

TRENDS IN DELINQUENCIES AND FORECLOSURES IN UTAH

April 2009

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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

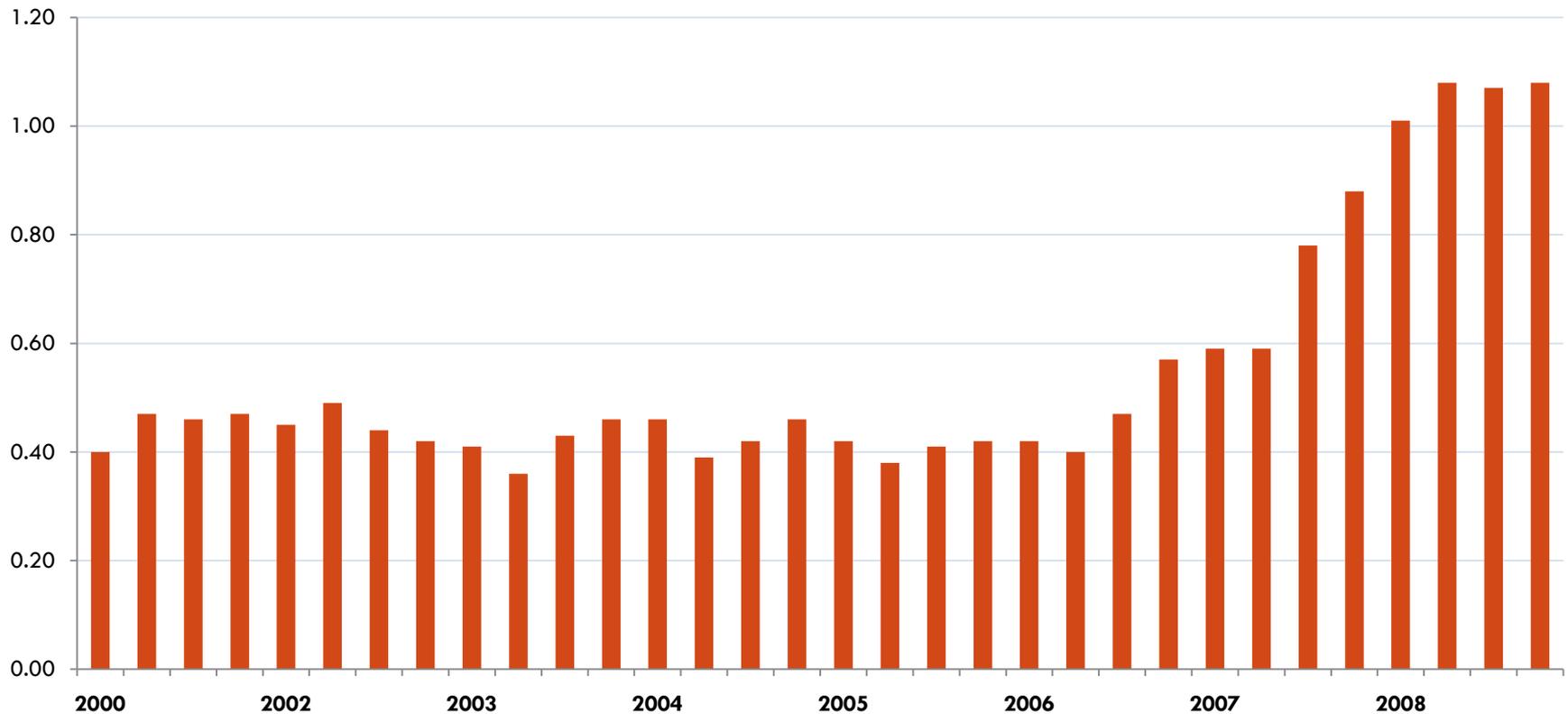
National Trends

National Trends

- Foreclosures rose steadily in 2008, with wide repercussions for US economy
 - After a slight decline in the national foreclosure rate in the 3rd Quarter of 2008, rose again in 4th Quarter
- Factors driving foreclosures nationally
 - House price declines
 - Rising unemployment, coupled with turmoil in financial and credit markets, may further influence foreclosure rate going forward

National Foreclosure Starts Rose Slightly in 4th Quarter of 2008

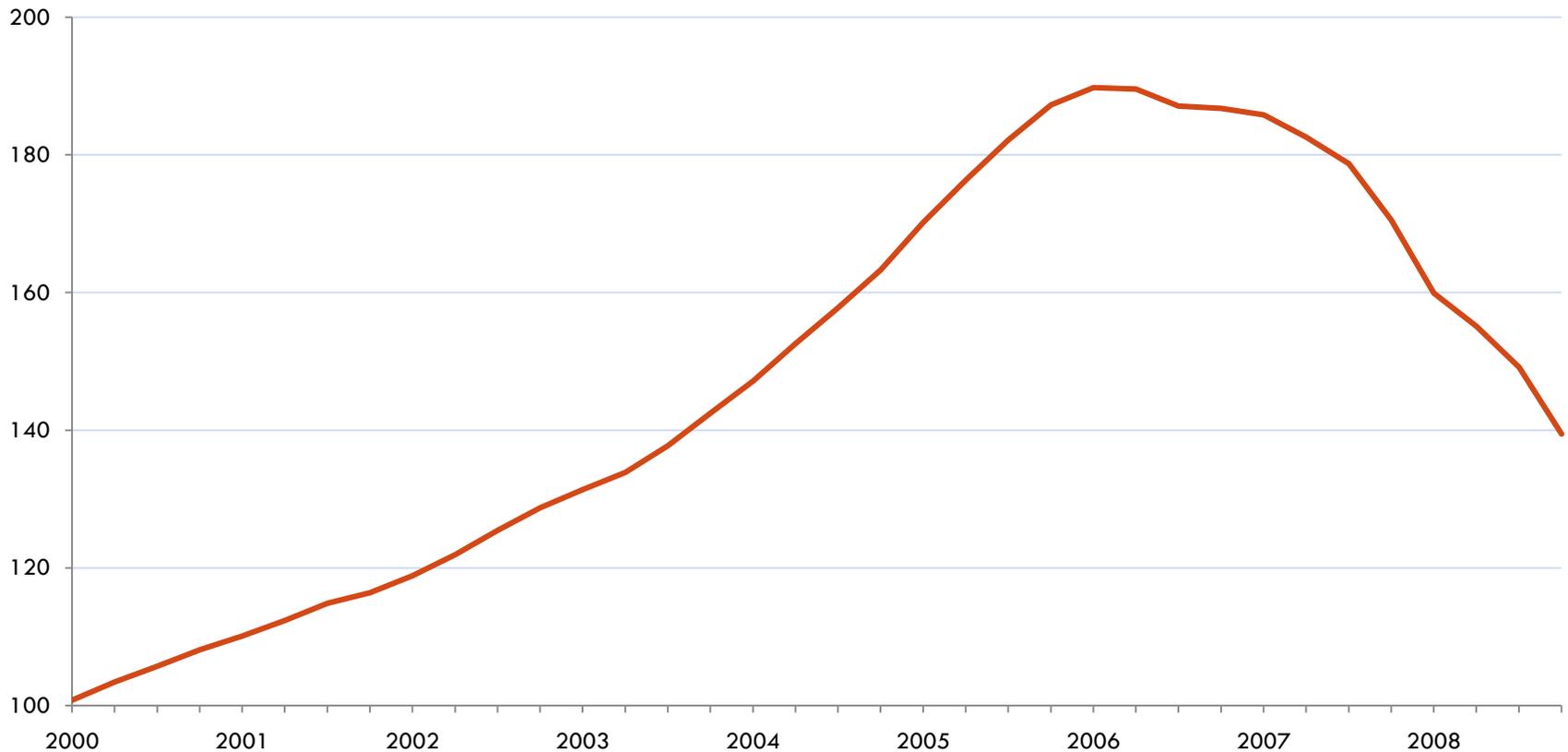
National Foreclosures Starts
Percent of All Loans



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

Nationally, House Prices Continue to Decline

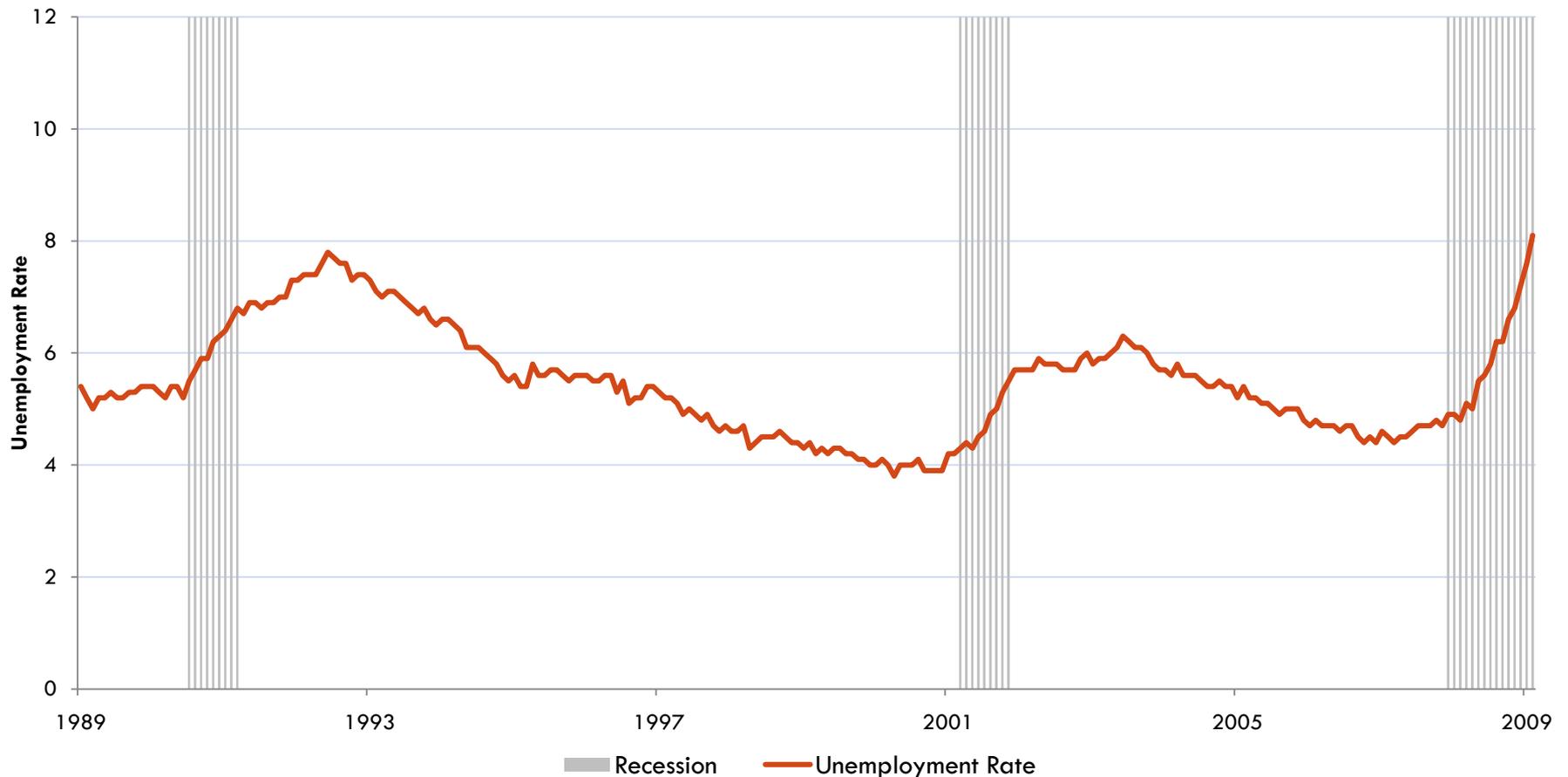
Case-Shiller National House Price Index
(2000 = 100, quarterly)



