



County trustee deeds, notices of default increase slightly

By SAMANTHA HENRY, The Daily Transcript
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The number of homes in San Diego County receiving notices of default (NODs) jumped 8.1 percent in July from June, as the number of trustee deeds filed increased by 3.2 percent, according to the San Diego County Assessor's Office.

“The fact that it's up slightly from June, I don't think that it's a big worry,” said Alan Gin, professor of economics at the University of San Diego. “The encouraging number is that trustee's deeds are down 40 percent from last year. It's a sign that the housing market is strengthening here — that a lot of distressed properties worked their way through the system.”

Trustee deeds — the final step in the foreclosure process, transferring ownership from the delinquent borrower back to the lender or to a third party — fell by 40.8 percent compared to July 2011, when there were 919 filed.

Trustee deeds were filed in July on 544 properties.

NODs — which initiate the foreclosure process by registering that a borrower is in arrears of payment — were up 6.8 percent from July 2011 to July 2012.

Lenders issued NODs to 1,679 borrowers in July, up from 1,553 in June and up from 1,572 in July 2011.

While Gin said he hoped notices of default would come down, a 7 percent change “is not anything to worry about.” If the number were a 10 to 20 percent change, he said that would be something to worry about and could be more than just a month-to-month fluctuation.

The monthly change in NODs is “not meaningful,” said Michael Lea, director of the Corky McMillin Center for Real Estate at San Diego State University, in an email. And the increase of trustee deeds “reflects gradual clearing of backlog of defaulted mortgages.”

People are starting to come “out of the danger zone,” said Gin.

“We have an improving local economy, some job growth and the housing market is starting to firm up — prices are starting to edge up,” said Gin. “We have pretty solid footing in terms of the

economy. We'll continue to have good job growth and continue to see lower numbers on a year-over-year basis."

NODs and trustee deeds are "only one part of the story of the housing market (the distressed portion)," said Lea. "As the volume of distressed sales decreases it puts less downward pressure on house prices so we should see some slight improvement. But there is still a large backlog that will go through foreclosure/short sale."

Median prices for resale homes moved in a positive direction in July, according to the San Diego Association of Realtors' July 2012 housing statistics compiled from the Multiple Listing Service (MLS). Single-family (detached) homes saw a 1.3 percent increase compared to June, while condo and townhome prices rose by 4.4 percent.

Compared to a year ago in July, single-family home prices are up 5.3 percent and condos/townhomes saw a jump of 14.5 percent. Year-to-date, median prices across the board are up nearly 2 percent compared 2011.

San Diego experienced a healthy market in 2004 and 2005, said Gin, when there were around 30 trustee deeds issued and 340 notices of default, according to the County Assessor's Office.

"We are still more than four times the number of default notices and 10 times the number of trust deeds of the first half of the 2000s — and double the number of defaults and trust deeds of the mid to late 90s," said Lea.

In San Diego-Carlsbad-San Marcos, 28.2 percent of all residential properties with a mortgage, or 165,582 properties, were underwater for the first quarter of 2012, according to **CoreLogic** (NYSE: CLGX). This is down from 175,746 properties in negative equity in the fourth quarter of 2011. An additional 4.9 percent, or 28,889 residential properties, were in near negative equity for the first quarter of 2012, compared to 4.8 percent, or 28,520, in the fourth quarter of 2011.