



**Losing Ground:
Foreclosures and a Net Loss of Homeownership
June 21, 2007
Leslie Parrish**

About CRL



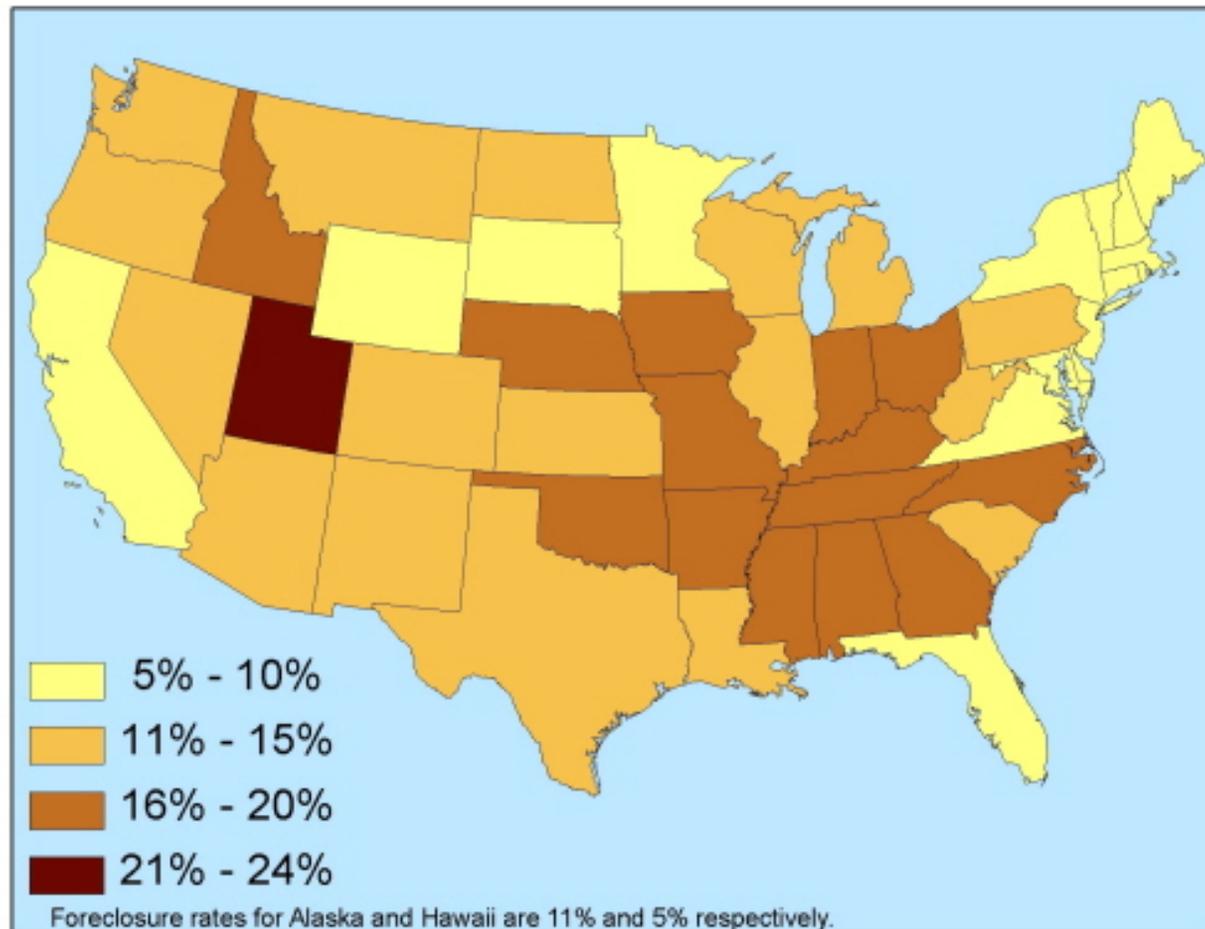
- Nonprofit, nonpartisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices.
- Affiliated with Self-Help, one of the nation's largest community development financial institutions.

