

# Florida: An Overview of Foreclosures

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(revised)

Presented by:



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# Foreclosure Process

- There are 20 states that practice judicial foreclosure only --- Florida is one of them.
- The judicial foreclosure process typically begins after a period of delinquency that results in an alleged default, with the lender filing a pending complaint and a Lis Pendens (notice of intent to begin the foreclosure process in court) with the Clerk of the Court.
- Relative to a non-judicial process:
  - Judicial process takes longer--- can be twice as long.
  - Judicial process has been affected to a greater degree by “Robo-Signing” scandal. In this regard, the shadow inventory pipeline in judicial states has become much larger.



# Upstream from Foreclosure...

- **“Exotic” financing practices during the boom.**
  - In 2006, almost 47% of all mortgages in the state were considered to be innovative (interest only and pay option adjustable rate mortgages).
- **High unemployment – and – high long-term unemployment**
  - Florida’s August unemployment rate of 10.7% ranked us 5<sup>th</sup> in the country for the highest rate.
- **Underwater Homes (owe more than the home is worth)**
  - According to CoreLogic data for the 2<sup>nd</sup> quarter of CY 2011, Nevada had the highest negative equity percentage with 60% of all of its mortgaged properties underwater, followed by Arizona (49%), Florida (45%), Michigan (36%) and California (30%). At that time, Florida had a projected 1,970,756 underwater homes.
- **Declining Property Values from Peak**
  - Florida’s July median sales price for existing homes was down 47.1% from its peak.

# Foreclosure Filings Remain Daunting

## 2010...2<sup>nd</sup> Year in a Row

2<sup>nd</sup> Highest # of Filings  
(485,286 properties)

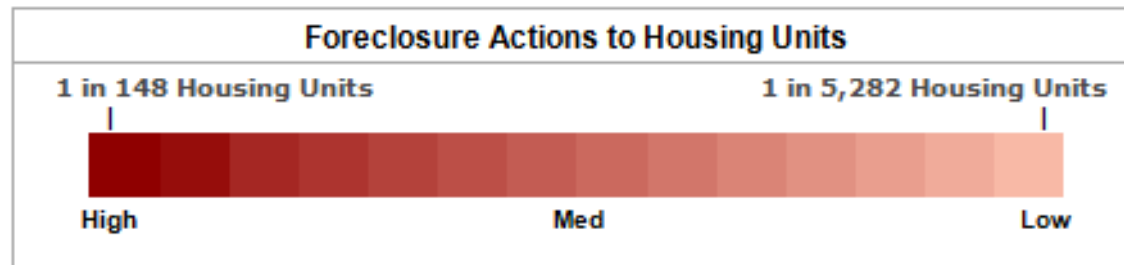
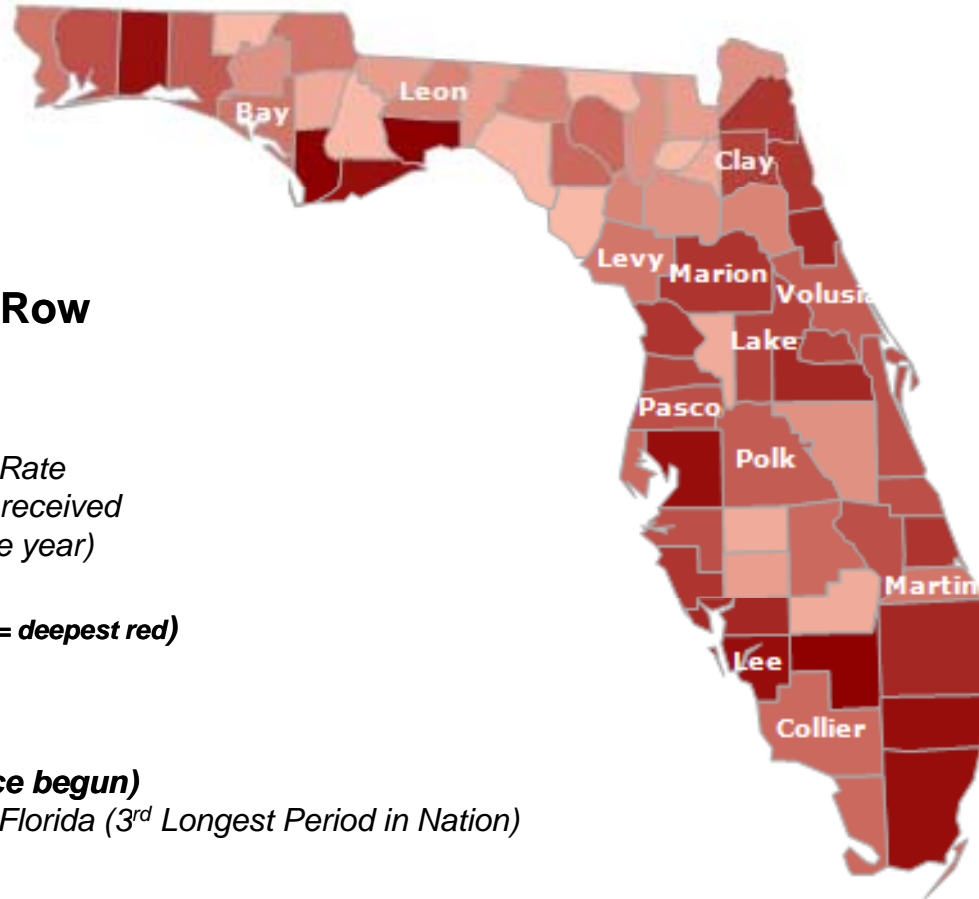
3<sup>rd</sup> Highest Foreclosure Rate  
(5.51% of housing units received  
at least 1 filing during the year)

