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Testimony on OH HB 323, Foreclosure Reform, November, 2009

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Testimony of

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before the

HOUSING AND URBAN REVITALIZATION COMMITTEE

of the

OHIO HOUSE OF REPRESENTATIVES

for Hearings on

FORECLOSURE REFORM
H.B. NO. 323

November 4, 2009

TESTIMONY

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify about changes in the way mortgage foreclosure is used in the debt collection business. My name is Kermit Lind. I am a Clinical Professor of Law at Cleveland State University. I supervise a teaching practice representing nonprofit developers in Cleveland neighborhoods. I am here to discuss the need for HB 323.

The purpose of HB 323 is to equip judges with the tools necessary to promptly and constructively respond to emerging problems in the foreclosure process. House Bill 323 allows judges to manage the increasing number of homes and mortgages being abandoned during the foreclosure process, and the bill also allows judges to clear titles of toxic liens on abandoned properties . The three basic objectives of HB 323 are to:

(1) ensure that where modifying or reinstating the loan is not possible, the foreclosure procedure concludes with a prompt sale and/or transfer of clear title;

(2) make the occupancy and condition of a residence under the court's jurisdiction known to the court and all parties in the case; and

(3) prevent residences in foreclosure from leaving the court's jurisdiction in a condition that poses a material threat to the public health, safety, and welfare.

For more than a decade, I have witnessed the destructive storm of housing abuse motivated by quick profit on various transactions – buying, borrowing, defaulting, foreclosing, repossessing, re-selling, refinancing, defaulting, foreclosing, repossessing, so on and so forth. Long before the rest of the country began experiencing a mortgage crisis, Cleveland was described in the national news as the epicenter of a foreclosure disaster. Now this disaster is affecting every sector of this State. Housing markets need intensive care. Municipalities are overwhelmed with wave after wave of unsellable, unsafe houses. The courts are without the legal tools and technical resources to manage a tsunami of foreclosure cases. Help is needed and help is what we are here to discuss.

This help begins with updating mortgage foreclosure procedures. Improved foreclosure procedures are needed to deal with the problems of walkaways and toxic titles. The term "walkaways" refers to the abandonment of rights or obligations by those with a legal interest in residential property – owners, mortgagees, servicers, and judgment creditors. When they realize there is no financial benefit to maintaining their legal interest, those with a claim to the property simply walk away. Walking away is easy because there is no penalty for doing it. Owners walk away because they cannot or will not be responsible for the costs of home-ownership, and creditors walk away because they want to avoid the costs of possessing the property and complying with the housing, health, and safety laws that apply to all who own or control residential property.

The immediate effect walking away from ownership of a house or a mortgage is a toxic title; that is, a title that cannot be transferred in a private conveyance, but can only be made marketable through an expensive legal process completed at public expense. That process, usually tax foreclosure, can take years. During this time, the orphaned house sits in legal limbo transmitting its blight to surrounding houses, diminishing the equity of those neighboring owners still making their mortgage payments and maintaining their homes. The concentration of foreclosures and abandonment of property interests contaminates entire blocks of houses, sucking equity out of neighborhoods and posing a threat to the health and safety of all residents.

Owners and debt collectors who abandon vacant houses should not do so with the aid and tacit consent of judges who are in control of this process. This legislation would give judges the tools to exercise their authority over the parties and the property under their jurisdiction in a way that mitigates the damage that occurs during foreclosure proceedings.

SUPPLEMENTAL STATEMENT IN SUPPORT[1]

Why Old Foreclosure Procedures Are Failing

Ohioans, like all Americans, are now grappling with the consequences of a tsunami of mortgage failures. Not only does Ohio have one of the highest foreclosure rates in the country, but it is also home to some of the most depressed property values in the country. The combination of massive mortgage failures and weak market conditions are clogging foreclosure dockets in counties all over the State. In counties like Cuyahoga, where foreclosures are concentrated in about one-third of the county, the yearly volume of foreclosures has reached nearly 15,000, up from 3,500, fifteen years ago.

