



Mortgage Performance Summary



QUARTERLY UPDATE

Housing Market and Mortgage Performance in the Fifth District

3rd 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
3rd 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 rose slightly to 3.0 percent in the third quarter of 2011 after holding steady in the second quarter. Since the third quarter of 2010, the Fifth District foreclosure rate has risen 0.5 percentage point. (Table 1)
- The prime foreclosure rate in the Fifth District maintained a record level of 2.3 percent in the third quarter, rising 0.4 percentage point on a year-over-year basis. (Table 3)
- In the third quarter of 2011, the subprime mortgage foreclosure rate continued to climb, rising 0.4 percentage point to 10.8 percent. The rate climbed 1.6 percentage point above its level in the third quarter of 2010. (Table 5)
- Subprime mortgages make up approximately 8.5 percent of all loans in the Fifth District, but 30.6 percent of all loans in foreclosure. (Table 4, Figure 2)
- The third quarter 90+ day delinquency rate increased slightly after six consecutive periods of decline. At 3.2 percent, the rate was 0.6 percentage point below its year-ago level. (Table 2)

State Highlights

- Among Fifth District jurisdictions, South Carolina had the highest foreclosure rate (4.4 percent). The Virginia foreclosure rate of 1.9 percent was the lowest in the District and one of the lowest in the nation.(Table 2)
- South Carolina also had the highest prime foreclosure rate in the Fifth District (3.6 percent) while Virginia had the lowest prime foreclosure rate (1.4 percent). (Table 3)
- The highest subprime mortgage foreclosure rate was also in South Carolina (13.0 percent). West Virginia posted the lowest subprime foreclosure rate (7.3 percent). (Table 5)
- Maryland had the highest share of subprime mortgages (10.2 percent) in the Fifth District, while Virginia had the lowest share (7.2 percent).(Table 4)

Fifth District Economic Conditions and Looking Forward

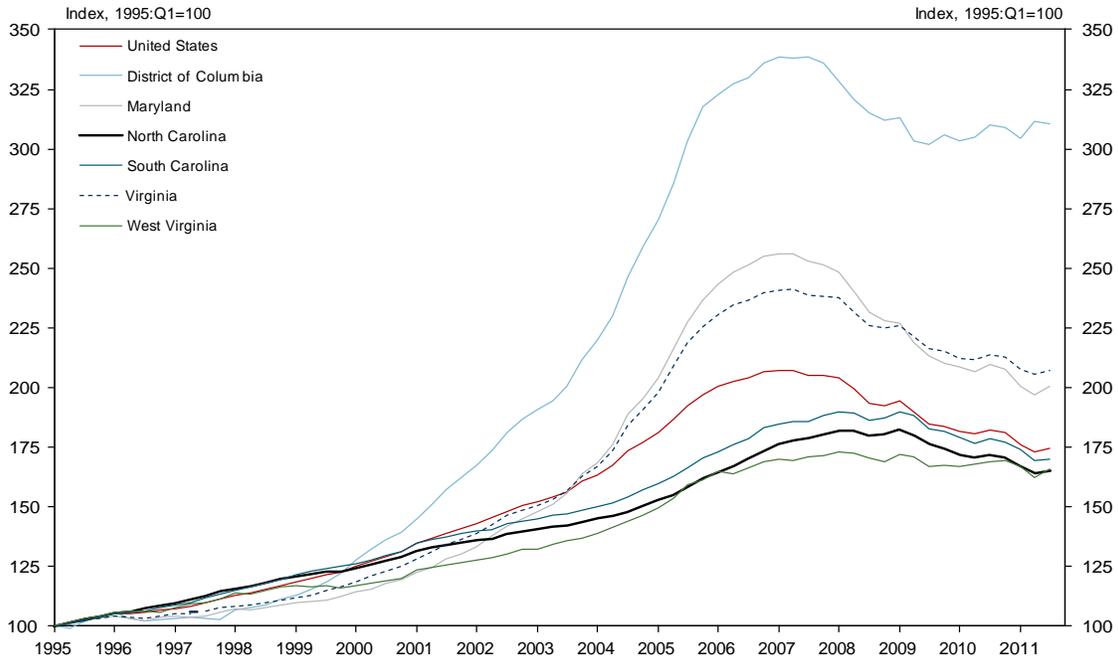
- Sustained house price decline can lead to rising default and foreclosure. Fifth District house prices improved in the third quarter of 2011, rising 0.8 percent on a quarterly basis. However, the year-over-year decline accelerated to 3.8 percent.
- High unemployment can contribute to rising mortgage 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 declined in recent months but, at 8.4 percent in September, it remained 0.1 percentage point above its year-ago level. (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.

