

# THE FACE OF FORECLOSURE

## FLORIDA

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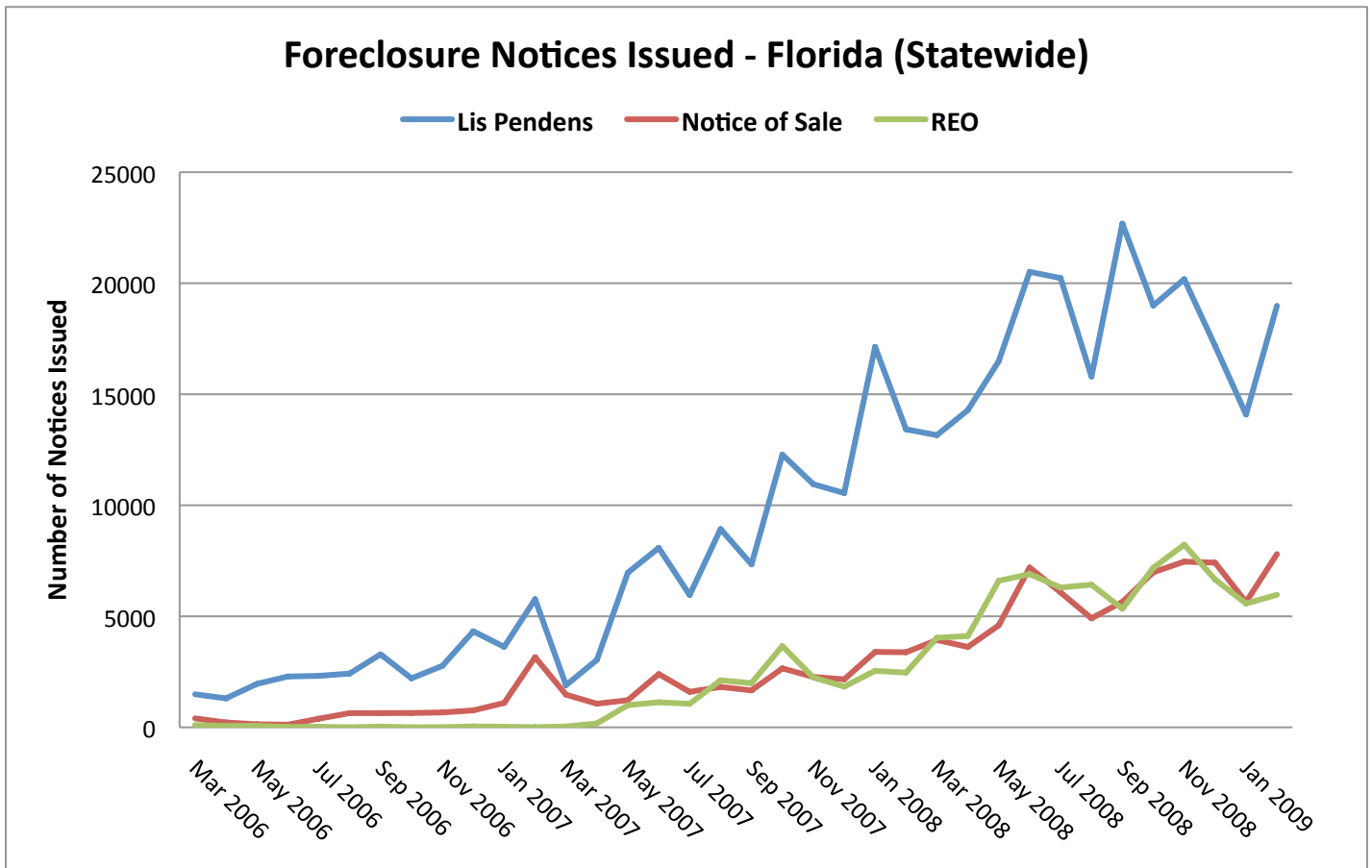


## A Review of Statewide Foreclosure Filings

A brief survey of news articles on foreclosures throughout the state of Florida is likely to leave one overwhelmed with potentially conflicting figures. In fact, many Floridians would probably not be surprised to read an article published by a major media outlet describing plummeting foreclosure rates one minute, and another documenting *rising* foreclosure rates the next. To better understand foreclosure trends throughout the state of Florida, **SGS examined an exhaustive index of three primary indicators of foreclosure issued over a three year period** (March 2006 – February 2009).

The first, **Lis Pendens**, indicates that legal action has been taken on a property. After receiving this notice, it is still possible for the mortgage holder to rectify the delinquent mortgage and avoid foreclosure. The second filing, **Notice of Sale**, notifies the mortgage holder that the property has been scheduled for foreclosure sale on a specified date. **Real Estate Owned (REO)** indicates that the bank or mortgage lender now owns the property, most commonly after the property fails to sell at auction.

A brief comparison of Lis Pendens, Notices of Sale, and REO's sheds some light on one of the possible reasons for large disparities in reports on foreclosures. Since about March of 2007, there has been a growing gap in the number of *Lis Pendens* issued and the number of homes that eventually went to auction. One must take great care, therefore, in reporting on statewide foreclosure statistics. While reporting the number of *Lis Pendens* filed may reflect the number of foreclosure proceedings started, it does not necessarily reflect the number of homes that were eventually sold at auction.



# Demographic Profiles

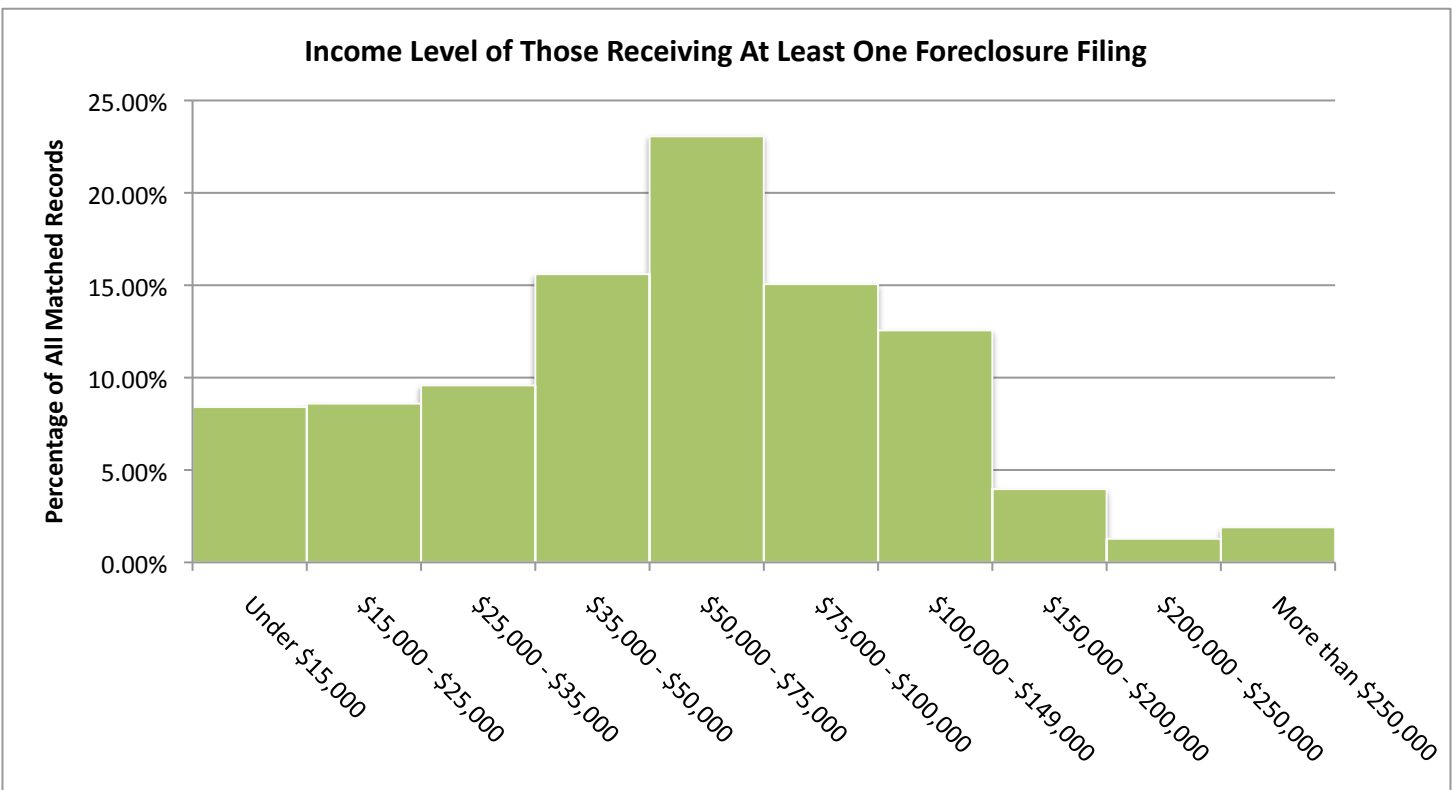
By matching foreclosure records to existing demographic data in the Florida Realtors® Datamine, a limited profile of those who have experienced home foreclosure can be explored. It is important to note that the following analysis has three key limitations:

1. It applies only to those receiving at least one foreclosure filing between March 2006 and February 2009
2. It includes *only registered voters* whose records matched the information on the foreclosure filing
3. It includes only those for whom demographic data is available

The following demographic profiles are useful in helping to understand basic characteristics of many of those experiencing foreclosure in Florida. Additionally, the following information will be useful in the development of more robust studies of home foreclosures in Florida. In order to develop truly representative profiles of all Floridians undergoing foreclosure, however, additional survey research is recommended.

