



Mortgage Modification Issues and Policy

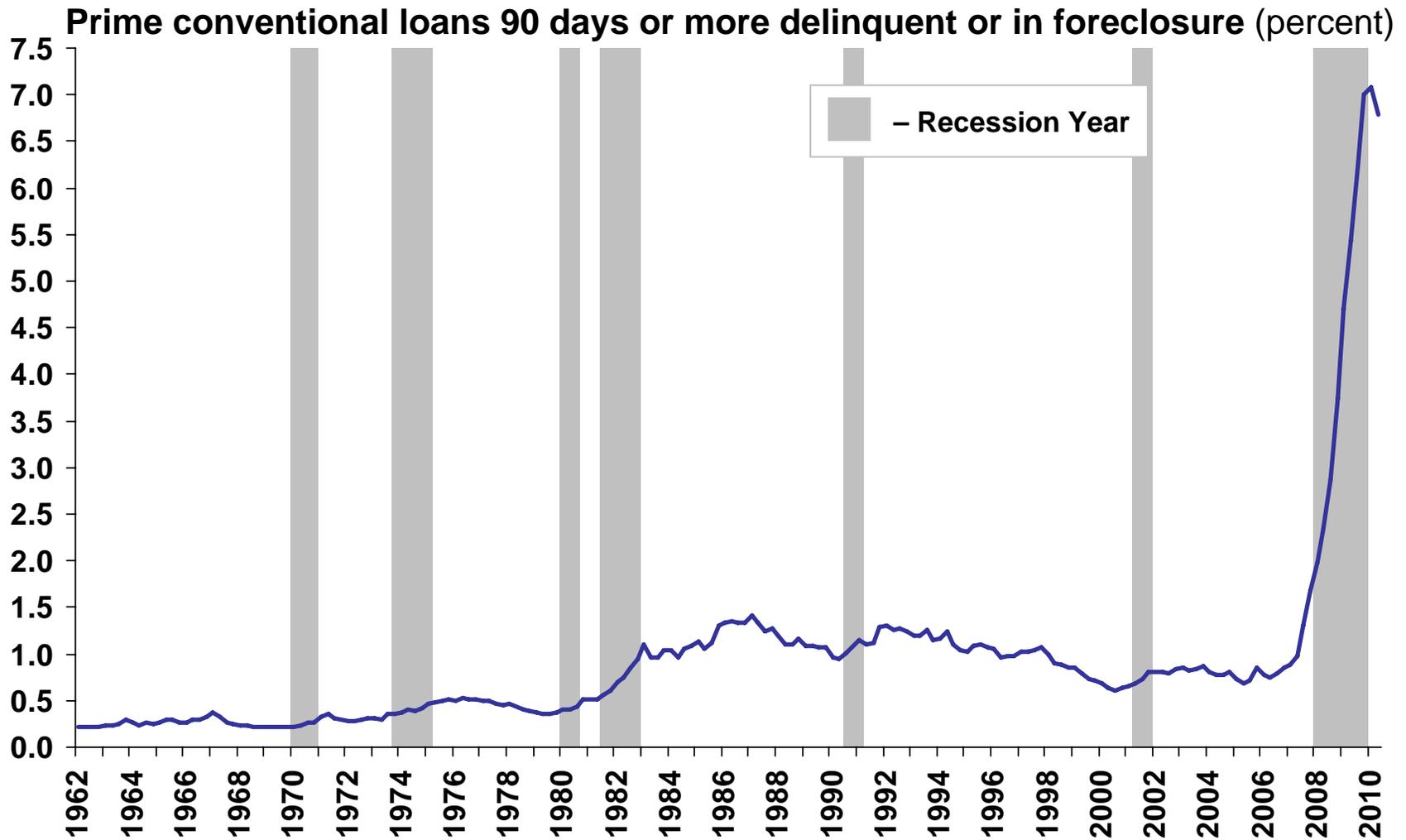
Mortgages and the Future of Housing Finance
FDIC/FRB Conference

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Recent Default Experience Is Unlike Any Previous Business Cycle Since the 1930s

