Foreclosures go nowhere fast

Backlog so huge it may take decades to clear in some states

By Julie Schmit
USA TODAY

Foreclosure sales are moving so slowly in half the states that at the current pace, it will take more than eight years on average to clear the 2.1 million homes in foreclosure or with seriously delinquent mortgages, new research shows.

That's about twice as long as a year ago in the states where foreclosures go through courts — before the mortgage industry was upended by last fall's disclosures that court papers in many foreclosure cases were improperly prepared. Since then, new checks have slowed the process.

The backlogs suggest that the fallout from the nation's worst housing-market collapse is likely to weigh on real estate prices in many markets for years to come, and on some markets for longer than on others.

In New York and New Jersey, where courts imposed new rules last fall, it would take lenders more than 50 years at their current pace to clear pipelines of homes that are seriously delinquent or already in the foreclosure process, according to LPS Applied Analytics, which collects data on nearly 40 million mortgage loans.

In Connecticut and Maryland, it would take about two decades. In Illinois and Florida, 10 and eight years, respectively.

The process is moving faster in other states, where courts aren't typically involved. In those, the time to clear foreclosure pipelines — even if no other homes fall into foreclosure — has remained at just under three years, according to LPS.

There are 1.9 million homes in foreclosure or with mortgage payments more than 90 days late in those states.

California's pipeline would take about three years to clear at the current pace of foreclosure sales, LPS says. In Nevada and Arizona, less than two years. Foreclosures don't go through courts in those states.

In New York, foreclosure lawyers now must affirm that they reviewed documents and asked lenders to verify their accuracy, too. Since that rule took hold last fall, foreclosure filings have dropped to about 750 a month from 3,500, says Paul Lewis, chief of staff to the state's chief administrative judge.

In New Jersey, foreclosure activity was curbed after a court requirement that leading companies prove that their foreclosure processes were sound. The companies received clearance in August and September to resume foreclosures.

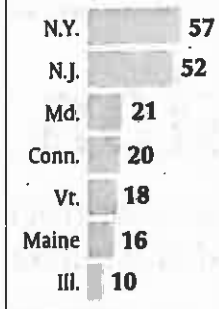
"This is like having water backed up behind a dam. We hope it'll be let out easy and not all at once," says Allan Dechert, president of the New Jersey Association of Realtors.

The longer time frames give borrowers more time to work out their situations, and may support home prices by reducing the supply of distressed properties for sale. But they also delay recoveries because buyers may wait, fearing further price drops when distressed homes do hit the market, says James Sacchio, RealtyTrac CEO.

"It's a question of whether you rip the Band-Aid off quickly or slowly," says Herb Blecher, LPS senior vice president.

Clogged foreclosure pipelines

Time it would take to clear the supply of homes in foreclosure or that have seriously delinquent mortgages at the current rate of foreclosure sales:



Note: Rounded to the whole year
Source: LPS Analytics

By Julie Snider, USA TODAY

Europe debt crisis topples Berlusconi

Meanwhile, parties begin talks in Greece

By Eric J. Lyman
Special for USA TODAY

ROME — It wasn't the charges of tax evasion, bribery, influence peddling or even paying for sex with a 17-year-old girl that brought down Italian Prime Minister Silvio Berlusconi



By Alessia Pierdomenico, Bloomberg

Prime minister stepping aside: Roberto Maroni, Italy's interior minister, left, speaks with Prime Minister Silvio Berlusconi during a voting session Tuesday in Rome.

can't seem to do anything about it. He's getting old. He has his own problems. Maybe he

Ireland and Portugal, because Rome goes into this crisis with a much stronger budgetary