

# Mortgage Data

June 11<sup>th</sup>, 2009

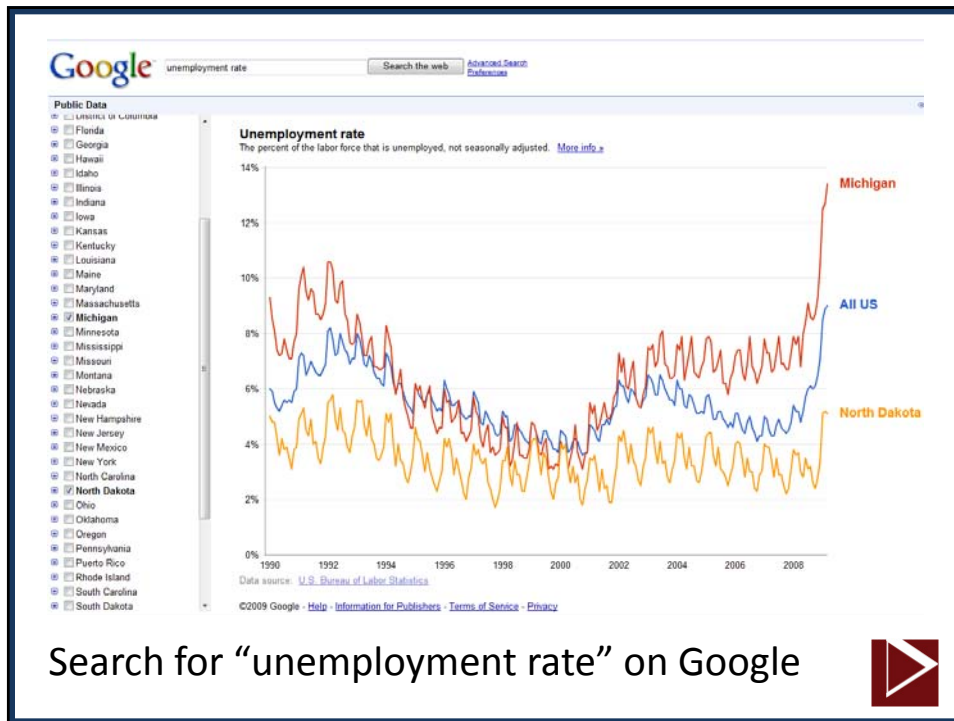
Hosts: Alix Patterson & Elliott Kashner  
Callahan & Associates, Inc.



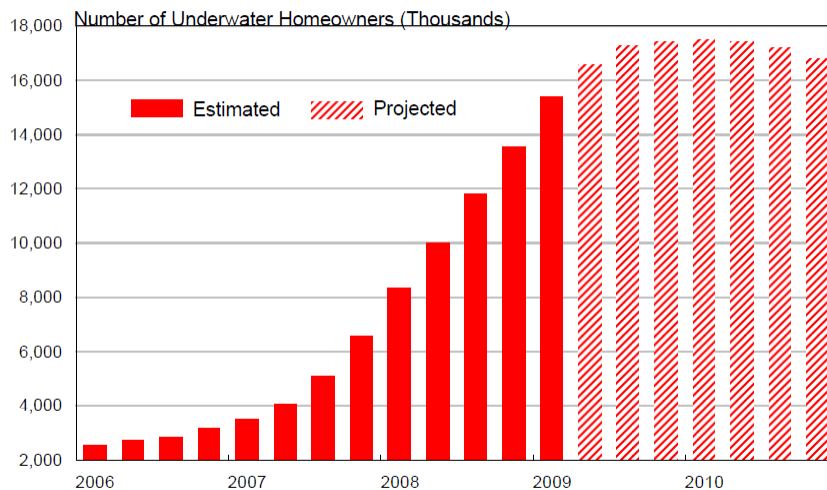
## Agenda

- External Comparisons: An Alphabet Soup of Sources
  - Econometric Data
  - Market Share
  - Asset Quality
  - Modification Trends
- Credit Union Industry Analysis
  - Mortgage Product Variations
  - Asset Quality
  - Modification Trends
- Creating Comparisons
  - Averages v. Best Performance
  - Regional Variations
  - “Traditional” Asset or FOM-based





### DANGEROUS RISE IN NEGATIVE EQUITY



Sources: Equifax, Moody's Economy.com  
Office of Thrift Supervision / June 2009

## Housing Price Sources

- DQNews.com → Charts
- [Standard & Poor's/Case Shiller](#)
- Realtor.org →
- HousingTrac →
- [CNNMoney](#)

### Real Estate: Your local forecast

381 markets tracked

Oklahoma City, OK

SEE ANOTHER MARKET

Forecasted change in home prices: 2008

+1.2%

Forecasted change in home prices: 2009

+0.4%

#### Market fundamentals

Median Family Income (2007)	\$53,600
Median Home Price (2007:Q4)	\$134,000
Change in Home Prices (2006:Q4-2007:Q4)	+4.6%
Worst 1-Year Home Price Change (1980-2007)	-15.9% (1988:Q1)

Source: FIServ Lending Solutions

### YEAR-OVER-YEAR CHANGE IN HOME PRICES

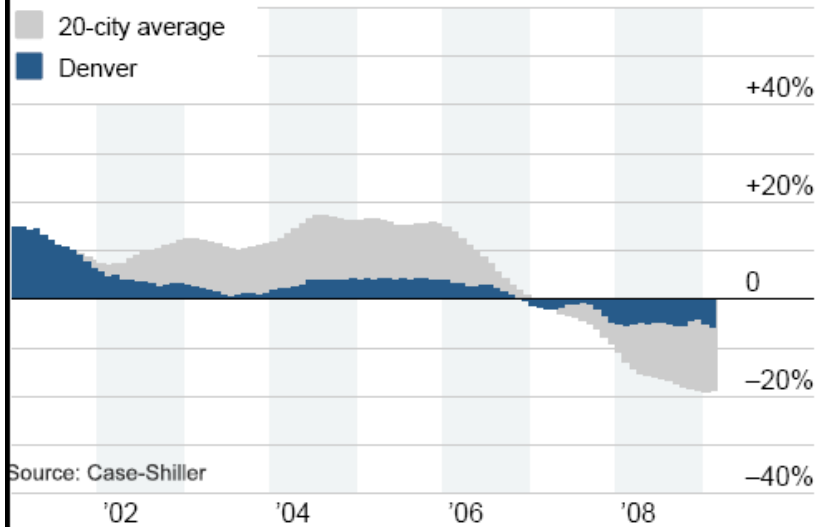


Denver

FEB.. '09:

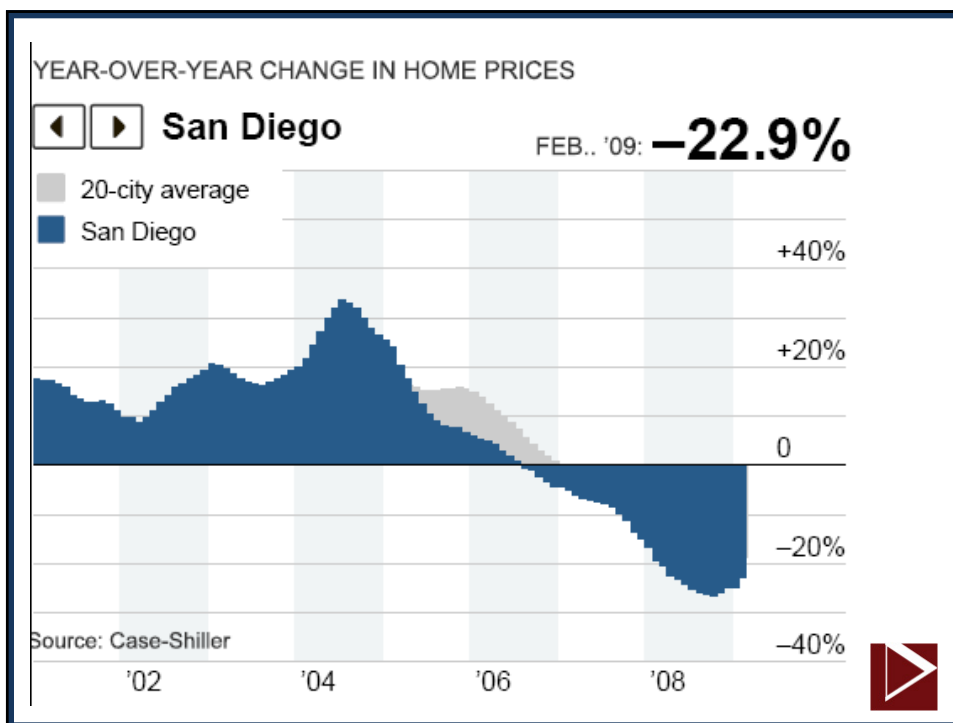
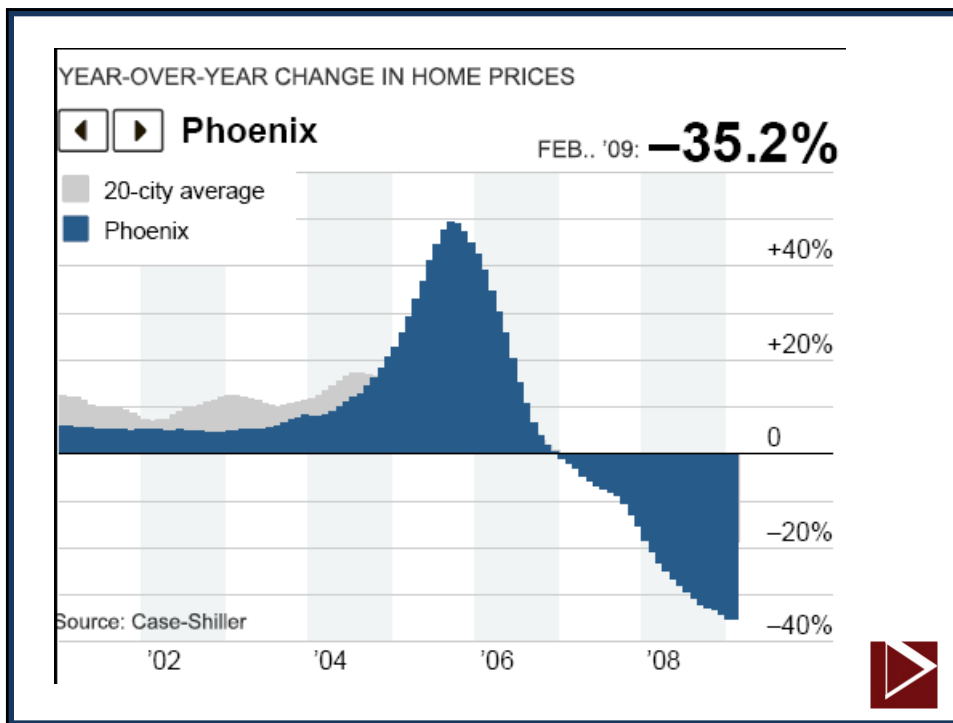
**-5.7%**

