



- News Search Web Search Classified Search Advertising Home Delivery Reader Services Trai
- Home News Sports Business Opinion Entertainment Features Community
- Top Stories • Coastal • Inland • Californian • San Diego • State • National • Military • Politics • Columns •
- Lake Elsinore Menifee / Sun City Murrieta Temecula Wildomar River:

Last modified Friday, October 26, 2007 11:48 PM PDT

- Email this story Print this story Comment On This Story
- TEXT SIZE Comment in our Blog

Mortgage defaults skyrocket, bank sales and lower prices could follow

By: CHRIS BAGLEY - Staff Writer

A record number of homes fell into foreclosure this summer in Riverside County, foreshadowing growing numbers of the bank sales that are undercutting prices, a research firm reported Friday.

Homeowners defaulted on 9,250 mortgages from July through September, more than triple the number a year earlier for that quarter, according to the report by DataQuick Information Systems. Defaults rose throughout California, but only Los Angeles County logged more than Riverside County.

The number of defaults in Riverside County also exceeded the number of closed escrows for the first time in the current real estate cycle, a development that bodes ill for homeowners who might want to sell later this year.

Carolyn Tidmus, a Rancon Real Estate agent who represents banks, said banks are already feeling the pressure from the rising number of defaults, which will almost certainly lead to higher numbers of auctions and bank sales in the first half of 2008.

ADVERTISING



Hot Topics Readers reflect on the latest trends

Lessons our children learn too early

The other night I attended a candle-light vigil for a 14-year-old boy who had been gunned down by an unknown assailant in his rough City Heights neighborhood. 34 comment(s)

Visit our news blogs at blog.nctimes.com.

"We mostly know that we are going to have a huge amount next year," Tidmus said. "It seems to have motivated some of the sellers to become more aggressive on the prices."

Banks already own 1,560 properties in Southwest County, accounting for a quarter of all real estate listings, according to foreclosureradar.com, an online database that covers the state. Bank-owned properties account for more than 30 percent of listings in Murrieta and French Valley.

Banks typically sell homes at 10 percent to 30 percent less than comparable dwellings nearby, agents said. That has helped to drive down prices; median sale prices have fallen in the last year by 17 percent in southern Temecula, by 25 percent in Wildomar and by 20 percent in both French Valley and western Murrieta, according to DataQuick.

Those numbers reflect only recent sales rather than value lost on individual houses or even neighborhoods. For more than a year, real estate agents have been advising homeowners not to sell unless a divorce, new job or other life change makes it necessary.

Some say they expect values to begin recovering in 2009. Other agents and economists say it could be 2011 before prices return to current levels.

An upside is that many ordinary families are once again becoming able to buy houses, provided they qualify for a loan. Interest rates on mortgages of larger than \$417,000 have crept up in the last year to an average 6.5 percent -- still low by historical standards -- according to bankrate.com.

Tidmus said a clear majority of the people who buy from her clients plan to live in the houses.

Investors, too, could re-enter the market if prices fall another 10 percent or 20 percent, a development that could buoy prices, according to agents who represent banks.

The state's foreclosures have been concentrated in the outer suburbs of Southern California and the Central Valley, DataQuick noted. Many areas in the two regions had become havens for first-time home buyers and hotbeds of unconventional mortgage lending.

"We know now, in emerging detail, that a lot of these loans shouldn't have been made," said DataQuick President Marshall Prentice. "Right now, most California neighborhoods do not have much of a foreclosure problem. But where there is a problem, it's getting nasty."

Contact staff writer Chris Bagley at (951) 676-4315, Ext. 2615, or cbagley@californian.com.

- [Previous Story:](#)
- [Next Story:](#)



Comments On This Story