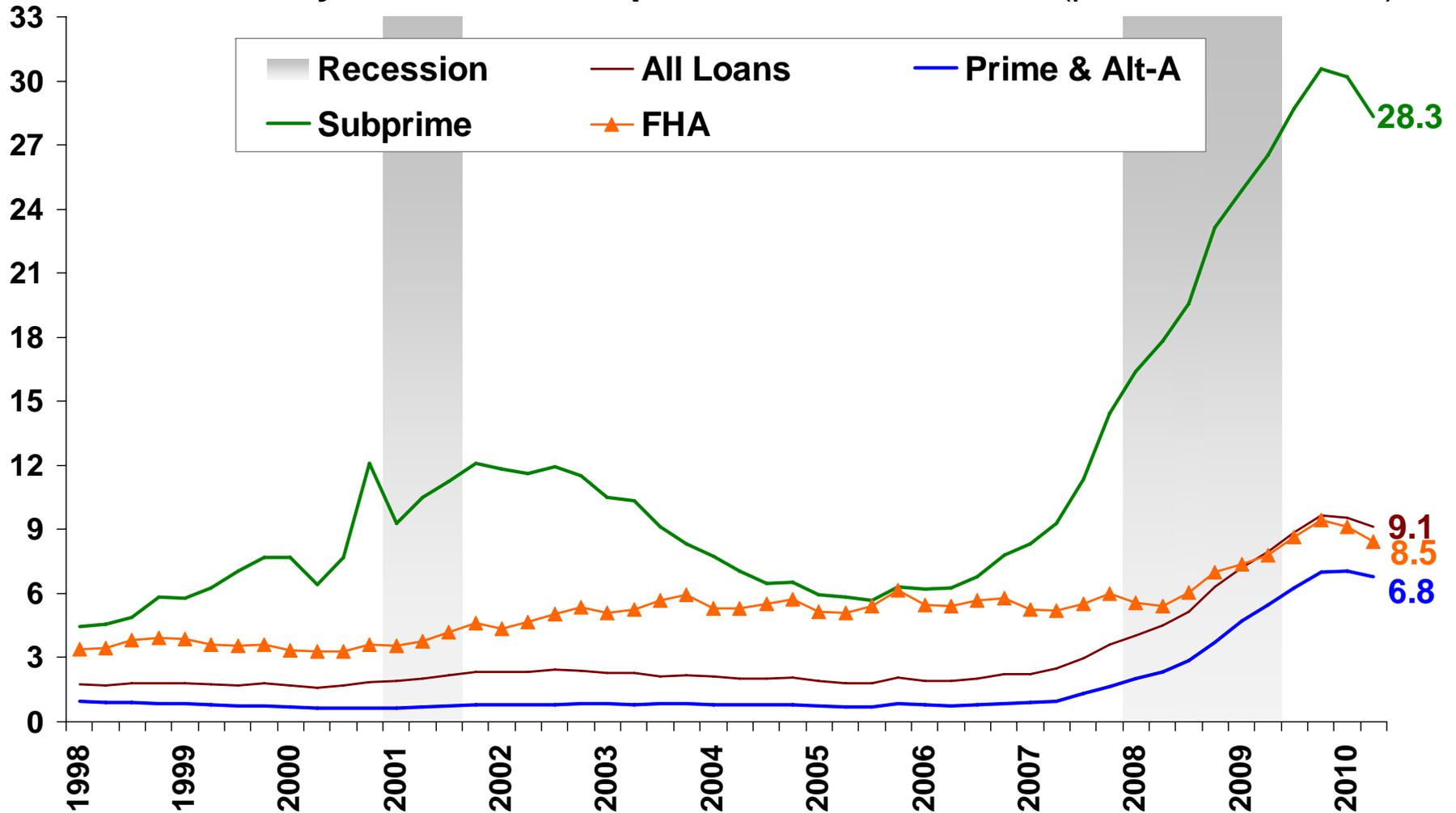


Source: National Bureau of Economic Research, Mortgage Bankers Association
 (Prime Conventional includes Alt-A; prior to 1998 includes all loans). Data through June 30, 2010.

