

Foreclosures in Oklahoma

Understanding the Current Storm

Oklahoma Congressional Staff Seminar

Federal Reserve Bank of Kansas City

Oklahoma City Branch

November 28, 2007



Kelly D. Edmiston

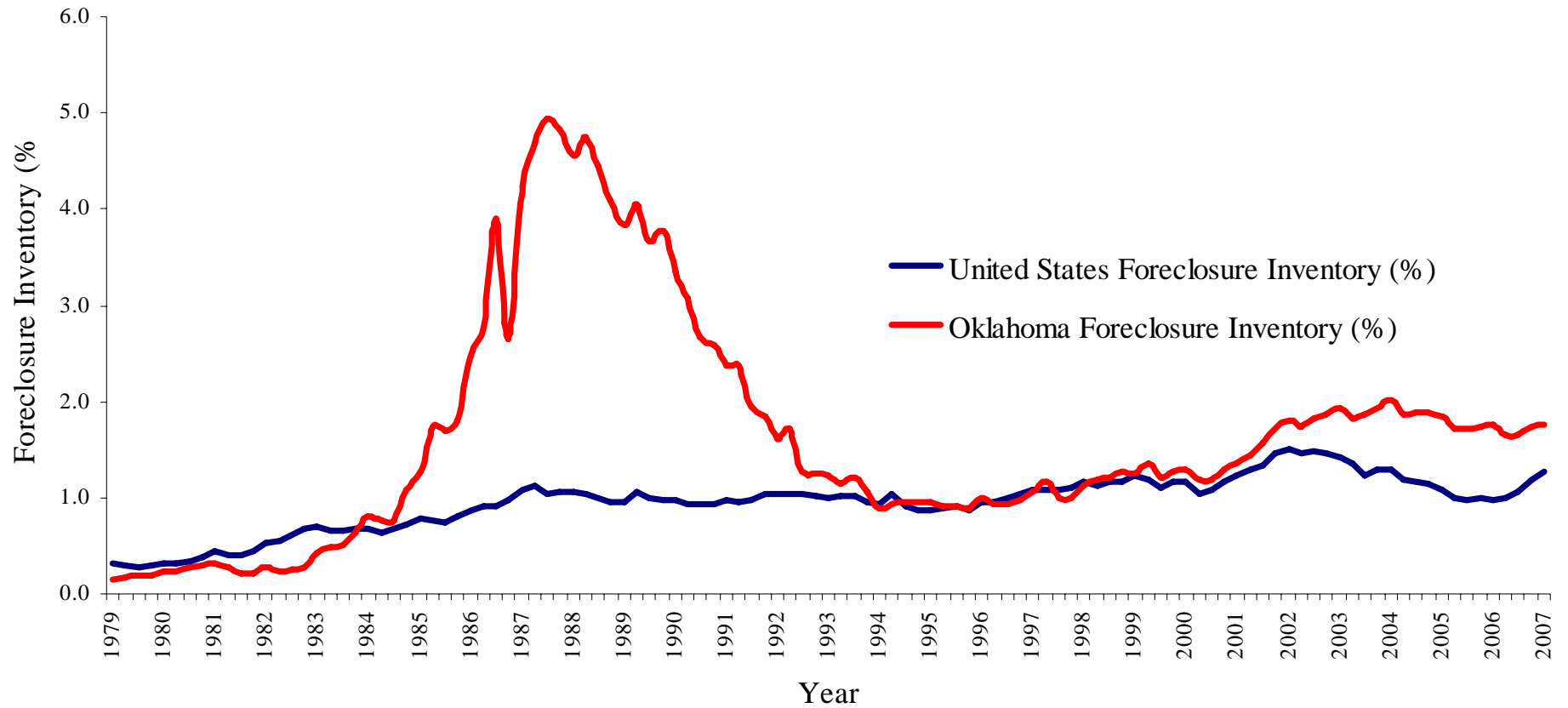
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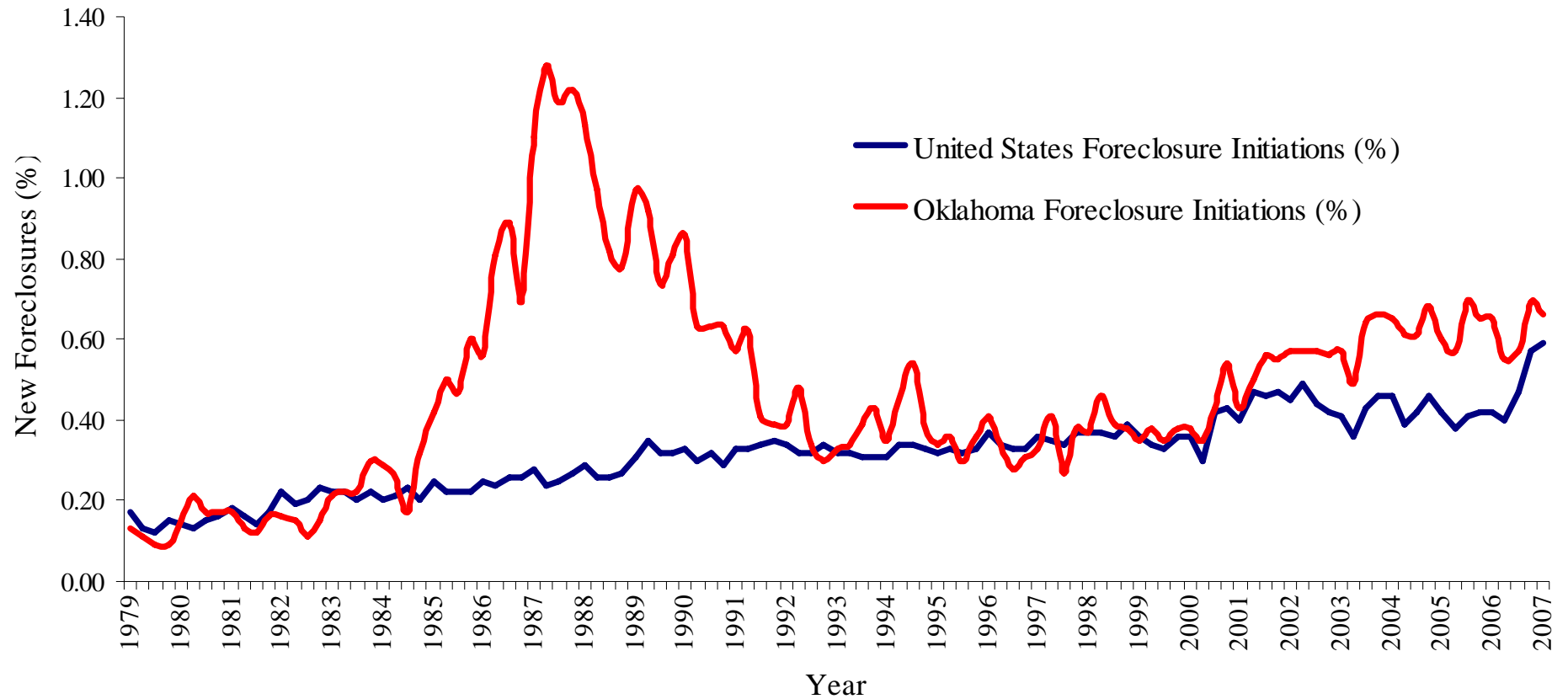
Division

