TRENDS IN DELINQUENCIES AND FORECLOSURES IN IDAHO

April 2009

Craig Nolte, Community Development Department, Federal Reserve Bank of San Francisco
Outline of Presentation

- National Trends
  - Rising foreclosures
  - House price declines
  - Rising unemployment

- Idaho
  - Trends in foreclosure
  - Housing market softening
  - Rising unemployment
  - Scale of loan modifications still falls short of need
National Trends
National Trends

- Foreclosures rose steadily in 2008, with wide repercussions for US economy
  - After a slight decline in the national foreclosure rate in the 3rd Quarter of 2008, rose again in 4th Quarter

- Factors driving foreclosures nationally
  - House price declines
  - Rising unemployment, coupled with turmoil in financial and credit markets, may further influence foreclosure rate going forward
National Foreclosure Starts Rose Slightly in 4th Quarter of 2008

Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008
Nationally, House Prices Continue to Decline

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

Source: Case - Shiller Home Price Index, 4th Q 2008
Recession Marks Significant Jump in Unemployment

U.S. Unemployment Rate

Source: Bureau of Labor Statistics
Foreclosures in Idaho Have Risen Significantly, But Remain Below US Average

Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008
Idaho Saw a Continued Increase in Foreclosure Starts in 4\textsuperscript{th} Quarter 2008

Source: Mortgage Bankers Association, National Delinquency Survey, 4\textsuperscript{th} Q 2008
Idaho Seeing Softening of Real Estate Market, Though Prices Rose Slightly in 4th Qtr 2008

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

Source: Federal Housing Finance Agency (formerly OFHEO), 4th Quarter 2008
Changes in House Prices at the Metropolitan Level

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

Source: Federal Housing Finance Agency (formerly OFHEO), 4th Quarter 2008
Idaho’s Foreclosures are Concentrated in Subprime ARM Market

Foreclosure Starts by Loan Type

Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008
Nearly 1 in 4 Loans during Subprime Boom in Idaho Was a High Cost Loan

Percent of All Borrowers with High Interest Conventional Loans, 2005

<table>
<thead>
<tr>
<th>State</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hawaii</td>
<td>20.4%</td>
</tr>
<tr>
<td>Alaska</td>
<td>22.7%</td>
</tr>
<tr>
<td>Oregon</td>
<td>23.1%</td>
</tr>
<tr>
<td>Washington</td>
<td>23.6%</td>
</tr>
<tr>
<td>Idaho</td>
<td>24.3%</td>
</tr>
<tr>
<td>California</td>
<td>25.9%</td>
</tr>
<tr>
<td>USA</td>
<td>27.3%</td>
</tr>
<tr>
<td>Arizona</td>
<td>28.0%</td>
</tr>
<tr>
<td>Utah</td>
<td>28.1%</td>
</tr>
<tr>
<td>Nevada</td>
<td>29.2%</td>
</tr>
</tbody>
</table>

Source: Home Mortgage Disclosure Act Data, 2005
High Cost Lending in Idaho More Prevalent Among Some Minority Groups

![High Cost Conventional Loans by Race, 2005](chart)

Source: Home Mortgage Disclosure Act Data, 2005
Unemployment Rate in Idaho Has Risen Sharply

