# COMMUNITY SOLUTIONS FOR THE PREVENTION OF AND MANAGEMENT OF FORECLOSURES

## FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

AUGUST 23, 2006

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ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

# COMMUNITY SOLUTIONS FOR THE PREVENTION OF AND MANAGEMENT OF FORECLOSURES

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**Wednesday, August 23, 2006**

U.S. House of Representatives,
Subcommittee on Housing and
Community Opportunity,
Committee on Financial Services,
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10 a.m., at the Super Conference Room, Cuyahoga County Community College, Corporate College Eastern Campus, 4400 Richmond Road, Warrensville Heights, Ohio, Hon. Steven C. LaTourette, presiding.

Present: Representatives LaTourette and Tubbs Jones.

Mr. LaTourette. [presiding] Good morning. The subcommittee will come to order.

I want to thank everyone for being here today. I want to thank, from the full committee, Chairman Michael Oxley of Ohio, and Ranking Member Barney Frank of Massachusetts, for permitting us to conduct this hearing today.

I want to thank my colleague, Stephanie Tubbs Jones, for suggesting we convene this hearing. I want to thank Tri-C and the president, Jerry Sue Thornton, whom I believe to be one of the best educators in the country. We're honored to be at the Corporate College here today.

A couple of housekeeping matters. When Congresswoman Tubbs Jones was elected, she served with us on the Financial Services Committee, and then she got a promotion. She became the first African-American woman to serve on the Ways and Means Committee, and so the housekeeping matter is that she is a member of the Financial Services Committee, and she has been permitted to participate and ask questions and that is so ordered.

In addition, we have had a number of elected officials come up and provide information to us that they would like to have made a part of the record today. We'll do that by unanimous consent as well.

I would also indicate that by unanimous consent, the record will be kept open for 30 days not only for additional questions that Members of Congress may have, but if other folks have things they would like to submit for the record of this hearing, we would be glad to review them and receive them.

But initially, with unanimous consent that Stephanie, my colleague, or Congressman Kucinich has a statement that they would like submitted into the record, Mayor Longo of Garfield Heights has a study called Vacant Homes in Garfield Heights. I received a letter from Judge Raymond Pianka, who was the housing judge at the Cleveland Municipal Housing Division, and Mayor Pocek of the City of Bedford also provided me with a statement.

And I ask by unanimous consent that all of those be included in the record of today's proceedings. So ordered.

Mrs. TUBBS JONES. Along that line, Congressman LaTourette, I know that there are other elected officials in the audience who would like to have statements submitted for the record, and I would ask that since we have this 30-day window to have those records submitted, I know that we would want the county treasurer, Jim Rokakis, to submit a statement; I know that Jay Westbrook from the Cleveland City Council would like to submit a statement; Anne Juterbock, a lawyer with the City of Cleveland, Department of Consumer Affairs, would like to submit a statement; and I'm confident that a couple of other members of the council who would have wanted to, but because of our requirement, I would like for the record to have my staff get a list of all of the other people who would like to submit a statement. Thank you.

Mr. LATOURETTE. Again, I want to welcome everybody to this hearing which focuses on the growing problem affecting many areas across the country, and especially here in northeastern Ohio, and that is the problem of foreclosures.

Back in 1995, Cuyahoga County experienced 2,582 foreclosures. In contrast, last year that number surpassed 12,000. The cost of foreclosures is hard for everyone involved. The homeowner must struggle with the financial and psychological impact of losing their home, and borrowers and lenders face economic costs such that not only the State and local governments will feel the impact, but the surrounding real estate market, as well.

The State of Ohio ranks among the highest in foreclosure rates nationwide, and that is definitely not a category or statistic that we should be proud of. In my mind, first and foremost the question is, is enough being done to prevent or mitigate consumers from going into the foreclosure situation?

When a homeowner is struggling to pay his or her bills, the prospect of missing a single payment will sometimes cause that person to seek help from a financial counselor. Helping people through financial difficulties is important work, and many people on our two panels do that work on a daily basis.

One of the key issues that I hope our panelists will discuss with us today is what to do about those whose objective isn't to help but to take advantage.

Another consequence of high foreclosure rates is the cost of foreclosure to the community and the surrounding real estate market. These costs end up being absorbed by State and local governments, making it that much harder to help generate new economic development in these economically stressed parts of town.

When the foreclosure rates start to climb in the community, homes nearby begin to lose value, and the ensuing chain reaction is that more people are losing their homes.

Local governments don't collect taxes to help in development of the projects and must flip the bill on the foreclosed property and fix them up to save them. We're told that the City of Cleveland alone spent $1 million this year to board up and secure vacant houses. Those are funds that could be used in economic development and other infrastructure needs.

We will also see today that foreclosure problems facing the Nation in our region extend beyond what we think of as the traditional homebuyer out there in the country, particularly family farms.

In Ohio, one in seven people is involved in some aspect of agriculture, and believe it or not, Cuyahoga County, home of the great City of Cleveland, has about 4,000 acres of farmland. In my district, which begins just a few miles east of where we're sitting today, family farms are the mainstays of many people in the local economy and a buffer against unfettered sprawl.

There are over 5,000 farmers who work in the Congressional district and will annually sell agricultural products with a market value of $212 million.

Family farmers struggle with credit challenges unfamiliar to the average homeowner, such as having to turn to local lenders for short-term financing to get through a difficult season, a drought, or a bad harvest.

Our farmland is dwindling, and once it goes, it is forever lost to development because the land is so valuable. We need to ensure that both the farmers and lenders are on the same page.

Our panelists today represent a variety of distinguished organizations, local groups, and private lenders that help individuals and families get through difficult times without losing their homes.

In fact, Congresswoman Tubbs Jones and I both are involved in the Cuyahoga County Foreclosure Crisis Program, and I look forward to hearing from Mr. Wiseman telling me about the good work that his organization has undertaken to educate folks on the ins and outs of financing a home.

My first panel consists of witnesses who will be able to provide us with a better scope of the problem nationwide, and specifically in Cuyahoga County.

On the first panel, I want to welcome Mr. Daryl Rush, director of the Department of Community Development for the City of Cleveland, and Mr. Mark Wiseman, director of the Cuyahoga County Foreclosure Prevention Program.

Our second panel is here on behalf of community organizations and private lenders, and they're working to mitigate the foreclosure effects in our area.

We will welcome Ms. Vanessa Randolph, the director of the Northern Ohio Community Business Center for Fannie Mae, Mr. Lou Tisler, the executive director of Neighborhood Housing Services of Greater Cleveland, which is a charter member of the NeighborWorks Program, Mr. Michael Fratantoni, the senior director of single-family research and economics at the Mortgage Bankers Association, and Ms. Deborah Oakley, the senior vice president of homeownership preservation for National City Corporation, testifying on behalf of the Housing Policy Council of the Financial Services Roundtable.

And lastly I'm pleased to welcome the panelist, Mr. Bryan Wolfe, who is here today in his capacity as vice president of the Ohio

Farmers Union. I don't know how many farmers you have in your district, Stephanie.

Mrs. TUBBS JONES. More than you.

Mr. LATOURETTE. Nobody works harder than Mr. Wolfe, and nobody works harder than a farmer.

I want to thank my colleague, Congresswoman Stephanie Tubbs Jones, for her participation today, and for her outstanding work as an advocate to find solutions to reduce the impact of foreclosures on communities, lenders, and borrowers in northeastern Ohio. And, again, I want to thank her for having us in her district today.

Mrs. TUBBS JONES. Thank you.

I want to, first of all, thank Chairman Oxley and Ranking Member Barney Frank for agreeing to allow us to have this official Congressional hearing in the 11th Congressional District of Ohio.

I want to thank my colleague, Steve LaTourette, a member of Financial Services Committee. And I still have links to the Financial Services Committee, even though I'm now on the Ways and Means Committee. There are a lot of issues that impact the 11th Congressional District which come before the Financial Services Committee.

A lot of my banking friends say, "We wish you were back on Banking so we can do something." But I'm there through Steve and through all these other folks.

I would like to say that it was very important to have the hearing here in Cleveland to address the growing problem of foreclosures, both in Cuyahoga County and across the State of Ohio.

I would also like to thank Cuyahoga County Corporate College and Dr. Jerry Sue Thornton for hosting us today.

Thanks also needs to be extended to the Cuyahoga County commissioners, Jimmy Dimora, Tim Hagan, and Peter Lawson Jones; the county sheriff, Gerald McFaul; the county recorder, Patrick O'Malley; the county auditor, Frank Russo; the county treasurer, Jim Rokakis; and many of our county judges because they're responsible for the processing of foreclosures.

I did see my former colleague, Judge Thomas Pokorny, in the audience. I would like to thank Judge Raymond Pianka of the Cleveland Municipal Housing Court, and the Honorable Mayor Marcia Fudge of Warrensville Heights, because we sit in the City in which she has jurisdiction, as well as the Honorable Mayor Daniel Pocek for his interest in this issue, and all the panelists who join us today.

The issue of foreclosures has reached a critical state in Ohio, and particularly in Cuyahoga County. In 2005, we had an estimated 2,000 foreclosures, 4 times more than 1998, and among the highest in the Nation.

According to a recent study, there was an average of 463,996 foreclosure filings in 2005. Throughout the State of Ohio, there was an increase of 8.45 percent from 2004.

Just as a backup, I remember when I was a Cuyahoga County prosecutor, I worked very closely with my colleagues who were county-elected officials trying to figure out how we could speed up the foreclosure process because one of the impacts of a huge number of foreclosures is the impact on the tax base of Cuyahoga County, which has an impact on the ability of the county to obtain dollars for bonding, etc.

A loss of a home is devastating both to the family and to the community, since a family owning a home is often their only piece of the American pie. The equity from owning a home is often the only means to secure funding for a new business, college tuition, or retirement.

As a community, increased foreclosures often turn neighborhoods that were once vibrant into neglected areas which ultimately could raise costs for local government.

This problem disproportionately affects African-Americans here in Cuyahoga County. A number of indicators show that African-Americans received a greater portion of subprime loans and were denied home loans more frequently than whites in Cuyahoga County.

As a Member of Congress, I've been at the forefront of issues regarding homeownership. I'm the former Chair of the Congressional Black Caucus Housing Task Force and host of the CBC Housing Fund with ownership wealth problem in Cleveland.

For the last three Congresses, I've introduced the Predatory Lending Practice Reduction Act, and the Community Economic Development Expertise Act, also known as CEDEA. A reduction act calls for Federal certification of mortgage brokers and the CEDEA act provides for support for the community development corporation that have done such a great job in northeast Ohio in building new homes, and I want to salute them as well.

I'm pleased to join with Cuyahoga County Freddie Mac earlier this year in support of a recent expansion of, "Don't borrow trouble," a campaign to compact predatory lending.

It is my hope that today's hearing will help us determine solutions to the foreclosure issue and identify ways to combat unscrupulous predatory lending practices.

One of the first steps toward creating wealth is homeownership, and I want to make sure that everyone is open to the opportunity to realize their dream.

One of the dilemmas we always have when we start talking about predatory lending is that all the bankers are not predatory lenders, and we end up in the process of trying to get to the predatory lenders and at the same time we seem to put a mark on the great lenders who are out there.

For all of the lenders who are here in this audience, we thank you for the good work that you do, and we hope that you will join us in this effort to reduce predatory lending in Cuyahoga County.

I want to thank my colleague for giving me this opportunity to make a presentation, and I also want to recognize Ruth Clevenger from the Federal Reserve Bank, who is here in our audience today. Thank you.

Mr. LATOURETTE. I thank you very much, Congresswoman Tubbs Jones.

We'll now proceed with our first panel, and those of you who don't follow the Congress on a regular basis, and I don't know why anybody would, we operate under the 5-minute rule.

All of the witnesses who are testifying here today have submitted written testimony, and we have reviewed those testimonies.

There's a series of lights that counsel is holding. There's a green light, a yellow light, and a red light. The green light means go, the yellow light means you have about a minute left, and the red light means that your 5 minutes has expired.

In all of the hearings that I have chaired, I have never done anything bad to somebody who went over the 5 minutes. But so that we can move through the hearing in an orderly fashion, I would ask you to stay within the time limitation.

It is now my pleasure to welcome my first panel today. The first witness here is Daryl P. Rush, who, as I indicated earlier, is the director of the Department of Community Development for the City of Cleveland, Ohio, and the second witness on the first panel will be Mr. Mark Wiseman, who is the director of the Cuyahoga County Foreclosure Prevention Program.

I welcome you both, and I thank you for your written submissions before the hearing commenced. Mr. Rush, you're first.

## STATEMENT OF DARYL P. RUSH, DIRECTOR, DEPARTMENT OF COMMUNITY DEVELOPMENT

Mr. RUSH. Thank you.

Good morning, Mr. Chairman, Congresswoman Tubbs Jones, public officials, elected officials, residents, fellow panelists, and guests.

I'm honored to represent Mayor Frank G. Jackson, the Mayor of the City of Cleveland, before you this morning.

I will speak from the perspective of local city government. First of all, I would like to begin by saying it is important to consider in the context of predatory lending foreclosures that Cleveland is a weak market city. What that means is that we have a declining population base, and we are struggling with marginal economic growth, and a declining city core.

The dynamics of weak market cities augment and heighten the effects of predatory lending and foreclosures. With that backdrop, the City of Cleveland has been primed for its residents to either find themselves in unfortunate financial circumstances or to fall victim to unscrupulous conduct by conspirators involved in predatory lending.

The State of Ohio, during the most recent recession, lost 236,700 jobs. Most of those were in the manufacturing sector. Northeast Ohio was over-represented by those job losses in losing over 7,000 jobs in a 2-year period.

During that same period there was an increase in subprime lending in the city. Even though not every subprime loan is predatory, studies have discerned that subprime loans are 3 times more likely to result in foreclosure than prime loans.

The combination of the economic downturn and the influx of well-marketed subprime loans, particularly to susceptible population segments in the City of Cleveland, has led to our local crisis.

Mr. Chairman, you mentioned some of the rates of the foreclosures. Studies have indicated some of the reasons for foreclosures. At the top of the list is loss of employment, lower employment, and a weak economy, followed closely by predatory lending, which includes flipping, divorce, or family break-up.

Currently there are over 7,000 foreclosure cases pending in the City of Cleveland. It increases between 875 to 1,000 per month. The rate of foreclosure indicates that 67 percent of the foreclosures had at least one of the top characteristics of a predatory loan. My written comments list the most common characteristics for predatory loans.

In addition, African-American neighborhoods have a much higher level of subprime lending than majority neighborhoods, even after controlling for resident's credit history or income.

Other groups targeted by subprime and predatory lenders include seniors, Latino communities, and other communities where English is a second language.

I mentioned flipping. It must be noted that flipping is closely related to predatory lending. Cleveland has had a high degree of flipping, particularly in neighborhoods where there is improvement in the housing stock because it creates a value range where vultures can suck the equity out of people's houses by not making improvements to the property or making superficial improvements and then selling the property to an unsuspecting homeowner and the property ultimately gets foreclosed on.

Loan flipping is defined as refinancing the property, particularly over a short period of time, without any improvement to the property or economic gain for the borrower.

It is also noted that even though we talk about predatory lending and foreclosures with the acquisition of a home, people frequently end up in a foreclosure situation as a result of home improvement or home repair loans.

The City Housing Program, designed to improve the housing stock and provide affordable housing, has also been adversely affected by rising foreclosure rates. Homes supported by second mortgages provided by the City, and home repair loans granted to homeowners by the City are experiencing high foreclosure rates due to foreclosure borrowed by the primary lender.

The City does not initiate foreclosures, but we suffer a loss through the foreclosure initiated by the principal lender. In order to address that, we have examined our programs to make sure that there are no predatory loans.

The foreclosures that our programs and the residents that utilize our programs indicate that they are generated by adverse economic conditions. The City is undertaking several actions and activities to try to reduce the flow of foreclosures by Cleveland homeowners.

Notwithstanding our efforts to try to strive to alleviate the symptoms of weak market cities and improve the quality of life of our residents, we struggle with the effects of predatory lending.

Mr. Chairman, you mentioned that we spend $100,000 per month on boarding up houses. We increased the funding for board-ups and demolition by $145,000 this year. We also, as this morning's paper indicated, alleviate nuisance of vacant and boarded houses by clearing debris and cutting grass. We increased the funding for that activity by $190,000 this year.

These funds from community public block grant funds could be used for other purposes, to try to increase the quality of life in Cleveland's neighborhoods. Instead they're being directed to alleviate the woes of foreclosures.

One of the things that we would like for Government to do to assist us in this effort would be to maintain or increase funding from HUD. CDBG and HOME funds are the tools that we use for our efforts to combat predatory lending.

We've lost 21 percent of our CDBG funding over the last 5 years. An additional 10.4 percent was lost last year. We've lost 28 percent of our HOME funds over the past 5 years. This greatly hampers our ability to put forth our agenda for our distressed neighborhoods in the City of Cleveland.

To help to battle predatory lending and foreclosures, it would also help to change the HOME and CDBG value lines to enable us to participate in weak financing predatory loans.

Furthermore, I would like to maintain CRA regulations. Last year oversight guidelines were reduced for thrifts. A change for banks would undercut the progress we've made to increase the volume and quality of lending by banks in the city.

We have a program by which we negotiate investment guidelines for banks in the City, and this has been very effective in making loan products that are not predatory available for our residents.

We would like to increase oversight for mortgage brokers and appraisers on a national level. We would also like to increase funding for municipalities to improve data gathering and technology systems.

As evidence of what we're trying to do, the chart over to your right is a chart of foreclosure filings in the City of Cleveland for 2006.

The ability to increase our technology to collect and utilize data to show trends would be very important in trying to combat the effects of predatory lending.

The assistance financially to municipalities and government entities to increase their technology and utilization capacity would be beneficial. Thank you.

[The prepared statement of Mr. Rush can be found on page 88 of the appendix.]

Mr. LATOURETTE. Thank you very much, Mr. Rush, for your excellent testimony.

Mr. Wiseman, we welcome you this morning, and we look forward to hearing from you.

**STATEMENT OF MARK WISEMAN, DIRECTOR, CUYAHOGA COUNTY FORECLOSURE PREVENTION PROGRAM**

Mr. WISEMAN. Thank you, Congressman. I would first like to thank Congressman LaTourette and Congresswoman Tubbs Jones for calling this hearing and for putting in all the effort you did to make it a reality.

There are 1,000 new foreclosures a month, which means 1,000 times a month somebody in Cuyahoga County wakes up and thinks, "Is the sheriff going to put me out of my house tomorrow?" It takes a long time, but most borrowers don't know that, so the County has a created program called the Foreclosure Prevention Program, which can assist borrowers at all phases of the process.

The main thing we do is put borrowers in touch with 2–1–1, which is United Way's first call for help hotline to get sent to the appropriate agency to help them during this process.

When we set this up, we assumed that about 60 percent were going to be people in foreclosure and about 40 percent were going to be people wondering what to do to get credit, or wondering other things about the lending industry.

About 95 percent of the calls we have received so far—and so far we've gotten about 1,700 calls in a 4-month period—are from people in foreclosure who are fighting for their homes. So the main thing that the Foreclosure Prevention Program can do is hook these people up with their lender and get them in touch with the loss mitigation department that's going to help them work through the process.

Now, it seems counterintuitive that there has to be a governmental program that can help a borrower make a phone call to call their lender, but something this committee needs to understand and something everybody needs to understand about what a borrower can face when they call the servicer of the lender to try to work out a loan.

What would testimony from an attorney be without a disclaimer in his mind. I don't mean to say that all servicers are bad or that any particular servicer is bad, but if we continue to ignore what's going on and how borrowers are treated, this problem will never solve itself and the next hearing we have will be what to do with Cleveland, which has nothing but empty homes.

From the moment the borrower calls their lender, or some borrowers or most borrowers, they're berated, they're threatened with eviction, they're threatened with homelessness, they're called things, and they're insulted.

I know how collections work; I used to work at a collection agency. Don't kid yourself, the loss mitigation people are nice and just want to work things out. Some of them do it to be sure and a lot of the national banks have loss mitigation phone numbers and they're doing a lot of work and they work with us.

The program has so far supplied about 65 loss mitigation contact names from different lenders to our nonprofit partners to help the borrowers, but a lot needs to be done.

By the time a borrower gets a letter from a lender that says, "Hey, call us, we have a new department that's handling your file. We want to help you work this out," they think, "This is the same guy that called me a deadbeat and told me he was going to take my house and put me out on the phone, why should I call him back."

In fact, in 2005 Freddie Mac did a study where they showed that the overwhelming majority of borrowers didn't call the lender because they were afraid or they didn't know what the borrower had to offer or they didn't know that they had options.

It doesn't make any sense. Every borrower wants to stay in their home, every borrower wants to work things out, and every borrower obviously knows that the lender calling them on the phone is the only person on the globe that can help them work things out. Yet the borrower has a stack of loss mitigation letters in their drawer, and they leave the house as soon as they can.

So far the Foreclosure Prevention Program has sent out about 18,000 postcards to specific addresses that are in adverse neighborhoods in Cuyahoga County. We've developed a Web site that shows people what the foreclosure process means for them and answers frequent questions. We've had about 2,000 visitors to that Web site. This is just in 4 months, and we've multiplied the number of phone calls at first call for help for foreclosure assistance by ten.

That's without marketing the program. So far the only marketing we have is me talking in public, the paper doing a couple of articles, and the Web site that we have. I have no idea what's going to happen once we start getting billboards and paying for radio and TV spots. There's going to be a lot of people calling, and there's a lot that needs to be done.

It's too easy. I'm not going to talk about the damage that this caused because everybody talked about that so well. It's too easy to get a loan. It's too easy to get a fake appraisal. It's too easy to get a loan product that can give anybody money no matter what the terms are, and this is something that needs to be looked at.

I'm going to skip right to what I think Congress might be able to do unless I get the red light while I'm speaking. I know that the Federal legislation can take years to take shape and I know that once it's submitted it looks way different than the animal it comes out with.

It would help in immeasurable ways, and this hearing certainly is a good start. It would help in immeasurable ways if our representatives could start talking in Washington, D.C., about what's going on and what has to be done and the fact that the situation is very dire.

I don't think Cuyahoga County is the only one that's going to look like this and that's going to have 1,000 foreclosures a month. I just think we're the first or one of the first.

And for the people who think that unemployment is the biggest cause of foreclosure rates, I submitted a graph today with my testimony that shows that even as the unemployment rate goes down in Ohio, although it's not what the metro section said today, but even as unemployment rate has done down in the late 1990's and early 2000's, foreclosures have gone up and up and up. We're way above national averages, and it's not unemployment that's causing it.

The time has come to stop arguing about whether there's a problem and what the solutions are. Ohio did that this year when they passed Senate Bill 185. Now the argument in Columbus will be whether 185 is efficient enough and whether the Consumer Sales Practices Act can help.

Second, the laws that help direct the national servicing industry need a serious checkup. There are too many players who only help borrowers, who only ask the borrowers, and who only make more money if the case is in foreclosure than if the borrower works out a deal.

Second, there are two loan products that I think should be either abolished or greatly curtailed. The first is the no documentation loan. This loan is called openly by mortgage brokers a liar's loan because the only thing that the lender requires is what the mortgage broker says that the borrower makes.

There was an article yesterday in the Wall Street Journal that described how the Mortgage Bankers Association looked at some loans; 60 percent of them were inflated over 50 percent by the income, and 90 percent of them were inflated 5 percent.

In my mind, there is no reason why a loan where the lender doesn't even look at what the borrower makes, or whether they can pay it back, should be legal.

I've heard some of the lending institutions talk about this as a limited consequence, but certainly not in a finance situation and not when somebody is buying a house and that's where they're most popular.

The need for financial literacy education for our children has never been more apparent; 16 year-olds get credit card applications in the mail, and college kids get credit card applications in the mail. These kids are deciding something that's going to ruin the rest of their lives if they fall in that credit card and make it impossible for them to borrow money and save money, and the high schools are not giving them any guidance in terms of what they have to get and what they have to look out for.

Lastly, Congress can empower States to enact laws that curtail predatory lending. The Center for Responsible Lending did a study, and that's attached to my remarks, that showed that 28 States—they looked at millions of loans, and they showed that these 28 States had lower foreclosure rates and subprime products were able to flourish and do well after they had strong anti-predatory lending laws.

I would like to ask that my remarks be entered into the hearing record today, the testimony and packets that I have, and also there's a late entry to the remarks, which is the January to July update from the 2–1–1 first call for help that details the calls that they received for the Foreclosure Prevention Program.

Thank you.

[The prepared statement of Mr. Wiseman can be found on page 107 of the appendix.]

Mr. LATOURETTE. Thank you very much.

Without objection, your late entry will be added to the record as well as your complete statement.

Again, I want to thank both of you for your excellent testimony.

Mr. Rush, has the City put together any statistics to determine whether or not the majority of residents who are engaged in foreclosure proceedings are doing so as the result of defaults on the first mortgage loans or refinancing? Is that more of a problem with refinancing than with first loans, or is it equally bad in both?

Mr. RUSH. Mr. Chairman, I don't have figures on that. That's one of the things that as we have looked harder at foreclosures and both within the City and in working with the county we see sets of data that we would like to segregate out and be able to examine more closely.

We don't have those figures right now.

Mr. LATOURETTE. Mr. Wiseman, you targeted in your written testimony and also your oral testimony two types of products, no document loans and adjustable rate mortgages.

Mr. WISEMAN. That's correct.

Mr. LATOURETTE. Do you have any experience with working in your organization as to whether or not there's a greater problem with refinancing or first loans?

Mr. WISEMAN. Before I came to the county, I worked for a program assisting Cleveland City residents with foreclosure problems, and I looked at hundreds of loans when I was there.

Most of those are refinance loan first mortgage on the property that the borrower has, and the majority of those were ARM loans because in the subprime market an adjustable rate mortgage is tied to usually the liable index, another index that's not the U.S. prime lending rate.

Although the prime rate goes down, the subprime ARM almost always goes up and will never be at the same place it was when the borrower got the loan.

Mr. LATOURETTE. One product to begin with that's of interest to me, that's so new, are these interest only loans. I have to tell you I know a lot of young people who are buying, in my opinion, more house than they can afford, and they're buying more house than they can afford because they're only paying interest and the principal just sits there forever until there's a balloon payment.

We saw in the Washington area, where Stephanie and I spend so much of our time, a balloon just recently burst because I think people are engaged in flipping properties and are engaged in speculation.

Are you seeing any impact on the interest only product?

Mr. WISEMAN. Not from what we can tell yet. As far as I know, the interest only loan is at prime rate annual, not a subprime annual, so it's going to be more popular with the communities that are more affluent.

Of the calls that 2–1–1 has received, only about 55 percent have come from Cleveland. We're seeing numbers close to 5 percent in a lot of the suburbs where traditionally you would not see foreclosures in the past.

And I think that's an indication of just what you're talking about, that people are buying more house than they can afford.

They don't realize what's on the other end.

Mr. LATOURETTE. There was an article on June 6, 2006, that indicated that the hardest hit zip code in the area was the 44105, and it includes Cleveland's Slavic Village neighborhood. Councilman Anthony Brancatelli said that a large number of older people are scammed into moving in the neighborhood. This is obviously clear evidence of the foreclosure problem.

You mentioned education in your statement. Can you just talk a little bit about whether or not you believe more education could be provided that would help the Slavic Village residents.

Mr. WISEMAN. I think more education can and should be provided. I think it can help. How much it will help is anybody's guess.

I think a lot of people have no earthly idea that they have to look at money coming in versus money going out and what's going to happen with the interest rate.

I talked to a woman yesterday who couldn't even make two payments on her loan and the first payment—the payment was $800. And I said to her, "Did you know when you signed the loan what the payment was?" And she said, "Well, they told me"—"They asked what I could afford and I told them $650 and they said okay," and she signed loan papers anyway.

There's a big problem for borrowers who don't know that you have to look at the loan papers and see what the loan amount is and not just listen to what the loan officer is saying.

So, yes, I think education is a very, very important piece of the puzzle.

Mr. LATOURETTE. When people call your hotline, do they talk to a person?

Mr. WISEMAN. That's correct.

Mr. LATOURETTE. You mentioned that when people get these notices that they're getting in trouble, they're slamming them into a drawer. Aside from embarrassment, have you gotten into what it is in the human behavior that causes people to just ignore them and not reach out for help that is available?

Mr. WISEMAN. This is what causes me to put a pile on the end of my desk and not look at the files for as long as I can. I cannot imagine what it's like to think that the sheriff could be at my house at 8:00 the next morning to put everything on the front lawn.

I think it's too overwhelming for people to deal with. The letter you get has the amount you couldn't pay, plus another month's payment, plus $5,000 in attorney's fees. Most people look at that and say, "I can't do it so why even bother."

During our kick-off Sam Miller, who gave money to the program, stood up and said, "Who's been foreclosed?" Nobody's hand went up but Sam's. Sam's in his 90's, and he recounted in detail coming home from school when he was 6 and seeing his mother on the lawn with everything they owned.

I can't imagine what it does to somebody to be in foreclosure or worried about losing their house.

Mr. LATOURETTE. My last question before turning it over to my colleague, in your written testimony you discuss in detail sort of the danger of secondary lending.

And I just want to be clear that you're not indicating only the secondary market can provide—and can do a better job at regulating the product.

Mr. WISEMAN. That's correct. Nothing could be further from the truth. I think the secondary market serves a purpose and serves a great purpose.

I think that the question is, at some point in this country the game became signing as many loans as you possibly can and getting money out of it.

Once that happens, the incentive for the person signing the loan, a lot of times the loan officer doesn't care whether the borrower can make the first payment, the fifth payment, or the last payment. That's where the trouble starts.

Mr. LATOURETTE. Thank you very much. Stephanie.

Mrs. TUBBS JONES. Mr. Wiseman, when you speak of the loan officer, who do you speak about?

I say that, and I'm not trying to be defensive of any industry at all, but that's a very broad term to use and it's not always the banking institution that you put your hand on. And I think that most of the dilemma that we find in Cuyahoga County are banking institutions that have no land at all or location in the area where people have some relief.

You call up, you pick up the phone like you say, and they'll say, "Okay, if you want so-and-so, press 1, if you want so-and-so, press 2," and you stay on the line and you flip and flip. Answer my question, please.

Mr. WISEMAN. When I say loan officer, I'm talking about the person who sits at the table with the borrower and should explain the loan terms with them and sees their financial information.

This happens in one or two ways. A great many loan officers in this State are free agents. They work for their particular lender, they have a brokerage, and they pick a lender off of their shelf.

Mrs. TUBBS JONES. That was part of the reason I pushed so much for legislation to require brokers to provide the same Federal guidelines and information to borrowers that they're not required to do currently, and a lot of borrowers don't realize that a mortgage broker is not related. They think this is the guy that's looking out for their interests, when, in fact, the mortgage broker doesn't have any obligation to do that.

What do you suggest to Congress that we do to address the "loan officer" situation?

Mr. WISEMAN. I think national background checks is a help. I think there is a connection that is lost between the loan officer and the borrower once the loan is closed.

And perhaps Congress needs to look at the nationally non-regulated industry that's doing business. Some lenders do business with only independent loan officers who don't work for that particular lender, so in 2 years, the loan officer is going to be with another lender.

Mrs. TUBBS JONES. And the lender is no longer even around. The loan has been bought by seven different other companies.

Mr. WISEMAN. That's correct. It makes it impossible to hold anybody responsible then if the loan officer is gone. So maybe if, at some point, that connection gets lost down the line, then maybe some increased scrutiny needs to happen at the beginning of the process.

Mrs. TUBBS JONES. Mr. Rush, good morning. How are you doing?

Mr. RUSH. Fine.

Mrs. TUBBS JONES. Always nice to see Mr. Rush. We live in the same neighborhood.

What's the City of Cleveland's legislation or the things that you're doing to—what does it do to address the mortgage broker or loan officer?

Mr. RUSH. There are several things that we are trying to do. One is that the City has an ordinance that requires notification and recording. That ordinance was under court challenge. Currently it's before the Supreme Court, but it is geared to try to provide an opportunity for better explanation of the loan product to the borrower and enforcement of the ordinance is authorized to the Department of Consumer Affairs, which is the point department within the City for predatory lending problems.

Mrs. TUBBS JONES. Since the legislation is—or there's a lawsuit pending, what are you able to do in the City of Cleveland, through your department, to assist with mortgage situations?

Mr. RUSH. Congresswoman, as Mark mentioned, we believe and agree with the county that a part of alleviating foreclosures and predatory lending is increase in financial literacy. Turning off the spigot by making people better informed at the front end on borrowing decisions.

The City of Cleveland spent $4.2 million of CDBG funding over the past 5 years to provide funding to agencies that provide either financial literacy counseling, pre-purchase, post-purchase, or foreclosure counseling.

Those agencies include the agencies that are participating in the United Way 2–1–1 line. So when a resident calls, they're referred to one of those agencies. We also participate with the—

Mrs. TUBBS JONES. I'm running out of time. I'm almost done.

Thank you for that response. I wanted, for the record, Mr. Chairman, to acknowledge that Councilman Brancatelli, who you mentioned was actually in the audience. Councilman, how are you? I see Councilwoman Phyllis Cleveland from Cleveland in the audience as well.

Let me go on to something else. Mr. Rush, in your testimony you used the term flipping. What do you see—is there any industry responsibility for the volume of flipping that we see.

Mr. RUSH. Congresswoman, I referred to the flippers as vultures. 44105 is the zip code that includes Councilman Brancatelli's ward. We had a flipper—I guess our poster child flipper was a man named Jeff Cruise, who after he was evicted, was convicted, but a part of the flipping scenario is due to the success of redevelopment activity in neighborhoods.

In the Slavic Village neighborhood, for example, the Community Development Corporation has expended a lot of effort to redevelop rehabbed homes in the neighborhood, so you end up with two housing markets. A rehabbed home with a quality thorough rehab could appraise for between $75- and $85,000. An unimproved home may appraise for $40,000.

So the scavengers or the vultures will come in and prey upon that difference. They will approach seniors with an opportunity to write a check to them for $40,000 or $50,000. These well-marketed campaigns are hard to resist by somebody who does not have a high level of financial literacy. So they will take that loan out, and then they'll end up in foreclosure.

Mrs. TUBBS JONES. Has the bankruptcy act, Mr. Wiseman, enacted in 2005, affected rates of foreclosure to your knowledge?

Mr. WISEMAN. Man, that's a tough question.

Mrs. TUBBS JONES. Not for you, Mr. Wiseman.

Mr. WISEMAN. I have not tracked bankruptcy trends. I know that before the Act went into effect there was a flood of new bankruptcies because the bankruptcy bar considered it more favorable to file beforehand than after.

I will say a great many borrowers who go into bankruptcy are very misinformed. They think bankruptcy is a magic wand and it's going to get them the house and it doesn't.

There needs to be a very specific set of circumstances to get you that house, such as paying the lender back, and I don't think the bankruptcy attorneys, they're wonderful people, but sometimes I don't think they explain this to borrowers. And I think it makes it a lot worse in terms of vacant properties because sometimes it just adds 6 or 8 months to the situation.

I can't speak to whether or not there were more, but I will tell you that I've had a number of borrowers say, "But I filed bankruptcy." And I say, "That doesn't get you a home."

Mrs. TUBBS JONES. Earlier you were talking about what Members of Congress needed to do to make a difference, and many of the things that you spoke to are things that many Members of Congress have been advocating for a significant period of time.

If there was one thing that you wanted me to take back to my colleague, Barney Frank, the ranking member of the Committee on Financial Services, what would be that one thing you would want me to tell him?

Mr. WISEMAN. Congresswoman, most genies give three wishes

Mrs. TUBBS JONES. I'm the genie of the genies. I give one.

Mr. WISEMAN. I think the non-regulated lending industry needs a serious looking at. They make a lot of money, and they don't have to follow the rules that everybody else does.

Mrs. TUBBS JONES. Let's be a little more specific. When you speak of the non-lending portion of the industry, tell me who those people are.

Mr. WISEMAN. Well, I can't list them all for you now, but there are a great many national lending institutions that do not have to submit to most of the government—

Mrs. TUBBS JONES. You said—I thought you said the non-lending, you said the national lending. Repeat what you said.

Mr. WISEMAN. Nationally non-regulating lending industry, such as Ameriquest, for instance. That's just an example. But when you asked Mr. Rush about flipping, too many times flipping is caused by the lender just not looking at any of the information.

Everybody can find out whether a house went into sheriff's sale 2 months ago for half of what it's going for now. Anybody can find out whether repairs were actually done to the house. Anybody can find all this out except for a lender who only wants to close as many loans that they can and sell them in trust on Wall Street.

Mrs. TUBBS JONES. Same question, Mr. Rush.

Mr. RUSH. Congresswoman, in addition to Mr. Wiseman's comments, again, with flipping, flipping could not occur without the participation of the appraiser.

Mrs. TUBBS JONES. So we should have greater regulation of appraisers?

Mr. RUSH. Yes.

Mrs. TUBBS JONES. Is that the one thing you want me to take back?

Mr. RUSH. Ditto to Mr. Wiseman.

Mrs. TUBBS JONES. Mr. Chairman, thank you.

Mr. LATOURETTE. Thank you very much. I want to thank both of you for your testimony, and your suggestions today. We'll take them back with us when we return in September.

And, Mr. Rush, please extend my thanks to the Mayor for the fine work that he's doing.

Just by way of housekeeping, some members may have additional questions for the panel which they may submit in writing, but the actual hearing record will remain open for 30 days. The members may submit written questions to these witnesses and place their responses in the record, and those would include Congresswoman Tubbs Jones, and Congressman Kucinich, who have asked to participate in this hearing. Thank you for coming, gentlemen.

Mr. WISEMAN. Thank you.

Mrs. TUBBS JONES. Look forward to working with both of you. Let me know how I can help.

Mr. LATOURETTE. If I could ask our second panel to make their way to the table.

Before we welcome the second panel, I need to clarify some earlier comments according to counsel.

According to rule 8 of the standing rules of the committee, only statements submitted before the close of the hearing can be included in the official record.

So I think Mrs. Tubbs Jones mentioned a number of people whose statements she would like to see included in the record. If you would hop up out of your chairs and go find a fax machine, and we'll attempt to talk slowly so we can accommodate as many of you as we can through the course of the hearing.

Mrs. TUBBS JONES. Can I repeat that just in case some of my colleagues didn't hear you clearly?

Those of you who wanted to have your statements in the record, I need them before the end of the hearing.

All of my colleagues and good friends who wanted to have something to say, I need those statements by the close of the hearing. I'll talk really slow.

Mr. LATOURETTE. I would like to welcome our second panel here today. We are joined in the second panel by Mr. Fratantoni, the senior director of single-family research and economics for the Mortgage Bankers Association; Ms. Deborah Oakley, the senior vice-president of homeownership preservation with the National City Corporation, testifying on behalf of the Housing Policy Council of the Financial Services Roundtable; Ms. Vanessa Randolph, the director of Fannie Mae Northern Ohio Community Business Center; Mr. Lou Tisler, the executive director of Neighborhood Housing Services of Greater Cleveland; and, lastly, Bryan Wolfe, the vice president of the Ohio Farmers Union.

I don't know if you were in the room during the first panel, but again counsel has a box with some red lights. We have received your written testimony, and Congresswoman Tubbs Jones and I have reviewed it, and we appreciate those of you who submitted that in a timely fashion.

We are operating under a 5-minute rule, and when you get the red light, if you could sort of sum up, we would appreciate it. But as you saw with the first panel, we didn't do anything bad to anybody. But if you would take care of that for us, I would appreciate it. Welcome to all of you.

Mr. Fratantoni, you're first.

**STATEMENT OF MICHAEL FRATANTONI, SENIOR DIRECTOR, SINGLE-FAMILY RESEARCH AND ECONOMICS, MORTGAGE BANKERS ASSOCIATION**

Mr. FRATANTONI. Thank you. Thank you for inviting me. I'm Mike Fratantoni, and I'm an economist with the Mortgage Bankers Association.

Let me start by making four key points from my written testimony. First, the same economic factors that have caused mortgage delinquencies and foreclosures throughout history continue today.

At a national level, foreclosure and delinquency rates are currently low, but in Ohio and the Midwest, more generally, these rates have been elevated due to a weakened regional economy and the resulting job losses.

Second, mortgage lenders stand to lose financially when loans do not perform and thus have significant incentives to prevent foreclosures. According to our data, on a national basis mortgage lenders' loss mitigation efforts have helped three out of four borrowers who enter the foreclosure process to avoid a foreclosure sale.

Third, a fundamental fact regarding mortgage pricing is that different borrowers get different mortgage rates that are based upon objective credit criteria.

The Federal Reserve, in its last analysis of Home Mortgage Disclosure Act data, confirmed that objective credit criteria account for the overwhelming majority of pricing disparities. Studies that attempt to paint the industry with a broad brush regarding unlawful discrimination are flawed and do not stand up to scrutiny.

Furthermore, legislative efforts to restrict lending practices or credit standards invariably reduce credit availability.

Finally, I would like to stress the importance of financial education regarding the mortgage process. Prospective owners need to educate themselves about the process and about the range of available mortgage products, and they need to learn to take advantage of the highly competitive nature of the mortgage industry today.

Let me start by reviewing trends in mortgage delinquencies and foreclosures. As shown in chart 2 of the appendix to my testimony, on a national basis foreclosure rates on loans that are available are seen during a recession in 2001, but they've increased somewhat due to a number of factors, including high interest rate, aging in the loan portfolio, and higher energy prices.

In addition to the national level trend, the two maps in the appendix show how delinquency and foreclosure rates varied across the country in the first quarter of 2006.

With respect to the delinquencies, the Gulf Coast continues to experience the highest rate in the country. With respect to foreclosures, States in the Midwest had the highest rates due to the continuing slow pace of job growth and weak housing markets.

The foreclosure trends in Ohio, specifically Cuyahoga County, are quite troubling. As I noted with respect to the Midwest, the reason for these trends include a decline in the number of jobs in the county and a weakened housing market.

Loss of employment is one of the most common unanticipated shots to consumer finances. All of the States in the Midwest are continuing to suffer job losses from their peak employment prior to the recession of 2001.

In addition, these States are among the most concentrated with respect to manufacturing employment in the Nation. Due to the ongoing productivity growth and increasingly strong global competition, it's likely that manufacturing employment will remain soft in the coming years.

Another factor impacting the foreclosure rate is the homeownership rate. Homeownership rates in the Midwest are considerably higher than the national average. A high level of homeownership is a sign of strength for a local economy.

However, in the midst of a regional downturn, homeowners, who are typically less mobile than renters, may have difficulty making their mortgage payments, leading to delinquency and potentially foreclosure.

Let me turn now to a brief discussion regarding the foreclosure process, loss mitigation, and foreclosure prevention. There are many false claims about mortgage lenders profiting from foreclosures. In reality, every party to a foreclosure loses; the borrower, the community, and the mortgage lender.

It's important to understand that profitability for the industry rests in keeping a loan current and, as such, the interests of the borrower and lender are aligned.

Now I would like to spend a minute addressing mortgage pricing. Over the past few years, States and localities have enacted over 30 widely different anti-predatory lending standards to protect borrowers.

While MBA recognize that these initiatives are well-intended, legislative efforts to artificially tighten lending or credit standards will invariably reduce credit availability.

Let me be clear. There is no perfect model to underwrite all borrowers. Two lenders will evaluate the same borrower and come to different assessments regarding the risks of that borrower. A one-size-fits-all model imposed on the industry would stifle innovation with respect to the measurement and pricing of risk, and that would be to the detriment of consumers.

The innovation of this industry has benefited borrowers and increased the supply of credit, ultimately resulting in a higher level of homeownership.

Finally, I would like to discuss borrower education. If the goal is to ensure that a borrower is getting a good deal, there is no better approach than to empower the borrower to make that determination for himself or herself.

Borrowers would be far better off if they educated themselves about the mortgage process and shopped among lenders for the best loan product to meet their needs before they begin the process of finding a home. The MBA is devoting considerable resources to support the consumer education programs.

I urge you and your staff to view our consumer Web site at HomeLoanLearningCenter.com and take a look at the type of information that we believe a prospective homeowner should understand preferably before they even start shopping for a house.

Thank you again for inviting me to present the views of the MBA before the committee, and I look forward to answering your questions.

[The prepared statement of Mr. Fratantoni can be found on page 49 of the appendix.]

Mr. LATOURETTE. Mr. Fratantoni, thank you very much.

Ms. Oakley, you're next.

Thank you for coming.

**STATEMENT OF DEBORAH OAKLEY, SENIOR VICE PRESIDENT, NATIONAL CITY BANK, ON BEHALF OF THE HOUSING POLICY COUNCIL OF THE FINANCIAL SERVICES ROUNDTABLE**

Ms. OAKLEY. Thank you, Congressman LaTourette, and Congresswoman Tubbs Jones. My name is Deborah Oakley, and I'm vice president for homeownership preservation with National City Bank.

Thank you for the opportunity to speak today. I am testifying on behalf of the Housing Policy Council of the Financial Services Roundtable.

The Housing Policy Council represents 22 of the leading mortgage finance companies in the Nation. On behalf of the Council, I'm here to tell the committee about what actions responsible lenders are taking to prevent foreclosures, including a new national initiative to help homeowners who are experiencing difficulties.

My testimony follows Mike's testimony quite a bit, so I'm going to cut some of it out as I go.

First of all, there are two popular misperceptions that I would like to address.

The first is that lenders benefit from foreclosure. As Mike has testified, we don't. We lose on average $30,000 to $50,000 on a foreclosed loan through deferred maintenance, property devaluation, advances for tax and insurance, foreclosure fees, and costs.

The second is that lenders do not have, and have no wish to offer, work-out options to homeowners facing foreclosure. The opposite is absolutely true.

Over the last 10 years, the mortgage industry, in conjunction with the GSE and HUD investors and guarantors, have established numerous work-out options that are available to homeowners to help them keep their homes.

One of the most frustrating things that lenders face in working with homeowners is the lack of response. Typically what we find when we take back the property is all of the letters that we've sent in the kitchen drawer unopened. We also find, at the same time, letters from creditors offering rescue scams and schemes to help people keep their homes.

We are judged by our investors as to how well we work at engaging in work-outs. We are scored, we are rated by rating agencies, and our operations are looked at. We are studied to make sure that we are offering homeowners every opportunity to keep their home.

I would like to address something that was raised in earlier testimony. I've managed default operations for 22 years, and I can tell you that the responsible lenders do not engage in good cop/bad cop behavior with the loss mitigation people being the good cops.

We incentive our loan counselors to engage in work-outs. They have options to offer—that is done in the collection arena where repayment plans and forbearances are offered to homeowners. In addition to that, we record calls. We listen for behavior that we consider unacceptable, unfriendly, or not helpful.

The work-out options are pretty much the same throughout the industry. There are repayment plans, forbearances, loan modifications, and for homeowners who can no longer keep their home, we have pre-foreclosure sales and deeds-in-lieu.

We all operate pretty much the same. We take financial information from the borrower, figure their excess income, if there is any, and their motivation, and then we come up with a sensible plan that helps them keep their home.

We work with counseling agencies. And I would like to stress here that this is a paradigm shift. It may have been 20 years ago that you wouldn't have seen the partnerships being formed now between counseling agencies, local governments, and community groups to get borrowers into counseling.

We recognize that good financial counseling helps people keep their homes, and it's something that we want to see happen. The counseling agencies that are out there, the national reputable counseling agencies, are in a unique position of trust with homeowners.

They can talk to them in an objective fashion that they may not feel they'll get from their lender, so we welcome these partnerships.

I want to address the national initiative that the Housing Policy Council, NeighborWorks, and members of the HPC have embarked upon.

We are working with NeighborWorks and the Homeownership Preservation Foundation to publicize a toll-free number, 888–995–HOPE, in which anybody can call and get free telephone counseling. This free telephone counseling is available 24 hours a day, 7 days a week.

If a homeowner needs additional assistance, face-to-face counseling is available through local NeighborWorks agencies. These are all HUD accredited counselors. There's intensive training involved in this.

The HPC members recognize that there are certain hot spots in the country, such as Ohio, that need additional attention. So we started our national initiative in April in Ohio, and 726 homeowners in Ohio have been counseled.

Part of this initiative also includes an Ad Council campaign that will be released at the beginning of 2007, that will publicize the availability of counseling to anyone in Ohio who calls in, and we'll be expanding to Michigan, Georgia, and Texas.

I see the red light blinking so I will stop talking.

[The prepared statement of Ms. Oakley can be found on page 73 of the appendix.]

Mr. LATOURETTE. Thank you very much, Ms. Oakley, for your testimony.

Ms. Randolph, we're up to you.

**STATEMENT OF VANESSA RANDOLPH, DIRECTOR, FANNIE MAE'S NORTHERN OHIO COMMUNITY BUSINESS CENTER**

Ms. RANDOLPH. Thank you, Chairman LaTourette. Good morning, Congresswoman Tubbs Jones. And to all of you in the audience, I also say good morning.

My name is Vanessa Randolph, otherwise known as Van, and I am the director of Fannie Mae's Northern Ohio Community Business Center.

In that capacity I act to help emphasize or impact affordable housing across the entire State of Ohio, but with an emphasis on northern Ohio.

I am a native Ohioan and currently reside in Cuyahoga County. I have over 16 years of mortgage lending experience, and I care about reducing the number of foreclosures here in Ohio.

I am pleased to be here today to discuss foreclosures, foreclosure prevention, and to share with you the steps that Fannie Mae is taking to help keep people in their homes.

Ohio does have the highest rate of defaults, and this is a distinction we could very easily live without. According to a recent report, Ohio's foreclosure rates have doubled since 1998 and have increased more than 31 percent since 2001.

Ohio was first in the number of mortgage defaults in 2004 and 2005. The Mortgage Bankers Association reports that in 2005, the number of prime Ohio loans in foreclosure was 1.48, which was 3 times the national rate of .42 percent. Fannie Mae's rates on foreclosures tend to confirm this trend.

But we are not here today to dwell on our problems but to discuss what we can do to reduce the number of foreclosures in our community.

Fannie Mae's objectives are two-fold.

First, we must do everything we can to assure that borrowers are not put into situations where they cannot afford these payments over long periods of time.

It is Fannie Mae's desire to avoid purchasing loans from lenders who demonstrate the use of predatory or abusive lending methods, and in 2001, we developed a set of anti-predatory lending standards that lenders must adhere to in order to sell loans to Fannie Mae.

These standards include not purchasing or securitizing mortgages with excessive points and fees, including loans subject to the Homeownership and Equity Protection Act of 1994, and mortgages where the lenders did not adequately assess the borrower's ability to repay the loan.

Fannie Mae's second objective is to do everything feasible to keep people in their homes. First and foremost, Fannie Mae believes in financial literacy, and we believe that is the key to success. The more families know and understand about the economics of homeownership, the more likely that they will become successful homeowners.

Let's discuss what can happen when families cannot make their mortgage payment. Fannie Mae has developed a home saver solution initiative consisting of several creative approaches that help financially troubled borrowers stay in their homes where possible or avoid the stigma of foreclosure.

These approaches, collectively known as work-outs, consist of forbearances, repayment plans, modifications, assumptions, preforeclosure sales, and deeds-in-lieu of foreclosure.

The key to success of this initiative is early intervention. We also, therefore, encourage borrowers experiencing financial difficulties to contact their lender/servicer at the first sign of trouble, and we ask that our seller/servicer do likewise.

Since 1997, an increased number of Fannie Mae borrowers have been able to work out delinquencies instead of losing their homes to foreclosure. Repayment plans and modifications have increased, enabling most borrowers to remain in their homes.

And as of year-to-date 2006, Fannie Mae has entered into work-outs aimed at saving borrowers' homes for approximately one-third of Ohio loans that have become seriously delinquent.

Work-out options are based largely on the borrower's financial situation, the type of mortgage they have, and the investor holding the loan.

Alternatives to foreclosure are two major categories, short term and long term. Again, the short term would be forbearance agreements and repayment plans, and the longer term would be modifications, assumptions, pre-foreclosure, deeds-in-lieu, etc. My written testimony does describe these in more detail, and it also tells the benefits of these options.

Unfortunately, despite the best efforts of Fannie Mae and loan servicers, not all borrowers are able to avoid foreclosure. Again, borrowers are encouraged to notify the servicer at the first sign of difficulty. By being proactive borrowers can not only avoid foreclosure but also avoid possible long-lasting damage to their credit reports.

Fannie Mae feels so strongly about helping Americans sustain homeownership that we expect our servicers to pursue alternatives to foreclosure, and we provide for servicers to earn additional compensation from us for pursuing alternatives to foreclosure.

However, when the borrower does not meet the mortgage obligation or when the work-out attempts fail, foreclosure is unavoidable. If foreclosure becomes necessary, it will be done in the most cost-efficient manner possible and within the guidelines of the State.

I want to again thank you for your leadership and your commitment to addressing the foreclosure problems on behalf of all Ohioans. You have been, Congressman and Congresswoman, champions in developing affordable housing.

We look forward to working with you and to making progress on this issue. Thank you.

[The prepared statement of Ms. Randolph can be found on page 82 of the appendix.]

Mr. LATOURETTE. Thank you very much, Ms. Randolph.

Mr. Tisler, welcome to you.

You're next.

**STATEMENT OF LOU TISLER, EXECUTIVE DIRECTOR, NEIGHBORHOOD HOUSING SERVICES OF GREATER CLEVELAND**

Mr. TISLER. Thank you.

Good morning, Chairman LaTourette, Congresswoman Tubbs Jones, and members of the committee. Thank you for bringing this hearing to the State that is the epicenter of the foreclosure crisis.

I'm here today to testify regarding the local and national strategies that have been developed to attack rising foreclosures, including homeownership counseling and education, both before and after a purchase.

Neighborhood Housing Services of Greater Cleveland is a not-for-profit community development corporation incorporated in 1975 as one of the charter organizations of NeighborWorks America, also known as Neighborhood Reinvestment.

Our mission is to enhance the quality of life in Cleveland's neighborhoods and inner-ring suburbs by promoting homeownership, increasing economic development, and developing housing that is affordable through education and home repair programming.

Our commitment to the community and to these issues also include relocating our offices into the Slavic Village neighborhood and bringing our education center to Slavic Village.

Neighborhood Housing Services of Greater Cleveland's program lines include the homeownership promotion program, which consists of educational classes and loans for people interested in becoming homeowners, and the homeownership preservation program, which consists of loan products, post-purchase counseling, and foreclosure assistance to those residents who are interested in maintaining and preserving not only the physical structure of their home but also the ability to retain ownership.

We have all witnessed the dramatic increase in foreclosures. Ohio is ranked number one in the country for the rate of foreclosures. This is not something new.

Reasons for this growth in foreclosures include life crises such as unemployment, divorce, and medical problems, as well as ease of access to credit. In Cuyahoga County, and Cleveland specifically, the top reasons are predatory lending and the addition of these life crises.

Neighborhood Housing Services of Greater Cleveland's homeownership preservation program includes a post-purchase program which provides homeowners with counseling and education in areas of mortgage delinquency, foreclosure, predatory lending prevention, credit and budget counseling, and home maintenance and refinance workshops.

Also, locally to dovetail the Cuyahoga County foreclosure prevention program 2 weeks ago in Washington, D.C., the program, with our involvement, received the third place award for innovation of homeownership across the Nation in the NeighborWorks network.

We have also been working with local community development corporations, national partners throughout the State of Ohio, and one of our most invaluable partnerships has been the Federal Reserve Bank of Cleveland, of convening, researching, and providing innumerable and invaluable resources to our effort.

NeighborWorks America is a congressionally funded national nonprofit that has established the Neighborhood Center for Foreclosure Solutions in partnership with the private sector to preserve homeownership by coordinated foreclosure intervention strategies in communities nationwide.

In Ohio, in particular, 10 NeighborWorks organizations, including Neighborhood Housing Services of Greater Cleveland, are collaborating with lenders, State and local government, and other partners with support from NeighborWorks America initiating the statewide foreclosure effort to address the rising foreclosures across the State, as Ms. Oakley has indicated.

This also includes a recently funded statewide rescue fund of approximately $1 million to do work-outs and rescues of up to $3,000 per homeowner.

As an example of our local foreclosure prevention programs, one of our clients purchased her home with her mother. Her mother moved away leaving her to continue with the mortgage payments but with only half the income, since the home was originally supported by two incomes.

Our client found herself thrown into a situation that forced her to work three jobs, and yet she still found herself in foreclosure. She came to the Neighborhood Housing Services of Greater Cleveland offices not knowing what her options were. Her lender was very unresponsive to providing a work-out.

Our HUD-approved housing counselor worked with the client to prepare and address a budget to show her how she would be able to afford her regular monthly payments as well as make additional payments to keep her home.

The housing counselor contacted the lender who, again, originally would not work with our client, and we were able to get them to agree to allow our client to be placed into a reasonably affordable repayment agreement. Through cooperation, education, and determination, this client will be able to keep her home.

In order to address foreclosures more broadly through a partnership with the Homeownership Preservation Foundation, as Ms. Oakley has indicated, NeighborWorks America is promoting a national hotline to assist homeowners in distress, helping them contact the mortgage servicers and providing them with referrals to local NeighborWorks organizations such as Neighborhood Housing Services of Greater Cleveland for face-to-face counseling, rescue funds, and to help navigate local resources.

Since its kickoff on April 11th, the Ohio foreclosure hotline, 888–995–HOPE, received a total of more than 2,000 calls; 871 counseling sessions were completed; and 40 percent of these clients were more than 120 days late on their mortgage.

Again, stressing the educational aspect that our borrowers need to speak to their lending institutions. So as you can see, Mr. Chairman, there's no one solution to rising foreclosures, but we are working on several fronts to help families protect their most precious asset, their home.

Thank you for convening this very important hearing in our community, and I look forward to answering any questions the members of the committee may have.

[The prepared statement of Mr. Tisler can be found on page 98 of the appendix.]

Mr. LATOURETTE. Thank you very much for your written testimony and also your oral testimony today.

Mr. Wolfe, welcome to you. I thank you for providing your written testimony, and we look forward to hearing from you.

## STATEMENT OF BRYAN WOLFE, VICE PRESIDENT, OHIO FARMERS UNION

Mr. WOLFE. Thank you for inviting me, Congressman LaTourette, and Congresswoman Tubbs Jones.

My name is Bryan Wolfe. I'm a dairy farmer from Ashtabula County, Ohio, and I would like to thank you for this opportunity to speak concerning the farm credit issues.

People need food, which is another way of saying people need farmers. Farmers need access to credit in order to produce food. Credit is a growing problem for farmers. According to the Federal

Reserve data, 31 percent fewer non-real estate loans were made to farmers than were made 10 years ago.

From a banker's perspective this makes sense. Farming no longer demonstrates that hard work pays.

Take milk, as an example. Ohio dairy farmers were paid $11.74 per hundred weight for milk produced in June. The USDA economic research service shows the total cost of producing milk in Ohio to be $24.31 for June 2006.

When our milk is priced below the cost of production through a Federal pricing system, something is wrong. There's something wrong when the value of farmland is determined by non-farm purchasers.

A recent USDA report stated cropland and pasture values rose by 13 and 22 percent respectively since January 1, 2005. The Dow Jones Industrial average rose just 3.7 percent in the same period. The report continues, "The increase in farm real estate values continues to be driven by a combination of mostly non-agricultural factors, including relatively low interest rates and strong demand for non-agricultural land uses. Demand for farm real estate as an investment continues to be a strong market influence."

This combination of artificially low farm prices and artificially high farmland prices becomes a deadly combination when farmers need to restructure farm loans. In many cases, a farmer's credit problem could be resolved with a simple loan restructuring. Although the equity might be there, the equity is not based on agricultural use.

Farmers may then be driven to foreclosure. At that point, all too often, the farmer is trapped in a system of lender corruption which he has neither the time nor the resources to adequately fight.

Even where there is no obvious corruption, lenders have no incentive to work with farmers. With the rise in farmland value, the lender is likely to sell the assets in a foreclosure for several times the amount owed.

Complicating all of this is bank consolidation. Just a generation ago, farm loans were mostly a financial activity between people from the same community. Today those setting farm loan policy at some remote central office, and the farmer needing credit, are strangers.

That might not seem to be an important point, but if you drive through rural America, it looks like a war zone. Rural poverty is climbing faster than urban poverty. Farm towns are losing businesses and population.

Of all the population loss, the most devastating is the loss of our youth. The average age of farmers is growing each year. An article in the July issue of the Fedgazette published by the Federal Reserve Bank of Minneapolis says, "The outlook for 2006 is negative throughout the district, as 39 percent of lenders expect net farm income to decrease. This pessimism is due mostly to high production costs, such as the continued increased costs of inputs, fuel, chemicals and machinery repairs, according to a South Dakota banker. Pessimism and a poor lending environment will not attract youth to farming."

A logical question then is: Who will feed America in the future? America's agricultural trade surplus is virtually gone. However, with rising fuel costs, food imports will no longer be a solution for the American public.

We are back to where we began. We are talking about food. If the American public's interest is to be served, farmers need both a fair farm price and access to farm credit which realistically serves their needs. Homeland security ultimately begins at the farm.

That's my statement, and I thank you again for the opportunity to be here today.

[The prepared statement of Mr. Wolfe can be found on page 145 of the appendix.]

Mr. LATOURETTE. Mr. Wolfe, I want to thank you for coming, and also for your testimony. Basically, it's not your testimony that I want to begin with. But, Ms. Oakley, in a previous conversation I had with Mr. Wolfe, it ties into when you were talking about the lengths that National City goes through to try to find some accommodation with people involved with trying to work this problem out.

Bryan would come and tell me that—it sounds foreign to those of us that live in the city—but he said, "We're having a bad year." He may not even make enough money to feed his family. He might like to buy two or three cows.

And in order to do that, he would go in town and he would go to the bank, and he would shake hands with the banker and the banker, who had known him for years and knew his family, would give him the money to buy two or three cows.

I grew up in Cleveland Heights, and I knew the teller at the bank. And I think when we heard Mr. Wiseman, the difficulty that some of us have isn't with National City. It's when—and we all recognize the value of the secondary market, but it's when that mortgage is sold again and again and again.

The person who is on the phone with the person about to go into foreclosure might not be as friendly as the folks at National City on your recorded telephone call. It is some person who has bought the note, and they're not too nice.

I never worked in the collection business, as Mr. Wiseman has, but I've gotten collection telephone calls, and these people aren't very friendly.

I'm just wondering how we got away from not necessarily the neighborhood banker, but how we got away from—how do we ensure that everybody is sort of moving ahead? I'm very impressed with what Fannie Mae is doing, what the bank is doing. How do we get back to protecting the consumer who has fallen prey to this tertiary person trying to collect.

Ms. OAKLEY. I think, in answer to your question, we are moving in that direction. The national lenders meet constantly to share best practices. We are encouraged and penalized for not engaging in work-outs, not dealing with borrower issues.

It is sometimes like pushing a string to get people to change behavior, but people do what they are rewarded for, which we find in working with our staff.

And as far as the national lenders, our goal is to work with our customers to improve homeownership retention rates, to make sure that people have every opportunity. It's one of the reasons why we're entering into these partnerships with local agencies.

There is something else, if I can add, that national lenders are doing. We're trying to improve the communication between us, the local government, and the nonprofit agencies by providing key contact lists for those people who are getting frustrated in trying to identify who to reach.

That includes property preservation contacts. We just provided Judge Pianka with a list that identifies the key contacts and the escalated contacts for major lenders.

We're also trying to get out there in the communities and understand the problem better.

Clearly if you sit in your office and you never sit down face to face with people who are facing foreclosure, you really don't understand the scope of the problem.

But your question is a good one. I don't think there's an easy answer for it.

Mr. LATOURETTE. I thank you.

Mr. Fratantoni, I believe Mr. Wiseman was testifying, and he talked about what he saw as things in the secondary market and even with the original lender adjustable rate mortgages and no document loans. And I heard what you said, and I believe that one-size-fits-all mortgage policy in the country is not best.

Different consumers come to borrow money with a different set of circumstances and different products are required.

But any mortgage that I've ever taken out, again, I knew my banker, I had to supply tax returns, I had to supply W–2's and one asked for my firstborn, but I had to give them a lot of stuff to get a loan.

Would you please respond from a mortgage banker's perspective on Mr. Wiseman's observation that one of the reasons we find ourselves in this mess are these no document loans.

Mr. FRATANTONI. I think it would probably help to talk a little bit about the history and about the development of these loans. They were designed with the self-employed borrower in mind who might have difficulty or it might be time consuming to document income or highly variable income from year to year.

This program would enable them to state what their average income might be in a given year just as a time period and for that time they get a higher rate to avoid some difficulty of pulling all the documents together.

If you looked at the performance of stated income loans from Wall Street, they typically perform fairly well relative to full documentation loans and, in fact, a substantial proportion of all loans today are now reduced documentation loans. You don't need all of the documentation.

Now, obviously, we should be extremely concerned about fraud. There was a report Mr. Wiseman mentioned, and he also noted that since 1999 the FBI reports of mortgage fraud have increased sevenfold. There were 22,000 suspicious activity reports that were mortgage related in Fiscal Year 2005.

Federally regulated institutions reported over $1 million in fraud-related losses in 2005. So this is an enormous issue for the industry. It obviously impacts lenders and certainly affects borrowers as well.

Mr. LATOURETTE. I have to say that I was impressed by Mr. Wiseman's testimony.

Ms. Randolph, I just wanted to ask, Fannie Mae doesn't do business with consumers directly?

Mrs. TUBBS JONES. For the record I would like to state that a wonderful gentleman, Gerald Fuerst, the clerk of courts of Cuyahoga County is here. Thank you, very much.

Mr. LATOURETTE. Thank you, very much.

Fannie Mae doesn't do business with the consumer directly. Could you give us some details on the types of lenders that Fannie Mae does do business with? And then we'll also talk about the anti-predatory lending procedures and regulations in place at Fannie Mae, and those are restricted in most States, could you just comment on that as well.

Ms. RANDOLPH. Certainly.

It is indeed a fact that Fannie Mae does not deal directly with consumers because, by our charter, we are not allowed to. So we need to partner with as many entities that are out in the community interacting with the consumers as possible. We do that by way of lenders, nonprofit developers, counseling agencies, and the like.

We certainly look to lenders who have a reputation for being credible, and Ms. Oakley has pointed out we don't do it in a vacuum. We identify lenders and then we watch lenders, and we monitor their activities, we monitor what types of loans are delivered to us.

We monitor them for early defaults and that type of thing so we can check and make sure they understand the quality of loan we're looking for because we don't want to put borrowers at risk.

Our anti-predatory lending initiatives, you are correct, we have them in certain States and not throughout the entire country. Fortunately, we have four of those initiatives here in Ohio. The cities would include Toledo, Dayton, Cincinnati, and the last that was introduced was here in Cleveland.

And the overall objectives of those initiatives is to help our nonprofit partners to go through documentation with potential victims of predatory lending prior to them entering into the foreclosures.

So our objective here is to keep them in their homes by putting them in touch with folks that can help them before it's too late.

Mr. LATOURETTE. You mentioned that Fannie Mae incentivizes lenders who actually work things out, and we've said for purposes of this hearing the open observation that the lenders lose on average $30- to $50,000 on foreclosures.

Can you describe what—do you give them cash to say nice job?

Ms. RANDOLPH. Actually we do that, too. We incent them monetarily. We also provide for their benefit a Web-based product called risk profiler. And what that risk profiler is intended to do for our lenders, it's a free service to them, but it is to help them determine trends of an individual borrower, to look at the trends of a product and give us feedback around those borrowers and that product.

And that will help them to detect at an early stage if—let's say your normal payment pattern is that you pay your mortgage on the first of the month but here you're at the fifth day of the month.

Risk profiler would even pick up that this is out of character for that borrower, and that lender may very well pick up the phone at that point and just reach out to the borrower or try to reach out to the borrower to ask if there's anything they can do to assist.

So there are several different things we do to try to help the process before it gets to be too late.

Mr. LATOURETTE. Thank you, very much.

My last question before I open it to my colleague. Ms. Oakley, today it would be my observation that we sort of moved in a positive direction, and we no longer have the discussions we used to have about which consumer can foreclose, and I think there is a valid discussion now as to the terms in which consumers get home loans and some of the concerns about which consumers would enter them continue on.

From the banking perspective, to what would you attribute the fact that minority borrowers receive on average a higher rate of subprime loans than white Americans?

Ms. OAKLEY. I think the MBA testimony addresses some of those issues, which is that those decisions are based on the credit profile and the documentation submitted by the homeowner which is not race based—we use automated underwriting tools that look at credit scores, credit history, pay histories, length of employment, and things of that nature.

Those are all ingredients in the automated underwriting. So I don't have a good answer for you as to why that observation is out there.

Mr. LATOURETTE. Thank you, very much.

Mrs. TUBBS JONES. It's more than observation, Ms. Oakley. I love National City Bank, they do a great job in Cleveland, but it's more than an observation that African-Americans receive greater points.

We've got studies from the Federal Reserve and all over the place. I'm not intending to be accusatory, but it's a reality and part of the reason that so many people are alarmed about it is because it's fact and we know it's fact. It is nothing personal, but it's fact, and we need to deal with that.

Let me go on to a couple of other things. To my colleague, Mr. LaTourette, this hearing is so important to so many of my colleagues in Cuyahoga County that they continue to show up in droves.

We've got two city council people from Warrensville Heights, Deborah Hill and Ruby Nelson. We also have the Mayor of the City of South Euclid, who has joined us as well, Georgine Welo. And I just want you to know for the record how many people in our county in my Congressional district are concerned about this and thankful that you would choose this hearing.

Let me ask about exotic mortgages for a moment. In a study of 2006, based on review of 2001 data, the Federal Reserve concluded that even with simple ARM's, 35 percent of borrowers could not discern how much their interest rate could jump at any one time; 41 percent were not sure of the maximum rate they could be charged. Non-white borrowers were twice as likely than white borrowers to not understand their loan terms.

Isn't this further evidence that lenders may bear some responsibility that loans should be made in the best interest of the borrower, Mr. Fratantoni?

Mr. FRATANTONI. I think it gets back to a portion of my testimony with respect to borrower financial education, and I certainly agree that the industry has a major role there to provide all of the resources prospective homeowners need to understand the loan they're signing up for.

Our guidance to borrowers is that the first thing they should do before they go out shopping for a home is sit down, Mr. Wiseman suggested, and get their family budget in order. You don't go shopping for the home first. First you figure out what you can live with. And then you go to the lender, look at the range of available mortgage products that are available, understand the mortgage products, and then you go shop for a home.

Mrs. TUBBS JONES. I understand the educational pieces. It sounds great for all of us seated here, but everyday people, they're berated.

I'm a late TV watcher sometimes, and I've reduced how much cable I have in Washington, D.C., just because it's starting to cost too much. So I'm watching the regular TV station, and it's unbelievable, "Are you in debt?" "I could get you out of debt." "How do I get you out of debt, just call my number and you'll be out of debt."

There's some company called Great Consumer or some name, and I'm trying to figure out who is paying them to do this, to get people to go into an agreement that they must be getting a percentage of. Can you help me with that?

Mr. FRATANTONI. Absolutely. In 2004, there were 8,800 lenders who originated more than 100 loans. There are a lot of people out there who are hungry for business.

And that's why we emphasize the borrower education so much because they have to get armed with the knowledge they need to reduce that competition for the banks.

Mrs. TUBBS JONES. How do the good people in industry help us regulate the bad people? I've been talking about this for the 8 years that I've been in Congress. There's got to be a way in which all you good folks who do the right thing, write loans and let everybody borrow, how do we kick them out of the country?

Mr. FRATANTONI. I think you put them out of business. If you can offer someone a 7 percent loan and they're being offered a 9 percent loan by someone else, you need the borrower to understand how to shop between the two loans, to choose the one that's best for them, to choose the best deal for that borrower.

Mrs. TUBBS JONES. Do you believe the industry is willing to expend greater dollars to help us educate people who are applying for loans, is that possible?

Mr. FRATANTONI. Absolutely. We are doing that. We have a consumer Web site, HomeLoanLearningCenter.com, and we are putting substantial resources into that.

Mrs. TUBBS JONES. I'm going to legislate that you have to spend more money. I want you to agree with me that we have to do this collectively in some fashion.

I'm going to talk with my colleague, Mr. LaTourette, about us corresponding about exotic mortgages and see if we can do something in that area.

Ms. RANDOLPH. Congresswoman Tubbs Jones, if I may just add a bit to that. I think we need to put a foot patrol to some of what we're doing. You mentioned earlier that it's a known fact that minorities tend to end up more at risk than others.

I believe very strongly that the reason for that has to do largely with the fact that they are still not comfortable walking through some of our lenders' doors. And if that, in fact, is tested, I think you will find it to be a situation where we need to go sideways maybe to go forward, meaning we need to identify other trusted advisors who folks are more comfortable talking with and then bring in the expertise.

If that means we go through the churches, if that means that we go through even some of the health care facilities, that is what we need to do here in Cuyahoga County because there is still a great deal of distrust amongst our African-American and Hispanic communities.

We try to partner with those kinds of entities to get that message across because we know that folks—they don't pick up the phone and call Fannie Mae, and when they do, what do we have to do, we have to refer them back to a list of lenders or a list of competent agencies.

Mrs. TUBBS JONES. Let's huddle my advocacy as well to be on behalf of the Spanish-speaking community, the Hispanic community. What's happening, what are we doing in that area trying to address the issue of predatory lending, Mr. Tisler, Deborah?

I'm going to come to you, Mr. Wolfe, in a minute, too. My grandfather used to have a farm. I didn't know much about it, but I want to ask you a couple of questions.

Mr. TISLER. At this point, with our agency, we have two people who are bilingual, English as a prior, Spanish as a first language.

We really do outreach and education that is outside of our programs and services, so if somebody calls, we really make sure that they feel comfortable in moving forward.

We have Fannie Mae and Freddie Mac publications in Spanish, in Polish, and in Russian that we're able to sit down with a client and be able to walk them through.

What we find is that with the Hispanic community and a lot of the immigrant communities that people are as hungry for business as sharks are hungry for food, so we want to make sure that doesn't happen.

Mrs. TUBBS JONES. Mr. Wolfe, what would you suggest that Congress do to assist farmers with foreclosures? I gave the other people only one wish, I'm going to give you two wishes because I like to eat.

Mr. WOLFE. I think, first of all, something that you folks can do in Washington, D.C., is the old FSA offices or FHA, Farmers Home Administration, they get a monetary reward for selling farmers out once they get in trouble instead of working with them.

So the old FHA used to be a source of last credit for farmers, and the paperwork right now is unbearable to get a loan and the amount that you can borrow from them, direct borrowing money is really not very much in today's world, a couple hundred thousand, and they do also guarantee loans.

But in our area nobody wants to do any business with them on the guarantee loans because the commercial banks can't do the paperwork to keep up with the 90 percent guarantee.

So the old Farmers Home Administration, as far as I'm concerned, is just in total disarray and it's not out there to help farmers at all. But I do know for a fact that the district people, when it comes time to foreclose on a farmer, they do it with the monetary reward.

Mrs. TUBBS JONES. But you said they get incentives to help you go through foreclosure versus expenses to help you stay out of foreclosure.

Mr. WOLFE. Right.

Mrs. TUBBS JONES. Second request.

Mr. WOLFE. I think overall because there is such a small margin of profit in agriculture, whether it's commercial banks or farm credit service or FHA, we need a totally different set of guidelines to deal with us.

You go through a bank and we get commercial loans which are probably 3, maybe 4 times higher interest rates than a homeowner would get for their home, and so that's what farmers live on, that amount of money.

A lot of the banks in our area will say they don't do agricultural loans or other rural community loans because they don't have the expertise to do them, and so they walk away from farm loans because of that.

There's really no simple answer, but I think we need to sit down with you folks in D.C.

Mrs. TUBBS JONES. There are other things, as well. This is a Federal hearing, but maybe at some juncture I would like to hear from you what you think that the State of Ohio could do on behalf of the farmers.

I would like to connect you with that gentleman right there, even though you're out of my district, he won't mind, but I want to help you do something, in this district we have Michael Taylor to figure out what we could do.

Mr. LATOURETTE. I advised you of that.

Mrs. TUBBS JONES. Sounds like a plan. Actually I used to have— I didn't foreclose, I just stopped leasing.

For the record, I want to submit a listing of bank fraud capiases that were provided to us by Judge Pianka as some of the corporations that he found most in foreclosure giving him difficulty with the court. I won't read them for the record, but I'd like to submit them, if possible.

Mr. LATOURETTE. Certainly. Without objection.

Anything else.

Mrs. TUBBS JONES. Of course, I can go on, but I'm good.

Mr. LATOURETTE. I want to thank all of our witnesses on the first panel and also on the second panel.

I'll ask unanimous consent to include for the record the testimony of Anne Juterbock on behalf of the Department of Consumer Affairs for the City of Cleveland, as well as the attachments that were referenced in Ms. Randolph's and Mr. Rush's testimony, and the poster he referenced as well.

I want to thank my colleague, Stephanie Tubbs Jones, for asking us to be here again today, and I want to thank Tri-C for letting us come to your facility, I want to thank all of our witnesses and I want to thank all of you who attended today.

No further business coming before the subcommittee, we're adjourned.

[Whereupon, the hearing was adjourned.]

# A P P E N D I X

August 23, 2006

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Committees:
Government Reform
Education and Workforce

# Congress of the United States
## House of Representatives

**Statement of Congressman Dennis J. Kucinich**
**Committee on Financial Services**
**Hearing on "Community Solutions for the Prevention and Management of Foreclosures"**
**August 23, 2006**

It is fitting that this field hearing on foreclosures be held in Ohio. Citizens in Ohio are well aware of the community wide consequences that accompany a spike in foreclosures. These consequences extend far beyond the affected borrower, to neighborhoods and entire cities.

This hearing highlights the need to enlist local government officials and community activists when addressing the issue of foreclosure and its root causes. Local efforts are a vital tool in the battle to prevent foreclosures and mitigate their damaging consequences within the community. Local governments and organizations are uniquely equipped to reach the affected community and implement prevention strategies.