Source: Case - Shiller Home Price Index, 4th Q 2008

Recession Marks Significant Jump in Unemployment

U.S. Unemployment Rate

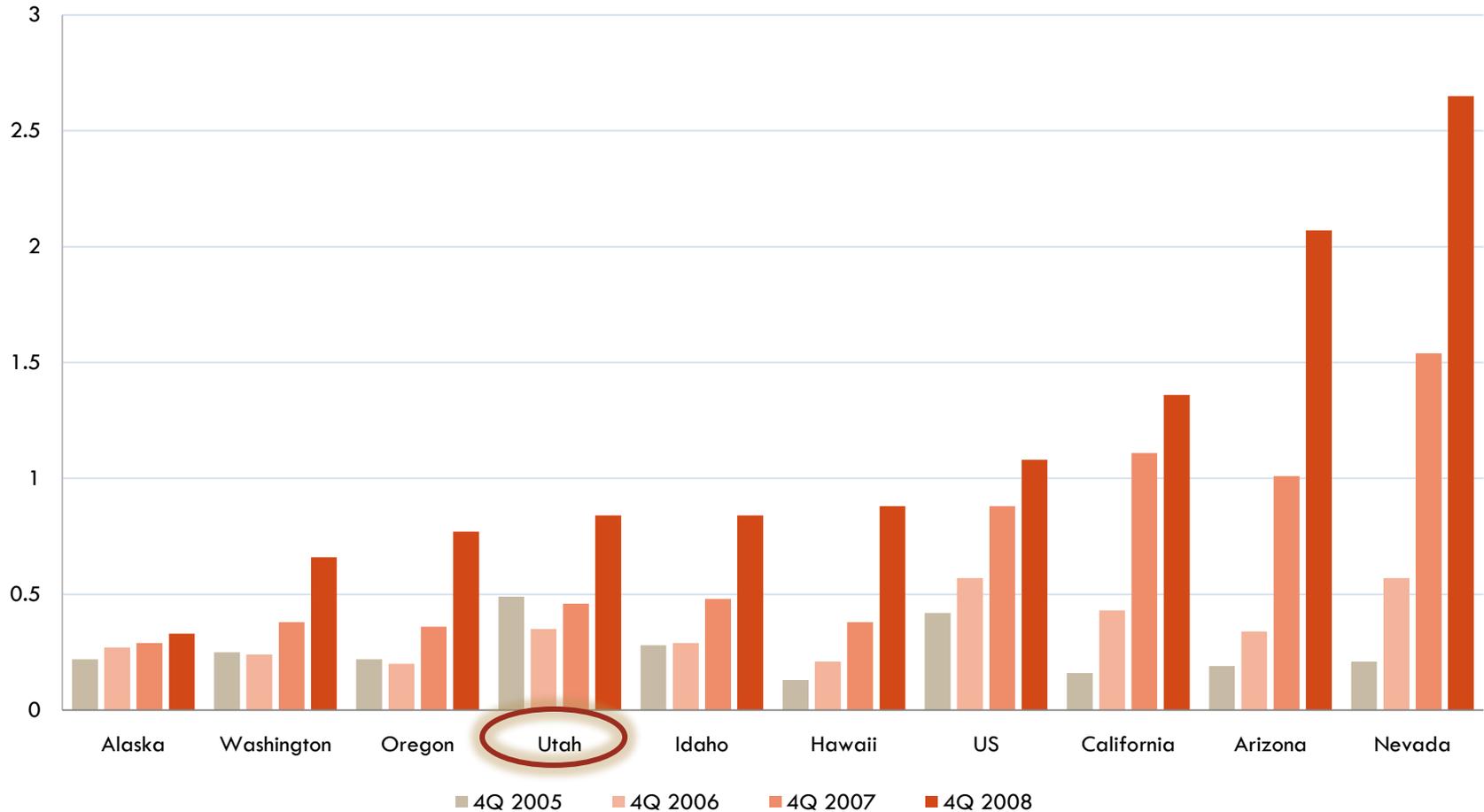


Source: Bureau of Labor Statistics

Utah Trends

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

Foreclosure Starts (Percent of All Loans)



