
Subprime Foreclosures: The Smoking Gun of Predatory Lending?

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One of the most striking features of home finance in the 1990s was the rapid growth of subprime lending. The term “subprime” typically refers to loans made to borrowers with impaired or limited credit histories or those who have high ratios of debt to income. To offset the higher risks associated with these loans, borrowers are charged higher interest rates and possibly also higher up-front fees. From 1993 to 1998, the number of subprime refinance loans reported under the Home Mortgage Disclosure Act (HMDA) increased tenfold, from 80,000 subprime refinance loans in 1993 to 790,000 in 1998. In 1994, the \$35 billion in subprime mortgages represented less than 5 percent of all mortgage originations. By 1999, subprime lending had increased to \$160 billion—almost 13 percent of the mortgage origination market.

The growth in subprime lending over the past several years has been a beneficial development for borrowers with impaired or limited credit histories. Subprime lenders have allowed such borrowers to access credit that they could not otherwise obtain in the prime credit market. However, there is a growing body of anecdotal evidence that a subset of these subprime lenders engages in lending practices that strip borrowers’ home equity and place them at increased risk of foreclosure (U.S. Department of Housing and Urban Development and U.S. Department of the Treasury, 2000). Among the practices that characterize predatory lending are charging excessive interest rates and fees and the imposition of single-premium credit life insurance and prepayment penalties that provide no countervailing benefit to the borrower. Although not all subprime lending is predatory, subprime and predatory loans share the distinction of charging borrowers interest rates that are higher than conventional rates. The explosive growth of subprime lending has thus created an increased potential for abuse of consumers. In fact, even subprime loans that are not marked by excessive costs or deceptive practices will expose borrowers to higher risks than conventional loans due to the higher financial burden they entail.

The expansion of predatory lending practices along with subprime lending is especially troubling because subprime lending is disproportionately concentrated in

low- and very low-income neighborhoods and in African-American neighborhoods. In 1998, subprime refinance loans accounted for 26 percent of total refinance loans in low-income neighborhoods, compared with 11 percent in moderate-income neighborhoods and just 7 percent in upper-income neighborhoods.¹ The disproportionate concentration in African-American neighborhoods is even greater; in 1998 subprime lending accounted for 51 percent of refinance loans in predominantly African-American neighborhoods compared with only 9 percent in predominantly white neighborhoods (U.S. Department of Housing and Urban Development, 2000b).

It does not seem likely that these high market shares by subprime lenders in low-income and African-American neighborhoods can be justified by a heavier concentration of households with poor credit in these neighborhoods. Rather it appears that subprime lenders may have attained such high market shares by serving areas where prime lenders do not have a significant presence. One reason for this conclusion is that income does not appear to be correlated with credit scores. Another indication that creditworthiness alone cannot explain the high concentration of subprime lending is that residents of predominantly African-American neighborhoods are much more likely to have subprime loans even after controlling for income. Among homeowners living in the upper income white neighborhoods, only 6 percent turn to subprime lenders, but 39 percent of homeowners living in upper-income African-American neighborhoods have subprime refinancing. This is more than twice the rate of 18 percent for homeowners living in low-income white neighborhoods. To the extent that subprime lenders are gaining market share because of a lack of competition in these neighborhoods from prime lenders, creditworthy borrowers in these areas may be facing higher costs for mortgages than necessary.

There is also some evidence that subprime loans bear interest rates that are higher than necessary to offset the higher credit risks of these loans. A recent study by Freddie Mac researchers compared the interest rate on subprime loans rated A-minus by the lenders originating these loans with the interest rates on prime loans purchased by Freddie Mac and rated A-minus by a Freddie Mac underwriting model (Lax et al., 2000). Despite the fact that both loan groups were rated A-minus, on average the subprime loans bore interest rates that were 215 basis points higher. Even assuming that the credit risk of the subprime loans was in fact higher than that of the prime loans, the study could not account for such a large discrepancy in interest rates. Assuming that default rates might be three to four times higher for the subprime

loans would account for a 90-basis-point interest rate differential. Assuming that servicing the subprime loans would be more costly would justify an additional 25-basis-point differential. But even after allowing for these possible differences, the Freddie Mac researchers concluded that the subprime loans had an unexplained interest rate premium of 100 basis points on average.²

Although there is a variety of evidence that predatory lending practices have been on the rise, unfortunately there is no systematic data available on the volume of loans that might be considered predatory. The principle source of information on mortgage lending is data reported under HMDA, but HMDA does not include information on interest rates, fees, points, or other costs that might be indicative of predatory lending practices.

