



# Mortgage Performance Summary



QUARTERLY UPDATE

## Housing Market and Mortgage Performance in the Fifth District

**1st Quarter, 2011**

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THE FEDERAL RESERVE BANK OF RICHMOND

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**An Update on Housing Market and Mortgage Performance in the Fifth District  
1<sup>st</sup> Quarter, 2011  
Summary of Findings**

This report analyzes the size, composition, and performance of prime and subprime home mortgages in the Fifth District. It also provides information on trends in the District's housing market and charts with state level data.

**Fifth District Delinquency and Foreclosure Rates**

- The percentage of mortgages in foreclosure in the Fifth District continued to rise in the first quarter, edging up 0.1 percentage point to 2.9 percent. Since the first quarter of 2010, the Fifth District foreclosure rate has risen 0.1 percentage point. (Table 1)
- The prime mortgage foreclosure rate in the Fifth District rose from 2.0 percent in the first quarter of 2010 to 2.2 percent in the first quarter of 2011. (Table 3)
- The subprime mortgage foreclosure rate climbed another 0.3 percentage point in the first quarter of 2011 to 10.1 percent. Nonetheless, the rate was still 0.3 percentage point below its level in the first quarter of 2010. (Table 5)
- Subprime mortgages make up approximately 8.3 percent of all loans, but 29.1 percent of all loans in foreclosure. (Table 4, Figure 2)
- Delinquency rates abated or held steady across the Fifth District in the first quarter. Since the first quarter of 2010, the 90+ day delinquency rate declined from 4.2 percent to 3.3 percent. (Table 2)

**State Highlights**

- Among Fifth District jurisdictions, South Carolina had the highest foreclosure rate (4.0 percent), while the Virginia foreclosure rate of 2.0 percent was the lowest.(Table 2)
- South Carolina had the highest prime foreclosure rate in the Fifth District (3.2 percent), while Virginia had the lowest prime foreclosure rate (1.6 percent). (Table 3)
- The highest subprime mortgage foreclosure rate was in Maryland (12.4 percent). West Virginia posted the lowest subprime foreclosure rate (7.1 percent). (Table 5)
- South Carolina had the highest share of subprime mortgages (9.6 percent) in the Fifth District, while Virginia had the lowest share (7.1 percent).(Table 4, Figure 2)

**Fifth District Economic Conditions and Looking Forward**

- Sustained house price decline can lead to rising default and foreclosure. Fifth District house prices declined more rapidly in the first quarter, falling 2.5 percent since the fourth quarter of 2010 and 2.8 percent since the first quarter of 2010. (Figure 1)
- High unemployment can contribute to rising mortgage delinquency as well, as the loss of a job can affect a household's ability to repay a mortgage. The unemployment rate in the Fifth District has come down significantly in recent months, falling 1.3 percentage point on a year-over-year basis to 8.2 percent. (Table 7, Figure 3)

For more information on foreclosures, please visit the Richmond Fed's Foreclosure Center at [http://www.richmondfed.org/community\\_development/foreclosure\\_resource\\_center/](http://www.richmondfed.org/community_development/foreclosure_resource_center/)

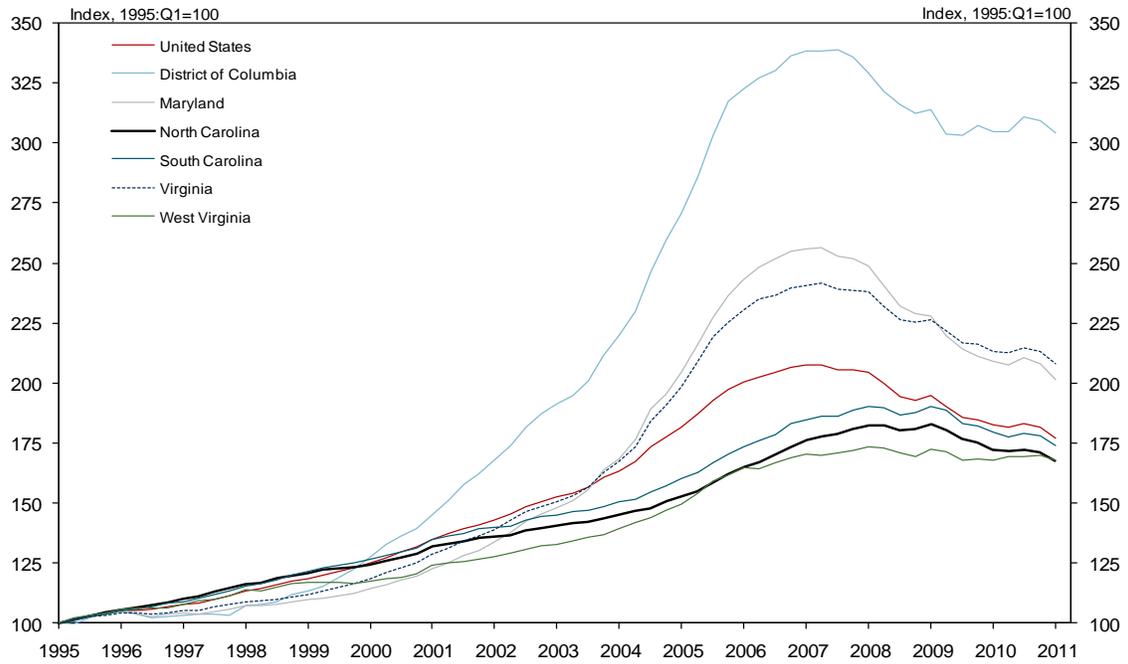
For recent data on the Fifth District economy, please visit the Richmond Fed's *Snapshot* publication at

