

# South Florida Sun-Sentinel

## Potential foreclosures climb in S. Florida

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The number of South Floridians facing foreclosure has spiked in 2007, but many people behind on their house payments are resolving their debts before losing the properties, new figures from Realestat.com show.

Although homeowners are avoiding having lenders take their homes, they're burdened by the region's soaring housing costs, experts say.

"There's still a risk of a major increase in people losing their homes," said Marc Thomashaw, a Realestat.com vice president. The housing squeeze is going to get worse before improving, he said.

Escalating home values from 2000 to 2005 caused buyers to overextend themselves. Many took out short-term, adjustable-rate mortgages and are seeing their monthly payments

IN OVER YOUR HEAD				
BROWARD COUNTY				
Jan. 2007	Jan. 2006	Feb. 2007	Feb. 2006	
<b>Late mortgage payments</b>				
949	193	983	227	
<b>Foreclosures</b>				
234	198	315	206	
Palm Beach County				
PALM BEACH COUNTY				
Jan. 2007	Jan. 2006	Feb. 2007	Feb. 2006	
<b>Late mortgage payments</b>				
634	165	733	152	
<b>Foreclosures</b>				
102	103	141	115	

SOURCE: REALESTAT.COM

balloon as interest rates rise. Increases in property taxes and insurance

■ FORECLOSURE CONTINUES ON 2D

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rates also are making it difficult to pay the monthly mortgage.

"These are not bad people," said Louis Spagnuolo, a senior mortgage banker for Home 123 in Boca Raton. "But a lot of them are on fixed salaries, and they can sustain only so many price increases."

The Mortgage Bankers Association on Tuesday said late mortgage payments nationwide shot up to a 3½-year high in the fourth quarter of last year, while new foreclosures surged to a record high as borrowers with weak credit had trouble keeping up with their monthly bills.

The number of late payments in Broward County hit 983 in February, a 333 percent increase over the 227 last February, according to Realestat.com, a Plantation-based company that compiles local housing statistics. But Broward had only 315 foreclosures last month, compared with 206 in February 2006.

Last month, Palm Beach County had 733 property owners with late payments, up 382 percent over the 152 last February. But the foreclosures increased at a more modest clip: 141 in February, compared with 115 a year ago.

Both counties saw similar trends emerge in January.

People facing foreclosure typically are behind on their mortgage payments at least 90 days and have been notified by their lenders that they intend to take back the properties, experts say. Many of those homeowners are refinancing the loans or cutting other deals with lenders to keep their homes.

Honey Hartman, 67, of Hollywood is facing a mortgage crunch. A huge property insurance increase this year pushed her monthly mortgage payment to \$770, which exceeds her income of \$643.

She negotiated with her lender to cut some of the added costs, and her two grown children are helping her make up the rest of the shortfall. Hartman expects she'll ultimately have to sell her two-bedroom home and leave South Florida.

"I'm in dire straits," she said.

The Mortgage Bankers' group reported that the percentage of payments that were 30 or more days past due for all loans tracked nationwide jumped to 4.95 percent in the October-to-December quarter. That marked a sharp rise from the third quarter's delinquency rate of 4.67 percent and was the worst showing since the spring of 2003, when the late-payment rate climbed to 4.97 percent. The association's survey covers 43.5 million loans.

There also are concerns on Wall Street about problems facing subprime lenders, which make loans to people with poor credit. Such companies were accused of fueling the recent housing boom by offering risky loans.

Stock prices of Britain's **HSBC Holdings PLC** and **Countrywide Financial Corp.**, the nation's biggest mortgage lender, tumbled after reports of strained portfolios as loans went bad.

The nation's second-largest subprime lender, **New Century Financial Corp.**, disclosed last week a criminal investigation related to the trading of its securities and accounting procedures, and Tuesday the New York Stock Exchange suspended trading in the stock and took steps to delist it.

"It goes back to the lending standards," said Mike Larson, an analyst with Weiss Research in Jupiter. "A lot of these companies threw caution to the wind. When things started to slow, to keep volume up, they really pushed the envelope."

The Associated Press contributed to this report.