

CHARLOTTE RINGS IN 2012 WITH FIRST NIGHT AND A HOST OF PARTIES

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City sees decades-low number of homicides

Charlotte's 55 killings in 2011 reflects national decline in violent crime.

BY CLEVE R. WOOTSON JR. AND MEGHAN COOKE
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Charlotte recorded fewer homicides in 2011 than any year in more than two decades as violent crime continued to decline in the city and across the nation.

Last year's 55 homicides represent the lowest number since 1988, when Charlotte-Mecklenburg police investigated 45.

Police have also solved nearly 89 percent of their cases, a clearance rate that well outpaces the national average of about 65 percent. A case is cleared when police arrest a suspect or determine that the suspect has died. The total reflects crimes reported through late Saturday.

In an interview Saturday night, CMPD Chief Rodney Monroe said homicides have declined in part because of the intense focus the department brings to the initial hours of death investigations. As many as a dozen investigators - from homicide, gang, assault and vice units - show up at crime scenes to talk to witnesses and share information. Monroe said he's been to the scene of about 35 of this year's homicides. "When we're locking up suspects in homicide cases inside of 48 or 72 hours, people take notice of that. The good guys and the bad guys take notice of that. Our (homicide detectives) are working 24-36 hours straight. Cases aren't going cold."

Still, six of last year's cases remain unsolved, including the slaying of Justin Jeeter, 29, who was shot after

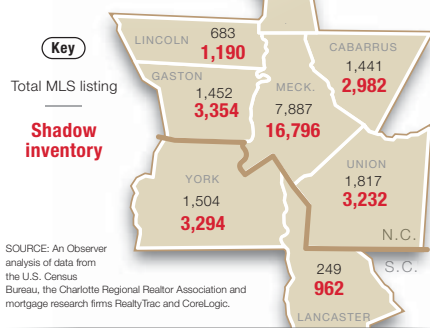
SEE HOMICIDES, 6A

WHERE'D THEY HAPPEN?
For an interactive map of 2011 homicides, go to charlotteobserver.com

Housing glut looms

Shadow inventory by county

The Observer found a hidden excess housing inventory of more than 34,000 properties in the Charlotte region. This shadow inventory consists of homes that are crawling through the foreclosure process, properties that have been foreclosed on but not put up for sale or houses whose borrowers are so delinquent they are unlikely to recover. Such excess inventory could depress housing prices.



SOURCE: An Observer analysis of data from the U.S. Census Bureau, the Charlotte Regional Realtor Association and mortgage research firms RealtyTrac and CoreLogic.

GAVIN OFF - DATABASE EDITOR

GRAPHIC: DAVID PUCKETT



As a vacant home in the Carrington Ridge neighborhood of Huntersville awaits sale, observers say the region is looking at a potential glut as in-the-pipeline foreclosures hit the market. Others, however, expect continued demand will handle the gradual introduction of more homes for sale.

ROBERT LAHSER - rlahser@charlotteobserver.com

Slow-developing foreclosures create a vast market of shadow homes, dragging down prices.

BY KERRY SINGE AND GAVIN OFF
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For every home currently listed for sale in Mecklenburg County, at least two more are poised to come on the market - a hidden excess inventory that could depress home values and stall the market's recovery, according to an Observer analysis.

Known as shadow inventory, these are homes that are crawling through the foreclosure process, properties that have been foreclosed on but not put up for sale, or houses whose borrowers are so delinquent they are unlikely to recover. Such homes are excluded from monthly sales statistics compiled by trade groups. "It's an epidemic," said Charlotte attorney Rick Mitchell, who sees a growing number of clients who have stopped making mortgage payments but haven't been foreclosed on. "We have a dramatic problem."

In Mecklenburg County, the Carolina Multiple Listing Services had 7,887 homes on the market as of Oct. 31. But the Observer found far more in the shadows: an additional 16,800 distressed properties not counted among homes currently for sale.

In its analysis, the newspaper found:
■ About 13,000 Mecklenburg homes whose owners are more than 90 days delinquent. It is unclear how many of those are already in foreclosure, but experts say the majority are likely to be foreclosed on at some point.
■ More than 3,800 homes owned by lenders but not listed for sale.

For its analysis, the Observer used data from mortgage research firms RealtyTrac and CoreLogic, the Charlotte Regional Realtor Association, the U.S. Census Bureau and public records.

