



Mortgage Performance Summary



QUARTERLY UPDATE

Housing Market and Mortgage Performance in the Fifth District

2nd 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
2nd 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 held steady at a record level of 2.9 percent in the second quarter of 2011 after two periods of increase. Since the second quarter of 2010, the Fifth District foreclosure rate has risen 0.1 percentage point. (Table 1)
- The prime foreclosure rate in the Fifth District also maintained a record level of 2.2 percent in the second quarter, rising 0.2 percentage point on a year-over-year basis. (Table 3)
- In the second quarter of 2011, the subprime mortgage foreclosure rate climbed 0.3 percentage point for the second consecutive period, reaching 10.4 percent. The rate climbed 0.8 percentage point above its level in the second quarter of 2010. (Table 5)
- Subprime mortgages make up approximately 8.2 percent of all loans in the Fifth District, but 29.5 percent of all loans in foreclosure. (Table 4, Figure 2)
- Second quarter later-stage delinquency rates declined for the sixth consecutive period. The 90+ day delinquency rate fell from 3.9 percent to 3.2 percent in the year. (Table 2)

State Highlights

- Among Fifth District jurisdictions, South Carolina had the highest foreclosure rate (4.0 percent), while the Virginia foreclosure rate of 1.9 percent was the lowest in the District and the eighth lowest in the nation.(Table 2)
- South Carolina also had the highest prime foreclosure rate in the Fifth District (3.2 percent). West Virginia and Virginia had the lowest prime foreclosure rates (1.5 percent). (Table 3)
- The highest subprime mortgage foreclosure rate was in Maryland (13.1 percent). West Virginia posted the lowest subprime foreclosure rate (7.1 percent). (Table 5)
- West Virginia had the highest share of subprime mortgages (10.0 percent) in the Fifth District, while Virginia had the lowest share (6.8 percent).(Table 4)

Fifth District Economic Conditions and Looking Forward

- Sustained house price decline can lead to rising default and foreclosure. Fifth District house prices declined at a slightly slower pace in the second quarter of 2011, falling 1.8 percent on a quarterly basis. However, year-over-year declines accelerated to 4.0 percent.
- High unemployment can contribute to rising mortgage delinquency as well, since the loss of a job can affect a household's ability to repay a mortgage. The unemployment rate in the Fifth District rose slightly in recent months but remained 0.2 percentage point below its year-ago level at 8.7 percent in June. (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/

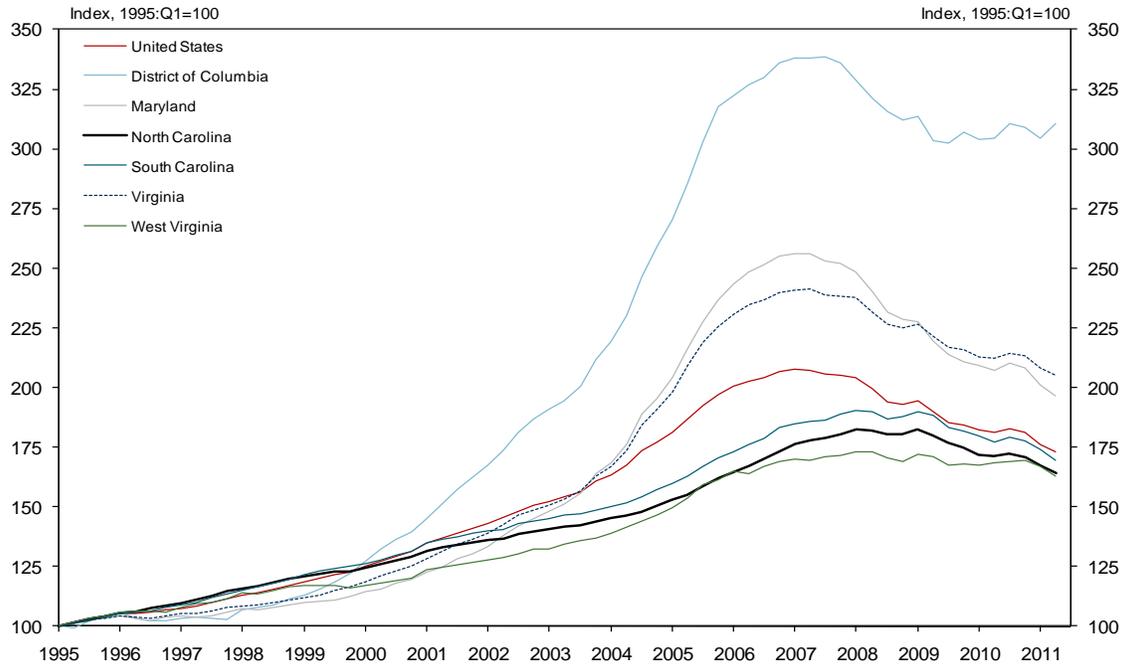
For recent data on the Fifth District economy, please visit the Richmond Fed's *Snapshot* publication at

