



## Home Equity Lines of Credit: Past and Future Performance

Monday, October 6, 2014

12:00 – 2:00 pm

### Opening Remarks:

- **Laurie Goodman**, center director, Housing Finance Policy Center, Urban Institute

### Presenters:

- **Sam Khater**, deputy chief economist, CoreLogic
- **Donghoon Lee**, senior economist, Federal Reserve Bank of New York
- **Andy Leventis**, principal economist, Federal Housing Finance Agency

### Discussant:

- **Leonard Carl Kiefer**, economic research director and deputy chief economist, Freddie Mac

The October 6th data talk will focus on the past and future performance of home equity lines of credit (HELOCs). HELOCs and closed-end second liens exacerbated the number of foreclosures during the Great Recession. Some have speculated that there could be a second wave of defaults as home equity loans, many of which had 10-year interest-only periods, begin to amortize.

CoreLogic's **Sam Khater** will review his work on the size of the HELOC market, the size of anticipated payment increases, and the impact those increases will have on HELOC performance.

**Donghoon Lee**, of the Federal Reserve Bank of New York, will then present the results of his paper (with Chris Mayer and Joe Tracy), which looks at the performance of HELOCs versus closed-end seconds, as well as the performance of second liens versus other types of consumer debt (credit cards and auto loans). He will also discuss the default performance of matched first and second liens, which **Andy Leventis**, of the Federal Housing Finance Agency, will then tackle in depth. Dr. Leventis will focus on the impact of piggyback and subsequent seconds on first lien performance between 1996 and 2010. His analysis also provides an empirical evaluation of the financial context in which borrowers took out second liens. Using credit bureau data, his paper provides statistics on the evolution of borrower credit outcomes before and after second lien originations.

**Leonard Carl Kiefer**, of Freddie Mac, will comment on all three papers and enhance the discussion.

Wi-Fi access is available

Username: UIGuest

Password: urban2100

**Sam Khater, deputy chief economist, CoreLogic**

Sam Khater is the Deputy Chief Economist at CoreLogic, America's largest provider of advanced property and ownership information, analytics and services. He produces original research and commentary on the economy, real estate and housing finance and advises clients, regulators, policy makers and investors. Prior to joining CoreLogic, he was a Sr. Economist at Fannie Mae in the Economics and Housing and Community Development. His responsibilities included real estate and economic forecasts, mortgage and housing finance policy research, corporate and public goal analysis, investment opportunity analysis and neighborhood community development consulting services. Before joining Fannie Mae, he was an Economist at the National Association of Realtors and was in charge of producing economic and housing forecasts. Sam obtained a Master's in Network Economics from Georgetown University and a Bachelor's in Finance from George Mason University. He is a member of the National Association for Business Economics (NABE) and American Real Estate and Urban Economics Association (AREUEA).

**Donghoon Lee, senior economist, Federal Reserve Bank of New York**

Donghoon Lee is a senior economist at the Federal Reserve Bank of New York. His primary research interests include housing economics, household finance, and labor economics. Prior to joining the New York Fed, Mr. Lee was an assistant professor at New York University. He holds a Ph.D. from the University of Pennsylvania.

**Andy Leventis, principal economist, Federal Housing Finance Agency**

Since completing his Ph.D. at Princeton University in 1998, Leventis has worked as an empirical microeconomist. He began his career in litigation consulting, assisting in the preparation of expert reports on antitrust matters and contract disputes. Over the last nine years, he has served as an economist at the Federal Housing Finance Agency, where he has had production and development responsibilities associated with the House Price Index (HPI), a widely-used series of indexes showing real estate price trends in the U.S., Census Divisions, states, and metropolitan areas. He closely monitors market conditions, both as measured in the HPI as well as in other major house price metrics. In addition to publishing articles that have reconciled the FHFA and S&P/Case-Shiller home price metrics, he has also released reports analyzing appraisal bias, the effects of home quality improvements on price indexes, and heterogeneity in price trends by financing type. His most recent research has been aimed at quantifying the influence of foreclosures and distressed sales on house price measures. He is also conducting research on the impact of second mortgages on the performance of first liens and on household financial outcomes.

**Leonard Carl Kiefer, deputy chief economist, Freddie Mac**

Leonard Kiefer was appointed to the position of Deputy Chief Economist in December 2012. As the Deputy Chief Economist, Kiefer is responsible for primary and secondary mortgage market analysis and research, macroeconomic analysis and forecasting. Kiefer is also involved in the analysis of policy issues affecting the housing industry. Kiefer is a frequent speaker at professional and academic conferences around the country. Kiefer has also been quoted in the national media as an expert on the subject of housing economics. He is a member of the American Real Estate and Urban Economics Association and the American Economics Association. Kiefer joined Freddie Mac in 2009 as a Senior Economist. He was previously an assistant professor at Texas Tech University in Lubbock, Texas where he conducted research on macroeconomics and monetary policy. He has also taught economics at The Ohio State University and finance at George Mason University. Kiefer holds a B.A. in economics from the University of Kentucky, and a PhD from The Ohio State University.