

# Division of Housing, Colorado Department of Local Affairs 2nd Quarter 2012 Report on Releases of Deeds of Trust



## Report findings, July 30, 2012

Within the counties surveyed, releases of deeds of trust in Colorado rose 20.7 percent from the second quarter of 2011 to the second quarter of 2012, rising from 53,878 to 65,051, year over year.

Comparing the first half of 2011 to the first half of 2012, total releases were up 10.2 percent in 2012. There were 126,903 releases during the first half of 2011 and 139,859 releases during the first half of 2012.

Releases fell 13 percent from the first quarter of 2012 to the second quarter with release totals dropping from 74,808 during the first quarter to 65,051 during the second. Releases fell during the second quarter ending two quarters of increasing release activity. The second quarter's release total was the highest total recorded for any second quarter since 2009.

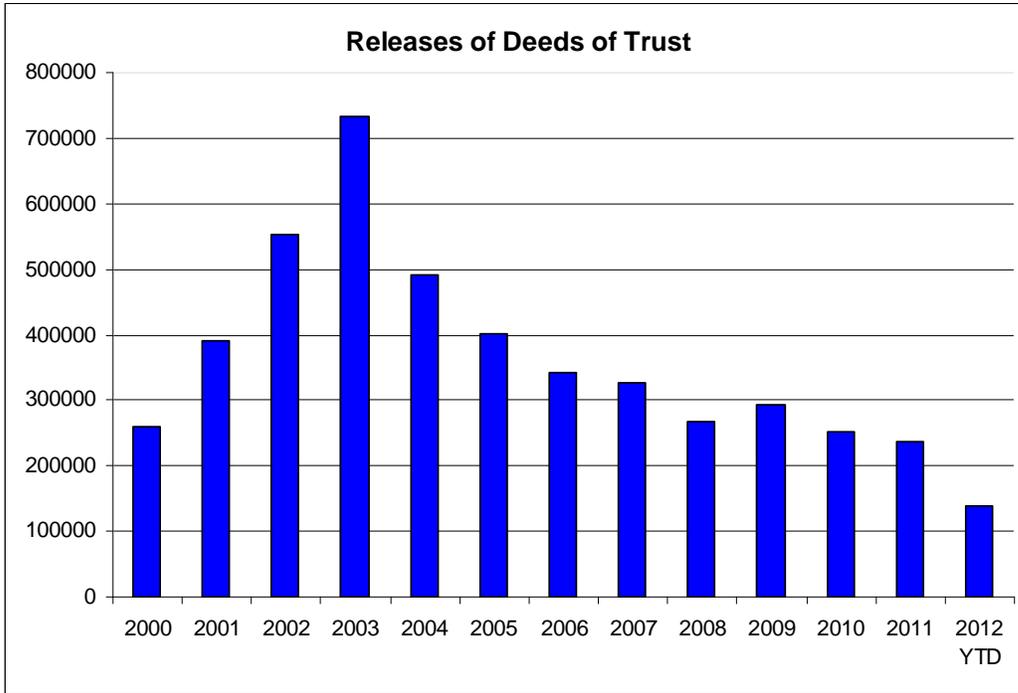
Release totals continue to be well below peak levels reached during 2003 when releases totaled 733,373 within the counties surveyed. By 2010, total releases had fallen by 67 percent.

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.

