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Foreclosure rate is slowing

Foreclosure filings, according to RealtyTrac, totaled 252,363 in the month of June, down 3% from the month of July. Analysts expect the trend to continue into July.

The data reflecting the slow in foreclosures is thought to be linked to the change in certain state and municipal laws; laws that have been designed to allow homeowners more time to communicate with their lenders and revise distressed loans.

In California a law was passed on July 8 that states lenders must now wait an additional 30 days after a homeowner misses their first payment before filing a default notice and must use more "due diligence" to attempt a loan revision.

In Massachusetts, according to a Boston-based research firm Warren Group, foreclosure petitions have dropped by 84%. New Massachusetts law states that homeowners now have a three month grace period after they default before the lender can file to foreclose.

New York has followed California and Massachusetts' lead by passing a bill last week that requires lenders to send a pre-foreclosure notice to certain borrowers at least 90 days before foreclosure proceedings may be initiated.

The change in law is intended to allow more of an opportunity for communication between the borrower and the lender and in turn increase the hope that loans can be modified.