

TRENDS IN DELINQUENCIES AND FORECLOSURES IN NEVADA

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Outline of Presentation

- National Trends
 - ▣ Rising foreclosures
 - ▣ House price declines
 - ▣ Rising unemployment
- Nevada
 - ▣ Trends in foreclosure
 - ▣ Housing market softening
 - ▣ Rising unemployment
 - ▣ Scale of loan modifications still falls short of need

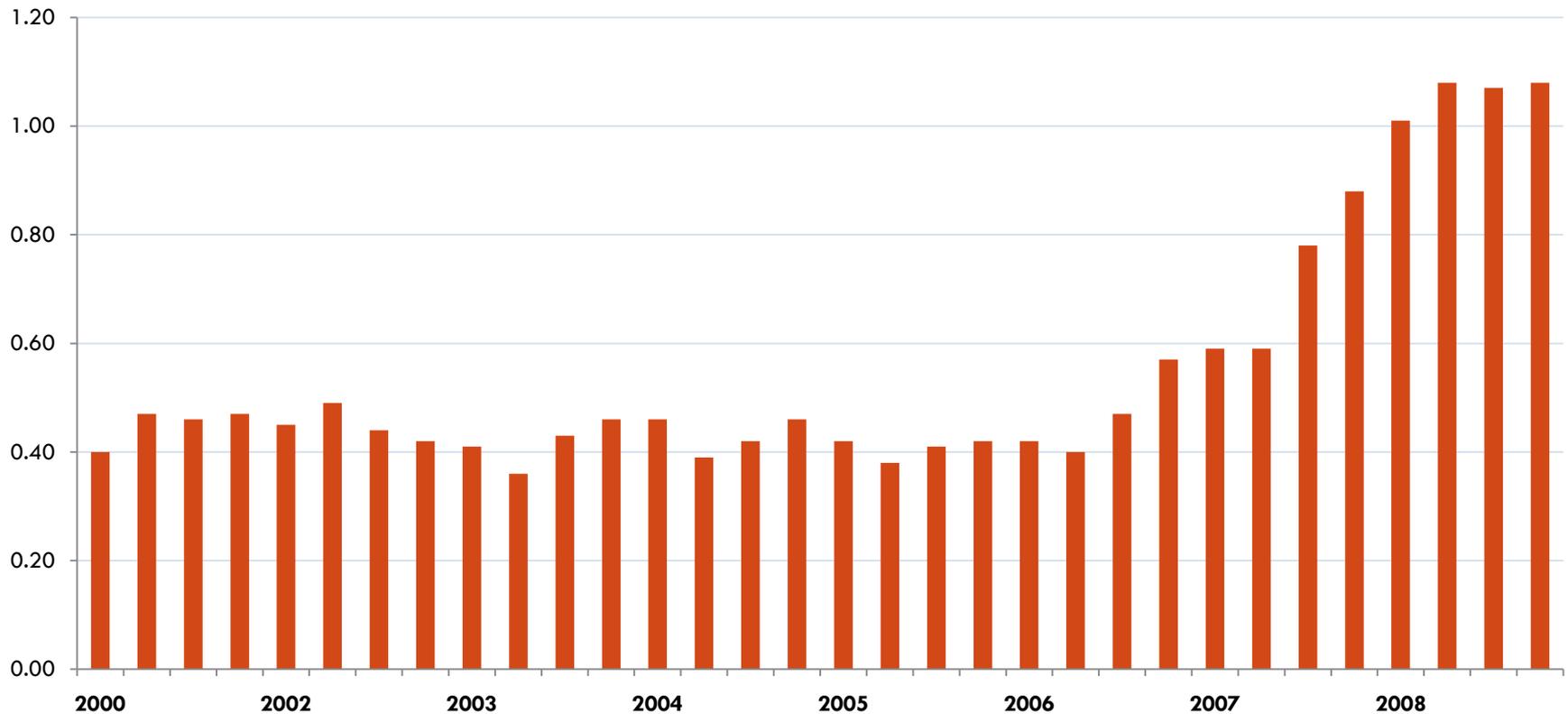
National Trends

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

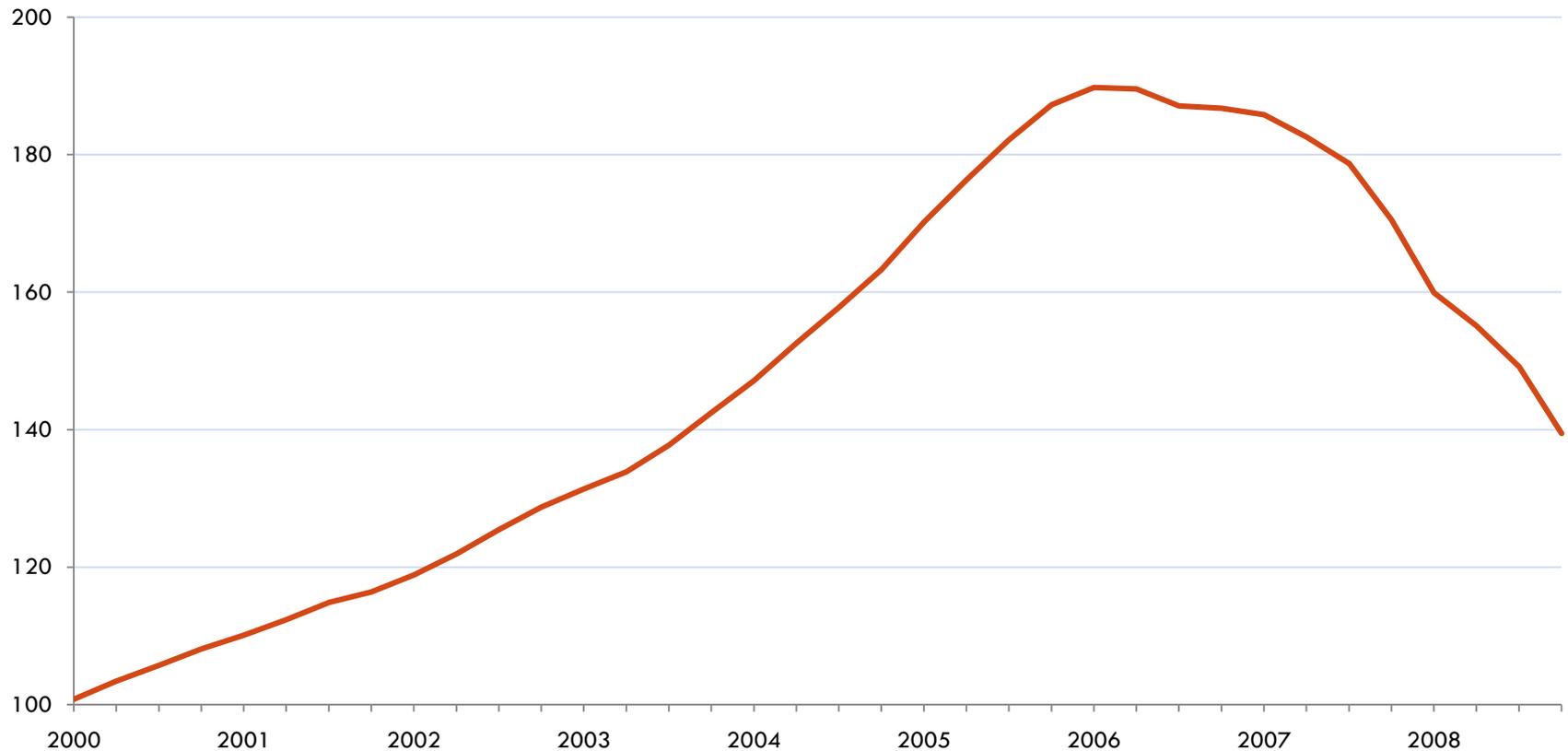
National Foreclosures Starts
Percent of All Loans



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

Nationally, House Prices Continue to Decline

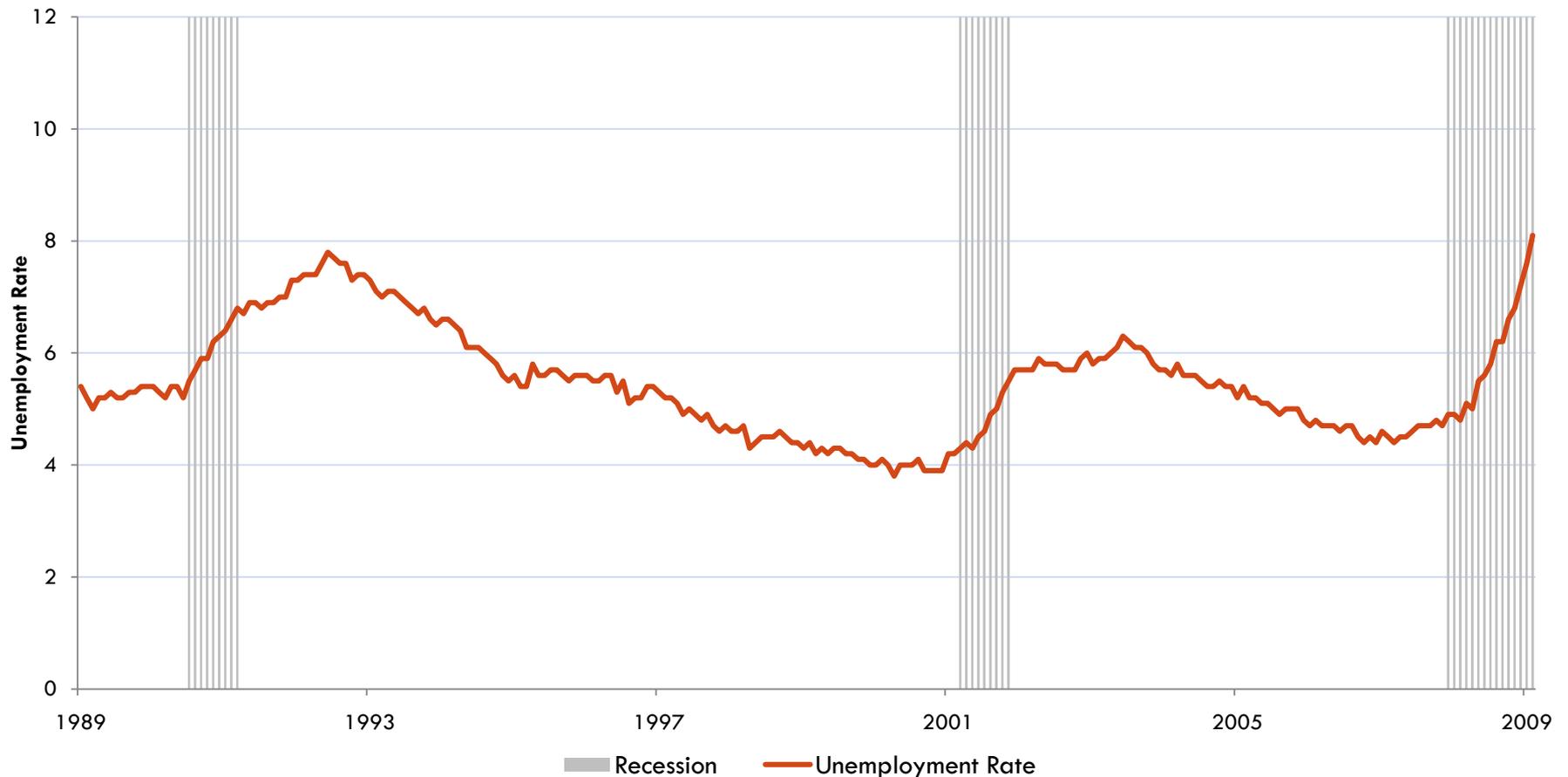
Case-Shiller National House Price Index
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index, 4th Q 2008

