



Subprime ARM Performance

MISSOURI

NAR Research

May 2008



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U.S. Total Subprime ARM Foreclosure Rates: 2003 - 2007



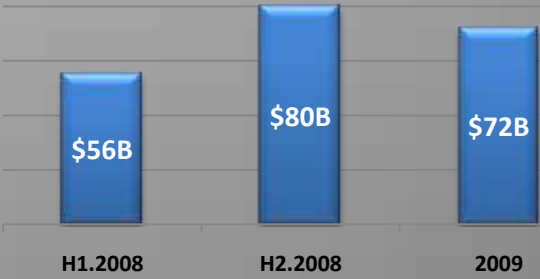
Nationally, subprime ARMs:

- Constitute only 6.1 percent of all mortgages; only 4.0 percent of all homeowners
- Account for 40.5 percent of foreclosures
- Half of subprime loans issued during 2005–2007 were ARMs
- 1-year ARM rates hit high of 5.7% in 2006 and 2007
- Recent rising foreclosure rates have been associated with a rising number of resetting subprime loans
- 2008 represents a peak for resets

Source: FirstAmerican CoreLogic, LoanPerformance, Census, Federal Reserve Bank of New York

Volume of upcoming resets:

- 2008.H1 : \$55.5 billion
- 2008.H2 : \$80.0 billion
- 2009: \$72.3 billion

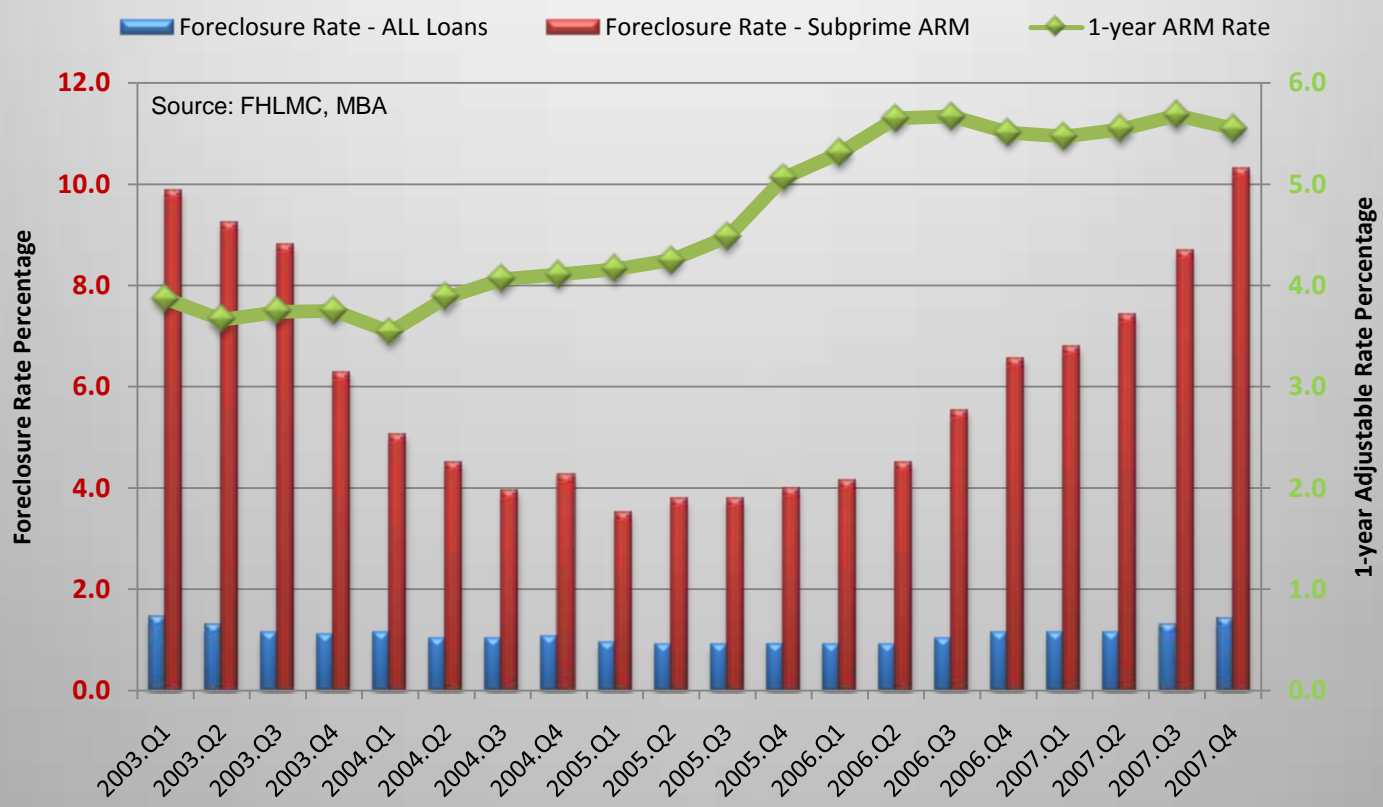


Majority of subprime mortgages are tied to 3-month LIBOR

- The Federal Reserve rate cuts have lowered LIBOR
- LIBOR has fallen from 5.4% in July 2007 to 3.0% in April 2008



MO - Subprime ARM Foreclosure Rates: 2003 - 2007



MO - Expected Subprime ARM Resets: 2008 - 2009

