

Foreclosures: A Closer Look at Nebraska and the Region

Banker's Roundtable on Community Development

University of Nebraska

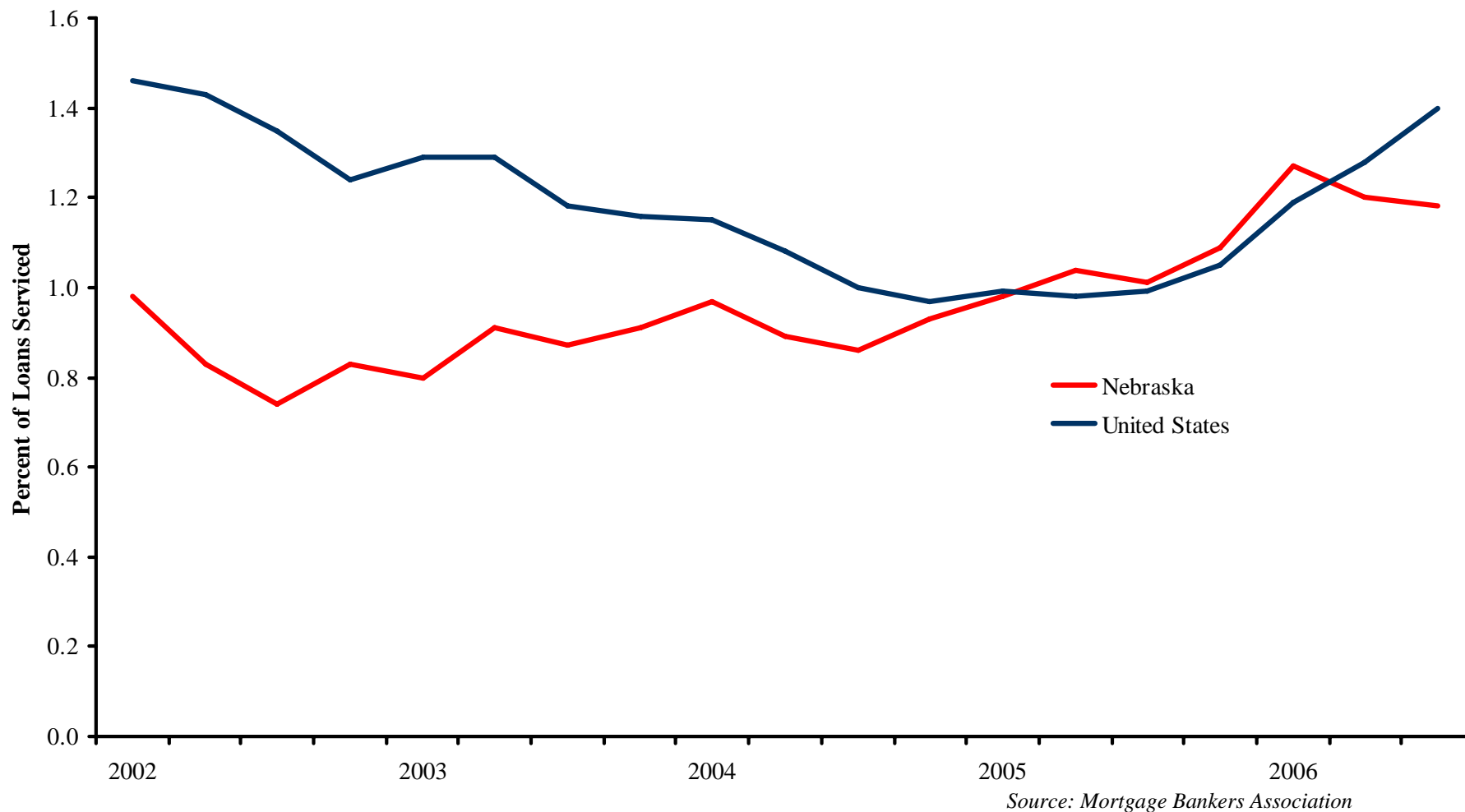
Lincoln, NE

September 18, 2007

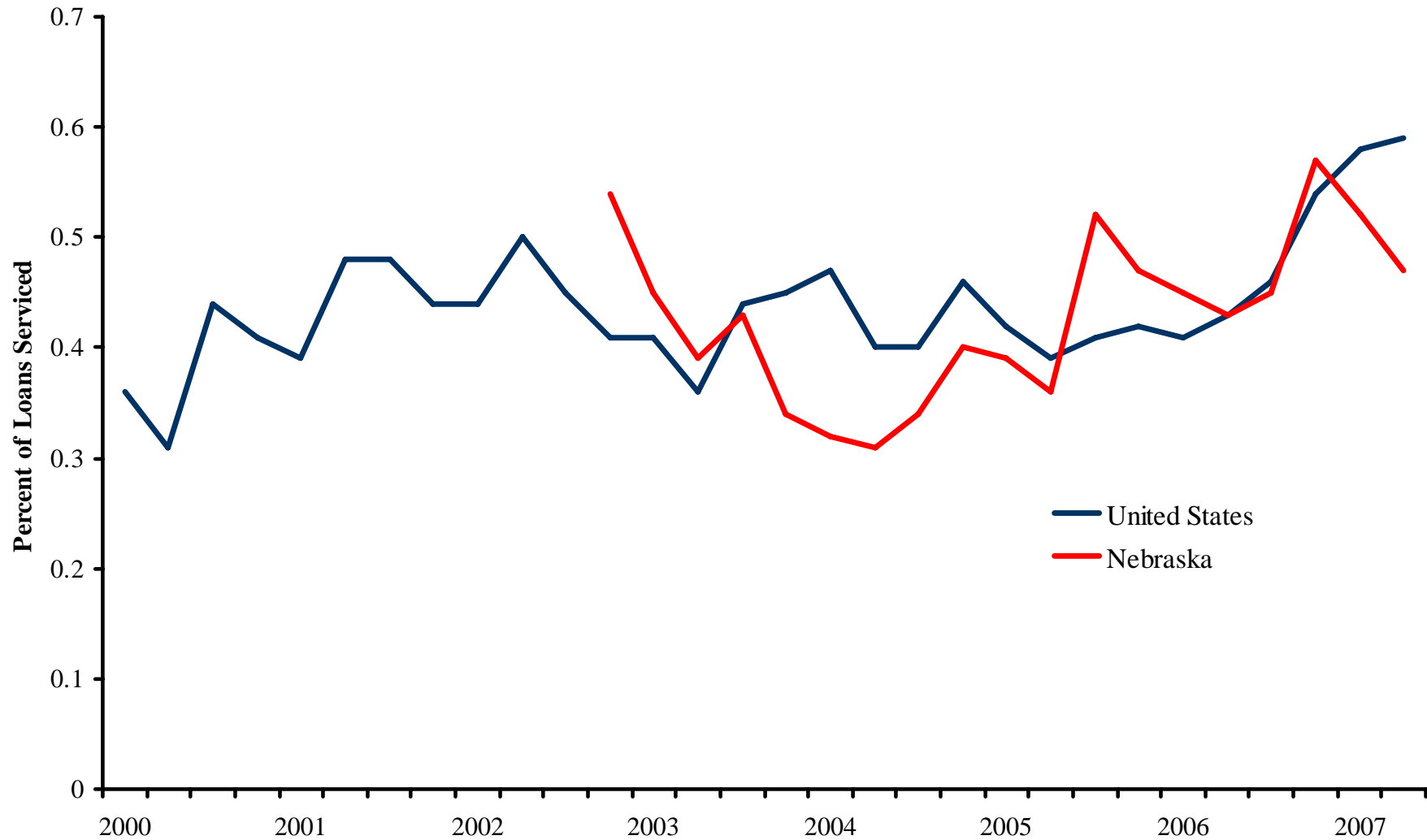


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Foreclosure Inventory, Nebraska and the United States, 2002 q4 – 2007 q2



New Foreclosures, Nebraska and the United States



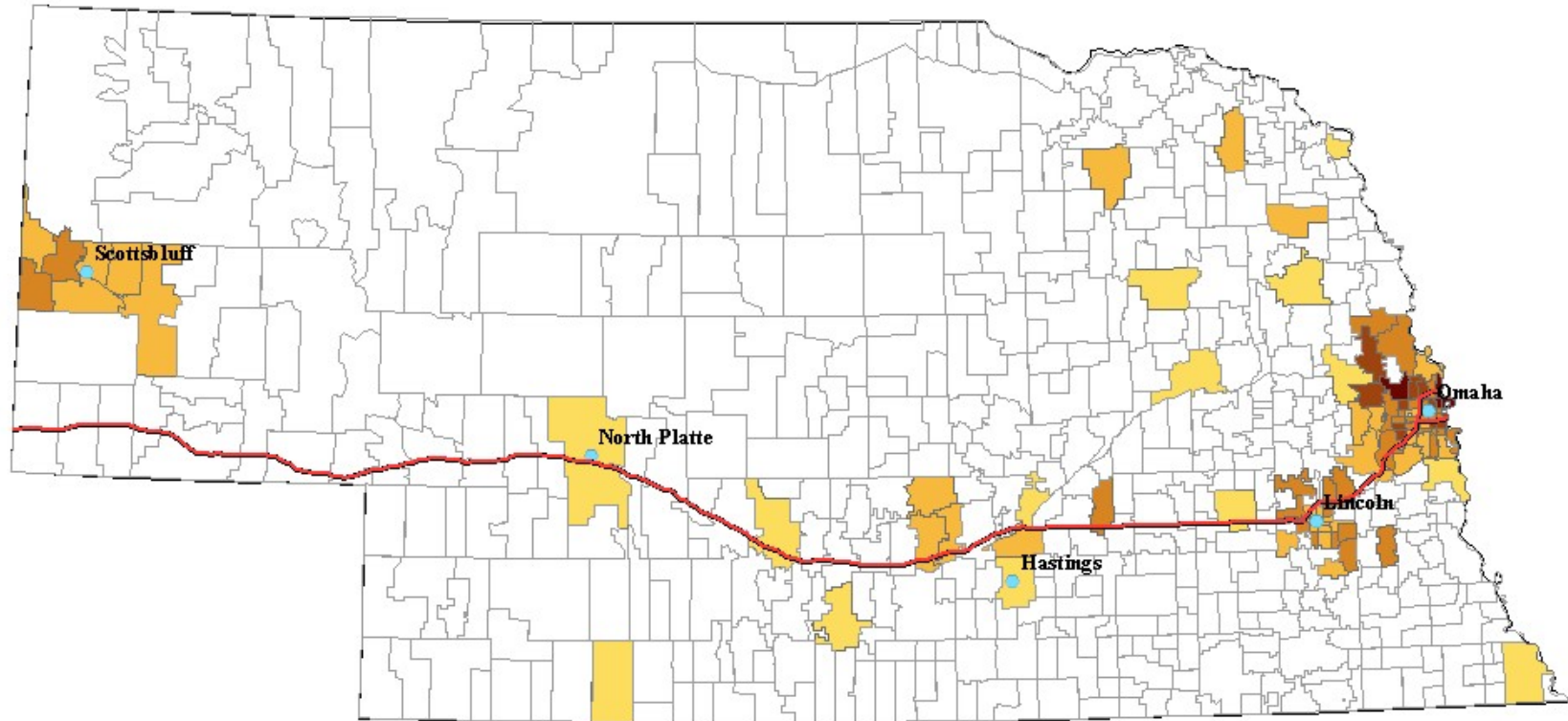
Source: Mortgage Bankers Association

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

1.	Ohio	3.60
2.	Indiana	3.01
3.	Michigan	2.77
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	United States	1.40
25.	Nebraska	1.18

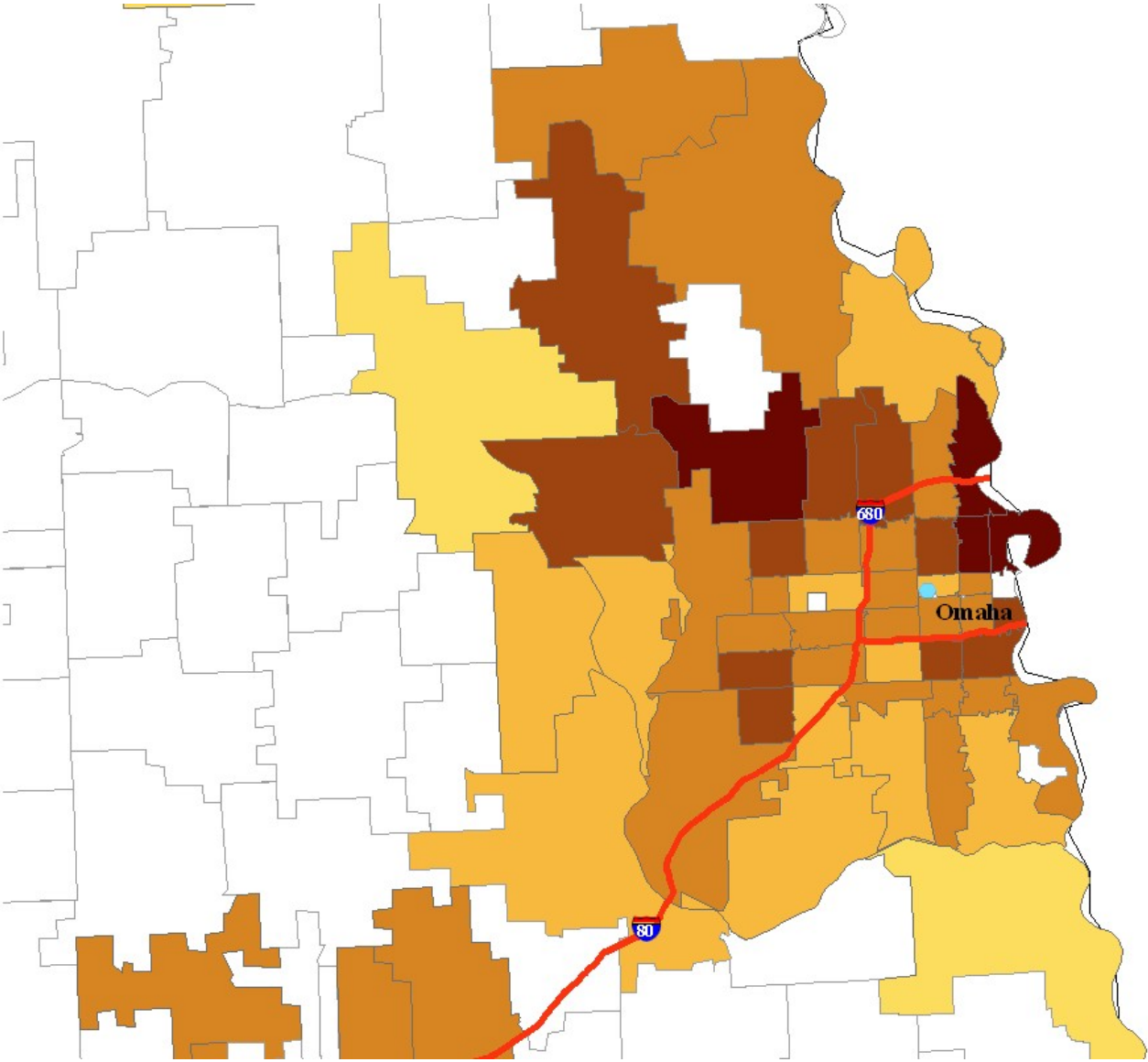
Source: Mortgage Bankers Association

Nebraska Foreclosures (Foreclosures / Mortgages)

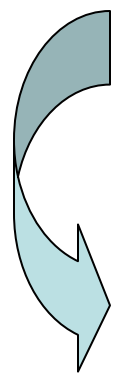


Rate of new foreclosures by zip code: November, 2006 – April, 2007

Omaha Hotspots

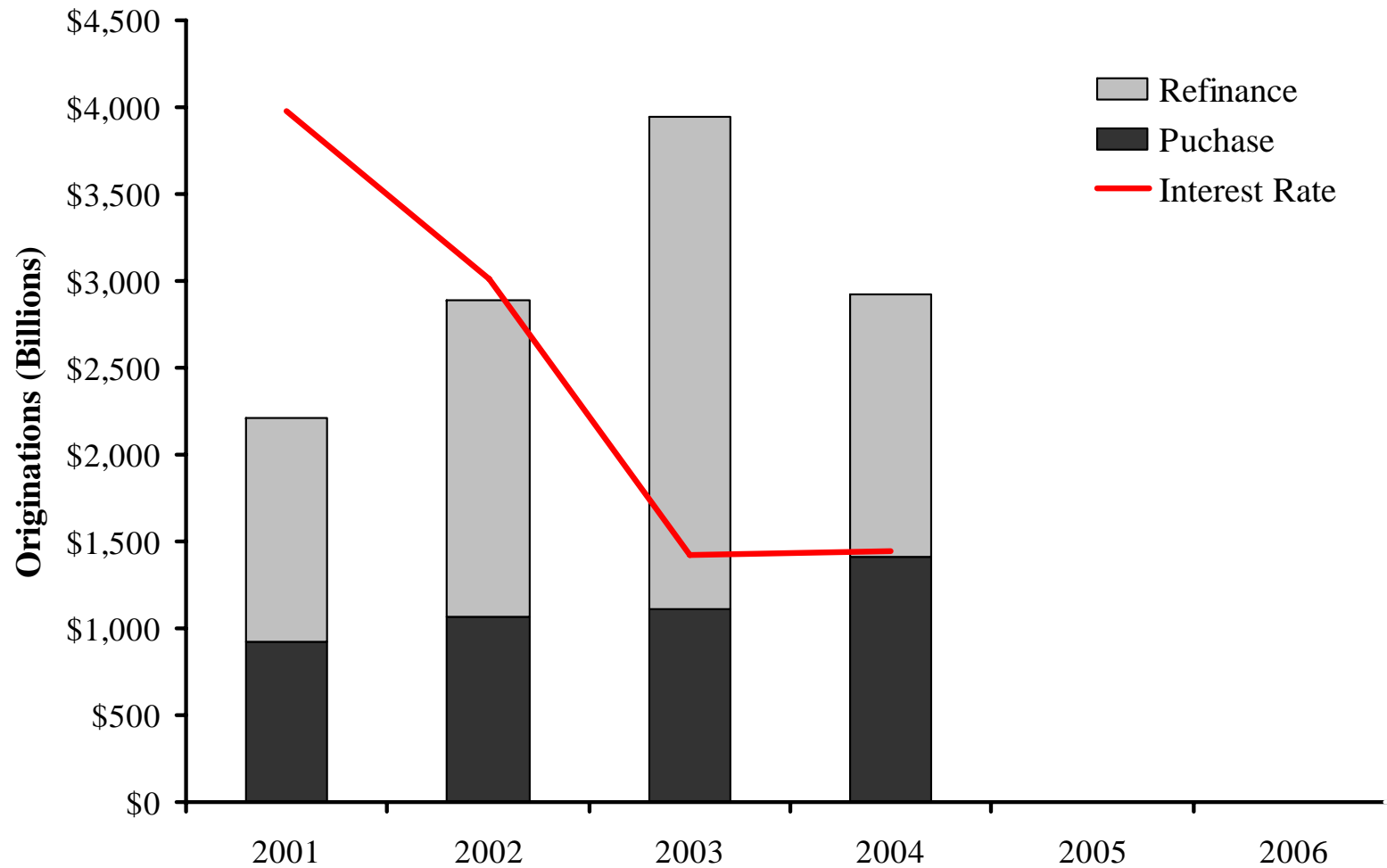


The Current Foreclosure Storm

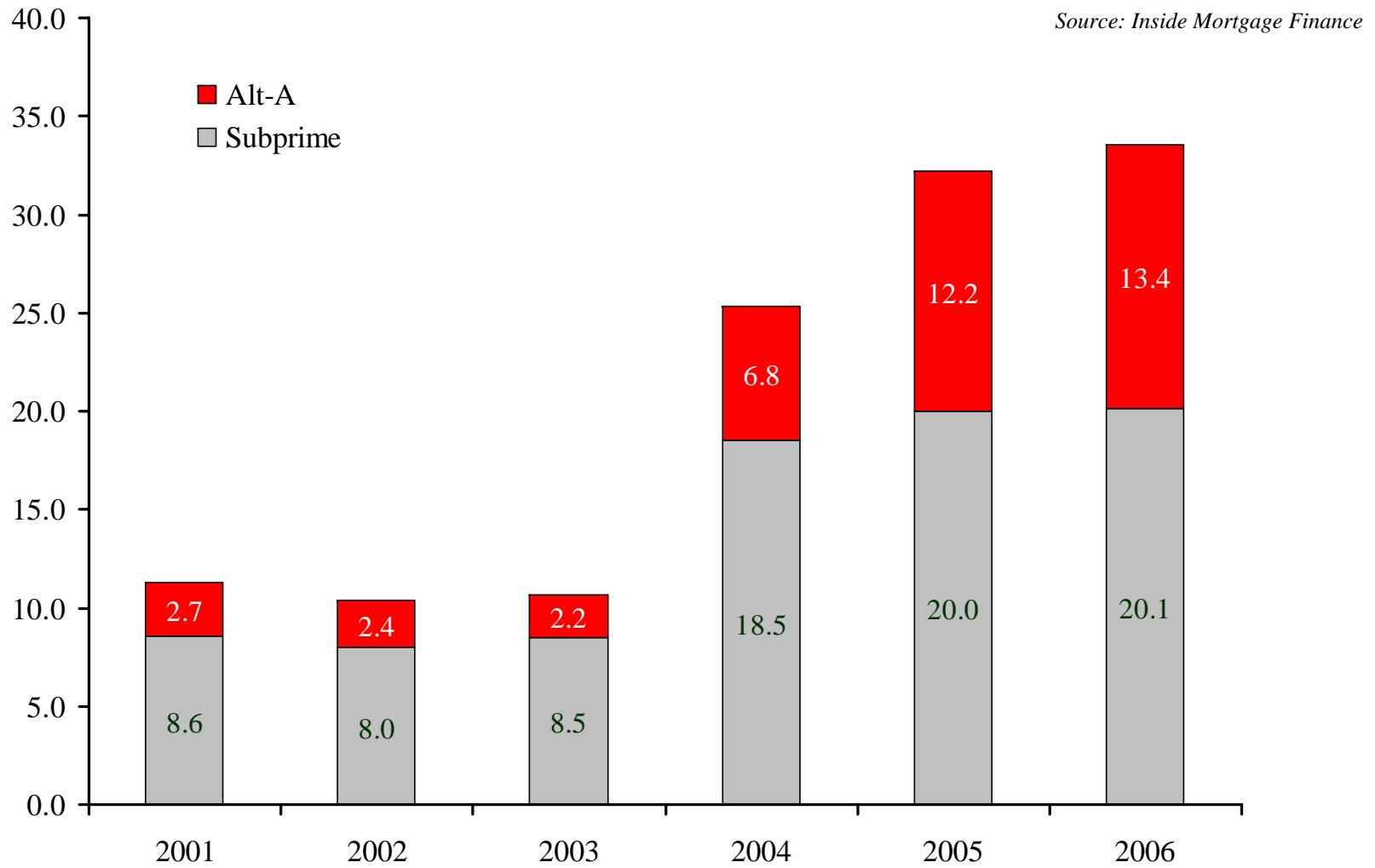


- “Nonprime” Mortgage Share
 - Subprime Mortgages
 - Alt-A Mortgages
- Payment Shock for Non-Traditional Mortgages
 - Adjustable-Rate Mortgages (ARMs)
 - Interest-Only Mortgages
 - Payment Option ARMs
- Adverse Equity Position
 - Declining Home Price Appreciation (or Depreciation)
 - High LTV originations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

Lower Interest Rates Propel Mortgage Originations



“Nonprime” Mortgage Originations

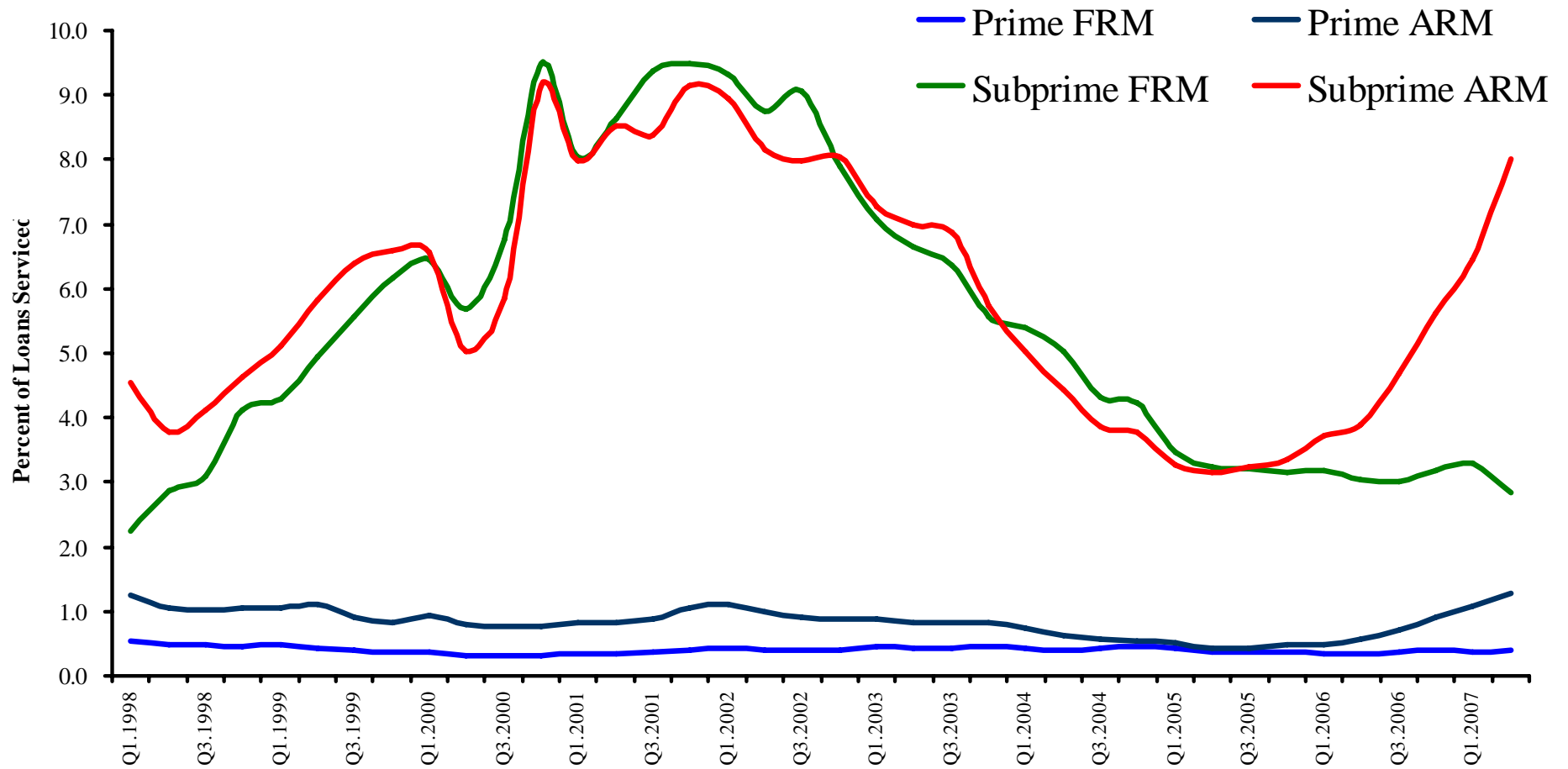


Foreclosure Rates by Type of Mortgage Second Quarter, 2007

