

TRENDS IN DELINQUENCIES AND FORECLOSURES IN UTAH

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Outline of Presentation



- National Trends

- Rising foreclosures
- House price declines
- Rising unemployment

- Utah

- Trends in foreclosure
- Housing market softening
- Rising unemployment
- Scale of loan modifications still falls short of need

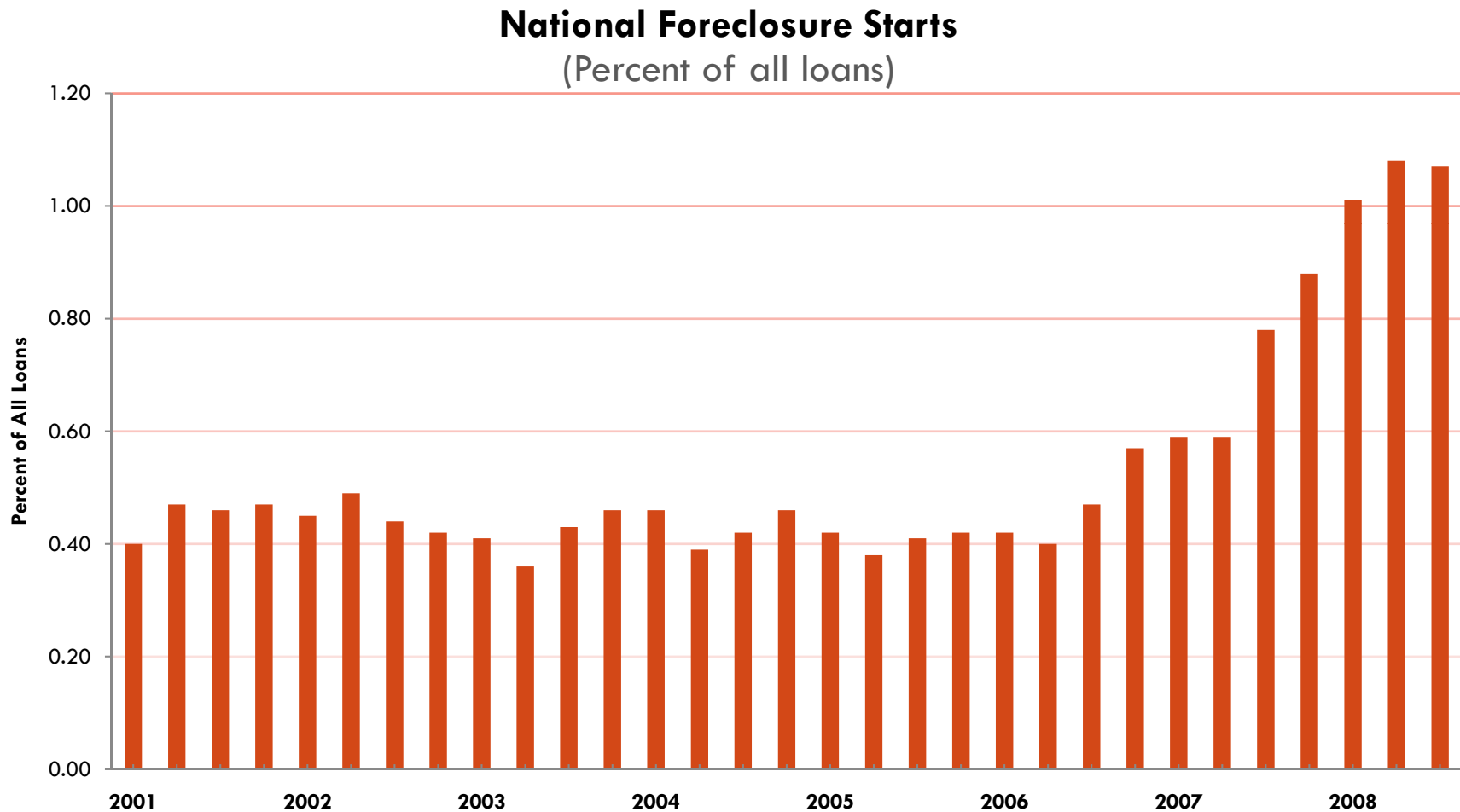
National Trends

National Trends



- Foreclosures rose steadily in 2008, with wide repercussions for US economy
 - ▣ A slight decline in the national foreclosure rate in the 3rd Quarter of 2008
- Factors driving foreclosures nationally
 - ▣ House price declines
 - ▣ Rising unemployment, coupled with turmoil in financial and credit markets, may further influence foreclosure rate going forward

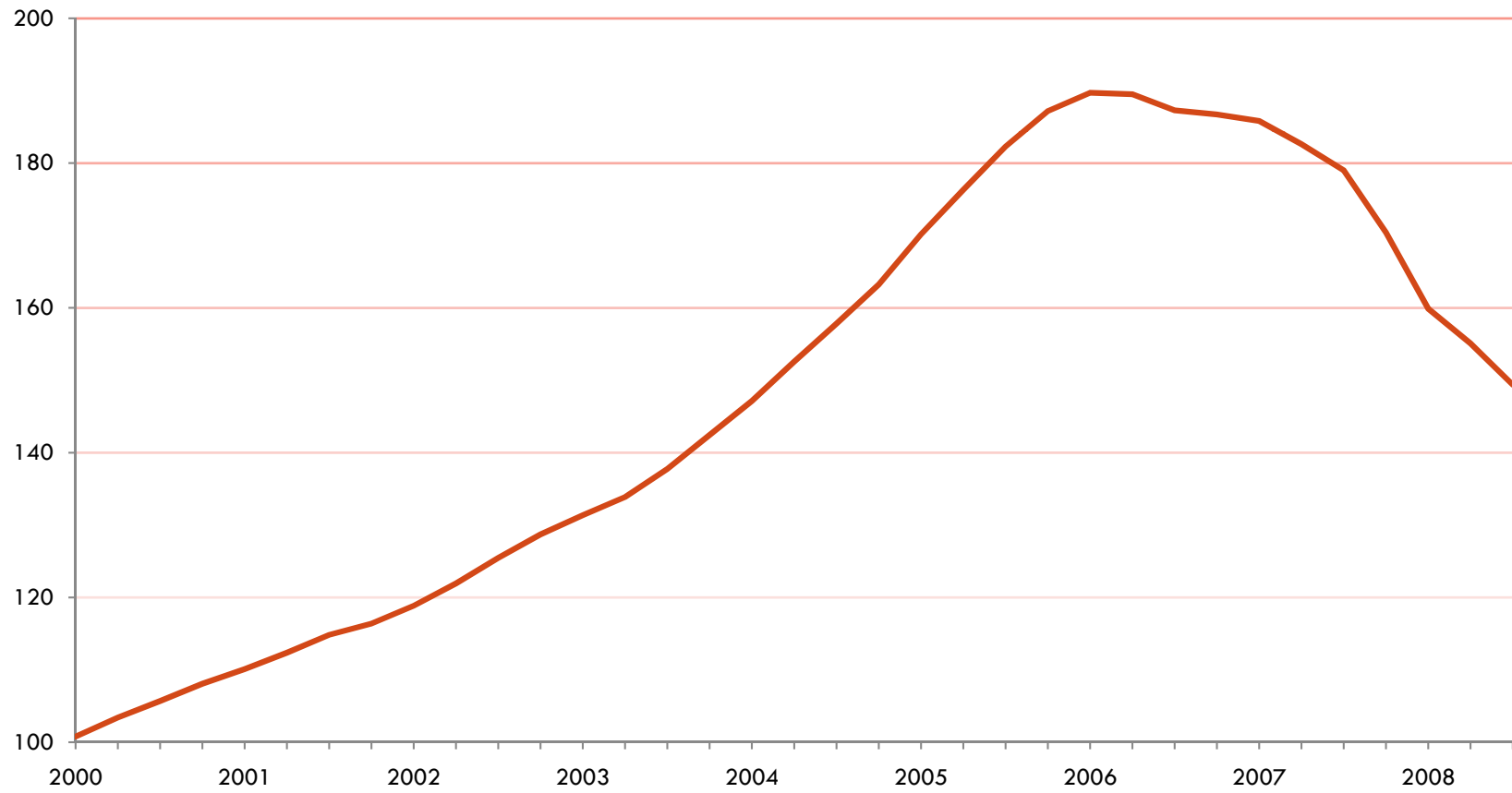
After Steady Rise, National Foreclosure Starts Dipped Slightly in 3rd Quarter of 2008



Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

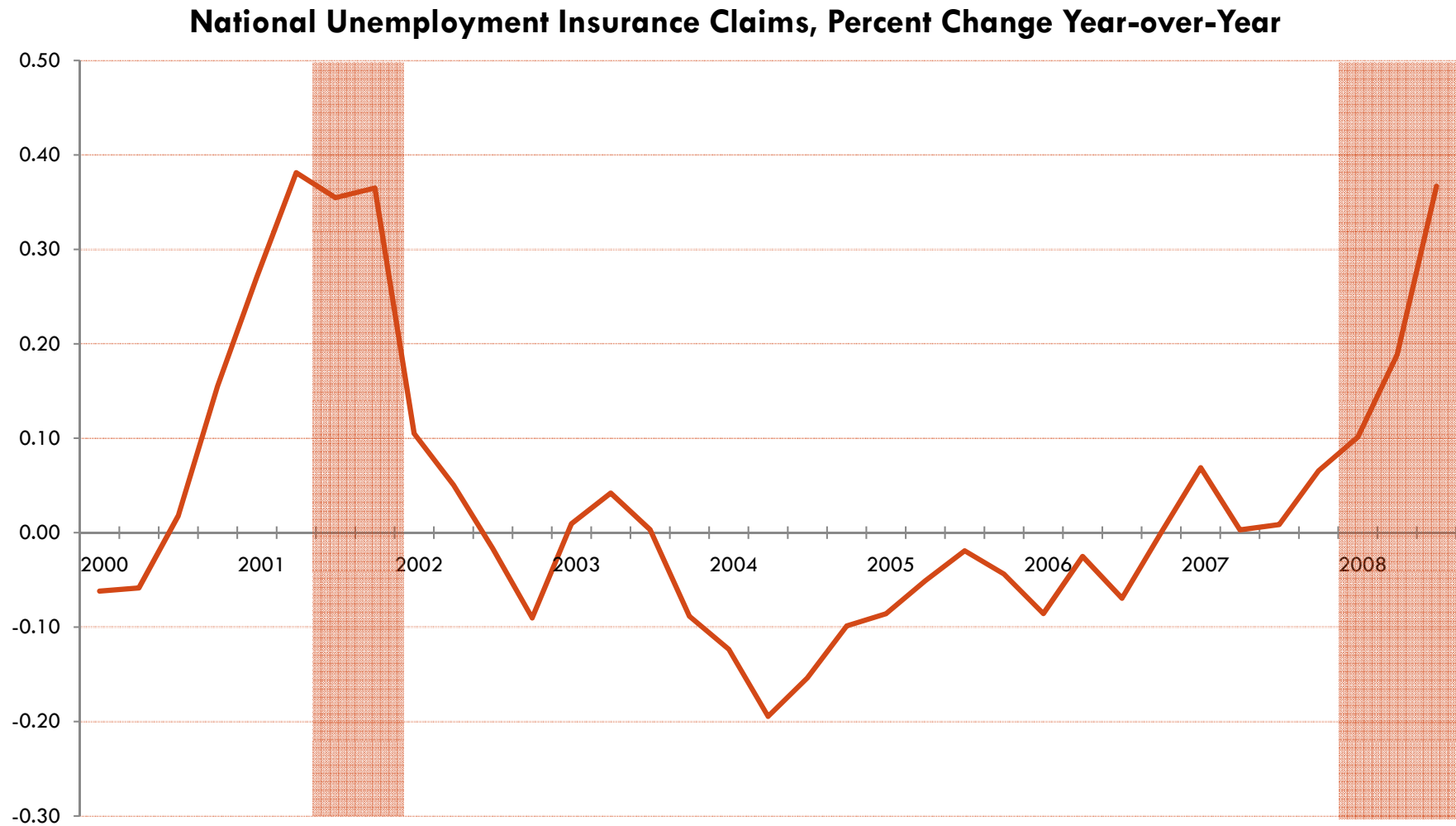
Nationally, House Prices Continue to Decline