The most compelling evidence that subprime lending has become a fertile ground for predatory practices may be the findings from several recent studies that subprime lenders have come to represent a disproportionate percentage of residential foreclosures. In a pioneering analysis entitled *Preying on Neighborhoods: Subprime Mortgage Lenders and Chicagoland Foreclosures*, the National Training and Information Center (NTIC) recently examined foreclosure trends for the period 1993 to 1998. Following the lead of the NTIC study, Abt Associates conducted studies of subprime foreclosures in the Atlanta and Boston metropolitan areas for the Neighborhood Reinvestment Corporation, and the U.S. Department of Housing and Urban Development (HUD) conducted a similar study of the Baltimore market (Gruenstein and Herbert, 2000a and b; U.S. Department of Housing and Urban Development, 2000a).

This article summarizes and synthesizes the findings from these four studies regarding trends in foreclosures of loans made by subprime lenders. Of course, because these four areas were chosen for study for somewhat idiosyncratic reasons, it is not clear how representative these four markets are of other areas in the country. The studies in Chicago and Baltimore were motivated by local community groups who had become alarmed at the number of homeowners who had been the victims of predatory lenders. Although predatory lending has also been a concern of groups in Atlanta and Boston, these two areas were chosen for study in large part because conferences examining predatory lending were held in these areas.³ Nonetheless, there are a number of similarities in the findings for each of these areas. As will be discussed in detail in the sections that follow, each of these studies has found that

foreclosures by subprime lenders grew rapidly during the 1990s and now exceed the subprime lenders' share of originations. In addition, the studies indicate that foreclosures of subprime loans occur much more quickly than foreclosures on prime loans and that they are concentrated in low-income and African-American neighborhoods. Of course, given the riskier nature of these loans, a higher foreclosure rate would be expected. With the information available it is not possible to evaluate whether the disparity in foreclosure rates is within the range of what would be expected for loans prudently originated within this risk class. But even if the rise in foreclosures is not due to predatory lending practices per se, the findings of these studies raise serious questions and concerns about the impact of subprime lending generally on low-income and minority neighborhoods in our major urban areas.

Trends in Mortgage Originations by Subprime Lenders in the Markets Studied

As mentioned above, HMDA does not require lenders to report information (such as loan interest rates or points) that might be used to identify subprime loans. In order to use HMDA data to analyze trends in subprime lending, HUD has identified lenders who predominantly originate subprime loans using a combination of industry trade publications and HMDA analysis. HMDA analysis is used to identify lenders with activities that are likely to be indicative of significant volumes of subprime lending, including high denial rates, high shares of their originations in refinance loans, or a concentration of lending in predominantly African-American neighborhoods. In addition, firms with terms like "consumer," "finance," and "acceptance" in their names have also been found to specialize in subprime lending. To confirm that the identified lenders did, in fact, specialize in subprime lending, HUD conducted interviews with representatives of the firm or reviewed the lenders' Web sites. Lenders who confirmed that at least 50 percent of their conventional originations were subprime loans were included on the list of subprime lenders. This methodology has been used in virtually all studies of subprime lending using HMDA data.

Table 1 presents summary information on the trends in refinance originations by subprime lenders in four markets that have been the subject of studies of subprime foreclosures.⁴ In all four market areas, subprime lending increased sharply during the mid-1990s. The sharpest increases were evident in Baltimore and Chicago, where subprime lenders' originations were 14 to 16 times higher in 1998 than 5 years earlier,

whereas in Boston and Atlanta these lenders' origination volumes were approximately 5 times higher.

