



DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

## INTRODUCTION

This *Foreclosure Trends* report covers changes in Boston's residential foreclosures from 1990 to 2009, with a more detailed look at foreclosure activity between 2006 to 2009.

The recession of the early 90s brought a rapid increase in foreclosures. Foreclosure deeds peaked in 1992 with 1,679. The market recovered slowly. Foreclosures did not return to pre-recession levels until 1997 (see Chart 1).

The number of foreclosures continued to fall, and in 2004, reached a historic low of 25. In 2005, foreclosures started to rise again, 60 foreclosure deeds were recorded that year; 2006 (261), 2007 (703) and 2008 (1,215). In 2009, the numbers decreased to 776 foreclosure deeds.

## TABLE OF CONTENTS

INTRODUCTION/OVERVIEW	1
FORECLOSURE DEEDS	2
FORECLOSURE PETITIONS	3-4
REAL ESTATE OWNED (REO)	5
AGE OF MORTGAGE/YEARS OWNED	6
LOAN ANALYSIS	7
TENANCY	8
NATIONAL AND REGIONAL CONTEXT	9
FORECLOSURE PREVENTION/INTERVENTION	10

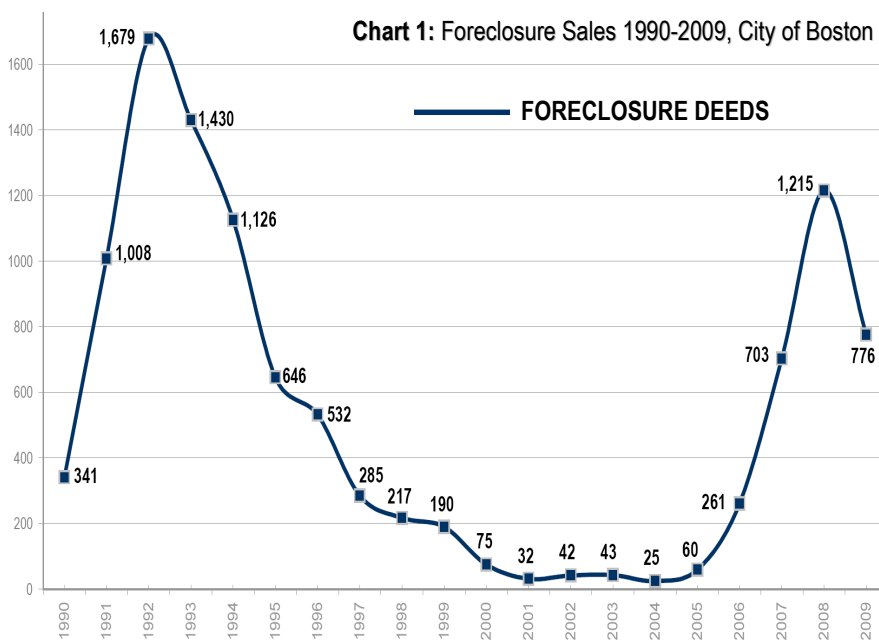
**Foreclosure Petition:** A lender must file a petition in land court to begin the foreclosure process.

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

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

## 2009 FORECLOSURE OVERVIEW

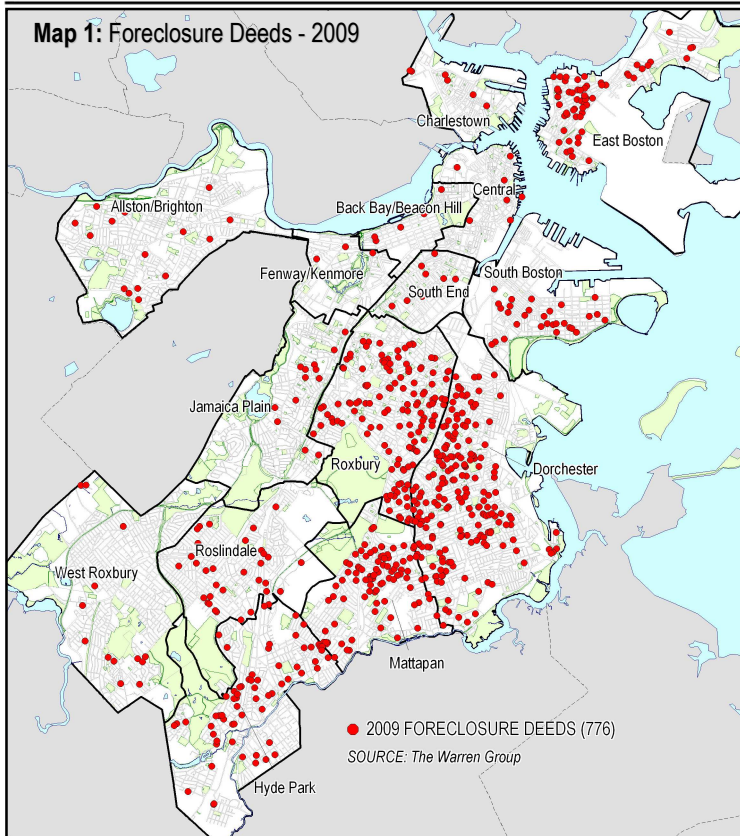
- There were 776 foreclosure deeds registered in 2009, a 36% decrease compared to 2008 (1,215).
- 2,200 properties were petitioned in 2009, a 16% increase compared to 2008 (1,900).
- In 2009, the median age of a foreclosed mortgage was three years, up from 2.1 years in 2008.
- In 2009, 57% of foreclosed mortgages were Adjustable Rate Mortgages (ARMs). 45% of these ARMs foreclosed before their first reset date.
- In 2009, 72% of petitioned properties and 80% of foreclosure deeds were located in five neighborhoods: Dorchester, East Boston, Hyde Park, Mattapan, and Roxbury.
- The percentage of foreclosed properties being bought back by the foreclosing entities at auction sales (Real Estate Owned properties), has increased from 48% in 2005 to 82% in 2009.





DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

Map 1: Foreclosure Deeds - 2009



## FORECLOSURE DEEDS

The number of foreclosure deeds by neighborhood and property type are shown below in Table 1, as well as the percentage change between 2008 and 2009. Five neighborhoods; Dorchester, East Boston, Hyde Park, Mattapan, and Roxbury comprised 80% of all foreclosure deeds in 2009, slightly down from 83% in 2008. These five neighborhoods comprise only 36% of residential properties; therefore, are overburdened with foreclosures. Roslindale experienced the largest percentage decrease (-52%) with 35 foreclosure deeds in 2009 compared to 73 in 2008.

Foreclosure deeds decreased for all property types in 2009 compared to 2008 with two-family (-42%) and three-family (-41%) properties experiencing the largest decreases. Approximately 90% of condominiums that foreclosed in 2009 were in small residential properties with three or less units.

Foreclosure deeds have been slightly impacted (5% of 2009 foreclosure deeds) by a March 2009 Massachusetts Land Court case, which is discussed in detail on page 4.

Table 1: Foreclosure Deeds by Neighborhood & Property Type

	FORECLOSURE DEEDS - 2008					FORECLOSURE DEEDS - 2009					%CHANGE				
	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	ALL	CONDO	1-FAM	2-FAM	3-FAM
ALLSTON-BRIGHTON	22	13	5	3	1	18	12	0	5	1	-18%	-8%	**	**	**
BACK BAY BEACON HILL	4	2	2	0	0	5	4	1	0	0	**	**	**	**	**
CENTRAL	8	7	0	0	1	7	7	0	0	0	**	**	**	**	**
CHARLESTOWN	9	5	3	1	0	6	3	1	1	1	**	**	**	**	**
DORCHESTER	418	212	43	62	101	234	126	27	31	50	-44%	-41%	-37%	-50%	-50%
EAST BOSTON	89	22	11	20	36	68	23	8	10	27	-24%	5%	**	-50%	-25%
FENWAY/KENMORE	3	3	0	0	0	4	4	0	0	0	**	**	**	**	**
HYDE PARK	111	19	50	36	6	66	14	25	23	4	-41%	-26%	-50%	-36%	**
JAMAICA PLAIN	18	7	1	1	9	14	8	1	3	2	-22%	**	**	**	**
MATTAPAN	151	46	35	36	34	97	24	23	27	23	-36%	-48%	-34%	-25%	-32%
ROSLINDALE	73	35	15	17	6	35	13	12	7	3	-52%	-63%	-20%	**	**
ROXBURY	236	101	17	57	61	158	76	16	26	40	-33%	-25%	-6%	-54%	-34%
SOUTH BOSTON	46	34	6	1	5	39	31	7	1	0	-15%	-9%	**	**	**
SOUTH END	7	5	1	0	1	9	8	1	0	0	**	**	**	**	**
WEST ROXBURY	20	8	11	1	0	16	7	5	2	2	-20%	**	**	**	**
CITYWIDE	1215	519	200	235	261	776	360	127	136	153	-36%	-31%	-37%	-42%	-41%

\*No %Change is calculated for neighborhoods with less than 10 deeds or petitions





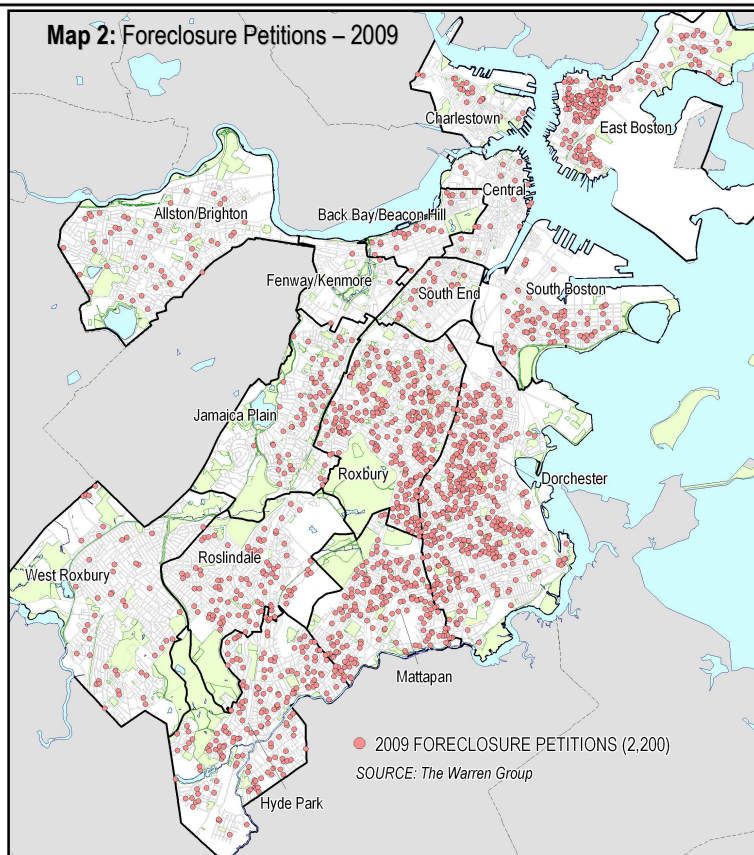
DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