The Cuyahoga County Commissioner's initiative, "Don't Borrow Trouble," is an innovative campaign designed to coordinate community resources. The campaign engages the non-profit community to help borrowers and educates citizens through a media campaign. In addition to those measures, which focus on preventing borrowers from entering foreclosure, the campaign also increases efforts to uncover and prosecute individuals engaged in illegal and deceptive lending practices.

These local efforts here in Ohio and those like them across the nation are an invaluable part of efforts to prevent foreclosures, but those efforts do not alleviate the federal government of its responsibility. The scourge of foreclosures and other consequences of predatory lending practices is a nationwide problem and local education campaigns will not in and of themselves fix the current system. To truly protect borrowers and prevent practices such as flipping and prepayment penalties, changes are necessary on a federal level.

I am committed to working with my colleagues in Congress to implement those changes and ensure adequate protections are in place for borrowers here in Ohio and across the nation.

## OPENING STATEMENT OF CONGRESSMAN STEVEN LATOURETTE

**Full Committee Field Hearing**

***"Community Solutions for the Prevention of and Management of Foreclosures"***

**August 23, 2006**

Good Morning. The Committee will come to order. I'd like to thank everyone for being here, and thanks to the Financial Services Committee for allowing my colleagues and I to convene the full Committee here just outside of Cleveland to focus on a growing problem that affects many across the country, and especially here in Northeast Ohio — the problem of foreclosures. Back in 1995, Cuyahoga County experienced 2,582 foreclosures. In contrast, last year, that number surpassed 12,000. The costs that come with foreclosures are high for everyone involved: the homeowner must struggle with the financial and psychological impact of losing their home. Borrowers and lenders face economic costs, and not only do state and local governments feel the impact, but the surrounding real estate market suffers, too.

My state of Ohio ranks among the highest in foreclosure rates nationwide, and that is definitely not a category-leading statistic we should be proud of. In my mind, first and foremost is the question "Is enough being done to help prevent or mitigate consumers from going into a foreclosure situation?" When a homeowner is struggling to pay his or her bills, the prospect of missing a single payment can sometimes drive that person to seek help from a financial counselor. Helping people through financial difficulties is important work, and many on our two panels do that on a daily basis. But one of the key issues I hope our panelists will address today is what to do about those whose objective isn't to help, but to take advantage.

Another consequence of high foreclosure rates is the costs of foreclosures to the community and surrounding real estate market. These costs end up being absorbed by state and local governments, which makes it that much harder for them to help generate new economic development in these economically stressed parts of town. When foreclosure rates start to climb in a community, homes nearby begin to lose value, people's equity starts to vanish, and the ensuing chain reaction leads to more people losing their homes. Local governments don't collect taxes that could have helped in development projects and must foot the bill on foreclosed properties to fix them up for sale. The City of Cleveland alone will spend $1 million this year to board up and secure vacant houses. Those are funds that could be used in economic development or other infrastructure needs.

As we will also see today, the foreclosure problem facing the nation and our region extends beyond what we think of as the traditional homebuyer to other areas of the economy. Particularly vulnerable are family farms. In Ohio, one in seven people is employed in some aspect of agriculture. Believe it or not, Cuyahoga County – home to the great city of Cleveland – has about 4,000 acres of farmland. In my district, which begins just a few miles East of where we're sitting, family farms are the mainstays of many of the local communities and a buffer against unfettered sprawl. There are over 5,000 farms in my district that annually sell agricultural products worth a market value of $212 million. Family farmers struggle with credit challenges unfamiliar to your average homeowner, often having to turn to local lenders for short-term financing to get through a difficult season, drought, or bad harvest. Our farmland is dwindling and once it goes, it is forever lost to development because the land is so valuable. We need to ensure that both the farmers and the lenders are on the same page.

Our panelists today represent a variety of distinguished organizations, from local groups and government entities, to private lenders that can help individuals and families get through difficult times without losing their home. In fact, Congresswoman Tubbs-Jones and I are both involved with the Cuyahoga County Foreclosure Prevention Program[1], and I look forward to hearing from Mr. Wiseman on the good work his organization has undertaken to educate folks on the ins and outs of financing a home.

On our first panel we will hear from witnesses able to provide us with a better scope of the problem nationwide, and specifically the needs and issues within Cuyahoga County. I'd like to welcome Mr. Daryl Rush, Director of the Department of Community Development for the City of Cleveland. And Mr. Mark Wiseman, Director of the Cuyahoga County Foreclosure Prevention Program.

On our second panel we will hear from community organizations and private lenders that are working to mitigate the foreclosure epidemic in our area. We welcome, Ms. Vanessa Randolph, Director of the Northern Ohio Community Business Center for Fannie Mae; Mr. Lou Tisler, Executive Director of the Neighborhood Housing Services of Greater Cleveland, which is a charter member of the NeighborWorks program; Mr. Michael Fratantoni, Senior Director of Single Family Research and Economics at the Mortgage Bankers Association; and Ms. Deborah Oakley is Senior Vice President of Homeownership Preservation for National City Corporation, testifying on behalf of the Financial Services Roundtable's Housing Policy Council.

And finally, I'm pleased to welcome a constituent of mine, Mr. Bryan Wolfe, who is here today in his capacity as Vice President of the Ohio Farmers Union. [Add any personal anecdote about Bryan if you want]

[1] Kucinich and Sherrod are both involved as well. I don't expect either to attend this, but just in case.

I'd like to thank my colleague, Congresswoman Stephanie Tubbs Jones for her participation today and her outstanding work as an advocate to find solutions to reduce the impact of foreclosures on communities, lenders, and borrowers here in Northeast Ohio. I would like to recognize her now for an opening statement.

# Opening Statement
# Congresswoman Stephanie Tubbs Jones

## Congressional Field Hearing
***Community Solutions for the Prevention and Management of Foreclosures***

**Sponsored by the Committee on Financial Services**
**Subcommittee on Housing and Community Opportunity**

**August 23, 2006**

Good Morning. I would like to first thank Rep. Steven LaTourette and the Financial Services Housing and Community Opportunity SubCommittee for agreeing to hold this hearing here in Cleveland to address the growing problem of foreclosures in both Cuyahoga County and the State of Ohio. I would also like to thank Cuyahoga County Commissioners Jimmy Dimora, Tim Hagan and Peter Lawson Jones, County Sherrif Gerald McFaul, County Recorder Patrick O'Malley, County Auditor Frank Russo, County Judges - particularly Cleveland Municipal Housing Court Judge Raymond Pianka, the Honorable Mayor Marcia Fudge of Warrensville Heights and all of our panelist who have joined us today who have made it a top priority to combat the issues of foreclosure and predatory lending in Ohio.

The issue of foreclosures has reached a critical state in Ohio and particularly Cuyahoga County. In 2005, Cuyahoga County had an estimated 10,000 foreclosures, four times more than 1998, and among the highest in the nation. According to a recent

PolicyMatters Ohio report, there were 63,996 new foreclosure filings in 2005 throughout the state of Ohio, an increase of 8.45 percent from 2004.

The loss of a home is both devastating to the family and the community. For a family, owning a home is often their only piece of the "American Pie." The equity from owning a home is often the only means to secure funding for a new business, college tuition, or retirement. For the community, increased foreclosures often turn neighborhoods that were once vibrant into neglected, blighted areas which ultimately raise costs for local governments.

This problem disproportionately affects African Americans here in Cuyahoga County. A number of indicators show African-Americans received a greater portion of subprime loans and were denied home loans more frequently than whites in Cuyahoga County.

As a member of Congress, I have been at the forefront of issues regarding homeownership. As former chair of the Congressional Black Caucus Housing Task Force, I hosted the CBC Housing Summit and the With Ownership Wealth (WOW) Conference in Cleveland, both of which focused on the problems surrounding foreclosures and predatory lending.

For the last three Congress', I have introduced the Predatory Lending Practice Reduction Act and the Community Economic Development Expertise Enhancement Act (CEDA) also known as the "SEED" Act.

The Predatory Lending Practice Reduction Act calls for federal certification of mortgage brokers and agents and stiffer penalties for violation of federal law. Additionally, it will authorize funding for Community Development Corporations to provide training and education. Mortgage brokers are a key link in homeownership, because they can either facilitate it, or work to destroy it through predatory loans. Not all subprime lenders are predatory, but most predatory loans are subprime loans. This legislation would work to weed out the bad actors who are responsible for equity stripping and other predatory practices.

I have also encouraged homeownership by providing support to community development corporations (CDC's) that are active in housing development. The SEED Act seeks to provide CDC's with technical assistance, core operating support, and guidance on ways to improve their operations and make use of housing vehicles such as low income housing tax credits.

Additionally, I was pleased to join with Cuyahoga County and Freddie Mac earlier this year in support of the recent expansion of the "Don't Borrow Trouble" campaign to combat predatory lending, and the addition of a new foreclosure prevention education component. This program provides counseling help available to the thousands of homeowners who need advice about their home loans, are in danger of defaulting on their payments or are facing foreclosure.

It is my hope that today's hearing help us determine solutions to the growing foreclosure issue and identify ways to combat unscrupulous predatory lending practices.

One of the first steps toward creating wealth is homeownership and I want to make sure that everyone is given the opportunity to realize that dream. I would now like to turn the floor over to our panelists, and thank all of you again for being here today.

MORTGAGE BANKERS ASSOCIATION

Investing in communities

**STATEMENT**

**of**

**Mike Fratantoni**

**on**

**"Community Solutions for the Prevention of and Management of Foreclosures"**

**August 23, 2006**

**before the**

**House Committee on Financial Service**

**United States House of Representative**

Mr. Chairman and Members of the House Financial Services Committee, thank you for allowing me to present the views of the Mortgage Bankers Association (MBA)[1] at today's hearing. I am Michael Fratantoni, Senior Director, Single-Family Research and Economics at MBA in Washington, DC. While foreclosures unfortunately do occur, it is important to understand the causes and trends of foreclosures in their proper context. At the conclusion of my testimony I want to leave the Committee with four key points:

- The same economic factors that have caused mortgage delinquencies and foreclosures throughout history continue today. At the national level, delinquency and foreclosure rates are currently low, but we expect that they will increase modestly over the next few years. Delinquency and foreclosure rates in Ohio and much of the Midwest have been elevated over the past few years due to a weakened regional economy and the resulting job losses.

- Mortgage lenders stand to lose financially when loans do not perform, and thus have significant incentives to prevent foreclosures. Historically, on a national basis, mortgage lenders' loss mitigation efforts have helped three out of four borrowers who enter the foreclosure process avoid a foreclosure sale.

- Different borrowers get different mortgage rates based upon objective credit criteria. The Federal Reserve, in its last analysis of Home Mortgage Disclosure Act data, confirmed that objective credit criteria account for the overwhelming majority of pricing disparities. Studies that attempt to paint the industry with a broad brush regarding discriminatory pricing practices are flawed and do not stand up to scrutiny. Legislative efforts to restrict lending practices or credit standards invariably reduce credit availability.

- Borrowers need to educate themselves about the process and about the range of available mortgage products and learn to take advantage of the highly competitive nature of the mortgage industry.

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[1] **The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 500,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 3,000 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.**

**Delinquencies and Foreclosure Trends**

I would like to begin with a few comments regarding the US mortgage market. First, the mortgage market is thriving. More Americans own homes than ever before – due in large part to risk-based pricing and product innovation. As a result, Americans are building tremendous wealth. According to the Federal Reserve's own Flow of Funds data, the value of residential real estate assets owned by households has increased from $10.3 trillion in 1999 to $20.4 trillion as of the first quarter of 2006, and aggregate homeowners' equity now exceeds $10 trillion. According to the 2004 Survey of Consumer Finances, the median net worth for homeowners was $184,000. For renters, it was $4,000. Clearly, many homeowners have been successful in accumulating wealth, both by steadily building up equity through their monthly payments, and through the impressive rate of home price appreciation we have seen in recent years.

The second important point is that, at the national level, default and foreclosure rates are low. Some argue that default and foreclosure rates are at crisis levels and that a greater percentage of borrowers are losing their homes. MBA's data do not support this – in fact they tell quite a different story.

Mortgage delinquencies are still caused by the same things that have historically caused mortgage delinquencies: "life events," such as job loss, illness, divorce, or some other unexpected challenge. Foreclosures following delinquencies may be caused by the inability to sell a house due to local market conditions after one of the above items has occurred.

As shown in Chart 2 of the Appendix, MBA's first quarter 2006 National Delinquency Survey (NDS) found that the percentage of loans in the foreclosure process was 0.98 percent at the end of the first quarter, a drop of one basis point from the fourth quarter of 2005, while the seasonally adjusted rate of loans entering the foreclosure process was 0.41 percent, one basis point lower than the previous quarter. The delinquency rate for mortgage loans on one-to-four-unit residential properties stood at 4.41 percent at the end of the first quarter, down 29 basis points from the fourth quarter of 2005.

Compared with the first quarter of 2005, the percentage of loans in the foreclosure process was down 10 basis points and the percentage of loans entering the foreclosure process was down one basis point. The seasonally adjusted delinquency rate was up 10 basis points from one year ago. The NDS results for the first quarter cover over 41.3 million loans (31.4 million prime loans, 5.6 million subprime loans and 4.3 million government loans).

The economy grew at a brisk 5.6 percent pace in the first quarter of 2006, and labor markets were quite strong as well, with an average of 176,000 jobs added per month. Within this context, the housing market was normalizing with a declining pace of new and existing home sales, and slowing rates of home price appreciation. As in prior quarters, a number of factors including, the aging of the loan portfolio, increasing short-term interest rates, and high energy prices are putting upward pressure on delinquency rates. The strong economy and labor markets are offsetting positive factors that were particularly important in the first quarter.

Going forward, we expect these same factors will continue to be important, including the fact that the Federal Reserve may need to raise rates further to keep inflationary pressures contained. In any event, additional modest increases in delinquency and foreclosure rates are likely in the quarters ahead.

In addition to the national level trends, the two maps in the appendix show how delinquency and foreclosure rates varied across the country in the first quarter. With respect to delinquencies, the Gulf Coast continued to experience the highest delinquency rates in the country. With respect to foreclosures, states in the Midwest had the highest rates due to the continuing slow pace of job growth and weak housing markets.

**Regional**

In the East North Central (Illinois, Indiana, Michigan, Ohio and Wisconsin) and the East South Central (Alabama, Kentucky, Mississippi, and Tennessee), census divisions, delinquency and foreclosure rates have remained at historically high levels.

The most important driver for these areas' elevated serious delinquency rates is the persistent loss of employment, especially manufacturing employment. The main factors contributing to job losses in the sector include rapid productivity growth, increased international competition and a shift in demand structure, which substitutes imports for some domestically produced goods. Given that these factors will continue to be at work in a growing global market, a large portion of the job cuts in recent years could represent permanent layoffs that will only gradually be offset by job creation in other sectors in the economy. This suggests that the areas' delinquency rates could remain elevated for some time.

To expand upon this explanation, there are a number of factors that can be identified as being responsible for the elevated serious delinquency rates in these areas.

Loss of employment is one of the most common unanticipated shocks to household finances. All of the states in the East North Central and East South Central continued to suffer job losses from their peak employment prior to the recession in 2001. In addition, these states are among the most concentrated in manufacturing in the nation. Through a vast improvement in productivity growth and increased globalization, it is likely that manufacturing employment will remain soft in the coming years.

Many low-income households have few or no financial assets to cushion them in times of financial difficulties- putting them at risk of being delinquent or of defaulting on their mortgages. The East North Central's median income is somewhere in the middle of the nation's, while the East South Central has maintained the lowest median income in the nation.

A high level of homeownership is a sign of strength for a local economy. However, in the midst of a significant regional downturn, homeowners, who are typically less mobile than renters, may have difficulty making their mortgage payments, leading to delinquency and potentially foreclosure. Homeownership rates in the East North Central and the East South Central divisions are considerably higher than the national average. In many states, the gap between the state's homeownership rate and the national average has grown even wider, partly because of increased access for lower-income households. In general, new homebuyers have not had time to accumulate equity in their homes and tend to carry higher levels of non-mortgage debt. Thus, new homeowners typically lack the cushion to continue paying mortgage payments during a financial crisis or an economic downturn and are more susceptible to default and foreclosure.

Areas with very strong home price appreciation have lower foreclosure rates. If home price appreciation is strong, the odds of having a mortgage loan exceeding the value of a home are lower. Thus, borrowers who lose their jobs or face some other shock are more likely to sell their home and prepay the loan rather than go into foreclosure. In addition, strong home price appreciation provides an opportunity for borrowers to liquefy equity in the home in a time of financial distress, reducing the likelihood that the borrowers would become delinquent or would default on the loan. These areas of the country have had the lowest home price gains in the nation in the past several years.

Areas that are growing, either due to strong labor markets or because they are popular retirement destinations, will have strong housing and mortgage markets. Population growth, if very strong, could partly compensate for weak labor markets. By contrast, areas that are losing population are more likely to experience home price declines and rising foreclosure rates.

On average, loans with a high loan-to-value ratio (LTV) are riskier than lower LTV ones. Borrowers with little equity in a home can walk away more easily from their homes, putting lenders more at risk. Furthermore, when the LTV is high, there is increased risk that the home value could fall below the loan balance, creating a negative situation during the early years of the loan. The average LTVs of loans in most states in the two divisions are significantly higher than the national average.

Market analysts and others have examined other factors. However, these remaining factors are not as significant drivers as those listed above. The serious delinquency rates for subprime loans are significantly higher than for prime loans. The trends of subprime loan shares in the majority of the states in the two divisions are similar to the national average or even lower. However, in Indiana and Ohio, the subprime shares are significantly higher than the national average, with Ohio's share ranking the fourth highest in the nation in the second quarter, compared with seventh for Indiana. Another consideration is that borrowers in distressed areas are more likely to have blemished credit as a result of the regional downturn. An increased frequency of job loss and other economic dislocations have led to a greater number of borrowers being unable to qualify for prime credit. Thus, the increase in the subprime share of the market is a result, not a cause, of the increasing delinquency and foreclosure rates.

Adjustable rate mortgages (ARMs) present additional credit risk in an environment of rising interest rates due to the potential for payment shock. Historically, delinquency rates on ARMs have been higher than those on fixed rate mortgages but ARMs provide many homeowners with financial flexibility and affordability in the early years of a loan. The ARM shares in most states in the two divisions were lower than, or comparable, to the national average over the last several years. However, it is important to remember that ARMs increase affordability, because they provide borrowers with lower initial payments, although with the tradeoff, payments will have greater variability over time.

A 2003 Federal Reserve Board working paper notes that, on average, foreclosures in judicial foreclosure states take 148 days longer than non-judicial foreclosure states. [2] Because it takes longer for foreclosures to be handled in the judicial states, their inventories at the end of each period tend to be higher. Every state in the East North Central is a judicial foreclosure state.

## Troubles in Cuyahoga County

The foreclosure trends in Ohio, and specifically Cuyahoga County, are quite troubling. The reasons for these trends include a decline in the number of jobs in the county and a weakened housing market that in MBA's experiences, are in line with traditional causes of foreclosures.

From 2004 to 2005, Ohio saw a 6 percent increase in the number of foreclosures, and Cuyahoga County saw nearly 11,000 in 2005 alone, which is a significant increase from 2,582 in 1995.

An August 2005 report by the county commissioners', Commissioners Report and Recommendations on Foreclosures, states the causes as a "loss of stable,

[2] Karen Pence. 2003. "Foreclosing on Opportunity: State Laws and Mortgage Credit." Federal Reserve Working Paper #2003-16.

living wage jobs" and "fraudulent lending practices by unscrupulous and unregulated brokers." Although there are certainly rogue brokers around the country, it is unlikely that predatory lending practices, which are illegal, are the primary reason for the area's significant increase in foreclosures and delinquencies. There are clear indications that Cuyahoga County is facing economic instability.

A January 2006 report, the Northeast Ohio Employment and Wage Trends: Economic Brief, which is produced by the Center for Economic Development at Cleveland State University's Maxine Goodman Levin College of Urban Affairs, indicated that Cuyahoga County, which accounts for 40 percent of Northeast Ohio employment, saw a decrease of 2 percent in total employment (-14,908 jobs). While Cuyahoga saw this decline from the first quarter of 2003 through the same period in 2005, the surrounding counties all showed an increase in total employment in the same two-year period; Lorain County 0.7 percent, Medina County 5.4 percent, Summit County 3.4 percent, Portage County 4.0 percent, Geauga County 6.7 percent, and Lake County at 3.0 percent. It is a reasonable to conclude that these jobs losses are a key factor for the increased number of foreclosures.

The Council for Economic Opportunities in Greater Cleveland, a private non-profit organization, which serves low-income people in Greater Cleveland and Cuyahoga County, released a report, The State of Poverty in Ohio 2005. The report states that Cuyahoga County lost 71,375 jobs from 2000-2004 or 8.8 percent of its total employment. To put this in perspective, the report says, "one out of every eleven Cuyahoga jobs vanished." Many of these job losses have been in manufacturing, which has affected the suburban areas of Cleveland. In addition, the Council's report says the "Cleveland has the *highest* current poverty rate among all United States cities."

**The Foreclosure Process, Loss Mitigation, and Foreclosure Prevention**

There are many false claims about mortgage lenders profiting from foreclosures. In reality, every party to a foreclosure loses – the borrower, the immediate community, the servicer, mortgage insurer and investor. It is important to understand that profitability for the mortgage industry rests in keeping a loan current and, as such, the interests of the borrower and lender are mostly aligned. The Fed study cited earlier notes that, "estimated losses on ... foreclosures range from 30 percent to 60 percent of the outstanding loan balance because of legal fees, foregone interest, and property expenses."

A home foreclosure is a multi-step process with a notice of default letter being the first step. Several things happen before a foreclosure sale takes place. In most instances, the borrower brings the note current, negotiates a payment plan, or sells the house and pays off the mortgage. If these options are not possible, the borrower can turn the house over to the lender in lieu of foreclosure.

Otherwise, the house is acquired by the lender in a foreclosure, returned to marketable condition and sold. These types of sales only take place in about 25 percent of all loans that enter the foreclosure process. In the remainder of the cases, either the borrower pays off the arrears through an agreed upon payment plan with the lender, or sells the home.

Rates of foreclosure vary as different groups measure foreclosures at different steps of the process. MBA looks at when the foreclosure action is initiated. Some firms look at the foreclosure sales, while others look at the foreclosed homes up for sale. These companies are interested in (and make money by) marketing foreclosed properties to investors. They typically are less interested in gauging the overall health of the mortgage market, which is MBA's goal with the National Delinquency Survey.

In order to understand the health of the mortgage market and capture credit conditions, one has to look at the market the way in which MBA does. Many other measures simply reflect certain parts of the process, and can vary significantly based on local conditions. It is important to consider changes in the percentage of foreclosure sales or foreclosed homes for sale in the proper context. Because homeownership has increased so much across the nation, there are many more loans outstanding and therefore the number of foreclosures will increase. One must look at the percentage of foreclosures against historic norms. Even with the expansion of credit availability with the growth of the subprime market, foreclosures are well below their historic highs and will not have a macroeconomic impact.

Once the borrower has obtained a mortgage and the originator has closed the mortgage, the main objective for the mortgage servicer is to keep the loan current. If a loan is terminated through foreclosure, the servicer does not continue to receive the servicing fee (the primary source of a mortgage company's income). The standard servicing fee for a Fannie Mae/Freddie Mac loan is 1/4 of 1 percent of the principal balance, or $250 for a typical $100,000 loan per annum. Servicers, otherwise, do not retain the principal or interest (P&I) payment the borrower makes. That is passed on to the ultimate investor.

In addition to losing the servicing income for the asset, servicers must pay out costs when the loan is delinquent. The servicer must:

- Advance interest & principal to the investors (despite not receiving payment from the borrower);
- Advance taxes and insurance payments;
- Pay for court costs and foreclosure attorneys fees;
- Pay for bankruptcy attorneys and court costs if applicable; and
- Pay for property inspections and property preservation work

To make principal, interest, tax and insurance advances, mortgage companies have to borrow the funds or it comes from their capital. This borrowing or capital cost can reach in the millions of dollars per company, as many lenders experienced after Hurricane Katrina.

In some cases, the servicer gets reimbursed 100 percent for the advances and out of pocket expenses and in other cases they do not. For example, FHA only reimburses 2/3 of the servicer's out of pocket expenses (e.g. property inspections, property preservation expenses) and sets minimums for foreclosure and bankruptcy costs that often do not cover the expense incurred by the servicer.

Mortgage companies have recognized the impact of foreclosures on their bottom lines and over the last ten year have developed innovative techniques to help borrowers resume payments. These options have proven successful both for the homeowner and servicers.

If a homeowner misses a payment and becomes delinquent, the mortgage servicer will contact the homeowner in order to help that borrower to resume payments. There are many options that precede a foreclosure and they are referred to as loss mitigation. Among the loss mitigation options that may be available to borrowers and lenders are:

- Informal forbearance plan, which is typically a verbal repayment agreement between the lender and borrower with duration of 3 months or less;
- Delinquent refinance, in which borrowers who are no more than two months behind in their payments may be able to refinance to lower rate, add their arrearage to the debt and resume mortgage payments;
- Special forbearance, which is a written longer term repayment agreement between a lender and a borrower that contains a plan to reinstate a loan that has been delinquent for at least 90 days; and
- Loan modification, in which there is a permanent change in one of the terms (e.g., rate change, capitalization of delinquent amounts; extension of term) of a borrower's loan that allows the loan to be brought current.

Should the borrower be unable to resume making payments on the mortgage debt and the foreclosure on the property becomes inevitable, the borrower may still benefit from options other than foreclosure. One such option is a pre-foreclosure sale of borrower's home. In this situation, the lender agrees to accept sales proceeds that are less than that which is required to satisfy the mortgage debt. And second, there is Deed-in-Lieu of Foreclosure, by which the borrower voluntarily deeds the property to the servicer in exchange for a release from the mortgage lien.

**Public Policy and Mortgage Pricing**

MBA has long been committed to the eradication of predatory lending from the marketplace and enhanced protections for consumers. States and localities have enacted over 30 widely different anti-predatory lending standards to protect borrowers. While MBA recognizes that these initiatives are well intended, the creation of widely disparate and overbroad standards limits mortgage lending and loan terms; creates a significant compliance burden on lenders; increases their exposure to liability and increases the cost of homeownership.

Legislative and regulatory efforts to tighten lending or credit standards will often reduce credit availability. The debate centers on the appropriateness of different financing arrangements for each individual borrower and the decision making process that leads to the borrower choosing a particular financing option. In order to engage in the debate, policymakers must first understand the broad array of lending or credit provisions that are available; then anticipate the widely varying needs and financial histories of borrowers, and evaluate how new laws may reduce available credit options.

For example, if 5 percent of the people with a marginal credit profile default, and you act to eliminate the credit provisions that make it possible to loan to those people, you have now cut off credit to 95 percent of the people who would have otherwise preformed well. It is obviously very important not to legislate by anecdote. Policymakers must ensure that attempts to solve relatively small problems do not create bigger ones that may in turn jeopardize the successful American model of mortgage financing.

The lending industry does not condone discrimination and, in fact, we make extraordinary efforts to ensure fair access to affordable credit. The lending industry is highly competitive and seeking potential customers. It is entirely possible that out of the thousands and thousands of loan officers out there, there may be some who discriminate, but those are the ones we too want to identify and censure.

No one has been able to identify or quantify predatory lending in a consistent manner, nor demonstrate in a credible manner that allegedly improper lending practices have had a measurable effect on delinquencies. Studies that purport to show discrimination at an industry level fail to do so for two reasons. First, credit risk factors are associated with socioeconomic factors that are well known to differ across racial and ethnic groups. The result is that certain credit risk factors are statistically correlated with race, thus making it appear statistically that race and ethnicity are a factor in loan pricing. And, second, some of the studies on this subject that have been issued, such as the Center for Responsible Lending study, simply leave out some of the known risk factors.

To the extent any of these missing variables are correlated with race, race then appears as an explanatory variable. The observation that a number of people who default have higher rates on their mortgages is more likely attributable to the historical credit risk of that particular borrower than the likelihood that he or she was a victim of predatory lending.

The Federal Reserve and others have looked at this question, and continue to do so, with much better information than that which is available to these groups. As the 2005 Federal Reserve report pointed out, several factors impact the mortgage rate that a particular borrower receives. The traditional benchmark for the 30-year fixed mortgage rate has been the 10-year Treasury rate. Mortgages typically trade at a spread above Treasuries, due to the fact that they bear both credit risk, the risk that a borrower may default, and prepayment risk, the risk to the investor that the borrower may refinance or move, thereby paying the loan off well ahead of its stated maturity.

Thus, a premium to account for a borrower's expected credit and prepayment risk is used in calculating price. These factors include: credit scores and other items from a borrower's credit report such as payment history on prior mortgages, loan-to-value ratios, debt-to-income ratios, and other underwriting variables. Objective risk factors are powerful predictors both of a borrower's likelihood to pay on their loan and their likelihood to refinance. It is illegal to include any racial, ethnic, or other such demographic variables in the pricing decision.

Another element in the price is the amount of administrative expenses associated with the loan. Loan applications that take additional time for an originator to complete are more costly. Additionally, small loans are more expensive to originate from the point of view of the originator, as the fixed costs are spread over a smaller balance.

Typically, the price is arrived at using a statistical model, which may be embedded in an automated underwriting system. There is no place for race in this modeling. Moreover, the use of automated underwriting for most borrowers allows lenders to concentrate their attention on helping borrowers with unique credit histories or other characteristics qualify for financing.

One thing that is very clear is that the mortgage markets are dynamic and so are the underwriting models. The variables used to measure risk change over time. There is no perfect model to underwrite all borrowers. Two lenders will evaluate the same borrower and come to different assessments regarding the risks of that borrower. Not all institutions are equally profitable – in fact, some fail as a result of taking not enough or too much risk. One thing is certain: a one-size-fits-all model imposed on the industry would stifle innovation with respect to the measurement and pricing of risk, and that would be to the detriment of consumers. The innovation in this industry has benefited borrowers and increased the supply of credit, ultimately resulting in a higher level of homeownership than otherwise would have been the case.

**Consumer Education and Shopping**

If the goal is to ensure that a borrower is getting a good deal, then there is no better approach than to empower the borrower to make that determination for himself or herself. MBA believes that borrowers would be far better off if they educated themselves about the mortgage process and shopped among lenders for the best loan product to meet their needs before they begin the process of finding a home. During the educational process, it is best for a consumer to learn about the range of loan products and the importance of his or her own credit profile in arriving at the mortgage's costs. Consumers can then determine what type of financing is both suitable and realistic. MBA believes that armed with a basic understanding of the mortgage process, an ability to compare loans, and a willingness to shop, a consumer will be in a far better position to choose the right mortgage for his or her financial situation and family needs.

In addition, the determination of a borrower's mortgage rate does depend to some degree on the borrower's actions. Borrowers who aggressively shop among more than one lender are likely to get a better rate than borrowers who visit only one lender or mortgage broker. Borrowers need to make the competitive marketplace work for them and help wring out any excesses in pricing through their comparison shopping efforts. The 2004 Home Mortgage Disclosure Act data showed more than 8,800 lenders who offered more than 100 loans over the course of the year. These lenders are competing for the business.

To give borrowers the tools they need to negotiate a good deal and to bridge any information asymmetry that might exist between a borrower and a mortgage originator, MBA urges that policymakers work with the industry to take three actions: (1) create a simple, one page disclosure of material mortgage terms, (2) commit resources to financial literacy, and (3) encourage borrowers to shop and compare mortgages. MBA also fully supports the prosecution of bad actors.

MBA's research has shown that homebuyers, particularly first-time homebuyers, rely on a trusted advisor, who may have an adverse incentive, to help them through the complex process of buying a home and getting a mortgage. Too often, MBA believes, these new buyers, and particularly minority first-time homebuyers, either contact only one lender or mortgage broker, or are referred by a real estate agent to only one lender or broker while shopping for a mortgage. Borrowers more experienced in the process are generally more likely to seek additional rate quotes.

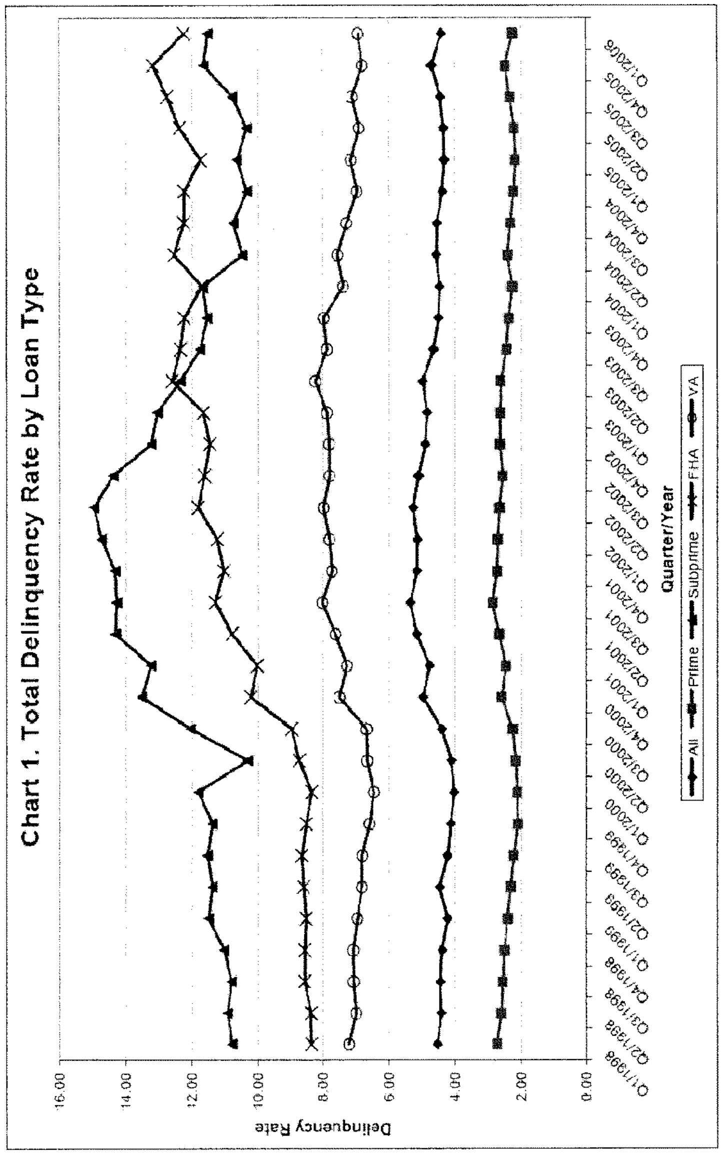
It is clear that Cuyahoga County faces many obstacles in turning around the current economic downturn. Although legislative efforts to go after predatory lenders seem attractive, it is apparent that such patchwork fixes will provide little relief. In fact, without a stable economy and an influx of stable jobs, legislation reducing the options available to consumers will most likely add to the current foreclosure crisis.

MBA is devoting considerable resources to support consumer education programs, as well as running our own. MBA's consumer education website, HomeLoanLearningCenter.com, includes mortgage calculators and background documents that provide the types of information we believe a potential borrower should be familiar with, preferably before they even start shopping for a house.

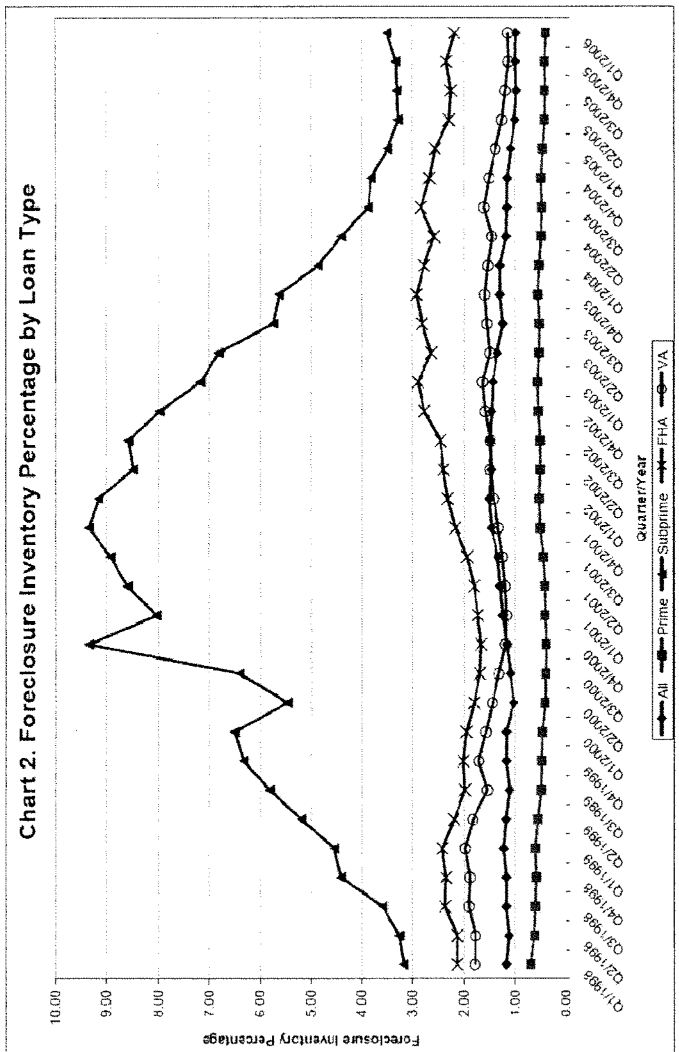
Thank you for again for inviting me to present the views of MBA before the Committee. We have a strong commitment to working with stakeholders, policymakers, and the industry, to ensure consumers are provided with a healthy, competitive, and safe marketplace.

**Appendix**

- Chart 1: Total Delinquency Rate by Loan Type
- Chart 2: Foreclosure Inventory Percentage by Loan Type
- Chart 3: New Foreclosure Percentage by Loan Type
- Chart 4: Seriously Delinquent Rate by Loan Type
- Chart 5: Total Delinquency Rate by ARM & Fixed
- Chart 6: Foreclosure Inventory Percentage by ARM & Fixed
- Chart 7: New Foreclosure Percentage by ARM & Fixed
- Chart 8: Seriously Delinquent Rate by ARM & Fixed
- Map 1: Total Loans Past Due Rates by State (Q1, 2006)
- Map 2: Foreclosure Inventory by State (Q1, 2006)




MORTGAGE BANKERS ASSOCIATION




MORTGAGE BANKERS ASSOCIATION
Investing in communities

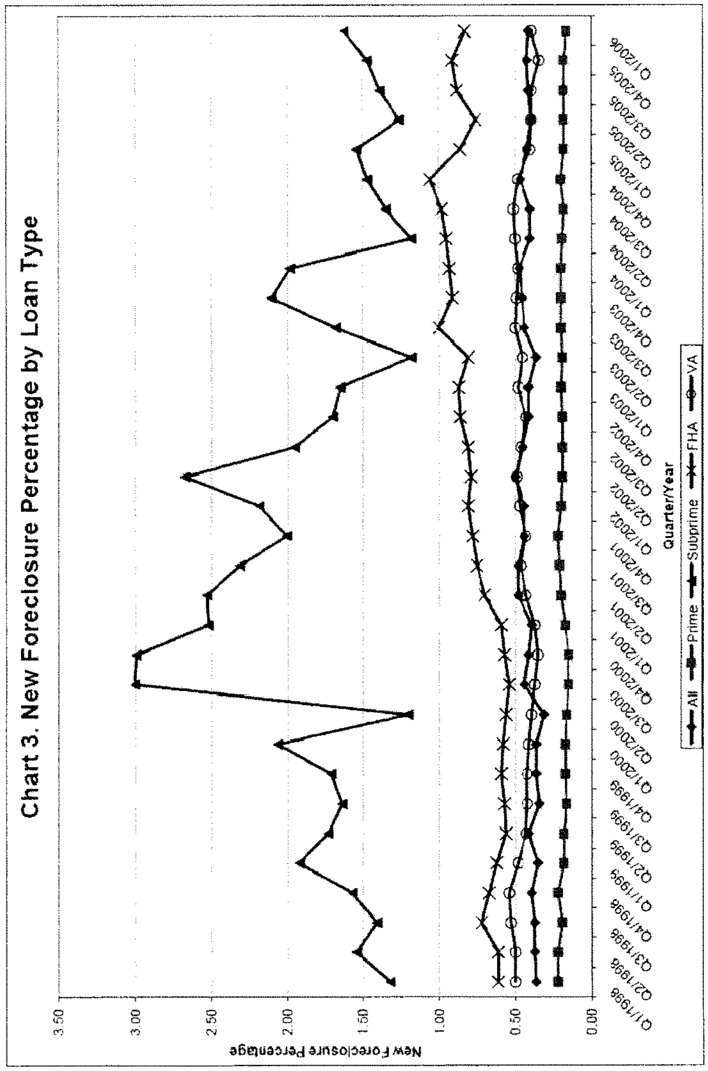


Chart 3. New Foreclosure Percentage by Loan Type
New Foreclosure Percentage
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
Q1/1998
Q2/1998
Q3/1998
Q4/1998
Q1/1999
Q2/1999
Q3/1999
Q4/1999
Q1/2000
Q2/2000
Q3/2000
Q4/2000
Q1/2001
Q2/2001
Q3/2001
Q4/2001
Q1/2002
Q2/2002
Q3/2002
Q4/2002
Q1/2003
Q2/2003
Q3/2003
Q4/2003
Q1/2004
Q2/2004
Q3/2004
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Q1/2006
Quarter/Year
All
Prime
Subprime
FHA
VA

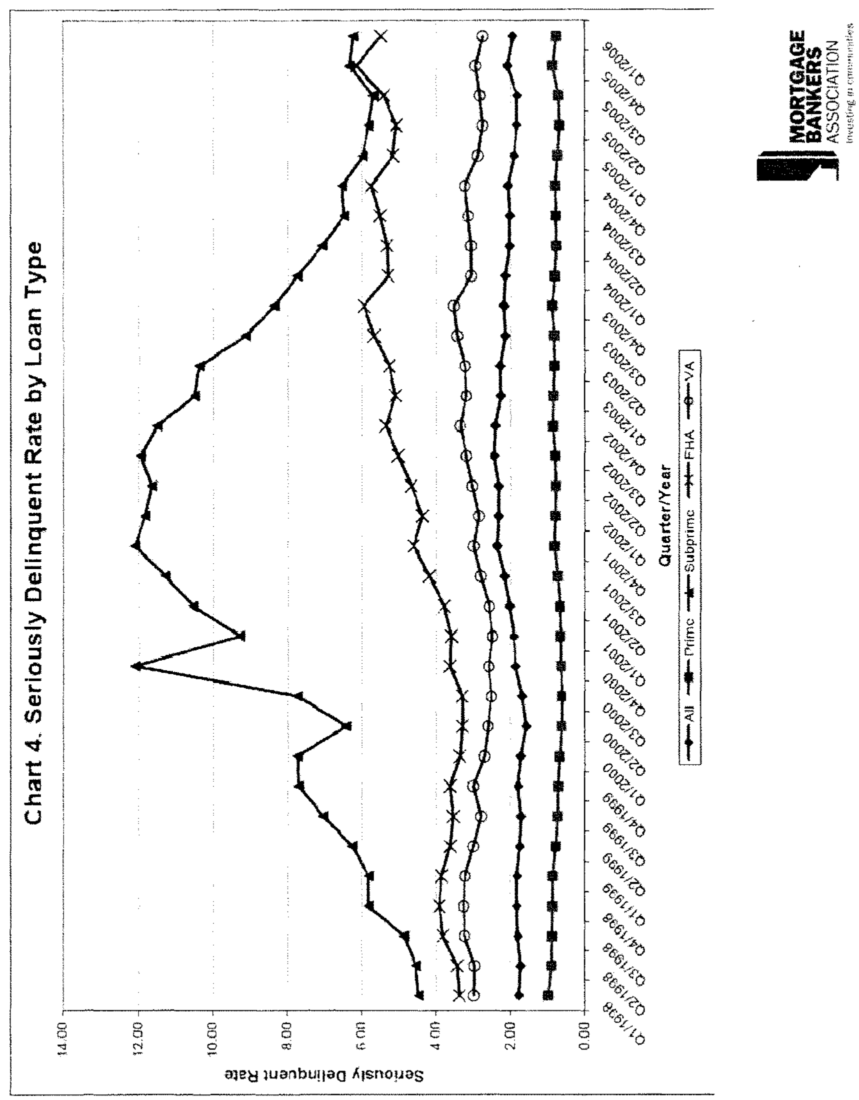
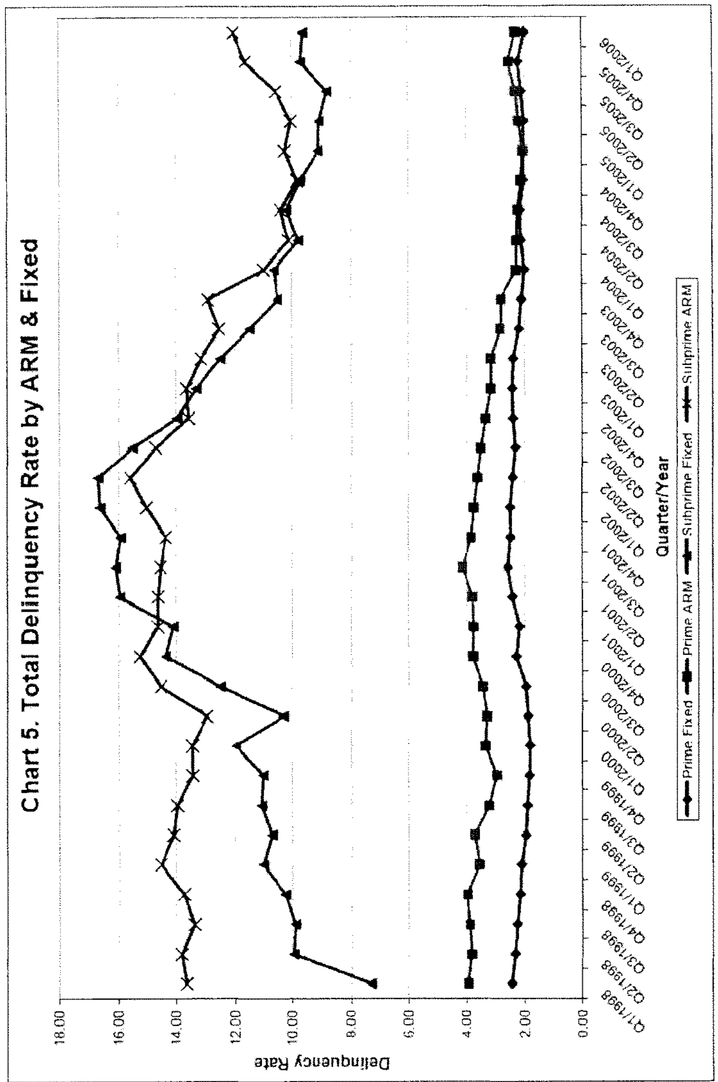


Chart 4. Seriously Delinquent Rate by Loan Type
Seriously Delinquent Rate
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
Quarter/Year
All
Prime
Subprime
FHA
VA
MORTGAGE BANKERS ASSOCIATION

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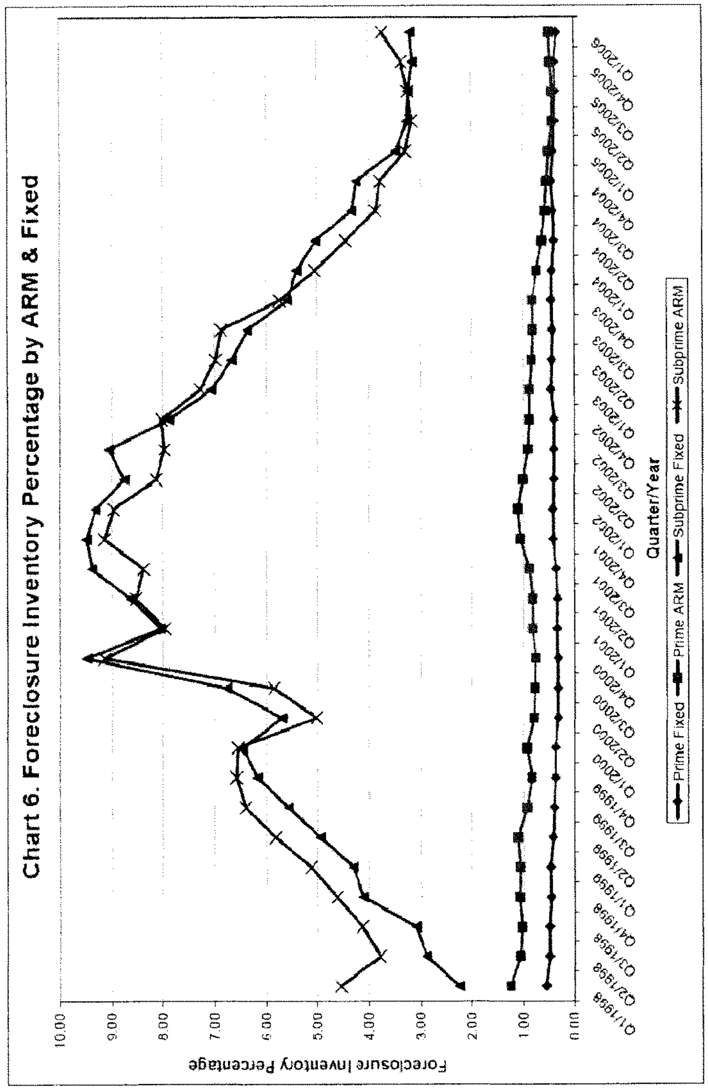


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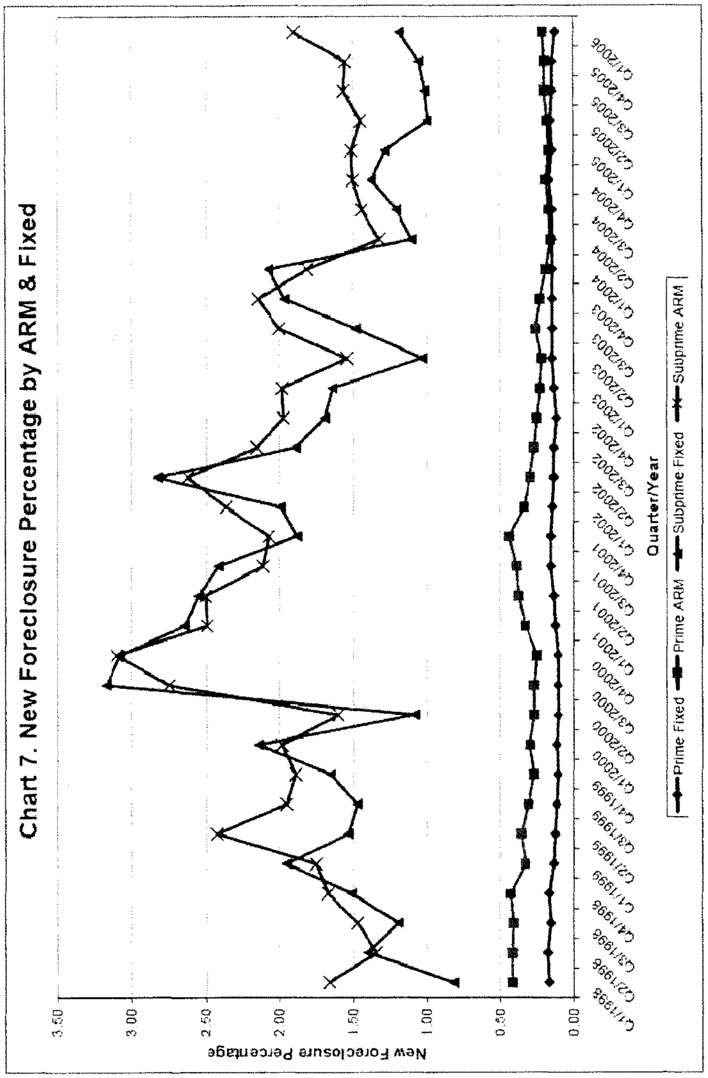


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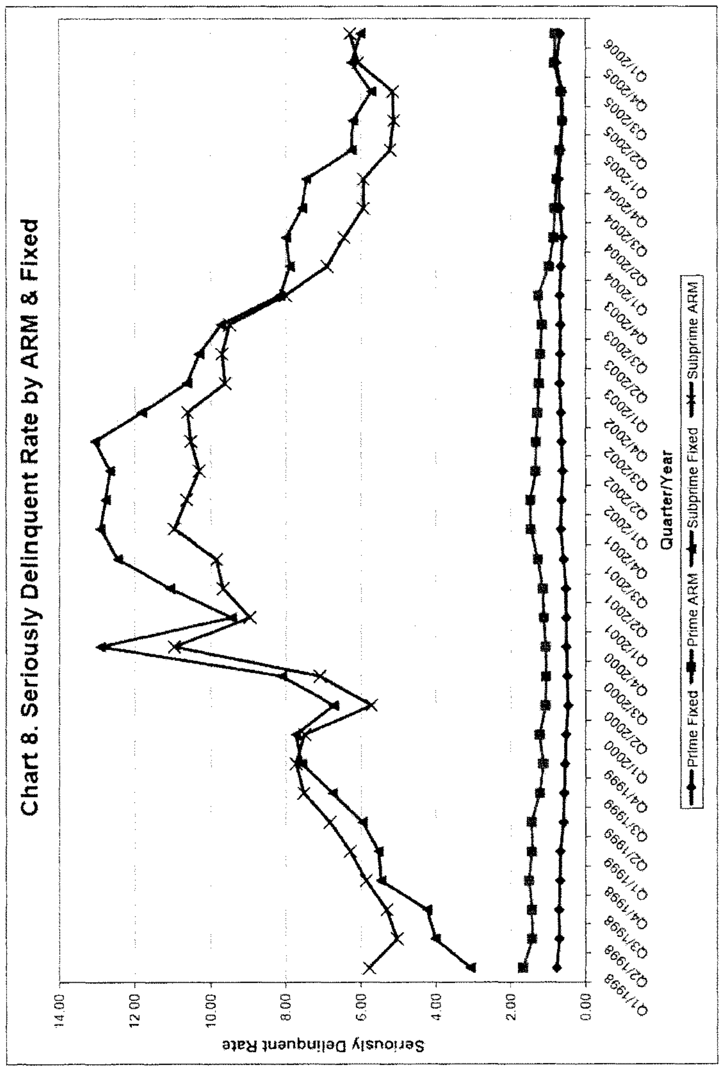


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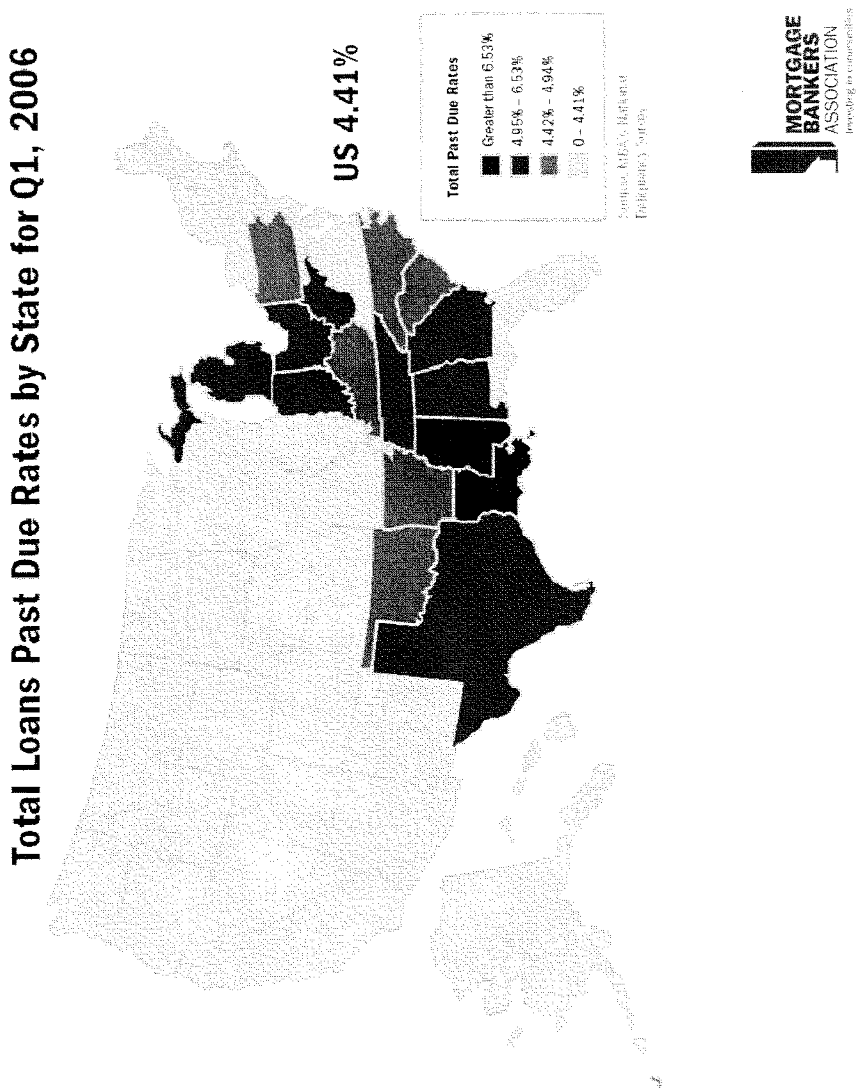
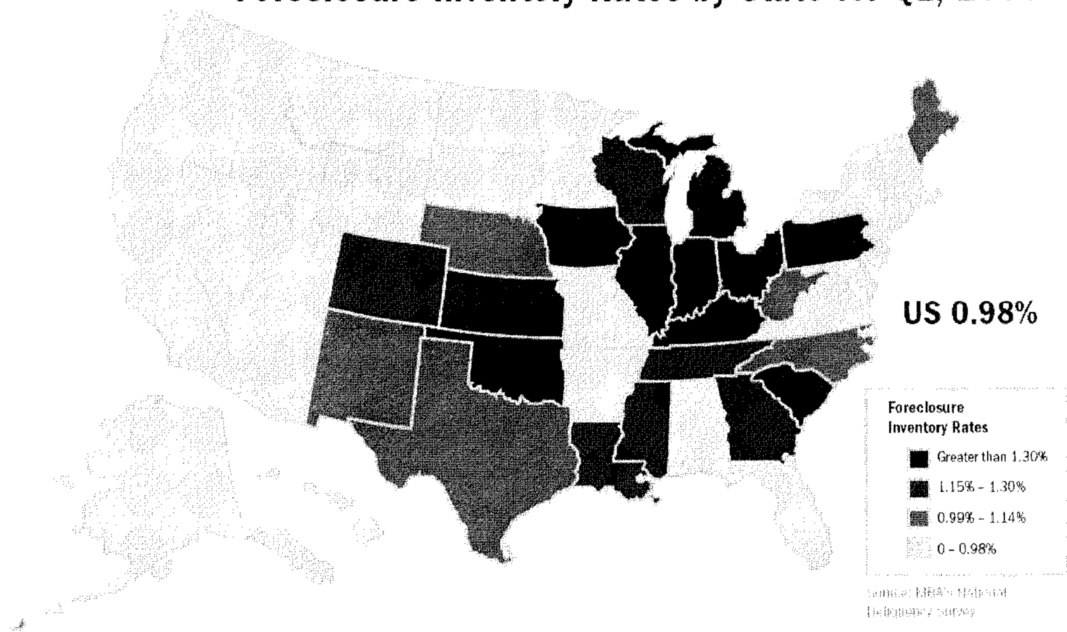

Total Loans Past Due Rates by State for Q1, 2006
US 4.41%
Total Past Due Rates
Greater than 6.53%
4.95% - 6.53%
4.42% - 4.94%
0 - 4.41%
MORTGAGE
BANKERS
ASSOCIATION

# Foreclosure Inventory Rates by State for Q1, 2006




MORTGAGE BANKERS ASSOCIATION
Investing in Communities

TESTIMONY OF

DEBORAH OAKLEY
Senior Vice President, Homeownership Preservation, National City Corporation

On behalf of the

HOUSING POLICY COUNCIL of THE FINANCIAL SERVICES ROUNDTABLE

Before the

HOUSE FINANCIAL SERVICES COMMITTEE
August 23, 2006

Good Morning Congressman LaTourette, Congresswoman Tubbs-Jones, and members of the House Financial Services Committee. I am Deborah Oakley, Senior Vice President of Homeownership Preservation for National City Corporation. I appreciate the opportunity to testify before the Committee today on behalf of the Housing Policy Council (HPC) of The Financial Services Roundtable.

In today's testimony, we want to give the Committee a more complete perspective on the important issue of reducing foreclosures. There are two popular misperceptions that I would like to address: the first is that lenders benefit from foreclosures and secondly that lenders do not have, and have no wish to offer, workout options that would help people stay in their homes. In both cases, the opposite is true. National City along with HPC members has teamed up with Neighborworks® America, the Homeownership Preservation Foundation, Freddie Mac and Fannie Mae in a national partnership to help people stay in their homes.

The Financial Services Roundtable formed HPC in April 2003 to be the premier forum to address the most critical mortgage finance and housing public policy issues. Housing finance is truly a national industry and HPC member companies seek to serve customers across the nation. As of August 2006, twenty-two Roundtable member companies comprise the HPC, and we estimate that our members originate sixty-four percent of mortgages for American consumers.

According to the U.S. Census Bureau, the homeownership rate in the United States is at an historic high of 68.7%. This number is even higher in the Midwest region at 72.5%. Homeownership rates among minorities have also increased to 47.2% for African Americans and 50% for Hispanics. The high level of homeownership is excellent news because homeownership has a positive impact on families and communities. However, along with the good news story of the increase in homeownership, there remain some cases in which borrowers with mortgages experience financial problems and foreclosures do occur. The foreclosure rate nationally is less than 1% of outstanding loans, but in Ohio this number is 3.27%. No one is happy about these foreclosures- everyone loses in a foreclosure- the borrower, neighborhood, municipality, and the lender.

Legitimate lenders want to keep people in their homes; we want successful homeowners who can pay their mortgage and succeed financially. We want customers for life- who can benefit from the services and products we offer. We also understand that as responsible community lenders, foreclosures lead to devaluation of other properties in the neighborhood, adversely affecting other customers to whom we have extended credit. Foreclosure is somewhat like depreciating your own asset – leading to more failures in the communities we lend in and thus more losses. Financial institutions understand this.

Investors such as Freddie Mac, Fannie Mae, and the other secondary market purchasers of mortgages and government agencies such as HUD support lenders' efforts to encourage loan workouts and even provide incentives to servicers to engage in successful loss mitigation with borrowers. "Tier Ratings" are used by some of these groups to gauge the success of servicers to reach targeting goals.

Foreclosures are a burden for everyone. The increase in foreclosures is startling: within the last five years, nearly three million American families have entered foreclosure; the foreclosure rate on total mortgage loans in the United States has increased by more than 50% since 2000. A 2005 Freddie Mac study estimated that the average cost of a single foreclosure for the lender averages over fifty-eight thousand dollars. In other words, responsible lenders lose money on foreclosures. For homeowners and businesses that pay property taxes, the increase in local government expenditures for dealing with vacancy, vandalism and the inherent risk of increased criminal activity generated in neighborhoods in which many foreclosures have occurred is an additional burden.

Why do foreclosures happen? In a random sample of active non-prime mortgages in Ohio from a large national lender in January 2005, Mark Duda, in a presentation titled "Foreclosures in Ohio: What is Happening and What can be Done about It", found the following factors as the most frequent causes of default:

- 19% Job loss/Unemployment
- 17% No contact with loan servicer: unknown cause
- 14% Health crisis/Disability/Worker's comp
- 13% Money management/Overspending
- 13% Divorce/Separation
- 10% Borrower deceased/Other death in family
- 6% Rental property
- 3% Property Taxes, Insurance, Utility costs
- 4% Other

These reasons comport with the findings of the HPC lenders, although the percentages attributable to each reason varies from lender to lender. Duda's study also showed several borrowers faced unexpected expenses. While 50% had no unexpected costs, 16% had to make repairs to major systems; 9% had increases in utility payments; 7% had increases in property taxes; 6% repairs to roof or foundation; 5% had repairs to appliances; 4% had increases in homeowner's insurance; 3% had other unexpected expenses.

Data indicates that job loss is as important a factor in foreclosures as any single event. According to the U.S. Department of Labor Bureau of Labor Statistics, in June 2006, the U.S.

unemployment rate was 4.6%*. At the same time, Ohio's unemployment rate was 5.1%, down somewhat from June 2005 when it was 6%*. For the City of Cleveland, the unemployment rate was 6.9% in June 2006 and 8.3% in June 2005+. It is important to note that because of the economic effects of unemployment, foreclosures are likely to still be on the rise in an area after unemployment declines. Unemployed borrowers face serious problems in maintaining payments on any debt they have, and that is true of mortgage debt. The higher the unemployment rate the greater the chance that there will be more defaults and more foreclosures.

Another factor that impacts foreclosures is "under-employment", where homeowners who had sufficient income from one well-paying job have had to substitute lesser paying jobs when laid off. This is of concern in Ohio where many automotive industry employees have been laid off and can only find alternative jobs that are lower paying.

Another factor in Ohio that may be contributing to high foreclosure rates is the lack of significant appreciation in home values. According to the Mortgage Guaranty Insurance Corporation's (MGIC) Market Trend Analysis, July 2006, Cleveland homeowners experienced only a 3% home appreciation this last year, compared to 12.53% nationally. As a state, Ohio likewise was limited to a 3.26% appreciation rate. In other markets where homes show significant or continued appreciation, homeowners in trouble are able to sell their properties before foreclosure occurs. They can take their equity and enjoy a fresh start. In Ohio, many homeowners find that they have little equity in their homes, sometimes through failure for properties to appreciate but in some cases they have tapped out their value by borrowing against their home for expenses the homeowner found to be important, such as education, home improvements, and in some cases, meeting daily expenses during lay-offs or cutbacks in hours worked. Compounding this problem is rising interest rates, which appear to be affecting the

* Seasonally adjusted.
+ Not seasonally adjusted.

housing market, even formerly high appreciation markets, by lengthening marketing time and lowering home price appreciation.

Responsible lenders constantly work to keep their borrowers in their homes. Even before the consumer purchases a home, lenders have pre-purchase counseling programs available to educate potential homeowners on the terms of a loan, expenses associated with homeownership, and basic budgeting skills. These programs are typically provided in conjunction with accredited non-profit counseling agencies with expertise in these matters, although some lenders conduct these workshops themselves as part of their community outreach efforts.

Legitimate lenders have a variety of "workout tools" available to their borrowers who are facing financial difficulty. These tools have been developed over the years to combat different kinds of financial distress. With some homeowners, it may be a temporary set back that requires a short-term forbearance until they resume full employment or their hardship is resolved.

For others, a repayment plan (where they pay a regular monthly payment plus a portion of the arrearage) can resolve their delinquency. Stipulated repayment plans can even be used for borrowers who are already in foreclosure. Others require more sophisticated assistance, such as modifying their mortgage (by capitalizing past due payments, extending the term, and/or reducing their interest rate) or in the case of FHA mortgages, approving a partial claim that would pay their arrearages through an interest free second mortgage, payable upon the sale of the property. These options are available throughout the industry and are advertised through calls, letters, and lender web sites. Borrowers must have a hardship to qualify, and they must provide financial information so that a lender can determine which workout has the best opportunity for success. But these are available for consideration, if borrowers respond to the calls and letters that lenders send each month to their customers. Our member companies and all responsible lenders have been focused on this issue for years, but we are constantly trying to improve and expand outreach to consumers who appear to be in distress.

The party with the biggest personal stake in this is the homeowner, at risk for losing his home, his equity, and his security. Homeownership is widely recognized to be one of the most important tools for Americans to build wealth. Losing one's home to foreclosure can have a devastating impact on all aspects of family life.

The major key obstacle that responsible lenders have in helping their borrowers stay in their homes: an estimated 50% of homeowners who enter foreclosure never contacted or spoke with their lender. Similarly, in a Freddie Mac survey it was found that the majority of homeowners (both those in delinquency and in good standing) are not aware of services that mortgage lenders can offer to a person having trouble with their mortgage (Roper Study, 2005). Despite calls, letters, publicizing information on lender, HUD, and counseling agency web sites, and even sending overnight mail containing workout brochures to homeowners in trouble, many fail to respond. When a borrower falls behind on her payments, it seems the last person she wants to talk to is her lender. From a human nature standpoint, that is understandable. However, in reality, the earlier a borrower in trouble contacts their lender, the more options are available to them. It is important to underscore this point: even homeowners already in foreclosure can be helped.

The question becomes how to reach people who will not talk with their lender to inform them there are workout options available to help keep them in their homes? Part of the answer lies in creating partnerships with trusted third parties, such as nonprofit counseling agencies, local officials, and advocacy groups, to create a holistic outreach.

Responsible lenders have individually and collectively been focused on this issue for sometime. Since 2003, an innovative partnership called HOPI - between the City of Chicago, the Federal Reserve Bank of Chicago, Neighborhood Housing Services of Chicago (a NeighborWorks affiliate), the Homeownership Preservation Foundation, and several lenders - teamed up to tackle the city's rising foreclosures. Through the City's 311 hotline, a telephone number serviced all hours of the day and night, homeowners at risk of foreclosure received free counseling by certified housing counselors.

Postcards publicizing the 311 number were mailed to homeowners in at-risk neighborhoods. The Mayor's office, with the support of the media, publicized these efforts. It has been a major success. In three years (2003-2006), over 4,000 Chicago homeowners have received counseling and over 1,300 families avoided foreclosure. It is estimated that in three years, the HOPI program resulted in $267,000,000 in collective savings for the City of Chicago, its homeowners, and HOPI lender partners. These partnerships allow the counseling agencies to work with homeowners to develop a financial plan, and then the counseling agencies work with the lenders to create a viable workout for the homeowner. Leveraging other community resources, homeowners receive holistic assistance that can address not just their financial situation, but other events and circumstances that are impacting their ability to keep their home.

Building on successful pilot programs in Chicago, Detroit and Dallas, fourteen HPC companies and other legitimate lenders have partnered with some respected national non-profits and the GSEs in a national foreclosure prevention campaign. All partners have the same goal of helping homeowners avoid foreclosure whenever possible. Through the counselors and the Ad Council campaign, lenders are reaching out to their borrowers and encouraging them to get help either through 888-995-HOPE, a NeighborWorks organization, or by contacting their lender directly. The goals of this partnership are:

- Linking homeowners in danger of foreclosures to the Homeownership Preservation Foundation's accredited counselors to get the financial advice they need to avoid foreclosure
- Establishing foreclosure intervention programs in cities and localities with high rates of foreclosure.
- Conducting a national public education campaign with the Ad Council to improve contact rates for those in financial distress.
- Improving counseling capacity and providing certified training programs to foreclosure counselors across the nation.

- Conducting industry research to better diagnose issues in the new mortgage market and advising on potential solutions.

As of August 2006, the partners of this national program are: Homeownership Preservation Foundation; NeighborWorks® America; Housing Policy Council; American General Financial Services, Inc./ AIG; Bank of America; Citigroup; Countrywide Home Loans; Fannie Mae; Freddie Mac; Homecomings Financial; HSBC- North America; JPMorgan Chase; ABN AMRO Mortgage Group, Inc., an indirect subsidiary of LaSalle Bank Corporation; National City Mortgage Co.; New Century Financial Corporation; Ocwen Loan Servicing, LLC; Option One Mortgage; Residential Capital Corporation; State Farm Insurance; Washington Mutual; Wells Fargo Home Mortgage. The Homeownership Preservation Foundation was founded in 2004 with a $20MM grant from GMAC-RFC for the purpose of reducing foreclosures across the nation. HPF established the Credit Counseling Resource Center, a free 24/7 hotline number staffed by 50 trained housing counselors, to assist owners at-risk throughout the country. The NeighborWorks® Center for Foreclosure Solutions is an initiative of NeighborWorks America, a nonprofit organization, founded by Congress, providing financial support, technical assistance and training for communities across the nation, including the NeighborWorks network—a nationwide network of more than 245 community development organizations working in more than 4,400 urban, suburban and rural communities across America. These organizations engage in revitalization strategies that strengthen communities and transform lives. In the last five years alone, NeighborWorks organizations have generated more than $10 billion in reinvestment and helped more than 780,000 families of modest means purchase or improve their homes or secure safe, decent rental or mutual housing.

The phone counseling is provided by the Homeownership Preservation Foundation's Credit Counseling Resource Center. Every counselor is an independent specialist in foreclosure prevention, certified by the Department of Housing and Urban Development. There is no switchboard; the phone is answered by housing counselors who are available twenty-four hours a day, seven days a week.

The national program rolled out in Ohio in April 2006. We are working on rolling out to other areas in foreclosure crisis including Georgia, Texas, Missouri, and Michigan in 2006 and early 2007. The National Ad Council campaign promoting the hotline is expected to roll out in late 2006 or early 2007.

From January to June 2006, over 2,200 homeowners have been counseled through this national initiative. Seven hundred twenty-six of those counseled are from Ohio. Of all those counseled nationally, 29% were 120 days or more late on their loan payments; 21% were 61-120 days late; 21% were 30-60 days late; 22% were under 30 days later; 7% were unsure. Of those counseled, 45% had not talked to their lender in the last thirty days. The initial outcomes of the counseling sessions are: 28% need more budget improvement; 18% have more counseling advised or scheduled; 15% have a lender workout suggested, pending or reinstated; 13% are referred to a NeighborWorks® organization for more counseling; 12% are referred to another agency (i.e. LifeMatters, Salvation Army, etc.); 12% are seriously considering selling their house; 2% are put on a credit counseling consolidation plan.

Our member companies and every legitimate lender take this issue very seriously. We want to help consumers be successful homeowners and to avoid foreclosures. We believe our homeownership preservation effort is a model to help homeowners in distress. In closing, our message is that lenders want to work with all interested parties – non-profits, public officials, the media – to get the message to homeowners in distress that help is available. The most important first step is to make the call to ask for help. Thank you for this opportunity. I would be pleased to answer any questions the Committee may have.

**Testimony of**
**Vanessa (Van) Randolph, Director**
**Fannie Mae - Northern Ohio Community Business Center**
**Committee on Financial Services**
**Congressional Field Hearing - Cleveland, Ohio**
**August 23, 2006**

Thank you, Chairman Oxley, Ranking Member Frank, Host Members, Congressman LaTourette, Congresswoman Tubbs Jones, Congressman Kucinich, and members of the Financial Services Committee.

My name is Vanessa Randolph and I am the Director of Fannie Mae's Northern Ohio Community Business Center. In this role I work across our company's business lines to develop market strategies that enable us to make investments that positively impact on the affordable housing market throughout Ohio, with an emphasis on 29 counties across Northern Ohio. In general, Community Business Centers are local, field-based centers around the country responsible for working with local lenders; non-profit and for-profit developers; real estate professionals; housing advocates; public officials; public housing authorities; and community development corporations, among others. We like to say that the Community Business Centers bring the community to Fannie Mae, and we bring Fannie Mae to the community.

I have over 16 years of mortgage lending experience. I am a native Ohioan and currently reside in Cuyahoga County.

I want to thank you for inviting me to testify on the state of affordable housing with regard to foreclosures. I commend the members of this Committee for your leadership on this issue. Your concern and attention have been and will continue to be critical to the success of public and private sector efforts to combat the rising number of foreclosures in Ohio.

I am pleased to be here today to discuss foreclosures and foreclosure prevention and to share with you the steps that Fannie Mae is taking to help keep people in their homes and expand affordable homeownership opportunities in our communities.

**Foreclosures in Ohio**

Ohio has the highest rate of mortgage defaults in the nation, a distinction we could very easily live without. According to a recent report from Policy Matters Ohio, Ohio's foreclosure rates have doubled since 1998 and increased more than 31 percent since 2001. Ohio was first in the nation in home foreclosures in both 2004 and 2005. In 2003 one in every 117 Ohio households was put up for sheriff's sale. The Mortgage Bankers Association of America reports that in 2005 the number of prime Ohio loans in foreclosure was 1.48 percent – which was more than three times the national rate of 0.42

percent. (See **Attachment A).** An analysis of the Fannie Mae rate of foreclosure in Ohio confirms the trend shown by the MBA's Ohio foreclosure rate as compared to the national average.

**What Fannie Mae is Doing**

Fannie Mae's American Dream Commitment is our commitment to meet America's toughest housing problems by investing in affordable housing through four (4) primary goals, as follows:

1. Getting people into homes;
2. Keeping people in those homes;
3. Increasing the supply of housing where it is needed it is needed most; and
4. Transforming communities through strategic placement of resources.

The second of our American Dream Commitment goals - keeping people in their homes - is the umbrella goal under which our foreclosure prevention efforts fall. In short, Fannie Mae's mission is to make homeownership not only attainable, but also sustainable. Because Fannie Mae does not do business directly with consumers, we recognize the importance of partnering with our lenders (servicers), housing advocates, and other trusted advisors to create and implement initiatives and outreach efforts to help keep people in their homes in Ohio. These efforts include participation and financial support of local and statewide Foreclosure Prevention Summits; Anti-Predatory Lending Pilots; Faith-Based Consumer Awareness initiatives; and training third parties to utilize our web-based counseling tool Home Counselor Online™, so that they can help prepare families across the country for homeownership.

Fannie Mae's local foreclosure prevention efforts include our partnership with non-profits in four Ohio cities (Cincinnati, Cleveland, Dayton, and Toledo) to offer anti-predatory lending and pre-foreclosure assistance. We are also supporting the efforts underway to offer a statewide foreclosure prevention summit in Toledo in the fall of 2006. It is Fannie Mae's desire to avoid purchasing loans from lenders who demonstrate the use of predatory or abusive lending methods. In April 2000, Fannie Mae developed a set of anti-predatory lending standards that lenders must comply with in connection with the sale of loans to Fannie Mae. For example, these standards include not purchasing or securitizing mortgages with excessive points and fees, including loans subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), and mortgages where the lender did not adequately assess the borrowers' ability to repay the loans.

