

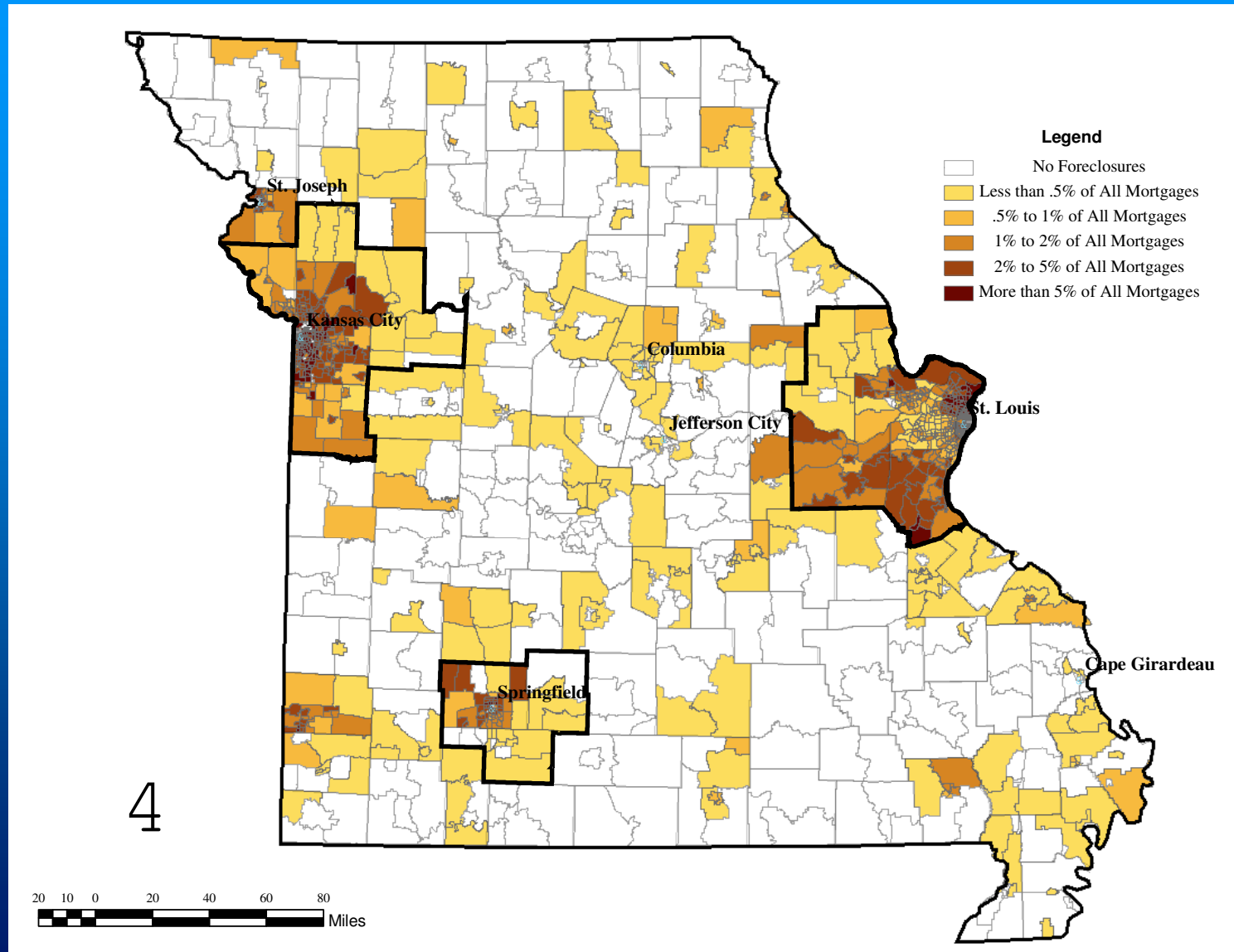
Foreclosure Trend Update
St. Louis Realtors