## FORECLOSURE PETITIONS

A foreclosure petition is the first step in the foreclosure process. Sometimes homeowners are able to resolve the problem before a foreclosure auction is scheduled and/or before the foreclosure is complete. Homeowners sometimes can avoid foreclosure through mortgage modifications, refinancing or by selling the property. In 2009, the number of foreclosure deeds was 35% of petitioned properties, down from 64% in 2008.

Table 2 shows the number of petitioned properties in 2008 and 2009 by neighborhood and property type. In the majority of neighborhoods and citywide, petitioned properties increased compared to 2008. However, petitioned 1-family properties had a significantly larger increase (39%) compared to condominium, 2-family and 3-family properties (5% to 15%). Overall, the percentage share of 1-family petitions increased from 19% in 2008 to 23% in 2009.

Similar to foreclosure deeds, the same five neighborhoods (Dorchester, East Boston, Hyde Park, Mattapan, Roxbury) comprised a large percentage of petitions (72%). To get a



**Table 2: Foreclosure Petitions by Neighborhood & Property Type**

	FORECLOSURE PETITIONS - 2008					FORECLOSURE PETITIONS - 2009					%CHANGE				
	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	ALL	CONDO	1-FAM	2-FAM	3-FAM
ALLSTON-BRIGHTON	60	28	10	19	3	93	50	20	18	5	55%	79%	100%	-5%	**
BACK BAY BEACON HILL	23	20	1	1	1	31	27	2	1	1	35%	35%	**	**	**
CENTRAL	23	23	0	0	0	33	32	1	0	0	43%	39%	**	**	**
CHARLESTOWN	27	18	5	2	2	22	11	9	0	2	-19%	-39%	**	**	**
DORCHESTER	513	244	60	99	110	603	246	97	108	152	18%	1%	62%	9%	38%
EAST BOSTON	185	32	28	41	84	166	38	13	50	65	-10%	19%	-54%	22%	-23%
FENWAY/KENMORE	4	3	0	0	1	14	14	0	0	0	**	**	**	**	**
HYDE PARK	193	30	89	62	12	237	36	133	60	8	23%	20%	49%	-3%	**
JAMAICA PLAIN	56	14	10	13	19	63	27	10	12	14	13%	93%	0%	-8%	-26%
MATTAPAN	212	54	53	62	43	245	57	80	63	45	16%	6%	51%	2%	5%
ROSLINDALE	110	31	33	31	15	149	46	46	38	19	35%	48%	39%	23%	27%
ROXBURY	321	116	38	71	96	339	107	47	74	111	6%	-8%	24%	4%	16%
SOUTH BOSTON	97	62	16	9	10	94	65	16	7	6	-3%	5%	0%	**	**
SOUTH END	22	20	1	0	1	41	38	3	0	0	86%	90%	**	**	**
WEST ROXBURY	54	15	25	12	2	70	19	37	12	2	30%	27%	48%	0%	**
CITYWIDE	1900	710	369	422	399	2200	813	514	443	430	16%	15%	39%	5%	8%

\*No %Change is calculated for neighborhoods with less than 10 deeds or petitions





## DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

clearer sense of where high foreclosure areas exist in the city, it is useful to look at the percentage of housing units petitioned by census tract. This analysis normalizes the data and also shows pockets within larger neighborhoods such as Dorchester.

There were seven census tracts located in Dorchester, Mattapan and Roxbury that had petition rates greater than three times the citywide rate of 0.90%. There are large portions of Dorchester, Roxbury, Mattapan, Hyde Park and southwestern Roslindale with census tracts that have petition rates greater than twice the citywide rate (See Map 3). Meanwhile, northern and southern sections of Dorchester, portions of East Boston, eastern Roslindale, and the border between the South End and South Boston have petition rates greater than the citywide rate but less than twice the citywide rate.

In March of 2009 in the Massachusetts Land Court case of *U.S. Bank v. Ibanez*, Judge Keith C. Long invalidated two foreclosure sales because the foreclosing lenders failed to show proof that they held ownership of the mortgages through assignments. This ruling ultimately effected thousands of foreclosures with securitized mortgages across the State. Due to this decision, any pending or completed foreclosures where the lender did not physically hold the assignment to the property at the time of auction were brought into question, and lenders have since begun “re-foreclosing” properties. This impacts foreclosure numbers, since multiple petitions are being filed, and multiple foreclosure deeds are being recorded for the same property.

