SUBPRIME MORTGAGE MARKET CRISIS TIMELINE

Legend:
In the Markets
In Congress
In the Administration

JULY 2008

July 10: **Foreclosure filings for June 2008 have jumped 53 percent from this time last year.** According to Realty Trac, foreclosure filings were reported on 252,363 homes last month – the second straight month in which more than a quarter of a million properties received foreclosure filings.

July 10: With market fears that Fannie Mae and Freddie Mac will continue to lose money in a declining housing market, **the stock prices of the two Government Sponsored Enterprises have dropped 76 and 83 percent respectively**. News reports have begun to indicate that the Bush administration has begun planning for the more serious possibility that one or both of these mortgage giants could falter.

July 8: The Federal Reserve and the Securities and Exchange Commission announced that they have entered into an information-sharing agreement in order to execute their respective regulatory duties. **Senator Charles E. Schumer, Chairman of the Joint Economic Committee** said, **"In our fractured regulatory system, information sharing and cooperation are paramount and can help increase safety and soundness. This is a good step given the present situation, but does not substitute for the broad restructuring and reform that will be coming."**

July 2: According to the American Bankers Association, **the share of delinquencies for home equity lines of credit has nearly doubled in the last year**. 1.1 percent of all home equity loans were delinquent in the first quarter; up from just 0.6 for the same period in 2007.

JUNE 2008

June 26: U.S. Senator **Charles E. Schumer sent a letter to federal regulators asking for a closer monitoring of IndyMac**, a leading mortgage bank. IndyMac, whose stock price has dropped from $31 to 80 cents in the last year, has accumulated $10.4 billion dollars in loans to the Federal Home Loan Bank.

June 25: **Home prices nationwide are down 15.3 percent from a year ago**. The Case-Shiller Index, using numbers from April has shown that home prices in 20 major housing markets are now back down to their 2004 levels.

June 25: The State of **Illinois is suing mortgage giant Countrywide.** The lawsuit charges that Countrywide sold misleading, intentionally risky loans to people who couldn't otherwise qualify for comparable loans.

June 21: According to data from the Census Bureau, **Americans are renting houses and apartments at the highest level since 2002.** The drop in households headed by homeowners was the sharpest decline in over 20 years. This report shows that much of the homeownership growth during the Bush administration has vanished, in part due to the subprime mortgage crisis.

June 20: **406 people have been arrested since January as part of the FBI's crackdown on mortgage fraud**. According to the Justice Department, those indicted during Operation Malicious Mortgage were responsible for up to $1 billion in losses.

June 20: Two Bear Stearns executives, Matthew Tannin and Ralph Cioffi, were charged with nine counts of fraud for misleading investors and lenders prior to the bank's collapse. The managers failed to disclose the imminent collapse of their funds to individual investors. While their funds plunged in value, Tannin and Cioffi painted a rosy picture to allay fears from worried investors. They are the first executives from Wall Street investment banks to be criminally charged over the credit crisis.

June 16: According to the New York Times, **Wall Street's largest banks wrote down a staggering $107.2 billion worth of assets over the last year** – fueled by staggering losses in subprime mortgage backed securities. These losses wiped out nearly half of the gains this sector enjoyed during the previous three years.

June 13: During the month of May, over **73,000 American families lost their homes**. According to Realty Trac, the foreclosure explosion marked a 158% increase from May 2007. This gloomy data, coupled with a 14.1% decrease in national home prices over the past year, proves that the rug continues to be pulled out from under the American homeowner.

June 12: Conflicts of interest and limited disclosure prompted the **Securities and Exchange Commission (S.E.C.) to propose stricter rules for the credit rating industry**. The S.E.C. has pushed for greater openness in the credit rating industry after the three major firms all failed to identify the risks in subprime mortgage backed securities.

June 12: During a hearing of the Joint Economic Committee, JEC Chairman Charles E. Schumer revealed new foreclosure analysis that showed the **foreclosure near military bases are 37 percent higher than elsewhere around the country.** Said Schumer, **"Military families are already shouldering heavy burdens to care for and support families while their loved ones are serving abroad or recovering at home. Knowing that so many more are losing their homes to foreclosure is heartbreaking – and its just plain wrong."**

June 9: **The Federal Housing Administration (F.H.A.) announced that it expects $4.6 billion in losses from high default rates on home loans**. The F.H.A.'s clients primarily consist of first-time buyers, minorities, and low-income owners, who were hurt by the weak economic conditions and subsequently defaulted. The expected loss is the highest since 2004. Brian Montgomery, the F.H.A. commissioner, said: "Unless we take action to mitigate these losses, F.H.A. will soon either have to shut down or rely on appropriations to operate."

