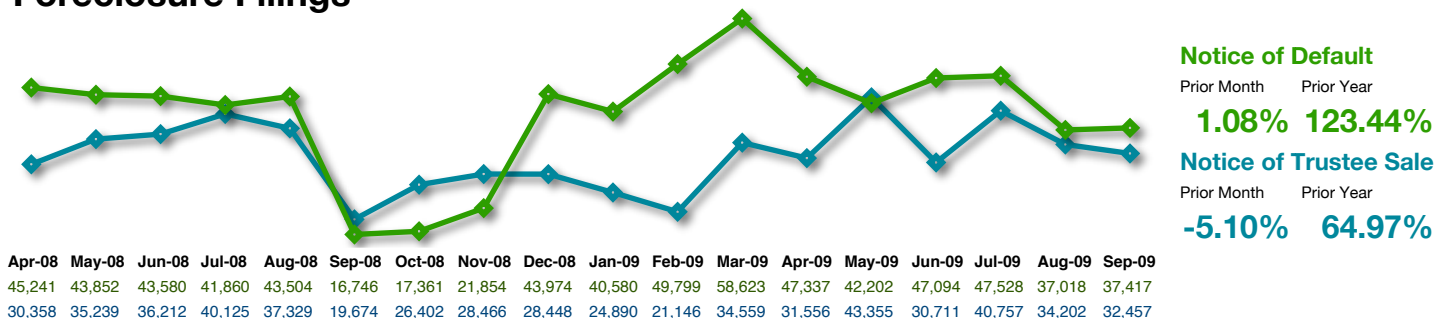


## No Shadow Inventory of Bank Owned Homes Foreclosure Investors Still Finding Discounts at Trustee Sale

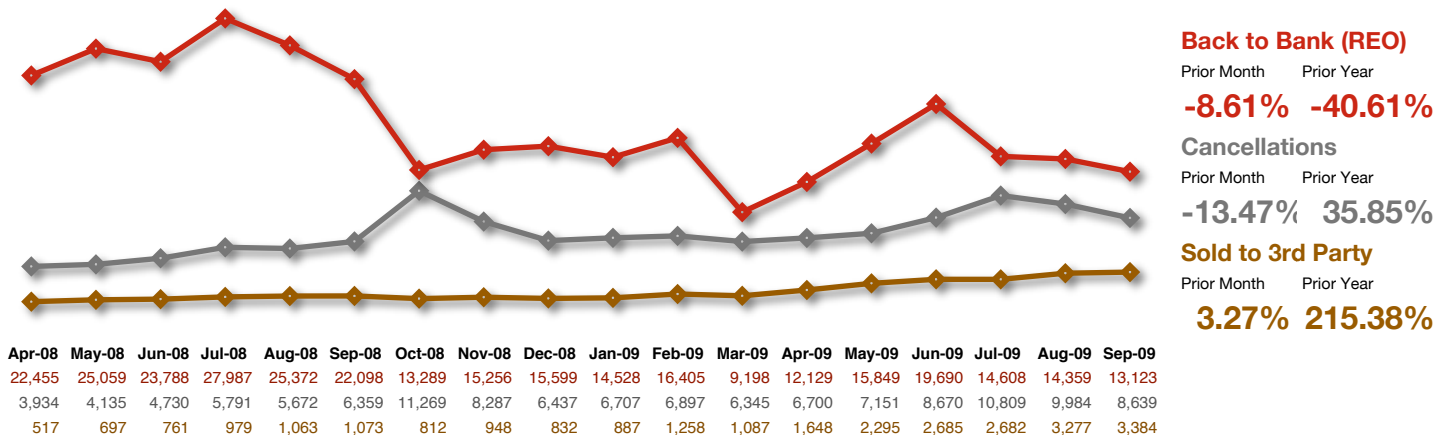
**Discovery Bay, CA, October 13, 2009** - ForeclosureRadar ([www.foreclosure.com](http://www.foreclosure.com)), the only website that tracks every California foreclosure and provides daily auction updates, issued its monthly [California Foreclosure Report](#) for September 2009. This month's report features not only a new look, but an important new statistic - Bank Owned (REO) Inventory. By looking at the number of foreclosures the banks have taken back and subtracting those that have since resold, we are able to show the number of foreclosures the banks have held as inventory over time. That inventory steadily increased through September 2008, at which point the number of properties banks resold regularly exceeded the number they took back at trustee sale. With 90,365 properties in inventory, banks currently carry about 4.77 months of supply, however, it takes the banks on average 7.33 months to dispose of a bank owned home, thus current inventory is less than should be expected from normal operations given current foreclosure volumes. Bottom line - there is no "shadow" inventory of bank owned homes being intentionally withheld from the market.

