

Foreclosure Volume in Maricopa County remains steady through June.

Despite reports of nationwide increases in foreclosure activity in the first half of 2006, the foreclosure volume in Maricopa County through June 2006 remains the same, at an average of just over 700 new foreclosures started each month. The number of new foreclosures started, shown by the recording of a Notice of Trustee's Sale, has varied little since April 2005, according to data supplied by *The Record Reporter*.

Florida-based Foreclosure.com reports an increase in nationwide foreclosure activity during the first half of 2006, rising from 23,982 in January to 26,802 in June, 2006, or a 12% increase. The driving force, according to conventional wisdom, is the adjustable-rate mortgage loan. Recently, 63% of all new mortgages were based on adjustable-rate loans, attractive for their initial period of low monthly payments. Eventually, an interest rate adjustment causes an increase in the monthly payment. In 2005, only one percent of all outstanding mortgage debt (or about \$80 Billion) was subject to an initial interest rate adjustment. In 2006, four times as many loans will face their first interest rate adjustment, estimated to include four percent of all outstanding mortgage debt. In 2007, over 12 percent of all outstanding mortgage debt will be subject to an initial interest rate adjustment. For these reasons, predictions about increasing foreclosure volume is common. Often cited is the statistic provided by RealtyTrac, stating that the nationwide foreclosure volume during the first quarter of 2006 was up 72% over the same period in 2005.

Unlike Arizona, the foreclosure volume in the neighboring states of Nevada and California have significantly increased in 2006, following the reported national trends. Foreclosure volume in both Nevada and California during the first quarter of 2006 is more than double that of the last quarter of 2005, according to RealtyTrac.

In recent years, foreclosure volume in Maricopa County averaged over 1,100 new foreclosures per month during 2002 and 2004. The peak in foreclosure volume occurred during 2003 when an average of 1,300 new foreclosures were started monthly. The current volume in Maricopa County is just over half that figure.

Copyright 2006 Rex C. Anderson. Mr. Anderson is an Arizona attorney and member of the Arizona Trustee Association who practices in the area of real estate foreclosures and bankruptcy. He can be reached at 888-675-7809 or by e-mail at rca@rcalaw-az.com.