

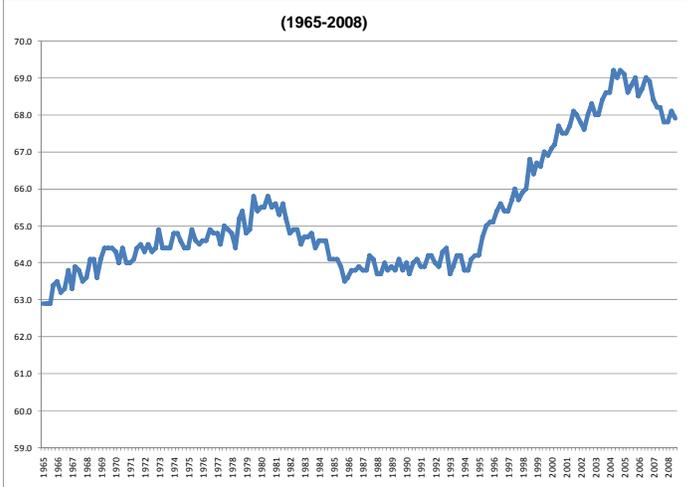
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A Journalism Workshop

The Financial Crisis
Breck Robinson
October 21, 2009

 **THE FEDERAL RESERVE BANK OF RICHMOND**
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U.S. Homeownership Rates
(1965-2008)

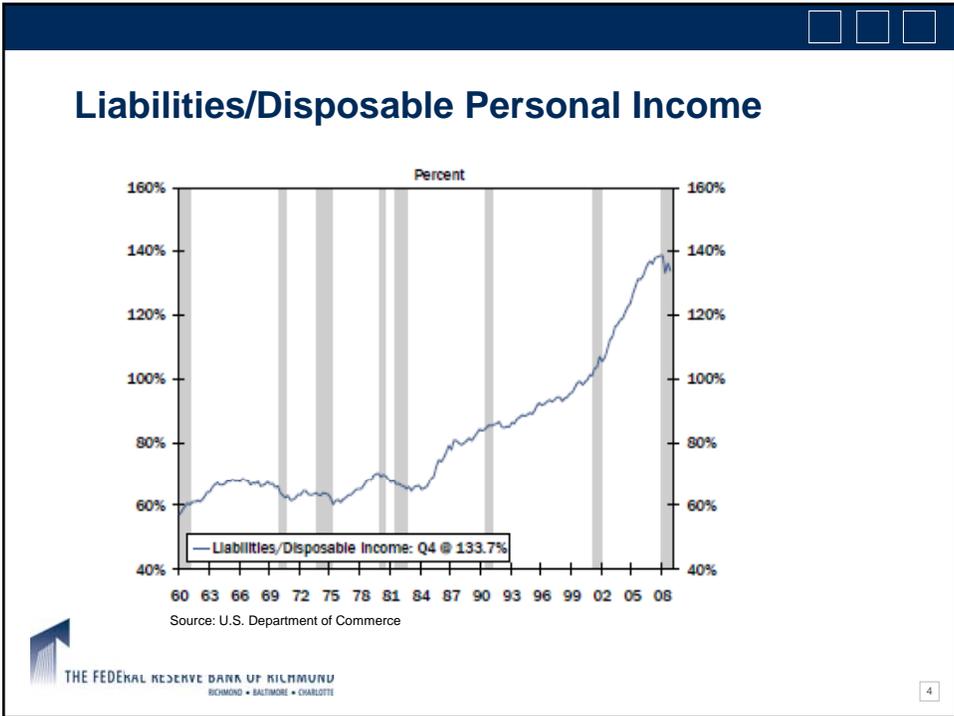
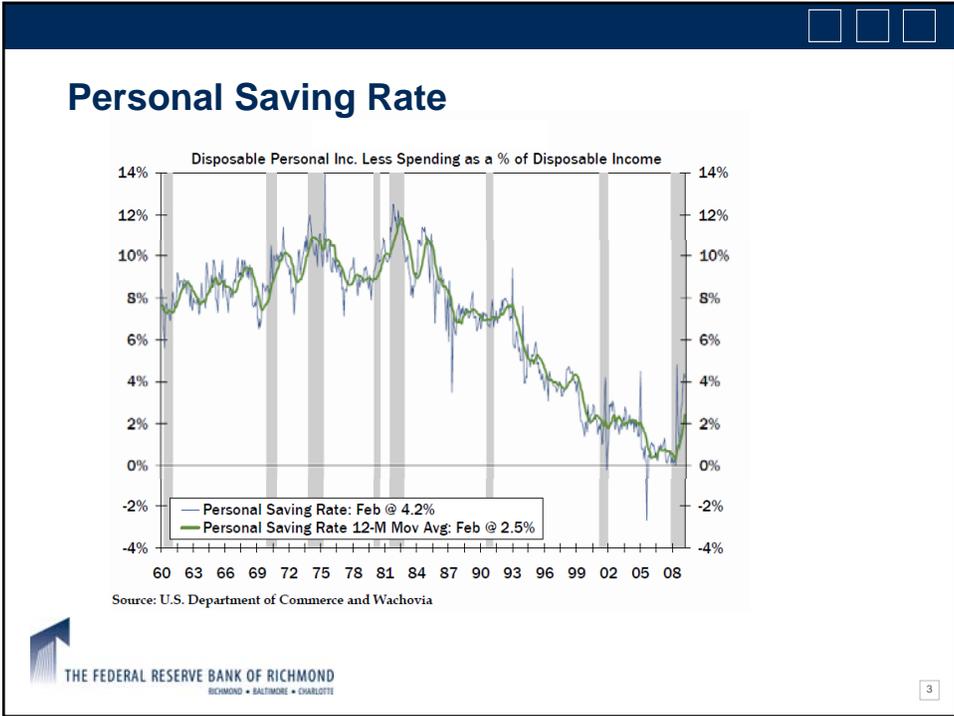


