

Monthly Metropolitan Foreclosure Report, August 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 down year over year to the lowest levels reported during August in six years, while foreclosure filings during August 2012 were also down year over year.

Comparing year-over-year from 2011 to 2012, foreclosure filings in August fell 1.6 percent with totals falling from 2,325 to 2,287.

August 2012 foreclosure sales (completed foreclosures) were down compared to August 2011 with a decrease of 10.4 percent from 1,497 to 1,341.

During the first eight months of the year (Jan-August), foreclosure filings were up 4.0 percent from 16,581 to 17,241 from 2011 to 2012. During the same period, foreclosure auction sales were down 25.7 percent from 11,502 to 8,541.

Filings rose 15.7 percent from July 2012 to August 2012, and auction sales were up 55 percent over the same period.

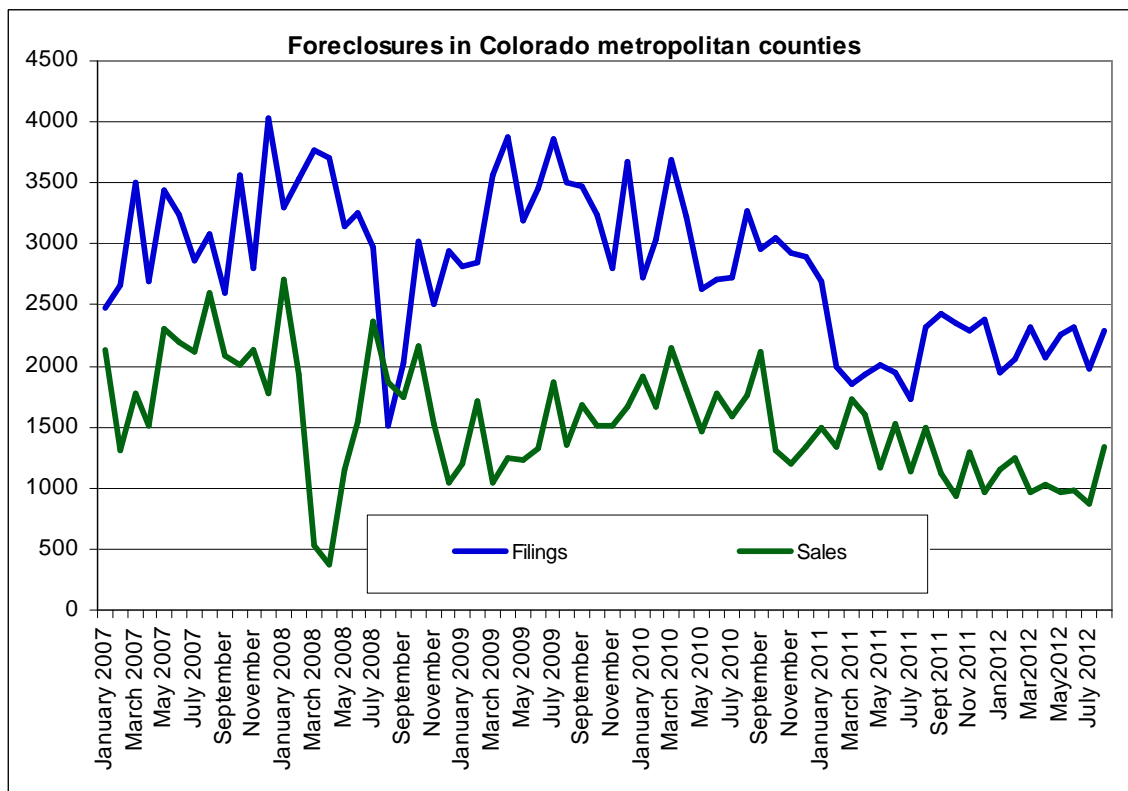
Pueblo County reported the highest foreclosure rate during August, while Boulder County reported the lowest rate. (See Table 7.)

Monthly foreclosure filings and sales at auction totals for metropolitan counties, January 2007- August 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 near the lowest point recorded in six years.

