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New Generation of Investors Rewriting Fix-and-Flip Philosophy

By Daren Blomquist, Executive Editor

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Former nurse Maria Giordano flips homes full-time for a living. Here is one of her newly renovated flips in Phoenix, Ariz.

A kinder, gentler fix-and-flip philosophy is proving to be successful for a new generation of real estate investors operating in a low-inventory housing market still reeling from the recent foreclosure crisis — created in part by irresponsible house flipping.

Recent trends in home flipping provide evidence of this emerging flipping philosophy. In the first quarter 3.7 percent of all U.S. single family home sales were homes that were flipped — meaning they had been purchased and resold within a six-month window. That was down from 6.5 percent of all home sales in the first quarter of 2013.

At the same time, the average gross profit for a property flipped in the first quarter was $55,574, a 30 percent return on the average purchase price. That was up from a $51,805 average gross profit representing a 28 percent return a year ago.

The combination of rising returns on home flipping and a smaller share of flips indicates that, by and large, flippers are behaving responsibly and rationally, making savvy decisions that get them the best returns even if that means completing fewer flips.

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Not Your Father's Flipper

Maria Giordano was happily employed as a nurse when she decided to jump into the home flipping business full-time a year and a half ago — after three years of studying the market in her hometown of Phoenix and some encouragement from her husband, who thought she would be good as a real estate investor.

Turns out he was right.

Giordano said she and her husband were in the process of flipping their 22nd house in April, a journey that began with the purchase of a bank-owned property in serious need of life support.

"That property needed everything," she recalled, noting that her father, a longtime investor himself, thought she was getting in over her head when he saw the property's inspection report that listed nearly every item as substandard. "If you looked up you could see the sky. But we were so naïve.

"We had such a margin in this particular property, short of it burning down … I don't think we could have lost money on it," Giordano added, claiming that first flipping experience got her hooked on a new career in healing homes.

"I kind of became a rehab junkie ever since," she said, noting she grew up pouring concrete with her brothers in the Midwest during summers to help with her parents' real estate investing business. "The core of our business is fixing and flipping houses. To me it's kind of like the house is my new patient. (I am) bringing it to life and putting a family in that new house."

Maria Giordano
Phoenix house flipper who has flipped 22 houses since getting into the business a year and a half ago

"I am one of those flippers who is not just replacing paint and carpet. (I am) doing a really modern look that 80 percent of the buyers in our market are wanting."

Giordano's use of the words "new house" is no mistake when referring to her rehabs. Her philosophy is to give each property an extensive makeover that makes it look and feel like a new home even it was built several decades ago.

"I am one of those flippers who is not just replacing paint and carpet," she said, adding she hires a designer to help guide her rehab. "(I am) doing a really modern look that 80 percent of the buyers in our market are wanting."

Giordano said her typical fix and flip is a home built in the 1960s or 1970s, but she also does extensive rehab on newer homes built in the 1980s and 1990s.

"Even if it's a house that was built in the 1990s, I'm gutting the master bath, usually the hallway bath, taking out walls, really changing the floor plan," she said, noting she intentionally rehabs to accommodate the "modern palette" of the majority of buyers in today's market. One example of that is her consistent inclusion of white shaker style cabinets in the kitchen — a popular amenity for buyers in Phoenix.

"Even if the cabinets are great, I still know I'm going to rip them out and donate them," Giordano said. "I'm giving that brand-new-house feel in that older home.

"I know a lot of people like these older neighborhoods," she continued. "So really you're giving someone the look of a brand new house in an older neighborhood."

But that rehab-like-new philosophy can come with a hefty price tag.

Giordano said she typically spends between $35,000 and $45,000 on rehab for properties that will eventually sell around $250,000. But it's not uncommon to go over that budget given her above-and-beyond philosophy. For example, the property she is in the midst of flipping, which she purchased for $150,000, is close to costing $60,000 in rehab. She plans to list it for $295,000, but her "low" sell price is $280,000.

Adding in an additional 12 percent in holding and listing costs, she will still come out of the deal with a nice profit.

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"I always make my number high because I always want to make my numbers," she said, adding that the primary source of funding for her flips is private money and she is "more careful with other people's money than my own."

Family-Style Flipping

Arthur Botting is also well over-budget for rehab costs on his second home flip since becoming a full-time real estate investor operating in the Los Angeles area 18 months ago.

"I had read a book about how to estimate repairs, but I didn't really know what to look for," said Botting, standing in front of the Inglewood, Calif., home while construction workers put the home's new door in place behind him. "What I was not trained to see was to look at the foundation and to look for things that were not up to code."

Botting originally estimated the house — which he bought as a short sale from a homeowner facing foreclosure — would require $40,000 in rehab work. He's now on track to spend $67,000, mostly as a result of unforeseen work to the foundation and a garage that was almost completely illegal by city building code standards.

"These were things I couldn't get around so I basically had to accept the fact that I had wildly underestimated what my cost was going to be," said Botting. "But now that we've done that and learned from that, the first thing I'm going to look at when I go to the next house is the foundation."

Jennifer Laske

Los Angeles house flipper who manages the rehab portion of flips with husband, Arthur Botting

> *"The floor plan layouts that we've changed, everything that we've done here is to maximize the dollar amount when this house sells, and also make somebody really love this house. So we're not trying to put some paint here and trick anyone, we're actually trying to make a really beautiful house."*

Botting and his wife, Jennifer Laske, work together on their flips. He focuses mostly on acquisition while she takes over project management for the rehab phase. The couple's infant daughter sitting in her car seat is a regular fixture on the flipping site, and a favorite of the construction crew according to Laske, who walked through the couple's second property flip, explaining the changes made.

"Our expectation when we started was just to rip up the floors, repaint everything and make it look beautiful," said Laske, who set her daughter's car seat down to show some of the changes made to the house. "But as we started tearing pieces away … we kept finding more problems, more problems, more problems, more problems. Putting lipstick on the problem wasn't going to end us up with a beautiful house."

Despite the extensive rehab, which involved ripping out several walls and putting up new walls to change the layout of some rooms, Botting said the couple built in enough margin that they are still going to turn a nice profit from the property.

"This house is still going to give us a good profit once we're done with it," he said, noting that their first flip, in nearby Compton, Calif., is in escrow and is also set to turn a tidy profit thanks to a less-extensive rehab that ran about $25,000. "The other thing is that this house was really run down, and now that it's going to get fixed another family is going to get to come in here, and it's going to be a beautiful new house that they'll be able to enjoy for generations."

Botting continues to look for more flipping opportunities, starting with the basic formula he learned from his mentor, Phyllis Rockower, president of The Real Estate Investors Club of Los Angeles: buy at 70 percent of the property's after-repair value, minus expenses. But he now knows more about what to look for to accurately calculate the expenses portion of that equation.

Botting said he recently passed on purchasing a property with a bad foundation.

"It was a nice price but that foundation was a deal breaker. I can tell when you've got a four-inch gap at the heart of a foundation … that's not the house for me," he said.

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Budget for the Fudge Factor

Veteran real estate investor William Bronchick, who co-wrote the book "Flipping Properties: Generate Instant Cash Profits in Real Estate" in 2001, said he doesn't always avoid foundation problems when purchasing fix-and-flip properties.

"Not all foundation issues are $50,000 to $100,000 problems," said Bronchick, who has been a real estate investor operating mostly in Colorado for 23 years. "That's something you bring in an independent engineer ... who gives you an honest opinion. .... Not all foundations are fatal."

Bronchick said some foundation problems can be fixed for a few thousand dollars, but he still cautioned that most investors tend to underestimate the total cost of rehabbing a property.

"The two rules of rehab: it's never on time and it costs more than you think," he said. "Budget in that fudge factor."

Unlike Giordano and the Botting-Laske team, Bronchick said he is hesitant to change layout in his flips.

"Bad layout is something you should avoid. If you walk into the house and you think this is really funky, everyone is going to think that as well. ... Just don't bother. You want to do something that sells," he said, noting he uses the formula of buying properties for 70 percent of full market value minus the cost of repairs.

William Bronchick
Colorado house flipper who has been flipping for 23 years

> *"The two rules of rehab: it's never on time and it costs more than you think. Budget in that fudge factor."*

To find properties he can purchase at the 30 percent discount below market value, Bronchick avoids properties that have been listed for sale or that are selling at auction, both of which attract stiff competition from other buyers and investors.

"It's not going to be on the MLS, and it's not going to be auctions, because there is very low inventory on both those things," he said. "You're going to have to work the for-sale-by-owner market.

"People who have a junker property; maybe a landlord that has a property that is old and tired," continued Bronchick, adding that he sends out mailings to local landlords fishing for potential flps. "Find that person who is dying to sell their house, and you've got to get to them before they get to the real estate agent who will list it. Because once that happens it's all over."

