

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

Comparing year-over-year from 2011 to 2012, foreclosure filings in July rose 14.0 percent with totals rising from 1,733 to 1,976.

July 2012 foreclosure sales (completed foreclosures) were down compared to July 2011 with a decrease of 23.7 percent from 1,134 to 865.

During the first seven months of the year (Jan-July), foreclosure filings were up 4.9 percent from 14,256 to 14,954 from 2011 to 2012. During the same period, foreclosure auction sales were down 28.0 percent from 10,005 to 7,200.

Filings fell 15.0 percent from June 2012 to July 2012, and auction sales were also down 12.0 percent over the same period.

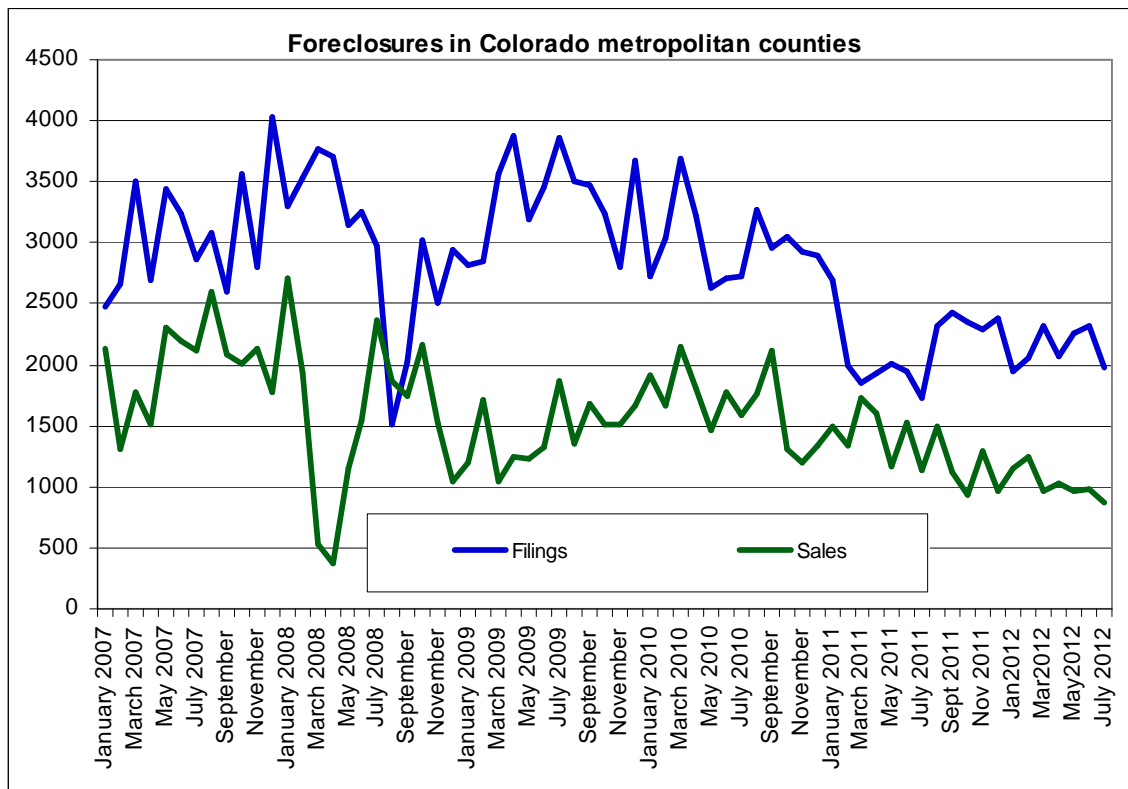
Mesa County reported the highest foreclosure rate during July, while Boulder County reported the lowest rate. (See Table 7.)

Monthly foreclosure filings and sales at auction totals for metropolitan counties, January 2007- July 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 were 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. Excluding the period following the timeline change, foreclosure sales are now at the lowest point recorded in six years.

Graph 1:



Moving averages for foreclosure filings and sales at auction for metropolitan counties, June 2007-June 2012.