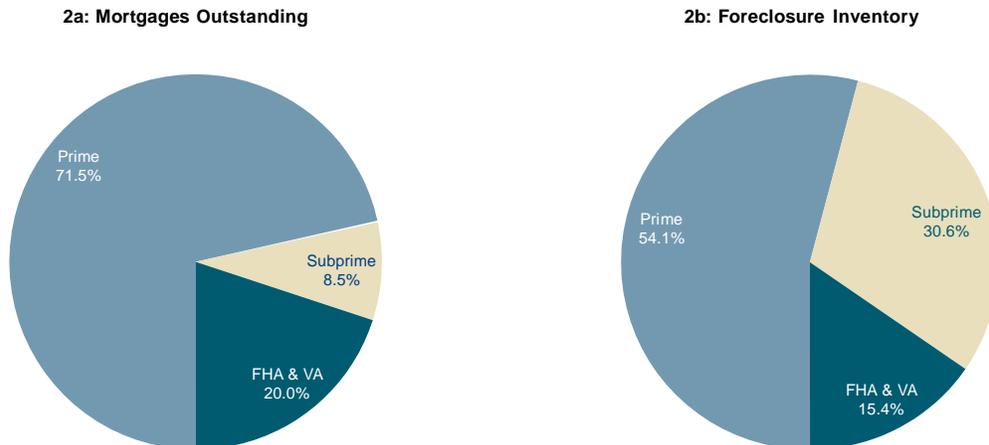
Graphs and Charts

Figure 1
FHFA House Price Index: Fifth District



Source: Federal Housing Finance Agency (2011:Q3)/Haver Analytics

Figure 2
Mortgage Distribution: Fifth District



Source: Mortgage Bankers Association (2011:Q3)/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	3.01	--	4.43
Prime Total	2.28	--	3.37
Prime Fixed-Rate	1.86	--	2.56
Prime Adjustable-Rate	5.33	--	9.05
Subprime Total	10.78	--	14.84
Subprime Fixed-Rate	8.31	--	10.82
Subprime Adjustable-Rate	16.05	--	22.73

Source: Mortgage Bankers Association (2011:Q3)/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	28	3.11	28
Maryland	4.82	2	3.71	17
North Carolina	3.03	25	3.08	29
South Carolina	2.99	26	4.40	11
Virginia	2.35	40	1.85	45
West Virginia	2.61	32	2.14	39
Fifth District	3.21	--	3.01	--
United States	3.46	--	4.43	--

Source: Mortgage Bankers Association (2011:Q3)/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	1.97	15	2.42	22
Maryland	3.20	3	2.67	19
North Carolina	1.55	28	2.38	24
South Carolina	1.66	25	3.55	7
Virginia	1.31	37	1.36	43
West Virginia	1.33	36	1.53	39
Fifth District	1.86	--	2.28	--
United States	2.17	--	3.37	--

Source: Mortgage Bankers Association (2011:Q3)/Haver Analytics

Table 4
Subprime Share of All Loans: Fifth District

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.47	39
Maryland	10.16	16
North Carolina	8.08	32
South Carolina	9.69	19
Virginia	7.15	42
West Virginia	10.00	17
Fifth District	8.53	--
United States	9.63	--