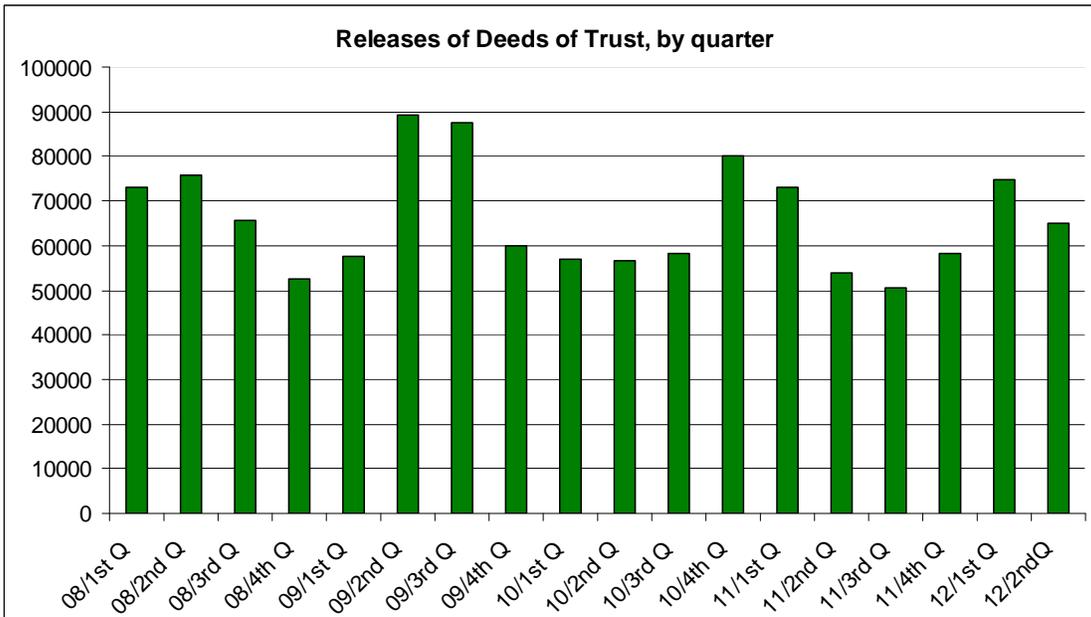
**Table 1: Releases of Deeds of Trust**

<b>Year</b>	<b>Releases of Deeds of Trust</b>
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 (Jan-June)	139,859

**Graph 1: Annual release totals.**



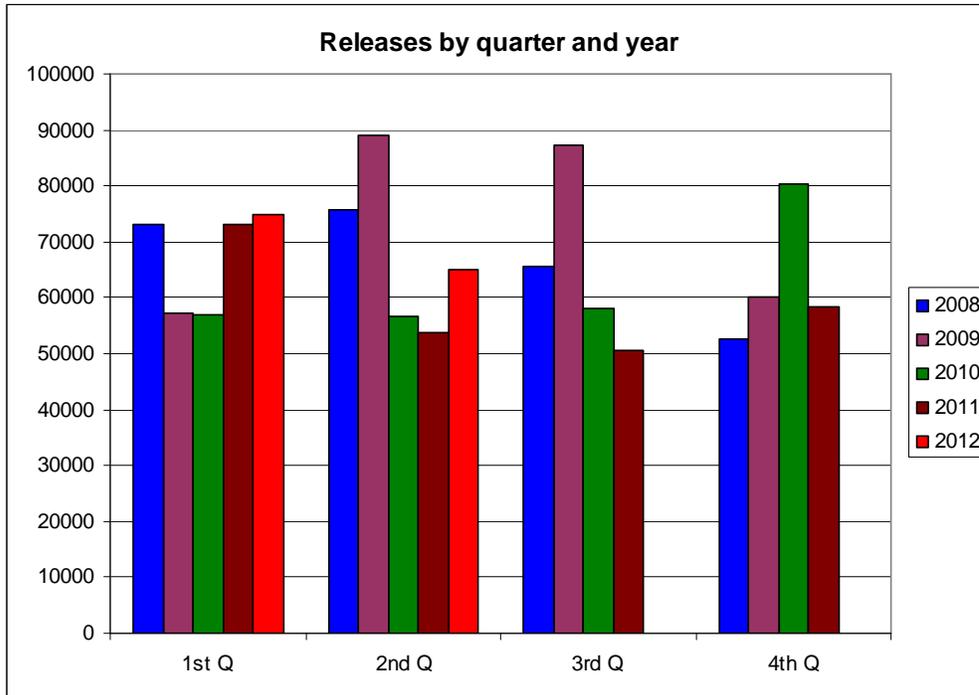
**Graph 2: Quarterly release totals.**



### Comparing release totals for each quarter

The number of releases reported during the second quarter was down considerably from the second-quarter totals reported during 2008 and 2009, although releases were at a three-year high for the second quarter.