During the height of mortgage lending, home ownership both in Ohio and across the country reached its peak. In 2005 it was beyond comprehension that by September of 2009, 1 in every 171 homes in Ohio would be in some stage of foreclosure.[2] Although striking, this statistic fails to describe the tendency of foreclosures to concentrate in our poorest neighborhoods; recently this concentration has shifted to suburbs with newly constructed homes sold after 2004 and mortgaged with exotic financing products. While lenders, borrowers, and debt collectors share responsibility for this disaster, it is neighborhoods and communities that are absorbing the greatest burden.

As the economy weakens, the rise in foreclosures leads to severely depress property values. Today, many homeowners have mortgages that exceed the value of their property, and financially stressed homeowners are abandoning both their mortgages and their homes. Undersecured creditors are more frequently abandoning both foreclosure and foreclosure judgments, as traditional notions of collateral are no longer relevant. Consequently, houses in foreclosure are now more likely to be vacant structures, home only to conditions that threaten a neighborhood's health, safety and welfare.

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[1] Prepared by Matthew Yourkvitch and David L. Moore, Clinical Associates at the Urban Development Law Clinic Cleveland-Marshall College of Law, Cleveland State University.

[2] *RealtyTrac*. "U.S. Foreclosure Activity Increases 5% in Q3." U.S. Foreclosure Market Data by State - Q3 2009 (Table). October 15, 2009.

Inadequacy of Current System

Ohio is a judicial foreclosure state and all foreclosures must proceed in a court of law and equity. Currently, foreclosure is a procedure that fails to account for the actual condition of the property. When properties enter foreclosure in an abandoned or harmful and blighted condition, the current process often worsens those conditions. Courts are unable to use their authority to protect the interests of each party, while also preserving both the properties and the neighbors from the harm of severe conditions arising during the foreclosure and judicial-sale process. Once a foreclosure action is filed, it may take three or four years before the property is sold. By this time, the cost of rehabilitating the now-dilapidated house exceeds the price such a home would bring in a legitimate sale, notwithstanding weak market conditions. The result is a piece of property that has no future as a safe and habitable home; instead, it is merely a commodity for use in speculation or fraud.

It is now apparent that creditors are walking away from some foreclosure cases, abandoning any responsibility to preserve the property. These walkaways generally occur after a foreclosure judgment is filed and before a foreclosure sale, and sometimes creditors will vacate foreclosure decrees once the property is determined to be a liability. Lately, however, undersecured creditors are not even foreclosing on distressed properties, knowing that any cost of maintenance would exceed potential recovery in a difficult market. These anticipatory walkaways are responses to certain creditor-beliefs, but they most often occur once the creditor is aware that the municipality has condemned the house as a public nuisance.

The consequence of abandoned mortgage liens and abandoned foreclosure judgments extends beyond the condition of the property. This abandonment often results in a title that is toxic, meaning that the title is not marketable except by litigation and a judicial sale at public expense. Further, the expense of clearing abandoned liens from these titles can often exceed the actual value of the property.

Real Economic Harm

Both the city of Cleveland and Cuyahoga County are incurring significant financial costs as a result of the current foreclosure process. In particular, for those properties in Cuyahoga County valued at $140,000, a surrounding foreclosure will erode property values by an average of $2,400 over a one-year period, and a corresponding sheriff's sale will, on average, reduce values by $4,000.[3] Importantly, as the time between foreclosure and sheriff's sale lengthens, the impact on property values becomes more severe. Another recent study also concluded that up to 20% of residential properties in Cleveland's inner-city neighborhoods may be vacant and abandoned.[4] In an attempt to manage these problems, the City of Cleveland has increased enforcement of building and housing codes and it has increased the number of demolitions of abandoned, nuisance, and condemned houses from 225 in 2006 to 1,100 in 2007.[5] For 2009, the City of Cleveland has allocated enough funds to provide for 1700-1800 demolitions, further evidence of the economic harm caused by foreclosures.[6] Nonetheless, Cleveland, like many cities, lacks the resources necessary to adequately preserve the condition of, and abate the deterioration of, these foreclosed properties.

