

**House Financial Institutions Committee  
Interim Charges Hearing  
June 11, 2008**

*Interim Charge #1  
Foreclosures*

Texas Department of Savings and Mortgage Lending  
Douglas Foster, Commissioner

# Weathering the Storm

Texas was the only one of the 10 most populous states that saw a decrease in foreclosure activity over the year ending in February 2008.

## Percent Change In Foreclosure Filings

State Feb. 2007-Feb. 2008

**TEXAS** -1.01%

**Georgia** 4.62

**New York** 15.18

**Michigan** 17.84

**North Carolina** 20.38

**Pennsylvania** 22.22

**Illinois** 32.26

**Ohio** 38.89

**U.S. Average** 59.84

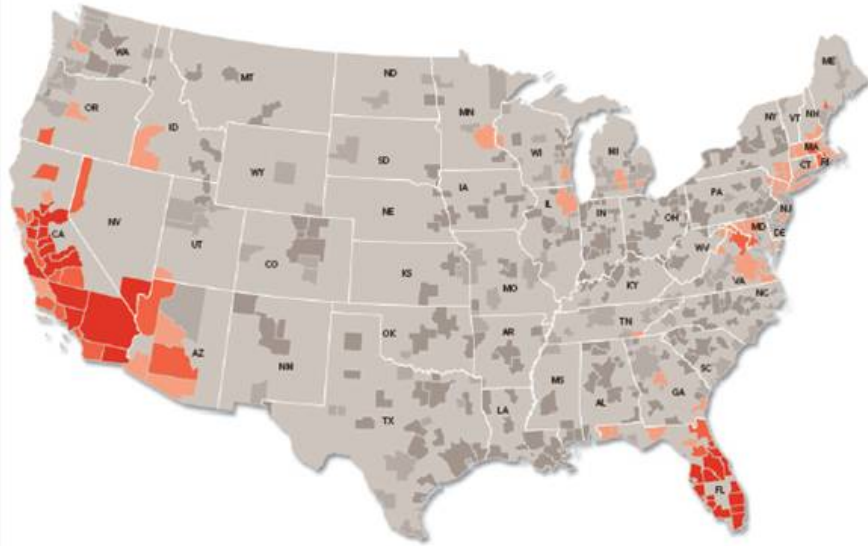
**Florida** 69.49

**California** 131.16



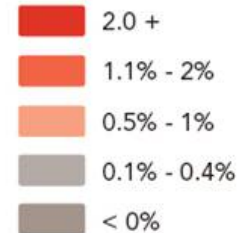
## 90+ DAY DELINQUENCY RATE—INVENTORY VIEW

Percentage Point Change



Year-over-year percentage-point change in 90+ day-delinquency rates.

