



EDITOR'S NOTES

Are We Out Of The Woods?

Remember the record number of foreclosures that we as an industry have dealt with not too long ago? Well, how are we doing these days you might ask? Pretty well actually. According to the latest Equifax' National Consumer Credit Trends Report, the total balance of severely delinquent first mortgages (90 days past due or in foreclosure) in June 2013 is \$325 billion, a five-year low and a decrease of more than 27% from same time a year ago (\$450 billion).

The total balance of first-mortgage loans that completed the foreclosure process and transitioned to bank-owned property or other severe derogatory status decreased more than 19%, from \$16.7 billion in June 2012 to \$13.5 billion in June 2013. This is the lowest level for June since 2007.

“Rising home values are reducing the incentives for homeowners to default on their mortgage loans, resulting in more and more homeowners transitioning into positive or near-positive equity territory,” said Equifax Chief Economist Amy Crews Cutts. “The implications of this trend are that more homeowners will be able to sell their homes without the hassles of negotiating a short sale or move to take a new job without worrying how they can afford to pay for two homes. The healing in the housing market is really gaining momentum and will fuel a stronger pace of economic recovery.”

The report also concluded that:

>> Of total severely delinquent first mortgage balances, loans opened 2010 and later represent only 7% (\$21.7 billion).

>> The total balance of first mortgages in foreclosure in June 2013 is \$105 billion, a five-year low and a decrease of 38% from same time a year ago.

>> In June 2013, the total balance of severely delinquent home equity revolving loans (including foreclosures) is \$8.8 billion, a five-year low and a year-over-year decrease of more than 31%.

>> In that same time, the total balance of severely delinquent home equity installment loans (including foreclosures) is \$4.3 billion, a five-year low and a year-over-year decrease of more than 28%.

Good news all around. ❖