

Preliminary Analysis Factors Effecting Foreclosures

Presented to San Diego City-County
Reinvestment Task Force

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Findings

- Foreclosures include large numbers of mortgage investors not the originator of loan
- Sub Prime loans are predominately broker originated
- Foreclosures occur in sub prime dominated census tracts
- Foreclosures occur in minority dominated census tracts
- Foreclosures occur in predominately low, moderate and middle income tracts
- Foreclosure will continue to increase for the next two years

Mortgage Foreclosures Surge in First Quarter

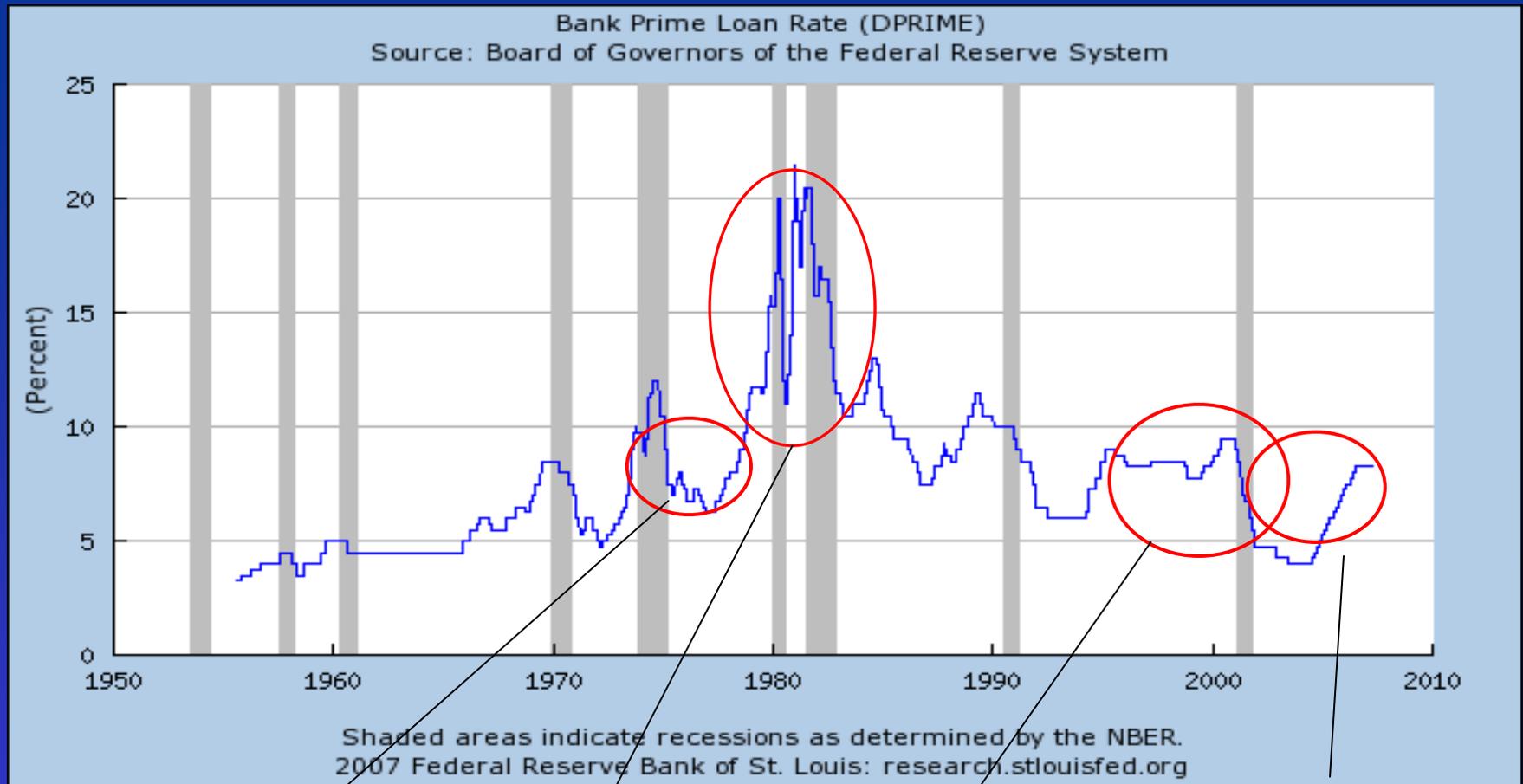
	Foreclosures First Quarter 2007	Percent Change from a year earlier
Ventura County	203	1092.10%
Riverside County	1,460	913.90%
San Bernardino County	909	718.90%
Los Angeles County	1,702	677.20%
Orange County	520	676.10%
San Diego County	1,183	673.20%
Southern California	6,007	733.10%
Statewide	11,033	802.10%