Federal Reserve Bank of Kansas City

Foreclosure Inventory, Oklahoma and the United States First Quarter 1979 to Second Quarter 2007



New Foreclosures, Oklahoma and the United States First Quarter 1979 to Second Quarter 2007



Where Oklahoma Stands: State Foreclosure Rates, 2nd Quarter 2007

1.	Ohio	3.60
2.	Indiana	3.01
3.	Michigan	2.77
7.	Oklahoma	1.74
	<i>United States</i>	<i>1.40</i>
21.	Kansas	1.28
26.	Texas	1.17

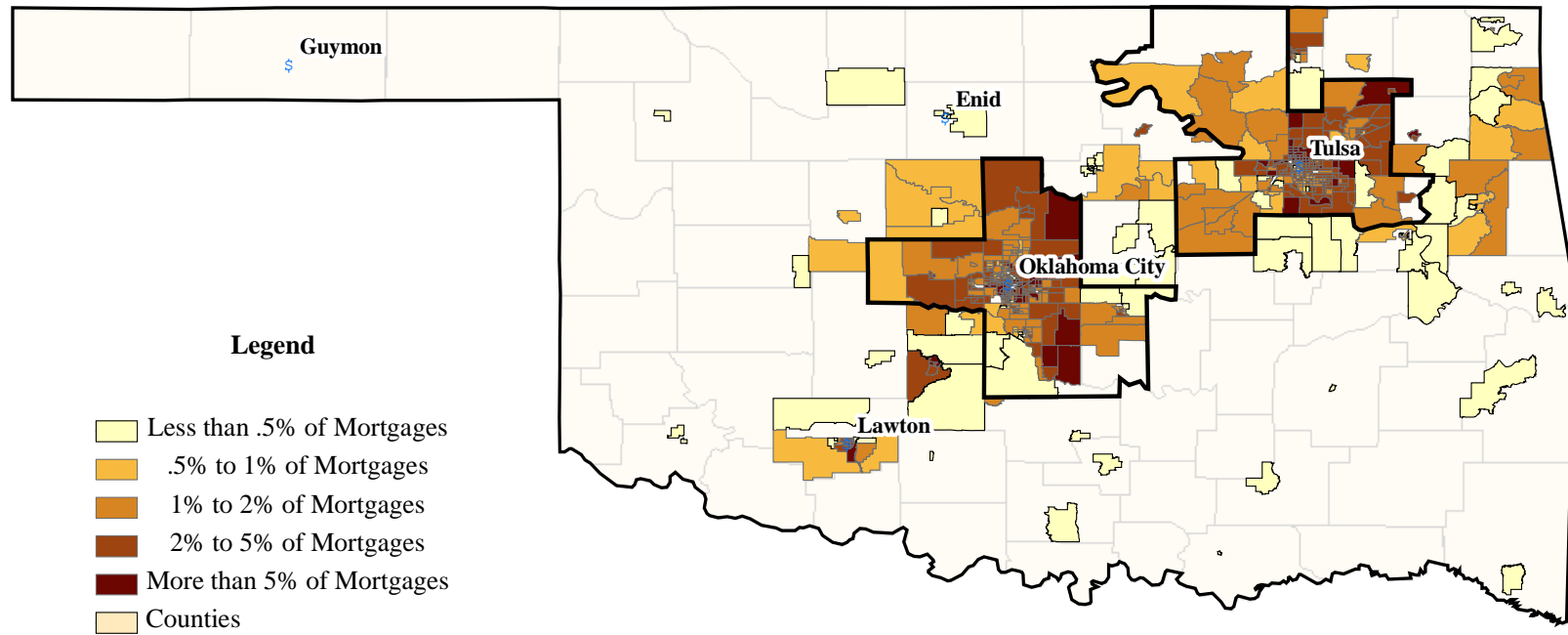
Source: Mortgage Bankers Association

Foreclosure Rates in Oklahoma

*Foreclosures from July 1 2006
to June 30 2007*

Per outstanding mortgages (as of 2000 Census)

