If you are under water on your current mortgage, give me a call to discuss your options for a short sale and how the mortgage debt relief act may apply to your situation. Call Jeff Tallman @ 602-315-6333.

Half of All Arizona Homeowners Underwater

According to a recently released report from the mortgage reporting firm, CoreLogic, almost half of all Arizona mortgages were considered to be "under water" as of the end of the first quarter of 2011. Or in other words, the most recent numbers show that almost have of homeowners who have a mortgage in Arizona owe more than their homes are worth. The only state that fared worse than Arizona was Nevada, at a rate of 63 percent of homes under water according to the report.

An underwater mortgage is a home with negative equity - when a person owes more on their mortgage than their home is worth.

In addition, the report said that Arizona homeowners who were under water averaged $60,000 in negative equity. This was actually below the national average of $65,000, but these raw numbers are obviously influenced by overall housing prices as well. For instance, New York borrowers held the highest negative equity with an average of $120,000, but only 6.2 percent of mortgages in that state were under water.

While large surpluses of housing are still keeping both housing and banking in gridlock. Many experts do believe that we have finally perhaps hit a bottom in our cycle of price drops. In addition, foreclosures have begun to stabilize somewhat and that is a positive sign, but with so many homes underwater, there are still many issues to sort out.

Arizona state housing officials have said that requests remain high from people seeking help with their mortgage payments. "We have been seeing a lot of activity," said Shaun Rieve, spokesman for the Arizona Department of Housing.

Rieve said that the department got more than $267 million from a federal program that targeted states with the biggest losses in the sub-prime mortgage crisis of 2008. The Principal Reduction Program could allocate up to $50,000 toward a homeowner's principal if the lender matched that amount, up to 31 percent of the mortgage, according to the state housing department. But Rieve said few big lenders came on board with matching funds. He said Bank of America was one of the few to come on board, while the state "can't get Chase (Bank) or Fannie (Mae) and Freddie (Mac)" to sign on.

The department has since redirected $36 million to an unemployment assistance fund that pays up to $2,000 a month in mortgage to unemployed homeowners who meet other requirements. The new program has been far more successful, he said.

These programs are steps in the right direction, as the central issue at this point in housing is creating a situation that will allow motivated homeowners to commit to the home and mortgage they have, modify their loan in some way or leave their home all together.

SOURCE: Strategic Mortgage Newsletter 10/4/11