



### The Foreclosure Crisis: *A Perfect Storm*

- In a Reuters new release dated 9-9-09, Treasury's Assistant Secretary for Financial Institutions, Michael Barr stated that despite the federal government's best efforts, "analysts anticipate that more than six million Americans could lose their homes in the next three years."
- Michigan ranks among the top ten states in the country for number of foreclosures.
- Jackson, Lenawee, Hillsdale region ranks above that already high state average of 7.4%.
- In Jackson County over the past five and half years, over 5,000 individuals and families have lost their homes to foreclosure. Cumulatively, this translates into one in every twelve households losing their homes. In Lenawee County, the total is 2,574 and in Hillsdale County, the total is 1,229. Cumulatively, both translate into one in every fourteen households losing their homes to mortgage foreclosure.
- The size and scope of the foreclosure crisis has expanded beyond those with high-risk sub-prime mortgages to include equal and growing numbers of middle class homeowners with traditional prime fixed-rate mortgages who have either lost their jobs, had their income reduced and/or are struggling with health care.
- Regardless of economic class, losing a home is always destabilizing and can be devastating both financially and emotionally particularly if there are young children or the elderly involved.
- Foreclosures don't just impact homeowners. Renters are also impacted when the property in which they are living is lost to foreclosure. Many renters are never even aware of the situation until they receive an eviction notice.
- A foreclosed home impacts everyone in the neighborhood by decreasing already seriously depressed property values making it difficult for neighbors to borrow on the equity they have in their own home or to sell their home to take a job or for other family-related reasons.
- Foreclosed homes nearly always translate into vacant or abandoned properties which quickly become eye sores, contribute to blight, and invite crime.
- These spillover effects lead to increased demands on local governments for stepped up inspections, code enforcement, police and fire protection - all at a time when budgets have already been drastically cut due to the weakened and stressed economy.
- Further, foreclosures erode the tax base makes it more and more difficult to provide the basic services all residents need.
- Foreclosed properties raise red flags and fuel concerns among those considering investing in the community.