Foreclosures in Oklahoma

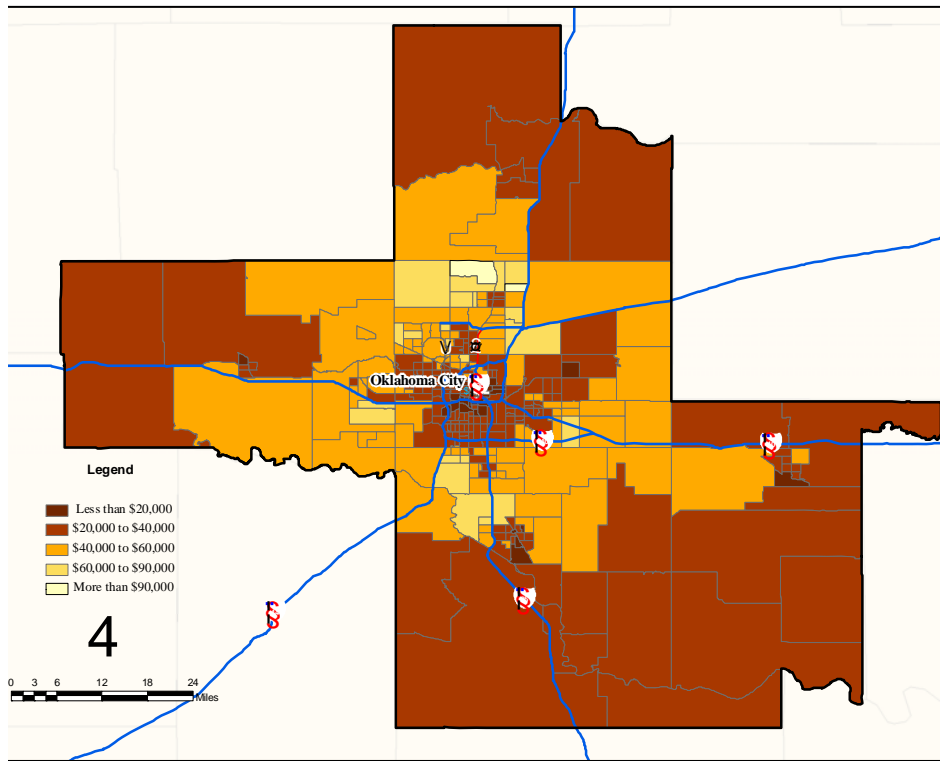


Source: RealtyTrac and US Census Decennial Survey

**Median Household Income and Foreclosure Rates
in Oklahoma MSAs**

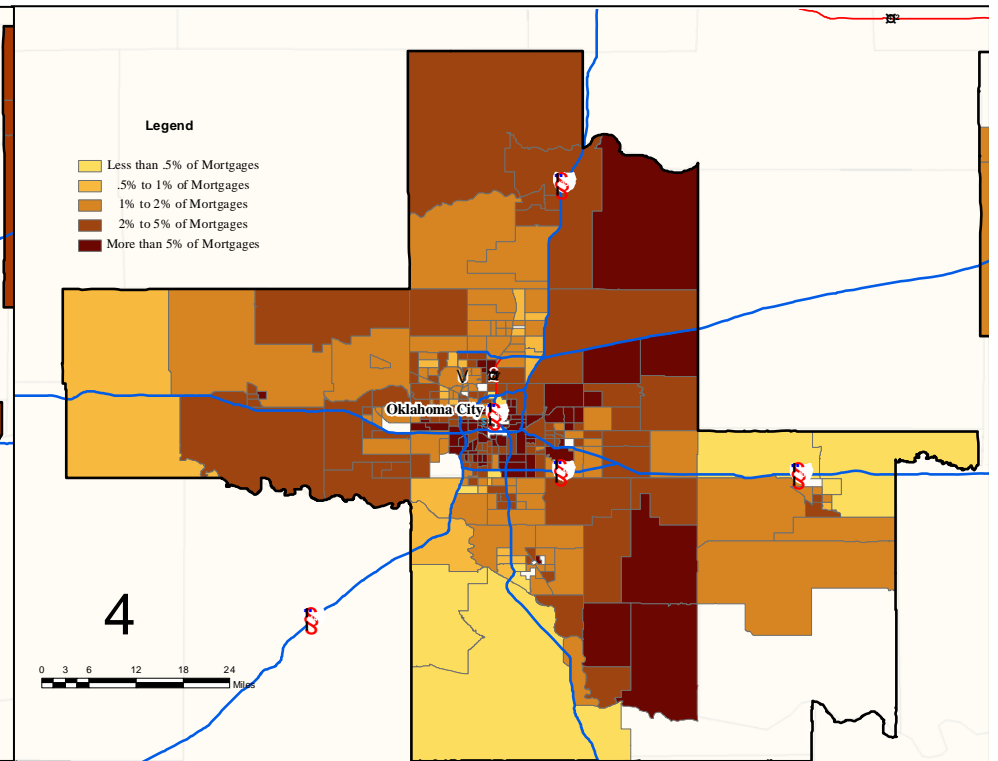
Oklahoma City Median Household Income and Foreclosure Rates

Median Income by Census Tract



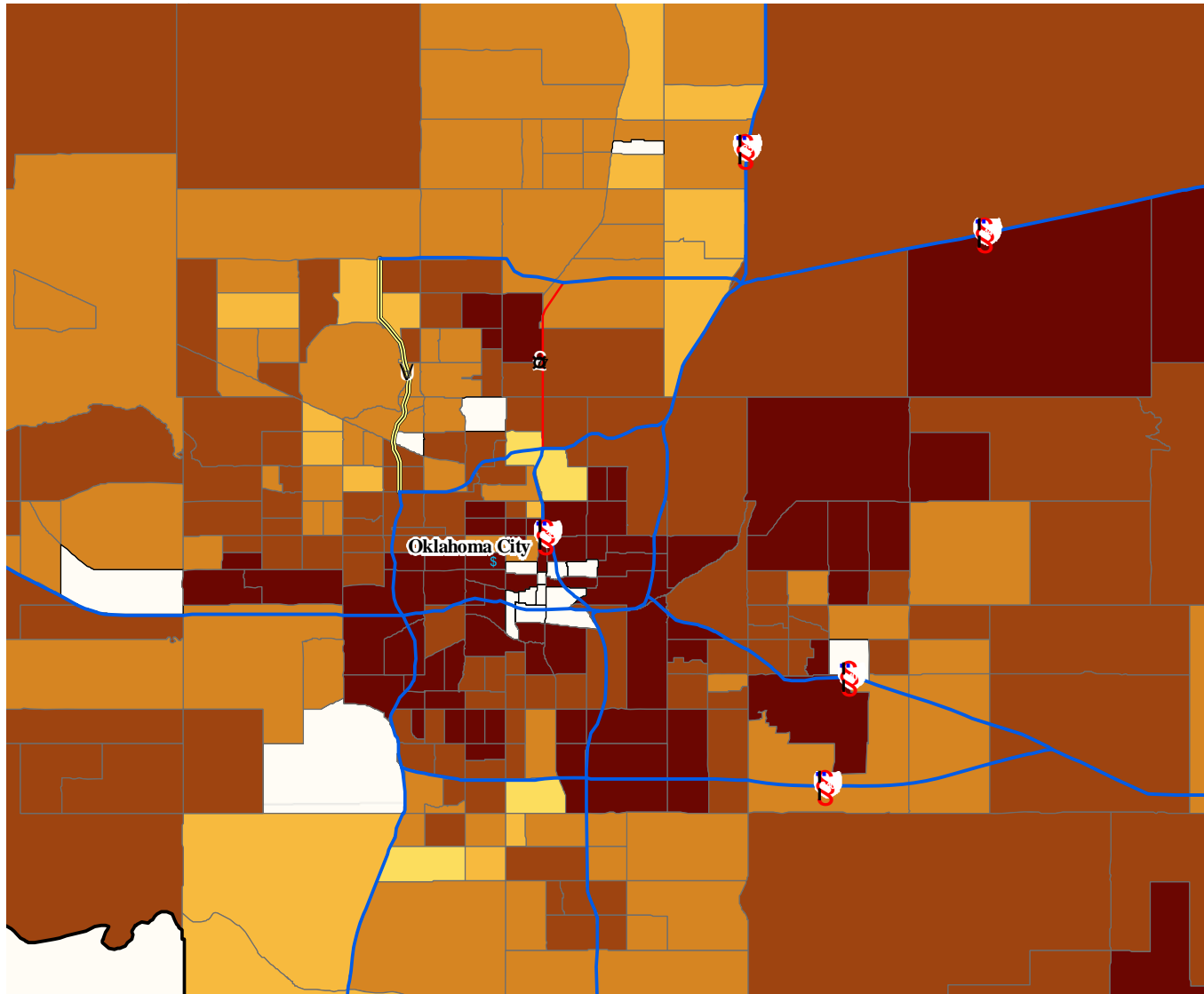
Source: 2000 U.S. Census

Foreclosure Rate by Census Tract



Normalized per number of mortgages outstanding by Census Tract
Source: 2000 U.S. Census and RealtyTrac Survey of New Foreclosures

