

# **Monthly Metropolitan Foreclosure Report, May 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 May in five years, while foreclosure filings during May 2012 were up from 2011's May total. (See Graphs 5 and 6.)

Comparing year-over-year from 2011 to 2012, foreclosure filings in May rose 12.8 percent with totals rising from 2,002 to 2,259.

May 2012 foreclosure sales (completed foreclosures) were down compared to May 2011 with a decrease of 17.3 percent from 1,167 to 965.

During the first five months of the year (Jan-May), foreclosure filings were up 1.7 percent from 10,478 to 10,654 from 2011 to 2012. During the same period, foreclosure auction sales were down 27.1 percent from 7,344 to 5,352.

Filings rose 8.9 percent from April 2012 to May 2012, and auction sales were down 5.8 percent over the same period.

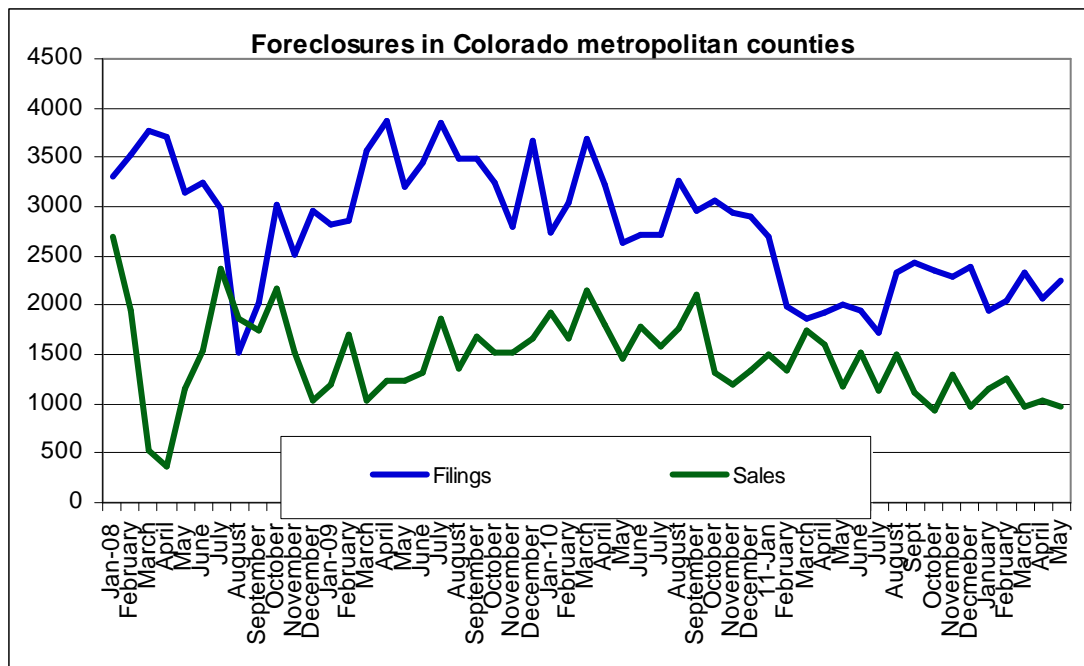
Mesa County reported the highest foreclosure rate during May, while Boulder County reported the lowest rate. (See Table 7.)

## Monthly foreclosure filings and sales at auction totals for metropolitan counties, January 2008- May 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 pushed down totals in completed foreclosures during that period. The 2009 moratoria was followed by an administrative slowdown in foreclosure processing that was initiated in late 2010 in response to the “robosigning” controversy. This further pushed down filings totals.

