



FORECLOSURE NOTICES SOAR, FORECLOSURE SALES DROP

Government Intervention Continues to Play Havoc in Foreclosure Market

Discovery Bay, CA, April 14, 2009 – ForeclosureRadar (www.foreclosureradar.com), the only website that tracks every California foreclosure, and provides daily auction updates, issued its monthly [California Foreclosure Report](#) for March 2009. Notices of Default, the first step in the [foreclosure process](#), reached a record level – nearly 26 percent higher than the previous historic peak in April 2008. Notices of Trustee sale, which set the auction date and time, rose 82.3 percent from the prior month, though not yet reaching the prior record level set in July 2008. While foreclosure notices rose dramatically, sales at auction decreased 41.4 percent, to reach the lowest levels seen since the third quarter of 2007. While there is a lag between foreclosure filings and foreclosure sales, these dramatic differences are likely best explained by the unintended consequences of government intervention in the foreclosure process.

High-level findings for March include:

- Notices of Default increased 29.3 percent over February, to a record 54,268 filings, a 26.3 percent increase over March 2008 and a 25.8 percent increase from the peak level reached in April 2008.
- Notices of Trustee Sale increased from February by 82.3 percent to 33,178 filings, a 19.6 percent increase from the prior year, but still 15 percent below the peak reached in July 2008.
- March auction sales decreased 41.4 percent from February, to 10,040 properties sold at auction, representing \$5.3 Billion in loan value. Year over year sales decreased by 36.6 percent.
- The percentage of properties sold to third parties increased again in March to 10.7 percent of properties taken to auction, or 1,073 properties. While banks still take back the majority of foreclosures at trustee sale, third party bidding has continually increased since January 2008.
- Lender discounts at auction increased substantially from February, reaching an average of 44.1 percent. The largest percentage discounts were seen in Monterey County with an average discount of 56.1 percent, while San Mateo County was among the lowest at 20.7 percent.

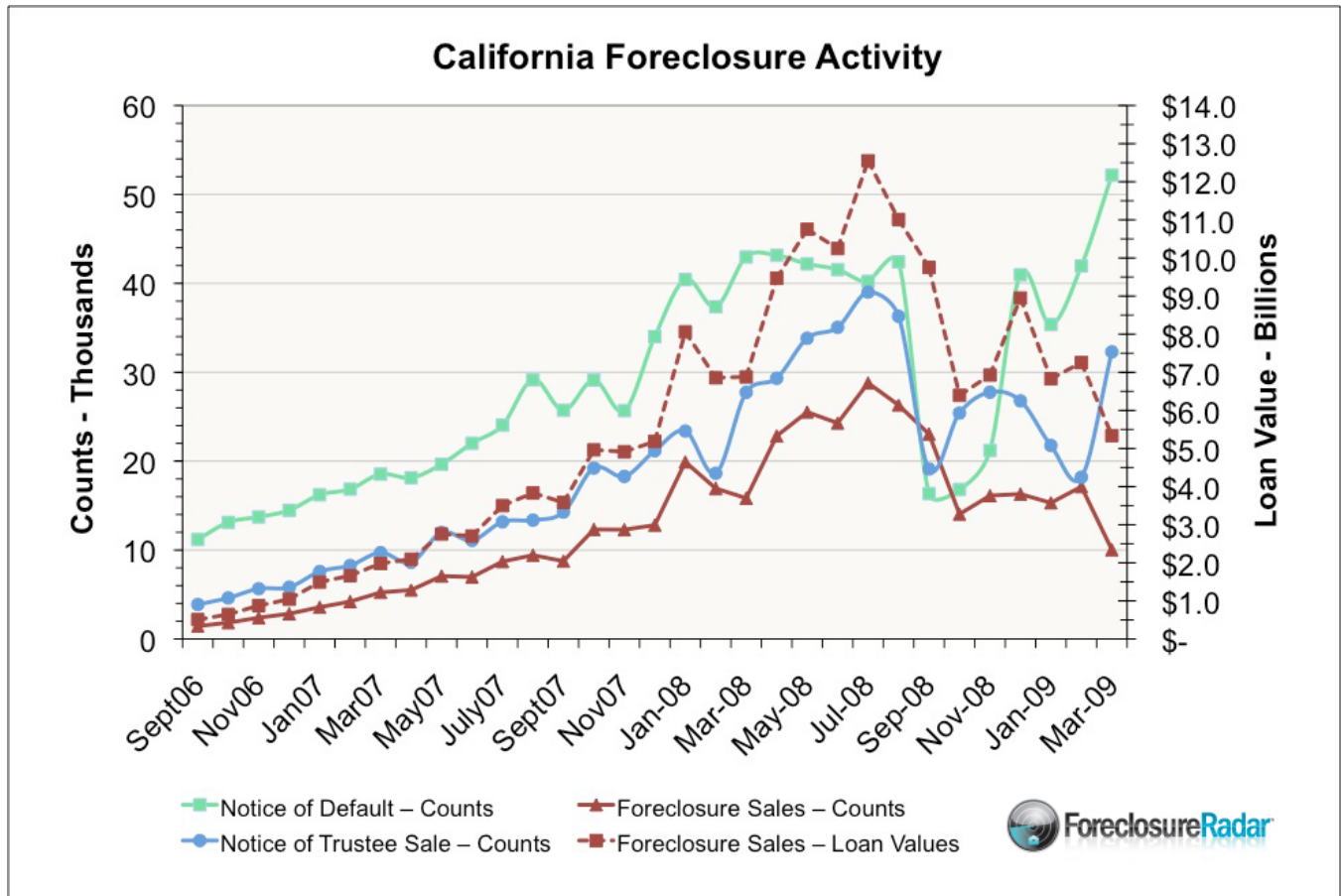
“Not one government program aimed at addressing the foreclosure problem has dealt with the core issue of negative equity; and there can be no doubt these programs are having dramatic impacts on the foreclosure process”, says Sean O’Toole, founder and CEO of ForeclosureRadar. “Unfortunately, the only tangible effect of these programs so far is a significant increase in uncertainty for homeowners, lenders, investors and even government officials trying to make sense of these wild swings in activity.”