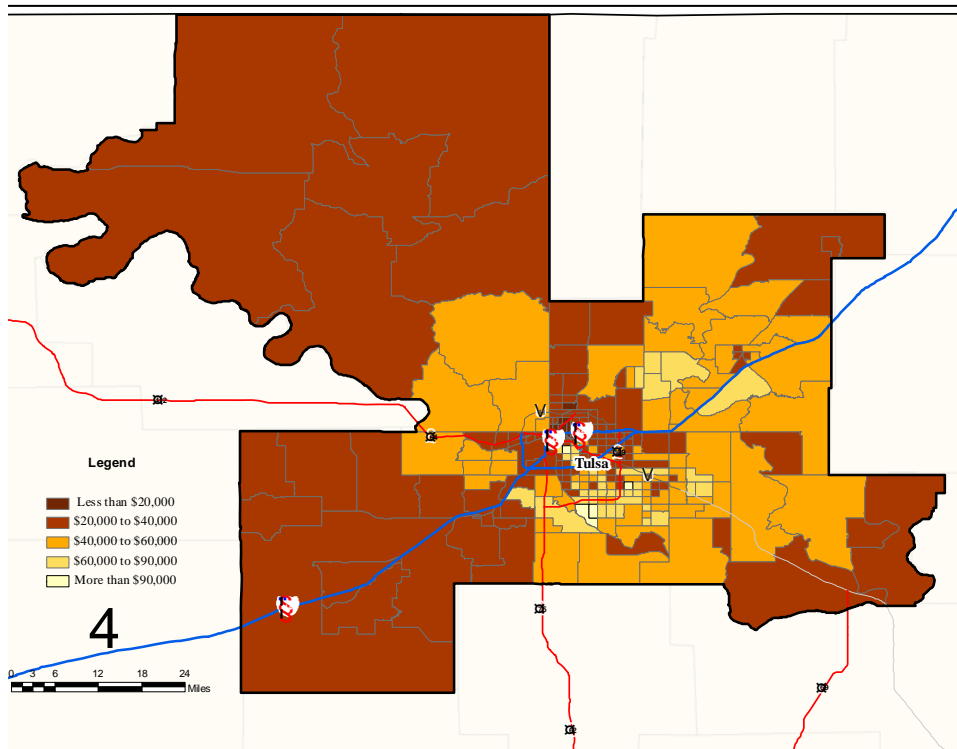
Central Oklahoma City MSA Foreclosure Rates



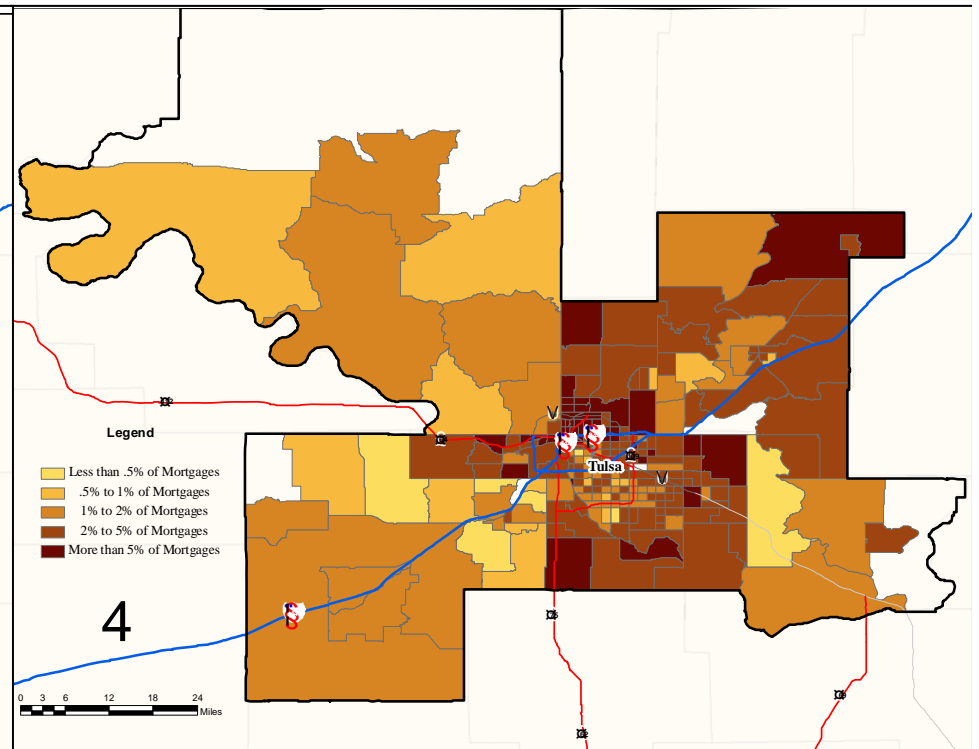
Normalized per number of mortgages outstanding by Census Tract
Source: 2000 U.S. Census and RealtyTrac Survey of New Foreclosures