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

Utah Saw a Continued Increase in Foreclosure Starts in 4th Quarter 2008

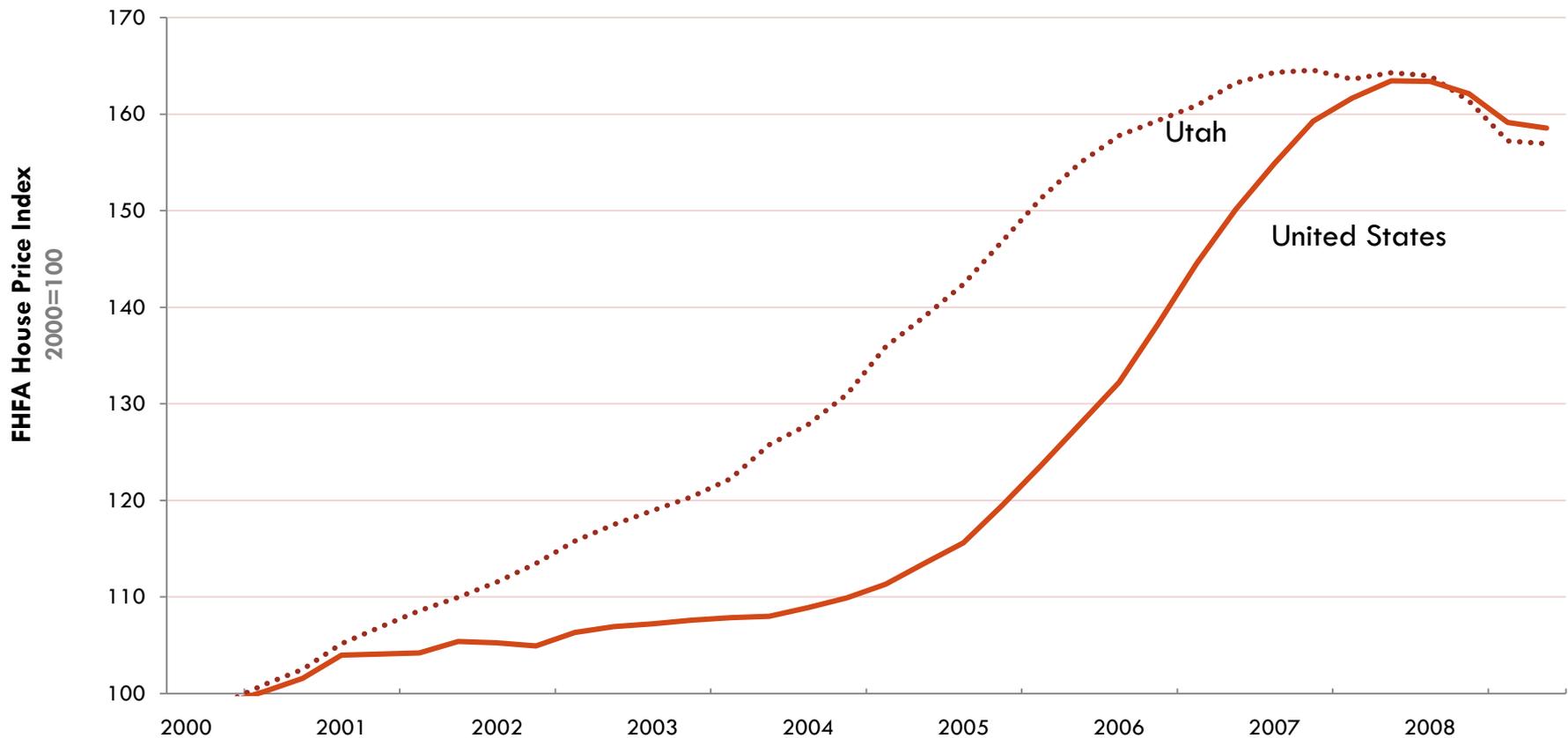
Utah: Foreclosure Starts



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

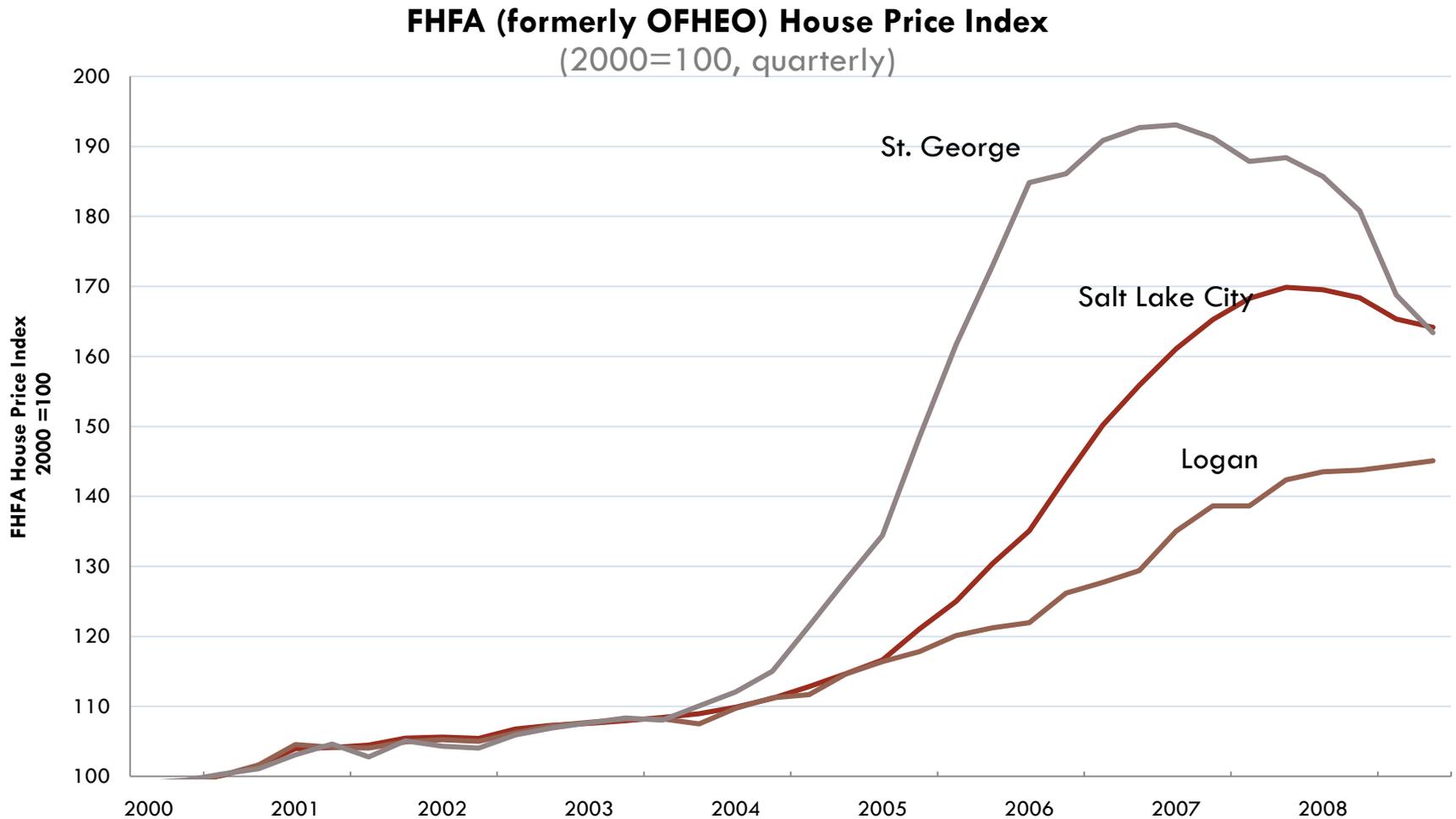
Utah Seeing Softening of Real Estate Market

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



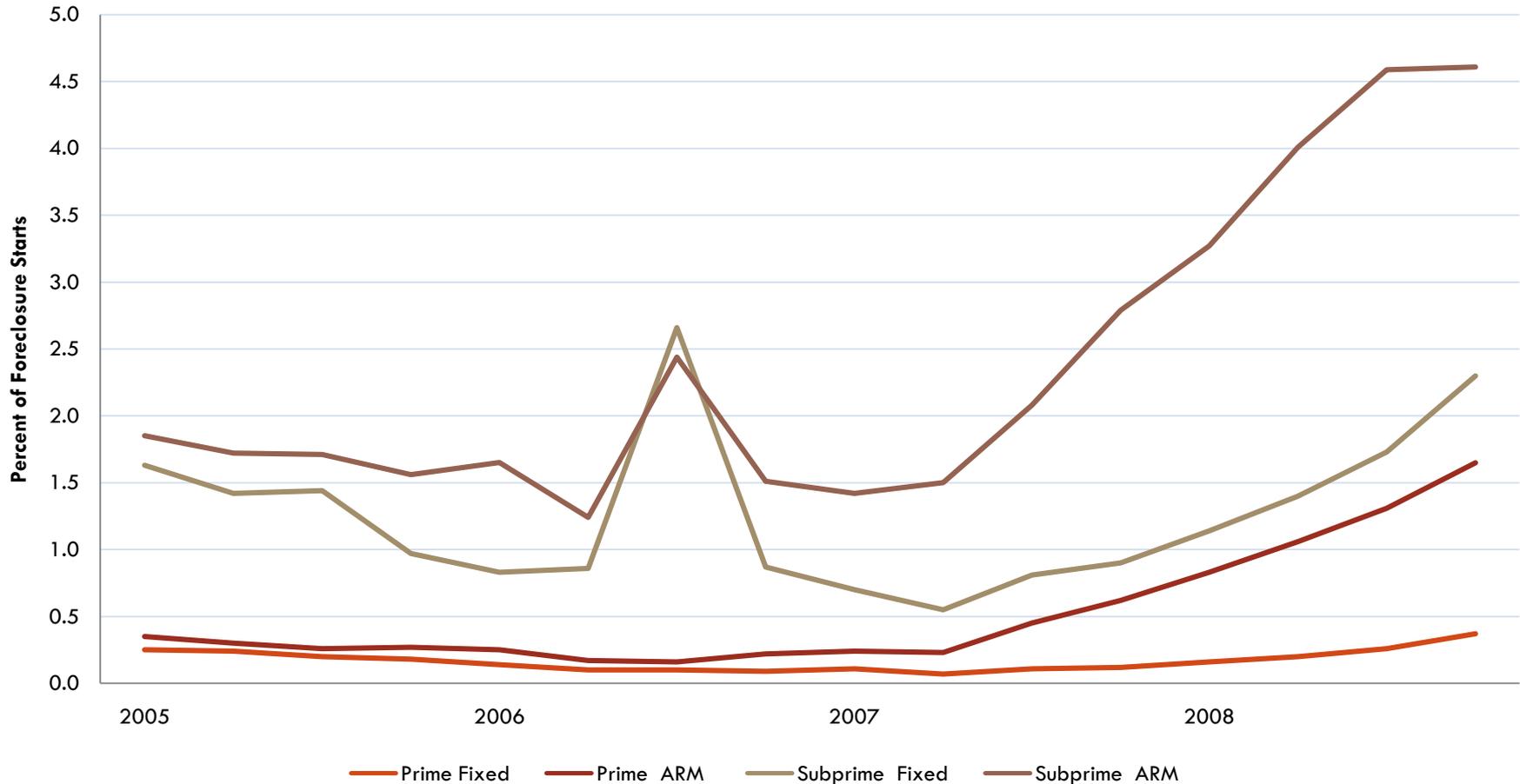
Source: Federal Housing Finance Agency (formerly OFHEO), 4th Quarter 2008

