

# TRENDS IN DELINQUENCIES AND FORECLOSURES IN UTAH

May 2010

Community Development Research  
Federal Reserve Bank of San Francisco

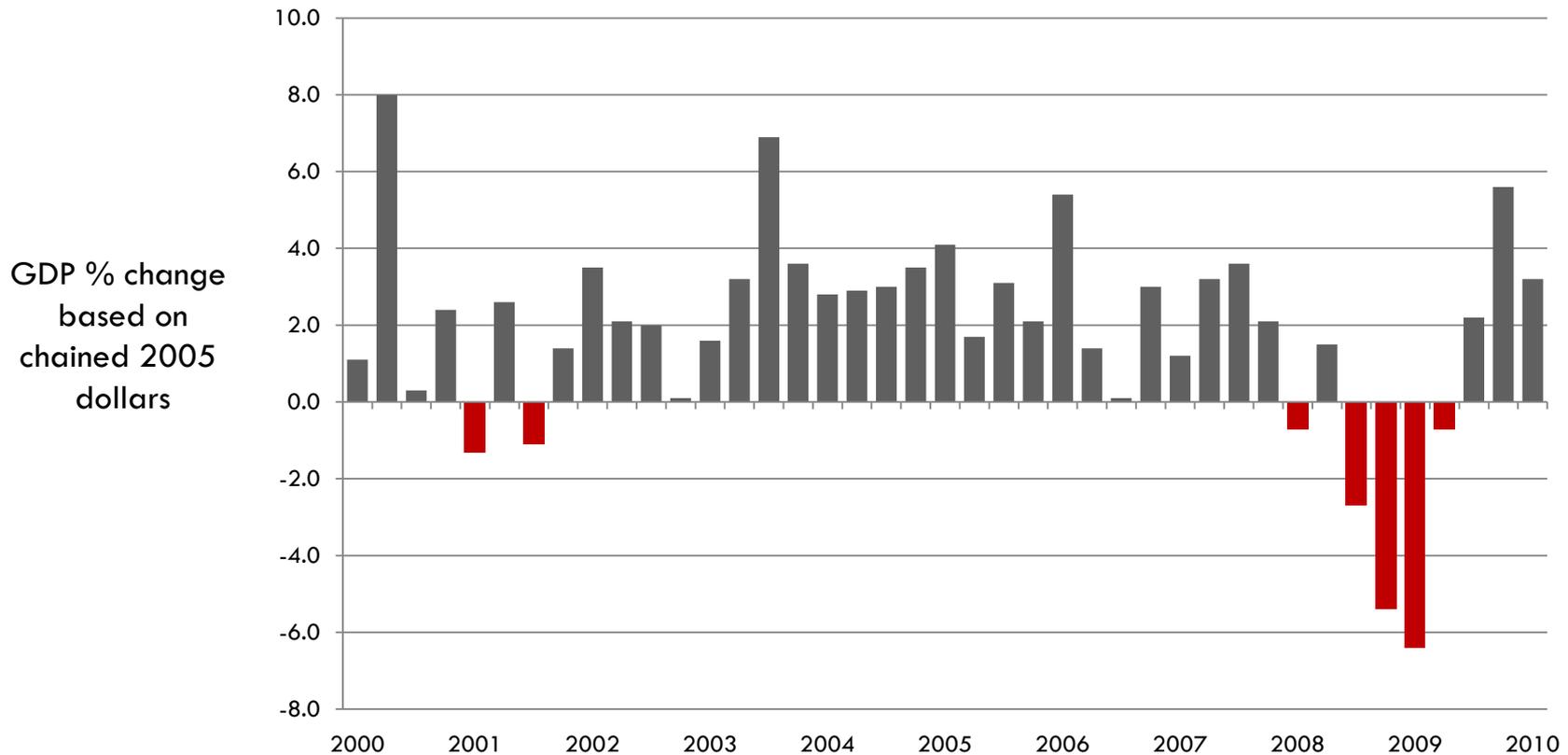
# National Trends

- 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 4<sup>th</sup> 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

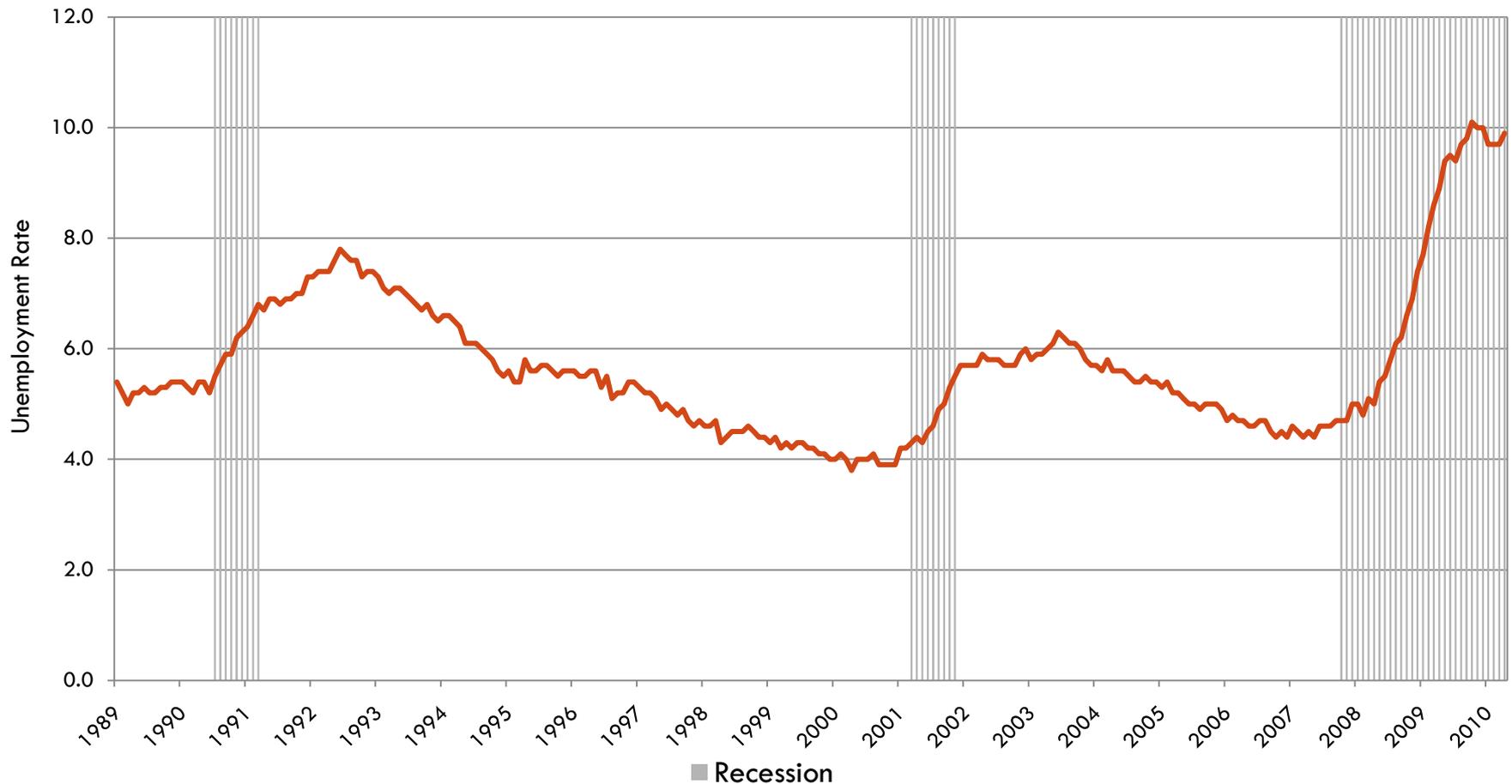
Real Gross Domestic Product  
(percent change at seasonally adjusted annual rate)



