



The Foreclosure Crisis Where are Things Today?

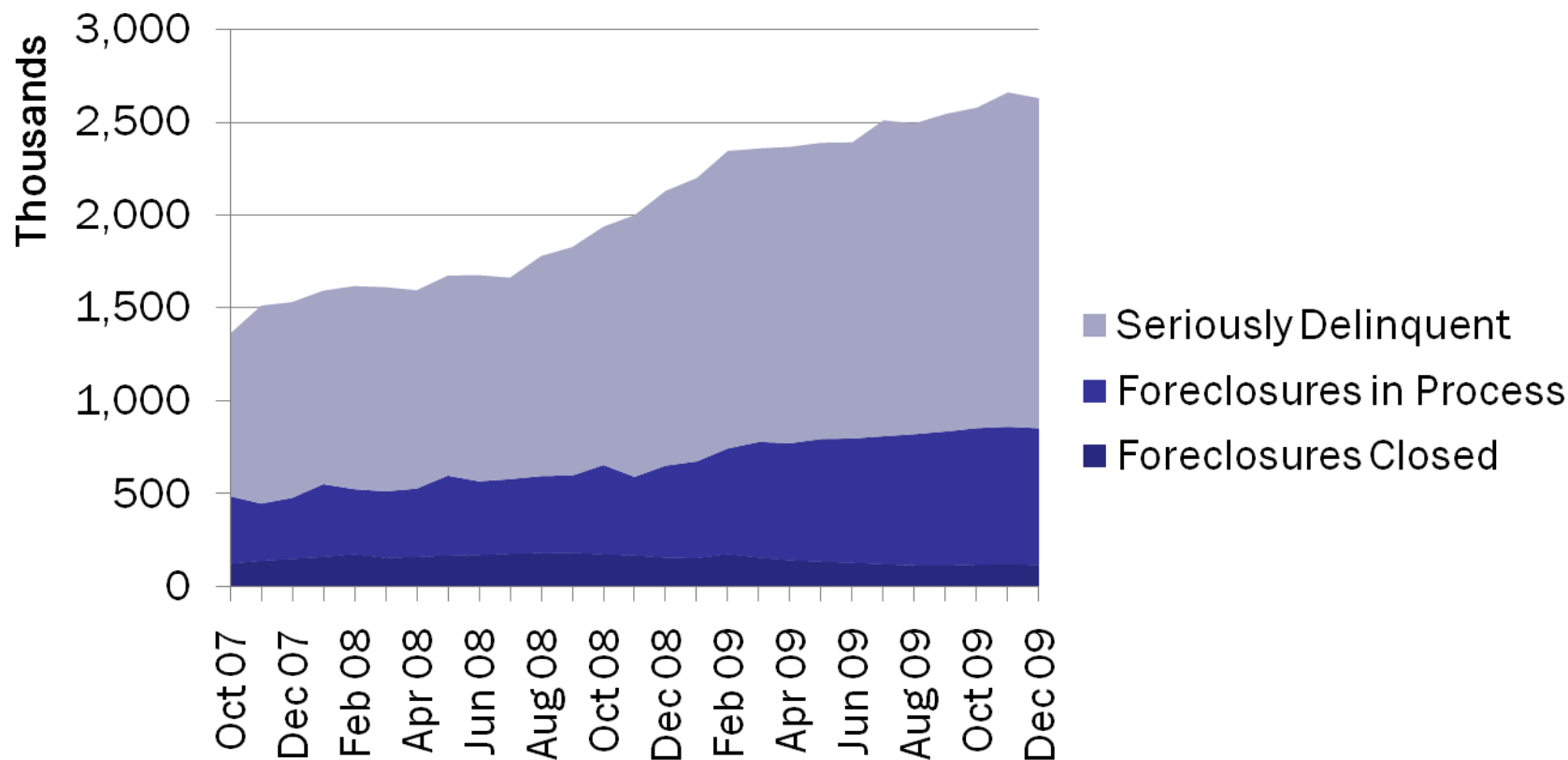
Roberto G. Quercia

Center *for* Community Capital
*Research and analysis on the
transformative power of capital*