The State of Ohio has incurred similarly significant costs as a result of foreclosures. Ohio has lost nearly $6.8 billion in housing wealth since the beginning of 2007, and most of those billions have disappeared from Ohio's urban regions.[7] Similarly, in 2008, and through the first quarter of 2009, foreclosure of subprime mortgages in Ohio

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[3] Kobie, Timothy. "Residential Foreclosures' Impact on Nearby Single-Family Residential Properties: A New Approach to the Spatial and Temporal Dimensions." *Table X. Spatial Temporal Model Regression Results, Cuyahoga County*. July 28, 2009. Cleveland State University. Utilizing a hedonic pricing model, this study evaluates the interaction of foreclosures and surrounding residential-property values over 90-day increments beginning in 2005. The study concluded that foreclosures and sheriff's sales during this period resulted in average price reductions of 1.66% and 2.89% respectively.

[4] McShepard, Randall, and Stewart, Fran. "Rebuilding Blocks, Efforts to Revive Cleveland Must Start by Treating What Ails Neighborhoods." *PolicyBridge*. October 2009.

[5] Gomez, Henry J., *Mayor Frank Jackson Wants Federal Funds Used For Demolishing Abandoned Homes,* Cleveland Plain Dealer, Jan. 27, 2009.

[6] Comments made by Cuyahoga County Treasurer, Jim Rokakis during a Community Development and Affordable Housing Roundtable, October 2009.

[7] Joint Economic Committee, see attached chart on prices and lost wealth.

has reduced property values by $2.5 billion and has reduced property-tax revenue by $32 million.[8] This loss has directly impacted Ohio's tax base and has placed a heavier burden on businesses and individuals alike.

Updating the Case Management Procedures

The conventional foreclosure process is failing to protect the interests of the public and is circumventing the authority of Ohio's court system. Given the already large and increasing level of foreclosure cases in Ohio, and the complexities resulting from changes in the mortgage lending and debt-collection businesses over recent decades, this conventional process is proving inadequate and inappropriate. With improved case management, judges can prevent foreclosures from inflicting unnecessary damage on borrowers in default, on struggling neighbors, and on the public. It is important that any legislative changes address two specific and fundamental needs:

> (1) information pertaining to the occupancy and condition of foreclosed homes must be placed in the foreclosure record early and it must be updated often; and
>
> (2) instructions must be provided that both clearly enable judges to exercise their equitable powers and explicitly empower judges to use their discretion in order to mitigate the potential harm caused by the abandonment of legal interests, obligations, and responsibilities by parties in foreclosure actions.

Courts must be able to identify harmful properties under their jurisdiction early in the foreclosure process, or as soon as a dwelling is vacated, and they must be empowered to issue orders to protect the public health, safety and welfare. In every instance, it is critical that properties in a public nuisance condition be identified and not be allowed to infect surrounding communities. Identifying the value and condition of the property during the initial stage of foreclosure reduces the current disconnect between the mortgage interest and the residence used as security for that interest. This identification will create an opportunity for all parties of interest to form realistic expectations and

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[8] Joint Economic Committee, see attached chart on lost values and tax revenue.

explore reasonable alternatives when foreclosure would otherwise not result in a beneficial outcome. Legislative changes are necessary. Legislative changes must ensure an increased level of responsibility; but most importantly, legislative changes must preserve and protect our public health, safety, and welfare.

March 16, 2009

How Much Does a Foreclosure Cost?

by Ralph Roberts

Plenty of people are concerned about the cost of bailing out Main Street – the people who stand to lose their homes in the midst of the current financial crisis. Many feel that it's not the job of the federal government to bail out homeowners who cannot afford their monthly mortgage payments. After all, those people took out risky loans. They are the ones who signed the loan documents. They are the irresponsible borrowers running this country into the ground.

For a moment, let's ignore the question of who's at fault. There's plenty of blame to go around. For now, let's consider what it costs when homeowners are allowed to lose their homes to foreclosure and who ends up with the bill.

