National Trends

- Signs that the economy is starting to grow and move out of the recession
  - GDP positive for the first time since start of 2008
- Major weaknesses still exist in the housing, labor, and credit markets
- Foreclosures continue to rise
  - Although the HAMP program has succeeded in reaching 728,408 distressed borrowers (as of November 2009), few of these modifications have been made permanent and scale still falls significantly short of need.
National Trends
GDP Shows Positive Growth in 3rd Quarter 2009

Real Gross Domestic Product
(per cent change at seasonally adjusted annual rate)

GDP % change based on chained 2005 dollars

Source: Bureau of Economic Analysis
Weakness in Labor Market Grave Concern

U.S. Unemployment Rate

Dramatic Increase in Duration of Unemployment

Median Duration of Unemployment

Source: Bureau of Labor Statistics
Case-Shiller Shows Continued Uptick in House Prices in 3rd Qtr 2009

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

Source: Case - Shiller Home Price Index
FHFA Shows Continued Declines, Reflecting Activity at Lower End of Market

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

Source: Federal Housing Finance Agency (formerly OFHEO)
National Foreclosure Rate Remains High

Source: Mortgage Bankers Association, National Delinquency Survey

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 Nov. 2009:
http://www.financialstability.gov/docs/MHA%20Public%20121009%20Final.pdf
Although there are Signs of Improvement, Small Businesses Still Face a Tightened Credit Market

**Senior Loan Officer Opinion Survey on Bank Lending:**
Net Percentage of Domestic Respondents Tightening Standards for C&I Loans
Unemployment Rate in Utah Rising, Though Below US Average

Source: Bureau of Labor Statistics
Utah Seeing Fall in House Prices

Source: Federal Housing Finance Agency (formerly OFHEO)
St. George Experiencing Greatest Decline in House Values

Source: Federal Housing Finance Agency (formerly OFHEO)
Utah Saw a Continued Increase in Foreclosure Starts in 3rd Quarter 2009

Source: Mortgage Bankers Association, National Delinquency Survey
Growing Concerns over Sustainability of Loans with Payment Options (in subprime, prime and Alt-A markets)

Characteristics of Remaining "Current" Loans

<table>
<thead>
<tr>
<th>Characteristics of Remaining &quot;Current&quot; Loans</th>
<th>United States</th>
<th>Utah</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Only</td>
<td>7.25%</td>
<td>5.75%</td>
</tr>
<tr>
<td>Jumbo</td>
<td>6.25%</td>
<td>4.75%</td>
</tr>
<tr>
<td>Option Arm</td>
<td>3.75%</td>
<td>3.25%</td>
</tr>
</tbody>
</table>
Utah Foreclosure Data Maps
Areas Affected by Concentrated Foreclosures

February 2008

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

November 2008

Legend
Share of Foreclosures & REOs (as a percent of total loans)
- Less than 0.5 percent
- 0.5 - 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
Areas Affected by Concentrated Foreclosures
November 2009

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Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations
Neighborhoods Affected by Concentrated Foreclosures
November 2009

Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations
Neighborhoods at Risk for Additional Foreclosures
November 2009

Legend
Share of Seriously Delinquent (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 prevention workbook
  - **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
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/