

## Division of Housing, Colorado Department of Local Affairs 4th Quarter 2011 Report on Releases of Deeds of Trust



### Report findings, January 25, 2012

Within the counties surveyed, releases of deeds of trust in Colorado fell 27.3 percent from the fourth quarter of 2010 to the fourth quarter of 2011, falling from 80,265 to 58,340, year over year.

Comparing the full year of 2010 to 2011, total releases were down 6.4 percent in 2011 compared to the same period last year. There were 235,749 releases during 2011 and 251,851 releases during 2010.

Releases rose 15.5 percent from the third quarter of 2011 to the fourth quarter with release totals rising from 50,506 during the third quarter to 58,340 during the fourth. Releases rose during the fourth quarter ending a three-quarter period of declines. The fourth quarter's release total was the second-lowest total recorded for the fourth quarter since 2008.

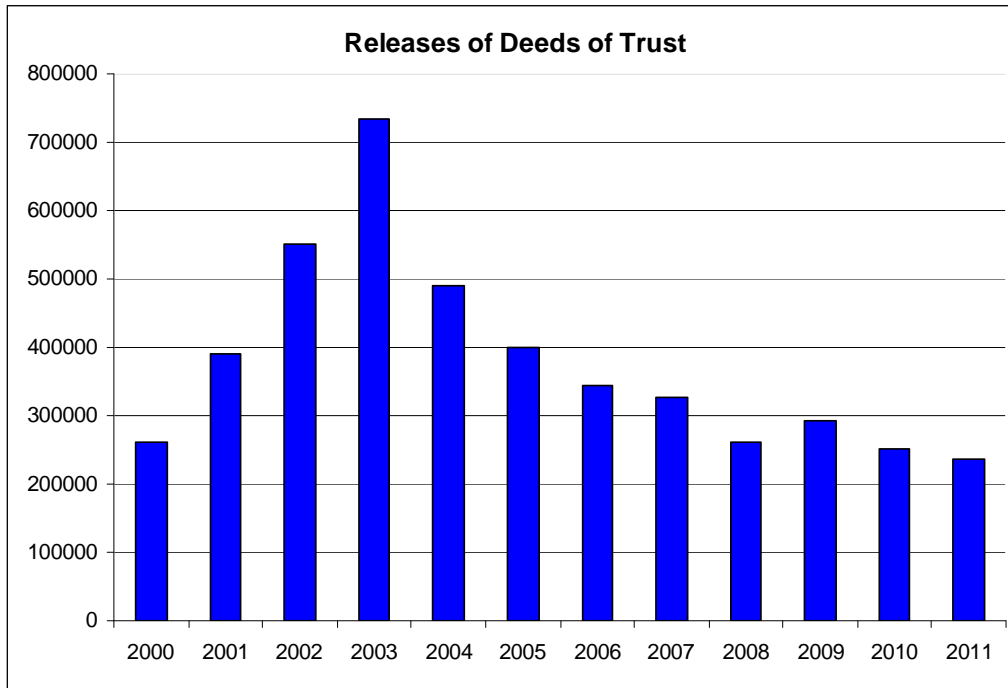
Release totals continue to be well below peak levels reached during 2003 when releases totaled 733,373 within the counties surveyed. By 2010, total releases had fallen by 67 percent.

Table 1 and Graph 1 below show the number of annual releases of deeds of trust since 2000. Graph 2 compares quarterly totals since the first quarter of 2008. See the appendices for quarterly totals.