Source: DataQuick Information Systems

Possible Causes to Increased Foreclosures

- Increase on sub-prime loans 2004 – 2006
- Drop in Mortgage Values 2006-2007
- Changing employment matrix
- Increasing rate environment
- Lack of options in mitigation

Factors effecting local housing market



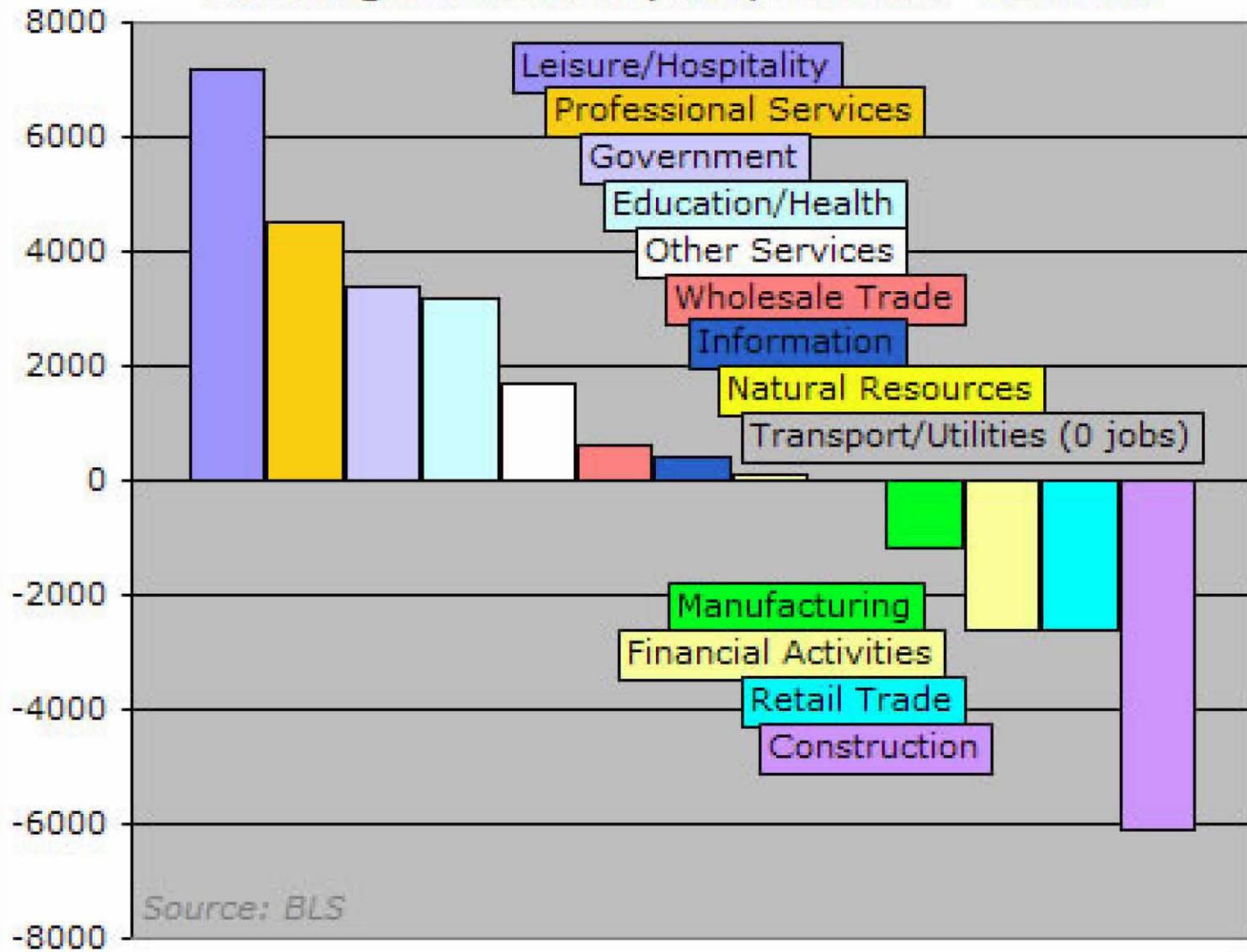
Strong housing growth
Adjustable rate mortgages
Housing demand strong

