

TRENDS IN DELINQUENCIES AND FORECLOSURES IN UTAH

May 2010

Community Development Research
Federal Reserve Bank of San Francisco

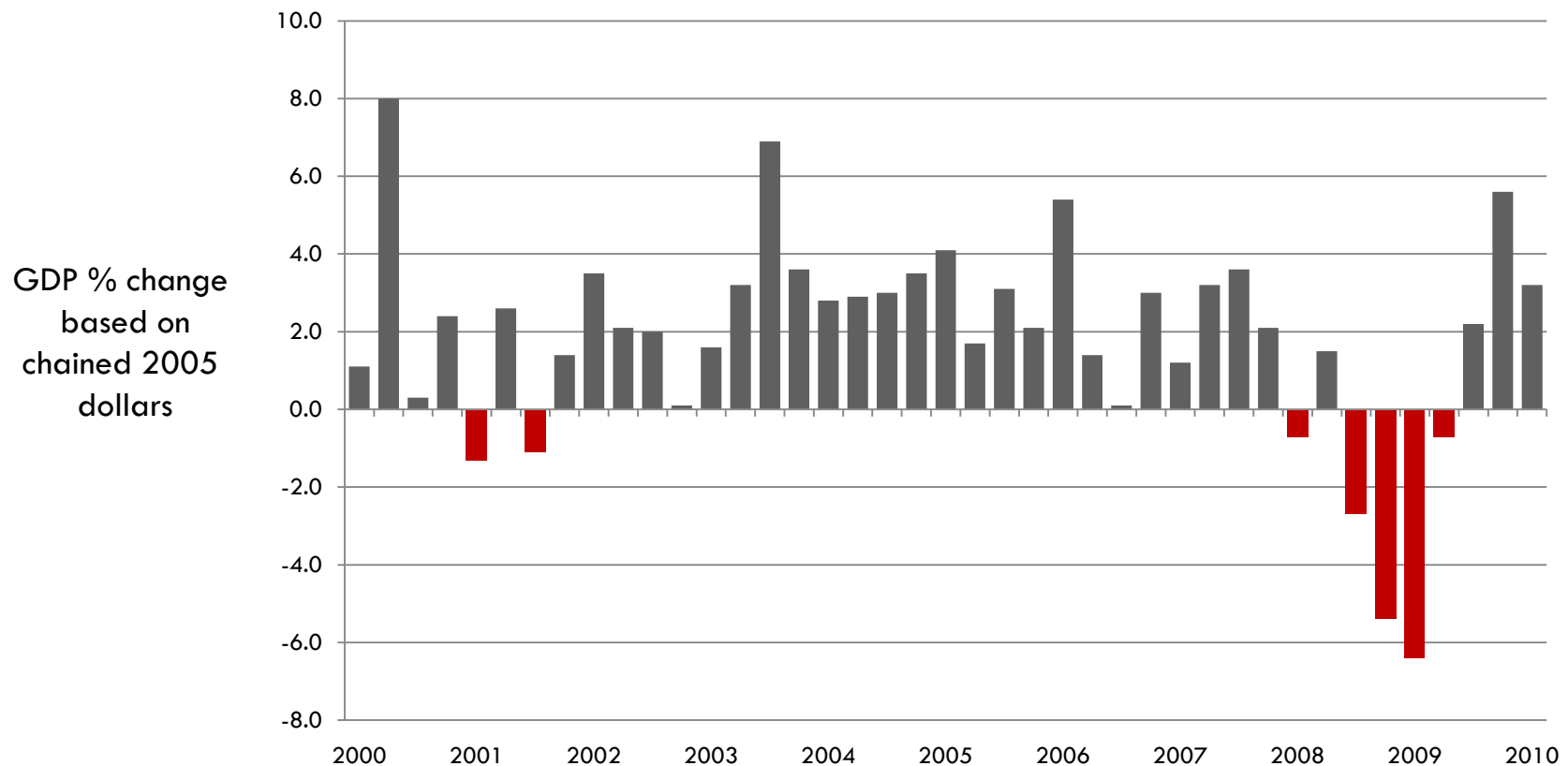
National Trends

- 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

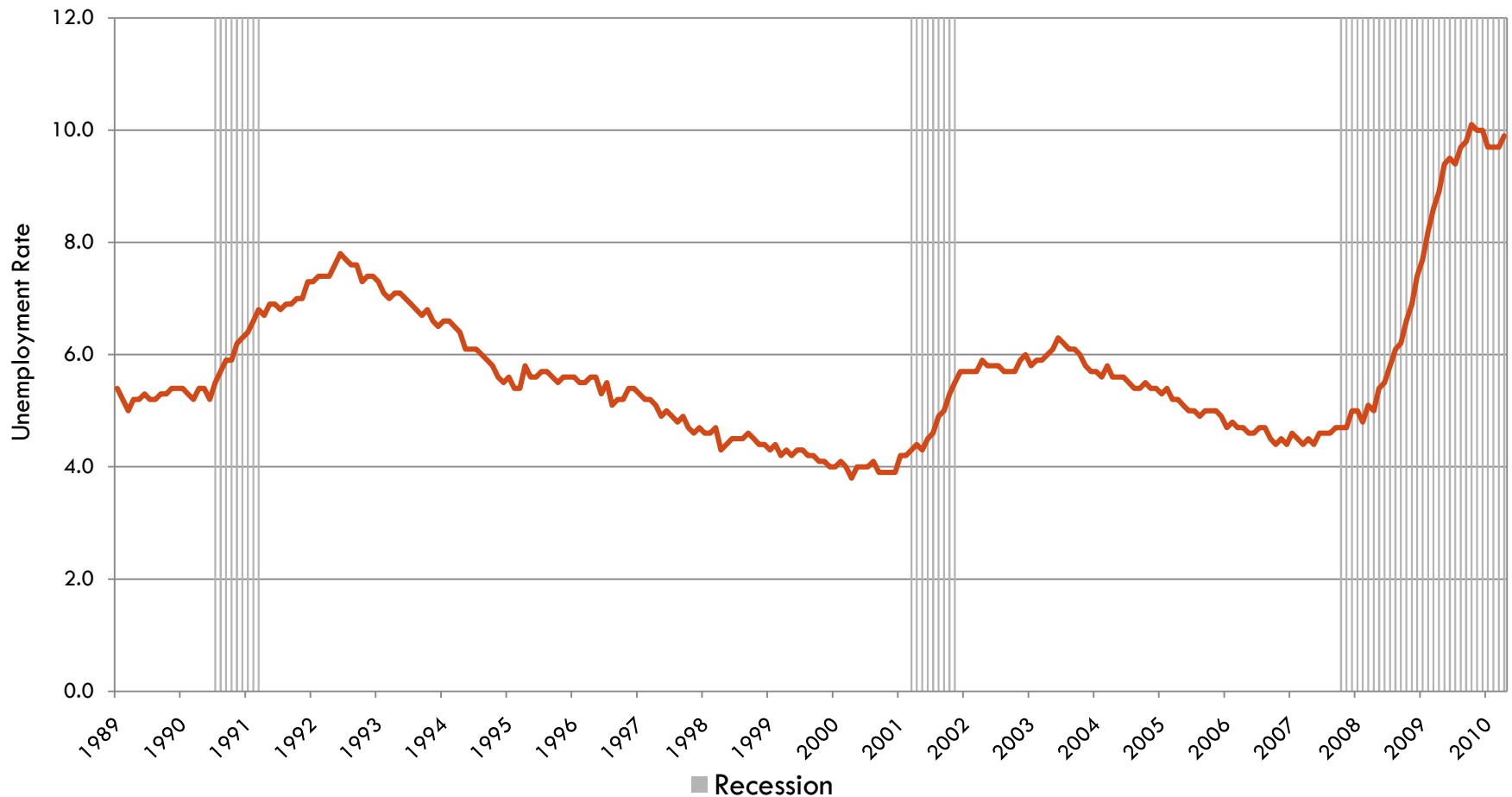
Real Gross Domestic Product
(percent change at seasonally adjusted annual rate)



