



FORECLOSURE STATISTICS

Homeowners Facing Foreclosure

- 1 out of every 200 homes will be foreclosed upon. For a city like Washington, D.C., that translates to 3,000 Washingtonians losing their homes to foreclosure each year.
 - Mortgage Bankers Association
- Every three months, 250,000 new families enter into foreclosure.
 - Mortgage Bankers Association
- One child in every classroom in America is at risk of losing his/her home because their parents are unable to pay their mortgage.
 - Based on information from the Mortgage Bankers Association
- A slower real estate market can translate into falling prices and home values. As a result, homeowners who opted for adjustable rate mortgages may now find that as their mortgage rate adjusts higher, their home value is lower and therefore refinancing is no longer an option.
- Six in 10 homeowners wish they understood the terms and details of their mortgage better.
 - Freddie Mac/Roper poll of 2,031 U.S. homeowners, conducted 2005.
- More than 6 in 10 homeowners delinquent in their mortgage payments are not aware of services that mortgage lenders can offer to individuals having trouble with their mortgage.
 - Freddie Mac/Roper poll of 2,031 U.S. homeowners, conducted 2005.

The Financial and Emotional State of Homeowners Facing Foreclosure

- Homeowners fail to contact their lender because they are embarrassed, don't believe the lender can help, and/or believe it would cause them to lose their home more quickly.
 - Freddie Mac/Roper poll of 2,031 U.S. homeowners, conducted 2005.
- If home foreclosure were likely for you, what best describes how you would feel?
 - 38% Scared
 - 35% Depressed
 - 9% Angry
 - 8% Embarrassed
 - 9% None of these
 - Harris Interactive poll of 1,334 U.S. homeowners, conducted October 5-7, 2005.
- Many homeowners already are at the financial edge:
 - 43% of American households spend more than they earn each year.
 - Homeownership Preservation Foundation data of 60,000 homeowners
 - 52% of employees live paycheck to paycheck.
 - The MetLife Study of Employee Benefit Trends: Findings from the 2003 National Survey of Employers and Employees, November 2003.
 - Nearly 42% of all American households do not have enough in liquid financial assets to support themselves for at least three months.
 - 46% of American households have less than \$5,000 in liquid assets, including IRAs.
 - Asena Caner and Edward N. Wolff, "Asset Poverty in the United States: Its Persistence in an Expansionary Economy," Levy Economics Institute of Bard College, 2004.

- Tipping points that put homeowners over the edge:
 - 32% experience a job loss
 - 25% experience a health crisis
 - 85% have already missed one mortgage payment
 - 50% have already missed two payments
 - Most have no savings, no available credit, and their extended families have limited resources.
 - Most have first-time loans, and most loans are less than three years old.
 - They may have already refinanced two or three times.
 - Homeownership Preservation Foundation data of 60,000 homeowners

Lenders and Foreclosure

- Lenders and investors do not make money on foreclosures. Losses range from 20 cents to 60 cents on the dollar. Lenders typically lose \$50,000 or more on one foreclosure.
 - Craig Focardi, CMB, Research Director, TowerGroup's consumer lending division, cited by Dona Dezube, "Heroic Homeownership," Mortgage Banking, (June 2006) p. 82.
- Low- and moderate-income borrowers who enter a repayment plan are 68% less likely to lose their homes.
 - Dona Dezube, "Heroic Homeownership," Mortgage Banking, (June 2006) p. 82.

The Cost of Foreclosure for Cities and Communities

- Homes in foreclosure that become vacant provide sites for crime or other neighborhood problems. One foreclosure can impose up to \$34,000 in direct costs on local government agencies, including inspections, court actions, police and fire department efforts, potential demolition, unpaid water and sewage, and trash removal.
 - William C. Apgar, Mark Duda, and Rochelle Nawrocki Gorey, "The Municipal Cost of Foreclosures: A Chicago Case Study," February 27, 2005, p. 2.
- One foreclosure can result in as much as an additional \$220,000 in reduced property value and home equity for nearby homes.
 - William C. Apgar and Mark Duda, "Collateral Damage: The Municipal Impact of Today's Mortgage Foreclosure Boom," May 11, 2005, p. 4.

Benefits of Homeownership

- Homeowners are more satisfied with their lives and are happier. Homeownership is positively associated with physical, mental and emotional health.
 - Robert D. Dietz, "The Social Consequences of Homeownership," June 18, 2003, p.2, 4
- Children of homeowners are likely to perform higher on academic achievement test and are more likely to finish high school. They also have fewer behavioral problems in school and are less likely to become pregnant as teenagers.
 - Robert D. Dietz, "The Social Consequences of Homeownership," June 18, 2003, p.2, 4
- Political activity (voting, civic participation) is higher among homeowners than renters. High level of neighborhood homeownership enhances property values.
 - Robert D. Dietz, "The Social Consequences of Homeownership," June 18, 2003, p.2, 4