

FORECLOSURE FACTORS LED BY UNEMPLOYMENT



In the state of Minnesota, most experts point to subprime mortgages as the main culprit in the majority of delinquencies on mortgages within the state. High interest rates, unfavorable terms, and the difficulty to repay the loan are what characterize a subprime mortgage. In close to 60 percent of home foreclosure cases in the state of Minnesota, people complain of unemployment and underemployment according to statistics released about the 2010 year. The statistics were compiled by the Minnesota Home Ownership Center. Accounting for six percent of the mortgage defaults in the state are tax increases and payment increases related to adjustable rate mortgages. "The Minnesota Home Ownership Center reported in 2010 that 90 percent of people getting services had prime mortgages, and only 10 percent had subprime mortgages," said Melissa Hansen, homeownership coordinator for the Scott County Community Development Agency. "There has been a big shift." A Foreclosure Clinic will be held at 6:30 p.m. Thursday, Oct. 27 at the Savage Library. "The clinic is open to everyone in both Scott and Carver counties," said Mary Freyberg, manager of the Scott County Law Library. "We have found that people sometimes travel a bit farther from home to attend a clinic that might be embarrassing to meet a neighbor at." The foreclosure process in the state of Minnesota, along with the rights of homeowners, will be explained by Hansen. "I think people are often concerned that [foreclosure] will happen pretty quickly," said Hansen. "If they miss a payment they think someone will come to their house and they'll be kicked out immediately." Foreclosure, not only in Minnesota but also around the country, has become a major problem in the United States today. Foreclosure rates were always present in the country prior to the recession but the percentages shot up in the middle of the recession and are having trouble coming down to pre-recession numbers right now. Minnesota's Scott and Carver counties are offering free and confidential services to those who live in those counties who are in danger of losing their homes to foreclosure. The clinics will also offer help to those who might have to default on their mortgage, have trouble paying homeowner association fees, or have trouble paying property taxes. The clinics are free, have no requirements, and plenty of information can be acquired at these clinics for those who live in Scott and Carver counties in Minnesota. **Foreclosure factors** 2010 statistics in the state of Minnesota show that homeowners say they have defaulted on their mortgages because of unemployment or underemployment. The majority of factors that cause foreclosure in the state of Minnesota are outlined below. **60 percent:** Unemployment or underemployment **12 percent:** Money management **9 percent:** Death or divorce **8 percent:** Medical expenses **6 percent:** Payment increase **5 percent:** Other factors