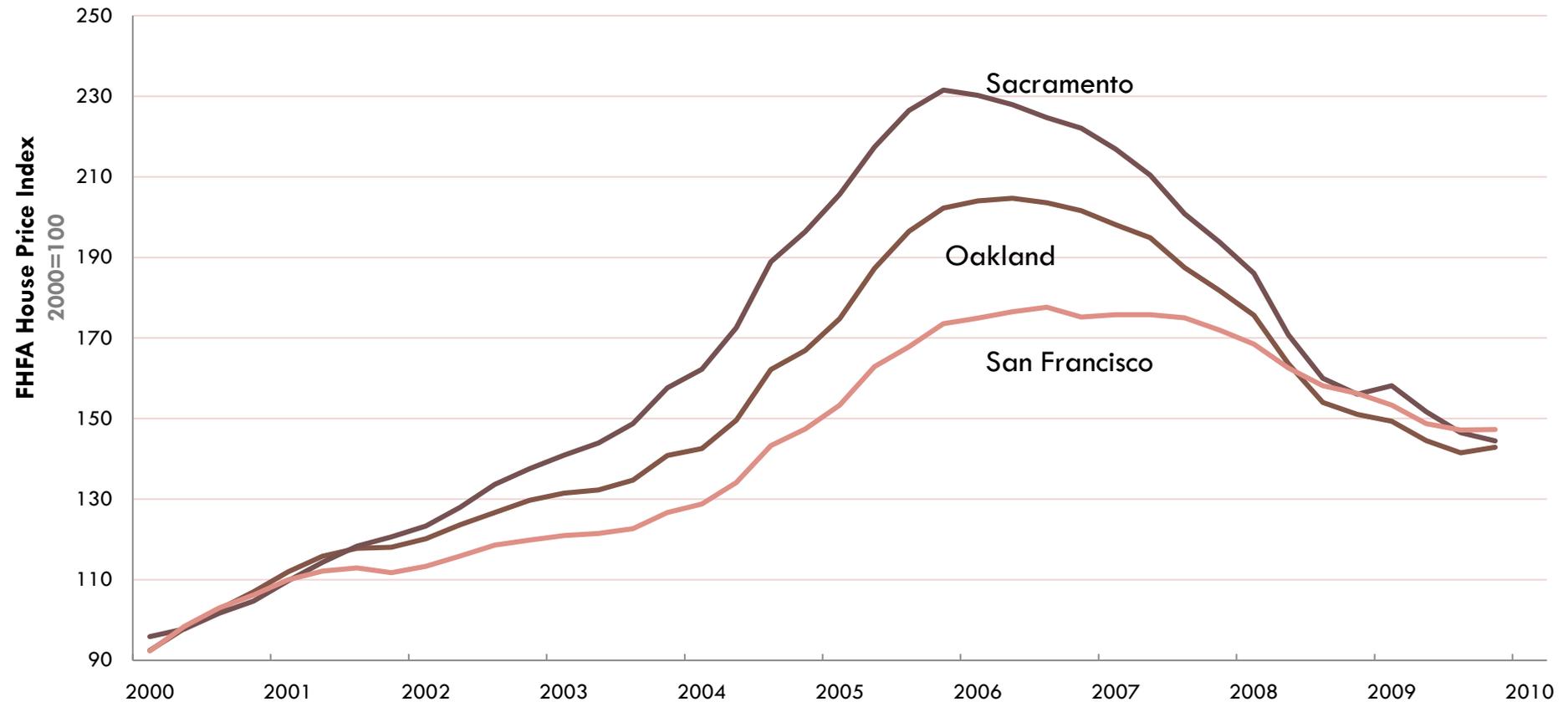


Source: Federal Housing Finance Agency (formerly OFHEO)

Decline in Northern CA MSA House Prices Slows

FHFA House Price Index: Northern California

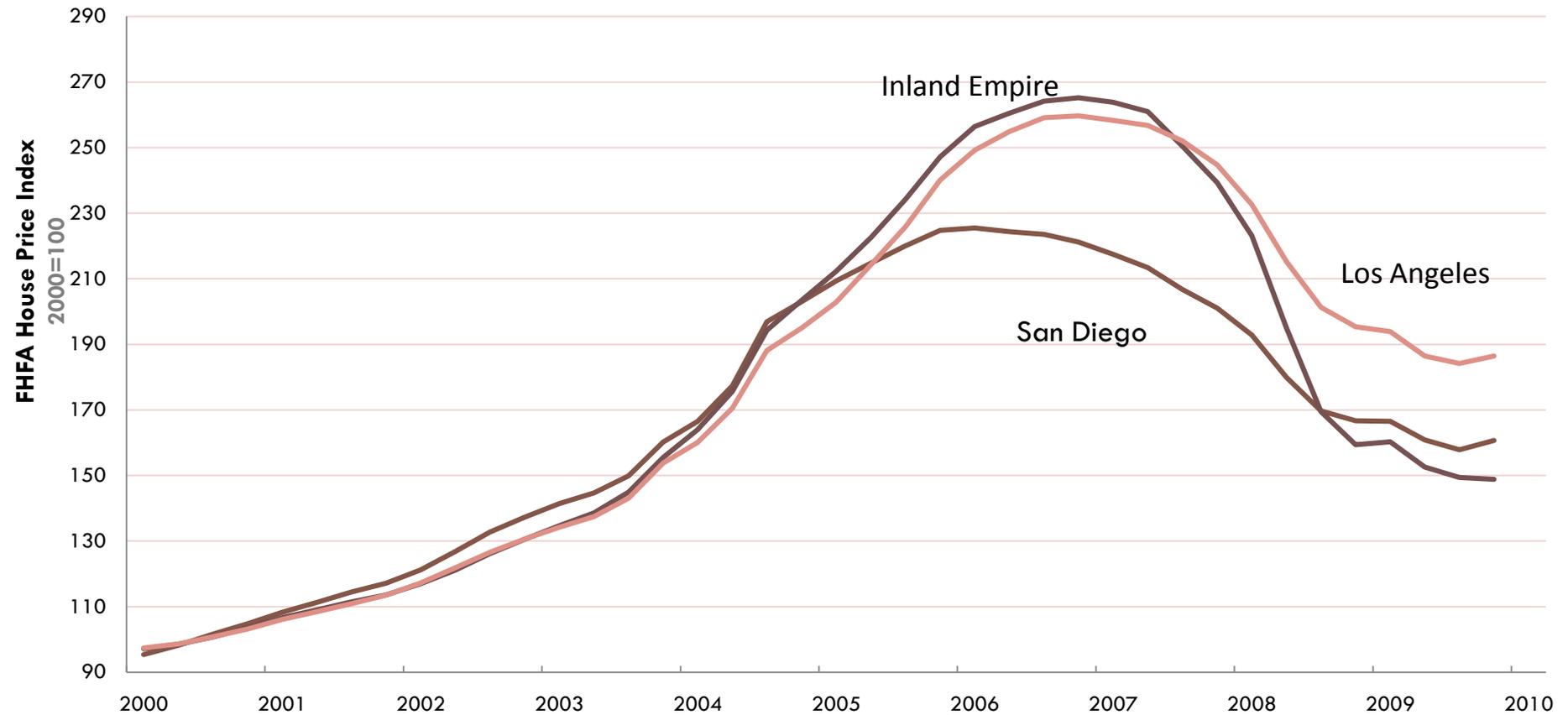
(2000 = 100)



Source: Federal Housing Finance Agency (formerly OFHEO)

Southern CA MSA House Prices Rise Slightly

FHFA House Price Index: Southern California
(2000 = 100, quarterly)

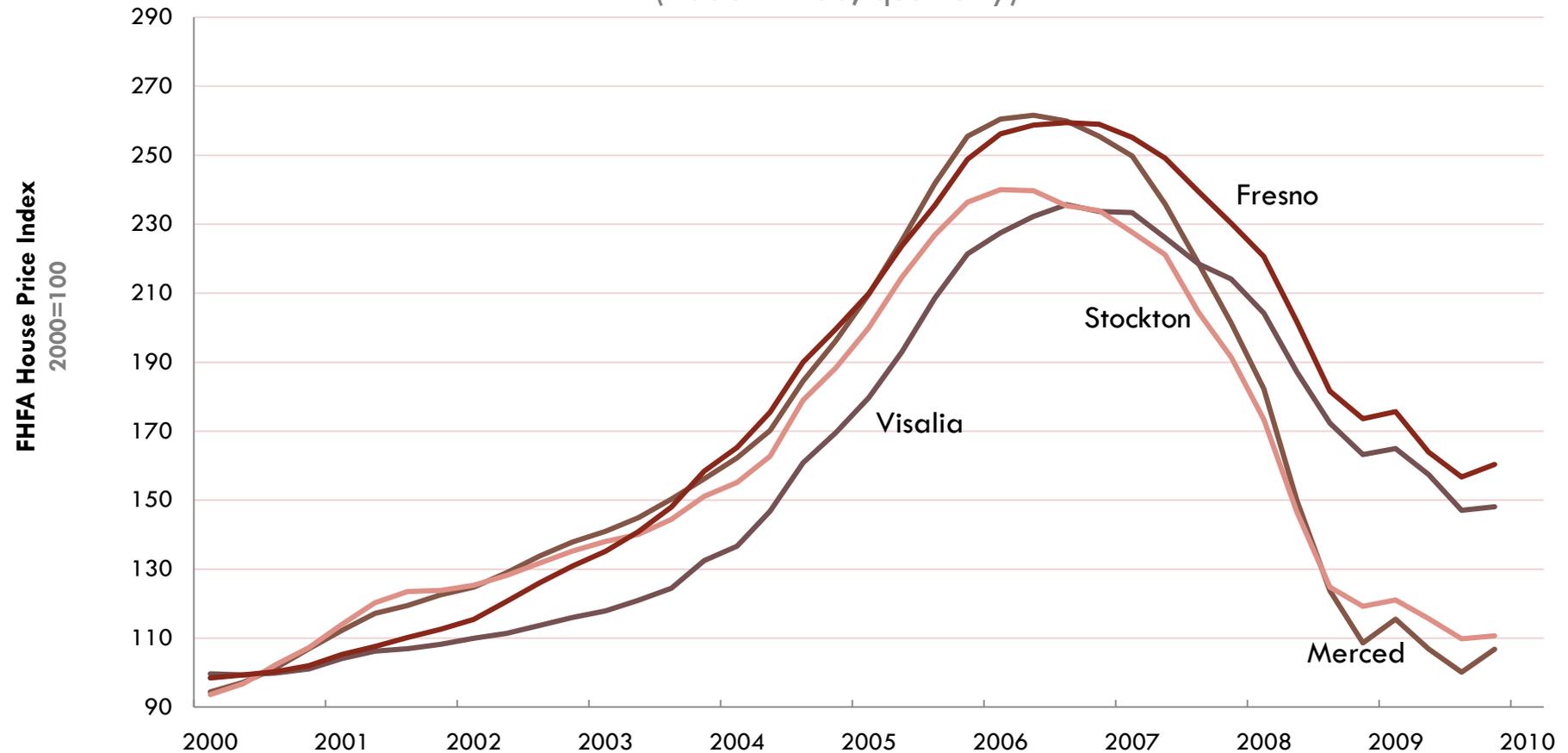


Source: Federal Housing Finance Agency (formerly OFHEO)

Central Valley Housing Prices Begin to Rise Slightly in Q4 2009

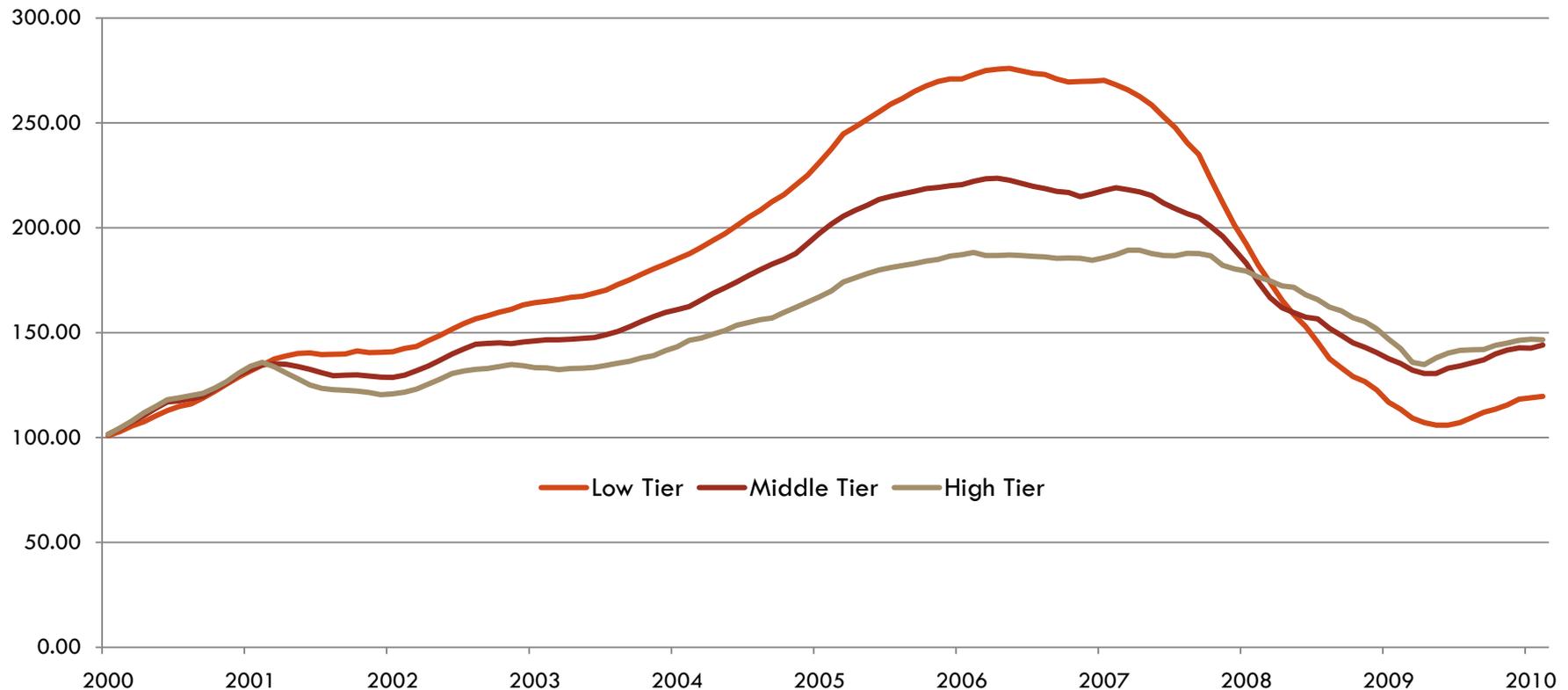
FHFA (formerly OFHEO) House Price Index: Central California

