Foreclosures in the Windy City

Chicago 2008

National Training and Information Center
Real People. Real Issues. Real Results.

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About the National Training and Information Center:

For over 36 years, the National Training and Information Center (NTIC) has led efforts to reform the mortgage lending industry, combat discriminatory lending practices, and improve homeownership opportunities for low- and moderate-income families across the country and here in our hometown of Chicago.

NTIC was born out of work being done initially in Chicago, and later across the country, to prevent FHA foreclosures, and encourage community reinvestment by banking institutions. In the 1970s, the NTIC Network lead the charge to pass the Home Mortgage Disclosure Act (HMDA), which mandated public reporting from financial institutions that correlates the race, income, and gender of borrowers with the terms of the loan. This landmark corporate disclosure campaign made it possible to prove indisputably that banks were discriminating against minority borrowers, and helped build the political will necessary to pass the transformative Community Reinvestment Act (CRA) in 1977. CRA has since resulted in the reinvestment of trillions of dollars into low and moderate income communities throughout the country.

Our work to address inequities in the housing and banking industries is based on a strategy that integrates expert research and analysis to inform community responses and government initiatives and advocacy and organizing to drive forward aggressive policy and industry reforms.

The Chicago Foreclosure Report is part of our work to ensure that community organizations, media outlets, elected officials, and government stakeholders have access to solid information as they work to craft effective, targeted strategies to keep families in their homes.

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2008: "A Trail of Casualties" in Chicago

Without a doubt 2008 will be remembered as the year when the destructive impact of subprime lending and foreclosures shook the very foundations of our nation's economy and became front page news around the world. For the city of Chicago, like the nation as a whole, the year of 2008 ended with a record number of home foreclosure filings. Last year's new foreclosure starts nearly doubled since 2006 and have increased across the city in virtually every neighborhood. The foreclosure problem is no longer confined to working families in low income neighborhoods.

The 2008 data[1] illuminates two faces of the foreclosure crisis in Chicago: historic levels of foreclosures in low-income communities of color that have long suffered from predatory lending and subprime loans and the explosion of failed loans in moderate and middle income areas previously less affected by foreclosures.

Of Chicago's nearly 20,000 new foreclosures last year we know that three out of every four loans were Adjustable Rate Mortgages (ARMs) or other high-risk loan products[2]. Furthermore, the majority of foreclosures (86%) occurred on mortgages made within the past three years. This statistic suggests that the spike in foreclosures in 2008 did not occur by accident or due to a mere cyclical downturn in the economy. Chicago reported its highest level of home foreclosures ever due to the reckless lending and unregulated financial practices that have existed for decades and which came to a terrible climax in the years 2005 through 2007. The bulk of these loans were loans made to fail –and in 2008 they did.

Without further action, the record number of foreclosures in 2008 is headed to produce a record number of homes lost to foreclosure. Data already shows that over 3,600 residential properties in the city were lost to foreclosure and reverted to the lender or lien holder as an REO. Over two-thirds (66.8%) of the REO properties lost in foreclosure were located in low and moderate income communities of color in Chicago. The prospect of thousands more vacant properties held by lenders, not residents, in areas of declining real estate values coupled with a frozen housing market threatens further neighborhood decline and worsening of our economy.

Before looking closer at Chicago's 2008 foreclosures, we should take a moment to consider the origins of our current troubles.

1. Source for raw foreclosure data is the Foreclosure Report of Chicago (FROC). See Appendix 1 for methodology details.
2. Including "High Cost" Fixed-Rate loans and Balloon Payment Loans. See report pages 9-10 for more details.

Origins of the Foreclosure Crisis

The origins of the current foreclosure crisis date back to a series of deliberate government actions taken over the past decades to deregulate the financial sector. During the early years of the Reagan administration, the federal government passed legislation that allowed banks to charge higher interest rates on home loans and to issue non-traditional mortgage products such as adjustable rate mortgages[3] –loans which now make up the bulk of Chicago's tidal wave of foreclosures.

Subprime lending, once a very small niche of home lending in the 1980's, became a growth industry in the 1990's. As Wall Street's latest financial instruments increasingly fueled billions of dollars into subprime lending[4], there was no accompanying federal action to regulate the new face of the mortgage industry. From the independent mortgage broker making a loan, to the investment banks buying and securitizing thousands of those loans, to the derivative markets which spread the risk of wild subprime lending across the global economy - no meaningful government oversight was enacted.

Alan Greenspan, Federal Reserve Chairman from 1987 to 2006 and the single most influential architect of America's modern financial system, refused time and time again to impose meaningful regulation on financial markets or the mortgage industry in particular.[5] Even as the problems with predatory subprime lending -concentrated in our nation's lower income and minority communities- became evident at the beginning of this century, the Clinton and Bush administrations along with Congress failed to enact strong regulation that could have adverted the looming crisis.

As an unregulated Wall Street supplied billions and then trillions of dollars to unchecked mortgage companies, the home mortgage industry changed dramatically in the early years of the 21st century. With enormous profits to be made from the sale of home loans and the fact that subprime loans were even more profitable for brokers and lenders[6], the mortgage industry became dominated by an "originate-to-sell" mentality. The desire to make and sell loans no matter how risky replaced the industry's traditional underwriting standards that for decades held lenders to assess risk more realistically. And with an ideological bias against regulation, our government failed to put into place even basic, common-sense standards to ensure sound mortgage underwriting, to protect consumers from fraud, and to maintain a sound financial system[7].

3. The Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA) abolished state usury caps on interest rates banks could charge on primary mortgages thereby giving banks more incentive to make loans to homebuyers with less-than-perfect credit. See: http://www.fdic.gov/regulations/laws/rules/8000-2200.html The Alternative Mortgage Transactions Parity Act of 1982 (AMTPA) removed restrictions on banks to make only fixed-rate amortizing mortgages and in their place allowed alternative mortgages products such as ARMs, balloon mortgages, Interest-only and Pay-option mortgages that would become common place in the years leading up to the current mortgage crisis.
See: http://www.fdic.gov/regulations/laws/rules/8000-4100.html

4. Connor, Kevin. "Wall Street and the Making of the Subprime Disaster". National Training and Information Center. Nov. 2007.

5. Hirsh, Michael. "Greenspan's Folly." Newsweek, Sept. 17, 2008. http://www.newsweek.com/id/159346 Also See: Ip, Greg. "Did Greenspan Add to Subprime Woes?" Wall Street Journal June 9, 2007. http://online.wsj.com/article/SB118134111823129555.html The Home Ownership and Equity Protection Act (HOEPA) passed by Congress in 1994 gave the Federal Reserve authority to regulate basic standards for mortgages. Greenspan passed on issuing any mortgage guidelines in his remaining 12 years at the Fed. Greenspan made no secret that he favored hands-off industry-led "market regulation" and his belief that regulators could not understand much less effectively regulate financial systems without causing more harm than good. In 2000 Former Federal Reserve Governor Ed Gramlich urged Greenspan numerous times to issue rules limiting predatory mortgages but Greenspan refused on ideological grounds.

6. Morgenson, Gretchen. "Inside the Countrywide Lending Spree" The New York Times, Aug. 26, 2007 http://www.nytimes.com/2007/08/26/business/yourmoney/26country.html?_r=2&pagewanted=1

7. As late as April 2005, with subprime lending in full swing and Wall Street securitization of mortgages reaching $1 trillion annually, Greenspan expressed complete confidence in lenders' ability to access risk and added that subprime lending would in fact work for the common good without government interference. See testimony: http://www.federalreserve.gov/BoardDocs/speeches/2005/20050408/default.htm

> *"The true measure of a career is to be able to be content, even proud, that you succeeded through your own endeavors without* ***leaving a trail of casualties in your wake****."*
> -Alan Greenspan, Federal Reserve Chairman 1987-2006

This brings us to the present day. Twenty thousand new foreclosures in Chicago are a real-life "trail of casualties" left in the wake of our country's failed experiment with deregulation. But the problems of 2008 can also represent a change from the past and the beginning of a new responsible approach to housing and finance in the United States. Many of the foreclosures cases in 2008 can still be stopped to keep families in their homes through permanently affordable loan modifications.

