

# Division of Housing, Colorado Department of Local Affairs 1st Quarter 2012 Report on Releases of Deeds of Trust



## Report findings, April 19, 2012

Within the counties surveyed, releases of deeds of trust in Colorado rose 2.4 percent from the first quarter of 2011 to the first quarter of 2012, rising from 73,025 to 74,808, year over year.

Releases rose 28.2 percent from the fourth quarter of 2011 to the first quarter of 2012, with release totals rising from 58,340 during the fourth quarter to 74,808 during the first quarter. Releases rose during the first quarter marking the second quarter in a row during which releases have risen over the previous quarter. The first quarter's release total was the highest quarterly total recorded since the fourth quarter of 2010, and it was the highest first-quarter total recorded since the state began tracking quarterly release data in 2008.

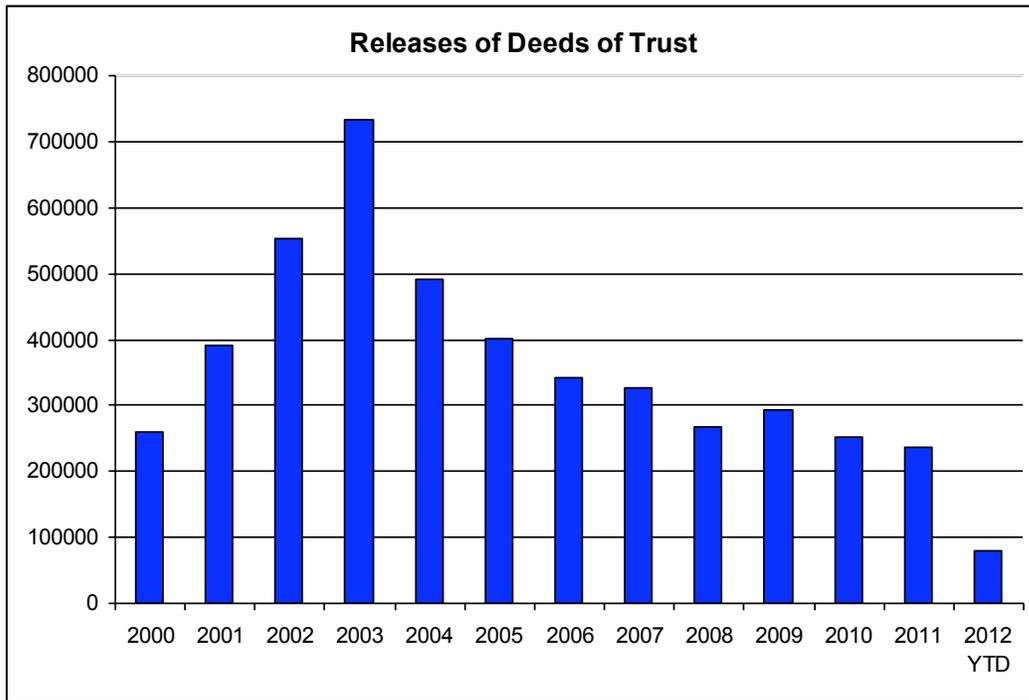
Compared to the peak years of 2002 and 2003, release totals continue to be well below peak levels. Annual releases reached a total of 733,373 during 2003 in the counties surveyed. By 2011, total releases had fallen by 67 percent.

Table 1 and Graph 1 below show the number of annual releases of deeds of trust since 2000. Graph 2 compares quarterly totals since the first quarter of 2008. See the appendices for quarterly totals.

