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U.S. FORECLOSURE INDEX: Foreclosures Soar in March, Up 44 Percent Over February's High

Lenders End Moratoria, Opening Flood of Foreclosures; Re-defaults and Job Losses Also Take Their Toll

SACRAMENTO, Calif. – Completed foreclosures hit another monthly record in March as 175,199 homes were lost to foreclosure, up 44 percent from February's record high, according to the latest U.S. Foreclosure Index released today by ForeclosureS.com, a leading real estate information provider.

The number of foreclosed properties was up dramatically from 121,756 in February. Nearly 370,000 properties have been repossessed by lenders so far this year – 18.3 of every 1,000 households – up more than 38 percent from 266,986 in the fourth quarter of 2008, the U.S. Foreclosure Index shows, and up 76 percent from 210,280 in the first quarter of 2008.

The first-quarter 2009 total is the highest quarterly total of completed foreclosures since the foreclosure crisis began. Pre-foreclosure filings – filings that could lead up to a completed foreclosure – also reached their highest quarterly level, topping 600,000 for the first time since the foreclosure crisis began.

While February and March headlines boasted of government efforts to stop foreclosures, in fact March was the first month when major government-backed lenders – including Fannie Mae and Freddie Mac – lifted moratoria on many properties in the first week of March. Only properties eligible for modification under the Obama administration's plan were covered by continuing foreclosure moratoria, according to statements by the two agencies.

“The floodgates of foreclosure opened with the expiration of these foreclosure freezes,” says Alexis McGee, foreclosure expert, educator, and author. “With rising unemployment, a backlog of delayed foreclosures and increasing abandonment of properties, foreclosures soared in March to levels we have not seen in this crisis.”

“Hopefully, this is a short-term surge caused by months of delayed foreclosures. This is a very troubling turn after seeing some bright spots earlier this year. However, with Obama's new Making Homes Affordable Plan now in effect we are hoping that in the

near future we will see a reduction in new pre-foreclosure filings, which will help stabilize the housing markets” McGee said.

“March’s high numbers may also be caused by defaults on previously modified loans. Earlier this month the Office of the Comptroller of the Currency and the Office of Thrift Supervision reported higher and rising re-default rates on modified mortgages as part of their fourth-quarter 2008 report,” McGee added. “The report points to the fact that not all previously modified loans result in lower monthly payments, and when combined with today’s economics, the result can be catastrophic for already strapped homeowners.”

The Obama administration’s Making Home Affordable Plan is intended to help promote loan modifications by bringing debt-to-gross income ratios down to 31 percent. In short, that would allow homeowners to only spend 31 percent of their income on the mortgage, including taxes. With such low payment levels – compared to 50 percent payments as the recent norm of banks – people who get their loans modified under the new plan will be far more likely to remain in their home.

Regionally, the U.S. Foreclosure Index of Completed Foreclosures (Real Estate Owned) shows double-digit increases in March over February’s already record high monthly numbers:

NATIONWIDE REOs					
Region	January	February	March	Mar-Feb Increase	Totals
Midwest	12,716	24,130	35,707	48%	72,553
Southeast	21,839	32,024	43,085	35%	96,948
Northeast	4,495	10,706	12,645	18%	27,846
Southwest	33,513	54,676	83,363	52%	171,552
Other States	131	220	399	81%	750
Nationwide	72,694	121,756	175,199	44%	369,649

California led the nation in number of foreclosures last month—38,318, up more than 59 percent from February, the U.S. Foreclosure Index shows.

“But the state also is a leader in the housing recovery,” says McGee, “and mixes the good with the troubling news. It’s indicative of what’s beginning to happen in states across the country.”

Consider a few numbers from the California Association of Realtors:

- Existing, single-family home sales in the state increased 83 percent in February to a seasonally adjusted rate of 620,410 on an annualized basis.
- The statewide median price of an existing single-family home decreased 40.8 percent in February to \$247,590.
- CAR’s Unsold Inventory Index fell to 6.5 months in February, compared with 15.3 months in February 2008.

- The median number of days it took to sell a single-family home declined to 51.5 days in February 2009, compared with 69.3 days in February 2008.

The U.S. Foreclosure Index ranks Florida No. 2 nationally in March foreclosure numbers, with 18,946 foreclosures, up 33 percent from February. Similarly the Florida Association of Realtors reports solid housing economic news, too:

- Existing home sales in that state rose 20 percent in February over a year ago, the sixth month in the row with year over year increases.
- February's statewide existing home sales were 16.7 percent higher than January's statewide sales.
- Statewide sales of existing condominiums rose 15 percent in February over a year ago, with sales also up 25.1 percent over January.
- Florida's median sales price for existing homes last month was \$141,900, down 29 percent from a year ago.