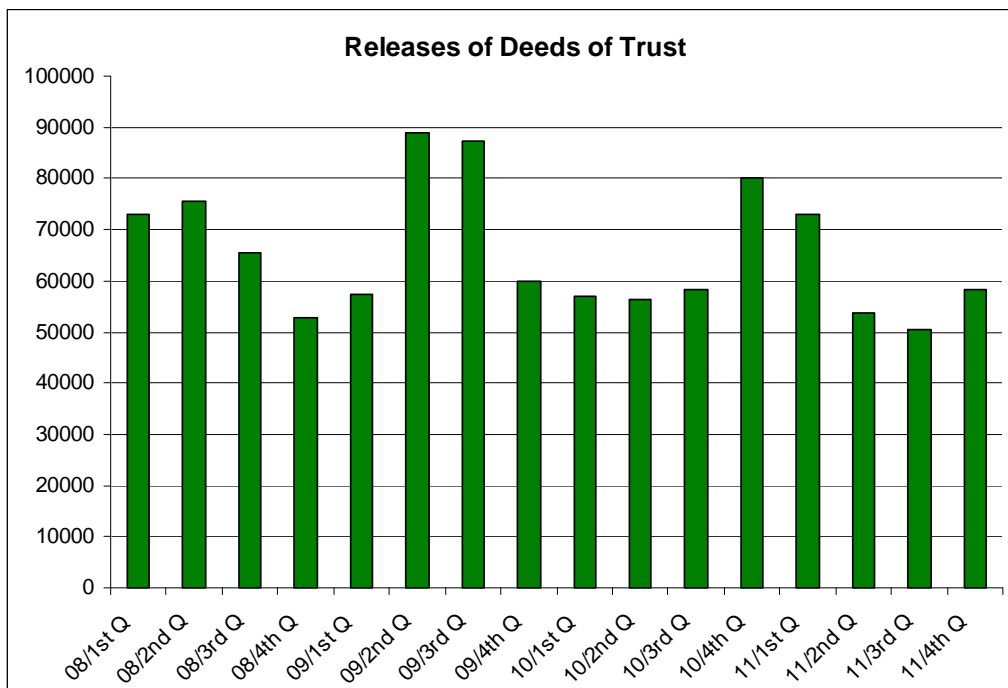
**Table 1: Releases of Deeds of Trust**

Year	Releases of Deeds of Trust
2000	260,973
2001	390,072
2002	551,072
2003	733,373
2004	491,088
2005	400,565
2006	343,127
2007	327,457
2008	266,971
2009	293,731
2010	251,861
2011	235,749

