

Feb. data could be key in Valley home market

Significant drop in pre-foreclosures posted in January, raising hopes for positive trend

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January's significant drop in pre-foreclosures is the indicator many metropolitan Phoenix housing-market watchers have been anxiously looking for during the past several months.

For the first time since November 2008, the monthly tally of Valley homeowners to fall behind on their mortgages and face foreclosure is below 7,000. Actual foreclosures dropped as well, although their decline wasn't as dramatic.

Last month, there were 6,762 pre-foreclosures, or notice-of-trustee-sale filings, against Phoenix-area homeowners, according to the real-estate data firm Information Market. That is a 14 percent drop from the 7,879 pre-foreclosures filed by lenders in December. Pre-foreclosures hit a record 10,689 in March.

Metro Phoenix foreclosures, or trustee sales, dipped to 4,452 during January. That's down from the 5,244 homeowners who lost houses to foreclosure in December.

Monthly foreclosures have been hovering between 3,800 and 5,300 during most of the past 18 months, except in April, when they fell to 3,100. That drop was due mostly to a short-term federal moratorium on foreclosures.

Last month's drop in foreclosures could signal more successful loan modifications. The drop in pre-foreclosures could signal that more homeowners were able to make their payments or that lenders are being more proactive and working with struggling homeowners before they fall behind on their payments. February's foreclosure activity could cement or reverse either trend.

Loan legislation

A bill has been introduced to prohibit excessive fees on mortgages and the issuance of certain types of high-cost home loans in Arizona.

Senate Bill 1288, introduced by Sen. John Nelson, R-Glendale, calls for limiting negative-amortization mortgages as well as balloon payments and pre-payment penalties on most other mortgages. The Arizona attorney general backs the legislation, which is aimed at preventing another foreclosure crisis in the state.