Recession Marks Significant Jump in Unemployment

U.S. Unemployment Rate

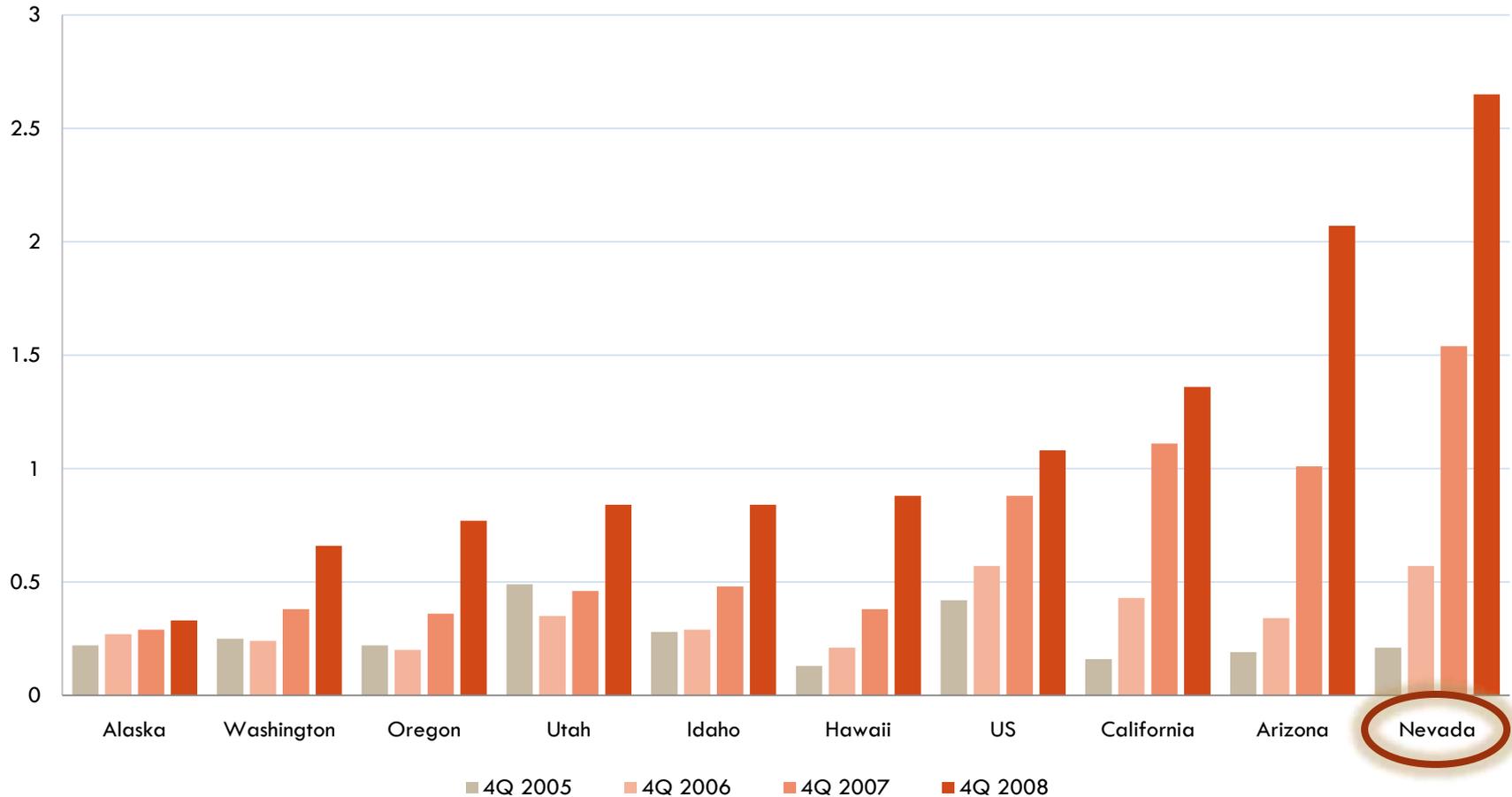


Source: Bureau of Labor Statistics

Nevada Trends

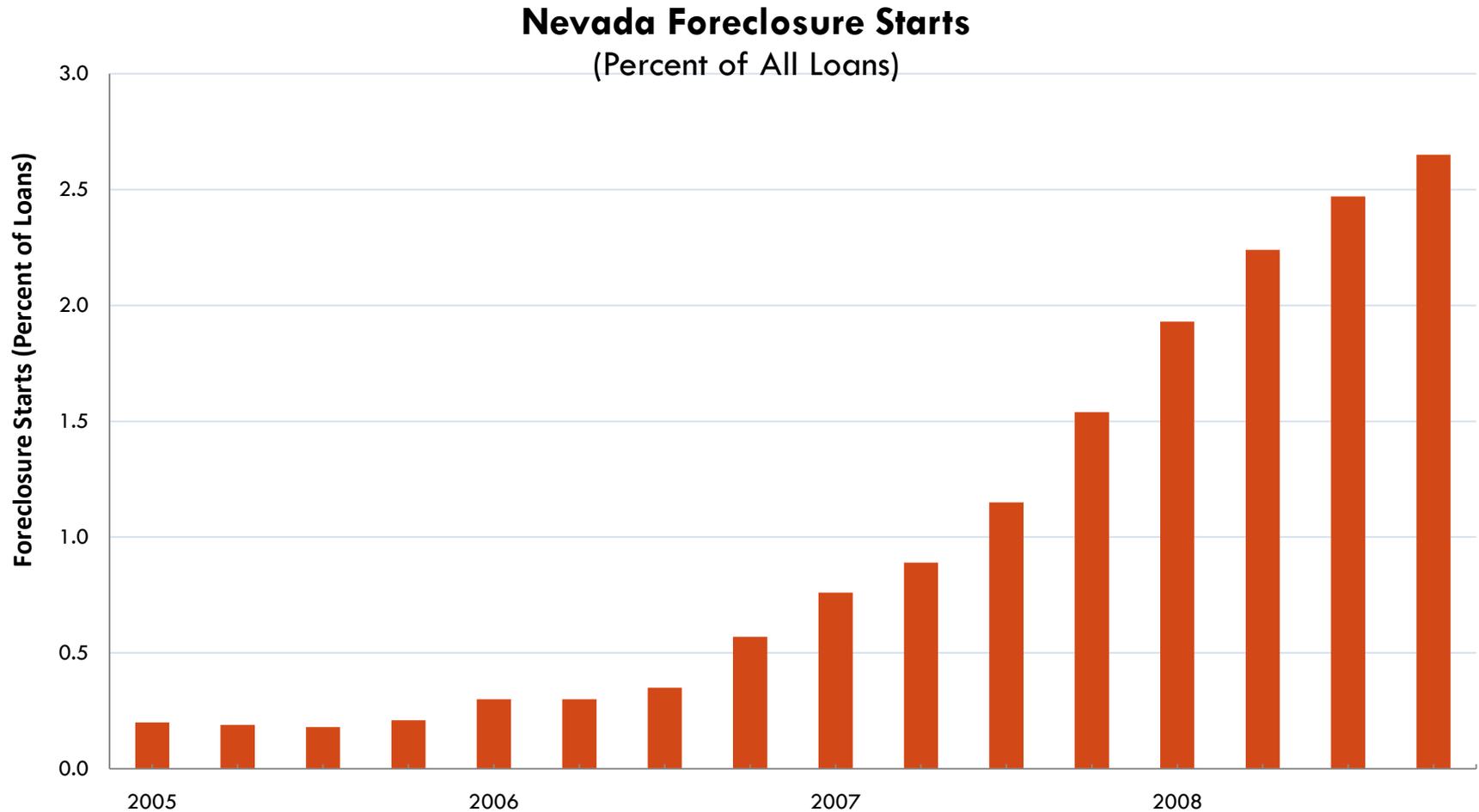
Nevada Has Highest Foreclosure Rate in the US

Foreclosure Starts (Percent of All Loans)



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

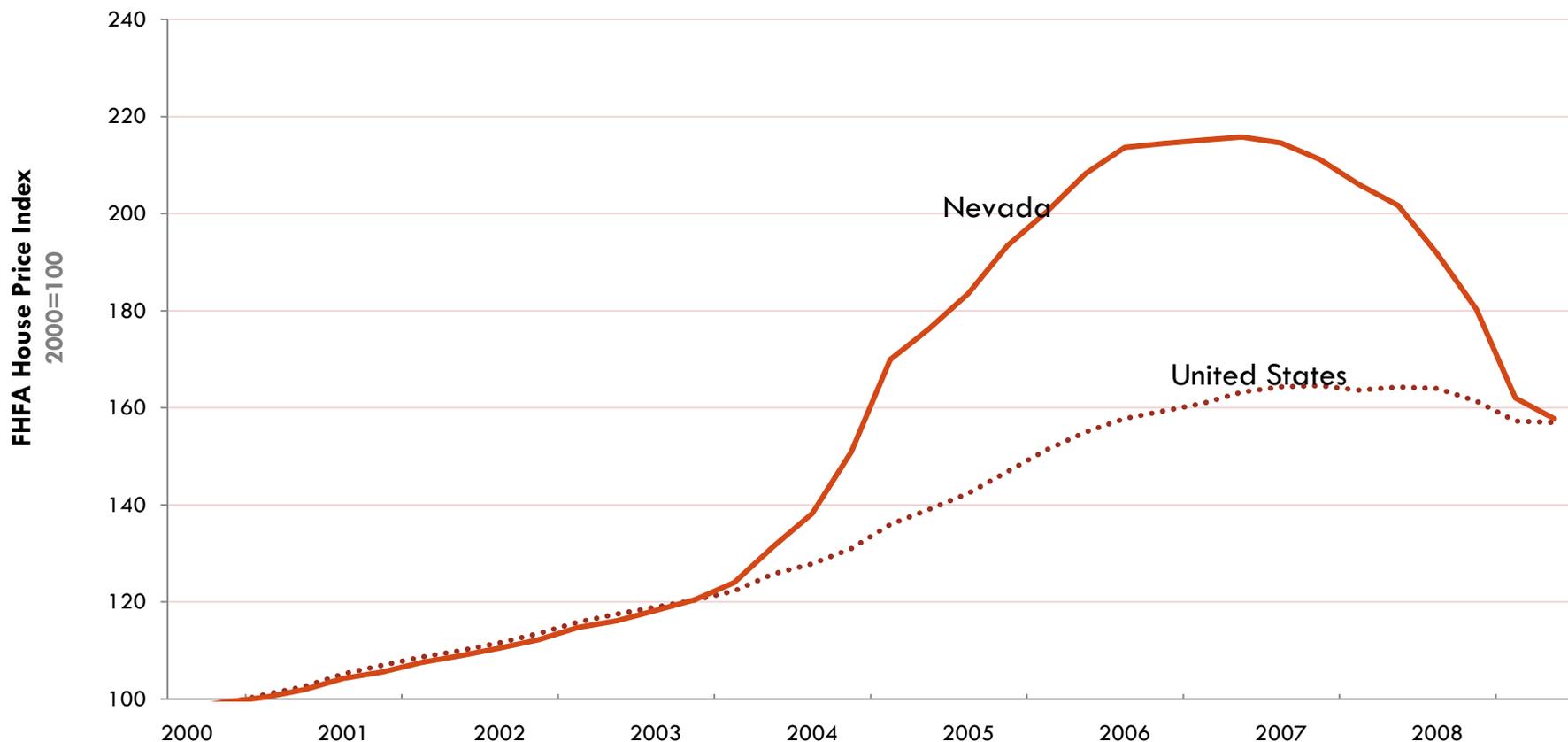
Nevada Saw a Continued Increase in Foreclosure Starts in 4th Quarter 2008