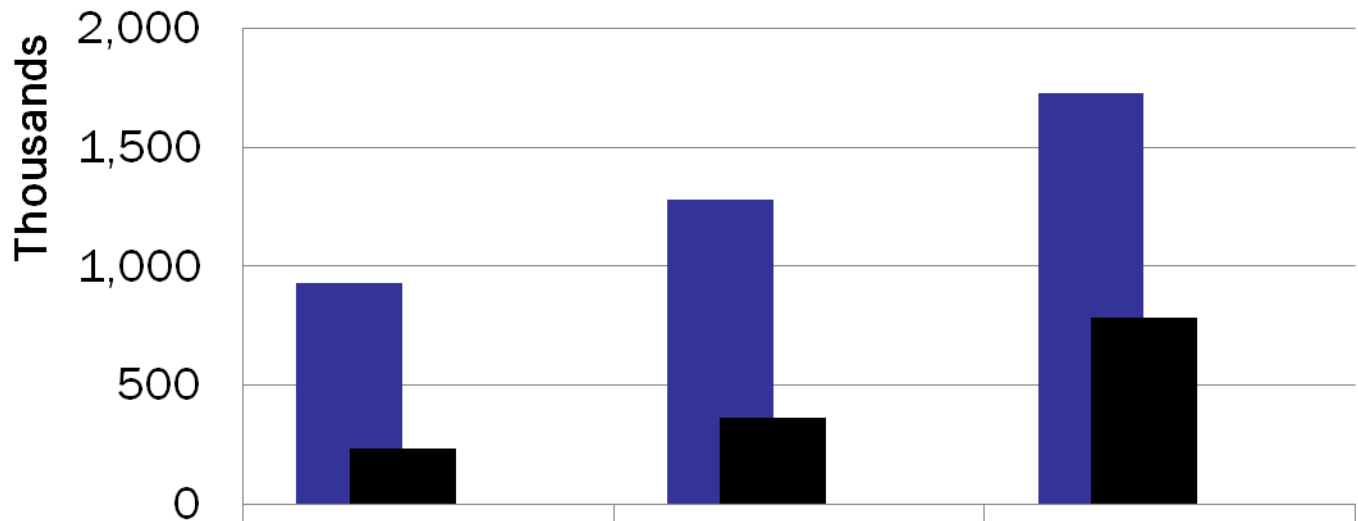


Distressed Loans Continues to Increase



SOURCE: State Foreclosure Prevention Working Group

Many Seriously Delinquent Borrowers Still Not Receiving Assistance

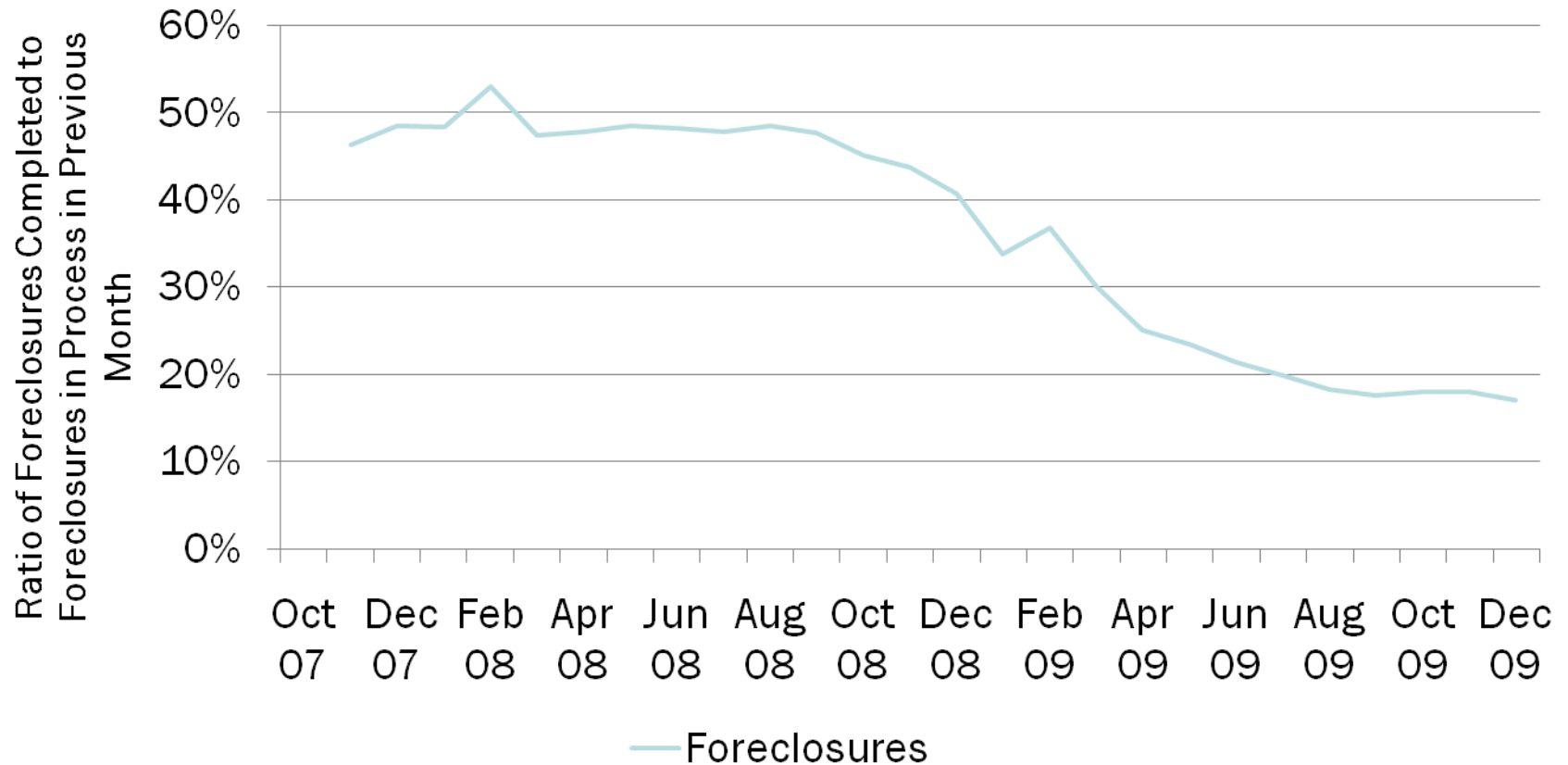


	2007Q4	2008Q4	2009Q4
■ Seriously Delinquent Loans	931,298	1,277,267	1,727,436
■ Loss Mitigations in Process	235,691	363,983	786,829
Difference (#)	695,607	913,284	940,607
Difference (%)	74.7%	71.5%	54.5%

NOTE: Numbers adjusted to reflect only servicers reporting all relevant information.