June 7: In May, **the US unemployment rate had its highest jump in 22 years. According the Labor Department, the rate spiked to 5.5%, marking the 5th straight month of job losses** and the highest unemployment figure in 3.5 years. Many experts fear the US is spiraling into a recession. **Senator Charles E. Schumer, Chairman of the Joint Economic Committee** said, "**The bottom line is not pretty for American workers, their families, or our economy. Today's jobs report is just another wake up call for this administration to quit its threats to veto additional unemployment insurance for hard-hit workers and to actively work with Congress to address the systemic problems dragging our economy down."**

June 5: **For the first time in history, more than one million homes are now in foreclosure.** According to a Mortgage Bankers Association report, the number of homes in foreclosure now is 1.1 million - up from the 938,000 homes that were in foreclosure at the end of last year. This marks the first time that more than one million homes have been in foreclosure Also in the report were indications that the foreclosure crisis is worsening; 448,000 homes began the foreclosure process during the first quarter, up from 382,000 that began the process in the last quarter of 2007. According to the MBA, loans at subprime rates are to blame for 39% of the foreclosures

MAY 2008

May 27: First quarter data revealed that US home prices plummeted 14.1% from their prices last year. The S&P/Case-Shiller index recorded the fastest rate of decline in the history of the index. This evidence indicated that the mortgage crisis is only worsening. David Blitzer, the chairman of S&P's index committee, warned, "There are very few silver linings that one can see in the data. Most of the nation appears to remain on a downward path."

May 22: Moody's, which provides credit ratings, began investigating whether **internal computer errors caused the company to assign high ratings to poor securities**. The announcement raised many questions about the reliability of Moody's ratings, which are heavily relied upon by investors of all sizes. Following the announcement, its shares fell 15.9%.

May 21: The Mortgage Bankers Association released its weekly report of mortgage application volume, which shows that **applications dropped by 7.8%** during the week ending May 16. This week's survey is exactly five years after the peak in the housing boom, mortgage applications now stand at one-third of the volume at the high point in May 2003.

May 14: According to Reality Trac, the number of **foreclosure filings hit a record in April**, with filings spiking 65% compared with the same month a year earlier. April saw the largest number of foreclosure filings since data tracking began in January 2005. This marked a 4% increase from March, indicating that the housing crisis is showing no signs of letting up. Furthermore, the report showed that home prices nationwide have plunged 7.7% in this year alone.

May 12: Real estate analyzer First American Core Logic revealed that **the rise in mortgage delinquencies currently being experienced will continue to grow during the next six to twelve months.** In their forecast, First American released an index of foreclosure risk, which increased 16% from the same period last year. These projected delinquencies are expected to increase as declining home prices and difficult economic conditions persist.

May 12: **MBIA announced a $2.4 billion loss during the first quarter of 2008**. The company exposed itself to more and more risk as mortgage defaults rose from the subprime crisis. In contrast, MBIA posted a profit of $199 million for the first quarter of last year.

May 9: **AIG, one of the world's largest insurance companies, experienced its worst three months in its 89-year history, losing $7.81 billion** and $3.09 a share. The plunge was four times worse than Wall Street's expectations.

May 8: **The House of Representatives, led by a bipartisan effort, passed the American Housing Rescue and Foreclosure Prevention Act.** Barney Frank, Chairman of the House Financial Services Committee, called it "the most comprehensive response yet to the American mortgage crisis." The legislation provides support to families and communities facing foreclosure, and also reforms GSE's and the Federal Housing Administration.

May 8: The House of Representatives passed The Neighborhood Stabilization Act, legislation that provides $15 billion in federal grants and loans for local and state governments to "purchase, rehabilitate, and resell or rent foreclosed homes."

May 7: **Fannie Mae reported a $2.2 billion loss during the first quarter.** Over the same period a year ago, Fannie reported a $961 million profit. As defaults and foreclosures in the housing market have mounted, the government has increasingly depended on Fannie Mae and Freddie Mac. On top of the $2.2 billion loss, Fannie is projecting losses to continue into the next several quarters. The report showed the amount of unrealized losses on mortgage investments has nearly doubled from the last quarter of 2007, increasing from $4.8 billion to $9.3 billion.

