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**Report Examines Foreclosure Issues, Solutions in Mississippi**

JACKSON, Miss. – A newly released report from the Mississippi Economic Policy Center (MEPC) shows that Mississippi has the eighth highest foreclosure rate and the highest percentage of borrowers with past due home loan payments in the country. As of September 30, 2007, 11% of Mississippi's mortgage loans were past due, compared to six percent of mortgages nationally.

Industry experts and analysts attribute Mississippi's high rate of delinquency and foreclosure to two primary factors:

- **Mississippi has the highest rate of subprime lending in the country.** In 2006, 36.9% of all first mortgages originated for owner-occupied single-family homes in the state were subprime, according to Home Mortgage Disclosure Act data. Research shows that subprime lending can result in delinquency and foreclosure rates of up to 10 times the rates associated with prime lending. During the third quarter of 2007, the foreclosure rate of subprime loans in Mississippi was 6.5 times higher than that of standard loans.
- **Hurricane Katrina has had a major impact on delinquency and foreclosure rates in the past two and a half years.** Since Hurricane Katrina, 12.04% of Mississippi's homeowners have been past due on their payments, compared to 4.82% of loans nationally.

“Subprime borrowers are especially vulnerable to foreclosure,” said Ed Sivak, Director of the Mississippi Economic Policy Center. Subprime loans are more likely than conventional mortgages to include harmful terms or features. For example, 80% of subprime loans contain prepayment penalties, compared to two percent of prime loans. Such terms can lock borrowers into unaffordable mortgage payments and in turn increase the likelihood of foreclosure.

“The foreclosure crisis is a devastating issue that affects every individual and business in Mississippi. It is stripping families of their wealth, destabilizing communities, and undermining our state’s economy,” said Bill Bynum, CEO of Hope Community Credit Union. “It is vital that fast and decisive steps are taken to help people save their homes and eliminate the lending practices that fueled this crisis.”

“The average household has 71% of its wealth in home equity. When families and communities face foreclosure, the financial impact is significant. It is important during these times to look at policies that preserve wealth and strengthen local economies,” said Quentin Whitwell, Executive Director of the Mortgage Bankers Association of Mississippi.

The communities in which these homes are located are also devastated. The Center for Responsible Lending estimates that foreclosures on subprime loans originated in 2005 and 2006 will result in 44.5 million homes across the U.S. losing a total of almost \$223 billion in value. This projection includes an estimated 41,231 homes in the Jackson metro area losing a total of \$39.4 million in value.

The MEPC report analyzes Mississippi’s foreclosure process and concludes with recommendations for addressing the needs of families currently in foreclosure, as well as for preventing foreclosure for current and future homeowners in Mississippi.

Recommendations include:

- Enact strong anti-predatory lending laws and increase support for comprehensive homeowner counseling to protect consumers before they enter into a loan agreement;
- Create a default loan program to assist those in danger of losing their homes;

- Increase foreclosure notice requirements and support foreclosure counseling;
- Require county governments to automate data collection on foreclosures to more closely monitor the effects of foreclosure; and
- Create a statewide task force to identify and pursue foreclosure prevention and reduction policy options.

“Homeownership is a proven tool for building assets,” said Bill Ray, President of BankPlus. “With the highest percentage of borrowers with past due payments, the State of Mississippi should take a look at how we can structure programs and policies to support and protect homeownership for Mississippi’s working families.” States across the country have implemented policies to provide assistance to homeowners in trouble and to prevent homeowners from entering into harmful loans with a higher likelihood of foreclosure.

The study is available at [www.mepconline.org](http://www.mepconline.org). The Mississippi Economic Policy Center is an independent, nonpartisan initiative that undertakes rigorous and timely analysis on issues that affect the economic and social well being of working families and low-wealth Mississippians. MEPC is managed by the Enterprise Corporation of the Delta (ECD), a regional financial institution and community development intermediary dedicated to strengthening communities, building assets and improving lives in economically distressed areas across the Mid South.

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