

Colorado Division of Housing 4th Quarter 2007 Foreclosure Report

The Colorado Division of Housing is a division of the Colorado Department of Local Affairs

February 20, 2008

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 regarding 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. Data for each county is reported by the respective public trustee's office.

This report seeks to provide two essential pieces of information: foreclosure filings and foreclosure sales at auction.

Foreclosure Filings: Once a borrower is approximately three months late with payments, the public trustee will send the borrower a Notice of Election and Demand (NED). At this point, the property is officially in foreclosure. It should be noted, however, that the public trustee does not initiate the foreclosure process individually. The public trustee will issue an NED at the request of the lender, and some lenders wait longer than three months before requesting that an NED be issued.

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 Such filings can be "cured" and "withdrawn" before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. However, public trustee numbers are a reliable indicator of the number of homeowners in a county who have become seriously delinquent on home loans, and they provide insight into the overall health of the housing market within that county.

Foreclosure Sale Statistics: Approximately 110 days after the initial foreclosure filing, the property may be sold at auction to a third party or to the mortgage company. During the period between the filing and the foreclosure sale, the borrower has the opportunity to

avoid the foreclosure sale by bringing payments current, selling the home, or working out an arrangement with the lender that prevents the foreclosure sale.

The foreclosure filings number and the foreclosure sale number are two independent numbers. In other words, the properties that went to final sale during the current quarter are not necessarily the same properties which entered the foreclosure process the same quarter. For example, among properties that went to sale during the fourth quarter, a large portion of those foreclosures were actually filed during the third quarter of 2007 or earlier. The properties that entered foreclosure during the third quarter will only proceed to sale during a future quarter.

Note: The current foreclosure timeline is new as of January 1, 2008. It was modified to allow for a longer cure period and ended the use of the old “redemption period.”

Why are both numbers important?

The foreclosure filings number provides a view of how many borrowers have become seriously delinquent on their loans. Foreclosure filings provide a good guide to foreclosure activity in a given county, and while a property may be withdrawn from the foreclosure process after a filing is made, the filings statistics nevertheless indicate where borrowers are delinquent and in default.

The foreclosure sale numbers generally indicate how many households have lost all equity in the home as the result of a home being sold to another party at auction. This other party can be the mortgage company, an investor, or others. Many households in the foreclosure process lose their homes through a variety of processes such as short sales and deed-in-lieu-of-foreclosure agreements. Losing the home through a foreclosure sale, however, is generally the outcome that is most damaging to the credit of the homeowner/borrower, and it also does not allow for the homeowner/borrower to preserve any of the equity he or she might still have in that property.

Study Findings

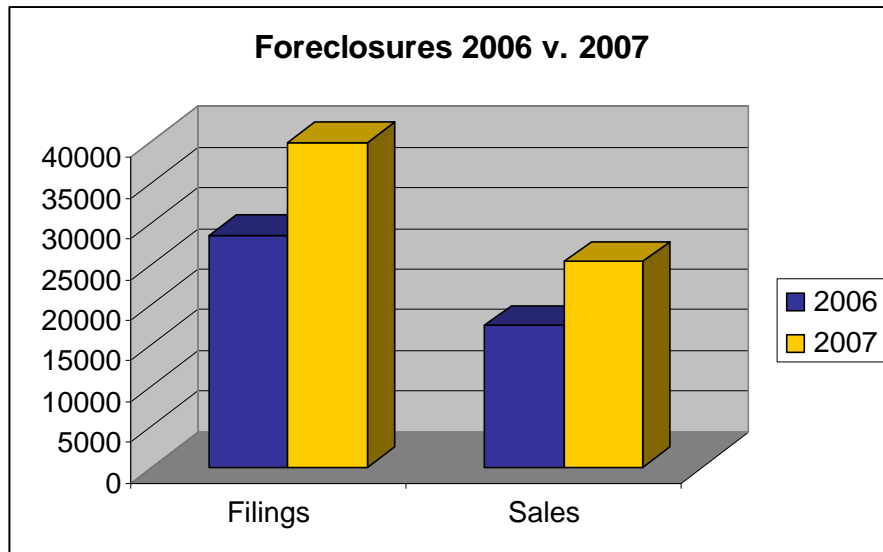
Foreclosure filings in Colorado increased 40 percent from 2006 to 2007, with 11,400 more foreclosures in 2007 than 2006. Foreclosures increased 31 percent from 2005 to 2006 and 190 percent between 2003 and 2007.

