



For release July 26, 2012

Contacts:

Sally Young, NVAR
775.829.5911
George McCabe, B&P
702.325.7358
gmccabe@bpadv.com

NVAR “Face of Foreclosure” shows Nevadans split on whether homeowners should “strategically default”

A “Face of Foreclosure” report released today by the Nevada Association of REALTORS® (NVAR) paints a picture of frustrated but oddly optimistic Nevadans who believe government has failed to address the foreclosure crisis and who are divided over whether homeowners should “strategically default” on their mortgages.

Forty-five percent of all Nevadans surveyed said “there is nothing wrong” with “strategic default,” while an equal number disagreed, saying homeowners have a legal and ethical obligation to pay their mortgage if they can.

NVAR President Blane Johnson said this shows “how polarizing this issue has become” and how it can paralyze policy-makers.

“This year’s report shows it’s more socially acceptable to strategically default on your mortgage,” Johnson said. “I hope banks and government leaders will look at this to help them get ahead of these issues.”

For instance, he said lenders can do more to help distressed homeowners refinance, modify their loans or streamline short sales, which occur when lenders agree to sell a home for less than what the borrower owes on the mortgage.

Nevadans expressed a dim view of existing government programs to help distressed homeowners. Only 9 percent of those experiencing foreclosure and 10 percent of all Nevadans surveyed said foreclosure prevention programs have helped. Still, 55 percent of all Nevadans believe government has a role in addressing the problem.

“If the help is real, people in Nevada are saying they can use it,” Johnson said.

Despite expressing frustration with the duration and reaction to the problem, Nevadans remained relatively optimistic about home ownership. In fact, 26 percent of those who’ve faced foreclosure said they are at least “somewhat likely” to buy another home within two years.

“We found that most people want to get back into the market and that 79 percent of those who faced foreclosure still believe owning a home is part of the American dream,” said Johnson, a longtime REALTOR® based in Incline Village, Nev. “Most Nevadans believe home prices have hit bottom and are going up.”



Besides updating research from past years, Johnson said this year's report includes a documentary-style video featuring interviews with local homeowners, real estate and mortgage professionals. NVAR hopes it will not only inform, but help government and industry leaders find solutions to issues facing thousands of homeowners in Nevada, which has had one of the nation's highest foreclosure rates in recent years.

The 2011 report found that 23 percent of Nevadans who lost their homes to foreclosure admitted that they simply walked away from their mortgage. That number climbed in the 2012 report, with 27 percent of those experiencing foreclosure describing their situation as a "strategic default" – defined as being financially able but choosing not to pay their mortgage.

Of those who walked away, 40 percent said they were advised by their lender or financial advisor to stop paying their mortgage to qualify for assistance.

Most Nevadans believe government should help homeowners keep their homes. But 30 percent of those who faced foreclosure said "government should stay out of the way."

The report was commissioned by NVAR, utilizing information from Silver State Analytics and research conducted by national research firm SGS. SGS compiled data from leading sources, held focus groups and polled 1,000 Nevadans, including 500 who had either experienced or narrowly avoided foreclosure.

View the video and report at www.FaceOfForeclosure.org.

The Nevada Association of REALTORS® is a professional trade association with nearly 14,000 members. Visit www.NVAR.org.

###