- 20-city average
- Denver

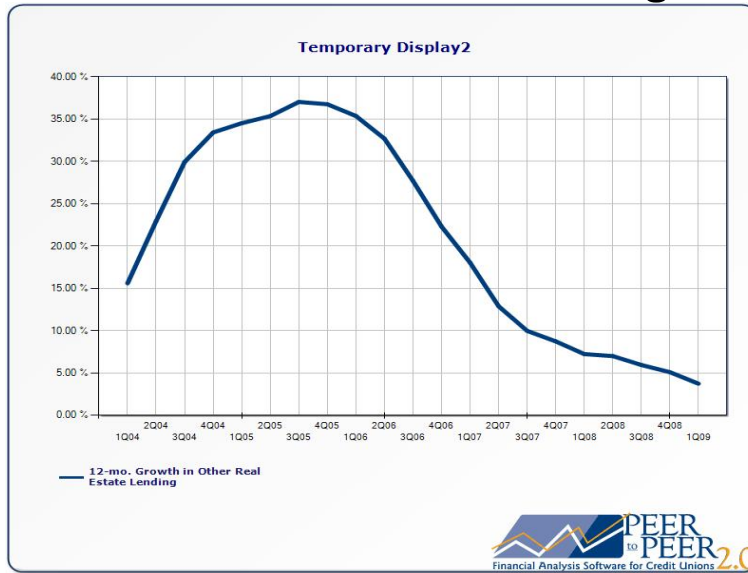


Source: Case-Shiller

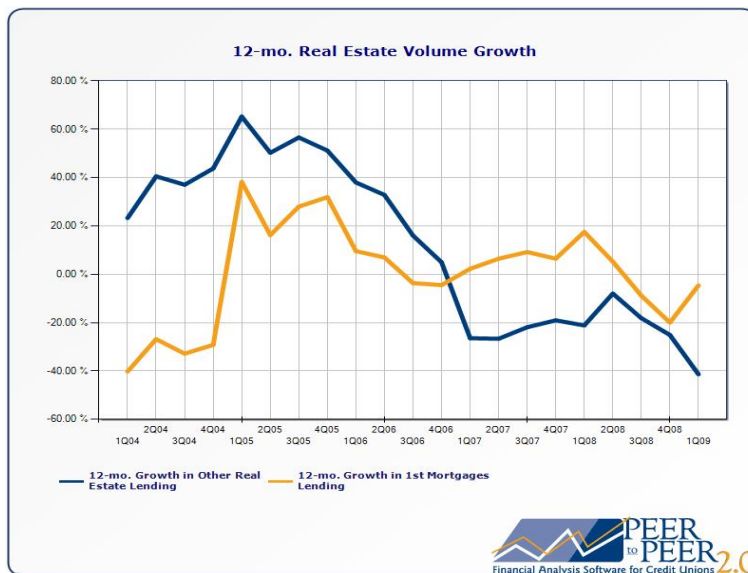




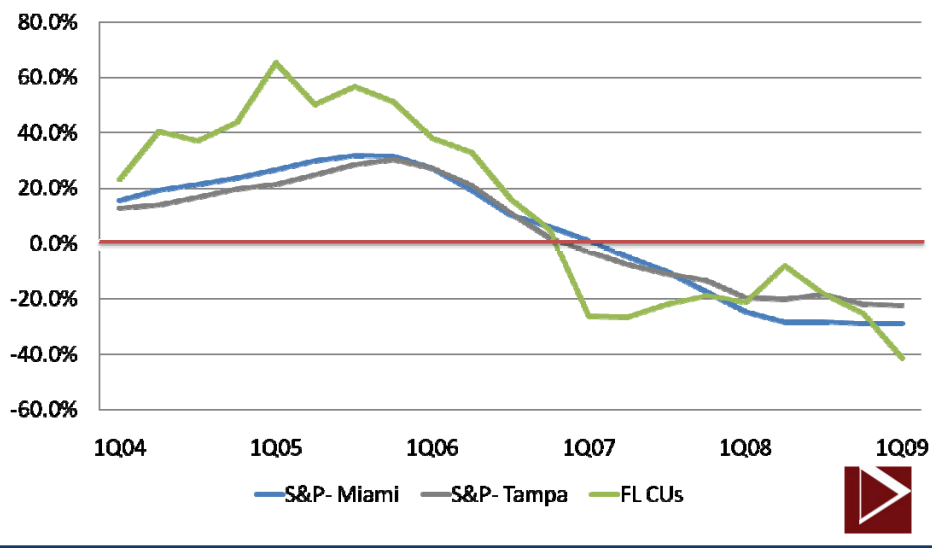
## Florida Credit Unions: Other real estate loans outstanding



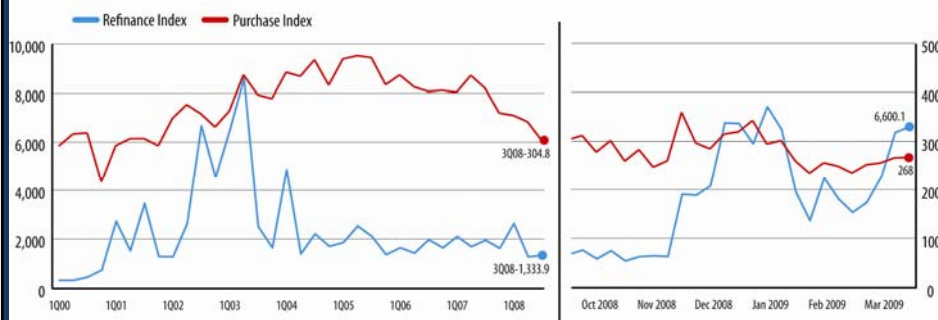
## 1<sup>st</sup> Mortgage and Other RE Origination Volume



## YOY decline in lending proportional to falling home prices

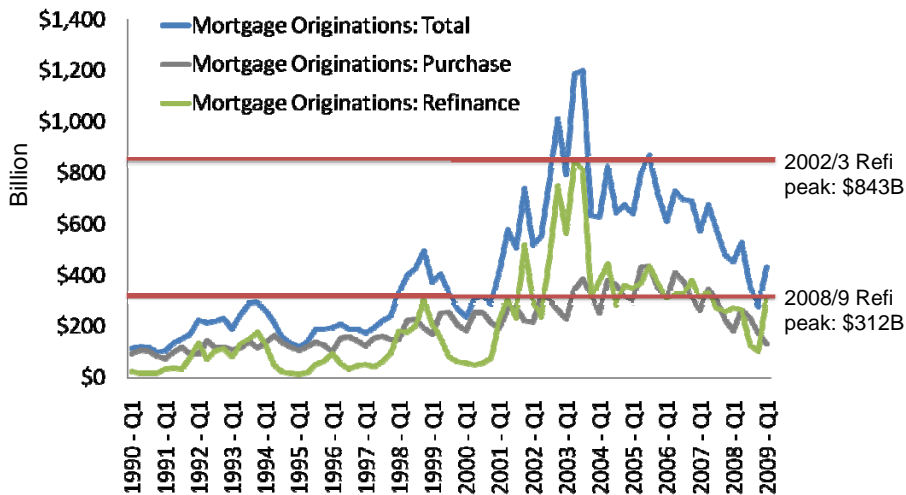


## Refinance application volume nears 2002/3 peak, purchase application volume levels



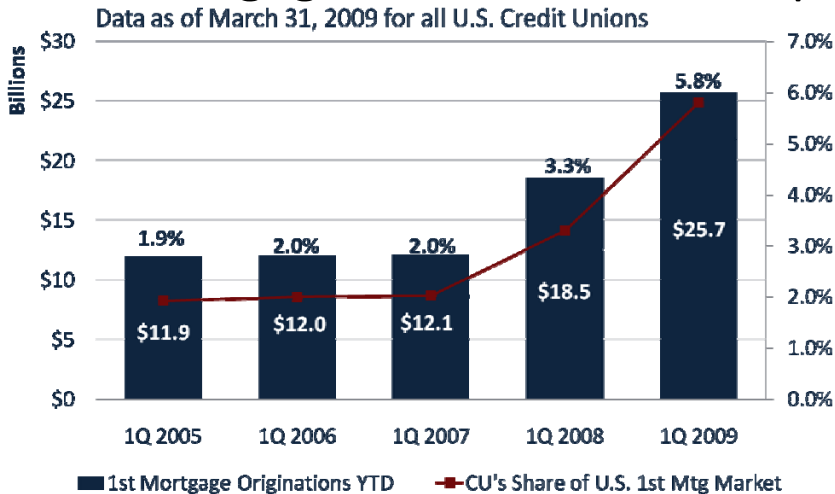
Source: Mortgage Bankers Association

## Refinance originations fall significantly short of 2002/3 Refi Boom



Source: Mortgage Bankers Association

## 1<sup>st</sup> Mortgage Market Share Jumps

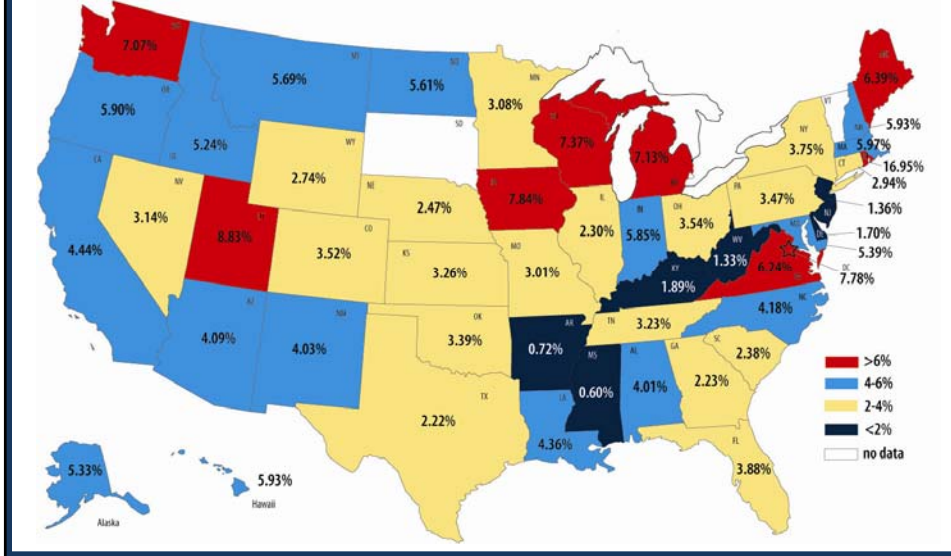


CU 1<sup>st</sup> Mortgage Originations: a720 & a721 series, page 16, Schedule A. Total Originations: Mortgage Bankers Association



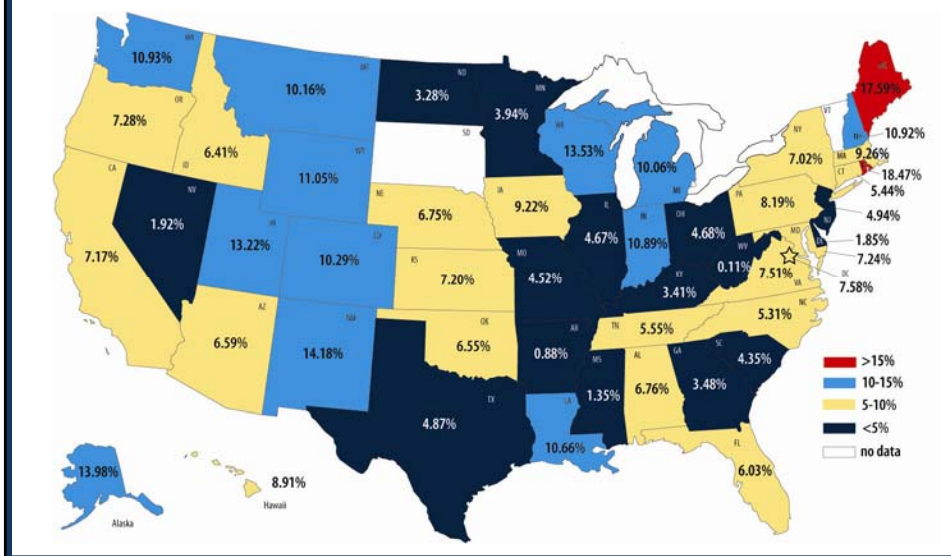
## 1<sup>st</sup> Mortgage Origination Market Share Rises to 4.23% According to FARES

