



Congressional Oversight Panel

April 14,
2010

Metrics for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight Panel's
April 2010 report, "Evaluating Progress on TARP
Foreclosure Mitigation Programs."

TARP Metrics

Each month, the Panel’s report highlights a number of metrics that the Panel and others, including Treasury, the Government Accountability Office (GAO), the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and the Financial Stability Oversight Board, consider useful in assessing the effectiveness of the Administration’s efforts to restore financial stability and accomplish the goals of EESA. This section discusses changes that have occurred in several indicators since the release of the Panel’s March report.

- **Interest Rate Spreads.** Interest rate spreads have continued to flatten since the Panel’s March report. The conventional mortgage spread, which measures the 30-year mortgage rate over 10-year Treasury bond yields, declined by 12.5 percent during March. The interest rate spread for AA asset-backed commercial paper, which is considered mid-investment grade, has decreased by 26.3 percent since the Panel’s March report.

Figure 54: Interest Rate Spreads

Indicator	Current Spread (as of 4/5/10)	Percent Change Since Last Report (3/11/10)
Conventional mortgage rate spread ⁵⁶²	1.19	(12.5)%
Overnight AA asset-backed commercial paper interest rate spread ⁵⁶³	0.08	(26.3)%
Overnight A2/P2 nonfinancial commercial paper interest rate spread ⁵⁶⁴	0.13	0.8%

⁵⁶² Conventional Mortgages (Weekly), *supra* note 353 (accessed Apr. 12, 2010); U.S. Government Securities/Treasury Constant Maturities/Nominal, *supra* note 353 (accessed Apr. 12, 2010).

⁵⁶³ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings: Data Download Program* (Instrument: AA Asset-Backed Discount Rate, Frequency: Daily) (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (hereinafter “Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings”) (accessed Apr. 12, 2010); Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings: Data Download Program* (Instrument: AA Nonfinancial Discount Rate, Frequency: Daily) (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (accessed Apr. 12, 2010). In order to provide a more complete comparison, this metric utilizes the average of the interest rate spread for the last five days of the month.

⁵⁶⁴ Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings, *supra* note 519 (accessed Apr. 12, 2010). In order to provide a more complete comparison, this metric utilizes the average of the interest rate spread for the last five days of the month.

- Housing Indicators.** Both the Case-Shiller Composite 20-City Composite as well as the FHFA Housing Price Index remained relatively flat in January 2010. The Case-Shiller and FHFA indices remain 6.5 percent and 4.3 percent below the levels at the time EESA was enacted in October 2008. Foreclosure filings decreased by 2.3 percent from December to January, and are 10.4 percent above their October 2008 level.