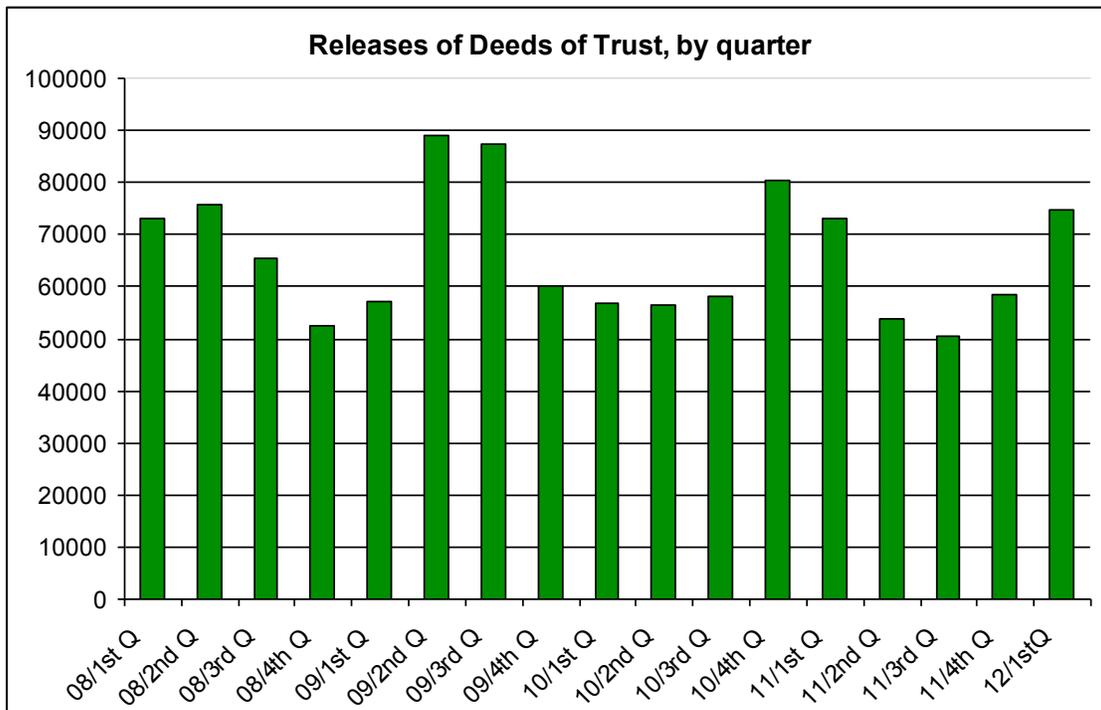
**Table 1: Releases of Deeds of Trust**

Year	Releases of Deeds of Trust
2000	260,973
2001	390,072
2002	551,072
2003	733,373
2004	491,088
2005	400,565
2006	343,127
2007	327,457
2008	266,971
2009	293,731
2010	251,861
2011	235,749
2012 (January-March)	74,808