Graph 1:



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

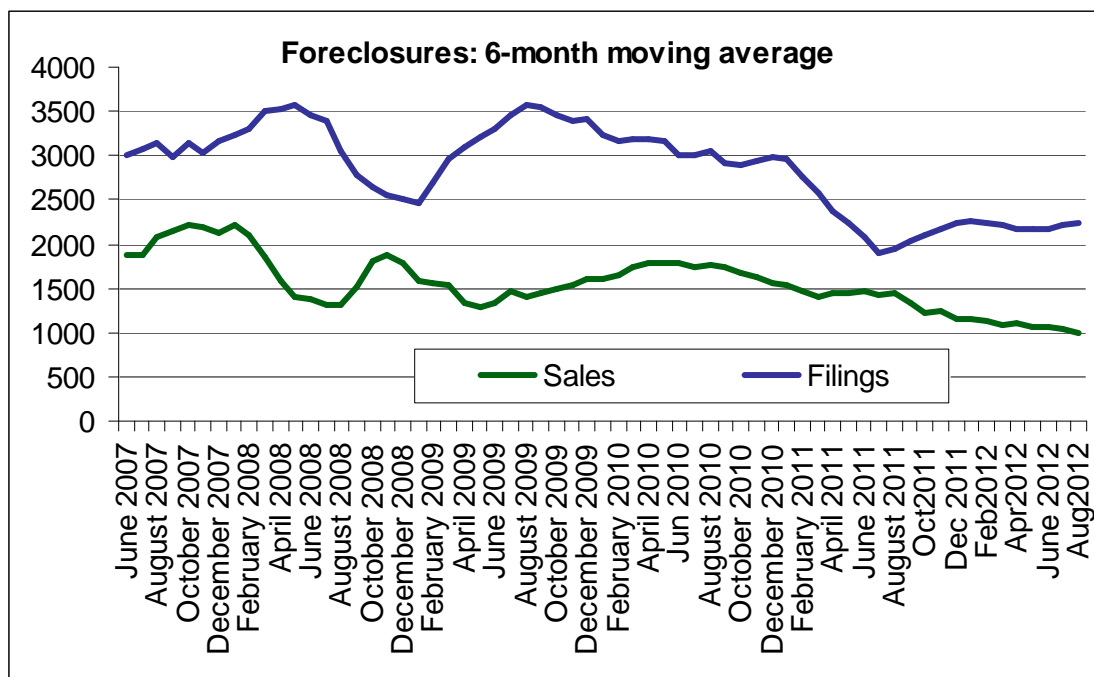
An analysis of a six-month moving average for both filings and sales at auction:

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 generally flat since late 2011. Foreclosure sales activity has been falling since late 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 (July 2012 to August 2012):

Table 1: Foreclosure filings

County	July	August	Pct Change from previous month
Adams	261	319	22.2
Arapahoe	331	325	-1.8
Boulder	77	78	1.3
Broomfield	15	22	46.7
Denver	250	268	7.2
Douglas	131	155	18.3
El Paso	328	339	3.4
Jefferson	201	303	50.7
Larimer	72	105	45.8
Mesa	76	133	75.0
Pueblo	110	90	-18.2
Weld	124	150	21.0
Total	1976	2287	15.7

Table 2: Foreclosure sales

County	July	August	Pct Change from previous month
Adams	123	192	56.1
Arapahoe	138	207	50.0
Boulder	17	50	194.1
Broomfield	7	11	57.1
Denver	135	127	-5.9
Douglas	53	52	-1.9
El Paso	102	198	94.1
Jefferson	104	134	28.8
Larimer	32	69	115.6
Mesa	57	77	35.1
Pueblo	44	110	150.0
Weld	53	114	115.1
Total	865	1341	55.0

Year-over-year comparisons of August foreclosure activity:

Table 3: Foreclosure filings

County	August	August	Year-over-year percent change
Adams	285	319	11.9
Arapahoe	376	325	-13.6
Boulder	82	78	-4.9
Broomfield	29	22	-24.1
Denver	340	268	-21.2
Douglas	162	155	-4.3
El Paso	334	339	1.5
Jefferson	234	303	29.5
Larimer	122	105	-13.9
Mesa	86	133	54.7
Pueblo	126	90	-28.6
Weld	149	150	0.7
Total	2325	2287	-1.6

Table 4: Foreclosure sales

County	August	August	Year-over-year percent change
Adams	195	192	-1.5
Arapahoe	266	207	-22.2
Boulder	43	50	16.3
Broomfield	10	11	10.0
Denver	186	127	-31.7
Douglas	97	52	-46.4
El Paso	201	198	-1.5
Jefferson	160	134	-16.3
Larimer	52	69	32.7
Mesa	99	77	-22.2
Pueblo	72	110	52.8
Weld	116	114	-1.7
	1497	1341	-10.4

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

Table 5: Foreclosure Filings

County	Jan-Aug 2011	Jan-Aug 2012	Percent Change from 2011
Adams	2194	2295	4.6
Arapahoe	2589	2682	3.6
Boulder	638	583	-8.6
Broomfield	152	160	5.3
Denver	2211	2261	2.3
Douglas	1095	1170	6.8
El Paso	2315	2444	5.6
Jefferson	1757	1973	12.3
Larimer	865	798	-7.7
Mesa	708	895	26.4
Pueblo	791	819	3.5
Weld	1266	1161	-8.3
Total	16581	17241	4.0