Source: Bureau of Economic Analysis

# Unemployment Continues to Hover Around 10%

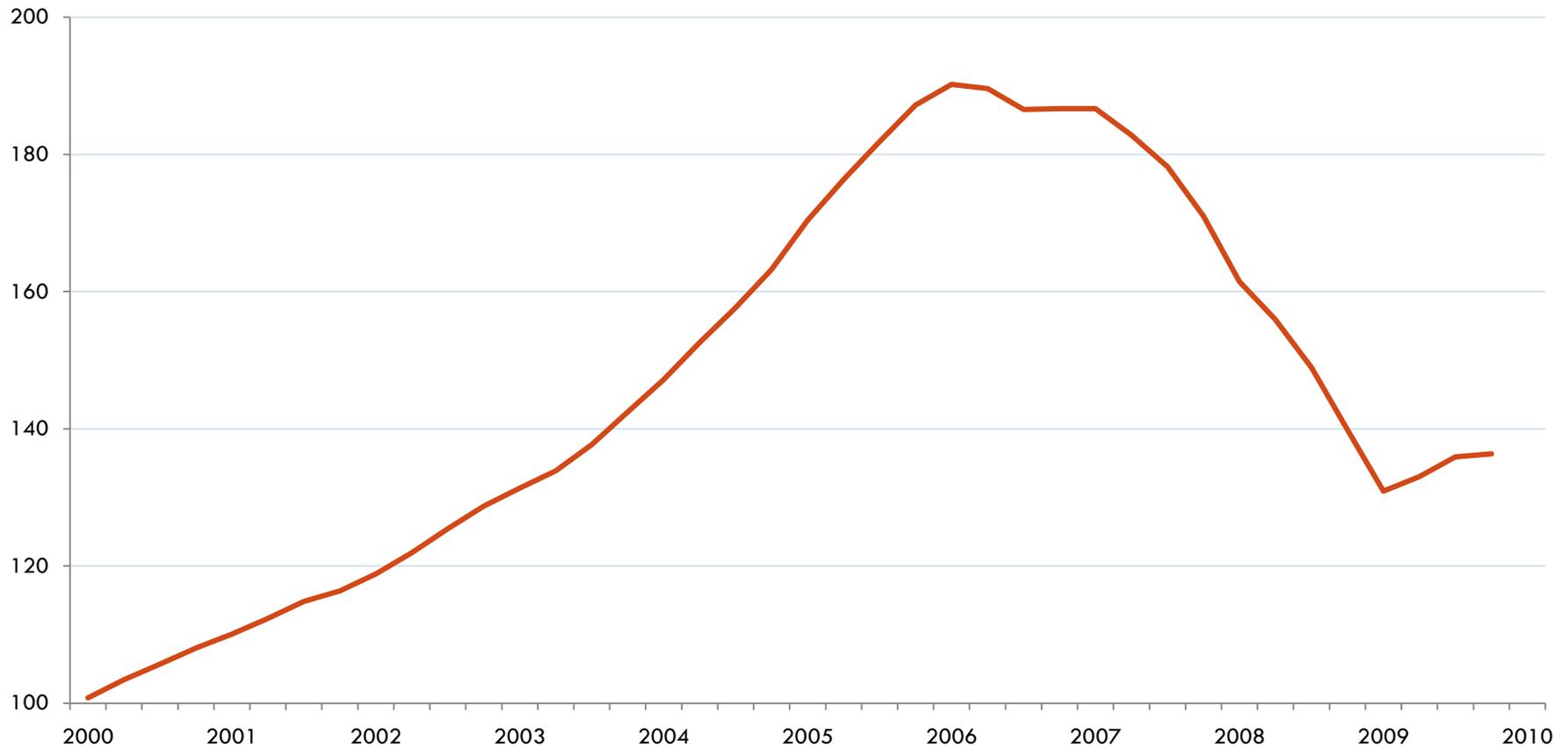
U.S. Unemployment Rate



Source: Bureau of Labor Statistics, April 2010

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

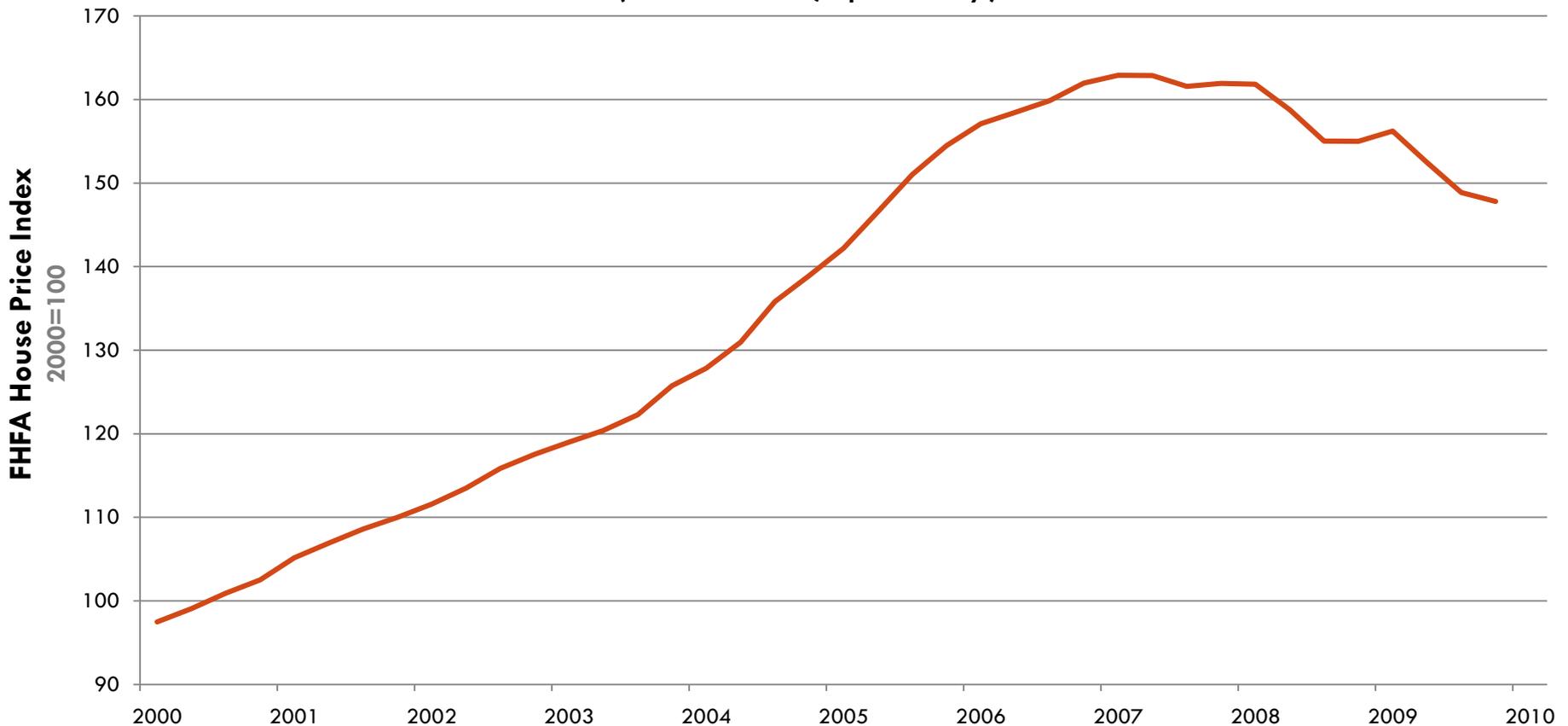
**Case-Shiller National House Price Index**  
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index

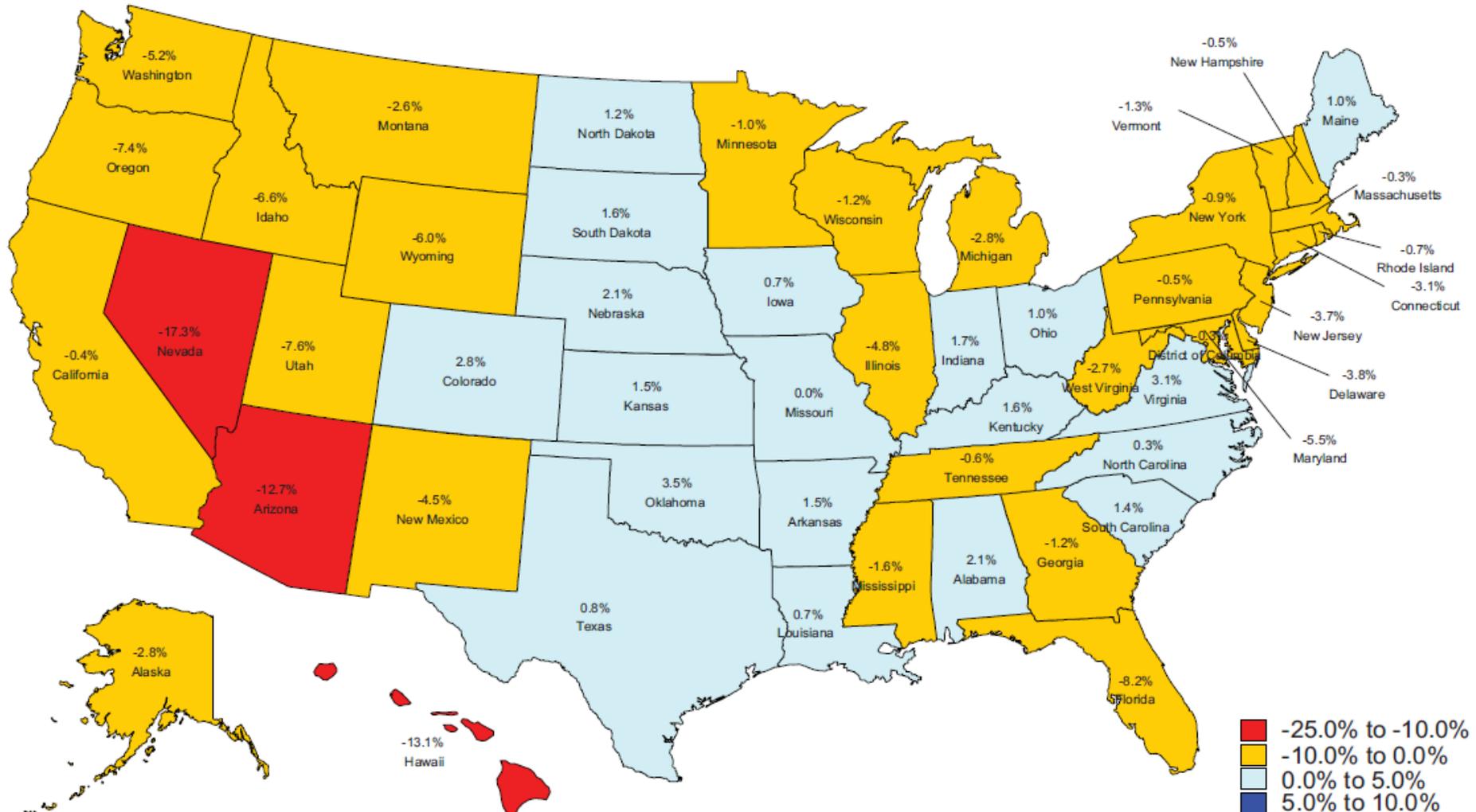
# FHFA House Price Index Continues to Fall; Reflecting Activity at Lower End of Market