Figure 55: Housing Indicators

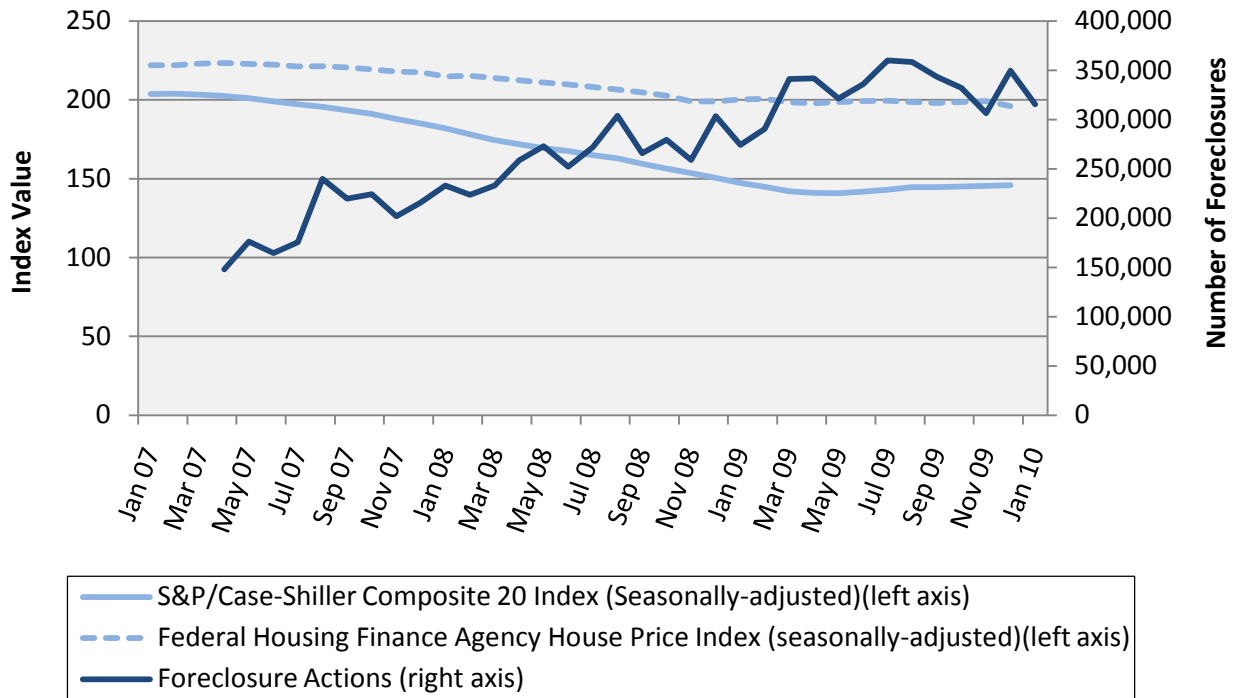
Indicator	Most Recent Monthly Data	Percent Change from Data Available at Time of Last Report	Percent Change Since October 2008
Monthly foreclosure actions ⁵⁶⁵	308,524	(2.3)%	10.4%
S&P/Case-Shiller Composite 20-City Composite ⁵⁶⁶	146.3	0.31%	(6.5)%
FHFA Housing Price Index ⁵⁶⁷	194	(1.1)%	(4.3)%

⁵⁶⁵ RealtyTrac Foreclosure Press Releases, *supra* note 96 (accessed Apr. 12, 2010). Most recent data available for February 2010.

⁵⁶⁶ S&P/Case-Shiller Home Price Indices, *supra* note 330 (accessed Apr. 12, 2010). Most recent data available for January 2010.

⁵⁶⁷ U.S. and Census Division Monthly Purchase Only Index, *supra* note 330 (accessed Apr. 12, 2010). Most recent data available for January 2010.

Figure 56: Foreclosure Actions as Compared to the Housing Indices (as of January 2010)⁵⁶⁸



- Bank Conditions.** Fourth quarter data on the condition of domestic banks continue to reflect the decline in loan quality. As Figure 57 illustrates, loan loss reserves as a percentage of all loans continued to increase during the fourth quarter of 2009. This measure has increased over 43 percent since the enactment of EESA and is at its highest level ever. Figure 58 displays nonperforming loans as a percentage of total loans for all U.S. banks. Nonperforming loans are defined here as those loans 90+ days past due as well as loans in nonaccrual status. This metric has increased over 86 percent since the enactment of EESA and by nearly 580 percent since the first quarter of 2007.

⁵⁶⁸ RealtyTrac Foreclosure Press Releases, *supra* note 96 (accessed Apr. 12, 2010); S&P/Case-Shiller Home Price Indices, *supra* note 330 (accessed Apr. 12, 2010); U.S. and Census Division Monthly Purchase Only Index, *supra* note 330 (accessed Apr. 12, 2010). The most recent data available for the housing indices are as of January 2010.

