

# TRENDS IN DELINQUENCIES AND FORECLOSURES IN UTAH

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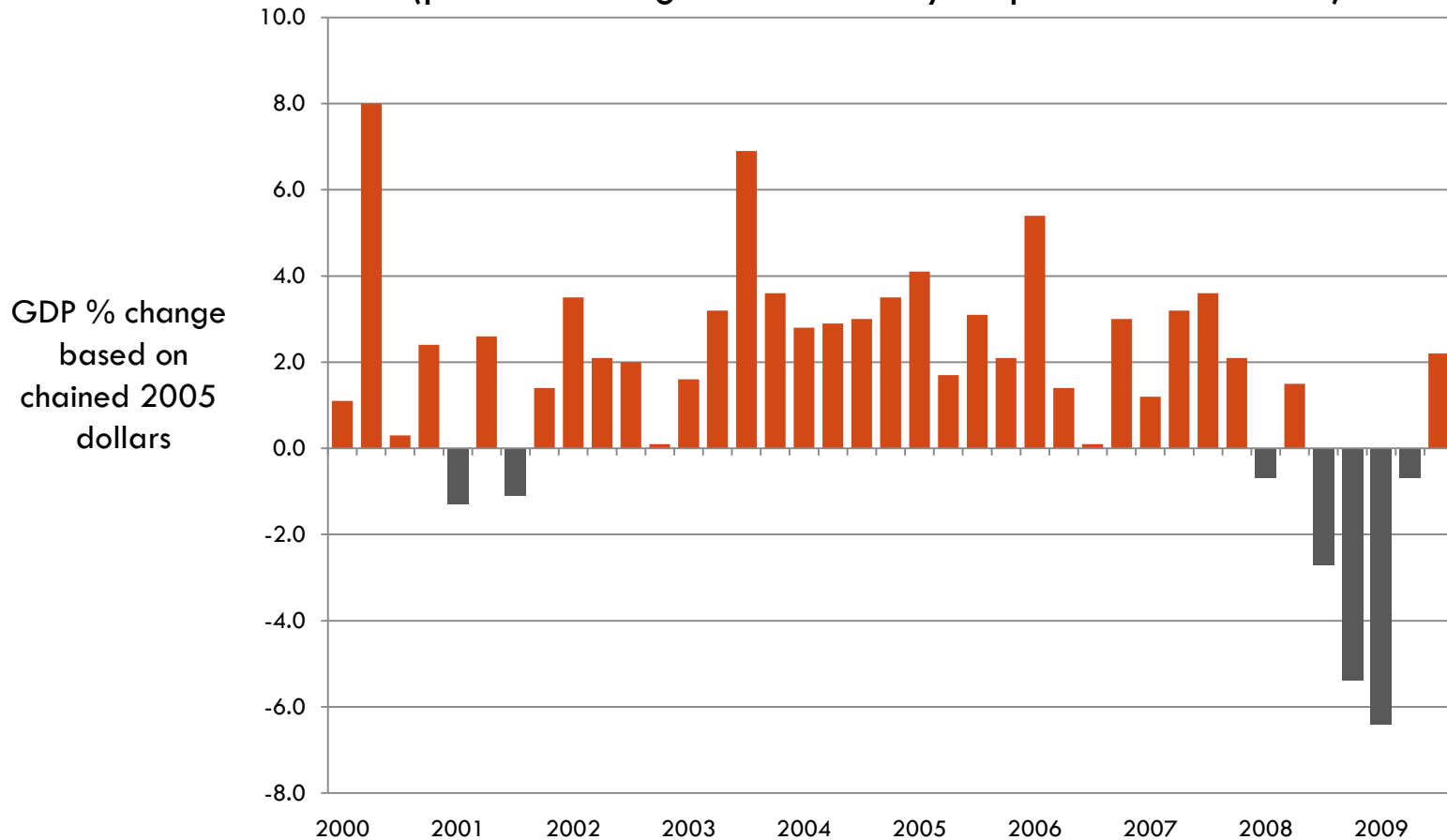
# National Trends

- 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

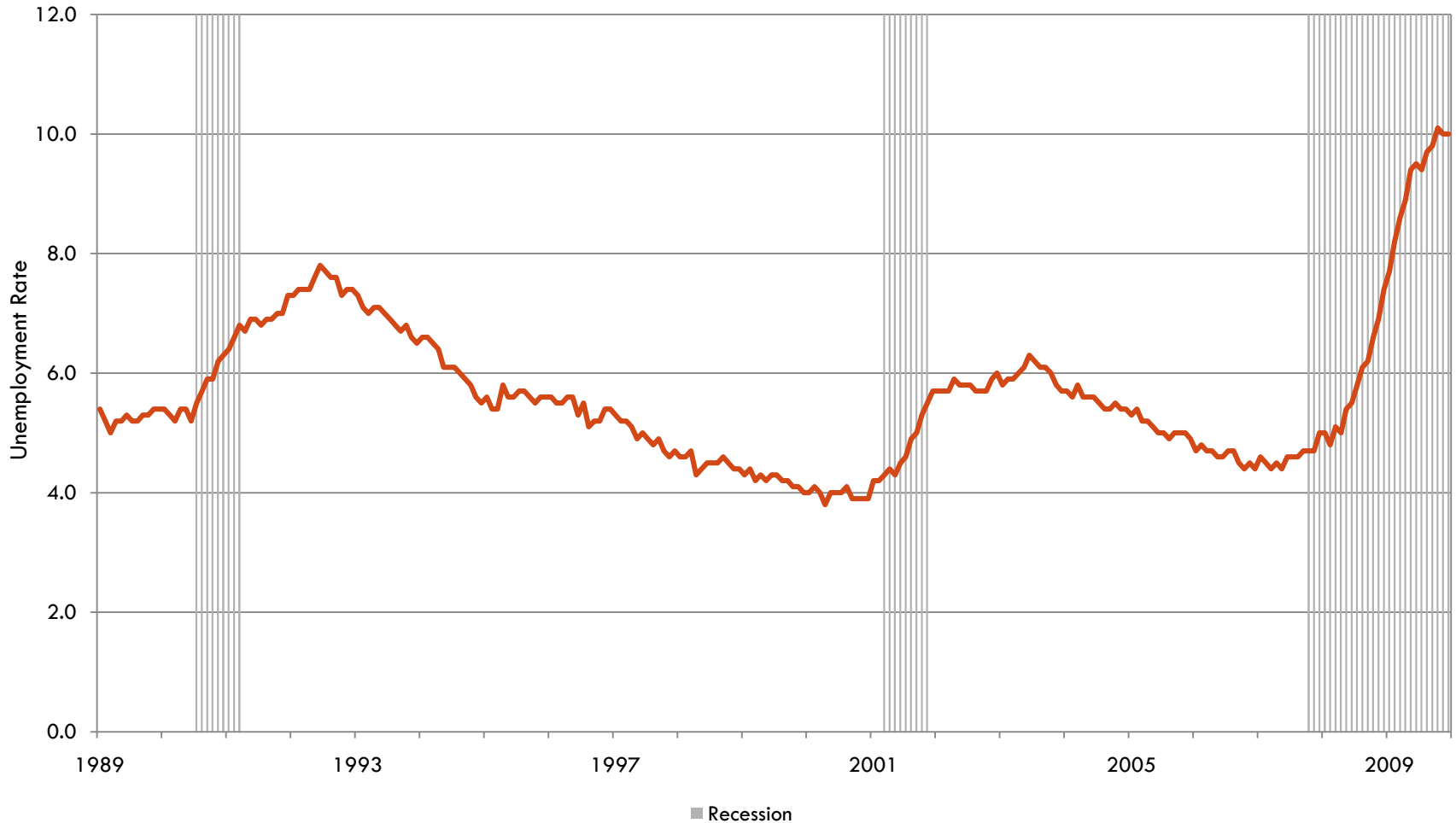
Real Gross Domestic Product  
(percent change at seasonally adjusted annual rate)