Key Research Findings

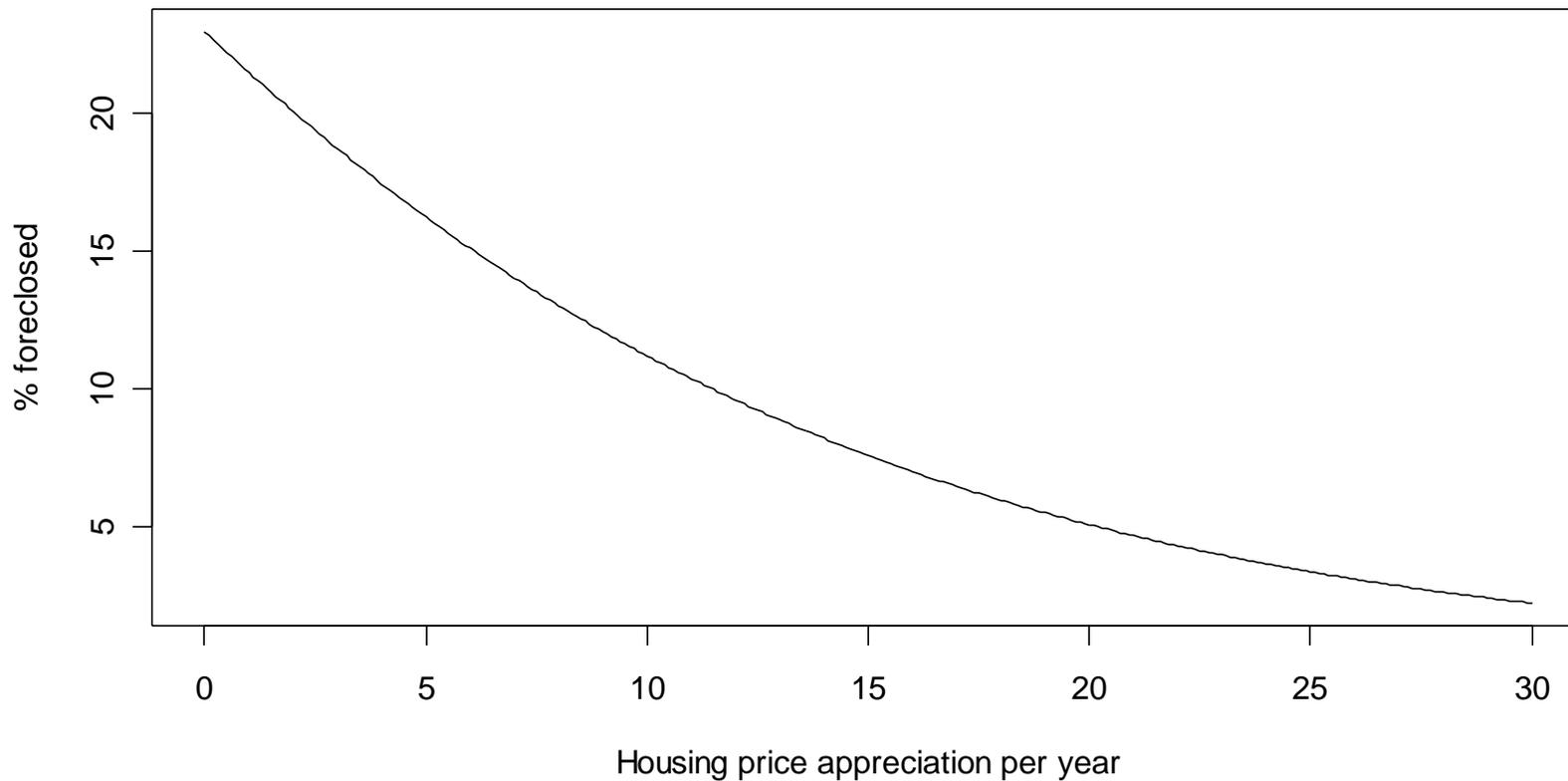


- 2.2 million sub-prime loans made from 1998-2006 will end in foreclosure
- As much as \$164 billion in losses to borrowers
- Foreclosure risk is escalating:
 - As many as 13% of past sub-prime loans failed within five years
 - One in five (19.4%) recent sub-prime loans (originated in 2005-2006) will fail
- Net loss in homeownership