SOURCE: State Foreclosure Prevention Working Group

Backlog in Foreclosures

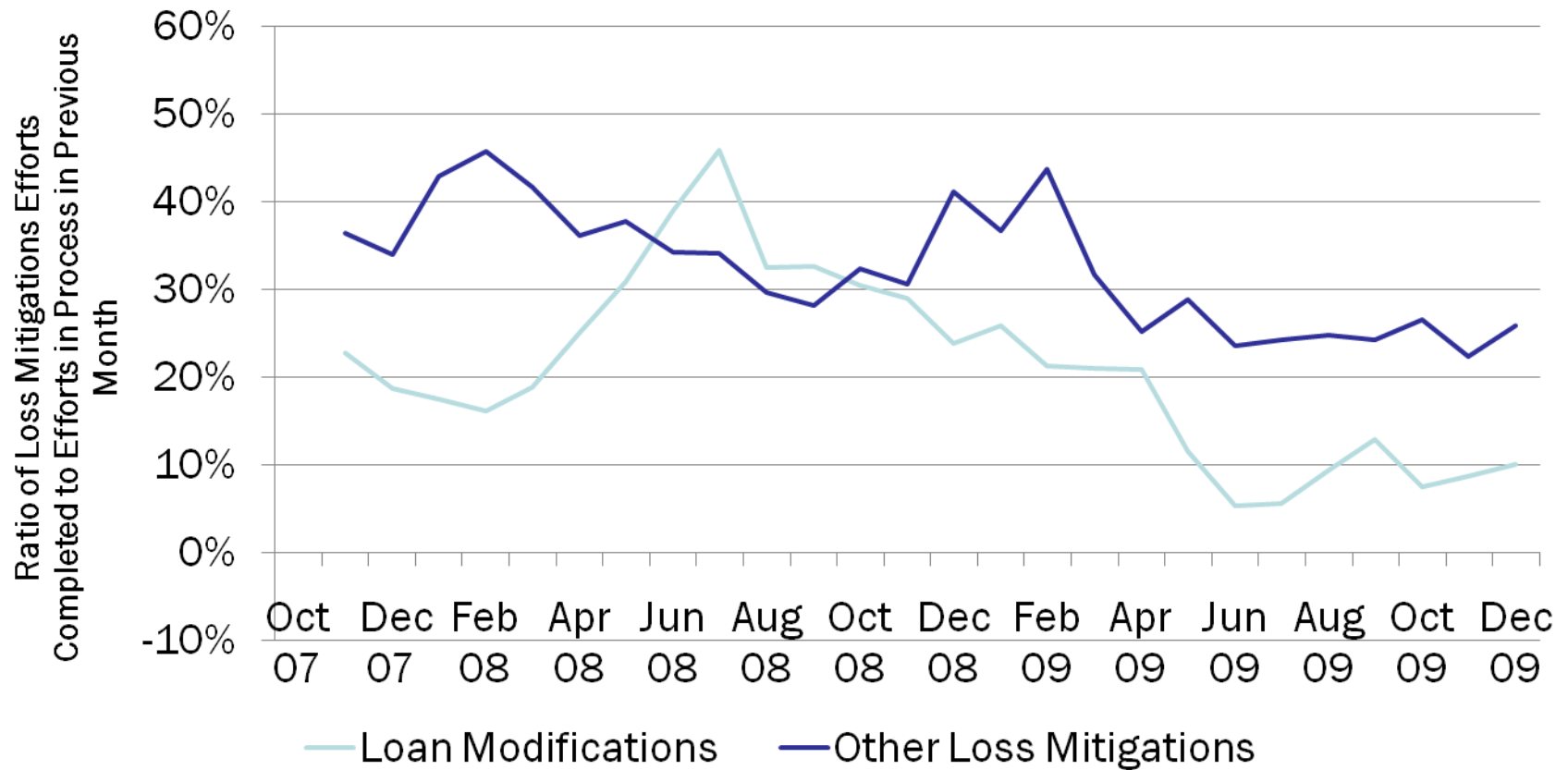


NOTE: Numbers adjusted to reflect only servicers reporting all relevant information.

SOURCE: State Foreclosure Prevention Working Group



Backlog in Loss Mitigations



NOTE: Numbers adjusted to reflect only servicers reporting all relevant information.