Source: Bureau of Economic Analysis

# Weakness in Labor Market Grave Concern

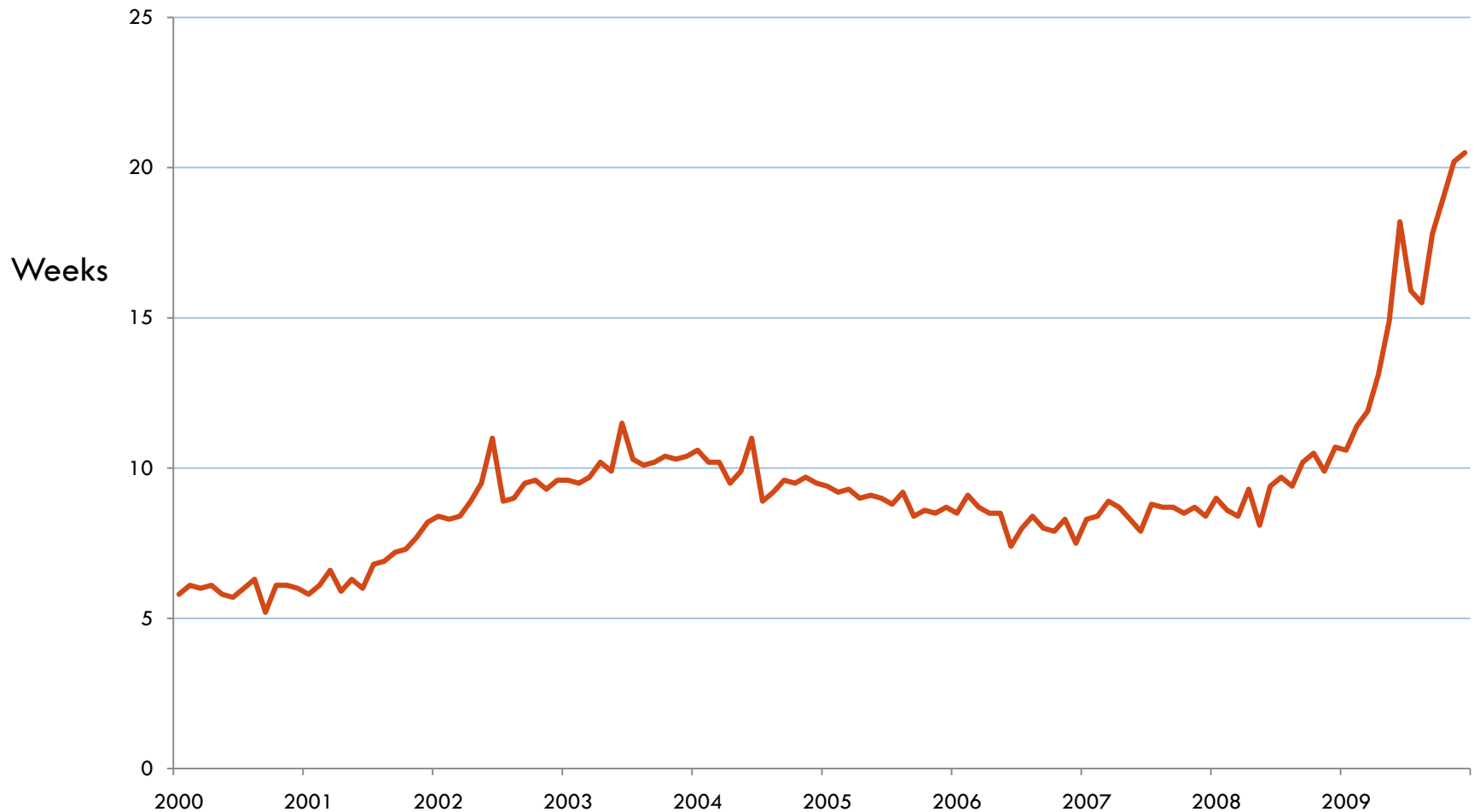
**U.S. Unemployment Rate**



Source: Bureau of Labor Statistics, December 2009

# Dramatic Increase in Duration of Unemployment

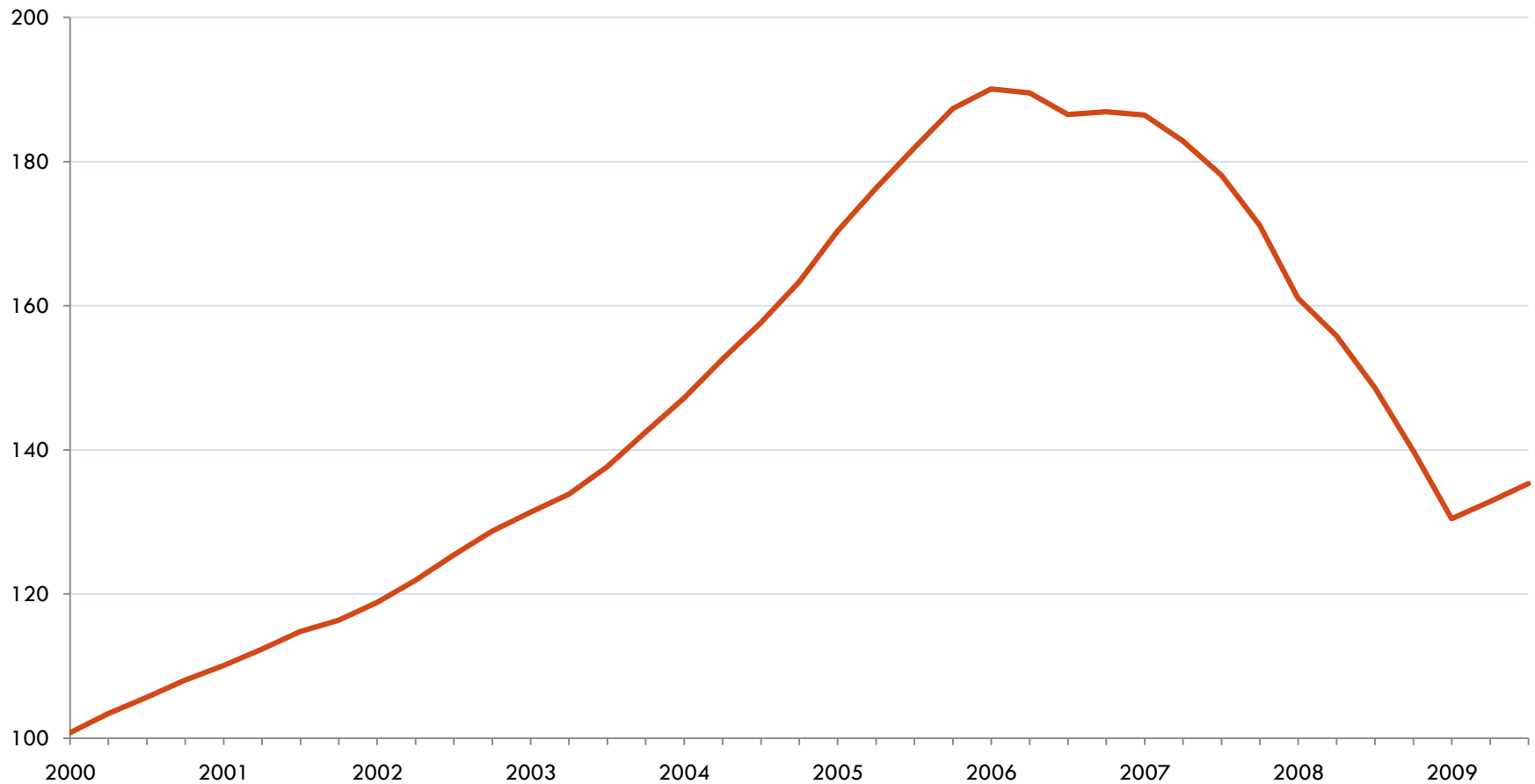
Median Duration of Unemployment



Source: Bureau of Labor Statistics

# Case-Shiller Shows Continued Uptick in House Prices in 3<sup>rd</sup> Qtr 2009

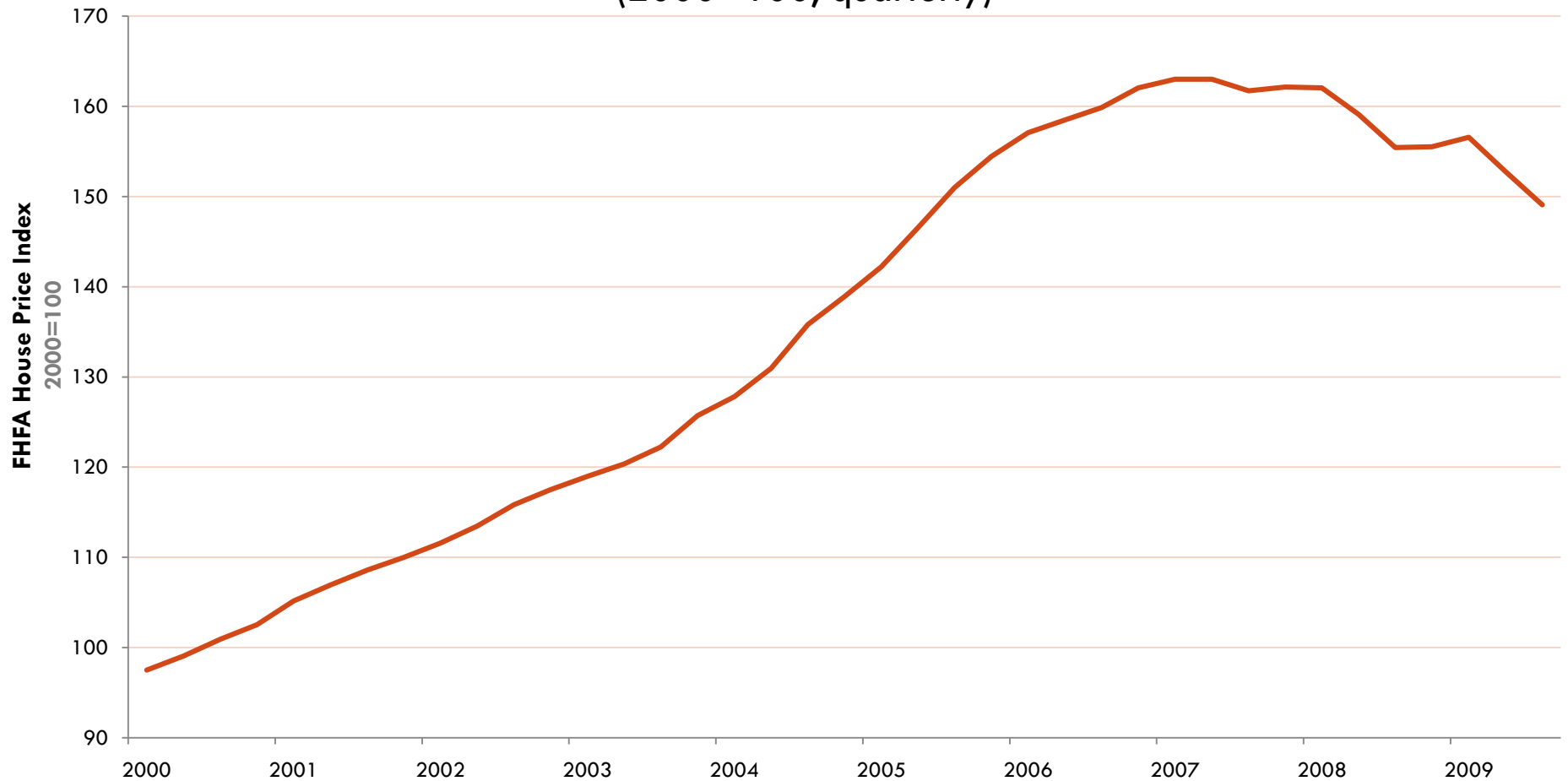
**Case-Shiller National House Price Index**  
(2000 = 100, quarterly)