(2000 = 100, quarterly)



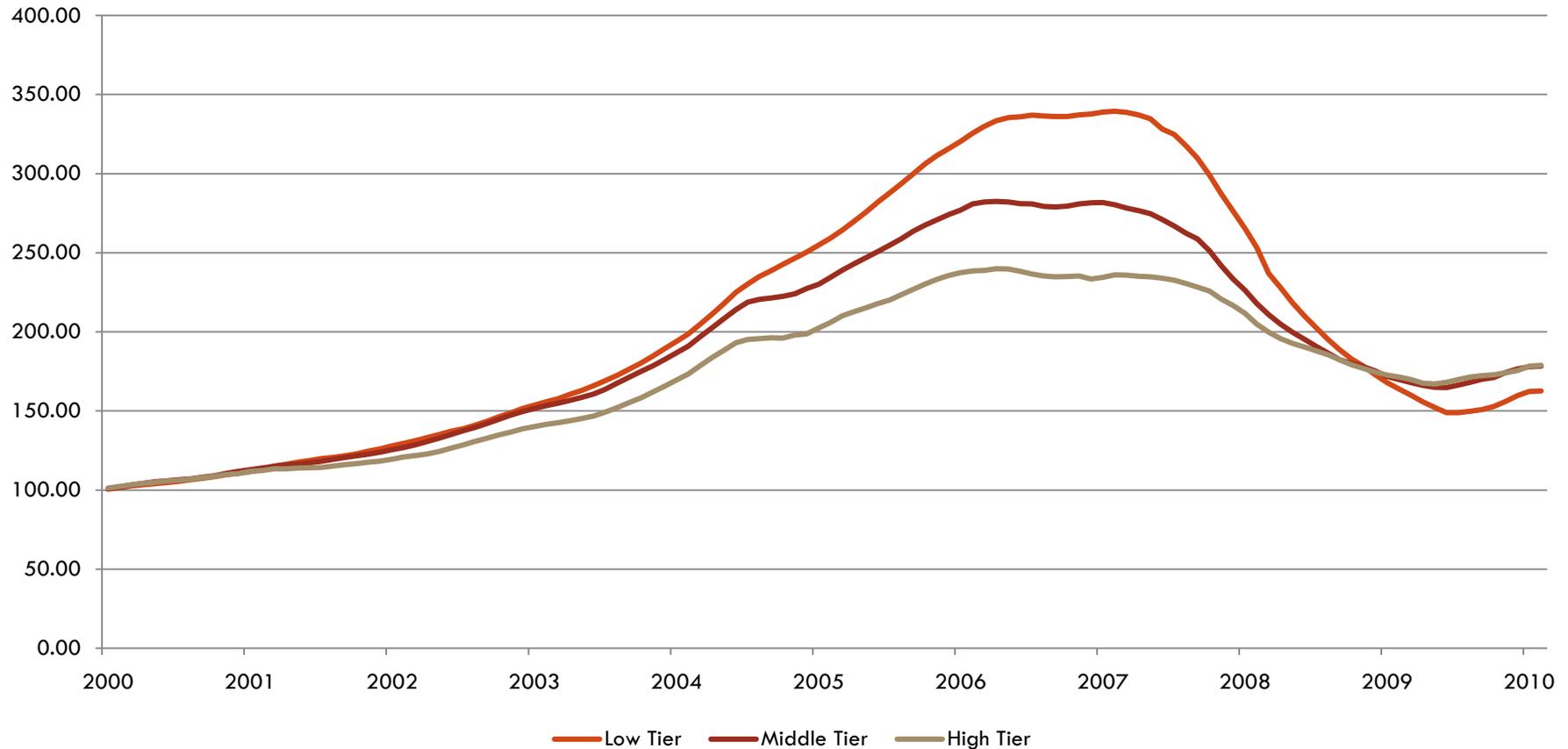
Low Tier – Homes at the Bottom End of the Market – Has Shown Greatest Price Volatility

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



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

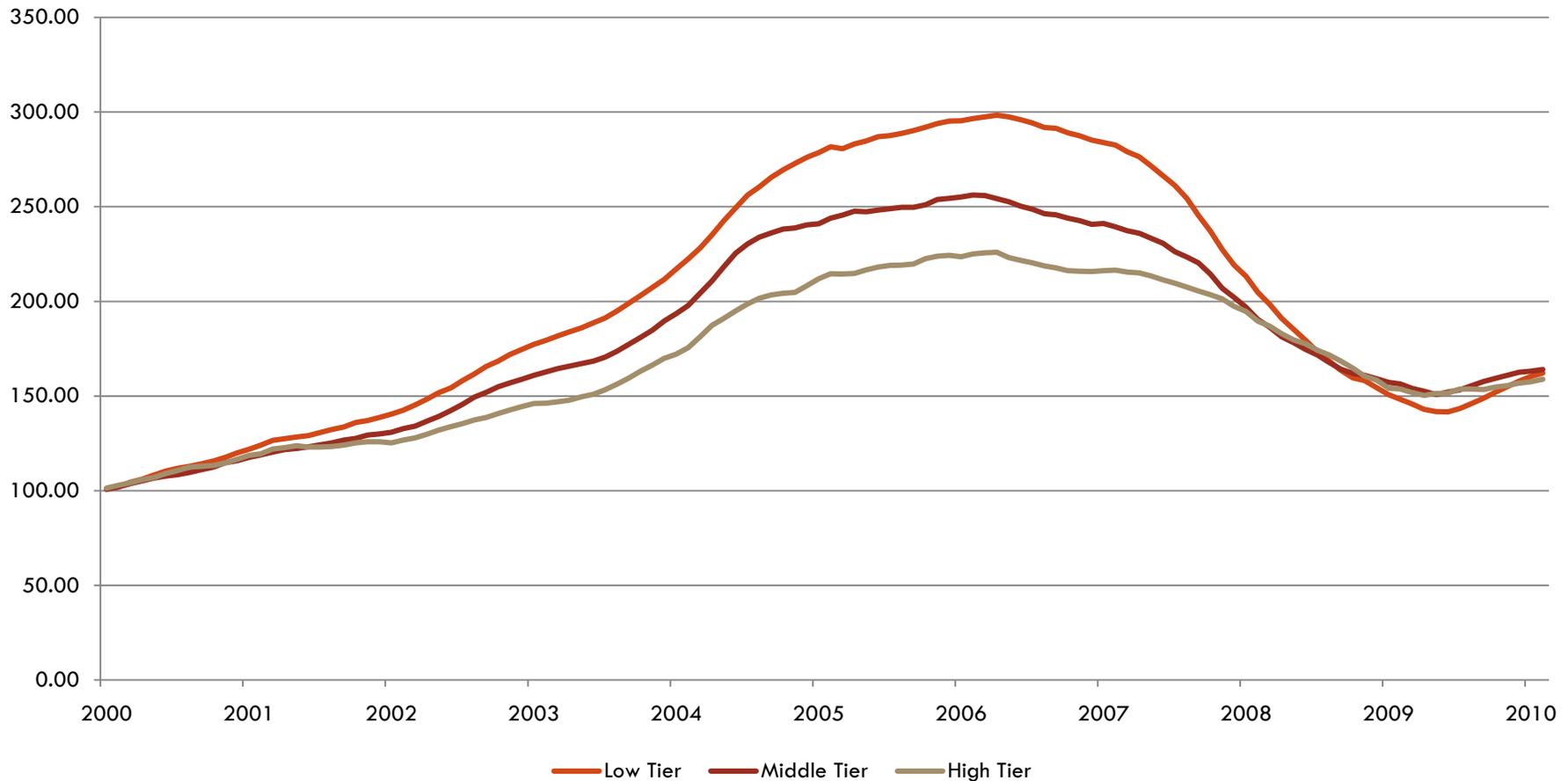
Tiered Case- Shiller Home Price Index: Los Angeles
(2000 = 100)



Source: Case - Shiller Home Price Index

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

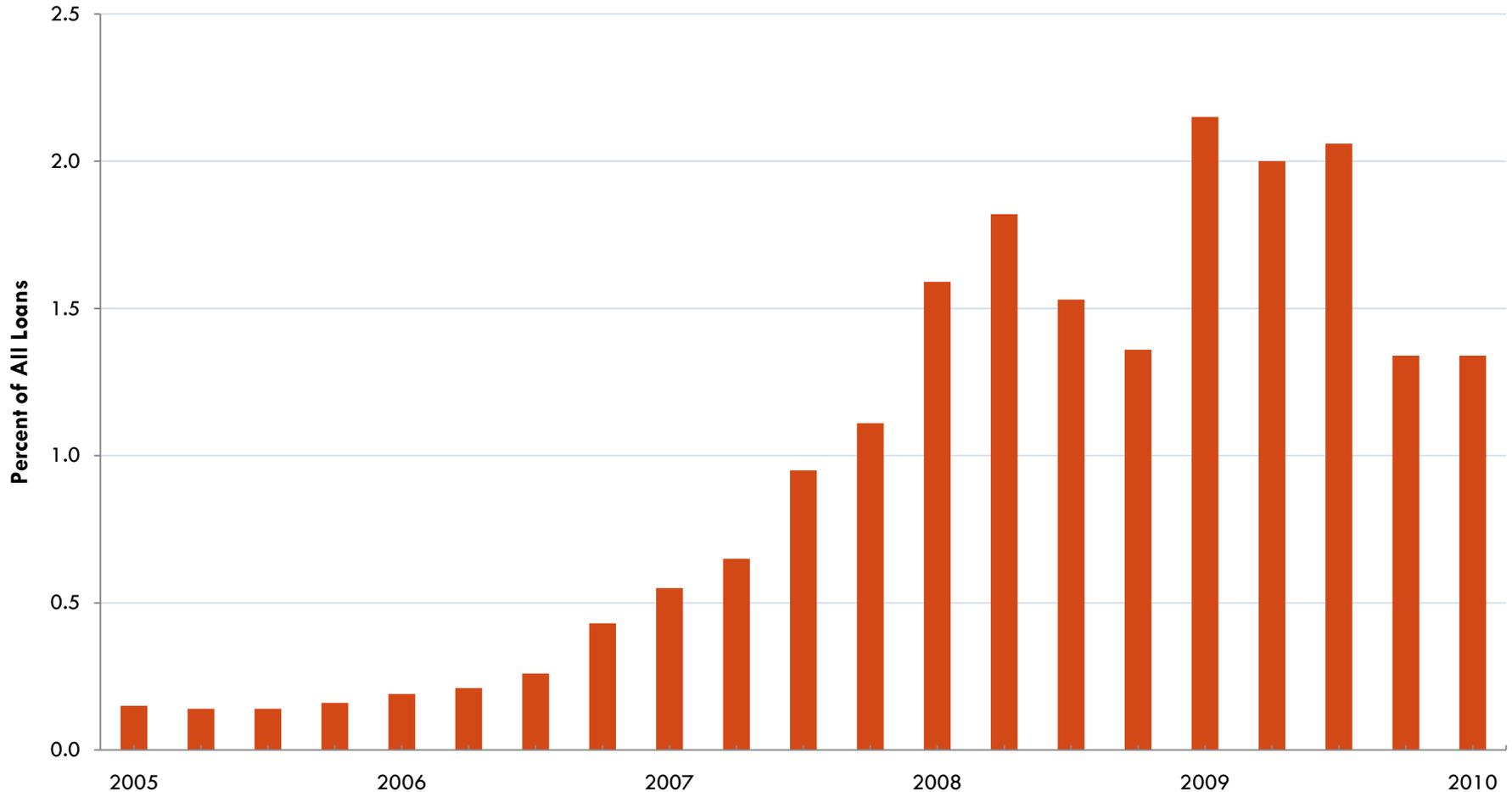
Tiered Case- Shiller Home Price Index: San Diego
(2000 = 100)