Year	Foreclosure Filings
2003	13,573
2004	16,801
2005	21,782
2006	28,435
2007	39,915

Foreclosure Sales

From 2006 to 2007, foreclosure sales at auction increased 45 percent. For the fourth quarter of 2007, Colorado public trustees reported 6,295 foreclosure sales. Overall, there have been 25,320 foreclosure sales reported during 2007. For all of 2006, there were 17,451 foreclosure sales. Statewide foreclosure sales statistics have been kept since 2003:

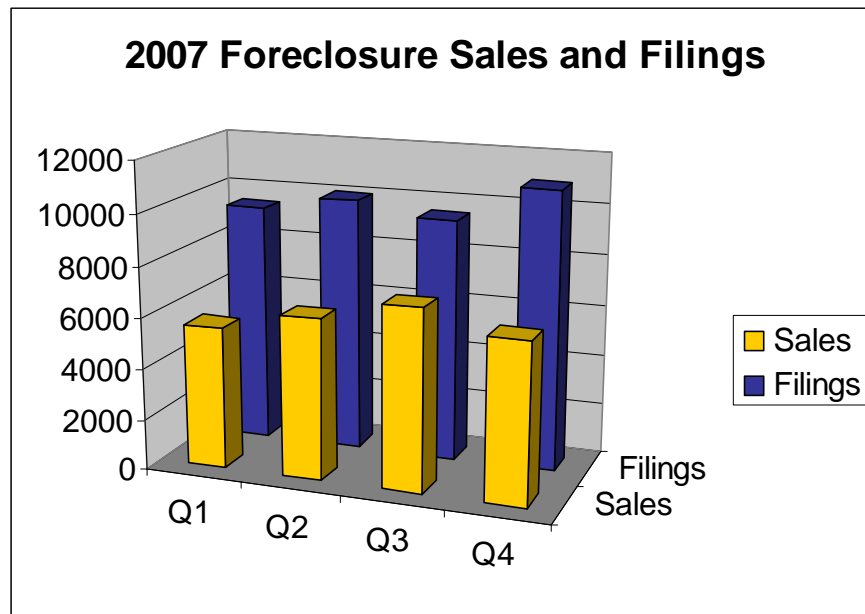
Year	Foreclosure Sales
2003	6,258
2004	7,782
2005	12,699
2006	17,451
2007	25,320



Quarterly Trends

Fourth quarter foreclosure filings show a 15 percent increase over the third quarter, but are approximately equal to the amount of second quarter filings. Foreclosure filings were at 9,443 during the first quarter; climbed to 10,017 during the second quarter; fell to 9,500 in the third; and increased again to 10,955 in the fourth.

Growth in foreclosure sales has been greater, climbing from 5,586 during the first quarter to 6,322 during the second quarter; increasing to 7,117 during the third quarter; and then falling to 6,295 during the fourth quarter.



The largest increases in foreclosures were found in Denver and Adams Counties. Denver County foreclosure filings increased 53 percent, and Adams County foreclosure filings increased 44 percent over the past year. Foreclosure filings in El Paso County increased 38 percent, and Arapahoe County increased 33 percent.

Foreclosure sales statistics showed growth as well. Adams County reported sustained growth in foreclosure sales, climbing 38 percent over the past year. Sales increased 33 percent in El Paso County; 33 percent in Weld County; and 44 percent in Arapahoe County. In Denver, foreclosure sales increased 60 percent.

Note: Denver experienced an unusual situation in which Denver County reprocessed 835 foreclosure files during the third quarter leading to a very marked spike in foreclosure sales during the third quarter.