One key characteristic of some foreclosures is that they are the result of mortgage fraud. In many cases, the "fraudster" manipulates an unsophisticated borrower, who then becomes a victim of mortgage fraud and potentially loses a home to foreclosure or struggles to meet a payment on an over-appraised home. Fannie Mae is committed to working with our partners to help detect and combat mortgage fraud—hopefully before it occurs, but also after the fact by detecting fraud patterns and working with government officials to pursue perpetrators of fraud.

In the best cases, potential fraud is detected before it occurs. Fannie Mae has improved our automated underwriting system, Desktop Underwriter®, to provide DU Red Flags Messaging, which displays messages to our lenders when suspicious characteristics that could indicate possible mortgage fraud appear on loans they are reviewing. These characteristics could include excessive property valuation on refinances, rapid home appreciation, or inconsistent borrower information. We have also partnered with several large national vendors to offer anti-fraud services such as Borrower ID, Verification of Employment, Verification of Income, Predatory Lending review and state law compliance to our lender partners. In addition, Fannie Mae offers web based training, Housing Finance Institute classes and consultative services to educate lenders and other industry partners on best practices to combat mortgage fraud.

**Home Saver Solutions**

In addition to our outreach efforts, Fannie Mae has developed a Home Saver Solutions initiative consisting of several creative approaches that help financially troubled borrowers stay in their homes where possible or avoid the stigma of foreclosure. These approaches – collectively referred to as "workouts" – consist of forbearances, repayment plans, modifications, assumptions, pre-foreclosure sales, and deeds-in-lieu of foreclosure. ***Fannie Mae feels so strongly about helping Americans sustain homeownership that we expect servicers to pursue alternatives to foreclosure and we provide for servicers to earn additional compensation from us for pursuing alternatives to foreclosure.*** However, when the borrower does not met the mortgage obligation and the workout attempts fail, foreclosure is unavoidable. If foreclosure becomes necessary, it will be done in a cost-efficient manner and within the guidelines of state law.

One of the keys to ensuring success is early intervention with the borrower. This is why Fannie Mae encourages borrowers experiencing financial difficulties to contact their lender (servicer) at the first sign of financial trouble. The positive impact of the Home Saver Solutions initiative to date is reflected in the following:

- Since 1997, an increasing number of Fannie Mae borrowers have been able to work out their delinquencies instead of losing their homes to foreclosure;
- Repayment plans and modifications have increased, enabling most borrowers to remain in their homes; and
- As of year-to-date 2006, Fannie Mae has entered into workouts aimed at saving borrowers' homes for approximately one third of Ohio loans that have become seriously delinquent

**The alternatives to foreclosure that Fannie Mae promotes** fall into two major categories – short-term and long-term:

**Responses to <u>short-term, less severe financial problems include:</u>**

1. **Forbearance Agreements**: These are formal written agreements between the borrower and the mortgage servicer. Under the terms of the agreement monthly payments are reduced or suspended for a specific period of time. During that time, the borrower pays either a lower monthly payment or no payment at all. At the end of the agreed-upon period the borrower resumes making regular monthly payments, as well as pays additional funds to make up for the past-due amount or another workout alternative, i.e., a loan modification may be warranted as a means of establishing a repayment plan.

   **Benefit:** During the period of forbearance the borrower has the opportunity to resolve the financial hardship AND remain in the home

2. **Repayment plan:** This involves a temporary increase in monthly payments until the loan is brought current. The servicer calculates the additional payment required and how long it will be needed.

   **Benefit:** The borrower has the opportunity to "make up" missed payments over a period of time, rather than all at once, AND remain in the home.

**Responses to <u>longer-term, more severe</u> financial problems include:**

1. **Modification:** A modification allows for one or more of the terms of the mortgage to be changed to bring the loan current. For example, the modification might involve extending the term (up to a maximum of 480 months) OR temporarily reducing the interest rate. Delinquent interest, escrow, fees, and other costs may be added to the principal balance that is owed, subject to state law.

   **Benefit:** The borrower is offered a fresh start and the borrower's breach of the loan terms is cured.

2. **Assumption**: If the borrower doesn't want or isn't able to keep the house, an assumption may be in order. The home is transferred to a new buyer who agrees to take responsibility for (assumes) the existing mortgage. The new buyer must meet credit guidelines.

   **Benefit:** The borrower avoids the stigma and the tax liability of a foreclosure.

3. **Pre-foreclosure sale:** A pre-foreclosure sale should be considered even if the sale of the property at current fair market value would result in proceeds less than the total debt outstanding. The property is listed for sale at its "as is" appraised value. Fannie Mae and the servicer agree to accept the proceeds of the sale, and any extra agreed amounts, in satisfaction of the mortgage loan. Borrowers may be asked to make a cash contribution or sign an interest-free promissory note for all or part of the difference between the proceeds from the sale of the property and the amount owed on the mortgage.

**Benefit:** The borrower avoids the stigma and the tax liability of a foreclosure.

4. **Deed-in-lieu of foreclosure** – This is generally viewed as an option only after all other alternatives have been explored. The borrower voluntarily gives the deed to the property to the servicer. This option is only available if there are no junior liens (or the holders of the junior liens agree to release them) and the property is vacant at the time the deed is executed. Borrowers may be asked to make a cash contribution or sign an interest-free promissory note for all or part of the difference between the value of the property and the amount owed on the mortgage.

   **Benefit:** The borrower satisfies the debt and avoids the stigma of foreclosure. The borrower can reduce the tax impact where some of the debt is forgiven by surrendering the property as quickly as possible after the decision is made so that the taxable loss is minimized.

With the support of elected officials at the federal, state and local levels, we believe that we can elevate the interest in foreclosure prevention. Foreclosures filings are on the rise throughout the state. In response to this rising rate, we need to create a real sense of urgency for creating the most efficient process for managing foreclosures.

There is also a need to increase borrower awareness of the resources that are available to help keep people in their homes. It is not enough to help hundreds of families when thousands are not even aware of the opportunities for assistance. Leadership at the federal, state, and local levels can focus interest and increase support to the various help lines that exist (County's 211 line, NeighborWorks 800 number, HAI-HELP; etc.), as well as to the loss mitigation and foreclosure prevention programs that are taking place around the state.

There also needs to be more support and funding for our non-profit partners who provide prepurchase and post-purchase counseling. These agencies could be the foundation for a statewide effort to help people sustain homeownership. This type of collaborative effort could be significant in that it would help to avoid foreclosures and the resulting risk of homelessness.

I want to again thank Chairman Oxley, Ranking Member Frank, and Ohio host members, LaTourette, Tubbs Jones, and Kucinich, and the Members of the Committee for their leadership and their commitment to addressing the foreclosure problems on behalf of all Ohioans. You have been champions of developing affordable housing and we ask that you accompany us on the journey to provide sustainable housing solutions so that everyone can have a safe and decent place to call home. We look forward to working with the Committee to continue making progress.

Thank you. I would be happy to answer any questions.

Attachment A

**Problem Statement**

Ohio has the grim distinction of having the highest rate of mortgage defaults in the nation. The Mortgage Bankers Association reported the following statistics at the end of the fourth quarter of 2005:

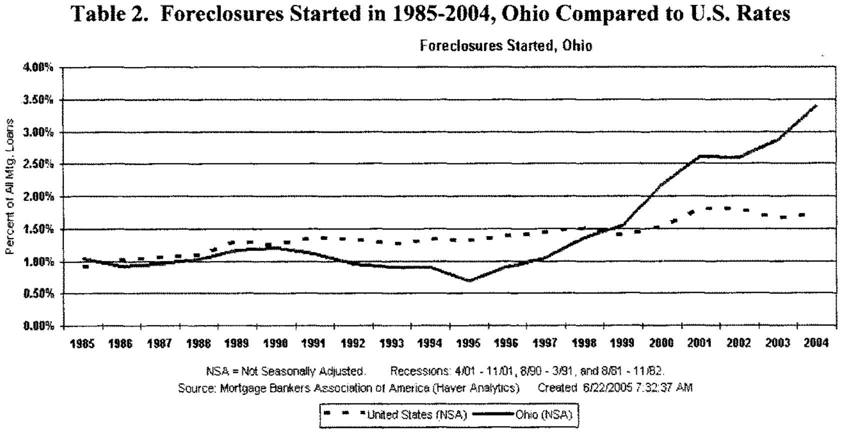
**Table 1. Comparison of Mortgage Default Rates**

| Type of Loan | Percent of Loans in Foreclosure in Ohio | Percent of Loans in Foreclosure in United States | Ratio of Ohio Rate Compared to National Rate | Ohio Ranking vs. Other States |
|---|---|---|---|---|
| All Mortgages | 3.22 | .99 | 3.25 | #1 |
| Prime Mortgages | 1.48 | .42 | 3.52 | #1 |
| Subprime Mortgages | 9.99 | 3.33 | 3.0 | #1 |
| FHA Mortgages | 5.17 | 2.34 | 2.21 | #1 |
| VA Mortgages | 3.57 | 1.13 | 3.16 | #1 |

*Source: National Delinquency Surveys, Fourth Quarter 2005. Mortgage Bankers Association.*

Foreclosure rates in Ohio have more than doubled since 1999. At the end of 2005, more than 3.22 percent of all loans were in foreclosure. This is more than three times the national rate of .99 percent, and over four times Ohio's rate of 0.7 percent in 1995. The largest jump was in 2000 and 2001, and foreclosures rose again in 2003 and 2004 after a steady period in 2002.

**Table 2. Foreclosures Started in 1985-2004, Ohio Compared to U.S. Rates**




*Source: FDIC RECON (www2.fdic.gov/recon), from Mortgage Bankers Association's National Delinquency Survey*

**UNITED STATES HOUSE OF REPRESENTATIVES**
**FINANCIAL SERVICES COMMITTEE HEARING**
**Wednesday, August 23, 2006**

Written Testimony Submitted by:
Daryl P. Rush, Director
Department of Community Development
City of Cleveland, Ohio

**Introduction**

Good Morning Mr. Chairman, Honorable Members of the Financial Services Committee, public & elected officials, residents, distinguished fellow panelists and guests. On behalf of Mayor Frank G. Jackson, I welcome you to the City of Cleveland, and I am honored to represent the Mayor and the citizens of Cleveland before you this morning.

I understand that the purpose of today's hearing is to explore issues related to foreclosures and predatory lending:

- Why is the home foreclosure rate in Cuyahoga County so high?
- What current programs and laws are in place to assist new homebuyers?
- What steps are now being taken to assist homeowners who are on the verge of facing foreclosure?
- What can federal, state and local governments do to reduce the number of foreclosures?

My testimony will address the questions from the perspective of local government in general and specifically the City of Cleveland.

**Local Landscape**

An important consideration in the discussion of foreclosures in Cuyahoga County and the City of Cleveland is the fact that the area is a slow growth or weak market region. A "weak market city" may be characterized by declining population, marginal economic growth and a declining city core. (See generally, Building a New Framework for Community Development in Weak Market Cities, Paul C. Brophy & Kim Burnett, April 2003). Such cities are challenged by continuing population loss and stagnant economies. People living in weak market cities, many of whom are low and moderate income people, struggle to retain and build wealth or access services to improve their quality of life. Id. (See Also, Revitalizing Weak Market Cities in the U.S., Bruce Katz, May 8, 2006). With that backdrop, the city has been primed for its residents to either find themselves in unfortunate financial circumstances, or fall victim to unscrupulous conduct by conspirators involved with predatory lending.

The state of Ohio lost 236,700 jobs between March 2001 and December 31, 2003, and two-thirds of the job loss was in better paying manufacturing sectors. Northeast Ohio was over-represented in the loss of jobs. The area lost over 70,000 jobs in the 2 year period.

During the same period there was an increase in sub-prime lending in the city. Even though not every sub-prime loan is predatory, studies have discerned that sub-prime loans are three-times more likely to result in foreclosure than prime loans. The combination of the economic downturn and the influx of well-marketed sub-prime loans, particularly to susceptible population segments, has lead to a local crisis.

**The Foreclosure Crisis**

Statewide, foreclosures have increased three-fold between 1995 and 2005 -- from 17,026 in 1994 to 63,996 last year (Foreclosure Growth in Ohio, Policy Matters, July 2006). The rate has grown in 60 of the state's 88 counties. Id. However, the trend upward is more prevalent in urban areas. Unfortunately, Cuyahoga County ranks highest in per capita filings. The principle causes of foreclosure are:

- Loss of employment/lower employment/weak economy,
- Predatory lending (including flipping),
- Divorce or family break-up,
- Medical emergency, and
- Borrower lack of sophistication, error or financial mismanagement.

Currently, there are over 7,000 foreclosure cases pending in the City of Cleveland, and they are increasing at the rate of 875 per month. In 2001, 58% of the foreclosed loans in the City of Cleveland had predatory characteristics. A Study of Foreclosures in the City of Cleveland, The Housing Research & Advocacy Center, October 2003. See Also, Home Insecurity 2004: Foreclosure Growth in Ohio, Policy Matters, August 2004. The characteristics of predatory loans include:

1. High interest rate or APR,
2. Loan flipping,
3. Balloon payments,
4. Negative amortization,
5. Excessive points and fees,
6. Increased interest rate (after default),
7. Advanced payments,
8. Mandatory arbitration,
9. Prepayment penalties,
10. Financing of credit insurance,
11. Lending without home loan counseling,
12. Payment by lender to contractor unless under conditions.

In 2001, 67% of Cleveland's foreclosures had at least one of the top characteristics of a predatory loan, versus 38% in 1997. African-American neighborhoods have much higher levels of sub-prime lending than White neighborhoods, even after controlling for residents' credit history or income. Home Insecurity 2004: Foreclosure Growth in Ohio, Policy Matters, August 2004, at p. 11. Other groups targeted by sub-prime and predatory lenders include seniors, Latino households or communities where English is a second language.

It must be noted that closely associated with predatory loans is the practice of "flipping." Loan flipping is defined as refinancing a property repeatedly over a short period of time without any improvements to the property or economic gain for the borrower. It is also important to note that although foreclosures are typically associated with loans for home buying, they are frequently associated with loans for home improvements or repairs as well.

City programs designed to improve the housing stock and to provide affordable housing have also been adversely affected by the rising foreclosure rates. Homes supported by city funded second mortgages and home repair loans are experiencing high foreclosure rates due to foreclosures filed by the primary lender. Our analysis of these foreclosure rates indicates that they are caused not by predatory lending practices but by adverse economic conditions.

**Actions Undertaken By the City of Cleveland to Combat Foreclosures**

The City of Cleveland is striving to address the symptoms of weak market cities and improve the quality of life for its residents. We struggle with the effects of predatory lending. High foreclosure rates in low and moderate neighborhoods result in increased vacant houses that are abandoned for extended periods of time. High vacancy rates have a devastating effect on a community – creating eyesores, fostering crime, eroding values, and undercutting civic pride and hope in the community.

Five city departments are involved with efforts to either curb foreclosures, assist those in foreclosure, or eradicate the aftermath of foreclosures: Aging, Building & Housing, Community Development, Community Relations and Consumer Affairs. The initial thrust is implementing an educational awareness and outreach effort.

The city's strategies include (1) providing quality housing for residents of all income levels, (2) facilitating the creation of affordable loan products that fit the financial position of the city's residents, (3) making people aware of non-predatory and affordable financial resources, (4) increasing financial literacy and counseling, (5) providing resources for those subjected to predatory loans or foreclosure.

<u>Funding</u>

- Over the last 5 years, the city allocated $4,255,648 of CDBG and HOME funds for counseling and other assistance programs (see Figure 1).
- The city increased counseling targeted to the Latino community by funding the Spanish American Committee for counseling in 2005 and 2006.
- The city increased funding in 2006 for board-up and demolition of vacant housing by $145,600.

- The city increased funding for nuisance abatement at vacant houses, including debris removal and grass cutting, by $190,000.

Programs

In 2005, the Building & Housing Department spent an average of $100,000 a month boarding vacant homes. Further, the city has demolished 300 vacant homes in 2005, which is near the annual average. The number of demolished houses is but a fraction of the vacant units throughout the city. The estimated number is 15,000.
The city is in the process of creating a data-base of vacant houses in order to revise strategies for reducing the number and addressing the problems they cause.

The city's Department of Consumer Affairs is the lead department for anti-predatory lending activity. It has enforcement authority, and administers the funding for anti-predatory lending programs. Its major grantee has been Housing Advocates, Inc. (HAI). Consumer Affairs is also the liaison for coordinating the city's programming with the county's programs. The city is participating with the United Way 211 First Call For Help Line. There is also a coordination of marketing and the distribution of materials for the County's "Don't Borrow Trouble" campaign.

The city departments participate in over 100 neighborhood meetings and community functions per year. The Departments of Aging, Community Development, Community Relations and Consumer Affairs cross-market information for home repair programs, guidelines for hiring a contractor, references for non-predatory home loans, and counseling services.

Efforts to address the foreclosure and predatory lending issues are also coordinated with non-profit agencies, many of which receive funding from the city (and county), including; ACORN, Cleveland Housing Network (CHN), Cleveland Saves, Community Housing Solutions (CHS), Consumer Credit Counseling Services of Northeastern Ohio, East Side Organizing Project (ESOP), HAI, Legal Aid Society of Cleveland, Living In Cleveland Center (LICC), Neighborhood Housing Services (NHS), Spanish American Committee. These agencies provide an array of counseling services from financial literacy to homeowner counseling to foreclosure counseling.

In July, the city and county collaborated to sponsor a training program for community development corporations and agencies providing social services to seniors. The program outlined how the agencies may better inform people of choices to avoid, as well as resources that are available.

Counseling: Counseling is considered an integral part of our local response to foreclosures and predatory lending. Pre-purchase counseling is considered to be an important part of foreclosure prevention. It is critical to increase financial literacy and promote better borrowing decisions to reduce post-loan default rates. Accordingly, counseling is available locally for:

- Financial literacy and wealth building,

- Pre purchase,
- Post purchase, and
- Foreclosure assistance.

Foreclosure counseling includes negotiating with the lender, loan modification, and forbearance. HAI serves as the intake for Cleveland's $5 million loan rescue fund. Qualifying homeowners may have their predatory loan refinanced from a pool created by 5 local banks, and the notes are then sold to Fannie Mae. This pool is closing on its first loan. The city is participating by funding the gap created by the Fannie Mae underwriting guidelines. The participating banks are Dollar Bank, Fifth-Third Bank, Huntington Bank, Ohio Savings Bank and Sky Bank.

Neighborhood Reinvestment Program

The Neighborhood Reinvestment Program was developed in 1991 to address the relative lack of credit and related services in the City of Cleveland, especially to minorities and low-income persons and neighborhoods. Since 1991, the City of Cleveland has negotiated over $8 billion in commitments from nine local financial institutions plus Fannie Mae and Freddie Mac. These agreements establish an investment framework within which each institution would guide its approach to operating in the Cleveland market. One of the key results of the effort has been the development of loan terms that are favorable to city residents. These loan terms generally include below-market interest rates, and low down-payment requirements. Twice a year, a non-profit partner, Living In Cleveland Center, assembles a compendium of the loan products available through local banks (See Attached Mortgage Bulletin). These loan products demonstrate that there are options to sub-prime loans in moderate-income neighborhoods.

Ordinances that Impact Foreclosure Rates

1. Predatory Lending Ordinance, Chapter 659 of the Codified Ordinances of the City of Cleveland – In 2003, the city passed Chapter 659 to combat predatory lending in the city. The ordinance proscribes specific loan terms and lending practices. The ordinance also requires notice to customers of home improvement loans, and a certification to be filed by the lender. Violations of the ordinance could result in criminal sanctions and debarment from city contracts.

   After passage, the city ordinance was challenged in court. Two similar ordinances from Dayton and Toledo were stricken in court. Cleveland's law has been appealed and is currently before the Ohio Supreme Court.

2. Living Wage – The city passed the Fair Employment Wage Ordinance in June 2000 as the state's first living wager law. The ordinance requires a higher wage for the city or certain employers contracting with the city. The requisite wage is tied to the Consumer Price Index to rise with inflation.

3. Resident Employment Law - Section 188 of the Codified Ordinances of the City of Cleveland – In 2004, the city passed Section 188, which requires the

employment of city residents for construction jobs receiving over $100,000 of city funding. The intent of the ordinance is to provide job opportunities for residents to reduce unemployment and raise wages.

**Actions federal, state and local governments do to reduce foreclosures:**

- CDBG – The CDBG allocation to the city has declined 21.1% over the last 5 years with a 10.4% reduction for year 32 (See Figure 2). Either maintaining the current level or increasing CDBG funding would better position the city to not only address the ravages directly associated with foreclosures and assist in preventing them, but enable the city to address the resultant issues (nuisance abatement, acquisition, demolition, rehabilitation, etc.).
- HOME – The HOME allocation to the city has declined 28.2% over the past 5 years. The ongoing decrease in HOME funding has a similar effect as the decrease in CDBG funding, particularly since low and moderate income neighborhoods appear to be targeted by predatory lenders.
- Change HOME and CDBG guidelines to enable the city to participate in refinancing predatory loans.
- Maintain CRA regulations. Last year oversight guidelines were reduced for thrifts. A like change for banks would undercut the progress made to increase the volume and quality of lending by banks in the city. Further, a reduction in oversight during the nationwide foreclosure crisis sends the wrong message about the need for less onerous loan terms.
- Increase regulatory oversight for mortgage brokers and appraisers on a national level, and institute criminal sanctions for deceptive or fraudulent conduct.
- Increase funding for municipalities to improve data gathering and technology systems. The city and county are upgrading their data collection and monitoring systems to better track and evaluate foreclosure related issues. Data and MIS systems are critical for evaluating trends and methods for addressing problems. Increased resources to assist in these efforts would be beneficial.
- Increase the minimum wage. While increasing the minimum wage may not directly increase a family's ability to buy a home, it sets a floor for wages that helps create a higher standard.
- Increase funding for training. Particularly in areas of high job loss, training and re-training are necessary to re-tool the labor force.

**Conclusion**

To thrive in a slow growth region, Cleveland must set a new standard for public and private conduct. We have begun to hold lenders, absentee owners and developers accountable for their neglect, disinvestment and insensitivity. The threats presented by foreclosures, predatory lending, and a sluggish economy challenge our efforts to provide superior public services, resources and housing opportunities for Cleveland residents to enjoy a high quality of life, accumulate wealth and build personal assets. However, Mayor Jackson is strongly committed to creating neighborhoods of choice where residents are free from threats to their homes from unscrupulous lenders.

Thank You.

Figure I

## ANTI-PREDATORY ACTIVITIES FUNDED BY THE DEPT. OF COMMUNITY DEVELOPMENT 2000-2006

| Agency Name | Program Type | Funding Source | Total Amount | Activity Description |
|---|---|---|---|---|
| Consumer Affairs | Consumer Affairs Staff, Salary, and Fringe Benefits | HOME | $150,800. | Funding for administrative support for predatory lending support, programs and activities. |
| Community Housing Solutions aka Lutheran Housing Corporation | Pre-purchase, Anti-Predatory and Foreclosure counseling and Tool Loan Program | CDBG/HOME | $903,350. | The agency provides homeownership education to Cleveland residents and prospective Cleveland residents regarding awareness and avoidance of predatory lending practices to purchase or refinance a home, as well as foreclosure assistance. In addition, the agency provides tools to residents to assist in home repairs through the Tool Loan program. |
| Consumer Credit Counseling Service of Northeastern Ohio | Anti-Predatory Lending/Foreclosure Prevention | HOME | $78,250. | The agency provides homeownership education to Cleveland residents and prospective Cleveland residents regarding awareness and avoidance of predatory lending practices to purchase or refinance a home, as well as foreclosure assistance. |
| Consumer Protection Association | Anti-Predatory Lending/Foreclosure Prevention | HOME | $78,250. | The agency provides homeownership education to Cleveland residents and prospective Cleveland residents regarding awareness and avoidance of predatory lending practices to purchase or refinance a home, as well as foreclosure assistance. |
| DAR Public Relations | Public Relations Agency | HOME | $100,000. | Advertising agency awarded a contract by Consumer Affairs Department to inform the public about predatory lending practices and activities. |
| Housing Advocates, Inc. | Homeownership Assistance | CDBG (NDA-Ward 5 & Ward 15) | $175,000. | The program educates the community about unfair housing laws, consumer frauds, predatory lending, and other housing related fields. |
| Housing Advocates, Inc. | Homeownership Assistance | CDBG/HOME | $1,089,548. | The program will educate Cleveland residents about predatory lending and various loans that require homeowners to use their homes as collateral. In addition, the program will have available two attorneys to review contracts and documents related to the loans that utilize a resident's home as collateral for the loan or home improvement services. Program services are limited to owner occupied residences.<br><br>The program through a subcontractor will monitor the lending practices of financial institutions and map out patterns of lending in the area that illustrates how the credit needs of the community are being met. |

# ANTI-PREDATORY ACTIVITIES
# FUNDED BY THE DEPT. OF COMMUNITY DEVELOPMENT
# 2000-2006

| | | | | |
|---|---|---|---|---|
| Living in Cleveland Center | Home Buyers Assistance Program | CDBG | $666,900. | The agency provides home buyers assistance through marketing activities. Cleveland Mortgage Bulletin- a summary of specialized mortgage loan programs offered by area lenders Trade Shows Marketing- market and distributes home buyer/ homeownership materials at various trade shows through out the City of Cleveland. Website- agency maintain site that contains various marketing and homebuyer assistance information including: Cleveland Mortgage Bulletin, specific neighborhood profiles, virtual neighborhood tours, upcoming housing events, etc. Neighborhood Marketing- Produce and distribute promotional brochure for each City of Cleveland neighborhood. |
| Neighborhood Housing Association | Housing Counseling Program/Predatory Lending Program | HOME | $78,250. | The agency provides homeownership education to Cleveland residents and prospective Cleveland residents regarding awareness and avoidance of predatory lending practices to purchase or refinance a home, as well as foreclosure assistance. |
| Neighborhood Housing Services | Housing Services Program- Admin. only | CDBG | $196,900. | Administration of a housing rehabilitation and homeownership program including home rehabilitation loan program, pre-purchase, post-purchase, and foreclosure counseling. |
| Neighborhood Housing Services | Housing Rehabilitation Loan Program | CDGB | $663,400. | Housing loan rehabilitation program for exterior home improvement offering down payment and closing cost assistance including pre-purchase and post closing counseling and foreclosure prevention counseling. |
| Spanish American Committee | Housing Counseling Program | CDBG | $75,000. | Housing Counseling Program that provides clients with housing services including home buying, mortgage default & delinquency, tenant counseling, and consumer education services. |
| | | TOTAL | $4,255,648. | |

Figure 2

**Department of Community Development**
**Comparison of HUD Budgets**
**2002-2006**



**(000's omitted)**

| PROGRAM | 2002 BUDGET | 2003 BUDGET | 2004 BUDGET | 2005 BUDGET | 2006 ACTUAL | CHANGE 2005-2006 | CHANGE 2002-2006 |
|---|---|---|---|---|---|---|---|
| CDBG | 31,153 | 29,532 | 29,027 | 27,429 | 24,565 | -2,864 (-10.4%) | -6,588 (-21.1%) |
| HOME | 8,925 | 7,073 | 7,624 | 6,892 | 6,411 | -481 (-7.0%) | -2,514 (-28.2%) |

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2. Chapter 659, Codified Ordinances of the City of Cleveland: Predatory Lending, Ord. No. 45-03, passed January 13, 2003.

3. Foreclosure Growth in Ohio, Policy Matters, July 2005.

4. Foreclosure Growth in Ohio, Policy Matters, July 2006

5. Home Insecurity 2004: Foreclosure Growth in Ohio, Policy Matters, August 2004.

6. Building a New Framework for Community Development in Weak Market Cities, Paul C Brophy & Kim Burnett, April 2003. http://www.cdpn.org/

7. Revitalizing Weak Market Cities in the U.S., Bruce Katz, May 8, 2006


**Attachments**

1. A Study of Foreclosures in the City of Cleveland, The Housing Research & Advocacy Center, October 2003. http://www.thehousingcenter.org/main.htm

2. Foreclosure Growth in Ohio, Policy Matters, July 2006. http://www.policymattersohio.org/

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**Lou Tisler, Executive Director**
**Neighborhood Housing Services of Greater Cleveland**
**Before the**
**U.S. House of Representatives Committee on Financial Services**
**Community Solutions for the Prevention of and Management of Foreclosures**
**August 23, 2006**

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Good morning, Chairman Oxley, Ranking Member Frank and the rest of the Members of the Committee. My name is Lou Tisler, and I am the Executive Director for Neighborhood Housing Services of Greater Cleveland (NHSGC).

I am here today to testify regarding the rapid growth in foreclosures in the State of Ohio. I will also discuss both local and national strategies that have been developed to manage the rise in foreclosures including homeownership counseling both pre and post purchase. Finally, I will also talk about the importance of partnerships in the addressing the issue of foreclosures because there is no one solution.

**Overview of Neighborhood Housing Services of Greater Cleveland**

Neighborhood Housing Services of Greater Cleveland (NHSGC) is a not-for-profit, community development corporation incorporated in July 1975 as one of the charter organizations of NeighborWorks® America. The mission statement for NHSGC is to enhance the quality of life in Cleveland's neighborhoods and inner-ring suburbs by promoting home ownership, increasing economic development, developing affordable housing through education and home repair programming. NHSGC has established itself as not only promoting our mission to our clients, but also living our mission by purchasing our "home" (facility) and building wealth and financial security as professed to our clients. This allows NHSGC to build on its credibility in the community among our colleagues and especially our clients.

NHSGC was established to provide home repair programming and home ownership education to six targeted neighborhoods in the City of Cleveland. This agency began with primary support from NeighborWorks® America, the City of Cleveland and local lenders. Today, NHSGC receives support from NeighborWorks® America, the City of Cleveland, local foundation support, financial institutions, and the insurance and real estate development industries. NHSGC is one of the first five original charters with NeighborWorks® America and has received training, financial and technical assistance through our affiliation.

NHSGC's programs are the HomeOwnership Promotion - educational classes and loans for people interested in becoming homeowners and HomeOwnership Preservation Program- loan products, post-purchase counseling, foreclosure assistance to those occupants who are interested in maintaining and preserving not only the physical structure of the home, but also the ability to keep ownership. Counseling services are required in order to access any NHSGC program. In the pre-purchase curriculum, NHSGC staff work with individuals to secure better credit and become "mortgage ready". Post-purchase counseling includes home maintenance, interior design and budgeting classes.

Established to revitalize Cleveland neighborhoods by providing programs and services that improve the communities and enhance the quality of life of residents, NHSGC operated under the traditional neighborhood-based model of providing rehab services and home ownership training to its 6 neighborhood target markets. In 1996, NHSGC realized its primary market niche was providing a comprehensive service package to clients interested in homeownership. In addition, NHSGC is one of the leading providers of rehab services and loan products. This experience has led NHSGC to expand its focus from traditional "neighborhood based" market to the entire City of Cleveland with an expansion throughout Cuyahoga County and other strategic locations.

Beginning in 1998 through 2001, NHSGC began transforming itself from the traditional NHS model to a HomeOwnership Center (a one-stop shop for home buyer services). The support and buy-in from the Community Development Corporation Industry and trade association commenced in 2002, when NHSGC transitioned with a new executive director and new board of directors. NHSGC launched several strategic alliances, programs and services that significantly enhanced the growth and reputation of the organization with expansion of limited programs and services offered in Lorain County. The foundation has been set to grow NHSGC into one of the premier NeighborWorks® organizations, not only in the Great Lakes region, but across the nation.

**Organizational Strengths:** NHSGC's strengths, which will lead to numerous opportunities to provide additional client services, are three fold, consisting of a highly regarded, knowledgeable and committed staff; a board structure that is representative and responsive to the macro environments; and the organizational credibility within our industry.

One of our most valuable partnerships is with the community development corporations throughout the city of Cleveland. Most of the staff and board are not only employed within the city of Cleveland, but also live within the city of Cleveland. This allows NHSGC to solicit feedback, receive input/suggestions/constructive criticism of programs and services administered by NHSGC.

**<u>NHSGC – Local Foreclosure Efforts</u>**

**Key trends:** The City of Cleveland has been denoted as the most impoverished city in the United States. Ohio has been denoted the state with the most foreclosures in the United States. The national economic "recovery" has not visited the northeast Ohio area yet. The increase of predatory practices in northeast Ohio continues to increase in pace and area. The anticipated increase in interest rates will slow the pace of lending and qualification of homeownership to underserved constituencies. The housing bubble, should it burst, will lead to both an increase in foreclosures and an increase in more affordable homeownership.

NHSGC has witnessed a dramatic increase in foreclosure rates in recent years. Ohio is ranked number one for foreclosures in the country. Cuyahoga County saw an increase of 111% from 2001-2003 in Sheriff Sales and a 25% increase in foreclosure filings between 2001 and 2003 with a 2003 total of 8,686 and is now closer to 12,000.

Reasons for this growth in foreclosures include divorce, medical problems, and easy access to credit but in Cuyahoga County the top reasons are job loss or a weak economy and sub prime lending. Although NHSGC services are not related to assistance with job creation the organization does provide programs that help homeowners make the most of the income they earn and prevent the loss of the wealth they have created through homeownership.

Through NHSGC's HomeOwnership Preservation business line, we are able to carry out our mission of improving communities and enhancing the quality of life of residents. The business line accomplishes this through two main programs: the Home Repair Loan Program and Post Purchase Program. Through an affordable investment into the physical structure of a home the Home Repair Loan Program not only provides much needed health and safety repairs but also peace of mind and increased self esteem for the homeowner.

The Post Purchase Program provides homeowners with counseling and education in the following areas: mortgage delinquency, foreclosure and predatory lending prevention, credit and budget counseling, and home maintenance and refinance workshops. Through these services the Post Purchase program helps homeowners with "continuing education" to remain sustainable homeowners and increase their wealth through homeownership.

NHSGC's HomeOwnership Preservation Business Line's outcome goals are the following:

- The Home Repair Loan Program will invest $975,000 in home repair loans to homeowners throughout Cuyahoga County.
- The Post Purchase Program will promote sustainable homeownership through conducting 6 refinance workshops and 6 home maintenance workshops.
- Through individual counseling provide by NHSGC Housing Counselors, the Post Purchase Program will continue to assist homeowners maintain homeownership who are delinquent in their mortgage and possibly facing foreclosure, homeowners who are victims of predatory lending and seniors seeking reverse mortgage counseling. 240 homeowners will be served in 12 months throughout Cuyahoga County.
- NHSGC will continue to participate in the community effort to create strategies to reduce foreclosures and predatory lending throughout Cuyahoga and Lorain counties.

While NHSGC is working locally to educate consumers of the pitfalls of foreclosure, there is an effort being championed by NeighborWorks® America to combat foreclosures nationally.

**Overview of Neighborhood Reinvestment Corporation *doing business* as NeighborWorks® America**

NeighborWorks® America evolved from a 1972 effort by the Federal Home Loan Bank Board to increase thrift-industry lending in declining neighborhoods. NeighborWorks® America, a public nonprofit organization, was chartered by Congress in the Housing and Community Development Amendments of 1978 (Public Law 95-557). NeighborWorks® America's involvement with local housing and community development organizations supports residents, businesses and local governments in their efforts to revitalize their communities.

**The NeighborWorks® System**

NeighborWorks® America is one of three interrelated components of the NeighborWorks® System to fulfill a coordinated mission to promote locally directed community revitalization and expand affordable-housing opportunities in communities across the nation. The other two include:

- **The NeighborWorks® network** which is collaborative group of community-based nonprofits that has evolved from a few organizations to more than 240 members active in more than 4,400 communities across the country today. NeighborWorks® organizations operate in our nation's largest cities, suburban neighborhoods and rural areas across all 50 states, Puerto Rico and the District of Columbia.

- **Neighborhood Housing Services of America** which works in partnership with NeighborWorks® America to meet special secondary market needs of NeighborWorks® organizations and their clients.

I also want to take this time to personally thank the Committee for its support of NeighborWorks® America's appropriation of $119.8 million for fiscal year 2007. This will help the NHSGC and so many other community development organizations across the country to continue to fulfill their missions of revitalizing local communities.

**NeighborWorks® America – National Foreclosure Efforts**

In 2002, nearly 9,500 foreclosures were initiated in the City of Chicago, a 91 percent increase since 1993. Many of these foreclosures were concentrated in the City's low- and moderate-income neighborhoods where foreclosure rates were nearly seven times the national average.

With these statistics as the backdrop, the Homeownership Preservation Initiative (HOPI) was born. The HOPI is a partnership forged between the Neighborhood Housing Services of Chicago, the city of Chicago and key lending, investment and servicing institutions doing business in Chicago. It is a concentrated effort to preserve sustainable homeownership for Chicago residents and to reclaim foreclosed housing stock as neighborhood assets. To date, the HOPI has averted nearly 1000 foreclosures and as a result, the model for the Center for Foreclosure Solutions was created.

**Center for Foreclosure Solutions - Ohio Foreclosure Prevention Efforts**
NeighborWorks® America has established the NeighborWorks® Center for Foreclosure Solutions, in partnership with the private sector; to preserve homeownership by NeighborWorks® coordinated foreclosure intervention strategies in communities nationwide. NeighborWorks® America is targeting foreclosure hotspots-- those communities experiencing significant and rapid increases in delinquencies and foreclosures.

In Ohio in particular, ten NeighborWorks® organizations including the NHSGC collaborating with lenders, state and local government, other partners, with support from NeighborWorks® America, initiated a statewide foreclosure prevention effort to address rising foreclosures across the state. In just the first three months of the Ohio program, 584 delinquent borrowers were counseled.

In order to address foreclosures more broadly, through a partnership with the Homeownership Preservation Foundation, NeighborWorks® America will promote a national hotline to assist homeowners in distress, helping them contact their mortgage servicers and providing them with referrals to local NeighborWorks® organizations for face-to-face counseling, rescue funds and help navigating local resources. For example, Lorraine from Ravenna, Ohio received a $2,100 loan from her local NeighborWorks® organization that allowed her to set up new mortgage payments with her lender. Lorraine is also currently enrolled in budget counseling.

To assist homeowners in distress across the country, NeighborWorks®, in cooperation with the National Ad Council, is embarking on a public awareness campaign for the toll-free hotline. We know that if we can educate homeowners in financial distress, we can help many avert foreclosure. The Ad Council campaign is being financed, almost entirely, by private sector funds from NeighborWorks® partners. In addition to the national campaign, NeighborWorks® is supporting the local implementation of foreclosure prevention strategies to ensure greater attention is focused on select hotspots. NeighborWorks® America is also conducting in-depth industry research and training foreclosure counselors around the nation. Through these training courses, NeighborWorks® America is creating a national standard for foreclosure counseling and developing best practices for this growing industry. Our research projects are aimed at better understanding the complexities surrounding foreclosures and developing an early warning system to predict future foreclosure hotspots.

By 2011, NeighborWorks® America will assist 130,000 homeowners through owner-occupied rehabilitation services and delinquency and foreclosure intervention for those in financial distress.

After its kickoff on April 11, the Ohio campaign sponsored by NeighborWorks® America and the Homeownership Preservation Foundation gained momentum in May, June and July.

Total Ohio Calls to 888-995-HOPE hotline

2,558 total calls since January 1
871 total counseling sessions completed

488 total calls in July 2006
145 total counseling sessions completed
Loan Status at time of first call (through May):

| | |
|---|---|
| Less than 30 days late: | 12% |
| 30-60 days late: | 16% |
| 61-120 days late: | 24% |
| Over 120 days late: | 40% |

Although it is too early to determine how many homeowners have been saved from foreclosure in Ohio, the volume of delinquent borrowers we have been able to reach predicts that the NeighborWorks® Center for Foreclosure Solutions will continue to have a significant impact.

So as you can see Mr. Chairman, NHSGC is working hard along with other local community development corporations and in collaboration with national organizations to manage rising foreclosures and to sustain our local communities. I know that this Committee has aggressively pursued actions to improve affordable housing opportunities for all Americans. We hope that you will continue to tackle the issue of sustainability of homeownership for underserved Americans as well.

We appreciate the opportunity to testify on this important topic, and I would be happy to answer any questions you may have.

**LOU TISLER**
21484 Kenwood Avenue
Rocky River, Ohio 44116
440.409.0001
TislerL@aol.com

**CAREER OBJECTIVE**

To utilize my community development experience and business related educational background in a senior management position for an impacting, forward-thinking agency. Demonstrated abilities in motivating diverse work force, possessing a focused work ethic, and excellent communication skills.

**CAREER HISTORY**

**NEIGHBORHOOD HOUSING SERVICES OF GREATER CLEVELAND – Cleveland, Ohio**
Executive Director (July 2005 – Present)

- Provide entrepreneurial leadership for consistent achievement of the organization's mission by identifying and pursing opportunities to maintain and expand activities and programs that advance strategic organizational goals, its business plan and implementation plans.
- Oversee the development and reporting of the organization's operating capital, lending capital, loan portfolio and its servicing, programmatic and fundraising budgets. Ensures the agency's compliance with grant reporting procedures, sound accounting practices, audit requirements, and licensing criteria.
- Develop and maintain effective working relationships with collaborating agencies, resident leadership, community development corporations, public housing authority, and First Suburbs Development Council and its member cities, the media and government officials.
- Serve as chief spokesperson for organization; actively work to raise its visibility and ensuring that the organization is effectively presented to the public.
- Skills required – Thorough knowledge of the principles and practices relating to community development, real estate development, lending, and loan portfolio servicing; political savvy and excellent communication skills

**FIRST SUBURBS DEVELOPMENT COUNCIL – Cleveland Heights, Ohio**
Executive Director (July 2002- July 2005)

- Developed and launched public/private partnership to provide pro bono architectural services to member cities to spur storefront renovation.
- Expand capacity, increase opportunities and skills of Economic Development Directors of 14 Northeast Ohio cities in the area of project development, financing, and project support.
- Foster collaborative relationships among member cities and regional economic development agencies, County and State government and financing institutions to assist in promoting development of member cities. Including the restructuring of the Storefront Renovation Program, joint application of Brownfields financing, pilot partnership between Shaker Heights and Neighborhood Housing Services and aiding as point person for New Market Tax Credit program.
- Secure increased funding compared to baseline for operational expenses.
- Skills required – relationship building, aggregating 14 distinct agendas, resource/program development, and extensive public speaking.

**LOU TISLER**
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TislerL@aol.com

**WESTOWN COMMUNITY DEVELOPMENT CORPORATION - Cleveland, Ohio**

Executive Director (May 1996-June 2002)

- Increased programmatic offerings to address community needs; increased funding four-fold.
- Created collaborative alliances with numerous organizations to increase efficiencies and benefits.
- Responsible for grant writing, budgeting, and oversight of programmatic funds and the operations of a community development corporation consisting of eighteen programs, managed staff of up to 20.
- Maintain management information systems, approval of programmatic disbursements, and direct contact with funding sources, government administrators and elected officials.
- Skills required – fund development, staff management, crisis management and detailed reporting.

**UNITED LABOR AGENCY, INC. - Cleveland, Ohio**

Outreach Specialist/Grant Manager (April 1991-May 1996)

- Responsible for securing, budgeting, and monitoring programmatic funds in excess of $1.5 million. Increased rehabilitation program's funding by $270,000. Exceeded goals and objectives by over 100%.
- Perform monthly grant reconciliation, quarterly and annual financial and performance reports.
- Skills required - extensive communications, time management and organizational skills with emphasis on goal attainment.

**FELLOWSHIP**

American Marshall Memorial Fellowship (March 2004) – Spent four weeks in various parts of Europe, learning about institutions and exploring economic, political and social issues. AMMF introduces American leaders to the importance of the transatlantic relationship, and equips them to work with European counterparts on a range of international and domestic issues. The Fellowship program includes leaders from 14 European countries and the United States. In the U.S., the network includes directors of leading non-profit organizations, executives from major U.S. companies and various political officer holders.

**EDUCATION**

M.B.A. – Management and Labor Relations, Cleveland State University, (August 1994).

B.B.A. – Finance, Cleveland State University, (June 1992).

**BOARDS AND COMMITTEES**

Current

Center for Community Solutions – Board of Directors
Cleveland Bridge Builders – Board of Trustees
Westown Community Development Corporation – Board of Directors

Past

Neighborhood Housing Services of Greater Cleveland – Treasurer, Board of Directors
Cleveland Neighborhood Development Coalition – President, Board of Trustees (two terms)
Neighborhood Progress, Inc. – Board of Trustees, New Village Capital – Executive Committee
Westside Industrial Retentions and Expansion Network – Board of Trustees, Strategic Planning Committee, Real Estate Committee

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Westown Community Development Corporation – President, Board of Directors, West Boulevard and Clifton Avenue Historic Design Review Committee, Westown CDC/Cudell Improvement Business Revitalization Design Committee
Digital Vision Cleveland – Board of Trustees
Neighborhood Centers Association – Board of Trustees, Financial Controls Committee, Public Social Policy Committee
Cleveland Housing Network – Operations Committee
Brownfield Redevelopment Fund Community Assessment Initiative Review Committee
Community Reinvestment Act Oversight Review Committee – FirstMerit Bank
Mayor Jane Campbell's Building & Housing Advisory Committee, Technology Subcommittee
Mayor Jane Campbell's Neighborhood Revitalization Transition Subcommittee
Cleveland Tenants Organization – Board of Trustees

**ORGANIZATIONS AND ACTIVITIES**

Named "One to Watch" in *Inside Business* (February 2005), Charter Member Cleveland Bridge Builders, 2001 *Crain's Cleveland Business* "40 Under 40", Member of the Westpark Community Coalition, Playhouse Square Partners, and the CSU Alumni Association. Chosen "Citizen of the Year" of the Cleveland Police Department's 1st District. Participant in Principles of Successful Fund Raising Course, Neighborhood Leadership Cleveland, and the Greater Cleveland Neighborhood Forum.

MY NAME IS MARK WISEMAN AND I AM THE DIRECTOR OF THE CUYAHOGA COUNTY FORECLOSURE PREVENTION PROGRAM. I WOULD LIKE TO THANK THE ASSEMBLED CONGRESSIONAL DELEGATION FOR CONVENING A FIELD HEARING ON THIS IMPORTANT ISSUE.

IN MY MIND THERE ARE FEW OTHER ISSUES THAT THREATEN THE VERY FABRIC OF THIS COUNTY AS MUCH AS OUT OUT-OF-CONTROL RATE OF FORECLOSURE FILINGS. IF WE AREN'T HONEST ABOUT THE SCOPE OF THIS PROBLEM, BRAVE ABOUT IDENTIFYING ITS CAUSES AND CREATIVE ABOUT ITS SOLUTIONS, THERE WILL BE NO WAY FOR THE CITY OF CLEVELAND AND CUYAHOGA COUNTY TO RECOVER FROM THE DAMAGE THAT HAS BEEN CAUSED.

TO BE SURE, THE DAMAGE INCLUDES: THE RISING NUMBER OF VACANT HOMES IN THE CITY AND THE SURROUNDING MUNICIPALITIES; THE REDUCTION IN TAX REVENUE FOR THE COUNTY; THE NUMBER OF SENIORS WHO WERE SELF-SUFFICIENT, BUT HAVE NOW LOST THEIR HOMES; THE NUMBER OF FAMILIES WHO HAVE MET PERMANENT FINANCIAL RUIN AND ARE NOW GOING TO NEED PUBLIC ASSISTANCE; AND THE 2006 STUDY BY

THE WOODSTOCK INSTITUTE, THAT SHOWS A DIRECT CORRELATION BETWEEN HIGH FORECLOSURE RATES AND A RISE IN VIOLENT CRIME.

THE CUYAHOGA COUNTY FORECLOSURE PREVENTION PROGRAM WAS CREATED IN RESPONSE TO A SET OF PUBLIC HEARINGS (THE FIRST WAS IN MAY OF 2005) THAT SUGGESTED THAT THE CAUSE OF THE NUMBER OF VACANT HOMES IN THE COUNTY WAS THE AMOUNT OF TIME BETWEEN THE FILING OF A FORECLOSURE COMPLAINT AND THE SHERIFF'S AUCTION. (AT THAT TIME, THE AVERAGE TIME BETWEEN THE FILING OF A FORECLOSURE COMPLAINT AND THE SHERIFF'S SALE WAS THREE YEARS)

AS A RESULT, THE COUNTY HAS HIRED ADDITIONAL MAGISTRATES AND OTHER STAFF AND UPGRADED EQUIPMENT. THIS EXPANSION IS BEING PAID FOR BY $ 2 MILLION THAT WILL BE RAISED BY AN INCREASE IN THE INITIAL FILING FEE FOR FORECLOSURES. (ACCORDING TO STATE LAW, THE FORECLOSURE PREVENTION PROGRAM CANNOT ACCESS THESE FUNDS)

FROM THE BEGINNING, THE TREASURER AND THE COUNTY COMMISSIONERS UNDERSTOOD THAT THERE NEEDED TO BE A PROGRAM TO FIGHT THE ROOT CAUSES OF FORECLOSURES. THE COUNTY CAN SPEED UP THE PROCESS. BUT, UNLESS WE ARE SUCCESSFUL AT CUTTING OFF THE NEW SUPPLY OF FORECLOSURE CASES (CURRENTLY, ABOUT 1,000 PER MONTH) THE ILL-EFFECTS OF THESE FORECLOSURES WILL NOT BE DETERRED. CUYAHOGA COUNTY CURRENTLY HAS ONE OF THE HIGHEST FORECLOSURE RATES IN THE ENTIRE COUNTRY.

WHAT IS OUR PROGRAM?

THE FORECLOSURE PREVENTION PROGRAM IS ATTACKING THE ROOT CAUSES OF THE FORECLOSURE EPIDEMIC, BY PROVIDING EDUCATION AND ASSISTANCE TO BORROWERS AT ALL PHASES OF THE HOME LOAN PROCESS. WE HAVE PROVIDED INCREASED FUNDING TO 9 LOCAL NON-PROFIT AGENCIES WHO CAN PROVIDE COUNSELING OR LEGAL ASSISTANCE. THE UNITED WAY'S 2-1-1 FIRST CALL FOR HELP LINE SERVES AS OUR INTAKE

POINT. BORROWERS WHO CALL 2-1-1, WILL BE FORWARDED TO THE APPROPRIATE AGENCY.

OUR COUNSELING AGENCIES CAN PROVIDE PRE-BORROWING COUNSELING; ADVISE BORROWERS, WHILE THEY ARE TRYING TO UNDERSTAND DOCUMENTS THAT THEY HAVE BEEN GIVEN TO SIGN; HELP THEM AFTER THEY HAVE DEFAULTED; OR, HELP THE BORROWER CONTACT THE LENDER AFTER THE DEFAULT OR AFTER THE FORECLOSURE CASE HAS BEEN FILED.

PROVIDING A WAY FOR BORROWERS TO CONTACT THEIR LENDER IN AN ENVIRONMENT THAT IS FREE FROM THREATS, INTIMIDATION AND PERCEIVED FUTILITY IS SOMETHING THAT IS EXTREMELY VALUABLE. I REALIZE THAT IT SEEMS COUNTERINTUITIVE THAT THERE WOULD NEED TO BE A GOVERNMENT PROGRAM THAT IS DESIGNED TO HELP BORROWERS CALL THEIR LENDER ON THE PHONE. BUT, LET ME SHED SOME LIGHT ON WHAT IT IS LIKE FOR A BORROWER IN DEFAULT TO TRY TO CONTACT THEIR LENDER.

BEFORE I GO ANY FURTHER, LET ME MAKE SOMETHING CLEAR. OF ALL OF THE CAUSES OF FORECLOSURES IN CUYAHOGA COUNTY (AND THEY RANGE FROM UNEMPLOYMENT OR A MEDICAL EMERGENCY IN A HOUSE WHERE THERE ARE LITTLE OR NO SAVINGS; DEATH; DIVORCE; NECESSARY REPAIRS TO THE HOUSE ITSELF; OR NECESSARY REPAIRS TO, OR REPLACEMENT OF, A CAR) - OF ALL THESE OTHER CAUSES, THE BIGGEST CONTRIBUTOR TO THE POOL OF FORECLOSED HOMES IN OUR COUNTY IS THE ABUSIVELY WRITTEN - NEVER GONNA BE REPAID SUBPRIME HOME REFINANCE LOAN.

INDEED NATIONALLY, WHILE PRIME RATE LOANS ENJOY A DEFAULT RATE LESS THAN FIVE PERCENT, 20% OF ALL SUBPRIME LOANS GO INTO DEFAULT. THIS MEANS THAT SUBPRIME BORROWERS CANNOT AFFORD ONE OUT EVERY FIVE LOANS THAT ARE APPROVED.

THERE ARE MANY FACTORS, WHICH CONSPIRE TO MAKE OBTAINING THIS TYPE OF REFINANCED HOME LOAN A FORECLOSURE WAITING TO HAPPEN. THESE FACTORS ARE: THE PERFECTLY LEGAL KICKBACKS THAT ARE GIVEN TO THE LOAN

OFFICER WHO CAN DRIVE UP THE INTEREST RATE ON A REFINANCED LOAN; THE ABILITY TO OBTAIN A FRAUDULENT APPRAISAL; THE FACT THAT THE LOAN IS CERTAIN TO BE SOLD; AND, THE EXISTENCE OF NATIONAL SERVICERS WHO HAVE NO CONNECTION TO THE ORIGINAL LOAN.

NOW, BACK TO THE DISCUSSION OF THE VARIOUS STUMBLING BLOCKS THAT THE BORROWER FACES, IN HIS EFFORTS TO SAVE A LOAN FROM FORECLOSURE.

FIRST - NEARLY EVERY SUBPRIME LOAN IS SOLD TO ANOTHER LENDER. SOMETIMES AN EVEN DIFFERENT PARTY SERVICES THE LOAN, SOMETIMES IT IS THE NEW LENDER. THE CONSTANTLY CHANGING CAST OF RELEVANT CHARACTERS MERELY ADDS CONFUSION TO AN ALREADY MUDDLED SITUATION.

SECOND - WHEN A BORROWER ATTEMPTS TO CONTACT HIS LENDER OR SERVICER, HE IS MET BY NON-COMPLIANT VOICE MAIL, FLAT OUT REFUSALS TO REVEAL DIRECT DIAL NUMBERS, OR MAILING ADDRESSES AND (BECAUSE NOBODY IS ASSIGNED TO

THE LOAN) THE NEED TO REHASH THE ENTIRE STORY EVERY TIME HE CALLS BACK.

THIRD (AND THIS IS ONE OF THE MOST IMPORTANT ASPECTS OF THE SITUATION) BY THE TIME A LOAN GETS REFERRED FOR A FORECLOSURE LAWSUIT, THE BORROWER HAS BEEN BERATED, THREATENED WITH EVICTION AND HOMELESSNESS, AND SCREAMED AT AND INSULTED FOR NOT PAYING THE ENTIRE BALANCE DUE. IS IT ANY WONDER THAT BORROWERS MISTRUST WHOEVER TRIES TO CONTACT THEM?

FREDDIE MAC PERFORMED A STUDY IN 2005 THAT SHOWS THAT THE OVERWHELMING MAJORITY OF BORROWERS FAIL TO RESPOND TO LOSS-MITIGATION EFFORTS BY THEIR LENDER.

THE RESULTS OF THAT SURVEY ARE STRIKING. MORE THAN 60% OF BORROWERS WERE UNAWARE THAT THERE WERE VIABLE WORKOUT OPTIONS OPEN TO THEM. ALMOST ALL OF THAT 60% WOULD HAVE RESPONDED, HAD THEY KNOWN THAT OPTIONS EXISTED. ALMOST 20% DID NOT CALL BECAUSE THEY WERE AFRAID, EMBARRASSED OR DIDN'T KNOW WHO TO CALL.

FURTHERMORE, ALMOST 30% EXPRESSED THE ERRONEOUS BELIEF THAT THEIR SERVICER COULD PROVIDE NO HELP AT ALL.

EVERY BORROWER WANTS TO STAY IN HIS HOME AND EVERY BORROWER KNOWS THAT THE LENDER WHO IS TRYING TO CONTACT THEM IS THE ONLY PARTY WHO CAN HELP. UNFORTUNATELY, WHAT CAUSES THE DEFAULTING BORROWER TO IGNORE THEIR LENDER IS HOW BORROWERS ARE TREATED ONCE THEY ARE IN DEFAULT.

HERE IS JUST ONE EXAMPLE OF THE TROUBLE THAT AWAITS A BORROWER WHO ATTEMPTED TO WORK OUT THE DEFAULT ON HIS HOME LOAN.

THE FORECLOSURE PREVENTION PROGRAM HELPED A MAN NAMED JOHN, WHO WAS IN DEFAULT ON HIS PAYMENTS. JOHN WAS BEHIND THREE MONTHS ON HIS MORTGAGE BECAUSE OF A SERIOUS ILLNESS TO HIS WIFE. AFTER THE LENDER HAD GIVEN HIM AN AMOUNT TO PAY TO SAVE HIS HOME FROM "BEING SENT TO FORECLOSURE," HE ATTEMPTED TO SUBMIT THE PAYMENT AMOUNT. UNFORTUNATELY, HIS LENDER THEN DELAYED FINALIZING THE DEAL FOR A WEEK AND REFERRED HIS FILE TO

FORECLOSURE. (KEEP IN MIND THAT ONCE A FORECLOSURE LAWSUIT HAS STARTED, THE LENDER CAN INSIST ON COLLECTING LEGAL FEES, AND AT THE SAME TIME, GAIN AN UPPER HAND IN THEIR NEGOTIATIONS WITH THE BORROWER.)

UNFORTUNATELY, JOHN HAD NO CHOICE BUT TO AGREE TO PAY WHATEVER THE LENDER WANTED, EVEN THOUGH HE HAD THE MONEY TO PAY A WEEK BEFORE THE FORECLOSURE LAWSUIT WAS FILED. HIS MONTHLY PAYMENT NOW INCLUDES THE LEGAL FEES FOR THAT FORECLOSURE BECAUSE THE LENDER WAS SUCCESSFULLY ABLE TO PUT HIM OFF LONG ENOUGH TO GET THEIR LAW FIRM TO FILE THE LAWSUIT. JOHN COULD FIGHT THIS IF HE COULD AFFORD AN ATTORNEY, BUT LIKE 99% OF THE BORROWERS IN FORECLOSURE, HE HAS NO CASH LEFT. (NOT TO MENTION THERE ARE PRECIOUS FEW ATTORNEYS WHO CAN ACTUALLY TAKE THIS TYPE OF CASE)

IN ADDITION TO THE ABOVE EXAMPLE, THIS PANEL SHOULD BE AWARE OF THE VARIOUS FORECLOSURE RESCUE SCAMS THAT ARE PROLIFERATING IN CUYAHOGA COUNTY. FROM THE TIME A FORECLOSURE CASE IS FILED, BORROWERS RECEIVE A BARRAGE

OF LETTERS, PHONE CALLS AND SEE ENDLESS ADS THAT PROMISE TO SAVE THEIR HOUSE AND ERASE ALL OF THEIR PROBLEMS.

THESE PEOPLE (WHO ARE EXPERIENCING LIFE-SHATTERING EVENTS) ARE OFTEN POWERLESS TO PROTECT THEMSELVES FROM A POPULATION OF INDIVIDUALS WHO HAVE NO COMPUNCTION ABOUT USING SOMEONE WHO IS DESPARATE TO MAKE MONEY. TOO OFTEN THESE SCAMS HASTEN THE BORROWER'S STATUS AS NEWLY HOMELESS, OR WORSE, CAUSE THEM TO LOSE THEIR HOUSE, EVEN THOUGH THEY WOULD HAVE BEEN ABLE TO SATISFY THEIR LENDER, HAD THEY HAD THE OPPORTUNITY TO WORK OUT A PAYMENT PLAN.

WHAT CAN CONGRESS DO?

EVEN THOUGH FEDERAL LEGISLATION COULD TAKE YEARS TO TAKE SHAPE, THERE IS STILL MUCH THAT CAN BE DONE.

FOR STARTERS, IT WOULD HELP IN IMMEASURABLE WAYS FOR OUR REPRESENTATIVES IN WASHINGTON TO START DISCUSSING THIS EPIDEMIC IN MORE URGENT TERMS.

THE TIME HAS COME TO STOP ARGUING ABOUT WHETHER THERE IS ACTUALLY A PROBLEM, AND TALK ABOUT WHAT THE POSSIBLE SOLUTIONS ARE. OHIO RECENTLY TOOK THIS IMPORTANT STEP WITH THE PASSAGE OF SENATE BILL 185, WHICH WILL BRING MORTGAGE TRANSACTIONS UNDER THE PROTECTIVE REACH OF THE CONSUMER SALES PRACTICES ACT. (A RECENT STUDY FROM THE CENTER FOR RESPONSIBLE LENDING SHOWS THAT NOT ONLY IS THERE A PROBLEM, BUT IT'S MOST COMMON VICTIMS ARE PEOPLE OF COLOR. THAT STUDY REVEALED THAT MINORITIES ARE 30% MORE LIKELY THAN WHITES TO RECEIVE A HIGHER-RATE SUBPRIME LOAN)

SECONDLY: THE LAWS THAT DIRECT THE BEHAVIOR OF THE NATIONAL SERVICING COMMUNITY ARE IN NEED OF A SERIOUS CHECK-UP. IT IS HARD FOR BORROWERS TO AVOID FORECLOSURE, WHEN THE REGULATIONS THAT GOVERN HOW THEIR SERVICERS CONDUCT BUSINESS ARE SO UNCLEAR, AND PROVIDE LITTLE OR NO PROTECTION FROM ABUSE.

THIRD: THERE ARE SEVERAL LOAN PRODUCTS THAT CONGRESS CAN REGULATE MORE STRONGLY, OR ENCOURAGE THE LENDING COMMUNITY TO ABOLISH.

THEY ARE ADJUSTABLE RATE MORTGAGES (ARMS) AND NO DOCUMENTATION LOANS.

ARMS (AND REMEMBER WE ARE TALKING ABOUT THE SUBPRIME MARKET HERE) HAVE A PAYMENT THAT WILL ALWAYS INCREASE AND WILL DOUBLE WITHIN FIVE YEARS. THAT IS BECAUSE, DESPITE THE FACT THAT BORROWERS ARE LED TO BELIEVE THAT ARMS ARE TIED TO THE U.S. PRIME LENDING RATE, THEY ARE TIED TO THE LIBOR INDEX OR SOME OTHER FINANCIAL MARKET THAT DICTATES A MUCH HIGHER INTEREST RATE.

THESE LOANS ARE PREDATORY, BECAUSE WHEN THEY CLOSE, THE LOAN OFFICER KNOWS FULL WELL THAT THE BORROWER CANNOT AFFORD ALL OF THE MONTHLY PAYMENTS.

THE NO DOC LOAN IS ALSO NOTHING BUT TROUBLE. THESE LOANS ARE SO QUESTIONABLE THAT LOAN OFFICERS ALL ACROSS THE COUNTRY REFER TO THEM AS "LIAR'S LOANS." A NO-DOC LOAN IS JUST THAT – IT IS A LOAN PRODUCT WHERE THE LENDER

DOES NOT REQUIRE ANY PROOF WHATSOEVER OF THE BORROWER'S FINANCIAL SITUATION. THE POTENTIAL FOR FRAUD IN A SITUATION WHERE THE LENDING INSTITUTION IS WILLINGLY REFUSING TO CONTEMPLATE THE BORROWER'S FINANCIAL INFORMATION IS MIND-BOGGLING. YET, THESE LOANS ARE STILL LEGAL AND WIDELY POPULAR.

I'VE HEARD THE EXPLANATION THAT NO-DOC LOANS ARE NECESSARY FOR SOMEONE WHO IS SELF-EMPLOYED. BUT WHO IS KIDDING WHO? EVERYBODY HAS SOME INFORMATION - TAX RETURNS, JOB RECEIPTS, CONTRACTS FOR WORK - ABOUT THEIR MONTHLY INCOME. SIMPLY PUT, IF THE BORROWER CANNOT PRODUCE INFORMATION ABOUT HOW MUCH THEY MAKE, WHY ARE THEY BEING LENT MONEY IN THE FIRST PLACE?

FOURTH: CONGRESS CAN RESEARCH THE GOVERNMENTAL ENTITIES WHO INSURE HOME LOANS AND DETERMINE WHY THEY ARE NOT ABLE TO BE MORE CREATIVE WITH PAST DUE BALANCES, AND WHY THEY ARE RELUCTANT TO ACCEPT DEEDS-IN-LIEU OR SHORT SALES IN MANY SITUATIONS. (ESPECIALLY WHERE THE

PROPERTY IS VACANT, OR WORTH MUCH LESS THAN THE AMOUNT OF THE ORIGINAL LOAN)

FIFTH: THE NEED FOR FINANCIAL LITERACY EDUCATION FOR OUR CHILDREN HAS NEVER BEEN MORE APPARENT. 16 YEAR-OLDS NOW RECEIVE SOLICITATIONS FOR CREDIT CARDS. FOR MOST OF AMERICA, THIS IS THEIR ENTRY INTO A SOCIETY THAT MAKES CREDIT TOO AVAILABLE, TOO FRIVOLOUS AND TOO DANGEROUS. KIDS MUST NOW MAKE FINANCIAL DECISIONS THAT WILL AFFECT THEIR ABILITY TO GAIN WEALTH FOR THE REST OF THEIR LIVES, WITHOUT THE BENEFIT OF GUIDANCE FROM THEIR SCHOOLS. THIS NEED IS MORE PRONOUNCED AMONG MINORITY POPULATIONS, WHICH ARE MUCH MORE AT-RISK OF BEING STEERED INTO A BAD LOAN.

LASTLY: CONGRESS CAN EMPOWER AND ENCOURAGE STATES TO CONTINUE TO ADOPT LAWS TO STOP LENDING ABUSES. THE CENTER FOR RESPONSIBLE LENDING CONDUCTED A RECENT STUDY WHERE THEY RESEARCHED MILLIONS OF LOANS OVER A 6 YEAR PERIOD IN 28 STATES THAT HAVE STRONG ANTI PREDATORY LENDING LAWS. BORROWERS IN THESE STATES ARE

SIGNIFICANTLY LESS LIKELY TO DEFAULT ON THEIR LOANS AND GOOD SUBPRIME PRODUCTS ARE ABLE TO FLOURISH AS A RESULT. THIS STUDY SHOULD PUT TO BED THE OUTCRY FROM LENDERS THAT STRONG STATE LAWS WILL SPELL DOOM FOR THEIR INDUSTRY.

THE FORECLOSURE PREVENTION PROGRAM IS OUR RESPONSE TO THE FORECLOSURE EPIDEMIC. BUT, THIS PROBLEM WILL NOT BE ERASED BY THE EFFORTS OF ONE PROGRAM OR GROUP OF INDIVIDUALS. EVERYONE IS GOING TO HAVE TO CHANGE THEIR PERSPECTIVE, THEIR EXPECTATIONS AND THEIR EFFORTS TO MAKE IT WORK.

# Foreclosure Prevention Program

A Joint Effort of
The Cuyahoga County Treasurer and the Board of County Commissioners

The Foreclosure Prevention Program started in fall 2005 as part of a Cuyahoga County effort to combat rising numbers of home foreclosures. It includes collaboration with local non-profits, a marketing campaign, and financial counseling outreach programs.

## Foreclosure: A Community Problem

The number of foreclosures in Cuyahoga County and around Ohio has exploded in recent years. Ohio has the largest foreclosure rate of any state in the nation. In the Cuyahoga County Court of Common Pleas alone, more than 11,000 foreclosure cases were filed in 2005. That's more than five times the number of cases filed just 10 years ago. Sheriff's sales in Cuyahoga County list an average of 140 properties for sale each week.

Reasons for the rise in foreclosures include:

- Loss of stable, living-wage jobs that allow people to pay their mortgages

- Predatory lending

Lenders manipulate borrowers into getting loans with high interest rates and hidden terms.

- Sub-prime lending market

Lenders market high-interest loans to borrowers with bad credit and then package the loans to be traded on Wall Street. The national default rate for sub-prime loans is 5 percent, but in Cuyahoga County, the default rate is 16.5 percent.

Houses that are in foreclosure can remain vacant for months, even years. Vacant houses attract crime and decrease property values in neighborhoods. When houses are abandoned, cities and schools get no taxes from those properties. The city of Cleveland contains more than 5,000 vacant homes, and there are many more vacant properties countywide.

Cuyahoga County Battles Foreclosure

In response to rising foreclosure rates and a letter from suburban mayors expressing concerns about the county's foreclosure process, county officials held public meetings on the issue in the summer of 2005. The meetings included municipal officials, non-profit housing advocates, foreclosure attorneys, and homeowners.

Since these meetings, the county has worked on several initiatives to improve the way it handles foreclosures. These initiatives include the following:

• Cuyahoga County Common Pleas Court dockets will include parcel numbers and addresses of properties involved in foreclosure proceedings. This information will make it easier to compile data on foreclosures.

• The county will spend roughly $2 million annually to hire four to six new magistrates to handle foreclosure cases.

• County officials are lobbying for new state laws, such as House Bill 294, which would make it easier for vacant and abandoned properties to be turned over to municipal land banks for redevelopment.

• Properties identified by city officials as vacant or abandoned will become a priority for county magistrates.

• Creation of the Foreclosure Prevention Program in the Office of County Treasurer, Jim Rokakis.

## Foreclosure Prevention Program Model

The Foreclosure Prevention Program has three full-time staff members, including its director, Mark Wiseman. The program is funded by the county, which has pledged more than $400,000 annually. It has received funding from Ohio Savings Bank, National City Bank, Key Bank and The Sam & Maria Miller Foundation, and commitments from Freddie Mac, CHASE Bank, US Bank and others.

The program has three main components:

### 1. Referral system partnership with nine local non-profits

The Foreclosure Prevention Program is working with United Way's First Call for Help hotline. People who call 2-1-1 seeking advice with their credit, mortgage, possible refinancing, a payment default situation or foreclosure will be referred to one of nine non-profit partner agencies.

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|---|---|---|
| Consumer Credit Counseling Service<br>Cleveland Housing Network, Inc.<br>Neighborhood Housing Services<br>Spanish-American Committee | provide | • budgeting advice<br>• pre-borrowing counseling<br>• refinance counseling |
| Community Housing Solutions<br>Consumer Protection Association<br>East Side Organizing Project (ESOP)<br>Cleveland Housing Network, Inc.<br>Neighborhood Housing Services<br>Spanish-American Committee | provide | assistance for borrowers negotiating with lenders after missed payments |
| Housing Advocates, Inc.<br>The Legal Aid Society of Cleveland | provide | legal help for foreclosure defense |

To assist these partner agencies with handling new referrals, the program is distributing funding to enhance their staffs. The program will monitor the agencies' services to ensure that people referred by 2-1-1 are getting the help they need.

2. Marketing campaign

To inform the community about 2-1-1 and raise awareness about issues surrounding foreclosure, the Foreclosure Prevention Program is conducting marketing efforts, using materials from Freddie Mac's "Don't Borrow Trouble" campaign, which is in use in over 40 major metropolitan areas, nationwide. The campaign will include bus ads, press events, mailings, public service announcements, TV, Radio and other media.

The program also will send postcards with information about financial counseling services to homes in neighborhoods with high rates of foreclosures. Other methods will be used to target vulnerable populations, such as direct mailings to residents receiving divorce filings, utility bills, tax delinquencies, and code violations.

3. Financial education outreach programs

The Foreclosure Prevention Program will conduct outreach programs in the community. Free public seminars will include information about credit management, predatory lending, and smart borrowing. The seminars will be offered at area libraries, schools, community centers, and other public spaces. The program also hopes to coordinate with other agencies to offer financial literacy programs at local colleges and high schools.

The goals of the Foreclosure Prevention Program include:

• Raise public awareness about credit management, smart borrowing, predatory lending, and other financial literacy issues.

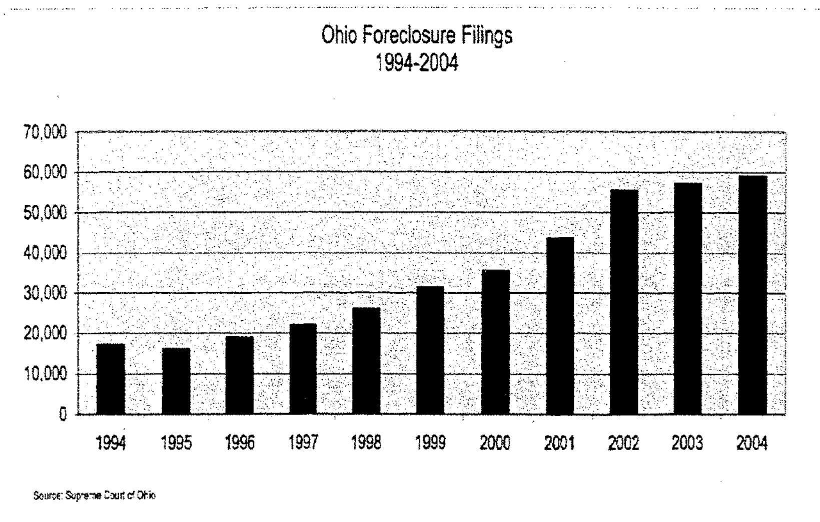
• Refer to counseling agencies that will help homeowners in default to negotiate payment plans with lenders, preventing foreclosures.

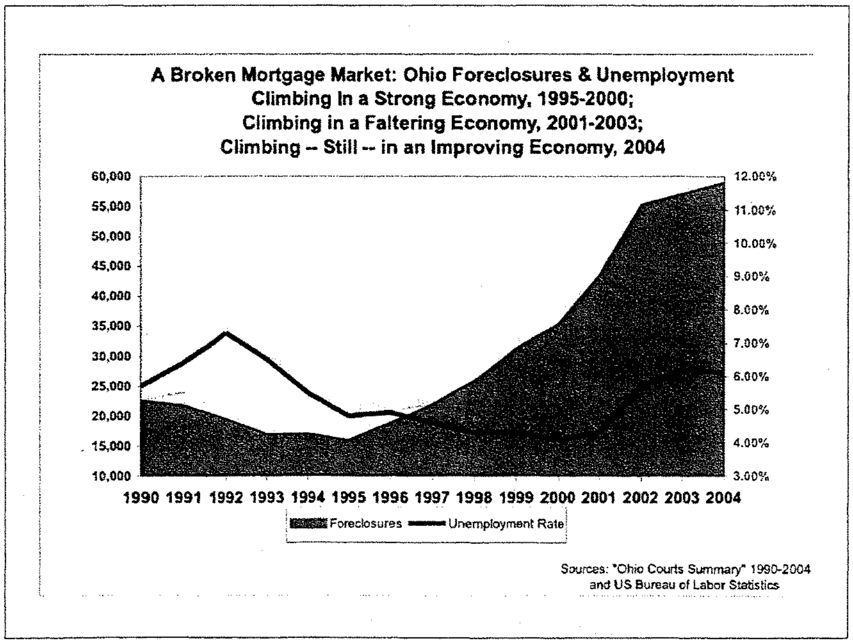
• Ensure high-quality financial counseling services for all county residents who need assistance or advice.

• Reduce the number of foreclosures in the county by creating better-educated consumers.

Who is eligible?

Any borrower within the County who is concerned with a loan on her primary residence, has the desire to keep the house and the ways & means to stay current in a payment plan that is offered by the lender.


Ohio Foreclosure Filings
1994-2004
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
Source: Supreme Court of Ohio


A Broken Mortgage Market: Ohio Foreclosures & Unemployment
Climbing In a Strong Economy, 1995-2000;
Climbing in a Faltering Economy, 2001-2003;
Climbing -- Still -- in an Improving Economy, 2004
60,000
55,000
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
12.00%
11.00%
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004
Foreclosures
Unemployment Rate
Sources: "Ohio Courts Summary" 1990-2004
and US Bureau of Labor Statistics

A REPORT FROM:

# POLICY MATTERS OHIO

# FORECLOSURE GROWTH IN OHIO 2006

ZACH SCHILLER
JULY 2006

**Executive Summary**

The number of Ohioans who lost their homes to foreclosure and sheriff sales continued to grow in 2005. Last year, there was one foreclosure filing for every 71 Ohio households.

Filings have quadrupled from a decade ago. Overall, according to data reported to the Ohio Supreme Court by common pleas court judges across the state, there were 63,996 new foreclosure filings in 2005, an increase of 8.45 percent from 2004. The increase, amounting to almost 5,000 more filings than the year before, follows smaller growth of 3 percent in both 2003 and 2004. Since foreclosures climbed rapidly in the 1990s, the number in 2005 represents at least a recent record.

Results from a Policy Matters Ohio survey of Ohio's county sheriff departments indicate that the number of foreclosed properties put up for sheriff sale also has continued to increase. Altogether, 71 counties representing 86.3 percent of the state's population reported 43,123 properties put up for sale. That represents a 4.6 percent increase in those counties from 2004 and a 21.3 percent increase from 2003, according to department responses. Sheriff sales grew in 56 out of the 71 counties between 2003 and 2005. The overall increases are not as great as those reported in the Policy Matters survey that covered 2001 through 2003. However, together with the increased pace of foreclosure filings, the survey reflects that stresses on homeownership in Ohio continue to grow.

The growth in foreclosure filings is widespread around the state. Filings grew last year in 60 of Ohio's 88 counties, and quadrupled in 61 counties between 1995 and 2005. Cuyahoga County ranked first in foreclosure filings per person last year. But while the problem is more concentrated in urban counties, it is common statewide. Counties with the greatest growth in 2005 were scattered across Ohio, and none of the 10 counties that saw the greatest relative foreclosure filing growth were on the list of those that grew the most in 2004.

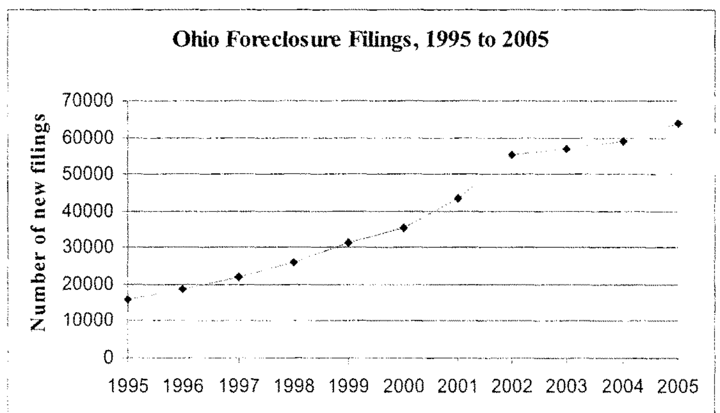
Among 50 sheriff departments that responded to the Policy Matters survey with numerical rankings on factors contributing to foreclosures, 31 ranked predatory lending first. Another 11 cited job loss/weak economy, while divorce or family break-up ranked third.

