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## U.S. foreclosure filings soar 71%

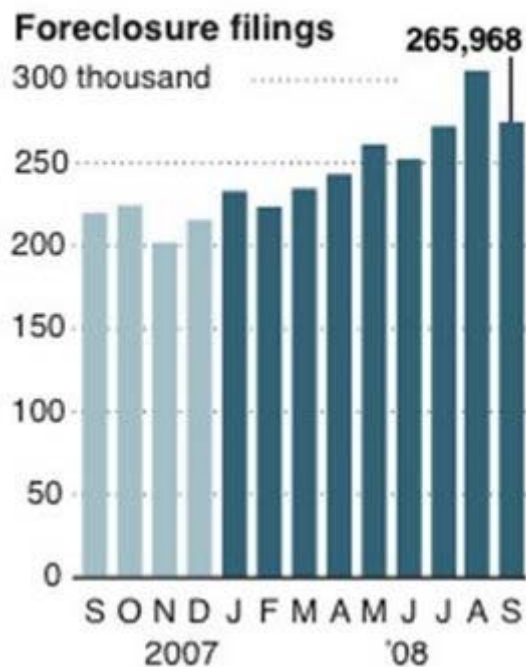
By ALAN ZIBEL

AP Business Writer

Posted: Thursday, Oct. 23, 2008

### Hitting home

Foreclosure filings in September rose 21 percent from a year ago.



SOURCE: RealtyTrac

AP

Graphic shows total foreclosure filings for past 13 months.

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WASHINGTON The number of homeowners ensnared in the foreclosure crisis grew by more than 70 percent in the third quarter of this year compared with the same period in 2007, according to data released Thursday.

Nationwide, nearly 766,000 homes received at least one foreclosure-related notice from July through September, up 71 percent from a year earlier, said foreclosure listing service RealtyTrac Inc.

By the end of the year, RealtyTrac expects more than a million bank-owned properties to have piled up on the market, representing around a third of all properties for sale in the U.S.

That's bad news for anyone who lives nearby and wants to sell their home. While foreclosure sales are booming in many areas, those properties are commanding deep discounts and pulling down neighboring property values. "It has a pretty significant impact in terms of pricing," said Rick Sharga, RealtyTrac's vice president for marketing.

RealtyTrac monitors default notices, auction sale notices and bank repossessions. More than 250,000 properties were repossessed by lenders nationwide in the third quarter, 81,000 of which were taken back last month.

Six states - California, Florida, Arizona, Ohio, Michigan and Nevada - accounted for more than 60 percent of all foreclosure activity in the quarter, with California alone making up more than a quarter of all U.S. foreclosure filings.

Detroit and Atlanta were the only cities outside California, Florida, Nevada and Arizona to make RealtyTrac's list of the 20 hardest-hit metropolitan areas.

The combination of sinking home values, tighter mortgage lending criteria and an economy that many economists think has already slipped into recession has left hundreds of thousands of homeowners with few options. Many can't find buyers or owe more than their home is worth and can't refinance into an affordable loan, with the global credit crisis making loans far less available.

For those who can qualify for a loan, or have cash to invest, there are bargains to be had, especially in ravaged markets like Nevada and California. Last month, foreclosure resales accounted for more than half of existing home sales in California last month, as home sales jumped 65 percent from a year ago, while the statewide median home price fell 34 percent to \$283,000, according to MDA DataQuick.

RealtyTrac, however, reported foreclosure filings in September were actually down 12 percent from August. But much of that decline was the result of new state laws that delay the foreclosure process. In California, for example, lenders are now required to contact borrowers at least 30 days before filing a default notice. A similar law in North Carolina gives borrowers an extra 45 days.

Still, that's not likely to be enough to save homeowners who owe more on their mortgages than their homes are worth. Nearly 12 million of the 52 million Americans with a mortgage - that's 23 percent of them - are in that position, according to Moody's Economy.com.

It remains to be seen how much the government's intervention will stem the housing crisis. Earlier this month, the Federal Housing Administration launched a program that aims to prevent foreclosures by allowing homeowners to swap their mortgages for more affordable loans, but only if their lender agrees to take a loss on the initial loan. The bill is projected to help about 400,000 households.

Meanwhile, the Federal Deposit Insurance Corp., which took over Pasadena, Calif.-based IndyMac Bank over the summer, has been aggressively modifying troubled home loans since August in an effort to stave off foreclosures. Congressional Democrats are calling for that approach to be expanded as the Treasury Department buys billions in troubled mortgage debt as part of a \$700 billion financial industry bailout.

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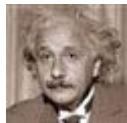


**BarryH0** wrote on 10/23/2008 11:29:58 PM:

People should not have to be able to afford the house they buy.

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**ispeakwisdom** wrote on 10/23/2008 01:41:49 PM:

When I went to buy a house, I decided to get one that I could afford. Shockingly, I am still in this house and have paid my mortgage on time every month.

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**braduncc** wrote on 10/23/2008 08:54:27 AM:

Great job Charlotte Observer. Lets keep focusing on the negative aspects rather than the fact that the forclosure rate actually dropped by 12% versus last month. No wonder people are panicking because its news sources such as this one that choose only to focus on the worst scenarios rather than finding any kind of optimism (or in this case completely ignoring it) that could potentially help the situation.

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**TexGirl** wrote on 10/23/2008 08:40:33 AM: