

Has a Second Foreclosure Wave Really Been Averted?

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Many analysts are projecting that the worst of the foreclosure crisis is behind the housing market, but on a more local level, some areas are still struggling and are seeing a “second foreclosure wave” emerging, Forbes reports.

The areas most affected tend to be where foreclosures must go through court approval. The process has created huge backlogs in processing foreclosures. So while the housing data may show a 24 percent nationwide decrease in foreclosures year-over-year, Forbes columnist Morgan Brennan says that is misleading for some areas. Some areas that are even seeing a decrease now may find it temporary as the courts work through the backlogs.

For example, in Florida, New Jersey, and New York alone, the average time it takes a home to go from default to being repossessed by a bank is more than two years.

Some judicial states are already seeing the effect of the large backlogs with a big spike in foreclosures starting to surface. For example, New Jersey is seeing a 140 percent increase in foreclosure filings in October year-over-year; New York saw a nearly 123 percent increase, RealtyTrac reports.

“There’s been a pronounced shift in foreclosures from the Sand States to the East Coast, in particular the judicial foreclosure law states with the longest time lines like Florida, New York, and New Jersey,” says Mark Fleming, chief economist for CoreLogic.

In October housing data, Florida leads the nation in foreclosures with an 11 percent rate, followed by New Jersey (8 percent) and New York (5 percent).

“There are a set of states that are not improving year-over-year like the others,” says Tim Martin, group vice president of U.S. housing at TransUnion.

But even in markets where foreclosures are still high, there are signs of improvement with new borrowers staying current on their loans and a decrease in mortgage delinquencies, Forbes reports.

Source: [*“The Foreclosure Crisis Isn’t Over Just Yet,” Forbes.com \(Dec. 1, 2012\)*](#)