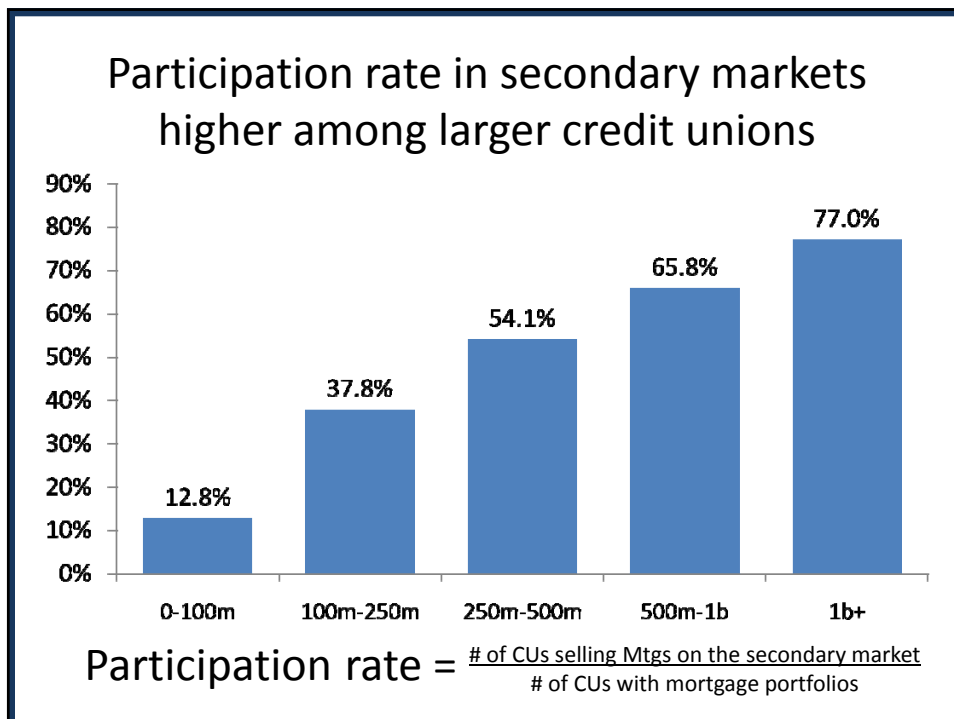
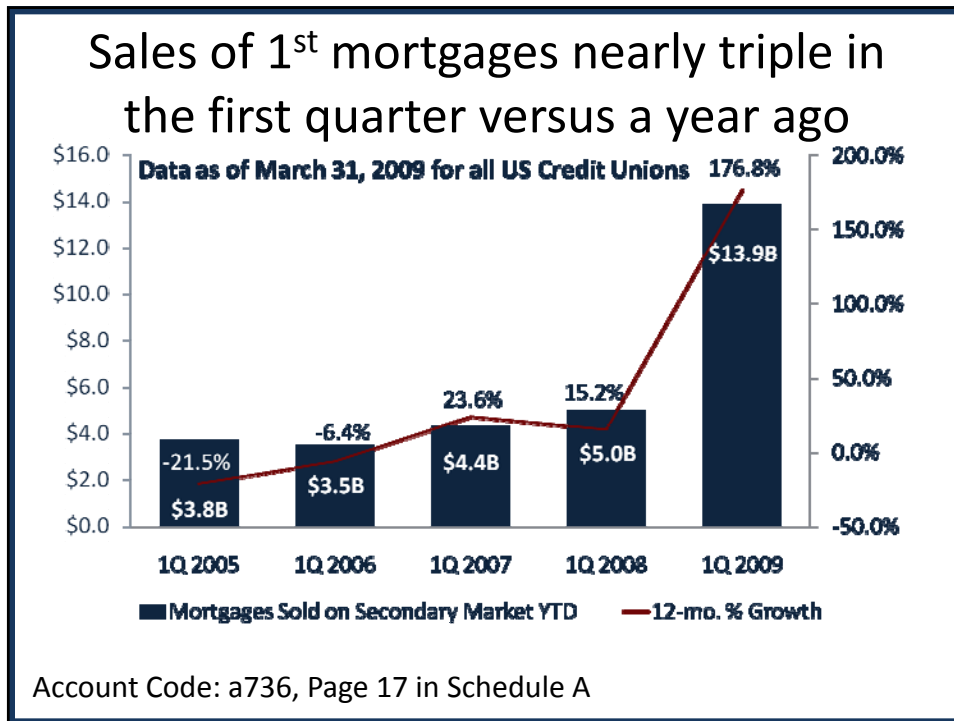
(published Quarterly in Credit Union Strategy & Performance)



## Jr. Mortgage Origination Market Share Falls Slightly to 6.79% According to FARES

(published Quarterly in Credit Union Strategy & Performance)





# FDIC Quarterly Banking Profile

First Quarter 2009

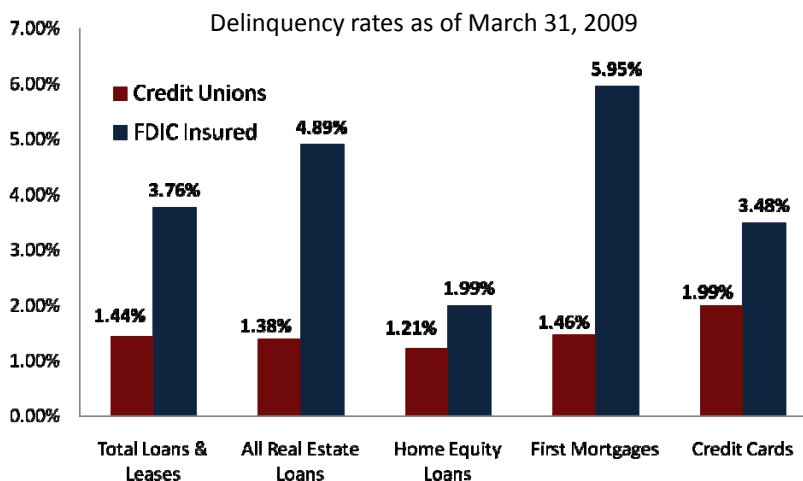
TABLE I-A. Selected Indicators, All FDIC-Insured Institutions\*

	2009**	2008**	2008	2007	2006	2005	2004
Return on assets (%) .....	0.22	0.58	0.04	0.81	1.28	1.28	1.28
Return on equity (%) .....	2.26	5.69	0.41	7.75	12.30	12.43	13.20
Core capital (leverage) ratio (%) .....	8.04	7.89	7.48	7.97	8.22	8.25	8.11
Noncurrent assets plus other real estate owned to assets (%) .....	2.39	1.14	1.89	0.94	0.54	0.50	0.53
Net charge-offs to loans (%) .....	1.94	0.99	1.29	0.59	0.39	0.49	0.56
Asset growth rate (%) .....	1.29	11.58	6.21	9.89	9.04	7.63	11.37
Net interest margin (%) .....	3.39	3.33	3.18	3.29	3.31	3.47	3.52
Net operating income growth (%) .....	-99.94	-48.54	-90.13	-27.58	8.52	11.43	3.99
Number of institutions reporting .....	8,246	8,494	8,305	8,534	8,680	8,833	8,976
Commercial banks .....	7,037	7,240	7,085	7,283	7,401	7,526	7,631
Savings institutions .....	1,209	1,254	1,220	1,251	1,279	1,307	1,345
Percentage of unprofitable institutions (%) .....	21.65	14.23	24.41	12.07	7.94	6.22	5.97
Number of problem institutions .....	305	90	252	79	50	52	80
Assets of problem institutions (in billions) .....	\$220	\$26	\$159	\$22	\$8	\$7	\$28
Number of failed institutions .....	21	2	25	3	0	0	4
Number of assisted institutions .....	0	0	5	0	0	0	0

\* Excludes insured branches of foreign banks (IBAs)



## Credit union asset quality remains stronger than FDIC-insured institutions across the board

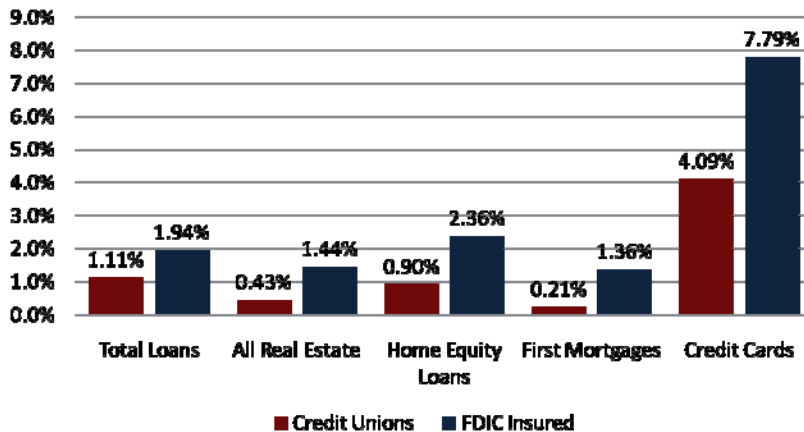


Source: Peer to Peer, FDIC Quarterly Banking Profile



### Credit union net charge-off rates remain well below FDIC-insured institutions

Annualized data as of March 31, 2009

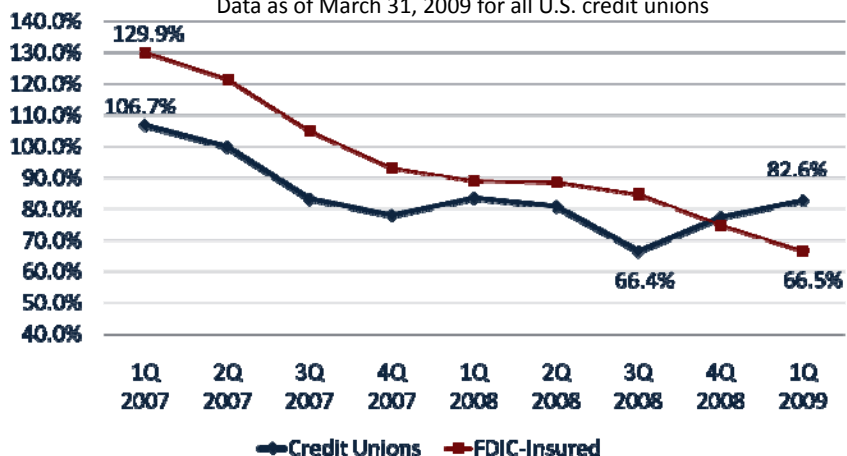


Source: Peer to Peer, FDIC Quarterly Banking Profile



### Coverage ratio (ALL/Delinquent Loans) improving at credit unions, declining at FDIC institutions

Data as of March 31, 2009 for all U.S. credit unions



Source: Peer to Peer, FDIC Quarterly Banking Profile



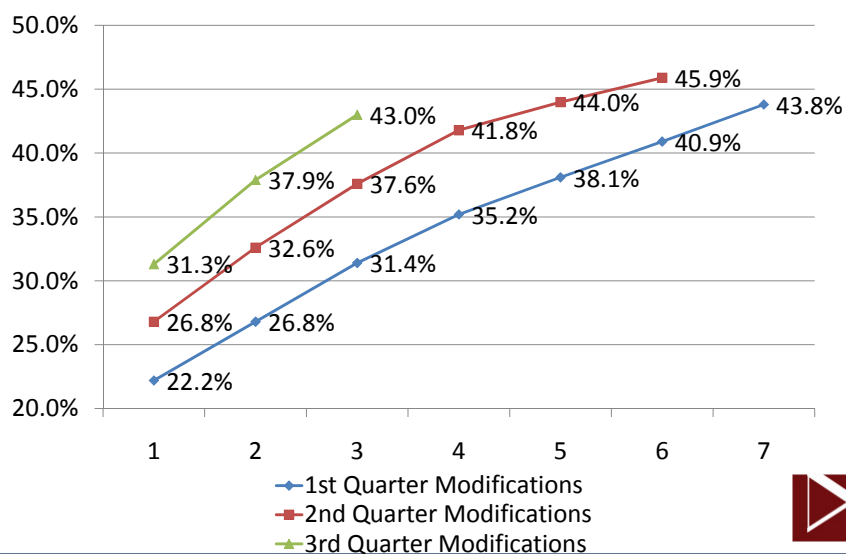
## Lack of Meaningful Metrics

- No single agency regulates more than 60% of the market
  - Departments of Treasury
  - Housing and Urban Development (HUD)
  - Office of the Comptroller of the Currency(OCC)
  - Office of Thrift Supervision (OTS)
  - National Credit Union Administration(NCUA)
  - Federal Reserve Board
  - Federal Deposit Insurance Corporation (FDIC)
  - Federal Housing Finance Agency (FHFA)