Foreclosure sales did unexpectedly decline from the third quarter to the fourth, dropping 12 percent from 7,117 to 6,295. This could be due to foreclosure mitigation efforts such as the Colorado Foreclosure Hotline.

Regional Differences

The most significant foreclosure activity is on the Front Range of Colorado. For example, the counties with the most foreclosure filings per household were Adams, Weld, Denver, Arapahoe, and Pueblo. Adams and Weld counties topped the list with one filing per 23 households and one filing per 29 households respectively. In Denver County, there was one filing per 32 households, with Arapahoe and Pueblo Counties reporting one filing per 34 households and one per 39 households respectively.

Foreclosure rates in other metropolitan counties were less severe with Douglas County, Jefferson County, and El Paso County, experiencing foreclosure rates of one filing per 49, one per 58, and one per 60 respectively.

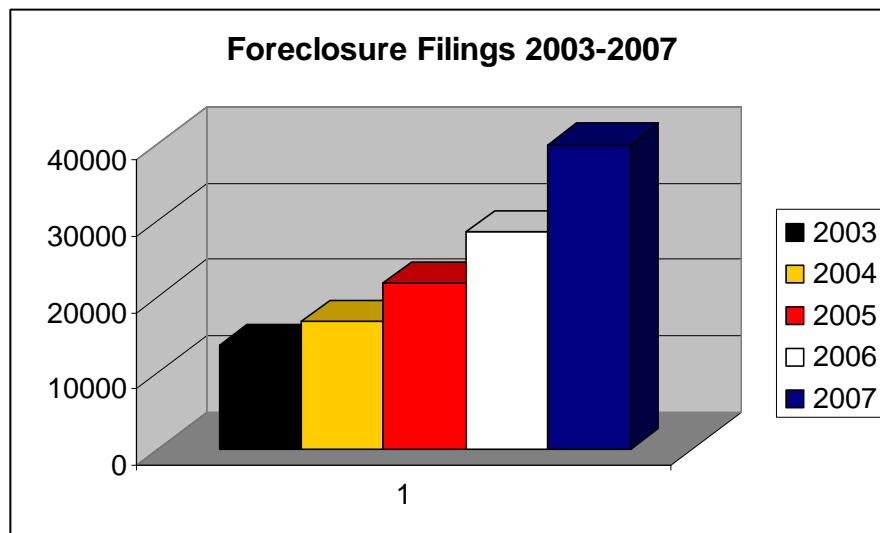
Boulder, Larimer, and Broomfield counties had the lowest foreclosure rates among the metropolitan Front Range counties with rates of one filing per 112 households, one per 68, and one per 70 respectively.

In the mountains and on the Western Slope, foreclosure rates are generally much lower with Mesa County and Eagle County reporting a filings rate of one per 136 and one per 142 respectively. La Plata County reported a filings rate of one per 234.

In the central mountains and on the Western Slope, the active housing market makes it relatively easy to sell a home if the borrower 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 this may lead to larger rates of default.

Statewide, there was approximately one foreclosure filing per 45 households for 2007. During 2006, there was one foreclosure per 58 households

Forecasts for 2007



The Division of Housing forecasts for 2007 proved to be slightly low. We had forecast approximately 37,000 foreclosures for 2007, a 30 percent increase. At this time, it is difficult to forecast 2008 numbers until we have first quarter 2008 data.

In many counties in Colorado, there was a notable spike in foreclosure filings, but not sales, during the fourth quarter. This could be due to more than one factor. It was expected that foreclosure activity would increase during the fourth quarter due to

increased consumer spending on holiday expenses, and the fact that many entities prefer to initiate foreclosures before the end of the calendar year.

Recent changes in state law provided other possible explanations for the spike as well. The foreclosure timeline, as mandated by state statute, changed on January 1, 2008, and may have provided an added impetus for lenders to initiate foreclosures before January 1.

At this time, it is unknown how the new changes in law contributed to the increase in foreclosure filings, however, there is no indication at this time that foreclosures will decline in the near future.

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.

Some numbers in this report reflect corrections made to statistics reported earlier.

