



Illinois Wesleyan University
Digital Commons @ IWU

John Wesley Powell Student Research
Conference

2011, 22nd Annual JWP Conference

Apr 9th, 10:00 AM - 11:00 AM

***Lis Pendens* as an Indicator of Mortgage Quality: McLean County,
Illinois**

Michael J. Mann
Illinois Wesleyan University

Diego Mendez-Carbajo, Faculty Advisor
Illinois Wesleyan University

Follow this and additional works at: <https://digitalcommons.iwu.edu/jwprc>



Part of the [Economics Commons](#)

Mann, Michael J. and Mendez-Carbajo, Faculty Advisor, Diego, "*Lis Pendens* as an Indicator of Mortgage Quality: McLean County, Illinois" (2011). *John Wesley Powell Student Research Conference*. 1.

<https://digitalcommons.iwu.edu/jwprc/2011/oralpres5/1>

This Event is protected by copyright and/or related rights. It has been brought to you by Digital Commons @ IWU with permission from the rights-holder(s). You are free to use this material in any way that is permitted by the copyright and related rights legislation that applies to your use. For other uses you need to obtain permission from the rights-holder(s) directly, unless additional rights are indicated by a Creative Commons license in the record and/ or on the work itself. This material has been accepted for inclusion by faculty at Illinois Wesleyan University. For more information, please contact digitalcommons@iwu.edu.

©Copyright is owned by the author of this document.

Oral Presentation O5.1

***LIS PENDENS* AS AN INDICATOR OF MORTGAGE QUALITY:
MCLEAN COUNTY, ILLINOIS**

Michael J. Mann and Diego Mendez-Carbajo*
Economics Department, Illinois Wesleyan University

This paper studies the time series components of *lis pendens* in McLean County, Illinois for a period of 252 months, from January 1990 through December 2010. A *lis pendens* is defined as a lawsuit filed against a specific property, which begins the foreclosure process. The variable allows for mortgage quality to be quantitatively analyzed, and can be intuitively identified as a leading indicator of foreclosure. Existing empirical literature has documented a link between declining mortgage quality and the health of the American housing market, though few authors use *lis pendens* as a primary tool to measure mortgage quality. Since the sample period overlays multiple expansionary and contractionary episodes in the American economy, a macro-level cyclical component can be established. Along with this find, two distinct trend components can be calculated – the second of which can be seen as alarmingly positive. Ultimately, an autoregressive moving average model is developed using Box Jenkins methodology in an attempt to forecast future values of the series.