September 5, 2008

Garry Earls

St. Louis County Government

Missouri Statewide Foreclosure Rate, 2007

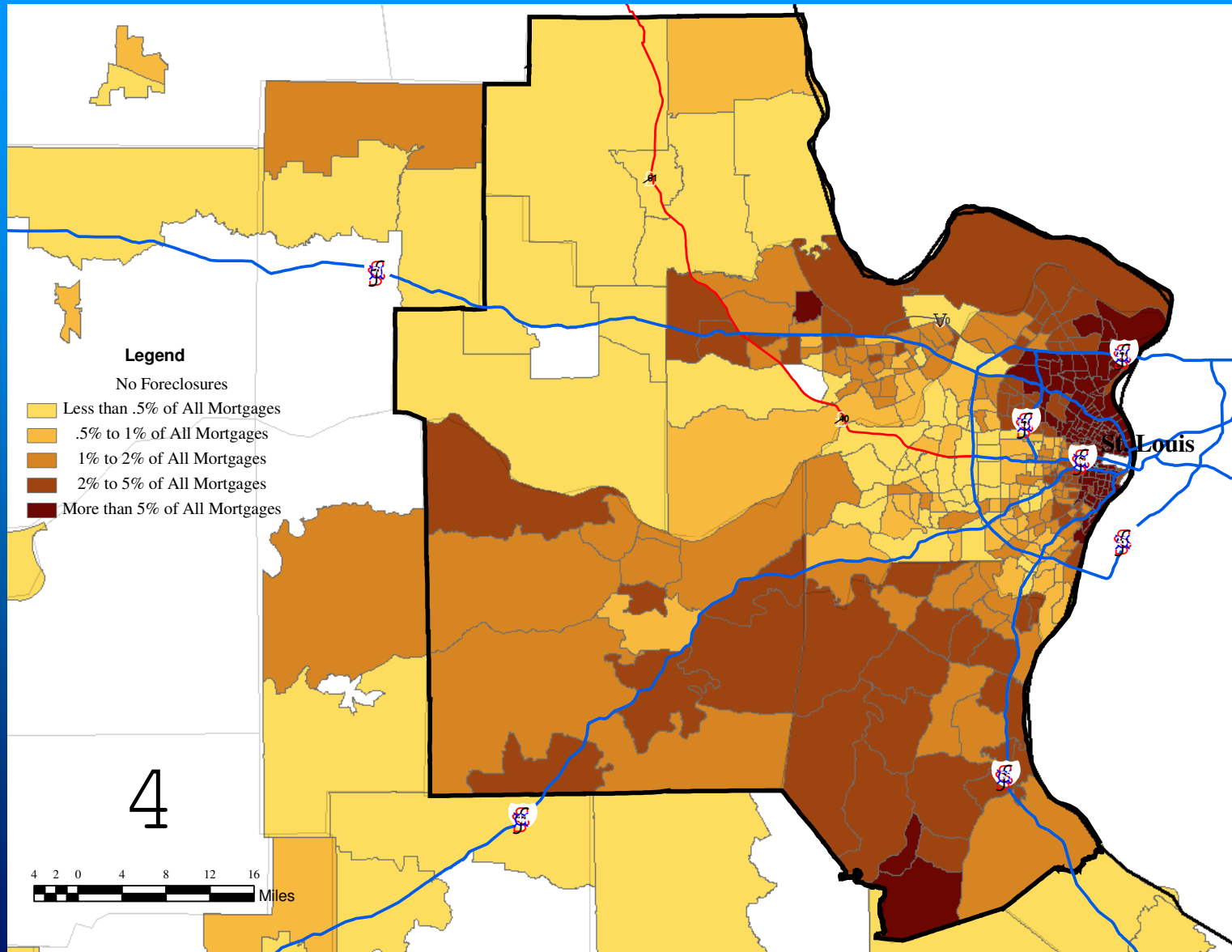


April 15, 2008

K. Edmiston, FRB KC

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St. Louis Foreclosure Rate, 2007