Source: Case - Shiller Home Price Index

California Foreclosures Show Sustained Drop in Late 2009/early 2010

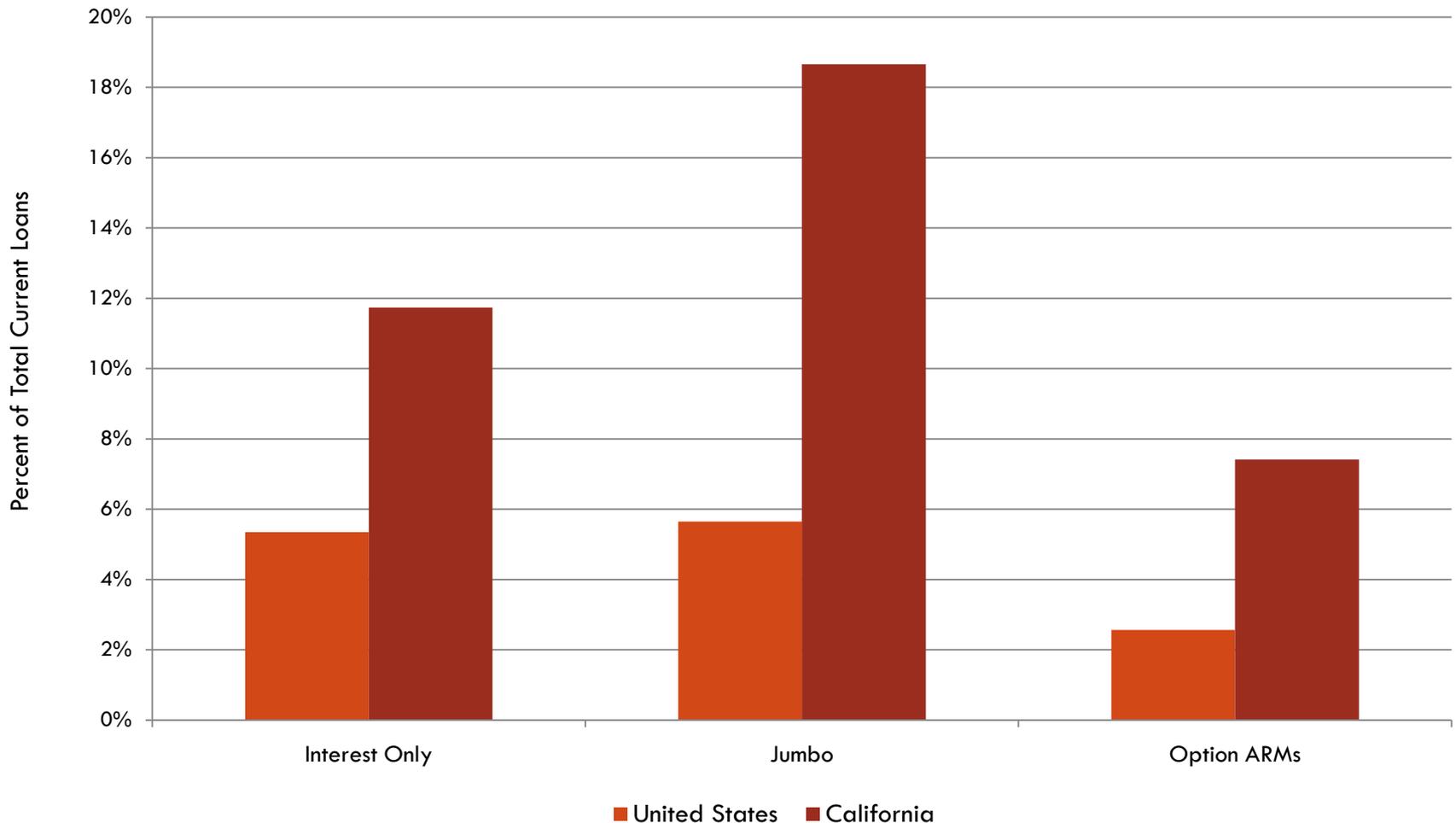
California: Foreclosure Starts



Source: Mortgage Bankers Association, National Delinquency Survey

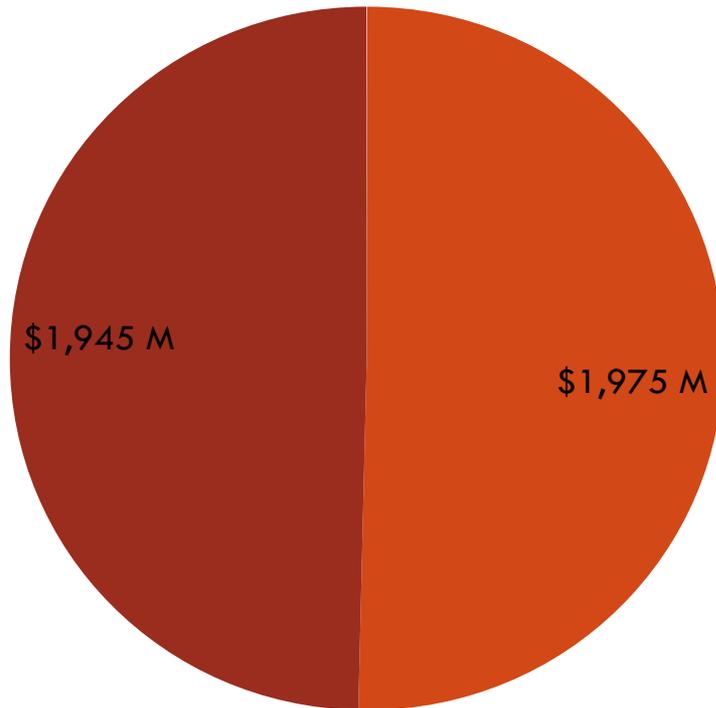
Remaining Concerns over Sustainability of Loans with Payment Options (in subprime, prime and Alt-A markets)