## Level of Income

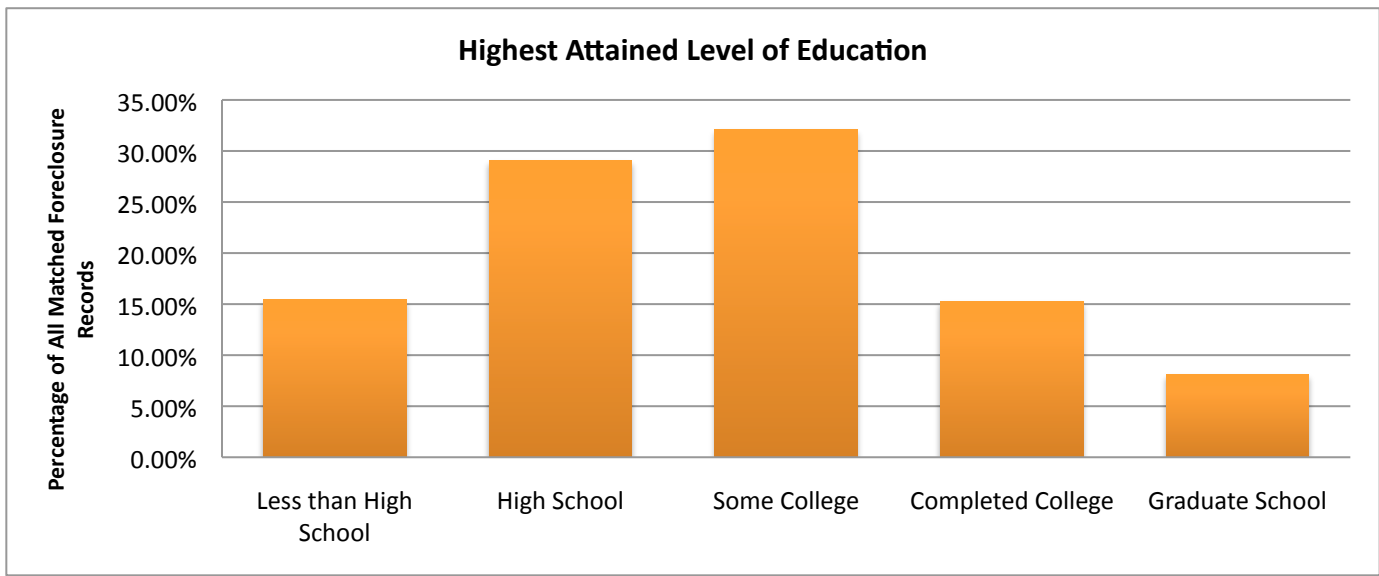
What becomes immediately apparent upon reviewing the annual income levels of those undergoing foreclosure is that the problem is not limited to homeowners with low incomes. Over 20% of all matched records indicated annual incomes of \$50,000-\$75,000, and an additional **20% of matched records represented those with incomes of \$100,000 or more.** Home foreclosures are not limited to the wealthy, either. 27% of all matched records represent homeowners with reported incomes of \$35,000 or less.



## Educational Attainment

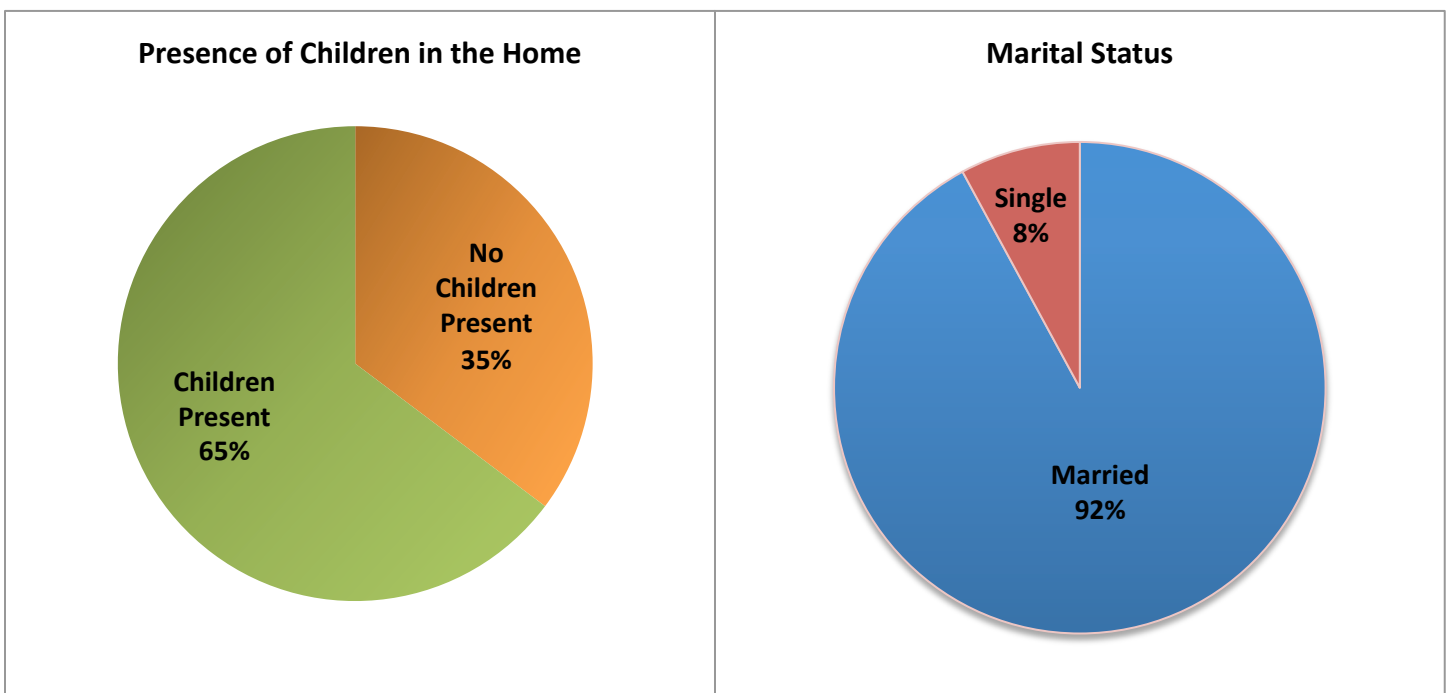
In addition to affecting all levels of income, the problem of foreclosure is found among all levels of education. In fact, almost 25% of all matched foreclosure files represent individuals with a college degree. An additional 30% of records represent those who had completed at least some college.

The data may also indicate that home foreclosures disproportionately affect those who are less educated. A full 15% of matched files represent homeowners who had not completed high school. This possibility is further strengthened by the fact that data is generally less available for those with lower levels of education and income as it is more difficult to gather consistent data on these demographics due to many factors.