Year	Rate (%)
1965	63.0
1966	63.5
1967	64.0
1968	64.5
1969	64.8
1970	65.0
1971	65.2
1972	65.0
1973	65.2
1974	65.0
1975	65.2
1976	65.0
1977	65.2
1978	65.0
1979	65.5
1980	65.8
1981	65.5
1982	65.0
1983	64.8
1984	64.5
1985	63.5
1986	63.8
1987	64.0
1988	64.0
1989	64.0
1990	64.0
1991	64.2
1992	64.5
1993	64.8
1994	65.0
1995	65.5
1996	66.0
1997	66.5
1998	67.0
1999	67.5
2000	68.0
2001	68.5
2002	68.8
2003	69.2
2004	69.5
2005	69.0
2006	68.5
2007	68.0
2008	68.0

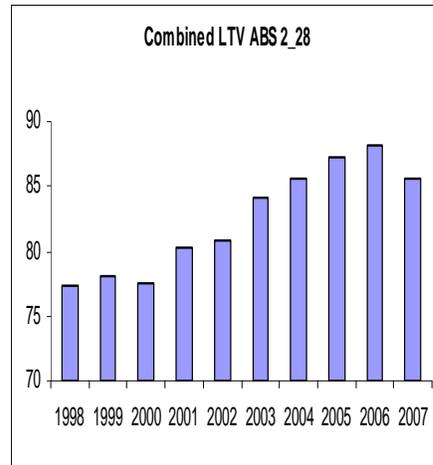
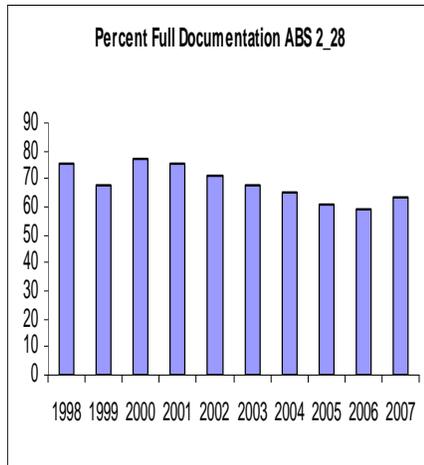
Source: U.S. Department of Commerce

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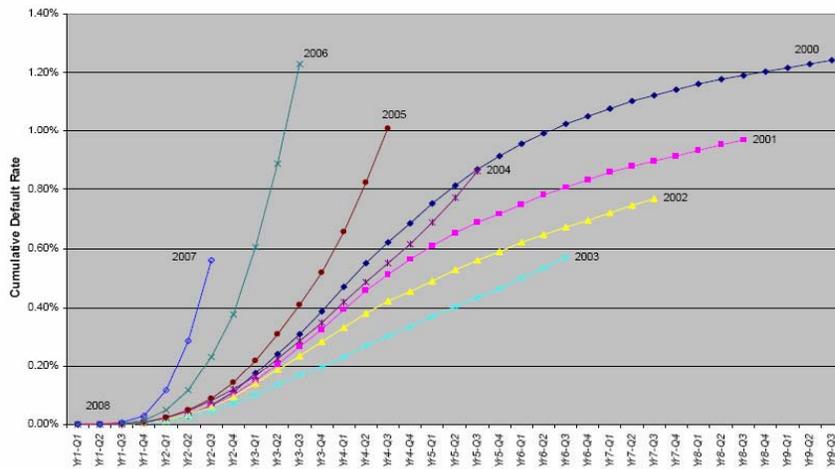


