Foreclosure Intervention Activities and Consumer Education

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Federal Reserve Bank of Richmond, Office of Community Affairs

Community Bankers Forum
Jefferson Hotel, Richmond, VA
August 7, 2008

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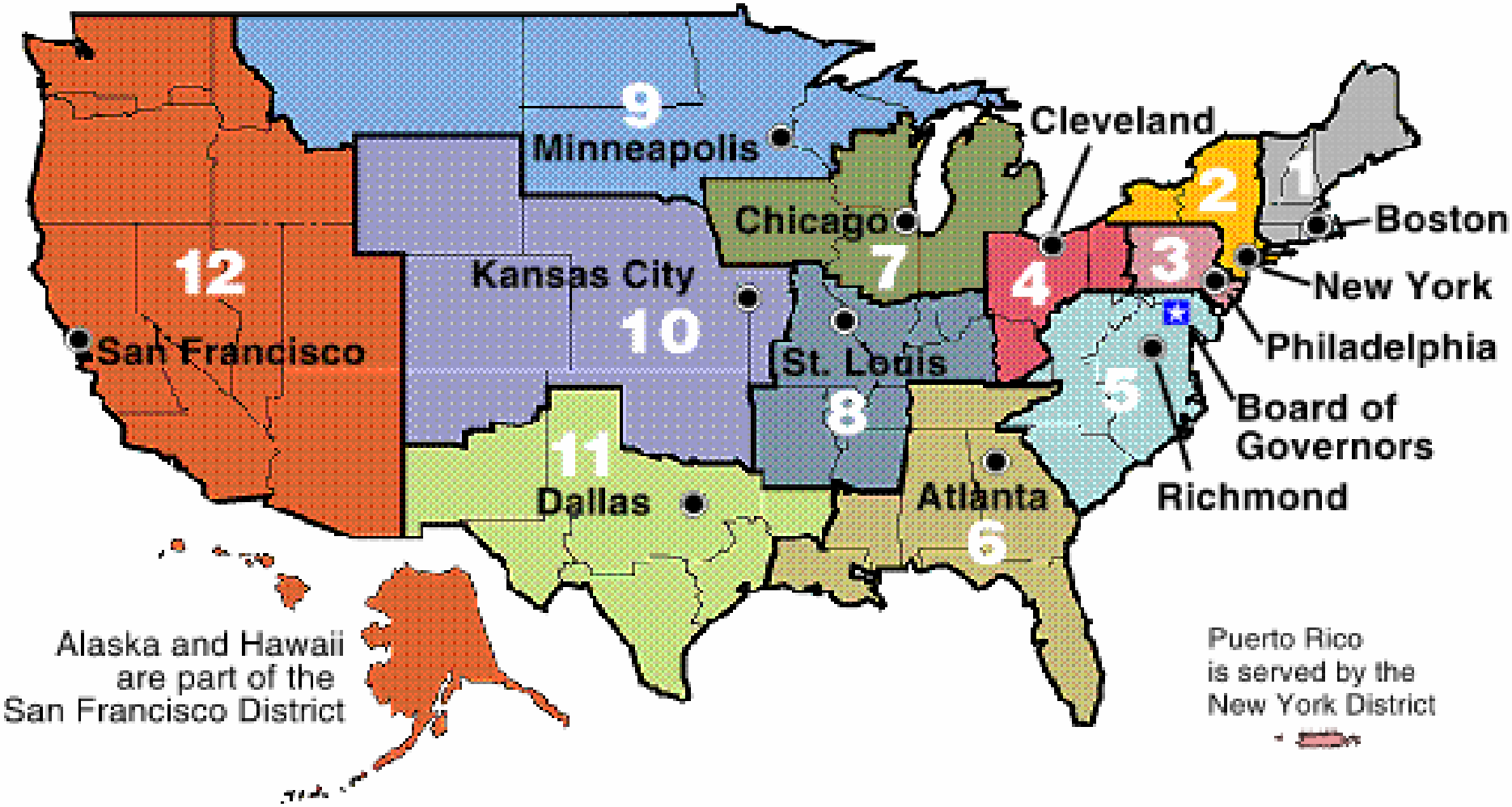
The Federal Reserve System Community Affairs Office Function



The Federal Reserve's Homeownership and Mortgage Initiatives

- Research and Analysis
- Outreach
- Regulation
- Financial Education

"Prevent unnecessary foreclosures and stabilize communities"

Outreach

The Federal Reserve views the high rate of mortgage foreclosures as an urgent problem. We are collaborating with other regulators, community groups, policy organizations and public officials to identify solutions to avoid preventable foreclosures and their negative effects.

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Examples of Current Outreach in Virginia

- Outreach, educational and technical assistance
  - Loss mitigation training for housing counselors
  - Local government outreach in Prince William and Manassas
  - University forum series
- Helping financial institutions, community-based organizations, government entities and general public
  - Small business lending forum
- Addressing financial services issues affecting low- and moderate- income persons and communities
  - Community development service provider outreach in Prince William and Manassas

Regulation

The Federal Reserve is committed to fostering an environment that supports the homeownership goals of credit-worthy borrowers with appropriate consumer protection and responsible lending practices.

