

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 4, Issue 3 March 2011

Loan Activity Increases Nationally and Locally.....1
Orders of Notice and Foreclosures in the Suburbs.....2

Loan Modification Activity Increases Nationally and Locally

By Emily Vidrine

In the February 2010 issue of the Merrimack Valley Housing Report the performance of the Home Affordable Modification Program (HAMP) was discussed. Many people have criticized HAMP for its lack of success in transitioning homeowners from trial loan modifications to permanent modifications. In December 2009 trial modifications started totaled 902,620 but permanent modifications only amounted to 66,465 (another 46,056 were pending borrower acceptance). At the time of the December 2009 Making Home Affordable Servicer Performance Report, about 7.4% of trial modifications started transitioned to permanent modifications (does not include those pending borrower acceptance).¹

In early 2010 a supplemental directive was issued that required modification applicants to submit a formal

verification package consisting of three documents to enter a trial modification. The reasoning was that requiring verification before issuing trial modifications would reduce complications in the subsequent transition to permanent modifications. Are there a greater number of permanent modifications as a result? Based on available data in the Making Home Affordable Servicer Performance Report for January 2011, it is evident that the transition rate from trial to permanent modifications has increased substantially since December of 2009. As of January 2011 trial modifications started totaled 1,493,107 and active trials totaled 145,260 (about half were canceled and the rest became permanent modifications). Permanent modifications started totaled 607,607 and active permanent modifications totaled 539,493.2 According to these numbers, about 41% of trial modifications

Con't on pg 3

Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

February 2010 and February 2011 compared

	Haverhill		Lawrence		Lowell		Methuen	
	Feb-10	Feb-11	Feb-10	Feb-11	Feb-10	Feb-11	Feb-10	Feb-11
Deeds	82	70	84	57	108	81	61	47
Mortgages	131	119	89	86	153	146	110	112
Foreclosure Deeds	19	7	21	9	25	9	6	5
Orders of Notice	30	18	48	14	67	19	29	11

Orders of Notice and Foreclosures in the Suburbs

By Richard P. Howe Jr.

In last month's issue of the Merrimack Valley Housing Report, I wrote about the correlation between Orders of Notice and Foreclosure Deeds based on foreclosure activity in Lowell from January 1, 2007 to December 31, 2010. The purpose of that analysis was to determine how accurately Orders of Notice predict future foreclosures. This month, I conducted the same analysis for the nine towns in the Middlesex North Registry of Deeds district.

Any time a lender commences a foreclosure against a non-corporate homeowner, the lender must first comply with the Service Members Civil Relief Act which requires the lender to record a document called an Order of Notice at the registry of deeds. Some time after that, the lender conducts the foreclosure auction at the property and eventually, a Foreclosure Deed is recorded at the registry of deeds. These two documents – the Order of Notice and the Foreclosure Deed – are the book-ends of the foreclosure process.

To conduct this study, I queried the registry database for all Orders of Notice and all Foreclosure Deeds recorded between January 1, 2006 and December 31, 2010 for the nine towns in the registry district (Billerica, Carlisle, Chelmsford, Dracut, Dunstable, Tewksbury, Tyngsborough, Westford and Wilmington). Because the time between the Order of Notice and the Foreclosure Deed being recorded is approximately six months, I removed all Orders of Notice recorded after June 30, 2010 from the set since any recorded during that six month period would be unlikely to have a corresponding Foreclosure Deed recorded prior to December 31, 2010, the cut off date for the set. Next, I sorted the results by address and matched Orders of Notice with the corresponding Foreclosure Deeds. Based on this sorting, Orders of Notice fell into one of three categories: those that matched Foreclosure Deeds, those that did not match Foreclosure Deeds, and those that duplicated other Orders of Notice. (There

are many reasons why an Order of Notice might not result in a Foreclosure Deed: the home owner might sell, refinance, obtain a loan modification, or bring the mortgage current).

