



## Notices of default reach 'normal' level

By **SAMANTHA HENRY**, The Daily Transcript  
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Notices of default have reached a level of normalcy, and one San Diego real estate professional predicts they'll stay in that range.

[Notices of default](#) (NOD) -- which initiate the foreclosure process by registering that a borrower is behind in payments -- decreased 26.63 percent from October to November, and fell 46.6 percent from November 2012 to November 2013, according to the San Diego County Assessor's Office.

Lenders issued NODs to 471 borrowers in November, down from 642 in October and down from 882 in November 2012.

A normal level of NODs would be in the 450 to 500 range, according to Mark Goldman, professor at San Diego State University and a senior loan officer with **C2 Financial Corp.**

"We're going to see maybe 450 NODs per month," Goldman said. "We might see 400, we might see 500, but I don't see big changes coming with those."

NODs and trustee deeds have decreased year-over-year as a result of increasing home values and the movement of defaulted borrowers through the pipeline, Goldman said. Now five years after 2008, Goldman said the index for adjustable rate loans is now low -- and that's a "stabilizing factor in the mortgage default world," he said.

Equity is an important factor in the rate of defaults, Goldman said. If someone has equity in their home, he or she has the opportunity to sell the house and protect his or her credit.

"[NODs] might pop up now and then but I think the worst of it is over and the people who were forced into default for whatever reason -- they've been resolved," Goldman said. "And so we'll get to a level of notices of default that are consistent with the market."

[Trustee deeds](#) -- the final step in the foreclosure process, transferring ownership from the delinquent borrower back to the lender or to a third party -- were filed on 223 properties in November, 5.69 percent higher than in October and 58.24 percent fewer than November 2012.

Goldman said the number of foreclosures now is probably similar to the rate in 2005 and 2006. Goldman expects the rate of NODs and trustee deeds to stabilize and remain about the same next year as this year.

He said factors causing distress in the market, including job loss and loss of equity, have been mitigated and the bad loans have been worked through. Property values are likely to stabilize next year and have already started to slow down.

“In a good economy, people default for different reasons. ... There are always going to be foreclosures,” Goldman said.