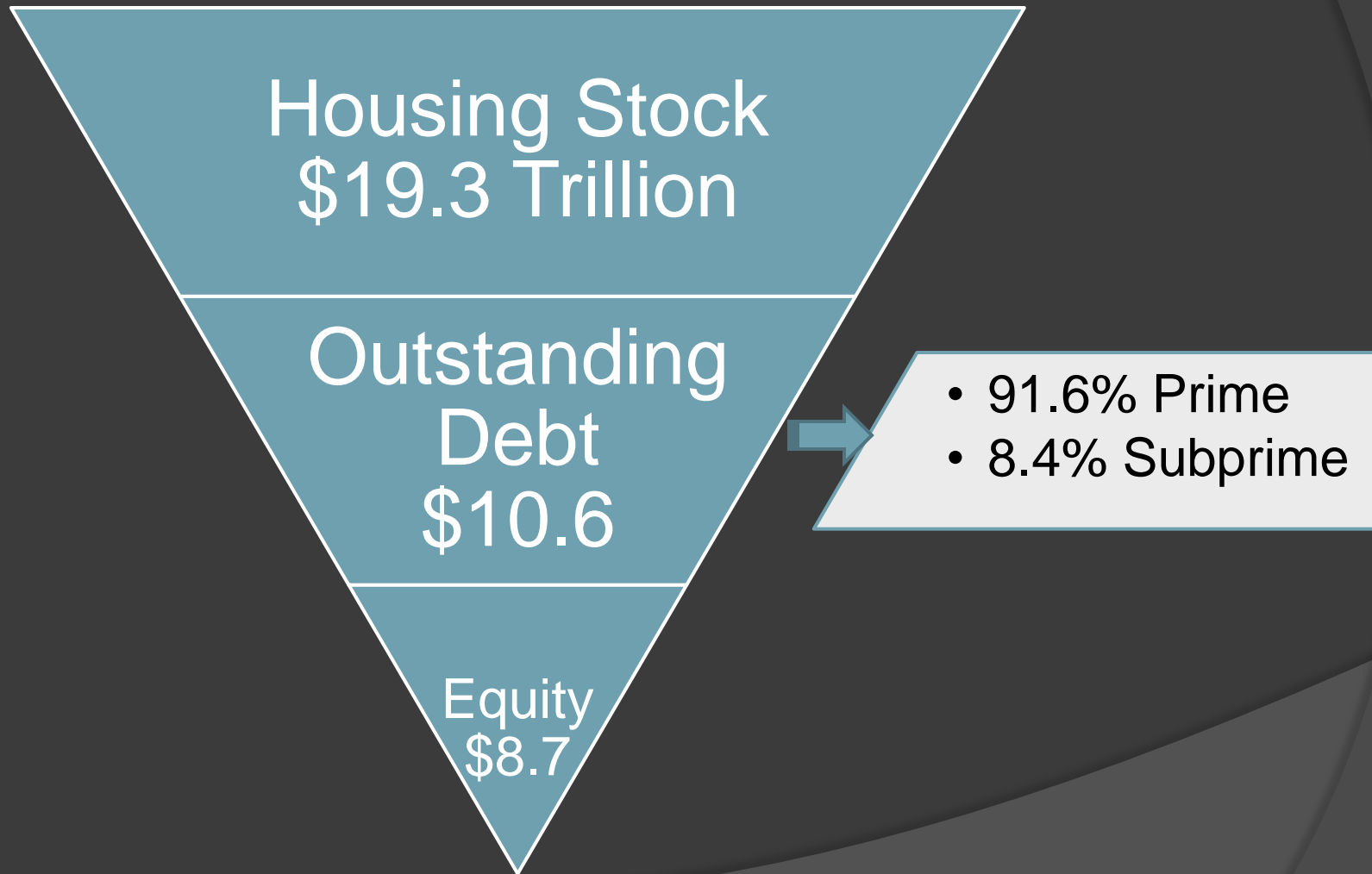


THE ECONOMIC CRISIS OF 2008

Dr. Larry Filer
Associate Professor of Economics
Old Dominion University
Norfolk, VA 23529

HOUSING WEAKNESS

The Housing Stock in August of 2008



Subprime Mortgage Originations

MSA	Percent of Subprime Originated Dec 2007	Percent of Subprime Originated Dec 2006	Percent of Subprime Originated Dec 2005
Hampton Roads	7.4%	29.5%	22.4%
Richmond-Petersburg	14.4	39.4	22.9
Danville (VA)	8.1	41.1	25.7
Jacksonville (FL)	20.2	31.2	23.9
Charlotte	15.2	34.5	23.0
Orlando	9.3	27.4	19.6
Atlanta	14.9	32.5	25.4