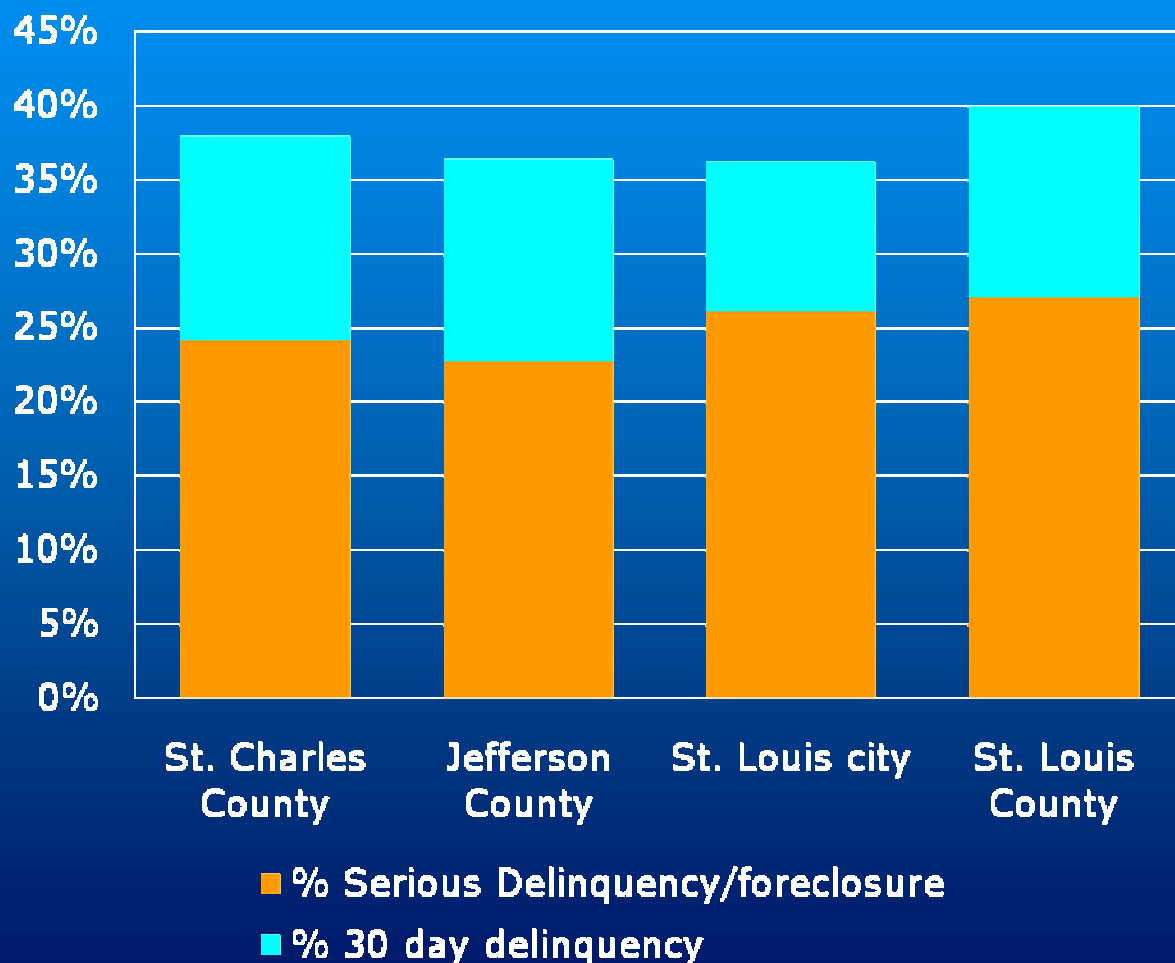
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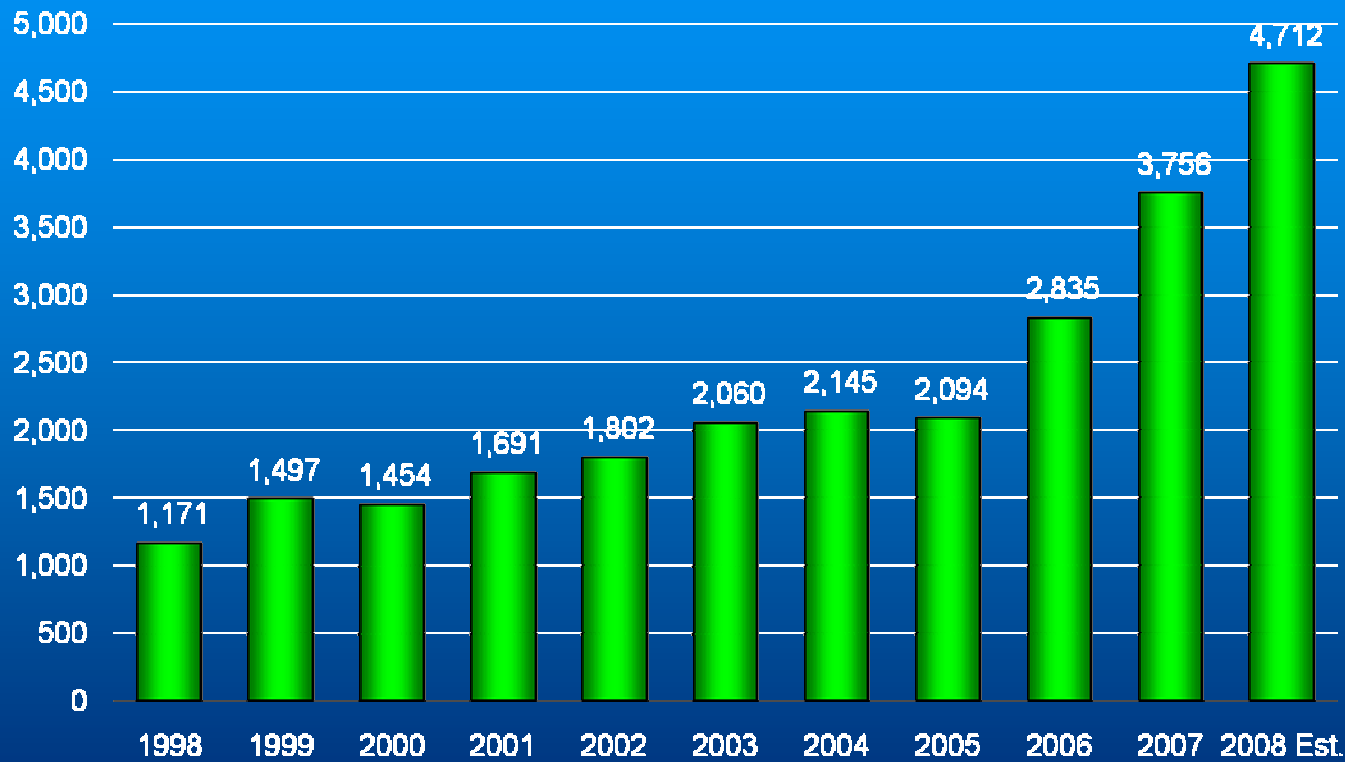
Serious Delinquency in Subprime Loans is Pervasive in the St. Louis Metro Area

