



A tally Betleski kept of 2001 foreclosure filings in Lorain County Common Pleas Court showed that each of the five judges had more than 200 new filings.

Betleski hypothesized that the local economy might contribute to the escalation of foreclosures, as he began to notice a sharp increase months after York International closed its doors in Elyria in 2001.

Linda Butler, staff attorney for Judge Lynett McGough, said the cause probably was a combination of factors.

"I think it's probably true that the numbers we've had have increased," she said. "We see cases, we don't see why."

Some researchers say it's a combination of factors, including consumer debt, predatory lending and subprime lending.

Subprime lenders are companies that loan funds to "high risk" buyers.

Predatory lending is when lenders use manipulative tactics to strip equity from borrowers' homes.

Hanauer said the increase of foreclosures since the mid-1990s -- during better economic times -- indicates that consumer debt and predatory lending are playing larger roles, and economics plays a smaller role.

Between 2000 and 2001, when the economy did not fair so well, there were more foreclosure filings -- showing that the economy did have some impact, she said.

Ohio Community Reinvestment Project researcher Paul Bellamy examined actual foreclosure cases filed in 1997, 1999 and 2001 in Lorain, Montgomery and Summit County courts, counties selected as representative of the state as a whole.

The three counties combined saw an average increase in home foreclosure filings of 177 percent between 1997 and 2001.

"We feel the main cause for this increase is subprime loans," said Bellamy, who is executive director of the Lorain County Reinvestment Coalition.

Filings resulting from subprime loans grew by an average of 333 percent in the same period, according to his study.

In 1999, Ohio had the third highest volume of subprime loan activity in the nation, concentrated in minority and low-income tracts.

The Ohio Community Reinvestment Project study found subprime lending increasingly over-represented among failed loans when compared to the volume of subprime originations. In the three counties examined, subprime loans proved more than three times as likely to go into default.

"Predatory loans are often tied to a homeowner's equity, not their ability to repay the loan. All these unpaid loans raise questions about whether the brokers who placed the loans ever thought they would be repaid, or whether they just wanted to take their upfront fees and run," said Bellamy.

Dayna Baird, executive vice president of Ohio Financial Services Association, an organization that consists of subprime lenders, said subprime lenders are not the problem.

"If there has been any increase from my members in the number of foreclosures, its been marginal," Baird said. "We lose tens of thousands of dollars every time we foreclose. We do everything possible to keep people in their homes."

Baird attributed the increase to the growth of government programs that help out low-to-middle income homeowners. Baird said programs allow residents to have a small down payment, but can lead to problems later if they hit financial hard times.

Baird said homebuilders that offer variable rates also are a factor. These companies offer attractive rates, but because the rate is variable, it increases, she said, causing financial problems.

Baird said statistics by the Mortgage Banker's Association, and a study-in-progress by the Indiana Mortgage Banker's Association support her points.

Bellamy said these issues factor in, but aren't the main triggers.

"It's an infinitesimal part of the problem. In the total aggregate of the foreclosure picture, that ain't it."

An increase in foreclosures affects families and communities, and also has an impact on the courts, said local officials.

"The problem is, it's an issue of workload. If you're doing one thing, you're not doing another thing or 100 things," Betleski said.

Betleski said foreclosures can be "service-heavy" because the courts often are dealing with people who cannot afford legal representation and don't understand the process.

Betleski said foreclosures affect other offices, including the sheriff's department, which handles the sale of the property.

Hanauer called the increase in foreclosures a "huge public policy problem."


"I think a number of states have attempted to regulate predatory lending much more stringently than Ohio has."

Local residents experiencing foreclosure problems can seek assistance by calling First Call For Help toll free at 1-800-499-8817 or locally at 440-282-7401. First Call For Help is an information and referral service.

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