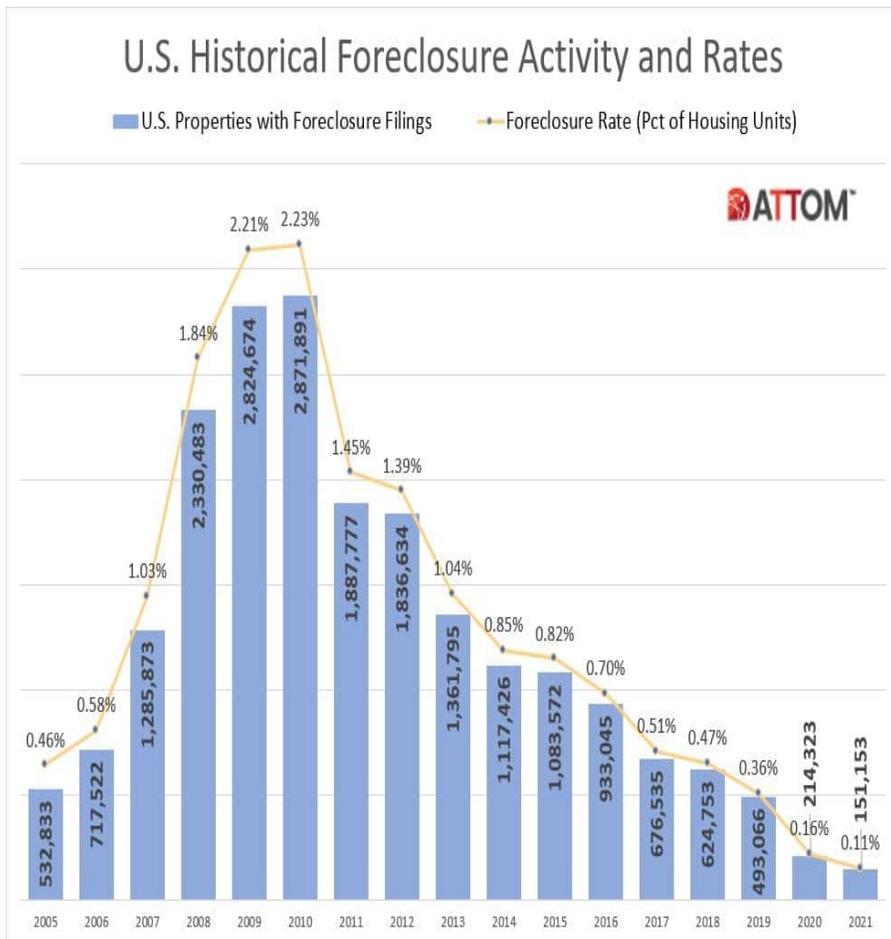


Pandemic Foreclosure Tsunami Not on the Horizon

By: Jann Swanson | Fri, Jan 14 2022, 11:21 AM

ATTOM says that foreclosure activity in the year just ended was at the **lowest level since the company began tracking it in 2005**. Foreclosure filings, including default notices, scheduled auctions, and bank repossessions or completed foreclosures, were made on 151,153 U.S. properties during the year, 29 percent fewer than in 2020 and down 95 percent from the peak of nearly 2.9 million in 2010. The filings impacted 0.11 percent of all housing units, compared to 0.16 percent in 2020 and a peak of 2.23 percent in 2010.



“The COVID-19 foreclosure tsunami that some people had anticipated is clearly not happening,” said Rick Sharga, executive vice president at RealtyTrac, an ATTOM company. “Government and mortgage industry efforts have prevented millions of unnecessary foreclosures, and while it’s likely that we’ll see a slight increase in the first quarter, we probably **won’t see foreclosure activity back to normal levels before the end of 2022.**”

Activity did tick higher toward the end of the year. Many homeowners were in or about to enter the last three months of forbearance eligibility and the federal foreclosure moratorium expired at the end of July. Filings in Q4 totaled 56,174. This accounted for 37.2 percent of the year’s total and was a 23 percent increase over Q3. One in every 2445 properties had a filing during the reporting period.

In December, one in 7,647 properties received a filing. This was up 65 percent from the prior December but was 8 percent lower than in November 2021.

There were 25,662 completed foreclosures (REO) during the year, down 49 percent from 2020 and 98 percent below the 1,050,500 peak in 2010. It was the fewest foreclosures in any year as far back as 2006, the earliest year data is available.