Characteristics of Remaining "Current" Loans

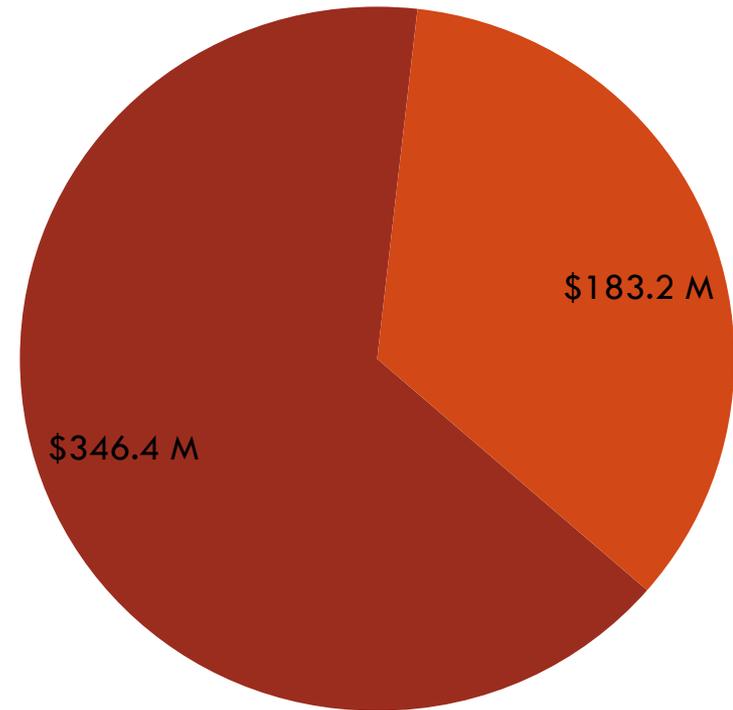


Neighborhood Stabilization Program

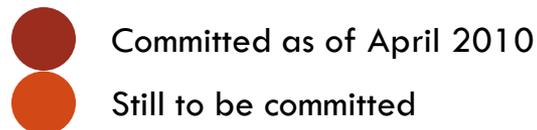
US Program Nationwide



California Program Statewide



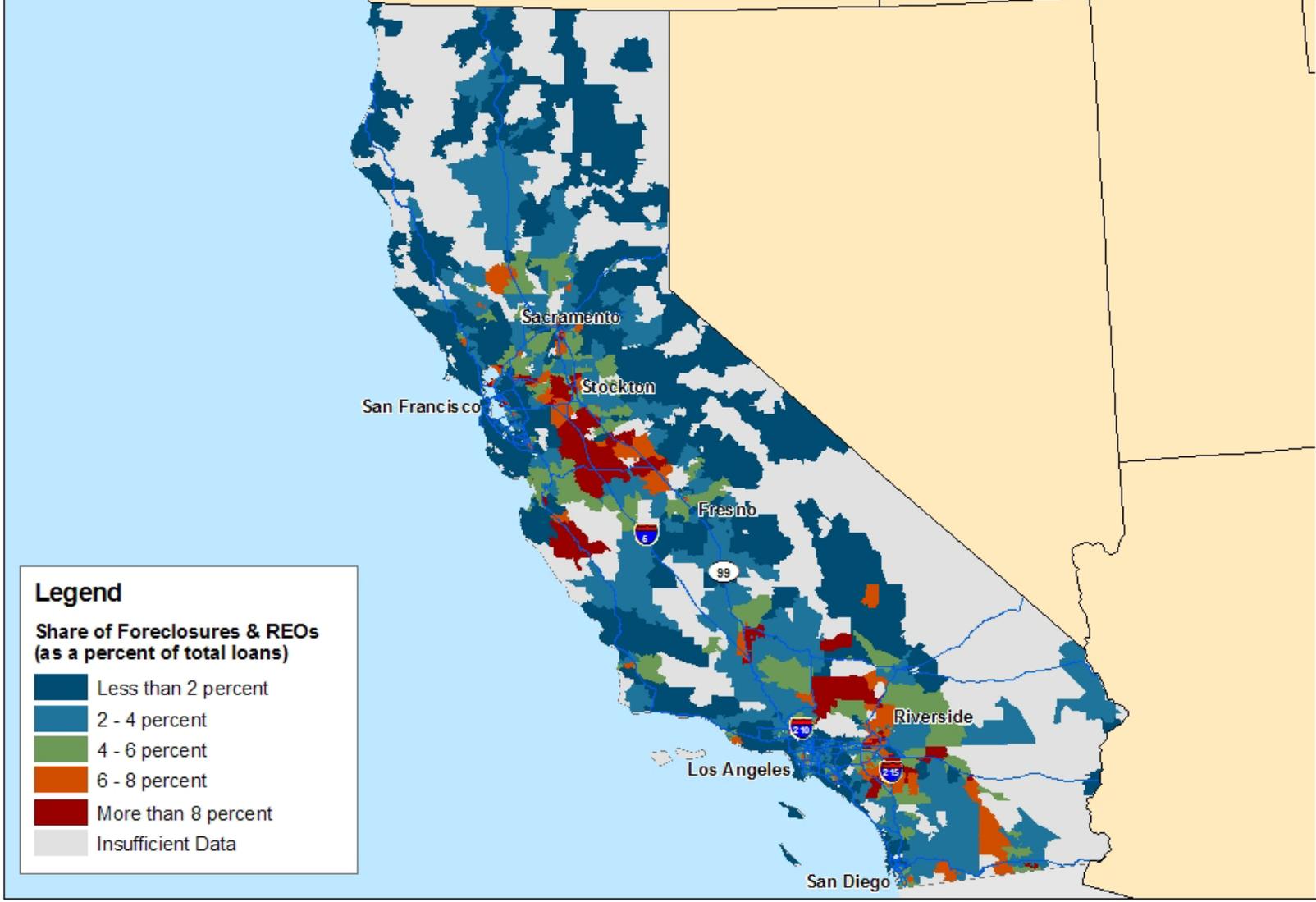
Source: HUD NSP Snapshots



State & Local Data Maps

Areas Affected by Concentrated Foreclosures

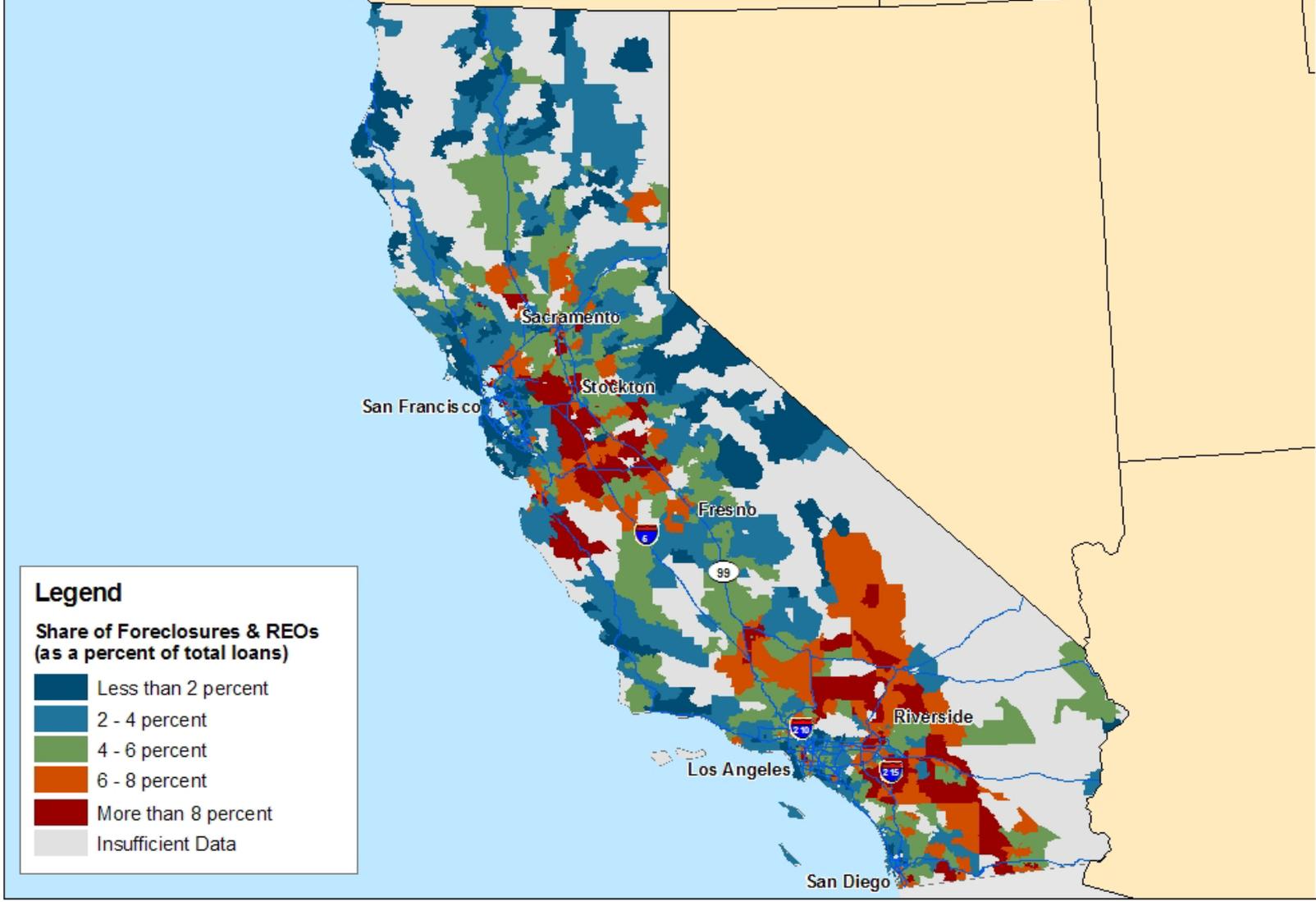
November 2008



Source: Lender Processing Services Inc. Applied Analytics

Areas Affected by Concentrated Foreclosures

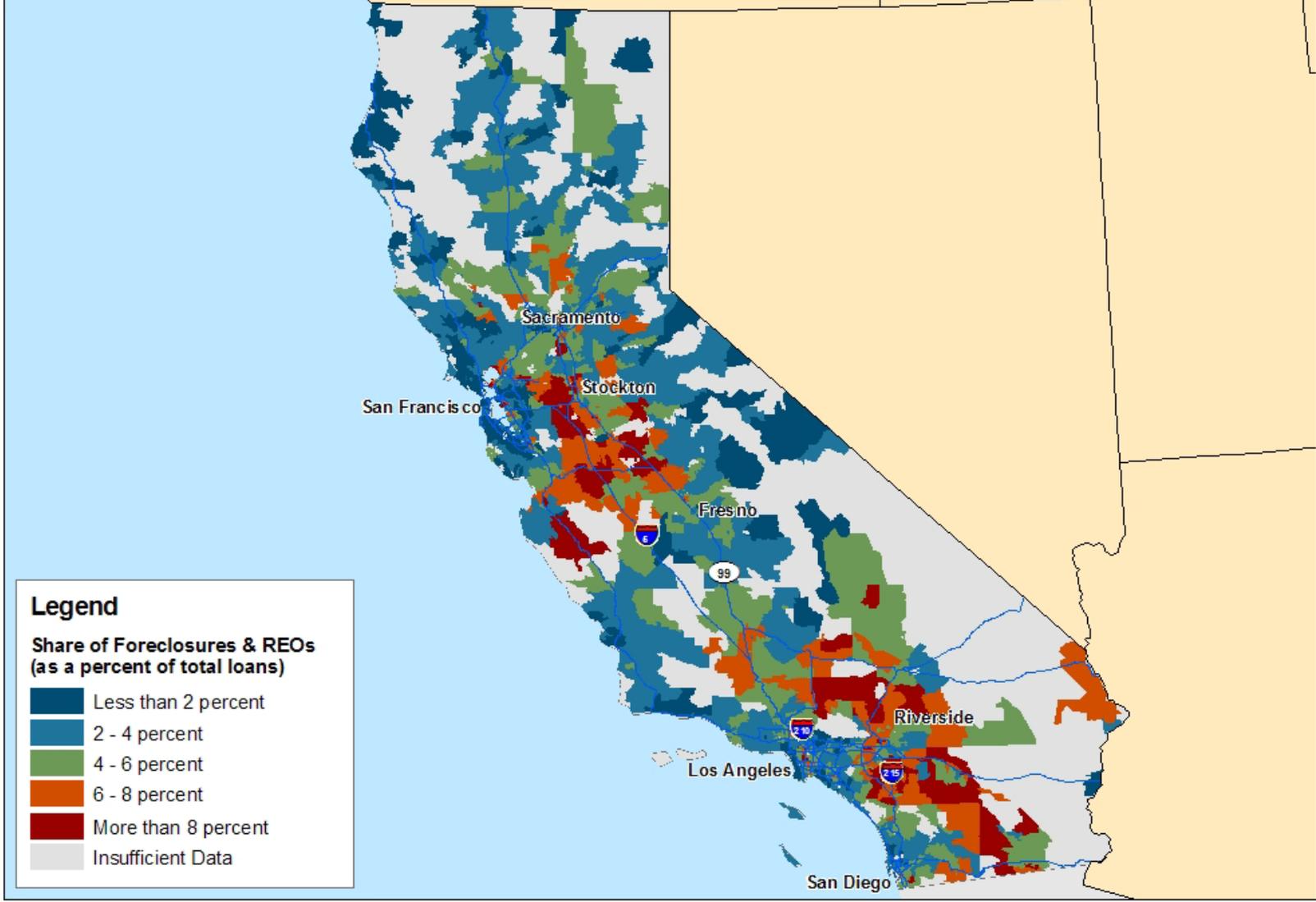
November 2009



Source: Lender Processing Services Inc. Applied Analytics

Areas Affected by Concentrated Foreclosures