According to a report by the Joint Economic Committee of Congress, the average foreclosure cost amount to about $151,000, with several parties picking up the tab:

Homeowner: $7,000

Lender: $50,000

Local government: $19,000

Impact on neighboring home values: $75,000

Estimated total cost of one foreclosure: $151,000

This doesn't even account for other potential costs, including the cost of lost productivity, a reduction in a family's purchase power, lost federal income taxes, and the emotional and psychological costs of losing a home and losing friends and neighbors.

Although neighboring home values usually take the biggest hit as a group, the lender stands to lose the most as an individual party. The Mortgage Bankers Association (MBA) released a policy report in May, 2008, in which it supports the fact that lenders are often the biggest losers in foreclosure: "While losses can vary widely, several independent studies find them to be generally quite significant: over $50,000 per foreclosed home or as much as 30 to 60 percent of the outstanding loan balance."

Multiply these losses by the estimated 250,000 homeowners who are likely to lose their homes to foreclosure every three months, and we're looking at over $120 billion in losses annually.

Now, bailing out Main Street doesn't seem like such a costly proposition. In fact, not bailing out Main Street could be the most costly option of all.

Coast to Coast, Home Prices Are Down and Families Have Lost Wealth From 2007-2009

	Real Median House Prices				Change in Housing Wealth			
State	2007	2008	2009	Percentage Change '07 - '09	2007	2008	2009	Total
Alaska	$249,185	$249,344	$250,548	**0.55%**	$942,073,860	$24,428,720	$185,457,470	**$1,151,960,050**
Alabama	$179,142	$181,820	$184,042	**2.73%**	$2,397,624,755	$3,464,737,378	$2,873,939,466	**$8,736,301,598**
Arkansas	$137,899	$137,891	$137,900	**0.00%**	$284,738,176	-$6,588,490	$6,659,813	**$284,809,499**
Arizona	$260,962	$217,908	$190,344	**-27.06%**	-$23,811,444,850	-$66,428,767,438	-$42,528,963,783	**-$132,769,176,071**
California	$473,122	$420,936	$393,146	**-16.90%**	-$406,517,611,291	-$417,989,526,901	-$222,589,819,394	**-$1,047,096,957,585**
Colorado	$248,849	$239,303	$232,994	**-6.37%**	-$6,532,326,294	-$12,735,872,961	-$8,417,345,700	**-$27,685,544,955**
Connecticut	$328,695	$310,130	$287,028	**-12.68%**	-$7,310,680,220	-$16,290,005,232	-$20,272,364,994	**-$43,873,050,445**
District of Columbia	$470,211	$422,645	$383,836	**-18.37%**	-$716,951,509	-$4,940,739,966	-$4,031,131,862	**-$9,688,823,337**