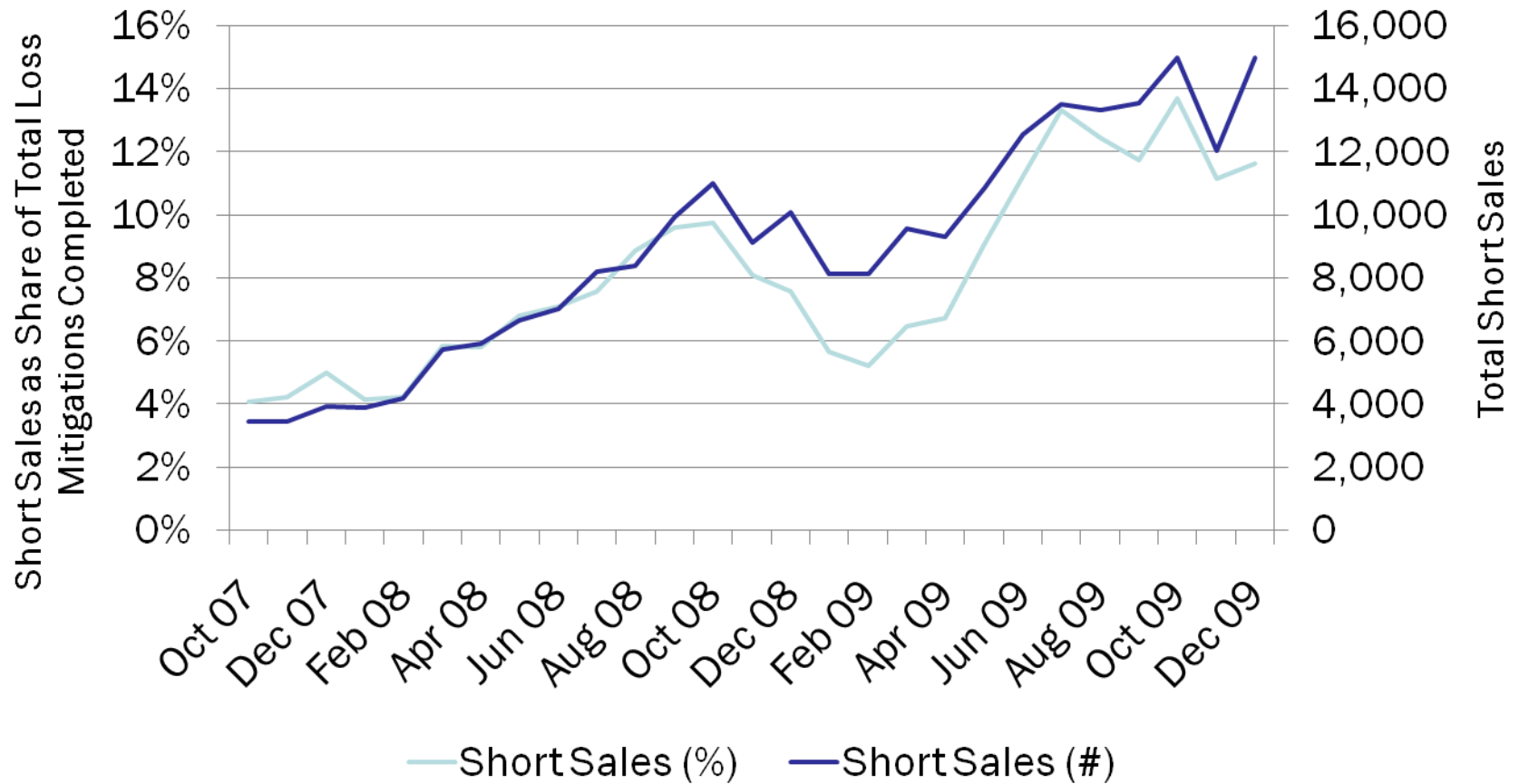
SOURCE: State Foreclosure Prevention Working Group

Distribution of Loss Mitigations

		2007 Quarter 4		2008 Quarter 4		2009 Quarter 4	
		In Process	Closed	In Process	Closed	In Process	Closed
Home-Loss	Deed in lieu	1.8%	0.4%	2.1%	0.4%	0.4%	0.3%
	Short sale	13.0%	4.4%	16.1%	8.4%	16.1%	12.1%
Home-Retention	Forbearance	8.6%	4.2%	6.7%	3.9%	4.1%	9.2%
	Repayment plan	24.6%	29.6%	9.3%	20.0%	12.9%	25.2%
	Modification	45.7%	25.0%	63.1%	45.8%	63.8%	38.1%
Borrower	Refinance or paid in full	1.6%	13.6%	0.7%	3.8%	0.2%	3.0%
	Reinstatement	4.6%	22.8%	2.0%	17.7%	2.5%	12.1%
Total Loss Mitigation Efforts		100%	100%	100%	100%	100%	100%