http://www.richmondfed.org/research/regional_economy/reports/snapshot/index.cfm

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

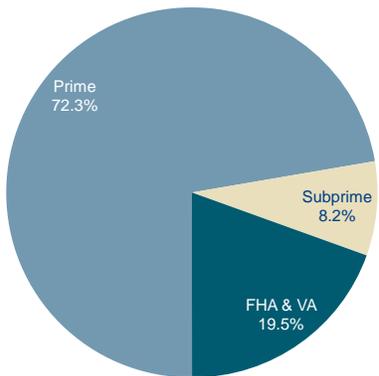
**Figure 1
FHFA House Price Index: Fifth District**



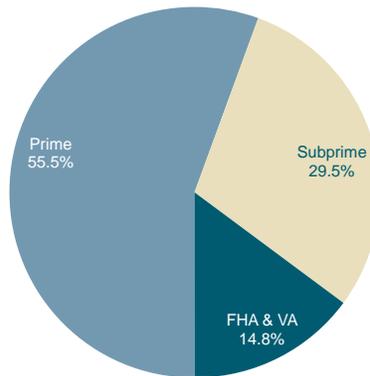
Source: Federal Housing Finance Agency (2011:Q2)/Haver Analytics

**Figure 2
Mortgage Distribution: Fifth District**

2a: Mortgages Outstanding



2b: Foreclosure Inventory



Source: Mortgage Bankers Association (2011:Q2)/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	--	4.43
Prime Total	2.22	--	3.40
Prime Fixed-Rate	1.78	--	2.56
Prime Adjustable-Rate	5.39	--	9.16
Subprime Total	10.40	--	14.89
Subprime Fixed-Rate	8.08	--	11.01
Subprime Adjustable-Rate	15.29	--	22.23

Source: Mortgage Bankers Association (2011:Q2)/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	2.95	22	2.92	31
Maryland	4.58	2	3.66	18
North Carolina	3.10	21	2.83	33
South Carolina	3.13	20	4.00	14
Virginia	2.28	39	1.92	44
West Virginia	2.52	34	2.04	41
Fifth District	3.17	--	2.89	--
United States	3.42	--	4.43	--

Source: Mortgage Bankers Association (2011:Q2)/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	2.05	14	2.26	27
Maryland	3.05	3	2.70	19
North Carolina	1.67	22	2.19	31
South Carolina	1.96	17	3.17	11
Virginia	1.33	34	1.50	41
West Virginia	1.30	36	1.48	42
Fifth District	1.92	--	2.22	--
United States	2.21	--	3.40	--

Source: Mortgage Bankers Association (2011:Q2)/Haver Analytics

Table 4
Subprime Share of All Loans: Fifth District

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.02	38
Maryland	9.48	19
North Carolina	7.93	31
South Carolina	9.60	18
Virginia	6.80	41
West Virginia	9.99	16
Fifth District	8.21	--
United States	9.40	--

Source: Mortgage Bankers Association (2011:Q2)/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	13.08	9	12.65	20
Maryland	15.33	2	13.06	16
North Carolina	11.65	14	9.13	38
South Carolina	9.97	32	12.13	26
Virginia	10.66	23	8.25	41
West Virginia	9.70	36	7.12	47
Fifth District	12.04	--	10.40	--
United States	11.26	--	14.89	--

