The Foreclosure Situation in Missouri

Missouri Home Preservation Summit
Jefferson City, MO

K. Edmiston, FRB KC
January 14, 2010
Foreclosure Trends and Hotspots
Missouri Area Foreclosure Rates

<table>
<thead>
<tr>
<th>State</th>
<th>Q3 2007</th>
<th>Q3 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>MO</td>
<td>2.05</td>
<td>4.47</td>
</tr>
<tr>
<td>US</td>
<td>2.65</td>
<td>5.25</td>
</tr>
<tr>
<td>IA</td>
<td>2.21</td>
<td>1.90</td>
</tr>
<tr>
<td>IL</td>
<td>5.25</td>
<td>5.25</td>
</tr>
<tr>
<td>KS</td>
<td>2.21</td>
<td>2.21</td>
</tr>
<tr>
<td>AR</td>
<td>1.90</td>
<td>1.90</td>
</tr>
</tbody>
</table>

January 14, 2010

K. Edmiston, FRB KC
Missouri Foreclosure Laws and Regulations
Counts and Effects on Process Days

- Judicial Foreclosure = 24 (Avg. 186.3 days)
- Nonjudicial Foreclosure = 25 (Avg. 87.1 days)
- Range is 27 (TX, NJ) to 445 (NY, J)
- Missouri is 60 (KS = 130; IL = 300)
Statutory Redemption Period

Legend

- 365 Days +
- 180 - 364 Days
- 90 - 179 Days
- 1 - 89 Days
- None
- Court Decides

JO = only in judicial foreclosure
Deficiency Judgments

Legend

Deficiency Judgements

No
Yes
Yes, with Restrictions
License required (updated effective July 8, 2009)
- no previous revocations
- character and fitness requirements
  - No serious criminal history
  - Financial stability (net worth at least $25,000 and no serious financial difficulties (foreclosure, serious delinquency, etc.)
- (minimal) preliminary and continuing education requirements and passes exam
- many exceptions eliminated with 2009 law
- $20,000 surety bond
Future Direction
Future Direction

- Delinquencies remain high, and are on the rise
- Modification efforts likely delaying more than preventing foreclosures
## Status of Mortgage Pool in Missouri and U.S.

<table>
<thead>
<tr>
<th>Status of Mortgage Pool</th>
<th>Missouri</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquent 30 days</td>
<td>4.05</td>
<td>3.79</td>
</tr>
<tr>
<td>Delinquent 60 days</td>
<td>1.78</td>
<td>1.77</td>
</tr>
<tr>
<td>Delinquent 90 days +</td>
<td>3.59</td>
<td>4.38</td>
</tr>
<tr>
<td>TOTAL PAST DUE</td>
<td>9.41</td>
<td>9.94</td>
</tr>
<tr>
<td>Foreclosures Started</td>
<td>0.91</td>
<td>1.42</td>
</tr>
<tr>
<td>In Foreclosure Process</td>
<td>2.05</td>
<td>4.47</td>
</tr>
<tr>
<td>SERIOUSLY DELINQUENT</td>
<td>5.62</td>
<td>8.85</td>
</tr>
</tbody>
</table>

Source: Mortgage Bankers Association
Mortgage Delinquencies

Source: Mortgage Bankers Association

Percent of outstanding mortgages

Q3 2008 Q3 2009

10J 4.38 2.91
US 2.68 2.71
CO 3.59
KS 2.25
MO 2.71
NE 1.82
NM 2.82
OK
WY

Percent

Source: Mortgage Bankers Association

January 14, 2010

K. Edmiston, FRB KC
Future Direction

- Delinquencies remain high, and are on the rise
- Modification efforts likely delaying more than preventing foreclosures
- Subprime mortgage resets were generally modest in light of low mortgage rates, and resets are about over
  - But remaining subprime mortgage holders often are in trouble
## Subprime Mortgages in Missouri and U.S

<table>
<thead>
<tr>
<th></th>
<th>3rd Qtr. 2006</th>
<th>3rd Qtr. 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share of Mortgages</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missouri</td>
<td>12.78</td>
<td>9.76</td>
</tr>
<tr>
<td>USA</td>
<td>13.56</td>
<td>10.57</td>
</tr>
<tr>
<td><strong>Past Due (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missouri</td>
<td>16.81</td>
<td>29.56</td>
</tr>
<tr>
<td>USA</td>
<td>12.56</td>
<td>26.42</td>
</tr>
<tr>
<td><strong>Foreclosure Rate (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missouri</td>
<td>4.05</td>
<td>7.19</td>
</tr>
<tr>
<td>USA</td>
<td>3.86</td>
<td>15.35</td>
</tr>
</tbody>
</table>

Source: Mortgage Bankers Association
Future Direction

- Delinquencies remain high, and are on the rise
- Modification efforts likely delaying more than preventing foreclosures
- Subprime mortgage resets were generally modest in light of low mortgage rates, and resets are about over
  - But remaining subprime mortgage holders often are in trouble
- New wave of resets is coming
Mortgage Resets

1st Wave – subprime resets nearly over

2nd Wave – Alt-A and option ARM Resets/recasts just beginning

Source: American Loan Performance, UBS
Future Direction

- Delinquencies remain high, and are on the rise
- Modification efforts likely delaying more than preventing foreclosures
- Subprime mortgage resets were generally modest in light of low mortgage rates, and resets are about over
  - But remaining subprime mortgage holders often are in trouble
- New wave of resets is coming
- Much will depend on the economy and housing markets (up ahead!)