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# Nation's foreclosure plague widens

**More tough times in the housing market: 8% monthly jump in foreclosures and 55% year-over-year. 'Bloated inventory' of homes owned by banks, expert says.**

By Les Christie, CNNMoney.com staff writer  
 Last Updated: August 14, 2008: 9:20 AM EDT

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NEW YORK (CNNMoney.com) -- The foreclosure juggernaut lurched forward in July as banks took back 77,295 homes - up 8% in a month and 183% in a year, a report issued Thursday shows.

Total foreclosure filings - delinquency notices, auction sale notices and bank repossessions - were up 8% from June and 55% year-over-year, according to RealtyTrac, an online marketer of foreclosed homes.

One of every 464 U.S. households received at least one filing during July. And more than 680,000 homes have been repossessed by lenders since the beginning of August 2007, when the credit crunch hit.

"Bank repossessions, or REOs, continued to be the fastest growing segment of foreclosure activity," said RealtyTrac's chief executive officer, James Saccacio, in a statement. "The sharp rise in REOs, combined with slow sales, has resulted in a bloated inventory of bank-owned properties for sale."

The company says it has more than 750,000 active listings of repossessed homes for sale on its database. That represents about 17% of all the existing homes for sale in the United States as reported by the National Association of Realtors.

## Leading states

Foreclosure activity in Nevada, surpassing all other states, touched one in every 106 households in July. Foreclosures in the state were up 15% for the month and were almost double the rate of last July.

Other hard-hit states included California (one of every 182 households), Florida (one of 186) and Arizona (one of 195). For sheer volume, California led the other states with a total of 72,285 filings.

An especially high percentage of the California filings were bank repossessions. There were 23,406 in all, up from just 4,444 in July 2007. The state accounted for more than a

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| S&P 500      | 1,282.09         | ▼ -3.74 / -0.29%  |
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August 14, 2008 10:12 AM ET

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third of all such events in the nation. The number was also a big jump from June's total of 20,624 bank repossessions in the state.

"The properties there, once they enter foreclosure, are making a beeline back to the banks," said RealtyTrac's spokesman, Rick Sharga.

Many of the California homes were bought during the height of the frenzy of the mid-2000s at inflated prices. Now that home values have dropped, borrowers who bought at the top owe more than their homes are worth. These properties are almost impossible to refinance and [are difficult to sell](#).

A couple of Midwestern states have also been consistently among the leading foreclosure hot spots and July was no exception. Ohio was fifth in the nation for foreclosures with one for every 375 households. That includes 4,057 bank repossessions, a 33% increase since July 2007. Michigan had 3,933 repossessed homes, or 17% fewer than last July, when it recorded 4,739.

## City centers

The worst-hit metro area of the 230 regions that RealtyTrac covers was Cape Coral, Fla. About one of every 64 households in the Gulf Coast city received a filing during the month, more than seven times the national average.

Merced, Calif., with one filing per 73 households, had the second highest foreclosure rate, followed by the nearby Central Valley cities of Stockton and Modesto, which each had about one filing for every 82 households.

The report is bound to disappoint Washington policy makers and lending industry insiders who have stepped up their efforts to slow the massive default problem. June filings, which were down 3% from May, had been a cause for slight optimism.

But, according to Sharga, that decrease was helped along by rule changes in Massachusetts and Maryland that prevented lenders from issuing filings for up to an additional 90 days after borrowers first fall behind in their payments.

That significantly reduced the number of foreclosure filings in both states. In June, for example, Massachusetts recorded a 55% decrease in initial filings.

"Now, both states are creeping back up," he said. "The 90-day lull in Massachusetts is being followed by a whole run of properties [in delinquency]." ■

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