May 7: **UBS reported that it sold $15 billion worth of subprime mortgage debt to the wealth management firm BlackRock** at a 32% discount. The Swiss bank also announced it would cut 5,500 jobs by the middle of 2009.

May 6: House Speaker **Nancy Pelosi issued a report entitled, "Stabilizing Housing Is Key to America's Economic Recovery**." In this report, Speaker Pelosi chronicled the millions of foreclosures, declining home values, and trillions of dollars lost in household wealth.

May 5: Federal, state, and local agencies have stepped up efforts in their investigation of the subprime crisis, with a special focus on Wall Street. Investigations into the valuation of UBS' mortgage-security holdings and last summer's collapse of hedge funds at Bear Stearns are already underway. The task force has expanded since the FBI began it in January as details on companies' lending practices have emerged. Countrywide alone is facing scrutiny from federal prosecutors in California and Illinois, the United States Trustee, and the S.E.C.

May 1: **The Board of Governors of the Federal Reserve lowered the Fed funds rate by 25 basis points**. This marked the 7th rate cut since September - reflecting the economy fragility. In a statement, the Fed acknowledged the economy is weak, "household and business spending has been subdued and labor markets have softened further. Despite the lowering of this key interest rate, financial markets remain under considerable stress." The Fed also cited "tight credit conditions and the deepening housing contraction" as justification for the rate cut. Critics warned that low interest rates will only cause more inflation

APRIL 2008

April 29: First quarter data prepared by Realty Trac revealed a 112% jump in foreclosure filings compared with the same period last year. **In this year alone, more than 155,000 families have lost their homes to foreclosure.** Nationwide, **one in every 194 U.S. homes received a foreclosure filing this quarter**, with Nevada hit the hardest, where 1 of every 54 households received filings. Foreclosure filings only worsened towards the end of the quarter, with a 5% jump in foreclosure filings from February to March. It appears the housing crisis will only worsen, with experts warning that foreclosures will peak in the 3rd or 4th quarter.

April 29: **Countrywide recorded a nearly $900 million loss** in the first quarter as housing market woes torpedoed the lender's bottom line. The loss, which comes out to $1.60 per share, was a far cry from the expected profit of 2 cents a share. Despite Countrywide's poor earnings, the firm's top two executives will receive a combined payout of $19 million in stock through the impending buyout from Bank of America. President David Sambol will receive an additional $28 million in cash.

April 22: **UBS released a report in which it detailed the "blind drive for revenue"** that pushed the bank to take imprudent risks. The investment bank has written off nearly $38 billion since the subprime crisis began, $19 billion of which came in the first quarter of 2008.

April 21: The **profits of the nation's second-largest bank, Bank of America, sunk by 77% during the first quarter**. The company was forced to set aside $4.8 billion for its home equity, small business and homebuilder divisions, signaling the deepening impact of the mortgage crisis.

April 18: **Citigroup announced quarterly losses of $5.1 billion**. Citi's banking division lead the sea of red ink as it contains all of Citi's liabilities in the subprime lending crisis. The downward trend continued from the previous quarter, when Citigroup reported its largest quarterly drop in its company's history at $9.83 billion. The bank was forced to raise capital totaling over $30 billion, much of it from sovereign wealth funds, in late 2007.

April 17: **Merrill Lynch announced losses of $1.96 billion in the first quarter of 2008 -** compared with a $2.16 billion profit over the same period in 2007. Merrill's loss in profits was coupled with another announcement that it will cut 2,900 jobs—10% of its workforce. The firm has written-down $27.4 billion over the last three quarters.

April 15: Realty Trac announced that **foreclosure actions in the U.S. shot up 57% during the month of March**. Foreclosure papers were filed for 234,685 homes last month. Since last year, banks have repossessed 129% more homes than the year before.