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)

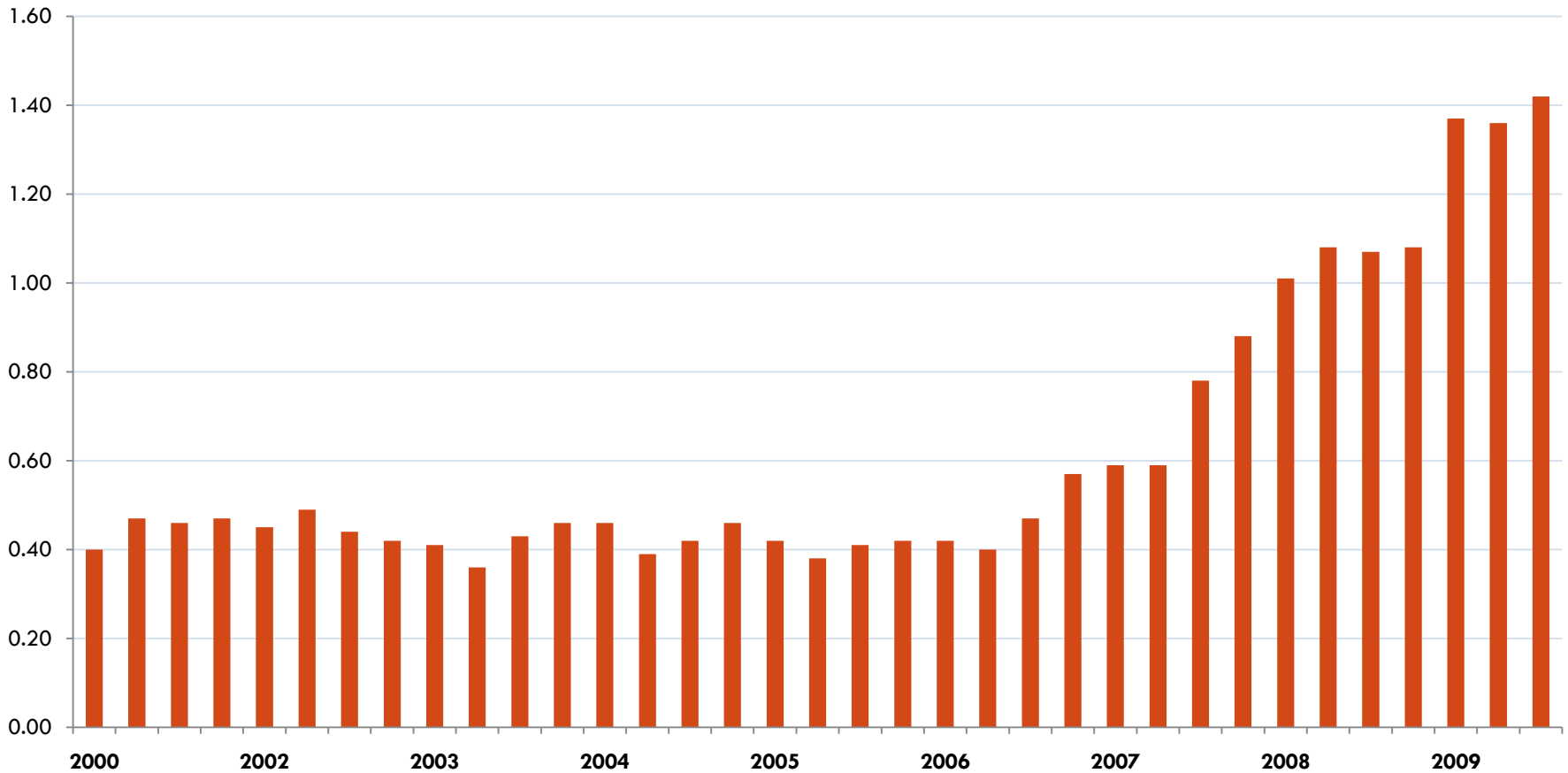


Source: Federal Housing Finance Agency (formerly OFHEO)