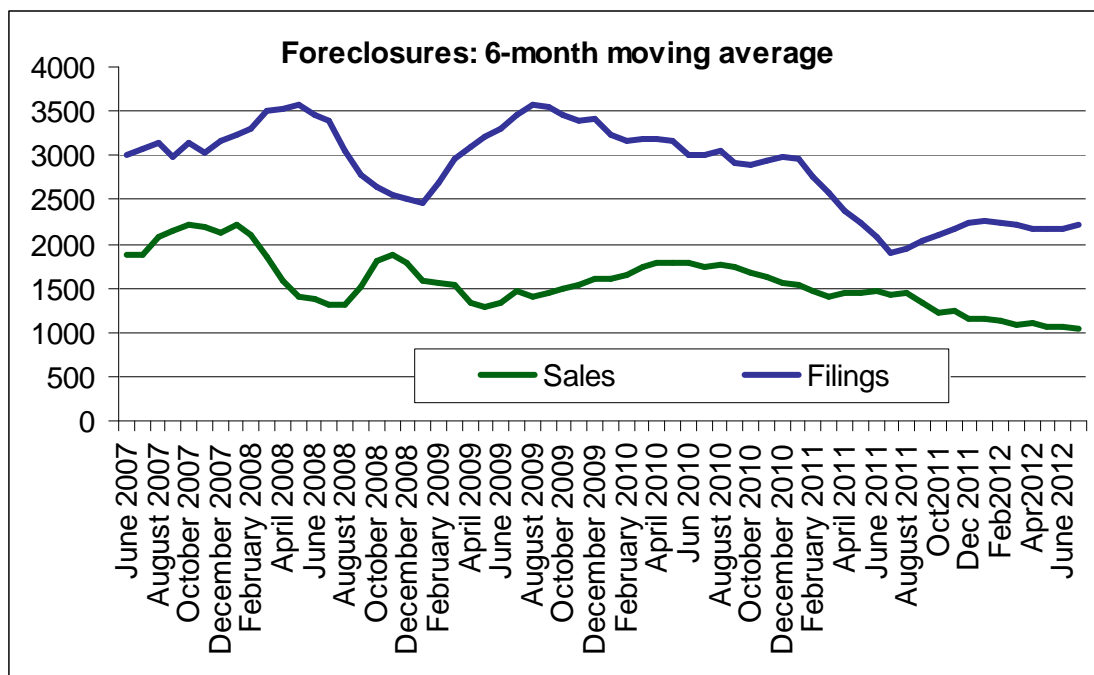
An analysis of a six-month moving average for both filings and sales at auction:

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 (June 2012 to July 2012):

Table 1: Foreclosure filings

| County | June | July | Pct Change from previous month |
|------------|-------------|-------------|--------------------------------------|
| Adams | 286 | 261 | -8.7 |
| Arapahoe | 373 | 331 | -11.3 |
| Boulder | 75 | 77 | 2.7 |
| Broomfield | 24 | 15 | -37.5 |
| Denver | 300 | 250 | -16.7 |
| Douglas | 163 | 131 | -19.6 |
| El Paso | 340 | 328 | -3.5 |
| Jefferson | 223 | 201 | -9.9 |
| Larimer | 110 | 72 | -34.5 |
| Mesa | 140 | 76 | -45.7 |
| Pueblo | 99 | 110 | 11.1 |
| Weld | 191 | 124 | -35.1 |
| Total | 2324 | 1976 | -15.0 |

Table 2: Foreclosure sales

| County | June | July | Pct Change from previous month |
|------------|------------|------------|--------------------------------------|
| Adams | 135 | 123 | -8.9 |
| Arapahoe | 150 | 138 | -8.0 |
| Boulder | 28 | 17 | -39.3 |
| Broomfield | 6 | 7 | 16.7 |
| Denver | 112 | 135 | 20.5 |
| Douglas | 54 | 53 | -1.9 |
| El Paso | 137 | 102 | -25.5 |
| Jefferson | 117 | 104 | -11.1 |
| Larimer | 38 | 32 | -15.8 |
| Mesa | 67 | 57 | -14.9 |
| Pueblo | 60 | 44 | -26.7 |
| Weld | 79 | 53 | -32.9 |
| Total | 983 | 865 | -12.0 |

