

# THE WALL STREET WRECKING BALL

**What Foreclosures Are Costing Us and Why We  
Need to Reset Seattle Mortgages**



**UNITED BLACK CLERGY • WASHINGTON COMMUNITY ACTION NETWORK**



# TABLE OF CONTENTS

- 4 INTRODUCTION
- 7 STORIES
- 12 APPENDIX
- 15 REFERENCES

# INTRODUCTION

Seattleites are still reeling from the effects of the Great Recession, which brought record rates of unemployment and foreclosure and blew holes in state budgets nationwide. While it was Wall Street's toxic lending practices and recklessness that created the economic crisis, it is Seattle homeowners and taxpayers who are still paying the price.

The big banks that caused this crisis have not done enough to fix it. Instead, they exacerbated it with "unsafe and unsound" mortgage servicing and foreclosure practices that have led to countless unfair and unnecessary foreclosures.<sup>1</sup>

The consequences to homeowners, taxpayers, and the economy have been severe. 16,500 Seattle families have lost their homes since 2008, and one in three homeowners today are underwater on their mortgages. Seattleites couldn't afford this crisis when it began, and we certainly can't afford to let it continue any longer.

Economic experts agree that the overhang of underwater mortgage debt has a stranglehold on the housing market and the broader economy. Resetting these mortgages to fair market value would stabilize the housing market, stem the tide of foreclosures, stimulate the economy by returning nearly \$400 million a year into Seattleites' pockets, and help create 5,800 jobs locally.

All federal foreclosure prevention programs to date have failed to rise to the urgency of the crisis in our communities. We need bold action at the local level to reset mortgages so that Seattleites can stay in their homes and our communities can start rebuilding the trillions of dollars of wealth that was wiped away when the banks crashed the economy in 2008.

## SEATTLE BY THE NUMBERS

- **16,515 foreclosures, 2008-2012**
- **\$4.4 billion lost home value, 2008-2012**
- **\$142 million cost to local government, 2008-2012**
- **42,411 underwater homeowners**
- **33.5% of Seattle homeowners are underwater**
- **\$3.9 billion negative equity in underwater homes**
- **\$91,999 is the average amount by which Seattle homeowners are underwater**

**Foreclosures devastate homeowners and their families, and the costs hit all of us.**

### *Foreclosed Homes Lose Value*

When a home falls into foreclosure, it loses about 22% of its value.<sup>2</sup> For the average Seattle home that means a loss of \$86,600.<sup>3</sup> That adds up to nearly \$1.4 billion in lost home value for the 16,500 foreclosures from 2008 through 2012. But the value lost in foreclosed properties is just the tip of the iceberg.

### *Neighboring Homes Lose Value*

Foreclosures reduce the value of neighboring properties as well. On average, Seattle homes lose \$3,542 in value just by being within an eighth of a mile of a foreclosed property. As a result, neighboring homeowners in Seattle have lost an estimated \$2.9 billion in home value since the beginning of 2008.<sup>4</sup> This is in addition to the \$1.4 billion lost in the foreclosed properties, for a total of \$4.4 billion of lost home value in Seattle (see Appendix A for estimates by ZIP code). With lower home values, families have less home equity to use to fix up their homes, fund retirement, pay college tuition, grow their small businesses, or pay medical bills.

### *We All Lose Wealth, Especially People of Color*

African Americans and Latinos have been hit especially hard by the housing crisis. The racial disparities in subprime mortgage lending have been well-documented. People of color were much more likely than white borrowers to receive high-cost subprime loans.<sup>5</sup> The bursting of the housing bubble and subsequent recession has fueled a record-high wealth gap between whites, African Americans, and Latinos nationwide. Non-white households experienced greater losses because home equity constituted a relatively large portion of their wealth compared to other types of assets. Median wealth fell by 66% among Latino households, 53% among African-American households, and just 16% among white households. **The median wealth of white households is now 20 times that of African-American households and 18 times that of Latino households.**

These ratios are about twice as high as the ratios that existed before the onset of the housing crisis and recession.<sup>6</sup>

### **As foreclosures continue, the costs to taxpayers add up.**

A typical vacant foreclosure costs municipalities \$19,227. That includes legal fees and expenses associated with managing the foreclosure process, increased policing and fire suppression, inspections, maintenance, and lost or delayed taxes and utility payments.<sup>7</sup> Not included in this figure are the costs of providing increasing safety net support to foreclosed families, such as transitional assistance and homeless shelters.

