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**U.S. FORECLOSURE INDEX:
Foreclosures Slow Dramatically, Down More Than 25% in January;
California Foreclosures At Lowest Level Since December 2007**

SACRAMENTO, Calif. – Foreclosures across the United States plummeted by more than 25 percent in January, with many of the hardest-hit states seeing dramatic drops in the number of homes repossessed by lenders, according to the latest U.S. Foreclosure Index released today by ForeclosureS.com, a leading real estate information provider.

Nationally, the number of completed foreclosures dropped from 97,841 in December to 72,694 in January 2009 – the lowest number of completed foreclosures since April 2008, ForeclosureS.com found.

Pre-foreclosure filings – an indicator of future completed foreclosures – also dropped 12 percent, from 190,467 in December to 166,860 in January.

California continued to see dramatic change as foreclosures drop and buyers move into the real estate market. Completed foreclosures in the Golden State dropped more than 31 percent in January to 14,351, the lowest level since December 2007, and less than half the 31,851 properties foreclosed in the peak month of September 2008. In California, the state adopted a law to slow foreclosures in September 2008 – a move that seems to be working.

In Florida, there were 10,007 foreclosures completed in January, down from 12,786 in December – a nearly 22 percent drop. Nevada experienced a 20 percent drop in completed foreclosures, going from 4,039 in December to 3,207 in January.

“Efforts last year by government and industry to lay the groundwork for housing recovery finally are yielding the hoped-for slowdown in the foreclosure hemorrhage,” says Alexis McGee, foreclosure expert, author, educator, and president of ForeclosureS.com.

“The nation’s foreclosure crisis largely began in California. The comeback is spreading from there as well,” says McGee, “It’s not quite time to pop that celebratory champagne. But Fannie Mae and Freddie Mac’s moratorium on foreclosures before the holidays, big lenders emphasizing loan workouts, and states taking steps to slow down foreclosures are all working together to make a difference. And the significant drops have occurred despite the higher 7.6 percent unemployment rate.”

COMPLETED R.E.O. FORECLOSURES – DRAMATIC JANUARY DECLINE

Region	December 2008		January 2009		Change
	Filings	Per Household	Filings	Per Household	
Midwest	18,611	0.12%	12,716	0.08%	-32%
Southeast	27,419	0.16%	21,839	0.12%	-20%
Northeast	5,001	0.03%	4,495	0.02%	-10%
Southwest	46,646	0.17%	33,513	0.12%	-28%
Other States	164	0.03%	131	0.02%	-20%
Nationwide	97,841	0.12%	72,694	0.09%	-25.70%

PRE-FORECLOSURE FILINGS DOWN IN JANUARY

Region	Dec-08		Jan-09		Change
	Filings	Per Household	Filings	Per Household	
Midwest	21,743	0.17%	19,319	0.15%	-11%
Southeast	66,292	0.37%	56,938	0.32%	-14%
Northeast	17,567	0.10%	15,635	0.09%	-11%
Southwest	84,043	0.31%	74,563	0.28%	-11%
Other States	822	0.14%	405	0.07%	-51%
Nationwide	190,467	0.25%	166,860	0.22%	-12%

In addition to California, Florida and Nevada, other states at the center of the foreclosure crisis – including Arizona, Texas, Georgia, and Ohio – also experienced declines in completed foreclosures filings. Among states with the most pre-foreclosure filings, only Texas and Michigan saw increases.

Top 10 States Completed R.E.O. Foreclosures

Rank	State	Dec-08	Jan-09	Dec-08 vs Jan-09
1	California	20,952	14,351	-31.51%
2	Florida	12,786	10,007	-21.73%
3	Texas	7,505	5,367	-28.49%
4	Arizona	7,658	5,250	-31.44%
5	Michigan	5,138	2,465	-52.02%
6	Georgia	5,753	4,746	-17.50%
7	Ohio	5,594	4,300	-23.13%
8	Nevada	4,039	3,207	-20.60%
9	Colorado	2,166	1,354	-37.49%
10	Illinois	2,217	2,111	-4.78%

Top 10 States Pre-Foreclosure Filings

Rank	State	Dec-08	Jan-09	Dec-08 vs Jan-09
1	Florida	50,633	43,070	-14.94%
2	California	41,710	33,008	-20.86%
3	Arizona	12,327	10,223	-17.07%
4	Illinois	9,637	8,165	-15.27%
5	New Jersey	7,385	5,887	-20.28%
6	Texas	8,210	9,917	20.79%
7	Nevada	6,935	6,774	-2.32%
8	Georgia	4,585	4,315	-5.89%
9	Michigan	4,728	5,752	21.66%
10	New York	2,287	1,809	-20.90%

“While unemployment definitely is a concern to the economy overall, it appears it’s outweighed by favorable conditions bringing buyers into the housing markets,” says McGee. “Home sales are roaring back. The dramatic drop in home prices and historically low mortgage interest rates are making homes more affordable – and accessible – than we’ve seen in almost 30 years.”

McGee pointed to recent developments fueling the comeback, including:

- The National Association of Realtors last week reported an increase in pending home sales and reported that its housing affordability index showed housing more affordable than at any time since the index was started in 1970. For perspective, the index reached a 20-year low of 102.70 in June 2006, which was one of many red flags signaling trouble in the housing sector. The affordability index gauges the relationship between home prices, mortgage interest rates, and family income.
- Based on that affordability index, in December it took just 15.7 percent of the median family income of \$61,058 to qualify for a mortgage on the \$174,700 median-priced existing home based a 5.59 percent interest rate with 20 percent down payment, according to the National Association of Realtors. That’s well below the historic average of 23.6 percent.
- The California Association of Realtors recently reported that housing inventory was just 5.6 months, down from 13.4 months a year earlier.
- Nationally, NAR reported total housing inventory at the end of December represents a 9.3-month supply, down from an 11.2-month supply in November.
- A variety of efforts in the federal Economic Stimulus Plan that will absolutely encourage home purchases, most notably a proposed \$15,000 tax credit for homebuyers.

“Investors and first-time homebuyers are coming off the sidelines and buying homes,” McGee said. “These market changes and efforts by some lenders to modify loans are changing the

dynamic of the real estate market. While many headlines still focus on foreclosures, the story is now the recovery of real estate.”

McGee identified the “California Comeback” last year as foreclosures slowed and purchases quickened. In the third quarter of 2008, the number of foreclosed homes in California neared 90,000 for just those three months, a high for 2008 and the highest in recent history in a quarter.

With the amount of both state and federal government foreclosure intervention programs and mortgage lenders who are finally starting to be more accommodating on their loan modifications to avoid foreclosure, McGee expects the growth of 2009 foreclosures to be much less than many experts are predicting.

“Other factors are also laying the groundwork for a housing comeback,” McGee said. “Historic lows of new construction and a growing U.S. population put us on course for a housing shortage.”

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.