**Graph 1: Annual release totals.**



**Graph 2: Quarterly release totals.**

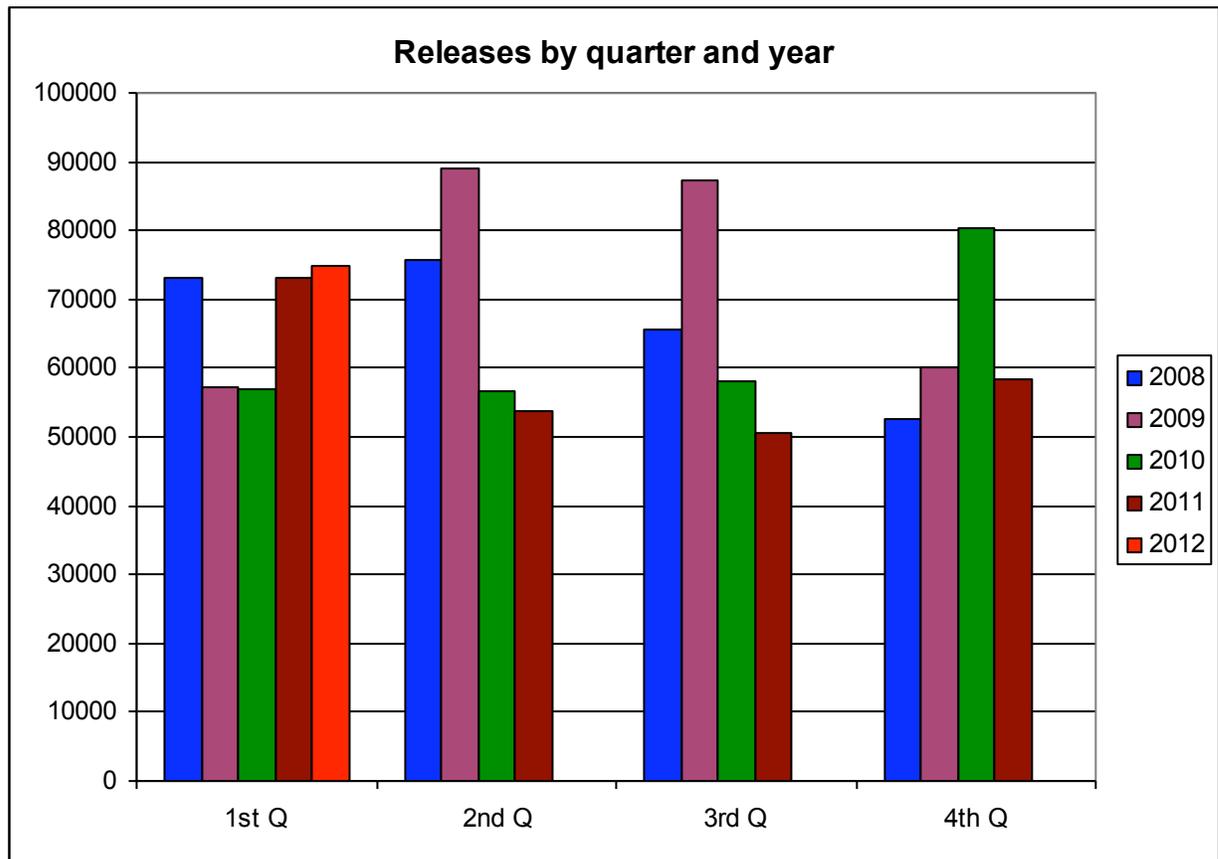


### Comparing release totals for each quarter

The first-quarter total for releases this year was above the four-year average with 74,808 releases. The average for releases reported during the first quarter since 2008 is 65,046. This year's first-quarter total is up 2.3 percent from 2008's first-quarter peak of 73,086.

Graph 3 shows the release totals broken out by quarter. 2012's first-quarter release total is the largest first-quarter total recorded in at least five years.

