



Coalition on Homelessness  
and Housing in Ohio  
**COHHIO**

## **Nearly One in Two Mortgages in Ohio is Underwater or Close to it**

*Dramatic increase in negative equity confirms need for foreclosure reform*

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**For Immediate Release**

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Data released today by the Mortgage Bankers Association coupled with analysis of a report released last week by First American CoreLogic spell more trouble ahead for Ohio's housing crisis, and offer fresh evidence for the need for statewide foreclosure reform.

MBA numbers show delinquency rates (those who are late, but not yet in foreclosure) for mortgage loans on residential properties making a 13 percent leap from 1st QTR to 2nd QTR 2009, increasing from 8.7 percent to 9.8 percent. The numbers also show that 14.3% or 1 in 7 Ohio homeowners with mortgages were delinquent or already in foreclosure. That is up from 13% three months earlier.

CoreLogic data focuses on outstanding mortgages that are in a negative equity position, an often-overlooked, but important gauge. Also known as "underwater," mortgage holders with negative equity owe more on their mortgages than their homes are worth. Of the 2.2 million outstanding mortgages in Ohio, 45.6 percent - more than one million mortgages - are already underwater or close to it. In October 2008, CoreLogic pegged that figure at 29.1 percent for Ohio, which translates to a 56.7 percent leap in just nine months.

"In addition to the 7,000 or so foreclosures each month in Ohio, we have more than one million mortgages in a very fragile position," said Bill Faith, executive director of the Coalition on Homelessness and Housing in Ohio, and an advocate for House Bill 3, foreclosure reform legislation. "A slight increase in unemployment could push tens of thousands more into the foreclosure pipeline. A million mortgages on the edge of crisis should push the Ohio Senate to make foreclosure reform the top priority in the fall."

House Bill 3 (Foley/Driehaus) passed the Ohio House in May and now awaits Senate attention. Moderated from its original form, House Bill 3 regulates servicers to process reasonable work-outs on a meaningful scale; provides a time out to homeowners and lenders to implement changes and await impact of the federal response; and creates a fee that discourages foreclosure filings while funding community redevelopment.

CoreLogic also cited three of Ohio's largest cities on the list of the nation's top 20 cities with the highest number of underwater mortgages outstanding, including Cleveland at 51.1 percent; Columbus at 47.5 percent; and Cincinnati at 43.8 percent.

"I think this is staggering . . . damning evidence against the lenders' continued inability to get their arms around the foreclosure problem," said Paul Bellamy, director of the Cuyahoga County Foreclosure Prevention Program. "Servicers should be doing loan modifications on a vastly larger scale. We have to change the laws that are fueling this bonfire of our state's accumulated wealth."

Ohio joins California, Florida, New Jersey, Illinois and Arizona as the top states in the nation with the most number of properties either in or approaching negative equity position, according to the report.

"With negative equity so high, a sustainable loan modification makes sense for everyone, including the owners of the mortgage." said Faith. "For lenders, homeowners and communities in Ohio, HB 3 would turn losing into winning."

To read the full First America CoreLogic report, visit here.

<http://www.cohhio.org/pdf/FACL.pdf>