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



Utah's Foreclosures Reaching into All Mortgage Products

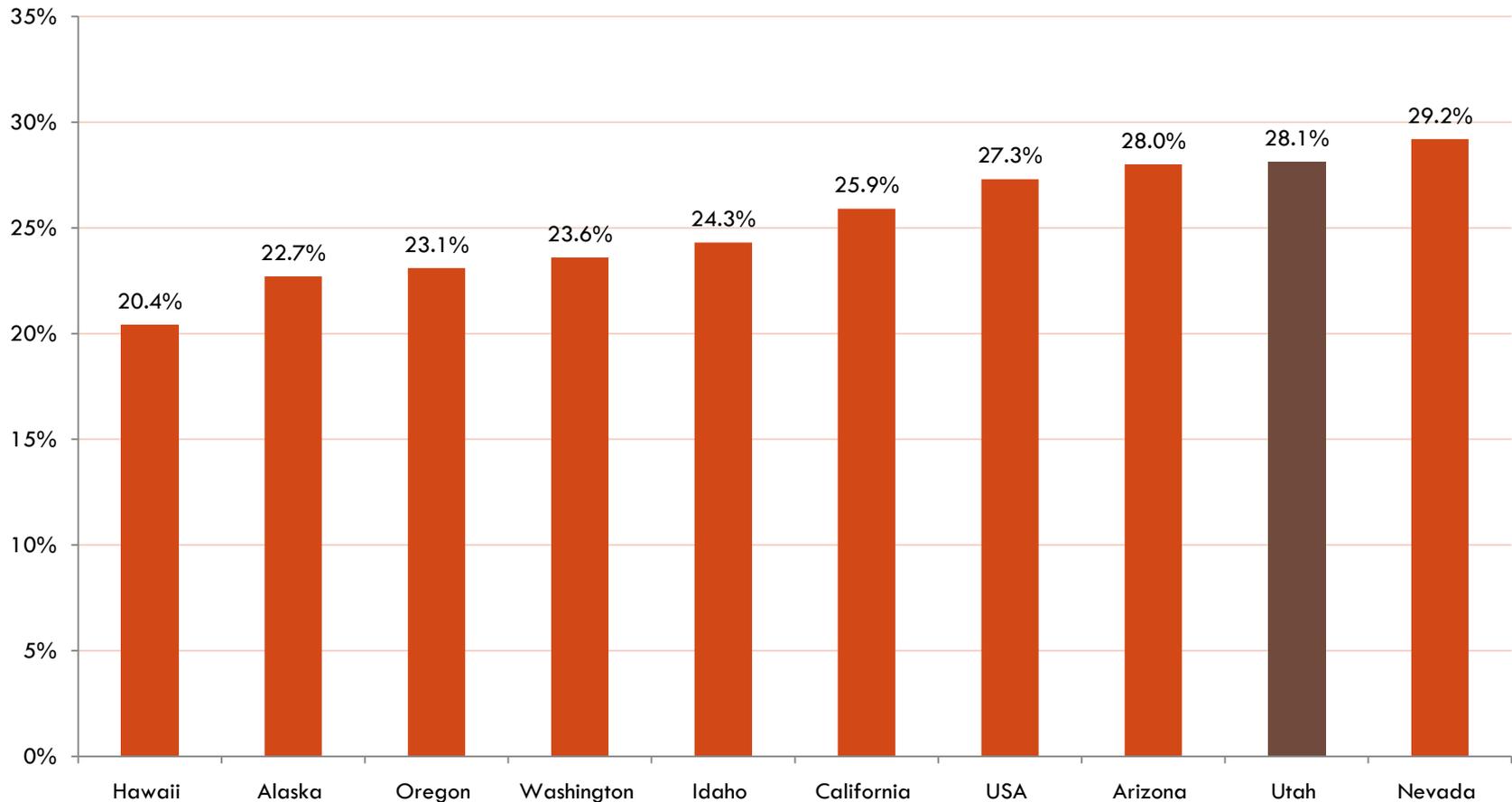
Foreclosure Starts by Loan Type



Source: Mortgage Bankers Association, National Delinquency Survey, 4th Q 2008

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

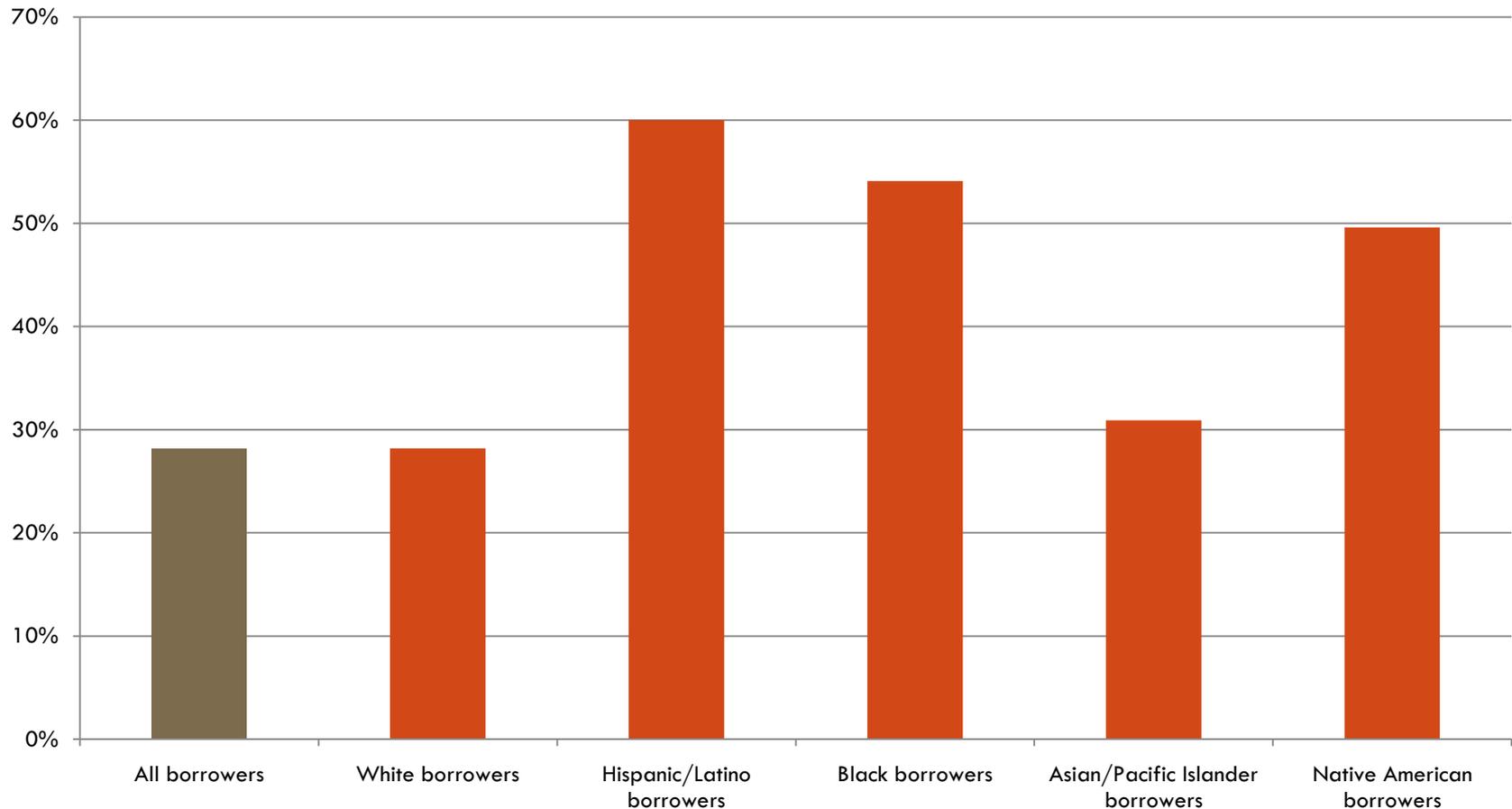
Percent of All Borrowers with High Interest Conventional Loans, 2005



Source: Home Mortgage Disclosure Act Data, 2005

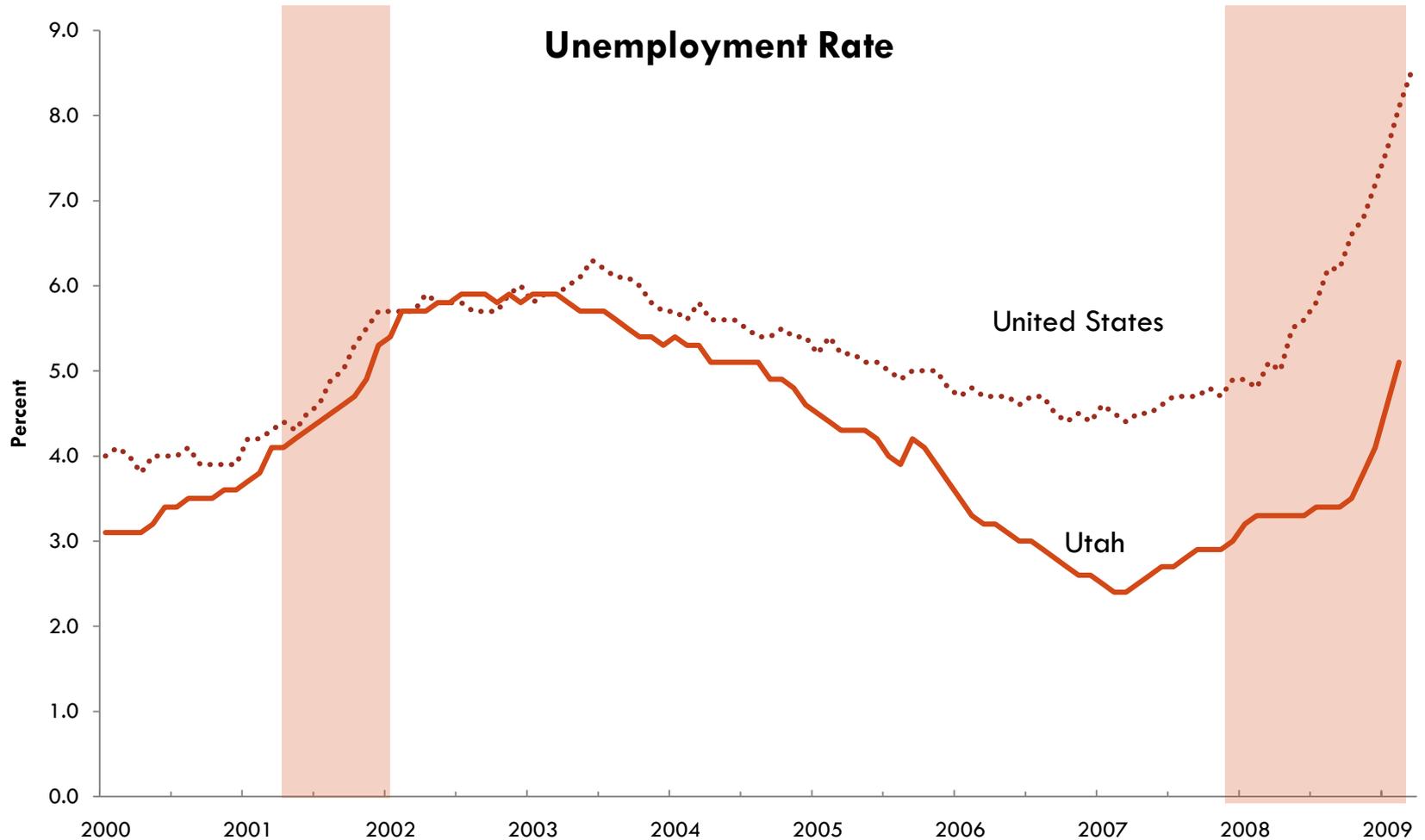
High Cost Lending in Utah More Prevalent Among Minority Borrowers

