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el paso counTy: sparsely populated outlying areas had some of the highest percentages of foreclosures last year, while established urban areas had less of a problem.

local foreclosures mirror u.s. trend

consecutive years of record foreclosures underscore problem

By rich laden The GazeTTe —

ome of the Pikes Peak region's worst foreclo- s rural sure problems communities in 2008 , lower occurred -income in Colorado outlying Springs neighborhoods and areas near Fort Carson, while established, urban areas fared better, based on new figures from the El Paso County Public Trustee and El Paso County Assessor.

Last year, El Paso County property owners were served with 4,602 foreclosure notices, up from 3,556 in 2007. The notices went out mostly to owners of single-family residences, condos and townhomes, although a small portion went to owners of vacant land and commercial property, said Public Trustee Tom Mowle.

Back-to-back years of record foreclosures underscore the area's housing woes, which mirror what's happening nationwide. Home construction plunged last year in El Paso County, while sales slowed and prices fell. Rising numbers of foreclosures exacerbate those problems; economists and real estate experts say foreclosed homes coming back on the market typically do so at a discount and drive down prices for new homes and resales.

Higher concentrations of foreclosures in some parts of the region don't surprise real estate experts who work with distressed properties.

Generally speaking, they say, areas with more foreclosures tend to have larger numbers of entry-level homeowners who live paycheck to paycheck, put little — if any — money down on their purchase, obtained mortgages whose interest rates adjusted upward in recent years and have little invested in their properties and less objection to walking away if their finances suffer.

Established areas, meanwhile, tend to have residents with higher incomes. They've owned their homes for several years, have more equity and used traditional, fixed-rate loans that didn't spike upward and create a financial hardship, the real estate experts say.

Areas with the highest percentage of households that received foreclosure notices in 2008 include large portions of unincorporated central and eastern El Paso County; the fast-growing Falcon and Woodmen Hills areas northeast of Colorado Springs; neighborhoods in southeast Colorado Springs; and portions of the Security-Widefield-Fountain areas around Fort Carson. In those ZIP codes, 4.4 percent to 8.9 percent of households received foreclosure notices in 2008.

Lower household incomes are a major reason for heavier concentrations of foreclosure in some outlying areas, said Tiffany Lachnidt of Keller Williams Clients' Choice, a Springs residential brokerage. Homeowners on a tight budget have little wiggle room if their adjustable rate mortgage increases or if a layoff dents their pocketbooks.

Also, when homeowners in outlying areas encounter financial trouble and need to sell to avoid a foreclosure, they're finding there are fewer takers these days for large acreages in remote areas, Lachnidt said. And, banks are doing little lending for purchases of modular homes, which are common in the county's far reaches, she said.

In more populated areas with higher percentages of foreclosures, such as Falcon, Woodmen Hills and areas around Fort Carson, thousands of homes were built in recent years and sold to entrylevel buyers whose mortgages didn't require down payments or allowed them to make low initial monthly payments until their interest rates adjusted later, said Joe Clement, owner of Re/Max Properties in Colorado Springs.

As a result, owners of such newer homes don't have equity built up in their properties. Now that property values are falling, some owners of newer homes owe more than what they're worth. If they run into financial problems, they can't sell or refinance, and wind up in foreclosure, Clement said.

Areas around Fort Carson also have experienced problems as soldiers are transferred and walk away from the home, Lachnidt said.

Many of the same conditions aren't as prevalent in older neighborhoods, several of which had lower concentrations of foreclosures. Based on data from the Trustee and Assessor, those areas included neighborhoods in northwest Colorado Springs, Briargate on the north side, the Old North End north of downtown and Manitou Springs. Percentages of homes in foreclosure in those ZIP codes ranged from 1 percent to 3 percent last year.

Residents in many of those area have higher household incomes, Lachnidt said. Likewise, Clement said, some of the owners in those areas have lived in their homes for decades. They put down 20 percent on the home when they bought it and took out traditional fixed-rate mortgages long before interestonly and adjustable-rate loans came along, he said.

A reduction in foreclosures will happen as thousands of additional troops arrive at Fort Carson starting this year, jobs are added to the economy and consumer confidence returns, Lachnidt and Clement said. Keeping mortgage rates low also is vital to attract traditional buyers and investors; 30-year fixed-rate loans continued to average close to 5 percent nationally last week.

"No. 1, we need to keep interest rates low," Lachnidt said. "But we need to get buyers back, feeling comfortable that they're going to have a job and that their real estate market is not going to continue to crash."