The declining economy and the broken financial system will not be fixed until the foreclosure crisis ends. Ending the foreclosure crisis will stabilize home prices, stabilize the prices of mortgage-backed securities and therefore stabilize the financial system. And, importantly, get banks to lend again in communities across America. NTIC's Save the American Dream campaign since 2007 has been fighting against the tidal wave of foreclosures spawned by predatory subprime lending. The Save the American Dream campaign continues to work with communities and decision-makers to:

- Keep families in their homes and end the foreclosure crisis;
- Make transparency a condition of receiving government rescue funds;
- Fix the broken financial system;
- Rebuild neighborhoods and communities hardest hit by the crisis.

Increase in Chicago Home Foreclosures: 2000 - 2008

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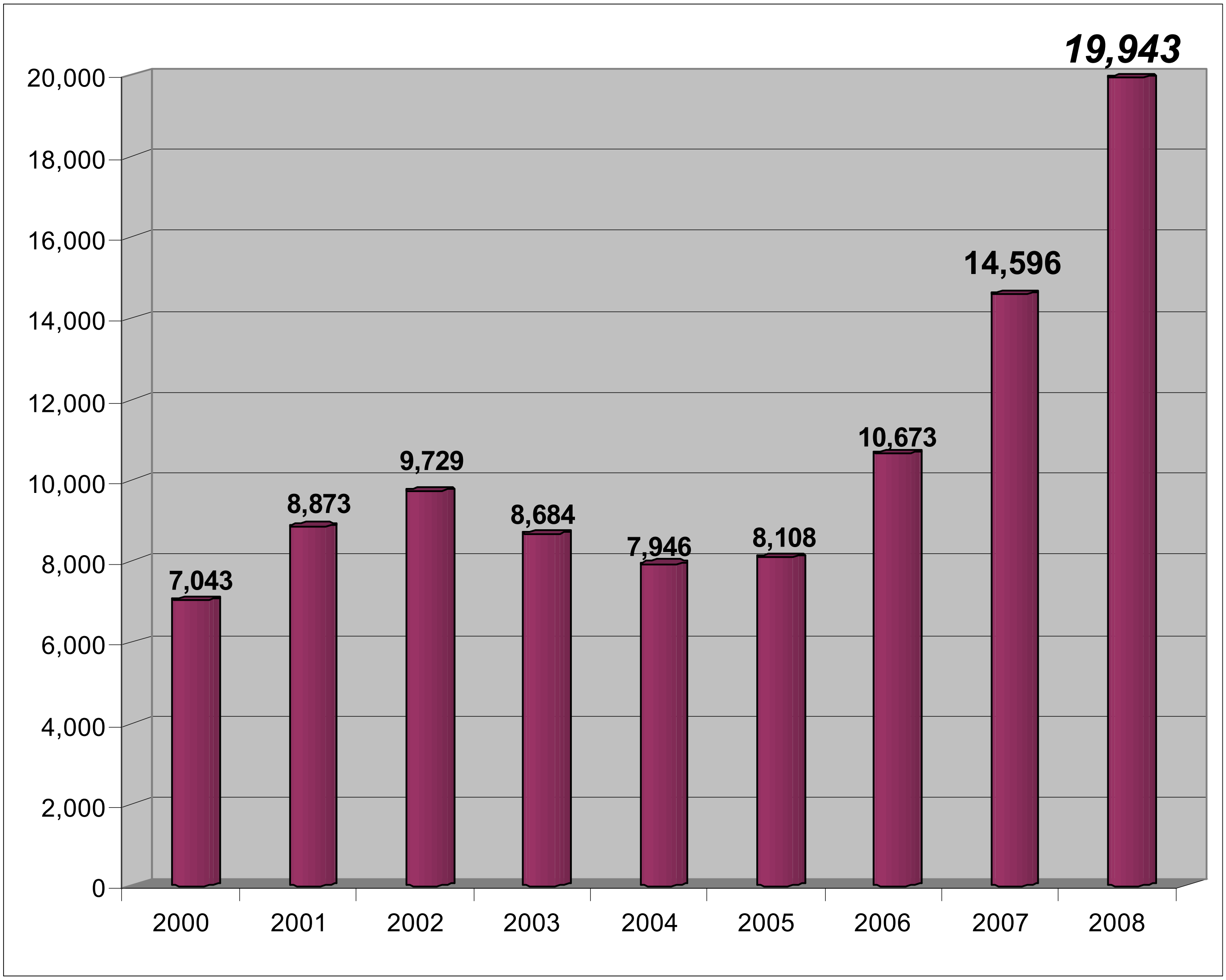
Residential Foreclosure Filings in Chicago: 2000 - 2008



Key Finding: A Record of nearly 20,000 Foreclosures in 2008

The year of 2008 ended with a record number of foreclosures filings on residential properties in the city of Chicago.[8]

The nearly 20,000 individual foreclosure filings in 2008 represent a 185% increase from the annual foreclosures at the start of the decade. 2008's foreclosures were almost double the number reported in 2006 and also a 37% increase over number of foreclosure filings in 2007. This increase in foreclosure starts in 2008 is even more significant increase given that 2007 yielded a previous record number of foreclosures.

[8] A foreclosure filing or "foreclosure start" as referred to in this report is the initial legal filing made by lender/plaintiff to begin the foreclosure process. This figure counts only initial foreclosure filings on unique, delinquent loans on a property. See methodology in Appendix XX for details.

