

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

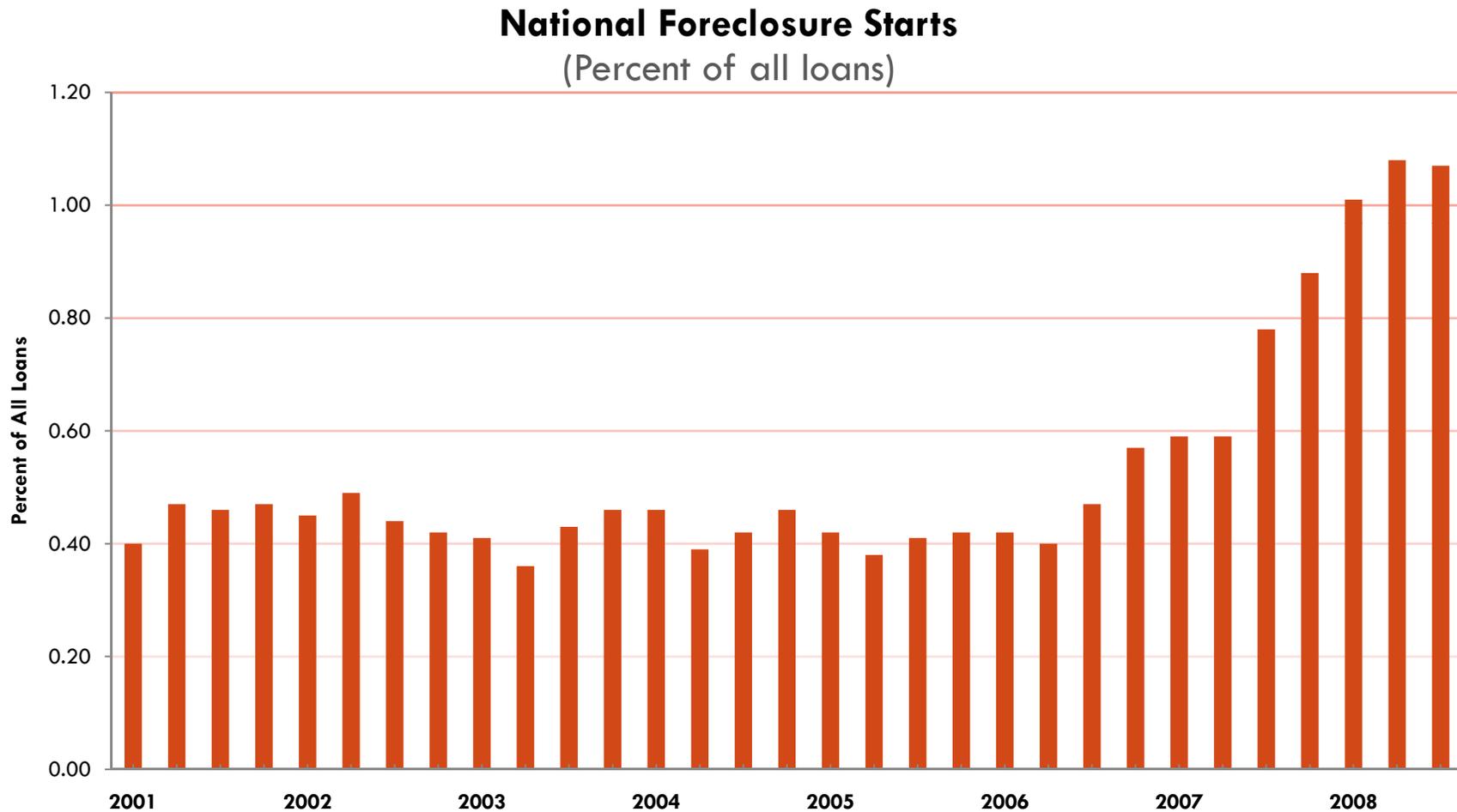
National Trends

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

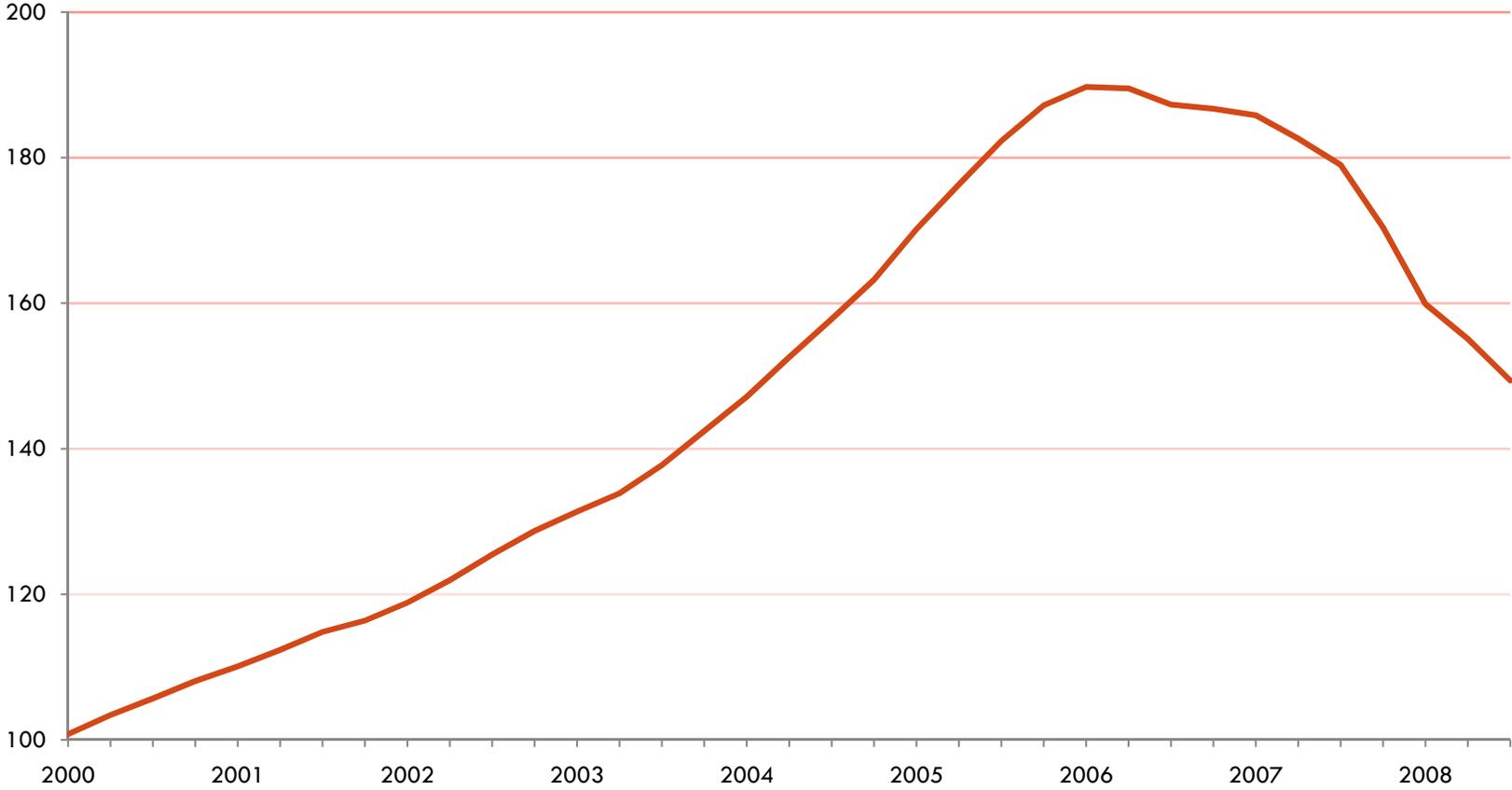
After Steady Rise, National Foreclosure Starts Dipped Slightly in 3rd Quarter of 2008



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

Nationally, House Prices Continue to Decline

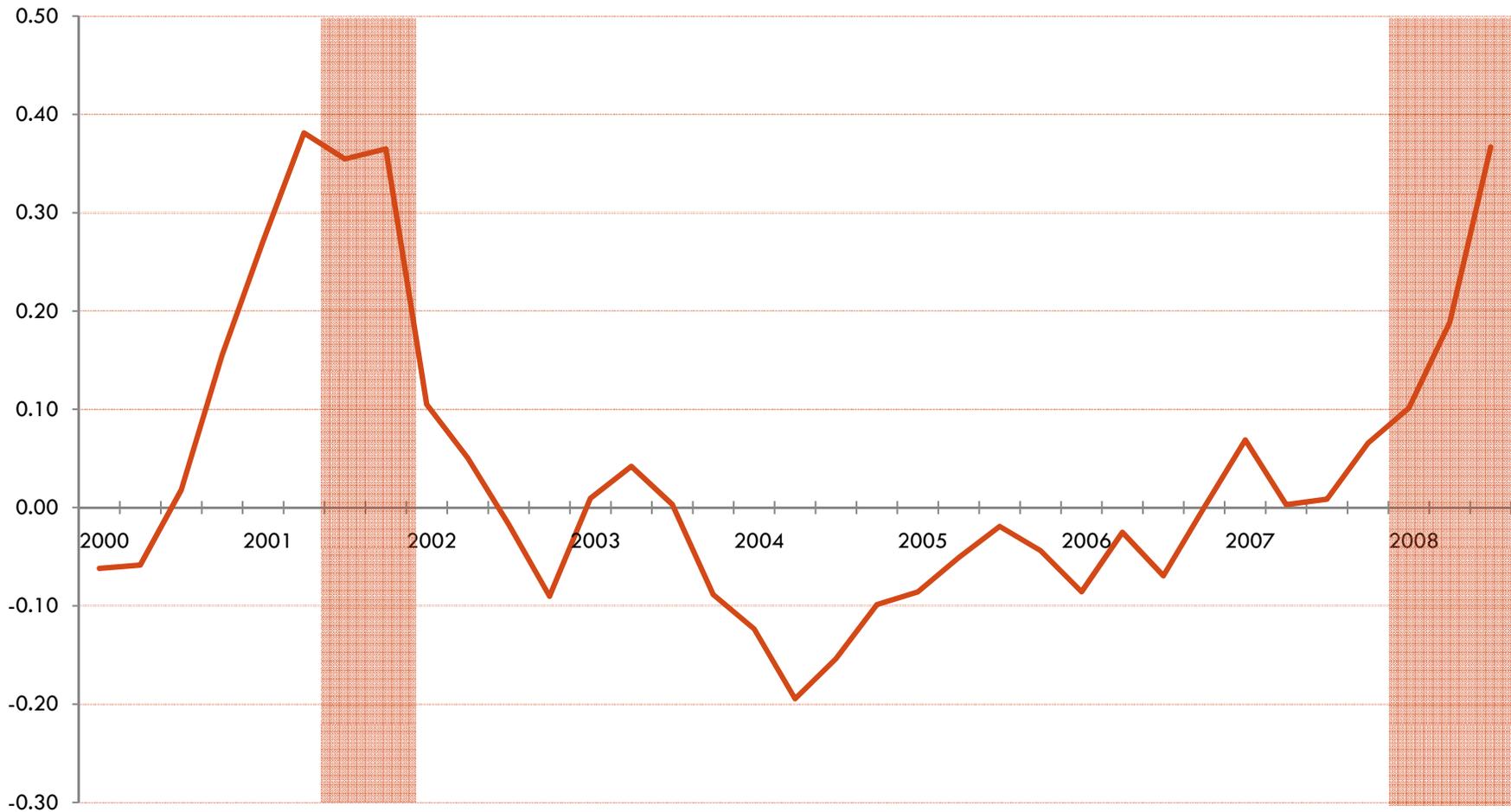
Case-Shiller National House Price Index
(2000 = 100, quarterly)



