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Foreclosure filings fall for 4th month

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The Philadelphia Inquirer

Foreclosure filings fell 8 percent in November from October, the fourth straight month of declines, RealtyTrac of Irvine, Calif., reported Thursday.

With one filing for every 417 houses nationally, November saw the lowest amount of foreclosure activity since February.

The numbers, while 18 percent higher than the same month last year, were a result of "loan modifications and other foreclosure prevention efforts," said RealtyTrac chief executive James J. Saccacio.

He said the recently extended and expanded homebuyer tax credit was keeping a lid on home value depreciation.

Saccacio warned, however, that a full recovery will come only "when unemployment recedes to normal, healthy levels and when availability of credit reaches a more rational balance between the extremes of the past few years."

Data from Integrated Asset Services of Denver showed values continuing to decline despite the buying boom fostered by the tax credit.

Home values actually declined 0.05 percent nationally in October from September, with the Northeast, especially metropolitan Boston, dragging the numbers down. The Northeast region fell 1.6 percent; the Middle Atlantic, 0.06 percent.

"I have no doubt that the tax credit persuaded some buyers to make their purchase sooner than they otherwise would have," said Dave McCarthy, president and CEO of Integrated Asset Services. "It's reasonable to think the broader market will reflect that reality at some point down the road."

Although Saccacio credited loan modification efforts as helping slow the rate of foreclosures, a Treasury report Thursday on the Obama administration's Making Home Affordable program showed the effort coming up woefully short in getting lenders to alter mortgage terms permanently.

Programs to mitigate foreclosures are not having the desired impact, said Michael Feder, president of Radar Logic in New York, which tracks the housing market.

The Treasury Department reported Thursday that just 31,382 loans of the four million mortgages targeted had been modified permanently since the program began in February.

There are 728,000 loans in "trial" modification.

By some estimates there is as much as \$1 trillion in potential foreclosures already delinquent, Feder said.

Lawmakers have been critical of the program, which they say is still focusing on the subprime-loan crisis of last year rather than mortgage foreclosures related to rising unemployment.

They also have taken lenders to task, especially those who have taken government bailout money, known as TARP funds. Those lenders, however, have been reporting great success in modifying loans independent of the government program.

Resets of thousands of so-called exotic mortgages such as option adjustable-rate loans in 2010 "will undoubtedly lead to another wave of foreclosures as payments begin to double and triple," said Sylvia Alayon, vice president of the Consumer Mortgage Audit Center in Fort Lauderdale, Fla.

"When principal balances go up and house values continue to plummet, refinancing will no longer be an option for homeowners in negative amortization," she said.

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