Year-over-year comparisons of July foreclosure activity:

Table 3: Foreclosure filings

| County | July | July | Year-over-year percent change |
|--------------|-------------|-------------|-------------------------------|
| Adams | 219 | 261 | 19.2 |
| Arapahoe | 250 | 331 | 32.4 |
| Boulder | 61 | 77 | 26.2 |
| Broomfield | 14 | 15 | 7.1 |
| Denver | 215 | 250 | 16.3 |
| Douglas | 116 | 131 | 12.9 |
| El Paso | 238 | 328 | 37.8 |
| Jefferson | 189 | 201 | 6.3 |
| Larimer | 93 | 72 | -22.6 |
| Mesa | 98 | 76 | -22.4 |
| Pueblo | 84 | 110 | 31.0 |
| Weld | 156 | 124 | -20.5 |
| Total | 1733 | 1976 | 14.0 |

Table 4: Foreclosure sales

| County | July | July | Year-over-year percent change |
|------------|-------------|------------|-------------------------------|
| Adams | 149 | 123 | -17.4 |
| Arapahoe | 150 | 138 | -8.0 |
| Boulder | 46 | 17 | -63.0 |
| Broomfield | 11 | 7 | -36.4 |
| Denver | 175 | 135 | -22.9 |
| Douglas | 74 | 53 | -28.4 |
| El Paso | 153 | 102 | -33.3 |
| Jefferson | 115 | 104 | -9.6 |
| Larimer | 59 | 32 | -45.8 |
| Mesa | 55 | 57 | 3.6 |
| Pueblo | 51 | 44 | -13.7 |
| Weld | 96 | 53 | -44.8 |
| | 1134 | 865 | -23.7 |

Year-to-date (January-July) Foreclosure Totals

Table 5: Foreclosure Filings

| County | Jan-July 2011 | Jan-July 2012 | Percent Change from 2011 |
|------------|---------------|---------------|-----------------------------|
| Adams | 1909 | 1976 | 3.5 |
| Arapahoe | 2213 | 2357 | 6.5 |
| Boulder | 556 | 505 | -9.2 |
| Broomfield | 123 | 138 | 12.2 |
| Denver | 1871 | 1993 | 6.5 |
| Douglas | 933 | 1015 | 8.8 |
| El Paso | 1981 | 2105 | 6.3 |
| Jefferson | 1523 | 1670 | 9.7 |
| Larimer | 743 | 693 | -6.7 |
| Mesa | 622 | 762 | 22.5 |
| Pueblo | 665 | 729 | 9.6 |
| Weld | 1117 | 1011 | -9.5 |
| Total | 14256 | 14954 | 4.9 |

Table 6: Foreclosure Sales

| County | Jan-July 2011 | Jan-July 2012 | Percent Change from 2011 |
|------------|---------------|---------------|-----------------------------|
| Adams | 1341 | 1044 | -22.1 |
| Arapahoe | 1549 | 1069 | -31.0 |
| Boulder | 338 | 199 | -41.1 |
| Broomfield | 50 | 54 | 8.0 |
| Denver | 1462 | 908 | -37.9 |
| Douglas | 652 | 413 | -36.7 |
| El Paso | 1309 | 979 | -25.2 |
| Jefferson | 1023 | 785 | -23.3 |
| Larimer | 478 | 312 | -34.7 |
| Mesa | 522 | 478 | -8.4 |
| Pueblo | 459 | 430 | -6.3 |
| Weld | 822 | 529 | -35.6 |
| Total | 10005 | 7200 | -28.0 |

Foreclosure sales (completed foreclosure) rates in each county:

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

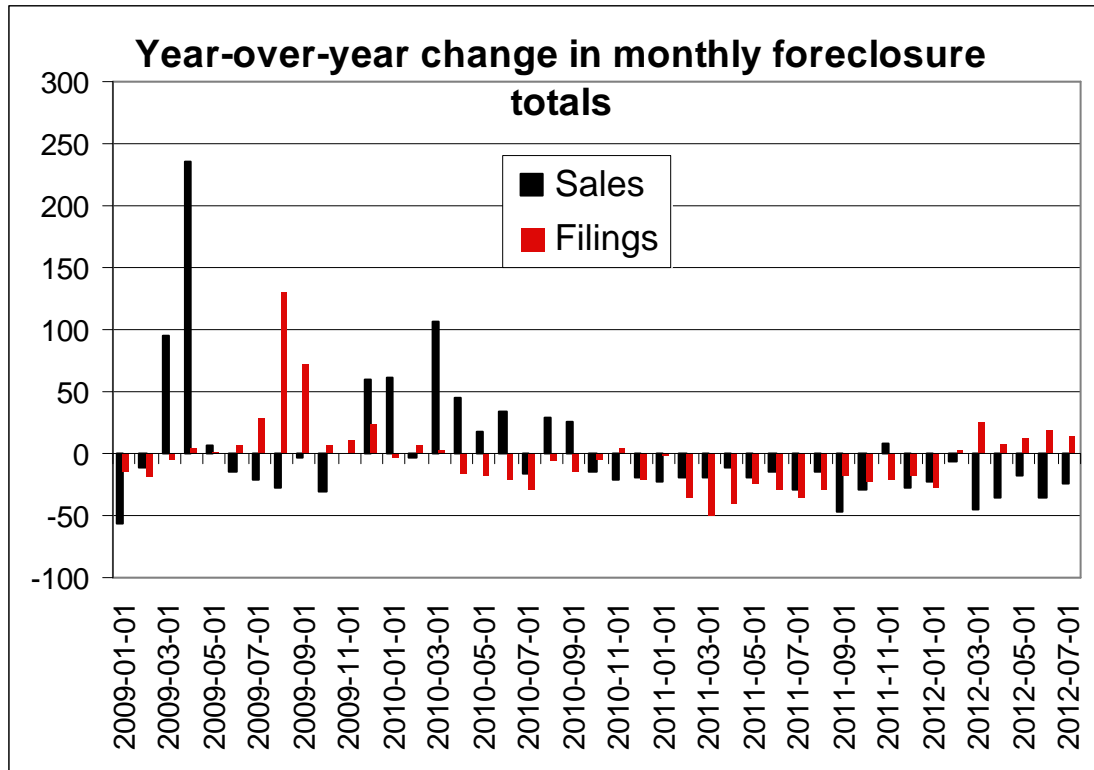
Table 7:

| County | July | No. of households per completed foreclosure, 2011 | July | No. of households per completed foreclosure, 2012 |
|-------------|-------------|---|------------|---|
| Adams | 149 | 1,037 | 123 | 1,256 |
| Arapahoe | 150 | 1,501 | 138 | 1,632 |
| Boulder | 46 | 2,598 | 17 | 7,029 |
| Broomfield | 11 | 1,955 | 7 | 3,073 |
| Denver | 175 | 1,518 | 135 | 1,968 |
| Douglas | 74 | 1,386 | 53 | 1,935 |
| El Paso | 153 | 1,555 | 102 | 2,332 |
| Jefferson | 115 | 1,825 | 104 | 2,018 |
| Larimer | 59 | 2,046 | 32 | 3,772 |
| Mesa | 55 | 1,053 | 57 | 1,016 |
| Pueblo | 51 | 1,238 | 44 | 1,435 |
| Weld | 96 | 936 | 53 | 1,696 |
| Metro total | 1134 | 1,471 | 865 | 1,929 |

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

Appendix: Additional Analysis

Graph 3:



July 2012 marks the sixth year-over-year foreclosure filings increase in a row following fourteen months of declines, and sales at auction have been down for twenty-one of the last twenty-two months when compared year over year.