## Marital Status and Presence of Children

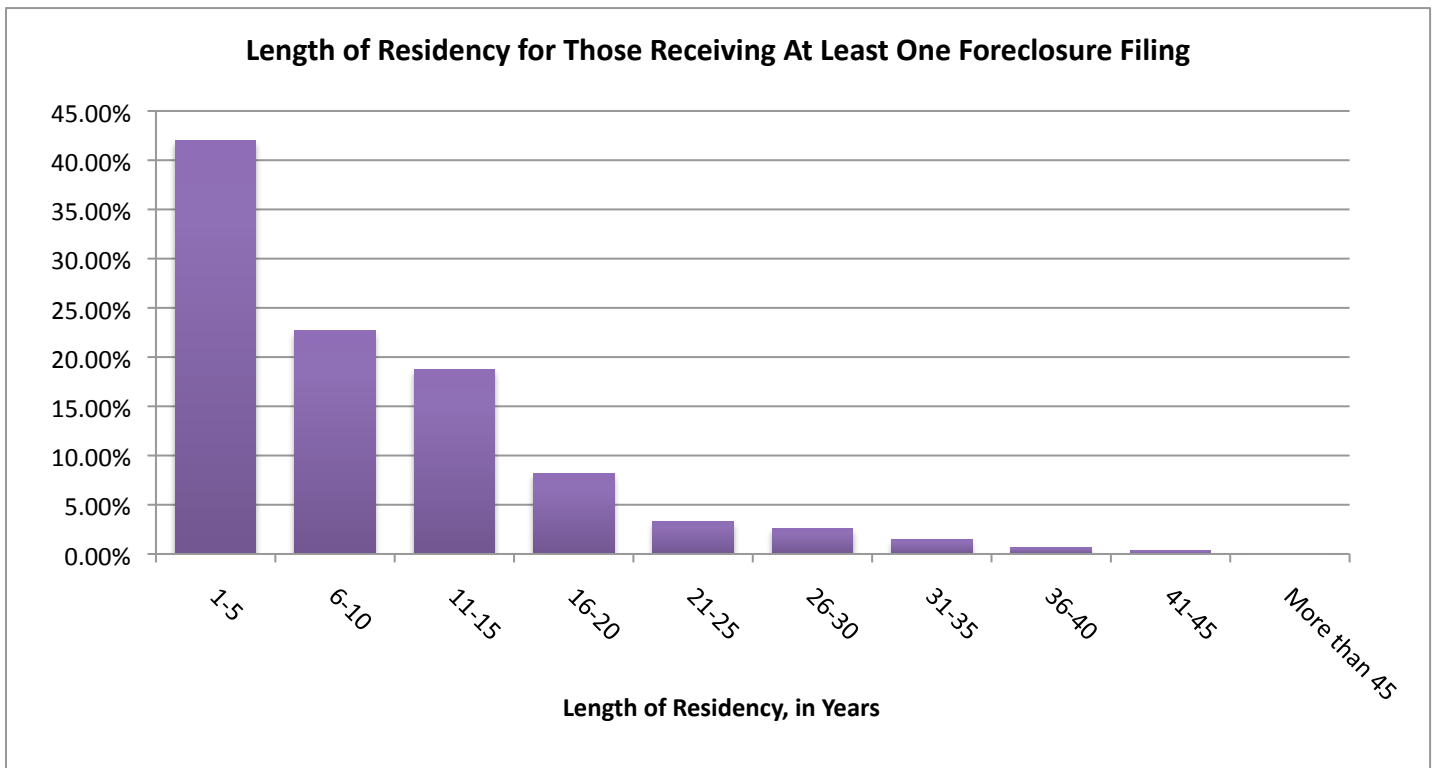
Of all matched foreclosure records, over 9 in 10 represent married homeowners. According to available data only 8% of matched records represent single homeowners. **Significantly, over two-thirds (2/3) of all matched foreclosure records represent households with children present.** These statistics may indicate that a sizable majority of foreclosures in Florida affect families, and most of them with children.



## Length of Residency

A common speculation is that home foreclosures in Florida have primarily affected those who had recently moved into a home that they could not afford and soon thereafter became delinquent on their mortgage. The limited data that is available on length of residency indicates that while home foreclosures may disproportionately affect those who have recently moved into the home, those with longer lengths of residency may still be susceptible. When added together, fully **35% percent of all matched foreclosure records represent homeowners who had lived in the home for more than 10 years.**

Once again, the available data here are limited at best. It is recommended that those conducting foreclosure survey research in the future take into account the implications of this information.



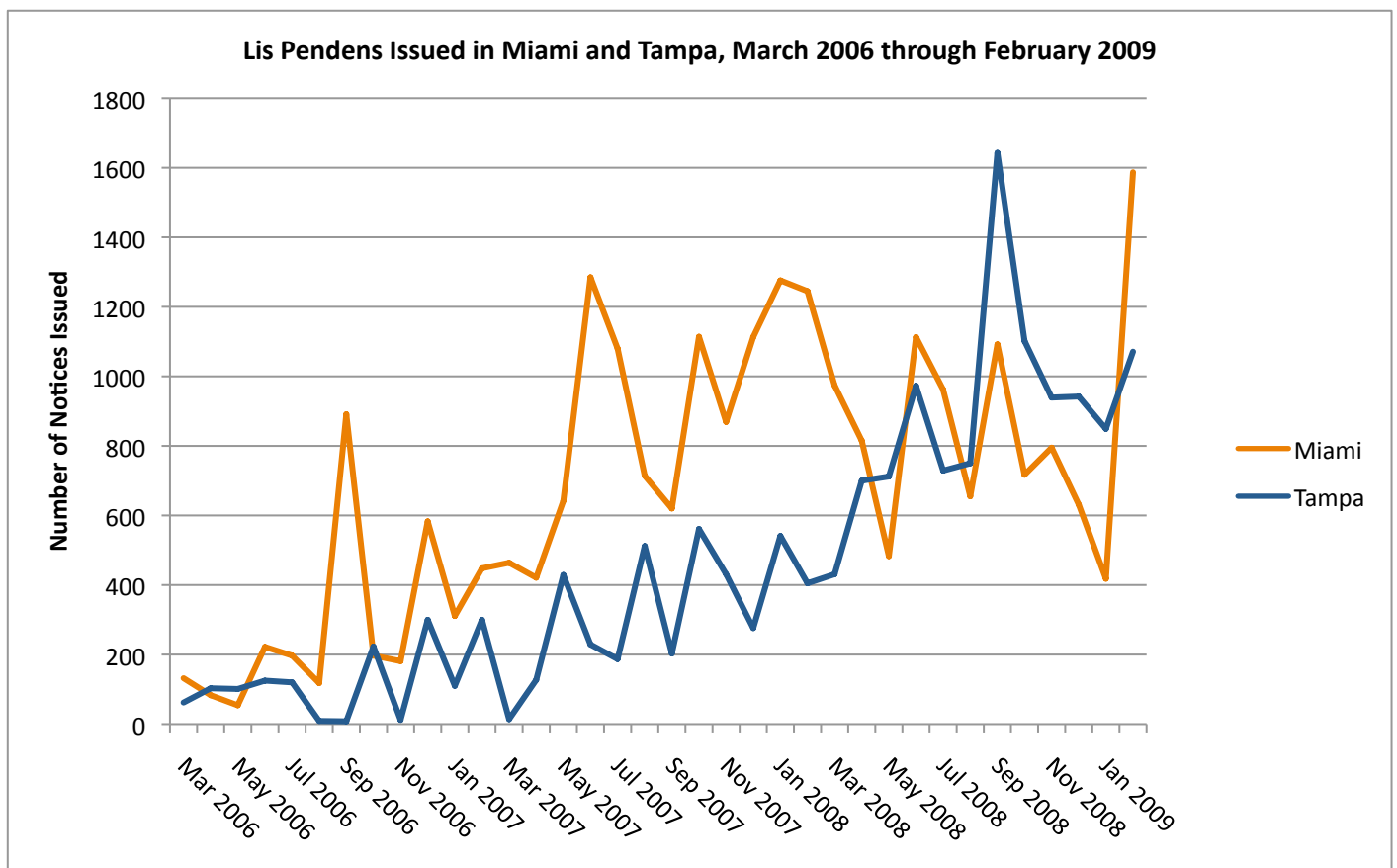
## Foreclosure Trends in Selected Major Metropolitan Areas

While it is evident that home foreclosures have not been confined to a few segregated regions of the state, examining the cities in which foreclosures have been particularly problematic may lead to a better understanding of the issue at hand. Here, we examine the five cities with the greatest number *Lis Pendens* issued from March 2006 to February 2009. Those cities are (1) **Miami**, (2) **Tampa**, (3) **Orlando**, (4) **Jacksonville**, and (5) **Cape Coral**.

From March 2006 to February 2009, nearly 25,000 *Lis Pendens* were issued in Miami – 50% more than in Tampa and 77% more than in Orlando during the same period. **The number of *Notices of Sale* issued in the same three-year period may indicate that more properties actually went to auction in Miami than in any other city in Florida during the same period.**

	Lis Pendens	Notice of Sale	REO
<b>Miami</b>	24502	12795	7996
<b>Tampa</b>	16229	3429	2635
<b>Orlando</b>	13853	2612	3401
<b>Jacksonville</b>	13223	2643	3252
<b>Cape Coral</b>	13101	5543	4426
<b>Lehigh Acres</b>	9660	3768	3238
<b>West Palm Beach</b>	8956	833	980
<b>Kissimmee</b>	8795	1343	2465
<b>Ft. Myers</b>	7651	2522	1697
<b>St. Petersburg</b>	7063	1794	1607
<b>Ft. Lauderdale</b>	6686	3114	1860
<i>March 2006 – February 2009</i>			