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

Nevada's House Prices Have Dropped Significantly

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

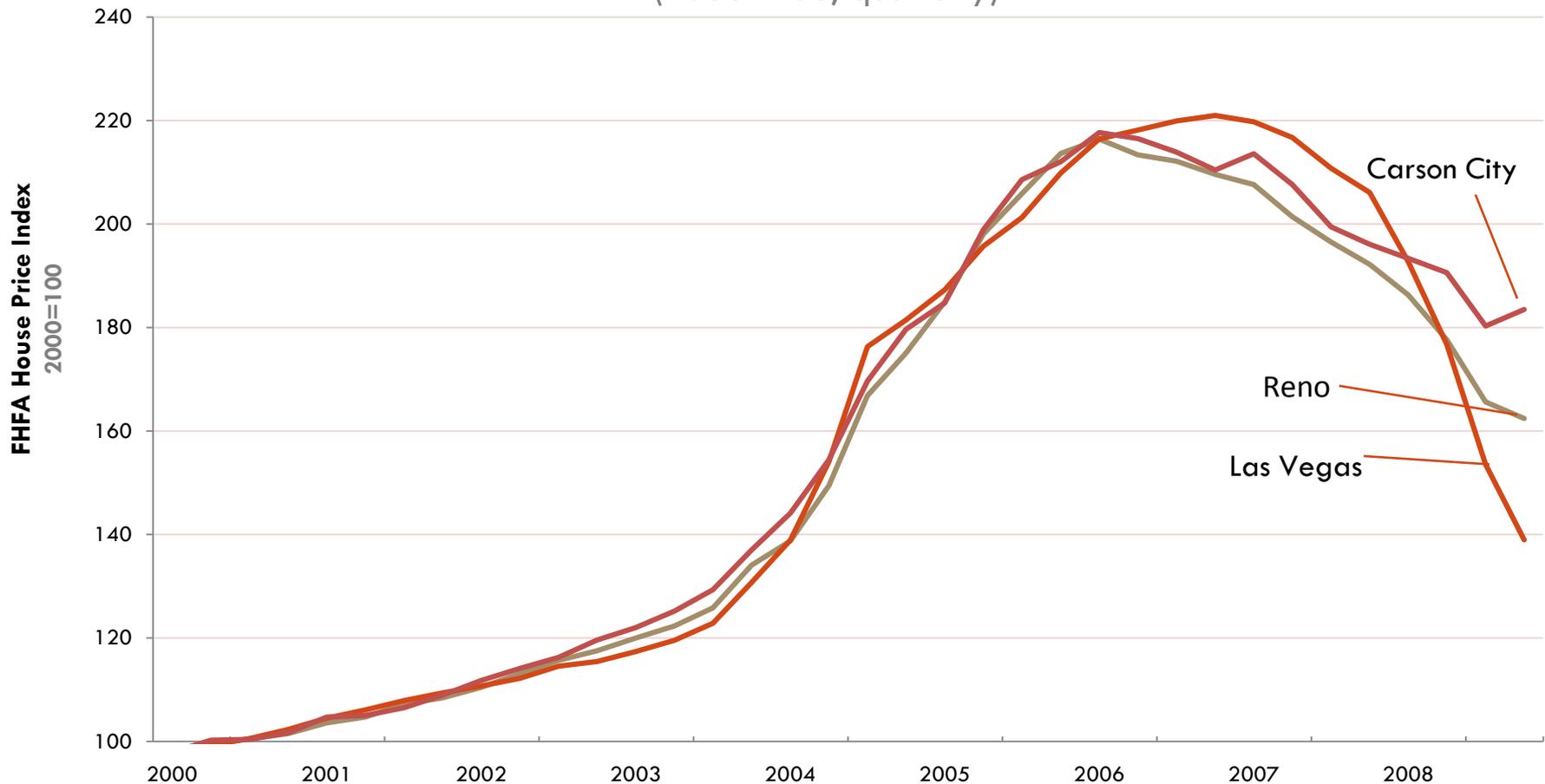


Source: Federal Housing Finance Agency (formerly OFHEO), 4th Quarter 2008

Metropolitan Areas are Similarly Experiencing Declines in House Prices

FHFA House Price Index (formerly OFHEO)

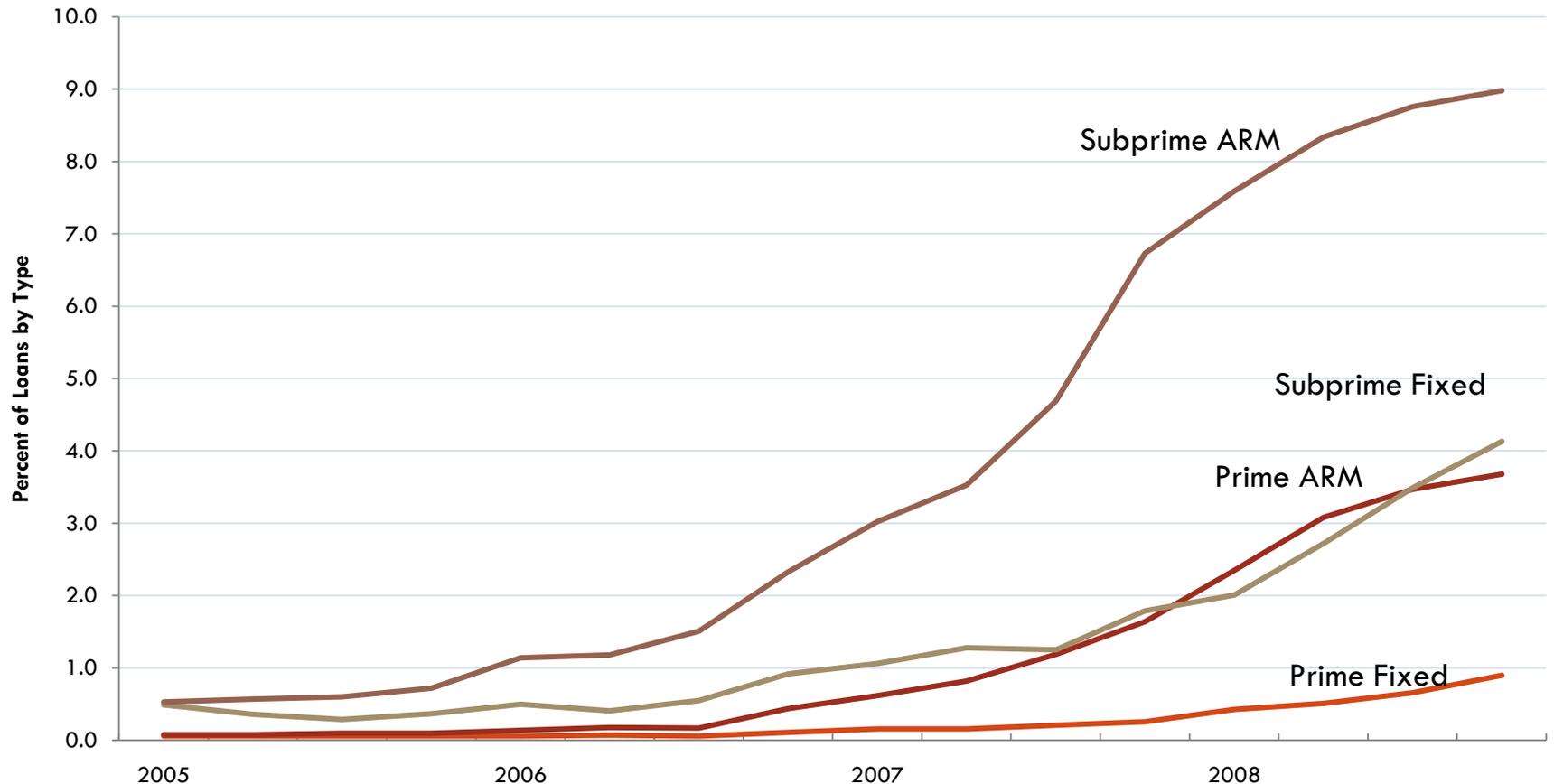
(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO), 4th Quarter 2008

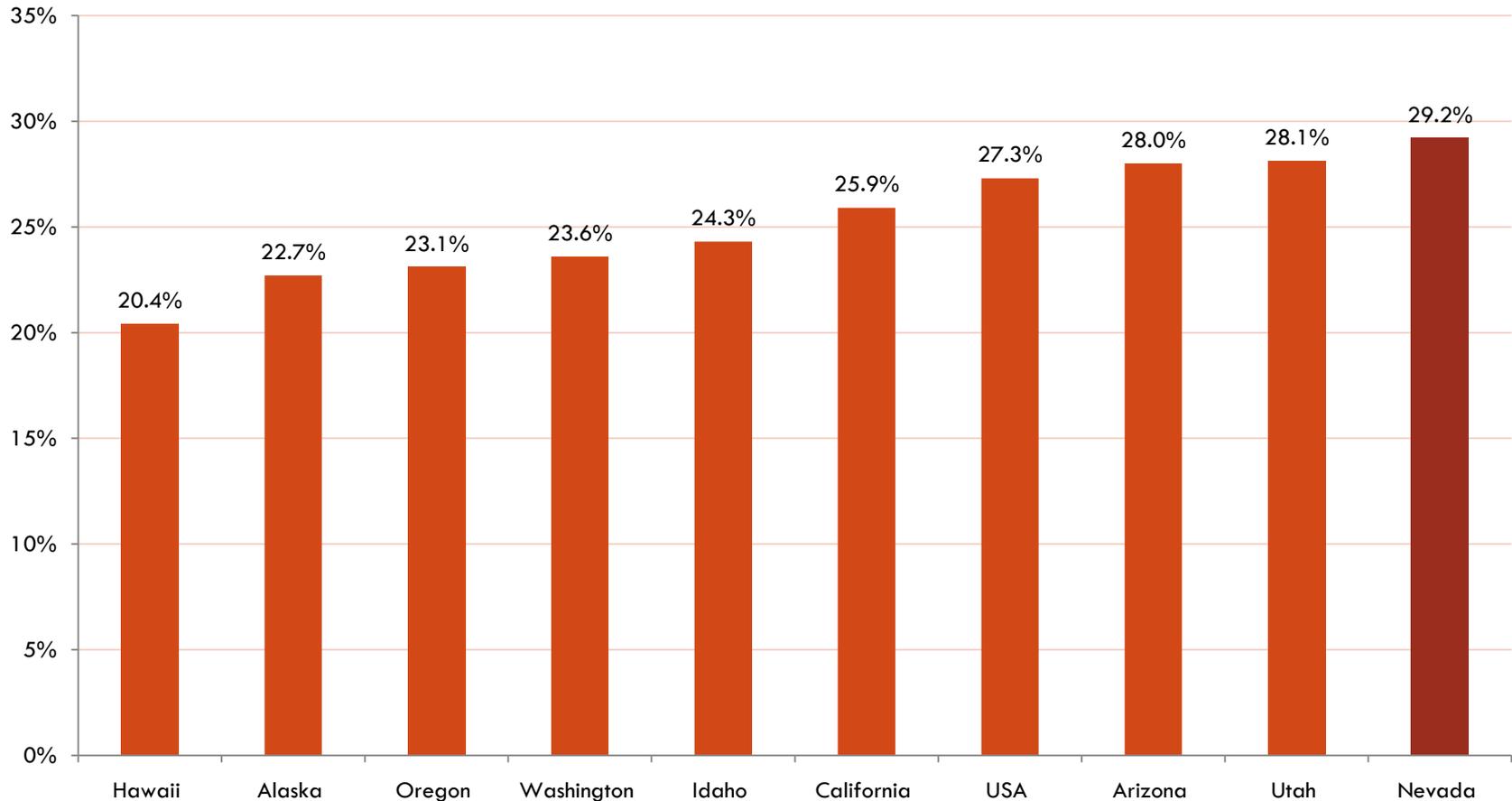
Foreclosures in Nevada Extending into All Mortgage Products

Foreclosure Starts by Loan Type



Nevada Saw High Rates of High-Cost Lending During Subprime Boom, Above National Average