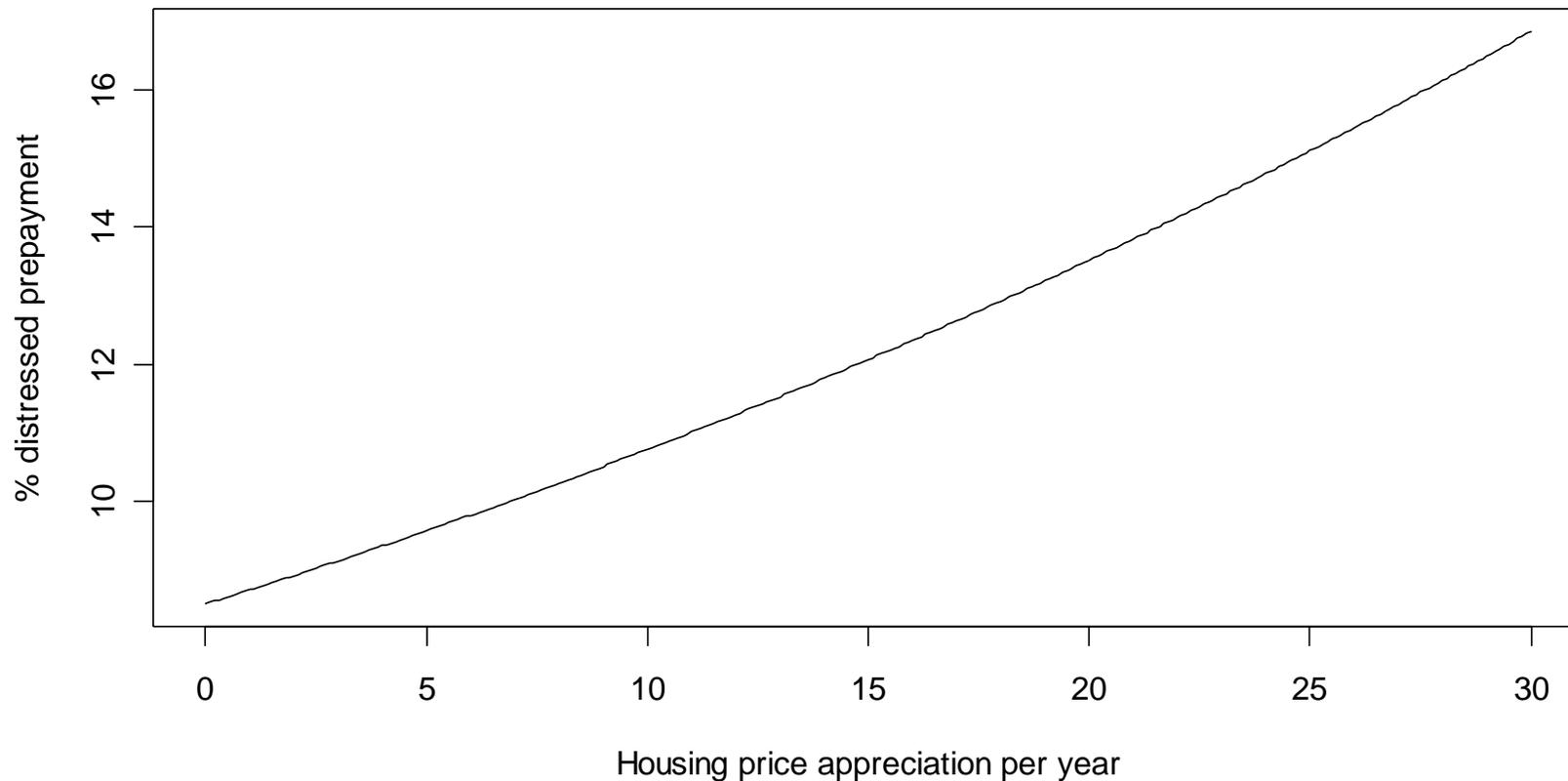
Projected Foreclosures on Subprime Loans Made in 1998-2001



