



DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

INTRODUCTION

This *Foreclosure Trends* report covers changes in Boston's residential foreclosures from 1990 to 2007, with a more detailed look at foreclosure activity from 2005 to 2007.

The 1990/1991 recession saw a rapid increase in foreclosures and a decrease in sales prices. Foreclosure deeds (sales) peaked in 1992 with 1,679 which was 43.8% of all sales transactions. The market recovered slowly. Foreclosures did not return to pre-recession levels until 1997 (see Chart 1).

Foreclosures fell to 2004's historic low of 25 and then began to greatly increase in 2005 (60) and in 2006 (261). The trend continued in 2007, with 703 foreclosure deeds, an increase of 169% compared to 2006.

2007 FORECLOSURE OVERVIEW

- There were 703 foreclosure deeds registered in 2007, a 169% increase compared to 2006 (261).
- 2,432 properties were petitioned in 2007, a 75% increase compared to 2006 (1393).
- Approximately 29% of petitioned properties ended in foreclosure, up from 19% in 2006.
- The average age of a foreclosed mortgage was 2.2 years, down from 2.5 years in 2006.
- 77% of foreclosed mortgages were Adjustable Rate Mortgages (ARMs). 72% of these ARMs foreclosed before their first reset date.
- 70% of petitioned properties and 75% of foreclosure deeds were located in four neighborhoods: Dorchester, Hyde Park, Mattapan, and Roxbury.
- Subprime lenders are the most prevalent loan originators of loans that go into foreclosure.
- The percentage of foreclosed properties being bought back by the foreclosing entities at auction sales, or Real Estate Owned (REO) properties, continued to increase from 48% in 2005 to 93% in 2007.

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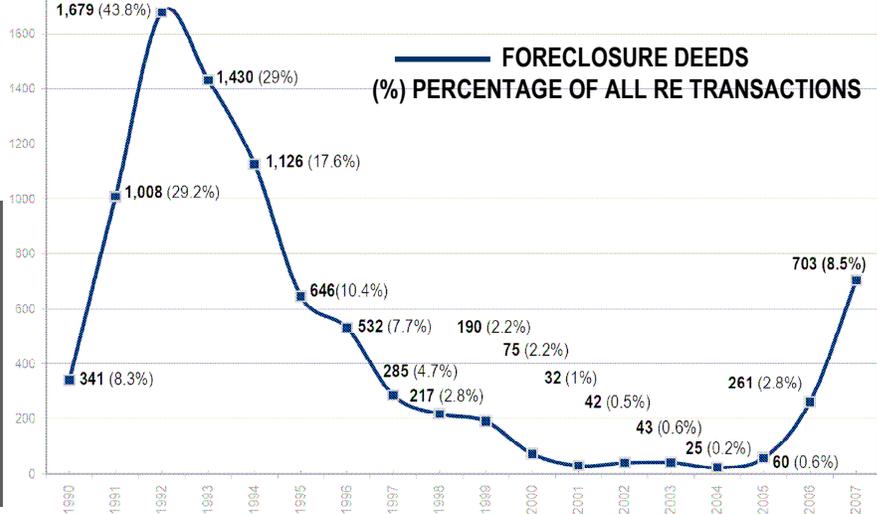
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Foreclosure Petition: A lender must file a petition in land court to begin the foreclosure process.

Foreclosure Deed: The same as a foreclosure sale, this is the completion of the foreclosure process, including the auction.

Residential Property: Includes one-to-three family properties and condominiums based on data from City of Boston's Department of Assessing.

Chart 1: Foreclosure Sales 1990-2007, City of Boston



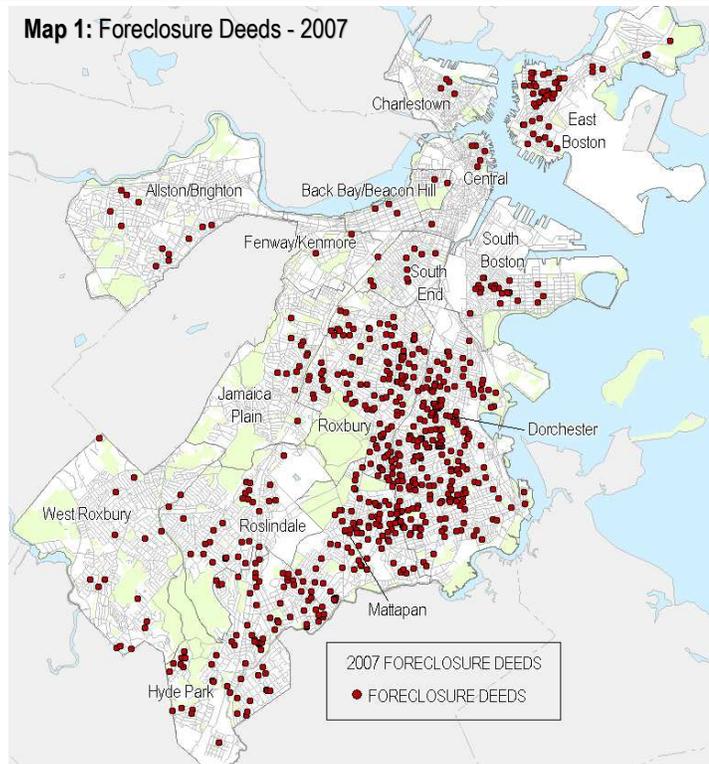


Foreclosure Trends 2007

CITY OF BOSTON/THOMAS M. MENINO, MAYOR

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

Map 1: Foreclosure Deeds - 2007



FORECLOSURE DEEDS

Below, Table 1 is a snapshot of foreclosures at three points in the market: the foreclosure peak (1992), a recovered market with decreasing foreclosures (1998), and today's market (2007).

