



Mortgage Performance Summary



QUARTERLY UPDATE

Housing Market and Mortgage Performance in the Fifth District

4th 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
4th 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 edged up 0.1 percentage point to 3.1 percent in the fourth quarter of 2011. Since the fourth quarter of 2010, the Fifth District foreclosure rate has risen 0.3 percentage point. (Table 1)
- The prime foreclosure rate in the Fifth District maintained a record level of 2.3 percent in the fourth quarter, rising 0.2 percentage point on a year-over-year basis. (Table 3)
- In the fourth quarter of 2011, the subprime mortgage foreclosure rate continued to climb, rising 0.1 percentage point to 10.9 percent. The rate climbed 1.0 percentage point above its level in the fourth quarter of 2010. (Table 5)
- Subprime mortgages make up approximately 8.7 percent of all loans in the Fifth District, but 30.5 percent of all loans in foreclosure. (Table 4, Figure 2)
- The third quarter 90+ day delinquency rate increased essentially held steady at 3.2 percent in the fourth quarter, 0.4 percentage point below its year-ago level. (Table 2)

State Highlights

- Among Fifth District jurisdictions, South Carolina had the highest foreclosure rate (4.6 percent). The Virginia foreclosure rate of 1.8 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 (1.3 percent). (Table 3)
- Maryland and South Carolina had the highest subprime foreclosure rates in the District (13.5 percent). West Virginia posted the lowest subprime foreclosure rate (6.8 percent). (Table 5)
- Maryland had the highest share of subprime mortgages (10.3 percent) in the Fifth District, while Virginia had the lowest share (7.3 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 fourth quarter of 2011 for the second straight period, rising 0.4 percent. The year-over-year decline decelerated to 2.4 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 0.6 percentage point over the year ending in December 2011, falling to 8.0 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/

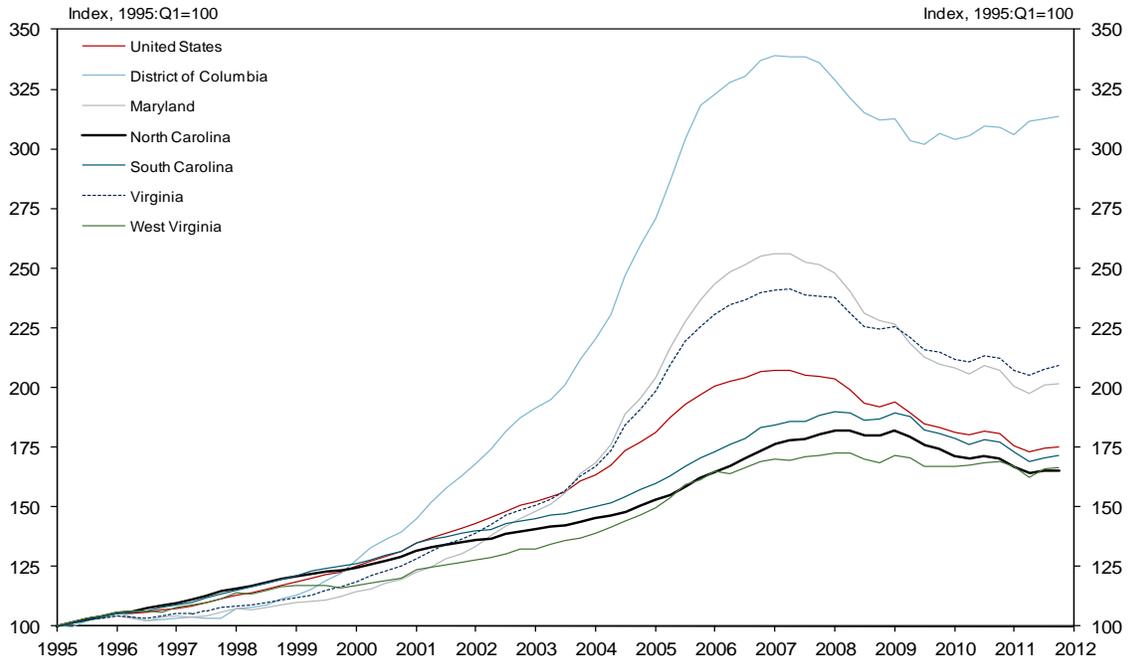
For recent data on the Fifth District economy, please visit the Richmond Fed's *Snapshot* publication at

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.

