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Date: March 6, 2009
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Annual Mortgage Foreclosure Survey shows Community Land Trusts continue to beat the market

CLTs lower the risk of homeownership according to the 2008 survey by the National Community Land Trust Network

Portland, OR – **Friday March 6** – In 2008, Community Land Trusts (CLTs) homeowners across the country continue to outperform the market. As of December 31, 2008, the annual CLT foreclosure rate was **0.52%** compared to the national rate of 3.3%. CLT homeowners are over 6 times less likely to go into foreclosure than market rate homeowners. Even though CLTs typically serve lower income households who otherwise are unable to get into home ownership, CLT support to these owners is proving highly effective in these uncertain economic times.

The annual mortgage and foreclosure survey of Community Land Trust organizations across the United States was recently conducted by the National CLT Network. Reporting on 1949 Community Land Trust homeowners with outstanding mortgages, 50 CLT organizations with homeownership units reported that, on December 31, 2008, **0.52 percent** of those homeowners had mortgages in foreclosure. Another **1.42 percent** of homeowners were 90 days or more delinquent on their mortgages.

The March 5th, 2009 Wall Street Journal article, “Delinquent Mortgages Hit Record Level”, highlighted the depth of the current foreclosure problem. The Mortgage Bankers Association fourth quarter foreclosure survey data (<http://mortgagebankers.org/NewsandMedia/PressCenter/68008.htm>) reported a foreclosure rate for mortgage loans on 1-4 unit properties of 3.30%, a new record.

The fourth quarter data from the Mortgage Bankers Association also reported very high delinquency rates. 7.88 percent of the mortgages were delinquent (at least one payment past due, but not yet in foreclosure). The report also indicates that the seriously delinquent loans (loans over 90 days past due or a loan in foreclosure) were: 3.74% for prime, 23.11% for subprime, 6.98% for FHA and 4.12 VA.

The seriously delinquent rate for CLT homeowners was ONLY **1.94%!**

To put this all in context, in recent stable years, foreclosure rates for all U.S. mortgages have run a little over 1%. For instance: 2003 - 1.3%; 2004 - 1.1%. The CLT foreclosure rate of 0.52% compared to the current 3.30% crisis level, and even the rates from more stable years is striking evidence that the CLT method of homeownership is a safer, more effective way to help families become homeowners and remain homeowners.

“With a foreclosure rate 6 times lower than the market, Community Land Trusts have achieved a remarkable performance in these very difficult economic times.” said Roger Lewis, Executive Director of the National CLT Network. “CLTs support their homeowners and stabilize neighborhoods by not allowing the ‘too-good-to-be-true’ financing that has taken down so many American families.” CLT homeowners are not immune to recessionary trends that include job losses. CLTs do, however, reduce risk of homeownership by offering more affordable homes, assuring good preparation of their clients, by monitoring the loans secured by their buyers and staying involved with homeowners after purchase.

“One of our Chicago CLT homeowners lost her job. She called us before she missed her first mortgage payment and we immediately connected her with foreclosure prevention services. Only after the bank learned that the home was in a community land trust did they agree to work out a loan forbearance. Now re-employed after 9 months this single mom says "I owe the Chicago CLT my home and I am glad I went with that program. If I would have gone a different way, I would have had no resources. [They] were my lifeline and my rescuer." It is clear to us that but for the CLT this homeowner would have been another sad statistic in the foreclosure crisis. Instead, she's one of the success stories.”

Dena Al-Khatib, Executive Director
Chicago Community Land Trust City of Chicago

The National Community Land Trust Network provides training, advocacy and resources for its member organizations, which nurture and sustain healthy and economically diverse communities via access to permanently affordable land and homes. CLTs have existed since 1969 and now number over 220 in forty-five states, located in large metropolitan regions, rural areas, and coastal and mid-western towns. Many local governments nationwide, including Irvine CA and Washington DC, now utilize CLTs to protect their valuable housing stock and keep opportunities for affordable homeownership intact for future generations. The CLT Network has engaged national lenders like FNMA, stressing the importance of earlier warning of delinquency so that CLTs can step in before foreclosure occurs.

Community Land Trusts preserve land for community needs, such as affordable housing, commercial as well as agricultural uses; most CLTs are creating affordable housing. CLTs create affordable homeownership opportunities that last for generations, stewarding public subsidy dollars and strengthening and stabilizing families and

communities. CLTs are typically nonprofit, community-based organizations committed to the stewardship and permanent affordability of housing that serve low income members of their community. There are over 220 CLTs in 45 states (visit www.cltnetwork.org for more information).

Survey details: The survey was conducted between January 30th and February 13th with responses solicited from CLTs across the country. Of 78 organizations responding, 50 organizations reported on owner-occupied properties with mortgages. Survey respondents represented CLTs in 32 states including DC.