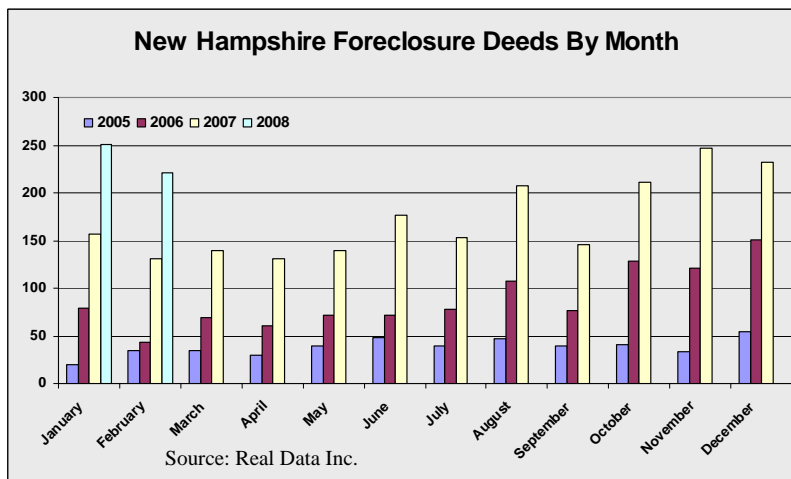


## Mortgage Delinquency, Foreclosures, and Subprime Lending in New Hampshire An Update, March 2008

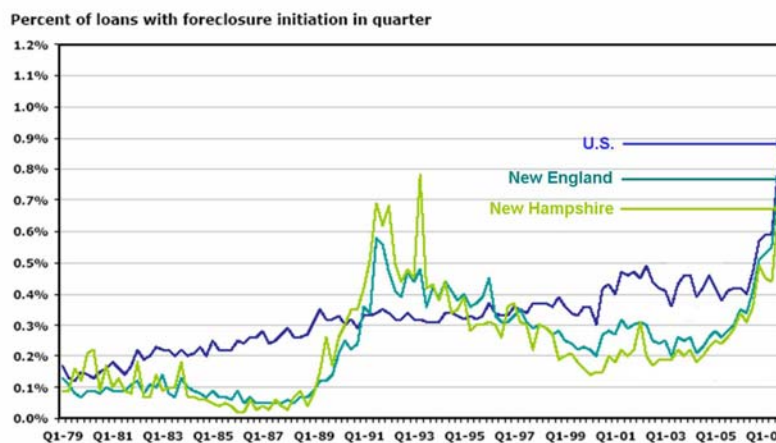
Six months ago, New Hampshire Housing authored a white-paper titled “Mortgage Delinquencies, Foreclosures, and Subprime Lending in New Hampshire, How Big Is The Problem?” In the ensuing months this topic has received significant attention and it remains one of New Hampshire’s hottest issues. In an effort to keep you informed, we have compiled a brief update to some of the key points covered in the white-paper.

The mortgage crisis in New Hampshire has deepened over the past six months. The pace of foreclosure deed recordings continues to increase over prior years, and is now well above earlier projections. Recorded foreclosures have exceeded 200 in five of the past six months, and at this pace will approach 3,000 in the current year.