If a home isn't sold at the foreclosure auction, it typically reverts back to the bank. Many of these bank-owned foreclosed homes sit vacant for months or even years, driving down the value of other houses in the neighborhood and becoming magnets for crime. It is estimated that violent crime increases 2.33% for every 1% increase in foreclosures, making neighborhoods more dangerous and requiring greater police presence.<sup>8</sup>

Bank-owned vacant properties have **cost taxpayers in Seattle an estimated \$142 million** since the crisis began (see Appendix A for estimates by ZIP code).<sup>9</sup>

### **Foreclosures put our children's education and health at risk.**

The full cost of foreclosures cannot be measured in dollars alone. Children of foreclosure tend to do less well in school. Their peer relationships and social networks are disrupted and fractured, and their physical and emotional health suffers.

When foreclosures force families to move, their children often change schools. Studies show that children who switch schools underperform relative to their peers in reading and math, with each move setting a child back by about one month.<sup>10</sup> Children who change schools frequently are also more likely to have behavioral problems, be held back, and drop out of school.<sup>11</sup>

The financial and psychological stress of foreclosure takes a toll on the whole family. Foreclosures have a negative impact on physical as well as mental health. Families in foreclosure are less likely to have money available for health care and more likely to postpone necessary health care. A recent study found a direct correlation between foreclosure rates and health problems, including increases in emergency room visits, hospitalizations for hypertension, diabetes, anxiety, and suicide.<sup>12</sup>

### **Underwater mortgages undermine our economic recovery and cost Seattle jobs.**

More than 42,000 Seattle homeowners (one in three) are \$3.9 billion underwater on their mortgages.<sup>13</sup> Homeowners are said to be "underwater" or "upside down" on their mortgages if they owe more than their homes are worth. This means they have negative equity in their homes. The overhang of underwater debt has a devastating impact on both the housing market in Seattle and the broader economy.

Whether or not a home is underwater is the best indicator of whether the homeowner will default on the mortgage. According to a research paper by Ocwen Financial, borrowers who are underwater are 150%-200% more likely to eventually default on their loans than those with positive equity in their homes.<sup>14</sup> Once they default, those borrowers are well on their way to foreclosure. A 2009 report by the Congressional Oversight Panel of the Troubled Asset Relief Program (TARP) found that 93.4% of homeowners with prime loans that default on their mortgages end up in foreclosure.<sup>15</sup>



Not only does the overhang of underwater debt prolong the foreclosure crisis, but it is also preventing an economic recovery. When homeowners see the equity in their homes disappear, they feel less financially secure and cut back on spending. Instead they spend a larger and larger share of their modest recession-era paychecks on their inflated boom-era mortgages just so they can stay in their homes. Because the economy is in such dire straits and sales are down, businesses cut hours and lay off workers, which makes it even harder for those workers to pay their bills. As families are forced to make decisions about which bills to pay with their shrinking paychecks, those that have no equity left in their homes are increasingly likely to be forced to default on their mortgages in order to put food on the table.

## **We need bold local action to reset mortgages to fair market value.**

Nearly all of the major foreclosure prevention programs that have been enacted have failed because they have not forced lenders to aggressively write down mortgages. We cannot end the foreclosure crisis or the economic crisis until we reset mortgages to fair market value by writing down the principals and interest rates on underwater loans.

