

Merrimack Valley

housingreport

An e-publication of UMass Lowell and the Middlesex North Registry of Deeds



University of
Massachusetts
Lowell

MIDDLESEX NORTH
REGISTRY OF DEEDS

Volume 3, Issue 1 | January 2010

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Housing Trends Mixed in 2009: What will 2010 Bring?

By David Turcotte

As the Merrimack Valley Housing Report enters its third year in 2010, we see both positive and negative trends resulting from an analysis of 2009 regional housing data. On the bright side, sales activity (deeds filed) in Haverhill, Methuen and surrounding towns increased over the last three months of 2009 when compared to the last quarter of 2008. Among the four largest cities in the region, Methuen saw the biggest jump as deeds recorded in the last quarter of 2009 increased 21% with 274 from the total of 227 during the same period in 2008. Haverhill also experienced a 13% increase with 317 deeds recorded in the final quarter of 2009 when compared to 2008's last three months total of 280. In addition, Middlesex North Registry of Deeds area towns had a 23% increase

when comparing the last three months of 2008 (867) and 2009 (1064). Conversely, Lawrence recorded 291 deeds last quarter, a 15% decrease from a total of 342 during the same months in 2008. Lowell also saw a slight decline in deeds filed during the last three months of 2009 to 438 compared to 448 during the same period in 2008.

Overall, foreclosure deeds recorded during the last quarter of 2009 in the four largest cities in the Merrimack Valley fell 19%-43% when compared to the same period in 2008. This reflects a trend that we have seen throughout 2009. One major difference between last year and 2008 is that the City of Lowell had the most foreclosure deeds filed in 2009 with

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Deeds, Mortgages, Foreclosures and Orders of Notice recorded

December 2008 and December 2009 compared

| | Haverhill | | Lawrence | | Lowell | | Methuen | |
|-------------------|-----------|--------|----------|--------|--------|--------|---------|--------|
| | Dec-08 | Dec-09 | Dec-08 | Dec-09 | Dec-08 | Dec-09 | Dec-08 | Dec-09 |
| Deeds | 97 | 105 | 111 | 101 | 130 | 129 | 67 | 75 |
| Mortgages | 144 | 167 | 115 | 127 | 183 | 211 | 115 | 160 |
| Foreclosure Deeds | 17 | 18 | 32 | 16 | 30 | 20 | 6 | 6 |
| Orders of Notice | 7 | 28 | 18 | 50 | 15 | 52 | 6 | 20 |

Trends in Real Estate in 2009

By Richard P. Howe Jr.

When it comes to tracking real estate activity, the registry of deeds provides a unique vantage point. Our data is not comprehensive – we lack information regarding the use of properties – but by counting and comparing the number and type of documents recorded, we are able to observe and comment on trends.

The 65,383 documents recorded in 2009 was the second lowest annual total in the previous fourteen years. The good news is that the number of documents recorded in 2009 was 18% higher than the 56,011 recorded in 2008 which could suggest that things are improving if only slightly. The amount of revenue the registry collected in recording fees tends to corroborate this observation. In 2008, recording fees accounted for \$4.5 million in revenue, but in 2009, they accounted for \$5.3 million, an increase of 18%. Another positive sign may be found in the number of mortgages recorded. The 14,519 recorded in 2009 represented a 31% increase over the 11,108 recorded in 2008.

Unfortunately, some negative indicators force us to restrain our optimism. The core of the mortgage

market's strength, for example, occurred in April through August with the volume receded significantly in the fall and early winter. While the number of foreclosure deeds recorded in 2009 was down 33% from 2008, the foreclosure deeds recorded in the second half of 2009 exceeded those recorded in the first half by 24%. The increase in orders of notice – the document that commences foreclosure proceedings – was even more dramatic, rising from 216 recorded in the first half of 2009 to 536 in the second half, a jump of 148%. Another negative indicator is a decline in collections of the deeds excise tax, a tax assessed at a rate of \$2.28 per \$500 of sales price. The \$5.1 million in deeds excise collected in 2009 was a drop of 19% from the \$6.3 million of 2008. Because there was essentially no change in the number of deeds recorded (5,409 in 2008 versus 5,434 in 2009), this indicates that sales prices have dropped markedly. While such a decline might be a necessary part of a post-bubble correction, it also means that many homeowners who bought or refinanced during the boom will continue to owe more on their mortgages than their properties are worth, a circumstance bound to keep the volume of foreclosures high during 2010. █

Loan Modification Activity (By the Numbers)

By Keith Vaillancourt

The Making Home Affordable Program (MHAP) was conceived by the Obama administration as a means of stabilizing the housing market. It includes the Home Affordable Refinance Program (HARP) and the Home Affordable Modification Program (HAMP). The major commitment from HAMP is to “keep up to 2 to 4 million American’s in homes by preventing foreclosure”.