Source: Bureau of Economic Analysis

Unemployment Continues to Hover Around 10%

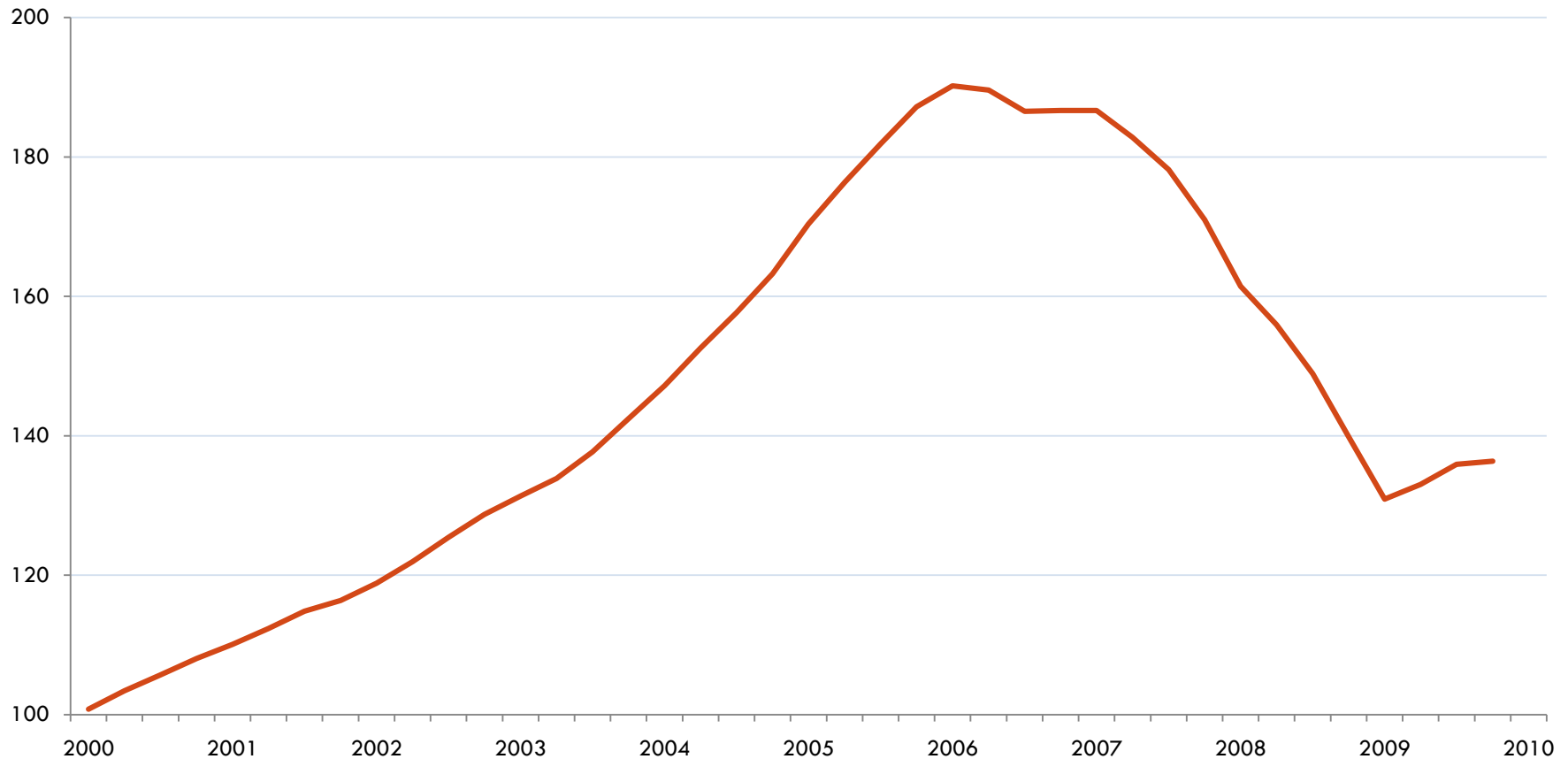
U.S. Unemployment Rate



Source: Bureau of Labor Statistics, April 2010

Case-Shiller Shows Slowed Increase in House Prices in Q4 2009

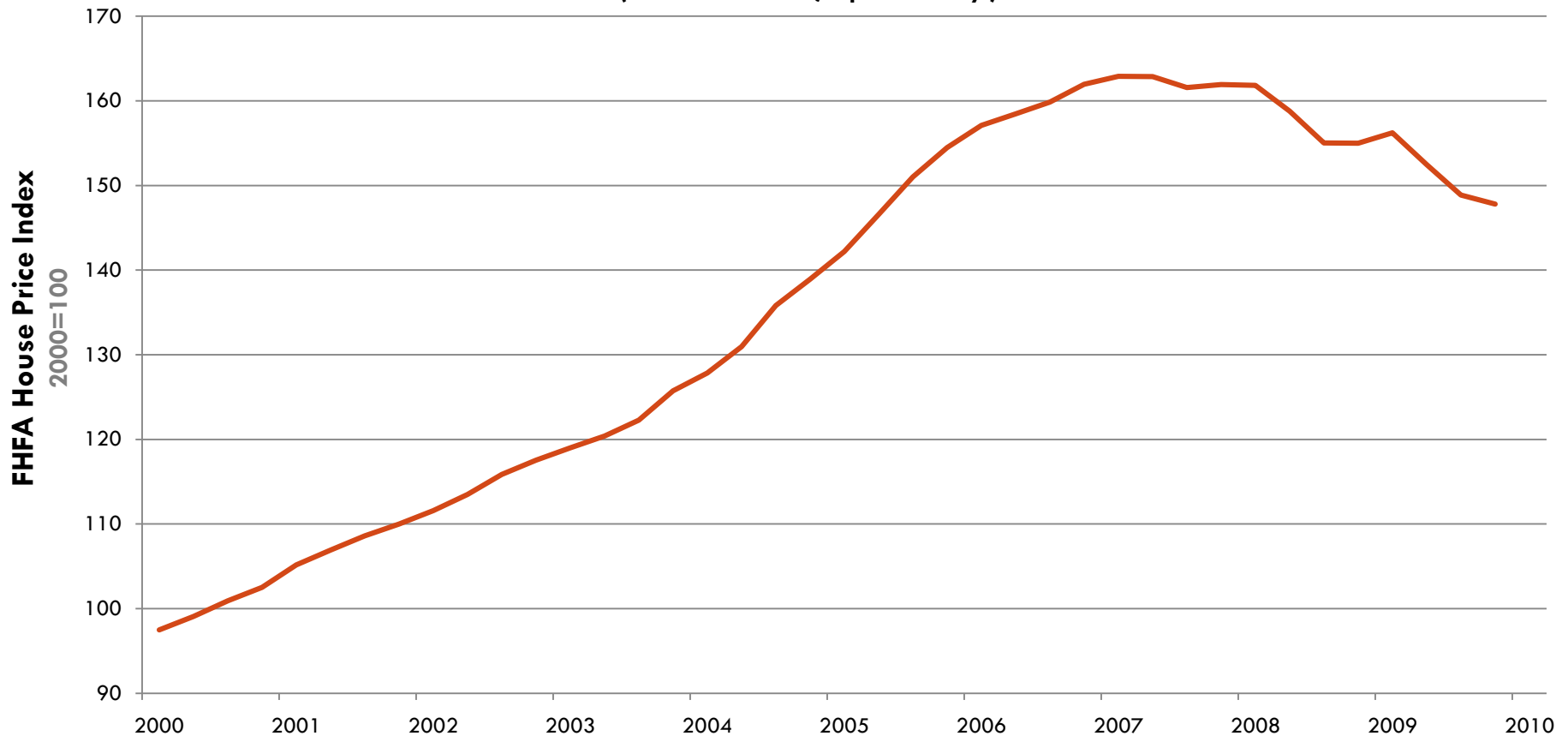
Case-Shiller National House Price Index
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index

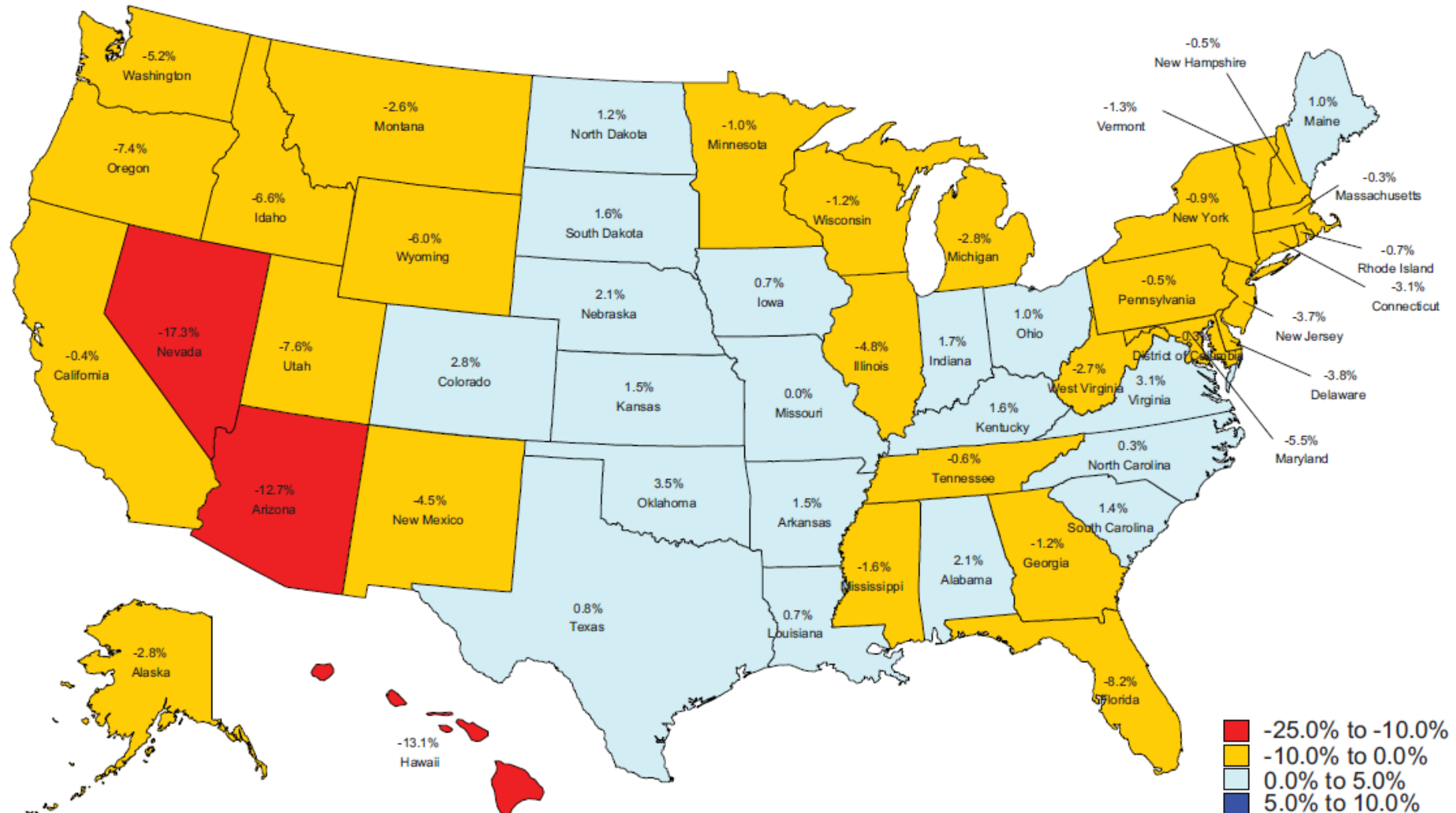
FHFA House Price Index Continues to Fall; Reflecting Activity at Lower End of Market