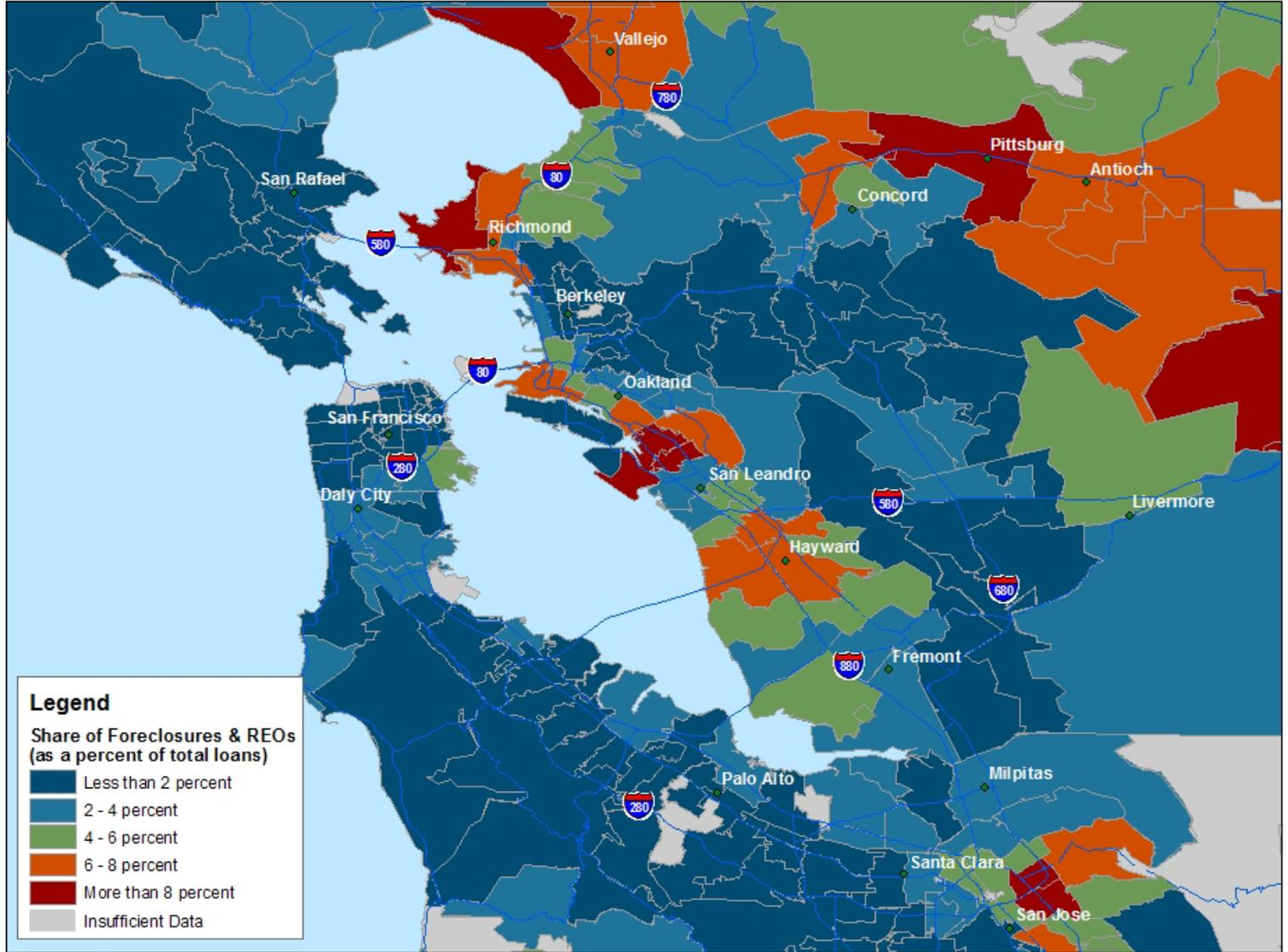
February 2010



Source: Lender Processing Services Inc. Applied Analytics

Areas Affected by Concentrated Foreclosures

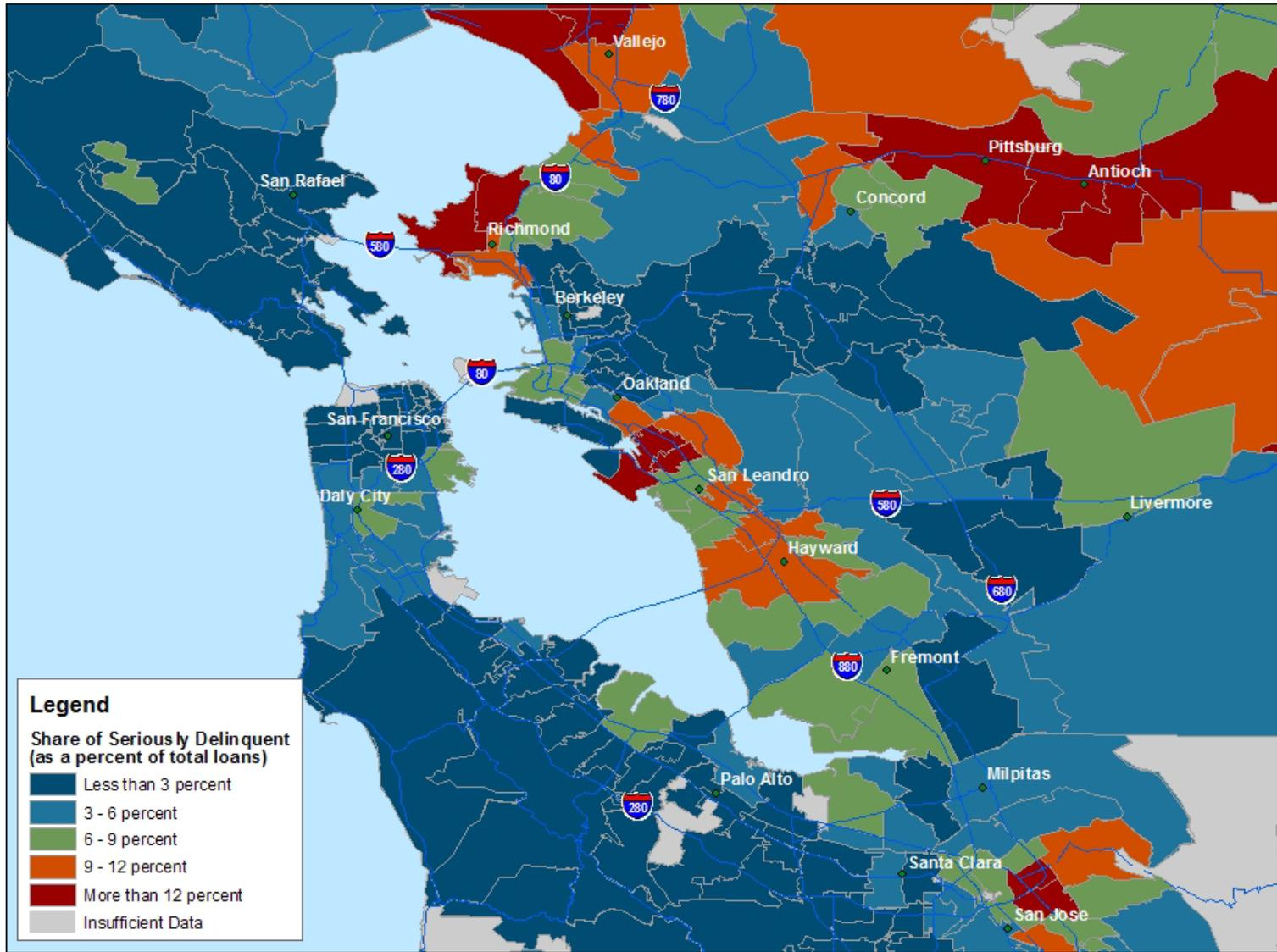
February 2010



Source: Lender Processing Services Inc. Applied Analytics

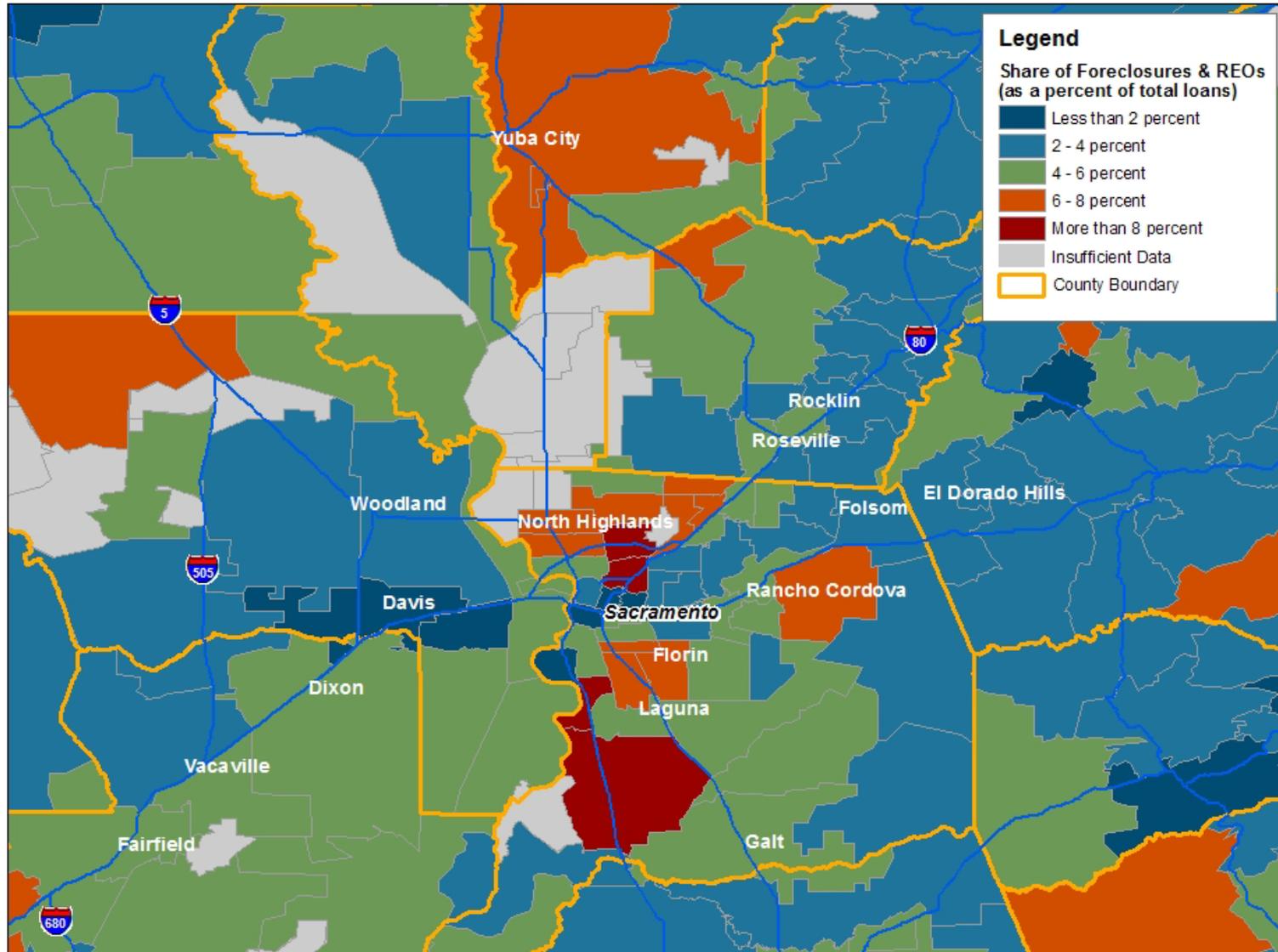
Areas at Risk of Additional Foreclosures

February 2010



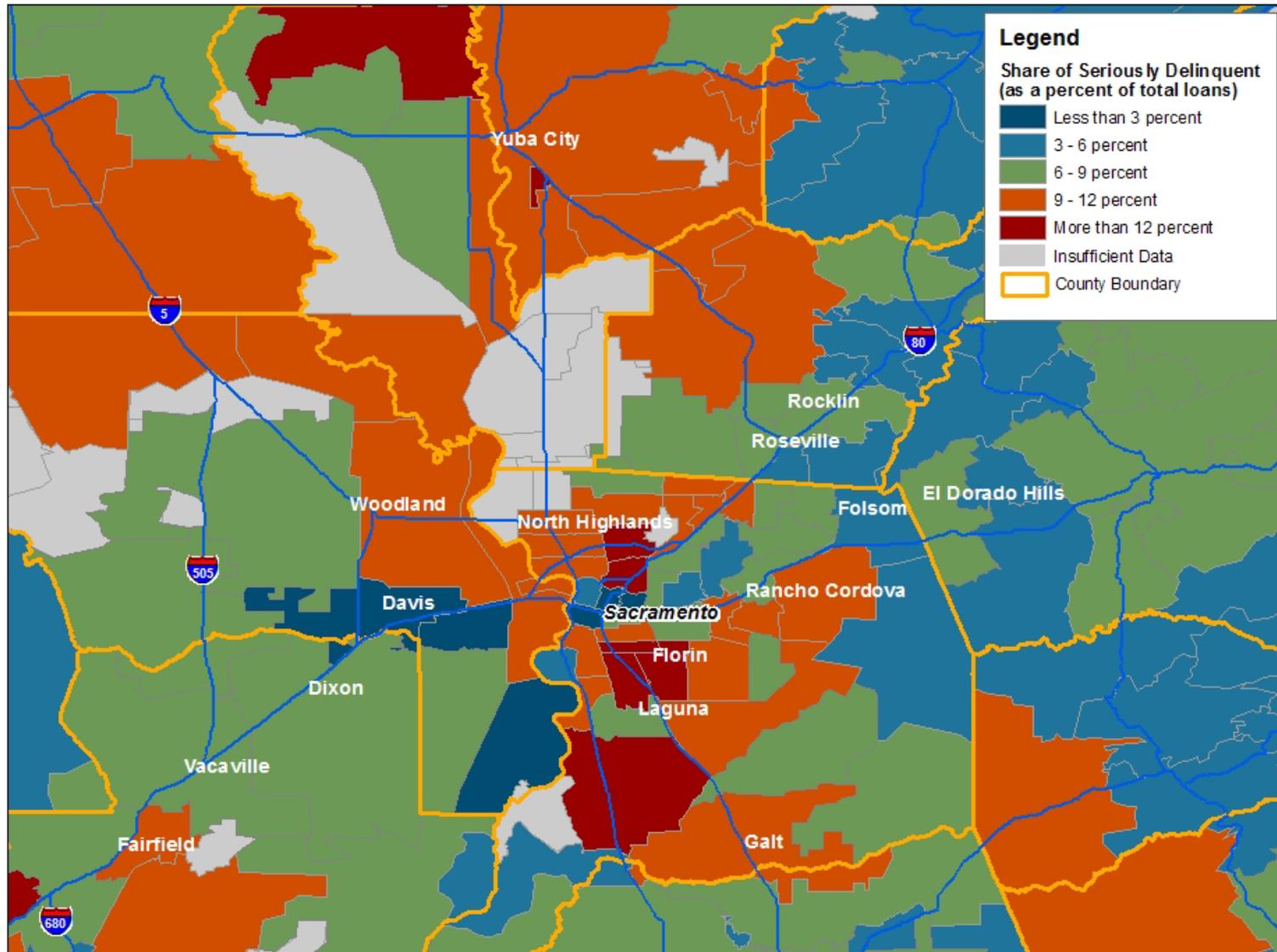
Areas Affected by Concentrated Foreclosures

February 2010



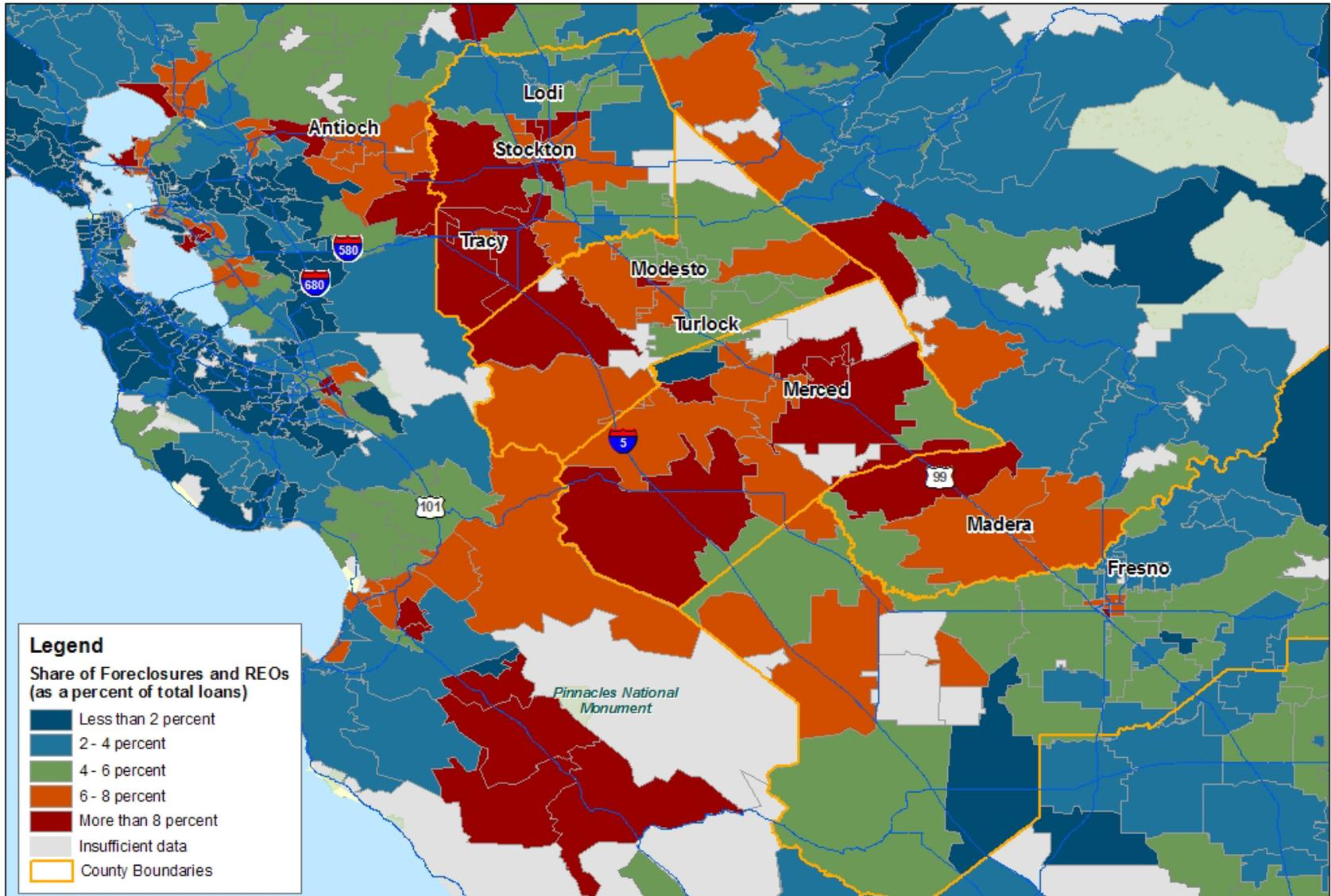
Areas at Risk of Additional Foreclosures

February 2010



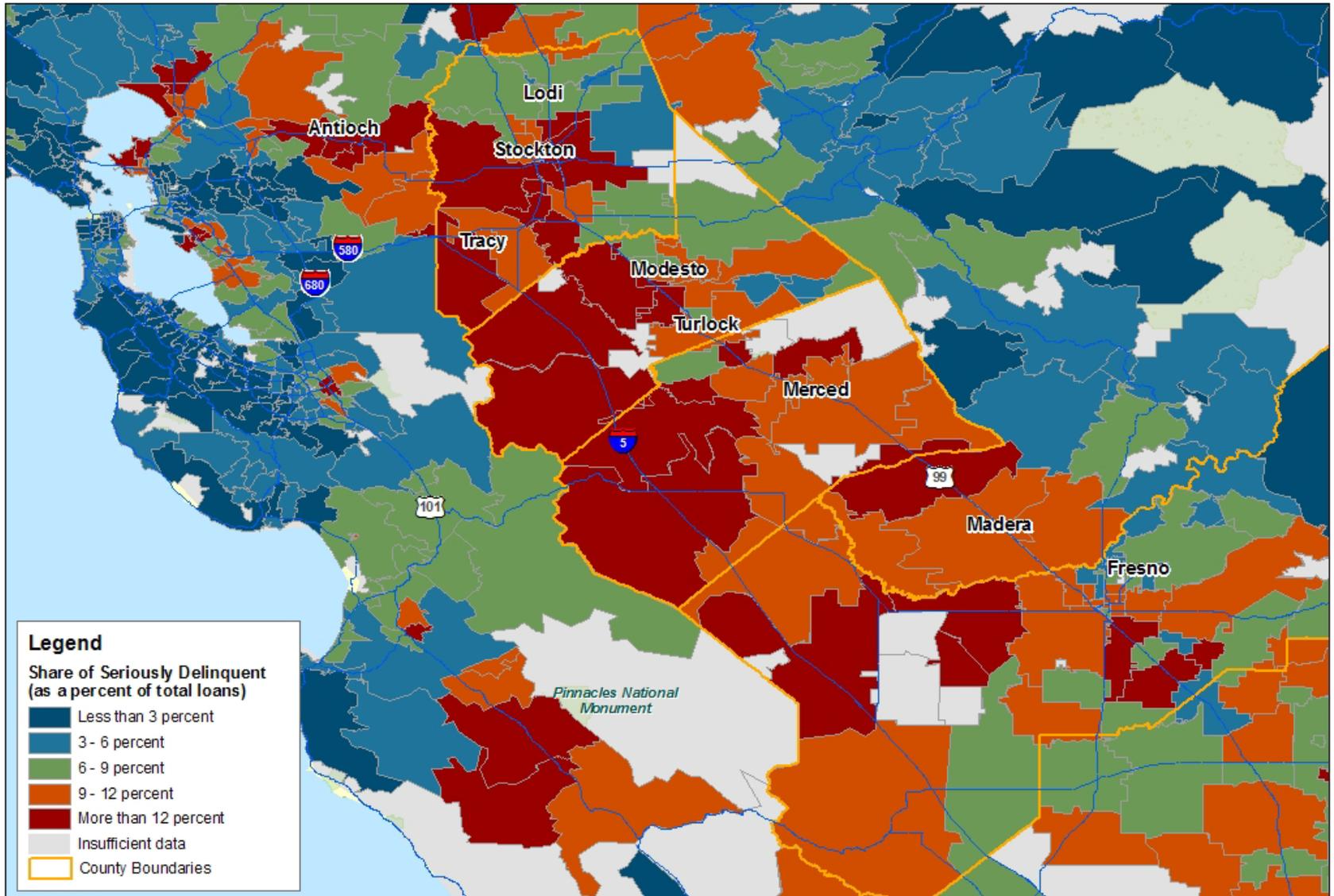
Areas Affected by Concentrated Foreclosures

