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### Expert: Lengthy N.J. foreclosure process magnifies poor 'noncurrent' rate

By Laura Mortkowitz

In just the latest bit of bad news on residential real estate, a report from **Lender Processing Services Inc.** indicates New Jersey is in the top five states when taking into account foreclosures and delinquencies as a percentage of total loans. New Jersey is joined in this category, called the noncurrent rate, by Florida, Mississippi, Georgia and Nevada.

Although LPS won't release the numbers until the beginning of February, the most recent data — which includes loan activity through November — show New Jersey's noncurrent rate at 14.7 percent, compared to the national average at 13.1 percent.



Jeffrey Otteau

Despite the dire look, **Jeffrey Otteau**, president of **Otteau Valuation Group**, said New Jersey's numbers are distorted because of the state's extended foreclosure process, which requires a judge's approval.

"The result is that New Jersey takes several years while other states get it done more expeditiously," Otteau said. "What [the statistic] amounts to is a cumulative count of foreclosures that have been going on over the past several years. It's not really an indication of what is going on now."

As a comparison, New Jersey is ranked 12th in the country for new delinquencies, with a .19 percent rate that's better than the nation's .22 percent average.

Despite the fact that the noncurrent loan number might be misleading, Otteau said it is still very concerning, since as a backlog of foreclosures builds, it will hurt home prices in New Jersey.

"When the housing market begins to recover in 2012, the rate of home prices rising in New Jersey will be much slower, because we'll be dealing with the backlog of foreclosures and delinquencies," he said.

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