

Chicago Foreclosure Update 2007

Embargoed until May 28, 2007



**National Training and
Information Center**

Real People. Real Issues. Real Results.

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David C. Rose

Analyst and Author



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What is the National Training and Information Center?

National Training and Information Center (NTIC) is a not-for-profit resource center for grassroots community organizations. For more than 30 years, NTIC has provided training, technical assistance, consulting and research to groups across the country. NTIC's mission is to build leadership skills in neighborhoods across the country through issue-based community organizing.

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Dedication

As Gale Cincotta's life was coming to an end, she admonished NTIC to "Get the Crooks." In that spirit, this report is intended to shine light on the practices the "crooks" use to steal a family's wealth, leaving broken dreams and social problems in their wake.

Summary and Introduction

The National Training and Information Center (NTIC) has been closely monitoring foreclosures in Chicago since 1999. Our goal has been more than merely documenting the increase or decrease from year to year, but rather to identify the underlying reasons for foreclosures so that programs and policies can be developed to prevent future foreclosures, safeguard borrowers and keep people in their homes.

While NTIC believes strongly in homeownership as a way to build wealth and to stabilize neighborhoods, it makes little sense to push a family into a home that—while they may be able to afford the payments today—they will almost surely lose in the future. The only ones who win are the individuals who get paid upfront—for example, the realtor and the broker. In a foreclosure the lender or investor who owns the loans loses because they seldom recover the full value of their investment. The homeowner loses his or her equity and has a “blemish” on his or her credit. The neighborhood loses because a foreclosure in the neighborhood hurts the values of surrounding homes and abandoned houses can become havens for criminal activity.

Thus NTIC’s approach to this issue is to see it not as an individual’s (or family’s) problem but as a community problem and, because our city, state, and nation is made up of neighborhoods, a societal problem worthy of attention at all levels of government. That’s not to say that NTIC wants one national solution forced upon all communities. Communities differ widely and solutions must be adaptable to local needs; however, the string of relationships that are involved in a single loan reach nationally (and internationally) so that purely local solutions are not likely to solve the problem.

The first step is to recognize the foreclosure as a problem. It is unfortunate that not all see it this way. Some in the industry and other policy makers see foreclosures as merely a result of our push to

increase homeownership rates. This view holds that the industry has found ways to extend credit to purchase homes to borrowers with damaged credit and that as lending increases to people with lower and lower credit scores, the number of borrowers who fail will naturally increase. The market then will simply adjust and price loans to include these losses. Proponents of this argument focus on the families who have opportunities to buy homes that they may not have had otherwise. This perspective acknowledges that there may be a few bad players who take advantage of borrowers but insists that more regulation of real estate transactions, like holding lenders accountable for the loans brought to them by brokers (that is, assignee liability), is unnecessary and may reduce opportunities for some to own homes.¹

The need for credit and the desire to increase homeownership is not the real issue here. One could argue that promoting the lottery or riverboat gambling or Texas Hold ‘Em may provide the opportunity for some to win big and finance new homes. The unlikelihood that many will be successful in these approaches makes them imprudent. Likewise, pushing risky loan products onto consumers for whom they were not designed and for whom they are inappropriate is not a prudent way to serve the market. It should also be pointed out that the recent increase in “exotic” mortgages has been driven by lenders trying to increase or maintain their production of loans rather than an altruistic sense of helping people with poor credit to buy homes.

Foreclosure is the end result for some. Others may never actually lose their homes in foreclosure. They may never fall seriously behind in their mortgage payments. They may still lose by paying too much for their mortgages, by forgoing other things to make payments like food and medications, by working second jobs, and by dealing with the stress associated with high debt

¹ For an example of this argument, see Frank, Ted, American Enterprise Institute, The Wall Street Journal, April 25, 2007. p.15A.

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payments. Foreclosures are only part of the problem and act as a barometer of the financial pressure that our community's families are experiencing.

This barometer in Chicago is rising. The analysis of the 2006 foreclosure cases shows foreclosure cases increasing 36% over just one year. It shows the impact to be city-wide, although many neighborhoods are hit worse than others. The analysis reveals the role that Adjustable Rate Mortgages (ARMs) are playing in Chicago and their contribution to the foreclosure crisis.

Exotic Loan Products

The data does not give NTIC the detail necessary to look at the role of specific types of "exotic" loans. Hybrid ARMs (marketed as flexible payment loans) and interest-only loans (where borrowers make only interest payments and build little or no equity) are among the loan products available to borrowers. In the data, these appear as simple ARMs (where the interest rate and monthly payment amount adjust over time). Some ARMs

are advertised with a "teaser" rate that is sometimes less than 1%. This rate only lasts a few months and a new much higher interest rate kicks in causing the payment amount to increase dramatically. Some ARMs have an interest rate that is fixed for 1-5 years after which time the interest rate increases.

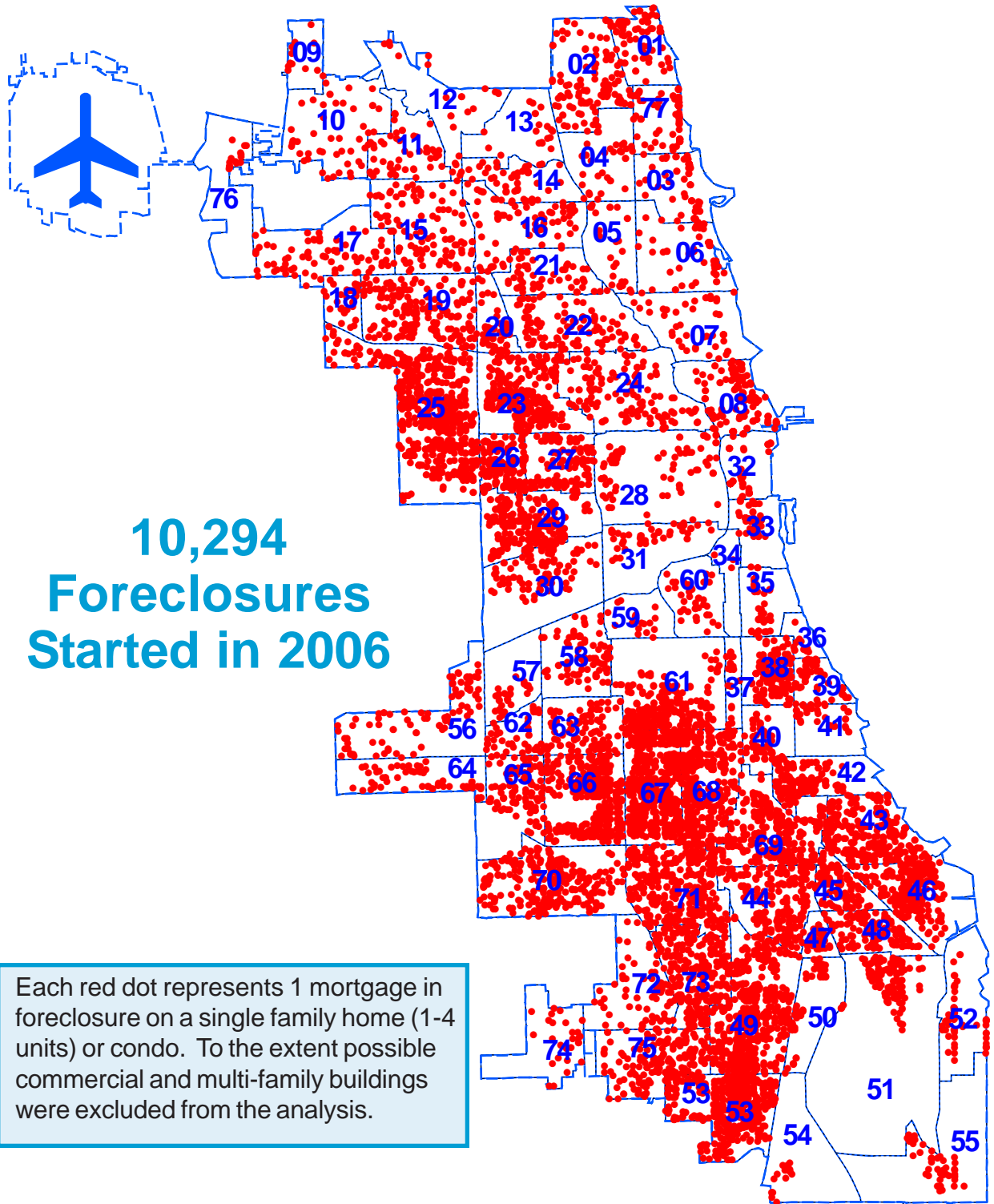
Increasingly "No Doc" or "stated-income" loans are increasing in prevalence. These products require little or no documentation of the borrower's income and rely on the honesty of the broker and borrower making the loan application.