A review of foreclosure petitions and deeds going back to 2005 shows that approximately 5% (or 35) of 2009 foreclosure deeds were “re-foreclosures,” while approximately 10% (or 218) of 2009 foreclosure petitions were “re-foreclosures” or a multiple petition on the same property (see Table 3). It is more challenging to identify “re-foreclosures” with petitions, since borrowers can be petitioned, catch-up on payments and then later fall back into trouble. However, this analysis shows that 10% of 2009 petitions were already petitioned, with the same borrower and lender, and are not new petitions.

Map 3: Petition Rate Map - 2009

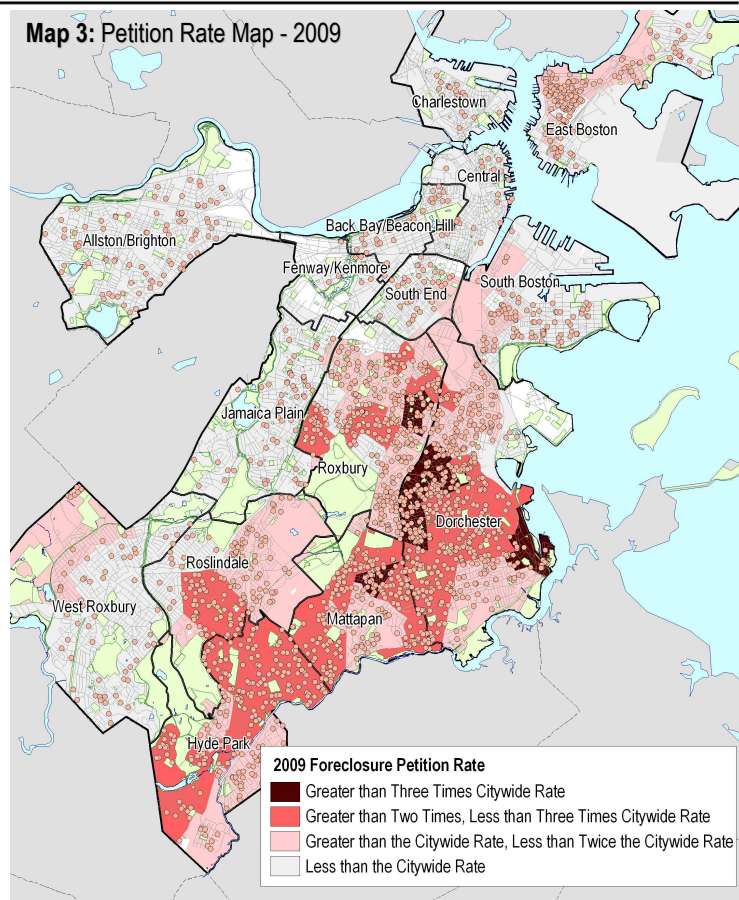


Table 3: US Bank vs. Ibanez Analysis, 2009 Foreclosure Deeds and Petitions

2009 Foreclosure Deeds	Total	%
"Re-foreclosure" on Property	35	5%
New Foreclosure Deed	741	95%

2009 Foreclosure Petitions	Total	%
Multiple Petitioned Property	218	10%
New Foreclosure Petition	2060	90%



DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

## REAL ESTATE OWNED (REO) PROPERTIES

At a foreclosure auction, the foreclosing entity wants to recover the outstanding mortgage amount and any related costs. If the auction bids do not cover these costs, the entity will “buy back” the property and then hire a real estate agent to sell the property. These properties are identified as Real Estate Owned (REO) properties. Similar to foreclosure deed trends, the number of REO properties have also increased in volume, and as a percentage of total foreclosure deeds. The percentage of foreclosures “bought back” increased from 48% in 2005 to 82% in 2009 but was down from 95% in 2008 (see Table 3). As of 12/31/09, there were approximately 811 existing REO properties in the city (see Map 4).

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

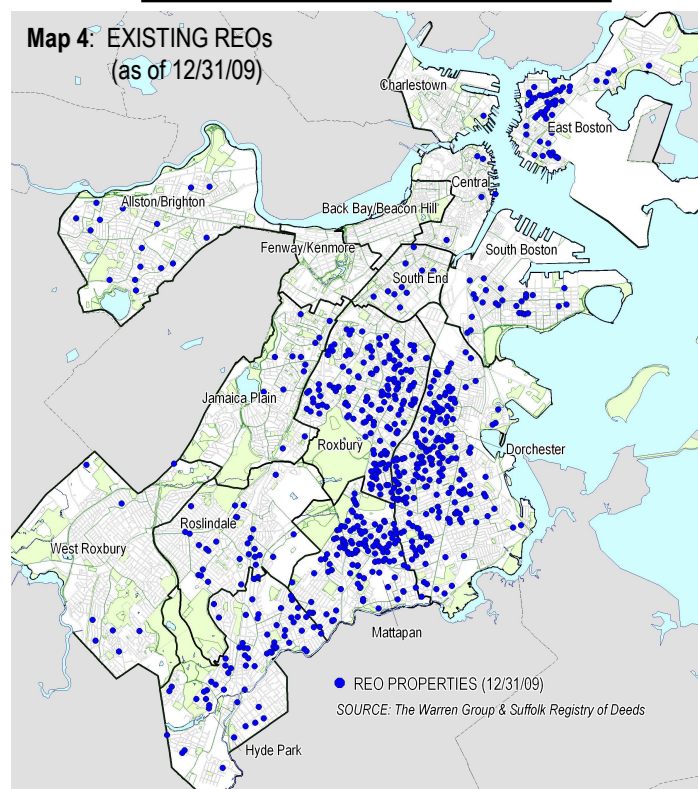
To immediately address this issue, Mayor Thomas M. Menino established the Foreclosure Intervention Team (FIT) in February of 2008, a multi-departmental team that addresses all issues that surround foreclosure and abandonment. Departments include: Boston Police, Inspectional Services, Neighborhood Development,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