Table 1. Refinance Mortgage Originations by Subprime Lenders

Location	1993	1998	Percentage Change
Atlanta MSA	1,864	11,408	512
Baltimore MSA	555	8,268	1,390
Boston PMSA*	825	5,407	555
Chicago PMSA	1,582	27,470	1,636

Note: MSA, metropolitan statistical area; PMSA, primary metropolitan statistical area.

** 1993 data for Boston PMSA is actually 1994.*

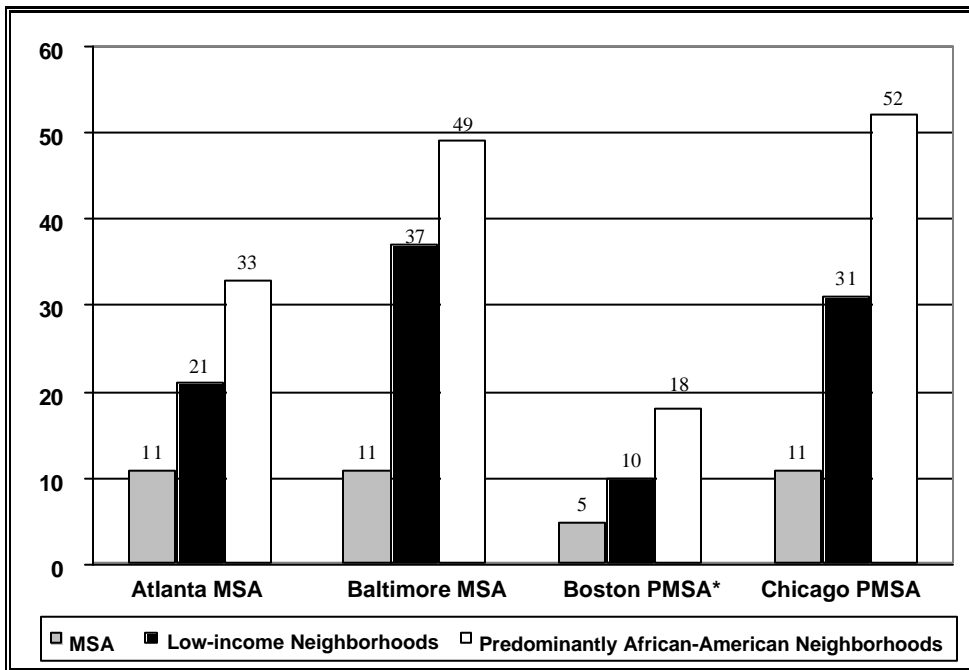
Sources: HMDA data as reported in HUD and Abt Associates Inc. studies

As illustrated in figure 1, Boston has the lowest level of activity by subprime lenders, with only 5 percent of refinance originations in 1998, whereas in the other areas subprime lenders account for 11 percent of refinance originations. With subprime lenders accounting for approximately 12 percent of all originations nationally in 1998, the three markets other than Boston have an average share of subprime loans, whereas Boston is much lower than the national average.

Like the national averages, in all four market areas originations by subprime lenders represent a disproportionate share of originations in low-income and African-American neighborhoods. In each area, subprime lenders have much higher shares of refinance originations in low-income neighborhoods than in the market overall, whereas their shares in predominantly African-American neighborhoods are higher still. But although similar patterns are evident across all four markets, subprime lenders' dominance of the refinance market is more pronounced in Baltimore and Chicago. In these markets, subprime lenders' market share in low-income neighborhoods is three times higher than their overall market share, accounting for approximately one-third of all refinance loans. In predominantly African-American neighborhoods their market share is five times larger than their overall market shares, accounting for approximately one-half of all refinance loans. Again, these shares are similar to those of the Nation as a whole, where 26 percent of originations in low-income areas are by subprime lenders, as are 51 percent in African-American neighborhoods. In comparison, in Atlanta and Boston, subprime lenders' market

share is twice as high in low-income areas and three times higher in predominantly African-American neighborhoods. Although these concentrations are still notable, they are not as high as the national averages. In Boston, in particular, it is evident that subprime lenders have not achieved the same high levels of market share as is true of the other three markets studied.

