



Fewer Delinquent Mortgage Borrowers Are Catching Up

Published on August 26, 2009 by **Kathleen Munden**

The Wall Street Journal has reported that homeowners who have fallen behind on their mortgages are much less likely to catch up again than in previous years. The report from Fitch Ratings focused on mortgages that were packaged into securities for sale to investors, and excluded loans that were guaranteed by government-backed agencies and those mortgages that were never bundled into securities.

The study found that the cure rate for prime loans dropped to 6.6% as of July 2009, from an average of 45% for the years 2000 through 2006. The cure rate of Alt-A loans fell from 30.2% to 4.3%, and for subprime loans fell from 19.4% to 5.3%.

Cure rates have plunged despite the Obama administration's prodding of banks to ease the terms of mortgages for millions of borrowers to try to prevent foreclosures. Barclays Capital projects that the number of foreclosed homes for sale will peak at 1.15 million in mid-2010, up from an estimated 688,000 as of July 1, 2009.

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