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## New foreclosure wave predicted in Inland area

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By **LESLIE BERKMAN**  
The Press-Enterprise

A near record number of homes entered the first stage of the foreclosure process last month in Riverside and San Bernardino counties after mortgage industry foreclosure moratoriums were lifted.

The supply of bank-owned houses has shrunk from a year ago, sparking intense competition from investors and first-time buyers, who often find they must make offers on multiple houses to get one accepted.

But economists expect the number of bank repossessions to burgeon in coming months as a new influx of defaulted mortgages proceeds to foreclosure.

Christopher Thornberg, an economist with Beacon Economics in Los Angeles, said the slowdown in foreclosures while mortgage delinquencies increased "was a mirage. It wasn't real. At some point you have to foreclose."

New federally sponsored programs for refinancing and modifying troubled mortgages and the lending industry's redoubled efforts to stave off foreclosures will be undermined by job losses, predicted Chapman University economist Esmael Adibi.

"The weakening economy trumps all the goodwill coming from the banking system and the Obama Administration," Adibi said.

According to a report released late Tuesday by RealtyTrac, an Irvine-based foreclosure monitoring company, notices of default, the first step in the foreclosure process, were issued for 6,019 homes in Riverside County last month. That was fewer than the 6,642 record in March but more than the 4,706 default notices recorded in April, 2008.

San Bernardino County recorded 4,661 notices of default last month, down from 5,336 a month earlier but sharply up from 3,759 a year earlier.

Meanwhile real estate agents complain about a shortage of foreclosed houses for sale because banks have stopped taking over homes and seem to be slow putting the ones they have on the market.

Riverside County last month had 1,519 bank repossessions, the final stage of foreclosure, down from 1,934 in March, and down from 2,598 homes repossessed in April 2008. There were 1,580 homes repossessed in San Bernardino County last month, up from 1,179 in March but fewer than the 1,845 homes repossessed the same month a year earlier.

"There is now a dip in (bank repossessed houses) similar to the dip in the notices of default in the third and fourth quarters of 2008. We expect a corresponding spike (in bank repossessions) probably in the third or fourth quarter of this year," said Daren Blomquist, a spokesman for RealtyTrac.

Blomquist said the foreclosure process was interrupted by industry moratoriums that were imposed before the winter holidays, then lifted in March. Also, he said lenders waited to see how many troubled mortgages might be remedied by the Obama proposals.

Pete Nyiri, owner of Corona-based Top Producers Realty, a high-volume broker of bank-owned Inland houses, said late last week he started getting more repossessed houses to sell. He said lenders and loan servicers "are telling us it is going to be back to where it was as far as numbers are concerned."

Martina Aloï, 62, said she and her 87-year-old husband submitted offers on four houses before they were able to buy their first house for \$165,000 in San Jacinto. "I was very, very surprised. I didn't think it was going to be as competitive as it was with prices coming down and the economy," Aloï said.

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