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5.3 Percent Of Home Loans In Connecticut In Foreclosure Or Seriously Delinquent

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As the recession deepened in the first three months of this year, foreclosures and seriously delinquent home loans in Connecticut jumped above the rate of one mortgage of every 20 for the first time in at least 30 years.

The state had 28,285 residential mortgages either in foreclosure or 90 days past due, or 5.3 percent of all home loans, as of March 31, a report released Thursday by the Mortgage Bankers Association showed.

That's nearly double the rate the state had last summer, and it doesn't include foreclosures that were previously completed. The figure is lower than the 7.3 percent for the nation — which has also risen dramatically — but it leaves Connecticut in the middle among all states because the national average is pulled up by a few large, troubled states.

Unlike other states, Connecticut doesn't appear to have concentrations of foreclosures, especially in the suburbs. But in neighborhoods throughout the state, stories like that of Ruth Jarvis are piling up.

A single mother, Jarvis raised her two sons in a four-bedroom, split-level in Bloomfield that she bought in 1990. She got into trouble in 2007 when she refinanced into an adjustable-rate mortgage with a 9.75 percent interest rate.

She needed the money to pay off some bills and her credit was bruised, so she said she had little choice but to sign for the higher rate.

The refinancing left Jarvis, a school nurse, with a $2,312 monthly payment, and she quickly fell behind. So far, she hasn't qualified for state or federal aid, and she is now in the state's foreclosure mediation program with her lender.

"You end up falling through the cracks," Jarvis said.

State foreclosure programs, especially mediation, are helping to keep borrowers in their homes. But the increase in seriously delinquent loans and foreclosures reported Thursday shows how daunting the challenge has become.

Foreclosures earlier in the recession largely hit homeowners who were marginal buyers, financing through so-called subprime mortgages. Now, many families with traditional mortgages face losing their homes due to layoffs as the state's unemployment rate nears 8 percent.

The scope of the problem has become so broad that one housing advocacy group is running classes to help troubled borrowers better understand how to navigate the system. But the group, the Connecticut Fair Housing Center, doesn't have enough staff.

"We will never have enough lawyers to represent all the people in foreclosure," said Erin Boggs, a lawyer and special projects director at the housing center.

The numbers are far higher when they include mortgages that are 30 or 60 days late. Nationally, 12.1 percent of all residential loans are late or in foreclosure. That compares with 9.7 percent in Connecticut.

"It's a troubling figure," said Howard Pitkin, the state's banking commissioner. "No two ways about it. It's not encouraging that the number is that large."

Despite the rising delinquencies and foreclosures reported Thursday, Pitkin said that not all of the mortgages that are 90 days past due will result in people losing their homes. Modifications and refinancings will be worked out on many of them, he said.

In Connecticut, the economic downturn and layoffs are driving mortgage delinquencies and foreclosures, said Ronald F. Van Winkle, an economist and acting town manager of West Hartford.

"If you lose your job in Connecticut, you're hard-pressed to find another one," Van Winkle said. "Most families need two incomes to pay the mortgage."

In April, Connecticut lost 11,800 jobs and now has lost more positions in this recession than in the previous one in 2000-03. The April unemployment rate rose to 7.9 percent and is forecast to go higher in the coming months.

A recovery of home prices — which could help some homeowners in trouble with their mortgages — will not happen until months after jobs begin to return, experts said. For now, even though Realtors say that houses are selling if priced right, median prices are being pushed down because foreclosed properties are being dumped on the market.

Jarvis is still clinging to the hope that she will be able to hang on to her house, with its brick patio and eat-in kitchen.

There have been birthday parties in the backyard. Prom pictures were taken under the trees. Her two sons are now in college.

But, in the meantime, the value of her house has fallen and her mortgage is now higher than the house's appraised value.

"I keep wondering why I can't fit into some program," Jarvis said. "I've been working since I was 16. I'm 59 now. I have a job. I just want [my mortgage]structured so I can afford it."