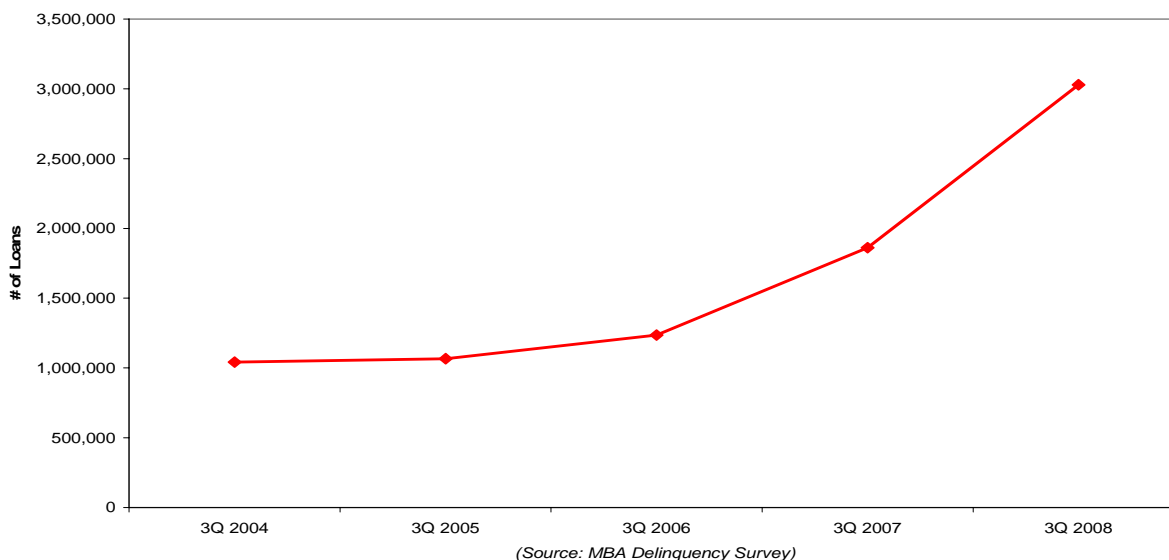


United States Foreclosures: Impact & Opportunities

Without aggressive action, foreclosures will continue to be a major problem for the state

Projected Foreclosures	
Projected new foreclosures in 2009 ^a	2,400,000
Projected homes lost through foreclosure over next four years ^b	8,100,000
Housing Market Decline to Date	
Change in state homeownership rate (2004-3Q 2008) ^c	-1.1%
Change in home prices (3Q 2008 vs. 3Q 2007) ^d	-9.0%
Change in home sales (3Q 2008 compared to 3Q 2007) ^e	-7.7%
Decline in housing contribution to state economy (gross state product) 2005-2008 ^f	-\$308.7 billion

Loans With Two or More Payments Past Due in the United States



However, one proposed solution offers some remedy

	United States
Conservative estimate of homes saved through court-supervised modifications ⁹	800,000 fewer homes lost (see note below)
<i>Based on a national savings of 800,000 homes projected by Moody's Economy.com in early January 2009. Credit Suisse has since estimated that court-supervised modifications could reduce foreclosures by 20%.^h On a base of 8.1 MM foreclosures, this would be 1.6 million homes saved—twice the Moody's projection-- so the number of saved homes shown above is very conservative.</i>	



Sources & Notes

^a Estimated as annualized run rate of foreclosure starts reported in 3Q 2008 MBA National Delinquency Survey, grossed up to reflect entire mortgage market (MBA National Delinquency Survey covers 80% of market).

^b Based on Credit Suisse projected national foreclosures of 8.1MM over next four years, and state proportion of 3Q2008 foreclosure starts as reported in 3Q 2008 MBA National Delinquency Survey. See Rod Dubitsky, Larry Yang, Stevan Stevanovic and Thomas Suehr, *Foreclosure Update: over 8 million foreclosures expected*, Credit Suisse (December 4, 2008)

^c Housing Vacancies and Homeownership Data, U.S. Census Bureau available at

<http://www.census.gov/hhes/www/housing/hvs/hvs.html>

^d Metropolitan Area Prices, National Association of Realtors available at <http://www.realtor.org/research/research/metroprice>

^e State Existing-Home Sales, National Association of Realtors available at <http://www.realtor.org/research/research/metroprice>

^f Natalia Siniavskaia, *The Effect of Home Building Contraction on State Economies*, National Association of Home Builders (August 1, 2008) available at <http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=99676&channelID=311>

^g Based on Moody's Economy.com estimate of 800,000 borrowers benefitting from court-supervised modifications and state proportion of 3Q 2008 seriously delinquent loans as reported in 3Q 2008 MBA National Delinquency Survey; See Elizabeth Williamson and Ruth Simon, *Plan to Cut Foreclosure Rate Clears Key Hurdle*, The Wall Street Journal (January 9, 2009) available at http://online.wsj.com/article/SB123144562914865337.html?mod=todays_us_page_one

^h Rod Dubitsky, Larry Yang, Stevan Stevanovic and Thomas Suehr, *Bankruptcy Law Reform: A New Tool for Foreclosure Avoidance*, Credit Suisse (January 26, 2009).