ForeclosureRadar

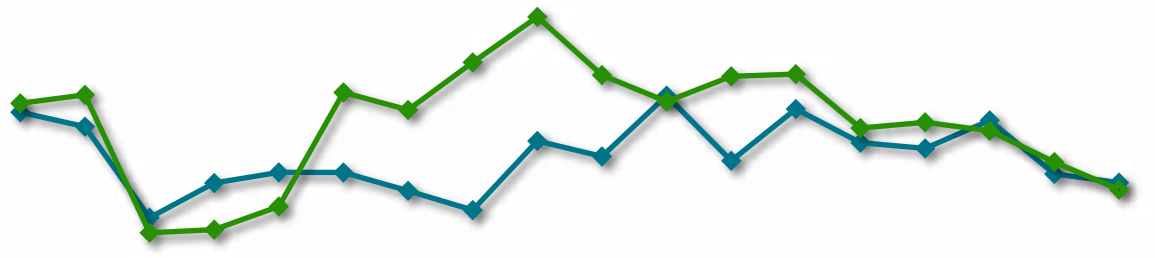
Dramatic Declines in Foreclosure Activity

Banks cancel more foreclosures then they sell for first time

Discovery Bay, CA, January 12, 2010 - ForeclosureRadar (www.foreclosureradar.com), the only website that tracks every California foreclosure and provides daily auction updates, issued its monthly *California Foreclosure Report* for December 2009. Foreclosure activity dropped dramatically in December, especially when looked at on a daily average basis. For example while Notices of Default dropped 17.5 percent in aggregate, they actually dropped 32.5 percent on a daily average basis due to the fact that December had 22 days on which documents were recorded, versus 18 in November.

"The dramatic drop in foreclosure activity may have been a Christmas gift to homeowners," says Sean O'Toole, Founder and CEO of ForeclosureRadar.com, "however, given rising mortgage delinquencies it is becoming increasingly clear that foreclosure activity no longer fully represents market realities".

Foreclosure Filings



Notice of Default

Prior Month	Prior Year
-17.50%	-42.85%

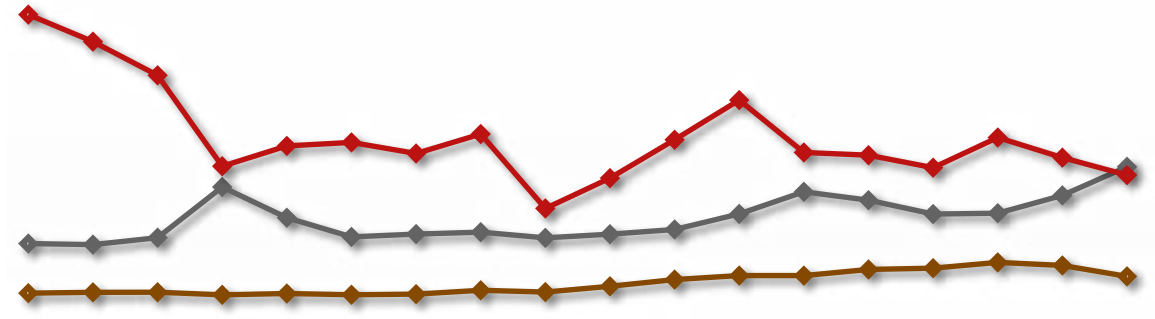
Notice of Trustee Sale

Prior Month	Prior Year
-5.98%	-6.92%

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
	41861	43504	16746	17361	21857	43974	40580	49799	58623	47337	42203	47093	47530	37063	38175	36531	30462	25130
	40126	37329	19674	26402	28468	28449	24890	21147	34559	31556	43355	30711	40757	34224	33112	38555	28165	26481

Unlike November where we saw nearly flat foreclosure filings on a daily average basis, with declines being due to the holiday shortened month, the decline in December foreclosure filings is actually understated due to the increased number of recording days. On a daily average basis, Notice of Default filings dropped a dramatic 32.5 percent from November and Notice of Trustee Sale filings dropped 23.0 percent. We have not seen a similar December drop in recent years, so this is not simply a regular seasonal decline.