**Graph 1:**



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

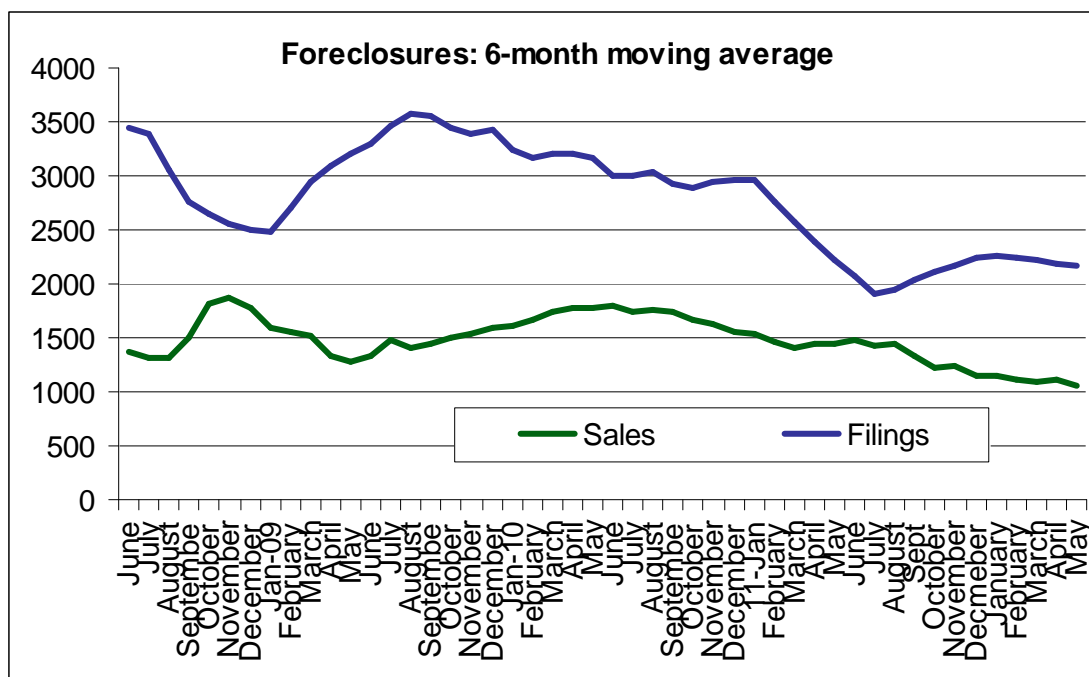
An analysis of a six-month moving average for both filings and sales at auction:

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 (April 2012 to May 2012):**

**Table 1: Foreclosure filings**

County	April	May	Pct Change from previous month
Adams	294	274	-6.8
Arapahoe	350	324	-7.4
Boulder	65	74	13.8
Broomfield	22	24	9.1
Denver	258	344	33.3
Douglas	120	167	39.2
El Paso	298	278	-6.7
Jefferson	219	304	38.8
Larimer	95	110	15.8
Mesa	96	106	10.4
Pueblo	113	115	1.8
Weld	145	139	-4.1
Total	<b>2075</b>	<b>2259</b>	<b>8.9</b>

**Table 2: Foreclosure sales**

County	April	May	Pct Change from previous month
Adams	166	141	-15.1
Arapahoe	122	167	36.9
Boulder	23	19	-17.4
Broomfield	5	6	20.0
Denver	172	95	-44.8
Douglas	54	60	11.1
El Paso	157	145	-7.6
Jefferson	97	98	1.0
Larimer	36	37	2.8
Mesa	53	68	28.3
Pueblo	68	63	-7.4
Weld	71	66	-7.0
Total	<b>1024</b>	<b>965</b>	<b>-5.8</b>

**Year-over-year comparisons of May foreclosure activity:**

**Table 3: Foreclosure filings**

County	May 2011	May 2012	Year- over-year percent change
Adams	241	274	13.7
Arapahoe	318	324	1.9
Boulder	94	74	-21.3
Broomfield	19	24	26.3
Denver	269	344	27.9
Douglas	145	167	15.2
El Paso	254	278	9.4
Jefferson	187	304	62.6
Larimer	114	110	-3.5
Mesa	92	106	15.2
Pueblo	104	115	10.6
Weld	165	139	-15.8
<b>Total</b>	<b>2002</b>	<b>2259</b>	<b>12.8</b>

**Table 4: Foreclosure sales**

County	May 2011	May 2012	Year- over-year percent change
Adams	166	141	-15.1
Arapahoe	167	167	0.0
Boulder	30	19	-36.7
Broomfield	3	6	100.0
Denver	179	95	-46.9
Douglas	86	60	-30.2
El Paso	159	145	-8.8
Jefferson	112	98	-12.5
Larimer	53	37	-30.2
Mesa	57	68	19.3
Pueblo	59	63	6.8
Weld	96	66	-31.3
	<b>1167</b>	<b>965</b>	<b>-17.3</b>

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

**Table 5: Foreclosure Filings**

County	Jan-May 2011	Jan-May 2012	Percent Change from 2011
Adams	1385	1429	3.2
Arapahoe	1627	1653	1.6
Boulder	422	353	-16.4
Broomfield	96	99	3.1
Denver	1377	1443	4.8
Douglas	703	721	2.6
El Paso	1501	1437	-4.3
Jefferson	1097	1246	13.6
Larimer	505	511	1.2
Mesa	451	546	21.1
Pueblo	487	520	6.8
Weld	827	696	-15.8
Total	10478	10654	1.7

