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Foreclosures offer mixed message, association reports

By Laura Mortkowitz

Across the nation, the state of home mortgages was mixed in the fourth quarter: The percentage of mortgages in foreclosure tied a record high, but delinquencies hit the lowest level in two years, the Mortgage Banks Association reported Thursday.

In the fourth quarter, 4.63 percent of mortgage loans were in the process of foreclosure, up from 4.39 percent in the previous quarter. New Jersey continues to lag the country, with a higher-than-average percentage of homes in foreclosure due to the state's lengthy judicial process.

"As we had predicted last quarter, the percent of loans in the foreclosure process increased in the fourth quarter, largely due to the foreclosure paperwork issues that were being addressed in September and October," said **Mike Fratantoni**, MBA's vice president for single family research, in a statement. "These issues caused a temporary halt in foreclosure sales, particularly in states with judicial foreclosure regimes, such as New Jersey, Florida and Illinois."

Jeffrey Otteau, president of East Brunswick-based **Otteau Valuation Group**, said even in properties just entering the foreclosure process, New Jersey is 11th in the country for the highest number. He added that the state will probably be dealing with a high number of foreclosures for a few years.

The MBA report also showed the delinquency rate was 8.22 percent in the fourth quarter, down from 9.13 percent the previous quarter. While that is an improvement in the nation, Otteau doesn't see it in New Jersey, mostly because the state lost jobs in 2010 when the rest of the country added jobs.

"Improvements will come, and they will probably come later this year, but it will be later than the rest of the country," he said.

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