Foreclosure Outcomes



Back to Bank (REO)

Prior Month	Prior Year
-11.99%	-20.32%

Cancellations

Prior Month	Prior Year
26.50%	105.48%

Sold to 3rd Party

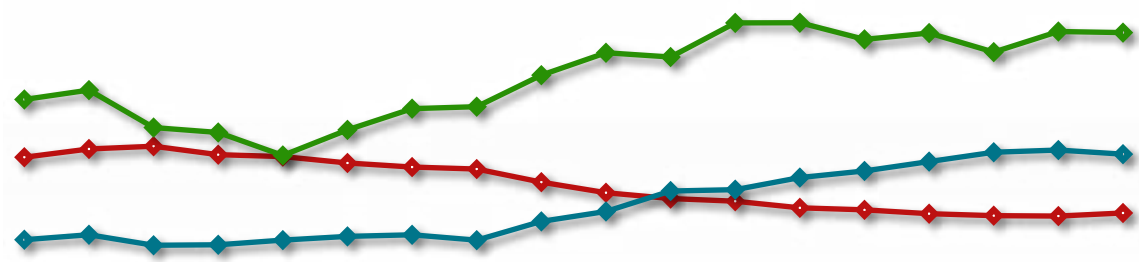
Prior Month	Prior Year
-28.89%	213.81%

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
	28001	25381	22112	13296	15267	15608	14533	16419	9201	12145	15864	19713	14632	14367	13155	16081	14131	12437
	5797	5694	6368	11281	8302	6445	6717	6904	6352	6707	7162	8674	10818	10004	8660	8741	10469	13243
	988	1069	1076	825	952	833	893	1266	1094	1653	2305	2694	2691	3285	3411	3971	3676	2614

When taking into account the difference in sale days from November to December, the percentage declines are far more dramatic than they first appear with foreclosure that went Back to Bank and Sold to 3rd Party declining 28.0 percent and 41.8 percent respectively. The reason for the dramatic drop in Sales to 3rd Parties appears to be a significant decline in foreclosure discounting by lenders, rather than investors taking time off to celebrate a very profitable year at the auctions.

On an average daily basis, Cancellations only increased 3.5 percent - a smaller increase than we expected given the Obama administrations drive to make trial loan modifications under their Home Affordable Modification Program permanent. Based on the timing of these Cancellations, we believe 21 percent were cancelled due the statutory requirement that a foreclosure sale be held within one year, thus forcing cancellation; 61.9 percent were likely due to some form of loan workout, whether it be through a HAMP modification, short sale or refinance; and 17.1 percent most likely due to a filing error.

Foreclosure Inventories



Preforeclosure

Prior Month	Prior Year
-0.40%	55.12%

Scheduled for Sale

Prior Month	Prior Year
-2.64%	117.52%

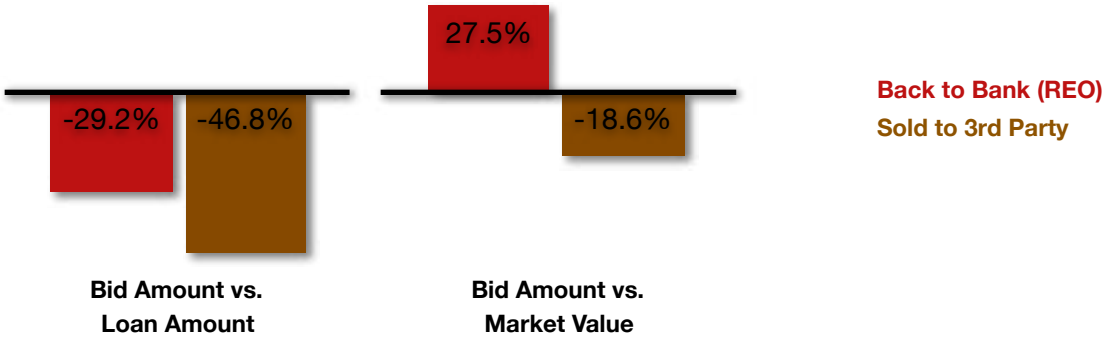
Bank Owned (REO)

Prior Month	Prior Year
3.41%	-34.89%

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Preforeclosure	200617	209714	173383	168611	146350	171133	191708	193613	224196	245930	241795	274888	275043	258911	265042	246553	266534	265459
Bank Owned (REO)	64598	69428	59226	59695	64237	67841	69374	64177	82390	92002	111824	113141	124874	131300	140382	149456	151573	147570
Scheduled for Sale	144596	152614	155269	147076	145226	139028	135073	133143	120427	110177	104528	101932	95530	93584	89834	87938	87546	90527