Government programs currently impacting the foreclosure numbers in California:

- California Senate Bill 1137, which requires lenders to contact homeowners before filing a Notice of Default. This bill resulted in a significant, but temporary, drop in foreclosure filings starting in September of 2008. While the bill failed to address the issue of negative equity that many Californians now face, it did likely create a backlog of foreclosure filings, which may partially explain the recent rise in filings. More significantly this law perfectly explains at least a portion of the decrease in sales, as the average time from the filing of a Notice of Default to foreclosure sale was 176 days in March, which aligns exactly with the September drop in Notice of Default filings.
- The California Foreclosure Prevention Act, which goes into effect this summer, adds an additional 90 days to the foreclosure process if lenders fail to take certain actions. It is quite possible that the dramatic rise in foreclosure notices occurring now is an attempt by lenders to process as many foreclosures as possible before this law takes effect.
- U.S. Congressional requests for foreclosure moratoriums – many lenders instituted foreclosure moratoriums, at the request of Congress, to allow the incoming Administration time to put housing programs in place. Many of these moratoriums were in full force through March, although some are now being lifted – notably Fannie Mae and Freddie Mac – which both lifted their moratoriums effective March 31, 2008.
- U.S. efforts to stabilize financial institutions, including TARP, PPIP and changes to “mark-to-market” accounting practices, among others, may be leading some lenders to avoid completing foreclosures in the hopes of selling the troubled loans, to gain government guarantees for those loans or to continue avoiding losses by holding the assets on their books at higher values than they could get in today’s real estate market.

Combined, these programs have created significant turmoil in foreclosure filings and sales, as can be seen in the dramatic swings in foreclosure activity that began in September 2008. At this point, the only

thing that is clear is that there are still a large number of properties in default; and to date, there is little evidence that these programs will result in anything but delays. The core problem of negative equity remains unaddressed.



ForeclosureRadar March Report by County:

Rank	Change in Rank	County	NOD	NTS	Sales	Population Per Sale	% Change Feb 2009	% Change Mar 2008
1	4	Yuba	172	134	56	1284	-23%	-16%
2	-1	Merced	592	460	185	1380	-44%	-45%
3	16	San Benito	37	26	36	1605	13%	-22%
4	-2	Riverside	6838	3904	1276	1637	-47%	-30%
5	-1	San Joaquin	1638	1146	409	1676	-44%	-54%
6	-3	Stanislaus	1169	909	311	1691	-45%	-53%
7	8	Colusa	2	2	12	1826	-14%	-20%
8	2	Kern	1652	1215	444	1841	-29%	-24%
9	4	Calaveras	47	24	25	1845	-17%	-17%
10	1	Sacramento	2789	1910	716	1989	-31%	-48%
11	-5	San Bernardino	5275	3464	989	2079	-47%	-23%
12	37	Plumas	11	12	10	2092	150%	0%
13	18	Amador	49	40	18	2108	38%	20%