April 10: **Senator Charles E. Schumer, Chairman of the Joint Economic Committee,** released state-by-state data revealing that the one-two punch of foreclosures and falling home prices caused by the subprime mortgage crisis could cost American Families over $2.6 trillion in household wealth. The report showed that home prices are expected to fall 11% from 2007-2009, and that 1.3 million families will likely lose their homes before the end of 2009. **"The White House continues to ignore the 800 pound gorilla in the room – the nation's foreclosure and housing crisis is the central cause of this recession; and unless we address it quickly, millions of American families will continue to see their economic fortunes decline." Said Schumer.**

April 8: **Senator Charles E. Schumer, Chairman of the Joint Economic Committee,** issued a report analyzing the March employment report. March marked the third straight month of escalating unemployment - the longest such period of decline in five years. Based on labor market data, the slowdown in economic growth for the fourth quarter, falling home prices, and the ensuing crisis in the credit markets, most economists now believe we are in a recession. To address these alarming findings, Sen. Schumer called for expanded unemployment benefits: **"This administration has been whistling a happy tune while jobs have disappeared, home prices have plummeted, and the entire economy is teetering on the brink of recession. Economists agree that extending unemployment insurance benefits gets the biggest economic bang for the buck in helping workers and their families weather this financial storm."**

April 4: At a hearing of the Joint Economic Committee, Dr. Keith Hall, Chairman of the **Bureau of Labor Statistics, announced that in March alone, 80,000 jobs were lost in the US economy.** This marked the third consecutive monthly decline and the largest drop in five years. The unemployment rate jumped from 4.8% to 5.1%. No longer contained to housing and finance, unemployment has now spread throughout the entire economy.

April 2: At a hearing of the **Joint Economic Committee**, Federal Reserve chairman Ben Bernanke provided his gloomiest economic assessment to date. Bernanke said the economy could contract - a requisite for recession. Bernanke also urged Congress to take steps to strengthen the housing market. Senator Charles E. Schumer, Chairman of the Joint Economic Committee presided over this, the first congressional testimony given by Chairman Bernanke since the release of the administration plan to overhaul the financial regulatory system and the Federal Reserve's actions in order to broker a deal between JP Morgan and Bear Stearns.

MARCH 2008

March 31: **The Treasury Department released its plan to overhaul financial regulatory agencies.** This blueprint was a response to the failure of these agencies to recognize the warning signs of the mortgage lending crisis. The proposal gives the Federal Reserve more authority over Wall Street Firms, but does not apply stricter rules to markets for risk and hedging, which are largely unregulated. It also recommends merging the S.E.C. with the Commodity Futures Trading Commission. The plan was quickly met with criticism. Senator Dodd, Chairman of the Senate Banking Committee said, "It fails to realize that the Fed helped create this crisis by ignoring the red flags as far back as five years ago. It does not make sense to give a bigger shovel to the very people who helped dig us into this hole."

March 31: Janet Yellen, the president of the Federal Reserve Bank of San Francisco, urged the government to **provide more financial education for minority and low-income borrowers**. Yellen said they will be hardest hit by the housing crisis and the least informed. She warned that leaving low-income borrowers uninformed and devoid of resources could lower property values, increase crime, and deplete government revenues.

*March 27***: A five-month investigation by the Justice Department into New Century Financial**, one of the nation's biggest subprime lenders, revealed that accountants are largely to blame for the mortgage crisis. According to the report, New Century's "significant improper and imprudent practices" were enabled by the lack of oversight from auditors

March 26: Senate Banking **Chairman Chris Dodd** and **Representative Barney Frank**, Chairman of the House Financial Services Committee have begun working in their respective chambers to **expand the Federal Housing Administration** in hopes of freeing up both Fannie Mae and Freddie Mac to continue offering loans to American Homeowners.

March 25: The S&P/Case-Shiller index reported that home prices dropped once again in the month of January. January's drop represents the **19th straight month that home prices dropped and the largest single-month drop in the 20 year history of the report**.

March 24: **JPMorgan Chase announced it would raise its offer for embattled Bear Stearns Co to $10 a share from the previous bid of $2/share**. Even by quintupling the price JPMorgan is willing to pay, Bear Stearns is valued 90% lower that it was when its stock reach it's $170 high last year.

March 20: **Citigroup announced that it will be cutting another 2,000 jobs.** This is on top of the 4,200 layoffs already announced by Citigroup in January. Over the past year, more than 60,000 jobs have been cut throughout the financial sector, in large part due to contracting subprime mortgage lending divisions.