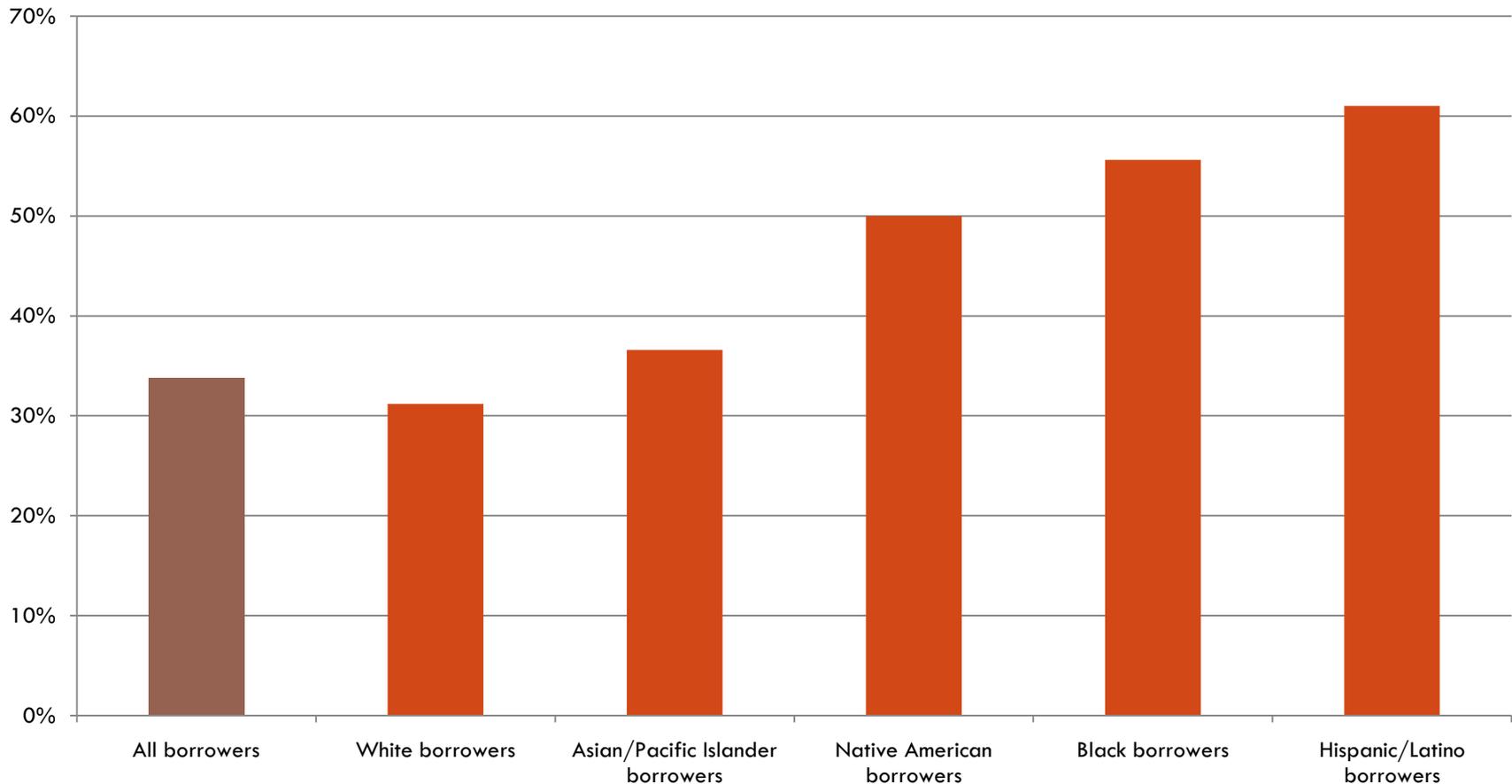
Percent of All Borrowers with High Interest Conventional Loans, 2005



Source: Home Mortgage Disclosure Act Data, 2005

High Cost Lending in Nevada More Prevalent Among Minority Borrowers

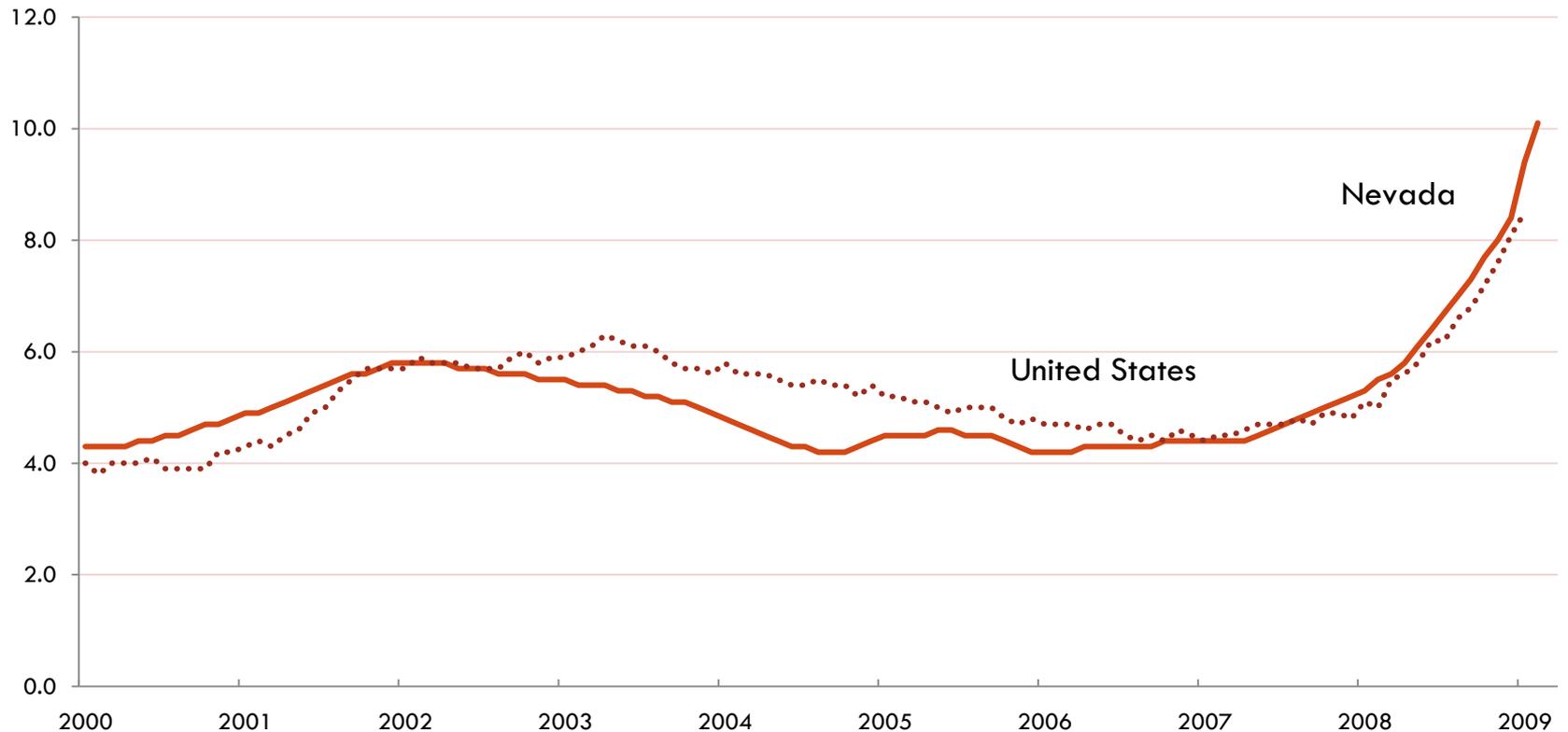
High Cost Conventional Loans by Race, 2005



Source: Home Mortgage Disclosure Act Data, 2005

Unemployment Rate in Nevada also on the Rise, Above US Average

Unemployment Rate

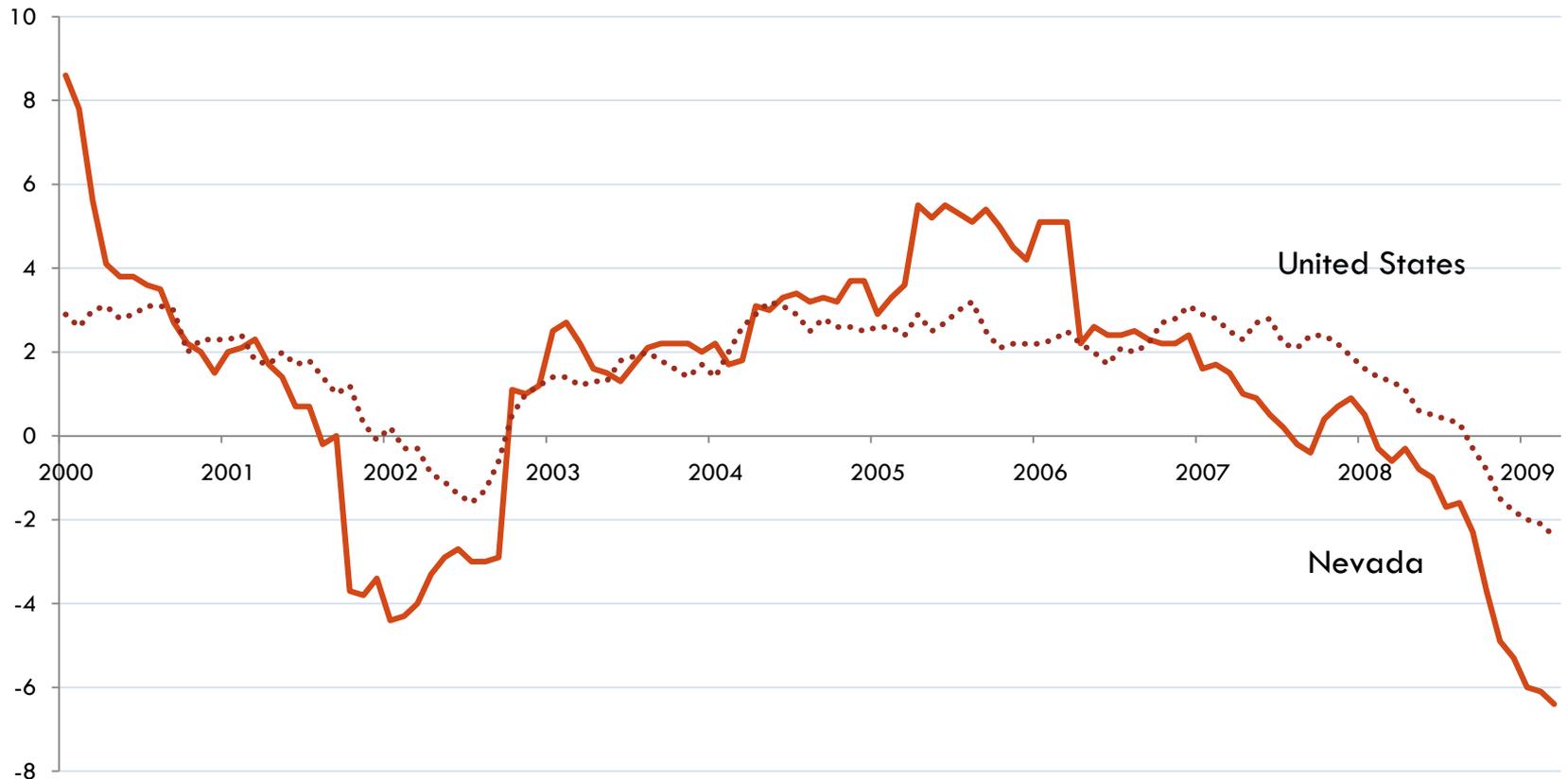


Employment Trends by Industry in Nevada

Nevada	Total Employed (thousands)	Percent Change		
	Feb-09	1-mo.	3-mo.	12-mo.
Total	1,217.7	-7.6	-7.5	-5.2
Leisure & Hospitality	318.1	-7.2	-7.5	-6.2
Trade, Transportation & Utilities	226.2	-11.0	-5.8	-3.4
Government	160.8	-7.2	-4.1	0.4
Professional & Business Svcs.	145.1	-7.9	-9.6	-6.9
Construction	101.6	-18.1	-25.3	-17.9
Educational & Health Svcs.	97.1	3.8	3.8	3.1
Financial Activities	59.4	4.1	-3.3	-5.6
Manufacturing	45.8	-5.1	-10.6	-7.3
Other Services	36.8	-9.3	1.1	-0.8
Information	14.3	-14.6	-9.4	-5.2
Natural Resources & Mining	12.4	-17.4	-6.2	1.6

Major Declines in Construction/Real Estate, But National Recession Affecting Tourism Employment As Well

Industry Employment Growth: Leisure & Hospitality (year-over-year, monthly)

