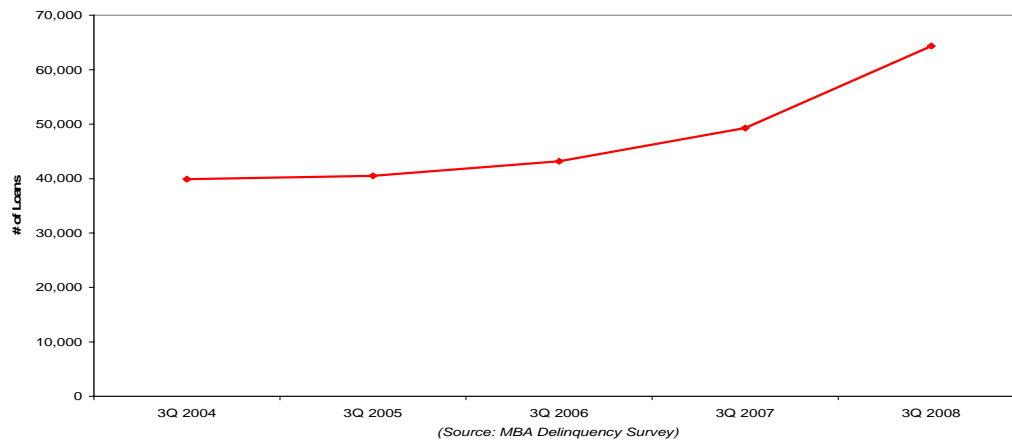


North Carolina Foreclosures: Impact & Opportunities

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

Projected Foreclosures	
Projected foreclosures in 2009 ^a	46,600
Projected foreclosures over next four years ^b	155,000
Housing Market Decline to Date	
Change in state homeownership rate (2004-3Q 2007) ^c	1.3%
Change in home prices (3Q 2008 vs. 3Q 2007) ^d	Charlotte-Gastonia-Concord: -4.2% Durham: -4.8% Greensboro-High Point: -1.8% Raleigh-Cary: -3.3%
Change in home sales (3Q08 compared to 3Q 2007) ^e	-24.3%
Decline in housing contribution to state economy (gross state product) 2005-2008 ^f	-\$5.4 billion

Loans With Two or More Payments Past Due in North Carolina



However, proposed solutions offer some remedy

North Carolina	
Expected benefit of court-supervised modifications ^g	15,400 fewer homes lost
Expected benefit of streamlined loan modifications ^h (FDIC plan)	42,300 borrowers helped



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 Based on FDIC estimate of 2.2 million borrowers benefitting from its streamlined loan modification plans and state proportion of 3Q 2008 seriously delinquent loans as reported in 3Q 2008 MBA National Delinquency Survey; See *FDIC Loss Sharing Proposal to Promote Affordable Loan Modifications*, Federal Deposit Insurance Corporation (November 20, 2008) available at <http://www.fdic.gov/consumers/loans/loanmod/>