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



Source: Case - Shiller Home Price Index, 3rd Q 2008

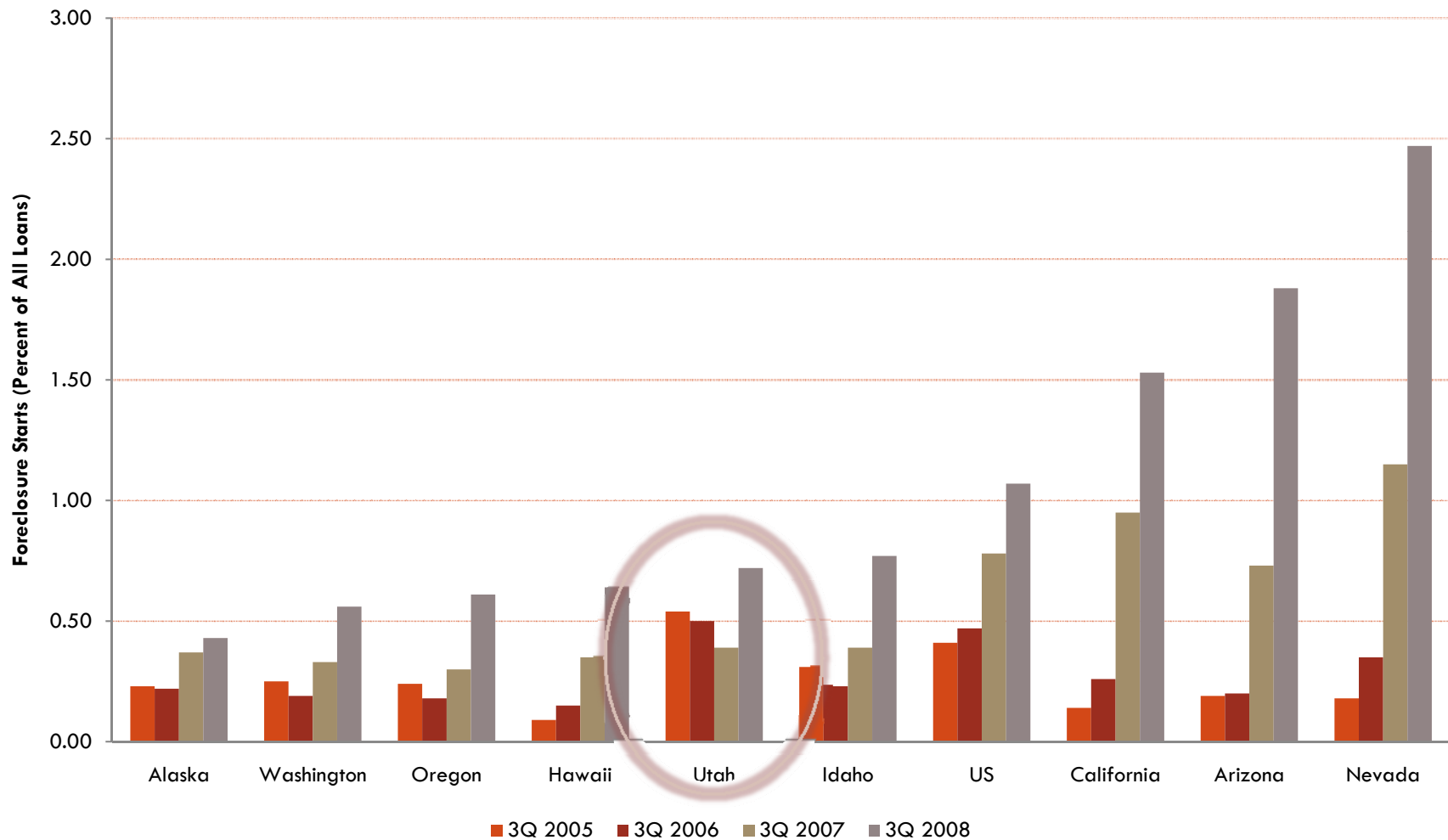
Recession Marks Significant Jump in National Unemployment Insurance Claims



Source: Haver Analytics and FRBSF Calculations, annual percent change, 2000 Q3 - 2008 Q3

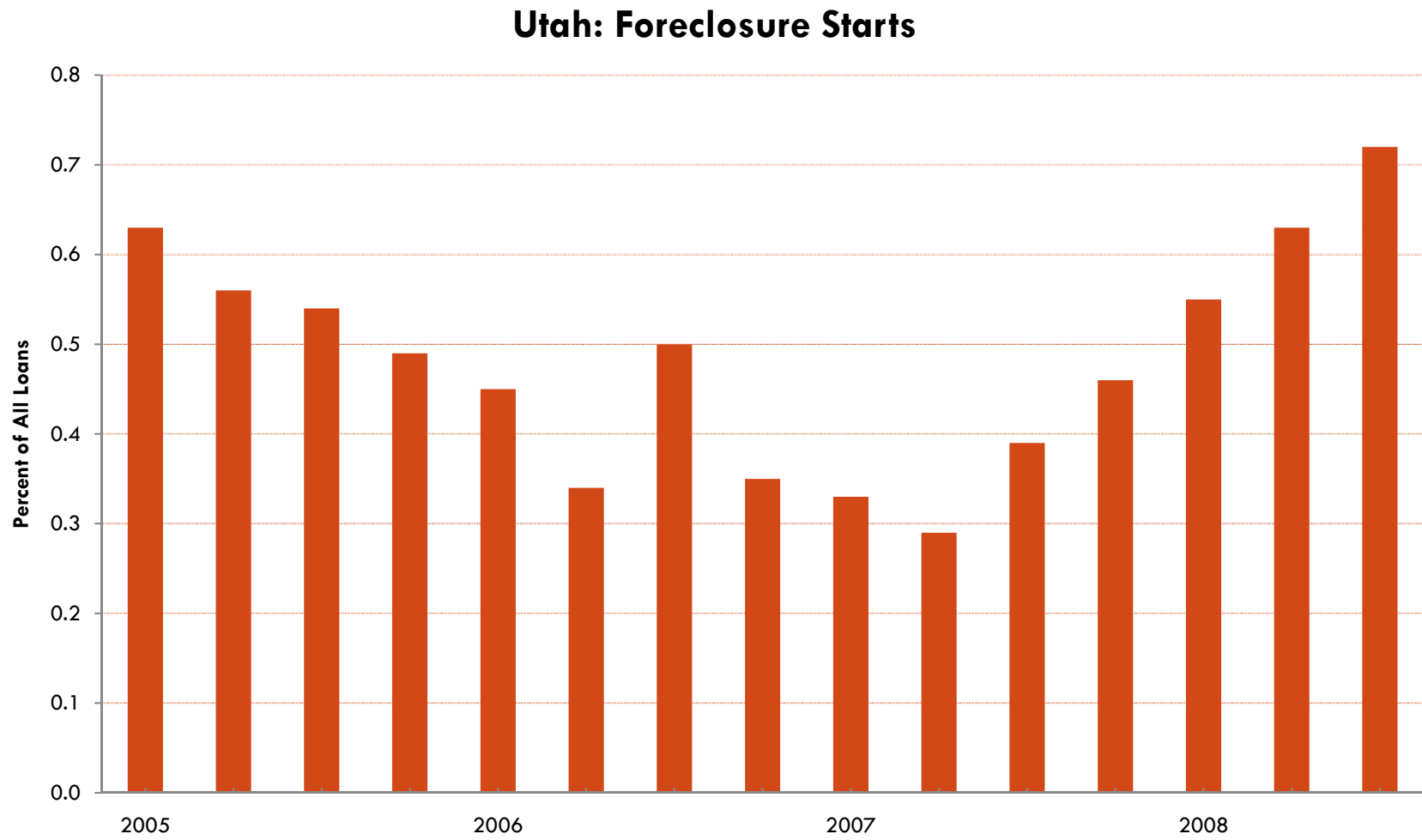
Utah Trends

Foreclosures in Utah Have Risen Significantly, but Still Below US Average



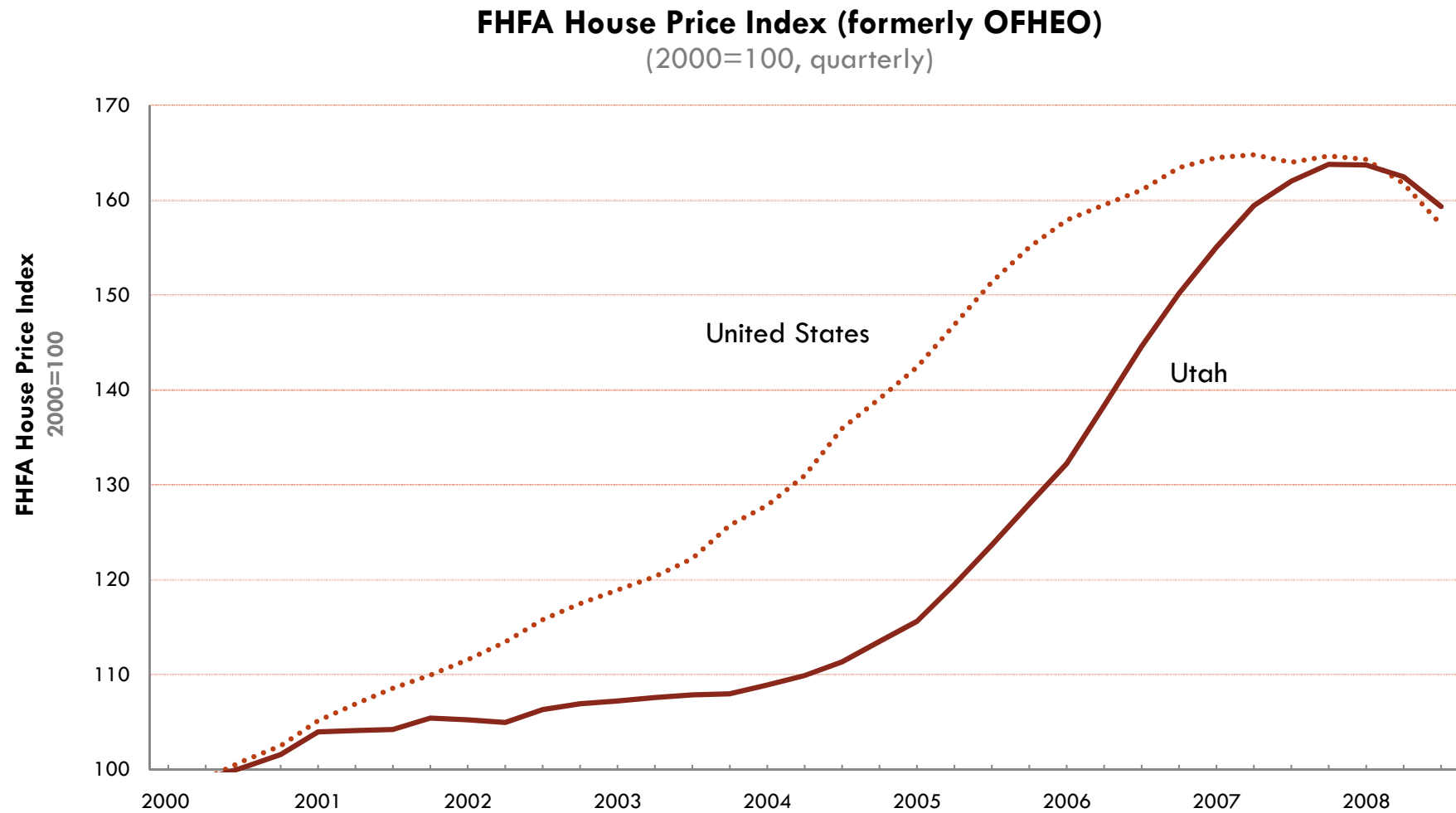
Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