Declining Underwriting Standards

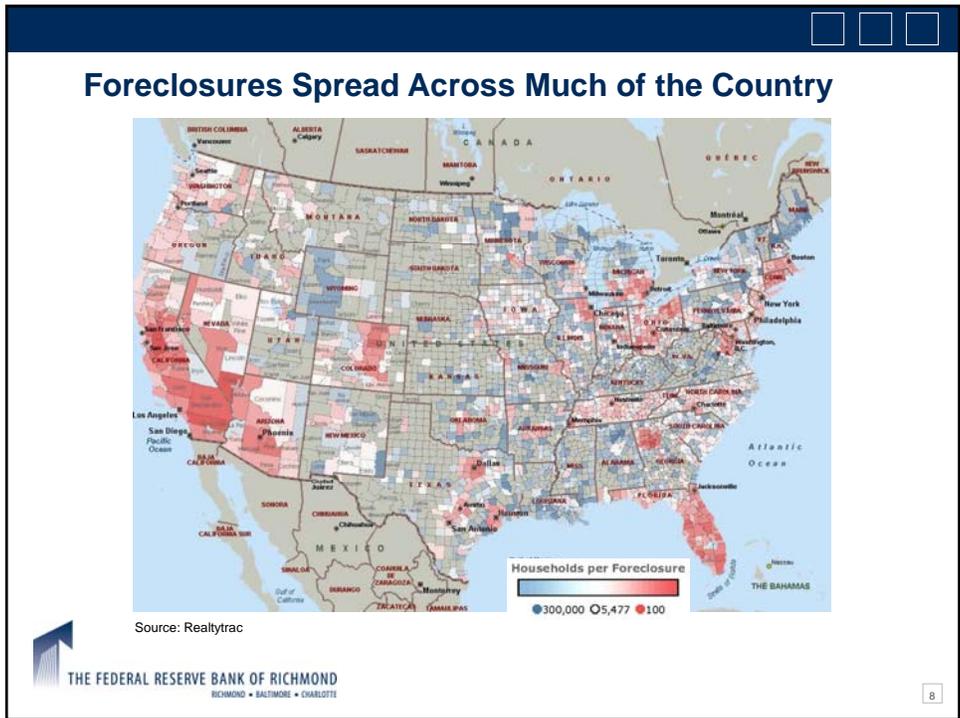
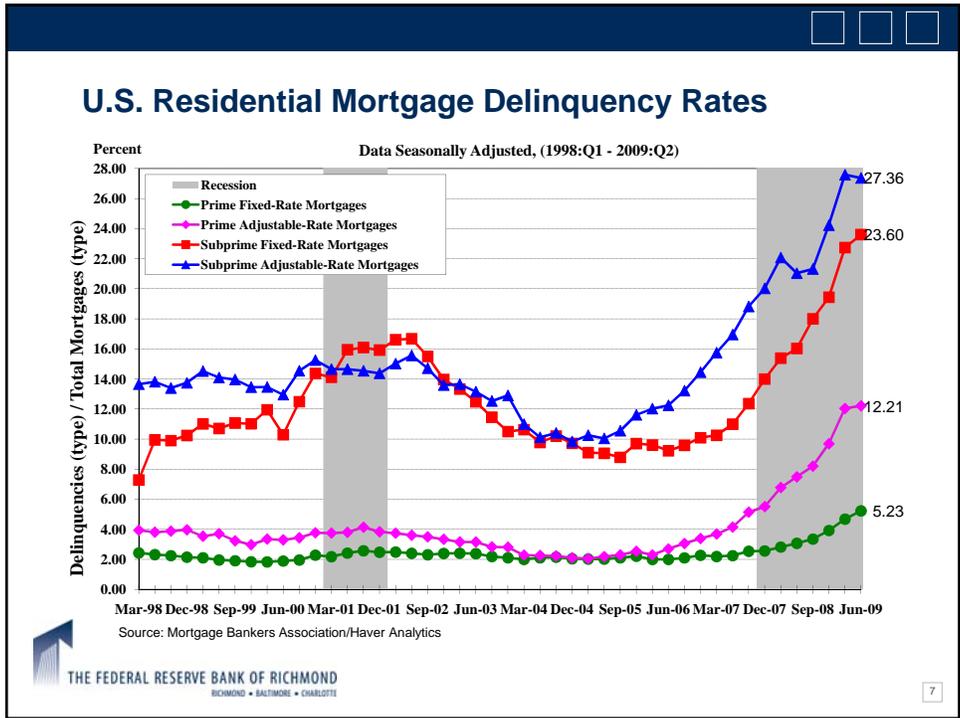