## August 2011 (highest rate = deepest red)

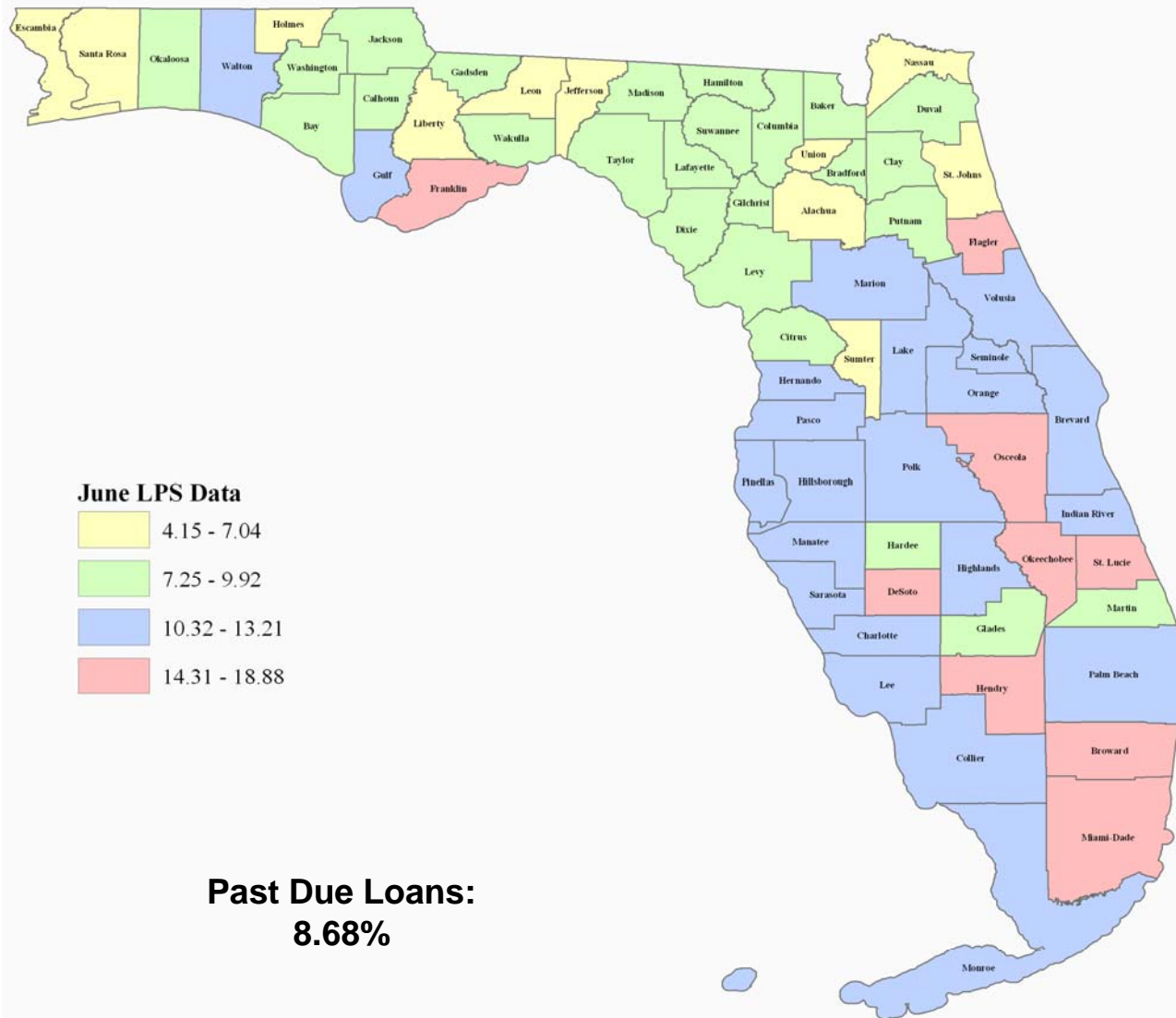
FILINGS: 2<sup>nd</sup> in US  
RATE: 7<sup>th</sup> in US

## Foreclosure Process (once begun)

676 Days - 1.8 yrs - in Florida (3<sup>rd</sup> Longest Period in Nation)



# Percent of Loans in Foreclosure



## Highest Counties:

- **Miami-Dade at 18.88%**
- **Osceola at 16.92%**
- **St. Lucie at 16.12%**

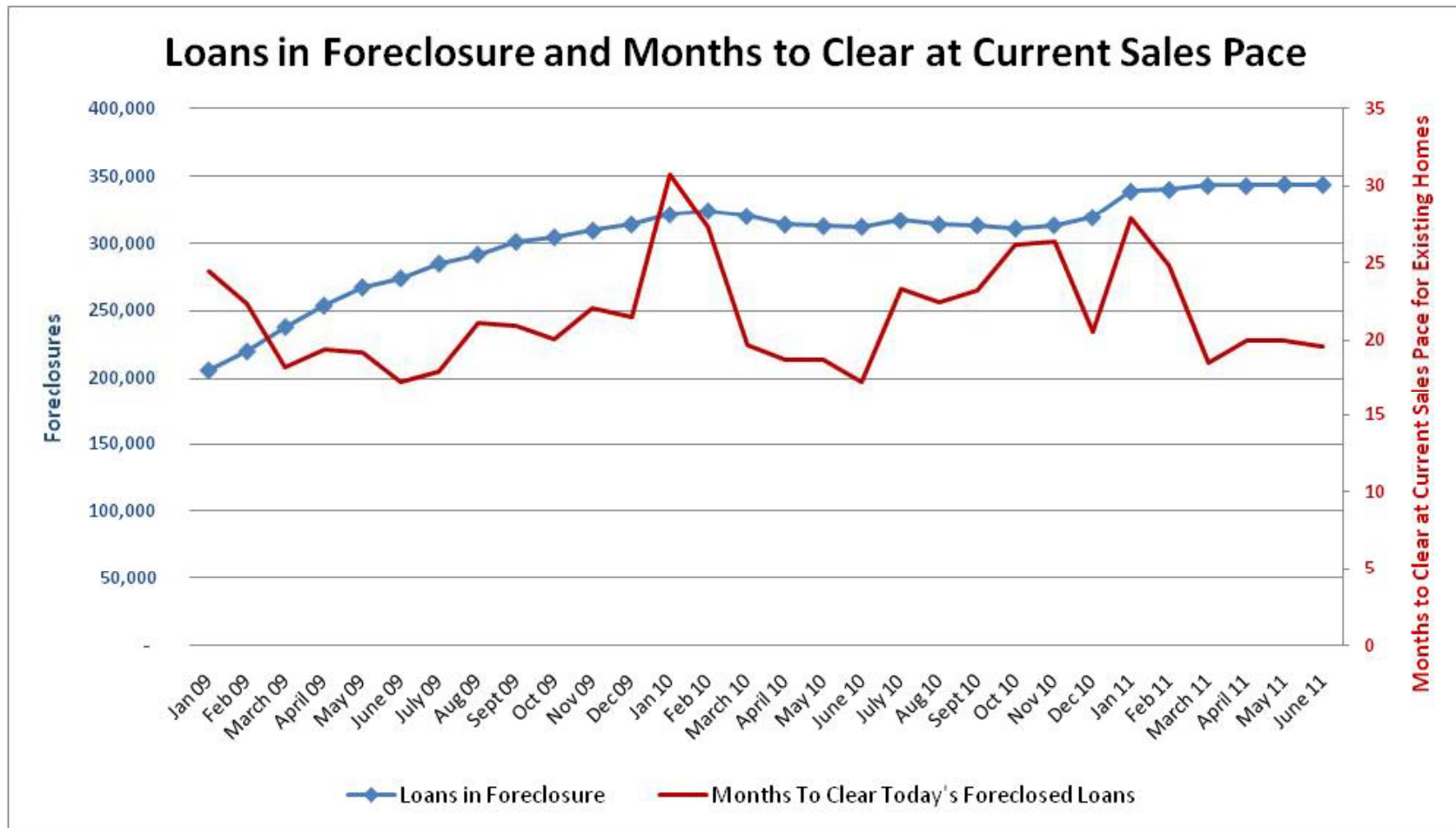
## Lowest Counties:

- **Jefferson at 4.15%**
- **Sumter at 5.13%**
- **Leon at 5.21%**

**Past Due Loans:  
8.68%**

**Foreclosure Inventory:  
12.29%**

# Residential Loans in Foreclosure



# Foreclosures & Shadow Inventory

State	Del %	FC %	Non-Curr %	Del/FC
<b>National</b>	<b>8.34%</b>	<b>4.11%</b>	<b>12.45%</b>	<b>203%</b>
FL	9.1%	13.8%	22.9%	66%
MS	14.6%	3.5%	18.1%	422%
NV	10.6%	7.1%	17.7%	150%
NJ	7.8%	7.3%	15.2%	107%
IL	8.2%	6.6%	14.8%	124%
GA	11.5%	3.1%	14.6%	373%
OH	9.7%	4.8%	14.4%	203%
IN	9.8%	4.7%	14.4%	209%
LA	10.4%	3.3%	13.6%	315%
MD	10.0%	3.2%	13.2%	313%
SC	9.4%	3.8%	13.2%	250%
RI	8.8%	4.3%	13.1%	205%
TN	10.6%	2.5%	13.1%	429%
NY	7.9%	5.2%	13.1%	152%
WV	10.3%	2.5%	12.9%	409%
AL	10.8%	1.8%	12.5%	615%
MI	9.8%	2.7%	12.5%	364%

State	Del %	FC %	Non-Curr %	Del/FC
<b>National</b>	<b>8.34%</b>	<b>4.11%</b>	<b>12.45%</b>	<b>203%</b>
ME	7.5%	5.0%	12.4%	149%
CT	7.4%	4.9%	12.3%	150%
NC	9.1%	2.9%	12.0%	309%
DE	8.0%	4.0%	12.0%	202%
KY	8.4%	3.5%	11.9%	237%
PA	8.4%	3.3%	11.6%	257%
AZ	7.9%	3.4%	11.4%	231%
CA	8.2%	3.0%	11.2%	273%
HI	6.5%	4.6%	11.1%	142%
WI	7.1%	3.9%	11.0%	182%
AR				
OK				
MO				
MA				
TX				
DC				
NM				

State	Del %	FC %	Non-Curr %	Del/FC
<b>National</b>	<b>8.34%</b>	<b>4.11%</b>	<b>12.45%</b>	<b>203%</b>
WA	6.8%	2.6%	9.5%	259%
KS	7.1%	2.1%	9.2%	341%
NH	7.0%	2.2%	9.2%	323%
UT	7.1%	2.0%	9.1%	354%
OR	5.5%	3.4%	8.9%	161%
ID	6.2%	2.6%	8.8%	241%
IA	5.9%	2.9%	8.8%	203%
VA	6.7%	1.8%	8.6%	366%
VT	5.3%	3.2%	8.5%	165%
MN	5.4%	2.0%	7.4%	271%
ND				
WY				
MT				
NE				
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FL				