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



Source: Federal Housing Finance Agency (formerly OFHEO)

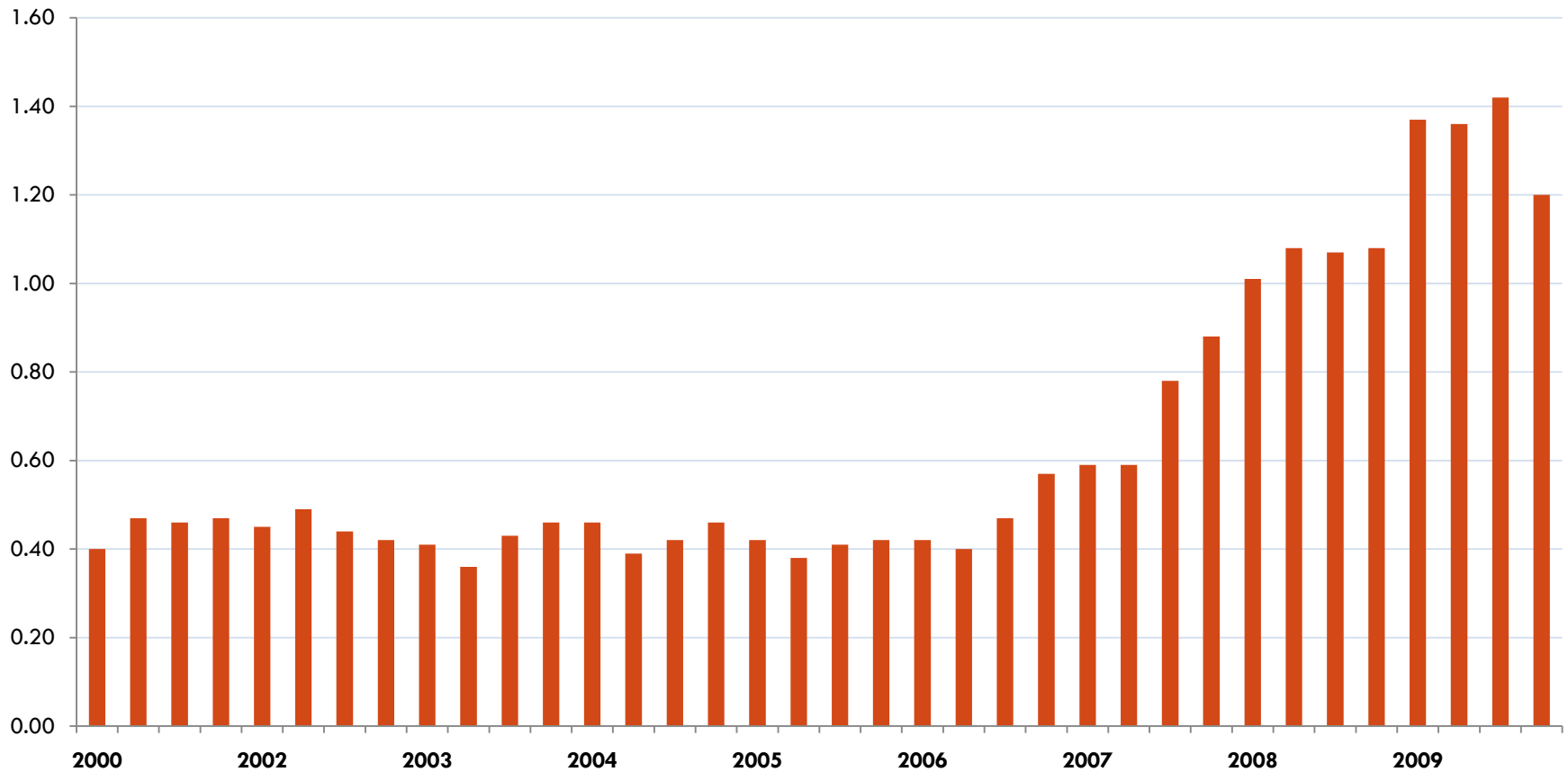
FHFA Four-Quarter Price Change Shows Significant Depreciation in 12th District



