

Presented by

Name _____

BRE License # _____

Phone _____

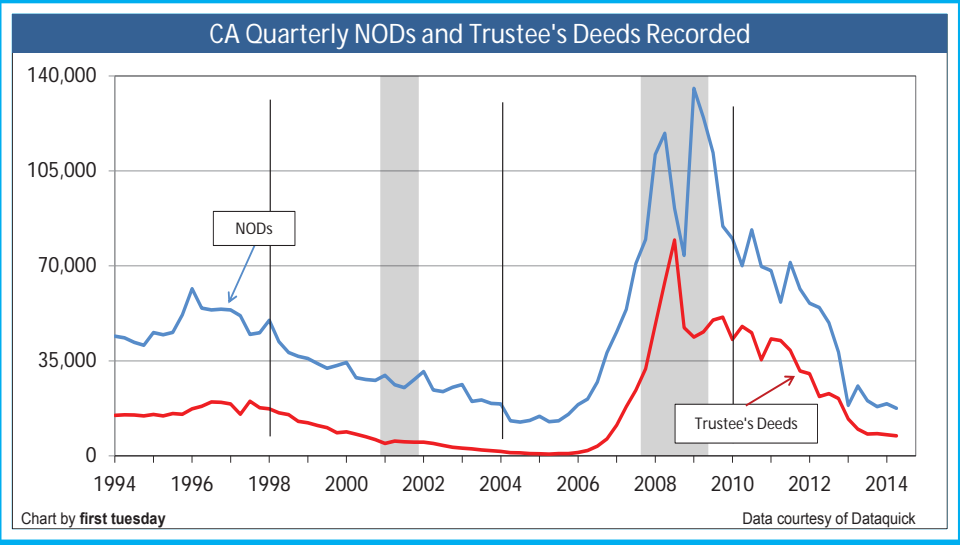
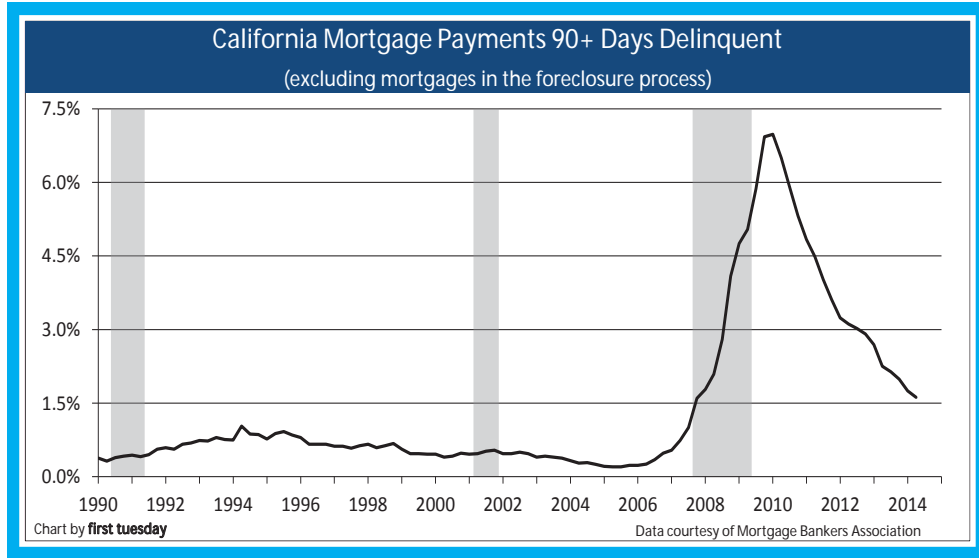
Email _____

90-day delinquency rate moves towards recovery

This chart presents the percentage of California home mortgage debt 90 days or more delinquent in the pre-foreclosure phase. Movement in the 90-day mortgage delinquency rate sets the trend in **short sales, notices of default (NODs), trustee's sales and real estate owned (REO) resales.**

The percent of **California mortgage debt** 90 days or more delinquent but not yet in foreclosure decreased to 1.6% in Q2 2014. This is down one-third from 2.3% one year earlier. The normal percentage is around 0.5% at full recovery.

As prices slip going into 2015, delinquency rates will decline more slowly, then stop. At some point by late 2015, expect **diminished home equities** to cause delinquency rates to increase for around one year before falling back toward normal levels. A full recovery of the real estate market will occur around 2018-2019.



NODs and trustee's deeds to bounce

This chart plots the number of **NODs** and **trustee's deeds** recorded in California. An NOD is the lender's first step in the foreclosure process, following a **90-day delinquency**.

Just over 17,500 NODs were recorded in California in Q2 2014. This is down 9% from the prior quarter and 32% from a year earlier. Roughly 7,400 trustee's deeds from **foreclosure sales** were recorded in Q2. This is down 25% from one year ago.

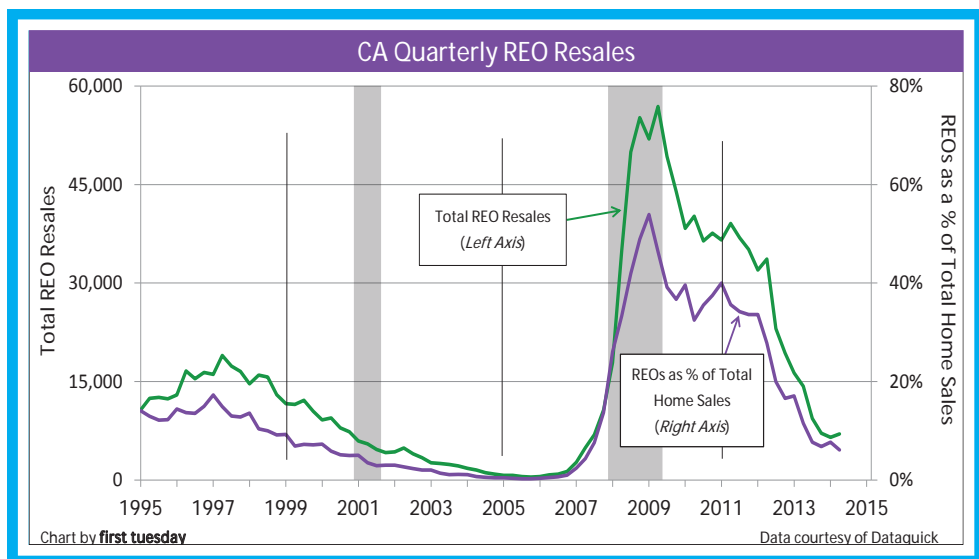
The number of NODs and trustee's deeds recorded bottomed by mid-2014. Looking forward, expect a slight increase in NODs followed by a later parallel increase in foreclosure sales in 2015, the result of **declining prices** from **lost sales volume**.

REO resale volume ticks upward

This chart tracks the number of residential **REO properties** sold by lenders and REO resales as a percentage of total home sales volume in California.

An estimated 7,000 REO properties sold in Q2 2014. This is one-half of the REO resales volume one year earlier. Further, REO resales were a normal 6% of all **California sales activity** in Q2 2014. The drop in REO resales is due to the 2013 speculator-induced jump in home prices which decreased the number of homes lost to foreclosure.

During 2015, expect REO resales to increase as prices decline due to **decreased speculator demand** and a two-year slide in **homebuyer purchasing power**. A normal sales volume for homes will return around 2018-2019 in a full recovery. The sales volume pace will then be near 50% greater than in 2014.



Click on any chart
 for more information!