## Modified Loans 60+ Days Delinquent

(Percent of all loans modified each quarter)



## OCC/OTS Mortgage Metrics Report

- Not until 4Q data did they classify modification efforts into these 4 categories:
  - monthly payments reduced by more than 10 percent
  - monthly payments reduced by 10 percent or less
  - monthly payments unchanged
  - monthly payments increased
- Less than 50% lowered payments



## Influences on the probability of delinquency (90-day)

- 10%age increase in DTI → 7-11% increase in DLQ
- 1%age increase in unemployment → 10-20 percent
- 10%age decrease in housing prices → raises by 50%

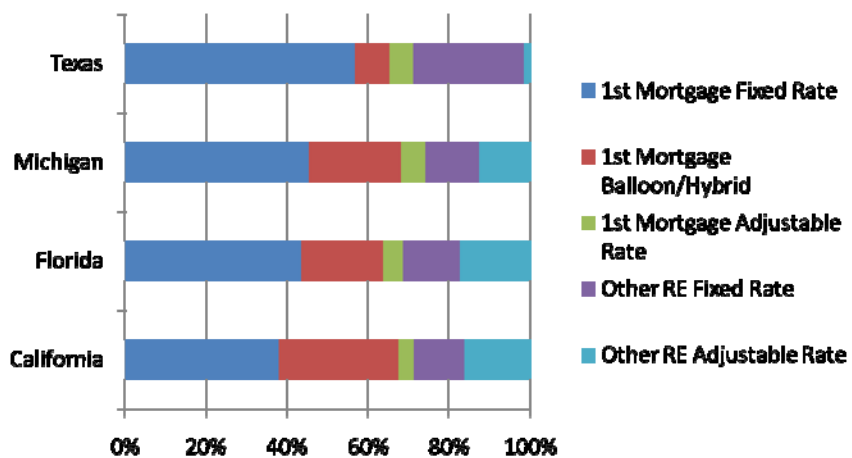


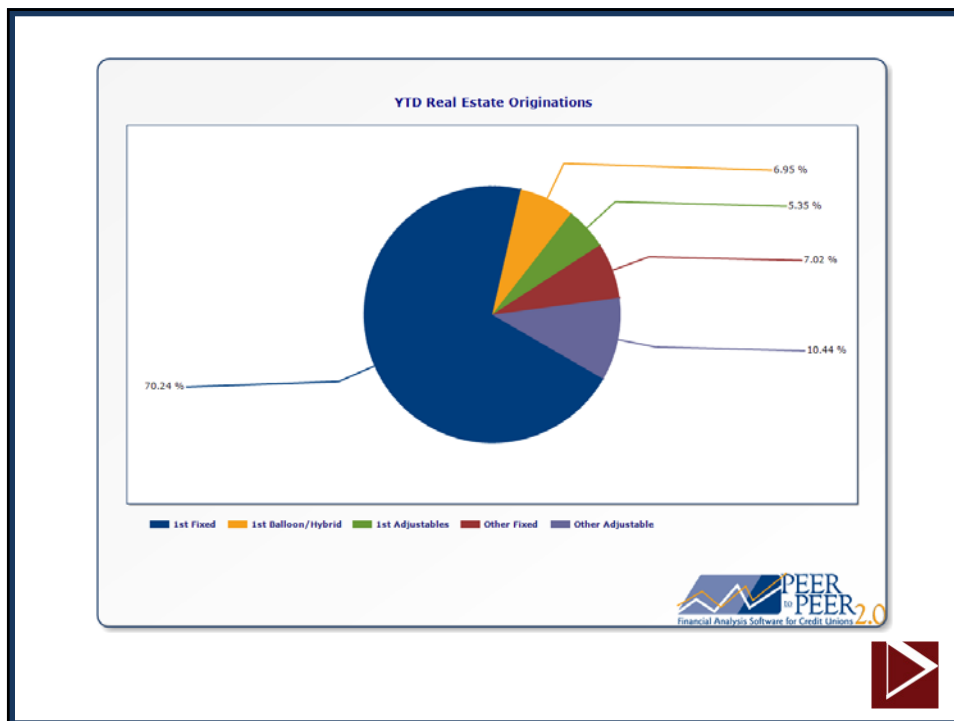
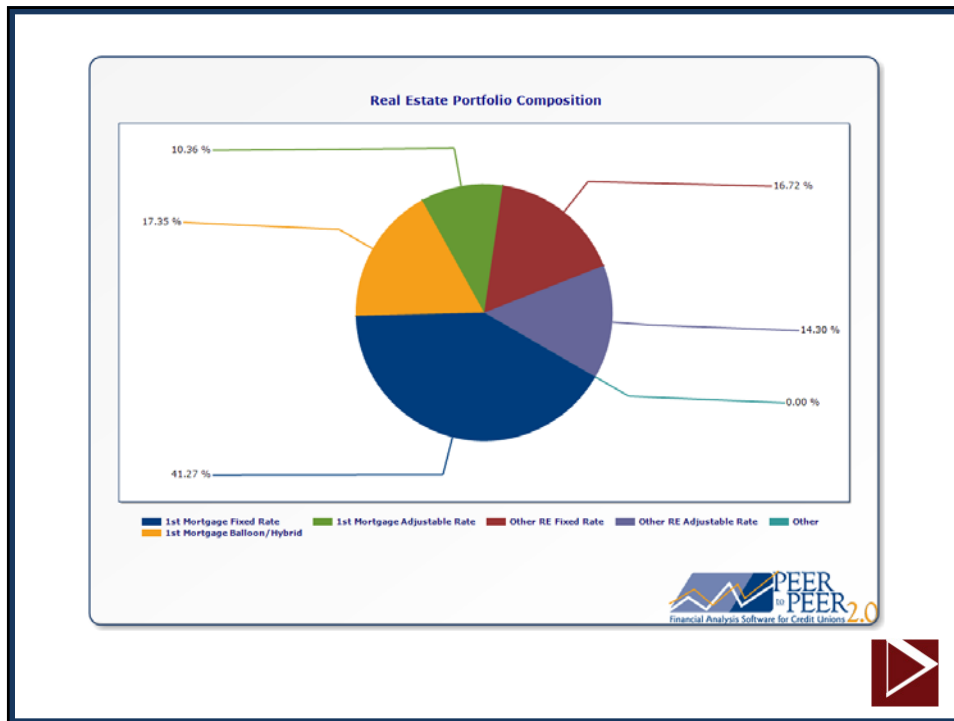
Sources: CreditUnions.com; CUAnalyzer; Peer to Peer

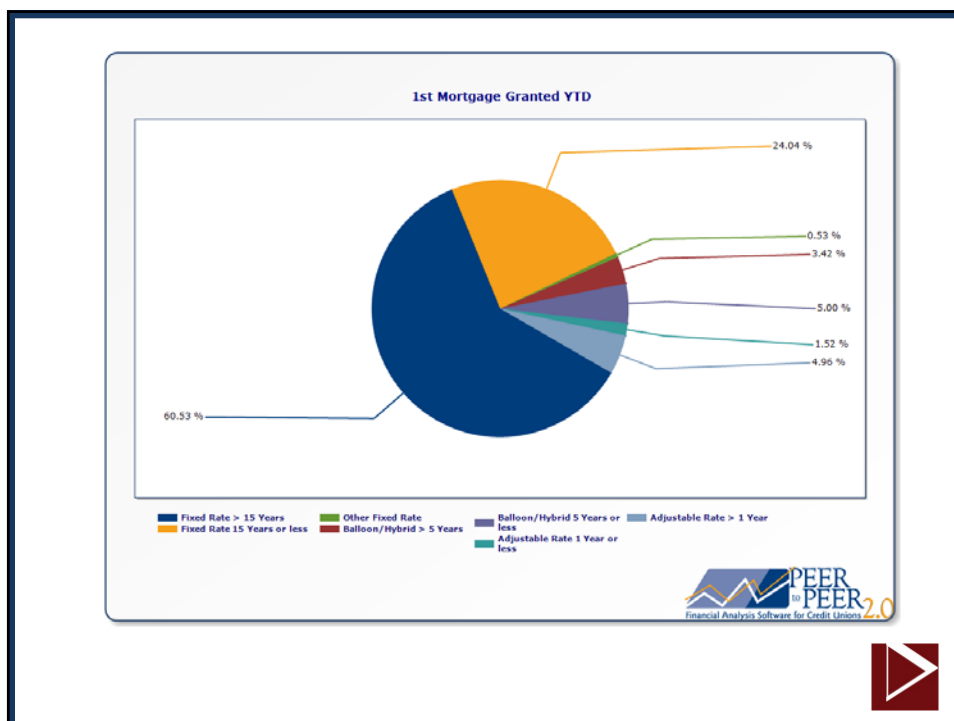
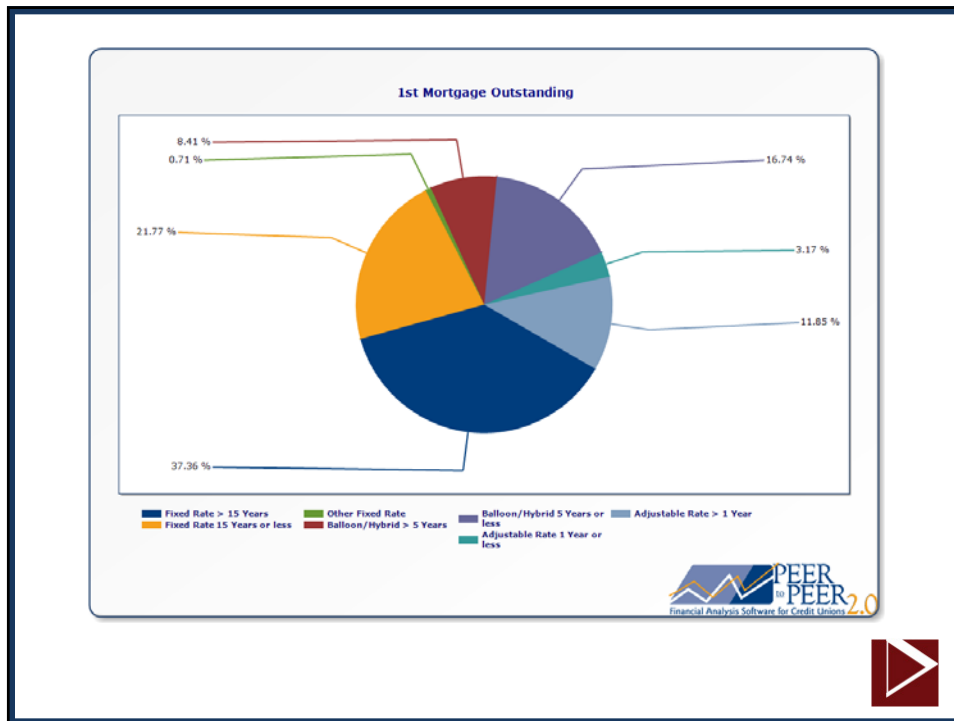
## CREDIT UNION DATA – THE 5300