Once he acquires a property, Bronchick's basic rehab philosophy is to rehab the property to fit the neighborhood.

"You have to survey what your competition is doing and don't do anything more or less," he said. "You don't want to do anything that's wildly out of character for the neighborhood, either too high or too low."

More Rehab, Better ROI?

But Giordano and Laske expressed a willingness to make more extreme changes so that their properties delight potential buyers.

"Give them something a little bit extra that they may not expect. Give them something a little bit extra that they might not find in that neighborhood," Giordano said, noting that in the typical $250,000 price point in Phoenix "you aren't going to see a walk-in pantry, but I'm going to figure out a way to get it in there."

Laske admitted that some veteran investors have questioned whether she and Botting are over-renovating, but she has more than just the bottom-line profit in mind when flipping; she also considers the beauty of the end-product for the eventual buyer.

"The floor plan layouts that we've changed, everything that we've done here is to maximize the dollar amount

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when this house sells, and also make somebody really love this house," she said of the Inglewood home. "So we're not trying to put some paint here and trick anyone, we're actually trying to make a really beautiful house.

"I've noticed a lot of older houses, the houses are broken up into a lot of smaller rooms," she continued. "Our aesthetic personally is to have it open and airy, and I think that's the way a lot of renovators are doing their projects. Taking down walls, make everything look bigger and feel bigger and having a nice flow to it."

That's not to say the budget is thrown out the window.

"A lot of our design ends up being a matter of what fits in the budget," Laske said. "We start out with the budget and we get whatever the nicest fixtures we can get within that budget. ... The aesthetic of everything is very important to me and I will come over here just day after day painting different colors at different times of the day and seeing what works the best."

Laske and Giordano may be on to something with their willingness to go above and beyond with rehabbing — at least up to a certain point. According to an analysis of RealtyTrac flipping data and building permit data gathered by BuildZoom, a company that helps consumers find and rate contractors, more money spent on rehab resulted in better ROI for flips completed in the last three years in seven major U.S. cities — San Francisco, Denver, Atlanta, Scottsdale, Ariz., Sacramento, Orlando and St. Louis.

The correlation between more rehab expenditures and better ROI held true for flippers spending up to 23 percent of the original purchase price on rehab. After 23 percent, flippers saw flat and even diminishing ROI.

Flipping a Team Sport

As new real estate investors, Giordano, Laske and Botting all stressed the importance of relying on a team of experts to get them over the finish line of a profitable fix-and-flip project. "Always use a good GC (General Contractor), don't

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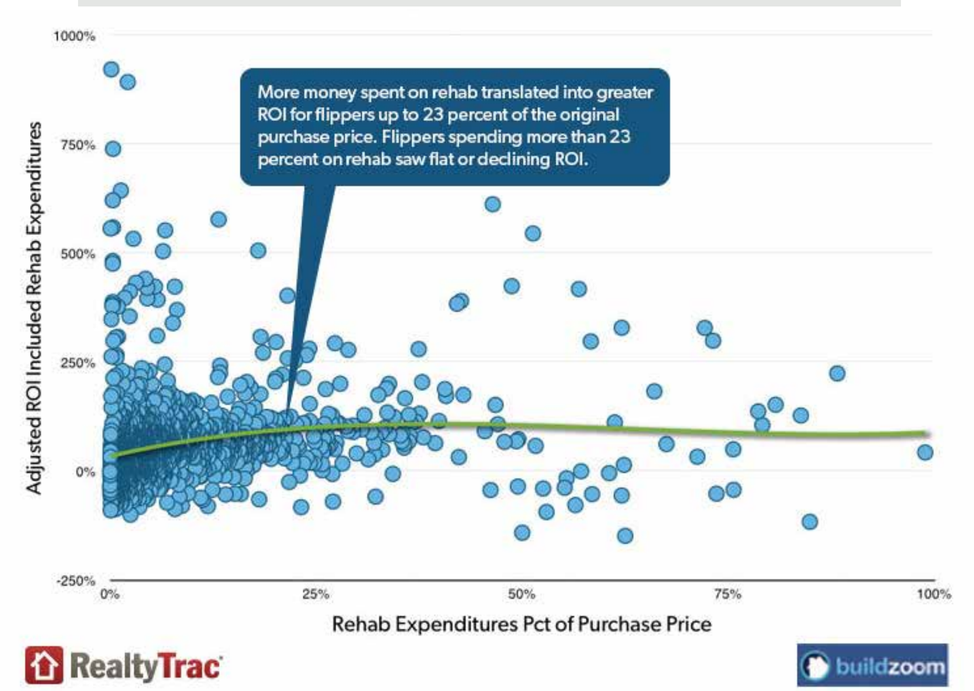
IMPACT OF REHAB EXPENDITURES ON FLIPPING ROI
(FLIPS COMPLETED JAN 2011 TO MARCH 2014)



Tony Alvarez
Southern California house flipper who has been investing for 30 years

"I'm always trying to figure out how to pay people (on my flipping team) more. How to make them understand that without them I'm basically out of business."

use a handyman and don't be a do-it-yourselfer," Giordano said. "I only use one broker to sell my properties."

Botting said the general contractor he found when doing his second flip is one of the best outcomes of that experience. And he noted that it's a mutually beneficial relationship for both parties.

"It's great that we are able to pay him, and he gets his crew in there, they all get paid," Botting said. "I get to learn some more stuff and we are working together. He's definitely on our team now. … If I can find the house, he can fix the house and we both get paid for it."

Veteran real estate investor Tony Alvarez, who flips 50 to 100 properties a year in the Antelope Valley inland from Los Angeles, said many new flippers overlook the importance of a true team mentality.

"People think it's all about the money (but) the money is really like a report card of how we do our job," said Alvarez, who has been flipping properties for 30 years and also owns more than 150 rental properties. "To assemble a team that's going to help you become wealthy in this business or any other business you need to really address … what are their goals, what are they trying to accomplish? And you have to be as committed to solving those issues for them as you want them to be to solve the ones you have.

"I'm always trying to figure out how to pay people more," Alvarez added of the people on his team. "How to make them understand that without them I'm basically out of business."

***BEFORE**: Maria Giordano purchased this home recently and renovated it.*

***AFTER**: After remodeling, this is what the home looks like.*

MY TAKE

By Tom J. Fitzpatrick
Economist, Federal Reserve Bank of Cleveland

Thinking Through Foreclosure Fast-Tracks for Vacant Homes

Generally, the housing market has been showing promising signs of life. Year-over-year, housing starts, sales of new and existing homes, and prices are up, while delinquencies, foreclosure starts, and foreclosure inventories are down. Yet along with these positive trends, we're seeing that in judicial foreclosure states, the time loans are spending in foreclosure continues to rise. We wouldn't expect this to be the case: With fewer foreclosure cases pending in the courts, and fewer entering the system, we would expect to see foreclosures moving through the system faster than they were a year ago, everything else being equal.

Let's consider a couple possible culprits. The foreclosure defense bar — attorneys who defend homeowners facing prosecution – has grown substantially since the onset of the crisis, and some might see the increase in contested foreclosures as prolonging the foreclosure process and contributing to this trend. There are also court-supervised programs to make sure borrowers and lenders discuss potential loan modification solutions, or, when those won't work, graceful exits for the borrower. One might argue these programs, too, contribute to increased foreclosure durations. But when we look at counties where these programs have existed and the foreclosure defense bar has been around for years, the same pattern holds — foreclosure durations are still increasing. Some cite an increase in lenders walking away from foreclosures on extremely low-value properties as the cause of increased durations. Although such actions do extend the foreclosure process and are devastating for communities already struggling with disinvestment, these "walkaways" make up only a small and geographically concentrated share of the market and are not a large enough share to be driving the trend. While each of these factors may have some impact at the margin, it seems the story of increased foreclosure durations is more complex.

I recently wrote a commentary with my Federal Reserve Bank of Cleveland colleague Kyle Fee about the potential cost savings from an efficient and effective foreclosure fast-track for vacant properties in two of the states in our district, Ohio and Pennsylvania. We focused on vacant properties for three reasons. First, we now have data to examine more closely what happens with vacant properties. RealtyTrac began tracking the number of vacant homes in foreclosure in 2013, providing the data that made our commentary feasible. Second, we wanted to highlight an option for reducing deadweight loss. When a homeowner has left the home, a protracted judicial foreclosure process does not offer the homeowner the protections for which it was designed.