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About the dAtA

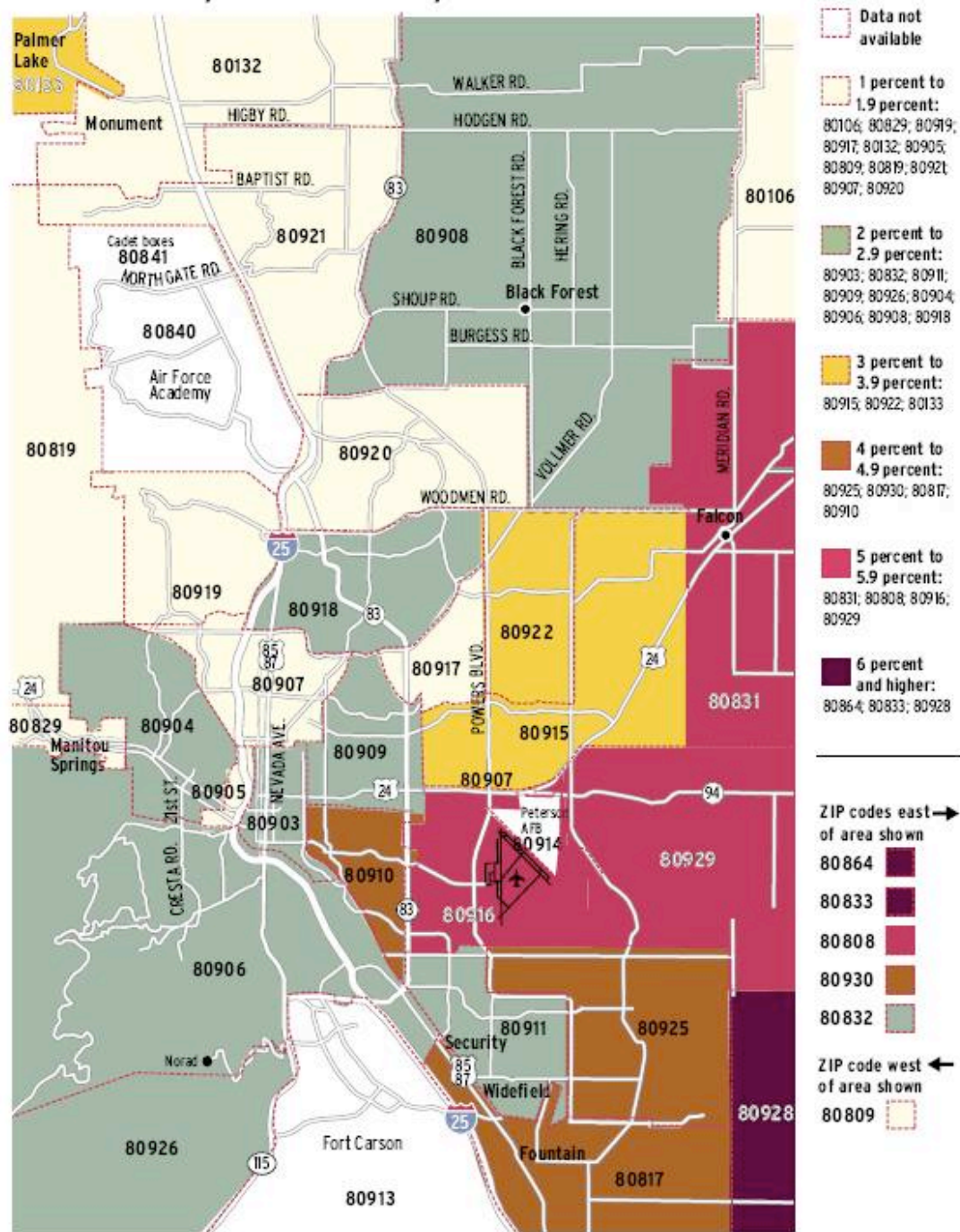
El Paso County Trustee Tom Mowle, whose office oversees foreclosure filings in the county, tracked numbers of foreclosures by ZIP codes in 2008. The office's numbers are for foreclosure notices, which are the first step in the state's foreclosure process. Typically, homeowners receive a foreclosure notice after missing three months of mortgage payments. After receiving the notice, homeowners have a few months to work out a deal with their lender or catch up on their payments. All homeowners who receive foreclosure notices don't lose their homes.