Even in an economically hard-hit state like Michigan where the unemployment rate is among the highest in the nation, and March foreclosures top 11,000 (up 25.6 percent from February), the Michigan Association of Realtors reports year-over-year home sales up 3.5 percent in February. Average home prices were down nearly 30 percent, too.

Nationwide REOs 6 month									
Rank	State	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Totals	Per Household
1	California	17,214	16,032	20,952	14,351	23,988	38,318	130,855	1.14%
2	Florida	10,187	11,373	12,786	10,007	14,243	18,946	77,542	1.23%
3	Arizona	7,415	7,553	7,658	5,250	10,651	15,401	53,928	2.84%
4	Texas	5,425	4,645	7,505	5,367	7,998	9,140	40,080	0.66%
5	Michigan	4,783	4,974	5,138	2,465	8,869	11,138	37,367	1.25%
6	Georgia	5,524	5,322	5,753	4,746	6,170	8,831	36,346	1.73%
7	Ohio	3,884	3,314	5,594	4,300	4,763	7,046	28,901	0.74%
8	Nevada	3,196	3,551	4,039	3,207	3,989	8,778	26,760	3.60%
9	Illinois	2,909	2,155	2,217	2,111	3,301	4,869	17,562	0.46%
10	Tennessee	1,795	2,252	2,529	1,659	2,988	3,935	15,158	0.72%

The U.S. Foreclosure Index also found that nationally the number of properties in the pre-foreclosure process climbed slightly to 225,131 in March, up 5.8 percent from February's 212,703.

Nationwide Preforeclosures 2009					
State	January	February	March	Mar-Feb % Change	Totals
Midwest	19,319	23,021	24,665	7%	67,005
Southeast	56,853	70,491	67,642	-4%	194,986
Northeast	15,616	17,020	21,839	28%	54,475
Southwest	74,563	101,492	110,132	9%	286,187
Other States	405	679	853	26%	1,937
Nationwide	166,756	212,703	225,131	6%	604,590

For the quarter, 604,590 pre-foreclosure filings occurred nationwide, up 14.5 percent from 528,241 in the fourth quarter of 2008 and up 17.3 percent from 515,411 in the first quarter of 2008. The quarterly pre-foreclosure filings are also the highest quarterly numbers since the foreclosure crisis began.

Annualizing that number, the U.S. is on track to top 2.4 million pre-foreclosure filings before year-end.

California had the most pre-foreclosure filings, followed closely by Florida, in March. Over the last six months, however, Florida has had the most pre-foreclosure filings, followed by California, Arizona, Illinois and Nevada.

Nationwide Pre-Foreclosures 6 month									
Rank	State	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Totals	Per Household
1	Florida	46,281	47,371	50,633	43,070	53,173	51,985	292,513	4.62%
2	California	19,211	30,363	41,710	33,008	44,713	59,763	228,768	1.99%
3	Arizona	10,970	11,988	12,327	10,223	16,453	15,477	77,438	4.10%
4	Illinois	9,016	7,549	9,637	8,165	10,725	11,130	56,222	1.45%
5	Nevada	8,132	6,891	6,935	6,774	9,738	13,081	51,551	6.97%
6	Texas	7,899	7,471	8,210	9,917	8,661	2,954	45,112	0.86%
7	New Jersey	8,180	7,219	7,385	5,887	6,928	7,775	43,374	1.42%
8	Michigan	5,847	4,574	4,728	5,752	6,033	6,979	33,913	1.21%
9	Georgia	5,888	4,487	4,585	4,315	6,129	4,995	30,399	1.22%
10	Colorado	2,810	3,463	3,914	3,373	3,811	4,542	21,913	1.38%

ForeclosureS.com has been the professional's source for accurate foreclosure property information for more than 20 years. The company bases its analysis on the number of formal notices filed against a property during the foreclosure process. That can include notice of default, notice of foreclosure auction, and/or notice of REO (lender-owned real estate that occurs after a foreclosed property fails to sell at auction and reverts back to the lender). Pre-foreclosure filings are initial notices that all do not end up as foreclosure.

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For more Foreclosure Statistics and Information for your area, as well as expert commentary from Alexis McGee, president of ForeclosureS.com, please contact Sofia Gutierrez, ForeclosureS.com, 916-781-0648 or sofia@halldinpr.com.