

Wealth Building through Homeownership



*Prepared for the Federal Reserve Board of Governors
September 2011
George McCarthy
The Ford Foundation*



FORDFOUNDATION

US house prices

% change on previous year

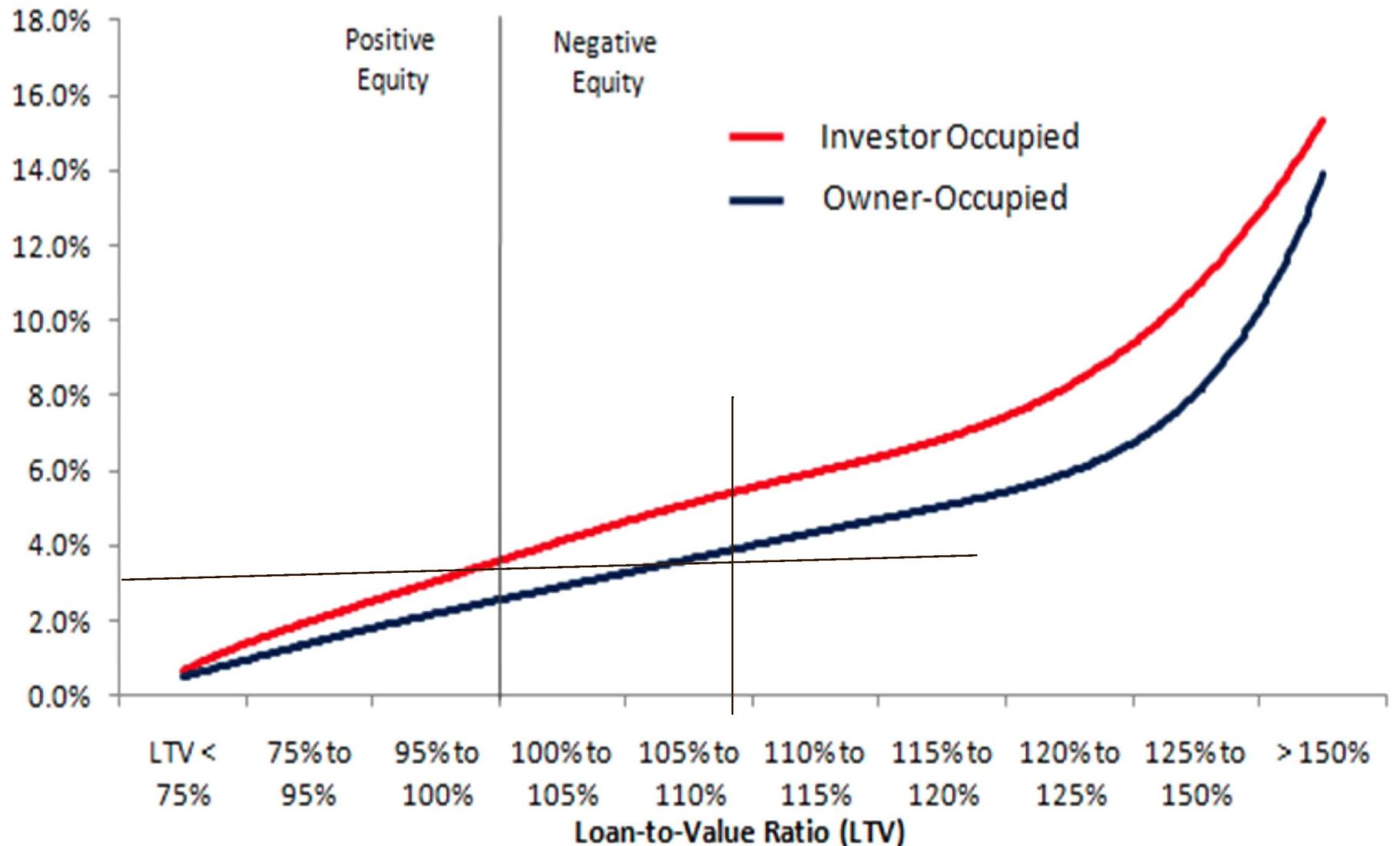


Sources: Robert Shiller; Standard & Poor's

*01



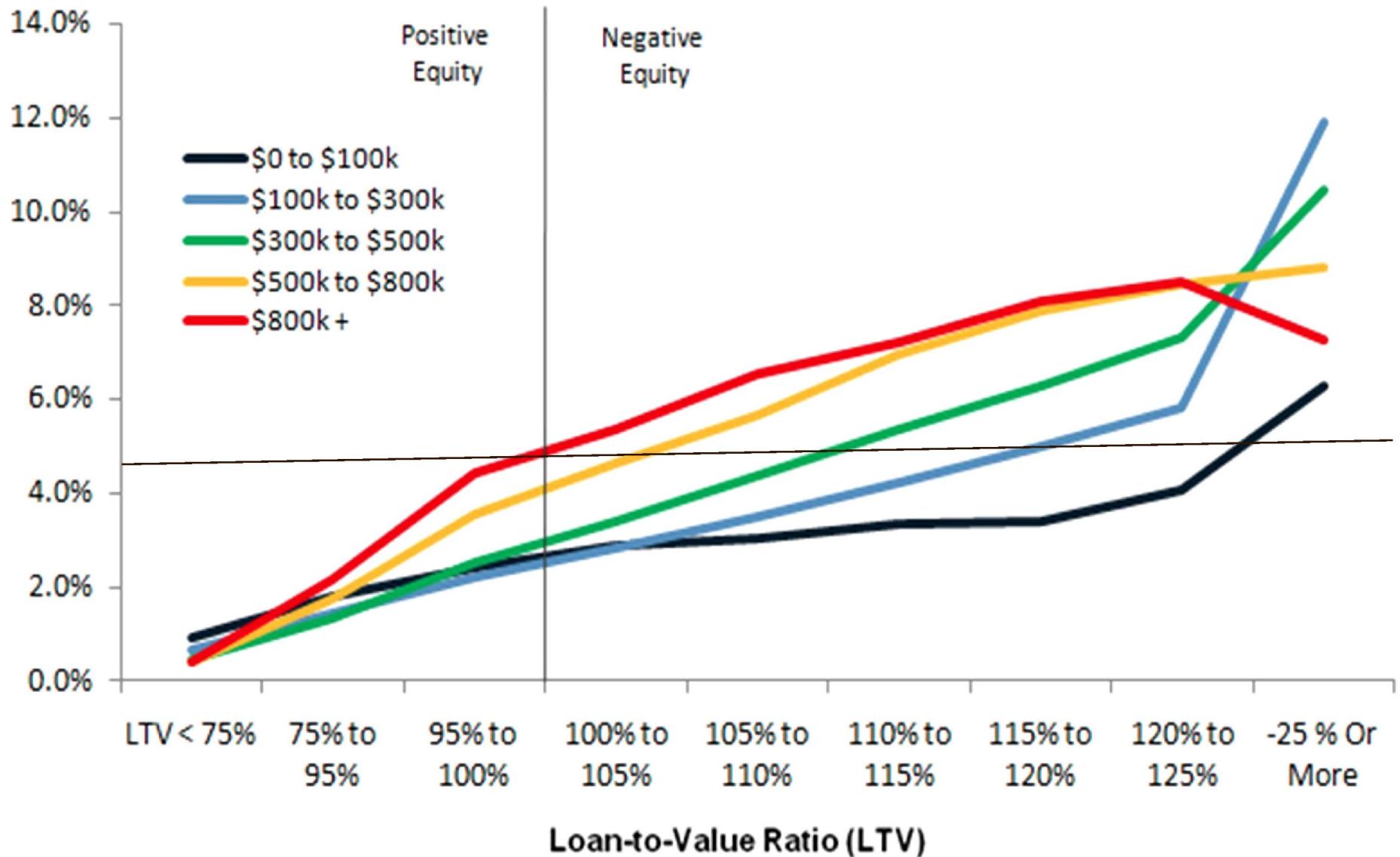
Figure 3: Pre-Foreclosure Rate* by Equity Segment and Owner Type



* A pre-foreclosure is a Notice of Default (NOD) or the first step in the public recording of default. There are some NODs for loans with LTVs below 100% which is indicative of distress, but that does not necessarily mean those borrowers will proceed to foreclosure and NOD given the borrower has equity.



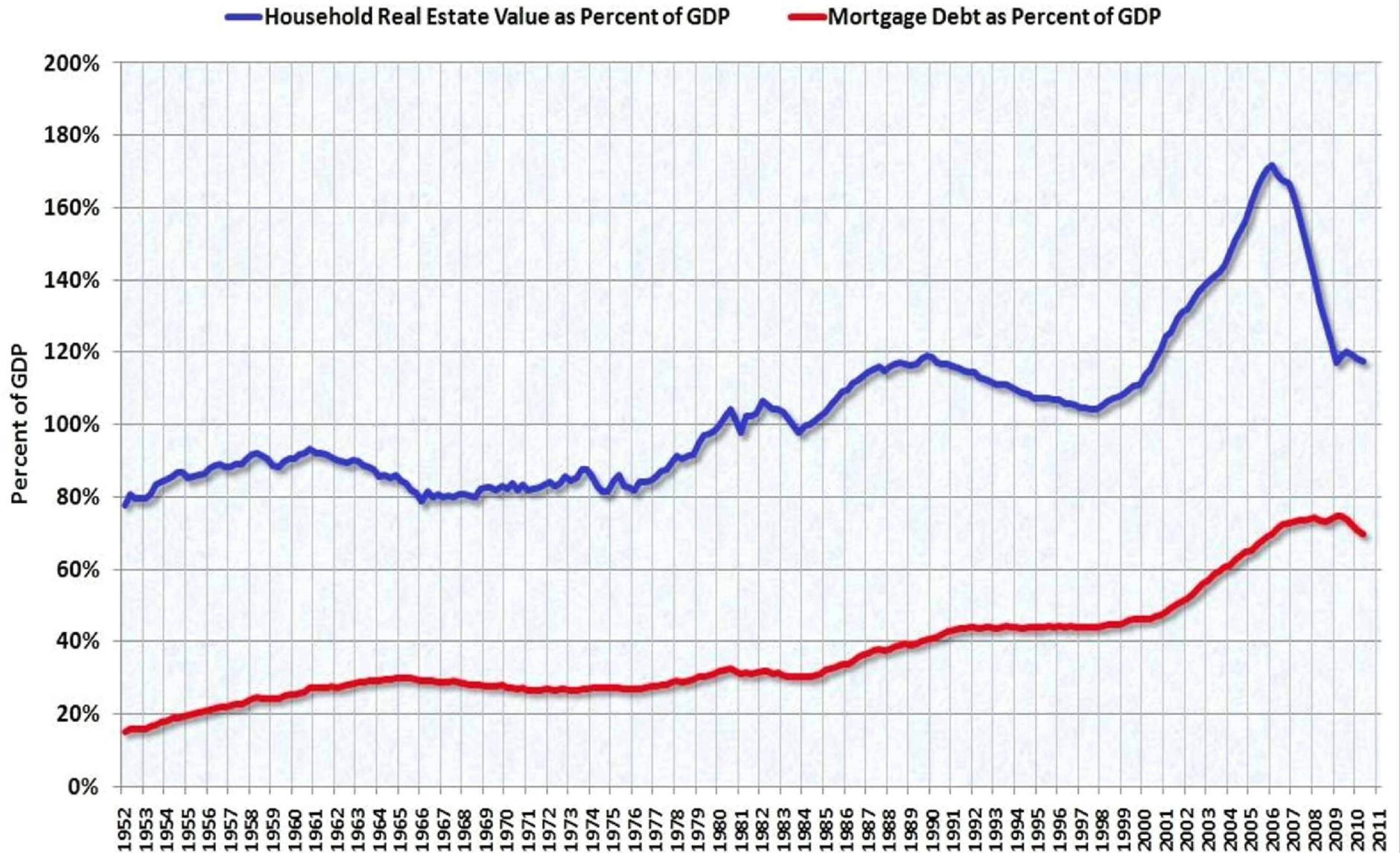
Figure 6: Pre-Foreclosure Rate* by Equity Segment and Home Value



* A pre-foreclosure is a Notice of Default (NOD) or the first step in the public recordation of default. There are some NODs for loans with LTVs below 100% which is indicative of distress, but that does not necessarily mean these borrowers will proceed to foreclosure and NOD given the borrower has equity.



Household Real Estate Value and Household Mortgage Debt as Percent of GDP



<http://www.calculatedriskblog.com/> Source: Federal Reserve Flow of Funds



FORDFOUNDATION

Figure 4: Equity Distribution by State

(Ranked by Negative Equity Share)