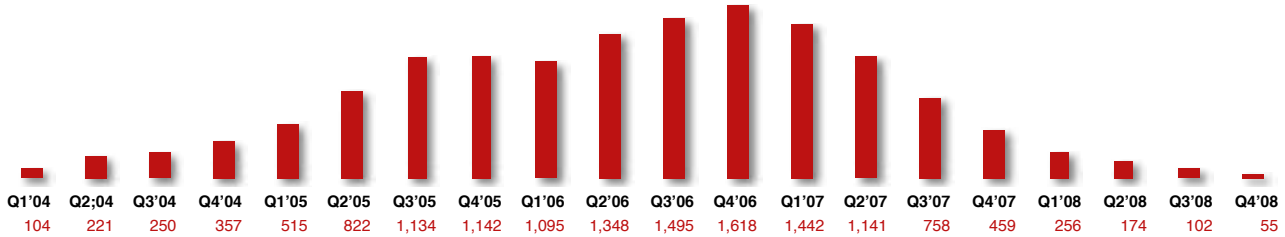
We are excited to add an estimate of the current inventory of properties in the Notice of Default, or "Preforeclosure" stage of foreclosure. This estimate takes into account the number of new Notice of Default filings each month, and the average time it takes before moving to the next stage with the filing of a Notice of Trustee Sale. Despite the downward trend in Notice of Default Filings since March 2009, Preforeclosure inventories have been rising as banks are taking longer to file Notices of Trustee Sale.

Foreclosure Discounting



The discounts received by 3rd party investors at the court house steps dropped dramatically in December, likely explaining the steep drop in the number of foreclosures sold to 3rd parties. For most of the last year lenders discounted the opening bid from the amount they were owed by nearly 40 percent, last month that dropped to 33.7 percent. The percentage of sales that were discounted also declined, from nearly 90 percent one year ago, to just 75 percent in December.

Foreclosure Sales by Loan Origination Date



Despite prices now well below 2004 levels in many areas, loans made in 2004 and earlier remain a very small percentage of foreclosures.

Foreclosure Activity By County

		Notice of Default	Notice of Trustee Sale	Back to Bank (REO)	Sold to 3rd Party
ALAMEDA	December 2009	907	950	378	84
	November 2009	1,101	999	442	115
	December 2008	1,477	968	528	30
AMADOR	December 2009	28	25	22	3
	November 2009	44	38	17	1
	December 2008	48	31	20	
CONTRA COSTA	December 2009	1,068	1,130	438	131
	November 2009	1,224	1,136	529	175
	December 2008	1,734	1,273	714	36
DEL NORTE	December 2009	6	6	3	
	November 2009	10	11	2	
	December 2008	9	6	4	1
EL DORADO	December 2009	196	194	100	10
	November 2009	207	204	101	15
	December 2008	252	129	78	2
FRESNO	December 2009	726	668	378	47
	November 2009	762	658	452	70
	December 2008	1,159	684	400	14
HUMBOLDT	December 2009	26	19	9	3
	November 2009	49	32	12	1
	December 2008	48	18	10	1
KERN	December 2009	857	768	493	53
	November 2009	949	810	568	84
	December 2008	1,532	857	560	33
KINGS	December 2009	97	73	43	1
	November 2009	93	73	54	1
	December 2008	110	71	37	
LAKE	December 2009	56	56	52	2
	November 2009	106	87	76	1
	December 2008	131	53	37	1
LASSEN	December 2009	17	9	8	
	November 2009	20	15	10	
	December 2008	21	17	7	1
LOS ANGELES	December 2009	5,495	6,071	2,136	480
	November 2009	6,103	5,810	2,386	721
	December 2008	8,622	5,155	2,433	128
MADERA	December 2009	128	117	107	12
	November 2009	147	152	122	14
	December 2008	251	178	118	1
MARIN	December 2009	79	62	39	5
	November 2009	106	110	44	9
	December 2008	117	66	29	3
MENDOCINO	December 2009	55	44	27	
	November 2009	42	54	21	
	December 2008	50	33	9	1
MERCED	December 2009	288	321	197	42
	November 2009	297	339	225	45
	December 2008	544	417	286	5
MONTEREY	December 2009	244	293	160	26
	November 2009	323	304	169	48
	December 2008	525	415	250	8
NAPA	December 2009	105	101	35	8
	November 2009	98	91	59	10
	December 2008	124	70	54	
NEVADA	December 2009	68	71	46	
	November 2009	103	79	58	4

Foreclosure Activity By County Cont.