In 1992, Allston/ Brighton and Dorchester had the most foreclosures (both at 19%). By 1998, Allston/Brighton had dropped to eighth among the neighborhoods (5%). This is largely due to a recovery from the speculative boom and bust in the local condominium market. Dorchester (29%), Roxbury (16.1%), Mattapan (13.4%) and Hyde Park (8.3%) together accounted for 66.8% of foreclosures in 1998. This pattern repeated in 2007, as these neighborhoods accounted for 75.3% of foreclosures. Back Bay/Beacon Hill, Central, Charlestown, Fenway/Kenmore, South End and West Roxbury citywide shares were less than 2.5% in 2007, and together accounted for 6.5% of all foreclosure deeds.

Table 1: Foreclosure Deeds by Neighborhood 1992, 1998 and 2007

| NEIGHBORHOOD | 1992 FORECLOSURE DEEDS | 1992 %SHARE | 1998 FORECLOSURE DEEDS | 1998 %SHARE | 2007 FORECLOSURE DEEDS | 2007 %SHARE |
|----------------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|
| Allston/Brighton | 312 | 18.6% | 11 | 5.1% | 13 | 1.8% |
| Back Bay/Beacon Hill | 73 | 4.3% | 0 | 0.0% | 5 | 0.7% |
| Central | 59 | 3.5% | 2 | 0.9% | 7 | 1.0% |
| Charlestown | 43 | 2.6% | 0 | 0.0% | 4 | 0.6% |
| Dorchester | 311 | 18.5% | 63 | 29.0% | 233 | 33.1% |
| East Boston | 134 | 8.0% | 12 | 5.5% | 47 | 6.7% |
| Fenway/Kenmore | 86 | 5.1% | 6 | 2.8% | 3 | 0.4% |
| Hyde Park | 54 | 3.2% | 18 | 8.3% | 82 | 11.7% |
| Jamaica Plain | 103 | 6.1% | 5 | 2.3% | 11 | 1.6% |
| Mattapan | 94 | 5.6% | 29 | 13.4% | 91 | 12.9% |
| Roslindale | 76 | 4.5% | 13 | 6.0% | 31 | 4.4% |
| Roxbury | 144 | 8.6% | 35 | 16.1% | 124 | 17.6% |
| South Boston | 75 | 4.5% | 12 | 5.5% | 25 | 3.6% |
| South End | 89 | 5.3% | 6 | 2.8% | 10 | 1.4% |
| West Roxbury | 24 | 1.4% | 5 | 2.3% | 17 | 2.4% |
| Unknown | 2 | 0.1% | 0 | 0.0% | 0 | 0.0% |
| Citywide | 1,679 | 100.0% | 217 | 100.0% | 703 | 100.0% |



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FORECLOSURE PETITIONS

A foreclosure petition is the first public step in the foreclosure process. Many owners are able to resolve the problem before an auction is scheduled and/or before the foreclosure is complete. During 2007, the number of foreclosure deeds was 29% of petitioned properties, up from 19% in 2006. State and national foreclosure numbers reported in the media are typically foreclosure petitions, not foreclosure deeds.

Table 2, is the number of petitioned properties in 2006 and 2007¹. Citywide, petitioned properties increased 75% from 2006 to 2007. All neighborhoods except Back Bay/Beacon Hill experienced increases, with Dorchester (708), Hyde Park (249), Mattapan (305) and Roxbury (446) comprising 70% of all foreclosure petitions. Two neighborhoods, Central and East Boston, saw petitioned properties double from 2006 to 2007.

To get a clearer sense of the issue, it is useful to look at the percentage of residential properties that have been petitioned in each neighborhood and citywide. This analysis normalizes the data since neighborhoods such as Dorchester have a larger share of residential properties. It also begins to illustrate concentrations in the city. Table 2 provides the detailed percentages by neighborhood and Map 2 highlights the differences between neighborhoods.

Citywide, 2.2% of residential properties were petitioned in 2007. More than 1% of residential properties were petitioned in Dorchester (4.9%), East Boston (3.3%), Hyde Park (3.4%), Mattapan (5.9%), Roslindale (1.8%), Roxbury (7.2%), and South Boston (1.3%). Dorchester's and Mattapan's percentage of petitioned properties was twice the rate of the overall city, while Roxbury's was three times the rate of the overall city.