**Graph 1: Annual release totals.**



**Graph 2: Quarterly release totals.**

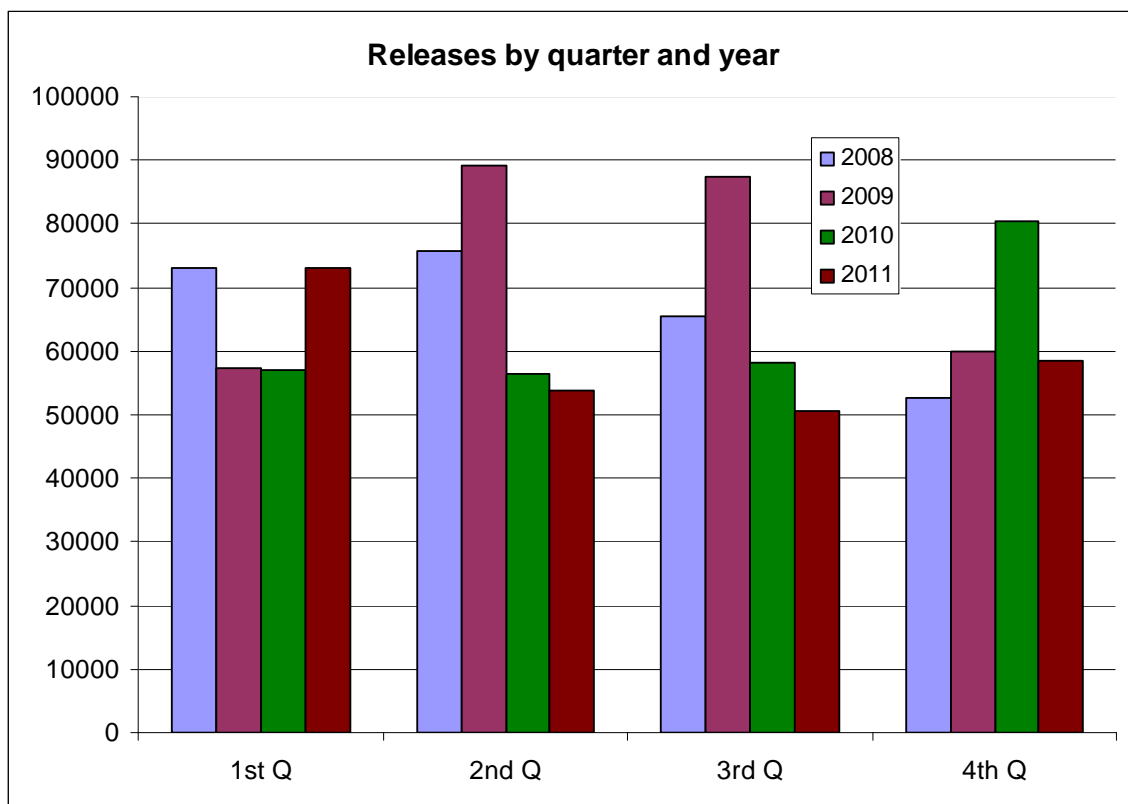


### Comparing release totals for each quarter

The fourth-quarter total for releases was below average with 58,340 releases. The quarterly average for releases since 2008 is 65,500. This year's fourth-quarter total is down 27.3 percent from 2009's fourth-quarter peak of 80,265.

During the fourth quarter, releases rose, quarter over quarter, for the first time since the fourth quarter of 2010. While up from the third quarter, the fourth quarter's total remains down from the same period last year.

**Graph 3: Release totals compared by quarter.**



### County Trends

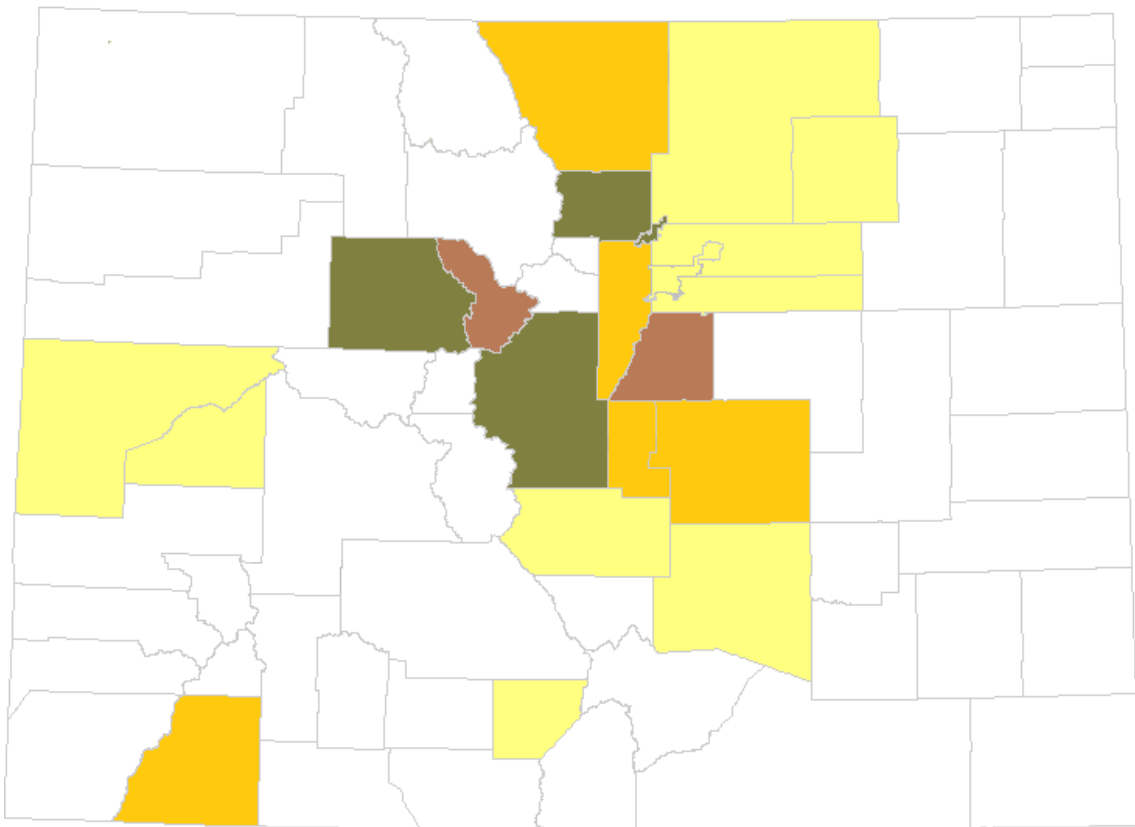
From the fourth quarter of 2010 to the fourth quarter of this year, releases of deeds of trust decreased in all 21 counties surveyed.

