JOINT ECONOMIC COMMITTEE
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Sheltering Neighborhoods from the Subprime Foreclosure Storm

Recent increases in delinquencies and foreclosures in the subprime mortgage market have raised widespread concerns about the possibility of accelerating foreclosures throughout this year and next. While lenders, banks, and securities traders scramble to figure out how to insure themselves from the market consequences of rising subprime mortgage defaults, local communities are struggling to stem the tide of foreclosures that impose significant costs on families, neighborhoods and cities. This report analyzes the subprime foreclosure phenomenon at the local level, describes the high spillover costs of foreclosures, and argues that foreclosure prevention is cost-effective.

Key Points

- **Subprime foreclosures are expected to increase in 2007 and 2008 as 1.8 million hybrid ARMS—many of which were sold to borrowers who can not afford them—reset in a weakening housing market environment.**
- **Varying local economies, housing markets and state regulatory regimes mean that some local areas are getting hit by the subprime foreclosure crisis much harder than others and deserve immediate attention.**
- **It pays to prevent foreclosures in these high-risk cities – every new home foreclosure can cost stakeholders up to $80,000, when you add up the costs to homeowners, loan servicers, lenders, neighbors, and local governments.**
- **Policy responses to the subprime crisis should be designed to address the local foreclosure phenomenon and include both foreclosure prevention strategies and improved mortgage lending regulations.**

Subprime Foreclosures to Date: The "Tip of the Iceberg"?

Over the past several months, it has become increasingly clear that irresponsible subprime lending practices have been contributing to a wave of foreclosures that are hitting homeowners and rattling the housing markets. (For more information on subprime loans, see **Box A** on page 3.) The loan product that has both fueled the recent growth in the subprime market over the past two years and that is largely responsible for the foreclosure spikes is the so-called "exploding ARM." These are hybrid adjustable rate mortgages that offer a 30-year loan with an initial fixed rate that is set below market rates (often called a "teaser" rate). When the rate resets after an initial fixed rate period (commonly two to three years, hence the nicknames "2/28s" and "3/27s"), it often resets to a more onerous rate that leads to a significantly higher mortgage

payment.[1] Exploding ARMS are almost exclusively underwritten to the subprime market, and the majority of subprime originations over the past several years were "2/28s" and "3/27s."[2]

In recent years, a significant portion of exploding ARMs have been underwritten without consideration of whether the borrower can afford the loans past the initial low teaser rate. Because mortgages are often immediately bundled together and sold as securities once a loan is placed, the primary financial incentive for mortgage brokers is to close the deal and collect the attendant fees and commission, rather than consider the long-term performance of the loan. When the loan resets after the initial teaser rate period, the overall increase in monthly payment can be quite disruptive – particularly for subprime borrowers. A 2006 analysis by Fitch Ratings reported that 2/28 subprime ARMs carried an average "payment shock" of 29 percent over the teaser-rate payment, even if short-term interest rates remained unchanged.[3] Since the short-term interest rate (LIBOR) that determines the rate at which the loan resets increased at the end of last year, the payment shock is even higher now – at approximately 50 percent by some estimates.[4]

This payment shock can be even more disastrous for borrowers who qualify for loans with an initial low rate based on stated income (qualifying the borrower based on the income they *state* on their loan applications, also called "liar loans" or "no-doc" loans) or reduced documentation ("low-doc" loans). Roughly half of all subprime borrowers in the past two years have been required to provide only limited documentation regarding their incomes.[5] And an estimated ninety percent of borrowers in stated income loans exaggerated their income.[6]

Today's housing market – with increasing rates and a softening of home prices—has placed increased stress on risky subprime loans. When ARMs reset to higher rates and borrowers can't make the higher mortgage payments, delinquencies result. Borrowers who attempt to refinance unsuitable loans before they reset find that falling home prices make it difficult for them to do so, especially if their loan is "upside down" because they owe more than their house is worth. Recent statistics issued by the Mortgage Bankers Association's nationwide survey show that 14.44 percent of subprime borrowers with ARM loans were at least 60 days delinquent in their payments in the fourth quarter of 2006.[7] This is up from third quarter delinquency rate of 13.22 percent for such mortgages, representing a four-year high.

Although there is much debate among industry analysts, economists, policymakers and the media about the risk of accelerating defaults in the subprime market going forward, a federal regulator recently agreed at a Senate Banking Committee hearing that we are only at the "tip of the

[1] A typical 2/27 subprime borrower in 2005 may have been issued a loan at a teaser rate of 7 percent. Two years later, as that teaser rate resets, the borrower may see his rate reset to 10 percent. But the next time the loan resets – typically in six months or a year – the rate will go up yet again, based on a certain margin or spread over short-term interest rates (typically LIBOR).
[2] Testimony of Sandra Thompson, Director of the Division of Supervision and Consumer Protection at the FDIC, Before the Committee on Banking, Housing, and Urban Affairs of the United States Senate, March 22, 2007.
[3] Al Heavens, "On the House; Subprime Loans Start Inflicting Pain," The Philadelphia Inquirer, March 25, 2007.
[4] *Ibid.*
[5] Credit Suisse, "Mortgage Liquidity du Jour: Underestimated No More," March 12, 2007.
[6] Mortgage Asset Research Institute, Inc., *Eighth Periodic Mortgage Fraud Case Report to Mortgage Bankers Association,* April 2006.
[7] National Delinquency Survey, Mortgage Bankers Association, March 2007.

iceberg" in terms of subprime foreclosures.[8] The FDIC estimates that this year alone, one million of these loans will reset to higher rates. Next year, approximately 800,000 are anticipated to reset to more onerous payments.[9] If housing prices continue to fall in 2007 and into next year, then last year's foreclosure spike is probably only the beginning and we could be, as the Center for Responsible Lending (CRL) has predicted, entering "the worst foreclosure experience in the modern mortgage market."[10] In fact, CRL estimates that approximately one in five of the subprime loans issued in 2005 and 2006 will go into default, *costing 2.2 million homeowners their homes over the next several years*.[11] According to foreclosure tracker, RealtyTrac, 1.2 million foreclosures were reported nationwide in 2006 alone, an increase of 42 percent since 2005. That translates into one foreclosure event for every 92 households.[12] And, according to RealtyTrac, the pace of foreclosures has continued into 2007, with foreclosures on track to match or surpass 2006 levels.[13]

BOX A: Subprime Loans: The Good, the Bad, and the Ugly

Subprime mortgages are a relatively new and rapidly growing segment of the mortgage market. While subprime loans have expanded home ownership opportunities for borrowers with low or limited credit histories, this expanded opportunity has come at a cost as subprime mortgages carry higher interest rates than prime mortgages to compensate for the increased credit risk.[14]

Since their inception, subprime loans have been controversial. On the one hand, the subprime market has opened up credit opportunities to people who might not otherwise be able to finance home purchases and has thus contributed to expanding homeownership. On the other hand, the subprime market has created opportunities for "predatory" lending to the extent that unscrupulous lenders have hidden the true cost of subprime loans from unsophisticated borrowers. According to the chief national bank examiner for the Office of Comptroller of the Currency, only 11 percent of subprime loans went to first-time buyers last year. The vast majority were refinancings that caused borrowers to owe more on their homes under the guise that they were saving money.[15]

During the recent housing boom, the subprime mortgage market changed dramatically. From 2001 until last year, historically low mortgage rates, rising home prices, and increased liquidity in the secondary mortgage market enticed more non-bank lenders (who are not subject to federal regulation) to relax their loan underwriting standards and attracted new mortgage brokers with little business experience into the market. Commercial banks and Wall Street firms provided these lenders with capital by buying up subprime mortgages, repackaging them into mortgage-backed securities, and selling them to hedge funds and private equity investors looking for higher returns than less

[8] Gene Sperling, "Subprime Market—Isolated or a Tipping Point," Bloomberg News, March 14, 2007; Testimony of Sandra Thompson, Director of the Federal Deposit Insurance Corporation's Division of Supervision and Consumer Protection, Before the Committee on Banking, Housing, and Urban Affairs of the United States Senate, March 22, 2007.

[9] Testimony of Sandra Thompson, Director of the Federal Deposit Insurance Corporation's Division of Supervision and Consumer Protection, Before the Committee on Banking, Housing, and Urban Affairs of the United States Senate, March 22, 2007.

[10] Ellen Schloemer, Wei Li, Keith Ernst, and Kathleen Keest, *Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners*, Center for Responsible Lending, December 2006.

[11] *Ibid.*

[12] RealtyTrac 2006 US Foreclosure Market Report, January 25, 2007.

[13] RealtyTrac Foreclosure Database, January and February 2007 foreclosure numbers.

[14] Generally, the increased interest rate charged to subprime borrowers ranges from one to three percent higher than prime rates. For a more in depth discussion of the evolution of the subprime mortgage market, see Souphala Chomsisengphet and Anthon Pennnington-Cross, "The Evolution of the Subprime Mortgage Market," *Federal Reserve Bank of St. Louis Review*, January/February 2006, 88(1), pp. 31-56.

[15] Les Christie, "Subprime Losses Lead to Drop in Home Ownership," CNNMoney.com, March 27, 2007.

risky Treasury and corporate bonds. As a result, loans to subprime borrowers jumped from just 8 percent of total mortgage originations in 2003, to 20 percent in both 2005 and 2006.[16] There are now $1.3 trillion in subprime loans outstanding, up from $65 billion in 1995 and $332 billion in 2003.[17]

The subprime loan market often operates below the federal regulatory radar screen. Although bank lenders are subject to bank regulatory standards, mortgage brokers and loan officers in non-bank companies are not subject to federal enforcement of lending laws. Rather, states have the primary enforcement responsibility for regulating these mortgage brokers. State-chartered mortgage brokers and nonbank affiliates underwrote approximately 77 percent of subprime loans in 2005.[18] While some states have taken measures to improve the licensing, education and experience requirements for non-bank brokers and lenders, many states lack the resources and/or mandates to police predatory lending practices.

Subprime mortgage loans are most prevalent in lower-income neighborhoods with high concentrations of minorities.[19] In 2005, 53 percent of African American and 37.8 percent of Hispanic borrowers took out subprime loans due in large part to limited access to sound financial counseling, availability of alternative loan products, and limited assets and income.[20] A study by the Department of Housing and Urban Development and the United States Treasury found that subprime loans were issued five times more frequently to households in predominantly black neighborhoods as they were to households in predominantly white neighborhoods, even after controlling for income. Moreover, many of these minority borrowers were steered into subprime loans when they may have qualified for less expensive, prime loans.[21] Because minorities and low-income households have less financial resources to draw upon to help restructure or refinance mortgage loans with steeply escalating payments, adverse housing market conditions can put these homeowners at greater risk of defaults.

The Foreclosure Story at the Local Level

While national foreclosure and delinquency rates are telling, an examination of local-level foreclosure data reveals that the subprime lending woes are affecting some states and cities much more than others. A number of states and cities have much higher delinquency and foreclosure rates than the national average, and these localities deserve particular attention from state and federal policymakers as they craft their responses to the subprime market crisis. Local economies, housing market conditions, and regulatory environments can help explain why particular regions are getting hit the hardest by subprime troubles. Using state- and city-level foreclosure and delinquency data provided to the Joint Economic Committee by RealtyTrac and First American LoanPerformance, the following analysis highlights areas where subprime delinquencies are getting worse, and where foreclosures are on the rise.

[16] Testimony of Emory W. Rushton, Senior Deputy Comptroller and Chief National Bank Examiner, Office of the Comptroller of the Currency, Before the Committee on Banking, Housing, and Urban Affairs of the United States Senate, March 22, 2007.
[17] Statement of Scott M. Polakoff, Deputy Director Office of Thrift Supervision, "Nontraditional Mortgages and Supbrime Hybrid Adjustable Rate Mortgages," before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, March 22, 2007; Souphala Chomsisengphet and Anthon Pennnington-Cross, "The Evolution of the Subprime Mortgage Market," *Federal Reserve Bank of St. Louis Review*, January/February 2006.
[18] Greg Ip and Damian Paletta, "Regulators Scrutinized in Mortgage Meltdown," The Wall Street Journal, March 22, 2007.
[19] Paul Calem, Kevin Gillen and Susan Wachter, "The Neighborhood Distribution of Subprime Mortgage Lending," *Journal of Real Estate Finance and Economics*, 2004, vol. 29 (4).
[20] Allen J. Fishbein and Patrick Woodall, "Subprime Locations: Patterns of Geographic Disparity in Subprime Lending," Consumer Federation of America, September 5, 2006, pg. 4.
[21] *Ibid.*; US Department of Housing and Urban Development and US Department of the Treasury, "Curbing Predatory Home Mortgage Lending," 2000.

According to RealtyTrac's data for 2006, states in the Midwest (Ohio, Michigan, Illinois, and Indiana), the South and West "Sun Belt" (Florida, Georgia, Texas, California, Arizona and Nevada), and Colorado experienced the highest rates of foreclosures in 2006.[22] RealtyTrac estimates that nearly 60 percent of these foreclosures are subprime loans, even though subprime loans comprise only 14 percent of the total mortgage debt outstanding.[23] (See table below.)

[22] The RealtyTrac U.S. Foreclosure Market Report provides the total number of homes entering some stage of foreclosure nationwide each quarter of 2006. The total for each quarter and for the year includes foreclosure filings for all three phases of foreclosure: defaults, auctions, and real estate owned (properties that have been foreclosed on and repurchased by a bank.) One of the difficulties in measuring subprime data more accurately on a local level is that loan documents are not labeled as "prime" or "subprime," so RealtyTrac uses a prevailing rate methodology instead. That is, they compare the loan rate to the Freddie Mac index of prime rates on the date of issuance, and assign any loan with a rate more than 2 percentage points above the prime rate as subprime.

[23] Interviews with RealtyTrac; Mortgage Bankers Association 2006 Survey.

