

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 11 November 2010

Foreclosures, Sales Down in October.....	1
A Surge in Suburban Refinancing.....	2

Foreclosures, Sales Down in October

By David Turcotte

Foreclosure deeds, petition filings (order of notices) and deeds (sales) were lower in October, while refinancing (mortgages) were up throughout the Merrimack Valley when compared to the same month in 2009. Lawrence experienced the largest foreclosure rate decline at 62% with 11 foreclosure deeds recorded in October 2010 compared to 29 during the same month in 2009. Haverhill saw a drop of 41% (12 to 7) in foreclosure deeds filings, followed by Methuen at 33% (3 to 2) and Lowell at 24% (29 to 22) during the same period. This was the first monthly decline in 2010 of foreclosure deed filings when compared to 2009. Most observers believe this decrease is temporary and attribute it to the foreclosure moratoriums initiated by many national lenders in response to reports of improper actions and procedures during the foreclosure process. Nevertheless, foreclosures are still higher during the

first 10 months of 2010 when compared to the same period in 2009. From January to October 2010, Methuen experienced the biggest jump at 111% from 46 in 2009 to 97 this year. During this same period, Lowell had 308 foreclosure deeds recorded compared to 207 in 2009, a 49% increase, followed by Haverhill at 38% (123 to 170) and Lawrence's 16% (199 to 232).

Order of notices, also known as "foreclosure petitions" (the first formal step in the foreclosure process) also dropped for the first time this year in most communities when compared to the same month in 2009. Lawrence experienced the biggest decline in order of notices recorded at 54%, followed by Haverhill (47%), Lawrence (38%), and Lowell (20%). Conversely, Methuen's order of notices increased 11% from 26 in October 2009 to 29 last month. However, "foreclosure

Con't on pg 3

Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

October 2009 and October 2010 compared

	Haverhill		Lawrence		Lowell		Methuen	
	Oct-09	Oct-10	Oct-09	Oct-10	Oct-09	Oct-10	Oct-09	Oct-10
Deeds	116	102	106	90	161	127	88	72
Mortgages	174	205	116	103	236	258	159	182
Foreclosure Deeds	12	7	29	11	29	22	3	2
Orders of Notice	42	22	57	26	55	44	26	29

A Surge in Suburban Refinancing

By Richard P. Howe Jr

Even though foreclosures continue to plague the communities of the Middlesex North Registry of Deeds district, the number of foreclosure-related documents recorded during October showed a slight decline for the first time this year. Just as importantly, the number of mortgages recorded rose by one-third, a development both positive and overdue.

For the ten communities in the district (Billerica, Carlisle, Chelmsford, Dracut, Dunstable, Lowell, Tewksbury, Tyngsborough, Westford and Wilmington), there were 1508 mortgages recorded in October 2010, a 37% increase from the 1101 recorded in October 2009. Because only 447 deeds were recorded during October 2010, it is reasonable to conclude that at least two-thirds of the new mortgages were the result of homeowners refinancing their existing loans to take advantage of the historically low interest rates now available.

Unlike the many homeowners who refinanced to extract newly created equity from their homes when real estate values were soaring, those refinancing now in a time of stagnant or still-declining values seek lower monthly mortgage payments. The savings can be substantial. A homeowner with a 30-year mortgage of \$200,000 at 7% interest has a monthly payment of \$1331. By refinancing that same amount to one of the 4% mortgages commonly available today, that homeowner's monthly payment would drop to \$962, a monthly savings of \$369. If every homeowner was suddenly able to realize such savings, there would be no need for any government stimulus to revive the economy because the money not going towards the mortgage would undoubtedly be spent elsewhere.

Unfortunately, this mini-boom in refinancing is not distributed evenly across the district but is instead a suburban-based phenomenon. While the district-wide increase in mortgage recordings from October 2009 to October 2010 was 37%, the increase in the

city of Lowell was only 9% while the nine towns in the district saw a 45% increase. Westford had the largest percentage increase, rising from 128 mortgages recorded in October 2009 to 205 in October 2010, a 60% jump. Tyngsborough had a 47% increase, from 55 to 81; Billerica rose 43%, from 151 to 216; Chelmsford increased 42%, from 142 to 201; and Tewksbury climbed 29%, from 129 to 167. Dracut was the only town that had a rate of increase – 13% – which can be attributed, in part, to the relatively high rate of foreclosures still being seen in Dracut.

The entities making these new loans are quite diverse although some of the big national lenders retain a large share of the market. Of the October 2010 suburban mortgages, Bank of America was most active with 76, followed by Wells Fargo with 61 and Leader Bank with 42. Local banks were also quite active during this October: Jeanne d'Arc Credit Union had 35 suburban mortgages; Enterprise Bank and Trust had 25; Lowell Five Cent Savings had 15 as did Washington Savings Bank and Lowell Cooperative Bank had 12.

This rise in refinancings is indeed a positive sign but it could be better. Lawyers tell me that as many as half of the homeowners sent to them with initial approvals for new loans see their deals fail to materialize. The two culprits most often cited are a new blip or twist on the homeowner's credit report or an appraisal that values the property at less than the bank requires for the size of the contemplated loan. Still, this surge in refinancings to historically low interest rates may pave the way for a rebound in the real estate market while stimulating the broader economy with the additional disposal income left to homeowners after the dramatic reduction in their monthly mortgage payments. █

Foreclosures, Sales Down in October Con't from pg 1

petitions” are higher within all four major cities in the Merrimack Valley during the first 10 months of 2010 when compared to 2009. Again, Methuen is leading the pack with 66% from 151 in 2009 to 250 in 2010, followed by Lowell at 51% (337 to 510), Haverhill at 50% (200 to 300) and Lawrence at 28% (330 to 423). Orders of notices are also likely to increase again in the near future.

Sales activity (deeds filed) declined throughout the region in October when compared to October 2009. Lowell deeds dropped by 21% (161 to 127), followed

by Methuen at 18% (88 to 72), Lawrence’s 15% (106 to 90) and Haverhill’s 12% (116 to 102). Nonetheless, deed filings are down in most communities from January to October 2010 when compared to the first 10 months of 2009. Lawrence saw the biggest decline from 2009 to 2010 at 11% (983 to 869) followed by Lowell’s 6% (1,407 to 1323) and Methuen at 5% (769 to 730). Bucking this trend, Haverhill deed filings are up a modest 1% (933 to 945) between 2009 and 2010. Deed filings (sales) are anticipated to remain sluggish, despite record low interest rates until at least spring or summer of next year. █

Upcoming Events in the Merrimack Valley

The City of Lowell is in the process of updating its Analysis of Impediments to Fair Housing Choice (AI), a report designed to assess the current housing climate in the City. In order to gather knowledge, opinions and feelings from key stakeholders in the housing community, the City, in collaboration with the Fair Housing Center of Greater Boston, will be hosting a public hearing on Thursday, December 9 from 6-8pm at the Lowell Senior Center (276 Broadway Street in Lowell). Additionally, the City has prepared a survey designed to collect key info on fair housing issues, which can be taken here: <http://www.surveymonkey.com/s/M5KPTYF>. For more information please contact Emily Currier, Community Development Assistant for the City of Lowell at ecurrier@lowellma.gov or 978-446-7200X1418.

The Merrimack Valley Housing Report thanks its major sponsors for 2010:

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

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