Home Loan News: Catching up with the latest in the housing crisis

by Ilyce_Glink

Retail sales were up more than expected in January. Is it a sign that the great residential real estate slowdown is almost over?Hardly. The housing industry continues to move along at a glacial pace, with a rising number of homes for sale and home loans in default, while foreclosures are on a record-breaking pace.The news is somewhat grim, with most of the private mortgage insurers announcing their first-ever (and massive) losses, as they are required under their PMI policies to pay out millions of dollars.Is help on the way? Let's consider what some of the more important pieces of industry news mean to Mr. and Mrs. Average Homeowner.Hit the pause button for foreclosuresThe Bush administration and six major mortgage lenders announced that they would hit the pause button for anyone currently facing (or about to face) foreclosure.Bank of America, Citigroup, Countrywide Financial, JP Morgan Chase, Washington Mutual and Wells Fargo have agreed to participate in the government's Hope Now Alliance.According to Treasury Secretary Henry Paulson, the "Project Lifeline" program will stay any foreclosure action for 30 days for those who are 90 days or more late on their mortgage. The pause will allow homeowners who want and can afford to stay in their homes the time to negotiate a loan modification or refinancing with their lender.Lenders will be contacting those homeowners who are 90 days late or more on their mortgage. However, if the homeowner doesn't return the lender's calls within 30 days, the foreclosure stay will be lifted, according to program details.The real question is this: After 90 days of ignoring late notices, and avoiding calls from the lender, is a homeowner on the brink of foreclosure really going to pick up the phone?As Paulson said in prepared remarks: "Of course, there will be homeowners who still take no action, and some will simply walk away from their mortgage - particularly those borrowers who put little or no money down and whose mortgage exceeds their home value. No program can bring every struggling borrower into the counseling and evaluation process, and we cannot help those who choose not to honor their obligations."The Project Lifeline program is a new addition to other programs already announced by the Bush Administration.Foreclosures rose nearly 80 percent in 2007Even if everyone doesn't buy into Project Lifeline, there are plenty of people who might qualify. According to California-based RealtyTrac, a leading online marketplace for foreclosure properties, the number of foreclosures soared nearly 80 percent in 2007."As expected, the number of properties entering some stage of foreclosure in 2007 was up in the vast majority of the nation's 100 largest metro areas, with 86 metro areas reporting increases from 2006," said RealtyTrac's CEO James J. Saccacio.The worst states for foreclosure? California, Ohio, Florida and Michigan. In Stockton, Calif., the foreclosure rate soared 271 percent from 2006. In Las Vegas, foreclosures grew 169 percent over 2006. One real estate agent estimated that two-thirds of the homes currently for sale there were tainted by foreclosure.The Washington, D.C., Arlington, Va., and Alexandria, Md., corridor saw foreclosures rise nearly 575 percent from a year earlier, while in the greater Baltimore metropolitan area they climbed 544 percent.In the greater Albany, N.Y., area, foreclosures rose 638 percent, and in and around Bethesda, Md., RealtyTrac reported that they grew a stunning 1,288 percent.In a handful of areas, foreclosures fell somewhat, including Salt Lake City; McAllen, Austin and El Paso, Texas; Philadelphia; Columbia and Greenville, S.C.; Baton Rouge, La.; and Wichita, Kan.Big surprise! Homeowners are stressed out about the housing marketWith foreclosures rising and homes taking much longer to sell, it's no wonder that a new survey from the National Foundation for Credit Counseling (NFCC) found that homeowners are all stressed out.More than 4,000 consumers have taken the NFCC's Mortgage Reality Check at its HousingHelpNow.org website. The survey asks consumers if they know what kind of mortgage they have, if it is adjusting, and if they're worried about not being able to refinance or pay their new mortgage amount if their payments are about to adjust.-Since the beginning of January, the survey found that 78 percent of respondents say they have trouble sleeping because they're worried about their current financial situation, the possibility of losing their home or car, or their ability to use credit. This is up 16 percent from November and December 2007.-Sixty-nine percent of consumers taking the poll said they don't believe refinancing will solve their current cash crisis, up 8 percent from the end of 2007.-Fifty-nine percent say they owe more on their home than it is worth, up 11 percent from the end of 2007.-Eighty-three percent of those taking the poll fell into the most at-risk group.You can take the survey at www.housinghelpnow.org.(If you have questions, you can call Ilyce Glinkâ€™s radio show toll-free (800-972-8255) any Sunday, from 11 am-1 pm EST. You can also write to Real Estate Matters Syndicate, PO Box 366, Glencoe, IL 60022 or contact her through her

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