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

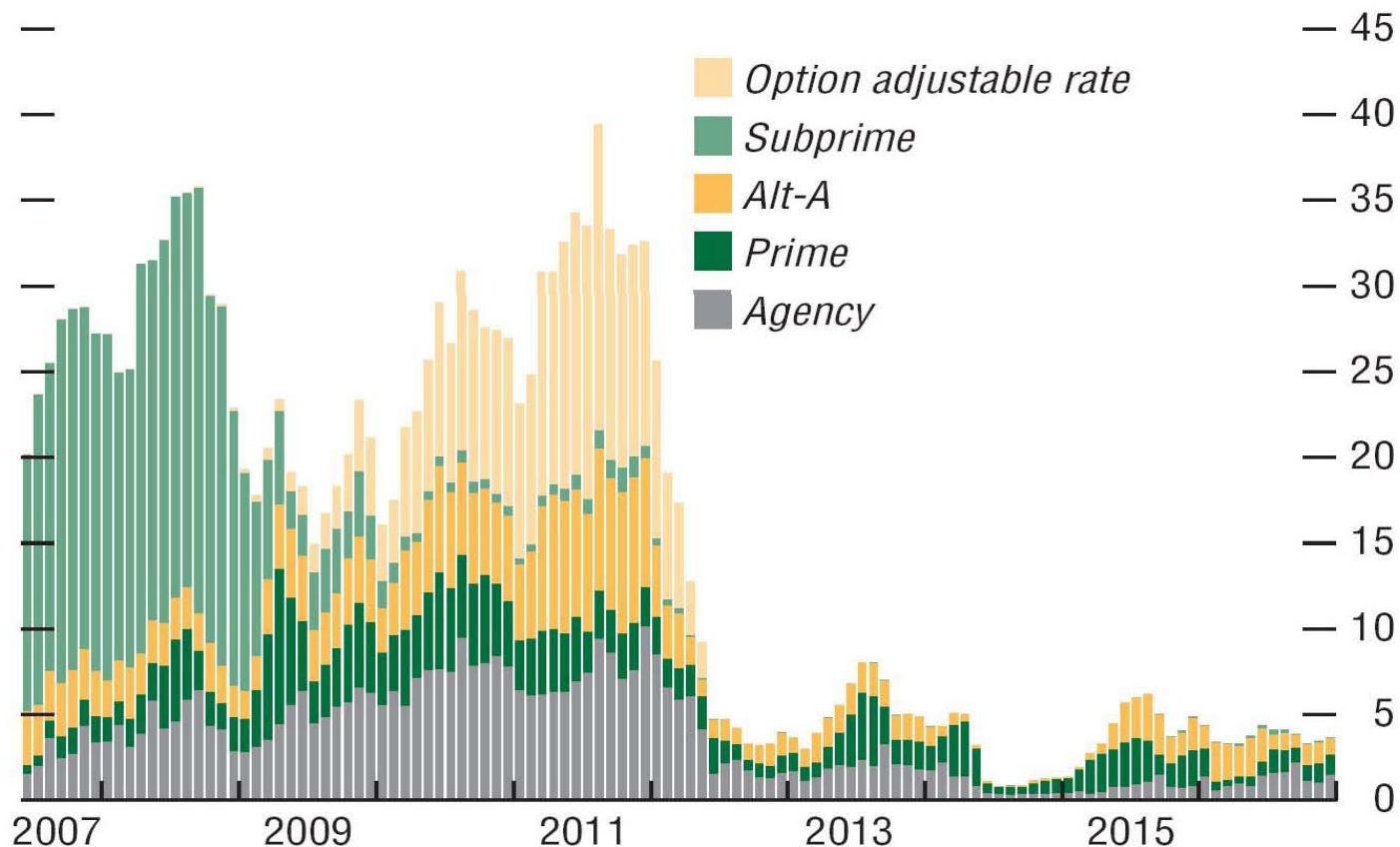


Source: Mortgage Bankers Association, National Delinquency Survey

Concern that Upcoming Resets will Continue to Drive New Foreclosures

Monthly Mortgage Rate Resets

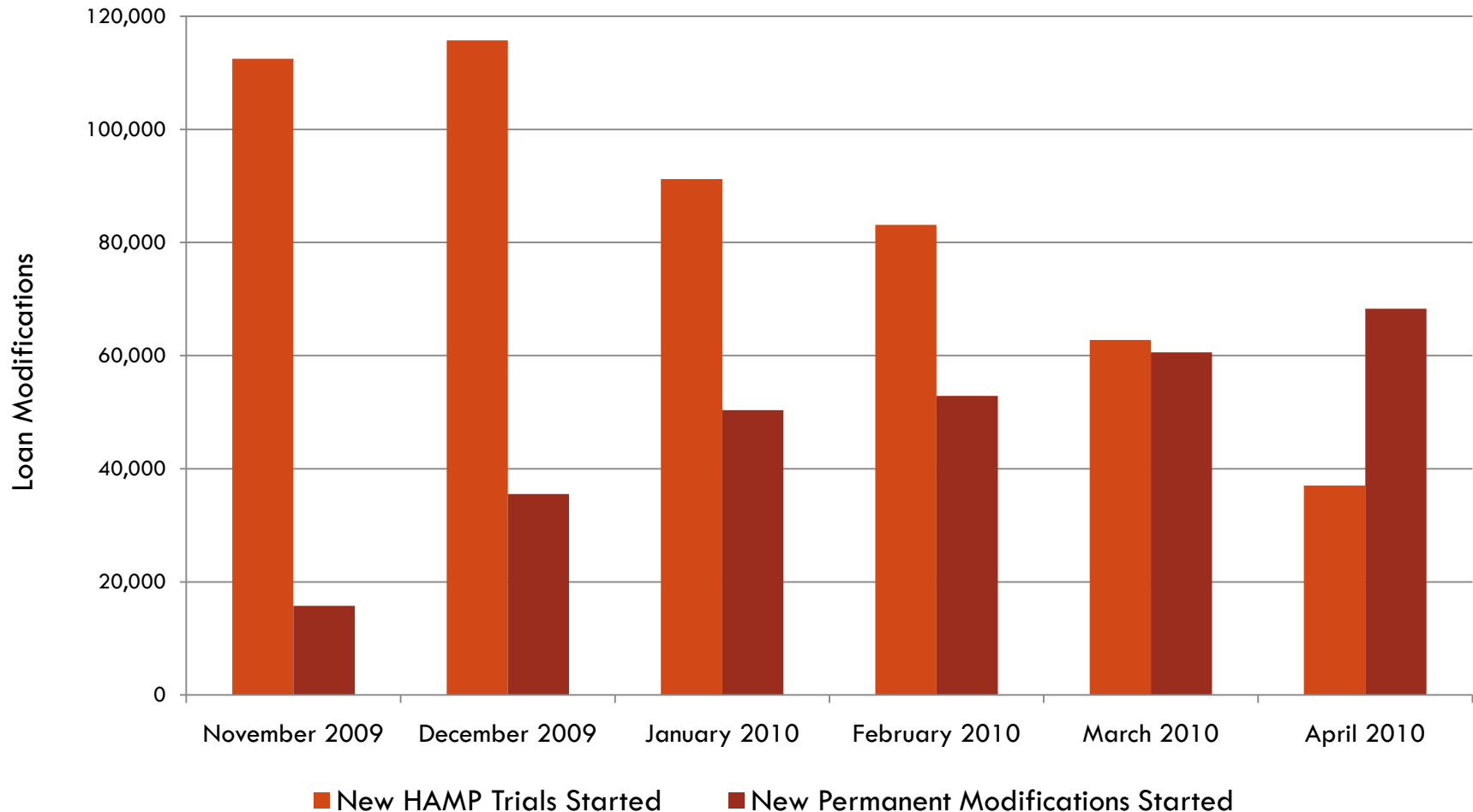
(first reset in billions of US dollars)



Source: Credit Suisse: Assessing Risks to Global Financial Stability, p. 8.

<http://www.imf.org/external/pubs/ft/gfsr/2007/02/pdf/chap1.pdf>

Loan Modifications: Home Affordable Modification Program

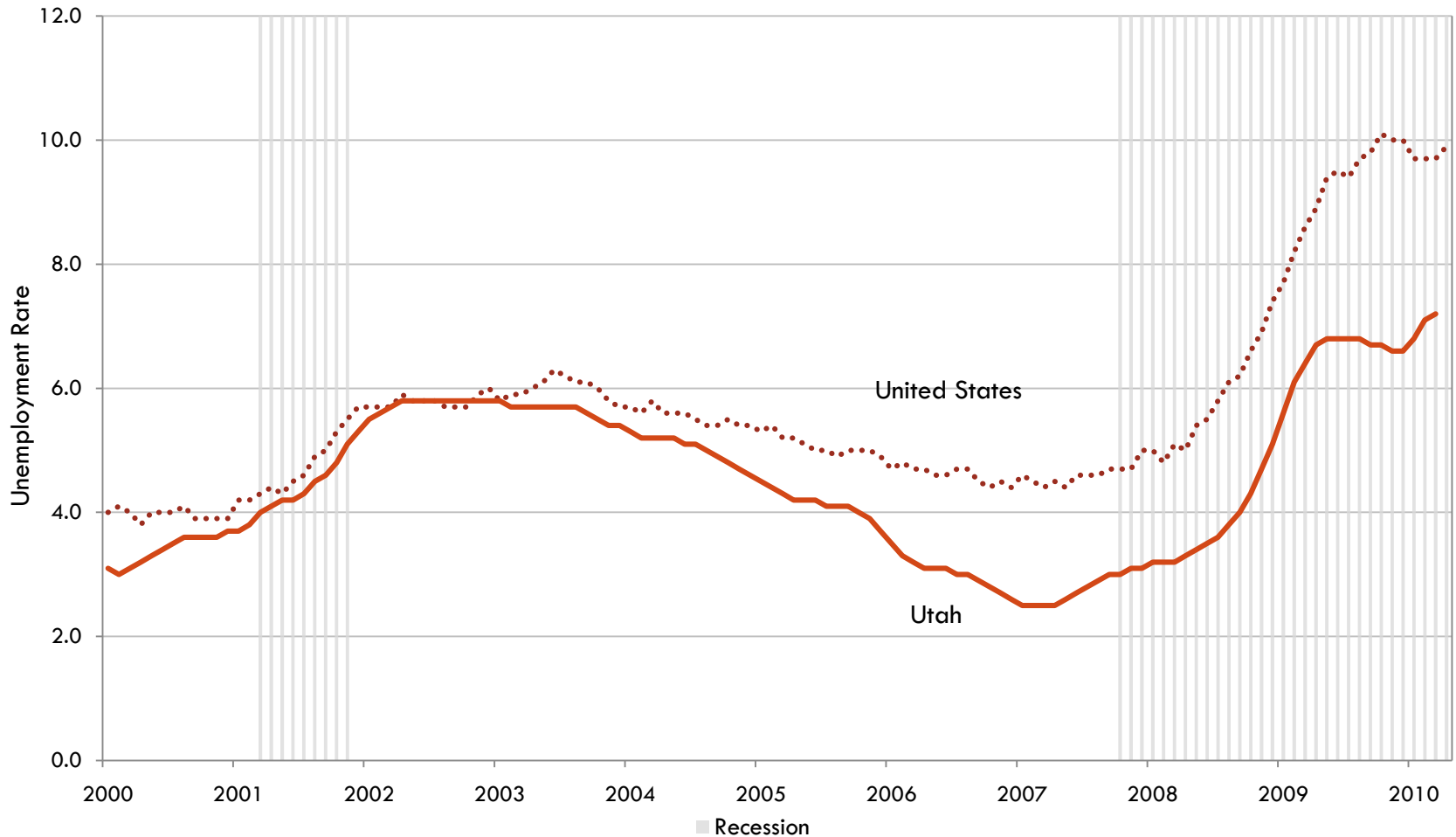


Source: HAMP Service Performance Report Through April 2010:

<http://www.financialstability.gov/docs/April%20MHA%20Public%20051710%20FINAL.pdf>

