

## **Monthly Metropolitan Foreclosure Report, April 2012**

### **Colorado Department of Local Affairs – Division of Housing**



#### **Introduction**

The Division of Housing now releases monthly data on foreclosure filings and foreclosure sales in metropolitan counties in Colorado. These reports are a supplement to the Division's quarterly statewide foreclosure reports available at the Division's web site: <http://dola.colorado.gov/cdh/>

Foreclosure filings represent the point at which the legal foreclosure process begins. The foreclosure sale represents the point at which the foreclosure process is completed. Since not all filed foreclosures proceed all the way through the foreclosure process, the total number of completed foreclosures in each time period is usually smaller than the total number.

These numbers represent estimates since each filing does not necessarily represent a unique property, and foreclosure totals also include a small number (less than 3% of total) of foreclosed commercial property and vacant land.

The foreclosure sales number approximates the number of unique properties that have been foreclosed with ownership reverting to the lender or passing to a third party.

Foreclosure filings are a useful indicator of future foreclosure sales activity and of recent mortgage delinquency activity.

#### **Findings**

Foreclosure auction sales were at the lowest levels reported during February in four years, while foreclosure filings were near a five-year low, but up slightly from 2011's April total. (See Graphs 5 and 6.)

Foreclosure filings were up in April 2012 when compared to April 2011. Comparing year-over-year from 2011 to 2012, foreclosure filings in April rose 7.3 percent with totals rising from 1,933 to 2,075.

April 2012 foreclosure sales (completed foreclosures) were down compared to April 2012 with a decrease of 36.2 percent from 1,604 to 1,024.

During the first four months of the year (Jan-April), foreclosure filings were down 1.0 percent from 8,476 to 8,395 from 2011 to 2012. During the same period, foreclosure auction sales were down 29.0 percent from 6,177 to 4,387.

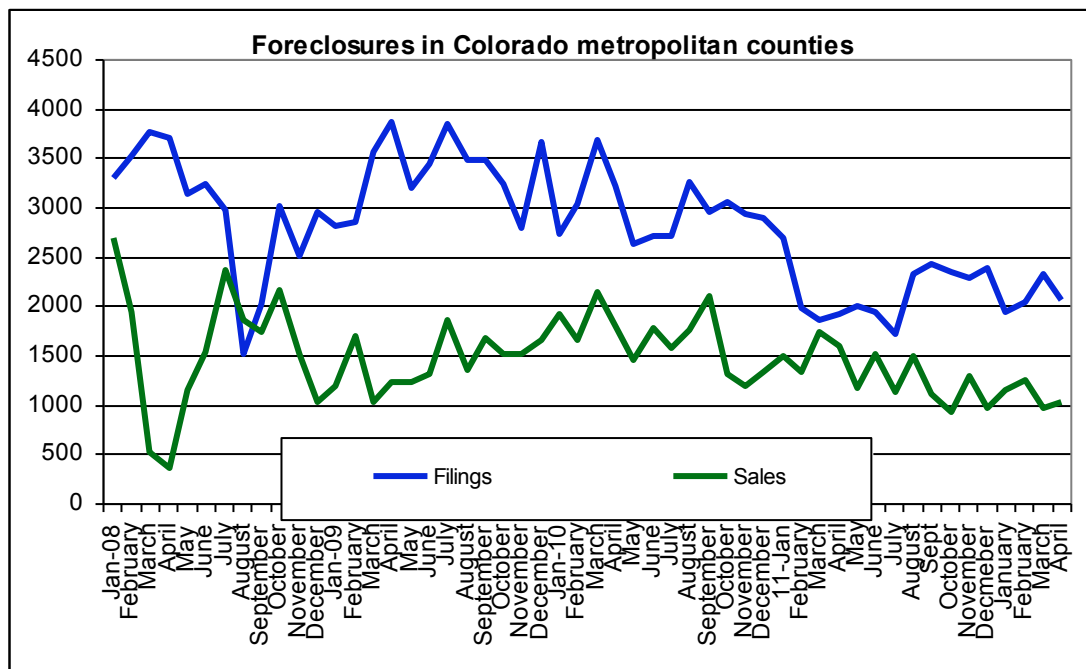
Filings fell 10.8 percent from March 2012 to April 2012, and auction sales were up 6.1 percent over the same period.