State Foreclosures Rankings (2006)

		Foreclosure Rates (2006)			Home Price Appreciation (Percent Change)		
State	Foreclosure Rank[1]	Ratio of Foreclosures to Number of Households	Foreclosures as % of Households	Unemployment Rate % (2006)	2005	2006	Change in Home Price Appreciation (2005 to 2006)
United States	**-**	**1:92**	**1.1**	**4.6**	**13.2**	**5.9**	**-7.3**
Colorado	1	1:33	3.0	4.3	6.0	3.3	-2.7
Georgia	2	1:41	2.5	4.7	6.3	5.6	-0.8
Nevada	3	1:41	2.4	4.2	18.7	4.0	-14.7
Texas	4	1:51	1.9	4.9	5.7	6.9	1.3
Michigan	5	1:52	1.9	6.9	3.4	-0.4	-3.8
Indiana	6	1:53	1.9	5.0	4.5	2.3	-2.2
Florida	7	1:59	1.7	3.3	28.1	9.4	-18.6
Ohio	8	1:59	1.7	5.5	3.6	1.0	-2.6
Utah	9	1:59	1.7	2.9	13.4	17.5	4.2
Tennessee	10	1:67	1.5	5.2	8.0	7.9	-0.1
Illinois	11	1:67	1.5	4.5	9.6	5.7	-3.9
Arizona	12	1:79	1.3	4.1	35.7	9.6	-26.1
New Jersey	13	1:83	1.2	4.6	16.0	5.8	-10.2
California	14	1:86	1.2	4.9	21.6	4.6	-17.0
Oklahoma	15	1:96	1.0	4.0	6.3	4.6	-1.7
Arkansas	16	1:104	1.0	5.3	7.8	6.6	-1.2
Connecticut	17	1:118	0.8	4.3	12.1	3.9	-8.2
Washington	18	1:129	0.8	5.0	18.8	13.7	-5.1
Pennsylvania	19	1:137	0.7	4.7	12.7	7.0	-5.7
Missouri	20	1:138	0.7	4.8	7.2	4.7	-2.5
New York	21	1:148	0.7	4.5	13.3	4.9	-8.4
New Mexico	22	1:148	0.7	4.2	15.1	13.1	-2.0
Oregon	23	1:152	0.7	5.4	20.2	13.5	-6.7
North Carolina	24	1:157	0.6	4.8	8.4	8.2	-0.2
Massachusetts	25	1:165	0.6	5.0	8.0	0.5	-7.5
Alaska	26	1:192	0.5	6.7	14.2	7.6	-6.6
Idaho	27	1:210	0.5	3.4	19.3	14.0	-5.3
Nebraska	28	1:237	0.4	3.0	4.1	2.6	-1.5
Kentucky	29	1:246	0.4	5.7	5.2	4.1	-1.0
South Carolina	30	1:252	0.4	6.5	9.1	8.1	-1.0
Kansas	31	1:274	0.4	4.5	5.1	4.5	-0.6
Wisconsin	32	1:304	0.3	4.7	8.1	4.1	-4.0
Rhode Island	33	1:344	0.3	5.2	10.7	3.4	-7.3
Minnesota	34	1:345	0.3	4.0	8.0	2.5	-5.5
Iowa	35	1:358	0.3	3.7	6.1	3.1	-3.1
Montana	36	1:387	0.3	3.2	14.6	10.7	-3.9
Alabama	37	1:452	0.2	3.6	9.0	8.1	-0.9
Maryland	38	1:474	0.2	3.9	22.1	9.0	-13.1
Wyoming	39	1:547	0.2	3.2	12.8	14.3	1.5
Louisiana	40	1:646	0.2	4.0	9.5	10.9	1.4
Virginia	41	1:664	0.2	3.0	19.9	7.5	-12.4
Hawaii	42	1:684	0.1	2.4	24.5	7.3	-17.1
Delaware	43	1:780	0.1	3.6	15.7	7.3	-8.4
West Virginia	44	1:970	0.1	5.0	11.3	5.2	-6.1
South Dakota	45	1:1115	0.1	3.2	7.8	5.9	-2.0
Mississippi	46	1:1218	0.1	6.8	8.0	9.6	1.6
North Dakota	47	1:1637	0.1	3.2	8.5	5.4	-3.1
Maine	48	1:3309	0.0	4.6	10.8	4.8	-6.0
New Hampshire	49	1:3721	0.0	3.4	9.7	2.7	-7.0
Vermont	50	1:6542	0.0	3.6	13.9	6.4	-7.5
District of Columbia	-	1:2432	0.0	6.0	23.6	7.5	-16.1

Sources: RealtyTrac, U.S. Department of Labor, Office of Federal Housing Enterprise Oversight.
[1]Foreclosures are ranked from 1 (highest rate of foreclosures) to 50 (lowest rate of foreclosures).

Delinquent mortgage payments by borrowers are an indicator of future foreclosures. Once a mortgage is 90 days delinquent, the lender will generally begin the foreclosure process, which varies by states. According to February 2007 data from First American LoanPerformance, the areas with the highest increase in delinquencies over 60 days from February 2005 to February 2007 largely mirror the areas that experienced the most foreclosures in 2006—indicating that

these areas are at higher risk of experiencing even more foreclosures in 2007.[24] Notably, there is also a significant spike in subprime delinquencies in the Northeastern corridor states of New York, Massachusetts, New Hampshire, New Jersey, and Rhode Island, suggesting possible increases in foreclosures for those states in months to come. The following discussion looks at each of these high risk regions individually.

The Midwest

Last year, Detroit, Michigan had the highest percentage of households in foreclosure in the 150 largest metropolitan areas, with an average of more than 10,000 foreclosures in each quarter. Foreclosures in Detroit in 2006 directly affected 4.4 percent of the city's households—one foreclosure event for every 21 households, nearly five times the national average of one foreclosure event for every 92 households. Detroit's depressed automotive industry has no doubt contributed to increased high foreclosure rates. From 2001 to 2006, the Detroit metropolitan area lost 132,800 jobs, 65 percent of which were in the manufacturing sector.[25] In 2006, Detroit had an unemployment rate of 9.7 percent – nearly double the U.S. average.[26] (See table below. For a detailed listing of the top 50 metropolitan areas by foreclosures, see **Appendix A**.)

Over the first quarter of 2007, the foreclosure trend in the Detroit area has gotten worse rather than better. According to RealtyTrac data, Detroit is on pace to record 11,000 foreclosures in the first quarter of 2007, about 1,000 more than the 2006 quarterly average.[27]

In Ohio and Indiana sagging job markets may also be responsible for recent foreclosure spikes. But states have been hit hard by manufacturing job losses in recent years. Cities such as Indianapolis, Cleveland, Dayton and Akron are ranked in the top 20 metropolitan areas nationally with the highest number of foreclosures in 2006. In Indianapolis (ranked 3rd), there was one foreclosure event for every 23 households last year. In Cleveland, the ratio of foreclosures to households was one in 40, while in Dayton and Akron, one in 43 households entered into foreclosure last year. (See table below.)

In addition, the states of Michigan, Ohio and Indiana lack strict requirements for licensing brokers and lenders, and testing requirements for loan originators.[28] The state of Michigan does not regulate or license individual mortgage brokers and lenders (as opposed to companies), nor provides testing requirements for loan originators. Like Michigan, the Indiana institution that regulates lenders—the Department of Financial Institutions—neither regulates nor licenses individual brokers or lenders and has no testing requirement for loan originators. While Ohio does have licensing requirements for individual brokers, there are also no testing requirements for loan originators. (See **Appendix D** for more information.)

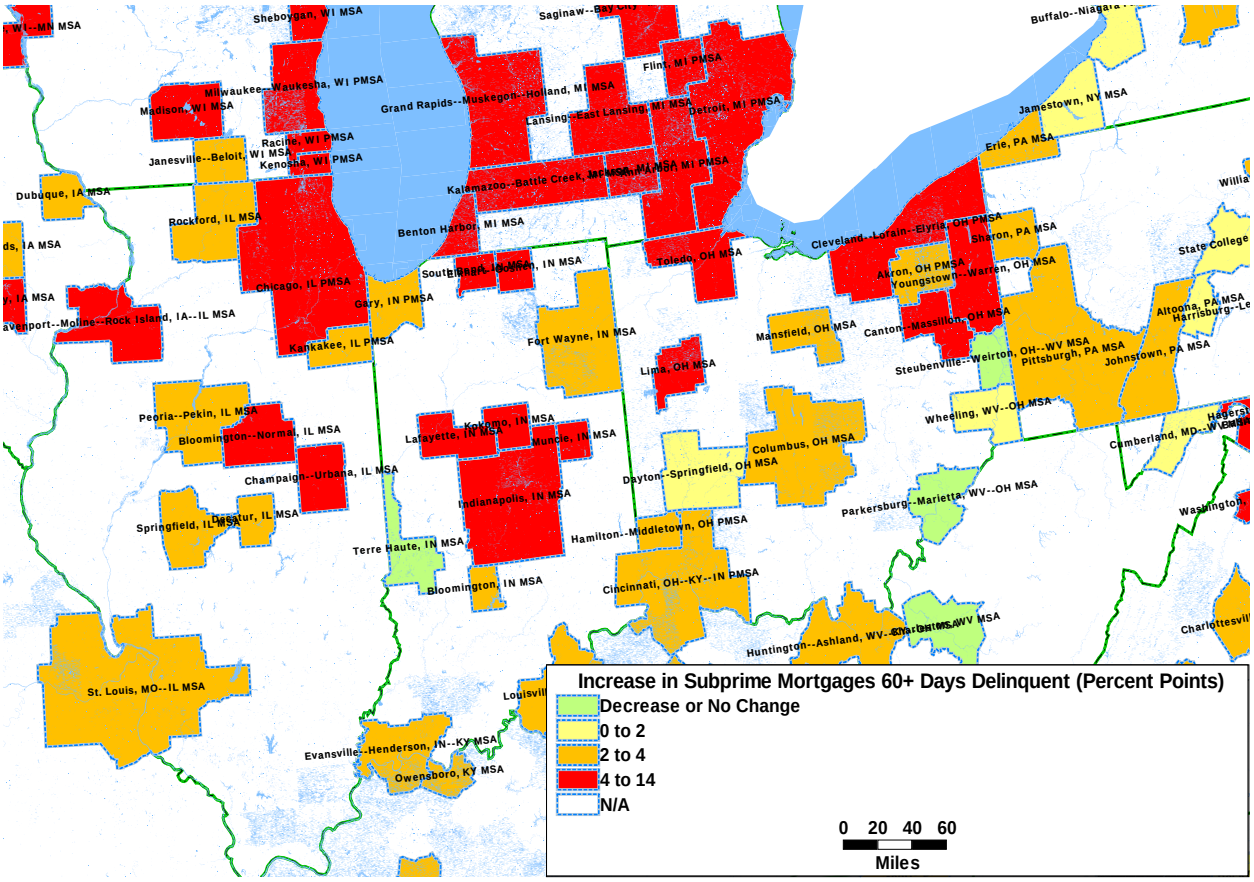
[24] First American LoanPerformance subprime delinquency estimates are based on the value of mortgages outstanding and a coverage of 49 percent of subprime-mortgage originators.
[25] Bureau of Labor Statistics, 2006.
[26] Bureau of Labor Statistics, 2006.
[27] RealtyTrac Foreclosure Database, as of April 10, 2007.
[28] Survey of the Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR) Agency Licensing Survey," January 2006.

Midwest Metro Areas With Highest Foreclosures in 2006

MSA	National Foreclosure Rank[1]	Foreclosure Rates (2006): Ratio of Foreclosures to Number of Households	Foreclosure Rates (2006): Foreclosures as Percent of Households	Unemployment Rate (2006)
Detroit-Livonia-Dearborn, MI	1	1:21	4.9	8.3
Indianapolis, IN	3	1:23	4.3	4.5
Cleveland-Elyria-Mentor, OH	14	1:40	2.5	5.4
Dayton, OH	15	1:43	2.3	5.8
Akron, OH	16	1:43	2.3	5.2
Columbus, OH	19	1:45	2.2	4.7
Lake County-Kenosha County, IL-WI	21	1:48	2.1	4.5
Chicago-Naperville-Joliet, IL	22	1:50	2.0	4.4
Warren-Farmington Hills-Troy, MI	28	1:58	1.7	6.2
Toledo, OH	30	1:60	1.7	6.1
Gary, IN	44	1:81	1.2	5.4
Cincinnati-Middletown-Wilmington, OH-KY-IN	49	1:87	1.1	5.1
Pittsburgh, PA	50	1:88	1.1	4.8
United States	**-**	**1:92**	**1.1**	**4.6**

Sources: RealtyTrac and Bureau of Labor Statistics, U.S. Department of Labor.
[1]Foreclosures are ranked from 1 (highest rate of foreclosures) to 150 (lowest rate of foreclosures).

The Midwest communities are at high risk of experiencing rising foreclosures over the coming months. The high level of subprime delinquencies in these communities as of February of this year suggests a likely increase in the number of foreclosures going forward. According to data provided by First American LoanPerformance, 24 percent of all subprime loans in Detroit were delinquent 60 days or more as of February 2007, an increase of nearly 10 percentage points since February 2005. In Flint and Jackson, Michigan, subprime delinquencies climbed to over 20 and 22 percent, respectively in February 2007, an increase of 8 and 10 percentage points since February 2005. In the Ohio cities of Cleveland, Akron, Canton and Dayton, at least 19 percent of subprime loans were in delinquency in February 2007, with Cleveland leading with 24 percent of subprimes loans delinquent. Across the state, subprime delinquencies are up 4 percentage points on average versus February 2005. And in the Indiana cities of Indianapolis, South Bend and Muncie at least 18 percent of subprime loans were 60 or more days delinquent in February 2007, an average increase of 5 percentage points since February 2005. (See map below. For a detailed table of historical subprime delinquency rates in cities and states across the U.S., see **Appendix B.**)



Source: First American LoanPerformance data comparing the percentage of subprime mortgages 60 days or more delinquent, in February 2005 and February 2007.