Subprime Loans per 1000 Units August 2008



Share in Foreclosure August 2008

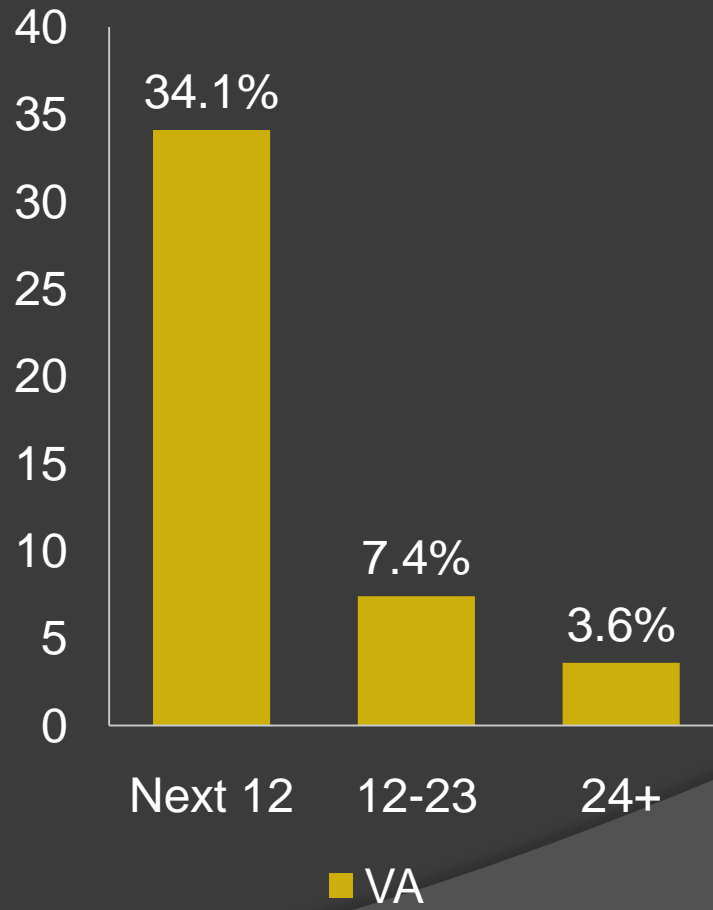
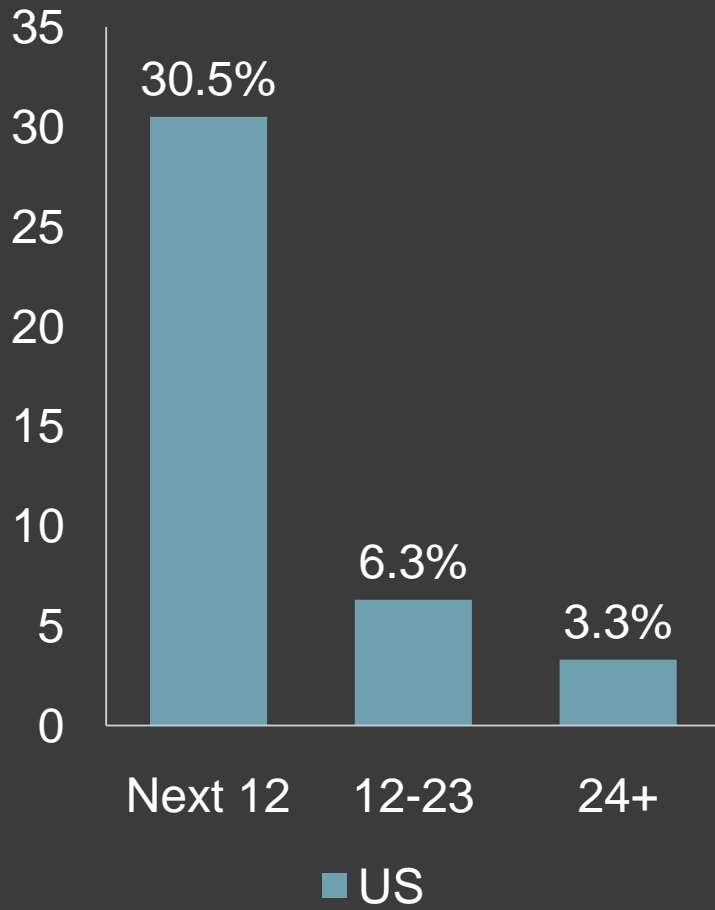