*March 19***: Federal regulators finally acted to allow Fannie Mae and Freddy Mac to buy more mortgages**, easing pressures on the cash strapped mortgage market. After months of pressing for this move, **Senator Schumer, Chairman of the Joint Economic Committee** said, **"Until the markets believe that foreclosures will not continue to skyrocket, confidence in all kinds of credit will remain shaky. One of the most important components to reducing the number of foreclosures is giving more flexibility to Fannie and Freddie. So this is a major step forward that should help mitigate the spread of foreclosures and provide some relief to the credit markets in general."**

March 18: On the heels of the collapse of Bear Stearns, **Wachovia has released a report showing that Merrill Lynch is the most at risk major broker behind Bear Stearns** due to their vulnerability from subprime securities.

March 16: Investment bank **Bear Stearns announced that it will sell itself to JPMorgan Chase for $2 a share** – a 93% discount on the current stock price. This fire sale comes as worldwide markets showed concern that Bear Stearns was close to folding under the pressure of their subprime liabilities.

March 7: **Employers cut 63,000 jobs in February**, **the largest single month decline in the workforce in almost five years**. Also, December and January numbers were revised to reflect dimmer employment markets than previously reported.

March 7: **Senator Charles Schumer**, Chairman of the Joint Economic Committee released analysis showing that s**ubprime foreclosure rates have increased in every one of the 50 states**. **"Foreclosures are spreading from one end of the nation to the other and from subprime to the prime mortgage markets,"** said Senator Schumer, "**The record number of foreclosures from coast to coast demands quick action from Washington. Unless the administrations and its Republican allies in Congress drop their opposition to a meaningful housing stimulus bill, this foreclosure and housing crisis will only get worse and property values will continue to deteriorate."**

March 6: Numbers released by the Mortgage Bankers Association showed that by the end of 2007, **2.04% of all mortgages were in the foreclosure process**. This marks the highest level of foreclosure ever recorded in the Mortgages Bankers Association's report.

March 5: Chairman of the Federal Reserve Ben Bernanke urged mortgage lenders to forgive some of the debt held by homeowners on the brink of foreclosure. This position is in stark contrast to the Bush administration who has consistently opposed debt forgiveness

March 4: The Treasury Department announced that the administration's **"Hope Now"** program designed to assist homeowners struggling to repay subprime mortgages **has helped 45,000 people in its first month**. Meanwhile, industry experts question whether the program centered on extending repayment periods is doing enough to alleviate the core issues of the foreclosure crisis.

March 3: The Commerce Departments revealed that **construction spending plummeted by 1.7% in the month of January**. This is the single biggest single month drop in the sector in 14 years.

February 29: A report from market analysts at UBS shows that **losses within the financial sector from subprime mortgage back securities could reach $600 billion**. This new report on expected losses marks a 50% rise from previous estimations made just months ago.

FEBRUARY 2008

February 27: Acting on recommendation made by **Senator Charles Schumer**, Chairman of the Joint Economic Committee, federal regulators announced that they would begin to **ease the restrictions it has placed on Fannie Mae and Freddie Mac**. Under new guidelines, the GSE's will be able to increase the amount of loans and securities they own as well as initiate loans in more expensive markets.

February 25: In January, the median home price fell and, **for the sixth straight month, existing home sales dropped.** The 0.4% drop in sales along with the 4.6% drop in price have been spurred by lenders making it more difficult for families to take out mortgages, making it more costly to receive a loan.

February 19: **Credit Suisse,** the second largest Swiss bank **announced it would write down $1 billion in subprime losses**. Up to this point, Credit Suisse had been one of the few major international financial institutions who hadn't been effected by the subprime collapse.

February 15: The nation's fourth largest bond insurer, **FGIC announced it would seek to split its company into two.** After receiving a tarnished credit rating from all of the major ratings agencies, FGIC hopes to protect its municipal bond sector from the subprime backed securities which has caused the ratings drop.

February 14: **Senator Charles Schumer, Chairman of the Joint Economic Committee called on congress to pass the democratic backed housing recovery package** in a bipartisan fashion similar to that of the economic stimulus package. **"This package is aimed at the bulls-eye of our economic crisis – the housing market. If we really want to tackle the economic problems the country is facing, we must address the housing crisis that got us here."** This package will help fund foreclosure prevention counseling, allow for more flexibility in mortgage mediation, and increase community development grants.