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

Recession Marks Significant Jump in National Unemployment Insurance Claims

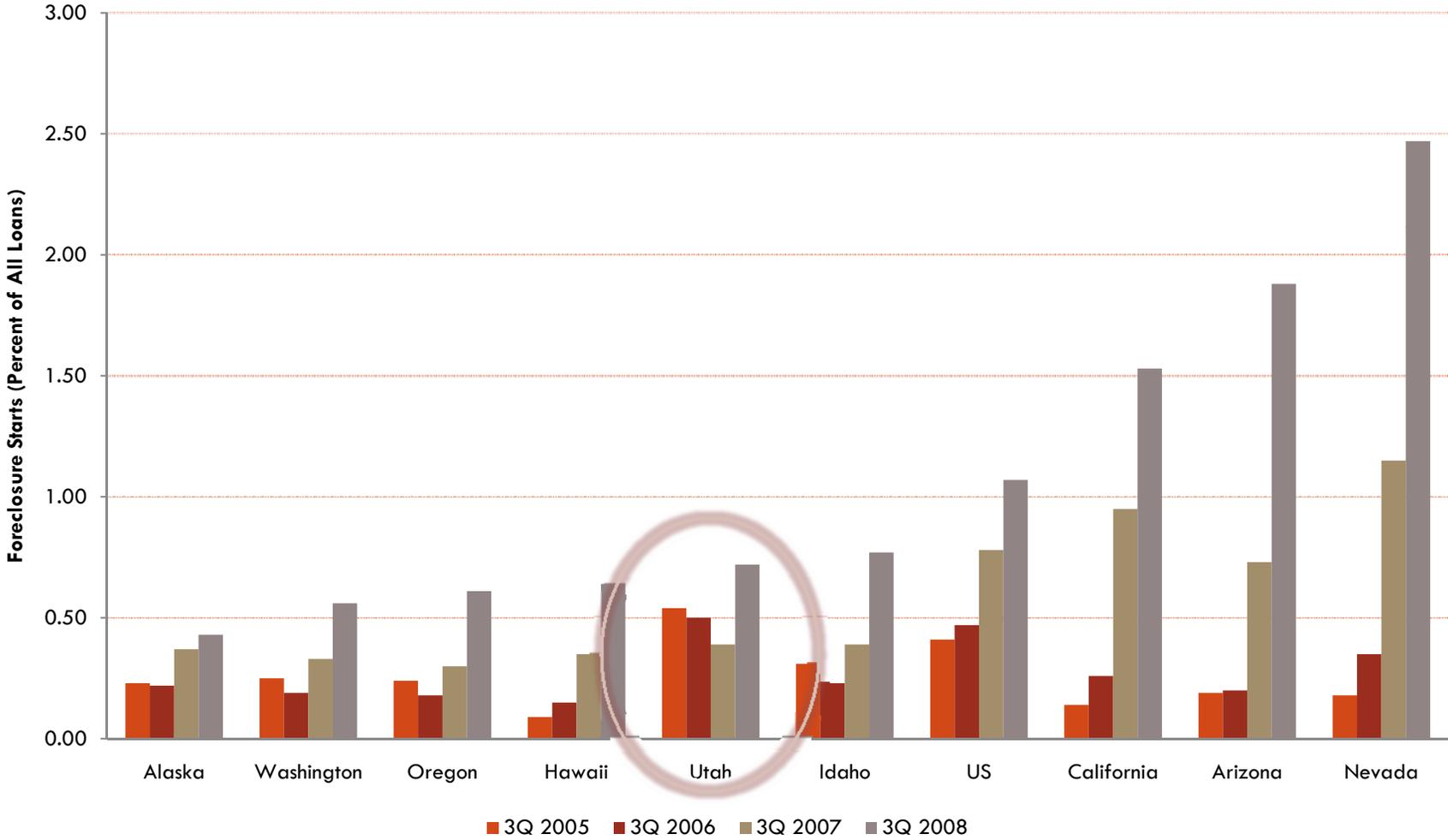
National Unemployment Insurance Claims, Percent Change Year-over-Year



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

Utah Trends

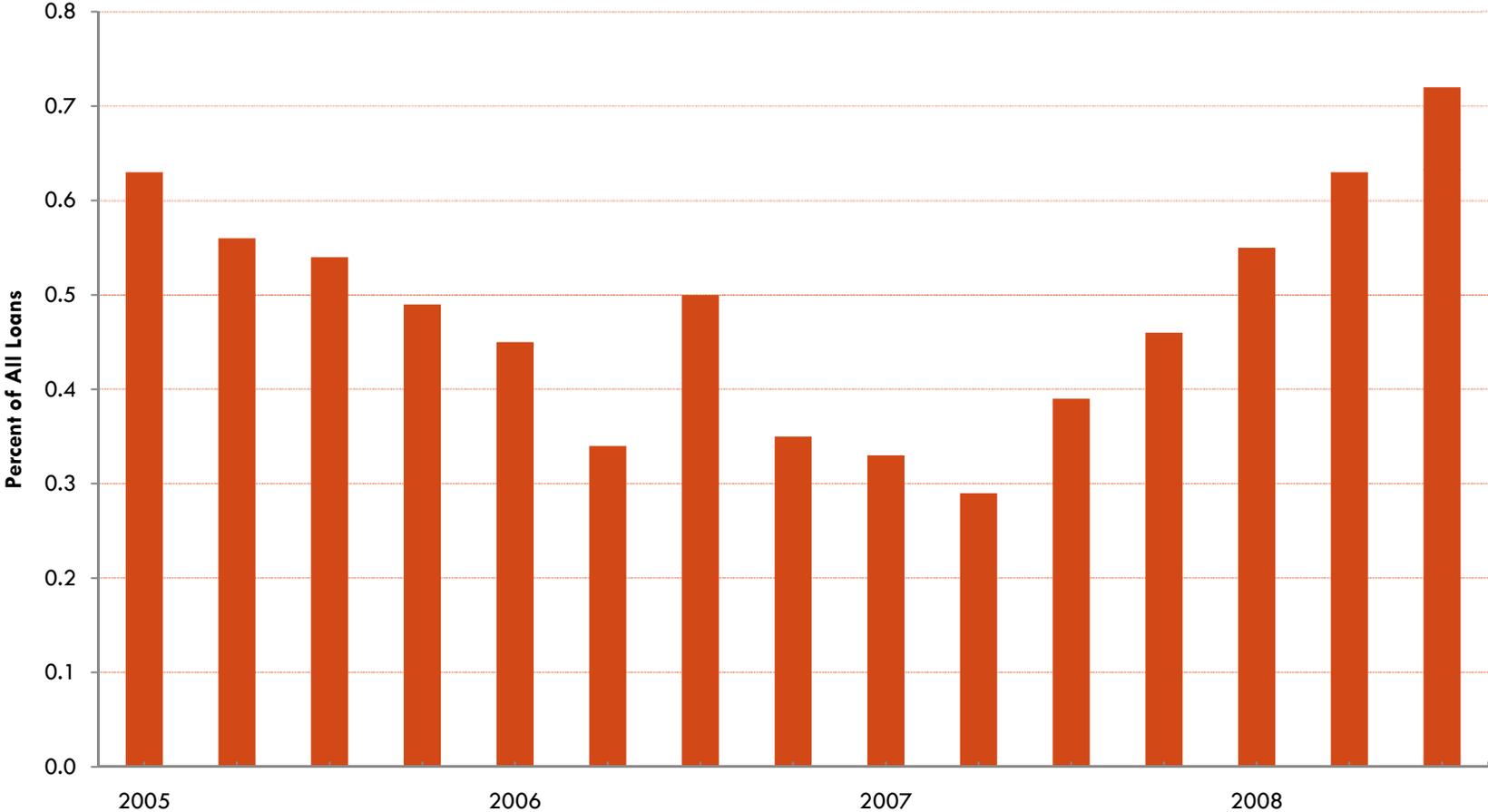
Foreclosures in Utah Have Risen Significantly, but Still Below US Average



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

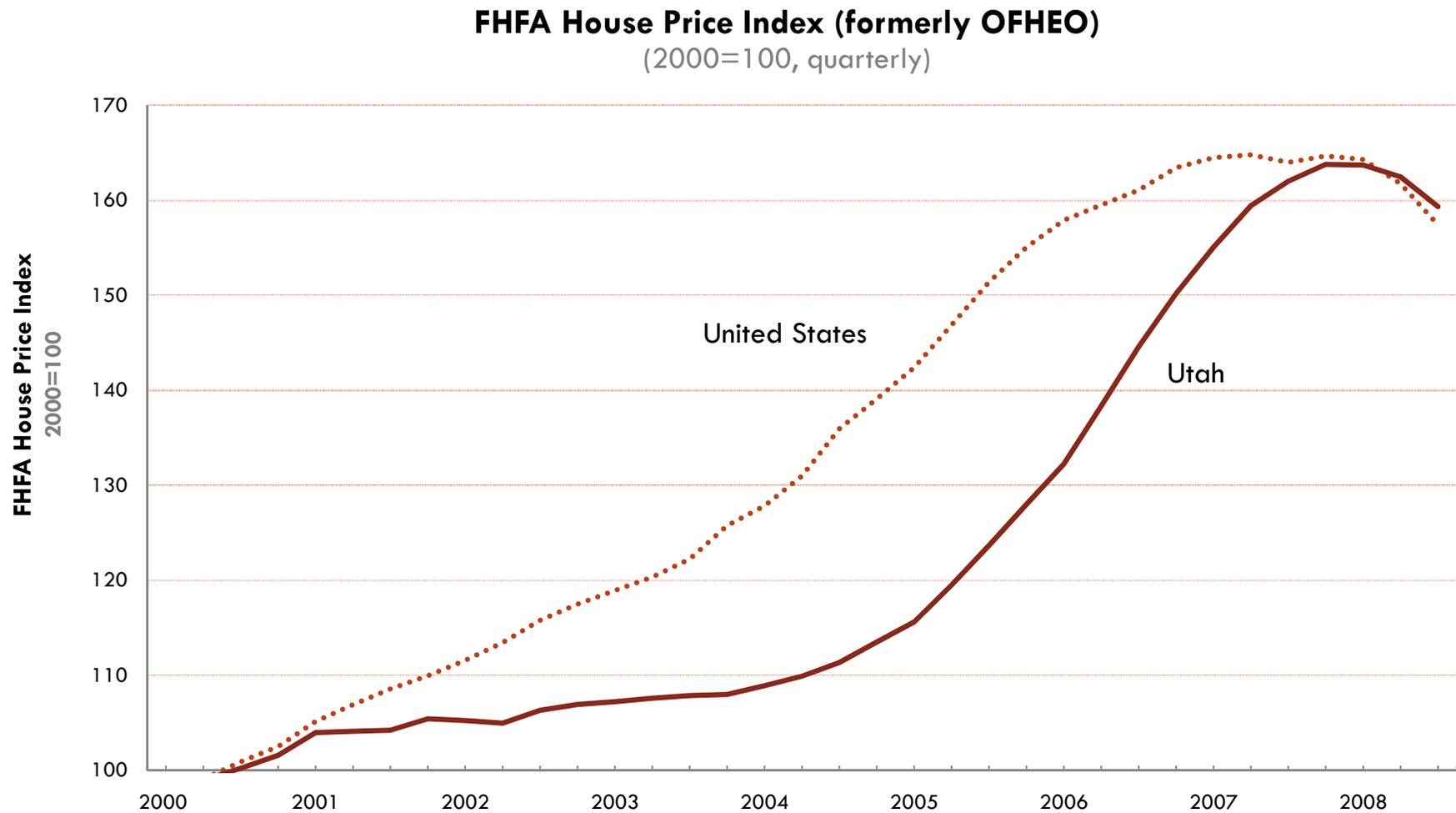
Yet Unlike National Trends, Utah Saw a Continued Increase in Foreclosure Starts in 3rd Quarter 2008

