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**U.S. FORECLOSURE INDEX:
Foreclosures Surge in February to Reach Highest Monthly
Level of the Foreclosure Crisis**

Government, Lender Efforts Fail To Stem the Tide Yet

SACRAMENTO, Calif. – Completed foreclosures in February reached the highest monthly total since the foreclosure crisis began, soaring by more than 67 percent over January's reduced foreclosures, according to the latest U.S. Foreclosure Index released today by ForeclosureS.com, a leading real estate information provider.

In February, 121,756 new foreclosures were completed, up from 72,694 in January, which had seen a 26 percent drop from December's 97,841 foreclosures. The February number topped the previous monthly high of 104,243 new foreclosures seen last September – then the high-water mark for this crisis.

The U.S. Foreclosure Index also found the number of pre-foreclosure filings – the original filings that can lead to a foreclosure – increasing to the highest monthly total since the foreclosure crisis began, hitting 207,703 in February, up more than 24 percent from 166,860 in January and up 9 percent from 190,467 in December, the previous monthly high.

“Despite the efforts to stem foreclosures by government and many banks, the hopeful signs of the last quarter of 2008 and January didn't follow through in February,” says Alexis McGee, foreclosure expert, educator, and author. “Many homeowners are in trouble and rising unemployment continues to threaten to intensify the problem.”

Foreclosures increased across all regions despite temporary halts by major banks and Fannie Mae and Freddie Mac, primarily in the second half of February, in anticipation of the Obama administration's foreclosure mitigation effort. Fannie Mae and Freddie Mac previously had foreclosure moratoria from Nov. 26 to Jan. 31, which helped to slow down foreclosures during that period, and reinstated the moratoria in mid-February. Nearly all the bank moratoria have since expired or are about to expire.

“Annualizing the first two months of this year, if foreclosures were to continue unabated, we could end up with another 1.2 million homes back in lenders' hands by year-end. However, I am hopeful that our new administration's plan to stem the foreclosure tide

will take hold and we will see fewer foreclosures by year end,” adds McGee, also president of ForeclosureS.com. “The Fed means business, and they’re throwing money—lots of it—behind the foreclosure crisis.”

Just last week, the Mortgage Banker’s Association’s National Delinquency Survey reported that the delinquency rate for mortgage loans on one-to-four-unit residential properties rose to a new record seasonally adjusted rate of 7.88 percent of all loans outstanding as of the end of fourth-quarter 2008.

Those numbers don’t include loans somewhere in the foreclosure process (a record 3.3 percent of all loans outstanding). MBA numbers also show that foreclosure inventory jumped sharply in the fourth quarter, while the number of loans entering foreclosure was relatively unchanged due in part to all the foreclosure moratoriums.

Regionally, the U.S. Foreclosure Index of Completed Foreclosures (Real Estate Owned) shows the following compared to the previous national monthly high:

- **Southwest:** February was up more than 63 percent from January, but down nearly 1.5 percent from September 2008, the previous high point in this crisis.
- **Midwest:** February was up nearly 90 percent from January, and nearly up 30 percent from September 2008.
- **Southeast:** February was up more than 46 percent from January, and up 19.5 percent from September 2008.
- **Northeast:** February was up more than 138 percent from January, and up 232 percent since September 2008.
- **Other States (Alaska and Hawaii):** February was up nearly 68 percent from January, and up 28.6 percent September 2008.

National REOs	Sep-08		Dec-08		Jan-09	Feb-09	Change
Region	Filings	Feb vs. Sep Change	Filings	Feb vs. Dec Change	Filings	Filings	Feb vs. Jan Change
Midwest	18,579	29.88%	18,611	29.65%	12,716	24,130	89.76%
Southeast	26,796	19.51%	27,419	16.79%	21,839	32,024	46.64%
Northeast	3,217	232.79%	5,001	114.08%	4,495	10,706	138.18%
Southwest	55,480	-1.45%	46,646	17.21%	33,513	54,676	63.15%
Other States	171	28.65%	164	34.15%	131	220	67.94%
Nationwide	104,243	16.80%	97,841	24.44%	72,694	121,756	67.49%

The U.S. Foreclosure Index also found that the number of properties just starting the foreclosure process (pre-foreclosures) climbed across all regions in February.