The Sun Belt

In the Sun Belt states like California and Florida, where job markets are generally healthier, unemployment is typically lower, and incomes are higher than the national average, a different story unfolds. Steep home price appreciation and population influxes, followed by flat or falling home prices, have created a difficult housing market for all recent mortgage borrowers—but particularly for subprime borrowers. For example, borrowers who took out adjustable rate loans in 2003 and 2004 when home prices were rising are finding that falling home prices are making it very difficult for them to refinance their exploding ARMs before the teaser rate period expires, especially if they are "upside-down" on their loan.

Seven metropolitan areas in the top 50 foreclosure areas are in California, where home prices appreciated rapidly from 2001 until last year. Although home prices have continued to rise, the rate of increase declined by 17 percentage points across the state in 2006. Six of Florida's metropolitan areas are among the top 50 in foreclosures. Florida experienced rapid growth in housing prices from 2001 up until last year, when home price appreciation decelerated by nearly 19 percentage points in 2006. Similarly, Nevada and Arizona experienced a deep slowdown in home price appreciation in 2006, by 15 and 26 percentage points respectively, after rapid acceleration during the housing boom. (See table below.)

Notably, the California Department of Corporations, which regulates mortgage brokers and lenders, does not require regulation or licensing for individual brokers and lenders (as opposed to companies). The state of Nevada does not have testing requirements for loan originators. Florida has reasonable state regulations and requirements for mortgage lenders and brokers, and Arizona's state legislature is currently working on adopting measures to better regulate individual brokers and lenders. (See **Appendix D** for more information.)

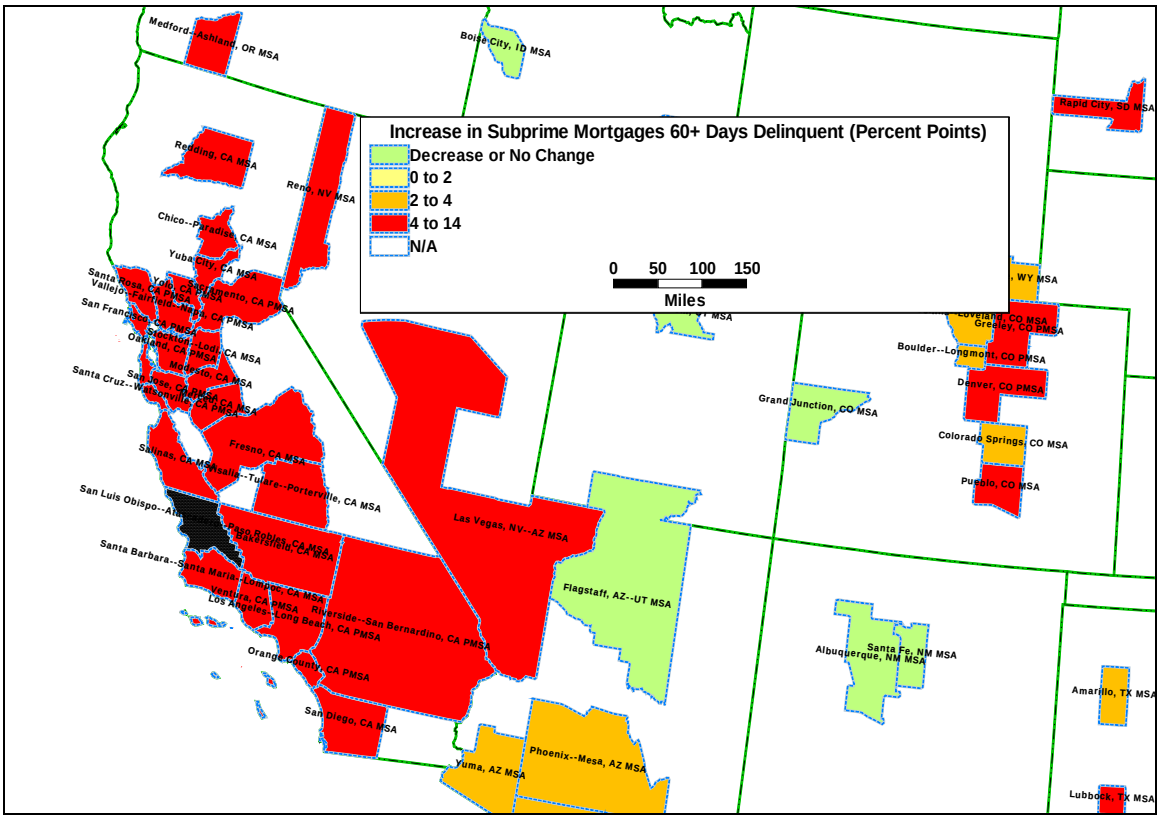
Sun Belt Metro Areas With Highest Foreclosures In 2006

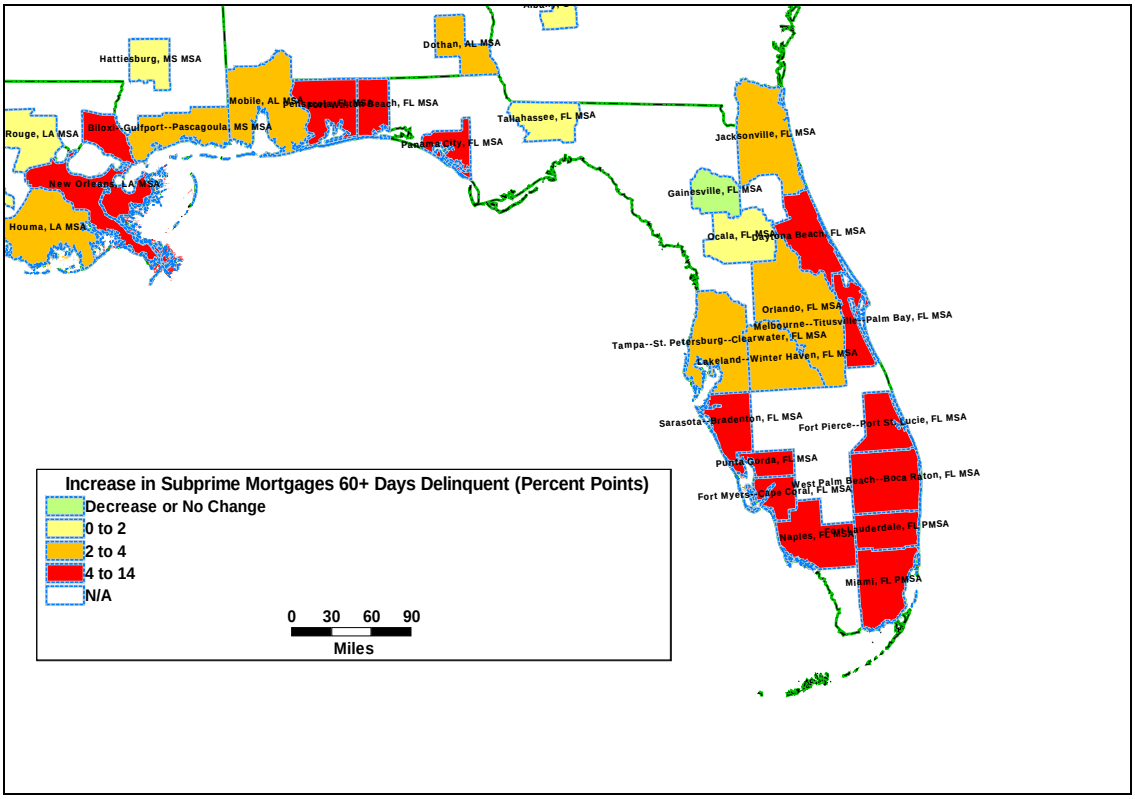
		Foreclosure Rates (2006)		Home Price Appreciation (Percent change)		
MSA	Foreclosure Rank[1]	Ratio of Foreclosures to Number of Households	Foreclosures as Percent of Households	2005	2006	Change in Home Price Appreciation (2005 to 2006)
Atlanta-Sandy Springs-Marietta, GA	2	1:23	4.4	5.2	4.3	-0.9
Dallas-Plano-Irving, TX	5	1:26	3.9	3.7	4.1	0.4
Fort Worth-Arlington, TX	6	1:27	3.7	3.3	4.9	1.6
Las Vegas-Paradise, NV	7	1:31	3.3	16.2	5.4	-10.8
Memphis, TN-MS-AR	8	1:31	3.2	5.1	5.7	0.6
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	9	1:35	2.8	30.6	7.4	-23.2
Miami-Miami Beach-Kendall, FL	10	1:35	2.8	29.0	15.3	-13.7
Stockton, CA	11	1:37	2.7	26.8	0.8	-26.0
San Antonio, TX	12	1:37	2.7	10.5	7.7	-2.8
Riverside-San Bernardino-Ontario, CA	13	1:39	2.6	22.3	8.5	-13.8
Austin-Round Rock, TX	16	1:43	2.3	6.6	9.1	2.5
Houston-Sugar Land-Baytown, TX	18	1:43	2.3	5.4	6.7	1.3
Jacksonville, FL	20	1:48	2.1	19.8	12.7	-7.1
West Palm Beach-Boca Raton-Boynton Beach, FL	23	1:51	2.0	28.2	6.4	-21.8
Orlando-Kissimmee, FL	26	1:54	1.8	33.4	11.7	-21.7
Little Rock-North Little Rock-Conway, AR	27	1:55	1.8	7.0	5.4	-1.6
Oklahoma City, OK	29	1:58	1.7	7.3	4.2	-3.1
Tampa-St. Petersburg-Clearwater, FL	31	1:61	1.6	26.3	11.4	-14.9
Sacramento-Arden-Arcade-Roseville, CA	32	1:61	1.6	18.7	-2.4	-21.1
Tulsa, OK	33	1:62	1.6	4.3	3.6	-0.7
Phoenix-Mesa-Scottdale, AZ	34	1:66	1.5	40.9	9.0	-31.9
Charlotte-Gastonia-Concord, NC-SC	35	1:67	1.5	5.6	9.1	3.5
Albuquerque, NM	36	1:67	1.5	16.4	14.5	-1.9
Oakland-Fremont-Hayward, CA	38	1:73	1.4	22.6	1.7	-20.9
Fresno, CA	39	1:74	1.4	24.9	5.2	-19.7
Bakersfield, CA	42	1:78	1.3	29.5	8.5	-21.0
San Diego-Carlsbad-San Marcos, CA	43	1:79	1.3	11.3	-0.2	-11.5
El Paso, TX	45	1:81	1.2	12.2	16.5	4.3
Tucson, AZ	46	1:82	1.2	29.8	8.6	-21.2
United States	**-**	**1:92**	**1.1**	**13.2**	**5.9**	**-7.3**

Sources: RealtyTrac and Office of Federal Housing Enforcment Oversight.
[1]Foreclosures are ranked from 1 (highest rate of foreclosures) to 150 (lowest rate of foreclosures).

In many areas of the Sun Belt states—where housing prices have surged—the delinquency rates have increased quickly, indicating more foreclosure trouble to come. For example, in Sacramento, California, 60-day delinquencies for subprime loans increased 12 percentage points from 3 percent of all subprime loans in February 2005 to 15 percent of all subprime loans in February 2007.[29] And in Fort Meyers, Florida, delinquencies spiked 8 percentage points to 13 percent from February 2005 to February 2007. (See maps below, and **Appendix B** for more cities.)

[29] FirstAmerica LoanPerformance data, as of April 6, 2007.





Source: First American LoanPerformance data comparing the percentage of subprime mortgages 60 days or more delinquent, in February 2005 and February 2007.

Northeast

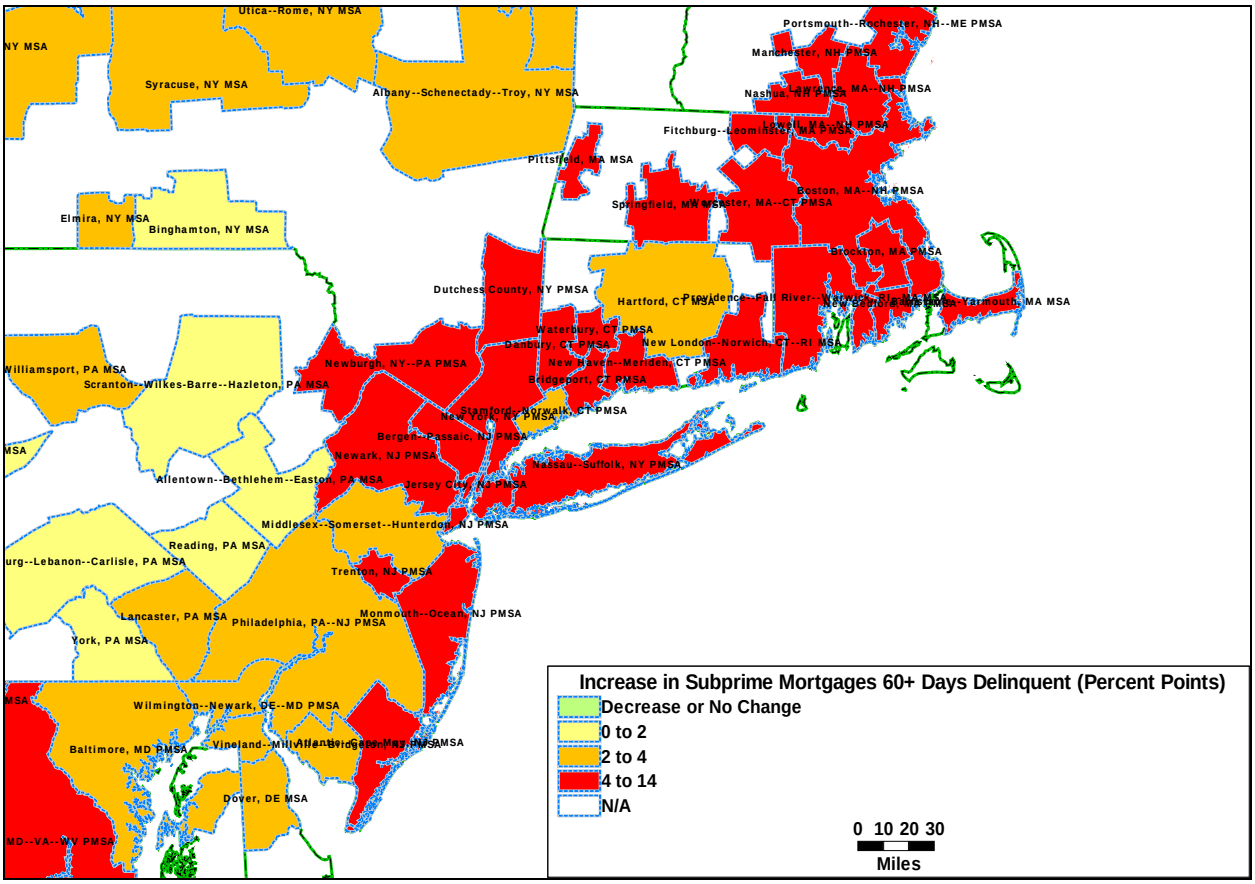
Although the Northeastern states did not rank as high as the Sun Belt and Midwest states in foreclosures in 2006, a closer look at the localities along the Northeast coast also suggest more foreclosures to come. Five Northeastern metro areas were in the top 50 metropolitan areas with the most foreclosures in 2006: Camden, Newark, and Edison, New Jersey; Long Island, New York; and Philadelphia, Pennsylvania. All five metro areas fared worse than the national average of foreclosures in 2006. While these areas have unemployment rates close to the national average, these five metro areas have in common cooling housing markets, with an average of a 10 percentage point slowdown in home price appreciation from 2005 to 2006. (See chart below).