**Graph 3: Release totals compared by quarter.**



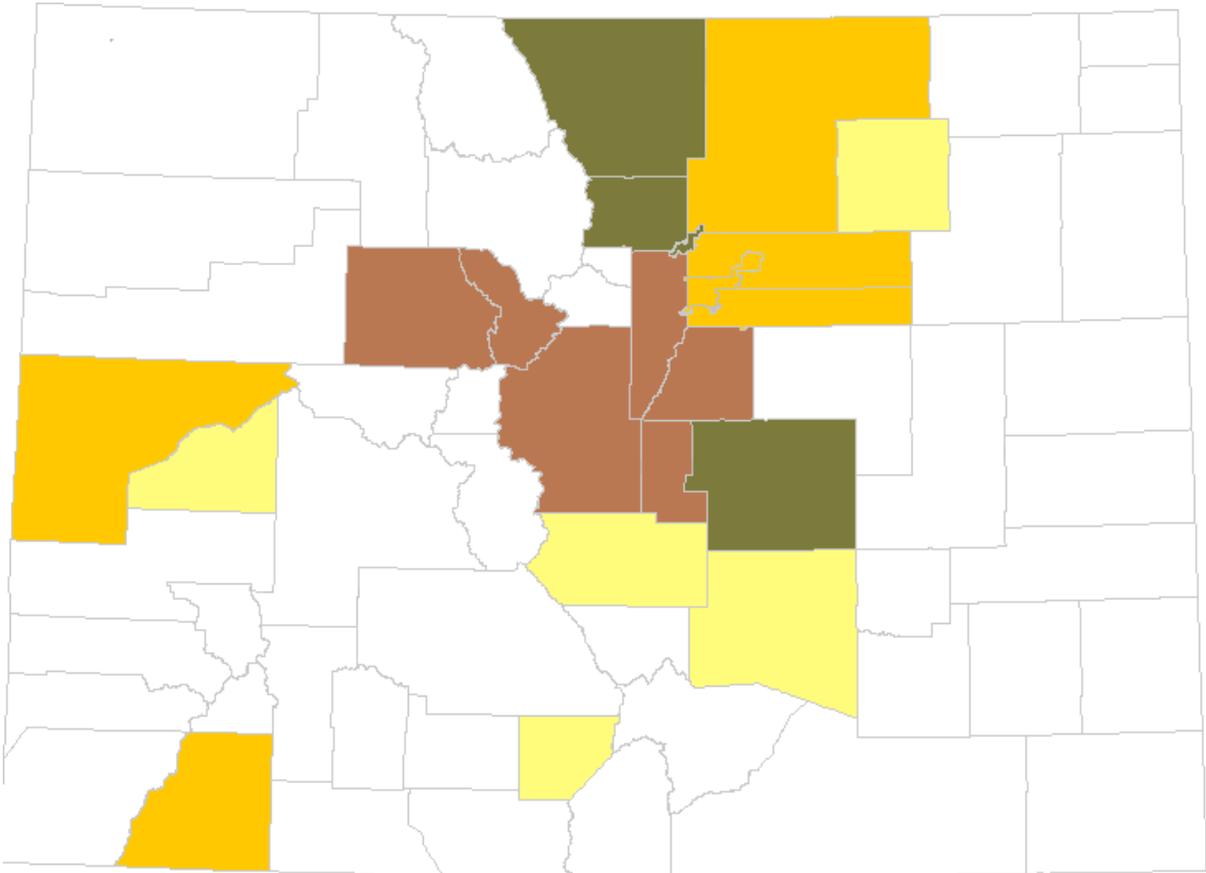
### County Trends

From the first quarter of 2011 to the first quarter of this year, releases of deeds of trust increased in 11 of the 21 counties surveyed. The largest year-over-year decline was found in Delta County where releases fell by 24 percent, and the largest increase was found in Eagle County where releases rose 26 percent, year over year.

These variations across counties suggest substantial variations in the amount of refinance and home purchase activity occurring within different counties.

When release totals in each county are adjusted for the number of occupied households in each county, the counties with the most release activity tend to be counties that are either in mountain areas or which border mountain areas. The counties with the most release activity, adjusted for total household numbers, were Summit, Douglas, Jefferson, Park, Eagle, and Teller counties. Map 1 shows all counties surveyed. Rates are based on first-quarter release totals.