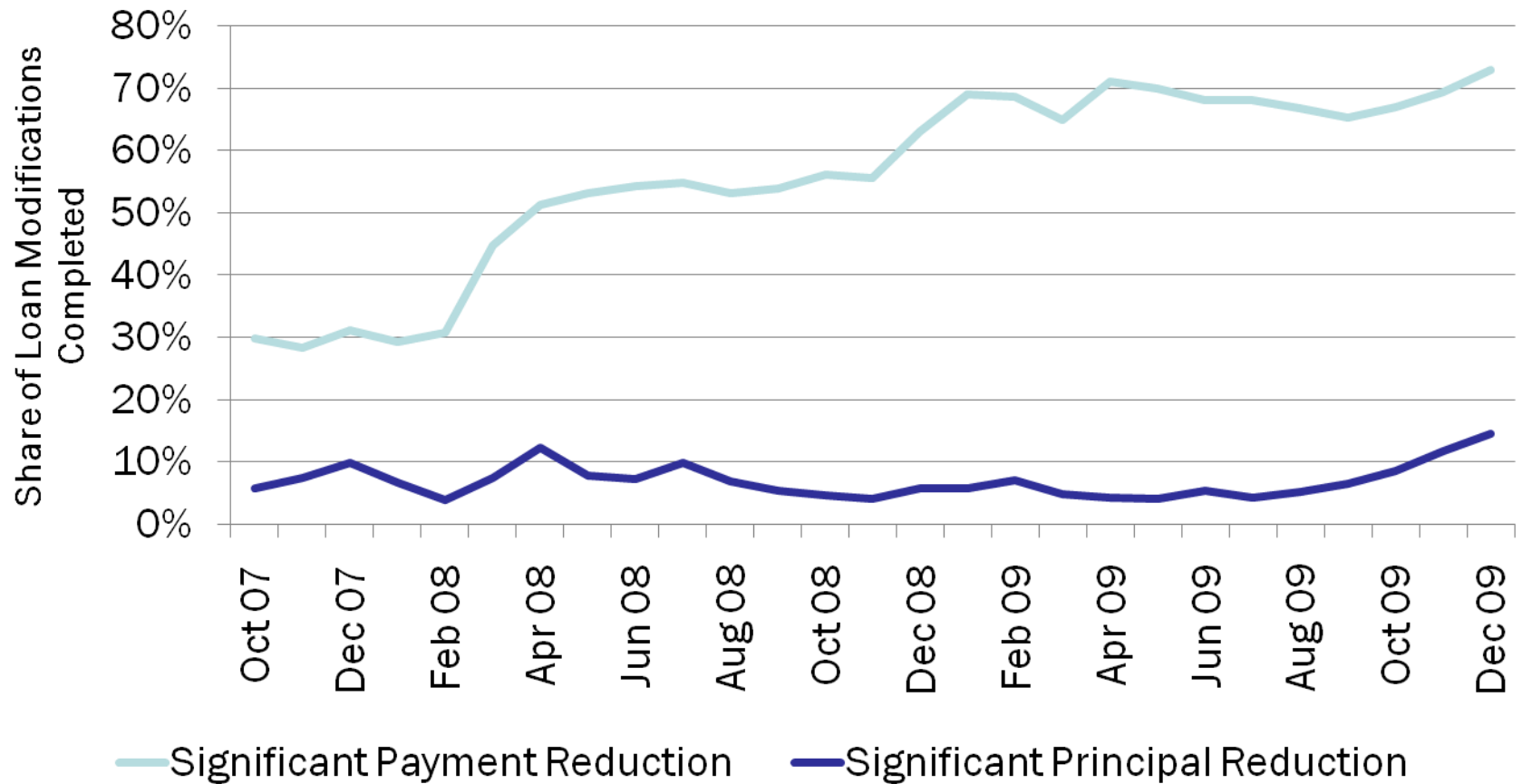
SOURCE: State Foreclosure Prevention Working Group