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

The per-household calculation for each county is based on estimates from 2006 of occupied households provided by the Colorado State Demographer.

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.

The Colorado Division of Housing wishes to acknowledge the invaluable assistance of Robert Sagel, the 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.

Table 1.1
Foreclosure Statistics 2007

Counties	2007	2007	2007	2007	2007	2006	2007	2007	2007	2007	2007	2006
	1 st Q Filings	2 nd Q Filings	3 rd Q Filings	4 th Q Filings	TOTAL Filings	TOTAL Filings	1 st Q Sales	2 nd Q Sales	3 rd Q Sales	4 th Q Sales	TOTAL Sales	TOTAL Sales
Adams	1,456	1,734	1,350	1,706	6,246	4,330	1,000	1,180	1,255	1,019	4,454	3,221
Alamosa	18	17	12		47	47	12	5	6		23	31
Arapahoe	1,569	1,478	1,482	1,730	6,259	4,719	969	1,097	1,088	1,023	4,177	2,910
Archuleta	6	14	15	9	44	43	3	3	9	2	17	16
Baca	4	3	1	0	8	13	4	1	1	1	7	9
Bent		2	1	10	13			4	1	5	10	
Broomfield	53	50	74	69	246	195	45	40	26	43	154	114
Boulder	214	211	271	313	1,009	790	128	143	123	183	577	488
Chaffee	14	19	14	15	62	60	9	6	10	2	27	30
Cheyenne		0	1	1	2			0	0	0	0	0
Clear Creek	30	23	20	14	87		11	14	20	9	54	
Conejos	6	7	9	9	31	17	2	2	3	2	9	11
Costilla	4	10	5		19	18	2	2	2		6	10
Crowley	2	1	4		7	22	2	2	2		6	9
Custer	8	5	10	4	27	21	0	2	5	1	8	7
Delta	19	16	33	27	95	87	13	15	6	3	37	33
Denver	1,940	2,151	1,788	2,030	7,909	5,162	900	979	1,848	1,352	5,079	3,178

Counties	2007	2007	2007	2007	2007	2006	2007	2007	2007	2007	2007	2006
	1 st Q Filings	2 nd Q Filings	3 rd Q Filings	4 th Q Filings	TOTAL Filings	TOTAL Filings	1 st Q Sales	2 nd Q Sales	3 rd Q Sales	4 th Q Sales	TOTAL Sales	TOTAL Sales
Dolores	5	2	2	3	12	5	1	0	1	1	3	1
Douglas	373	457	437	598	1865	1,258	338	412	281	227	1258	500
Eagle	14	45	43	27	129		8	26	24	26	84	
Elbert	66	58	54	65	243	198	36	47	45	32	160	129
El Paso	828	880	865	983	3556	2,570	462	497	537	520	2016	1,516
Fremont	79	84	80	64	307			29	35	36	100	
Garfield	18	19	18	18	73	96	6	6		8	20	34
Gilpin	16	15	11	15	57	46	3	11	10	8	32	21
Grand	13	12	11	18	54	47	8	3	6	5	22	14
Gunnison	9	5	6	6	26		1	2	1	2	6	
Hinsdale	0	0	0	0	0	1	0	0	0	0	0	0
Huerfano		12	11		23			6	3		9	
Jackson	0	0	2	0	2	4	0	0	0	1	1	1
Jefferson	839	826	889	1034	3588	2,971	527	543	531	579	2180	1789
Kiowa		0	0	0	0			0	2	0	2	
Kit Carson		6	8	12	26	23		6	5	9	20	10
La Plata	17	23	29	14	83	50	14	0	12	10	36	7
Lake	5	10	5	4	24	29	2	2	3	1	8	18
Larimer	382	354	370	482	1588	1,253	271	277	215	243	1006	500
Las Animas	25	10	17		52	62	3	8	1		12	