## Monthly foreclosure filings and sales at auction totals for metropolitan counties, January 2008- April 2012.

Note in Graph 1 that August 2008 shows a sizable drop in total filings. This was due to changes in law that took effect on August 1 of that year. Colorado House Bill 08-1402 required a new notice period of 30 days, and this pushed back the execution of foreclosure filings by 30 days on many properties.

During March and April 2008, totals for foreclosure sales were extremely low. This was due to a new foreclosure process time line taking effect on January 1 of 2008. The new time line was structured in such a way that few foreclosures could proceed to sale during March and April 2008. During the first half of 2009, Fannie Mae and Freddie Mac instituted moratoria on finishing pending foreclosures. This temporarily pushed down totals in completed foreclosures during that period.

**Graph 1:**



## Moving averages for foreclosure filings and sales at auction for metropolitan counties, June 2008-April 2012.

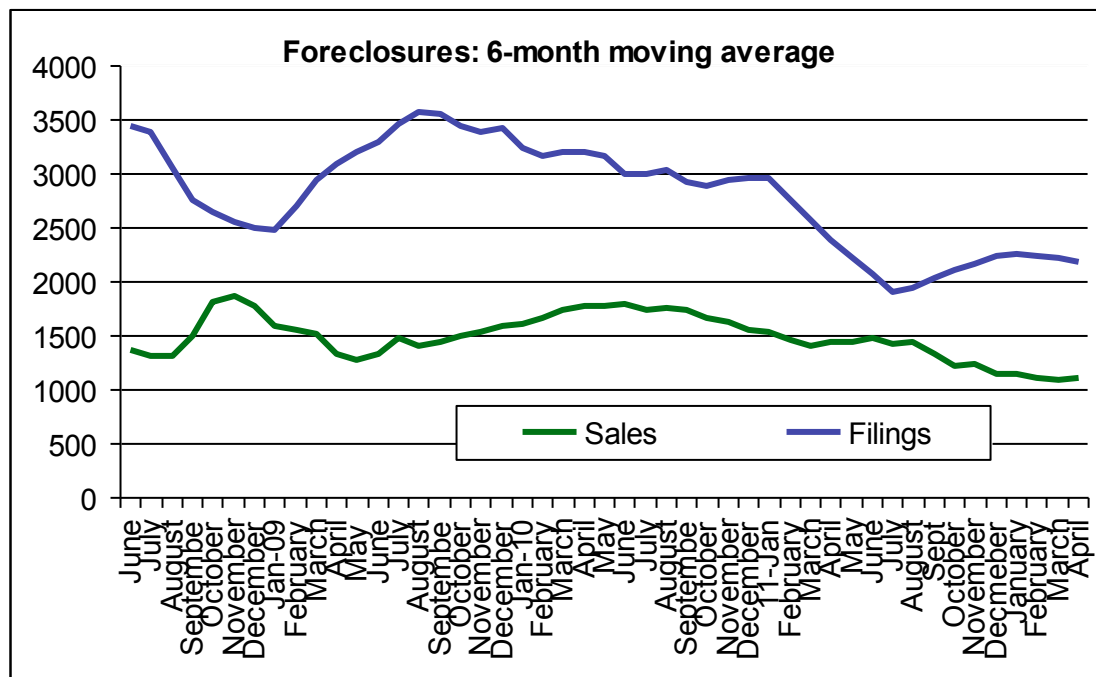
An analysis of a six-month moving average for both filings and sales at auction:

Filings peaked in mid 2009 in response to large job losses beginning in late 2008. A subsequent rise in foreclosure sales at auction peaked in Spring and Summer of 2010 as the state worked through the large inventory of foreclosures filed in mid 2009.

Foreclosure filings activity declined significantly between January 2011 and July 2011, but has been climbing since July 2011. Foreclosure sales activity was generally flat during the first half of 2011, but the trend has turned downward since August 2011.