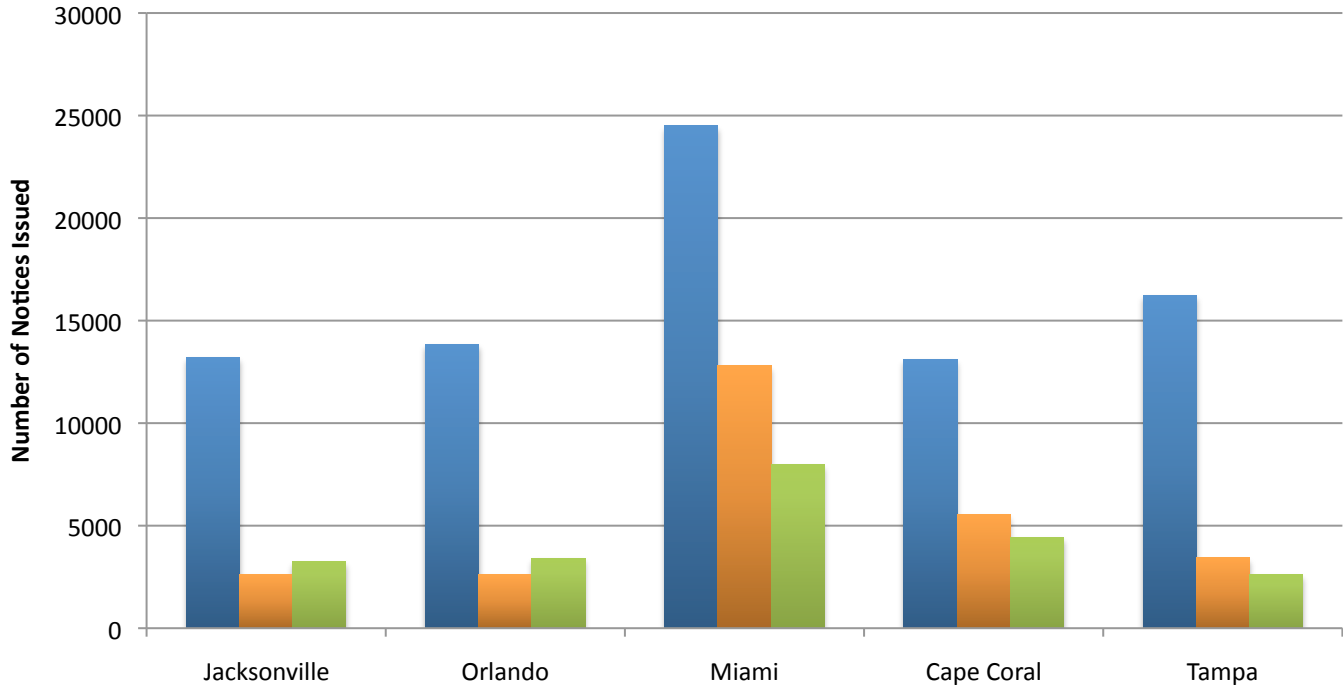
From March 2008 to February 2009, however, more *Lis Pendens* were filed in Tampa (16,229) than in any other city in Florida. Since about May of 2007, the issuance of *Lis Pendens* in Tampa has been steadily rising. In September of 2008, there were 1,643 *Lis Pendens* issued in Tampa alone.



## Foreclosure Notices Issued By City

March 2006 - February 2009

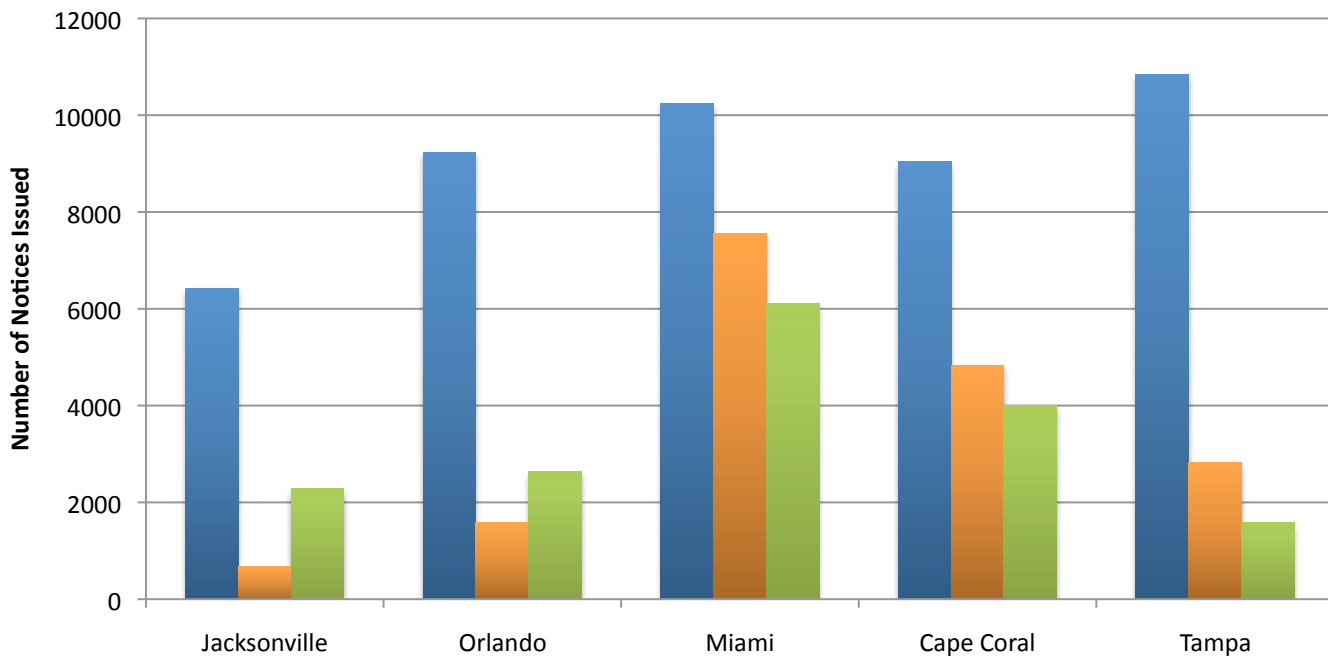
Lis Pendens Notice of Sale REO



## RECENT Foreclosure Notices Issued by City

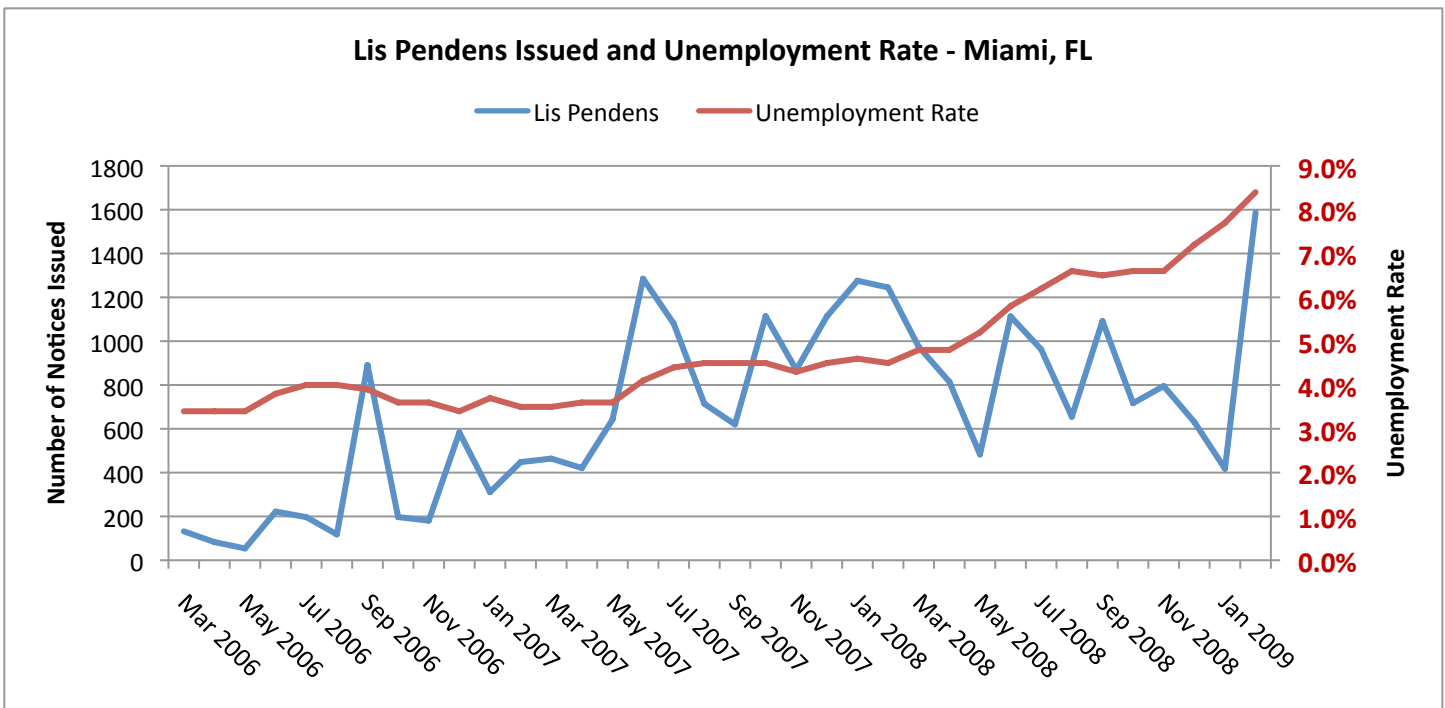
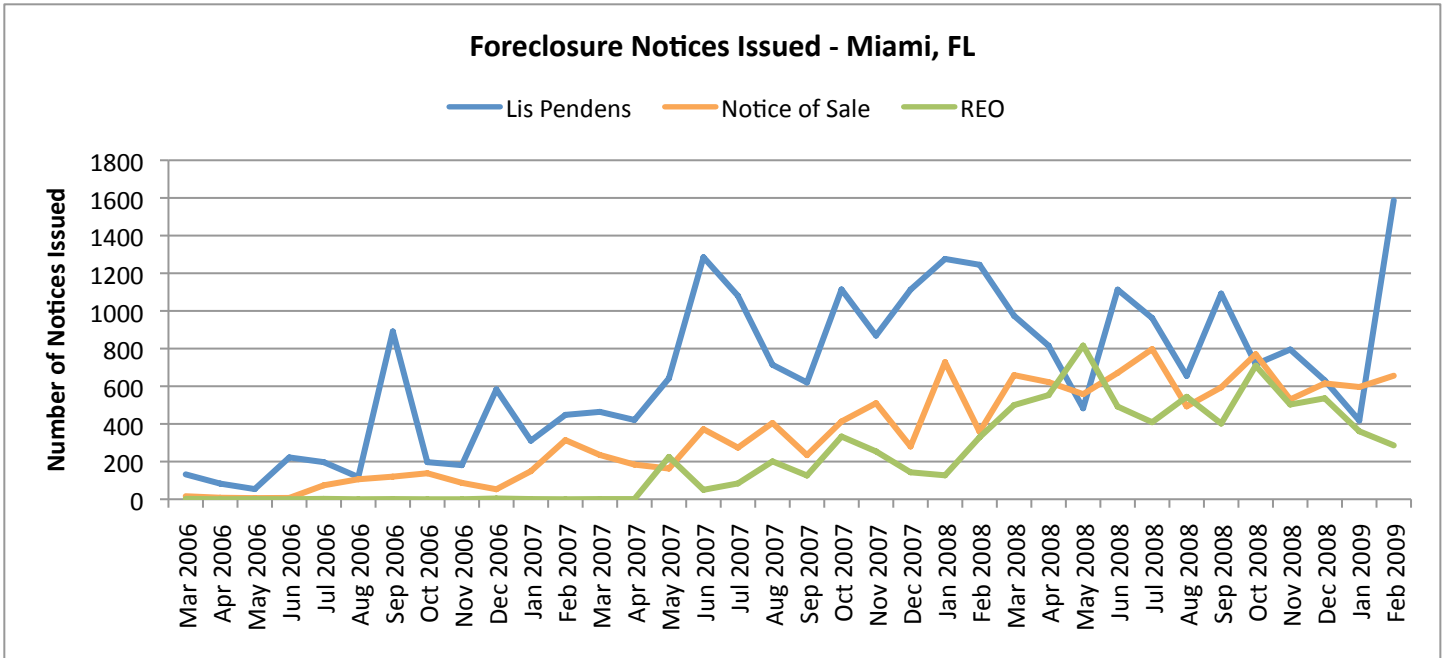
March 2008 - February 2009