# National Foreclosure Rate Remains High

**National Foreclosures Starts**  
Percent of All Loans

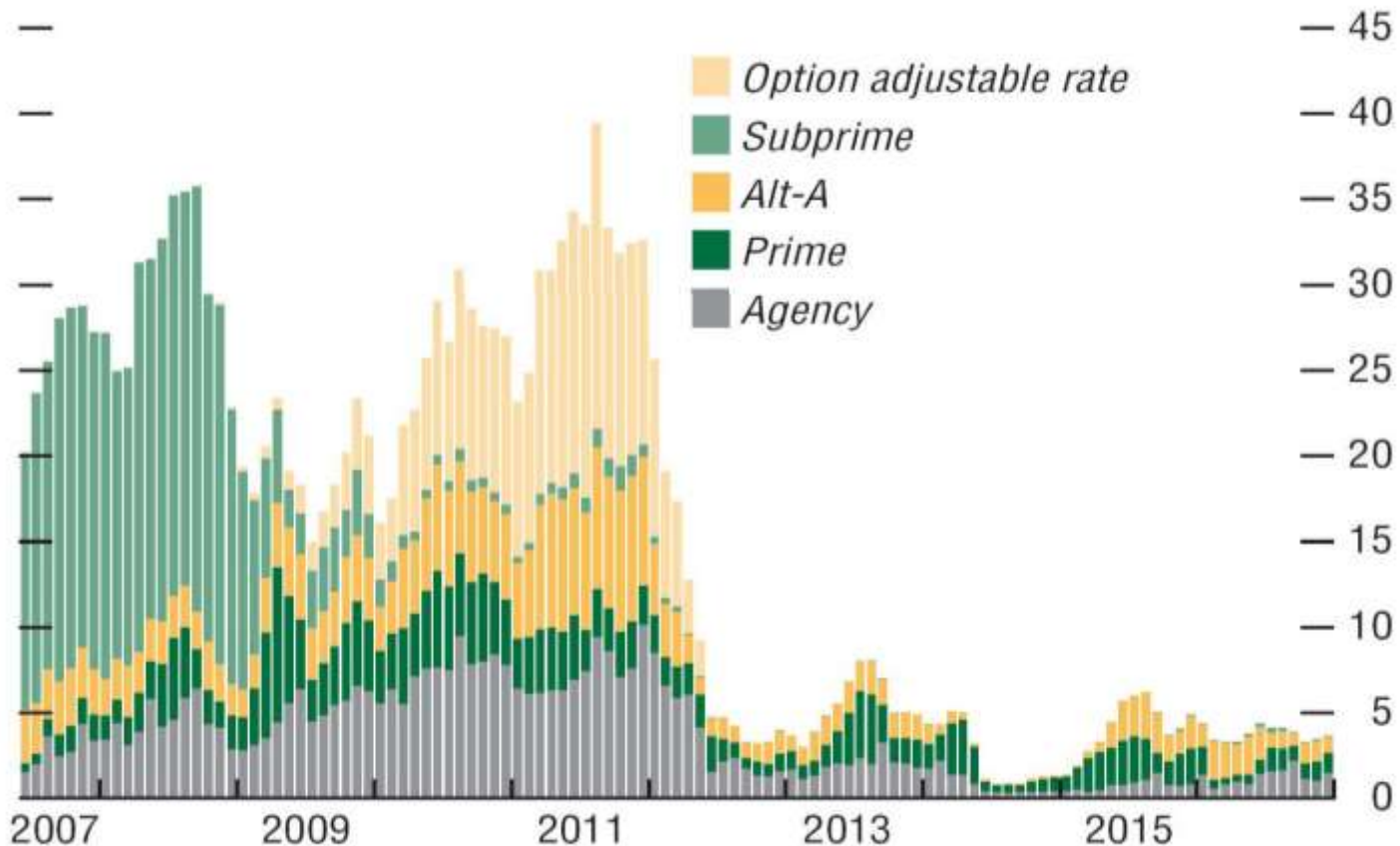


Source: Mortgage Bankers Association, National Delinquency Survey

# Concern that Upcoming Resets will Continue to Drive New Foreclosures

## Monthly Mortgage Rate Resets

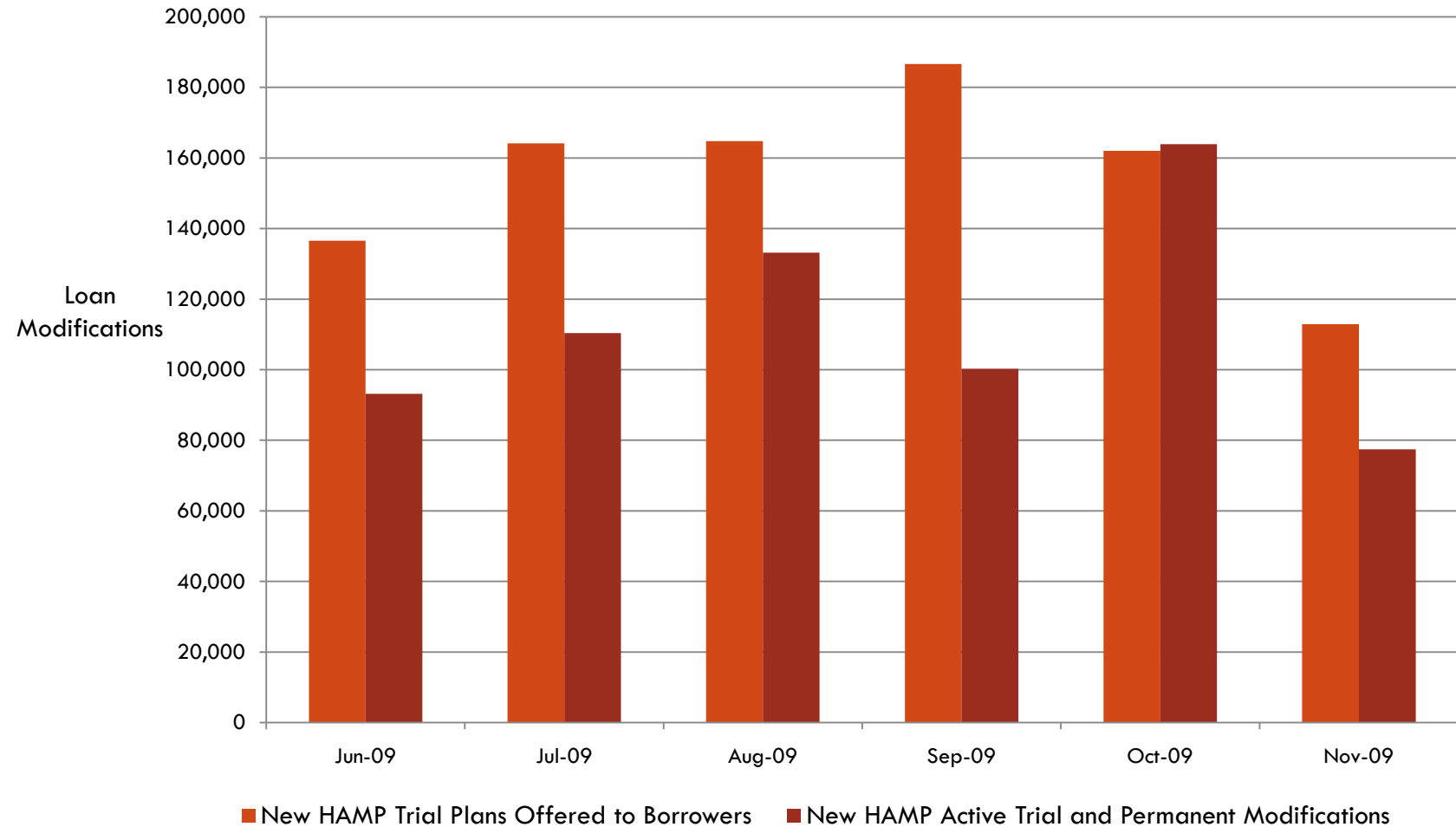
(first reset in billions of US dollars)



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

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

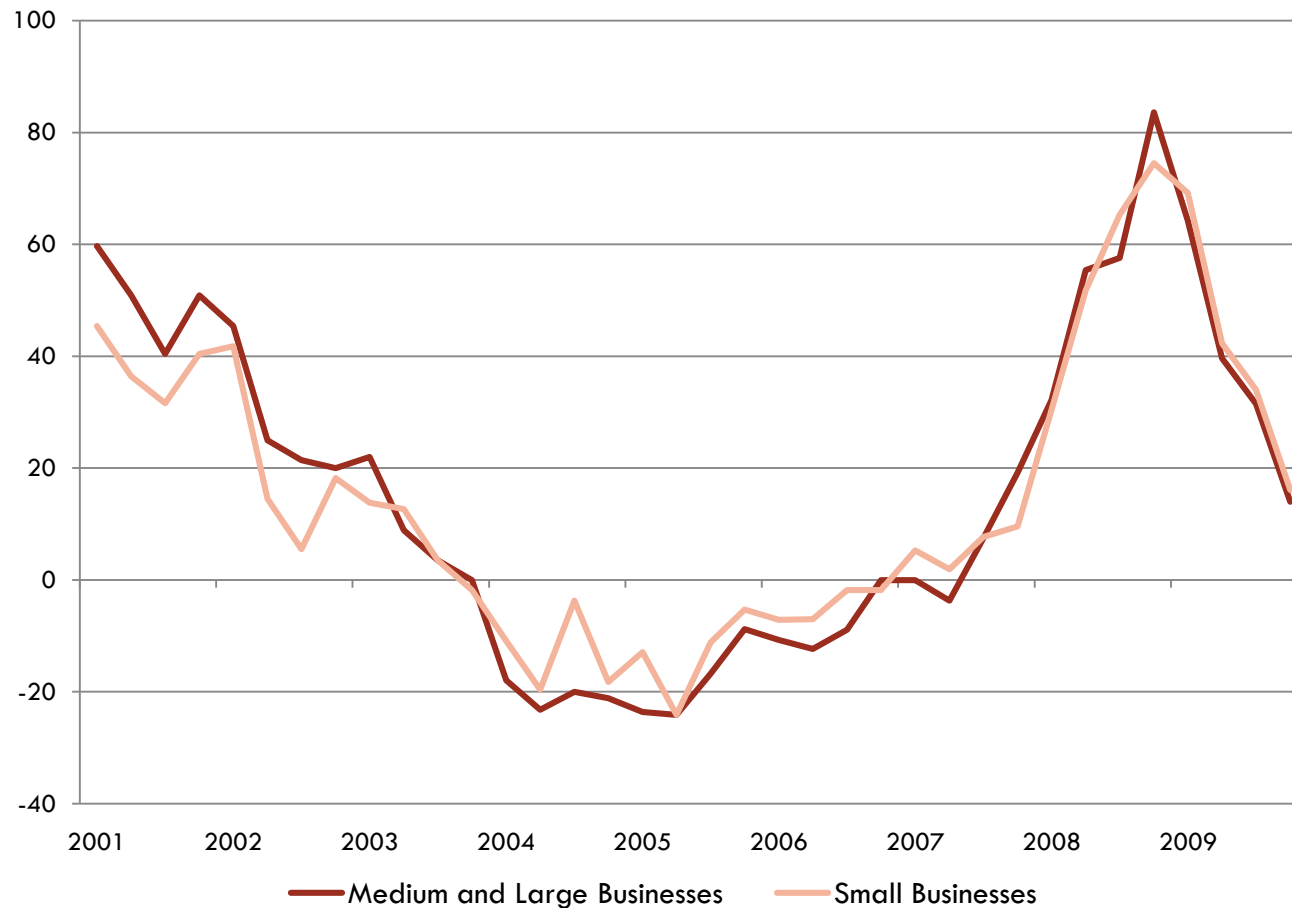
# Loan Modifications: Home Affordable Modification Program



Source: HAMP Service Performance Report Through Nov. 2009:  
<http://www.financialstability.gov/docs/MHA%20Public%20121009%20Final.pdf>