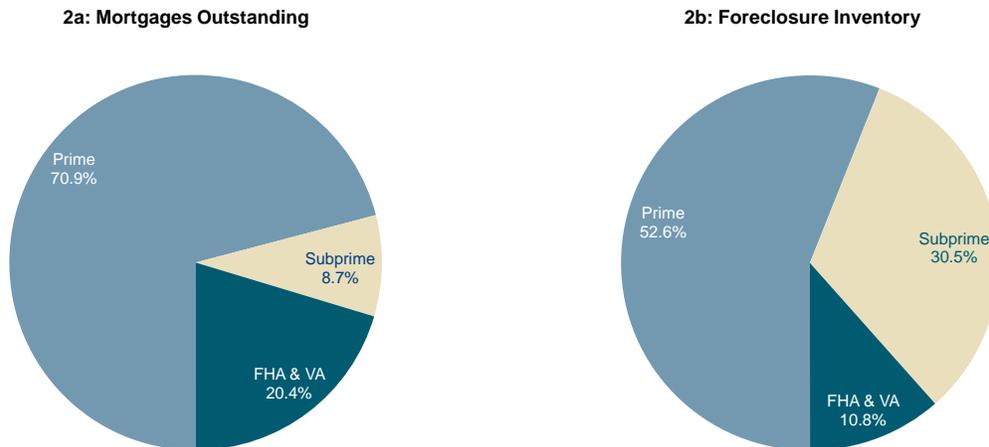
Graphs and Charts

Figure 1
FHFA House Price Index: Fifth District



Source: Federal Housing Finance Agency (2011:Q4)/Haver Analytics

Figure 2
Mortgage Distribution: Fifth District



Source: Mortgage Bankers Association (2011:Q4)/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 | 3.10 | -- | 4.38 |
| Prime Total | 2.30 | -- | 3.28 |
| Prime Fixed-Rate | 1.88 | -- | 2.52 |
| Prime Adjustable-Rate | 5.48 | -- | 8.72 |
| Subprime Total | 10.88 | -- | 14.45 |
| Subprime Fixed-Rate | 8.55 | -- | 10.65 |
| Subprime Adjustable-Rate | 15.98 | -- | 22.17 |

Source: Mortgage Bankers Association (2011:Q4)/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 | 3.01 | 24 | 3.17 | 27 |
| Maryland | 4.64 | 3 | 3.99 | 15 |
| North Carolina | 3.09 | 22 | 3.11 | 28 |
| South Carolina | 2.76 | 31 | 4.57 | 11 |
| Virginia | 2.35 | 38 | 1.84 | 44 |
| West Virginia | 2.42 | 35 | 2.05 | 39 |
| Fifth District | 3.15 | -- | 3.10 | -- |
| United States | 3.35 | -- | 4.38 | -- |

Source: Mortgage Bankers Association (2011:Q4)/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 | 1.98 | 14 | 2.47 | 21 |
| Maryland | 3.02 | 4 | 2.86 | 15 |
| North Carolina | 1.56 | 23 | 2.30 | 25 |
| South Carolina | 1.45 | 29 | 3.61 | 8 |
| Virginia | 1.22 | 35 | 1.33 | 43 |
| West Virginia | 1.15 | 38 | 1.44 | 39 |
| Fifth District | 1.77 | -- | 2.30 | -- |
| United States | 2.04 | -- | 3.28 | -- |

Source: Mortgage Bankers Association (2011:Q4)/Haver Analytics

Table 4
Subprime Share of All Loans: Fifth District

| Geographic Area | Percent Subprime | National Rank |
|----------------------|------------------|---------------|
| District of Columbia | 7.70 | 35 |
| Maryland | 10.30 | 16 |
| North Carolina | 8.23 | 31 |
| South Carolina | 9.91 | 19 |
| Virginia | 7.31 | 42 |
| West Virginia | 10.01 | 18 |
| Fifth District | 8.69 | -- |
| United States | 9.74 | -- |