Utah: Foreclosure Starts



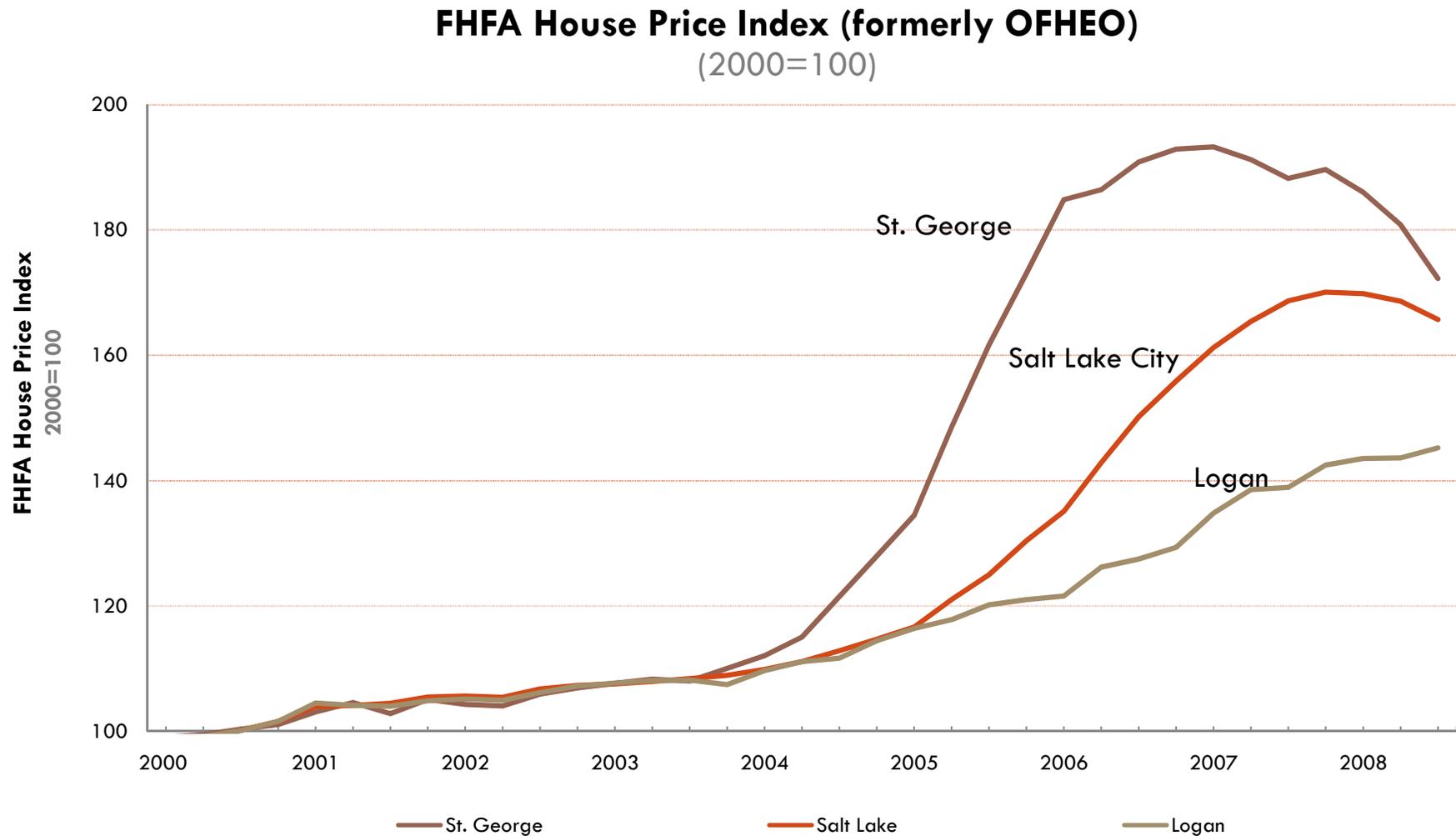
Source: Mortgage Bankers Association, National Delinquency Survey, 3rd Q 2008

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

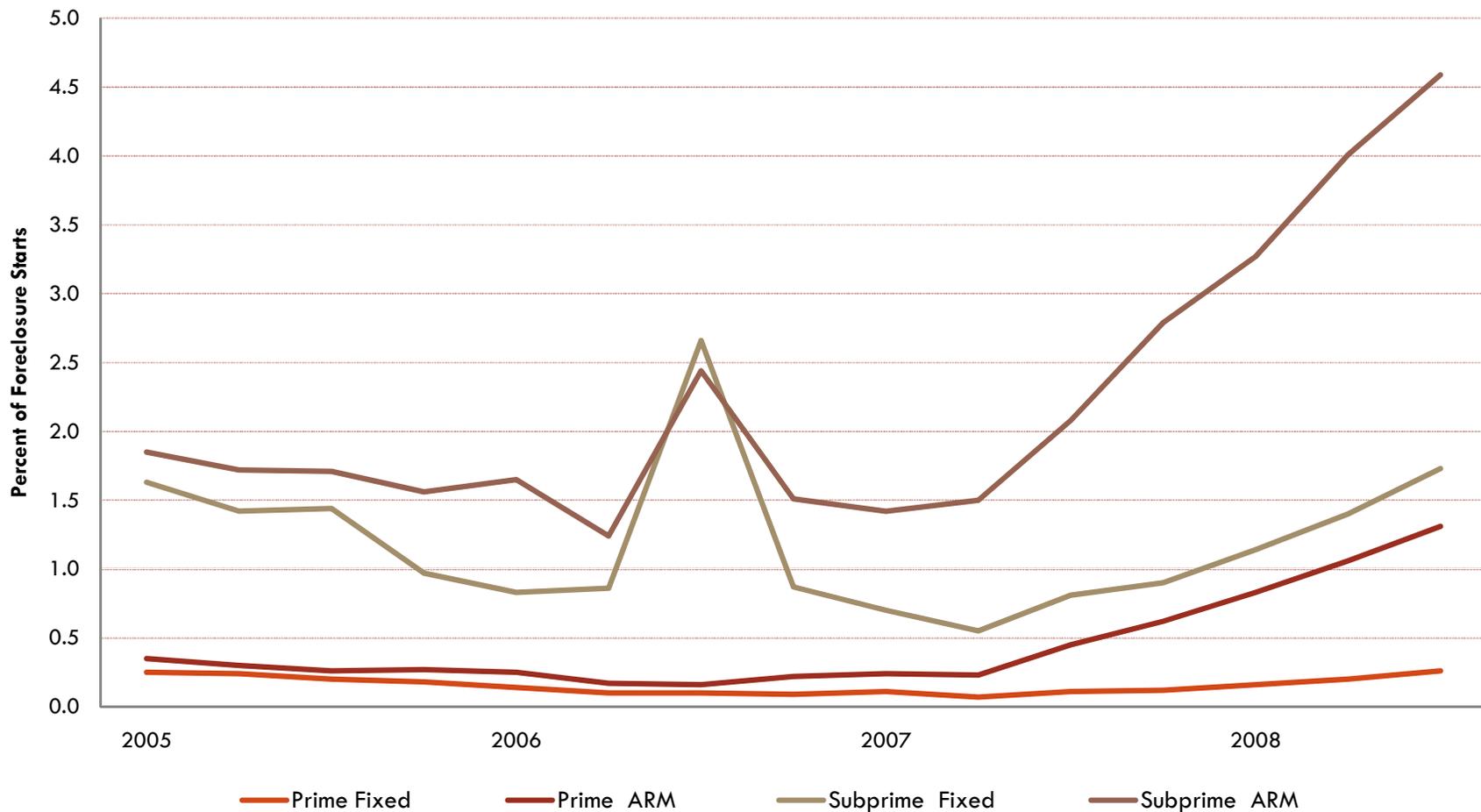
St. George and Salt Lake City Experiencing Greatest Declines in House Values