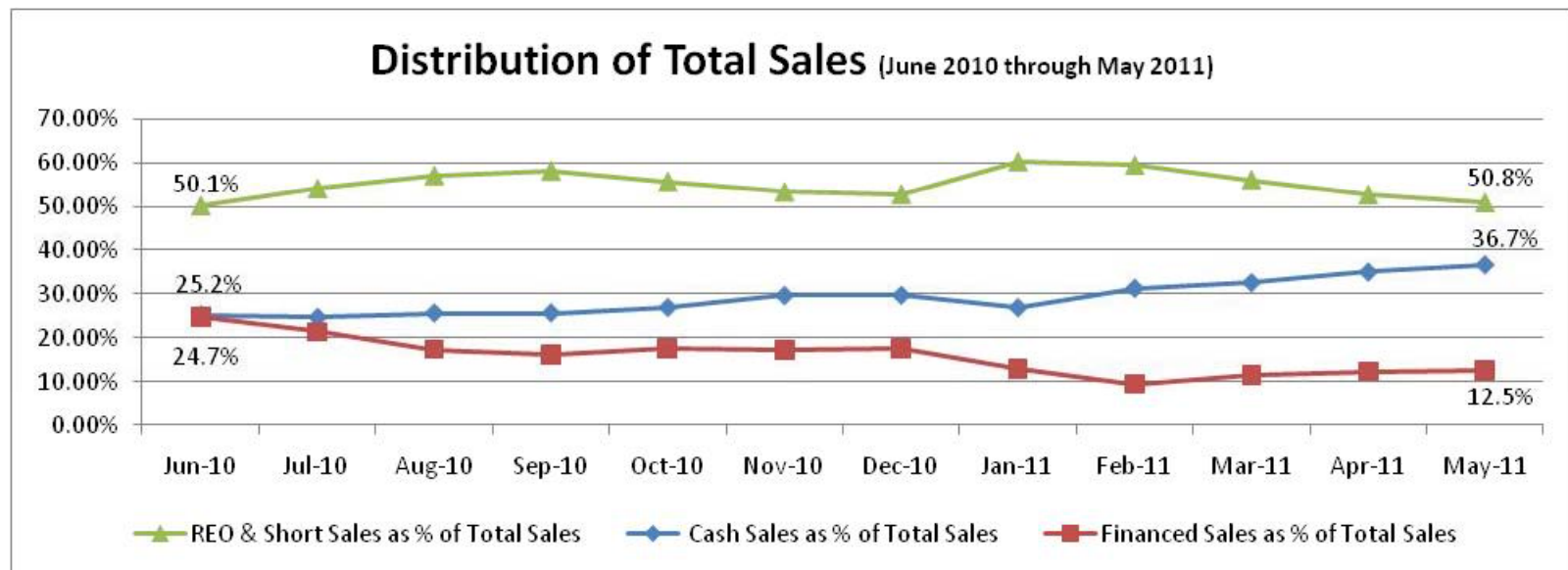
State	Del %	FC %	Non-Curr %
<b>National</b>	<b>8.34%</b>	<b>4.11%</b>	<b>12.45%</b>
FL	9.1%	13.8%	22.9%

Foreclosures adding more to inventory than Sales are subtracting – nationally 3:1.

Average delinquency at Florida foreclosure start --- 385 days.

(LPS Data for July)

# Sales Mix Points to Lower Prices

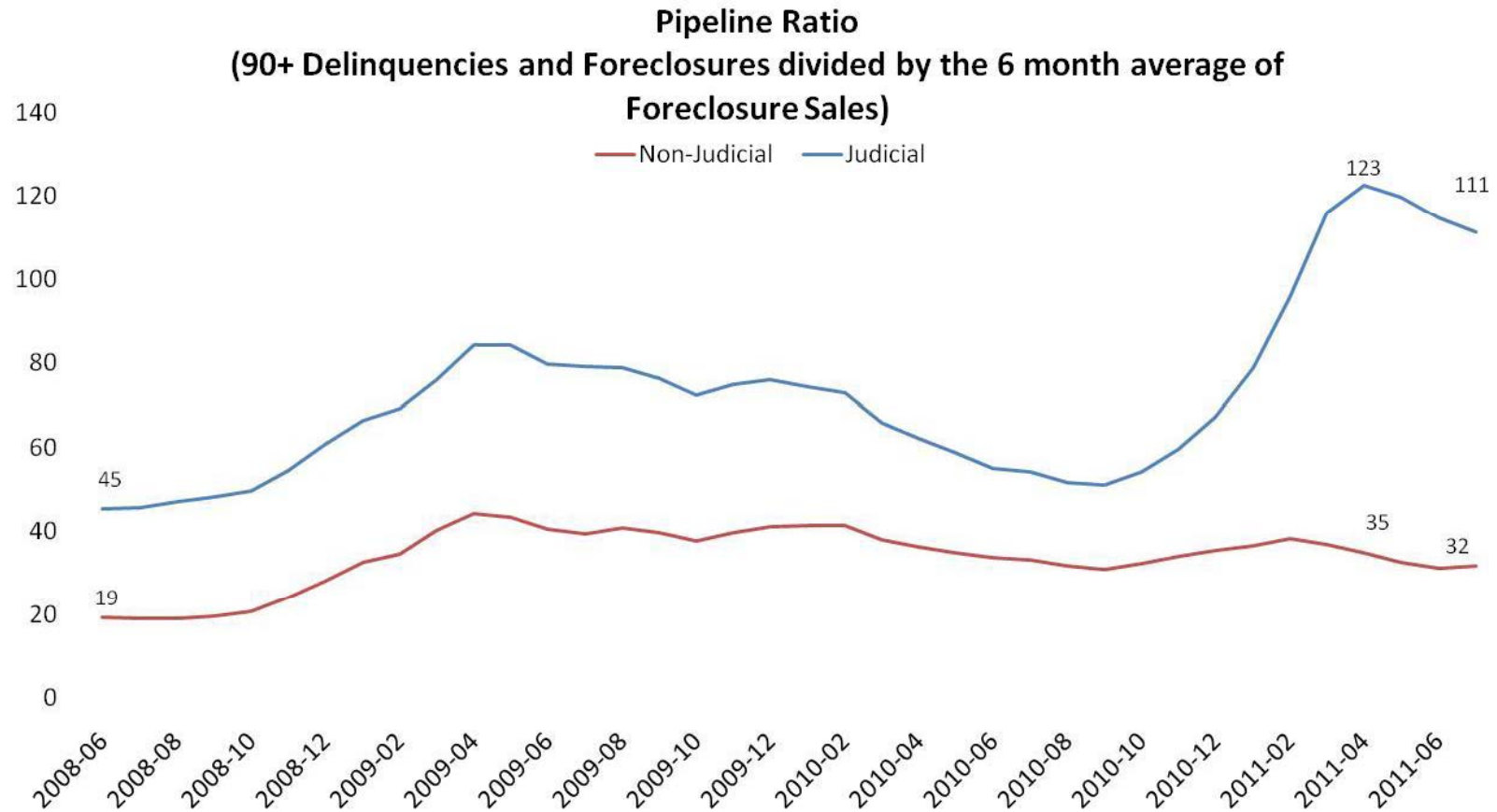


LPS: Lender Processing Services

Cash Sales have been growing as a percentage of all sales and financed sales have been declining. While short sales have been increasing in some states, that is not yet the case in Florida.