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



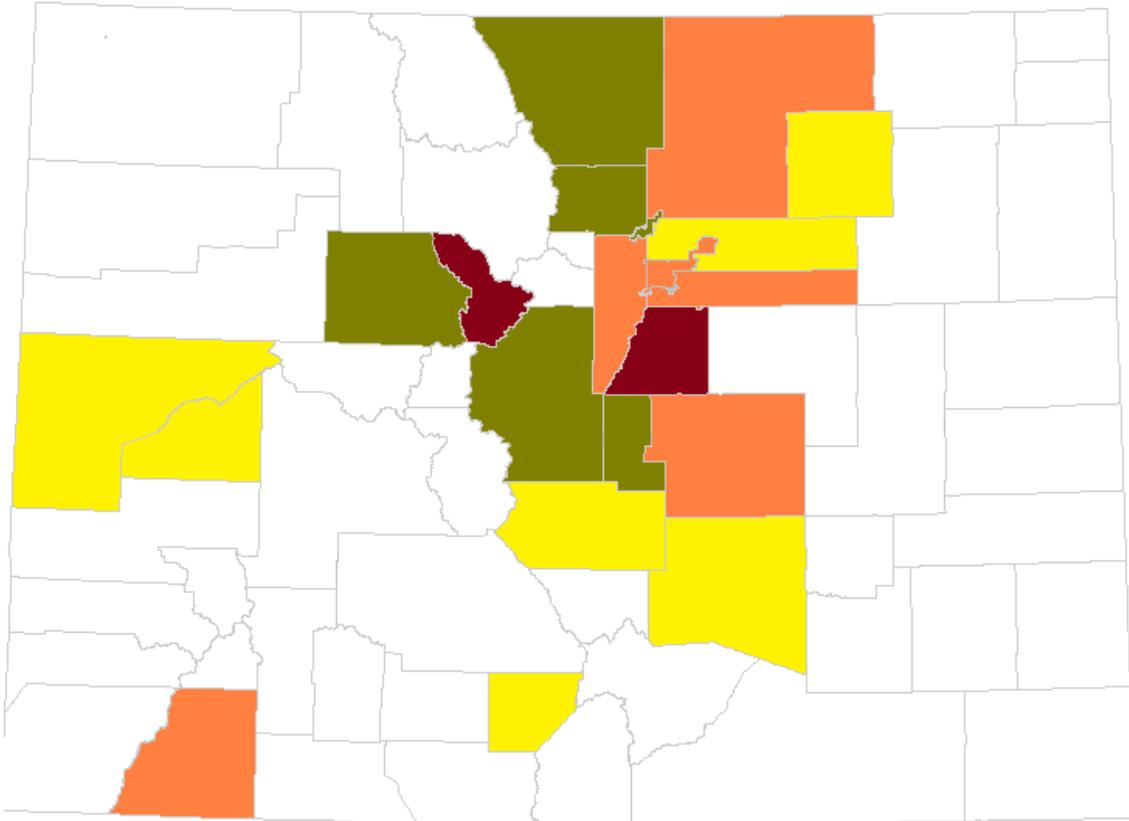
### County Trends

From the second quarter of 2011 to the second quarter of this year, releases of deeds of trust increased in 17 of the counties surveyed, and decreased in four. The year-over-year decreases occurred in Mesa, Morgan, Park, and Teller counties. The largest increases were found in Boulder and Broomfield Counties. See Table 2 for details.

Comparing the first half of 2012 with the first half of 2011, releases rose in all counties surveyed except Delta, Fremont, Morgan, Park and Teller counties. The largest increases were found in Eagle and Broomfield counties. See Table 3 for details.

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. Releases also tend to be more common in areas with higher median incomes. The counties with the most release activity, adjusted for total household numbers, were Summit, Douglas, Broomfield, Park, Eagle and Boulder counties. Map 1 shows all counties surveyed. Rates are based on second-quarter release totals.

