



# Foreclosure Trends in Florida

## “New Approaches to Home Ownership”

---

Florida Alliance of CDCs

Annual Summit

July 18, 2013



National Community  
Stabilization Trust

T H E   B R I D G E   T O   S T R O N G E R   C O M M U N I T I E S

# Agenda

---

- Introduction
- NCST Background
- REO Comparison Trends (FL)
- Lease to Own Strategies (General View)
- Other Housing Initiatives
- What does it all mean?

# About NCST

---

- **Created in 2008 by six national non-profit organizations:**
  - Enterprise
  - Housing Partnership Network
  - LISC
  - National Urban League
  - NeighborWorks America
  - National Council of La Raza
- **Impact**
  - Working with over 400 community-based housing organizations in 47 states
  - Transferred over 10,000 REO properties/ facilitated more than \$775 million in REO sales
  - Community Buyers have saved over \$100 million since 2008

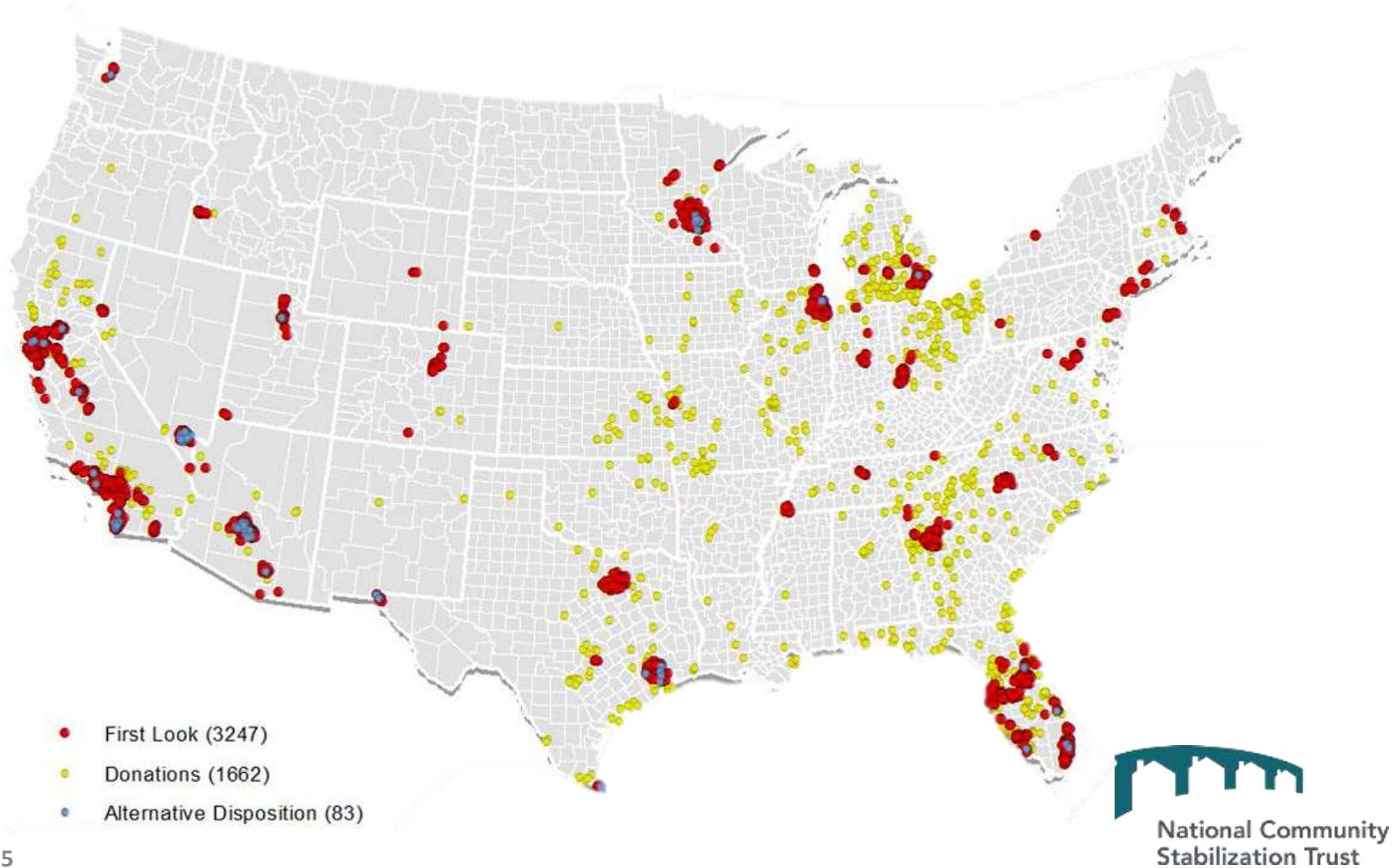
# Mission

---

- The National Community Stabilization Trust creates a bridge between financial institutions and state and local government agencies or community based organizations that are implementing neighborhood stabilization programs.
- By coordinating the transfer of foreclosed and abandoned property from financial institutions nationwide (lenders, loan servicers, investors and GSEs) to local housing providers and increasing access to flexible financing, NCST is able to facilitate the productive reuse of property and the stabilization of distressed neighborhoods.
- NCST works in collaboration with local housing providers to ensure that properties are returned to the stock of ownership and rental housing available primarily for low- and moderate-income families.

# Property Transfers - 2012

---



# Mortgage Servicers/ Financial Institution Participation

---

## National *First Look* Program

- Bank of America
- Citi
- Chase
- Freddie Mac
- GMAC
- Ocwen
- US Bank
- Wells Fargo
- HUD/FHA – NSP funds must be used
- Fannie Mae – different process

# NCST Data Comparison

---

2012 to 2013 (YTD -7/8/13)



National Community  
Stabilization Trust

# On the Ground in Fla.

---

- **NCST Data Comparison -Top 5 REO Markets (FL) 2012 to 2013**  
(YTD -7/8/13)

Top Five MSAs (FL)	NCST Properties Shown	
	2012	2013
Miami-Fort Lauderdale-Pompano Beach MSA	2317	1041
Tampa-St. Pete-Clearwater MSA	1361	706
Orlando-Kissimmee MSA	1367	542
Cape Coral-Ft. Myers MSA	593	244
Lakeland-Winter Haven MSA	359	199
Totals	5997	2732

**Note: Annualized volume breaks down into an estimated monthly volume of 500 units/mo in 2012 and 437 units/mo YTD 2013.**



# Inventory Levels

---