Tulsa MSA Median Household Income and Foreclosure Rates

Median Income by Census Tract



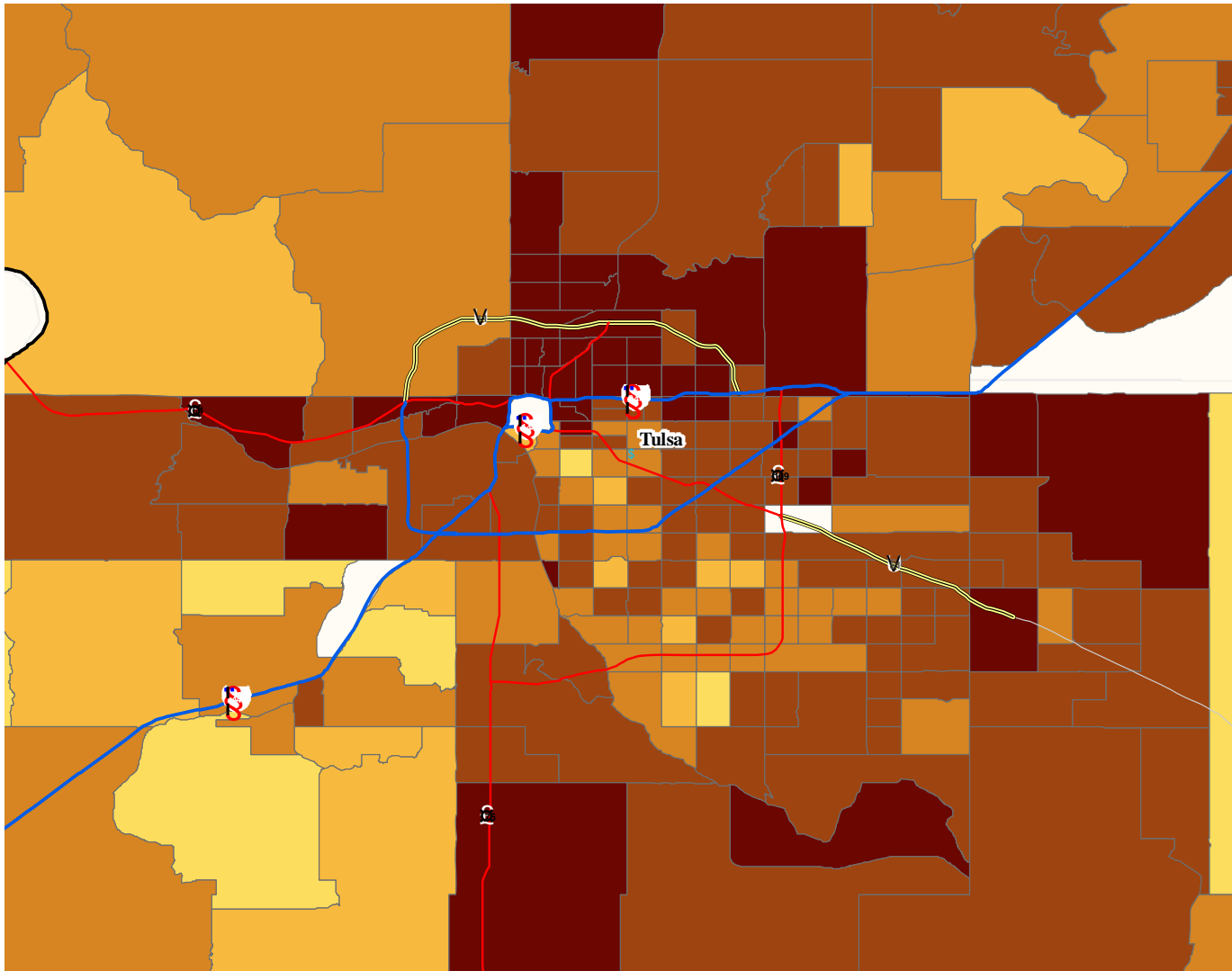
Foreclosure Rate by Census Tract



Source: 2000 U.S. Census

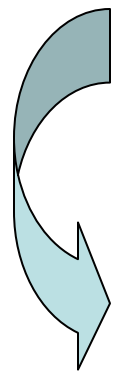
Normalized per number of mortgages outstanding by Census Tract
 Source: 2000 U.S. Census and RealtyTrac Survey of New Foreclosures

Central Tulsa MSA Foreclosure Rates



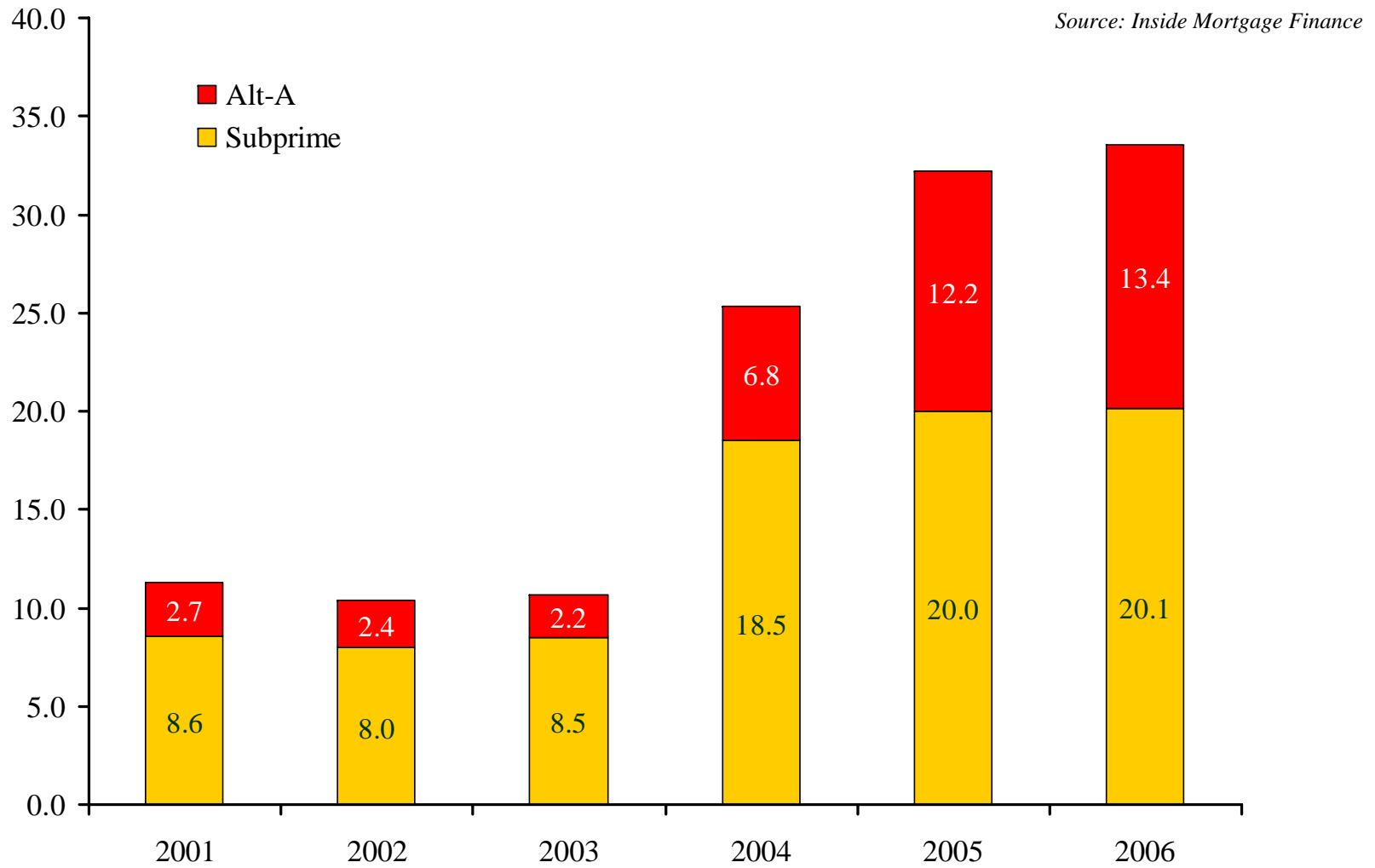
Normalized per number of mortgages outstanding by Census Tract
Source: 2000 U.S. Census and RealtyTrac Survey of New Foreclosures

The Current Foreclosure Storm



- “Nonprime” Mortgage Share
 - Subprime Mortgages
 - Alt-A Mortgages
- Payment Shock for Non-Traditional Mortgages
 - Adjustable-Rate Mortgages (ARMs)
 - Interest-Only Mortgages
 - Payment Option ARMs
- Adverse Equity Position
 - Declining Home Price Appreciation (or Depreciation)
 - High LTV originations
 - Cash-Out Refinancing