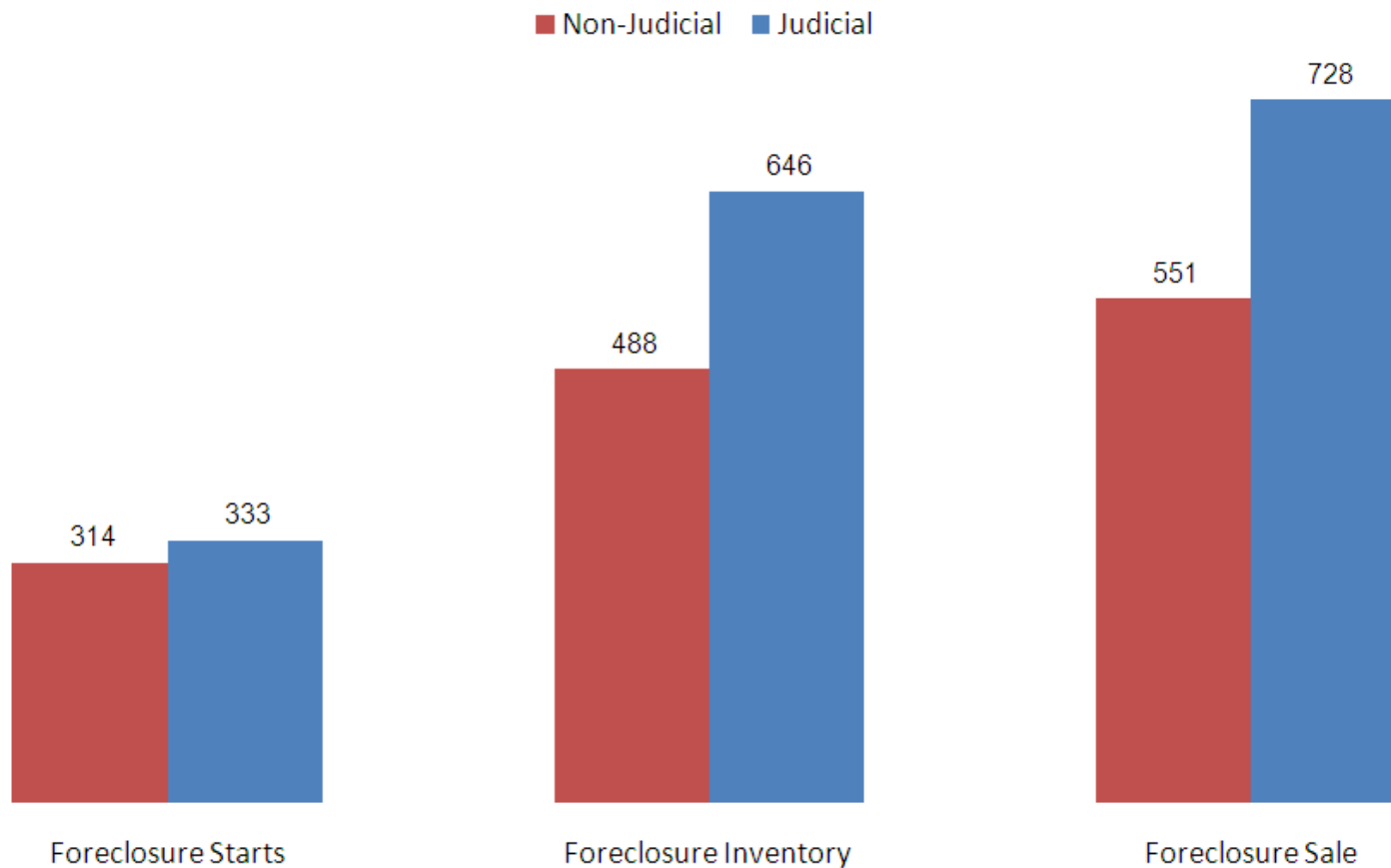
# Moratorium impact has dropped, but remains very high in judicial states



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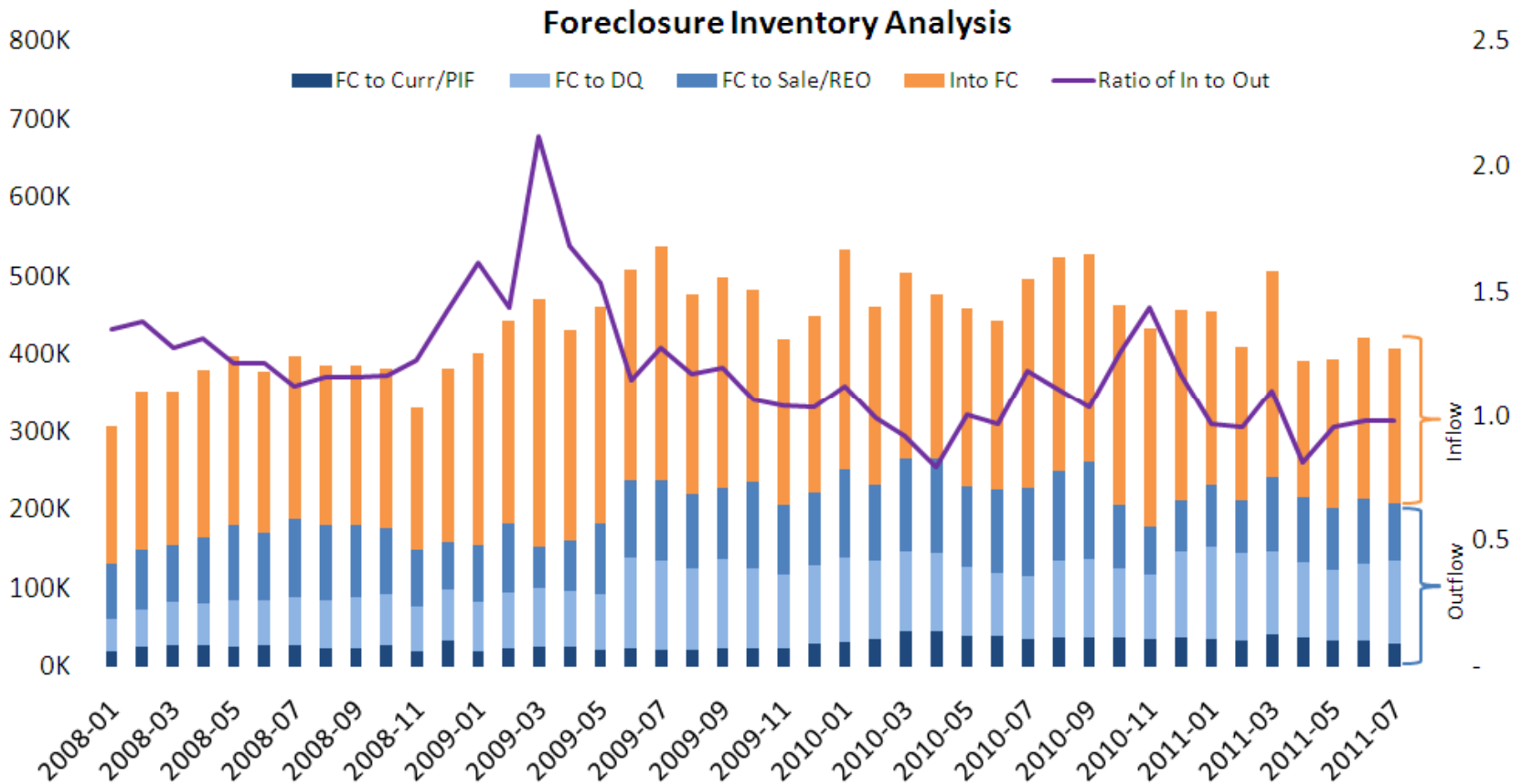
# Loans in foreclosure are 158 days more delinquent in judicial states