Source: Mortgage Bankers Association (2011:Q4)/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 | 12.08 | 9 | 12.37 | 21 |
| Maryland | 13.26 | 3 | 13.45 | 14 |
| North Carolina | 10.11 | 18 | 10.22 | 30 |
| South Carolina | 8.48 | 31 | 13.45 | 14 |
| Virginia | 9.72 | 25 | 7.66 | 41 |
| West Virginia | 8.68 | 29 | 6.81 | 45 |
| Fifth District | 10.58 | -- | 10.88 | -- |
| United States | 9.90 | -- | 14.45 | -- |

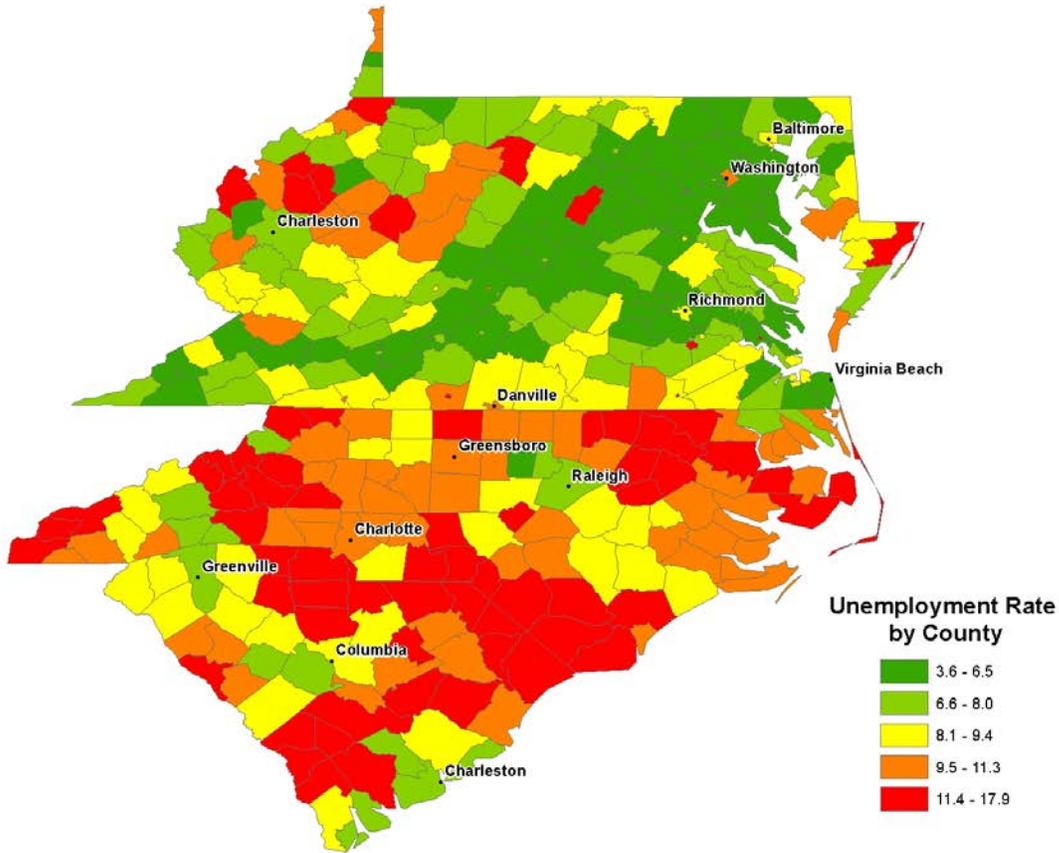
Source: Mortgage Bankers Association (2011:Q4)/Haver Analytics

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 December 2011
 Source: Bureau of Labor Statistics

Table 7
Unemployment Rates: Fifth District

| Geographic Area | Unemployment Rate | Percentage Point Change from December 2010 |
|----------------------|-------------------|--|
| District of Columbia | 9.8 | 0.2 |
| Maryland | 6.3 | -1.0 |
| North Carolina | 10.2 | -0.3 |
| South Carolina | 9.5 | -1.3 |
| Virginia | 5.9 | -0.5 |
| West Virginia | 7.4 | -0.8 |
| Fifth District | 8.0 | -0.6 |
| United States | 8.3 | -0.8 |

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