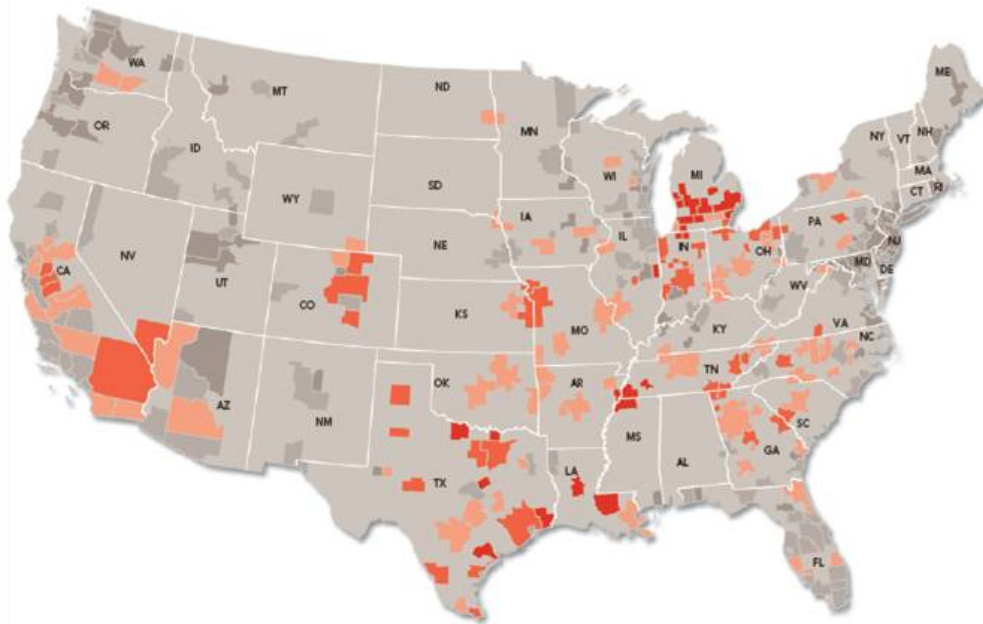
### Legend



The following foreclosure and delinquency maps, current as of mid-March 2008, provide two different views of foreclosure activity. The first view shows delinquency and foreclosure *inventory*, or the stock of delinquent and foreclosed properties at a designated point in time. The second view shows delinquency and foreclosure *starts*, or the number of new delinquent and foreclosed properties accumulated during a given time period. The maps contain information on the level and percentage-point change in both inventory and starts for 90+ day delinquency rate, foreclosure rate, and real estate owned (REO) rate.

Map legends are based on the average highest quarterly delinquency rates for the top five states during the last 25 years<sup>2</sup>. This approach captures significant real estate economy events in the past, such as the mid-1980's housing bust in the energy-dependent "oil patch" area of West South Central and Mountain states and the New England housing market downturn of the late 1980s and early 1990s. Placement in the legends' top brackets signifies that a geography's delinquencies and/or foreclosures are at levels comparable to prior regional peaks. Mortgage performance analyses exclude natural disasters like the impact of Hurricane Katrina on Louisiana and Mississippi.

## FORECLOSURE RATES—STARTS VIEW

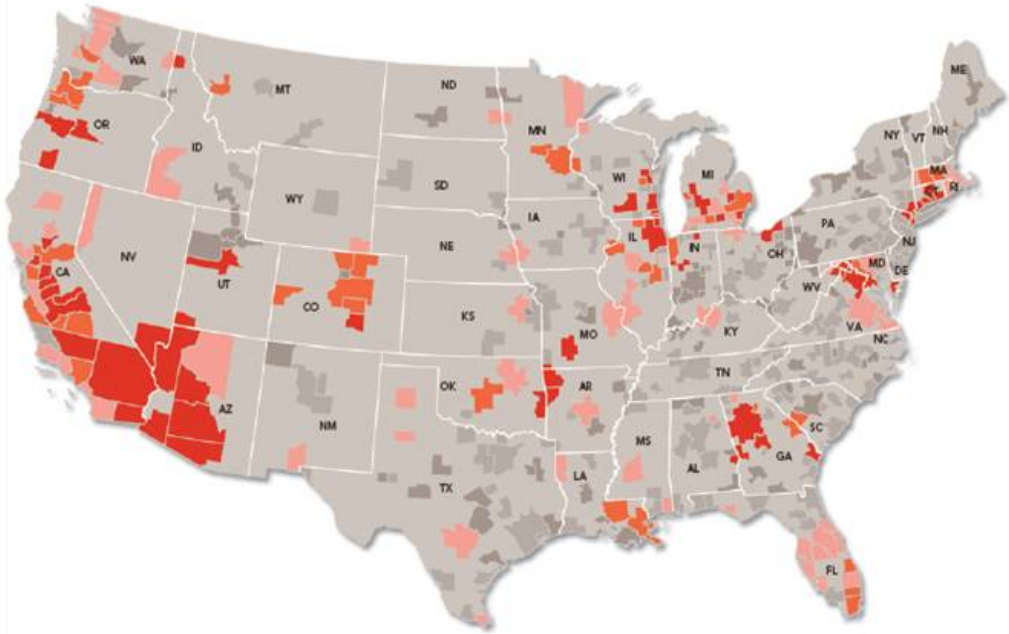


Cumulative number of foreclosures started during current 12-month period divided by number of loans outstanding.