Utah Trends

Unemployment Rate in Utah Rising, Though Below US Average

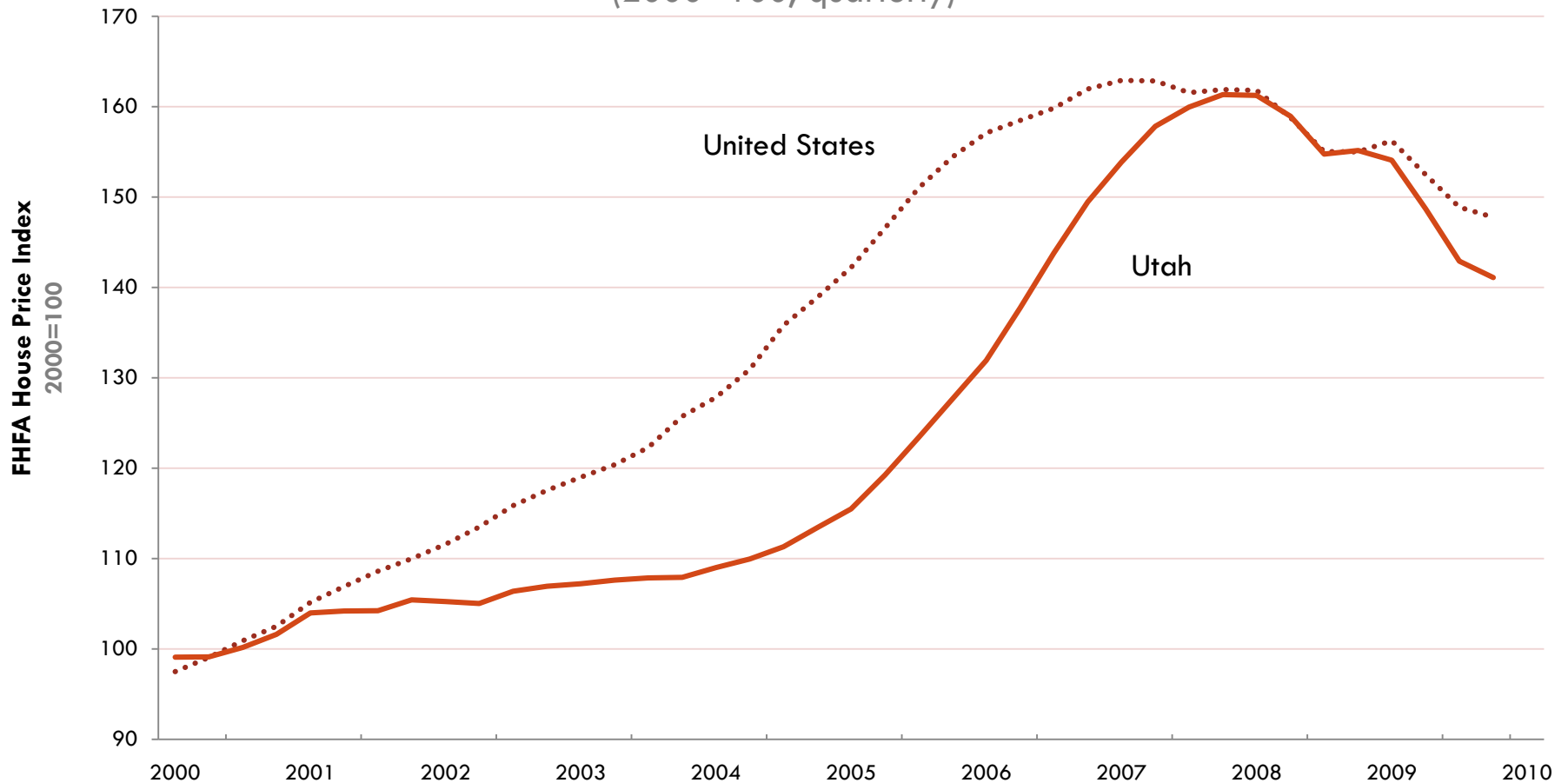


Source: Bureau of Labor Statistics

Utah Seeing Fall in House Prices

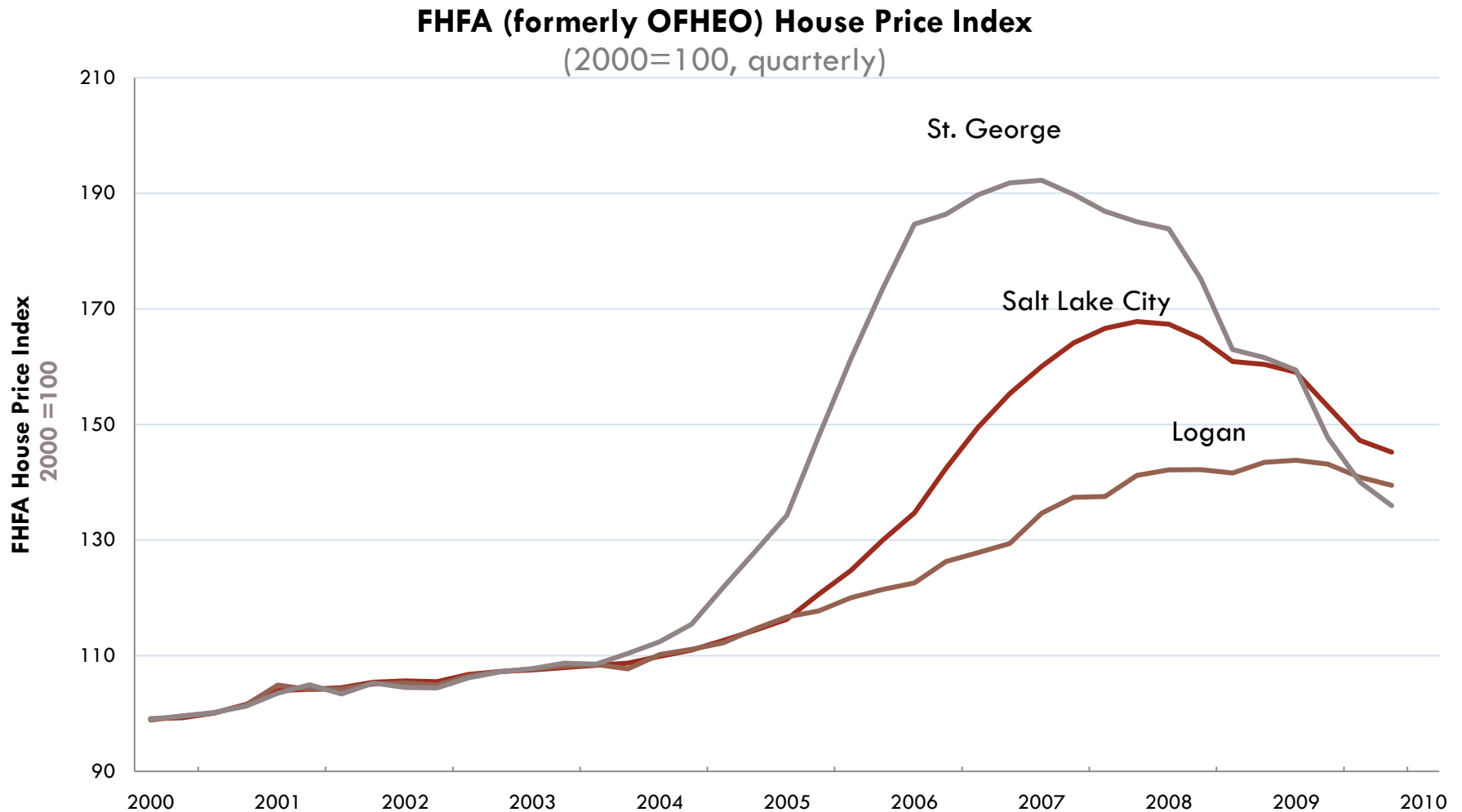
FHFA House Price Index (formerly OFHEO)

(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

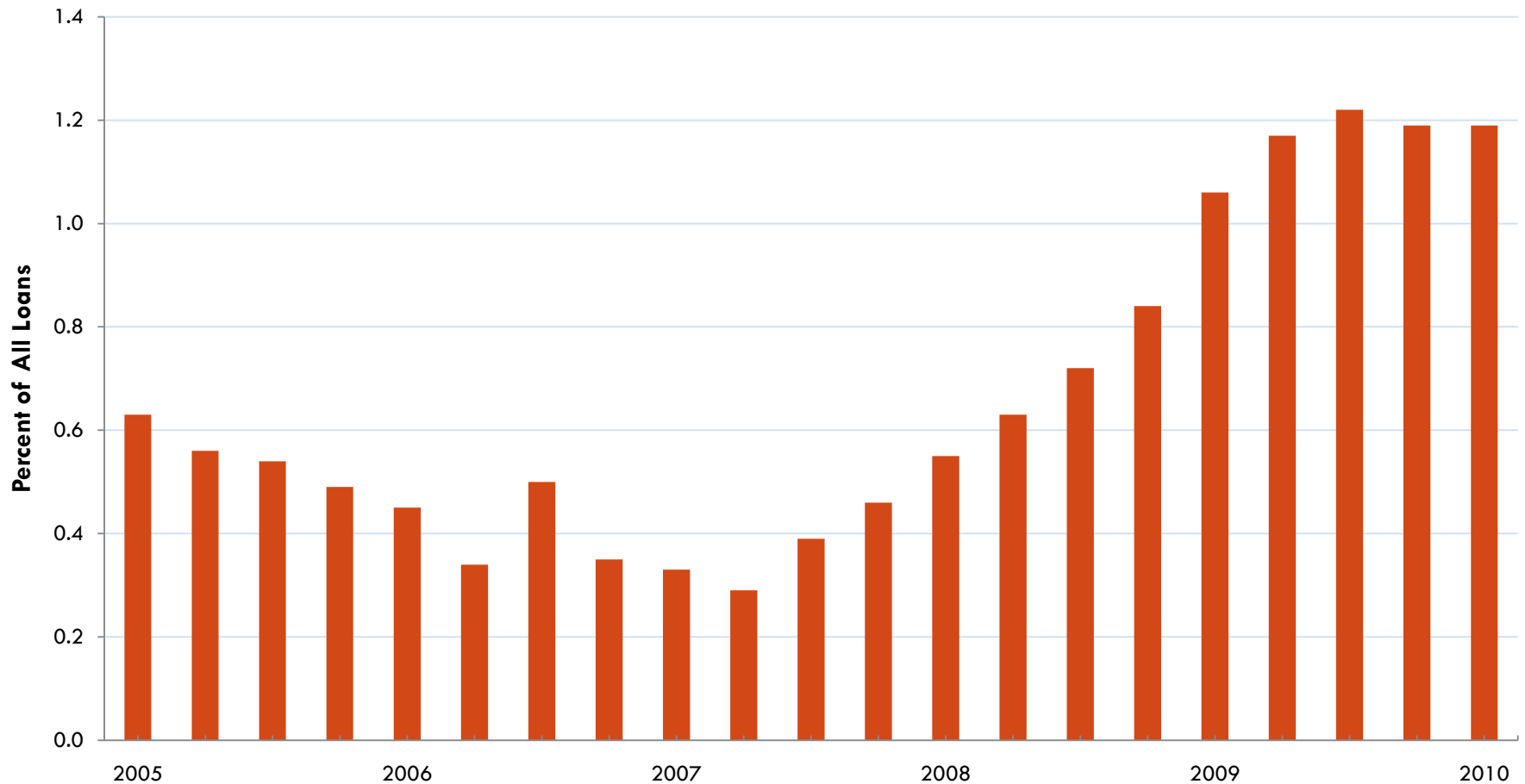
St. George Experiencing Greatest Decline in House Values



Source: Federal Housing Finance Agency (formerly OFHEO)