Delaware	$380,117	$365,384	$351,588	**-7.51%**	-$1,253,072,360	-$3,483,945,472	-$3,262,332,471	**-$7,999,350,303**
Florida	$242,842	$211,083	$192,084	**-20.90%**	-$93,331,980,761	-$144,295,540,419	-$86,316,763,160	**-$323,944,284,340**
Georgia	$195,566	$194,421	$193,266	**-1.18%**	-$3,739,351,411	-$2,764,551,017	-$2,787,342,913	**-$9,291,245,342**
Hawaii	$570,500	$525,310	$490,532	**-14.02%**	-$2,123,415,214	-$12,616,011,938	-$9,709,246,757	**-$24,448,673,909**
Iowa	$150,485	$150,475	$150,222	**-0.17%**	-$886,004,801	-$9,111,868	-$240,076,000	**-$1,135,192,669**
Idaho	$208,411	$191,000	$176,664	**-15.23%**	$987,295,705	-$7,249,827,908	-$5,969,142,246	**-$12,231,674,448**
Illinois	$231,396	$223,135	$219,681	**-5.06%**	-$10,074,972,712	-$25,932,758,335	-$10,841,490,393	**-$46,849,221,440**
Indiana	$143,050	$144,095	$145,009	**1.37%**	-$5,047,626,529	$1,974,676,753	$1,724,978,591	**-$1,347,971,185**
Kansas	$167,579	$168,370	$168,959	**0.82%**	-$1,156,999,227	$677,986,481	$504,653,476	**$25,640,730**
Kentucky	$175,885	$175,646	$175,196	**-0.39%**	$283,138,527	-$281,131,815	-$528,641,722	**-$526,635,010**
Louisiana	$195,291	$197,647	$199,785	**2.30%**	$1,602,612,147	$2,600,167,602	$2,359,365,800	**$6,562,145,549**
Massachusetts	$306,112	$291,509	$281,979	**-7.88%**	-$24,616,928,736	-$20,760,125,518	-$13,549,139,301	**-$58,926,193,556**
Maryland	$425,655	$394,690	$365,607	**-14.11%**	-$16,894,974,442	-$48,239,079,004	-$45,306,717,146	**-$110,440,770,591**
Maine	$198,149	$191,357	$183,771	**-7.26%**	-$1,055,336,914	-$2,535,723,914	-$2,831,891,568	**-$6,422,952,396**
Michigan	$150,209	$142,272	$141,196	**-6.00%**	-$35,837,043,298	-$23,739,018,186	-$3,218,382,662	**-$62,794,444,147**
Minnesota	$233,951	$222,789	$218,015	**-6.81%**	-$16,665,052,024	-$17,399,399,465	-$7,440,482,590	**-$41,504,934,079**
Missouri	$147,245	$146,071	$145,075	**-1.47%**	-$2,264,953,455	-$2,040,667,578	-$1,732,262,154	**-$6,037,883,187**
Mississippi	$162,316	$164,013	$166,871	**2.81%**	$904,325,667	$1,308,958,459	$2,203,548,819	**$4,416,832,944**
Montana	$240,971	$246,192	$250,475	**3.94%**	$2,140,084,993	$1,401,690,141	$1,150,026,656	**$4,691,801,790**
North Carolina	$208,853	$208,320	$207,072	**-0.85%**	$7,139,400,807	-$1,286,881,016	-$3,016,148,429	**$2,836,371,361**
North Dakota	$187,782	$188,752	$188,971	**0.63%**	$1,459,979,522	$180,573,641	$40,798,497	**$1,681,351,660**
Nebraska	$140,369	$140,146	$139,994	**-0.27%**	-$685,311,284	-$121,658,614	-$82,572,045	**-$889,541,943**