If banks reset these 42,000 mortgages to fair market value with current principals and interest rates, it would save underwater Seattle homeowners an average of \$771 per month on their mortgage payments, or \$9,253 annually. This would pump \$392 million into the local economy every year, which would help create 5,800 new jobs locally in Seattle and help replenish the local tax base (see Appendix B for estimates by ZIP code).<sup>16</sup>

Not only would this be good for homeowners and the communities they live in, but it would also be good for the investors who own these underwater mortgages. When a home goes into foreclosure, the investor is saddled with many foreclosure-related costs like legal fees, maintenance costs on the property, and sales costs. The Center for Responsible Lending estimates that for prime borrowers, these costs amount to 49% of the total unpaid principal on the mortgage, and that for subprime borrowers, they come to a staggering 75%.<sup>17</sup> Investors in underwater mortgages would also fare much better if they reset the mortgages to fair market value.

Even though big Wall Street banks caused the Great Recession with their recklessness and predatory lending practices, it is homeowners, taxpayers, and schoolchildren that continue to pay the price. Because federal action has proved inadequate, it is time for city officials to act to lift Seattle out of this crisis. They need to explore every means at their disposal to reset underwater mortgages and stop foreclosures. Every passing day more families lose their homes. Now is the time for bold action so we can get our economy back on track.

## **WHO IS RESPONSIBLE FOR THIS MESS**

**Wall Street's reckless and predatory lending practices have devastated Seattleites and their communities. Bankers pushed homeowners into high-cost loans they couldn't afford and kept inflating the housing bubble so they could get their bonus checks. When Wall Street's bets went sour, the bankers were bailed out by taxpayers and got to keep their bonuses but Seattleites lost hundreds of millions in savings in their homes.**

**Wall Street's recklessness is well-documented and continues to have devastating consequences as banks used flawed—and, in some cases, fraudulent—procedures to flood the housing market with foreclosures. These foreclosures have thrown tens of thousands of Seattle families out of their homes.**

**In 2012, the five largest mortgage companies in the U.S. agreed to a \$26 billion settlement with 49 state attorneys general and federal officials for their role in these practices.<sup>18</sup> That is not nearly enough to compensate communities for all the harm that has been done, as this report documents.**

**Reverend Lawrence Willis**

My name is Reverend Lawrence Willis. I am the pastor of TrueVine Missionary Baptist Church in the south end of Seattle and the president of the United Black Clergy. I have been preaching and working in the community for over 23 years.

The foreclosure crisis has had a dramatic impact on communities of color, especially for African Americans. In the last couple of years, foreclosure is one of the main issues my congregation has had to deal with. I have had countless people in my church lose their homes. When I talk to my congregation, it is abundantly clear that they were the targets of predatory lending practices. Before the housing bubble burst, the banks were giving young African Americans false hope. Bankers were pushing dangerous mortgages onto people who were not aware of what an adjustable rate mortgage is or that the real estate market was severely overvalued. Many people, believing that a home was a steady pathway to the middle class, trusted these bankers and are now in danger of losing everything.

I have also seen a staggering number of seniors lose their homes. Many of these seniors lived in their homes for over thirty years. Before 2007, they received calls, letters, and offers to take out a reverse mortgage to help pay for medical bills. They were told that their homes would keep appreciating in value and that these second mortgages were safe. One of the elders of my church just went through this exact situation. Her husband passed away, and she could no longer afford her mortgage. She was so embarrassed that she did not tell anyone until it was too late. The banks definitely took advantage of her lack of knowledge of how the real estate market works.

I am saddened by the fact that people with millions of dollars will prey on people of color for what little money they do have. They did not educate our people on what these mortgages meant. They simply were trying to make money. Now, the banks are taking away our families' legacies. Many of our seniors will not get a second chance. Many of our young adults feel that they have no hope. Something needs to be done.

## STORIES



**Jerry Watson**

I am Jerry Watson from Seattle. I moved here in 1998 from Oklahoma with my partner. Over the last 15 years, I worked as a structural engineer designing buildings with Autocad. I purchased a home in May 2004. I put a lot of work into my home. I installed a new kitchen, bathrooms, and windows myself. I was doing what every other responsible American was supposed to do. I was making a decent salary, making sound investments, and living within my means.