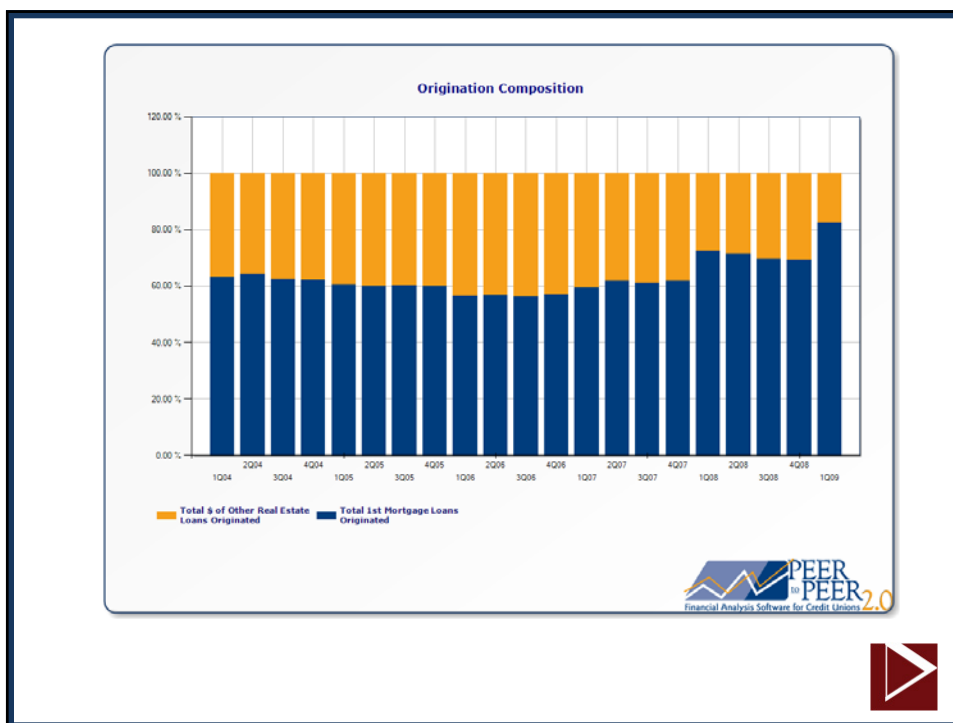
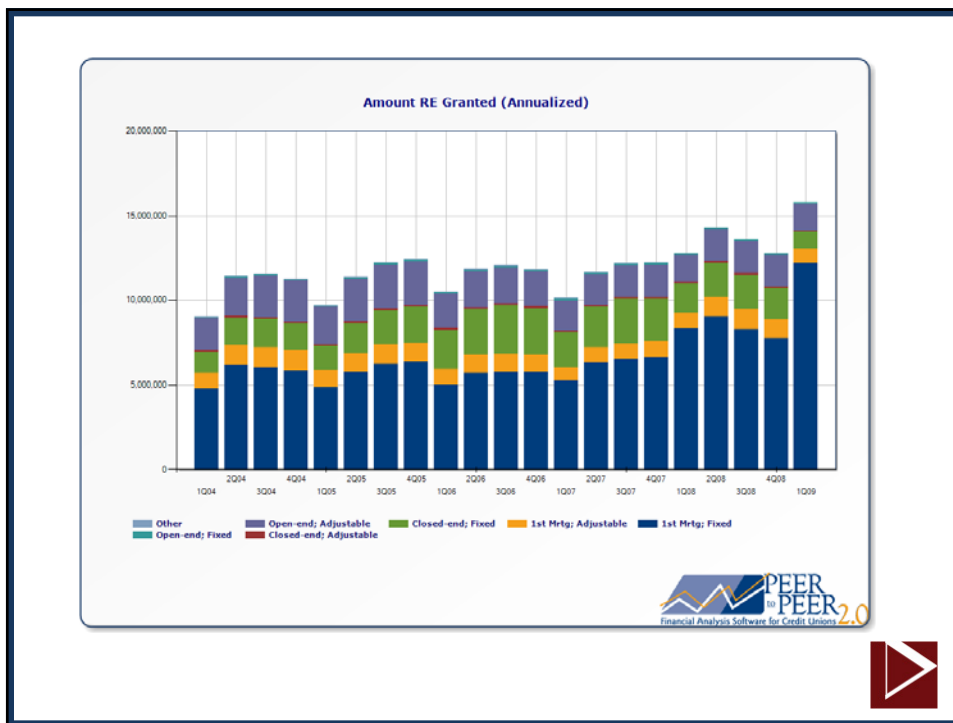


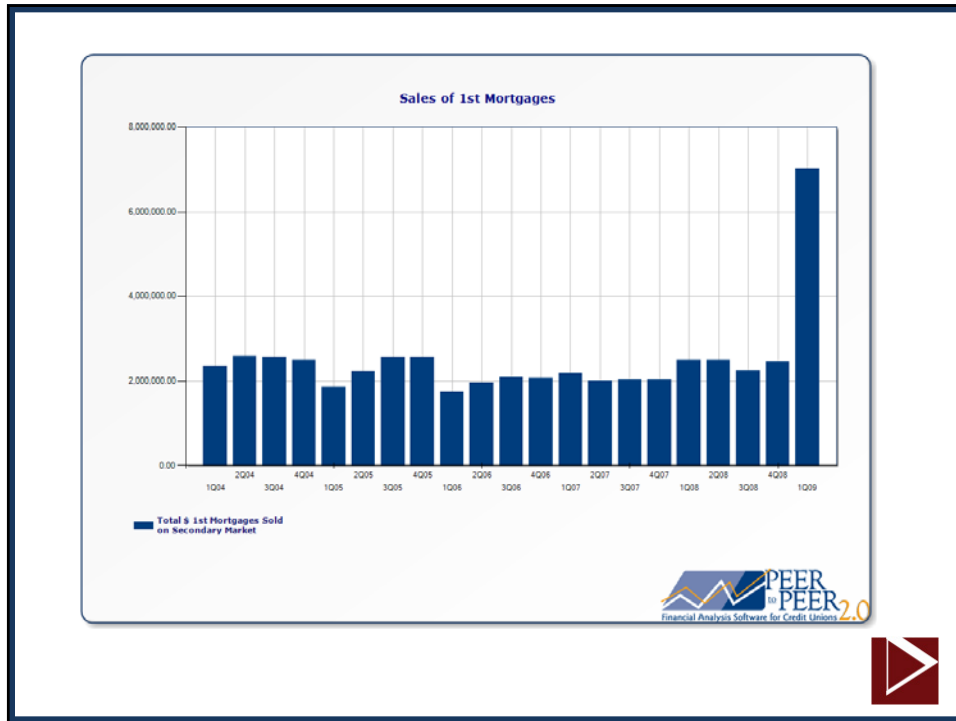
### Loan Portfolio Composition





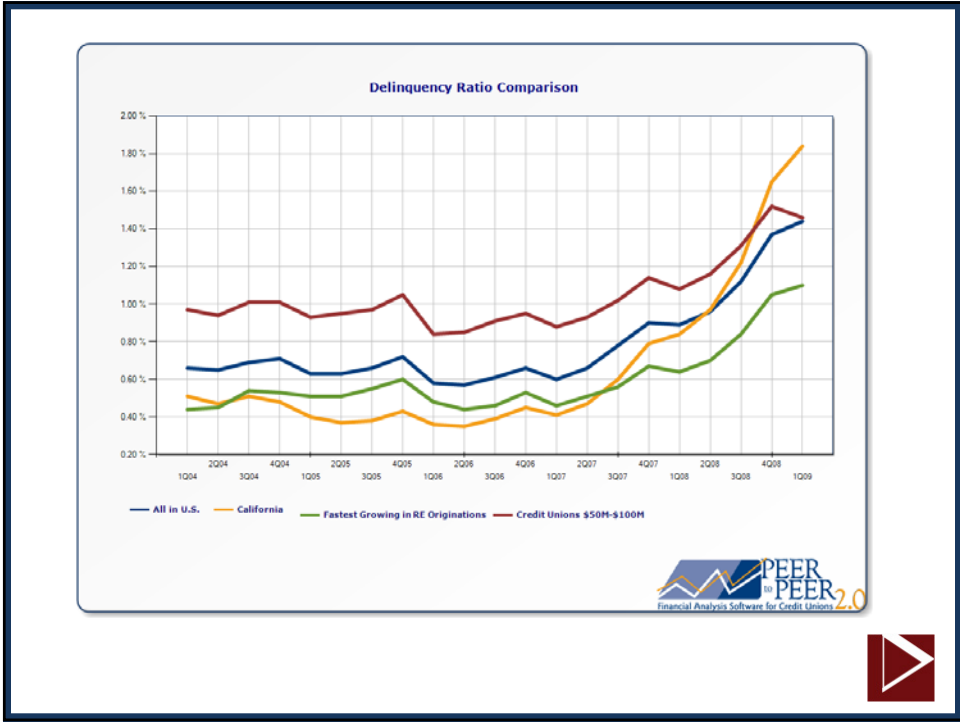
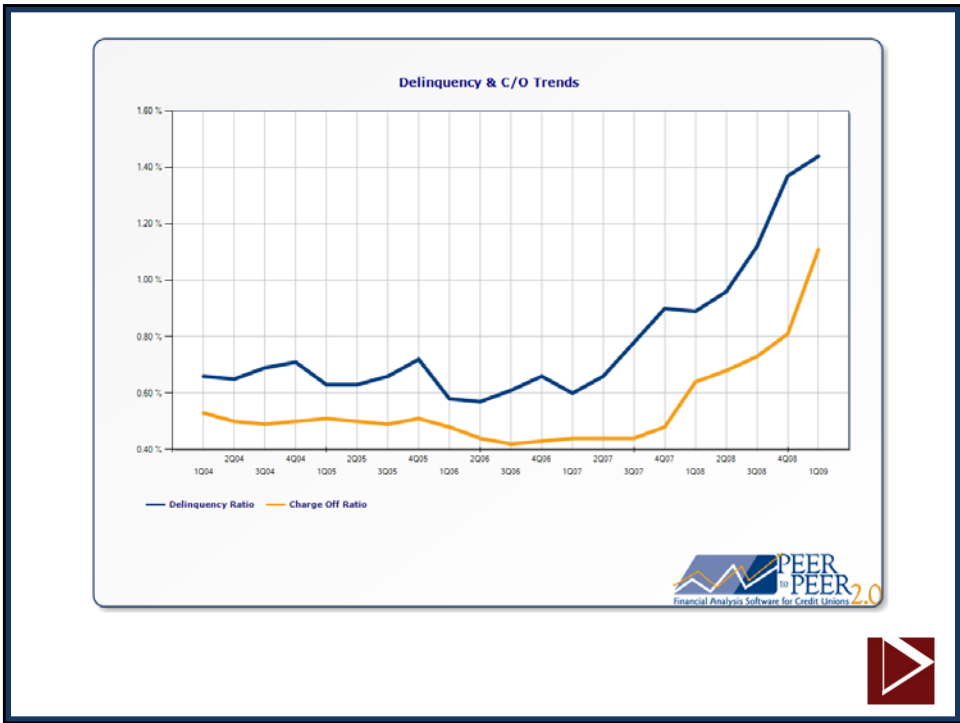