A City-wide Problem

Every neighborhood has foreclosures. On the map (see page 3), each red dot represents a foreclosure case started in 2006 blanketing the city. The impact on neighborhoods is harder to put on a map. A foreclosure does not simply represent a failure of a single family to maintain the dream of homeownership; it represents a danger for the entire community, affecting property values and neighborhood safety. Foreclosures create

Community Areas

01 Rogers Park	21 Avondale	41 Hyde Park	61 New City
02 West Ridge	22 Logan Square	42 Woodlawn	62 West Elsdon
03 Uptown	23 Humboldt Park	43 South Shore	63 Gage Park
04 Lincoln Square	24 West Town	44 Chatham	64 Clearing
05 North Center	25 Austin	45 Avalon Park	65 West Lawn
06 Lakeview	26 West Garfield Park	46 South Chicago	66 Chicago Lawn
07 Lincoln Park	27 East Garfield Park	47 Burnside	67 West Englewood
08 Near North	28 Near West Side	48 Calumet Heights	68 Englewood
09 Edison Park	29 North Lawndale	49 Roseland	69 Greater Grand Crossing
10 Norwood Park	30 South Lawndale	50 Pullman	70 Ashburn
11 Jefferson Park	31 Lower West Side	51 South Deering	71 Auburn Gresham
12 Forest Glen	32 Loop	52 East Side	72 Beverly
13 North Park	33 Near South Side	53 West Pullman	73 Washington Heights
14 Albany Park	34 Armour Square	54 Riverdale	74 Mount Greenwood
15 Portage Park	35 Douglas	55 Hegewisch	75 Morgan Park
16 Irving Park	36 Oakland	56 Garfield Ridge	76 O'Hare
17 Dunning	37 Fuller Park	57 Archer Heights	77 Edgewater
18 Montclare	38 Grand Boulevard	58 Brighton Park	
19 Belmont Cragin	39 Kenwood	59 McKinley Park	
20 Hermosa	40 Washington Park	60 Bridgeport	



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opportunities for predators that profit from the financial distress of others. Some neighborhoods (Jefferson Park for example) are seeing board-ups for the first time. Other neighborhoods are not strangers to board-ups; the FHA program left many behind in the 80's and 90's. Now there may be several on the same block. Later in this publication are charts that compile the data by community areas and the appendix provides a summary of communities in the areas surrounding Chicago.

Rising Foreclosures

From 2002 to 2005 the number of new foreclosure cases filed against Chicago homeowners fell 20%. During this period, efforts to stop predatory lending focused on high cost loans and laws to prevent abusive lending practices. The efforts led to state regulations and the Illinois High Cost Home Loan Act which helped to curtail many abusive practices. However, foreclosures are again on the rise.

Reaching the highest number of new foreclosure cases since 1993, 2006 is more than twice the 1993 level. The number of new foreclosure cases in 2006 were 36% higher than in 2005 (Table 1 and Figure 1).

The increase is completely due to conventional loans, which rose 41% in 2006 from 2005 (Table 2 and Figure 2). The number of new foreclosure cases on government-insured loans (FHA and VA loans) have fallen since 1993.

Unlike FHA loans, which are scrutinized by the U.S. Department of Housing and Urban Development (HUD), conventional loans are scrutinized by private lenders and Wall Street investors who ultimately bear the risk of a loan going bad. These institutions are motivated by profits and, in theory, will make loans that will maximize their profits. The market should lead these lenders to make good loans that people are likely to repay. Neither the borrower or the investor wins when a loan goes into foreclosure.

In reality, some anticipate that a certain number of loans will go bad. This number may vary according to the type of loans they make (i.e., fixed-rate, ARMs or hybrids). These institutions will then price loans according to the riskiness of the loan (risk-based pricing). In other words, it's not the individual loans that matter but how a group of loans with similar characteristics will perform. For example, the lender makes 100 loans of a particular type and knows from experience that a certain number will go bad. Lenders will price all of those type of loans (through fees, points and interest rates charged to borrowers) at a level that will account for the fact that a number of these loans will go bad. This insures the lender against the costs associated with late payments and default. These costs include increased loan servicing costs, money to spend on lawyers to handle the foreclosure action to get legal control of the families house, and the cost of selling the home, often at a loss. However, as long as the lender makes enough off the loans that don't go bad to make much more than they lose on the ones that do go bad, the lender and their stockholders are happy.

In some cases the lender never really sees a borrower. These wholesale lenders operate exclusively through brokers who work directly with borrowers. The broker is the one who markets his or her services to the borrower and promises to provide the borrowers with sound financial advice and information to make a wise credit choice. The broker may work for several lenders and makes money only when the borrower agrees to a mortgage, or to refinancing existing debt.

Brokers can be honest, hard-working individuals who, at the end of the day, are satisfied at making money while providing a service to their customers. However, anyone who has listened to the stories that troubled borrowers tell of their experience with getting a loan knows that there are many brokers who will use deception and pressure sales tactics to make the sale regardless of the eventual harm done to borrowers.

Finding 1: New foreclosure cases increased 36% in 2006.

Figure 1

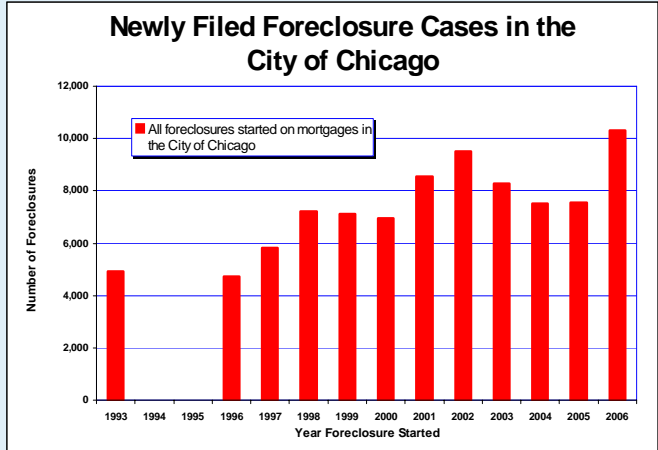


Table 1

Foreclosures Started	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Percent Change 1993-2006	Percent Change 2005-2006
City of Chicago	4,916			4,726	5,826	7,227	7,129	6,944	8,544	9,495	8,289	7,504	7,558	10,294	109%	36%
Percent Change from Previous Year(s)*	-			-4%	23%	24%	-1%	-3%	23%	11%	-13%	-9%	1%	36%		

Finding 2: New foreclosure cases on conventional loans increased 41%.

Figure 2

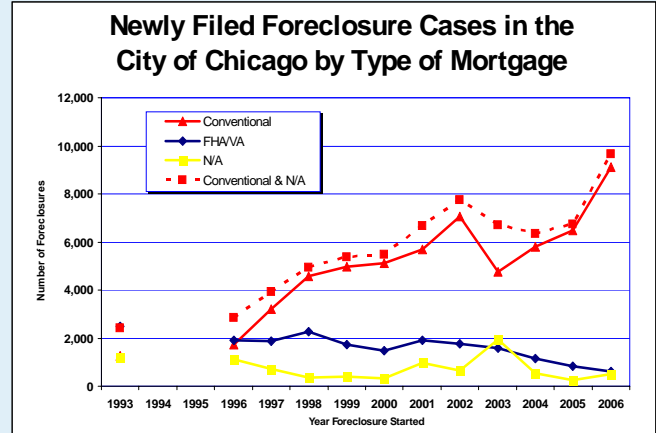


Table 2

Type of Loan	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Percent Change 1993-2006	Percent Change 2005-2006
Conventional	1,250			1,713	3,198	4,573	4,982	5,119	5,676	7,075	4,745	5,796	6,493	9,134	631%	41%
FHA/VA	2,492			1,892	1,882	2,283	1,742	1,483	1,893	1,756	1,580	1,147	821	614	-75%	-25%
N/A	1,173			1,119	737	358	398	341	974	664	1,962	556	240	517	-56%	115%
Other	1			2	9	13	7	1	1	0	2	5	4	29		
Total	4,916			4,726	5,826	7,227	7,129	6,944	8,544	9,495	8,289	7,504	7,558	10,294	109%	36%
Percent Change from Previous Year(s)*	-			-4%	23%	24%	-1%	-3%	23%	11%	-13%	-9%	1%	36%		

* For 1996, the percentage change from previous year(s) is based on 1993.

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In the conventional loan market, lenders do a great disservice to borrowers, to neighborhoods and to their own companies when they don't use "due diligence" in the investigation of loans sent to them by brokers, and instead rely on "no documentation" or "stated income" loans, or offer Adjustable Rate Mortgages (ARMs) without making sure that the borrower will be able to afford the loan as interest rates and the size of the monthly payment increases.

Each of the borrowers who had one of the those loans that they were not able to repay are left in financial ruin, having lost the equity they may have had in their home and earned a blemished credit record. Of course, sometimes bad things happen to families like death, illness, job loss and divorce. In many cases the lender can work with these borrowers to help them through the tough-times and get back to making payments on their loans. Other times, selling the house or giving up the home to the bank may be the only way out. In too many cases, however, borrowers are set up for failure at origination. A broker, acting as a trusted advisor, manipulates the information and misrepresents the disclosure forms mandated by law to sell loan products that the borrowers will eventually not be able to afford. In such instances, it may be very difficult to remedy the situation. The borrower, the lender (or servicer of the loan) and/or a not-for-profit counsellor are left to come up with a solution that saves the loan and keeps the family in the home.

The rest of this report will use data for the City of Chicago to explore how the risk-based pricing model employed by much of the industry today has allowed us to get into this foreclosure crisis. The report will also explain what NTIC has been doing to keep people in their homes and make recommendations for future action.

Lending Practices, Regulations and Foreclosures

Many states have passed laws or regulations to curb predatory lending practices. In 1999, community organizations and consumer advocates began working to curb predatory lending practices in Illinois. These efforts resulted in state regulations (2003) and the High Risk Home Loan Act (2004). They also contributed to a greater awareness and concern about loan origination practices in Illinois and the nation.

