U.S. foreclosures spreading to regions formerly spared

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The U.S. foreclosure crisis is spreading, and areas that previously appeared immune are now seeing the numbers rise, according to a report yesterday from RealtyTrac Inc., of Irvine, Calif., which tracks filings nationwide.

Some high-foreclosure states (California and the Midwest) saw their numbers drop. But states relatively untouched in the past (Oregon, Idaho, Utah, and South Carolina) experienced increases in foreclosure filings, which RealtyTrac chief executive officer James J. Saccacio suggested may be more directly related to growing unemployment than fallout from subprime and adjustable-rate loans.

Nationally, one in every 84 homes had a foreclosure notice filed against it in the first six months of the year, RealtyTrac said. In the Philadelphia region, it was one in every 168 houses.

The Philadelphia metropolitan area, into which RealtyTrac tucks Wilmington, remained well below national averages for the first half of 2009, ranking 121st of 203 metro areas monitored.

Foreclosure filings in the region were down about 6 percent from the same period a year earlier, and were almost 8 percent lower than in the last six months of 2008.

By contrast, filings nationally rose almost 15 percent over the January-to-June 2008 level and were 9.5 percent higher than the last six months of 2008, RealtyTrac said.

The worst metro areas continued to be in California, the Southwest, and Florida. Las Vegas led the list with foreclosure filings for one in every 13 houses, followed by Cape Coral-Fort Myers, Fla., with one in every 14.

Of the 282 home sales in the Cape Coral-Fort Myers area in June, 130 were either short sales or post-foreclosure bank-owned homes, said Jay LaGace of LaGace & Whitt Partners. A year ago, distressed properties made up 9 in 200 sales.

Though the Philadelphia region has not suffered as much as other parts of the country since the foreclosure crisis began in late 2006, concerns about rising unemployment have moved officials to action.

This week, Mayor Nutter began a major public-relations push for Philadelphia's mandatory mortgage-foreclosure diversion program, which successfully modified 1,400 home loans in its first year.

Public-service announcements, paid for by foundations and private contributions, will appear on TV and throughout the transit system. Notices will include a number to call, 215-334-4663.

The city's program is being emulated elsewhere as the Obama administration's Make Home Affordable effort, launched in February, has not made much of a dent.

So far, the voluntary national program, which promised relief for up to nine million at-risk borrowers through modification or refinancing, has completed only 200,000 "trial" modifications. The administration wanted to be at the half-million mark by November.

To make mortgage servicers who signed on to the program more accountable, HUD Secretary Shaun Donovan said that public reporting of results for each of the servicers would begin Tuesday. HUD also will measure the performance of each servicer. Freddie Mac will audit refused modifications, to see if a second look is necessary.

Hope Now, a voluntary modification program run by the mortgage industry, said Wednesday that more than 1.5 million homeowners had been helped since January.

The foreclosure and credit crises have changed the way homeowners are refinancing their mortgages, Freddie Mac reported yesterday.

Of the mortgages refinanced in the second quarter, 62 percent of prime borrowers either kept the same principal balance or reduced it, said deputy chief economist Amy Crews Cutts.

"Credit standards are quite strict today for cash-out [refinancings], and borrowers need a significant equity cushion to contemplate equity extraction," she said. "That's why cash-out volumes are 35 percent lower now than a year ago, even though interest rates are so low."

Those rates reached 5.25 percent yesterday, and Freddie Mac said it believed that was where the fixed 30-year rate would remain for the rest of the year.