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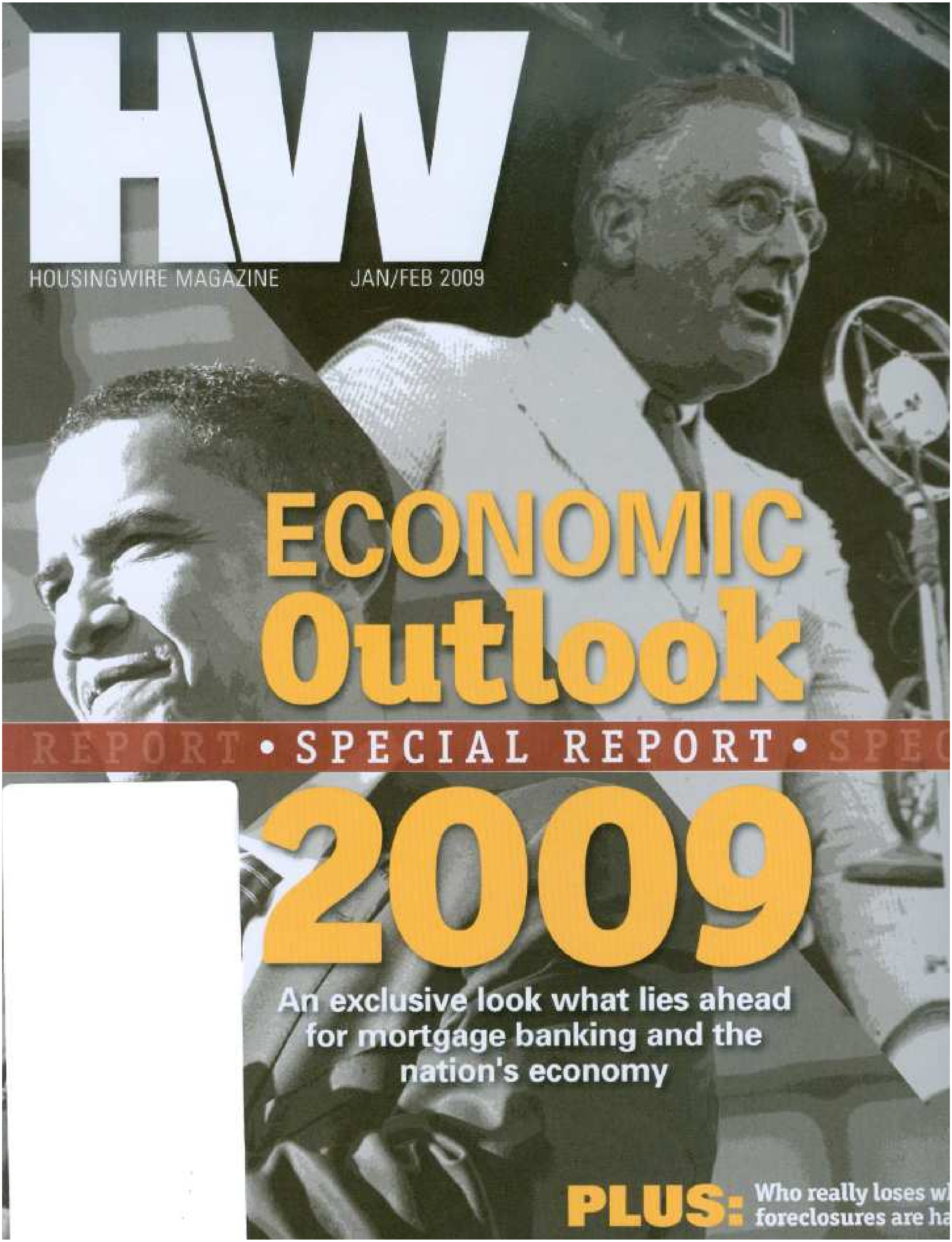
HOUSINGWIRE MAGAZINE JAN/FEB 2009



ECONOMIC Outlook

REPORT • SPECIAL REPORT • SPEC

2009

An exclusive look what lies ahead for mortgage banking and the nation's economy

PLUS: Who really loses wh
foreclosures are ha

People Movers

A look at who's in and who's out in the mortgage finance industry

Alan South, Michael Gaughan, shareholders with the Overland Park, Kan.-based South & Associates, P.C. firm, were named 2008 Missouri and Kansas "Super Lawyers;" an honor shared with 5 percent of Missouri and Kansas attorneys each year. It marks the fourth consecutive year South has received this honor as well as Gaughan's third designation; both were nominated for bankruptcy and creditor and debtor rights.

Subprime, Alt-A Delinquencies Piling Up

NEW DATA released in late December by Clayton Holdings, Inc. highlights just how much of a pileup is really taking place across both Alt-A and subprime loan products.

The company's monthly InFront report found that among subprime first liens, the 2006 and 2007 vintages clearly remain the most problematic: 60+ day delinquencies rose 4.16 percent and 6.41 percent from month-ago totals, respectively. More than 43 percent of the 2006 subprime vintage is now severely delinquent. Cure rates fell a whopping 17.5 percent and 11.4 percent, respectively, for the two vintages as well—throwing at least some cold water on the idea that putting a halt to foreclosures would bring about greater resolutions for troubled borrowers.

Despite growing delinquencies, foreclosure roll rates dropped sharply: subprime foreclosure rolls fell to their lowest level this year in November, for example, reaching just 5.4 percent. That's the lowest foreclosure roll rate since June 2007. Despite this, aggregate rolls across all delinquency statuses reached 8.4 percent, Clayton reported—the highest total roll rate at least as far back as December 2006.