MHAP’s website made public its most recent progress with both programs, titled “Service Performance Report through November 2009” (1). The report stated that there were 31,382 permanent and 697,026 trial

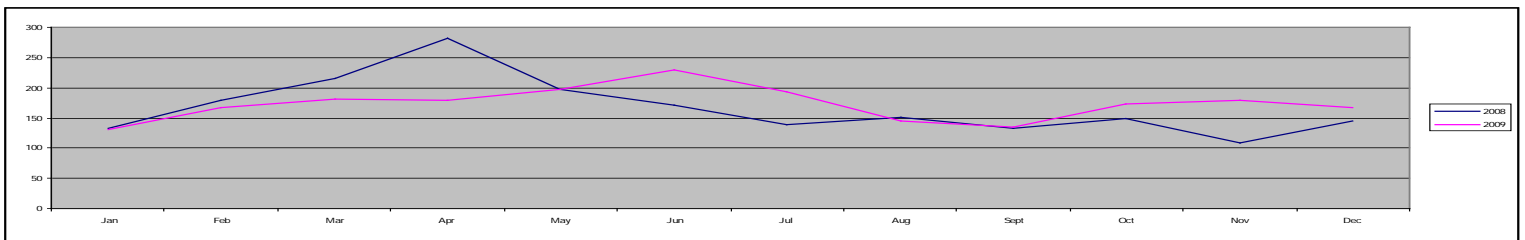
modifications (total: 728,408), while the number of total modifications has been increasing every month between May and November. Nationally, news outlets have been reporting that there have been 2.8 – 3.9 million foreclosures in 2009.

It’s very clear that these trial modifications aren’t transferring into many permanent modifications, which is a troubling development considering orders of notice (foreclosure petitions) are increasing again, indicating a homeowner had failed to receive a permanent modification. (See Table: 1, HAMP started around

Deeds, Mortgages, Foreclosures and Orders of Notice Recorded for the City of Haverhill 2008 and 2009 Month by Month Comparison

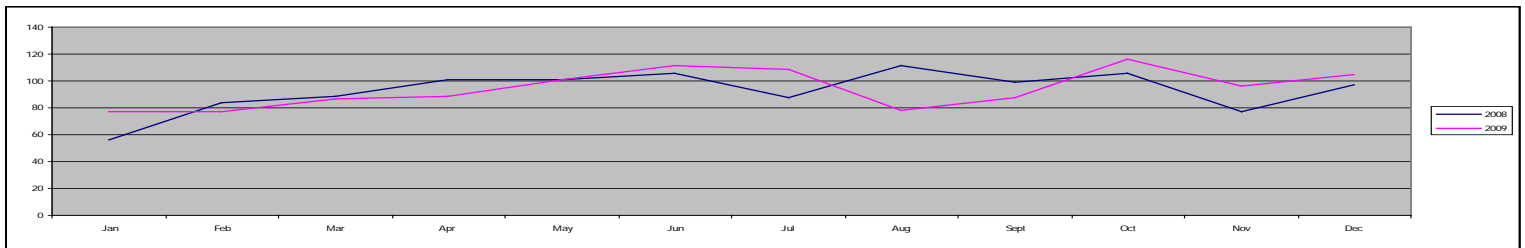
Mortgages

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Mortgages '08 | 132 | 180 | 215 | 282 | 197 | 171 | 139 | 152 | 132 | 148 | 108 | 144 | 2000 |
| Mortgages '09 | 130 | 167 | 181 | 180 | 197 | 230 | 193 | 144 | 135 | 174 | 179 | 167 | 2077 |



