



UNC
KENAN-FLAGLER
BUSINESS SCHOOL

THE FRANK HAWKINS KENAN INSTITUTE
OF PRIVATE ENTERPRISE

THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

DR. MICHAEL A. STEGMAN, DIRECTOR
CENTER FOR COMMUNITY CAPITALISM
CAMPUS BOX 3440
KENAN CENTER
CHAPEL HILL, NC 27599-3440

T 919-962-8201
F 919-962-8202
stegman@email.unc.edu
www.kenaninstitute.unc.edu/CCC/

Impacts of Prepayment Penalties and Balloon Loans on Foreclosure Starts, in Selected States: Supplemental Tables

Table 1

Difference in Ever-in-Foreclosure Rates by Prepayment Penalty for Subprime Refinance 1st Lien Originations Selected States, 1999

State	Total Number of Loans	Loans without Prepayment Penalties			Loans with Prepayment Penalties			Difference	Percentage Difference
		Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure	Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure		
Massachusetts	2,922	540	20	3.7%	2,382	294	12.3%	8.6%	333%
Colorado	3,535	993	55	5.5%	2,542	381	15.0%	9.4%	271%
Florida	7,029	955	94	9.8%	6,074	1,432	23.6%	13.7%	240%
Virginia	1,835	314	26	8.3%	1,521	295	19.4%	11.1%	234%
California	13,876	3,699	189	5.1%	10,177	1,202	11.8%	6.7%	231%
Georgia	4,004	633	63	10.0%	3,371	750	22.2%	12.3%	224%
Washington	3,166	690	78	11.3%	2,476	609	24.6%	13.3%	218%
Missouri	2,621	374	52	13.9%	2,247	610	27.1%	13.2%	195%
New Jersey	2,506	1,197	141	11.8%	1,309	299	22.8%	11.1%	194%
Ohio	8,344	505	75	14.9%	7,839	2,244	28.6%	13.8%	193%

State	Total Number of Loans	Loans without Prepayment Penalties			Loans with Prepayment Penalties			Difference	Percentage Difference
		Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure	Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure		
Arizona	2,695	480	51	10.6%	2,215	432	19.5%	8.9%	184%
New Mexico	1,172	590	106	18.0%	582	189	32.5%	14.5%	181%
Oregon	1,926	525	78	14.9%	1,401	347	24.8%	9.9%	167%
Michigan	8,775	1,115	158	14.2%	7,660	1,756	22.9%	8.8%	162%
Indiana	3,939	352	71	20.2%	3,587	1,157	32.3%	12.1%	160%
Tennessee	2,993	359	63	17.5%	2,634	739	28.1%	10.5%	160%
Utah	1,931	549	115	20.9%	1,382	437	31.6%	10.7%	151%
New York	4,487	2,583	390	15.1%	1,904	414	21.7%	6.6%	144%
Pennsylvania	4,283	1,091	203	18.6%	3,192	823	25.8%	7.2%	139%
Iowa	1,029	564	113	20.0%	465	126	27.1%	7.1%	135%
Maryland	2,166	931	172	18.5%	1,235	304	24.6%	6.1%	133%
Alabama	1,403	544	115	21.1%	859	235	27.4%	6.2%	129%
Illinois	6,653	2,757	586	21.3%	3,896	1,061	27.2%	6.0%	128%
Texas	4,546	3,751	598	15.9%	795	156	19.6%	3.7%	123%
Wisconsin	1,964	523	102	19.5%	1,441	340	23.6%	4.1%	121%
Oklahoma	1,111	382	91	23.8%	729	208	28.5%	4.7%	120%
North Carolina	3,573	2,092	480	22.9%	1,481	394	26.6%	3.7%	116%
Minnesota	2,734	771	121	15.7%	1,963	319	16.3%	0.6%	104%
South Carolina	1,845	1,490	452	30.3%	355	112	31.5%	1.2%	104%
Kansas	842	376	78	20.7%	466	97	20.8%	0.1%	100%
Other States	12,551	2,759	343	12.4%	9,792	2,337	23.9%	11.5%	193%
United States	122,456	34,484	5,279	15.3%	87,972	20,099	22.8%	7.5%	149%

Source: Loan Performance, Inc. and authors' calculations. See Quercia, Stegman, and Davis (2004): *The Impacts of Predatory Loan Characteristics on Subprime Foreclosures: The Special Case of Prepayment Penalties and Balloon Payments* for a full description of the sample used in this table. The selected states are those with at least 300 originations with a prepayment penalty and at least 300 without. This table presents foreclosures by prepayment penalty status without controlling for other risk factors and is presented for descriptive purposes. See Quercia, Stegman, and Davis (2004) for a national-level multivariate model which controls for other risk factors.