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

Utah's Foreclosures are Concentrated in Subprime ARM Market

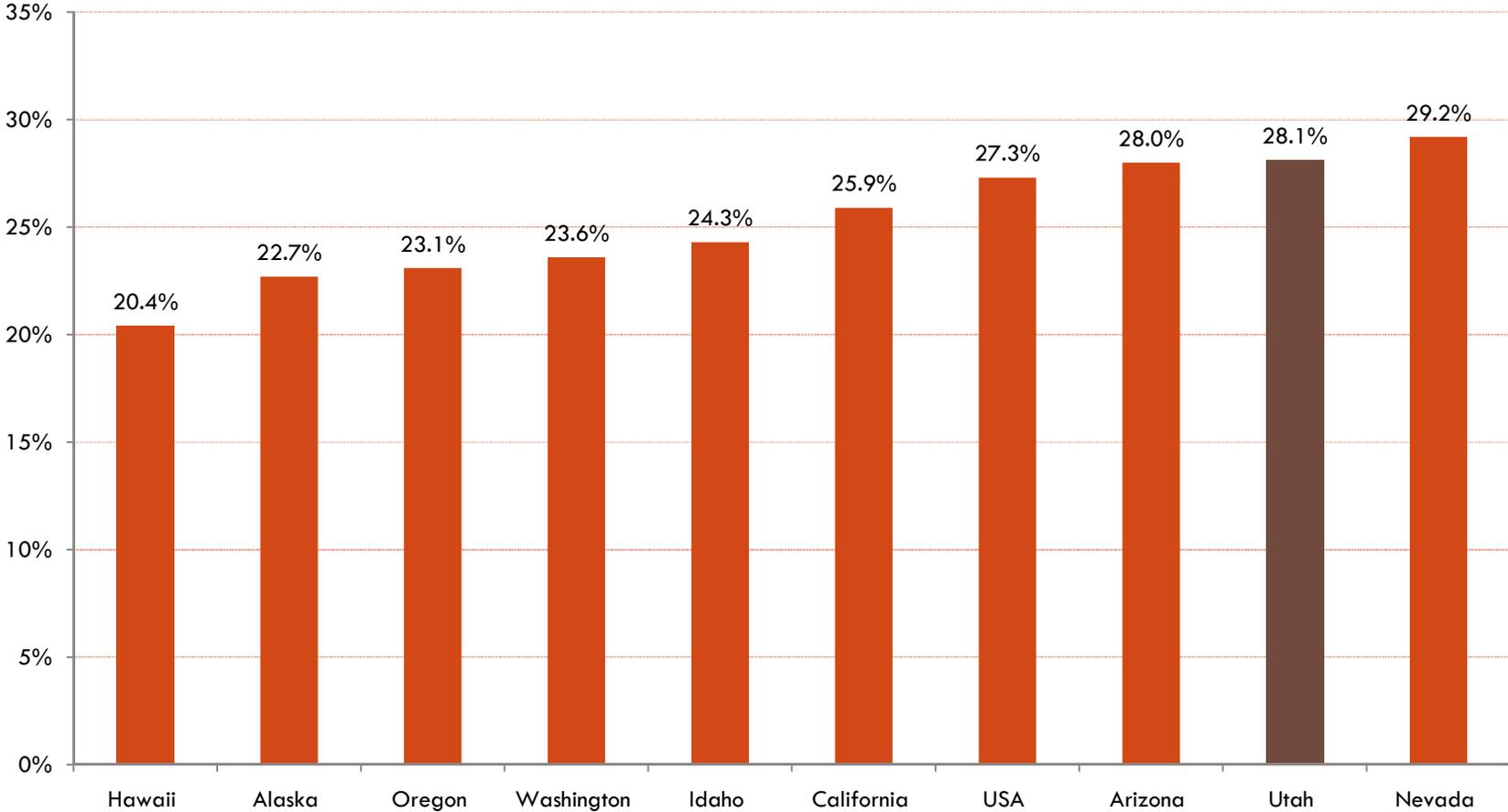
Foreclosure Starts by Loan Type



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

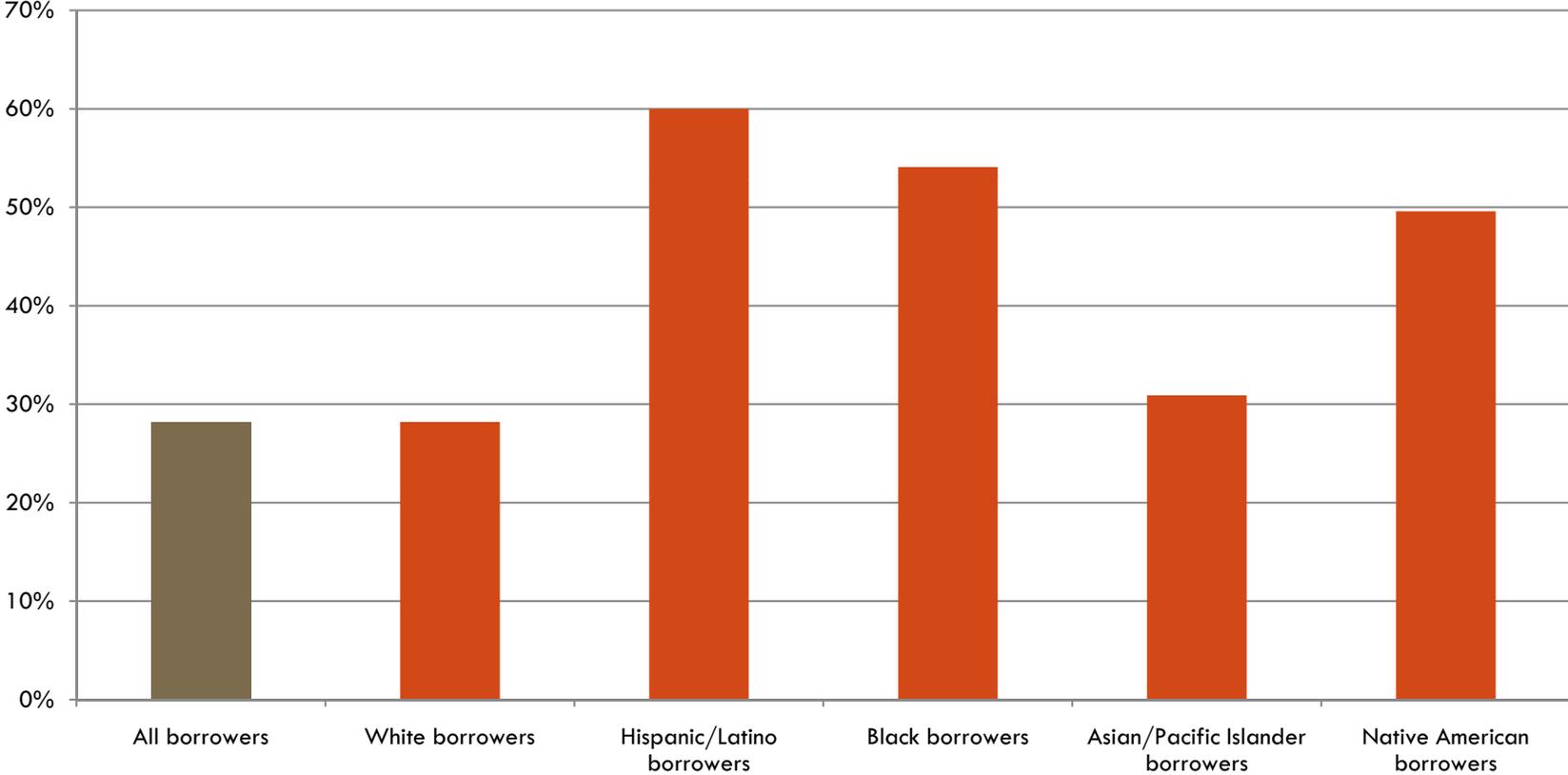
Percent of All Borrowers with High Interest Conventional Loans, 2005



Source: Home Mortgage Disclosure Act Data, 2005

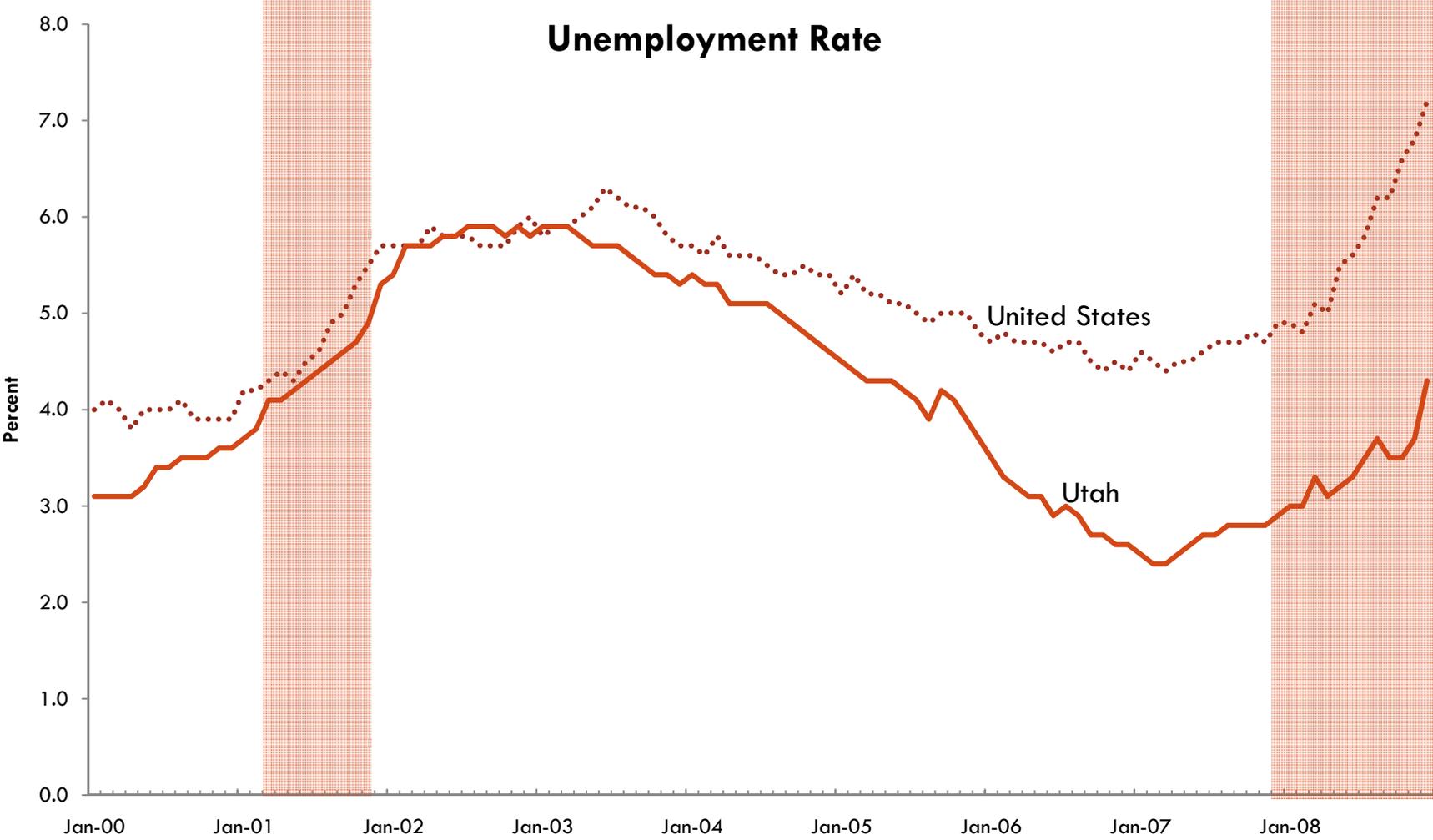
High Cost Lending in Utah More Prevalent Among Minority Borrowers

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



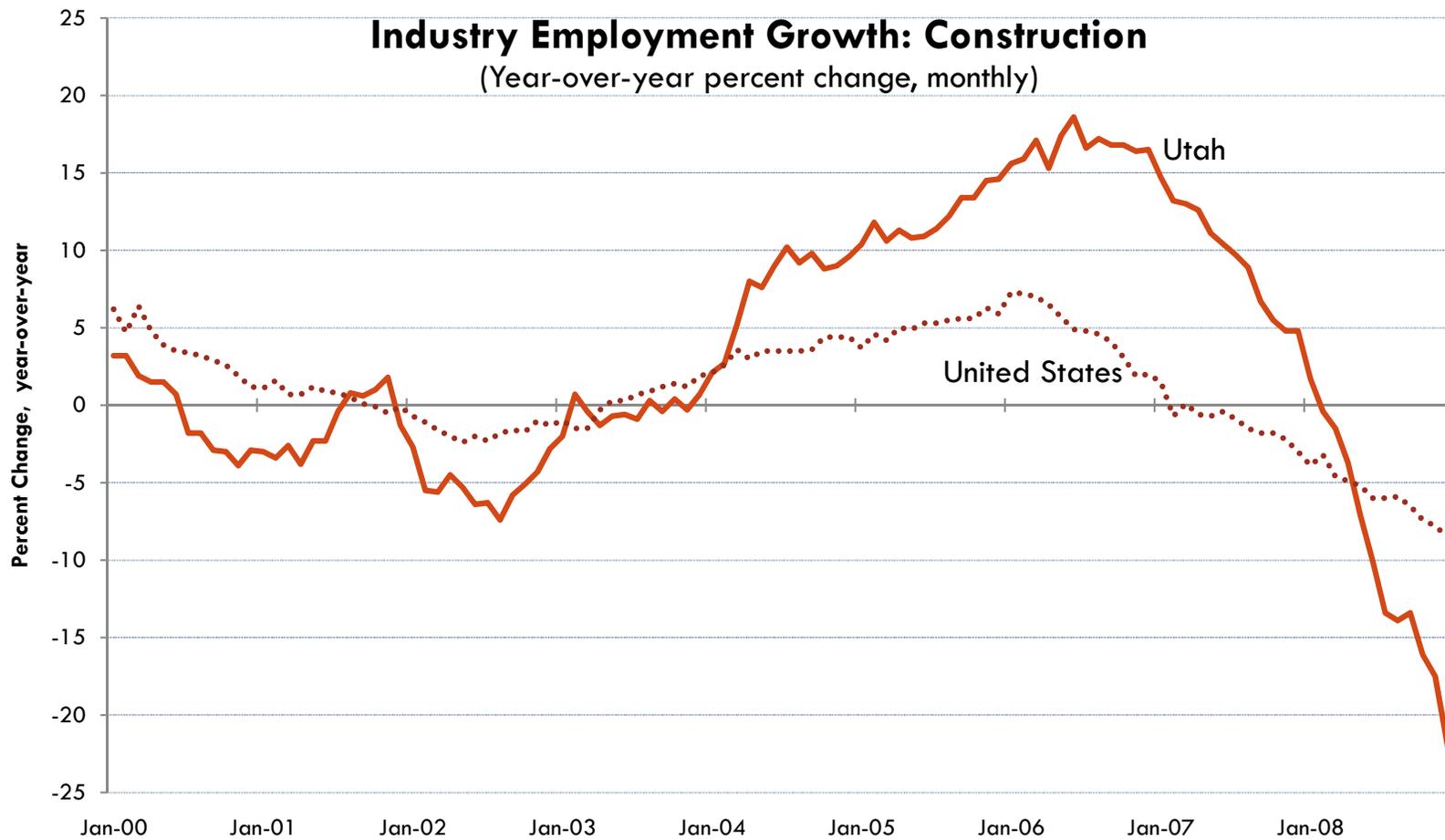
Source: Bureau of Labor Statistics, December 2008