14	-7	Solano	878	604	199	2145	-45%	-49%
15	-3	Imperial	304	236	80	2202	-33%	3%
16	-8	Madera	246	148	66	2286	-48%	-41%
17	11	Mariposa	1	1	8	2301	0%	167%
18	-2	Contra Costa	1912	1343	405	2597	-35%	-53%
19	2	Lake	71	48	23	2785	-36%	-50%
20	-2	Sutter	146	99	33	2905	-39%	-46%
21	22	Glenn	15	15	10	2920	25%	400%
22	-8	Monterey	565	405	145	2956	-47%	-34%
23	10	Nevada	138	75	31	3200	-3%	19%
24	-4	Placer	609	395	104	3206	-41%	-34%
25	-2	Fresno	1320	796	269	3461	-35%	-29%
26	4	Shasta	170	115	52	3505	-21%	-17%
27	-3	Yolo	242	135	56	3555	-34%	-38%
28	-3	Tulare	573	368	122	3568	-33%	-36%
29	-7	El Dorado	321	163	47	3824	-47%	-8%
30	2	Sonoma	499	337	113	4287	-31%	-47%
31	19	Kings	136	84	35	4412	25%	-8%
32	-15	Mono	1	4	3	4586	-67%	0%
33	5	Alameda	1912	1077	328	4704	-23%	-44%
34	-7	Tuolumne	83	33	12	4733	-45%	-29%
35	-9	San Diego	3892	2499	662	4753	-48%	-41%
36	4	Napa	169	101	25	5468	-31%	-52%
37	0	Butte	96	60	40	5510	-38%	-2%
38	-3	Ventura	1032	579	143	5815	-44%	-38%
39	2	Santa Barbara	391	202	71	5938	-33%	-31%
40	-1	Los Angeles	12318	6789	1599	6481	-43%	-32%
41	3	San Luis Obispo	278	127	41	6569	-36%	-9%
42	4	Santa Cruz	202	117	40	6663	-35%	-23%
43	10	Trinity	8	3	2	6983	0%	-50%
44	3	Santa Clara	1556	780	247	7438	-41%	-28%
45	-3	Orange	2591	1578	376	8301	-50%	-39%
46	-17	Tehama	1	0	7	8917	-74%	-75%
47	7	Lassen	10	3	4	8939	-56%	0%
48	7	Inyo	1	0	2	9076	0%	100%
49	-1	Siskiyou	42	22	5	9194	-50%	150%
50	2	San Mateo	720	317	79	9360	-31%	-13%
51	6	Del Norte	2	4	3	9806	50%	0%
52	-1	Marin	142	82	26	9900	-37%	8%
53	3	Humboldt	51	32	9	14758	-25%	0%
54	-9	Mendocino	67	42	6	15027	-71%	50%
55	3	San Francisco	281	114	25	32981	-31%	-49%
56	-22	Modoc	3	0	0		-100%	-100%
57	-21	Sierra	1	0	0		-100%	-100%
58	-49	Alpine	1	0	0		-100%	-100%

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CALIFORNIA FORECLOSURE REPORT METHODOLOGY

Rankings are based on population per foreclosure sale. **NOD** indicates the number of Notices of Default that were filed at the county, and **NTS** indicates filed Notices of Trustee Sale. **Sales** indicates the number of properties sold at foreclosure auction. Percentage changes are based on monthly Sales. The data presented by ForeclosureRadar is based on county records and individual sales results from [daily foreclosure auctions](#) throughout the state – not estimates or projections.

ABOUT FORECLOSURERADAR.COM

ForeclosureRadar is the only web site that tracks every foreclosure in California with daily updates on all foreclosure auctions. ForeclosureRadar features unprecedented tools to [search, manage, track and analyze preforeclosure, foreclosure auction, short sale and bank owned real estate](#). The web site was launched in May 2007 by Sean O'Toole, who spent 15 years building and launching software companies before entering the foreclosure business in 2002 where he successfully bought and sold more than 150 foreclosure properties. ForeclosureRadar is an indispensable resource for real estate agents, brokers, investors, lenders, mortgage brokers, attorneys and other real estate professionals specializing in the California real estate market.

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