Northeast Metro Areas With Highest Foreclosures In 2006

		Foreclosure Rates (2006)			Home Price Appreciation (Percent Change)		
MSA	National Foreclosure Rank[1]	Ratio of Foreclosures to Number of Households	Foreclosures as Percent of Households	Unemployment Rate	2005	2006	Change in Home Price Appreciation (2005 to 2006)
Camden, NJ	25	1:54	1.8	4.7	16.4	7.7	-8.7
Nassau-Suffolk, NY	37	1:69	1.5	3.9	14.5	4.3	-10.2
Newark-Union, NJ-PA	41	1:77	1.3	4.9	14.7	5.0	-9.7
Philadelphia, PA	47	1:84	1.2	4.6	14.4	6.7	-7.7
Edison, NJ	48	1:87	1.2	4.4	15.8	4.3	-11.5
United States	**-**	**1:92**	**1.1**	**4.6**	**13.2**	**5.9**	**-7.3**

Sources: RealtyTrac, Department of Labor, Office of Federal Housing Enforcment Oversight.
[1]Foreclosures are ranked from 1 (highest rate of foreclosures) to 150 (lowest rate of foreclosures).

The most recent subprime delinquency data suggest that the Northeastern cities will likely see more foreclosures in the coming months. Delinquencies are on the rise in all five metro areas entering into 2007. Across New York, 13 percent of subprime loans were 60 or more days delinquent as of February 2007, up 7 percentage points since February 2005, with the highest increases in Long Island, Dutchess County, and New York City. New Jersey also had 13 percent of subprime loans delinquent in February, an increase of 6 percentage points in two years, with the sharpest increases in Newark and Monmouth-Ocean. In Pennsylvania, a state where 13 percent of subprime loans were also delinquent in February 2007, Philadelphia had the highest increase in delinquencies over the last two years, with a 5 percentage point increase. (See map below.)



Source: First American LoanPerformance data comparing the percentage of subprime mortgages 60 days or more delinquent, in February 2005 and February 2007.

Colorado

Colorado experienced the highest level of foreclosures per household of any state in 2006, with one foreclosure for every 33 households, a substantial jump over previous years.[30] The city of Denver has been hardest hit, with one foreclosure for every 24 households.[31] Yet unlike the Midwest states, Colorado has a lower unemployment rate than the national average and a healthy job market. And unlike the Sun Belt and Northeastern regions, Colorado has not had a dramatic change in home price appreciation in recent years. For example, from 2005 to 2006, home prices appreciation Denver decelerated by 3.2 percentage points, compared to a 7.3 percentage point deceleration nationwide.

Rather, insufficient lending protections may have been the main contributor to the increased foreclosures in Colorado as many homeowners signing loans they were unable to afford during the housing boom. Notably, limited state regulation, licensing and education requirements for brokers and lenders as well as weak anti-predatory lending laws have contributed make Colorado one of the highest-ranking states for mortgage fraud in the country.[32] Colorado legislators

[30] RealtyTrac, "More than 1.2 Million Foreclosures Reported in 2006 According to RealtyTrac U.S. Foreclosure Market Report," January 25, 2007
[31] *Ibid.*
[32] Associated Press, "Colorado Legislators Introduce Measures Targeting Foreclosures," February 27, 2007.

themselves argue that lax enforcement combined with the proliferation of non-traditional loans substantially contributed to the state's rapid increase in foreclosures.[33] The Colorado state legislature is currently considering a licensing bill that includes enhanced education and testing requirements for mortgage lenders and brokers.[34]

Foreclosures Are Costly to Local Communities

Foreclosures entail substantial costs for individual borrowers and lenders. Additionally, foreclosures can also impact cities and neighborhoods, particularly if concentrated, by putting downward pressure on neighboring housing prices and raising costs for local governments.

Costs of Foreclosures to Families

A home is the primary asset for the majority of America's families. This is particularly true for low-and moderate-income families, minority families, and young couples, as most have a large portion of their assets tied up in their homes. As noted, these are the same population groups that are most at risk of foreclosure due to unsuitable subprime loans. For a homeowner, a foreclosure results not only in the loss of a stable living place and significant portion of wealth, but also reduces the homeowner's credit rating, creating barriers to future home purchases and even rentals. For the homeowner, foreclosures also create a possible tax liability, since any principal balance and accrued interest forgiven is treated as taxable income for the owner.

Foreclosures are also costly from a legal and administrative standpoint. According to one estimate, the average foreclosure results in $7,200 in administrative charges to the borrower.[35]

Cost of Foreclosures to Businesses

Lenders also bears substantial foreclosure related costs, which helps explain why the spike in foreclosures has put significant financial pressure on the residential mortgage industry. Lenders do not typically benefit from taking over a delinquent owner's property, so they have an incentive to prevent foreclosure. A study from the Federal Reserve Bank of Chicago reported that lenders alone can lose as much as $50,000 per foreclosure. In 2003, this translated into approximately $25 billion in foreclosure-related costs for lenders alone—well before the 2006 foreclosure spike.[36] Indeed, substantial losses have led many of these lenders to tighten their lending standards, which will make it even more difficult for families facing foreclosure to refinance their homes, or purchase another if they have already foreclosed.

[33] David Ollinger, "Two Bills Target Home Loans," Denver Post, February 26, 2007.
[34] Svaldi, Aldo, "Bill for Mortgage Broker License Passes Senate Committee," Denver Post, March 19, 2007.
[35] Anne Moreno, *The Cost-Effectiveness of Mortgage Foreclosure Prevention*, Minneapolis: Family Housing Fund, 1995.
[36] Desiree Hatcher, "Foreclosure Alternatives: A Case for Preserving Homeownership," *Profitwise News and Views*, Chicago Federal Reserve Bank, February 2006.

Costs of Foreclosures to City and Local Governments

Foreclosures can also be very costly for local governments, particularly when they result in property vacancies. A foreclosed property that remains on the commercial market too long and becomes vacant can become an economic and administrative drain for cities. Moreover, cities, counties and local school districts lose tax revenue from abandoned homes. A Chicago case study by the Homeownership Preservation Foundation estimates that a city can lose up to nearly $20,000 per house abandoned in foreclosure in lost property taxes, unpaid utility bills, property upkeep, sewage and maintenance.[37] Many of these costs of foreclosure fall on taxpayers who ultimately pay the bill for foreclosure-related services provided by their local governments.

For example, several suburbs of Cleveland are already spending millions of dollars in an effort to maintain vacant houses as they try to contain the fallout of mortgage foreclosures.[38] It was recently reported that there are more than 200 vacant houses in Euclid (a suburb of Cleveland). Many of Euclid's 600 foreclosures over the past two years were homes of elderly people who refinanced with 2/28s (low two-year teaser rates), then saw their payments grow by 50 percent or more after the rates reset.[39] The suburb is currently losing $750,000 in property taxes a year from the vacant houses.[40]

Costs of Foreclosure on Neighboring Homeowners

Finally, foreclosures can have a significant impact in the community in which the foreclosed homes are located. Studies have found that there is a contagion effect whereby concentrated foreclosures cause additional foreclosures in the community.[41] For lower-income communities attempting to revitalize, the consequence could be a substantial setback in neighborhood security and sustainability.

Areas of concentrated foreclosures can affect the price that other sellers can get for their houses. As higher foreclosure rates ripple through local markets, each house tossed back into the market adds to the supply of for-sale homes and could bring down home prices. A recent study calculated that a single-family home foreclosure lowers the value of homes located within one-eighth of a mile (or one city block) by an average of 0.9 percent, and more so in a low to moderate-income community (1.4 percent).[42] For a foreclosure in Atlanta, for example, where the median home price is $218,500, this would result in a decline in home prices of approximately $3,100 per single-family home within an eighth-mile. (For a table of neighboring home price impact of subprime foreclosures in the largest 50 foreclosure metropolitan areas, see **Appendix C.)**

[37] William C. Apgar and Mark Duda, "Collateral Damage: The Municipal Impact of Today's Mortgage Foreclosure Boom," National Multi-Housing Council, May 11, 2005.
[38] Erik Eckholm, "Foreclosures Force Suburbs to Fight Blight, New York Times, March 23, 2007.
[39] *Ibid*.
[40] *Ibid*.
[41] NeighborWorks America, *Effective Community-Based Strategies for Preventing Foreclosures*, September 2005.
[42] Dan Immergluck and Geoff Smith, "The External Costs of Foreclosure: The Impact of Single-family Mortgage Foreclosures on Property Values," *Housing Policy Debate*, Vol. 17, Issue 1, 2006.

In a more recent estimate of subprime foreclosures on home prices, the chief economist for Moody's Economy.com projected that subprime defaults (which he expects to reach 800,000 this year alone) could result in *mid-single digit declines in housing prices*, and as much as double-digit declines in areas such as Arizona, Nevada, parts of California and Florida.[43] Assuming that this projection is correct—a 15 percent decline in home prices in Nevada would cost the average home owner $42,450 in lost home equity, based on the median home price in Nevada of $283,000.[44]

The impact of increased foreclosures on local housing prices can be more severe in areas where credit tightening adversely affects the availability of loans, and consequently the demand for housing. In response to the subprime crisis, commercial banks are tightening their underwriting standards for residential mortgages in general, as evidenced by the most recent Federal Reserve survey of bank lending terms. According to the survey, a net 15 percent of banks reported they had tightened their lending standards for residential mortgages - the largest percentage since the second quarter 1991.[45] According to one estimate, about 890,000 fewer Americans this year will be able to obtain financing to purchase a home because of tighter lending standards.[46] Moreover, it typically takes a victim of foreclosure 10 years to recover and buy another house, which means that more and more potential homeowners will be taken out of the home buyer base.[47]

Finally, the predominance of subprime loans in low-income and/or minority neighborhoods means that the bulk of the spillover costs of foreclosure are concentrated among the nation's most vulnerable households. These neighborhoods already have higher incidences of crime, and increased foreclosures have been found to contribute to higher levels of violent crime.[48]

The High Costs of Foreclosures

Stakeholders		**Estimated Costs Per Foreclosure**	
Homeowner	$	7,200	[1]
Lender	$	50,000	[2]
Local Government	$	19,227	[3]
Neighbor's Home Value	$	1,508	[4]
Estimated Total Costs of Foreclosure	**$**	**77,935**	

Sources:

[1] Anne Moreno, *The Cost-Effectiveness of Mortgage Foreclosure Prevention,* Minneapolis: Family Housing Fund, 1995.

[2] Desiree Hatcher, "Foreclosure Alternatives: A Case for Preserving Homeownership," *Profitwise News and Views,* February 2006.

[3] Estimate assumes property is abandoned before foreclosure is completed. William C. Apgar and Mark Duda, *Collateral Damage: The Municipal Impact of Today's Mortgage Foreclosure Boom,* Homeownership Preservation Foundation, May 11, 2005.

[4] Assumes a .9 percent home price depreciation based on the national median home price of $167,500 as of 2005. Census Bureau, 2005 American Community Survey. Dan Immergluck and Geoff Smith, "The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values," *Housing Policy Debate,* Vol. 17, Issue 1.

[43] Les Christie, "Scary Math: More Homes, Fewer Buyers," CNNMoney.com, March 13, 2007.
[44] U.S. Census Bureau, American Community Survey, 2005.
[45] Federal Reserve, The January 2007 Senior Loan Officer Opinion Survey on Bank Lending Practices, January 2007.
[46] Credit Suisse, "Mortgage Liquidity du Jour: Underestimated No More," March 12, 2007.
[47] Schlomer *et al*, December 2006.
[48] According to a study by Dan Immergluck and Geoff Smith, a standard deviation increase in the foreclosure rate (about 2.8 foreclosures for every 100 owner-occupied properties in one year) corresponds to an increase in neighborhood violent crime of approximately 6.7 percent). Dan Immergluck and Geoff Smith, "The Impact of Single-Family Mortgage Foreclosures on Neighborhood Crime," *Housing Studies*, Vol. 21, No. 6, November 2006.