ARM Resets

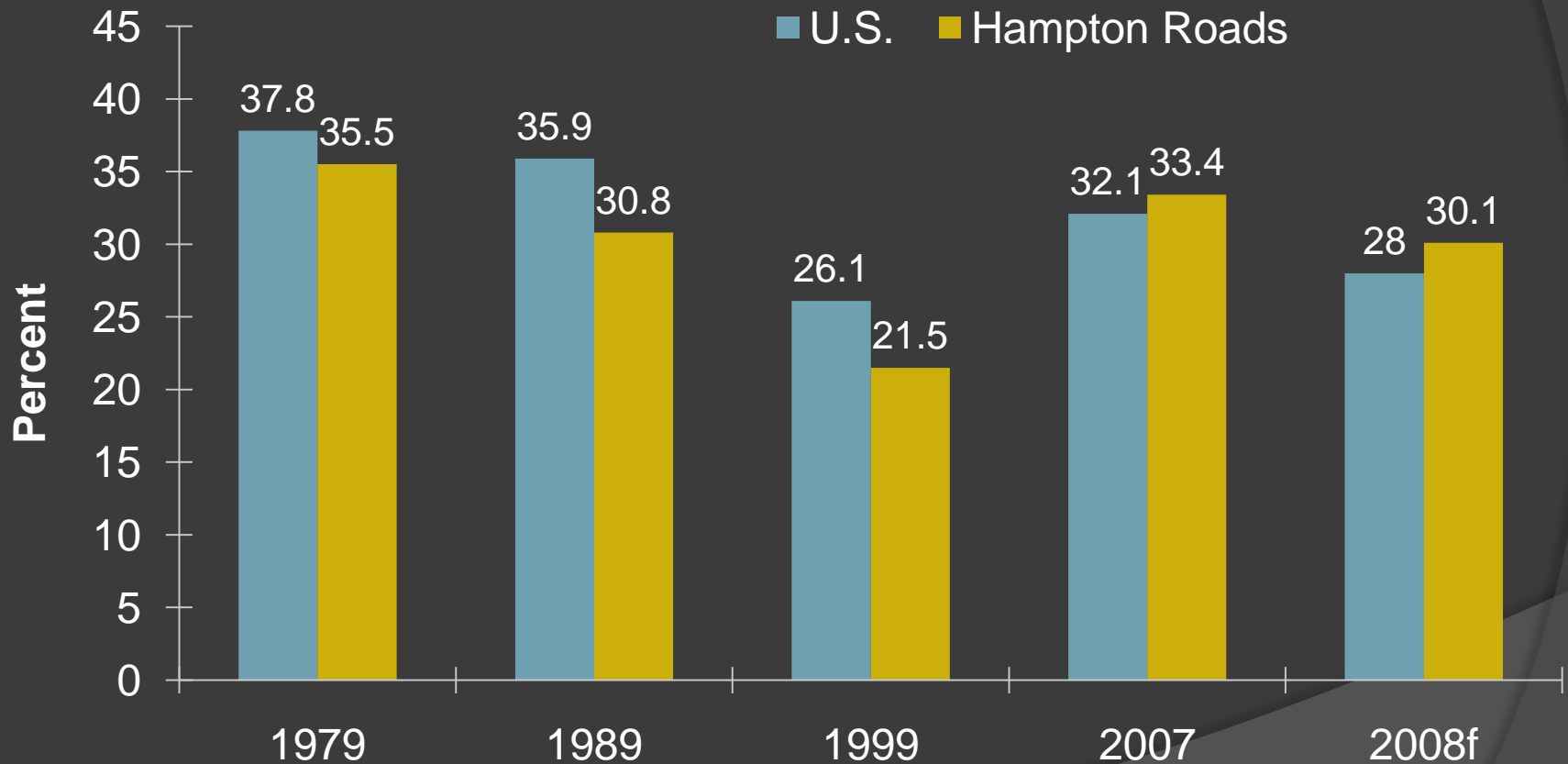
August 2008 – August 2009



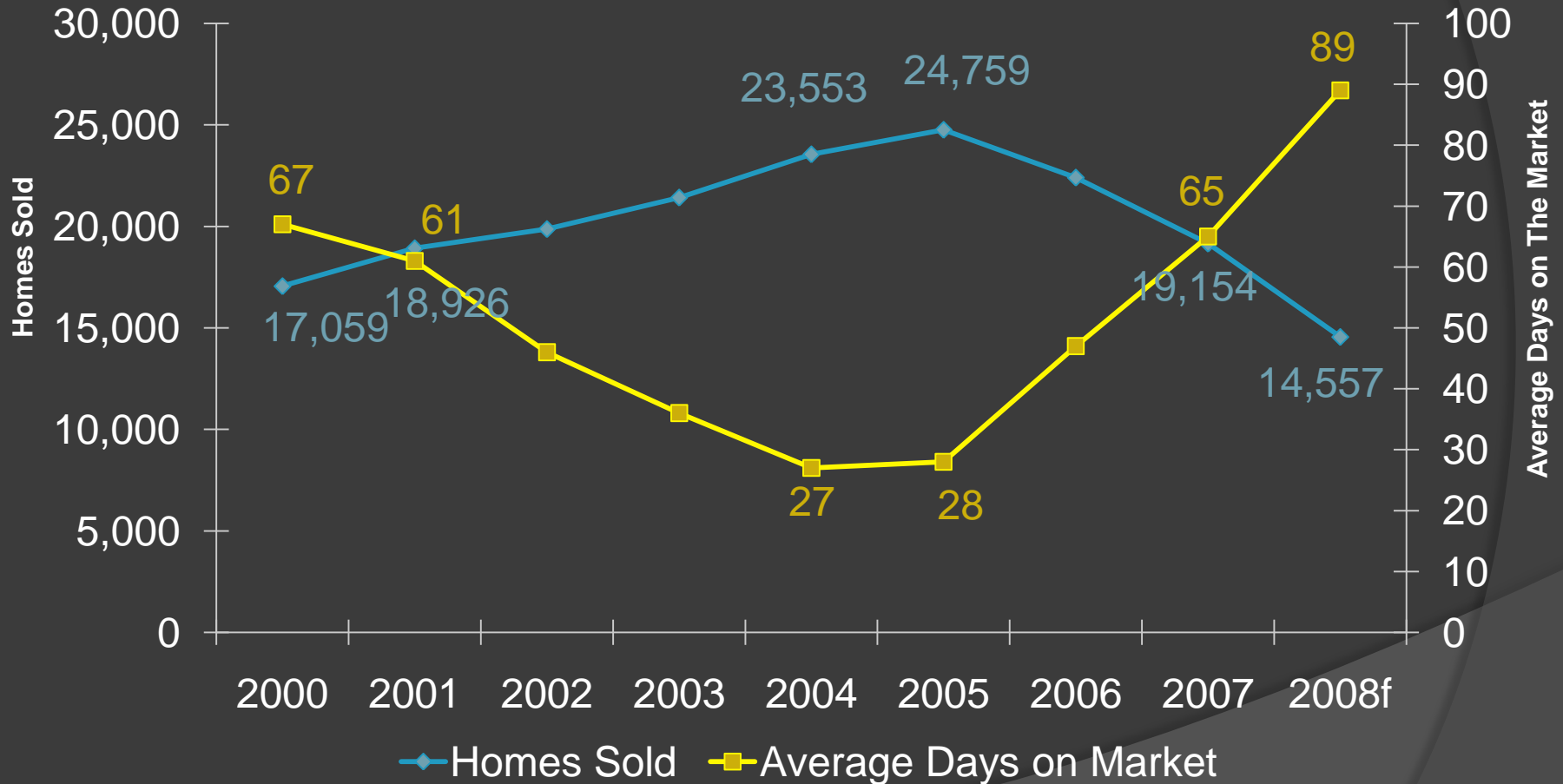
ARM Resets Ending Early 2009



Median Monthly Payment as a Percentage of Median Monthly Household Income (Resale Home)



Hampton Roads Resale Homes Sold and Average Days on the Market



Price Changes Across MSA's (Conforming Mortgages)

MSA	1 Year change	2 nd Quarter change	5 Year change
Honolulu, HI	-0.26%	-1.22%	83.50%
Va. Beach-Norfolk-NN	-0.70	-1.21	78.75
Coeur d'Alene, ID	-0.37	-0.94	77.46
Flagstaff, AZ	-3.10	-1.50	76.83
Miami, FL	-10.68	-5.48	75.38