**Map1: Release activity by county.**

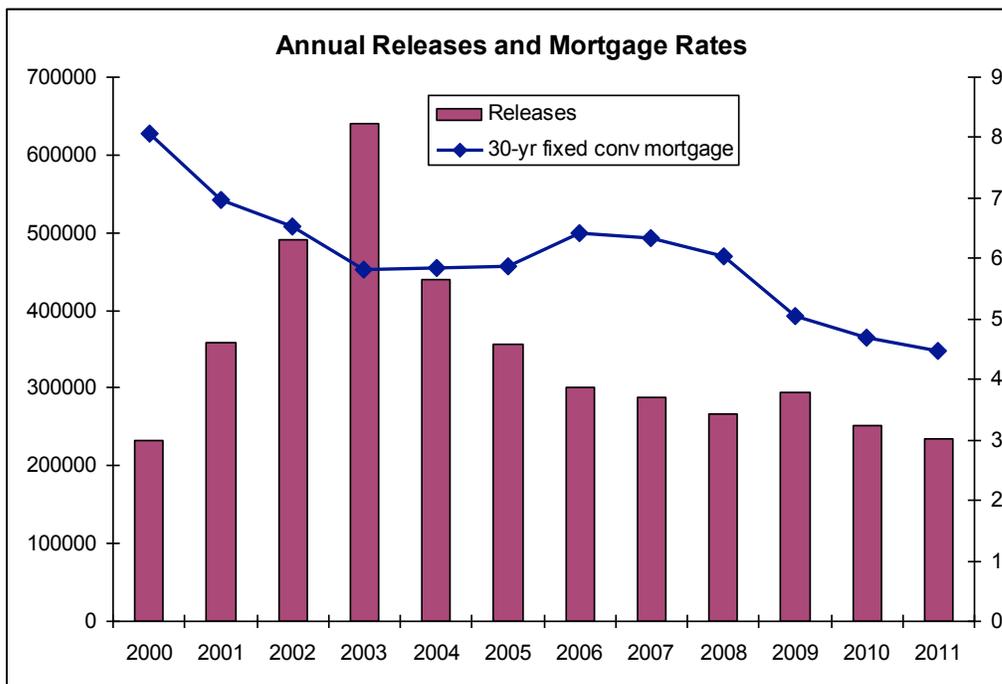


Release rates are split into 4 categories by index number: 1. (burgundy) Index value of more than 5.0. 2. (green) Index value from 4.0 to 4.9. 3. (orange) Index value from 3.0 to 3.9. 4. Index value below 3.

## Analysis:

Release activity is closely associated with home loan refinance activity and with home-purchase activity. Refinance and home-purchase activity are in turn heavily influenced by mortgage rates. Graph 4 shows the 30-year fixed conventional mortgage rate for each year since 2000. In general, as mortgage rates decline, release activity increases. This can be seen from 2000 to 2003 as the mortgage rate dropped 27 percent and total releases increased 174 percent. Similar but less dramatic trends can be found from 2005 to 2006 when the mortgage rate increased 9 percent and total releases fell 15 percent. Likewise, when mortgage rates fell again following the 2008 financial crisis, falling by 16 percent, total releases rose by 10 percent. From 2009 to 2011, however, declining mortgage rates did not produce substantial increases in the number of releases.