Figure 1. Percentage of Subprime Lenders' Share of Refinance Originations in 1998



Note: Low-income neighborhoods are census tracts with median income that is less than 80 percent of the MSA median income, whereas predominantly African-American neighborhoods have a population that is at least 75 percent African-American. However, for Boston the available data were for tracts with a majority minority population.

Sources: HMDA data as reported in HUD studies of Atlanta, Baltimore, and Chicago, and Abt Associates Inc. study of Boston

Trends in Foreclosures by Subprime Lenders

Unlike mortgage originations, there is no standard single source of information on residential foreclosures. Each of the four studies that analyzed subprime foreclosures had to either purchase data on foreclosures from local firms specializing in collecting this information from legal notices or gather this information directly from legal

notices. In each study, the same methodology described above for identifying subprime lenders in HMDA was used to identify loans being foreclosed by subprime lenders (that is, the name of the lender foreclosing was matched to an identified list of predominantly subprime lenders).⁵ Given the specialized nature of these data, the information available for each of the four metropolitan areas is unique. The geographic areas covered within the metropolitan areas are often somewhat idiosyncratic, in part reflecting the area covered by the firm vending the data. The time periods covered are also not standard, in part reflecting when these firms began operations. The appendix briefly summarizes the source and nature of the foreclosure data available for each market.

It is important to note that in all four market areas, the foreclosure data provide the name of the entity initiating the foreclosure, not the lender who originated the loan. Both because other lenders routinely acquire loan servicing after origination and because securitized loans may have a special servicer to pursue foreclosure, the foreclosing mortgagee is not necessarily the originating mortgagee. Consequently, because some of the foreclosing lenders did not originate the loans on the foreclosed property, some loans will be misclassified as subprime or non-subprime. Because non-subprime lenders may service loans originated by subprime lenders, it is possible that the levels and shares of subprime foreclosures are biased downward.⁶

Table 2 presents data on trends in residential foreclosures by lender type in the three market areas for which data on foreclosures are available for different time periods. In all three markets the number of foreclosures by subprime lenders has risen much more sharply than the number of foreclosures by all other lender types. In Atlanta and Boston, which have data available for similar time periods, foreclosures by subprime lenders have roughly tripled while foreclosures by other types of lenders have declined. The data for Chicago start at a much earlier date when foreclosures by subprime lenders were quite rare. As a result, the percentage increase in foreclosures by subprime lenders is several thousand percent, while foreclosures by other lenders increased by a much more modest 25 percent.

Of course, given the rapid growth in originations by subprime lenders, it is not entirely surprising that foreclosures have grown so rapidly. Even if loans by subprime lenders were no more likely to end in foreclosure than loans by prime lenders, one would expect to see rapid growth in foreclosures by these lenders given their rapidly increasing market share of originations. However, one indication of the

greater risk of foreclosure among these loans is the time from origination to foreclosure. In Baltimore, HUD found that loans by subprime lenders were on average 1.8 years old at the time the foreclosure petition was filed, which was nearly one-half the 3.2-year average age for prime and Federal Housing Administration (FHA) loans. Very

Table 2. Residential Foreclosures by Lender Type

Lender Type			Percentage Change
Atlanta	1996	1999	1996-1999
Subprime	315	1,047	232
Other	9,556	8,149	-15
Total	9,871	9,196	-7
Boston	1995	1999	1995-1999
Subprime	55	142	158
Other	3,551	1,783	-50
Total	3,606	1,925	-47
Chicago	1993	1998	1993-1998
Subprime	30	1,417	4,623
Other	2,044	2,547	25
Total	2,074	3,964	91

Note: See Appendix for discussion of the data sources and geographic areas included.

similar results were found by Abt in Atlanta and Boston. In Atlanta, the median age of loans being foreclosed by subprime lenders was 2 years, compared with a median of 4 years by other lenders reporting in HMDA. Similarly, in Boston, loans by subprime lenders starting foreclosures had a median age of 3 years, compared with a median age of 7 years for other lenders reporting in HMDA. Thus, in all three of these market areas, loans by subprime lenders reach foreclosure much more quickly.⁷ In fact, with most of these loans reaching foreclosure in 2 years or less from origination, it seems likely that the loans were not affordable for the mortgagors even at the time of origination.

