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## Foreclosure Filings Up 81% in 2008

Associated Press

WASHINGTON -- More than 2.3 million American homeowners faced foreclosure proceedings last year, an 81% increase from 2007, with the worst yet to come as consumers grapple with layoffs, shrinking investment portfolios and falling home prices.

Nationwide, more than 860,000 properties were actually repossessed by lenders, more than double the 2007 level, according to [RealtyTrac](#), a foreclosure listing firm based in Irvine, Calif., which compiled the figures.

Moody's [Economy.com](#), a research firm, predicts the number of homes lost to foreclosure is likely to rise by another 18% this year before tapering off slightly through 2011.

Still, foreclosures -- which keep breaking records going back 30 years, according to the Mortgage Bankers Association -- are likely to remain well above normal levels for years to come, and that will continue to keep home prices from rebounding.

"Hitting bottom is a lot different than coming off the bottom," said Christopher Thornberg, a principal with Beacon Economics in Los Angeles.

The RealtyTrac report comes as Democrats, including President-elect Barack Obama, develop plans to use up to \$100 billion of the remaining \$350 billion in financial bailout money in an attempt to prevent the foreclosure crisis from getting even worse.

The four states with the highest foreclosure rates last year were Nevada, Florida, Arizona and California.

More than 1.1 million properties in those four states received a foreclosure notice, almost half the national total. And more than one in five of those households were in California, which is coping with massive job losses in the housing and mortgage industries as well as a rapid decline in home prices.

Among metro areas, Stockton, Calif., was first, with 9.5% of all housing units

receiving a foreclosure filing last year. It was followed by Las Vegas, Riverside and Bakersfield, Calif., and Phoenix.

In December, more than 303,000 properties nationwide received at least one foreclosure notice, up more than 40% from a year earlier and up 17% from November, according to RealtyTrac.

Nearly 79,000 properties were repossessed by lenders in December, a 61% increase over a year ago.

New state laws, particularly in California, Massachusetts and Maryland, that required giving homeowners advance notice of foreclosure proceedings, reduced filings in several states. But the effect of those laws has worn off, and lenders appear to be going ahead with foreclosure, rather than trying to modify loans.

"If all you're doing is basically giving a stay of execution, then the inevitable will follow," said Rick Sharga, RealtyTrac's vice president for marketing.

Foreclosures would have been about 10% higher in California last year, Mr. Sharga said, if it were not for a law requiring lenders to give borrowers a 30-day warning before starting the foreclosure process.

Meanwhile, the president of the Federal Reserve Bank of Philadelphia said Wednesday he expects the economy to slowly start recovering in the second half of 2009 and inflation to remain below 2% over the next year.

In a speech at the University of Delaware, Charles Plosser also said that the unemployment rate probably won't drop anytime soon, but that he doesn't expect it to rise to double digits, as it did during the recession of the early 1980s.

"I expect the housing sector will finally hit bottom in 2009 and the financial markets will gradually return to some semblance of normalcy," said Mr. Plosser, adding that the current recession could be one of the longest in the post-World War II era.

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