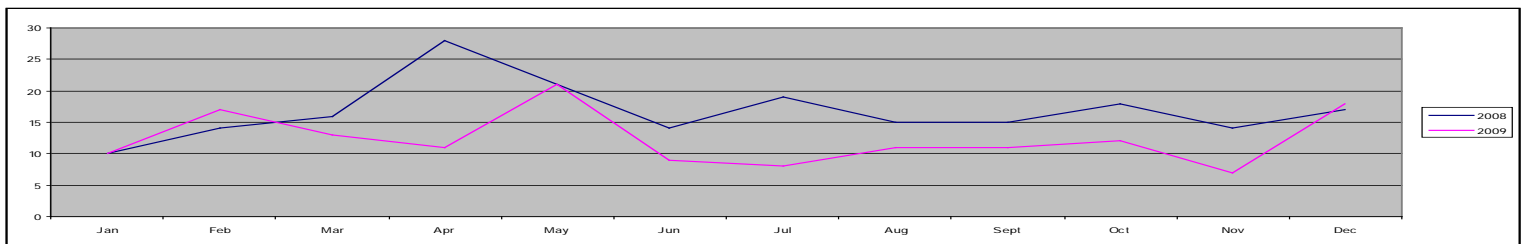
Deeds

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|-----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Deeds '08 | 56 | 84 | 89 | 101 | 101 | 106 | 88 | 111 | 99 | 106 | 77 | 97 | 1115 |
| Deeds '09 | 77 | 77 | 87 | 89 | 101 | 111 | 109 | 78 | 88 | 116 | 96 | 105 | 1134 |



Foreclosures

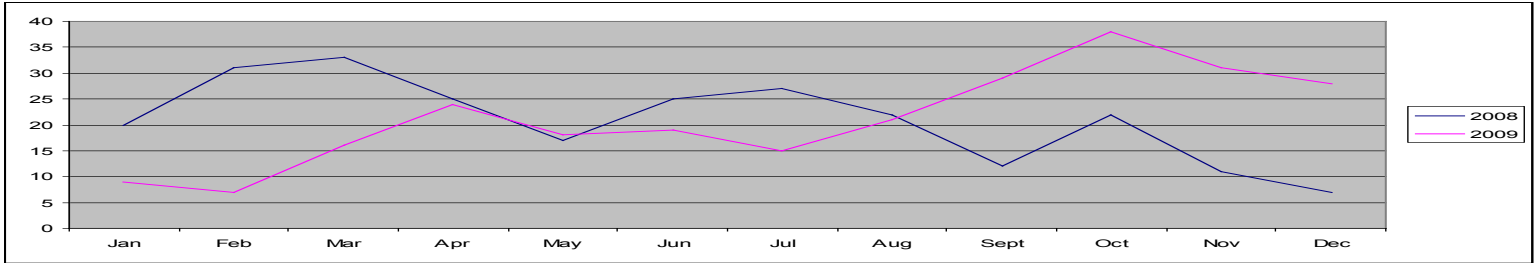
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Foreclosures '08 | 10 | 14 | 16 | 28 | 21 | 14 | 19 | 15 | 15 | 18 | 14 | 17 | 201 |
| Foreclosures '09 | 10 | 17 | 13 | 11 | 21 | 9 | 8 | 11 | 11 | 12 | 7 | 18 | 148 |



City of Haverhill, Con't

Orders of Notice

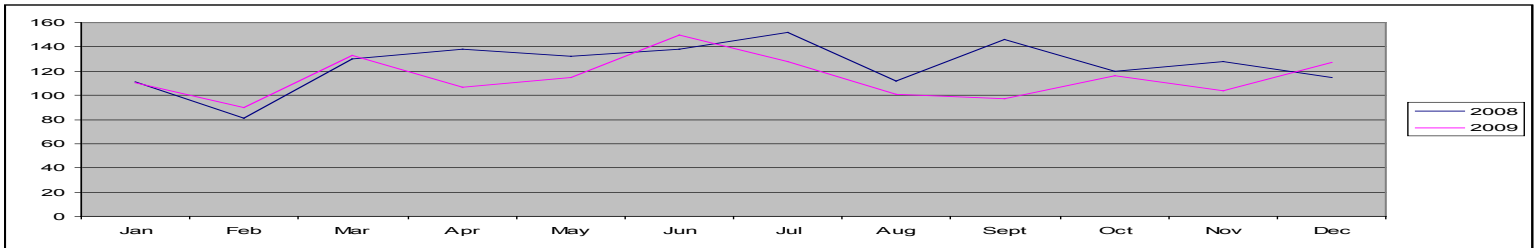
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Orders of Notice '08 | 20 | 31 | 33 | 25 | 17 | 25 | 27 | 22 | 12 | 22 | 11 | 7 | 252 |
| Orders of Notice '09 | 9 | 7 | 16 | 24 | 18 | 19 | 15 | 21 | 29 | 38 | 31 | 28 | 255 |



Deeds, Mortgages, Foreclosures and Orders of Notice Recorded for the City of Lawrence 2008 and 2009 Month by Month Comparison