- Three financial institutions - Bank of America, Freddie Mac, and Wells Fargo - make up 83% of total inventory made available to NCST in Florida since the start of 2012.
- More than 10,800 properties have been shown in the last 18 months

2012 Inventory = 7,335  
2013 (YTD) Inventory = 3,560

# National Foreclosure Trends

---



National Community  
Stabilization Trust

# National Statistics

---

National  
Foreclosure  
Inventory

The Inventory of  
Foreclosed Homes  
has declined at  
20% year over year  
for 5 consecutive  
years

Fewer than 2.3  
million mortgages  
or 5.6% are  
seriously  
delinquent



**29% Compared to May 2012**



**3.3% Compared to April 2013**



# National Statistics

---

**Foreclosure Inventory:**  
2.6

**Foreclosure Inventory  
Pct Point Change  
From a year ago:**  
-1.3%

**Completed Foreclosures  
(12 months ending May 2013)**  
706,349

**Serious Delinquency**  
5.6%

**Decline in serious  
Delinquency  
(12 months ending May 2013)**  
22%



**Five states with highest number of  
completed foreclosures during the  
past 12 months:**

1. Florida = 103,000
2. California = 76,000
3. Michigan = 64,000
4. Texas = 51,000
5. Georgia = 47,000

**FL ranks highest in percent of homes in  
foreclosures nationwide.**



# Lease to Own Strategies

---

## General Recommendations



National Community  
Stabilization Trust

# Lease to Own Strategies - When it works best....

---

- **Understanding the Barriers to Homeownership** - *Income Issue or Credit Issue*
  - Ability for potential homeowner to resolve credit issues over a 12-18 month period with NFP partner's help.
  - Lease to Own (LTO) period typically equal to 2yrs max, keeps lease purchaser engaged because of the short term horizon.
  - Savings derived from LTO contributions serve as down payment.
- **Understanding Market Conditions** - *Disparity between market rents and mortgage payment.*
  - Compare full PITI payment on home in stable/appreciating markets.
  - Markets where NFP can recoup their costs of doing LTO.
  - NFP must be able to assess market/property over the LTO time period.
  - Interest rates are at record lows.

# Lease to Own Strategies – When it Works Best

---

- **Understanding the Process** - *NFP must have approval from an approved FHA lender*
  - NFP must look at viability from several different angles (property/neighborhood, buyer readiness, and transaction).
  - NFP must be able to access fixed-rate FHA 203k/203b loans.
  - NFP must maintain a high level of reporting/monitoring.
- **Understanding the End Buyer** - *Motivated Buyers at 580 FICOs or higher*
  - Complete comprehensive homeownership/credit counseling.
  - Must follow action plan developed by NFP partner.
  - Prospective homebuyer must be able to assume mortgage.