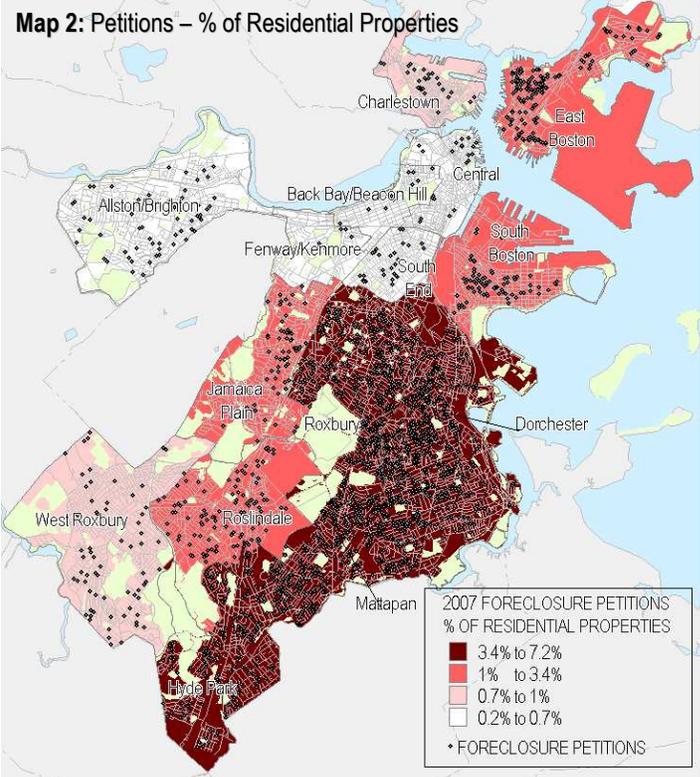


Table 2: Foreclosure Petitions 2006 - 2007

| NEIGHBORHOOD | 2006 PETITIONS | 2007 PETITIONS | %CHANGE 06 TO 07 | %OF RESIDENTIAL PROPERTIES |
|----------------------|----------------|----------------|------------------|----------------------------|
| Allston/Brighton | 40 | 67 | 68% | 0.6% |
| Back Bay/Beacon Hill | 20 | 14 | -30% | 0.2% |
| Central | 14 | 29 | 107% | 0.5% |
| Charlestown | 19 | 32 | 68% | 0.7% |
| Dorchester | 376 | 708 | 88% | 4.9% |
| East Boston | 57 | 168 | 195% | 3.3% |
| Fenway/Kenmore | 6 | 10 | 67% | 0.4% |
| Hyde Park | 179 | 249 | 39% | 3.4% |
| Jamaica Plain | 49 | 65 | 33% | 1.0% |
| Mattapan | 170 | 305 | 79% | 5.9% |
| Roslindale | 83 | 133 | 60% | 1.8% |
| Roxbury | 244 | 446 | 83% | 7.2% |
| South Boston | 55 | 95 | 73% | 1.3% |
| South End | 22 | 36 | 64% | 0.6% |
| West Roxbury | 59 | 75 | 27% | 0.8% |
| Citywide | 1,393 | 2,432 | 75% | 2.2% |

¹ For the 2007 Foreclosure Trends report, petition numbers reported is based on the number of properties petitioned in 2007. In previous Trend reports total "filed petitions" were reported which included multiple petitions for one property.



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REAL ESTATE OWNED (REO) PROPERTIES

At a foreclosure auction, the foreclosing entity wants to recover the outstanding mortgage amount and any foreclosure costs. If the auction bids do not cover these costs, the entity will “buy back” the property and then hire a real estate agent to sell the property. These properties are identified as Real Estate Owned (REO) properties. Similar to foreclosure deed and petition trends, the number of REO properties have also increased in volume, and as a percentage of total foreclosure deeds. The percentage of foreclosures “bought back” increased from 48% in 2005 to 93% in 2007 (see Table 3). This can be attributed to the decrease in property values for the same time period. As of 1/15/08, there were over 550 existing REO properties in the city (see Map 3).

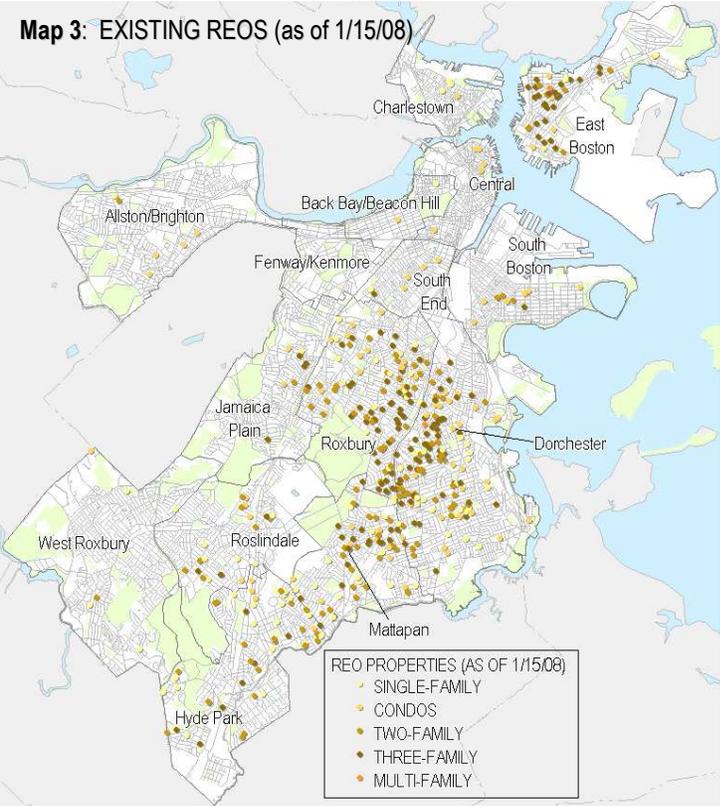
Vacant REO properties pose a significant risk to neighborhoods by attracting crime and lowering local property values. Over time, these properties begin to deteriorate and show signs of physical distress, adding to the City’s abandoned building inventory and ultimately destabilizing communities.