Utah: High Interest Conventional Loans by Race, 2005



Source: Home Mortgage Disclosure Act Data, 2005

Unemployment Rate on the Rise, But Still Below US Average

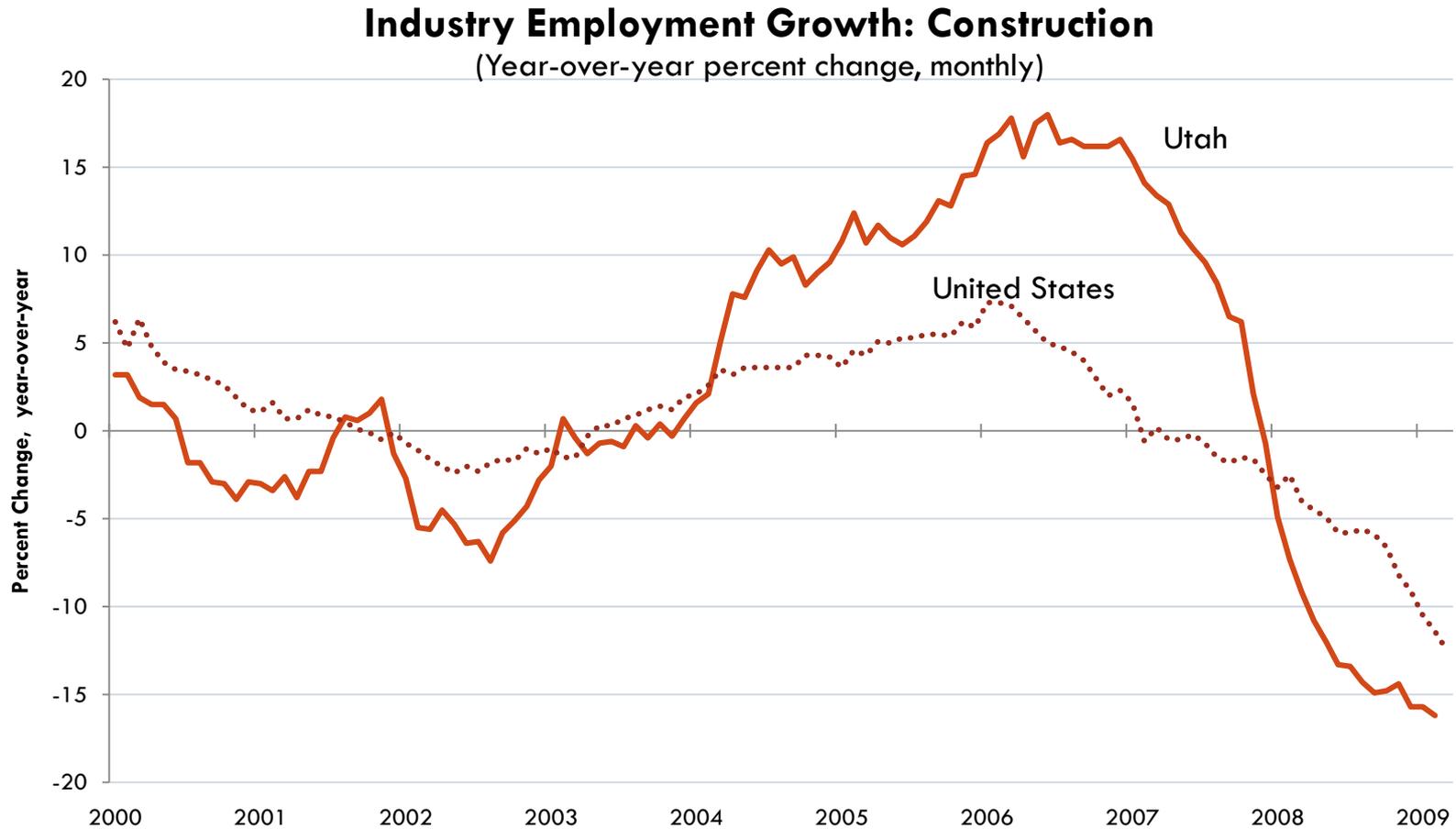


Employment Trends by Industry in Utah

Utah	Total Employed (thousands)	Percent Change		
	Feb-09	1-mo.*	3-mo.*	12-mo.
Total	1233.3	-6.3	-5.8	-2.1
Trade, Transportation & Utilities	245.3	-2.9	-3.8	-1.3
Government	216.1	2.2	0.7	3.2
Professional & Business Svcs.	161.6	-5.1	-4.1	-1.5
Educational & Health Svcs.	148.7	-5.5	1.4	2.8
Manufacturing	119.1	-9.5	-14.9	-7.5
Leisure & Hospitality	111.0	-2.1	-7.9	-3.6
Construction	80.7	-24.4	-26.6	-16.2
Financial Activities	72.6	-10.9	-1.6	-3.3
Other Services	34.6	-12.9	-12.7	-3.1
Information	30.0	-21.2	-2.6	-2.0
Natural Resources & Mining	13.6	-23.0	0.0	16.2

Source: Bureau of Labor Statistics, February 2009; *Annualized.

