

Fixing the Foreclosure System: The trouble with foreclosure data

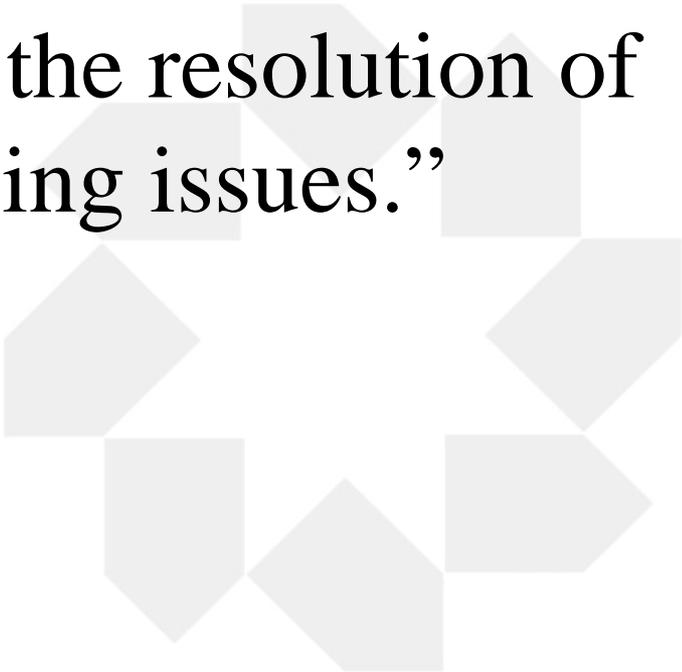


Housing**Link**

Federal Reserve / October 4, 2007

HousingLink's Mission

“To connect people and communities to information that supports the resolution of their affordable housing issues.”



Presentation overview

- **The trouble with foreclosure data** (based on HousingLink's experience with sheriff's sale records)
- **Selected foreclosure data findings**



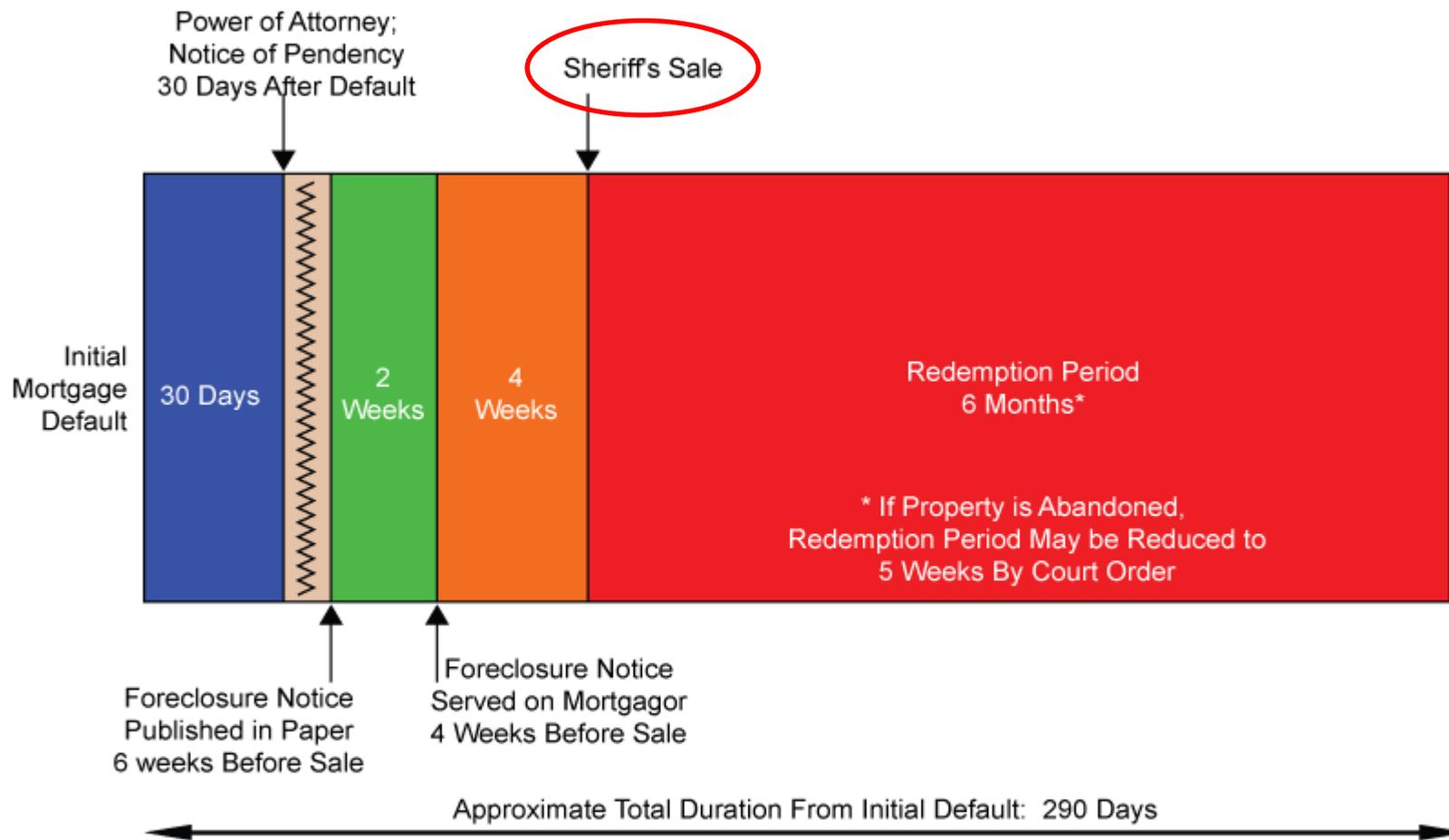
The trouble with foreclosure data:

1. Counts vary according to when data is collected



Photo: Minnesota Public Radio

Sample Foreclosure by Advertisement Action Timeline on a Conventional Mortgage



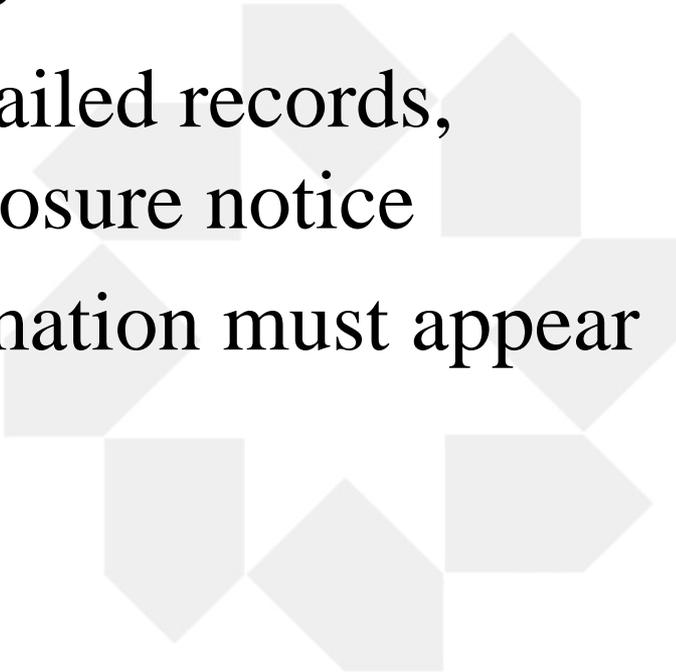
This chart based on information developed by Michael Grover of Federal Reserve Bank of Minneapolis (based on Minnesota state statute) and further refined by HousingLink.

The trouble with foreclosure data:

2. Data is maintained at a county level (usually on paper-based records)

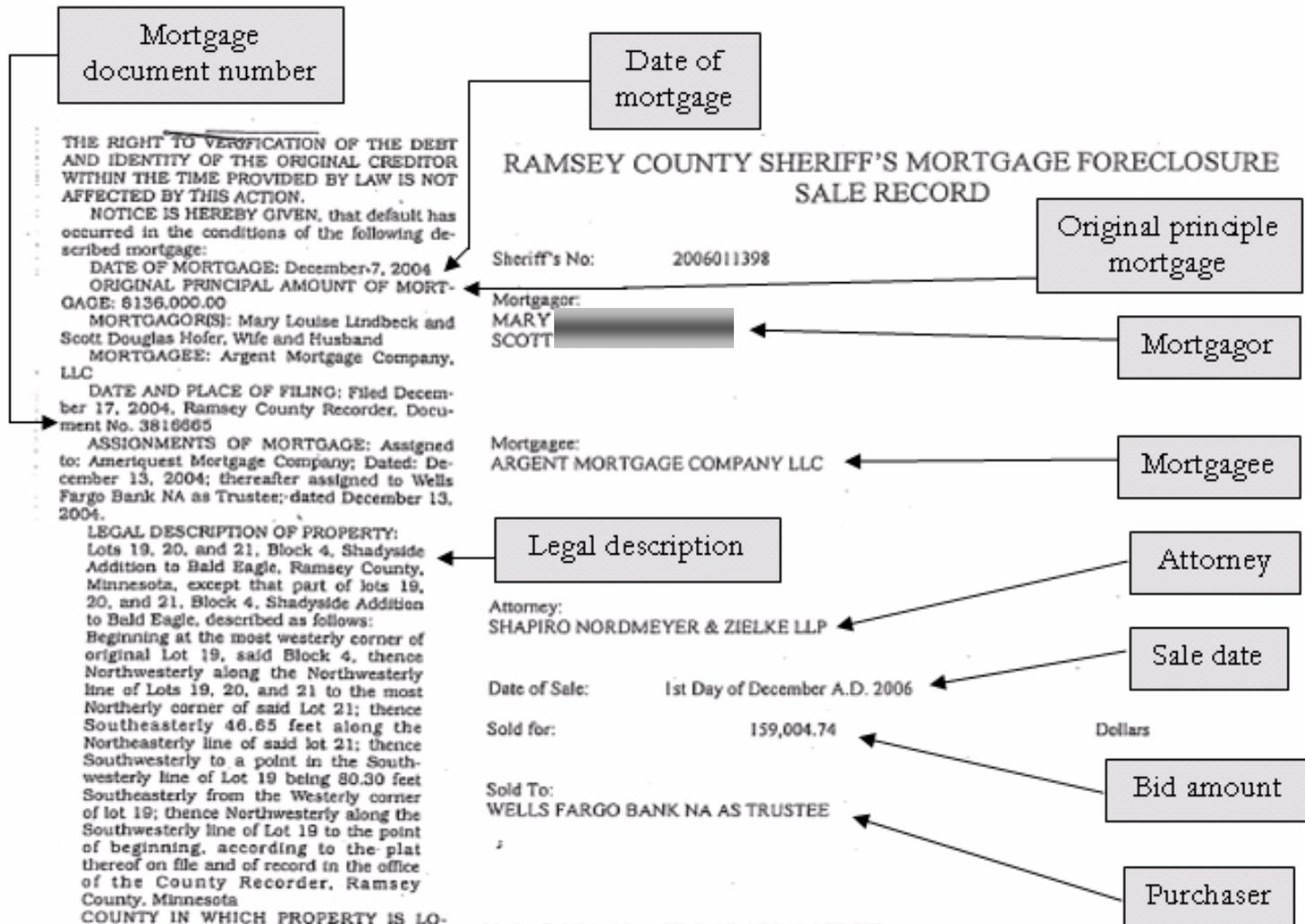


About sheriff's sales data

- The county sheriff oversees the foreclosure sale
 - Most sheriff's offices track the number of foreclosure sales they oversee
 - Many also maintain more detailed records, including a copy of the foreclosure notice
 - State law dictates what information must appear on the foreclosure notice
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Foreclosure Paper Record Sample

Ramsey County



The trouble with foreclosure data:

3. Counties vary in the quality and breadth of data they collect



Data element	Henn (elect)	Henn (paper)	Ramsey	Anoka	Carver	Dakota	Scott	Wash
Sheriff Sale Date	*****	*****	*****	*****	*****	*****	*****	*****
Mortgagor Last Name	*****	*****	*****	*****	*****	*****	*****	*****
Mortgagor First Name	*****	*****	*****	*****	*****	*****	*****	*****
House Number	*****	*****	*****	*****	-	-	***	*****
Street Address	*****	*****	*****	*****	-	-	***	*****
City	*****	*****	*****	*****	-	-	***	*****
Zip Code	-	-	-	*	-	-	-	*****
Legal Description of Property	-	*****	*****	*****	*****	*****	*****	*****
Current Mortgagee Name	*****	*****	*****	*****	*****	*****	*****	*****
Certificate Purchaser Name	*****	*****	*****	*****	*****	*****	*****	*****
Final Bid Amount Revised	*****	*****	*****	*****	*****	*****	*****	*****
Law Firm Attorney	*****	*****	*****	*****	*****	*****	*****	*****
Date of Mortgage	-	*****	*****	*****	*****	*****	*****	*****
Original Mortgage Amount	-	*****	*****	*****	*****	*****	*****	*****
Amount Claimed to Be Due	-	*****	*****	*****	*****	*****	*****	*****
Redemption Exp. Date	*****	*****	*****	*****	*****	*****	*****	*****
FirstBidAmount	*****	-	-	-	-	-	-	*****
Mortgage Doc Number ²	*****	*****	*****	*****	*****	*****	*****	*****