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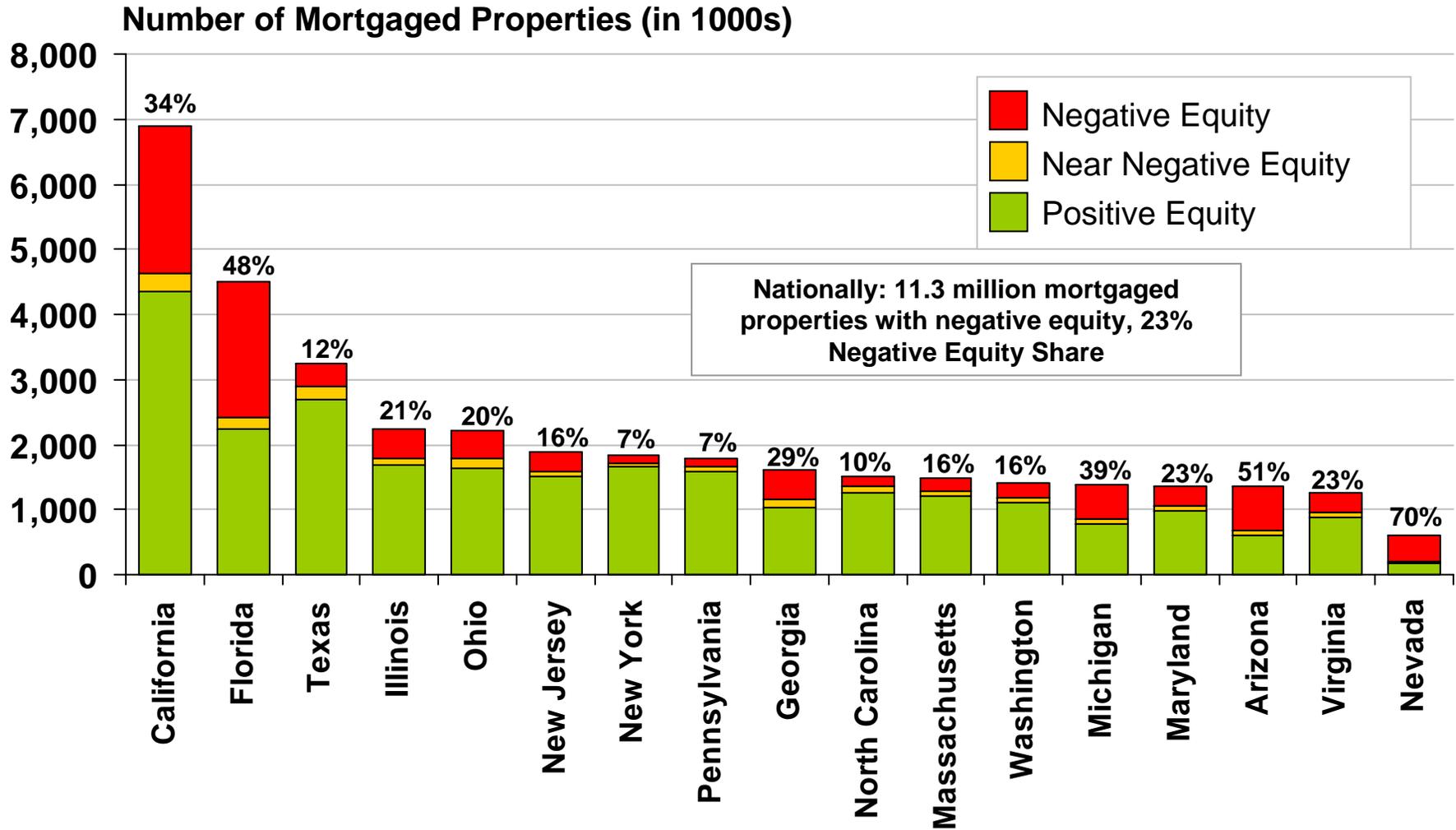
Recent National Delinquency Rates Have Declined Slightly

Loans 90 Days or More Delinquent or in Foreclosure (percent of number)



Source: Mortgage Bankers Association; "Prime Loans" includes Alt-A (Quarterly data not seasonally adjusted; 1998Q1-2010Q2).