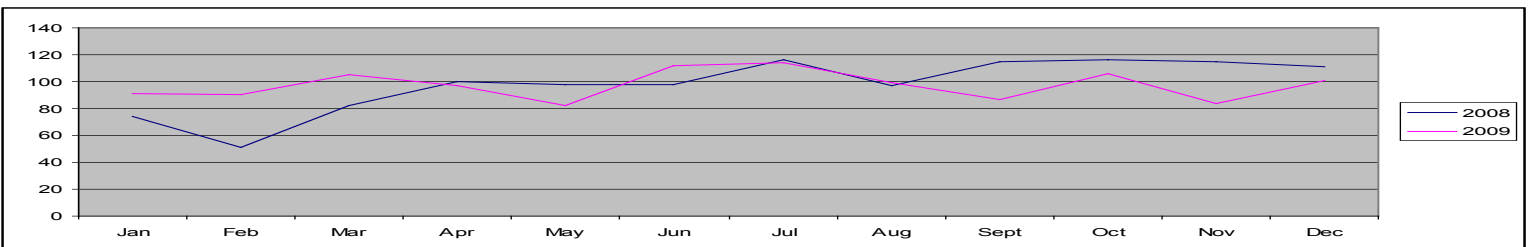
Mortgages

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Mortgages '08 | 111 | 81 | 130 | 138 | 132 | 138 | 152 | 112 | 146 | 120 | 128 | 115 | 1503 |
| Mortgages '09 | 110 | 90 | 133 | 107 | 115 | 150 | 128 | 101 | 97 | 116 | 104 | 127 | 1378 |



Deeds

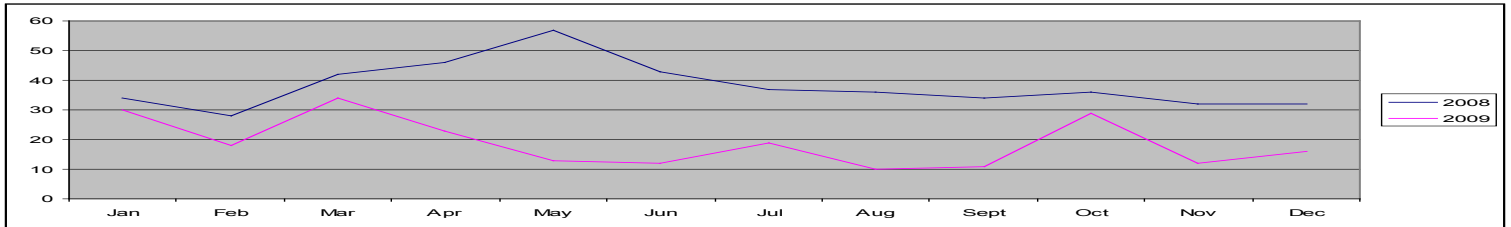
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|-----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Deeds '08 | 74 | 51 | 82 | 100 | 98 | 98 | 116 | 97 | 115 | 116 | 115 | 111 | 1173 |
| Deeds '09 | 91 | 90 | 105 | 97 | 82 | 113 | 114 | 99 | 87 | 106 | 84 | 101 | 1169 |



City of Lawrence, Con't

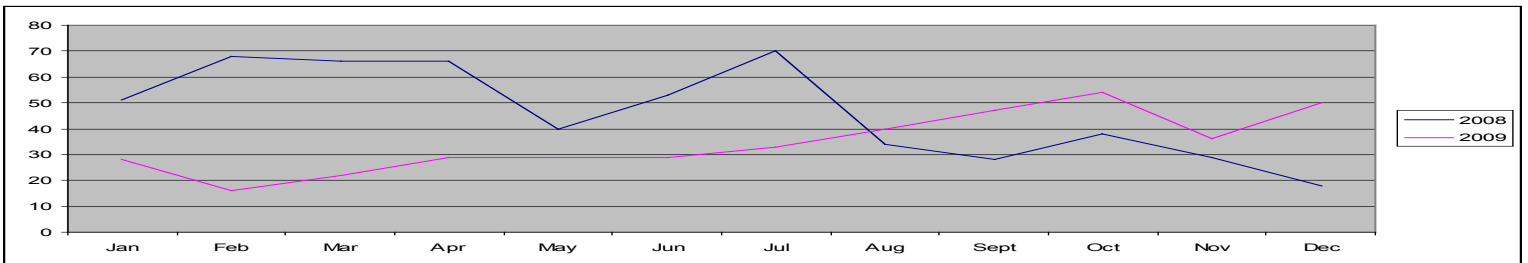
Foreclosures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Foreclosures '08 | 34 | 28 | 42 | 46 | 57 | 43 | 37 | 36 | 34 | 36 | 32 | 32 | 457 |
| Foreclosures '09 | 30 | 18 | 34 | 23 | 13 | 12 | 19 | 10 | 11 | 29 | 12 | 16 | 227 |