Short Sales Becoming More Common



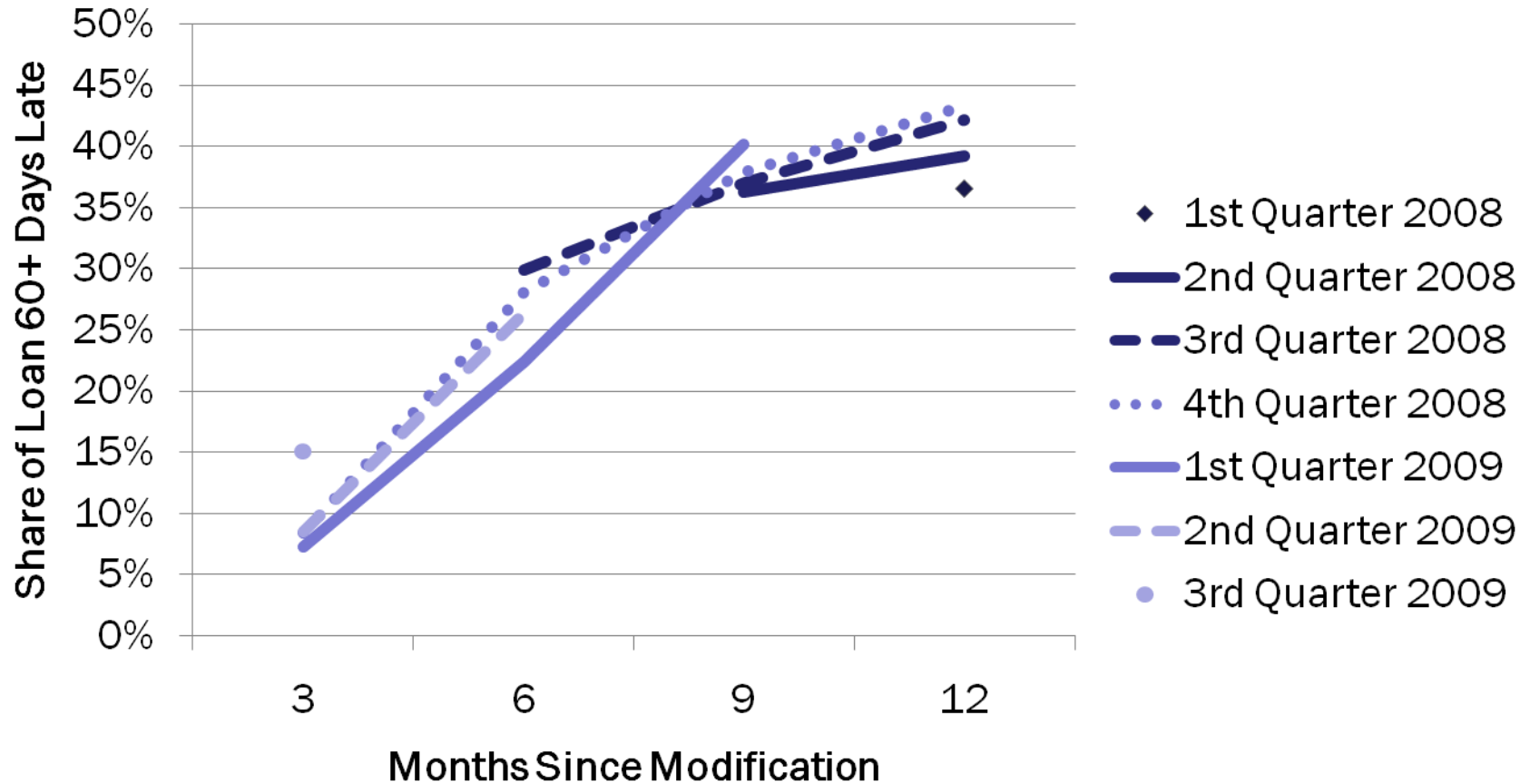


Principal Reductions Still Rare: Over 70% INCREASE the Principal Balance

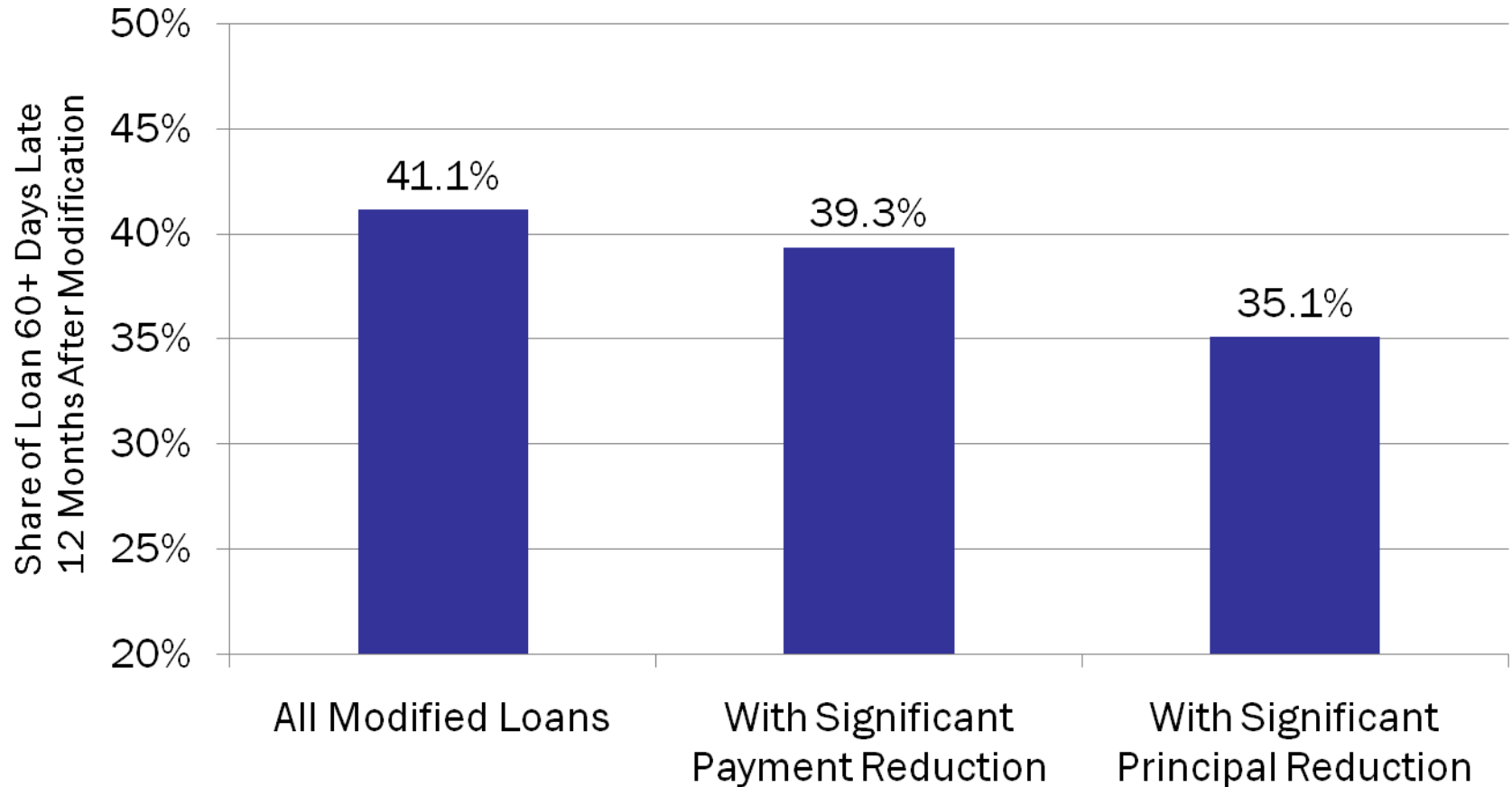




Significant Share of Modifications Re-default



Principal Reductions Have Lower Re-default Rates



SOURCE: State Foreclosure Prevention Working Group

Looking Ahead

- Things will get worse before they get better
- Current foreclosure prevention efforts often fail to develop sustainable work-outs
- More aggressive programs needed to deal with price declines and high unemployment
- Principal reduction can be a critical component of successful loan modification
- Develop systems to allow for efficient and clear communication between servicers and borrowers