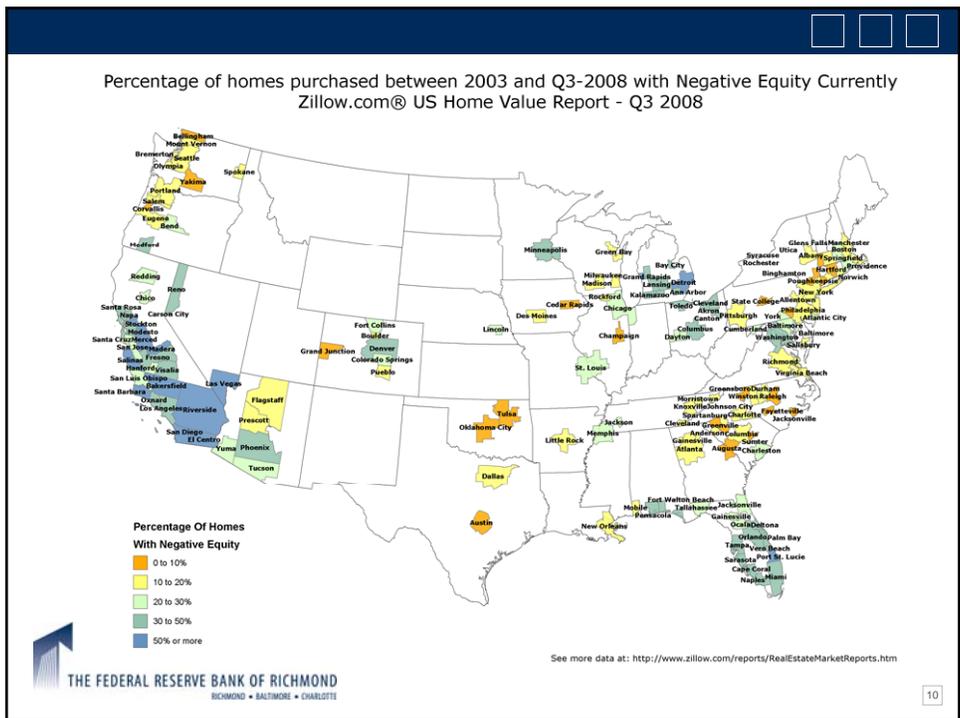
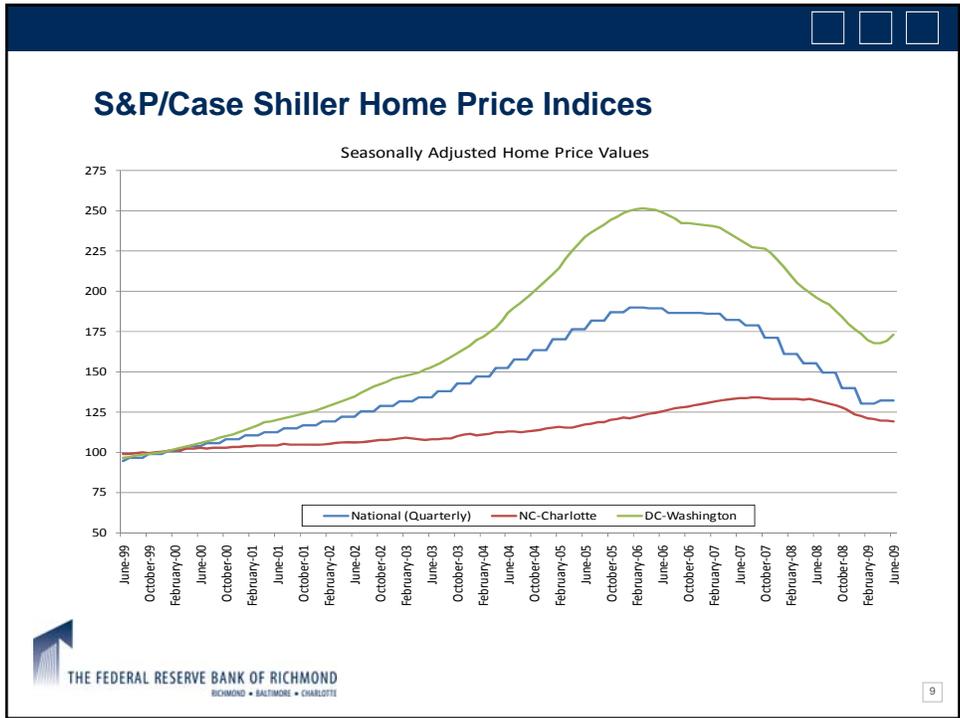
Source: Federal Reserve Board calculations using Loan Performance data

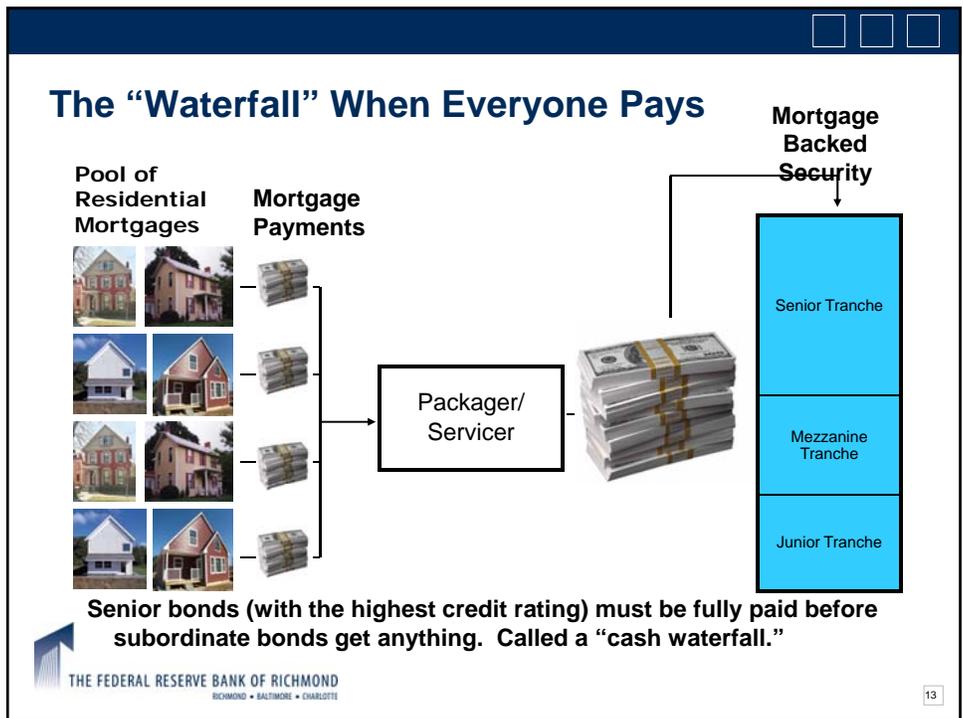
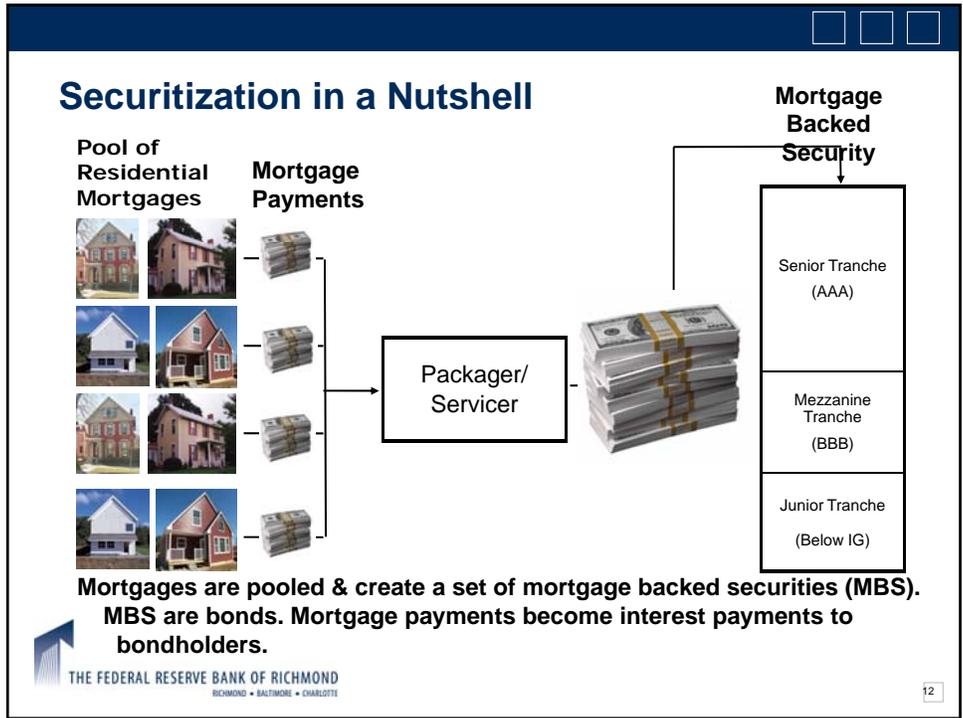
Overall Cumulative Default Rates - Overall Originations from 2000 through 2008 Q3