		Notice of Default	Notice of Trustee Sale	Back to Bank (REO)	Sold to 3rd Party
NEVADA	December 2008	104	59	37	
ORANGE	December 2009	1,410	1,523	438	221
	November 2009	1,923	1,751	487	254
	December 2008	2,442	1,518	595	124
PLACER	December 2009	360	340	151	39
	November 2009	406	357	181	44
	December 2008	525	282	126	20
PLUMAS	December 2009	8	9	10	
	November 2009	23	20	8	
	December 2008	33	16	7	1
RIVERSIDE	December 2009	2,536	2,728	1,554	316
	November 2009	3,176	2,990	1,657	474
	December 2008	4,999	3,468	2,031	83
SACRAMENTO	December 2009	1,434	1,614	798	174
	November 2009	1,742	1,488	878	278
	December 2008	2,438	1,692	927	72
SAN BENITO	December 2009	29	33	18	6
	November 2009	53	69	42	12
	December 2008	91	80	55	1
SAN BERNARDINO	December 2009	1,908	2,155	1,322	211
	November 2009	2,565	2,453	1,435	309
	December 2008	4,303	2,620	1,782	30
SAN DIEGO	December 2009	1,938	2,008	814	237
	November 2009	2,290	2,119	953	332
	December 2008	3,277	2,217	1,077	55
SAN FRANCISCO	December 2009	168	167	54	15
	November 2009	212	165	53	14
	December 2008	184	104	40	1
SAN JOAQUIN	December 2009	794	830	469	122
	November 2009	933	930	541	135
	December 2008	1,539	1,078	672	46
SAN LUIS OBISPO	December 2009	128	111	89	7
	November 2009	185	156	82	15
	December 2008	177	113	56	2
SAN MATEO	December 2009	286	290	70	23
	November 2009	338	306	112	36
	December 2008	365	225	110	6
SANTA BARBARA	December 2009	187	157	75	7
	November 2009	199	175	95	15
	December 2008	270	184	87	3
SANTA CLARA	December 2009	779	777	253	72
	November 2009	938	923	329	107
	December 2008	1,182	836	451	17
SANTA CRUZ	December 2009	94	83	50	1
	November 2009	155	113	53	9
	December 2008	148	115	65	1
SHASTA	December 2009	109	110	81	2
	November 2009	137	111	79	3
	December 2008	179	110	63	5
SISKIYOU	December 2009	20	9	14	
	November 2009	29	20	16	
	December 2008	36	15	9	
SOLANO	December 2009	506	480	233	61
	November 2009	555	497	316	74
	December 2008	788	603	374	12
SONOMA	December 2009	326	310	123	18

Foreclosure Activity By County Cont.

		Notice of Default	Notice of Trustee Sale	Back to Bank (REO)	Sold to 3rd Party
SONOMA	November 2009	321	323	186	49
	December 2008	502	330	172	10
STANISLAUS	December 2009	546	683	361	58
	November 2009	679	616	425	81
	December 2008	1,153	864	463	28
SUTTER	December 2009	69	65	55	8
	November 2009	80	77	51	7
	December 2008	127	83	55	5
TEHAMA	December 2009	34	23	50	2
	November 2009	68	76	34	2
	December 2008	52	33	16	
TRINITY	December 2009	4	2	2	
	November 2009	5	3	2	
	December 2008	9	4	2	
TULARE	December 2009	315	257	185	24
	November 2009	340	302	189	24
	December 2008	529	263	141	5
VENTURA	December 2009	454	429	165	75
	November 2009	580	484	192	66
	December 2008	753	452	208	20
YOLO	December 2009	90	91	65	12
	November 2009	131	119	55	7
	December 2008	169	128	54	11
YUBA	December 2009	82	62	57	5
	November 2009	71	81	61	8
	December 2008	143	88	59	1

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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, attorneys and other real estate professionals specializing in the California real estate market.

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