Lis Pendens Notice of Sale REO



## Miami<sup>1</sup>

The city of Miami has experienced comparatively volatile foreclosure patterns over the last three years. The number of *Lis Pendens* issued peaked in June 2007 at 1,285. From January to May of 2008, the number of *Lis Pendens* issued fell 62% to 558 per month, only to spike again in February. Notices of Sale, however, have been rising consistently since the beginning of 2007, peaking at 797 in July of 2008. It is also worth noting that the number of *Lis Pendens* issued monthly has been particularly volatile since May of 2007 – the same month that unemployment rates began increasing steadily.



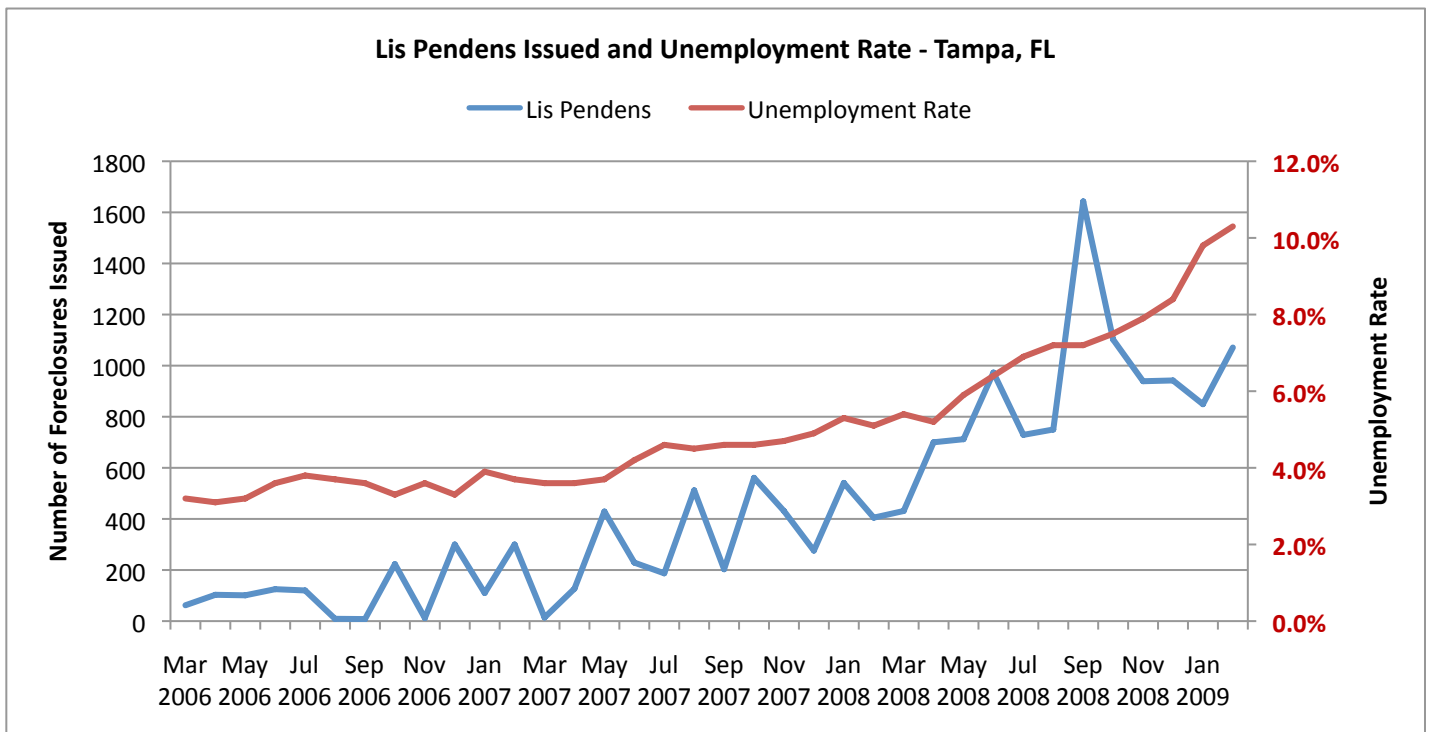
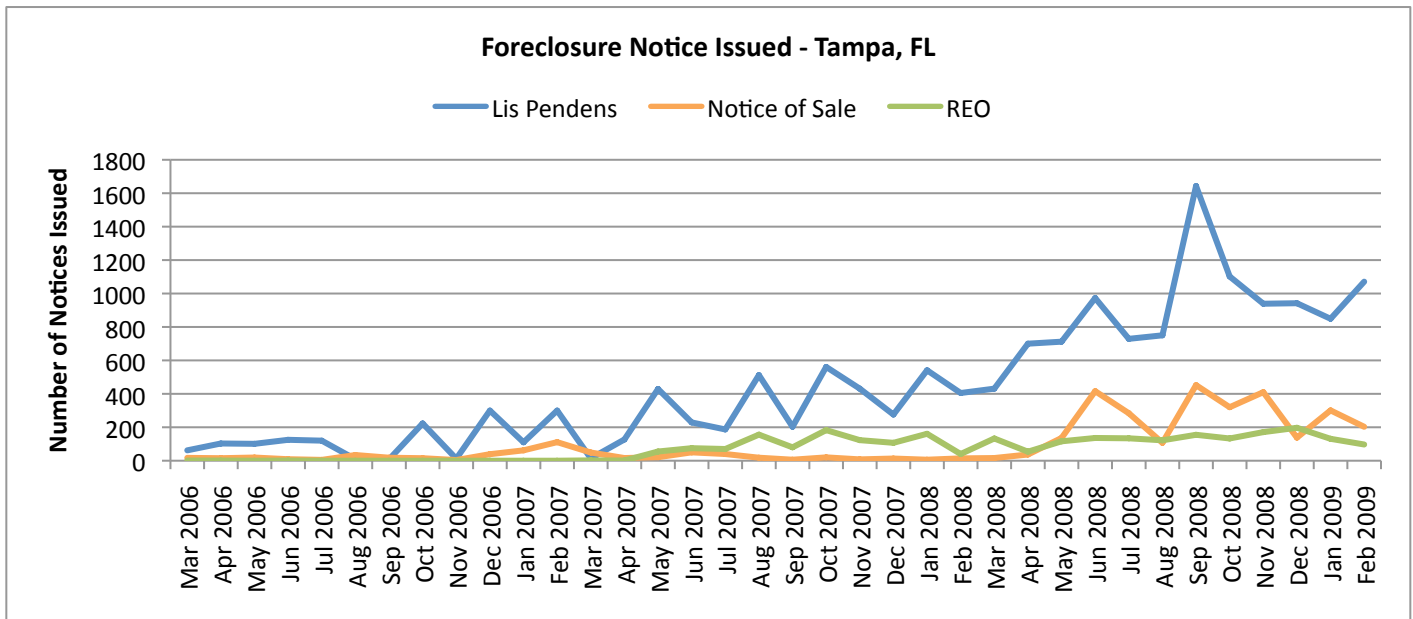
<sup>1</sup> Unemployment rates reflect those of the Miami-Fort Lauderdale-Pompano Beach Metropolitan Statistical Area. Source: U.S. Bureau of Labor Statistics



## Tampa<sup>2</sup>

Foreclosure filings have been rising steadily in Tampa over the last few years. Until March of 2008, however, the issuance of Notices of Sale were fairly limited with respect to the number of *Lis Pendens* issued. **From March through June of 2008, however, the number of Notices of Sale issued monthly climbed from 16 to 416, an alarming increase of 2,500%.**

It was also in March of 2008 that the unemployment rate in Tampa began its steady climb. From March 2008 to February 2009 the unemployment rate doubled, rising from 5.4% to 10.3%.