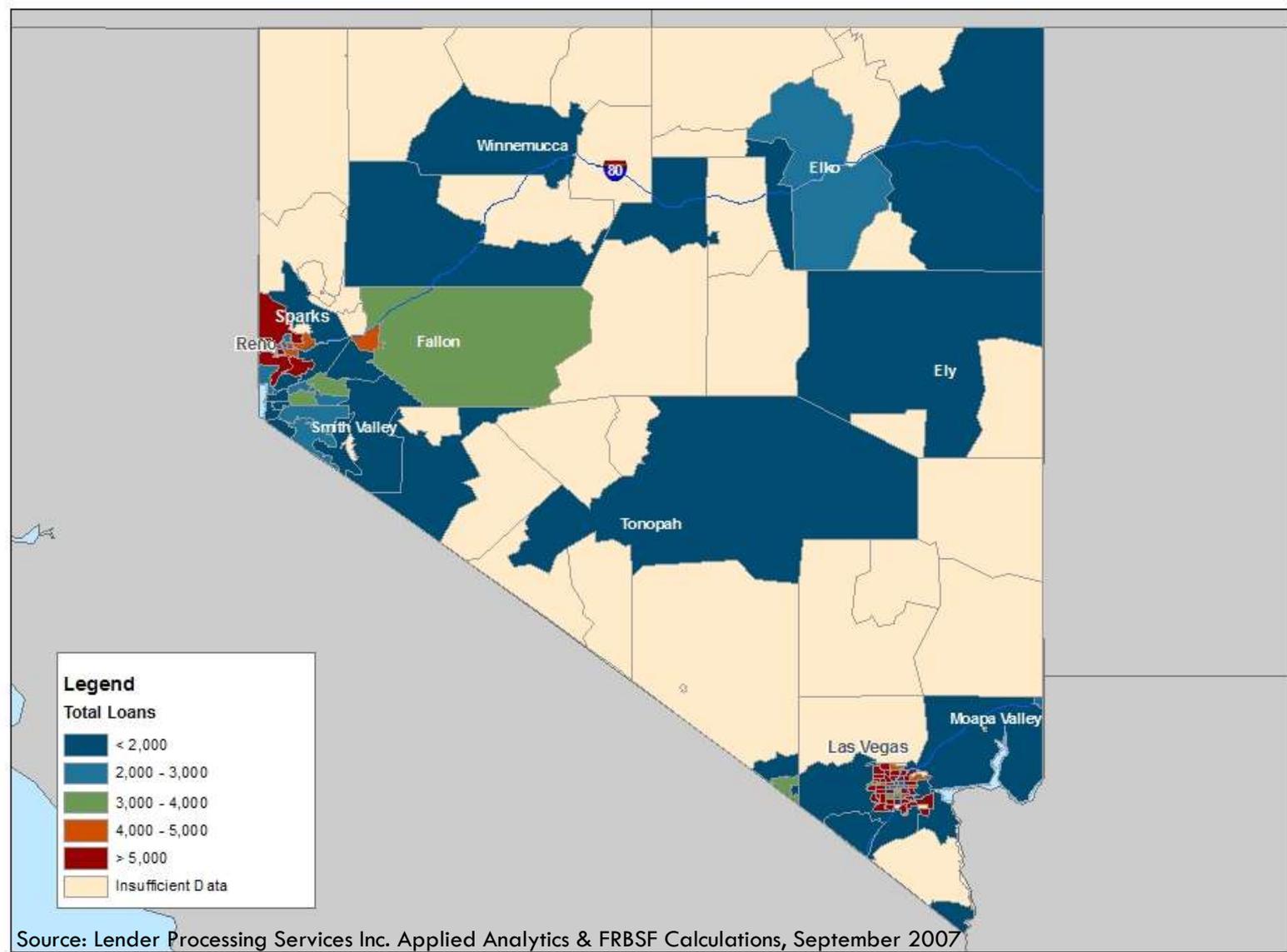


Source: Bureau of Labor Statistics, March 2009

Nevada Foreclosure Data Maps

Distribution of Lending Volumes

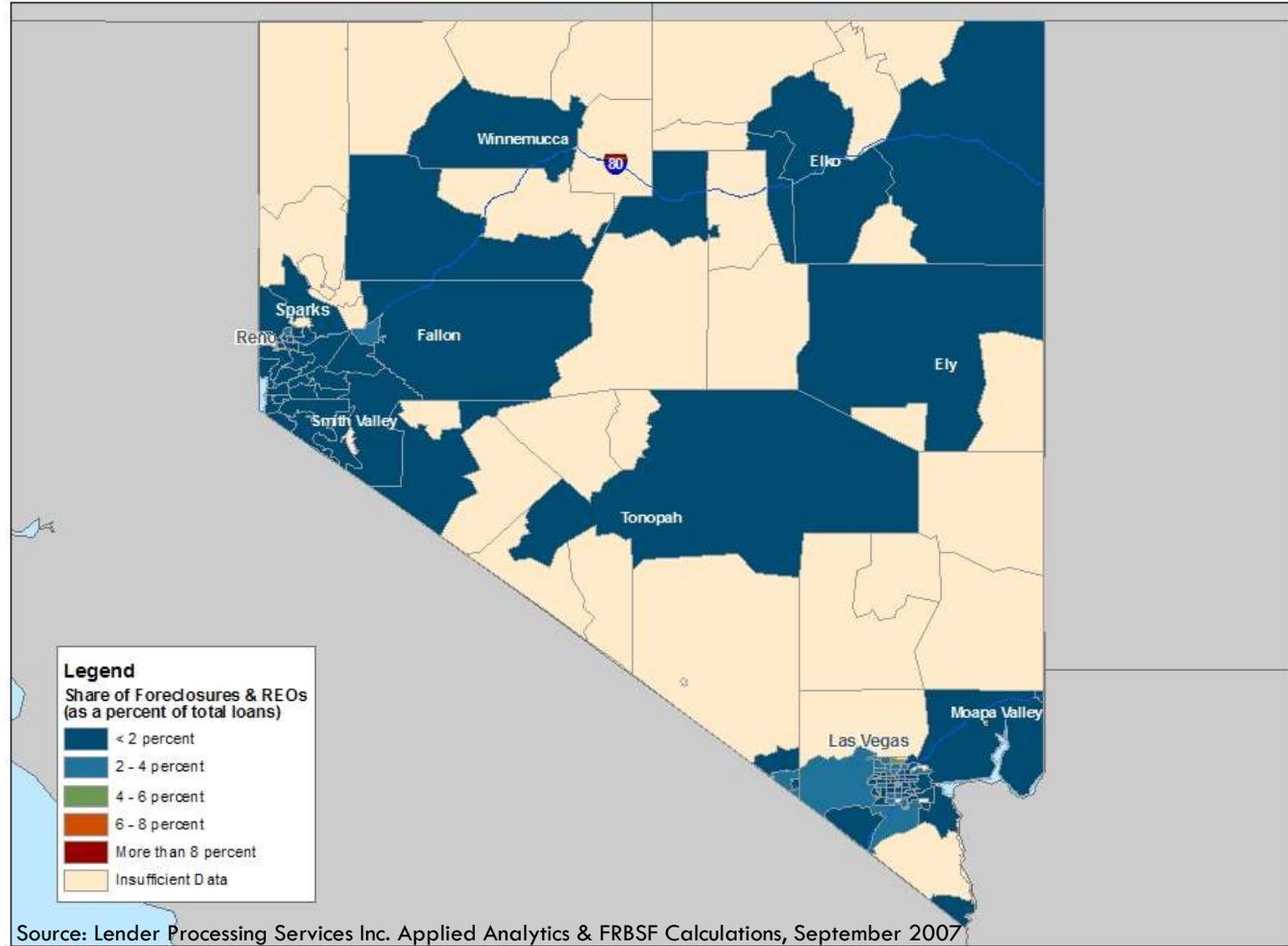
September 2007



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

Areas Affected by Concentrated Foreclosures

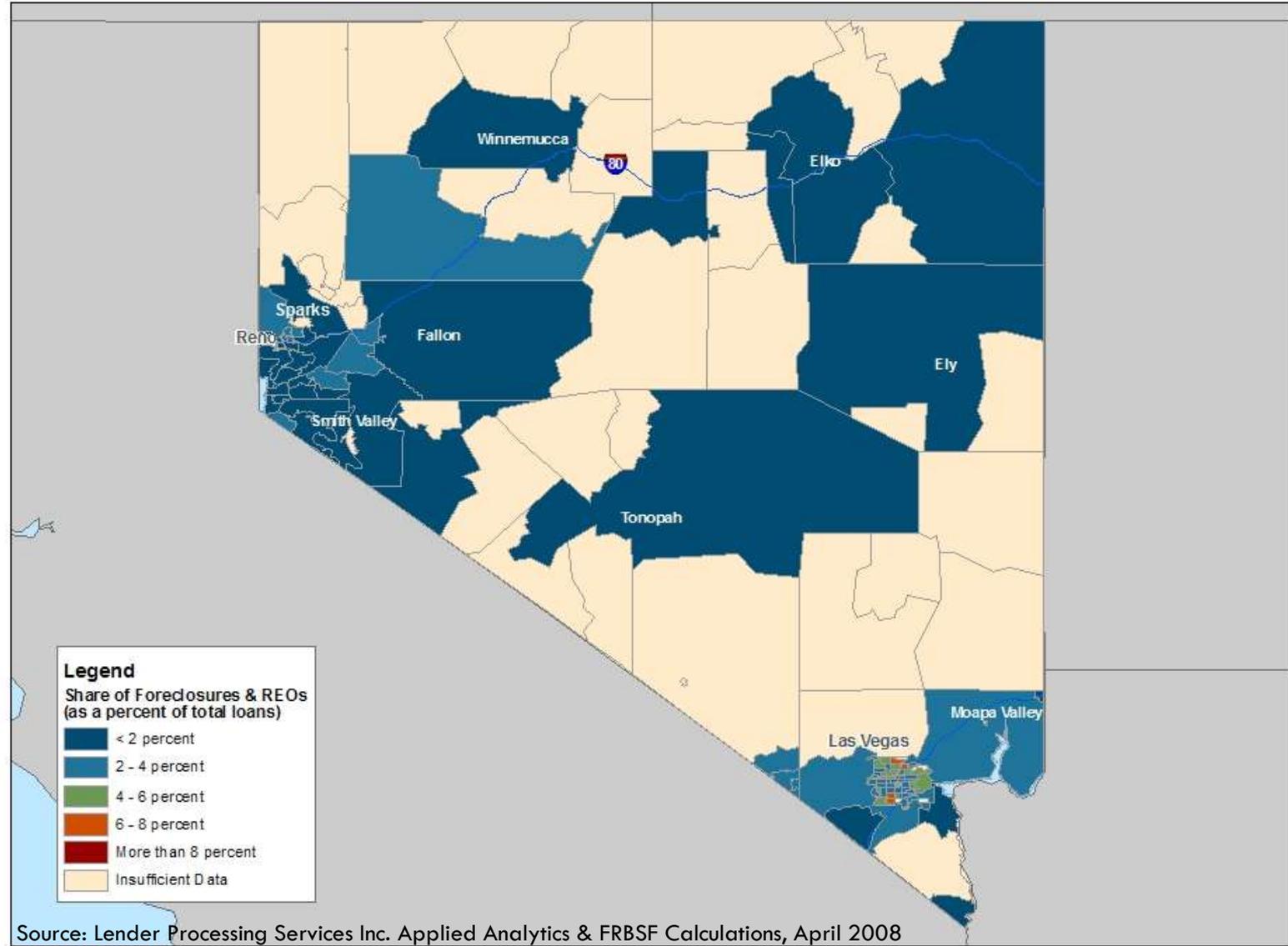
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Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, September 2007