Conclusion: It Pays to Prevent Foreclosures

Foreclosures are costly – not only to homeowners, but also to a wide variety of stakeholders, including mortgage servicers, local governments and neighboring homeowners. The high costs of foreclosures – up to $80,000 for all stakeholders combined – present a strong incentive to prevent them. In their efforts to respond to the subprime foreclosure crisis, policymakers may want to consider enacting some combination of the following measures to prevent future foreclosures that may come as a result of a high concentration of unsuitable loans in areas of economic downturns, areas of steep housing market slumps and areas of lax regulatory enforcement.

Increase Federal Support for Local Foreclosure Prevention Programs. In the short term, local community-based non-profits may be best positioned to implement foreclosure prevention programs. State and national organizations exist throughout the country to both enhance homeownership and prevent foreclosures. Many of these programs have been successful in coordinating a wide range of services for borrowers in order to help restructure unsuitable loans, aid borrowers with foreclosures prevention counseling or initiate legal action against the most egregious predatory lenders.[49] Some of these programs also provide financial assistance, such as low-interest bridge loans to help borrowers recover from delinquency. To assist existing community-based nonprofits with increasing caseloads, the federal government should work with nonprofits with proven track records and consider providing them with enhanced funding. ***Estimates suggest that foreclosure prevention costs approximately $3,300 per household -- substantially less than the nearly $80,000 in costs of foreclosure described above.***[50]

Strengthen and Reform FHA. The Federal Housing Administration (FHA) currently issues more than $100 billion in mortgage insurance annually for loans made by private lenders to low-income, minority and first-time buyers. However, the FHA has not provided insurance for borrowers in the subprime market and its market share has steadily dropped in the last several years. William Apgar, at Harvard's Kennedy School of Government, has proposed that the FHA should be funded and revamped to oversee a "rescue fund" to purchase the portfolios of failed mortgages and try to restore the credit on these loans.[51] While this policy option would also include upfront costs, companies holding such portfolios may be likely to sell at reduce costs given the prospect of mass delinquency and foreclosure.

To prevent the origination of risky subprime mortgages designed to fail their borrowers going forward, the following measures may be helpful:

Strengthen Regulation of Mortgage Origination at Federal Level. Although bank lenders are subject to bank regulatory standards, mortgage brokers and loan officers in non-bank companies are not subject to federal enforcement of lending laws. Rather, states have the primary responsibility for regulating these mortgage brokers. While some states have taken measures to

[49] NeighborWorks, *Effective Community-Based Strategies for Preventing Foreclosures,* September 2005; Almas Sayeed, "From Boom to Bust: Helping Families Prepare for the Rise in Subprime Mortgage Foreclosures," Center for American Progress, March 13, 2007.
[50] Ana Moreno, *Cost-Effectiveness of Mortgage Foreclosure Prevention,* Family Housing Fund, November 1995.
[51] Bill Swindell, "FHA Overhaul Might Be Part of a Subprime Loan Solution," *National Journal,* March 20, 2007.

improve the licensing, education and experience requirements for non-bank brokers and lenders, many states still lack sufficient oversight requirements. Thirty-nine states, including the District of Columbia, do not have testing requirements for loan originators and/or broker and lending executives, and 17 states, including the District of Columbia, do not have licensing requirements for individual brokers and lenders. (See **Appendix D**.) Improved federal oversight and enforcement could enhance industry practices, including loan underwriting, while further protecting borrowers. Federal standards could include licensing for individual brokers and lenders (not just companies) and minimum education and experience standards. Efforts are currently underway in Congress to investigate ways to strengthen the existing federal mortgage regulatory structure to improve compliance among non-bank mortgage brokers.

Create a Federal Anti-Predatory Lending Law that Bans Unfair and Deceptive Practices. Currently, no anti-predatory lending law exists at the federal level, but such a law is being considered in Congress. In the process, policymakers should investigate whether they should prohibit certain types of harmful loan provisions and practices all together, like pre-payment penalties, stated income or low documentation loans. In addition, lawmakers should consider requiring all subprime loan borrowers to escrow property taxes and hazard insurance.

Establish Borrowers' Ability to Pay Standard. In the financial services sector, investors are required to meet a "suitability standard" prior to being allowed to invest in certain products, based on their ability to afford the risk. Policymakers should consider how to apply similar tests to mortgage borrowers and lenders. Many exploding ARMs were approved based on the borrower's ability to pay the mortgage only in the first two or three years of the loan at the teaser rate, when the interest rate was lower, but not over the life of the loan once it resets with higher interest rates. A stricter standard to determine borrowers' ability to afford the loan over the life of the loan could prevent borrowers from being trapped in mortgage products that will lead them down the path to ultimate foreclosure.

Disclosures Relating to Alternative Mortgage Products Must Be Enhanced. The full impact of new complicated features such as teaser rates, interest-only payments and option-payments must be clearly and effectively communicated to potential borrowers. Existing disclosures designed for traditional mortgage products that tell borrowers that their payment "may increase or decrease" based on interest rate changes are not adequate for explanation of a teaser-rate mortgage in which payments increase dramatically after two or three years. Additionally, these disclosures must be written in plain language and must be prominently displayed in a manner that is visually clear and effectively communicates the intended information to the potential borrower. Lenders must be given a new format and new requirements for alternative mortgage product disclosure. This new disclosure should include a table clearly displaying a full payment schedule over the life of the loan, all fees associated with the loan, an explanation of the "alternative" features of the loan (i.e. negative amortization), and a full explanation of the risks associated with taking advantage of those features, including the timeframe in which borrowers were likely to feel the negative effects of those risks.

APPENDIX A: METROPOLITAN AREAS WITH HIGHEST FORECLOSURES

U.S. Metropolitan Areas With Highest Foreclosures in 2006

National Foreclosure Rank[1]	Metro Areas	2006 Total Foreclosures	Foreclosures as Percent of Households	Ratio of Foreclosures to Number of Households
1	Detroit-Livonia-Dearborn, MI	40,219	4.9	1:21
2	Atlanta-Sandy Springs-Marietta, GA	63,737	4.4	1:23
3	Indianapolis, IN	27,598	4.3	1:23
4	Denver-Aurora, CO	37,412	4.2	1:24
5	Dallas-Plano-Irving, TX	51,730	3.9	1:26
6	Fort Worth-Arlington, TX	25,625	3.7	1:27
7	Las Vegas-Paradise, NV	19,578	3.3	1:31
8	Memphis, TN-MS-AR	18,155	3.2	1:31
9	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	21,113	2.8	1:35
10	Miami-Miami Beach-Kendall, FL	24,046	2.8	1:35
11	Stockton, CA	5,153	2.7	1:37
12	San Antonio, TX	14,754	2.7	1:37
13	Riverside-San Bernardino-Ontario, CA	30,255	2.6	1:39
14	Cleveland-Elyria-Mentor, OH	22,976	2.5	1:40
15	Dayton, OH	8,493	2.3	1:43
16	Austin-Round Rock, TX	11,513	2.3	1:43
16	Akron, OH	6,754	2.3	1:43
18	Houston-Sugar Land-Baytown, TX	41,763	2.3	1:43
19	Columbus, OH	15,175	2.2	1:45
20	Jacksonville, FL	9,983	2.1	1:48
21	Lake County-Kenosha County, IL-WI	4,726	2.1	1:48
22	Chicago-Naperville-Joliet, IL	57,706	2	1:50
23	West Palm Beach-Boca Raton-Boynton Beach, FL	10,914	2	1:51
24	Salt Lake City, UT	6,614	1.9	1:52
25	Camden, NJ	4,791	1.8	1:54
26	Orlando-Kissimmee, FL	12,271	1.8	1:54
27	Little Rock-North Little Rock-Conway, AR	4,739	1.8	1:55
28	Warren-Farmington Hills-Troy, MI	16,876	1.7	1:58
29	Oklahoma City, OK	8,104	1.7	1:58
30	Toledo, OH	4,778	1.7	1:60
31	Tampa-St. Petersburg-Clearwater, FL	18,665	1.6	1:61
32	Sacramento-Arden-Arcade-Roseville, CA	10,637	1.6	1:61
33	Tulsa, OK	5,867	1.6	1:62
34	Phoenix-Mesa-Scottdale, AZ	20,140	1.5	1:66
35	Charlotte-Gastonia-Concord, NC-SC	8,198	1.5	1:67
36	Albuquerque, NM	4,585	1.5	1:67
37	Nassau-Suffolk, NY	14,284	1.5	1:69
38	Oakland-Fremont-Hayward, CA	12,280	1.4	1:73
39	Fresno, CA	3,673	1.4	1:74
40	Tacoma, WA	3,687	1.3	1:75
41	Newark-Union, NJ-PA	10,557	1.3	1:77
42	Bakersfield, CA	2,964	1.3	1:78
43	San Diego-Carlsbad-San Marcos, CA	13,250	1.3	1:79
44	Gary, IN	3,254	1.2	1:81
45	El Paso, TX	2,762	1.2	1:81
46	Tucson, AZ	4,484	1.2	1:82
47	Philadelphia, PA	18,660	1.2	1:84
48	Edison, NJ	10,075	1.2	1:87
49	Cincinnati-Middletown-Wilmington, OH-KY-IN	9,533	1.1	1:87
50	Pittsburgh, PA	12,204	1.1	1:88

Source: RealtyTrac Foreclosure Database.

APPENDIX B: HISTORICAL SUBPRIME DELINQUENCY RATES

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
Alaska	**Total**	**7.6%**	**5.0%**	**4.7%**	**2.9**
	Anchorage, AK	7.9%	4.0%	5.0%	**2.9**
Alabama	**Total**	**12.9%**	**11.9%**	**8.7%**	**4.1**
	Anniston, AL	10.6%	6.9%	7.3%	**3.3**
	Auburn-Opelika, AL	9.2%	8.1%	9.5%	**-0.3**
	Birmingham, AL	13.3%	11.7%	9.6%	**3.7**
	Columbus, GA-AL	12.6%	8.8%	10.1%	**2.6**
	Decatur, AL	7.6%	8.7%	8.4%	**-0.9**
	Dothan, AL	9.4%	7.3%	6.4%	**3.0**
	Florence, AL	11.3%	9.6%	9.6%	**1.7**
	Gadsden, AL	8.3%	8.8%	9.2%	**-0.9**
	Huntsville, AL	11.1%	8.8%	7.6%	**3.6**
	Mobile, AL	13.4%	15.6%	9.5%	**4.0**
	Montgomery, AL	9.9%	8.7%	6.8%	**3.1**
	Tuscaloosa, AL	11.9%	11.8%	10.0%	**2.0**
Arkansas	**Total**	**11.7%**	**9.3%**	**9.0%**	**2.7**
	Fayetteville-Springdale-Rogers, AR	10.6%	6.5%	6.1%	**4.5**
	Fort Smith, AR-OK	10.1%	10.0%	8.5%	**1.6**
	Jonesboro, AR	11.6%	10.3%	9.0%	**2.6**
	Little Rock-North Little Rock, AR	11.6%	9.9%	10.2%	**1.4**
	Memphis, TN-AR-MS	12.6%	11.2%	11.5%	**1.1**
	Pine Bluff, AR	10.5%	12.7%	9.5%	**1.0**
	Texarkana , TX-AR	11.8%	8.7%	7.8%	**4.0**
Arizona	**Total**	**7.3%**	**2.8%**	**4.3%**	**3.0**
	Flagstaff, AZ-UT	4.0%	2.4%	2.7%	**1.3**
	Las Vegas, NV-AZ	7.7%	3.4%	2.6%	**5.1**
	Phoenix-Mesa, AZ	7.2%	2.6%	4.5%	**2.7**
	Tucson, AZ	7.3%	3.8%	4.9%	**2.4**
	Yuma, AZ	6.1%	2.1%	3.1%	**3.0**
California	**Total**	**11.5%**	**3.9%**	**2.6%**	**8.9**
	Bakersfield, CA	9.9%	2.4%	1.7%	**8.2**
	Chico-Paradise, CA	8.8%	4.2%	2.7%	**6.1**
	Fresno, CA	9.6%	3.1%	2.4%	**7.2**
	Los Angeles-Long Beach, CA	9.4%	3.4%	2.6%	**6.9**
	Merced, CA	12.7%	2.8%	2.5%	**10.3**
	Modesto, CA	13.7%	4.0%	2.8%	**10.9**
	Oakland, CA	12.2%	4.3%	3.5%	**8.8**
	Orange County, CA	9.3%	3.0%	2.2%	**7.1**
	Redding, CA	8.7%	3.0%	2.7%	**6.0**
	Riverside-San Bernardino, CA	12.6%	4.1%	2.5%	**10.1**
	Sacramento, CA	15.3%	4.2%	2.8%	**12.5**
	Salinas, CA	10.8%	3.1%	1.8%	**9.0**
	San Diego, CA	12.1%	4.0%	2.2%	**10.0**
	San Francisco, CA	7.8%	3.8%	3.0%	**4.8**
	San Jose, CA	8.0%	3.7%	3.7%	**4.2**
	San Luis Obispo-Atascadero- Paso Robles, CA	9.8%	4.1%	2.4%	**7.4**
	Santa Barbara-Santa Maria-Iompoc, CA	12.4%	3.4%	2.5%	**9.9**
	Santa Cruz-Watsonville, CA	7.9%	3.6%	3.6%	**4.3**
	Santa Rosa, CA	11.5%	3.1%	3.3%	**8.3**
	Stockton-Lodi, CA	13.8%	3.9%	3.4%	**10.5**