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



Source: Federal Housing Finance Agency (formerly OFHEO)

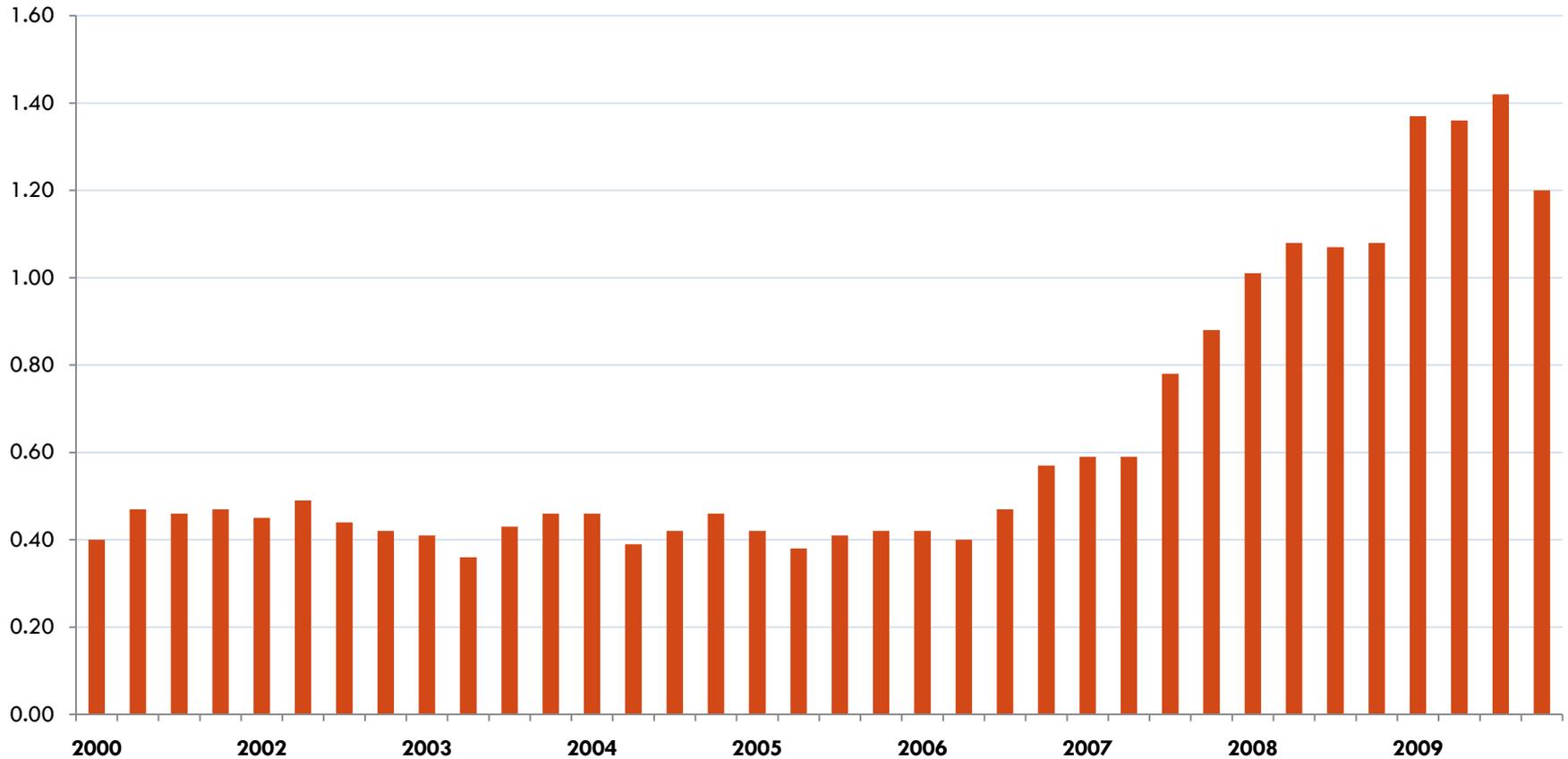
# FHFA Four-Quarter Price Change Shows Significant Depreciation in 12<sup>th</sup> District



