# Home sales up in September but more troubles ahead

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WASHINGTON — Sales of previously occupied homes rose last month after the worst summer for the housing market in more than a decade. And fears over flawed foreclosure documents could keep buyers on the sidelines in the final months of the year.

Sales grew 10 percent in September to a seasonally adjusted annual rate of 4.53 million, the National Association of Realtors said Monday.

Home sales have declined 37.5 percent from their peak annual rate of 7.25 million in September 2005. They have risen from July's rate of 3.84 million, which was the lowest in 15 years.

Most experts expect roughly 5 million homes to be sold through the entire year. That would be in line with last year's totals and just above sales for 2008, the worst since 1997.

Still, sales could fall further if potential lawsuits from former homeowners claiming that banks made errors when seizing their homes make consumers fearful of buying foreclosed properties.

The Federal Reserve on Monday become the latest government regulator to announce it would be looking into whether mortgage companies cut corners on their own procedures when seizing homes.

Chairman Ben Bernanke said the Fed would look intensively to see if policies, procedures or internal controls led lenders to improperly foreclosure on homeowners. Preliminary results of an in-depth report are expected to be released next month.

"We take violation of proper procedures very seriously," Bernanke said.

In a survey taken by the Realtors group this month, about 23 percent of the 2,000 agents surveyed said they have a client who is no longer interested in purchasing a foreclosed property due to the foreclosure-document mess.

"You're going to see uncertainty on the part of homebuyers," said Quinn Eddins, director of research at Radar Logic Inc., which tracks the housing market.

Mortgage applications to purchase homes last week were 29 percent below the same week a year ago.




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**An existing home is seen for sale in Bainbridge Twp., Ohio. Sales of previously occupied homes rose last month after a dismal summer but remain well short of healthy levels.**

## New home sales also rise

WASHINGTON (AP) — Sales of new homes improved last month after the worst summer in nearly five decades, but not enough to lift the struggling economy.

The Commerce Department says new home sales in September grew 6.6 percent from a month earlier to a seasonally adjusted annual sales pace of 307,000. Even with the increase, the past five months have been the worst for new home sales on records dating back to 1963.

Paul Dales, U.S. economist with Capital Economics, called the September home sales encouraging. But he said it doesn't change the fact that activity remains at extremely low levels.

New home sales have risen 9 percent from the bottom in May but are still down 78 percent from their peak sales pace of nearly 1.4 million homes in July 2005. A healthy sales pace is around 800,000 new homes.