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## Home foreclosures in area soar

### Ohio rate 2nd highest in U.S. - behind only Indiana

By Ken Alltucker  
Enquirer staff writer

The number of foreclosure auctions in Ohio shot up 26 percent last year as troubled homeowners grappled with job loss, predatory loans or other financial woes.

Sheriffs across the state offered more than 36,400 properties up for sale at auction in 2003, according to a study released today by a Cleveland think tank.

That's an increase of 26 percent from 2002 and a 57 percent leap from 2001.

Plenty of Southwest Ohio homeowners shared the hardship, the Policy Matters Ohio's "Home Insecurity 2004" study shows.

More than 3,000 Hamilton County properties were offered at sheriff auctions in 2003, a 31 percent increase from last year. And despite a rapid growth of high-income households, Warren County sheriff property auctions jumped 35 percent last year and 124 percent over two years.

Credit and housing counselors cited a sluggish economy and job losses as triggers for Ohio's foreclosure rate, which is the second highest in the U.S. behind Indiana.

"The number one reason is people who lost their job and were forced to take a job with lesser pay," said Ruth "Peaches" Atha, a counselor at the nonprofit credit-counseling group Lifespan in Hamilton.

Sheriff sales usually are a final step in the lengthy foreclosure process and occur only after a bank or lender wins court approval to sell a house to recoup unpaid mortgage debt.

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Counties also sell properties at sheriff sales to seize unpaid property taxes.

Although sheriff auctions of homes have increased rapidly in recent years, the report suggests there may be some relief ahead.

The number of new foreclosure filings in Ohio increased 3 percent last year compared with double-digit increases that have been common since the mid-1990s.

New foreclosure filings in Hamilton County last year declined 1 percent. That may be an indication the pace of sheriff sales will slow as foreclosures work their way through the courts.

"They may be beginning to level off, but at a very high level," said Zach Schiller, research director of Policy Matters Ohio and co-author of the report. "Things are not getting better."

Schiller said the main purpose of the report was to gather dependable data on new foreclosures filings and sheriff auctions. County clerks are required to report foreclosure filings each year to the Ohio Supreme Court. Policy Matters gathered the sheriff's sales data from 81 of Ohio's 88 counties.

Sheriff departments surveyed by Policy Matters Ohio, which primarily is funded by the George Gund Foundation, suggested that predatory lending and the state's weak economy and job loss are the top reasons for Ohio's high foreclosure rate. Other factors cited by sheriffs included divorce/family breakup, medical problems, easy credit standards and irresponsible borrowers.

Some credit counselors see more trouble ahead for homeowners who hold adjustable-rate mortgages. The Federal Reserve this week raised a key interest rate one-quarter point in an attempt to slow inflation. That will create higher monthly payments for homeowners with adjustable-rate mortgages, said Mary Hurlburt of Consumer Credit Counseling Services of Greater Cincinnati. Some homebuyers "took adjustable-rate mortgages to get the best house they possibly could, but they won't have the income to support it," she said.

State Rep. Steve Driehaus, D-Cincinnati, was encouraged by the decline in new foreclosure cases in Hamilton County. He believes it may be a sign that the federal government's crackdown on a housing scam known as property flipping may be discouraging would-be participants. Illegal property flipping is a fraud that involves selling homes at artificially inflated prices to capture mortgage money; the houses often end up in foreclosure.

"The word's out that the feds are prosecuting this," Driehaus said.

The chair of the Ohio House Banking, Pensions and Securities Committee, Rep. Chuck Blasdel, R-East Liverpool, introduced

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a bill in May to toughen appraiser licensing standards and require criminal background checks for mortgage brokers, loan officers and appraisers. The state's other major recent attempts to tighten regulation of the mortgage abuses included a law that requires loan officers to be licensed and a law that essentially blocks municipalities from regulating predatory lending.

Schiller said the foreclosure report shows that Ohio needs to enact new laws to curb mortgage abuses, or at least give cities more power to regulate lending.

Atha, the credit counselor in Hamilton, said foreclosures affect all income levels.

"I had people who were used to making \$100 an hour working computer jobs for the state. They lost their jobs and couldn't even find a job making \$25 an hour," Atha said.

She said many troubled homeowners wait too long before seeking help from credit or housing counselors. "People wait and hope for miracles," Atha said.

## Double-digit increase

Five Greater Cincinnati counties saw a double-digit percentage increase in both foreclosures and sheriff's sales between 2001 and 2003.

### Foreclosures

County	2003 total	Change 2002-2003	Change 2001-2003
<b>Brown</b>	246	15%	32%
<b>Butler</b>	1,853	12%	35%
<b>Clermont</b>	776	4%	34%
<b>Hamilton</b>	4,076	-1%	32%
<b>Warren</b>	723	10%	58%

### Sheriff's sales

County	2003 total	Change 2002-2003	Change 2001-2003
<b>Brown</b>	116	-16%	26%
<b>Butler</b>	1,365	17%	47%
<b>Clermont</b>	545	39%	107%
<b>Hamilton</b>	3,041	31%	79%
<b>Warren</b>	506	35%	124%

Source: Policy Matters Ohio

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