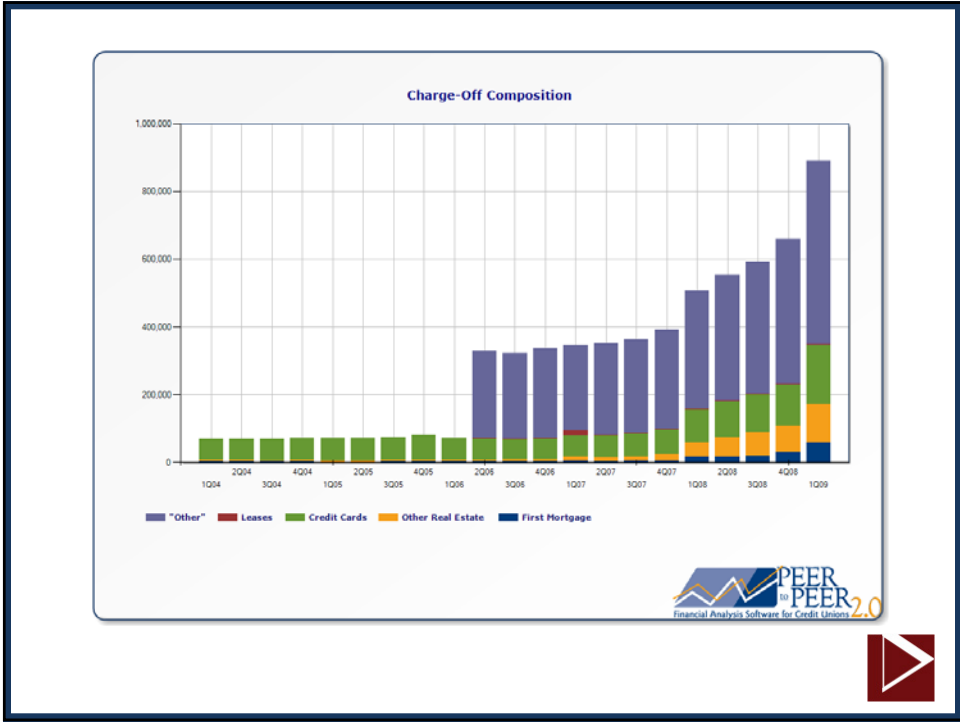
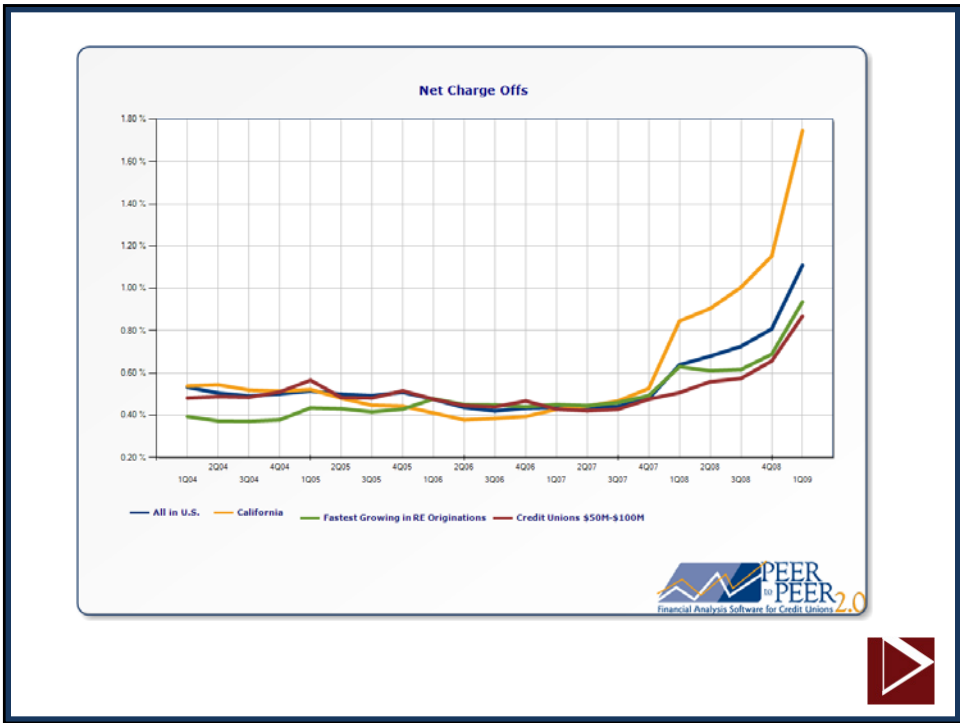


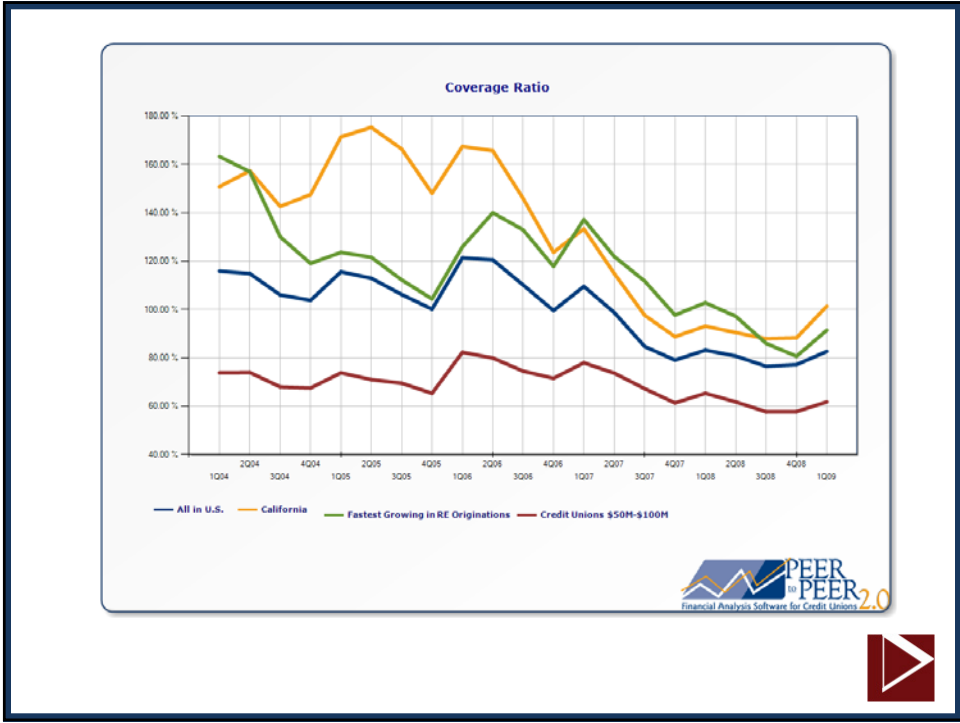
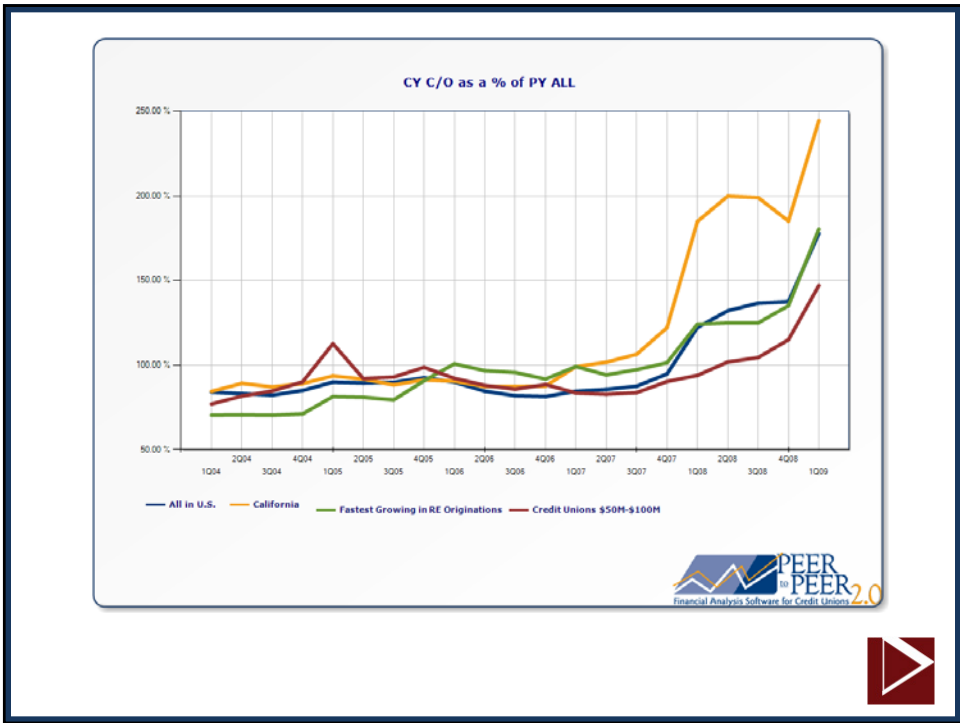