Areas Affected by Concentrated Foreclosures

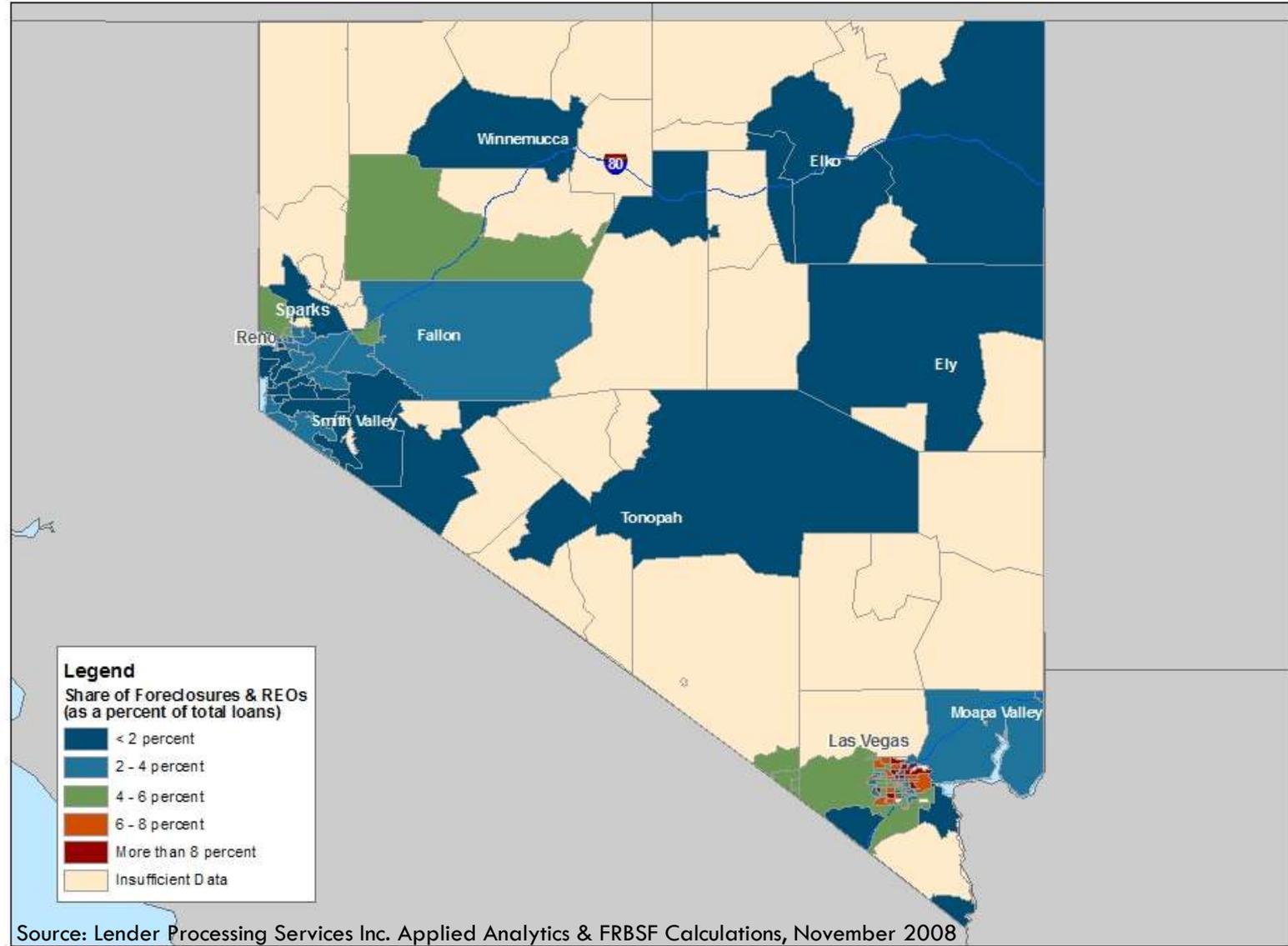
April 2008



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

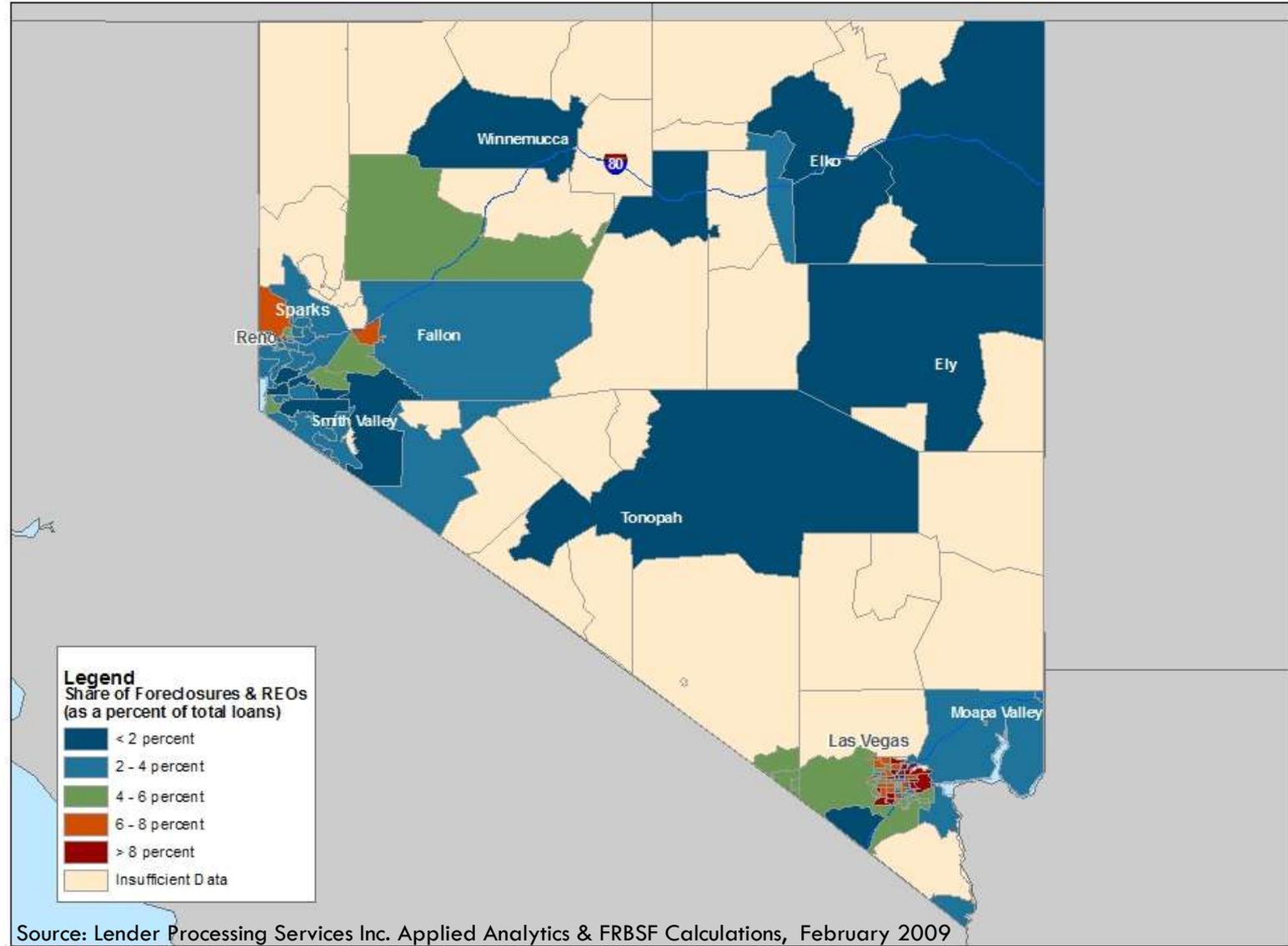
Areas Affected by Concentrated Foreclosures

November 2008



Areas Affected by Concentrated Foreclosures

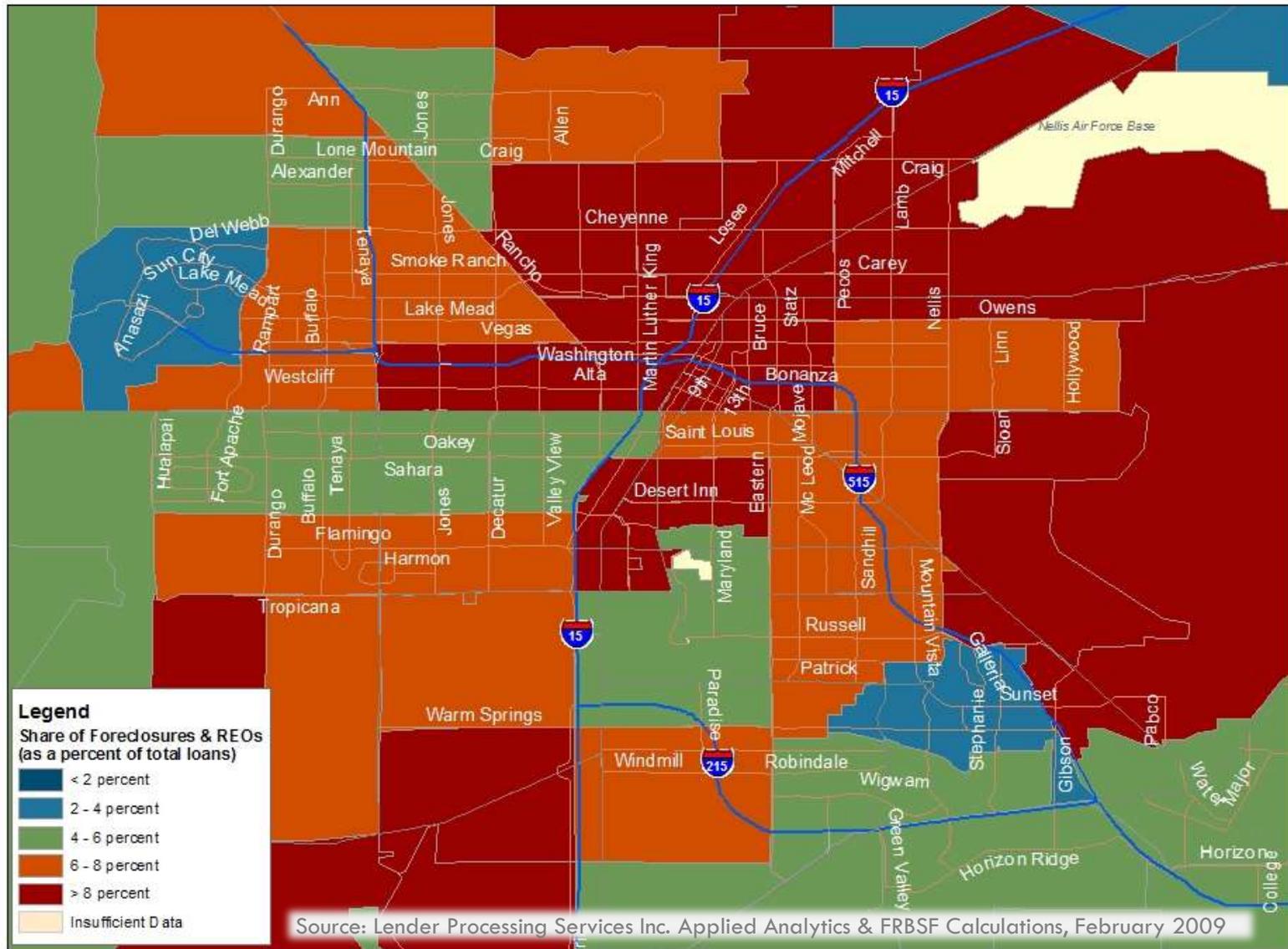
February 2009



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

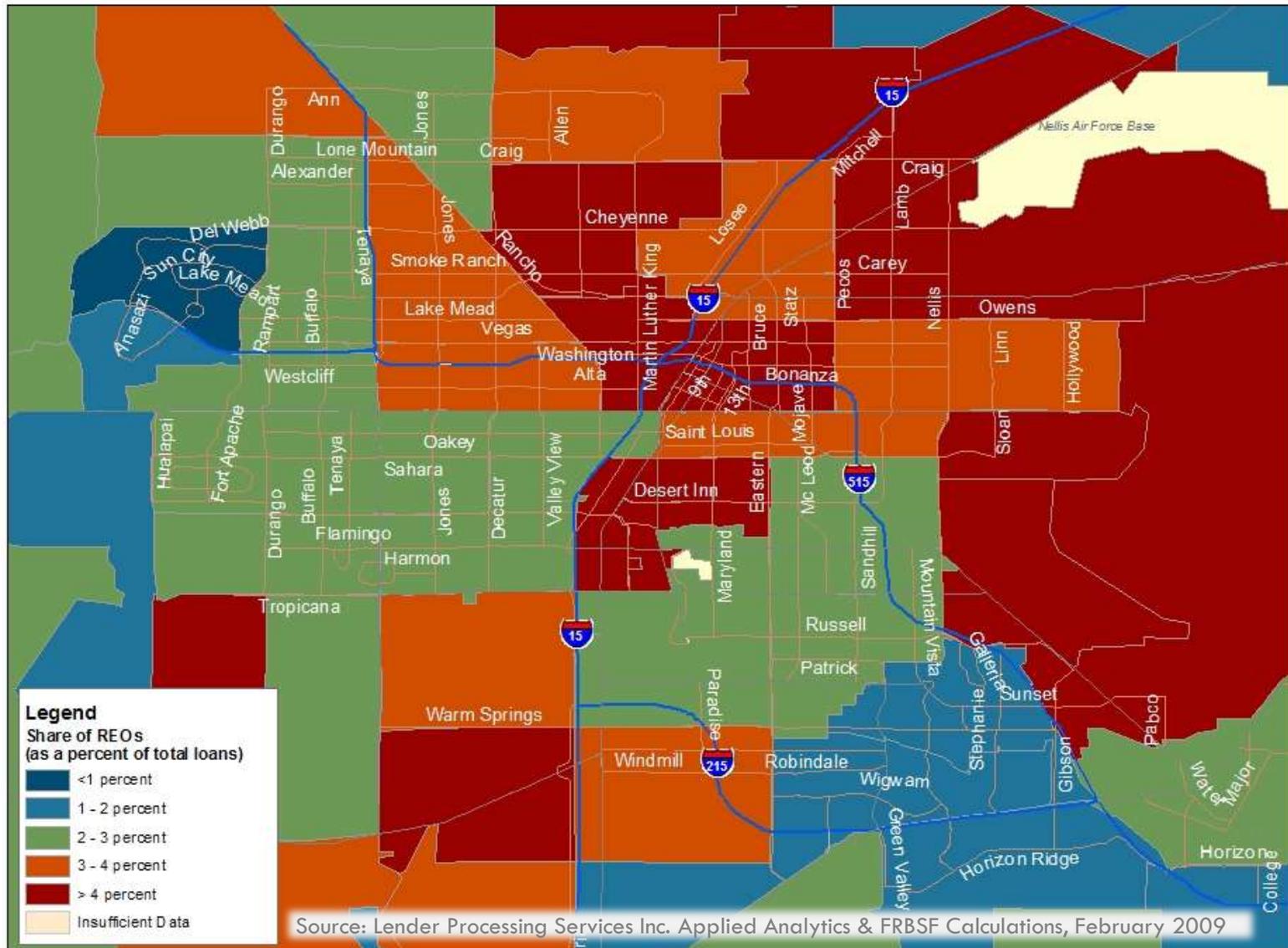
Areas Affected by Concentrated Foreclosures

