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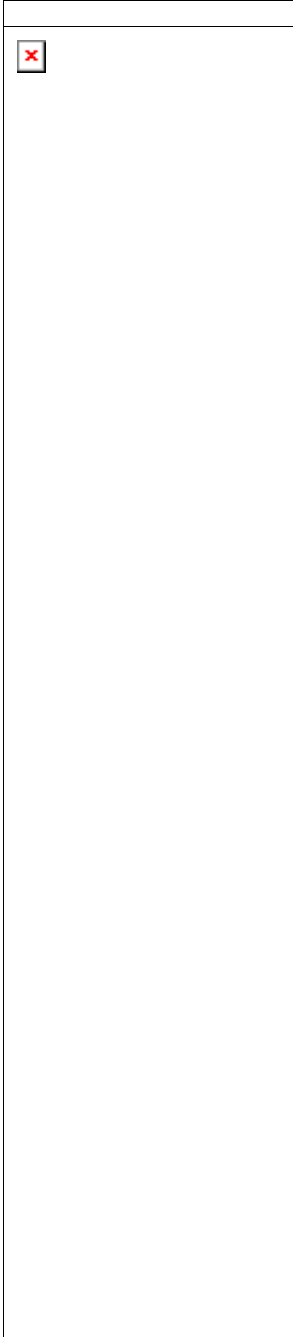
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More Ohioans losing homes

Friday, October 4, 2002

[Jim Weiker](#)

THE COLUMBUS DISPATCH

The number of foreclosures in Ohio has more than doubled since the mid-1990s, a study being released today found.



The study, by an advocacy group for people with low incomes, is one of the first comprehensive attempts to compile the number of foreclosures statewide.

The study found that 43,419 properties were foreclosed last year in the state, 155 percent more than the 17,026 in 1994.

"We certainly didn't expect to see an increase of this scale," said Amy Hanauer, executive director of Policy Matters Ohio, the Cleveland group that conducted the study.

"This is taking place all around the state, in affluent counties, counties of modest means, rural counties and urban counties."

Franklin County foreclosures increased faster than the statewide average, rising 227 percent, from 1,552 to 5,077, in the same period. Other counties in central Ohio also posted large increases, from a low of 56 percent in Delaware to a high of 320 percent in Licking.

Holmes was the only county in which foreclosures declined.

The study also documents the increase in homes that have gone to the final stage of foreclosure, sheriff's auction. The study found that 24,517 homes were auctioned by county sheriffs last year, compared with 8,192 in 1994. One out of every 181 Ohio homes went to sheriff's auction last year, compared with one out of every 520 homes on average from 1994 to '96.

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Nationally, foreclosures are at their highest level in 30 years, according to the Mortgage Bankers Association of America.

Doug Duncan, chief economist for the association, blamed the weak economy. "The increase in foreclosures is due mainly to the increase in unemployment that occurred from the first quarter to the second quarter of this year."

But Paul Bellamy of the Ohio Community Reinvestment Project, which also is releasing a study today on foreclosures, said the economy doesn't adequately explain the increase. Foreclosures have risen steadily since 1995, including years when the state's economy was robust and the unemployment rate was falling, he said.

The Ohio Community Reinvestment Project study attributes the increase to the rise of "subprime" lending. Subprime lenders are mortgage companies that offer loans to low-income borrowers with bad credit. The most aggressive of these companies are called "predatory" lenders.

Bellamy analyzed foreclosures in Lorain, Montgomery and Summit counties. He found that the number of homes that entered foreclosure with subprime lenders rose 333 percent from 1997 to '01, compared with 127 percent with conventional lenders.

Bellamy said he supports subprime lending, which allows homeowners who otherwise couldn't get a loan to buy a home. Still, the industry should be regulated more thoroughly, he said.

"I think if subprime lending is done honestly by legitimate operators, it serves tremendous needs," Bellamy said. "I think there are too many marginal operators, cowboys, who are not honest and not straightforward."

Dayna Baird, executive director of the Ohio Consumer Finance Association, which represents subprime lenders, said there are a number of explanations for the foreclosure increase beyond such lenders.

She blamed the rise on the economic slump, low-cost loans that developers pitch to first-time homeowners and the rise in home ownership.

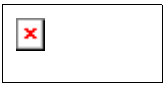
"A record number of people own their homes," said Baird. "As more people own homes, there will be more foreclosures."

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