New Hampshire	$243,690	$230,466	$221,411	**-9.14%**	-$3,317,057,255	-$4,497,251,776	-$3,079,313,800	**-$10,893,622,830**
New Jersey	$371,613	$341,530	$307,550	**-17.24%**	-$27,439,552,941	-$60,961,749,896	-$68,861,337,887	**-$157,262,640,724**
New Mexico	$211,489	$204,930	$195,912	**-7.37%**	$2,026,537,271	-$3,275,629,629	-$4,504,013,539	**-$5,753,105,897**
Nevada	$329,401	$268,268	$224,261	**-31.92%**	-$19,918,583,963	-$37,718,077,468	-$27,151,368,183	**-$84,788,029,614**
New York	$259,010	$242,971	$227,860	**-12.03%**	-$23,324,851,578	-$53,671,992,730	-$50,567,269,672	**-$127,564,113,980**
Ohio	$237,298	$226,062	$226,858	**-4.40%**	-$30,491,188,770	-$37,999,223,217	$2,691,886,312	**-$65,798,525,675**
Oklahoma	$128,673	$129,214	$129,230	**0.43%**	$2,308,254,236	$578,323,397	$16,574,338	**$2,903,151,972**
Oregon	$293,014	$273,213	$256,826	**-12.35%**	$1,347,828,317	-$19,571,424,728	-$16,198,125,603	**-$34,421,722,015**
Pennsylvania	$274,621	$270,292	$266,096	**-3.10%**	-$5,318,355,507	-$16,068,269,614	-$15,573,452,043	**-$36,960,077,164**
Rhode Island	$269,480	$239,437	$219,271	**-18.63%**	-$4,021,267,915	-$7,377,083,525	-$4,951,929,761	**-$16,350,281,201**
South Carolina	$194,526	$194,085	$194,120	**-0.21%**	$838,695,180	-$492,368,106	$38,741,074	**$385,068,148**
South Dakota	$166,239	$168,267	$169,939	**2.23%**	$525,154,766	$458,798,553	$377,952,273	**$1,361,905,592**
Tennessee	$188,224	$189,663	$190,811	**1.37%**	$2,422,056,894	$2,498,567,895	$1,993,240,045	**$6,913,864,834**
Texas	$153,505	$154,968	$156,010	**1.63%**	$15,274,826,070	$8,281,091,624	$5,898,090,400	**$29,454,008,095**
Utah	$273,214	$251,724	$228,139	**-16.50%**	$9,035,597,128	-$13,160,918,249	-$14,444,555,219	**-$18,569,876,341**
Virginia	$389,199	$361,105	$336,529	**-13.53%**	-$21,313,491,961	-$60,651,231,106	-$53,058,401,926	**-$135,023,124,993**
Vermont	$193,391	$183,018	$174,000	**-10.03%**	-$319,982,030	-$1,835,403,162	-$1,595,800,861	**-$3,751,186,053**
Washington	$343,433	$333,100	$324,947	**-5.38%**	$11,218,825,416	-$17,138,421,870	-$13,522,040,740	**-$19,441,637,194**
Wisconsin	$199,678	$197,044	$194,696	**-2.49%**	-$4,496,902,373	-$4,227,161,857	-$3,767,896,089	**-$12,491,960,319**
West Virginia	$178,247	$181,943	$184,752	**3.65%**	-$312,967,134	$2,045,036,409	$1,554,784,582	**$3,286,853,858**
Wyoming	$227,117	$227,944	$228,367	**0.55%**	$1,497,083,953	$120,222,652	$61,607,926	**$1,678,914,531**
United States	**$260,734**	**$243,978**	**$231,855**	**-11.08%**	**-$736,160,105,369**	**-$1,144,177,880,280**	**-$748,265,457,079**	**-$2,628,603,442,728**