Counties	2007	2007	2007	2007	2007	2006	2007	2007	2007	2007	2007	2006
	1 st Q Filings	2 nd Q Filings	3 rd Q Filings	4th Q Filings	TOTAL Filings	TOTAL Filings	1 st Q Sales	2 nd Q Sales	3 rd Q Sales	4th Q Sales	TOTAL Sales	TOTAL Sales
Lincoln	6	5	9		20		2	6	4		12	
Logan	26	21	22	23	92	64	7	14	17	15	53	31
Mesa	102	89	95	107	393	352	9	28	37	34	108	113
Mineral		1	0	0	1			0	0	0	0	
Moffat		8	10	9	27			5	3	2	10	
Montezuma	7	12	10	15	44		1	6	3	4		
Montrose	32	21	18	30	101		8		5	5	14	
Morgan	46	47	43	39	175	147	28	36	32	17	113	81
Otero	39	25	28	32	124	125	14		17	7	38	97
Ouray	2	1	1	3	7	5	2	1	1	1	5	1
Park	51	54	41	54	200	208	33	30	22	37	122	142
Philips	10	6	6	4	26	11	3	2	5	6	16	6
Pitkin		3	4		7			1	1		2	
Prowers	14	18	6	15	53		11	7	4	4	26	
Pueblo	383	362	335	424	1504	1,174	247	290	240	252	1029	788
Rio Blanco	3	1	1	4	9	13	1	1	0	0	2	7
Rio Grande		8	19	11	38			7	8	16		
Routt	9	12	9		30	53	8	1	1		31	
Saguache		5	2	11	18			2	2	4	10	7
San Juan	0	0	0		0	1	0	0	0		8	0

Counties	2007	2007	2007	2007	2007	2006	2007	2007	2007	2007	2007	2006
	1 st Q Filings	2 nd Q Filings	3 rd Q Filings	4th Q Filings	TOTAL Filings	TOTAL Filings	1 st Q Sales	2 nd Q Sales	3 rd Q Sales	4th Q Sales	TOTAL Sales	TOTAL Sales
San Miguel	7	5	4	4	20	15	2	2	0	0	4	6
Sedgwick	0	3	3		6	4	0	1	2		3	2
Summit	16	38	45		99	83	1	5	21		27	39
Teller		52	79	43	174			43	36	34	113	50
Washington	3	0	14	7	24	18	1	2	1	7		13
Weld	647	650	746	834	2877	2,073	425	456	542	496	1919	1,445
Yuma	8	11	2	6	27	26	3	6	6	1	16	16
Totals	9,443	10,017	9,500	10,955	39,915	28,509	5,586	6,322	7,117	6,295	25,320	17,451

County	Total occupied units (2006 estimates)	1st Q Foreclosures	2nd Q Foreclosures	3rd Q Foreclosures	4th Q Foreclosures	Total Foreclosures 2007	No. Occupied units per foreclosure by county. [1 foreclosure filing per <i>n</i> households]
Adams	145,949	1,456	1,734	1,350	1,706	6,246	1 per 23
Arapahoe	211,798	1,569	1,478	1,482	1,730	6,259	1 per 34
Boulder	113,230	214	211	271	313	1009	1 per 112
Broomfield	17,119	53	50	74	69	246	1 per 70
Denver	250,259	1,940	2,151	1,788	2,030	7,909	1 per 32
Douglas	92,275	373	457	437	598	1,865	1 per 49
El Paso	214,974	828	880	865	983	3,556	1 per 60
Eagle	18,415	14	45	43	27	129	1 per 142
Jefferson	208,482	839	826	889	1034	3,588	1 per 58
Larimer	107,296	382	354	370	482	1,588	1 per 68
Mesa	53,416	102	89	95	107	393	1 per 136
Pueblo	58,941	383	362	335	424	1,504	1 per 39
Weld	82,929	647	650	746	834	2,877	1 per 29
La Plata	19,440	17	23	29	14	83	1 per 234
Otero	7,579	39	25	28	32	124	1 per 61
Garfield	19,587	18	19	18	18	73	1 per 268
Morgan	9,909	46	47	43	39	175	1 per 56
Summit	11,066	16	38	45	not reported		

Statewide there was 1 foreclosure filing per 45 households during 2007.