There were 1826 Orders of Notice recorded for the nine towns during the time period studied. Of those, 843 (46%) had a corresponding Foreclosure Deed; 763 (42%) had no corresponding Foreclosure Deed; and 220 (12%) were duplicates of Orders of Notice in one of the other two categories. When looked at on a town-by-town basis, these percentages varied significantly. In Dracut, 56% of Orders of Notice resulted in Foreclosure Deeds; in Tyngsborough, it was 52%; in Chelmsford it was 50%; in Westford it was 42%; in Tewksbury it was 39%; in Wilmington it was 37%; in Dunstable it was 30%; and in Carlisle, 25%.

Why there is such a wide range of percentages from town-to-town is unclear. The most likely cause is the relative value of properties – and changes to those values – in each town. A house in Carlisle is more likely to hold or increase its value than a house in Dracut, for example. Should the Carlisle homeowner have difficulty making the monthly mortgage payment, he is more likely to be able to sell the property for an amount that exceeds the outstanding balance of the mortgage and thereby avoid foreclosure.

Regardless of the variation in percentages among towns, this data suggests that something less than 50% of the Orders of Notice filed on suburban homes end up as actual foreclosures. Compared to last month's finding that 63% of the Orders of Notice filed on property in Lowell resulted in a foreclosure, the 50% suburban foreclosure rate is an encouraging figure. 📈

Loan Modification Activity Increases Nationally and Locally Con't from pg 1

started totaled 1,493,107 and active trials totaled 145,260 (about half were canceled and the rest became permanent modifications). Permanent modifications started totaled 607,607 and active permanent modifications totaled 539,493.2 According to these numbers, about 41% of trial modifications started transitioned to permanent modifications as of January 2011, up from 7.4% in December 2009.

How has the Merrimack Valley fared in terms of modifications? Massachusetts had 3,642 active trial modifications in January 2011 and 13,497 permanent modifications, accounting for 2.5% of loan modification activity nationally. The Boston-Cambridge-Quincy metropolitan area ranks 13th in the nation for HAMP loan modification activity. California, Florida, and Illinois have the highest activity at 23.5%, 12%, and 5.4%, respectively. 3 It seems that Merrimack Valley recorded loan modifications have increased from January 2010 through February 2011. Monthly loan modification activity for six towns in the Merrimack Valley indicates an upward trend, although there is no significant increase in modifications for the individual towns, except for Haverhill which saw a jump in

modifications from October 2010 through January 2011 and Lowell which had higher numbers through the second half of 2010. While there does seem to be an upward trend in modification activity in the six towns for which data was collected, it is unclear whether an increase in numbers is a direct result of HAMP as the data includes all loan modification activity. 7

Cited:

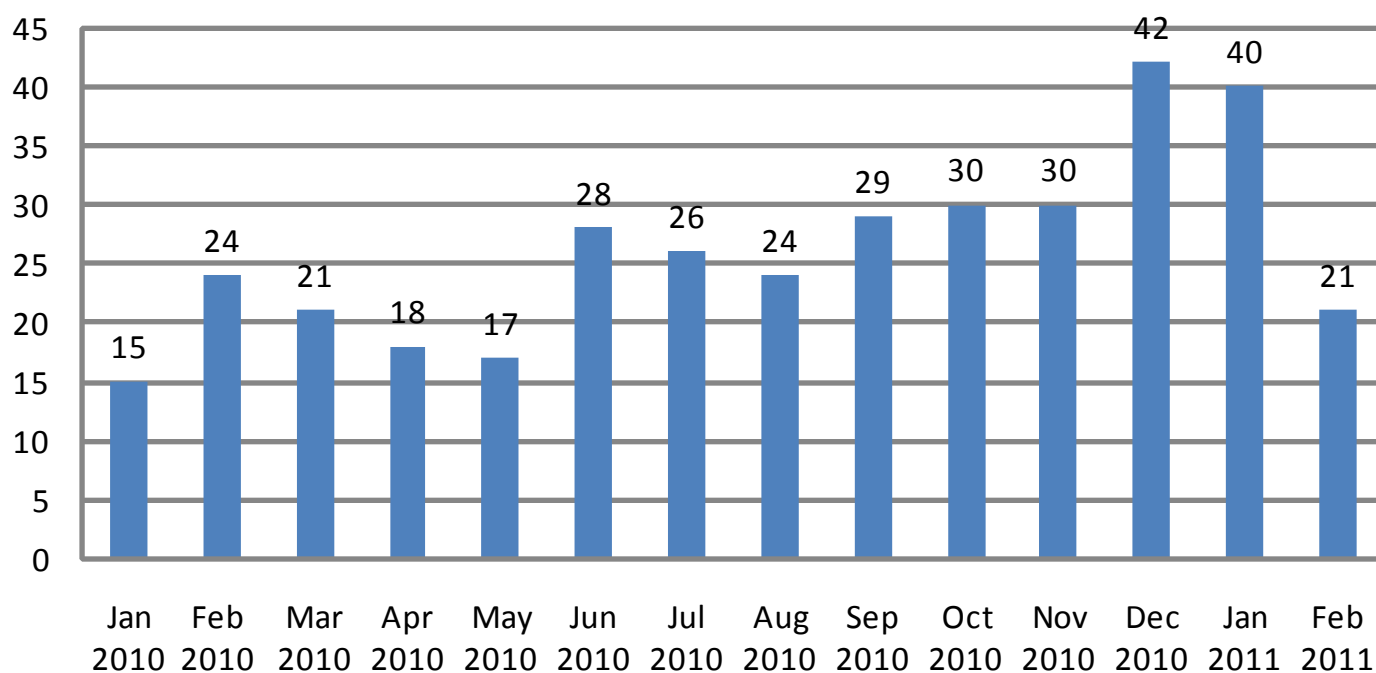
1. "Making Home Affordable Program Servicer Performance Report Through December 2009" <http://www.makinghomeaffordable.gov/news/latest/Documents/report.pdf>
2. "Making Home Affordable Program Servicer Performance Report Through January 2011" http://www.treasury.gov/initiatives/financial-stability/results/MHA-Reports/Documents/Jan_2011_MHA_Report_FINAL.PDF
3. Ibid.

The Merrimack Valley Housing Report thanks its major sponsors:

**Merrimack Valley Regional Network to End Homelessness
&
Community Teamwork Inc.**

Recorded Loan Modifications Jan 2010 - Feb 2011							
	Lowell	Chelmsford	N. Andover	Lawrence	Haverhill	Methuen	Total
Jan 2010	3	0	1	5	2	4	15
Feb 2010	5	0	5	4	7	3	24
Mar 2010	8	5	4	2	2	0	21
Apr 2010	4	0	3	4	4	3	18
May 2010	4	6	0	1	3	3	17
Jun 2010	3	3	1	8	5	8	28
Jul 2010	7	3	2	9	2	3	26
Aug 2010	8	3	2	4	3	4	24
Sept 2010	12	3	4	2	4	4	29
Oct 2010	8	5	1	5	8	3	30
Nov 2010	5	2	4	3	12	4	30
Dec 2010	10	5	3	9	10	5	42
Jan 2010	9	2	5	5	15	4	40
Feb 2010	3	3	4	1	6	4	21

Recorded Loan Modifications Chelmsford, Haverhill, Lawrence, Lowell, North Andover, and Methuen



The *Merrimack Valley Housing Report* is published by UMass Lowell and the Middlesex North Registry of Deeds

Richard P. Howe Jr., Editor
Richard.Howe@sec.state.ma.us

David Turcotte, Editor
David_Turcotte@uml.edu

Emily Vidrine, Research Assistant /Writer
Emily_Vidrine@student.uml.edu

Joann Vaillette, Publication Assistant/Writer
Joann_Vaillette@student.uml.edu

Center for Family, Work, and Community
University of Massachusetts Lowell
600 Suffolk Street, First Floor South
Lowell, MA 01854
Tel. (978) 934-4682
www.uml.edu/mvhousing

This project is funded in part by the Office of the Chancellor and the Office of Outreach. UMASS LOWELL

Subscribe to the Merrimack Valley Housing Report

To begin receiving this monthly e-publications, please e-mail David Turcotte at David_Turcotte@uml.edu