Shadow inventory is not a new phenomenon. But because of the housing

SEE HOUSING, 13A



Bennett

The distressed owner

Homes can linger in the shadow inventory for years. Kimberly Bennett and her husband bought their home in northwest Charlotte in 2005 for \$130,000.

Three years later, Kimberly's husband, a builder, lost his job and wasn't able to find steady employment. Despite help from her parents and a loan modification that cut her payments to \$600 from \$900, Kimberly Bennett contacted the bank in November 2010 to say they were no longer able to make payments.

The loan servicer, Wells Fargo, sent them a letter in January saying the couple was in default. On Nov. 2, a year after the couple had stopped paying on their loan, the bank foreclosed.

"It was an absolute nightmare," said Bennett of the years of struggle.

A spokeswoman with Wells Fargo said the bank is in the process of turning the property over to the lender.

Realtors say in better economic times banks typically put foreclosures on the market immediately.

As of Friday, there was still no "for sale" sign in front of the house. — GAVIN OFF

CHARLOTTE: OUR YEAR IN PICTURES

Charlotte Observer photographers captured thousands of moments. **THE BIG PICTURE, 15A**

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SLOW GROWTH PREDICTED FOR 2012

Economists have little optimism for job growth, home sales. **1D**

Pam Kelley's top books

Her best reads last year included Tina Fey's "Bossypants." **1E**

10 places for nature in the Carolinas

Visit some of the region's natural wonders this year. **8E**

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Today's forecast: Mostly sunny and mild. **22A**

A PEOPLE'S TRIBUTE

Tributes to the dead often focus on the famous. We honor celebrities, athletes, politicians - people with familiar faces. But there are so many others who were famous in their families, celebrities to their friends, stars in their neighborhoods. This year we wanted to tell a few of those stories.

Here is just a sampling of the good and interesting people from the Charlotte area who died in 2011. We asked those who knew and loved them to tell a story or two about their lives.

This is also an invitation to post your own tribute to a friend or family member. You will find a place to upload your written memory and a photo today at charlotteobserver.com.

Told to staff writers David Perlmutter and Tommy Tomlinson.

MEMORIES OF EVERYDAY MEN AND WOMEN

Read more stories of Carolinians who died in 2011. **11A**

SHARE YOUR OWN MEMORIES

You can post your own tribute to a friend or family member at charlotteobserver.com



Calvin McCaskill, 86

A Charlotte plasterer by trade, McCaskill died Feb. 24 after decades of showing off his true love - dancing. His daughters, Adrene Orr and Dalphine Camp, both from Charlotte, talk about their father's love of dance.

Adrene: Daddy was one of 10 children - or more, we don't know. When he was about 9, Mr. James Flanders, the first black bondsman in Charlotte, asked our grandmother if his family could look after Calvin. Mr. Flanders had two sons and sent them to Juilliard in New York for music. He sent Daddy up there, too, but for dancing.

He came back after a year and joined the Army (serving in World War II), but he never stopped dancing. He wooed our mother (Sarah Byers) with his dancing. She was a good dancer, too. They would go to formal dances or social clubs or host their own parties - anywhere they could dance.

Dalphene: Before we went to our debutante balls, Daddy made sure we could ballroom dance, and waltz. He would practice with us in the kitchen. At the ball, they always had a father-daughter dance. But Calvin couldn't just dance in a small square. He'd sweep us all over the dance floor.

Adrene: He could dance all the steps: waltz, ballroom dances, the jitterbug. Our mother died in 1977. One of the requirements of his girlfriends: If they didn't like to dance and go to parties, he didn't have time for them.

— DAVID PERLMUTT

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HOUSING

■ from 1A

melted and recession, banks are taking back a record number of homes. The foreclosure pipeline is also swelling as banks take longer to complete foreclosures and more borrowers fall behind on their loans.

When shadow inventory comes on the market, it typically sells at a steep discount, depressing neighborhood values. It scares buyers and reduces demand. Because the housing market is such a key part of the broader economy, large amounts of shadow inventory can ultimately slow economic growth.

Real estate agents say they aren't worried because they don't believe the pipeline will burst and flood the market at once. Plus, they say, demand has historically proven strong enough in Charlotte to gobble through any extra supply.

Nationally, the supply of homes for sale was estimated at 3.3 million as of October, according to the National Association of Realtors. Real estate research firm CoreLogic estimated U.S. shadow inventory at an additional 1.6 million homes. The Observer's analysis suggests Charlotte is among the areas with proportionately much more shadow inventory than the country as a whole.