Last spring, the Ohio General Assembly passed legislation aimed at curbing predatory lending practices that have contributed to Ohio's foreclosures. The number of foreclosure filings and properties put up for sheriff sale will be among the benchmarks for assessing the law after it takes effect in January.

## Foreclosure Growth in Ohio 2006

The number of Ohioans who lost their homes to foreclosure and sheriff sales continued to grow in 2005. Last year, there was one foreclosure filing for every 71 Ohio households.[1] Filings have quadrupled from a decade ago. Overall, according to data reported to the Ohio Supreme Court by common pleas court judges across the state, there were 63,996 new foreclosure filings in 2005, an increase of 8.45 percent from 2004.[2] The increase, amounting to almost 5,000 more filings than the year before, follows smaller growth of 3 percent in both 2003 and 2004. Since foreclosures climbed rapidly in the 1990s, the number in 2005 represents at least a recent record.

Losing one's home to foreclosure is one of the most financially devastating events that can befall a family. When families do lose a home, it is often neglected in the aftermath, hurting communities and raising costs for local government. Finding ways to reverse Ohio's rising proportion of homes in foreclosure, pegged in some reports as the highest in the country,[3] is essential to protect consumers and communities. Figure 1 shows how foreclosure filings have increased in the state since 1995:




Source: Ohio Supreme Court

[1] This calculation is based on a U.S. Census Bureau estimate of the number of households in Ohio in 2004. See http://factfinder.census.gov.
[2] Data for 2005 was supplied to Policy Matters Ohio by the Ohio Supreme Court. Data from previous years originally obtained from the Supreme Court are republished from previous Policy Matters Ohio reports. See http://www.policymattersohio.org/Foreclosure_Growth_2005.htm. The Ohio Supreme Court's reporting of foreclosure filings includes an unspecified number of non-mortgage foreclosure cases, including delinquent tax foreclosures and others. It also includes double filings that occur if bankruptcy interrupts the process, or if a lender uses the threat of foreclosure as a collection mechanism several times against one borrower. Non-mortgage filings and double-filings have not been eliminated from the data. All foreclosure data in this report are for filings. Not all filings lead to actual foreclosures, in which borrowers lose title to their property. On the other hand, filing statistics do not cover all cases in which homeowners lose their property, such as cases in which they give the title back to the lender and walk away from the home.
[3] "Home Delinquency Rate Shows Increase," Noelle Knox and Barbara Hansen, *USA Today*, March 16, 2006, and "Ohio's Disgrace: No. 1 in Home Foreclosures," Geoff Dutton, *The Columbus Dispatch*, Sept. 18, 2005.

Results from a Policy Matters Ohio survey of Ohio's county sheriff departments indicate that the number of foreclosed properties put up for sheriff sale also has continued to increase. In all, 76 of the state's 88 sheriff departments responded to the biennial Policy Matters survey.[4] Seventy-four counties that provided figures reported a total of 43,841 properties put up for sale in 2005.[5] Sixty-six counties have provided data for each of the last three years, and another five that provided data for 2004 and 2005 also responded to the survey two years ago. Thus, it is possible to compare sheriff sales in 2003, 2004 and 2005 in 71 counties accounting for 86.3 percent of Ohio's population.[6] Altogether, those counties reported 43,123 properties put up for sale. That represents a 4.6 percent increase in those counties from 2004 and a 21.3 percent increase from 2003, according to department responses. Sheriff sales grew in 56 out of the 71 counties between 2003 and 2005. The overall increases are not as great as those reported in the Policy Matters survey that covered 2001 through 2003. However, together with the increased pace of foreclosure filings, the survey reflects that stresses on homeownership in Ohio continue to grow.

Foreclosures are rising in all parts of Ohio. Last year, the number of new filings grew in 60 of the state's 88 counties. In 2005, Cuyahoga County became the leading county in the state in foreclosure filings per person. It switched places with Montgomery County, which had been No. 1 the year before and found itself in the No. 2 position in 2005.

Table 1 (see next page) shows the top 10 counties in Ohio ranked by foreclosure filings per person. Big urban counties dominate the list; five of the state's six biggest counties are included, and Franklin County just missed the list, ranking 11th. However, high foreclosure rates are not limited to the most populous counties. They are a stubborn problem also in Brown and Highland in Southwest Ohio, as well as Marion and Clark counties. In fact, eight of the top 10 were on last year's list of the same kind. One foreclosure was filed for every 122.1 people in Cuyahoga County, as well as one for every 135.2 people in Montgomery County and one for every 146 people in Summit County:

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[4] A preliminary version of this report and an update to that were issued previously. For more details on the methodology used for this study, see Methodology, p. 6.

[5] Throughout this report, "sheriff sale" refers to a property being put up for sale. It may or may not result in the actual sale of the property. The 74 counties are listed in Table 7.

[6] The three counties that provided 2005 data but are not included among the 71 are Fayette, Gallia and Richland. See Footnote 11. Data for previous years provided by individual counties is not always consistent with their reports in earlier surveys, Policy Matters has found. Overall, sheriff departments in the 62 counties that supplied 2003 data in each of the two surveys reported putting more properties up for sale in the current survey than they had cited when surveyed about the same year two years ago. See Methodology, p. 6.

Freddie Mac, Roper Poll Survey Asks Why More Delinquent Borrowers Don't Call Lenders for Help

PR Newswire -- December 12, 2005

Nearly Two-Thirds of Delinquent Borrowers Say They Are Unaware of Workout Options

MCLEAN, Va., Dec. 12 /PRNewswire/ -- Freddie Mac and Roper Public Affairs and Media, a division of GFK NOP -- a leading international market research firm, today announced the results of the nation's first ever survey to learn why more late-paying borrowers risk losing their homes rather than reaching out to their mortgage servicers. The borrowers never contact their lender in over half of all foreclosure cases. The survey was undertaken to help find out why.

The Freddie Mac/Roper survey found that 75 percent of the delinquent borrowers surveyed recall being contacted by their servicers. But, a substantial percentage gave a variety of reasons for neglecting to follow-up with their servicers to discuss workout options. Mortgage servicers collect monthly housing payments on behalf of Freddie Mac or other investors.

Specifically, 28 percent said there was no reason to talk to their servicers or that their servicers could not help them, 17 percent said they could take care of their payment problems without any help, and 7 percent said they didn't call because they didn't have enough money to make the payment. Other reasons for not calling included embarrassment (6 percent), fear (5 percent), or not knowing whom to call (5 percent).

The lack of borrower follow-up may help explain why more than six in ten (61 percent) of late-paying borrowers said they were unaware of a variety of workout options that could help them overcome short-term financial difficulties. At the same time, 92 percent said they would have talked to their servicers had they known these options were available to them.

The Freddie Mac/Roper survey found no significant statistical difference in the responses given by white, black, Latino, male or female borrowers indicating an almost universal need for more borrower education about workout options and foreclosure avoidance.

Freddie Mac requires mortgage servicers to explore several workout options with late-paying borrowers. These options include forbearance, which temporarily delays or reduces payments, and loan modifications, which can restructure the payment terms for a fixed period. Many servicers typically describe these options in their collection letters. However, it is up to borrowers to follow-up with their servicers to learn more about these options.

"The results of the Freddie Mac/Roper survey are a wake-up call to delinquent borrowers everywhere," said Ingrid Beckles, Freddie Mac's Vice President of Default Asset Management. "Its message is clear: when you get a phone call or letter from your servicer, don't ignore it, act on it. Pick up the phone, call your servicer and talk to them about the
possibility of forbearance or some other repayment alternative because it just may be your best chance to avoid foreclosure."

"Part of the problem is that the data shows that there's a knowledge gap: People's interest in the options available to them is quite high, but their awareness of these options is quite low," said Elizabeth Armet, Vice President, Senior Account Executive at Roper Public Affairs. While the likelihood of a successful foreclosure avoidance depends upon
each individual borrower's financial situation, a 2004 Freddie Mac study concluded that repayment plans could lower the probability of home loss by 80 percent among all borrowers and by 68 percent among low-to-moderate income borrowers. Working together, Freddie Mac and its servicers have helped more than 100,000 troubled borrowers avoid
foreclosure and stay in their homes over the past two years. (Borrowers can find a comprehensive description of workout options at freddiemac.com)

"These findings are consistent with what Wells Fargo Home Mortgage has done and the great success we have had during the past several years with our early intervention process," said Patrick Carey, senior vice president, WFHM Default and Retention Operations. "We try to educate customers to contact us early in times of financial crisis, and hope that they will learn from studies like these that their lender can be their best resource when financial strain threatens their homes," Carey said.

"The Freddie Mac/Roper survey underscores why we work so hard to encourage borrowers experiencing financial difficulty to proactively contact their lender and explore the options that could help them avoid foreclosure," added Deb Oakley, Senior Vice President at National City Mortgage. "At National City Mortgage, we also work with credit counseling agencies to further help borrowers learn how to take charge of their situation."

Other notable findings from the Freddie Mac/Roper survey:

* Eighty percent of delinquent borrower households included at least
one
employed individual and only five percent said someone in their

household was unemployed. Seven percent of the respondents said they
were retired.

* Among homeowners in good standing, 62 percent were employed, 32 percent
were retired, and only two percent were unemployed.
* Delinquent borrowers earned slightly less than borrowers in good standing. The median annual income among delinquent borrowers was $52,400 compared to $56,700 a year for homeowners in good standing.
* Forty seven percent of the defaulters were first-time homeowners but 62
percent of the homeowners in good standing had owned a home in the past.

Freddie Mac is a stockholder-owned corporation established by Congress in support of homeownership and rental housing. Freddie Mac purchases single-family and multifamily residential mortgages and mortgage-related securities, which it finances primarily by issuing mortgage passthrough securities and debt instruments in the capital markets. Over the years, Freddie Mac has made home possible for one in six homebuyers in America and more than two million renters across America. For more information, visit: http://www.freddiemac.com.

Methodology

The findings presented are the results of a telephone study conducted August 5th-18th, 2005 by Roper Public Affairs and Media -- a part of GFK NOP - - among 2031 U.S. homeowners ages 18 and older. Respondents were considered to be in default if they were more than one month late on their mortgage payment. The margin of error for the total sample is +/-
3 percentage points at the 95% confidence level. The margin of error for subgroups is higher.

07/19/2006 JACKSONVILLE – FINANCIAL NEWS AND DAILY RECORD

## Study indicates foreclosures linked to violent crime

by Miranda G. McLeod Staff Writer

A house is the biggest investment of most people's lives. Past credit comes into play, life savings are at stake and there is a risk of losing your house if proper payments aren't made. "There's value in preparing for home ownership," said Dawn Lockhart, chief financial officer of Family Counseling Services. "This is the biggest financial decision you will make."

But in Jacksonville, many people aren't prepared for home ownership. According to RealtyTrac, a California-based company that tracks foreclosures nationwide, there is one foreclosure for every 133 households in Jacksonville. That's enough to rank the city seventh in the nation and, according to James J. Saccacio — chief executive officer of RealtyTrac — Jacksonville is in the top 10 despite below-average unemployment and above-average home price appreciation.

Even though the crime rate in Jacksonville has dropped significantly the past 13 years — from 11,880 violent crimes with a population of 681,631 in 1991 to 6,810 violent crimes with a population of 840,474 in 2004 — a recently released study shows there is a direct correlation between foreclosure rates and crime rates. For every 1 percent of foreclosure there is a 2.33 percent increase in the rate of violent crime, according to a study released by Dan Immergluck of Georgia Tech and Geoff Smith of the Woodstock Institute.

They only found one other study that investigates the correlation between foreclosures and crime and it was conducted in Chicago.

The study indicated a couple of things:

• Foreclosures, particularly in lower-income neighborhoods, can lead to vacant, boarded-up or abandoned properties, which in turn, contribute to "physical disorder in a community that can create a haven for criminal activity, discourage social capital formation and lead to further disinvestment."

• Using conservative estimates, Immergluck and Smith also concluded that each conventional foreclosure within an eighth of a mile of a single-family home results in a 0.9 percent decline in property value.

This means that, for the entire city of Chicago, the 3,750 foreclosures in 1997 and 1998 are estimated to reduce nearby property values by more than $598 million. That's an average cumulative property value effect of $159,000 per foreclosure, which doesn't include effects on the values of condominiums, multi-family rental properties and commercial buildings.

Immergluck's and Smith's less conservative finding corresponds to a citywide loss in property value of just over $1.39 billion, which corresponds to an average cumulative property value effect of more than $371,000 per foreclosure.

Direct costs to city government in Chicago involve more than a dozen agencies and two dozen specific municipal activities, generating governmental costs that in some cases exceed $30,000 per property, according to the study.

"The initiating issue is the inappropriate assessment of who's ready for homeownership," according Lockhart. "There is a large network of families whom have been promoted to having the opportunity to own a home. They have access to home loans from predatory lenders who make more money by making a bad loan than they do by making a good one."

Lockhart added there is a large cadre of firms who provide loans to individuals with low credit scores, which only perpetuates the cycle of inability to pay, leading to foreclosure. "Jacksonville was one of the last major metropolitan cities to take an aggressive approach to the issue," said Lockhart.

Family Counseling Services celebrates its 50th year of operation. It's a non-profit organization and a United Way member agency, a member of the Alliance for Children and Families, the National Foundation for Credit Counseling and is accredited by the Council on Accreditation for Children and Family Services. Among other services, the organization teaches individuals to take information and determine what kind of home loan is appropriate for their particular needs.

"If they're armed with the information of what they can or cannot afford, they're more likely to make the better deal," said Martha Cox, vice president of resource development for Family Counseling Services, which has helped more than 303 families in the last three months become more financially independent.

"The demand for a quick fix solution will always be there," said Lockhart. "Our only armor is ourselves. It's a prevention-oriented process. Financial literacy is one area the family doesn't talk about and it can lead to violence in the home and or divorce." Financial mismanagement is not indicative of income, said Lockhart. It's behavioral.

"The pressure is the same. It's just like substance abuse," she said.
While violence may be prevalent in certain demographics, foreclosure is not, according to Lockhart. "Low income families are the best at managing cash," she said. "And those with increased incomes have more options, which can generate just as many problems as those with lower incomes."

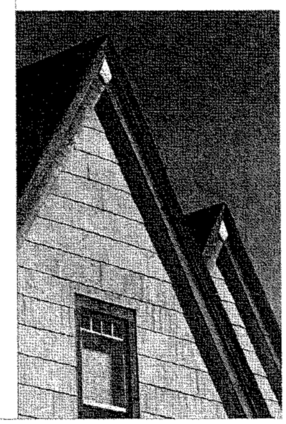
"The issues can be just as intense," said Cox. "If you're not aware of what's happening with your money, you can get into a lot of problems." Both Lockhart and Cox said change happens one family at a time and financial literacy is imperative to families' successful economic futures. "Home ownership is the largest form of savings for retirement. Families must be proactive to find information," said Lockhart. "Families not taking the initiative to pursue information are abdicating their decision to others who don't have their best interests in mind."

Lockhart added that financial stability is about prevention. "We can see how the community is paying for (foreclosure) and the effect on crime rates," she said. "It's a house of cards and rarely is it purchased with cash."

While there are only three studies linking foreclosure and crime nationally, there is one group working to find how foreclosures affect the city. Jacksonville Area Legal Aid is in the process of mapping zip codes of foreclosures and locations of murders.

"We're having some difficulty getting the maps together," said April Charney of JALA, adding that it's hard to get foreclosure data with zip codes.

"We are still just overwhelmed with foreclosures," she said. "We have at least 10 foreclosures that actually come through a week. We try and get them before judgment because we'd much rather see people before they get behind. But usually we don't see them until they are in foreclosure."



# Unfair Lending:

## The Effect of Race and Ethnicity on the Price of Subprime Mortgages

Debbie Gruenstein Bocian, Keith S. Ernst and Wei Li
Center for Responsible Lending

May 31, 2006

CENTER FOR RESPONSIBLE LENDING

www.responsiblelending.org

## I. EXECUTIVE SUMMARY

**L**ast year, for the first time, lenders were required to report details on the costs of subprime home loans—mortgages intended to serve borrowers with blemished credit or other high-risk characteristics. Lenders disclosed pricing information related to the most expensive subprime loans (referred to here as "higher-rate" loans), while lower-rate loans in the subprime market and virtually all prime loans were exempt from this reporting requirement. Several analyses of this information, collected under the Home Mortgage Disclosure Act (HMDA), have shown that African-American and Latino borrowers received a disproportionate share of higher-rate home loans, even when controlling for factors such as borrower income and property location.

A number of concerned groups have pointed to these disparities as evidence of discrimination that slows economic progress among groups who already lag far behind in homeownership and wealth. Others contend, however, that the pricing disparities are not meaningful, since they do not fully account for legitimate differences in credit risks. In this report, we attempt to move the debate forward by providing a more detailed examination of pricing patterns in the subprime home loan market. Our study analyzed subprime home loan prices charged to different racial and ethnic groups while controlling for the effects of credit scores, loan-to-value ratios, and other underwriting factors. To our knowledge, this is the first full research report that examines 2004 HMDA data to assess the effects of race and ethnicity on pricing in the subprime market while controlling for the major risk factors used to determine loan prices.

**Our findings show that, for most types of subprime home loans, African-American and Latino borrowers are at greater risk of receiving higher-rate loans than white borrowers, even after controlling for legitimate risk factors.** The disparities we find are large and statistically significant: For many types of loans, borrowers of color in our database were more than 30 percent more likely to receive a higher-rate loan than white borrowers, even after accounting for differences in risk.

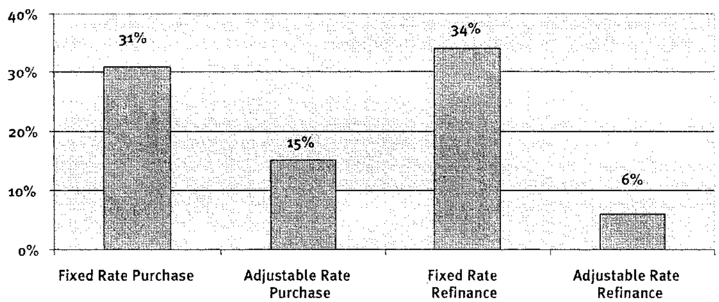
This analysis was possible because we supplemented the 2004 HMDA data with information from another large loan-level dataset, the Loan Performance Subprime Asset-Backed Securities Database (LP). Individually, both the HMDA and LP databases lack certain pieces of data that would be helpful for an in-depth comparison of subprime loan pricing. By combining loan information from both sources, however, we obtain more complete information on a large set of loans. Using a combined dataset of over 177,000 subprime loans, we analyzed whether borrowers of color are at greater risk of receiving higher-rate subprime loans than similarly-situated white borrowers.

### Our basic findings are outlined here:

1) **African-Americans were more likely to receive higher-rate home purchase and refinance loans than similarly-situated white borrowers, particularly for loans with prepayment penalties.**

- The effect of being an African-American borrower on the cost of credit was greatest for loans containing penalties for early payoff, which comprised over 60 percent of the loans we examined.
- As shown in the chart below, African-American borrowers with prepayment penalties on their subprime home loans were 6 to 34 percent more likely to receive a higher-rate loan than if they had been white borrowers with similar qualifications. Results varied depending on the type of interest rate (i.e., fixed or adjustable) and the purpose (refinance or purchase) of the loan.

Increased Likelihood that African-American Borrowers Received a Higher-Rate Subprime Loan with a Prepayment Penalty* versus Similarly-Situated White Borrowers



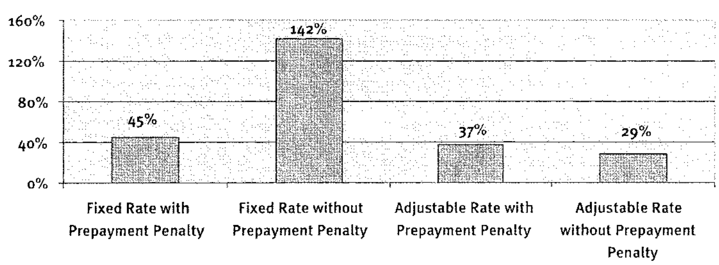

* During 2004, approximately two-thirds of all home loans in the subprime market had prepayment penalties.

2) Latino borrowers were more likely to receive higher-rate loans than similarly-situated non-Latino white borrowers for mortgages used to purchase homes. Differences for refinance loans were not significant at a 95 percent confidence level.

- Latino borrowers purchasing homes were 29 to 142 percent more likely to receive a higher-rate loan than if they had been non-Latino and white, depending on the type of interest rate and whether the loan contained a prepayment penalty.

- Pricing disparities between Latinos and non-Latino white borrowers for refinance loans were not significant at the 95 percent confidence level in our dataset.

Increased Likelihood that Latino Borrowers Received a Higher-Rate Subprime Purchase Loan versus Similarly-Situated White Borrowers



This analysis does not allow us to estimate precisely how much race and ethnicity increase the prices charged to borrowers. It is also beyond the scope of this paper to determine definitively why these disparities exist. However, we do posit several possible causes, including the considerable leeway mortgage originators have to impose charges beyond those justified by risk-based pricing.

A notable and pervasive example of discretionary pricing occurs through "yield-spread premiums," which are monetary incentives for mortgage brokers to inflate rates on subprime loans. Other causes of pricing disparities may include the inconsistent application of objective pricing criteria, targeting of families of color by higher-rate lenders or brokers, and lack of investment by lower-cost lenders in these communities. It is likely that all of these factors contribute to making subprime home loans more costly than necessary.

***While these results are particularly disturbing for borrowers of color, the results have negative implications for all borrowers in the subprime market, since common business practices such as discretionary pricing can affect anyone.***

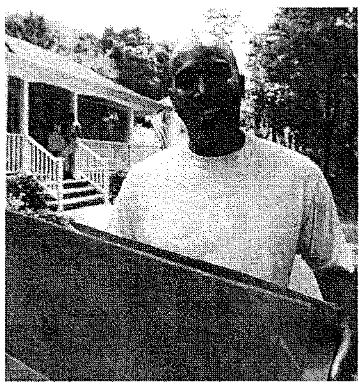
For African-Americans, the most striking disparities that emerged in our research were associated with prepayment penalties; for Latinos, the greatest disparities related to loan type (purchase versus refinance). Examining these differences, we discuss several hypotheses. First, we believe the larger disparities observed for African-Americans in subprime loans with prepayment penalties may be related to yield-spread premiums, since lenders are often more willing to pay these premiums on loans that include prepayment penalties. Mortgage originators routinely make exceptions to guidelines, but it may be that African-Americans receive fewer favorable exceptions than white borrowers. Second, we believe that the disparities evidenced for Latinos on purchase mortgages might arise from a greater concentration of recent immigrants among this borrower pool. If so, the higher disparities in the purchase market may be a result of higher-cost lenders targeting recent immigrants.

While these results are particularly disturbing for borrowers of color, the results have negative implications for all borrowers in the subprime market, since common business practices such as discretionary pricing can affect anyone. The cost of mortgages matters more than the cost of typical consumer goods. Whether or not families receive fairly priced home loans is a major factor in their fundamental financial security. Higher loan costs will both dissuade some potential borrowers from investing in homeownership and increase the risk of foreclosure for those who do.

Lenders and policymakers can take a number of constructive actions to help ensure more equitable pricing for all borrowers. These include:

- Curtailing steering by requiring objective pricing standards;
- Holding lenders and brokers responsible for providing loans that are suitable for their customers;
- Amending HMDA to expand the disclosure requirements for risk and pricing information;
- Ensuring that adequate resources are dedicated to fully enforcing fair lending laws; and
- Creating incentives and supporting a policy framework that lead the market to better serve African-American and Latino communities.

# The Best Value in the Subprime Market



## State Predatory Lending Reforms

A report by
the Center for Responsible Lending

Wei Li and Keith S. Ernst

February 23, 2006

CENTER FOR RESPONSIBLE LENDING
www.responsiblelending.org

# Executive Summary

Since 1999, states have wrestled with the best regulatory approach to prevent predatory mortgage lending in the subprime market—a problem that increases the risk of foreclosure for credit-strapped families and costs Americans an estimated $9.1 billion each year.[1] Twenty-eight states have taken action either by passing comprehensive reforms or by relying on regulations aimed at specific predatory practices. Meanwhile, lawmakers in Washington also have proposed bills to update federal laws, including some that would override existing state laws.[2]

As lawmakers consider ways to address predatory mortgage lending, several questions are critical to the debate: How well are state laws working against predatory mortgage lending? Which laws would serve as the best models for effective policies? Are there negative unintended consequences of enacting state legislation? And what are the potential consequences of overriding state laws?

To answer these questions, we conducted the most comprehensive investigation ever undertaken on state anti-predatory lending laws. Our research examined 28 state reforms by analyzing six million subprime mortgage loans made over a seven-year period (1998 – 2004). Specifically, we compared borrowers' experiences under reforms in each of these states to those of borrowers in states with minimal protections or no laws. We were further able to isolate and measure the effects of the reforms by controlling for differences in key economic, geographic, temporal, and loan and borrower characteristics.

We find that state laws are working well to prevent predatory mortgage lending, but that's not all. Strong laws also allow subprime credit not targeted by the laws to flourish without increasing interest rates for borrowers. More specifically, in states with anti-predatory lending laws that go beyond current federal protections, we find:

- **Borrowers get fewer loans with abusive terms.**
  States that have implemented significant reforms generally reduced the incidence of loans with predatory terms, and states with the strongest laws realized the biggest gains in fighting predatory loans. For example, without New Mexico's law, an additional four out of ten borrowers (38.5%) in the subprime market would have received home loans with abusive features—including prepayment penalties, balloon payments or being unfairly steered into a higher-cost loan.

- **Borrowers have ready access to subprime credit.**
  State laws have produced no significant effect on subprime mortgage volume in the vast majority of states with anti-predatory lending laws. The results indicate that lenders have responded to state laws by fueling the expanding subprime market with mortgages that do not include loan terms targeted by state laws.[3]

- **Borrowers pay about the same or lower interest rates for subprime mortgages.** A central goal of predatory lending reform has been to shift lender compensation away from fees—both front-end charges and back-end prepayment penalties—into more transparent interest rates, since a borrower can refinance out of a high rate loan but cannot escape from high fees. With this in mind, we expected to find a combination of fee reductions accompanied by offsetting marginal interest rate increases. We did find that fees in the form of prepayment penalties were reduced, but, to our surprise, we also found that many families paid lower interest rates. Among states with reforms, interest rates on fixed-rate mortgages showed no statistically significant difference in eight states and actually were lower in 19.

  While the interest rate differences are small, they add up: A family with a $200,000 loan would typically save $1,000 or more over the first three years of the mortgage in a state with significant protections. One possible explanation for this finding is that in states with reforms, lenders are unwilling to pay mortgage brokers large bonuses (yield-spread premiums) for mortgages with higher-than-market rates—resulting in lower interest rates to borrowers.

In addition, there are strong indications that state reforms are having a positive effect on the national subprime market. For example, over the course of our study, the overall incidence of prepayment penalties peaked at 67.7% and then dropped to 51% by December 2004. For balloon payments, the corresponding figures went from 13.6% to zero.

Overall, these findings have two significant implications for state and federal policymakers, who are grappling with the best way to prevent predatory lending. First, the findings suggest that strong state laws like those in place in New Mexico, Massachusetts and North Carolina can serve as successful models. Second, the findings call into question the advisability of federal proposals that would nullify state efforts and substitute a weak national standard. In fact, this study shows that overriding state laws would be harmful—and costly—to consumers, since states are successfully cutting back on predatory loans without cutting off access to credit. From a homeowner's perspective, it appears that mortgages protected by strong state laws may be the best deal in the real estate market.

## Farm Credit Crisis

My name is Bryan Wolfe. I am a dairy farmer in Ashtabula County, Ohio. Thank you for this opportunity to speak concerning the issue of farm credit.

People need food, which is another way of saying people need farmers. Farmers need access to credit in order to produce food. Credit is a growing problem for farmers. According to Federal Reserve data, 31% fewer non-real estate loans were made to farmers than were made ten years ago.[i]

From a banker's perspective this makes sense. Farming no longer demonstrates that hard work pays. Take milk as an example. Ohio farmers were paid $11.74 per hundredweight for milk produced in June. The USDA Economic Research Service shows the total cost of producing milk in Ohio to be $24.31 for June 2006. When our milk is priced below the cost of production through a federal pricing system something is wrong.

There is something wrong when the value of farmland is determined by non-farm purchasers. A recent USDA report stated, "Cropland and pasture values rose by 13 and 22 percent, respectively, since January 1, 2005." The Dow Jones Industrial average rose just 3.7% in the same period. The report continues, "The increase in farm real estate values continues to be driven by a combination of mostly nonagricultural factors, including relative low interest rates and strong demand for nonagricultural land uses. Demand for farm real estate as an investment continues to be a strong market influence."[ii]

This combination of artificially low farm prices and artificially high farm land prices becomes a deadly combination when farmers need to restructure farm loans. In many cases a farmer's credit problems could be solved with a simple loan restructuring. Although the equity might be there, the equity is not based on agricultural use.

Farmers may then be driven to foreclosure. At that point, all too often the farmer is trapped in a system of lender corruption which he has neither the time nor resources to adequately fight. Even where there is no obvious corruption, lenders have no incentive to work with farmers. With the rise in farmland value, the lender is likely to sell the assets in a foreclosure for several times the amount owed.

Complicating all of this is bank consolidation. Just a generation ago, farm loans were mostly a financial activity between people from the same community. Today those setting farm loan policy at some remote central office and the farmer needing credit are strangers.

That might not seem to be an important point. But, if you drive through rural America it looks like a war zone. Rural poverty is climbing faster than urban poverty. Farm towns are losing businesses and population. Of all the population loss, the most devastating is the loss of our youth.

The average age of farmers is growing each year. An article in the July issue of the Fedgazette published by the Federal Reserve Bank of Minneapolis says "The outlook for 2006 is negative throughout the district, as 39 percent of lenders expect net farm income to decrease. This pessimism is due mostly to high production costs, such as "the continued [increased] costs of inputs, fuel, chemicals and machinery repairs," according to a South Dakota banker."[iii] Pessimism and a poor lending environment will not attract youth to farming.

A logical question then is: who will feed America in the future? America's agricultural trade surplus is virtually gone.[iv] However, with rising fuel costs, food imports will be no solution for the American public.

So, we are back to where we began. We are talking about food. If the American public's interest is to be served, farmers need both a fair farm price and access to farm credit which realistically serves their needs. Homeland security ultimately begins at the farm.

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[i] http://www.federalreserve.gov/releases/e15/current/pdf/afdr_a1.pdf

[ii] http://usda.mannlib.cornell.edu/usda/current/AgriLandVa/AgriLandVa-08-04-2006.pdf

[iii] http://minneapolisfed.org/pubs/agcredit/AcQ1-06.cfm

[iv] http://www.ers.usda.gov/data/FATUS/MonthlySummary.htm

# VACANT HOUSES

## In Garfield Heights

**Noreen M. Kuban, Economic Development Director**

**July 21, 2006**

## I. TYPE OF PROPERTY:

- residential 1 family house – owner occupied;
- residential 1-2 family house – rental property;
- residential 1-2 family house – CMHA;
- apartment buildings – market rate and CMHA;
- commercial;
- commercial with residential above;
- industrial;
- vacant land;
- vacant residential; and
- vacant commercial and industrial.

## II. STATUS OF THE PROPERTY – FINANCIAL/LEGAL PROBLEMS:

- foreclosure action only (mortgage or tax foreclosure);
- bankruptcy action only;
- foreclosure and bankruptcy actions;
- bank or HUD owned or "secured" by a bank but title has not transferred yet; and
- vacant property that either does not have financial/legal problems OR it's unknown whether there are financial/legal problems.

The City can cite the property owner or the lender in any of these cases. If a property is owned by a bank or HUD, we just cite the bank or HUD.

## III. ENFORCEMENT ACTIONS CURRENTLY IN PLACE:

- exterior maintenance inspections;
- point of sale inspections;
- register rental properties and perform annual inspections;
- grass cutting; and
- report citations to HUD or bank.

(See the summary table in **Tab #1** that identifies the types of enforcement actions that are available for each type of property).

## VIII. ADDITIONAL REVENUE GENERATING OPPORTUNITIES FOR THE CITY:

- **Register ALL rental properties** annually (currently $35 per unit). Example: 700 units X $35 = $24,500. Check current number of rentals registered and how much has been collected – is it the same? Increase to $50 per unit?
- **Increase permit fees.** Additional citations will result in additional revenue for permits.
- **Grass cutting fees.** Consider contracting with a landscaper. Add a 10% administrative fee. Consider removal of shrubs, trees, weeds where necessary.
- **Nuisance abatement – other than grass cutting.** Assess the property owner.

## IX. CONSIDER ADOPTING SOME OF THE BEST PRACTICES FROM U.S. CONFERENCE OF MAYORS REPORT:

I've attached my review of practices that other cities have used – that are different from what Garfield Heights does. See attached report in **Tab #4**. The following summarizes the main points from USCM report:

- Property owner must submit a maintenance schedule or a plan for resolution.
- Register the vacant building.
- Fee associated with the registration (billed monthly, quarterly or yearly) to cover the administrative costs of monitoring the vacant property – this fee is different from a financial penalty charged by a Court for non-compliance.
- Fee schedule increases based on the number of years of vacancy.
- Identification and notification drive (notify property owner of fee).
- Rate the properties
  - Albany, NY:
    - 1- cosmetic work needed
    - 2- renovation needed which is economically feasible
    - 3- demolition recommended because it's not economically feasible to renovate or it's an emergency demolition.
  - York, PA:
    - 1- sound, in good condition and good maintenance
    - 2- substandard minor needs basic cosmetic repairs
    - 3- substandard major substantial improvements required
    - 4- dilapidated, abandoned should be demolished.
- Pursue legal remedies when illegal activities take place on the property.
- Email photos of property to owner, news media and post on City's website (see Boston).
- HUD – buy properties that HUD cannot sell for $1.
- Tax the property owner for having a vacant property – 3x current tax rate.
- Receivership.
- Problem Property Court – renovation or sale of the property are the best outcomes
- City-wide clean-up campaign.
- Rental property re-occupancy inspection.

## CURRENT G.H. INSPECTION & ENFORCEMENT PROCEDURES FOR DIFFERENT TYPES OF PROPERTY

| | Type | Exterior Maintenance | Point of Sale | Register & Inspect Rental Properties (fees apply)* | Register Tenants (income tax)* | Cut Grass & Bill | Other Repairs & Bill* | Criminal Nuisance Abatement* | Report Nuisance Tenants to CMHA* | HUD or Bank Owned |
|---|---|---|---|---|---|---|---|---|---|---|
| OCCUPIED | RESIDENTIAL 1 FAMILY-OWNER OCCUPIED | X | X | | | X | X | X | | |
| OCCUPIED | MARKET RATE 1-2 FAMILY-**RENTAL** PROPERTY | X | X | X | X | X | X | X | | |
| OCCUPIED | CMHA – 1-2 FAMILY HOUSES **RENTAL** PROPERTY | X | X | X | X | X | X | X | X | |
| OCCUPIED | APARTMENTS-**RENTAL** PROPERTY (INCLUDE CMHA) | X | X | X | X | X | X | X | X | |
| OCCUPIED | COMMERCIAL & COMMERCIAL BUILDINGS WITH RESIDENTIAL | X | X | X | X | X | X | X | X | |
| VACANT | INDUSTRIAL | X | X | | | X | X | | | |
| VACANT | VACANT LAND | X | | | | X | X | | | |
| VACANT | VACANT HOUSE | X | X | | | X | X | | | X |
| VACANT | VACANT COMMERCIAL & INDUSTRIAL BUILDINGS | X | X | | | X | X | | | |

* We've talked about doing these items or just started.

SUMMARY
VACANT HOUSES AND HOUSES IN FORECLOSURE OR BANKRUPTCY

**1- FORECLOSED:**

| | |
|---|---|
| Occupied | 79 |
| Vacant | 110 |
| TOTAL | 189 |

**2- BANKRUPT:**

| | |
|---|---|
| Occupied | 42 |
| Vacant | 10 |
| TOTAL | 10 |

**3- BANK OWNED:**

| | |
|---|---|
| Occupied | 22 |
| Vacant | 97 |
| TOTAL | 119 |

**4- HUD OWNED:**

| | |
|---|---|
| Occupied | 4 |
| Vacant | 40 |
| TOTAL | 44 |

**5- VACANT - UNKNOWN WHETHER THERE ARE FINANCIAL/LEGAL ISSUES:**

| | |
|---|---|
| Vacant – unknown if fin./legal issues | 106 |
| TOTAL | 106 |

**6- OTHER:**

| | |
|---|---|
| TOTAL | 6 |

| | |
|---|---|
| **TOTAL OF ALL OF THE ABOVE** | **524** |
| **Total number of VACANT houses in GH** | **371*** |

| | |
|---|---|
| NUMBER OF VACANT HOUSES AND HOUSES IN FORECLOSURE OR BANKRUPTCY | 524 |
| | |
| FORECLOSURES FILED SINCE 7-10-06 (haven't researched financial/legal issues yet or determined whether or not vacant) | 215** |
| | |
| NUMBER OF 1-2 FAMILY HOUSES FOR SALE BY REALTOR (as of 7-17-06) | 379 |
| | |
| **TOTAL** | **1118*** ** |

* This number does NOT include the new foreclosures filed as of 7-10-06.
** Haven't driven by these houses yet to find out how many are vacant.

ISECKI

1901 ... -removed auto pu... -trimmed trees + limbs

X = VA OWNED

# Vacant Report

| Address | Street | FC | Bank OWNED | HUD OWNED | Vacant | POS | Parcel # | Case | Bankruptcy |
|---|---|---|---|---|---|---|---|---|---|
| 13208 | Alvin ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-36-013 | | ☐ |
| 13402 | Alvin ✓ | ~~☐~~ | ~~☐~~ | ☐ | ☑ | ☐ | 546-36-023 | | ☐ |
| 13413 | Alvin ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-36-041 | CV-02-463020 | ☐ |
| 13421 | Alvin ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-36-039 | CV-05-557161 | ☑ |
| 13514 | Alvin ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-36-032 | CV-05-565287 | ☐ |
| 13616 | Alvin ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-37-115 | CV-05-568030 | ☑ |
| ✓13619 | Alvin ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-36-107 → | CV-06-584141 | ☐ |
| 13701 | Alvin ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-37-104 | CV-04-538111 | ☐ |
| 13728 | Alvin ✓ | ☑ | ☐ | ☐ | ☑ | ☑ | 546-37-126 | CV-00-405266 | ☐ |
| 5500 | Andover ✓ | ✓ ☑ | ☑ | ☐ | ☑ | ☑ | 542-38-006 → | CV-06-584535 | ☐ |
| 5510 | Andover ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 542-38-013 | | ☐ |
| 5601 | Andover ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 542-32-125 | CV-05-558797 | ☐ |
| 5745 | Andover ✓ | ☐ | ☐ | ☑ | ☑ | ☑ | 542-33-030 | | ☐ |
| 6099 | Andover ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 543-19-044 | CV-03-491430 | ☑ |
| 7700 | Avondale ✓ | ~~☐~~ | ~~☐~~ | ☐ | ☑ | ☑ | 541-07-064 | CV-05-558003 | ☐ |
| 7701 | Avondale ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 541-07-056 | CV-04-518587 | ☐ |
| 7508 | Bancroft ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | ~~541-38-014~~ 546-38-004 ✓ | ~~CV-04-546553~~ CV-06-58 | |
| 7611 | Bancroft ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-38-020 | CV-03-502761 | ☐ |
| 12309 | Bangor ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 545-16-054 | CV-04-546801 | ☐ |
| 13005 | Bangor ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 545-17-033 | CV-03-517034 | ☐ |
| 13821 | Bangor ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 545-34-008 | CV-05-572095 | ☐ |
| 4755 | Bartlam ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 546-12-071 | CV-04-518483 | ☐ |
| 4669 | Beechgrove ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-20-010 | | ☐ |
| 4672 | Beechgrove ✓ | ~~☐~~ | ~~☐~~ | ☐ | ☑ | ☑ | 546-12-014 | | ☐ |
| 4718 | Beechgrove ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-12-021 | CV-05-577062 | ☐ |
| ADD 4763 | Birchwood-Rec | | ✓ | | | | | 00-057 | |
| 4731 | Blythin | ~~☐~~ | ~~☐~~ | ☐ | ☑ | ☑ | 541-06-087 | | ☐ |
| 9321 | Bohning ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-11-066 | CV-03-514131 | ☑ |
| 9405 | Bohning ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-11-068 | CV-02-484327 | ☐ |
| 9425 | Bohning ✓ | ~~☐~~ | ~~☐~~ | ☐ | ☑ | ☑ | 541-11-073 | | ☐ |
| 5627 | Briarcliff ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 542-35-027 | CV-03-502764 | ☑ |
| 12711 | Broadway ✓ | ~~☐~~ | ~~☐~~ | ☐ | ☑ | ☐ | 546-06-015 | | ☐ |
| 12723 | Broadway ✓ | ☑ | ☑ | ☐ | ☑ | ☐ | 546-06-012 | CV-04-521340 | ☐ |
| | | 16 | 11 | | | | | | |



Add ✓ 13615 Thornhurst : 546-33-112 in FC - CV-03-516549
✓ 13705 Oakpark : 545-21-113 in FC = CV-06-591531
✓ 4554 E. 126 : 546-34-086 - vac.

# Vacant Report

| Address | Street | FC | Bank | HUD | Vacant | POS | Parcel # | Case | Bankruptcy |
|---|---|---|---|---|---|---|---|---|---|
| 13818 | Cranwood Dr ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 546-33-054 | | ☐ |
| 13823 | Cranwood Dr ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 546-33-051 | | ☐ |
| 13710 | Cranwood Dr. ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-33-063 | CV-06-592486 | ☐ |
| 13206 | Cranwood Pk ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-11-048 | CV-05-560094 | ☐ |
| 13209 | Cranwood Pk ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 546-08-010 | | ☐ |
| 13303 | Cranwood Pk ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-08-012 | CV-01-457890 | ☑ |
| 13505 | Cranwood Pk ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-09-003 | CV-04-543598 | ☐ |
| 13516 | Cranwood Pk ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-11-036 | CV-05-556747 | ☐ |
| 13709 | Cranwood Pk ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-09-017 | | ☐ |
| 13811 | Cranwood Pk ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-09-024 | CV-04-531083 | ☐ |
| 13910 | Cranwood Pk ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 546-21-003 | | ☐ |
| 14111 | Cranwood Pk ✓ | ✓ ☑ | ☐ | ☐ | ☑ | ☐ | 546-21-013 → | CV-06-584035 ✓ | ☐ |
| 12323 | Crest ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 544-19-037 | CV-04-525344 | ☐ |
| 11606 | Crofton ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 542-33-139 | CV-05-554812 | ☐ |
| 11421 | Darlington ✓ | ☑ | ☐ | ☑ | ☑ | ☐ | ~~542-31-011~~ | CV-04-546891 | ☐ |
| 12904 | Darlington ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 545-24-102 | CV-06-583962 | ☐ |
| 9512 | David ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 541-22-086 | CV-03-515248 | ☑ |
| 9817 | David ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 541-22-104 | CV-05-555728 | ☐ |
| 4905 | Donovan ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 541-32-011 | | ☐ |
| 13603 | Dressler ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-12-035 | CV-05-578725 | ☑ |
| 13709 | Dressler ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 546-12-029 | CV-00-422030 | ☐ |
| 5237 | E 100 ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 542-19-137 | CV-05-571803 | ☑ |
| 4706 | E 104 ✓ | ✓ ☑ | ☐ | ☐ | ☐ | ☐ | 544-05-002 → | CV-06-585175 ✓ | ☑ |
| 4732 | E 104 ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 544-05-007 | CV-04-530394 | ☐ |
| 5292 | E 104 ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 542-19-109 | | ☐ |
| 5212 | E 105 ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 542-20-073 | CV-04-527187 | ☐ |
| 4880 | E 106 ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 544-07-062 | | ☐ |
| 4875 | E 107 ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 544-07-125 | CV-05-553622 | ☐ |
| 4907 | E 107 ✓ | ☑ | ☐ | ☐ | ☑ | ☑ | 544-07-121 | CV-05-558091 | ☐ |
| 4917 | E 109 ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | | CV-05-570037 | ☐ |
| 4918 | E 109 ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 544-07-167 | CV-03-507197 | ☐ |

# Vacant Report

| Address | Street | FC | Bank | HUD | Vacant | POS | Parcel # | Case | Bankruptcy |
|---|---|---|---|---|---|---|---|---|---|
| 4408 | E 131 | ☑ | ☐ | ☐ | ☐ | ☐ | 546-31-017 | CV-06-585331 | ☐ |
| 4416 | E 131 | ☐ | ☑ | ☐ | ☑ | ☑ | 546-31-019 | CV-04-531368 | ☐ |
| 4441 | E 131 | ☐ | ☑ | ☐ | ☑ | ☐ | 546-32-018 | | ☐ |
| 4445 | E 131 | ☐ | ☐ | ☐ | ☑ | ☑ | 546-32-019 | CV-04-536649 | ☐ |
| 4482 | E 131 | ☐ | ☑ | ☐ | ☑ | ☐ | 546-35-117 | CV-02-483789 | ☐ |
| 5344 | E 131 | ☑ | ☐ | ☐ | ☑ | ☐ | 545-17-012 | CV-05-575989 | ☐ |
| 5388 | E 134 | ☑ | ☐ | ☐ | ☐ | ☐ | 545-18-131 | CV-04-525931 | ☐ |
| 4806 | E 135 | ☑ | ☐ | ☐ | ☑ | ☐ | 546-14-008 | dv-05-558580 | ☐ |
| 4845 | E 135 | ☐ | ☐ | ☐ | ☐ | ☐ | 546-14-011 | | ☑ |
| 6017 | E 135 | ☑ | ☐ | ☐ | ☑ | ☐ | 543-26-017 | CV-05-557851 | ☐ |
| 4363 | E 139 | ☐ | ☐ | ☐ | ☑ | ☐ | 546-33-190 | | ☐ |
| 4367 | E 139 | ☑ | ☐ | ☐ | ☑ | ☐ | 546-33-189 | CV-05-580149 | ☐ |
| 4411 | E 139 | ☐ | ☐ | ☐ | ☑ | ☐ | 546-33-179 | | ☑ |
| 4483 | E 139 | ☐ | ☐ | ☐ | ☑ | ☑ | 546-37-150 | | ☐ |
| 4515 | E 139 | ☐ | ☐ | ☐ | ☑ | ☐ | 546-37-142 | | ☐ |
| 5633 | E 139 | ☐ | ☐ | ☑ | ☑ | ☐ | 545-21-029 | | ☐ |
| 5735 | E 139 | ☑ | ☐ | ☐ | ☐ | ☐ | 545-33-033 | CV-04-543197 | ☐ |
| 4960 | E 141 | ☑ | ☐ | ☐ | ☐ | ☐ | 546-16-013 | CV-04-531633 | ☑ |
| 4975 | E 141 | ☐ | ☐ | ☐ | ☐ | ☐ | 546-16-014 | | ☑ |
| 4686 | E 144 | ☐ | ☑ | ☐ | ☑ | ☐ | 546-21-057 | CV-03-517557 | ☐ |
| 4692 | E 144 | ☐ | ☐ | ☐ | ☑ | ☐ | 546-20-059 | | ☐ |
| 4704 | E 144 | ☑ | ☐ | ☐ | ☑ | ☐ | 546-20-063 | CV-04-542245 | ☑ |
| 4846 | E 81 | ☐ | ☐ | ☐ | ☑ | ☐ | 541-30-059 | | ☐ |
| 4858 | E 81 | ☐ | ☐ | ☐ | ☑ | ☐ | 541-30-061 | | ☐ |
| 4811 | E 84 | ☑ | ☐ | ☐ | ☑ | ☐ | 541-15-138 | CV-05-562852 | ☐ |
| 4829 | E 84 | ☑ | ☐ | ☐ | ☐ | ☐ | 541-15-134 | CV-04-547024 | ☐ |
| 4837 | E 84 | ☑ | ☐ | ☐ | ☑ | ☐ | 541-15-132 | | ☐ |
| Double ~~4837~~ | ~~E 84~~ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-15-132 | CV-06-588113 | ☐ |
| 4919 | E 84 | ☐ | ☐ | ☐ | ☐ | ☐ | 541-20-035 | CV-02-459732 | ☐ |
| 4965 | E 84 | ☐ | ☐ | ☑ | ☑ | ☐ | 541-20-027 | CV-04-543884 | ☐ |
| 4969 | E 84 | ☐ | ☐ | ☐ | ☑ | ☑ | 541-20-026 | | ☐ |
| 4621 | E 85 | ☑ | ☐ | ☐ | ☑ | ☐ | 541-09-098 | CV-04-525356 | ☐ |
| 4625 | E 85 | ☐ | ☐ | ☐ | ☑ | ☑ | 541-09-097 | CV-05-571146 | ☐ |

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# Vacant Report

| Address | Street | FC | Bank | HUD | Vacant | POS | Parcel # | Case | Bankruptcy |
|---|---|---|---|---|---|---|---|---|---|
| 4636-38 | E 93 ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 541-11-041 | CV-99-393296 | ☐ |
| 4673 | E 93 ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-11-041 | CV-01-438961 | ☐ |
| 4697 | E 93 ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 541-11-038 | CV-00-422201 | ☐ |
| 4716 | E 93 ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 541-13-089 | CV-05-570793 | ☐ |
| 4725 | E 93 ✓ | ☑ | ☑ | ☐ | ☑ | ☐ | 541-13-059 | CV-03-513112 | ☐ |
| 4826 | E 93 ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 541-16-052 | CV-02-489007 | ☐ |
| 4928 | E 93 ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 541-21-069 | CV-03-508382 | ☑ |
| 4642 | E 94 ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 541-10-107 | CV-05-557775 | ☐ |
| 4714 | E 94 ✓ | ☐ | ☐ | ☐ | ☑ | ☐ | 541-13-050 | | ☐ |
| 4878 | E 94 ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-16-032 | CV-06-588955 | ☐ |
| 4903 | E 94 ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 541-17-137 | | ☐ |
| 4906 | E 95 ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 541-17-118 | | ☐ |
| 4915 | E 95 ✓ | ☑ | ☐ | ☐ | ☐ | ☑ | 541-17-094 | CV-01-446056 | ☑ |
| 5470 | E 96 ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 542-24-098 | | ☐ |
| 4859 | E 97 ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 541-18-028 | | ☐ |
| 4902 | E 97 ✓ | ☑ | ☐ | ☐ | ☐ | ☑ | 541-17-029 | CV-04-527036 | ☐ |
| 12704 | Eastwood ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 545-30-122 | CV-04-521753 | ☐ |
| 12800 | Eastwood ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 545-30-126 | CV-05-564963 | ☐ |
| 13509 | Eastwood ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 545-32-117 | CV-04-536313 | ☑ |
| 10616 | Edgepark ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 544-07-011 | CV-05-574087 | ☐ |
| 11014 | Edgepark ✓ | ☐ | ☐ | ☑ | ☑ | ☑ | 544-10-086 | | ☐ |
| 11018 | Edgepark ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 544-10-087 | CV-02-466523 | ☐ |
| 10708 | Elmwood ✓ | ☐ | ☐ | ☐ | ☑ | ☐ | 542-20-109 | | ☐ |
| 10818 | Elmwood ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 542-21-057 | CV-04-538093 | ☐ |
| 11231 | Exeter ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 542-35-056 | CV-04-545954 | ☐ |
| 11250 | Exeter ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 542-42-016 | | ☐ |
| 6456 | Farmington ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 543-41-001 | | ☐ |
| 11607 | Fordham ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 542-33-103 | CV-05-565074 | ☐ |
| 13118 | Forestdale ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-10-057 | | ☐ |
| 13122 | Forestdale ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-10-056 | CV-05-562469 | ☐ |
| 13167 | Forestdale ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-11-003 | CV-02-483714 | ☐ |
| 13170 | Forestdale ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-10-045 | CV-03-512204 | ☑ |

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# Vacant Report

| Address | Street | FC | Bank | HUD | Vacant | POS | Parcel # | Case | Bankruptcy |
|---|---|---|---|---|---|---|---|---|---|
| 4639 | Horton ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 541-08-061 | CV-03-505135 | ☐ |
| 4746 | Horton ✓ | ☑ | ☐ | ☐ | ☑ | ☑ | 541-06-078 | CV-05-554508 | ☐ |
| 4758 | Horton ✓ | ☑ | ☐ | ☐ | ☑ | ☑ | 541-06-081 | | ☐ |
| 6485 | Kimberly ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 543-40-009 | CV-02-485144 | ☐ |
| 6488 | Kimberly ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 543-40-002 | CV-05-560362 | ☐ |
| 10606 | Langton ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 544-08-053 | CV-05-563469 | ☐ |
| 11020 | Langton ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 544-11-043 | CV-04-536610 | ☐ |
| 11108 | Langton ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 544-11-046 | CV-04-534773 | ☐ |
| 4673 | Lawrence ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 546-12-051 | CV-05-556709 | ☐ |
| 4685 | Lawrence ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 546-12-048 | | ☐ |
| 4738 | Lawrence ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-11-021 | CV-05-558176 | ☐ |
| 4754 | Lawrence ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 546-11-017 | CV-04-538023 | ☐ |
| 12904 | Littleton ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 543-22-097 | | ☐ |
| 12920 | Littleton ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 543-22-101 | CV-02-471091 | ☐ |
| 13105 | Mapleleaf ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 545-31-061 | CV-04-543698 | ☐ |
| 13717 | Mapleleaf ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 545-32-041 | CV-06-584132 | ☐ |
| 13800 | Mapleleaf ✓ | ☐ | ☐ | ☑ | ☐ | ☐ | 545-33-111 | | ☐ |
| 13809 | Mapleleaf ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 545-33-108 | | ☐ |
| 13912 | Mapleleaf ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 545-33-119 | | ☐ |
| 13924 | Mapleleaf ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 545-33-122 | CV-04-550128 | ☐ |
| 12510 | Maplerow ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 546-34-045 | | ☐ |
| 12514 | Maplerow ✓ | ☐ | ☐ | ☐ | ☑ | ☐ | 546-34-046 | | ☐ |
| 12701 | Maplerow ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 546-30-044 | CV-03-505096 | ☐ |
| 12702 | Maplerow ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-34-053 | CV-04-525367 | ☐ |
| 12802 | Maplerow ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-35-004 | CV-03-508819 | ☐ |
| 12901 | Maplerow ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-31-034 | CV-02-483557 | ☐ |
| 12912 | Maplerow ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-35-012 | CV-04-531245 | ☐ |
| 12915 | Maplerow ✓ | ☐ | ☐ | ☐ | ☑ | ☐ | 546-31-031 | | ☐ |
| 13212 | Maplerow ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-36-164 | CV-04-527933 | ☐ |
| 13307 | Maplerow ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-32-029 | CV-01-448665 | ☐ |
| 13512 | Maplerow ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-36-177 | CV-04-541510 | ☐ |
| 13607 | Maplerow ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-33-148 | CV-04-547492 | ☐ |
| 13701 | Maplerow ✓ | ☑ | ☐ | ☐ | ☐ | ☑ | 546-33-153 | CV-04-523365 | ☐ |
| 13702 | Maplerow ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-37-007 | CV-03-516054 | ☐ |

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# Vacant Report

| Address | Street | FC | Bank | HUD | Vacant | POS | Parcel # | Case | Bankruptcy |
|---|---|---|---|---|---|---|---|---|---|
| 12705 | N Pkwy ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-31-002 | | ☐ |
| 12711 | N Pkwy ✓ | ☑ | ☑ | ☐ | ☐ | ☐ | 546-31-003 | CV-03-509917 | ☐ |
| 12813 | N Pkwy ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-31-008 | CV-02-467465 | ☐ |
| 12815 | N Pkwy ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-31-009 | CV-05-557705 | ☐ |
| 13611 | North ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 546-33-004 | CV-03-494468 | ☐ |
| 13620 | North ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-33-036 | CV-05-574817 | ☐ |
| 13718 | North ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-33-030 | CV-06-581089 | ☐ |
| 13804 | North ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-33-027 | CV-05-561914 | ☐ |
| 13004 | Oak ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 545-08-067 | | ☐ |
| 12324 | Oakpark ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 545-27-026 | CV-05-564412 | ☑ |
| 12832 | Oakpark ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 545-27-002 | CV-04-526972 | ☐ |
| 12909 | Oakpark ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 545-24-109 | | ☐ |
| 13005 | Oakpark ✓ | ☑ | ☑ | ☐ | ☑ | ☐ | 545-25-050 | CV-04-540030 | ☐ |
| 13012 | Oakpark ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 545-28-018 | CV-05-552789 | ☐ |
| 4760 | Orchard ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-19-069 | | ☐ |
| 4815 | Orchard ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-23-004 | ol ~~CV-04-521465~~ CV-06-59 | ☐ |
| 4825 | Orchard ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-23-003 | ~~CV-06-588199~~ | ☐ |
| 4908 | Orchard ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-18-097 | CV-04-525144 | ☐ |
| 4916 | Orchard ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 546-18-098 | CV-03-515721 | ☐ |
| 12021 | Orme ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 543-18-017 | CV-05-555615 | ☐ |
| 4615 | Osborn ✓ | ☐ | ☐ | ☐ | ☑ | ☐ | 546-21-041 | | ☐ |
| 4655 | Osborn ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 546-21-031 | CV-01-443524 | ☐ |
| 4679 | Osborn ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-20-057 | CV-03-503743 | ☐ |
| 4703 | Osborn ✓ | ☐ | ☐ | ☐ | ☑ | ☐ | 546-20-053 | CV-03-499915 | ☐ |
| 4761 | Osborn ✓ | ☐ | ☐ | ☑ | ☑ | ☑ | 546-19-007 | CV-02-485278 | ☐ |
| 4945 | Osborn ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-18-101 | CV-03-517343 | ☐ |
| 4947 | Osborn ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-17-094 | CV-04-544217 | ☑ |
| 10510 | Park Hts ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-28-075 | CV-05-568791 | ☐ |
| 10813 | Park Hts ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 544-09-079 | CV-04-545632 | ☐ |
| 10905 | Park Hts ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 544-09-083 | CV-02-476734 | ☑ |
| X 9104 | Park Hts ✓ | ☑ | ☐ | ☐ | ☑ | ☑ | 541-24-097 | | ☐ |
| 9303 | Park Hts ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 541-24-104 | CV-04-532325 | ☐ |
| 9600 | Park Hts ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 541-25-055 | | ☐ |
| 9624 | Park Hts ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 541-26-038 | CV-05-571204 | ☑ |

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# Vacant Report

| Address | Street | FC | Bank | HUD | Vacant | POS | Parcel # | Case | Bankruptcy |
|---|---|---|---|---|---|---|---|---|---|
| 13000 | Rexwood ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 546-35-074 | CV-02-460920 | ☑ |
| 13004 | Rexwood | ☐ | ☐ | ☐ | ☐ | [illegible] | 546-35-075 | CV-01-451227 | ☐ |
| 13116 | Rexwood REC ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-36-093 | CV-01-449300 | ☐ |
| 13303 | Rexwood REC ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-36-121 | CV-03-505739 | ☐ |
| 13314 | Rexwood ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-36-101 | CV-05-561127 | ☐ |
| 13315 | Rexwood ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 546-36-118 | CV-04-544126 | ☑ |
| 13405 | Rexwood ✓ | ☐ | ☑ | ☐ | ☐ | ☑ | 546-36-116 | | ☐ |
| 13604 | Rexwood REC ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 546-37-040 | CV-05-555583 | ☐ |
| 13610 | Rexwood ✓ | ☐ | ☐ | ☐ | ☑ | ☐ | 546-37-041 | | ☐ |
| 13702 | Rexwood ✓ | ☐ | ☐ | ☐ | ☑ | ☐ | 546-37-046 | | ☐ |
| 13804 | Rexwood ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 546-37-053 | | ☐ |
| 10307 | Richland ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 544-06-038 | | ☐ |
| 10004 | Robinson ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 544-04-079 | | ☐ |
| 10201 | Robinson ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 544-04-063 | | ☐ |
| 10214 | Robinson ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 544-04-068 | CV-05-560098 | ☐ |
| 9812 | Robinson ✓ | ☐ | ☑ | ☐ | ☐ | ☐ | 544-03-022 | CV-04-564180 | ☑ |
| 12832 | Rockside ✓ | ☐ | ☐ | ☑ | ☑ | ☐ | 543-28-062 | | ☐ |
| 12926 | Rockside ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 543-28-069 | CV-05-574952 | ☐ |
| 12938 | Rockside ✓ | ☐ | ☐ | ☑ | ☑ | ☑ | 543-28-072 | | ☐ |
| 13305 | Rockside ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 543-24-010 | | ☐ |
| 13906 | Rockside ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 543-30-024 | CV-04-550684 | ☐ |
| 4630 | Rockwood ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 541-08-016 | CV-03-496055 | ☑ |
| 4695 | Rockwood ✓ | ☑ | ☑ | ☐ | ☐ | ☐ | 541-12-048 | CV-04-546650 | ☐ |
| 4758 | Rockwood ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 541-05-037 | | ☐ |
| 4763 | Rockwood ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-05-039 | CV-05-557348 | ☐ |
| 4798 | Rockwood ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 541-05-029 | CV-02-466099 | ☐ |
| 4806 | Rockwood ✓ | ☐ | ☐ | ☐ | ☑ | ☑ | 541-05-028 | CV-03-508309 | ☐ |
| 4813 | Rockwood ✓ | ☑ | ☐ | ☐ | ☑ | ☐ | 541-05-052 | CV-06-586486 | ☐ |
| 13806 | Rosalie ✓ | ☐ | ☑ | ☐ | ☑ | ☑ | 545-13-048 | CV-03-514545 | ☐ |
| 10009 | Russell ✓ | ☑ | ☐ | ☐ | ☑ | ☑ | 544-06-017 | CV-06-581515 | ☐ |
| 13642 | Rybak ✓ | ☐ | ☐ | ☑ | ☑ | ☑ | 543-32-035 | CV-01-433727 | ☐ |
| 9324 | S Granger ✓ | ☑ | ☐ | ☐ | ☐ | ☐ | 542-22-020 | CV-02-463590 | ☑ |
| 10011 | S Highland ✓ | ☐ | ☑ | ☐ | ☑ | ☐ | 543-39-056 | | ☐ |

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# Vacant Report

| Address | Street | FC | Bank | HUD | Vacant | POS | Parcel # | Case | Bankruptcy |
|---|---|---|---|---|---|---|---|---|---|
| 10005 | Sladden | ☑ | ☐ | ☐ | ☑ | ☐ | 544-04-018 | CV-05-561949 | ☐ |
| 10212 | Sladden | ☑ | ☐ | ☐ | ☑ | ☑ | 544-04-034 | CV-03-507902 | ☐ |
| 9505 | Sladden | ☑ | ☐ | ☐ | ☑ | ☐ | 541-11-058 | CV-04-518683 | ☐ |
| 9802 | Sladden | ☐ | ☑ | ☐ | ☑ | ☑ | 544-03-051 | | ☐ |
| 9805 | Sladden | ☐ | ☐ | ☐ | ☑ | ☑ | 544-03-074 | CV-02-481502 | ☐ |
| 12902 | Southern | ☑ | ☐ | ☐ | ☑ | ☐ | 544-15-088 | CV-05-570527 | ☐ |
| 13007 | Southern | ☑ | ☑ | ☐ | ☑ | ☐ | 544-15-064 | CV-01-457863 | ☐ |
| 12614 | Thornhurst REC | ☑ | ☐ | ☐ | ☑ | ☐ | 546-30-047 | CV-05-571711 | ☐ |
| 12802 | Thornhurst | ☑ | ☐ | ☐ | ☑ | ☐ | 546-31-048 | CV-06-582470 | ☐ |
| 12811 | Thornhurst | ☐ | ☐ | ☐ | ☑ | ☑ | 546-31-067 | | ☐ |
| 12900 | Thornhurst | ☑ | ☐ | ☐ | ☑ | ☐ | 546-31-052 | CV-02-483456 | ☐ |
| 12901 | Thornhurst | ☑ | ☐ | ☐ | ☑ | ☐ | 546-31-065 | CV-04-532450 | ☐ |
| 13115 | Thornhurst | ☑ | ☐ | ☐ | ☑ | ☐ | 546-32-057 | CV-04-520572 | ☐ |
| 13303 | Thornhurst | ☐ | ☐ | ☐ | ☑ | ☐ | 546-32-062 | | ☐ |
| 13400 | Thornhurst | ☐ | ☑ | ☐ | ☑ | ☑ | 546-32-047 | | ☐ |
| 13409 | Thornhurst | ☐ | ☑ | ☐ | ☐ | ☐ | 546-32-068 | CV-04-545561 | ☑ |
| 13602 | Thornhurst | ☑ | ☐ | ☐ | ☐ | ☐ | 546-33-147 | CV-05-572019 | ☑ |
| 13703 | Thornhurst | ☐ | ☑ | ☐ | ☑ | ☐ | 546-33-116 | CV-03-493759 | ☐ |
| 13707 | Thornhurst | ☐ | ☐ | ☐ | ☐ | ☐ | 546-33-117 | | ☑ |
| 13800 | Thornhurst | ☑ | ☐ | ☐ | ☐ | ☐ | 546-33-135 | | ☑ |
| 13827 | Thornhurst | ☑ | ☑ | ☐ | ☐ | ☐ | 546-33-128 | CV-05-565494 | ☐ |
| 11007 | Thornton | [illegible] | ☑ | ☐ | ☐ | ☐ | 545-02-079 | → CV-01-4499[illegible] | ☐ |
| 12305 | Thraves | ☐ | ☑ | ☐ | ☑ | ☑ | 543-20-113 | | ☐ |
| 12909 | Thraves | ☐ | ☐ | ☑ | ☑ | ☐ | 543-25-116 | | ☐ |
| 13109 | Thraves | ☑ | ☐ | ☐ | ☑ | ☐ | 543-25-121 | CV-05-556110 | ☐ |
| 11508 | Tonsing | ☑ | ☐ | ☐ | ☑ | ☐ | 545-14-041 | CV-04-528974 | ☐ |
| 11712 | Tonsing | ☐ | ☐ | ☑ | ☑ | ☐ | 545-15-053 | CV-03-495017 | ☐ |
| 12327 | Tonsing | ☐ | ☑ | ☐ | ☑ | ☐ | 545-16-075 | CV-05-558611 | ☐ |
| 4691 | Turney | ☑ | ☐ | ☐ | ☐ | ☐ | 544-03-009 | CV-06-584974 | ☐ |
| 4694 | Turney | ☐ | ☐ | ☑ | ☑ | ☑ | 541-14-001 | CV-03-498097 | ☐ |
| 5560 | Turney | ☐ | ☐ | ☑ | ☑ | ☐ | 542-32-006 | CV-04-528906 | ☐ |
| 5654 | Turney | ☐ | ☐ | ☐ | ☑ | ☐ | 542-33-005 | | ☐ |
| 5910 | Turney | ☐ | ☑ | ☐ | ☑ | ☑ | 543-20-014 | CV-04-535613 | ☐ |
| 6177 | Turney | ☐ | ☑ | ☐ | ☑ | ☑ | 543-31-012 | | ☐ |

16

**BEST PRACTICES IN 27 CITIES – U.S. Conference of Mayors**

**ALBANY, NY**

Vacant Building Registry:

- Requires responsible parties to implement a maintenance plan for buildings in order to remedy any public nuisance problems.
- Register buildings with the Building Department within thirty (30) days of becoming vacant.
- Submit a yearly $200 fee for each registered building.

Vacant Building Committee:

- Set-up to determine how the City can be more proactive in enforcing the Vacant Building Registry.
- Organize a massive identification and notification drive that will catalog all of the vacant buildings in the City.
- Notify building owners of the need to comply with City vacant building codes and ordinances.

The following activities are being undertaken:

Identification – full exterior inspection - three ratings are used:

- 1-Cosmetic work needed.
- 2- Rehabilitation needed and economically feasible.
- 3- Demolition recommended/not economically feasible for rehabilitation. In extreme instances, immediate demolition may be necessary.

Notification – within three (3) business days:

- Owners are given thirty (30) days to comply.
- Terminate and disconnect the power and/or gas utilities.
- Terminate and disconnect the water supply.

Re-Inspection:

- A re-inspection is performed after the thirty (30) days has elapsed.

Prosecution:

- In cases of non-compliance.

**ANCHORAGE, AK**

Operation Take Back:

- Procedures were developed to identify which derelict buildings could be demolished.
- Example: the infamous "Pink Hotel," a condemned building, where there were vagrants, fights, drugs, and other illegal activity.
- Cost of these demolitions was included in liens on the properties.

**BALTIMORE, MD**

- Aggressively pursuing tax sale foreclosures, quick-takes, and traditional acquisitions.
- All City vacant buildings and lots were reviewed – in-depth, block-by-block.
- Tougher code requirements.
- Aggressive code enforcement.

**CHARLESTON, SC**

- Acquisition of abandoned properties and vacant lots.
- Two contracts, one for boarding and securing the buildings, one for cleaning the lots, are bid out on a yearly basis.
- Houses are adequately secured from the elements and from potential illicit activity. A contractor is on standby to board them up or perform necessary short term repairs pending redevelopment.
- Litter is picked up and vegetation cut on a regular schedule.
- Phase in the acquisition of such properties.

**CHICAGO, IL**

Many owners continually failed to make court-ordered repairs, so they created:

Troubled Building Initiative:

- Interdepartmental initiative.
- The procedures ensured that code violations could be identified and resolved in a timely manner.
- Handle ongoing tracking of properties, coordination of departmental efforts.

Vacant Buildings Program:

- In 2006, the City expanded the program to include vacant buildings.
- Open buildings are particularly troublesome and it becomes a priority to make them inaccessible and off-limits to criminal activity; and rehabilitating, demolishing, forfeiting, or selling at least half of the buildings.
- Police: Issuing citations to building owners for failure to secure the vacant building and failure to post a watchman at the building. Fines of $1,000 per day can be assessed.
- Buildings: Inspecting vacant buildings that remain open following the issuance of citations by police. Each must have complete interior and exterior inspection.

Homeownership Preservation Initiative:

- Proactively prevents buildings in neighborhoods from becoming vacant.
- Homeowners can call 311 (the City's non-emergency hotline) at the first sign of mortgage delinquency. Callers are immediately connected to a credit counseling agency.

**COLUMBUS, OH**

Enforcement:

- Enforcement team designed to expedite the process of declaring an abandoned house a public nuisance. Police officers are also engaged, with the legal authority to arrest anyone found on "nuisance" property.

Prevention:

- Help families remain in their homes; includes emergency shelter for the families and rehabilitation and roof repairs.

Acquisition and Rehabilitation:

- The City is partnering with a non-profit.

Demolition:

- Anti-Blight Team: Coordinator, an Inspector, a Building Inspector/Rehabilitation Specialist and two (2) clerical support positions.
- After initial inspection, entities with ownership interests (including lenders, heirs, non-profit organizations and others) are notified of the ordinance requirements, and monthly site monitoring begins.
- Boarded up by City contractors.
- City often undertakes weed, trash and junk auto abatements.
- Owners unable or unwilling to make necessary investments in a timely manner receive enforcement notices and bills for related charges.

**LOUISVILLE, KY**

Louisville Vacant Property Review Commission:

- Created a commission.

Abandoned Urban Property Tax:

- Imposition of an "abandoned urban property tax" on vacant nuisance properties and vacant/boarded structures.
- Taxes derelict property owners at three (3) times the regular rate which continues to be an aggressive and effective deterrent.

Blight Busters Initiative:

- Planned "war on blight" aggressively attacks blight block-by-block.
- Use of "spot-basis" condemnation.

Vacant Property Registration Program:

- Creation of a "vacant property registration program" involvement with residents, neighborhood organizations and real estate companies.
- Banking industries to identify target properties.

**MALDEN, MA**

Housing Task Force:

- The City, with the cooperation of the local court system exercises housing receivership law only after it has exhausted all other avenues with properties that have a long history of code violations and, in many cases, numerous public safety complaints.
- Low-cost financing to undertake the needed repairs.
- For property owners who are not cooperative, the City is named the receiver of the property by the local district court and undertakes the needed repairs on its own.
- Receives its referrals from neighbors, police and fire officials, and City Councilors who suspect abandonment, considerable neglect or, in some cases illegal activities.
- Inspectors will attempt to locate the owner and ask permission to complete the inspection. If they are denied permission they seek a court order to proceed.
- Homeowners typically are given seven (7) days to address the cited problems, after which the receivership process starts.

**ST. LOUIS, MO**

Problem Property Court:

- The Vacant Property Registration Fee Program that grew out of the new legislation set vacant registration fees based on the total number of years a property is vacant, regardless of varying ownership over time.
- The fees, which are billed every November 15th and are due the first week of January, increase with years of vacancy. The fee schedule is $500 for one year; $1,000 for two years; $2,000 for years three and four; $3,500 for years five through nine; and $5,000 for ten years, with $500 added for every year over ten.
- Three months before the billing statements are sent, a notice goes to every vacant property owner, informing them of the years of vacancy involved and the amount of the fee they are going to be assessed.
- The program also allows fee waivers which give property owners one year to rehabilitate, sell, or demolish their properties. The one-time, one-year waivers are intended to encourage renovation.
- As of the end of March 2006, the program had collected $331,000 in 2006 fees—an amount expected to double by the end of the year.
- Last year the program collected $466,000.
- Prior to 2003, Wilmington did not offer a deterrent to owners of vacant properties. Mayor Baker credits the City's revised vacant property code and increased registration fees for dramatic and sustained reductions in the vacant properties that devastate people and neighborhoods.
- There were 1,528 vacant buildings in Wilmington prior to January, 2005. In the past year, 380 became occupied, 217 were sold to new owners, and 16 were demolished.

**YORK, PA**

Inventory vacant houses:

- Current address-specific list of vacant houses.
- The inventory includes two types of properties: (1) buildings that appear to be vacant and in need of major repairs to be habitable; (2) occupied buildings that appear to require substantial rehabilitation to comply with municipal code standards. It does not include vacant properties that were posted for sale or for rent, or are in good condition.
- Properties were given numerical code rankings: (1) Sound – sound condition, good maintenance; (2) Substandard Minor – need basic cosmetic repairs; (3) Substandard Major – substantial improvement required; and (4) Dilapidated – abandoned.

**YUMA, AZ**

- The City hired a Code Enforcement Officer.
- A Major clean-up campaign was organized: The neighborhood was divided into seven areas; on seven Saturdays, City staff coordinated with various organizations to sponsor volunteer clean-up efforts.