Yet Unlike National Trends, Utah Saw a Continued Increase in Foreclosure Starts in 3rd Quarter 2008



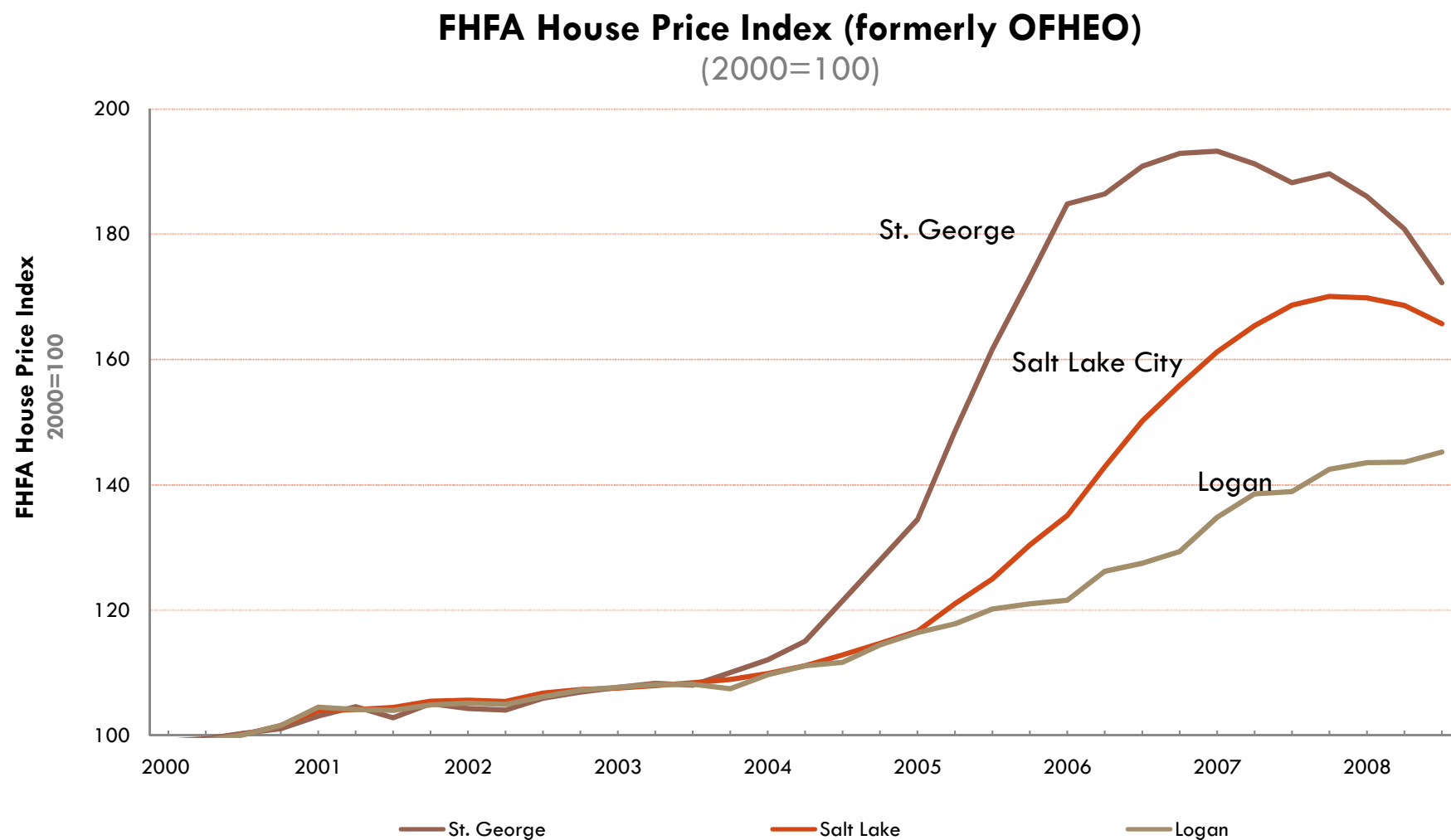
Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

Housing Boom in Utah Started Later than US, but Now Seeing Softening of Real Estate Market



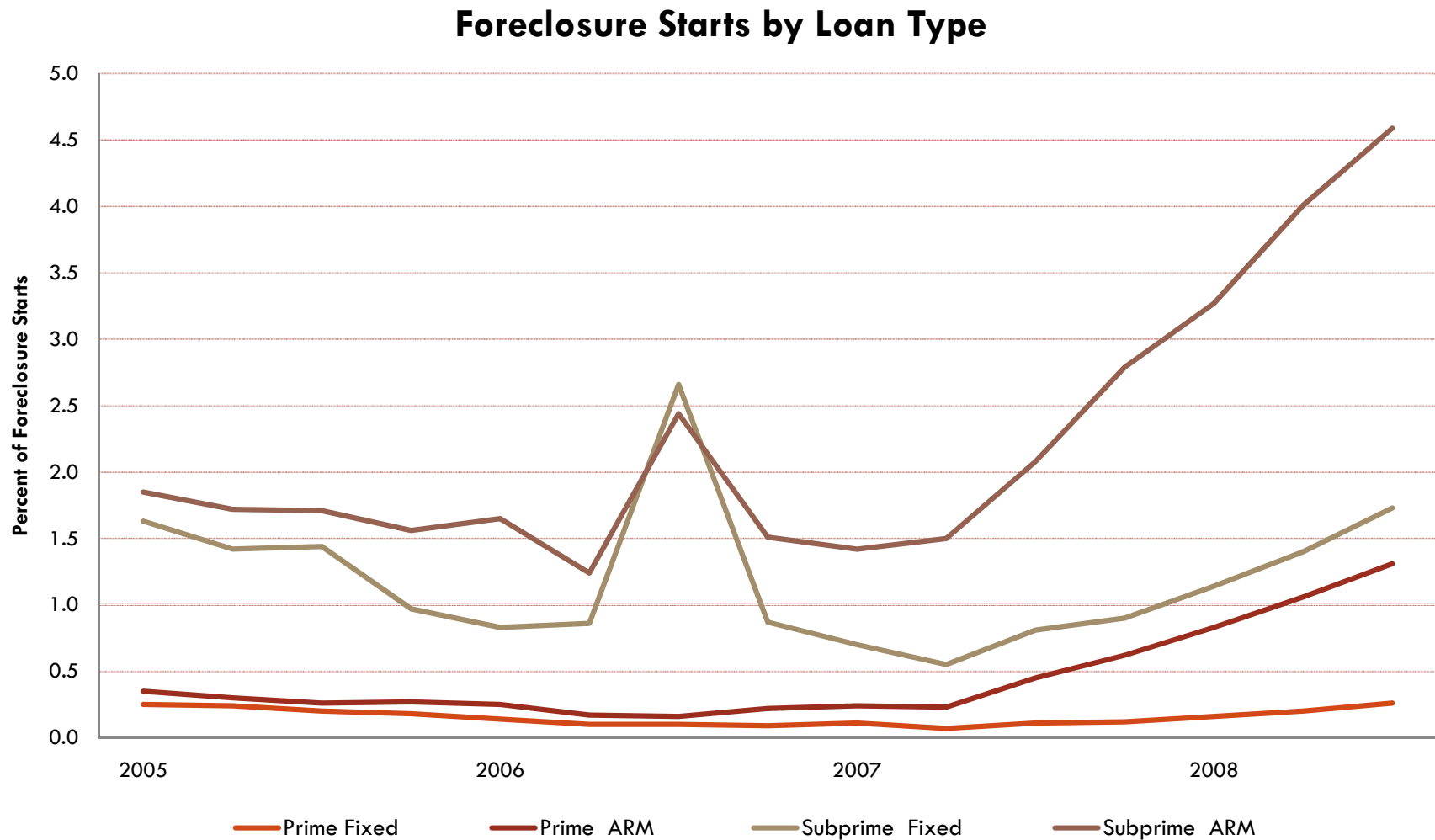
Source: Federal Housing Finance Agency (formerly OFHEO), 3rd Quarter 2008

St. George and Salt Lake City Experiencing Greatest Declines in House Values



Source: Federal Housing Finance Agency (formerly OFHEO), 3rd Quarter 2008

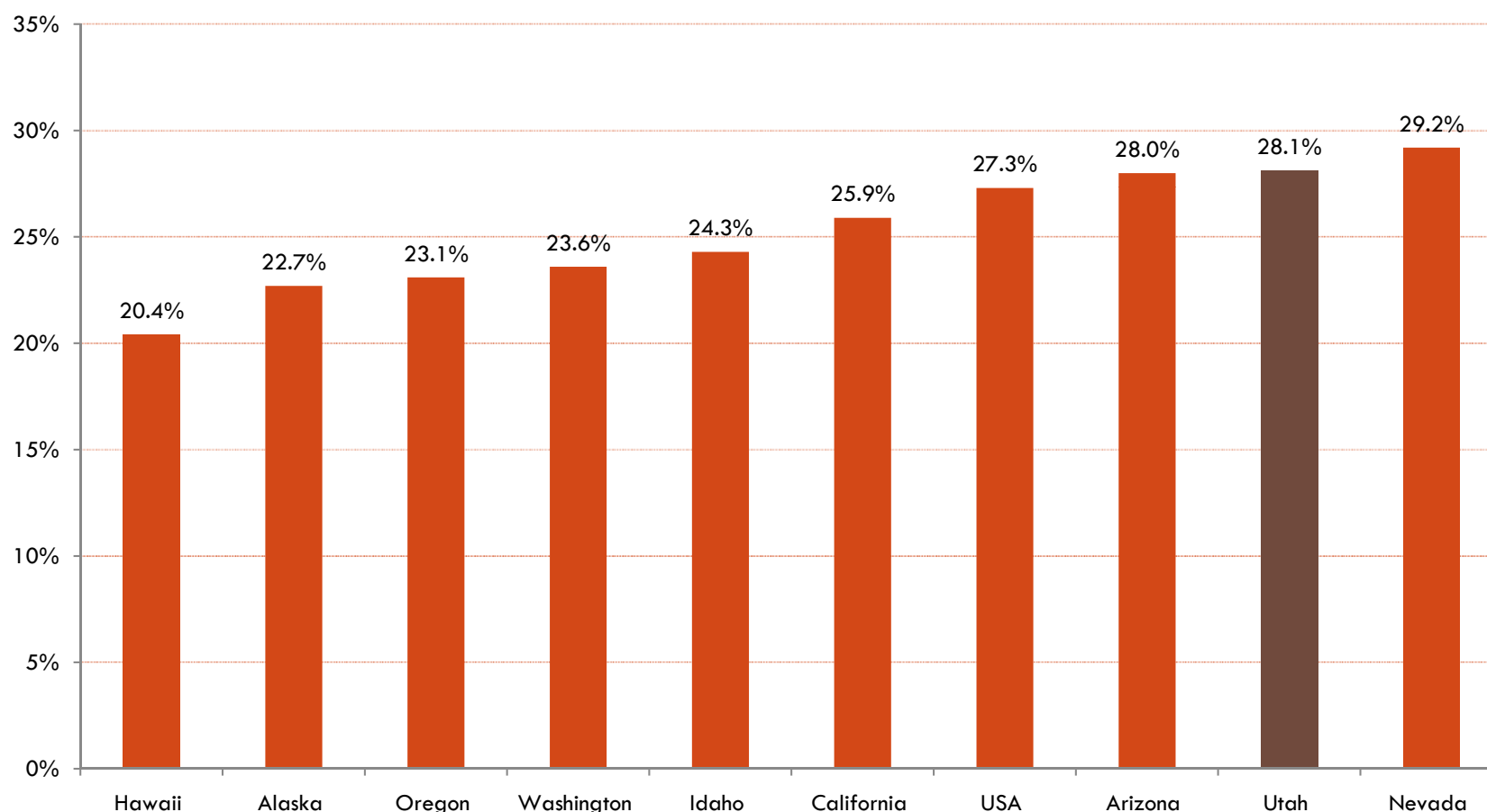
Utah's Foreclosures are Concentrated in Subprime ARM Market



Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

Utah Saw Slightly Higher Rates of High-Cost Lending During Subprime Boom than National Average

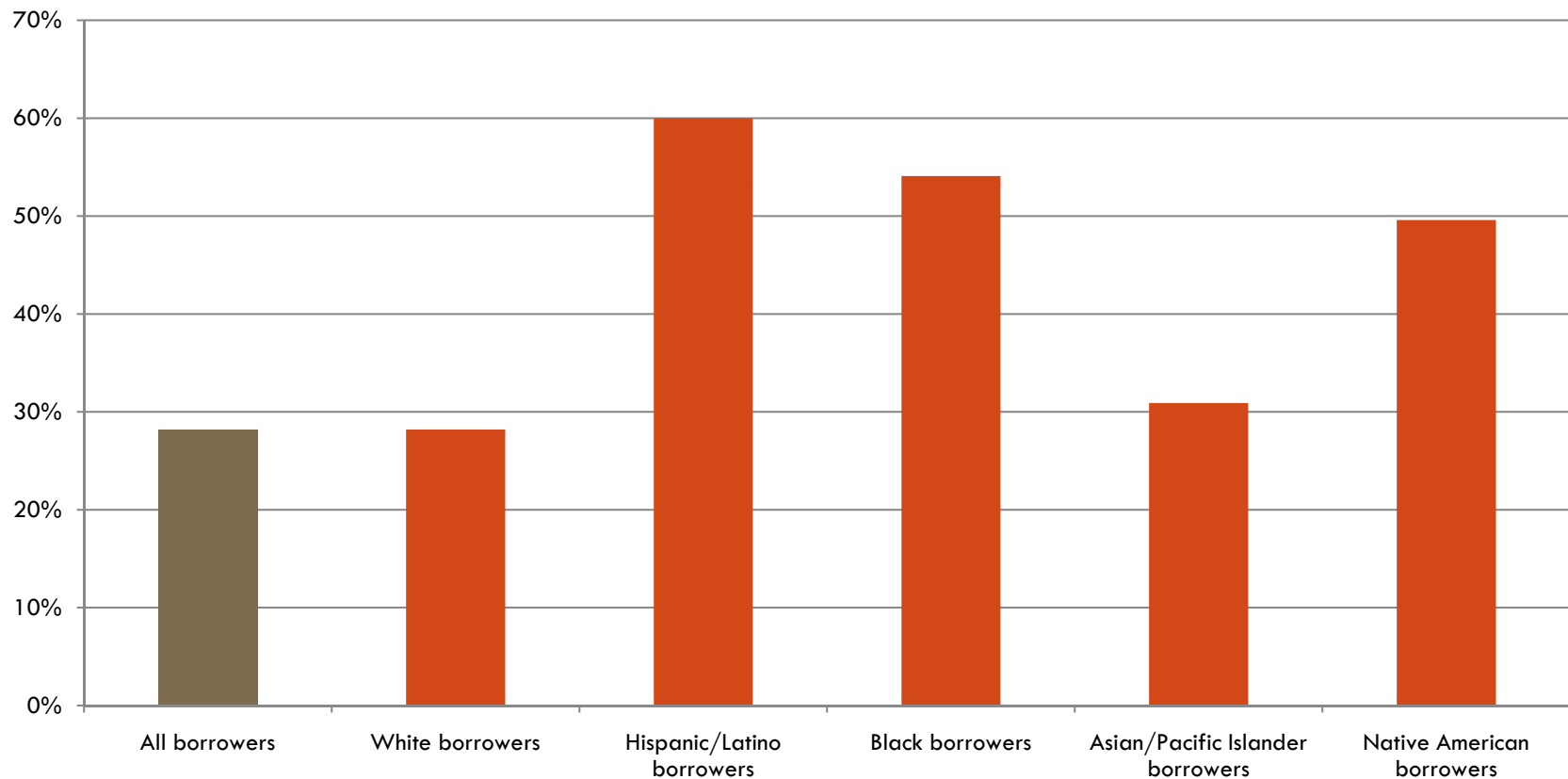
Percent of All Borrowers with High Interest Conventional Loans, 2005



Source: Home Mortgage Disclosure Act Data, 2005

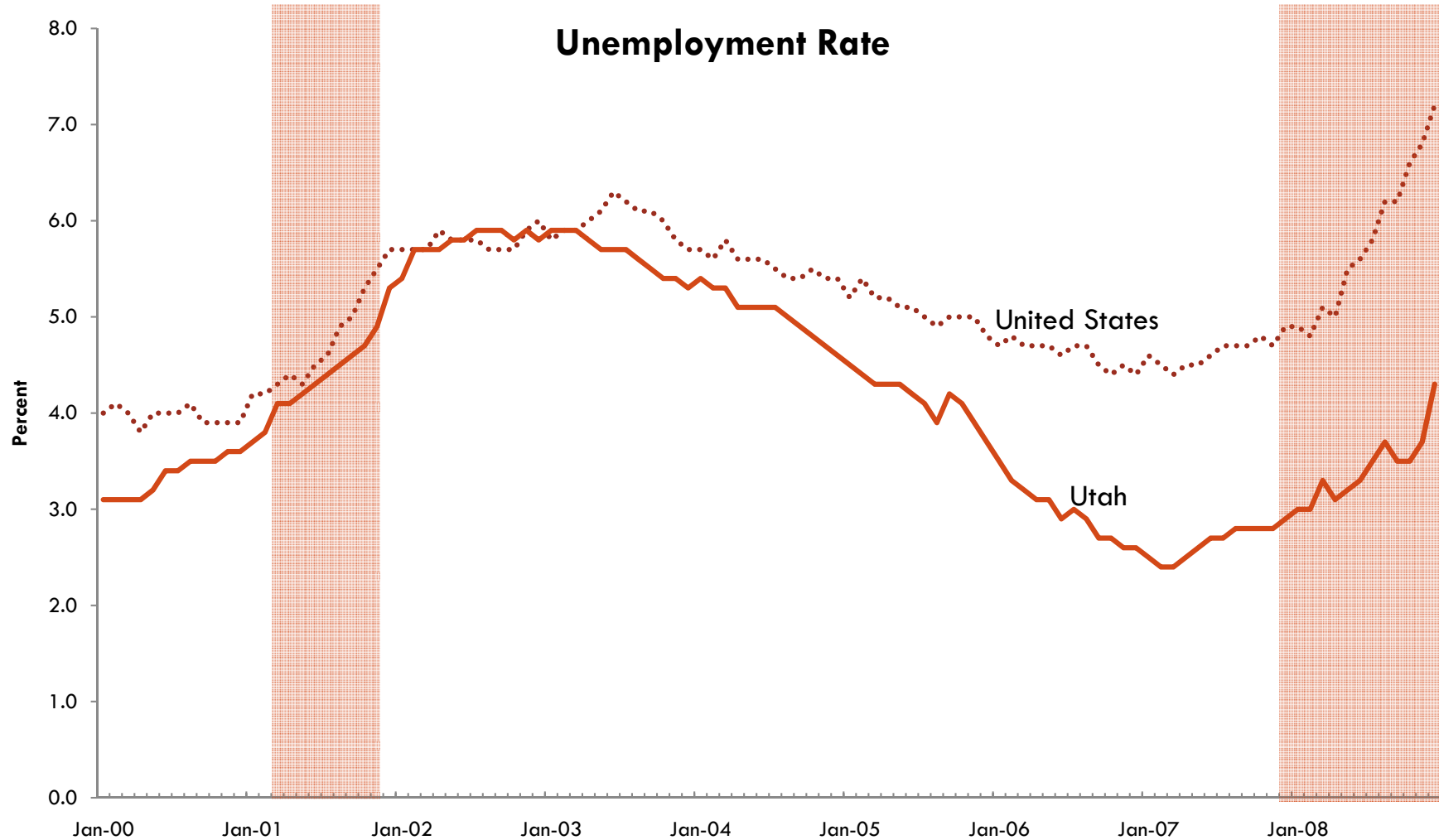
High Cost Lending in Utah More Prevalent Among Minority Borrowers

Utah: High Interest Conventional Loans by Race, 2005



Source: Home Mortgage Disclosure Act Data, 2005

Unemployment Rate on the Rise, But Still Well Below US Average



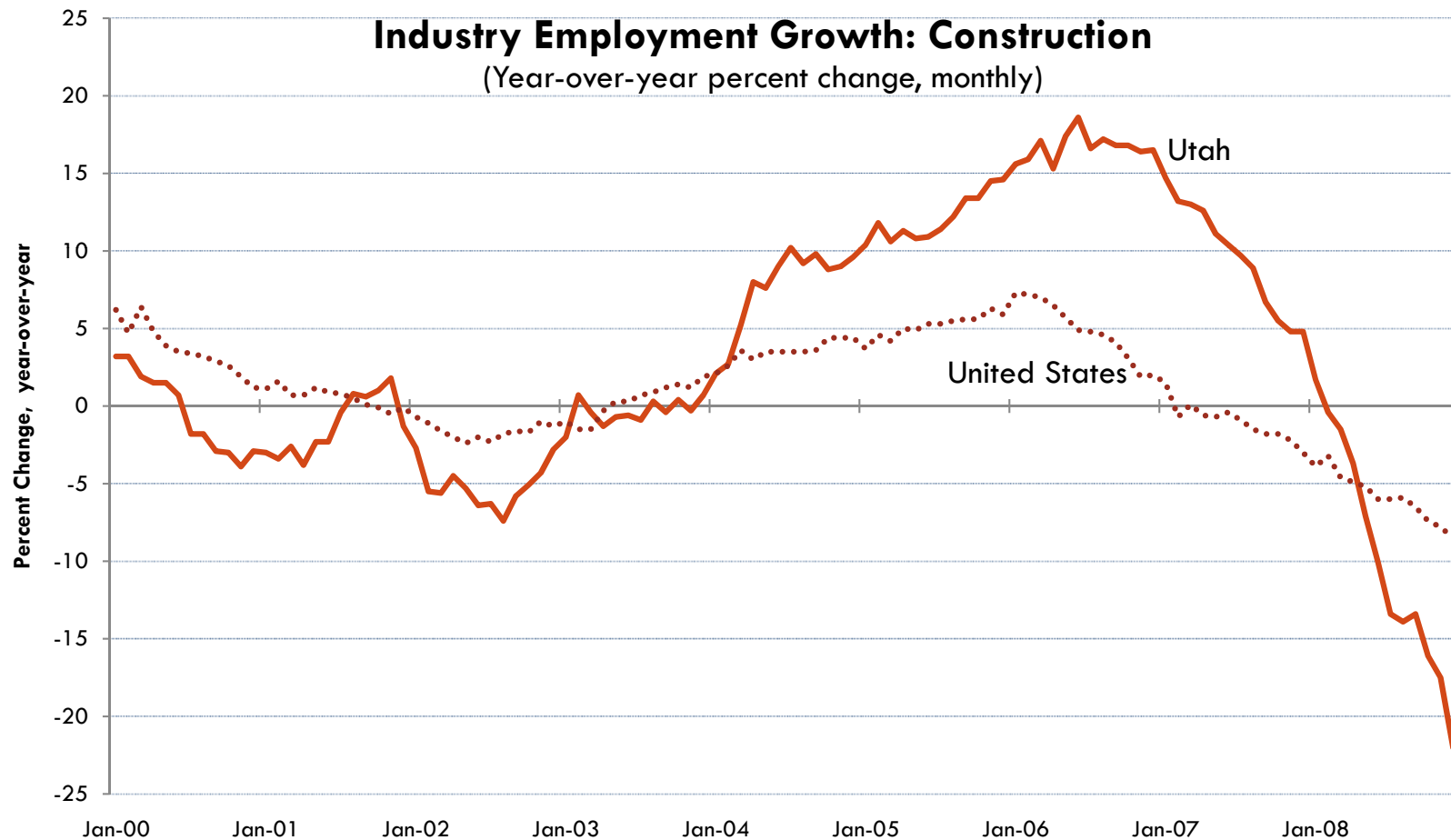
Source: Bureau of Labor Statistics, December 2008

Employment Trends by Industry in Utah

	Total Employed (thousands)	Percent Change		
		1-mo.*	3-mo.*	12-mo.
Utah	Dec-08			
Total	1237.7	-2.1	-8.0	-5.5
Trade, Transportation & Utilities	244.2	-2.4	-15.3	-8.5
Government	211.7	2.1	-1.7	1.5
Professional & Business Svcs.	161.8	-0.6	2.3	-1.7
Educational & Health Svcs.	150.0	5.0	4.1	5.8
Manufacturing	123.4	-4.2	-13.5	-9.2
Leisure & Hospitality	111.8	-1.4	-13.9	-11.3
Construction	82.4	-22.0	-47.9	-31.6
Financial Activities	73.3	-1.5	24.0	1.1
Other Services	35.4	-1.7	-3.3	-2.2
Information	31.5	-1.9	26.0	-1.3
Natural Resources & Mining	12.2	7.0	0.0	18.2

Source: Bureau of Labor Statistics, December 2008; *Annualized.

