

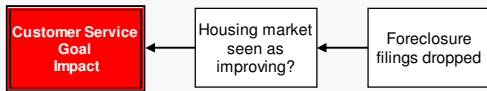
# 1 Problem

## Step 1. Define the Problem

<b>What</b>	Issue	25% drop in foreclosure filings
<b>When</b>	Date	Summer 2011
	Different, unusual, unique	Unemployment still high
<b>Where</b>	State, city	U.S.A.
<b>Impact to the Goals</b>	<b>Cust. Service</b>	Housing market seen as improving
	<b>Organization</b>	Delayed recovery in housing market

# 2 Analysis

**Basic Level Cause Map** - Start with simple Why questions.

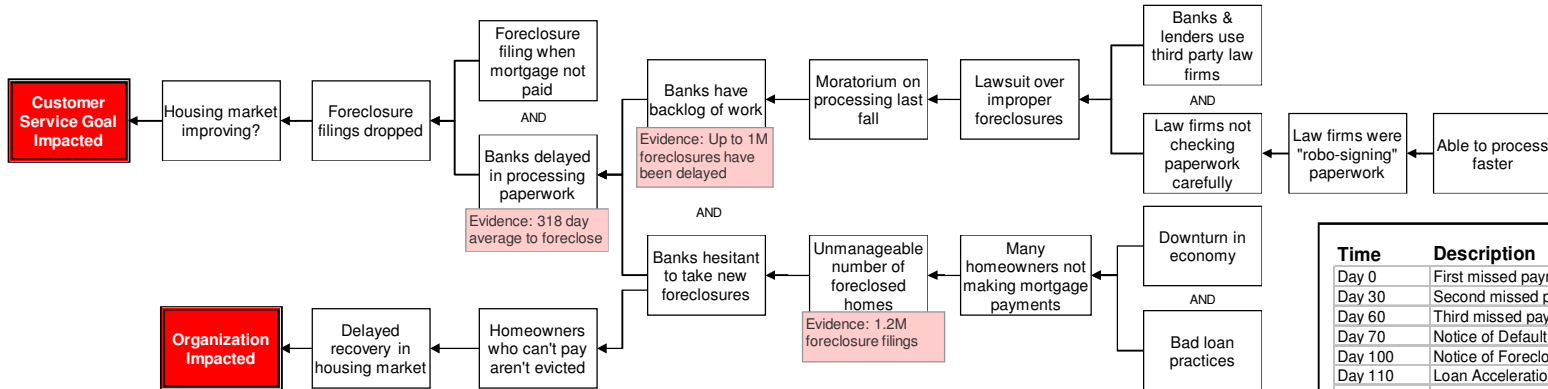
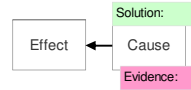


**Basic Cause-and-Effect**

Foreclosure filings plummeted in the first half of 2011. However, the number of homes delinquent in paying their mortgage hasn't fallen. The real reason behind the drop in filings is that banks aren't taking the steps to foreclose on the properties.

Below is a more detailed Cause Map showing why this is happening.

**More Detailed Cause Map** - Add detail as information becomes available.



Time	Description
Day 0	First missed payment
Day 30	Second missed payment
Day 60	Third missed payment
Day 70	Notice of Default
Day 100	Notice of Foreclosure & Notice of Trustee's Sale
Day 110	Loan Acceleration
Day 114	Last Day to Reinstate
Day 120	Trustee's Sale

# FORECLOSURES DOWN?

## Cause Map

After years of decline in the housing market, there has been a significant dip in foreclosure filing rates. However the real reason behind the dip isn't economic recovery...it's a backlog of work at banks across the nation.

"What makes [the foreclosure crisis] almost inevitable is the fact there are 5 million seriously delinquent loans not yet in foreclosure." - Rick Sharga, Senior VP at RealtyTrac, January 2011

Cause Mapping is a Root Cause Analysis method that captures basic cause-and-effect relationships supported with evidence.

## CAUSE MAPPING

Problem Solving • Incident Investigation • Root Cause Analysis



## More Detailed Cause-and-Effect

One of the major causes of the drop in filings is that banks are reluctant to notify newly delinquent homeowners. The initial notification process has slowed down, but so has the entire foreclosure process. Banks hope that by delaying the process, homeowners may be able to resume payment – the preferred outcome. In some states, foreclosures are averaging well over 900 days. Banks already have a huge backlog of vacant properties, and banks are in the business of managing money, not property.

There's another reason behind the processing delays. Last fall banks were brought to court for robo-signing, a practice where law firms were automatically signing off on all foreclosure paperwork. The practice meant that many applicants were illegally kicked out of their homes. Many of the largest banks and lenders suspended processing to determine how robo-signing was occurring and stop it. It turns out that law firms, in an effort to get through the mountains of paperwork, were rubberstamping the foreclosure filings without due diligence to ensure everything was in order.

Delayed foreclosures are beneficial to families facing eviction, however often it is simply delaying the inevitable. Many economists believe that the economy will continue to struggle until the housing market recovers. In the meantime, the foreclosure crisis will drag on until banks can close out these dysfunctional loans.

For a free copy of our Root Cause Analysis Template in Microsoft Excel, used to create this page, visit our web site.

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