The approach taken in Illinois was to prohibit certain practices on loans that exceeded specific interest rate triggers. Loans that exceeded the triggers were considered "High Cost" loans and were subject to special rules laid out in the law.

Table 3 and Figure 3 shows what happened. In 2003 and 2004, the number of foreclosure cases on conventional high cost loans fell from its previous high point. It appeared as though the state law was having its desired effect of reducing the number of households that were getting into trouble on high cost loans. During this period, sub-prime loans that were below the state law's trigger interest rates also fell substantially. We will see later that as foreclosure cases involving higher cost and sub-prime loans were falling, cases involving ARMs and balloon payment loans were increasing.

In 2006, 87% of all newly filed foreclosure cases were on loans not covered by the Illinois High Risk Home Loan Act (Finding 3). Foreclosure cases on prime rate² loans represented only 21% of all foreclosures in 2002; however, they climbed to

² The terms "prime" and "sub-prime" often refer to the creditworthiness of the borrower. The data used for this report does not include credit score or any other information that might classify borrowers as prime or sub-prime. For this reason, NTIC uses the approach taken by the FFIEC to identify loans as sub-prime and the first lien trigger from the High Risk Home Loan Act to identify "high cost" loans.

Finding 3: In 2006, 87% of all newly filed foreclosure cases were on loans not covered by the Illinois High Risk Home Loan Act.

Figure 3

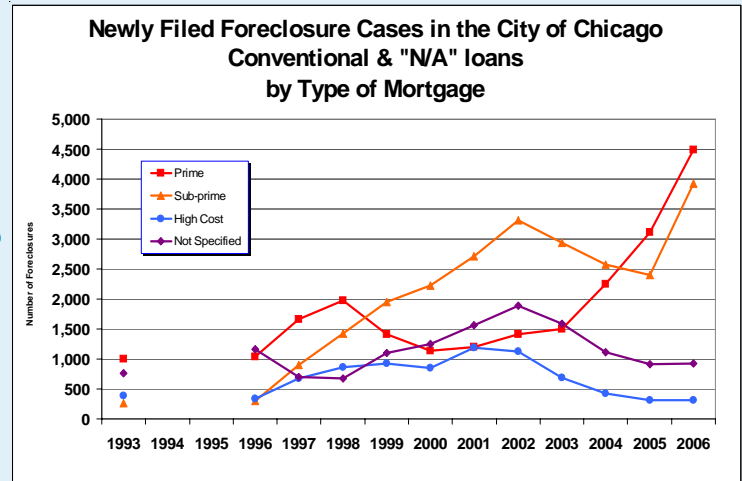


Table 3

Interest Rate Level	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Percent Change 1993-2006	Percent Change 2005-2006
Prime: Less than 3% above comparable Treasury Securities	1,005			1,038	1,659	1,976	1,408	1,134	1,196	1,409	1,494	2,246	3,107	4,484	346%	44%
Sub-prime: Between 3% & 6% above comparable Treasury Securities	261			296	901	1,422	1,950	2,225	2,711	3,313	2,933	2,569	2,402	3,924	1403%	63%
High Cost: 6% or more above comparable Treasury Securities	391			339	669	858	922	846	1,182	1,131	689	427	307	314	-20%	2%
No Interest Rate Information Provided	766			1,159	706	675	1,100	1,255	1,561	1,886	1,591	1,110	917	929	21%	1%
Total	2,423			2,832	3,935	4,931	5,380	5,460	6,650	7,739	6,707	6,352	6,733	9,651	298%	43%
Percent Change from Previous Year(s)*	-			17%	39%	25%	9%	1%	22%	16%	-13%	-5%	6%	43%		

*For 1996, the percentage change from previous year(s) is based on 1993.

46% of foreclosure cases in 2006. Foreclosures on sub-prime (but not high cost) loans rose above their 2002 previous high after three consecutive years of declines. If borrowers are categorized by their risk of default, then Table and Figure 3 suggest that more risky borrowers are being served lower cost loans today than in 2002. We see later why this may not be good news.

Predatory Lending or Just Bad Luck?

Some argue that foreclosures are primarily the result of certain trigger events like unexpected illness, death, job loss or divorce. In other words, they say, foreclosures happen because some people have bad luck. It may be true that these events may be among the causes of a foreclosure;

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however, these events alone do not explain the current rise in foreclosures.

HUD monitors lenders who make FHA loans. HUD keeps track of the performance of FHA loans originated by lenders and compares the default rates on loans originated in the last 24 months with similar loans made by other lenders in the same geographic areas. If a particular lender's default rate is substantially higher than other lenders' then HUD has the authority to terminate that lender's FHA privileges. The rationale for looking at recently originated loans is that the performance of these loans are revealing of the "due diligence" of the lender in approving loans. This monitoring will

most likely reveal fraud or abusive lending practices if default rates are particularly high. "Early defaults" are loans that foreclose in the first 24 months following origination.

In the conventional loan market, early defaults have become more prevalent. In 2006, 55% of new foreclosures were on loans less than 24 months old (Finding 4). In 1993 (see Table 4 and Figure 4), the majority of foreclosure cases (61%) were on loans 4 years or more old. In 2006, these "seasoned" loans accounted for only 15% of foreclosure cases. The majority of cases (55%) in 2006 were ones where the loan went into foreclosure during the same or year following the

Finding 4: 55% of the newly filed foreclosures in 2006 were on loans less than 24 months old.

Figure 4

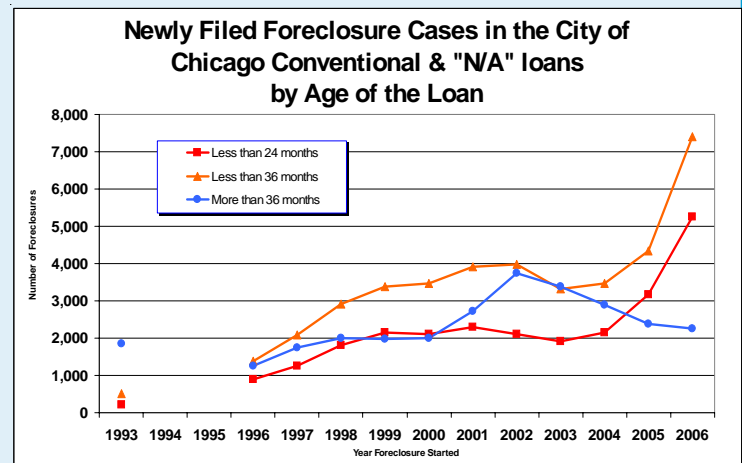


Table 4

Approximate Age of Loan	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Percent Change 1993-2006	Percent Change 2005-2006
Same year loan was originated	30			126	206	337	299	307	281	294	311	435	660	1,060	3433%	61%
Year following origination	185			767	1,054	1,478	1,850	1,791	2,024	1,804	1,611	1,724	2,505	4,201	2171%	68%
2 years following origination	303			488	823	1,096	1,230	1,360	1,609	1,880	1,396	1,304	1,182	2,140	606%	81%
3 years following origination	375			249	474	634	718	772	1,066	1,484	1,081	777	644	802	114%	25%
4 to 5 years following origination	536			313	391	572	657	652	991	1,363	1,397	1,071	767	607	13%	-21%
More than 6 years following origination	940			687	887	793	607	573	674	906	906	1,040	973	840	-11%	-14%
Origination year missing	54			202	100	21	19	5	5	8	5	1	2	1		
Total	2,423			2,832	3,935	4,931	5,380	5,460	6,650	7,739	6,707	6,352	6,733	9,651	298%	43%
Percent Change from Previous Year(s)*	-			17%	39%	25%	9%	1%	22%	16%	-13%	-5%	6%	43%		

*For 1996, the percentage change from previous year(s) is based on 1993.

Finding 5: 92% of foreclosure cases started on young loans in 2006 were loans below the Illinois interest rate trigger.

Figure 5

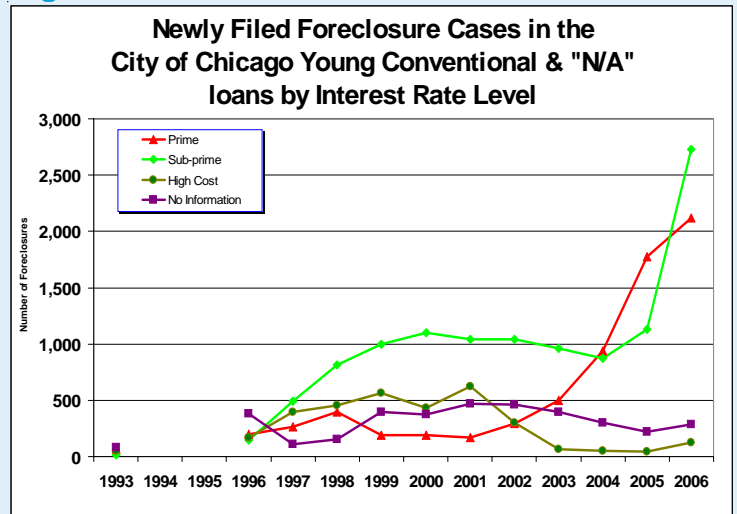


Table 5

Interest Rate Level	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Percent Change 1993-2006	Percent Change 2005-2006
Prime: Less than 3% above comparable Treasury Securities	65			199	262	396	193	191	170	294	498	938	1,776	2,122	3165%	19%
Subprime: Between 3% & 6% above comparable Treasury Securities	18			146	491	814	999	1,099	1,043	1,041	958	872	1,131	2,730	15067%	141%
High Cost: 6% or more above comparable Treasury Securities	54			170	397	453	562	435	622	304	69	51	41	125	131%	205%
No Interest Rate Information Provided	78			378	110	152	395	373	470	459	397	298	217	284		
Total	215			893	1,260	1,815	2,149	2,098	2,305	2,098	1,922	2,159	3,165	5,261	2347%	66%
Percent Change from Previous Year(s)*	-			315%	41%	44%	18%	-2%	10%	-9%	-8%	12%	47%	66%		

*For 1996, the percentage change from previous year(s) is based on 1993.

year the loan was originated. These loans are less than 24 months old.