Comparing the full year of 2011 with 2010, releases fell in all counties surveyed except Douglas, Jefferson, Morgan, Park, Summit and Teller counties.

These variations across counties suggest substantial variations in the amount of refinance and home purchase activity occurring within different counties.

When release totals in each county are adjusted for the number of occupied households in each county, the counties with the most release activity tend to be counties that are either in mountain areas or which border mountain areas. The counties with the most release activity, adjusted for total household numbers, were Summit, Douglas, Broomfield, Park, Eagle and Boulder counties. Map 1 shows all counties surveyed. Rates are based on fourth-quarter release totals.

**Map1: Release activity by county.**

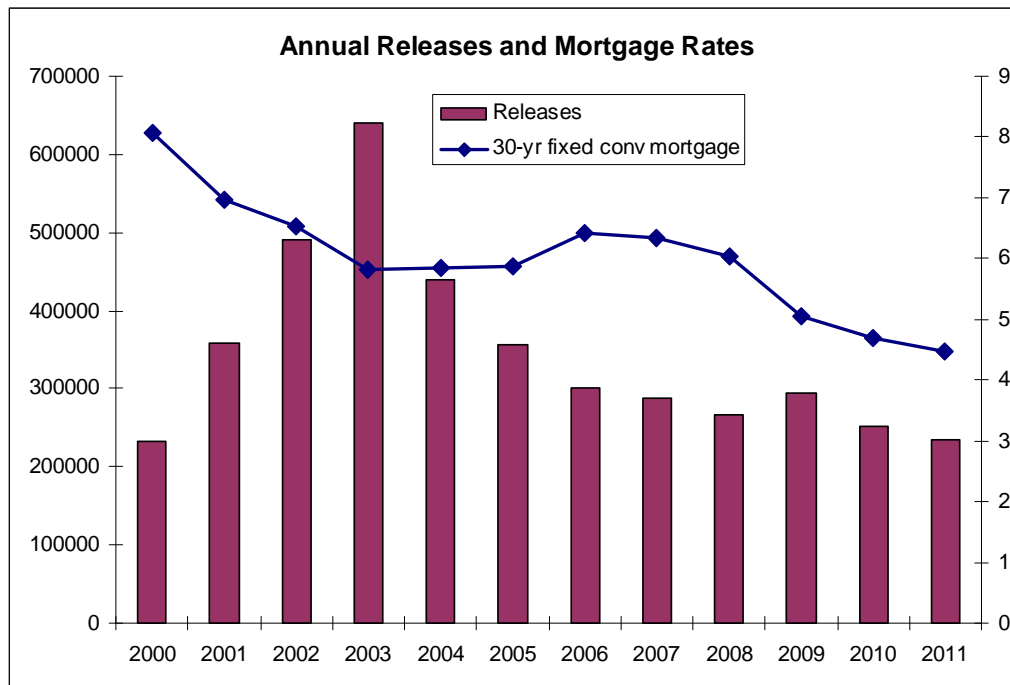


Release rates are split into 4 categories by index number: 1. (burgundy) Index value of more than 5.0. 2. (green) Index value from 4.0 to 4.9. 3. (orange) Index value from 3.0 to 3.9. 4. Index value below 3.

## Analysis:

Release activity is closely associated with home loan refinance activity and, to a lesser extent, to home purchase activity. Refinance and home purchase activity are in turn heavily influenced by mortgage rates. Graph 4 shows the 30-year fixed conventional mortgage rate for each year since 2000. In general, as mortgage rates decline, release activity increases. This can be seen from 2000 to 2003 as the mortgage rate dropped 27 percent and total releases increased 174 percent. Similar but less dramatic trends can be found from 2005 to 2006 when the mortgage rate increased 9 percent and total releases fell 15 percent. Likewise, when mortgage rates fell again following the 2008 financial crisis, falling by 16 percent, total releases rose by 10 percent. From 2009 to 2011, however, declining mortgage rates did not produce an increase in the number of releases.

