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Mortgage foreclosure rate continues to rise in region

By Joseph R. LaPlante, *Standard-Times* staff writer

Mortgage foreclosures continue to climb in Bristol and Plymouth counties, outpacing a burgeoning state rate.

In the past 60 days, mortgages on 29 properties in New Bedford have been foreclosed, topping all but a handful of other Massachusetts towns and cities, **according to ForeclosuresMass**, a data collection company that provides information to real estate agents, lawyers and investors.

"It is starting to look like a trend," said Dr. Clyde W. Barrow, director of the Center for Policy Analysis at UMass Dartmouth.

The number of foreclosures has climbed steadily from the second quarter of 2003 to the second quarter of 2005. The second quarter ends in June.

Essex County has the biggest increase, at 46 percent, followed by Suffolk County at 45.13 percent. Norfolk County is third at 39.73 percent, followed at fourth by Barnstable County at 36.96 and fifth and sixth by Plymouth and Bristol counties, respectively.

Mortgage holders foreclose when the homeowner falls behind on monthly payments or otherwise breaches the mortgage agreement.

Refinanced mortgages account for the bulk of the mortgages that are foreclosed, said Jeremy Shapiro, president of ForeclosuresMass.

"The current factor is more of the people who are pulling the equity out of their houses are spending over their heads and now unable to pay their mortgage," Mr. Shapiro said.

However, homeowners who gambled and tried adjustable rate mortgages or other specialty mortgages — like no-interest mortgages — on their homes will comprise most of the next wave of foreclosures projected in the coming months as the once low rates climb beyond their ability to pay them, he said.

Another pinch in the wallet will come from anticipated hikes in the price of a gallon of home heating oil, which will force a decision by already-strapped homeowners, Mr. Shapiro said.

"What we are hearing is that oil prices will likely be double this winter what people have paid before," Mr. Shapiro said. "When the decision is keeping the house warm, or paying the mortgage, which do you think wins?"

The report covered the period from January to August 2005, comparing the number of foreclosures to the same eight-month period in 2004.

Bristol County foreclosures were up by 36.04 percent over the period, from 455 to 619. Plymouth County foreclosures increased by 36.73 percent, from 618 to 845 according to the report.

Statewide foreclosures increased by 32.78 percent, from 5,570 to 7,396.

ForeclosuresMass projects Bristol County will total 929 foreclosures by Dec. 31, for a 25.04 percent increase over 2004; in Plymouth County, foreclosures are projected to total 1,268 by the end of the year, a 23.79 percent hike.

The study is based on the number of foreclosures that have been sought, but does not reflect the outcome of the foreclosure process.

Some homeowners sell their home to avoid foreclosure. Others turn to alternatives such as selling their home, but remain in it paying rent to the new owner with the option to buy the property back within a set time frame, usually one to two years.

By selling the house, homeowners can avoid the worst black mark on their credit: foreclosure.

"All the late mortgage payments will drop off their credit record after a couple of years, and if they sold the house and paid off the mortgage, they could be in a position to get a mortgage after a couple of years to buy another house," Mr. Shapiro said.