City staff begun surveying all REO properties in Spring of 2008, and where appropriate, have identified problem areas that require attention from one or more city departments. Properties that are vacant and show signs of physical distress are added to the annual “Distressed Property” survey. Letters are sent to the property owner offering assistance. If no response is recieved, the property is added to DND’s Distressed Property survey.

Table 4: REO Trends, 2005 - 2009

Year	Total Foreclosures	Private Buyer	REO
2005	60	31	29 (48%)
2006	261	50	211 (81%)
2007	703	60	651 (93%)
2008	1215	67	1148 (95%)
2009	776	140	636 (82%)

Map 4: EXISTING REOs (as of 12/31/09)



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





DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

## AGE OF MORTGAGE

Homeowner economic distress can also be measured by the “age” of a mortgage (the length of time between the mortgage origination date and the foreclosure petition). Table 5 reveals that the median number of years between the mortgage and the initial foreclosure petition increased to three years in 2009 from 2.1 years in 2008. From 2005-2007, the majority of properties that were petitioned had mortgages that were less than two years old. In 2008-2009, the majority of properties that were petitioned had mortgages between 2 year and 5 years old. Approximately 65% of foreclosed mortgages in 2009 were originated in 2006 and 2007 (see Table 6).

**Table 5:** Time Between Mortgage and Foreclosure Petition - 2009

AGE OF MORTGAGE	2005	2006	2007	2008	2009
% Less than 1 yr	34%	31%	30%	10%	2%
% 1 yr to 2 yr	36%	37%	36%	36%	16%
% 2 yr to 3 yr	15%	18%	17%	30%	33%
% 3 yr to % 5 yr	7%	8%	11%	20%	37%
% Greater than 5 yr	8%	6%	6%	4%	12%
<b>Median Years of Mortgage</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>2.1</b>	<b>3</b>

**Table 6:** Year Mortgage Originated – 2009 Foreclosure Deeds

YEAR ORIGINATED	TOTAL	%
<b>pre-2005</b>	94	12%
<b>2005</b>	151	19%
<b>2006</b>	279	36%
<b>2007</b>	223	29%
<b>2008</b>	22	3%
<b>2009</b>	7	1%

**Table 7:** Number of Years Property Owned before Foreclosure Petition Filed - 2009

YEARS OWNED	2005	2006	2007	2008	2009
% Less than 1 yr	21%	18%	22%	5%	1%
% 1 yr to 2 yr	17%	22%	25%	19%	8%
% 2 yr to 3 yr	7%	12%	12%	20%	16%
% 3 yr to % 5 yr	12%	11%	11%	21%	28%
% Greater than 5 yr	43%	37%	30%	35%	47%
<b>Median Years Owned</b>	<b>3.66</b>	<b>2.5</b>	<b>2.2</b>	<b>3.4</b>	<b>4.7</b>

## YEARS PROPERTY OWNED

Similar to age of mortgage trends, the number of years between the initial purchase of the property and the filing of a foreclosure petition increased from a low median of 2.2 years in 2007 to 4.7 years in 2009 (see Table 7). Also, the percentage of properties owned less than two years was increasing but decreased in 2008 and again in 2009. In 2005, 38% of petitioned properties were owned for less than two years which increased to 40% in 2006 and 47% in 2007. In 2008, only 24% of petitioned properties were owned for less than two years and 9% in 2009. The percentage of petitioned properties owned between two years and five years increased in 2009 to 44% from 23% in 2007.

Analyzing the age of the mortgage and number of years the property was owned provides a better understanding of real estate conditions at the time the mortgage was originated. In 2009, for the majority of petitioned properties (55%), the mortgages were originated during the peak of the real estate market in 2005 and 2006. Therefore, with decreases in market values and sale volumes in the past three to four years (see Chart 2, page 7) it can be assumed many of these properties have lost equity. The decrease in value and loss in equity makes it increasingly challenging for homeowners to refinance or sell the property if they can not afford their mortgage payments.



DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

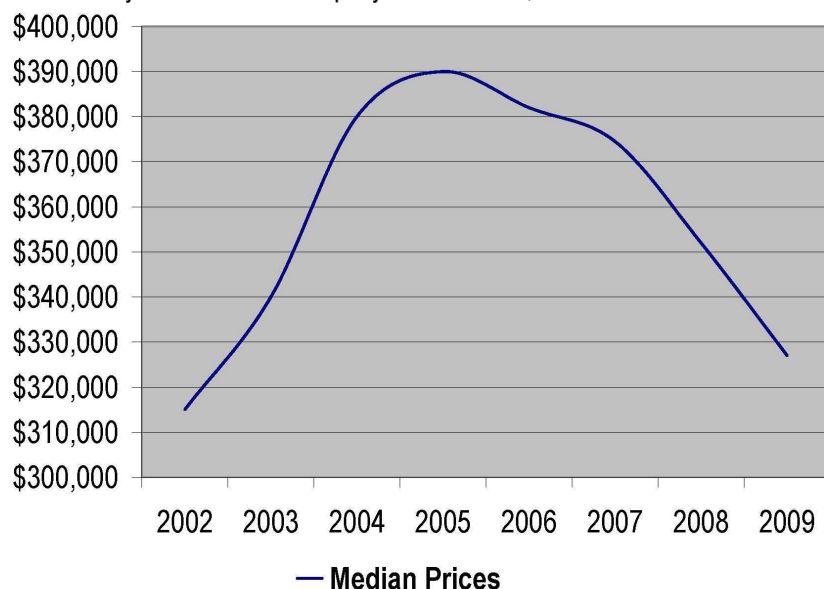
## LOAN ANALYSIS

Foreclosure deed data collection was expanded in 2007 to get a better understanding of the types of mortgages that were being foreclosed. Data is limited to information available at the county registry. However some data, including information related to home purchases versus refinances and adjustable rate mortgages, are available. Annual Percentage Rates (APR) were also available for the majority of ARM) but were not available for fixed mortgages.

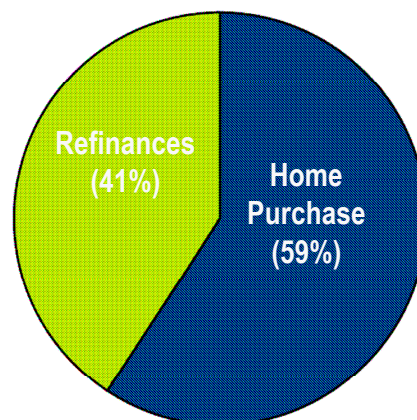
Of the 776 foreclosure deeds in 2009, 460 (59%) were home purchase loans while 316 (41%) were refinances (see Chart 3. Numbers include both owner-occupied and investor-owned properties). Compared to 2008 foreclosures, there was an increase in refinanced mortgages which comprised 33% of all foreclosure deeds.

In 2009, 439 (57%) of the foreclosure deeds were ARMs while 337 (43%) were fixed rate mortgages (Chart 4). This is a decrease from 2008, where 72% of foreclosures were ARMs. Of the 439 ARMs in 2009, 198 (45%) foreclosed before their first adjustable reset date, while 241 (55%) foreclosed after their first adjustable reset date (Chart 5). This is the first year since 2007 (when we began ARM data collection) that the majority of ARMs foreclosed after their reset date. In 2008, 69% of ARMs foreclosed before their change date. The median initial APR of ARMs was 7.63% and the median maximum APR of ARMs was 13.5%.

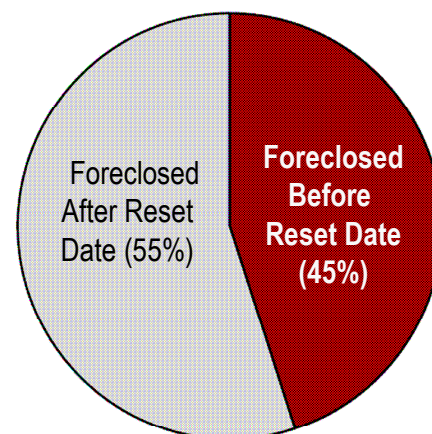
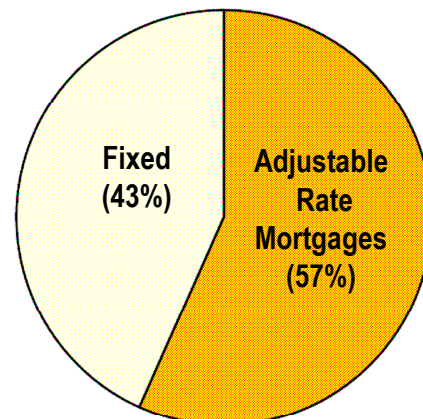
**Chart 2:** Citywide Residential Property Median Prices, 2002-2009



**Chart 3:** Purpose of Loan, Foreclosure Deeds, 2009



**Charts 4 & 5:** ARM Loans, Foreclosure Deeds, 2009







DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

## TENANCY

To identify whether a foreclosed property is owner-occupied, the residential exemption status from the City's Assessing Department is used. To receive residential exemption from the City, an individual must live at the property on January 1st of the upcoming tax bill year and submit appropriate documentation to the Assessing Department. Therefore, owners of properties purchased after January 1 must wait for the following year to apply for an exemption. It can be assumed then, that it takes 1.5 to two years for properties to receive residential exemption and for the change in status to be updated in Assessing data. Since 25% of 2009 foreclosed properties were purchased within the last two years, we must assume owner-occupied units are most likely underestimated using this data source (see Chart 6). However thus far, this is the most reliable and accessible source to identify owner-occupied properties.