**Graph 4: Annual releases compared with annual mortgage rate averages.**

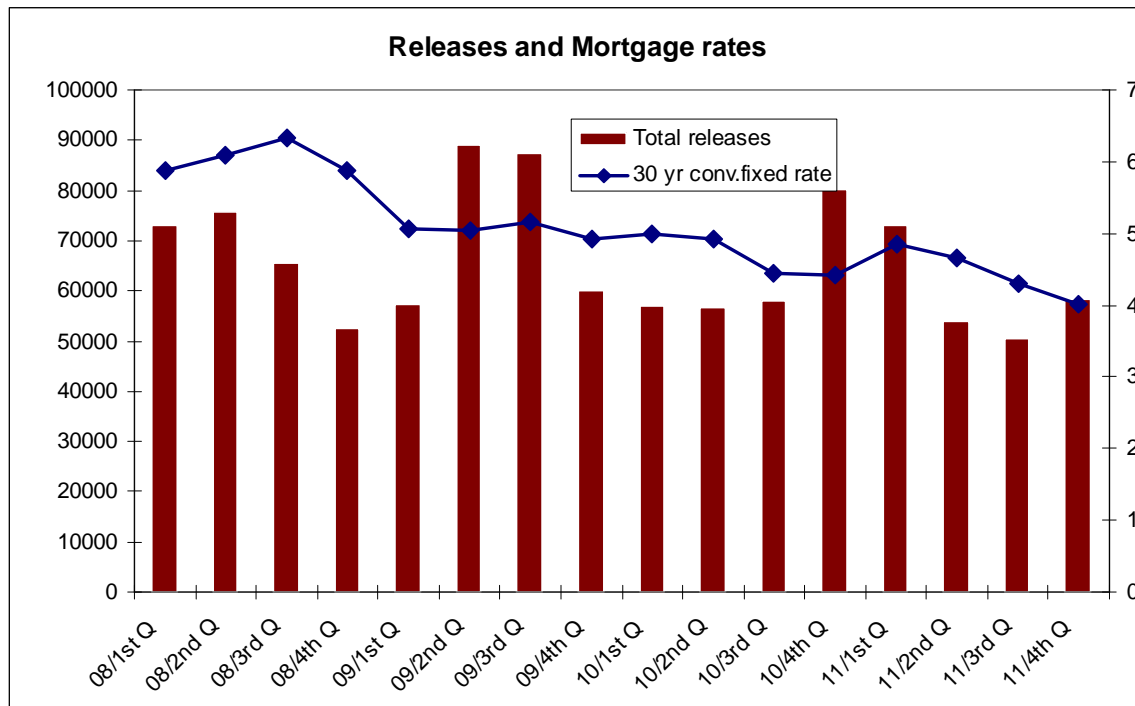


Similar trends can also be found on a quarter by quarter basis. In the case of quarterly numbers, however, there is a one-quarter lag between a change in mortgage rates and a change in total releases.

Graph 5 shows total releases and average mortgage rates for each quarter available since 2008. From the fourth quarter of 2008 to the first quarter of 2009, the average mortgage rate fell 13 percent, followed by a 55 percent increase in total releases from the first quarter to the second quarter of 2009. By contrast, when the average mortgage rate increased 9.9 percent from the fourth quarter of 2010 to the first quarter of 2011, total releases fell by 9 percent during the following quarter.

From the first quarter of 2011 to the third quarter, total releases fell in spite of a falling mortgage rate. The number of releases rose during the fourth quarter of 2011 following three quarters of falling mortgage rates.