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

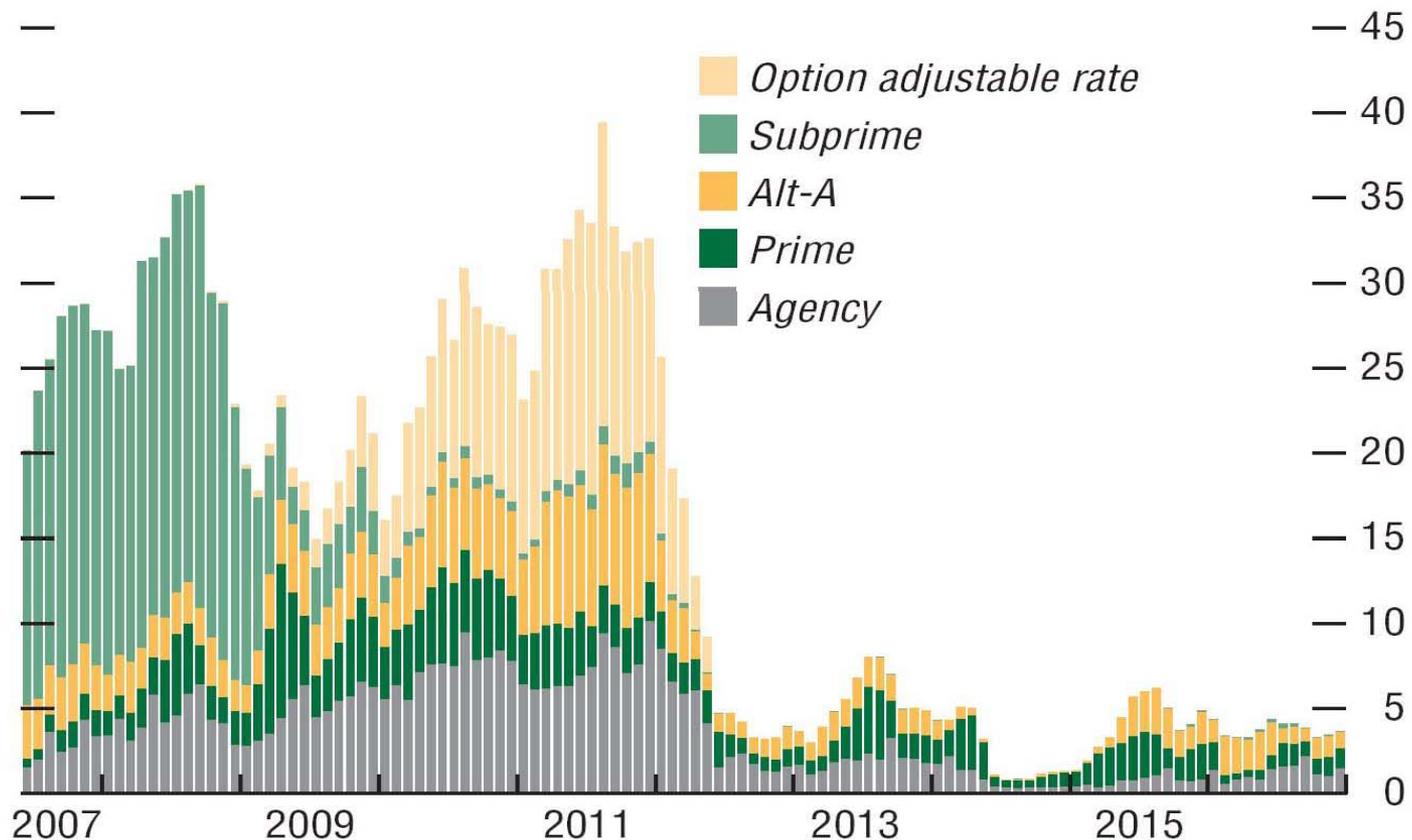


Source: Mortgage Bankers Association, National Delinquency Survey

# Concern that Upcoming Resets will Continue to Drive New Foreclosures

## Monthly Mortgage Rate Resets

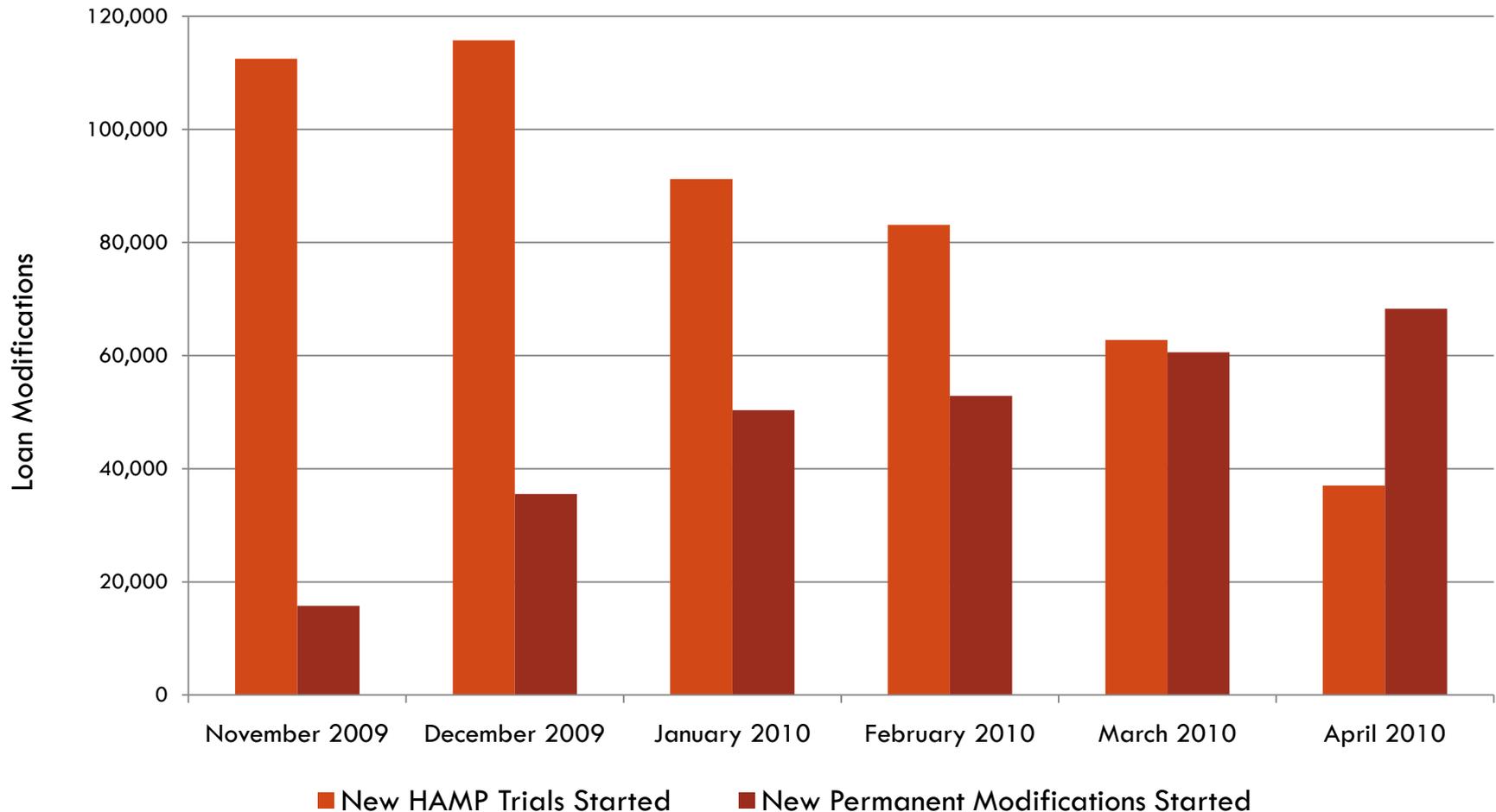
(first reset in billions of US dollars)



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

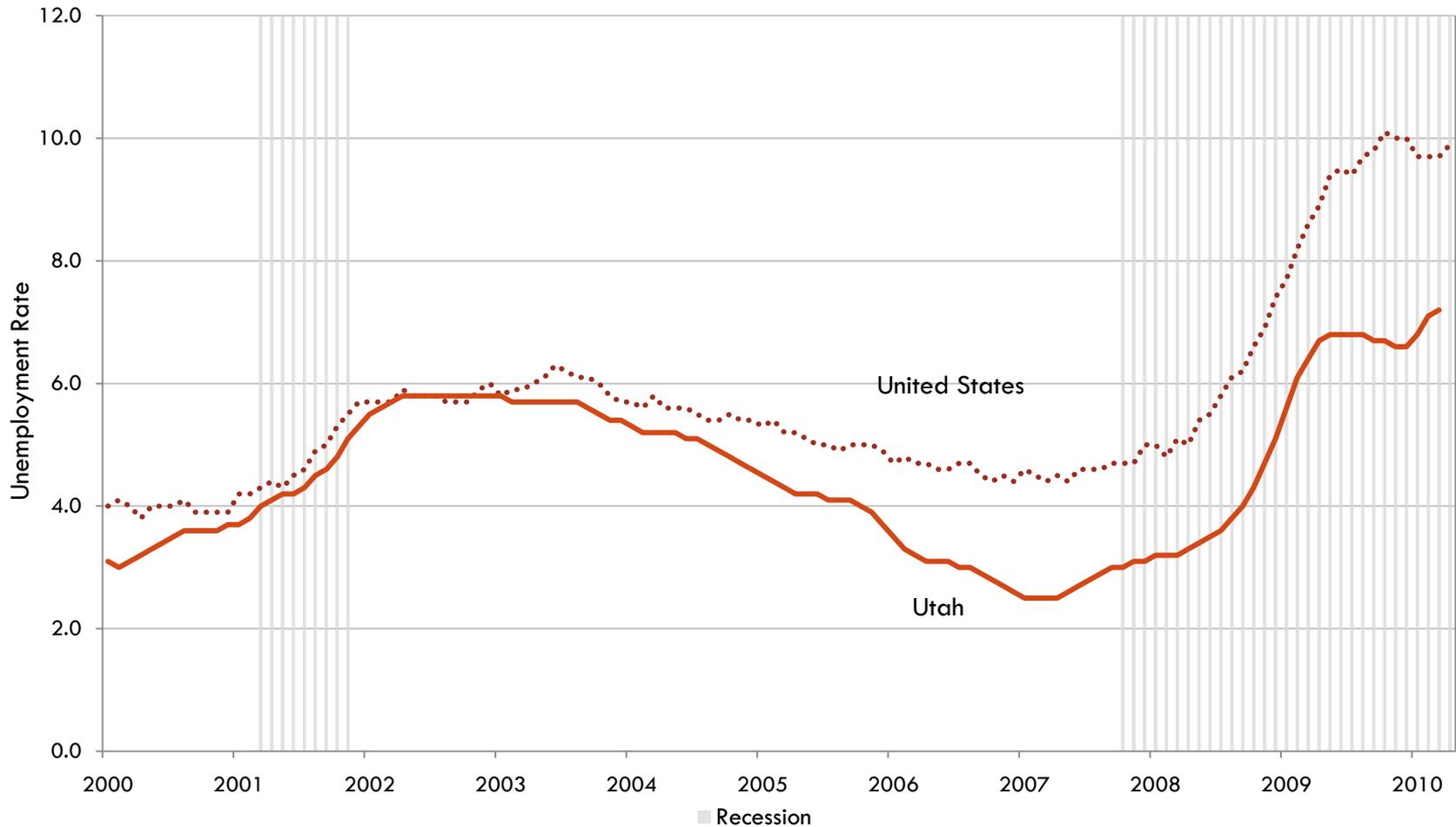


Source: HAMP Service Performance Report Through April 2010:

