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Foreclosure Normalization: An End that Never Comes

Foreclosure statistics continue to fall, month after month but **seemingly never reach bottom** or even normal levels. Anyone care to revisit [Zeno's Third Paradox?](#)

Snark aside, it is good news that July was another month that saw an ebbing role for foreclosures in housing. CoreLogic's *National Foreclosure Report* shows the month with **significant** declines in both completed foreclosures and legal actions in process compared to a year earlier and what are becoming typical month-over-month declines.

Completed foreclosures numbered 38,000 in July compared to 50,000 a year earlier, an annual decrease of 24.4 percent. It was a 6.2 percent drop from June 2015 when 40,000 homes were lost to foreclosure. CoreLogic said in a typical month prior to the housing crash an estimated **21,000 foreclosures** were completed but at the peak in September 2010 there were 117,225.

The **five states with the highest** number of completed foreclosures for the 12 months ending in July 2015 were: Florida (98,000), Michigan (47,000), Texas (33,000), California (27,000) and Georgia (27,000). These five states accounted for almost half of all completed foreclosures nationally.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

		Value	Change
Builder Confidence	Mar	51	+6.25%

Figure 1 – Number of Mortgaged Homes per Completed Foreclosure

Judicial Foreclosure States vs. Non-Judicial Foreclosure



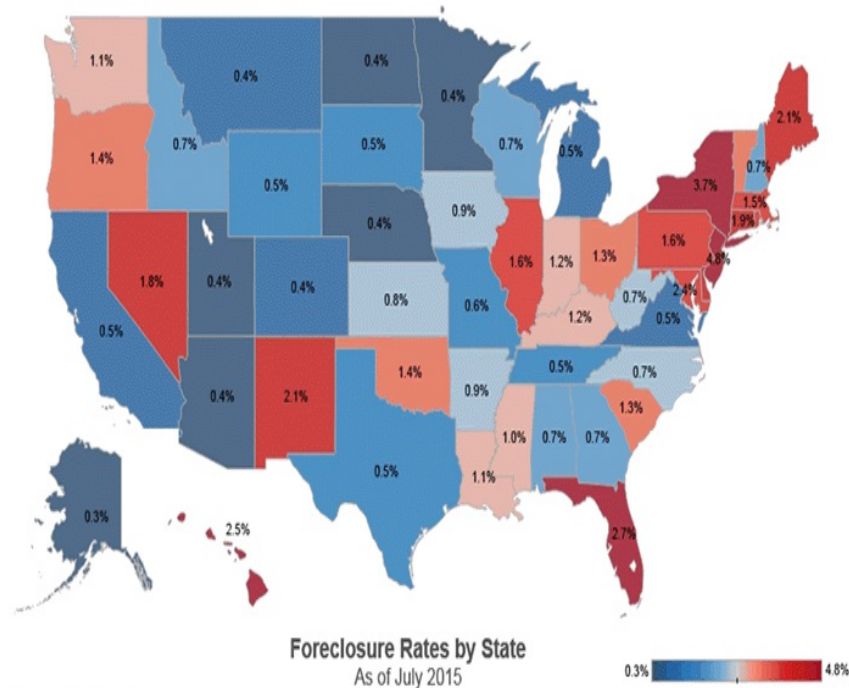
Source: CoreLogic July 2015

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The national foreclosure inventory **declined by 27.9 percent**. There are now approximately 469,000 homes in the legal process of foreclosure compared to 650,000 homes in July 2014. The inventory rate, homes in foreclosure as a percent of all mortgaged homes, declined from 1.7 percent to 1.2 percent from July 2014 to July 2015.

Four states and the District of Columbia had the **highest foreclosure inventory** as a percentage of all mortgaged homes: New Jersey (4.8 percent), New York (3.7 percent), Florida (2.7 percent), Hawaii (2.5 percent) and the District of Columbia (2.4 percent). The District also ranked as the area with the lowest foreclosure rate in the nation. The two statistics are likely not unrelated.

Figure 3 – Foreclosure Inventory by State



Source: CoreLogic Market Trends

The numbers of foreclosed and in foreclosure homes are likely to continue to decrease based on delinquency rates which also continue to shrink. CoreLogic said mortgages in serious delinquency, 90 or more days past due or in foreclosure, declined by **23 percent year-over-year** to 1.3 million or 3.4 percent of mortgaged homes. This is the lowest delinquency rate since December 2007.

"Job market gains and home-price appreciation help to push serious delinquency and foreclosure rates lower. The CoreLogic national HPI™ showed home prices in July rose 6.9 percent from a year earlier, building equity for homeowners," said Frank Nothaft, chief economist for CoreLogic. "Further, 2.4 million jobs were created, pushing the unemployment rate down from 6.2 percent in July 2014 to 5.3 percent this July and supporting family income growth for most owners."

"As we enter the final months of 2015, the **housing market continues to gather steam** buoyed by improving economic conditions and the release of pent up demand for homeownership," said Anand Nallathambi, president and CEO of CoreLogic. "The recovery in the housing market is also reflected in declining delinquency and foreclosure rates which, to some degree, reflects the progressive clearing of crisis-era loans and the benefits of tighter underwriting standards over the past six years."

Service oriented, responsive, competitive rates and an in depth knowledge of todays mortgage market

After completing my degree in finance at the University of Connecticut, I started in the mortgage business right out of college in 2004. With 15+ years of experience and a primary objective of thoroughly explaining all available loan options to my clients with what is typically the largest investment in their lives, I strive to always make myself available. I constantly educate myself with respect to the mortgage industry and underwriting guidelines for FHA, VA, conventional and jumbo financing. I deliver on the expectations discussed up front and provide the service level my clients deserve from day one. I will remain in touch throughout the process and continue to follow up with you after closing. My goal is to wow you and turn you into clients for life. I want you to be so impressed that throughout and after the process you share my information with your friends, family, neighbors and co-workers who may value from my services.

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