

Foreclosures jump 57 percent in last 12 months

By Lynn Adler Tue Apr 15, 5:26 AM ET

Home foreclosure filings surged 57 percent in the 12 month-period ended in March and bank repossessions soared 129 percent from a year ago, as homeowners struggled to make mortgage payments, real estate data firm RealtyTrac said on Tuesday.

For the month of March, foreclosure filings, default notices, auction sale notices and bank repossessions rose 5 percent, led by Nevada, California and Florida, RealtyTrac said.

The rise in March to filings on a total of 234,685 properties followed a 4 percent decline in February, RealtyTrac reported.

RealtyTrac said the peak has yet to be reached.

"What we're really looking at is ongoing fallout from people overextending themselves to buy homes they couldn't afford and using highly toxic loan products to get into the houses in the first place," Rick Sharga, vice president of marketing at RealtyTrac, based in Irvine, California, said in an interview.

"We're going to see quite possibly a record amount of foreclosure activity in the third or fourth quarter," reflecting sharp payment increases on adjustable-rate subprime mortgages in May and June, Sharga said.

One in every 538 U.S. households living in single-family dwellings received a foreclosure filing in March. The single-family dwellings can include condominiums.

There are three phases of the foreclosure process in most states -- an initial default notice, notice of a scheduled auction, and an "REO" filing if the property is not sold at auction but instead repossessed by the bank, Sharga said.

REO refers to real estate-owned property.

All of the households in the report received at least one of these filings last month.

AUCTION NOTICES UP 32 PERCENT

While default notices and repossessions soared in March, auction notices rose a relatively small 32 percent, James J. Saccacio, chief executive officer of RealtyTrac, said in a statement.

That suggests "more defaulting homeowners are simply walking away and deeding their properties back to the foreclosing lender," he said. "This deed-in-lieu-of-foreclosure process allows the lender to take possession of a property without putting it up for public foreclosure auction."

The states with the highest foreclosure filing rates -- Nevada, California and Florida -- also are among those that had the biggest price appreciation in the five-year boom before the housing meltdown that began in 2006.

These states tend to also be plagued by defaults on unoccupied homes bought by speculative investors. In many cases, home prices have now fallen below the size of the mortgages and some owners are walking away.

In Nevada, one in every 139 households received a foreclosure filing in March, keeping the state at the top of the ranks for the 15th straight month.

The 7,659 Nevada properties receiving foreclosure filings last month represented a 24 percent jump from February and a nearly 62 percent spike from March 2007.

California had the second highest rate of foreclosure filings, one for every 204 households, followed by Florida with one of every 282 households.

Arizona's filings fell about 5 percent, but it retained its standing as with the fourth highest pace of foreclosure activity for the third month straight.

Foreclosure activity in Colorado dropped 8 percent in March from February and 1 percent from a year ago, but it ranked No. 5, with one filing for each 339 households.

Georgia, Ohio, Michigan, Massachusetts and Maryland were the other states with the highest foreclosure rates in March.

The states with highest total number of foreclosure filings were California, Florida and Ohio.

Foreclosure filings were reported on 64,711 California properties in March, the most of any state for the 15th consecutive month, up nearly 21 percent from February and up almost 106 percent from March 2007.

Florida posted the second highest total, with foreclosure filings reported on 30,254 properties in March. While down about 7 percent from February, filings were about 112 percent higher than last March.

Georgia, Texas, Michigan, Arizona, Illinois, Nevada and Colorado were the other states with the highest foreclosure totals in March.

Courtesy of JB Goodwin