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

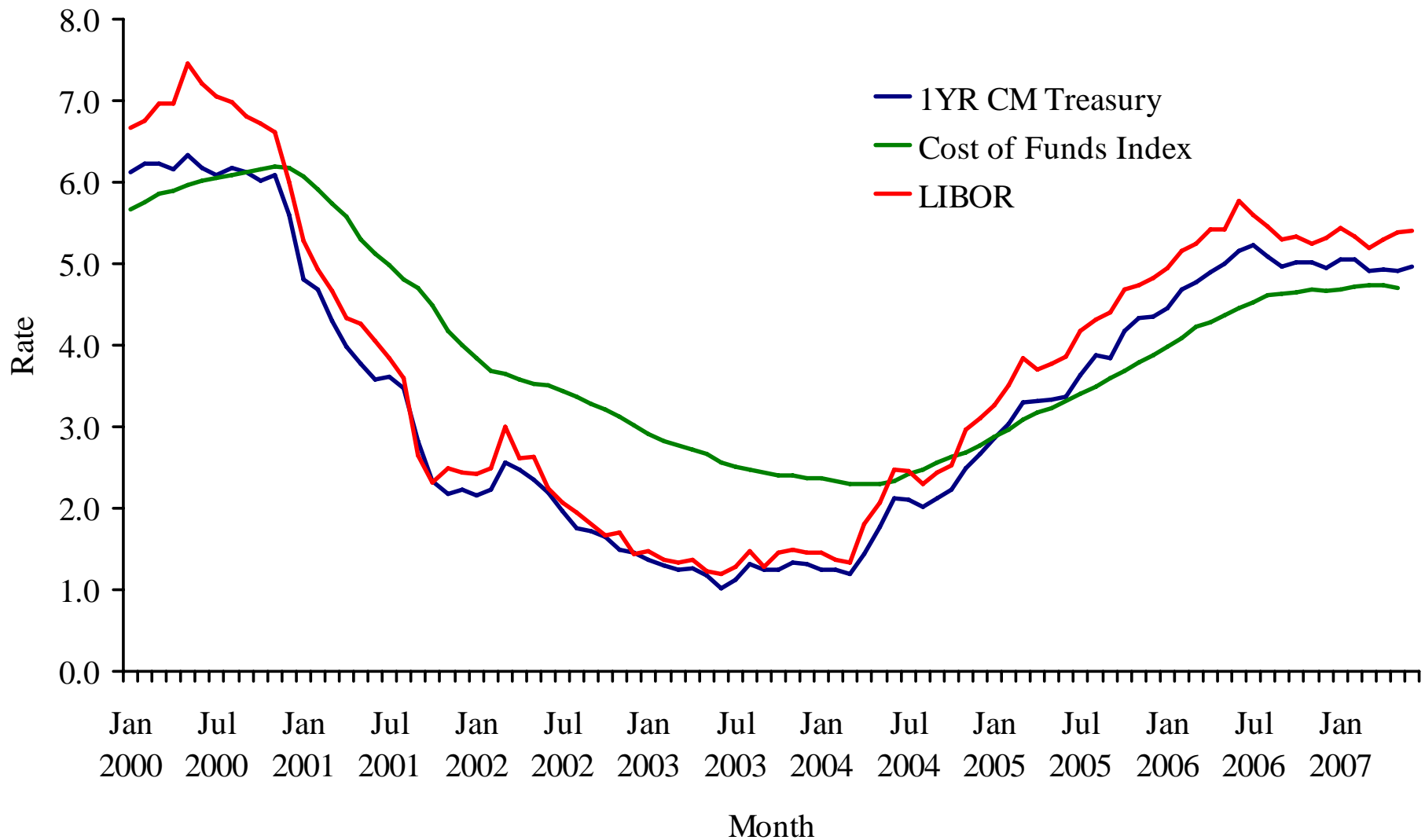
Source: Mortgage Bankers Association

Foreclosure Rates by Mortgage Type 1998 – 2007 q2

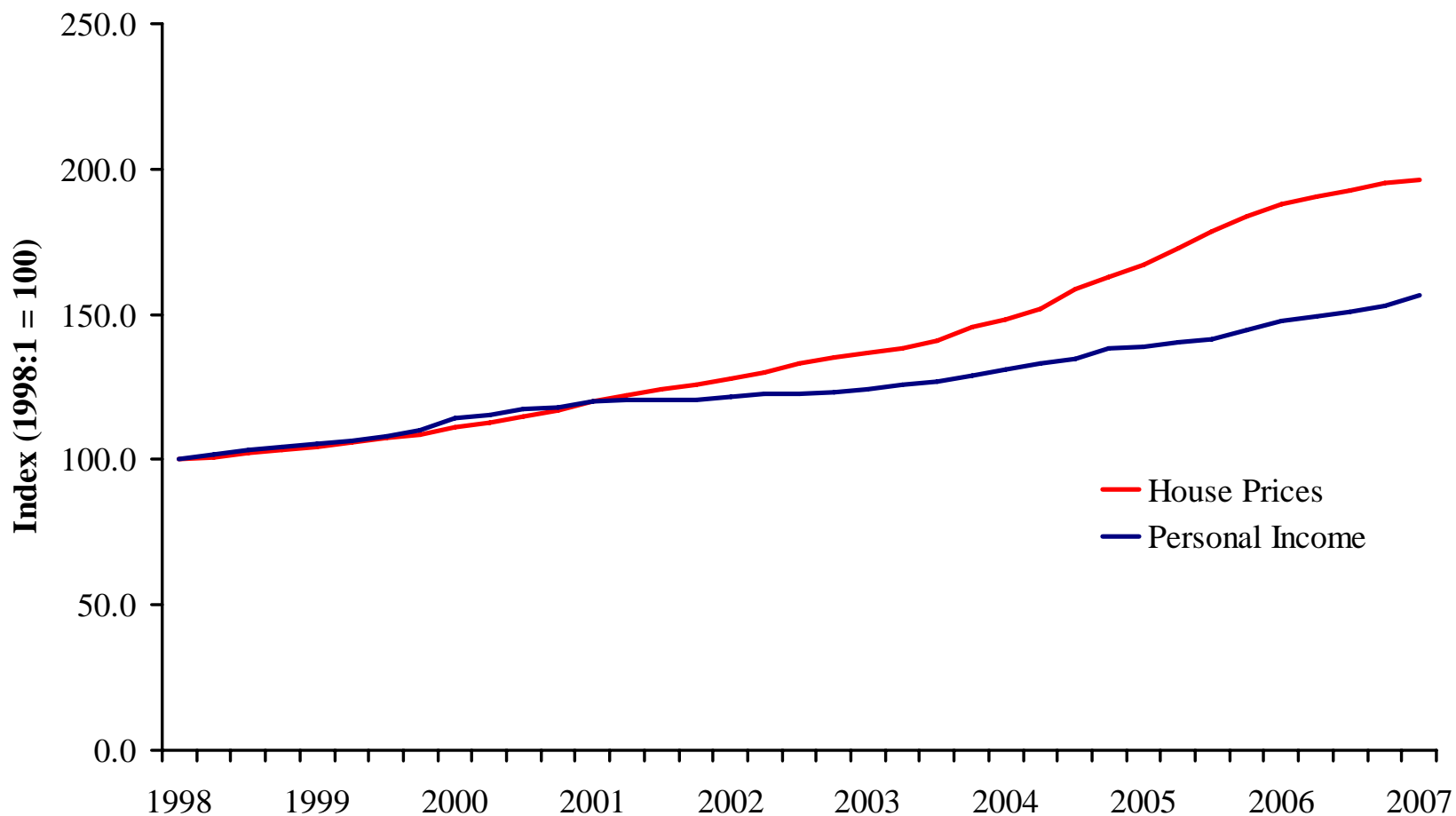