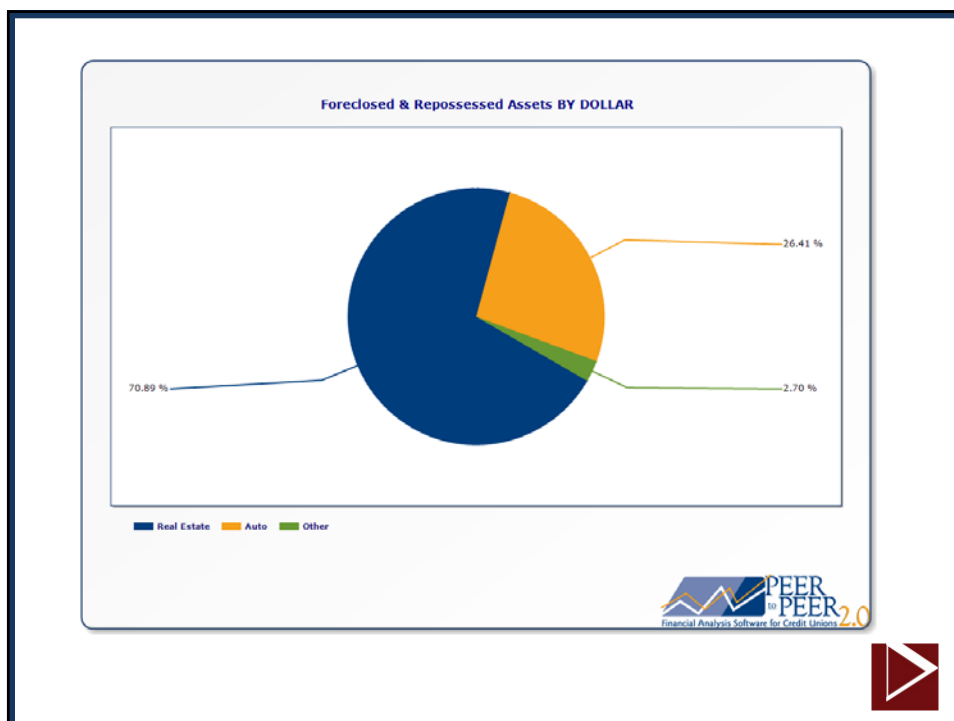
**ASSET QUALITY**

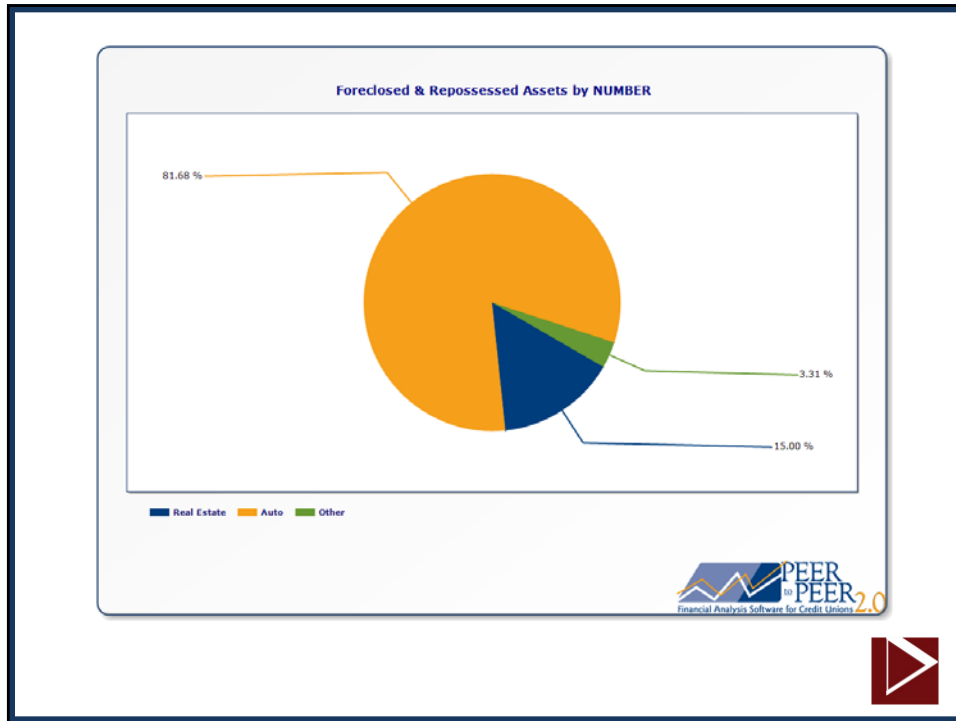









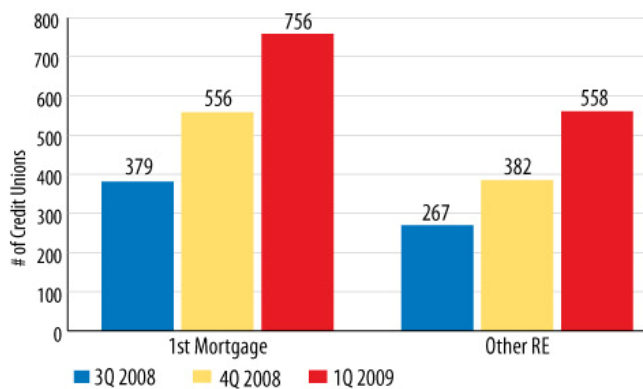




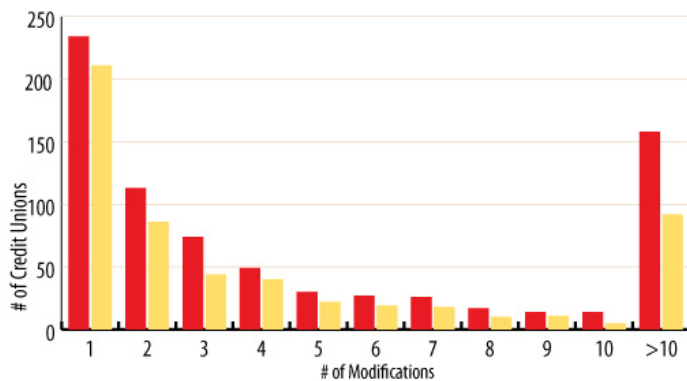
**MODIFICATIONS**



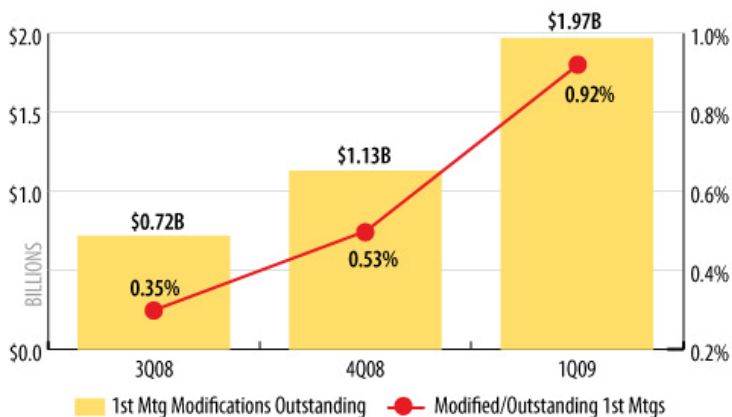
**As of March 31, 926 credit unions reported at least one mortgage modification, almost double the number just 6 months ago when credit unions first started reporting their modification efforts.**



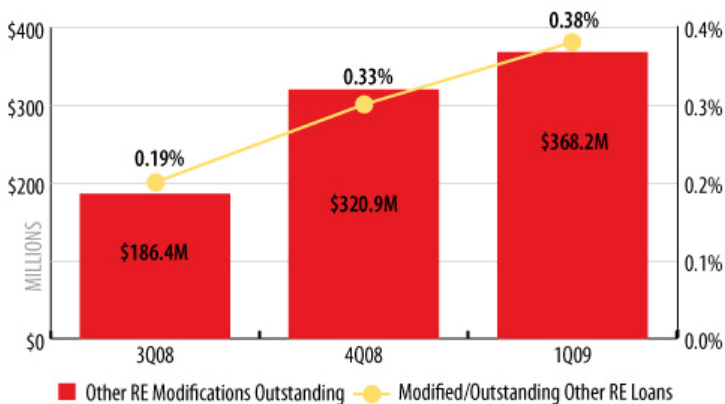
**The majority of credit unions reporting modification efforts have only a handful so far.**

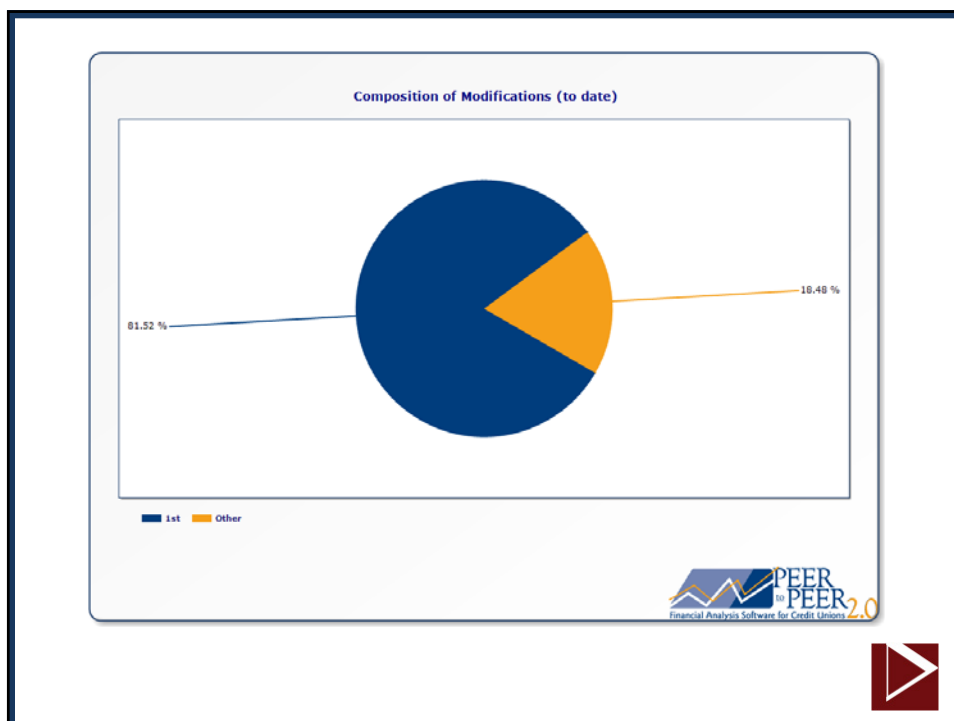
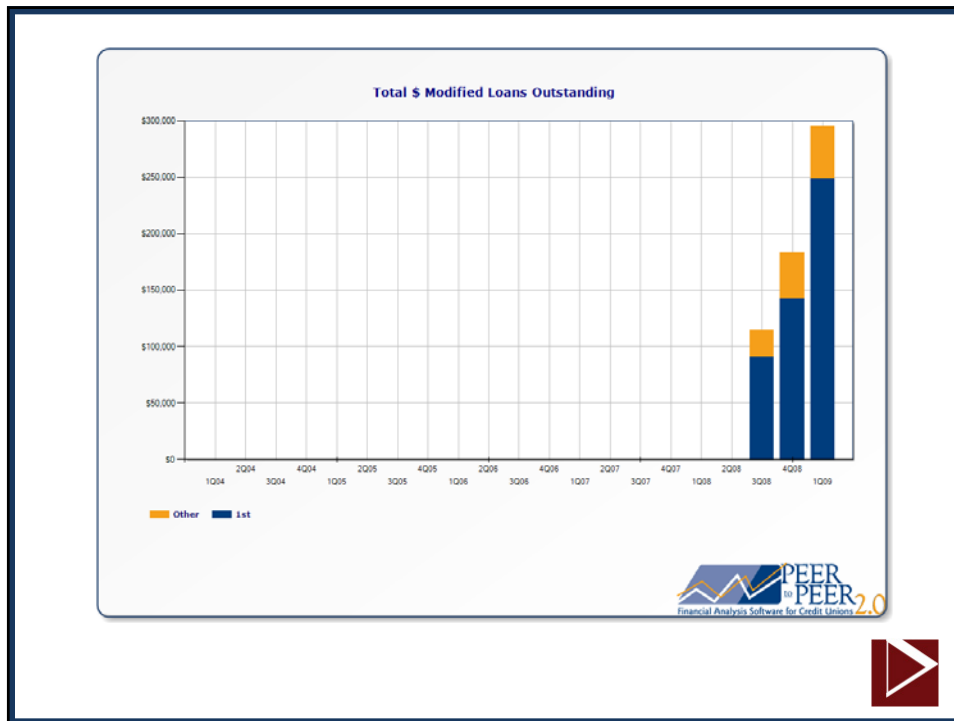


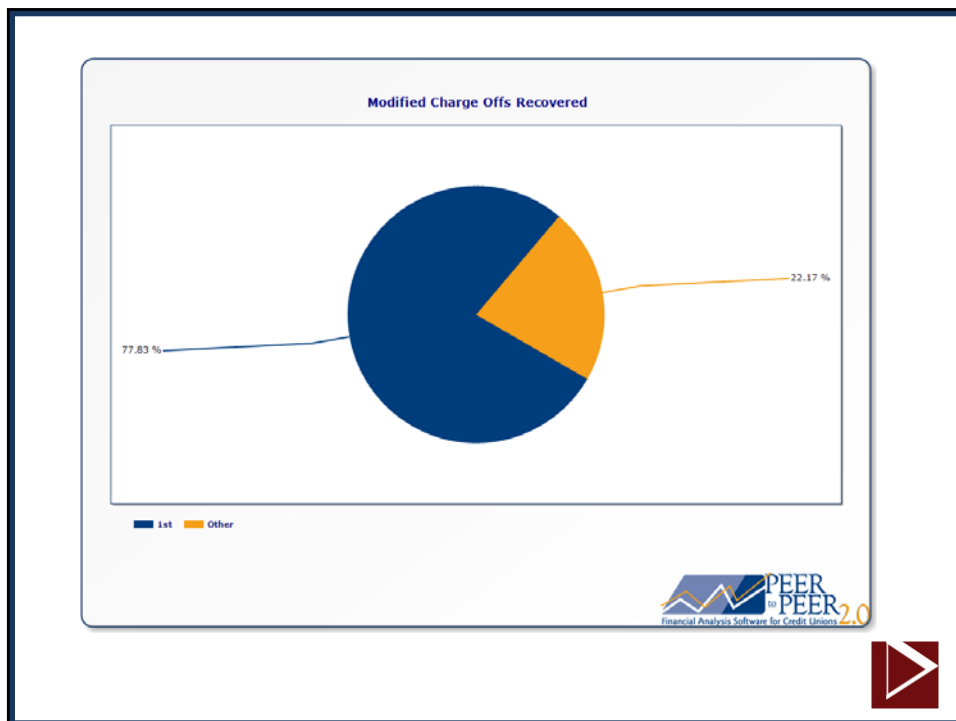
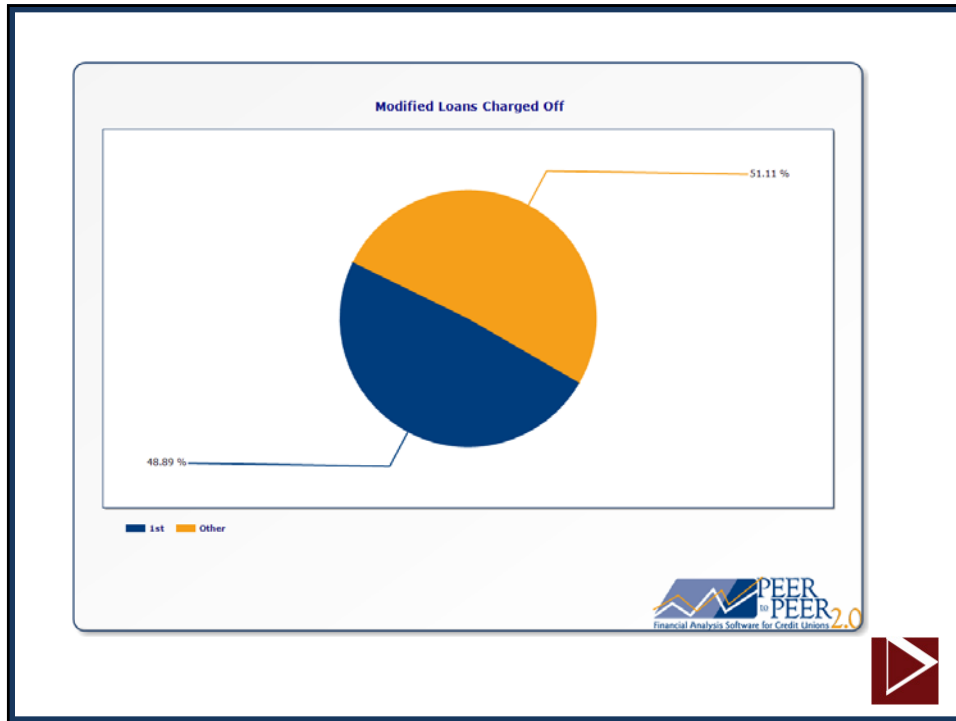
**While 24% of credit unions originating 1st mortgage loans report at least one modification, the total impact on the portfolio remains below 1%.**

