

TRENDS IN DELINQUENCIES AND FORECLOSURES IN IDAHO

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Federal Reserve Bank of San Francisco

Outline of Presentation

- National Trends

- Rising foreclosures
- House price declines
- Rising unemployment

- Idaho

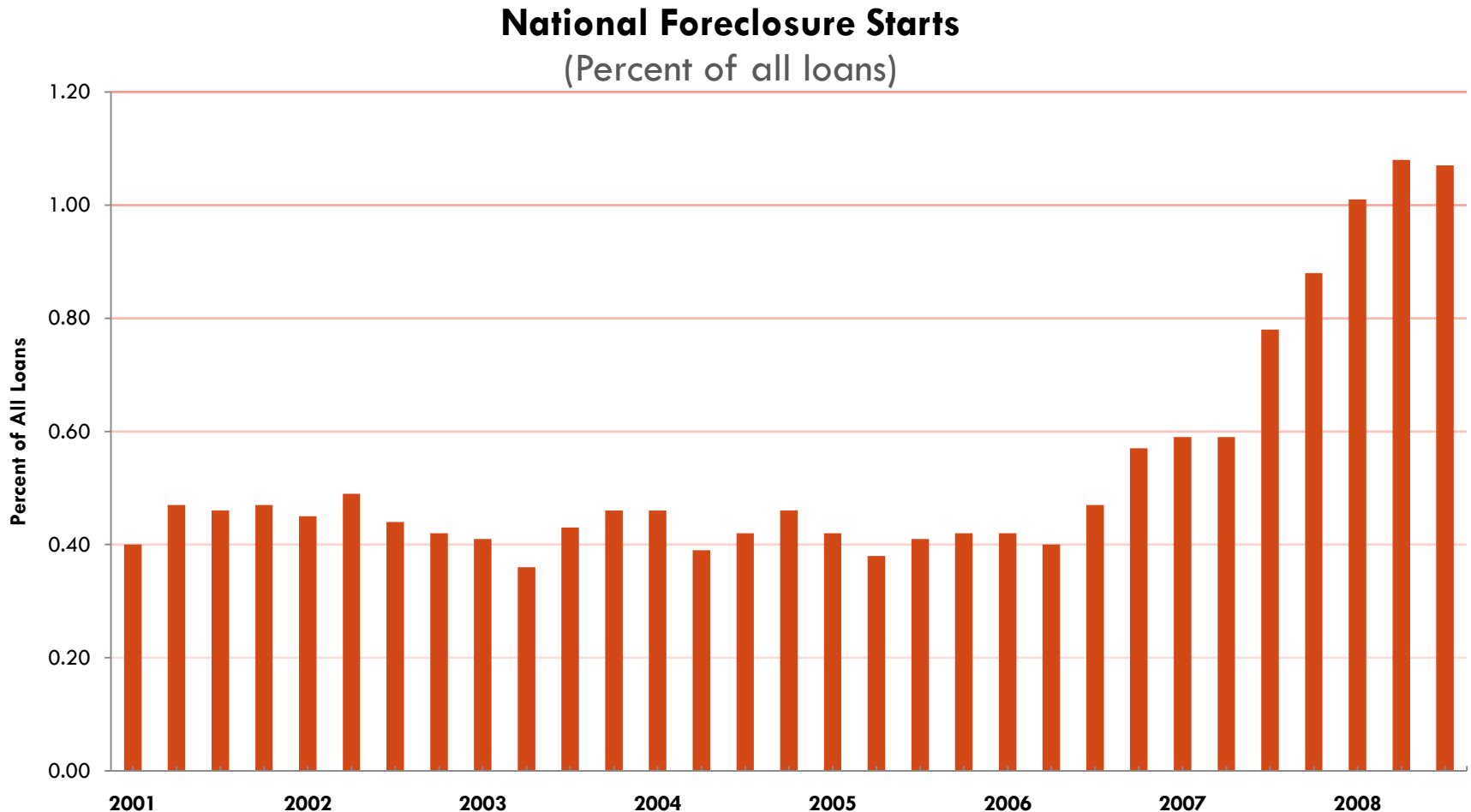
- Trends in foreclosure
- Housing market softening
- Rising unemployment
- Scale of loan modifications still falls short of need

National Trends

National Trends

- Foreclosures rose steadily in 2008, with wide repercussions for US economy
 - A slight decline in the national foreclosure rate in the 3rd Quarter of 2008
- Factors driving foreclosures nationally
 - House price declines
 - Rising unemployment, coupled with turmoil in financial and credit markets, may further influence foreclosure rate going forward

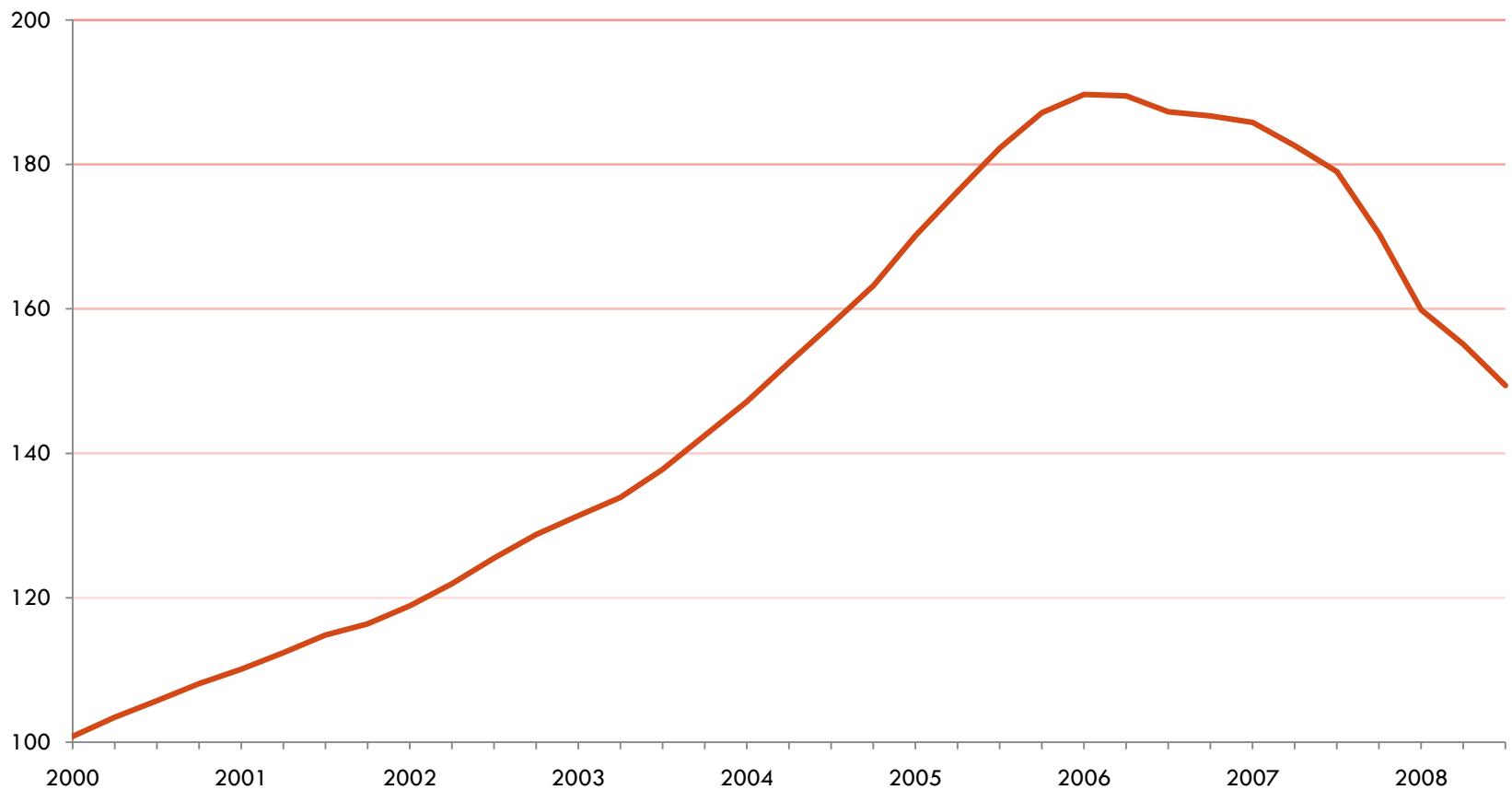
After Steady Rise, National Foreclosure Starts Dipped Slightly in 3rd Quarter of 2008



Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

Nationally, House Prices Continue to Decline

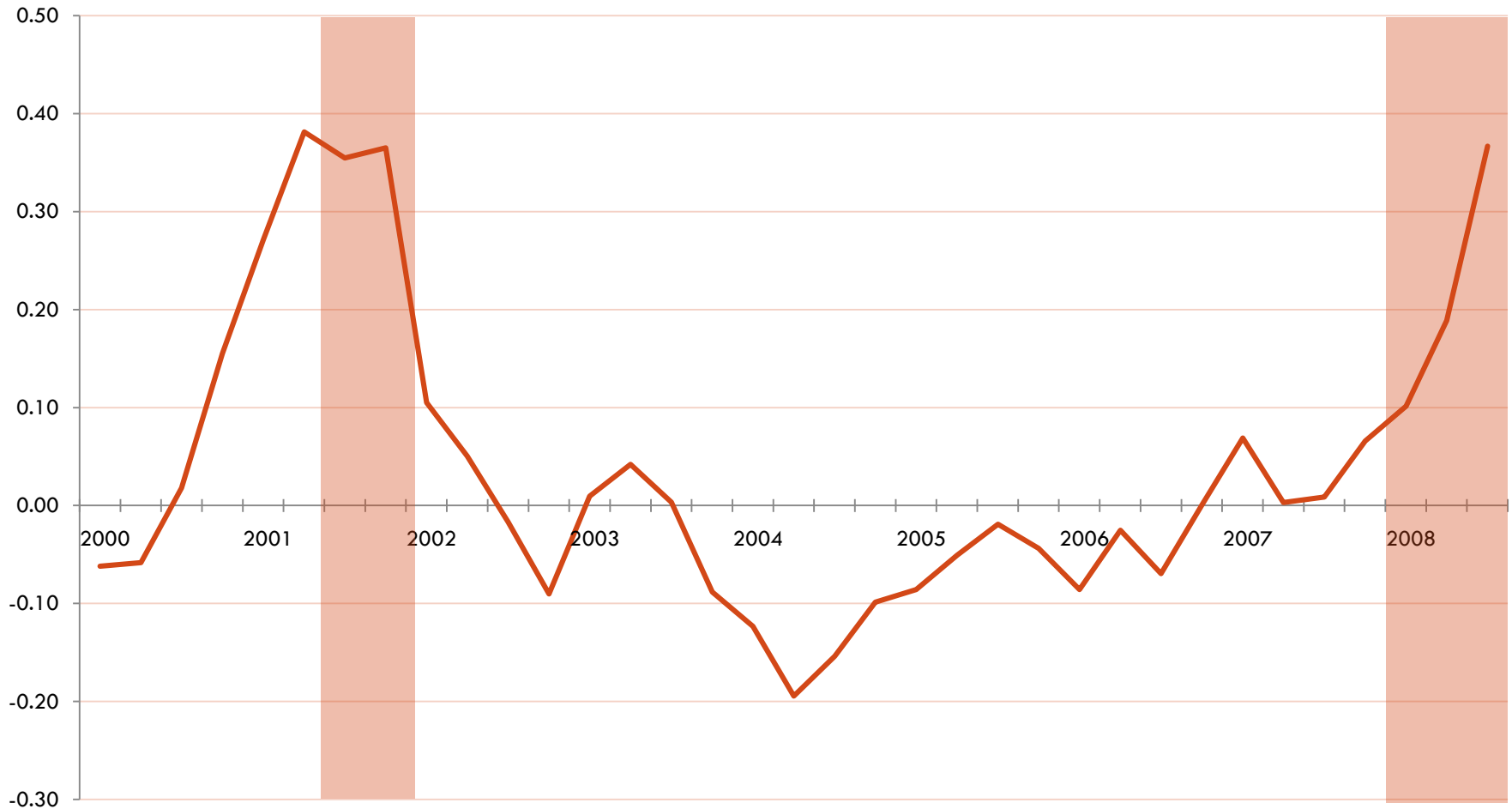
Case-Shiller National House Price Index
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index, 3rd Q 2008

Recession Marks Significant Jump in National Unemployment Insurance Claims

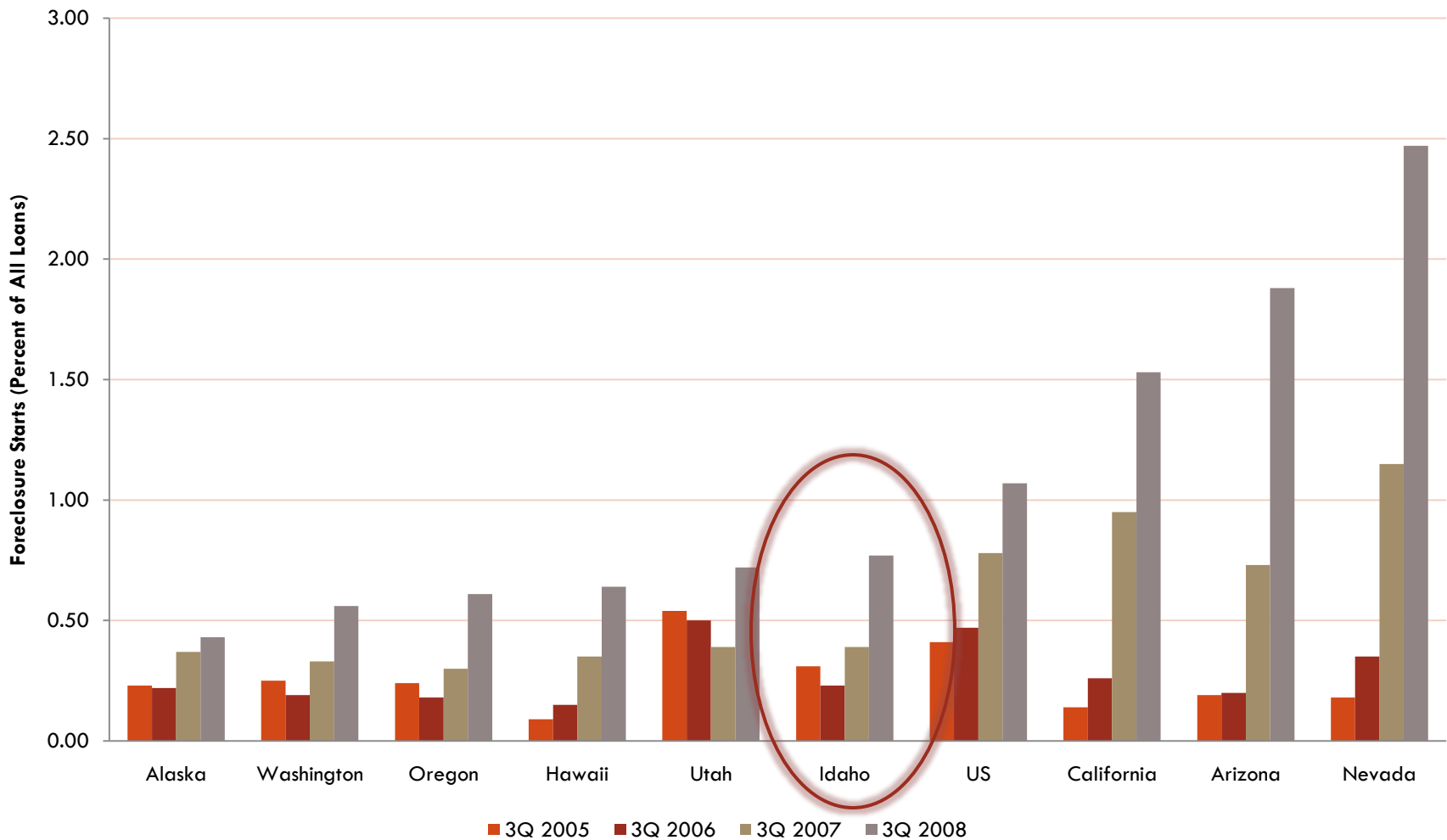
National Unemployment Insurance Claims, Percent Change Year-over-Year



Source: Haver Analytics and FRBSF Calculations, annual percent change, 2000 Q3 - 2008 Q3