That means the cost of judicial foreclosure (relative to non-judicial foreclosure) has no corresponding benefit, creating what economists call "deadweight loss." Generally, we want all of the costs to society to create some benefit, so minimizing deadweight loss is good for society as a whole. Third, we were curious about the effectiveness of foreclosure fast-tracks focused on vacant properties that either became law or have been introduced in the legislatures of judicial foreclosure states in recent years. What kinds of benefits could these laws yield if they were fully effective?

Assuming the fast-track was very effective and always used, we estimated the reduction it would have on the average time to foreclose and the resulting cost savings to lenders (based on average carrying costs of $75 per day). These estimates are ranges, because the impact depends on which foreclosures are fast-tracked. Because we don't know which foreclosures are on vacant homes, we created three scenarios to create these ranges. In the first, the fast-track applies to the loans in each state that move the fastest. In the second, we applied the fast-track to the loans closest to the average durations in each state.

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In the third, we applied the fast-track to a combination of fast- and slow-moving loans (the fastest loans in each quartile of the distribution).

If the loans already moving through foreclosure quickly are fast-tracked, the impact would be smaller: foreclosure durations would decrease by eight days in Ohio and by nine in Pennsylvania, saving lenders about $24 million in each state. If the fast-tracked foreclosures were a combination of fast- and slow-moving loans, the impact would be much larger: average durations would decline by 43 days in Ohio and by 20 in Pennsylvania, saving lenders in those states $129 million and $54 million, respectively.

We do not estimate the cost savings to communities and local governments; although we conjecture that that savings is potentially much greater, it is impossible to calculate with the data we currently have. We do know communities and local governments would benefit from reductions in the negative impacts vacant homes have on surrounding property values, on the tax base, on crime, and on costs associated with condemnation and demolition when they fall into extreme states of disrepair. The cost savings to communities is important because it helps illustrate that all stakeholders have something to gain from an effective fast-track law for vacant foreclosures.

What makes a foreclosure fast-track law fully effective? That's a question well worth exploring. All or most of the foreclosure fast-track laws that have passed look good on paper, in that anyone reading the provisions could reasonably assume the law would indeed speed up the foreclosure process in that state. But in reality, you have to get into the weeds to understand the practices in judicial foreclosure states from start (filing the foreclosure) to finish (the lender or someone else taking ownership of the property at a foreclosure auction). In between, there is the piece people tend to think of in judicial foreclosure states as 'getting the property through the courts,' as well as the process after a lender receives its foreclosure judgment.

On the front end, then, an effective foreclosure fast-track must be easy enough for lenders to use in a judicial process without infringing on homeowners' rights. But what seems like a simple concept is actually difficult to execute. Consider the experiences of Indiana and Illinois, where legislators achieved a laudable balance of creditors' and homeowners' interests in their recently enacted fast tracks, but may not have made the laws easily usable by practitioners.

As the figures below show, the foreclosure fast-track laws in Illinois and Indiana seem to have had no impact on foreclosure durations in either state. While durations dipped slightly before the laws took effect, they rebounded immediately afterwards, suggesting the duration dips were just noise (besides, it would be hard to credit a law with an outcome that occurred before the law was effective). The fastest loans (10th percentile), the slowest loans (90th percentile), and everything in between are moving no faster since the fast-track laws took effect.

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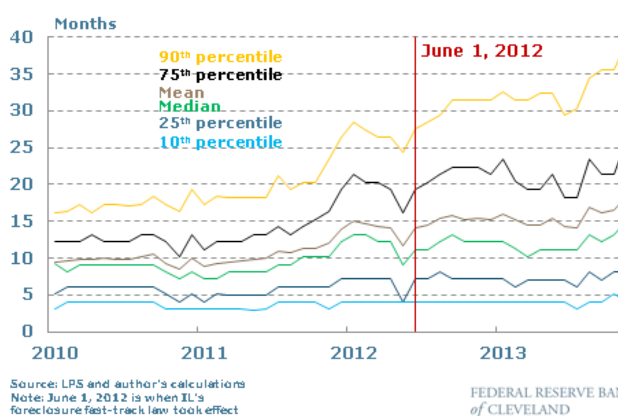
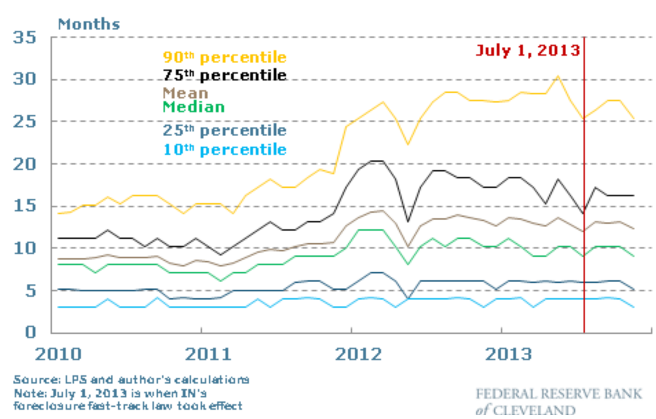
Duration to Complete Foreclosure Process: Illinois



Duration to Complete Foreclosure Process: Indiana



Ohio Fast Track: Average Economic Savings to Creditors Estimate, 2013

CASE A

Time saved (A)	Estimate of daily carrying costs (B)	# of loans in foreclosure (C)	Total cost savings (AxBxC)
8 days	$75	40,000	$24,000,000

CASE B

Time saved (A)	Estimate of daily carrying costs (B)	# of loans in foreclosure (C)	Total cost savings (AxBxC)
31 days	$75	40,000	$93,000,000

CASE C

Time saved (A)	Estimate of daily carrying costs (B)	# of loans in foreclosure (C)	Total cost savings (AxBxC)
43 days	$75	40,000	$129,000,000

Source: LPS

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Pennsylvania Fast Track: Average Economic Savings to Creditors Estimate, 2013

CASE A

Time saved (A)	Estimate of daily carrying costs (B)	# of loans in foreclosure (C)	Total cost savings (AxBxC)
9 days	$75	36,000	$24,300,000

CASE B

Time saved (A)	Estimate of daily carrying costs (B)	# of loans in foreclosure (C)	Total cost savings (AxBxC)
14 days	$75	36,000	$37,800,000

CASE C

Time saved (A)	Estimate of daily carrying costs (B)	# of loans in foreclosure (C)	Total cost savings (AxBxC)
20 days	$75	36,000	$54,000,000

Source: LPS

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Discussing the issue with foreclosure attorneys helps to explain the lack of impact: Almost no one uses these fast-tracks, and when they are used, they are used sparingly. The problem, we are told, is that using the fast-track in each state requires evidentiary hearings that take about as much time as the fast-tracks would save.

Another issue is that bottlenecks in the foreclosure process can arise in unexpected areas. In Ohio, for example, a large drag on the process is the "back-end" after the court case: getting the property auctioned off and then transferred to the foreclosing lender after it is purchased at auction. According to data gathered by a law firm that handles about a quarter of residential foreclosures in Ohio, it takes an average of 125 days — and up to 325 days in some counties — from the time a foreclosure auction is ordered to the date the sheriff's office actually holds the auction. Then, once the lender purchases the property at auction, it takes another 90 days on average and up to 215 days in some counties to have the deed recorded in the lender's name (which has to be done by the sheriff's office, per statute), so the lender can sell it. In total, that's an average of 215 days after the foreclosure case is completed before the property can even begin to make its way back to productive use.

Each judicial foreclosure state will have its own bottlenecks, and when one is addressed, another may appear elsewhere. That's why it is so critical for good policy-making to incorporate data and feedback from practitioners and from the creditor and borrower advocate communities. That helps our lawmakers arrive at a law that balances everyone's interests, addresses all potential bottlenecks, and works well in practice. That's what Ohio did when creating a fast-track for property-tax foreclosure on vacant and abandoned properties. That's also part of what the National Conference of Commissioners on Uniform State Laws, a group best known for creating the Uniform Commercial Code, is attempting to do with the Home Foreclosure Procedures Act. You can find the fast-track provisions in Article 5 of the current draft of the Act.

Lawmakers in Ohio and elsewhere can absolutely craft an effective law for fast-tracking vacant foreclosures. With so much effort aimed at finding the right balance of interests and pragmatically useful provisions, and with lessons learned from others states' efforts, I'm confident that good outcomes will result. And I'm hopeful that the deadweight losses communities, local governments, and creditors currently struggle with can be greatly reduced, if not eliminated.

Tom J. Fitzpatrick is an economist in the Community Development Department at the Federal Reserve Bank of Cleveland. The views and opinions expressed are the author's, and not necessarily those of the Federal Reserve Bank of Cleveland, the Board of Governors, or other Banks within the Federal Reserve System.

