BUSINESS

June home repossessions dip

Figure reaches lowest monthly level in 7½ years

By Alex Veiga
Associated Press

LOS ANGELES — Fewer U.S. homes entered the foreclosure process or were repossessed by banks in June, the latest sign that the nation is shaking off its housing bust hangover.

Lenders initiated the foreclosure process on 57,286 homes last month, the lowest level for any month in 7½ years, foreclosure listing firm RealtyTrac Inc. said Thursday.

Foreclosure starts are on pace to reach roughly 800,000 this year, down from 1.1 million last year, the firm said.

Completed foreclosures, which occur when the lender repossesses a home, are on track to hit a half-million, or about a quarter below last year's total.

Some states struggle

The trend comes as the U.S. housing recovery continues to gain strength, propelled by steady job gains, low interest rates, improving consumer confidence and growing demand for homes at a time when there's a thin supply of available homes for sale in many markets.

That's helped boost home prices, which jumped 12.2 ...percent in May from a year earlier — the biggest gain in seven years, according to data provider CoreLogic.

Even so, foreclosures remain a potential drag on housing in many states, including Florida, Nevada, Illinois and Ohio.

"Halfway through 2013, it is becoming increasingly evident that while foreclosures are no longer a national problem, they continue to be a state and local market problem," said Daren Blomquist, a vice president at RealtyTrac.

Mark short of 'normal'

The number of homes that entered the foreclosure process in June was down 21 percent from May and about 45 percent below June 2012's total.

Lenders repossessed 35,507 homes last month, down nearly 9 percent from May and a drop of 35 percent from a year earlier.

That's still short of the 25,000 or so a month that Blomquist considers the benchmark for foreclosures in a "normal" housing market.

At the height of the housing boom in 2006, completed foreclosures averaged 22,000 a month. They peaked in September 2010 at 102,000.

EVIDENCE OF TIGHTER STANDARDS

Tighter lending standards for home loans since the housing bubble burst have helped slow the pace of foreclosures.

» About 75 percent of the 824,292 U.S. homes in the foreclosure process as of June are tied to loans that were originated between 2004 and 2008.

» "That's a good sign that the lending has much improved and we're not seeing high foreclosure rates on mortgages that have been taken out since 2008," Daren Blomquist, a vice president at RealtyTrac said.