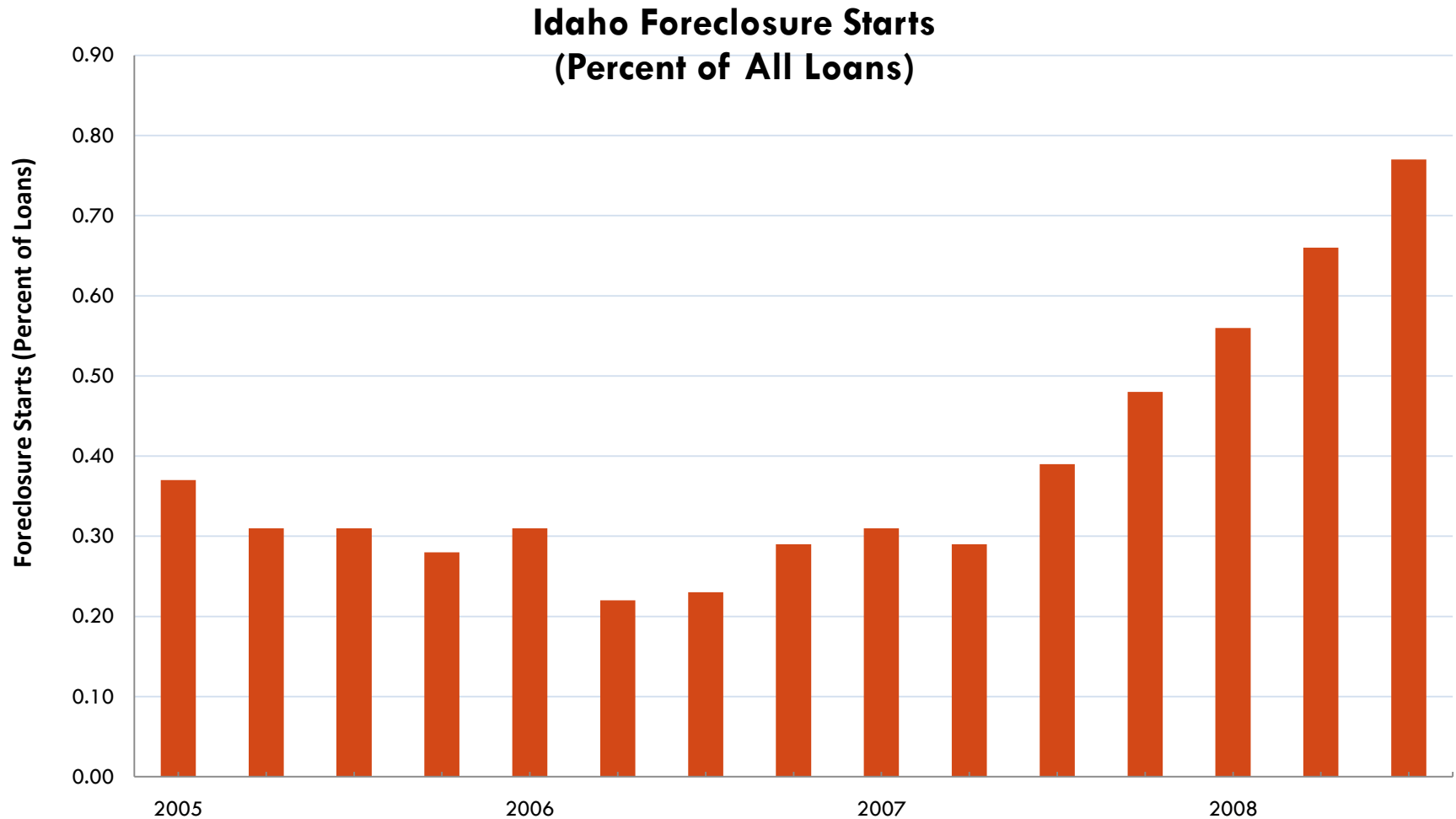
Idaho Trends

Foreclosures in Idaho Have Risen Significantly, But Remain Below US Average



Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

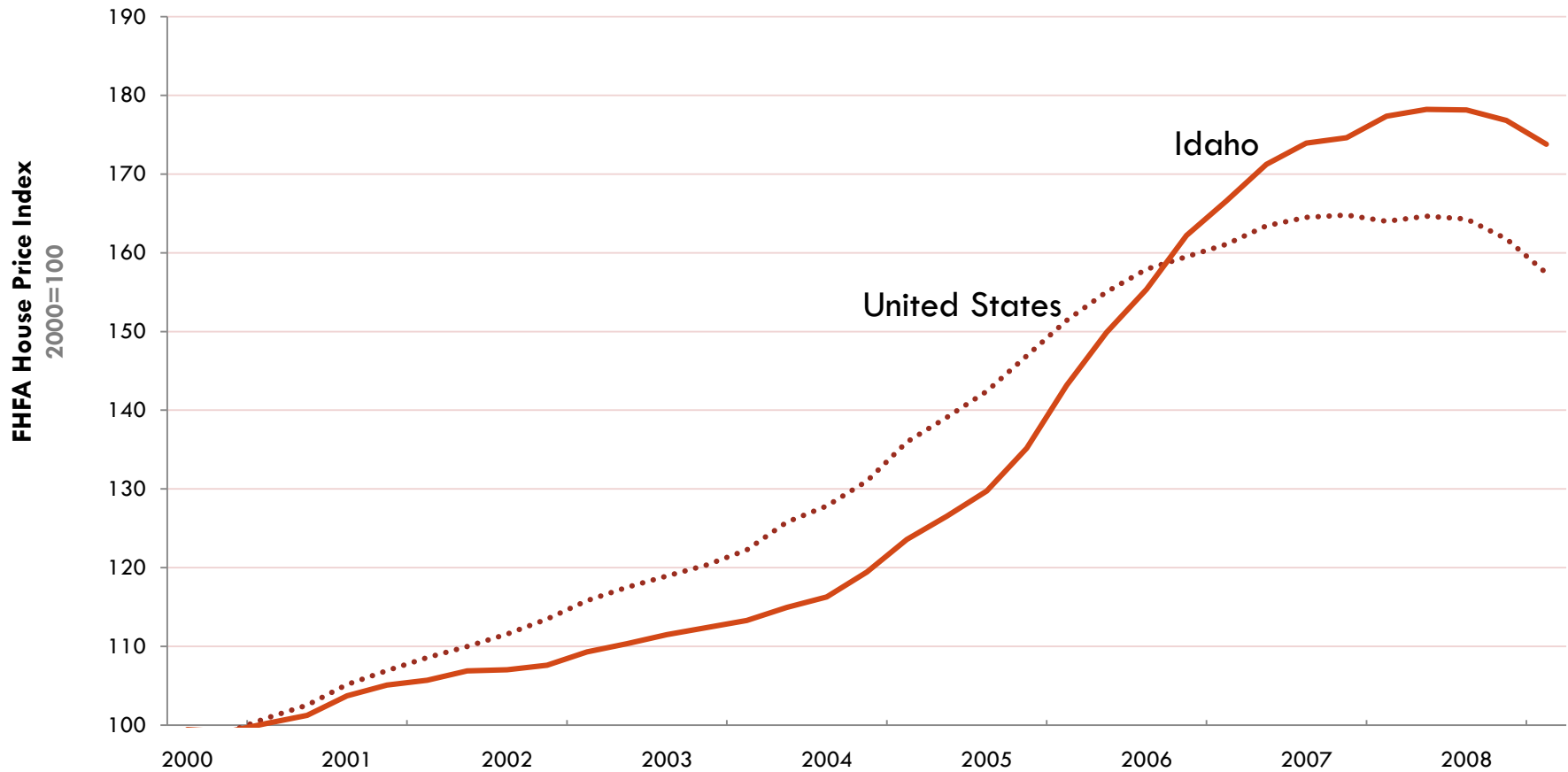
Yet Unlike National Trends, Idaho Saw an Increase in Foreclosure Starts in 3rd Quarter 2008



Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

Idaho Seeing Softening of Real Estate Market

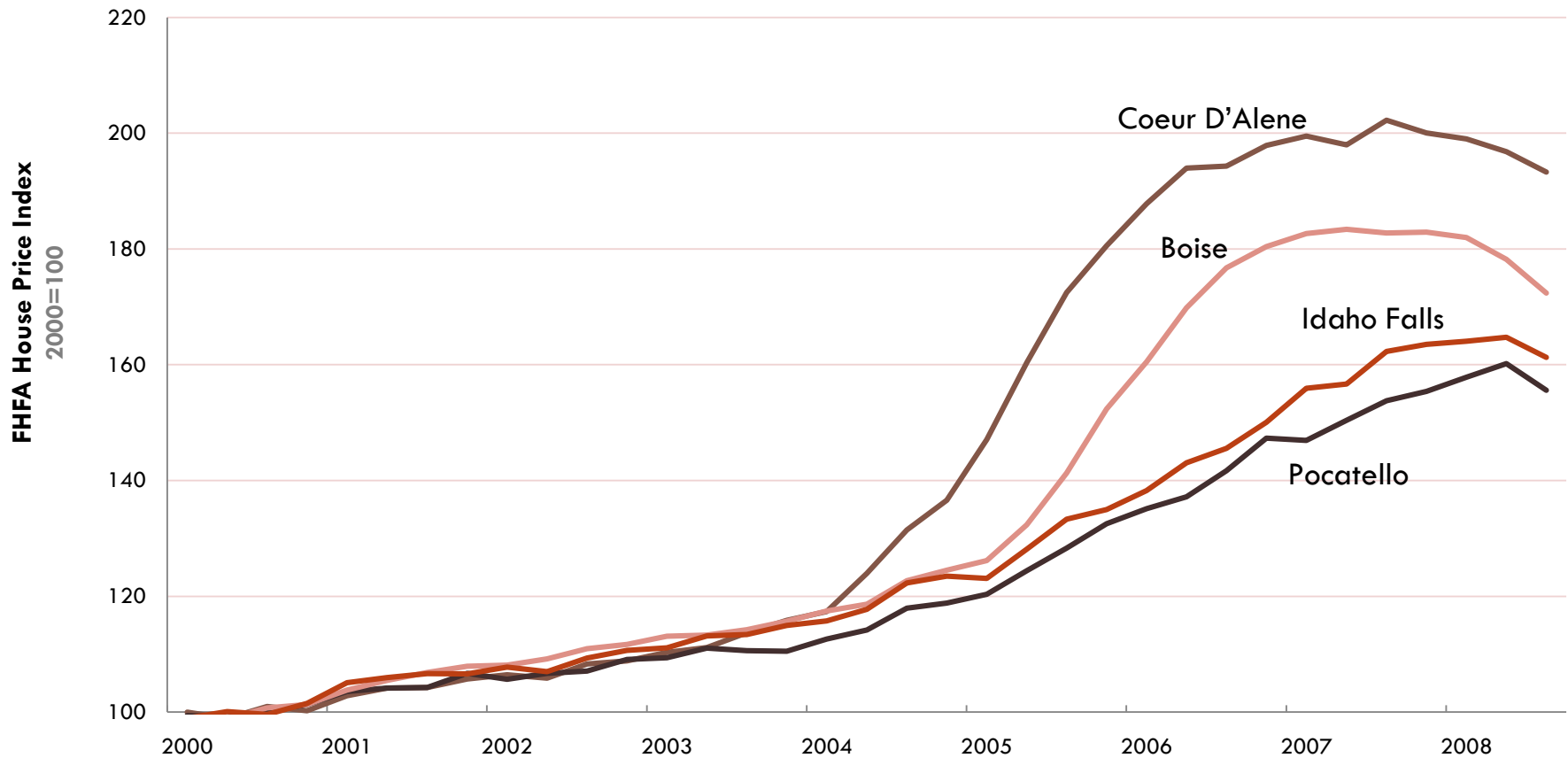
FHFA House Price Index (formerly OFHEO)
(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO), 3rd Quarter 2008

