Foreclosure Trends in Florida
“New Approaches to Home Ownership”

Florida Alliance of CDCs
Annual Summit
July 18, 2013

National Community Stabilization Trust
THE BRIDGE TO STRONGER COMMUNITIES
Agenda

- Introduction
- NCST Background
- REO Comparison Trends (FL)
- Lease to Own Strategies (General View)
- Other Housing Initiatives
- What does it all mean?
About NCST

- Created in 2008 by six national non-profit organizations:
  - Enterprise
  - Housing Partnership Network
  - LISC
  - National Urban League
  - NeighborWorks America
  - National Council of La Raza

- Impact
  - Working with over 400 community-based housing organizations in 47 states
  - Transferred over 10,000 REO properties/ facilitated more than $775 million in REO sales
  - Community Buyers have saved over $100 million since 2008
Mission

- The National Community Stabilization Trust creates a bridge between financial institutions and state and local government agencies or community based organizations that are implementing neighborhood stabilization programs.

- By coordinating the transfer of foreclosed and abandoned property from financial institutions nationwide (lenders, loan servicers, investors and GSEs) to local housing providers and increasing access to flexible financing, NCST is able to facilitate the productive reuse of property and the stabilization of distressed neighborhoods.

- NCST works in collaboration with local housing providers to ensure that properties are returned to the stock of ownership and rental housing available primarily for low- and moderate-income families.
Property Transfers - 2012

- First Look (3247)
- Donations (1662)
- Alternative Disposition (83)
Mortgage Servicers/ Financial Institution Participation

National *First Look* Program

- Bank of America
- Citi
- Chase
- Freddie Mac
- GMAC
- Ocwen
- US Bank
- Wells Fargo
- HUD/FHA – NSP funds must be used
- Fannie Mae – different process
NCST Data Comparison
2012 to 2013 (YTD -7/8/13)
On the Ground in Fla.

- NCST Data Comparison -Top 5 REO Markets (FL) 2012 to 2013 (YTD -7/8/13)

<table>
<thead>
<tr>
<th>Top Five MSAs (FL)</th>
<th>NCST Properties Shown</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Miami-Fort Lauderdale-Pompano Beach MSA</td>
<td>2317</td>
</tr>
<tr>
<td>Tampa-St. Pete-Clearwater MSA</td>
<td>1361</td>
</tr>
<tr>
<td>Orlando-Kissimmee MSA</td>
<td>1367</td>
</tr>
<tr>
<td>Cape Coral-Ft. Myers MSA</td>
<td>593</td>
</tr>
<tr>
<td>Lakeland-Winter Haven MSA</td>
<td>359</td>
</tr>
<tr>
<td>Totals</td>
<td>5997</td>
</tr>
</tbody>
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Note: Annualized volume breaks down into an estimated monthly volume of 500 units/mo in 2012 and 437 units/mo YTD 2013.
Inventory Levels

- Three financial institutions - Bank of America, Freddie Mac, and Wells Fargo - make up 83% of total inventory made available to NCST in Florida since the start of 2012.
- More than 10,800 properties have been shown in the last 18 months

2012 Inventory = 7,335
2013 (YTD) Inventory = 3,560
National Foreclosure Trends

National Community Stabilization Trust
National Foreclosure Inventory

The Inventory of Foreclosed Homes has declined at 20% year over year for 5 consecutive years

Fewer than 2.3 million mortgages or 5.6% are seriously delinquent

29% Compared to May 2012

3.3% Compared to April 2013

Source: Corelogic National Foreclosure Report (May 2013)
Five states with highest number of completed foreclosures during the past 12 months:

1. Florida = 103,000
2. California = 76,000
3. Michigan = 64,000
4. Texas = 51,000
5. Georgia = 47,000

FL ranks highest in percent of homes in foreclosures nationwide.

Source: Corelogic National Foreclosure Report (May 2013)
Lease to Own Strategies

General Recommendations
Lease to Own Strategies - When it works best....

- **Understanding the Barriers to Homeownership** - *Income Issue or Credit Issue*
  - Ability for potential homeowner to resolve credit issues over a 12-18 month period with NFP partner’s help.
  - Lease to Own (LTO) period typically equal to 2yrs max, keeps lease purchaser engaged because of the short term horizon.
  - Savings derived from LTO contributions serve as down payment.

- **Understanding Market Conditions** - *Disparity between market rents and mortgage payment.*
  - Compare full PITI payment on home in stable/appreciating markets.
  - Markets where NFP can recoup their costs of doing LTO.
  - NFP must be able to assess market/property over the LTO time period.
  - Interest rates are at record lows.
Lease to Own Strategies – When it Works Best

- **Understanding the Process** - *NFP must have approval from an approved FHA lender*
  - NFP must look at viability from several different angles (property/neighborhood, buyer readiness, and transaction).
  - NFP must be able to access fixed-rate FHA 203k/203b loans.
  - NFP must maintain a high level of reporting/monitoring.

- **Understanding the End Buyer** - *Motivated Buyers at 580 FICO or higher*
  - Complete comprehensive homeownership/credit counseling.
  - Must follow action plan developed by NFP partner.
  - Prospective homebuyer must be able to assume mortgage.
New Initiatives
Other Housing Models

- New housing models utilizing more socially minded executions
- Distressed Notes (i.e. FL Hardest Hit Program like initiatives)
- Typically done through bulk execution.
- Goal to keep homeowner in property through loan modifications or lease back contract.
- Provide ongoing credit counseling services to homeowner for credit repair issues.
- Third Parties instrumental in ongoing servicing of loan.

**Mortgage Resolution Fund**

**National Community Capital**

**Community Reinvestment Corporation**
Other Housing Models

- New housing models utilizing more socially minded executions
- Donation of Distressed Bank Assets
- Community-responsive alternative to charge-off, walk-aways.
- Expedited transfers of liens and titles from Servicers
- NFP accepts donation property, rehabs/markets home for resale to qualified LMI individual/family.
What does it all mean?

• Markets rebounding due to heavy investor activity.
• Markets seeing increase in SF assets going into rental portfolios.
• Resales competing again with new construction.
• Access to Capital is critical to stay in the game.
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