To immediately address this issue, Mayor Thomas Menino established the Foreclosure Intervention Team (FIT) in February of 2008, a multi-departmental team that addresses all issues that surround foreclosure and abandonment. Departments include: Boston Police, Inspectional Services, Neighborhood Development, Public Health Commission, Corporation Counsel, Public Works, Transportation, Office of Civil Rights, Property Management, Neighborhood Services, Rental Housing Resource Center, and the Boston Housing Authority.

City staff have begun surveying REO properties, and where appropriate, have identified problem areas and properties that require attention from one or more city departments. Of the 550 existing REO properties surveyed by March of 2008, City staff identified 92 properties as abandoned, meaning they were unoccupied and showed signs of physical distress.

Table 3: REO Trends, 2005 - 2007

| Year | Total Foreclosures | Private Buyer | REO |
|------|--------------------|---------------|-----------|
| 2005 | 60 | 31 | 29 (48%) |
| 2006 | 261 | 50 | 211 (81%) |
| 2007 | 703 | 60 | 651 (93%) |



The Boston City Council has also taken steps to address issues related to foreclosures and REO properties. In February of 2008, ‘An Ordinance Regulating the Maintenance of Vacant, Foreclosing Residential Properties’ was adopted. The ordinance requires property owners to register vacant and/or foreclosing residential properties with the City and identify a local individual or company to maintain vacant properties.



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AGE OF MORTGAGE

Homeowner economic distress can also be measured by the “age” of a mortgage (the length of time between the mortgage origination date and the foreclosure petition). Table 4 reveals that the median number of years between the mortgage and the initial foreclosure petition slightly increased from 2005 to 2006 but remained at 1.4 years from 2006 to 2007. In all three years, the majority of properties that were petitioned had mortgages that were less than 2 years old. Only 6% of petitioned properties had mortgages that were more than 5 years old in 2006 and 2007.

Table 4: Time between Mortgage and Foreclosure Petition

| AGE OF MORTGAGE | 2005 | 2006 | 2007 |
|-------------------------------|------------|------------|------------|
| %Less than 1 yr | 34% | 31% | 30% |
| % 1 yr to 2 yr | 36% | 37% | 36% |
| % 2 yr to 3 yr | 15% | 18% | 17% |
| % 3 yr to % 5 yr | 7% | 8% | 11% |
| % Greater than 5 yr | 8% | 6% | 6% |
| Median Yrs of Mortgage | 1.3 | 1.4 | 1.4 |

YEARS PROPERTY OWNED

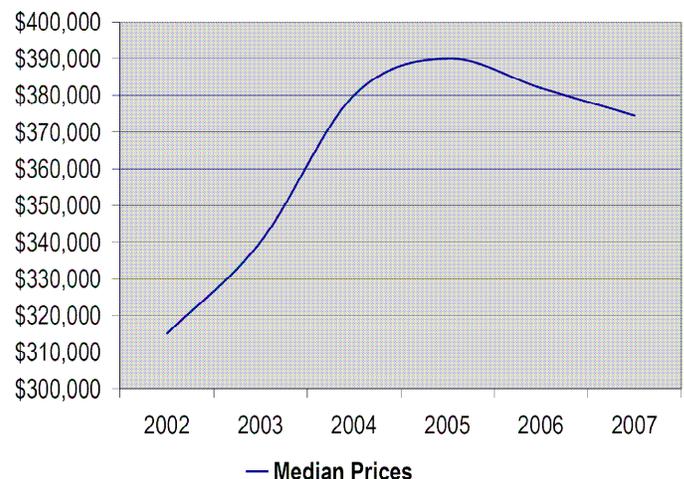
Similar to age of mortgage trends, the number of years between the initial purchase of the property and the filing of a foreclosure petition decreased from a median of 3.66 years in 2005 to 2.5 years in 2006 and to 2.2 years in 2007 (see Table 5). Also, the percentage of properties owned less than 2 years has been increasing. In 2005, 38% of petitioned properties were owned for less than 2 years which increased to 40% in 2006 and 47% in 2007. This could be the result of the following: (1) An increase in speculative purchases, and/or (2) An increase in the number of buyers purchasing beyond their financial means. The percentage of petitioned properties owned for more than 5 years has decreased from 43% in 2005 to 30% in 2007.