I was laid off in 2008. I tried looking for work in my field, but the construction industry was hit particularly hard by the recession. After I exhausted my unemployment benefits, I found two part time jobs. I now make two and a half times less than I earned when I was working as a structural engineer. When I had a dip in my income, I did not have the option to sell my home because my mortgage was underwater. I had about \$20,000 in savings and a retirement plan that I burned through trying to cover the difference in income.

Before I completely exhausted my savings and my retirement, I applied for a loan modification. My loan was owned by the Bank of New York and serviced by Bank of America. The process was long and frustrating. I immediately turned in every document that I was asked for. I was frequently told to turn in documents again and redo applications. After six months, I received a letter saying that my loan modification had been denied because of "untimely return of information." I called back furious because I had turned in everything I was asked to. Then I was told that I was really denied because I could not show hardship since I was current on my loan. How could this be? They knew my current income was unsustainable and that I had run out of all of my savings keeping the home afloat. I then went to the downtown office of Bank of America, where I was told that the servicing of the loan was being transferred RCS. I now have to start the process all over again.

I put over eight years of my life into my home. I was responsible. A home is supposed to be the foundation of a stable middle class life, but my home has ruined me financially. I lost my job, my savings, and my retirement. After all of this, I do not want to lose my home. I want to pay my mortgage, but the very banks that created the housing crisis are not working with me to keep my home.



**Mayet Dalila**

I'm Mayet Dalila. I was born and raised in Seattle. I have spent my life working to empower my community. I have worked for various non-profits and social justice groups.

In 1992, I bought a condo in the Central District of Seattle. I received an FHA backed mortgage. For the next ten years, everything went really well. At the time, I was working for the People of Color Against Aids Network. I paid my mortgage on time. I also had my first son. Then the recession hit, and work in my field was hard to come by. I refinanced, but I was not given sound financial advice. I saw my mortgage payments shoot up from \$500 when I first bought the condo to \$1800 in 2008.

My parents bought a home in the Ravenna neighborhood at a time when racially discriminatory lending practices kept African American families out of that neighborhood. They worked hard and paid off their home. My father retired in the 1990's. At the same time that I was having problems with my condo, my father got sick. We had to find a long-term care facility for him, which cost nearly \$6,000 a month. My parents refinanced to pay for his nursing care. Shortly thereafter, my father passed away. My 82 year old mother went from having a home fully paid off to having to pay \$2,600 a month.

My mother's health started to deteriorate. At that time, I had to short sell my condo and put all my energy into helping her. We tried to apply for a loan modification with Bank of America. We started the process about two or three years ago. It was incredibly stressful. We sent in the application several times. Each time the bank said that we did not have all the information and had to resend the application. When we thought we had everything, our mortgage was sold to Green Tree. Green Tree told us we were eligible for a loan modification, but when we applied we were denied.

We do not want a free home. We simply need a fair deal that will allow my family to keep paying our mortgage while being able to care for my aging mother. What makes this whole process infuriating is the fact that the banks will not work with us. At one time, we were a middle class family. Now, we are struggling to keep afloat.

## STORIES



**Pina Belgrano**

My name is Pina Orsillo Belgrano. I am a 57 year old Italian immigrant living in the Beacon Hill neighborhood of Seattle. I am also a single mother of a 23 year old student at the University of Washington who hopes of working for the United Nations. My daughter and I finally bought a home in 2006. We were well on our way to the American Dream. The original mortgage after renovations was \$340,000 at a 6.35% interest rate. Our monthly payments were \$1,799. Chase Bank serviced our mortgage.

I worked as a restaurateur, travel agent, and a real estate agent until 2008. When the economy tanked and the housing market slowed to a halt, I was no longer able to bring in a stable income as a realtor. The realtors I knew who survived were people with spouses who could cover their expenses while they waited out the crash. I, on the other hand, am the sole breadwinner of my household and had to look for work elsewhere. During that time I managed to get a Bachelors of Arts in Hospitality Management, but I still had trouble finding work that would cover my expenses. I took whatever jobs I could find and rented out part of my home to make ends meet.