Average Days Delinquent for Loans in Various Foreclosure Stages



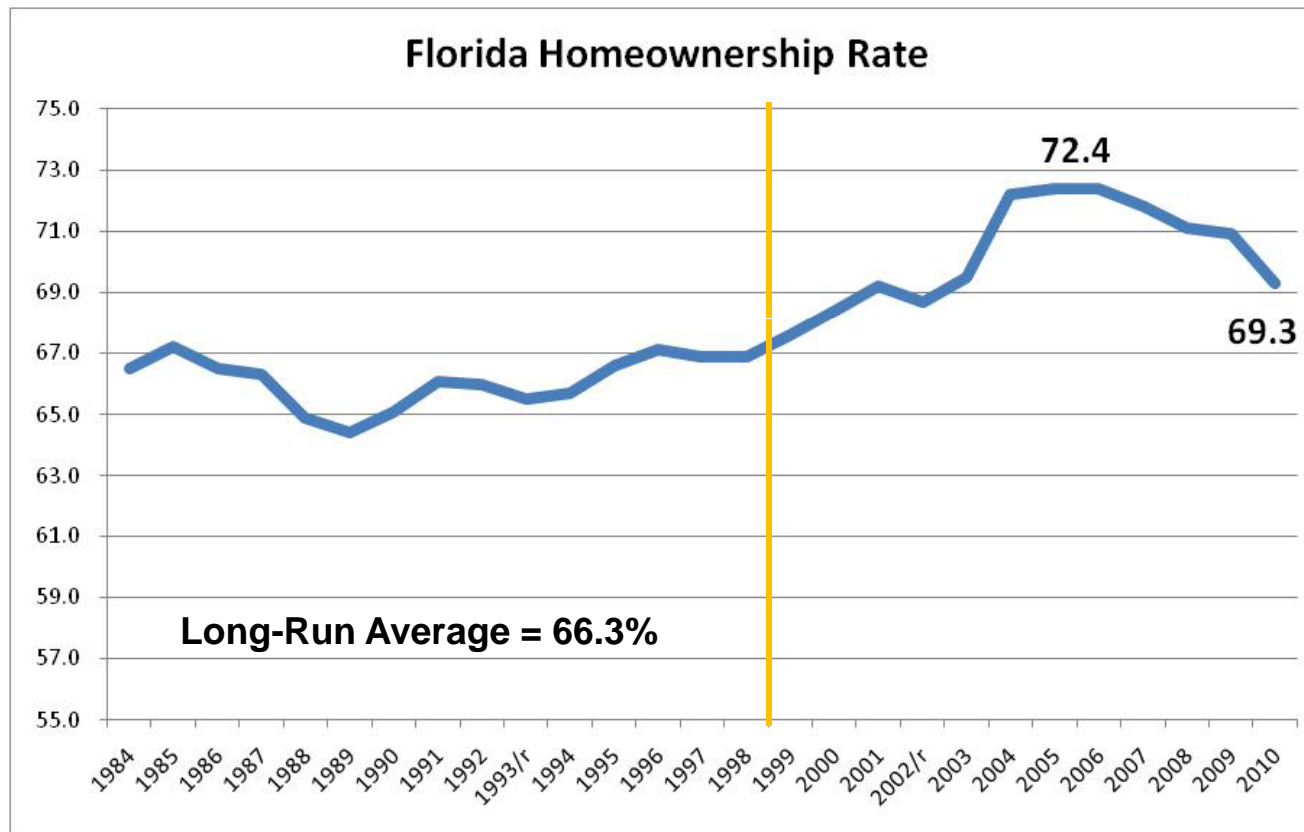
Slide Reproduced from LPS Presentation Based on June Data

# Most of the foreclosure “outflow” is back into delinquency



Slide Reproduced from LPS Presentation Based on July Data

# Vulnerability



The 2010 percentage is the lowest since 2002. If the 2010 rate dropped immediately back to the long-run average, about 222,600 homeowners would be affected and \$30.8 billion of value.