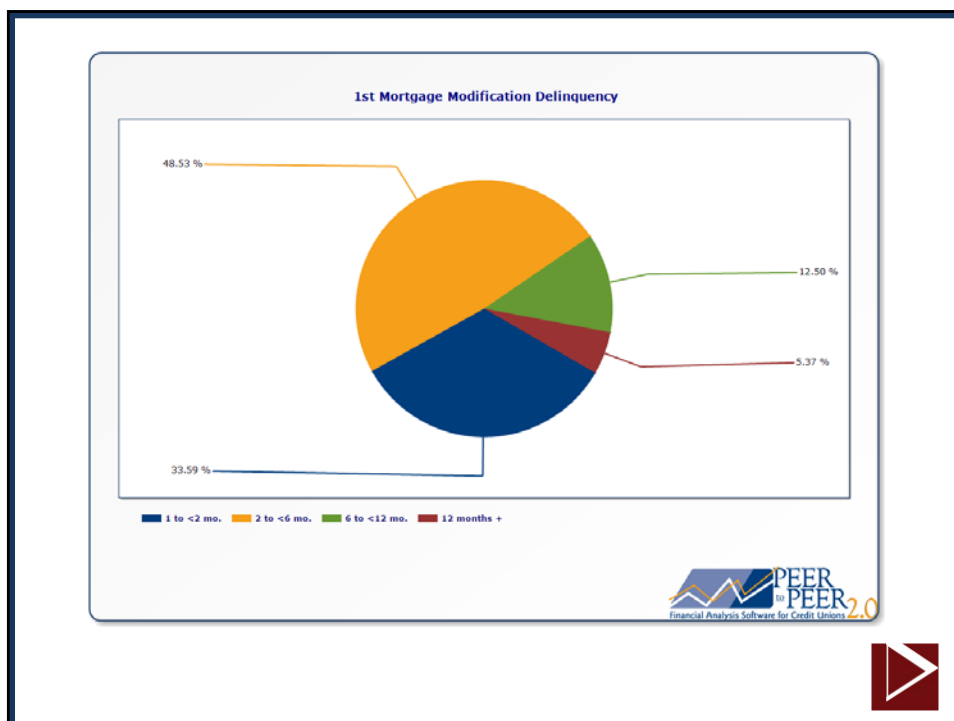
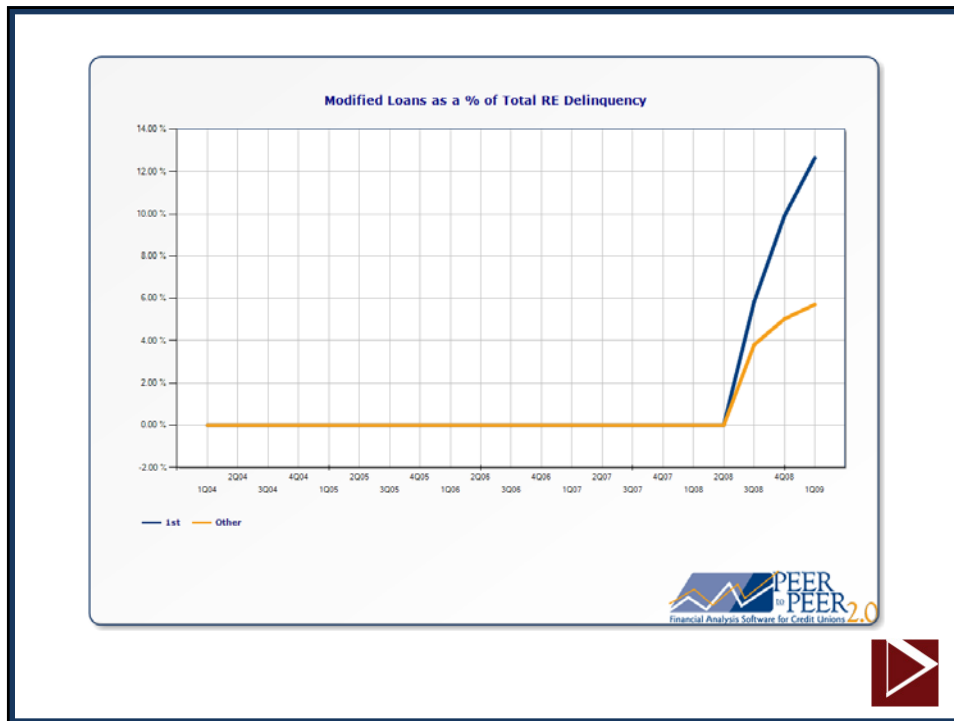


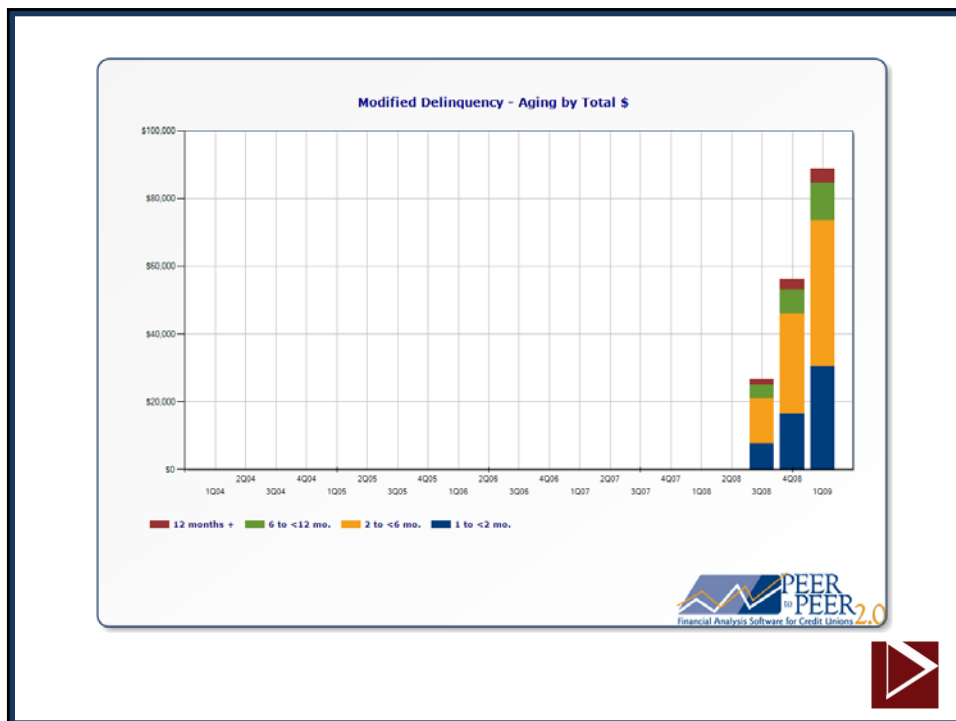
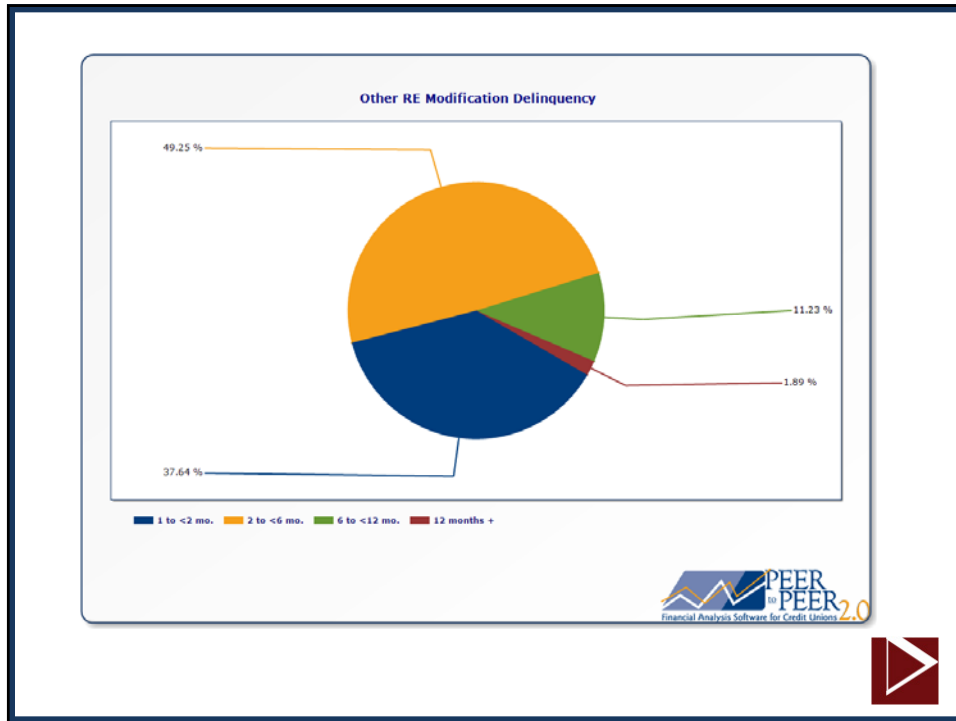
**Over 15% of credit unions originating "other" real estate loans are reporting modification efforts but the impact on the portfolio remains small.**

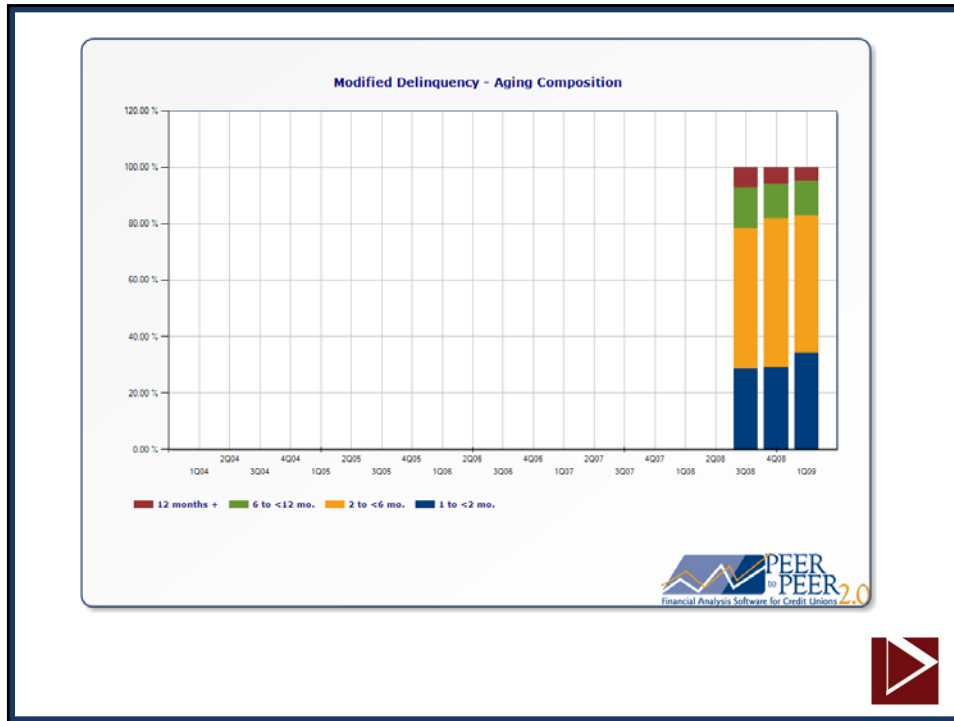












Alix Patterson & Elliott Kashner

**QUESTIONS?**