As I looked for work, I tried to get control of my mortgage situation before I fell behind on my payments. I applied for a loan modification in September of 2009. The new modification dropped my interest rate, but not my monthly payments. Additionally, I now owed \$12,060 more than my original mortgage plus closing costs. I felt cornered into accepting the modification because, while it did not offer any immediate relief, it did offer me a slightly better deal in the long run. Three years later, I reapplied for a loan modification under HAMP asking for principal reduction. Once again, I was offered a lower interest rate, but my monthly payments only decreased by \$50.67. I received no principal reduction. I advised to take the offer and was told that I was not restricted from reapplying for any mortgage relief programs.

In September 2012, I reapplied for a loan modification for the third time. By this time, my home lost \$110,000 in value, I was denied the modification because I did not obtain my loan before January 1, 2009. I then realized that Chase had actually given me a refinance instead of a modification. I was misinformed and misguided by the bank.

I felt helpless. I decided to go to housing counseling services. I took all the classes and filled out all of the paperwork. I was told that my only option to fight the decision was to go to mediation. The only way I would get to mediation was to default on my loan and go into foreclosure. I made the riskiest decision of my life. I just received a Notice of Trustee Sale on my door. I do not want to lose my home.

What infuriates me the most is that over a five year battle there has been a reshuffling of the offers, by adding years, deducting years, adding insurance and taxes, but I was never offered a reduction in my principal or my monthly payments. Each time I felt cornered in accepting Chase's "next best deal." Five years after this ordeal began, I owe an additional \$12,000 more than when I started. There is something wrong with this equation!

**Allisan Tucker-Glesy**

My name is Alisan Tucker-Giesy from Seattle. I have been a teacher for 33 years. I have been teaching physical, environmental, and earth sciences at Shorewood High School since 1996. Shorewood has a diverse student body. Just under half of the students are people of color and immigrants. Over 70 different languages are spoken in the school district. A quarter of students are on free and reduced lunch.

Since the recession started, we are losing more and more students due to job loss of their parents and the ensuing foreclosures. As a teacher, I do not receive a lot of information on each student's particular situation. From my perspective, I see my students begin to miss class as their lives become unstable, and then eventually they disappear. Most recently, I received a notice that one of my students withdrew from Shorewood. When I asked why he left, I was told that his both of his parents lost their jobs and that their home was foreclosed on. I have no idea what happened to him.

As a teacher, I am really frustrated that these children have to endure the stress of losing homes. I, like every other teacher, spend a lot of time making a human connection with my students only to see them vanish through no fault of their own. To watch them suffer, often times in silence, through the instability of poverty and homelessness breaks my heart. None of my students caused the housing bubble to burst. Their parents are not Wall Street bankers or loan officers. Simply put, children are the victims of a crisis created by greed. We need to explore ways that we can bring relief to working and middle class families.