“Nonprime” Mortgage Originations

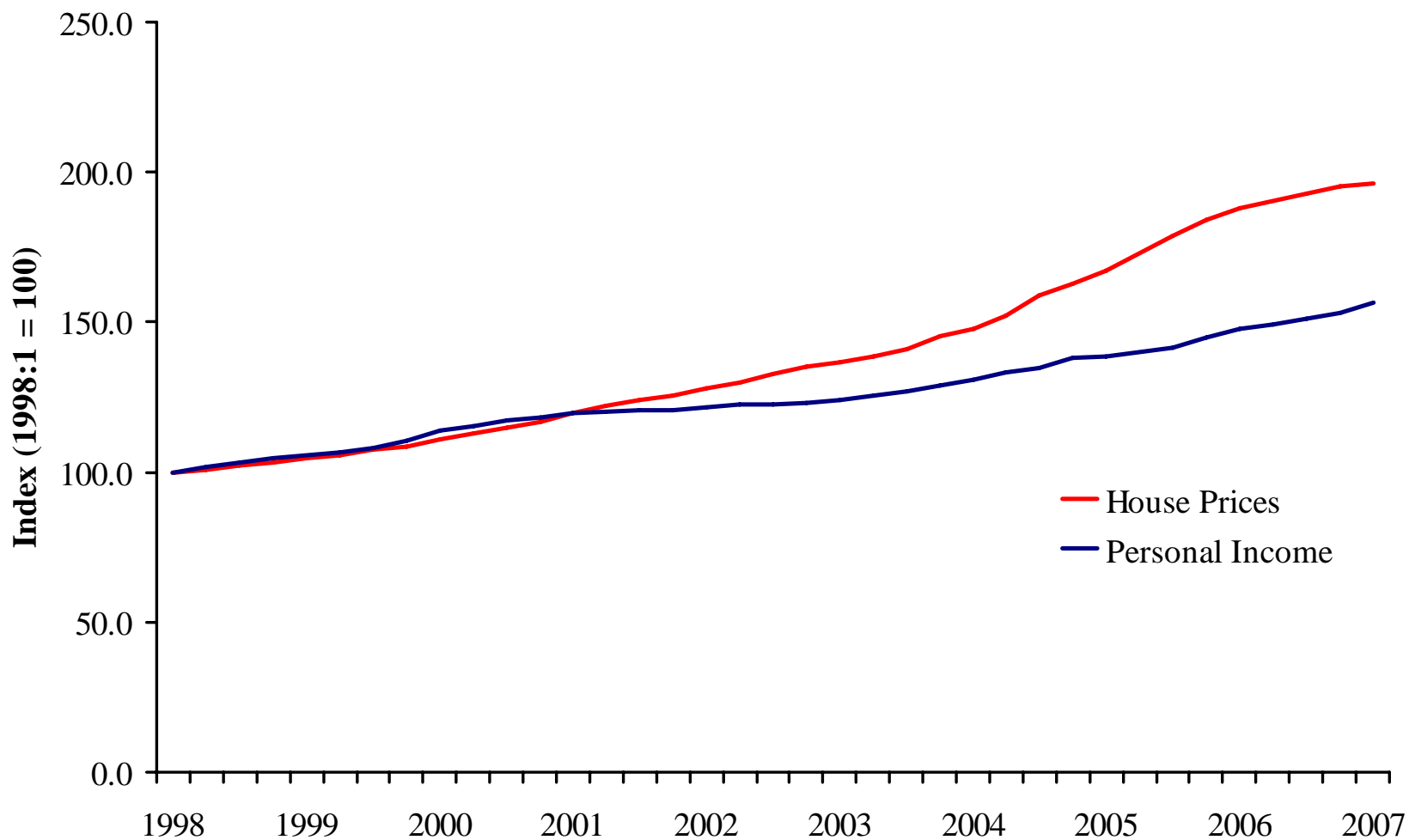


Foreclosure Rates by Type of Mortgage Second Quarter, 2007

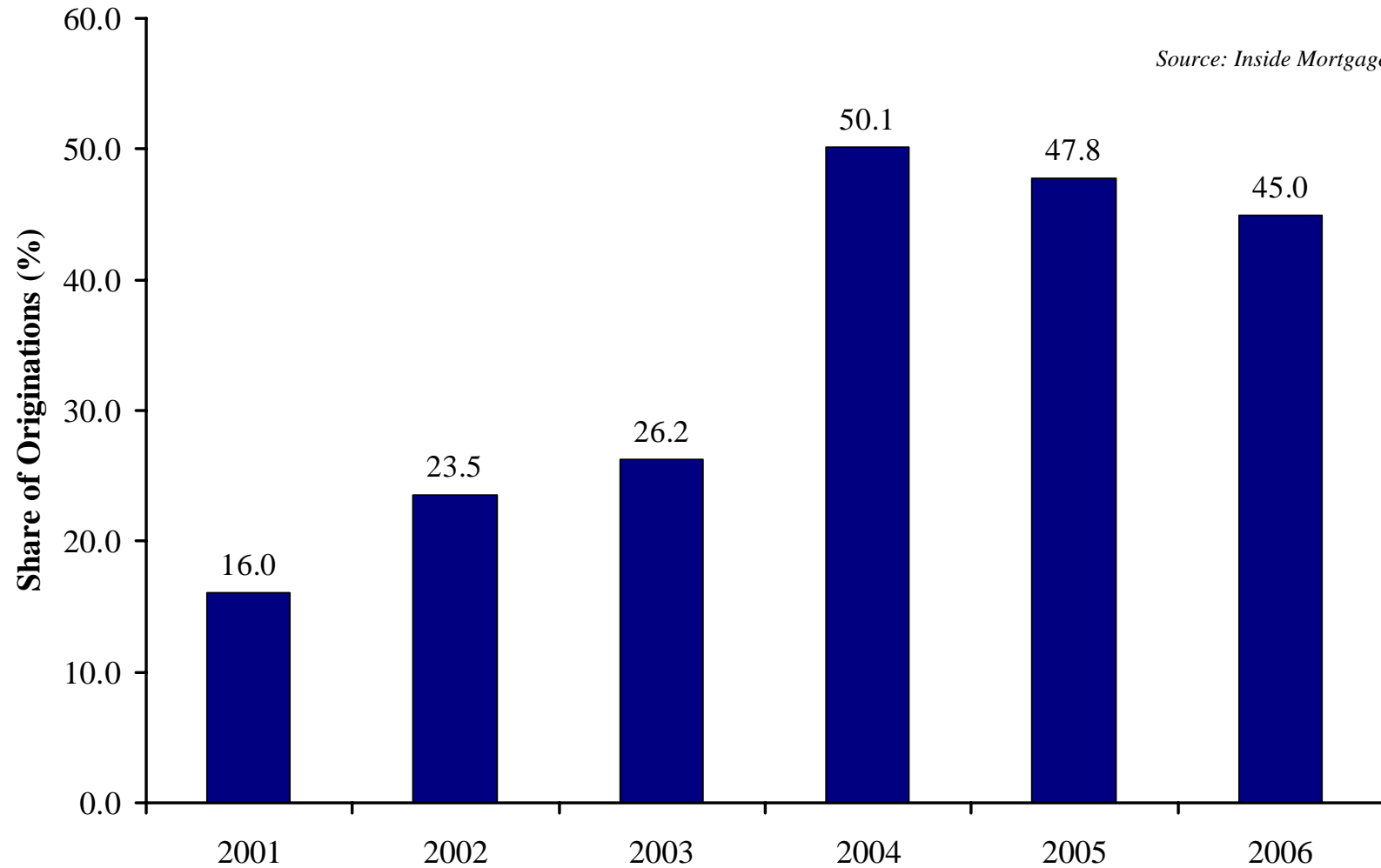
Loan Type	In Foreclosure	Foreclosures Started	Past Due (30+ Days)
Prime	0.59	0.25	2.63
Subprime	5.52	2.45	14.54