***** : ≥95% complete ***** : 85% to 94% *** : 75% to 84% ** : 25% to 74% * : 1% to 25% - : 0%

The trouble with foreclosure data:

4. Mortgagee (lender)
information is not reliable;
a transaction agent such as
MERS is often listed
instead

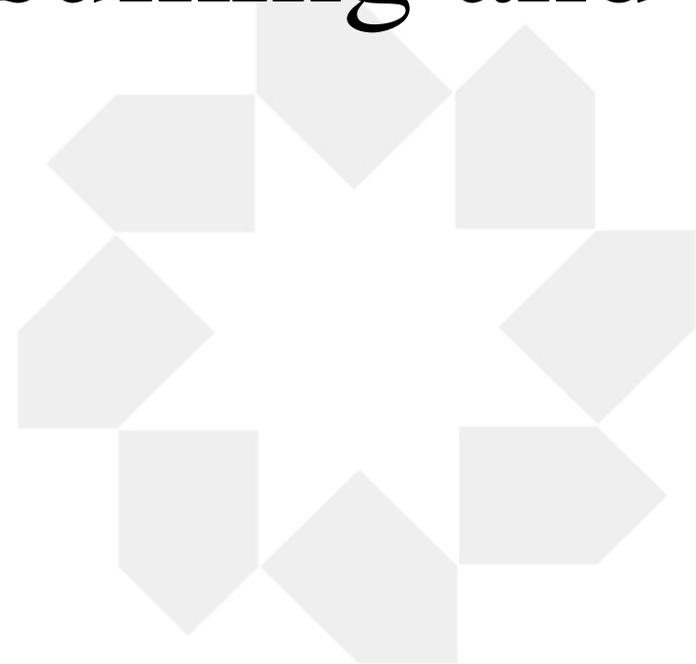
Top “mortgagees” (lenders) in Metro

Rank	“Mortgagee” (often a transaction agent)	# of listings	% of listings
1	Mortgage Electronic Registration Systems, Inc.	274	39.4%
2	Wells Fargo Bank, N.A.	49	7.1%
3	U.S. Bank, N.A.	38	5.5%
4	Deutsche Bank National Trust Company	32	4.6%
5	First Franklin Financial Corp.	25	3.6%
6	Argent Mortgage Company, LLC	22	3.2%
7	Ameriquest Mortgage Corp.	15	2.2%
8	JP Morgan Chase Bank, N.A.	13	1.9%
9	CitiMortgage, Inc.	10	1.4%
10 (tie)	LaSalle Bank N.A.	8	1.2%
10 (tie)	New Century Mortgage Corp.	8	1.2%
10 (tie)	Washington Mutual Bank	8	1.2%

* Source: HousingLink’s December 2006 sheriff’s sales data for Metro 7 counties

The trouble with foreclosure data:

5. Acquiring detailed data is costly, time-consuming and prone to delays



The trouble with foreclosure data:

6. Multiple documents are
required for a full picture



Mortgage document

- Who is the actual mortgagee (lender)?
- What type of mortgage: refinance, home equity, original purchase?
- What are the mortgage terms? (rates, resets, etc.)

Other public records

- Owner-occupied or investment property?
- Assessed value of the property?
- Average property value in neighborhood?



The trouble with foreclosure data:

7. Nationally, RealtyTrac has substantially understated the number of foreclosures in Minnesota



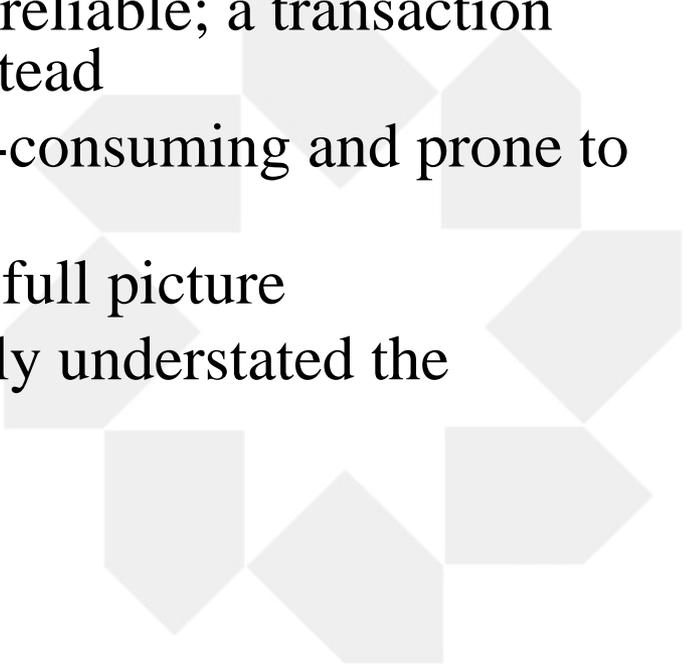
RealtyTrac data

- RealtyTrac, an “online real estate marketplace,” provides data that is cited broadly in the media
- Recent news articles criticize RealtyTrac for *overcounting* rather than undercounting

Organization	MN Foreclosures in 2006
HousingLink*	11,207
RealtyTrac*	5,995

* HousingLink counts a foreclosure at the point in time when the property is sold at sheriff’s auction. RealtyTrac counts foreclosures at three points in time: Notice of Default, Notice of Trustee or Foreclosure Sale, and Real Estate Owned.

The trouble with foreclosure data:

1. Counts vary according to when data is collected
 2. Data is maintained at a county level (usually on paper-based records)
 3. Counties vary in the quality and breadth of data they collect
 4. Mortgagee (lender) information is not reliable; a transaction agent such as MERS is often listed instead
 5. Acquiring detailed data is costly, time-consuming and prone to delays
 6. Multiple documents are required for a full picture
 7. Nationally, RealtyTrac has substantially understated the number of foreclosures in Minnesota
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Presentation overview

- **The trouble with foreclosure data**
(based on HousingLink's experience with sheriff's sale records)
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Selected foreclosure data findings

Activities:

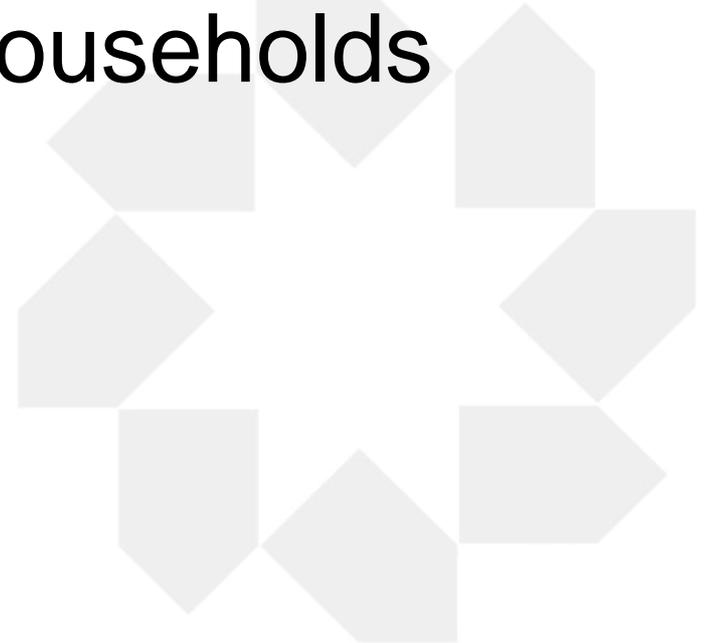
- Obtain sheriff's sales counts by county
- Calculate foreclosure rates by county
- Analyze samples of detailed sheriff's sale records

Partners:

- CURA
- Foreclosure Prevention Funders Council
- Greater Minnesota Housing Fund



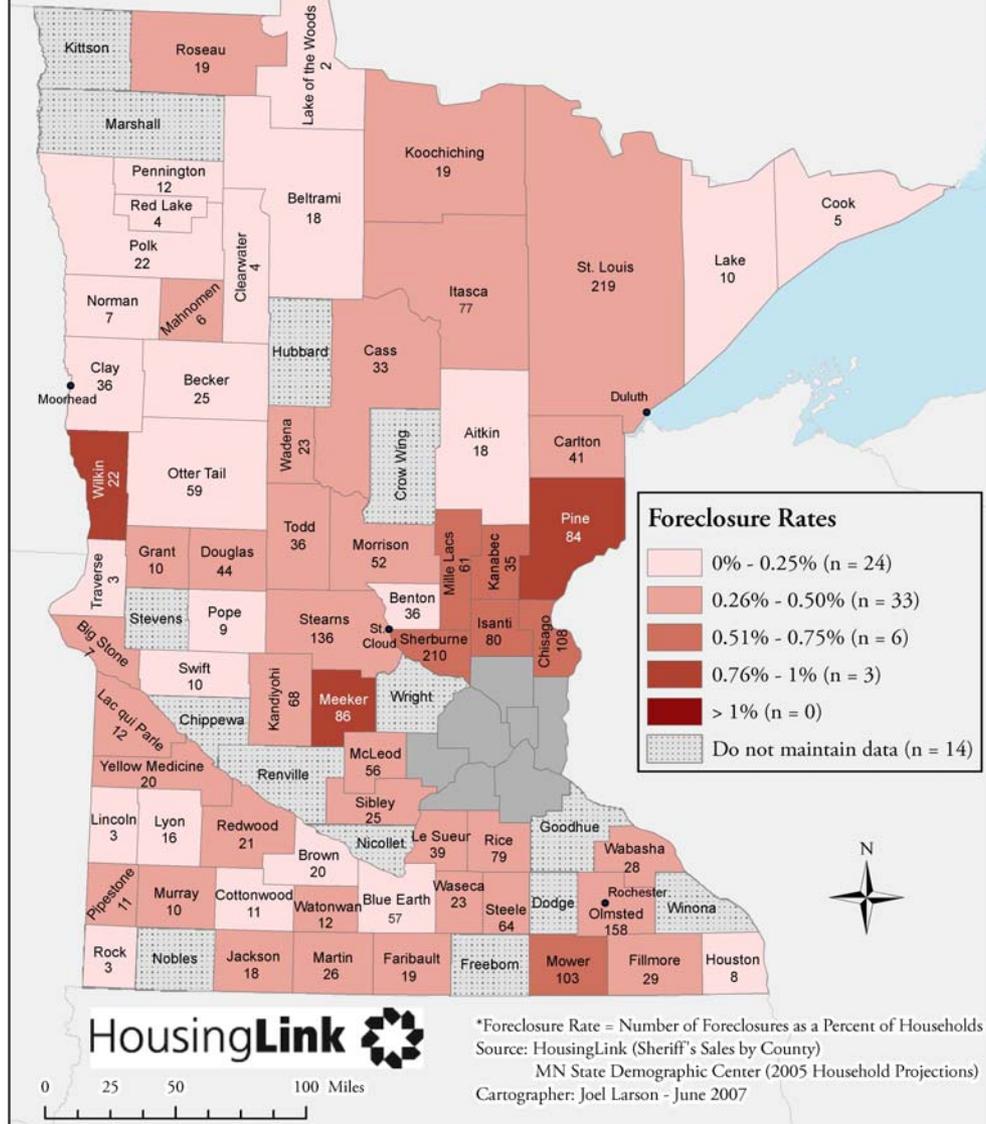
Foreclosure Rate = $\frac{\text{Number of foreclosed properties}}{\text{Number of households}} \times 100$



Greater Minnesota Foreclosure Rates* (2005)