## Appendix A: The Cost of Foreclosures to Seattle Homeowners & Taxpayers (2008-2012)

ZIP Code	Loss to Foreclosures	Loss to Foreclosed Homes	Total Loss to Surrounding Homes	Total Loss to Home Values	Cost to Taxpayers	Total Cost to Seattle
98101	152	\$13,161,984	\$26,922,240	\$40,084,224	\$1,230,528	\$41,314,752
98102	278	\$24,072,576	\$49,239,360	\$73,311,936	\$2,441,829	\$75,753,765
98103	570	\$49,357,440	\$100,958,400	\$150,315,840	\$4,537,572	\$154,853,412
98104	103	\$8,918,976	\$18,243,360	\$27,162,336	\$961,350	\$28,123,686
98105	143	\$12,382,656	\$25,328,160	\$37,710,816	\$961,350	\$38,672,166
98106	719	\$62,259,648	\$127,349,280	\$189,608,928	\$6,421,818	\$196,030,746
98107	250	\$21,648,000	\$44,280,000	\$65,928,000	\$2,172,651	\$68,100,651
98108	421	\$36,455,232	\$74,567,520	\$111,022,752	\$3,480,087	\$114,502,839
98109	389	\$33,684,288	\$68,899,680	\$102,583,968	\$3,999,216	\$106,583,184
98112	196	\$16,972,032	\$34,715,520	\$51,687,552	\$1,326,663	\$53,014,215
98114	4	\$346,368	\$708,480	\$1,054,848	\$0	\$1,054,848
98115	408	\$35,329,536	\$72,264,960	\$107,594,496	\$2,826,369	\$110,420,865
98116	434	\$37,580,928	\$76,870,080	\$114,451,008	\$3,153,228	\$117,604,236
98117	325	\$28,142,400	\$57,564,000	\$85,706,400	\$2,038,062	\$87,744,462
98118	1,179	\$102,091,968	\$208,824,480	\$310,916,448	\$9,594,273	\$320,510,721
98119	328	\$28,402,176	\$58,095,360	\$86,497,536	\$2,999,412	\$89,496,948
98121	290	\$25,111,680	\$51,364,800	\$76,476,480	\$2,499,510	\$78,975,990
98122	559	\$48,404,928	\$99,010,080	\$147,415,008	\$4,499,118	\$151,914,126
98125	563	\$48,751,296	\$99,718,560	\$148,469,856	\$4,902,885	\$153,372,741
98126	479	\$41,477,568	\$84,840,480	\$126,318,048	\$3,845,400	\$130,163,448
98127	5	\$432,960	\$885,600	\$1,318,560	\$0	\$1,318,560
98133	862	\$74,642,304	\$152,677,440	\$227,319,744	\$7,479,303	\$234,799,047
98134	11	\$952,512	\$1,948,320	\$2,900,832	\$153,816	\$3,054,648
98136	229	\$19,829,568	\$40,560,480	\$60,390,048	\$1,557,387	\$61,947,435
98141	1	\$86,592	\$177,120	\$263,712	\$0	\$263,712
98144	526	\$45,547,392	\$93,165,120	\$138,712,512	\$4,306,848	\$143,019,360
98146	697	\$60,354,624	\$123,452,640	\$183,807,264	\$6,229,548	\$190,036,812
98148	230	\$19,916,160	\$40,737,600	\$60,653,760	\$2,153,424	\$62,807,184
98155	762	\$65,983,104	\$134,965,440	\$200,948,544	\$6,652,542	\$207,601,086
98164	7	\$606,144	\$1,239,840	\$1,845,984	\$76,908	\$1,922,892
98166	408	\$35,329,536	\$72,264,960	\$107,594,496	\$3,287,817	\$110,882,313
98168	1,360	\$117,765,120	\$240,883,200	\$358,648,320	\$12,382,188	\$371,030,508
98177	244	\$21,128,448	\$43,217,280	\$64,345,728	\$1,749,657	\$66,095,385
98178	920	\$79,664,640	\$162,950,400	\$242,615,040	\$8,632,923	\$251,247,963
98188	743	\$64,337,856	\$131,600,160	\$195,938,016	\$6,883,266	\$202,821,282
98198	1,377	\$119,237,184	\$243,894,240	\$363,131,424	\$13,708,851	\$376,840,275
98199	343	\$29,701,056	\$60,752,160	\$90,453,216	\$2,403,375	\$92,856,591
<b>Seattle</b>	<b>16,515</b>	<b>\$1,430,066,880</b>	<b>\$2,925,136,800</b>	<b>\$4,355,203,680</b>	<b>\$141,549,174</b>	<b>\$4,496,752,854</b>