Among Metropolitan Areas, Boise Experiencing Greatest Declines in House Values

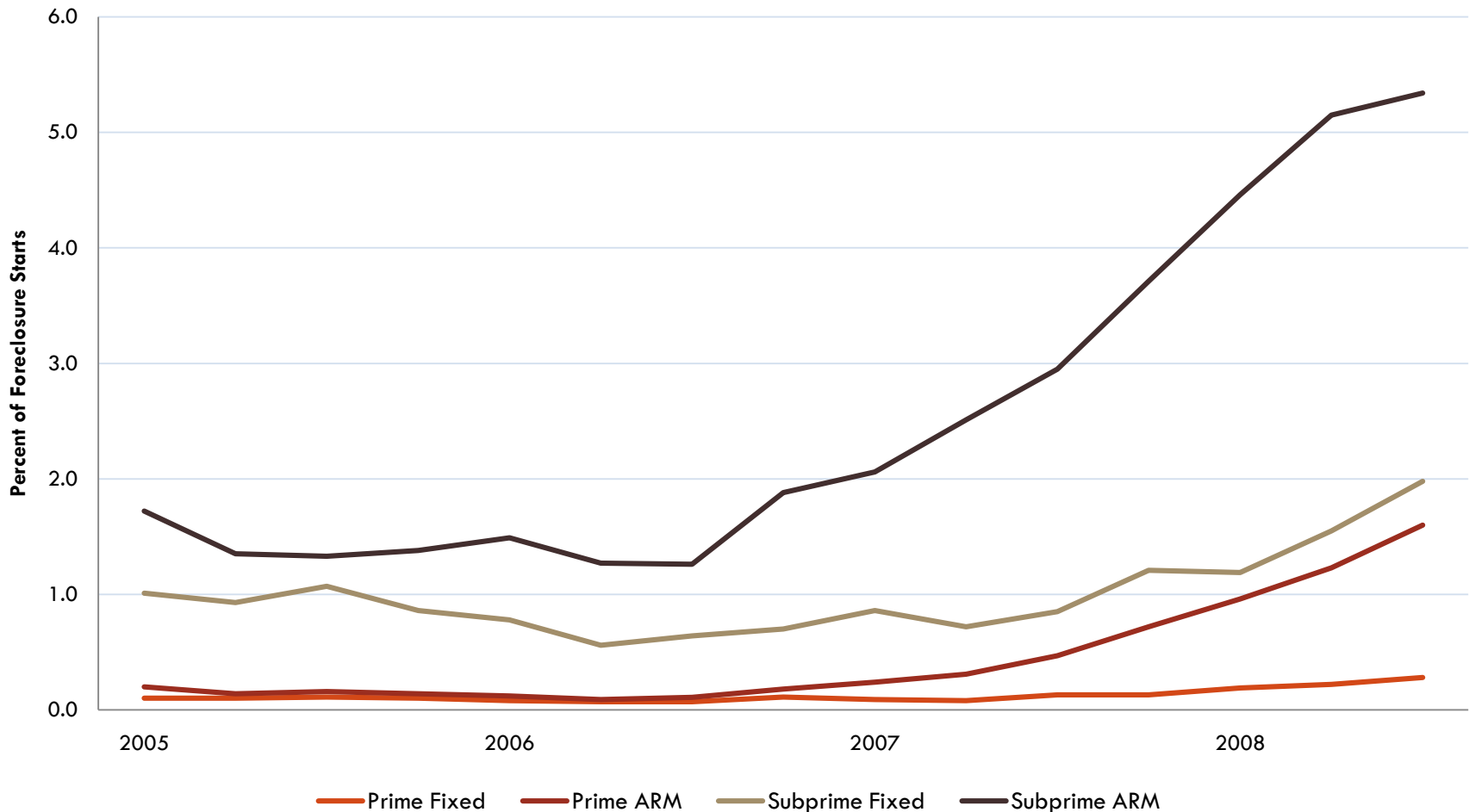
**FHFA (formerly OFHEO) House Price Index
(2000 = 100)**



Source: Federal Housing Finance Agency (formerly OFHEO), 3rd Quarter 2008

Idaho's Foreclosures are Concentrated in Subprime ARM Market

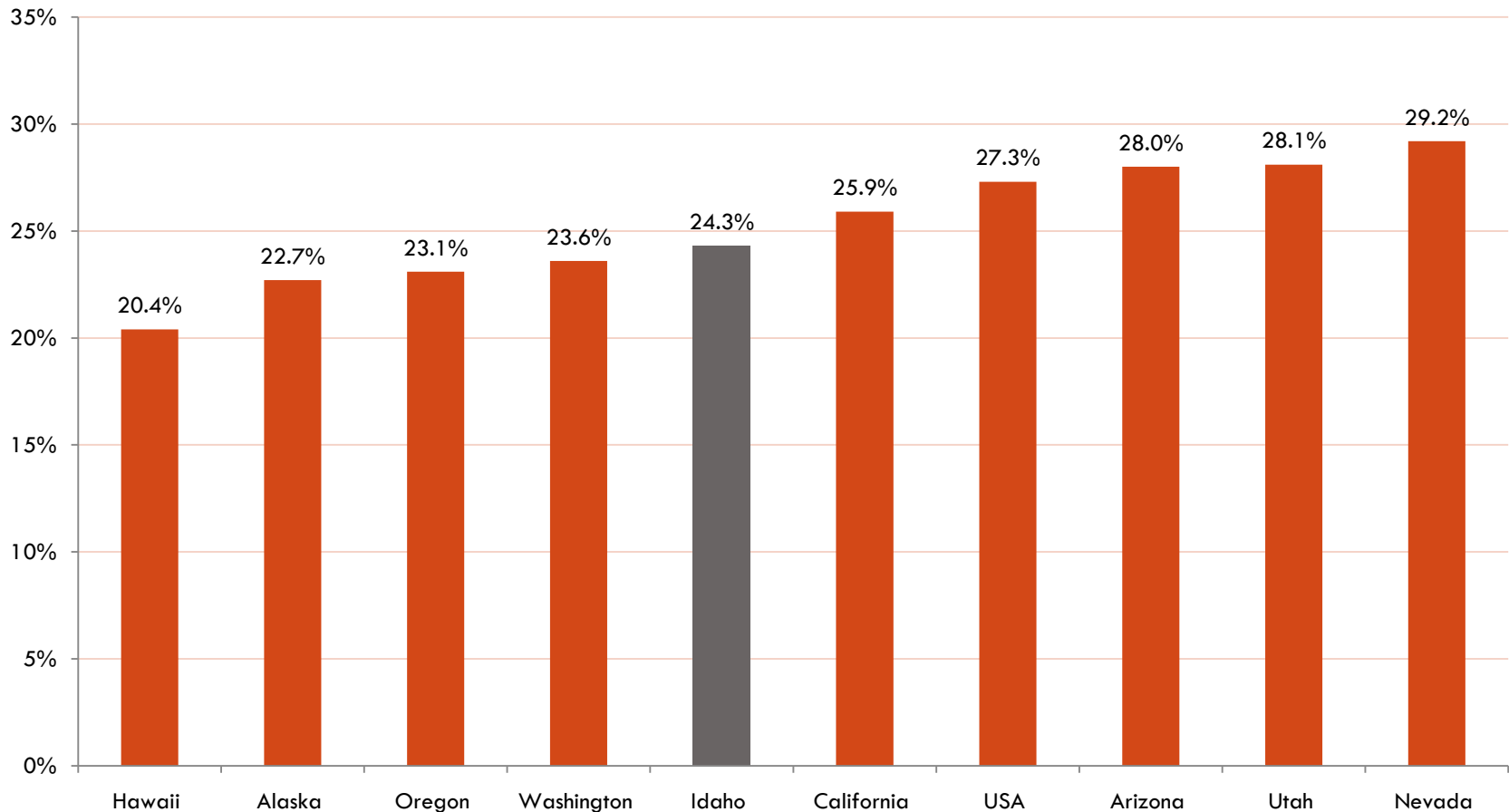
Foreclosure Starts by Loan Type



Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

Nearly 1 in 5 Loans during Subprime Boom in Idaho Was a High Cost Loan

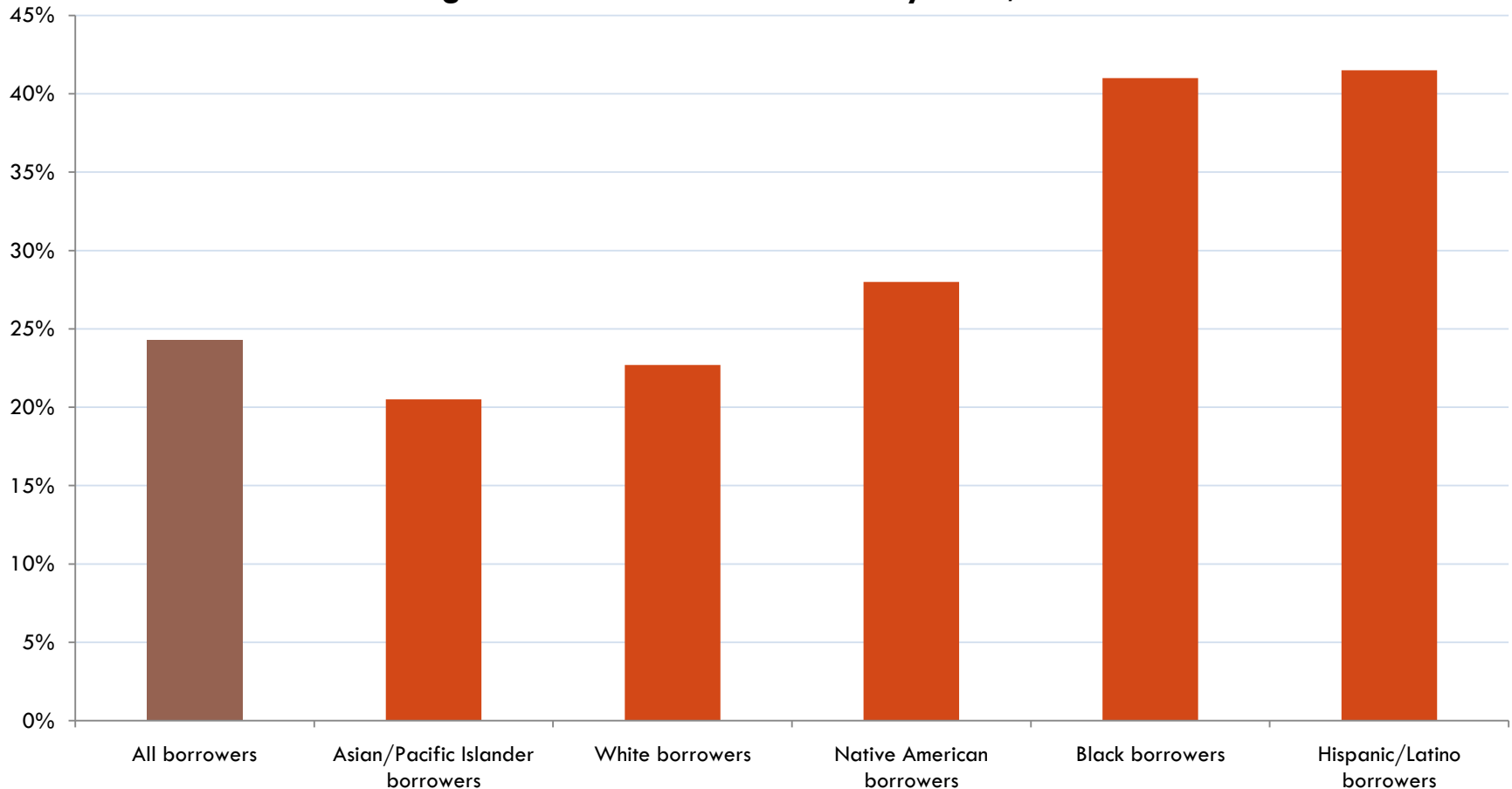
Percent of All Borrowers with High Interest Conventional Loans, 2005