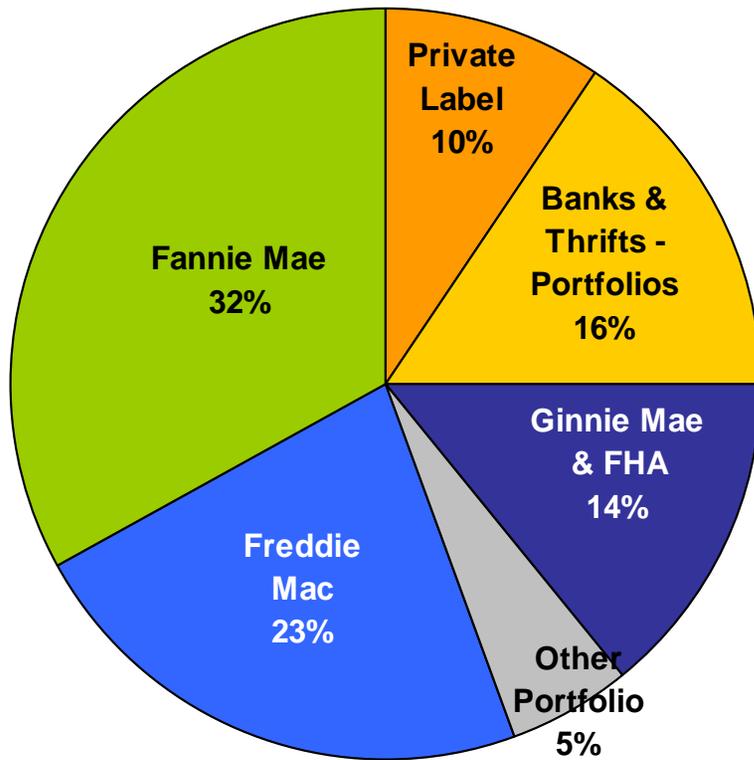
California Has the Largest Number of Properties with Negative Equity, Nevada the Largest Share



Sources: First American CoreLogic; Data as of June 30, 2010. Near Negative Equity properties have TLTV between 95 and 100%; Percent values above bars represent share of loans with negative equity. Top 15 states by number of mortgaged properties plus Nevada are shown.

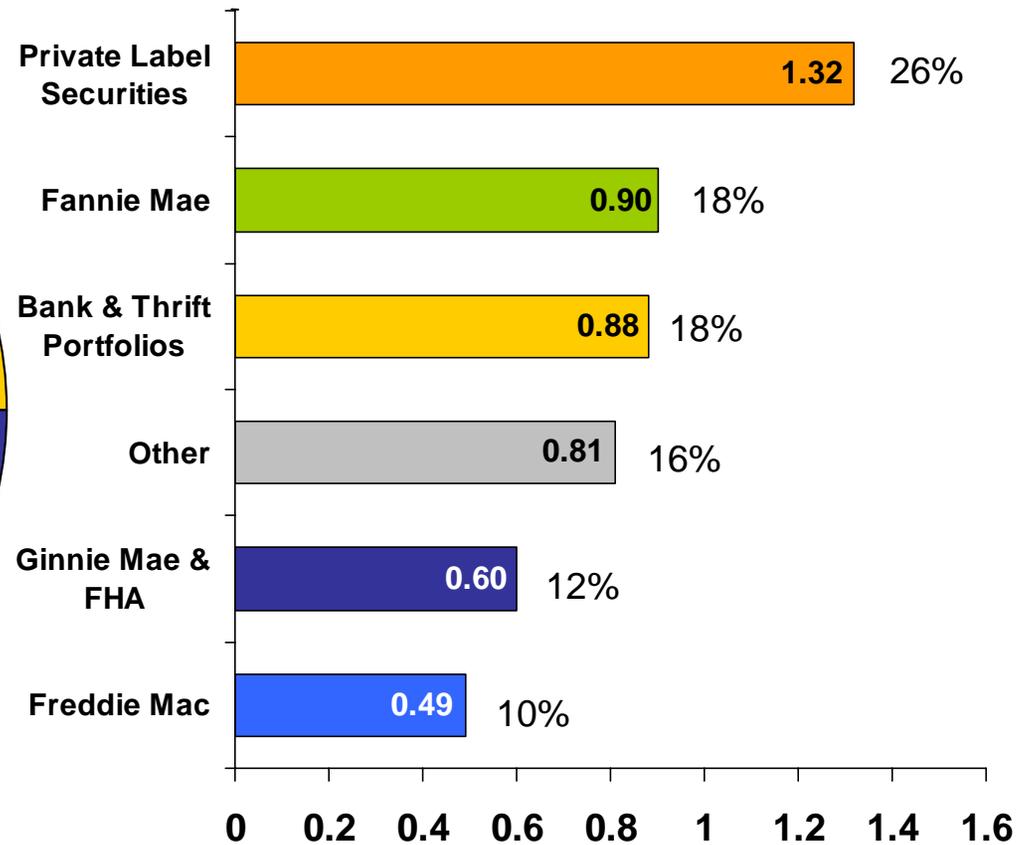
Private Label Securities Comprise 10% of Loans Outstanding But Are More Than 25% of Problem Loans