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

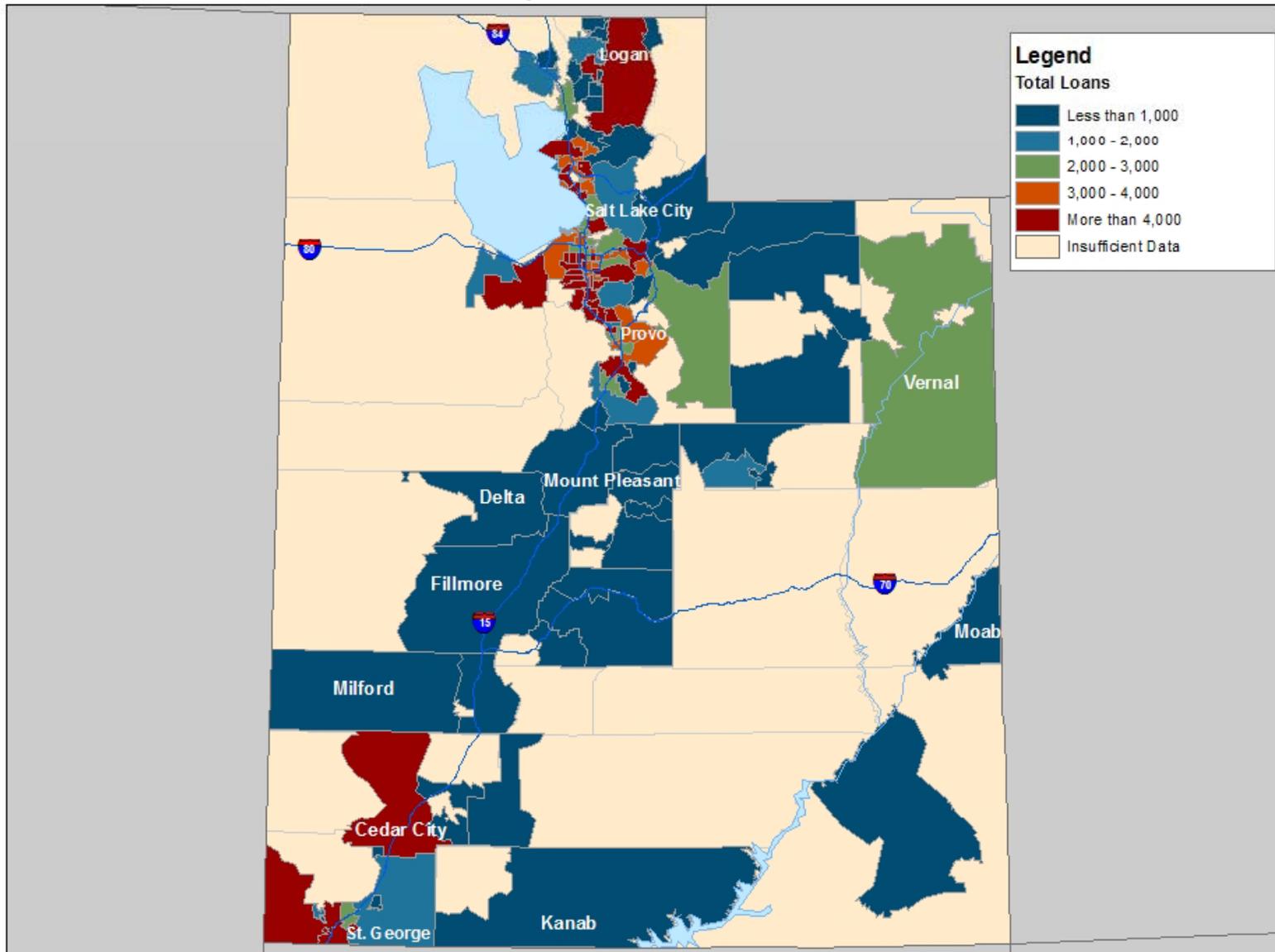


Source: Bureau of Labor Statistics, December 2008

Utah Foreclosure Data Maps

Distribution of Lending Volume

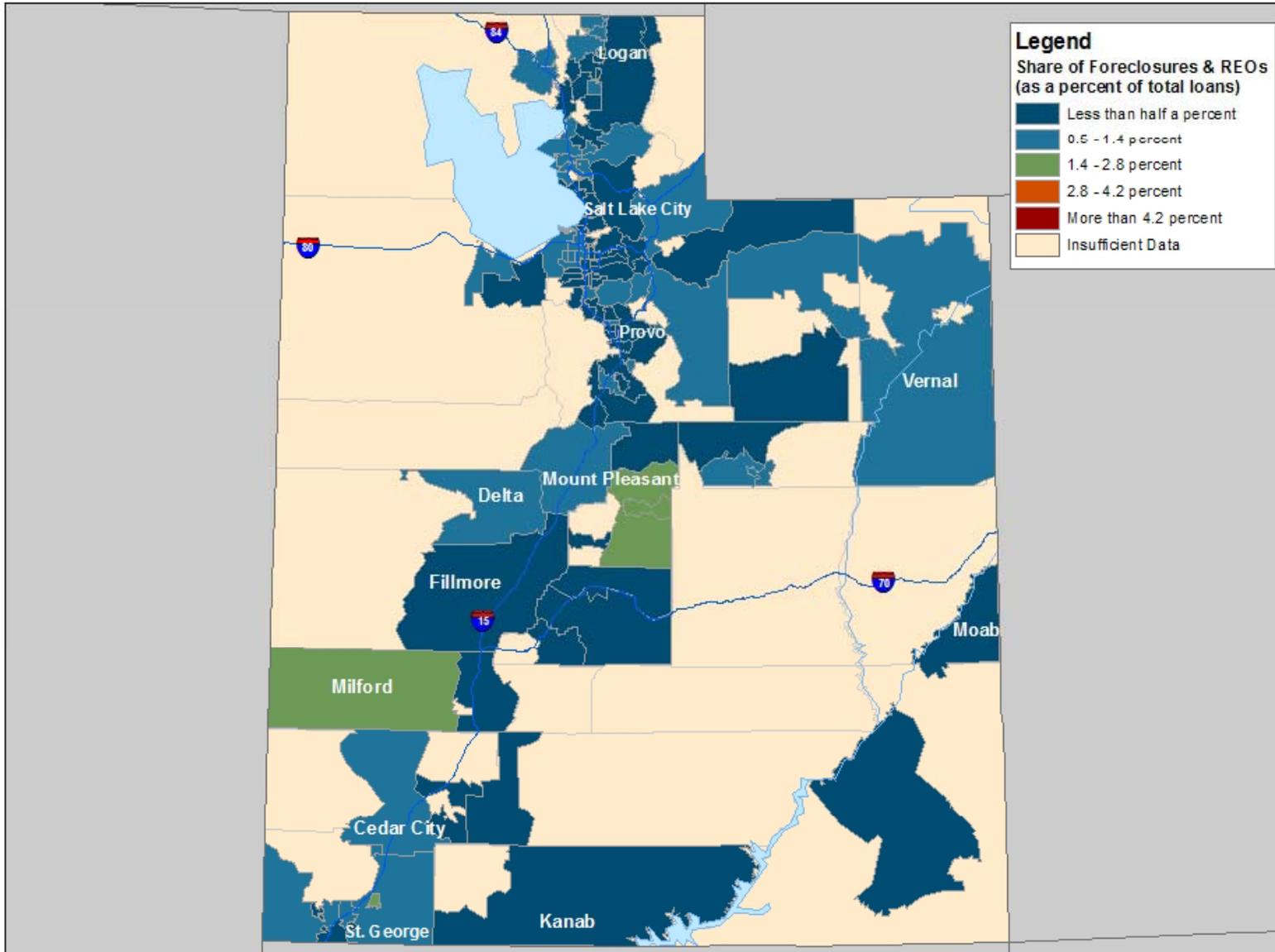
September 2007



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

Areas Affected by Concentrated Foreclosures

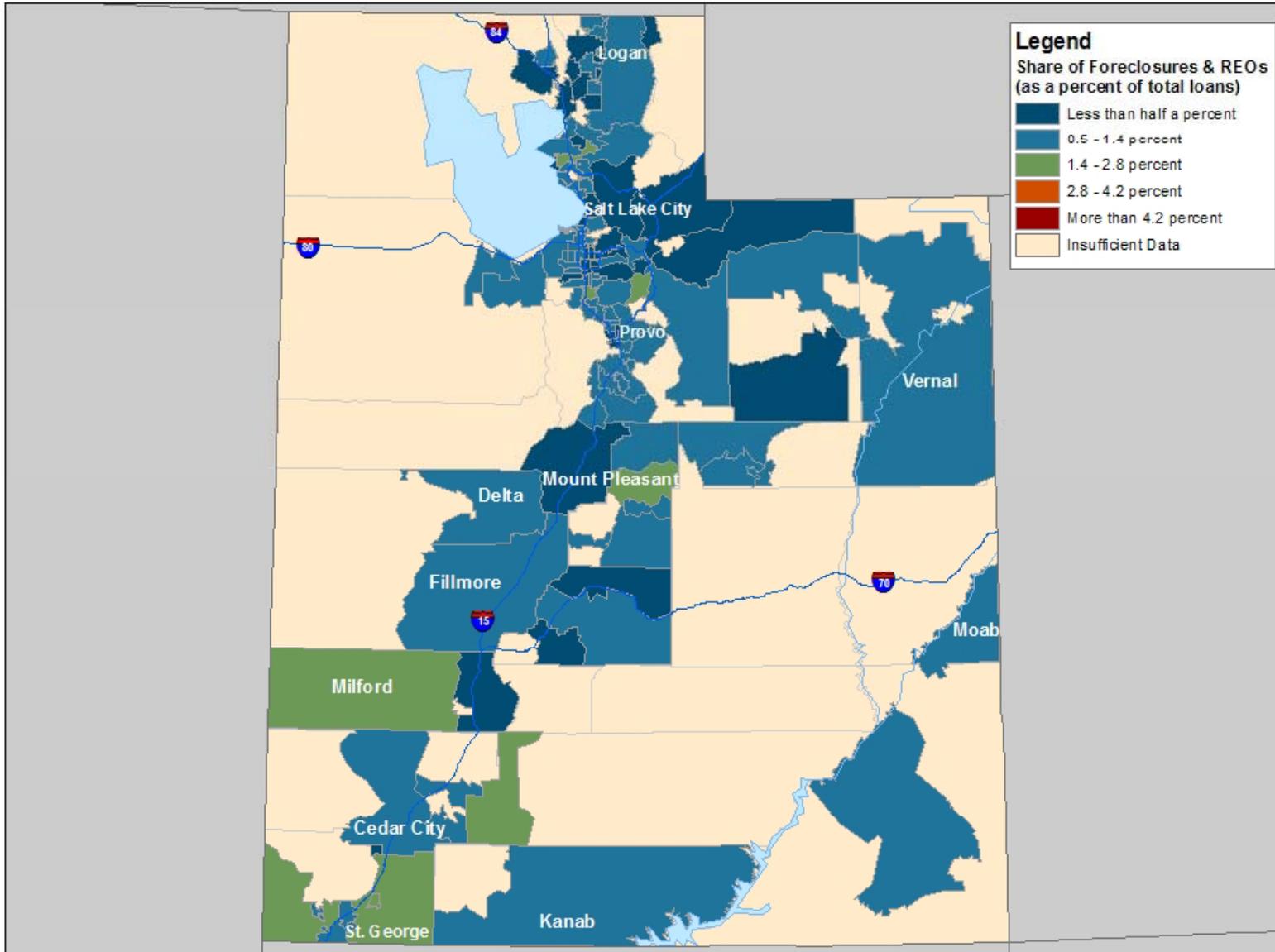
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Areas Affected by Concentrated Foreclosures

