

A Predatory Lending Primary

NALHFA, Miami, Florida

Don Horn, Chairman HFA, Miami

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Hyatt Regency Hotel, Downtown

Miami-Dade County Statistics

Year	Foreclosure Cases Filed
2002	14,567
2003	11,605
2004	9,606
2005	7,829
2006	9,814
2007 (Jan –Sept)	17,562

By the end of September in 2006, we had filed 6,354 foreclosure cases. During the same time frame in 2007 we have filed 17,562 cases, which is an increase of 176.4%.

Overall, if you look at the filings for the entire year from January 2006 to December, 2006 compared with filings so far this year (from January 2007 to September 2007), there has already been a 78.95% increase.

The following is a month by month comparison of foreclosure filings between this year and last :

Monthly Comparison

	2006	2007	Percentage increase
Jan	481	1,404	191.9.7%
Feb	541	1,563	188.9%
March	677	1,759	159.8
April	474	1,749	269%
May	665	1,985	198.5%
June	754	2,099	178.4%
July	836	2,289	173.8%
Aug	1005	2,525	151.3%
Sep	921	2,189	137.7%
total	6,354	17,562	176.4%

There were 1,057 foreclosure sales conducted in 2006 compared to 3,097 during the first 9 months of 2007 which represents a 193% increase so far this year.

Foreclosure Sales Conducted

2006	Jan – Sept 2007	% increase
1,057	3097	193%

In 2006, 37.8 % or 336 of the properties for sale at the Foreclosure auction were purchased by the plaintiff. 552 or 62.2% of the foreclosed properties for sale were purchased by third party (outside) bidders. As of September 2007, 90.5% or 2584 of properties sold at auction have been purchased by the plaintiff. Only 271 or 9.5% of the properties were purchased by third party (outside) bidders.

Foreclosure Properties Sold

Purchased by	2006	2006 % Purchased	Jan – Sept 2007	2007 % Purchased
Plaintiff	336	37.8%	2584	90.5%
Outside Bidder	552	62.2%	271	9.5%

The Vulnerable Ones

- Elderly homeowners
 - Widows and widowers
 - Low-income, less educated
 - Single head-of-household
 - Divorcees
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The Players

- Lenders/Brokers
 - Servicers
 - Appraisers
 - Title Companies
 - Inspectors
 - Creditors
 - Borrowers
 - Wall Street Investors
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Signs of Sub-Prime

- Higher than market interest rates
 - Pre-payment Penalties
 - Credit Life Insurance
 - Higher than industry-standard fees
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Predatory Loan Profile

- Frequent and high rate adjustments
 - Interest-only payments
 - Negative amortization
 - Equity starved property
 - No escrow for taxes and insurance
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Predatory Lending is....

- An illegal business transaction
 - Involves criminal intent
 - Includes some form of fraud
 - Excludes vital information
 - Falsifying signatures
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It's Predatory when.....

- Payments are higher than income
 - Quit Claim deed involved
 - Homeowner renting from lender
 - Closing costs and fees are above industry standards
 - Buyers gets little or no equity from transaction
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Triage 101

- Don't Borrow Trouble (Freddie Mac)
 - Miami-Dade County's Anti-Predatory Lending workgroup
 - Fannie Mae
 - HSBC
 - Rescue Refinance (HFA Pending)
 - Center for Responsible Lending website
 - North Carolina Legislation
 - AARP
 - ACORN
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Predatory –or- Subprime?

Case Studies

Summary

- ❑ Know the difference?
 - ❑ Clarify your triage
 - ❑ Educate, educate, educate
 - ❑ Resources:
 - Center for Responsible Lending
 - HUD and FHA
 - Freddie Mac and Fannie Mae
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