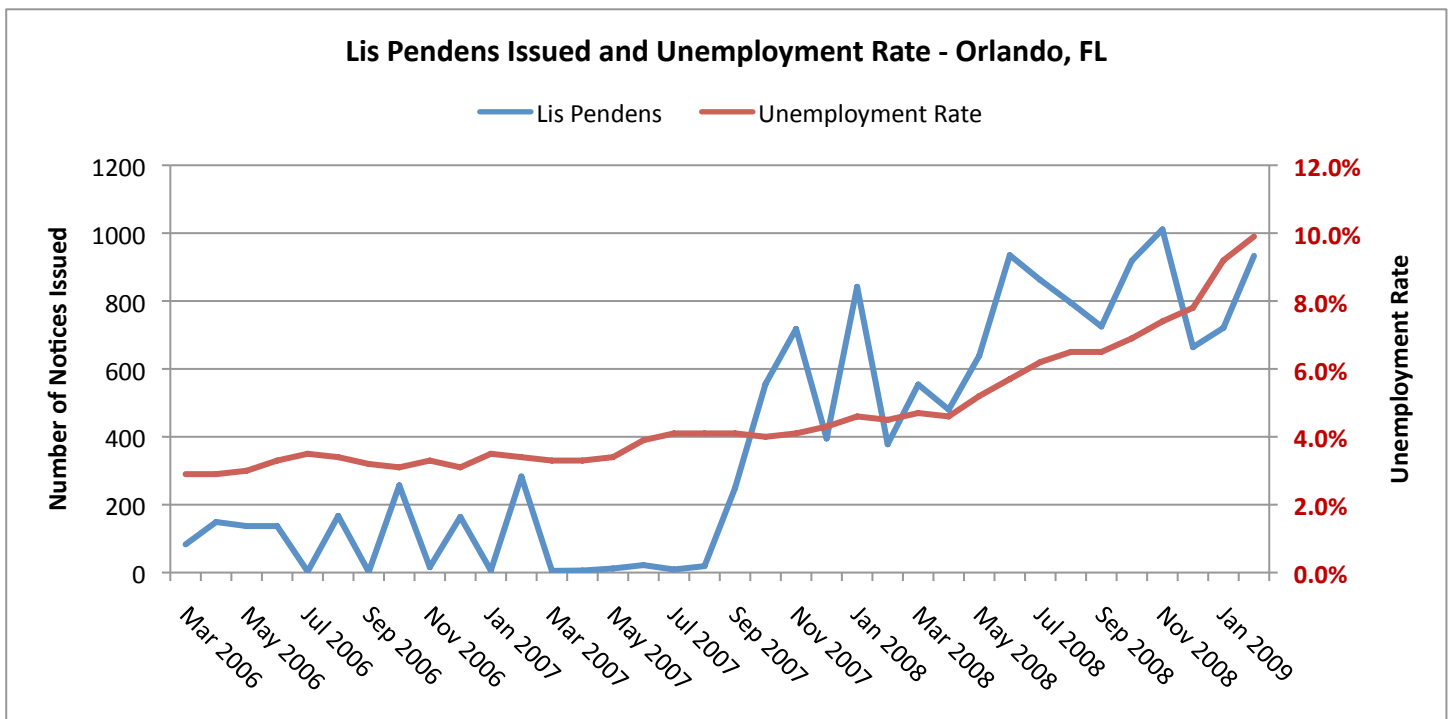
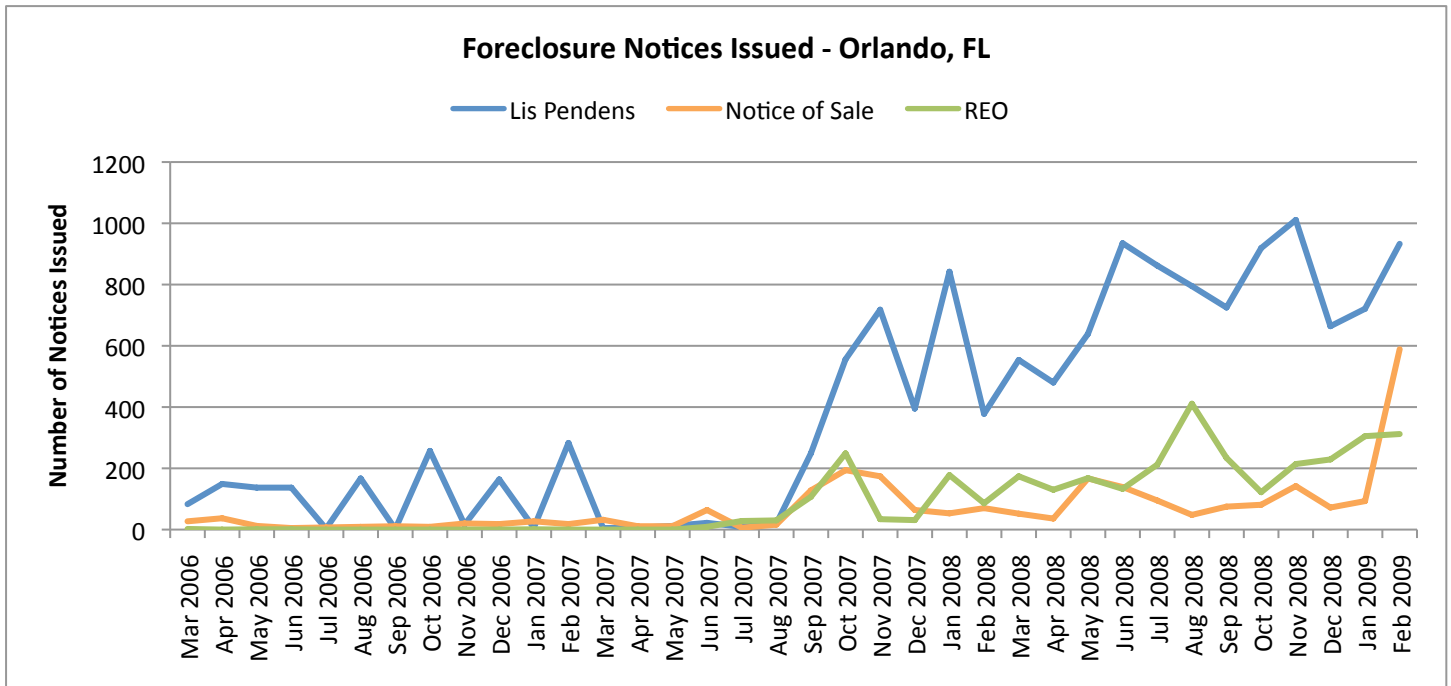


<sup>2</sup> Unemployment rates reflect those of the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area. Source: U.S. Bureau of Labor Statistics

## Orlando<sup>3</sup>

Up until August of 2008, foreclosure filings were relatively mild in Orlando. The average number of *Lis Pendens* filed from March 2006 to August 2007 were 82 per month, with the number of Notices of Sale average just 19 per month over the same period.

**From August through October of 2007, however, foreclosure filings skyrocketed.** The issuance of *Lis Pendens* rose from 16 per month to 194 per month, with Notices of Sale and REO filings following suit. Since then, foreclosure filings of all types have been rising steadily.