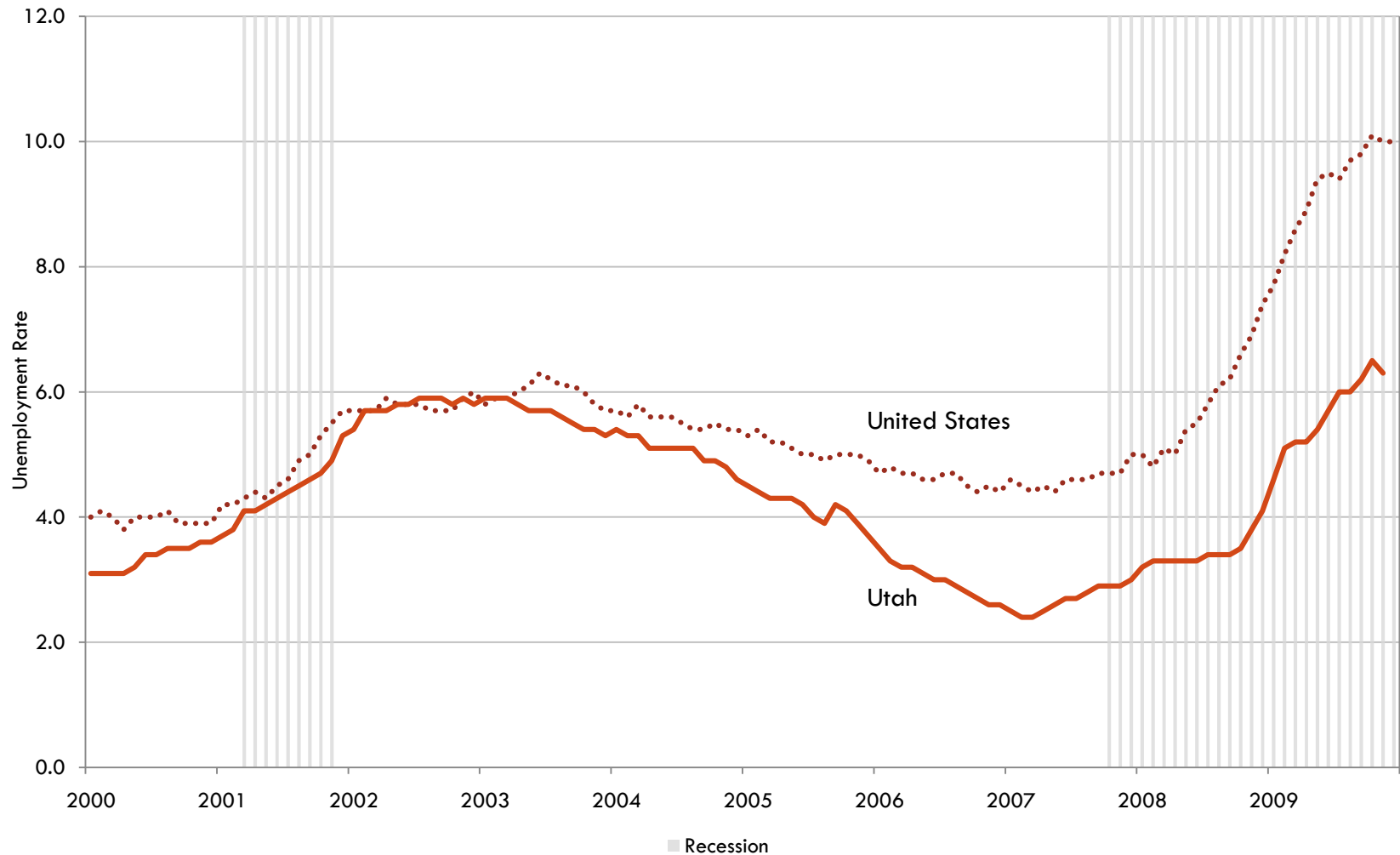
# Although there are Signs of Improvement, Small Businesses Still Face a Tightened Credit Market

**Senior Loan Officer Opinion Survey on Bank Lending:**  
Net Percentage of Domestic Respondents Tightening  
Standards for C&I Loans