Risk of Recession

August 2008

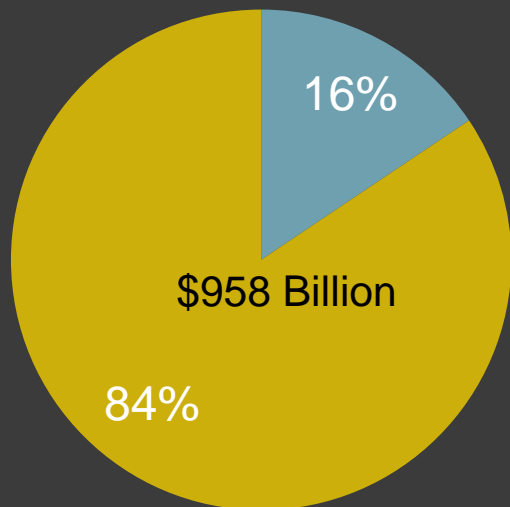
MSA	Classification
Blacksburg-Christiansburg-Radford	In Recession
Charlottesville	In Recession
Danville	Recovery
Harrisonburg	At Risk
Lynchburg	In Recession
Richmond	At Risk
Roanoke	In Recession
Va. Beach-Norfolk-Newport News	Expansion
Washington-Arlington-Alexandria	Expansion
Winchester	In Recession