SLUM & BLIGHT STUDY

| | PROPERTY | IDENTIFICATION | | | | Roof Shingles | Roof Structure | Exterior Walls | Gutters Downspou | Windows Doors | Porch/ Steps | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ Extent Repair |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 9512 | Birchwood | | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | | | 0.5 | 3 |
| 9520 | Birchwood | ✓ | | | | 2 | | 1 | | 0.5 | 2 | | | 0.5 | 0.5 | 0.5 | 7 |
| 9505 | Birchwood | | | | | 1 | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 0.5 | | 3.5 |
| 9435 | Birchwood | | | | | 1 | | | | 0.5 | 0.5 | 0.5 | | 0.5 | 0.5 | | 3.5 |
| 9431 | Birchwood | | | | | 2 | 2 | 0.5 | 1 | 1 | 0.5 | | | 0.5 | 1 | 1 | 6.5 |
| 4670 | Blythin | | | | | | | 1 | | | 2 | 0.5 | | 1 | 0.5 | | 5 |
| 4642 | Blythin | ✓ | | | | | | 0.5 | 1 | 0.5 | 1 | | | 1 | 1 | 0.5 | 5.5 |
| 4639 | Blythin | | | | | | | 0.5 | 0.5 | | 1 | | | 1 | 1 | 0.5 | 4.5 |
| 4755 | Blythin | ✓ | | | | 2 | 2 | 2 | 2 | 2 | 2 | | | | 2 | 2 | 16 |
| 4707 | Blythin | | | | | | | 0.5 | | | 1 | | | 0.5 | 1 | 1 | 4 |
| 9409 | Bohning | ✓ | | | | | | | | 0.5 | 1 | 0.5 | | 0.5 | 0.5 | 0.5 | 3.5 |
| 4653 | Borges | | | | | 0.5 | 2 | 1 | | 0.5 | 1 | 1 | | | | | 6 |
| 4640 | Borges | | | | | | | 0.5 | | | 1 | | | 0.5 | 1 | 0.5 | 3.5 |
| 14017 | Broadway | ✓ | | | | 0.5 | | 1 | 1 | 1 | 1 | 0.5 | | | | 1 | 6 |
| 14001 | Broadway | | | | | 0.5 | | 2 | 1 | 1 | 2 | | | | 0.5 | 2 | 9 |
| 13909 | Broadway | | | | | 2 | | 1 | 0.5 | 1 | 1 | | | | | 2 | 7.5 |
| 4644 | Burleigh | | | | | | | 0.5 | | | 1 | | | | 1 | 0.5 | 3 |
| 4626 | Burleigh | | | | | | | 0.5 | 1 | 0.5 | 1 | | | | 1 | 0.5 | 4.5 |
| 4658 | Burleigh | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4 |
| 4678 | Burleigh | | | | | | | 0.5 | 0.5 | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4.5 |
| 4702 | Burleigh | | | | | 0.5 | | 0.5 | 0.5 | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 5 |
| 4663 | Burleigh | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 3.5 |
| 4641 | Burleigh | | | | | | | 1 | | 1 | | | | 1 | 1 | 0.5 | 4.5 |
| 4637 | Burleigh | | | | | | | 2 | | | | 1 | | | | | 3 |
| 13106 | Carpenter | | | | | 0.5 | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 0.5 | | 3 |
| 13200 | Carpenter | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | | 3.5 |
| 13208 | Christine | | | | | 1 | | | | | 0.5 | | | 1 | 1 | | 3.5 |
| 13216 | Christine | | | | | | | 1 | | 0.5 | 0.5 | | | 0.5 | 0.5 | | 3 |
| 13314 | Christine | | | | | | | 1 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4.5 |
| 13813 | Christine | | | | | | | | | | 1 | | | 1 | 1 | 0.5 | 3.5 |
| 13809 | Christine | | | | | | | | | | 1 | | | 1 | 1 | | 3 |
| 13805 | Christine | | | | | | | | | | 2 | | 1 | 1 | | | 4 |
| 13715 | Christine | | | | | | | 0.5 | | 0.5 | 2 | | | 1 | 1 | 1 | 6 |

| | | | | | | Roof | Roof | Exterior | Gutters | Windows | Porch/ | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PROPERTY | IDENTIFICATION | | | | Shingles | Structure | Walls | Downspou | Doors | Steps | | | | | | Extent |
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 13823 | Cranwood Park | | | | | 2 | | 0.5 | | 0.5 | 1 | | | | 1 | 1 | 6 |
| 13713 | Cranwood Park | | | | | 2 | | 1 | | 0.5 | 1 | | | 1 | | 0.5 | 6 |
| 13709 | Cranwood Park | | | | | 2 | 1 | 0.5 | 1 | 0.5 | 2 | | | | 1 | 1 | 9 |
| 13629 | Cranwood Park | ✓ | | | | 1 | | 1 | | 1 | 1 | | | 1 | 1 | 1 | 7 |
| 13102 | Cranwood Park | | | | | | | 0.5 | 1 | 0.5 | 2 | | 1 | | 1 | 0.5 | 6.5 |
| 13303 | Cranwood Park | | | | | 1 | | | | 0.5 | 1 | | | | 1 | 0.5 | 4 |
| 13205 | Cranwood Park | ✓ | | | | 2 | | 2 | 1 | 1 | 2 | | 2 | 1 | 1 | 2 | 14 |
| 13111 | Cranwood Park | | | | | | | | | 0.5 | 2 | | | 1 | 0.5 | 0.5 | 4.5 |
| 12406 | Crest | | | | | | | 0.5 | | 0.5 | 0.5 | | | | 1 | 0.5 | 3 |
| 12334 | Crest | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4 |
| 5627 | Cumberland | ✓ | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4 |
| 5702 | Cumberland | ✓ | | | | | | | | 0.5 | 0.5 | | | | 1 | 1 | 3 |
| 12909 | Darlington | | | | | | | 1 | | 0.5 | 0.5 | | | | 1 | | 3 |
| 12601 | Darlington | | | | | 0.5 | | 1 | | 0.5 | 0.5 | | | 1 | | | 3.5 |
| 12015 | Darlington | ✓ | | | | | | 0.5 | | 1 | 1 | | | 0.5 | | 0.5 | 3.5 |
| 12210 | Darlington | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 3.5 |
| 12009 | Derby | | | | | | | 1 | 0.5 | 1 | | | | 0.5 | 0.5 | 0.5 | 4 |
| 9516 | Dorothy | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 4 |
| 13513 | Dressler | ✓ | | | | | | 1 | | 0.5 | 1 | | | 1 | 1 | 1 | 5.5 |
| 13721 | Dressler | | | | | | | 1 | | 0.5 | 1 | | | | 1 | 1 | 4.5 |
| 1945 | E. 106th | | | | | 1 | | 0.5 | | 0.5 | 1 | | | | 0.5 | | 3.5 |
| 4933 | E. 106th | | | | | | | 0.5 | | 0.5 | 2 | 1 | 2 | 0.5 | 1 | 0.5 | 8 |
| 4916 | E. 107th | | | | | | | 1 | | 0.5 | 1 | | | 1 | 1 | 1 | 5.5 |
| 4934 | E. 107th | | | | | | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 4.5 |
| 4932 | E. 108th | | | | | | | 0.5 | | 0.5 | 1 | | | | 1 | | 3 |
| 4935 | E. 109th | | | | | | | 0.5 | | 0.5 | 2 | | | 0.5 | | | 3.5 |
| 5394 | E. 111st | | | | | | | 1 | 0.5 | 0.5 | 1 | | | | | | 3 |
| 5158 | E. 112th | ✓ | | | | | | 1 | 1 | 1 | 2 | | | 1 | 1 | 1 | 8 |
| 5205 | E. 113th | | | | | | | 2 | | 1 | 2 | 0.5 | | | 1 | 1 | 7.5 |
| 5104 | E. 114th | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 3.5 |
| 5117 | E. 114th | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4 |
| 5105 | E. 114th | ✓ | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4 |
| 5159 | E. 114th | | | | | 2 | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | 1 | 6 |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PROPERTY | IDENTIFICATION | | | | Roof Shingles | Roof Structure | Exterior Walls | Gutters Downspou | Windows Doors | Porch/ Steps | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ Extent Repair |
| Street | Street | No. of | Perm. | Census | Block | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| | | | | | | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 4502 | E. 126th | | | | | 2 | | 0.5 | | | 0.5 | | | | | 1 | 4 |
| 4510 | E. 126th | ✓ | | | | 1 | | 0.5 | | 0.5 | 0.5 | 0.5 | | | 0.5 | | 3.5 |
| 4526 | E. 126th | | | | | | | | | 0.5 | 1 | | | 1 | 0.5 | | 3 |
| 4544 | E. 126th | ✓ | | | | 0.5 | | | | 0.5 | 1 | | | | 0.5 | 0.5 | 3 |
| 5160 | E. 128th | ✓ | | | | | | 1 | | 1 | 1 | | | 1 | 1 | 1 | 6 |
| 5164 | E. 128th | | | | | | | 1 | | 1 | 1 | | | 1 | 1 | 1 | 6 |
| 5393 | E. 129th | | | | | | | 0.5 | | 0.5 | | | | 1 | 1 | | 3 |
| 5397 | E. 129th | | | | | 0.5 | | 0.5 | | 0.5 | | | | 1 | 1 | | 3.5 |
| 5111 | E. 131st | ✓ | | | | | | 1 | 1 | 1 | 2 | | | 1 | 1 | 2 | 9 |
| 5111 | E. 131st | ✓ | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 1 | 4.5 |
| 4610 | E. 131st | | | | | 1 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | | 1 | 1 | 1 | 6.5 |
| 4433 | E. 131st | | | | | 1 | | 2 | 0.5 | 0.5 | 1 | | | 0.5 | 0.5 | 1 | 7 |
| 4395 | E. 131st | | | | | 0.5 | | 2 | 1 | 2 | 2 | | 1 | 1 | 1 | 1 | 11.5 |
| 4387 | E. 131st | | | | | 1 | | 0.5 | 1 | 1 | 0.5 | | | 1 | 1 | 0.5 | 6.5 |
| 4371 | E. 131st | | | | | | | 1 | | 2 | 2 | | 0.5 | 1 | 1 | 0.5 | 8 |
| 4408 | E. 131st | | | | | 0.5 | | 1 | 0.5 | 1 | 1 | | | | | | 4 |
| 4416 | E. 131st | ✓ | | | | 1 | | 0.5 | 1 | 0.5 | 0.5 | | | 1 | | | 4.5 |
| 4440 | E. 131st | | | | | | | 1 | 0.5 | 0.5 | 1 | | | 0.5 | 0.5 | | 4 |
| 5381 | E. 131st | | | | | | | 1 | | 0.5 | 0.5 | | | | 1 | | 3 |
| 5380 | E. 131st | | | | | 1 | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 0.5 | | 3.5 |
| 5349 | E. 132nd | | | | | 1 | | 0.5 | | 0.5 | | | | 1 | 1 | | 4 |
| 5381 | E. 134th | | | | | 0.5 | | 0.5 | | 0.5 | | | | 1 | 1 | | 3.5 |
| 5405 | E. 134th | | | | | 1 | | | | | | 1 | | 0.5 | 1 | | 3.5 |
| 4859 | E. 135th | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 1 | 4.5 |
| 4845 | E. 135th | | | | | | | 1 | | 0.5 | 0.5 | | | 1 | 1 | 1 | 5 |
| 4837 | E. 135th | ✓ | | | | | | | 1 | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4.5 |
| 4809 | E. 135th | | | | | | | 1 | 1 | 1 | 1 | | | | 1 | 1 | 6 |
| 4363 | E. 136th | | | | | 0.5 | | 0.5 | | | 0.5 | | | 1 | 1 | 1 | 4.5 |
| 4527 | E. 139th | ✓ | | | | 2 | | 2 | 0.5 | 2 | 1 | | | 1 | 1 | 2 | 11.5 |
| 4627 | E. 139th | | | | | 2 | | 2 | 0.5 | 0.5 | 1 | | | 1 | 1 | 0.5 | 8.5 |
| 4515 | E. 139th | | | | | 2 | | 1 | 0.5 | 0.5 | 0.5 | | | | | 0.5 | 5 |
| 4479 | E. 139th | | | | | | | 0.5 | | | 1 | | | 1 | 1 | | 3.5 |
| 4459 | E. 139th | ✓ | | | | 1 | 1 | 0.5 | | 0.5 | 0.5 | | | 0.5 | 0.5 | | 4.5 |

| | PROPERTY | IDENTIFICATION | | | | Roof Shingles | Roof Structure | Exterior Walls | Gutters Downspou | Windows Doors | Porch/ Steps | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ Extent |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 4909 | E. 84th | ✓ | | | | | | 1 | | | 2 | | | | | | 3 |
| 4889 | E. 84th | | | | | | | | | | 0.5 | | | 1 | 1 | 0.5 | 3 |
| 4881 | E. 84th | | | | | 0.5 | | 0.5 | | 1 | 1 | | | 1 | 0.5 | | 4.5 |
| 4873 | E. 84th | | | | | | | | | 1 | 1 | | | 0.5 | 0.5 | | 3 |
| 4837 | E. 84th | | | | | 0.5 | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 1 | 5 |
| 4805 | E. 84th | | | | | | | 0.5 | | 1 | 0.5 | | | | | 1 | 3 |
| 4808 | E. 84th | | | | | | | 1 | | 0.5 | 1 | | | 0.5 | 1 | 2 | 6 |
| 4884 | E. 84th | | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 0.5 | 0.5 | | 3.5 |
| 4628 | E. 85th | | | | | | | 0.5 | | 0.5 | 1 | | | | 0.5 | 0.5 | 3 |
| 4632 | E. 85th | | | | | 0.5 | | 1 | 0.5 | 0.5 | 1 | | | 0.5 | 0.5 | 0.5 | 5 |
| 4662 | E. 85th | | | | | 1 | | 0.5 | 0.5 | 1 | 0.5 | | | 0.5 | 0.5 | 0.5 | 5 |
| 4664 | E. 85th | | | | | | | 1 | | 0.5 | 0.5 | | | 1 | | 0.5 | 3.5 |
| 4748 | E. 85th | | | | | 0.5 | | 1 | | 0.5 | 1 | | | | | 0.5 | 3.5 |
| 4753 | E. 85th | | | | | | | 0.5 | | 0.5 | 0.5 | 0.5 | | 1 | | | 3 |
| 4743 | E. 85th | | | | | | | 0.5 | 1 | | 1 | 0.5 | | | 0.5 | | 3.5 |
| 4711 | E. 85th | | | | | | | 1 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5 |
| 4697 | E. 85th | | | | | | | 2 | 1 | 1 | 1 | | | 1 | | | 6 |
| 4689 | E. 85th | | | | | 1 | | 1 | | 0.5 | 1 | | | | | | 3.5 |
| 4677 | E. 85th | | | | | 0.5 | | 1 | | 0.5 | 0.5 | | | 1 | 1 | | 4.5 |
| 4673 | E. 85th | | | | | 1 | | 0.5 | 0.5 | 0.5 | 1 | | | 1 | 0.5 | | 5 |
| 4653 | E. 85th | | | | | 1 | | 0.5 | 0.5 | | 1 | 0.5 | | 1 | | | 4.5 |
| 4649 | E. 85th | | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5 |
| 4645 | E. 85th | | | | | | | | | 0.5 | 0.5 | | | 1 | 0.5 | 0.5 | 3 |
| 4641 | E. 85th | | | | | 0.5 | | 0.5 | | 0.5 | 0.5 | | | | 1 | | 3 |
| 4637 | E. 85th | | | | | | | 0.5 | 1 | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 4.5 |
| 4633 | E. 85th | | | | | 1 | | 0.5 | 1 | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 6 |
| 4629 | E. 85th | | | | | 0.5 | | 1 | 1 | 0.5 | 1 | | | 1 | 1 | 0.5 | 6.5 |
| 4625 | E. 85th | | | | | 0.5 | | 0.5 | 1 | 0.5 | 0.5 | | | 1 | 0.5 | | 4.5 |
| 4632 | E. 85th | | | | | | | 0.5 | | | 0.5 | 0.5 | 1 | 0.5 | 0.5 | 0.5 | 4 |
| 4650 | E. 85th | | | | | | | 0.5 | | 0.5 | | | | 1 | 1 | | 3 |
| 4845 | E. 85th | | | | | | | 0.5 | | | 1 | | | 1 | 1 | | 3.5 |
| 4856 | E. 85th | | | | | 0.5 | | 0.5 | 0.5 | 0.5 | | | | 0.5 | 0.5 | | 3 |
| 4821 | E. 85th | | | | | | | 0.5 | | | 2 | | | | 1 | | 3.5 |

| | PROPERTY | IDENTIFICATION | | | | Roof | Roof | Exterior | Gutters | Windows | Porch/ | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Shingles | Structure | Walls | Downspou | Doors | Steps | | | | | | Extent |
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 4747-49 | E. 88th | | | | | | | 1 | | 0.5 | 0.5 | | 1 | 0.5 | 1 | 0.5 | 5 |
| 4737 | E. 88th | | | | | | | 0.5 | | 0.5 | 1 | | | 1 | 0.5 | 1 | 4.5 |
| 4707 | E. 88th | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 2 | 5.5 |
| 4647-49 | E. 88th | | | | | | | 0.5 | | 0.5 | 1 | 1 | | 1 | | 0.5 | 4.5 |
| 4643-45 | E. 88th | | | | | | | 2 | 0.5 | 0.5 | | 0.5 | | | 0.5 | | 4 |
| 4639 | E. 88th | | | | | | | 1 | | 0.5 | | 0.5 | | | | 1 | 3 |
| 4629 | E. 88th | | | | | | | 0.5 | | 1 | | 1 | | | | 1 | 3.5 |
| 4804 | E. 88th | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 3.5 |
| 4836 | E. 88th | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 0.5 | 0.5 | 3 |
| 4852 | E. 88th | | | | | | | | | 0.5 | 1 | | | 0.5 | 1 | | 3 |
| 4932 | E. 88th | | | | | | | 1 | 0.5 | 0.5 | 1 | | | | 0.5 | 0.5 | 4 |
| 4936 | E. 88th | | | | | | | 0.5 | | 0.5 | 2 | | | 0.5 | 1 | | 4.5 |
| 4948 | E. 88th | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 3.5 |
| 4952 | E. 88th | | | | | | | | 1 | 0.5 | 1 | | | | 1 | 0.5 | 4 |
| 5108 | E. 88th | | | | | 1 | | 0.5 | | | 1 | | | 0.5 | 0.5 | | 3.5 |
| 5112 | E. 88th | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 0.5 | | 3 |
| 5138 | E. 88th | | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 1 | 0.5 | 2 | 6 |
| 4955 | E. 88th | | | | | | | 0.5 | | | 1 | | | 1 | 1 | 0.5 | 4 |
| 4951 | E. 88th | | | | | 2 | | 0.5 | | | 1 | | | | | | 3.5 |
| 4937 | E. 88th | | | | | 1 | | | | | 1 | | | 0.5 | 0.5 | | 3 |
| 4907 | E. 88th | | | | | | | 1 | | | 1 | | | 0.5 | 1 | | 3.5 |
| 4944 | E. 88th | | | | | | | 1 | | 1 | 1 | | | | | | 3 |
| 4952 | E. 88th | | | | | | | 0.5 | | 1 | 2 | | | 0.5 | 1 | 1 | 6 |
| 4694 | E. 90th | | | | | | | 0.5 | 1 | | 2 | | | | 0.5 | 0.5 | 4.5 |
| 4720 | E. 90th | | | | | 0.5 | | 0.5 | | | 0.5 | | | 0.5 | 1 | | 3 |
| 4728 | E. 90th | | | | | | | 0.5 | | 0.5 | 1 | | | | 0.5 | 0.5 | 3 |
| 4736 | E. 90th | | | | | | | 0.5 | | 1 | 0.5 | | | 1 | | | 3 |
| 4740 | E. 90th | | | | | 1 | | 0.5 | | | 1 | | | 0.5 | | | 3 |
| 4752 | E. 90th | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4 |
| 4762 | E. 90th | | | | | | | 1 | | 0.5 | 1 | | | 0.5 | 0.5 | 0.5 | 4 |
| 4766? | E. 90th | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | | 3 |
| 4772-74 | E. 90th | | | | | | | 1 | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 4.5 |
| 4769 | E. 90th | | | | | | | 1 | 0.5 | 1 | 1 | | | | 0.5 | 0.5 | 4.5 |

| | PROPERTY | IDENTIFICATION | | | | Roof | Roof | Exterior | Gutters | Windows | Porch/ | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Shingles | Structure | Walls | Downspou | Doors | Steps | | | | | | Extent |
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 4716 | E. 93rd | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 4 |
| 4720-22 | E. 93rd | ✓ | | | | | | 1 | | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 4 |
| 4748 | E. 93rd | | | | | 0.5 | | 0.5 | 0.5 | 0.5 | 1 | | | 0.5 | 0.5 | 0.5 | 4.5 |
| 4781 | E. 93rd | | | | | 1 | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | | 4.5 |
| 4765 | E. 93rd | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | | 1 | 3.5 |
| 4761 | E. 93rd | | | | | | | 0.5 | | 0.5 | 2 | | | | 1 | | 4 |
| 4730-35 | E. 93rd | | | | | | | 1 | | 0.5 | 2 | | | 0.5 | 1 | 1 | 6 |
| 4717 | E. 93rd | | | | | | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 1 | 5 |
| 4713 | E. 93rd | | | | | | | 0.5 | | | 1 | | | | 1 | 2 | 4.5 |
| 4697 | E. 93rd | | | | | | | 0.5 | | 0.5 | 2 | | | 0.5 | 0.5 | 1 | 5 |
| 4673 | E. 93rd | | | | | | | 0.5 | 0.5 | 0.5 | 1 | | | | | 1 | 3.5 |
| 4842 | E. 93rd | | | | | | | 0.5 | 0.5 | | 2 | | | 0.5 | 1 | | 4.5 |
| 4957 | E. 93rd | | | | | 1 | | 0.5 | | | 0.5 | | | | 1 | | 3 |
| 4983 | E. 93rd | | | | | | | | | 0.5 | 1 | | | 1 | 0.5 | 0.5 | 3.5 |
| 4879 | E. 93rd | | | | | | | 0.5 | 0.5 | 0.5 | | | 1 | 0.5 | 1 | | 4 |
| 4723 | E. 94th | | | | | 2 | | 0.5 | 0.5 | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 6.5 |
| 4728 | E. 94th | | | | | | | 1 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5 |
| 4732 | E. 94th | | | | | | | 1 | | 0.5 | 0.5 | | | 0.5 | 0.5 | | 3 |
| 4736 | E. 94th | | | | | 0.5 | | 0.5 | | 0.5 | 0.5 | | | | 1 | 0.5 | 3.5 |
| 4776 | E. 94th | | | | | | | 0.5 | | 0.5 | 0.5 | 1 | | | 1 | 1 | 4.5 |
| 4873 | E. 94th | | | | | | | 1 | 0.5 | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 5 |
| 4817 | E. 94th | | | | | 2 | | 0.5 | 0.5 | 0.5 | 0.5 | | | 1 | 1 | | 6 |
| 4866 | E. 95th | | | | | 1 | | 0.5 | 0.5 | 0.5 | | | | 1 | | 1 | 4.5 |
| 4915 | E. 95th | | | | | | | 0.5 | 0.5 | 0.5 | 2 | | | 1 | 1 | 1 | 6.5 |
| 4905 | E. 95th | | | | | 1 | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5.5 |
| 4893 | E. 95th | | | | | 1 | | 0.5 | 0.5 | | 0.5 | | | | | 0.5 | 3 |
| 4865 | E. 95th | ✓ | | | | | | 0.5 | | 0.5 | 2 | | | 1 | 1 | 0.5 | 5.5 |
| 4878 | E. 95th | | | | | 2 | | 1 | 1 | 1 | 0.5 | | | 1 | 0.5 | 0.5 | 7.5 |
| 4864 | E. 96th | | | | | | | 0.5 | | | 1 | | 0.5 | 0.5 | 1 | | 3.5 |
| 4887 | E. 96th | | | | | | | 1 | | 0.5 | 1 | 0.5 | | | 1 | 0.5 | 4.5 |
| 4886 | E. 96th | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | | 3.5 |
| 4882 | E. 97th | ✓ | | | | | | 0.5 | 0.5 | | 0.5 | | | 0.5 | 1 | 1 | 4 |
| 4889 | E. 97th | | | | | | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | | 1 | 1 | 0.5 | 5 |

| | PROPERTY | IDENTIFICATION | | | | Roof Shingles | Roof Structure | Exterior Walls | Gutters Downspou | Windows Doors | Porch/ Steps | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ Extent |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 8109 | Garfield Blvd. | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 3.5 |
| 8033 | Garfield Blvd. | √ | | | | | | 0.5 | | 1 | 1 | | | 0.5 | 1 | 0.5 | 4.5 |
| 8025 | Garfield Blvd. | √ | | | | | | 1 | | 0.5 | 1 | | | | | 1 | 3.5 |
| 8021 | Garfield Blvd. | | | | | | | 1 | | | 1 | | | | | 1 | 3 |
| 8006 | Garfield Blvd. | √ | | | | | | 1 | | 0.5 | 0.5 | | | 1 | | 0.5 | 3.5 |
| 8010 | Garfield Blvd. | | | | | 1 | | 0.5 | 0.5 | | 0.5 | | | 0.5 | 1 | 0.5 | 4.5 |
| 8234 | Garfield Blvd. | | | | | | | 0.5 | | 0.5 | 0.5 | | | | 1 | 0.5 | 3 |
| 8304-06 | Garfield Blvd. | √ | | | | | | 1 | 0.5 | 1 | 2 | | | | | 0.5 | 5 |
| 8320 | Garfield Blvd. | | | | | | | 0.5 | 0.5 | 0.5 | 1 | | | 0.5 | 0.5 | 0.5 | 4 |
| 8408-10 | Garfield Blvd. | | | | | | | 0.5 | 0.5 | 0.5 | 2 | | 1 | | | 0.5 | 5 |
| 9606 | Garfield Blvd. | | | | | | | 0.5 | 0.5 | 0.5 | 1 | | | | 1 | | 3.5 |
| 12809 | Garland | | | | | | | | 2 | 1 | 1 | | | 0.5 | 1 | 1 | 6.5 |
| 12409 | Garland | | | | | 1 | | 0.5 | | | 1 | | | | 1 | 0.5 | 4 |
| 10725 | Grace | | | | | | | 0.5 | | | 0.5 | | | 1 | 1 | | 3 |
| 10423 | Grace | | | | | 1 | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 5 |
| 10416 | Grace | √ | | | | | | | | 0.5 | 0.5 | | | 1 | 1 | 1 | 4 |
| 10107 | Grace | | | | | 1 | | 0.5 | | 0.5 | | | | 1 | | | 3 |
| 10560 | Grace | | | | | 0.5 | | 1 | 0.5 | 0.5 | 2 | | 0.5 | 0.5 | | 0.5 | 6 |
| 9416 | Grand Division | | | | | | | 0.5 | 0.5 | 0.5 | 1 | | | 1 | | 0.5 | 4 |
| 9408 | Grand Division | | | | | 0.5 | | 0.5 | 0.5 | 0.5 | 1 | | | 1 | 1 | 0.5 | 5.5 |
| 7606 | Grand Division | | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4.5 |
| 7614 | Grand Division | | | | | 0.5 | | 0.5 | 0.5 | 0.5 | 1 | | | 1 | 0.5 | 1 | 5.5 |
| 7618 | Grand Division | | | | | | | 0.5 | 0.5 | 0.5 | 1 | | | 1 | | 0.5 | 4 |
| 7702 | Grand Division | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | | 0.5 | 3 |
| 7706 | Grand Division | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | | 3.5 |
| 8102-04 | Grand Division | | | | | 1 | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5.5 |
| 8116 | Grand Division | | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 1 | 1 | | 4.5 |
| 8212 | Grand Division | | | | | 1 | | 0.5 | | | 1 | | | 0.5 | 0.5 | | 3.5 |
| 8216 | Grand Division | | | | | | | 0.5 | | 0.5 | 0.5 | | | | 1 | 0.5 | 3 |
| 8220 | Grand Division | | | | | | | 0.5 | | | 1 | 0.5 | | 0.5 | 0.5 | | 3 |
| 8240 | Grand Division | | | | | | | 0.5 | | 0.5 | | | | 0.5 | 1 | 0.5 | 3 |
| 8308 | Grand Division | √ | | | | | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 4.5 |
| 8312 | Grand Division | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | | 3 |

| | PROPERTY | IDENTIFICATION | | | | Roof Shingles | Roof Structure | Exterior Walls | Gutters Downspou | Windows Doors | Porch/ Steps | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ Extent |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 4620 | Horton | ✓ | | | | | | 0.5 | 1 | | 0.5 | | | 0.5 | 0.5 | 0.5 | 3.5 |
| 4642 | Horton | | | | | 0.5 | | 0.5 | | | 1 | | | | 1 | | 3 |
| 4681 | Horton | ✓ | | | | 1 | | 0.5 | 0.5 | | 1 | | | 1 | 1 | 0.5 | 5.5 |
| 4637 | Horton | | | | | | | 1 | 0.5 | | 0.5 | | | | 1 | | 3 |
| 4761 | Horton | | | | | | | 0.5 | | 0.5 | 1 | | 0.5 | 0.5 | 1 | 0.5 | 4.5 |
| 4745 | Horton | | | | | | | 0.5 | | 0.5 | | | | 0.5 | 0.5 | 0.5 | 2.5 |
| 4741 | Horton | | | | | | | 0.5 | | 1 | 1 | | | 0.5 | | 0.5 | 3.5 |
| 4735 | Horton | | | | | | | 0.5 | 0.5 | 0.5 | 0.5 | | | 1 | 1 | | 4 |
| 4733 | Horton | | | | | | | 1 | 0.5 | 0.5 | 0.5 | | 1 | 0.5 | 0.5 | 0.5 | 5 |
| 4734 | Horton | | | | | | | | | | | | | 1 | 1 | 1 | 3 |
| 4740 | Horton | | | | | | | | | | 0.5 | 1 | | | 1 | 1 | 3.5 |
| 4742 | Horton | | | | | | | 1 | | 1 | 2 | | | | 1 | 0.5 | 5.5 |
| 4750 | Horton | | | | | | | 0.5 | | | 0.5 | | | | 1 | 0.5 | 2.5 |
| 4752 | Horton | | | | | | | 0.5 | | | 0.5 | | | | 1 | 1 | 3 |
| 5220 | Hy Court | | | | | | | 0.5 | | 0.5 | 1 | | | | 0.5 | 0.5 | 3 |
| 5480 | Irving | | | | | 0.5 | | 1 | 1 | 1 | 1 | 0.5 | 0.5 | | 1 | 2 | 8.5 |
| 5501 | Irving | | | | | 0.5 | | 0.5 | 0.5 | | 0.5 | | | 0.5 | | 0.5 | 3 |
| 10706 | Langton | | | | | 1 | | 1 | | 1 | 2 | | | | 1 | 0.5 | 6.5 |
| 10722 | Langton | | | | | | | 0.5 | | | 1 | | | | 1 | 0.5 | 3 |
| 10800 | Langton | | | | | | | 0.5 | | 1 | 2 | | | 0.5 | 1 | 0.5 | 5.5 |
| 11120 | Langton | | | | | 1 | | 1 | | | 2 | | | | 1 | | 5 |
| 4681 | Lawrence | | | | | | | 2 | | | 0.5 | | | | 1 | | 3.5 |
| 4704 | Lawrence | | | | | | | 1 | | 0.5 | 0.5 | | | | 1 | 0.5 | 3.5 |
| 4738 | Lawrence | ✓ | | | | | | 0.5 | | | 0.5 | | | 1 | 1 | | 3 |
| 4726 | Lawrence | ✓ | | | | | | 1 | 0.5 | 0.5 | 1 | 0.5 | | 1 | 1 | 0.5 | 6 |
| 13406 | Littleton | | | | | 0.5 | | 1 | | 0.5 | 0.5 | | | 0.5 | 1 | | 4 |
| 13316 | Littleton | | | | | 1 | | 1 | | 1 | 0.5 | | | 1 | 1 | 1 | 6.5 |
| 13205 | Littleton | | | | | 1 | | 0.5 | 0.5 | | | | | | 1 | | 3 |
| 12909 | Littleton | ✓ | | | | 0.5 | | 1 | 1 | 0.5 | | | | 1 | 0.5 | 1 | 5.5 |
| 12817 | Littleton | | | | | | | 0.5 | 0.5 | 0.5 | 0.5 | | | 1 | 1 | | 4 |
| 12813 | Littleton | | | | | 1 | | 0.5 | | 0.5 | | | | 0.5 | 1 | | 3.5 |
| 12713 | Maple Leaf | | | | | 1 | | | | 0.5 | 1 | | | | 1 | | 3.5 |
| 12809 | Maple Leaf | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | | 3.5 |

| | PROPERTY | IDENTIFICATION | | | | Roof Shingles | Roof Structure | Exterior Walls | Gutters Downspou | Windows Doors | Porch/ Steps | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ Extent |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 12824 | McCracken | | | | | | | 0.5 | | 0.5 | 2 | | | | 1 | 0.5 | 4.5 |
| 13003 | McCracken | | | | | | | 0.5 | | | 2 | | | 1 | | 0.5 | 4 |
| 13514 | McCracken | | | | | | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 1 | 5 |
| 13407 | McCracken | | | | | | | 1 | 0.5 | 1 | 1 | | | | 1 | 1 | 5.5 |
| 13019 | McCracken | | | | | | | 1 | | 1 | 0.5 | | | 0.5 | 1 | 1 | 5 |
| 10314 | McCracken | | | | | 1 | | 1 | | 2 | 1 | | | 1 | 1 | 1 | 8 |
| 12810 | Melgrove | | | | | 0.5 | | 0.5 | | 0.5 | 0.5 | | 0.5 | 1 | 1 | | 4.5 |
| 12904 | Melgrove | | | | | | | 1 | | 1 | 0.5 | | | 0.5 | 0.5 | | 3.5 |
| 12803 | Melgrove | | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5 |
| 12711 | Melgrove | | | | | 1 | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | | 4.5 |
| 12707 | Melgrove | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 0.5 | | 3 |
| 5813 | Monica Lane | | | | | | | 1 | | 0.5 | 0.5 | | | 1 | 0.5 | | 3.5 |
| 6008 | Monica Lane | | | | | 1 | | 0.5 | | 0.5 | 0.5 | | | 1 | 0.5 | | 4 |
| 10520 | Mountview | ✓ | | | | 0.5 | | 1 | 0.5 | 1 | 2 | | | 1 | 1 | 1 | 8 |
| 10612 | Mountview | | | | | 1 | | 2 | | 2 | 2 | | | 1 | 1 | 2 | 11 |
| 10720 | Mountview | ✓ | | | | 0.5 | | 1 | 0.5 | 0.5 | 2 | | | 0.5 | 0.5 | 0.5 | 6 |
| 13706 | North | ✓ | | | | 1 | | 2 | 0.5 | 1 | 2 | | | 1 | 1 | 2 | 10.5 |
| 13714 | North | ✓ | | | | | | 0.5 | | | 1 | | | 1 | 0.5 | | 3 |
| 13718 | North | ✓ | | | | 1 | | 1 | | 0.5 | 2 | | 2 | 1 | 0.5 | 1 | 9 |
| 13722 | North | ✓ | | | | 0.5 | | 0.5 | | | 1 | 0.5 | | 1 | 1 | 0.5 | 5 |
| 13800 | North | ✓ | | | | | | 0.5 | 0.5 | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 4.5 |
| 13804 | North | ✓ | | | | | | 1 | | 1 | 1 | | | | 1 | 0.5 | 4.5 |
| 13805 | North | ✓ | | | | 2 | | 1 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 6.5 |
| 13816 | North | ✓ | | | | | | 0.5 | 0.5 | 0.5 | 1 | | | 1 | 1 | 0.5 | 5 |
| 13809 | North | ✓ | | | | 0.5 | | 1 | 0.5 | 1 | 2 | | | 1 | 1 | 1 | 8 |
| 13824 | North | | | | | 2 | | 2 | 1 | 2 | 2 | | 1 | 1 | 1 | 0.5 | 12.5 |
| 12601 | Oak Park | | | | | | | 1 | | 1 | 1 | | | 0.5 | | | 3.5 |
| 13129 | Oak Park | | | | | | | 1 | 1 | 1 | 1 | | | 1 | 1 | 0.5 | 6.5 |
| 13517 | Oak Park | | | | | 1 | | | | 0.5 | 0.5 | | | 0.5 | 1 | | 3.5 |
| 4760 | Orchard | ✓ | | | | | | | | 1 | 1 | 0.5 | | | 1 | | 3.5 |
| 4763 | Orchard | ✓ | | | | | | 1 | 1 | 1 | 2 | | | 1 | | 1 | 7 |
| 4816 | Orchard | | | | | 1 | | 1 | | 1 | 1 | | | 1 | 1 | 2 | 8 |
| 4857 | Orchard | ✓ | | | | 2 | | 0.5 | | 1 | 0.5 | | | | 1 | | 5 |

| | | | | | | Roof | Roof | Exterior | Gutters | Windows | Porch/ | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PROPERTY | IDENTIFICATION | | | | Shingles | Structure | Walls | Downspou | Doors | Steps | | | | | | Extent |
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 10717 | Park Hts. | | | | | | | 1 | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 4.5 |
| 10501-03 | Park Hts. | | | | | | | 1 | 0.5 | 0.5 | 1 | 0.5 | | 1 | 1 | 1 | 6.5 |
| 9907 | Park Hts. | | | | | | | 2 | 0.5 | 1 | 1 | | | 1 | 1 | 2 | 8.5 |
| 12411 | Park Knoll | | | | | | | 1 | | 0.5 | 1 | | | 1 | 1 | 1 | 5.5 |
| 12411 | Park Knoll | | | | | | | 1 | | 0.5 | 0.5 | | | 1 | 1 | 1 | 5 |
| 9209 | Patk Hts. | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 4 |
| 10720 | Plymouth | | | | | 0.5 | | 1 | 0.5 | 0.5 | 2 | | | 0.5 | 1 | 1 | 7 |
| 10724 | Plymouth | | | | | | | 1 | | 1 | 1 | | | 0.5 | 1 | 0.5 | 5 |
| 10814-16 | Plymouth | | | | | | | | | 0.5 | 1 | | | 0.5 | 1 | | 3 |
| 10818 | Plymouth | | | | | | | 0.5 | | | 1 | | | 0.5 | 1 | | 3 |
| 11004 | Plymouth | ✓ | | | | 1 | | 1 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 6 |
| 11104 | Plymouth | | | | | | | 0.5 | | | 0.5 | | | | 1 | 0.5 | 2.5 |
| 11106 | Plymouth | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 1 | 4.5 |
| 11318 | Plymouth | | | | | | | | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 3.5 |
| 9511 | Plymouth | | | | | | | | | 0.5 | 2 | | | | 1 | | 3.5 |
| 9505 | Plymouth | | | | | | | 1 | 0.5 | | 2 | | | 0.5 | | 0.5 | 4.5 |
| 9413 | Plymouth | | | | | | | 0.5 | | 0.5 | 1 | | 1 | 1 | | 1 | 5 |
| 9307 | Plymouth | | | | | | | 1 | | 0.5 | 0.5 | | | | 1 | 1 | 4 |
| 9622 | Plymouth | | | | | | | 0.5 | | | | | | 0.5 | 0.5 | 2 | 3.5 |
| 9702 | Plymouth | | | | | | | 0.5 | | | 0.5 | | | 1 | 1 | 0.5 | 3.5 |
| 9718 | Plymouth | | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 0.5 | | 3 |
| 9806 | Plymouth | ✓ | | | | | | 0.5 | 1 | 2 | 2 | | 1 | | | | 6.5 |
| 9912-14 | Plymouth | | | | | | | 1 | | 0.5 | 1 | | | 1 | 1 | | 4.5 |
| 10108 | Plymouth | | | | | | | 1 | | 1 | 1 | | | 1 | 1 | 0.5 | 5.5 |
| 10823 | Plymouth | | | | | | | 0.5 | | | 2 | | | 1 | | 1 | 4.5 |
| 10721 | Plymouth | | | | | | | 1 | | 1 | 2 | | | | 1 | 0.5 | 5.5 |
| 12605 | Reindeer | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | | 1 | 3 |
| 12409 | Reindeer | | | | | | | 0.5 | | 0.5 | 1 | 0.5 | | 0.5 | 1 | 1 | 5 |
| 13116 | Rexwood | ✓ | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 4 |
| 13211 | Rexwood | ✓ | | | | | | 1 | | 0.5 | 1 | | 1 | 0.5 | 0.5 | 0.5 | 5 |
| 13405 | Rexwood | | | | | 0.5 | | 0.5 | | | 1 | | | 1 | 1 | 1 | 5 |
| 13412 | Rexwood | | | | | 2 | 1 | 0.5 | | 0.5 | 1 | 1 | | 1 | 1 | 0.5 | 8.5 |
| 13500 | Rexwood | | | | | | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 1 | 5 |

| | PROPERTY | IDENTIFICATION | | | | Roof Shingles | Roof Structure | Exterior Walls | Gutters Downspou | Windows Doors | Porch/ Steps | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ Extent Repair |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 10323 | Runnymeade | | | | | 0.5 | 2 | 0.5 | | | | | | | | | 3 |
| 10209 | Runnymeade | | | | | | | 0.5 | 1 | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 5 |
| 10100 | Russell | ✓ | | | | 2 | 0.5 | 2 | 1 | | | | | | | 2 | 7.5 |
| 10310 | Russell | ✓ | | | | 1 | | 1 | 0.5 | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 6 |
| 9623 | S. Highland | | | | | | | | | | 0.5 | | | 1 | 1 | 0.5 | 3 |
| 9405 | S. Highland | | | | | | | | | 1 | 1 | | | 1 | | 0.5 | 3.5 |
| 9203 | S. Highland | | | | | 1 | | 0.5 | | 0.5 | 0.5 | | | 1 | 0.5 | | 4 |
| 8901 | S. Highland | | | | | | | 0.5 | | | 2 | | | | 1 | 1 | 4.5 |
| 8807 | S. Highland | | | | | | | 0.5 | | | 1 | 0.5 | | 0.5 | 0.5 | 0.5 | 3.5 |
| 8811 | S. Highland | | | | | | | 1 | | | 2 | | | 0.5 | 0.5 | 1 | 5 |
| 9314 | S. Highland | | | | | | | 0.5 | | 0.5 | 2 | | | 1 | 1 | 1 | 6 |
| 9704 | S. Highland | ✓ | | | | 1 | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 1 | 6 |
| 10420 | S. Highland | | | | | | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 1 | 5 |
| 10705 | S. Highland | | | | | | | 2 | 0.5 | 1 | 2 | | | 1 | 1 | 2 | 9.5 |
| 10509 | S. Highland | | | | | 1 | | 0.5 | | 0.5 | | | | | 1 | | 3 |
| 10419 | S. Highland | ✓ | | | | | | | | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 3.5 |
| 10215 | S. Highland | | | | | | | 0.5 | | | 1 | | | 1 | 1 | 0.5 | 4 |
| 9905 | S. Highland | | | | | 0.5 | | 0.5 | | | 0.5 | | | 1 | 1 | 0.5 | 4 |
| 9717 | S. Highland | | | | | | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | 0.5 | 3.5 |
| 9705 | S. Highland | | | | | | 2 | 0.5 | | 0.5 | 1 | | | 0.5 | | | 4.5 |
| 13204 | S. Parkway | ✓ | | | | | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | | 3.5 |
| 13208 | S. Parkway | ✓ | | | | | | 1 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5 |
| 13302 | S. Parkway | ✓ | | | | 0.5 | | 0.5 | 0.5 | 0.5 | 2 | | | 1 | 1 | | 6 |
| 13310 | S. Parkway | | | | | 0.5 | | 0.5 | 1 | 0.5 | | | | 0.5 | | | 3 |
| 13314 | S. Parkway | ✓ | | | | 1 | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | | 4 |
| 13400 | S. Parkway | ✓ | | | | 0.5 | | 1 | 0.5 | 1 | 2 | | | 1 | 1 | 1 | 8 |
| 13404 | S. Parkway | | | | | 0.5 | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | | 4 |
| 13412 | S. Parkway | | | | | | | 1 | | 0.5 | 0.5 | | | 1 | 1 | | 4 |
| 13500 | S. Parkway | ✓ | | | | | | 0.5 | 1 | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 5 |
| 13504 | S. Parkway | ✓ | | | | 0.5 | | 1 | | 0.5 | 0.5 | 0.5 | | 1 | 0.5 | 0.5 | 5 |
| 13608 | S. Parkway | ✓ | | | | | | 1 | 1 | 1 | 2 | 0.5 | | 1 | 1 | 1 | 8.5 |
| 13714 | S. Parkway | ✓ | | | | | | 0.5 | | | 1 | 1 | | 1 | | 0.5 | 4 |
| 13722 | S. Parkway | ✓ | | | | | | 2 | 0.5 | 1 | 0.5 | | | 1 | 0.5 | 0.5 | 6 |

| | PROPERTY | IDENTIFICATION | | | | Roof Shingles | Roof Structure | Exterior Walls | Gutters Downspou | Windows Doors | Porch/ Steps | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ Extent Repair |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 12705 | Service Ct. | | | | | | | 0.5 | | 0.5 | | | | 1 | 1 | | 3 |
| 13117 | Silver | | | | | | | | | 0.5 | 0.5 | | | 0.5 | 1 | 1 | 3.5 |
| 9421 | Sladden | | | | | | | 1 | 1 | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 5.5 |
| 9419 | Sladden | ✓ | | | | 0.5 | | 1 | | 0.5 | 0.5 | | | 0.5 | | 0.5 | 3.5 |
| 12911 | Southern | | | | | | | 0.5 | | 2 | 2 | | | | 1 | 1 | 6.5 |
| 12701 | Southern | | | | | | | | | | 2 | 1 | | 1 | | 0.5 | 4.5 |
| 12301 | Southern | | | | | | | | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 3.5 |
| 12311 | Sunset | ✓ | | | | 0.5 | | 2 | | 1 | | | | | | 1 | 4.5 |
| 12316 | Sunset | | | | | | | 2 | 0.5 | 0.5 | 2 | | | | 1 | 1 | 7 |
| 13813 | Thornhurst | ✓ | | | | 1 | | | 1 | | 1 | | | 1 | | | 4 |
| 13719 | Thornhurst | ✓ | | | | | | 1 | | 1 | 1 | | | | 1 | | 4 |
| 13711 | Thornhurst | ✓ | | | | | | 1 | | 1 | 0.5 | | | 0.5 | 1 | | 4 |
| 13707 | Thornhurst | ✓ | | | | 1 | | 0.5 | | | 1 | | | 0.5 | 0.5 | | 3.5 |
| 13703 | Thornhurst | ✓ | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 0.5 | | | 3 |
| 13701 | Thornhurst | ✓ | | | | | | 1 | | 0.5 | 1 | | | | 1 | 0.5 | 4 |
| 13623 | Thornhurst | ✓ | | | | 1 | | 0.5 | | | 1 | | | 0.5 | 1 | 0.5 | 4.5 |
| 13619 | Thornhurst | ✓ | | | | | | 1 | 0.5 | 0.5 | 0.5 | | | 1 | 1 | 0.5 | 5 |
| 13611 | Thornhurst | ✓ | | | | | | 1 | 0.5 | 0.5 | 2 | | | 0.5 | 0.5 | 0.5 | 5.5 |
| 13413 | Thornhurst | ✓ | | | | 1 | | 0.5 | | 0.5 | 1 | | 1 | 0.5 | 1 | | 5.5 |
| 13409 | Thornhurst | | | | | 1 | | 1 | | 0.5 | 0.5 | | | 1 | | | 4 |
| 13405 | Thornhurst | ✓ | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5 |
| 13303 | Thornhurst | | | | | 2 | | 1 | 0.5 | 2 | 2 | | | 1 | 1 | 1 | 10.5 |
| 13211 | Thornhurst | ✓ | | | | 0.5 | | 1 | 0.5 | 0.5 | 0.5 | | | 1 | 0.5 | 0.5 | 5 |
| 13115 | Thornhurst | | | | | 0.5 | | 1 | 1 | 0.5 | 1 | | | 0.5 | 0.5 | 0.5 | 5.5 |
| 13116 | Thornhurst | ✓ | | | | 1 | | 1 | 1 | 1 | 1 | | | 0.5 | 1 | 0.5 | 7 |
| 13204 | Thornhurst | ✓ | | | | 0.5 | | 1 | | 0.5 | 1 | | | 0.5 | | 1 | 4.5 |
| 13208 | Thornhurst | ✓ | | | | 1 | | 0.5 | | | 1 | | | 0.5 | 0.5 | 0.5 | 4 |
| 13404 | Thornhurst | ✓ | | | | 1 | | 0.5 | | 1 | 1 | | | 1 | 1 | 0.5 | 6 |
| 13412 | Thornhurst | ✓ | | | | 0.5 | | 0.5 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 4.5 |
| 13512 | Thornhurst | | | | | 1 | | 1 | | 0.5 | 1 | | | 0.5 | 1 | 0.5 | 5.5 |
| 13614 | Thornhurst | ✓ | | | | 1 | | 0.5 | 1 | 0.5 | 1 | | | 1 | 0.5 | 0.5 | 6 |
| 13616 | Thornhurst | ✓ | | | | 0.5 | | 1 | | 0.5 | 0.5 | 0.5 | 0.5 | | 1 | | 4.5 |
| 13706 | Thornhurst | ✓ | | | | 1 | | 0.5 | 0.5 | 1 | 1 | 0.5 | | | 1 | | 5.5 |

| | PROPERTY | IDENTIFICATION | | | | Roof | Roof | Exterior | Gutters | Windows | Porch/ | Chimneys | Foundatio | Garage | Driveways | Grounds | Score/ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Shingles | Structure | Walls | Downspou | Doors | Steps | | | | | | Extent |
| | | | | | | | | | | | | | | | | | Repair |
| | | | | | | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | Major |
| Street | Street | No. of | Perm. | Census | Block | 1 | 1 | 1 | | 1 | 1 | | 1 | | | 1 | Moderate |
| Number | Name | Fam. | Parcel No. | Tract | Group | 0.5 | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Minor |
| 10802-04 | Wadsworth | | | | | 1 | | 1 | | 1 | 1 | | | 0.5 | 1 | 2 | 7.5 |
| 10900 | Wadsworth | | | | | 1 | | | | | 1 | | 2 | 1 | 1 | | 6 |
| 11113 | Wadsworth | | | | | | | 0.5 | 0.5 | 0.5 | 1 | | | 0.5 | 1 | 1 | 5 |
| 10805 | Wadsworth | | | | | 1 | | 0.5 | | | 0.5 | | | 0.5 | 0.5 | 0.5 | 3.5 |
| 10721 | Wadsworth | | | | | | | 1 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 5 |
| 10621 | Wadsworth | | | | | | | 0.5 | | | 1 | | | | 1 | 0.5 | 3 |
| 10617 | Wadsworth | | | | | | | 0.5 | | | 1 | | | 0.5 | 1 | 1 | 4 |
| 10609 | Wadsworth | | | | | | | 0.5 | 0.5 | | 0.5 | | | 1 | 0.5 | | 3 |
| 4630 | Warner | | | | | 0.5 | | 0.5 | | 0.5 | 1 | 0.5 | | | 1 | | 4 |
| 4626 | Warner | | | | | 1 | | | | | 0.5 | | | 0.5 | 1 | 0.5 | 3.5 |
| 11910 | Willard | | | | | 0.5 | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | | 3.5 |
| 12007 | Willard | | | | | 2 | | 0.5 | | 0.5 | 1 | | | 1 | 0.5 | 0.5 | 6 |
| 12317 | Willard | | | | | | | 0.5 | | | 0.5 | | | | 1 | 1 | 3 |
| 12601 | Willard | | | | | 0.5 | | 1 | | 0.5 | 0.5 | | | 0.5 | | | 3 |
| 12605 | Willard | ✓ | | | | | | 0.5 | | 0.5 | 1 | | | 1 | 1 | 0.5 | 4.5 |
| 12701 | Willard | | | | | | | 0.5 | | 0.5 | 0.5 | | | 1 | 1 | | 3.5 |
| 13341 | Wolf | ✓ | | | | | | 0.5 | | 0.5 | 1 | | | | 1 | 0.5 | 3.5 |
| 13602 | Wolf | | | | | | | 1 | | 1 | 2 | | 1 | | 0.5 | | 5.5 |
| 13708 | Wolf | | | | | | | | 1 | 0.5 | 0.5 | | | | | 1 | 3 |
| 13712 | Wolf | | | | | 1 | | 1 | 1 | 1 | 1 | | | 0.5 | 0.5 | 0.5 | 6.5 |
| 13305 | Woodward | | | | | | | 1 | | 0.5 | | | | 0.5 | 1 | | 3 |
| 12801 | Woodward | ✓ | | | | | | 1 | 1 | 1 | 0.5 | | | | 1 | | 4.5 |
| 12906 | Woodward | | | | | 0.5 | | 0.5 | | 0.5 | 0.5 | | | 0.5 | 1 | | 3.5 |
| 14913 | York Blvd. | | | | | 1 | | 1 | | 1 | 1 | | | 0.5 | 1 | 0.5 | 6 |

# CITY OF BEDFORD OHIO

DANIEL S. POCEK
*Mayor*

Statement from Mayor Daniel S. Pocek – City of Bedford, Ohio
delivered to Congressional Field Hearing
August 23, 2006

Inner Ring Suburbs are facing numerous crises that are affecting the quality of life of its residents. One of the main problems that affects neighborhoods and increases blight is the alarming increase in foreclosures. Bedford, as well as many other communities in Cuyahoga County, have taken an active role in abating the nuisances associated with foreclosures.

The dramatic rise in foreclosures in Bedford has created a situation in which our residents are concerned about the stability and vitality of their neighborhoods. Foreclosed properties are not maintained and our court system takes several years to address these blighted properties. In response to this problem, the City of Bedford during my tenure has instituted a program in which the city allocates revenue to repair the exterior of foreclosed homes. This alleviates blight in the neighborhood and sooths the fears of our residents. These repairs are made at great cost to the city and funds expended are recouped only through assessments when the foreclosed property is sold, which can take many years. The city is financially unable to address all of the foreclosed properties due to the sheer number of foreclosures in recent years. This past year, we saw our foreclosures rise from an average of 50 to over 200. We need to speed up the legal process to put the foreclosed properties back on the market. Cuyahoga County has attempted to address their role in speeding up the legal process and we need the state and federal government to do the same.

The root of the problem associated with foreclosures is predatory lending. Predatory lending allows people to obtain financing that do not have the financial wherewithal to meet their borrowing obligations let alone maintain their homes. It is simply too easy to purchase a home today. Financial institutions need to be scrutinized and held accountable for improper lending practices. Zero down payments, Ameridream and first time homeowner loans, appear to be practices that allow low income people to achieve the American dream, home ownership. In reality, they are business practices that set people up to fail. Those individuals not only lose their homes, but their savings. A recent Plain Dealer article declared that 25 percent of mortgages in Cuyahoga County are fraudulent. Even Habitat for Humanity recognizes the importance of sweat equity in home ownership. Gone are the days when a prospective homeowner would sit down with the realtor and find out how much he could actually afford in a house payment.

The problems associated with foreclosures, if left unchecked, will ring the death knell of the American Dream – Home Ownership.

**165 CENTER ROAD • BEDFORD, OHIO 44146 • (440) 232-1600**
**www.bedfordoh.gov**

**Cleveland Municipal Court**
HOUSING DIVISION
JUSTICE CENTER • 1200 ONTARIO STREET
MAILING ADDRESS • P.O. BOX 94894 • CLEVELAND, OHIO 44101-4894
FAX (216) 664-6103

RAYMOND L. PIANKA
JUDGE

(216) 664-4989

The Honorable Steven C. LaTourette
1 Victoria Place
Room 320
Painesville, Ohio 44077

VIA FACSIMILE

August 22, 2006

Dear Congressman LaTourette:

I am aware of tomorrow's House Committee on Financial Services field hearing in the Cleveland area ("Community Solutions for the Prevention of and Management of Foreclosures"). I was interested in providing the Committee with my perspective, from the Housing Court bench, on the foreclosure crisis in Cleveland. However, I understand that due to time constraints, the schedule tomorrow will not permit my appearance. Therefore, in lieu of appearance, I submit to you the following information.

As the Housing Court Judge, I preside over more than 11,000 civil and 4,000 criminal cases filed in the Housing Court in a typical year. I see the impact of foreclosures, both alone and in combination with bankruptcy, every day.

As you may know, the Housing Division of the Cleveland Municipal Court was established by Ohio legislature in 1980 in response to deteriorated housing stock within the city's neighborhoods. The Housing Court has been vested with broad jurisdiction to address housing issues holistically. The Court has jurisdiction over both criminal and civil actions to enforce City ordinances and State laws affecting both residential and commercial property in the City of Cleveland.

Since the inception of the Housing Division in the 1980's, dockets have increased in size and complexity. The negative impact of foreclosures on our neighborhoods never has been greater than it is today.

The primary impact of foreclosures, of course, is on the property owner: the homeowner who becomes unemployed, fails to make their mortgage payments and loses their property, moving in with family or becoming a tenant elsewhere. Or, the owner may be an elderly person who fell prey to a predatory lender, then lost their home when they could not make the greatly increased house payments.

Increasingly, those who fall prey to foreclosure also may be "willing victims": those who sign off on all of the paperwork, and knowingly finance sums of money larger than they can actually afford. Frequently, these people intend to become real estate investors, hoping to "get rich quick." Often, these investors are not residents of City in which the property is located. These willing victims often do not have the requisite knowledge about, or experience with, the banking industry and real estate market to truly appreciate the perils they may face if unable to make their monthly payments. Inevitably, when these owner-investors face foreclosure, the residents of the City of Cleveland are left in their wake, with another vacant, abandoned property in their midst.

While the initial impact of foreclosure is on the property owner, foreclosures also cause significant collateral damage to our neighborhoods. Nearly every day, I see the property owners who are told by the bank or other lenders to vacate the property at the commencement of the foreclosure action, leaving the property empty and unattended. I see the neighbors who are forced to live next door to a vacant, boarded property with high grass, weeds, and stripped of its siding. I see the frustrated City councilperson who is concerned about the abandoned property becoming a magnet for criminal activity, and producing a "domino effect" of poorly maintained housing on the rest of the neighborhood. And, I see the discouraged community development groups who stand ready to help with these properties but cannot, as they determine who, if anyone, has the authority to assist with the transfer of these properties to a responsible owner.

Certainly the banks and other lenders have the right, and perhaps even the obligation, to initiate foreclosure actions when mortgages go unpaid. However, the current foreclosure system must be modified to encourage responsible property ownership and management by the lenders, to minimize the destructive effect of these actions upon our neighborhoods.

Based upon the cases I have seen, I believe that the following four areas need immediate attention:

**I. Banks must be accessible to their customers and to the citizens of the neighborhoods.**

One of the primary problems we face as a court is our inability to reach someone in the bank or lending institution who has the authority to discuss the property with the owner or the Court. It is difficult to find a contact person who, for example, can discuss a deed in lieu of foreclosure or a short sale that would cause the transfer of the title to beneficial ownership. This inability to reach the banks, coupled with the fact that banks were avoiding service of process in criminal Housing Court cases, has caused the Court to halt evictions for banks with outstanding warrants until the banks appear and plead in those cases.

Some of the most challenging cases in the Housing Court involve those owners who are willing to assist in the transfer of their property to new owners, but are trapped in the foreclosure process. Often, the lending institutions involved in the foreclosures are unwilling to discuss options for transfer of the property with the owner or with members of the Housing Court staff after the foreclosure has been filed. The current protracted foreclosure process has a chilling effect on the redevelopment of these properties, leaving the Court to require only that the defendants maintain the exterior of the premises for the months or years until the foreclosure is completed.

**II. Banks and other lending institutions must be familiar with their REO inventory and accountable for the condition of it.**

It is undeniable that banks and other lenders have programs that benefit the citizens of the greater Cleveland area. Programs for first time buyers and those who have less than perfect credit make homeownership possible for many people. However, there is a disconnect between these good services the banks perform, and the fact that these same entities permit the properties to which they hold title to fall into disrepair. Dilapidated structures with tall grass, broken windows, and missing siding can be found in virtually every neighborhood in the City of Cleveland. Surprisingly, a great number of these are titled to, or in control of, banks and lending institutions. These lenders must be compelled to maintain an inventory of the property they own, and must be held legally accountable when they fail to maintain it. As property owners, they must be held to the same standards that all property owners must meet.

**III. Purchasers at sheriff sale must be compelled to file the deeds to the property with the County Recorders office promptly.**

Under the current system, the title to properties purchased at foreclosure sale may remain in the name of the original owner for months or even years after the sale. There is no mechanism for requiring the purchaser to file the deed with the County Recorder's office. As a result, neither the City inspectors, community development groups, nor neighbors interested in the property can determine who legally is responsible for it. The current system should be modified to require the purchaser to authorize the Sheriff to file the deed, or to penalize purchasers who fail to file the deed. The accuracy of property ownership records is pivotal to code enforcement in this area.

**IV. Plaintiffs in foreclosure actions must be prevailed upon to resolve title issues.**

We have noticed a growing trend in the foreclosure area: lenders are taking actions that leave titles in non-transferable condition. For example, lenders write off debts, but keep their liens on the property, making it impossible to transfer those properties. Or, lenders initiate the foreclosure process, then abandon it, sometimes even after sale, having made the business decision that it will not be of sufficient financial benefit to the lender to proceed. There are even instances where a bank has purchased its property for the minimum bid at Sheriff's sale, only to ask the Court to set aside the sale. This leaves the property with an unpaid mortgage, which often is significantly greater than the value of the property itself, making title to the property nearly impossible to convey. Banks and other lenders must be encouraged to work through these title issues, following through with the foreclosures or releasing their liens when necessary, to permit these properties to move into the hands of beneficial owners.

The current foreclosure crisis in the City of Cleveland, and throughout this state, must be addressed quickly if we are to save our housing stock. The Housing Court, in its efforts to provide the best practices to its litigants and the community, has introduced a number of programs to eliminate the decay caused by foreclosures. We will continue to implement new and innovative practices to combat this threat. We encourage other governmental bodies and agencies to do the same.

Please share this letter as you believe appropriate. If you would like to discuss these matters further, please do not hesitate to call me at (216) 664-4989.

Sincerely,

Raymond L. Pianka

Raymond L. Pianka, Judge
Housing Division

# Foreclosure Prevention Summary Jan-July 2006

**Call Volume (1,719 Total Calls)**

| | |
|---|---|
| January | 5 |
| February | 7 |
| March | 520 |
| April | 271 |
| May | 283 |
| June | 246 |
| July | 387 |

**Top 5 Service Referrals (of 3,906 Total Referrals)**

1. **Mortgage Foreclosure Assistance (2848 referrals)**

**Agencies**

Community Housing Solutions - 31%
Consumer Credit Counseling Service - 26%
East Side Organizing Project - 20%
Consumer Protection Assn. – 18%
Legal Aid Society (non-direct referral) – 3%
Neighborhood Housing Services – 2%
Cuyahoga County Treasurer – less than 1%
Spanish American Committee – less than 1%

**ZIP Codes (Top 5)**

44105 - 6%
44128 - 5%
44120 - 5%
44137 - 5%
44110 - 4%

**2. Predatory Lending Assistance (249 referrals)**

**Agencies**

Housing Advocates - 39%
Community Housing Solutions - 31%
East Side Organizing Project - 16%
Neighborhood Housing Services - 10%
Case Western Reserve University - 2%
Legal Aid Society - 2%

**ZIP Codes (Top 5)**

44128 – 7%
44125 – 6%
44105 – 5%
44108 – 4%
44120 – 4%

**3. Mortgage Assistance (115 referrals)**

**Agencies**

Council for Economic Opportunities in Greater Cleveland - 99%
Parma City - less than 1%

**ZIP Codes (Top 5)**

44105 – 13%
44137 – 10%
44110 – 8%
44128 – 8%
44120 – 6%

**4. Loan Counseling (126 referrals)**

**Agencies**

Community Housing Solutions - 31%
Housing Advocates - 29%
Neighborhood Housing Services - 13%
East Side Organizing Project - 13%
Cleveland Housing Network - 13%

**ZIP Codes (Top 5)**

44105 – 9%
44120 – 6%
44125 – 5%
44104 / 44111 / 44134 / 44146 – 3%
44022 / 44103 / 44121 / 44127 – 2%

**5. Utility Bill Payment Assistance (52 referrals)**

Consumer Protection Assn. - 35%
Council for Economic Opportunities - 27%
Salvation Army - 21%
Catholic Charities - 8%
Harry Ratner Fund - 4%
Parma City, Journey of Hope, Christians in Action - 2%

**ZIP Codes (Top 5)**

44121 / 44129 - 10%
44120 / 44110 - 8%
44118 / 44131 - 6%
44102/44105/44111/44122/44123/44128 /44137/44138 - 4%
Various - 2% or less

## Top 10 Agency Referrals (of 3,906 Total Referrals)

1. Community Housing Solutions (26%)
2. Consumer Credit Counseling (19%)
3. East Side Organizing Project (16%)
4. Consumer Protection Association (13%)
5. Council for Economic Opportunities in Greater Cleveland (4%)
6. Housing Advocates (3%)
7. Neighborhood Housing Services (3%)
8. Legal Aid Society of Greater Cleveland (2%)
9. Cuyahoga County Treasurer (1%)
10. Cleveland Housing Network (1%)

| ➢ Top 5 ZIPS | ➢ Top 5 Cities |
|---|---|
| 1. 44105 - 8% | 1. Cleveland - 55% |
| 2. 44120 - 7% | 2. Euclid - 5% |
| 3. 44128 - 7% | 3. Maple Hts. - 5% |
| 4. 44137 - 5% | 4. Cleveland Hts. - 4% |
| 5. 44110 / 44112 - 5% | 5. Parma - 4% |

## Referral Source

42% of callers heard about 211/Foreclosure Prevention through the media (radio, TV, etc.), 35% through an agency, 8% from printed materials (postcard, flyer, etc.), 5% from a family or friend, 5% from a telephone book or operator, 1% from a web and 4% were unknown.

BANKS WARRANT CAPIAS LIST
JULY 31, 2006

| | | | | |
|---|---|---|---|---|
| AMERICAN GENERAL, FINANCE COMPANY | 2004CRB007767 | HCT | 1680 E. 84TH | WARRNT |
| ACCORD FINANCIAL SER, VICES | 2004CRB009045 | HEALTHT | 15404 KINSMAN | WARRNT |
| ACCORD FINANCIAL, SERVICES | 2001CRB049093 | HEALTHT | 7208 ST. CLAIR | WARRNT |
| ADVANTA NATIONAL, BANK | 2003CRB010107 | BHV | 2166 E 70TH ST | CAPIAS |
| AEGIS MORTGAGE CORP, | 2002CRB025231 | BCV | 2899 E 64 ST | CAPIAS |
| ASSOCIATES HOME, EQUITY | 2004CRB002892 | HCV | 3632 e.63 street | WARRNT |
| BANKERS TRUST COMP, OF CALIFORNIA | 2001CRB034204 | HCV | 2370 E 85 ST | CAPIAS |
| BNC MORTGAGE INC., | 2005CRB006033 | BHV | 15010 CARDINAL | CAPIAS |
| CITIBANK FINANCIAL, | 2005CRB011201 | BCV | 17725-27 NEFF ROAD | CAPIAS |
| CITICOP TRUST, | 2005CRB029921 | BHV | 17725 -27 NEFF ROAD | WARRNT |
| CONSECO BANK INC.,, CCC | 2003CRB039532 | BHV | 2037 W.96 | CAPIAS |
| DBA BENEFICIAL MORTG, AGE CO. | 2004CRB021114 | HCV | 2917 SEARSDALE | WARRNT |
| DELTA FUNDING CORP, | 2002CRB001039 | BCV | 1385 east 84 street | CAPIAS |
| DELTA FUNDING CORP., | 2006CRB009798 | BCT | 1385 E.84 | CAPIAS |
| DELTA FUNDING CORP., | 2006CRB009799 | BCT | 1385 E.84 | CAPIAS |
| EQUI FIRST CORPORATI, | 2003CRB009072 | HCV | 7908 EVE AVE. | CAPIAS |
| FAITH COMMUNITY UNIT, ED CREDIT UNION | 2004CRB028444 | 551.04 | 3553 3555 E 144 | WARRNT |
| FIDELITY FUNDING, MORTGAGE CORP. | 2003CRB021146 | BCV | 15713-15 DAMON AVE | WARRNT |
| FIDELITY FUNDING, MORTGAGE CORP. | 2003CRB021146 | BCV | 15713-15 DAMON AVE | WARRNT |
| FINANCIAL, CITIBANK | 2005CRB029903 | BHV | 17725-27 NEFF ROAD | CAPIAS |
| FIRST AMERICAN REAL, ESTATE TAX SER. | 2004CRB025678 | BHV | 12815 IROQUIOS | CAPIAS |
| FIRST MERIT BANK TRS, | 2003CRB021109 | BCT | 15913 DAMON 15915 DAMON | CAPIAS |
| FIRST UNION BANK, | 2004CRB008093 | 209.01 | 9116 LAISY | WARRNT |
| FIRSTAT FINANCIAL CO, | 2001CRB040346 | HCV | 875 E 147 | CAPIAS |
| FORD CONSUMER FINANC, E CO. | 2003CRB022757 | BCV | 1043 EST 71ST ST | WARRNT |
| GMAC MORTAGE CORP | 2001CRB011693 | HEALTHT | 3451 Hammond | WARRNT |
| KRYSTAL KLEATZ MORTG, AGE | 2005CRB014975 | BCV | 3129 W 46 | CAPIAS |
| LIBERTY LENDING BANK, | 2003CRB007246 | BCV | 1007 E 64TH STREET | WARRNT |
| LIBERTY SAVINGS BANK, | 2001CRB030914 | HEALTHT | 4315 WICHITA | CAPIAS |
| LLC FUNDING, CLASSIC | 2004CRB004035 | HCV | 6702 CHAMBERS AVENUE | WARRNT |
| MERCANTILE MORTG. CO, | 2002CRB012073 | HCV | 3451 W.91 | WARRNT |
| MERITAGE MORT. CORP., | 2003CRB024569 | BCT | 15309 LUCKNOW AVE | WARRNT |
| MORTY LENDERS NET., USA | 2006CRB014537 | 551.07 | 9809 NELSON | WARRNT |
| NATIONS CREDIT FINANCIAL SER. CORP | 2000CRB016353 | BCV | 1074 e 147 | CAPIAS |
| ONE STOP MORTGAGE, INC | 2002CRB050258 | BCV | 2998 E 65 ST | CAPIAS |
| THE PROVIDENT BANK, | 2002CRB001048 | BCV | 1617 auburn | CAPIAS |
| THE PROVIDENT BANK, | 2002CRB001048 | BCV | 1617 auburn | CAPIAS |

BANKS WARRANT CAPIAS LIST

JULY 31, 2006

| | | | | |
|---|---|---|---|---|
| TMS MORTAGE INC, | 2002CRB046596 | BCV | 7504 LAWN | CAPIAS |
| TMS MORTAGE INC., | 2002CRB045574 | BCV | 7504 LAWN AVE | WARRNT |
| TRUST, BANKERS | 2002CRB031302 | BCV | 963 MAUD AVE | WARRNT |
| WASHINGTON MUTUAL, BANK | 2003CRB035962 | 551.08 | 2472 W 7 | WARRNT |
| WELLS FARGO BANK, | 2006CRB014540 | 551.07 | 3448 E.104 | WARRNT |

# Testimony of

Anne M. Juterbock, Esq.

Representing the Department of Consumer Affairs

of the

City of Cleveland

*before the*

HOUSE FINANCIAL SERVICES COMMITTEE

August 23, 2006

While many states throughout the United States are facing home foreclosures, Ohio has suffered a disparate impact in this area. Cuyahoga County has been the hardest hit of any county with Cleveland having the dubious distinction of having more foreclosures per capita then anywhere else in the country. In Cuyahoga county there is one foreclosure filing for every 122 persons according to the research group Policy Matters Ohio which lead to a total estimated 10,935 foreclosures in 2005. This upward spiral of foreclosures has had a devastating impact on neighborhoods through Cuyahoga County and left it a favorite target for those lenders that prey on the weak.

There are many reasons for this high rate of foreclosure. Causes such as predatory lending, many adjustable rate mortgages, and building contractor scams, have taken been robbing Clevelanders of their homes. Predatory lenders have many techniques for forcing borrowers into loans that in the long run they will be unable to repay. The lender frequently tells he borrower one thing and then rushes them through the paper work either not allowing them time to read and understand the terms, or promising them that the terms as they are written are not the real terms or they can be quickly refinanced. They fail to tell the borrower that there is a prohibitively high pre-payment fee or that there is a balloon payment at the end of the fifteen or thirty year mortgage that, due to the high interest rate, will leave the homeowner owing nearly as much as they did on the day they signed the papers. Another problem is Adjustable Rate Mortgages. While some may truly be fixed to the Treasury Bond rate, many of these types of loans are designed so that every few years the interest rate jumps up another three to five percent, forcing many borrowers to no longer be able to afford the mortgage that they have been paying. A third significant problem that Cleveland faces in its attempt to overcome increasing number of foreclosures is the home improvement contractor scams. In these scams the contractor offers to get financing for home improvements. They take out a second mortgage on the homeowners house, take the proceeds of the loan, and either never come to perform the work or come and do poor work which leaves the home in worse shape then it was to begin with. Then the homeowner faces the necessity of paying of the loan while attempting to get the much needed repair work on the home. Often it proves too much for the victims and they are unable to pay their mortgage and are forced into foreclosure.

Primary victims of foreclosure and targets for predatory lending include the elderly, minorities and the poor. The elderly are targets largely due to their isolation and their reticence to discuss financial issues, even with their children until it is too late. They are often seen as easy victims because they are at home a large amount of the time and because they generally have a great deal of equity in their homes. This has been a formula for disaster for many area seniors who are now forced to find new homes, either with children or in shelters, because they have been victims of a lending scam. What should be a restful time of their lives ends up to be a nightmare, with the additional stress and poor living conditions exacerbating existing health problems. Minorities are another victim of these scams. They are often diverted into subprime and predatory loans even though they possess credit scores that would allow them to obtain a prime loan. Based solely on the color of their skin, many lenders are creating loans which will in a few short years rob these individuals of their homes.

While the high rate of foreclosures has caused far too much human suffering in this city, it has also created numerous other difficulties for both the city and neighbors. It is estimated that in

2005 alone, foreclosures cost the city of Cleveland close to $3.5 million in lost tax revenue and costs associated with boarding up the homes. Foreclosed homes also drive down the property value of surrounding homes and making it difficult to sell homes in the vicinity, adding to the abandoned homes. Not only is there a financial toll when dealing with foreclosed homes, but there is also a social toll. Foreclosed homes often act as a breeding ground for crime. Both the unkempt ground and empty home act as a safe haven for criminals to carry on their activities or hide.

While decreasing the numbers of foreclosures in the City of Cleveland appears to be a Herculean task, many programs have been implemented to reverse the downward spiral. The Department of Consumer Affairs in conjuncture with its numerous county and community partners has created a comprehensive prevention program that takes a three-step approach to preventing foreclosures which includes education, awareness, and outreach. The education prong of this program includes financial literacy classes for area residents, budget management courses, credit counseling, as well as teaching first time buyers about the basics of homeownership. The second prong is bringing awareness to the community of the various scams that are operating in our community including predatory lending and home repair financing. Awareness also involves working with the various lenders to ensure that they are informed as to their duties, rights and responsibilities under the current predatory lending ordinance. Outreach is the final prong, by which representative of the Department of Consumer Affairs along with our community partners go into the community, providing information regarding the dangers of predatory lending at churches, festivals, ward meetings, and other venues the provide a forum for dissemination of information.

In addition to educating the community, several resources exist in Cleveland that can be utilized once an individual is facing the threat of foreclosure. The first is the United Way's First Call for Help, or 211 Hotline, which puts citizens in contact with home counseling centers that will provide assistance to attempt to keep the home out of foreclosure. Another asset that we have in this community is the Rescue Fund which is a $5 million fund designed to aid in mortgage buyouts so that the loan may be restructured into one that the homeowner can afford to pay. While this fund is a wonderful resource in the community, it only will pay 97% of the mortgage, leaving a shortfall of 3% plus fees and closing costs, for which a gap filler must be found.

While many positive steps have been taken in Cuyahoga County as well as the City of Cleveland to help alleviate the growing number of foreclosures, much is left to do. Stricter laws, heavier punishments for those who operate predatory lending and contractor scams, as well as creating incentives for banks to work things out with the homeowner instead of instating foreclosure are all possible solutions for this growing problem.

# Foreclosure Identification and Prevention
# Prepared By The Housing Research & Advocacy Center

## FINAL REPORT

Data Collection By: Stacey Morley, with assistance from
Cara Greenwalt, Catherine Nichols, Gloria Hawkins and Miriam Schuman

Report Prepared By: Carrie Bender & Stacey Morley

Statistical Consultant: Dr. Mark Salling, Cleveland State University

Recommendations for Changes Made by: Charles Bromley, from the Housing Research & Advocacy Center, and Tony Stevenson, from Housing Advocates, Inc.

This project was paid for from grants from The City of Cleveland & The Ford Foundation

Table of Contents

## I. Introduction

Housing Research & Advocacy Center Background

The Housing Research & Advocacy Center has a long history of promoting fair housing and lending in Greater Cleveland. The Housing Center was established in 1983 as the Metropolitan Strategy Group, and changed its name in 2003 to better reflect the organization's mission. The Housing Center was founded as a "brown bag" luncheon group of local fair housing/civil rights advocates who shared a goal of expanding housing opportunities for Greater Clevelanders regardless of their race, religion, gender, ethnicities, national origins familial status, or disabilities. Through the years the scope of the agency has changed from a grass roots coalition of community groups to a focused fair housing agency but its mission has remained constant - to ensure, through research, educational programs, public policy and enforcement activities, that all residents are guaranteed equal access to housing.

That change in focus along with significant growth, has enabled the Housing Center to be a very effective advocate for issues relating to fair and affordable housing. Since 2000, the Housing Center has performed more than 700 tests, filed and/or resolved more than forty complaints arising from those tests and educated more than a thousand persons. No other fair housing agency can offer the Housing Center's combined depth of experience in testing, enforcement and research.

The Housing Center has four major program activities. The four major activities are: 1) Systemic and Complaint Based Discrimination Testing; 2) Enforcement Activities; 3) Mapping and Research and, 4) Education and Outreach. Each of these activities are essential to fulfill the organization's mission.

Since 1992, the Housing Center has developed and continuously improved its comprehensive testing and enforcement program to determine if discrimination exists in the housing markets and to address discrimination that it uncovers. The Housing Center has performed more than 1000 audits since its inception and more than 700 since 2000. The audits performed include numerous rentals, sales, lending, and accessibility tests throughout Cuyahoga County and the region. The litigation that arose from this testing program has resulted in over $400,000 in settlements for the Housing Center. The Housing Center has received grants in the past to perform similar projects from Cuyahoga County, The U.S. Department of Housing and Urban Development, the City of Cleveland and the City of Mentor. All of these fair housing related programs were completed on time and within the allotted budget.

The Director of Research & Investigation and Executive Director both have significant experience in fair housing enforcement and investigation. Both of these staff members have attended the National Fair Housing Alliance "Fair Housing School", and one or both of these staff members have attending training sessions at the John Marshall College of Law in Chicago, and the U.S. Department of Housing and Urban Development investigation trainings.

The Housing Center began performing HMDA research and mapping HMDA data in 1997, when it received a donation of ArcView GIS mapping software from Essential Information in Washington D.C. Since that time, the Housing Center has produced a number of reports and maps illustrating lending patterns within Greater Cleveland, and around the State of Ohio for city governments, community activists and non-profit agencies. The Housing Center's research has resulted in effective community change including a special allocation of funds from Fannie Mae to purchase non-conforming loans in the City of Cleveland and a community reinvestment agreement with Charter One Bank and community groups throughout the state of Ohio pursuant to which Charter One agreed to increase its lending in Low-Moderate Income (LMI) and minority neighborhoods and to LMI and minority families.

The Housing Center also has experience in conducting other types of fair housing research. In the past, the Housing Center completed an Analysis of Impediments to Fair Housing for the City of Mentor, and Lake County. Upon completion of the AI study for Mentor, the Housing Center staff worked with city officials to develop a plan to address the identified impediments. In part due to our efforts, Lake County helped fund a start up a non-profit fair housing center (Fair Housing Resource Center) to serve the residents of Lake County.

Housing Research & Advocacy Center Staff on the Project

Stacey Morley has been with the Housing Center since the summer of 2001, when she started as a legal intern. Six months later, Stacey became the Program and Projects Assistant and helped the General Counsel and Director of Research with grant reporting, grant writing, research projects, legal cases and general administrative duties. Stacey designed the methodology for this Foreclosure Project, with the assistance of Dr. Mark Salling from Cleveland State University. She was responsible for all of the data collection, recruiting student interns to assist with data collection, training the interns and data entry of all of the information gathered from the foreclosure files at the Courthouse and the Magistrates Office. Stacey is currently attending Cleveland State University where she is pursuing a dual degree in Law and a Masters in Urban Studies.