Source: Mortgage Bankers Association

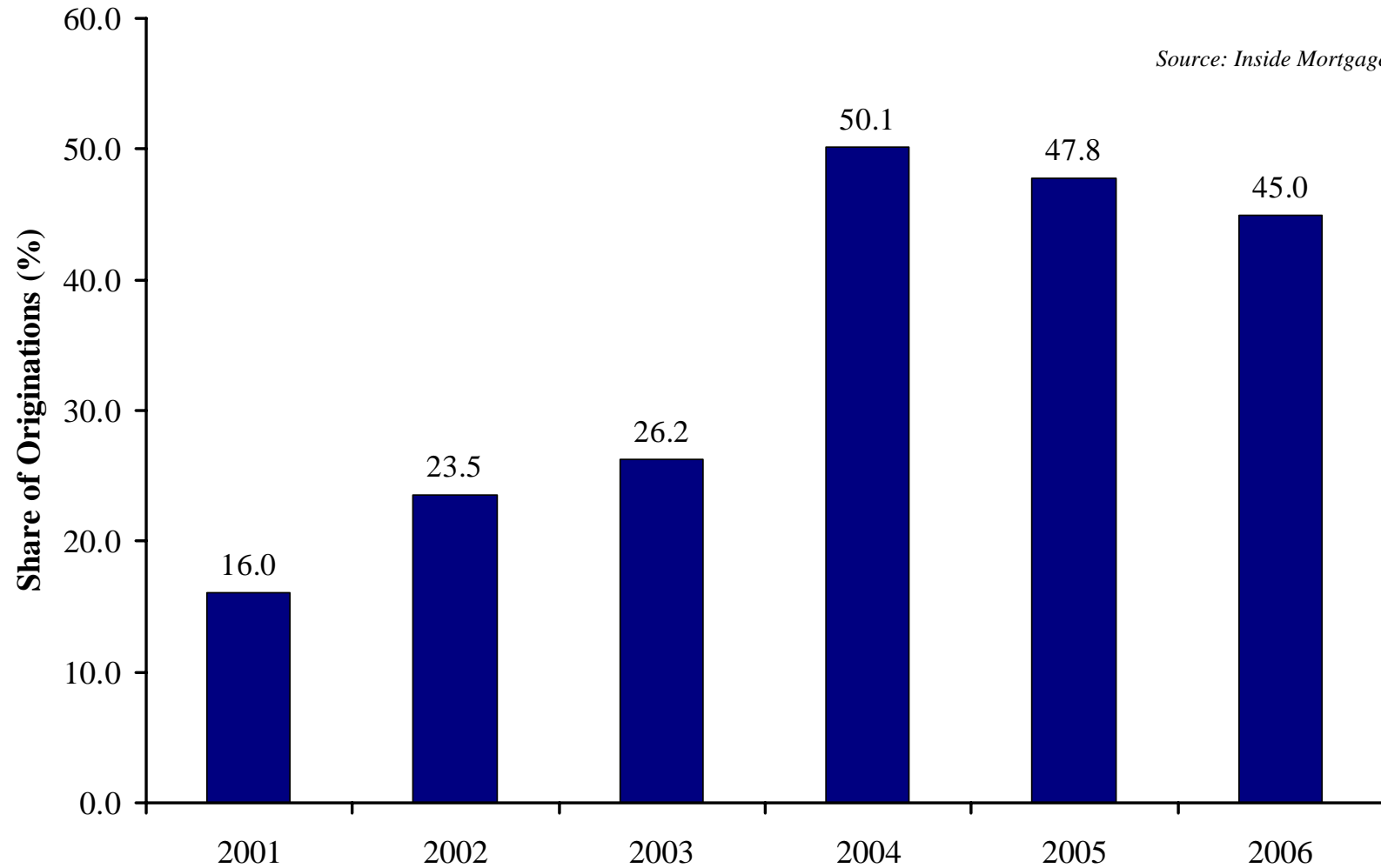
ARM Indexes, 2000 – Present



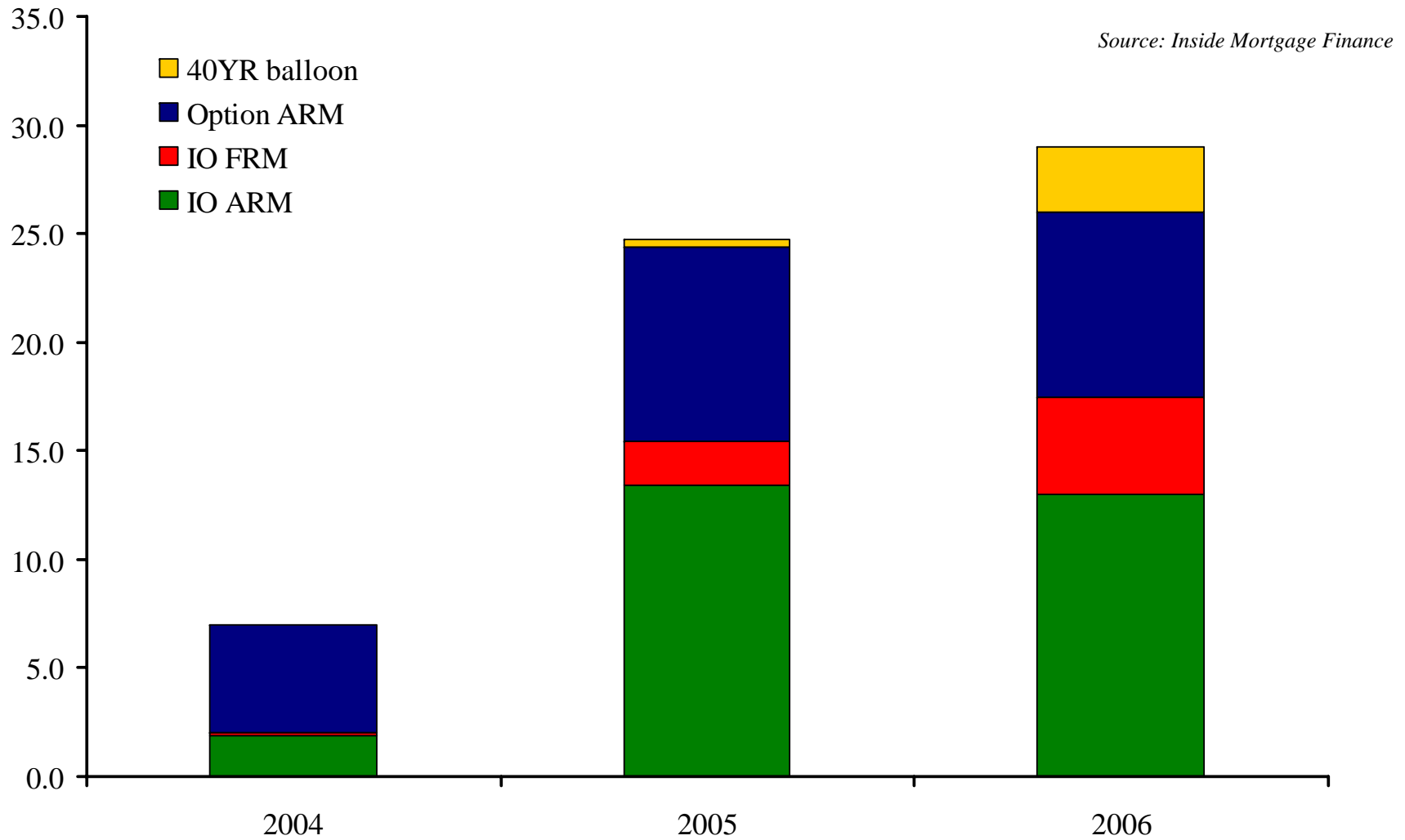
Home Price Appreciation Outpaces Personal Income Growth