CREDIT CRUNCH

Securitization of Mortgage Debt

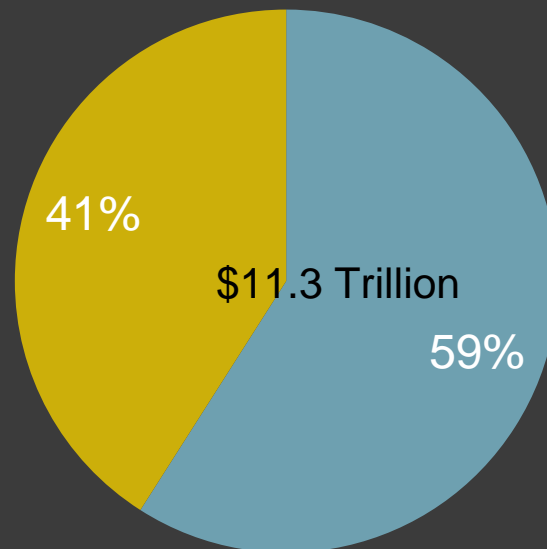
1980

■ Securitized ■ Held



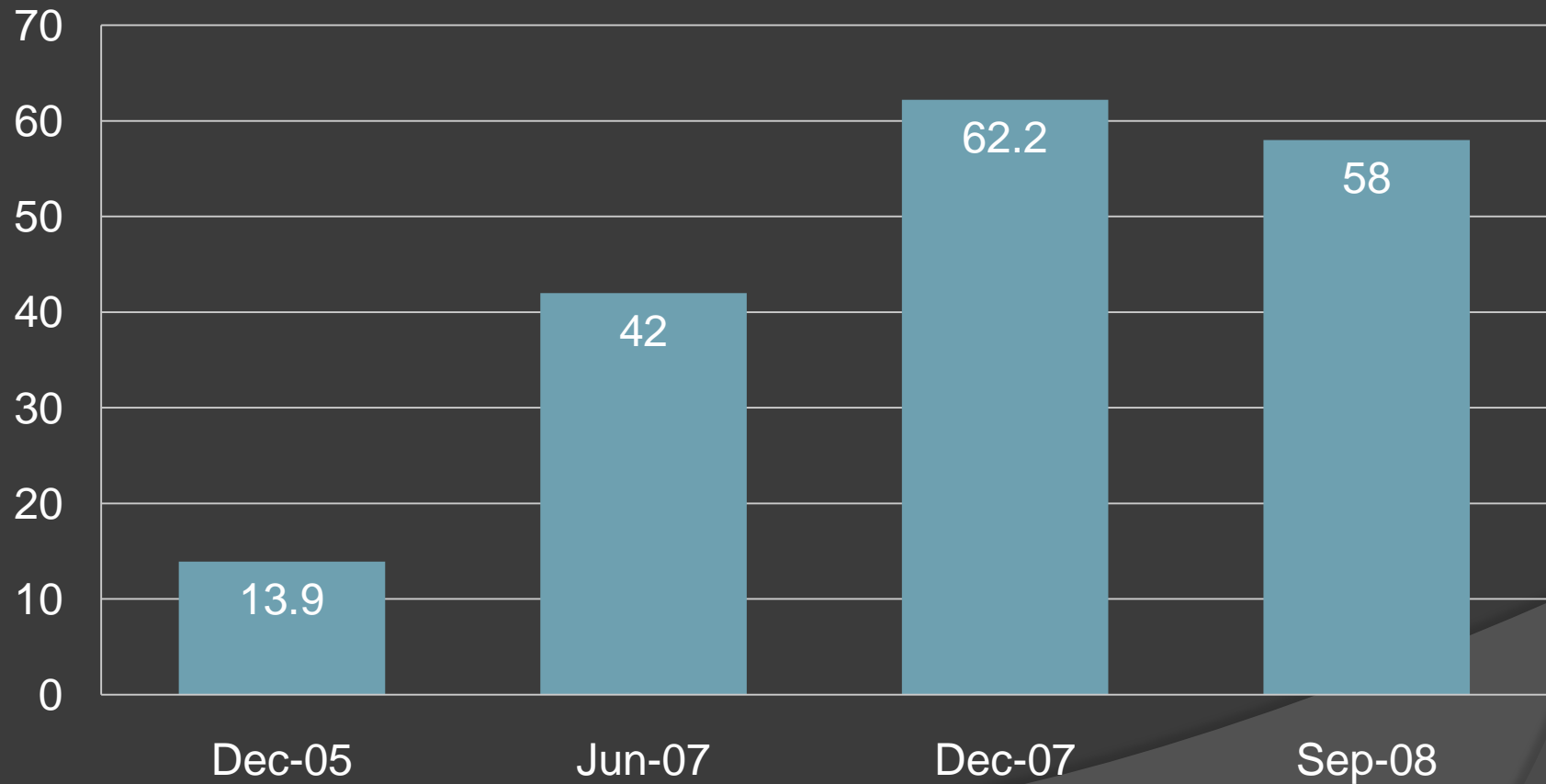
2008

■ Securitized ■ Held



Credit Default Swap Market