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

# Utah Trends

# Unemployment Rate in Utah Rising, Though Below US Average

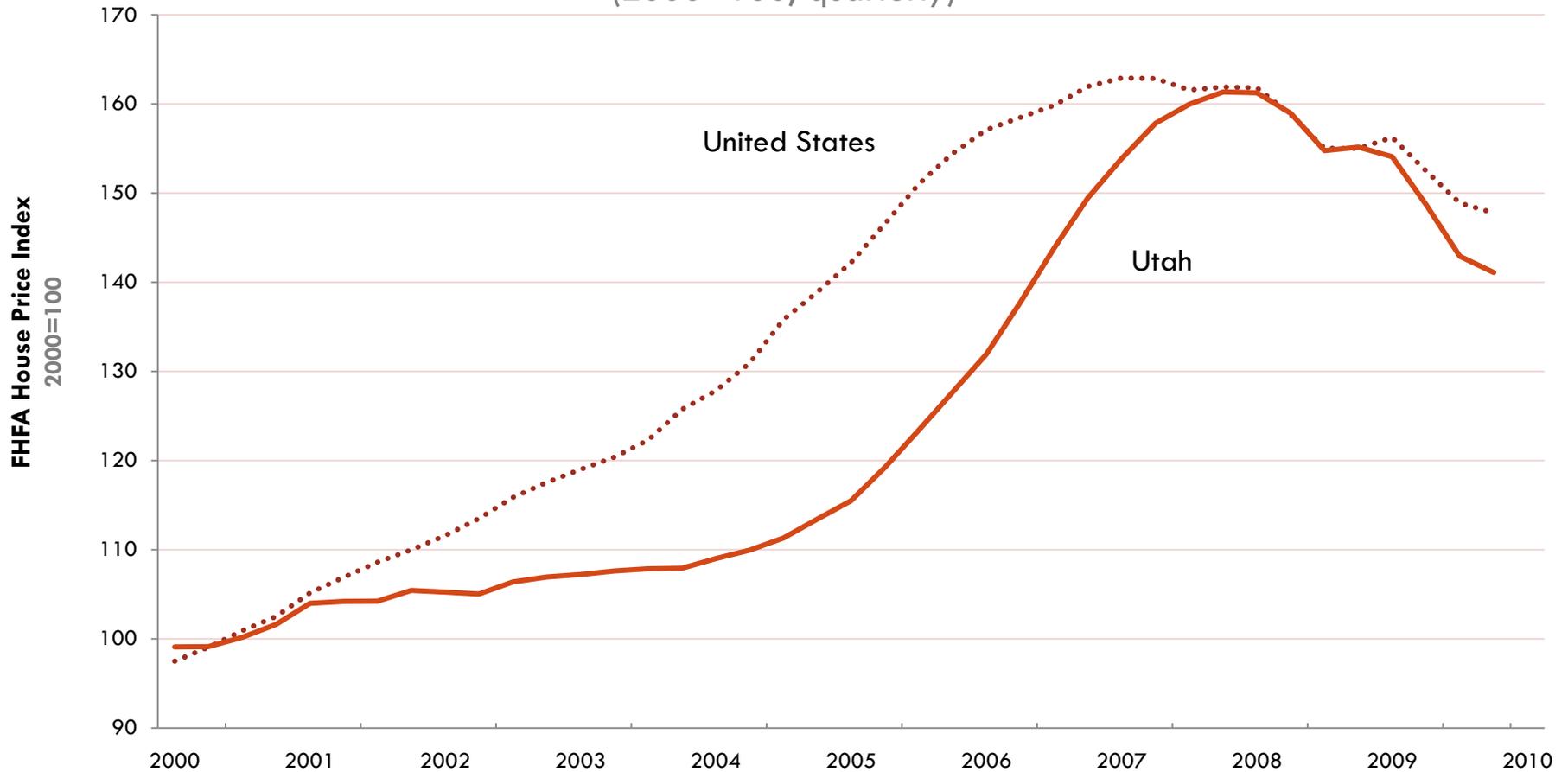


Source: Bureau of Labor Statistics

# Utah Seeing Fall in House Prices

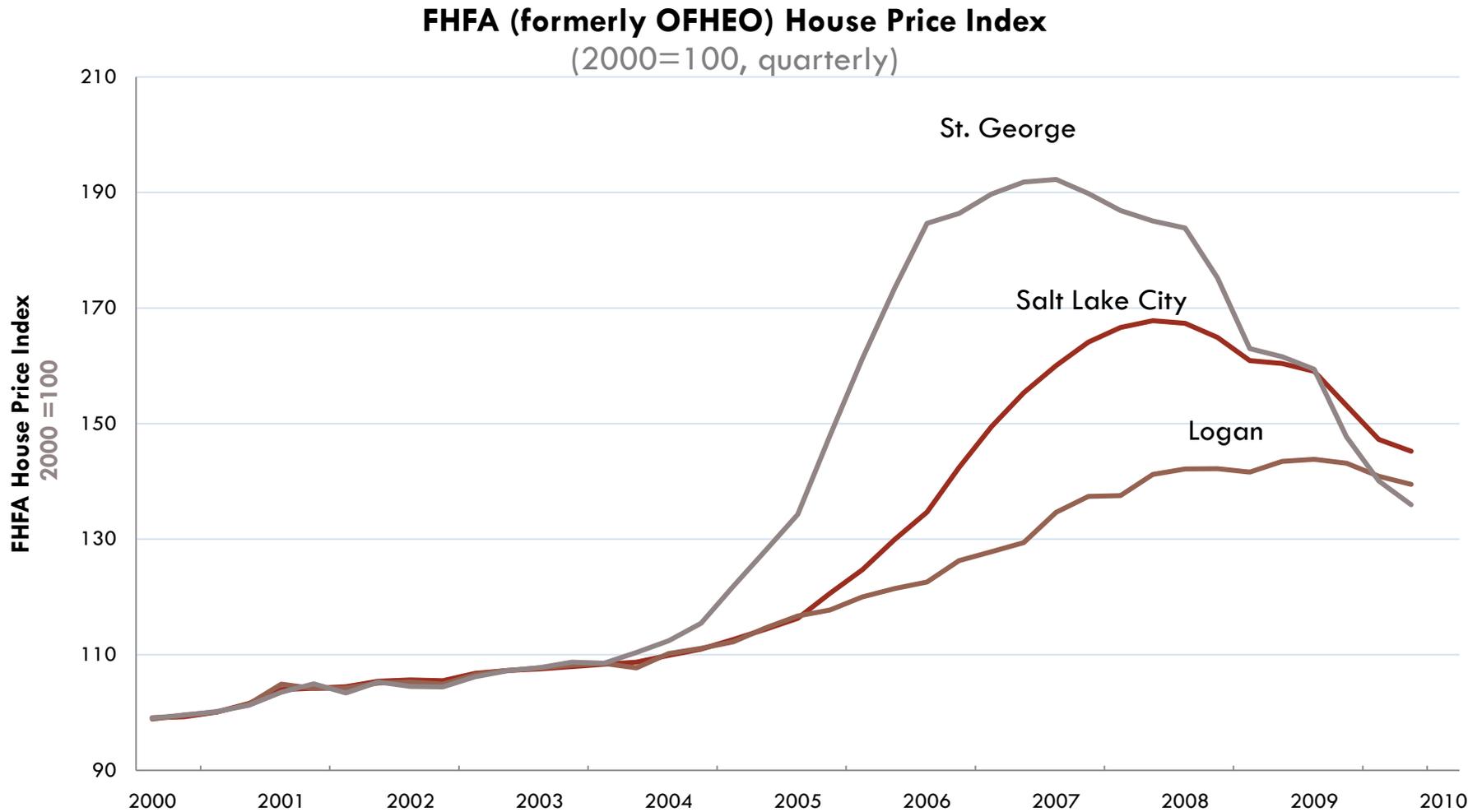
## FHFA House Price Index (formerly OFHEO)