Table 6: Foreclosure Sales

County	Jan-Aug 2011	Jan-Aug 2012	Percent Change from 2011
Adams	1536	1236	-19.5
Arapahoe	1815	1276	-29.7
Boulder	381	249	-34.6
Broomfield	60	65	8.3
Denver	1648	1035	-37.2
Douglas	749	465	-37.9
El Paso	1510	1177	-22.1
Jefferson	1183	919	-22.3
Larimer	530	381	-28.1
Mesa	621	555	-10.6
Pueblo	531	540	1.7
Weld	938	643	-31.4
Total	11502	8541	-25.7

Foreclosure sales (completed foreclosure) rates in each county:

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

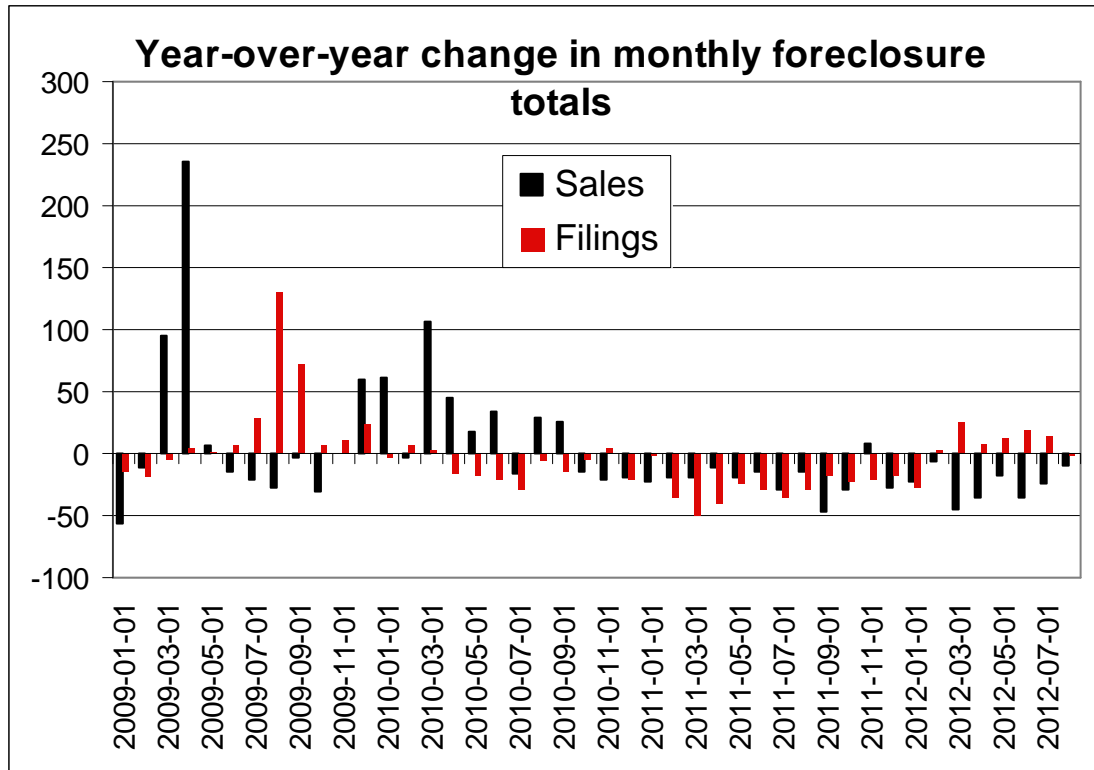
Table 7:

County	August	No. of households per completed foreclosure, 2011	August	No. of households per completed foreclosure, 2012
Adams	195	792	192	805
Arapahoe	266	847	207	1,088
Boulder	43	2,779	50	2,390
Broomfield	10	2,151	11	1,955
Denver	186	1,428	127	2,091
Douglas	97	1,057	52	1,972
El Paso	201	1,183	198	1,201
Jefferson	160	1,312	134	1,566
Larimer	52	2,321	69	1,749
Mesa	99	585	77	752
Pueblo	72	877	110	574
Weld	116	775	114	788
Metro total	1497	1,114	1341	1,244

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

Appendix: Additional Analysis

Graph 3:



August 2012 marks the first time in six months that the year-over-year change in foreclosure filings is negative. Both filings and auction sales were down year over year during August, and auction sales have been down year over year for the past nine months.