Chicago Home Foreclosure Filings: 2006 and 2008

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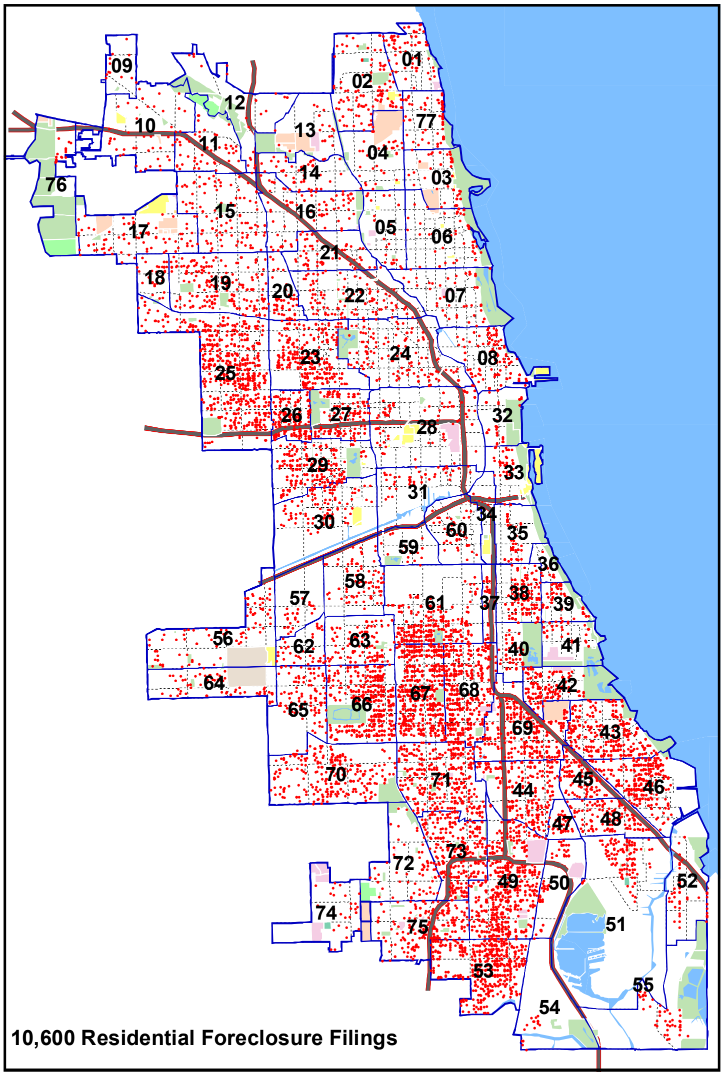
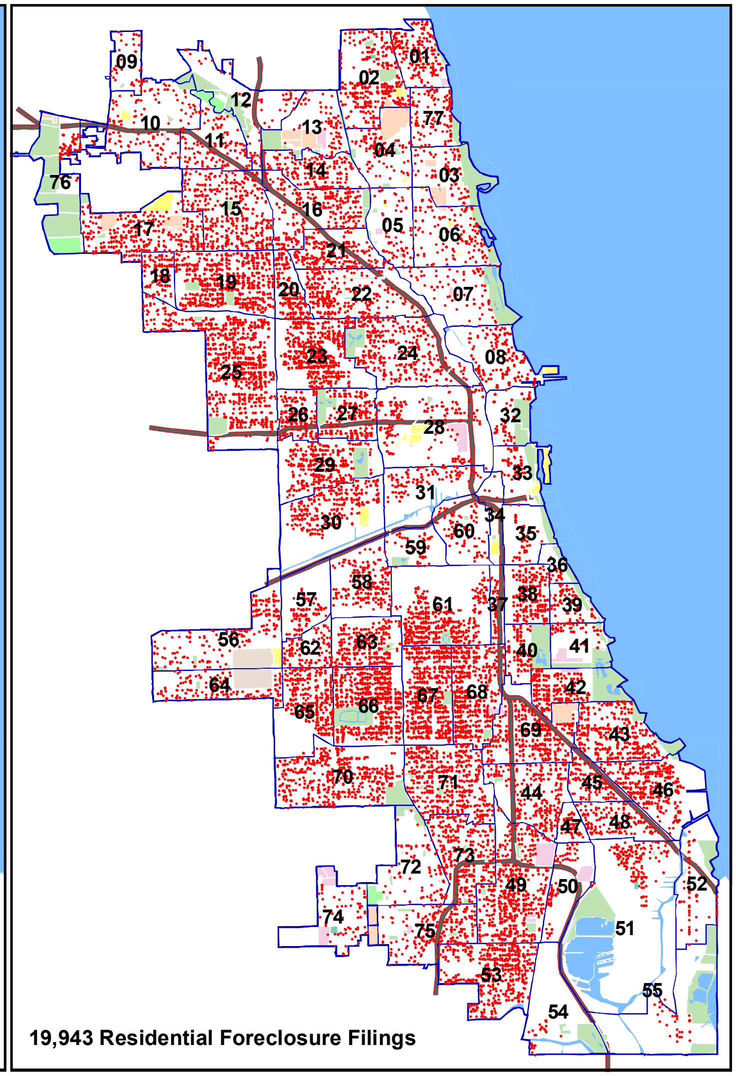
2006 Foreclosure Filings



2008 Foreclosure Filings



A Doubling of Foreclosures in 2 Years

As the above maps illustrate, Chicago experienced almost a doubling (87% increase) in foreclosure filings in 2008 over the number of filings in 2006. All but one of Chicago's 77 official community areas experienced a increase in foreclosure filings from 2006 to 2008.

Mapping of the 2008 foreclosures shows an extreme concentration of foreclosures in areas with historically high rates of foreclosures (the City's South and West sides) as well as a notable increases in areas previously less impacted by foreclosures (Northwest Side and Far North Side).

Map of 2008 Home Foreclosure Filings in Chicago

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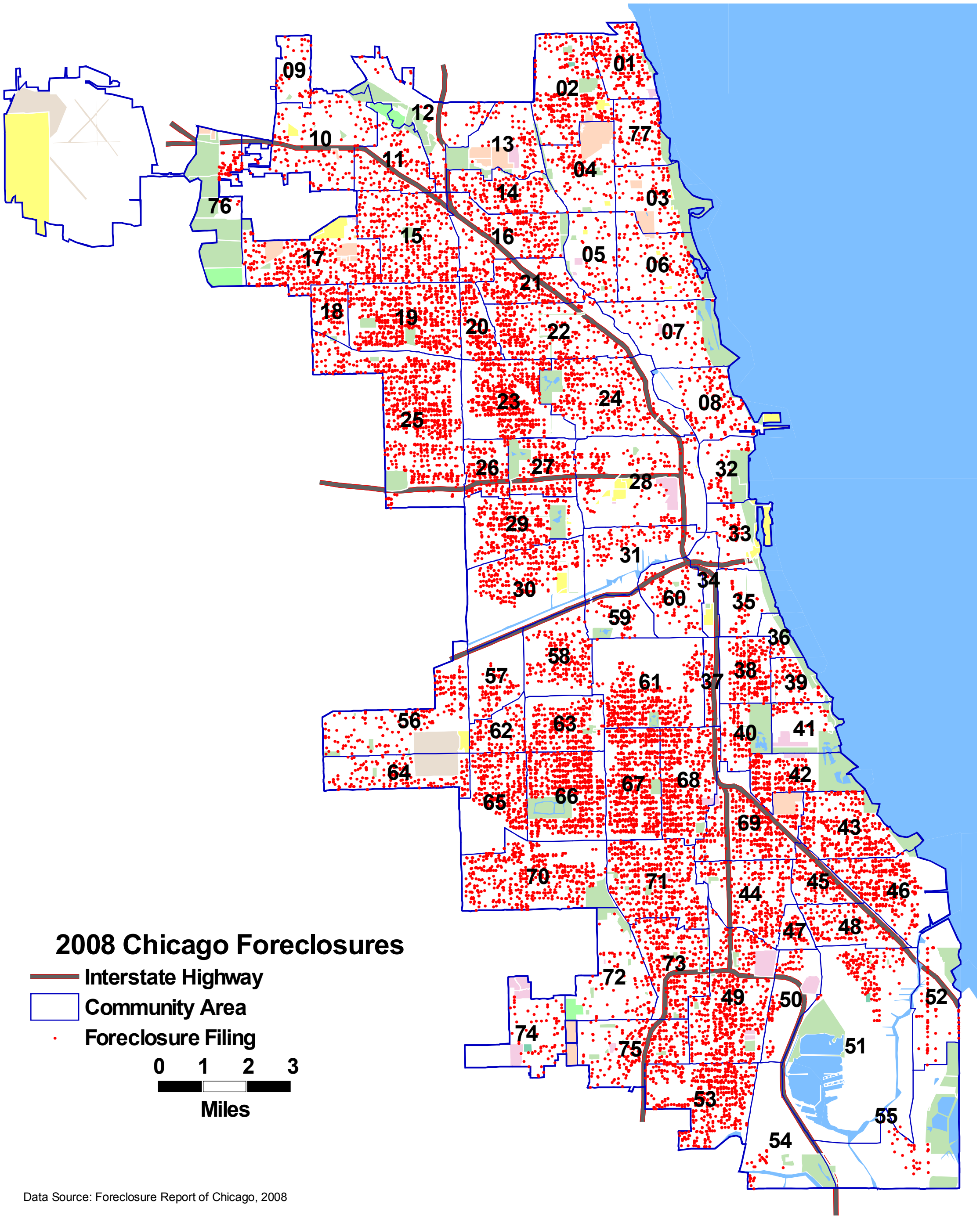


