



The Forecast for Foreclosures

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Michele Johnson is no stranger to desperate phone calls, but lately they've become an even more regular occurrence. Johnson, who is chief executive of the Consumer Credit Counseling Service of Southern Nevada & Utah, says that these days, homeowners facing foreclosure are seeking out the agency's help in droves.

"There was just so much creative financing that was going for the last few years with consumers not understanding fully the potential ramifications," she explains. "Our goal here now is to mitigate their losses."

For the second month in a row, Nevada had the highest foreclosure rate of any U.S. state, with one filing for every 278 households -- more than three times the national average, according to research firm RealtyTrac.

Colorado registered the second-highest rate in February, with one foreclosure for every 345 households, while Florida took third place, with one filing for every 382 homes. Others ranking among the country's top 10 states for foreclosures were Georgia, Michigan, Tennessee, Ohio, Texas, Arizona, and Indiana.

Temporary Relief? The U.S. fared much better as a whole: RealtyTrac measured a total of 130,786 filings nationwide in February, down 4% from January's level.

February's decline, however, may prove fleeting. "A 4% decrease, for all intents and purposes, is flat," says Rick Sharga, RealtyTrac's vice-president of marketing. Foreclosures were still up 12% year-over-year, and February's total marked the first time there have ever been two back-to-back months with U.S. foreclosure numbers over 130,000, Sharga notes. January's total foreclosure figure -- 136,113 -- was the highest monthly number ever recorded by RealtyTrac.

February's drop in filings could have something to do with the 3.9% rise in existing-home sales for the month reported Mar. 23 by the National Association of Realtors.

Improving fundamentals, historically low mortgage rates, and mild weather that brought out home shoppers in December contributed to the sales increase, NAR said in a statement.

Foreclosure Jump Still Expected Selling can be an escape route for homeowners in danger of foreclosure, and if the demand exists, the process becomes much easier. "A continued improvement on the sales side of real estate could be the quickest cure for high foreclosure rates," says Sharga.

NAR predicts that freezing temperatures in February will lead to a decline in home sales in March before a rebound later in the spring.

RealtyTrac still expects 2007 foreclosure activity to be 33% higher than in 2006 based on trends in the first two months of this year. "It appears that as subprime and FHA loans default at higher-than-anticipated rates, and lenders tighten their underwriting standards, we're going to continue to see a spike in the number of homeowners facing

