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## Boston Business Journal

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# Even the best addresses face foreclosure

Boston Business Journal - by [Michelle Hillman](#)

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The foreclosure crisis has crept from the state's most vulnerable towns, where people used subprime loans to buy homes they couldn't afford, to some of Boston's most affluent suburbs.

No ZIP code has proved untouchable.

The number of foreclosure petitions filed in the first half of this year is up in Dover, Duxbury, Harvard, Hingham, Lexington, Lincoln, Needham, Wayland, Wellesley, Weston and Westwood. The increases in petitions are anywhere from 16 percent in Lexington to 260 percent in Sudbury, and though they are based on a small number, the petitions highlight the fact that people are struggling to pay mortgages even on high-priced homes.

The number of foreclosure petitions and deeds filed in 20 of the wealthiest towns in the state is comparatively small compared with the hundreds of foreclosures plaguing low-income neighborhoods in Boston and other cities, but in some towns such as Sudbury the jump is enough to make local real estate brokers take notice.

In the first six months of this year there were 18 foreclosure petitions — the first step in the foreclosure process — filed for Sudbury homes compared with last year's five petitions. That's a 260 percent jump. The data comes from [The Warren Group](#).

"I don't know that we're seeing much in Sudbury, but there are people underwater on the value of their house," said Amy Meller, a real estate broker and owner of [MassHomeSales.com](#) in Sudbury.

Meller said in wealthy towns people are less likely to walk away from real estate.

"In the more affluent towns there's much more stigma about walking away from your home and your investment," Meller said. "It's also the value of the investment. It's hard to walk away from something you've worked so hard for, I guess for anybody."

Owners who are under water on their mortgages — where the mortgage exceeds the value of the home — are resorting to short sales or even private auctions before surrendering to the lender. Real estate brokers said owners in wealthier towns have the ability and resources to avoid foreclosure at all costs.

Jeremy Freid, a principal at Flynn/[Boston Realty Advisors](#), said private auction business has experienced an uptick.

"I would say a large portion of the deals I've looked at in the last 45 days are from our friends at the bank who say, 'Go talk to this borrower of ours, talk to him about this project,'" said Freid. "If he doesn't hire you to close out this project we're going to call the note."

One way owners can avoid foreclosure, as well as save face and their credit ratings, is by short selling their homes. Short selling is the sale of a house — with the blessing of the bank — for less than the money owed on it, and it doesn't affect the seller's credit.

The seller most likely will lose money on the home but will not have to suffer the social and financial consequences.

"We have seen a fair amount of short sales," said Veronika Breer, a real estate broker with [Re/Max Landmark](#) in Wayland. "They avoid foreclosure and keep their credit rating. These homes very often sell below market value."

Breer, who primarily sells homes in the towns of Wayland, Lexington, Sudbury and Weston, said while short sales don't hurt the seller, it does bring down prices in the market. In order to sell a home quickly or before the bank moves to take it back, sellers are often forced to reduce the price substantially.

While banks are reluctant to foreclose, Breer and Meller said there is another slew of foreclosures looming as mortgages with three- to five-year adjustable rates reset in the next few years.

"There are a lot of adjustable rate mortgages that are going to come to a change," said Breer. "I think it's going to hit some of the higher-priced homes where the rate is going to go up. I think when the adjustable rate mortgages re-adjust upward there's some people who will get into trouble. There's a feeling out there that there could be a second wave."

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