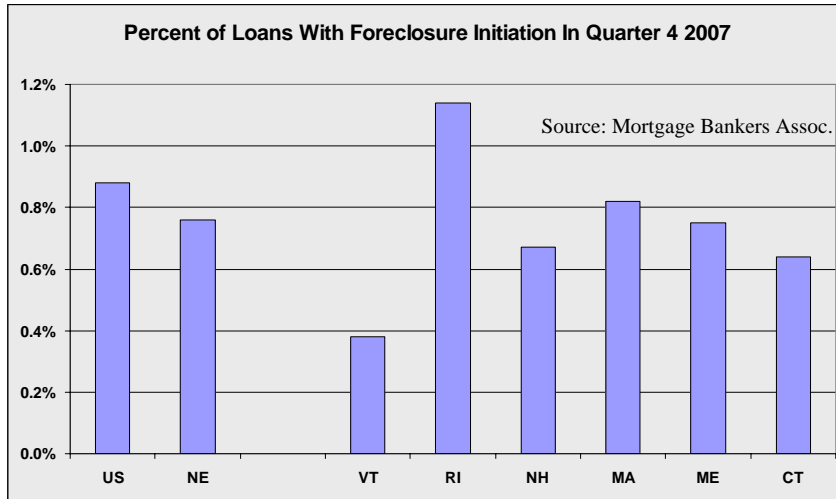


Based on the most recent Mortgage Bankers Association National Delinquency Survey, the rate at which foreclosure initiations (properties entering the foreclosure process, not the same as recorded foreclosure deeds) were taking place in New Hampshire at the end of 2007 increased to 0.67%, or about one in every 150 mortgage loans. This rate is now similar to the rate of foreclosure initiation in New Hampshire during the early 1990s, during the region’s last significant real estate recession.

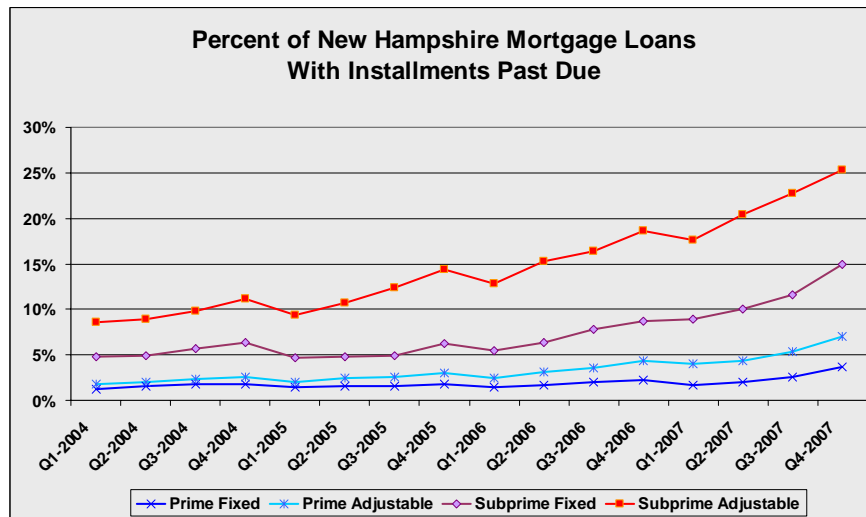
### Foreclosure rates for United States, New England, and New Hampshire, through Q4-07



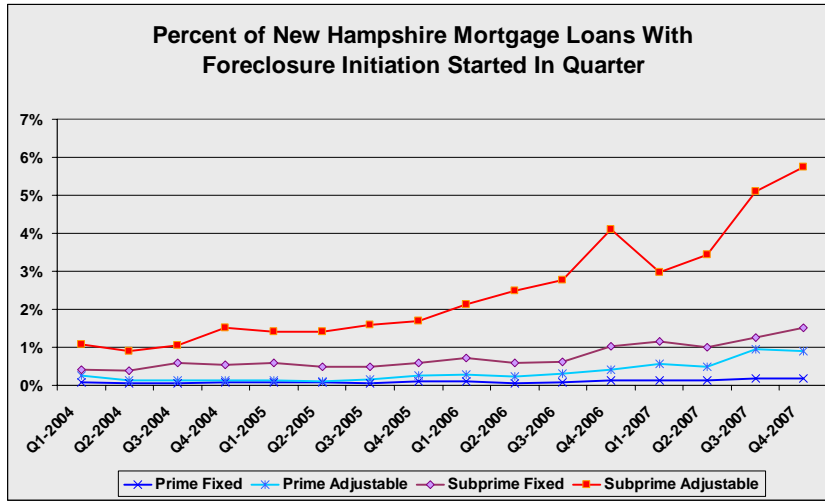
Of equal concern, the foreclosure initiation rate for the U.S. is now at 0.88%, or about one in every 110 loans. This national rate has reached historic highs in each of the past five quarters. Over the past six months the rate of foreclosure initiation has increased in each of the New England states, but the rate in New Hampshire remains lower than that in three other states in the region, and better than New England and the U.S. on average.



