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Isle foreclosures rose 217% in April

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For a second month in a row, Hawai'i was in the bottom half of states with the worst April foreclosure rates, as growth in local foreclosure filings continued to outpace the national average.

There were 684 foreclosure filings in Hawai'i last month, more than triple the 216 in the same month last year, according to real estate research firm RealtyTrac.

The number of filings was down from 724 in March, but was the second most since RealtyTrac began collecting and reporting data in January 2005.

Among counties, Honolulu had the highest overall number of filings at 290, but the lowest rate per households at one filing per 1,154 households. The Big Island had 184 filings, or one per 422 households. Maui had 158 filings, or one per 411 households. Kaua'i had 52 filings, or one per 561 households.

Statewide foreclosure filings in April equated to one filing for every 741 households. There were 27 states with a better ratio, which sharply contrasts with the position Hawai'i consistently held before the middle of last year — among the 10 best states.

Part of the reason for Hawai'i's fallen position is that housing markets in many other states previously crashed and now are faring better, while Hawai'i's housing market has experienced a moderate downturn that is still building modestly.

Based on RealtyTrac data, the 217 percent increase in April for Hawai'i foreclosure filings was third-highest among states, after 269 percent for Alabama and 221 percent for Idaho. RealtyTrac noted that the increases for Alabama and Idaho may have been inflated by changes in data collection for those states.

Below national average

Despite the rapid growth in Hawai'i foreclosures, the Islands still have a

foreclosure rate well below the national average and hardest-hit states.

The national average was one filing per 374 households, which RealtyTrac said was the highest rate since it began issuing its report. In all, there were 342,038 foreclosure filings nationally in April, up 32 percent from a year earlier.

Nevada had the worst rate at one foreclosure filing for every 68 households, or 16,266 total filings representing a 111 percent increase from a year ago.

Vermont had the lowest rate with two filings, or one per 155,717 households.

Some local foreclosure attorneys and real estate experts question the accuracy of the reports by California-based RealtyTrac because the company includes commercial property in its count, which has a significant impact in Hawai'i because of the sizable number of condotels and timeshare units in the state, many of which have faced foreclosure.

Additionally, RealtyTrac doesn't collect data from some rural areas, which may give states with big rural populations lower rankings.

Counting, recounting

RealtyTrac collects data from more than 2,200 counties nationwide, representing about 90 percent of the U.S. population.

Another imperfection in RealtyTrac data is that its tally includes filings that were counted in a prior month on the same property as a different filing.

For instance, if a homeowner loses their home at foreclosure auction, the property could be counted three times in different months — first as a default notice, then as a trustee sale notice and then again if the lender acquires the property in what's called a real-estate-owned transaction.

Of Hawai'i's 684 foreclosure filings, 117 were default notices, 497 were trustee sale notices and 70 were lender repossessions.

The RealtyTrac figures present a rough picture of the foreclosure problem, as there is no readily achievable perfect way to count exactly how many people are losing their homes because lenders initiate foreclosure.

Some homeowners may receive a foreclosure notice and resolve the

problem, perhaps by curing the default, restructuring the loan or selling the home before foreclosure auction. In that case, RealtyTrac would count one filing for such a property.

situation worsening

Still, the consensus from local economists and foreclosure attorneys remains that foreclosures are getting worse, as the decline in property values and deflated home sales have made avoiding foreclosure harder for many people who can't pay or refinance their mortgage in a poor economic climate that has included widespread cuts in wages and jobs.

The state jobless rate in March was 7.1 percent, the highest in 31 years.

A January report by the Pew Center for Responsible Lending predicts there will be 18,600 homes lost through foreclosure in Hawai'i over the next four years, including 5,600 this year. The four-year projection equates to an average of 388 foreclosures a month.

Hope Now, a national alliance of debt counselors and mortgage companies organized by the federal government to help consumers keep their homes, reported that there were 1,401 foreclosure starts in the fourth quarter of 2008 plus 4,893 loans 60 or more days delinquent. The delinquent loans represent 3.4 percent of Hawai'i mortgages counted by Hope Now.

Hope Now also said 4,664 Hawai'i homeowners avoided foreclosure from July 2007 to December 2008, including 2,924 who obtained repayment plans and 1,740 who got loans modified.

Many observers believe the present level of foreclosures isn't as bad as what occurred in the mid-1990s during the last economic slump and real estate market downturn that hit Hawai'i.

Back then, there were typically 300 to 400 monthly foreclosures initiated usually by lawsuit, which made foreclosure cases easier to count. Since then, nearly all foreclosures have occurred in a nonjudicial process that makes cases more difficult to track.

Additional Facts

Local FORECLOSURE ASSISTANCE

- **Consumer Credit Counseling Service of Hawai'i:** 532-3225
- **Hale Mahaolu:** 808-872-4100 (Maui only)
- **Hawai'i HomeOwnership Center:** 523-9500 on O'ahu or Neighbor Islands toll free 877-523-9503

- **Hawaiian Community Assets:** 587-7886
- **Legal Aid Society of Hawai'i:** 536-4302 on O'ahu or Neighbor Islands 800-499-4302

National foreclosure assistance

- **Federal loan modification program:**
www.makinghomeaffordable.gov
 - **National foreclosure prevention hotline:** 888-995-HOPE
 - **Homeownership Preservation Foundation:** www.995hope.org
 - **NeighborWorks America:** www.nw.org/network/home.asp
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