Table 5 and Figure 5 look more closely at these early defaults. In 2006, 92% of the foreclosures started on young loans (those less than 24 months old) were loans with interest rates below the Illinois interest rate triggers. Thus, statutory restrictions on predatory practices did not apply to these loans, yet the borrowers fail to keep up with payments after only a few months.

Table 6 and Figure 6 (see page 9) help to explain what went wrong with these loans. ARMs, which were rare in 1993, are now more common and can

be extremely risky for borrowers. ARMs accounted for 97% of these early defaults (Finding 6). ARMs are not new. They have existed for many years and make sense for certain borrowers who, for example, can count on increased future income or who expect interest rates to fall.

Figure 7 (on page 11) attempts to illustrate how early defaults have changed over time. For this purpose NTIC used the actual number of foreclosures on young loans and divided them by the number of conventional, single family loans reported under the Home Mortgage Disclosure Act (the error associated with this is discussed in the

Finding 6: ARMs accounted for 97% of early defaults.

Figure 6

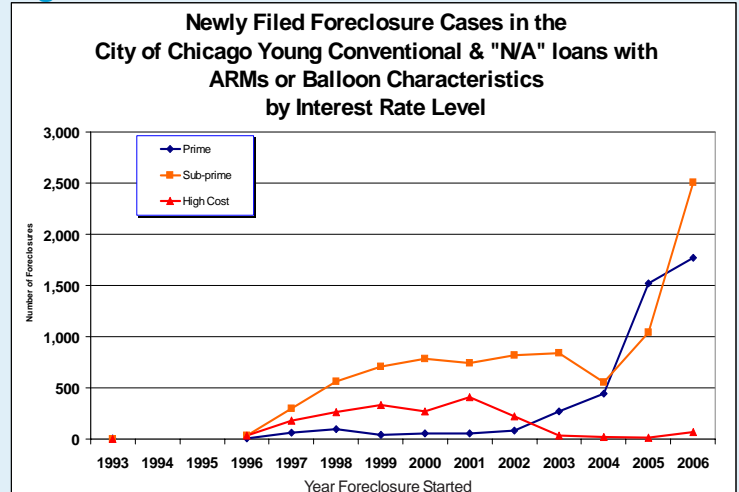


Table 6

Interest Rate Level	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Percent Change 1993-2006	Percent Change 2005-2006
Prime: Less than 3% above comparable Treasury Securities	6			7	65	99	45	59	53	84	274	446	1,522	1,771	29417%	16%
Subprime: Between 3% & 6% above comparable Treasury Securities	2			35	296	561	711	782	740	821	839	554	1,040	2,504	125100%	141%
High Cost: 6% or more above comparable Treasury Securities	3			35	182	266	330	269	410	219	35	18	16	67	2133%	319%
No Interest Rate Information Provided	2			2	3	4	20	26	40	20	23	21	22	51		
Total	13			79	546	930	1,106	1,136	1,243	1,144	1,171	1,039	2,600	4,393	33692%	69%
Percent Change from Previous Year(s)*	-			508%	591%	70%	19%	3%	9%	-8%	2%	-11%	150%	69%		

* For 1996, the percentage change from previous year(s) is based on 1993.

note on Table 7 on page 11) . The early default rate has been increasing since 2003 and had more than doubled by 2006.

Summary

Since 1993, the lending industry has undergone a transformation toward offering riskier and riskier loan products to consumers. Some in the mortgage finance industry argue that these loan products have made homeownership possible for many borrowers who were barred from owning a home because of blemished credit. Gains in homeownership must be weighed against the

increased rate at which borrowers are failing to keep their homes. Borrowers are falling behind earlier in the life of their mortgages. The mortgage products most likely to make up the foreclosure cases are increasingly ARMs that begin with affordable interest rates but result in payment shock and financial hardship for the borrower. These loans show up as early defaulting ARMs. They are not mature enough to have had the interest rate reset more than once or twice and yet these early increases in the payment amount were enough to put the family into crisis, missing payments and becoming 90-days delinquent.

Finding 7: Early default rate has more than doubled since 2003.

Figure 7

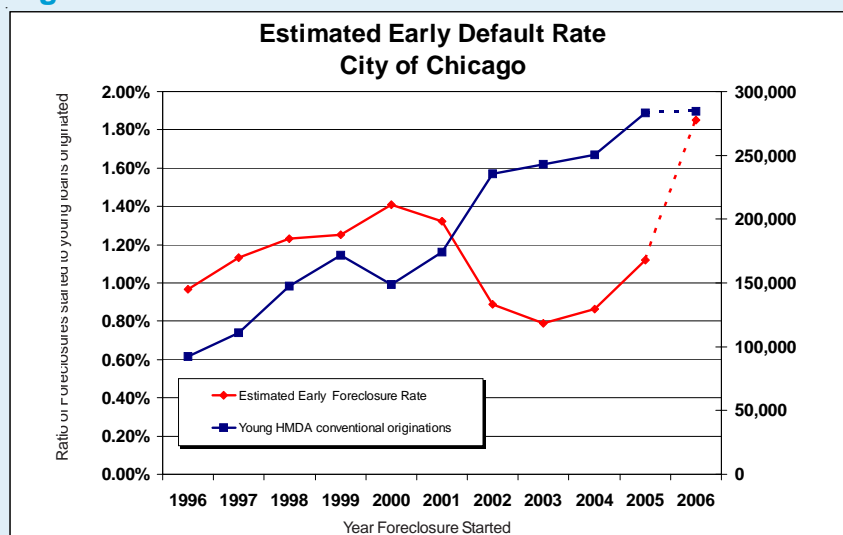


Table 7

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Estimated Early Default Rate *	0.97%	1.13%	1.23%	1.25%	1.41%	1.32%	0.89%	0.79%	0.86%	1.12%	1.85%
Young Foreclosures Started	893	1,260	1,815	2,149	2,098	2,305	2,098	1,922	2,159	3,165	5,261
Young HMDA conventional originations	92,438	111,097	147,569	171,684	148,807	174,091	235,771	243,230	250,266	282,984	284,385

* The early default rate calculated for this finding is an estimate for two reasons. First, a true default rate would include all residential conventional mortgages, not just those mortgages reported under the Home Mortgage Disclosure Act. This error would tend to make the default rates in Table 7 higher than they actually are. However, since the same error affects all years, a comparison of the change from year to year should be more accurate. Secondly, HMDA data for 2006 will not be available until August or September of 2007. Thus the number used for 2006 is a rough estimate that assumes HMDA originations fell 19%³. This table will be updated when the 2006 HMDA data becomes available.

³ Predicted national decline in mortgage originations by the Mortgage Bankers Association, press release dated 10/26/2006. <http://www.mortgagebankers.org/NewsandMedia/PressCenter/46088.htm>

Foreclosing Institutions

The 15 most active foreclosing institutions in Chicago were involved in more than 75% of all foreclosure cases started in 2006. The institutions (or their subsidiaries) listed in Table 8 were most often the plaintiffs in foreclosure cases. These institutions may have been the servicer or the owner of loans originated by other lenders, or the loan may have been originated by them or one of their subsidiaries. In any case, the list is interesting because so few institutions were responsible for such a great share of the conventional foreclosures in 2006.

Fremont Investment and Loan, US Bank, Deutsche Bank and HSBC have the highest percentage of early defaults on ARM loans.

Table 8

Rank	Institution/Holding Company	Foreclosures Started		
		Number	Percent Share	Percent New ARMs
1	Deutsche Bank	1,637	16.7%	62%
2	US Bank	1,034	10.5%	72%
3	Wells Fargo	993	10.1%	36%
4	JP Morgan Chase	645	6.6%	23%
5	Bank of New York	552	5.6%	53%
6	HSBC	527	5.4%	61%
7	ABN Amro Holding	499	5.1%	36%
8	Washington Mutual	478	4.9%	44%
9	Countrywide Financial Corp	276	2.8%	26%
10	CitiGroup	246	2.5%	13%
11	Homecomings/GMAC	207	2.1%	24%
12	Fremont Investment & Loan	165	1.7%	72%
13	WM Specialty Mortgage	100	1.0%	20%
14	Wachovia Corp	96	1.0%	7%
15	Aurora Loan Servicing	95	1.0%	1%
Top 15		7,550	76.9%	
MERS		23	0.2%	
All others		2,247	22.9%	
All Lenders/Servicers/Trustees		9,820		

Neighborhood Analysis

In 2006, foreclosures increased in census tracts of all income levels. The greatest increase was in low-income tracts at 52%. Moderate- and middle-income tracts increased by 42% and 40%, respectively. Foreclosures increased by 28% in upper-income tracts.