Source: Mortgage Bankers Association

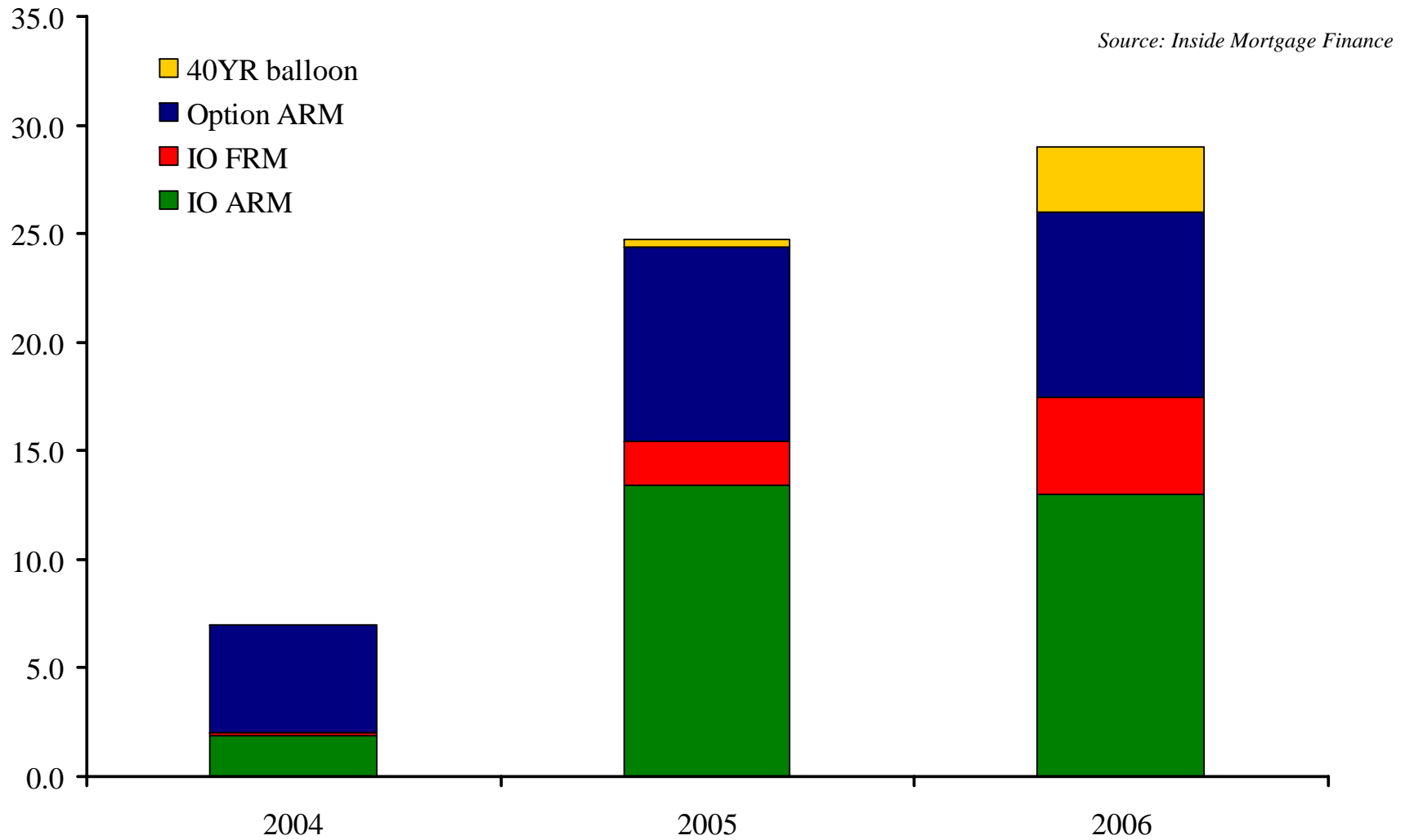
Home Price Appreciation Outpaces Personal Income Growth



