



NEW FORECLOSURE ACTIVITY PLUNGES

California State Senate Bill 1137 takes effect, dramatically impacting foreclosure filings

Discovery Bay, CA, October 13, 2008 – ForeclosureRadar (www.foreclosureradar.com), the only website that tracks every California foreclosure with daily auction updates; today issued its *California Foreclosure Report for September, 2008*. Notice of Default filings, which indicate the start of the foreclosure process, fell 61.8 percent in September due primarily to new legislation that went into effect on September 8th. California State Senate Bill 1137 imposes significant new requirements on lenders prior to filing for foreclosure, and the drop indicates that the lenders were not ready for the impact. The bill also effected new Notice of Trustee Sale filings, which dropped 47.3 percent from August. The bill did not directly impact foreclosure sales; however, they still fell by 12.4 percent.

High-level findings include:

- Only 16,352 Notices of Default were filed in September, down from 42,790 in August, a decrease of 61.8 percent from August 2008, and a decrease of 36.4 percent from a year earlier.
- Notices of Trustee Sale filings decreased 47.3 percent from August, to a total of 19,116 filings. Despite the significant decline, filings increased 33.9 percent from September 2007.
- Properties taken to sale at auction increased 163.2 percent from the prior year, to 23,409 sales, with a combined loan balance of \$9.75 Billion. This represents a 12.4 percent drop from August 2008.
- Lenders took back 95 percent of the properties taken to auction, with a combined loan value of \$9.19 Billion. Third party purchases were flat from the prior month, but increased slightly as a percentage, due to the decline in sales activity.

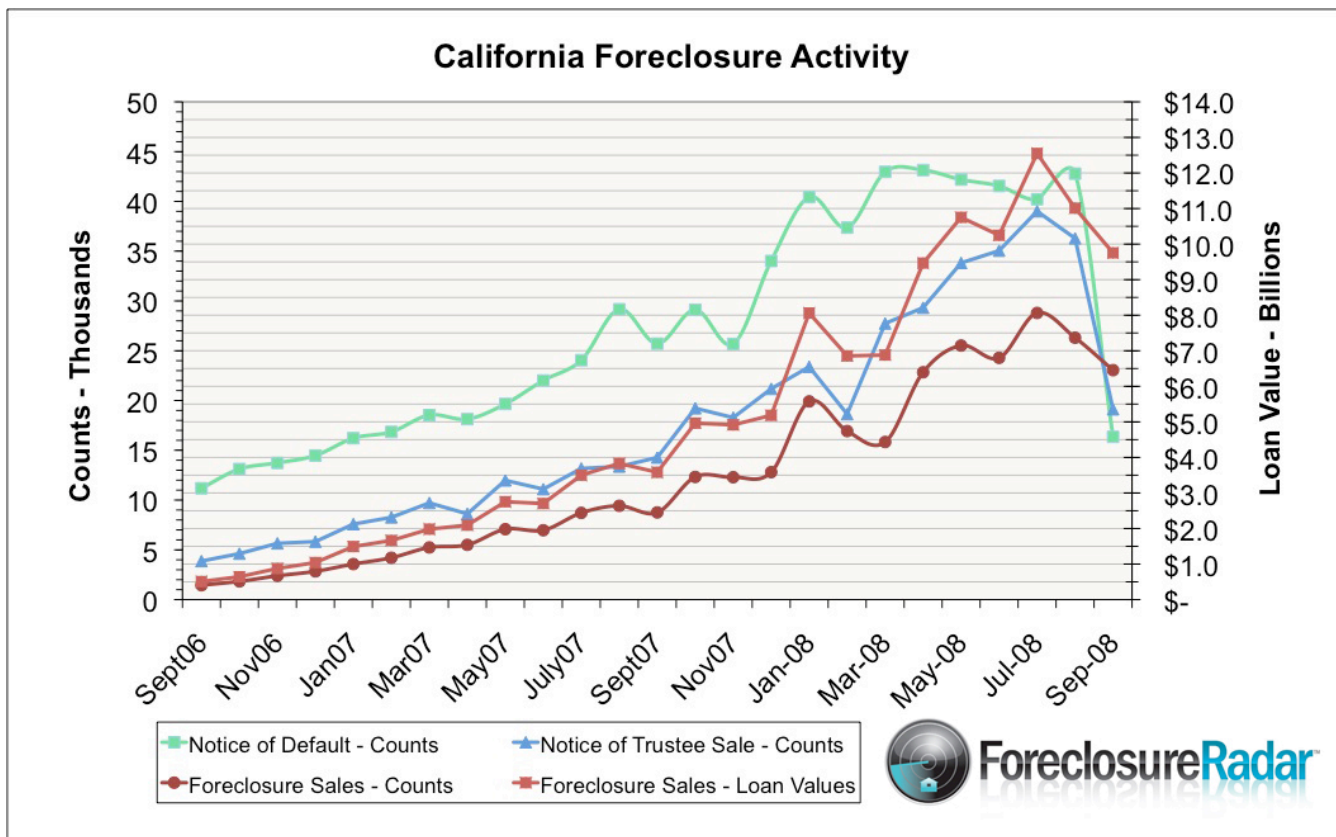
“CA State Senate Bill 1137 has rendered analysis of current activity against prior foreclosure levels useless in understanding market conditions,” said Sean O’Toole, founder of ForeclosureRadar. “What is important to watch now, is how quickly lenders and trustees adjust to the new law. While it is unlikely foreclosures will return to previous levels, given the new requirements; we expect SB 1137 to have no long term impact beyond delaying the foreclosure process for homeowners, and slowing the overall recovery.”