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Home Ownership Equity Protections Act Changes Effective 2009

Assessment of repayment ability

Prepayment Penalties

Low-and no-documentation lending

Escrowing for taxes and Insurance

Research & Analysis

The Federal Reserve is using its considerable research resources to provide community groups, counseling agencies, regulators and others with detailed analysis to support efforts to help troubled borrowers and communities.

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Research and Analysis

Lead With Data

The Federal Reserve conducts and analyzes research while utilizing qualitative and anecdotal information to help explain the most important analytical gaps.

Communicate Findings

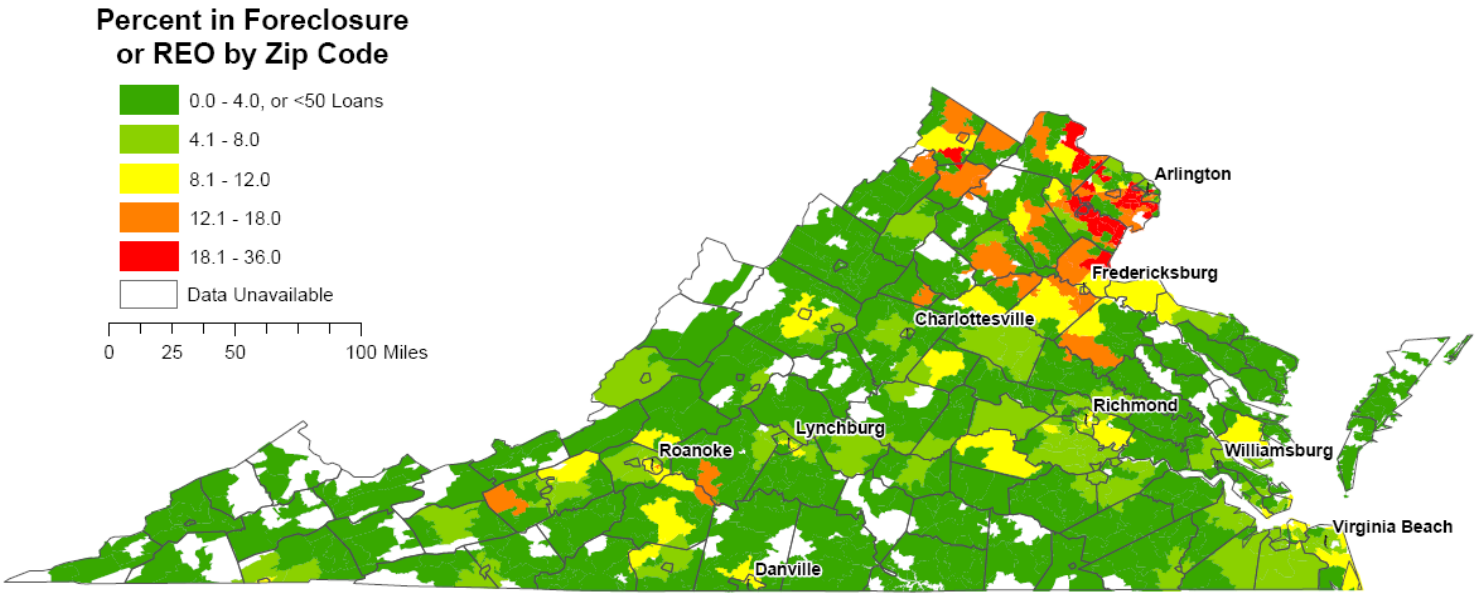
The Federal Reserve provides detailed analyses to various entities

Identifying neighborhoods at high risk of foreclosure.

Inform Policy and Initiatives

Community leaders can better target their scarce resources by understanding those areas with concentrations of subprime mortgages, delinquencies and foreclosures.

Virginia:
Percentage of Owner-Occupied Homes with Subprime Mortgages that are in Foreclosure or REO



Map created from Federal Reserve Board estimates based on data from First American LoanPerformance (February 2008). Uncategorized zip codes have less than four owner-occupied subprime mortgages or have no available data.

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5th District Subprime Loan Statistics

State	Number of Owner-Occupied Subprime Loans	Total Number of Owner-Occupied Households*	Percent of Owner-Occupied Households with Subprime Loans	Percent of Subprime Loans in Foreclosure or REO	Percent of Subprime Loans with Payment Past Due (Days) 60-89	90+
District of Columbia	5,961	100,519	5.93	12.60	5.13	10.33
Maryland	84,819	1,451,262	5.84	10.55	5.61	9.98
North Carolina	80,856	2,524,048	3.20	7.93	5.08	8.97
South Carolina	44,614	1,236,946	3.61	11.63	4.83	8.16
Virginia	81,119	2,074,197	3.91	10.66	5.38	8.99
West Virginia	9,626	578,921	1.66	7.85	4.81	9.23
National	4,155,774	76,780,548	5.41	15.02	4.84	8.55

Source: Subprime loan information based on Federal Reserve Board estimates of data from First American LoanPerformance, February, 2008. (These numbers then adjusted to account for the data set's estimated 70% coverage of the market.)

