Foreclosures hit record in first part of year

Jump in bank takeovers indicates faster action on troubled loans

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LOS ANGELES — A record number of U.S. homes were lost to foreclosure in the first three months of this year, a sign banks are starting to wade through the backlog of troubled home loans at a faster pace, according to a new report.

RealtyTrac Inc. said Thursday that the number of U.S. homes taken over by banks jumped 35 percent in the first quarter from a year ago. In addition, households facing foreclosure grew 16 percent in the same period and 7 percent from the last three months of 2009.

More homes were taken over by banks and scheduled for a foreclosure sale than in any quarter going back to at least January 2005, when RealtyTrac began reporting the data, the firm said.

"We're right now on pace to see more than 1 million bank repossessions this year," said Rick Sharga, a RealtyTrac senior vice president.

Foreclosures began to ease last year as banks came under pressure from the Obama administration to modify home loans for troubled borrowers. In addition, some states enacted foreclosure moratoriums in hopes of giving homeowners behind in payments time to catch up. And in many cases, banks have had trouble coping with how to handle the glut of problem loans.

These factors have helped slow the pace of foreclosures, but now that trend appears to be reversing.

"We're finally seeing the banks start to process the inventory that has been in foreclosure, but delayed in processing," Sharga said. "We expect the pace to accelerate as the year goes on."

In all, more than 900,000 households, or one in every 138 homes, received a foreclosure-related notice, RealtyTrac said.

Homeowners continue to fall behind on payments because they've lost their job or seen their mortgage payment rise due to an interest-rate reset.