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NOTICES OF DEFAULT NEARLY DOUBLE

California State Senate Bill 1137 Fails to Reduce Foreclosures

Discovery Bay, CA, January 13, 2009 – ForeclosureRadar (www.foreclosureradar.com), the only website that tracks every California foreclosure with daily auction updates, today issued its *California Foreclosure Report for December 2008 and year-end summary*. Notices of Default have rebounded from the stall caused by California State Senate Bill 1137, which temporarily slowed foreclosures by imposing new requirements on lenders. With 42,421 filings in December, Notices of Default are back to the record levels reached in the second quarter of 2008, nearly doubling the 21,557 Notices of Default recorded in November. Notice of Trustee Sale filings were relatively flat month-over-month, however Notices of Trustee Sale are filed an average 116 days after the Notice of Default so a rebound in the coming months is likely.

California saw unprecedented foreclosure activity in 2008, with 249,940 properties sold at trustee sale auction – representing \$107.8 Billion in combined loan value. Of those properties 96.4% went back to the lender after no bid was received from a third-party.

High-level findings for 2008 include:

- There were a total of 437,955 Notices of Default filed in 2008, an increase of 56 percent over the 279,821 Notices of Default filed in 2007.
- Notice of Trustee Sale filings increased 122.9 percent over 2007 rising from 157,273 filings in 2007 to 350,514 filings in 2008. Of the Notices of Trustee Sale filed in 2008, 16 percent remain scheduled for sale at auction, 17 percent have been cancelled, and 66 percent were sold at auction.

- Properties sold at auction increased by 158 percent by volume, and 179 percent by combined loan value. Lenders took back a total of 241,093 properties, with a combined loan value of \$103.9 Billion.
- The amount lenders discounted properties at auction from the outstanding balance increased from an average discount of 16.1 percent in January to 39.5 percent in December. In January only 3 percent of properties taken to auction were deeply discounted (bidding started at a discount of 50 percent or more from the loan balance). By December 40 percent of sales were deeply discounted.
- The time between the filing of a Notice of Default, and a property being sold at auction on the courthouse steps increased 19 days over the course of the year, to an average of 165 days in December.

High-level findings for December include:

