

Delaware Delinquencies and Foreclosures Report—Q4 2017

Foreclosure Process

Foreclosure processes nationally are classified as “judicial” or “non-judicial,” indicating whether or not the state courts are involved in the process, or if the lender may proceed outside the courts to reclaim an unpaid mortgage debt.

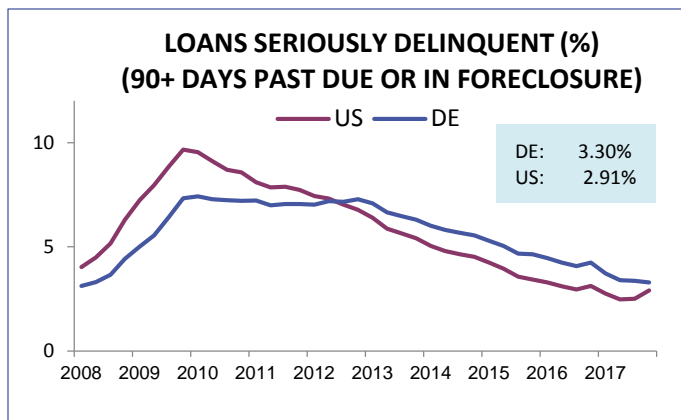
Along with 20 other states, Delaware is a “judicial foreclosure state.” This process includes steps that are not required in other states, and typically adds several months to the time a property owner receives a notice of default until the property is sold at a foreclosure auction (sheriff sale). Delaware’s Mortgage Mediation Program also extends the length of time that loans are categorized as being in foreclosure or seriously delinquent. This process provides homeowners who are in foreclosure the opportunity to work towards a mutual agreement with

their lender to avoid foreclosure. The Mortgage Mediation Program is optional for homeowners but mandatory for lenders. Specific information about Delaware’s Mortgage Mediation Program can be found at: [DE Dept. of Justice Mortgage Mediation](#).

These factors lead to the perception that Delaware (and the other judicial states) continue to experience high rates of foreclosure, when in reality it just takes longer to work through the additional procedures.

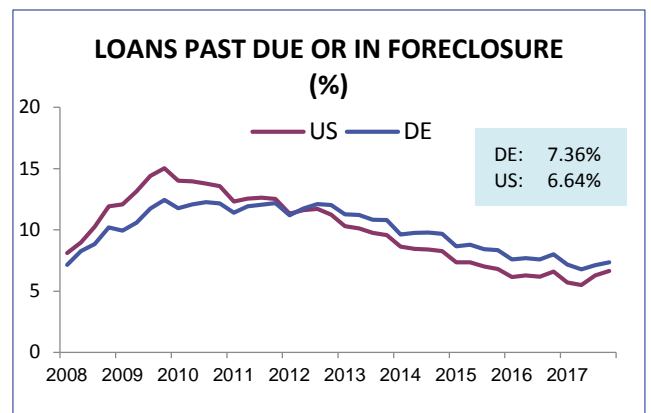
DSHA gathers foreclosure information from several sources including the quarterly National Delinquency Survey from the Mortgage Bankers Association; File & ServeXpress, which collects data from the county courts; and from sheriff sales, directly from the counties or through vendors.

Delinquency Trends in Delaware



As shown on the charts of Mortgage Bankers Association’s National Delinquency Survey data (above and right), Delaware has made steady progress working through the foreclosure crisis, especially since 2012 when the mandatory foreclosure mediation program was implemented.

Analysis of the Mortgage Bankers Association’s National Delinquency Survey indicates that of the 21 states using the judicial method of foreclosure, Delaware is currently the 10th highest in total percent of loans past due and has steadily trended down since 2012 in both loans that are 30 days past due and loans that are 90 days past due or in foreclosure.

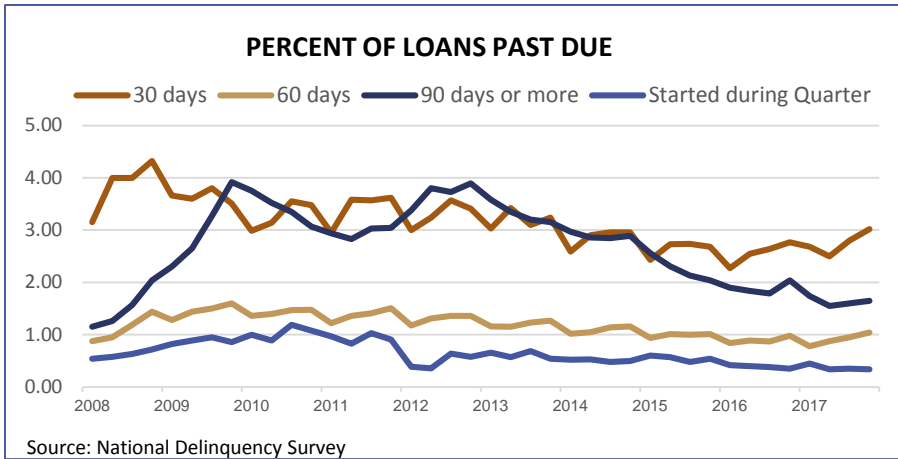


Sources

Mortgage Delinquencies: Mortgage Bankers Association, National Delinquency Survey. <http://www.mortgagebankers.org>