Wells Fargo senior economist Mark Vitner said Charlotte's shadow inventory, while significant, is still less than that in former hot spots such as Miami and Phoenix.

"Shadow inventory is probably the most critical part of the equation in terms of getting a recovery in housing," Vitner said. "It has a chilling effect on people's willingness to sell their homes. And it means it will take an even longer time for prices to get back."

Shadow inventory problems extend across county lines. The Observer's analysis shows the seven counties surrounding Mecklenburg have more than 17,300 homes in shadow inventory. In contrast, the seven counties had 8,636 homes listed for sale as of October.

Lancaster County in South Carolina led the region with nearly four times the amount of shadow inventory as for-sale listings. Iredell County had the lowest proportion, with shadow inventory measuring about 1.5 times the amount listed for sale.

Still growing

Allen Tate Company executive Pat Riley said despite the slow economy, Charlotte's housing market has something going for it that other areas don't: People are still moving here.

During the boom days, in the middle of the last decade, demand was so strong that the Charlotte area typically added — and easily absorbed — 26,000 new homes annually, Riley said. Since the downturn, Charlotte leaders have continued working to diversify the region's employer base, something that will bring more families to the area, he said.

"We have the buyers for thousands of homes," he said. Still, Charlotte-area prices are expected to continue to fall next year partly because of the excess supply, Riley said.

He expects home prices to start appreciating in 2013 at a rate of 1 percent to 3 percent a year. As of 2010, average sales prices have fallen 9.6 percent since peaking in 2007, according to the Charlotte Regional Realtor Association.

Some experts don't expect housing prices nationally to return to pre-recession levels for another 10 years.

"Absorption (of shadow inventory) won't be the problem," Riley said. "Price depreciation will be."

Foreclosure pace

One of the biggest reasons shadow inventory has grown is the slow pace at which banks are tackling foreclosures.

Lenders temporarily stopped such proceedings in 2010 after mortgage delinquency



PHOTOS BY ROBERT LAHSER - rlahser@charlotteobserver.com

As a home stands for sale in the Carrington Ridge neighborhood in Huntersville, observers point out that despite fears, buyers are still moving to Charlotte and a pent-up demand of uncommitted potential buyers already exists. "There are buyers out there who want to be in the market," said one Realtor.

The Comprehensive Buyer

The mere thought of shadow inventory can make potential buyers wary of investing in a new home.

Matt Jones and his wife were considering a home in the Carrington Ridge community in Huntersville earlier this year, attracted to the location, nice neighborhood and good schools.

As they were considering the house, Jones noticed two vacant homes nearby. Talking with neighbors, he learned they'd sat empty for months. A principal with a local real estate firm, Jones researched the properties and suspected at least one would be foreclosed on because it had sat vacant for so long.

The thought of buying a home near distressed ones was scary, Jones said. But the couple factored the depreciation into what they believed the house was worth and ultimately went ahead with the purchase, paying \$185,000, or about \$30,000 less than the previous owner had paid four years earlier. That owner had also added numerous upgrades, including wood flooring, new storm doors and wooden stair treads.

"I was definitely concerned," Jones said. "But (foreclosures) have to happen to improve the overall health of the market. Sometimes you have to take a long-term approach." — KERRY SINCE

that workers signed false or incomplete legal documents and made other mistakes while foreclosing on homes. Potentially millions of homeowners now may be able to get an independent review of their case.

Some consumer groups say banks are refraining from foreclosing because they don't want to take losses from bad loans or flood an already weak market. Other real estate experts say banks may not have enough employees to deal with



As a vacant home awaits sale in the Carrington Ridge neighborhood of Huntersville, observers are anxious about a glut in the market. Others in the real estate business say the fear exceeds the reality and demand remains.

the backlog.

Foreclosures in North Carolina can last more than two years instead of 90 days, as they once did, attorneys and real estate agents say.

The Observer spoke with four families whose homes are scheduled for auction. None wanted to talk for this story. All said they were trying to save their homes. Two said their auctions had been postponed.

Mitchell, the attorney, said he has one client who stopped making payments on his upscale Union County home 2½ years ago. The client hasn't heard from his lender and continues to live in the house.

"There's been no communication," Mitchell said. "He's living there for free."