NEWS BRIEFS

CFPB Accused of Discrimination

The Consumer Financial Protection Bureau has come under fire for broad workplace discrimination. In an ironic twist, it turns out that CFPB's own managers have shown distinctly different patterns in how they rate employees of different races, according to confidential agency data obtained by *American Banker* magazine, a trade publication.

The data obtained by *American Banker* reveals that CFPB managers showed a pattern of ranking white employees considerably better than minorities in performance reviews used to award raises and bonuses. Overall, white employees were twice as likely in 2013 as African-American or Hispanic employees to receive the CFPB's highest job-performance evaluation grade of "5." The rankings are used to award raises and bonuses. For example, 20.7 percent of the agency's white employees received the highest performance rating compared with 10.5 percent of African American employees, 9 percent Hispanic employees and 15.5 percent for Asian employee.

What's more, those sharp racial disparities are only one of many serious personnel problems plaguing the two-year old CFPB. Employees have filed 115 official grievances with the National Treasury Employee Union since last August.

The CFPB was created by the Dodd-Frank financial regulation reform bill and is supposed to protect consumers from the financial industry.

SOURCE: *American Banker*

Detroit to Auction Vacant Homes

Detroit is on the auction block.

In a battle to fight blight, the city of Detroit has launched a website to auction off vacant homes that were seized by tax foreclosures. On April 14, the city of Detroit launched BuildingDetroit.org to auction 15 properties featured on the website, with an opening bid of just $1,000.

The bidding starts May 5. The bankrupt city currently owns 16,000 vacant homes that were seized in tax lien foreclosures over the last several years. The auctions will only be open to Michigan residents, and winning bidders must put down 10 percent within 72 hours and close the deal with full payment in as little as two months.

Winning bidders must begin rehab work within 30 days after taking possession and buyers must submit reconstruction plans with the Detroit Land Bank Authority, which is overseeing the auction program.

"We are not looking for speculators" said Erica Ward Gerson, manager of the Detroit Land Bank Authority. "If you're not going to act diligently to fix up the house, you'll lose the house and your money."

SOURCE: *CNN.com*

Senate Delays Johnson-Crapo GSE Reform Vote

The Senate Banking Committee postponed voting on landmark legislation, known as the Johnson-Crapo Act, to overhaul the mortgage finance system, but it still remains unclear when, or if, committee leaders will reschedule a key vote on the bill.

Johnson-Crapo is one of four government-sponsored enterprise (GSE) reform bills on Capitol Hill. The other contenders are the House's PATH Act and HOME Forward Act, and the Senate's Corker-Warner Act.

Johnson-Crapo, which is co-sponsored by Sen. Tim Johnson, D-S.D., and Mike Crapo, R-Idaho, would wind down Fannie Mae and Freddie Mac and replace them with a new federal agency, the Federal Mortgage Insurance Corporation (FMIC). Most of Senate Banking Committee's 22 members — six Democrats and six Republicans — have signed onto it. The more committee members that support the bill, the more likely that Senate Majority leader Harry Reid will bring it to the floor for a full vote.

But there are many challenges ahead.

Even if Johnson-Crapo were passed in the Senate, its prospects in the House are slim at best. House Financial Committee Chairman Jeb Hensarling R-Texas, has authored his own housing overhaul legislation, the PATH Act, which would drastically reduce the role for the government in housing.

But any meaningful GSE reform is complicated because industry lobbyists — from Realtors, homebuilders, lenders and major Wall Street hedge funds — oppose changes to the current GSE system.

SOURCE: *Bloomberg*

LEGAL BRIEFS

Mortgage Whistleblower Sues Banks Again

When Lynn E. Szymoniak appeared on *60 Minutes* in 2011, she was on the verge of losing her home to "robo-signing" perpetuated by some of the nation's largest banks. She blew the whistle on bank fraud, and she walked away with $18 million of a $95 million settlement.

Now, Szymoniak — a Florida lawyer and insurance fraud investigator — is suing other banks, including two foreign lenders, Deutsche Bank AG and HSBC Holding Plc, accusing them of foreclosure fraud. This time, however, the U.S. Justice Department hasn't joined Szymoniak's suit, leaving her to fight the banks alone. U.S. District Judge Joseph Anderson in Columbia, South Carolina, is set to consider this month whether to hear the case or throw it out.

"Robo-signing" is the practice of forging mortgage documents. Szymoniak told *60 Minutes* that the documents underpinning homeowners' mortgages are sometimes missing or nonexistent. Banks need such documents to foreclose on a homeowner, so some banks have resorted to fraud: creating phony backdated, forged documents and records signed in bulk by people without knowledge of the facts, a practice known as robo-signing.

In her first lawsuit against the banks, Szymoniak alleged lenders collected millions in mortgage insurance claims from the Federal Housing Administration by using phony documents to show they "owned" the loans. Her investigation helped the Justice Department reach a $95 million settlement with Bank of America, JPMorgan Chase, Citigroup, Wells Fargo & Co. and Ally Financial Inc. The agreement was part of a $25 billion settlement the U.S. and states reached with five major banks in 2012 (Deutsche Bank, HSBC and Bank New York Mellon weren't among them).

Other banks still accused on robo-signing mortgage documents include Frankfurt-based Deutsche Bank, London-based HSBC, Bank New York Mellon Corp. and Minneapolis-based US Bancorp.

If Szymoniak wins, she will get a bigger payout. Whistle-blowers like Szymoniak can receive a maximum of 25 percent of any recovery under the law. If the Justice Department declines to join the case, the West Palm Beach attorney can receive 30 percent of the settlement.

The case is *Szymoniak v. American Home Mortgage Servicing Inc.*, 10-cv-01465, U.S. District Court, District of South Carolina (Columbia).

SOURCES: *CBS News, Bloomberg*

Family Sentenced Together

A husband-and-wife real estate team were sentenced March 28 to 3½ years in federal prison for a $10 million mortgage fraud scheme in San Diego, Calif.

Eric Elegado, 47, a San Diego real estate agent, and his wife, Charmagne Elegado, a former account executive for New Century Mortgage, were each sentenced 41 months in prison.

"The defendants were pocketing at least $40,000 a month in commissions, and they obtained loans exceeding the sales prices and profited from the excess," said the U.S. attorney in a statement. "They used the proceeds to live a lavish lifestyle that included expensive houses and cars and designer watches and clothing — all while living a double life as respected community leaders and philanthropists."

The Elegado's pleaded guilty, as did five of their employees, who were paid $500 each for acting as straw buyers.

SOURCE: *Courthouse News*

FINANCIAL NEWS

Mortgages: Jumbo Loans Grow

While overall mortgage origination is down nationwide, the biggest banks — including Wells Fargo, JP Morgan Case and Bank of America — are ratcheting up efforts to win wealthier borrowers while keeping credit tight for almost everyone else, reports *Bloomberg*. Jumbo loans are growing while almost everything else is dead. Application for jumbo mortgage of at least $729,000 increased 4.9 percent in March from a year earlier, while requests for loans less than $150,000 fell by 2.1 percent, according to the Mortgage Bankers Association.

Fed: Yellen Signals Continued Low Rates

Federal Reserve Chair Janet Yellen, doing damage control in a speech in Chicago, pledged that the central bank will keep interest rates low, "easing investor concern" by saying the U.S. economy "will need Fed stimulus for some time," according to *Bloomberg*. Yellen said the Fed hasn't done enough to combat unemployment even after holding interest rates near zero for more than five years and pumping up its balance sheet to $4.23 trillion with bond purchases. Earlier, Yellen inadvertently spooked investors by suggesting a timeline for when "the Fed might start rising the benchmark interest rate above zero."

Banks: BofA Settles Mortgage Suit for $9.3 B

Bank of America, the nation's second-largest bank, is ponying up $9.3 billion "to settle claims that it sold Fannie Mae and Freddie Mac faulty mortgage bonds." The bank also settled a suit with New York's attorney general that alleged "it misled investors about mounting losses at Merrill Lynch & Co.," which BofA acquired in in 2008, during the housing and financial crisis, according to *Reuters*.

Mortgages: Mortgage Originations Down

Mortgage originations are at their lowest level in 14 years as mortgage rates inch up, according to *ZeroHedge.com*. Both mortgage originations and applications are down sharply. Well Fargo, America's biggest mortgage lender, saw mortgage originations drop 67 percent from a year ago to $36 billion. The mortgage pipeline is also drying up at JPMorgan Chase, the second-biggest mortgage lender in the U.S., which posted a $17 billion in mortgage banking, a 68 percent drop from a year ago. Both lenders are paring staff.