Source: Home Mortgage Disclosure Act Data, 2005

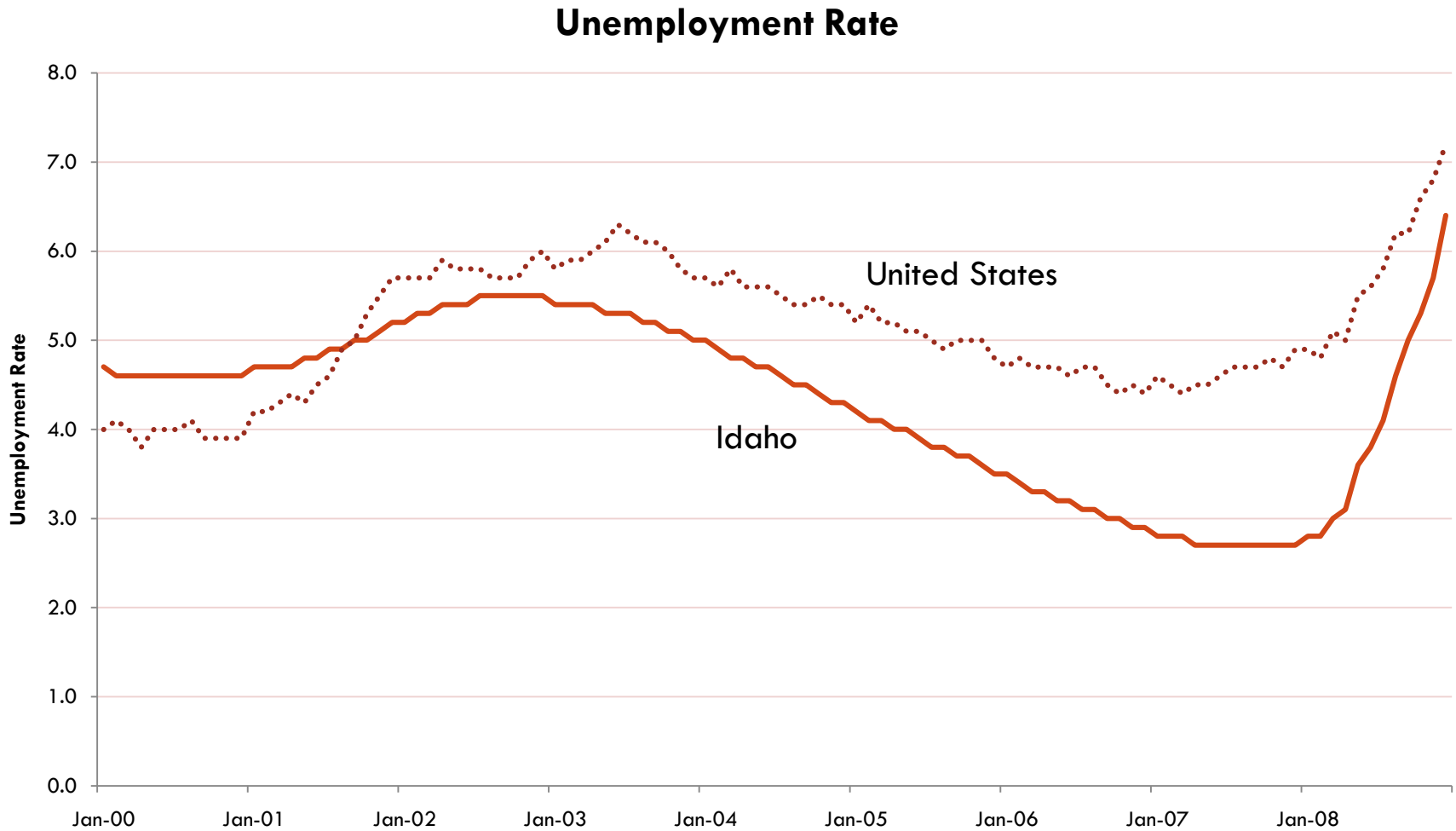
High Cost Lending in Idaho More Prevalent Among Some Minority Groups

High Cost Conventional Loans by Race, 2005



Source: Home Mortgage Disclosure Act Data, 2005

Unemployment Rate in Idaho Has Risen Sharply



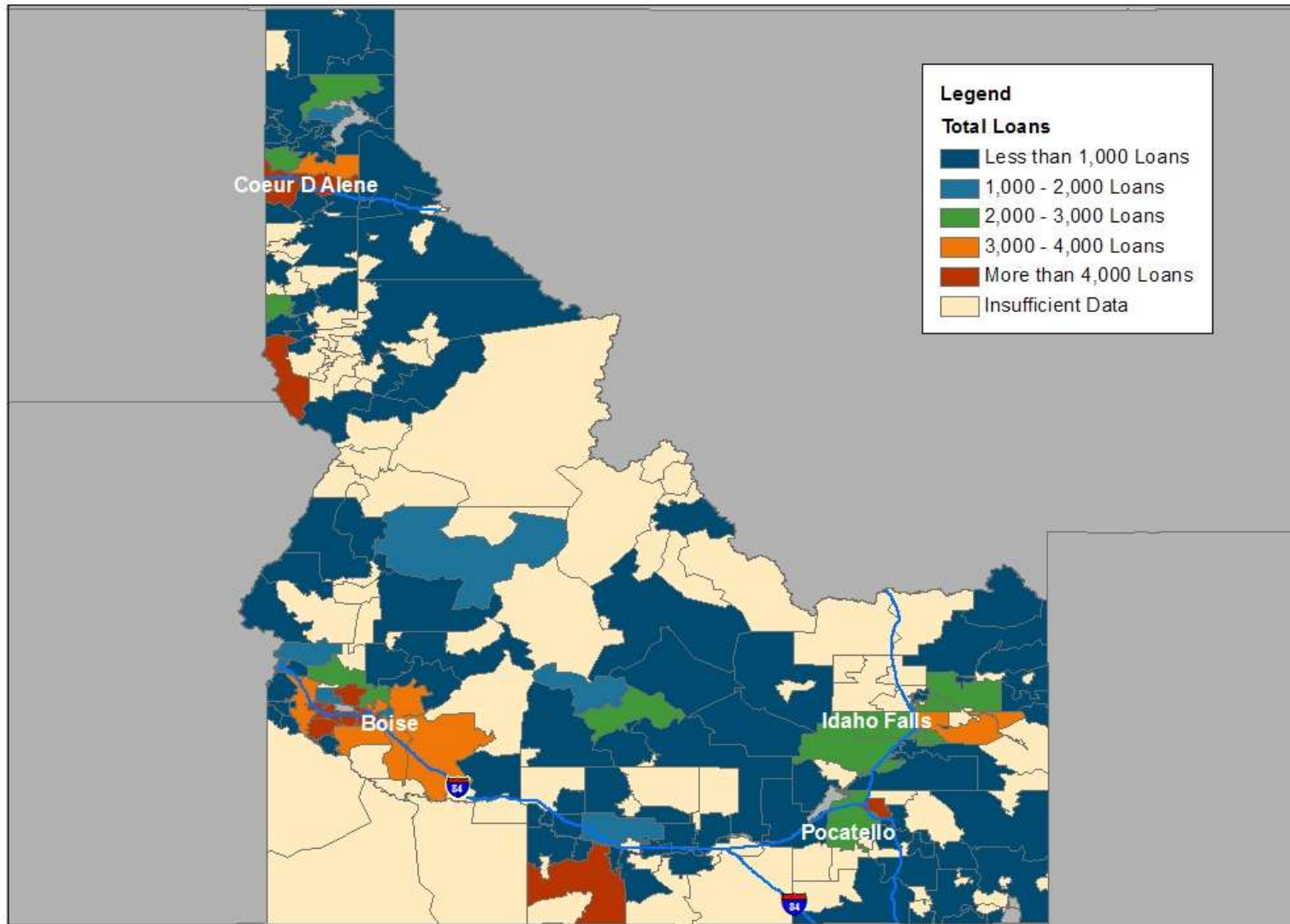
Employment Trends by Industry in Idaho

Idaho	Total Employed (thousands) Dec-08	Percent Change		
		1-mo.*	3-mo.*	12-mo.
Total	628.8	-17.1	-11.8	-4.3
Trade, Transportation & Utilities	126.1	-7.3	-12.0	-4.8
Government	123.2	4.0	4.0	3.1
Professional & Business Svcs.	77.1	-35.8	-14.6	-7.8
Educational & Health Svcs.	75.9	1.6	-1.6	2.3
Leisure & Hospitality	60.2	-29.8	-16.6	-5.9
Manufacturing	57.6	-25.0	-25.5	-11.8
Construction	43.7	-46.0	-29.0	-15.1
Financial Activities	30.7	-34.5	-13.1	-3.5
Other Services	19.0	6.5	-20.2	-2.6
Information	11.4	0.0	7.3	4.6
Natural Resources & Mining	3.9	-45.1	-48.3	-15.2