February 13: The bipartisan economic stimulus package is signed into law. With this measure, taxpayers can expect $300-$1200 tax rebate checks to arrive in the second half of 2008. This $162 billion package was passed due to the looming threat of recession spurred by the subprime mortgage crisis.

February 12: Bank of America, Citigroup, Countrywide, JPMorgan Chase, Washington Mutual, and Wells Fargo announced a **joint venture to assist mortgage borrowers struggling underneath the burdens of rising monthly payments. "Project Lifeline"**, as it will be called, will be in addition to the Bush administration backed "Hope Now" which has come under fire from critics who say it wasn't a large enough step towards helping American homeowners.

February 11: President Bush and the president's Council of Economic Advisers see a slowing of the economy, but not a recession in the annual Economic Report of the President. This is in contradiction to the leading economic forecasters at Goldman Sachs, Merrill Lynch, and Morgan Stanley. **Chairman of the Joint Economic Committee, Charles Schumer said, "The Administration needs to recalibrate its overly-optimistic economic assumptions in order to seriously address the declining fortunes of the middle class families."**

February 1: At a hearing of the **Joint Economic Committee,** the commissioner of the Bureau of Labor Statistics announced that **17,000 jobs were lost in January** – a stark contrast to the employment gains that were forecast. Some of the greatest numbers of lost jobs were found in the construction and manufacturing sector. At the hearing, **Senator Charles Schumer,** Chairman of the Joint Economic Committee said, **"This should be a wake up call for the administration. Given today's jobs numbers, they should abandon their ideological opposition to spending stimuli, such as unemployment insurance, because every economist will tell you that stimulus spending will get into the economy much quicker than a tax rebate, which we're all for."**

JANUARY 2008

January 30: **Standard and Poor's announced it would be cutting the credit ratings of $534 billion in subprime mortgage backed securities.** Downgrades of these securities could lead to another $265 billion in losses for the financial industry.

January 30: Reacting to news that the economy suffered its worst year since 2002, growing by just 2.2 percent, **Senator Charles Schumer,** Chairman of the Joint Economic Committee said, **"Alarm bells should be going off urging Washington to give the economy a good shot in the arm."**

January 30: UBS, the world's largest wealth manager, announced the need to write down another $4 in subprime-related losses. This new write-down brings the **total for UBS subprime losses over $18.4 billion.** Subprime related losses pushed the company its worst year of performance in its institutional history.

January 17: Lehman Brothers said it would no longer continue the practice of wholesale mortgage lending. As a pioneer in issuing mortgage backed securities, Lehman Brothers also announced it would cut 1,300 jobs. These job cuts come on top of 2,500 other jobs eliminated since June 2007.

January 15: **Citigroup** the largest bank in the U.S. announced that its **mortgage portfolio dropped in value by $18.1 Billion**. This news led Citigroup to its first quarterly loss in 16 years.

January 11: **Merrill Lynch**, the nation's third largest securities firm, announced it would need to **write down more than double its initial projection related to subprime mortgage losses.** Initial projections showed Merrill Lynch would lose around $7 Billion; however, it now appears that number could reach **$15 Billion**.

January 11: **Bank of America**, the nation's second largest banking institution, announced that it **would buy Countrywide Financial**, the nation's largest mortgage lender. This acquisition ended days of speculation that Countrywide, due to its role in the proliferation of subprime mortgages, would be forced to declare bankruptcy.

January 11: **Representative Barney Frank**, Chairman of the House Financial Services Committee, said that Bank of America's purchase of Countrywide, "**could be a positive development in the subprime crisis**." Also, he echoed the sentiment of **Senator Chuck Schumer** who called for **Countrywide to work with its borrowers to keep American families in their homes**.

January 10: **Countrywide Financial** reported that late mortgage payments and **foreclosures reached the highest level ever recorded** this past December. The foreclosure rate on Countrywide's mortgages grew from just 0.7% a year ago to 1.44% last month. On the announcement of this news, shares in Countrywide dropped to their lowest price in over a decade.

January 4: The Labor department announced that **the unemployment rate skyrocketed from 4.7% to 5% in December.** These numbers were fueled by the loss of **28,500 jobs in residential construction and 7,000 jobs lost in the mortgage lending industry throughout 2007.** The fall to 5% made December's unemployment jump the **largest unemployment increase since the days after Sept. 11, 2001.**