Foreclosure Increases in virtually every Chicago Community

The year of 2008 ended with a record number of foreclosures filings on residential properties in the city of Chicago. Austin (#25 on map), Chicago Lawn (66), and Belmont-Craigin (19) led the Chicago Community Areas with the most total foreclosures. West Ridge (02), Dunning (17) and Albany Park (14), recorded the biggest increases in foreclosure filings from 2006. (*See Appendix 1-A for foreclosure totals by Community Area*)

Age of Foreclosed Loan

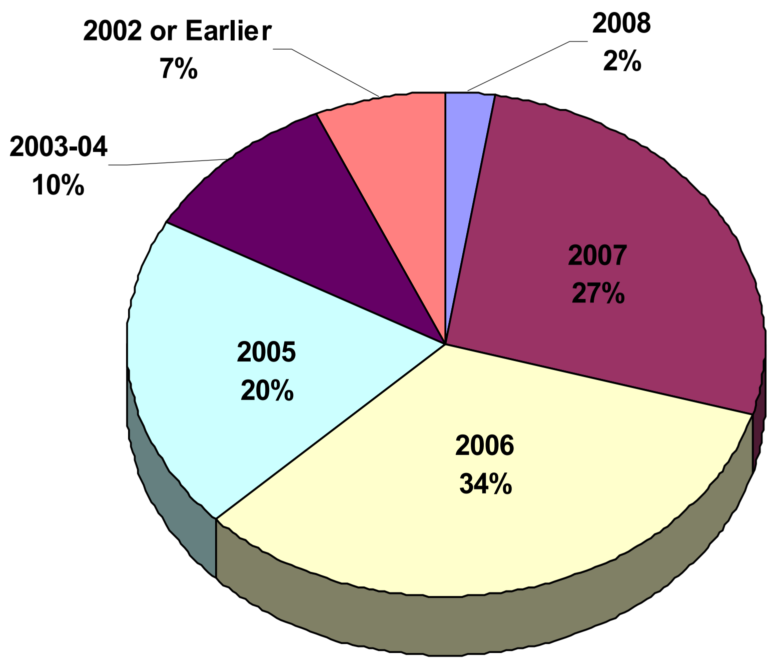
The vast majority of foreclosure fillings in 2008 were on loans made in the previous 3 years

Some 83% of all home foreclosures in 2008 were on loans made in the year 2005 or later. Mortgages made in 2006 most frequently ended in foreclosure in 2008, accounting for about one third (34%) of all foreclosures filings in the city[9]. The second most common origination year for failed loans was 2007 and accounts for more than one out of four (27%) of foreclosures last year. Less than 7% of foreclosures in 2008 were on mortgages held longer than 8 years.

The average age of the home loan in foreclosure in 2008 was only 2.7 years. This represents a 29% decline in the average age of a foreclosed home loan from 3.8 years in 2000.

The very young age of so many failed home loans in 2008 highlights the extreme erosion of lending standards during in the preceding years. With quick and easy profit to be made from the origination and sale of risky loans, many brokers and lenders abandoned traditional underwriting standards that considered a homeowner's debt level and their ability to actually repay the loan.

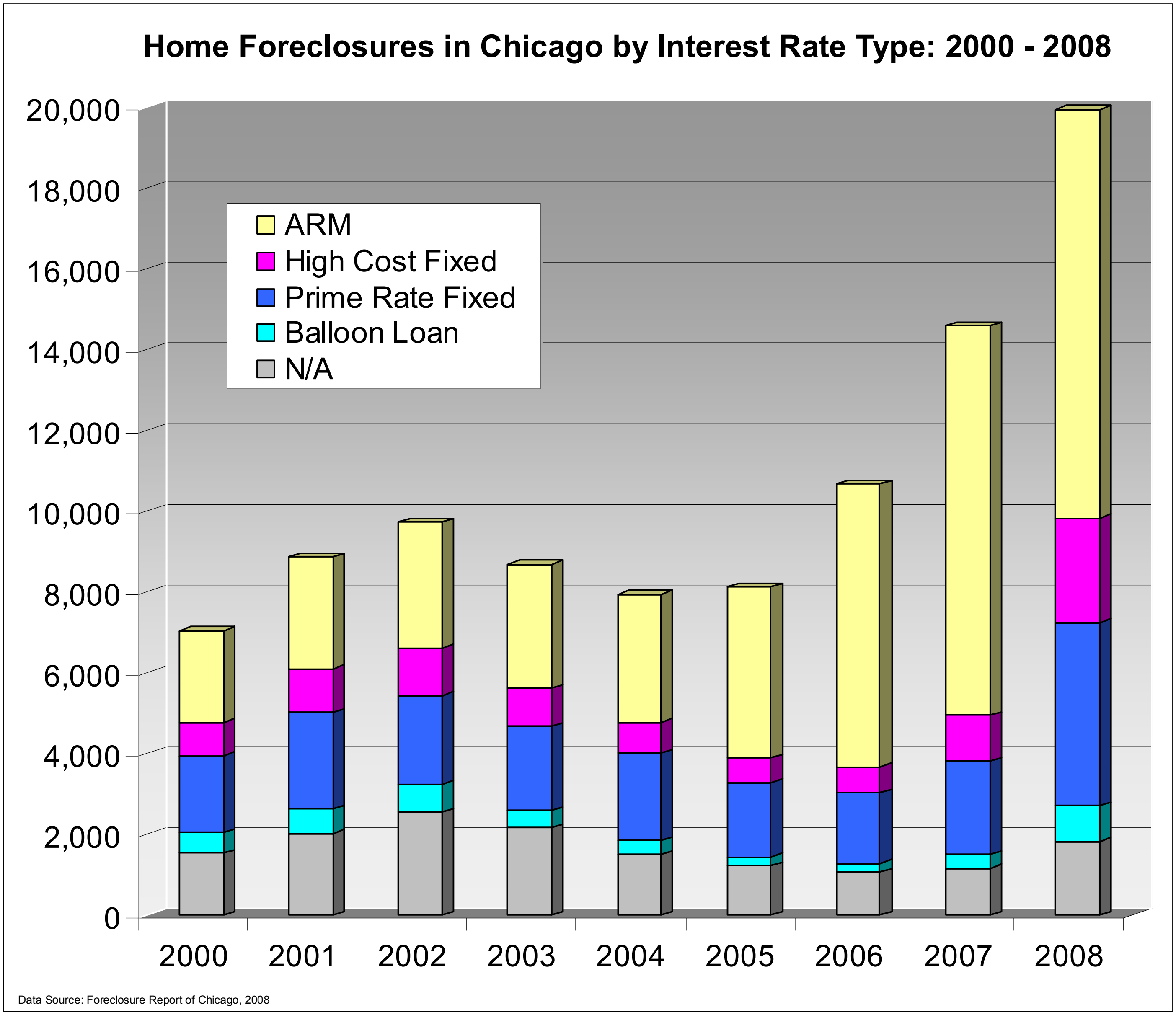
2008 Chicago Foreclosures by Year of Mortgage



Data Source: Foreclosure Report of Chicago, 2008

[9] See Appendix 3-B for a summary of home mortgage lending in Chicago in 2006.

Chicago Home Foreclosures 2000 - 2008
Analysis of Interest Rate Type



Three out of Four Foreclosures in 2008 were from ARMs or other high risk loans.

The reckless lending of the subprime years (2004 through 2007) is in full evidence in the details of Chicago's 19,943 foreclosures started in 2008. Reported increases in foreclosures from every class of loan are noted, but many of the loans in foreclosure in 2008 were risky and dangerous when originated.

Adjustable Rate Mortgages (ARMs), together with high cost fixed-rate loans[10] and other exotic loan products like balloon payments accounted for *three out of four of all foreclosures reported*.

[10] According to guidelines set by the Federal Reserve Board, a high cost loan has an interest rate 3% points above treasury securities of the same maturity.