Job sector changes
Real estate prices drop
High interest rates
Increasing Foreclosures
Banks ORO growth
Housing demand drops

Housing demand strong
Housing prices increasing
New mortgage products

Changing job sector
Increasing interest rates
Real estate prices drop
Increase in foreclosures
Housing demand drops

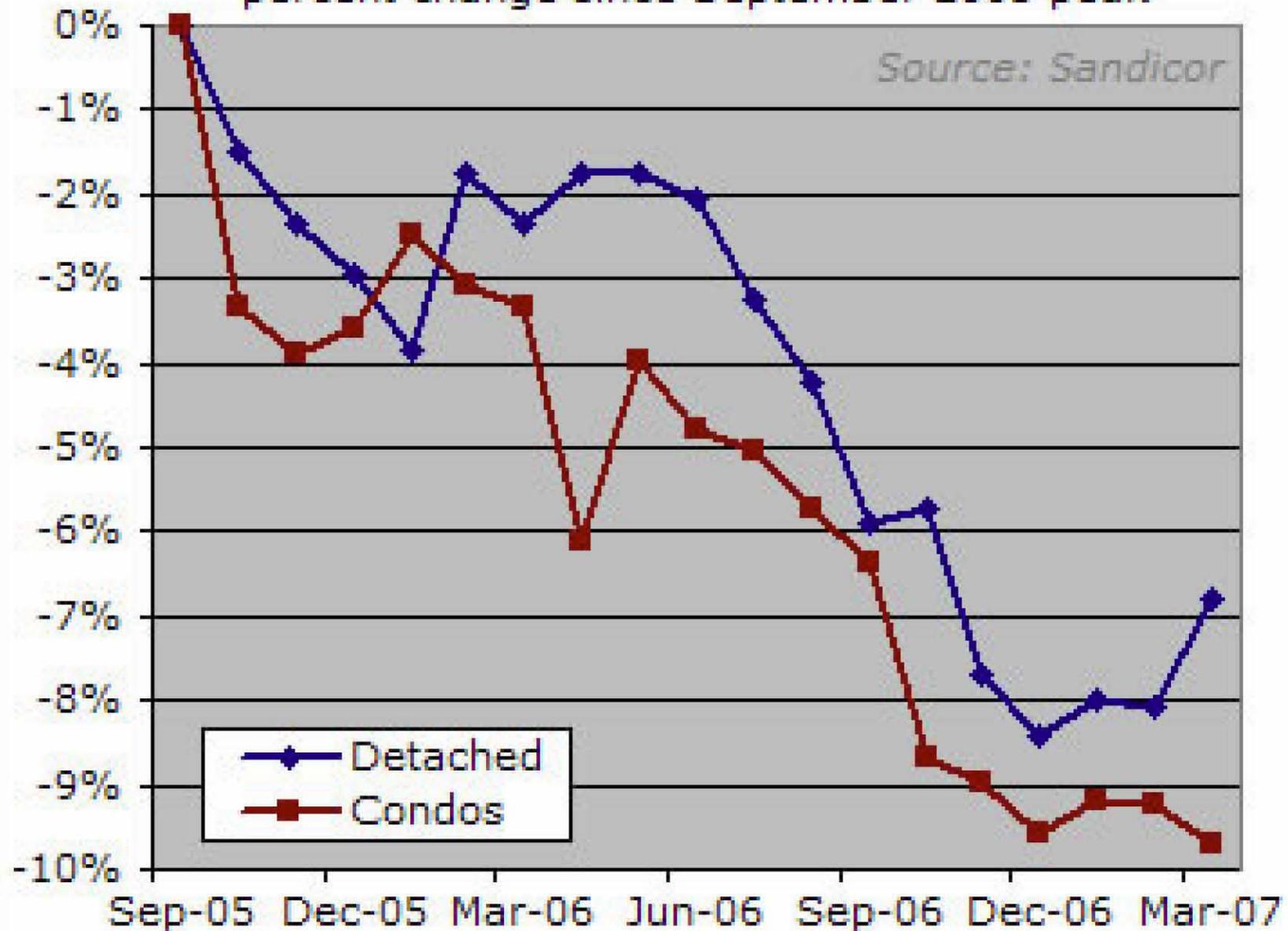
San Diego Jobs Gained/Lost, Feb 2006 - Feb 2007