February 2010



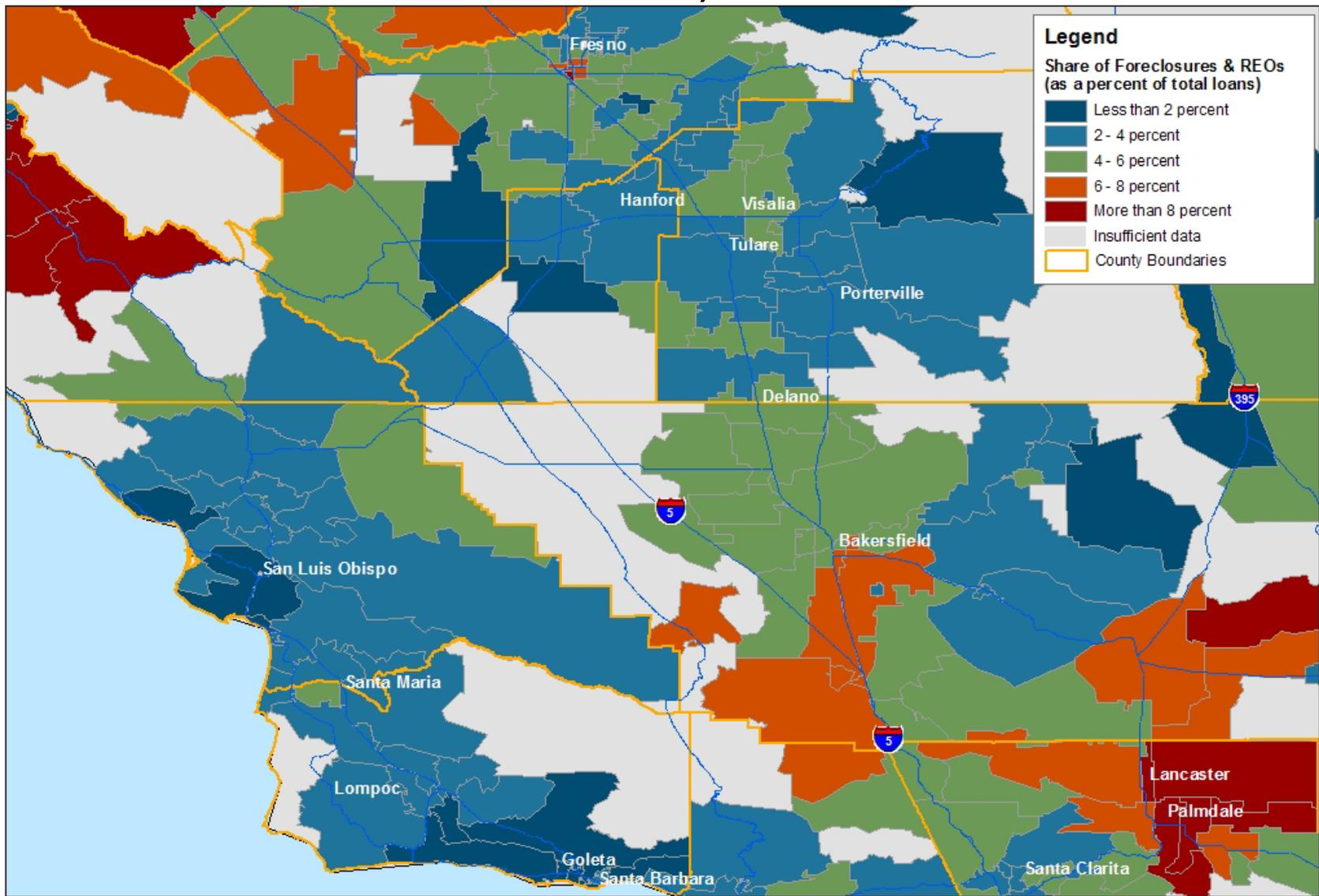
Areas at Risk of Additional Foreclosures

February 2010



Areas Affected by Concentrated Foreclosures

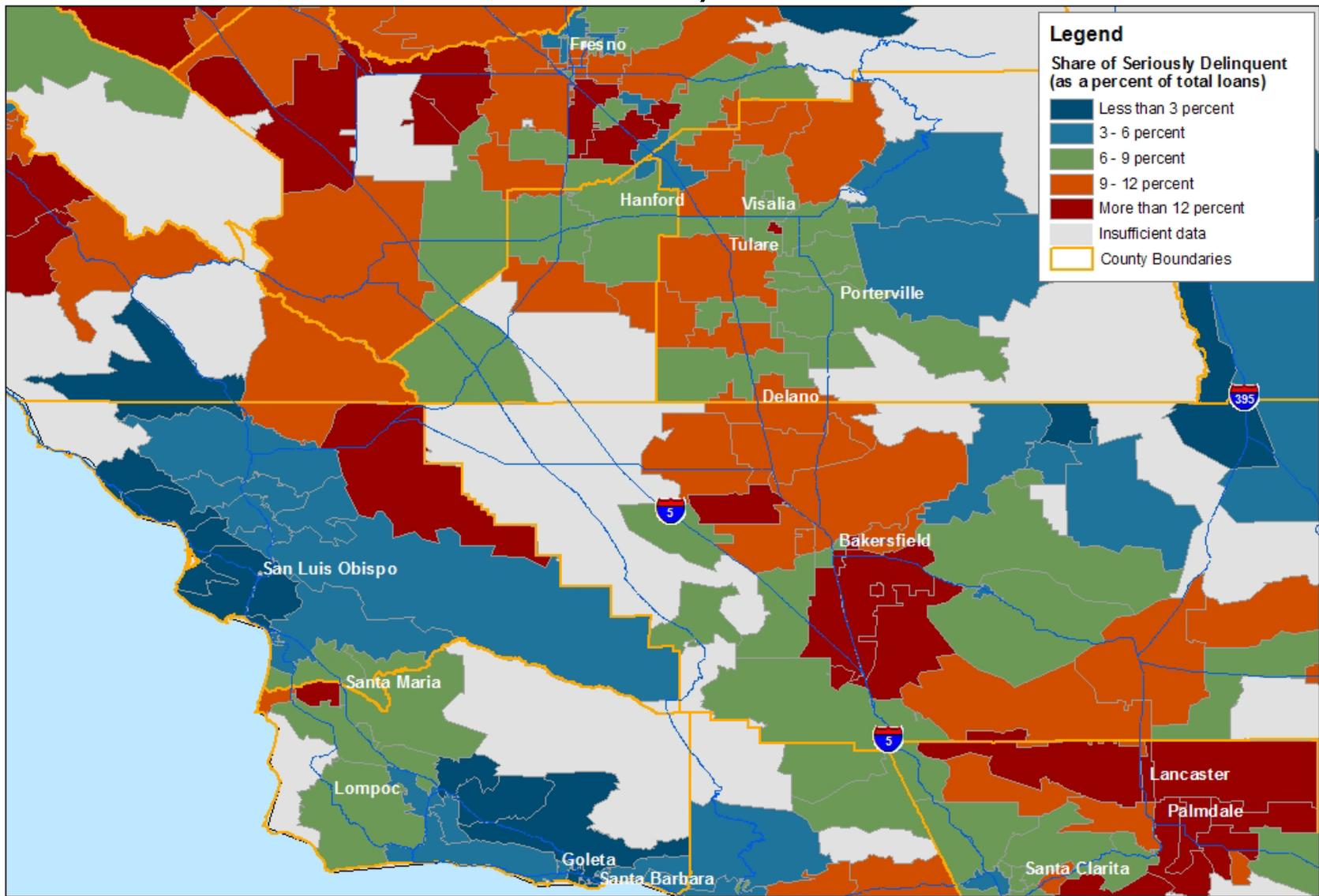
February 2010



Source: Lender Processing Services Inc. Applied Analytics

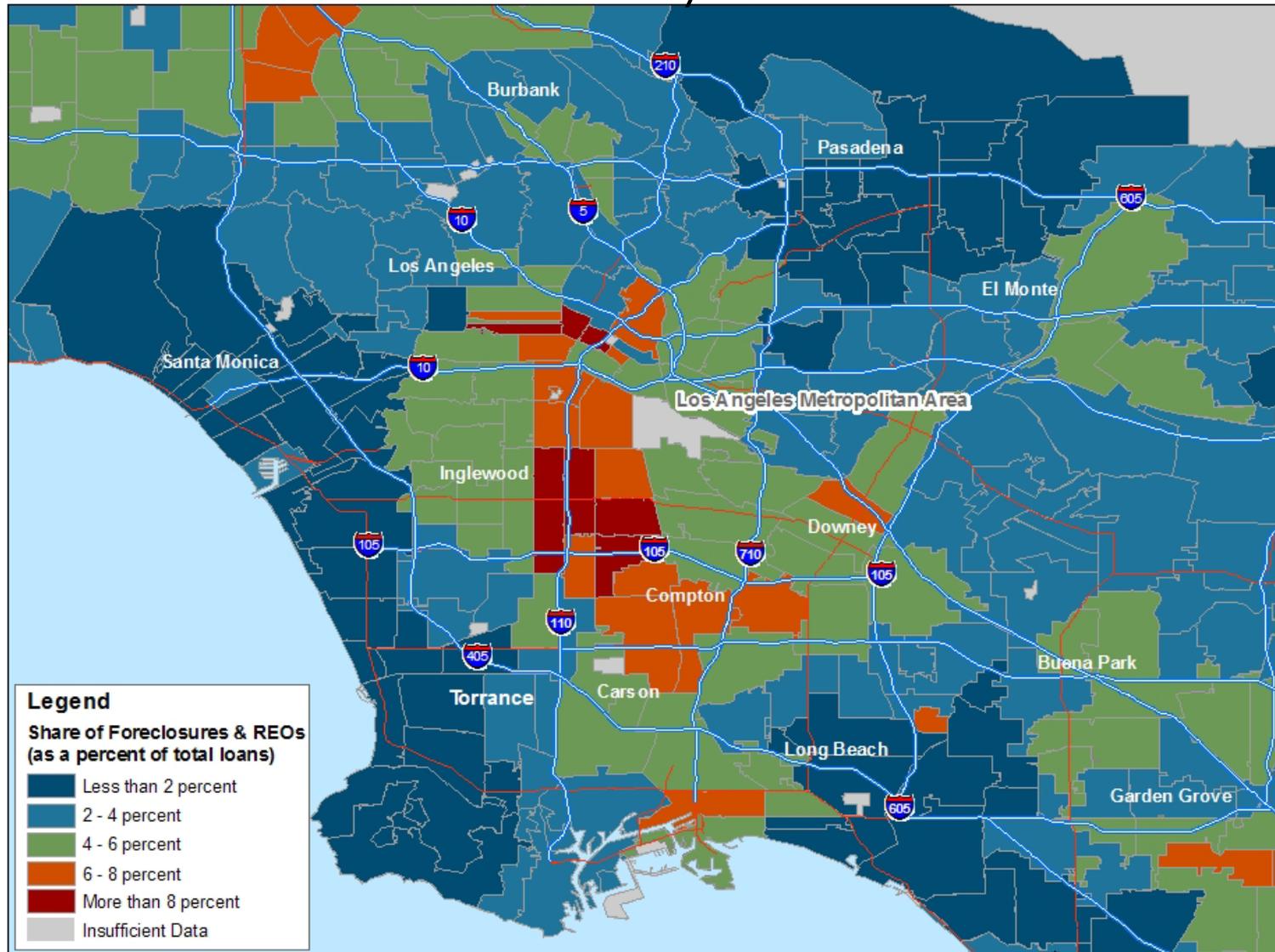
Areas at Risk of Additional Foreclosures

February 2010



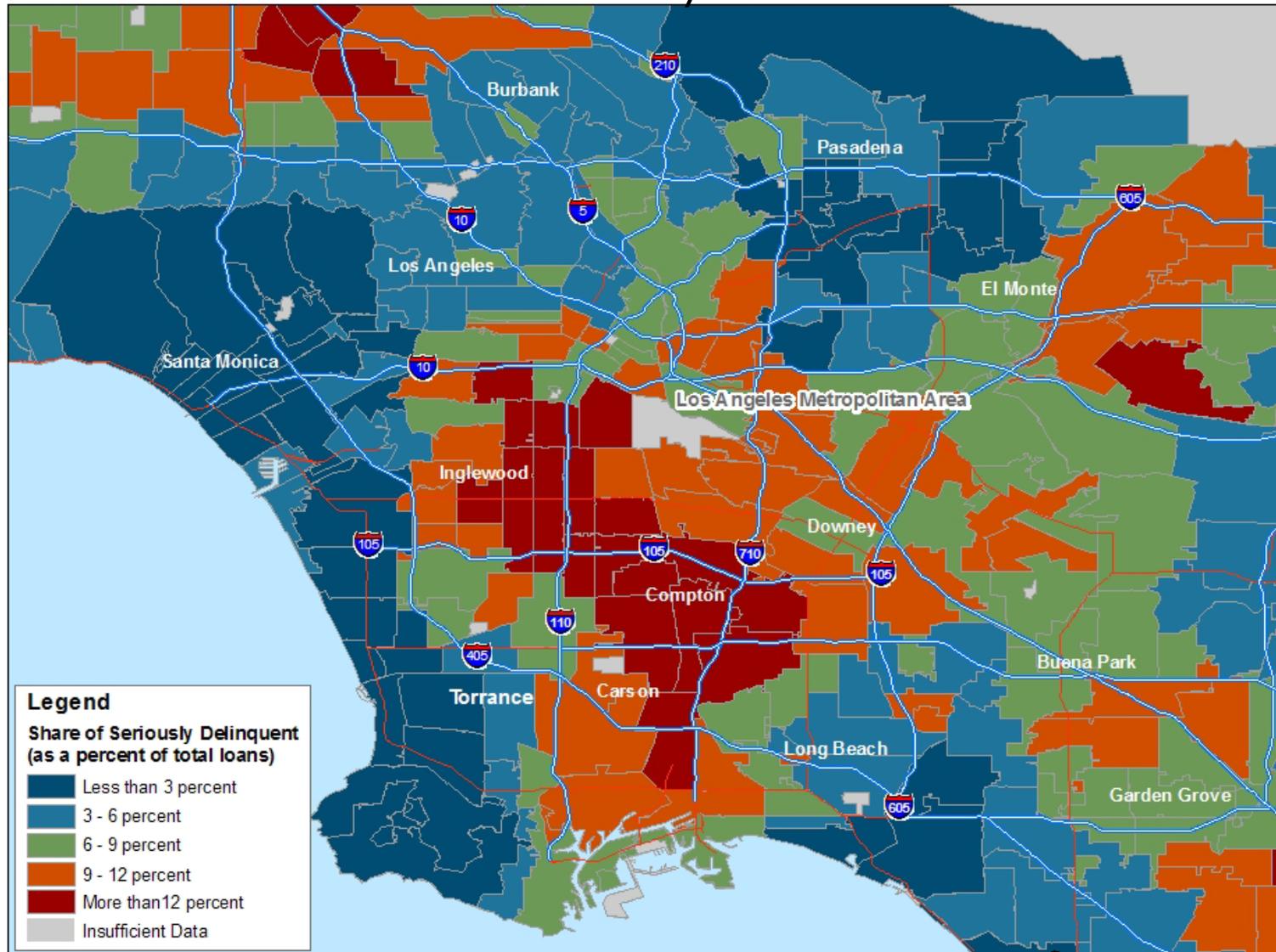
Areas Affected by Concentrated Foreclosures