Idaho Foreclosure Data Maps

Distribution of Lending Volumes

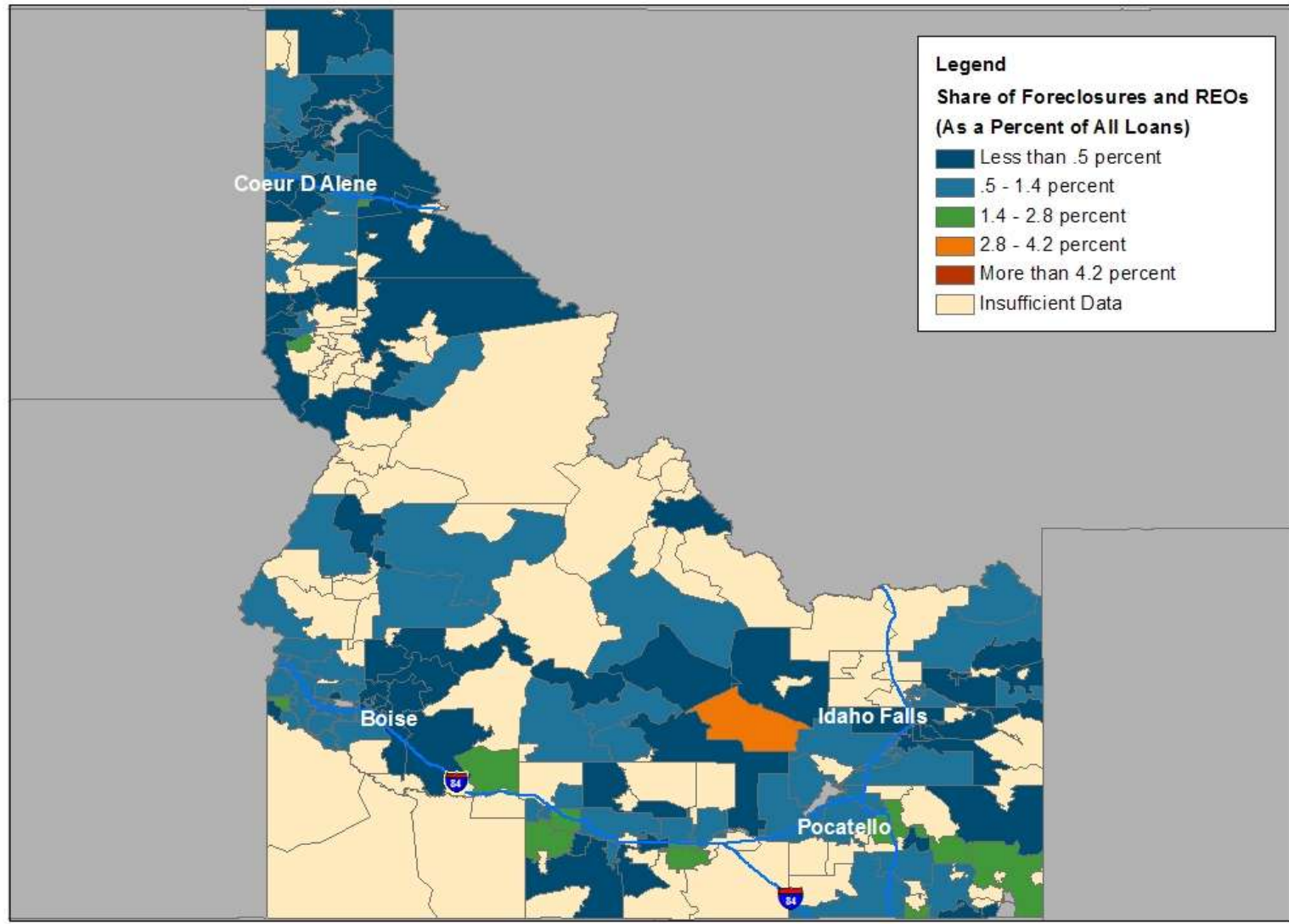
September 2007



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, September 2007

Areas Affected by Concentrated Foreclosures

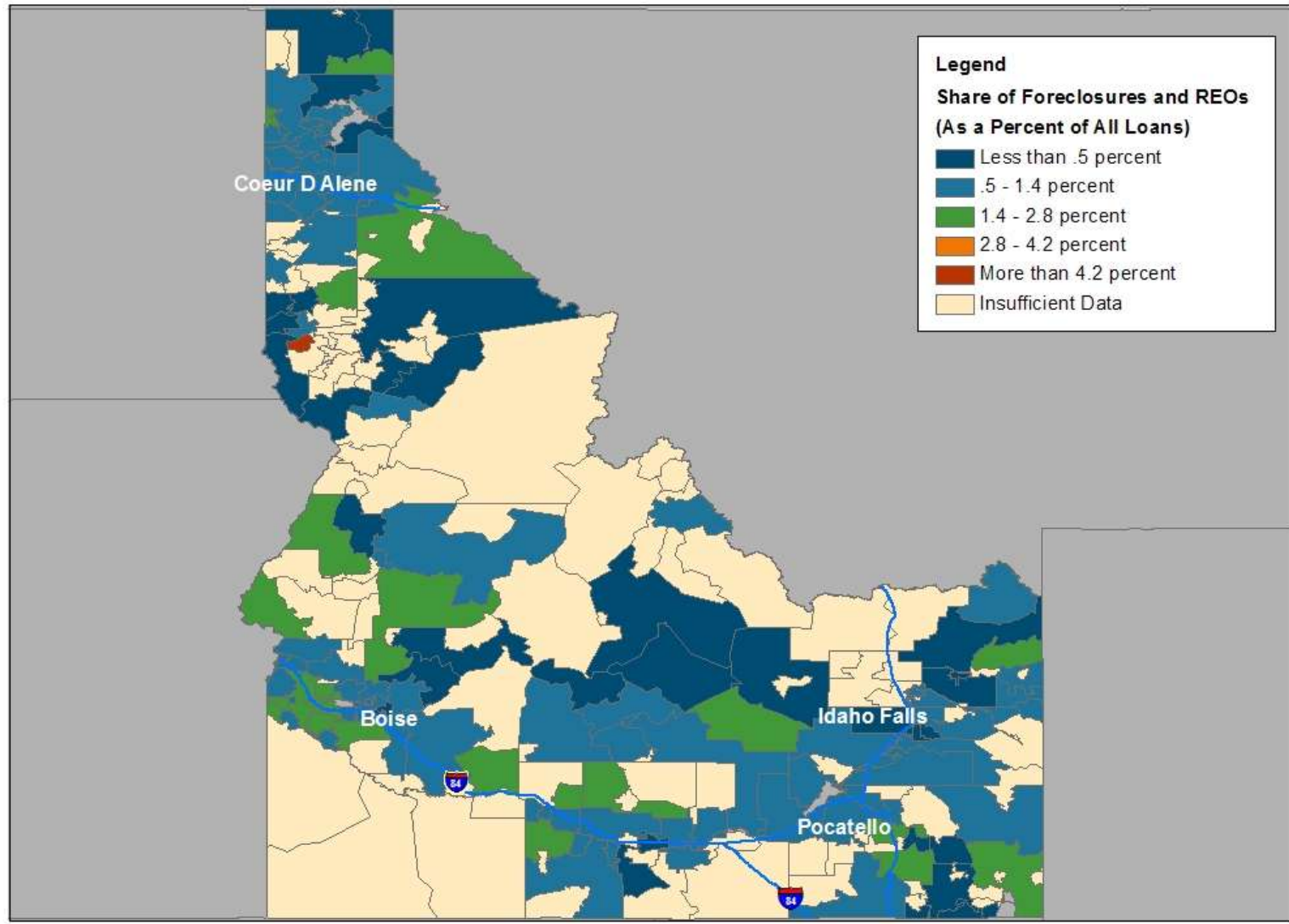
September 2007



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, September 2007

Areas Affected by Concentrated Foreclosures

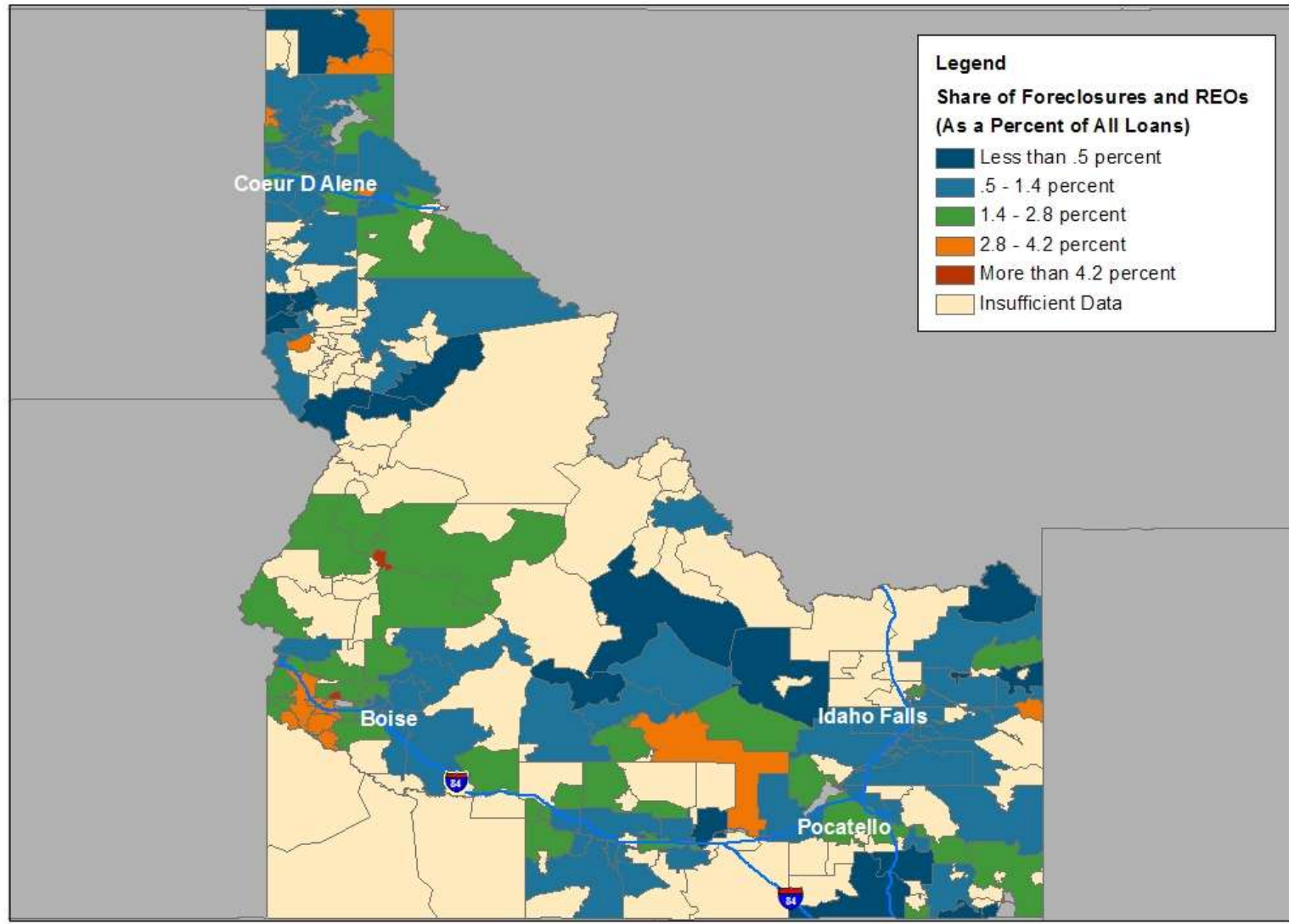
April 2008



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

Areas Affected by Concentrated Foreclosures

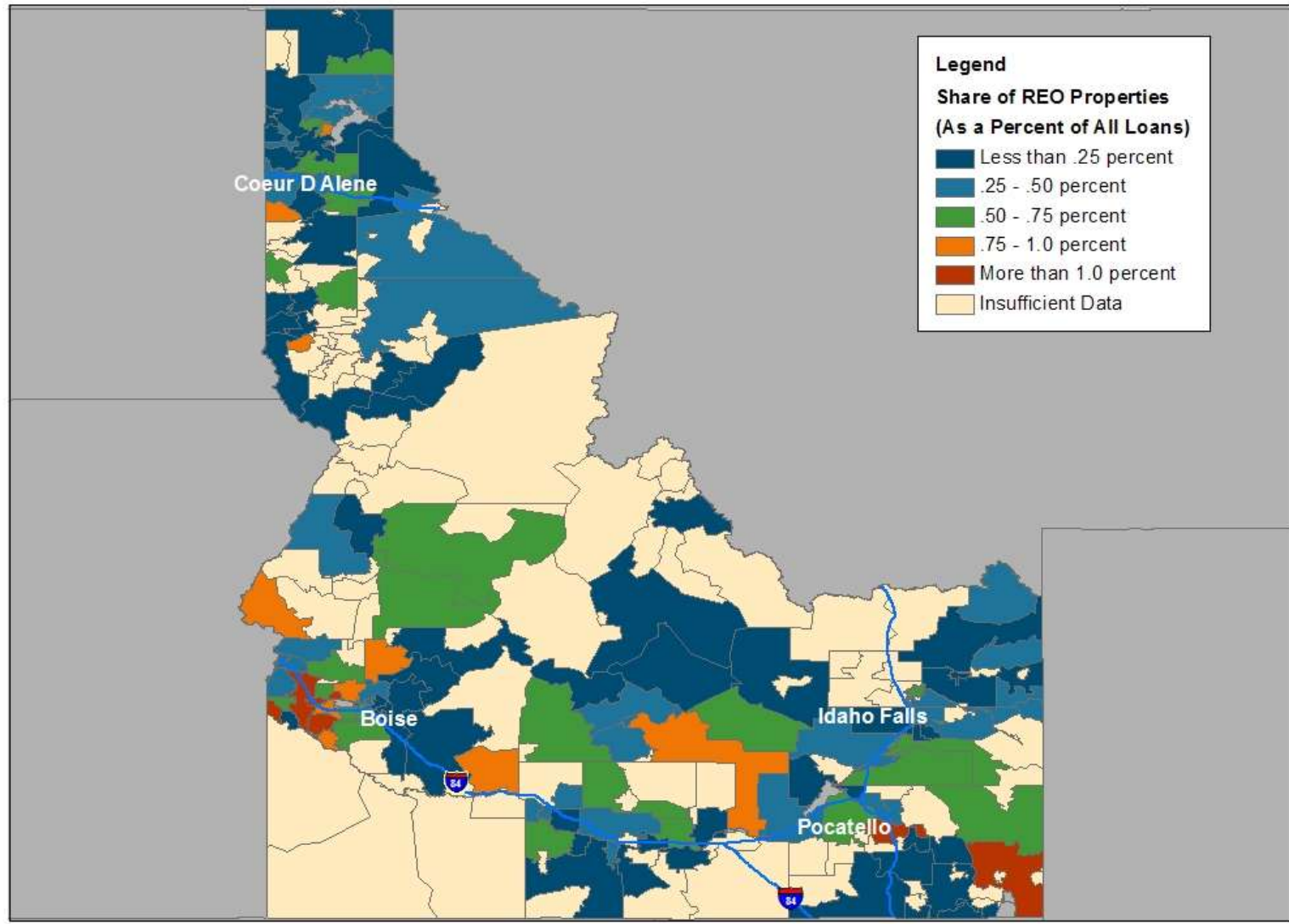
November 2008



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

Areas with Concentrations of REO Properties

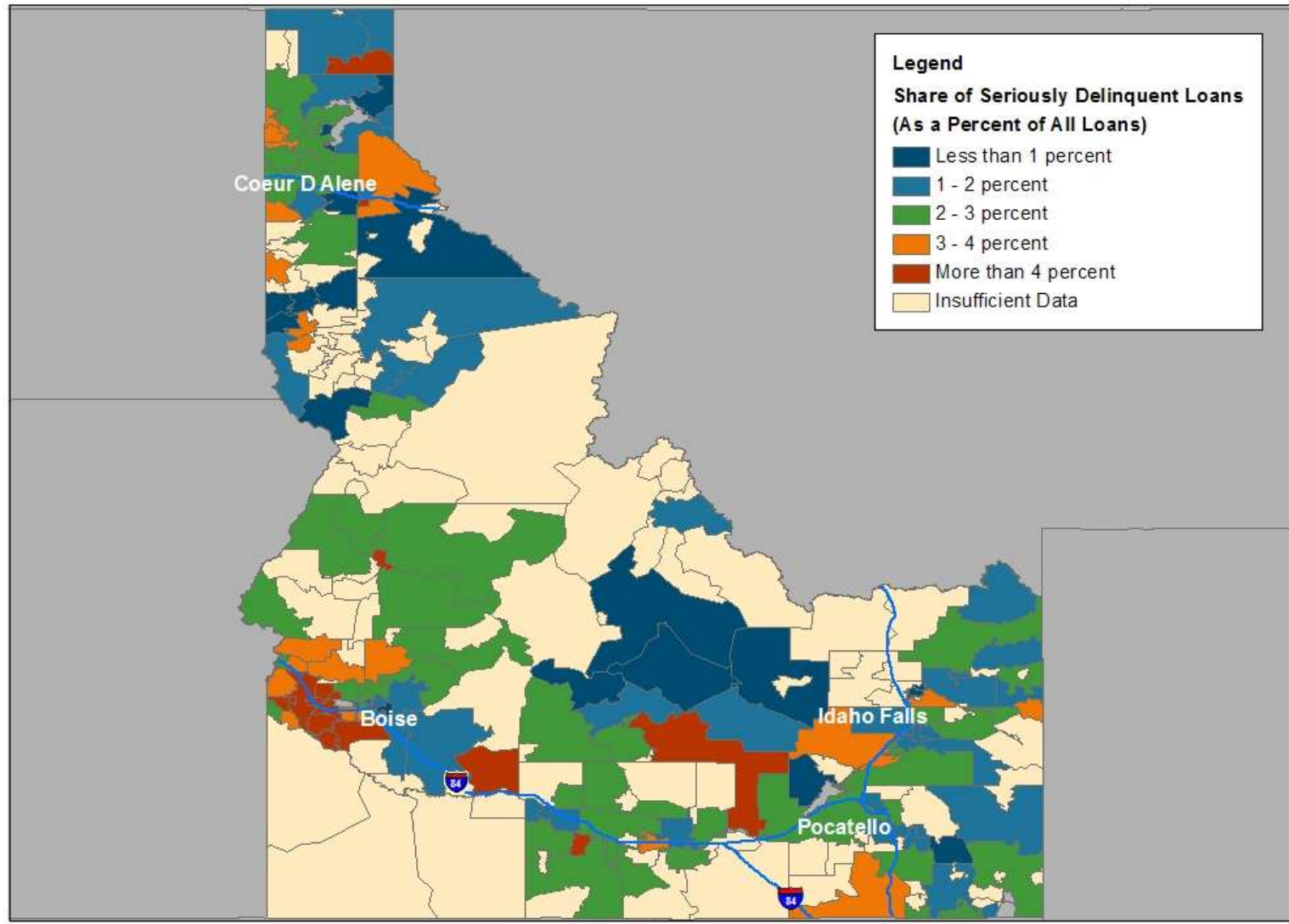
November 2008



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

