

Wisconsin foreclosure filings rise 21.5%, hit record in 2008

By [Paul Gores](#) of the Journal Sentinel
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As home prices fell and job losses climbed in 2008, foreclosure filings surged 21.5% in Wisconsin, setting a record.

Foreclosure experts say the worst probably isn't over because unemployment is spreading in the weak economy. In addition, one said, more frustrated homeowners could decide to quit making mortgage payments on homes that are worth less now than when they bought them.

"I think what you're going to see with rising unemployment is more people are going to be stressed, so you are going to be pulling in some people who are on the edge right now," said Russell Kashian, a University of Wisconsin-Whitewater economics professor who analyzes state foreclosures. "If the economy doesn't get better, we'll see at least as many this year."

There were 25,588 foreclosure actions started in Wisconsin last year, up from the previous record of 21,057 in 2007, according to Philip Crawford, founder of ForeclosureAlarm.com, a Madison-based foreclosure data company.

In southeastern Wisconsin, foreclosure filings increased 18.4%. Wisconsin circuit court records show there were 10,884 foreclosure actions started in 2008, compared with 9,194 in 2007 in the seven-county region of Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha counties.

Milwaukee County posted 542 foreclosure filings in December, more than half of the 935 in the region during the final month of the year. In the region, foreclosure filings rose 1.3% from November.

The foreclosure rate in Wisconsin has lagged - and continues to trail - that of many other states that had a real estate and price boom several years ago, such as California, Florida, Arizona and Nevada. The latest report from the national firm RealtyTrac, which uses data besides initial court filings for monitoring foreclosures, indicated that one of every 1,341 homes was in some stage of foreclosure action in Wisconsin in October. That compared with one in 452 nationally - a ratio greatly affected by the large numbers of foreclosures in western states.

David Leibowitz, a foreclosure defense attorney with offices in Kenosha, said Wisconsin's foreclosures may continue to increase even as they start to decline in some other states because subprime mortgages were slower to catch on here.

"The reason is Wisconsin generally is a little more conservative in terms of its financial approaches, so it got into subprime lending a little bit later," Leibowitz said. "Therefore, people will start to file a little bit later than in other parts of the country."

Leibowitz also said foreclosures this year will move beyond low-income people who had subprime mortgages to the middle class and even the wealthy as consumers become more financially stressed in the recession and credit crunch.

Wisconsin posted a 5.3% unemployment rate in November, its highest for the month in 21 years. A new report by the state Department of Revenue predicts Wisconsin's jobless rate will increase to 8% late this year.

Foreclosures could be driven higher this year by people living in expensive houses who conclude it will take too long to gain equity in a home that has lost value since they bought it, Crawford said.

"Right now they might be holding out hope that eventually prices will turn around, but we're not seeing that," Crawford said.

The Wisconsin Realtors Association reported in November that the average sale price of existing homes in the state dropped 5.3% in the third quarter, to \$160,000 from \$168,900. Nationally, home prices fell 9% in the third quarter.

Foreclosures on homes with bigger mortgages translate into larger losses for lenders, Crawford said.

Kurt Bauer, chief executive of the Wisconsin Bankers Association, said he hopes people don't view their home simply as an investment they can walk away from if its value does not constantly increase.

"You're still getting something out of your house. You're living in it and you've got to live someplace," Bauer said. "Eventually the housing market will rebound and the value will go up."