Finance: MERS in Legal Limbo

A little-known privately-held firm with a key role in U.S. finance remains stuck in limbo, fighting off lawsuits, wrestling with regulators and the departure of senior employees, reports *Bloomberg*. The fate of Mortgage Electronic Registration Systems Inc., or MERS, which documents the ownership and resale of about half of U.S. homes, hangs in the balance as regulators decide its fate. MERS was built by Fannie Mae, Freddie Mac and 25 large U.S. banks in 1996 as an electronic registry of land records. Others with an ownership stake include Bank of America, Citigroup, Wells Fargo and the Mortgage Bankers Association. But the company has been under fire by Congress, federal regulators and state prosecutors for its role in the mortgage document crisis known as "robo-signing" in 2010. MERS eliminated the old public land ownership records system and replaced it with a private mortgage registry. MERS' legal troubles, however, aren't going away.

Economy: Housing Starts Surge, But Still Disappoint

The housing market is beginning to percolate, but not as fast as economists had forecast, according to *USA TODAY*. Better weather pushed up housing starts in March to their fastest pace so far this year, with new construction hitting an annual rate of 946,000. That's two percent more than February, but still short of economists' expectations of a March rate of 970,000. And while building permits — a barometer of future activity — increased for single family homes, those gains were offset by a sharp decline in multifamily units, for an overall drop of 2.4 percent.

Banking: Criminal Charges Filed Against Two Banks

Five years after the housing crash, federal prosecutors are preparing to file criminal charges against two European banks, reports *The New York Times.* Since the global economic collapse, not bank or banker has been charges with a crime. Who are the banks? Switzerland's Credit Suisse and France's BNP Paribas. Both banks operate in the U.S. The Justice Department is going after Credit Suisse for selling tax shelters to Americans and BNP Paribas is accused of conducting business with U.S.-blacklisted countries like Sudan and Iran, *The Times* reports.

STATE SPOTLIGHT

Smart Money in Atlanta Pulls Back

By Octavio Nuiry, Managing Editor

For years, institutional investors were lured to Atlanta because of declining home prices and cheap foreclosures.

Now, with home prices rising rapidly and inventory shrinking, institutional investors are pulling back on their purchases, experts warn.

Institutional Wall Street investors like American Residential Properties, Blackstone, Starwood Waypoint Residential Trust, Colony American Home Rental and others have dramatically slowed their purchase of single family homes, according to Collis Clovie, managing broker of Century 21 InTown, in Atlanta.

Clovie said Atlanta's residential real estate market is running out of steam. He predicted that a glut of inventory will hit metro Atlanta in the next two years, pushing prices downward.

"We are facing some serious headwinds," said Clovie, a major listing broker for HUD and banks who sells about 50 distressed properties each month. "The market has changed drastically over the last 24 months. The appetite for homes has been fueled by small real estate investors and institutional buyers. Both small investors and institutional buyers have been buying a lot. But their buying has slowed down dramatically. There's a shift in the market."

Collis Clovie
Managing broker
Century 21 InTown
Atlanta, Ga.

> *"We are facing some serious headwinds. The market has changed drastically over the last 24 months... Right now everything is rosy in Atlanta. But if the hedge funds start selling their inventory, it will be disastrous for the marketplace."*

While institutional purchases nationwide fell to a 22-month low in January, corporate investors were more active in the Atlanta region, buying 25 percent of homes sold, according to RealtyTrac. That helped drive up Atlanta prices 37 percent since the February 2012 trough.

Clovie also believes there will soon be an oversupply of new housing units.

With prices rising, inventory shrinking and fewer foreclosures for sale, there are fewer bargains to be had, according to Judy Rasmus, broker/owner of Rasmus Real Estate Group in Marietta, Ga., a high-octane brokerage that since 1990 has sold more than 20,000 units and $2 billion in transactions.

It's harder and harder to deploy the capital," said Rasmus, a 22-year veteran of Atlanta's residential real estate market. "It's getting more expensive to buy and investors can't get the yields they want."

Rasmus, whose firm sells about 100 units a month, says institutional buyers are slowing their purchases in metro Atlanta as prices have inched upward and their return on investment dwindles. She said there are fewer distressed properties for sale, and prices are higher, so investors are pulling back and buying fewer homes.

"We do a lot of work in town, inside the perimeter," said Rasmus, who specializes in distressed properties, referring to selling real estate inside the Interstate 285 highway. "But we also do a lot of work outside the beltway in a 30-mile radius around metro Atlanta. Meanwhile, certain areas of the market aren't appealing to institutional buyers. For example, when you see foreclosure activity up, they are usually in weaker

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school systems, like certain areas of DeKalb and Clayton counties."

Wall Street Buying Binge Drives Home Sales

Today, in Atlanta, companies — not individuals — buy about 25 percent of Atlanta's houses, up from one in 10 a year earlier, according to RealtyTrac. A handful of institutional investors are active in metro Atlanta, including California-based Waypoint Homes, Invitation Homes (New York-based Blackstone), and California's Colony Capital. Collectively, institutional investors have spent billions in Atlanta to purchase thousands of foreclosed homes that they turn into rentals. Investors backing these institutional buyers range from hedge funds and real estate investment trusts to wealthy individuals.

Judy Rasmus
Broker/Owner
Rasmus Real Estate Group
Marietta, Ga.

"It's getting more expensive to buy and investors can't get the yields they want... Owner-occupant buyers are getting knocked out by institutional buyers."

All told, Wall Street has bought nearly 40,000 homes across metro Atlanta in the last two years. The increased competition has helped boost local prices, which have been rising at a double-digit pace for over a year. Institutional investors were buying more houses in metro Atlanta than any other region in 2013. The investors pay cash for the houses and spend thousands of dollars on renovation, raising property values where they invest, says Rasmus, the distressed property broker. She said would-be Atlanta buyers are increasingly being out-bid by institutional investors and a tight supply.

"Owner-occupant buyers are getting knocked out by institutional buyers," said Rasmus. "We have multiple offers within days of going on the market."

Prices Rise, But Home Sales Trending Downward

Since hitting bottom in early 2012, metro Atlanta home prices have surged higher, but there are growing signs that after a year of solid appreciation the market is cooling. Buyer demand (home sales) are trending downward and if institutional investors retreat from the market, in starter homes priced below $150,000, inventories will rise and home prices will soften, experts warn.

In March, the median home price was $208,000 in Atlanta — up 16.9 percent from March 2013. But the number of homes sold fell sharply from 2013, down 12.6 percent from March 2013. In March 2014, 2,708 homes were sold compared with 3,724 sales in March 2013, according to the Atlanta Board of Realtors.

"While the number of sales has gone down again, we don't find that too surprising given the continuing low inventory across the metro area and the unusually inclement winter weather," said Ennis Antoine, president of the ABR in a statement. "Conversely, the rising prices were also anticipated given the short supply and the return of the 'traditional' buying and selling season. We do expect to see that upward trend continue, both in pricing and sales as we progress through the spring and summer."

The Realtor group blamed bad weather for the sluggish homes sales, but a flurry of recent housing data suggests that Atlanta's spring selling season is getting off to a slow start, according to Hank Miller, an associate broker and certified appraiser with Atlanta Communities in Marietta.

"Atlanta is such a fragmented market; it's just impossible to accurately forecast from east to west and from north to south," said Miller. "Atlanta is far too diverse to be considered as a single entity. How does activity in East Point correlate to activity in Cumming? Snellville data relate to Douglasville? It's a sprawling metro; there are no boundaries."

Atlanta has risen to become the foremost metropolis of the American South, a sprawling mega city unlike anything in the southeastern United States, with nearly 30 counties, each with its own government, laws and regulation. Moreover, Atlanta is a city with few geographical limitations, with no oceans or mountains

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to impede growth, and the suburban sprawl spreads for 4,000 square miles of metro area. During the latest housing boom, Atlanta grew into the nation's largest metropolitan area in the nation, with unlimited access to buildable land.

Miller is cautious about 2014. He said there are many "micro markets" in Atlanta, and some more established areas with good school districts are seeing rising prices, but prices are falling in struggling school districts.

"Remove the influence of institutional investors on this data and an entirely different — and less robust — picture is painted," said Miller. "The impact of institutional investors cannot be overstated. Nor can the fact that many of these 50 percent median price increases are in the sub $100,000 almost exclusive investor areas. Pull that out and the picture changes."

For over a year, Miller said, sellers in Atlanta had the advantage.

But now, as prices start to level off, and the balance between supply and demand shifts towards buyers, the pendulum is starting to move in the opposite direction, favoring buyers, Miller claims.

"The economy has not fundamentally improved," said Miller. "My bottom line on Atlanta is pretty simple; keep it local — even to the high school district — and you will see areas that are enjoying strength and areas that continue to languish."

