Foreclosures in Oklahoma
Understanding the Current Storm

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

- United States Foreclosure Inventory (%)
- Oklahoma Foreclosure Inventory (%)

Year:
- 1979
- 1980
- 1981
- 1982
- 1983
- 1984
- 1985
- 1986
- 1987
- 1988
- 1989
- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007

Foreclosure Inventory (%):
- 0.0
- 1.0
- 2.0
- 3.0
- 4.0
- 5.0
- 6.0
New Foreclosures, Oklahoma and the United States
First Quarter 1979 to Second Quarter 2007

United States Foreclosure Initiations (%)
Oklahoma Foreclosure Initiations (%)

Year

New Foreclosures (%)
0.00 0.20 0.40 0.60 0.80 1.00 1.20 1.40 1.60 1.80 2.00 2.20 2.40 2.60
## Where Oklahoma Stands:
### State Foreclosure Rates, 2nd Quarter 2007

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ohio</td>
<td>3.60</td>
</tr>
<tr>
<td>2</td>
<td>Indiana</td>
<td>3.01</td>
</tr>
<tr>
<td>3</td>
<td>Michigan</td>
<td>2.77</td>
</tr>
<tr>
<td>7</td>
<td>Oklahoma</td>
<td>1.74</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>1.40</td>
</tr>
<tr>
<td>21</td>
<td>Kansas</td>
<td>1.28</td>
</tr>
<tr>
<td>26</td>
<td>Texas</td>
<td>1.17</td>
</tr>
</tbody>
</table>

*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

- Less than $20,000
- $20,000 to $40,000
- $40,000 to $60,000
- $60,000 to $90,000
- More than $90,000

Foreclosure Rate by Census Tract

- Less than .5% of Mortgages
- .5% to 1% of Mortgages
- 1% to 2% of Mortgages
- 2% to 5% of Mortgages
- More than 5% of Mortgages

Source: 2000 U.S. Census
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**

Legend:
- Less than $20,000
- $20,000 to $40,000
- $40,000 to $60,000
- $60,000 to $90,000
- More than $90,000

**Foreclosure Rate by Census Tract**

Legend:
- Less than .5% of Mortgages
- .5% to 1% of Mortgages
- 1% to 2% of Mortgages
- 2% to 5% of Mortgages
- More than 5% of Mortgages

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

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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

Source: Inside Mortgage Finance
Foreclosure Rates by Type of Mortgage
Second Quarter, 2007

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>In Foreclosure</th>
<th>Foreclosures Started</th>
<th>Past Due (30+ Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime</td>
<td>0.59</td>
<td>0.25</td>
<td>2.63</td>
</tr>
<tr>
<td>Subprime</td>
<td>5.52</td>
<td>2.45</td>
<td>14.54</td>
</tr>
</tbody>
</table>

Source: Mortgage Bankers Association
Home Price Appreciation Outpaces Personal Income Growth
ARM Share of Mortgage Originations

Source: Inside Mortgage Finance
Alternative Mortgage Originations

Source: Inside Mortgage Finance
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

Source: National Association of REALTORS®
## Annual Change in Home Prices

<table>
<thead>
<tr>
<th></th>
<th>2004-05</th>
<th>2005-06</th>
<th>2006-07 (QI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>12.2</td>
<td>1.3</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Oklahoma City</td>
<td>2.0</td>
<td>9.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Tulsa</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: National Association of REALTORS®
Thank you!

Questions?