**Graph 5: Quarterly release totals compared with quarterly average mortgage rates.**



## Appendices

**Table 2: Year-over-year change in release totals for the fourth quarter of each year.**

County	08/4th Q	09/4th Q	10/4th Q	11/4th Q	Change from 2010	Change from 2009	Change from 2008
<b>Adams</b>	3219	1757	6217	3776	-39.3	114.9	17.3
<b>Alamosa</b>	143	50	181	166	-8.3	232.0	16.1
<b>Arapahoe</b>	5216	6113	9867	6584	-33.3	7.7	26.2
<b>Boulder</b>	3620	5466	6718	5269	-21.6	-3.6	45.6
<b>Broomfield</b>	664	816	1269	998	-21.4	22.3	50.3
<b>Delta</b>	385	507	432	315	-27.1	-37.9	-18.2
<b>Denver</b>	7096	7116	9432	6830	-27.6	-4.0	-3.7
<b>Douglas</b>	4822	5437	8362	5107	-38.9	-6.1	5.9
<b>Eagle</b>	1000	480	1300	863	-33.6	79.8	-13.7
<b>El Paso</b>	6922	7976	10062	8023	-20.3	0.6	15.9
<b>Fremont</b>	295	653	529	419	-20.8	-35.8	42.0
<b>Jefferson</b>	5513	9479	8184	6616	-19.2	-30.2	20.0
<b>La Plata</b>	859	921	893	809	-9.4	-12.2	-5.8
<b>Larimer</b>	4122	4296	6249	4639	-25.8	8.0	12.5
<b>Mesa</b>	2870	2509	2314	1522	-34.2	-39.3	-47.0
<b>Morgan</b>	215	223	337	250	-25.8	12.1	16.3
<b>Park</b>	350	365	429	325	-24.2	-11.0	-7.1
<b>Pueblo</b>	1522	1555	1803	1389	-23.0	-10.7	-8.7
<b>Summit</b>	1114	1375	1886	1596	-15.4	16.1	43.3
<b>Teller</b>	438	371	378	310	-18.0	-16.4	-29.2
<b>Weld</b>	2271	2613	3423	2534	-26.0	-3.0	11.6
<b>Total</b>	52656	60078	80265	58340	-27.3	-2.9	10.8

**Table 3: Year over-year release totals for the full-year total of each year.**

County	2008 total	2009 total	2010 total	2011 total	Change since 2010	Change since 2009	Change since 2008
<b>Adams</b>	15451	14639	17108	15040	-12.1	2.7	-2.7
<b>Alamosa</b>	699	572	617	586	-5.0	2.4	-16.2
<b>Arapahoe</b>	26943	30843	30357	25737	-15.2	-16.6	-4.5
<b>Boulder</b>	18983	24805	20767	19657	-5.3	-20.8	3.6
<b>Broomfield</b>	3321	4352	3759	3376	-10.2	-22.4	1.7
<b>Delta</b>	2116	1969	1470	1170	-20.4	-40.6	-44.7
<b>Denver</b>	31047	34064	31080	27413	-11.8	-19.5	-11.7
<b>Douglas</b>	21673	28041	18987	20704	9.0	-26.2	-4.5
<b>Eagle</b>	4941	5386	2923	2777	-5.0	-48.4	-43.8
<b>El Paso</b>	39941	39068	34301	32040	-6.6	-18.0	-19.8
<b>Fremont</b>	2470	2457	1893	1728	-8.7	-29.7	-30.0
<b>Jefferson</b>	30015	36578	30663	32303	5.3	-11.7	7.6
<b>La Plata</b>	4137	4542	2973	2942	-1.0	-35.2	-28.9
<b>Larimer</b>	19383	23198	20259	18470	-8.8	-20.4	-4.7
<b>Mesa</b>	14523	12648	7838	6424	-18.0	-49.2	-55.8
<b>Morgan</b>	1201	1013	1150	1259	9.5	24.3	4.8
<b>Park</b>	1786	1778	1416	1416	0.0	-20.4	-20.7
<b>Pueblo</b>	7761	7553	6614	5483	-17.1	-27.4	-29.4
<b>Summit</b>	6365	6258	4796	5408	12.8	-13.6	-15.0
<b>Teller</b>	2049	1511	1563	1730	10.7	14.5	-15.6
<b>Weld</b>	12166	12456	11327	10086	-11.0	-19.0	-17.1
<b>Total</b>	266971	293731	251861	235749	-6.4	-19.7	-11.7



**Table 4: Change in release totals from the third quarter to the fourth quarter of 2001.**

County	11/3rd Q	11/4th Q	Change from previous quarter
<b>Adams</b>	3405	3776	10.9
<b>Alamosa</b>	125	166	32.8
<b>Arapahoe</b>	5875	6584	12.1
<b>Boulder</b>	4409	5269	19.5
<b>Broomfield</b>	721	998	38.4
<b>Delta</b>	258	315	22.1
<b>Denver</b>	6186	6830	10.4
<b>Douglas</b>	4267	5107	19.7
<b>Eagle</b>	493	863	75.1
<b>El Paso</b>	7376	8023	8.8
<b>Fremont</b>	393	419	6.6
<b>Jefferson</b>	5539	6616	19.4
<b>La Plata</b>	585	809	38.3
<b>Larimer</b>	4195	4639	10.6
<b>Mesa</b>	1345	1522	13.2
<b>Morgan</b>	224	250	11.6
<b>Park</b>	289	325	12.5
<b>Pueblo</b>	1186	1389	17.1
<b>Summit</b>	1124	1596	42.0
<b>Teller</b>	381	310	-18.6
<b>Weld</b>	2130	2534	19.0
<b>Total</b>	50506	58340	15.5