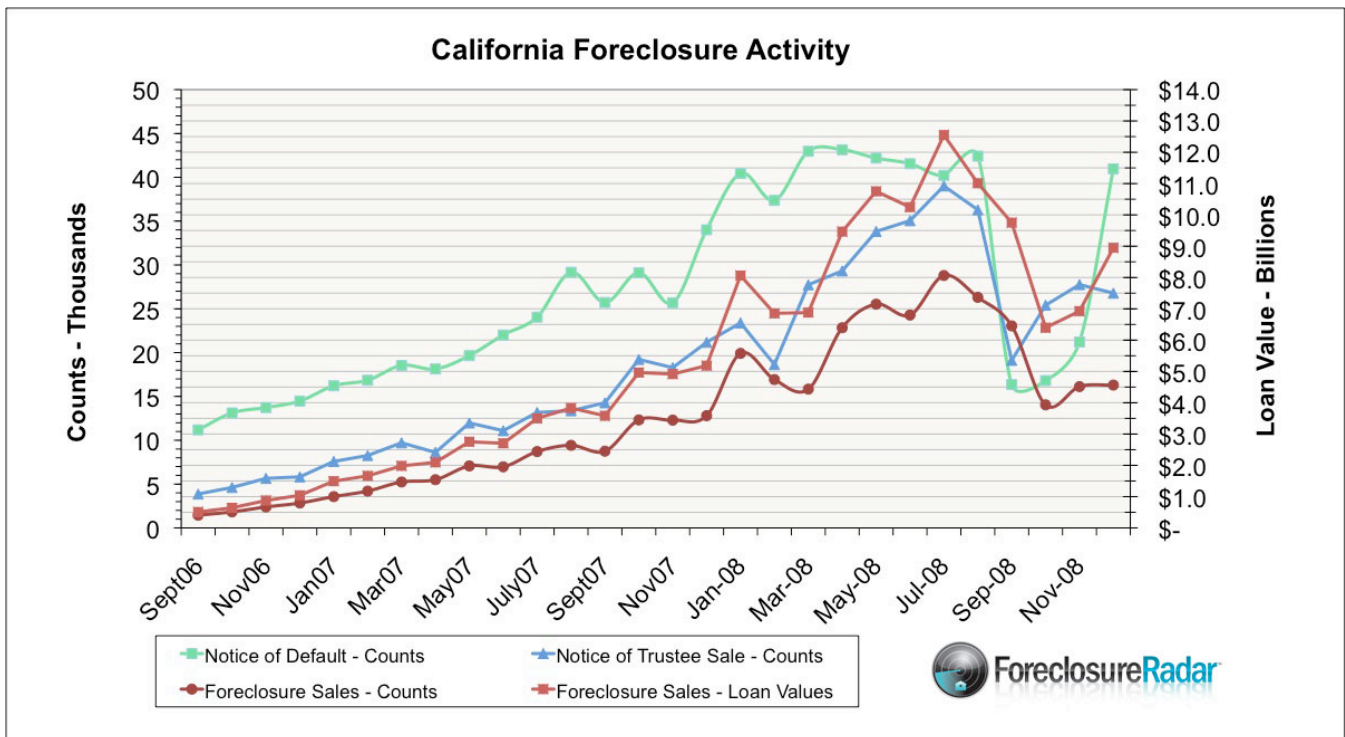
- Notices of Default increased 100 percent over Notices recorded for November, to a total of 42,421 default filings, a 24.7 percent increase over December 2007.
- Notices of Trustee Sale, which set the auction date, time and location, were flat from November to December, with 27,497 filings. Notices of Trustee Sale for December represent a 29.8 percent year-over-year increase, but are still 30 percent below the peak levels reached in July of 2008.
- Properties taken to sale at auction increased only slightly between November and December, to 16,298 sales, a 72.6 percent increase from the same time last year. Third party purchases at trustee sale auction decreased 12.5 percent from November 2008, but were still 156 percent above third party purchases in December 2007. Lenders took back nearly 95 percent of the 16,298 properties sold at auction, with a combined loan value of \$8.95 Billion.

“The effort by the California State Legislature to reduce foreclosures has now clearly failed,” says Sean O’Toole, founder of ForeclosureRadar. “While State Senate Bill 1137 was well intentioned, forcing lenders to talk to homeowners won’t fix this problem.”

While a number of lenders have announced significant loan modification programs to reduce payments to affordable levels, these plans fail to address the fact that the average foreclosure in California now has \$180,000 in negative equity. “Lowering payments may provide a temporary fix,”

adds O'Toole, "but lenders simply don't have sufficient reserves to lower principal balances enough to help homeowners in foreclosure escape the prison of debt their home now represents."

In December, the average estimated value of a home sold at foreclosure auction was \$283,624, with an average total loan balance of \$464,270. Of these, 60 percent had second mortgages for which little or no equity remained to secure their interest in the property. By not foreclosing, second mortgage holders often retain their ability to collect on loans even after their secured interest is wiped out by the foreclosure of a first mortgage. This issue often impairs the ability of first mortgage lenders to modify their loan sufficiently to help the homeowner, a simple fact that further curtails the effectiveness of SB1137.