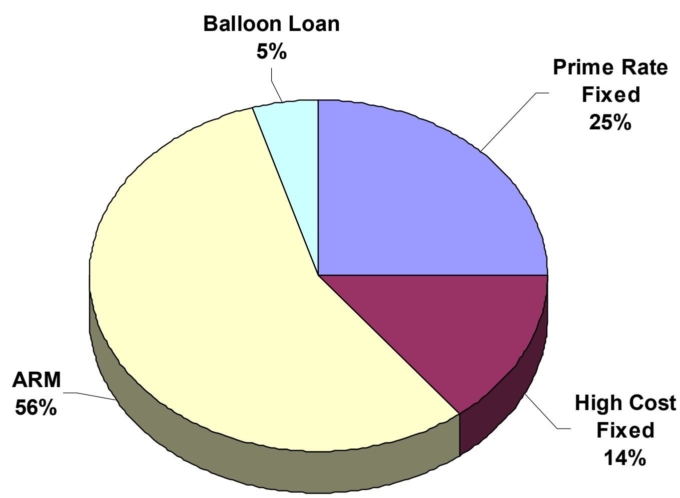
Analysis of Foreclosure Filings in Chicago by Interest Rate Type

Adjustable Rate Mortgages

Over 10,000 ARMs Fell into Foreclosure in 2008

Over half of the record breaking number of 2008 foreclosures were from failed ARMs. Like time bombs ticking away for the past 2 or 3 years, these ARMs and other dangerously risky loan products exploded into foreclosure in 2008. The number (10,069) of foreclosures from the disastrous ARMs alone would make 2008 one of the worst years EVER for foreclosures. The average monthly payment on a typical ARM reset at a 70% increase or more. As a result, a record number of homeowners were "caught" by the resets and fell behind on payments in 2008.

2008 Chicago Foreclosures by Interest Rate Type[11]



Data Source: Foreclosure Report of Chicago, 2008

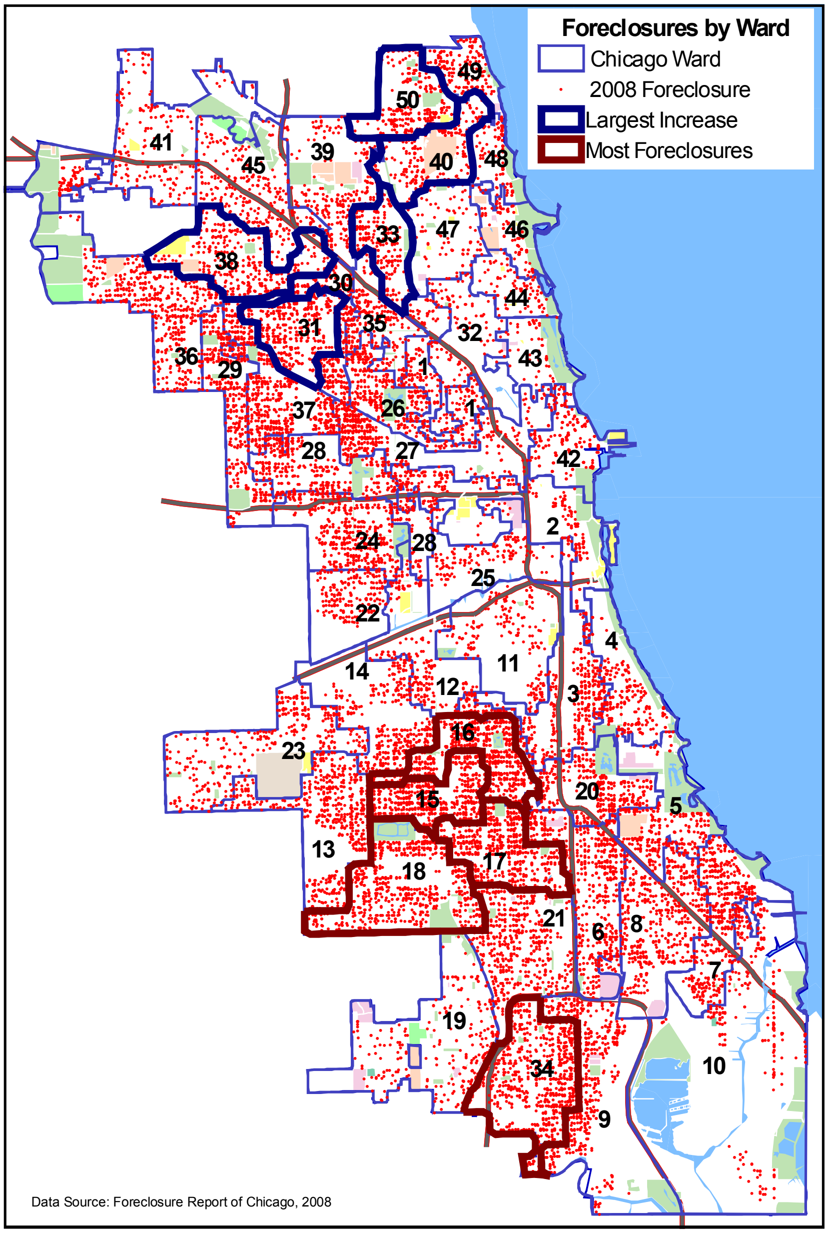
Fixed Rate Loans

One Third of Fixed-Rate Loans in Foreclosure had High Cost Interest Rates

In addition to the massive wave of failed ARMs, the annual number of fixed-rate loans going into foreclosure doubled in 2008. About one third of the all fixed-rate loans in foreclosure had a high cost interest rate with an average rate of 9.3% APR. A record breaking number of foreclosures (4,560) on fixed rate loans that were *not* high cost were also reported in 2008. These fixed-interest "prime rate" loans had an interest rate below 7.3% and averaged 6.75% APR. Why might these relatively lower cost fixed-rate loans also have failed in 2008? One important factor is the decline in properties values that occurred in 2008 brought about by the mortgage industry's reckless lending in previous years.[12] Mortgage lending data also tells us that in 2006 (the year in which most 2008 foreclosures were originated) over 63% of all home loans in Chicago were refinance loans or second mortgages.[13] The fact is that even fixed-rate loans with relatively low interest rates can be high risk when they overwhelm borrowers with more debt. The high level of refinance or "home equity" loans made in prior years, declining home values and an overall faltering economy together illustrate why an increasing number of fixed-rate loans fell into foreclosure in 2008.

[11] Percentages reflect only records that reported interest rate information. Some 9% of 2008 foreclosures did not report interest rate information to FROC.
[12] Case-Shiller reported a 14.3% year-on-year decline in Chicago Home prices in the 4th quarter of 2008.
[13] See Appendix ZZ for summary of home lending in 2006 in Chicago.

Foreclosure Crisis Deepens in the Hardest Hit Neighborhoods and Spikes in Middle Class Neighborhoods



The map shows Chicago's nearly 20,000 new foreclosures filings in 2008 by city ward.

The wards highlighted with a dark blue boarder on the North and Northwest side of Chicago represent the five city wards with the *largest increases* in foreclosure filings since 2006. Foreclosures in these wards increased by three to four times over the number reported just two ago. Wards with the largest two-year increase in foreclosures (31, 33, 38, 40, and 50) are largely moderate and middle income communities with a mixed population of Whites, Latinos, and other racial/ethnic groups.

The wards highlighted with a dark red boarder on Chicago's Southside represent the five wards with the *greatest number* of foreclosures reported in '08. These wards (15, 16, 17, 18, and 34) represent almost exclusively low and moderate income neighborhoods with a predominately African-American population.

Taken together the data illustrates the depth of the foreclosure crisis in Chicago in 2008: a further worsening of the problem in neighborhoods long hit hard by predatory lending, along with an explosion of foreclosures in more middle-class areas previously less affected by foreclosures.

