



Buttons Print Close

Foreclosure filings drop in California

DISCOVERY BAY
May 11, 2010 12:01am

- **Even Central Valley sees declines in every county**
- **'Of particular note this month is the continued increase in cancellations'**

Foreclosure filings were down in April in California for the first time since the beginning of the year.

But despite the decline in filings, the inventory of properties in preforeclosure or scheduled for sale only dipped slightly as the drop in filings were offset by an increase in the time to foreclose, according to a report Tuesday from ForeclosureRadar Inc. of Discovery Bay, which says it tracks every California foreclosure daily.

Cancellations continue to climb, up more than 32 percent from the beginning of the year, the report says.

"Of particular note this month is the continued increase in cancellations," says Sean O'Toole, president of ForeclosureRadar. "Our analysis suggests that short sales and loan modifications aren't the only reasons that foreclosures are being cancelled."

"I'd caution that cancellations also occur due to filing errors and extended postponements, which require the Notice of Trustee Sale to be re-filed," Mr. O'Toole says. "In fact, 14.6 percent of new Notice of Trustee filings in April were on previously cancelled foreclosures."

But he adds that the steady rise in cancellations suggests that loan modifications and short sales are gaining traction.

In the Central Valley, here are the patterns for Notices of Default, the first stage in California's foreclosure process. Every Valley county has seen a decline both from March and, especially, from April of last year.

In the table, the first number is for April 2010, the second for March 2010 and the third is for April 2009.

- Fresno: 681; 733; 1,182
- Kern: 784; 936; 1,352
- Kings: 81; 83; 121
- Madera: 131; 150; 313
- Merced: 296; 331; 514
- Sacramento: 1,624; 1,907; 2,364
- San Joaquin: 866; 997; 1,391
- Stanislaus: 633; 798; 1,056
- Tulare: 348; 370; 487
- Yolo: 116; 119; 188
- Yuba: 72; 106; 163

After the filing of a Notice of Trustee Sale, there are only three possible outcomes, Mr. O'Toole says. "First, the sale can be cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements. Alternatively, if the property is taken to sale, the bank will place the opening bid. If a third party, typically an investor, bids more than the bank's opening bid, the property will be sold to the third party; if not, it will go back to the bank and become part of that bank's REO inventory."

Methodology

The data is based on county records and ForeclosureRadar's observations of individual sales results from daily trustee sale auctions throughout the state – not estimates or projections.

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