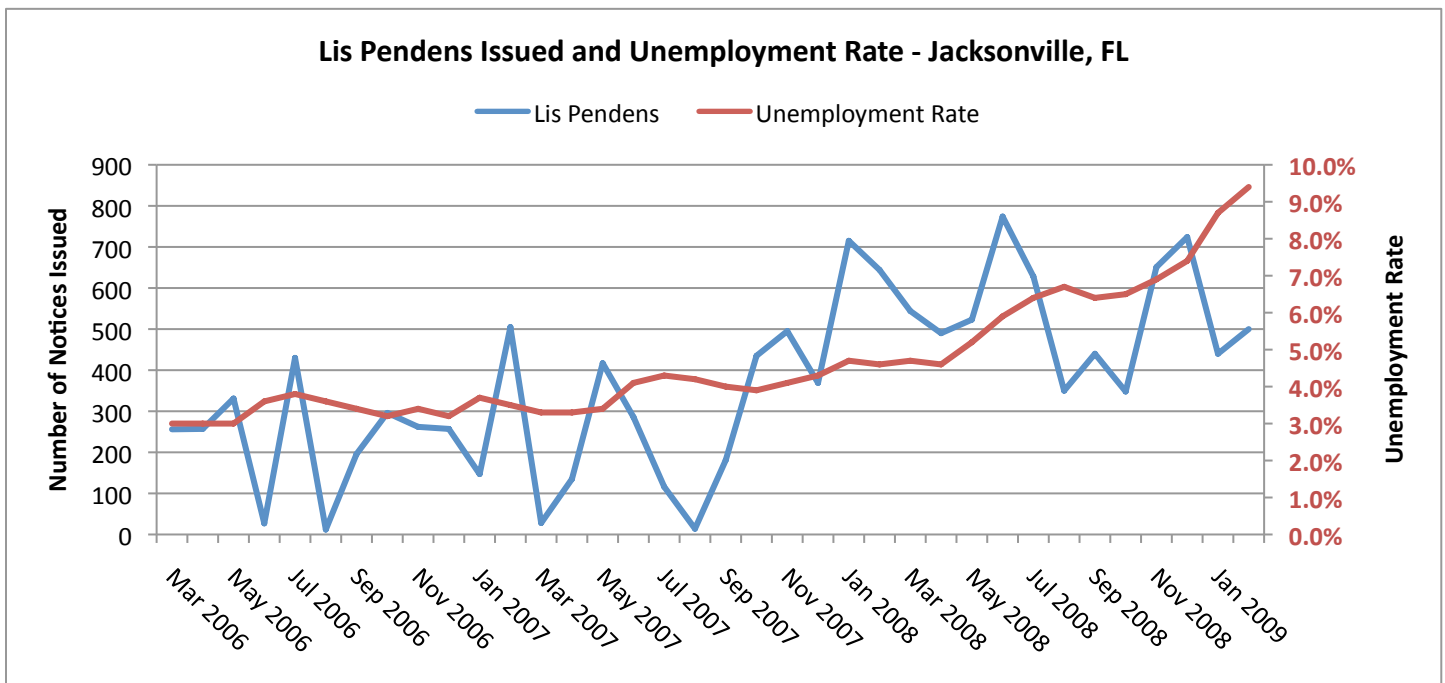
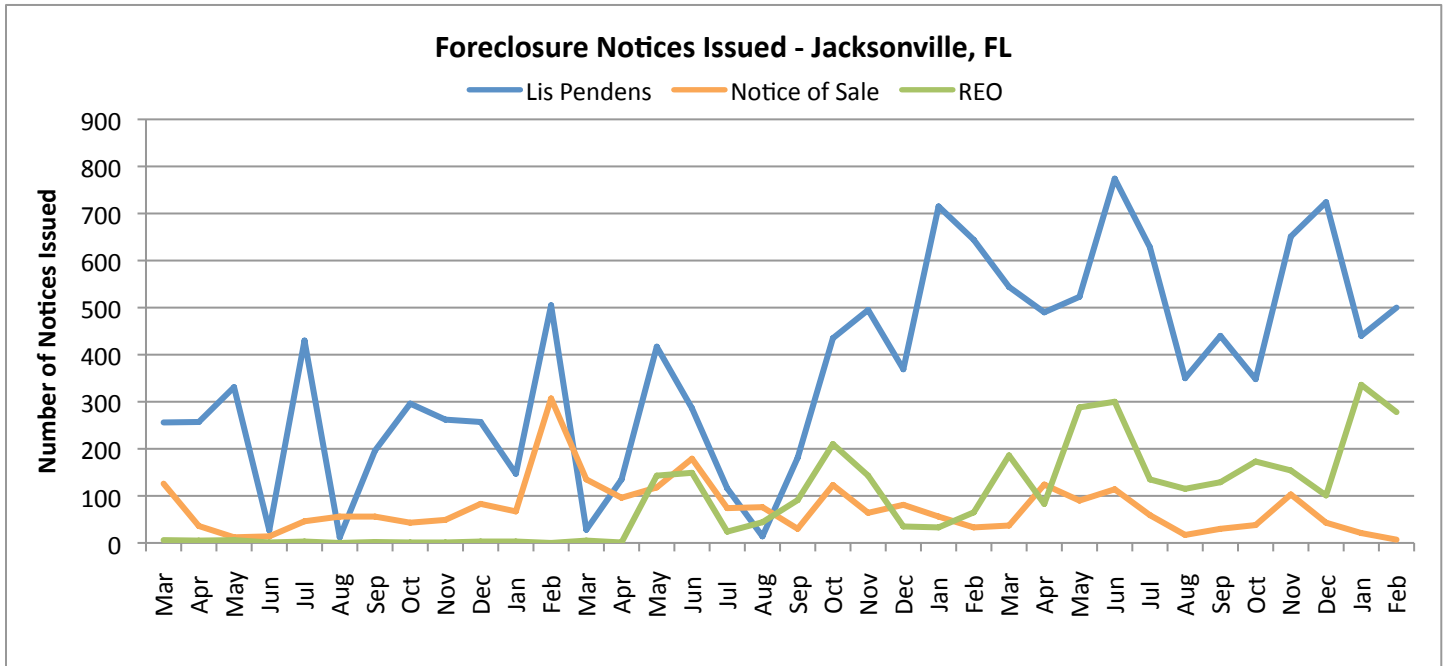


<sup>3</sup> Unemployment rates reflect those of the Orlando-Kissimmee Metropolitan Statistical Area. Source: U.S. Bureau of Labor Statistics

## Jacksonville<sup>4</sup>

Like Miami, the city of Jacksonville has experienced volatile foreclosure filings over the last three years. While the number of *Lis Pendens* filed has increased over time, the trend is not so clear when considering the number of Notices of Sale issued.

For the most part, the rise and fall in the number of *Lis Pendens* issued monthly in Jacksonville has corresponded to the rise and fall of the city's unemployment rate. From May 2007 through February 2009, the city of Jacksonville saw its unemployment rate nearly triple, from 3.3% to 9.4%. As in Miami, Tampa, and Orlando, the number of *Lis Pendens* issued monthly has risen with the city's unemployment rate.