Year-to-date five of every 1,000 households have dealt with pre-foreclosure. Annualizing the first two months of 2009 the U.S. could surpass 2.3 million pre-foreclosures for the year, says McGee.

Regionally, the U.S. Foreclosure Index of new pre-foreclosures shows:

- **Southwest:** February pre-foreclosures were up 29.4 percent from January and up nearly 15 percent from the previous national monthly peak for pre-foreclosure actions, hit in December 2008.
- **Southeast:** February pre-foreclosures were up 23.8 percent from January, and up 6.3 percent from December 2008.
- **Midwest:** February pre-foreclosures were up 19.1 percent from January, and up nearly 6 percent from December 2008.
- **Northeast:** February pre-foreclosures were up nearly 9 percent from January, and down 3 percent from December 2008.
- **Other States (Alaska and Hawaii):** February pre-foreclosures up 67.5 percent from January, and down 17.4 percent from December.

National PreForeclosures	Sep-08		Dec-08		Jan-09	Feb-09	Change
Region	Filings	Feb vs. Sep Change	Filings	Feb vs. Dec Change	Filings	Filings	Feb vs. Jan Change
Midwest	19,071	20.71%	21,743	5.88%	19,319	23,021	19.16%
Southeast	68,969	2.21%	66,292	6.33%	56,938	70,491	23.80%
Northeast	20,429	-16.69%	17,567	-3.11%	15,635	17,020	8.86%
Southwest	64,872	48.74%	84,043	14.81%	74,563	96,492	29.41%
Other States	482	40.87%	822	-17.40%	405	679	67.65%
Nationwide	173,823	19.49%	190,467	9.05%	166,860	207,703	24.48%

Looking at U.S. Foreclosure Index state-by-state foreclosure numbers, only Kentucky, Delaware, and Wyoming showed month-to-month improvements in numbers (slight or unchanged).

The top five states – California, Florida, Arizona, Michigan, and Texas – continue to dominate in numbers of foreclosures in February. As jobless losses take their toll, Georgia, Ohio, Illinois, Tennessee, and North Carolina, along with other industrialized states, made the Top 10 state list of new foreclosed homes.

Looking closer at how state completed foreclosure numbers stack up month-to-month and against the national monthly high hit in September 2008:

- **California:** 23,988 foreclosures, up 67 percent from January and down 24.7 percent compared to September's high.
- **Florida:** 14,243 foreclosures in February, up 42.3 percent from January, and up 25.2 percent from September.
- **Arizona:** 10,651 foreclosures in February, up 103 percent from January and up 50 percent from September.
- **Michigan:** 8,869 in February, up 260 percent from January and up 72 percent from September.

- **Texas:** 7,998 foreclosures in February, up 49 percent from January and up 40 percent from September.

Top 10 States Nationwide REOs Last 6 months								
State	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Totals	Per Household
1. California	31,851	17,214	16,032	20,952	14,351	23,988	124,388	1.08%
2. Florida	11,374	10,187	11,373	12,786	10,007	14,243	69,970	1.11%
3. Arizona	7,100	7,415	7,553	7,658	5,250	10,651	45,627	2.40%
4. Michigan	5,143	4,783	4,974	5,138	2,465	8,869	31,372	1.05%
5. Texas	5,727	5,425	4,645	7,505	5,367	7,998	36,667	0.61%
6. Georgia	7,101	5,524	5,322	5,753	4,746	6,170	34,616	1.65%
7. Ohio	4,295	3,884	3,314	5,594	4,300	4,763	26,150	0.67%
8. Nevada	4,020	3,196	3,551	4,039	3,207	3,989	22,002	2.96%
9. Illinois	4,005	2,909	2,155	2,217	2,111	3,301	16,698	0.44%
10. Tennessee	2,164	1,795	2,252	2,529	1,659	2,988	13,387	0.64%

Looking at state-by-state pre-foreclosure numbers, Texas, Massachusetts, Maryland, Virginia, Pennsylvania, and Nebraska saw pre-foreclosures drop in February, from January.

