



MEDIA RELEASE

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Home equity continues sinking further “underwater”, report says *More Georgian families will lose homes to foreclosure as result*

ATLANTA – First American Core Logic has released its 2009 4Q findings on homeowners with underwater mortgages, or those that find themselves owing more on their mortgages than their property is actually worth. The number of homes with negative equity went from 376,954 in the 3Q, to 441,533 by the end of the year – an increase that is predicted to continue its rise.

In early 2010, Georgia Watch released a report, *Georgia Foreclosure Crisis: The Rippling Effects of Foreclosure*, detailing the overwhelming number of home mortgages that were underwater. Similarly, the report listed negative equity as a major propeller of continuing foreclosures that will wrench families from their homes in record numbers well into 2014.

“If a family finds themselves in an unexpected monetary bind and can’t borrow against their home because it’s underwater, they could fall into financial ruin and lose their home to foreclosure,” **Georgia Watch Deputy Director Danny Orrock said.** “The phenomenon of widespread negative equity is due to the large number of failed loans in this state over the past several years.”

Leading economists and organizations such as Georgia Watch, AARP and the Center for Responsible Lending, identify the irresponsible lending of high-interest loans as a main impetus for the housing crisis. Mortgage brokers and lenders often steered borrowers into costlier loans with attractive introductory rates, while taking advantage of specific mechanisms to facilitate overcharging such as yield spread premiums (YSP), or kickbacks.

“The foreclosure crisis is more evidence that careless underwriting harms more than just the borrower, it even has severe impacts on families who are able to pay their mortgage,” **said Orrock.** “The alarming increase in the negative equity rate underscores the need to pass comprehensive underwriting reform like Senate Bill 57. If the legislature does not act soon then it’s only a matter of time before we go through a similar foreclosure crisis.”

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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.