

# Economic Woes Fuel Foreclosures

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by Alan Smith

The nation's foreclosure epidemic has come home big time where job cuts, consumer credit woes, creative mortgages, and energy costs have tightened the squeeze on homeowners in the fourth quarter. No region is alone. Tens of thousands of homeowners across the country have had to resort to foreclosure.

With two months left in the quarter, nationwide foreclosures already are up 19.6 percent over all of 2005 — 766,058 foreclosure filings for ten months of 2006 vs. 640,457 for all of 2005; according to ForeclosureS.com a California based real estate investment advisory firm and publisher of foreclosure property information. ForeclosureS.com has been analyzing housing markets and assisting investors since 1992.

"Even though energy prices have tumbled, it's too late for over-extended homeowners who lost jobs or bought homes they couldn't really afford," says Alexis McGee, president of ForeclosureS.com. (Click Here for information on more than 1.4 million foreclosure property listings in 1,221 plus counties across the U.S.)

"That sub-prime ARM or interest-only home loan may have been the perfect solution several years ago, but now that mortgage payment has adjusted upward. A 2 percent rate increase can double a monthly payment overnight," says McGee. "Combine that rate shock with soaring costs of living, and the slowdown in home appreciation rates and sales, and many homeowners can't pay up and don't have enough equity to refinance or sell. Foreclosure is their only option."The Southwest Update

(The Southwest Region includes Arizona, Arkansas, California, Louisiana, Nevada, New Mexico, Texas, Oklahoma, Oregon, and Washington.)

Three Southwest states—California, Texas, and Colorado—have among the highest foreclosure numbers in the nation. ForeclosureS.com reports California's 117,560 foreclosures are already up 45 percent over all of 2005 total 80,989 filings. Texas shows 90,620 foreclosures, up 14.7 percent over 2005's total 79,012. Colorado with 54,959 foreclosures so far is up 25 percent over 2005 total 43,951.

Looking at specific counties, Riverside County, California had 4,521 foreclosures in the third quarter, up 147 percent over 1,830 at the same time last year. Jefferson County, Colorado, had 1,700 foreclosures in third-quarter 2006, up 53 percent over the 1,111 in the same period a year earlier.

Southwest foreclosure numbers do include a few bright spots. Oregon and Washington could be on track for an overall drop in foreclosures. But McGee cautions: "The quarter isn't over. Nonetheless, these numbers could be indicative that in at least some states, consumer education is making a difference."The Northeast Update

(The Northeast Region includes Connecticut, the District of Columbia, Delaware, Maryland, Pennsylvania, Vermont, Rhode Island, Massachusetts, New York, and New Jersey.)

Foreclosures in New Jersey — 23,272 so far — are up 62.6 percent over 14,311 for all of 2005. New York foreclosures are down slightly over 2005 totals (21,736 to date vs. 23,374 total for 2005). Massachusetts foreclosures already are up 122.9 percent (18,924 to date vs. 8,489 for all of 2005).

New Hampshire foreclosures to date are a low 753, but that's a 181 percent increase over the 268 for all of 2005. The majority of this year's foreclosures come from Hillsborough and Rockingham counties, both in the southeastern corner of the state.The Southeast Update

(The Southeast Region includes Alabama, Arkansas, Florida, Mississippi, Kentucky, Louisiana, Tennessee, Virginia, Georgia, North and South Carolina, and West Virginia.)

Last year the Southeast struggled with hurricanes. This year it's foreclosures. One month into the fourth quarter, Florida leads the Southeast Region and ranks second in the U.S. in number of foreclosures, according to

ForeclosureS.com, a northern California based real estate investment advisory firm and publisher of foreclosure property information.

In the wake of 2005's hurricanes Katrina, Dennis, Wilma, Rita, and others, and even with federal assistance available, Florida to date this year has 95,682 foreclosures. But the state isn't alone in foreclosure troubles.

Alabama reports 2,356 foreclosures to date in 2006, up 102.2 percent from the 1,165 for all of 2005. The foreclosures primarily occurred in Jefferson County, with its densely populated Birmingham. Contrary to trends, Virginia, with 44 counties reporting, shows a 27 percent decrease in foreclosures to date 2006 over all of 2005. The Midwest Update

(The Midwest region includes Illinois, Indiana, Kansas, Iowa, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin.)

Illinois, with 62,058 foreclosures so far in 2006, has the third highest number in the nation, up 55.9 percent over 39,812 foreclosures for all of 2005. Iowa's numbers are up, too—69.7 percent to date (1,563 so far in 2006 to date vs. 921 for all of 2005). Kansas has 2,137 foreclosures, up 72 percent over 1,243 for all of 2005.

"Final fourth quarter numbers aren't in yet," cautions McGee. "But brace yourself for overall dismal numbers. With today's rampant and creative credit, don't expect a slowdown in foreclosures anytime soon."

"Our mission at ForeclosureS.com has always been to teach investors how to create win-win scenarios that benefit both the distressed homeowner and the investor" said Ms. McGee. She continued "That way, the homeowner conserves some equity for a new start, and the investor realizes a reasonable profit on resale of the property. That's a much better solution than just standing back and seeing the owner loses everything in an auction on the courthouse steps."

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