National Trends

- According to John Williams, Director of Research at the FRBSF, the economic outlook is for a slow and modest recovery.
  - Unemployment still a major concern, and unlikely to see significant drops in the unemployment rate in the next year.
  - While the housing market appears to be stabilizing, recovery is muted, and construction starts and home sales are both down in the most recent period.
  - Growth of real gross domestic product (GDP), the broadest measure of the strength of the economy, is hovering around 2 percent in the current quarter.
- Large “shadow” inventory of properties in delinquency or some stage of the foreclosure process also remains a concern.
National Trends
Unemployment continues to hover around 10%

Source: Bureau of Labor Statistics, September 2010
Depth of this economic downturn eclipses past recessions

[Graph showing the percent decline in employment from peak months of recession for different years, with 2008 being the most severe decline.]

- 1980
- 1974
- 1981
- 1990
- 2001

Percent Decline in Employment from Peak

Months of Recession
Case-Shiller shows tepid housing recovery

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
Overall delinquencies drop, but still more than 4.5 million homes in distress

Source: Mortgage Bankers Association, National Delinquency Survey
HAMP modifications down slightly in July; borrowers still face challenges in obtaining permanent modifications

Source: HAMP Service Performance Report Through July 2010
Unemployment rate in Oregon remains above 10 percent through July 2010
Unemployment in Oregon is higher in Central and Southern counties

Source: Bureau of Labor Statistics, July 2010
Oregon’s real estate market continues to soften

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

Source: Federal Housing Finance Agency (formerly OFHEO)
Bend continues to experience steepest decline in house prices

Source: Federal Housing Finance Agency (formerly OFHEO)
The number of distressed properties – delinquent and in foreclosure – seems to be stabilizing.
Oregon Foreclosure Data Maps
Areas Affected by Concentrated Foreclosures
February 2010

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations
Areas at Risk of Additional Foreclosures
February 2010

Legend
Share of Seriously Delinquent Loans (as a percent of total loans)
- Less than 1 percent
- 1 - 2.5 percent
- 2.5 - 4 percent
- 4 - 5.5 percent
- More than 5.5 percent
- Insufficient Data

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

Legend
Share of Foreclosures and REOs (as a percent of total loans)
- Less than 1 percent
- 1 - 2 percent
- 2 - 3 percent
- 3 - 4 percent
- More than 4 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
  - 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](http://www.federalreserveeducation.org/pfed/mediakit.cfm)
  - NeighborWorks PSA: [http://www.youtube.com/nwpad](http://www.youtube.com/nwpad)

- Other 5 Tip brochures and resources available from the Federal Reserve [http://www.federalreserve.gov/consumerinfo/fivetips.htm](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/