Significant Drop in Construction Employment

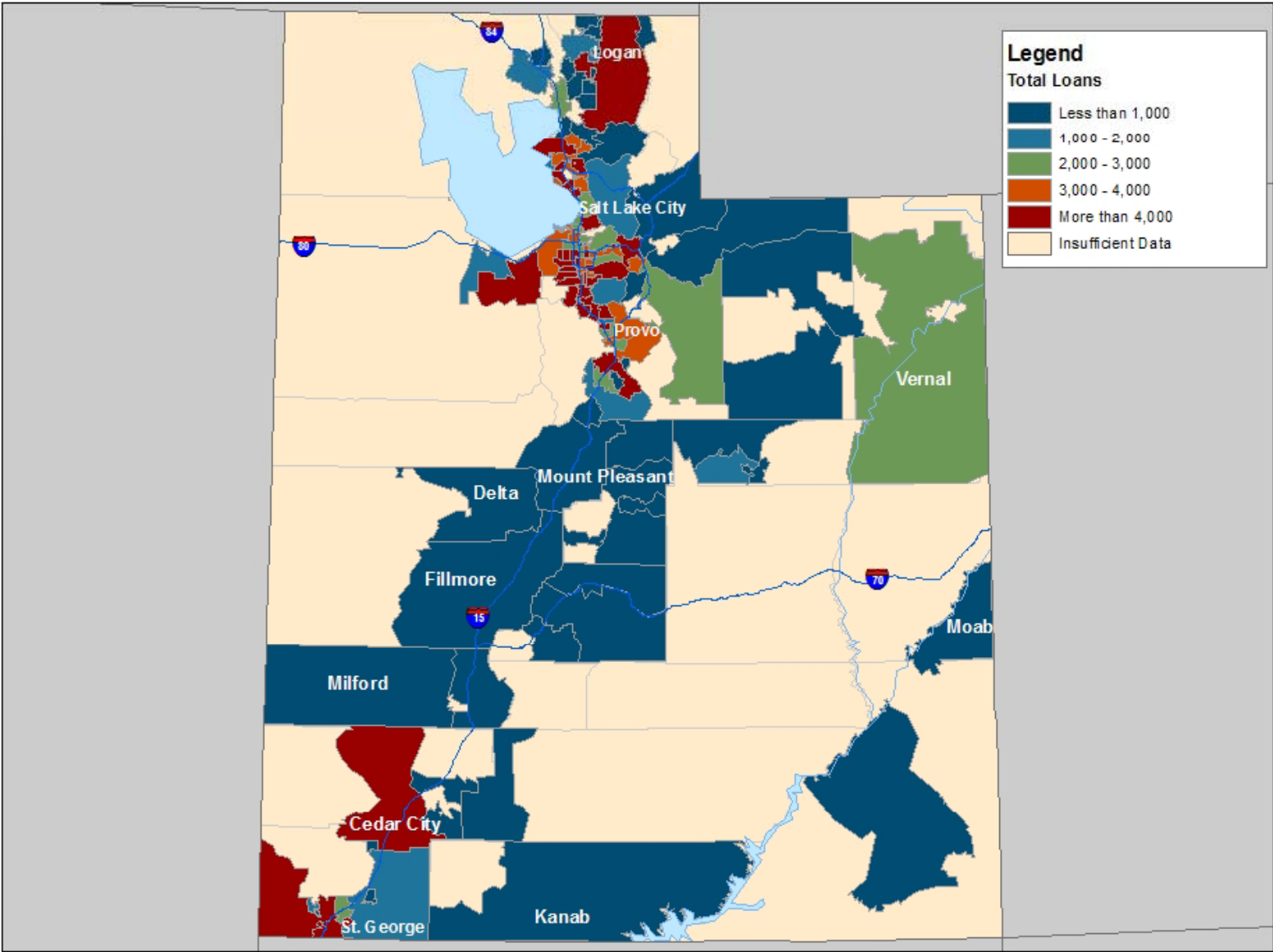


Source: Bureau of Labor Statistics, December 2008

Utah Foreclosure Data Maps

Distribution of Lending Volume

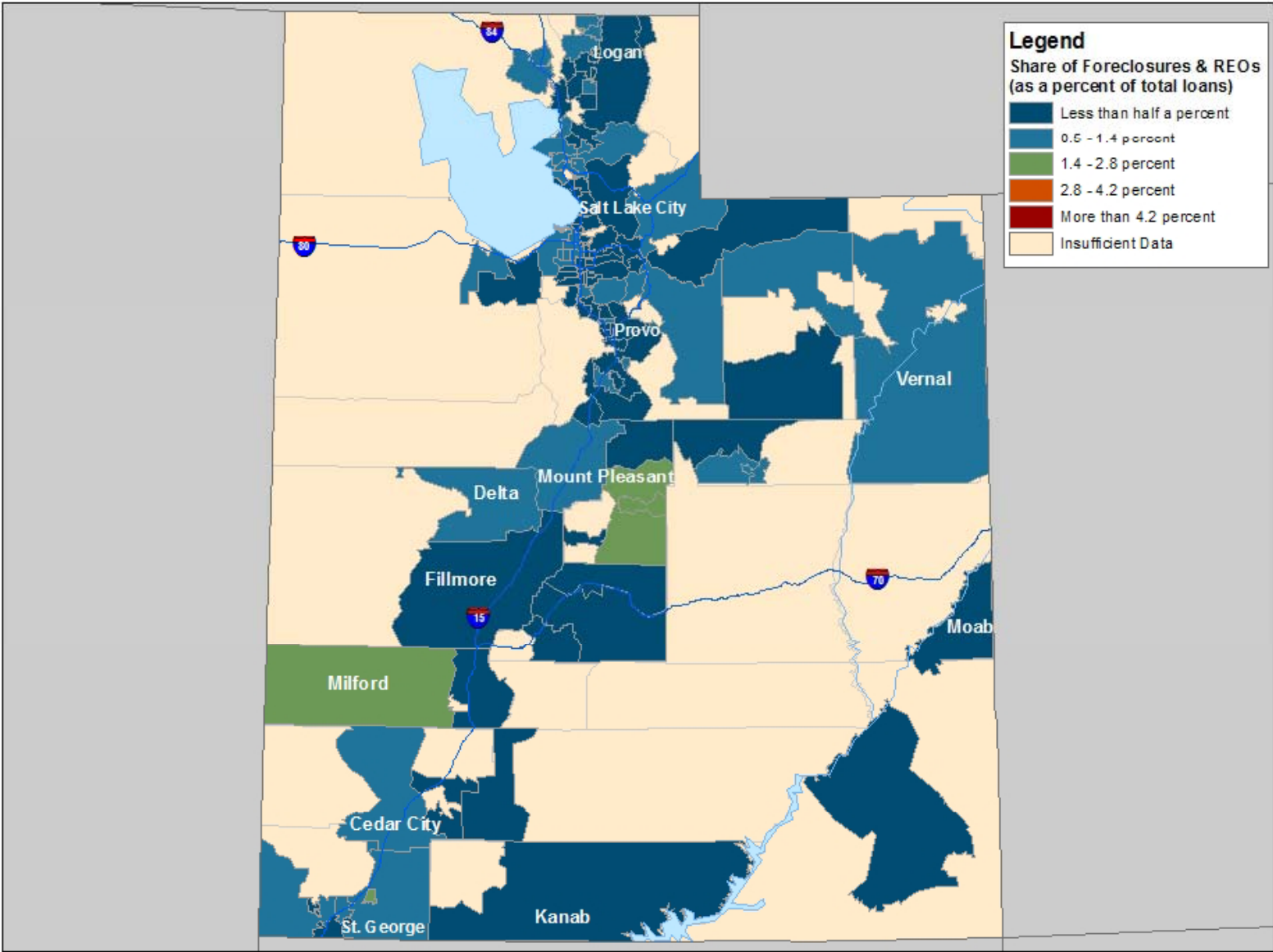
September 2007



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

Areas Affected by Concentrated Foreclosures

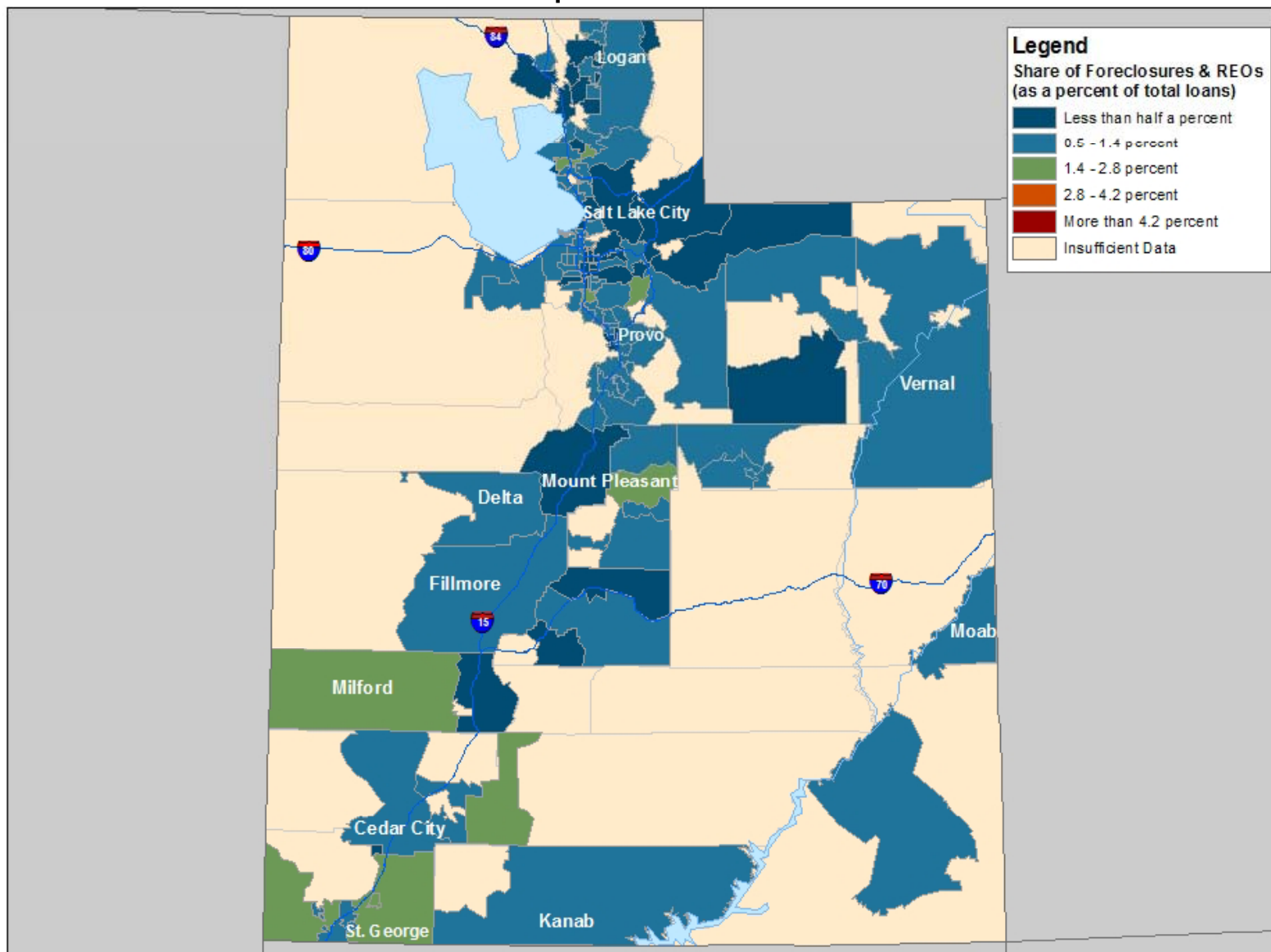
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Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, September 2007

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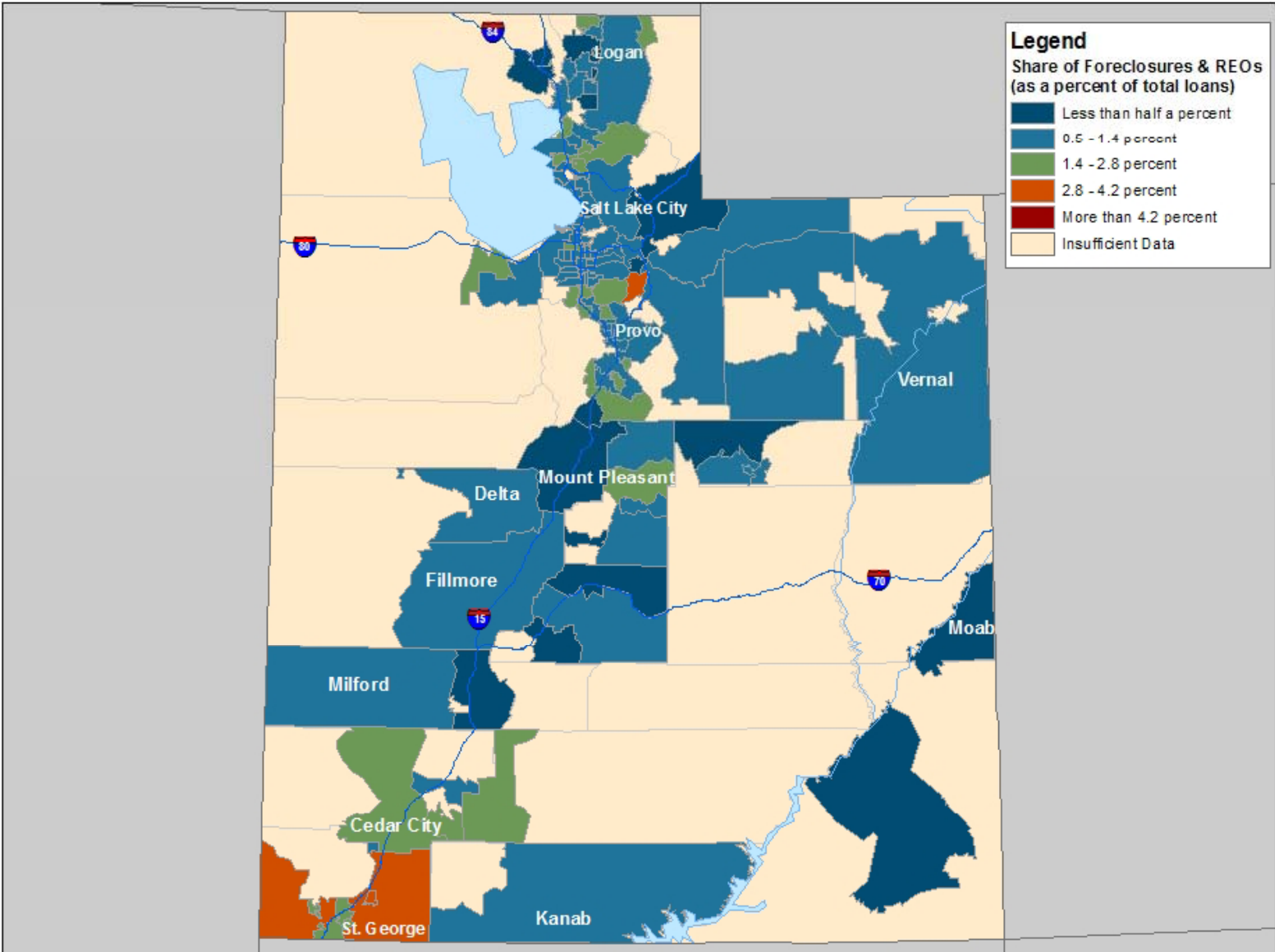
April 2008