The percentage of foreclosure deeds that were owner-occupied has decreased from 29% in 2007, to 24% in 2008, and to 23% in 2009 (see Table 8). However, the percentage of petitioned properties that were owner-occupied increased from 38% in 2008 to 44% in 2009 (see Table 9). The decrease of owner-occupied properties that foreclosed can be attributed to two factors: (1) as described above, owner-occupied properties are most likely underestimated using assessing data since 25% were purchased in the past two years, and (2) with the decrease in median prices (see Chart 3), the number of speculative purchasers of investment properties are no longer seeing a potential profit in flipping properties and are letting the properties go into foreclosure.

Estimating the number of tenant-occupied properties is also challenging based on Assessing data. However, if the profile of properties owned for more than two years (30% owner-occupied, 70% investor-owned) were projected for the 25% owned for less than two years, and the owner-occupied properties involving 2- and 3-family homes with one or two rental units were added, then it is estimated that about 81% housing units being displaced through foreclosure are tenant-occupied – over three times the number of homeowners being displaced by foreclosure.

Chart 6: Residential Exemption for Foreclosure Deeds, 2009

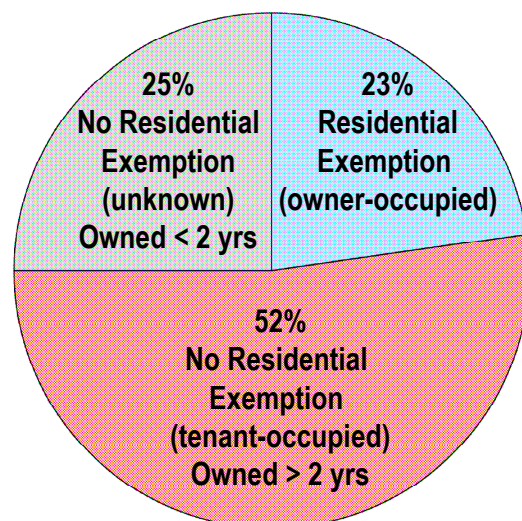


Table 8: Owner-Occupancy for Foreclosure Deeds, 2006-2009

Year	FORECLOSURE DEEDS			
	Owner-Occupied	Investor-Owned	Total	Owner-Occupied % of Total
2006	83	178	261	32%
2007	202	501	703	29%
2008	296	919	1,215	24%
2009	185	591	776	24%

Table 9: Owner-Occupancy for Foreclosure Petitions, 2006-2009

Year	FORECLOSURE PETITIONS			
	Owner-Occupied	Investor-Owned	Total	Owner-Occupied % of Total
2006	692	893	1,585	44%
2007	975	1,457	2,432	40%
2008	722	1,178	1,900	38%
2009	968	1,232	2,200	44%





## DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

**Table 10: 2009 Foreclosure Activity<sup>1</sup> for U.S.**

Rate Rank	US State	Foreclosure Rate (%)
1	Nevada	10.17
2	Arizona	6.12
3	Florida	5.93
4	California	4.75
5	Utah	2.93
6	Idaho	2.72
7	Georgia	2.68
8	Michigan	2.61
9	Illinois	2.50
10	Colorado	2.37
--	<b>United States</b>	<b>2.21</b>
22	<b>Massachusetts</b>	<b>1.33</b>

**Table 11: 2009 Foreclosure Activity<sup>1</sup> for Metropolitan Areas**

Rate Rank	Top 100 US Metropolitan Areas	Foreclosure Rate (%)
1	Las Vegas/Paradise, NV	12.04
2	Cape Coral-Fort Myers, FL	11.87
3	Merced, CA	10.10
4	Riverside-San Bernardino-Ontario, CA	8.80
5	Stockton, CA	8.62
6	Modesto, CA	8.53
7	Orlando-Kissimmee, FL	8.17
8	Phoenix-Mesa-Scottsdale, AZ	8.03
9	Port St. Lucie, FL	7.58
10	Miami-Ft Lauderdale-Pompano, FL	7.16
--	<b>United States</b>	<b>2.21</b>
110	<b>Boston-Cambridge-Quincy, MA-NH</b>	<b>1.31</b>

## NATIONAL AND REGIONAL CONTEXT

Tables 10 -12 provide an overview of foreclosure activity at the state and national level. Each table provides a foreclosure rate for comparison purposes. To calculate a foreclosure rate, Table 10 and 11 divide total properties entering a stage of foreclosure by the total number of housing units while Table 12 divides total foreclosure petitions by the total number of 1-4 unit residential properties.

Massachusetts was 22<sup>nd</sup> among the 50 states, with foreclosure activity occurring on 1.33% of housing units. In 2008, Massachusetts ranked 14<sup>th</sup> and had a foreclosure rate of 1.64%. Nevada's rate of 10.17% is over seven times higher than Massachusetts rate. Massachusetts also had a lower rate than the national rate of 2.21% (see Table 10).