### Foreclosure Filings



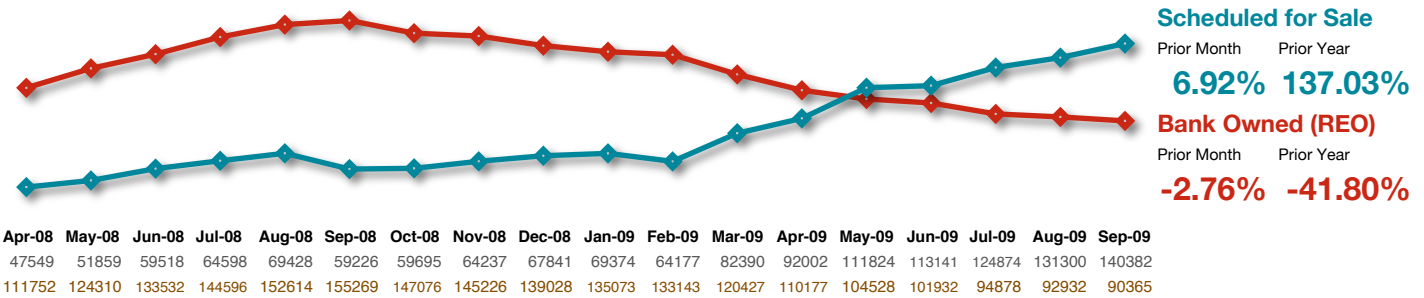
Foreclosure filings in September were relatively flat from the prior month, though considerably higher year over year due to the dramatic drop in filings in September 2008, after [CA Senate Bill 1137](#) went into effect requiring lenders to contact borrowers before filing a Notice of Default. In addition to SB 1137, Freddie Mae and Fannie Mac went into conservatorship, and U.S. Treasury Secretary, Henry Paulson, announced the Troubled Asset Relief Program one year ago, both of which have since had impacts on foreclosure filings.

### Foreclosure Outcomes



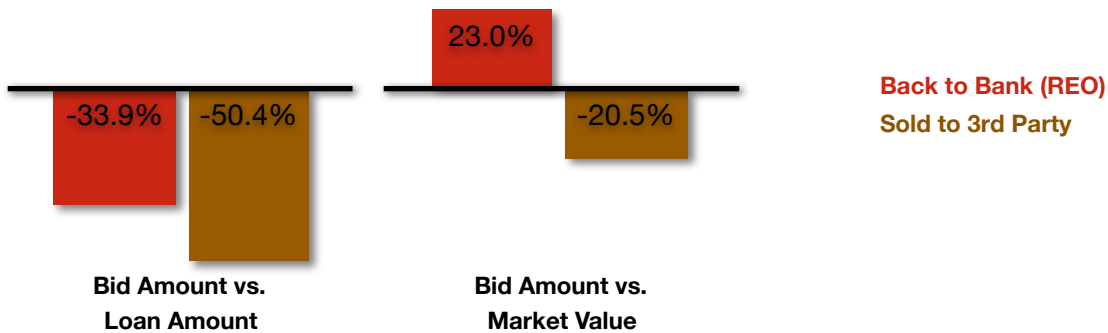
Overall foreclosure sales remain depressed since government intervention began September 2008, though the percentage of foreclosures being sold to 3rd parties, typically investors, has risen dramatically. Despite expectations that cancellations would have started rising dramatically as homeowners successfully completed 3 month trial periods under the [Home Affordable Modification Program](#), we instead see cancellations decreasing with no clear sign to date that the program is having any impact on foreclosures.

## Foreclosure Inventories



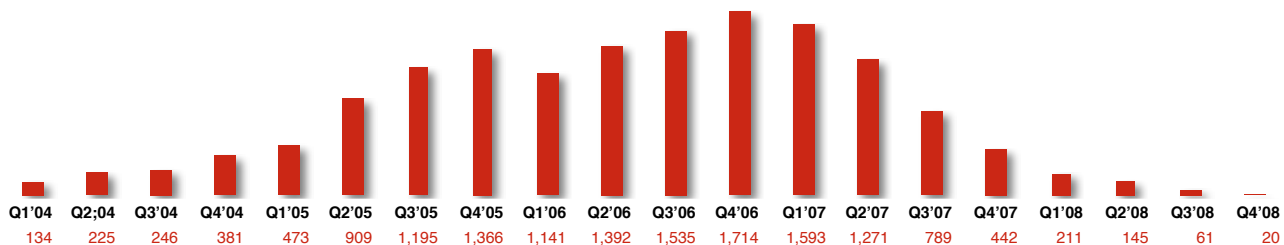
The number of properties on the brink of foreclosure continues to increase and has more than doubled from a year ago. With a smaller percentage of scheduled foreclosures actually being sold due to postponements at trustee sale, while at the same time seeing strong sales of bank owned (REO) properties, banks have managed to reduce their inventory by 41.8 percent from a year earlier. With the banks reselling an average of 18,943 homes a month in the 3rd quarter, and an average time to resell of 7 months (given the time taken for eviction, repairs and resale), we believe there is essentially NO shadow inventory of bank owned homes at this time. Moving forward there are more loans which are delinquent, in default, and scheduled for trustee sale than ever before, which would typically lead to a significant rise in foreclosure sales. We do not believe this increase is likely in the near future given the continued political pressure on banks not to foreclose.