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

Areas Affected by Concentrated Foreclosures

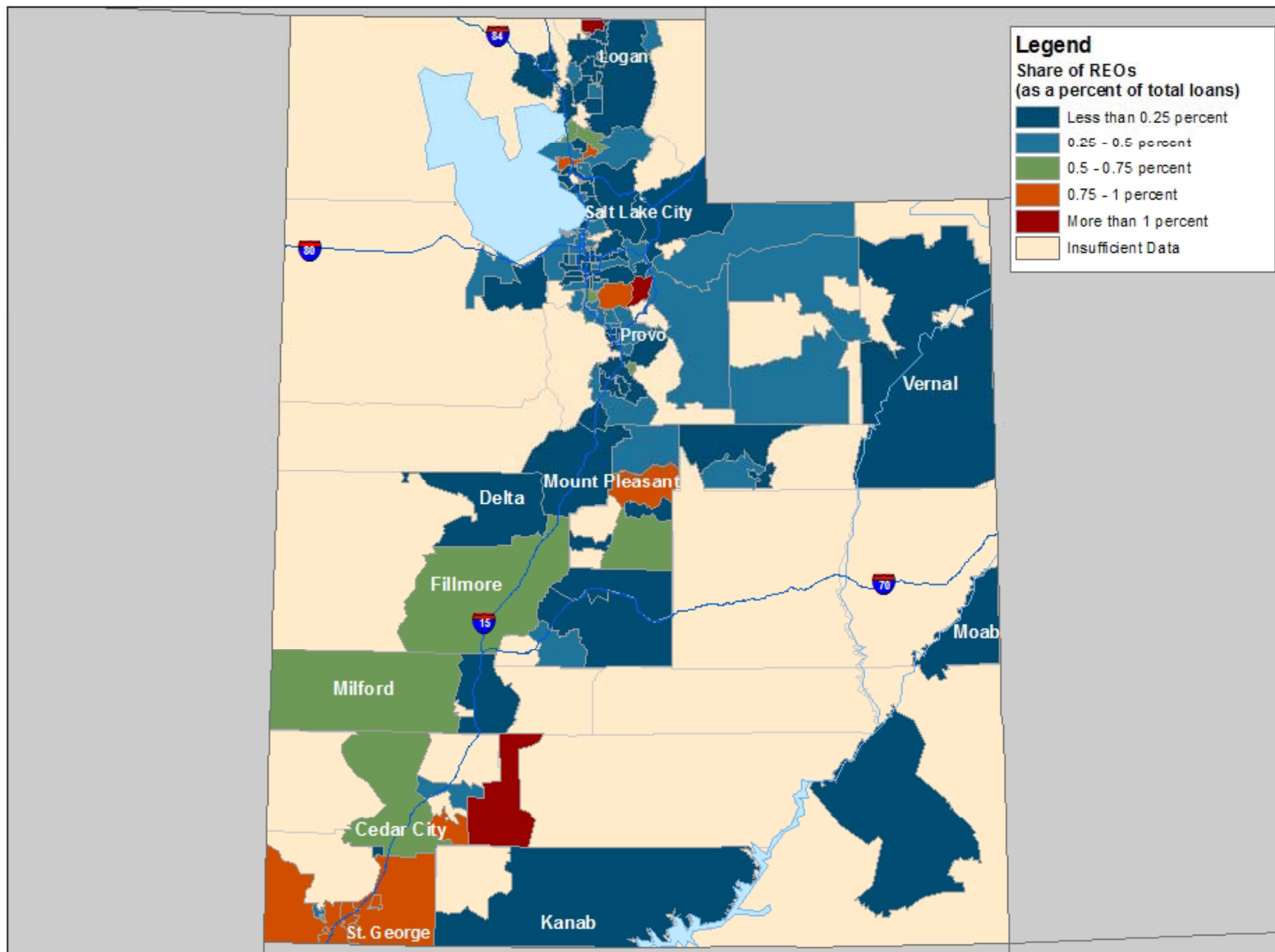
November 2008



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

Concentration of REO Properties

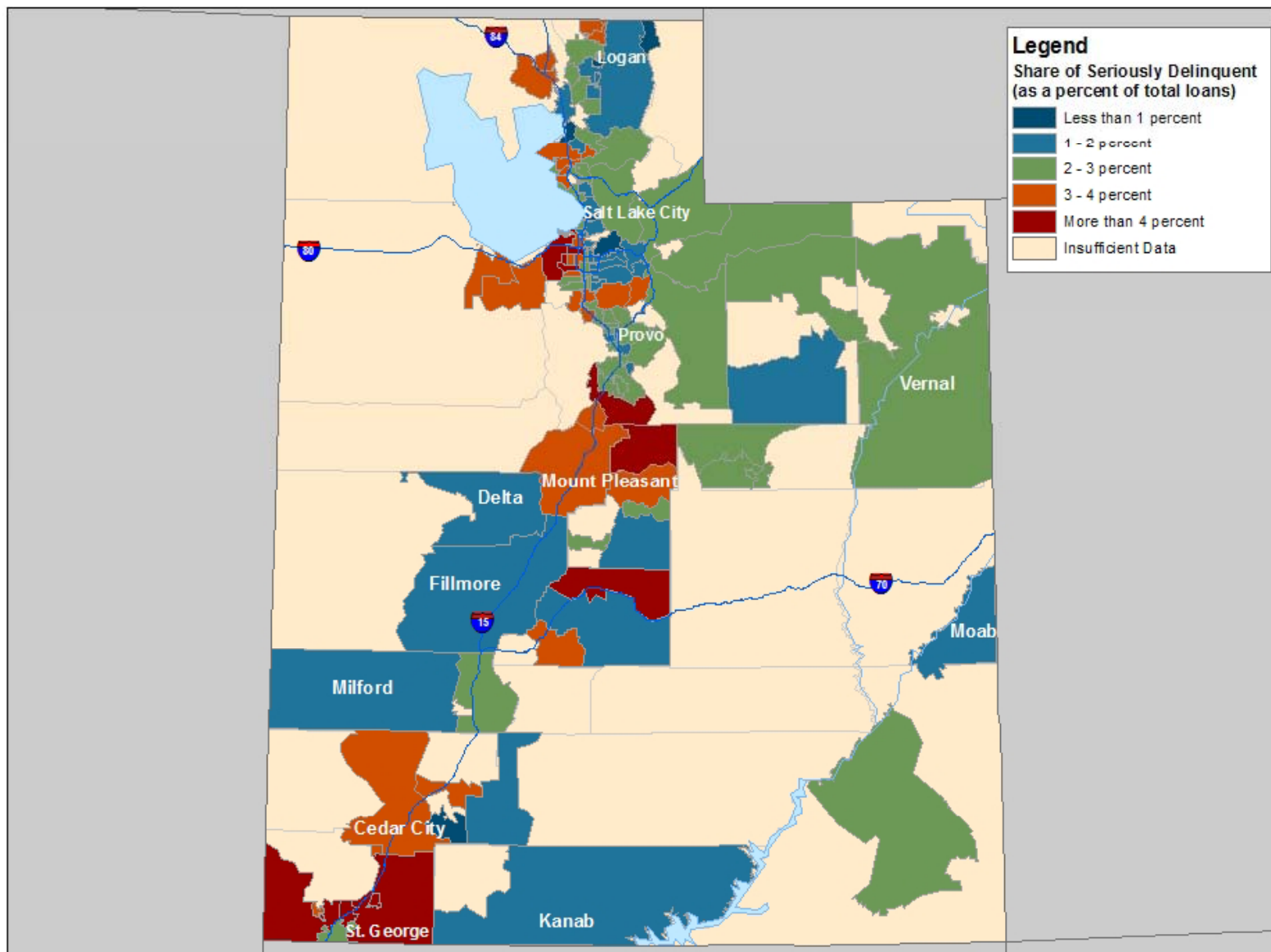
November 2008



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

Areas at Risk for Additional Foreclosures

November 2008

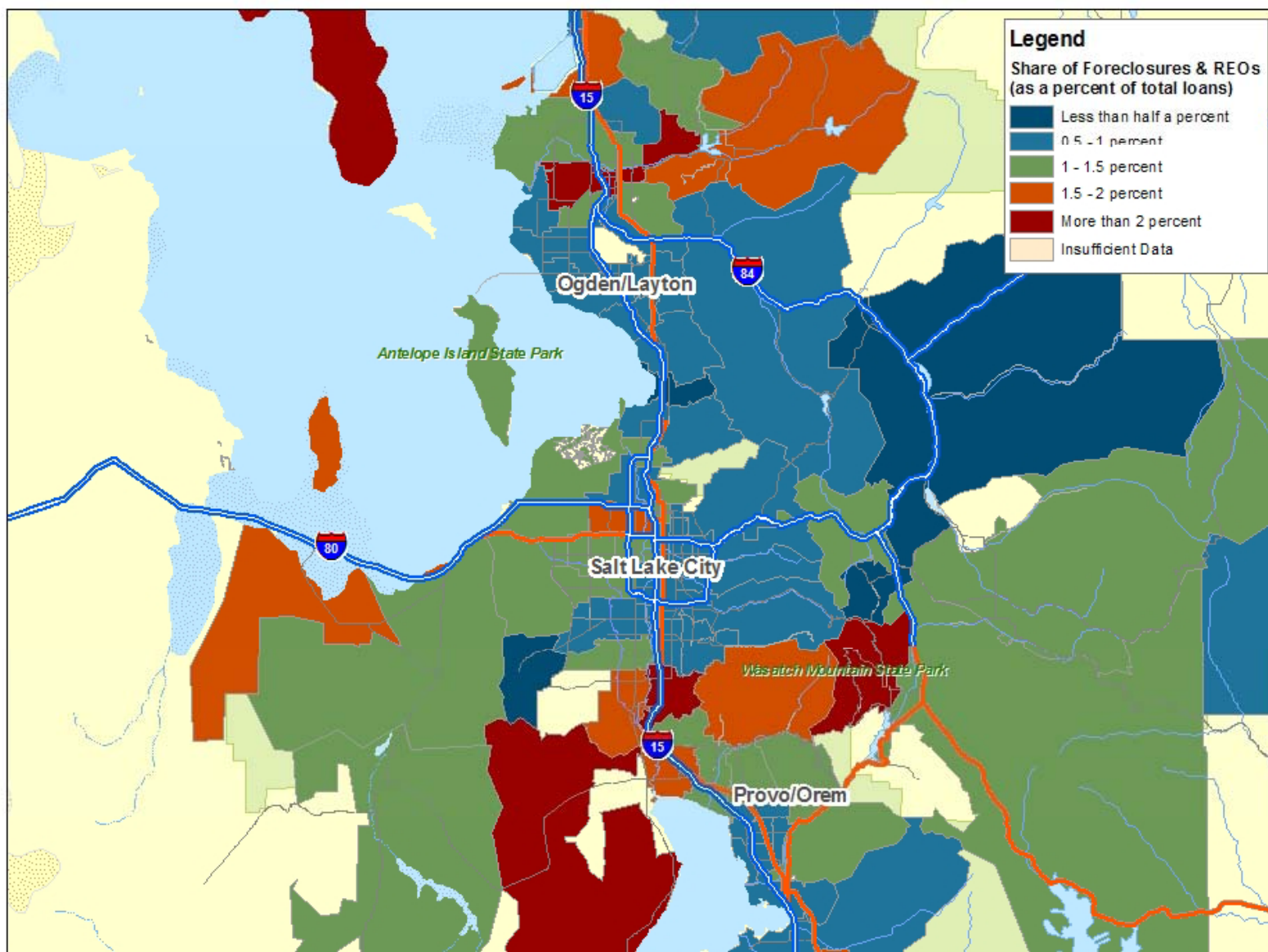


Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, November 2008

Salt Lake City Data Maps

Neighborhoods Affected by Concentrated Foreclosures

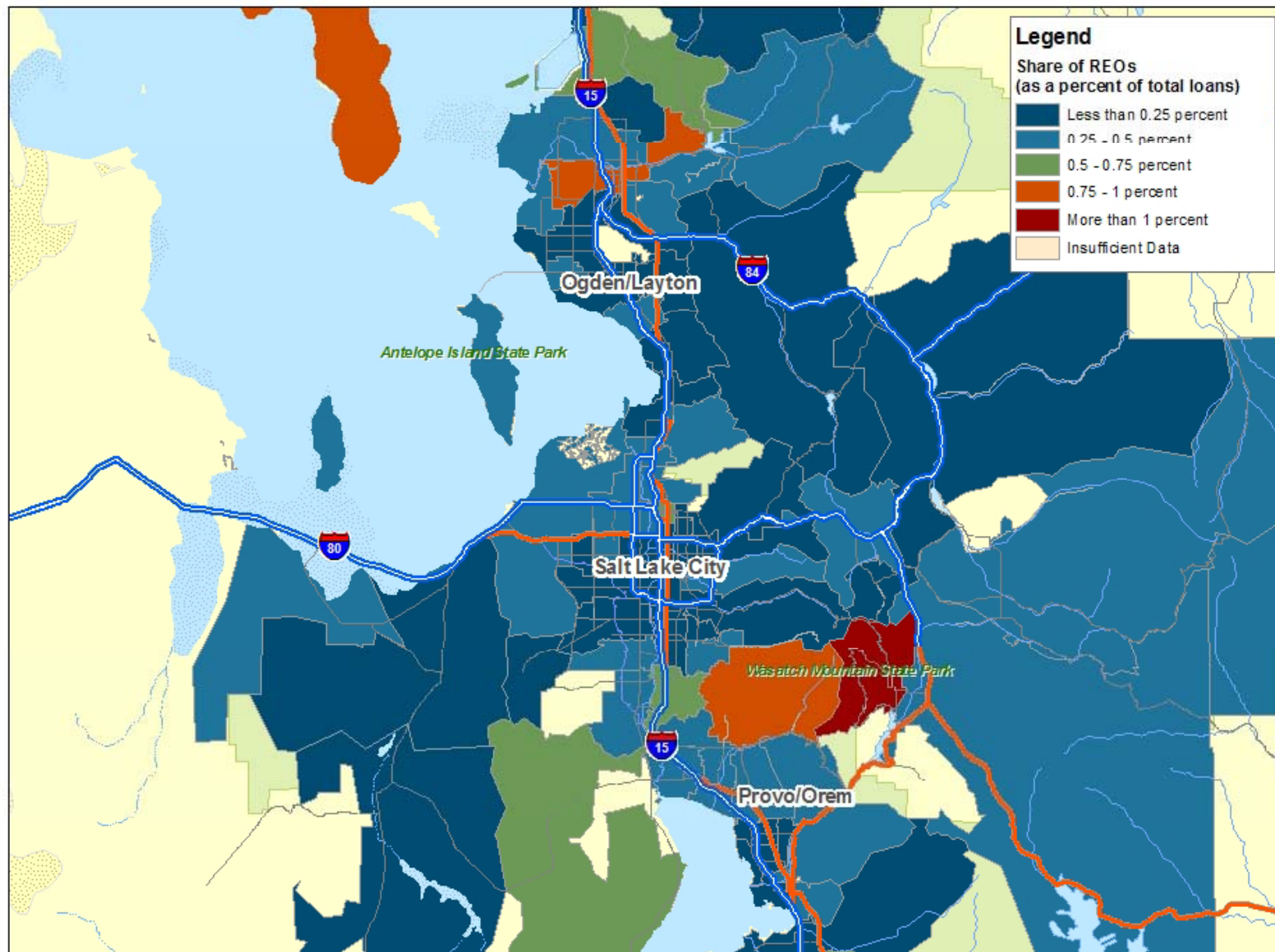
November 2008



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

Concentration of REO Properties

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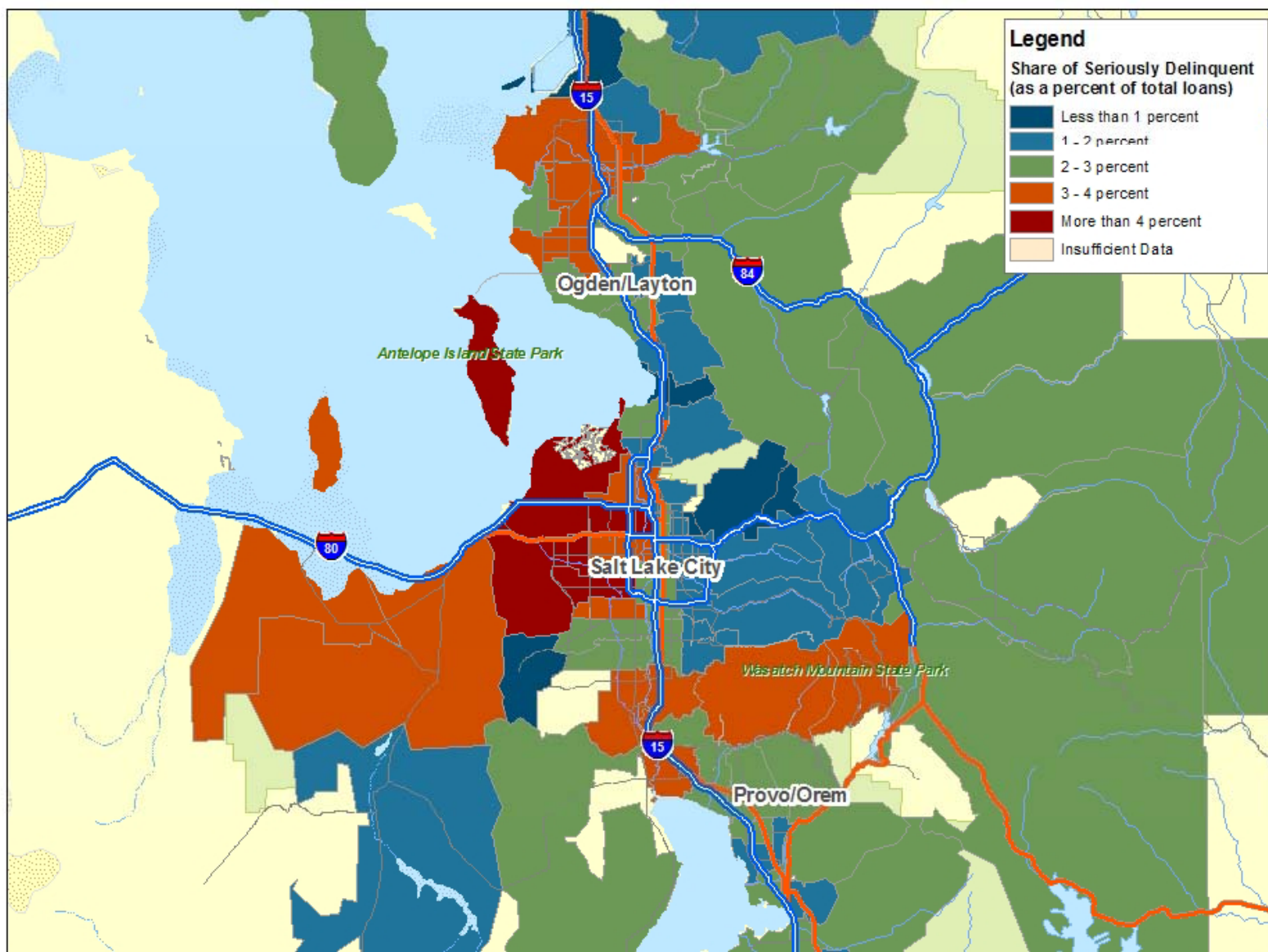