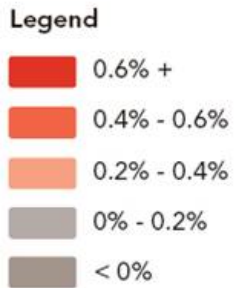
### Legend



**REO RATES—INVENTORY VIEW**  
Percentage Point Change



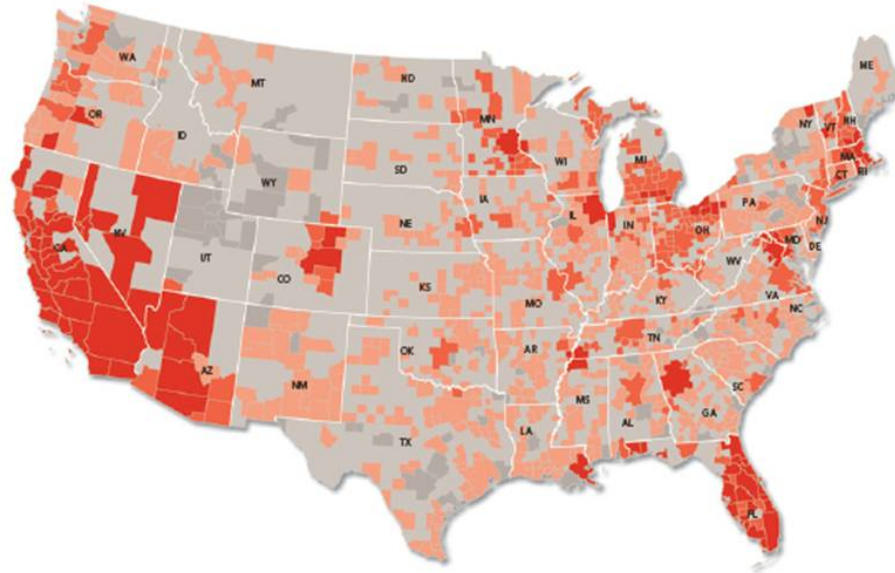
Year-over-year percentage-point change in REO rates.



## HOME PRICE MAPS





The following home price maps, current as of March 2008, were produced using the First American CoreLogic LoanPerformance Home Price Index (HPI)—a repeat-sales index that incorporates 30+ years of transactions representing more than 45-million observations and covering 7,472 U.S. Zip codes, 956 Core Based Statistical Areas (CBSAs), and 663 counties in various tier segmentations. Maps here represent the single-family-detached-property tier. For recent LoanPerformance HPI information, please visit the [loanperformance.com](http://loanperformance.com).

### HOME PRICE APPRECIATION



Percent change in HPI during the last 12 months.

#### Appreciation Classifications

-  Moderately High > 5 %
-  Moderate 0 - 5%
-  Moderate Decline -5 - 0%
-  Severe Decline < -5 %

## Top Ten States in Job Growth

Texas ranked No. 1 in the U.S. in job growth for 2007.

### Employees gained



Source: U.S. Bureau of Labor Statistics 12/06-12/07

# Profile of Texas State Savings Banks

- All state savings banks less than three years old which represents 26% of the industry are still experiencing operating losses. One additional charter with a significant mortgage presence nationwide has sustained heavy losses.
- Non-performing assets to total assets declined from 1.3% to 1.1% as of March 31, 2008.
- Number of problem institutions has increased from one at 8/31/07 to five as of today.



# Profile of Texas Mortgage Broker Activity

- The number of licensed mortgage brokers and loan officers and financial service agents has declined from 24,420 at August 31, 2007 to 22,862 as of June 9, 2008 – a 6% decline.
- The 2007 annual report received from 6,418 mortgage brokers reported the following as compared to 2006.

|      | # of Loans | Amount         |
|------|------------|----------------|
| 2007 | 183,802    | \$29.0 Billion |
| 2006 | 251,693    | \$38.5 Billion |

# Texas Department of Savings and Mortgage Lending

Complaint File Data as of: 06/10/2008

## Nature of Open Complaints



### Case Aging (06-10-2008)

|                         |           |       |
|-------------------------|-----------|-------|
| 90 Days Old or Less     | 92        | 49.7% |
| 91 Days to 180 Days Old | 40        | 20.6% |
| 181 Days to 1 Year Old  | 38        | 10.1% |
| Over 1 Year Old         | <u>19</u> | 10.0% |

**Total Open Files: 189**

### Case Aging (08-31-2007)

|                         |           |       |
|-------------------------|-----------|-------|
| 90 Days Old or Less     | 96        | 32.3% |
| 91 Days to 180 Days Old | 64        | 21.5% |
| 181 Days to 1 Year Old  | 106       | 35.7% |
| Over 1 Year Old         | <u>30</u> | 10.1% |

**Total Open Files: 296**

### FISCAL YEAR 2008 TO DATE

#### Complaints Received

|             |           |
|-------------|-----------|
| September   | 62        |
| October     | 82        |
| November    | 71        |
| December    | 76        |
| January     | 71        |
| February    | 65        |
| March       | 68        |
| April       | 69        |
| May         | 75        |
| <u>June</u> | <u>20</u> |
| YTD Total   | 659       |

#### Complaints Resolved

|             |           |
|-------------|-----------|
| September   | 51        |
| October     | 87        |
| November    | 99        |
| December    | 64        |
| January     | 100       |
| February    | 98        |
| March       | 89        |
| April       | 83        |
| May         | 74        |
| <u>June</u> | <u>20</u> |
| YTD Total   | 765       |

2007 YTD 1002

2007 YTD 1015