**Map1: Release activity by county.**

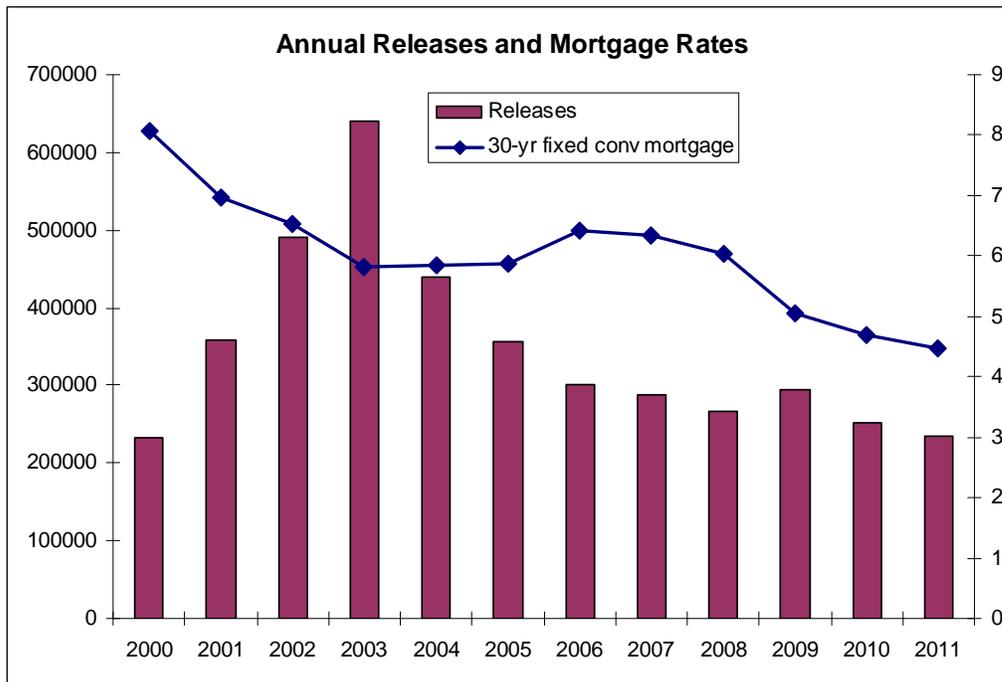


**Release rates are split into 4 categories by index number: 1. (burgundy) Index value of more than 5.0. 2. (green) Index value from 4.0 to 4.9. 3. (orange) Index value from 3.0 to 3.9. 4. (yellow) Index value below 3.**

**Analysis:**

Release activity is closely associated with home loan refinance activity and, to a lesser extent, to purchases of existing homes. 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 have produced more limited increases in release activity.

