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One in five American homes 'underwater'

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More than one in five American home mortgages are underwater.

An estimated 10.7-million households, or 22.1% of all homes with mortgages, had more debt on the properties than they were worth in the third quarter, according to Santa Ana research firm CoreLogic. This is a slight decline from the 10.9 million properties that were underwater in the second quarter.

"Although slightly down, negative equity remains very high and renders many borrowers vulnerable when negative economic shocks occur, such as job loss or illness," CoreLogic chief economist Mark Fleming said in a statement. "The nearly \$700-billion mortgage debt overhang has touched many corners of the market, and this overhang is holding back the recovery of the housing market and broader economy."

Nevada had the highest negative-equity percentage with 58% of mortgaged homes underwater, followed by Arizona, 47%; Florida, 44%; Michigan, 35% and Georgia, 30%. This was the first quarter that Georgia made the top five, ousting from the group California, which had been among the top spots since the firm began tracking the data in 2009.

In the Los Angeles Metro area, 353,427 homes, or 23% of all mortgaged properties, were in negative equity at the end of the third quarter, a decline from 356,677. Negative equity can decline when foreclosures increase as the repossession process extinguishes underwater loans.

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— Alejandro Lazo

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