



Break out the chocolates: More people are making their monthly mortgage payments

By [Roger Yohem](#), Inside Tucson Business
Published on Tuesday, April 20, 2010

In the spirit of Forrest Gump, if life is like a box of chocolates, foreclosures are like a trainload of rotten fruit. For many happy homeowners, what was once good has spoiled and gone bad.

Last week, national housing statisticians at RealtyTrac whacked America's real estate agents and lenders with another round of staggering stats. For the first quarter of 2010, a record number of homes were lost to foreclosure. One in every 138 homeowners in America with mortgages received a foreclosure notice. Overall, 932,000 homeowners were in some stage of foreclosure crisis.

In Pima County, about 1,100 homeowners received foreclosure notices in March. Through early 2011, new notices will hit another 1,000 homeowners every month. That's at least 10,000 more at-risk mortgages.

For the first quarter, one in every 93 mortgage holders in Pima County was in a distressed property.

As your favorite real estate reporter, the endless flow of negative housing reports and data that fills up my inbox is distasteful.

Unlike Gump's box of chocolates — you never know what you're gonna get — there are no tasty surprises in my inbox. As I pick through it, nothing has really changed since the housing meltdown. With lots of bad pieces inside to digest, there's no real good nuggets to get excited about.

Until now.

Something good has been identified in the melted mess, thanks to some forensic work by Equifax and Moody's [Economy.com](#). For the first time in four years, the percentage of delinquent mortgages has declined nationally.

Basically, more people kept up with their mortgage payments. There were fewer 30-day delinquent loans in the first quarter of 2010 compared to the 2009 fourth quarter.

Run Forrest, run! Spread the good news.

Forrest's Mama always had a way of explaining things so he could understand them. But since she's not around anymore, I asked Mike Hannley, CEO of the Bank of Tucson, to step into that role.

Please explain, in simple terms, why this is such marvelous news.

Hannley said to think of the foreclosure process as being a long train. Delinquencies are the engine at the beginning. They fuel and drive the mortgage crisis. Foreclosures are the caboose, the end. With all the bad baggage in between the two, it can take the foreclosure train a long time to pass.

“With delinquencies down, the train gets shorter, faster. This is a real good sign,” he said.

Tom Heath, president of the Southern Arizona Mortgage Lenders Association, also jumped aboard the train analogy. The runaway lending “that put homeowners in peril” has been stopped in its tracks.

He explained that the market is cycling through “the aggressive lending” from several years ago. Now that standards have become more stringent, “we’re not adding more bad loans to the crisis.”

Since the mortgage meltdown, the banks are more willing to work with borrowers. Their bottom line is getting paid on the loan, they don’t want the house.

In addition to tighter standards, Heath has a unique perspective on why delinquencies are declining. Hidden, invisible improvements in the job market will short-circuit some foreclosures-in-progress.

To explain his shrewdly intuitive thoughts, he put it in terms that even Forrest Gump could understand.

Thousands of people in Tucson are unemployed. Thousands more are underemployed or furloughed. They still have jobs, but their hours have been cut.

Some of these folks are struggling not only to pay their bills but mortgages. Many have received foreclosure notices.

As the economy slowly recovers, more underemployed people will start working 40 hours a week again instead of 32. That 20 percent bump in income could be just enough extra cash to catch up on mortgage payments or work out a loan modification.

When this happens, Heath said, “The unemployment rate numbers will never show it.”

Although it’s too early to tell how long the delinquency decline will hold, it was sweet to find a nugget of good news to share during this rotten recession.

It looks like the era of liar loans and no-doc mortgages have ended. For borrowers and lenders, the “stupid is as stupid does” days are gone. The days of slow, steady improvement are coming.

As Forrest’s Mama said, “You’ve got to put the past behind you before you can move on.” And that’s all I have to say about that.

Contact Roger Yohem at ryohem@azbiz.com or (520) 295-4254. His Business Ink column appears biweekly and weighs in on local political, social and business issues.

Copyright © 2010 Inside Tucson Business