

Understanding the Housing Market

With the stock market's continued volatility, it is no surprise that mortgage news continues to make headlines. And while so much emphasis has recently been placed on the housing market, few seem to have a firm understanding of exactly what is happening more than Ivy Zelman and the analysts at Zelman & Associates, an independent research firm that focuses solely on the housing market. We asked Zelman to provide a broad overview of the current mortgage crisis and to highlight some figures they believe are key to understanding the mortgage market.

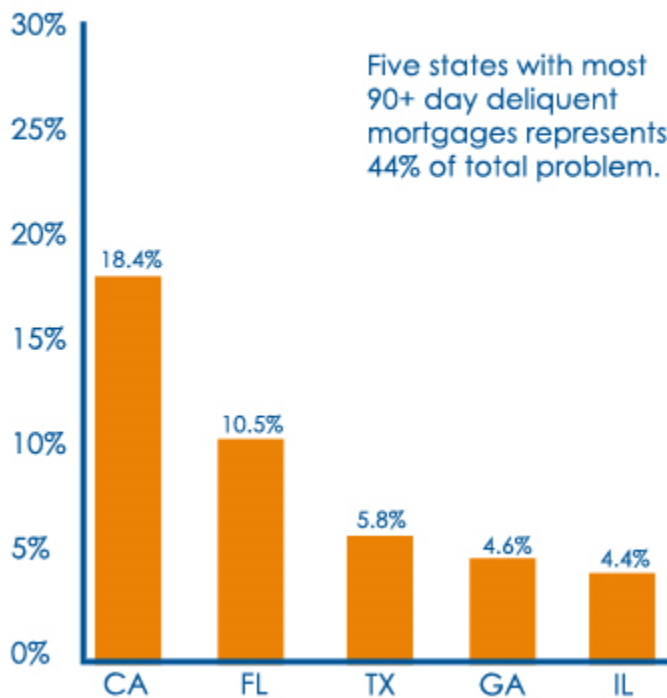
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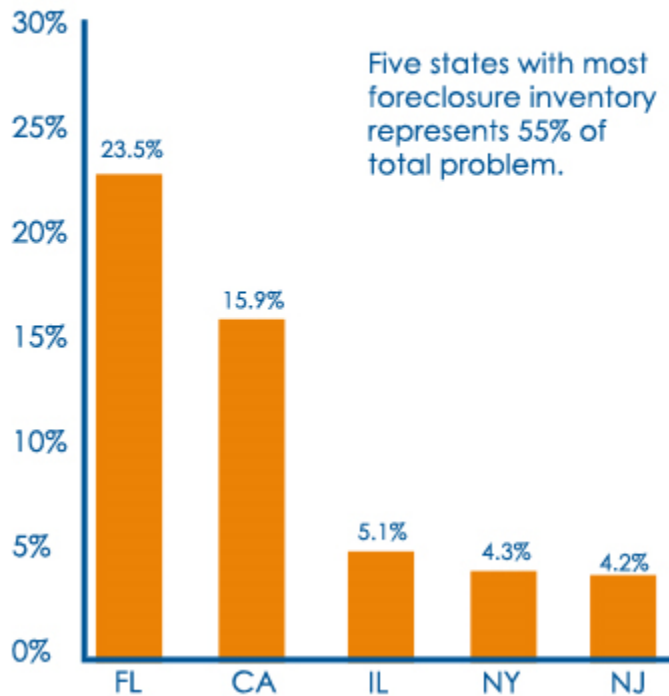
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90+ Days Deliquent



Foreclosure Inventory



- Through December 2009, mortgages that are at least 90-days past due, or in the foreclosure process, represented a record 8.22% of total mortgages outstanding. However, just five states represented 44% of mortgages at least 90-days past due, while five states also represented 55% of national foreclosure inventory.
- While bullish investors may believe that the problem of mounting shadow inventory is not overly concerning as the bulk of problem loans are concentrated in a few select states, we highlight that these states represent several of the states most important to the homebuilding and overall housing market. Therefore the problem at hand remains extremely concerning and we would expect any housing recovery to remain muted until these select states deal with their respective problem loans.
- We further note that despite increased modification efforts in recent months, through December, the national cure rate of loans at least 90-days delinquent or in foreclosure was just 2.5%, which compares to a cure rate of roughly 3.1% in the year-ago period.

This is a sample of the research Zelman & Associates publishes for their clients. To learn more, visit the Zelman & Associates [website](#) or contact your CAPIS relationship manager.



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