

Foreclosures Up 35 Percent This Year

By Ken Maguire, Associated Press Writer

BOSTON — Home mortgage foreclosure filings are on the rise in gritty cities and leafy suburbs according to a new report showing a 35 percent increase statewide through October.

Filings in suburban Reading more than tripled and there's been a 113 percent increase in Lawrence compared with the same period last year, according to Land Court filings tracked by Framingham-based ForeclosuresMass.

"It spans the whole gamut of income levels," said Jeremy Shapiro, president of ForeclosuresMass.

The number of foreclosures filed through Oct. 31 was 9,459, compared with 7,003 in the same 10-month period last year, the report said. Essex County had the largest increase, at 50 percent.

Adjustable-rate and interest-only loans, which are riskier than traditional fixed-rate loans, are partly to blame. They've become popular because they cost less up front, but they require higher payments typically after a year or two.

"A lot of people don't realize what they're getting themselves into," said Jim Wilde, executive director of the Merrimack Valley Housing Partnership, which administers homebuying classes to residents of Lowell, Lawrence and the surrounding towns.

Interest-only loans, in which homeowners don't pay down the principle right away, are "gimmicks in order to qualify (homebuyers) for the first six months or year," Wilde said. "When the principle payments kick in, they're behind the 8-ball."

Wilde said that on Wednesday alone he talked one couple out of signing a "no documentation" loan that would have cost \$2,000 a month. The prospective buyers had an annual household income of just \$28,000.

"They would have never been able to make the payments," he said.

Among the state's three largest cities, Worcester had the largest increase with 52 percent, while filings were up 42 percent in Boston, and 20 percent in Springfield, Shapiro said.

In the suburbs, Reading had 28 filings compared with just eight in the first 10 months of 2004, the report said. Burlington's filings tripled, from nine to 27. Seekonk had a 163 percent increase, while Wareham was up 103 percent.