TRENDS IN DELINQUENCIES AND FORECLOSURES IN NEVADA

May 2010
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%

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

Sources: 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)

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

New HAMP Trials Started
New Permanent Modifications Started
Nevada Trends
Unemployment Rate in Nevada Continues to Rise

Source: Bureau of Labor Statistics
Nevada House Prices in Steep Decline

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

Source: Federal Housing Finance Agency (formerly OFHEO)
Las Vegas House Price Index Down to 2002 Levels

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

Source: Federal Housing Finance Agency (formerly OFHEO)
Houses in Lowest Price Tier Show Greatest Declines

Tiered Case - Shiller Home Price Index: Las Vegas
(2000 = 100)

Source: Case - Shiller Home Price Index
Nevada Foreclosure Starts Drop Slightly in Q4 2009; Though Rise Again Slightly in Q1 2010

Source: Mortgage Bankers Association, National Delinquency Survey
Nevada Mortgages in Serious Delinquency Continues to Rise

Source: Mortgage Bankers Association, National Delinquency Survey

Serious Delinquent Mortgages - Nevada

Source: Mortgage Bankers Association, National Delinquency Survey
Nevada Still Has Large Share of Outstanding Loans with Payment Options (in subprime, prime and Alt-A markets)
Neighborhood Stabilization Program

US Program Nationwide

- Committed as of April 2010: $1,975 M
- Still to be committed: $1,945 M

Source: HUD NSP Snapshots

Nevada Program Statewide

- Committed as of April 2010: $27.3 M
- Still to be committed: $44.6 M

Source: HUD NSP Snapshots
Areas Affected by Concentrated Foreclosures
February 2008

Legend
Share of Foreclosures & REOs (as a percent of total loans)
- < 2 percent
- 2 - 4 percent
- 4 - 6 percent
- 6 - 8 percent
- > 8 percent
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations
Areas Affected by Concentrated Foreclosures
November 2008

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

November 2009

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations
Areas Affected by Concentrated Foreclosures
February 2010

Legend
Share of Foreclosures & REOs (as a percent of total loans)

- Less than 2 percent
- 2 - 4 percent
- 4 - 6 percent
- 6 - 8 percent
- More than 8 percent
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations
Conclusions
Continued Need for Foreclosure Prevention

- Important to reach borrowers with ‘preventable’ foreclosures
  - Borrower Outreach Events
    - Expand use of foreclosure information workbook
      - [http://foreclosurehelp.nv.gov/Brochures/ForeclosureWorkbook.pdf](http://foreclosurehelp.nv.gov/Brochures/ForeclosureWorkbook.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](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/