# Credit Conditions Remain Tight

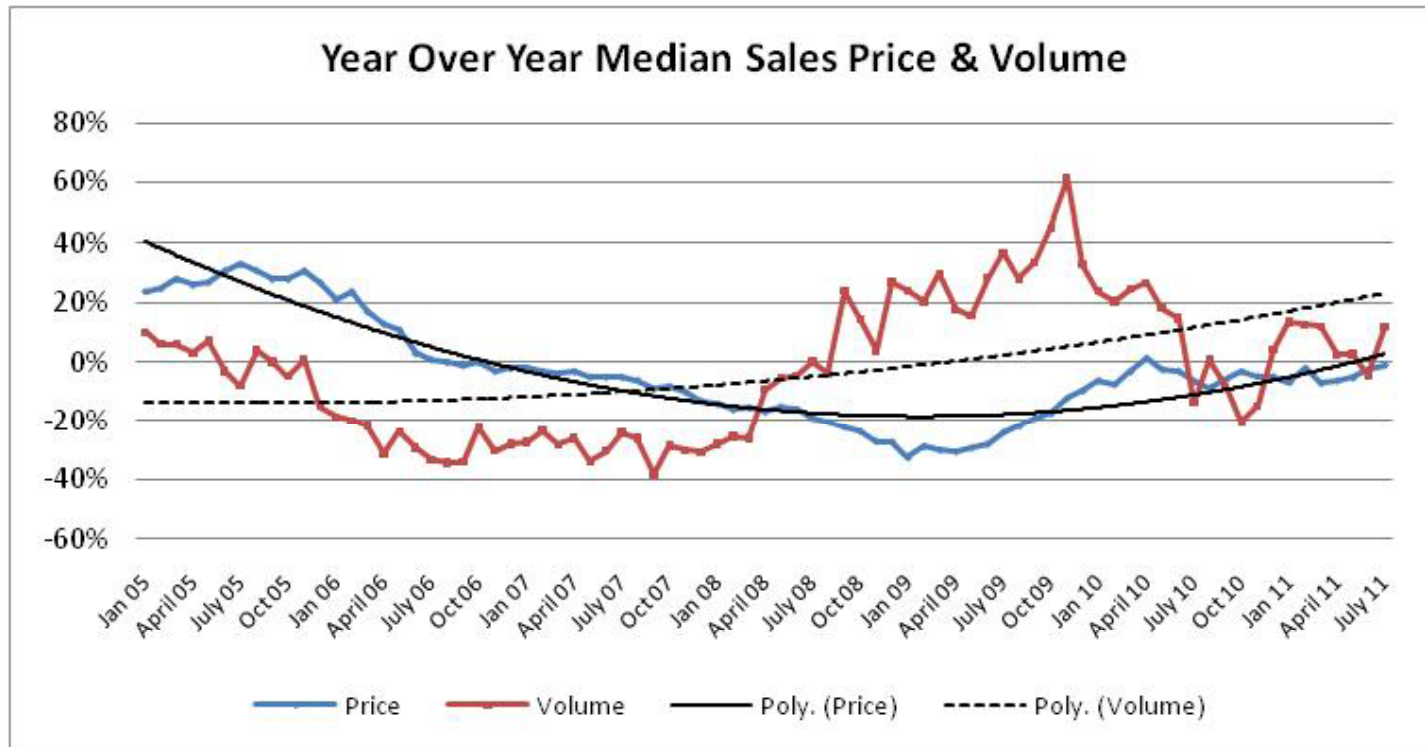
Question to Senior Loan Officers:

Over the past three months, how have your bank's credit standards for approving applications from individuals for **prime residential mortgage loans** to purchase homes changed?

	All Respondents				
	July '11%	April '11 %	Jan '11 %	Oct '10 %	July '10 %
Tightened considerably	0.0	0.0	0.0	0.0	0.0
Tightened somewhat	<b>5.7</b>	<b>3.8</b>	<b>3.7</b>	<b>13.0</b>	<b>3.6</b>
<b>Remained basically unchanged</b>	<b>86.8</b>	<b>92.5</b>	<b>94.4</b>	<b>83.3</b>	<b>87.3</b>
Eased somewhat	7.5	2.0	1.9	3.7	9.1
Eased considerably	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	100.0	100.0	100.0	100.0	100.0

July 2011 Senior Loan Officer Opinion Survey on Bank Lending Practices (Federal Reserve Board)