Share of First Mortgages Outstanding



Total: 55 Million

Seriously Delinquent 1st Mortgages
(in millions)



Total: 5.0 Million

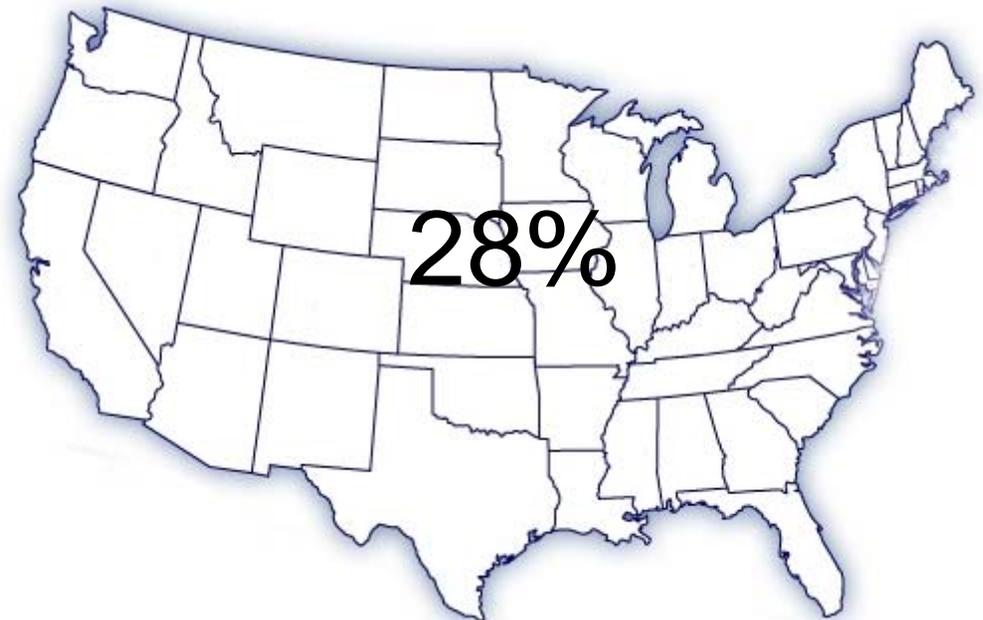
Sources: FDIC, Freddie Mac, Fannie Mae, Mortgage Bankers Association, CoreLogic (LoanPerformance). Note: data as of June 30, 2010. Seriously Delinquent loans are at least 90 days delinquent or in foreclosure. Components may not sum to 100% because of rounding. Freddie Mac and Fannie Mae figures include only whole loans held in portfolio and in outstanding guaranteed securities.