Carrie Bender has been with the Housing Center since the summer of 2000, when she was hired as the Community-Based Planner. In February of 2001 Carrie was promoted to the Director of Research and Investigation, and is now responsible for perfoming all of the research and mapping done at the Housing Center, as well as the fair housing discrimination testing and complaint investigation. For this project, she did all of the mapping and analysis of the data. Carrie also helps with grant writing, grant reporting, maintaining the website, fundraising, and planning of the annual fair lending conference. Carrie has a Bachelor of Arts in Geography with a minor in Cartography from Kent State University, and a Master of Arts in Geography with a focus on Urban Geography from Kent State.

Carole Heyward is the former General Counsel for the Housing Research & Advocacy Center. Carole worked for the Housing Center from March of 2000 to September of 2003, and recently left to take a faculty position at the Cleveland-Marshall College of Law. While Carole was at the Housing Center, she oversaw the design of the foreclosure research, including the methodology and analysis of the data collected.

Vance Novak came to the Housing Research & Advocacy Center in March of 2003 to take the position of Administrative Coordinator. Vance oversees all of the administrative tasks at the office, including grant reporting. She assisted Stacey Morley with data entry for this project.

Charles "Chip" Bromley has been the director of the Housing Research & Advocacy Center since it's inception in 1983. As the director, Chip oversaw the entire project, ensuring that all of the work products are progressing as indicated in the project schedule.

Purpose of the Study

1. Identify the geographic patterns of distribution of foreclosures in Cuyahoga County, and determine how many of the loans are in the City of Cleveland.
2. Establish the average interest rates, the amount financed, the amount due at foreclosure on the foreclosed loans
3. Determine if there are any "predatory characteristics" (mandatory arbitration, payment on demand, prepayment penalty, balloon payment, credit insurance) present in the loan documents.
4. Identify which lending institutions acted as the original lenders, and what lenders foreclosed on the loans.

## II. Methodology

In the summer of 2002, the Housing Research & Advocacy Center began what would become a 15-month project of examining the Foreclosures in Cuyahoga County, Ohio. With the support of the City of Cleveland, Ford Foundation and The Sisters of Charity Foundation, the Housing Center developed a methodology to collect a sample of data on foreclosures in 1997, 1999 and 2001 from the Cuyahoga Courthouse. By looking at the actual foreclosure files, we were able to examine details about these actual foreclosures.

The Sample:

All foreclosures filed are assigned docket numbers by the Cuyahoga County Court of Common Pleas as each case is filed. We decided to look at three years of filings; 1997, 1999 and 2001 since over this time period foreclosure filing rates were increasing. The Magistrate's Office provided The Housing Center with the exact docket numbers for all the cases filed during the specified years. We took a random sample of each of the three years based on a 95% confidence level and a 5% confidence interval. Using this method, we needed a sample size of 345 for 1997, 356 for 1999 and 364 for 2001. Because we knew that some of these cases would not be home foreclosures since the commercial loans and judgment liens were also included in these filings, we increased the size of each sample to 385 in case any of the individual filings would have to be removed from the sample. To choose the sample from the docket numbers, all the numbers were entered into SPSS (Statistical Package for the Social Sciences), a statistical software, and a random sample was chosen by the computer by requesting the number of files for the sample.

Data Collected

An enormous amount of information was gathered from the foreclosure files in order to draw conclusions about foreclosures in Cuyahoga County. The following is a list of information being gathered and the purpose it can be put to:

- Party names: The plaintiff is the foreclosing, current note-holder but may not be the original lender. The defendants will be the homeowner/borrower and anyone else who has an interest in the property including other lenders and lien holders. This information can be used to see how many liens are against a property being foreclosed upon.

- Address: The address will be used map the locations of foreclosure filings throughout the county in order to see which cities, neighborhoods are most effected by foreclosures.
- Amount owed and interest rate: This information on the complaint can tell us the average amount owned at time of foreclosure filing and average interest rate.
- Note information: a copy of the note is filed along with the complaint and from this we will be able to find out interest rates, date of loan, amount borrowed, the lender, type of loan and certain types of riders to the loan like pre-payment penalties, balloon payments, arbitration agreements and, if the loan is adjustable, the terms for the interest rate adjustments.
- Judicial Report: filed along with the complaint and note is a title search on the property. This report shows all liens and loans against the property, including taxes.

Limitations of the Data

There are some limitations of the data that is available in the foreclosure files at the Cuyahoga County Court of Common Pleas. The files usually contain the complaint, the judicial report and the note. From these documents we can extract the plaintiff, the defendant(s), the date filed, the interest rate on the complaint, the interest rate on the note (these are usually the same, but if the rate is adjustable, the rate many be different on complaint), the amount financed, the amount owed at foreclosure, and the presence of some predatory characteristics (prepayment penalties, mandatory arbitration clause, balloon payment, and credit insurance). The one document that is missing from the files is the HUD-1. Without the HUD-1, we cannot identify the broker fees and the disbursement of money (i.e. how much the borrower actually received).

From the foreclosure data, we cannot determine why the borrower could not make payments on their loan and consequently went into foreclosure. There may be clues in the data that we collected, knowing if borrowers have other loans, liens, or high interest rates, however, without interviewing the borrowers there is no way to determine the reason for foreclosure.

## III. Statistics

Upon completion of the data collection, the Housing Center looked at the information gathered for each of the sample years, 1997, 1999 and 2001. The statistics reported here are presented for each of the years individually, as the data for each of these years was treated as an individual sample. Much of the information is also presented for Cuyahoga County vs. the City of Cleveland.

1997

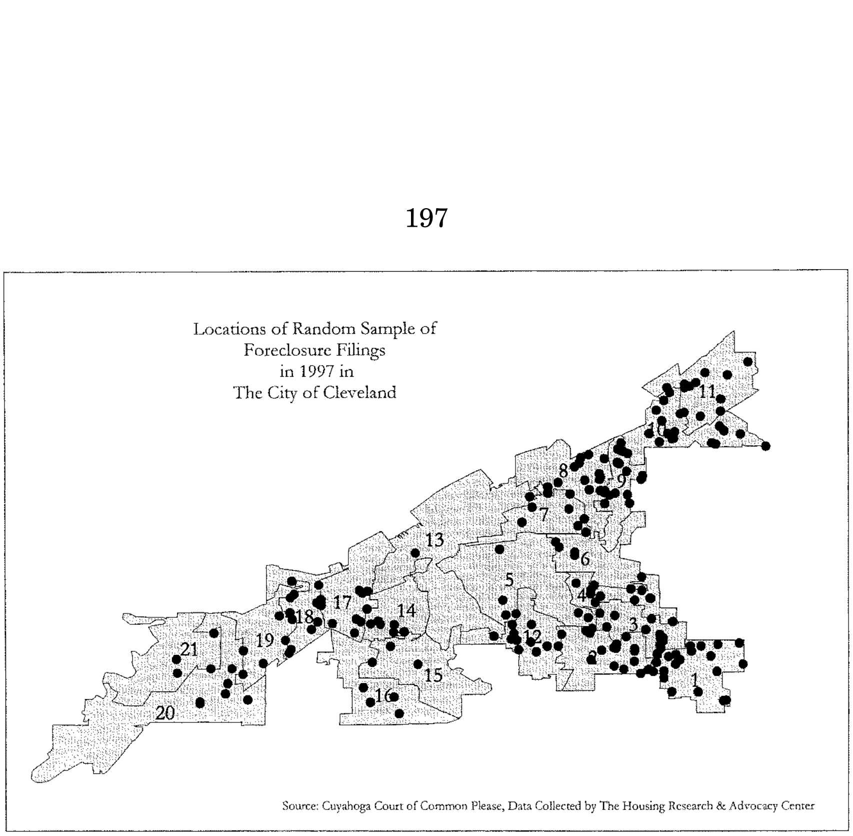
The total number of foreclosures filed in Cuyahoga County in 1997 was 3400. The sample size needed for this size population was 345. We took a sample of 385 cases to ensure we had a large enough sample if any of the randomly selected sample cases we looked at had to be removed from the sample because they were not home foreclosures. (The filings are 85-95% home foreclosures, but they also include judgment liens, quiet titles and commercial foreclosures). Of the 385 foreclosure sample, 1 file was missing, and 23 were removed from the sample because the files were not home foreclosures. The actual sample size for 1997 was therefore 361 foreclosure cases. Of the 361 foreclosure filings, 212, or 58.73% were located in the City of Cleveland. At the time we reviewed the files, 167 of the 361 files were actual home foreclosures. The other cases had either been dismissed (157), pending (11) or some other action was taken (stayed due to bankruptcy for example). Of the 167 actual foreclosures, 105 or 62.9% were in the City of Cleveland. The total population of Cuyahoga County according to the 2000 Census was 1,393,978, and the total population of the City of Cleveland was 478,403, which is 34.32% of the county population.[1] With only 34.32% of the county population in Cleveland, and 58.73% of the foreclosures in The City of Cleveland, The City of obviously carrying a greater share of the burden of foreclosures than the rest of the communities in Cuyahoga County.

Table 1: Summary of Foreclosure Statistics for 1997

| | Cuyahoga County | City of Cleveland |
|---|---|---|
| Average Amount Financed | $55,530.93 | $39,215.79 |
| Average Interest Rate on Complaint | 10.42% | 10.71% |
| Average Interest Rate on Note | 10.10% | 10.62% |
| Average Amount Due at Foreclosures | $56,462.15 | $50,363.57 |
| Percent with Balloon Payment | 5.26% | 5.66% |
| Percent with Prepayment Penalties | 18.56% | 18.87% |
| Percent with Payment on Demand | 23.55% | 24.06% |
| Percent with Mandatory Arbitration | 1.11% | 0.94% |
| Percent with Credit Insurance | 0.83% | 0.94% |
| Percent with 1 or more "Predatory Characteristics" | 37.12% | 37.74% |
| Percent with other loans | 41.83% | 43.01% |

Approximately 59% of all of the foreclosures filed in the 1997 were in the City of Cleveland. As shown on the map below, (Map 1) most of these foreclosures are concentrated on the Eastside of the City. 60.1% of these foreclosure cases are located in predominantly Black census tracts (census tracts where the Black population is greater than 50%). While the foreclosure files do not reveal the race of the borrower, mapping the locations of the foreclosures does reveal the race of the neighborhoods were the home foreclosures are concentrated.

[1] U.S. Census Bureau, Demographic Profiles; http://censtats.census.gov




1999

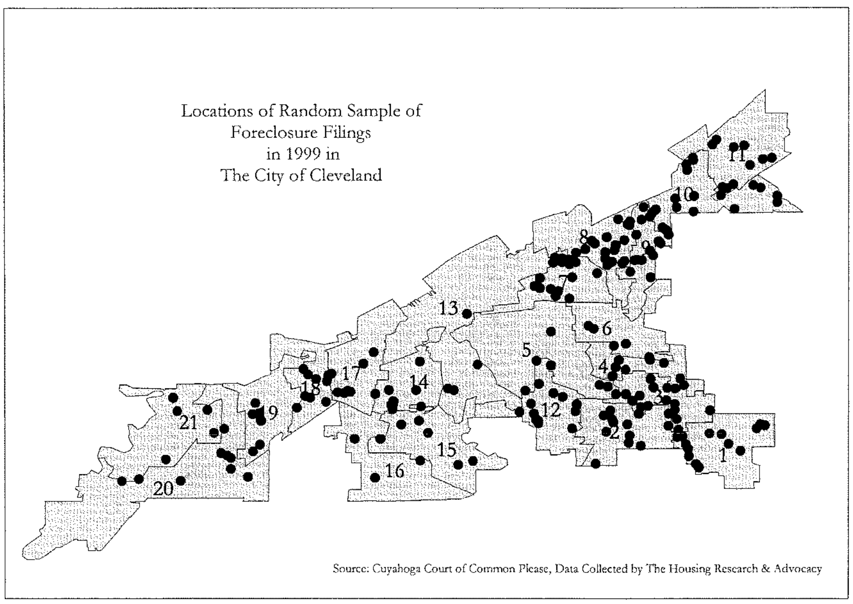
In 1999, the total number of foreclosure filings in Cuyahoga County was 4871. Based on this population size, the sample size required was 356. We again took a sample of 385 in case any of the files had to be removed from the study because they were not home foreclosures. Of the sample of 385, 5 were missing, and 11 were not home foreclosures. This left us with an actual sample size of 369. Of the 369 files, 229 or, 62.06 % were in the City of Cleveland. By mapping the locations of these foreclosures in the City, we were able to determine that 59.62% of these home foreclosures filed in the City were in Black census tracts. 150 of the 369 cases used in the sample were actual foreclosures, all of the other cases were either dismissed (172), pending (20) or other action was taken (27). Of the 150 foreclosures, 98, or 65.3% were located within the City of Cleveland.

Table 2: Summary of Foreclosure Statistics for 1999

| | Cuyahoga County | City of Cleveland |
|---|---|---|
| Average Amount Financed | $61,382.41 | $48,305.97 |
| Average Interest Rate on Complaint | 10.36% | 10.64% |
| Average Interest Rate on Note | 9.64% | 10.51% |
| Average Amount Due at Foreclosures | $56,611.80 | $46,308.02 |

| | | |
|---|---|---|
| Percent with Balloon Payment | 12.20% | 12.50% |
| Percent with Prepayment Penalties | 38.15% | 42.24% |
| Percent with Payment on Demand | 25.34% | 26.94% |
| Percent with Mandatory Arbitration | 2.45% | 3.20% |
| Percent with Credit Insurance | 1.91% | 1.83% |
| Percent with 1 or more "Predatory Characteristics" | 53.93% | 59.21% |
| Percent with other loans | 40.82% | 38.16% |

One of the most significant statistics from the 1999 data is the dramatic increase in the number of predatory characterizes in the City of Cleveland. According to our sample data, almost 60% of all loans in these cases in 1999 had 1 or more of the predatory characteristics. Without having a control sample of non-foreclosed loans from this same year, it is impossible to say if the increase in predatory loans has resulted in the increase in foreclosures, however, there has been a steady increase in the presence of prepayment penalties, balloon payments, and payment on demand clauses in the foreclosed loans.



2001

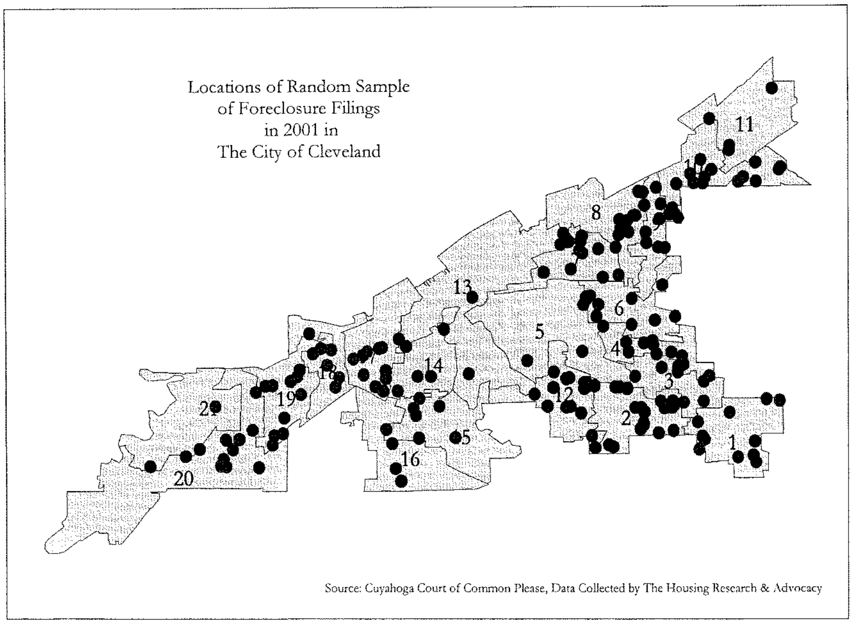
There were 6801 total home foreclosures filed in Cuyahoga County in 2001. With a population size of 6801, the sample size must be at least 364 to be statistically significant using the 95%/5% method. We again took an initial sample of 385 cases and removed any files that were not home foreclosures, once these files were removed we were left with a sample of 378. Of these 378 foreclosures, 206 or 54.5% of the filings were located in the City of Cleveland. In 2001, 56.48% of the City of Cleveland foreclosure cases were in the predominately Black census tracts. Unlike 1997 and 1999, there are still a lot of cases pending in 2001. However, of the cases that had been resolved at the time of our data collection, 76 of the 378 cases in Cuyahoga County were foreclosures, and 38, or 50% were in the City of Cleveland. The remaining cases were either pending (109), dismissed (142) or other action was taken (51).

The presence of predatory characteristics continued to rise in 2001, 2/3 of our sample files contained one or more of the five predatory characteristics. What is most astonishing about the great number of predatory characteristics we found in our research is that there are other predatory characteristics that we cannot identify through the files, such as broker fees, that may be present as well.

Table 3: Summary of Foreclosure Statistics for 2001

| | Cuyahoga County | City of Cleveland |
|---|---|---|
| Average Amount Financed | $71,680.72 | $56,035.79 |
| Average Interest Rate on Complaint | 10.35% | 10.65% |
| Average Interest Rate on Note | 10.38% | 10.5% |
| Average Amount Due at Foreclosures | $69,179.95 | $54,191.42 |
| Percent with Balloon Payment | 15.57% | 16.99% |
| Percent with Prepayment Penalties | 41.95% | 48.54% |
| Percent with Payment on Demand | 26.39% | 30.1% |
| Percent with Mandatory Arbitration | 1.85% | 2.9% |
| Percent with Credit Insurance | 0.26% | 0% |
| Percent with 1 or more "Predatory Characteristics" | 58.73% | 67.0% |
| Percent with other loans | 38.60% | 35.44% |

Map 3

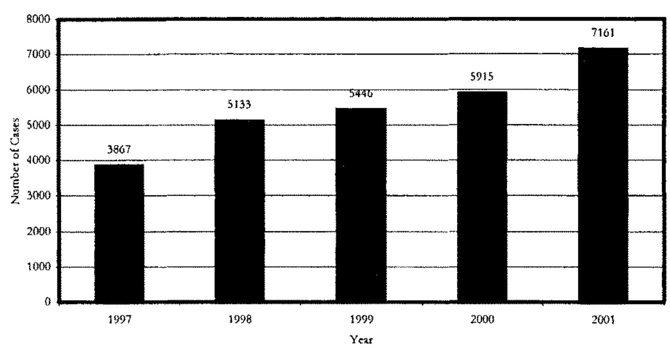



**IV. Summary of Findings**

Cuyahoga County, and the whole State of Ohio[2] have seen unprecedented increases in home foreclosure over the last decade. It is expected that by the end of 2003, there will be more than 11000 foreclosures filed in Cuyahoga County.

[2] See: Stock, Richard *Predation in the Sub-Prime Lending Market: Montgomery County.* October, 2001.

Total Number of Cases Referred to the Cuyahoga Court of Common Pleas, Magistrates Office, approximately 85 to 90% are Foreclosures




A statistically significant sample size is an important part of any research project. If the sample is statistically significant, it can be used to make some assumptions about the total population. In this research project, our sample was a random sample with a 95% confidence level and a 5% confidence interval. What that means is that was can say, with 95% confidence that our statistics are within 5% accuracy. We can therefore use the information from the sample of foreclosures to make some postulations about the total population; in this case, the population equals all of the foreclosures in the County for a given year. Using the statistics from the sample we can estimate that approximately 58.4% of all of the foreclosures in Cuyahoga County are in the City of Cleveland. That would mean that in these three years, 1997, 1999 and 2001, there were over 9000 foreclosures in the City of Cleveland. Since 11000 foreclosure filings are projected for 2003, an estimated 6000 Cleveland residents are at risk of losing their homes to foreclosure in this year alone. Furthermore, 67% of the foreclosure filings could have predatory characteristics, which means that of the 6000 projected foreclosures in 2003, more that 4000 of these loans probably contain one or more predatory characteristic such as payment on demand or balloon payments.

Table 4. Summary of City of Cleveland Foreclosure Statistics

| | 1997 | 1999 | 2001 |
|---|---|---|---|
| Average Amount Financed | $39,215.79 | $48,305.97 | $56,035.79 |
| Average Interest Rate on Complaint | 10.71% | 10.64% | 10.65% |
| Average Interest Rate on Note | 10.62% | 10.51% | 10.50% |
| Average Amt. Due at Foreclosure | $50,363.57 | $43,308.02 | $54,191.42 |
| Percent with 1 or more "Predatory Characteristics" | 37.74% | 59.21% | 67.0% |
| Percent with other loans | 43.01% | 38.16% | 35.44% |
| Average Term | 24.49 years | 25.14 years | 24.95 years |

The Lenders

The sample of files that we reviewed for this project contained information on the original lender who made the loan, and the lender that is foreclosing on the loan. These lenders are often different if a broker is making the loan to the borrower and then selling that loan to prime bank where they have a line of credit. Many of these brokers will make the loans outside of the assessment area of the banks, places where the bank does not have depository institutions. Some of the most common lenders that appeared in our sample are listed in the following table:

Most Common Lenders Foreclosing, or Making the Original Loans

Foreclosing Lenders:
United Companies Lending Corporation
Transamerica Financial Services
Third Federal Savings & Loan
Nationsbanc Mortgage Corporation
National City Bank
Leader Mortgage Company
KeyBank N.A. (fka Society Bank)
First Nationwide Mortgage Company
Federal National Mortgage Association
Contimortgage Corporation
Bank One N.A.

Original Lender
United Companies Lending Corporation
Third Federal Savings & Loan
Society National Bank (nka KeyBank N.A.)
National City Bank
Mortgage Executives Inc.
Freedom Mortgage Corporation
First Ohio Mortgage Corporation
Colony Mortgage Corporation
Banc One Mortgage Corporation
Assured Mortgage Corporation
American Midwest Mortgage Company

## V. Recommendations for Changes

One of the reasons that there has not been a comprehensive study of the foreclosure trends in Cuyahoga County, or The City of Cleveland is that currently the only way to view the information in the foreclosure files is to physically go to the Cuyahoga Courthouse and inspect the files individually. This is a very time consuming process, and we estimate that it takes an average of 1 hour to review each case to extract the information we were seeking though this research. After going through this process of data collection, the changes that we recommend are in relation to the maintenance and record keeping of the foreclosure filings. If the County stored the information on each foreclosure electronically, then anyone would have access to the information without having to take on the enormous task of physically going though the files individually. The following are the Housing Research & Advocacy Center recommendations for changes:

1. As each foreclosure is processed, the information can be recorded in a database at the Cuyahoga Court of Common Pleas.
2. Ideally, each document in the foreclosure filing could be scanned so that it could be viewed via the Internet.
3. Since every property has a permanent parcel number, which is located on all of the foreclosure complaints, this number could be recorded electronically, making it much easier to tract the foreclosure locations. Having the permanent parcel number would at least make it possible to extract foreclosure docket numbers for individual cities from the rest of Cuyahoga County. The permanent parcel numbers are assigned and numbered by city. Right now, the information that is available electronically does not include the address of the foreclosed property.
4. One of the documents that is not included in the files is the HUD-1. This is the only document that contains the all of the fees associated with the loan (including the broker fees) and the disbursements (how much money the borrower received). It is up to the individual county to determine what documents to be included in the proceedings, and currently, the HUD 1 document is not included in the foreclosure files in Cuyahoga County.
5. A second document that is not included, in the Cuyahoga County foreclosure documents is the Truth in Lending Disclosure Statement.

## VI. Recommendations for Prevention of Foreclosures

Education

A lack of knowledge by the borrower about the process of mortgage lending and credit is perhaps one of the most common problems that lead to foreclosure. Many of the loan files that our research assistants reviewed revealed that there were a number of borrowers that had refinanced in the past, filed for bankruptcy, and had other liens and debts. Educating borrowers before they sign loan documents may greatly impact the foreclosure rate in the community. The City of Cleveland can take steps to require that all residents attend loan-counseling classes or meet with a credit counselor before they can receive a loan.

Loan Review

Many borrowers are unaware that they might be signing loan documents that contain predatory characteristics such as balloon payments or high broker fees. If the City of Cleveland could provide a loan document review for residents, in conjunction with the lending education, at a minimum, loans with predatory characteristics could be identified, and the borrower could avoid signing such a loan.

Survey of Borrowers

Reviewing foreclosure documents does reveal some of the details of the problems of foreclosures in the City of Cleveland, however by talking to actual borrowers who have lost their homes to foreclosure, the City may be able to find out much more information about why the homeowner could not make their payments, how they were solicited for the loan, what the broker fees were, and what happened to them as a result of the foreclosure on their home loan.

Promoting Prime Lending

It is essential that residents of all neighborhoods in Cleveland have access to prime banks in their community. Without the presence of bank branches, and marketing by these branches, residents are more likely to do business with brokers. The City of Cleveland needs to ensure that residents have better access to prime banks, particularly in the traditionally underserved neighborhoods.

The City could ask the lenders and purchasers of loans to make good faith efforts to work with borrowers before initiating foreclosures. If the lenders are willing to take these steps to make good faith efforts to work with homeowners, it could prevent some homes from going into foreclosure.

The City could ask the banks to participate in a one-time per customer debt forgiveness program for low and moderate income residents. The program would be limited to a one-time use by residents, where the banks would forgive one monthly mortgage payment.

Promoting Change in Foreclosure Filing Record Keeping

Without change in the record keeping of the foreclosures filed through the County, there is no easy way to research the continued increase in foreclosures in Cuyahoga County, and therefore the City of Cleveland. Currently, there is no way for someone to even find out the exact number of foreclosures in the City of Cleveland without going through all of the files of a given year. This sample is the closest we can currently come to in estimating these numbers. The City of Cleveland needs to convene a group of representatives from the City, the County and non-profits to meet with people from the Magistrates office to discuss the issues with data record keeping.

A Report from

# Policy Matters Ohio

## Home Insecurity 2004: Foreclosure Growth in Ohio

Zach Schiller
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Pam Rosado

August, 2004

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## ACKNOWLEDGEMENTS

Most importantly, we would like to thank the 82 county sheriff departments in Ohio that took the time to answer our survey, providing the information that provided most of the basis for this report. Case Western Reserve University law students Tom Gaffney, Kunal Mishra and Scott Corl assisted in gathering the data. Gretchen Beam at the Supreme Court of Ohio also obliged by sending foreclosure statistics the court had collected. Jeff Miller of Policy Matters Ohio capably handled the task of formatting the report and making it electronically available to readers. Interns Rajeev Khurana and Philip Wallach contributed research. We also benefited from discussions with Chip Bromley, Bill Faith, Paul Bellamy, Tom Weeks, Andrea Price, Kent Smith and Mickey Kalavsky, among others.

**POLICY MATTERS OHIO,** the publisher of this study, is a nonprofit, nonpartisan research institute, dedicated to bridging the gap between research and policy in Ohio. Policy Matters seeks to broaden the debate about economic policy in Ohio by providing qualitative and quantitative analysis of important issues facing working people in the state. Other areas of inquiry have included unemployment compensation, workforce policy, wages, education, taxes and economic development.

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**Executive Summary**

The number of Ohioans who lost their homes to foreclosure and sheriff sales grew again in 2003. Foreclosure filings in Ohio were up, though not at the rapid pace of recent years. But sheriff sales of foreclosed properties continued to soar. Ohio ranks second in the country in new foreclosure rates, according to a recent survey by the Mortgage Bankers Association of America, and those remain far above historical levels.

Foreclosures usually occur when a borrower, unable to meet mortgage payments, defaults on a loan. Sheriff sales are the actual auctions of the foreclosed homes. Policy Matters Ohio analyzed foreclosure data from the Ohio Supreme Court and obtained data on sheriff sales by surveying the state's county sheriffs. Our research finds:

- During 2003, 57,083 new foreclosure filings were made in Ohio courts, up 3 percent from a year earlier, 31 percent from 2001 and more than double the number in 1998.
- County sheriff departments put more than 36,425 foreclosed properties up for sale, meaning in most instances that the families that once lived there no longer do now. That represents a 26 percent increase from 2002 and a 57 percent increase from just two years earlier.
- The number of properties put up for sale last year equated to about one in every 117 Ohio households. That compares to one out of every 185 households in 2001.
- The recent growth comes after a dramatic increase between the mid-1990s and 2001, as detailed in a previous Policy Matters Ohio study.
- The number of sheriff sales grew in 76 of the 81 counties for which we obtained data in both 2001 and 2003. Even fast-growing suburban counties such as Delaware, Warren and Medina saw big increases.
- About 63 percent of all 2003 sales occurred in the 10 most populous Ohio counties, in which about 58 percent of all households are located (these data reflect the 81 counties covered in the survey, out of the state's 88).

There are some signs of improvement. New foreclosure filings fell in 22 Ohio counties last year. A survey by the Mortgage Bankers Association of America found that the number of new foreclosures started as a share of all 1- to 4-unit residential mortgage loans in Ohio declined in the first quarter of 2004 from the previous quarter. However, the rate was still well above that of a year earlier and any other quarter since 1979. The leveling off of foreclosure growth probably will lead eventually to lower growth in sheriff sales as well, but such sales may well continue to increase this year, since they often come many months after foreclosure filings.

More than one factor has played a role in continued increases in foreclosures and sheriff sales. A weak economy and predatory lending clearly are major contributors. Among 57 sheriff departments that responded to survey questions asking about what was behind the foreclosures, 31 ranked predatory lending first, while 16 cited job loss or a weak economy.

Predatory lending covers an array of practices generally involving deceptive, high-cost loans with excessive interest rates, fees and penalties. Minority and elderly borrowers often have been targeted. Predatory lending has grown with subprime loans, which are offered at higher cost than conventional loans to customers who have had credit problems. Such loans have allowed some families to buy homes that otherwise would have been unable to do so, but they also figure prominently in Ohio's foreclosure problems. According to the MBA survey, more than one in every nine subprime loans in Ohio was in the process of foreclosure proceedings as of the first quarter of 2004.

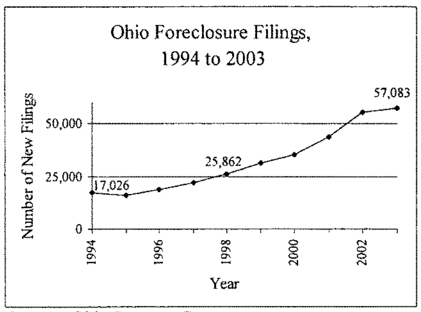
So far, however, the state of Ohio has not taken major steps to curb predatory lending practices. Two laws passed by the General Assembly took only modest steps, while restricting municipal authority and assigning a committee to examine the issue. A year after the Predatory Lending Study Committee issued its report, no bill has even received a hearing on the subject. Two bills, Senate Bill 205 and House Bill 482, have been introduced this year that would provide additional protection against abusive lending practices, and both deserve approval. The House bill would require licensing for appraisers, as well as other measures that the study committee said the General Assembly should seriously consider. It stands a better chance of passage than the Senate bill, but by itself, it does not go far enough. If legislators do not approve the Senate bill, which would provide broader protections, they should at least cover mortgage lending through the Consumer Sales Practices Act. This would prohibit unfair, deceptive and unconscionable acts between mortgage lenders and their customers and give consumers the right to bring private suits for lending fraud.

In the last two years, more than 112,000 foreclosures have been filed in Ohio. Sheriff sales have rocketed upward, claiming homes from Ohioans across the state. "It's amazing what we're seeing," said one sheriff department official. Ohio's lawmakers need to respond.

## Introduction

The number of Ohioans who lost their homes to foreclosure and sheriff sales grew again in 2003. Foreclosure filings in Ohio were up, though not at the rapid pace of recent years. But sheriff sales of foreclosed properties continued to soar. According to a recent survey by the Mortgage Bankers Association of America, Ohio ranks second in the country in new foreclosure rates, and those remain far above historical levels. [1]

During 2003, 57,083 new foreclosure filings were made in Ohio courts, up 3 percent from a year earlier and more than double the number in 1998.[2] County sheriff departments put more than 36,425[3] foreclosed properties up for sale. That represents a 26 percent increase from 2002 and a 57 percent increase from just two years earlier, when 23,176 such properties were put up for sale. While these numbers don't capture the exact number of Ohio families that lost their homes last year, the number put up for sale equates to one in about every 117 Ohio households. That compares to one out of every 185 households in 2001.[4] And the growth comes after a dramatic increase between the mid-1990s and 2001.[5] Figure 1 illustrates the increase in foreclosure filings between 1994 and 2003:



Source: Ohio Supreme Court

[1] See below, regarding the Mortgage Bankers Association National Delinquency Survey.

[2] Ohio Supreme Court, The 2003 Ohio Courts Summary. The full summary was not available as of the publication of this report, but the court provided foreclosure statistics as will be published in the report. See Note 6 regarding these statistics. In 2002, new foreclosure filings grew 27 percent from a year earlier.

[3] Figures on sheriff sales in this paragraph and this report generally refer to the 81 counties in Ohio for which we have data for both 2001 and 2003. Jackson County reported putting 80 properties up for sale in 2003, but is not included among those 81 counties because it did not report data for 2001. Throughout this report "sheriff sale" refers to a property being put up for sale. It may or may not result in the actual sale of the property

[4] A small share of the foreclosures involves commercial properties. Thus, not every property sold involves a family losing their home. The Housing Research & Advocacy Center found that 41 of the 1,148 foreclosure filings from 1997, 1999 and 2001 that it randomly sampled in Cuyahoga County – 3.6 percent of the total – were not home foreclosures (Housing Research & Advocacy Center, *Foreclosure Identification and Prevention*, December 2003). Officials in other counties point to similarly low figures. The total number of residential properties put up for sale in the state also would include the six counties that did not respond to this survey, which represent 3.3 percent of Ohio households. More importantly, only 72.8 percent of Ohio households own their homes. (U.S. Census Bureau, Housing Vacancies and Homeownership Annual Statistics: 2003, http://www.census.gov/hhes/www/housing/hvs/annual03/ann03t13.html retrieved July 26, 2004) As a result, figures in this report that show sheriff sales per household understate the share of homeowners who are affected.

[5] See *Home Insecurity: Foreclosure Growth in Ohio*, by Kate Sopko, Amy Hanauer, Kent Smith & Abeera Riaz-Sheikh, Policy Matters Ohio, October 2002.

More than one factor played a role in continued increases in foreclosures and sheriff sales. A weak economy and predatory lending clearly are major contributors. So far, however, the state of Ohio has not taken major steps to curb predatory lending practices. We conclude the report with recommendations for actions the state should take to help remedy this problem.

**The Survey**

Policy Matters Ohio surveyed the state's 88 county sheriffs to collect data on the number of sheriff sales state-wide. The Ohio Supreme Court reports annually on foreclosures, and its data have been used here.[6] Foreclosure filings initiate any given foreclosure process, and sheriff sales are one possible end result. Sometimes, a home may be retained by its owner after a foreclosure, while in other instances, the owner may leave but the property is abandoned by the lender.[7] Sheriff sales, once complete, result in resident homeowners being put out of their homes if they have not left already.

We obtained the numbers of properties put up for sheriff sale auction in 2003 from 82 county sheriff departments. Altogether, they reported 36,505 properties put up for sale.[8] Sheriff sales are growing rapidly nearly all over the state. In all, the number of such sales grew in 76 of the 81 counties for which we obtained data in both 2001 and 2003. In some cases, sheriff departments have had trouble keeping up. Trumbull County reported a decline in properties put up for sale over the two-year period because layoffs there left employees in the sheriff's office with other work to do. In fact, as of mid-July, the county had a backlog of as many as 600 or 700 properties. Franklin County now has three employees doing move-outs of tenants after homes are sold.[9]

Suburban counties that are gaining population are not immune from the trend. Delaware County, the fastest-growing county in Ohio and the 16th fastest-growing in the country between 2000 and 2003, saw its number of sheriff sales more than double from 99 to 208 between 2001 and 2003. Warren County, the second-fastest growing, also showed substantial growth. And Medina County saw the number spike from 254 in 2001 to 421 last year. "This office has an increase of 277% (his emphasis) in the last 6 years in orders to sell properties," wrote a Medina County sergeant.

Sheriff sales grew at the same overall rate of 26 percent in both 2002 and 2003 for those 76 counties for which data are available. However, growth was not quite as pervasive in 2003: Such sales fell in 12 counties in 2003, compared to 8 in 2002. Ohio's three largest counties – Cuyahoga, Franklin and Hamilton – saw small declines in new foreclosure filings in 2003, and 22 counties in all saw decreases. Seasonally adjusted data from the Mortgage Bankers Association (MBA) show that delinquency rates nationally for 1- to 4-unit residential mortgage

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[6] The Ohio Supreme Court's reporting of foreclosures includes an unspecified number of non-mortgage foreclosure cases, including delinquent tax foreclosures, mechanic's lien cases and litigation-related debt collection cases. It also includes double filings that occur if bankruptcy interrupts the process, or if a lender uses the threat of foreclosure as a collection mechanism several times against one borrower. The foreclosure filing data cited in this report are straight from the Supreme Court report, and non-mortgage filings and double-filings have not been eliminated.

[7] In Cleveland, the problem of abandoned homes has reached crisis levels. See "Vacancies costly to Cleveland," by Olivera Perkins and Scott Hiaasen, *The Plain Dealer*, June 13, 2004

[8] This figure includes the 80 reported by Jackson County, which is generally excluded elsewhere in the report.

[9] Interviews with sheriff's department employees, July 2004

loans have fallen since reaching a peak in 2001, while rates of new foreclosures crested in the second quarter of 2002.[10]

Ohio is not doing well either compared to its own history or to the nation. The proportion of Ohio loans that is at least 30 days past due dropped in the first quarter from a year earlier, according to the MBA, making that the second quarter in a row that the rate declined from the same quarter a year earlier.[11] But the rate remains higher than in any other first quarter since the late 1980s and well above the U.S. average.[12] The MBA's survey provides only unclear evidence that foreclosure rates have peaked in Ohio. The number of new foreclosures started as a share of all loans declined in the first quarter of 2004 from the previous quarter, but was still well above the rate of a year earlier or any other quarter since 1979. More time will have to pass before it becomes clear if this is a quarterly blip or a meaningful improvement. As yet, the survey also shows there has been no reduction in the share of Ohio loans that are somewhere in the foreclosure process. A record 3.41 percent of all loans were in foreclosure as of the end of the first quarter.[13]

According to the MBA, Ohio is second only to Indiana among the states in new foreclosures as a share of loans. Ohio ranks first in the proportion of loans that are in the process of foreclosure.[14] In the first quarter of 2004, according to the MBA's National Delinquency Survey, 0.80 percent of all Ohio loans it tracks started into foreclosure, compared to the national average of 0.45 percent. Ohio ranked far above the U.S. average in the rate of foreclosure starts from each of the major types of loans, including those made to borrowers with different levels of creditworthiness. Figure 2 on the following page shows how Ohio compares with the United States in quarterly new foreclosures started.

[10] Mortgage Bankers Association, "Residential Mortgage Delinquencies and Foreclosures Inventory Fall in 2004 Q1, According to MBA's National Delinquency Survey," June 14, 2004. http://www.mortgagebankers.org/news/2004/pr0614.html Retrieved July 27, 2004. See also the National Delinquency Survey for the 4th quarter of 2003, Addendum. The survey covers tens of millions of mortgage loans serviced by mortgage bankers, commercial banks, savings banks, savings and loan associations and insurance companies. According to the survey, national new-foreclosure rates have been higher again in the last few quarters, but have not risen to the levels reported in 2001 and 2002.

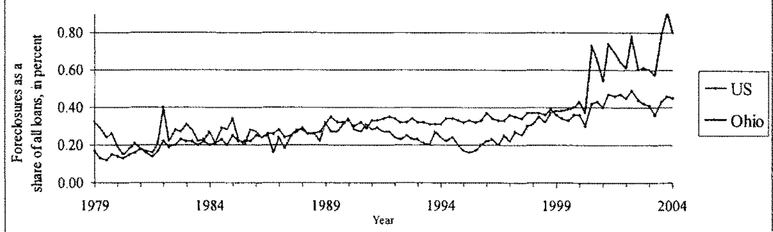
[11] Mortgage Bankers Association, National Delinquency Survey, 1979 to latest release. The quarterly survey data for each individual state are not seasonally adjusted, so changes from one quarter to the next may in part reflect seasonality. Each quarter is most meaningfully compared with the same quarter from previous years. All comparisons between Ohio and the U.S. made here rely on data that are not seasonally adjusted.

[12] The Ohio rate in the first quarter of 2004 was 4.93 percent, compared to the U.S. figure of 3.94 percent.

[13] The MBA distinguishes between foreclosures started each quarter (including those lenders have sent to attorneys to begin the foreclosure process and deeds in lieu of foreclosure) and the "inventory" of foreclosures at the end of each quarter (meaning all those foreclosures that were in process and had not been completed).

[14] Mortgage Bankers Association, National Delinquency Survey, Data as of March 31, 2004. This statistic can vary from one state to another based on state laws and regulations, and how quickly foreclosures are completed as a result.

Quarterly Foreclosure Starts,
1979 to First Quarter 2004




Source: Mortgage Bankers Association National Delinquency Survey. Figures are not seasonally adjusted.

Thus, while last year's smaller growth in new foreclosure filings is an improvement from recent big increases, it still leaves Ohio with extremely high foreclosure levels. In Summit and Stark counties, foreclosure filings through June of this year were on track to equal last year's records, according to the *Akron Beacon Journal*.[15] The leveling off of foreclosures probably will lead eventually to lower growth in sheriff sales as well, but such sales may well continue to increase this year, since they often come many months after foreclosure filings. A number of sheriff departments indicated in recent interviews that this is indeed the case. "I don't expect it to slow down any time soon," said an official in Lucas County. In any event, the number would have to drop sharply to return to levels of a decade ago.

The counties with the largest number of sheriff sales in relation to the number of households include ones that are thinly populated, such as Morrow and Preble, and urban, such as Montgomery and Summit. In Marion County, ranked No. 1 in the state in households per sheriff sale, nearly 1 in 63 households saw their home put up in a sheriff sale in 2003. Those five counties, along with Highland County, were in the top 10 in Ohio both by that measure and in the number of foreclosures per household. Table 1 on the following page shows the 10 counties in Ohio with the greatest number of sheriff sales in relation to the number of households.

[15] Irwin, Gloria, "Area bankruptcy filings still rising," *The Akron Beacon Journal*, July 13, 2004.

Table 1

**Ohio Counties with Highest Sheriff Sale Rates in 2003**

| County | Households in 2000 | 2003 Sales | Households/ 2003 Sales |
|---|---|---|---|
| **Marion** | 24,578 | 390 | 63 |
| **Pike** | 10,444 | 156 | 67 |
| **Highland** | 15,587 | 208 | 75 |
| **Preble** | 16,001 | 212 | 75 |
| **Allen** | 40,646 | 493 | 82 |
| **Montgomery** | 229,229 | 2,766 | 83 |
| **Morrow** | 11,499 | 135 | 85 |
| **Union** | 14,346 | 168 | 85 |
| **Logan** | 17,956 | 210 | 86 |
| **Summit** | 217,788 | 2,469 | 88 |

Source: Policy Matters Ohio survey of county sheriff departments

Sheriff sales quadrupled between 2001 and 2003 in Putnam County. Four other counties in Northwest Ohio, Wood, Fulton, Ottawa and Van Wert, also ranked among the top ten in growth in sheriff sales over that two-year period. However, Jefferson and Wayne counties on the eastern side of the state also were among those that saw the largest growth.[16] Preble and Union counties have the dubious distinction of being both among the top 10 in households per sheriff sale and for largest increase between 2001 and 2003. Table 2 shows data for the 10 counties that experienced the greatest relative increase in properties put up for sale between 2001 and 2003:

Table 2

**Ohio Counties with the Greatest Growth in Sheriff Sales, 2001-2003**

| County | 2001 Sales | 2003 Sales | Change 2001-2003 |
|---|---|---|---|
| **Putnam** | 12 | 48 | 300% |
| **Wood** | 43 | 171 | 298% |
| **Noble** | 5 | 17 | 240% |
| **Preble** | 63 | 212 | 237% |
| **Fulton** | 31 | 97 | 213% |
| **Jefferson** | 54 | 158 | 193% |
| **Union** | 64 | 168 | 163% |
| **Wayne** | 92 | 235 | 155% |
| **Ottawa** | 53 | 135 | 155% |
| **Van Wert** | 45 | 108 | 140% |

Source: Policy Matters Ohio survey of county sheriff departments

**Big Counties**

About 63 percent of all 2003 sales occurred in the 10 most populous Ohio counties, in which about 58 percent of all households are located (these data and those in the next paragraph reflect the 81 counties covered in the survey). While these urban counties account for a slightly larger

[16] Recent growth does not necessarily mean that these counties have relatively high rates of sheriff sales per household compared to others. Noble, Wood and Putnam, for instance, remain low on that list.

share of the total than they do of the state's households, sheriff sales have been growing there at about the same rate as the state as a whole. Between 2001 and 2003, they increased 56 percent in the 10 largest counties, compared to 57 percent for the 81 counties covered in the survey. Among the large counties, sheriff sales have grown the most in Cuyahoga and Lucas, where they doubled over two years' time, while growing the least in Lorain and Mahoning counties. Montgomery and Summit counties top the large-county list in properties put up for sale per household. Table 3 shows sheriff sales and new foreclosure filings in Ohio's 10 most populous counties:

Table 3

**Sheriff Sales and Foreclosure Filings in Ohio's Largest Counties, 2001-2003**

| County | 2003 Sales | 2001-2003 Change | 2003 Foreclosure Filings | 2001-2003 Change | Households in 2000 | Households/ 2003 Sheriff Sales | Households/ 2003 Foreclosure Filings |
|---|---|---|---|---|---|---|---|
| **Butler (Hamilton)** | 1,365 | 47% | 1,853 | 35% | 123,082 | 90 | 66 |
| **Cuyahoga (Cleveland)** | 4,421 | 111% | 8,686 | 25% | 571,457 | 129 | 66 |
| **Franklin (Columbus)** | 4,476 | 29% | 6,072 | 20% | 438,778 | 98 | 72 |
| **Hamilton (Cincinnati)** | 3,041 | 79% | 4,076 | 32% | 346,790 | 114 | 85 |
| **Lorain (Lorain)** | 765 | 14% | 1,465 | 32% | 105,836 | 138 | 72 |
| **Lucas (Toledo)** | 1,585 | 107% | 2,561 | 42% | 182,847 | 115 | 71 |
| **Mahoning (Youngstown)** | 785 | 20% | 1,443 | 43% | 102,587 | 131 | 71 |
| **Montgomery (Dayton)** | 2,766 | 29% | 4,220 | 34% | 229,229 | 83 | 54 |
| **Stark (Canton)** | 1,218 | 56% | 2,119 | 35% | 148,316 | 122 | 70 |
| **Summit (Akron)** | 2,469 | 66% | 3,352 | 33% | 217,788 | 88 | 65 |
| **Ten-County Total** | **22,891** | **56%** | **35,847** | **30%** | **2,466,710** | **108** | **69** |

Source: Policy Matters Ohio survey of county sheriff departments, Ohio Supreme Court

Ohio's 40 metropolitan counties – those that are designated by the U.S. Office of Management and Budget as part of Metropolitan Statistical Areas based on commuting patterns – account for a slightly greater share of sheriff sales (86 percent) than they do of households (84 percent).[17] Here, too, the 57 percent growth between 2001 and 2003 has paralleled that in 81 Ohio counties for which data are available.

Sheriff sales in the 25 Appalachian counties covered by the survey grew by 45 percent over the past two years, below the state average. These counties, in fact, account for a somewhat smaller share of the properties put up for sale, 9 percent, than they do of the state's households, 11 percent.[18] Five Appalachian counties rank lowest in the state in number of sheriff sales per household.[19]

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[17] These 40 counties include Ohio counties in the following metropolitan areas: Akron, Canton-Massillon, Cincinnati-Middletown, Cleveland-Elyria-Mentor, Columbus, Dayton, Huntington, W. Va.-Ashland, Ky., Lima, Mansfield, Parkersburg, W. Va.-Marietta, Sandusky, Springfield, Toledo, Steubenville-Weirton, W. Va., Wheeling, W. Va., and Youngstown-Warren-Boardman. Among those included are seven Appalachian counties.

[18] The three Appalachian counties that did not respond were Ross, Scioto and Gallia. As noted above, Jackson responded with 2003 data, but did not provide data from 2001.

[19] Monroe, Athens, Vinton, Belmont and Noble, in that order.

One reason for the lower level of sheriff sales in the Appalachian counties may be that a greater proportion of households live in mobile homes. When buyers fall behind on their payments, mobile homes are repossessed, not foreclosed. In the 25 Appalachian counties covered by the survey, mobile homes accounted for 14.5 percent of the housing units, compared to just 4.6 percent statewide.[20] Some observers have suggested that a greater number of land-contract deals, in which nonpayment most often results in eviction as opposed to foreclosure, also may contribute to the lower-than-average Appalachian numbers.

**Reasons for the Growth**

Tracing the exact reasons for the increase in Ohio foreclosures and sheriff sales is impossible. However, both the state's sluggish economy and predatory lending practices undoubtedly contribute importantly. Policy Matters Ohio's previous 2002 report showed that foreclosures and sheriff sales grew dramatically during the long economic expansion of the 1990s. According to that survey, the number of sheriff sales in the state tripled between the mid-1990s and 2001, with the vast bulk of that growth before the recession arrived.[21] The economic downturn and weak rebound in Ohio put new pressure on many families. Between the official beginning of the recession in March 2001 and December 2003, Ohio lost 236,700 jobs, about two-thirds of them in manufacturing. "We have had two manufacturing plants close in our area," said the respondent in the Putnam County Sheriff's office, "bring in more industry and stop closing manufacturers."

Sheriff departments were asked in the survey to rank factors contributing to foreclosures in their counties. The list included: Predatory lending, weak economy, job loss, divorce or family breakup, or other, and the departments were asked to cite other factors not mentioned. Of the 57 departments that answered that question, 31 ranked predatory lending first. Sixteen cited job loss or a weak economy as the top explanation, and five named divorce or family breakup. Nine added other reasons, including several who cited medical problems or who blamed easy credit and irresponsible conduct by borrowers.[22]

Sheriff departments commented that many inappropriate loans are being made. "I am finding more often than not, that houses are appraising at less than is owed, indicating that more was borrowed than the house was worth to begin with," said a deputy in Miami County. A clerk in Perry County wrote: "I'm not sure about policies, but I'm amazed at some of the loans that are granted to some of these homes that are foreclosed on. The loan well exceeds the value of the home." Some respondents said that borrowers should be more careful and not live beyond their means. "You can't regulate people's responsibility, that is a personal issue," said one. Others, however, called for consumer education, counseling or a crackdown on predatory practices. A Mercer County official said: "Loans are being given to people when they can't afford them at extremely high interest rates. Someone needs to protect the people from being taken advantage of."

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[20] U.S. Census Bureau, DP-4. Profile of Selected Housing Characteristics: 2000. Census 2000 Summary File 3 (SF 3) - Sample Data.

[21] *Home Insecurity: Foreclosure Growth in Ohio.* As outlined in the Methodology section of the current report, the 2004 survey turned up a somewhat smaller number of sheriff sales in 2001 than the earlier Policy Matters Ohio survey. Because sheriffs are not required to track these sales in a standard fashion, mid-1990s data collected by Euclid Community Concerns and used above probably also had a small degree of inaccuracy. However, the increase between the mid-1990s and 2001 was clearly gigantic.

[22] Responses do not add to 57 because of those who gave multiple reasons.

Predatory lending covers an array of practices. In a report earlier this year, the Government Accountability Office said: "While there is no uniformly accepted definition of predatory lending, a number of practices are widely acknowledged to be predatory. These include, among other things, charging excessive fees and interest rates, lending without regard to borrowers' ability to repay, refinancing borrowers' loans repeatedly over a short period of time without any economic gain for the borrower (referred to as "loan flipping"), and committing outright fraud or deception--for example, falsifying documents or intentionally misinforming borrowers about the terms of a loan. These types of practices offer lenders that originate predatory loans potentially high returns even if borrowers default, because many of these loans require excessive up-front fees."[23]

Other specific practices that are often predatory include prepayment penalties if a borrower refinances or pays a loan off early; balloon payments; expensive single-premium credit insurance, which rolls the full cost of a multi-year insurance policy into a loan so that the borrower pays interest on it over the life of the loan; and preventing a borrower from taking legal action against a lender through mandatory arbitration clauses.

A study last year by the Housing Research & Advocacy Center in Cleveland found that foreclosures in that city and Cuyahoga County increasingly have predatory characteristics.[24] It found that more than 58 percent of foreclosed loans in Cuyahoga County displayed predatory characteristics in 2001, an increase from 42 percent in 1997. In the city of Cleveland in 2001, 67 percent of the foreclosures it sampled had at least one of five characteristics: they included a balloon payment, prepayment penalties, payment in full on demand, mandatory arbitration or credit insurance. Just four years earlier, in 1997, only 38 percent fit that same profile.

No comprehensive data are available on the incidence of predatory practices, the GAO noted in its report, "but banking regulators, consumer advocates, and industry participants generally agree that predatory loans are most likely to occur in the market for "subprime" loans."[25] Subprime loans, offered at higher cost than conventional loans to customers who have had credit problems, have allowed some families to buy homes that otherwise would have been unable to do so. However, they also figure prominently in Ohio's foreclosure problems.

Subprime lending has skyrocketed nationally since the early 1990s. One indicator is the volume of securities backed by such mortgages, which rose from $17 billion in 1995 to $195 billion in 2003.[26] Ohio has been no exception to the trend. And according to data from the Mortgage Bankers Association survey, more than one in every nine subprime 1- to 4-unit residential mortgage loans in Ohio was in the process of foreclosure proceedings as of the first quarter of

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[23] *Consumer Protection: Federal and State Agencies Face Challenges in Combating Predatory Lending,* Government Accountability Office report number GAO-04-412T, released February 24, 2004
[24] The Housing Research & Advocacy Center, *Foreclosure Identification and Prevention,* December 2003.
[25] GAO report, op. cit.
[26] Andrews, Edmund L., "The Ever More Graspable, And Risky, American Dream," *The New York Times,* June 24, 2004. The story cited Inside Mortgage Finance, an industry research firm in Bethesda, Md., as its source for the data. Essentially, a buyer of these securities is investing in a pool of mortgage loans that has been packaged together for investment.

2004.[27] A 2002 report by the Ohio Community Reinvestment Project that examined foreclosures in three Ohio counties in detail found that, "Loan for loan, subprime lending generated more than three times as many home foreclosure filings as conforming, prime loans." The study, which examined foreclosure filings in Lorain, Montgomery and Summit counties in 1997, 1999 and 2001, found a 333 percent increase in foreclosure filings resulting from subprime loans during that time, compared to a 122 percent increase resulting from prime loans.[28] A recent study of the Chicago area published by the Woodstock Institute, a fair lending advocacy group there, found after controlling for neighborhood demographics and economic conditions that subprime loans lead to foreclosures at twenty or more times the rate than do prime loans. "Given the impact of foreclosures on neighborhood vitality and stability, especially in modest-income neighborhoods where foreclosures more often lead to abandonment and blight, this cost of high-risk lending should be given more weight in policy discussions."[29]

Several studies have found that African-American neighborhoods have much higher levels of subprime lending than white neighborhoods, even after controlling for residents' credit history or income.[30] Minority and elderly borrowers often have been targeted by predatory lenders. Consumer advocates have asked that the Ohio Civil Rights Commission undertake systemic investigations of predatory lending practices throughout the state of Ohio, the purpose of which would be to determine if minorities or women were targeted by subprime or predatory lenders. But so far, the commission has taken no action, according to Charles Bromley, director of the Housing Research and Advocacy Center.

**The Policy Response**

The Ohio General Assembly took a modest step in 2001 when it passed Senate Bill 76 covering mortgage brokers. The law required licensing and state background checks for loan officers, mandated testing and continuing education requirements for loan officers and operations managers, and created new standards of conduct as well as strengthened criminal penalties for violations.[31]

In 2002, the Ohio General Assembly passed House Bill 386, which simply squared Ohio law with triggers under the federal Home Ownership and Equity Protection Act for stricter prohibitions and penalties on certain high-cost loans. It provided little additional protection and restricted Ohio cities and localities from passing regulations against predatory lenders, while setting up a Predatory Lending Study Committee to report to the General Assembly. The bill also

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[27] Mortgage Bankers Association, National Delinquency Survey, Data as of March 31, 2004. The MBA reported that 11.94 percent of the subprime loans were in the foreclosure process at the end of the first quarter, more than double the U.S. rate.

[28] Bellamy, Paul. *The Expanding Role of Subprime Lending in Ohio's Burgeoning Foreclosure Problem, A Three County Study of a Statewide Problem,* September 2002

[29] Immergluck, Dan and Geoff Smith, *Risky Business -- An Econometric Analysis of the Relationship Between Subprime Lending and Neighborhood Foreclosures*, Woodstock Institute, March 2004, pp. 23-4.

[30] Ibid, p. 2. See also *Unequal Burden: Income & Racial Disparities in Subprime Lending in America*, Department of Housing & Urban Development, April 2000.

[31] Ohio Legislative Service Commission, Fiscal Note and Local Impact Statement, Am. Sub. S.B. 76, as enacted. June 13, 2001. http://www.lbo.state.oh.us/fiscal/fiscalnotes/124ga/SB0076EN.HTM, retrieved Aug. 4, 2004. See also the LSC's final bill analysis.

created a new Consumer Affairs Office within the Department of Commerce's Division of Financial Institutions and appropriated $800,000 over fiscal 2002-2003 to operate it.[32]

In June 2003, after hearing 63 witnesses and holding 13 meetings, the committee all agreed on just a single recommendation: Mandatory licensing for all appraisers.[33] Among others who cited the issue, the superintendent of the Ohio Department of Commerce's Real Estate Division told the committee that inflated appraisal values were an "insidious and growing problem" that played a key role in predatory lending. "Anne Moorhead-Petit told the Predatory Lending Study Committee that Ohio's voluntary appraiser licensing system provides "a window of opportunity" for fraud and abuse that is a common cause of mortgage foreclosure," reported *Gongwer News Service*.[34]

The committee also reported a "significant consensus" in four other areas, which it officially recommended the General Assembly take into serious consideration:

- National criminal background checks for appraisers
- Restrictions on "coercion" of appraisers by lenders
- National criminal background checks for brokers, and
- Increased enforcement of SB 76 and HB 386.

The committee said that other items that had not gotten consensus "should also be considered and debated thoroughly." Among other things, these included application of the Consumer Sales Practices Act to various segments of the lending community; lowering the trigger on points and fees where regulation under HB 386 would apply; prohibitions on encouraging default, flipping and mandatory arbitration; codifying in the law specific affirmative mortgage broker duties to their clients and other proposals backed by consumer advocates.[35]

In March 2004, Sen. Tom Roberts introduced a bill (Senate Bill 205) that would incorporate many of the recommendations that consumer advocates had called for, tightening up on predatory lenders and aiding its victims.[36] SB 205 would extend the prohibition on unfair and deceptive sales practices to non-bank lending and debt collection firms, give consumers more rights to sue when predatory practices take place, provide enhanced damages when the victim is elderly or has a disability, and ban loan flipping and other practices. However, Roberts's bill has not even received a hearing.

In May, Rep. Chuck Blasdel, who chaired the study committee, introduced a bill (House Bill 482) that would embody most of its consensus recommendations and require appraiser licensing

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[32] Ohio Legislative Service Commission, Fiscal Note and Local Impact Statement, Sub. H.B. 386, As enacted. Feb. 12, 2002. http://www.lbo.state.oh.us/fiscal/fiscalnotes/124ga/HB0386EN.HTM, retrieved July 27, 2004 The office, which does consumer education, handles complaints and may help initiate enforcement actions involving lending laws, was budgeted to receive $518,000 in fiscal 2004 ended June 30 and $474,000 in fiscal 2005. Interview with Denise Lee, Ohio Department of Commerce, Aug. 4, 2004

[33] Predatory Lending Study Committee Report, June 24, 2003.

[34] Gongwer News Service Ohio Report, "Faulty appraisals play key role in predatory lending, witnesses say," Volume #72, Report #84 --Thursday, May 1, 2003

[35] Predatory Lending Study Committee Report

[36] Gongwer News Service Ohio Report, "Roberts calls for increased regulation of "predatory" lending practices," Volume #73, Report #53, March 18, 2004. See http://www.legislature.state.oh.us/bills.cfm?ID=125_SB_205 retrieved July 27, 2004

and national criminal background checks for mortgage brokers, loan officers and appraisers, as well as prohibit anyone from knowingly affecting the independent judgment of an appraiser on a dwelling's value.[37] It also would make instruction in personal economics a high-school graduation requirement. The bill was introduced not long before the summer recess, and has not yet advanced in the legislature.

Some Ohio cities have taken their own steps to try and combat predatory lending, or cope with the fallout from it. Cities including Dayton, Cleveland and Toledo, have passed their own ordinances to protect citizens from predatory lending. However, so far courts have struck down the Dayton and Toledo ordinances, citing HB 386, the state law.[38] In Cleveland, a district court similarly ruled against the city. However, an appeals court allowed the law to remain in force while the appeal is being considered.[39] Cleveland has devoted funds to foreclosure prevention assistance for city residents, and Summit County Council is considering the establishment of an office that would do so. Under a $4 million initiative in Dayton, victims of predatory lending may apply for lower-cost refinancing.[40] However, as the sheriffs' answers indicated, more action is needed. Ohio lawmakers "have done little to protect consumers," the *Dayton Daily News* editorialized recently. "Regulation is loose and little money is available for law enforcement."[41]

**Recommendations**

More than a year after the Predatory Lending Study Committee concluded its work, the Ohio General Assembly has yet to provide needed protection for consumers against abusive lending practices. Both SB 205 introduced by Sen. Roberts and HB 482 introduced by Rep. Blasdel would add needed safeguards for consumers, and deserve speedy legislative approval. The House bill stands a better chance of passage, but by itself, the bill does not go far enough. If legislators are reluctant to approve all of the broader protections that are provided in the Senate bill, they should at least cover mortgage lending through the Consumer Sales Practices Act, as the vast majority of states do. This would prohibit unfair, deceptive and unconscionable acts between mortgage lenders and their customers and give consumers the right to bring private suits for lending fraud.

In the last two years, more than 112,000 foreclosures have been filed in Ohio. Sheriff sales have rocketed upward, claiming homes from Ohioans across the state. "It's amazing what we're seeing," said one sheriff department official. Ohio's lawmakers need to respond.

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[37] HB 482, http://www.legislature.state.oh.us/bills.cfm?ID=125_HB_482 retrieved July 26, 2004

[38] Reiter, Mark and Tom Troy, "Judge throws out Toledo's predatory lending law,", *The Toledo Blade*, July 22, 2004; Modic, Rob, "Dayton's predatory lending rule barred," *The Dayton Daily News*, June 19, 2004; Dayton v. State, 2004-Ohio-3141.

[39] Murray, Teresa Dixon. "Judge's ruling opens door to home lenders." *The Plain Dealer*, Oct. 3, 2003, and "Cleveland Can Renew High-Cost-Loan Law," Feb. 7, 2004.

[40] Bebbington, Jim, "Pool of $4 million to assist victims of predatory lending," *The Dayton Daily News*, June 30, 2004.

[41] "Banks deserve little credit for loan program," *Dayton Daily News*, July 10, 2004

**Methodology**

This study used 2001-2003 foreclosure filing data gathered and reported by the Ohio Supreme Court from every county's clerk of courts. Sheriff sales are carried out and documented by the sheriff's department in each Ohio county. These sales are not reported at the state level. We contacted the sheriff's department in every Ohio county, by mail and by telephone, to request the number of properties put up for sale in the years 2001, 2002 and 2003. We requested property foreclosure data, not including tax foreclosures; the number of properties put up for sale each year; and the number actually sold. We also asked departments to rank factors they saw contributing to foreclosures in their counties, and suggest policy changes. Eighty-two counties provided data for 2003 on the number of properties put up for sale, representing 96.7 percent of the state's population. Data from the survey are included in Tables 4 and 6 in the Appendix.

This study updates a similar Policy Matters Ohio survey conducted in 2002. In the current survey, 71 counties provided data for 2001. In 10 counties that provided 2003 data but no or incomplete 2001 data, we have used numbers provided by those counties in the earlier Policy Matters survey.[42] Such counties are italicized in Table 4. In some instances, departments provided data in the 2004 survey that conflicted with what was provided in the earlier survey. In some counties the difference was substantial. In Table 4 we have identified with an asterisk those counties in which it was greater than 20 percent. Sheriffs are not required to track their sales of properties in any standard way, so some may have interpreted the survey differently than others or used different definitions in answering the two surveys. For instance, in a couple of cases, tax foreclosures were included in one year and not in another.

The two surveys both obtained 2001 data from 67 of the same counties. For these counties, the current survey found 20,381 properties put up for sale, compared to 22,694 in the 2002 survey, or a 10 percent difference. We checked again with many of those counties that showed the largest differences, and used the 2004 data they provided. These changes, along with a difference in which counties responded between the two surveys, explain why some numbers from the two reports differ. However, the increase in properties put up for sale is substantial, whichever set of 2001 data is used.

The Policy Matters Ohio studies update previous research conducted in 2001 by Kent Smith of Euclid Community Concerns, reporting data on properties put up for sale from 1994 through 2000. Because 29 counties were unable to provide numbers of all three of the years 1994, 1995 and 1996, we chose to average the reported data for those three years. Seventy-eight of the 88 counties were able to provide data for at least one of the three years 1994, 1995 and 1996.

[42] Jackson County reported 2003 data, but did not report 2001 data either in this survey or the previous Policy Matters Ohio survey.

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Table 4

**Sheriff Sales in Ohio Counties, 2001-2003**

| Counties | 2001 Sales | 2002 Sales | 2003 Sales | 2001-2002 Change | 2002-2003 Change | 2001-2003 Change | 2001-2003 Rank in Growth |
|---|---|---|---|---|---|---|---|
| **Adams** | 57 | 101 | 92 | 77% | -9% | 61% | 42 |
| **Allen*** | 234 | 424 | 493 | 81% | 16% | 111% | 15 |
| **Ashland** | 108 | 86 | 135 | -20% | 57% | 25% | 66 |
| **Ashtabula** | 241 | N/A | N/A | N/A | N/A | N/A | N/A |
| ***Athens*** | 54 | N/A | 65 | N/A | N/A | 20% | 69 |
| **Auglaize** | 91 | 121 | 127 | 33% | 5% | 40% | 56 |
| **Belmont** | 133 | 107 | 99 | -20% | -7% | -26% | 81 |
| **Brown*** | 92 | 138 | 116 | 50% | -16% | 26% | 65 |
| **Butler** | 928 | 1163 | 1365 | 25% | 17% | 47% | 48 |
| **Carroll** | 60 | 88 | 98 | 47% | 11% | 63% | 41 |
| **Champaign** | 63 | N/A | N/A | N/A | N/A | N/A | N/A |
| **Clark** | 376 | 468 | 597 | 24% | 28% | 59% | 43 |
| **Clermont** | 263 | 393 | 545 | 49% | 39% | 107% | 17 |
| **Clinton** | 89 | 95 | 126 | 7% | 33% | 42% | 55 |
| **Columbiana** | 197 | 171 | 229 | -13% | 34% | 16% | 72 |
| **Coshocton** | 60 | 105 | 106 | 75% | 1% | 77% | 31 |
| **Crawford** | 101 | 172 | 187 | 70% | 9% | 85% | 28 |
| **Cuyahoga*** | 2093 | 3673 | 4421 | 75% | 20% | 111% | 14 |
| **Darke** | 67 | 90 | 114 | 34% | 27% | 70% | 37 |
| **Defiance** | 64 | 74 | 101 | 16% | 36% | 58% | 44 |
| **Delaware** | 99 | 146 | 208 | 47% | 42% | 110% | 16 |
| **Erie** | 133 | 127 | 203 | -5% | 60% | 53% | 47 |
| **Fairfield*** | 166 | 187 | 237 | 13% | 27% | 43% | 53 |
| ***Fayette*** | 59 | 94 | 103 | 59% | 10% | 75% | 33 |
| **Franklin*** | 3469 | 2552 | 4476 | -26% | 75% | 29% | 63 |
| **Fulton** | 31 | 86 | 97 | 177% | 13% | 213% | 5 |
| **Gallia** | 5 | N/A | N/A | N/A | N/A | N/A | N/A |
| **Geauga** | 110 | 109 | 159 | -1% | 46% | 45% | 51 |
| **Greene** | 266 | 394 | 390 | 48% | -1% | 47% | 49 |
| **Guernsey** | 108 | 116 | 120 | 7% | 3% | 11% | 74 |
| **Hamilton** | 1695 | 2323 | 3041 | 37% | 31% | 79% | 29 |
| **Hancock*** | 96 | 144 | 166 | 50% | 15% | 73% | 35 |
| ***Hardin*** | 117 | N/A | 124 | N/A | N/A | 6% | 75 |
| **Harrison** | 25 | 40 | 36 | 60% | -10% | 44% | 52 |
| **Henry*** | 27 | 56 | 53 | 107% | -5% | 96% | 23 |
| **Highland** | 112 | 144 | 208 | 29% | 44% | 86% | 27 |
| **Hocking** | 54 | 55 | 70 | 2% | 27% | 30% | 60 |
| **Holmes*** | 39 | 54 | 48 | 38% | -11% | 23% | 67 |
| **Huron** | 97 | 163 | 188 | 68% | 15% | 94% | 24 |
| **Jackson** | N/A | N/A | 80 | N/A | N/A | N/A | N/A |
| **Jefferson*** | 54 | 73 | 158 | 35% | 116% | 193% | 6 |
| **Knox** | 99 | N/A | N/A | N/A | N/A | N/A | N/A |
| **Lake*** | 161 | 308 | 357 | 91% | 16% | 122% | 13 |
| **Lawrence** | 99 | 134 | 98 | 35% | -27% | -1% | 77 |
| **Licking** | 323 | 473 | 623 | 46% | 32% | 93% | 26 |
| **Logan** | 137 | 169 | 210 | 23% | 24% | 53% | 46 |
| ***Lorain*** | 673 | 439 | 765 | -35% | 74% | 14% | 73 |
| **Lucas*** | 767 | 1357 | 1585 | 77% | 17% | 107% | 18 |

Table 4

**Sheriff Sales in Ohio Counties, 2001-2003**

| Counties | 2001 Sales | 2002 Sales | 2003 Sales | 2001-2002 Change | 2002-2003 Change | 2001-2003 Change | 2001-2003 Rank in Growth |
|---|---|---|---|---|---|---|---|
| *Madison* | 114 | N/A | 100 | N/A | N/A | -12% | 80 |
| Mahoning | 653 | 742 | 785 | 14% | 6% | 20% | 70 |
| Marion | 299 | 345 | 390 | 15% | 13% | 30% | 58 |
| Medina | 254 | 274 | 421 | 8% | 54% | 66% | 40 |
| Meigs | 93 | 107 | 98 | 15% | -8% | 5% | 76 |
| Mercer | 64 | 69 | 91 | 8% | 32% | 42% | 54 |
| Miami | 161 | 275 | 328 | 71% | 19% | 104% | 19 |
| Monroe | 11 | 15 | 14 | 36% | -7% | 27% | 64 |
| Montgomery | 2138 | 2,630 | 2766 | 23% | 5% | 29% | 61 |
| *Morgan* | 15 | N/A | 29 | N/A | N/A | 93% | 25 |
| Morrow | 76 | 96 | 135 | 26% | 41% | 78% | 30 |
| Muskingum | 203 | 256 | 264 | 26% | 3% | 30% | 59 |
| Noble* | 5 | 8 | 17 | 60% | 113% | 240% | 3 |
| Ottawa | 53 | 90 | 135 | 70% | 50% | 155% | 9 |
| Paulding | 44 | 44 | 74 | 0% | 68% | 68% | 38 |
| *Perry* | 130 | 101 | 125 | -22% | 24% | -4% | 78 |
| *Pickaway* | 79 | N/A | 93 | N/A | N/A | 18% | 71 |
| Pike | 112 | 154 | 156 | 38% | 1% | 39% | 57 |
| Portage | 213 | 282 | 421 | 32% | 49% | 98% | 22 |
| Preble* | 63 | 127 | 212 | 102% | 67% | 237% | 4 |
| Putnam* | 12 | 35 | 48 | 192% | 37% | 300% | 1 |
| Richland* | 310 | 319 | 378 | 3% | 18% | 22% | 68 |
| Ross | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Sandusky | 64 | 101 | 128 | 58% | 27% | 100% | 20 |
| Scioto | 119 | N/A | N/A | N/A | N/A | N/A | N/A |
| Seneca | 94 | 124 | 163 | 32% | 31% | 73% | 34 |
| Shelby* | 105 | 127 | 180 | 21% | 42% | 71% | 36 |
| Stark | 781 | 922 | 1218 | 18% | 32% | 56% | 45 |
| Summit | 1487 | 1859 | 2469 | 25% | 33% | 66% | 39 |
| Trumbull* | 786 | 1,052 | 704 | 34% | -33% | -10% | 79 |
| Tuscarawas | 146 | 192 | 255 | 32% | 33% | 75% | 32 |
| Union | 64 | 103 | 168 | 61% | 63% | 163% | 7 |
| Van Wert | 45 | 107 | 108 | 138% | 1% | 140% | 10 |
| Vinton* | 11 | 22 | 16 | 100% | -27% | 45% | 50 |
| Warren* | 226 | 374 | 506 | 65% | 35% | 124% | 12 |
| Washington | 70 | 81 | 139 | 16% | 72% | 99% | 21 |
| *Wayne* | 92 | 174 | 235 | 89% | 35% | 155% | 8 |
| Williams | 45 | 53 | 106 | 18% | 100% | 136% | 11 |
| *Wood* | 43 | 151 | 171 | 251% | 13% | 298% | 2 |
| Wyandot | 31 | 34 | 40 | 10% | 18% | 29% | 62 |

*Reported 2001 sheriff sale number differed between 2002 survey and this survey by more than 20 percent.

Italicized counties did not report complete 2001 data in this survey, so data from the previous Policy Matters Ohio survey was used. In addition, five counties (Ashtabula, Champaign, Gallia, Knox, and Scioto) provided 2001 data in the previous survey, but did not provide information for this study.

