



MEDIA RELEASE

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Georgia ranks 3rd for mortgage delinquencies; subprime borrowers lead pack *Mortgage Bankers Association releases National Delinquency Survey 4Q 2009*

ATLANTA – The Mortgage Bankers Association released their 2009 4Q mortgage loan delinquency rates last week. The report finds that of Georgia’s 1,654,728 mortgage holders, 17.1 percent are delinquent or in foreclosure. Additionally, 41.38 percent of the state’s mortgage holders with subprime loans were delinquent or in foreclosure at the end of 2009, as compared to 11.68 percent of those with prime loans.

“This is the result of policymakers doing nothing while lending standards went lax and perverse incentives for making bad subprime loans became the norm.” **Georgia Watch Deputy Director Danny Orrock said.** “The percentage of homeowners who are behind on their subprime payments needs to be a reminder to legislators that the underwriting standards for these loans need to be reformed.”

Even though Georgia ranks third in mortgage delinquencies -- just behind Mississippi and Nevada -- and seventh for completed foreclosures, the Obama Administration announced last week that the state will see none of the \$1.5 billion in stimulus funding aimed at foreclosure prevention. That money will, instead, go to the top five hardest hit states fore completed foreclosures: Arizona, California, Florida, Michigan and Nevada.

“Banks have been bailed out to the tune of \$250 billion, but neither Congress nor Georgia lawmakers have passed one piece of legislation requiring lenders to shore up their underwriting standards,” **Orrock said.** “Georgia Watch is pushing the legislature to keep important protections for borrowers during the home loan origination process in Senate Bill 57 as it moves through the legislature right now.”

SB 57 is common-sense foreclosure and loan origination reform based largely on bills enacted in other states. Sponsored by Senator Bill Hamrick (R-Carrollton), the Senate-passed version of SB 57 would:

- Ban prepayment penalties on subprime loans;
- Ban broker “yield spread premiums” or kickbacks on subprime loans and FHA loans;
- Designate brokers as agents of borrowers, with fiduciary responsibilities; and,
- Require lenders to verify borrower’s ability to repay subprime loans, including income verification.

“It’s important for lawmakers to keep each of these provisions as they are in order to provide borrowers and potential homeowners with viable consumer protections,” **Orrock said.** “The current provisions of SB 57 will also help to prevent a similar housing crash of this magnitude from happening in the future.”

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Founded in 2002, Georgia Watch is a nonprofit, nonpartisan 501-(c)(3) watchdog group focusing on consumer education and research in the areas of health care, insurance, identity theft, consumer energy issues and personal finance. Visit www.GeorgiaWatch.org for more information.