* 2007 estimate from Geolytics, Inc.

REO is Real Estate Owned by the Lender (after the foreclosure but before the house is sold)

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Virginia Subprime Loan Statistics

Metropolitan Statistical Areas

Geographic Area	Number of Owner-Occupied Subprime Loans	Total Number of Owner-Occupied Households*	Percent of Owner-Occupied Households with Subprime Loans	Percent of Subprime Loans in Foreclosure or REO	Percent of Subprime Loans with Payment Past Due (Days)	
					60-89	90+
Blacksburg-Christiansburg-Radford	747	39,460	1.89	7.84	3.63	7.07
Charlottesville	1,163	51,494	2.26	6.76	5.53	9.09
Danville	889	32,707	2.72	6.75	5.14	8.36
Harrisonburg	573	28,005	2.05	6.73	2.99	7.48
Kingsport-Bristol-Bristol	2,516	99,613	2.53	6.13	4.77	6.93
Lynchburg	2,013	70,956	2.84	6.67	4.61	8.16
Richmond	17,264	326,792	5.28	6.41	5.37	9.30
Roanoke	3,520	91,357	3.85	7.83	4.42	9.13
Virginia Beach-Norfolk-Newport News	22,054	402,810	5.48	6.18	5.38	8.48
Washington-Arlington-Alexandria	67,970	1,310,293	5.19	15.35	5.84	10.40
Winchester	1,466	32,860	4.46	13.55	6.24	10.53
Virginia	81,119	2,074,197	3.91	10.66	5.38	8.99
National	4,155,774	76,780,548	5.41	15.02	4.84	8.55

Source: Subprime loan information based on Federal Reserve Board estimates of data from First American LoanPerformance, February, 2008. (These numbers then adjusted to account for the data set's estimated 70% coverage of the market.)

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Virginia Subprime Loan Statistics

Top Zip Codes by Percent of Owner-Occupied Households with Subprime Loans

Zip Code	Locality	Number of Owner-Occupied Subprime Loans	Total Number of Owner-Occupied Households*	Percent of Owner-Occupied Households with Subprime Loans	Percent of Subprime Loans in Foreclosure or REO	Percent of Subprime Loans with Payment Past Due (Days) 60-89	90+
22542	Orange	53	293	18.04	10.81	2.70	5.41
23504	Norfolk City	367	2,425	15.14	8.95	7.39	11.67
23523	Norfolk City	141	1,019	13.88	3.03	4.04	13.13
23224	Richmond City	793	5,834	13.59	10.27	6.31	9.55
23222	Richmond City	744	5,766	12.91	9.79	7.29	9.98
23223	Richmond City	1,054	8,535	12.35	7.72	6.50	10.70
22712	Fauquier	177	1,445	12.26	16.13	5.65	11.29
23702	Portsmouth City	266	2,174	12.22	6.99	4.30	6.99
23513	Norfolk City	654	5,468	11.97	7.86	4.15	5.68
23607	Newport News City	434	3,870	11.22	8.55	5.92	10.53
22642	Warren	126	1,126	11.16	12.50	3.41	5.68
23234	Chesterfield	1,034	9,406	11.00	5.52	6.22	10.22
23324	Chesapeake City	510	4,801	10.62	7.00	4.20	12.04
22193	Prince William	1,926	18,172	10.60	29.45	6.08	12.02
23509	Norfolk City	353	3,334	10.58	6.48	6.07	10.12
24017	Roanoke City	583	5,518	10.56	9.07	4.17	11.27
23231	Henrico	866	8,364	10.35	8.25	6.77	13.04
23704	Portsmouth City	346	3,463	9.98	6.20	5.79	5.37
22191	Portsmouth City	909	10,154	8.95	32.70	4.56	13.36
23701	Portsmouth City	619	6,927	8.93	5.08	6.47	7.16
Virginia	N/A	81,119	2,074,197	3.91	10.66	5.38	8.99
National	N/A	4,155,774	76,780,548	5.41	15.02	4.84	8.55

Source: Subprime loan information based on Federal Reserve Board estimates of data from First American LoanPerformance, February, 2008. (These numbers then adjusted to account for the data set's estimated 70% coverage of the market, excluding zipcodes with less than 50 subprime loans.)

* 2007 estimate from Geolytics, Inc.

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Financial Education

The Federal Reserve will continue its long history of providing educational resources to help consumers make informed personal financial decisions, including those about home ownership.

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Financial Education

- Federal Reserve Consumer Help Center
  - www.federalreserveconsumerhelp.gov
    - A spanish-language version is now available
- Providing Educational Resources
  - www.federalreserve.gov/consumerinfo/mortgages.htm
  - www.federalreserveeducation.org

"Consumers with the necessary skills to make informed financial decisions about purchasing a home, financing an education or their retirement, or starting a business will almost certainly be economically better off than those lacking those vital skills."

Chairman Ben Bernanke

Financial literacy

Before the Committee on Banking, Housing, and Urban Affairs of the United States Senate

May 23, 2006

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