Pending home sales drop 1.8 percent in September

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WASHINGTON — The number of people who signed contracts to buy homes fell in September after two months of gains, a possible fallout from foreclosure moratoriums which have disrupted activity in the housing market.

The National Association of Realtors said Friday that its index of sales agreements for previously occupied homes dropped 1.8 percent in September to a reading of 80.9. Contract signings fell in every region of the country except the West.

The setback highlighted the continued problems facing the housing industry as it struggles to mount a sustained recovery from a deep recession.

Analysts said some of the weakness in September probably reflected disruptions in the housing market caused by moratoriums imposed by banks on mortgage foreclosures. Banks halted tens of thousands of foreclosures as they investigated allegations that some foreclosures had involved flawed legal documents.

"The foreclosure moratorium is likely to cause some disruption and contribute to an uneven sales performance in the months ahead," said Lawrence Yun, chief economist for the Realtors.

But he added, "There appears to be a pent-up demand that eventually will be unleashed as banks resolve their issues with foreclosures and the labor market improves."