



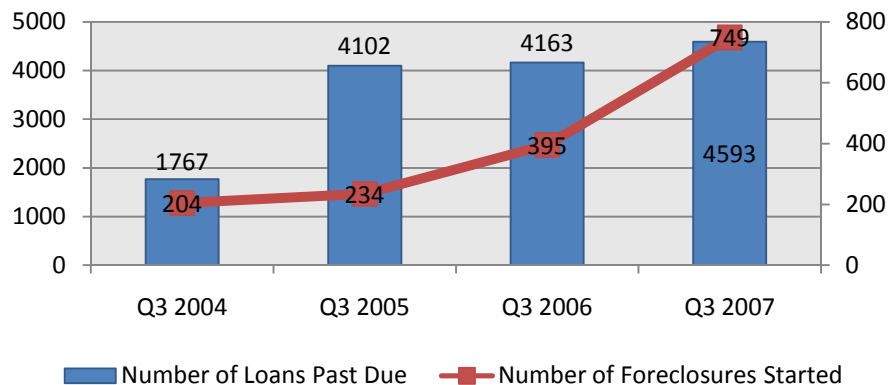
### The Foreclosure Crisis: Addressing Mississippi’s Needs

Mississippi has the highest rate of subprime lending in the country and has experienced rising foreclosures every year for the past four years. Efforts are needed to strengthen financial systems to keep Mississippians in their homes through counseling, financial assistance and increased notice requirements for people facing foreclosure.

### Mississippi’s Foreclosure Crisis

As of September 30, 2007, Mississippi had the highest percentage of loans past due in the country and the eighth highest rate of foreclosures started during the quarter.<sup>i</sup> The number of foreclosures started more than tripled and the number of loans in delinquency more than doubled between the third quarter of 2004 and the third quarter of 2007.<sup>ii</sup> Table 1 outlines the trends.

**Table 1**  
**Loan Delinquencies and Foreclosures Continuously Increased Over Last Four Years**



Addressing delinquencies and foreclosures in Mississippi is critical. The average American family holds 71% of its total wealth in home equity.<sup>iii</sup> Thus, every additional foreclosure destroys the wealth and economic stability that Mississippians have built over their lifetime. Protections are needed to prevent thousands of Mississippi families from losing their largest investments – their homes.

### Recommendations for Mississippi

- **Create Homeowners Emergency Counseling Program.** Counseling for delinquent borrowers experiencing a financial crisis will ensure that homeowners contact their lender and attempt to pursue a resolution to ward off a foreclosure.
- **Create the Homeowner’s Emergency Assistance Fund.** Foreclosure assistance will allow homeowners who are unable to resolve their delinquency by contacting their lender bring their mortgages current. This assistance will be in the form of a no interest, second mortgage, which is forgiven if the homeowner meets the requirements of the program.
- **Require Lenders to Send at Least Two Notices to Homeowners.** Currently, Mississippi law does not require lenders to provide notice directly to borrowers prior to the foreclosure sale. Notice requirements would include information about the nature of the default, when and how to cure the default, and what will happen if the homeowner does not cure the default, contact information for the individual/department with authority to design a loss mitigation option and Details of the scheduled foreclosure sale (on the second notice).

## Sources

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<sup>i</sup> *National Delinquency Survey*, Third Quarter 2007, Mortgage Bankers Association.

<sup>ii</sup> *National Delinquency Survey*, Third Quarter 2004 and Third Quarter 2007, Mortgage Bankers Association.

<sup>iii</sup> “Why Prepayment Penalties are Abusive in Subprime Loans,” Center for Responsible Lending, *CRL Policy Paper No. 4*, April 2, 2003.