Figure 57: Loan Loss Reserve/Total Loans for Domestic Banks⁵⁶⁹

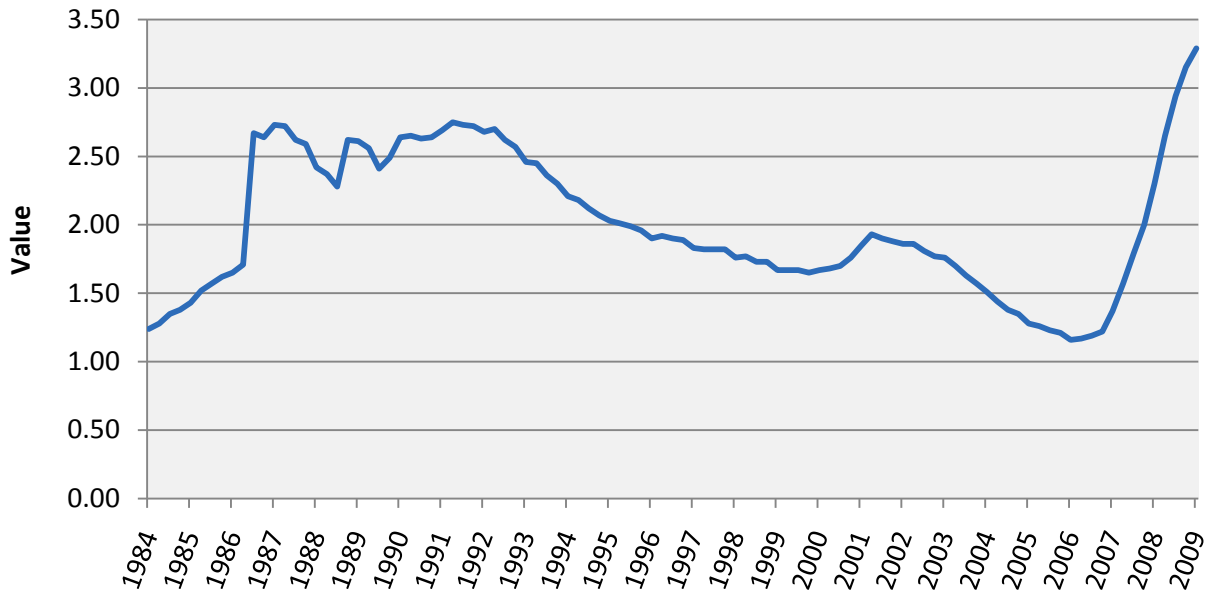
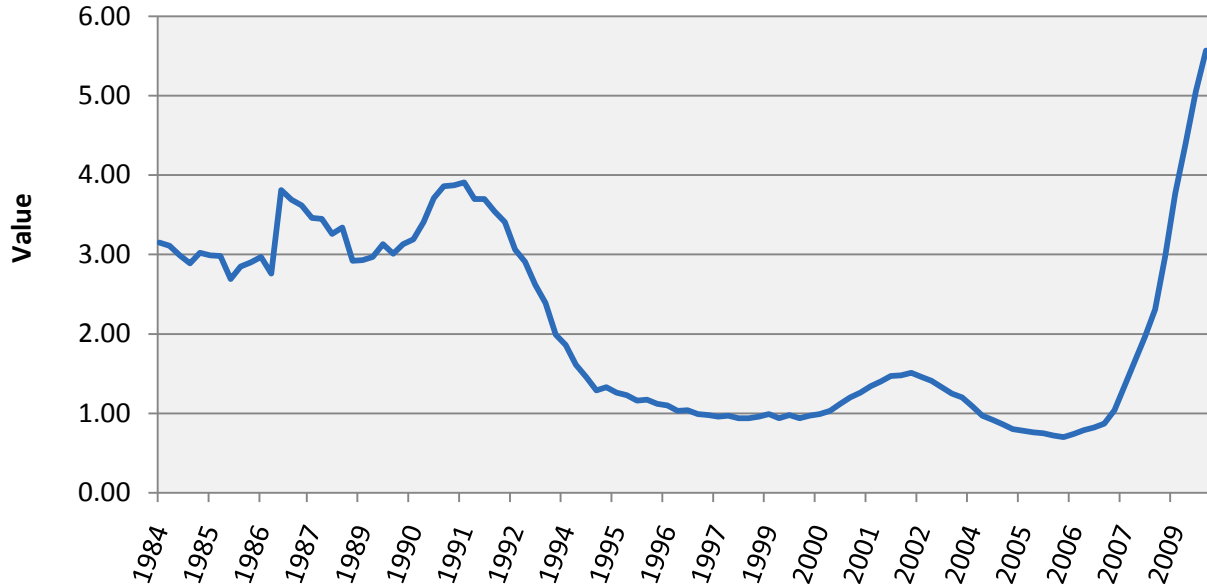


