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Foreclosure sales halted in state

Supreme Court's emergency order gives residents time to get help

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U.S. mortgage giant Fannie Mae said Tuesday an emergency order from the South Carolina Supreme Court temporarily halting certain home foreclosure sales will give it more time to see if hard-pressed homeowners qualify for the Obama administration's new mortgage-modification program.

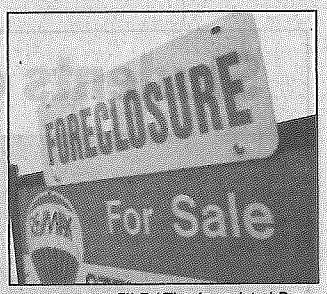
The temporary restraining order from Chief Justice Jean Toal provides more time to "keep struggling South Carolina homeowners in their homes with a sustainable mortgage," Fannie Mae said in a statement.

It sought the ruling for about 1,100 properties scheduled to be sold this week.

Without it, Fannie Mae said it might have had to start the cases all over again, increasing costs for itself and borrowers.

South Carolina judges can do that in cases in which there have been significant delays, and Fannie Mae had suspended its foreclosure proceedings nationwide through March to see if it could help borrowers remain in their homes.

Fannie Mae also argued in a motion requesting the ruling that homeowners eligible for new federal assistance to restructure or refinance mortgages "could be denied their right to participate because their property was sold at the foreclosure sale."



FILE / The Associated Press
Foreclosure signs have become a symbol of the economy's problems.

Toal's ruling also applies to properties with loans owned or guaranteed by Freddie Mac or held by mortgage servicers that are participating in the federal Home Affordable Modification Program.

RealtyTrac Inc., a foreclosure listing firm, says the ruling could affect 5,000 South Carolina homes facing foreclosure, The Associated Press reported.

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"We think this is in the best interest of all parties, and we're pleased the court made this determination," Brian Faith, Fannie Mae spokesman in Washington, told The Greenville News.

In Greenville County, the ruling probably affected about 200 properties, said Charles B. Simmons Jr., a county judge who handles the bulk of the county's residential foreclosure cases. Simmons said some South Carolina judges have been dismissing foreclosure cases after three to four months of no activity.

Toal's ruling surprised judges, lawyers and others involved in the foreclosure process.

Greenville attorney John Wyatt, whose practice includes foreclosure work, said he's awaiting more guidance from the court.

"We're hoping it's not going to be a big deal," Wyatt said. "We're going to comply with whatever they ask us to do."

The Obama administration announced a plan in March to provide $75 billion in incentives for the mortgage industry to modify loans to help borrowers avoid foreclosure, The Associated Press reported. Freddie and Fannie also rolled out a refinancing program for homeowners who owe up to 5 percent more than current total value of their home with an application deadline of June 2010.

Nationally, the number of homes facing foreclosure grew 24 percent in the first three months of this year from a year earlier. The total in 2008 was 2.3 million households that received foreclosure filings.

In South Carolina, more than 13,700 homes are in some stage of foreclosure, according to RealtyTrac Inc., a foreclosure listing service in Irvine, Calif.

■ The Associated Press contributed to this report.

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