(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

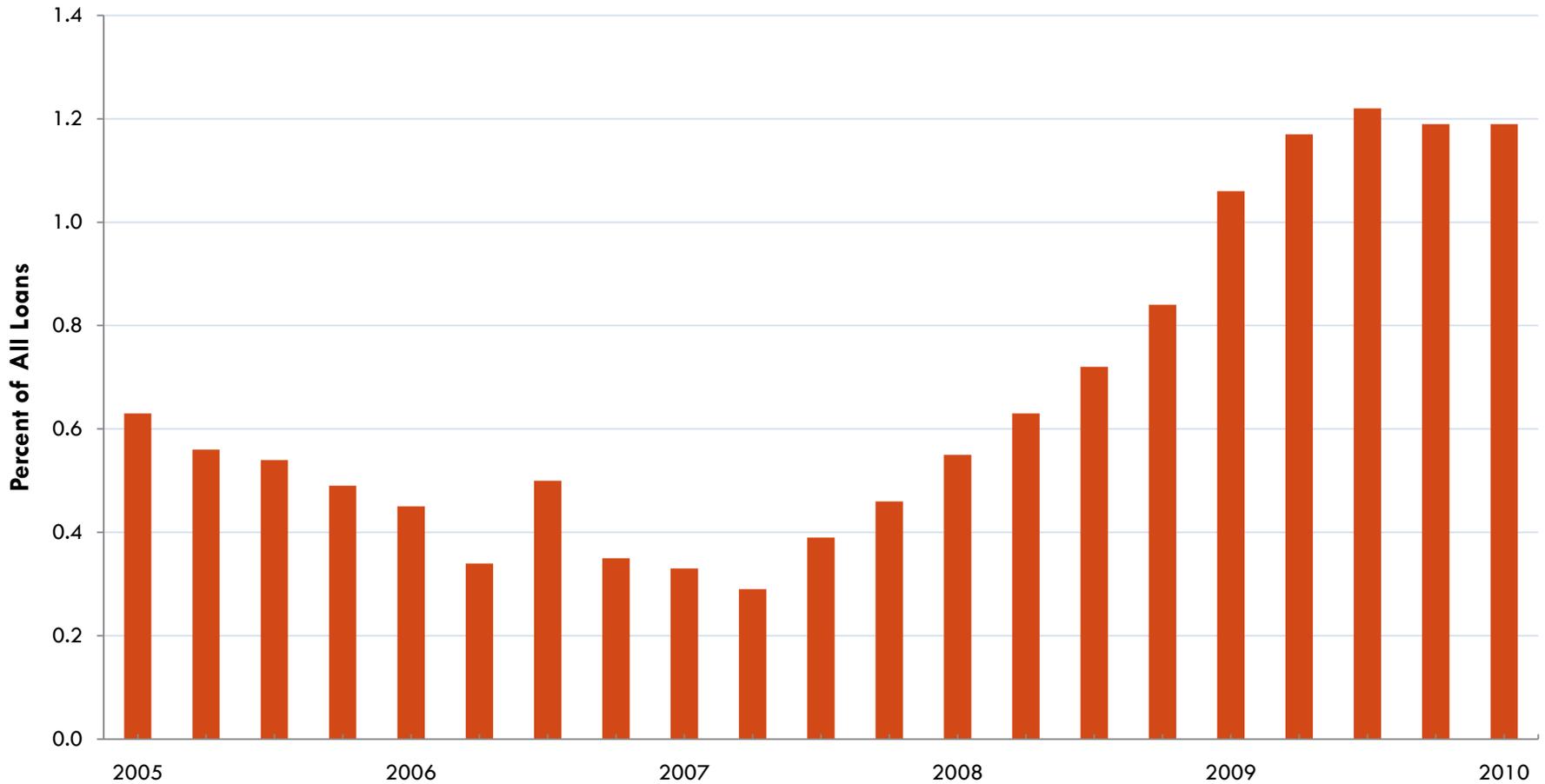
# St. George Experiencing Greatest Decline in House Values



Source: Federal Housing Finance Agency (formerly OFHEO)

# Utah Foreclosure Starts Appear to be Stabilizing

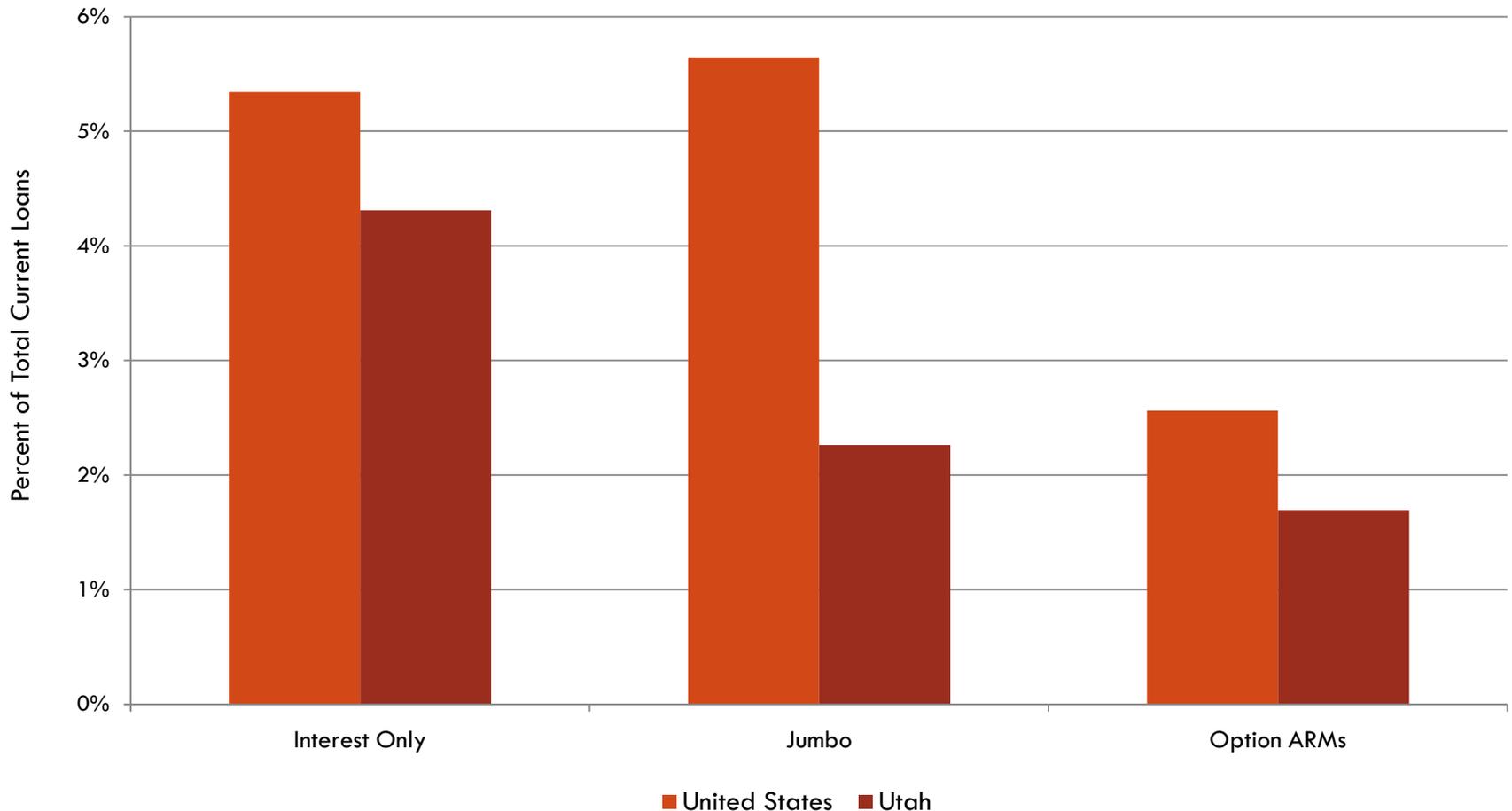
## Utah: Foreclosure Starts



Source: Mortgage Bankers Association, National Delinquency Survey

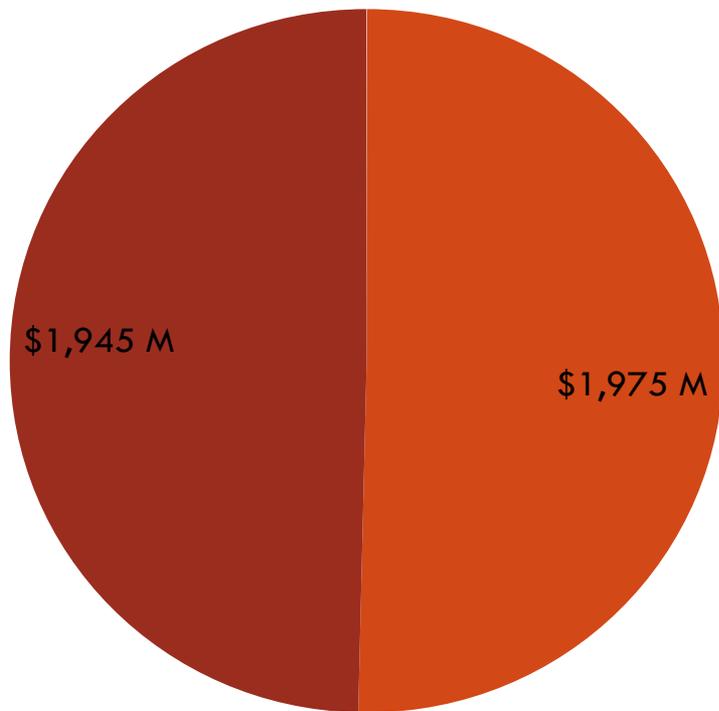
# Utah Less at Risk of Additional Foreclosures Related to Loans with Payment Options (in subprime, prime and Alt-A markets)