Table 5

**Foreclosure Filings in Ohio Counties, 2001-2003**

| Counties | 2001 Filings | 2002 Filings | 2003 Filings | 2001-2002 Change | 2002-2003 Change | 2001-2003 Change | Rank in Growth 2001-2003 |
|---|---|---|---|---|---|---|---|
| Adams | 83 | 113 | 110 | 36% | -3% | 33% | 53 |
| Allen | 583 | 678 | 551 | 16% | -19% | -5% | 85 |
| Ashland | 104 | 149 | 176 | 43% | 18% | 69% | 9 |
| Ashtabula | 403 | 531 | 587 | 32% | 11% | 46% | 25 |
| Athens | 89 | 110 | 118 | 24% | 7% | 33% | 52 |
| Auglaize | 124 | 159 | 153 | 28% | -4% | 23% | 70 |
| Belmont | 159 | 161 | 173 | 1% | 7% | 9% | 81 |
| Brown | 186 | 213 | 246 | 15% | 15% | 32% | 55 |
| Butler | 1,370 | 1,654 | 1853 | 21% | 12% | 35% | 44 |
| Carroll | 82 | 120 | 137 | 46% | 14% | 67% | 10 |
| Champaign | 154 | 219 | 221 | 42% | 1% | 44% | 31 |
| Clark | 733 | 904 | 942 | 23% | 4% | 29% | 58 |
| Clermont | 581 | 747 | 776 | 29% | 4% | 34% | 48 |
| Clinton | 139 | 229 | 217 | 65% | -5% | 56% | 13 |
| Columbiana | 392 | 501 | 599 | 28% | 20% | 53% | 16 |
| Coshocton | 93 | 150 | 143 | 61% | -5% | 54% | 14 |
| Crawford | 182 | 215 | 181 | 18% | -16% | -1% | 84 |
| Cuyahoga | 6,959 | 8,987 | 8686 | 29% | -3% | 25% | 64 |
| Darke | 148 | 189 | 203 | 28% | 7% | 37% | 42 |
| Defiance | 87 | 115 | 133 | 32% | 16% | 53% | 15 |
| Delaware | 215 | 290 | 402 | 35% | 39% | 87% | 3 |
| Erie | 215 | 286 | 306 | 33% | 7% | 42% | 34 |
| Fairfield | 398 | 449 | 505 | 13% | 12% | 27% | 61 |
| Fayette | 103 | 116 | 137 | 13% | 18% | 33% | 49 |
| Franklin | 5,077 | 6,104 | 6072 | 20% | -1% | 20% | 74 |
| Fulton | 89 | 129 | 135 | 45% | 5% | 52% | 17 |
| Gallia | 67 | 71 | 79 | 6% | 11% | 18% | 78 |
| Geauga | 180 | 204 | 228 | 13% | 12% | 27% | 62 |
| Greene | 443 | 513 | 549 | 16% | 7% | 24% | 67 |
| Guernsey | 162 | 158 | 208 | -2% | 32% | 28% | 59 |
| Hamilton | 3,080 | 4,117 | 4076 | 34% | -1% | 32% | 54 |
| Hancock | 162 | 185 | 200 | 14% | 8% | 23% | 69 |
| Hardin | 122 | 171 | 152 | 40% | -11% | 25% | 66 |
| Harrison | 58 | 57 | 53 | -2% | -7% | -9% | 87 |
| Henry | 71 | 76 | 79 | 7% | 4% | 11% | 80 |
| Highland | 198 | 242 | 254 | 22% | 5% | 28% | 60 |
| Hocking | 77 | 108 | 131 | 40% | 21% | 70% | 8 |
| Holmes | 42 | 72 | 78 | 71% | 8% | 86% | 4 |
| Huron | 175 | 204 | 248 | 17% | 22% | 42% | 36 |
| Jackson | 123 | 183 | 185 | 49% | 1% | 50% | 19 |
| Jefferson | 179 | 210 | 213 | 17% | 1% | 19% | 76 |
| Knox | 174 | 222 | 235 | 28% | 6% | 35% | 45 |
| Lake | 655 | 788 | 783 | 20% | -1% | 20% | 75 |
| Lawrence | 145 | 169 | 182 | 17% | 8% | 26% | 63 |
| Licking | 517 | 674 | 781 | 30% | 16% | 51% | 18 |
| Logan | 182 | 228 | 224 | 25% | -2% | 23% | 71 |
| Lorain | 1,111 | 1,442 | 1465 | 30% | 2% | 32% | 56 |

Table 5

**Foreclosure Filings in Ohio Counties, 2001-2003**

| Counties | 2001 Filings | 2002 Filings | 2003 Filings | 2001-2002 Change | 2002-2003 Change | 2001-2003 Change | Rank in Growth 2001-2003 |
|---|---|---|---|---|---|---|---|
| Lucas | 1,807 | 2,509 | 2561 | 39% | 2% | 42% | 35 |
| Madison | 111 | 156 | 158 | 41% | 1% | 42% | 33 |
| Mahoning | 1,012 | 1,301 | 1443 | 29% | 11% | 43% | 32 |
| Marion | 340 | 399 | 414 | 17% | 4% | 22% | 72 |
| Medina | 402 | 451 | 581 | 12% | 29% | 45% | 29 |
| Meigs | 69 | 63 | 62 | -9% | -2% | -10% | 88 |
| Mercer | 90 | 115 | 96 | 28% | -17% | 7% | 82 |
| Miami | 247 | 402 | 423 | 63% | 5% | 71% | 7 |
| Monroe | 10 | 23 | 27 | 130% | 17% | 170% | 1 |
| Montgomery | 3,152 | 3881 | 4220 | 23% | 9% | 34% | 47 |
| Morgan | 26 | 32 | 39 | 23% | 22% | 50% | 20 |
| Morrow | 129 | 177 | 233 | 37% | 32% | 81% | 5 |
| Muskingum | 269 | 369 | 371 | 37% | 1% | 38% | 40 |
| Noble | 26 | 22 | 24 | -15% | 9% | -8% | 86 |
| Ottawa | 96 | 145 | 139 | 51% | -4% | 45% | 27 |
| Paulding | 83 | 90 | 107 | 8% | 19% | 29% | 57 |
| Perry | 138 | 159 | 192 | 15% | 21% | 39% | 39 |
| Pickaway | 130 | 169 | 188 | 30% | 11% | 45% | 28 |
| Pike | 73 | 84 | 103 | 15% | 23% | 41% | 37 |
| Portage | 378 | 586 | 550 | 55% | -6% | 46% | 26 |
| Preble | 168 | 256 | 248 | 52% | -3% | 48% | 23 |
| Putnam | 44 | 67 | 84 | 52% | 25% | 91% | 2 |
| Richland | 479 | 579 | 559 | 21% | -3% | 17% | 79 |
| Ross | 226 | 260 | 310 | 15% | 19% | 37% | 41 |
| Sandusky | 130 | 181 | 193 | 39% | 7% | 48% | 21 |
| Scioto | 207 | 288 | 289 | 39% | 0% | 40% | 38 |
| Seneca | 162 | 194 | 221 | 20% | 14% | 36% | 43 |
| Shelby | 165 | 175 | 219 | 6% | 25% | 33% | 51 |
| Stark | 1,570 | 2,021 | 2119 | 29% | 5% | 35% | 46 |
| Summit | 2,525 | 3,214 | 3352 | 27% | 4% | 33% | 50 |
| Trumbull | 882 | 1,196 | 1092 | 36% | -9% | 24% | 68 |
| Tuscarawas | 212 | 284 | 252 | 34% | -11% | 19% | 77 |
| Union | 129 | 151 | 189 | 17% | 25% | 47% | 24 |
| Van Wert | 99 | 122 | 120 | 23% | -2% | 21% | 73 |
| Vinton | 34 | 32 | 35 | -6% | 9% | 3% | 83 |
| Warren | 458 | 660 | 723 | 44% | 10% | 58% | 12 |
| Washington | 127 | 161 | 209 | 27% | 30% | 65% | 11 |
| Wayne | 184 | 254 | 272 | 38% | 7% | 48% | 22 |
| Williams | 87 | 111 | 153 | 28% | 38% | 76% | 6 |
| Wood | 227 | 270 | 283 | 19% | 5% | 25% | 65 |
| Wyandot | 45 | 53 | 65 | 18% | 23% | 44% | 30 |
| **Ohio** | **43,419** | **55,274** | **57083** | **27%** | **3%** | **31%** | |

Table 6

**Sheriff Sales and Foreclosure Rates in 2003**

| Counties | Households in 2000 | 2003 Sales | Households / 2003 Sales | 2003 Sales Rate Rank | 2003 Fore-closure Filings | Households/ 2003 Filings | 2003 Filing Rate Rank |
|---|---|---|---|---|---|---|---|
| **Adams** | 10,501 | 92 | 114 | 26 | 110 | 95 | 47 |
| **Allen** | 40,646 | 493 | 82 | 5 | 551 | 74 | 24 |
| **Ashland** | 19,524 | 135 | 145 | 51 | 176 | 111 | 60 |
| **Ashtabula** | 39,397 | N/A | N/A | N/A | 587 | 67 | 12 |
| **Athens** | 22,501 | 65 | 346 | 81 | 118 | 191 | 87 |
| **Auglaize** | 17,376 | 127 | 137 | 46 | 153 | 114 | 61 |
| **Belmont** | 28,309 | 99 | 286 | 79 | 173 | 164 | 85 |
| **Brown** | 15,555 | 116 | 134 | 41 | 246 | 63 | 6 |
| **Butler** | 123,082 | 1,365 | 90 | 12 | 1,853 | 66 | 11 |
| **Carroll** | 11,126 | 98 | 114 | 24 | 137 | 81 | 32 |
| **Champaign** | 14,952 | N/A | N/A | N/A | 221 | 68 | 13 |
| **Clark** | 56,648 | 597 | 95 | 14 | 942 | 60 | 4 |
| **Clermont** | 66,013 | 545 | 121 | 30 | 776 | 85 | 36 |
| **Clinton** | 15,416 | 126 | 122 | 33 | 217 | 71 | 16 |
| **Columbiana** | 42,973 | 229 | 188 | 64 | 599 | 72 | 20 |
| **Coshocton** | 14,356 | 106 | 135 | 43 | 143 | 100 | 51 |
| **Crawford** | 18,957 | 187 | 101 | 19 | 181 | 105 | 58 |
| **Cuyahoga** | 571,457 | 4,421 | 129 | 36 | 8,686 | 66 | 10 |
| **Darke** | 20,419 | 114 | 179 | 61 | 203 | 101 | 52 |
| **Defiance** | 15,138 | 101 | 150 | 52 | 133 | 114 | 62 |
| **Delaware** | 39,674 | 208 | 191 | 66 | 402 | 99 | 49 |
| **Erie** | 31,727 | 203 | 156 | 54 | 306 | 104 | 57 |
| **Fairfield** | 45,425 | 237 | 192 | 67 | 505 | 90 | 43 |
| **Fayette** | 11,054 | 103 | 107 | 22 | 137 | 81 | 31 |
| **Franklin** | 438,778 | 4,476 | 98 | 17 | 6,072 | 72 | 22 |
| **Fulton** | 15,480 | 97 | 160 | 56 | 135 | 115 | 64 |
| **Gallia** | 12,060 | N/A | N/A | N/A | 79 | 153 | 82 |
| **Geauga** | 31,630 | 159 | 199 | 69 | 228 | 139 | 72 |
| **Greene** | 55,312 | 390 | 142 | 49 | 549 | 101 | 53 |
| **Guernsey** | 16,094 | 120 | 134 | 42 | 208 | 77 | 26 |
| **Hamilton** | 346,790 | 3,041 | 114 | 25 | 4,076 | 85 | 37 |
| **Hancock** | 27,898 | 166 | 168 | 58 | 200 | 139 | 73 |
| **Hardin** | 11,963 | 124 | 96 | 15 | 152 | 79 | 28 |
| **Harrison** | 6,398 | 36 | 178 | 60 | 53 | 121 | 67 |
| **Henry** | 10,935 | 53 | 206 | 71 | 79 | 138 | 71 |
| **Highland** | 15,587 | 208 | 75 | 3 | 254 | 61 | 5 |
| **Hocking** | 10,843 | 70 | 155 | 53 | 131 | 83 | 34 |
| **Holmes** | 11,337 | 48 | 236 | 73 | 78 | 145 | 78 |
| **Huron** | 22,307 | 188 | 119 | 29 | 248 | 90 | 42 |
| **Jackson** | 12,619 | 80 | 158 | 55 | 185 | 68 | 14 |
| **Jefferson** | 30,417 | 158 | 193 | 68 | 213 | 143 | 76 |
| **Knox** | 19,975 | N/A | N/A | N/A | 235 | 85 | 35 |
| **Lake** | 89,700 | 357 | 251 | 74 | 783 | 115 | 63 |
| **Lawrence** | 24,732 | 98 | 252 | 75 | 182 | 136 | 69 |
| **Licking** | 55,609 | 623 | 89 | 11 | 781 | 71 | 18 |
| **Logan** | 17,956 | 210 | 86 | 9 | 224 | 80 | 29 |
| **Lorain** | 105,836 | 765 | 138 | 47 | 1,465 | 72 | 21 |

Table 6

**Sheriff Sales and Foreclosure Rates in 2003**

| Counties | Households in 2000 | 2003 Sales | Households / 2003 Sales | 2003 Sales Rate Rank | 2003 Fore-closure Filings | Households/ 2003 Filings | 2003 Filing Rate Rank |
|---|---|---|---|---|---|---|---|
| **Lucas** | 182,847 | 1,585 | 115 | 27 | 2,561 | 71 | 19 |
| **Madison** | 13,672 | 100 | 137 | 44 | 158 | 87 | 38 |
| **Mahoning** | 102,587 | 785 | 131 | 38 | 1,443 | 71 | 17 |
| **Marion** | 24,578 | 390 | 63 | 1 | 414 | 59 | 3 |
| **Medina** | 54,542 | 421 | 130 | 37 | 581 | 94 | 46 |
| **Meigs** | 9,234 | 98 | 94 | 13 | 62 | 149 | 80 |
| **Mercer** | 14,756 | 91 | 162 | 57 | 96 | 154 | 83 |
| **Miami** | 38,437 | 328 | 117 | 28 | 423 | 91 | 44 |
| **Monroe** | 6,021 | 14 | 430 | 82 | 27 | 223 | 88 |
| **Montgomery** | 229,229 | 2,766 | 83 | 6 | 4,220 | 54 | 2 |
| **Morgan** | 5,890 | 29 | 203 | 70 | 39 | 151 | 81 |
| **Morrow** | 11,499 | 135 | 85 | 7 | 233 | 49 | 1 |
| **Muskingum** | 32,518 | 264 | 123 | 34 | 371 | 88 | 40 |
| **Noble** | 4,546 | 17 | 267 | 78 | 24 | 189 | 86 |
| **Ottawa** | 16,474 | 135 | 122 | 32 | 139 | 119 | 65 |
| **Paulding** | 7,773 | 74 | 105 | 20 | 107 | 73 | 23 |
| **Perry** | 12,500 | 125 | 100 | 18 | 192 | 65 | 9 |
| **Pickaway** | 17,599 | 93 | 189 | 65 | 188 | 94 | 45 |
| **Pike** | 10,444 | 156 | 67 | 2 | 103 | 101 | 55 |
| **Portage** | 56,449 | 421 | 134 | 40 | 550 | 103 | 56 |
| **Preble** | 16,001 | 212 | 75 | 4 | 248 | 65 | 7 |
| **Putnam** | 12,200 | 48 | 254 | 76 | 84 | 145 | 77 |
| **Richland** | 49,534 | 378 | 131 | 39 | 559 | 89 | 41 |
| **Ross** | 27,136 | N/A | N/A | N/A | 310 | 88 | 39 |
| **Sandusky** | 23,717 | 128 | 185 | 63 | 193 | 123 | 68 |
| **Scioto** | 30,871 | N/A | N/A | N/A | 289 | 107 | 59 |
| **Seneca** | 22,292 | 163 | 137 | 45 | 221 | 101 | 54 |
| **Shelby** | 17,636 | 180 | 98 | 16 | 219 | 81 | 30 |
| **Stark** | 148,316 | 1,218 | 122 | 31 | 2,119 | 70 | 15 |
| **Summit** | 217,788 | 2,469 | 88 | 10 | 3,352 | 65 | 8 |
| **Trumbull** | 89,020 | 704 | 126 | 35 | 1,092 | 82 | 33 |
| **Tuscarawas** | 35,653 | 255 | 140 | 48 | 252 | 141 | 75 |
| **Union** | 14,346 | 168 | 85 | 8 | 189 | 76 | 25 |
| **Van Wert** | 11,587 | 108 | 107 | 21 | 120 | 97 | 48 |
| **Vinton** | 4,892 | 16 | 306 | 80 | 35 | 140 | 74 |
| **Warren** | 55,966 | 506 | 111 | 23 | 723 | 77 | 27 |
| **Washington** | 25,137 | 139 | 181 | 62 | 209 | 120 | 66 |
| **Wayne** | 40,445 | 235 | 172 | 59 | 272 | 149 | 79 |
| **Williams** | 15,105 | 106 | 143 | 50 | 153 | 99 | 50 |
| **Wood** | 45,172 | 171 | 264 | 77 | 283 | 160 | 84 |
| **Wyandot** | 8,882 | 40 | 222 | 72 | 65 | 137 | 70 |
| **Ohio** | **4,435,272** | **36,505** | **118*** | | **57,083** | **78** | |

* The Ohio sheriff sales rate was calculated using the number of households in the 82 counties that provided sheriff sale data for 2003 (4,290,881). This includes Jackson County, which is not included in the text of the report because it did not provide data for 2001.

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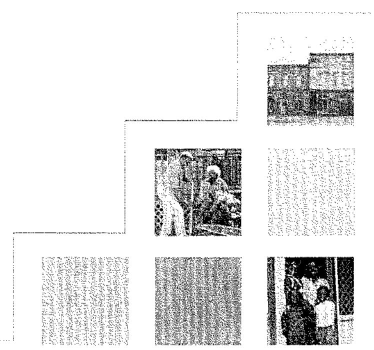
# BUILDING A NEW FRAMEWORK FOR COMMUNITY DEVELOPMENT in WEAK MARKET CITIES

Prepared for the
COMMUNITY
DEVELOPMENT
PARTNERSHIP NETWORK

April, 2003

Paul C. Brophy & Kim Burnett

CDPN | THE COMMUNITY DEVELOPMENT PARTNERSHIP NETWORK



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is a national organization of local community partnerships working together to build thriving communities. CDPN is member-formed, member-led, and member-directed. CDPN's mission is to assist community partnerships as they develop local strategies to build thriving communities while deepening our collective understanding of the impact and challenges of these strategies. CDPN achieves its mission by providing peer-learning, innovative research, access to information, and technical support.

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## ABOUT THE AUTHORS

Paul C. Brophy is principal at Brophy & Reilly LLC, a community development consulting firm working at the local and national levels.

Kim Burnett is the executive director of the Community Development Partnership Network, which sponsored this paper.

Peter Richardson, president of Housing Strategies Inc. supplied additional research for this project.

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# PREFACE

In mid-2002, the Community Development Partnership Network (CDPN), a group of 12 community development partnership organizations, began to collaborate with four of its members in Pittsburgh, Cleveland, Philadelphia, and Baltimore on a research project to explore some of the common challenges they were facing regarding inner-city reinvestment. Each of the four partnerships is engaged in community development initiatives and is working in what is defined below as a weak market city.

As a national network concerned with advancing community development as an approach to dealing with persistent urban problems, CDPN was interested in identifying the special community development challenges faced by these partnerships in weak market places. In July 2002, CDPN commissioned Brophy & Reilly LLC to complete this paper based on the community development work underway in these four CDPN cities.

This paper describes a comprehensive, equitable, and activist framework for community development that can create stronger cities and neighborhoods. The paper identifies the forces that define weak market cities, provides examples of successful initiatives and programs that address weak market concerns, and suggests an agenda for shaping policies that impact weak market places.

The work was conducted by Paul Brophy and by Peter Richardson, president of Housing Strategies Inc. Brophy or Richardson visited each city and met with key community development stakeholders, collected available data on community development needs and programs, and reviewed available literature. These cities were then placed in a national context.

# EXECUTIVE SUMMARY

While the decade of the 1990s was a good one for most American cities, recovering health was not a uniform phenomenon among American cities or within them. Fifty-five percent of cities over 100,000 lost population, had no-growth, or experienced modest-population growth. Even in cities that experienced growth, the bulk of the growth was in neighborhoods on the edge of cities, with most cities seeing population losses in their core neighborhoods.

## WEAK MARKET CITIES ARE PLACES LOSING POPULATION, MARGINALLY GROWING, OR THAT HAVE DECLINING CORES

This group of cities—those that are losing population, those marginally growing, and those that have declining cores are "weak market cities." Weak market cities face challenges that are quite different from cities experiencing significant population growth. For weak market cities the primary threat is continuing population loss and stagnant economies.

For those living in weak market locations—many of whom are low and moderate-income households—continuing population decline has a very real impact on their ability to retain and build personal wealth and to access public services and amenities that improve their quality of life. To help individuals and families in poverty or near poverty levels accumulate wealth and build assets, community development strategies in weak market cities must:

- **strengthen the existing markets** to make these areas more competitive as places to live, work, and invest;

- **stimulate private market forces** to bring people and capital into these areas in order to create mixed-income communities of choice; and

- **promote equity** by ensuring that residents have the capacity to act as full partners in guiding investment in their neighborhoods.

**This paper describes a more comprehensive, equitable, and market-oriented framework for community development in weak market cities than has traditionally been pursued.** Based on the examination of work underway in four weak market cities, the analysis lays out a system, along with a set of policies and strategies, that is stimulating markets while ensuring equity by focusing on the needs of low and moderate income households and small businesses. This system includes: taking a partnership approach, using sophisticated market analysis, making regional connections, targeting neighborhood planning, marketing neighborhoods, aggressive land assembly, more diverse housing development/rehab tools, economic development, and procedures that measure impact.

While the system outlined here provides a powerful new context for shaping community development practice, these efforts have succeeded despite a policy and program environment that often fails to recognize the particular goals and needs of these weak market places. Shifts in policies and approaches at the national, state, and local levels would make it easier for these weak market cities and others like them to achieve their goals. The authors identify key components of a weak market policy framework, including: building a belief system for weak market cities, working at a scale that can achieve impact, forming new coalitions, repositioning key stakeholders, and developing the right policy and program tools to aid weak markets.

# THE CHALLENGE OF WEAK MARKET CITIES

The decade of the 1990s was a good one for most American cities. The 1990s saw cities over 100,000 population grow at a median rate of 8.7%, more than double the rate of the 1980s.[1] Crime rates were down. Younger, affluent people chose to live in cities in increasing numbers, and housing values were up. A 2001 study of 24 large U.S. cities revealed that 18 saw a rise in their downtown population during the 1990s, and center cities throughout the country are experiencing a resurgence of development for commercial, entertainment and residential uses.[2] This is good news for America's cities overall.

However, recovering health is not a uniform phenomenon among American cities or within them. Fifty-three cities (27 percent) with populations over 100,000 lost population or were stagnant during the 1990s. Another 55 cities grew, but at a rate less than 10 percent. Together, these population losers, no-growth, and modest-growth cities account for 55 percent of cities over 100,000.

Even in cities that experienced growth, the bulk of the growth was in neighborhoods on the edge of cities, with most cities seeing population losses in their core neighborhoods—these are weak market neighborhoods that exist in otherwise strong-market settings. Sixty percent of city population growth occurred in outer ring neighborhoods compared to just 11% in inner core neighborhoods. In cities that lost population this phenomenon can be particularly severe, isolating the poor and leaving neighborhoods in deep distress.[3]

This group of cities—those that are losing population, those marginally growing, and those that have declining cores are described in this paper as "weak market cities." These weak market cities face challenges that are quite different from those cities experiencing significant population growth. While cities that are rapidly growing and are experiencing strong citywide and neighborhood market strength contend with the challenges of growth such as traffic congestion, increased need for affordable housing, gentrification, and the displacement of low and moderate-income households, weak market cities face the more fundamental challenge of building the economies of their neighborhoods, their cities, and, in some cases, their metropolitan areas. **For weak market cities and weak market neighborhoods continuing population loss and stagnant economies remain the biggest threats to their viability.**

**CONTINUED POPULATION DECLINE AND STAGNANT ECONOMIES ARE THE BIGGEST THREATS FOR WEAK MARKET CITIES**

[1] Rebecca R. Sohmer and Robert E. Lang, "Downtown Rebound." Washington, D.C.: Fannie Mae Foundation and Brookings Institution, 2001.

[2] Yet even with this robust gain, virtually all central cities grew more slowly than their suburbs, continuing a fifty-year trend of American suburbanization.

[3] Alan Berube and Benjamin Forman, "Living on the Edge: Decentralization within Cities in the 1990s." Brookings Institution, October, 2002, p. 1.

One of the continuing challenges for those concerned with sound and equitable community development strategies and outcomes is to see to it that community development policies and approaches have a market orientation and fit market circumstances in each city. Cities and their neighborhoods encounter dynamic market forces. Neighborhoods, in effect, compete with each other for investment. The focus on weak markets in this paper is an attempt to frame the community development policy issues for those places that are experiencing decline or stagnant market conditions. Even in the four cities examined here, there are strong neighborhood markets to which the policies outlined in this paper should not be applied. Matching the correct intervention strategies to neighborhood market strategies is important, and cities using the kind of partnerships described here are more likely to get the fit right.

There are many reasons why a city or a neighborhood does not compete well and becomes a weak market place. At the broadest level, the relative success or failure of metropolitan areas to compete for investment and population internationally affects overall market strength. Within metropolitan areas, the market strength of central cities and their neighborhoods are affected by many big factors: residential preferences (people want suburban-type homes, not urban density); school quality declines; crime rises; the job base shifts due to a change in the area's economic base. The ongoing debate about effective strategies to deal with these deep urban problems is beyond the scope of this paper. Rather, what is reported here is that even within the context of these macro issues, tailoring community development policy to fit market conditions can help strengthen weak market places.

**TABLE 1. POPULATION CHANGE IN SELECTED WEAK MARKET CITIES**

| | Change in Metropolitan Population (millions) | | | Change in City Population | | |
|---|---|---|---|---|---|---|
| **City** | **1990** | **2000** | **%** | **1990** | **2000** | **%** |
| **Pittsburgh** | 2.395 | 2.359 | -1.5% | 369,879 | 334,563 | -9.5% |
| **Cleveland** | 2.202 | 2.251 | +2.2% | 505,616 | 478,403 | -5.4% |
| **Philadelphia** | 5.893 | 6.189 | +5.0% | 1,585,877 | 1,517,770 | -4.3% |
| **Baltimore** | 2.348 | 2.512 | +7.0% | 736,014 | 651,154 | -11.5% |

*Source: US Census Data*

For those living in weak market locations—many of whom are low and moderate-income households— continuing population decline has a very real impact on their ability to retain and build personal wealth and to access public services and amenities that improve their quality of life. As Alan Berube and Benjamin Foreman write in a recent Brookings report:

*Neighborhood population growth can raise local property values, attract commercial development and create job growth, all of which can improve citywide fiscal condition… Neighborhood population decline, on the other hand, may reflect increasing incidence of crime, may create greater concentrations of poverty and segregation, and may result in housing abandonment and the attendant negative impacts on neighborhood quality.*[4]

[4] Ibid., pg.2

The experience in the four weak market cities studied confirms many of these assertions. Continuing out-migration raises the following key issues for low- to moderate-income families:

### LOSS OF HOME VALUE AND EQUITY.

Efforts to alleviate poverty have focused on wealth creation as a key strategy, with growth in home equity as one of the ways of building wealth. However, in many neighborhoods in weak market cities, low, moderate, and middle-income people are losing equity in their homes due to declining property values. In many other instances—neighborhoods in Cleveland, for example, property values are rising, but the limited dollar amount of increase is low because housing prices generally are low compared with other locations. Appropriate policy in weak market cities is to develop strategies and programs that stabilize these neighborhoods through investments that lift property values to retain and build wealth for these households. Documented evidence in Pittsburgh and Cleveland indicates that where concentrated efforts have been underway with the intention of improving property values, housing prices have risen at a rate faster than other neighborhoods where action has not been taken.

### DIMINISHING TAX BASE LEADS TO FEWER PUBLIC AMENITIES AND SERVICES.

Depressed housing prices in weak market settings are translating into a diminished tax base. Policies and programs must be put in place to increase real estate prices to strengthen the property tax base, thereby increasing the funds available for local governments and school systems for improving schools, police protection, parks, and other critical city services. Clearly there is a vicious cycle at work here. Services decline, people with choices leave, property values decline, city revenues drop resulting in a further erosion in the quality and quantity of services. The work in the four cities studied indicates that considerable progress in stabilizing neighborhoods can be made without solving the most intractable urban problems. Neighborhoods are improving in these cities despite continuing problems with public schools and high crime rates through neighborhood marketing and by providing support to those moving back in.

**LARGE SCALE VACANT AND ABANDONED PROPERTY.** Continued out-migration has led to the abandonment of a great deal of property in neighborhoods within weak market cities. A recent study released by the Brookings Institution indicates that vacant land in the 100 largest cities averages about 15 percent of the land areas of the cities. This means that "the 100 largest cities in the nation have the equivalent of the total combined land area of New York City, Los Angeles, Chicago, Houston, Philadelphia, and San Diego sitting idle."[5] Strategies must be put in place to strengthen market forces and enable the private sector to reclaim this land for residential and business use.[6]

[5] Paul C. Brophy and Jennifer Vey, "Ten Steps to Urban Land Reform," The Brookings Institution, October, 2002, p.2.

[6] Doing so will not only promote local economic wealth but also contribute to an effective smart growth strategy in metropolitan areas by presumably creating alternatives to the development of a great deal of undeveloped land at the edges of metropolitan areas.

## CONCENTRATION OF POVERTY AND LOSS OF SOCIAL NETWORKS.

The flight from cites like Baltimore, Philadelphia, and others that continued through the 1990s is now more a flight of minority middle and working class families looking for places where city services are better and where they are likely to own a home that will build equity for them. One measure of this middle class flight is the increase in the number of city census tracts in which 30 percent or more of the population is below the poverty line. As Table 2 indicates, in each of the four cities studied, the number of these tracts grew from 1980 – 2000. Although the trend lines are not entirely consistent, this concentration of poverty is generally a result of the continuing exodus of people who are above the poverty line. The concentration leads to the persistence of poverty for many of these households. The continuing exodus from these cities and neighborhoods of people who can afford to leave and choose to do so is resulting in an increasing concentration of the poor in distressed areas and a loss of opportunity and access to jobs.

## LOWER MEDIAN INCOME.

Finally, declining or slow growth is directly correlated with household income. Another report from Brookings written by Edward Glaeser and Jesse Shapiro indicates that income levels are directly correlated with city growth. Cities with a median income of less than $20,000 in 1989, grew less than one percent—only by .3 percent—during the 1990s, while cities with a median income of over $30,000 grew by 18.9 percent during the decade.[7]

**TABLE 2. CENSUS TRACTS WITH OVER 30% POPULATION BELOW POVERTY LINE**

| | # Census Tracts with +30% Below Poverty Line | | | |
|---|---|---|---|---|
| **City** | **1980** | **1990** | **2000** | **% Change '80 – '00** |
| **Pittsburgh** | 27 | 35 | 34 | + 26% |
| **Cleveland** | 74 | 121 | 108 | + 46% |
| **Philadelphia** | 89 | 85 | 111 | + 25% |
| **Baltimore** | 60 | 59 | 64 | + 7% |

*Source: The Urban Institute*

[7] Edward Glaeser and Jesse Shapiro, "City Growth and the 2000 Census: What Places Grew and Why," Brookings Institution, 2001.

## A WEAK MARKET CITY AT A GLANCE: BALTIMORE, MD

A closer look at Baltimore, MD illustrates many of the above trends.

• **Loss of Home Value & Equity:** Baltimore city government collects housing price data on 249 residential neighborhoods. Between 1998 – 2001, 25% of these neighborhoods showed a decline in the median sales price of homes. Another 28% reported a rise in property values of 10% or less. In many of these areas the rate of increase in home sale prices did not keep up with inflation, causing homeowners to lose value, not in absolute terms, but relative to other prices. They were equity losers. The remaining 47% of the neighborhoods increased in value at a rate higher than 10%. *(Source: Live Baltimore)*

• **Depressed Housing Prices:** In 2001, 85% of Baltimore neighborhoods reported a median sales price of less than $100,000. Two-thirds had median sale prices of $75,000 or less. Twenty-eight percent had median sales prices of $50,000 or less. And, at the other end of the continuum, only two neighborhoods had median sales prices of $300,000 or higher. *(Source: Live Baltimore)*

• **Diminishing Tax Base:** City officials estimate that if 100,000 homes in Baltimore were valued at $10,000 more than they currently are (even though this increase would still make them a housing bargain compared to the same house in a suburb), it would produce $24 million annually of additional property tax revenue for the city to use to provide services.

• **Vacant and Abandoned Structures:** 15,000 housing structures are vacant.

• **Concentrated Poverty:** 64 of Baltimore's census tracts have 30% or more of their populations living below the poverty line. *(Source: Urban Institute)*

• **2000 Median Income:** City of Baltimore = $30,078, Baltimore Metro Region = $47,345. City Income as % of Metro area income = 63.5% *(Source: 2000 Census)*

# A MARKET-ORIENTED APPROACH FOR COMMUNITY DEVELOPMENT IN WEAK MARKET CITIES

One of the very promising developments within the policy world concerned with America's cities is a shift in orientation from a focus on the problems of cities and their dim future prospects to an emphasis on the potential for capturing market forces in urban areas. This is a major shift in perspective. Rather than look to government solutions and subsidies to solve urban issues, this newer approach centers on developing strategies to attract private market forces to invest in inner-city communities thereby stimulating their rebirth. There is emerging literature taking this viewpoint. One 1997 report expresses this hopeful view as follows.

*National corporations and local entrepreneurs have an unprecedented opportunity to create new markets, new profits, and new communities, because these areas are a major untapped domestic market and business opportunity. In communities across the country, capitalism – community capitalism – can be made to work. By community capitalism we mean a for-profit, business-driven expansion of investment, job creation, and economic opportunities in distressed communities with government and the community sectors playing key supportive roles.*[8]

**UNLIKE CITIES CONFRONTING HIGH GROWTH AND ESCALATING REAL ESTATE PRICES, WEAK MARKET CITIES NEED COMMUNITY DEVELOPMENT STRATEGIES THAT WILL STIMULATE MARKETS TO HOLD AND ATTRACT A POPULATION WITH CHOICES**

For the hopefulness expressed in "Community Capitalism" to result in improvements in weak market cities, policies and programs tailored to their economic conditions need to be put in place. Unlike cities confronting high growth and escalating real estate prices, weak market cities need strategies and tools to stimulate markets in order to hold and attract a population with choices into these cities. Such strategies reinforce national efforts to help individuals and families in poverty or at near poverty levels accumulate wealth and build assets.

The primary goals for weak market cities should be to:

- **strengthen the existing markets** to make these areas more competitive as places to live, work, and invest;

- **stimulate private market forces** to bring people and capital into these areas in order to create mixed-income communities of choice; and

- **promote equity** by ensuring that residents have the capacity to act as full partners in guiding investment in their neighborhoods.

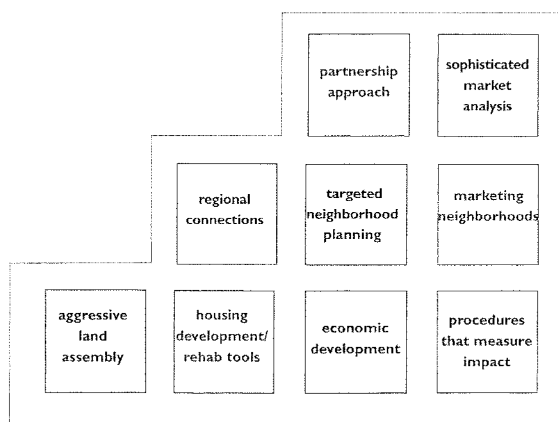
[8] The American Assembly, Community Capitalism, Rediscovering the Markets in America's Urban Neighborhoods, Columbia University, 1997, available at www.columbia.edu/cu/amassembly.

Yet the needs of these weak market places continue to be a neglected public policy issue. From a regional equity and social justice perspective, approaches to these weak market settings have gotten little attention. The community development field continues to be challenged by how to tackle these distressed areas and has done little to create tools that can be effective in strengthening them. This paper seeks to frame a more comprehensive, equitable, and activist community development policy agenda that will help these cities and neighborhoods become stronger. This framework assumes that the strategies involved in improving these areas are to create markets where they do not exist, and to strengthen them where they are weak.

The four weak market cities studied here provide some clues for such an agenda. They are, to one degree or another, building a system, along with a set of policies and strategies, that is stimulating markets while ensuring equity by focusing on the needs of low and moderate income households and small businesses. In fact, they are finding that strengthening neighborhood real estate markets and improving livability is an appropriate strategy to create wealth for residents living in targeted areas.

The work in these four cities indicates that weak market cities often need a different set of tools, policies, and programs than those that have been available in the traditional community development toolkit. Typically, these cities need affordable housing, but they also require market-building strategies and programs, which have not been commonly used in cities.

**Based on the experience in these four cities, approaches to strengthening weak markets include at least nine components. These are: taking a partnership approach, using sophisticated market analysis, making regional connections, targeted neighborhood planning, marketing neighborhoods, aggressive land assembly, housing development/rehab tools, economic development, and procedures that measure impact.** Examples of these successful and promising practices are illustrated in the sidebars that follow.



## PARTNERSHIP APPROACH:

Collective, long-term, sustained, and strategic investments are needed in order to produce important community development outcomes. In each city studied, there is a community development partnership in place that is helping to combine resources and coordinate the efforts of city government, neighborhood leadership, lenders, business, the private for-profit and non-profit developers of real estate, foundations, and others. In the stronger partnerships, stakeholders are working toward a shared strategy and value base about improving market conditions in the neighborhoods in these weak market cities.

In addition to brokering a common agenda, these partnerships are building the capacity of community-based groups and other stakeholders to ensure strong local leadership. Depending on the needs of the individual city, partnerships are supporting community planning, providing intermediate capital from the private lending community, and stepping in where the private market will not, in order to achieve important real estate and community outcomes.

The partnership experience of these four cities also reveals the need for a diverse set of stakeholders that bring their specific expertise to the table—government, philanthropy, business, and community-based organizations—working in an organized partnership approach.

One of the remarkable success stories in many American cities over the past thirty years has been the development of public-private partnerships that focus on downtown revitalization and other regional issues. Typically, these partnerships involve an organized business group such as **Cleveland Tomorrow, the Allegheny Conference on Community Development, the Greater Baltimore Committee** or **the Downtown Partnership of Baltimore**, combined with efforts from local government. Downtowns are healthier as a result of these efforts.

To one degree or another, this partnership has broadened in the four cities studied. It has become a private-public-neighborhood partnership, a coalition of forces aimed at improving neighborhood conditions. These coalitions help increase the flow of resources into neighborhoods, define and execute market-based strategies, and develop new approaches to creating and seizing neighborhood development opportunities.

THROUGH COMMUNITY DEVELOPMENT PARTNERSHIPS, STAKEHOLDERS ARE WORKING TOWARD A SHARED VISION TO IMPROVE MARKET CONDITIONS IN WEAK MARKET NEIGHBORHOODS

## PROMISING PRACTICE: PARTNERSHIP APPROACH

**Neighborhood Progress, Inc.:** Neighborhood Progress, Inc. (NPI) was established as a partnership with the mission to restore and maintain the health and vitality of Cleveland's neighborhoods through private investment and support for community initiative. NPI's current annual operating budget is $6 million with a staff of 15.

NPI grew out of a joint planning and partnership effort involving the Ford Foundation along with three Cleveland based foundations: The Cleveland Foundation, The George Gund Foundation, and the Mandel Foundation. Cleveland Tomorrow, a consortium of Cleveland's corporate community, also participated in this process. NPI's board represents the many partnerships NPI maintains with the philanthropic, banking, corporate, government, and nonprofit communities in Cleveland.

NPI's partnership has a targeted and integrated approach that strategically builds markets by utilizing each of the program components listed below many in tandem with one another. This approach has helped to build public/private partnerships that have led to the successful implementation of a variety of development initiatives from retail and commercial developments to affordable and market rate housing throughout Cleveland's neighborhoods.

Cleveland Neighborhood Partnership Program (CNPP). CNPP is a partnership in itself between NPI, the Local Initiatives Support Corporation, and The Enterprise Foundation. CNPP provides multi-year operating support grants to area CDCs. This past year, CNPP funded 16 groups totaling nearly $1.5 million.

Quantum Leap works with CNPP. It provides extensive training and technical assistance for the groups funded by CNPP with additional support for other CDCs based in Cleveland. Each funded group is fully assessed and then offered the technical assistance tools to develop better management programs and build staff leadership and overall organizational capacity.

Village Capital Corporation (VCC) is an independent subsidiary of NPI established to assist CDCs and other developers of neighborhood projects with hard to find low-interest financing. VCC provides gap financing and serves as a catalyst for private market development leveraging almost 10 private and public dollars for every VCC dollar invested. Since its inception, VCC has invested $23.5 million in CDC-sponsored real estate projects leveraging over $210 million.

New Village Corporation (NVC) is NPI's real estate subsidiary. It works directly with CDCs, the City of Cleveland, local bankers, and private developers as a facilitating partner and dealmaker around high-impact projects that have strategic opportunities. NVC has played an active role in a number of housing and retail development initiatives from large-scale market rate housing to the development of neighborhood shopping centers and grocery stores. Since its inception in 1991, NVC has completed nearly $60 million worth of direct development activity in Cleveland's neighborhoods.

*To find out more, go to: www.neighborhoodprogress.org*

## SOPHISTICATED MARKET ANALYSIS:

The strategies at the neighborhood level are increasingly based on sophisticated analysis that matches community conditions—measured in market terms—with market intervention approaches. Those working in communities in distressed cities have become increasingly skilled in understanding market conditions and measuring them. There is a growing capacity to analyze neighborhood market conditions in ways that can inform the action agenda for these weak market settings. This has proven critical as a stepping stone for the development of targeted revitalization and reinvestment strategies.

### PROMISING PRACTICE: SOPHISTICATED ANALYSIS

**Market-Cluster Analysis:** The Reinvestment Fund (TRF), on behalf of the City of Philadelphia, has created a detailed market typology of neighborhoods in the city. Examining a set of key indicators on a census tract and block group-level of analysis, TRF categorizes Philadelphia neighborhoods according to six real estate market clusters to foster targeted, market-driven revitalization. The six market clusters include:

Regional Choice: Primarily neighborhoods in the downtown and Chestnut Hill areas, these neighborhoods have the highest property values in the city, an eclectic mix of residential, commercial uses, and older housing typically in excellent condition. Actions for these areas include, building on special amenities, encouraging mixed-use development, and supporting Business Improvement Districts.

High Value/ Appreciating: Located throughout the city, these markets have high housing values and demonstrate population stability. Actions for these neighborhoods include supporting private market forces by removing barriers to new investment, active code enforcement, enhancing streetscape appeal and marketing neighborhood identity.

Steady: Housing prices in these neighborhoods are stable but appreciation has not been as strong as in other markets. Strategies for these markets include rapid-response to market changes that would foster neighborhood decline, including code enforcement and rapid response to vacant units or public nuisances.

Transitional: Further refined to denote whether a market is transitioning up or down, these neighborhoods feature volatility in population, higher than average housing values, however, in those places transitioning down, there is greater evidence of deteriorated housing stock and vacant housing and lots. A strategy of rapid response to stem neighborhood deterioration or facilitate appreciation is critical for these markets coupled with more aggressive programs to preserve existing neighborhood amenities.

Distressed: These places have had some of the most substantial population losses in the city. They have lower than average housing values, older and more deteriorated housing stock, and high levels of housing vacancy. Actions for these neighborhoods center on building from areas of market strength through strategic site acquisition and assembly, pursuing investment partnerships with neighborhood anchors, an vigorous block organizing and preservation investments.

Reclamation: Finally, these neighborhoods are those with the lowest housing values, oldest housing stock, high levels of vacancy, significant physical deterioration, and substantial population loss. Proposed strategy is to aggressively create conditions for market investment through large-scale site acquisition and parcel marketing, land banking, and large-scale development projects.

*To find out more, go to: www.phila.gov or www.trfund.com*

## REGIONAL CONNECTIONS:

Partnership efforts in some weak market cities are connecting inner city community development efforts with regional improvement efforts, creating opportunities for alliances to form that are based on mutual goals. The alignment in goals between community development stakeholders and regional growth and regional equity advocates is becoming increasingly clear in weak market areas. It is more difficult to improve the markets of inner-city neighborhoods in regions where there is ongoing population decline—since without some regional population growth, new real estate development in the region typically means redistribution of population away from central cities and older suburbs. In areas where regional growth is strong, alliances between community development stakeholders and smart growth advocates can lead to approaches that are able to strengthen inner city markets by limiting suburban growth.

### PROMISING PRACTICE: REGIONAL CONNECTIONS

**Rally for the Region:** The Citizens Planning and Housing Association and the Baltimore Urban League have joined forces with regional smart growth groups to form the Baltimore Regional Partnership, with the expressed goal of working toward a more equitable region. One element of the work is an annual Rally for the Region, which sets forth a regional Action Agenda that focuses on the following areas:

The Sustainable Communities Initiative: Uncontrolled growth in the Baltimore region has resulted in disorganized development as well as neglect in older urban and suburban communities. This initiative aims to clean up neighborhoods, not gentrify them. It calls for a $25 million competitive grant program to support improvements by current homeowners in older communities, mixed-income housing developments, and strategies to stop the cycle of social and physical decline.

Program Neighborhood Space: Recognizing that "cleaning and greening" helps stabilize, preserve, and revitalize older communities, this initiative calls for local government to aid community groups undertaking community greening. A regional land trust known as Program Neighborhood Space is proposed, which would hold title to small properties allowing communities to manage and maintain them.

Regional Workforce Investments: The Action Agenda proposes the Governor, Mayor, and County Officials invest in a $1 million State matching fund for joint workforce development among the metro area's workforce investment boards, as well as establish a Baltimore Regional Workforce Investment Board.

Seven-Day Rail: The Action Agenda charges that regional fragmentation is increased by the lack of an efficient and effective public transportation system. In order to seize employment opportunities, cut back pollution, and de-congest the roadways, the Agenda stipulates that existing rail lines must be operational for full hours of service.

*To find out more, go to: www.cpharegionalcampaign.org/*

## TARGETED NEIGHBORHOOD PLANNING:

Community-based groups are becoming much more sophisticated about how they are planning and carrying out revitalization strategies – they are building from their strengths and connecting these strategies to larger markets and regional strategies. Part of the challenge of neighborhood planning in weak market settings is to understand what steps must be taken to make the neighborhood more competitive based on analysis of the neighborhood's assets and liabilities. They are also making choices about what residents and businesses they are seeking to attract to the area based on their specific strengths and weaknesses. This kind of planning is a major improvement over plans that are essentially wish lists that are devoid of any basis in market realities.

### PROMISING PRACTICE: TARGETED NEIGHBORHOOD PLANNING

**Healthy Neighborhoods:** The Healthy Neighborhoods Initiative (HNI), a program of the Baltimore Community Foundation, grew out of work by the Citizen's Planning and Housing and Association (CPHA) to train a cadre of neighborhood and community development leaders to think in new ways about community revitalization for neighborhoods "in the middle." These are neighborhoods that appear to be stable, but are in fact fragile, with weak but still functioning real estate markets.

This philosophy focuses on helping people to build financial and social equity and defines a healthy neighborhood as a place where people are willing to invest their time, energy, and resources and where residents can manage their own problems. The core elements of the strategy include:

• a targeting of the strategy initially on the strongest blocks in a community;

• an emphasis on small and varied block projects to help re-weave the social fabric among neighbors and lead to visible changes in the neighborhood;

• below market rate financing for new and current residents to rehab their homes; without regard to the income of the homeowner in determining program eligibility;

• an emphasis on introducing positives into the neighborhood versus only focusing on solving problems – and marketing these positives to key audiences; and

• an orientation of community organization staff towards being community marketers and helping residents to be marketers as well.

The results after two years of the HNI pilot include 34 rehab and purchase/rehab loans have closed for a total of $1.1 million; 59 rehab and purchase/rehab loans are in the loan pipeline for a total of $2.7 million; and in one target area that had been scrambling for home buyers, home prices have increased 10 percent.

*To find out more, go to: www.bcf.org/grants_HNI.html*

## MARKETING NEIGHBORHOODS:

A key component of a more targeted reinvestment and revitalization strategy is a proactive marketing approach for weak market neighborhoods. Community-based groups and cities are becoming much savvier as marketers – building on their assets, connecting to larger regional themes, and providing incentives, in order to draw new populations back into these neighborhoods. The need to use community resources to market neighborhoods may be a fully foreign idea in robust cities, but in weak market cities, it is an appropriate program strategy.

### PROMISING PRACTICE: MARKETING NEIGHBORHOODS

**16:62 Design Zone:** Encouraged by City government and the Pittsburgh Partnership for Community Development (PPND), two community development corporations serving the working class neighborhoods of Lower and Upper Lawrenceville are collaborating to uncover a "market niche" to make their neighborhoods economically competitive.

Once they looked beyond the old boundaries of their neighborhood identities, they found they shared a large number of retail and wholesale suppliers of home and workplace design and improvement items. More than 100 businesses were located between 16th Street and 62nd Street—shops, showrooms, manufacturers, studios, galleries and sources for home and office furnishings, accessories, art, crafts, antiques, architecture, interior design, renovation, and construction.

A marketing campaign was developed to instill in the neighborhood and in the region an understanding that 16:62 Design Zone (named for the street boundaries) is <u>the</u> regional place for home products. An imaginative brochure/catalogue was developed. The marketing theme is "Places, Products, Services and People to Create, Build, Furnish, Renovate and Energize your Home and Workplace".

The result is that business is picking up, and the neighborhood has become a magnet for other businesses in the same business cluster, adding jobs to the neighborhood, and helping to lease up vacant commercial space. A new neighborhood, 16:62 was born. *To find out more, go to: www.1662designzone.com/*

**Live Baltimore Home Center:** The goal of Live Baltimore Home Center is to match prospective Baltimore residents to neighborhoods, based on the prospects' needs and preferences. This requires careful knowledge of the differences in neighborhood styles and living conditions, and housing markets. For example, one very specific approach markets neighborhoods near Baltimore's train station to Washington DC workers who might be enticed to live in Baltimore as a convenient and far less costly alternative to Washington, DC living. A walk to the train, and a reliable ride into Washington has attracted a number of new buyers. *To find out more, go to: www.livebaltimore.com.*

**The Central Philadelphia Development Corporation** is also in the beginning stages of a neighborhood marketing program that is similar to the Live Baltimore efforts. CPDC's initiative will focus on marketing six neighborhoods to middle income home-buyers by promoting the assets of urban living in general and selected neighborhoods in particular. *To find out more, go to: www.centercityphila.org/*

## LAND ASSEMBLY:

In many instances, actions in weak markets cities need to be taken on a much larger scale than has been traditionally carried out by community development groups. The more widespread and deep the neighborhood distress, the more extensive is the scale of program intervention. To reach scale, new programs and policies must be put into place to help cities assemble parcels of land and make them ready for development. Doing so is enabling cities to match need and degree of distress with the scale of improvement needed to affect market change. Several weak market cities have developed promising strategies for land assembly.

### PROMISING PRACTICE: LAND ASSEMBLY

**Land Bank:** Cleveland was one of the first cities to utilize a land bank for returning tax-delinquent properties to productive use. A tool for both for-profit and non-profit developers, the land bank has been a critical tool for CDCs. Prior to the land bank, CDCs hoping to develop land would have to identify the landowners and negotiate. Often when a landowner knew a CDC was interested in a piece of property, they would raise the price above what a CDC could afford to pay. Now CDCs interested in a parcel work with the city and county to get it into the land bank. Because the land bank land is so affordable, CDCs can use their scarce resources to focus on housing redevelopment and construction. The Land Bank has provided a remarkable revitalization stream of land that is funneled to CDCs for new housing development. About 90 percent of new residential construction – both CDC and private – involve land bank lots. *To find out more, go to: www.city.cleveland.oh.us/government/departments/commdev/cdneigdev/cdndlandbank.html*

**Neighborhood Transformation Initiative:** The Street Administration has made improving Philadelphia's depressed neighborhoods its top priority. NTI is being funded with nearly $300 million in bonds—the amount that can be supported by $20 million in annual debt service, an amount equal to what the City has been spending from its budget on building demolitions. Slightly more than 45% of these bonds have been sold, and proceeds are now available for use in the NTI program.

NTI's principal objectives are demolition of abandoned buildings and land assembly for new, larger scale development. Implementation involves unprecedented efforts to coordinate the major city departments of Housing and Community Development, The Redevelopment Authority, the Housing Authority, City Planning, Licenses and Inspections, Commerce, and Human Services. Though it is still in its early stages, such a comprehensive strategy for land assembly holds promise for other city officials looking for models to address these systemic issues. *To find out more, go to: www.phila.gov/mayor/jfs/mayorsnti/index.html*

**Project 5000:** Mayor Martin O'Malley has begun an aggressive program to acquire 5000 vacant properties for reuse. Similar in kind to Mayor Street's Neighborhood Transformation Initiative, Baltimore's Project 5000 seeks to assemble sites via the acquisition of vacant structures and lots that will permit aggressive, large-scale redevelopments to proceed, presumably strengthening their neighborhood markets as they are implemented. *To find out more, go to: www.baltimorehousing.org/index/cd_5000.asp*

## HOUSING DEVELOPMENT/ REHAB TOOLS:

Weak market cities need to make it easier for developers to build and rehab housing for middle income buyers and renters as well as the long-established approaches to low and moderate income housing. New techniques to building and rehabbing mixed-income housing are being tested. Often this involves partnerships between CDCs and for-profit developers. Programs like the Maryland Historic Tax Credit that provides a substantial tax credit to developers and homeowners who rehab historic homes regardless of the income of the user, can be effective tools in many older neighborhoods. The challenge continues to be finding a set of tools that are aimed at housing development and rehab in these weak market settings that are not based on the income of the end user.

### PROMISING PRACTICE: HOUSING DEVELOPMENT

**Homeownership Choice Program:** Since 2000, the Pennsylvania Housing Finance Agency (PHFA) has sponsored a comprehensive neighborhood revitalization program, the Homeownership Choice Program.

The program was the first attempt by the State to use homeownership as a tool to facilitate a comprehensive approach to community development. The program targeted older urban communities that have experienced dis-investment and a reduction in homeownership. The program encourages market-sensitive and innovative land use planning concepts in urban areas. It attempts to utilize the expertise developed by suburban homebuilders, to help rebuild urban communities. Highlights of the program include:

• The housing to be developed must be newly constructed and be part of a comprehensive effort to revitalize a community. This comprehensive effort should include economic development activities, infrastructure improvements, activities to address crime problems, and resident services.

• The housing developed must be for homeowners and be part of a mixed income community. The program funds can be targeted to families up to 115% of median income.

• The program requires a partnership between a for-profit homebuilder and a non-profit community development organization.

• The program focuses on developments of no less than 50 homeownership units in cities with a population of 50,000 or more and no less than 25 homeownership units in cities of 50,000 or less. These scale guidelines are aimed at achieving the "critical mass" required to generate spontaneous reinvestment in the community in order to have an impact on an urban area's economic and social viability.

• The program requires PHFA funds to be matched on a 1:1 basis by local applicants.

To date, the $17 million of program funds awarded through the program has assisted in leveraging the investment of over $154 million dollars in affordable housing and neighborhood development activities in 14 communities throughout Pennsylvania. For 2003, PHFA has allocated additional funds, not to exceed $7.5 million.

*To find out more, go to: http://www.phfa.org/hcp/*

## ECONOMIC DEVELOPMENT:

Effective community development approaches in weak market settings must have as one of their components a strategy that develops the economy of the areas. A number of weak market cities are using methodologies developed by the Initiative for a Competitive Inner City and others that base economic development approaches on industry clusters that have promise for long term economic health. This approach is consistent with a more general "building from strength" theme. Often the points of strength are business clusters, and long-standing city-based institutions like universities and hospitals. In addition, neighborhood economic development strategies include efforts to strengthen older retail areas, helping them become areas able to serve improving neighborhoods.

### PROMISING PRACTICE: ECONOMIC DEVELOPMENT

**Cool Space Locator:** The Cool Space Locator (CSL) is a nonprofit commercial real estate brokerage company that is helping to bring businesses back to Pittsburgh's inner-city neighborhoods. Founded in 2001 with seed funding from the Pittsburgh Partnership for Neighborhood Development, CSL is a joint venture between three community development corporations in the neighborhoods of Oakland, the South Side, and East Liberty.

The goal of CSL is to recycle forgotten buildings in the inner city for businesses in the new economy and in the process, create a model for sustainable growth. CSL focuses its site searches in a part of the city known as the "technology crescent"—a wide swath of the city that covers about 10 distinct neighborhoods. All are within a 15-minute drive of downtown Pittsburgh, and all are also convenient to the University of Pittsburgh, Carnegie Mellon University and several major hospitals. The eclectic character and historic architecture found in the Crescent neighborhoods enhance their appeal to CSL's primary customer – small tech and design firms looking to locate in an authentic urban setting.

Cool Space Locator takes on assignments for companies with tiny budgets and small space needs that a private real estate broker couldn't afford to spend time on. In general, its deals are small, between 500 and 5,000 square feet, and undertaken for companies that often are making their first move to formal office space. CSL charges commissions like other brokerages, with rates varying from deal to deal. To date, their accomplishments have been impressive. In 2002, CSL has helped 10 start-up companies find the space they need, and provided assistance to 71 others. In total, these new firms will bring approximately 335 new employees to these neighborhoods.

*To find out more, go to: www.coolspacelocator.com/*

## MEASURING IMPACT:

Partnerships and others working in weak market cities are placing increasing emphasis on measuring results and impact of the community development system. There is a growing awareness to be able to translate short-term investments into long-term outcomes that improve the economic well being of residents. While progress has been made in this area, there is a continuing challenge to find ways to measure some of the less quantifiable outcomes of the community development system.

### PROMISING PRACTICE: MEASURING IMPACT

**Neighborhood Vital Signs Project:** The Baltimore Neighborhood Indicators Alliance (BNIA) is providing detailed reporting on the changing conditions of that city's neighborhoods through their Neighborhood Vital Signs Project.

The vital signs were developed through a series of focus groups with neighborhood residents and leaders from across Baltimore. The groups were challenged to think differently about the future of their neighborhoods and come to consensus on long-term neighborhood goals and indicators to measure relative to the following topic areas: Housing and Community Development, Children and Family Health, Safety and Well-being, Workforce and Economic Development, City Services, Urban Environment and Transit, and Education and Youth.

The vital signs measure not only the current conditions of each neighborhood, but attempt to measure the improvement of these conditions over time and toward end goals that are collectively established by multiple stakeholders.

In November 2002, BNIA released the baseline report, Vital Signs for Baltimore Neighborhoods. The report provides the starting point from which the ups and downs of Baltimore neighborhoods' Vital Signs will be measured.

*To find out more, go to: http://www.bnia.org/*

# BUILDING A WEAK MARKET POLICY FRAMEWORK

The examples described above, and the systems that have been created, have succeeded despite a policy and program environment that often fails to recognize the particular goals and needs of these weak market places. Shifts in policies and approaches at the national, state, and local levels would make it easier for these weak market cities to achieve their goals. The components of a weak market policy framework include:

## 1. BUILDING A BELIEF SYSTEM THAT IMPROVING MARKETS IN WEAK MARKET CITIES IS BOTH POSSIBLE AND DESIRABLE POLICY.

There are two obstacles to overcome. First, despite the evidence of progress in many weak market cities, in some circles there is still deep skepticism that markets can be strengthened in distressed cities. Some argue that these broad market forces are inevitable and that nothing can be done to reverse them. Second, and at the other end of the continuum, are those who believe that cities are so hot that it is only a matter of time before all markets take off. Those with this belief system argue that proper policy is to avoid stimulating markets because it will lead to gentrification at some future point.

Both of these positions must be confronted. Weak market cities can make the case that there are abundant examples of successes in creating stronger markets. The fear of gentrification is overstated in these locations because the strategies are multi-faceted and involve market building, affordable housing, and efforts to improve the economic opportunities for low-income persons.

## 2. GETTING TO SCALE.

The path to weak market success is typically not at the level of a single house or serving a particular need group, but rather at a scale that can have the desired market effects. This often means matching the approach to a market area so that the intervention can have the intended effect. This is more an art than science, but the principle remains valid, that the deeper and broader the distress, and the weaker the market setting, the more dramatic and comprehensive the approach that needs to be taken.

Working at the right scale is a challenge to a city's aggregate capacity—its overall ability to finance projects of large scale, its technical capacity to formulate strategies for large-scale interventions, and its overall capacity to execute large-scale efforts. Each community development partner must play the appropriate role.

In each of the cities studied, community development nonprofit groups are playing an important role, but typically their work only makes a modest contribution to large-scale projects because of inherent limitations on what community-based groups can handle. Because of the scale of abandonment in many of these neighborhoods and the investment that is needed, it is unrealistic to rely solely on community organizations to lead this change. Large-scale initiatives demand significant public investments and may benefit from for-profit developers partnering with non-profits. Community groups have a role to play in neighborhood change strategies but may not be the drivers of the agenda in every instance.

## 3. BUILDING MARKETS IN WEAK MARKET CITIES REQUIRES NEW COALITIONS.

The coalitions needed to support community development in weak market cities and regions are different from those in hot market cities. Building markets is difficult, particularly in areas where markets are growing very slowly (or not growing at all) regionally. Weak market cities demand recognition of interdependence among these stakeholders and a greater degree of cooperation and collaboration. Neighborhood, city, and regional agendas need to come together and there needs to be cooperation between entities.

These new coalitions however, will ask key stakeholders to look anew at how they go about their business. In order to work effectively in this new market-based context, key stakeholders will need to acquire new skills and, in some cases, re-orient their strategies for doing business. The challenges to the key stakeholders have the following dimensions:

**Community-based organizations,** especially CDCs. Community-based organizations are a critical part of any weak market agenda because they can help ensure that the approaches being taken are based on the realities of the market conditions in their areas. Community-based organizations, like real estate agents and others who have their ear to the ground and can read subtle changes in market forces, have the potential to shape community interventions based on knowledge of market forces.

However, for many neighborhood-based groups, working in a market context is a departure from their traditional way of looking at their communities. Many groups have looked at the problems in their neighborhoods—the deficiencies—and have sought to remedy them through government action. Because succeeding at transforming weak markets is, in large part, about creating communities of choice, community developers need new skills and tools to understand the market forces in which they operate – often some of the worst markets in the region. They need to develop strategies that leverage and connect those market forces to the larger region. Finally, because success depends on building partnerships with city and other civic leaders, community developers must learn to be politically savvy as well.

**COMMUNITY DEVELOPERS NEED NEW SKILLS AND TOOLS TO UNDERSTAND THE MARKET FORCES IN WHICH THEY OPERATE – OFTEN SOME OF THE WORST MARKETS IN THE REGION**

**Local governments.** Local governments must increase their skill level in setting strategies that (a) work in partnership with other community development stakeholders; (b) tailor their community development efforts to market conditions in various neighborhoods; (c) improve municipal services that are critical to strengthening markets—public safety, schools, neighborhood amenities; and, (d) distinguish between efforts that serve need groups with products and services, such as affordable housing and job training, from efforts to stimulate neighborhood markets and economies.

Working in weak markets also requires a degree of "tough love" on the part of local government leaders. From a regional or citywide perspective there must be the recognition that local governments do not have enough resources to do the job in all of the neighborhoods at once. So they must be selective in order to ensure impact – a process that inherently means difficult, and politically charged, decision-making.

**State governments.** State governments can play a very important role in partnering with local governments and other community development stakeholders in (a) directing economic development efforts to strengthening weak market locations—an approach that can be a critical part of smart growth strategies; (b) providing tax credits to businesses that make grants to nonprofits working in community development; and (c) directly funding nonprofit groups working on the improvement of weak market locations.

**Federal Government.** The Federal Government does not have an orientation or set of programs that are aimed at strengthening weak market cities. Programs like Live Baltimore Home Center that are working to attract people of all incomes to Baltimore receive no federal help. Philadelphia's Neighborhood Transformation Program is forced to proceed without the Federal Government as an important partner. While there are some programs that are helpful to weak market cities—Brownfields, HOPE VI, and the Historic Tax Credit, for example—for the Federal Government to be helpful it must accept that the goal of market building is as important to weak market cites and neighborhoods as is affordable housing.

**Financial Institutions.** The Community Reinvestment Act (CRA) and its regulations have stimulated significant lending from regulated banks for low and moderate-income people. A broadening of the guidelines regarding CRA to give credit toward meeting CRA requirements to lenders that are financing all kinds of real estate in weak market locations could increase the amount of capital provided to these areas.

**The Business Sector.** Over the past three years, ICIC and Inc Magazine have joined to name and honor annually the Inner City 100. These are businesses that are growing rapidly in inner cities throughout the nation. The identification and documentation process for this program has provided ample evidence that there are many companies thriving in what are weak market areas. The challenge to the business sector is to take a close look at the business opportunities that exist in these areas. Other key partners in the community development system need to make it clear to businesses that there are opportunities for honest profit in these areas.

Businesses and business organizations can also be effective civic partners in strengthening markets in these areas as well. Corporations, small business, and lenders have an especially important role to play as partners in working on the strengthening of markets in weak market areas. Leadership from the business sector can be very effective in moving government in the right direction.

In addition, private for-profit real estate developers can be crucial partners in building market strength. They often have large amounts of capital available and sophisticated real estate development capability. In each of the four cities studied, they are playing a welcome role in stimulating markets through their private real estate investments. Getting this sector to work in tandem with the other partners is key.

**Large Urban Institutions.** Hospitals, colleges and universities, and other institutions that are located in weak market cities have become important partners in developing programs and projects in their cities. An example of a partnership between a large institution and neighborhood-based groups is the University of Pennsylvania which is leading a coalition of community-based institutions and groups to improve a large area of West Philadelphia adjoining its campus. The work of this coalition has had neighborhood improvement and market change as its goal, and the results are striking. The population of the area increased, while Philadelphia's was shrinking. Housing values increased 59% from 1995-2001, well above the citywide average increase of 29%. Streets are cleaner, brighter, and safer; a new public school has been built, and commercial and residential blight is being removed and rehabilitated at scale. Large institutions like the University of Pennsylvania can be major leaders in helping weak market cities improve.

**Philanthropies.** The philanthropic sector has an important role to play as stewards for innovative strategies that are necessary but often fall outside of the more narrow limitations of governmental programs. Providing funding for innovative programs, research, and new ideas that will work to complement government policies and programs is critical to helping weak market cities get to scale. For example, philanthropies can support skill-building strategies to help community-based groups learn how to plan and implement market-based revitalization strategies. They can underwrite innovative programs to help build assets and wealth of low and moderate-income persons through economic development strategies such as small business development, housing rehab loan funds, and other programs that view economic growth as a desirable outcome. Philanthropies can also use their grant funds and capital from program related investments to provide credit enhancement in weak market locations to stimulate capital investment from others.

**Community Development Partnerships.** Though historically focused on capacity building strategies for CDCs, community development partnership organizations are uniquely positioned to be the place where the various interests involved in supporting community development come together and work on a common agenda. Because CDCs are typically not the exclusive entities working in neighborhoods, it is sometimes necessary that the partnership play a role of helping to bring the various development interests together; government, philanthropic, private sector, and other stakeholders.

The partnership can play several additional roles as well. It can "keep everyone honest" by maintaining learnings, setting standards, and documenting progress. It needs to help build specific capacities within the community-based organizations, particularly this market understanding and the political skills necessary to address neighborhood change. Finally, the partnership will need to assume a more significant role in policy, at the city and regional level, and as an advocate for the correct resources being brought to the table.

## 4. DEVELOPING THE RIGHT POLICY AND PROGRAM TOOLS TO AID WEAK MARKETS.

Weak market cities are in need of a different set of policy and program tools than fast growing markets or traditional community development initiatives. While we have cited some of these in the four cities studied, more flexibility and help is needed to achieve the level of innovation, replication, and scale that is required for weak market cities to succeed at a greater scale. In some cases, additional policies and reallocation of resources is necessary. Some of the program and polices areas to be addressed include:

**Creating Home Ownership Opportunities.** Few tools currently available provide support to cities that are seeking to strengthen markets. Weak market cities need tools that will encourage people to move in and buy homes. Programs at HUD, for example, are generally limited to low-and-moderate income groups—a set of Americans clearly in need of federal help. However, there is virtually no help to cities trying to hold and grow wealth among its residents by strengthening their neighborhoods.[9]

In weak market situations, funds are needed to help with income integration by providing an incentive to people above 80 percent of median to move into weak market neighborhoods. One example of such a program is the tax credit available today to any out-of-town buyers within certain income limits that buy a home in Washington, DC. Eligible buyers are able to take up to a $5,000 credit on federal taxes for purchasing a home anywhere in the District. Similar programs are needed in weak market cities.

**Financing Tools.** More flexible financing tools should be put in place to support mixed-income housing development. In addition, funds for rehab for homes in weak market cities are needed. The federal Community Reinvestment Act encourages financial institutions to make loans to low and moderate income borrowers and to others for the benefit of low and moderate-income users. However, there is no federal encouragement for lenders to provide financing in recovering neighborhoods to attract middle income buyers and investors looking to rent to middle income tenants. The development of additional financing tools that would help weak market cities finance mixed-income housing would be very helpful to these cities.

[9] Even the CDBG program is being reduced in weak market cities, in part, because the allocation formula reduces funding levels when populations shrink. Based on 2000 census information, each of the cities in this study will lose CDBG funds: Philadelphia: Loss of $5,587,000 (8.0%); Pittsburgh, loss of $1,180,000 (5.4%); Cleveland, loss of $1,549,000 (5.0%); Baltimore, loss of $1,619,000 (5.3%).

**Land Assembly Policies.** Weak market cities typically have a substantial amount of vacant buildings and land. One of the ongoing challenges is maneuvering through the city system to assemble and make ready these parcels for redevelopment. City government in weak market cities should prioritize the overhaul of these processes to enable redevelopment. Lessons can be learned from the four cities highlighted here.

At the federal level, with the exception of the Brownfields program, there are no federal programs that help weak market cities with land acquisition, clearance, environmental remediation, etc. Furthermore, there is no assistance from the federal government in helping cities with weak market projects of scale. Other than the Empowerment Program (not currently funded) and HOPE VI program, (for very special large-scale efforts), the federal government is not a partner with cities in large-scale efforts. Federal support for land assembly programs highlighted here, such as NTI in Philadelphia and Project 5000 in Baltimore are needed.

**Economic Development.** Funding to support neighborhood commercial revitalization efforts is in short supply. The National Trust for Historic Preservation's Main Street program has demonstrated that commercial streets, even in weak market locations, can be improved. Building thriving commercial districts is a key tool for recruiting and retaining residents in weak market neighborhoods. Foundations, government, and businesses can play a leadership role in supporting these efforts.

**Community Organizing and Planning.** Community-based groups need to increase their capacity to provide community leadership as well as to engage in more sophisticated planning efforts that relate to markets as well as the regional context and smart growth.

**Analysis and Impact Assessment.** Weak market cities need much better tools to analyze market conditions of neighborhoods, cities, and regions. They also need better mechanisms for assessing impact of local efforts and tracking economic changes among local residents. Again, this is an opportunity for philanthropy to step in as well as for local educational institutions to provide leadership and expertise.

# MOVING AHEAD - ACTIONS FOR THE FIELD

In commissioning this paper, the Community Development Partnership Network (CDPN) hoped to provide a small, but critical, first step towards re-orienting local and national community development discussions and investments around the needs of weak market places. In particular, we hope that this paper provides a framework for developing a more market-oriented approach to local and national community development that seeks to stimulate investment while promoting equity for low and moderate income households and small businesses.

For each of the four cities studied here, we recommend that this paper be used to facilitate an internal dialogue among key local stakeholders that focuses on the programs, policies, and investments that are currently in place and examines their effectiveness in meeting the needs of weak markets. From this examination we hope that stakeholders will be able to identify where additional action is needed to fill in the gaps or bring programs to scale to more effectively build markets and stimulate investment. This paper can also be used to facilitate information sharing across these four constituencies to foster documentation and replication of promising practices.

At the national level, we offer this paper as a challenge to weak market constituents nation-wide to build a collective voice for their agenda. Perhaps this paper can be used as a basis for a national meeting of stakeholders from weak market cities representing both traditional and non-traditional community development interests — community development partnerships, community-based groups, local and national philanthropies, local and state government officials, business leaders, national intermediaries and policy organizations. We would encourage the participation of other national networks in this discussion including the National League of Cities and U.S. Conference of Mayors, the Neighborhood Funders Group and the Funders Network for Smart Growth, LISC and Enterprise, the National Congress for Community Economic Development, ICIC, PolicyLink, and others.

**THIS PAPER PROVIDES A CRITICAL FIRST STEP TOWARDS RE-ORIENTING LOCAL AND NATIONAL COMMUNITY DEVELOPMENT DISCUSSIONS AND INVESTMENTS AROUND THE NEEDS OF WEAK MARKET PLACES**

Such a convening would provide an important forum for sharing effective programs, policies, and tools as well as a platform for a dialogue on the unique community development needs of weak market cities and is an essential next step towards the identification of a fuller set of policy and program recommendations for these places.

2006

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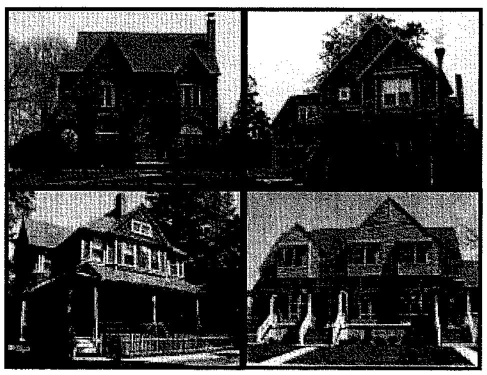

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# INFORMATION GUIDE



## NEIGHBORHOODLINK

**Cleveland Neighborhood Information on the Web**
**www.nhlink.net**

NeighborhoodLink is an online resource designed for the people of Cleveland to receive information about the neighborhoods in which they live, links to area nonprofit and neighborhood-based organizations offering a variety of services and programs, and information about community issues with which neighborhoods and their residents are currently involved.

- ✓ Sources for data and statistics of all types and geographic areas of all sizes
- ✓ Virtual tours of Cleveland's neighborhoods
- ✓ Information about available programs and services in the areas of housing, education, employment, and more
- ✓ Links to nonprofit and community organizations serving residents of Cleveland neighborhoods
- ✓ Upcoming community events and public meetings
- ✓ FREE weekly Neighborhood News e-newsletter
- ✓ The Plain Press, the community newspaper serving the West Side neighborhoods of Cleveland
- ✓ Much, much more!

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Debra Groce 216-222-9845
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# WAYS TO FIND A HOME

## FOR SALE BY OWNER (FSBO)

You may hear of a FSBO through word of mouth, a yard sign, or through other advertising. It's up to the buyer and seller to follow through on all the details for the transaction themselves.

Due to the importance of a real estate transaction, it may be advisable to consult an attorney to protect your interests and your investment in any home purchase, including a FSBO.

## REAL ESTATE AGENT

A real estate agent can find and show available homes, present the buyer's offer to the seller, and help keep track of steps involved in the transaction. (See "A Real Estate Agent's Role", page 11.)

When choosing a real estate agent, buyers should look for membership in a professional organization, (The Cleveland Area Board of Realtors or The Cleveland Realtists Association), as well as access to the Multiple Listing Service (MLS).

## NEIGHBORHOOD ORGANIZATION

Many non-profit neighborhood development organizations in Cleveland rehab homes and build new homes for sale to homebuyers. Homebuyers usually contact the non-profit neighborhood development organizations directly, rather than through a real estate agent.

Several such neighborhood organizations are members of the Cleveland Housing Network; others work independently. You can contact the Living in Cleveland Center for a list of these organizations (or see page 42.)

## REPOSSESSED OR FORECLOSED HOME

Buyers might find a repossessed home on their own or with a real estate agent. Terms such as "sheriff's auction", "HUD homes", the "HUD list" or "VA list" refer to these homes.

Buying such a home is a different process than other methods of homebuying, and holds more risk for the buyer. A buyer hoping to purchase a "repo" will want to talk with a lender about mortgage financing before submitting a bid on the home.


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If you've been dreaming about buying a home, it's time to make it a reality.
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Phone: 216-623-5988
Fax: 216-623-9251
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# How much house can I buy?

A mortgage lender (bank, savings and loan, mortgage company, or credit union) actually makes *TWO* decisions when evaluating your mortgage application:

**1) DO YOU QUALIFY FOR A MORTGAGE FROM THAT LENDER?**

First and foremost, a lender needs to examine the stability of your income, your credit payment history, and your funds (preferably savings) for upfront costs in order to determine if you qualify for a mortgage.

**2) IF YOU DO, WHAT MORTGAGE AMOUNT DO YOU QUALIFY FOR?**

Then, the lender looks at the amounts of your monthly gross income and your monthly debt obligations. The lender applies two percentages, or ratios, to your monthly gross income.

## WHAT ARE RATIOS?

Ratios may be referred to as "qualifying ratios", "debt-to-income ratios", or simply "ratios". Let's assume that a mortgage lender uses the traditional ratios of 28%/36%. This means that your monthly mortgage payment* should not be higher than 28% of your monthly gross income, and the combination of that mortgage payment *plus* your current monthly debt payments should not exceed 36% of your monthly gross income.

Special mortgage programs described in the Living in Cleveland Center's *Cleveland Mortgage Bulletin* will list the ratios for each program. FHA mortgages use ratios of 29%/41%. Conventional special programs often increase traditional 28%/36% ratios; 33%/38% and 33%/41% ratios are often used.

## HOW MUCH CAN I AFFORD IN A MORTGAGE PAYMENT?

Ratios tell the lender the maximum mortgage payment range to fit the lender's comfort level. That figure may be higher than what you want to spend, or more than you'd feel comfortable being committed to should your current circumstances change.

Therefore, your true maximum mortgage payment has to also fit within your own comfort level. Take a realistic look at your comfort level of your current expenses. How much room is there now to save? to splurge? to do things in the future you're not doing now? How will homeownership change your housing costs? How will it affect purchases? You'll be responsible for all the maintenance, repair, replacements, and improvements to the home-both getting them done AND paying for them. How much will you need to put aside each month to be able to do that?

*The monthly mortgage payment is often referred to as P.I.T.I. because it includes monthly payments for Principal and Interest on the mortgage loan, property Taxes, and Insurance premiums (homeowners insurance and, if required, private mortgage insurance.)

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# REAL ESTATE AGENT'S ROLE

Homeseekers often ask friends, relatives, or co-workers for names of real estate agents they might recommend to them who are knowledgeable and experienced in selling homes in City of Cleveland neighborhoods.

You want to feel comfortable with the agent's:

- *honesty, expertise, and professionalism*
- *availability of time and individualized attention to your home search*
- *timely, factual, and respectful responses to your questions and concerns*
- *experience and knowledge of Cleveland neighborhoods*
- *personality and working style that meshes with yours*

## WHO PAYS THE REAL ESTATE AGENT'S COMMISSION?

It could be the buyer, the seller, or both. Typically, payment of an agent's commission comes out of the proceeds of the sale of the home.

The State of Ohio requires all licensed real estate agents to be fair and equitable to both buyer and seller, but also requires agents to disclose to both parties who they represent in a transaction (the agency relationship) and what their specific policy is.

Real estate agents are obligated to inform you of the various agency options and their implications when you first begin working with them. You'll sign an agency disclosure form acknowledging this and stating the agency option you've chosen. You can ask for and review the firm's written policy on agency before deciding.

## WHEN CAN I CHOOSE ANOTHER REAL ESTATE AGENT?

If you have not signed an exclusive representation agreement, you can choose another agent, and it happens all the time. Tell the agent directly (and take extra effort to notify them by mail) that you do not wish to continue your home search with the agent and that you are ending the relationship. After you've done that, look for another agent.

Once you've found the agent you want to work with, work only with that agent. That includes asking that agent to track down other "leads" you might hear about on your own.

For example, if you drive by an intriguing house with a newly planted "for sale" sign on the lawn, call your agent, not the number on the sign, to get further information or an appointment to see the house. Your calling the number (of the agent who listed the house) directly could make you that listing agent's client by default.

Dropping into an open house might present a similar situation. Ask your real estate agent how best to notify the agent holding an open house that you are already being represented.


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affordable
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# BUYING AND REHABBING A HOME

## WHAT ADDITIONAL RESEARCH DO I NEED...

### ...before making the decision to buy a particular home?

***Is this the right house to buy and rehab? Will it turn into a gem or a lemon?***

- what is the specific nature and extent of the rehab?
- how much could that rehab cost?
- what's the possibility of additional hidden problems?

***How much should you offer the seller for the house?***

- how does the total project cost (purchase price plus rehab cost) compare with the value of similar homes nearby that are already in rehabbed condition?

***How will the rehab get paid for?***

- how does your situation meet the specific requirements of different financing options?
- how do any applicable financing options compare in cost, scope of work, timeline, and flexibility?

### ...to find out as much as possible about the house?

**You'll want:**

- information from seller and Seller's Disclosure Form.
- any existing code violations (call the City at 216-664-2826).
- an independent home inspection.