[http://www.richmondfed.org/research/regional\\_economy/reports/snapshot/index.cfm](http://www.richmondfed.org/research/regional_economy/reports/snapshot/index.cfm)

*The views expressed in this article are those of the authors and do not necessarily reflect the views of the Federal Reserve Bank of Richmond or the Federal Reserve System.*

## Graphs and Charts

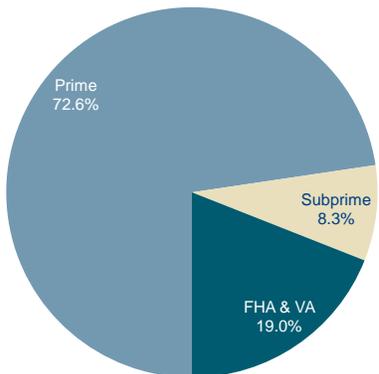
**Figure 1**  
**FHFA House Price Index: Fifth District**



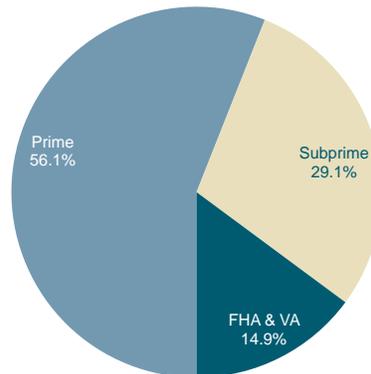
Source: Federal Housing Finance Agency (2011:Q1)/Haver Analytics

**Figure 2**  
**Mortgage Distribution: Fifth District**

**2a: Mortgages Outstanding**



**2b: Foreclosure Inventory**



Source: Mortgage Bankers Association (2011:Q1)/Haver Analytics. Percentages may not sum to 100 due to rounding

**Table 1**  
**Foreclosure Rates by Mortgage Type: Fifth District**

Loan Type	Fifth District		United States
	Percent in Foreclosure	National Rank	Percent in Foreclosure
Total	2.89	--	4.52
Prime Total	2.23	--	3.52
Prime Fixed-Rate	1.76	--	2.59
Prime Adjustable-Rate	5.49	--	9.53
Subprime Total	10.09	--	14.69
Subprime Fixed-Rate	7.82	--	10.53
Subprime Adjustable-Rate	14.98	--	22.26

Source: Mortgage Bankers Association (2011:Q1)/Haver Analytics

**Table 2**  
**Mortgage Delinquency Rates: Fifth District**

Geographic Area	Percent 90+ Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	2.82	26	3.05	30
Maryland	4.77	3	3.52	21
North Carolina	3.12	22	2.81	35
South Carolina	3.15	21	4.04	14
Virginia	2.41	38	2.03	44
West Virginia	2.46	36	2.24	41
Fifth District	3.25	--	2.89	--
United States	3.58	--	4.52	--

Source: Mortgage Bankers Association (2011:Q1)/Haver Analytics

**Table 3**  
**Prime Mortgage Delinquency Rates: Fifth District**

Geographic Area	Percent 90+ Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	1.91	17	2.34	28
Maryland	3.19	4	2.61	24
North Carolina	1.71	23	2.15	34
South Carolina	1.92	16	3.24	13
Virginia	1.44	33	1.60	43
West Virginia	1.25	39	1.69	40
Fifth District	1.98	--	2.23	--
United States	2.33	--	3.52	--

Source: Mortgage Bankers Association (2011:Q1)/Haver Analytics

**Table 4**  
**Subprime Share of All Loans: Fifth District**

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.68	35
Maryland	9.54	19
North Carolina	8.00	33
South Carolina	9.61	18
Virginia	7.10	41
West Virginia	10.02	16
Fifth District	8.34	--
United States	9.56	--

Source: Mortgage Bankers Association (2011:Q1)/Haver Analytics

**Table 5**  
**Subprime Mortgage Delinquency Rates: Fifth District**

Geographic Area	Percent 90+ Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	11.49	20	12.35	21
Maryland	15.89	2	12.42	20
North Carolina	11.81	16	9.01	38
South Carolina	10.42	33	11.95	27
Virginia	10.89	30	8.04	43
West Virginia	9.77	39	7.10	49
Fifth District	12.31	--	10.09	--
United States	11.88	--	14.69	--