Source: BLS

San Diego Median Resale Price/Square Foot percent change since September 2005 peak

Source: Sandicor



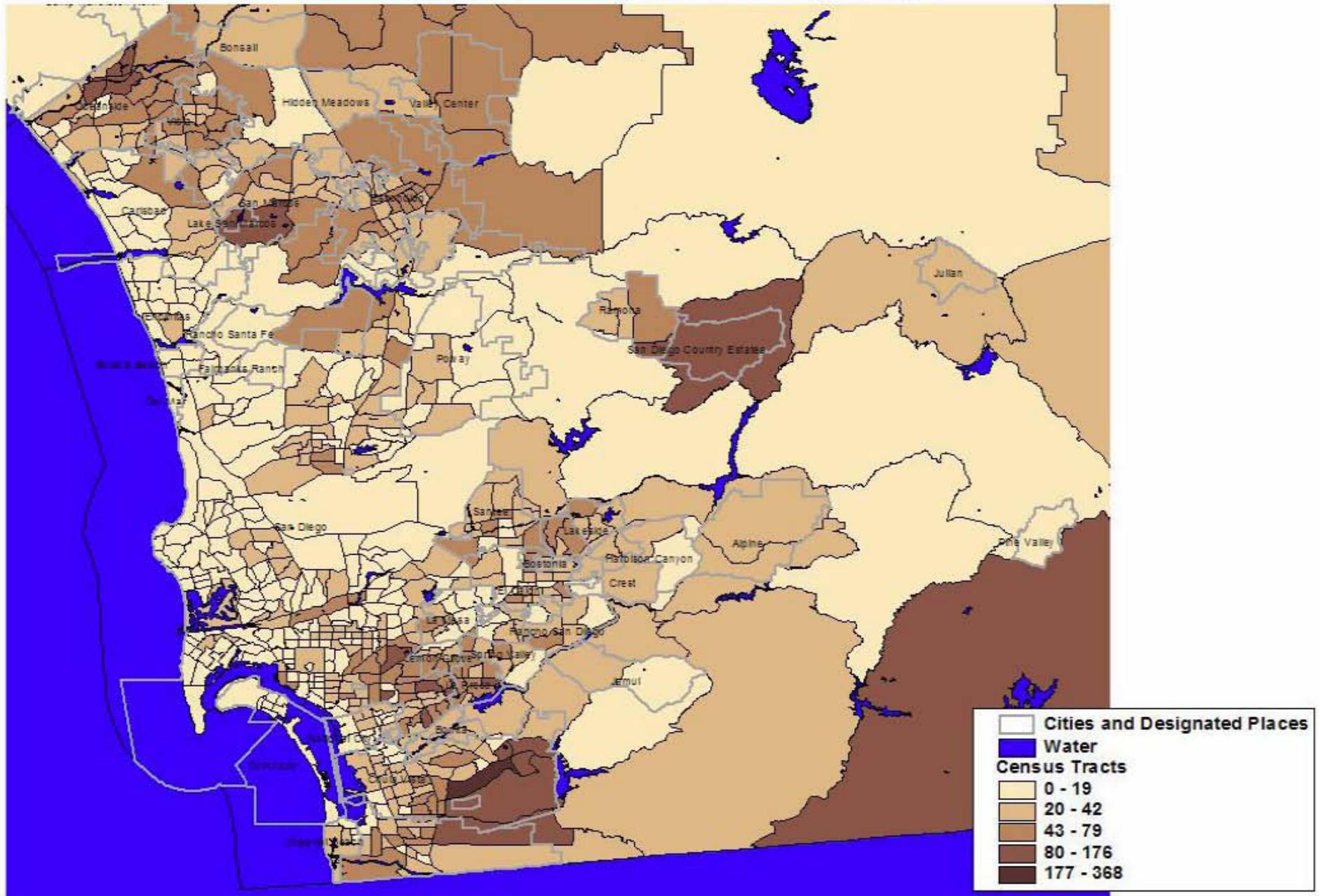
**San Diego County
Notice of Default Compared to Loan Origination Date**