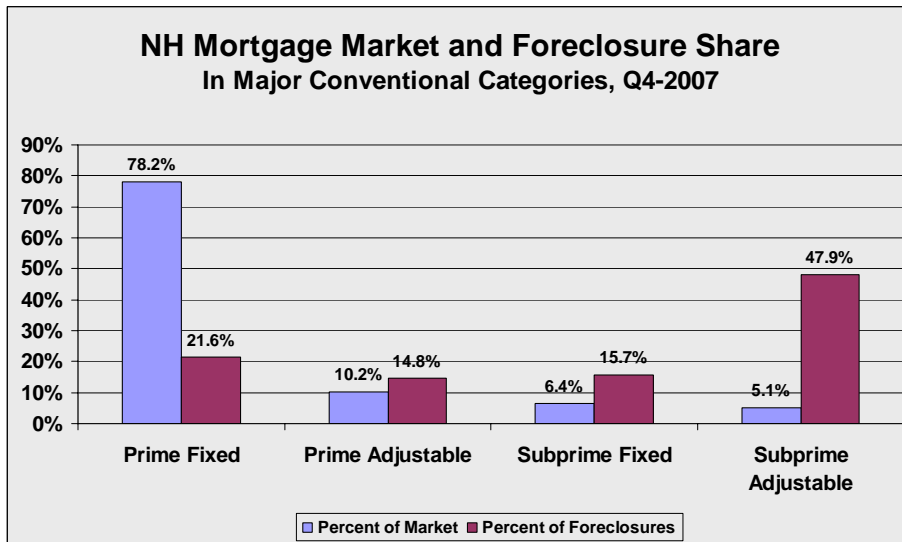
In September of last year, the majority of the mortgage delinquency and foreclosure problem appeared to be confined to the subprime market. Since that time however, delinquency rates (loans with installments past due) for all conventional mortgage loan types, not just subprime loans have increased significantly.



In a similar pattern, notable increases in foreclosure initiation rates have spread from subprime loan categories to prime adjustable rate loans.



As a widespread practice, subprime lending came to an end during the first half of 2007. Since that time, the portfolio of subprime loans has eroded, either through refinancing, property sale or foreclosure. As a result, subprime loans now make up a shrinking portion of the overall mortgage market, now 5.1% down from 6.1% six months earlier.



On the other hand, subprime adjustable mortgage loans continue to make up almost half of the foreclosures.

<b>Table 1 - Quarter 4 2007</b>		
<b>All Loans</b>	<b>Percent</b>	<b>Loans</b>
Loans with payment past due	6.21%	18,210
Loans with foreclosure started during the quarter	0.67%	1,970
Loans in foreclosure inventory at the end of quarter	1.42%	4,160
<b>Prime Loans</b>	<b>Percent</b>	<b>Loans</b>
Est. number of prime loans	85.4%	250,340
Prime loans with payment past due	4.28%	10,710
Prime loans with foreclosure started during the quarter	0.29%	730
Prime loans in foreclosure inventory at the end of quarter	0.67%	1,680
<b>Subprime Loans</b>	<b>Percent</b>	<b>Loans</b>
Est. number of subprime loans	11.1%	32,650
Subprime loans with payment past due	19.56%	6,390
Subprime loans with foreclosure started during the quarter	3.53%	1,150
Subprime loans in foreclosure inventory at the end of quarter	7.18%	2,340

Based on our calculations, as of the fourth quarter of 2007, the number of mortgage loans in New Hampshire with payment past due was more than 18,000. This number has increased by more than 40% since the second quarter, and 80% of that increase has been in the prime loan category. Of equal concern, the number of loans with foreclosure started during the fourth quarter is estimated at just less than 2,000, an increase of more than 50% over the second quarter of last year. Again, the larger share of this increase has been in the prime loan category. On a brighter note however, nearly 94% of mortgage loans in New Hampshire remain current.

It is apparent from this brief analysis that the mortgage foreclosure and delinquency problem in New Hampshire is ongoing and not confined to subprime lending. Further, while not addressed here, a declining real estate market, tightening credit, increases in energy costs and a darkening overall economic outlook only contribute to this worsening problem.