Colorado, Washington, North Carolina, Utah, and Wisconsin registered relatively small gains in pre-foreclosures. Florida, California, Arizona, and Nevada, all heavy with sub-prime ARM mortgages, continued to have big pre-foreclosure numbers, as the economy and climbing joblessness hit strapped homeowners with a double whammy.

On pre-foreclosures, states with the highest levels of activity in February, compared to the national high hit in December 2008, include:

- **Florida:** February pre-foreclosures are up 23.5 percent from January and up 5 percent from the December level, when pre-foreclosure filings hit their high for 2008.
- **California:** February pre-foreclosures are up 35.4 percent from January, and 7 percent higher from December.
- **Arizona:** February pre-foreclosures are up nearly 61 percent from January's moderate numbers, and more than 33 percent higher than December.
- **Illinois:** February pre-foreclosures are up more than 31 percent from January, up 11.3 percent from December.
- **Nevada:** February pre-foreclosures are up nearly 44 percent from January and 40 percent higher than the state experienced in December.

**Top 10 States Nationwide Pre-Foreclosure
Last 6 months**

State	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Totals	Per Household
1. Florida	53,653	46,281	47,371	50,633	43,070	53,173	294,181	4.65%
2. California	27,707	19,211	30,363	41,710	33,008	44,713	196,712	1.71%
3. Arizona	11,284	10,970	11,988	12,327	10,223	16,453	73,245	3.88%
4. Illinois	10,297	9,016	7,549	9,637	8,165	10,725	55,389	1.43%
5. Nevada	7,341	8,132	6,891	6,935	6,774	9,738	45,811	6.20%
6. Texas	5,697	7,899	7,471	8,210	9,917	8,661	47,855	0.91%
7. New Jersey	8,739	8,180	7,219	7,385	5,887	6,928	44,338	1.45%
8. Georgia	4,193	5,888	4,487	4,585	4,315	6,129	29,597	1.19%
9. Michigan	2,935	5,847	4,574	4,728	5,752	6,033	29,869	1.07%
10. Oregon	3,276	2,615	2,941	3,158	3,417	4,178	19,585	1.57%

Foreclosures and pre-foreclosures aside, there are bright spots in the housing market. Pending home sales rose in the West in January even though they dropped in the Midwest, South, and Northeast, according to a recent release from the National Association of Realtors.

The California Association of Realtors reported existing, single-family home sales up more than 100 percent in January from a year ago to a seasonally adjusted rate of 624,940. It was the first time that number surpassed 600,000 since October, 2005, according to CAR. January sales were up 14 percent from December sales.

“It looks like those same markets where the foreclosure mess began—including California, Florida, Arizona, and Nevada—are now seeing the market bottom and sales pick up again,” says McGee. Adding to that, housing affordability hit its highest level since 1970 in January. This is the time to buy, adds McGee.

The National Association of Realtor’s Housing Affordability Index shows that a median-income family can afford a home priced at \$283,400 in January with a 20 percent downpayment, assuming 25 percent of gross income is devoted to mortgage principal and interest. A year ago, that same family could only afford a \$263,300. “I see a housing rally ahead because consumers simply can’t afford to sit on the sidelines any longer,” adds McGee.

ForeclosureS.com has been the professional’s source for accurate foreclosure property information for more than 20 years. The company bases its analysis on the number of formal notices filed against a property during the foreclosure process. That can include notice of default, notice of foreclosure auction, and/or notice of REO (lender-owned real estate that occurs after a foreclosed property fails to sell at auction and reverts back to the lender). Pre-foreclosure filings are initial notices that all do not end up as foreclosure.

For more Foreclosure Statistics and Information for your area, as well as expert commentary from Alexis McGee, president of ForeclosureS.com, please contact Sofia Gutierrez, ForeclosureS.com, 916-781-0648 or sofia@halldinpr.com.