Loan Origination Year	Recording Notice of Default (NOD)		
	2005	2006	2007
2004	35.43%	47.91%	16.65%
2005	11.16%	64.73%	24.11%
2006	0.00%	46.48%	53.52%

Sample list of Lenders of Record on Foreclosure Sales 2005-2007

Number Foreclosures Sold 2005-First Quarter 2007			
	Chula Vista	Oceanside	Total
DEUTSCHE BK NATL	56	35	91
AURORA LOAN SERVICES LLC	5	2	7
BANK OF NEW YORK	37	21	58
COUNTRYWIDE HOME LOANS	7	5	12
ARGENT MORTGAGE CO LLC	1	3	4
BANC OF AMERICA	7	1	8
US BANK NA	33	25	58
HSBC BANK USA	33	23	56
WELLS FARGO	37	21	58
Total	160	101	261
Grand Total	368	239	607
Percent of City Totals	43.48	42.26	43.00

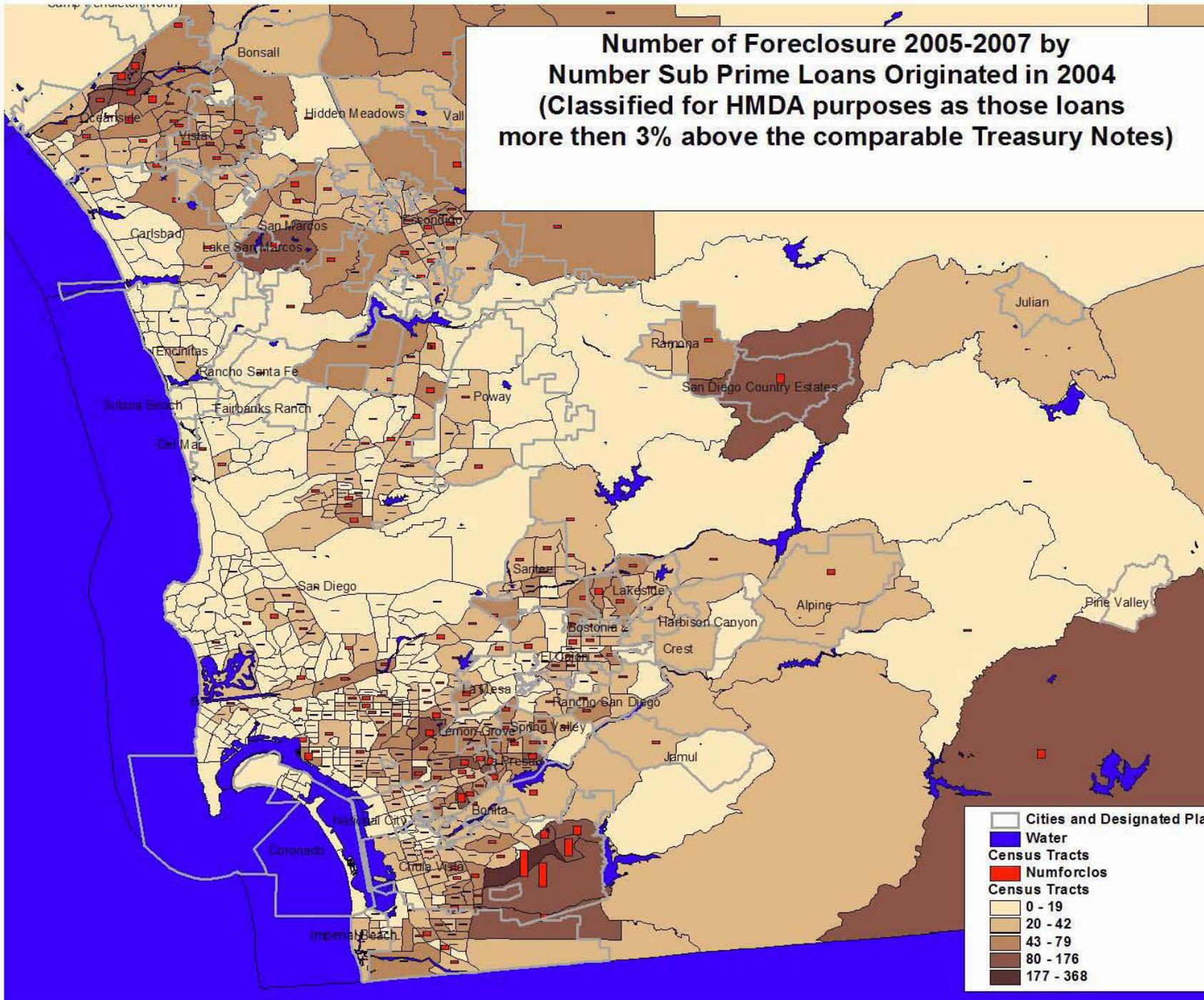
**Number Sub Prime Loans Originated in 2004
(Classified for HMDA purposes as those loans
more than 3% above the comparable Treasury Notes)**



Percent Distribution Sub Prime and Foreclosures by Income Classification of Census Tract

