

Low-Income Mortgage Borrowers with the Benefit of Homeownership Counseling Do Substantially Better Than General Market, According to New Foreclosure Analysis

Marketwire (09/25/08)

WASHINGTON, DC -- New analysis of loan performance of mortgages made to low-income homeowners who have participated in homeownership education programs through NeighborWorks organizations shows a foreclosure start rate that is twenty (20) times less severe than that for subprime borrowers, and three (3) times better than the prime mortgage market.

"The facts tell the real story," said Kenneth D. Wade, CEO of NeighborWorksAmerica. "The vast majority of mortgages facilitated by NeighborWorks organizations are to buyers with low- and moderate-incomes and less than perfect credit scores, yet by providing quality mortgage advice these homeowners have been able to sustain homeownership during the most severe housing crisis since the Great Depression."

Comparing foreclosure data provided by the Mortgage Bankers Association, NeighborWorks shows that while its own loan portfolio had a foreclosure start rate of 0.21 percent in the second quarter of 2008, the overall market's foreclosure start rate was 1.08 percent, more than five times as great.

Moreover, NeighborWorks mortgages hold up very well against a comparison to only the conventional conforming market. According to the MBA, the foreclosure start rate for conventional conforming mortgages was 0.61percent in the second quarter, compared again to 0.21 percent for NeighborWorks mortgages.

"NeighborWorks organizations have a track record of providing one-on-one mortgage advice, encouraging homebuyers to avoid loans that they can not afford for the long-term," said Wade. "That dedication to community stability and strength is the foundation of what we're doing in more than 4,400 communities around the country every day.

"The idea that some observers now are pointing to low income people as the cause of the financial crisis we're facing today is just wrong."

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