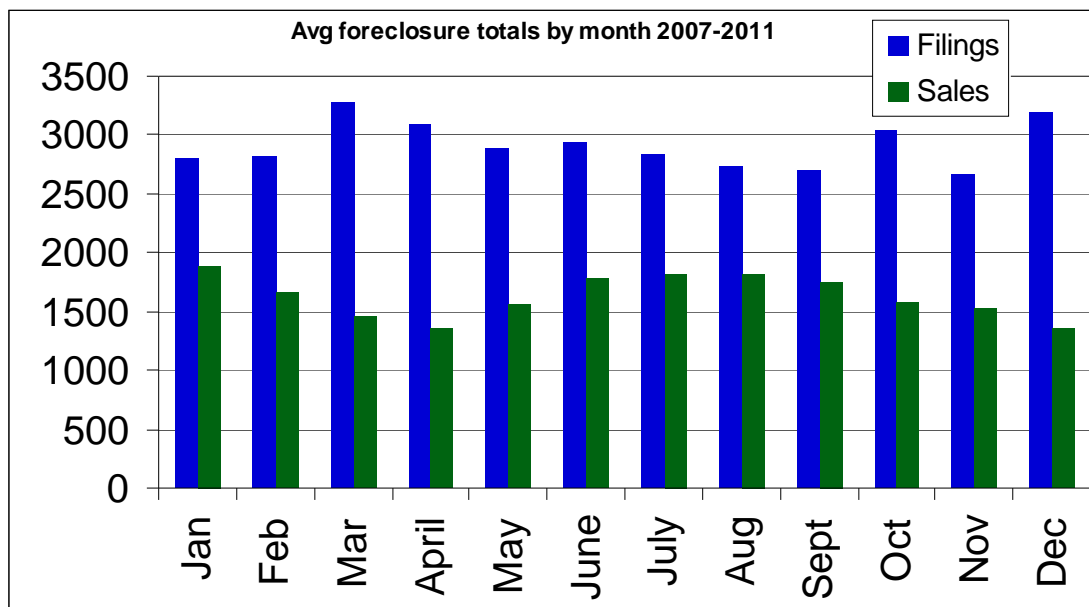
Graph 4:

Appendix: Seasonal Factors

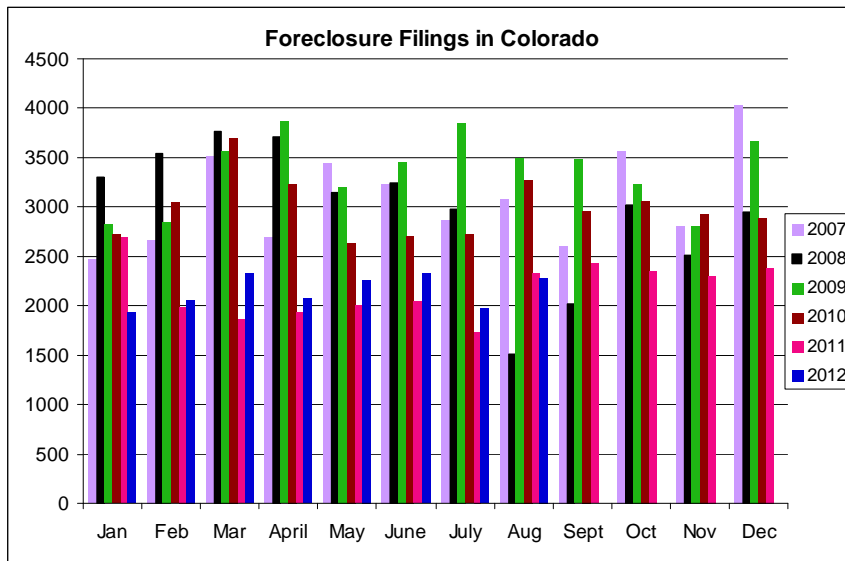
Historically and on a nationwide basis, foreclosure filings have tended to peak late in the first quarter and early in the second quarter. This may be due to the fact that households often tend to default on mortgages during and immediately after the holiday season in December. This is followed by an 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 August is below typical filings activity levels reported in recent years, although totals, as expected, are up from 2008 when changes in legislation artificially reduced filings totals.

Graph 6: Foreclosure sales at auction by month and year

The auction sales total during August 2012 was at a six-year low for August, marking the fourth month in a row in which this year's monthly totals were at six-year lows. Sales activity increased significantly from July to August, however with an increase of 55 percent. Seasonal factors may be at play as sales have increased from July to August during four of the past six years.