**Table 6: Foreclosure Sales**

County	Jan-May 2011	Jan-May 2012	Percent Change from 2011
Adams	981	786	-19.9
Arapahoe	1138	781	-31.4
Boulder	248	154	-37.9
Broomfield	30	41	36.7
Denver	1094	661	-39.6
Douglas	501	306	-38.9
El Paso	917	740	-19.3
Jefferson	750	564	-24.8
Larimer	342	242	-29.2
Mesa	407	354	-13.0
Pueblo	337	326	-3.3
Weld	599	397	-33.7
Total	7344	5352	-27.1

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

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

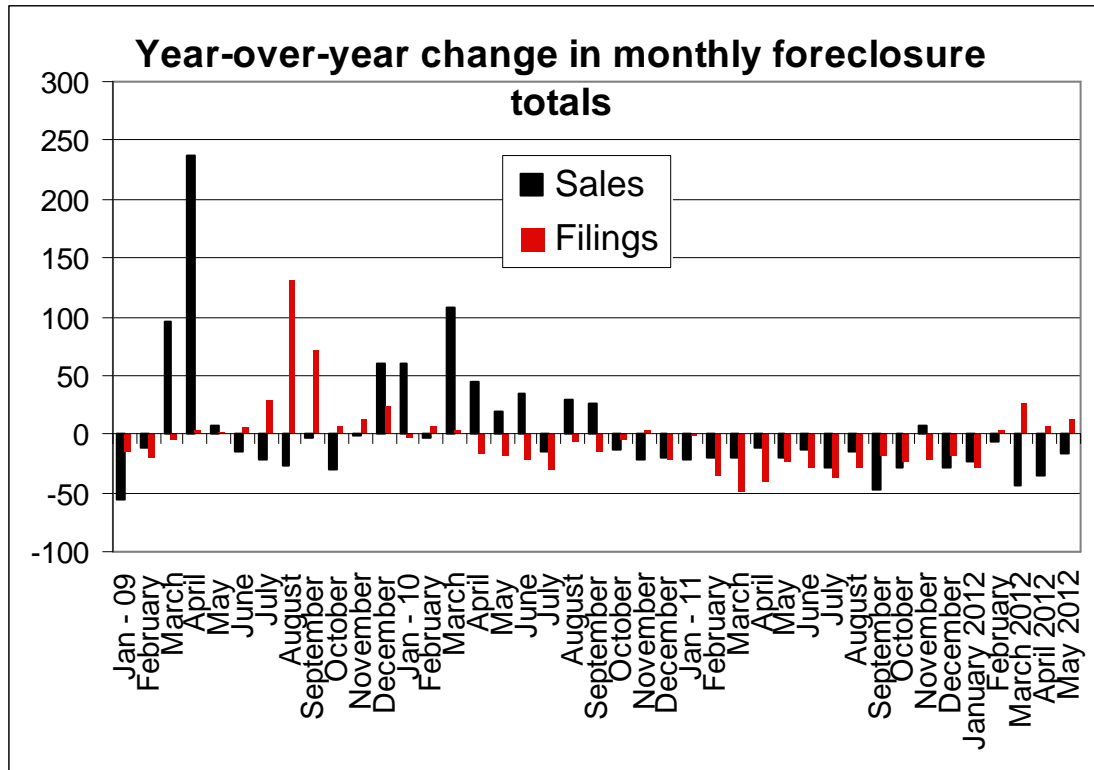
**Table 7:**

County	May-11	No. of households per completed foreclosure, 2011	May 2012	No. of households per completed foreclosure, 2012
Adams	166	931	141	1,096
Arapahoe	167	1,349	167	1,349
Boulder	30	3,983	19	6,289
Broomfield	3	7,170	6	3,585
Denver	179	1,484	95	2,796
Douglas	86	1,193	60	1,709
El Paso	159	1,496	145	1,640
Jefferson	112	1,874	98	2,141
Larimer	53	2,278	37	3,262
Mesa	57	1,016	68	852
Pueblo	59	1,070	63	1,002
Weld	96	936	66	1,362
Metro total	<b>1167</b>	1,430	<b>965</b>	1,729

For May 2012, the highest foreclosure rate was found in Mesa County, and the lowest rate was found in Boulder County.

