

Merrimack Valley

housingreport

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Foreclosures and Help for Homeowners

By Richard P Howe Jr

The business pages these days proclaim that that real estate market is finally bouncing back from its post-bubble doldrums and brokers in particular will corroborate this development. While there is some cause for optimism here at the registry of deeds – our volume of deeds and mortgages is up while foreclosures are down – the signals are mixed. Under the right circumstances, property will sell quickly but there are still many homeowners and homes that are frozen out of the market by mortgage balances that exceed fair market value. And while foreclosure activity has generally been down when compared to the same time last year, a spike in the number of orders of notice recorded in January was cause for concern.

We pay attention to the number of orders of notice recorded because each of those documents signal the start of the foreclosure process for a particular property. Not all orders of notice end in foreclosure but many do, so they are a useful indicator. In an effort to dig deeper into these currently distressed properties, I scrutinized the date of origin of 30 of the orders of notice recorded for the Middlesex North District for January 2013 (there were 74 recorded for the month). Since the onset of the Great Recession is deemed to be late 2007, I calculated how many of these currently distressed mortgages had come into being before that and how many came afterwards. Twenty-three of the 30 distressed

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Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

February 2012 and February 2013 compared

| | Haverhill | | Lawrence | | Lowell | | Methuen | |
|-------------------|-----------|--------|----------|--------|--------|--------|---------|--------|
| | Feb-12 | Feb-13 | Feb-12 | Feb-13 | Feb-12 | Feb-13 | Feb-12 | Feb-13 |
| Deeds | 75 | 89 | 66 | 58 | 112 | 136 | 70 | 57 |
| Mortgages | 148 | 164 | 104 | 85 | 182 | 224 | 200 | 171 |
| Foreclosure Deeds | 13 | 4 | 5 | 3 | 7 | 5 | 16 | 1 |
| Orders of Notice | 22 | 8 | 29 | 9 | 36 | 14 | 4 | 4 |

Fewer Foreclosures Future for the Merrimack Valley?

By: Sarah Pike

Tracking the data of the four major cities Haverhill, Lowell, Lawrence, and Methuen, data shows significant and consistent decreases in foreclosure rates. While comparing the rates from 2012 to 2013 in December, January, and February all four cities in all three months experienced decreases in foreclosures. The one exception is Methuen in January had a spike of 129% increase (from seven foreclosures in 2012 to 16 in 2013).

The foreclosure decreases of the previous three months when compared to the same period one year ago are not only consistent, but are also significant. The percent change range from a twenty-two percent (-22%) decrease to eighty-nine percent (-89%) decrease. It is safe to raise the question as to if these decreases are a sign of an upturn in the housing market of our communities, or a mere fluke in the ebb and flow of real estate.

To shed light on this question we examined the order of notice trends for the same cities and time periods. The data is unfortunately not as straight forward, but still points to a hopeful future. The months of December and February consistently had decreases in orders of notice across all cities reviewed. These decreases, similar to foreclosure rates, were significant. They ranged from a twenty one percent decrease (-21%) to a one hundred percent decrease (-100%). January, however, showed almost unanimous increases in orders of notice. It is possible that the spike in orders of notice in January could be due to a backlog in paperwork from the holiday season in mid to late December, creating abnormally high rises in orders in January.

It is very possible that overall rates of orders of notice from 2012 to 2013 are decreasing and this January was an abnormally high month due to unexpected life events and holiday circumstances. If that is the case, we may be looking at a time when not only foreclosure rates are decreasing, but also when fewer families are struggling to make their payments. The Merrimack Valley Housing Report staff will continue to monitor the trends in future months.

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properties, I scrutinized the date of origin of 30 of the orders of notice recorded for the Middlesex North District for January 2013 (there were 74 recorded for the month). Since the onset of the Great Recession is deemed to be late 2007, I calculated how many of these currently distressed mortgages had come into being before that and how many came afterwards. Twenty-three of the 30 distressed mortgages originated in 2007 or before and only seven came afterwards. The single year with the most foreclosures was 2007 (seven of them) with 2006 (six) close behind.

While foreclosure statistics are rarely cause for optimism, it is somewhat encouraging that most of these troubled mortgages originated before the bubble burst, suggesting that more recent underwriting standards are working as hoped. As for the six and seven year old mortgages now being foreclosed, some may always have been in trouble and survived this long through the forbearance of lenders. Just as likely these are homeowners who remained current until the occurrence of some triggering event such as a job loss, divorce or medical condition that interrupted the flow of revenue into the household and prevented payments that had been up to date from being made.

With home prices depressed by the bursting of the bubble now resting stably at levels well below the pre-2007 peaks, this stream of foreclosures will probably continue for some time. Fortunately for homeowners in that plight, the types and kinds of assistance available now greatly exceed that from years past. The office of Attorney General Martha Coakley in particular has used part of the proceeds of consumer protections settlements with some major lenders to finance this kind of assistance.

There are three distinct streams of assistance offered under the umbrella of the Attorney General's HomeCorps. Twenty attorneys employed directly by the Attorney General and deployed at offices around the Commonwealth assist homeowners in navigating the modification process with the five major lenders that were part of the settlement. The second assistance avenue is the Legal Representation Initiative which consists of twenty legal aid offices paid for with settlement proceeds. These offer assistance on a variety of issues to homeowners in distress. Finally, settlement proceeds are also used to pay a stipend to twenty-one different social service agencies to help soften the landing of those who have lost their homes to foreclosure. For more information about HomeCorps and the assistance it offers, call (617) 573-5333 or go to the program's website at www.mass.gov/ago/homecorps.

Looking to Showcase Your Vacancy or Looking to Move?

Community Teamwork Inc. (CTI) developed a new website designed to help landlords showcase their vacancies, and tenants to easily find them.

This free service is offered throughout the Merrimack Valley and the North Shore.

For more information go to:

www.nearlistings.org or contact Avi Glaser at aglaser@comteam.org

Fewer Foreclosures Future for the Merrimack Valley? (Continued from pg 2)

Percent Change for in Orders of Notice and Foreclosure Deeds

| <i>Haverhill</i> | % Ch. Orders | % Ch. Forclosures |
|------------------|--------------|-------------------|
| December | -100% | -42% |
| January | 35% | -25% |
| February | -64% | -69% |

| <i>Lowell</i> | % Ch. Orders | % Ch. Forclosures |
|---------------|--------------|-------------------|
| December | -21% | -61% |
| January | 112% | -22% |
| February | -61% | -29% |

| <i>Lawrence</i> | % Ch. Orders | % Ch. Forclosures |
|-----------------|--------------|-------------------|
| December | -56% | 75% |
| January | 107% | -50% |
| February | -61% | -75% |

| <i>Methuen</i> | % Ch. Orders | % Ch. Forclosures |
|----------------|--------------|-------------------|
| December | -42% | -56% |
| January | -60% | 129% |
| February | -76% | -86% |

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