Significant Drop in Construction Employment

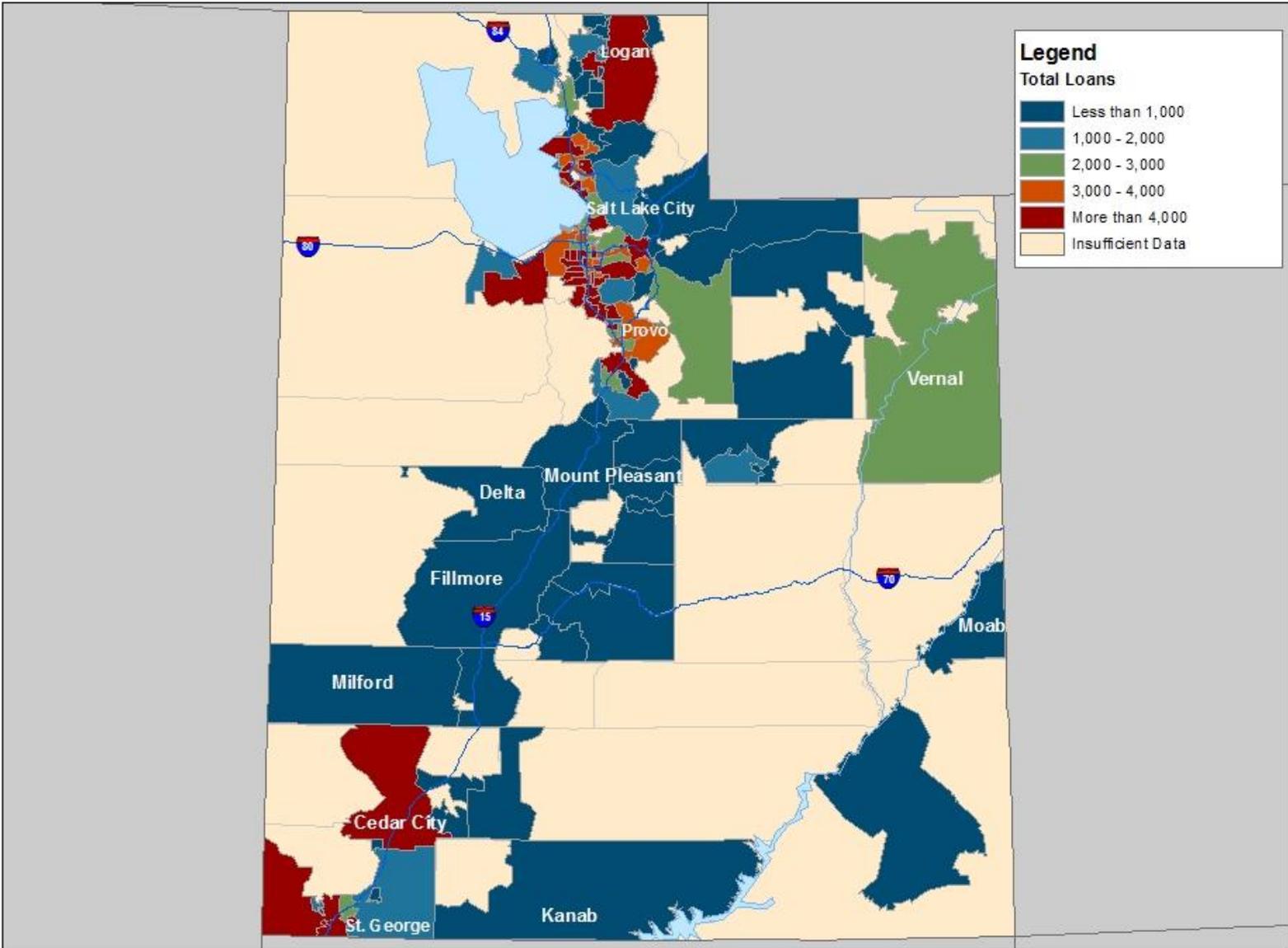


Source: Bureau of Labor Statistics, March 2009

Utah Foreclosure Data Maps

Distribution of Lending Volume

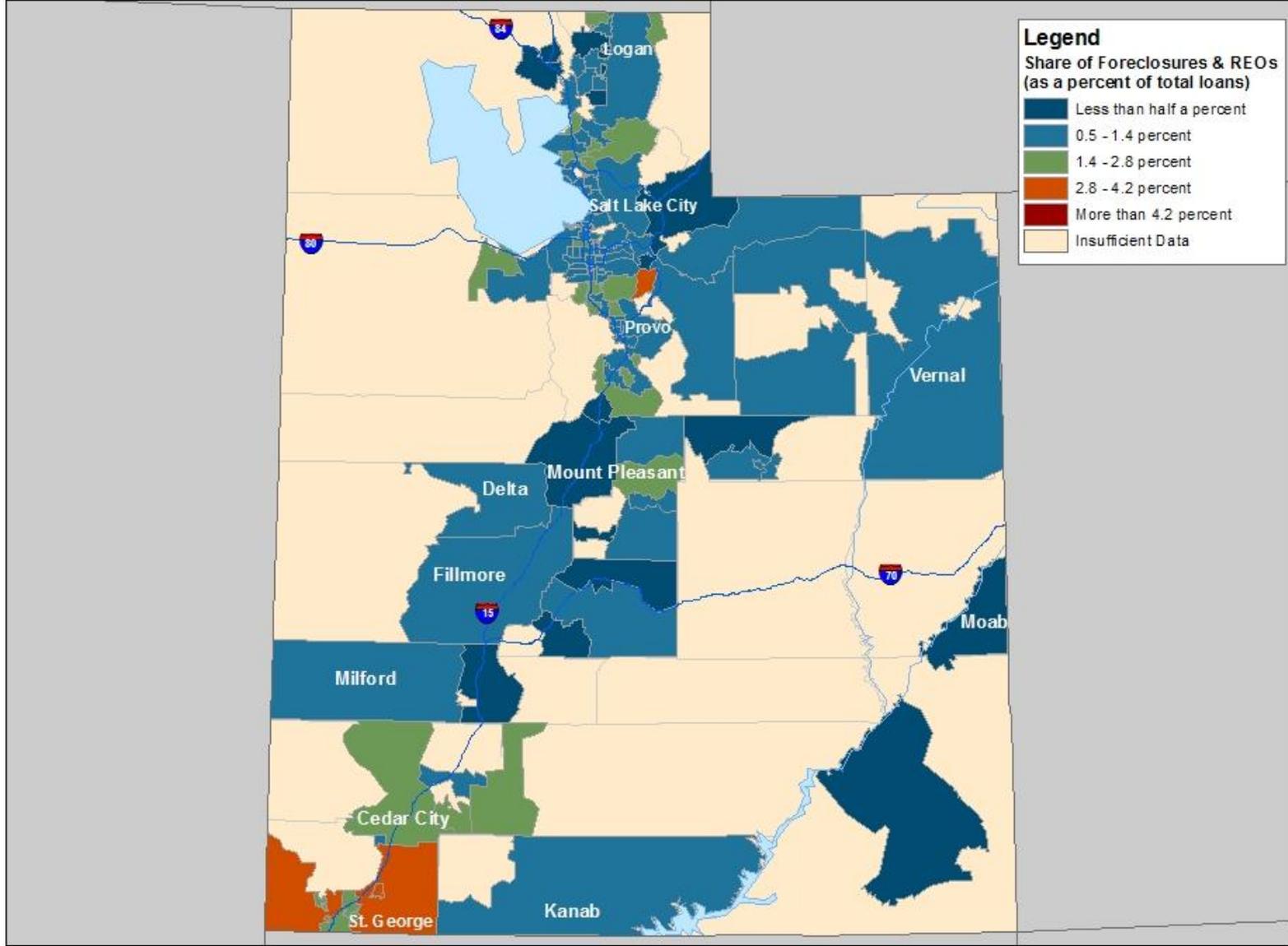
September 2007



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

Areas Affected by Concentrated Foreclosures

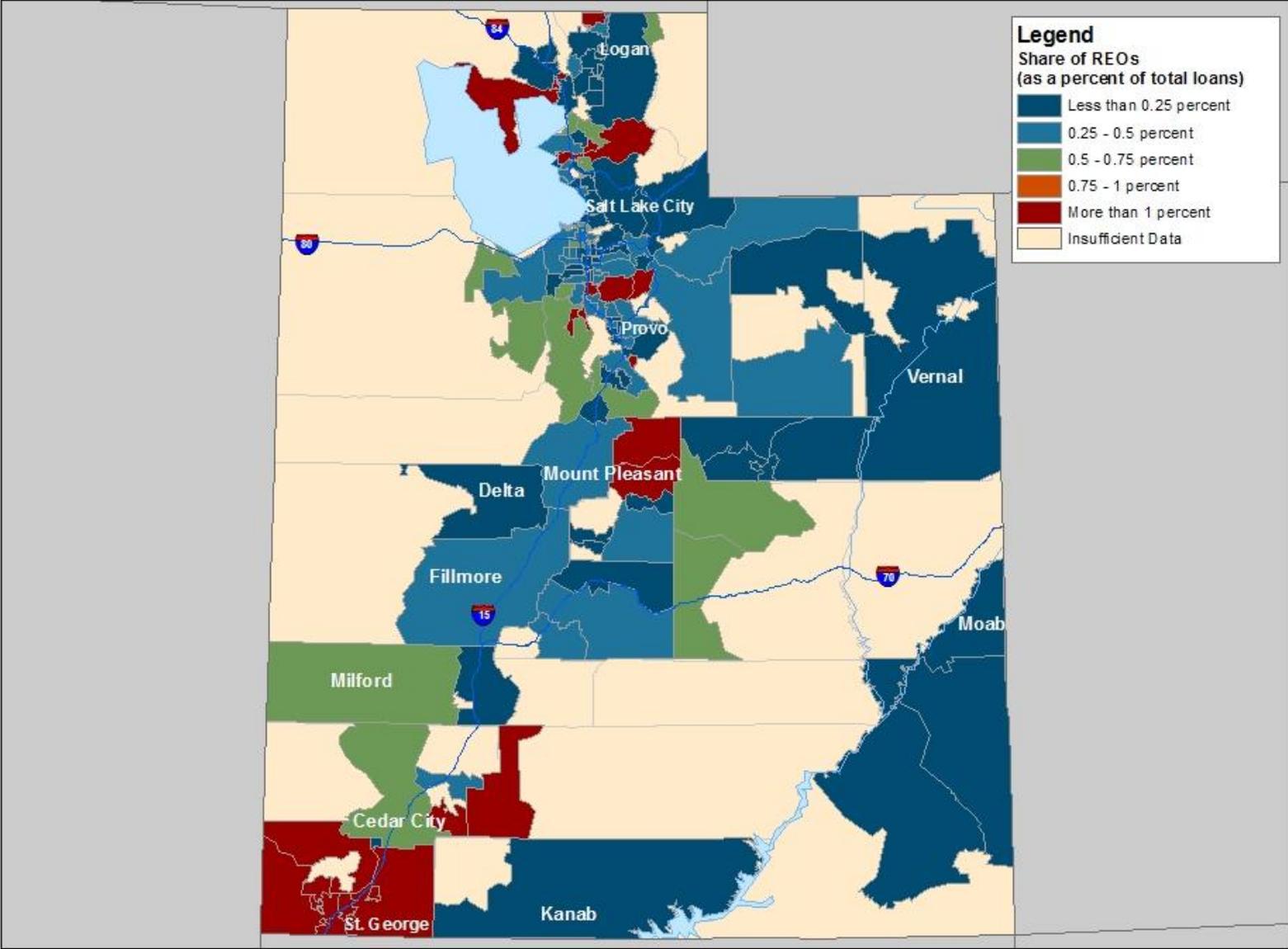
November 2008