Utah Foreclosure Starts Appear to be Stabilizing

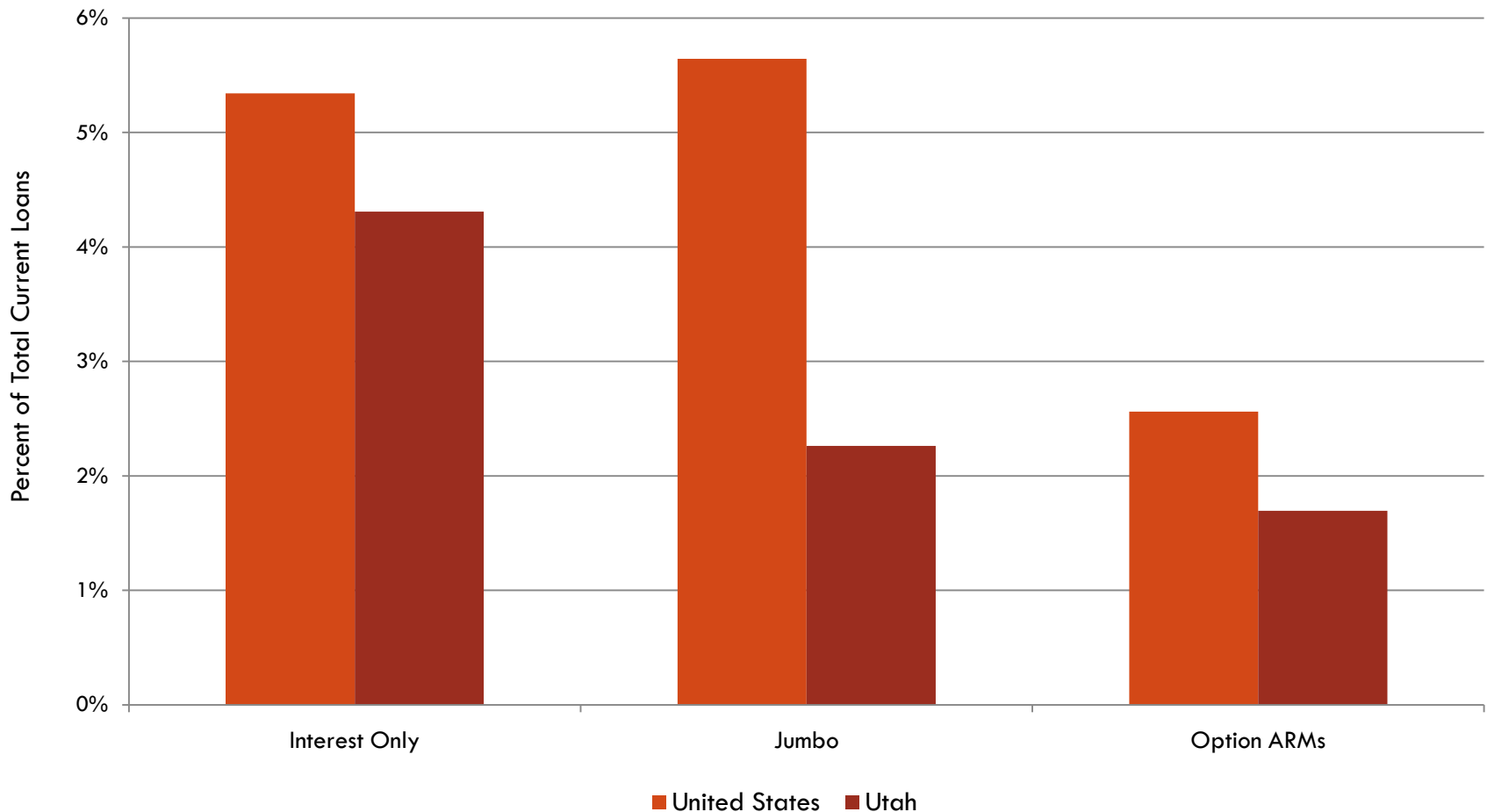
Utah: Foreclosure Starts



Source: Mortgage Bankers Association, National Delinquency Survey

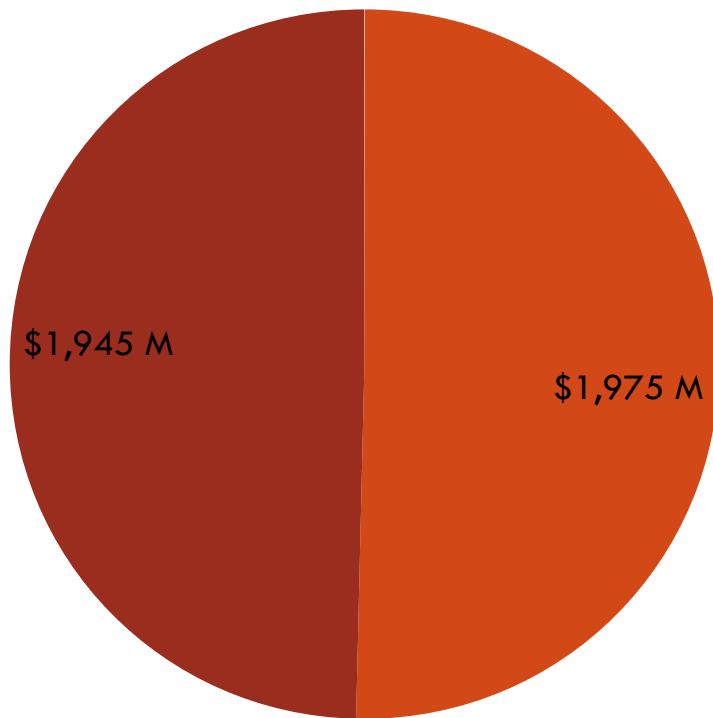
Utah Less at Risk of Additional Foreclosures Related to Loans with Payment Options (in subprime, prime and Alt-A markets)