## Employment Trends by Industry in Idaho

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total Employed (thousands)</th>
<th>Percent Change</th>
<th>1-mo.</th>
<th>3-mo.</th>
<th>12-mo.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>625.4</td>
<td>-8.9</td>
<td>-7.8</td>
<td>-4.5</td>
<td></td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>125.1</td>
<td>-11.7</td>
<td>-7.3</td>
<td>-5.9</td>
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</tr>
<tr>
<td>Government</td>
<td>121.0</td>
<td>-9.4</td>
<td>-0.3</td>
<td>2.0</td>
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<tr>
<td>Professional &amp; Business Svcs.</td>
<td>74.9</td>
<td>-13.4</td>
<td>-12.8</td>
<td>-8.9</td>
<td></td>
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<tr>
<td>Educational &amp; Health Svcs.</td>
<td>77.6</td>
<td>0.0</td>
<td>1.0</td>
<td>1.0</td>
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<tr>
<td>Leisure &amp; Hospitality</td>
<td>60.3</td>
<td>-2.0</td>
<td>-18.2</td>
<td>-5.8</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>59.1</td>
<td>-13.2</td>
<td>-13.0</td>
<td>-8.8</td>
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</tr>
<tr>
<td>Construction</td>
<td>40.4</td>
<td>-8.5</td>
<td>-20.6</td>
<td>-14.0</td>
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<tr>
<td>Financial Activities</td>
<td>31.6</td>
<td>3.9</td>
<td>1.3</td>
<td>-1.6</td>
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</tr>
<tr>
<td>Other Services</td>
<td>19.6</td>
<td>-21.5</td>
<td>-4.0</td>
<td>-3.9</td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td>12.1</td>
<td>-9.4</td>
<td>-3.2</td>
<td>7.1</td>
<td></td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>3.7</td>
<td>-46.8</td>
<td>-10.1</td>
<td>-15.9</td>
<td></td>
</tr>
</tbody>
</table>

Distribution of Lending Volumes
September 2007

Legend
Total Loans
- Less than 1,000 Loans
- 1,000 - 2,000 Loans
- 2,000 - 3,000 Loans
- 3,000 - 4,000 Loans
- More than 4,000 Loans
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, September 2007
Areas Affected by Concentrated Foreclosures
September 2007

Legend
Share of Foreclosures and REOs (As a Percent of All Loans)
- Less than .6 percent
- .5 - 1.4 percent
- 1.4 - 2.8 percent
- 2.8 - 4.2 percent
- More than 4.2 percent
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, September 2007
Areas Affected by Concentrated Foreclosures
April 2008

Legend
Share of Foreclosures and REOs (As a Percent of All Loans)
- Less than .6 percent
- .5 - 1.4 percent
- 1.4 - 2.8 percent
- 2.8 - 4.2 percent
- More than 4.2 percent
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, April 2008
Idaho Data Maps

Areas Affected by Concentrated Foreclosures
November 2008

Legend
Share of Foreclosures and REOs (As a Percent of All Loans)
- Less than .6 percent
- .5 - 1.4 percent
- 1.4 - 2.8 percent
- 2.8 - 4.2 percent
- More than 4.2 percent
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, November 2008
Idaho Data Maps

Areas Affected by Concentrated Foreclosures
February 2009

Legend
Share of Foreclosures and REOs (As a Percent of All Loans)
- Less than .5 percent
- .5 to 1.4 percent
- 1.4 to 2.8 percent
- 2.8 to 4.2 percent
- More than 4.2 percent
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009
Idaho Data Maps

Areas with Concentrations of REO Properties
February 2009

Legend
Share of REOs
(As a Percent of All Loans)
- Less than .25 percent
- .25 - .5 percent
- .5 - .75 percent
- .75 - 1 percent
- More than 1 percent
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009
Loan Modifications as Share of Loan Workouts Have Increased

**Idaho Loan Workouts**

- **Repayment Plans**
- **Loan Modifications**

Source: Hope Now Alliance Servicing Data, 4th Quarter 2008
Yet, Workouts Still Fall Short of Need

Foreclosure & Delinquencies v. Loan Workouts in Idaho
4th Quarter 2008

Source: Hope Now Alliance Servicing Data, 4th Quarter 2008
Conclusions
Conclusions

- Multi-pronged strategy is needed to stem foreclosure crisis
- Continued foreclosure prevention efforts are critical
  - Foreclosure Prevention: Borrower Outreach, Refinance and Loan Modification (including principal reduction)
    - Reaching these borrowers now may help to prevent unnecessary foreclosures
    - Encourage borrowers to contact the Hope Hotline by calling (888) 995-HOPE or visiting www.995hope.org
Conclusions

- Other strategies that can help to mitigate the negative impacts of foreclosure on families and neighborhoods
  - Addressing vacant properties: ensuring that servicers maintain properties
  - REO property disposition: return REO properties into productive use, affordable housing
  - Ensuring continued access to credit and homeownership: credit repair, financial education, responsible lending
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/