

California Foreclosure Statistics: Record Losses In Recent Years, Likely to Continue into the Future

On average, more than 500 California families have lost their homes *every day* since 4Q 2007, and the data show few signs of a return to the pre-crisis housing market.¹ California foreclosure activity remains elevated, with more than 30,000 completed foreclosures each quarter, compared to less than 3,500 foreclosures in 3Q 2006. In addition, large numbers of California homeowners continue to fall behind in their payments, and would benefit from more effective policies to prevent avoidable foreclosures.

Foreclosure Activity Continued at Elevated Pace in 2011

- In 2011, 257,664 families received notices of default, the first step in the California foreclosure process.²
- More than 155,000 California families lost their homes to foreclosure during the same period.³
- In addition, approximately 118,000 California families lost their homes through short sales.
- The housing market continues to be troubled. Just over 50 percent of all existing single-family homes sold in California during 2011 were either short sales or sales of bank-owned foreclosures.⁴ These distressed sales have prevented a real housing market recovery; the median price of a home in February 2011 was \$239,000, half of what it was at the peak in 2007 (\$484,000).⁵
- Ten of the top 20 metro foreclosure rates in 2011 were in California, led by Stockton at No. 2, with 5.43 percent of housing units (one in 18) facing at least one foreclosure filing during the year.⁶ Other California cities in the top 10 were Modesto at No. 3 (5.29 percent), Vallejo-Fairfield at No. 4 (5.20 percent), Riverside-San Bernardino at No. 5 (5.16 percent), Merced at No. 7 (4.40 percent), Bakersfield at No. 9 (4.31 percent), Sacramento at No. 10 (4.17 percent), Fresno at No. 11 (3.82 percent), Visalia at No. 13 (3.67 percent), and Ventura at No. 16 (3.27 percent).⁷

Cumulative Foreclosure Totals Have Devastated California Communities

- Since 4Q 2007 – the unofficial beginning of the economic crisis – through 4Q 2011, more than 1.5 million Californians received notices of default on their homes.⁸

- More than 785,000 California families actually lost their homes to foreclosure during the same period.⁹
- For mortgages originated between 2004 and 2008, Latino and African-American homeowners in California experienced foreclosure rates 2.1 and 1.7 times that of non-Hispanic White homeowners through February 2011. Latinos accounted for 22 percent of all loans made between 2004 and 2008, but 37% of California foreclosures for the same time period.¹⁰

Elevated Levels of Current Delinquencies Mean Foreclosures Likely to Continue

Although California foreclosure activity has moved beyond the peak levels of 2009, it remains elevated and will continue to be elevated for at least the near future.

- A total of 61,517 Notices of Default were recorded during 4Q 2011, a number that remains elevated over pre-crisis years.¹¹
- CRL’s recent report, “Lost Ground, 2011,” found that we are only about halfway through the foreclosure crisis. In California, among homeowners who received loans between 2004 and 2008, 581,000 households (or 9.3 percent of households) had already lost their homes to foreclosure as of February 2011, but another 8.9 percent (549,000) were at immediate risk of foreclosure.¹² This figure likely underestimates total future foreclosures, because it does not count foreclosures on loans originated outside the 2004-2008 time frame or those that were not, as of February 2011, at imminent risk.¹³
- At the end of 4Q 2011, more than 454,000 mortgage loans – or more than 1 in 14 – were past due (but not yet in foreclosure), while almost 217,000 loans were in the foreclosure process, bringing the total California loans at risk to approximately 671,000.¹⁴

One in Three California Owners with Mortgage Underwater

- More than 2 million California homeowners, nearly thirty percent (30%) of all homeowners with a mortgage, are underwater, meaning they have mortgages that exceed the current home values.¹⁵
- Many of these homeowners are deeply under water. Approximately one-half of all underwater homeowners in California have mortgages that exceed the value of their homes by more than 20%, making them extremely vulnerable to foreclosure in the event of an unexpected expense or hit to their income.¹⁶

¹ The average daily number of foreclosures was calculated using quarterly California foreclosure reports from 2007—2011, available at www.dqnews.com.

² Compilation of quarterly 2011 California foreclosure reports, available at www.dqnews.com.

³ Id.

⁴ Data provided by California Association of Realtors.

⁵ DQ News, “California February Home Sales” (Mar. 15, 2012), available at <http://www.dqnews.com/Articles/2012/News/California/RRCA120315.aspx>.

⁶ RealtyTrac, “2011 Year-End Foreclosure Report: Foreclosures on the Retreat,” *realtytrac.com* (Jan. 9, 2012), available at <http://www.realtytrac.com/content/news-and-opinion/2011-year-end-foreclosure-market-report-6984>.

⁷ *Id.*

⁸ Compilation of quarterly California foreclosure reports from 4Q 2007 through 4Q 2011, available at www.dqnews.com.

⁹ *Id.*

¹⁰ Debbie G. Bocian, et al., *Lost Ground, 2011: Disparities in Mortgage Lending and Foreclosures* (Center for Responsible Lending Nov. 2011) (analyzing a database that represents 63 percent of the HMDA universe of 42.9 million first-lien owner-occupied mortgages originated between 2004 and 2008 by HMDA-reporting institutions, with loan performance observed through February 2011) [hereinafter *Lost Ground, 2011*], available at <http://www.responsiblelending.org/mortgage-lending/research-analysis/Lost-Ground-2011.pdf>. An earlier CRL report analyzing September 2006 through October 2009 foreclosure data in California found similar disparities. See Debbie G. Bocian, et al., *Dreams Deferred: Impacts And Characteristics Of The California Foreclosure Crisis* (Center for Responsible Lending Aug. 17, 2010), available at <http://www.responsiblelending.org/california/ca-mortgage/research-analysis/california-foreclosure-crisis.html> (Finding that Latino and African-American homeowners in California had experienced foreclosure rates 2.3 and 1.9 times that of non-Hispanic White homeowners, and that Latino borrowers made up 48% of California’s foreclosures Sept. 2006- Oct. 2009).

¹¹ DQ News, “California Foreclosure Activity Drops” (Jan. 24, 2012), available at <http://dqnews.com/Articles/2012/News/California/CA-Foreclosures/RRFor120124.aspx>. For comparison purposes, note that California saw just over 50,000 notices of default each of the years 2004 and 2005, rising to an annual total of just over 100,000 notices of default in 2006, when the crisis began to brew. See Calculated Risk “DataQuick: California Notice of Default Filings Decline Q2” (July 22, 2010), available at <http://www.calculatedriskblog.com/2010/07/dataquick-california-notice-of-default.html>.

¹² *Lost Ground, 2011* at 14-16.

¹³ See generally *id.*

¹⁴ 4Q 2011 MBA National Delinquency Survey, scaled up to take into account that the Survey does not include 100% coverage of the mortgage market.

¹⁵ Press Release, “CoreLogic Reports Negative Equity Increase in 4Q 2011: Negative Equity Back to Q3 2009 Housing Market Trough Level” at 6 (Mar. 1, 2012), available at http://www.corelogic.com/about-us/researchtrends/asset_upload_file866_14435.pdf.

¹⁶ *Id.* at 4, Figure 2.