Characteristics of Remaining "Current" Loans

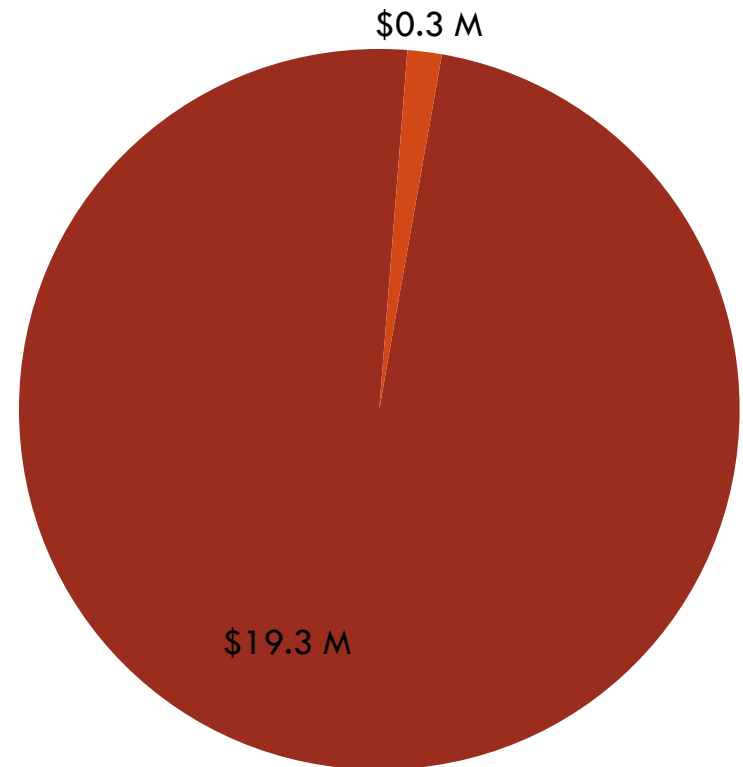


Neighborhood Stabilization Program

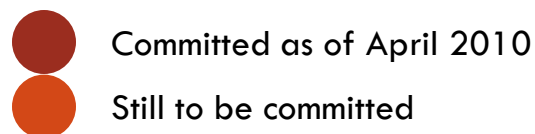
US Program Nationwide



Utah Program Statewide



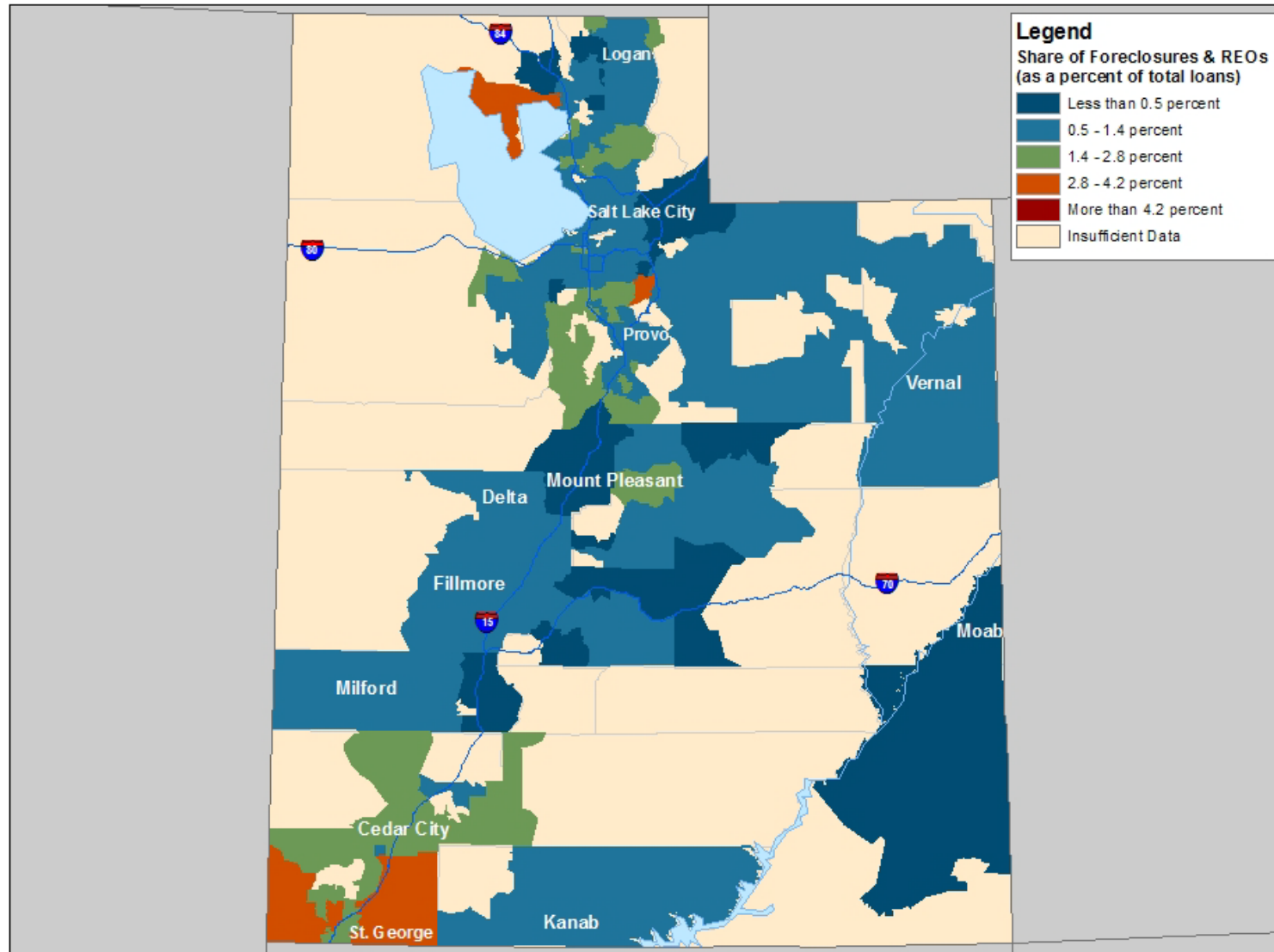
Source: HUD NSP Snapshots



Utah Foreclosure Data Maps

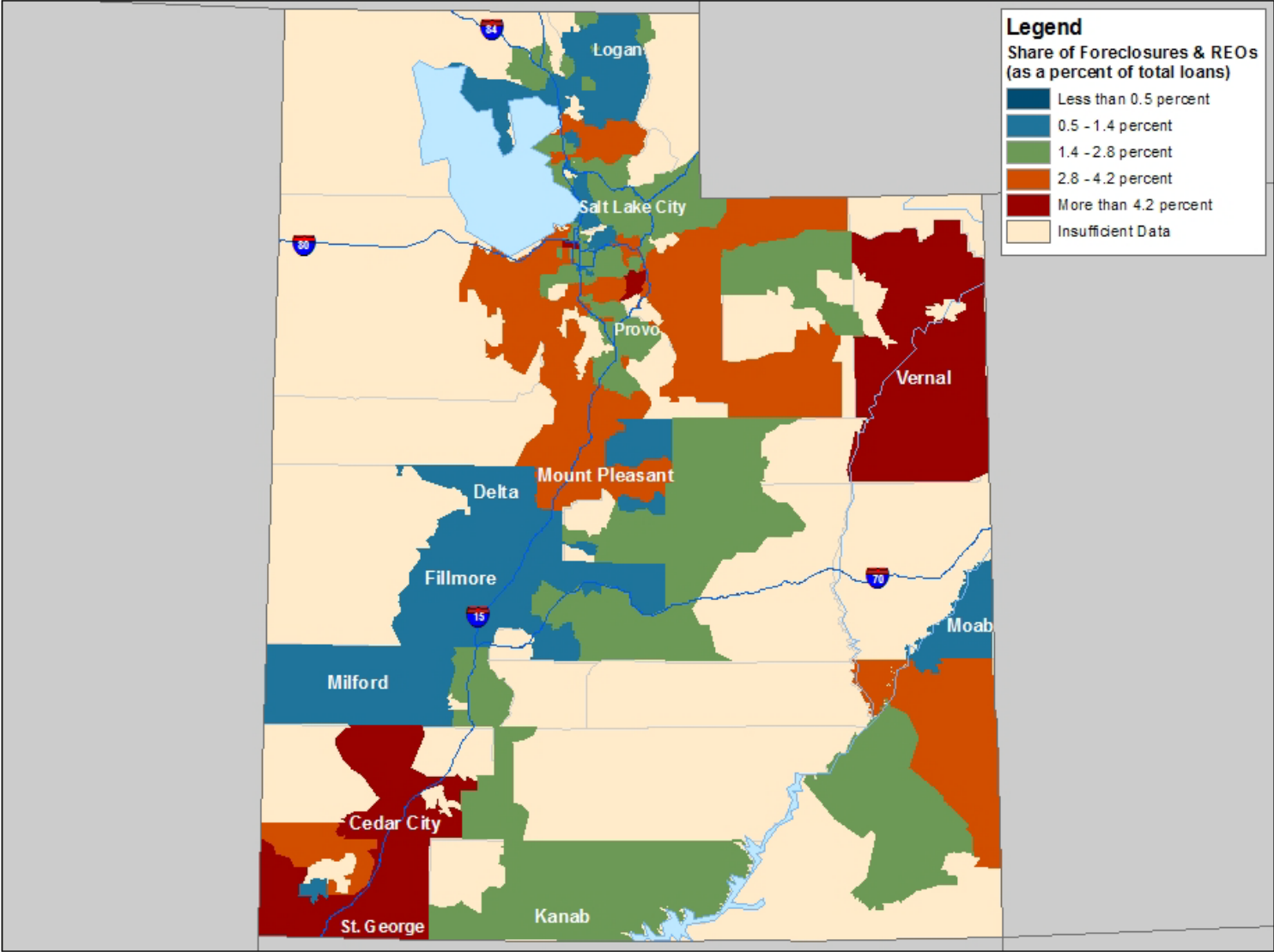
Areas Affected by Concentrated Foreclosures

