

Media Contact:

Sofia Gutierrez
ForeclosureS.com
916-781-0648
sofia@halldinpr.com

For Immediate Release: January 14, 2009

**U.S. Foreclosure Index: U.S. Foreclosures About 1 Million in 2008;
Fourth Quarter Shows Decline Over Third-Quarter Peak**

ForeclosureS.com: Indicators in Place for 2009 Recovery

SACRAMENTO, Calif. — About 1 million homes were lost to foreclosure in 2008, up nearly 63.5 percent from 2007, according to the U.S. Foreclosure Index from ForeclosureS.com, a leading real estate information provider.

In this first look at complete 2008 statistics, the Index also shows nearly 2.1 million pre-foreclosure filings last year, up nearly 62 percent from 2007. Pre-foreclosure actions can include notice of default and/or foreclosure auction leading up to an actual foreclosure.

Month to month, foreclosed properties repossessed by lenders spiked in December, up 19.3 percent to 97,841 from November, when 82,033 properties were foreclosed. The December increase followed two months of steady declines, but December still was 6.1 percent below the peak foreclosure month of September. Pre-foreclosures, which had been slowing until December, also climbed to 190,467 in December, up 11.9 percent from November.

All regions of the country showed increases in lender-owned properties and pre-foreclosure filings in December, ForeclosureS.com analysis shows.

**U.S. FORECLOSURE INDEX:
YEAR TO DATE PREFORECLOSURE FILINGS BY REGION**

Region	YTD 2007		YTD 2008		Change
	Filings	Per Household	Filings	Per Household	
Midwest	185,073	1.69%	228,849	1.98%	23.6%
Southeast	383,697	2.31%	735,417	4.29%	91.7%
Northeast	190,832	1.14%	235,745	1.34%	23.5%
Southwest	528,399	2.09%	883,006	3.60%	67.1%
Other States	3,476	0.60%	6,034	1.03%	73.6%
Nationwide	1,291,477	1.85%	2,089,051	2.95%	61.8%

* Percentage of every 1,000 households in state

**U.S. FORECLOSURE INDEX:
YEAR TO DATE REO FILINGS BY REGION**

Region	YTD 2007		YTD 2008		Change
	Filings	Per Household	Filings	Per Household	
Midwest	182,176	1.13%	195,057	1.24%	7.1%
Southeast	146,068	0.89%	253,126	1.49%	73.3%
Northeast	26,333	0.24%	41,250	0.25%	56.7%
Southwest	241,544	0.93%	501,641	1.99%	107.7%
Other States	1,056	0.21%	1,496	0.27%	41.7%
Nationwide	597,177	0.85%	992,570	1.34%	66.2%

* Percentage of every 1,000 households in state

On a quarterly basis, the Index also shows that the number of properties lost to foreclosure, 266,986, and pre-foreclosure filings, 528,241, both dropped in the fourth quarter, 9.2 and 2.4 percent respectively, compared with the third quarter.

“While the sheer number of about 1 million foreclosures is staggering, it was not unexpected,” says Alexis McGee, foreclosure expert, educator, author, and president of ForeclosureS.com. “Since July, we anticipated that we would see about 1 million foreclosures this year.”

“But there is good news – a variety of indicators show that some housing markets are bouncing back and we should see substantial improvement in 2009,” McGee says. “I think 2009 will surprise many people who have bought into the gloom-and-doom agenda.”

“In some areas like California, the housing recovery already has begun,” McGee says. “Inventories of unsold homes will drop quickly this year as people realize that today’s deals on homes are the best they’ll likely see in their lifetimes, both in terms of affordable prices and low interest rates!”

“The earlier declines in foreclosures and pre-foreclosure filings were likely the result of changes in state laws that slowed down the foreclosure process for many homeowners. But lenders played catch-up with foreclosure filings at year-end as December’s numbers indicate,” McGee adds.

“Don’t expect another tidal wave of foreclosures this year, either, just because more adjustable rate mortgages are due to reset,” she says. “Current mortgage rates are at 30 year lows and dropping. Those who qualify will be able to refinance and enjoy lower monthly payments, not higher ones. Those that can’t will end up either selling their homes pre-foreclosure or losing them to foreclosure. But I am anticipating our market can absorb this inventory.”

McGee said her optimism for 2009 is driven in part by positive housing market indicators, including:

- **Housing affordability.** Thanks to drops in home prices and mortgage rates, housing is the most affordable it's been since February 1994, when a mortgage on a median-price home equated to 18 percent of the median

income. Credit Suisse estimates today's mortgage payment on a median price home in October represented 16.7 percent of median household income based on a 6.23% mortgage. At current 5% interest rates and dropping houses affordability is more likely under 15% of the median income.