More importantly, 75% of all conventional and “N/A” foreclosures were in low- or moderate-income tracts, up from 68% in 1993. Upper-income tracts had 13% of all conventional and “N/A” foreclosure cases in 1993, but only 5% in 2006. Most early defaults (75%) occurred in low- or moderate-

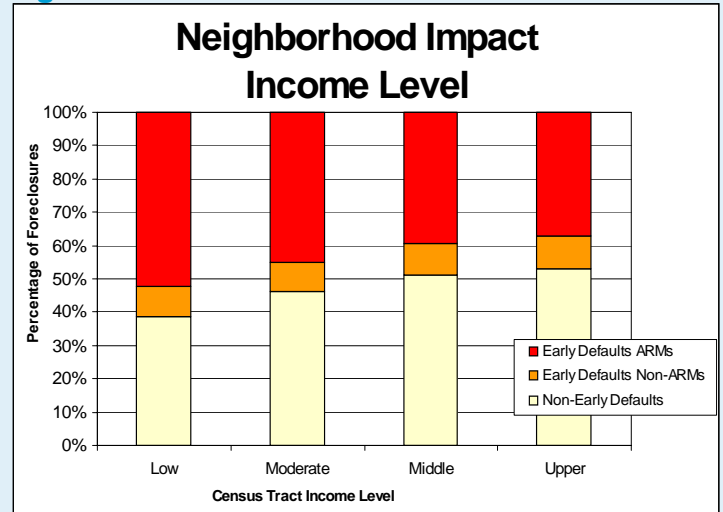
income tracts and most early defaulting ARMs (79%) occurred in low- or moderate-income tracts.

Early defaulting ARMs are a clear indication that borrowers are ill prepared for increases in monthly payments. It is likely that these borrowers did not realize what was going to happen to their monthly payment when their loan reset. In low-, moderate- and middle-income census tracts, early defaulting ARM rate loans increased by more than 70% from 2005 to 2006 while increasing only 11% in upper-income tracts.

In 2006, foreclosures increased in census tracts of all racial compositions. The greatest increase was in mixed tracts at 48%. Non-white tracts increased by 44%. Foreclosures increased by 20% in white tracts.

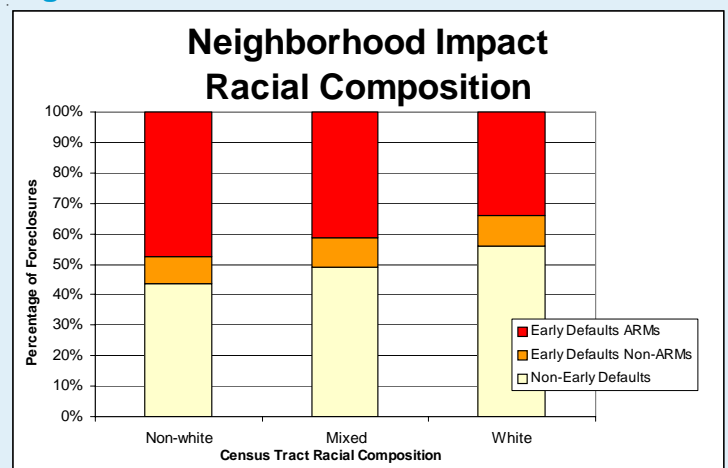
Finding 8: Early defaulting ARMs were most often in low- or moderate-income census tracts.

Figure 8



Finding 9: Early defaulting ARMs were most often in non-white census tracts.

Figure 9



Defining terms:

Low-income: up to 50% of MSA Median Family Income

Moderate-income: between 50% and 80% of MSA Median Family Income

Middle-income: between 80% and 120% of MSA Median Family Income

Upper-income: more than 120% of MSA Median Family Income

Non-white: more than 80% non-white population

Mixed: between 80% and 20% non-white population

White: less than 20% non-white population

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More importantly, 73% of all conventional and “N/A” foreclosures were in non-white tracts, up from 61% in 1993. White tracts had 10% of all conventional and “N/A” foreclosure cases in 1993, but only 4% in 2006. Most early defaults (76%) occurred in non-white tracts and most early defaulting ARMs (77%)

occurred in low- or moderate-income tracts.

In non-white and mixed census tracts, early defaulting ARM rate loans increased by 74% and 60%, respectively, from 2005 to 2006 while increasing only 22% in white tracts.

Finding 10: From 1993 to 2006, changes in the number of foreclosure cases varied widely among community areas.

Table 11

Non-White Low/Mod	Community Area	Foreclosures Started			Non-White Low/Mod	Community Area	Foreclosures Started		
		1993	2006	Percent Change 1993-2006			1993	2006	Percent Change 1993-2006
Y	01 Rogers Park	50	77	54%	Y	40 Washington Park	7	66	843%
Y	02 West Ridge	42	121	188%		41 Hyde Park	34	42	24%
Y	03 Uptown	48	71	48%	Y	42 Woodlawn	43	178	314%
Y	04 Lincoln Square	18	31	72%	Y	43 South Shore	170	331	95%
	05 North Center	23	27	17%	Y	44 Chatham	89	225	153%
	06 Lakeview	68	71	4%	Y	45 Avalon Park	45	113	151%
	07 Lincoln Park	60	48	-20%	Y	46 South Chicago	139	294	112%
	08 Near North	100	192	92%	Y	47 Burnside	23	34	48%
	09 Edison Park	3	12	300%	Y	48 Calumet Heights	60	121	102%
	10 Norwood Park	22	47	114%	Y	49 Roseland	295	497	68%
	11 Jefferson Park	12	50	317%	Y	50 Pullman	32	62	94%
	12 Forest Glen	14	26	86%	Y	51 South Deering	107	115	7%
	13 North Park	6	20	233%		52 East Side	26	56	115%
Y	14 Albany Park	33	48	45%	Y	53 West Pullman	324	470	45%
	15 Portage Park	45	99	120%	Y	54 Riverdale	10	17	70%
Y	16 Irving Park	47	77	64%		55 Hegewisch	10	46	360%
	17 Dunning	21	81	286%		56 Garfield Ridge	20	90	350%
	18 Montclare	6	33	450%		57 Archer Heights	5	28	460%
Y	19 Belmont Cragin	80	195	144%	Y	58 Brighton Park	23	75	226%
Y	20 Hermosa	27	54	100%	Y	59 McKinley Park	4	19	375%
Y	21 Avondale	23	61	165%		60 Bridgeport	14	40	186%
Y	22 Logan Square	98	105	7%	Y	61 New City	253	270	7%
Y	23 Humboldt Park	202	290	44%		62 West Elsdon	7	40	471%
Y	24 West Town	76	137	80%	Y	63 Gage Park	50	103	106%
Y	25 Austin	389	642	65%		64 Clearing	17	62	265%
Y	26 West Garfield Park	32	185	478%		65 West Lawn	26	109	319%
Y	27 East Garfield Park	35	131	274%	Y	66 Chicago Lawn	184	391	113%
Y	28 Near West Side	16	91	469%	Y	67 West Englewood	275	538	96%
Y	29 North Lawndale	45	222	393%	Y	68 Englewood	110	436	296%
Y	30 South Lawndale	40	98	145%		69 Greater Grand Crossing	89	290	226%
Y	31 Lower West Side	11	47	327%		70 Ashburn	59	253	329%
	32 Loop	25	61	144%	Y	71 Auburn Gresham	208	370	78%
	33 Near South Side	2	55	2650%		72 Beverly	53	70	32%
Y	34 Armour Square	0	3	-	Y	73 Washington Heights	154	285	85%
Y	35 Douglas	7	53	657%		74 Mount Greenwood	21	27	29%
Y	36 Oakland	2	11	450%		75 Morgan Park	89	183	106%
Y	37 Fuller Park	6	28	367%		76 O'hare	4	16	300%
Y	38 Grand Boulevard	27	165	511%	Y	77 Edgewater	58	95	64%
Y	39 Kenwood	18	72	300%					
						All Chicago:	4,916	10,294	109%

Community Area Analysis

The 109% increase city-wide in Chicago since 1993 does not tell the whole story. Some community areas on the south and west sides saw increases several times this amount, while Lincoln Park experienced a decrease.

Likewise the one-year 36% increase experienced city-wide varied greatly among the community area. A few (Armour Square, Hyde Park, Burnside, and Mount Greenwood) actually saw decreases.

Definitions for Tables 11 & 12

Non-white Community Area: These are neighborhoods in which non-white people make up more than 80% of the total neighborhood population according to the 2000 census.

Low/Mod Community Area: These are neighborhoods where weighted average of the census tract median incomes is less than 80% of the MSA median income according to the 2000 census.