There appears to be a six to nine-month delay between trends in filings and sales. For example, the large decline in filings that began in mid-2009 shows up as a decline in sales that begins during the spring of 2010. This likely reflects a time lag between the initiation of foreclosures and the completion of foreclosures.

**Graph 2:**



**Comparison tables:**

**Month-over-month comparisons (March 2012 to April 2012):**

**Table 1: Foreclosure filings**

| County     | March       | April       | Pct Change<br>from previous<br>month |
|------------|-------------|-------------|--------------------------------------|
| Adams      | 309         | 294         | -4.9                                 |
| Arapahoe   | 364         | 350         | -3.8                                 |
| Boulder    | 95          | 65          | -31.6                                |
| Broomfield | 20          | 22          | 10.0                                 |
| Denver     | 307         | 258         | -16.0                                |
| Douglas    | 169         | 120         | -29.0                                |
| El Paso    | 275         | 298         | 8.4                                  |
| Jefferson  | 285         | 219         | -23.2                                |
| Larimer    | 90          | 95          | 5.6                                  |
| Mesa       | 144         | 96          | -33.3                                |
| Pueblo     | 95          | 113         | 18.9                                 |
| Weld       | 172         | 145         | -15.7                                |
| Total      | <b>2325</b> | <b>2075</b> | <b>-10.8</b>                         |

**Table 2: Foreclosure sales**

| County     | March      | April       | Pct Change<br>from previous<br>month |
|------------|------------|-------------|--------------------------------------|
| Adams      | 136        | 166         | 22.1                                 |
| Arapahoe   | 129        | 122         | -5.4                                 |
| Boulder    | 35         | 23          | -34.3                                |
| Broomfield | 10         | 5           | -50.0                                |
| Denver     | 113        | 172         | 52.2                                 |
| Douglas    | 53         | 54          | 1.9                                  |
| El Paso    | 126        | 157         | 24.6                                 |
| Jefferson  | 103        | 97          | -5.8                                 |
| Larimer    | 48         | 36          | -25.0                                |
| Mesa       | 74         | 53          | -28.4                                |
| Pueblo     | 61         | 68          | 11.5                                 |
| Weld       | 77         | 71          | -7.8                                 |
| Total      | <b>965</b> | <b>1024</b> | <b>6.1</b>                           |

## Year-over-year comparisons of April foreclosure activity:

**Table 3: Foreclosure filings**

| County       | Apr-11      | Apr-12      | Year-over-year percent change |
|--------------|-------------|-------------|-------------------------------|
| Adams        | 242         | 294         | 21.5                          |
| Arapahoe     | 319         | 350         | 9.7                           |
| Boulder      | 97          | 65          | -33.0                         |
| Broomfield   | 19          | 22          | 15.8                          |
| Denver       | 278         | 258         | -7.2                          |
| Douglas      | 101         | 120         | 18.8                          |
| El Paso      | 276         | 298         | 8.0                           |
| Jefferson    | 197         | 219         | 11.2                          |
| Larimer      | 73          | 95          | 30.1                          |
| Mesa         | 92          | 96          | 4.3                           |
| Pueblo       | 78          | 113         | 44.9                          |
| Weld         | 161         | 145         | -9.9                          |
| <b>Total</b> | <b>1933</b> | <b>2075</b> | <b>7.3</b>                    |

**Table 4: Foreclosure sales**

| County       | Apr-11      | Apr-12      | Year-over-year percent change |
|--------------|-------------|-------------|-------------------------------|
| Adams        | 222         | 166         | -25.2                         |
| Arapahoe     | 256         | 122         | -52.3                         |
| Boulder      | 61          | 23          | -62.3                         |
| Broomfield   | 5           | 5           | 0.0                           |
| Denver       | 267         | 172         | -35.6                         |
| Douglas      | 101         | 54          | -46.5                         |
| El Paso      | 181         | 157         | -13.3                         |
| Jefferson    | 181         | 97          | -46.4                         |
| Larimer      | 64          | 36          | -43.8                         |
| Mesa         | 86          | 53          | -38.4                         |
| Pueblo       | 70          | 68          | -2.9                          |
| Weld         | 110         | 71          | -35.5                         |
| <b>Total</b> | <b>1604</b> | <b>1024</b> | <b>-36.2</b>                  |

