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Late mortgage payments increase in South Florida

Foreclosure rates expected to jump, too

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A deluge of South Floridians are falling behind on their monthly house payments, raising fears that many of the delinquent property owners will lose their homes to foreclosure this year and next.

"Who knows how bad it's going to get," said Richard French, a manager with SunTrust Mortgage and president of the Broward County chapter of the Mortgage Bankers Association. "It's a little scary to think about."

Escalating home values from 2000 to 2005 caused buyers to overextend themselves. Many took out short-term, adjustable-rate mortgages and are seeing their loan payments spike as interest rates rise.

Higher property taxes and insurance premiums also are putting homeowners in peril.

Broward had 1,168 property owners with late payments in March, a 331 percent increase over the 271 a year ago, according to Realestat.com, a Plantation-based firm that compiles local housing statistics. Palm

Beach County's late payments climbed 288 percent, to 888, from 229 last March.

Late home loan payments in both counties increased in each of the first three months of 2007. The rise "bodes ill for actual foreclosures down the road," said Mike Larson, an analyst with Weiss Research in Jupiter.

Marc Thomashaw, a vice president for Realestat.com, was more blunt.

"We're set for an explosion [of foreclosures] to happen between now and the next six months," he said Monday.

Foreclosures in Broward and Palm Beach counties also rose in March, but at a smaller rate than late payments compared with a year ago, according to Realestat.com.

Broward's foreclosures hit 543 last month, more than double the 247 from last March. Palm Beach County had 205 foreclosures last month, up 19 percent from 173 a year ago.

Nationwide, the number of homes entering foreclosure in the January-March period doubled from a year earlier, according to California-based Foreclosures.com.

Homeowners with late house payments typically are behind at least three months and have been notified by their lenders that they intend to take

back the properties. In recent years, some of those owners avoided foreclosure by refinancing or simply selling the homes, making large profits.

But refinancing isn't as easy because lenders are tightening credit standards.

Last week, for example, Citibank and other lenders sent notices that they're stopping 100 percent financing for borrowers who can't prove two years' worth of income, said Louis Spagnuolo, a senior mortgage banker for WCS Lending in Boca Raton.

What's more, South Florida's slumping real estate market is holding down prices and preventing recent buyers from selling quickly to get out of financial trouble.

"A lot of these escape valves are now shut," Weiss' Larson said. "It's not a pretty sight."

But homeowners who can't refinance are a small segment of the borrowing public, said Greg McBride, a senior financial analyst with Bankrate.com, a financial information firm based in North Palm Beach.

Refinancing remains an option for people who have lived in their homes for several years because fixed mortgage rates still are relatively low, McBride said.