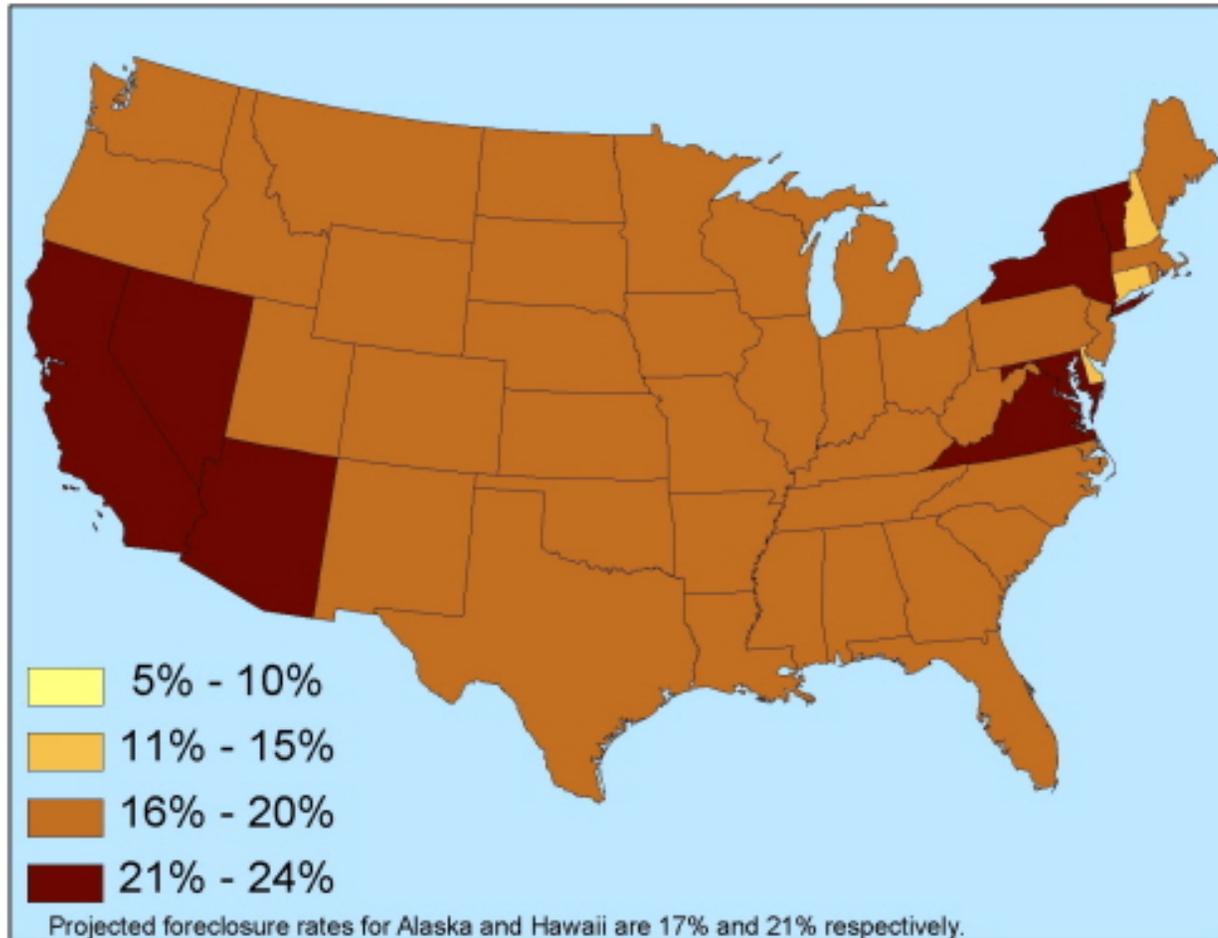
Low Appreciation = Higher Foreclosure Rates