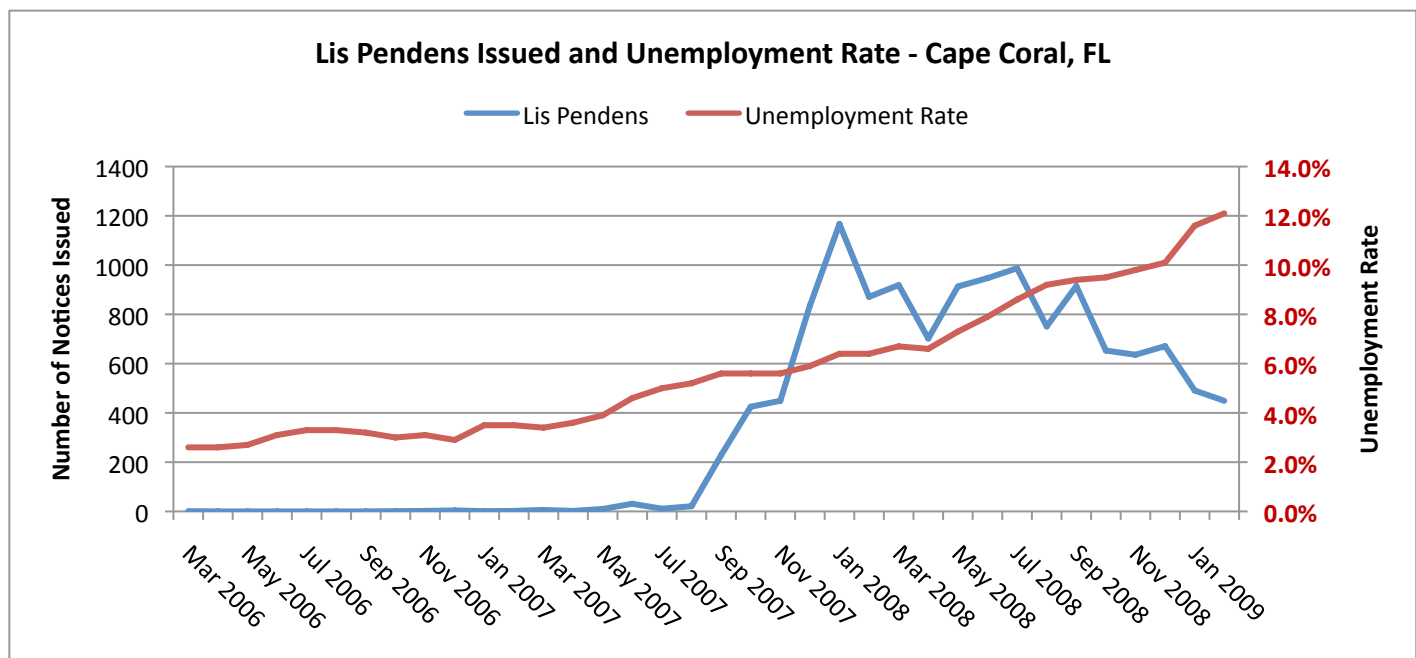
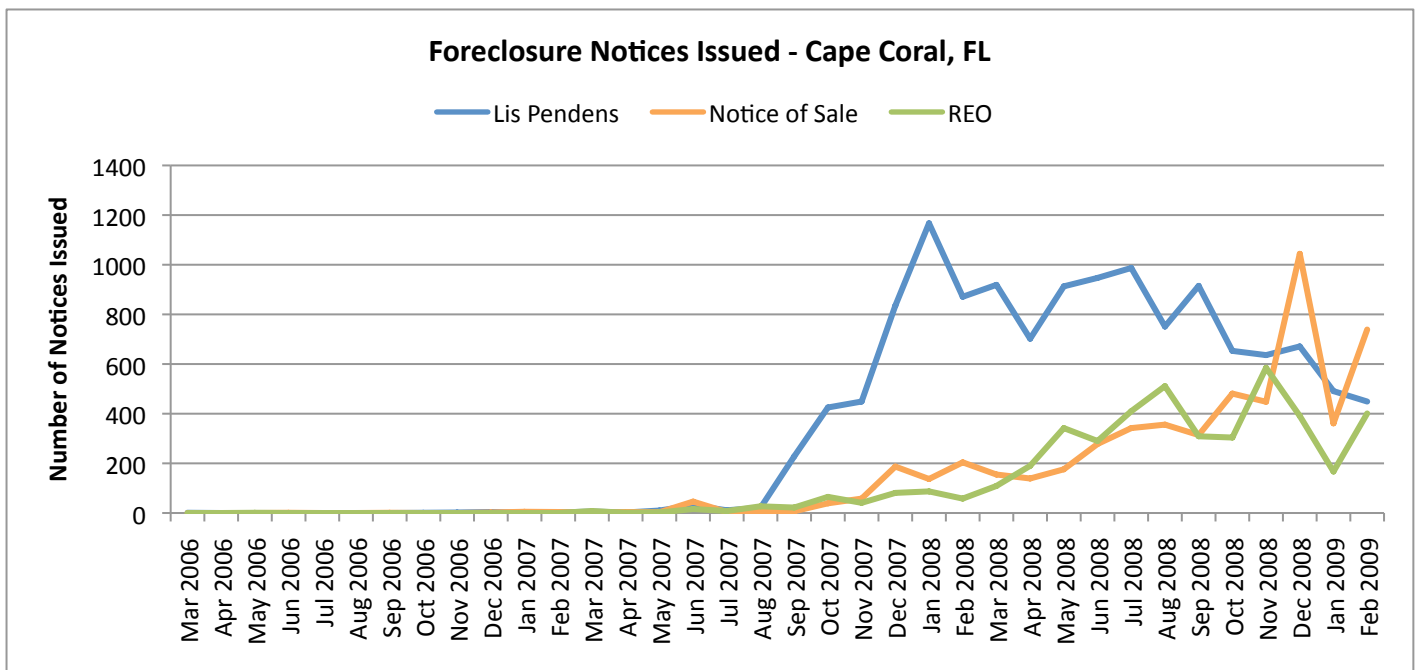


<sup>4</sup> Unemployment rates reflect those of the Jacksonville Metropolitan Statistical Area. Source: U.S. Bureau of Labor Statistics

## Cape Coral<sup>5</sup>

Until September of 2007, Cape Coral had relatively few foreclosure filings city-wide. From March 2006 through August 2007, the average number of *Lis Pendens* filed was just five per month, and the number of Notices of Sale filed were just four per month.

Foreclosure filings changed drastically in September, however. From August to September, the number of *Lis Pendens* filed increased tenfold, from 21 per month to 228 per month. The number of *Lis Pendens* filed continued to rise through January of 2008, peaking at 1,167 per month. While the filing of *Lis Pendens* has since declined, residents of Cape Coral have been seeing a steady increase in the number of Notices of Sale issued, peaking December of 2008 at 1,044.



<sup>5</sup> Unemployment rates reflect those of the Cape Coral-Fort Myers Metropolitan Statistical Area. Source: U.S. Bureau of Labor Statistics

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### Kathy

"I have found this entire experience to be devastating."

"Am behind in income tax and every other obligation. Can't file bankruptcy as I'd lose my car."

"I am in total financial ruin due to the on-going crisis of the Florida real estate market."

"Prior to the shift in our market area, I had savings, no revolving debt and a very comfortable income. I am now living in a friend's home, am in fear of losing my car and get approximately 30 calls from creditors and/or attorneys on a daily basis. Life is not fun and I am frustrated beyond words."

"Every day I continue to be thankful that it's just me, not a family, not my children, that are faced with this horrid situation and I am humbled when I work with families who have lost everything and still need to feed their children."

**Foreclosure Date:** 6/60/2008

- 60% of monthly income going towards housing costs
- Experienced divorce



### Nestor

"They refused to work with me because my loan was FHA insured and they were going to get paid by the government so they were not interested in helping me."

"My wife and I both worked in the construction field. We both lost our jobs."

"Because of the financial problems my wife left me with my new baby girl and we are getting a divorce."

"I have been living with my brother and his wife and 2 kids for over a year because I cannot afford to get my own apartment and pay for transportation, child support."

"This problem has destroyed my life and I feel that of my baby girl."

**Foreclosure Date:** October 2008

- 55% of monthly income going towards housing costs
- One child and three dependents living in home
- Experienced job loss and divorce



### Barbara

"[Lenders] would not talk to me or negotiate. Take it or loose it"

"I lost my income due to the decline in clients ,as I am a realtor."

"My health took a dive and I had kidney operation. Took my income and didn't feel well either."

"When the company loss mitigator sent me a schedule for payments, and I asked for the breakdown of costs. They would not give me details or speak to me at all. They never kept me informed."

"Another realtor tried to do a short-sale, I think they were too late!"

#### Foreclosure Date: 7/1/2009

- 60% of monthly income going towards housing costs
- Experienced job loss and unexpected medical bills



### Deb

"This home has been forsale for 2 yrs....the bank says it is waiting on? ... buyer may walk."

"...divorce, hospitalization, loss of income, and family medical emergency"

"I was a top-producer. Then I became ill, my fiance was injured in a motorcycle accident, he spent 3 months in a hospital 60 miles away."

"Loss of wages combined with a decline in market values, renters not paying rent I was unable to make my payments."

"My income went from 200K a yr to 30K a year."

#### Foreclosure Date: Pending

- 50% of monthly income going towards housing costs
- Three children and one dependent living in home
- Experienced job loss, unexpected medical bills, and divorce



**Foreclosure Date:** 6/17/2009

- One dependent living at home
- Experienced job loss

### Wayne

“There are no local offices, so a face to face with a rep. was not an option.”

“I had started a business with two other people. One died suddenly and the other person took all the assets of the business and literally left town. I can’t pursue legal action at the moment for lack of funds.”

“I am 62 years old and I think that has a lot to do with the employment situation. Were I a younger person, I may have a better chance of employment in my trade.”

“The job market in Florida is shrinking and I am not afraid to try something else but there are no opportunities.”



**Foreclosure Date:** Pending

- 75% of monthly income going towards housing costs
- Two dependents living in home
- Experienced job loss and unexpected medical bills

### Maria

“The lender only wanted to work based on what he wanted, & didn’t take into consideration any of my suggestions.”

“We cashed out all our annuities, pension funds & life insurance in order to pay.”

“During the short sale process, we got an incredibly good offer, but [the lenders] didn’t want to negotiate, both their expectations were completely unrealistic.”

“I don’t understand it. They will both lose at the foreclosure court steps come November 2009.”

“The house needs repairs, the values in the neighborhood keep coming down, so... I don’t understand their rationale.”





**Foreclosure Date:** 3/24/2009

- 40% of monthly income going towards housing costs
- Two children and four dependents living in home
- Experienced job loss and unexpected medical bills

### Gay

“We called a company that advertised Loan Remodifications and paid them over \$3000 and they did nothing, promised a refund or all but \$500 fee and still have not seen the refund.”

“Had to go to legal aid, paid them more money was sent to an attorney paid her more money and still waiting.”

“Homeowner begged for help to the loan servicer in trying to adjust the mortgage that climbed without warning.”

“Her mother died, then her step father. All savings was lost to greedy relatives in Haiti. Grown children that contributed to the household moved out. The only car broke down, it has over 100,000 miles. No one to turn to. No savings left. Only long hours on her feet everyday for many many years.”

“It has been 9 mos since this homeowner had to stop making her payments to survive and to eat. Nothing but lost money and broken promises.”