

Merrimack Valley

housingreport

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Housing Trends Mixed in the Merrimack Valley

By David Turcotte

Sales activity increased in both Haverhill and Methuen in July 2009 when compared with the same month in 2008. Haverhill saw the biggest jump as deeds recorded (sales) last month increased 24% with 109 from the total of 88 in July 2008. However, this represents a slight decline from June 2009 totals of 111. Methuen also experienced an increase of about 20% with 94 deeds recorded last month when compared to last July's total of 78. Conversely, Lowell recorded 120 deeds last month, a 24% decline from July 2008 total of 157. In addition, last month's total of 120 reflects an 18% decline from June 2009 total of 146. On the other hand, Lawrence saw a slight decrease in July 2009 to 114 compared to 116 the same month in 2008.

when compared to July 2008. Methuen saw the largest jump in July 2009 of 53% with 223 mortgages filed compared to 146 in 2008. However, this represents a 6% decline from 236 in June 2009. Mortgages filed in Haverhill increased 39% from 139 in 2008 to 193 last month, but this reflects a 16% decline from the 230 in June 2009. Lowell experienced a 5% increase in mortgages filed last month with 232 compared to 220 in July 2008. Yet, this is 22% lower than the 299 mortgages recorded in June 2009. Then again, Lawrence witnessed a 16% reduction in mortgages recorded from 152 in July 2008 to 128 last month, which is also less than the 150 filed in June 2008.

Methuen and Haverhill both experienced significant increases in mortgage filings (refinancing) last month

Cont on pg.3

Deeds, Mortgages, Foreclosures and Orders recorded

July 2008 and July 2009 compared

	Haverhill		Lawrence		Lowell		Methuen	
	July-08	July-09	July-08	July-09	July-08	July-09	July-08	July-09
Deeds	88	109	116	114	157	120	78	94
Mortgages	139	193	152	128	220	232	146	223
Foreclosure Deeds	19	8	37	19	27	17	8	4
Order of Notice	27	15	70	33	46	40	27	22

Tracking Foreclosures at the Registry of Deeds

By Richard P. Howe Jr

Tracking rates of foreclosure in Massachusetts is an inexact science. The foreclosure itself is scheduled and conducted by the lender with no judicial involvement which leaves no centralized list of pending foreclosures that can be examined or analyzed. However, there are two documents that are recorded at the Registry of Deeds that give us a glimpse into foreclosure trends.

In every foreclosure, the lender first files a complaint in the Land Court seeking a declaration that the borrower is not entitled to the protection of the Service Members Civil Relief Act of 2003. As part of that determination, the Land Court issues an order of notice which must, among other things, be recorded at the Registry of Deeds. While every order of notice does not end in a foreclosure, most do, so tracking orders gives us advanced warning of likely foreclosure rates in the coming months. The mainstream media tends to change the name from orders of notice to “Foreclosure Filings” which is an easier to comprehend label.

Once the Land Court issues judgment in favor of the lender in the Civil Relief Act proceedings - which happens unless the borrower is in the military – the lender is then able to schedule and conduct the foreclosure auction independent of any additional judicial or governmental involvement. At the auction (typically held at the property) the high bidder (typically the foreclosing lender) signs the equivalent of a purchase and sale agreement which provides that the foreclosure deed will be delivered by the foreclosing lender 30 or more days into the future although there is no time limit on when the foreclosure deed must be recorded. And it is the recording of the foreclosure deed at the registry that provides the second way to count foreclosures, but only well after the auction has actually occurred.

To obtain a more precise idea of how the numbers of orders of notice and foreclosure deeds we report each month translate into actual foreclosures, we examined the 121 foreclosure deeds recorded for the

city of Lowell between January 1, 2009 and June 30, 2009, and captured the dates upon which each of four events in the foreclosure process occurred. These events were (1) recording the order of notice at the registry; (2) the date the auction was held; (3) the date the foreclosure deed was signed; and (4) the date the foreclosure deed was recorded. These date intervals will be reported as the median rather than the average because the average would be misleadingly high due to a handful of recordings with extremely long time periods between events.

The median time from the recording of the order of notice to the occurrence of the foreclosure auction was 54 days (the average shoots up to 92). The longest interval was 665 days; the shortest was 19. Of the 121 cases studied, 76% of the auctions occurred within 90 days of the recording of the order of notice; 13% occurred between 90 and 180 days; 6% occurred between 180 and 365 days; and 3% occurred more than a year later.

In January of this year, we noted long delays – often up to six months – between the foreclosure auction and the recording of the foreclosure deed, so that interval was the second one we measured. The median time from the occurrence of the foreclosure auction to the recording of the foreclosure deed was 66 days (the average was 84). The longest interval was 665 days; the shortest was just three. Of the 121 cases studied, 64% of foreclosure deeds were recorded within 90 days of the auction; 28% were recorded between 90 and 180 days after; and 6% were recorded between 180 and 365 days after. Only 1 (equating to 0%) took more than a year to record.

The final interval measured was the length of time from the recording of the order of notice to the recording of the foreclosure deed – which was 148 days (again, that’s the median; the average was 176). The longest interval was 689 days; the shortest was 44. Of the 121 cases studied, 19% of the foreclosure deeds were

recorded less than 90 days after the order of notice; 48% were recorded between 90 and 180 days after; 23% were recorded between 180 days and one year; and 7% of foreclosure deeds were recorded more than one year after the order of notice.

The time intervals measured here – two months from order of notice to foreclosure auction and two months plus from the auction to the recording of the foreclosure deed – provide an accurate frame of reference for those following foreclosure statistics. ¶

*Housing Trends Mixed in the Merrimack Valley
cont from pg.1*

Overall, foreclosure deeds recorded last month in the four largest cities in the Merrimack Valley declined 37-58%. This reflects the trend that we have seen throughout 2009. Nevertheless, as reported in the last issue of the Merrimack Valley Housing Report, the foreclosure process duration before an actual foreclosure deed is filed averages over 300 days in Massachusetts. Consequently, we have added a fourth category to our regular statistical table “Order of Notice” to provide another indicator to illustrate the number of foreclosures likely to happen in the coming months. The number of order of notices recorded in

July 2009 for the four largest cities range from 74%-450% greater than the number of foreclosure deeds filed, indicating the foreclosure problem is far from over. This month’s article by Dick Howe Jr., *Tracking Foreclosures at the Registry of Deeds* explains the “Order of Notice” and foreclosure process in more detail and provides an excellent analysis of foreclosure activity in Lowell during the first six months of 2009. In conclusion, the pace of foreclosures in the region remains steady and the overall trends in real estate activities are sending mixed signals. 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. ¶

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

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