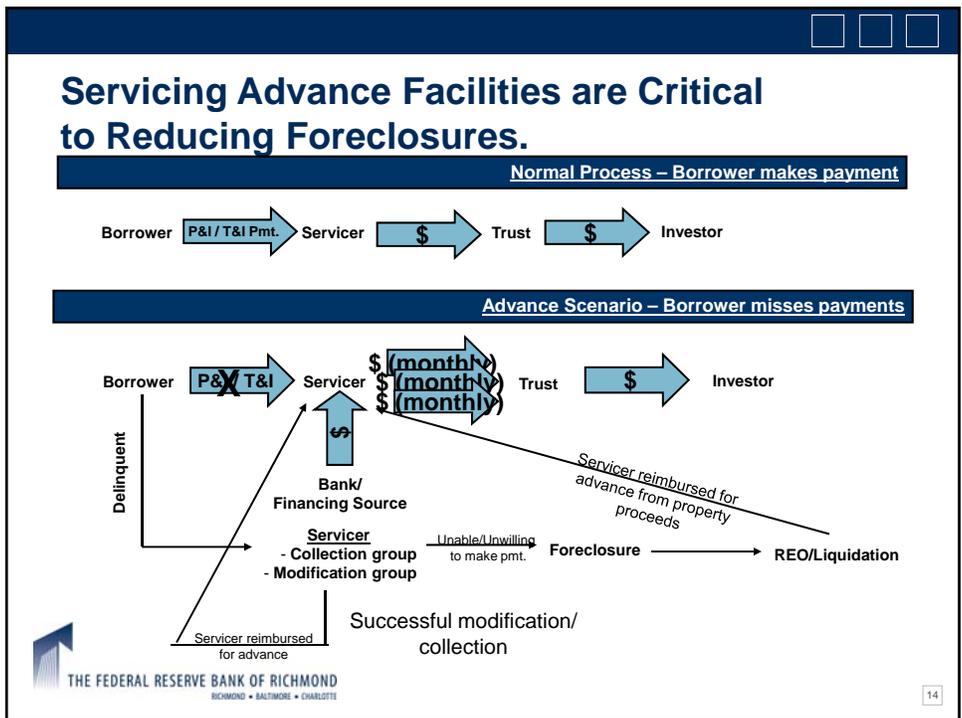
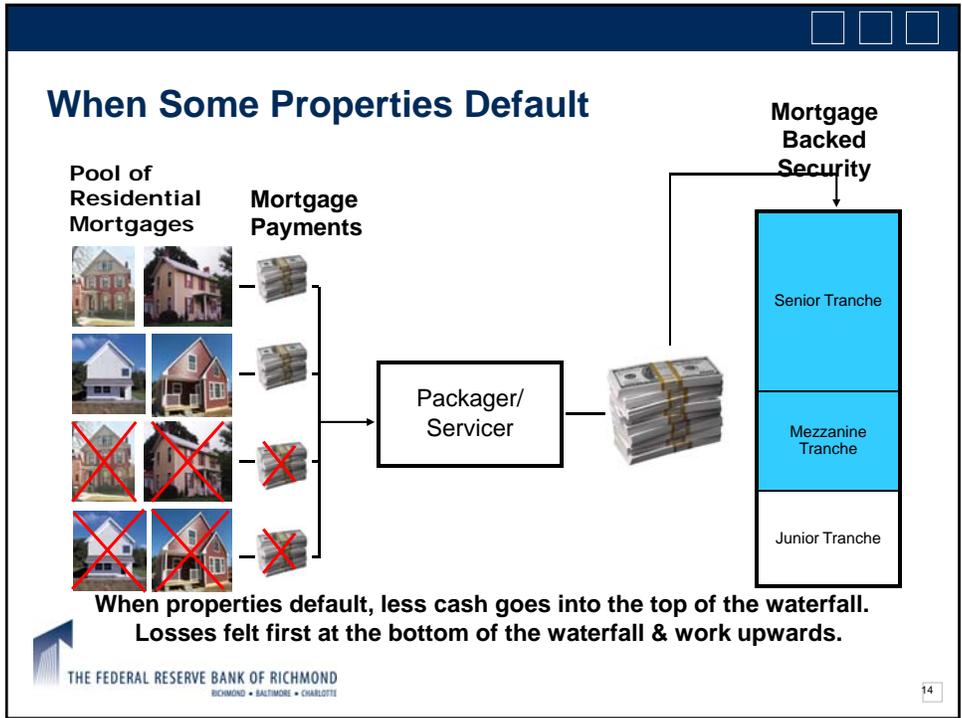