Table 12

Non-White	Low/Mod		2005 Number	2006 Number	Percent Change 2005-06	Percent Early Defaulting CNV or N/A loans in 2006	Percent Early Defaulting CNV & N/A loans with ARMs and/or Balloon Characteristics in 2006	
	Y	01	Rogers Park	55	77	40.0%	41.6%	37.7%
	Y	02	West Ridge	67	121	80.6%	57.0%	45.5%
	Y	03	Uptown	43	71	65.1%	36.6%	28.2%
	Y	04	Lincoln Square	23	31	34.8%	54.8%	48.4%
		05	North Center	16	27	68.8%	51.9%	44.4%
		06	Lakeview	55	71	29.1%	39.4%	32.4%
		07	Lincoln Park	37	48	29.7%	52.1%	31.3%
		08	Near North	152	192	26.3%	45.3%	37.0%
		09	Edison Park	10	12	20.0%	25.0%	16.7%
		10	Norwood Park	34	47	38.2%	34.0%	23.4%
		11	Jefferson Park	34	50	47.1%	48.0%	34.0%
		12	Forest Glen	19	26	36.8%	53.8%	34.6%
		13	North Park	11	20	81.8%	35.0%	35.0%
	Y	14	Albany Park	24	48	100.0%	66.7%	54.2%
		15	Portage Park	80	99	23.8%	57.6%	45.5%
	Y	16	Irving Park	63	77	22.2%	55.8%	45.5%
		17	Dunning	70	81	15.7%	63.0%	58.0%
		18	Montclare	21	33	57.1%	36.4%	21.2%
	Y	19	Belmont Cragin	135	195	44.4%	62.6%	54.9%
Y	Y	20	Hermosa	36	54	50.0%	59.3%	51.9%
	Y	21	Avondale	30	61	103.3%	55.7%	49.2%
	Y	22	Logan Square	84	105	25.0%	56.2%	44.8%
Y	Y	23	Humboldt Park	224	290	29.5%	59.0%	51.4%
	Y	24	West Town	95	137	44.2%	54.7%	45.3%
Y	Y	25	Austin	492	642	30.5%	55.8%	48.6%
Y	Y	26	West Garfield Park	113	185	63.7%	63.2%	54.1%
Y	Y	27	East Garfield Park	75	131	74.7%	61.1%	50.4%
	Y	28	Near West Side	82	91	11.0%	48.4%	39.6%
Y	Y	29	North Lawndale	158	222	40.5%	62.2%	54.1%
Y	Y	30	South Lawndale	87	98	12.6%	44.9%	37.8%
Y	Y	31	Lower West Side	28	47	67.9%	61.7%	44.7%
		32	Loop	42	61	45.2%	39.3%	31.1%

Table 12 continued

Non-White	Low/Mod		2005 Number	2006 Number	Percent Change 2005-06	Percent Early Defaulting CNV or N/A loans in 2006	Percent Early Defaulting CNV & N/A loans with ARMs and/or Balloon Characteristics in 2006	
		33	Near South Side	20	55	175.0%	60.0%	47.3%
Y	Y	34	Armour Square	11	3	-72.7%	33.3%	33.3%
Y	Y	35	Douglas	36	53	47.2%	43.4%	35.8%
Y	Y	36	Oakland	5	11	120.0%	45.5%	36.4%
Y	Y	37	Fuller Park	22	28	27.3%	64.3%	60.7%
Y	Y	38	Grand Boulevard	86	165	91.9%	64.8%	55.2%
Y	Y	39	Kenwood	55	72	30.9%	50.0%	43.1%
Y	Y	40	Washington Park	61	66	8.2%	56.1%	45.5%
		41	Hyde Park	43	42	-2.3%	42.9%	38.1%
Y	Y	42	Woodlawn	115	178	54.8%	60.1%	46.6%
Y	Y	43	South Shore	214	331	54.7%	42.3%	35.6%
Y	Y	44	Chatham	162	225	38.9%	45.3%	36.0%
Y		45	Avalon Park	90	113	25.6%	41.6%	38.9%
Y	Y	46	South Chicago	186	294	58.1%	52.7%	45.2%
Y	Y	47	Burnside	40	34	-15.0%	35.3%	35.3%
Y		48	Calumet Heights	111	121	9.0%	45.5%	36.4%
Y	Y	49	Roseland	389	497	27.8%	48.5%	39.0%
Y	Y	50	Pullman	59	62	5.1%	33.9%	27.4%
Y	Y	51	South Deering	107	115	7.5%	21.7%	18.3%
	Y	52	East Side	52	56	7.7%	44.6%	32.1%
Y	Y	53	West Pullman	330	470	42.4%	43.6%	35.7%
Y	Y	54	Riverdale	9	17	88.9%	23.5%	23.5%
		55	Hegewisch	29	46	58.6%	21.7%	17.4%
		56	Garfield Ridge	67	90	34.3%	56.7%	44.4%
	Y	57	Archer Heights	19	28	47.4%	39.3%	39.3%
Y	Y	58	Brighton Park	50	75	50.0%	45.3%	41.3%
	Y	59	McKinley Park	11	19	72.7%	36.8%	26.3%
	Y	60	Bridgeport	34	40	17.6%	35.0%	30.0%
Y	Y	61	New City	192	270	40.6%	62.6%	53.3%
		62	West Elsdon	23	40	73.9%	45.0%	32.5%
Y	Y	63	Gage Park	82	103	25.6%	51.5%	40.8%
		64	Clearing	52	62	19.2%	43.5%	33.9%
		65	West Lawn	73	109	49.3%	45.0%	32.1%
Y	Y	66	Chicago Lawn	268	391	45.9%	53.5%	45.8%
Y	Y	67	West Englewood	412	538	30.6%	58.6%	50.0%
Y	Y	68	Englewood	264	436	65.2%	59.9%	51.1%
	Y	69	Greater Grand Crossing	213	290	36.2%	58.3%	50.3%
		70	Ashburn	207	253	22.2%	49.8%	43.9%
Y	Y	71	Auburn Gresham	331	370	11.8%	42.7%	36.2%
		72	Beverly	55	70	27.3%	47.1%	40.0%
Y	Y	73	Washington Heights	235	285	21.3%	38.6%	30.5%
		74	Mount Greenwood	44	27	-38.6%	44.4%	37.0%
		75	Morgan Park	127	183	44.1%	41.5%	32.8%
		76	O'Hare	9	16	77.8%	31.3%	25.0%
	Y	77	Edgewater	63	95	50.8%	45.3%	29.5%
All Chicago:			7,558	10,294	36.2%	51.1%	42.7%	

NTIC's Work to Keep People in Their Homes

Because of the devastating impact foreclosures can have on families and neighborhoods, NTIC and its community affiliates developed the HOT SPOT Card™ process. The HOT SPOT Card™ process combines the street-level presence and experience of community groups with the desire of our corporate partners to bring borrowers current on their monthly payments. The process can address predatory loan terms and help borrowers get out from under unaffordable payments and get back on their feet.

Currently, Citifinancial, Select Portfolio Servicing, Ocwen Financial and J.P. Morgan Chase are full partners in the HOT SPOT Card™ process.

NTIC is also working with Fannie Mae, lenders, housing counselors and community groups to refinance borrowers out of predatory loans and resetting ARMs.

If you are a homeowner and you want to access NTIC's HOT SPOT Card™ process, call Ian Gardiner at 312-676-2826.

For more information on NTIC's work to help borrowers stay in their homes and develop strategies to stop predatory lending, call Michele Rodriguez Taylor at 312-676-2808.

Recommendations

Focusing industry efforts to have everyone become a homeowner is unrealistic and irresponsible. Although there is pressure from the media, the industry and the government to encourage people to become homeowners, not everyone is prepared to take on this responsibility. It does more harm to put someone in a home today using an exotic loan than to have that person wait a few years and receive appropriate housing counseling that prepares them for long-term homeownership. Putting a person in a home today only to lose it tomorrow affects that person's credit, their self-esteem and ultimately their belief in the American Dream.

In going forward, lenders need to promote successful and sustainable home ownership. Below are recommendations on how to combat the increase in foreclosures and what the industry should focus on in moving forward:

1. The industry needs to establish standards that do not reward brokers for making loans to people without regard for their ability to repay those loans.
2. There needs to be fiduciary responsibility on behalf of the brokers and originators to their borrowers.
3. Develop quality and successful programs, like NTIC's HOT SPOT Card™ Program, that partner local community groups with national lenders and servicers. This is essential in reaching borrowers most in need of assistance.
4. Lenders need to develop a rescue product for those borrowers who cannot afford the current monthly payment of their ARM and do not have enough equity to refinance their loan into a quality loan.
5. Lenders and servicers need to engage the community to develop pro-active plans to deal with REO properties (homes lenders own because of foreclosure).
6. Wall Street investors need to accept their responsibility for the current crisis and allow workouts and modifications of loans to keep people in their homes.
7. Wall Street investors should adopt a code of ethics in dealing with mortgage-backed securities that does not create incentives for lenders to make poor quality loans.
8. Wall Street investors need to help support reforms that will hold brokers and originators accountable for their sales practices.
9. NTIC recommend that first-time home buyers get pre- and post-purchase housing counseling.