# Utah Trends

# Unemployment Rate in Utah Rising, Though Below US Average

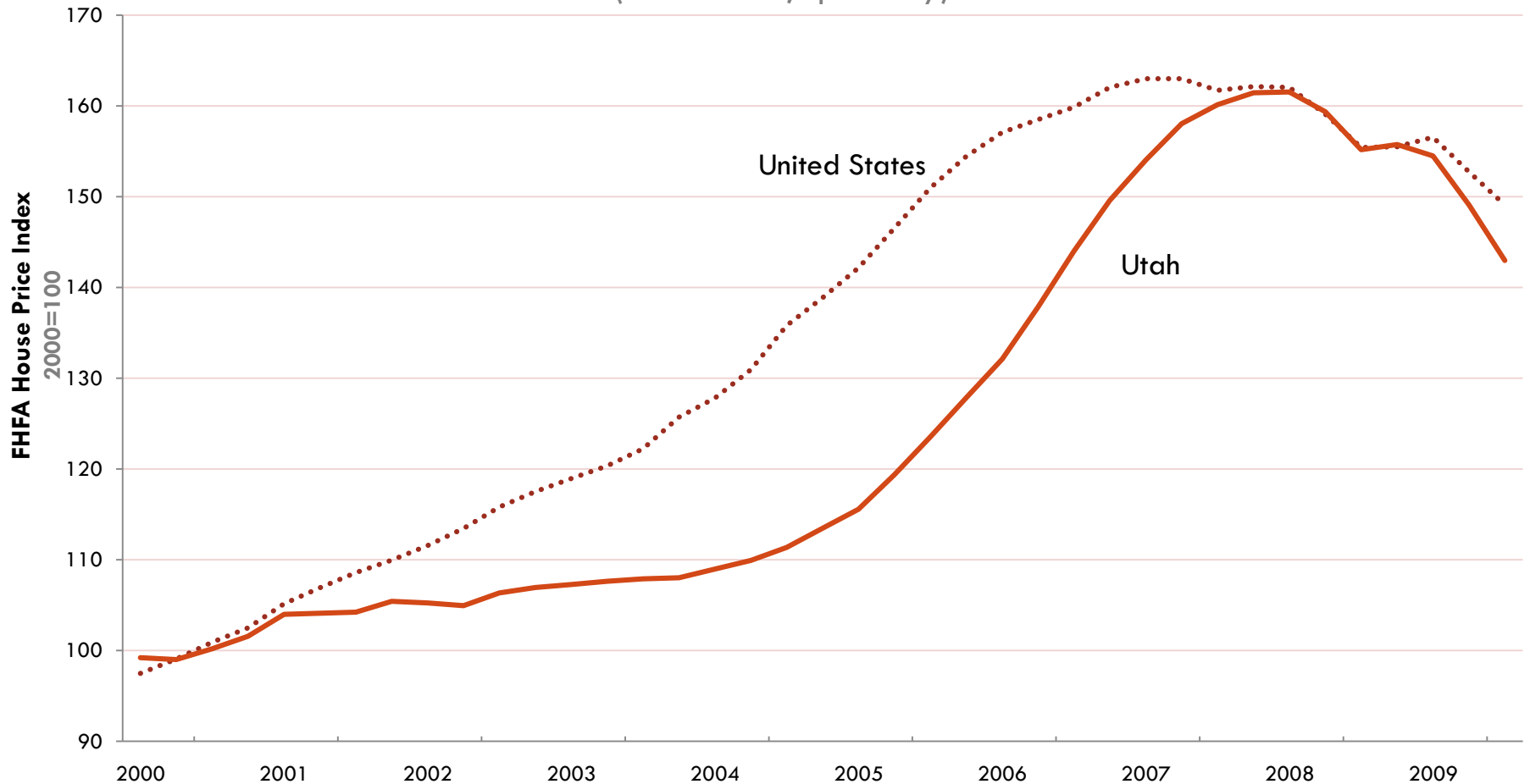


Source: Bureau of Labor Statistics

# Utah Seeing Fall in House Prices

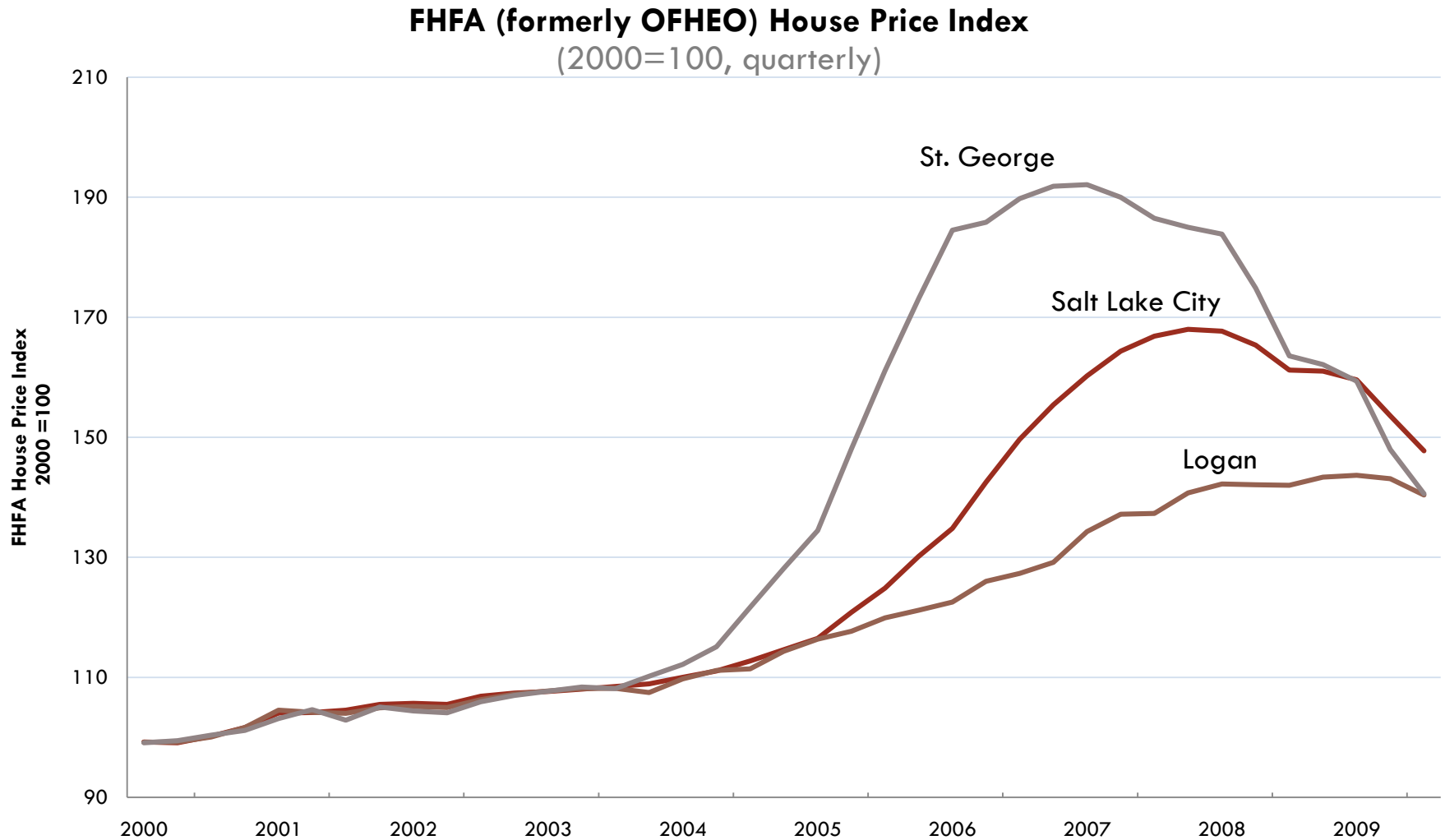
## FHFA House Price Index (formerly OFHEO)

(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

# St. George Experiencing Greatest Decline in House Values

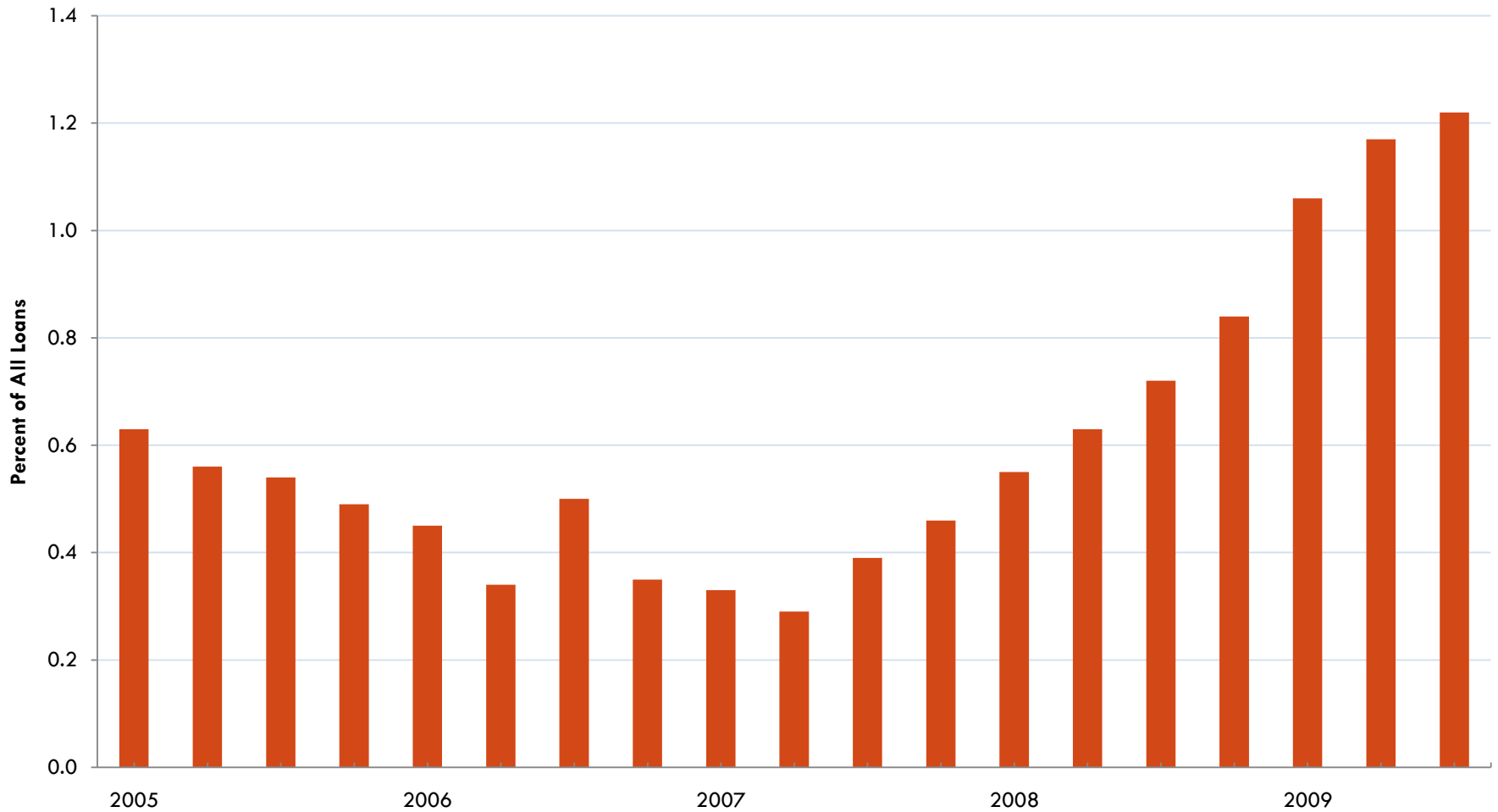


Source: Federal Housing Finance Agency (formerly OFHEO)