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

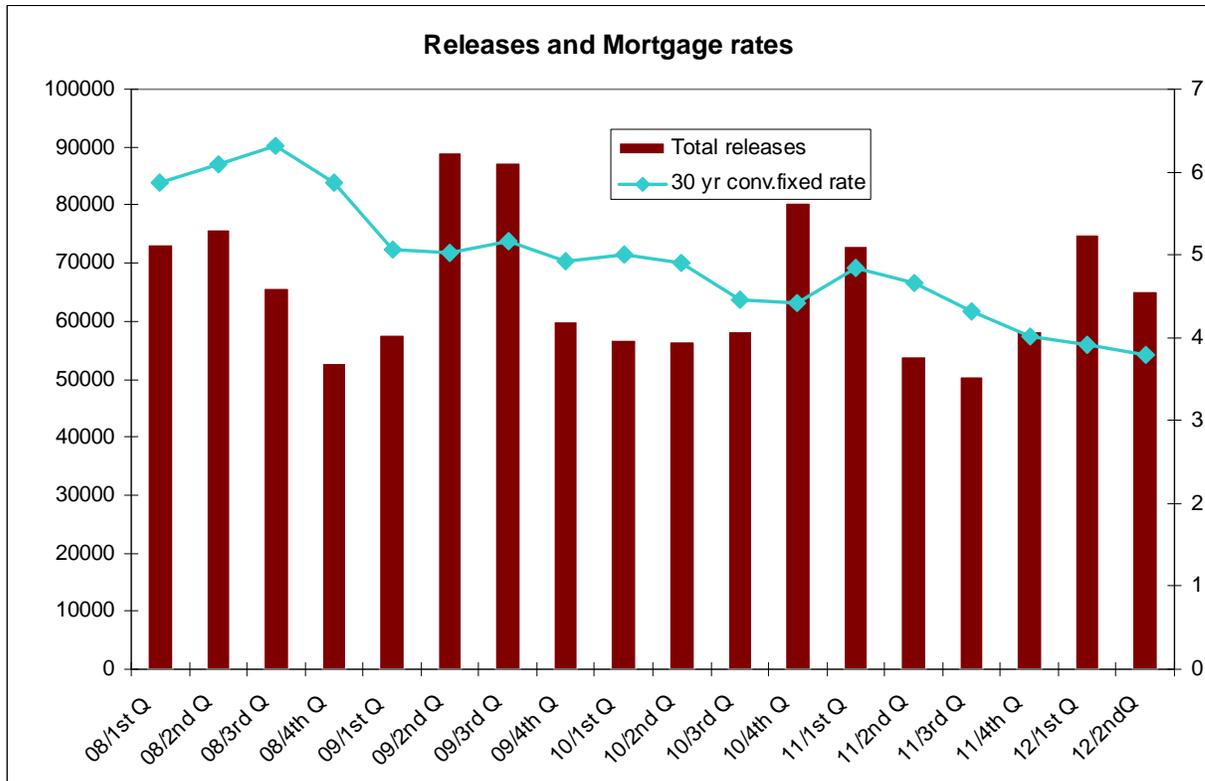


Similar trends can also be found on a quarter-by-quarter basis. In the case of quarterly numbers, however, there is often a one-quarter lag between a change in mortgage rates and a change in total releases.

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.

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



## Appendices

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

County	08/2nd Q	09/2nd Q	10/2nd Q	11/2nd Q	12/2nd Q	Change from 2011	Change from 2010	Change from 2009	Change from 2008
<b>Adams</b>	4368	4294	3733	3540	3906	10.3	4.6	-9.0	-10.6
<b>Alamosa</b>	212	185	130	125	148	18.4	13.8	-20.0	-30.2
<b>Arapahoe</b>	8080	9632	6506	5619	7115	26.6	9.4	-26.1	-11.9
<b>Boulder</b>	6088	7162	4592	3916	5448	39.1	18.6	-23.9	-10.5
<b>Broomfield</b>	1120	1410	787	752	1034	37.5	31.4	-26.7	-7.7
<b>Delta</b>	585	606	343	240	302	25.8	-12.0	-50.2	-48.4
<b>Denver</b>	7814	8602	6320	6222	8006	28.7	26.7	-6.9	2.5
<b>Douglas</b>	5429	8532	5239	4758	5969	25.5	13.9	-30.0	9.9
<b>Eagle</b>	1354	1997	634	645	866	34.3	36.6	-56.6	-36.0
<b>El Paso</b>	10536	12968	7566	6984	9176	31.4	21.3	-29.2	-12.9
<b>Fremont</b>	662	705	402	396	440	11.1	9.5	-37.6	-33.5
<b>Jefferson</b>	9534	11070	7428	8030	8389	4.5	12.9	-24.2	-12.0
<b>La Plata</b>	1270	1348	842	646	781	20.9	-7.2	-42.1	-38.5
<b>Larimer</b>	5427	7694	4470	4089	5143	25.8	15.1	-33.2	-5.2
<b>Mesa</b>	4001	3450	1661	1587	1502	-5.4	-9.6	-56.5	-62.5
<b>Morgan</b>	405	304	259	510	283	-44.5	9.3	-6.9	-30.1
<b>Park</b>	499	552	329	336	310	-7.7	-5.8	-43.8	-37.9
<b>Pueblo</b>	1915	2244	1564	1376	1518	10.3	-2.9	-32.4	-20.7
<b>Summit</b>	1779	1851	797	1238	1361	9.9	70.8	-26.5	-23.5
<b>Teller</b>	539	563	381	456	409	-10.3	7.3	-27.4	-24.1
<b>Weld</b>	4048	3916	2528	2413	2945	22.0	16.5	-24.8	-27.2
<b>Total</b>	75665	89085	56511	53878	65051	20.7	15.1	-27.0	-14.0