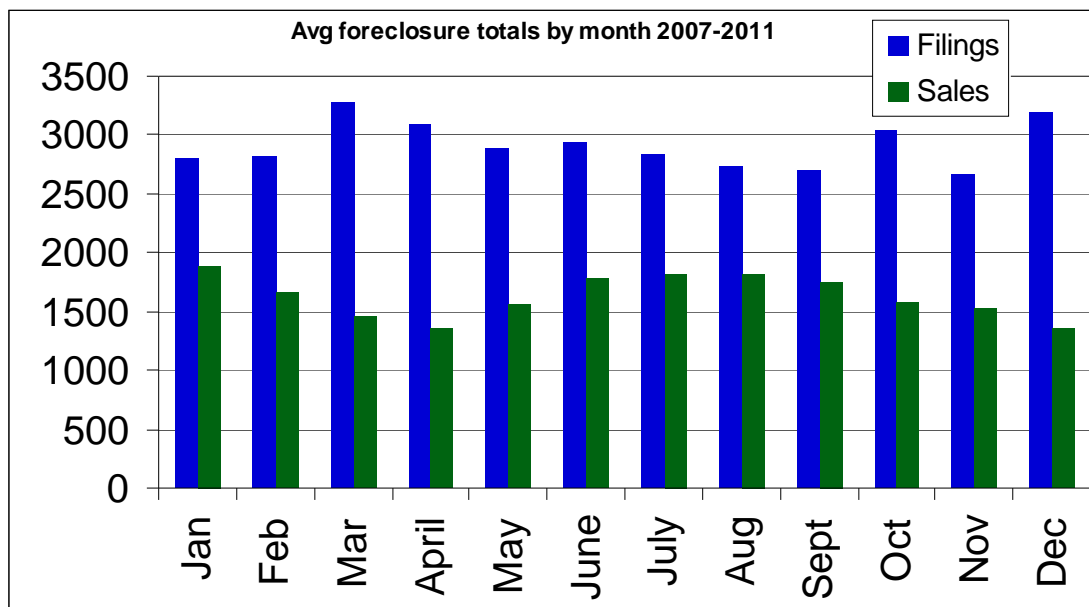
Graph 4:

Appendix: Seasonal Factors

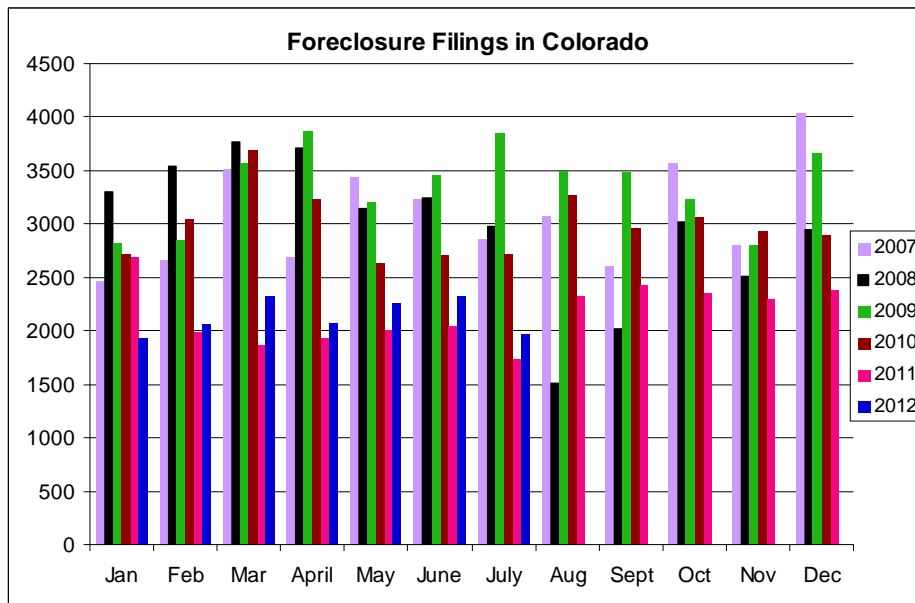
Historically and on a nationwide basis, foreclosure filings have tended to peak late in the first quarter and early in the second quarter. This may be due to the fact that households often tend to default on mortgages during and immediately after the holiday season in December. This is followed by an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

Although we only have five 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 July 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 July 2012 was at a six-year low for July. Foreclosure sales generally declined during the second half of 2011 and continued to decline into 2012.