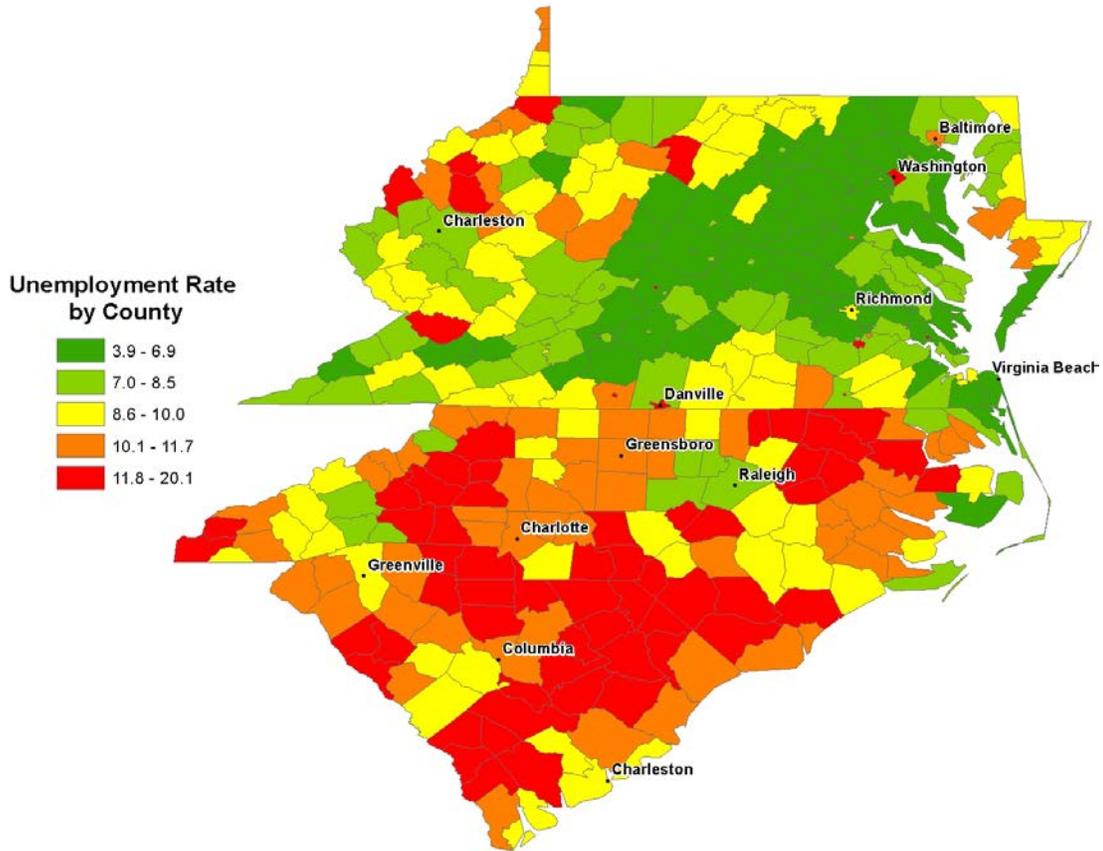
Source: Mortgage Bankers Association (2011:Q2)/Haver Analytics

Table 6
General Housing Statistics: Fifth District

Geographic Area	Housing Units				
	Total	Vacant	Occupied	Owner-Occupied	
				Total	With a Mortgage
District of Columbia	296,719	30,012	266,707	112,055	90,116
Maryland	2,378,814	2,156,411	222,403	1,455,775	1,146,636
North Carolina	4,327,528	582,373	3,745,155	2,497,900	1,741,905
South Carolina	2,137,683	336,502	1,801,181	1,248,805	825,417
Virginia	3,364,939	308,881	3,056,058	2,055,186	1,534,437
West Virginia	881,917	118,086	763,831	561,013	293,522
Fifth District	13,387,600	1,598,257	11,789,343	7,930,734	5,632,033
United States	131,704,730	14,988,438	116,716,292	75,986,074	51,208,208*

Source: Housing units are reported in the 2010 Census.

Figure 3
Unemployment Rate: Fifth District



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

Table 7
Unemployment Rates: Fifth District

Geographic Area	Unemployment Rate	Percentage Point Change from June 2010
District of Columbia	11.8	1.6
Maryland	7.4	0.0
North Carolina	10.4	-0.2
South Carolina	11.2	0.1
Virginia	6.3	-0.7
West Virginia	8.6	-0.3
Fifth District	8.7	-0.2
United States	9.3	-0.3

Note: Data are not seasonally adjusted.
 Source: Bureau of Labor Statistics (June 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