

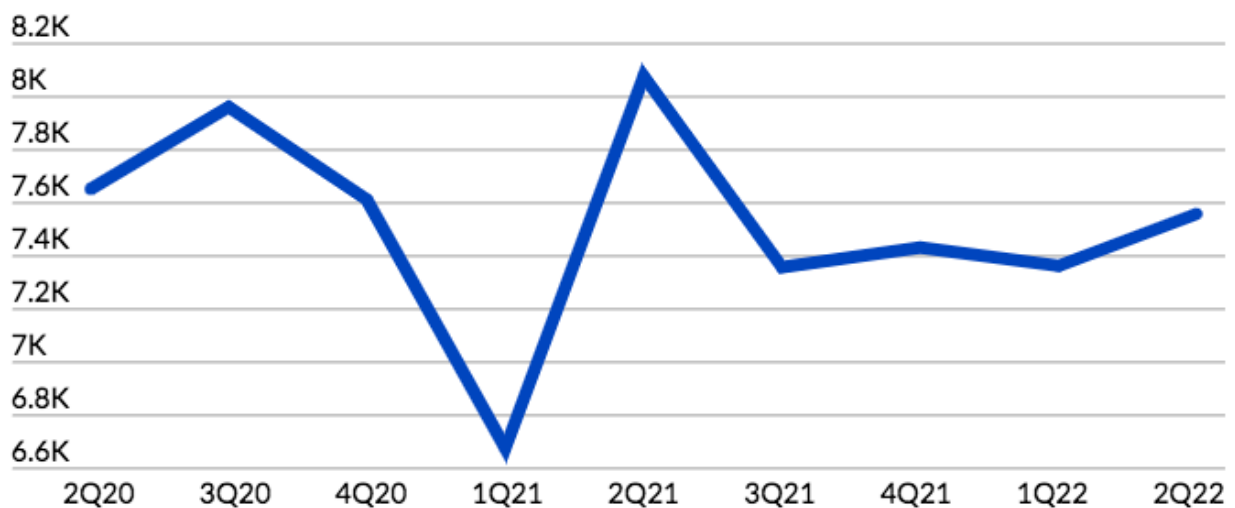
## Zombie homes up for first time since moratorium ended

By [Brad Finkelstein](#) June 02, 2022, 12:20 p.m. EDT 2 Min Read

The number of zombie properties – vacant homes that have not yet been foreclosed on – increased 2.8% on a quarter-to-quarter basis in the first rise since a COVID-related moratorium ended.

At the end of the second quarter, 7,559 pre-foreclosure properties sat vacant, up from 7,363 in the [first quarter](#) but down from 8,078 [one year prior](#), according to Attom Data Solutions.

### Zombie properties by unit



Note: Zombie properties are vacant, pre-foreclosure homes  
Source: Attom Data Solutions

"The incidence of zombie-foreclosures tends to be higher in cases where the foreclosure process has dragged on for many months and sometimes even for years," Rick Sharga, executive vice president of market intelligence at Attom, said in a press release. "We're now seeing properties where the borrower was

already in default prior to the government's moratorium re-enter the foreclosure process, and undoubtedly some of these homes will have been vacated over the past 26 months."

New York, prior to the pandemic, had some of the longest foreclosure timelines in the nation with an average of 1,103 days in 2019. In the second quarter, it was the location for 2,041 zombie properties, or 27% of the total.

And it is one of the states where servicers can face legal consequences if a property has a problem. Last August, three cities filed suit against [Ocwen and its PHH](#) servicing business. Under New York law, the penalty is \$500 for each day a violation exists on an abandoned property.

During the second quarter, 259,166 residential properties were in the foreclosure process, up 12.7% from the first quarter and by 15.9% over the second quarter of 2021.

Just one of every 13,171 homes in the second quarter was vacant and in foreclosure, up 1.9% from one in 13,424 during the first quarter.

The continuing [increase in home values](#) will likely mitigate any large increase in zombie properties for the time being. Borrowers who are in a positive equity position in their homes are far less likely to walk away from someone who is underwater.

"According to our equity report, almost 90 percent of homeowners in foreclosure have positive equity," Sharga said. "Having equity gives financially-distressed homeowners an opportunity for a relatively soft landing — selling their home at a profit rather than losing everything to a foreclosure."

When it comes to properties that have exited foreclosure, among the roughly 3,300 bank-owned homes, 10.8% were vacant in the second quarter.

The quarter ended with 27.9 million investor-owned homes. Of those, 3.2% or about 905,000 units were vacant, Attom said.