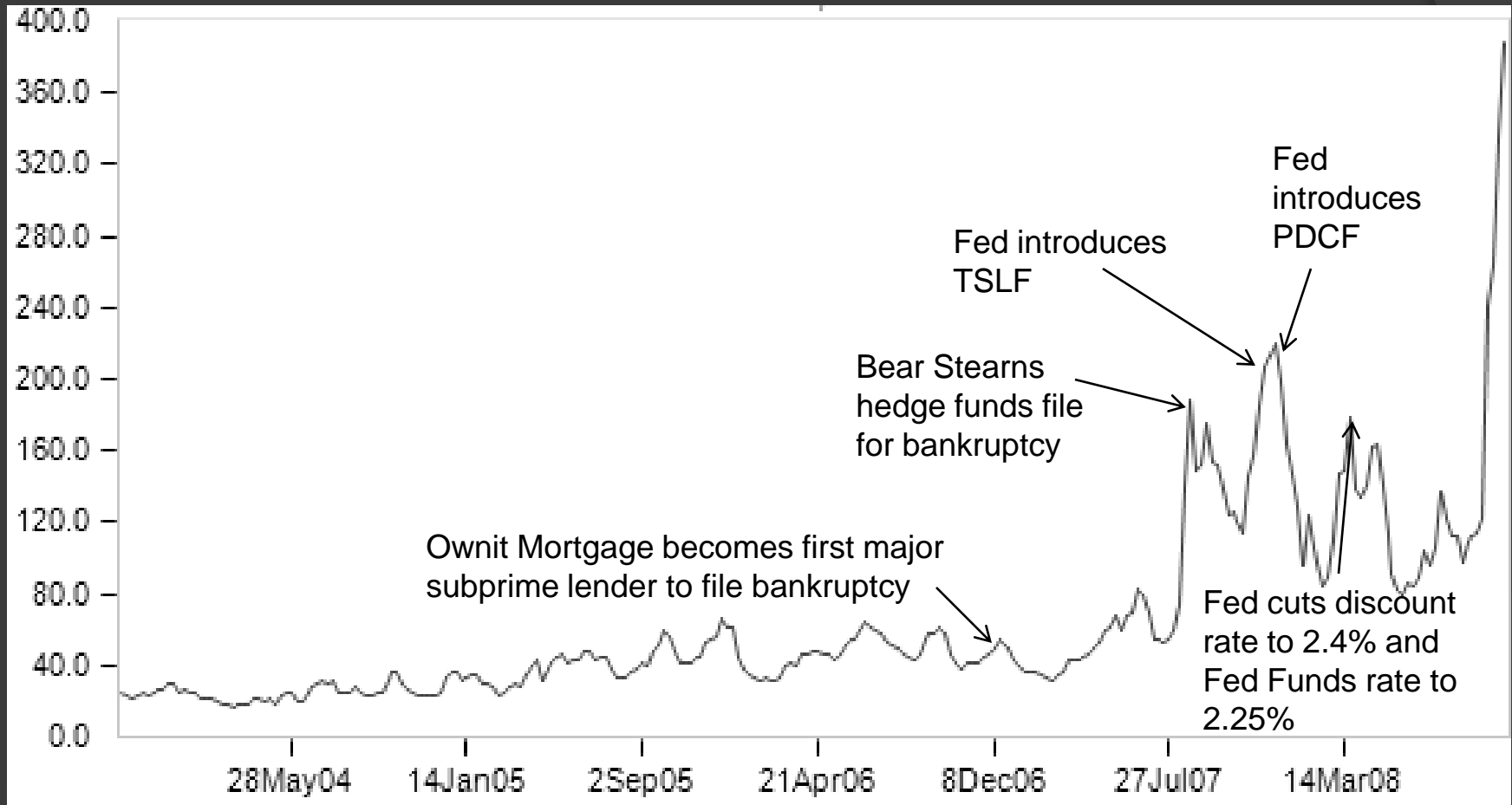
CDS volume
Trillions of \$



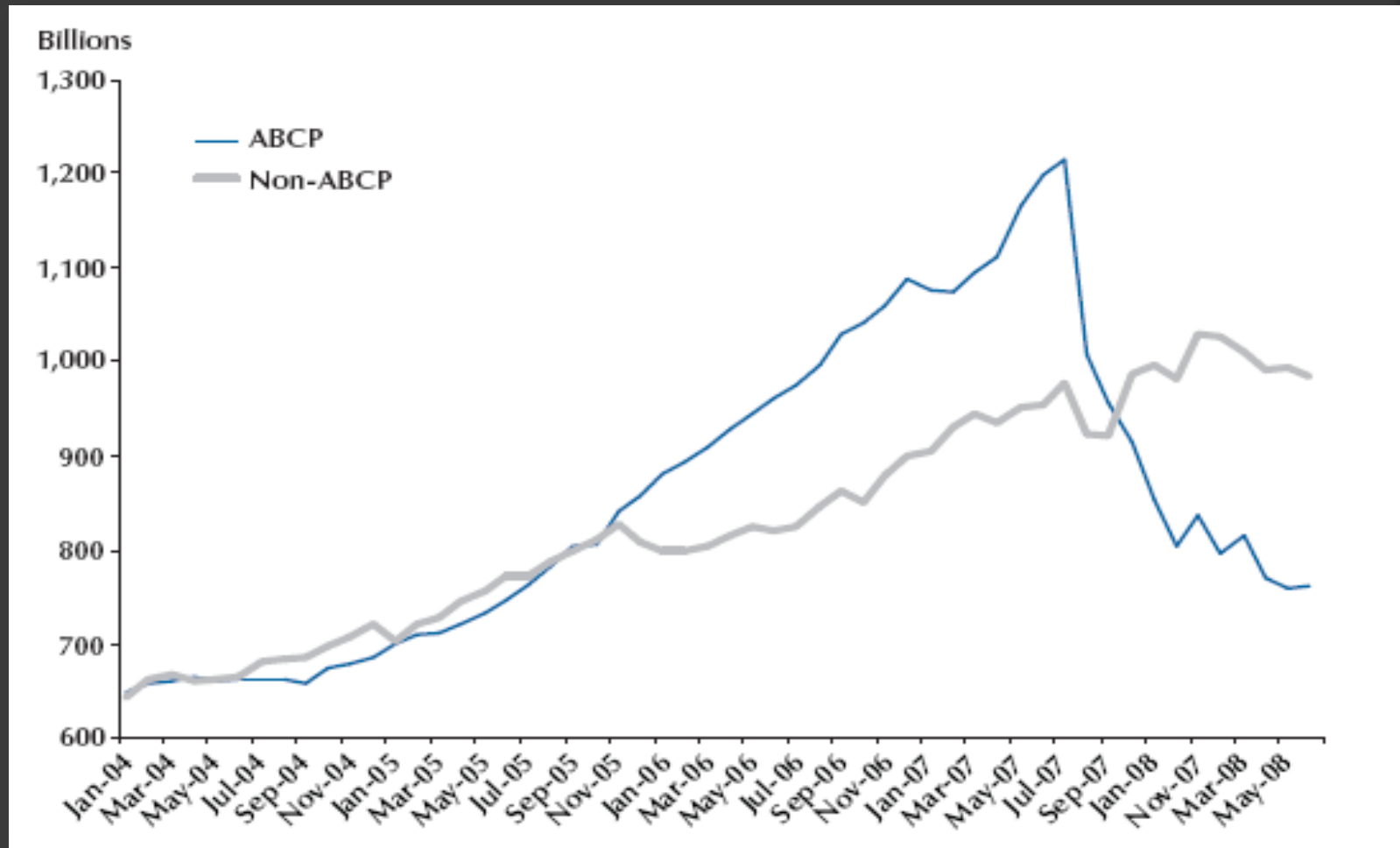
Source: International Swaps and Derivatives Association, Author's calculations