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Salt Lake City Data Maps

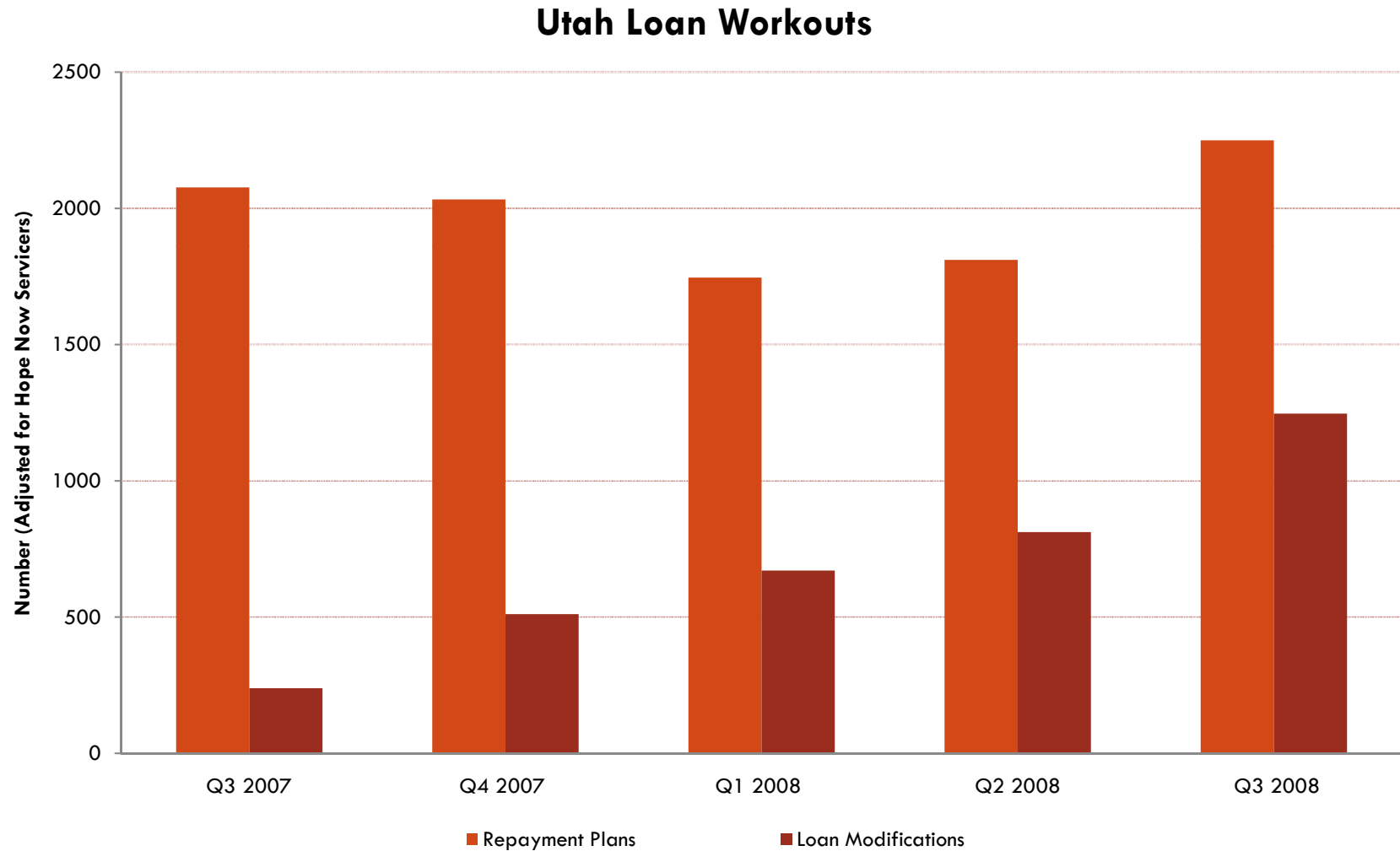
Neighborhoods at Risk for Additional Foreclosures

November 2008



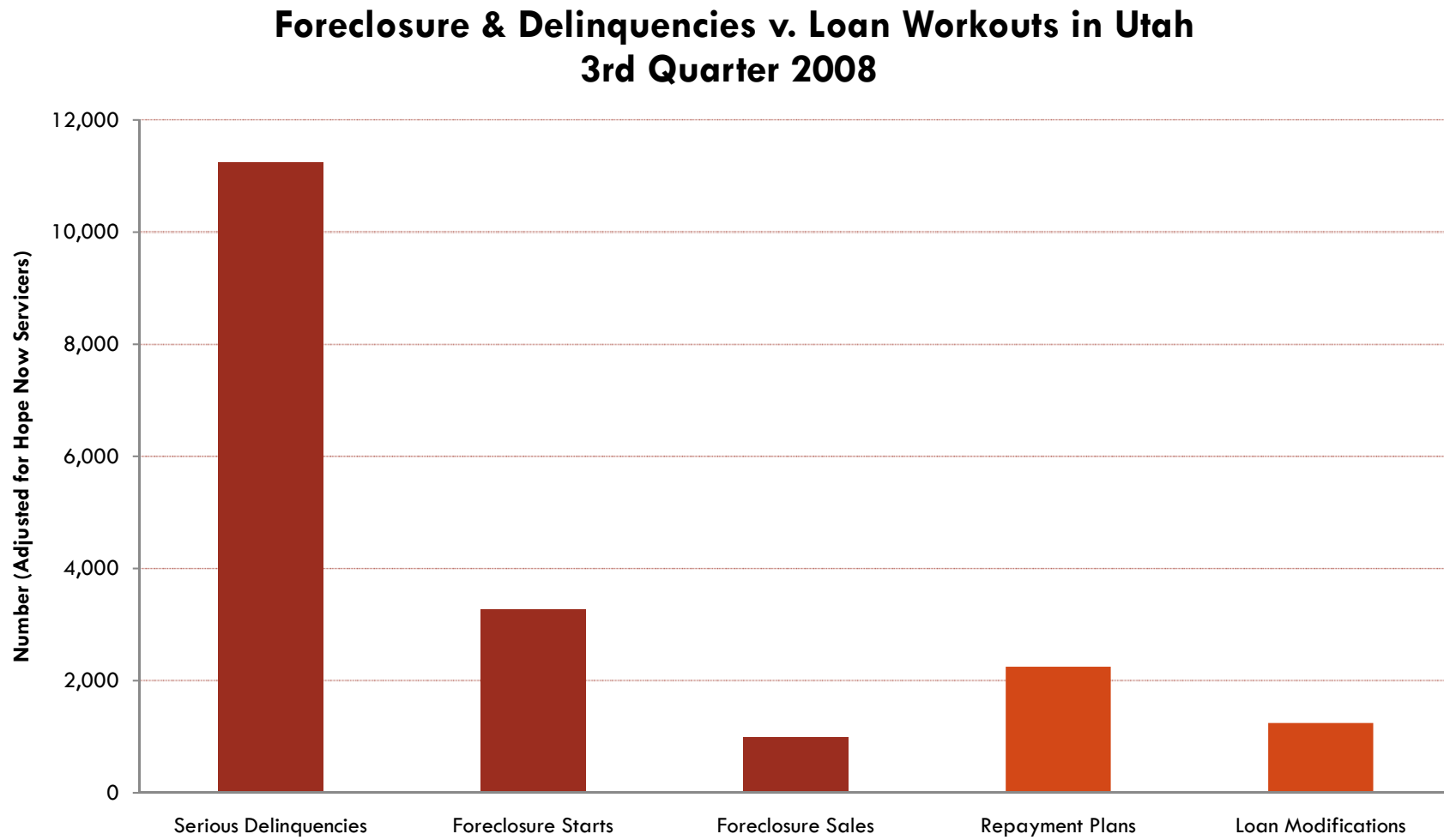
Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, November 2008

Loan Modifications as Share of Loan Workouts Have Increased



Source: Hope Now Alliance Servicing Data, 3rd Quarter 2008

Yet, Workouts Still Fall Short of Need



Source: Hope Now Alliance Servicing Data, 3rd Quarter 2008

Conclusions

Conclusions



- 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

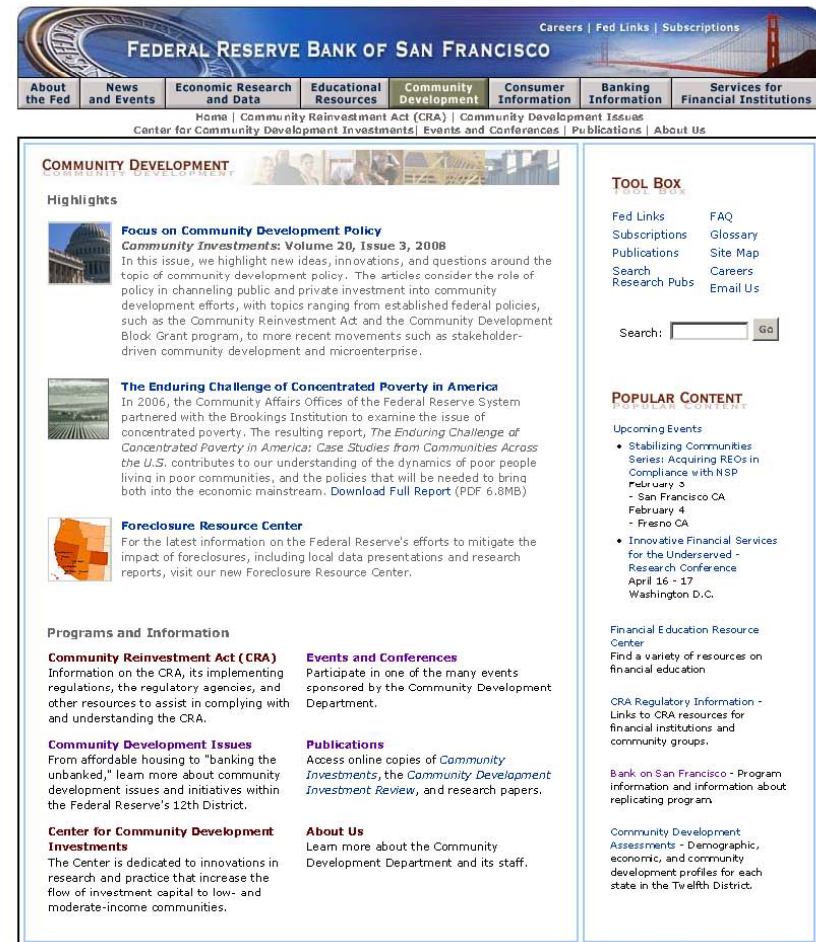
Conclusions



- ❑ 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



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