February 2010



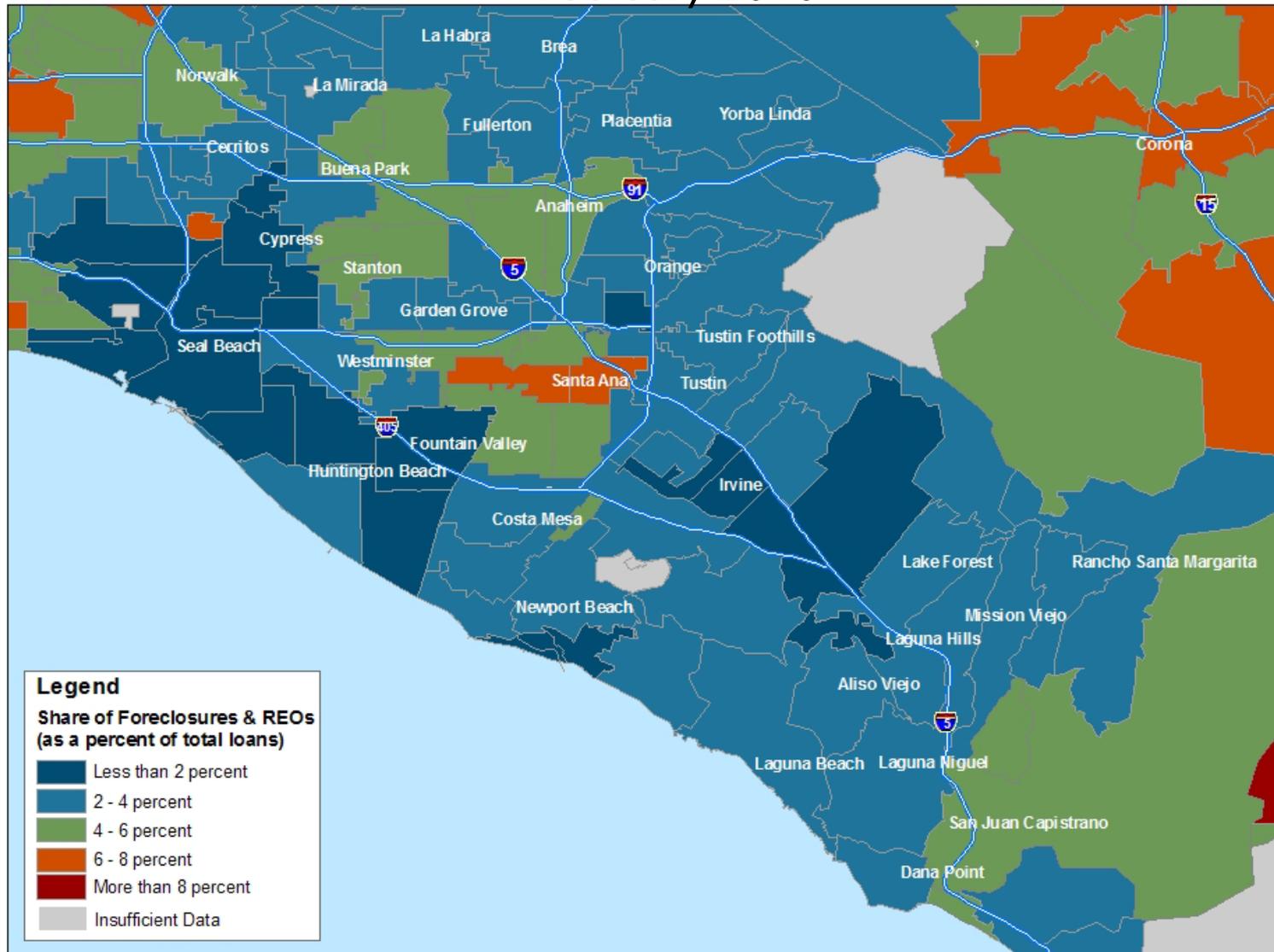
Areas at Risk of Additional Foreclosures

February 2010



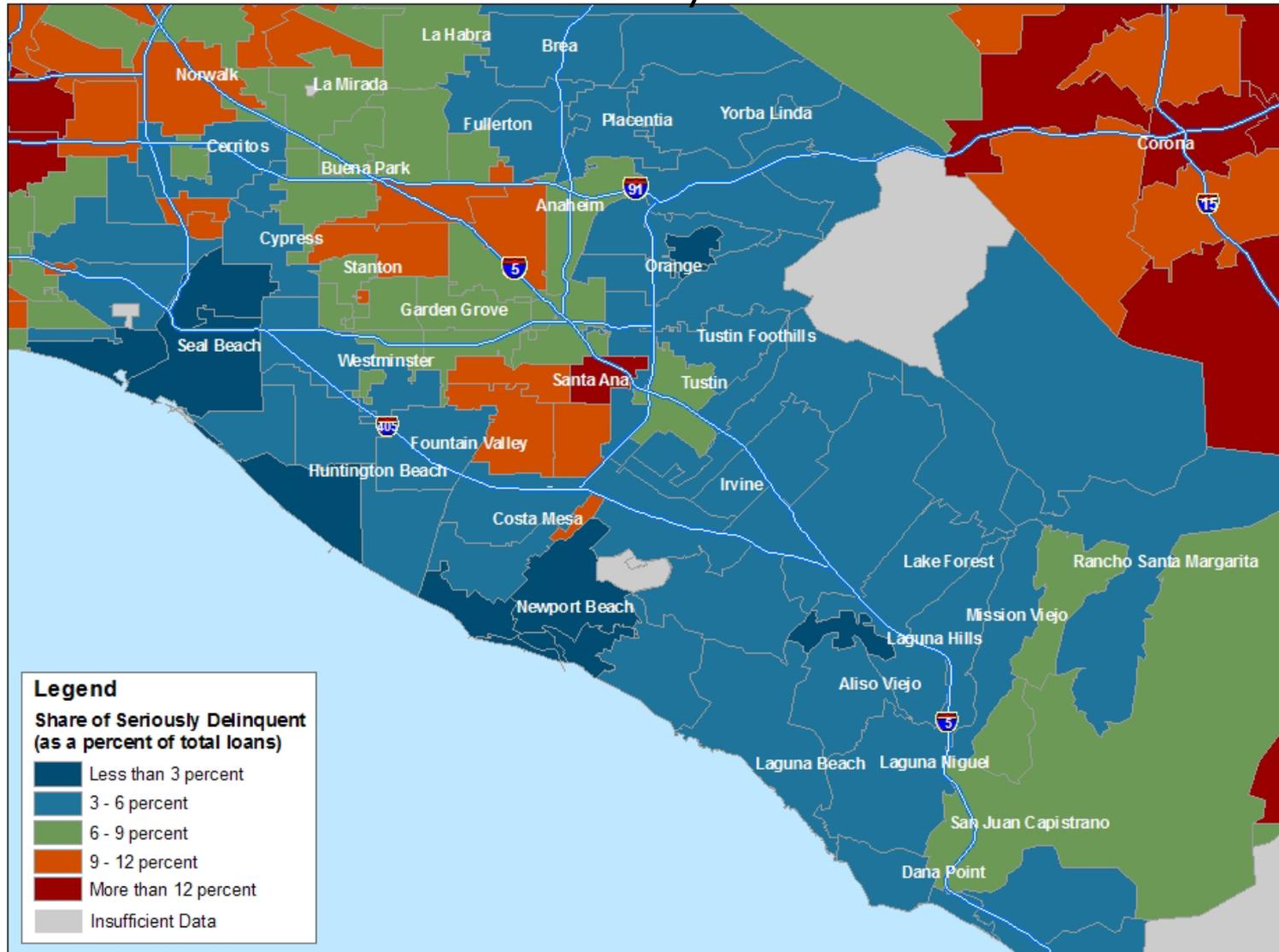
Areas Affected by Concentrated Foreclosures

February 2010



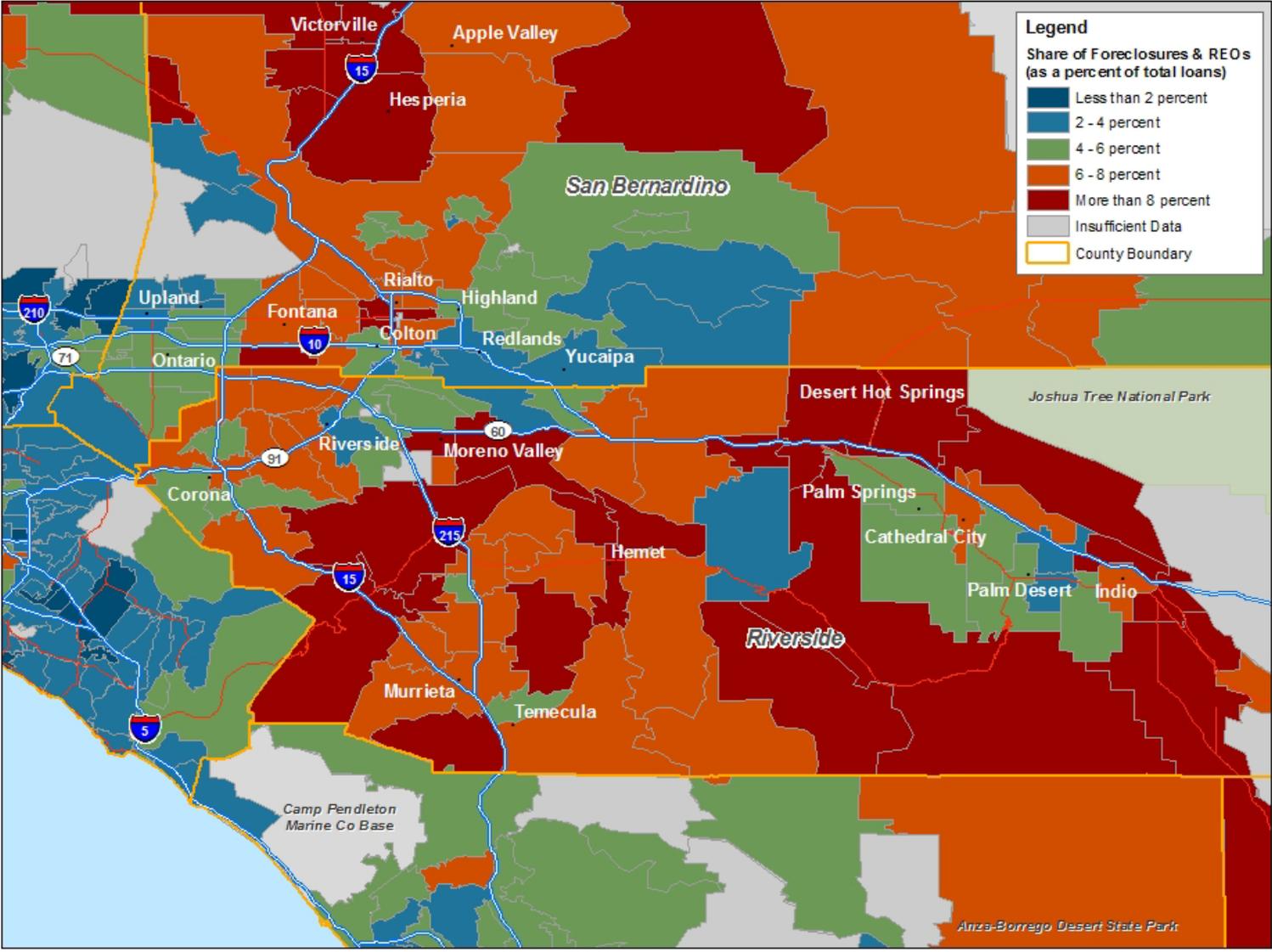
Areas at Risk of Additional Foreclosures

