# Homeowners are still bailing out

## 17% of mortgages badly underwater

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USA TODAY

Despite at least two years of rising prices, the U.S. still has millions of homes worth far less than their unpaid mortgages, a report said Thursday.

Those owners may face a long wait before they have equity again as gains in home prices slip from double-digit rates the past couple of years, says Daren Blomquist, vice president of RealtyTrac, a market research firm.

### WORTH LESS THAN WHAT'S OWED

Metro areas with the most homes seriously underwater[1]:

| | |
|---|---|
| Chicago-Naperville-Joliet, Ill. | 706,076 |
| Miami-Fort Lauderdale-Pompano Beach, Fla. | 458,329 |
| Detroit-Warren-Livonia, Mich. | 343,767 |

1 - MORTGAGE AT LEAST 25% HIGHER THAN HOME'S ESTIMATED VALUE; SOURCE: REALTYTRAC

RealtyTrac reported 9.1 million houses, or 17% of all homes with mortgages, were "seriously underwater" in the first quarter. That means the total loan amount was at least 25% higher than the property's estimated market value.

This scar from the housing market crash is healing. The number of seriously underwater homes is nearly 2 million fewer than a year ago and 3.7 million fewer than in the second quarter of 2012, RealtyTrac said. In that quarter, 29% of all homes with mortgages were deeply underwater.

Underwater borrowers are a drag on the housing market and the economy. They don't move up to larger homes and can't get home equity loans for expensive purchases.

"It's probably one of the things that is contributing to how lackluster housing has looked the last few months," says David Blitzer, head of Standard & Poor's Index Committee, producer of the Case-Shiller home price index.

The index shows prices have risen at an annual rate of 12% since bottoming in March 2012. But gains have slowed to single-digits in recent months.

Blomquist says owners of the 9.1 million seriously underwater homes on average owe 68% more than their homes are worth.