## Year-to-date (January-April) Foreclosure Totals

**Table 5: Foreclosure Filings**

| County     | Jan-Apr 2011 | Jan-Apr 2012 | Percent Change<br>from 2010 |
|------------|--------------|--------------|-----------------------------|
| Adams      | 1144         | 1155         | 1.0                         |
| Arapahoe   | 1309         | 1329         | 1.5                         |
| Boulder    | 328          | 279          | -14.9                       |
| Broomfield | 77           | 75           | -2.6                        |
| Denver     | 1108         | 1099         | -0.8                        |
| Douglas    | 558          | 554          | -0.7                        |
| El Paso    | 1247         | 1159         | -7.1                        |
| Jefferson  | 910          | 942          | 3.5                         |
| Larimer    | 391          | 401          | 2.6                         |
| Mesa       | 359          | 440          | 22.6                        |
| Pueblo     | 383          | 405          | 5.7                         |
| Weld       | 662          | 557          | -15.9                       |
| Total      | 8476         | 8395         | -1.0                        |

**Table 6: Foreclosure Sales**

| County     | Jan-Apr 2011 | Jan-Apr 2012 | Percent Change<br>from 2010 |
|------------|--------------|--------------|-----------------------------|
| Adams      | 815          | 645          | -20.9                       |
| Arapahoe   | 971          | 614          | -36.8                       |
| Boulder    | 218          | 135          | -38.1                       |
| Broomfield | 27           | 35           | 29.6                        |
| Denver     | 915          | 566          | -38.1                       |
| Douglas    | 415          | 246          | -40.7                       |
| El Paso    | 758          | 595          | -21.5                       |
| Jefferson  | 638          | 466          | -27.0                       |
| Larimer    | 289          | 205          | -29.1                       |
| Mesa       | 350          | 286          | -18.3                       |
| Pueblo     | 278          | 263          | -5.4                        |
| Weld       | 503          | 331          | -34.2                       |
| Total      | 6177         | 4387         | -29.0                       |

**Foreclosure sales (completed foreclosure) rates in each county:**

April 2012 rates, on the right, are compared with 2011 rates on the left.