Areas at Risk of Additional Foreclosures

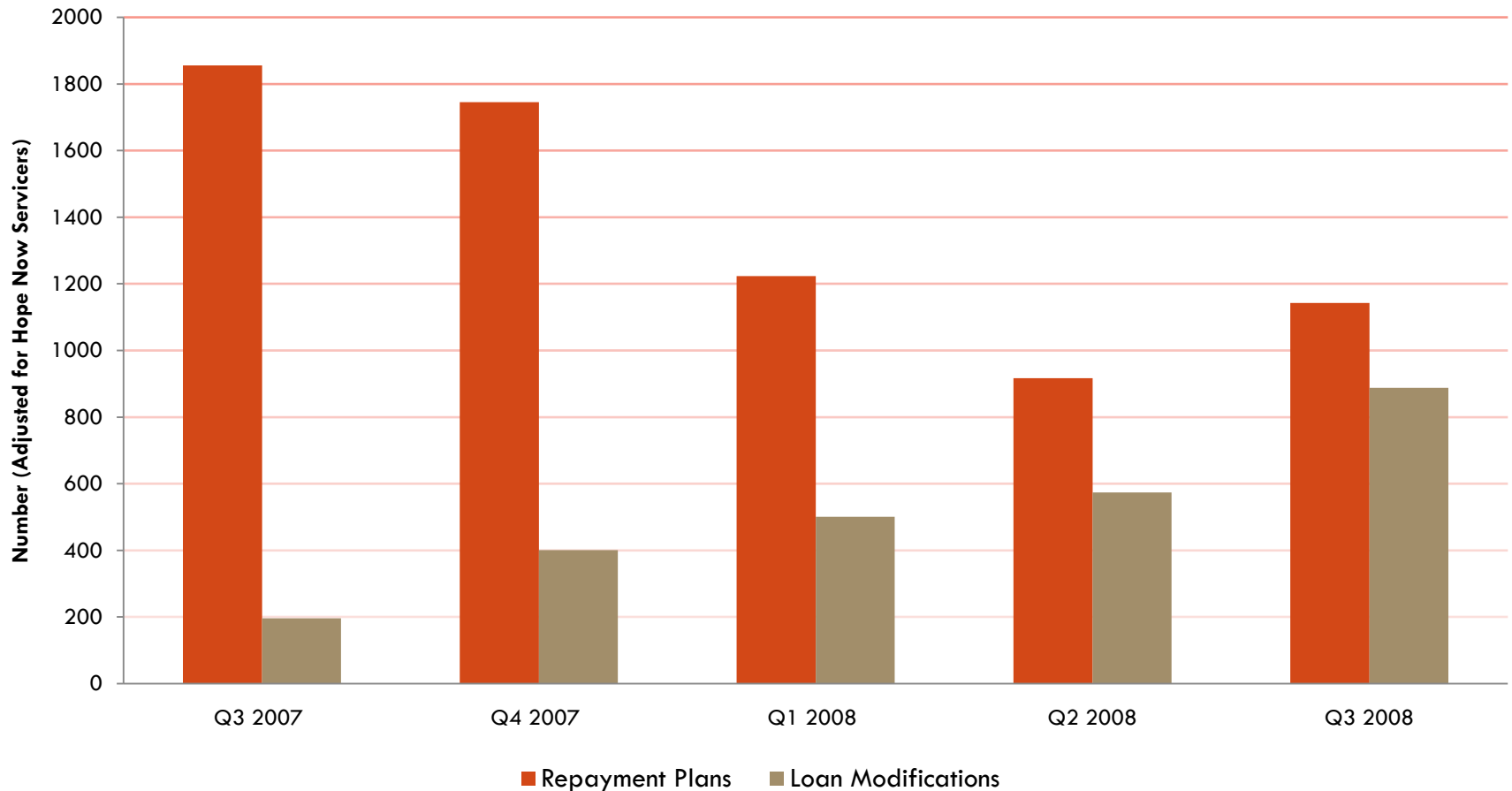
November 2008



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

Loan Modifications as Share of Loan Workouts Have Increased

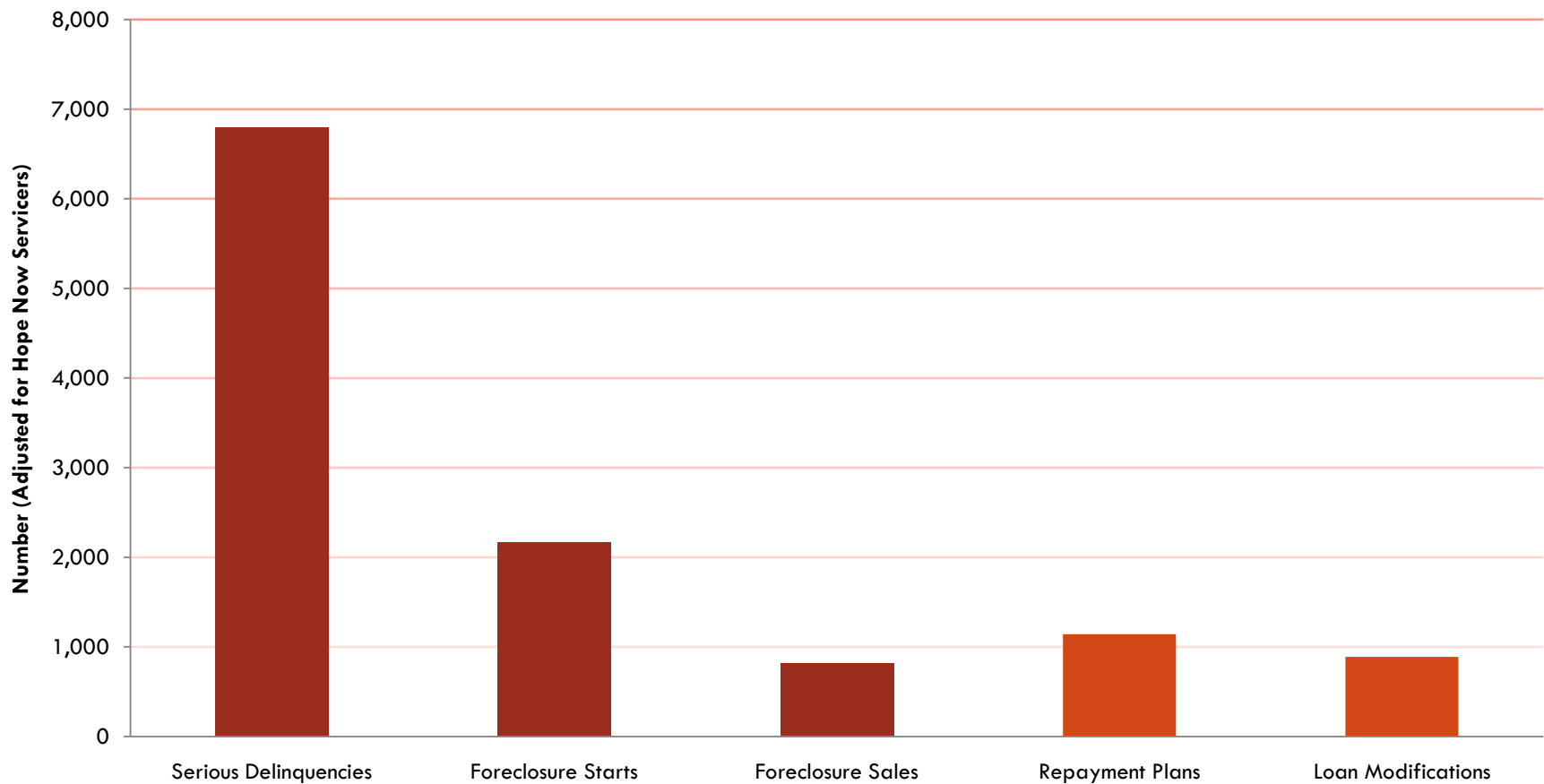
Idaho Loan Workouts



Source: Hope Now Alliance Servicing Data, 3rd Quarter 2008

Yet, Workouts Still Fall Short of Need

Foreclosure & Delinquencies v. Loan Workouts in Idaho 3rd Quarter 2008



Source: Hope Now Alliance Servicing Data, 3rd 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

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' (highlighted), 'Consumer Information', 'Banking Information', and 'Services for Financial Institutions'. Below this, there are links for 'Home', 'Community Reinvestment Act (CRA)', 'Community Development Issues', 'Center for Community Development Investments', 'Events and Conferences', and 'Publications'. The main content area is titled 'COMMUNITY DEVELOPMENT' and features a 'Highlights' section with three articles: 'Focus on Community Development Policy', 'The Enduring Challenge of Concentrated Poverty in America', and 'Foreclosure Resource Center'. To the right, there is a 'TOOL BOX' with links for 'Fed Links', 'Subscriptions', 'Publications', 'Search', 'Research Hub', 'FAQ', 'Glossary', 'Site Map', 'Careers', and 'Email Us'. Below the tool box is a search bar and a 'POPULAR CONTENT' section listing upcoming events like 'Marketing Conference' and 'Innovative Financial Services for the Underserved'. At the bottom, there are sections for 'Programs and Information', 'Events and Conferences', 'Publications', and 'About Us'.

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