**Table 5: Release totals in each county adjusted for the total number of occupied households in each county. Index value = (releases/occupied households)\*100**

<b>County</b>	<b>11/4th Q</b>	<b>Occupied households (2010)</b>	<b>Release Index</b>
<b>Summit</b>	1596	11791	13.5
<b>Douglas</b>	5107	102568	5.0
<b>Broomfield</b>	998	21509	4.6
<b>Park</b>	325	7198	4.5
<b>Eagle</b>	863	19209	4.5
<b>Boulder</b>	5269	119494	4.4
<b>Larimer</b>	4639	120708	3.8
<b>La Plata</b>	809	21141	3.8
<b>El Paso</b>	8023	237851	3.4
<b>Teller</b>	310	9850	3.1
<b>Jefferson</b>	6616	218569	3.0
<b>Arapahoe</b>	6584	225201	2.9
<b>Weld</b>	2534	89867	2.8
<b>Alamosa</b>	166	6018	2.8
<b>Mesa</b>	1522	57931	2.6
<b>Denver</b>	6830	265613	2.6
<b>Fremont</b>	419	16589	2.5
<b>Delta</b>	315	12676	2.5
<b>Adams</b>	3776	154503	2.4
<b>Morgan</b>	250	10306	2.4
<b>Pueblo</b>	1389	63135	2.2
<b>Combined</b>	<b>58340</b>	<b>1791727</b>	<b>3.3</b>

**Table 6: Quarterly totals for most recent five quarters.**

County	10/4th Q	11/1st Q	11/2nd Q	11/3rd Q	11/4th Q
<b>Adams</b>	6217	4319	3540	3405	3776
<b>Alamosa</b>	181	170	125	125	166
<b>Arapahoe</b>	9867	7659	5619	5875	6584
<b>Boulder</b>	6718	6063	3916	4409	5269
<b>Broomfield</b>	1269	905	752	721	998
<b>Delta</b>	432	357	240	258	315
<b>Denver</b>	9432	8175	6222	6186	6830
<b>Douglas</b>	8362	6572	4758	4267	5107
<b>Eagle</b>	1300	776	645	493	863
<b>El Paso</b>	10062	9657	6984	7376	8023
<b>Fremont</b>	529	520	396	393	419
<b>Jefferson</b>	8184	12118	8030	5539	6616
<b>La Plata</b>	893	902	646	585	809
<b>Larimer</b>	6249	5547	4089	4195	4639
<b>Mesa</b>	2314	1970	1587	1345	1522
<b>Morgan</b>	337	275	510	224	250
<b>Park</b>	429	466	336	289	325
<b>Pueblo</b>	1803	1532	1376	1186	1389
<b>Summit</b>	1886	1450	1238	1124	1596
<b>Teller</b>	378	583	456	381	310
<b>Weld</b>	3423	3009	2413	2130	2534
<b>Total</b>	80265	73025	53878	50506	58340