Source: Mortgage Bankers Association (2011:Q3)/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	12.80	8	12.76	17
Maryland	14.77	3	12.89	16
North Carolina	10.76	22	10.15	34
South Carolina	9.95	30	13.00	15
Virginia	10.14	29	8.15	39
West Virginia	9.75	31	7.30	46
Fifth District	11.54	--	10.78	--
United States	10.85	--	14.84	--

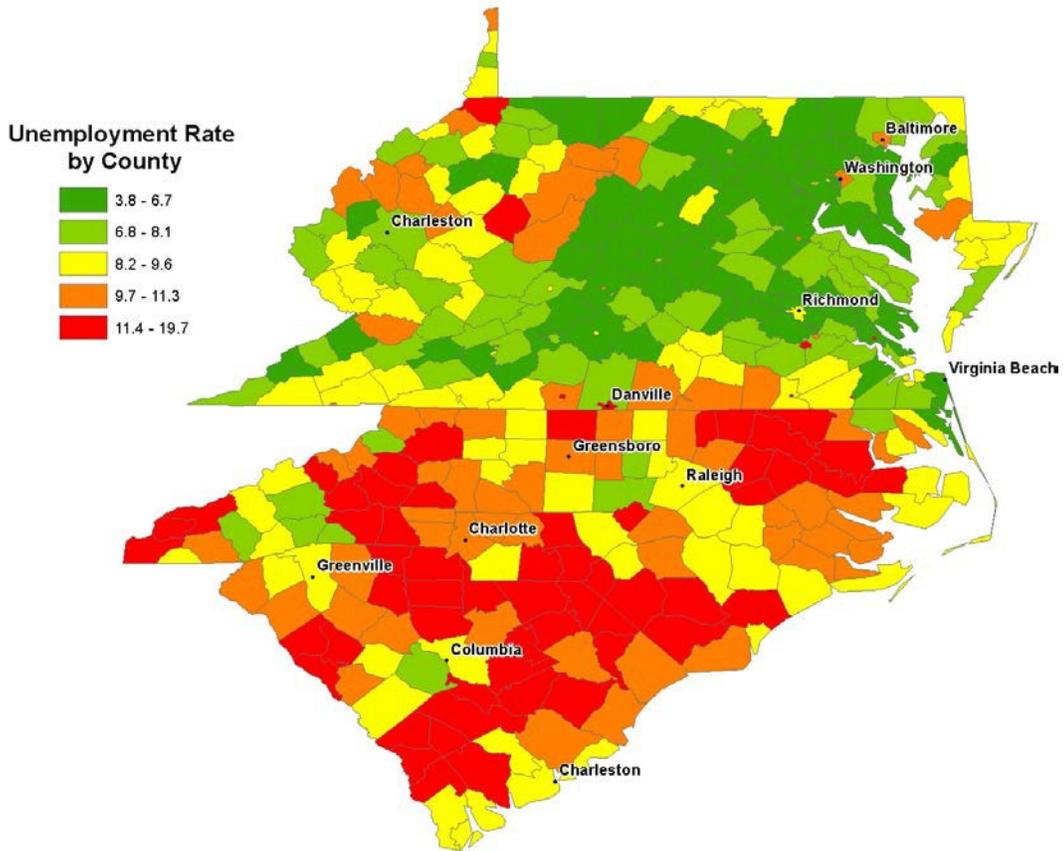
Source: Mortgage Bankers Association (2011:Q3)/Haver Analytics

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 September 2011
 Source: Bureau of Labor Statistics

Table 7
Unemployment Rates: Fifth District

Geographic Area	Unemployment Rate	Percentage Point Change from September 2010
District of Columbia	11.0	1.5
Maryland	7.1	-0.1
North Carolina	10.0	0.6
South Carolina	10.6	-0.2
Virginia	6.4	-0.1
West Virginia	7.8	-0.7
Fifth District	8.4	0.1
United States	8.8	-0.4

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