Table 2
Differences in Ever-in-Foreclosure Rates by Balloon Status
for Subprime Refinance 1st Lien Originations
Selected States, 1999

State	Total Number of Loans	Loans without Balloons			Loans with Balloons			Difference	Percentage Difference
		Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure	Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure		
Connecticut	1,560	1,153	167	14.5%	407	95	23.3%	8.9%	161%
Georgia	4,004	3,332	621	18.6%	672	192	28.6%	9.9%	153%
Florida	7,029	6,150	1,272	20.7%	879	254	28.9%	8.2%	140%
Arizona	2,695	2,393	411	17.2%	302	72	23.8%	6.7%	139%
Maryland	2,166	1,615	326	20.2%	551	150	27.2%	7.0%	135%
Kentucky	1,478	1,135	293	25.8%	343	119	34.7%	8.9%	134%
Michigan	8,775	6,708	1,358	20.2%	2,067	556	26.9%	6.7%	133%
Illinois	6,653	5,536	1,303	23.5%	1,117	344	30.8%	7.3%	131%
New Jersey	2,506	2,191	373	17.0%	315	67	21.3%	4.2%	125%
Virginia	1,835	1,399	232	16.6%	436	89	20.4%	3.8%	123%
Indiana	3,939	3,162	944	29.9%	777	284	36.6%	6.7%	122%
North Carolina	3,573	2,910	686	23.6%	663	188	28.4%	4.8%	120%
Washington	3,166	2,863	611	21.3%	303	76	25.1%	3.7%	118%
Ohio	8,344	6,135	1,630	26.6%	2,209	689	31.2%	4.6%	117%
Tennessee	2,993	2,480	652	26.3%	513	150	29.2%	2.9%	111%
Pennsylvania	4,283	3,674	868	23.6%	609	158	25.9%	2.3%	110%
South Carolina	1,845	1,482	445	30.0%	363	119	32.8%	2.8%	109%
Minnesota	2,734	2,375	380	16.0%	359	60	16.7%	0.7%	104%
Missouri	2,621	2,025	510	25.2%	596	152	25.5%	0.3%	101%
California	13,876	13,340	1,341	10.1%	536	50	9.3%	-0.7%	93%
Other States	12,424	11,153	2,133	19.1%	1,271	333	26.2%	7.1%	137%

		Loans without Balloons			Loans with Balloons				
State	Total Number of Loans	Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure	Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure	Difference	Percentage Difference
United States	122,456	105,015	20,725	19.7%	17,441	4,653	26.7%	6.9%	135%

Source: Loan Performance, Inc. and authors calculations. See Quercia, Stegman, and Davis (2004): *The Impacts of Predatory Loan Characteristics on Subprime Foreclosures: The Special Case of Prepayment Penalties and Balloon Payments* for a full description of the sample used in this table. The selected states are those with at least 300 originations with a balloon and at least 300 without. The comparison is to a combination of fixed rate and adjustable rate mortgages. This table presents foreclosures by balloon status without controlling for other risk factors and is presented for descriptive purposes. See Quercia, Stegman, and Davis (2004) for a national-level multivariate model which controls for other risk factors.

Table 3
Overall Ever-in-Foreclosure Rates
for Subprime Refinance 1st Lien Originations, all States, 1999

State	Total Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure
Alabama	1,403	350	24.90%
Alaska	107	19	17.80%
Arizona	2,695	483	17.90%
Arkansas	576	139	24.10%
California	13,876	1,391	10.00%
Colorado	3,535	436	12.30%
Connecticut	1,560	262	16.80%
Delaware	319	77	24.10%
Dist of Columbia	304	71	23.40%
Florida	7,029	1,526	21.70%
Georgia	4,004	813	20.30%
Hawaii	599	72	12.00%
Idaho	680	154	22.60%
Illinois	6,653	1,647	24.80%
Indiana	3,939	1,228	31.20%
Iowa	1,029	239	23.20%
Kansas	842	175	20.80%
Kentucky	1,478	412	27.90%
Louisiana	1,802	481	26.70%
Maine	476	82	17.20%
Maryland	2,166	476	22.00%
Massachussetts	2,922	314	10.70%

State	Total Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure
Michigan	8,775	1,914	21.80%
Minnesota	2,734	440	16.10%
Mississippi	820	223	27.20%
Missouri	2,621	662	25.30%
Montana	243	51	21.00%
Nebraska	611	138	22.60%
Nevada	718	151	21.00%
New Hampshire	518	55	10.60%
New Jersey	2,506	440	17.60%
New Mexico	1,172	295	25.20%
New York	4,487	804	17.90%
North Carolina	3,573	874	24.50%
North Dakota	59	8	13.60%
Ohio	8,344	2,319	27.80%
Oklahoma	1,111	299	26.90%
Oregon	1,926	425	22.10%
Pennsylvania	4,283	1,026	24.00%
Rhode Island	737	100	13.60%
South Carolina	1,845	564	30.60%
South Dakota	66	23	34.80%
Tennessee	2,993	802	26.80%
Texas	4,546	754	16.60%
Utah	1,931	552	28.60%
Vermont	155	14	9.00%
Virginia	1,835	321	17.50%
Washington	3,166	687	21.70%

State	Total Number of Loans	Number of Loans Ever in Foreclosure	Percent of Loans Ever in Foreclosure
West Virginia	545	115	21.10%
Wisconsin	1,964	442	22.50%
Wyoming	178	33	18.50%
United States	122,456	25,378	20.7%

Source: Loan Performance, Inc. and authors calculations. See Quercia, Stegman, and Davis (2004): *The Impacts of Predatory Loan Characteristics on Subprime Foreclosures: The Special Case of Prepayment Penalties and Balloon Payments* for a full description of the sample used in this table