Another indication of the greater risk of loans by subprime lenders is given by a comparison of the shares of foreclosures accounted for by subprime lenders with these lenders' share of originations. Table 3 provides the share of originations and foreclosures by subprime lenders as a share of all originations and foreclosures by lenders reporting in HMDA. Given that loans by subprime lenders generally reach foreclosure in 2 years, one would expect approximately a 2-year lag between the subprime lenders' share of originations and their share of foreclosures. In each market area, subprime lenders have come to account for a larger share of foreclosures than their share of originations from 2 years prior. This disproportionate share of foreclosures by these lenders suggests that loans by subprime lenders are more

Table 3. Subprime Lenders' Share of Originations and Foreclosures by Neighborhood Type

Market/ Neighborhood Type	Originations (%)	Foreclosures (%)	Ratio (Foreclosures/ Originations)
Atlanta region			
All	12	16	1.3
Low-income	39	36	0.9
African-American	31	36	1.2
Baltimore city			
All	21	45	2.1
Low-income	33	50	1.5
African-American	42	57	1.4
Boston PMSA			
All	5	11	2.2
Low-income	8	12	1.6
Minority	12	15	1.2
Chicago region			
All	22	36	1.6
City of Chicago	25	38	1.5
Suburban counties	20	34	1.7

Note: See Appendix for description of the data sources and geographic areas included. Low-income neighborhoods have median household income that is less than 80 percent of the MSA median income. African-American neighborhoods are at least 75 percent African-American, whereas predominantly minority neighborhoods are at least 50 percent minority population. Foreclosures shares are for 1999 in Atlanta and Boston, 1998 in Chicago, and the first quarter of 2000 for Baltimore. Origination shares are from 2 years before the date of the foreclosure data reflecting the average lag from origination to foreclosure of these loans

likely to foreclose than loans by other lenders. In addition, many subprime loans are still quite young, so foreclosure shares may well continue to rise in these areas. These loans may also be particularly at risk of default should the economy soften.

The disparity between foreclosure and origination shares is largest in Boston, where foreclosures by subprime lenders account for more than twice their share of originations. But subprime lenders have a fairly small presence in this market area, so subprime foreclosures account for only 11 percent of all foreclosures. In Baltimore City, subprime lenders had a share of foreclosures that was also more than twice their share of originations, but subprime lenders had a much larger presence in this

market, so subprime lenders account for nearly one-half of all foreclosures started. Chicago has the next largest disparity, with subprime lenders having a 60 percent larger share of foreclosures than originations. Atlanta has the smallest disparity, but even in this market subprime lenders' share of foreclosures is 30 percent larger than their share of originations.

Mirroring the fact that subprime lenders account for a larger share of originations in low-income and African-American neighborhoods, these lenders also have a much larger share of foreclosures in these neighborhoods (see table 3). In Baltimore, subprime lenders accounted for 50 percent of foreclosures in low-income neighborhoods and 57 percent in predominantly African-American neighborhoods. In Atlanta, subprime lenders accounted for 36 percent of all foreclosures in both types of neighborhoods, compared with 16 percent in the entire market area. The disparity was not nearly as large in Boston, however, as subprime lenders accounted for 12 percent of foreclosures in low-income neighborhoods and 15 percent in predominantly minority neighborhoods, compared with 11 percent in the market overall.⁸ Of note, although in all cases the share of originations and foreclosures by subprime lenders is much higher than the shares in nonminority neighborhoods, the disparity between origination and foreclosure shares was no greater in these neighborhoods than in the overall market area. Table 3 presents the ratio of subprime lenders' share of foreclosures to originations. As shown, this ratio is generally lower in low-income and minority neighborhoods than in the market overall. This suggests that the high share of foreclosures in these neighborhoods is largely due to a higher share of subprime originations and not to a higher propensity of subprime loans to end in foreclosure in these neighborhoods.

