To no one's surprise, the number of home foreclosures in the Memphis area -- and nationwide -- continued to rise in the second quarter.

The Memphis metro area ranked 25th in percentage of households receiving foreclosure notices -- one out of every 105, according to RealtyTrac, an online marketer of foreclosed property.

The firm said 5,141 foreclosure notices were sent to Memphis area homeowners, nearly double the number in the second quarter of 2007, but just 3.8 percent above first-quarter levels.

"We've always had high foreclosure rates," said Emily Trenholm, executive director of the Community Development Council of Greater Memphis. "I'm not surprised it didn't go up as fast as in other places."

In Shelby County, foreclosure notifications were filed on 6,558 properties this year through July 2, according to figures compiled by the Center for Community Building and Neighborhood Action at University of Memphis.

Of those, 4,117 resulted in completed foreclosures -- about 63 percent of the cases. For all of 2007, the rate was about 54 percent.

"There's still a tremendous amount of people who are not aware that counseling and foreclosure assistance is available," said Trenholm.

The council works with the Memphis Housing Counseling Network, which includes 10 agencies that provide help to homeowners facing foreclosure.

Memphis Area Legal Services has brought in $600,000 in grants to work with those homeowners, especially in trying to help them work out deals with lenders to change loan terms, arrange alternative sales or take other actions to stave off foreclosure, said Webb Brewer, a lawyer at the agency.

The group expected to see 200 people a month looking for such help. From March through June -- four months -- the total has been 200.

"It's very, very difficult in spite of what is said to the contrary to communicate with a loan servicer who has the authority or would be flexible in doing workout," Brewer said.

That may be because firms that service mortgages -- collect monthly payments, pay taxes and insurance, file foreclosure notices -- may not have the same interests as the people who own the mortgages, often through investment securities, he said.
The industry is doing a better job of working with homeowners than when problems began to surface, said Chris Bowers, president of the Mortgage Bankers Association of Memphis.

That's because many folks in the mortgage business thought the housing slump would be self-correcting when it began, he said.

"The industry has to continue to work on loss mitigation to help people stay in their homes," said Bowers, a mortgage loan officer for Bank of America. "This is something we've never seen before, so the industry is coming up with new ideas on the fly to address those problems."

That's less of an issue in DeSoto County, where a substantial number of foreclosed homes are new construction owned by the banks that made the loans to build them, said Michael Austin, owner of Austin Realty Group in Hernando.

"Banks are wanting to get their money back and recover their losses," he said. "They're doing very little negotiating. They're not moving fast because buyers are wanting to buy them for 25 cents on the dollar."

Nonetheless, said Austin, who is past president of the Northwest Mississippi Association of Realtors, the housing market in the county is in better shape than most of the rest of the nation.

"It's not as bad as the news media is saying, but it's not as good as we're used to," he said.

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