Table 5: Number of Years Property Owned before Foreclosure Petition Filed

| YEARS OWNED | 2005 | 2006 | 2007 |
|---------------------------|-------------|------------|------------|
| %Less than 1 yr | 21% | 18% | 22% |
| % 1 yr to 2 yr | 17% | 22% | 25% |
| % 2 yr to 3 yr | 7% | 12% | 12% |
| % 3 yr to % 5 yr | 12% | 11% | 11% |
| % Greater than 5 yr | 43% | 37% | 30% |
| Median Years Owned | 3.66 | 2.5 | 2.2 |

Analyzing the age of the mortgage and years the property was owned provides a better understanding of real estate conditions when the mortgage was originated. In 2007, for the majority of petitioned properties (66%), the mortgages were originated during the peak of the real estate market in 2005. Therefore, with decreases in market values and sale volumes in the past two years (see Chart 2) it can be assumed many of these properties have lost equity and are continuing to do so. The decrease in value and loss in equity makes it increasingly challenging for homeowners to refinance or sell the property if they can not afford their mortgage payments.

Chart 2: Citywide Residential Property Median Prices, 2002-2007





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LOAN ANALYSIS

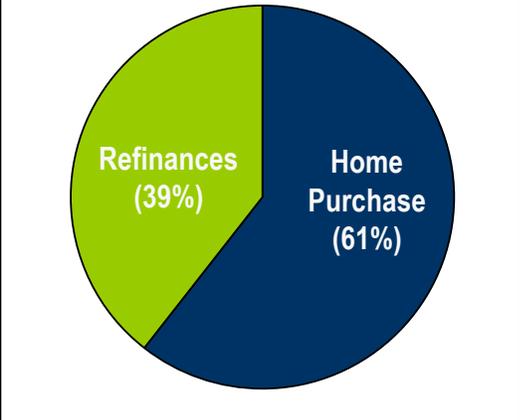
Foreclosure deed data collection was expanded in 2007 to get a better understanding of the types of mortgages that were being foreclosed. Public information is limited to the county registry. However, some data including information related to home purchases versus refinances and adjustable rate riders were available. Annual Percentage Rates (APR) were also available for the majority of Adjustable Rate Mortgages (ARMs) but were not available for first lien loans.

Of the 703 foreclosure deeds in 2007, 425 (61%) were home purchase loans while 278 (39%) were refinances (see Chart 3). These numbers include both owner-occupied and investor-owned properties.

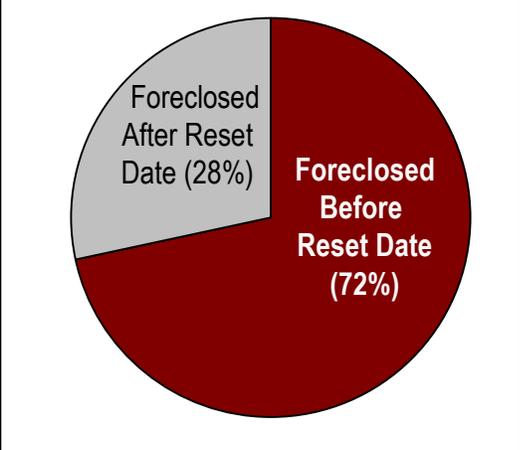
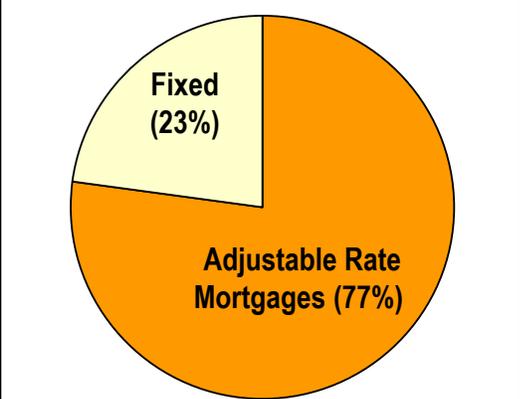
543 (77%) of the foreclosure deeds were ARMs while 160 (23%) were fixed rate mortgages (Chart 4). Of the 543 ARMs, 389 (72%) foreclosed before their first adjustable reset date, while only 154 (28%) foreclosed after their first adjustable reset date (Chart 5). This finding shows APR resets of ARMs were not the reason for the majority of foreclosures in 2007 but rather most ARMs were unmanageable in the first two years. The average initial APR of ARMs was 7.7% and the average maximum APR of ARMs was 13.9%.

The Federal Reserve Board recently provided subprime ARM reset data for the City of Boston that indicated approximately 2,000 active subprime ARMs will reset between November 2007 and October 2009 (Chart 6). There are several components used to calculate a new interest rate when a reset date is reached. These include a defined index rate (e.g. LIBOR, US Treasury), the number of points added to the index rate, and the minimum interest rate for future reset dates. These factors will determine potential foreclosure impacts of subprime ARM resets, if any.