Foreclosure Activity Has Slowed

One bright sign in metro Atlanta's housing market is the recent retreat in foreclosure activity. Foreclosures in metro Atlanta were recorded on 2,304 properties in March 2014, but the overall trend is toward a healthier housing market. The numbers are dramatically lower than the apex of the foreclosure crisis in March 2010, when 12,977 foreclosures were reported.

"There are some areas of Atlanta that are seeing an uptick in foreclosures," said Clovie. "Areas north of Cobb County and in east Cobb are seeing increases. Virginia Highland and Morningside are also foreclosure hotspots. In some of these areas you see a lot of flipping. But it's become much harder to flip because the prices have risen."

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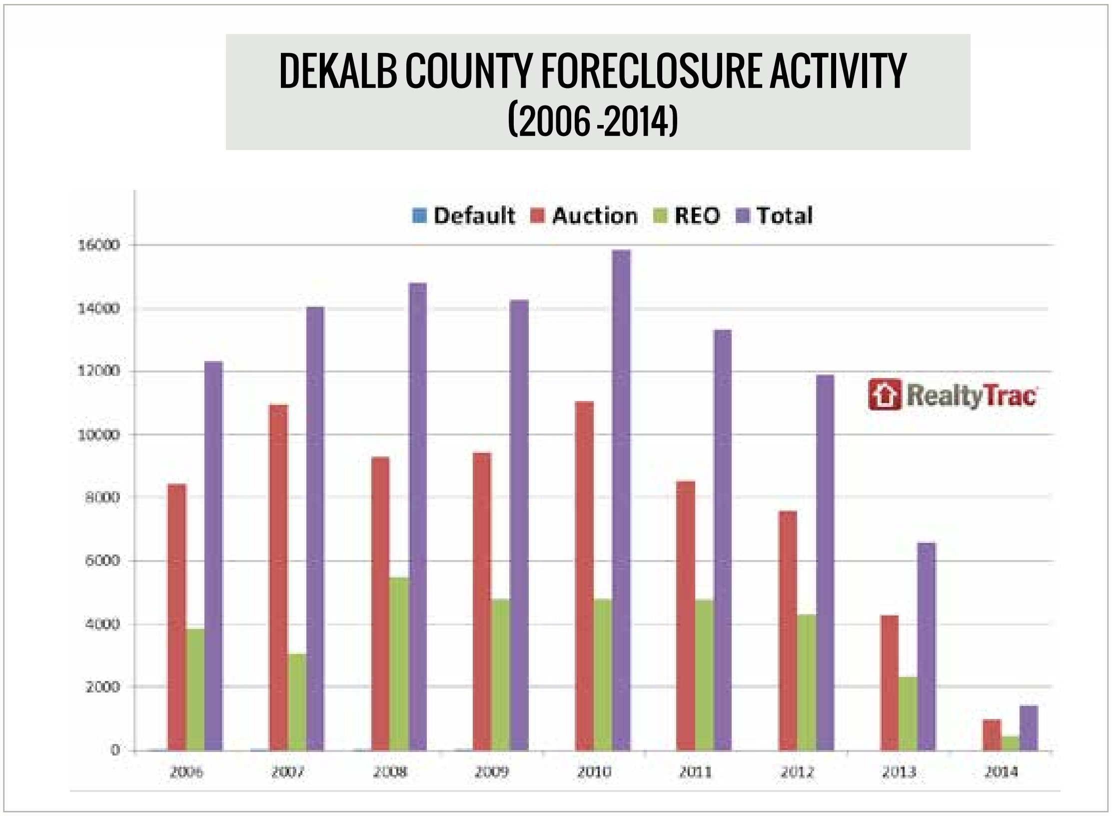

Hank Miller
Associate broker and certified appraiser
Atlanta Communities
Marietta, Ga.

> *"Remove the influence of institutional investors on this data and an entirely different picture is painted...the impact of institutional investors cannot be overstated. Pull that out — and the picture changes."*

These are areas where subprime lenders operated and mortgage fraud was rampant during the housing boom, he said.

So far this year, DeKalb County foreclosures have declined sharply, according to RealtyTrac. Still, the metropolitan Atlanta area had the seventh highest foreclosure rate in the country in February, with one in every 864 housing units in the foreclosure process. See Chart: DeKalb County Foreclosure Activity – (2006 – 2014) on page 15

Low Appraisals Causing Uproar

Lisa David, broker/owner of New Generation Realty LLC in Atlanta, said with prices rising rapidly at a double-digit clip, faulty appraisals are unraveling many of her deals. She said below-offer appraisals are a major problem in Atlanta. Since inventory is low and there are so few sales, David said many homes are being appraised significantly lower than the list price.

"Appraisers are going through a learning curve, just like back in 2007," said David, referring to the crash, when property values were sinking rapidly. "Low appraisals are now ruining a lot of my deals."

Household Income Down

While the local economy has been slowly adding jobs, the pace of the growth has been modest at best and household incomes are below the national average in Atlanta. Income in Atlanta is down significantly. At $54,628, the median household income in Atlanta is down 16 percent from its peak in 2008 of $64,712, according to the Department of Numbers. Atlanta workers have seen their incomes decrease by more than $10,000 since the start of the recession in 2008. Home prices cannot continue to increase unless the downward trend in income is reversed.

Unemployment

Meanwhile, metro Atlanta's unemployment rate held steady at 6.9 percent, amid tepid job growth in February, according to the Bureau of Labor Statistics. Georgia's unemployment rate was 7.1 percent in February, down from 7.3 percent in January. Both the state and metro Atlanta are higher than the national rate — 6.3 percent. The region, plagued by inner-city mortgage fraud and

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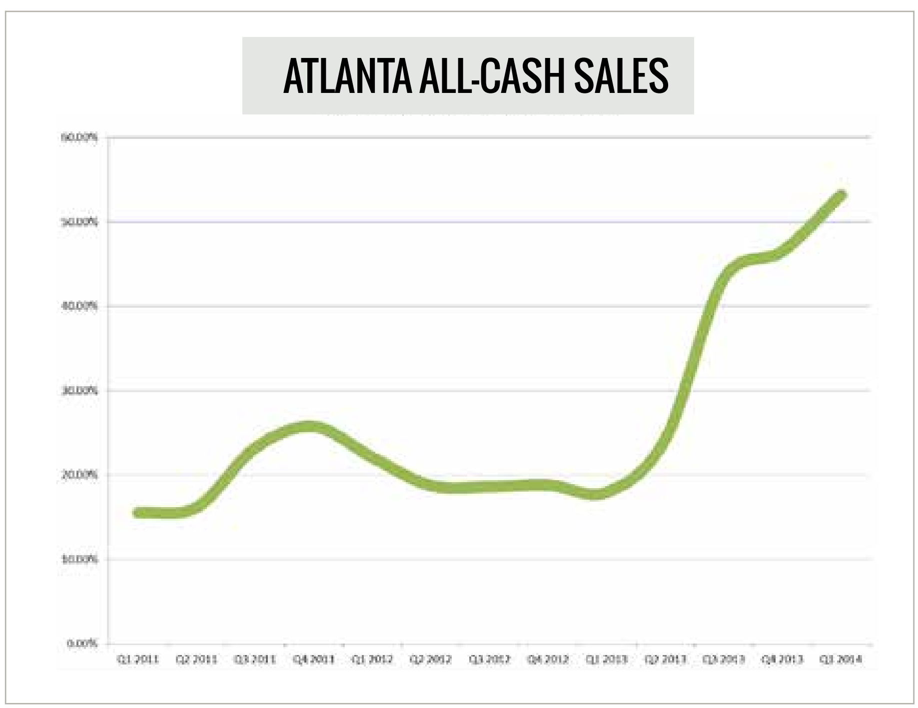
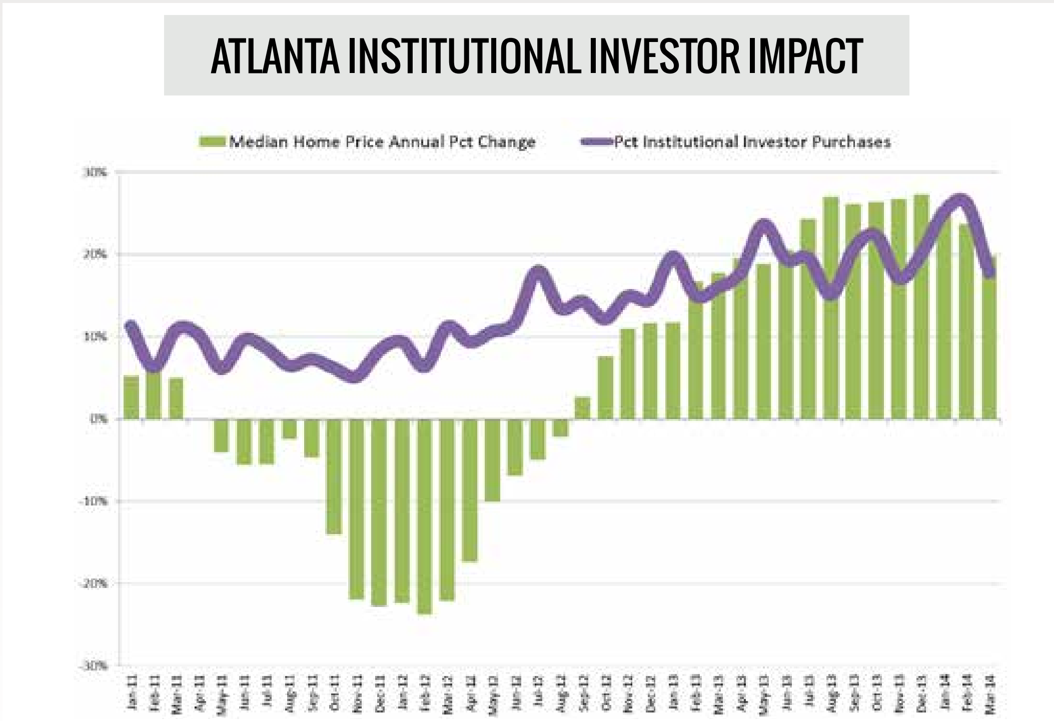




