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Annual US foreclosure filings nearly double in October

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(11-29) 15:13 PST Los Angeles (AP) --

U.S. homeowners increasingly fell behind on mortgage payments or even lost their homes last month compared to a year ago, with Nevada, California, Florida and Ohio posting the highest foreclosure rates, a mortgage research firm said Thursday.

A total of 224,451 foreclosure filings were reported in October, up 94 percent from 115,568 in the same month a year ago, according to Irvine-based RealtyTrac Inc.

The number of filings in October rose 2 percent from September's 219,850.

The U.S. had one foreclosure filing for every 555 households in October, RealtyTrac said.

The filings include default notices, auction sale notices and bank repossessions. Some properties might have received more than one notice if the owners have multiple mortgages.

In all, 45 states saw an increase in foreclosure filings over last year.

While the number of filings is still up year-over-year, it has leveled off in the last two months after hitting a high for the year in August.

Efforts by lenders under pressure to modify loan terms for at-risk borrowers could explain the slower sequential increase in filings.

But the trend is likely more a result of a lag in filings after interest rate changes on adjustable-rate mortgages, said Rick Sharga, RealtyTrac's vice president for marketing.

"What we probably did was come out of a reset cycle, but (the filings) have leveled off at a much higher level than before we got to this point," Sharga said.

It typically takes two to three months after a rate reset before a borrower who fails to make payments is considered in default.

Tighter lending standards and the ongoing housing slump are making it harder for homeowners who can't afford their mortgage payments to sell their homes or refinance.

Many homeowners with adjustable-rate mortgages are also facing steep monthly payment hikes. Experts estimate some 2 million of the loans are due to reset at higher rates in the next eight months, which could lead to more foreclosures.

One alarming trend in October was an increase in the number of homes that were repossessed by lenders after they failed to sell at trustee auctions.

"About 35 percent of the total filings we collected this month were notices of bank repossession," Sharga said. "Historically, on average, that number is more like 20 percent."

That means more borrowers who entered foreclosure ended up losing their homes.

The trend was particularly evident in Ohio, where 45 percent of all foreclosure filings during the month were notices of bank repossessions. The repossessions represented 46 percent of all filings in Missouri and 37 percent in Michigan.



Economic woes and job losses have exacerbated the housing slump in the Midwest.

Nevada, California, Florida and Ohio had the highest foreclosure filing rates in the country last month, RealtyTrac said.

Nevada reported one foreclosure filing for every 154 households, earning the state the highest rate in the nation for the 10th month in a row. The state had 6,618 filings in October, up 20 percent from September and nearly triple from October 2006.

California's rate was one filing for every 258 households. The state reported the most foreclosure filings of any single state with 50,401, down 2 percent from September but more than triple the number from October of last year.

The state's foreclosures were primarily driven by adjustable mortgages resetting to sharply higher monthly payments, RealtyTrac said.

Florida had one foreclosure filing for every 273 households. The state reported 30,190 foreclosure filings last month, down more than 9 percent from September, but up nearly 165 percent from October 2006's total.

Ohio reported one foreclosure filing for every 290 households. The state had 17,276 filings last month, up nearly 10 percent from September and 136 percent from October 2006.

Rounding out the states with the top 10 foreclosure filing rates in October were Georgia, Michigan, Colorado, Arizona, Indiana and Illinois.

On the Net:

RealtyTrac Inc.: www.realtytrac.com

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