Another client recently got a bill from the city of Charlotte for lawn maintenance on the home she abandoned in August. She'd thought the bank would foreclose but it hasn't yet, Mitchell said.

"I think we haven't even begun to see the foreclosures," he said. "As bad as it's been, it's going to get worse because so many have been deferred."

A spokeswoman for Wells Fargo said the foreclosure process can be lengthy.

"We work hard to help customers remain in their homes when they encounter difficulties and attempt to avoid foreclosure," said Veronica Clemens with Wells Fargo Home Mortgage. "When that is not possible, we work diligently to manage foreclosed properties in a manner that benefits the community, until the home is sold to a new owner."

Bob Davis, executive vice

president with the American Bankers Association, said lingering joblessness is causing more people to default on their mortgages, adding to the pipeline.

"Most of the delinquencies now are connected to the poor labor market and job loss," Davis said. "You get into a hole you are not likely to get out of. The net result is there are a large number of homes that are in the foreclosure process that likely will end up being foreclosed and back on the market."

He said lenders don't want to keep properties off the market. Instead, he said, banks are taking longer to foreclose because government programs and regulators have added requirements and greater scrutiny.

"It costs money to keep (a house off the market)," he said. "You're better off moving it along."

Shadow buyers

Charlotte Realtor Jennifer Frontera believes many of the shadow homes will fall out of the pipeline as lenders work with borrowers on loan modifications or short sales, where the lender agrees to accept less than the loan amount.

"People see shadow inventory as a big, scary, gray blob that will overtake our market at once," said Frontera, president-elect of the Realtor association, who has sold bank-owned homes for 13 years. "The reality is, it will end up coming on the market gradually over time."

Frontera also sees something sales reports aren't taking into consideration: "shadow buyers."

How we reached our figures for shadow inventory

BY GAVIN OFF

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Calculating an area's shadow inventory involves gathering data on bank repossessions, delinquent borrowers and real estate listings. From there the calculations boil down to simple math.

To determine the shadow inventory in the eight-county Charlotte area, the Observer started with the number of bank repossessions from Jan. 1, 2007, to Oct. 31, 2011, and added the estimated number of properties whose borrowers are at least 90 days delinquent. From that number, reporters subtracted the number of bank-owned properties sold since 2007 and the number of bank-owned properties listed for sale as of Oct. 31, 2011.

The Observer used 2007 as a starting point in order to capture all shadow inventory since the crash of the housing market.

Other news organizations calculating shadow inventory have used a similar methodology, which national mortgage research firms say is reliable. Economists and real estate experts

interviewed for this story agreed the method was sound.

The data on bank repossessions and bank-owned properties that have already sold came from mortgage research firm RealtyTrac.

The Charlotte Regional Realtor Association provided MLS data on bank-owned properties that are listed for sale as of October.

To estimate the number of properties whose borrowers are seriously delinquent, reporters multiplied 90-day delinquency rates by the number of mortgages in each county.

Research firm CoreLogic provided delinquency rates for Mecklenburg and the seven surrounding counties, and the number of mortgages in each county came from the U.S. Census Bureau.

The Observer's estimate of shadow inventory is conservative because it does not include homes where the foreclosure process began before the borrower was 90 days delinquent. The newspaper took the conservative approach to avoid double-counting homes.

As an example, Frontera points to a foreclosed home that a bank is currently renovating. The work is under way, and the house isn't on the market. Yet, Frontera has received 20 calls from prospective buyers.

She didn't want to share where the house is located, other than to say it is in a well-established Charlotte neighborhood, for fear of how many calls she might get.

"There are buyers out there who want to be in the market, who are waiting for the perfect property," she said.

David Benham, who founded Charlotte-based Benham REO Group with his brother Jason, can attest to the demand for distressed homes.

Benham's real estate company, which has 95 brokers nationwide, works with lenders to dispose of distressed prop-

erty. His north Charlotte office receives about 120 foreclosure assignments a month, he said.

This year, he saw a 25 percent increase in business. Next year, he expects his business to double. Demand, he said, outstrips supply.

"Everything we have is flying off the shelf," he said. "The inventory's not there."

As an investor, "shadow inventory does excite me. I look forward to getting good deals on houses," Benham said. But as a homeowner, he said he knows his home's value will take a hit as more foreclosures reach the market.

"It's a mixed bag of emotions," he said. "I'm sure a lot of houses like mine are going to hit the market eventually as banks take losses on them and that will push values down."

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