## Characteristics of Remaining "Current" Loans

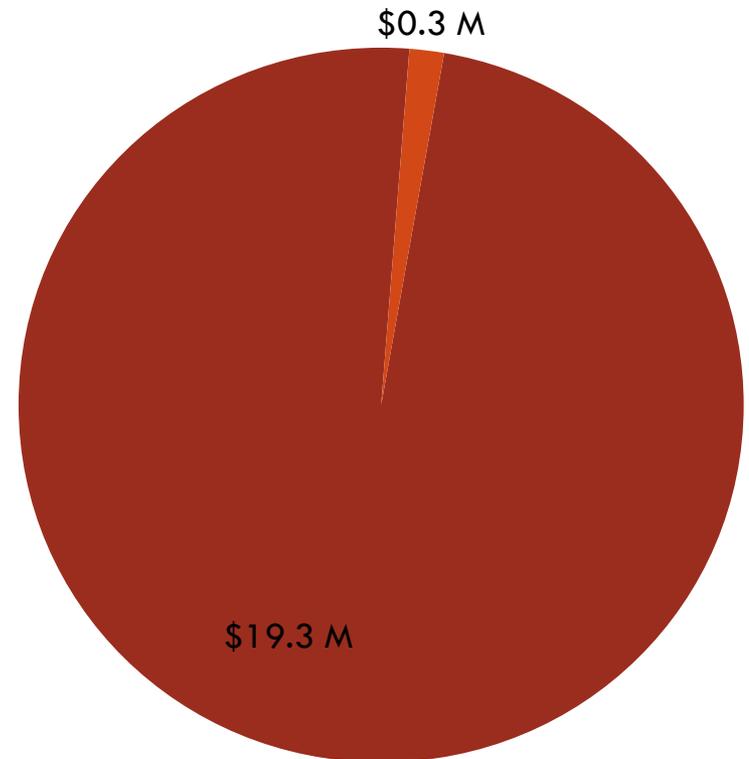


# Neighborhood Stabilization Program

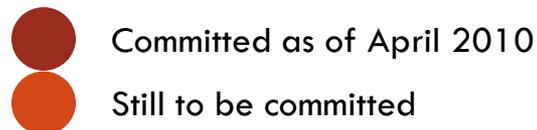
## US Program Nationwide



## Utah Program Statewide



Source: HUD NSP Snapshots



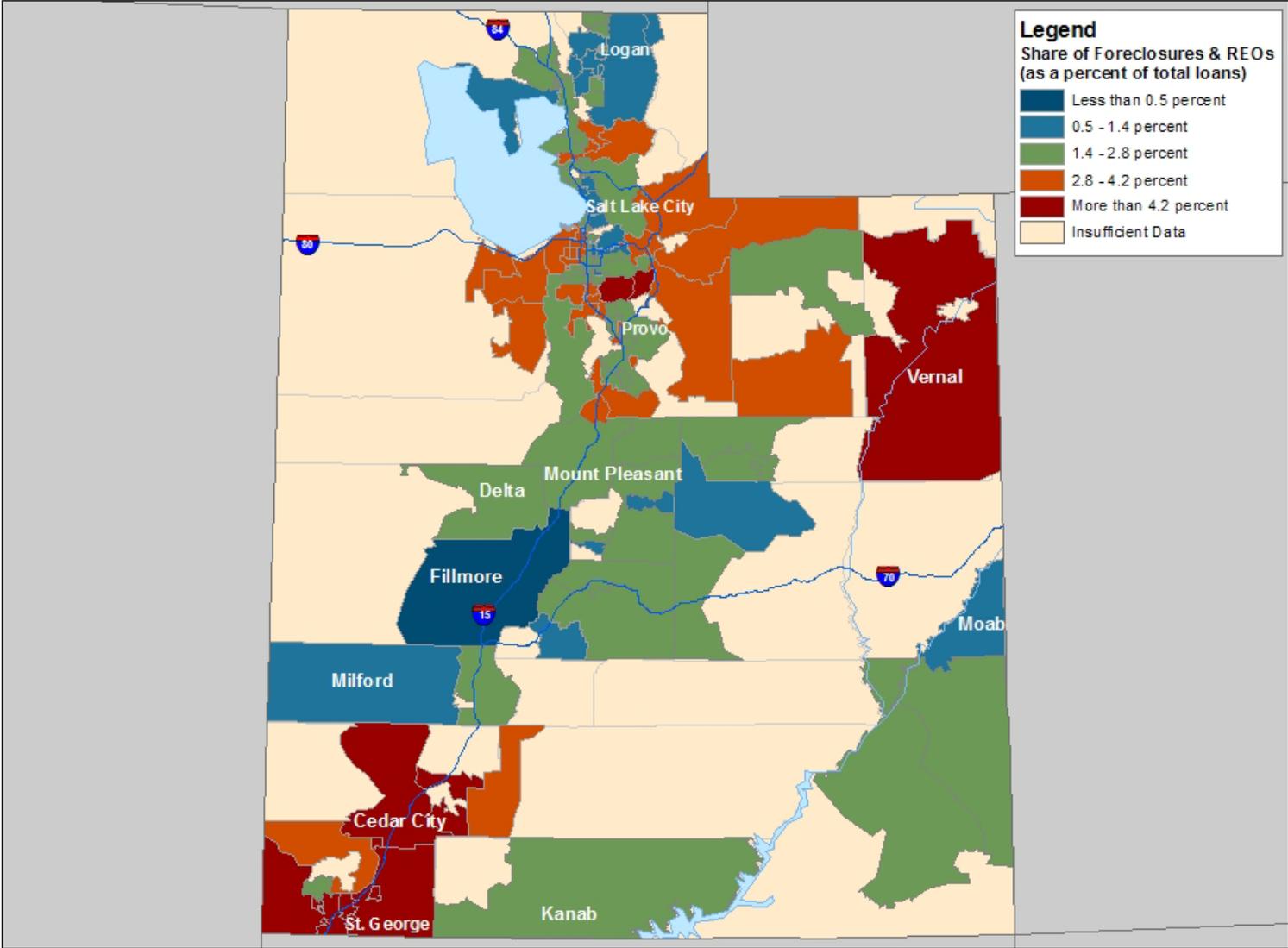
# Utah Foreclosure Data Maps





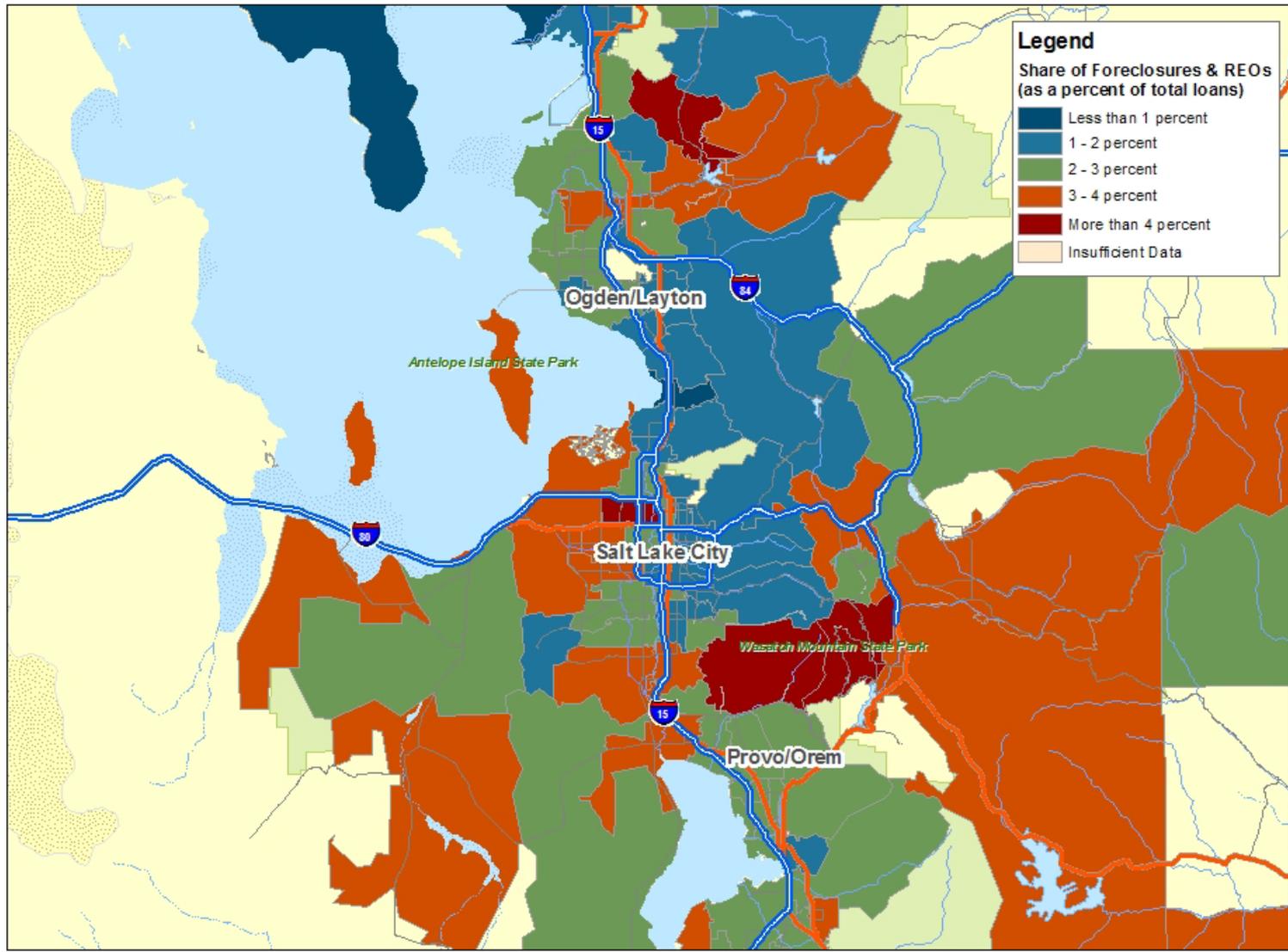
# Areas Affected by Concentrated Foreclosures

## February 2010



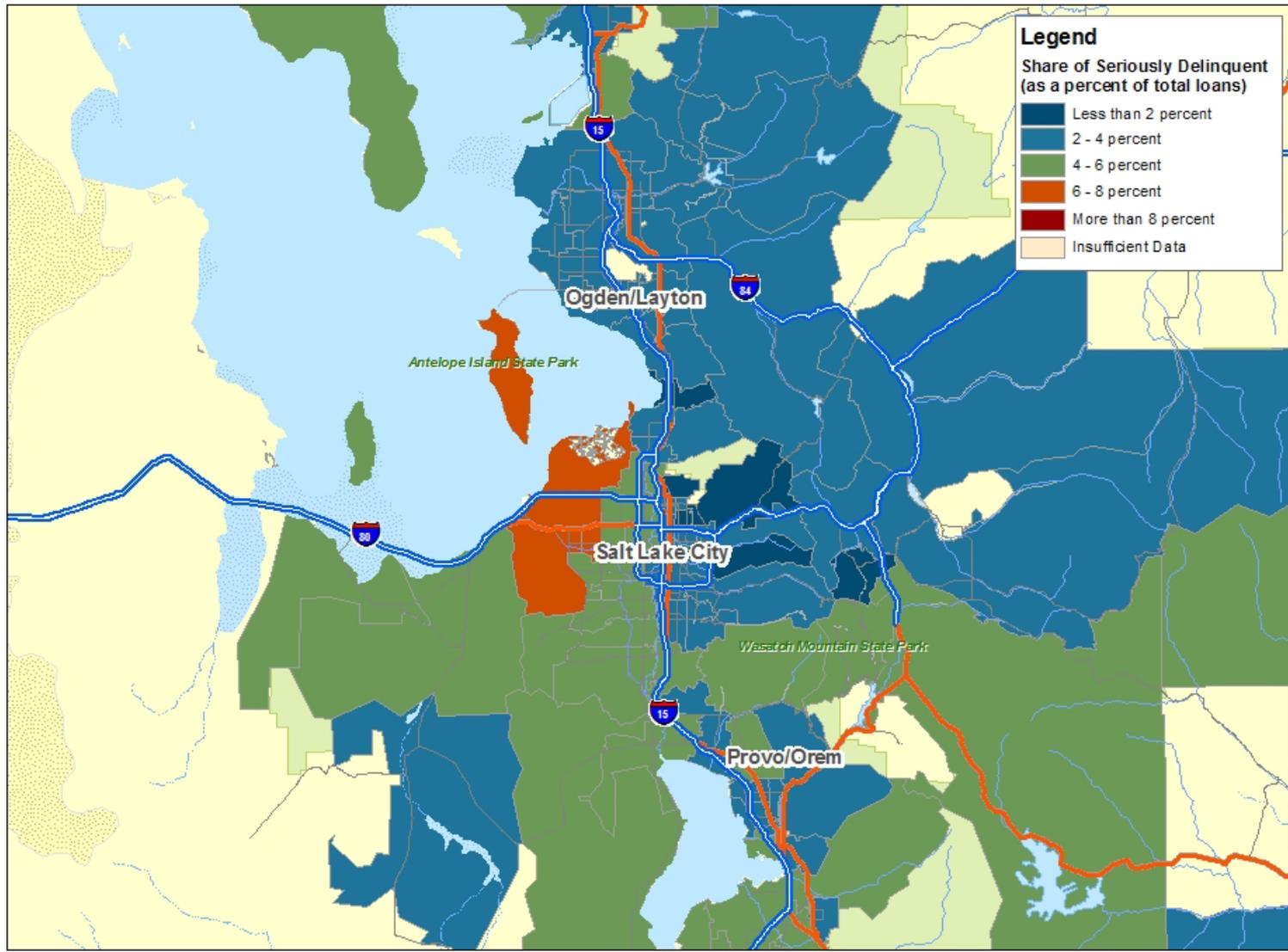
Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

## Neighborhoods Affected by Concentrated Foreclosures February 2010



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

## Neighborhoods at Risk for Additional Foreclosures February 2010



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

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### COMMUNITY DEVELOPMENT

**Highlights**

**Focus on Community Development Policy**  
*Community Investments: Volume 20, Issue 3, 2008*  
In this issue, we highlight new ideas, innovations, and questions around the topic of community development policy. The articles consider the role of policy in channeling public and private investment into community development efforts, with topics ranging from established federal policies, such as the Community Reinvestment Act and the Community Development Block Grant program, to more recent movements such as stakeholder-driven community development and microenterprise.

**The Enduring Challenge of Concentrated Poverty in America**  
In 2006, the Community Affairs Offices of the Federal Reserve System partnered with the Brookings Institution to examine the issue of concentrated poverty. The resulting report, *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.* contributes to our understanding of the dynamics of poor people living in poor communities, and the policies that will be needed to bring both into the economic mainstream. [Download Full Report \(PDF 6.8MB\)](#)