Hampton Roads Partnership 10/17/2008

The TED Spread

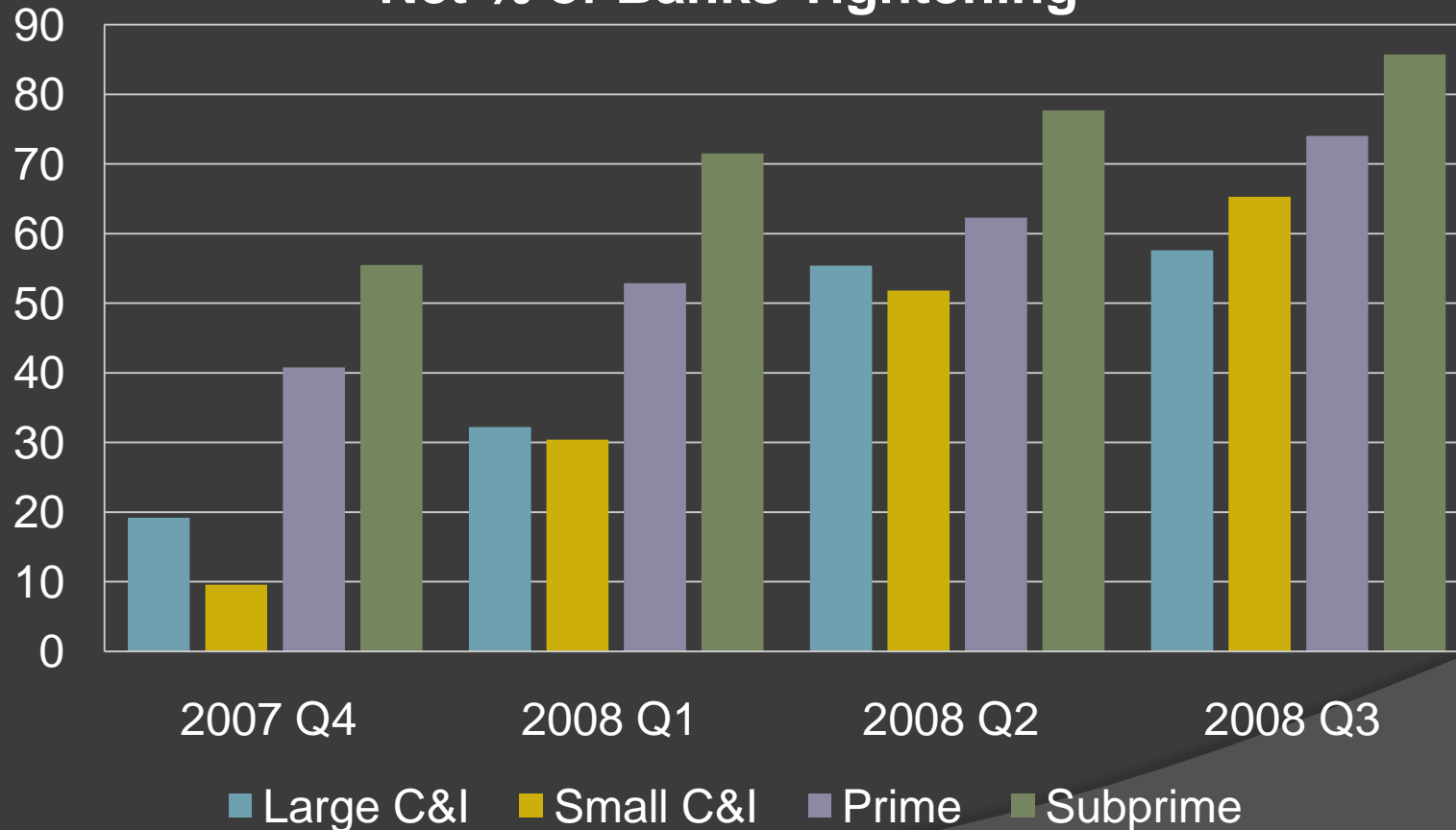


Commercial Paper Market Disintegrates



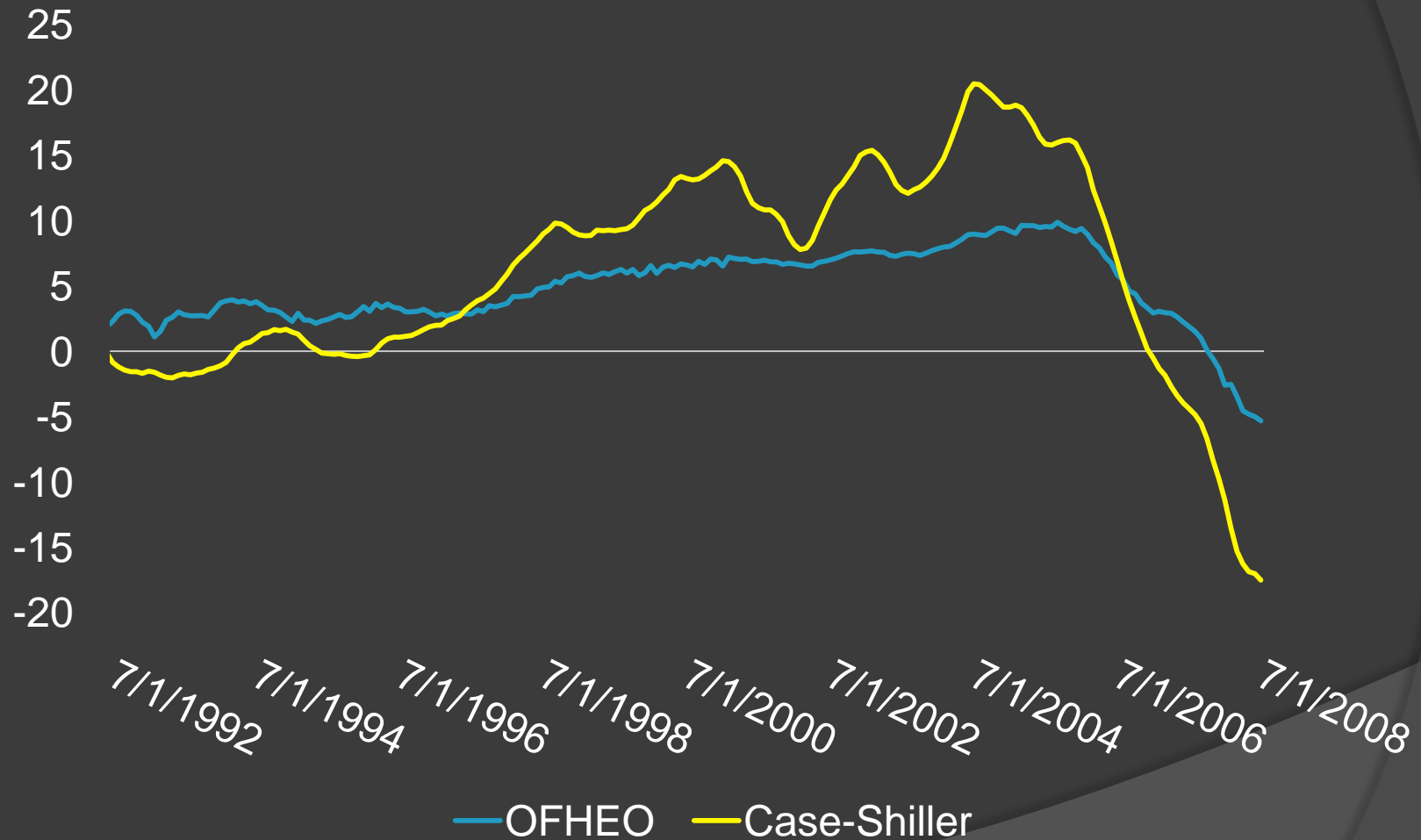
Senior Loan Officer Opinion Survey

Net % of Banks Tightening

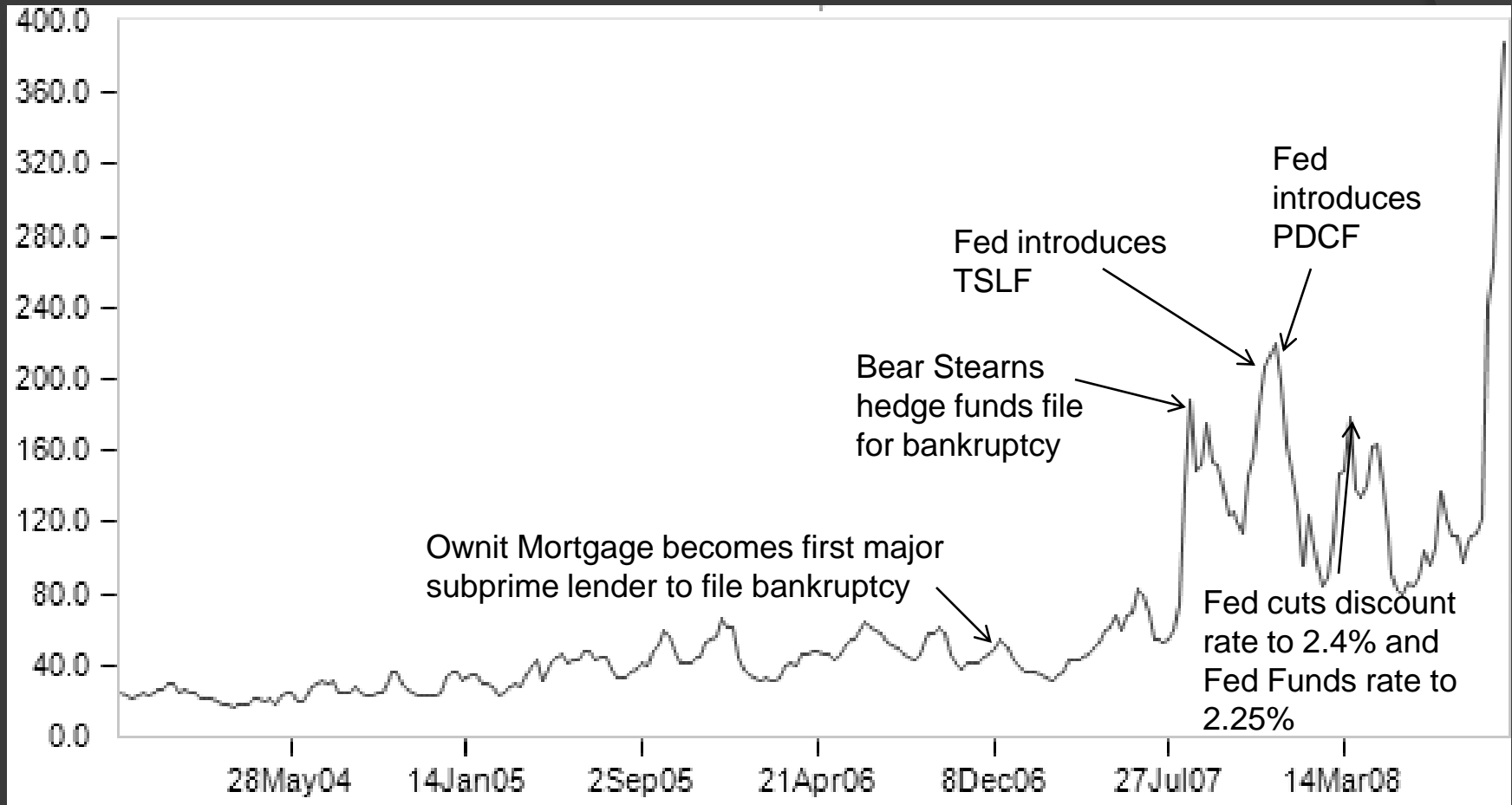


THE BOTTOM AND BEYOND

House Price Indices