# New Initiatives

---



National Community  
Stabilization Trust



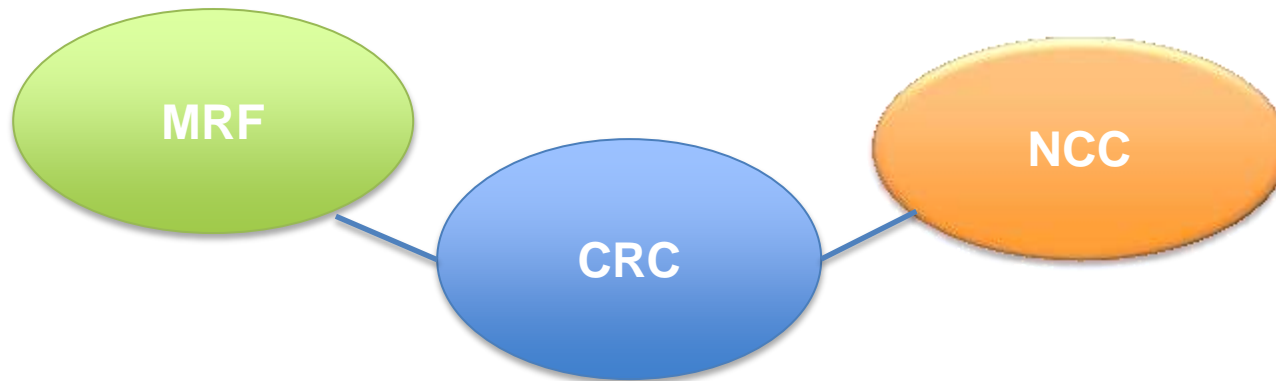
# Other Housing Models

---

- New housing models utilizing more socially minded executions
- Distressed Notes (i.e. FL Hardest Hit Program like initiatives)
- Typically done through bulk execution.
- Goal to keep homeowner in property through loan modifications or lease back contract.
- Provide ongoing credit counseling services to homeowner for credit repair issues.
- Third Parties instrumental in ongoing servicing of loan.

*Mortgage Resolution Fund*

*National Community Capital*

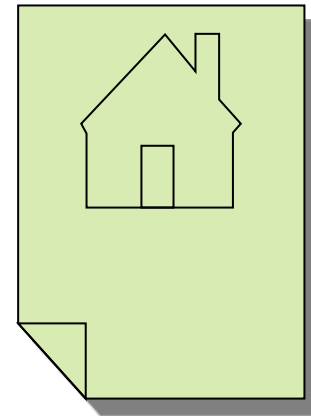
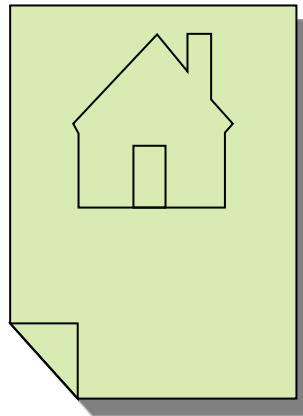
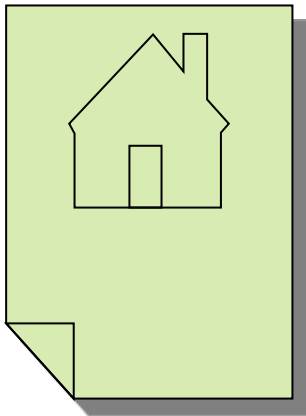


*Community Reinvestment Corporation*

# Other Housing Models

---

- New housing models utilizing more socially minded executions
- Donation of Distressed Bank Assets
- Community-responsive alternative to charge-off, walk-aways.
- Expedited transfers of liens and titles from Servicers
- NFP accepts donation property, rehabs/markets home for resale to qualified LMI individual/family.



# What does it all mean?

---

- Markets rebounding due to heavy investor activity.
- Markets seeing increase in SF assets going into rental portfolios.
- Resales competing again with new construction.
- Access to Capital is critical to stay in the game.



# Contact Information

---

Racquel Reddie

Community Development Manager, SE USA

rreddie@stabilizationtrust.com

Direct (813) 661-0350

Cell (813) 919-5136

Visit us on the Web:  
[www.stabilizationtrust.com](http://www.stabilizationtrust.com)