Foreclosure Filings: DSHA compilation of court filings. File&ServeXpress.com

Sheriff Sales: DSHA compilation of county sheriff sales data. New Castle County Sheriff’s Office, Salesweb.civilview.com



As shown at left, the National Delinquency Survey indicates that, with the exception of the 90-day rate, all the time-categories of delinquency and the rate of foreclosures started during the quarter in Delaware are near or below the rates experienced before the housing crisis.

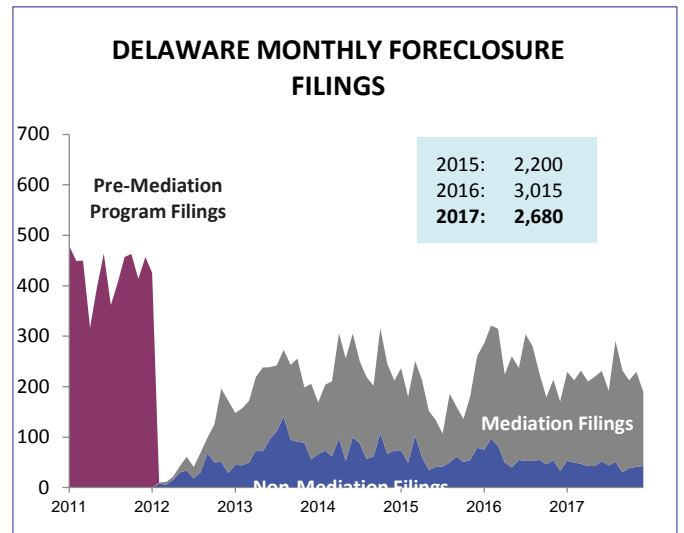
More detailed information on Delaware’s foreclosure rates can be found on [DSHA’s website](#).

Foreclosures in Delaware

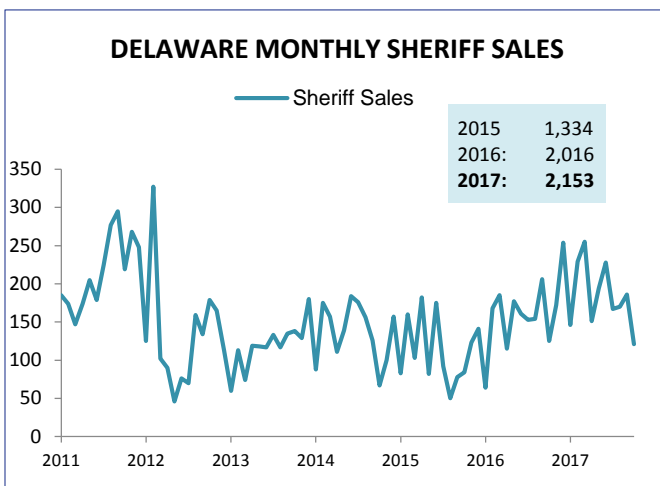
According to the data collected from File & ServeXpress.com there were 630 foreclosures filed in 2017-Q4, bringing the annual total to 2,680. In 2017, filings averaged 223 per month throughout the state, about 40% the levels that were typical through 2009 - 2011. Seventy-one percent of filings since January 2012 have been subject to the foreclosure mediation program.

Year over year, Delaware’s foreclosure filings are down 11% at the end of 2017 (2,680) when compared with 2016 (3,015), and up 22% compared to 2015 (2,200).

It should be noted that a filing does not indicate a completed foreclosure and a home can be subject to repeat filings. The mediation process requires that lenders meet with homeowners to discuss alternatives to foreclosure if the homeowner elects to participate.



Sheriff Sales



The sheriff sale is the final event in Delaware’s foreclosure process. If a homeowner is unable to satisfy a foreclosure action, the county sheriff will sell the home at a public auction. From monthly data collected via SalesWeb.com for Kent and Sussex counties and the New Castle County Sheriff’s Office, the chart at left indicates that sheriff sales were steadily trending upwards through 2017, another indication that the state is working through its foreclosure backlog.

Sheriff sales in 2017 (2,153) were 7% higher than they were in 2016 (2,016), and 61% higher than in 2015 (1,334). More information on Delaware sheriff sales can be found on [DSHA’s website](#).