Appendix

Foreclosures by City or Village

City or Village	1993 New Cases	Percent Change 1993-2006	2005 New Cases	Percent Change 2005-06	2006		
					2006 New Cases	Percent Early Defaults	Percent Early Defaulting ARMS
Addison	38	132%	61	44%	88	48%	39%
Algonquin	4	2225%	68	37%	93	40%	33%
Alsip	20	285%	62	24%	77	38%	31%
Antioch	18	417%	76	22%	93	23%	12%
Arlington Heights	64	56%	77	30%	100	43%	34%
Aurora	194	310%	582	37%	795	35%	28%
Bannockburn	0	-	1	-100%	0	-	-
Barrington	46	-4%	34	29%	44	30%	25%
Barrington Hills	5	60%	9	-11%	8	25%	25%
Bartlett	51	122%	93	22%	113	40%	27%
Batavia	13	354%	39	51%	59	29%	25%
Beach Park	4	825%	35	6%	37	35%	22%
Bedford Park	1	200%	2	50%	3	67%	67%
Beecher	2	850%	9	111%	19	26%	21%
Bellwood	140	24%	156	11%	173	38%	29%
Bensenville	17	194%	50	0%	50	22%	16%
Berkeley	11	145%	20	35%	27	44%	33%
Berwyn	52	337%	155	46%	227	44%	32%
Big Rock	0	-	3	33%	4	25%	25%
Bloomington	28	71%	31	55%	48	40%	29%
Blue Island	27	226%	86	2%	88	36%	28%
Bolingbrook	156	138%	282	32%	371	38%	32%
Braceville	0	-	1	100%	2	0%	0%
Braidwood	5	620%	25	44%	36	39%	36%
Bridgeview	16	156%	23	78%	41	27%	22%
Broadview	29	114%	54	15%	62	23%	18%
Broadway	0	-	1	-100%	0	-	-
Brookfield	22	59%	25	40%	35	34%	23%
Buffalo Grove	45	82%	52	58%	82	37%	35%
Burbank	33	145%	59	37%	81	56%	44%
Burlington	0	-	0	-	1	100%	100%
Burnham	17	182%	29	66%	48	46%	38%
Burr Ridge	12	0%	12	0%	12	50%	42%
Calumet City	113	254%	302	32%	400	35%	27%
Calumet Park	36	114%	48	60%	77	36%	31%
Carol Stream	44	170%	77	55%	119	32%	22%
Carpentersville	67	215%	166	27%	211	38%	27%
Cary	1	5900%	51	18%	60	30%	23%
Centerville	2	-100%	0	-	0	-	-
Channahon	2	1350%	24	21%	29	48%	45%
Chicago	4,916	109%	7,558	36%	10,294	51%	43%
Chicago Heights	104	183%	192	53%	294	38%	30%
Chicago Ridge	10	190%	27	7%	29	31%	24%
Cicero	118	111%	171	46%	249	44%	36%
Clarendon Hills	17	-6%	7	129%	16	38%	31%
Country Club Hills	137	92%	234	12%	263	35%	32%
Countryside	2	350%	6	50%	9	67%	22%
Crest Hill	15	427%	53	49%	79	32%	29%
Crestwood	14	171%	22	73%	38	34%	29%
Crete	15	693%	101	18%	119	39%	36%
Crystal Lake	1	14600%	125	18%	147	27%	24%
Custer Park	0	-	1	200%	3	67%	67%

Foreclosures by City or Village (cont.)

City or Village	1993 New Cases	Percent Change 1993-2006	2005 New Cases	Percent Change 2005-06	2006		
					2006 New Cases	Percent Early Defaults	Percent Early Defaulting ARMS
Darien	21	62%	24	42%	34	41%	29%
Deer Park	4	-100%	3	-100%	0	-	-
Deerfield	23	65%	26	46%	38	50%	45%
Des Plaines	49	298%	100	95%	195	48%	38%
Dixmoor	14	43%	16	25%	20	10%	5%
Dolton	180	114%	298	29%	385	35%	29%
Downers Grove	57	44%	53	55%	82	39%	29%
Dundee	0	-	4	-25%	3	0%	0%
East Chicago	2	-100%	0	-	0	-	-
East Chicago Heights	6	-100%	0	-	0	-	-
East Dundee	8	-25%	12	-50%	6	33%	17%
East Hazel Crest	0	-	2	-50%	1	0%	0%
Edgebrook	0	-	0	-	1	0%	0%
Elburn	2	800%	7	157%	18	44%	22%
Elgin	126	264%	353	30%	459	42%	34%
Elk Grove	2	0%	1	100%	2	0%	0%
Elk Grove Village	30	73%	42	24%	52	44%	35%
Elmhurst	22	209%	43	58%	68	32%	26%
Elmwood Ct.	0	-	1	-100%	0	-	-
Elwood	2	350%	10	-10%	9	33%	33%
Evanston	76	59%	99	22%	121	44%	33%
Evergreen Park	14	464%	68	16%	79	37%	32%
Flossmoor	15	460%	41	105%	84	48%	39%
Flossmoor Highlands	0	-	0	-	1	100%	100%
Ford Heights	3	300%	18	-33%	12	17%	8%
Forest Park	17	112%	32	13%	36	50%	39%
Forest View	1	1100%	5	140%	12	42%	33%
Fox Lake	15	233%	37	35%	50	38%	28%
Fox River Grove	0	-	10	180%	28	32%	32%
Frankfort	26	246%	54	67%	90	48%	36%
Franklin Park	7	643%	50	4%	52	46%	37%
Gages Lake	1	100%	5	-60%	2	50%	50%
Garden Homes	0	-	0	-	1	100%	100%
Geneva	10	360%	27	70%	46	41%	30%
Gilberts	5	240%	10	70%	17	18%	12%
Glen Ellyn	23	178%	43	49%	64	41%	25%
Glencoe	5	60%	3	167%	8	13%	13%
Glendale	1	-100%	0	-	0	-	-
Glendale Heights	54	185%	97	59%	154	36%	28%
Glenview	41	56%	37	73%	64	56%	44%
Glenwood	33	161%	76	13%	86	31%	28%
Godley	0	-	2	50%	3	33%	0%
Golf	0	-	1	0%	1	0%	0%
Grayslake	14	414%	54	33%	72	35%	24%
Green Oaks	1	-100%	1	-100%	0	-	-
Gurnee	23	183%	80	-19%	65	31%	20%
Hainesville	0	-	16	69%	27	11%	11%
Hampshire	9	0%	9	0%	9	22%	22%
Hanover Park	78	158%	108	86%	201	38%	28%
Harvard	0	-	43	49%	64	39%	28%
Harvey	215	61%	291	19%	346	45%	38%

Foreclosures by City or Village (cont.)

City or Village	1993 New Cases	Percent Change 1993-2006	2005 New Cases	Percent Change 2005-06	2006		
					2006 New Cases	Percent Early Defaults	Percent Early Defaulting ARMS
Harwood Heights	5	100%	8	25%	10	50%	20%
Hawthorn Woods	7	71%	5	140%	12	50%	25%
Hazel Crest	99	132%	216	6%	230	33%	27%
Hebron	0	-	2	150%	5	40%	20%
Hickory Hills	10	310%	28	46%	41	44%	29%
Highland Park	40	25%	40	25%	50	44%	30%
Highwood	2	300%	5	60%	8	50%	38%
Hillside	14	207%	41	5%	43	35%	28%
Hinsdale	28	32%	29	28%	37	41%	30%
Hodgkins	2	-50%	0	-	1	0%	0%
Hoffman Estates	78	64%	100	28%	128	34%	25%
Holiday Hills	0	-	1	200%	3	67%	33%
Homer Glen	0	-	17	29%	22	59%	50%
Hometown	10	70%	12	42%	17	29%	12%
Homewood	33	227%	91	19%	108	31%	28%
Huntley	0	-	38	82%	69	42%	28%
Indian Creek	0	-	1	200%	3	67%	67%
Indian Head Park	3	67%	1	400%	5	80%	20%
Ingleside	12	333%	46	13%	52	23%	17%
Inverness	14	-64%	4	25%	5	80%	80%
Island Lake	3	1133%	35	6%	37	35%	24%
Itasca	12	0%	9	33%	12	58%	42%
Ivanhoe	0	-	0	-	1	0%	0%
Johnsburg	0	-	11	64%	18	67%	56%
Joliet	180	249%	426	48%	629	27%	20%
Justice	11	209%	15	127%	34	24%	12%
Keeneyville	0	-	0	-	1	0%	0%
Kenilworth	5	-60%	1	100%	2	0%	0%
Kildeer	8	-38%	5	0%	5	40%	20%
LaGrange	11	200%	14	136%	33	48%	36%
LaGrange Highlands	1	200%	8	-63%	3	33%	33%
LaGrange Park	3	467%	5	240%	17	12%	12%
Lake Barrington	8	63%	9	44%	13	54%	46%
Lake Bluff	5	320%	8	163%	21	43%	38%
Lake Forest	33	-48%	18	-6%	17	47%	29%
Lake in the Hills	0	-	100	43%	143	29%	22%
Lake Marion	1	-100%	0	-	0	-	-
Lake Park	0	-	1	-100%	0	-	-
Lake Villa	21	362%	49	98%	97	31%	23%
Lake Zurich	12	292%	43	9%	47	51%	38%
Lakemoor	1	2600%	19	42%	27	19%	19%
Lakewood	0	-	5	-20%	4	50%	50%
Lansing	28	468%	125	27%	159	35%	29%
Lemont	17	200%	30	70%	51	45%	33%
Leyden Township	2	-100%	1	-100%	0	-	-
Libertyville	19	63%	31	0%	31	32%	26%
Lincolnshire	7	-14%	8	-25%	6	33%	33%
Lincolnwood	19	74%	10	230%	33	45%	27%
Lindenhurst	10	260%	25	44%	36	33%	19%
Lisle	27	126%	31	97%	61	34%	25%
Lockport	67	146%	121	36%	165	33%	24%
Lombard	46	126%	83	25%	104	38%	38%

Foreclosures by City or Village (cont.)