Prepared by the Joint Economic Committee staff based on data available as of April 2008.

Sources: Median home prices calculated using Federal Housing Finance Board data for single-family homes; historical home price indices from the Office of Federal Housing Enterprise Oversight (OFHEO); forecasts of OFHEO price indices from Moody's Economy.com; state household quantities from the U.S. Census Bureau; and Congressional Budget Office (CBO) forecasts of personal consumption expenditure deflators.

Impact of Subprime Foreclosures on Home Equity, Property Values and Property Taxes

State	Estimated Outstanding Subprime Loans	Average Home Value (2008--Q1)	Estimated Total Subprime Foreclosures 2008 - 2009	Estimated Cumulative Loss of Property Value 2008 - 2009 (February 2008 Dollars)			Estimated Cumulative Loss of Property Taxes 2008 - 2009 (February 2008 dollars)		
				Total	Direct	Neighborhood	**Total**	Direct	Neighborhood
Alaska	12,899	$265,905	931	**$61,803,613**	$54,216,887	$7,586,726	**$642,387**	$563,530	$78,856
Alabama	75,341	$130,742	7,891	**$281,240,188**	$237,279,325	$43,960,862	**$862,119**	$727,361	$134,759
Arkansas	36,465	$116,898	3,611	**$108,438,152**	$94,483,205	$13,954,946	**$541,613**	$471,913	$69,700
Arizona	233,786	$260,929	49,890	**$2,891,531,330**	$2,553,738,908	$337,792,422	**$14,867,239**	$13,130,429	$1,736,810
California	960,786	$443,916	211,248	**$24,648,847,370**	$19,008,104,636	$5,640,742,734	**$115,491,146**	$89,061,681	$26,429,465
Colorado	146,378	$257,024	22,576	**$1,481,173,604**	$1,253,028,259	$228,145,344	**$8,566,513**	$7,247,012	$1,319,501
Connecticut	78,283	$288,876	13,228	**$1,286,132,541**	$803,973,200	$482,159,342	**$17,422,384**	$10,890,892	$6,531,493
District of Columbia	10,991	$384,116	1,776	**$248,447,883**	$141,372,882	$107,075,001	**$915,006**	$520,660	$394,345
Delaware	22,035	$239,521	3,241	**$200,611,388**	$169,083,856	$31,527,532	**$762,341**	$642,534	$119,807
Florida	716,953	$250,409	177,401	**$13,168,247,168**	$9,016,781,942	$4,151,465,226	**$97,248,590**	$66,589,678	$30,658,913
Georgia	261,260	$183,928	34,332	**$1,920,165,507**	$1,418,089,904	$502,075,603	**$14,095,092**	$10,409,576	$3,685,517
Hawaii	24,465	$513,404	3,762	**$885,196,306**	$403,980,063	$481,216,243	**$2,020,393**	$922,054	$1,098,340
Iowa	35,288	$116,888	6,013	**$191,822,665**	$156,935,425	$34,887,240	**$2,412,264**	$1,973,540	$438,724
Idaho	31,294	$212,739	4,843	**$258,330,119**	$221,642,560	$36,687,559	**$2,001,704**	$1,717,426	$284,278
Illinois	269,346	$241,223	53,591	**$4,722,183,934**	$2,828,231,806	$1,893,952,128	**$72,200,824**	$43,242,845	$28,957,979
Indiana	155,499	$123,564	28,953	**$1,034,804,182**	$802,880,783	$231,923,399	**$9,645,027**	$7,483,354	$2,161,672
Kansas	40,704	$126,502	4,683	**$159,919,372**	$133,443,328	$26,476,044	**$1,959,851**	$1,635,381	$324,470
Kentucky	64,961	$126,560	10,588	**$404,708,153**	$298,776,343	$105,931,810	**$2,730,869**	$2,016,067	$714,801
Louisiana	81,679	$139,458	11,252	**$435,729,528**	$360,992,408	$74,737,120	**$679,996**	$563,362	$116,634
Massachusetts	111,016	$332,058	20,954	**$2,845,891,622**	$1,476,377,624	$1,369,513,998	**$24,548,120**	$12,734,953	$11,813,167
Maryland	157,066	$317,885	24,391	**$2,807,203,345**	$1,645,272,407	$1,161,930,938	**$19,575,777**	$11,473,157	$8,102,620
Maine	23,204	$193,614	4,385	**$245,106,263**	$185,869,878	$59,236,385	**$2,541,630**	$1,927,378	$614,252
Michigan	265,370	$137,822	53,663	**$2,334,722,438**	$1,577,484,354	$757,238,085	**$30,033,090**	$20,292,232	$9,740,858
Minnesota	112,714	$217,084	24,437	**$1,381,213,973**	$1,143,981,795	$237,232,178	**$11,808,650**	$9,780,440	$2,028,210
Missouri	134,813	$143,460	15,930	**$664,459,829**	$509,873,974	$154,585,855	**$5,647,153**	$4,333,349	$1,313,804