ForeclosureRadar December Report by County:

Rank	Change in Rank	County	NOD	NTS	Sales	Population Per Sale	% Change Nov 2008	% Change Dec 2007
1	0	Merced	531	407	289	854	-14%	34%
2	38	Colusa	2	14	24	896	380%	500%
3	-1	San Joaquin	1417	980	724	920	-12%	34%
4	4	Riverside	4985	3430	2102	929	22%	14%
5	13	San Benito	40	47	56	1,029	75%	81%
6	-3	Stanislaus	1091	832	490	1,050	-18%	27%
7	-2	Solano	788	600	388	1,090	-2%	53%
8	3	San Bernardino	4015	2453	1804	1,104	21%	37%

9	-2	Yuba	143	86	59	1,184	-5%	23%
10	-6	Madera	146	111	119	1,213	-14%	113%
11	1	Kern	1526	855	593	1,315	4%	49%
12	-6	Calaveras	1	0	34	1,344	-17%	1600%
13	-3	Contra Costa	1730	1264	754	1,365	-7%	43%
14	-5	Sacramento	2436	1675	994	1,394	-14%	4%
15	-1	Imperial	297	195	119	1,400	17%	138%
16	-1	Sutter	127	83	60	1,524	7%	71%
17	-4	Monterey	522	410	256	1,660	-12%	78%
18	-2	Sierra	1	0	2	1,751	0%	ND
19	14	Amador	45	28	20	1,907	82%	122%
20	7	Lake	1	0	31	2,068	7%	-24%
21	-2	Fresno	1153	680	412	2,183	-11%	38%
22	0	El Dorado	246	128	80	2,203	3%	82%
23	-2	Placer	519	281	143	2,213	-5%	30%
24	-7	Napa	124	70	55	2,444	-28%	139%
25	5	Nevada	104	58	38	2,633	15%	100%
26	-2	Sonoma	490	326	181	2,652	-14%	60%
27	2	Shasta	179	109	67	2,709	10%	52%
28	0	San Diego	3272	2205	1130	2,714	2%	3%
29	-3	Alameda	1481	970	542	2,770	-16%	46%
30	-10	Yolo	166	125	67	2,841	-27%	14%
31	-6	Tulare	527	262	146	2,881	-20%	57%
32	4	Butte	72	48	71	3,059	25%	129%
33	6	Plumas	1	0	6	3,574	20%	100%
34	-2	Ventura	746	449	228	3,585	-8%	4%
35	-4	Tuolumne	25	18	16	3,639	-16%	45%
36	-2	Santa Clara	1124	800	461	3,847	-9%	75%
37	1	Kings	109	67	37	3,993	3%	95%
38	3	Los Angeles	8529	5114	2553	4,013	10%	19%
39	-2	Santa Cruz	134	111	65	4,036	-3%	48%
40	4	Orange	2423	1497	716	4,291	14%	11%
41	-6	San Luis Obispo	170	110	59	4,462	-14%	51%
42	1	Santa Barbara	261	181	90	4,685	0%	-8%
43	6	Glenn	17	6	6	4,775	50%	500%
44	2	Siskiyou	35	15	9	5,127	0%	200%
45	2	Del Norte	6	3	5	5,839	0%	25%
46	-1	San Mateo	292	177	116	6,242	-21%	81%
47	-5	Trinity	8	4	2	7,012	-33%	100%
48	2	Lassen	1	0	5	7,090	0%	ND
49	2	Marin	114	66	32	7,917	14%	68%
50	-2	Mendocino	49	32	10	9,045	-23%	11%
51	1	Mariposa	1	0	2	9,108	-67%	0%
52	1	Modoc	1	0	1	9,836	0%	-89%
53	3	Humboldt	25	13	11	12,048	10%	267%
54	-31	Mono	1	0	1	13,597	-83%	-50%
55	0	Tehama	1	0	4	15,383	-82%	-83%
56	1	Inyo	1	0	1	18,515	0%	ND
57	-3	San Francisco	169	102	41	19,480	-37%	24%

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CALIFORNIA FORECLOSURE REPORT METHODOLOGY

Rankings are based on population per foreclosure sale. **NOD** indicates the number of Notices of Default that were filed at the county, and **NTS** indicates filed Notices of Trustee Sale. **Sales** indicates the number of properties sold at foreclosure auction. Percentage changes are based on monthly Sales. The data presented by ForeclosureRadar is based on county records and individual sales results from daily foreclosure 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 has 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.