Delinquent Mortgages Reach Record Levels

November 20, 2009 Almost 10 percent of all mortgages on one- to four-unit properties are in some stage of foreclosure, up from 2.65 percent a year ago on a seasonally adjusted basis, according to the Mortgage Bankers Association’s National Delinquency Survey released Thursday.The combined percentage of loans in foreclosure or at least one payment past due was 14.41 percent on a non-seasonally adjusted basis, the highest ever recorded in an MBA delinquency survey.The bankers blamed the high foreclosure levels on unemployment. “Over the last year, we have seen the ranks of the unemployed increase by about 5.5 million people, increasing the number of seriously delinquent loans by almost 2 million loans and increasing the rate of new foreclosures from 1.07 percent to 1.42 percent,” says Jay Brinkmann, MBA’s chief economist.Brinkmann points out that prime fixed-rate loans represent the largest share of foreclosures and are the biggest driver of the increase in foreclosures.Home builders and housing analysts mostly shrugged at the high foreclosure-rate information.“My prediction is we’ll probably recover on a seasonal basis,” Robert Toll, chairman and CEO of Toll Brothers, the largest builder of luxury houses, said yesterday at a conference in New York sponsored by Citigroup Inc. “It’s generally accepted that the homebuilding industry is off the mat and on the road to recovery.”Josh Levin, a housing analyst at Citigroup Global Markets Inc. in New York, said he expects sales to continue to be slow until January or early February, followed by a surge as buyers try to beat the April 30 expiration of the tax credit.“The bouncing along the bottom is distorted by government policies,” he said in an interview with Bloomberg News yesterday.Source: Mortgage Bankers Association (11/19/2009) and Bloomberg, Kathleen M. Howley and John Gittelsohn (11/20/2009)