## Appendix: Additional Analysis

Graph 3:



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



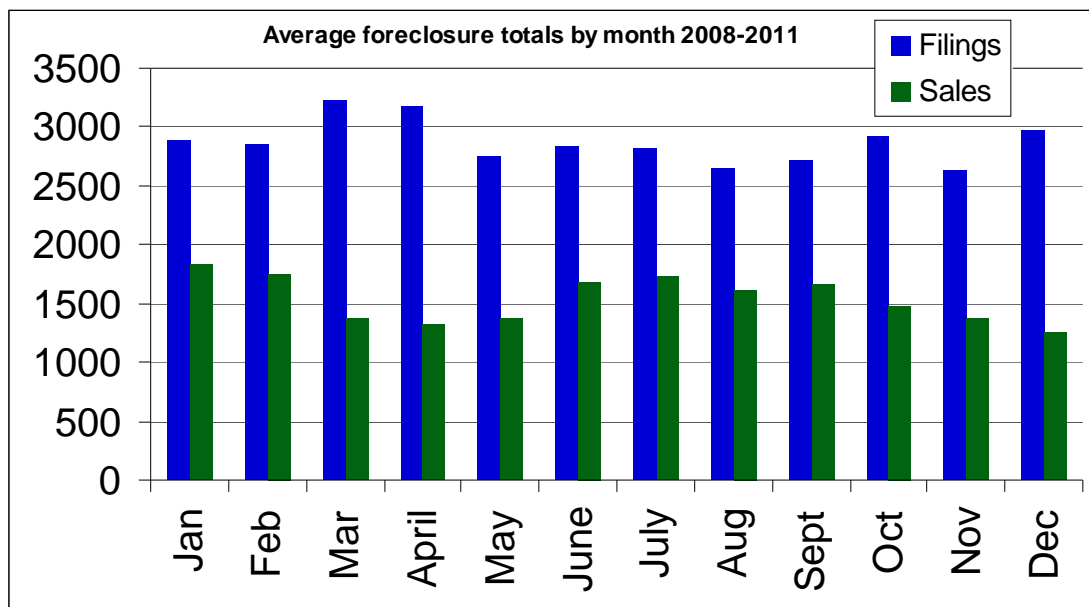
#### Graph 4:

##### Appendix: Seasonal Factors

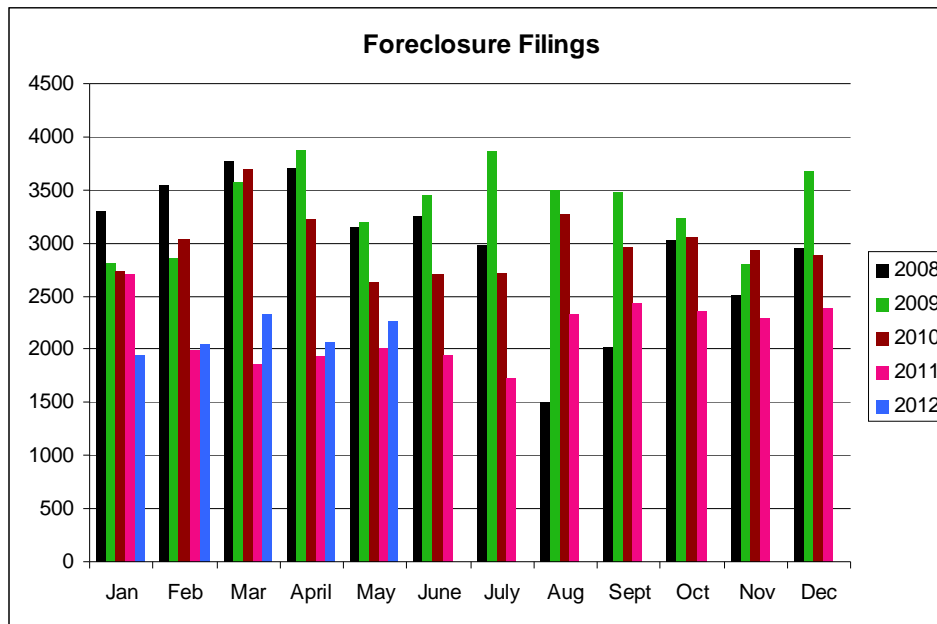
Historically and on a nationwide basis, foreclosure filings have tended to peak late in the first quarter and early in the second quarter. This may be due to the fact that households often tend to default on mortgages during and immediately after the holiday season in December. This is followed by an 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 May is clearly below typical filings activity levels reported in recent years, although totals, as expected, are up from 2011.

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

The auction sales total during May 2012 was at a five-year low for May. Foreclosure sales generally declined during the second half of 2011 and remain low in early 2012. 2012 monthly total have been below 2011 monthly totals all year.