The intent of CA State Senate Bill 1137 is to reduce foreclosure rates with one of the requirements being that lenders make contact with homeowners prior to filing a foreclosure, to ensure that they are aware of all their options. The bill requires lenders to make a series of attempts to contact homeowners, and then wait 30 days after either contacting the owner or fulfilling the required steps before filing the foreclosure notice. The bill specifically looks to encourage loan modifications as an alternative to foreclosure. The state, however, cannot force lenders, often operating under Federal Law, to modify an existing loan.

“Given the significant negative equity now occurring in most California foreclosures, modifying loans to affordable levels either requires large principal balance reductions, or extending the unsustainable teaser rates that created the foreclosure crisis in the first place,” continued O’Toole. “Wide scale adoption of large principal balance reductions also pose significant risks, as they are likely to encourage non-defaulting homeowners to default in the hopes of securing similar reductions. As such, either type of loan modification is likely to result in increased default, and/or foreclosure activity in the future, a consequence clearly not intended.”

Average discounts offered by lenders on the outstanding loan balance at foreclosure auction averaged 37.4 percent statewide; with 36 percent of properties taken to auction being offered at discounts of 50 percent or more.

Little has changed at the county level with the top six counties maintaining their rank from the prior month, and only relatively small counties seeing significant changes in their overall ranking. Opening bid discounts were highest in top ranking counties, with discounts from the loan amount of greater than 40 percent in the top seven counties.



ForeclosureRadar September Report by County:

Rank	Change in Rank	County	NDF	NTS	Sales	Population Per Sale	% Change Aug 2008	% Change Sept 2007
1	0	Merced	199	316	421	586	-24%	245%
2	0	San Joaquin	598	746	1033	645	-20%	202%
3	0	Riverside	2025	2329	3015	648	-12%	144%
4	0	Stanislaus	477	564	758	679	-16%	176%
5	0	Solano	345	388	491	861	-15%	192%
6	0	Sacramento	902	1187	1585	874	-12%	126%
7	0	San Bernardino	1515	1936	2252	884	-10%	163%
8	4	Madera	87	123	161	897	-2%	360%
9	-1	San Benito	26	34	64	900	-10%	300%
10	-1	Yuba	50	64	72	970	-14%	125%
11	0	Contra Costa	758	847	1015	1,014	-15%	139%
12	1	Kern	539	547	748	1,043	-14%	164%
13	1	Calaveras	24	20	41	1,115	-18%	4000%
14	-4	Monterey	222	281	368	1,154	-28%	318%
15	34	Lake	20	22	52	1,233	24%	108%
16	-1	Sutter	29	53	71	1,288	-25%	109%
17	-1	Imperial	97	116	125	1,333	-12%	184%
18	14	Colusa	1	0	15	1,434	0%	1400%
19	-2	Placer	184	179	218	1,452	-10%	108%
20	-2	Fresno	384	452	565	1,592	-9%	184%
21	0	Yolo	68	81	111	1,715	-5%	217%
22	18	Sierra	1	0	2	1,751	100%	ND
23	-4	Sonoma	188	212	271	1,771	-16%	299%

24	3	Napa	49	54	75	1,793	3%	341%
25	-3	Alameda	560	653	788	1,905	-13%	178%
26	-3	San Diego	1321	1496	1600	1,917	-13%	123%
27	-1	Tulare	157	201	217	1,938	-7%	224%
28	18	Plumas	10	6	11	1,949	175%	ND
29	-1	Ventura	271	344	413	1,979	-3%	158%
30	-10	Amador	18	13	19	2,007	-24%	171%
31	-6	El Dorado	79	102	83	2,123	-18%	159%
32	10	Tuolumne	26	23	26	2,240	63%	117%
33	12	Mariposa	1	1	8	2,277	100%	300%
34	22	Trinity	2	3	6	2,337	-25%	ND
35	-4	Santa Barbara	113	144	170	2,480	-15%	130%
36	-1	Los Angeles	3102	3473	3750	2,732	-7%	160%
37	-7	Santa Clara	541	537	647	2,741	-24%	323%
38	1	Kings	42	32	52	2,841	4%	300%
39	-5	Orange	904	1103	1048	2,932	-15%	153%
40	3	Butte	29	40	74	2,935	-11%	185%
41	-8	Nevada	46	45	33	3,032	-28%	230%
42	-4	San Luis Obispo	73	95	86	3,061	-9%	244%
43	-14	Santa Cruz	55	75	85	3,086	-34%	227%
44	10	Modoc	1	1	3	3,279	200%	-80%
45	7	Siskiyou	20	9	13	3,550	117%	225%
46	-10	Shasta	55	51	49	3,704	-32%	81%
47	1	Lassen	1	0	9	3,939	0%	0%
48	-7	Glenn	1	0	7	4,093	-13%	250%
49	-25	Tehama	1	0	15	4,102	-69%	-21%
50	-6	San Mateo	114	141	164	4,415	-2%	169%
51	6	Del Norte	4	3	6	4,866	200%	ND
52	-1	Mendocino	27	17	17	5,320	55%	89%
53	-6	Marin	44	39	45	5,630	-2%	181%
54	-4	Humboldt	9	9	22	6,024	29%	1000%
55	-18	Mono	1	0	2	6,799	-75%	ND
56	-3	Inyo	1	0	2	9,258	-33%	ND
57	-2	San Francisco	66	56	51	15,660	-29%	113%

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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 has 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.