In December 2007, about 1/4 of all subprime loans were seriously delinquent (60 days late+) or in foreclosure in Metro area counties.

Source: FRB-NY - Loan Performance

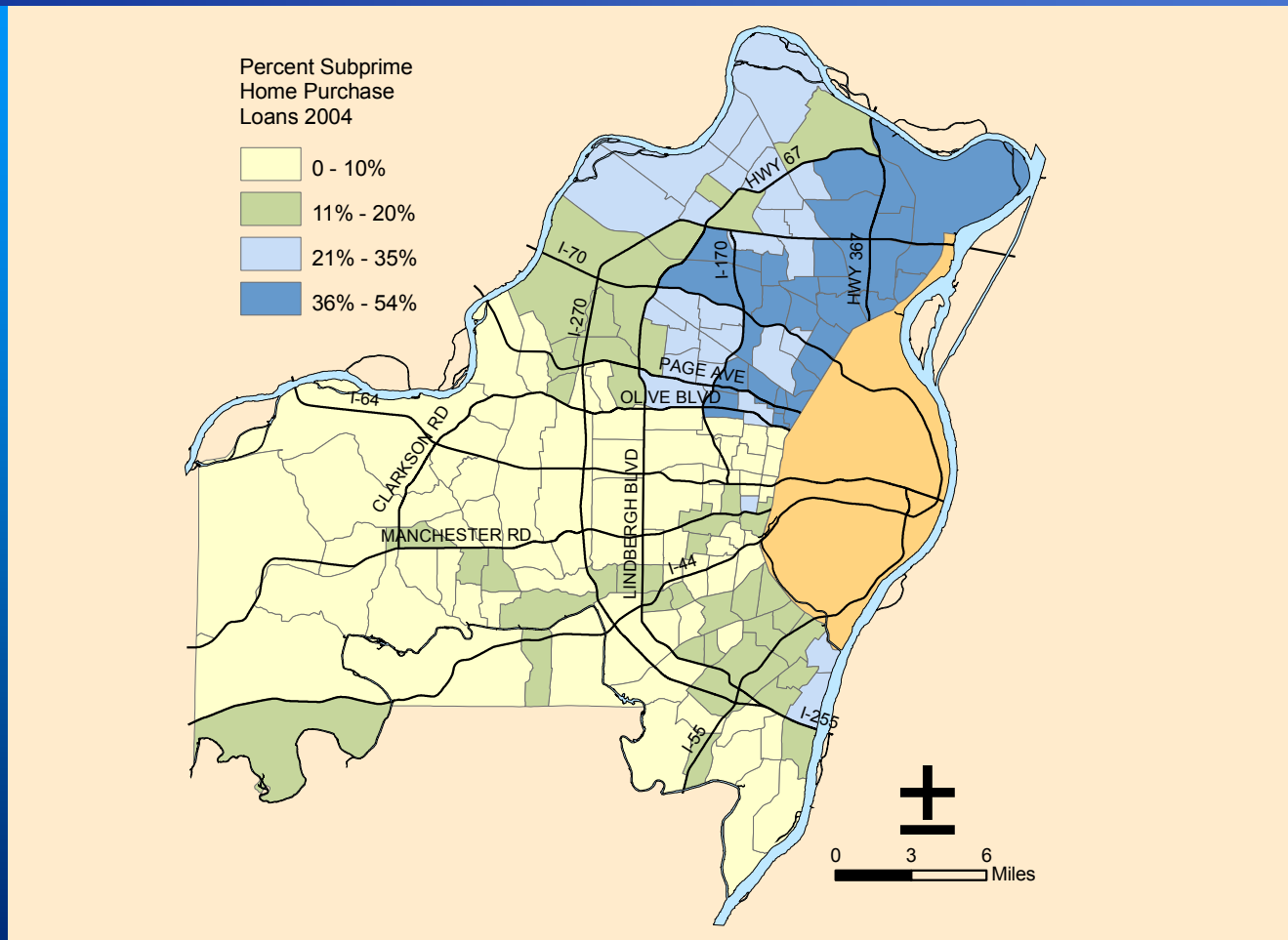


St. Louis County Foreclosures are up sharply in 2007 and 2008