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

Concentration of REO Properties

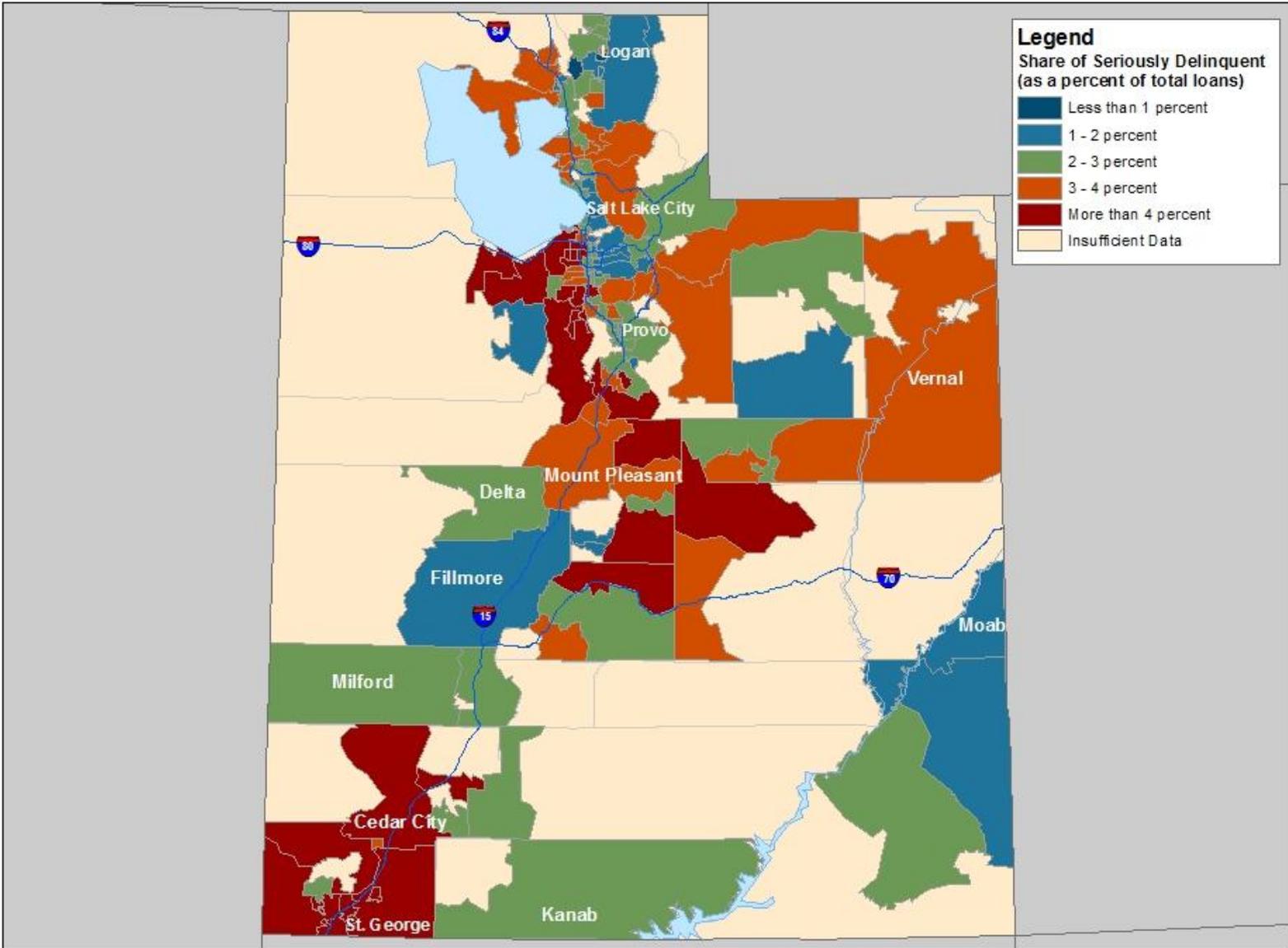
February 2009



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

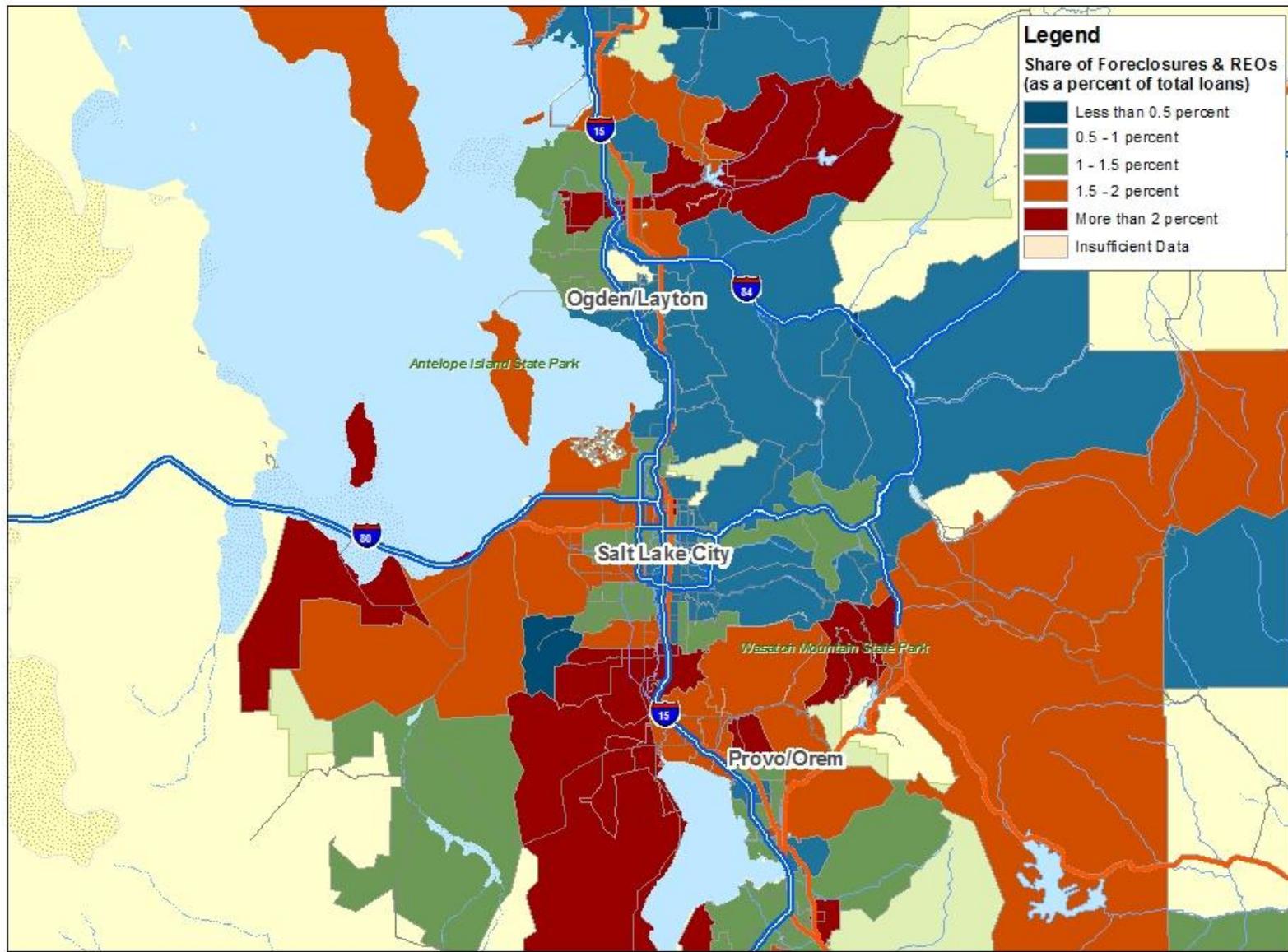
Areas at Risk for Additional Foreclosures

February 2009



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

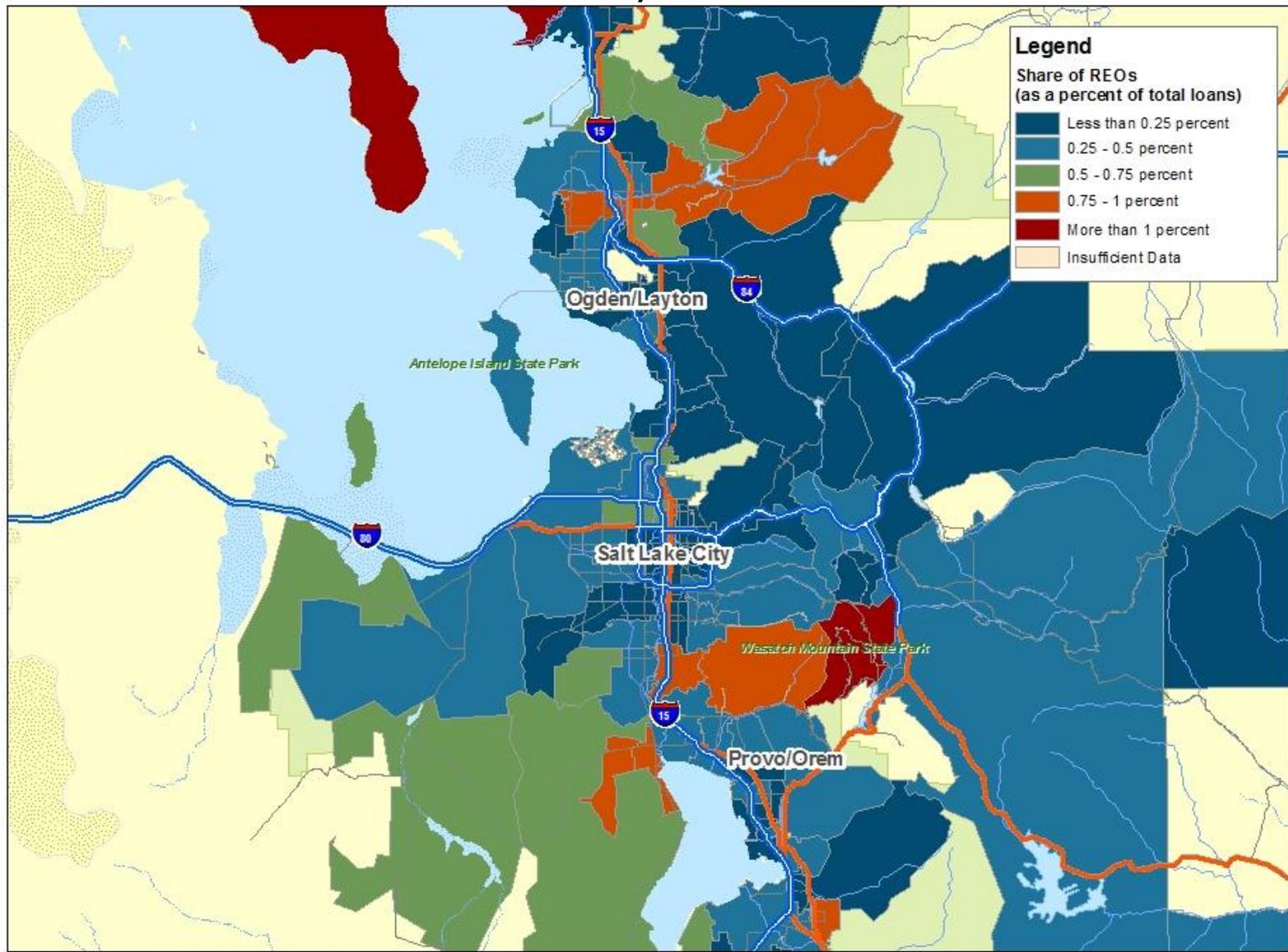
Neighborhoods Affected by Concentrated Foreclosures February 2009