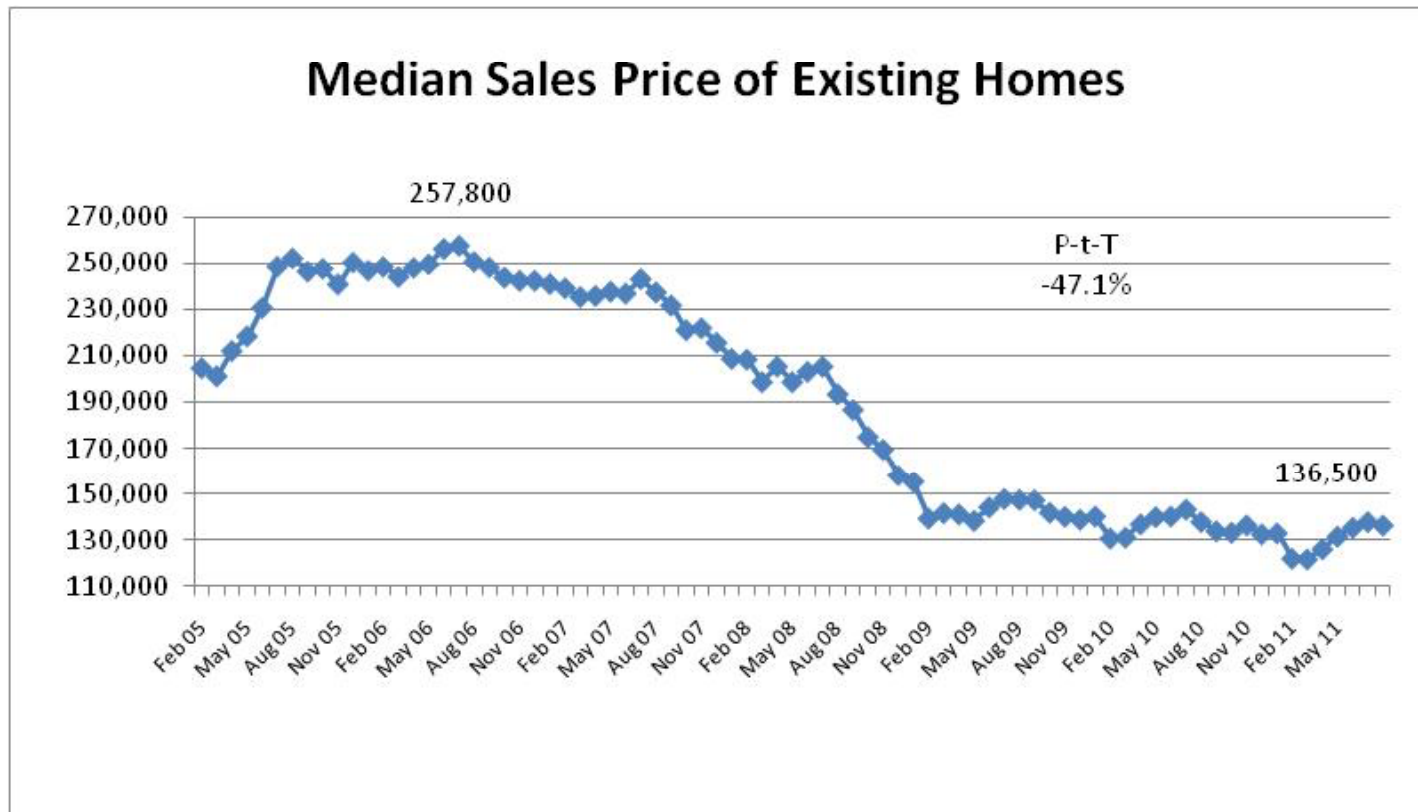
# Existing Homes Sales Are Sputtering



Data through July 2011

Sales Level in CY 2010 was 70.1% of 2005 boom level.

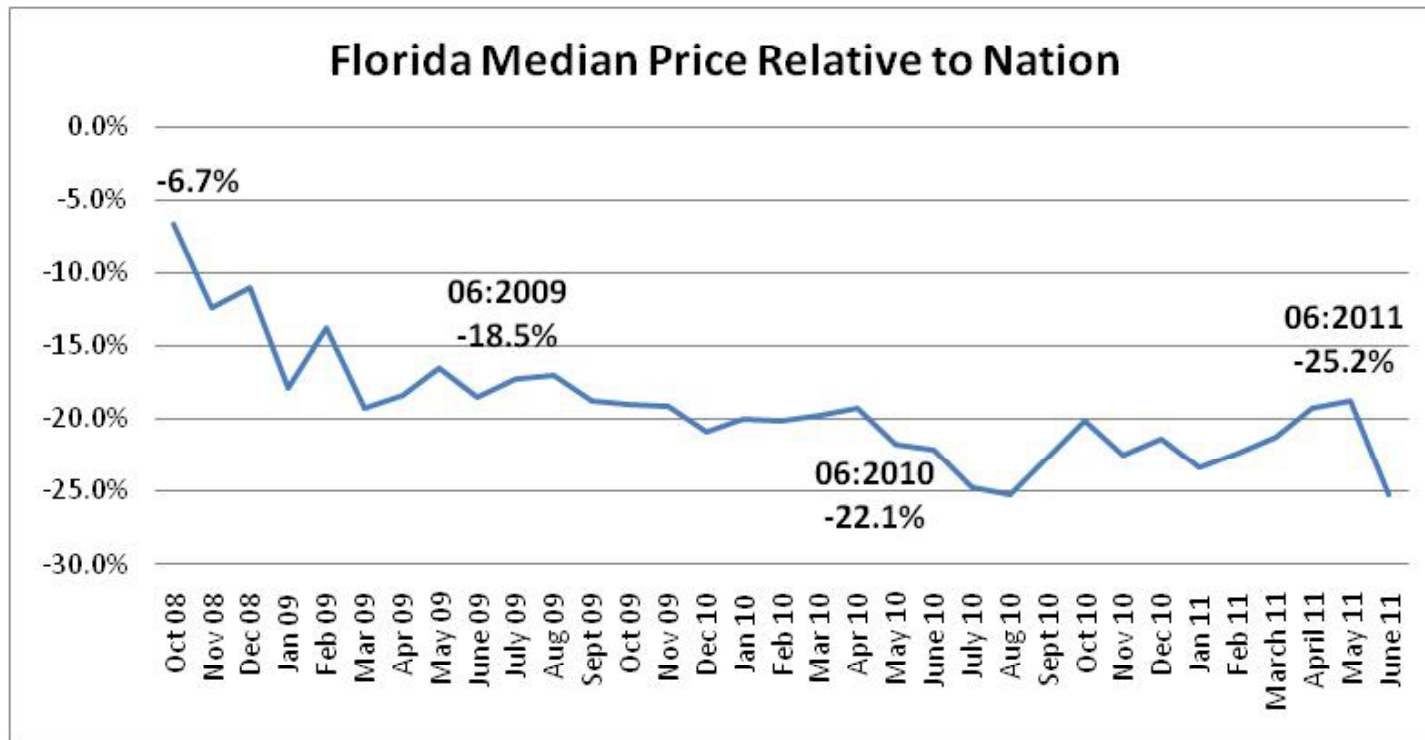
# And, Existing Home Prices Are Flat



Data through July 2011

Median Sales Prices for Existing Homes have been essentially flat since February 2009 --- 28 months --- with a slight downward drift.

# Price Holding Below National Level



The chart above is for single-family residences. Data from the American Community Surveys suggests that Florida was above the national median price for owner-occupied housing units from 2005 through most of 2008.



# REC Foreclosure Forecast

Cal Year	2005	2006	2007	2008	2009	2010	2011 Est	2012 Est	2013 Est
Total	57,106	73,981	182,044	368,743	399,118	243,114	144,067	287,340	205,236

Fiscal Year: Revenue Receipt Lagged By One Month

FY	FY 2011-12												TOTAL
Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
FY 2011-12 Mo. Filings	11,675	11,014	12,812	13,942	15,172	16,511	17,967	19,552	21,277	23,154	25,197	27,420	215,695

FY	FY 2012-13												TOTAL
Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
FY 2012-13 Mo. Filings	29,839	31,009	27,039	24,043	20,103	19,603	19,103	18,603	18,103	17,603	17,203	16,803	259,054

FY	FY 2013-14												TOTAL
Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
FY 2013-14 Mo. Filings	16,703	16,703	16,703	16,703	16,703	16,703	16,703	16,702	16,702	16,702	16,702	16,702	200,431

Robo-Signing Disruption and Moratorium: October 2010