

# Foreclosures: 'April was a shocker'

**A record number of foreclosure filings took place during April, but the number of repossessions fell 11%.**

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NEW YORK (CNNMoney.com) -- Foreclosures in April exceeded even March's blistering pace with a record 342,000 homes receiving notices of default, auction notices or undergoing bank repossessions, according to a regular industry report.

One of every 374 U.S. homes received a filing during the month, the highest monthly rate that RealtyTrac, an online marketer of foreclosed properties, has recorded in four-plus years of record keeping.

"April was a shocker," said Rick Sharga, a spokesman for RealtyTrac. "I would have bet on a dip because March foreclosures were so high."

Instead, [filings](#) inched up 1% from March and rose 32% compared to April 2008.

There were 63,900 bank repossessions, the last stop in the foreclosure process. More than 1.3 million homes have now been lost to foreclosure since the market meltdown began in August 2007.

The increasing foreclosures will force RealtyTrac to rethink its forecasts, according to Sharga. "We had been predicting 3.4 million filings for the year," he said, "but we'll blow those numbers out of the water."

The lion's share of April's filings were in the early stages of the process, such as notices of default, according to James Saccacio, RealtyTrac's CEO.

Bank repossessions actually fell 11% for the month, compared with March. That's due, according to Saccacio, to the many legislative and company moratoriums that have prevented the foreclosure process from starting on delinquent loans.

Because fewer loans entered the process in past months, there were fewer getting all the way to repossession. But now that those moratoriums are over, the volume of foreclosure filings is increasing.

"It's likely that we'll see a corresponding spike in [repossessed properties] as these loans move through the foreclosure process over the next few months," Saccacio said in a prepared statement.

Ten states accounted for 75% of all foreclosure activity, and they fell generally into two categories: one-time bubble markets and the Rust Belt.

California easily outpaced every other state with with 96,560 filings. Other hard-hit former boom states were Florida, Nevada and Arizona.

Those Rust Belts states with the most filings were Illinois, Ohio and Michigan.

Georgia, Texas and Virginia filled out the rest of the top 10 list.

Nevada, with one filing for every 68 households, had the highest foreclosure rate in the land. Florida, with one for every 135 households, ranked second; and California, with one for every 138, was third.

Las Vegas continued to be the worst-hit metro area. It had more than 14,000 filings in April, one for every 56 households and 20% more than in March.

The Cape Coral-Fort Myers, Fla., area was second with one in 57, a 31% month-over-month rise. Merced, Calif., where home prices have plunged almost two-thirds from their peak, had the third-highest rate.

Five other California metro areas ranked in the top 10: Modesto was fourth, Riverside-San Bernardino fifth, Bakersfield sixth, Vallejo seventh and Stockton eighth. Miami and Orlando rounded out the list.

### **Raised expectations**

Not helping, of course, is the steady erosion of home prices. The National Association of Realtors reported record home price losses Tuesday.

"[The home price decline] will lead to more foreclosures," said Mike Larson, a real estate analyst for Weiss Research.

The loss of home value put many more mortgage borrowers underwater, meaning they owe more on their loans than their homes are worth. That increases foreclosure rates in two ways: Underwater borrowers have no home equity to draw on to pay for unexpected expenses such as big medical bills or major car or home repairs. That's makes them more likely to miss payments. And when home values fall far below mortgage balances, homeowners often walk away from their loans.

"There has been much more 'deed-in-lieu-of foreclosure' activity lately," said Sharga. This is a transaction in which borrowers simply tell their banks that they're not going to pay their mortgage and hand back their keys, and deeds, to their lenders.

"People are making the rational financial decision to walk away from underwater homes," he said. ■