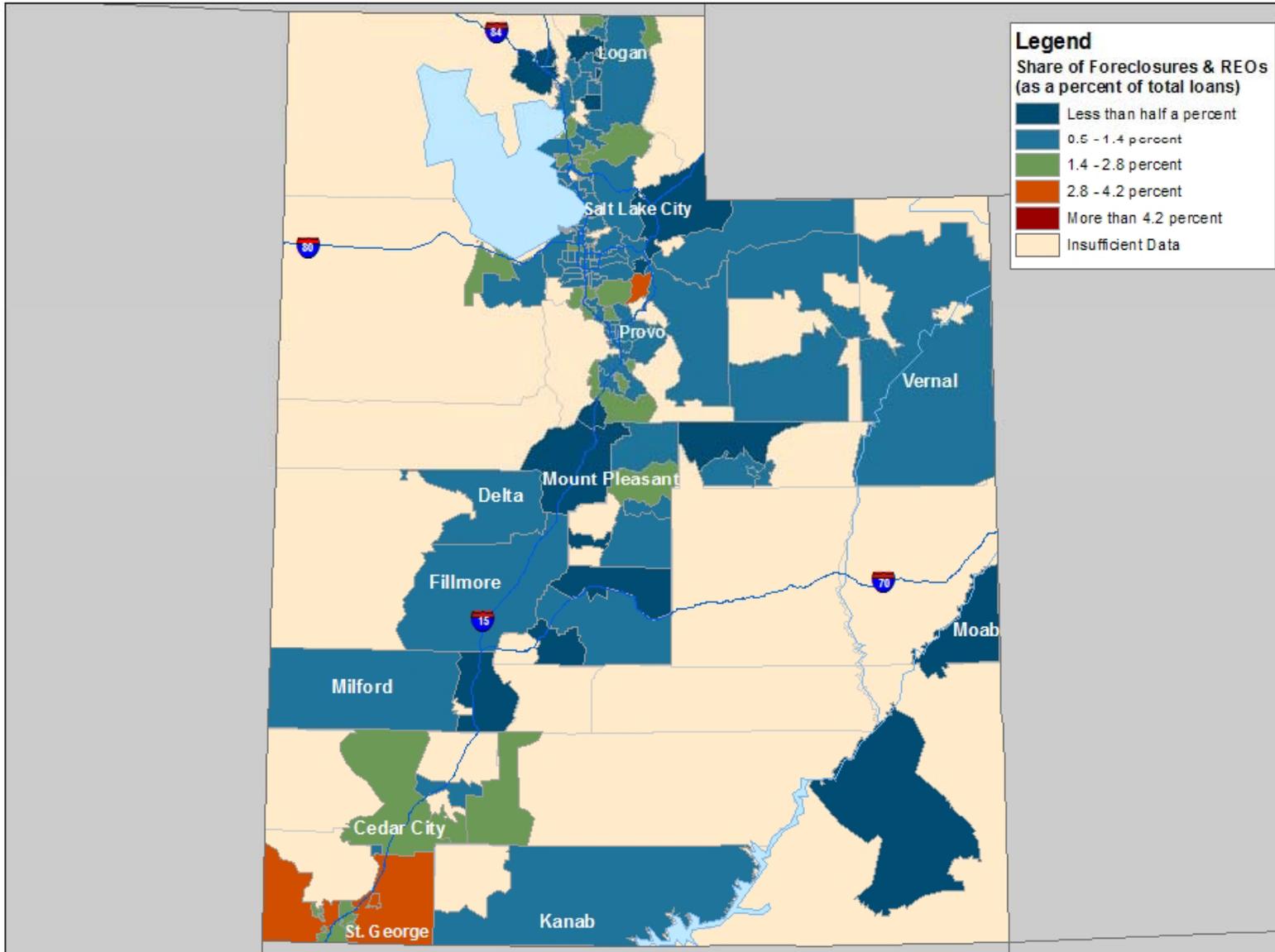
April 2008



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

Areas Affected by Concentrated Foreclosures

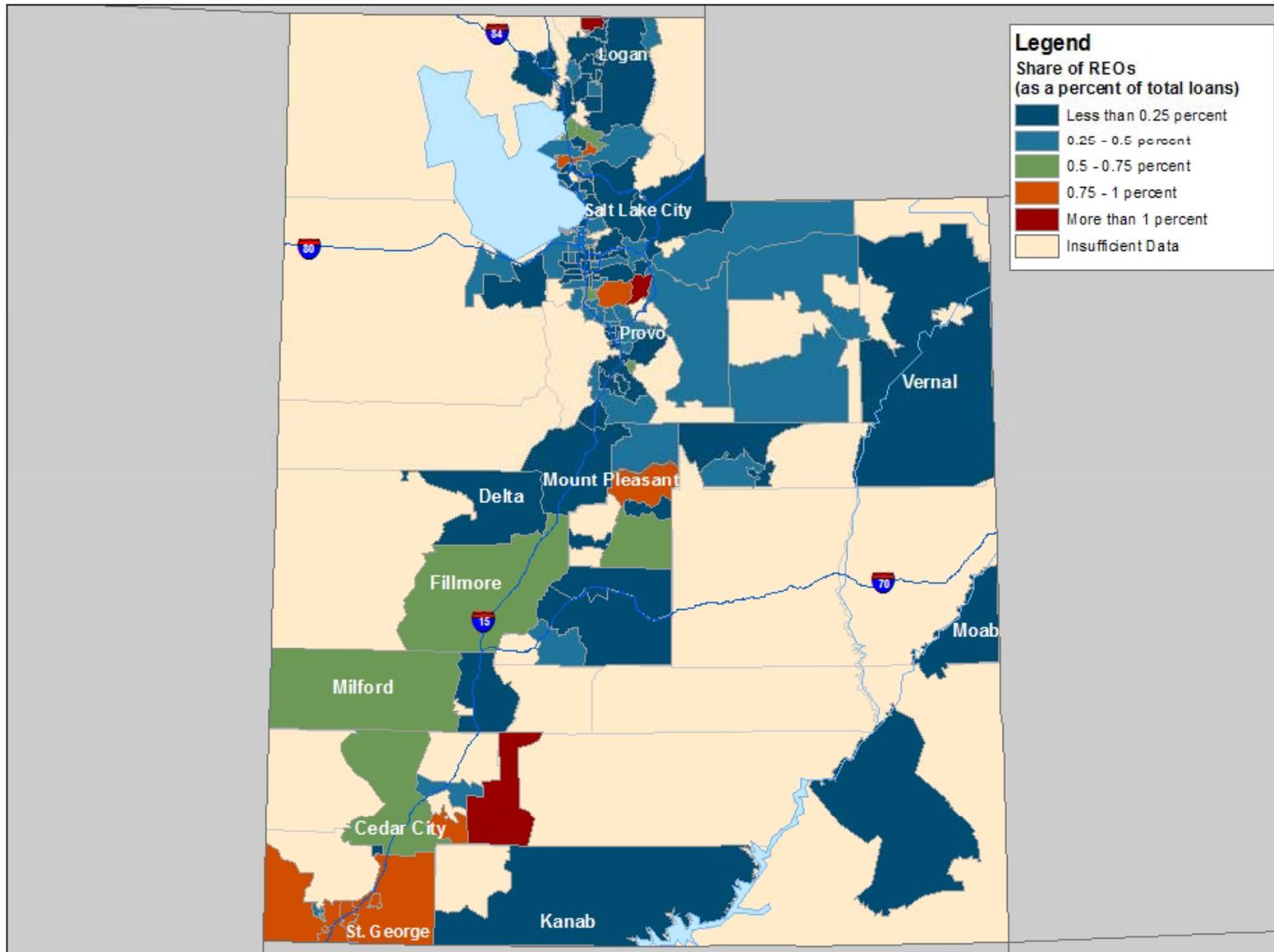
November 2008



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

Concentration of REO Properties

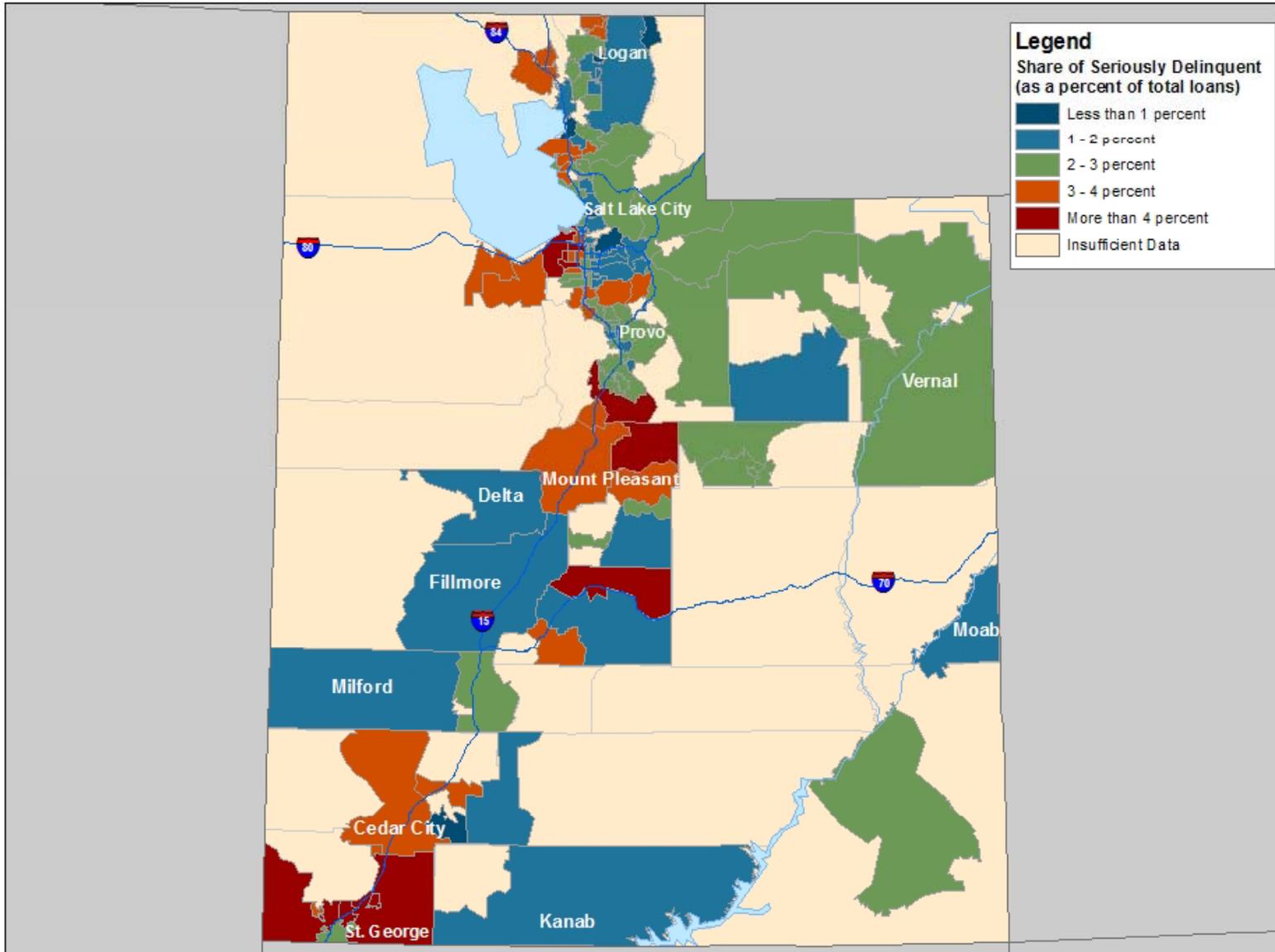
November 2008