**Table 7: Total annual releases.**

County	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Adams</b>	15696	29336	43903	54130	38450	32223	26194	21713	15451	14639	17108	15040
<b>Alamosa</b>	630	630	630	630	630	630	630	630	699	572	617	586
<b>Arapahoe</b>	34535	57336	73991	86414	65113	47452	37681	35350	26943	30843	30357	25737
<b>Boulder</b>	20282	33431	42672	55261	32751	25610	19970	20943	18983	24805	20767	19657
<b>Broomfield</b>	n/a	n/a	5364	7757	5160	4048	3836	3858	3321	4352	3759	3376
<b>Delta</b>	1604	2111	2851	3287	2916	2438	2443	2334	2116	1969	1470	1170
<b>Denver</b>	36604	48384	67114	89962	61225	49073	40632	39548	31047	34064	31080	27413
<b>Douglas</b>	17022	29912	39384	65478	35968	32098	26934	26281	21673	28041	18987	20704
<b>Eagle</b>	6130	7430	10349	12647	9047	9617	8525	8147	4941	5386	2923	2777
<b>El Paso</b>	30187	33884	65734	101378	56436	48970	45564	43551	39941	39068	34301	32040
<b>Fremont</b>	2573	3559	4072	5202	3616	3353	3007	2921	2470	2457	1893	1728
<b>Jefferson</b>	35677	59597	76688	101777	68894	49135	39808	40166	30015	36578	30663	32303
<b>La Plata</b>	3141	4459	6333	7846	5928	5478	5286	3867	4137	4542	2973	2942
<b>Larimer</b>	17711	30453	40293	50874	33162	28489	24061	23695	19383	23198	20259	18470
<b>Mesa</b>	n/a	n/a	15011	19134	15151	14548	14900	14761	14523	12648	7838	6424
<b>Morgan</b>	1324	1629	1912	2426	2180	1969	1630	1527	1201	1013	1150	1259
<b>Park</b>	4532	4692	4736	4694	3339	3026	2680	2340	1786	1778	1416	1416
<b>Pueblo</b>	12934	13391	13867	17883	12692	11500	10662	8869	7761	7553	6614	5483
<b>Summit</b>	4198	5536	7992	10035	9547	6968	6831	8452	6365	6258	4796	5408
<b>Teller</b>	2392	2990	3759	4435	3766	2974	2588	2804	2049	1511	1563	1730
<b>Weld</b>	13701	21312	25117	32123	25117	20966	19265	15700	12166	12456	11327	10086
<b>Total</b>	260873	390072	551772	733373	491088	400565	343127	327457	266971	293731	251861	235749

## **Methods**

This report tracks releases of deeds of trust as reported by public trustees in Colorado. The report includes twenty-one counties which are chosen based on population size and to ensure that as many regions of the state as possible are represented. More than 90 percent of occupied households in the state are within the twenty-one counties chosen.

A deed of trust is similar to a mortgage and is a lien on real property to secure payment of an indebtedness. The deed of trust contains a grant of the property to the public trustee for the benefit of the holder. The deed of trust grants to the public trustee a power of sale which allows the public trustee to execute foreclosures.

In the State of Colorado, the standard means of securing a loan on real estate is with a deed of trust. There are three parties involved with a deed of trust: the borrower, the lender, and the public trustee. When a property owner executes a deed of trust, the owner is essentially deeding the property to the Public Trustee to hold in trust for the benefit of the lender until the indebtedness is paid in full. When it is paid, the lender sends the Public Trustee a Request for Release and the Public Trustee releases and cancels the Deed of Trust that encumbers the property. Both the Deed of Trust and the Release of Deed of Trust are legal documents.

Colorado Revised Statutes Section 38-39-102 has set out requirements for releasing a deed of trust. Based on these statutes, a release of deed of trust may be processed by the public trustee of the county where the property is located when the appropriate documentation has been properly presented.

The release totals included in this survey include releases of all deeds of trusts, including commercial real estate and vacant land, and also include partial releases of deeds of trust (where only a portion of the indebtedness has been paid and only a portion of the encumbered property is released).

Note on sources: Average mortgage rate information is based on 30-year conventional mortgage rate information provided by the Federal Reserve Bank of Saint Louis. The average mortgage rate for the third quarter of 2011 is a Division of Housing estimate based on average monthly rates for July, August and September 2011.

## **Releases of Deeds of Trust as Economic Indicator**

The release of a deed of trust is a helpful economic indicator because an increase in the number of the releases of deed of trust is usually a sign of an increase in refinance and home purchase activity. Deeds of trust can also be released when a homeowner pays off a loan secured by a deed of trust, which is often referred to as “paying off the mortgage.” Generally speaking, however, the majority of releases of deed of trust during a given time period indicates debts being paid off through refinancing of home loans and through new home or real estate purchases.

Consequently, increases in release activity are often observed during periods of increases in refinance activity and during periods when home purchase activity increases. Declining numbers of releases of deed of trust can be one indicator of a “flat” or “slow” real estate market.