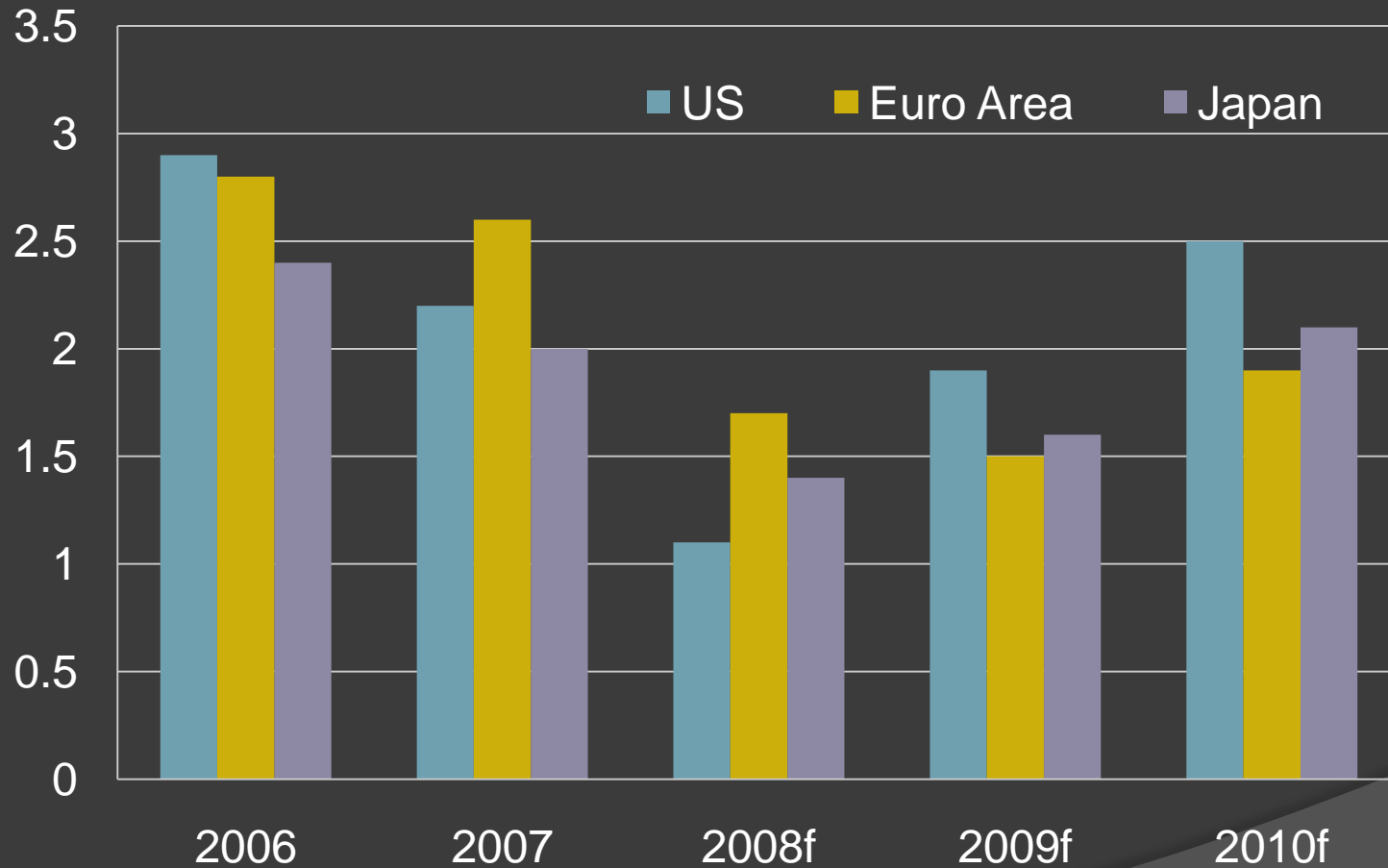


The TED Spread



The World Slows

Real GDP Growth (PPP basis)



Policy Response

⦿ Government

- HOPE Now
- Housing and Economic Recovery Act
- Troubled Asset Relief Program

⦿ Federal Reserve

- Fed Funds Cuts
- Multiple Lending Facilities
- Interest on Required and Excess Reserves