**You'll want to:**

- look realistically at your personality's capacity and tolerance for the rehab process.
- consider a purchase-rehab mortgage to cover the costs of both purchase and rehab in one mortgage payment. Examples of purchase-rehab mortgages include: the City of Cleveland's Afford-A-Home Program (216-664-4217), FHA 203K mortgages, and conventional purchase-rehab mortgages listed among the special programs in the center section of the "Cleveland Mortgage Bulletin".
- investigate beforehand to see if a City of Cleveland or neighborhood rehab program might apply by talking directly with the program administrator about the specifics of your situation.

Other possible resources:

- Cleveland Action to Support Housing (CASH) - 216-621-7350
- Neighborhood Housing Services (NHS) - 216-458-4663
- Cleveland Restoration Society (CRS) - 216-426-1000

# HOME REPAIR LOAN PRODUCT COMPARISONS

Available to Cleveland Homeowners

| **Loan Terms** | Cleveland Action to Support Housing | Cleveland Restoration Society – Heritage | Cleveland Restoration Society– Neighborhood | HELP | Fix-Up Fund | Neighborhood Housing Services |
|---|---|---|---|---|---|---|
| Maximum Loan amount | None | None | None | $200,000 | $20,000 | $60,000 |
| Minimum Loan amount | $3,000 | $5,000 | $5,000 | $1,500 | $500 | $1,000 |
| Maximum term | 12 years | 10 years | 12 years | 5 years | 15 years | 30 years |
| Interest rate | 4%* | 3.50% | 2% | 3% below market | 5.99% | 6.25% |
| Loan-to-Value Ratio | 125% | 80% | 90% | Yes, varies w/lender | 140% | 110% |
| Fees | Yes | $99+ 2% | $200+ 2% | Yes, cap at $175 | 3% | Yes, 1% +varies |
| 2nd Mortgage Required | Yes | Yes | Yes | varies w/lender | above $7500 | Yes |
| **Eligibility Requirements** | | | | | | |
| Maximum Debt ratio | 45% | 45% | 45% | varies w/lender | 45% | 45% |
| Income restrictions | No | No | No | No | No | No |
| Investor owner | Yes | Yes | Yes | Yes | Yes | No |
| Geographic Restrictions | City of Cleveland | Yes** | Yes*** | No | Yes | Cuyahoga County |
| Type of Home | 1-4 Units | 1-3 Units | 1-3 Units | Any size | 1-4 family | 1-4 family |
| Scope of Work | Flexible | Flexible | Flexible | Flexible | Flexible | Code 1st, Flexible |
| Other requirements | Good Credit | Historic standards, no vinyl siding/ windows | Historic standards, no vinyl siding/ windows | Paid taxes | Good credit | |
| Contact: Organization | CASH | CRS | CRS | HELP | Your CDC | NHS |
| Contact: Person / Contact: Phone | Cora Donley 216-621-7350 ext. 20 | Kerrington Adams 216-426-3116 | Sarah Beimers 216-426-3106 | any branch of participating banks**** | or fixupfund.org | Paula Miller 216-458-4663 |

* changes quarterly
**available in Wards 11, 16, 18, 19, and 21
***available in Wards 2, 4, 6, 7, 8, 9, 10, 13, 14, 15, 17
****participating banks=Fifth Third, FirstMerit, Huntington, KeyBank, National City and US Bank

# MAKING A LOAN APPLICATION

## WHAT TO TAKE TO THE BANK:

- Copy of the purchase agreement signed by buyer and seller
- Legal and tax description, plus MLS printout on the property (This you'll get from the real estate agent. If you're buying a "FSBO" -a house for sale by owner- you'll need to get information on the property's real estate taxes and insurance from the seller.)
- Loan application fee (to cover the cost of appraisal and credit report) While this amount is considered part of the buyer's overall closing costs, the buyer pays it upfront. Since it pays for the work the lender needs to do in order to decide on your mortgage application, it is payable regardless of the outcome of that decision.
- Copy of driver's license and social security card
- Name, address, and phone number of your employer for the past five years
- Copy of your federal income tax return (1040) and W-2 forms for the past two years (If you're self-employed you'll also need current year-to-date profit and loss statement.)
- Last two pay stubs showing year-to-date income
  If income is derived from pension, social security, or disability, bring the award letter and copies of last two checks.
- Copy of divorce decree or separation agreement, if applicable
- Documentation of child support or alimony received (only necessary if you wish this income to be considered in determining mortgage eligibility)
- Names, addresses, and account numbers of all financial institutions where you have accounts (bring last three statements)

  *The lender, of course, needs to determine that you have in your accounts the necessary money for down payment and closing costs. But also let the lender know of any credit union accounts, automatic savings plans, Christmas Club accounts, IRA's, or any investments you may have. Even when they're not used towards a home purchase, they can help demonstrate to the lender that you've established savings and money management patterns and that this home purchase won't leave you unprepared for future financial needs.*

- Names, addresses, and account numbers of all charge accounts, credit cards, installment loans - bring copies of last three statements. Be prepared to describe (and ideally to document) the specific circumstances of past credit problems and corrective steps you've taken.
- Documentation for any child support you pay, or child-care expenses you incur
- Name, address, and phone number of your landlord for the past two years
- Veteran's Discharge (DD214) and Certificate of Eligibility, if applying for a VA loan
- Copies of past bankruptcy petition and discharge, if applicable

## SKY PUTS THE BUYING POWER IN YOUR HANDS.

Thinking home ownership isn't affordable? Think again! Sky Bank offers many competitively priced mortgage options:

- Incredibly fast approval and closing process
- Low down payment programs
- Limited credit history is not an obstacle
- Free pre-approval gives you buying power
- Variety of great rates and terms to fit your needs

If you've been thinking about owning a home but didn't think you could afford it, call one of our local lenders for more information today:

Christine Lassiter: 216-752-4093 or toll-free 1-800-837-6085, ext. 1593
Molly Taylor: 216-731-7350

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# REAL ESTATE TERMS TO KNOW

**203(b):** FHA program which provides mortgage insurance to protect lenders from default; used to finance the purchase of new or existing 1-4 family housing; characterized by low down payment, flexible qualifying guidelines, limited fees, and a limit on maximum loan amount.

**203(k):** this FHA mortgage insurance program enables homebuyers to finance both the purchase of a house and the cost of its rehabilitation through a single mortgage loan.

**Amortization:** repayment of a mortgage loan through monthly installments of principle and interest; the monthly payment amount is based on a schedule that will allow you to own your home at the end of a specific time period (for example, 15 or 30 years)

**Annual Percentage Rate (APR):** calculated by using a standard formula, the APR shows the cost of a loan; expressed as a yearly interest rate, it includes the interest, points, mortgage insurance, and other fees associated with the loan.

**Appraisal:** a document that gives an estimate of a property's fair market value; an appraisal is generally required by a lender before loan approval to ensure that the mortgage loan amount is not more than the value of the property.

**ARM:** Adjustable Rate Mortgage; a mortgage loan subject to changes in interest rates; when rates change, ARM monthly payments increase or decrease at intervals determined by the lender; the change in monthly payment amount, however is usually subject to a cap.

**Assumable mortgage:** a mortgage that can be transferred from a seller to a buyer; once the loan is assumed by the buyer, the seller is no longer responsible for repaying it; there may be a fee and/or a credit package involved in the transfer of an assumable mortgage.

**Balloon Mortgage:** a mortgage that typically offers low rates for an initial period of time (usually 5, 7, or 10years); after that time period elapses, the balance is due or is refinanced by the borrower.

**Bankruptcy:** a federal law whereby a person's assets are turned over to a trustee and used to pay off outstanding debts; this usually occurs when someone owes more than they have the ability to repay.

**Borrower:** a person who has been approved to receive a loan and is then obligated to repay it and any additional fees according to the loan terms.

**Building Code:** based on agreed upon safety standards within a specific area, a building code is a regulation that determines the design, construction, and materials used in building.

**Cap:** a limit, such as that placed on an adjustable rate mortgage, on how much a monthly payment or interest rate can increase or decrease.

**Cash Reserves:** a cash amount sometimes required to be held in reserve in addition to the down payment and closing costs; the amount is determined by the lender.

**Certificate of Title:** a document provided by a qualified source (such as a title company) that shows the property legally belongs to the current owner; before the title is transferred at closing, it should be clear and free of all liens or other claims.

**Closing:** also known as settlement, this is the time at which the property is formally sold and transferred from the seller to the buyer; it is at this time that the borrower takes on the loan obligation, pays all closing costs, and receives title from the seller.

**Commission:** an amount, usually a percentage of the property sales price, that is collected by a real estate professional as a fee for negotiating the transaction.

**Conventional Loan:** a private sector loan, one that is not guaranteed or insured by the U.S. government.

**Credit History:** history of an individual's debt payment; lenders use this information to gauge a potential borrower's ability to repay the loan.

**Credit Report:** a record that lists all past and present debts and the timeliness of their repayment; it documents an individual's credit history.

**Credit Bureau Score:** a number representing the possibility a borrower may default; it is based upon credit history and is used to determine ability to qualify for a mortgage loan.

**Debt-to-Income Ratio:** a comparison of gross income to housing and non-housing expenses; with the FHA, the monthly mortgage payment should be no more than 29% of monthly gross income (before taxes) and the mortgage payment combined with non-housing debts should not exceed 41% of income.

**Deed:** the document that transfers ownership of a property.

**Deed-in-Lieu:** to avoid foreclosure ("in lieu" of foreclosure), a deed is given to the lender to fulfill the obligation to repay the debt; this process doesn't allow the borrower to remain in the house but helps avoid the costs, time, and effort associated with foreclosure.

**Delinquency:** failure of a borrower to make timely mortgage payments under a loan agreement.

**Discount Point:** normally paid at closing and generally calculated to be equivalent to 1% of the total loan amount, discount points are paid to reduce the interest rate on a loan.

**Down Payment:** the portion of a home's purchase price that is paid in cash and is not part of the mortgage loan.

**Earnest Money:** money put down by a potential buyer to show that he or she is serious about purchasing the home; it becomes part of the down payment if the offer is accepted, is returned if the offer is rejected, or is forfeited if the buyer pulls out of the deal.

**EEM:** Energy Efficient Mortgage; an FHA program that

## REAL ESTATE TERMS TO KNOW-CONTINUED

helps homebuyers save money on utility bills by enabling them to finance the cost of adding energy-efficiency features to a new or existing home as part of the home purchase.

**Equity:** an owner's financial interest in a property, calculated by subtracting the amount still owed on the mortgage loan(s) from the fair market value of the property.

**Escrow Account:** a separate account into which the lender puts a portion of each monthly mortgage payment; an escrow account provides the funds needed for such expenses as property taxes, homeowner's insurance, mortgage insurance, etc.

**Fair Housing Act:** a law that prohibits discrimination in all facets of the homebuying process on the basis of race, color, national origin, religion, sex, familial status, or disability.

**Fair Market Value:** the hypothetical price that a willing buyer and seller will agree upon when they are acting freely, carefully, and with complete knowledge of the situation.

**Fannie Mae:** Federal National Mortgage Association (FNMA); a federally-chartered enterprise owned by private stockholders that purchases residential mortgages and converts them into securities for sale to investors; by purchasing mortgages, Fannie Mae supplies funds that lenders may loan to potential homebuyers.

**FHA:** Federal Housing Administration; established in 1934 to advance homeownership opportunities for all Americans; assists homebuyers by providing mortgage insurance to lenders to cover most losses that may occur when a borrower defaults; this encourages lenders to make loans to borrowers who might not qualify for conventional mortgages.

**Fixed-rate Mortgage:** a mortgage with payments that remain the same throughout the life of the loan because the interest rate and other terms are fixed and do not change.

**Flipping:** the practice of reselling or refinancing real property for a falsely inflated value without improvements or market conditions that justify the sale price or loan amount.

**Foreclosure:** a legal process in which mortgage property is sold to pay the loan of the defaulting borrower.

**Freddie Mac:** Federal Home Loan Mortgage corporation (FHLM); a federally-chartered corporation that purchases residential mortgages, securitizes them, and sells them to investors; this provides lenders with funds for new homebuyers.

**Ginnie Mae:** Government National Mortgage Association (GNMA); a government-owned corporation overseen by the U.S. Department of Housing and Urban Development, Ginnie Mae pools FHA-insured and VA-guaranteed loans to back securities for private investment; as with Fannie Mae and Freddie Mac, the investment income provides funding that may then be lent to eligible borrowers by lenders.

**Good Faith Estimate:** an estimate of all closing fees including pre-paid and escrow items as well as lender charges; must be given to the borrower within three days after submission of a loan application.

**HELP:** Homebuyer Education Learning Program; an educational program from the FHA that counsels people about the homebuying process; HELP covers topics like budgeting, finding a home, getting a loan, and home maintenance; in most cases, completion of the program may entitle the homebuyer to a reduced initial FHA mortgage insurance premium-from 2.25% to 1.75% of the home purchase price.

**Home Inspection:** an examination of the structure and mechanical systems to determine a home's safety; makes the potential homebuyer aware of any repairs that may be needed.

**Home Warranty:** offers protection for mechanical systems and attached appliances against unexpected repairs not covered by homeowner's insurance; coverage extends over a specific time period and does not cover the home's structure.

**Homeowner's Insurance:** an insurance policy that combines protection against damage to a dwelling and its contents with protection against claims of negligence or inappropriate action that results in someone's injury or property damage.

**HUD:** the U.S. Department of Housing and Urban Development; established in 1965, HUD works to create a decent home and suitable living environment for all Americans; it does this by addressing housing needs, improving and developing American communities, and enforcing fair housing laws.

**Index:** a measurement used by lenders to determine changes to the interest rate charged on an adjustable rate mortgage.

**Inflation:** the number of dollars in circulation exceeds the amount of goods and services available for purchase; inflation results in a decrease in the dollar's value.

**Interest:** a fee charged for the use of money.

**Interest Rate:** the amount of interest charged on a monthly loan payment; ususally expressed as a percentage.

**Insurance:** protection against a specific loss over a period of time that is secured by the payment of a regularly scheduled premium.

**Lease Purchase:** assists low-to-moderate income homebuyers in purchasing a home by allowing them to lease a home with an option to buy; the rent payment is made up of the monthly rental payment plus an additional amount that is credited to an account for use as a down payment.

**Lien:** a legal claim against property that must be satisfied when the property is sold.

**Loan-to-value (LTV) Ratio:** a percentage calculated by dividing the amount borrowed by the price or appraised

## REAL ESTATE TERMS TO KNOW-CONTINUED

value of the home to be purchased; the higher the LTV, the less cash a borrower is required to pay as down payment.

**Lock-in:** since interest rates can change frequently, many lenders offer a guaranteed interest rate if the loan is closed within a specific time.

**Loss Mitigation:** a process to avoid foreclosure; the lender tries to help a borrower who has been unable to make loan payments and is in danger of defaulting on his or her loan.

**Margin:** an amount the lender adds to an index to determine the interest rate on an adjustable rate mortgage.

**Mortgage:** a lien on the property that secures the promise to repay a loan.

**Mortgage Insurance:** a policy that protects lenders against some or most of the losses that can occur when a borrower defaults on a mortgage loan; mortgage insurance is required primarily for borrowers with a down payment of less than 20% of the home's purchase price.

**Mortgage Insurance Premium (MIP):** a monthly payment-usually part of the mortgage payment-paid by a borrower for mortgage insurance.

**Negative Amortization:** occurs when your monthly payments are not large enough to pay all the interest due on the loan. This unpaid interest is added to the balance of the loan. The danger of negative amortization is that the homebuyer ends up owing more than the original loan amount; benefit is payments are lower initially.

**Offer:** indication by a potential buyer of a willingness to purchase a home at a specific price; generally put forth in writing.

**Origination:** the process of preparing, submitting, and evaluating a loan application; generally includes a credit check, verification of employment, and a property appraisal.

**Origination Fee:** the charge for originating a loan; is usually calculated in the form of points and paid at closing.

**Partial Claim:** a loss mitigation option offered by the FHA that allows a borrower, with help from a lender, to get an interest-free loan from HUD to bring their mortgage payments up to date.

**PITI:** Principal, Interest, Taxes and Insurance-the four elements of a monthly mortgage payment; payments of principal and interest go directly towards repaying the loan while the portion that covers taxes and insurance (homeowner's and mortgage, if applicable) goes into an escrow account to cover the fees when they are due.

**PMI:** Private Mortgage Insurance; privately-owned companies that offer standard and special affordable mortgage insurance programs for qualified borrowers with down payments of less than 20% of a purchase price.

**Pre-approve:** lender commits to lend to a potential borrower; commitment remains as long as the borrower still meets the qualification requirements at the time of purchase.

**Predatory Lending:** Describes a set of loan terms and practices that fall between appropriate risk-based pricing by subprime lenders and blatant fraud.

**Pre-qualify:** a lender informally determines the maximum amount an individual is eligible to borrow.

**Prepayment:** payment of the mortgage loan before the scheduled due date; may be subject to prepayment penalty.

**Principal:** the amount borrowed from a lender; doesn't include interest or additional fees.

**Real Estate Agent:** an individual who is licensed to negotiate and arrange real estate sales; works for a real estate broker.

**REALTOR®:** a real estate agent or broker who is a member of the NATIONAL ASSOCIATION OF REALTORS® and its local and state associations.

**Refinancing:** paying off one loan by obtaining another; refinancing is generally done to secure better loan terms (like a lower interest rate).

**Rehabilitation Mortgage:** a mortgage that covers the costs of rehabilitating (reparing or improving) a property; some rehabilitation mortgages-like the FHA's 203(k)-allow a borrower to roll the costs of rehabilitation and home purchase into one mortgage loan.

**Settlement:** another name for closing.

**Subprime:** Describes a lender who approves loans for individuals who may have poor credit history. Typically, the risk of this type of lending is offset by higher interest rates.

**Title Insurance:** insurance that protects the lender against any claims that arise from arguments about ownership of the property; also available for homebuyers.

**Title Search:** a check of public records to be sure that the seller is the recognized owner of the real estate and that there are no unsettled liens or other claims against the property.

**Truth-in-Lending:** a federal law obligating a lender to give full written disclosures of all fees, terms, and conditions associated with the loan.

**Underwriting:** the process of analyzing a loan application to determine the amount of risk involved in making the loan; it includes a review of the potential borrower's credit history and a judgement of the property value.

**VA:** Department of Veterans Affairs; a federal agency which guarantees loans made to veterans; similar to mortgage insurance, a loan guarantee protects lenders against loss that may result from a borrower default.

# HOUSING DEVELOPMENT OFFICE

**Department of Community Development**

**Housing Programs**

This office offers free comprehensive and concentrated services to for-profit developers, non-profit neighborhood-based organizations and individuals interested in building homes in Cleveland. Invaluable advice is provided on identifying and assembling vacant lots and arranging City financing. Financial incentives are a key factor - here are a few details:

**Low-cost Land:** City-owned lots are assembled in the City's Land Bank. Buildable lots are sold for $100 with a commitment for new housing construction. Smaller lots are sold for $1 to adjacent owners.

**Tax Abatement:** The City provides buyers with tax abatement on the improved value of new and rehabilitated homes for a term between 10-15 years.

**Bank Participation:** The City of Cleveland administers a Neighborhood Reinvestment Program. Through the program, the Department of Community Development negotiates Neighborhood Reinvestment Agreements with local financial institutions. The objective is to increase investment in Cleveland, increase access to capital and to invest in Cleveland's residents–particularly those of low and moderate income, and businesses.

The City of Cleveland has partnership commitments from area lenders, plus Fannie Mae and Freddie Mac that include attractive rates and terms for both construction and permanent financing. The City has either current or anticipated renewal agreements with: Charter One Bank, Chase/Bank One, Fifth Third Bank, FirstMerit Bank, The Huntington National Bank, Key Bank, National City Bank, Sky Bank and US Bank.

In addition to the City's Neighborhood Reinvestment Partners, the City partners with the Cleveland Action to Support Housing to provide below market interest rate home improvement loans.

**Affordable Utilities:** A savings of more than 30% can be realized on electric bills through Cleveland Public Power. Low cost water rates are also offered.

## HOUSING REHABILITATION PROGRAMS

The Department of Community Development offers financial assistance to Clevelanders who wish to improve their homes. Here is a summary of the rehabilitation programs.

**(SUBJECT TO FUNDS BEING AVAILABLE).**

**Afford-A-Home (AAH):** AAH combines a bank mortgage with a second mortgage from the City to cover the total cost of purchasing and repairing a home. A down payment is required for the 30-year fixed-rate loan. The second mortgage is a deferred loan at 0% interest, with $10,000 as the maximum loan for the purchase-repair cost for income eligible families. Those with a higher income also qualify for a $5,000 maximum loan which is offered in targeted areas.

**Repair-A-Home (RAH):** Deferred loans from a 0%-3% interest rate are available to owner-occupants of single family dwellings who meet eligibility guidelines. Loan repayment terms are dependent upon the income and ability to repay, not to exceed 30 years. RAH monies must first be used to repair homes to code standards.

**Home Weatherization Assistance Program (HWAP):** Free weatherization grants of approximately $3,250 per unit are available to homeowners and tenants who meet the low-income guidelines.

**Paint Refund Program:** Refunds up to $400 to cover the cost of paint and materials are available to homebuyers and tenants who paint the exterior of their homes. Applicants must meet the income guidelines. The application period begins in May.

**Senior Housing Assistance Program (SHAP):** Senior citizens who meet income guidelines may receive a one-time grant of up to $8,000 for health and safety repairs to their homes. Applications must be made to the Department of Aging.

**Cityworks:** This program makes grants up to $3,000 to small street, block and resident clubs for neighborhood improvement activities. Groups must match City dollars with volunteer efforts, donated supplies/materials, cash or a combination of all three.

Call (216) 664-2869 for additional information on the new construction programs and (216) 664-2045 for income guidelines and other details on the rehabilitation programs.

**Daryl Rush, Director**

# CONVENTIONAL SPECIAL FINANCING PROGRAMS FOR HOME PURCHASES IN CITY OF CLEVELAND NEIGHBORHOODS

**Note: Program specifics are subject to change. Check with each lender concerning buyer and property eligibility. These programs cannot be used to purchase as an investor. Some, where noted, can be used to refinance.**

## US BANK

**American Dream:** 97% loan with No Mortgage Insurance and a great interest rate. Buyers qualify with income at 80% median income or if the home is in a low-to-moderate census tract, there is no income limit. Home inspection & Home Buyer Education are required.

**No Down Payment Programs:** Several different programs for borrowers of varying credit that require zero down payment. Maximum debt ratios to 41% and no income limits!

**Firstep FHA Buydown:** All the benefits of an FHA loan with a lower interest rate for first year!

**Homebuyer Helper:** Buy your home with little or no money out-of-pocket expense including your closing costs, down payment and you may even get cash back to redecorate, buy new furniture or get money for future home improvement up to a maximum 5% of the purchase price.

**CONTACT:**
**(216) 623-5988**

## THIRD FEDERAL SAVINGS BANK

**HomeToday Program:** A partnership program that combines seminars and personal guidance to teach the fundamentals of successful homeownership. Participants attend a series of four FREE educational sessions on budgeting, establishing and maintaining credit and shopping for a home loan. Also meet one-on-one with a professional credit counselor. Courses in English and Spanish. Free pre-approvals available upon completion of course.

**Community Development Loans:** 3% minimum down payment; no Private Mortgage Insurance (PMI) options available; lower closing costs than standard Third Federal loans; can be used to purchase a new or existing home, refinance a current mortgage, build a new home or purchase and rehabilitate an existing home.

**First Time Home Buyers Program:** Seminars, online tools and First Time Home Buyer counselors make buying a first home easy; always low rates–consistently among the lowest available; standard 60-day lock with 240-day and 360-day rate lock options available–most lenders offer only 180-day lock-in maximum; 0, 1, 2 or 3 point financing to fit more buyers' needs; as little as 3% down payment for the same low rate on purchases; no private mortgage insurance (PMI) with as little as 3% down; apply over the telephone or online; same low fixed rates and terms for condos; no-cost loans available.

**Corporate Preferred Program:** Special program for employees of partner companies; reduced closing costs; always low rates–consistently among the lowest available; quick and easy loan processing by phone, internet or in person; free pre-approvals; equity lines of credit with great rates and no hidden costs. Ask your employer if they participate in our Corporate Preferred partnership. If not, ask your HR or Benefits person to contact Tim Skonezny at (216) 641-7277 to become a partner.

CONTACT:

| | | | | | |
|---|---|---|---|---|---|
| **John Price** | **(216) 429-5347** | **Cleveland East** | **Amy Ramos** | **(216) 429-5044** | **Cleveland West** |
| **Tim Skonezny** | **(888) THIRD-FED Corporate Preferred Program** | | | | |

**www.thirdfederal.com**

## SKY BANK

**The Sky GoodStart® Mortgage:** Provides a significant benefit of up to 100% financing for clients that meet liberal income guidelines. Minimum down payment of 1.5% of loan amount or $500 (whichever is less) is required.

**Homestyle Renovator Mortgage:** Offers conventional fixed rates that can be used for purchases or refinances. Minimum 5% down payment required.

**Flex 100:** Assists borrowers with minimal funds to close and those who prefer to use funds to invest and have access to flexible sources of funds. $500 minimum borrower's own funds; required balance can be gift funds.

*A range of mortgage product options available; contact one of our mortgage experts to learn more about our mortgage programs.*

**CONTACT:**

| | | | |
|---|---|---|---|
| **Christine Lassister** | **(216) 407-2964** | **Molly Taylor** | **(216) 731-7350** |

## OHIO SAVINGS BANK

**My Community Mortgage:** No or low down payment options; less than perfect credit acceptabal; closing costs may come from buyer's own funds, gift from family member or grant from employer, non-profit or government agency; special discounts on closing costs for City of Cleveland homebuyers; single family, owner occupied homes only.

**100% Financing Options:** No down payment required; closing costs may come from buyer's own funds or seller, gift from family member or grant from employer, non-profit or government agency; buyer must have solid credit; special discounts on closing costs for City of Cleveland homebuyers; up to an additional 3% of closing costs may be financed in some cases; single family, owner occupied homes only.

**Expanded Approval Options:** Reasonable loan rates despite minor credit blemishes; with some options, interest rate will automatically be reduced if borrower makes 24 consecutive mortgage payments on time.

*NOTE: THESE OHIO SAVINGS PROGRAMS ARE AVAILABLE IN ALL CITY OF CLEVELAND NEIGHBORHOODS WITH NO MAXIMUM INCOME LIMIT FOR CITY OF CLEVELAND HOMEBUYERS; FREE MORTGAGE PRE-APPROVAL AND HOMEBUYER COUNSELING THROUGH BRANCH LOCATIONS; NO CLOSING COST LOANS ALSO AVAILABLE.* ASK US ABOUT DOWN PAYMENT ASSISTANCE PROGRAMS.

**CONTACT:**

| | | | | | |
|---|---|---|---|---|---|
| **La'Shanya Moorer** | **(216) 736-3480** | **Cleveland East** | **Mary Casola** | **(216) 941-3000** | **Cleveland West** |
| **Karen Polk** | **(216) 696-3050** | **Cleveland West** | **Dee McGhee-Haggins** | **(440) 943-1178** | **Corporate/Group Banking** |

**1-888-987-LOAN (5626)**
**www.ohiosavings.com/loan**

## NATIONAL CITY BANK

**My Community Mortgage:** This is a suite of products, a variety of low and NO down payment conventional loan options. These options address the most common obstacles to buying a home. Single family, two, three and four family primary residences are eligible. Zero and low down payment options; flexible credit standards-low credit score minimums; expanded qualifying ratios.

**Self Help:** 100% financing available and up to 105% available with approved community seconds. No PMI, minimum cash investment of only $500 from borrower's own funds. Qualifying ratios are 38%/45%, low credit score minimums, maximum income 115% of median income in the City of Cleveland and other concentrated areas; flexible underwriting and available for single family primary residence.

**FHA and Conventional Rehab:** Available for home purchases and refinances on 1-4 family homes. Minimum down payment based on standard FHA and conventional loans. Owner occupied required on 203K loans and investors allowed on conventional rehabs. Loan amount is based off of the "as completed" appraised value.

*NOTE: THESE LOANS AND MANY MORE ARE ALL AVAILABLE IN THE CITY OF CLEVELAND. CALL FOR MORE OPTIONS.*

**CONTACT:**

| | | | |
|---|---|---|---|
| **Diana Barran** | **(216) 257-8180** | **Denise Enderlein** | **(216) 222-3499** |
| **Debra Groce** | **(216) 222-9845** | **Bob Ware** | **(216) 222-9577** |

## KEY BANK

**Home Assist VI:** 3% down payment does not have to be borrower's own funds; can come from a gift, grant, or a secured or unsecured loan. Points/closing costs and prepaids can be included in loan amount, however, loan amount may not exceed 100% of sale price or appraised value. Total monthly debt ratio of 40%. Maximum sales price $180,000, and household income of $60,200. No private mortgage insurance required. Owner-occupied dwellings only (one or two family.)

**CONTACT:**
**Eddy Chatmon (216) 229-2286**

## HUNTINGTON BANK

**Welcome Home:** Designed for low to moderate income borrowers with less than perfect credit. Down payment is 0%-5% depending on credit history. $500 minimum borrowers own funds required, balance could be gift funds. Owner occupied 1-2 family purchases only. Home buyer counseling required.

**Cleveland Access Mortgage:** For purchasing 1 or 2 owner occupied or investment properties located in low or moderate income census tracts. Down payments range from 0% to 10%. Up to $25,000 in structural improvements can be financed into the loan. Interest rate reduced by .50% when purchasing in designated low to moderate census tracts.

**EZ:** Especially designed for the "Self employed or Small Business Owner." Owner occupied 1-4 family purchases with 0% down payment. Credit score driven with "reasonable test" applied to income and assets for qualification purposes. Minimum of 2 years in same business required.

NOTE: Additional loan programs are available for City of Cleveland Neighborhoods. *Special rates available for approved housing projects in the City of Cleveland.

**CONTACT:**

| | | | |
|---|---|---|---|
| **Dave Borling** | **(216) 515-6863** | **Reggie Matthews** | **(216) 515-6040** |

## FIFTH THIRD BANK

**Good Neighbor Program:** Wow, this is the best program available to obtain the dream of home ownership. No down payment required and no Private Mortgage Insurance. This program has expanded ratios. Seller can contribute up to 3% toward closing costs. Buyer cannot own other property.

**Home Possible Program:** Open doors for home ownership eliminating the need for a down payment and offering outstanding flexibility and options to meet the needs of borrowers at 100% of area median income or lower who are purchasing or refinancing a primary residence. Home Possible is an affordable mortgage product that permits 100% financing and total financing up to 105% by utilizing an approved outside agency. Home Possible Neighborhood Solution Mortgages provide flexibilities for teachers, firefighters, police and healthcare workers.

**FHA:** No mininum credit score's needed! No previous credit needed. Limited income! Not a problem for borrowers with family members willing to help them qualify for a housing payment. Borrowers with limited or no funds can take advantage of FHA's 100% gift options. FHA has expanded ratios through FHA's electronic underwriting system. Seller can contribute up to 6% toward closing cost related items. Buyer can own other property. No income limitations or sales price limitation. There are maximum mortgage limitations, but no area limitations.

**CONTACT:**
**Sabryna Wheeler (216) 274-5326 Renee Tyler (216) 334-2223**

## DOLLAR BANK

**Rent-No-More Mortgage:** 100% financing. **No downpayment required;** No private mortage insurance; 3% allowable seller contribution or gift/grant for reduced closing cost; No income limits when purchasing in low to moderate census tract; 1-4 family owner occupied; uses 33%/38% ratios.

**Neighborhood Solution 100%: No downpayment required;** Minimum of $500 is required from borrower's own funds; 3% allowable seller contributions; Program is for teachers, law enforcement/fire department agency or licensed health care workers; single family or condos; Maximum income $59,900.

**FHA Fixed Rate Mortgage:** 3% downpayment, can be gift or grant; .25% discount on current rate if borrowers income is under $47,921 or house is in low to moderate income census tract; 6% allowable seller contribution; 1-4 family owner occupied; No income limits.

*Note: Downpayment/closing cost grants are available, as well as free preapproval and free credit counseling.*

**CONTACT:**
**Clifford King (216) 235-5464 Denise Robinson (216) 552-2852**

## COMPETITIVE HOME MORTGAGE

**Affordable Housing Programs:** Up to 100% financing available all that the buyer needs is at least $500 of their own funds. All other funds can come from the seller paying closing costs, or a gift from a family member.

**Stated Programs:** We have great programs for borrowers that cannot show income. These programs require no document verfication.

**CONTACT:**
**Rick Ritt or David Kless (216) 514-1200 or (800) 848-0814**
**www.competitivehomemortgage.com**

**OHIO HOUSING FINANCE AGENCY**
**MORTGAGE REVENUE BOND PROGRAM**
**2005-2006 Series / FHA or VA Financing**

**5.27% Unassisted Loans**
**5.65% with Down Payment Assistance (2% Down Payment Grant)**
**30 Year Fixed Rate Mortgage**
**1% Origination Fee**
**$150 Transfer Fee**
**$20 OHFA Review Fee Required**

**Funds available for a limited time. Program subject to change.**
**Contact participating lenders for more information.**

**Maximum household income for Cleveland homebuyers:**

**1-2 person household - $72,240** **3+ person household - $84,280**

**Maximum sales price for Cleveland homebuyers:**

**New Construction & Existing Home- $319,877 (1-family)**

**CITY OF CLEVELAND BUYERS DO NOT HAVE TO BE FIRST-TIME BUYERS.**

Program available on a first-come, first-served basis as long as funds are available. A recapture fee may apply if buyer sells or moves from the home within 9 years. Program cannot be used to refinance or to purchase investment property.

## LOCAL PARTICIPATING LENDERS

| | |
|---|---|
| Dollar Bank | 440-842-1460 |
| Fifth Third Mortgage | 216-274-5586 |
| Huntington Mortgage Co. | 216-515-6863 |
| National City Mortgage Co. | 216-222-3499 |
| US Bank Home Mortgage | 216-475-7812 |

*Loans are available on a fair and equal basis regardless of race, color, ancestry, national origin, religion, sex or physical handicap.*

# MORTGAGE PAYMENT CHART

## Equal Monthly Payment per $1,000

| TERM RATE | 10 yrs. | 15 yrs. | 20 yrs. | 25 yrs. | 30 yrs. |
|---|---|---|---|---|---|
| 4% | $10.13 | 7.40 | 6.06 | 5.28 | 4.78 |
| 4.25 | 10.25 | 7.53 | 6.20 | 5.42 | 4.92 |
| 4.5 | 10.37 | 7.65 | 6.33 | 5.56 | 5.07 |
| 4.75 | 10.49 | 7.78 | 6.47 | 5.71 | 5.22 |
| 5% | 10.61 | 7.91 | 6.60 | 5.85 | 5.37 |
| 5.25 | 10.73 | 8.04 | 6.74 | 6.00 | 5.53 |
| 5.5 | 10.86 | 8.18 | 6.88 | 6.15 | 5.68 |
| 5.75 | 10.98 | 8.31 | 7.03 | 6.30 | 5.84 |
| 6% | 11.11 | 8.44 | 7.17 | 6.45 | 6.00 |
| 6.25 | 11.23 | 8.58 | 7.31 | 6.60 | 6.16 |
| 6.5 | 11.36 | 8.72 | 7.46 | 6.76 | 6.33 |
| 6.75 | 11.49 | 8.85 | 7.61 | 6.91 | 6.49 |
| 7% | 11.62 | 8.99 | 7.76 | 7.07 | 6.66 |
| 7.25 | 11.75 | 9.13 | 7.91 | 7.23 | 6.83 |
| 7.5 | 11.88 | 9.28 | 8.06 | 7.39 | 7.00 |
| 7.75 | 12.01 | 9.42 | 8.21 | 7.56 | 7.17 |
| 8% | 12.14 | 9.56 | 8.37 | 7.72 | 7.34 |
| 8.25 | 12.27 | 9.71 | 8.53 | 7.89 | 7.52 |
| 8.5 | 12.40 | 9.85 | 8.68 | 8.06 | 7.69 |
| 8.75 | 12.54 | 10.00 | 8.84 | 8.23 | 7.87 |
| 9% | 12.67 | 10.15 | 9.00 | 8.40 | 8.05 |
| 9.25 | 12.81 | 10.30 | 9.16 | 8.57 | 8.23 |
| 9.5 | 12.94 | 10.45 | 9.33 | 8.74 | 8.41 |
| 9.75 | 13.08 | 10.60 | 9.49 | 8.92 | 8.60 |
| 10% | 13.22 | 10.75 | 9.66 | 9.09 | 8.78 |
| 10.25 | 13.36 | 10.90 | 9.82 | 9.27 | 8.97 |
| 10.5 | 13.50 | 11.06 | 9.99 | 9.45 | 9.15 |
| 10.75 | 13.64 | 11.21 | 10.16 | 9.63 | 9.34 |
| 11 | 13.78 | 11.37 | 10.33 | 9.81 | 9.53 |
| 11.25 | 13.92 | 11.53 | 10.50 | 9.99 | 9.72 |
| 11.5 | 14.06 | 11.69 | 10.67 | 10.17 | 9.91 |
| 11.75 | 14.21 | 11.85 | 10.84 | 10.35 | 10.10 |
| 12% | 14.35 | 12.01 | 11.02 | 10.54 | 10.29 |
| 12.25 | 14.50 | 12.17 | 11.19 | 10.72 | 10.48 |
| 12.5 | 14.64 | 12.33 | 11.37 | 10.91 | 10.68 |

**these figures do not include taxes or insurance.*

## Mortgage

***Fifth Third Mortgage Company gives you more choices so you can get more home than you ever thought possible - including no money down, interest-only options and financing up to 105%*. Call Sabryna Wheeler at 216-274-5326.***

Fifth Third Mortgage Company

SAVE

$250

off closing costs

with this ad

**Fifth Third Bank**

Working Hard To Be The Only Bank You'll Ever Need!

*Upon qualification. This coupon must be presented at time of application for a first mortgage loan. One coupon per household. Cannot be combined with any other offer. Valid at Fifth Third Bank, Northeastern Ohio locations only. Offer expires 12/31/06. Fifth Third and Fifth Third Bank are registered service marks of Fifth Third Bancorp. Member FDIC. Equal Housing Lender

CODE 1

## CLEVELAND ACTION TO SUPPORT HOUSING

**LOW INTEREST** home improvement loans with **FREE** technical support

**CALL (216) 621-7350 NOW**

to find out more about Cleveland's premier home improvement loan program

(Loan specification information also available on page 14)

# HOME INSPECTIONS

## WHY A HOME INSPECTION?

Just as a car buyer might want a car to first pass inspection by the buyer's mechanic before finalizing the deal, a homebuyer may also want further information on a home's condition from a qualified professional.

## DOESN'T THE LENDER INSPECT THE HOUSE?

A lender's appraisal inspection is very different from an independent home inspection. An appraiser inspects the home to appraise its market value for the lender's benefit. It looks at how a home's condition affects market value. A lender chooses the appraiser, and schedules the appraisal as part of the mortgage loan process.

A homebuyer chooses and hires an independent home inspector to examine, on the buyer's behalf, a home's structural condition (roof, foundation, etc.) and mechanical systems, such as plumbing, heating and electrical. It can give a buyer further information on the home's current condition and look for potential problems.

A buyer who wants to get an independent home inspection will need to have included an inspection contingency clause in the purchase agreement. The contingency language should spell out what happens if the inspection results are not satisfactory to the buyer. An inspection may take 2-3 hours, and may cost about $200-350.

## HOW DO I CHOOSE AN INDEPENDENT HOME INSPECTOR?

Interview several candidates about their training, qualifications, and experience as professional inspectors. Ask if they are members of a professional inspector trade association, and what the membership requirements are. The Ohio Chapter of the American Society of Home Inspectors (ASHI), can provide a list of their members; call 1-800-666-0848. If you've contacted an inspection company, you want to interview the specific person who will be inspecting your house. Check references and sample reports. You're looking for an inspector with qualifications and experience that directly relate to your particular situation. Also thoroughly discuss the costs and what you will receive.

## HOW DO I MAKE THE MOST OF AN INSPECTION?

You'll want to be there throughout the inspection. Have ready for the inspector the seller's Disclosure Form and any other information on the home, your questions and concerns from your own inspection, and any plans you're contemplating for changes or improvements. Of the different types of inspection reports, you'll probably get the most information from a combination of a written report plus an audio tape made during the inspection.

## *MORTGAGE BORROWERS' RIGHTS*

***PRESENTED BY***

This may be the largest and most important loan you get during your lifetime. You should be aware of certain rights before you enter into any loan agreement.

- You have the RIGHT to shop for the best loan for you and compare the charges of different mortgage brokers and lenders.
- You have the RIGHT to be informed about the total cost of your loan including the interest rate, points and other fees.
- You have the RIGHT to ask for a Good Faith Estimate of all loan and settlement charges before you agree to the loan and pay any fees.
- You have the RIGHT to know what fees are not refundable if you decide to cancel the loan agreement.
- You have the RIGHT to to ask your mortgage broker to explain exactly what the mortgage broker will do for you.
- You have the RIGHT to know how much the mortgage broker is getting paid by you and the lender for you loan.
- You have the RIGHT to ask questions about charges and loan terms that you do not understand.
- You have the RIGHT to a credit decision that is not based on your race, color, religion, national origin, sex, marital status, age, or whether any income is from public assistance.
- You have the RIGHT to know the reason if your loan was turned down.
- You have the RIGHT to ask for the HUD settlement costs booklet "Buying Your Home."

For more helpful information, call (800) 569-4287 or visit www.hud.gov

# INSURANCE

## TITLE INSURANCE

A title company will be involved in a home purchase. A mortgage lender needs to be sure that the seller actually owns the property and can transfer title, without any liens or encumbrances, to the buyer. Lenders require a title search of public records to be done, and also require a buyer to purchase title insurance. Title Insurance protects against hidden title defects, such as undisclosed heirs or forged signatures, which couldn't be detected in a title search.

The cost of title insurance is part of a buyer's closing costs. While lenders only require a buyer to purchase a lender's policy, protecting the lender's investment, a buyer can also choose to purchase an owner's policy, which protects the buyer's equity.

A title company might also serve as the escrow agent, a neutral third party that collects documentation showing that the buyer and seller have done what each agreed, in their purchase agreement, to complete before title transfer. The title company often conducts the settlement, or closing, where buyers sign their final papers in preparation for title transfer.

## HOMEOWNER'S INSURANCE

Mortgage lenders also want the home being mortgaged to be covered by homeowners insurance, also called hazard insurance. Lenders often require homebuyers to purchase the first year's hazard insurance protection before the closing appointment.

The choice of coverage, and the insurance provider, is up to the buyer. Lenders only require a "market value" coverage, in the amount of the mortgage, but a buyer might choose a "replacement cost" policy.

Shop for insurance by talking with several insurance agencies. You want to understand fully what each coverage includes, what is not covered, and what it costs. Give each agent the same information about the house and the coverage you want. Get quotes in writing in order to compare costs and coverages.

Start shopping by contacting your car or renter's insurance provider, as well as agents recommended by friends or family. You might also ask the seller about the home's current insurance provider.

# Private Mortgage Insurance

## What is PMI?

Private mortgage insurance (PMI) is a "default insurance" meant to protect the lender from loss in case of default. Mortgage insurance is often required on mortgage loans with low down payments. The buyer pays the premiums, but mortgage insurance protects the lender, not the buyer.*

In case of default, a lender can foreclose and then sell the house to recoup the money loaned you. With PMI coverage, if the foreclosure sale does not cover all of the lender's investments, the mortgage insurance company helps cover the lender's loss.

## Will PMI be required on my mortgage?

PMI is usually required on conventional mortgages when the buyer's down payment is less than 20%. FHA mortgages always require mortgage insurance (called MIP), regardless of the amount of your down payment.

Some special mortgage programs, however, offer low down payment mortgages without requiring PMI. (Check the mortgage program descriptions, pages 20-24, or check with the lender.)

## How will PMI affect my mortgage?

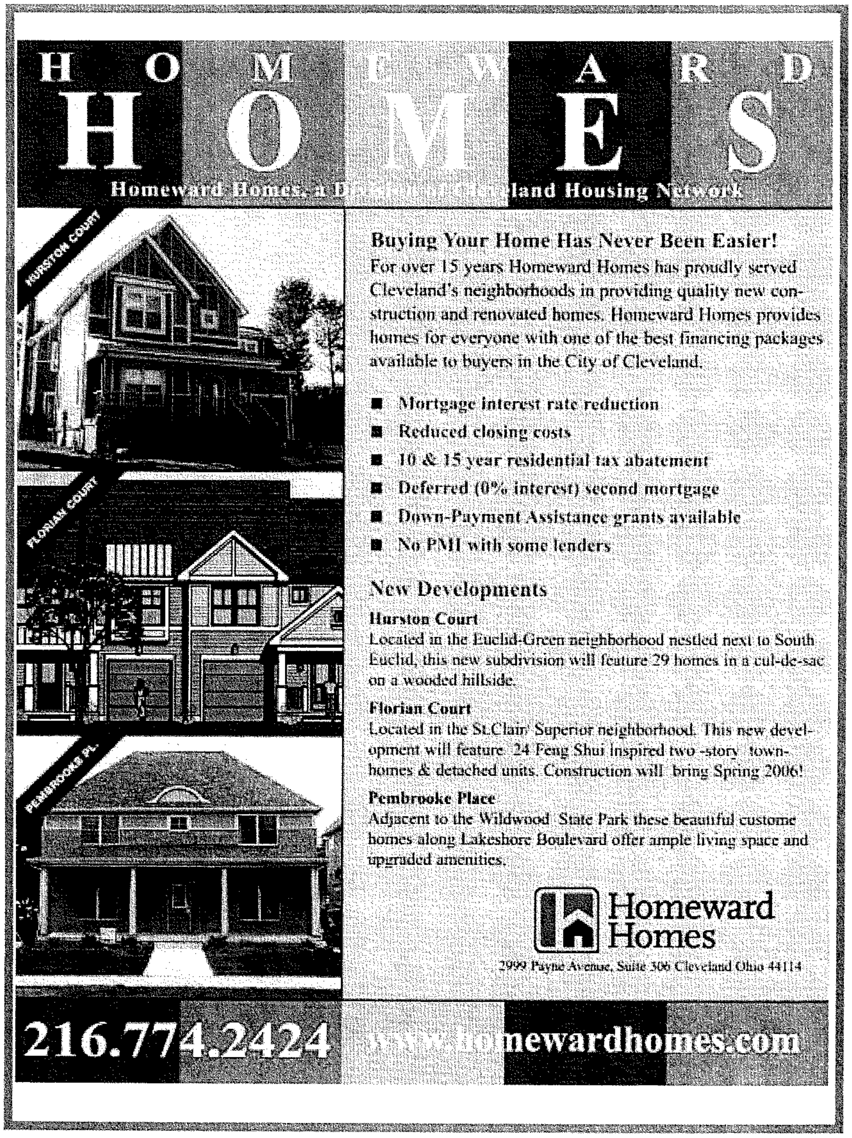
The monthly cost of PMI coverage will depend upon the mortgage amount and the size of your down payment. The monthly premium is added to your monthly mortgage note.

The lender chooses the mortgage insurance company. After the lender has approved your mortgage, your mortgage is submitted to the PMI company for its approval, also.

## Do my PMI payments stop after I've built up equity?

Many PMI agreements have a provision for dropping monthly premiums once a sufficient equity level or other stipulation has been met. It's usually up to the homeowner, however, to contact the lender and initiate that request. In considering your application to drop the PMI requirement, lenders will usually require an appraisal of the property and closely review your mortgage payment history before making a decision.

*Mortgage insurance does not make your mortgage payment if you are unable to do so. It is not to be confused with mortgage life insurance or mortgage disability insurance, which can do so.


HOMES
HURSTON COURT
FLORIAN COURT
PEMBROOKE PL.
Buying Your Home Has Never Been Easier!
For over 15 years Homeward Homes has proudly served Cleveland's neighborhoods in providing quality new construction and renovated homes. Homeward Homes provides homes for everyone with one of the best financing packages available to buyers in the City of Cleveland.
Mortgage interest rate reduction
Reduced closing costs
10 & 15 year residential tax abatement
Deferred (0% interest) second mortgage
Down-Payment Assistance grants available
No PMI with some lenders
New Developments
Hurston Court
Located in the Euclid-Green neighborhood nestled next to South Euclid, this new subdivision will feature 29 homes in a cul-de-sac on a wooded hillside.
Florian Court
Located in the St.Clair/ Superior neighborhood. This new development will feature 24 Feng Shui Inspired two -story town-homes & detached units. Construction will bring Spring 2006!
Pembrooke Place
Adjacent to the Wildwood State Park these beautiful custome homes along Lakeshore Boulevard offer ample living space and upgraded amenities.
Homeward Homes
2999 Payne Avenue, Suite 306 Cleveland Ohio 44114
216.774.2424

*DISCOVERING CLEVELAND'S NEIGHBORHOODS*

# You're Home in the City

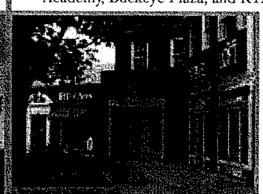
**Old Brooklyn Community Development Corporation**
**3344 Broadview Road**
**Cleveland, OH 44109**
**(216) 459.1000**

- Vibrant, diverse neighborhood
- Great, centrally located neighborhood
- Fantastic historic architecture throughout
- Home of MetroHealth Hospital, Art House, and Historic Archwood Avenue

**Buckeye Area Development Corp.**
**11802 Buckeye Rd., Cleveland, OH 44120**
**(216) 491.8450**
**Shaker Square Area Development Corp.**
**11811 Shaker Boulevard, Ste. 206,**
**Cleveland, OH 44120**
**(216) 421.2100**

- Diverse neighborhood with rich, ethnic history
- Beautiful, walkable neighborhood offering distinct homes, condos, and townhouses
- Largest multi-family district in the City of Cleveland
- Close to University Circle
- Home of Shaker Square Shopping District, Benedictine High School, St. Augustine's Academy, Buckeye Plaza, and RTA Transit Center

## BROOKLYN CENTRE



## BUCKEYE SHAKER

## CENTRAL & KINSMAN

## CLARK FULTON

- Revitalized communities
- Centrally located; minutes from Downtown, University Circle, and Luke Easter Park
- Close to world-class healthcare facilities
- Home to many new residential developments and future retail development
- *East Central Place*-local & statewide recognition for affordable housing model

**Burten, Bell, Carr Development Corporation**
**3226 East 93rd Street**
**Cleveland, OH 44104**
**(216) 341.1455**

- Vibrant, diverse neighborhood with many ethnic shops, restaurants & churches
- Easy access to I-90 & I-71 make neighborhood minutes from Downtown
- Many housing styles to choose from
- Neighborhood landmarks include MetroHealth Medical Center, Jones Home/Applewood Center & Johnny's on Fulton

**Clark-Metro Development Corp.**
**2511 Clark Avenue**
**Cleveland, OH 44109**
**(216) 741.9500**

*DISCOVERING CLEVELAND'S NEIGHBORHOODS*

# You're Home in the City

**Cudell Improvement Inc.**
**11650 Detroit Avenue**
**Cleveland, OH 44102**
**(216) 228.4383**

- Beautiful lakefront living
- Minutes from Downtown
- Historic housing available
- Wide variety of specialty retail along Clifton Avenue, Detroit Road, Lorain Avenue, Madison and West 117th Street
- Diverse population

## CUDELL & EDGEWATER

**Detroit Shoreway Community Development Organization**
**6516 Detroit Avenue**
**Cleveland, OH 44102**
**(216) 961.4242**

- Lakefront neighborhood with an exciting mix of traditional and contemporary residential opportunities
- Walking distance to Edgewater Park
- Minutes from Downtown
- Emerging arts and theatre district
- Home of Cleveland Public Theatre and EcoVillage

## DETROIT SHOREWAY

## DOWNTOWN

HOME OF:

- The Flats
- The Quadrangle
- The Civic Center
- The Theatre District
- The Historic Gateway District
- The Historic Warehouse District

**Downtown Cleveland Partnership**
**50 Public Sq., #825, Cleveland, OH 44113**
**(216) 736.7799**
**Flats Oxbow Association**
**1283 Riverbed Street, Cleveland, OH 44113**
**(216) 566.1046**
**Historic Gateway Neighborhood Corp.**
**812 Huron Road, Ste. 417, Cleveland, OH 44113**
**(216) 771.1994**
**Historic Warehouse District Development**
**614 Superior Ave. NW, Ste. 714**
**Cleveland, OH 44113**
**(216) 344.3937**

## EUCLID-GREEN

- Beautiful park-like neighborhood on Cleveland's east side
- Bordered by Cleveland Heights & South Euclid
- Winding, wooded and hilly residential streets, some offering Lake Erie views
- Amazing array of neighborhood parks and outdoor recreation facilities
- Home of two of Cleveland's newest upscale residential subdivisions: Creekside Reserve & Hurston Court

**Euclid-St. Clair Development Corp.**
**17608 Euclid Ave. 2nd Floor**
**Cleveland, OH 44112**
**(216) 486.9123**

*DISCOVERING CLEVELAND'S NEIGHBORHOODS*

# You're Home in the City

**Fairfax Renaissance Development Corporation**
**8111 Quincy, #100**
**Cleveland, OH 44104**
**(216) 361.8400**

- A vibrant, diverse neighborhood with a rich ethnic & cultural history
- Pedestrian-friendly neighborhood offering existing Victorian-style single family house and New Urbanist townhomes as well as affordable lease/purchase homes and apartments for rent
- 2 miles east of Downtown, 12 miles east of Cleveland Hopkins International Airport, adjacent to Midtown Cleveland and University Circle
- Home of Beacon Place at Church Square, The Cleveland Clinic Health System & Karamu House

**Northeastern Neighborhood Development Corporation**
**540 East 105th Street**
**Cleveland, OH 44108**
**(216) 268.6208**

- Minutes from University Circle & Case Western Reserve University
- Stable homeownership rates
- Access to I-90
- Close to Eddy Road Industrial Park
- Outstanding natural resources in Forest Hills Park, which stretches from Cleveland Heights to Bratenahl

**FAIRFAX**

**FOREST HILLS**

**GLENVILLE**

- Culturally diverse neighborhood
- Minutes from University Circle
- Wide variety of housing opportunities
- Home of the East Side Market, scenic MLK Drive, Cultural Gardens, Rockefeller Greenhouse and Gordon Park
- Home of the 2005 CiTiRAMA®

**Glenville Development Corporation**
**10640 St. Clair Avenue, Cleveland, OH 44108**
**(216) 851.8724**
**Famicos Foundation, Inc. (216) 791.6476**
**1325 Ansel Road, Cleveland, OH 44106**
**Northeastern Neighborhood Development Corporation**
**540 East 105th Street**
**Cleveland, OH 44108**
**(216) 268.6208**

**HOUGH**

- Great central location in the City
- Only minutes from most museums in Cleveland
- Close to Downtown, University Circle and the lakefront
- Host neighborhood of 2003 CiTiRAMA®
- Home of League Park, Lexington Village, Thurgood Marshall Recreation Center, Fatima Family Center and many new residential mansions

**Consortium for Economic and Community Development (CECD)**
**8610 Hough Avenue**
**Cleveland, OH 44106**
**(216) 229.2323**

*DISCOVERING CLEVELAND'S NEIGHBORHOODS*

# You're Home in the City

**Kamm's Corners Development Corporation**
**17138 Lorain Ave. #200**
**Cleveland, OH 44111**
**(216) 252.6559**

- Award-winning public and private schools
- Features a variety of homes from luxurious to affordable
- Borders the scenic Metroparks Rocky River Reservation
- Offers a walkable neighborhood with a suburban lifestyle within a 15-minute drive of Downtown and easy access to I-71, I-90, I-480, the airport and the rapid transit
- Home of Fairview Hospital, Historic Oswald Kamm's General Store (Alfonso's Restaurant), Historic Alger Cemetery and Kamms' Plaza

**Councilwoman Nina Turner**
**(216) 664.4944**

- Recently redeveloped $26 million Lee Harvard Shopping Center
- 100-acres Kerruish Park
- Stable housing stock with 85% homeownership
- Within minutes of Interstates 480, 271 and 71
- Active and engaging series of community organizations

**KAMM'S CORNERS & RIVERSIDE**

**LEE MILES**

**MT. PLEASANT**

**NORTH BROADWAY & SOUTH BROADWAY**

- Minutes from Downtown and highways
- Major RTA route
- Tree-lined residential streets
- Your choice of housing options
- Home of Luke Easter Park and the Zelma W. George Recreation Center, complete with indoor walking track, roller skating rink and enhanced outdoor recreation fields

**Mt. Pleasant NOW Development Corporation**
**13815 Kinsman Road**
**Cleveland, OH 44120**
**(216) 751.0023**

- A wonderful, historically ethnic neighborhood that still maintains old world charm in the heart of the city
- Minutes from downtown, with great access to I-490 and I-77
- A wide range of recreational opportunities at the Boys & Girls Club, Broadway School of Music and the Arts and Mill Creek Falls Trail and History Center
- Strong cultural and religious institutions include Bohemian National Hall, St. Stanislaus Church, Our Lady of Lourdes, Broadway United Methodist, Holy Name and St. John Nepomucene

**Slavic Village Development**
**5620 Broadway Ave., #200**
**Cleveland, OH 44127**
**(216) 429.1182**

*DISCOVERING CLEVELAND'S NEIGHBORHOODS*

# You're Home in the City

**Northeast Shores Development Corporation**
**317 E. 156th Street**
**Cleveland, OH 44110**
**(216) 481.7660**

- Beautiful lakefront streets
- Quiet, peaceful neighborhoods
- Easy access to I-90 and I-271
- Historic Waterloo and E. 185th Street shopping districts
- Home of Euclid Beach, Villa Angela-St. Joseph High School, Wildwood State Park and Marina and the Memorial-Nottingham Library

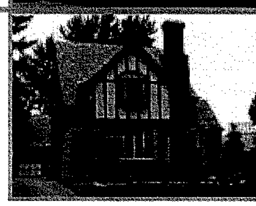
**Ohio City Near West Development Corporation**
**2525 Market Avenue**
**Cleveland, OH 44113**
**(216) 781.3222**

- Unparalleled neighborhood conveniences-steps to the West Side Market
- Walk to Cleveland's favorite eateries, wateringholes and night spots
- Variety of housing options from Victorian to contemporary lofts
- Stunning Downtown and Lake views

NORTH COLLINWOOD

OHIO CITY

OLD BROOKLYN



PURITAS-LONGMEAD & JEFFERSON

- Peaceful neighborhood atmosphere
- South of Downtown; 10 minute commute
- Easy access to I-480, I-71 and I-176
- Home of Cleveland Metroparks Zoo, Ohio Erie Canal Towpath Trail and Cuyahoga County's largest community garden

**Old Brooklyn Community Development Corporation**
**3344 Broadview Road**
**Cleveland, OH 44109**
**(216) 459.1000**

- Stable, residential community with high degree of homeownership
- 10 minutes from Downtown or Hopkins International Airport
- Home of Longmead Village-20 market-rate townhomes and 12 new single family homes
- New Home of Sysco Food Services
- Significant concentration of traditional and advanced manufacturers

**Bellaire Puritas Development Corporation**
**14703 Puritas Avenue**
**Cleveland, OH 44135**
**(216) 671.2710**

*DISCOVERING CLEVELAND'S NEIGHBORHOODS*

# You're Home in the City

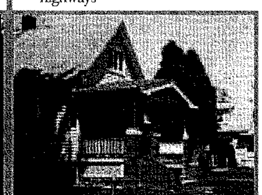
**St. Clair Superior Development Corporation**
**4205 St. Clair Avenue**
**Cleveland, OH 44103**
**(216) 881.0644**

- Neighborhood by the lake
- A wealth of ethnic Chinese and Korean restaurants and imported food stores
- Rockefeller Park on the eastern boundry
- Goodrich Gannett Neighborhood Center, originally created to offer language classes and other services, now serves as a lifelong learning center

**Stockyards Redevelopment Organization**
**6605 Clark Avenue, Suite 101**
**Cleveland, OH 44102**
**(216) 961.7687**

- Great location to grow your family or business
- Affordable worker-style housing on tree-lined streets
- Currently 160 new housing units under construction
- Proximity to Metroparks Zoo, Brookside Park and Lakefront recreation
- Well situated with ease of access to Downtown, Cleveland Hopkins International Airport and all major west side highways

## ST. CLAIR-SUPERIOR & GOODRICH-KIRTLAND PARK



## STOCKYARDS

## TREMONT

## UNION MILES PARK & CORLETT

- Thriving commercial, residential and historic districts surrounding Lincoln Park
- Some of Cleveland's finest dining establishments, unique galleries and retail
- Distinctive new home and townhome construction, prices range from $140,000-$500,000
- Easily accessible via I-90, I-77, I-71, I-490 and 176, providing easy commute to and from Cleveland and suburbs
- A 'small town in the city' with an active arts community

**Tremont West Development Corporation**
**2406 Professor Street**
**Cleveland, OH 44113**
**(216) 575.0920**

- Minutes from I-480 and I-77
- Borders Garfield Heights and Metroparks
- Scenic Mill Creek Falls
- Close to Downtown
- Home of many historic churches

**Union-Miles Development Corporation**
**9250 Miles Park Avenue**
**Cleveland, OH 44105**
**(216) 341.0757**

*DISCOVERING CLEVELAND'S NEIGHBORHOODS*

# You're Home in the City

**University Circle, Inc.**
**10831 Magnolia Drive**
**Cleveland, OH 44106**
**(216) 791.3900**

- City's cultural, educational and medical hub
- Home to world-class museums and parks, galleries and restaurants
- Includes city's unique Little Italy neighborhood
- Minutes from Downtown
- Easy access via RTA bus and transit system

**Westown Development Corporation**
**10313 Lorain Avenue**
**Cleveland, OH 44111**
**(216) 941.9262**

- Centrally located between I-90 and I-71
- Home to many of the City's most authentic and diverse ethnic restaurants and shops
- Halloran Park: the City's only ice skating rink and water slide
- Beautiful, solid housing stock
- Friendly neighborhood with rich, historic heritage

**UNIVERSITY**

**WEST BOULEVARD**

**WOODLAND HILLS**

- Recreational facilities including the Kenneth Johnson Recreation Center & Luke Easter Park
- Minutes from University Circle, Little Italy, Shaker Square and Coventry
- Home of St. Andrew Abby and Benedictine High School
- Ease of shopping among the business districts of Buckeye Road and Larchmere Boulevard retail districts
- Diverse religious and social service institutions, including East End Neighborhood House

**Buckeye Area Development Corporation**
**11802 Buckeye Road**
**Cleveland, OH 44120**
**(216) 491.8450**

***There is a home in the city that's right for you!***

**Visit www.livingincleveland.org for more neighborhood information.**

# CNDC

Cleveland Neighborhood Development Coalition

## Member Associations

### EAST SIDE SERVICE AGENCIES:

| | |
|---|---|
| Buckeye Area Dev. Corp. | 216-491-8450 |
| Burten, Bell Carr Dev. Corp. | 216-341-1455 |
| Collinwood & Nottingham Villages Dev. Corp. | 216-383-9772 |
| Consortium for Econ. & Com. Dev. | 216-229-2323 |
| Euclid-St. Clair Dev. Corp. | 216-486-9123 |
| Fairfax Renaissance Dev. Corp. | 216-361-8400 |
| Garrett Square Econ. Dev. Corp. | 216-681-8112 |
| Glenville Dev. Corp. | 216-851-8724 |
| Little Italy Redev. Corp. | 216-791-4907 |
| Maingate Business Development | 216-881-7111 |
| Midtown Cleveland Inc. | 216-391-5080 |
| Mt. Pleasant Now Dev. Corp. | 216-751-0023 |
| Northeast Shores Dev. Corp. | 216-481-7660 |
| Northeastern Neighborhood Dev. Corp. | 216-268-6208 |
| Pulaski Franciscan CDC | 216-271-6630 |
| Shaker Square Area Dev. Corp. | 216-421-2100 |
| Slavic Village Dev. | 216-429-1182 |
| Southeast Improvement Assn. | 216-641-5450 |
| St. Clair-Superior Dev. Corp. | 216-881-0644 |
| Union-Miles Dev. Org. | 216-341-0757 |
| University Circle, Inc. | 216-791-3900 |

### DOWNTOWN SERVICE AGENCIES:

| | |
|---|---|
| Downtown Cleveland Partnership | 216-736-7799 |
| Flats Oxbow Association | 216-566-1046 |
| Historic Gateway Neigh. Corp. | 216-771-1994 |
| Historic Warehouse District Dev. Corp. | 216-344-3937 |
| Lakeside Area Dev. Corp. | 216-881-0808 |
| The Quadrangle, Inc. | 216-344-9200 |

### WEST SIDE SERVICE AGENCIES:

| | |
|---|---|
| Bellaire Puritas Dev. Corp. | 216-671-2710 |
| Clark-Metro Dev. Corp. | 216-741-9500 |
| Cudell Improvement Corp. | 216-228-4383 |
| Detroit-Shoreway Comm. Development Org. | 216-961-4242 |
| Kamm's Corners Dev. Corp. | 216-252-6559 |
| Ohio City Near West Dev. Corp. | 216-781-3222 |
| Old Brooklyn Community Development Corp. | 216-459-1000 |
| Old Brooklyn Neighborhood Services | 216-635-1601 |
| Stockyards Redevelopment Org. | 216-961-7687 |
| Tremont West Dev. Corp. | 216-575-0920 |
| Westown Community Dev. Corp. | 216-941-9262 |
| WIRE-Net | 216-588-1440 |

### CITYWIDE SERVICE AGENCIES:

| | |
|---|---|
| Cleveland Housing Network | 216-574-7100 |
| Cuyahoga Community Land Trust | 216-344-1620 |
| Eden, Inc. | 216-961-9690 |
| Famicos Foundation Inc. | 216-791-6476 |
| Greater Cleveland Habitat for Humanity, Inc. | 216-429-1299 |
| Hispanic Business & Community Dev. Corp. | 216-281-4422 |
| Living in Cleveland Center | 216-781-5422 |
| Community Housing Solutions | 216-231-5815 |
| Maximum Independent Living | 216-231-7221 |
| Neighborhood Housing Services of Cleveland | 216-458-4663 |
| Shorebank Enterprise Group | 216-268-6104 |
| University Settlement | 216-641-8948 |
| WECO | 216-458-0250 |

### City of Cleveland

Tax Abatement: The City of Cleveland offers 15-year tax abatement on single or two-family newly constructed homes and 10-year tax abatement on single or two-family rehabilitated homes in Cleveland's neighborhoods. Call (216) 664-3442 for more information.
Land Bank: The City of Cleveland holds over 4,000 lots in its Land Bank. These parcels of land are available for $100 to any homebuyer who has plans to build an owner-occupied residential structure within 3 months of purchase. Call (216) 664-4126 for more information.
Second Mortgage: The City of Cleveland funds a second mortgage deferred loan program through participating community development non-profit organizations. This program offers up to $20,000 in the form of a deferred mortgage that reduces the principal amount of the first mortgage. The loan is made at a zero percent interest rate for a 30-year term. The loan is due and payable to the City of Cleveland upon the lease, sale, transfer, cessation of occupancy, or refinance of the mortgaged property during the loan term. Call (216) 664-3442 or 664-4444 for more information.
Rehab Programs: Afford-A-Home Loan Program, Repair-A-Home Loan Program, Senior Housing Assistance Program, Paint Refund Program, and Home Weatherization Assistance Program. Call (216) 664-2045 for more information.

### Living in Cleveland Center

A community development organization offering information on Cleveland neighborhoods and the homeownership process. For more information call (216) 781-5422 or visit www.livingincleveland.org.

### Cleveland Action to Support Housing

A nonprofit organization that partners with major lending institutions to create a home repair loan program. C.A.S.H. works with area lenders to offer low interest loans and overall assistance in home rehabilitation.
Call (216) 621-7350 for more information.

### Neighborhood Housing Services of Cleveland

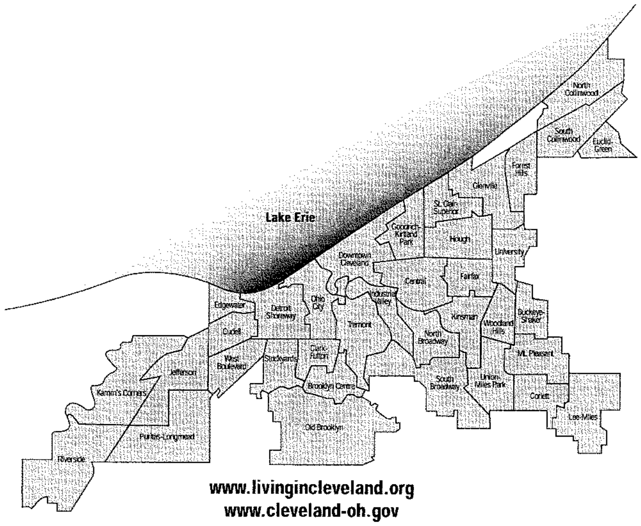
Part of a national network, this organization offers extensive homeownership information and education opportunities. Down payment and closing cost assistance loans are available in addition to home repair loan products. Call (216) 458-4663 for more information.

### Cleveland Restoration Society

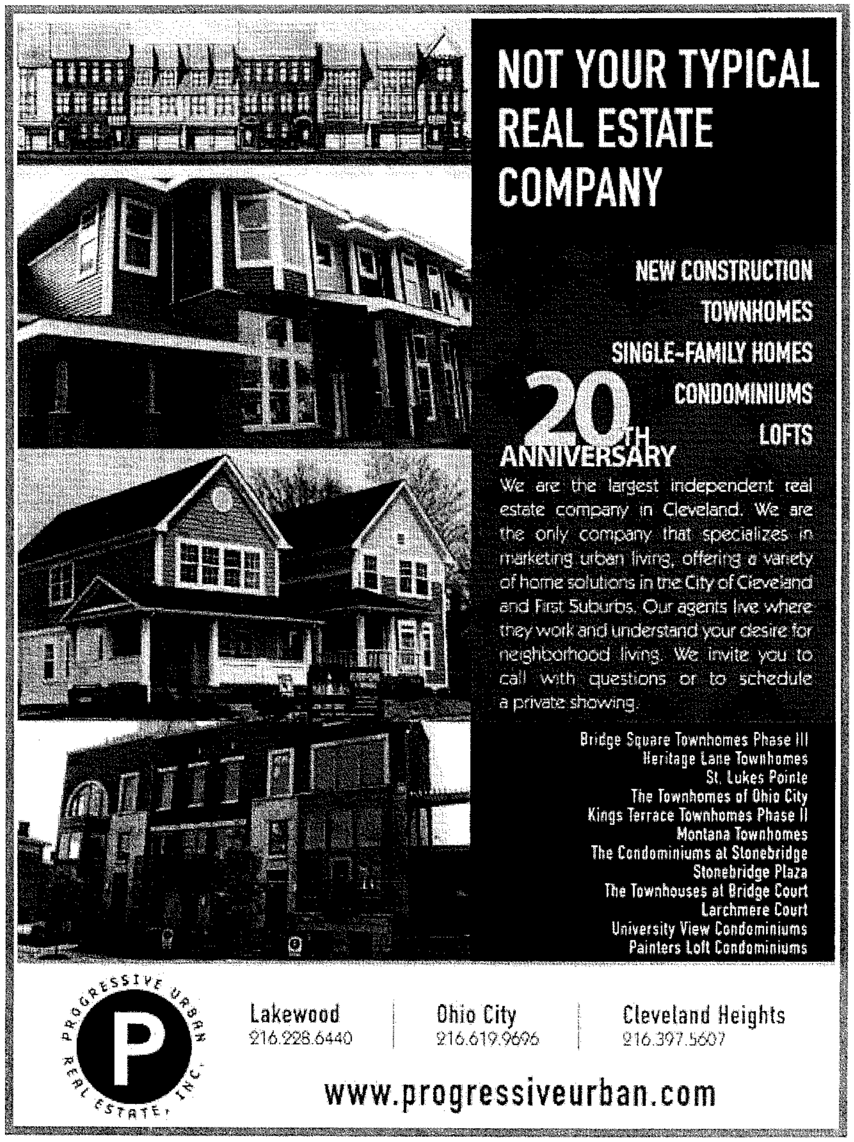
Consult with this organization to learn about historic preservations in the City of Cleveland. Technical assistance is offered, as well as low interest home repair loans to renovate your historic home. Call (216) 426-1000 or visit www.clevelandrestoration.org for more information.

### Cleveland Housing Network

A community development organization offering lease-purchase programs, affordable rehabilitated homes, homeownership counseling, and market-rate custom built homes. Call (216) 574-7100 or visit www.chnnet.com for more information.




**www.livingincleveland.org**
**www.cleveland-oh.gov**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www.progressiveurban.com

# Foreclosure Prevention Program

A Joint Effort of
The Cuyahoga County Treasurer and the Board of County Commissioners

The Foreclosure Prevention Program started in fall 2005 as part of a Cuyahoga County effort to combat rising numbers of home foreclosures. It includes collaboration with local non-profits, a marketing campaign, and financial counseling outreach programs.

## Foreclosure: A Community Problem

The number of foreclosures in Cuyahoga County and around Ohio has exploded in recent years. Ohio has the largest foreclosure rate of any state in the nation In the Cuyahoga County Court of Common Pleas alone, more than 11,000 foreclosure cases were filed in 2005. That's more than five times the number of cases filed just 10 years ago. Sheriff's sales in Cuyahoga County list an average of 140 properties for sale each week.

Reasons for the rise in foreclosures include:

- Loss of stable, living-wage jobs that allow people to pay their mortgages

- Predatory lending

Lenders manipulate borrowers into getting loans with high interest rates and hidden terms

- Sub-prime lending market

Lenders market high-interest loans to borrowers with bad credit and then package the loans to be traded on Wall Street. The national default rate for sub-prime loans is 5 percent, but in Cuyahoga County, the default rate is 16.5 percent.

Houses that are in foreclosure can remain vacant for months, even years. Vacant houses attract crime and decrease property values in neighborhoods When houses are abandoned, cities and schools get no taxes from those properties. The city of Cleveland contains more than 5,000 vacant homes, and there are many more vacant properties countywide.

Cuyahoga County Battles Foreclosure

In response to rising foreclosure rates and a letter from suburban mayors expressing concerns about the county's foreclosure process, county officials held public meetings on the issue in the summer of 2005. The meetings included municipal officials, non-profit housing advocates, foreclosure attorneys, and homeowners.

Since these meetings, the county has worked on several initiatives to improve the way it handles foreclosures. These initiatives include the following:

• Cuyahoga County Common Pleas Court dockets will include parcel numbers and addresses of properties involved in foreclosure proceedings. This information will make it easier to compile data on foreclosures

• The county will spend roughly $2 million annually to hire four to six new magistrates to handle foreclosure cases.

• County officials are lobbying for new state laws, such as House Bill 294, which would make it easier for vacant and abandoned properties to be turned over to municipal land banks for redevelopment.

• Properties identified by city officials as vacant or abandoned will become a priority for county magistrates

• Creation of the Foreclosure Prevention Program in the Office of County Treasurer, Jim Rokakis.

## Foreclosure Prevention Program Model

The Foreclosure Prevention Program has three full-time staff members, including its director, Mark Wiseman. The program is funded by the county, which has pledged more than $400,000 annually. It has received funding from Ohio Savings Bank, National City Bank, Key Bank and The Sam & Maria Miller Foundation, and commitments from Freddie Mac, CHASE Bank, US Bank and others.

The program has three main components:

1. Referral system partnership with nine local non-profits

The Foreclosure Prevention Program is working with United Way's First Call for Help hotline. People who call 2-1-1 seeking advice with their credit, mortgage, possible refinancing, a payment default situation or foreclosure will be referred to one of nine non-profit partner agencies.

| | | |
|---|---|---|
| Consumer Credit Counseling Service<br>Cleveland Housing Network, Inc.<br>Neighborhood Housing Services<br>Spanish-American Committee | provide | • budgeting advice<br>• pre-borrowing counseling<br>• refinance counseling |
| Community Housing Solutions<br>Consumer Protection Association<br>East Side Organizing Project (ESOP)<br>Cleveland Housing Network, Inc<br>Neighborhood Housing Services<br>Spanish-American Committee | provide | assistance for borrowers negotiating with lenders after missed payments |
| Housing Advocates, Inc.<br>The Legal Aid Society of Cleveland | provide | legal help for foreclosure defense |

To assist these partner agencies with handling new referrals, the program is distributing funding to enhance their staffs. The program will monitor the agencies' services to ensure that people referred by 2-1-1 are getting the help they need.

2. Marketing campaign

To inform the community about 2-1-1 and raise awareness about issues surrounding foreclosure, the Foreclosure Prevention Program is conducting marketing efforts, using materials from Freddie Mac's "Don't Borrow Trouble" campaign, which is in use in over 40 major metropolitan areas, nationwide The campaign will include bus ads, press events, mailings, public service announcements, TV, Radio and other media

The program also will send postcards with information about financial counseling services to homes in neighborhoods with high rates of foreclosures. Other methods will be used to target vulnerable populations, such as direct mailings to residents receiving divorce filings, utility bills, tax delinquencies, and code violations.

3 Financial education outreach programs

The Foreclosure Prevention Program will conduct outreach programs in the community. Free public seminars will include information about credit management, predatory lending, and smart borrowing. The seminars will be offered at area libraries, schools, community centers, and other public spaces. The program also hopes to coordinate with other agencies to offer financial literacy programs at local colleges and high schools.

The goals of the Foreclosure Prevention Program include:

- Raise public awareness about credit management, smart borrowing, predatory lending, and other financial literacy issues

- Refer to counseling agencies that will help homeowners in default to negotiate payment plans with lenders, preventing foreclosures.

- Ensure high-quality financial counseling services for all county residents who need assistance or advice.

- Reduce the number of foreclosures in the county by creating better-educated consumers

Who is eligible?

Any borrower within the County who is concerned with a loan on her primary residence, has the desire to keep the house and the ways & means to stay current in a payment plan that is offered by the lender.