Foreclosure Filings by City Ward: Chicago 2006 –2008

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New Foreclosure Cases by Ward

Ward Number	New Foreclosure Cases 2006	2007	2008	Change 06 to 08	Ward Number	New Foreclosure Cases 2006	2007	2008	Change 06 to 08
1	90	161	**257**	186%	**26**	110	218	**368**	235%
2	209	302	**449**	115%	**27**	215	317	**439**	104%
3	275	399	**485**	76%	**28**	336	470	**451**	34%
4	158	214	**285**	80%	**29**	273	352	**441**	62%
5	227	327	**350**	54%	**30**	119	208	**429**	261%
6	452	545	**578**	28%	**31**	118	214	**458**	288%
7	446	523	**523**	17%	**32**	49	88	**142**	190%
8	421	523	**566**	34%	**33**	52	138	**260**	400%
9	463	514	**566**	22%	**34**	727	757	**835**	15%
10	234	270	**318**	36%	**35**	75	123	**245**	227%
11	71	109	**191**	169%	**36**	149	261	**567**	281%
12	79	140	**211**	167%	**37**	316	405	**564**	78%
13	215	329	**620**	188%	**38**	88	215	**375**	326%
14	121	192	**406**	236%	**39**	76	149	**272**	258%
15	452	599	**700**	55%	**40**	66	114	**296**	348%
16	472	694	**735**	56%	**41**	80	151	**308**	285%
17	565	674	**685**	21%	**42**	194	261	**480**	147%
18	461	510	**720**	56%	**43**	47	82	**94**	100%
19	173	230	**263**	52%	**44**	27	51	**93**	244%
20	340	507	**612**	80%	**45**	102	149	**304**	198%
21	441	547	**564**	28%	**46**	86	129	**157**	83%
22	101	148	**205**	103%	**47**	40	54	**90**	125%
23	155	226	**358**	131%	**48**	105	130	**186**	77%
24	353	454	**538**	52%	**49**	85	138	**285**	235%
25	63	86	**174**	176%	**50**	96	192	**442**	360%
Data Source: Foreclosure Report of Chicago, 2008					**City of Chicago Totals:**	10,668	14,589	**19,940**	87%

In 2008, 48 out of 50 wards experienced an increase in foreclosures from 2007.[14] When compared with 2006 foreclosure levels, every ward experienced an increase in foreclosure filings in 2008. More than half of all city wards (28 wards) reported at least a doubling of foreclosures cases in the last two years while fourteen wards witnessed a tripling or more of foreclosures reported since 2006.

[14] The two wards that did not register an increase in foreclosures from '07 to '08 historically have had very high levels of reported foreclosures. Ward #7 finished 2008 the same number of foreclosures, 523, as in 2007. Ward #28 had 451 foreclosures reported in 2008, some 19 fewer than in 2007, but which nevertheless represents a 34% increase in foreclosures over 20006.

Homes Lost to Foreclosure in Chicago by Census Tract Race

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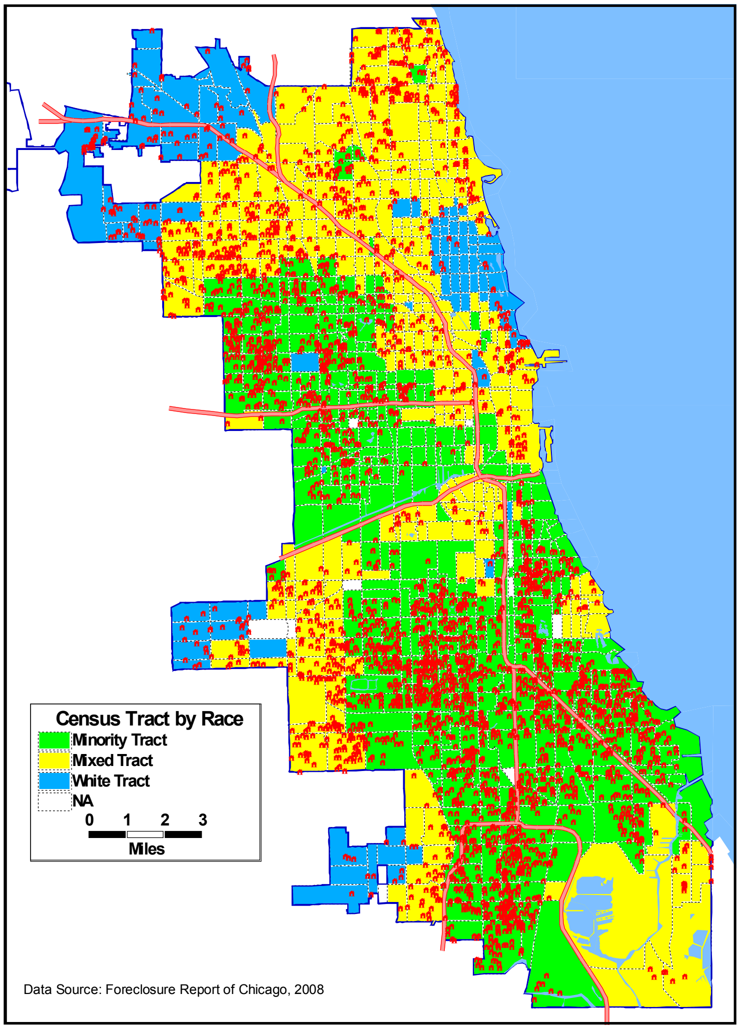
More than 3,700 Chicago Homes Lost to Foreclosure in 2008

A foreclosure filing is the beginning of a legal process that may end with the homeowner losing their property, savings, and equity. Just how many of the nearly 20,000 foreclosures started in 2008 end up as homes lost to foreclosure is to be determined. The data shows that over 3,700 Chicago homes were lost to foreclosure in 2008[15]. Over 80% of these cases were foreclosures which began in the preceding year (2007). Given the record number of foreclosure starts in 2008, without further action it is likely that 2009 will witness an even greater number of homes lost to foreclosure.



2008 Homes Lost by Year of Foreclosure Start

Year of Foreclosure Start	# of Homes Lost in 2008	% of Total
2004 or earlier	35	0.9%
2005	51	1.4%
2006	268	7.2%
2007	2993	80.8%
2008	359	9.7%
Total	*3706*	*100%*

2008 Homes Lost to Foreclosure by Tract Race

Census Tract	Properties Lost to Foreclosure	% of Total
Minority Tract	2,437	65.8%
Mixed Tract	1,090	29.4%
White Tract	179	4.8%
TOTAL	3,706	100%

Mapping of homes lost to foreclosure in 2008 shows that these properties were highly concentrated in minority areas on the South and West Sides of Chicago. Over 65% of properties lost to foreclosure were in minority census tracts and over 98% of these properties have end-up as real estate owned by the lender or lien holder.

15 Includes residential properties that reverted to the plaintiff/lien holder (REO) or were sold in a foreclosure auction to a third-party. In 2008, 98% of the properties that went to auction became an REO with the other 2% being sold to a third-party buyer, according to data reported.

Conclusion and Policy Recommendations

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The root of the current economic crisis can be found in the failure of existing regulatory framework to manage risk, maintain transparency and ensure fairness in the financial services market. From million dollar bonuses to billion dollar bailouts, the events of the past year have buried the notion that an unchecked market is fair and rational.

The housing crisis continues to cripple our economy and can no longer be ignored. Once the bleeding wound of foreclosures is addressed a bold package of smart regulatory reforms – like those put forward by the Congressional Oversight Panel – are needed.

The Save the American Dream campaign has long held that financial institutions should be held accountable within a strong and fair regulatory framework. A solid foundation of homeownership fueled by healthy lending practices will ensure a robust housing market. Save the American Dream calls for the following actions and solutions:

1) End the foreclosure crisis and keep families in their homes.