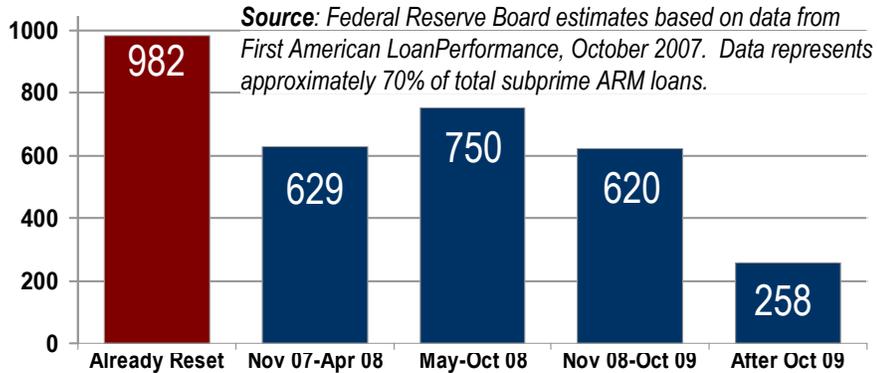
Chart 3: Purpose of Loan, Foreclosure Deeds, 2007



Charts 4 & 5: ARM Loans, Foreclosure Deeds, 2007



Charts 6: Subprime ARM Reset Dates in Boston





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OWNER-OCCUPANCY

To identify whether a foreclosed property is owner-occupied, the residential exemption status from the City’s assessing department is used. To receive residential exemption from the City, an individual must live at the property on January 1 of the upcoming tax bill year and submit appropriate documentation to the assessing department. Therefore, properties purchased after January 1 wait for the following year to apply for an exemption. It can be assumed then, that it takes 1.5 to 2 years for properties to receive residential exemption and for the change in status to be updated in assessing data. Since 42% of 2007 foreclosed properties were purchased within the last 2 years, we must assume owner-occupied units are most likely underestimated using this data source (see Chart 7). However thus far, this is the most reliable and accessible source to identify owner-occupied properties.

The percentage of foreclosure deeds that were owner-occupied has decreased from 48% in 2005, to 32% in 2006, and to 29% in 2007 (see Table 6). The percentage of petitioned properties that were owner-occupied also decreased from 54% in 2005, to 44% in 2006, and to 40% in 2007 (see Table 7). The decrease of owner-occupied properties in foreclosure can be attributed to several factors; (1) As described above, owner-occupied properties are most likely underestimated using assessing data and as the median years a property owned decreases, the more owner-occupied properties are most likely underestimated. (2) With the decrease in median prices (see Chart 2), the number of speculative purchasers of investment properties are no longer seeing a potential profit in flipping properties and are letting the properties go into foreclosure before sinking more money into mortgage payments.

Note on Data Sources: Foreclosure deed data was obtained from The Warren Group (pre-2003) and the Suffolk County Registry of Deeds (2003 to 2007). Foreclosure petition data was obtained from www.real-estate-analyst.com (2003/2004) and from The Warren Group (2005 to 2007). Owner-occupancy and property type information was obtained from City of Boston Assessing Department. Sales data was obtained from The Warren Group.

Chart 7: Residential Exemption for Foreclosure Deeds, 2007

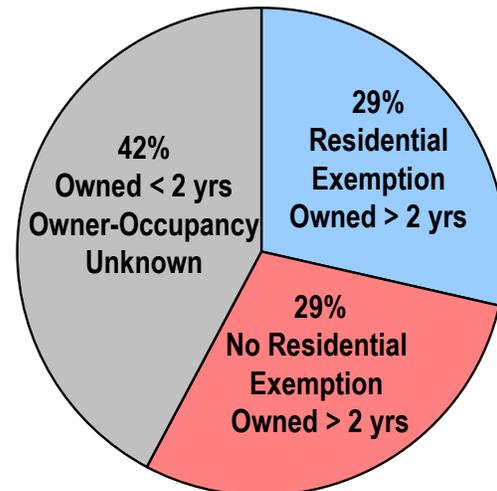


Table 6: Owner-Occupancy for Foreclosure Deeds, 2005-2007

| Year | FORECLOSURE DEEDS | | | |
|------|-------------------|----------------|-------|--------------------------|
| | Owner-Occupied | Investor-Owned | Total | Owner-Occupied %of Total |
| 2005 | 29 | 31 | 60 | 48% |
| 2006 | 83 | 178 | 261 | 32% |
| 2007 | 202 | 501 | 703 | 29% |

Table 7: Owner-Occupancy for Foreclosure Deeds, 2005-2007

| Year | FORECLOSURE PETITIONS | | | |
|------|-----------------------|----------------|-------|--------------------------|
| | Owner-Occupied | Investor-Owned | Total | Owner-Occupied %of Total |
| 2005 | 317 | 274 | 591 | 54% |
| 2006 | 692 | 893 | 1,585 | 44% |
| 2007 | 975 | 1,457 | 2,432 | 40% |



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DEMOGRAPHICS

Foreclosure data obtained through public records does not provide demographic information to help better understand who is being impacted by foreclosures. There are also challenges in extrapolating demographic information geographically or through other data sources without making general assumptions.

Based on geography, the majority of foreclosures in Boston are comprised of neighborhoods with the largest minority and low-income populations; therefore, these are most likely the same populations being impacted by recent trends. Beyond the immediate impact to the borrower, the borrower’s family or tenants, there are also secondary impacts to minority and low-income communities with the growing inventory of vacant REO properties that attract crime and destabilize the overall community.

To get a better understanding of who is borrowing, the best data source is from the Home Mortgage Disclosure Act (HMDA) which recently released lending data from 2006. This data was recently analyzed by Jim Campen in “*Changing Patterns XIV*”¹ published by the Massachusetts Community & Banking Council (MCBC).