- **Growing U.S. population.** The Census Bureau projects with births, deaths and immigration U.S. population will increase by one person every 14 seconds in 2009. More people mean more demand for housing.
- **Coming housing shortage.** Housing construction has plummeted. Housing starts hit record lows in November, off 18.9 percent to a seasonally adjusted annual rate of 625,000 units. New building permits plunged 15.6 percent. That's great news for housing markets because with fewer homes being built at the same time population—and housing demand—is exploding, the shortfall has to be made up somehow. In this case, it opens the door for the nation's one million foreclosures to be easily absorbed in the market, and housing supply finally to catch up with demand.
- **Buyers for foreclosure properties.** Tighter housing supplies mean buyers will look to foreclosure homes as viable purchase options. "We are so under building right now that whatever new foreclosures do hit the market, I see them offsetting the losses of new housing we need but are not getting," says McGee.
- **Unemployment is an issue, but not as large as some think.** "The unemployment rate released by the government for December was consistent with economists' consensus estimates and came in

considerably better than a private forecast released in early January,” McGee says. At 7.2%, unemployment is just shy of the 7.8% experienced during the 1990-1991 recession but still well below our double-digit levels of the early 1980s..

The following charts provide additional information on trends from the latest U.S. Foreclosure Index from ForeclosureS.com:

**U.S. FORECLOSURE INDEX:
TOP 10 STATES IN NUMBERS OF REO FILINGS**

State	Filings	Per Household*
California	260,709	2.27%
Florida	107,833	1.71%
Texas	70,037	1.17%
Arizona	65,898	3.47%
Michigan	62,419	2.09%
Georgia	53,423	2.55%
Ohio	47,544	1.22%
Nevada	37,043	4.99%
Colorado	30,132	1.96%
Illinois	27,957	0.74%

* Percentage of every 1,000 households in state

For all of 2008, California still tops the list in terms of number of REO filings with nearly 1 ½ times as many filings as No. 2 and 3 on the list, Florida and Texas.

On a per household basis – often the best way to judge trends – California ranks a distant fifth with 22.7 of every 1,000 households lost to foreclosure in 2008. That’s behind Nevada (49.9 for every 1,000 households in the state); Arizona (34.7 of every 1,000 households); Mississippi (25.6 per 1,000); and

Georgia (25.5 per 1,000). On a quarterly basis, however, California's 4th quarter REO filings (54,198) plunged 39.44 percent from third quarter (89,501).

**U.S. FORECLOSURE INDEX:
TOP 10 STATES IN NUMBERS OF PRE-FORECLOSURE FILINGS**

State	Filings	Per Household*
Florida	549,417	8.68%
California	453,421	3.94%
Arizona	120,066	6.35%
Illinois	102,699	2.65%
New Jersey	95,689	3.12%
Texas	79,890	1.52%
Nevada	79,416	10.74%
Georgia	56,809	2.29%
Michigan	48,040	1.71%
New York	47,232	0.99%

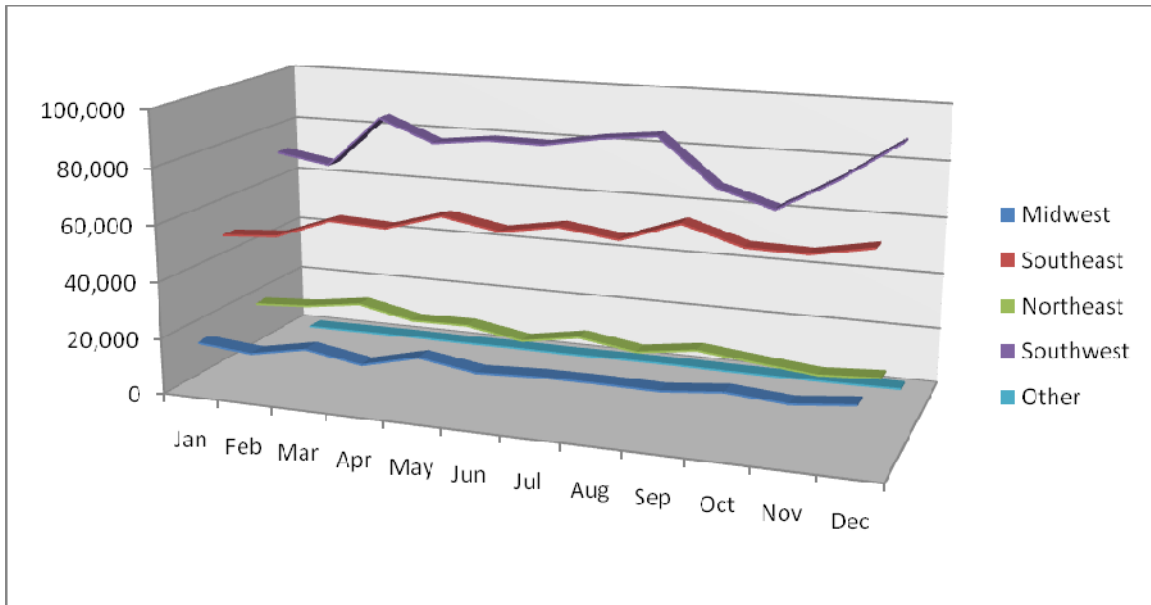
* Percentage of every 1,000 households in state

Florida led the nation in pre-foreclosure filings in 2008--549,417 (up 123.5 percent from 2007) or 86.8 pre-foreclosure filings for every 1,000 households in the state. California took second place with 453,421 (up 64.14 percent from 2007) or 39.4 filings per 1,000 households.