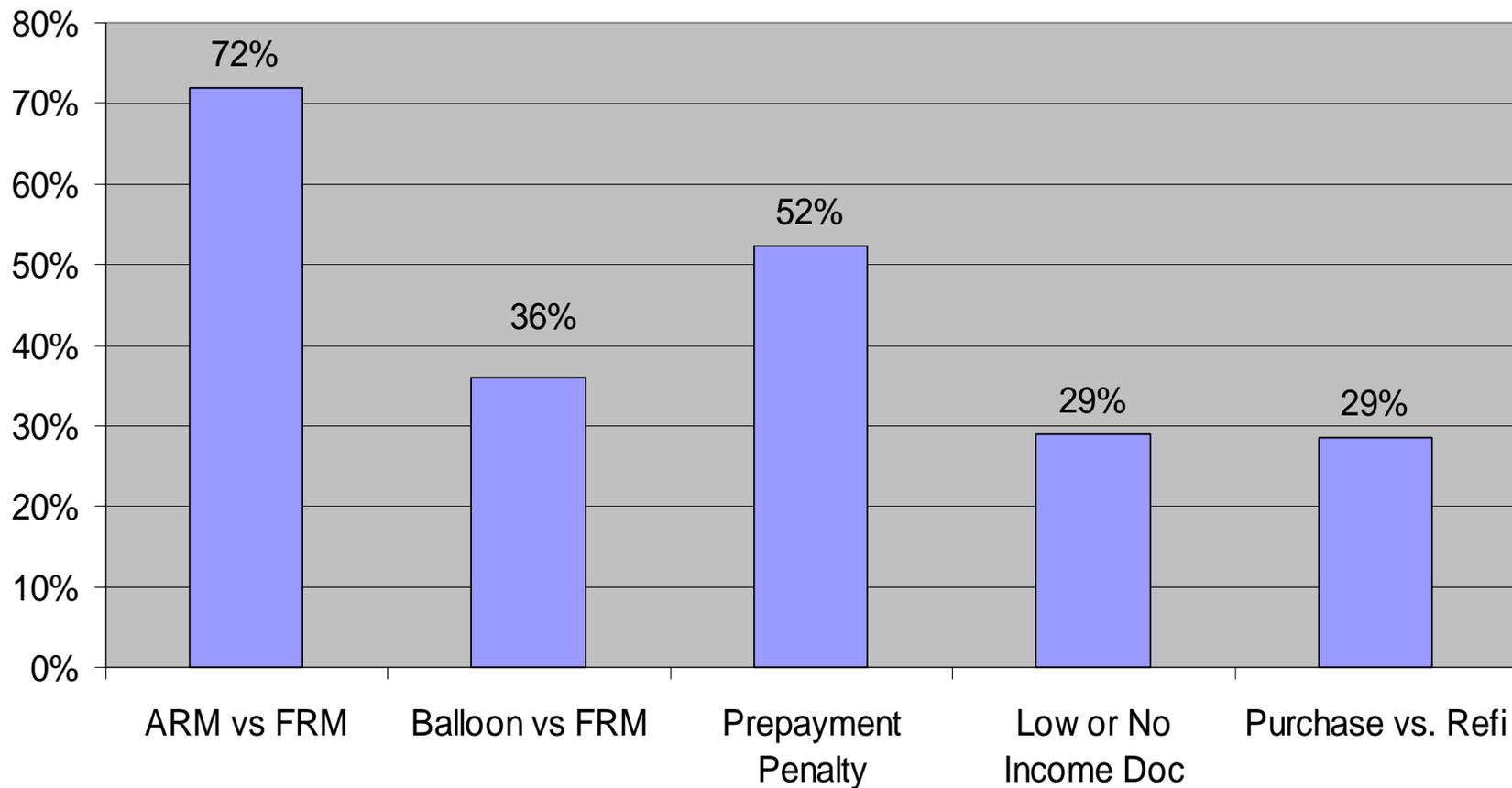
Strong Housing Markets Also Hide Flaws



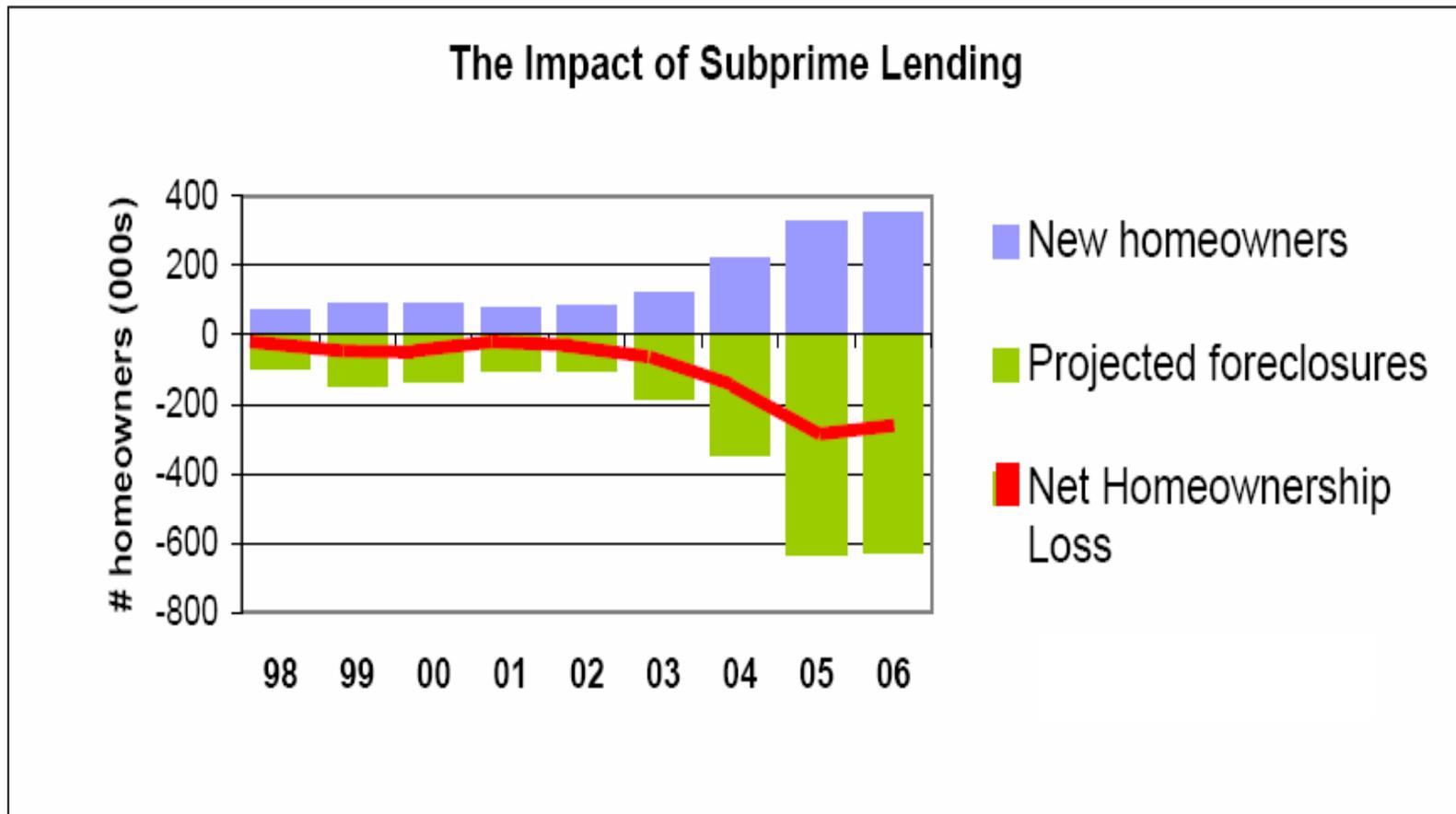
Projected Foreclosures on Subprime Loans Made in 2006



Increased Foreclosure Risk of Select Loan Terms (2000 Cohort)



Net Drain on Homeownership



Policy Recommendations

- Ability to repay at fully indexed rate
- Escrows for taxes and insurance included
- All industry players accountable
- Supportive GSE policies
- Effective regulatory enforcement

More Information



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