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

Areas at Risk for Additional Foreclosures

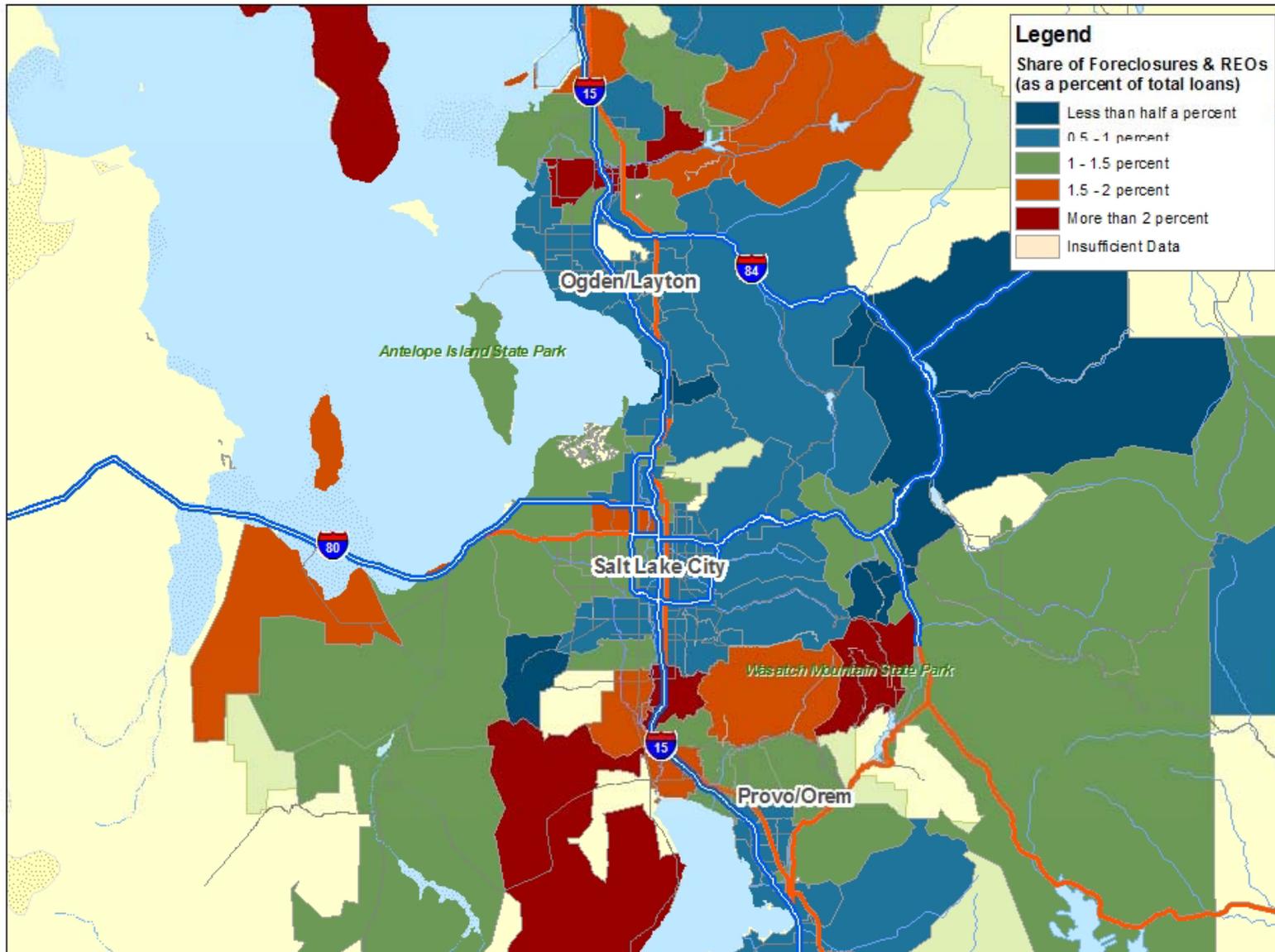
November 2008



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

Salt Lake City Data Maps

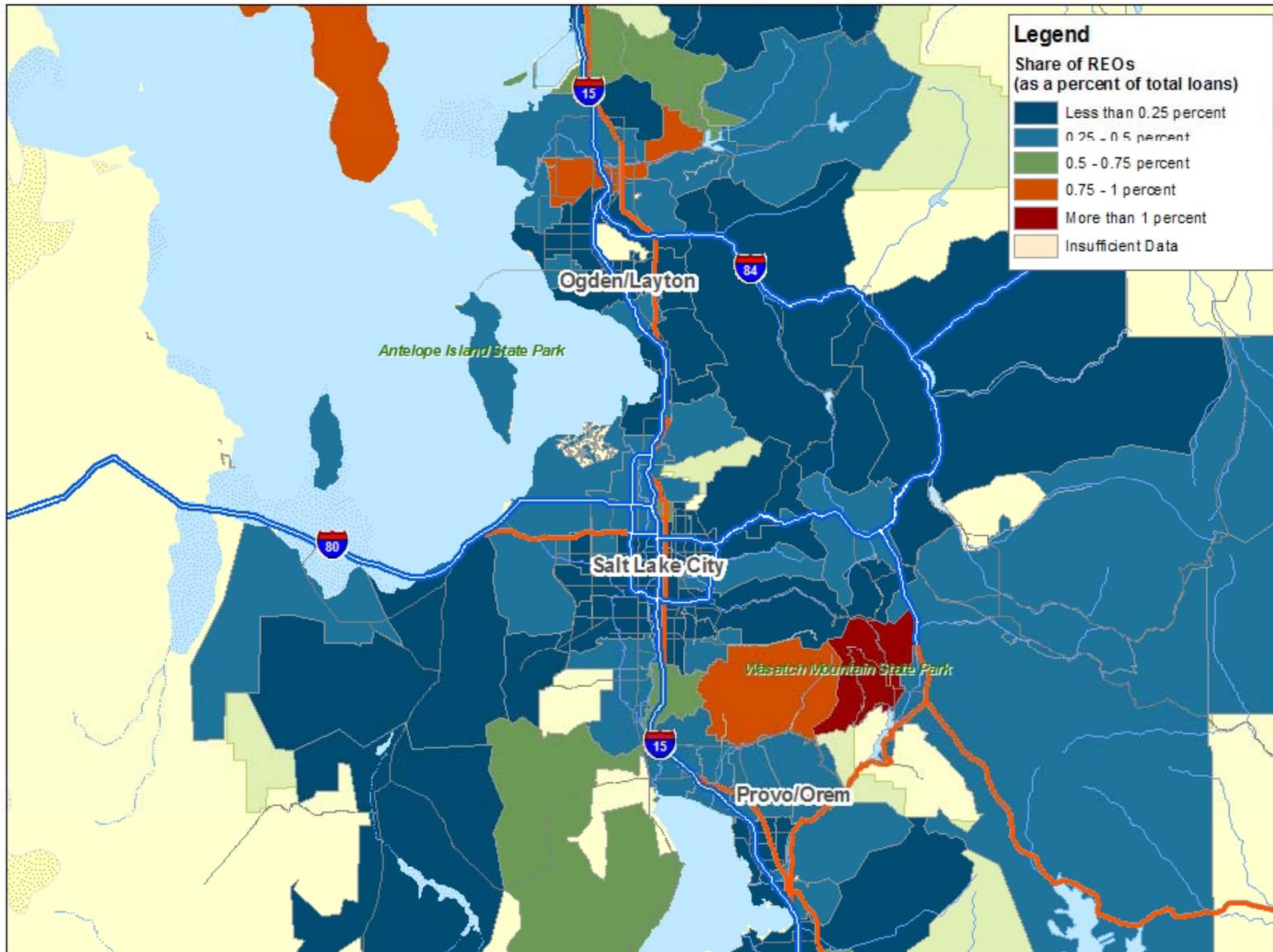
Neighborhoods Affected by Concentrated Foreclosures November 2008



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

Concentration of REO Properties

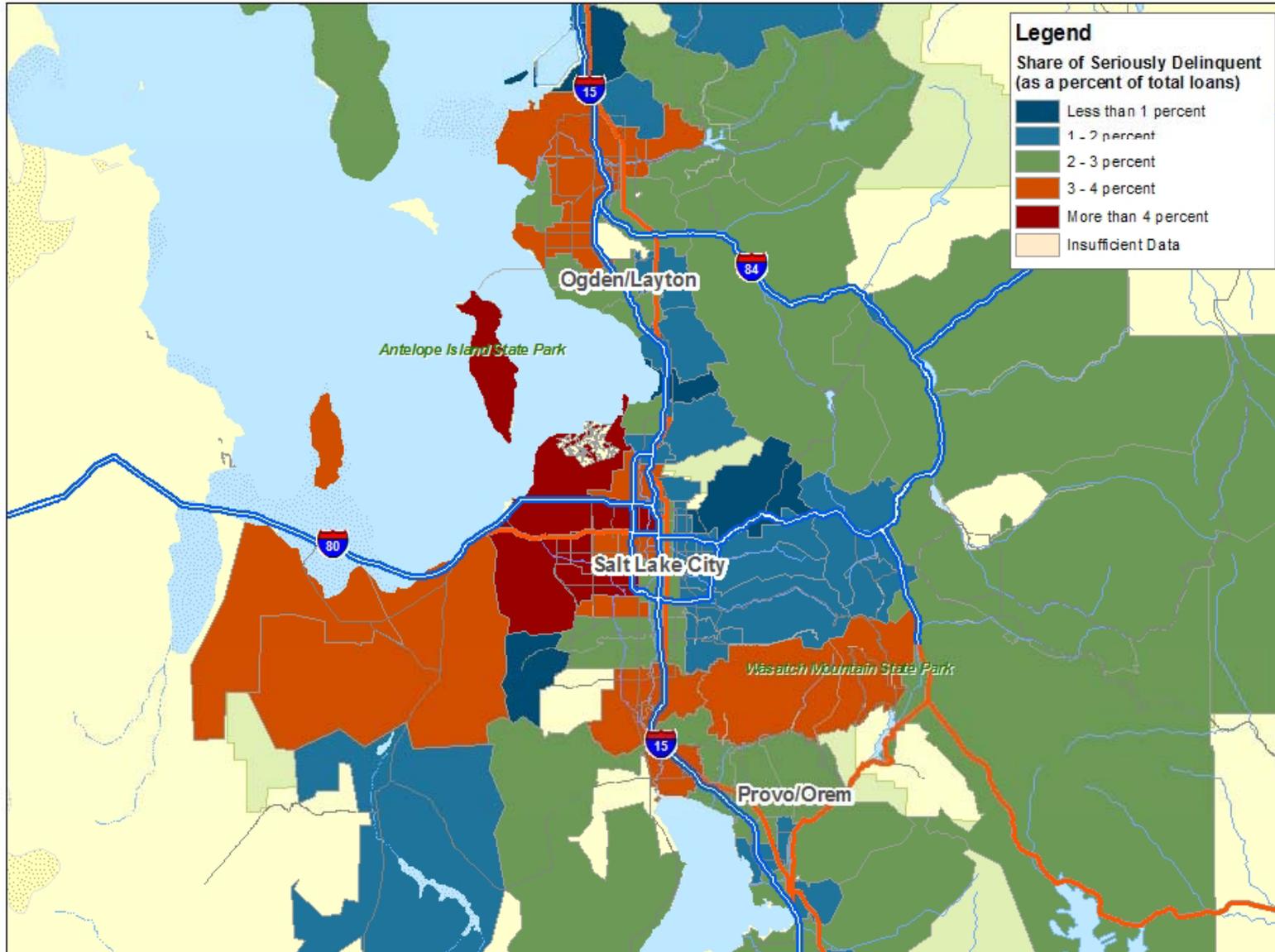
November 2008



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

Salt Lake City Data Maps

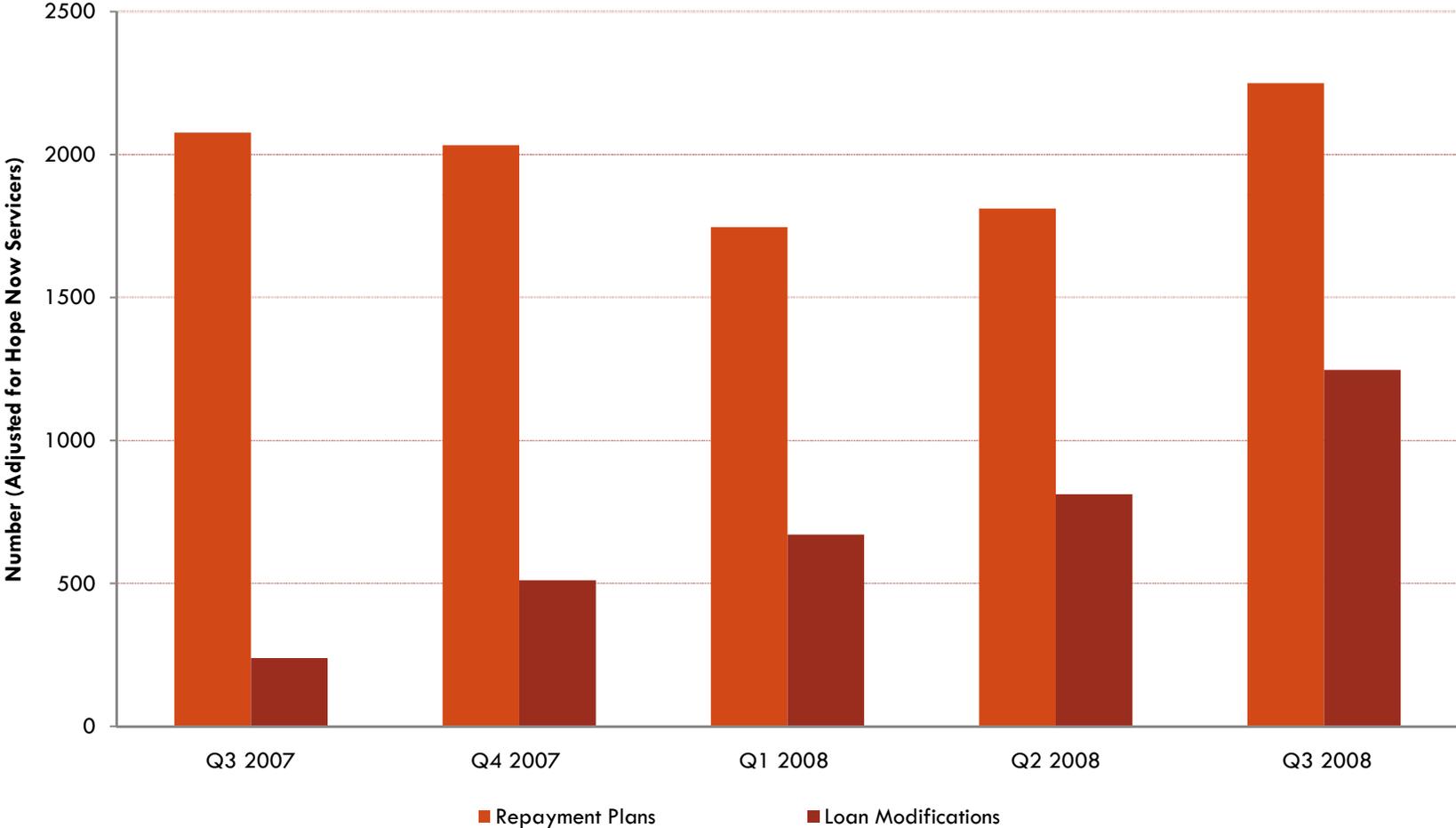
Neighborhoods at Risk for Additional Foreclosures November 2008



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

Loan Modifications as Share of Loan Workouts Have Increased

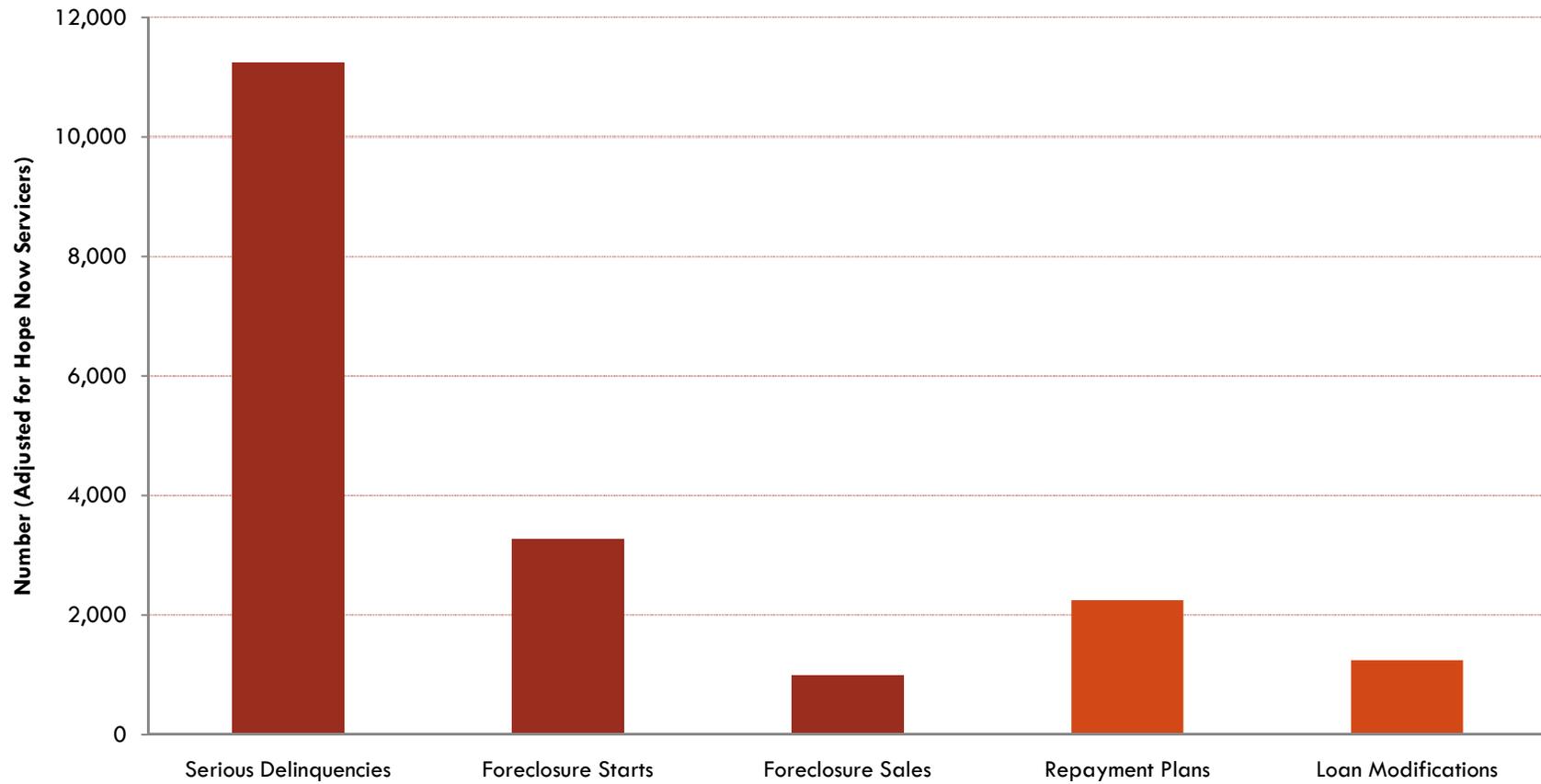
Utah Loan Workouts



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

Yet, Workouts Still Fall Short of Need

**Foreclosure & Delinquencies v. Loan Workouts in Utah
3rd Quarter 2008**



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

Conclusions

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- 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 FRBSF Community Development website. The header includes the Federal Reserve Bank of San Francisco logo and navigation links. The main content area is titled 'COMMUNITY DEVELOPMENT' and features a 'Highlights' section with three articles. The first article is 'Focus on Community Development Policy' from 'Community Investments: Volume 20, Issue 3, 2008'. The second is 'The Enduring Challenge of Concentrated Poverty in America' from 2006. The third is 'Foreclosure Resource Center'. Below the highlights are sections for 'Programs and Information', 'Events and Conferences', 'Publications', and 'About Us'. On the right side, there is a 'TOOL BOX' with various links and a search bar. At the bottom right, there is a 'POPULAR CONTENT' section with 'Upcoming Events' and 'Financial Education Resource Center'.

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