Note: Cumulative default rates include loans that have been liquidated other than through voluntary pay-off or repurchase by lenders and include loan foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosure.









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Mortgage Modification Plans

- Hope Now (October 2007)
- Teaser Freezer (December 2007)
- Hope 4 Homeowners (October 2008)
- Mod in a Box (November 2008)
- Streamlined Modification Program (November 2008)
- Making Home Affordable Program (March 2009)

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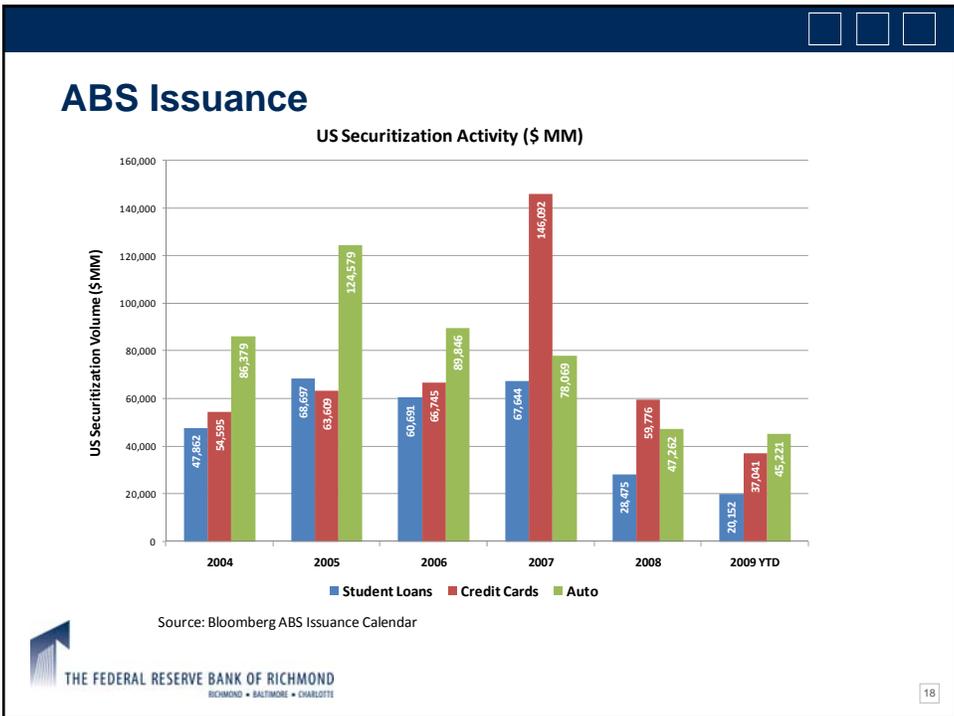
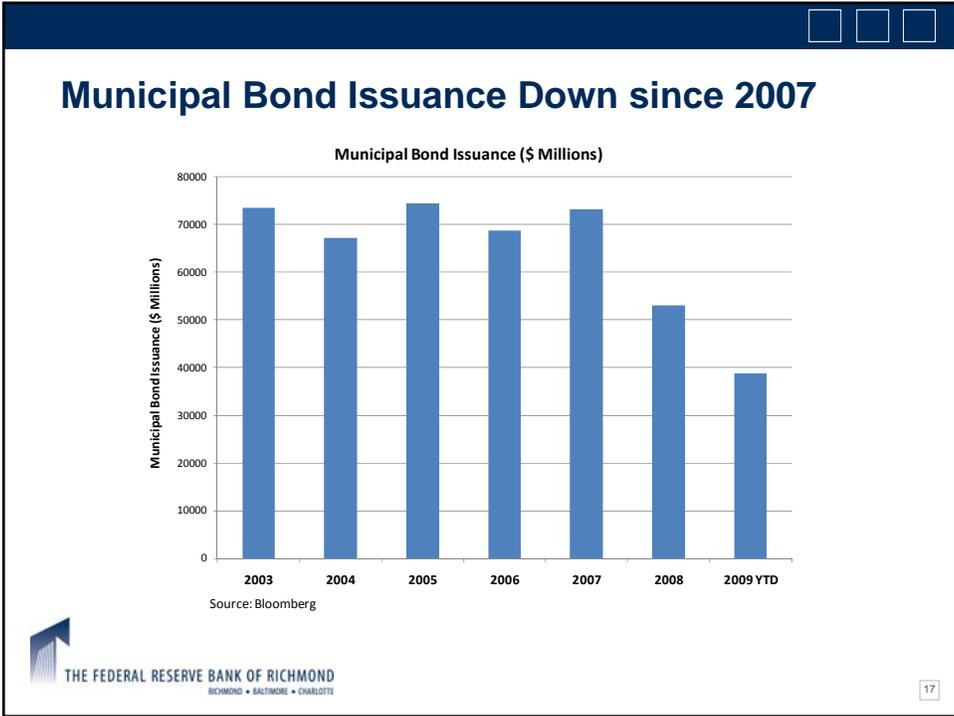
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Trickle Down Effect from Mortgages