- *Fully implement the comprehensive plan announced by President Obama: the Housing Affordability and Stability Plan.*
- *Modify all loans in danger of foreclosure to be permanently affordable.*
- *Allow the judicial modification of home mortgages so that struggling homeowners can receive the same relief currently allowed only for investment properties and vacation homes.*
- *Extend liability protection to loan servicers who undertake responsible loan modifications to help homeowners escape foreclosure.*

2) Make transparency a condition of receiving government rescue funds.

- *Require recipients of TARP, HASP, and government funds to use to disclose detailed information about their loans and transactions for the past five years as well as their current and ongoing loans and transactions.*
- *Lenders and servicers should disclose loan performance data for all loans originated within the past five years complete with the linked HMDA loan origination data and adding the loan format fees, interest rate, and credit score, the current status, default, repayment plan status, and foreclosure status, and the outcome of any loan no longer active.*

3) Fix the broken financial system.

- *Modernize the Community Reinvestment Act to include regulations for any financial institution that touches home loans, from origination to securitization.*
- *Adopt and pass the smart regulatory reform recommendations by the Congressional Oversight Panel.*

APPENDIX 1: Methodology and Data

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Foreclosure Data Source

The source for all foreclosure data used in this report is the *Foreclosure Report of Chicago* (http://www.midwestforeclosures.com). The Foreclosure Report of Chicago (FROC) is a private company that provides subscribing customers a weekly list of foreclosure activity (Lis Pendens filings, auction sales, foreclosure resolutions, etc.) in Northeast Illinois. National Training and Information Center (NTIC) as well as other organizations researching Chicago area foreclosures utilize data from the FROC as they provide arguably the most complete and timely information available on regional foreclosures. The FROC is only the source of raw foreclosure data and does *not* publish any actual reports or analysis of foreclosures. Therefore all analysis including maps, charts, and graphs contained in this report are produced by NTIC using FROC's data.

Residential Properties – A Definition

NTIC's Chicago Foreclosure Report covers foreclosure filings on "residential" class properties with 6 units or less. Residential properties are identified by a property class number, when available in the data. Residential properties in the City of Chicago have a property class number 2-02 through 2-99.

NTIC strives to accurately indentify every residential foreclosed property on record and exclude all non-residential properties. However, due to occasional inconsistencies in the data, such as the failure to report the property class number in legal filings, it is not always possible to identify the property class of each foreclosure by class number. In such cases, the written description of the property type ("Property_T" field in FROC data) is also used to determine the class of property. In a small number of cases the class of property may not be reported uniformly and a judgment must be made to the property's actual class. Therefore, small variations in the number of annual foreclosures reported may occur even though the same foreclosure data source (Foreclosure Report of Chicago) is used. These small variations in property classification are limited do not compromise the overall analysis and findings contained in NTIC's report.

Foreclosure Process in Illinois

Foreclosure in Illinois is a judicial procedure which begins when a lender sues the defaulting property owner, typically 3 to 4 months after the first missed payment, and files a legal notice of that suit, called a Lis Pendens. With almost every judicial foreclosure there will be subsequent legal filings over the length of the process (which in Illinois averages 210 days) whether or not the property is eventually lost to foreclosure. There can be a variety of outcomes once a foreclosure is filed: debt paid-off or restructured, short sale, property sold at auction, property reverts to lender as an REO, or ends with a bankruptcy.

APPENDIX 1: Methodology and Data

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Counting Foreclosure Filing

In reporting the number of annual foreclosures, NTIC counts only the initial foreclosure filing for a residential property within the City of Chicago. NTIC strives for as accurate a count as possible and undertakes a systemic process to avoid counting multiple filings.

Next, the accuracy of this list of new foreclosures is checked for duplicate filings. A record is considered a duplicate record if there is another new filing within 6 months that shares the same property address, owner last name, and the same original loan balance. Duplicate records are removed from our data and are not counted.

How accurate is this method? Of the 19,943 new foreclosure filings that NTIC reports in 2008, there were 19,671 distinct property addresses reported in the data. So at very least there were this many new foreclosure filings on separate residential properties in Chicago during 2008. In some cases involving multi-unit buildings, however, a single property address may report multiple, distinct foreclosures. Such cases can occur when, for example, the address is reported but the *unit number is not reported* on a foreclosed condominium. Given that multi-unit buildings can contain dozens or more of condominium apartments, it is possible to have multiple foreclosures occurring in at the same address if the unit number is unknown. Allowing for such cases we arrived at the total number of 19,943 of new foreclosures filings in 2008.

The number of foreclosure filings reported is this report is a highly accurate estimate, but it is not a precise figure. With tens of thousands of legal filings in Northeast Illinois every year, there will be always be small inconsistencies in foreclosure counting due a lack of consistent, streamlined, computerized reporting on the judicial level in Illinois. NTIC's number of reported foreclosure fillings (19,943) is subject to revision. However NTIC's foreclosure counting is in line with other published research studies. For example, the Woodstock Institute reports some 20,592 residential foreclosure filings in 2008 for Chicago (see:http://www.woodstockinst.org/publications/research-reports/).

Identifying Foreclosures Completed and REOs

Only when a property is sold in auction or reverts to the lender is a foreclosure case considered to be completed in this report. Completed foreclosures are identified by records with a "Type of Entry" of "AR" and that have reported the property as sold in a Sherriff's auction. Properties are either sold to a third party, the property is classified as an REO, and/or the new owner is listed as the lender or "plaintiff". Only these properties are counted as a foreclosure completed or "home lost to foreclosure" in this report. Because this method relies exclusively on the accurate and complete recording of every Sherriff Sale and property auction, it is likely that this is a conservative approach and may undercount the actual number of foreclosures completed.

APPENDIX: 1-A
2008 Foreclosures by Chicago Community Area

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	New Foreclosure Cases				Foreclosures per sq. mi.	
Community Area	2006	2007	2008	Change 2006-08	2006	2008
01 Rogers Park	74	121	**272**	268%	40.2	147.8
02 West Ridge	114	266	**563**	394%	32.5	160.4
03 Uptown	72	110	**128**	78%	30.8	54.7
04 Lincoln Square	29	65	**135**	366%	11.3	52.7
05 North Center	25	41	**79**	216%	12.2	38.5
06 Lakeview	65	126	**206**	217%	20.7	65.6
07 Lincoln Park	48	79	**95**	98%	14.8	29.3
08 Near North	187	249	**460**	146%	68.8	169.1
09 Edison Park	12	15	**40**	233%	10.3	34.5
10 Norwood Park	41	80	**152**	271%	9.6	35.7
11 Jefferson Park	48	67	**132**	175%	20.6	56.7
12 Forest Glen	24	41	**67**	179%	7.5	21.0
13 North Park	19	41	**83**	337%	7.6	33.3
14 Albany Park	46	127	**218**	374%	24.0	113.5
15 Portage Park	93	218	**421**	353%	23.5	106.6
16 Irving Park	71	149	**315**	344%	22.1	98.1
17 Dunning	79	166	**377**	377%	21.2	101.3
18 Montclaire	29	54	**126**	334%	29.3	127.3
19 Belmont Craigin	191	339	**685**	259%	48.8	175.2
20 Hermosa	50	105	**206**	312%	43.1	177.6
21 Avondale	62	100	**249**	302%	31.3	125.8
22 Logan Square	101	210	**349**	246%	28.3	97.8
23 Humboldt Park	271	426	**633**	134%	75.5	176.3
24 West Town	125	234	**392**	214%	27.4	86.0
25 Austin	623	803	**943**	51%	87.5	132.4
26 West Garfield Park	175	233	**190**	9%	137.8	149.6
27 East Garfield Park	126	208	**238**	89%	64.9	122.7
28 Near West Side	84	166	**255**	204%	14.7	44.7
29 North Lawndale	215	319	**383**	78%	67.2	119.7
30 South Lawndale	95	174	**288**	203%	20.9	63.4
31 Lower West Side	44	56	**117**	166%	15.0	39.9
32 Loop	55	83	**127**	131%	35.0	80.9
33 Near South Side	53	66	**136**	157%	30.5	78.2
34 Armour Square	2	7	**6**	200%	2.0	6.1
35 Douglas	52	77	**79**	52%	31.3	47.6
36 Oakland	10	15	**21**	110%	16.9	35.6
37 Fuller Park	28	43	**47**	68%	39.4	66.2
38 Grand Boulevard	155	243	**347**	124%	90.1	201.7
39 Kenwood	67	87	**115**	72%	62.0	106.5
40 Washington Park	65	124	**183**	182%	42.8	120.4

APPENDIX: 1-B
2008 Foreclosures by Chicago Community Area

National Training and Information Center
Real People. Real Issues. Real Results.