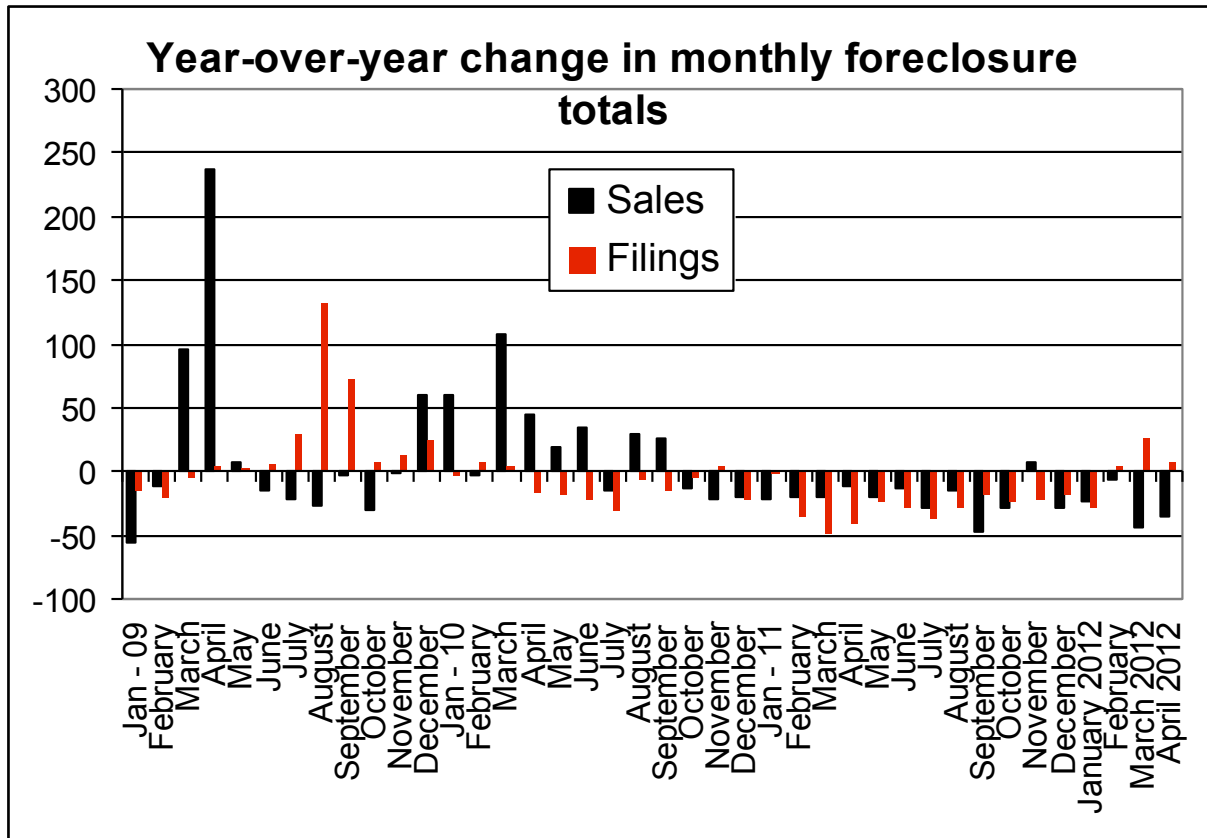
**Table 7:**

| County      | Apr-12      | No. of households per completed foreclosure, 2011 | Apr-12      | No. of households per completed foreclosure, 2012 |
|-------------|-------------|---|-------------|---|
| Adams       | 222         | 696   | 166         | 931   |
| Arapahoe    | 256         | 880   | 122         | 1,846   |
| Boulder     | 61          | 1,959   | 23          | 5,195   |
| Broomfield  | 5           | 4,302   | 5           | 4,302   |
| Denver      | 267         | 995   | 172         | 1,544   |
| Douglas     | 101         | 1,016   | 54          | 1,899   |
| El Paso     | 181         | 1,314   | 157         | 1,515   |
| Jefferson   | 181         | 1,159   | 97          | 2,164   |
| Larimer     | 64          | 1,886   | 36          | 3,353   |
| Mesa        | 86          | 674   | 53          | 1,093   |
| Pueblo      | 70          | 902   | 68          | 928   |
| Weld        | 110         | 817   | 71          | 1,266   |
| Metro total | <b>1604</b> | 1,040   | <b>1024</b> | 1,629   |

For April 2012, the highest foreclosure rate was found Pueblo County, and the lowest rate was found in Boulder County.

## Appendix: Additional Analysis

Graph 3:



April 2012 marks the third year-over-year filings increase in a row following fourteen months of declines, and sales at auction have been down for eighteen of the last nineteen months when compared year over year.



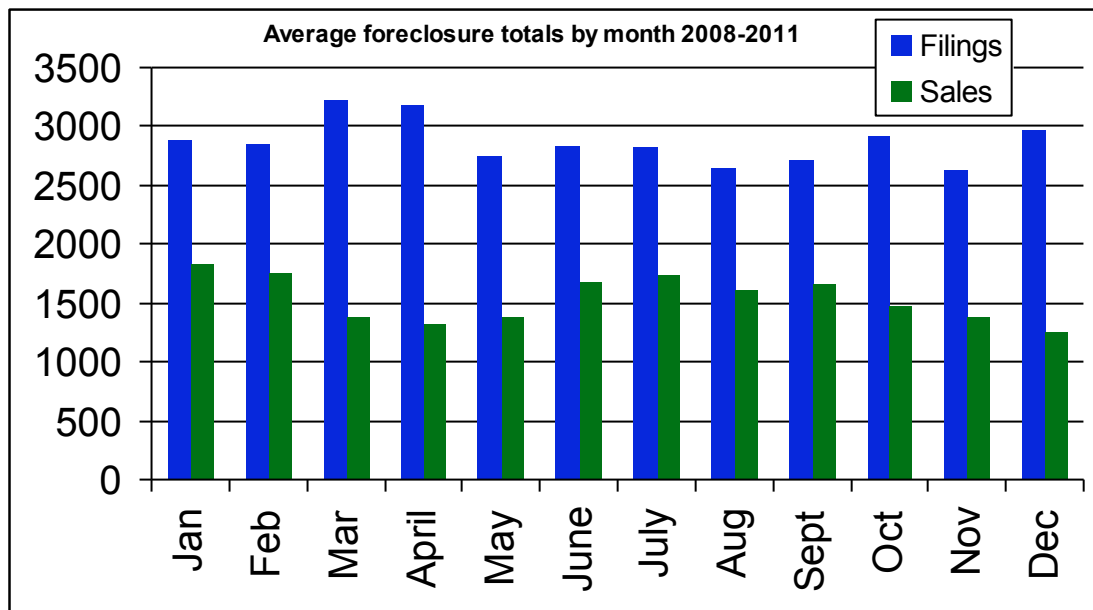
#### Graph 4:

##### Appendix: Seasonal Factors

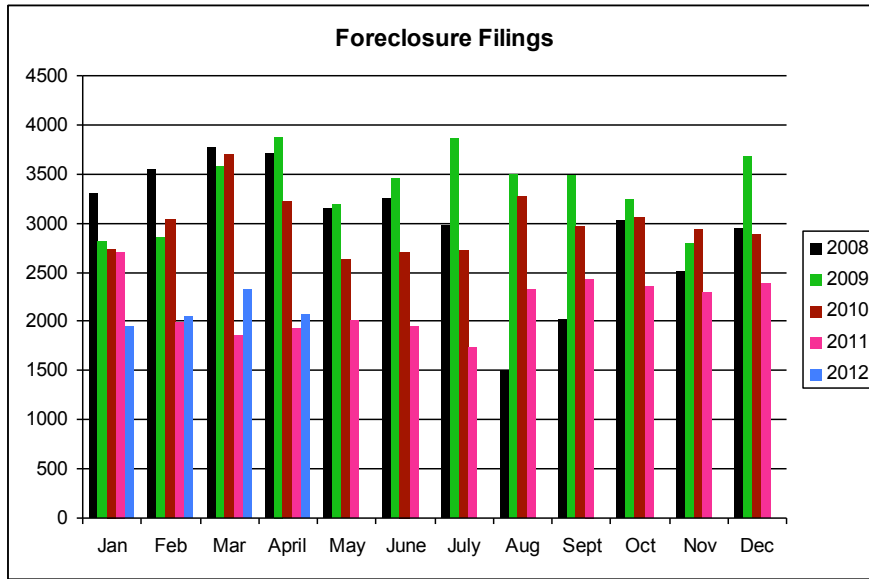
Historically and on a nationwide basis, foreclosure filings have tended to peak late in the first quarter and early in the second quarter. This may be due to the fact that households often tend to default on mortgages during and immediately after the holiday season in December. This is followed by an increased number of foreclosure filings three to four months later.

Although we only have four years of monthly data to work with, we do find the highest average for foreclosure filings occur during March and April, with December also showing a high average.

Foreclosure sales, on the other hand, tend to peak in both January-February and during summer and early autumn. The increases found during January and February are likely due to increases in the speed with which foreclosures are processed following the holiday season. Traditionally, some loan servicers have held off pushing loans to the final stage of foreclosure until after the holidays. The increases in sales found during the summer and early autumn months likely reflect the increased number of filings that occur during March and April. As these filings move through the system, they show up as sales at auction several months later.



**Graph 5: Foreclosure filings by month and year**



Foreclosure filings activity in April is clearly below typical filings activity levels reported in recent years. April 2012's filings total is near a five-year low for April, but was slightly above April 2011's total.

**Graph 6: Foreclosure sales at auction by month and year**

The auction sales total during April 2012 was at a four-year low for April, although the 2012 total was above that of April 2008 when changes to the foreclosure process drove down sales activity to unusually low levels. Foreclosure sales generally declined during the second half of 2011 and remain low in early 2012. 2012 monthly total are below 2011 monthly totals.