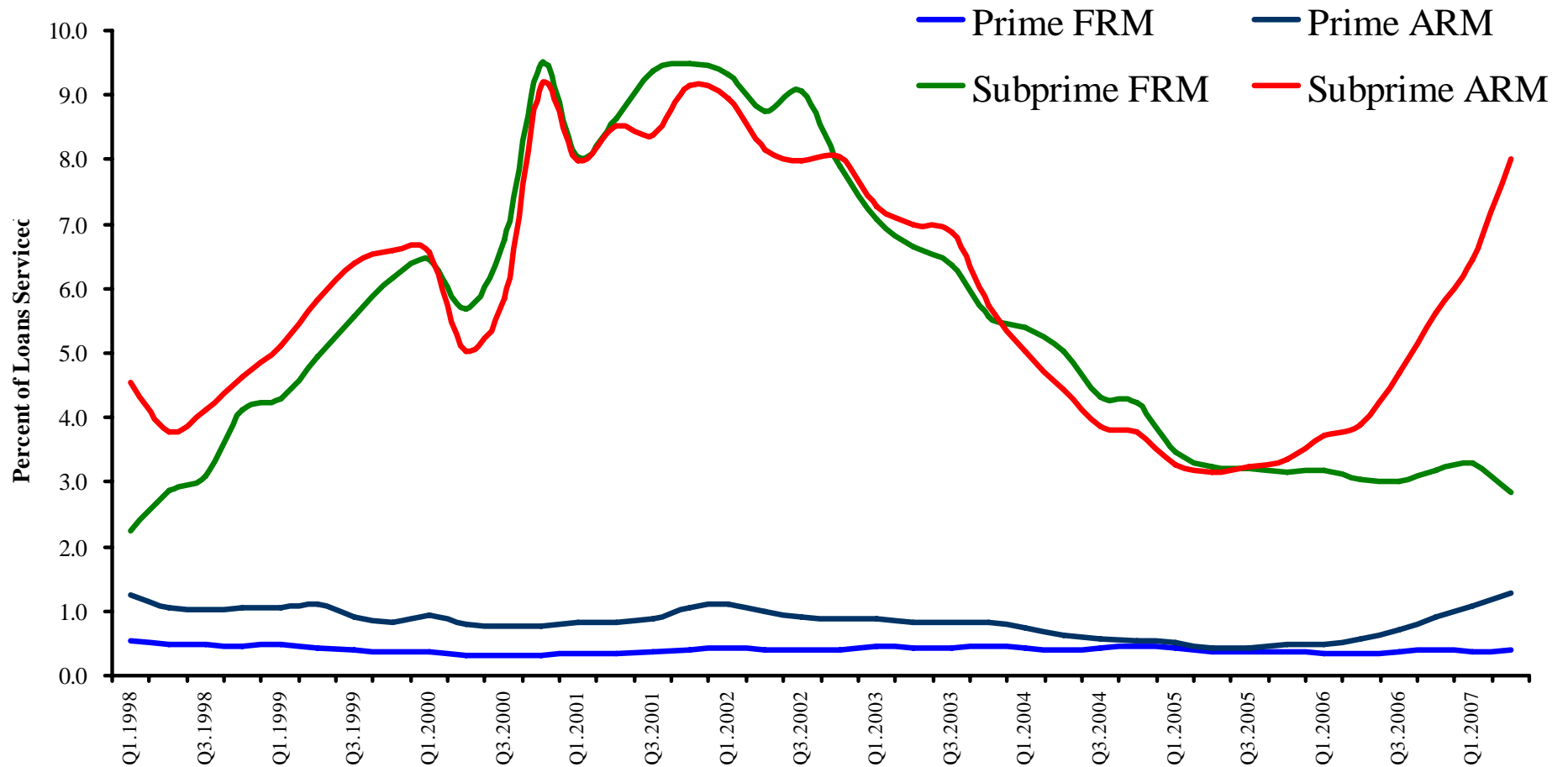
ARM Share of Mortgage Originations



Alternative Mortgage Originations



Foreclosure Rates by Mortgage Type 1998 – Present

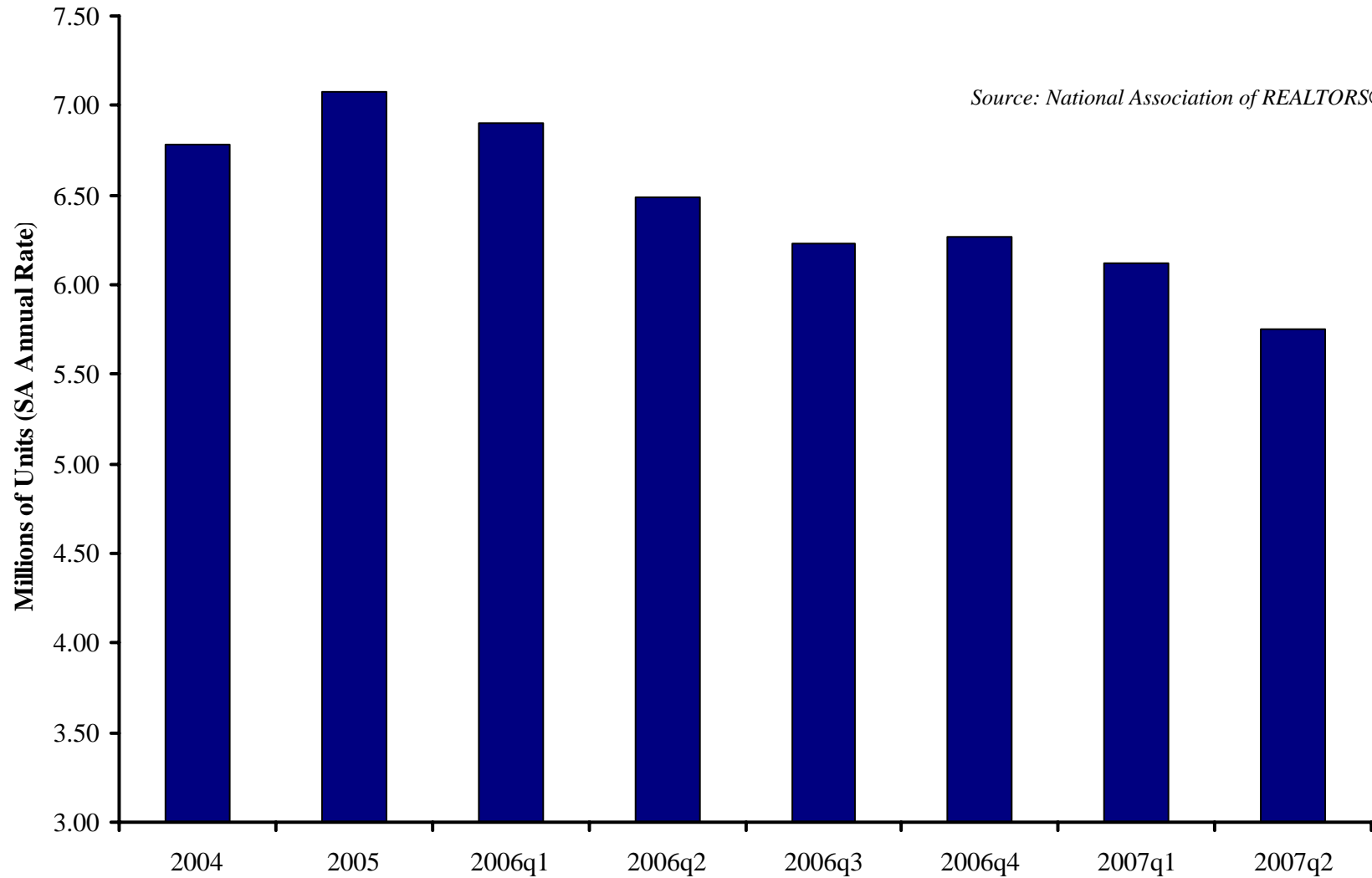


Source: Mortgage Bankers Association

Options if Can't Make the Payment

- Work-Out
 - Foreclosure is a two-step process
 - More difficult if securitized
- Prepay
 - Sell
 - Requires sufficient equity (significantly greater than 0)
 - Selling costs
 - Possible pre-payment penalty (especially subprime)
 - Refinance
 - Requires sufficient equity
 - Closing costs
 - Possible pre-payment penalty (especially subprime)
- Default

Existing Home Sales



Annual Change in Home Prices

	2004-05	2005-06	2006-07 (Q1)
United States	12.2	1.3	(1.5)
Oklahoma City	2.0	9.0	3.1
Tulsa	N/A	N/A	N/A

Source: National Association of REALTORS®

Thank you!

Questions?



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