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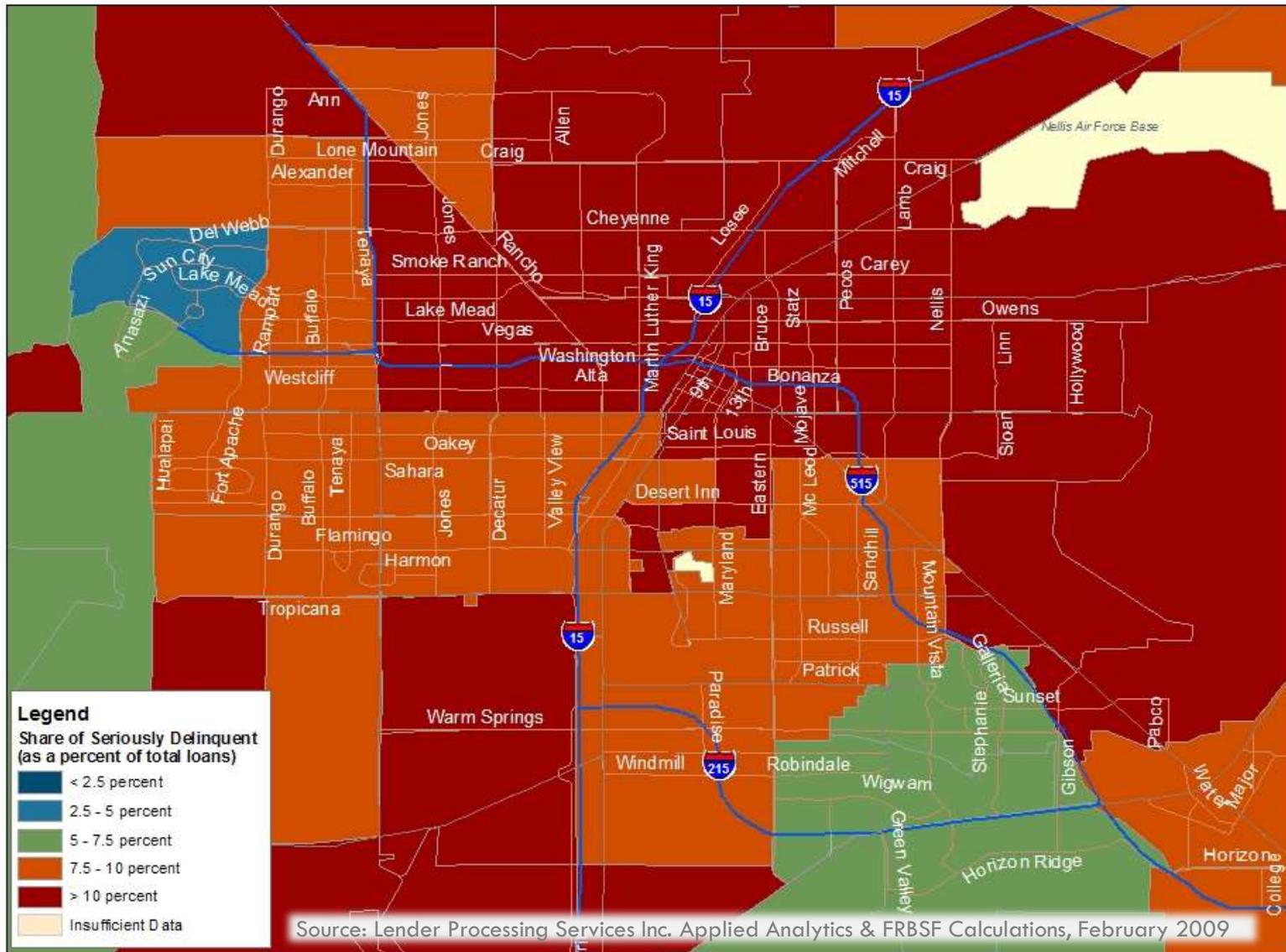
Areas with Concentrations of REO Properties

February 2009



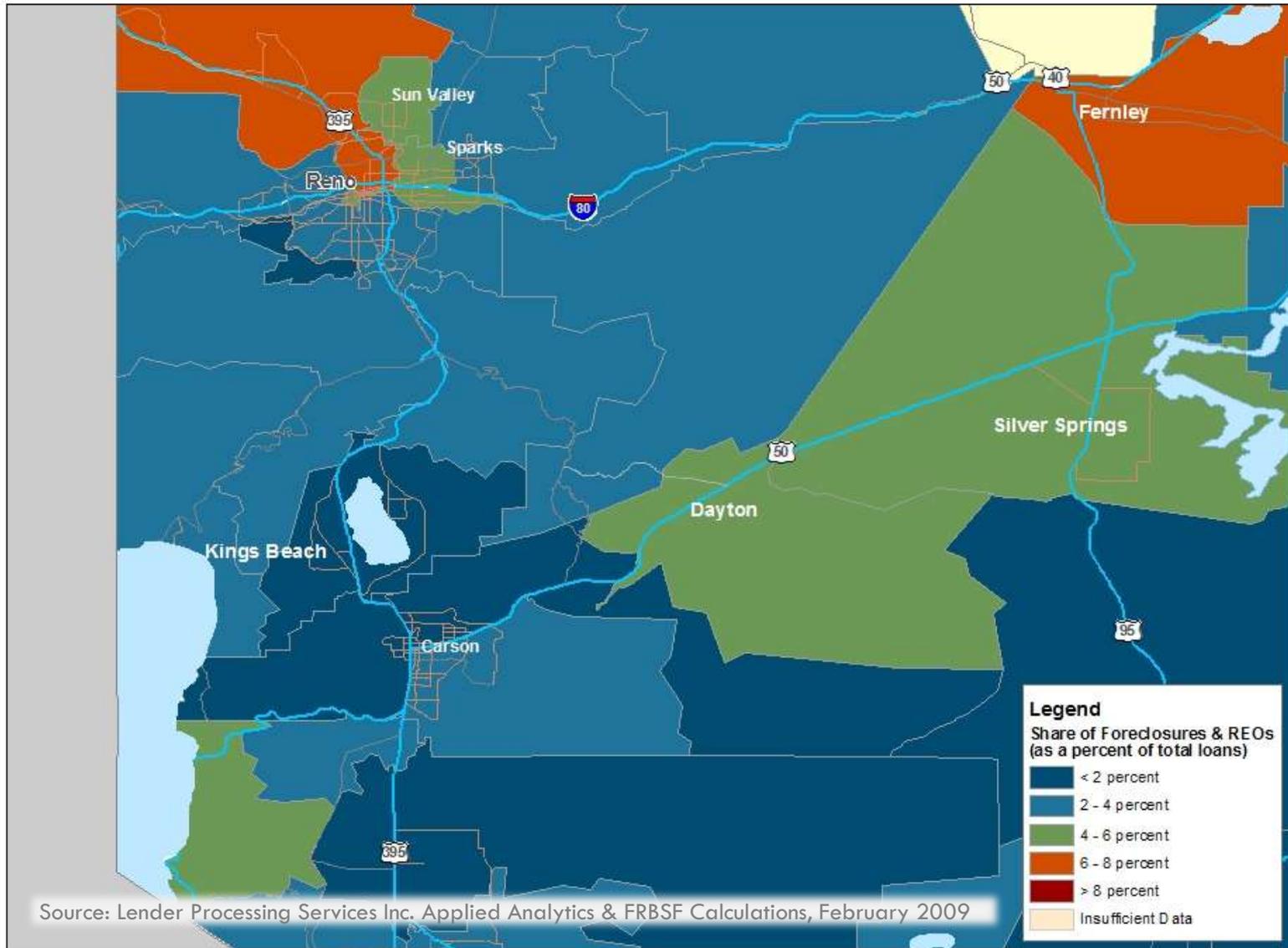
Areas at Risk of Additional Foreclosures