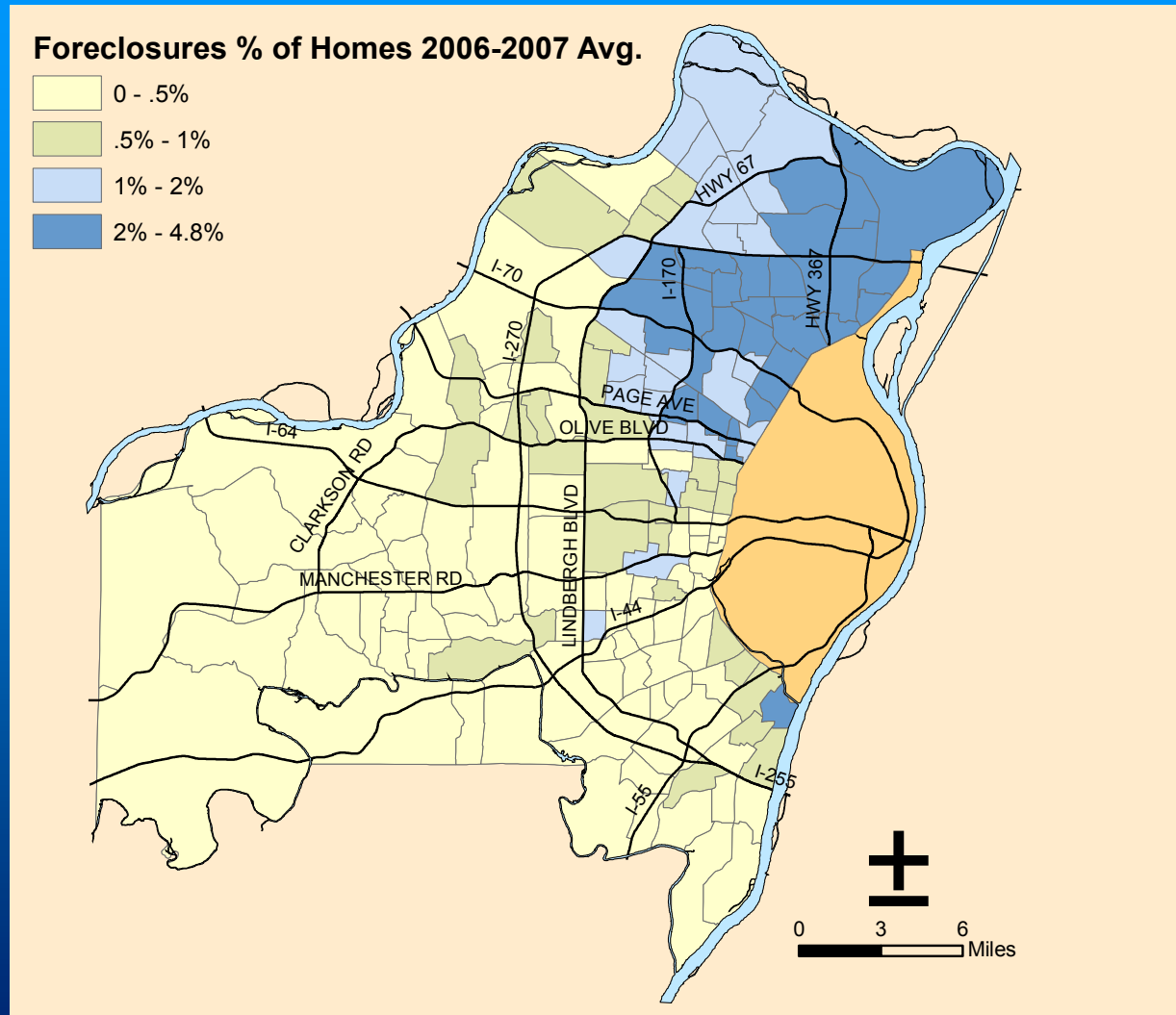
During 2007, St. Louis County foreclosures increased another 32% over the comparable time period in 2006. However, the increase is below national rates of increase. During the first 7 months of 2008 there was another 25% increase over the first 7 months of 2007.