**Foreclosure Resource Center**  
For the latest information on the Federal Reserve's efforts to mitigate the impact of foreclosures, including local data presentations and research reports, visit our new Foreclosure Resource Center.

**Programs and Information**

**Community Reinvestment Act (CRA)**  
Information on the CRA, its implementing regulations, the regulatory agencies, and other resources to assist in complying with and understanding the CRA.

**Events and Conferences**  
Participate in one of the many events sponsored by the Community Development Department.

**Publications**  
Access online copies of *Community Investments*, the *Community Development Investment Review*, and research papers.

**Center for Community Development Investments**  
The Center is dedicated to innovations in research and practice that increase the flow of investment capital to low- and moderate-income communities.

**About Us**  
Learn more about the Community Development Department and its staff.

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**POPULAR CONTENT**

**Upcoming Events**

- Stabilizing Communities Series: Acquiring REOs in Compliance with NSP  
February 3  
- San Francisco CA  
February 4  
- Fresno CA
- Innovative Financial Services for the Underserved - Research Conference  
April 16 - 17  
Washington D.C.

Financial Education Resource Center  
Find a variety of resources on financial education

CRA Regulatory Information - Links to CRA resources for financial institutions and community groups.

Bank on San Francisco - Program information and information about replicating program

Community Development Assessments - Demographic, economic, and community development profiles for each state in the Twelfth District.

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