



Colorado Division of Housing 2006 Foreclosure Report

Summary and Methods

In response to recommendations from the Colorado Blue Ribbon Panel on Housing and the Colorado Foreclosure Prevention Task Force, the Colorado Division of Housing has compiled the attached information on foreclosures in Colorado.

These statistics have been collected to provide as accurate a view as possible of foreclosures in Colorado, and to determine which regions of the state are being most heavily impacted by foreclosures. The data is provided on a county-by-county basis and is based on foreclosure filings through the Public Trustee's office of each county.

The Public Trustee filings provide an objective measure of how many foreclosure proceedings have been initiated in a given county. Such filings can be "cured" and "withdrawn" before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure. However, Public Trustee numbers are a reliable indicator of the number of homeowners in a county who have become seriously delinquent on home loans, providing insights into the overall health of the housing market within that county.

Study Findings

From 2005 through 2006 in Colorado, foreclosures increased 31% from 21,782 to 28,435. Between 2003 and 2006, foreclosures increased 110% from 13,575.

The most foreclosure activity is clearly on the Front Range of Colorado. In the central mountains and on the Western Slope, a very active housing market makes it relatively easy to sell a home if one is unable to keep up with payments. On the Front Range and on the Eastern Plains, due partly to a large supply of for-sale housing, it is more difficult to sell a home quickly, and the foreclosure numbers reflect this.

For example, the counties with the most foreclosure filings per household were Adams, Weld, Arapahoe, Denver, and Pueblo. Adams and Weld counties topped the list with 1 in 32 and 1 in 37 households in foreclosure respectively. In Denver County, 1 in 47 households are in foreclosure. In the mountains and the Western Slope, foreclosure rates are much lower with Mesa County and Summit County reporting a foreclosure rate of 1 in 167 and 1 in 131 respectively. La Plata County reported a foreclosure rate of 1 in 382.

In the Denver Metro area, foreclosure rates ranged from 1 in 32 in Adams County to 1 in 144 in Boulder County. Boulder County reported far fewer foreclosures per household than any other metro county. Arapahoe County reported 1 in 43.

Statewide, there were approximately 1 in 58 households in foreclosure compared to 1 in 75 in 2005.

Throughout the Front Range, the foreclosure rate per household has worsened since 2003, the first year

statewide Public Trustee data is available. However, the Public Trustee data indicates that foreclosure numbers have been exaggerated by some organizations providing foreclosure data on the state. For example, Realtytrac has provided widely reported foreclosure data stating that in 2006, Colorado experienced 54,747 foreclosures and had a total foreclosure rate of 1 in 33 households. If this is the case, Colorado has experienced an 85% increase in foreclosures since 2005, and a large number of counties would be experiencing foreclosure rates worse than 1 in 33 households.

It is more likely, though, that Colorado has experienced an increase of 31% in foreclosures since 2005 and that only the most impacted counties have foreclosure rates near 1 in 33. This disparity is likely a function of different methods used in counting foreclosures, and we assume only good faith on the part of Realtytrac, although we have concluded that their method overcounts foreclosures in Colorado.

The Colorado Division of Housing plans to continue counting foreclosure data from Public Trustees on a quarterly basis, and will be releasing data for the First Quarter of 2007 later this year.

The Colorado Division of Housing wishes to acknowledge the invaluable assistance of the Robert Sagel, Public Trustee of Morgan County, and the Public Trustee Association, although Mr. Sagel and the Association bear no responsibility for the conclusions and analysis contained in this summary.

Methods

The Colorado Division of Housing has sought to collect foreclosure information on all 64 counties. Data is collected directly from the Public Trustee's office in each county. Our current dataset includes 43 of 64 counties (67 percent). All of the non-reporting counties are counties with a small number of households, and we believe our sampling system can accurately create a picture of the foreclosure situation. The sampled counties are also designed to take into account regional differences. We have focused especially on the most populous counties to ensure that over 95% of foreclosures in the state are covered by this survey.

The Colorado Division of Housing will continue to seek foreclosure data where it is missing or is not yet available.

To calculate per-household foreclosure statistics and rankings, the sample employs the most populous and metropolitan counties, and also includes a sampling from all parts of the state to provide information on regional differences throughout the state.

The per-household calculation for each county is based on 2005 household estimates. This means that for 2006, the higher foreclosure number (in most cases) for 2006 will be divided into the 2005 household estimate number. This will inflate the final per-household calculation since it does not take into account the growth in total households from 2005 through 2006. Even though 2006 household numbers are not yet available, we have used the 2005 number to provide an opportunity to draw some comparisons between counties.

The household number is that of "total occupied housing units" in each county. This is the number used by other organizations that publish foreclosure ranking data.

Note the primary number used here to count foreclosures is the number of foreclosures filed with the county Public Trustee. This is the point at which the Public Trustee's office in each county notifies the homeowner that foreclosure proceedings have been initiated. At this point in the process, there are still opportunities for the homeowner to avoid foreclosure.

It is not unusual that 20%-40% of foreclosure filings will **not** proceed all the way to foreclosure sale. This means that, depending on the county, only 60%-80% of foreclosures opened actually proceed to final foreclosure.