Subprime Loans in St. Louis County



Areas with high concentrations of subprime lending are at risk for high prevalence of foreclosure. Recent estimates that 20% of such homes are foreclosed on from Fed. Reserve-Boston.

Foreclosure Patterns in St. Louis County



Foreclosures are strongly concentrated, following the pattern of sub prime mortgage lending. Concentrations of foreclosures can have devastating impacts on neighborhoods.

Foreclosure Outlook

- Foreclosures from subprime lending are probably peaking now.
- Extensive efforts at counseling and loss mitigation are reducing foreclosures.
- The “second wave” of near-prime and prime foreclosures is more likely to hit the coastal housing bubble markets than St. Louis.

Local Actions

Activity	Agencies	Comments
Borrower Counseling and Rescue Fund - working with borrowers and lenders to prevent foreclosures.	St. Louis Alliance: Beyond Housing, Catholic Housing Resources, Urban League, Better Family Life, ACORN	Most direct way to reduce foreclosures. Efforts are coordinated and optimized. Majority of foreclosures still not preventable.
Code Enforcement- working with foreclosure attorneys to improve contacts with property servicers on maintenance issues.	St. Louis County Govt. St. Louis County Municipal League	It's often difficult to contact responsible parties when bank owned properties have maintenance or safety problems.
State Anti-Predatory lending legislation in 2009	St. Louis County Govt.	Preventing recurrence is the goal.

Federal Programs Impact

Activity	Purpose	Comments
Federal Funds (\$4 M nationwide) to purchase and rehab vacant foreclosed properties. (Housing and Economic Recovery Act of 2008)	State and Local Govt. Partners with non-profits to purchase and rehab properties for affordable housing use.	Allocation and rules to be published by end of September. One estimate was \$75 million for Missouri.
FHA Refinance (Hope for Homeowners) for up to \$300 billion in mortgages. (Housing and Economic Recovery Act of 2008)	Refinance option targeted at "upside-down" borrowers.	Lender participation is voluntary. Startup is to be late this year.
Fannie Mae/Freddie Mac Reform and safety net. (Housing and Economic Recovery Act of 2008)	Keep the GSE's viable.	The GSE's (Fannie and Freddie) are essential to current mortgage banking system.
Federal Reserve Bank Anti-Predatory Lending regulations (July 2008)	Ban the most harmful lending practices.	The worst practices had stopped by mid 2007. Preventing recurrence is the goal.