Summary of Findings Regarding Foreclosures by Subprime Lenders

Of the four market areas with studies conducted of foreclosures by subprime lenders, two have trends in subprime originations that are similar to the Nation as a whole. In both Baltimore and Chicago, subprime lenders accounted for 11 percent of originations in 1998, similar to the national average. These markets are also similar to the Nation as a whole in the degree to which loans by subprime lenders are concentrated in low-income and minority neighborhoods. By 1998, subprime lenders had come to account for one in every three loans in low-income areas and one in every two loans in predominantly African-American neighborhoods. Subprime

lenders had a similar overall market share in Atlanta, but their dominance of low-income and African-American neighborhoods was somewhat lower. Nonetheless, these lenders accounted for one in five loans in low-income neighborhoods and one in three loans in African-American neighborhoods. Subprime lending is much less of a problem in Boston, as these lenders only accounted for 5 percent of the market in 1998. But the pattern of greater dominance in low-income and African-American neighborhoods was also evident in this market.

Studies of each of these markets found very high levels of foreclosures by subprime lenders. In the three markets with data available on trends in foreclosures over time, it was found that foreclosures by subprime lenders grew sharply during the 1990s even as foreclosures by other lenders declined or grew at a much more moderate pace. Although a rise in foreclosures by these lenders would be expected given their sharp increase in originations, there are indications that these loans are reaching foreclosure more quickly and more often than loans by other lenders. The age of subprime loans at foreclosures is generally 2 years or less, compared with 4 years or more for other lenders. Another indication of the much greater risk of subprime loans is that subprime lenders have come to account for a much larger share of foreclosures than they do of originations. In Baltimore City and the Boston metropolitan area, subprime lenders account for twice as many foreclosures as originations 2 years earlier. In Chicago, their share of foreclosures is 60 percent larger than their share of originations, whereas in Atlanta they have a 30 percent larger share of foreclosures than originations.

Reflecting the heavy concentration of subprime lending in low-income and African-American neighborhoods, these lenders have very high shares of foreclosures in these areas. In Baltimore subprime lenders account for more than one-half of all foreclosures in these neighborhoods, whereas in Atlanta they account for more than one-third. However, the disparity between subprime lenders' share of originations and foreclosures is not larger in low-income and minority neighborhoods than in other parts of these regions. This suggests that subprime loans may be as likely to foreclose in all neighborhoods. Given the rapid growth of subprime loans throughout these market areas, the risks of foreclosure are evident in all neighborhoods. But given the very high concentration of these loans in low-income and African-American neighborhoods, the growth in subprime lending and resulting very high levels of foreclosure is a real cause for concern.

Endnotes

¹ For a thorough description of the methodology developed by HUD see Randall M. Scheessele, *1998 HMDA Highlights*, Housing Finance Working Paper No. 9, U.S. Department of Housing and Urban Development, Office of Policy Development, October 1999. For the most recent list of subprime and manufactured home lenders see <http://www.huduser.org/datasets/manu.html>.

² It should also be noted that higher interest rates are only one component of the higher cost of subprime loans because borrowers also often face higher origination points. The Freddie Mac study did not find a large differential between prime and subprime loans in points paid, but the study notes that subprime loans often have points rolled into the loan principal that cannot be identified with their data.

³ The Atlanta study was prepared for the Neighborhood Reinvestment Corporation's conference on predatory lending held in Atlanta in February 2000, whereas the Boston study was initially prepared for a Federal Deposit Insurance Corporation conference held in Boston in May 2000.

⁴ Data on refinance originations are presented since subprime lending is heavily concentrated in this market segment. Nationally, 80 percent of total (home purchase and refinance) originations by subprime lenders are for refinance.