To correlate Campen’s findings with our foreclosure data we must look at the types of mortgages that are being foreclosed. For the 77% of ARMs in 2007 that foreclosed, we are able to obtain initial interest rates. For the majority of these loans the initial interest rate, and/or the new interest rate calculated once the loan reached the reset date, was 3 percentage points higher than the current interest rate, which is defined as a High-APR Loan (HAL)² in *Changing Patterns*. In addition, we also know that the top originating lenders of foreclosed loans (Table 8) were identified as top HAL lenders in 2004, 2005 and 2006 by MCBC reports.

Therefore, we can say with some confidence that the majority of foreclosures were HAL loans and the recent increase of foreclosure activity is a result of HAL or subprime lending activity in 2004, 2005 and 2006. In “*Changing Patterns XIV*” the following demographic findings were reported for HAL loans.

Table 8: 2007 Top 10 Originating Lenders, Foreclosure Deeds

| Originating Lender | Total | %of All |
|---------------------------|-------|---------|
| Fremont Investment & Loan | 69 | 10% |
| Ameriquest/Argent | 65 | 9% |
| New Century | 47 | 7% |
| Countrywide | 45 | 6% |
| WMC Mortgage | 28 | 4% |
| Option One | 27 | 4% |
| Long Beach | 25 | 4% |
| Accredited Home Lenders | 21 | 3% |
| Meritage Mortgage | 19 | 3% |
| Wells Fargo | 16 | 2% |

- For all loans (home-purchase + refinance loans) Boston neighborhoods with the largest minority populations had the highest percent of HALs, Mattapan (48%), Roxbury (44%), Hyde Park (37%) and Dorchester (37%), and 65% of all HALs were originated in these neighborhoods.¹
- In Boston, Black and Latino borrowers were much more likely to receive HALs than white or Asian counterparts. Among homebuyers, in Boston the HAL loan shares were 53.5% for blacks and 45% for Latinos, but only 11.7% for whites. Black homebuyers were 4.6 times and Latino homebuyers were 3.8 times likely to get a HAL loan than were their white counterparts.¹ Disparities in HAL loan shares increased as incomes increased.

Currently, HMDA data is limited and does not provide data that could further enhance analysis in *Changing Patterns*, such as credit scores of the borrowers and loan ratios (loan-to-value, debt-to-income).

¹Campen, Jim, 2008. “*Changing Patterns XIV*”, Massachusetts Community & Banking Council.
² As defined in Jim Campen’s report: “High-APR Loans” are loans in which the spread between US Treasury Securities of the same maturity and the interest rate on a first lien loan is greater than 3%.



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Table 9: 2007 Foreclosure Activity¹ for US States

| Rate Rank | US State | Foreclosure Rate (%) |
|-----------|----------------------|----------------------|
| 1 | Nevada | 3.38 |
| 2 | Florida | 2.00 |
| 3 | Michigan | 1.95 |
| 4 | California | 1.92 |
| 5 | Colorado | 1.92 |
| 6 | Ohio | 1.80 |
| 7 | Georgia | 1.57 |
| 8 | Arizona | 1.52 |
| 9 | Illinois | 1.25 |
| 10 | Indiana | 1.03 |
| -- | United States | 1.03 |
| 19 | Massachusetts | 0.66 |

NATIONAL AND REGIONAL CONTEXT

Tables 9 -11 provide an overview of foreclosure activity at the State and national level. Each table provides a foreclosure rate for comparison purposes. To calculate a foreclosure rate, Table 9 and 10 divide total properties entering a stage of foreclosure by the total number of housing units while Table 11 divides total foreclosure petitions by the total number of 1-4 unit residential properties.

Massachusetts was 19th among the 50 states, with foreclosure activity occurring on 0.66% of housing units. This is only 20% of Nevada's rate of 3.38% and lower than the national rate of 1.03% (see Table 9).

The Boston-Quincy metropolitan area ranked 69th among the nation's top 100 metropolitan areas with a foreclosure rate of 0.68% which was only 14% of Detroit's rate of 4.92% and below the national rate of 1.03% (see Table 10).

Table 10: 2007 Foreclosure Activity¹ for Metropolitan Areas

| Rate Rank | Top 100 US Metropolitan Areas | Foreclosure Rate (%) |
|-----------|------------------------------------|----------------------|
| 1 | Detroit/Livonia/Dearborn, MI | 4.92 |
| 2 | Stockton, CA | 4.87 |
| 3 | Las Vegas/Paradise, NV | 4.23 |
| 4 | Riverside/San Bernardino, CA | 3.83 |
| 5 | Sacramento, CA | 3.19 |
| 6 | Cleveland/Lorain/Elyria/Mentor, OH | 2.97 |
| 7 | Bakersfield, CA | 2.96 |
| 8 | Miami, FL | 2.72 |
| 9 | Denver/Aurora, CO | 2.64 |
| 10 | Fort Lauderdale, FL | 2.63 |
| -- | United States | 1.03 |
| 69 | Boston/Quincy, MA | 0.68 |