Source: First American LoanPerformance

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
Colorado	**Total**	**15.2%**	**11.1%**	**9.3%**	**5.9**
	Boulder-Longmont, CO	11.9%	10.4%	8.8%	**3.1**
	Colorado Springs, CO	11.8%	9.1%	8.9%	**3.0**
	Denver, CO	17.6%	13.1%	11.0%	**6.6**
	Fort Collins-Loveland, CO	11.8%	9.6%	9.1%	**2.7**
	Grand Junction, CO	4.8%	5.2%	5.2%	**-0.4**
	Greeley, CO	16.7%	12.4%	9.8%	**6.9**
	Pueblo, CO	16.3%	11.4%	10.6%	**5.7**
Connecticut	**Total**	**10.8%**	**7.0%**	**5.7%**	**5.1**
	Bridgeport, CT	10.4%	6.8%	5.7%	**4.6**
	Danbury, CT	9.6%	6.4%	5.1%	**4.5**
	Hartford, CT	9.8%	6.8%	5.9%	**3.9**
	New Haven-Meriden, CT	11.4%	7.4%	6.1%	**5.2**
	New London-Norwich, CT-RI	11.7%	5.8%	4.5%	**7.2**
	Stamford-Norwalk, CT	8.8%	5.5%	5.3%	**3.5**
	Waterbury, CT	11.0%	6.1%	6.8%	**4.2**
	Worcester, MA-CT	18.3%	7.7%	7.9%	**10.4**
D.C.	**Total**	**10.9%**	**4.5%**	**5.3%**	**5.5**
	Washington, DC-MD-VA-WV	10.3%	4.3%	5.4%	**4.9**
Delaware	**Total**	**9.8%**	**6.9%**	**6.8%**	**3.0**
	Dover, DE	9.2%	6.1%	6.8%	**2.4**
	Wilmington-Newark, DE-MD	9.4%	6.9%	6.9%	**2.5**
Florida	**Total**	**10.2%**	**5.9%**	**5.1%**	**5.1**
	Daytona Beach, FL	10.4%	4.5%	5.0%	**5.3**
	Fort Lauderdale, FL	9.9%	6.4%	4.2%	**5.6**
	Fort Myers-Cape Coral, FL	12.6%	3.6%	4.4%	**8.2**
	Fort Pierce-Port St. Lucie, FL	11.3%	4.4%	4.4%	**6.9**
	Fort Walton Beach, FL	8.6%	4.2%	2.5%	**6.1**
	Gainesville, FL	7.2%	4.5%	7.3%	**-0.2**
	Jacksonville, FL	10.7%	7.5%	8.4%	**2.3**
	Lakeland-Winter Haven, FL	9.0%	4.6%	6.9%	**2.2**
	Melbourne-Titusville-Palm Bay, FL	11.1%	3.7%	4.5%	**6.6**
	Miami, FL	9.4%	5.6%	4.6%	**4.8**
	Naples, FL	9.5%	3.7%	3.1%	**6.4**
	Ocala, FL	7.0%	4.2%	5.8%	**1.2**
	Orlando, FL	8.5%	3.6%	5.4%	**3.1**
	Panama City, FL	10.8%	4.0%	3.9%	**6.9**
	Pensacola, FL	11.4%	5.7%	6.3%	**5.1**
	Punta Gorda, FL	10.7%	3.6%	5.6%	**5.1**
	Sarasota-Bradenton, FL	11.4%	3.1%	4.8%	**6.6**
	Tallahassee, FL	8.1%	6.4%	7.2%	**0.9**
	Tampa-St. Petersburg-Clearwater, FL	9.8%	4.8%	5.8%	**3.9**
	West Palm Beach-Boca Raton, FL	10.4%	5.6%	4.8%	**5.6**
Georgia	**Total**	**16.2%**	**12.7%**	**10.9%**	**5.3**
	Albany, GA	10.7%	10.1%	9.1%	**1.6**
	Athens, GA	14.1%	10.4%	8.9%	**5.2**
	Atlanta, GA	16.8%	13.8%	11.9%	**4.9**
	Augusta-Aiken, GA-SC	13.2%	11.2%	10.6%	**2.6**
	Chattanooga, TN-GA	13.4%	10.7%	9.4%	**4.0**
	Columbus, GA-AL	12.0%	11.1%	11.3%	**0.7**

Source: First American LoanPerformance

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
	Macon, GA	14.7%	13.6%	14.9%	**-0.2**
	Savannah, GA	13.0%	9.6%	9.4%	**3.6**
Hawaii	**Total**	**6.2%**	**2.8%**	**2.6%**	**3.5**
	Honolulu, HI	5.5%	2.9%	2.6%	**2.9**
Iowa	**Total**	**14.6%**	**11.5%**	**10.3%**	**4.3**
	Cedar Rapids, IA	13.5%	10.9%	9.6%	**3.9**
	Davenport-Moline-Rock Island, IA-IL	15.0%	10.7%	9.0%	**6.0**
	Des Moines, IA	15.2%	11.6%	10.8%	**4.4**
	Dubuque, IA	13.0%	9.3%	9.7%	**3.3**
	Iowa City, IA	13.4%	10.8%	8.1%	**5.3**
	Omaha, NE-IA	15.7%	14.0%	12.0%	**3.7**
	Sioux City, IA-NE	14.5%	12.9%	13.1%	**1.3**
	Waterloo-Cedar Falls, IA	14.7%	11.4%	12.0%	**2.7**
Idaho	**Total**	**7.2%**	**6.2%**	**7.3%**	**-0.2**
	Boise City, ID	6.9%	6.1%	8.5%	**-1.6**
	Pocatello, ID	9.8%	9.2%	8.7%	**1.1**
Illinois	**Total**	**14.8%**	**9.8%**	**8.9%**	**5.9**
	Bloomington-Normal, IL	14.4%	9.7%	9.1%	**5.3**
	Champaign-Urbana, IL	13.0%	9.6%	7.7%	**5.3**
	Chicago, IL	13.9%	9.4%	8.8%	**5.1**
	Davenport-Moline-Rock Island, IA-IL	15.0%	13.1%	10.0%	**5.0**
	Decatur, IL	13.8%	11.5%	9.9%	**3.8**
	Kankakee, IL	17.3%	13.5%	13.6%	**3.7**
	No MSA	16.7%	10.4%	8.5%	**8.1**
	Peoria-Pekin, IL	14.6%	12.2%	11.7%	**2.8**
	Rockford, IL	14.5%	11.9%	11.1%	**3.5**
	Springfield, IL	14.6%	14.4%	11.4%	**3.2**
	St. Louis, MO-IL	14.3%	12.2%	10.8%	**3.5**
Indiana	**Total**	**16.6%**	**13.6%**	**12.2%**	**4.4**
	Bloomington, IN	12.5%	10.7%	9.8%	**2.7**
	Cincinnati, OH-KY-IN	15.1%	10.4%	10.6%	**4.5**
	Elkhart-Goshen, IN	15.3%	10.6%	10.2%	**5.1**
	Evansville-Henderson, IN-KY	15.8%	13.7%	12.2%	**3.6**
	Fort Wayne, IN	15.6%	12.7%	12.4%	**3.2**
	Gary, IN	14.2%	12.8%	11.9%	**2.4**
	Indianapolis, IN	17.9%	13.8%	13.3%	**4.6**
	Kokomo, IN	17.6%	12.2%	10.1%	**7.5**
	Lafayette, IN	14.4%	10.2%	9.7%	**4.7**
	Louisville, KY-IN	17.2%	14.2%	12.8%	**4.4**
	Muncie, IN	18.0%	15.0%	13.4%	**4.6**
	South Bend, IN	19.3%	15.0%	14.5%	**4.8**
	Terre Haute, IN	14.0%	15.4%	15.3%	**-1.3**
Kansas	**Total**	**12.7%**	**10.6%**	**9.4%**	**3.3**
	Kansas City, MO-KS	13.5%	10.9%	10.1%	**3.4**
	Lawrence, KS	10.9%	10.3%	7.3%	**3.6**
	Topeka, KS	12.8%	10.8%	8.7%	**4.0**
	Wichita, KS	11.9%	10.7%	9.1%	**2.9**

Source: First American LoanPerformance

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
Kentucky	**Total**	**14.5%**	**11.5%**	**10.9%**	**3.6**
	Cincinnati, OH-KY-IN	14.7%	11.2%	10.0%	**4.6**
	Clarksville-Hopkinsville, TN-KY	14.1%	9.4%	7.7%	**6.4**
	Evansville-Henderson, IN-KY	12.8%	13.0%	10.9%	**1.9**
	Huntington-Ashland, WV-KY-OH	11.5%	11.6%	10.5%	**1.0**
	Lexington, KY	12.5%	8.7%	9.6%	**3.0**
	Louisville, KY-IN	15.9%	13.0%	12.6%	**3.3**
	Owensboro, KY	11.3%	9.6%	9.0%	**2.3**
Louisiana	**Total**	**16.5%**	**27.6%**	**10.0%**	**6.5**
	Alexandria, LA	13.2%	13.6%	9.3%	**3.9**
	Baton Rouge, LA	12.7%	16.6%	10.9%	**1.9**
	Houma, LA	12.4%	18.5%	8.6%	**3.8**
	Lafayette, LA	11.1%	14.3%	9.2%	**2.0**
	Lake Charles, LA	11.5%	17.3%	9.3%	**2.2**
	Monroe, LA	12.3%	11.2%	10.7%	**1.6**
	New Orleans, LA	18.8%	35.8%	9.9%	**8.9**
	Shreveport-Bossier City, LA	12.2%	11.4%	10.0%	**2.2**
Massachusetts	**Total**	**16.5%**	**9.1%**	**6.2%**	**10.3**
	Barnstable-Yarmouth, MA	18.1%	9.1%	5.4%	**12.7**
	Boston, MA-NH	15.9%	8.3%	6.0%	**9.9**
	Brockton, MA	19.8%	10.6%	7.4%	**12.4**
	Fitchburg-Leominster, MA	16.5%	9.4%	5.6%	**11.0**
	Lawrence, MA-NH	18.8%	7.9%	4.9%	**13.9**
	Lowell, MA-NH	16.0%	8.2%	5.2%	**10.8**
	New Bedford, MA	16.7%	8.8%	4.9%	**11.8**
	Pittsfield, MA	15.9%	11.4%	6.9%	**9.0**
	Providence-Fall River-Warwick, RI-MA	15.4%	9.8%	4.9%	**10.5**
	Springfield, MA	13.9%	7.9%	6.5%	**7.4**
	Worcester, MA-CT	17.3%	9.1%	6.3%	**11.0**
Maryland	**Total**	**8.7%**	**4.4%**	**4.5%**	**4.2**
	Baltimore, MD	8.0%	4.6%	5.0%	**3.0**
	Cumberland, MD-WV	8.2%	6.8%	7.2%	**1.0**
	Hagerstown, MD	8.1%	3.7%	3.7%	**4.4**
	Washington, DC-MD-VA-WV	8.6%	3.6%	3.9%	**4.7**
	Wilmington-Newark, DE-MD	7.4%	5.0%	5.7%	**1.7**
Maine	**Total**	**13.5%**	**7.7%**	**5.6%**	**8.0**
	Bangor, ME	14.9%	9.1%	5.3%	**9.6**
	Lewiston-Auburn, ME	9.7%	7.0%	5.1%	**4.7**
	Portland, ME	13.7%	6.4%	4.2%	**9.5**
	Portsmouth-Rochester, NH-ME	13.2%	5.7%	8.5%	**4.7**
Michigan	**Total**	**21.3%**	**14.9%**	**12.3%**	**9.0**
	Ann Arbor, MI	18.5%	12.0%	10.0%	**8.5**
	Benton Harbor, MI	13.9%	10.4%	9.4%	**4.5**
	Detroit, MI	23.9%	17.2%	14.5%	**9.5**
	Flint, MI	20.3%	14.9%	12.4%	**7.9**
	Grand Rapids-Muskegon-Holland, MI	17.9%	12.4%	10.2%	**7.7**
	Jackson, MI	21.7%	14.5%	11.9%	**9.8**
	Kalamazoo-Battle Creek, MI	16.5%	12.8%	10.5%	**6.0**
	Lansing-East Lansing, MI	18.5%	12.6%	10.9%	**7.6**
	Saginaw-Bay City-Midland, MI	18.4%	14.5%	11.3%	**7.1**