## Foreclosure Discounting



Foreclosures continue to be sold at trustee sale at considerable discount to both the outstanding loan balance and the current estimated fair market value. As we saw in foreclosure outcomes, the lure of an average 20.5 percent discount to fair market value has dramatically increased the number of properties sold to 3rd party investors. At the same time it is very clear why more properties aren't purchased at auction - with banks pricing the properties they end up taking back as REO an average 23 percent more than the current market value.

## Foreclosure Sales by Loan Origination Date



Nearly 91 percent of foreclosure sales in September were for loans that were made between January 2005 and December 2007. With property values now well below 2004 levels in many parts of the state, it remains surprising that relatively few loans made in 2004 have been foreclosed on. Also notable is the decline in foreclosures on loans that were made after the significant credit tightening that began in August 2007.

# Foreclosure Activity By County

		Notice of Default	Notice of Trustee Sale	Back to Bank (REO)	Sold to 3rd Party
ALAMEDA	September 2009	1,295	1,081	403	121
	August 2009	1,265	1,151	451	117
	September 2008	563	654	747	44
AMADOR	September 2009	42	40	24	
	August 2009	45	46	23	1
	September 2008	20	13	18	1
BUTTE	September 2009	83	73	93	9
	August 2009	163	159	51	9
	September 2008	57	63	94	3
CONTRA COSTA	September 2009	1,484	1,283	508	170
	August 2009	1,335	1,319	525	178
	September 2008	759	852	966	50
DEL NORTE	September 2009	8	1	1	
	August 2009	9	4	8	
	September 2008	5	3	5	1
EL DORADO	September 2009	190	152	88	10
	August 2009	308	219	110	8
	September 2008	79	104	81	3
FRESNO	September 2009	953	813	367	55
	August 2009	846	777	444	36
	September 2008	387	453	557	9
GLENN	September 2009	8	13	15	1
	August 2009	20	20	11	
	September 2008	9	8	10	
HUMBOLDT	September 2009	36	18	14	1
	August 2009	44	28	15	1
	September 2008	13	12	19	3
IMPERIAL	September 2009	119	93	95	5
	August 2009	183	194	106	9
	September 2008	96	117	129	
KERN	September 2009	1,107	921	540	89
	August 2009	1,087	1,054	606	79
	September 2008	542	552	718	33
KINGS	September 2009	156	106	42	5
	August 2009	130	89	41	4
	September 2008	43	33	48	4
LAKE	September 2009	96	77	55	3
	August 2009	118	82	66	2
	September 2008	39	45	52	
LASSEN	September 2009	16	18	16	
	August 2009	30	19	7	
	September 2008	9	4	10	
LOS ANGELES	September 2009	7,759	6,616	2,149	627
	August 2009	7,495	7,079	2,488	563
	September 2008	3,131	3,522	3,551	211
MADERA	September 2009	159	170	112	7
	August 2009	176	184	127	13
	September 2008	87	123	160	1
MARIN	September 2009	136	70	22	5
	August 2009	159	84	31	3
	September 2008	44	40	40	6
MENDOCINO	September 2009	56	46	16	
	August 2009	62	54	25	
	September 2008	27	17	16	1
MERCED	September 2009	378	390	236	43
	August 2009	432	423	211	27