⁵ The Abt Associates Inc. studies of Atlanta and Boston relied exclusively on the HUD list of subprime lenders. HUD's study of Baltimore relied on this list but also identified subprime lenders among those who do not report to HMDA. The NTIC study of Chicago did not report using the HUD list, but used essentially the same methodology of identifying subprime lenders from industry publications. In the Abt Associates Inc. studies of Atlanta and Boston, all lenders were matched against a list of HMDA reporters. Thus, lenders were characterized as HMDA subprime lenders, HMDA prime lenders, or non-HMDA lenders. This categorization was used to enable comparisons of market shares of originations and foreclosures for HMDA reporting lenders.

⁶ For example, the NTIC study noted that court filings indicate that the Bank of New York commonly represents the interests of The Money Store in foreclosure proceedings in Cook County. Since the Bank of New York is not primarily a subprime originator, these loans would be classified as prime.

⁷ The NTIC study of Chicago included information on trends in the age of loans entering foreclosure, but it did not separate the age of loans made by subprime lenders from those made by other lenders. Overall, the age of foreclosed loans had

declined significantly from 1993 to 1998. In 1993 only 39 percent of foreclosed loans were less than 4 years old, while by 1998 this share had risen to 60 percent.

⁸ The NTIC study did not analyze trends in foreclosures by neighborhood characteristics. The study did provide breakdowns at the county level. As shown in table 3, there was little variation in the shares of originations and foreclosures at this level of geographic detail.

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Appendix: Foreclosure Data Sources

Atlanta

Data on foreclosures in Atlanta are from the *Atlanta Foreclosure Report* (AFR) and cover the period from June 1996 to December 1999.⁸ An annual estimate of the volume of foreclosures for 1996 is derived from the 7 months of data available for that year.

Among the information included for each property is the street address of the property, the name of the borrower, the year the mortgage was originated, the interest

rate on the mortgage (available for only about one-quarter of foreclosures), and the current mortgagee. The data have not been geocoded to identify census tracts, so the neighborhood characteristics are based on ZIP codes rather than tracts. There are several issues with these data that are worth noting. First, AFR provides monthly advertisements for foreclosure sales. As a result, the data include properties that ultimately may have avoided foreclosure, so they will overstate the true level of completed foreclosures. However, trends in foreclosure advertisements should serve as reasonably good proxy for the actual trends in foreclosures. Second, AFR advertises only properties located in 12 of the 20 counties that comprise Atlanta's MSA.⁸ Finally, because the AFR provides monthly listings of advertised sales and because properties can be advertised in multiple months, duplicate listings for properties had to be removed from the database, relying on borrower names and property addresses.

Baltimore

Working with the St. Ambrose Housing Aid Center, HUD obtained data on foreclosure petitions in Baltimore City from the files of the city's circuit court that were filed between January 1, 2000 and March 31, 2000. The data on foreclosures included the petition and origination dates, the interest rate, product type (FHA, Veterans Administration, conventional), the name of the lender, and the address of the property. HUD used its subprime list of HMDA lenders to identify subprime lenders in Baltimore City. HUD also identified lenders that specialize in subprime lending but either do not report to HMDA or were not identified earlier by HUD.

Boston

Foreclosure data for Boston were obtained from the *Boston Foreclosure Report* (BFR). The data cover the period from 1995 through 1999 and include the towns that comprise the Boston primary metropolitan statistical area. Among the information contained in this database are the property street address (excluding the Zip code), the mortgagor's name, the mortgagee's name, the date the property was listed in the foreclosure report, and the year of the original mortgage. The BFR provides weekly listings of advertised foreclosure sales, not sales completed. Because properties can be advertised in multiple months, duplicate listings for properties had to be removed from the database. Borrower names and property addresses were used to identify and remove duplicate records.

Chicago

NTIC obtained foreclosure data from the Foreclosure Report of Chicago, a private, for-profit company that collects foreclosure court filings. Unlike the studies of foreclosures by Abt Associates and HUD, which focused on foreclosures initiated or notices of foreclosure sales, the NTIC study focused on “foreclosures completed” (where the property was actually sold at an auction). Data were obtained for 1993 and 1998 covering the City of Chicago, suburban Cook County, and DuPage and Will counties. NTIC did not attempt to link the foreclosures to data on neighborhood characteristics, so no analysis has been done on trends by neighborhood characteristics.