The Boston-Cambridge-Quincy metropolitan area ranked 110<sup>th</sup> among the nation's top metropolitan areas with a foreclosure rate of 1.31%. The Las Vegas/Paradise metropolitan area had a rate nine times higher than the Boston metropolitan area.

When compared to other Massachusetts cities in 2009, Boston fared better than many other municipalities with populations over 90,000 (see Table 12). Brockton (3.5%), Lowell (2.5%), Springfield (2.4%), and Worcester (2.3%) had higher foreclosure rates than Boston (1.5%). However, Boston had a slightly higher foreclosure rate than the State (1.3%). Cambridge had a significantly lower rate (0.4%) than the seven other cities and the State.

**Table 12: Foreclosure Activity<sup>2</sup> for MA Cities**

Rate Rank	MA Cities (pop>90,000)	Foreclosure Rate (%)
1	Brockton	3.5%
2	Lowell	2.5%
3	Springfield	2.4%
4	Worcester	2.3%
5	<b>Boston</b>	<b>1.525%</b>
6	New Bedford	1.518%
7	Fall River	1.3%
8	Cambridge	0.4%
<b>Massachusetts</b>		<b>1.3%</b>

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

<sup>2</sup>Source: The Warren Group.



DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

## FORECLOSURE PREVENTION & INTERVENTION

Boston's *anti-foreclosure campaign* has three primary elements: 1) Foreclosure Prevention: helping homeowners make good financial decisions to prevent them from ever getting into foreclosure trouble; 2) Foreclosure Intervention: helping homeowners that find themselves in foreclosure trouble keep their homes; and 3) Reclamation of Foreclosed Properties: fighting rising neighborhood disinvestment by getting bank-owned foreclosed properties back into the hands of homeowners and responsible investors.

With the increase in foreclosures, the City has responded with expanded foreclosure services. Helping homeowners make good financial decisions to prevent them from ever getting into foreclosure trouble is the most cost effective way of keeping foreclosures in check. Boston maintains a foreclosure prevention hotline at 617-635-HOME offering direct 1-on-1-foreclosure intervention counseling services through its Boston Home Center and Foreclosure Prevention Counseling Network. Today there are eight community-based agencies providing foreclosure intervention counseling that received training from experts in the field, such as the National Consumer Law Center and NeighborWorks America. A letter is sent to every homeowner who receives a foreclosure petition informing them of the City's program and contact information. A networked client tracking and information system enables the Boston Home Center to keep track of all of its referrals as they progress through the foreclosure intervention process. Since the program's inception in October 2006, 955 homeowners averted foreclosure with assistance from the Foreclosure Prevention Counseling Network, preserving over \$318 million in home values. Had all of these homeowners gone to foreclosure instead, Boston's foreclosure rate would have been 34% higher.

The City has also expanded educational services to include: **Meet The Lenders** workshops to help homeowners and homebuyers connect with **Preferred Lenders**; monthly seminar series such as "Living Within Your Means"; "How to Buy A Home that Needs Work" and "Purchasing Foreclosed Property." New education and outreach efforts have also included outreach through community health centers and weekly visits by a DND staff person to Boston

neighborhoods that outreach to businesses, churches, civic and community groups, non-profit agencies and to linguistic minorities. The Boston Home Center has increased targeted prevention efforts in high-foreclosure areas through monthly foreclosure postcards, which provide details of services available through the City. The Boston Home Center also continues to hold and participate in Foreclosure Prevention Workshops and Servicer Days, and have begun monthly Foreclosure Clinics in partnership with our non-profit agencies.

In 2008, the City's efforts to reclaim foreclosed properties began with Mayor Menino's previously established three FIT areas, where the City has purchased and began redevelopment of a dozen units (see Page 5). The City also began working with lenders and servicers to purchase properties in high-priority areas. These efforts have been further supported with HUD's Neighborhood Stabilization Program (NSP) I and II which is assisting the City with an estimated \$22 million (NSP I and II) in funding to assist homebuyers and the City to acquire and redevelop foreclosed properties (<http://www.cityofboston.gov/dnd/nsp.asp>). In partnership with Community Development Corporations (CDC) and responsible private developers, the City intends to redevelop foreclosed properties and get them back into the hands of homeowners. As of January of 2009, the City has acquired approximately 50 units and has accepted offers on an additional 90 others.

*Foreclosure Trends* is published by the Policy Development & Research Division of the City of Boston Department of Neighborhood Development.

For more information about this publication, contact Ron Farrar at (617) 635-0340 or [rfarrar.dnd@cityofboston.gov](mailto:rfarrar.dnd@cityofboston.gov)

*Note on Data Sources: Foreclosure deed data was obtained from The Warren Group (pre-2003, 2008-09) and the Suffolk County Registry of Deeds (2003 to 2007). Foreclosure petition data was obtained from [www.real-estate-analyst.com](http://www.real-estate-analyst.com) (2003/2004) and from The Warren Group (2005 to 2009). Owner-occupancy and property type information was obtained from City of Boston Assessing Department. Sales data was obtained from The Warren Group.*