Source: First American LoanPerformance

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
Minnesota	**Total**	**16.8%**	**10.6%**	**7.8%**	**9.0**
	Duluth-Superior, MN-WI	13.4%	9.5%	8.8%	**4.6**
	Fargo-Moorhead, ND-MN	9.1%	6.4%	7.0%	**2.2**
	Grand Forks, ND-MN	12.6%	11.3%	6.7%	**5.9**
	La Crosse, WI-MN	18.6%	5.9%	6.6%	**12.0**
	Minneapolis-ST. Paul, MN-WI	17.1%	10.4%	7.9%	**9.3**
	Rochester, MN	15.5%	9.9%	8.7%	**6.8**
	St. Cloud, MN	17.1%	10.7%	7.9%	**9.2**
Missouri	**Total**	**13.1%**	**10.1%**	**8.7%**	**4.4**
	Columbia, MO	8.0%	6.2%	6.3%	**1.7**
	Joplin, MO	11.9%	7.8%	9.0%	**2.9**
	Kansas City, MO-KS	13.9%	11.5%	10.0%	**4.0**
	Springfield, MO	11.2%	6.9%	7.1%	**4.1**
	St. Joseph, MO	11.2%	8.3%	6.4%	**4.8**
	St. Louis, MO-IL	12.8%	9.9%	8.8%	**4.0**
Mississippi	**Total**	**18.2%**	**23.1%**	**13.1%**	**5.1**
	Biloxi-Gulfport-Pascagoula, MS	14.4%	30.2%	12.1%	**2.3**
	Hattiesburg, MS	16.5%	25.4%	14.5%	**2.0**
	Jackson, MS	21.3%	23.2%	13.3%	**8.0**
	Memphis, TN-AR-MS	16.2%	13.3%	13.3%	**2.9**
Montana	**Total**	**8.9%**	**6.5%**	**7.3%**	**1.6**
	Billings, MT	12.4%	9.1%	6.9%	**5.6**
	Great Falls, MT	13.2%	10.6%	10.8%	**2.4**
	Missoula, MT	6.8%	7.6%	7.8%	**-1.0**
North Carolina	**Total**	**12.5%**	**10.8%**	**11.1%**	**1.4**
	Asheville, NC	9.1%	7.4%	8.8%	**0.3**
	Charlotte-Gastonia-Rock Hill, NC-SC	12.3%	11.4%	12.1%	**0.2**
	Fayetteville, NC	10.5%	9.8%	11.2%	**-0.8**
	Goldsboro, NC	13.6%	13.7%	15.3%	**-1.6**
	Greensboro--Winston-Salem--High Point, NC	12.7%	11.8%	11.6%	**1.1**
	Greenville, NC	14.6%	13.1%	11.0%	**3.7**
	Hickory-Morganton-Lenoir, NC	12.9%	12.1%	11.5%	**1.4**
	Jacksonville, NC	9.7%	7.6%	8.6%	**1.1**
	Norfolk-Virginia Beach-Newport News, VA-NC	8.6%	2.4%	2.8%	**5.8**
	Raleigh-Durham-Chapel Hill, NC	12.5%	10.3%	11.3%	**1.2**
	Rocky Mount, NC	13.6%	12.0%	13.6%	**0.0**
	Wilmington, NC	7.2%	5.6%	7.5%	**-0.3**
North Dakota	**Total**	**9.3%**	**6.5%**	**5.4%**	**4.0**
	Bismarck, ND	7.9%	4.8%	4.3%	**3.5**
	Fargo-Moorhead, ND-MN	9.3%	6.4%	6.6%	**2.7**
	Grand Forks, ND-MN	11.0%	8.4%	7.9%	**3.2**
Nebraska	**Total**	**13.1%**	**10.5%**	**9.0%**	**4.2**
	Lincoln, NE	12.0%	9.4%	7.1%	**4.8**
	Omaha, NE-IA	13.2%	11.3%	10.4%	**2.8**
	Sioux City, IA-NE	15.1%	10.3%	16.4%	**-1.3**
New Hampshire	**Total**	**12.2%**	**7.1%**	**4.8%**	**7.5**
	Boston, MA-NH	22.7%	10.6%	8.0%	**14.7**
	Lawrence, MA-NH	14.9%	8.7%	6.4%	**8.5**
	Lowell, MA-NH	19.6%	13.4%	10.1%	**9.6**
	Manchester, NH	12.5%	7.3%	4.2%	**8.3**

Source: First American LoanPerformance

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
	Nashua, NH	12.3%	6.6%	3.9%	**8.4**
	Portsmouth-Rochester, NH-ME	13.6%	6.3%	4.5%	**9.1**
New Jersey	**Total**	**12.5%**	**7.2%**	**6.8%**	**5.8**
	Atlantic-Cape May, NJ	11.1%	5.6%	6.1%	**4.9**
	Bergen-Passaic, NJ	10.9%	6.0%	5.9%	**5.0**
	Jersey City, NJ	9.6%	4.5%	5.2%	**4.3**
	Middlesex-Somerset-Hunterdon, NJ	9.7%	6.2%	6.7%	**3.0**
	Monmouth-Ocean, NJ	13.1%	7.9%	6.7%	**6.4**
	Newark, NJ	13.3%	7.5%	7.3%	**6.0**
	Philadelphia, PA-NJ	12.1%	7.8%	7.4%	**4.7**
	Trenton, NJ	11.8%	7.8%	6.7%	**5.0**
	Vineland-Millville-Bridgeton, NJ	12.2%	7.4%	9.8%	**2.3**
New Mexico	**Total**	**9.2%**	**8.6%**	**9.9%**	**-0.8**
	Albuquerque, NM	9.0%	8.6%	9.9%	**-0.9**
	Las Cruces, NM	6.9%	6.9%	8.9%	**-2.0**
	Santa Fe, NM	10.0%	8.5%	10.1%	**-0.1**
Nevada	**Total**	**11.8%**	**4.6%**	**2.9%**	**8.9**
	Las Vegas, NV-AZ	11.7%	4.6%	3.1%	**8.6**
	Reno, NV	10.5%	3.2%	2.4%	**8.1**
New York	**Total**	**12.5%**	**7.9%**	**6.0%**	**6.5**
	Albany-Schenectady-Troy, NY	11.2%	8.5%	7.9%	**3.3**
	Binghamton, NY	11.7%	9.2%	10.2%	**1.5**
	Buffalo-Niagara Falls, NY	13.0%	12.8%	11.6%	**1.4**
	Dutchess County, NY	11.7%	7.5%	5.0%	**6.6**
	Elmira, NY	12.7%	8.9%	10.6%	**2.1**
	Glens Falls, NY	13.4%	8.2%	9.6%	**3.8**
	Jamestown, NY	14.8%	14.3%	12.9%	**1.9**
	Nassau-Suffolk, NY	12.2%	6.9%	5.5%	**6.7**
	New York, NY	11.9%	7.4%	5.6%	**6.2**
	Newburgh, NY-PA	11.5%	6.6%	5.4%	**6.2**
	Rochester, NY	12.3%	10.4%	9.9%	**2.5**
	Syracuse, NY	12.1%	10.3%	9.0%	**3.2**
	Utica-Rome, NY	12.5%	10.1%	10.3%	**2.1**
Ohio	**Total**	**19.6%**	**16.4%**	**15.2%**	**4.4**
	Akron, OH	18.9%	16.0%	15.4%	**3.6**
	Canton-Massillon, OH	18.6%	14.7%	14.2%	**4.3**
	Cincinnati, OH-KY-IN	16.6%	14.2%	14.2%	**2.4**
	Cleveland-Lorain-Elyria, OH	24.1%	21.0%	19.4%	**4.7**
	Columbus, OH	16.8%	14.5%	13.4%	**3.4**
	Dayton-Springfield, OH	18.7%	17.1%	17.1%	**1.6**
	Hamilton-Middletown, OH	15.1%	12.6%	12.5%	**2.6**
	Huntington-Ashland, WV-KY-OH	14.7%	10.0%	8.8%	**5.9**
	Lima, OH	17.0%	14.5%	12.5%	**4.6**
	Mansfield, OH	16.7%	13.9%	12.9%	**3.8**
	Parkersburg-Marietta, WV-OH	10.7%	8.7%	8.1%	**2.6**
	Steubenville-Weirton, OH-WV	12.9%	13.0%	11.5%	**1.4**
	Toledo, OH	18.3%	15.4%	13.9%	**4.4**
	Wheeling, WV-OH	13.4%	11.5%	10.4%	**3.0**
	Youngstown-Warren, OH	21.4%	18.9%	16.8%	**4.6**

Source: First American LoanPerformance

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
Oklahoma	**Total**	**13.0%**	**11.3%**	**10.9%**	**2.1**
	Enid, OK	10.1%	9.0%	10.6%	**-0.5**
	Fort Smith, AR-OK	14.7%	11.4%	11.2%	**3.4**
	Lawton, OK	11.3%	9.5%	10.6%	**0.6**
	Oklahoma City, OK	12.1%	10.7%	10.4%	**1.7**
	Tulsa, OK	14.0%	12.3%	12.5%	**1.5**
Oregon	**Total**	**7.2%**	**5.3%**	**6.4%**	**0.8**
	Corvallis, OR	2.7%	3.5%	6.3%	**-3.6**
	Eugene-Springfield, OR	7.5%	4.9%	6.3%	**1.2**
	Medford-Ashland, OR	9.2%	4.1%	3.3%	**6.0**
	Portland-Vancouver, OR-WA	7.0%	5.2%	7.3%	**-0.3**
	Salem, OR	6.5%	6.1%	7.4%	**-1.0**
Pennsylvania	**Total**	**12.6%**	**10.5%**	**10.5%**	**2.1**
	Allentown-Bethlehem-Easton, PA	9.2%	7.6%	8.2%	**1.0**
	Altoona, PA	11.8%	13.0%	10.0%	**1.7**
	Erie, PA	16.5%	14.7%	13.0%	**3.5**
	Harrisburg-Lebanon-Carlisle, PA	11.1%	10.2%	9.8%	**1.3**
	Johnstown, PA	12.8%	12.7%	10.3%	**2.5**
	Lancaster, PA	10.1%	8.0%	8.1%	**2.0**
	Newburgh, NY-PA	14.8%	9.8%	10.9%	**4.0**
	Philadelphia, PA-NJ	11.5%	9.1%	9.5%	**2.0**
	Pittsburgh, PA	16.0%	14.7%	13.9%	**2.2**
	Reading, PA	9.4%	8.1%	8.9%	**0.5**
	Scranton--Wilkes-Barre--Hazleton, PA	13.1%	12.6%	12.4%	**0.7**
	Sharon, PA	15.5%	13.4%	12.7%	**2.8**
	State College, PA	9.2%	7.7%	8.7%	**0.5**
	Williamsport, PA	12.7%	9.9%	10.6%	**2.2**
	York, PA	9.1%	7.5%	7.5%	**1.5**
Rhode Island	**Total**	**13.6%**	**6.6%**	**3.5%**	**10.0**
	New London-Norwich, CT-RI	10.3%	5.9%	4.3%	**6.0**
	Providence-Fall River-Warwick, RI-MA	13.0%	6.1%	3.3%	**9.6**
South Carolina	**Total**	**13.2%**	**11.9%**	**13.0%**	**0.2**
	Augusta-Aiken, GA-SC	11.5%	11.4%	11.3%	**0.3**
	Charleston-North Charleston, SC	10.6%	8.0%	9.9%	**0.8**
	Charlotte-Gastonia-Rock Hill, NC-SC	13.6%	12.2%	11.8%	**1.8**
	Columbia, SC	14.3%	13.3%	14.6%	**-0.2**
	Florence, SC	15.6%	16.4%	15.8%	**-0.2**
	Greenville-Spartanburg-Anderson, SC	14.6%	13.5%	14.8%	**-0.2**
	Myrtle Beach, SC	7.8%	7.8%	10.8%	**-3.0**
	Sumter, SC	13.5%	16.9%	15.8%	**-2.3**
South Dakota	**Total**	**11.8%**	**8.0%**	**7.1%**	**4.7**
	Rapid City, SD	11.3%	6.9%	5.9%	**5.4**
	Sioux Falls, SD	14.4%	9.6%	9.1%	**5.3**
Tennessee	**Total**	**13.4%**	**11.0%**	**9.9%**	**3.6**
	Chattanooga, TN-GA	12.4%	9.5%	9.4%	**3.0**
	Clarksville-Hopkinsville, TN-KY	8.9%	9.0%	7.9%	**1.0**
	Jackson, TN	15.4%	14.5%	11.4%	**4.1**
	Johnson City-Kingsport-Bristol, TN-VA	8.7%	6.7%	6.7%	**2.0**
	Knoxville, TN	8.7%	7.4%	7.3%	**1.4**
	Memphis, TN-AR-MS	18.1%	15.0%	13.1%	**5.0**

Source: First American LoanPerformance

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
	Nashville, TN	11.0%	9.7%	9.3%	**1.7**
Texas	**Total**	**13.1%**	**11.8%**	**9.9%**	**3.2**
	Abilene, TX	9.9%	9.7%	12.7%	**-2.8**
	Amarillo, TX	11.6%	8.9%	9.6%	**2.0**
	Austin-San Marcos, TX	9.8%	10.2%	11.1%	**-1.3**
	Beaumont-Port Arthur, TX	14.1%	19.5%	10.9%	**3.2**
	Brazoria, TX	14.5%	13.6%	10.3%	**4.2**
	Brownsville-Harlingen-San Benito, TX	11.6%	10.5%	10.5%	**1.1**
	Bryan-College Station, TX	7.1%	7.7%	6.3%	**0.8**
	Corpus Christi, TX	10.3%	8.8%	10.6%	**-0.3**
	Dallas, TX	15.1%	12.8%	11.5%	**3.6**
	El Paso, TX	7.1%	6.3%	8.9%	**-1.9**
	Fort Worth-Arlington, TX	13.8%	11.1%	10.4%	**3.4**
	Galveston-Texas City, TX	13.1%	14.0%	10.4%	**2.7**
	Houston, TX	14.5%	13.7%	11.3%	**3.2**
	Killeen-Temple, TX	8.5%	8.6%	10.8%	**-2.3**
	Laredo, TX	11.2%	9.5%	8.9%	**2.4**
	Longview-Marshall, TX	8.1%	7.6%	6.5%	**1.6**
	Lubbock, TX	11.5%	8.1%	5.6%	**5.9**
	Mcallen-Edinburg-Mission, TX	10.4%	8.9%	9.1%	**1.3**
	Odessa-Midland, TX	8.3%	7.1%	7.6%	**0.7**
	San Angelo, TX	9.5%	9.1%	7.9%	**1.6**
	San Antonio, TX	9.3%	8.8%	9.3%	**0.0**
	Sherman-Denison, TX	11.6%	11.1%	10.0%	**1.6**
	Texarkana , TX-AR	12.9%	7.2%	8.0%	**4.8**
	Tyler, TX	11.2%	8.2%	7.4%	**3.7**
	Victoria, TX	8.3%	9.1%	8.1%	**0.2**
	Waco, TX	11.3%	8.2%	9.6%	**1.7**
	Wichita Falls, TX	11.0%	9.4%	9.6%	**1.4**
Utah	**Total**	**7.8%**	**8.2%**	**10.0%**	**-2.2**
	Flagstaff, AZ-UT	5.2%	11.7%	7.7%	**-2.5**
	Provo-Orem, UT	6.1%	8.2%	10.3%	**-4.2**
	Salt Lake City-Ogden, UT	8.3%	8.9%	11.2%	**-2.9**
Virginia	**Total**	**9.5%**	**4.4%**	**3.8%**	**5.6**
	Charlottesville, VA	6.2%	4.4%	4.0%	**2.2**
	Danville, VA	10.1%	6.9%	7.3%	**2.8**
	Johnson City-Kingsport-Bristol, TN-VA	6.9%	5.8%	4.8%	**2.1**
	Lynchburg, VA	9.2%	5.9%	6.3%	**2.8**
	Norfolk-Virginia Beach-Newport News, VA-NC	6.8%	4.3%	4.1%	**2.7**
	Richmond-Petersburg, VA	7.5%	6.2%	6.3%	**1.3**
	Roanoke, VA	9.6%	7.0%	6.8%	**2.9**
	Washington, DC-MD-VA-WV	9.8%	3.1%	2.5%	**7.4**
Vermont	**Total**	**11.7%**	**7.0%**	**6.4%**	**5.4**
	Burlington, VT	12.2%	6.7%	6.5%	**5.7**
Washington	**Total**	**7.9%**	**5.9%**	**6.7%**	**1.2**
	Bellingham, WA	6.7%	4.4%	5.3%	**1.4**
	Bremerton, WA	6.6%	5.4%	5.5%	**1.1**
	Olympia, WA	7.8%	4.9%	5.2%	**2.6**
	Portland-Vancouver, OR-WA	7.1%	4.1%	5.5%	**1.7**
	Richland-Kennewick-Pasco, WA	9.4%	7.3%	7.2%	**2.1**

