

Another Jump in California Foreclosure Activity

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La Jolla, CA.--The number of California homes going into foreclosure jumped last quarter to its highest level in more than 15 years, as the market continued to work its way through declining home values and a pool of at-risk mortgages that were originated in 2005 and 2006, a real estate information service reported.

Lending institutions sent homeowners 113,676 default notices during the January-to-March period. That was up by 39.4 percent from 81,550 the previous quarter, and up 143.1 percent from 46,760 for first-quarter 2007, according to DataQuick Information Systems.

Last quarter's number of defaults was the highest in DataQuick's statistics, which go back to 1992.

"The main factor behind this foreclosure surge remains the decline in home values. Additionally, a lot of the 'loans-gone-wild' activity happened in late 2005 and 2006 and that's working its way through the system. The big 'if' right now is whether or not the economy is in recession. If it is, the foreclosure problem could spread beyond the current categories of dicey mortgages, and into mainstream home loans," said Marshall Prentice, DataQuick's president.

Most of the loans that went into default last quarter were originated between August 2005 and October 2006. The median age was 23 months, up from 16 months a year earlier.

On primary mortgages, California homeowners were a median five months behind on their payments when the lender started the default process. The borrowers owed a median \$11,474 on a median \$346,750 mortgage.

On home equity loans and lines of credit, homeowners were a median eight months behind on their payments. Borrowers owed a median \$3,512 on a median \$60,000 credit line. However the amount of the credit line that was actually in use cannot be determined from public records.

DataQuick, a subsidiary of Vancouver-based MacDonald Dettwiler and Associates, monitors real estate activity nationwide and provides information to consumers, educational institutions, public agencies, lending institutions, title companies and industry analysts. Notices of Default are recorded at county recorder offices and mark the first step of the formal foreclosure process.

Although 113,676 default notices were filed last quarter, they pertained to 110,392 homes. The difference is the result of some borrowers defaulting on multiple loans (e.g. a primary mortgage and a line of credit).

Last quarter's default numbers were a record in almost all of the state's 58 counties. The notable exception being Los Angeles County, which was particularly hard hit by the recession of the early 1990s. During last quarter, the county's 20,339 defaults represented 94.8 percent of its peak quarter back in Q1 of 1996, which saw 21,444 defaults.

On a loan-by-loan basis, mortgages were least likely to go into default in San Francisco, Marin, and San Mateo counties. The likelihood was highest in Merced, San Joaquin and Stanislaus counties.

Of the homeowners in default, an estimated 32 percent emerge from the foreclosure process by bringing their payments current, refinancing, or selling the home and paying off what they owe. A year ago it was about 52 percent. The increased portion of homes lost to foreclosure reflects the slow real estate market, as well as the number of homes bought during the height of the market with multiple-loan financing, which makes 'work-outs' difficult.

Multiple-loan financing peaked in Q4 of 2006 at 60.9 percent of all financed home purchases. Last quarter it was 15.9 percent.

Trustees Deeds recorded, or the actual loss of a home to foreclosure, totaled 47,171 during the first quarter. That's the highest since DataQuick began tracking Trustees Deeds in 1988. Last quarter's total rose 48.9 percent from 31,676 in the previous quarter, and jumped 327.6 percent from 11,032 in first quarter 2007. In the last real estate cycle, Trustees Deeds peaked at 15,418 in third-quarter 1996. The all-time low was 637 in the second quarter of 2005.

There are 7.9 million houses and condos in the state, DataQuick reported.

Foreclosure resales have emerged as a significant market factor, accounting for 33.1 percent of all California resale activity last quarter. A year ago it was 3.2 percent. Foreclosure resales vary significantly by area, from 5.1 percent in San Francisco County to 66.7 percent in San Joaquin County.

Notices of Default

houses and condos

County/Region	2007Q1	2008Q1	Yr/Yr%
Los Angeles	8,843	20,339	130.0%
Orange	2,644	7,082	167.9%
San Diego	3,931	8,975	128.3%
Riverside	5,750	15,022	161.3%
San Bernardino	4,357	11,149	155.9%
Ventura	965	2,176	125.5%
Imperial	258	566	119.4%
SoCal	26,748	65,309	144.2%
San Francisco	216	420	94.4%
Alameda	1,578	3,194	102.4%
Contra Costa	1,969	4,718	139.6%
Santa Clara	1,058	3,074	190.5%
San Mateo	382	911	138.5%

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Marin	118	314	166.1%
Solano	914	2,091	128.8%
Sonoma	407	1,392	242.0%
Napa	88	284	222.7%
Bay Area	6,730	16,398	143.7%
Santa Cruz	171	447	161.4%
Santa Barbara	372	897	141.1%
San Luis Obispo	181	385	112.7%
Monterey	458	1,468	220.5%
Coast	1,182	3,197	170.5%
Sacramento	3,234	6,898	113.3%
San Joaquin	1,721	4,657	170.6%
Placer	518	1,031	99.0%
Kern	1,297	3,211	147.6%
Fresno	1,116	2,464	120.8%
Madera	184	523	184.2%
Merced	511	1,759	244.2%
Tulare	436	947	117.2%
Yolo	197	488	147.7%
El Dorado	219	394	79.9%
Stanislaus	1,141	3,192	179.8%
Kings	88	182	106.8%
San Benito	107	272	154.2%
Yuba	151	357	136.4%
Colusa	20	81	305.0%
Sutter	114	337	195.6%
Central Valley	11,054	26,793	142.4%
Mountains*	291	588	102.1%
North Calif*	755	1,391	84.2%
Statewide	46,760	113,676	143.1%

* includes additional counties

Source: DataQuick Information Systems

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