**Graph 4: Annual releases compared with annual mortgage rate averages.**

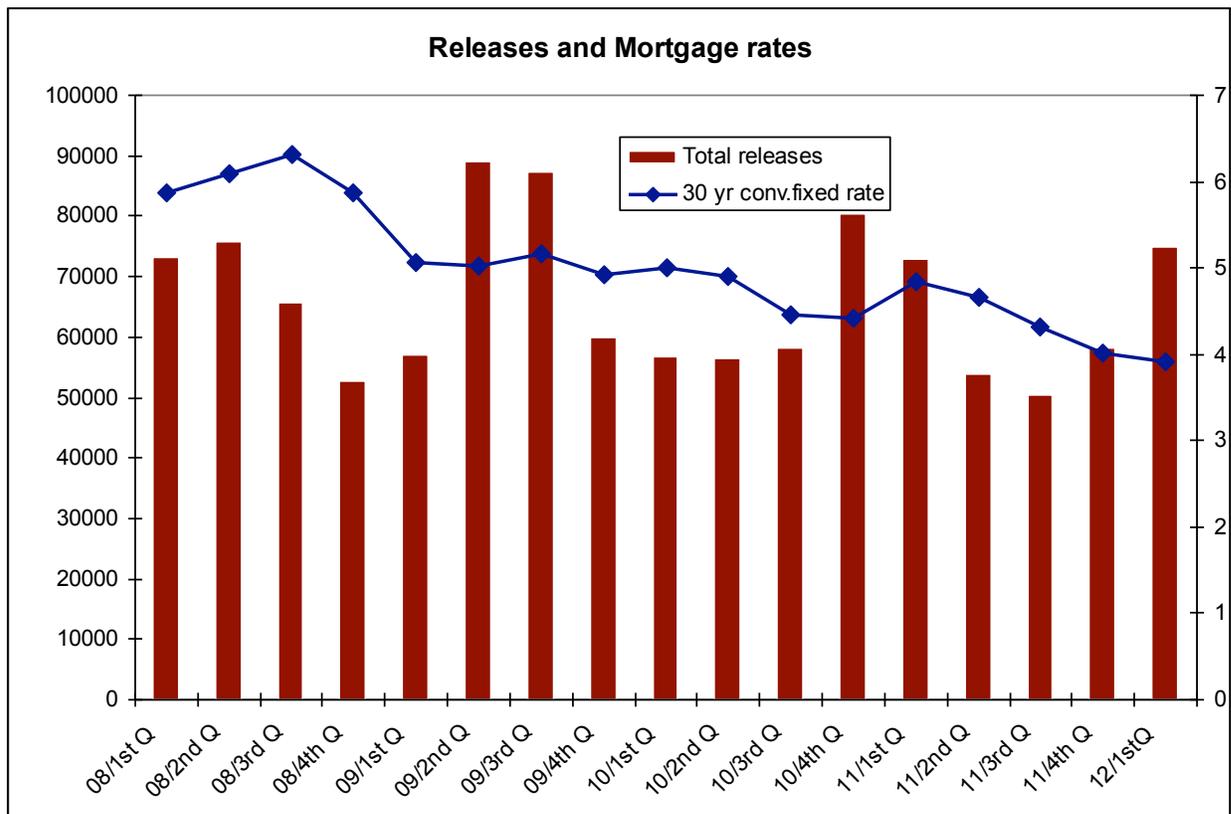


Similar trends can also be found on a quarter-by-quarter basis. In the case of quarterly numbers, however, there is a one-quarter lag between a change in mortgage rates and a change in total releases.

Graph 5 shows total releases and average mortgage rates for each quarter available since 2008. From the fourth quarter of 2008 to the first quarter of 2009, the average mortgage rate fell 13 percent, followed by a 55 percent increase in total releases from the first quarter to the second quarter of 2009. By contrast, when the average mortgage rate increased 9.9 percent from the fourth quarter of 2010 to the first quarter of 2011, total releases fell by 9 percent during the following quarter.

From the first quarter of 2011 to the third quarter, total releases fell in spite of a falling mortgage rate. The number of releases rose during the fourth quarter of 2011 following three quarters of falling mortgage rates, and release totals then rose again during the first quarter of this year with the fourth quarterly drop in the mortgage rate. During the first quarter of 2012, the 30-year fixed conventional mortgage rate reached a record low of 3.92 percent.