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

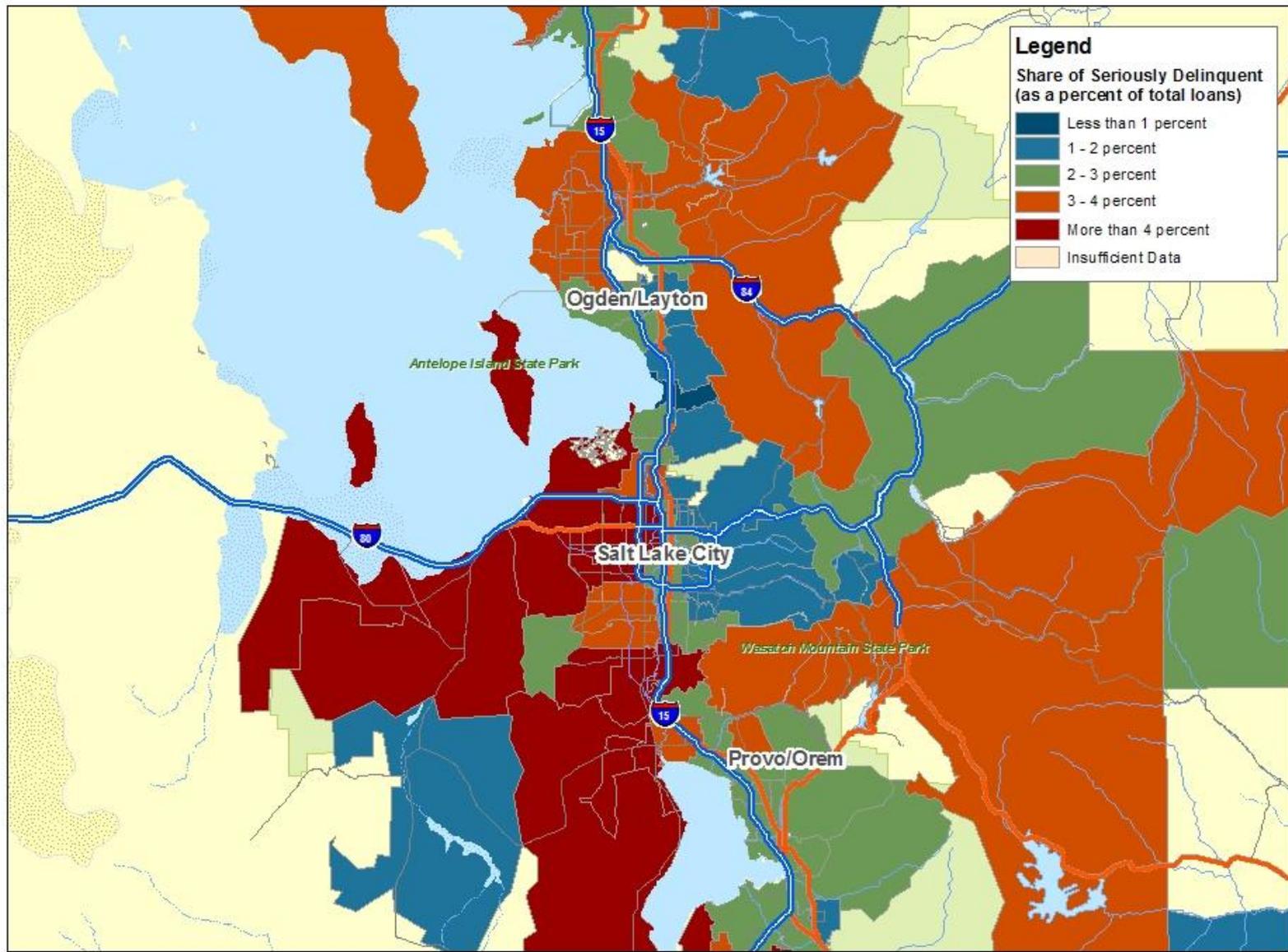
Concentration of REO Properties

February 2009



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

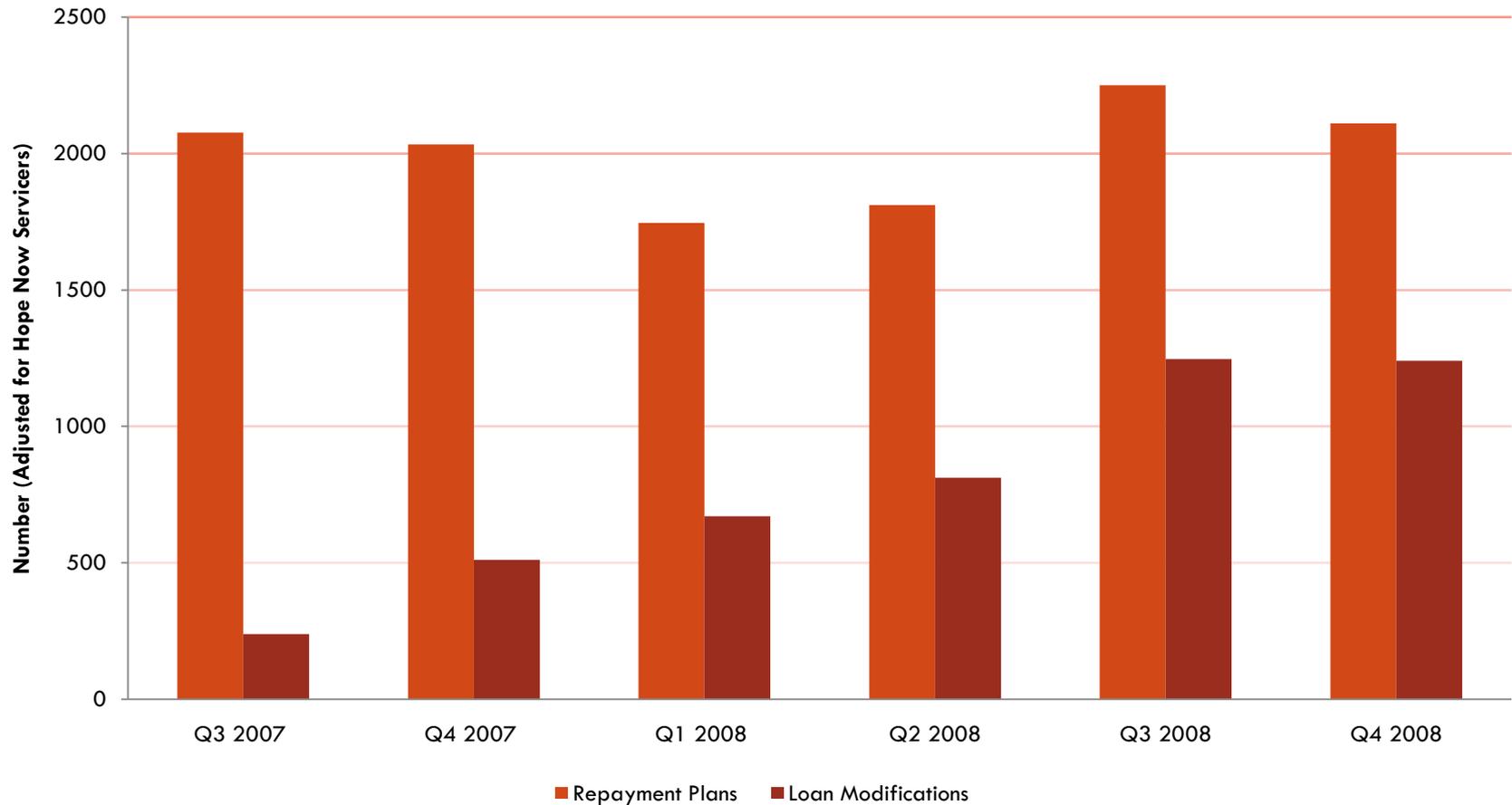
Neighborhoods at Risk for Additional Foreclosures February 2009



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations, February 2009

Loan Modifications as Share of Loan Workouts Have Increased

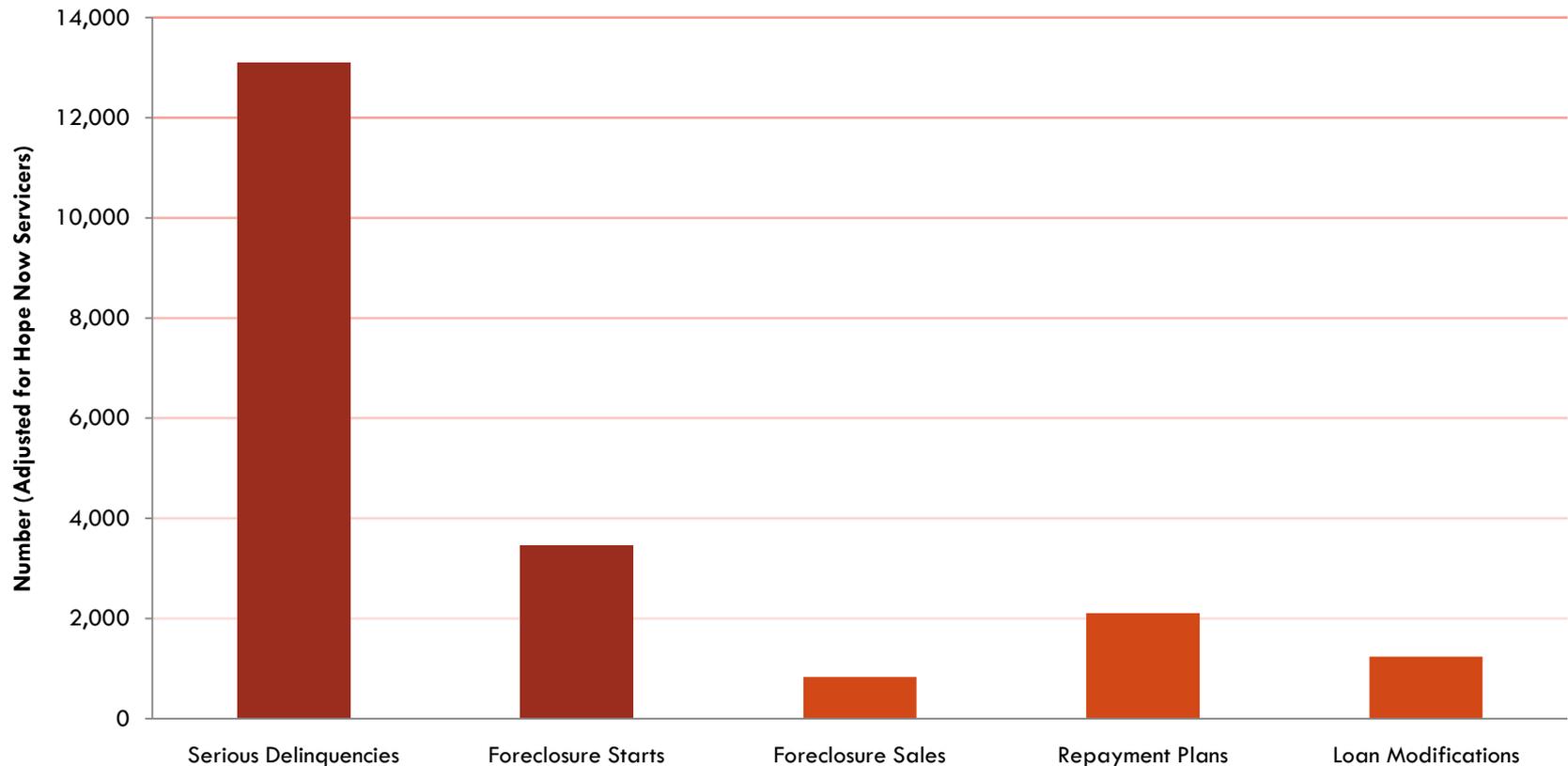
Utah Loan Workouts



Source: Hope Now Alliance Servicing Data, 4th Quarter 2008

Yet, Workouts Still Fall Short of Need

Foreclosure & Delinquencies v. Loan Workouts in Utah 4th Quarter 2008



Source: Hope Now Alliance Servicing Data, 4th 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

The screenshot shows the website for the Federal Reserve Bank of San Francisco's Community Development Center. The header includes the bank's name and navigation links for 'Careers', 'Fed Links', and 'Subscriptions'. A secondary navigation bar lists various sections: 'About the Fed', 'News and Events', 'Economic Research and Data', 'Educational Resources', 'Community Development', 'Consumer Information', 'Banking Information', and 'Services for Financial Institutions'. Below this, a breadcrumb trail reads: 'Home | Community Reinvestment Act (CRA) | Community Development Issues | Center for Community Development Investments | Events and Conferences | Publications | About Us'. The main content area is titled 'COMMUNITY DEVELOPMENT' and features a 'Highlights' section with three items: 'Focus on Community Development Policy' (Community Investments: Volume 20, Issue 3, 2008), 'The Enduring Challenge of Concentrated Poverty in America' (a 2006 report from the Brookings Institution), and 'Foreclosure Resource Center'. To the right is a 'TOOL BOX' with links for 'Fed Links', 'Subscriptions', 'Publications', 'Search', and 'Research Pubs', along with 'FAQ', 'Glossary', 'Site Map', 'Careers', and 'Email Us'. Below the tool box is a 'POPULAR CONTENT' section listing 'Upcoming Events' such as 'Stabilizing Communities Series: Acquiring REOs in Compliance with NSP' and 'Innovative Financial Services for the Underserved - Research Conference'. At the bottom right, there are links to 'Financial Education Resource Center', 'CRA Regulatory Information - Links to CRA resources for financial institutions and community groups', and 'Bank on San Francisco - Program information and information about replicating program'.

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