City or Village	1993 New Cases	Percent Change 1993-2006	2005 New Cases	Percent Change 2005-06	2006		
					2006 New Cases	Percent Early Defaults	Percent Early Defaulting ARMS
Long Grove	15	-47%	11	-27%	8	25%	25%
Lynwood	26	219%	77	8%	83	36%	31%
Lyons	7	443%	27	41%	38	53%	45%
Manhattan	3	533%	18	6%	19	26%	21%
Maple Park	1	500%	4	50%	6	33%	33%
Marengo	0	-	28	50%	42	31%	29%
Markham	85	135%	132	52%	200	34%	27%
Matteson	51	312%	165	27%	210	41%	30%
Mattson	0	-	1	0%	1	100%	0%
Maywood	153	55%	219	8%	237	46%	39%
McCook	0	-	1	0%	1	0%	0%
McCullom Lake	0	-	0	-	4	25%	25%
McHenry	1	17200%	171	1%	173	28%	18%
Medinah	4	50%	3	100%	6	17%	17%
Melrose Park	31	161%	51	59%	81	44%	35%
Merrionette Park	1	1200%	6	117%	13	31%	23%
Midlothian	26	200%	69	13%	78	36%	31%
Minooka	2	100%	3	33%	4	0%	0%
Mokena	13	277%	40	23%	49	37%	29%
Monee	3	1567%	30	67%	50	56%	40%
Montgomery	5	480%	24	21%	29	45%	34%
Morton Grove	16	56%	26	-4%	25	56%	48%
Mount Prospect	38	55%	44	34%	59	41%	34%
Mundelein	31	300%	84	48%	124	27%	19%
Naperville	87	140%	133	57%	209	41%	29%
New Lenox	12	658%	80	14%	91	37%	21%
Niles	9	344%	24	67%	40	40%	28%
Norridge	7	57%	7	57%	11	55%	45%
North Aurora	8	400%	32	25%	40	33%	20%
North Barrington	1	0%	2	-50%	1	100%	100%
North Chicago	23	326%	79	24%	98	29%	23%
North Riverside	4	225%	5	160%	13	38%	31%
North Shorewood	0	-	0	-	1	0%	0%
Northbrook	59	-12%	41	27%	52	31%	21%
Northfield	9	-44%	6	-17%	5	0%	0%
Northlake	24	104%	32	53%	49	37%	27%
Norwood Park	1	0%	1	0%	1	100%	100%
Nottingham Park	0	-	0	-	2	100%	100%
Oak Brook	19	-37%	9	33%	12	58%	42%
Oak Brook Terrace	0	-	1	400%	5	20%	0%
Oak Forest	28	275%	83	27%	105	38%	33%
Oak Lawn	29	362%	105	28%	134	36%	25%
Oak Park	69	59%	83	33%	110	39%	31%
Oakwood Hills	0	-	2	0%	2	50%	0%
Olympia Fields	17	276%	53	21%	64	56%	50%
Orland Hills	12	83%	13	69%	22	50%	32%
Orland Park	56	89%	76	39%	106	40%	31%
Oswego	0	-	1	-100%	0	-	-
Palatine	68	121%	100	50%	150	42%	35%
Palos Heights	9	133%	21	0%	21	29%	19%
Palos Hills	18	139%	18	139%	43	42%	23%
Palos Park	15	-27%	11	0%	11	27%	9%

Foreclosures by City or Village (cont.)

City or Village	1993 New Cases	Percent Change 1993-2006	2005 New Cases	Percent Change 2005-06	2006		
					2006 New Cases	Percent Early Defaults	Percent Early Defaulting ARMS
Park City	1	200%	4	-25%	3	0%	0%
Park Forest	74	224%	173	39%	240	27%	20%
Park Forest South	1	-100%	0	-	0	-	-
Park Ridge	30	-3%	30	-3%	29	48%	31%
Peotone	3	233%	10	0%	10	30%	20%
Phoenix	11	9%	17	-29%	12	8%	8%
Pintree Grove	0	-	0	-	3	100%	100%
Plainfield	14	2771%	254	58%	402	41%	30%
Port Barrington	0	-	1	100%	2	100%	100%
Posen	8	313%	28	18%	33	33%	21%
Prairie Grove	0	-	0	-	2	0%	0%
Prairie View	5	-40%	6	-50%	3	0%	0%
Prospect Heights	21	76%	30	23%	37	65%	59%
Richmond	0	-	18	-22%	14	14%	14%
Richmond Park	1	-100%	0	-	0	-	-
Righton Park	33	418%	141	21%	171	33%	29%
Ringwood	0	-	1	200%	3	33%	33%
River Forest	9	122%	17	18%	20	40%	20%
River Grove	4	550%	14	86%	26	46%	31%
Riverdale	75	168%	159	26%	201	29%	24%
Riverside	6	283%	6	283%	23	30%	22%
Riverwoods	6	-33%	4	0%	4	0%	0%
Robbins	7	343%	28	11%	31	29%	19%
Rockdale	2	100%	4	0%	4	25%	25%
Rolling Meadows	25	92%	45	7%	48	35%	33%
Romeoville	51	441%	188	47%	276	35%	29%
Roselle	31	119%	39	74%	68	34%	28%
Rosemont	2	50%	2	50%	3	67%	67%
Round Lake	21	629%	92	66%	153	39%	27%
Round Lake Beach	53	194%	119	31%	156	35%	30%
Round Lake Heights	3	533%	15	27%	19	5%	5%
Round Lake Park	8	288%	28	11%	31	23%	16%
Russell	0	-	1	-100%	0	-	-
Sauk Trail	0	-	0	-	1	0%	0%
Sauk Village	50	206%	122	25%	153	29%	25%
Schaumburg	95	76%	98	70%	167	36%	26%
Schiller Park	12	108%	23	9%	25	48%	40%
Shorewood	4	1050%	15	207%	46	39%	28%
Skokie	35	171%	53	79%	95	54%	41%
Sleepy Hollow	3	33%	4	0%	4	50%	25%
Solon Mills	0	-	0	-	1	100%	100%
Sough Elgin	0	-	1	-100%	0	-	-
South Barrington	11	-64%	7	-43%	4	25%	0%
South Chicago Heights	5	160%	11	18%	13	31%	31%
South Elgin	12	683%	57	65%	94	28%	22%
South Holland	49	400%	203	21%	245	36%	29%
South Plainfield	0	-	1	-100%	0	-	-
Spring Grove	6	433%	27	19%	32	38%	28%
St. Charles	63	37%	68	26%	86	35%	28%
Steger	14	329%	43	40%	60	30%	28%
Sterling	0	-	0	-	1	100%	100%
Stickney	12	50%	21	-14%	18	33%	33%

Foreclosures by City or Village (cont.)

City or Village	1993 New Cases	Percent Change 1993-2006	2005 New Cases	Percent Change 2005-06	2006		
					2006 New Cases	Percent Early Defaults	Percent Early Defaulting ARMS
Stone Park	8	113%	5	240%	17	35%	29%
Streamwood	88	95%	123	40%	172	30%	24%
Sugar Grove	3	400%	12	25%	15	7%	7%
Sugar Lane	1	-100%	0	-	0	-	-
Summit	17	59%	16	69%	27	26%	22%
Summit Argo	0	-	1	1000%	11	64%	55%
Symerton	0	-	1	-100%	0	-	-
Third Lake	0	-	1	0%	1	100%	100%
Thornton	4	175%	4	175%	11	36%	36%
Tinley Park	43	237%	114	27%	145	37%	27%
Tower Lakes	0	-	1	0%	1	0%	0%
Trout Valley	0	-	1	100%	2	50%	0%
Union	0	-	5	-100%	0	-	-
University Park	35	223%	72	57%	113	42%	32%
Vernon Hills	24	154%	39	56%	61	34%	25%
Villa Park	33	127%	45	67%	75	44%	32%
Virgil	1	-100%	0	-	0	-	-
Volo	1	300%	1	300%	4	25%	25%
Wadsworth	5	120%	8	38%	11	36%	27%
Warrenville	16	163%	31	35%	42	36%	29%
Wauconda	21	181%	28	111%	59	34%	22%
Waukegan	92	376%	293	49%	438	35%	28%
Wayne	8	-75%	5	-60%	2	50%	50%
West Aurora	0	-	0	-	1	100%	100%
West Chicago	39	190%	69	64%	113	39%	31%
West Dundee	4	150%	17	-41%	10	20%	20%
West Orland Park	0	-	1	-100%	0	-	-
Westchester	14	221%	42	7%	45	42%	31%
Western Springs	3	133%	7	0%	7	43%	43%
Westhaven	3	-100%	0	-	0	-	-
Westmont	21	100%	21	100%	42	36%	33%
Wheaton	79	-19%	40	60%	64	34%	33%
Wheeling	26	265%	51	86%	95	34%	28%
Wildwood	6	33%	6	33%	8	25%	0%
Willow Springs	5	100%	14	-29%	10	60%	40%
Willowbrook	11	191%	17	88%	32	41%	25%
Wilmette	25	52%	13	192%	38	34%	21%
Wilmington	13	254%	40	15%	46	28%	17%
Winfield	14	93%	8	238%	27	48%	33%
Winnetka	9	0%	6	50%	9	33%	22%
Winthrop Harbor	18	72%	21	48%	31	19%	19%
Wonder Lake	0	-	47	53%	72	26%	18%
Wooddale	15	213%	25	88%	47	51%	40%
Woodridge	35	77%	39	59%	62	40%	32%
Woodstock	1	8100%	57	44%	82	30%	22%
Worth	6	367%	32	-13%	28	29%	18%
Yorkville	0	-	1	-100%	0	-	-
Zion	46	361%	168	26%	212	28%	18%