Orders of Notice

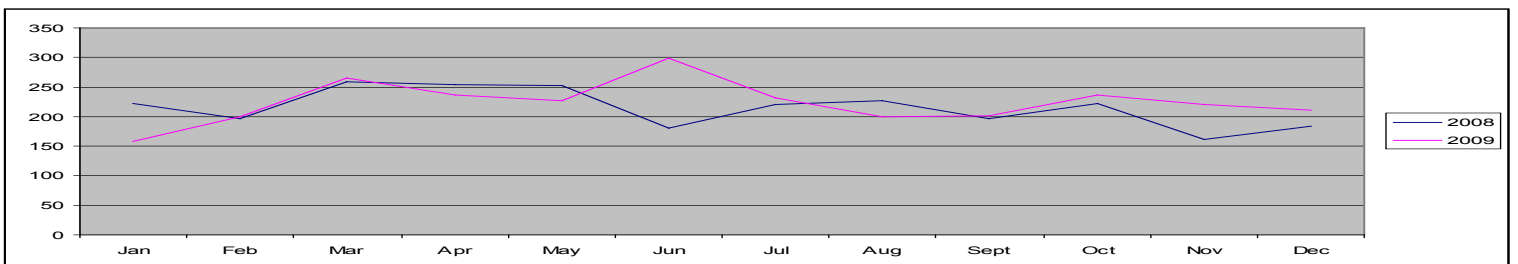
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Orders of Notice '08 | 51 | 68 | 66 | 66 | 40 | 53 | 70 | 34 | 28 | 38 | 29 | 18 | 561 |
| Orders of Notice '09 | 28 | 16 | 22 | 29 | 29 | 29 | 33 | 40 | 47 | 54 | 36 | 50 | 413 |



Deeds, Mortgages, Foreclosures and Orders of Notice Recorded for the City of Lowell 2008 and 2009 Month by Month Comparison

Mortgages

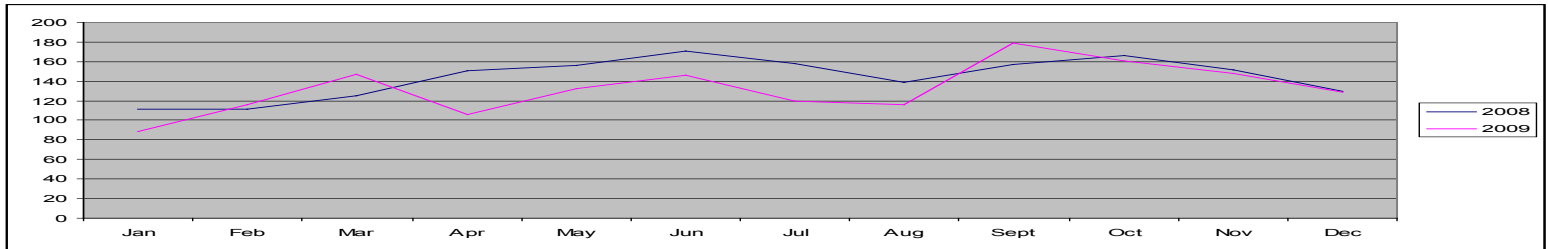
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Mortgages '08 | 222 | 196 | 259 | 254 | 253 | 181 | 220 | 227 | 196 | 222 | 162 | 183 | 2575 |
| Mortgages '09 | 158 | 199 | 266 | 237 | 227 | 299 | 232 | 199 | 202 | 236 | 221 | 211 | 2687 |



City of Lowell, Con't

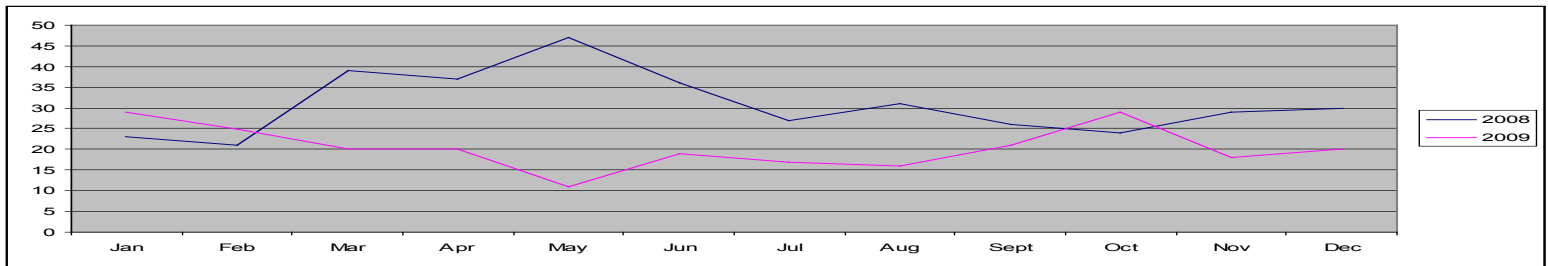
Deeds

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|-----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Deeds '08 | 111 | 111 | 125 | 151 | 156 | 171 | 158 | 139 | 157 | 166 | 152 | 130 | 1727 |
| Deeds '09 | 89 | 116 | 147 | 106 | 132 | 146 | 120 | 116 | 179 | 161 | 148 | 129 | 1589 |