**Graph 5: Quarterly release totals compared with quarterly average mortgage rates.**



## Appendices

**Table 2: Year-over-year change in release totals for the first quarter of each year.**

County	08/1st Q	09/1st Q	10/1st Q	11/1st Q	12/1st Q	Change from 2011	Change from 2010	Change from 2009	Change from 2008
<b>Adams</b>	3823	3533	3770	4319	4569	5.8	21.2	29.3	19.5
<b>Alamosa</b>	170	149	145	170	164	-3.5	13.1	10.1	-3.5
<b>Arapahoe</b>	7960	6457	6486	7659	7882	2.9	21.5	22.1	-1.0
<b>Boulder</b>	4605	4934	4504	6063	5827	-3.9	29.4	18.1	26.5
<b>Broomfield</b>	772	860	777	905	1060	17.1	36.4	23.3	37.3
<b>Delta</b>	614	376	356	357	269	-24.6	-24.4	-28.5	-56.2
<b>Denver</b>	8365	6302	7011	8175	8957	9.6	27.8	42.1	7.1
<b>Douglas</b>	5918	5992	2745	6572	7019	6.8	155.7	17.1	18.6
<b>Eagle</b>	1484	1386	328	776	980	26.3	198.8	-29.3	-34.0
<b>El Paso</b>	14160	5607	7872	9657	9922	2.7	26.0	77.0	-29.9
<b>Fremont</b>	915	506	482	520	453	-12.9	-6.0	-10.5	-50.5
<b>Jefferson</b>	8048	5860	8132	12118	11841	-2.3	45.6	102.1	47.1
<b>La Plata</b>	990	879	907	902	831	-7.9	-8.4	-5.5	-16.1
<b>Larimer</b>	3021	4786	4100	5547	5646	1.8	37.7	18.0	86.9
<b>Mesa</b>	3797	3339	3059	1970	1843	-6.4	-39.8	-44.8	-51.5
<b>Morgan</b>	316	215	257	275	254	-7.6	-1.2	18.1	-19.6
<b>Park</b>	487	370	329	466	380	-18.5	15.5	2.7	-22.0
<b>Pueblo</b>	2265	1632	1560	1532	1492	-2.6	-4.4	-8.6	-34.1
<b>Summit</b>	1782	1349	1112	1450	1742	20.1	56.7	29.1	-2.2
<b>Teller</b>	542	404	509	583	596	2.2	17.1	47.5	10.0
<b>Weld</b>	3052	2596	2467	3009	3081	2.4	24.9	18.7	1.0
<b>Total</b>	73086	57532	56908	73025	74808	2.4	31.5	30.0	2.4

**Table 3: Change in release totals from the fourth quarter of 2011 to the first quarter of 2012.**

County	11/4th Q	12/1st Q	Change from previous quarter
<b>Adams</b>	3776	4569	21.0
<b>Alamosa</b>	166	164	-1.2
<b>Arapahoe</b>	6584	7882	19.7
<b>Boulder</b>	5269	5827	10.6
<b>Broomfield</b>	998	1060	6.2
<b>Delta</b>	315	269	-14.6
<b>Denver</b>	6830	8957	31.1
<b>Douglas</b>	5107	7019	37.4
<b>Eagle</b>	863	980	13.6
<b>El Paso</b>	8023	9922	23.7
<b>Fremont</b>	419	453	8.1
<b>Jefferson</b>	6616	11841	79.0
<b>La Plata</b>	809	831	2.7
<b>Larimer</b>	4639	5646	21.7
<b>Mesa</b>	1522	1843	21.1
<b>Morgan</b>	250	254	1.6
<b>Park</b>	325	380	16.9
<b>Pueblo</b>	1389	1492	7.4
<b>Summit</b>	1596	1742	9.1
<b>Teller</b>	310	596	92.3
<b>Weld</b>	2534	3081	21.6
<b>Total</b>	58340	74808	28.2

**Table 4: Release totals in each county adjusted for the total number of occupied households in each county. Index value = (releases/occupied households)\*100**

<b>County</b>	<b>12/1st Q</b>	<b>Occupied households (2010)</b>	<b>Release Index</b>
<b>Summit</b>	1742	11791	14.8
<b>Douglas</b>	7019	102568	6.8
<b>Teller</b>	596	9850	6.1
<b>Jefferson</b>	11841	218569	5.4
<b>Park</b>	380	7198	5.3
<b>Eagle</b>	980	19209	5.1
<b>Broomfield</b>	1060	21509	4.9
<b>Boulder</b>	5827	119494	4.9
<b>Larimer</b>	5646	120708	4.7
<b>El Paso</b>	9922	237851	4.2
<b>La Plata</b>	831	21141	3.9
<b>Arapahoe</b>	7882	225201	3.5
<b>Weld</b>	3081	89867	3.4
<b>Denver</b>	8957	265613	3.4
<b>Mesa</b>	1843	57931	3.2
<b>Adams</b>	4569	154503	3.0
<b>Fremont</b>	453	16589	2.7
<b>Alamosa</b>	164	6018	2.7
<b>Morgan</b>	254	10306	2.5
<b>Pueblo</b>	1492	63135	2.4
<b>Delta</b>	269	12676	2.1
<b>Combined</b>	<b>74808</b>	<b>1441751</b>	<b>5.2</b>