The office of El Paso County Assessor Mark Lowderman, meanwhile, estimated the number of single-family residences — homes, condos and townhomes — in each ZIP code. The Assessor's latest household estimates, however, were for ZIP codes before boundaries were redrawn in recent years. As a result, Mowle adjusted his data to show how 2008 foreclosures would have been plotted in the older ZIP codes.

One qualifier about the data: ZIP codes sometimes are large geographic areas that cross demographic lines. Large numbers of foreclosures could be concentrated in a few neighborhoods within a larger ZIP code, and don't necessarily reflect housing conditions across the entire area. One example: the 80906 ZIP code in south and southwest Colorado Springs includes wealthy mansions around The Broadmoor hotel, as well as some of the area's least-expensive housing in the Stratmoor South and Stratmoor Valley neighborhoods a few miles east of the resort.

Something else to remember: Before last year's total, the previous foreclosure record was 3,476 in 1988. Real estate experts have said the foreclosure problem was worse 20 years ago because the region's population was smaller and foreclosures were spread over fewer homes.

El Paso County foreclosures by ZIP code



Note: Some ZIP code boundaries have been redrawn in recent years to reflect population shifts. However, the latest data from the El Paso County Assessor on numbers of households were available only for older ZIP codes. As a result, this analysis uses 2008 foreclosure data with maps that do not reflect the latest ZIP code boundaries. Under the latest ZIP code boundary changes, 80905 has been expanded and now covers portions of 80904 and 80906; 80920 has been divided into 80920 and 80924; 80918 and 80924 have been divided into 80918, 80922 and 80923; and 80915 has been divided into 80915, 80927, 80938, 80939 and 80951.

SOURCES: El Paso County Public Trustee's Office; El Paso County Assessor's Office

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El Paso County foreclosures by ZIP code

Zip code	Location	Number of households	Foreclosure filings in 2008	households with foreclosures in 2008
80864	Unincorporated Yoder/Edison/Truckton	305	27	8.9%
80833	Unincorporated Rush	70	6	8.6%
80928	Unincorporated Hanover	308	26	8.4%
80831	Peyton and unincorporated Eastonville/Falcon/Woodmen Hills	5,896	316	5.4%
80808	Calhan and unincorporated Elliott	1,305	68	5.2%
80996	Pikes Peak Panorama/Eastborough/Southborough	8,044	414	5.1%
80929	Southern Banning/Lewis Ranch	40	2	5.0%
80925	Far southeast Colorado Springs and east of Fountain Valley	1,140	54	4.7%
80930	Unincorporated central El Paso County	148	7	4.7%
80887	Fountain	7,325	319	4.4%
80990	Hillsdale/Pikes Peak Park/Valley Hill	6,755	294	4.4%
80995	Rustic Hills, Colorado Springs east side; unincorporated Cimarron Hills/Constitution Hills	7,410	243	3.3%
80922	Spring Ranch/Stetson Hills	13,092	403	3.1%
80133	Palmer Lake	623	19	3.0%
80903	Downtown Colorado Springs and surrounding areas	3,943	109	2.8%
80832	Raman	112	3	2.7%
80981	Unincorporated Security/Widefield	11,404	290	2.5%
80909	East Side/Knob Hill	10,206	220	2.2%
80926	Unincorporated Turkey Creek/Red Rock Valley	328	7	2.1%
80904	Old Colorado Springs/Pleasant Valley	6,592	133	2.0%
80906	Skyway/Broadmoor	15,032	300	2.0%
80908	Unincorporated Black Forest	4,491	90	2.0%
80988	Vista Grande/Cragmor/Erindale/Norwood	17,897	345	2.0%
80987	Village Seven/Old Farm	9,523	184	1.9%
80132	Monument and unincorporated Woodmoor	6,223	115	1.8%
80905	West Side/Gold Hill Mesa/Wywild/Stratmoor	1,529	26	1.7%
80809	Cascade and Chipita Park	750	11	1.5%
80889	Green Mountain Falls	550	8	1.5%
80921	Northgate and unincorporated Geneagle/Jackson Creek	6,393	99	1.5%
80907	Old North End/Holland Park/Patty Jewett	8,330	117	1.4%
80920	Briargate/Pine Creek/Falcon Estates	12,863	176	1.4%
80106	Unincorporated Black Forest	2,023	20	1.0%
80829	Manitou Springs	2,112	22	1.0%
80999	Rockrimmon/Peregrine	9,927	100	1.0%

SOURCES: El Paso County Public Trustee's Office; El Paso County Assessor's Office

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A foreclosed home this month in Houston. The AssociATed Press