

## BUSINESS

**Foreclosures Up in Fairfield County**

The increase in area home foreclosures mirrors that of a state-wide trend.

By **Cathryn J. Prince** September 5, 2010

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With foreclosures in Connecticut at an all-time high, some say its time to bid Fannie and Freddie adieu.

One of every 622 houses in Connecticut is in foreclosure, according to a newly released report by Realty Trac. And while the numbers might not set any records, foreclosures jumped 22 percent statewide from June to July. Towns from Darien to Ridgefield and Wilton to Westport aren't immune from housing issues, according to the latest statistics reported by area Town Clerk's offices.



When most people think of foreclosures, they think of people losing their home because they can't meet their mortgage payments. Most of the area foreclosures are due to rising unemployment and a stagnating economy, said Dan Berta, chief operating officer for Fairfield County Bank, based in Ridgefield.

Because of this, there is talk of abolishing Fannie Mae, the Federal National Mortgage Association and Freddie Mac, the Federal Home Loan Mortgage Corporation. Both are government institutions that operate similarly to private enterprises. Congress plans hearings on the subject this month.

"I don't think anyone would disagree that they need reform," Berta said. "Whether they continue, I do think the government will be involved in mortgages in the future."

The 40-year-old institutions now back more than 95 percent of new mortgages. However, the agencies' misadventures in exotics, such as sub-prime mortgages and lack of income verification, contributed to the housing fiasco, agree politicians, bankers and Realtors.

"Some of this is a no-brainer," Rep. Jim Himes (D-4) said in a recent telephone interview with Patch. "They need a very narrowly defined mission. I think we need to be fully clear. They need to be much smaller than they were, and firmly limited, no lobbying."

In July, about 2,300 foreclosures were filed in Connecticut. That's up from about 1,900 in June and 48 percent more than in July 2009.

Of Connecticut's eight counties, Windham and New Haven were the hardest hit. In Fairfield County, Bridgeport bore the brunt with 164 foreclosures last month. The city has also experienced the biggest decline in home prices. The average home price there is \$154,645 — down 6 percent during the last two quarters.

Nationally, one in every 397 homes has a foreclosure filing, according to the Realty Trac August survey. Total national foreclosure filings hit about 325,200 in July, a 4 percent increase compared with June. Connecticut had the 20th highest foreclosure filings rate in the country.

"We are fortunate that we are not at the same level as Florida or Nevada," Berta said. "We are much lower than the national average."

Still, the trend indicates foreclosures will continue to be an issue in surrounding towns. For example, Westport's Town Clerk Patty Strauss reported nine foreclosures for 2009 and 13 for this year as of Aug. 31.

New Canaan's town clerk reported that there were 5 foreclosures during the 2009 calendar year. So far in 2010 there have been 10.

In Ridgefield, the town clerk's office reported 13 foreclosures for 2009 and 13 for the first eight months of 2010.



Federal housing fund throws lifeline to New Jersey -- but it's a short one. [With Commons](#)

In Wilton, there were reported five foreclosures for 2009. As of Aug. 30, there were 10 foreclosures.

Darien's Town Clerk Donna Rajczewski said the town doesn't keep a track of foreclosures.

Fairfield's Town Clerk's office reported 22 foreclosures in 2009 and 25 for this year as of last week. That's a record rate, according to statistics looking back five years. In 2005, only four foreclosures were reported and that number steadily increased until 2008 when the number of foreclosures began to hover above 20.

The increase in foreclosure rates comes in part because Fannie and Freddie can borrow at interest rates slightly above the Treasury rate and then invest at a higher one, said Berta. All the while the federal government bears the risk.

That risk exploded in 2008 when both institutions were placed under federal government control. That cost taxpayers \$150 billion, according to William Poole a senior fellow with Cato Institute.

In an [op-ed piece in the New York Times](#), Poole argued for Fannie and Freddie's retirement. He said the home mortgage market must stand on its own – without any support from federally sponsored mortgage companies.

Himes disagrees.

He said products such as 30-year fixed mortgage and multi-family lending might not be possible in a world without Fannie and Freddie.

"I expect to see some community bankers in Congress who couldn't do mortgages without Fannie or Freddie to securitize them," Himes said.

However, requirements on down payments and credit worthiness weren't as stringent as they should have been under Fannie and Freddie, some bankers said. Moreover, most community banks in the region don't make loans that would meet Fannie or Freddie's requirements.

"It's dangerous to say if Fannie and Freddie go we won't be doing mortgages," Berta said. "A community bank like ourselves didn't drastically change during the housing bubble. We didn't get into sub-prime lending, and we didn't change our documentation of income. We didn't make big swings then, and we're not making big swings now."

The increase in foreclosures is event driven, not because of poor lending practices said local banks. The poor economy means higher rates of unemployment.

The Congressional hearings in September will address what some call the over-subsidization and home ownership.

"We need to be more prudent," Hime said. "Both parties are guilty of putting homeownership up there with motherhood and apple pie as a core values. And there's something to be said for that. I heard someone say once 'you never wash a rental car.' But a person with no equity, who can't pay their mortgage doesn't own a home either."

Homebuyers should be required to put 20 percent down and go through rigorous background checks, said Dan Debicella, who is running against Himes for Connecticut's 4th District.

"If you can't afford to buy then you should rent," Debicella said in a previous interview with Patch.



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**ccdemuth**

6:21pm on Sunday, September 5, 2010

##### Be Heard

Across the country and in Fairfield County, most Americans opposed the healthcare bill. But Jim Himes didn't hear us and voted yes.

The stimulus? Most of us didn't want it. Himes didn't listen. He voted yes.

Cap and trade? In Connecticut, most voters said no. In Washington, Jim Himes voted yes.

End the secret ballot in union elections? Again, his constituents said no. Jim Himes yes.

Raising taxes? Most of the citizenry say no. Himes yes.

If Jim Himes does not listen to you, then you should know that you are not alone. By a wide margin, voters across the country and in Fairfield County oppose the Nancy Pelosi and Jim Himes' position on the issues. If you want to send Jim Himes a message that he can hear, you can support his opponent, Dan Debicella, here: <https://debicella.blue-swarm.com/donate>.

Jim Himes can't hear us. On November 2nd, let's turn up the volume.

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**schroeder**

11:57pm on Sunday, September 5, 2010