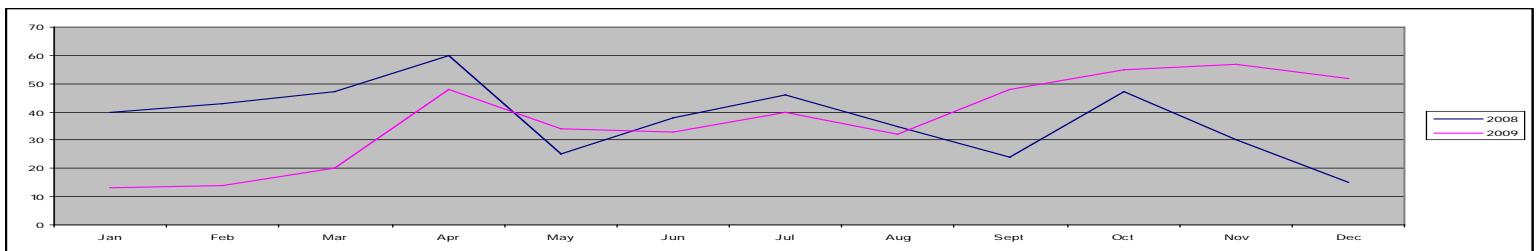
Foreclosures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Foreclosures '08 | 23 | 21 | 39 | 37 | 47 | 36 | 27 | 31 | 26 | 24 | 29 | 30 | 370 |
| Foreclosures '09 | 29 | 25 | 20 | 20 | 11 | 19 | 17 | 16 | 21 | 29 | 18 | 20 | 245 |



Orders of Notice

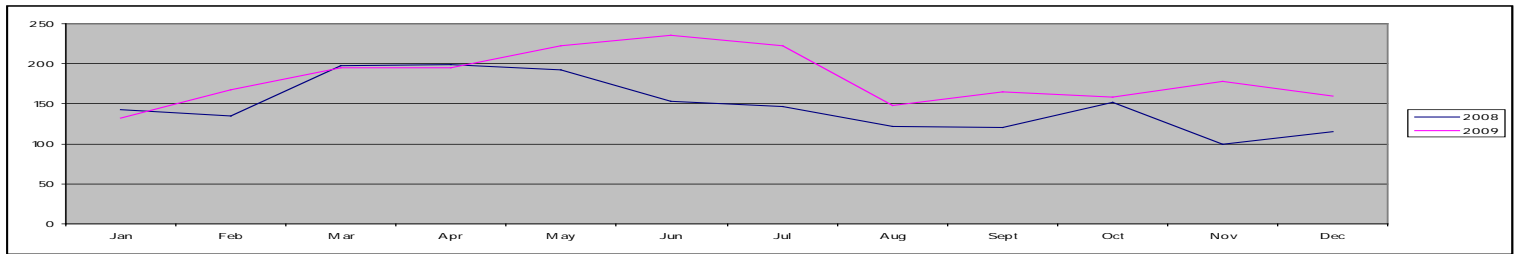
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Orders of Notice '08 | 40 | 43 | 47 | 60 | 25 | 38 | 46 | 35 | 24 | 47 | 30 | 15 | 450 |
| Orders of Notice '09 | 13 | 14 | 20 | 48 | 34 | 33 | 40 | 32 | 48 | 55 | 57 | 52 | 446 |



Deeds, Mortgages, Foreclosures and Orders of Notice Recorded for the City of Methuen 2008 and 2009 Month by Month Comparison