## Appendix B: The Impact of Resetting Underwater Mortgages in Seattle

ZIP Code	Underwater Homes	Total Negative Equity	Annual Stimulus from Resetting Mortgages	Jobs Created by Resetting Mortgages
98101	446	\$41,031,554	\$4,126,978	61
98102	1,083	\$99,634,917	\$10,021,338	148
98103	2,642	\$243,061,358	\$24,447,253	361
98104	297	\$27,323,703	\$2,748,234	41
98105	961	\$88,411,039	\$8,892,434	131
98106	2,407	\$221,441,593	\$22,272,724	329
98107	1,133	\$104,234,867	\$10,484,004	155
98108	1,525	\$140,298,475	\$14,111,302	209
98109	1,283	\$118,034,717	\$11,872,001	175
98112	1,179	\$108,466,821	\$10,909,656	161
98114	1	\$91,999	\$9,253	0
98115	2,622	\$241,221,378	\$24,262,187	359
98116	1,969	\$181,146,031	\$18,219,773	269
98117	2,102	\$193,381,898	\$19,450,464	287
98118	3,056	\$281,148,944	\$28,278,124	418
98119	1,264	\$116,286,736	\$11,696,188	173
98121	830	\$76,359,170	\$7,680,250	114
98122	1,638	\$150,694,362	\$15,156,927	224
98125	2,426	\$223,189,574	\$22,448,537	332
98126	1,961	\$180,410,039	\$18,145,747	268
98133	1,574	\$144,806,426	\$14,564,715	215
98134	14	\$1,287,986	\$129,546	2
98136	1,325	\$121,898,675	\$12,260,640	181
98144	1,909	\$175,626,091	\$17,664,574	261
98146	1,317	\$121,162,683	\$12,186,613	180
98148	48	\$4,415,952	\$444,159	7
98155	6	\$551,994	\$55,520	1
98164	27	\$2,483,973	\$249,839	4
98168	1,016	\$93,470,984	\$9,401,366	139
98177	642	\$59,063,358	\$5,940,627	88
98178	2,098	\$193,013,902	\$19,413,451	287
98195	3	\$275,997	\$27,760	0
98199	1,607	\$147,842,393	\$14,870,074	220
<b>Seattle</b>	<b>42,411</b>	<b>3,901,769,589</b>	<b>392,442,256</b>	<b>5,800</b>



## ENDNOTES

- 1 In 2011, federal regulators found “unsafe and unsound” practices related to mortgage servicing and foreclosure processing at 14 of the largest mortgage servicers. Some of the practices they found became commonly known as “robo-signing.”
- 2 Pennington-Cross, Anthony. “The Value of Foreclosed Property.” *Journal of Real Estate Research*, Volume 28, No. 2, April-June 2006.
- 3 Based on a median home value of \$393,600 from the U.S. Census Bureau’s American Community Survey, 2005-2007 3-year estimates.
- 4 Immergluck, Dan and Geoff Smith. “The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values.” *Housing Policy Debate* Volume 17, Issue 1, 2006. It conservatively estimates that a foreclosed property will cause the value of neighboring homes within an eighth of a mile (about 50 homes) to drop 0.9%. Higher estimates put the decline at 1.4% in low-to moderate-income communities and others double the impact radius to a quarter of a mile.
- 5 “Lost Ground, 2011: Disparities in Mortgage Lending and Foreclosures,” Center for Responsible Lending, November 2011 and “Income is No Shield Part III. Assessing the Double Burden: Examining Racial and Gender Disparities in Mortgage Lending,” National Council of Negro Women and National Community Reinvestment Coalition, June 2009 and “Unequal Opportunity Lenders? Analyzing Racial Disparities in Big Banks’ Higher-Priced Lending,” Center for American Progress, September 2009.
- 6 Pew Research Center. “Twenty-to-One: Wealth Gaps Rise to Record Highs Between Whites, Blacks and Hispanics.” July 26, 2011.
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With over 35,000 members, Washington CAN! is the state's largest grassroots community organization. Together we work to achieve racial, social, and economic justice in our state and nation. Our strength as an organization depends on our members' involvement. We believe that we can only achieve our goals when people take action for justice.

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## UNITED BLACK CLERGY

Dozens of pastors formed the United Black Clergy Association of Seattle to look for solutions to some of the most daunting problems in the black community in areas of employment, economic development and crime.