by Total 2005 Households

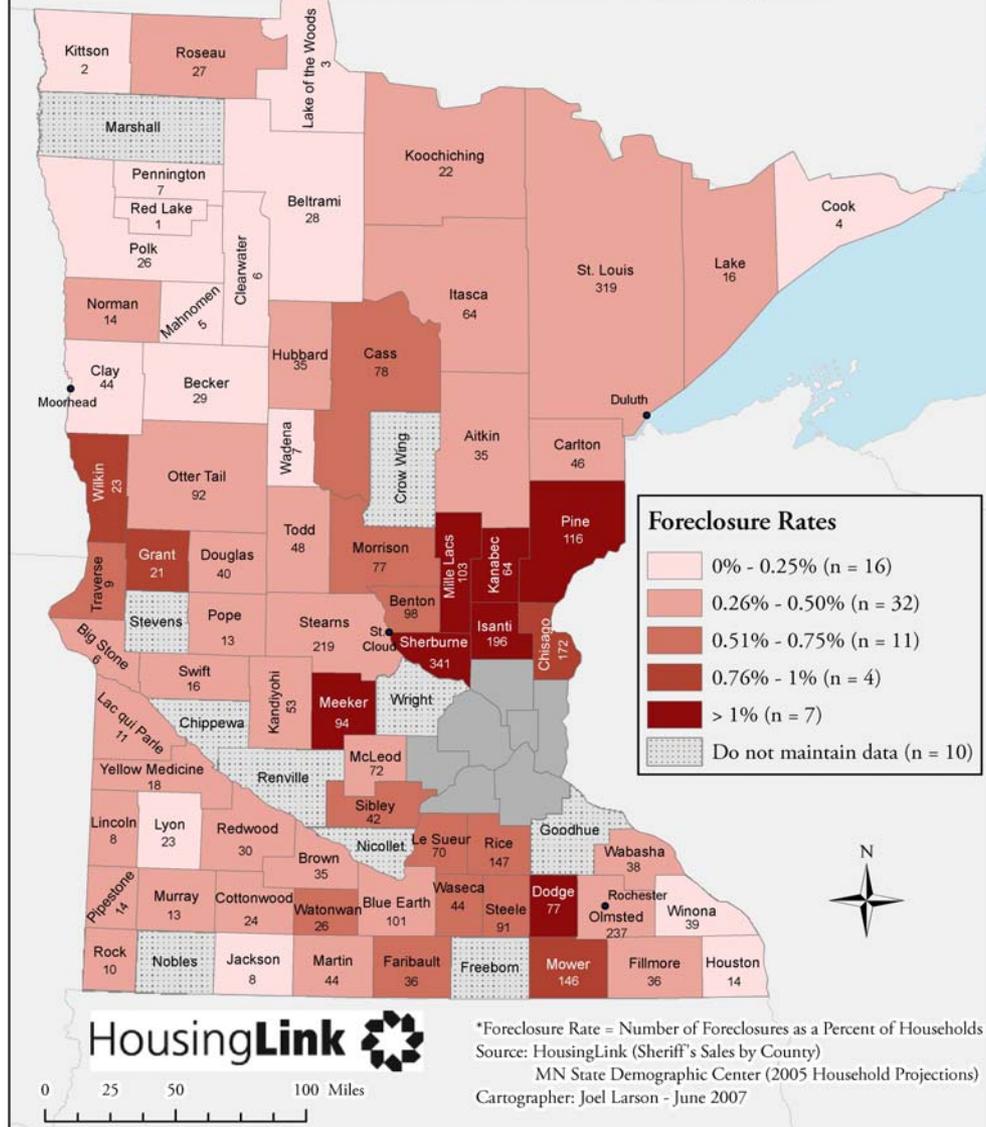
The actual number of sheriff's sales is indicated below each county name.



Greater Minnesota Foreclosure Rates* (2006)

by Total 2005 Households

The actual number of sheriff's sales is indicated below each county name.



HousingLink 

*Foreclosure Rate = Number of Foreclosures as a Percent of Households
 Source: HousingLink (Sheriff's Sales by County)
 MN State Demographic Center (2005 Household Projections)
 Cartographer: Joel Larson - June 2007



Foreclosures in MN – greatest impact

Twin Cities Metro		
County	2006 Foreclosure Rate	2006 Sheriff's Sales
Scott	0.80	328
Anoka	0.72	849
Ramsey	0.68	1,407
Hennepin	0.64	3,042
Dakota	0.60	880
Washington	0.51	414
Carver	0.39	119

Greater Minnesota		
County	2006 Foreclosure Rate	2006 Sheriff's Sales
Isanti	1.41	276
Sherburne	1.22	551
Dodge	1.06	77
Pine	1.06	116
Meeker	1.04	94
Mille Lacs	1.02	103
Kanabec	1.01	64

