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## Defaults soar in loans on property

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The foreclosure rise was attributed to the economy and predatory lending.

By JEFF ORTEGA

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COLUMBUS — The number of foreclosure filings in Columbiana County jumped by 53 percent between 2001 and 2003, the largest of any county in the Mahoning Valley over that time period, a new study said today.

The study, by Policy Matters Ohio, a Cleveland-based research institute, also said that foreclosures in Mahoning County rose by 43 percent while foreclosures in Trumbull County spiked by 24 percent over the same time period.

"I think we have a big problem with foreclosures and sheriffs' sales in this state," said Zach Schiller, research director for Policy Matters Ohio and one of the study's authors.

Foreclosures usually occur when a borrower, unable to meet mortgage payments, defaults on a loan. Foreclosed homes are auctioned off at sheriff's sales.

State figures

Statewide in 2003, 57,083 new foreclosure filings were made in Ohio courts, up 3 percent from a year earlier, up 31 percent from 2001 and more than double the number in 1998, according to the study.

A survey of sheriffs' departments statewide primarily blamed a weak economy and so-called predatory lending as major contributors to the spike statewide, a trend verified by at least one analyst of affordable housing issues.

"I think it shows the economy is bad throughout the state," said Bill Faith, executive director of the Coalition on Homelessness and Housing in Ohio, a group that pushes for affordable housing across the state.

"Even in suburban counties that are generally viewed as well off, they're seeing a rise in foreclosures in those places as well," Faith said.

Predatory lending

Another problem, Faith said, has been so-called predatory lending — deceptive, high-cost loans with excessive interest rates, fees and penalties.

Predatory lending has grown with subprime loans, which are offered at higher cost than conventional loans to customers who have had credit problems, Faith and other critics of predatory lending said.

"I think it's long been understood there is a significant amount of predatory lending in urban areas. This study demonstrates that county sheriffs in even rural or suburban counties, they're reporting predatory lending as a problem there," Faith said.

The study recommends that lawmakers move to cover mortgage lending through the Consumer Sales Protection Act as many other states do and to impose other measures to protect consumers.

State Rep. Charles Blasdel, an East Liverpool Republican who has been active on predatory lending issues, said he believes the state is moving in the right direction.

Measures passed

Blasdel cited legislative passage of measures that license mortgage brokers and that square state law with the federal Home Ownership and Equity Protection Act, which puts in place stricter restrictions and penalties on certain high-cost loans.

"I think we've addressed a significant part of the problem," Blasdel said.

Blasdel said he also expects legislative leaders to move a bill later this year that would put in place some recommendations of a committee that studied predatory lending.

More findings

Other findings of the Policy Matters Ohio study, which analyzed foreclosure data from the Ohio Supreme Court and surveys of sheriff

sales from county sheriffs statewide:

\* County sheriffs' departments put more than 36,425 foreclosed properties up for sale. That represents a 26 percent increase from 2002 and a 57 percent increase from just two years earlier.

\* The number of properties put up for sale last year represented about one in every 117 Ohio households. That compares with one out of every 185 households in 2001.

\* The number of sheriffs' sales grew in 76 of the 81 counties for which Policy Matters Ohio obtained data in both 2001 and 2003.

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