**Table 3: Release totals for the first six months (Q1+Q2) of each year.**

County	2008	2009	2010	2011	2012	% change since 2011	% change since 2010	% change since 2009	% change since 2008
<b>Adams</b>	8191	7827	7503	7859	8475	7.8	13.0	8.3	3.5
<b>Alamosa</b>	382	334	275	295	312	5.8	13.5	-6.6	-18.3
<b>Arapahoe</b>	16040	16089	12992	13278	14997	12.9	15.4	-6.8	-6.5
<b>Boulder</b>	10693	12096	9096	9979	11275	13.0	24.0	-6.8	5.4
<b>Broomfield</b>	1892	2270	1564	1657	2094	26.4	33.9	-7.8	10.7
<b>Delta</b>	1199	982	699	597	571	-4.4	-18.3	-41.9	-52.4
<b>Denver</b>	16179	14904	13331	14397	16963	17.8	27.2	13.8	4.8
<b>Douglas</b>	11347	14524	7984	11330	12988	14.6	62.7	-10.6	14.5
<b>Eagle</b>	2838	3383	962	1421	1846	29.9	91.9	-45.4	-35.0
<b>El Paso</b>	24696	18575	15438	16641	19098	14.8	23.7	2.8	-22.7
<b>Fremont</b>	1577	1211	884	916	893	-2.5	1.0	-26.3	-43.4
<b>Jefferson</b>	17582	16930	15560	20148	20230	0.4	30.0	19.5	15.1
<b>La Plata</b>	2260	2227	1749	1548	1612	4.1	-7.8	-27.6	-28.7
<b>Larimer</b>	8448	12480	8570	9636	10789	12.0	25.9	-13.5	27.7
<b>Mesa</b>	7798	6789	4720	3557	3345	-6.0	-29.1	-50.7	-57.1
<b>Morgan</b>	721	519	516	785	537	-31.6	4.1	3.5	-25.5
<b>Park</b>	986	922	658	802	690	-14.0	4.9	-25.2	-30.0
<b>Pueblo</b>	4180	3876	3124	2908	3010	3.5	-3.6	-22.3	-28.0
<b>Summit</b>	3561	3200	1909	2688	3103	15.4	62.5	-3.0	-12.9
<b>Teller</b>	1081	967	890	1039	1005	-3.3	12.9	3.9	-7.0
<b>Weld</b>	7100	6512	4995	5422	6026	11.1	20.6	-7.5	-15.1
<b>Total</b>	148751	146617	113419	126903	139859	10.2	23.3	-4.6	-6.0

**Table 4: Change in release totals from the first quarter to the second quarter of 2012.**

County	12/1st Q	12/2ndQ	Change from previous quarter
<b>Adams</b>	4569	3906	-14.5
<b>Alamosa</b>	164	148	-9.8
<b>Arapahoe</b>	7882	7115	-9.7
<b>Boulder</b>	5827	5448	-6.5
<b>Broomfield</b>	1060	1034	-2.5
<b>Delta</b>	269	302	12.3
<b>Denver</b>	8957	8006	-10.6
<b>Douglas</b>	7019	5969	-15.0
<b>Eagle</b>	980	866	-11.6
<b>El Paso</b>	9922	9176	-7.5
<b>Fremont</b>	453	440	-2.9
<b>Jefferson</b>	11841	8389	-29.2
<b>La Plata</b>	831	781	-6.0
<b>Larimer</b>	5646	5143	-8.9
<b>Mesa</b>	1843	1502	-18.5
<b>Morgan</b>	254	283	11.4
<b>Park</b>	380	310	-18.4
<b>Pueblo</b>	1492	1518	1.7
<b>Summit</b>	1742	1361	-21.9
<b>Teller</b>	596	409	-31.4
<b>Weld</b>	3081	2945	-4.4
<b>Total</b>	74808	65051	-13.0

**Table 5: 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>12/2nd Q</b>	<b>Occupied households (2010)</b>	<b>Release Index</b>
<b>Summit</b>	1361	11791	11.5
<b>Douglas</b>	5969	102568	5.8
<b>Broomfield</b>	1034	21509	4.8
<b>Boulder</b>	5448	119494	4.6
<b>Eagle</b>	866	19209	4.5
<b>Park</b>	310	7198	4.3
<b>Larimer</b>	5143	120708	4.3
<b>Teller</b>	409	9850	4.2
<b>El Paso</b>	9176	237851	3.9
<b>Jefferson</b>	8389	218569	3.8
<b>La Plata</b>	781	21141	3.7
<b>Weld</b>	2945	89867	3.3
<b>Arapahoe</b>	7115	225201	3.2
<b>Denver</b>	8006	265613	3.0
<b>Morgan</b>	283	10306	2.7
<b>Fremont</b>	440	16589	2.7
<b>Mesa</b>	1502	57931	2.6
<b>Adams</b>	3906	154503	2.5
<b>Alamosa</b>	148	6018	2.5
<b>Pueblo</b>	1518	63135	2.4
<b>Delta</b>	302	12676	2.4
<b>Combined</b>	63690	1389250	4.6