Challenge: High Vacancy Rates

Vacancy Rate

(Overall Rate for Seriously Delinquent Loans as of 6/30/2010)

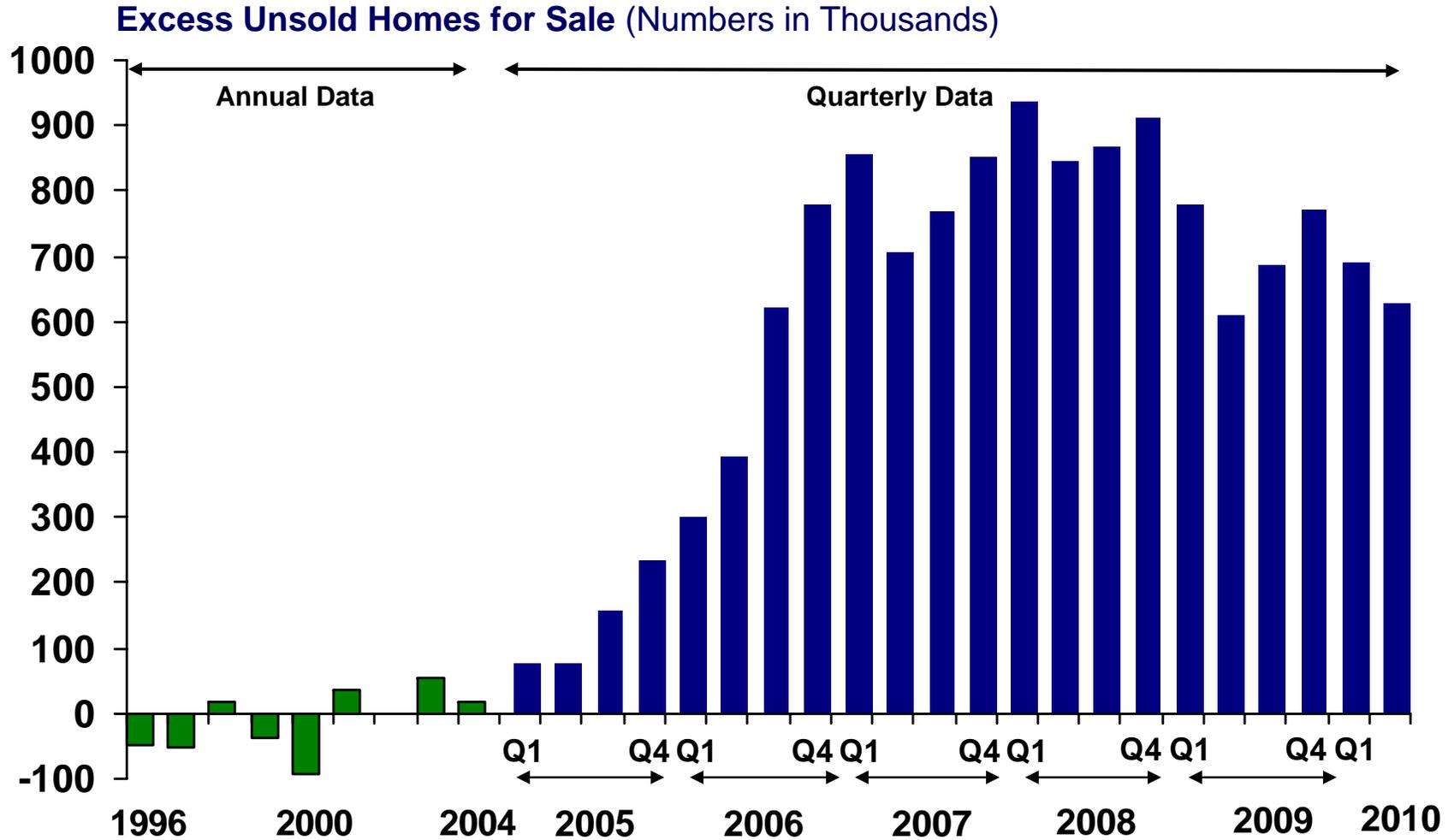
State	Percent Vacant
Arizona	29
California	26
Florida	37
Georgia	33
Illinois	24
Michigan	21
Nevada	33
New York	23
Ohio	26
Pennsylvania	26
Texas	30



Source: Freddie Mac. Vacancy Rate based on vacant/unknown properties that are 90 or more days delinquent or in foreclosure; excludes any REO acquisitions.

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Challenge: Large Inventory Surplus



Source: Bureau of Census (1996-2004:Annual Data, 2005Q1–2010Q2:Quarterly Data. Note: The excess unsold homes were estimated based on the average vacancy rate from 1996Q1 to 2005Q4 (1.7%).



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