February 2010



Areas Affected by Concentrated Foreclosures

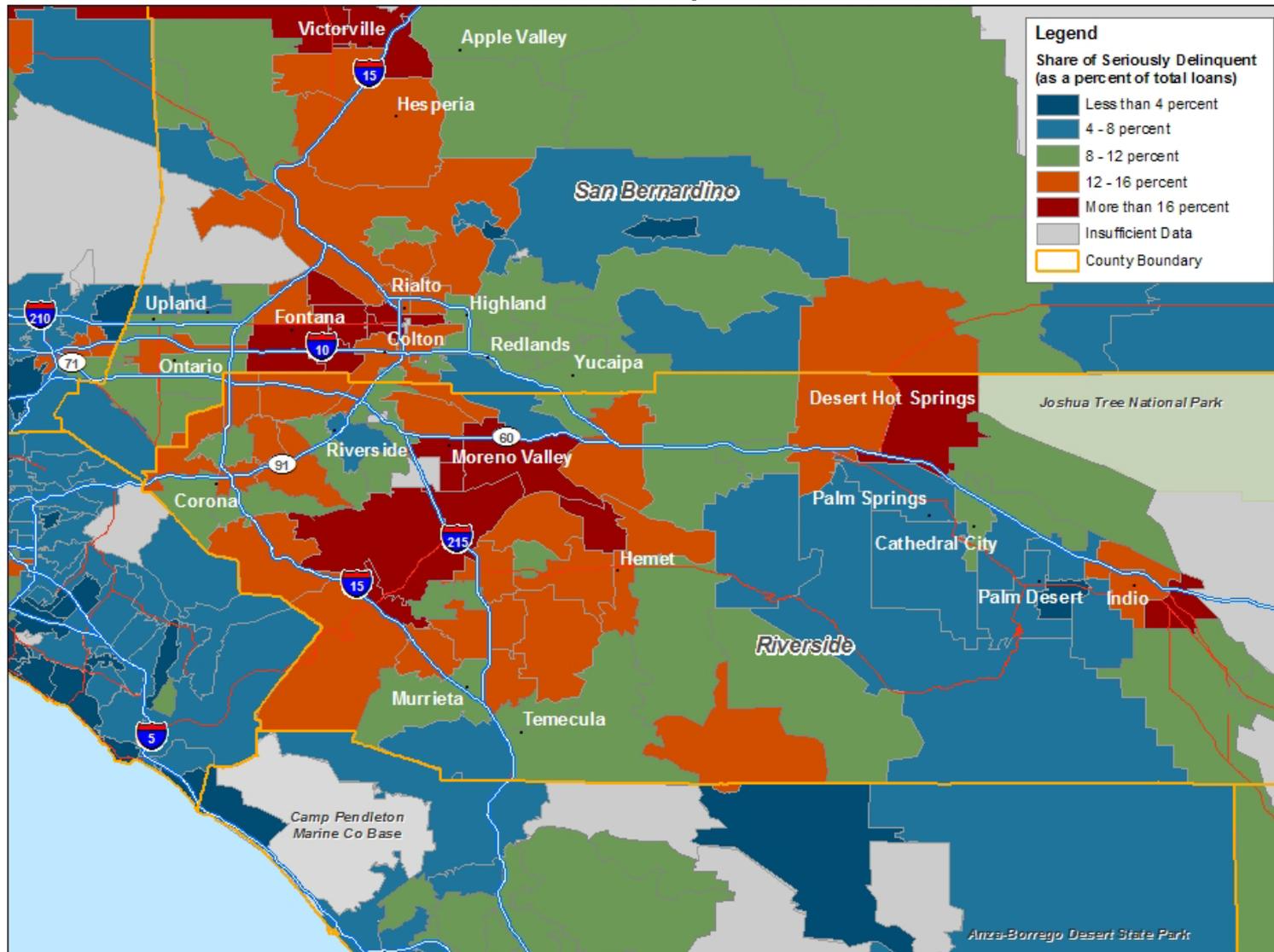
February 2010



Source: Lender Processing Services Inc. Applied Analytics

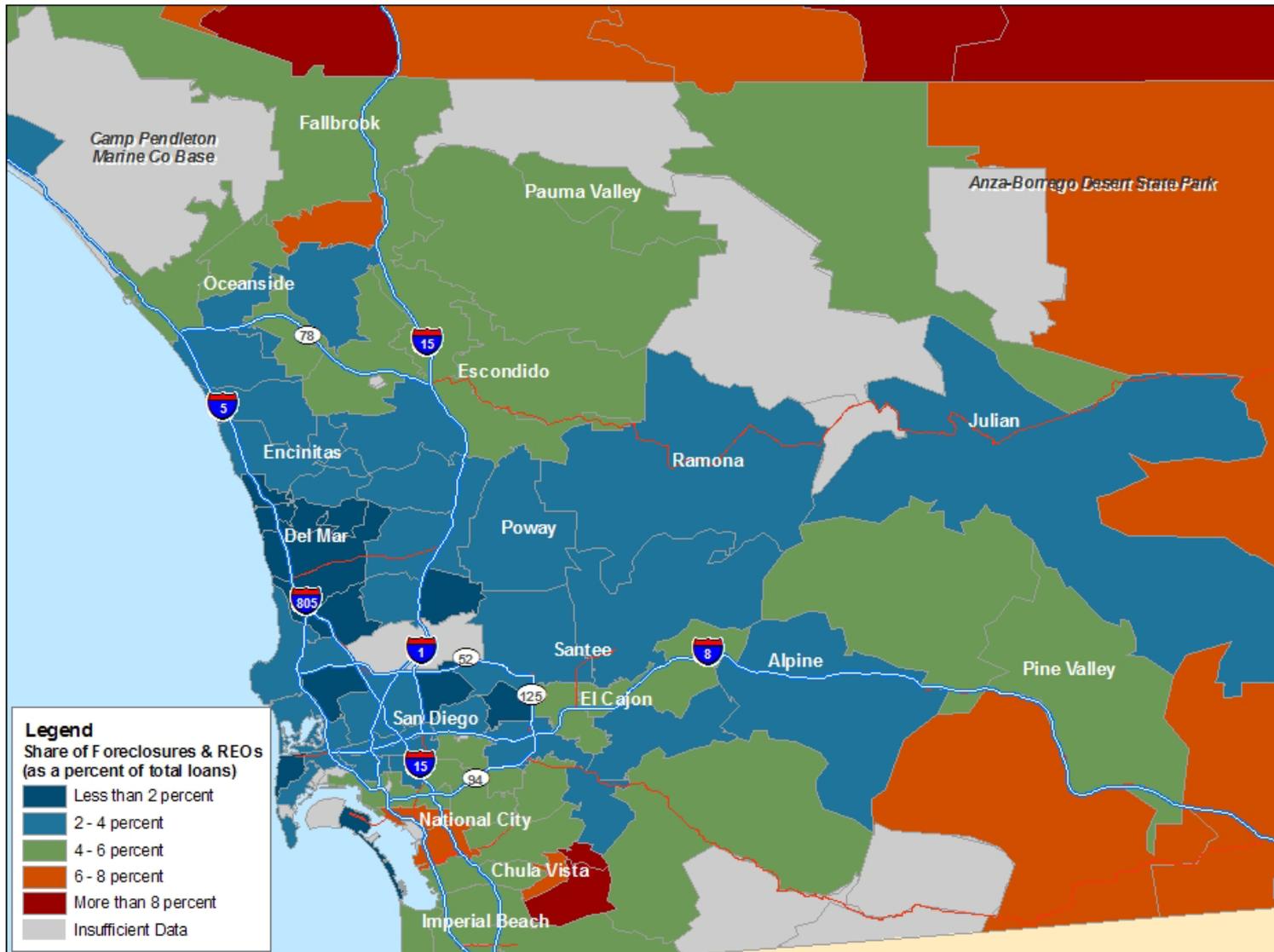
Areas at Risk of Additional Foreclosures

February 2010



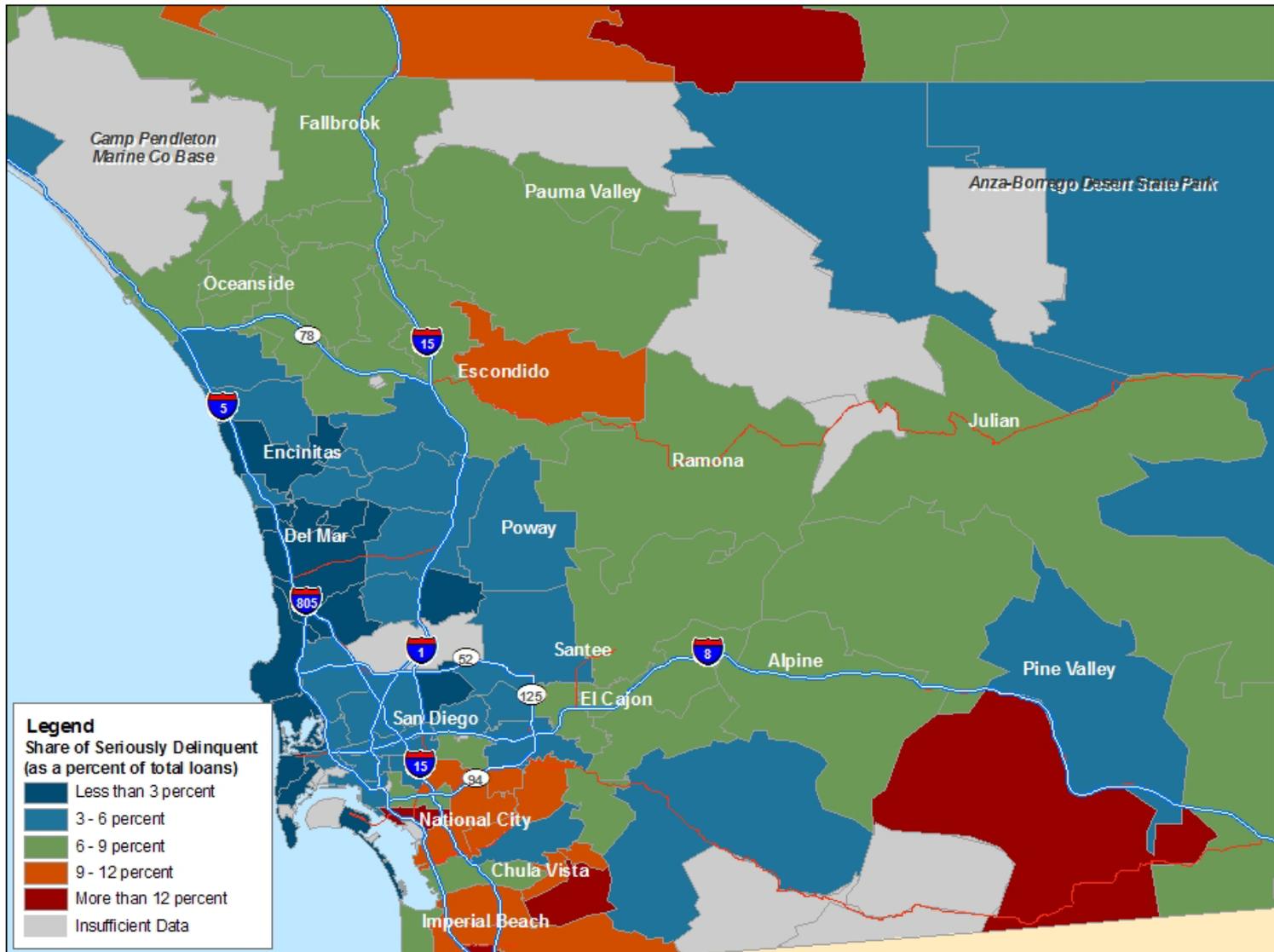
Areas Affected by Concentrated Foreclosures

February 2010



Neighborhoods 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

FEDERAL RESERVE BANK OF SAN FRANCISCO
Careers | Fed Links | Subscriptions

About the Fed | News and Events | Economic Research and Data | Educational Resources | Community Development | Consumer Information | Banking Information | Services for Financial Institutions

Home | Community Reinvestment Act (CRA) | Community Development Issues
Center for Community Development Investments | Events and Conferences | Publications | About Us

COMMUNITY DEVELOPMENT

Highlights

Focus on Community Development Policy
Community Investments: Volume 20, Issue 3, 2008
In this issue, we highlight new ideas, innovations, and questions around the topic of community development policy. The articles consider the role of policy in channeling public and private investment into community development efforts, with topics ranging from established federal policies, such as the Community Reinvestment Act and the Community Development Block Grant program, to more recent movements such as stakeholder-driven community development and microenterprise.

The Enduring Challenge of Concentrated Poverty in America
In 2006, the Community Affairs Offices of the Federal Reserve System partnered with the Brookings Institution to examine the issue of concentrated poverty. The resulting report, *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.* contributes to our understanding of the dynamics of poor people living in poor communities, and the policies that will be needed to bring both into the economic mainstream. [Download Full Report \(PDF 6.8MB\)](#)

Foreclosure Resource Center
For the latest information on the Federal Reserve's efforts to mitigate the impact of foreclosures, including local data presentations and research reports, visit our new Foreclosure Resource Center.

Programs and Information

Community Reinvestment Act (CRA)
Information on the CRA, its implementing regulations, the regulatory agencies, and other resources to assist in complying with and understanding the CRA.

Events and Conferences
Participate in one of the many events sponsored by the Community Development Department.

Publications
Access online copies of *Community Investments*, the *Community Development Investment Review*, and research papers.

Center for Community Development Investments
The Center is dedicated to innovations in research and practice that increase the flow of investment capital to low- and moderate-income communities.

About Us
Learn more about the Community Development Department and its staff.

TOOL BOX

Fed Links | FAQ
Subscriptions | Glossary
Publications | Site Map
Search | Careers
Research Pubs | Email Us

Search:

POPULAR CONTENT

Upcoming Events

- Stabilizing Communities Series: Acquiring REOs in Compliance with NSP
February 3
- San Francisco CA
February 4
- Fresno CA
- Innovative Financial Services for the Underserved - Research Conference
April 16 - 17
Washington D.C.

Financial Education Resource Center
Find a variety of resources on financial education

CRA Regulatory Information - Links to CRA resources for financial institutions and community groups.

Bank on San Francisco - Program information and information about replicating program

Community Development Assessments - Demographic, economic, and community development profiles for each state in the Twelfth District.

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