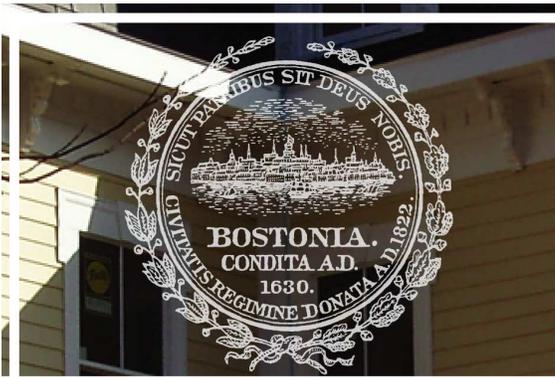
Table 11: Foreclosure Activity² MA Cities

| Rate Rank | MA Cities (pop>90,000) | Foreclosure Rate (%) |
|-----------|------------------------|----------------------|
| 1 | Brockton | 4.1% |
| 2 | Springfield | 2.9% |
| 3 | Lowell | 2.4% |
| 4 | Worcester | 2.3% |
| 5 | Boston | 1.7% |
| 6 | New Bedford | 1.5% |
| 7 | Fall River | 1.3% |
| 8 | Cambridge | 0.4% |
| | Massachusetts | 1.3% |

When compared to other Massachusetts cities in 2007, Boston fared better than many other municipalities with populations over 90,000 (see Table 11). Brockton (4.1%), Springfield (2.9%), Lowell (2.4%), and Worcester (2.3%) had higher foreclosure rates than Boston (1.7%). However, Boston had a higher foreclosure rate than the State (1.3%). Cambridge had a significant lower rate than the seven other cities and the State.

¹Source: www.realtytrac.com. "The household numbers are based on the US Census Bureau's 2005 estimates of total housing units. Foreclosure filings include foreclosure-related documents in all three phases of foreclosure: Default – Notice of Default (NOD) and Lis Pendens (LIS); Auction – Notice of Trustee Sale and Notice of Foreclosure Sale (NTS and NFS); and Real Estate Owned (REO) properties (that have been foreclosed on and repurchased by a bank)."

²Source: The Warren Group.



Foreclosure Trends 2007

CITY OF BOSTON/THOMAS M. MENINO, MAYOR

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

FORECLOSURE PREVENTION & INTERVENTION

Boston's *anti-foreclosure campaign* currently has two primary elements: 1) Foreclosure Prevention: helping homeowners make good financial decisions to prevent them from ever getting into foreclosure trouble, and 2) Foreclosure Intervention: helping homeowners that find themselves in foreclosure trouble keep their homes.

With the increase in foreclosures, the City has responded with expanded foreclosure prevention services. The *First Choice Lenders* program (October 2006) has signed up six major banks to 1) adhere to model loan origination and foreclosure prevention business practices, 2) help refinance people out of bad loans and 3) provide financial backing to the Foreclosure Prevention Fund that supports foreclosure prevention counseling and financial assistance. In 2007, homeowners were able to refinance out of over \$3 million in bad loans through First Choice Lenders.

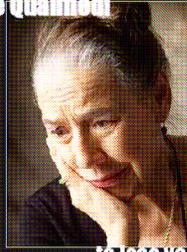
In mid-2006, Boston expanded its in-house foreclosure intervention counseling capacity and established a foreclosure call center (617-635-HOME) to help homeowners in foreclosure trouble. Ads were placed in bus shelters and on billboards encouraging homeowners in trouble to call and seek help. In late 2006, four community-based agencies were selected to provide expanded foreclosure intervention counseling and received training from experts in the field such as the National Consumer Law Center and NeighborWorks America.

Educational services were also expanded and include: *Meet The Lenders* workshops to help homeowners and homebuyers connect with First Choice Lenders; *"Can You Really Afford That Mortgage?"*; and *"What Homeowners Need To Know About Foreclosures, Before It's Too Late"*. These seminars are being direct-marketed to homeowners that have recently taken loans from lenders that specialize in subprime loans. New education and outreach efforts include a blanket mailing to communities with high foreclosure rates and outreach through community health centers, and churches.

By the start of 2007, the Foreclosure Prevention Counseling Network was in place. The call center at the Boston Home Center prioritizes clients according to need/urgency and routes clients to the most appropriate service. A letter is sent to every homeowner who receives a foreclosure petition informing them of the City's program and contact information. A networked client tracking and information system enables the Boston Home Center to keep track of all of its referrals as they progress through the foreclosure intervention process. In 2007, 200 homeowners averted foreclosure with assistance from the Foreclosure Prevention Counseling Network preserving over \$64 million in home values. Had all of those homeowners gone to foreclosure instead, foreclosure numbers for 2007 would have been 28% higher.

Boston's foreclosure intervention has continued to expand in 2008 with the addition of a community-based agency to the Counseling Network, and a partnership with the Boston Real Estate Bar Association to provide free legal assistance to residents facing foreclosure and eviction. The association will work *pro bono* for residents whose incomes fall below 80 percent of the area median income.

You're Qualified



... to lose your home.

You worked hard to buy your home. The Boston Home Center wants to see you stay in it. If you're having trouble making your mortgage payments, don't wait until you get a foreclosure notice. Call us now so we can help you figure out your refinancing options. Don't lose your home to a bad refinance loan.

Don't Borrow Trouble

Call the Boston Home Center at 617.635.HOME



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