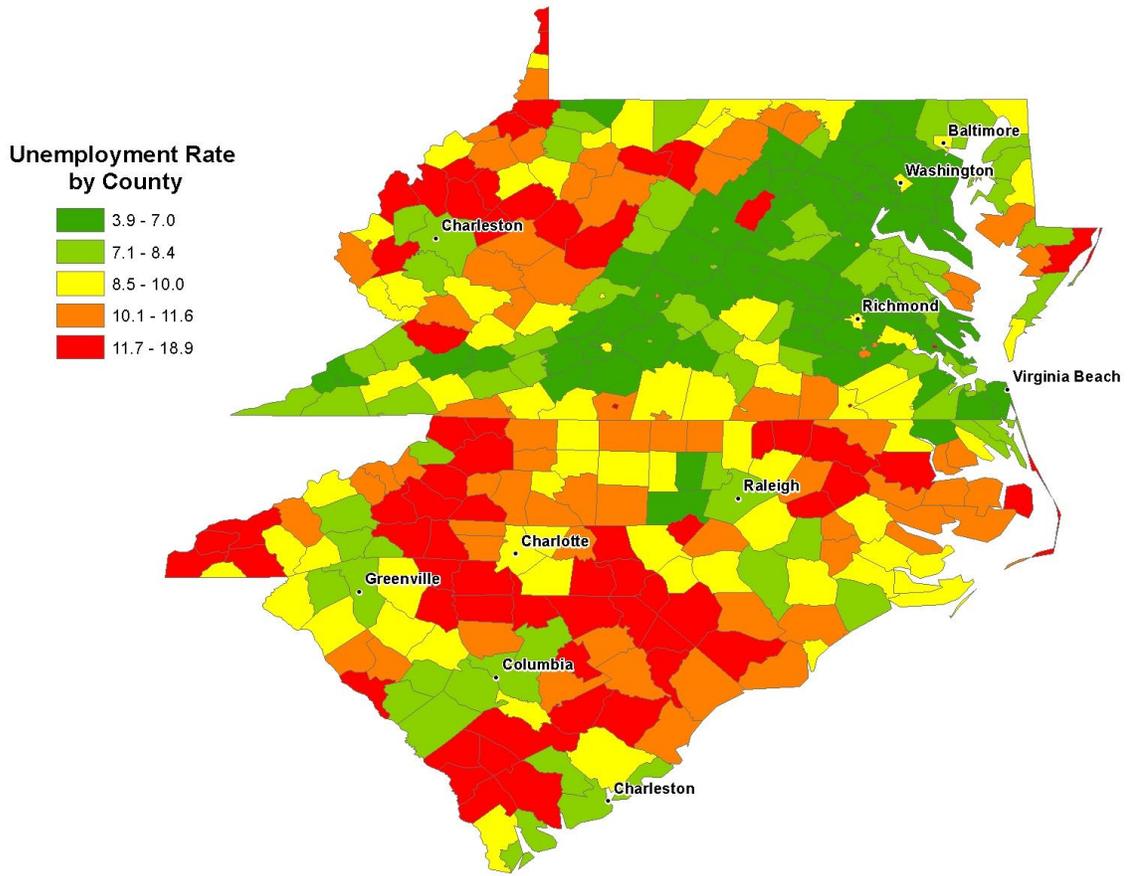
Source: Mortgage Bankers Association (2011:Q1)/Haver Analytics

**Table 6**  
**General Housing Statistics: Fifth District**

Geographic Area	Housing Units				
	Total	Vacant	Occupied	Owner-Occupied	
				Total	With a Mortgage
Maryland	2,341,332	246,210	2,095,122	1,436,362	1,102,684
North Carolina	4,258,573	612,478	3,646,095	2,449,917	1,661,351
South Carolina	2,084,361	354,129	1,730,232	1,213,577	769,352
Virginia	3,330,481	358,992	2,971,489	2,024,529	1,475,470
West Virginia	893,766	145,249	748,517	551,063	274,517
Fifth District	13,193,677	1,752,942	11,440,735	7,787,066	5,370,756
United States	129,949,960	16,333,731	113,616,229	74,843,004	50,747,854

Source: Housing units are 2009 estimates from the Census Bureau.

**Figure 3**  
**Unemployment Rate: Fifth District**



Notes: Unemployment Rate in March 2011  
 Source: Bureau of Labor Statistics

**Table 7**  
**Unemployment Rates: Fifth District**

Geographic Area	Unemployment Rate	Percentage Point Change from March 2010
District of Columbia	10.0	-0.1
Maryland	7.0	-0.7
North Carolina	9.7	-1.8
South Carolina	9.6	-1.9
Virginia	6.3	-1.1
West Virginia	9.7	0.1
Fifth District	8.2	-1.3
United States	9.2	-1.0

Note: Data are not seasonally adjusted.  
 Source: Bureau of Labor Statistics (March 2011)

## **Sources and Notes**

### **House Price Index**

*Federal Housing Finance Agency/Haver Analytics*

Weighted repeat sales index, measuring the average price changes in repeat sales or refinancing on the same single family properties. Based on transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac.

### **Unemployment Rate**

*Bureau of Labor Statistics/Haver Analytics*

### **General Housing Statistics**

*Census Bureau*

### **Loan Distribution and Loan Performance**

*Mortgage Bankers' Association/Haver Analytics*