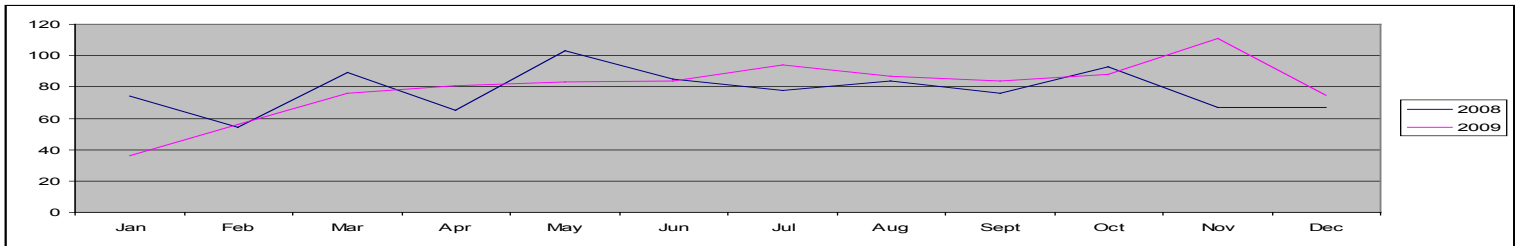
Mortgages

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Mortgages '08 | 143 | 135 | 197 | 199 | 193 | 153 | 146 | 122 | 120 | 152 | 100 | 115 | 1775 |
| Mortgages '09 | 132 | 168 | 195 | 195 | 222 | 236 | 223 | 148 | 165 | 159 | 178 | 160 | 2181 |



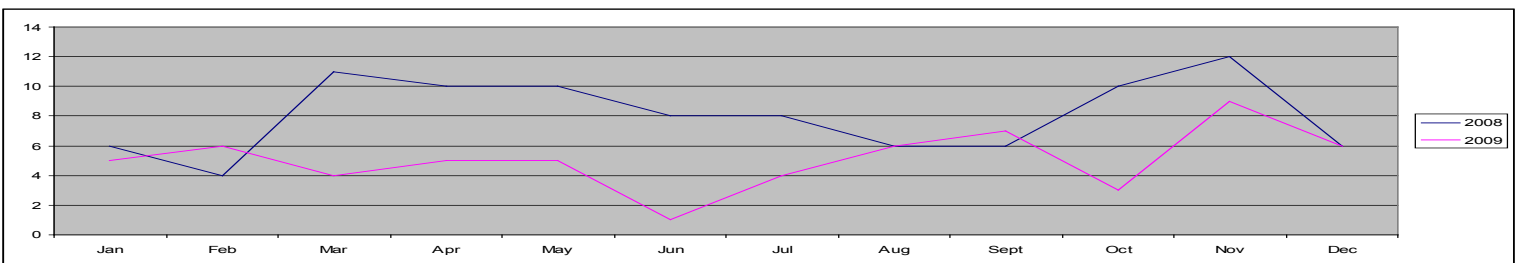
Deeds

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|-----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Deeds '08 | 74 | 54 | 89 | 65 | 103 | 85 | 78 | 84 | 76 | 93 | 67 | 67 | 935 |
| Deeds '09 | 36 | 56 | 76 | 81 | 83 | 84 | 94 | 87 | 84 | 88 | 111 | 75 | 955 |



Foreclosures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Foreclosures '08 | 6 | 4 | 11 | 10 | 10 | 8 | 8 | 6 | 6 | 10 | 12 | 6 | 97 |
| Foreclosures '09 | 5 | 6 | 4 | 5 | 5 | 1 | 4 | 6 | 7 | 3 | 9 | 6 | 61 |

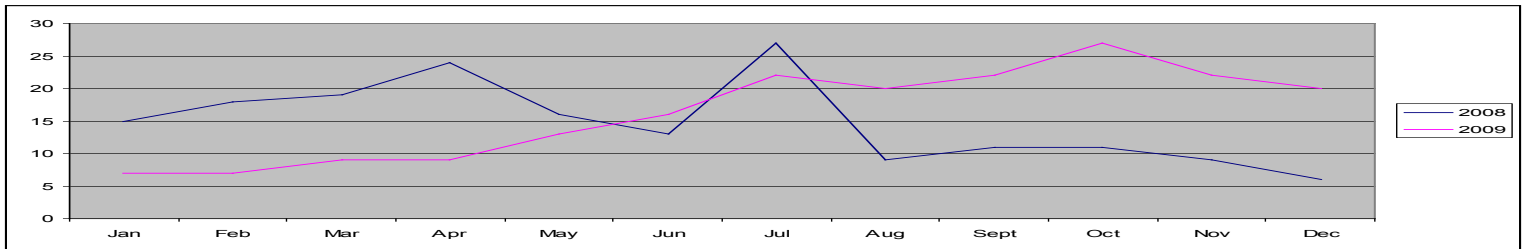


Merrimack Valley Housing Report

City of Methuen, Con't

Orders of Notice

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | TOTAL |
|----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Orders of Notice '08 | 15 | 18 | 19 | 24 | 16 | 13 | 27 | 9 | 11 | 11 | 9 | 6 | 178 |
| Orders of Notice '09 | 7 | 7 | 9 | 9 | 13 | 16 | 22 | 20 | 22 | 27 | 22 | 20 | 194 |