- Financial institutions that have experienced problems:
 - Bear Stearns
 - Fannie Mae and Freddie Mac
 - Lehman Brothers
 - AIG
 - Wachovia
 - WaMu
- Other problems:
 - Short-term debt markets are very tight
 - Commercial paper
 - Federal Funds
 - Asset funding markets are very tight
 - Credit card, student loan, automobile and mortgage securitization markets
 - Long-term debt markets are very tight
 - Municipal bonds
- These are unusual times => healthy firms can fail => lack of liquidity

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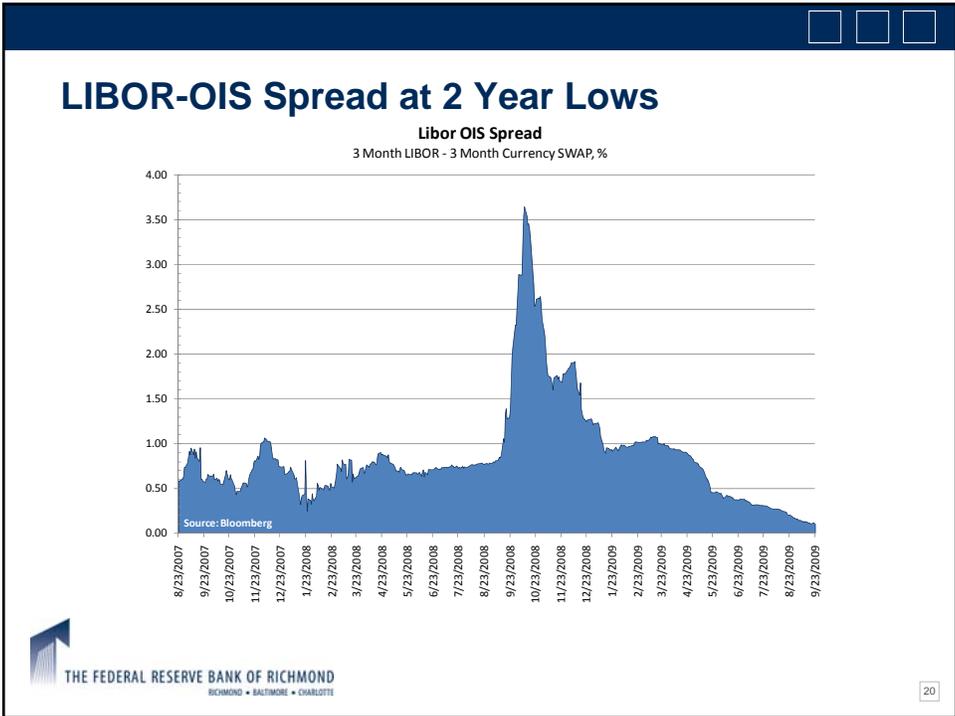