Source: First American LoanPerformance

Change in Subprime Delinquencies at State and MSA Level

Percentage of Subprime Mortgages Where Payments Were Late By 60 Days or More

		February 2007	February 2006	February 2005	Percentage Point Change (2005 to 2007)
NATIONAL		**12.4%**	**7.8%**	**6.7%**	**5.8**
	Seattle-Bellevue-Everett, WA	7.3%	6.2%	7.3%	**0.0**
	Spokane, WA	8.0%	5.7%	7.9%	**0.2**
	Tacoma, WA	8.7%	6.0%	6.9%	**1.8**
	Yakima, WA	8.3%	8.2%	10.2%	**-1.9**
Wisconsin	**Total**	**14.0%**	**9.3%**	**7.6%**	**6.4**
	Appleton-Oshkosh-Neenah, WI	12.6%	8.4%	6.9%	**5.7**
	Duluth-Superior, MN-WI	17.3%	9.1%	8.2%	**9.1**
	Eau Claire, WI	15.1%	11.7%	13.8%	**1.2**
	Green Bay, WI	14.1%	9.3%	7.1%	**7.0**
	Janesville-Beloit, WI	14.5%	11.4%	11.0%	**3.4**
	Kenosha, WI	13.2%	7.2%	7.5%	**5.6**
	La Crosse, WI-MN	12.5%	7.7%	8.8%	**3.8**
	Madison, WI	11.5%	7.5%	5.6%	**5.9**
	Milwaukee-Waukesha, WI	12.4%	7.8%	6.9%	**5.5**
	Minneapolis-ST. Paul, MN-WI	16.2%	10.9%	5.2%	**11.0**
	Racine, WI	13.7%	9.1%	6.8%	**7.0**
	Sheboygan, WI	15.8%	8.8%	6.3%	**9.5**
	Wausau, WI	12.5%	11.0%	11.6%	**0.8**
West Virginia	**Total**	**12.4%**	**10.9%**	**12.3%**	**0.1**
	Charleston, WV	13.4%	17.8%	17.9%	**-4.5**
	Cumberland, MD-WV	5.4%	2.7%	2.9%	**2.5**
	Huntington-Ashland, WV-KY-OH	13.8%	15.0%	13.8%	**0.0**
	Parkersburg-Marietta, WV-OH	16.9%	19.5%	20.6%	**-3.7**
	Steubenville-Weirton, OH-WV	13.3%	15.3%	15.4%	**-2.1**
	Washington, DC-MD-VA-WV	10.9%	5.1%	7.5%	**3.3**
	Wheeling, WV-OH	12.3%	16.1%	12.0%	**0.3**
Wyoming	**Total**	**6.1%**	**4.3%**	**4.8%**	**1.3**
	Casper, WY	5.9%	4.4%	3.7%	**2.3**
	Cheyenne, WY	8.9%	4.3%	5.8%	**3.1**

Source: First American LoanPerformance

APPENDIX C: IMPACT OF FORECLOSURES ON LOCAL HOME PRICES

Impact of Foreclosures on Neighboring Property Values

MSA	National Foreclosure Rank	Median Home Price	Decline in Value Caused by One Foreclosure Within 1/8 Mile (One City Block)
DETROIT, MI	1	$135,900	($1,223)
ATLANTA, GA	2	$218,500	($1,967)
INDIANAPOLIS, IN	3	$136,500	($1,229)
DENVER, CO	4	$239,100	($2,152)
DALLAS, TX	5	$133,900	($1,205)
FORT WORTH, TX	6	$117,800	($1,060)
LAS VEGAS, NV	7	$289,300	($2,604)
MEMPHIS, TN	8	$117,500	($1,058)
FORT LAUDERDALE, FL	9	$245,200	($2,207)
MIAMI, FL	10	$246,500	($2,219)
STOCKTON, CA	11	$379,600	($3,416)
SAN ANTONIO, TX	12	$97,200	($875)
RIVERSIDE, CA	13	$348,200	($3,134)
CLEVELAND, OH	14	$146,700	($1,320)
DAYTON, OH	15	$124,400	($1,120)
AKRON, OH	16	$141,100	($1,270)
AUSTIN, TX	17	$161,000	($1,449)
HOUSTON, TX	18	$123,400	($1,111)
COLUMBUS, OH	19	$155,600	($1,400)
JACKSONVILLE, FL	20	$162,000	($1,458)
KENOSHA COUNTY, WI	21	$238,100	($2,143)
CHICAGO, IL	22	$233,500	($2,102)
PALM BEACH, FL	23	$269,800	($2,428)
SALT LAKE CITY, UT	24	$177,900	($1,601)
CAMDEN, NJ-PA	25	$205,500	($1,850)
ORLANDO, FL	26	$193,200	($1,739)
LITTLE ROCK, AR	27	$108,700	($978)
WARREN, MI	28	$197,200	($1,775)
OKLAHOMA CITY, OK	29	$102,600	($923)
TOLEDO, OH	30	$125,500	($1,130)
TAMPA, FL	31	$163,300	($1,470)
SACRAMENTO, CA	32	$396,900	($3,572)
TULSA, OK	33	$106,900	($962)
PHOENIX, AZ	34	$207,300	($1,866)
CHARLOTTE, NC	35	$150,900	($1,358)
ALBUQUERQUE, NM	36	$146,900	($1,322)
NASSAU COUNTY, NY	37	$440,600	($3,965)
OAKLAND, CA	38	$594,500	($5,351)
FRESNO, CA	39	$251,000	($2,259)
SEATTLE - TACOMA, WA	40	$290,200	($2,612)
NEWARK, NJ	41	$383,700	($3,453)
BAKERSFIELD, CA	42	$210,700	($1,896)
SAN DIEGO, CA	43	$552,000	($4,968)
GARY, IN	44	$126,900	($1,142)
EL PASO, TX	45	$78,600	($707)
TUCSON, AZ	46	$167,400	($1,507)
PHILADELPHIA, PA	47	$209,000	($1,881)
EDISON, NJ	48	$350,300	($3,153)
CINCINNATI, OH	49	$143,400	($1,291)
PITTSBURGH, PA	50	$104,600	($941)

Sources: Dan Immergluck and Geoff Smith, "The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values," *Housing Policy Debate,* Vol. 17, Issue 1, 2006; U.S. Census Bureau, 2005.

APPENDIX D: STATE REGULATIONS (TABLE A)

Predatory Lending Regulations at the State Level As of April 2007						
State	Education Programs to Prevent Predatory Lending	Existing State Regulations & Enforcement Mechanisms to Deter Predatory Lending Among State Supervised Lenders*	Enforcement Actions & Supervisory Processes to Battle Predatory Lending	Pending Bills to Deter Predatory Lending	Judicial Foreclosure Hearing[1]	Non-Judicial Foreclosure Hearing
AK	▯					▯
AL	▯	▯	▯	▯	▯	▯
AR	▯				▯	
AZ	▯		▯		▯	▯
CA	▯	▯	▯			▯
CO						▯
CT	▯	▯	▯	▯	▯	
DC						▯
DE	▯	▯	▯		▯	
FL	▯	▯	▯		▯	
GA		▯	▯	▯		▯
HI		▯	▯	▯		▯
IA	▯	▯	▯	▯	▯	
ID	▯	▯	▯			▯
IL	▯	▯			▯	
IN	i	▯			▯	
KS	▯	▯	▯		▯	
KY	▯	▯	▯		▯	
LA		i	▯		▯	
MA	▯	▯	▯	▯		
MD					▯	▯
ME		▯	▯			▯
MI	▯	▯	▯		▯	▯
MN		▯	▯	▯		▯
MO		▯		▯		▯
MS		▯	▯			▯
MT	▯	▯	▯		▯	
NC	▯	▯	▯			▯
ND					▯	
NE	▯	▯	▯		▯	
NH						▯
NJ	▯	▯	▯	▯	▯	
NM	▯	▯	▯		▯	
NV						▯
NY	▯	▯	▯		▯	
OH	▯	▯	▯	▯	▯	
OK		▯	▯			▯
OR	▯	▯	▯	▯		▯
PA					▯	
RI						▯
SC					▯	
SD		▯	▯		▯	▯
TN		▯	▯			▯
TX		▯	▯	▯		▯
UT				i	▯	
VA						▯
VT					▯	
WA	▯	▯	▯		▯	▯
WI					▯	
WV		▯	▯	▯		▯
WY						▯

Key: ▯ : in practice i: pending/ in process blank: no action or no action reported

Conference of State Banking Supervisors, "August 2003 Summary of State Banking Department Programs to Battle Predatory Lending"
National Law Consumer Law Center, "The Cost of Credit: Regulation, Preemption and Industry Abuses (3d, ed. 2005), Appendix 12.2.3 and 12.3

[1]Each state has foreclosure laws that dictate the process of foreclosure in that state. An important distinction in a state's foreclosure process is whether the foreclosure is conducted through the court system (judicial) or outside the court system (non-judicial) or both. In states that allow both types of foreclosure, the document used to secure the mortgage loan usually determines whether judicial or non-judicial foreclosure is used. General consensus suggests that "judicial foreclosure" is more helpful to the borrower trapped by predatory loans.

APPENDIX D: STATE REGULATIONS (TABLE B)

State Mortgage Regulatory Agency Licensing Survey							
State Licensing Agency	Regulate and License Individuals (Not Just Companies)	Testing Requirements For Loan Originators and/or Executives	Require Continuing Education	Minimum Experience Requirements	Minimum Financial/ Credit Standards	Utilize Criminal Background Checks	Require Annual Financial Reports
AK	Alaska currently does not have statutes to regulate mortgage brokers and lenders						
AL			✓	✓	✓		✓
AR	✓		✓		✓	✓	✓
AZ	✓[1]	✓		✓	✓	✓	✓
CA DOC		✓				✓	✓
CA DRE	✓		✓		✓		
CO[2]	✓					✓	
CT	✓				✓	✓	
DC							✓
DE							✓
FL	✓	✓	✓		✓	✓	✓
GA			✓	✓	✓		✓
HI	✓						✓
IA	✓		✓			✓	
ID	✓		✓	✓	✓		✓
IL	✓	✓	✓	✓		✓	
IN DFI						✓	✓
IN SOS	✓		✓				
KS	✓		✓		✓	✓	✓
KY	✓		✓	✓		✓	
LA	✓	✓	✓	✓	✓	✓	✓
MA					✓	✓	✓
MD	✓	✓	✓	✓		✓	✓
ME	✓		✓	✓			✓
MI				✓	✓	✓	✓
MN						✓	
MO						✓	✓
MS	✓	✓	✓	✓		✓	✓
MT	✓	✓		✓	✓	✓	✓
NC	✓	✓	✓		✓	✓	✓
ND							✓
NE							
NH					✓	✓	
NJ	✓	✓		✓	✓	✓	
NM							✓
NV	✓		✓		✓	✓	✓
NY	✓			✓	✓	✓	
OH	✓		✓	✓		✓	✓
OK	✓	✓	✓	✓		✓	
OR	✓		✓				
PA	✓	✓	✓		✓	✓	✓
RI	✓		✓	✓	✓	✓	✓
SC	✓		✓	✓		✓	
SD	✓[3]						✓
TN	✓				✓		✓
TX OCC						✓	✓
TX SML	✓	✓	✓	✓	✓	✓	✓
UT DFI							
UT REC	✓	✓	✓			✓	
VA	✓				✓		
VT	✓			✓	✓		✓
WA	✓	✓	✓	✓	✓	✓	✓
WI	✓	✓	✓		✓	✓	
WV	✓		✓	✓	✓	✓	✓
WY	✓				✓		✓

*Source: Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR) "State Mortgage Regulatory Agency Licensing Survey" January 2006. Some states updated Fall, 2006.

*States that have two survey results have two separate non-depository regulatory agencies. Typically, one agency regulates mortgage lenders while the other regulates mortgage brokers.

Notes:

[1] Legislation has been introduced in Arizona to regulate individual brokers and lenders

[2]Legislation is pending to improve regulation for mortgage brokers and lenders in Colorado.

[3]Licensing Legislation waiting governor's signature and likely to be signed

Abbreviations:

DOC - Department of Corporations
DRE - Department of Real Estate
DFI - Department of Financial Institutions
SOS - Secretary of State
OCC - Office of Consumer Credit
SML - Savings and Mortgage Lending
REC - Real Estate Corporation