ARM Share of Mortgage Originations



Alternative Mortgage Originations



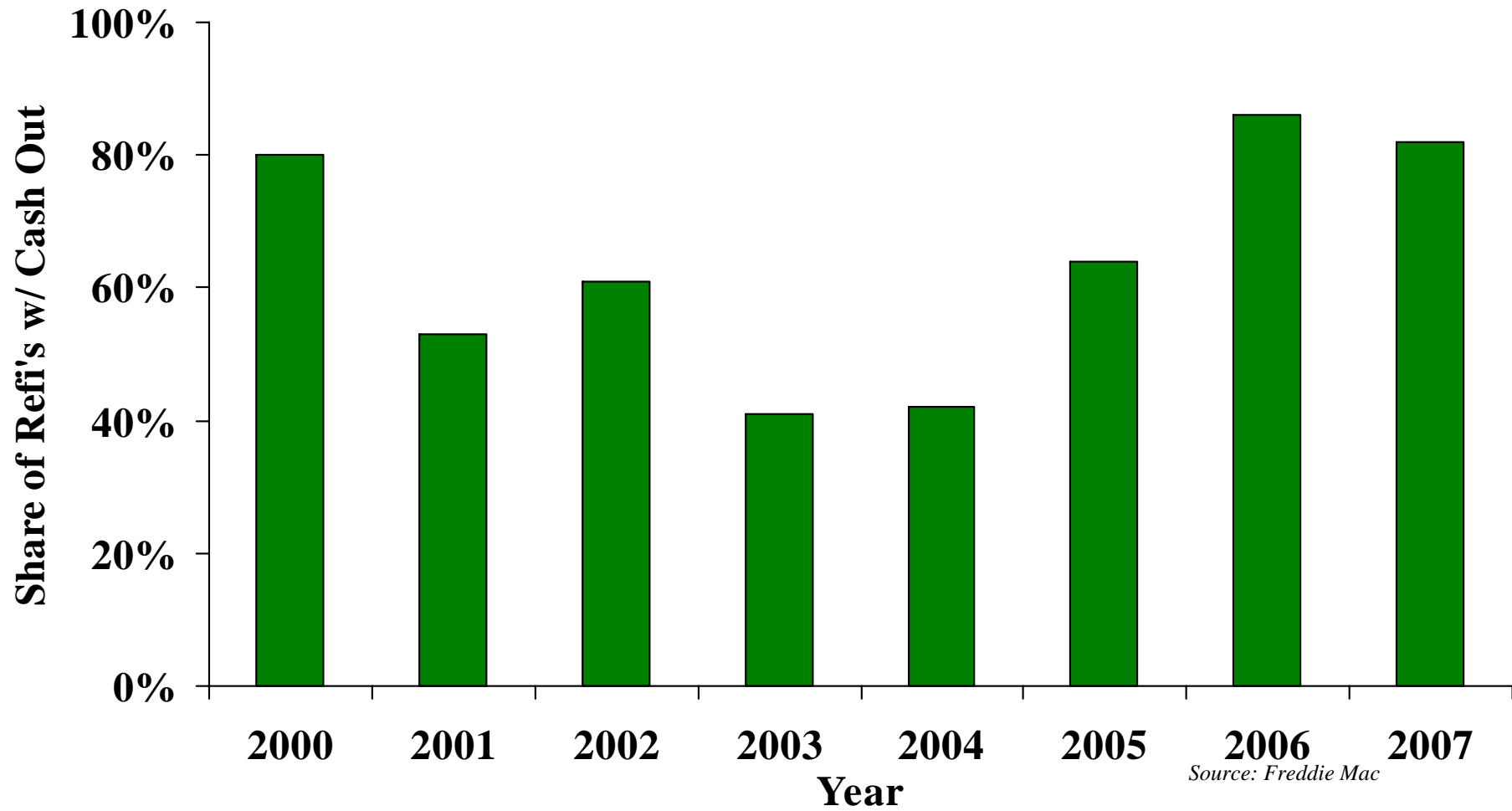
Payment Structure, by Mortgage Type

\$200,000, June, 2004

Loan Product	Initial Payment	Reset Payment	Reset Date	Payment Increase	Increase (%)
30-Year FRM	\$1,237	\$1,237	None	\$0	0%
3/1 ARM	\$1,039	\$1,420	June, 2007	\$381	37%
3/1 I-O ARM	\$786	\$1,462	June, 2007	\$676	86%
Option ARM	\$643	\$1,555	August, 2007	\$912	142%

Assumptions: Option ARM has a 7.5% annual increase limit and a 110% negative amortization cap; Option ARM interest accrual is based off 1 year ARM rate as reported by Fannie Mae; Option ARM Minimum Payment is equivalent to a 1% interest rate; FRM is from Fannie Mae 30 Year FRM Index; ARM is set from LIBOR plus a 2.25% margin; 3/1 Interest Only ARM amortizes in 30 Years.

Cash-Out Refinances

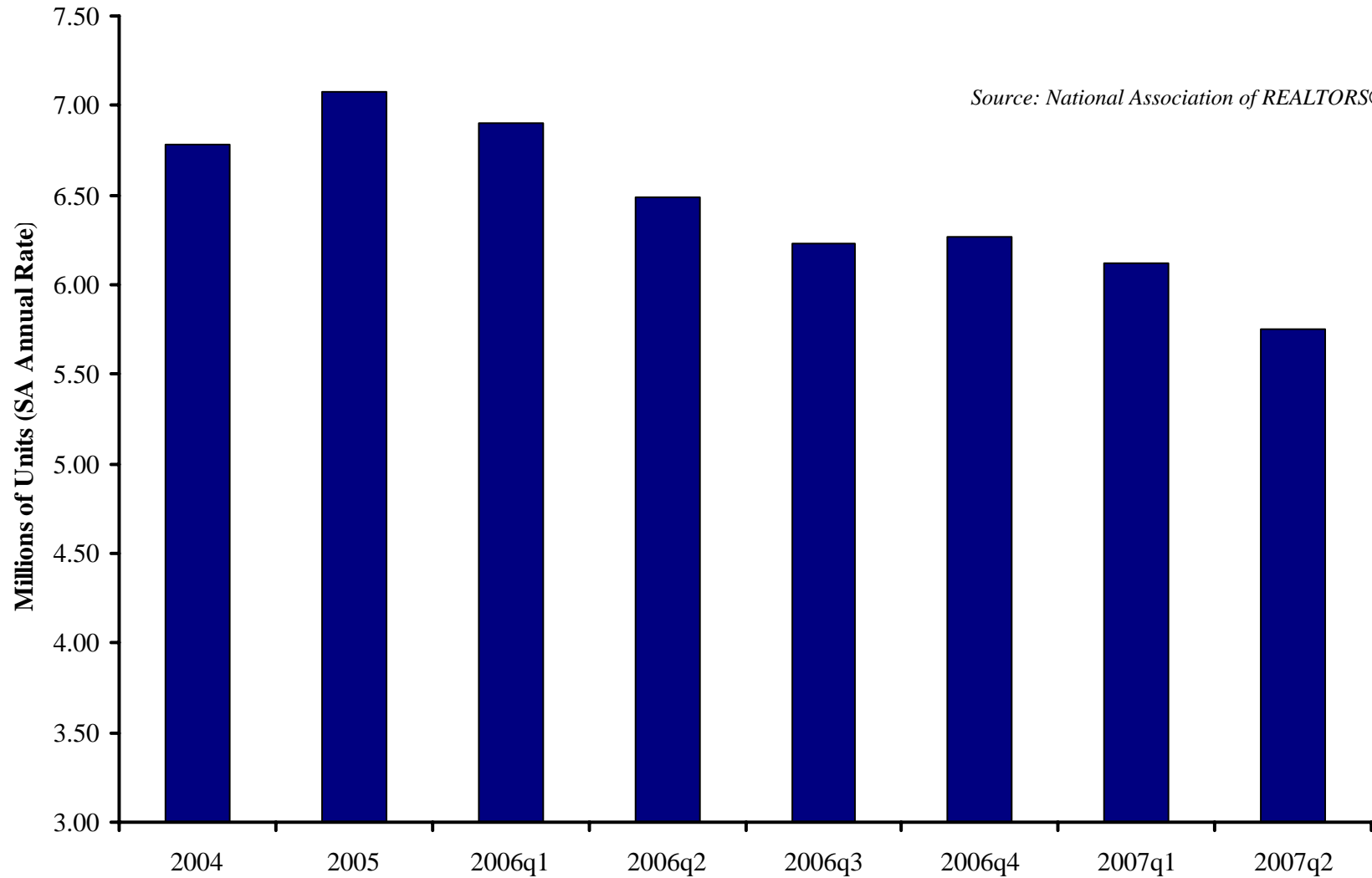


Annual Change in Home Prices

	2004-05	2005-06	2006-07 (Q1)
United States	12.2	1.3	(1.8)
Midwest	11.1	(2.1)	(2.8)
Omaha MSA	3.7	1.6	0.5
Lincoln MSA	2.1	0.2	(0.4)

Source: National Association of REALTORS®

Existing Home Sales





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