Community Area	New Foreclosure Cases 2006	2007	2008	Change 2006-08	Foreclosures per sq. mi. 2006	2008
41 Hyde Park	40	54	**82**	105%	23.8	48.8
42 Woodlawn	171	289	**348**	104%	79.9	162.6
43 South Shore	319	455	**484**	52%	108.1	164.1
44 Chatham	214	259	**287**	34%	72.5	97.3
45 Avalon Park	111	105	**125**	13%	88.8	100.0
46 South Chicago	282	340	**390**	38%	84.7	117.1
47 Burnside	32	52	**63**	97%	51.6	101.6
48 Calumet Heights	103	151	**150**	46%	58.5	85.2
49 Roseland	479	576	**592**	24%	99.4	122.8
50 Pullman	59	66	**86**	46%	27.8	40.6
51 South Deering	109	135	**175**	61%	10.0	16.1
52 East Side	50	73	**88**	76%	17.5	30.9
53 West Pullman	448	479	**560**	25%	123.4	154.3
54 Riverdale	15	16	**29**	93%	4.3	8.3
55 Hegewisch	40	27	**35**	-13%	7.6	6.6
56 Garfield Ridge	88	135	**206**	134%	20.9	48.8
57 Archer Heights	26	38	**92**	254%	13.1	46.2
58 Brighton Park	73	126	**235**	222%	27.0	87.0
59 Mckinley Park	17	33	**52**	206%	12.1	36.9
60 Bridgeport	37	53	**93**	151%	17.7	44.5
61 New City	258	453	**487**	89%	53.3	100.6
62 West Elston	41	65	**127**	210%	35.0	108.5
63 Gage Park	103	165	**306**	197%	46.2	137.2
64 Clearing	57	88	**170**	198%	22.4	66.9
65 West Lawn	101	179	**360**	256%	34.1	121.6
66 Chicago Lawn	372	509	**717**	93%	105.7	203.7
67 West Englewood	506	698	**660**	30%	161.7	210.9
68 Englewood	425	538	**575**	35%	138.4	187.3
69 Greater Grand Crossinc	285	392	**385**	35%	80.5	108.8
70 Ashburn	243	323	**509**	109%	50.2	105.2
71 Auburn Gresham	331	443	**543**	64%	88.5	145.2
72 Beverly	62	80	**101**	63%	19.5	31.8
73 Washington Heights	257	305	**323**	26%	90.2	113.3
74 Mount Greenwood	25	46	**69**	176%	9.2	25.5
75 Morgan Park	174	199	**236**	36%	54.9	74.4
76 O'hare	17	46	**132**	676%	5.3	41.1
77 Edgewater	93	126	**211**	127%	54.4	123.4

APPENDIX: 2
2006 Chicago Mortgage Lending Data

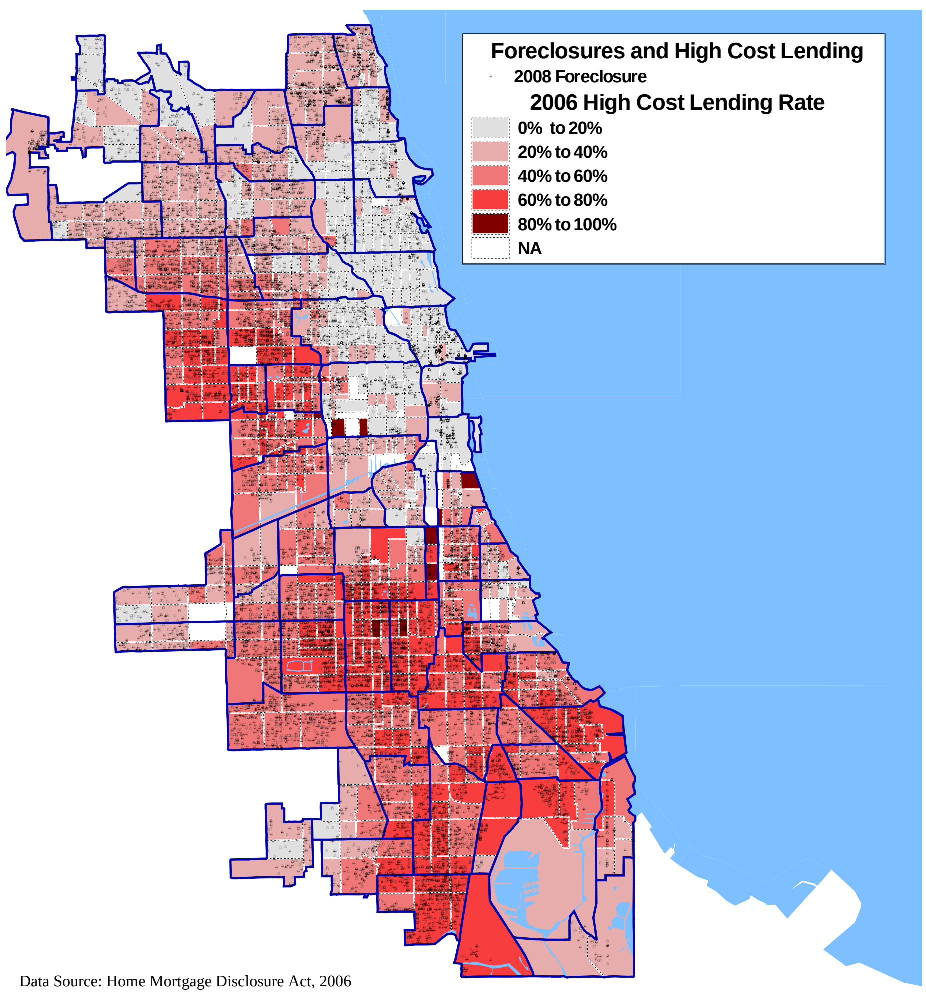
3-A) 2006 Chicago Mortgage Lending by Loan Purpose and

Loan Purpose	Lien	# of Loans	% of Total Loans
Home Purchase	1st Lien	48,549	36.6%
Home Purchase	2nd Lien	16,902	12.7%
Refinance	1st Lien	3,730	2.8%
Refinance	2nd Lien	3,523	2.7%
Refinance	No Lien	757	0.6%
Other Home Equity Loan	1st Lien	51,304	38.6%
Other Home Equity Loan	2nd Lien	7,995	6.0%
TOTALS		132,760	100%

Data Source: Home Mortgage Disclosure Act, 2006

- Mortgage lending data from 2006 shows that 64.4% of all lending in the City of Chicago were for either refinance/ home equity lending or were 2nd Lien loans.

3-B) 2006 Chicago High Cost Mortgage Lending Rates and 2008 Foreclosures



Data Source: Home Mortgage Disclosure Act, 2006

- According to 2006 mortgage data, 38% of all home loans were high cost loans in the City of Chicago. The above maps show 2006 high cost lending rates by Census Tract together with 2008 foreclosure filings.