“We believe that repossessions will continue to be lower than normal throughout 2022,” Sharga noted. “Homeowners have a record amount of equity – over \$23 trillion – and over 87 percent of homeowners in foreclosure have positive equity. This means that **most borrowers will have an opportunity to sell their house at a profit** rather than lose everything to a foreclosure auction.”

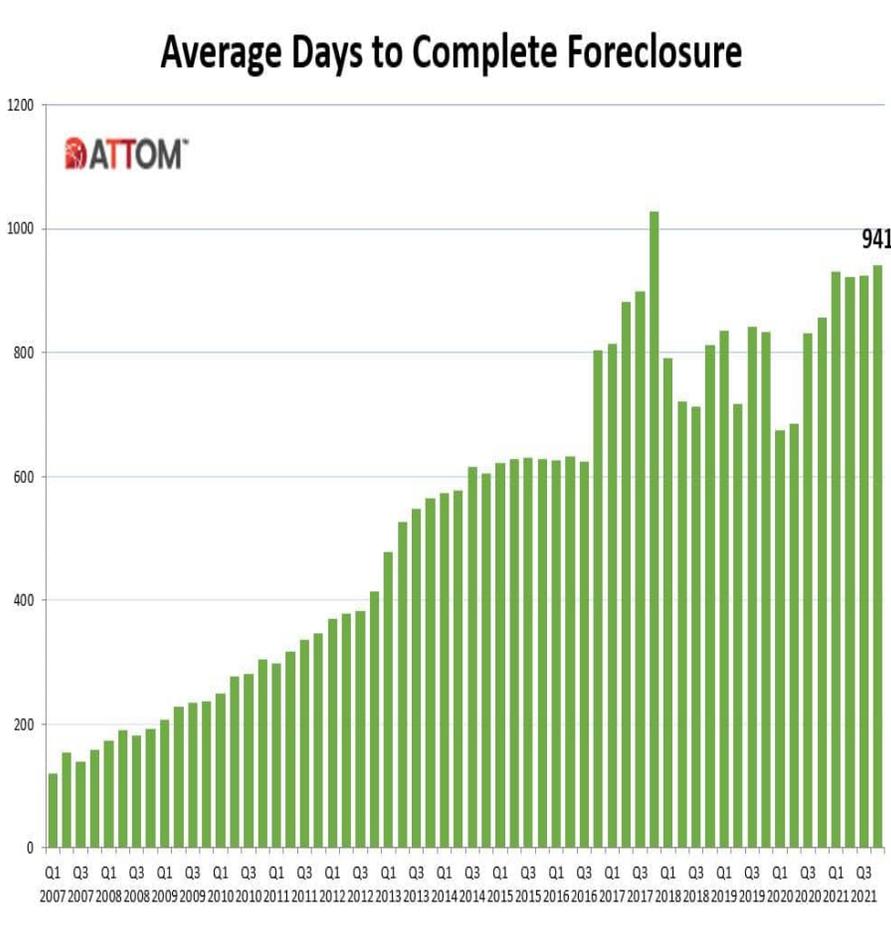
Foreclosure starts were also at an all-time low at 92,346 during the calendar year. This was down 30 percent from 2020 and 96 percent from the 2009 peak of over 2 million.

“The government’s foreclosure moratorium, the mortgage forbearance program, and the mortgage servicing guidelines enacted by the CFPB in August have kept foreclosure starts artificially low over the past year,” Sharga added. “While the recovering economy should prevent a huge increase in defaults, we should see a gradual increase in foreclosure activity as these programs expire, and servicers exhaust all loan modification options for delinquent borrowers.”

Nevada, which along with Arizona, had the highest foreclosure rates during most of the housing crisis, again had the highest rate of filings at 0.26 percent of its housing units. It was followed by Illinois (0.23 percent); Florida (0.21 percent); Delaware (0.21 percent); and New Jersey (0.19 percent).

U.S. properties foreclosed in the fourth quarter of 2021 had been in the foreclosure process an average of 941 days, a 2 percent increase from the previous quarter and up 10 percent from a year ago. The length of time was highest in Hawaii at 2,491 days and New York and Pennsylvania with averages just over 1,500 days.

Average Days to Complete Foreclosure



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