# Utah Saw a Continued Increase in Foreclosure Starts in 3<sup>rd</sup> Quarter 2009

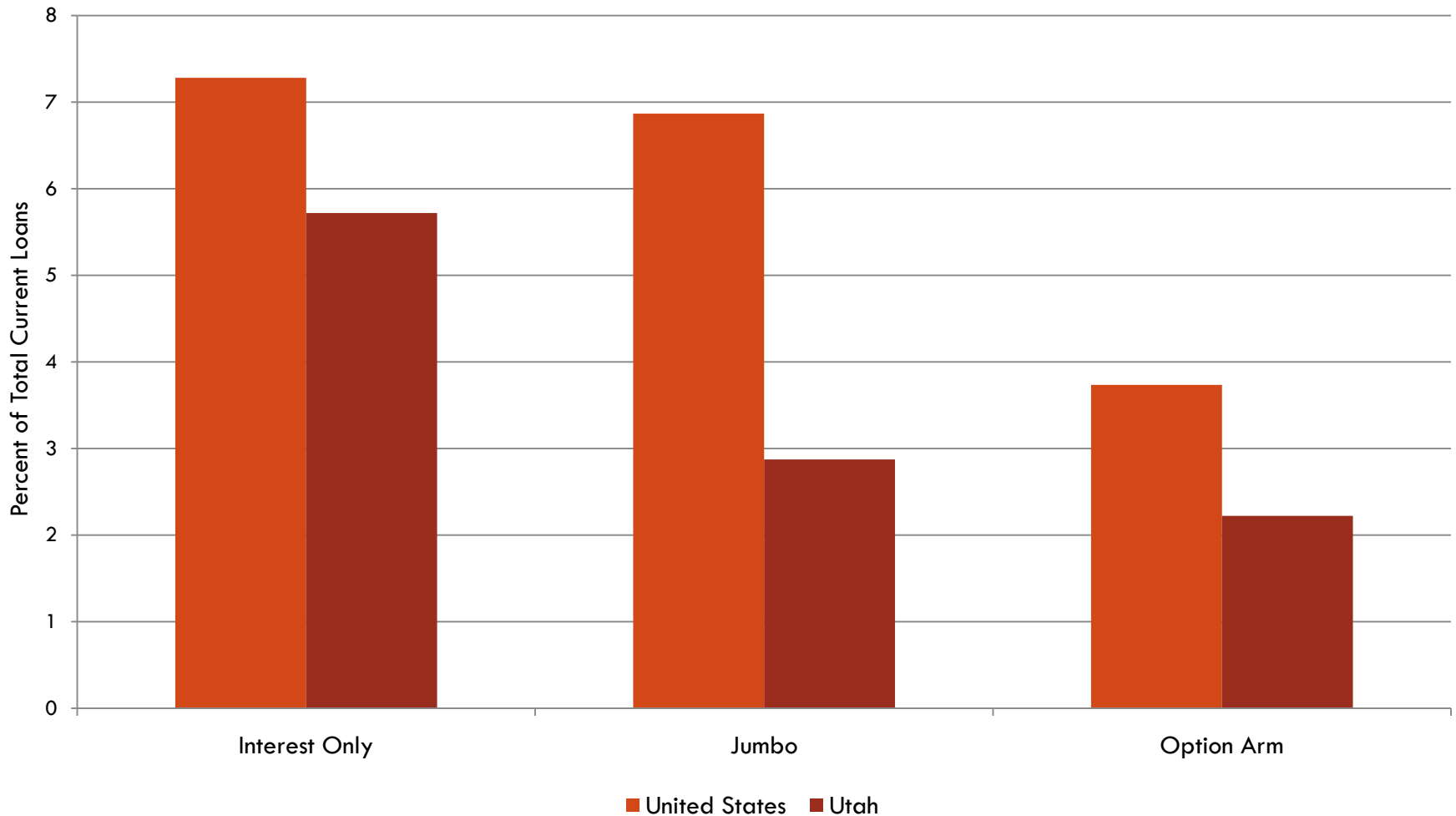
## Utah: Foreclosure Starts



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



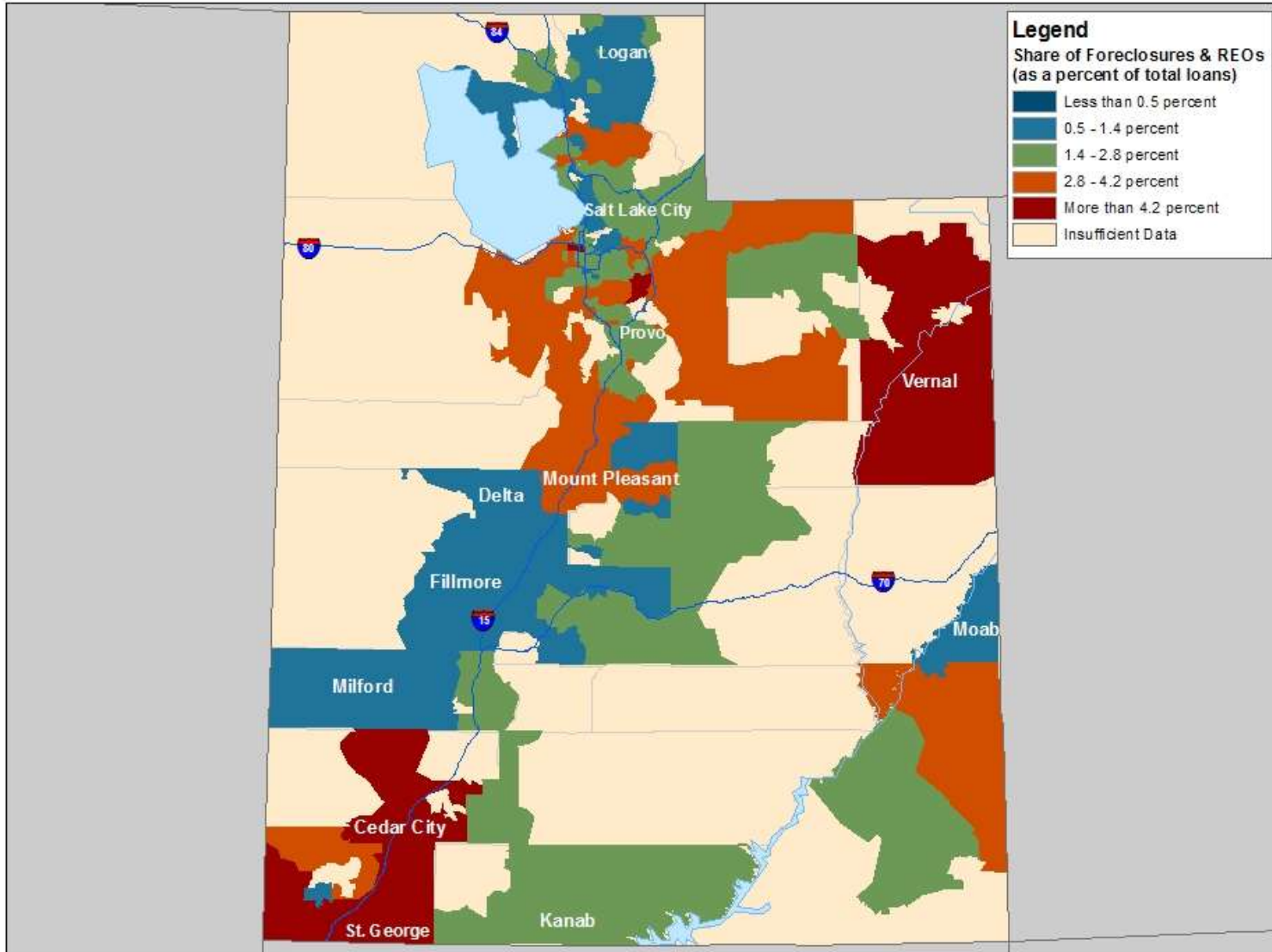
# Utah Foreclosure Data Maps



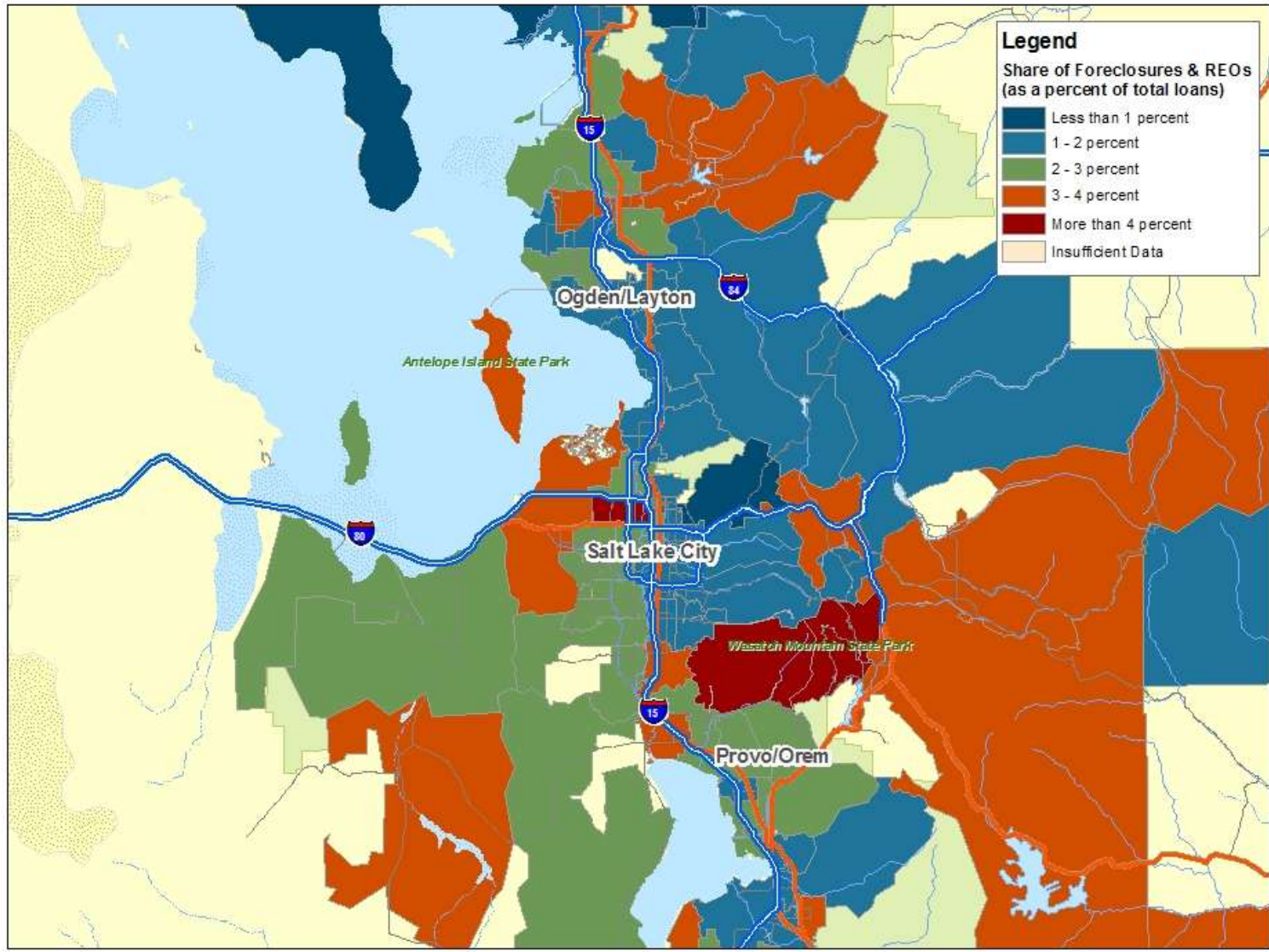


# Areas Affected by Concentrated Foreclosures

November 2009

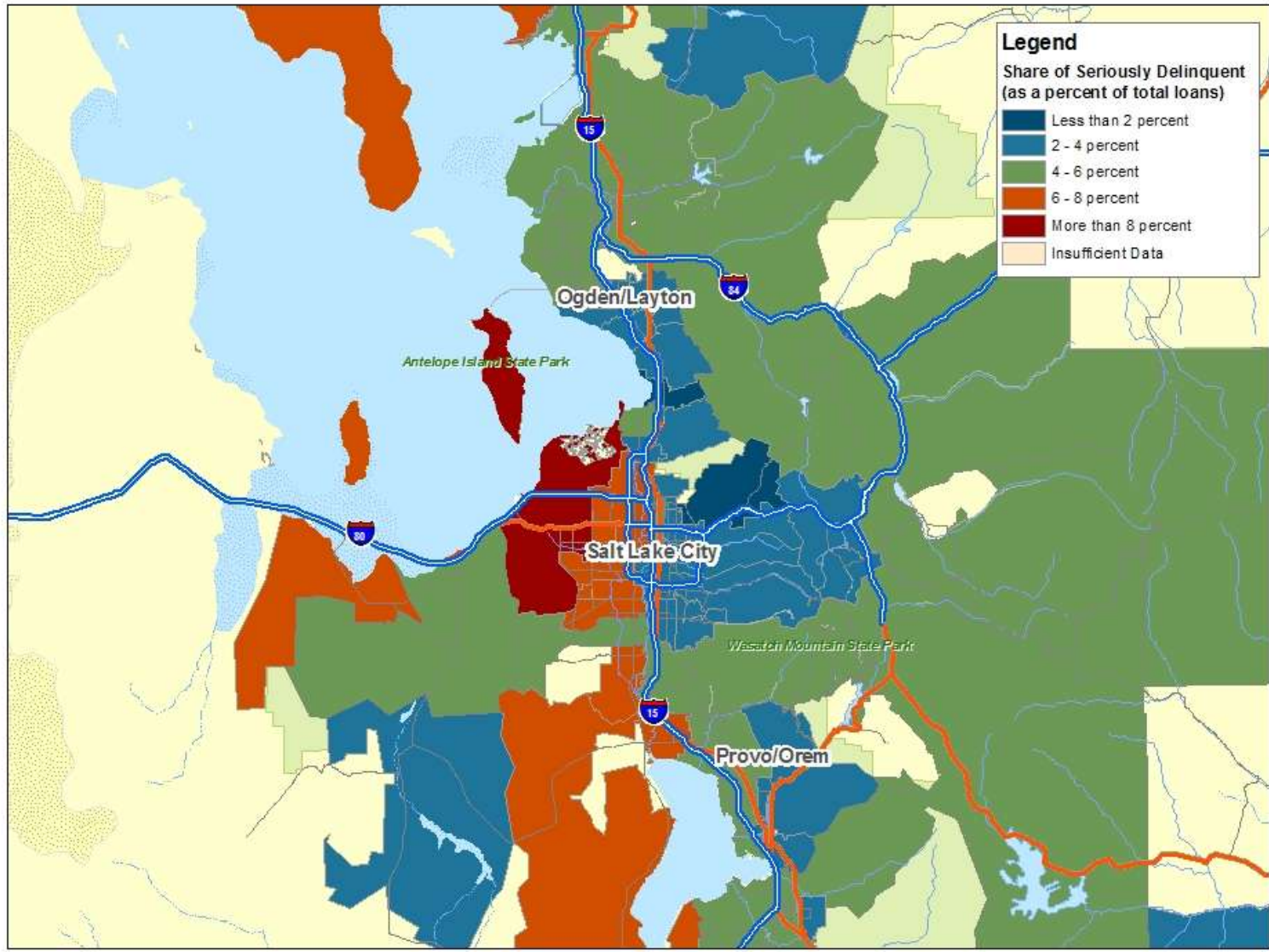


## Neighborhoods Affected by Concentrated Foreclosures November 2009



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

## Neighborhoods at Risk for Additional Foreclosures November 2009



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
      - [http://www.utahhousing.org/documents/2008\\_SEPForeclosureWorkbook\\_English-1.pdf](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

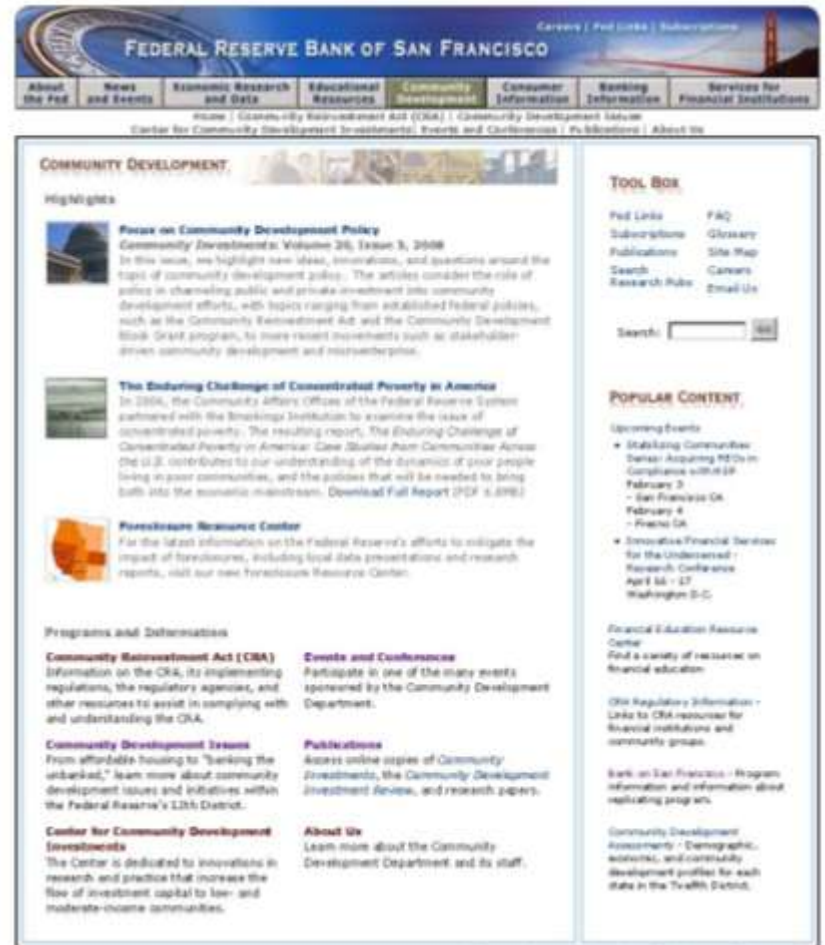
- Foreclosure scams are proliferating, especially in markets with investor interest
  - ▣ Some counties are sending notices to all delinquent borrowers to warn them about foreclosure scams
  - ▣ Free media kit available from the Federal Reserve which includes a PSA and other resources:  
<http://www.federalreserveeducation.org/pfed/mediakit.cfm>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



The screenshot shows the homepage of the Federal Reserve Bank of San Francisco's Community Development website. The header includes the bank's name and navigation links for 'Careers', 'Fed Links', and 'Subscriptions'. A secondary navigation bar lists various topics: 'About the Fed', 'News and Events', 'Economic Research and Data', 'Educational Resources', 'Community Development' (highlighted), 'Consumer Information', 'Banking Information', and 'Services for Financial Institutions'. Below this, there are links for 'Home', 'Community Reinvestment Act (CRA)', 'Community Development Issues', 'Center for Community Development Investments', 'Events and Conferences', and 'Publications'. The main content area is titled 'COMMUNITY DEVELOPMENT' and features a 'Highlights' section with three articles: 'Focus on Community Development Policy', 'The Enduring Challenge of Concentrated Poverty in America', and 'Foreclosure Resource Center'. To the right, there is a 'TOOL BOX' with links for 'Fed Links', 'Subscriptions', 'Publications', 'Search', and 'Research Hub'. Below that is a 'POPULAR CONTENT' section listing upcoming events like 'Marketing Communities: Ensuring MD to be Compliant with CFI' and 'Innovative Financial Services for the Underserved'. At the bottom, there are sections for 'Programs and Information', 'Events and Conferences', 'Publications', and 'About Us'.

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