Figure 58: Nonperforming Loans/ Total Loans⁵⁷⁰

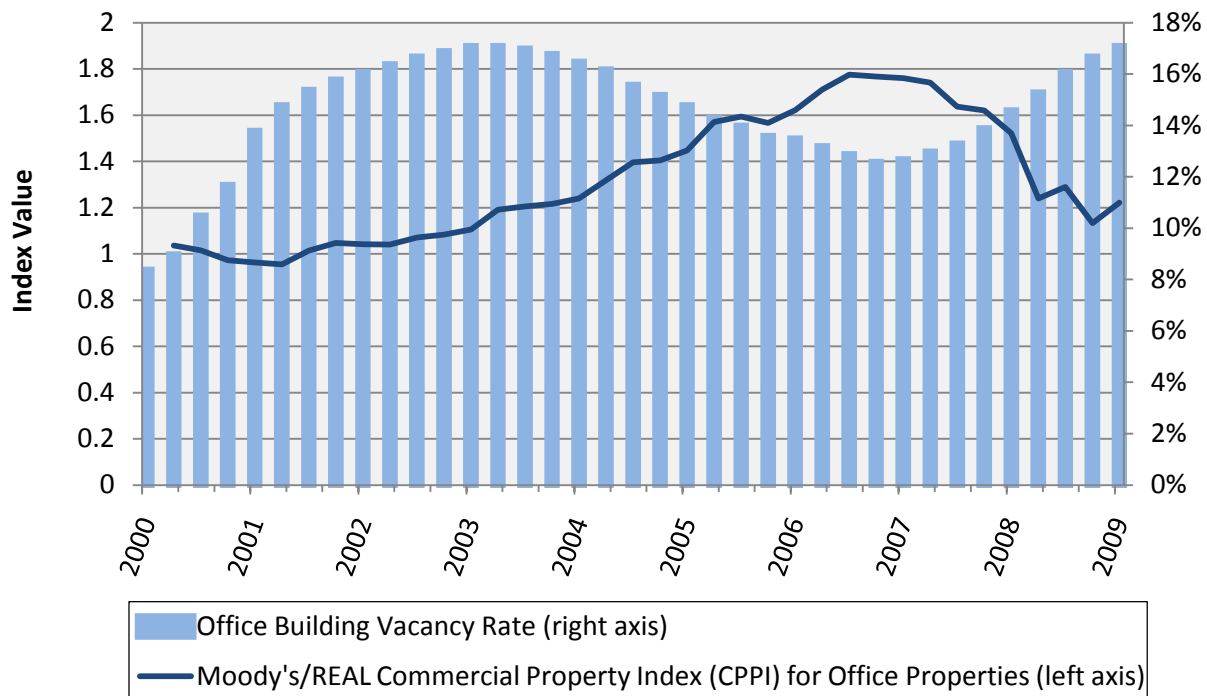


⁵⁶⁹ Federal Reserve Bank of St. Louis, *Loan Loss Reserve/Total Loans for all U.S. Banks* (accessed Apr. 12, 2010) (online at research.stlouisfed.org/fred2/series/USLLRTL).

⁵⁷⁰ Federal Reserve Bank of St. Louis, *Nonperforming Loans (past due 90+ days plus nonaccrual)/Total Loans for all U.S. Banks* (accessed Apr. 12, 2010) (online at research.stlouisfed.org/fred2/series/USNPTL?cid=93).

- Commercial Real Estate.** Conditions for commercial real estate have continued to decline since the most recent data contained in the Panel’s February report on the subject. As Figure 59 shows, the vacancy rate for office properties was 17 percent at the end of 2009, nearly a 30 percent increase since the first quarter of 2007. Conversely, the Moody’s/REAL Commercial Property Price Index for office properties declined by nearly 29 percent since the same period.⁵⁷¹