Mississippi	48,084	$113,791	6,368	**$194,167,214**	$166,914,430	$27,252,784	**$957,687**	$823,269	$134,418
Montana	10,490	$211,543	936	**$47,992,795**	$46,196,574	$1,796,222	**$423,139**	$407,302	$15,837
North Carolina	182,014	$175,162	19,669	**$1,016,085,856**	$783,226,490	$232,859,366	**$7,687,297**	$5,925,577	$1,761,720
North Dakota	3,745	$120,554	398	**$11,105,457**	$10,705,467	$399,990	**$159,954**	$154,193	$5,761
Nebraska	22,864	$121,273	2,829	**$97,315,074**	$75,571,598	$21,743,476	**$1,657,295**	$1,287,000	$370,296
New Hampshire	28,336	$254,434	4,025	**$431,442,086**	$216,254,027	$215,188,059	**$7,047,569**	$3,532,491	$3,515,078
New Jersey	171,671	$344,281	32,537	**$5,905,000,243**	$2,320,223,321	$3,584,776,923	**$92,988,452**	$36,537,505	$56,450,947
New Mexico	30,731	$205,500	3,982	**$198,142,406**	$182,826,605	$15,315,800	**$1,048,246**	$967,220	$81,026
Nevada	126,910	$299,301	30,278	**$1,780,554,867**	$1,715,517,765	$65,037,102	**$8,631,624**	$8,316,342	$315,281
New York	350,959	$373,100	58,339	**$8,492,026,348**	$4,620,403,273	$3,871,623,074	**$92,393,471**	$50,270,109	$42,123,361
Ohio	276,821	$132,044	60,307	**$2,547,333,455**	$1,714,809,091	$832,524,364	**$32,218,493**	$21,688,784	$10,529,709
Oklahoma	64,679	$112,723	8,256	**$243,924,042**	$209,010,496	$34,913,546	**$1,747,477**	$1,497,356	$250,121
Oregon	80,955	$276,562	11,170	**$791,290,101**	$668,508,713	$122,781,388	**$6,675,465**	$5,639,659	$1,035,806
Pennsylvania	258,328	$163,668	36,102	**$1,962,743,567**	$1,311,997,036	$650,746,531	**$27,805,534**	$18,586,625	$9,218,909
Rhode Island	24,034	$272,246	5,207	**$577,618,156**	$287,606,154	$290,012,001	**$6,223,508**	$3,098,793	$3,124,715
South Carolina	95,286	$170,423	14,336	**$691,781,778**	$558,014,691	$133,767,087	**$3,973,224**	$3,204,937	$768,286
South Dakota	6,000	$130,665	728	**$23,065,302**	$21,739,888	$1,325,414	**$301,119**	$283,816	$17,303
Tennessee	150,508	$139,679	15,678	**$629,023,295**	$500,038,455	$128,984,839	**$4,394,476**	$3,493,364	$901,113
Texas	510,499	$148,827	53,936	**$2,380,570,780**	$1,829,303,633	$551,267,147	**$44,312,028**	$34,050,722	$10,261,306
Utah	66,234	$262,719	9,041	**$548,620,375**	$520,296,099	$28,324,276	**$3,448,887**	$3,270,827	$178,060
Virginia	171,710	$278,387	25,740	**$2,305,816,372**	$1,511,189,171	$794,627,201	**$14,777,243**	$9,684,730	$5,092,513
Vermont	5,931	$208,514	1,111	**$63,911,636**	$49,668,871	$14,242,765	**$1,005,366**	$781,320	$224,047
Washington	142,655	$313,619	18,123	**$1,580,261,231**	$1,274,260,770	$306,000,461	**$13,912,913**	$11,218,828	$2,694,085
Wisconsin	77,216	$166,046	14,640	**$709,668,041**	$539,557,652	$170,110,389	**$12,348,658**	$9,388,633	$2,960,025
West Virginia	20,303	$132,998	1,670	**$59,755,965**	$51,149,035	$8,606,931	**$281,126**	$240,634	$40,492
Wyoming	7,520	$185,647	793	**$35,226,779**	$34,596,404	$630,375	**$187,371**	$184,018	$3,353
United States	6,997,075	$252,777	1,229,772	**$97,992,373,693**	$67,715,481,462	$30,276,892,232	**$845,827,400**	$554,884,856	$290,942,544

Prepared by the Joint Economic Committee staff based on data available as of April 2008.

Sources: Number of outstanding subprime mortgages and current subprime foreclosure rates from Mortgage Bankers Association survey data; average home value calculated using the 2006 Home Mortgage Disclousure Act (HMDA) data for subprime first-lien loans and loan-to-value ratios courtesy of the Center for Responsible Lending; historical home price indices from the Office of Federal Housing Enterprise Oversight (OFHEO); forecasts of OFHEO price indices from Moody's Economy.com; Congressional Budget Office (CBO) forecasts of personal consumption expenditure deflators; state property tax rates from U.S. Census Bureau and the Tax Foundation; state household densities, by MSA, from the U.S. Census Bureau.