November 2008



Areas Affected by Concentrated Foreclosures

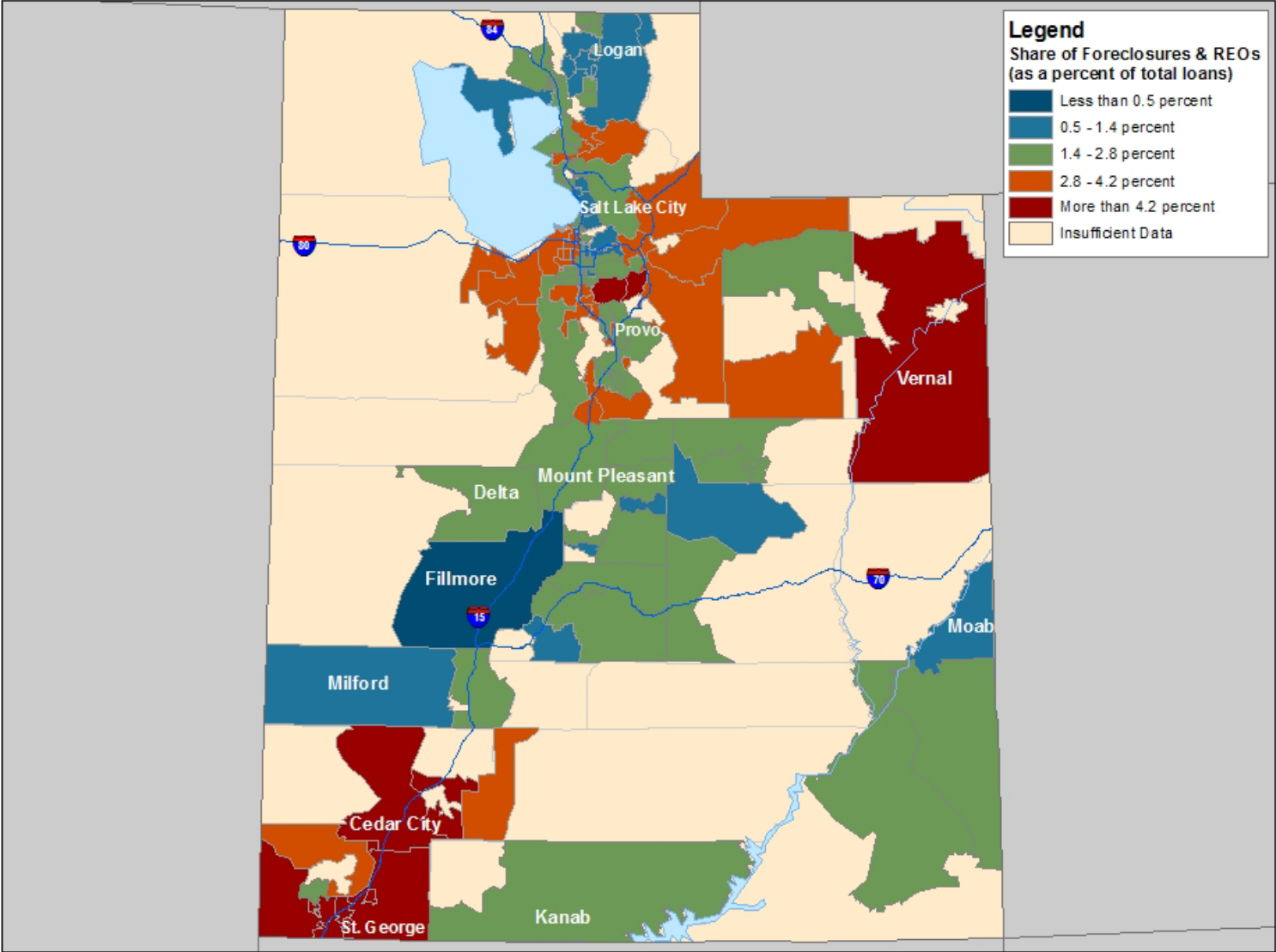
November 2009



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

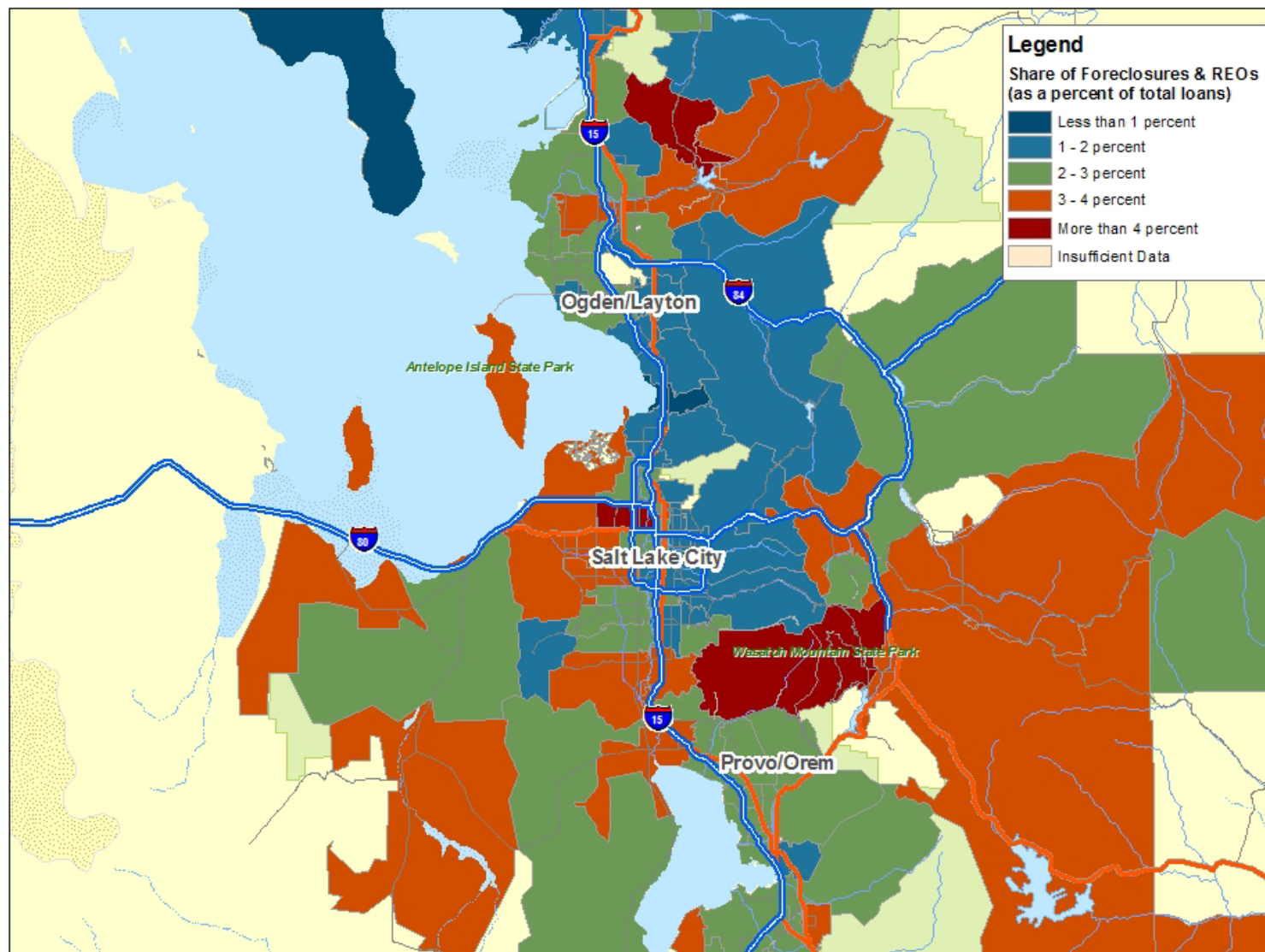
Areas Affected by Concentrated Foreclosures

February 2010



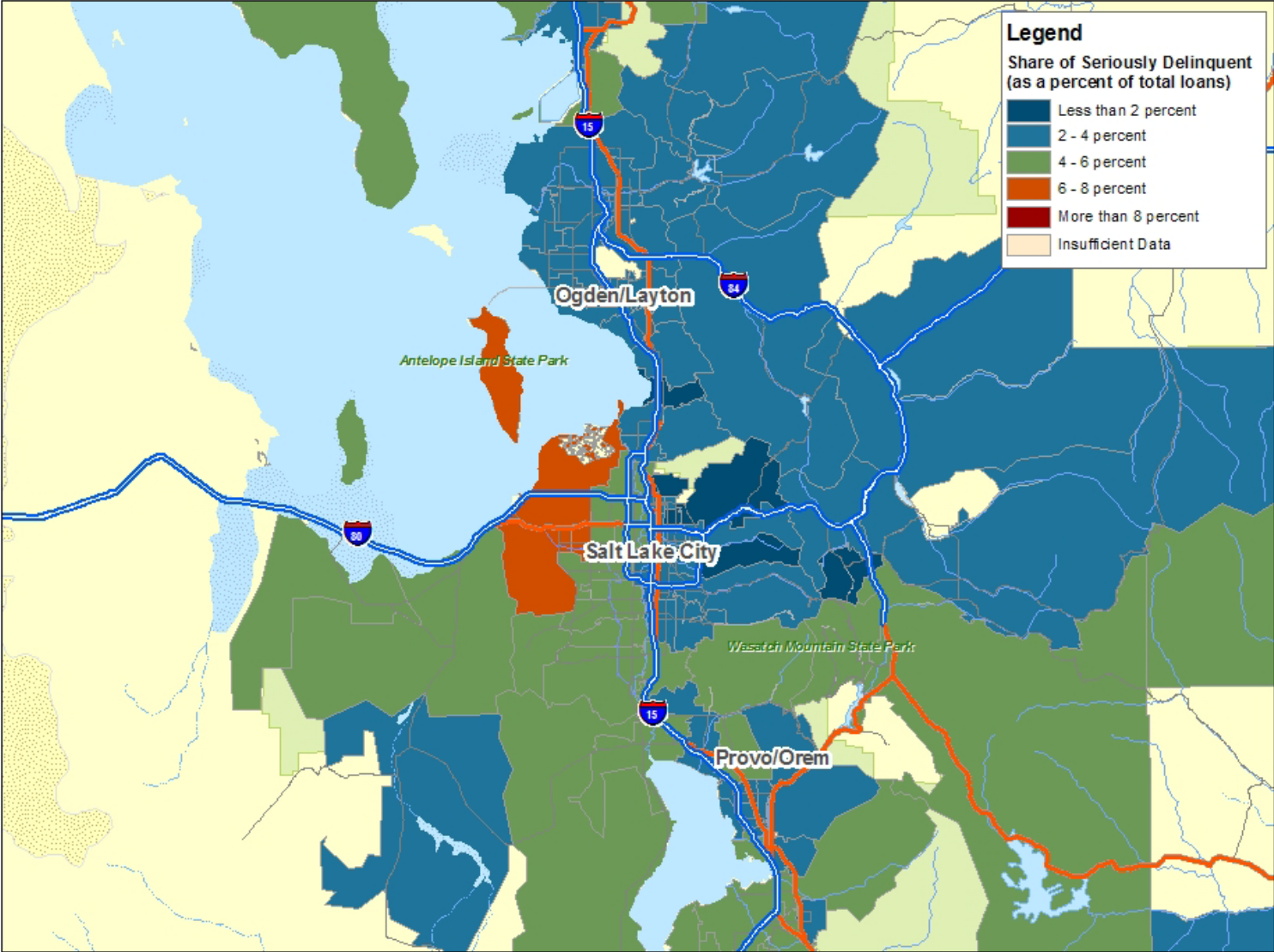
Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

Neighborhoods Affected by Concentrated Foreclosures February 2010



Neighborhoods at Risk for Additional Foreclosures

February 2010



Conclusions

Continued Need for Foreclosure Prevention

- Important to reach borrowers with ‘preventable’ foreclosures
 - Borrower Outreach Events
 - Expand use of foreclosure prevention workbook
 - http://www.utahhousing.org/documents/2008_SEPForeclosureWorkbook_English-1.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>

Preventing Foreclosure Scams

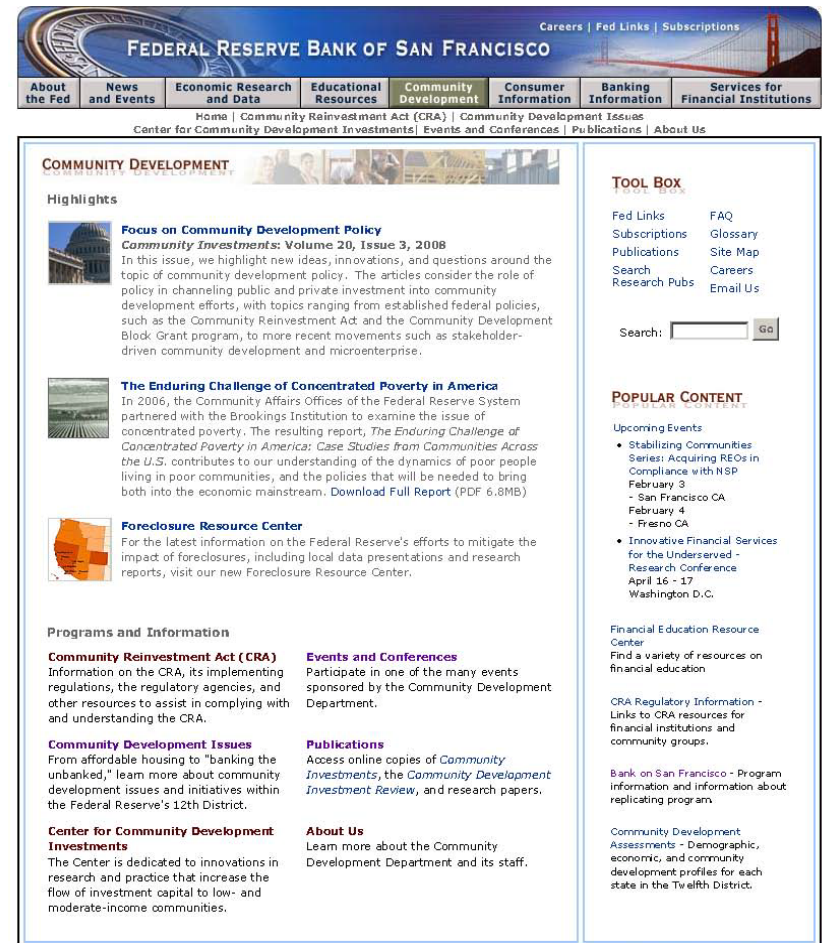
- Foreclosure scams are proliferating, especially in markets with investor interest
 - ▣ Some counties are sending notices to all delinquent borrowers to warn them about foreclosure scams
 - ▣ Free media kit available from the Federal Reserve which includes a PSA and other resources:
<http://www.federalreserveeducation.org/pfed/mediakit.cfm>
 - ▣ 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/>