February 2009



Areas Affected by Concentrated Foreclosures

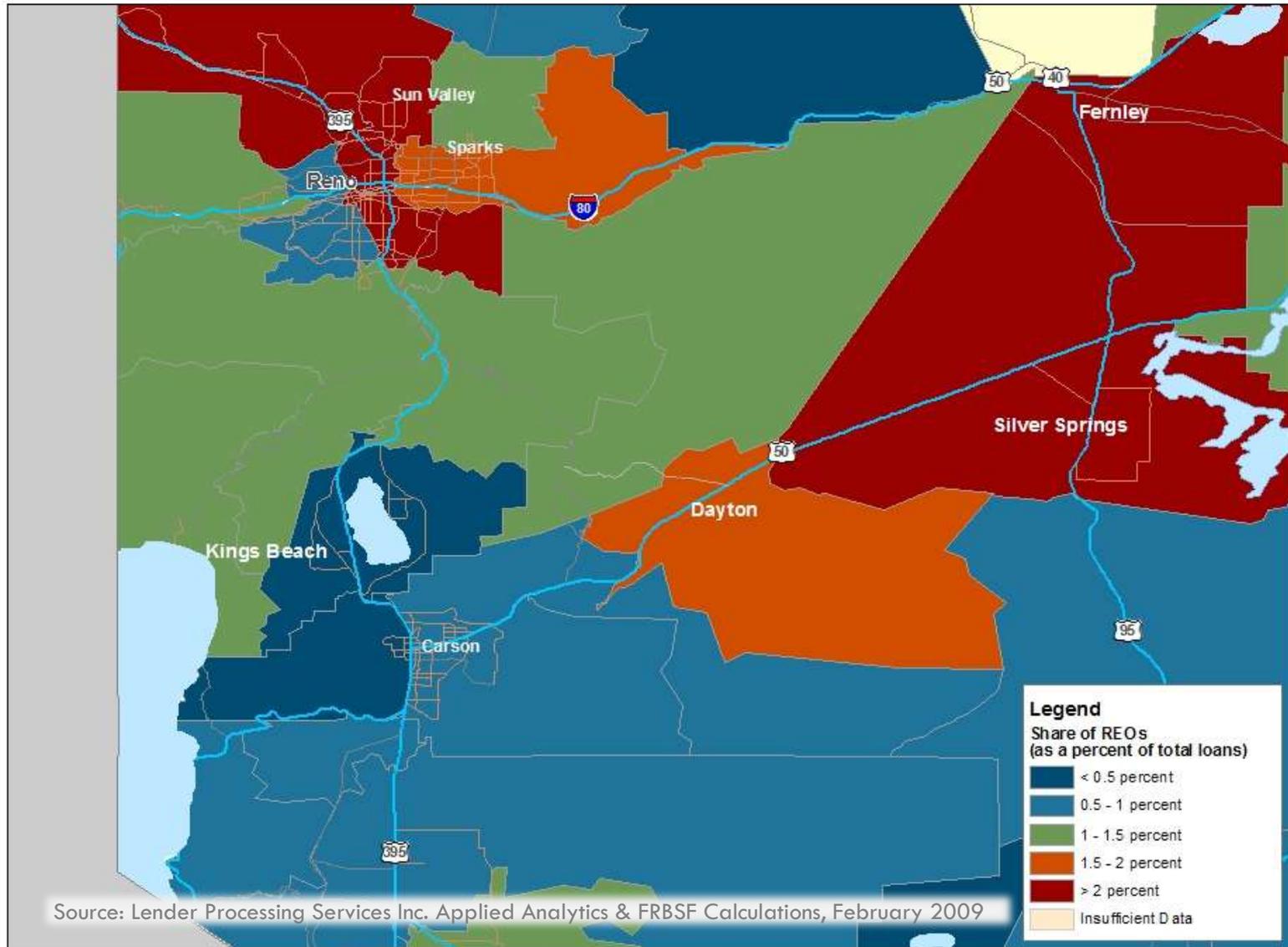
February 2009



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

Areas with Concentrations of REO Properties

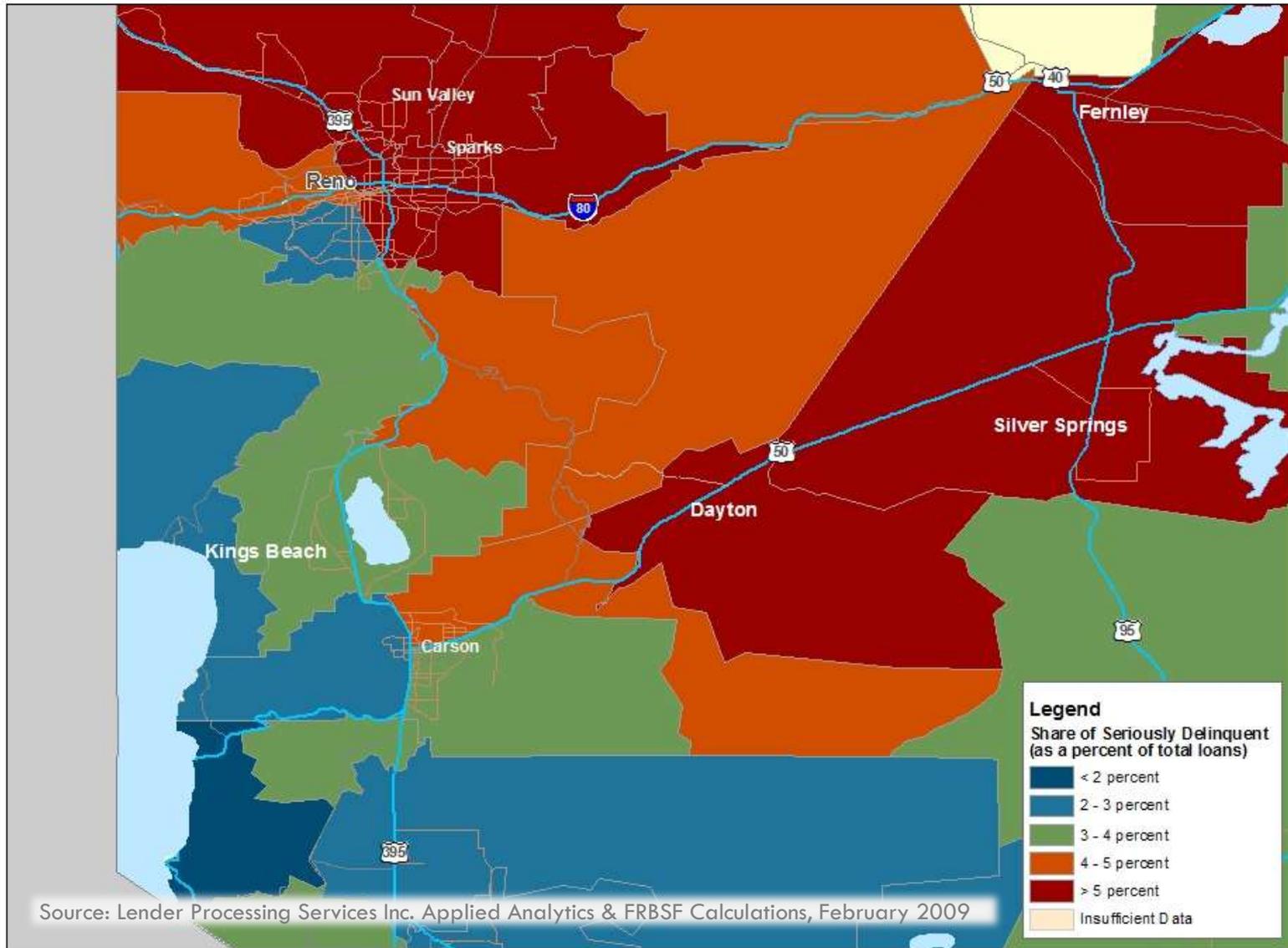
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Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

Areas at Risk of Additional Foreclosures

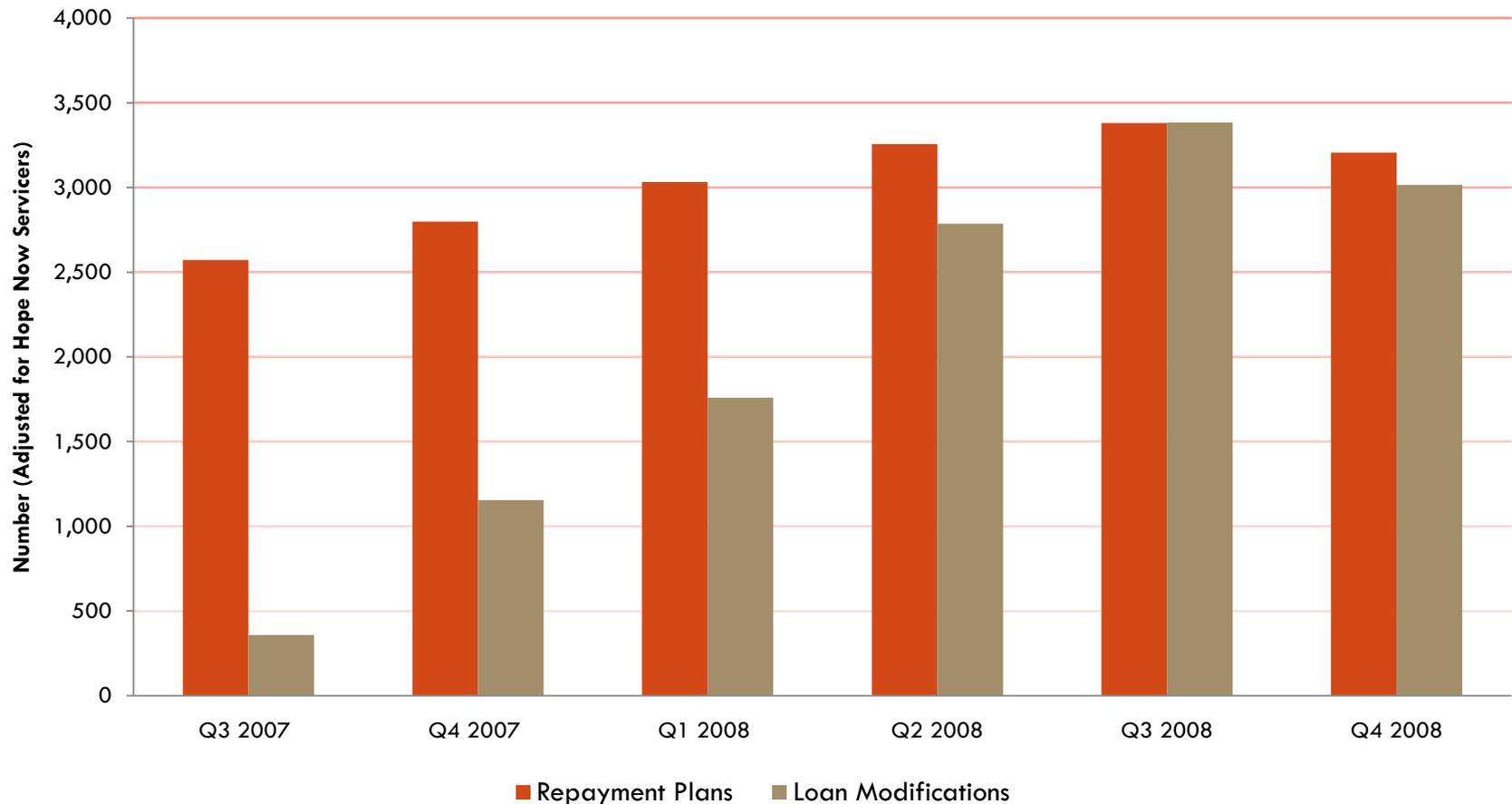
February 2009



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

Loan Modifications and Repayment Plans Reach Approximately 6,000 Distressed Borrowers a Quarter

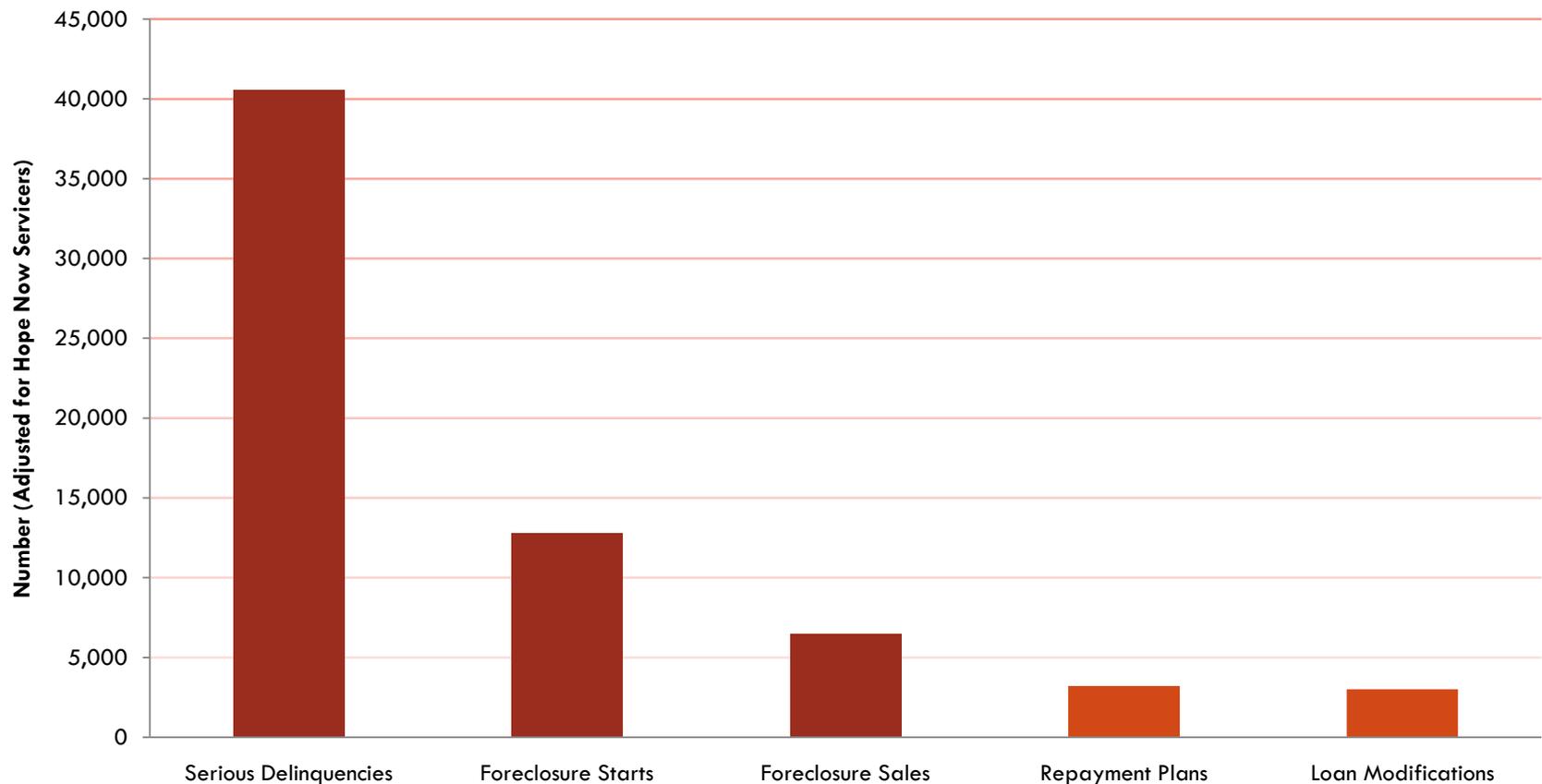
Nevada Loan Workouts



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

Yet, Workouts Still Fall Short of Need

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



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

Conclusions

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- 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 section. The header includes the bank's name and navigation links for 'Careers', 'Fed Links', and 'Subscriptions'. A secondary navigation bar lists categories: '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 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 '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' (including CRA, Community Development Issues, and CRA Center), 'Events and Conferences', 'Publications', and 'About Us'.

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