Figure 59: Office Properties Vacancy Rates and CPPI Index Value⁵⁷²



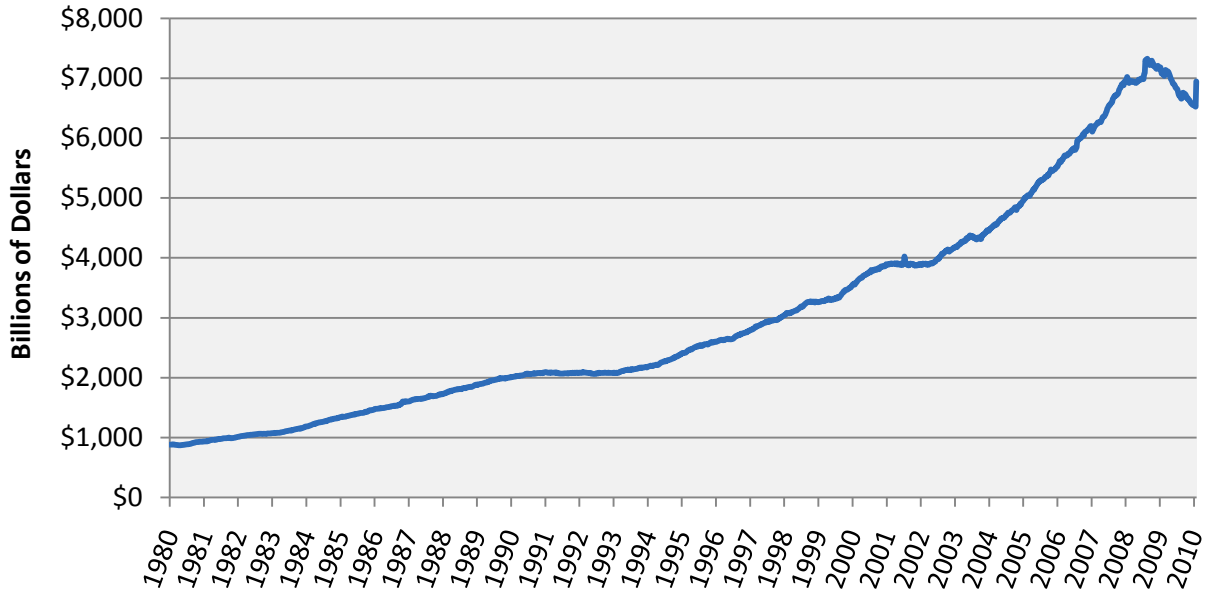
- Total Loans and Leases at Commercial Banks.** The total dollar amount of loans and leases outstanding at domestic commercial banks has continued to decline. This measure reached its peak of \$7.3 trillion on October 22, 2008. Since that point, the total amount

⁵⁷¹ Vacancy rate data provided by Reis, Inc., a New York-based commercial real estate research firm. Reis, Inc. provides quarterly data on commercial real estate properties and trends in 169 metropolitan areas and this data reflect aggregation of Reis primary markets. MIT Center for Real Estate, *Moody’s/REAL Commercial Property Price Index (CPPI)* (Instrument: Index_O_Natl_CY) (accessed Apr. 12, 2010) (online at web.mit.edu/cre/research/credl/rca.html) (hereinafter “Moody’s/REAL Commercial Property Price Index”).

⁵⁷² Vacancy rate data provided by Reis, Inc., a New York-based commercial real estate research firm. Reis, Inc. provides quarterly data on commercial real estate properties and trends in 169 metropolitan areas and this data reflect aggregation of Reis primary markets. The CPPI: Office data was provided by the MIT Center for Real Estate. Moody’s/REAL Commercial Property Price Index, *supra* note 571.

of loans and leases outstanding decreased by 11 percent to \$6.5 trillion outstanding from October 22, 2008 to March 24, 2010. However, the total dollar amount of loans and leases outstanding increased by 6.5 percent to \$6.95 trillion from March 24, 2010 to March 31, 2010.⁵⁷³

Figure 60: Total Loans and Leases of Commercial Banks⁵⁷⁴



⁵⁷³ Federal Reserve Bank of St. Louis, *Total Loans and Leases of Commercial Banks* (accessed Apr. 12, 2010) (online at research.stlouisfed.org/fred2/series/TOTLL?rid=22&soid=1) (hereinafter “Total Loans and Leases of Commercial Banks”).

⁵⁷⁴ *Id.*