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Foreclosures fall to three-year low

articles

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MARIETTA — Foreclosures in Cobb County will hit a three-year low next month as 908 homes are set for the auction block — the lowest number since March 2009, when 871 homes were set for foreclosure.

March's numbers also show a 28 percent decrease in the number of Cobb single-family homes set for foreclosure last March, when 1,262 homes were advertised.

Cobb's foreclosures market has exploded since 2000, when there were 1,675 homes on the auction block for the whole year. After that, increases started snowballing, as 3,280 homes were advertised in 2005, followed by 4,567 in 2006; 5,781 in 2007; and 7,911 in 2008. The real jolt came in 2009, when Cobb saw a 65 percent increase over the previous year and 13,038 homes were advertised for foreclosure. 2010 continued the rising trend with 15,854 homes, and 2011 finally saw the first break in over a decade when the total dropped to 13,751 rather than continuing to climb.

So far, 2012 is on a promising track with a total of 2,035 homes set for foreclosure — a 19 percent decrease from last year's year-to-date number, 2,518.

But economist Roger Tutterow of Smyrna, a professor at Mercer University, warned that a single month of improvement should not be a sign that the rest of the year will be better for the housing market. Multiple factors could be responsible in a month of very good numbers as well as one with very bad numbers, Tutterow said.

Attorney Justin O'Dell of Marietta's Cauthorn, Nohr & O'Dell law firm works with homeowners dealing with foreclosures and said that while 908 is the lowest number for a while, people are still in need and the reasons why are changing.

O'Dell said that before the middle of last year, most homeowners were calling him in need of advice or representation in cases where they were making their payments but paperwork was not in order and they were still being told they faced foreclosure. But since mid-2011, O'Dell said most of his calls are dealing with homeowners who were given loan modifications but still cannot find their way out of their overpriced mortgages.

"The biggest struggle in foreclosures today is that a lot of people have been convinced to attempt loan modifications and were misled that the modifications would be in their best interests when they were not," O'Dell said. "Now, I get calls every week from people who said they thought they had a deal, paid all this money toward the deal, and now they're going to foreclose on them because they can't afford the permanent modification. They continually give every bit of money they have, hoping for permanent modifications that never come. It's awful."

As an example, O'Dell said he had a woman come into his office recently who owed \$209,000 when she bought her house a few years ago, and now the house is worth \$119,000. She was trying to do a modification because of personal reasons, was working two jobs to afford the modification, made almost \$70,000 in temporary modification payments over three years trying to keep the modifications going, but when the modification packet finally came, the new balance on the loan was over \$250,000 because of back interest, back penalties and back attorney fees.

"So she paid \$70,000 to go \$50,000 in the wrong direction. She could have almost bought the house. So they're being convinced by the people involved and solicited by the mortgage people involved to try these modifications that are not in their best interests and they're being strung

along, money's being milked out of them and eventually they fail," O'Dell said. "At that point, they should have just walked away and gone through the foreclosure."

O'Dell said that as more and more people understand how the modifications could harm them or they run out money and the modifications fail, then foreclosures will continue to occur in Cobb and elsewhere.

"If people had the ability to write down the principal, which they should have done originally, it would have kept people in houses, reduced their mortgages, lowered the number of foreclosures and would have been the right thing to do," O'Dell said. "It keeps people from being so far underwater and makes their home something they don't want to or have to walk away from."

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