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Friday, March 14, 2008

Mortgage troubles leave borrowers, banks in bind

Latest numbers show foreclosure filings rising dramatically in Missouri, nationwide

St. Louis Business Journal - by [Cynthia Vespereny](#)

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The bad news continues to mount on the housing front.

The **Mortgage Bankers Association** reported last week that more than 900,000 houses nationwide are in the foreclosure process, up 71 percent from a year ago.

Foreclosure filings -- including default notices, auction sale notices and bank repossessions -- were up 57 percent in January from a year ago and up 8 percent from December. That's according to RealtyTrac, an online marketer of foreclosure properties, based in Irvine, Calif.

In Missouri, filings jumped 48.2 percent in the January-to-January period and were up 5.4

percent from December, RealtyTrac data showed. That's far below Nevada, which had the fastest-growing foreclosure rate with a 95 percent increase from January 2007.

Meanwhile, in St. Louis County, filings surged to 1,041 in January, a 131.3 percent increase from a year ago and a 23.3 percent jump from December, according to RealtyTrac data. St. Charles County also saw an increase, with filings up 80.3 percent from a year ago to 256; they were 128.6 percent higher than December.

Filings in the city of St. Louis were down 9.9 percent from a year ago to 467; they were down 7.3 percent from December.

Matthew Locke, president of the mortgage lending division of **Pulaski Bank**, said he has seen an uptick in foreclosures in the past 90 days, but he said the reasons were usually traditional, such as job loss or medical bills.

"We've been very aggressive at doing everything in our power to prevent a foreclosure,"



BRIAN CASSIDY
Robert Obermeier said second mortgages could become the next major problem area for lenders.

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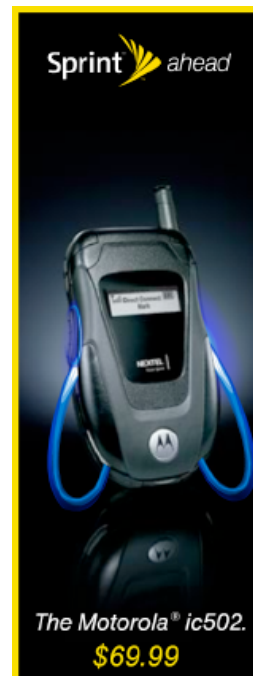
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Locke said. "It's the right thing for us to do as a strong community bank in St. Louis. We don't want to be in the real estate business."

Yet with the drop in home values and interest rates setting higher on adjustable rate mortgages (ARMs), some borrowers are finding they owe more on a mortgage than the home is worth, creating negative equity. In those cases, there is a temptation to walk away from what they view as a bad investment, especially if they put little money down.

In fact, the mortgage crisis has spawned new businesses, including You Walk Away, a San Diego-based firm that counsels borrowers on how to walk away from mortgages.

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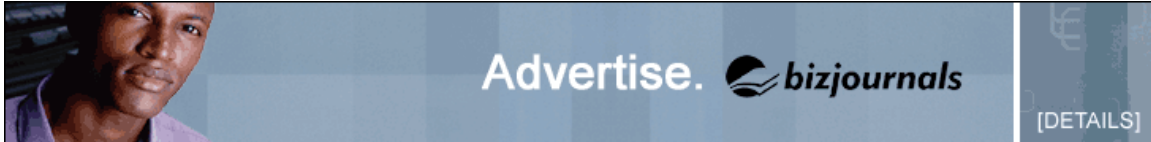
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