overzealous building in the exurbs, is struggling to regain its housing equilibrium after the Great Recession of 2007.

Underwater

Not only have Atlanta wages languished, but many Atlanta homeowners are shouldering more mortgage debt, according Miller, the associate broker and appraiser. In the 13-county Atlanta metro, one-quarter of homeowners with a mortgage are seriously underwater and owe more on their homes than they are worth, according to RealtyTrac data. That's higher than the national average, 19 percent. Those homeowners are hindered from participating in the housing recovery because if they sold their homes, it would be for a loss.

"Lost in the euphoria of the 'recovery' is the fact that about half of Atlanta owners remain underwater; they have few options," said Miller. "Also lost are the billions of taxpayer dollars squandered on modifying mortgages; almost half of those modified mortgages slide right back into default but yet the money flows. Perhaps the biggest variable on the radar is Washington's incestuous involvement in the mortgage business. Federal agencies now hold the tab for 90 percent of outstanding home loans, in large part because the government's role expanded under the federal bank bailout. But the government sponsored entities like Fannie Mae and Freddie Mac are gradually reducing loan purchases, hoping the private sector eventually picks up the slack.

"I'm firmly convinced that when the institutional investors see their properties become a liability, that's when they are going to cut and run," warned Miller. "It will be interesting to see how it plays out. There's a lot of trepidation in the market."

Clovie, the REO listing broker, agreed with Miller's assessment.

"Right now everything is rosy in Atlanta," said Clovie. "But if the hedge funds start selling their inventory, it will be disastrous for the marketplace."

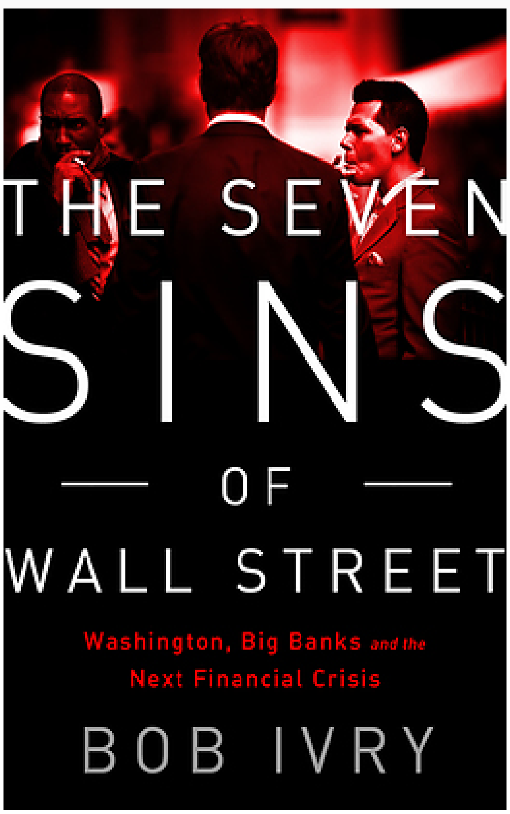
BOOK REVIEW

The Seven Sins of Wall Street

By Octavio Nuiry, Managing Editor

What are the cardinal sins of Wall Street?

According to Bob Ivry, a Bloomberg News editor and author of the new book "The Seven Sins of Wall Street: Big Banks, Their Washington Lackeys and the Next Financial Crisis" (Public Affairs, 2014), they are: gluttony, wrath, envy, pride, lust, sloth and greed. Ivry says that the near collapse of the world financial market in 2008 that triggered the Great Recession and the subsequent housing crash were caused by these sins of Wall Street, and that they still persist today.



The Seven Sins of Wall Street
By Bob Ivry

In "The Seven Sins of Wall Street," Ivry tracks down the villains that cratered the economy in 2008 and lays them bare for all to see. And the villains aren't "people buying houses they couldn't afford," but New York bankers and Washington, D.C. politicians. Ivry's main argument is that the largest U.S. banks — Bank of America, CitiGroup, Goldman Sachs, JP Morgan Chase, Morgan Stanley and Wells Fargo — have been allowed to swell into financial behemoths considered "to-big-to fail" by the federal regulators, entitling them to cheap money and massive government bailouts, which Ivry calls "corporate welfare."

In the book, he details the many financial crimes that have occurred *after* the 2008 financial crisis. He writes about CitiMortgage's "loan factory" in O'Fallon, Missouri, where Citi whistleblower Sherry Hunt's lawsuit forced Citi to pay $158.3 million to the government to settle the "robo-perjury" case in 2012. He writes about predatory lenders like Tom Marano, head of mortgages at the defunct investment bank Bear Sterns, whose loan division, EMC Mortgage, steered racial minorities into dicey loans with higher interest rates and harsher terms. He writes about private equity firms buying up foreclosures, turning them into rentals and issuing bonds on the rental revenue — schemes that sound eerily familiar to the mortgage-backed securities peddled by Wall Street before they wiped out the global economy in 2008.

Not only does Ivry track down the villains, he skillfully contrasts the fate of victims like Rebecca Black, a single mother foreclosed out of her Memphis home while Wall Street traders maintain multiple mansions that go unoccupied.

He also describes the cozy corporatist business relationship between Wall Street and Washington: "In

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the months and years after the financial crisis, the top people in Wall Street and Washington had engineered a closed loop that ensured their feet never touched the dirty ground. Wall Street would originate the mortgages, and Washington would buy them. (The government was involved in nine of every 10 home loans in 2013.) The Treasury would sell debt, and Wall Street would buy it, then sell it back to the Federal Reserve. (This was called "quantitative easing.")

> *"The simple, foundational transaction of lending people money to buy homes had become a way to swindle them coming and going."*

One of the most moving sections of the book is chapter two, "Wrath," where Ivry introduces readers to fellow Bloomberg reporter Mark Pittman, who forced the Federal Reserve to disclose details of secret loans provided to the big banks as part of the Freedom of Information Act and a lengthy legal battle filed by Bloomberg News. The secrecy of the trillions of dollars in Fed loans was what Pittman uncovered. At 52, Pittman died too young of heart disease, writes Ivry. Of Pittman, he writes: "He knew what was at stake. Not just money. Not just economic policy. Not just the functioning of the world financial system, But the future of capitalism. The credibility of democracy."

Throughout the book, which is organized into seven chapters, each outlining one of Wall Street's "sins," Ivry shows how these sins mask a greater scheme where risk is socialized, spread among taxpayers, while profits are privatized among greedy bankers (and corrupt politicians), kept out of the hands of the people that made it all possible.

"Morning, noon, and evening, good times and bad, high tide and low, blue skies or rain, Wall Street and Washington kept messing up mortgages," Ivry pithily explains. "The simple, foundational transaction of lending people money to buy homes had become a way to swindle them coming and going. As suicidally as the mortgage industry and its regulatory overseers had acted before the 2008 crisis, an argument can be made that their behavior got worse afterward."

Certainly, by exposing Wall Streets' and Washington's dirty little secrets, Ivry has performed a towering public service. He ends "The Seven Sins of Wall Street" with a few common sense suggestions, and a handful of warnings of things to come. "America needs strong banks," writes Ivry. "But banks need a strong America too."

"The easiest way to make the biggest banks smaller is to separate their dice games from Granny's deposits," warns Ivry, an award-winning investigative reporter.