**Table 6: Quarterly totals for most recent five quarters.**

County	11/2nd Q	11/3rd Q	11/4th Q	12/1st Q	12/2ndQ
<b>Adams</b>	3540	3405	3776	4569	3906
<b>Alamosa</b>	125	125	166	164	148
<b>Arapahoe</b>	5619	5875	6584	7882	7115
<b>Boulder</b>	3916	4409	5269	5827	5448
<b>Broomfield</b>	752	721	998	1060	1034
<b>Delta</b>	240	258	315	269	302
<b>Denver</b>	6222	6186	6830	8957	8006
<b>Douglas</b>	4758	4267	5107	7019	5969
<b>Eagle</b>	645	493	863	980	866
<b>El Paso</b>	6984	7376	8023	9922	9176
<b>Fremont</b>	396	393	419	453	440
<b>Jefferson</b>	8030	5539	6616	11841	8389
<b>La Plata</b>	646	585	809	831	781
<b>Larimer</b>	4089	4195	4639	5646	5143
<b>Mesa</b>	1587	1345	1522	1843	1502
<b>Morgan</b>	510	224	250	254	283
<b>Park</b>	336	289	325	380	310
<b>Pueblo</b>	1376	1186	1389	1492	1518
<b>Summit</b>	1238	1124	1596	1742	1361
<b>Teller</b>	456	381	310	596	409
<b>Weld</b>	2413	2130	2534	3081	2945
<b>Total</b>	53878	50506	58340	74808	65051

**Table 7: Total annual releases.**

County	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (Through June)
<b>Adams</b>	15696	29336	43903	54130	38450	32223	26194	21713	15451	14639	17108	15040	8475
<b>Alamosa</b>	630	630	630	630	630	630	630	630	699	572	617	586	312
<b>Arapahoe</b>	34535	57336	73991	86414	65113	47452	37681	35350	26943	30843	30357	25737	14997
<b>Boulder</b>	20282	33431	42672	55261	32751	25610	19970	20943	18983	24805	20767	19657	11275
<b>Broomfield</b>	n/a	n/a	5364	7757	5160	4048	3836	3858	3321	4352	3759	3376	2094
<b>Delta</b>	1604	2111	2851	3287	2916	2438	2443	2334	2116	1969	1470	1170	571
<b>Denver</b>	36604	48384	67114	89962	61225	49073	40632	39548	31047	34064	31080	27413	16963
<b>Douglas</b>	17022	29912	39384	65478	35968	32098	26934	26281	21673	28041	18987	20704	12988
<b>Eagle</b>	6130	7430	10349	12647	9047	9617	8525	8147	4941	5386	2923	2777	1846
<b>El Paso</b>	30187	33884	65734	101378	56436	48970	45564	43551	39941	39068	34301	32040	19098
<b>Fremont</b>	2573	3559	4072	5202	3616	3353	3007	2921	2470	2457	1893	1728	893
<b>Jefferson</b>	35677	59597	76688	101777	68894	49135	39808	40166	30015	36578	30663	32303	20230
<b>La Plata</b>	3141	4459	6333	7846	5928	5478	5286	3867	4137	4542	2973	2942	1612
<b>Larimer</b>	17711	30453	40293	50874	33162	28489	24061	23695	19383	23198	20259	18470	10789
<b>Mesa</b>	n/a	n/a	15011	19134	15151	14548	14900	14761	14523	12648	7838	6424	3345
<b>Morgan</b>	1324	1629	1912	2426	2180	1969	1630	1527	1201	1013	1150	1259	537
<b>Park</b>	4532	4692	4736	4694	3339	3026	2680	2340	1786	1778	1416	1416	690
<b>Pueblo</b>	12934	13391	13867	17883	12692	11500	10662	8869	7761	7553	6614	5483	3010
<b>Summit</b>	4198	5536	7992	10035	9547	6968	6831	8452	6365	6258	4796	5408	3103
<b>Teller</b>	2392	2990	3759	4435	3766	2974	2588	2804	2049	1511	1563	1730	1005
<b>Weld</b>	13701	21312	25117	32123	25117	20966	19265	15700	12166	12456	11327	10086	6026
<b>Total</b>	260873	390072	551772	733373	491088	400565	343127	327457	266971	293731	251861	235749	139859

## **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.