Foreclosures in GrMn - projected

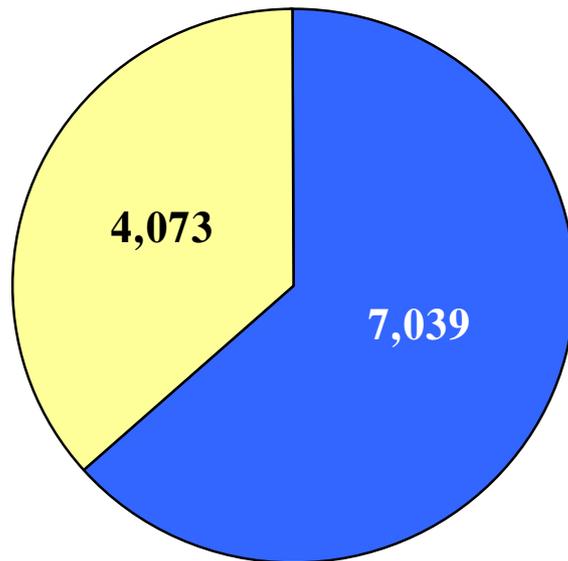
County	2007 Sheriff's Sales (Projected)*	2007 Foreclosure Rate (Projected)*	06-07 Percent Change (Projected)*
Wright	719	1.81	**
Sherburne	633	2.26	86%
Chisago	538	3.10	213%
Isanti	414	2.99	111%
Pine	295	2.69	154%
Total/Average (5-county)	2,599	2.36	128%

* Projected 2007 foreclosure rate is an estimate based on the number of sheriff's sales reported for Q1 2007. Actual rates will vary depending on conditions over the remainder of the year.

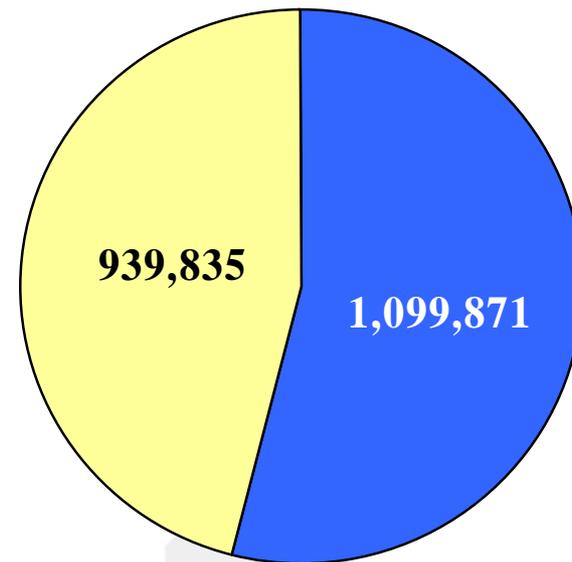
** Percent change in Wright County cannot be calculated as 2006 sheriff's sale information is unavailable. Average excludes Wright County.

Foreclosures and households

Sheriff's Sales (2006)



Total Households



 **Metro**

 **Greater Minnesota**

Age of mortgage at time of sheriff's sale

Twin Cities Metro							
Age of Mortgage	Hennepin*	Ramsey	Anoka	Carver	Dakota	Scott	Washington
Less than 1 year	TBD	18%	15%	33%	6%	16%	10%
1 to 2 years	TBD	42%	35%	33%	49%	21%	35%
2 to 5 years	TBD	35%	47%	33%	39%	58%	37%
More than 5 years	TBD	5%	3%	0%	7%	5%	18%

Total # of Foreclosures (Dec. '06)	300	133	89	6	72	38	57
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* Hennepin County is excluded in this summary due to missing data regarding mortgage origination date
 Totals may not equal 100% due to rounding

Source: HousingLink December 2006 Sheriff's sale data

Age of mortgage at time of sheriff's sale

Greater Minnesota							
Age of Mortgage	Benton	Cottonwood	Polk	Sherburne	St. Louis	Stearns	Wadena
Less than 1 year	4%	0%	8%	7%	6%	4%	0%
1 to 2 years	44%	30%	46%	53%	34%	47%	80%
2 to 5 years	47%	30%	23%	38%	45%	52%	20%
More than 5 years	5%	40%	23%	2%	15%	7%	0%

Total # of Foreclosures (July-Dec. '06)	57	11	13	193	163	126	5
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Totals may not equal 100% due to rounding

Source: HousingLink analysis of detailed sheriff's sales records in selected counties, July-December 2006

Number of foreclosures per borrower

(Greater Minnesota detailed sample)

# Foreclosures	# Borrowers						
	Benton	Cottonwood	Polk	Sherburne	St. Louis	Stearns	Wadena
1	54	9	13	161	148	112	5
2		1		5	6	4	
3	1			4	1	2	
4				1			
5							
6				1			

Fixing foreclosure data:

- Who will be mandated to collect or report what data when?
 - Will it be centrally maintained?
(by whom and how?)
 - Who will have access?
 - What is the cost and who will pay for it?
- 