



More homes faced foreclosure this June

By ALEX VEIGA
ASSOCIATED PRESS

LOS ANGELES — Banks are increasingly placing homes with unpaid mortgages on a countdown that could deliver a swell of new foreclosed properties onto the market by early next year, potentially weighing further on home values.

June provided the latest evidence of this trend, as the number of U.S. homes entering the foreclosure process for the first time increased on an annual basis for the second month in a row, foreclosure listing firm RealtyTrac Inc. said Thursday.

California in particular saw a big spike in foreclosure starts, or homes placed on the foreclosure path for the first time. They increased 18 percent versus June last year, the firm said.

The increase in foreclosure starts comes as banks make up for time lost last year as the mortgage-lending industry grappled with allegations that it had processed foreclosures without verifying documents.

The nation's biggest mortgage lenders

reached a \$25 billion settlement in February with state officials. And that's cleared the way for banks to address their backlog of unpaid mortgages.

Lenders initiated foreclosure on 12 percent of the loans behind in payment in June — the highest level since the first half of 2009, according to Fitch Ratings.

"These properties that are starting the foreclosure process are mostly homeowners who likely have been missing their payments for a year or more and just now are officially starting the foreclosure process," said Daren Blomquist, a vice president at RealtyTrac.

That means the latest crop of homes entering the foreclosure process does not signal that there is a fresh wave of homeowners in distress and missing payments.

Still, the increase in foreclosure starts sets the stage for a potential increase in homes sold at a discount via short sale, when the lender agrees to accept less than what is owed on the seller's mortgage. Others could end up taken back by banks and placed on the market also at a sharp

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There's good news in the housing market

A couple of years ago, we all watched helplessly as the economy fell off a cliff. Economic doomsayers declared that it was the end. Those of us in the financial world wondered if anyone would ever be brave enough to get another mortgage after they watched the houses in their neighborhood go up for sale in droves.

The economic situation created difficult times for many families — a "new economic normal" that included belt-tightening and cost-cutting and even moving in with family! The number of doubled-up families increased dramatically in the years following the 2008 economic collapse. According to the Census Bureau, the number of doubled-up families grew by 20 percent between 2007 and 2011. Wow!

I can't imagine the challenges that doubled-up families have faced: One fridge now stuffed with food for twice as many people. Two bathrooms that might have once served four in a household now serving eight or nine. Houses that once seemed big now seem small. Washing machines and dryers that might very well run almost 24/7. Folding chairs squeezed up to an overcrowded table. And consider the social element, too: How do you figure out who watches what on TV? How do you split the telephone or electricity

Oh, and houses are ridiculously affordable!



Denise Panza

bling along, and although the employment situation hasn't gotten a lot better, there is movement in the housing market. This movement doesn't always get mentioned on the front page because of the economic struggles in Europe but there IS positive movement.

So, if you are a doubled-up family, or if you've been forced into a rental, or if you have put off the dream of owning a home until things improved, I'm happy to report that things are improving. The economy is in a better place than it was, financial institutions are eager to work with qualified buyers, and there's the factor of time, which has a positive impact on credit scores damaged during the rash of foreclosures. Oh, and houses are ridiculously affordable!

From an economic perspective, are we completely out of the woods yet? Absolutely not. But now is a great time for people who have put their lives and family's comfort on hold over the past few years to get back into a home they can call their own.

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bill? What do you do when you need a little privacy?

Not everyone doubled-up. Families that were forced to move might have relocated to a rental. That in itself is an adjustment, too: Smaller living spaces, noisy neighbors, and a home that doesn't always feel like "yours."

For the past four years, all across America, families have redefined how they exist. And from what I've seen, people have done a pretty good job of making it work, against the odds and in spite of the reality that financial institutions might not be dishing out mortgages with the same fervor they once did.

I'm happy to report that things are changing: Situations are improving; opportunities are expanding. Although politicians and the news media might suggest otherwise (because it gets them votes or increases readership), I'm seeing improvement. From where I sit, banks are giving out mortgages to qualified people. Although the economy is still stum-



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