

# Broward feels stress over foreclosures

Rate is four times national average, 2nd highest in U.S.

BY PAUL OWERS  
BUSINESS WRITER

Broward County had the second-highest mortgage foreclosure rate among the nation's top 100 metropolitan areas during the third quarter, according to a report released Friday.

Irvine, Calif.-based RealtyTrac said Broward had 8,431 foreclosures in the July-to-September quarter, or one for every 88 households.

That's more than four times the national average. Only metropolitan Detroit was worse.

Miami-Dade County had the fourth-highest foreclosure rate, with 9,380 in the quarter, or one for every 91 households. Palm Beach County

was ranked 13th, with 3,643 foreclosures, or one for every 153 households.

The results aren't surprising in a region where escalating home values from 2000 to 2005 forced buyers to overextend themselves. Many took out short-term, adjustable-rate mortgages and saw their monthly payments balloon as interest rates rose.

"This is a pretty good leading indicator that there are signs of stress in the real estate market," Mark Vitner, senior economist for Wachovia Securities, said of the RealtyTrac report.

While it's clear that the housing squeeze means more homeowners are falling behind on their monthly

## MOUNTING HOME FORECLOSURES

Metro areas with the highest rates of foreclosures in the United States during the July-through-September quarter.

- 1. Detroit area:** 10,316 foreclosures; one in 80 households; +41.90 percent from second quarter
  - 2. Broward County:** 8,431 foreclosures; one in 88 households; +86.53 percent from second quarter
  - 3. Denver area:** 9,825 foreclosures; one in 90 households; +30.41 percent from second quarter
  - 4. Miami-Dade County:** 9,380 foreclosures; one in 91 households; +97.18 percent from second quarter
  - 5. Dallas area:** 13,422 foreclosures; one in 99 households; +9.94 percent from second quarter
  - 13. Palm Beach County:** 3,643 foreclosures; one in 153 households; +37.89 percent from second quarter
- United States:** 318,355 foreclosures; one in 363 households; +17 percent from second quarter

SOURCE: REALTYTRAC

# Broward foreclosures second-highest in U.S.

■ FORECLOSURES  
CONTINUED FROM PAGE 1A

the lender, so focusing only on repossessed properties doesn't give an accurate assessment of the housing downturn, said Rick Sharga, vice president of marketing for RealtyTrac.

Figures from the Mortgage Bankers Association and Foreclosure.com indicate that the foreclosure crunch isn't too bad nationwide or in South Florida. The mortgage bankers group says that the foreclosure rate declined from 1.4 percent in the second quarter to 1.1 percent in the third quarter.

The mortgage bankers reported that the percentage of mortgages nationally that started in the foreclosure process in the April-to-June quarter, the most recent data available, rose .43 percent. That's up from .41 percent in the first quarter and considered low by historical standards.

Foreclosure.com reported August foreclosure statistics that showed only a minimal increase in this region. The Boca Raton-based company counts

only properties that are in foreclosure, meaning lenders are moving to take back the homes.

In Broward County, there were 25 homeowners in foreclosure in August, up from 15 in July. In Palm Beach County, there were 18 foreclosures in August, up from 14 in July.

Foreclosure.com has not reported more recent monthly figures and says it will switch to a quarterly index beginning next year.

Although housing experts attribute the increase in foreclosures to the sharp rise in exotic loans, local real estate observers say the problem also can be traced to the large number of real estate speculators in South Florida.

Short-term investors bought properties, never intending to live there and hoping to sell them quickly for profits. But those speculators couldn't find buyers as the housing market slowed and were stuck making the mortgage payments.

"They're the people who don't have an attachment to the home and are the quickest to give up on a property if the profit motive isn't there anymore," said Mike Larson, an analyst for Weiss Research in Jupiter.

Louis Spagnuolo, a senior mortgage banker for Home 123 in Boca Raton, said his office has received a spate of calls recently from novice speculators looking to refinance their loans. They can't afford huge increases in their insurance premiums and property-tax bills.

"They were blindsided," Spagnuolo said.

He expects foreclosures to increase as long as the housing market remains soft, and that could last well into 2007.

"We're in for a bumpy road for the next nine months," Spagnuolo said.

Paul Owers can be reached at powers@sun-sentinel.com or 561-243-6529.