**Table 5: Quarterly totals for most recent five quarters.**

County	11/1st Q	11/2nd Q	11/3rd Q	11/4th Q	12/1stQ
<b>Adams</b>	4319	3540	3405	3776	4569
<b>Alamosa</b>	170	125	125	166	164
<b>Arapahoe</b>	7659	5619	5875	6584	7882
<b>Boulder</b>	6063	3916	4409	5269	5827
<b>Broomfield</b>	905	752	721	998	1060
<b>Delta</b>	357	240	258	315	269
<b>Denver</b>	8175	6222	6186	6830	8957
<b>Douglas</b>	6572	4758	4267	5107	7019
<b>Eagle</b>	776	645	493	863	980
<b>El Paso</b>	9657	6984	7376	8023	9922
<b>Fremont</b>	520	396	393	419	453
<b>Jefferson</b>	12118	8030	5539	6616	11841
<b>La Plata</b>	902	646	585	809	831
<b>Larimer</b>	5547	4089	4195	4639	5646
<b>Mesa</b>	1970	1587	1345	1522	1843
<b>Morgan</b>	275	510	224	250	254
<b>Park</b>	466	336	289	325	380
<b>Pueblo</b>	1532	1376	1186	1389	1492
<b>Summit</b>	1450	1238	1124	1596	1742
<b>Teller</b>	583	456	381	310	596
<b>Weld</b>	3009	2413	2130	2534	3081
<b>Total</b>	73025	53878	50506	58340	74808

## **Methods**

This report tracks releases of deeds of trust as reported by public trustees in Colorado. The report includes twenty-one counties which are chosen based on population size and to ensure that as many regions of the state as possible are represented. More than 90 percent of occupied households in the state are within the twenty-one counties chosen.

A deed of trust is similar to a mortgage and is a lien on real property to secure payment of an indebtedness. The deed of trust contains a grant of the property to the public trustee for the benefit of the holder. The deed of trust grants to the public trustee a power of sale which allows the public trustee to execute foreclosures.

In the State of Colorado, the standard means of securing a loan on real estate is with a deed of trust. There are three parties involved with a deed of trust: the borrower, the lender, and the public trustee. When a property owner executes a deed of trust, the owner is essentially deeding the property to the Public Trustee to hold in trust for the benefit of the lender until the indebtedness is paid in full. When it is paid, the lender sends the Public Trustee a Request for Release and the Public Trustee releases and cancels the Deed of Trust that encumbers the property. Both the Deed of Trust and the Release of Deed of Trust are legal documents.

Colorado Revised Statutes Section 38-39-102 has set out requirements for releasing a deed of trust. Based on these statutes, a release of deed of trust may be processed by the public trustee of the county where the property is located when the appropriate documentation has been properly presented.

The release totals included in this survey include releases of all deeds of trusts, including commercial real estate and vacant land, and also include partial releases of deeds of trust (where only a portion of the indebtedness has been paid and only a portion of the encumbered property is released).

Note on sources: Average mortgage rate information is based on 30-year conventional mortgage rate information provided by the Federal Reserve Bank of Saint Louis. The average mortgage rate for the third quarter of 2011 is a Division of Housing estimate based on average monthly rates for July, August and September 2011.

### **Releases of Deeds of Trust as Economic Indicator**

The release of a deed of trust is a helpful economic indicator because an increase in the number of the releases of deed of trust is usually a sign of an increase in refinance and home purchase activity. Deeds of trust can also be released when a homeowner pays off a loan secured by a deed of trust, which is often referred to as “paying off the mortgage.” Generally speaking, however, the majority of releases of deed of trust during a given time period indicates debts being paid off through refinancing of home loans and through new home or real estate purchases.

Consequently, increases in release activity are often observed during periods of increases in refinance activity and during periods when home purchase activity increases. Declining numbers of releases of deed of trust can be one indicator of a “flat” or “slow” real estate market.