

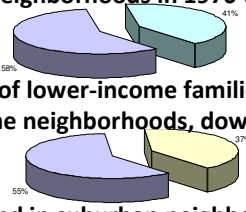


Louisville Foreclosures

Kendell Nash
Metropolitan Housing Coalition
May 8, 2008

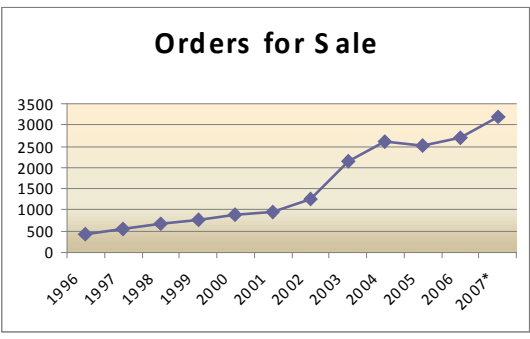
Where did they go? The Decline of Middle-Income Neighborhoods

- Middle income neighborhoods declined from 58% of all metro neighborhoods in 1970 to 41% in 2000.
- In 2000, 37% of lower-income families lived in middle-income neighborhoods, down from 55% in 1970.
- Repeated trend in suburban neighborhood.

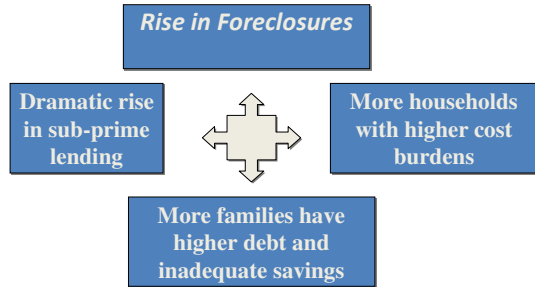


Foreclosures Since 1996

Orders for Sale



Why the rise in foreclosures? The National Picture



Why increased risk?

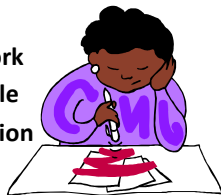
- New products in the last 10 years
 - Internet mortgages
 - bundling of credit risks
 - lower down payment
 - new loan products
 - LTV of over 100%
 - cash out
- No community experience
- No regulation - weak predatory lending laws
- Focus on fragile neighborhoods



Study in 2005

There was such a rise that we did a study of all Commissioners Sales (after a judgment of foreclosure the home is sold to pay the creditor) from January 1 to June 30, 2005.

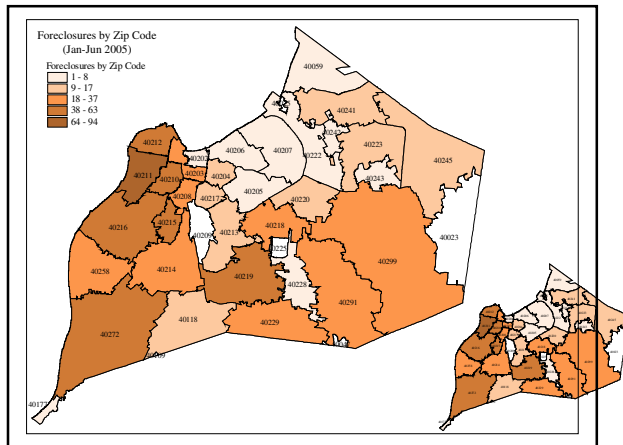
- Community Resource Network
- Making Connections Louisville
- Metropolitan Housing Coalition



Findings of Louisville Research

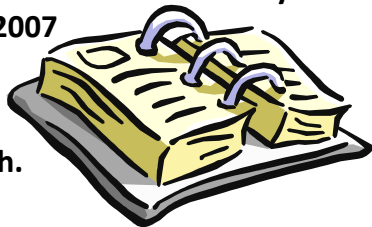
- 80% of foreclosures were refinanced loans
- Over 50% were loans less than 2 years old
- 78% of loans were less than 4 years old
- Interest Rate was about 3% higher than prime
- 25% had pre-payment penalty
- 5% had balloon payment term

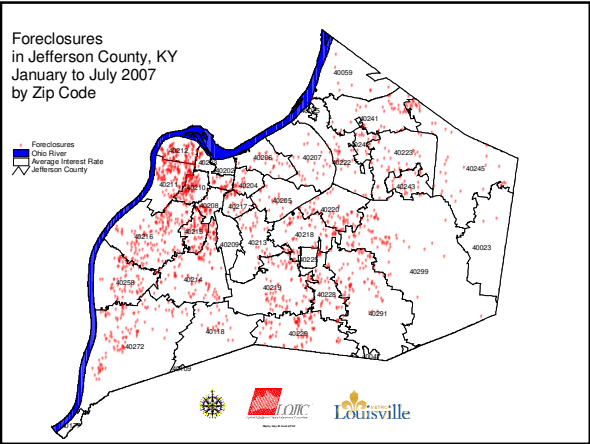




Number of Foreclosures Filed in 2007

- 1,699 unduplicated mortgage foreclosures filed between January 1st and June 30, 2007
- Average of 283 per month.

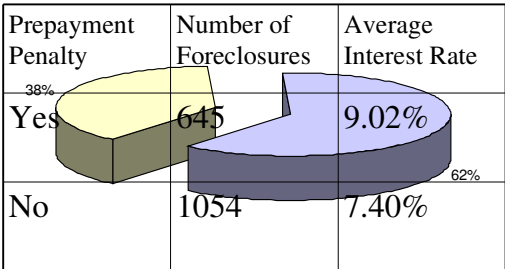




**Fixed versus Adjustable
Mortgages**

Type of Mortgage	Number of Foreclosures	Average Interest Rate
Fixed	902	7.49%
Adjustable	775	8.65%

**Mortgages with and
without Prepayment
Penalties**



Mortgage Products used by Survey Participants

- 16 had 1st Mortgages Only
- 13 of these had Prepayment Penalties
- Of the 1st Mortgages
 - 13 had Fixed Rate Mortgages - 6 to 9.9%
 - 12 had Adjustable Rate Mortgages – 6.75 to 11.5%
 - 1 had a Balloon Mortgage – 8.95%
- 10 had 2nd Mortgages
- 4 of these had Prepayment Penalties
- Of the 2nd Mortgages
 - 6 had Fixed Rate Mortgages – 6 to 19%
 - 4 had Adjustable Rate Mortgages – 8.75 to 11.75%

Escrow Accounts

- Monthly mortgage payments for 14 of the 26 did not include escrow for insurance premiums and/or property taxes (not 0% down).
- Additional monthly payments for insurance and/or property taxes ranged from \$32 to \$125 for insurance to \$19 to \$292 for taxes.
- 4 had homestead exemptions & 4 had disability exemptions.

What neighborhoods can do ...

- When people learned of resources from a trusted person, they used the resource (2-1-1). *Neighbors reaching neighbors.* A foreclosure is NOT the end, but the beginning of a process.
- Neighborhood plan to market itself, work with city land bank and other ways to get homes to homeowners. Think new ways - public transit (lower expenses), jobs (increase income), encouraging diverse housing types (lower cost).
- A bill in Congress for \$4 billion for neighborhoods hit by foreclosure.