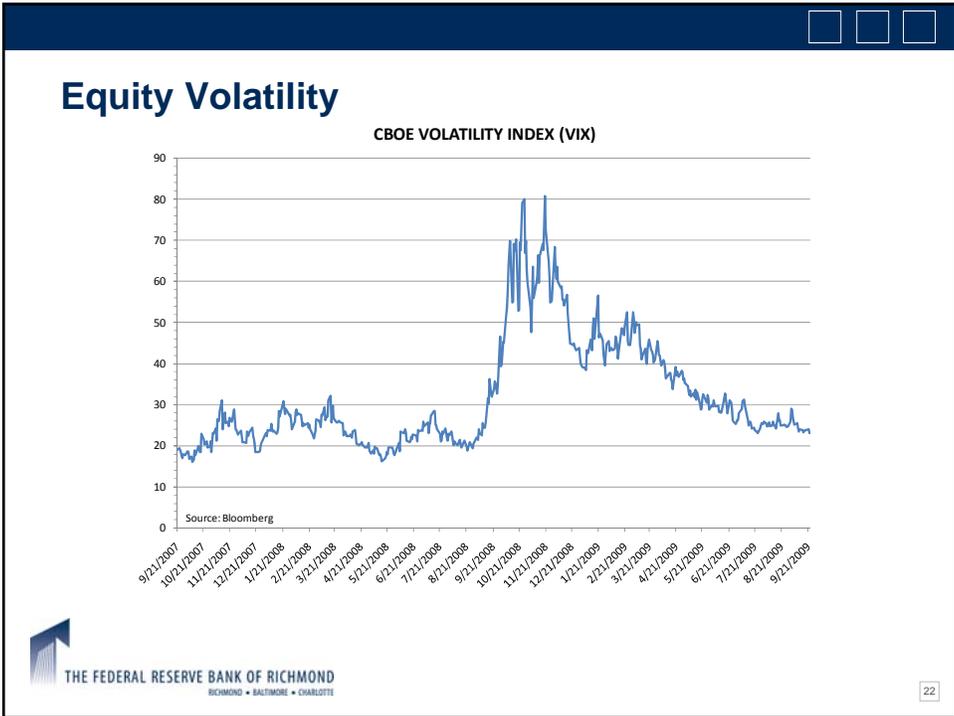
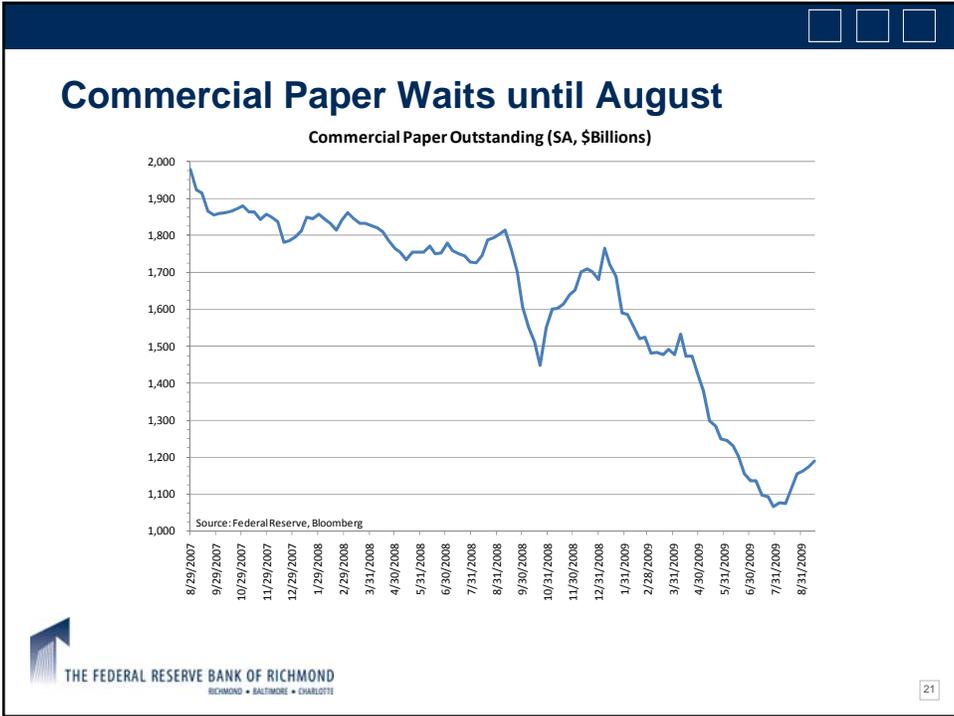
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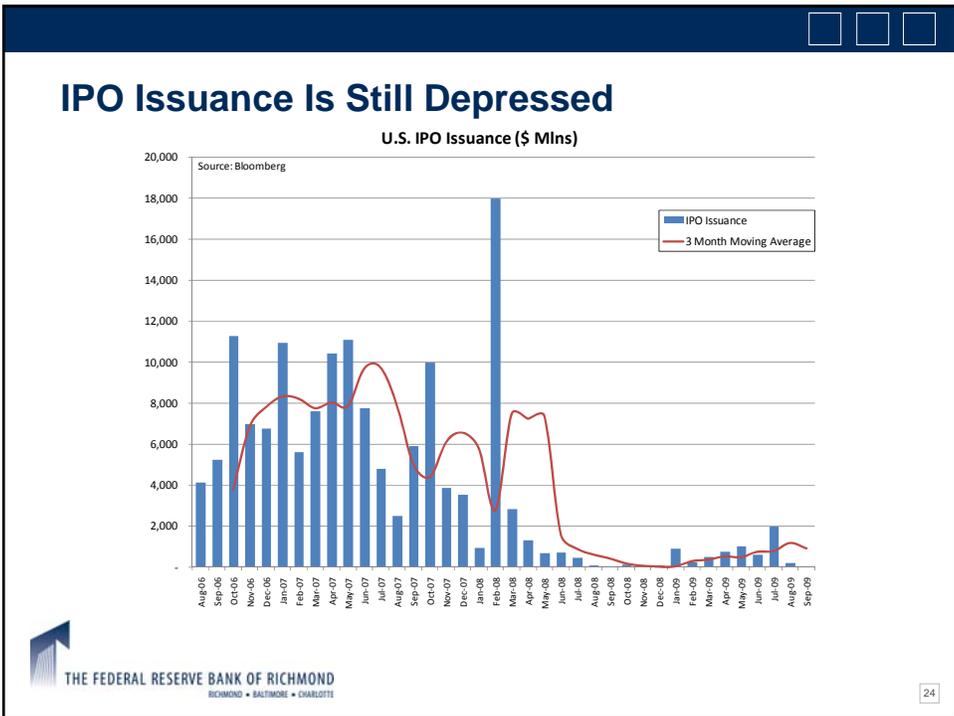
HAVE WE TURNED THE CORNER?

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