Housing Trends Mixed in 2009: What Will 2010 Bring? Con't from page 1

245, while Lawrence experienced the most foreclosure deeds recorded in 2008 with 457. With 227 foreclosure deeds filed in 2009, Lawrence saw the biggest decline of approximately 50%. However, for the four largest cities, the number of order of notices, also known as "petitions to foreclose" (which begins the formal foreclosure process), increased 65%-259% during the last three months of 2009 compared to the number of foreclosure petitions filed in the last quarter of 2008, indicating the foreclosure problem is far from over. Haverhill experienced the largest increase in order of notices recorded at 259%, followed by Methuen (165%), Lowell (78%), and Lawrence (65%). The towns also had an overall increase of 139% when comparing the last quarters of 2008 and 2009.

What trends should we expect to see in 2010? Many observers anticipate deed filings to increase somewhat in most Merrimack Valley communities over the next few months when compared to the same period in 2009 due to the extension of homebuyer credits until

the end of April. Nevertheless, we are concerned that sales activity (deed filings) will likely continue to lag in Lawrence and Lowell when compared to one year ago. We also expect foreclosure deed filings to increase throughout the region during the first half of 2010 due to the escalating number of foreclosure petitions filed against homeowners within the Merrimack Valley, unless we see more effective government action or major improvements in the local economy. When the large number of homes within the foreclosure process eventually are auctioned off or sold by lenders, we anticipate this will further depress home prices in the Merrimack Valley. If the Feds continue to keep interests rates at historic lows then mortgages (refinancing) deeds filed should continue to remain high, but many observers predict that interest rates will begin to rise, which would result in fewer mortgages being recorded. We will continue to monitor real estate trends during the coming months and try to provide readers with insight into the state of housing in the Valley for the new year and decade. █

*Loan Modification Activity (Part I: By the Numbers)
Con't from page 2*

March and the latest data was reported up to November)

| Foreclosure | Lawrence | Methuen | Lowell | Haverhill |
|-------------|----------|---------|--------|-----------|
| Mar - Nov | 162 | 44 | 175 | 103 |
| Total | 227 | 61 | 245 | 148 |
| Orders | | | | |
| Mar - Nov | 319 | 160 | 367 | 211 |
| Total | 413 | 193 | 446 | 255 |

The lack of significant modifications at the local and national level could be a two pronged problem related to the HAMP program and lenders (See table: 2). There's a six month waiting period when enrolled in a trial modification, while lenders are reluctant to modify because of the possibility of re-defaults, paperwork problems with borrowers and a lack of resources (personal and/or financial), among other

| | Lawrence | Methuen | Lowell | Haverhill |
|--------------|-----------|-----------|-----------|-----------|
| Jan | 0 | 3 | 1 | 1 |
| Feb | 6 | 0 | 3 | 3 |
| Mar | 3 | 1 | 5 | 4 |
| Apr | 1 | 0 | 4 | 2 |
| May | 5 | 3 | 8 | 5 |
| Jun | 7 | 4 | 4 | 1 |
| Jul | 2 | 5 | 5 | 2 |
| Aug | 4 | 3 | 7 | 4 |
| Sept | 2 | 4 | 7 | 4 |
| Oct | 2 | 2 | 4 | 1 |
| Nov | 2 | 5 | 3 | 2 |
| Dec | 0 | 3 | 4 | 4 |
| Total | 34 | 33 | 55 | 33 |

Notes:

1. Makinghomeaffordable.org

issues. Lenders will often delay the process and allow foreclosure because of the risk of borrowers not being able to make the new payments.

HAMP might not be an effective program in the long run as it was designed to accommodate homeowners trapped in adjustable rate mortgages (ARMs) given by lenders as property values decreased, while the program wouldn't be the right solution for those who have lost income (underemployed) or a job, because they wouldn't qualify for certain loans. Again, why would a bank bother with a permanent modification when the borrower has no stable employment?

The next few months should provide some insight on the future effectiveness of the HAMP program amongst increasing orders, as it was started in March, so there should be a speculative increase in permanent modification for the four cities, if the program is working effectively for those with adjustable rate mortgages. █

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The *Merrimack Valley Housing Report* is published by
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This project is funded in part by the Office of the Chancellor and the
Office of Outreach. UMASS LOWELL

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Editorial Note

Beginning with the February issue, the Merrimack Valley Housing Report will run a series of article focusing on healthy home issues. Whereas, Merrimack Valley families spend a significant amount of time each day indoors at home, we will discuss potential housing issues that could negatively impact the health and safety of area residents. In addition, we will provide readers with recommendations on how to maintain a healthy and safe home.