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Update: Foreclosures and delinquencies

The national foreclosure rate continues to rise at an alarming rate.

As of June, more than 4 million homes were in some stage of default. The number of Americans who have fallen behind by at least 30 days on their home loan payments jumped 44 percent in the second quarter from a year ago.

Delinquencies now are at a record 9.24 percent of mortgages, according to the National Delinquency Report from the Mortgage Bankers Association, and represent more than 4 million of the 45 million borrowers covered by the report.

What that rate does not include, however, are loans already in foreclosure. Some 4.3 percent of all mortgages are now in that stage, up from 3.85 percent three months earlier, and 1.55 percentage points from one year ago.

The combined percentage of past-due loans and those already in foreclosure hit 13.16 percent during the quarter, the most ever recorded.

There was a major drop in foreclosures on subprime adjustable rate mortgage loans. That drop was offset, however, by increases in the rates of foreclosure on other types of loans, with prime fixed-rate loans seeing the largest increase.

Prime, fixed-rate loans accounted for nearly one in every three foreclosures started. A year ago, that ratio was one in five.

That bodes ill for the future health of the mortgage market. Prime loans make up two-thirds of the mortgage market, and if delinquencies among those mortgages continue to increase, the number of foreclosures will soar.

The MBA is now forecasting that delinquency and foreclosure increases will continue until the current economy begins to recover. Predictions are that job losses will peak by mid-2010, and delinquencies and foreclosure will begin to fall about six months later.

The so-called "sand states" continue to contribute disproportionately to the mortgage meltdown. Four such state — California, Florida, Arizona and Nevada — accounted for 44 percent of all foreclosures starts during the quarter.

New York's foreclosure rate stood at 6.95 percent.

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