TOP 20

Foreclosure rates in the Nation's 20 largest metros in March 2014

Metro	Housing Units Per Foreclosure Filing (Rate)
Orlando, FL	326
Palm Bay, FL	342
Miami, FL	345
Lakeland, FL	357
Ocala, FL	393
Port St. Lucie, FL	401
Tampa, FL	406
Jacksonville, FL	429
York, PA	441
Cleveland, OH	479
Gainesville, FL	508
Akron, OH	508
Pensacola, FL	508
Chicago, IL	513
Tallahassee, FL	513
Reading, PA	521
Riverside, CA	526
Canton, OH	531
Rockford, IL	559
Cape Coral, FL	569

MARCH 2014

State-by-State Foreclosure Activity Summary

Rank	State	Default	Auction	REO	Total	1/every X HU (rate)	%Δ from Feb. 14	%Δ from March 13
	U.S. Total	**37,987**	**50,658**	**28,840**	**117,485**	**1,121**	**4.43**	**-22.96**
20	Alabama	0	1,075	342	1,417	1,533	4.11	-19.21
36	Alaska	0	72	60	132	2,314	12.82	33.33
18	Arizona	0	1,422	797	2,219	1,281	1.88	-47.87
44	Arkansas	0	191	145	336	3,919	-15.58	-61.16
10	California	7,058	4,612	2,814	14,484	944	10.96	-21.66
24	Colorado	0	1,111	257	1,368	1,617	6.46	-22.23
7	Connecticut	1,022	156	717	1,895	784	14.57	8.78
9	Delaware	208	220	67	495	820	29.24	64.45
	District of Columbia	0	9	1	10	29,667	42.86	-23.08
1	Florida	5,815	9,983	6,258	22,056	407	-8.79	-21.92
12	Georgia	0	2,495	1,332	3,827	1,068	-5.27	-39.25
28	Hawaii	200	50	31	281	1,850	55.25	-8.77
27	Idaho	76	181	107	364	1,832	0.55	-33.82
5	Illinois	2,451	3,294	2,014	7,759	682	18.89	-35.22
3	Indiana	2,320	1,347	596	4,263	656	62.90	12.04
15	Iowa	485	290	378	1,153	1,160	-2.45	5.30
39	Kansas	108	120	213	441	2,796	-3.50	-36.82
30	Kentucky	205	578	218	1,001	1,926	36.75	85.03
22	Louisiana	268	697	273	1,238	1,587	-20.49	-26.40
17	Maine	282	153	133	568	1,270	0.18	-23.14
2	Maryland	2,634	1,177	703	4,514	527	5.76	20.09
41	Massachusetts	464	248	219	931	3,012	11.50	0.98
23	Michigan	0	1,662	1,184	2,846	1,592	-6.99	-34.23
29	Minnesota	0	875	369	1,244	1,887	30.40	-34.70
47	Mississippi	0	27	53	80	15,928	45.45	-46.31
26	Missouri	0	922	683	1,605	1,689	31.77	-6.25
46	Montana	0	54	11	65	7,406	3.17	91.18
43	Nebraska	208	3	2	213	3,743	156.63	-4.91
6	Nevada	444	726	500	1,670	701	-9.73	-55.90
31	New Hampshire	0	160	139	299	2,053	-28.47	-45.83
11	New Jersey	1,700	1,257	439	3,396	1,047	-29.40	67.70
25	New Mexico	259	129	152	540	1,668	8.87	-28.76
35	New York	2,845	391	445	3,681	2,201	-1.76	-31.49
34	North Carolina	654	863	510	2,027	2,134	1.50	-26.34
50	North Dakota	0	0	3	3	106,489	0.00	-25.00
4	Ohio	3,748	2,787	1,196	7,731	663	42.01	-27.96
32	Oklahoma	277	199	328	804	2,070	4.96	-39.78
38	Oregon	152	313	235	700	2,391	-15.66	-25.13
13	Pennsylvania	1,610	2,188	1,203	5,001	1,113	33.54	-2.93
19	Rhode Island	0	195	153	348	1,329	27.94	0.58
8	South Carolina	1,346	831	511	2,688	794	22.24	-14.50
45	South Dakota	0	53	38	91	3,998	102.22	56.90
42	Tennessee	0	526	272	798	3,524	-14.29	-62.62
37	Texas	37	3,166	1,083	4,286	2,328	-10.50	-4.05
14	Utah	232	459	156	847	1,157	3.04	-34.39
49	Vermont	0	14	5	19	16,960	26.67	-42.42
33	Virginia	0	1,066	535	1,601	2,102	24.98	-30.60
21	Washington	22	1,401	446	1,869	1,543	-5.80	-55.15
48	West Virginia	0	21	34	55	16,041	-3.51	-34.52
16	Wisconsin	857	820	460	2,137	1,226	-15.77	-22.77
40	Wyoming	0	69	20	89	2,937	3.49	106.98

RealtyTrac Foreclosure NEWS Report

Residential Sales Counts & Median Prices by State – **March 2014**

	Annualized Sales	%Δ from Jan 2104	%Δ from Feb 2013	Median Sales Price	%Δ from Feb 2014	%Δ from March 2013	Distressed Discount%
U.S. Total	**5,253,464**	**0%**	**8%**	**$164,500**	**1%**	**10%**	**35%**
Alabama				$110,000	-10%	10%	42%
Alaska	10,700	0%	26%	$202,000	-12%	-11%	47%
Arizona	157,801	0%	-7%	$162,500	0%	9%	22%
Arkansas	30,003	0%	15%	$116,000	-2%	-4%	34%
California	481,899	-2%	-12%	$340,000	0%	21%	30%
Colorado	126,163	0%	4%	$217,880	1%	7%	30%
Connecticut*	23,595	-1%	-10%				
Delaware	15,558	-1%	5%	$172,500	-4%	0%	48%
District of Columbia	8,903	-3%	-3%	$437,500	-3%	4%	15%
Florida	542,183	1%	1%	$130,000	-2%	11%	29%
Georgia	182,448	0%	11%	$122,000	-1%	18%	34%
Hawaii*	20,751	-3%	4%				
Idaho	26,037	-1%	19%	$150,000	-5%	3%	28%
Illinois	201,075	1%	22%	$150,000	0%	14%	44%
Indiana	92,126	1%	25%	$117,000	0%	5%	27%
Iowa*				$115,000	-2%	0%	44%
Kansas*				$155,000	-4%	-3%	18%
Kentucky*				$115,000	-2%	-8%	39%
Louisiana	44,873	0%	14%	$135,000	-1%	-1%	41%
Maine				$134,000	-1%	-4%	
Maryland	84,885	0%	1%	$220,000	-2%	7%	38%
Massachusetts*	45,177	-4%	-21%				
Michigan	164,047	0%	3%	$90,000	-4%	18%	53%
Minnesota	84,078	1%	8%	$169,900	-1%	10%	25%
Mississippi	9,386	2%	40%	$134,000	1%	9%	29%
Missouri	92,723	0%	19%				
Montana	12,467	-1%	18%	$199,000	-6%	3%	15%
Nebraska	30,159	0%	22%	$120,000	-2%	0%	27%
Nevada	72,876	0%	-8%	$161,900	1%	20%	19%
New Hampshire*	12,076	-1%	31%				
New Jersey	87,301	1%	6%	$253,000	-1%	5%	34%
New Mexico	31,513	2%	19%	$140,000	-3%	-7%	
New York	150,225	1%	7%	$355,000	1%	26%	37%
North Carolina	164,470	1%	15%	$132,000	-2%	1%	38%
North Dakota	8,229	0%	6%	$169,950	-4%	0%	
Ohio	181,220	0%	14%	$93,100	-2%	10%	52%
Oklahoma	60,603	1%	14%	$113,000	0%	-2%	40%
Oregon	67,176	-1%	5%	$220,000	1%	11%	22%
Pennsylvania	156,208	0%	4%	$126,900	-2%	4%	46%
Rhode Island	7,434	-1%	-15%				
South Carolina	89,578	-1%	1%	$125,000	0%	14%	38%
South Dakota*							
Tennessee	116,808	0%	12%	$113,000	0%	11%	45%
Texas	535,395	2%	11%	$90,000	-5%	0%	8%
Utah	70,948	1%	10%	$149,000	-5%	-2%	11%
Vermont	6,967	-1%	6%	$168,975	0%	2%	49%
Virginia	110,226	1%	16%	$255,000	1%	4%	36%
Washington	119,046	0%	12%	$230,000	2%	11%	29%
West Virginia*	5,673	-1%	3%				
Wisconsin	75,494	-3%	8%	$129,500	-2%	0%	49%
Wyoming	6,177	1%	13%	$176,191	-7%	4%	

* *Insufficient data available for states not included in the table and blank cells*

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Foreclosure NEWS Report

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