## Foreclosure Activity By County Cont.

		Notice of Default	Notice of Trustee Sale	Back to Bank (REO)	Sold to 3rd Party
MERCED	September 2008	199	316	424	1
MONTEREY	September 2009	405	354	193	32
	August 2009	368	404	175	22
	September 2008	224	286	356	17
NAPA	September 2009	100	112	46	5
	August 2009	127	103	52	8
	September 2008	50	58	72	3
NEVADA	September 2009	120	94	53	8
	August 2009	127	93	46	2
	September 2008	47	45	31	2
ORANGE	September 2009	2,123	1,900	440	278
	August 2009	2,277	2,061	490	284
	September 2008	907	1,107	880	170
PLACER	September 2009	321	284	162	36
	August 2009	510	433	172	46
	September 2008	185	182	188	32
PLUMAS	September 2009	21	11	15	2
	August 2009	32	23	21	
	September 2008	10	6	10	1
RIVERSIDE	September 2009	4,126	3,751	1,747	474
	August 2009	4,049	4,068	1,699	427
	September 2008	2,048	2,389	2,959	81
SACRAMENTO	September 2009	1,970	1,817	792	253
	August 2009	1,958	1,838	833	281
	September 2008	906	1,202	1,488	101
SAN BENITO	September 2009	78	70	32	4
	August 2009	74	78	32	5
	September 2008	42	57	66	
SAN BERNARDINO	September 2009	3,205	2,822	1,314	233
	August 2009	3,194	2,957	1,494	252
	September 2008	1,524	1,972	2,236	24
SAN DIEGO	September 2009	2,769	2,520	914	290
	August 2009	2,856	2,626	1,022	284
	September 2008	1,334	1,524	1,552	62
SAN FRANCISCO	September 2009	231	187	58	13
	August 2009	249	160	57	9
	September 2008	67	58	49	4
SAN JOAQUIN	September 2009	1,060	1,070	468	152
	August 2009	1,155	1,149	537	172
	September 2008	601	755	995	40
SAN LUIS OBISPO	September 2009	186	151	72	11
	August 2009	266	137	71	8
	September 2008	73	97	86	1
SAN MATEO	September 2009	449	184	82	24
	August 2009	404	343	108	33
	September 2008	130	163	149	19
SANTA BARBARA	September 2009	241	206	104	16
	August 2009	245	238	88	9
	September 2008	113	146	168	3
SANTA CLARA	September 2009	1,251	1,027	306	109
	August 2009	1,257	1,014	352	89
	September 2008	550	539	617	31
SANTA CRUZ	September 2009	166	142	63	5
	August 2009	169	135	45	1
	September 2008	62	77	84	3
SHASTA	September 2009	154	113	72	2

## Foreclosure Activity By County Cont.

		Notice of Default	Notice of Trustee Sale	Back to Bank (REO)	Sold to 3rd Party
SHASTA	August 2009	172	151	66	8
	September 2008	55	51	48	1
SISKIYOU	September 2009	22	41	6	
	August 2009	23	22	9	
	September 2008	22	9	12	1
SOLANO	September 2009	645	605	282	58
	August 2009	630	595	300	60
	September 2008	345	391	479	12
SONOMA	September 2009	375	258	116	36
	August 2009	433	373	189	41
	September 2008	191	214	257	14
STANISLAUS	September 2009	841	773	406	74
	August 2009	815	827	448	72
	September 2008	480	567	725	34
SUTTER	September 2009	117	86	54	8
	August 2009	90	119	53	7
	September 2008	29	55	65	6
TEHAMA	September 2009	43	33	27	2
	August 2009	62	57	26	
	September 2008	23	28	33	1
TRINITY	September 2009	4	3	6	
	August 2009	5	6	3	
	September 2008	3	4	6	
TULARE	September 2009	387	293	152	25
	August 2009	409	327	163	29
	September 2008	158	203	209	9
TUOLUMNE	September 2009	59	57	21	2
	August 2009	63	51	35	4
	September 2008	26	24	26	
VENTURA	September 2009	663	624	184	75
	August 2009	700	637	210	68
	September 2008	272	344	393	23
YOLO	September 2009	124	146	77	8
	August 2009	165	146	82	16
	September 2008	69	84	103	8
YUBA	September 2009	102	103	64	7
	August 2009	109	103	74	13
	September 2008	50	65	70	2

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### California Foreclosure Report Methodology

The data presented by ForeclosureRadar is based on county records and our observations of individual sales [results from daily trustee sale auctions](#) throughout the state – not estimates or projections.

### About ForeclosureRadar.com

ForeclosureRadar is the only web site that tracks every foreclosure in California with daily updates on all foreclosure auctions. ForeclosureRadar features unprecedented tools to [search, manage, track and analyze preforeclosure, foreclosure auction, short sale and bank owned real estate](#). The web site was launched in May 2007 by Sean O'Toole, who spent 15 years building and launching software companies before entering the foreclosure business in 2002 where he successfully bought and sold more than 150 foreclosure properties. ForeclosureRadar is an indispensable resource for real estate agents, brokers, investors, lenders, mortgage brokers, attorneys and other real estate professionals specializing in the California real estate market.