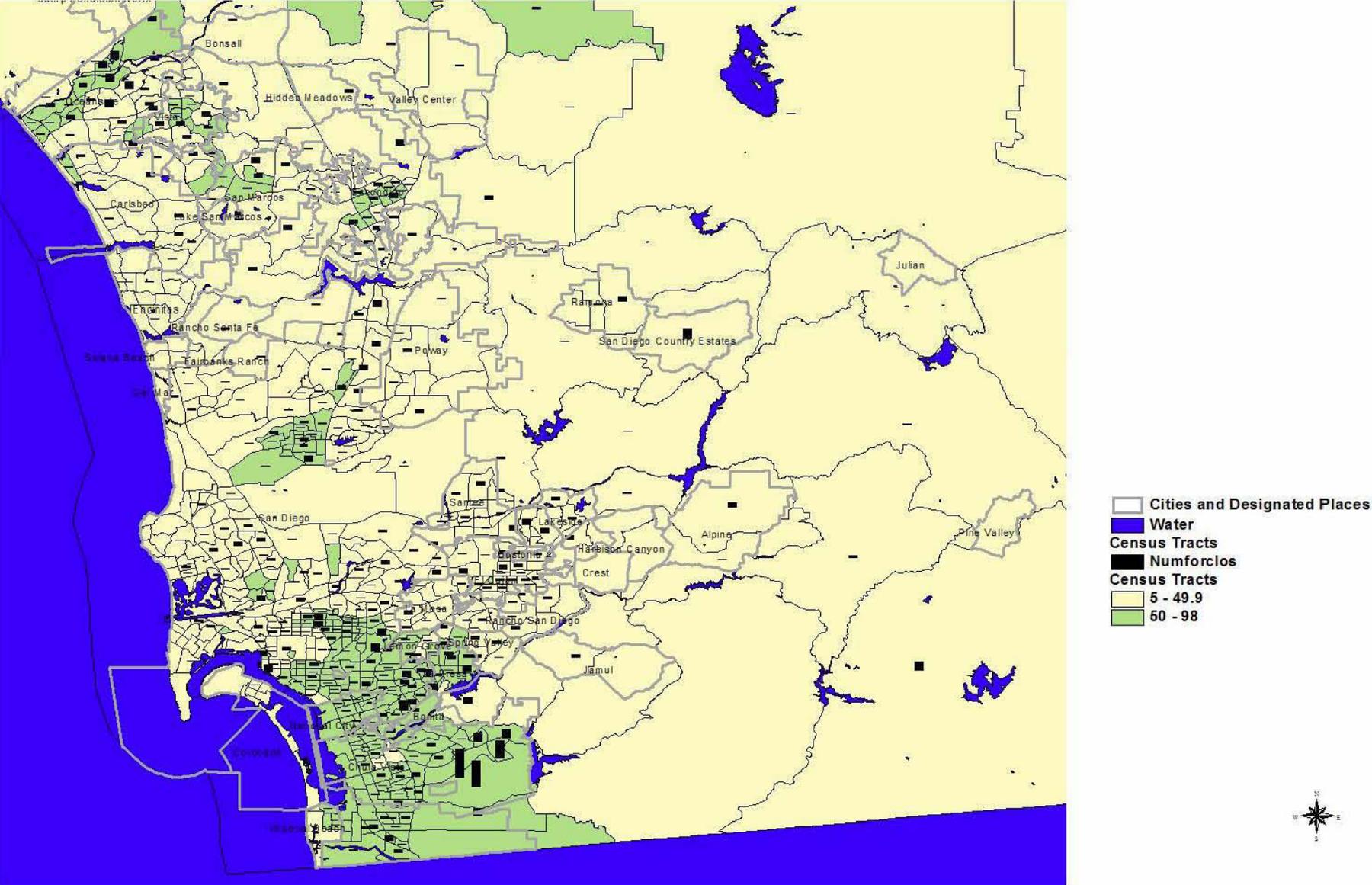
San Diego County 2004 HMDA Originations 2005-2007 Foreclosures					
	INCOME_IND ▼				
Data ▼	Low Income Tracts	Moderate Income Tracts	Middle Income Tracts	Upper Income Tracts	Grand Total
Number SubPrime	1140	3890	7870	4352	17252
PCT SubPrime	6.61%	22.55%	45.62%	25.23%	100.00%
Number Foreclosures Sold	212	614	1379	923	3128
PCT Foreclosures Sold	6.78%	19.63%	44.09%	29.51%	100.00%

**Number of Foreclosure 2005-2007 by
Number Sub Prime Loans Originated in 2004
(Classified for HMDA purposes as those loans
more then 3% above the comparable Treasury Notes)**



	Cities and Designated Places
	Water
	Numforcls
	Census Tracts
	0 - 19
	20 - 42
	43 - 79
	80 - 176
	177 - 368

Foreclosures 2005-2007 by Percent Minority Population of Tract



Number Foreclosures 2005-07 by Income Classification of Census Tract