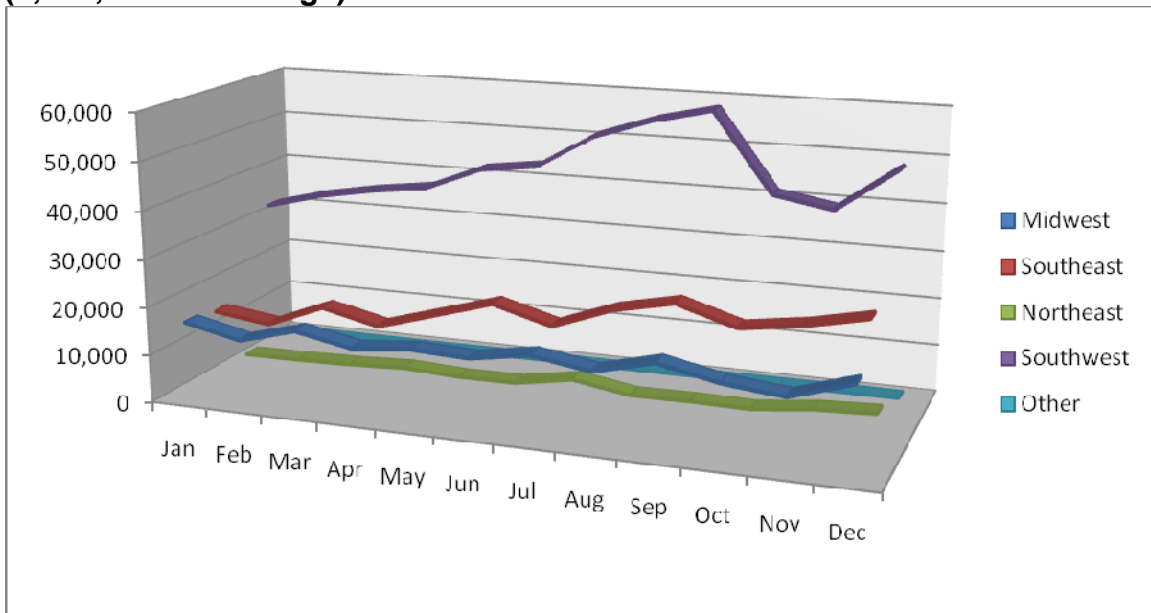
On a quarter to quarter basis, both Florida and California pre-foreclosures dropped in the fourth quarter, 1.08 percent and 20.93 percent respectively.

New pre-foreclosure and REO filings remained relatively flat or down for much of 2008, but a catch-up spike in December made up for much of the recent declines. Here is the breakdown by region by notice type:

**U.S. FORECLOSURE INDEX:
2008 NATIONAL PREFORECLOSURES FILINGS
(2,168,056 total filings)**



**U.S. FORECLOSURE INDEX:
2008 NATIONAL REO FILINGS
(1,034,127 total filings)**



**U.S. FORECLOSURE INDEX:
QUARTERLY REO FILINGS BY REGION**

REO	Q3, 2008	Q4, 2008	Change
-----	----------	----------	--------

Region	Filings	Per Household	Filings	Per Household	
Midwest	51,601	0.33%	49,396	0.31%	-4%
Southeast	70,844	0.41%	75,347	0.44%	6%
Northeast	11,327	0.07%	12,466	0.08%	9%
Southwest	159,892	0.58%	129,260	0.47%	-19%
Other States	407	0.07%	517	0.09%	21%
Nationwide	294,071	0.38%	266,986	0.35%	-9%

* Percentage of every 1,000 households in state

U.S. FORECLOSURE INDEX: QUARTERLY PRE-FORECLOSURE FILINGS BY REGION

Preforeclosures	Q3, 2008		Q4, 2008		Change
Region	Filings	Per Household	Filings	Per Household	
Midwest	57,527	0.50%	62,409	0.54%	8%
Southeast	195,310	1.13%	191,679	1.10%	-2%
Northeast	58,648	0.33%	52,135	0.30%	-12%
Southwest	228,019	0.83%	220,220	0.80%	-3%
Other States	1,722	0.29%	1,798	0.31%	4%
Nationwide	541,226	0.72%	528,241	0.71%	-2%

* Percentage of every 1,000 households in state

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

