

TwinCities.com (Pioneer Press)

Sales of foreclosed homes drop in 1Q Bank moratorium on sales may have skewed numbers

By Christopher Snowbeck

Foreclosures in the Twin Cities dropped 23 percent in the first three months of the year compared with 2008, according to a new report.

HousingLink, the Minneapolis-based nonprofit group that released the numbers on Friday, did not offer an explanation for the decline.

Aaron Dickinson, a real estate agent with Edina Realty, said it likely stemmed from foreclosure moratoriums that many mortgage lenders had in place during the quarter.

Most of those moratoriums expired by the beginning of April, so real estate experts will be watching the second-quarter numbers closely.

"If the second-quarter numbers jump drastically higher from 2008, or the third-quarter numbers are so, that will be a troubling sign," said Prentiss Cox, a University of Minnesota law school professor who studies housing issues.

Home sellers and real estate agents have become increasingly focused on the market for foreclosed homes in the Twin Cities during the past year because the properties — as well as homes being sold through short sales — have torpedoed median sale prices across the region.

The HousingLink report found that during the first quarter of the year there were 3,237 sheriff's sales of properties being foreclosed on in the seven-county metro area, down from 4,213 during the same period a year ago.

Sheriff's sales are a key step in the foreclosure process.

In Ramsey County, 579 sheriff's sales occurred during the first quarter, a decline of 21 percent from the same time period last year, according to HousingLink.

The rate of decline seen in the metro area was more dramatic than that seen in the rest of the state. Foreclosures in greater Minnesota totaled 1,920 during the first quarter, down 12.5 percent.

Even with the first-quarter improvements, foreclosures in the state remain at record levels. Back in 2005, for example, the seven-county metro area saw 3,759 foreclosures during the entire year, according to HousingLink.

Still, foreclosures affect a small percentage of homes. The Mortgage Bankers Association estimated earlier this year that 2.95 percent of the 906,401 mortgage loans being serviced in Minnesota were in foreclosure at the end of 2008.

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