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## **Community Land Trust (CLT) Homes Foreclosure Survey, March 20, 2008**

CLT homes 30 times less likely to go into foreclosure compared to national average.

A survey of Community Land Trust organizations across the United States was recently conducted by the National CLT Network. Out of 3115 CLT homeowners covered by the survey, two foreclosures were reported -- **an annual foreclosure rate of 0.06.**

By comparison, in the 4th quarter of 2007, **the annual rate for all U.S. mortgages was 2.0%**, with some areas of the country running as high as 3.4%.

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 0.06% compared to the 2.0% crisis level, and even the rates from more stable years is striking evidence that the CLT method of homeownership is a safer way to help families become homeowners and remain homeowners. Community Land Trusts have insulated their homeowners from the "too-good-to-be-true" refinancing craze that is taking down so many low- and moderate-income American families. Vacant, foreclosed homes attract crime, lower surrounding real estate values, and devastate families and neighborhoods.

### **What are Community Land Trusts (CLTs)?**

CLTs are typically nonprofit, community-based organizations committed to the stewardship and permanent affordability of housing and land. There are over 175 CLTs in 42 states. The National CLT Network is the membership association for these organizations. See [www.cltnetwork.org](http://www.cltnetwork.org) for more information.

### **How could CLT homeowners fare so much better than other home owners?**

Most first-time homebuyer programs leave the new owners completely on their own after the sale. CLT homeowners benefit from a continuing relationship with their CLT shared-equity partner. Under the CLT model:

- Homeowners buy their homes below the appraised value so there is a substantial cushion if real estate values fall;
- Only standard, no-nonsense mortgages are permitted (Fannie Mae guidelines);
- Through the ongoing relationships, if financial difficulties arise, the CLT is there to help;
- Owners can refinance, but only with permission of the CLT and only for approved reasons through approved mortgages;
- CLT homeowners have a partner to help them learn the ropes and avoid the mistakes that many first-time homebuyers make.

