



# Mortgage Performance Summary



QUARTERLY UPDATE

## Housing Market and Mortgage Performance in the Fifth District

**2nd Quarter, 2012**

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THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

**An Update on Housing Market and Mortgage Performance in the Fifth District**  
**2<sup>nd</sup> Quarter, 2012**  
**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 0.1 percentage point to 3.2 percent in the second quarter of 2012. Since the second quarter of 2011, the Fifth District foreclosure rate rose 0.3 percentage point. (Table 1)
- The second quarter 90+ day delinquency rate declined 0.2 percentage point to 2.8 percent, 0.4 percentage point below its year-ago level. (Table 2)
- The prime foreclosure rate in the Fifth District maintained a record level of 2.3 percent in the second quarter of 2012, rising 0.1 percentage point on a year-over-year basis. (Table 3)
- In the second quarter of 2012, the subprime mortgage foreclosure rate increased 0.2 percentage point to 10.7 percent. The rate climbed 0.3 percentage point above its level in the second quarter of 2011. (Table 5)
- Subprime mortgages make up approximately 8.5 percent of all loans in the Fifth District, but 28.1 percent of all loans in foreclosure. (Table 4, Figure 2)

**State Highlights**

- Among Fifth District jurisdictions, Maryland had the highest foreclosure rate (4.9 percent). The Virginia foreclosure rate of 1.7 percent was the lowest in the District and one of the lowest in the nation. (Table 2)
- Maryland also had the highest prime foreclosure rate in the Fifth District (3.8 percent) while Virginia had the lowest prime foreclosure rate (1.2 percent). (Table 3)
- Maryland had the highest subprime foreclosure rate in the District (14.7 percent). West Virginia posted the lowest subprime foreclosure rate (6.4 percent). (Table 5)
- Maryland had the highest share of subprime mortgages (10.1 percent) in the Fifth District, while Virginia had the lowest share (7.1 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 in the second quarter of 2012 by 1.3 percent. Home values in the District depreciated 1.3 percent over the year ending in the second quarter 2012.
- 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 (NSA) in the Fifth District declined 0.7 percentage point from June 2011, falling to 8.1 percent in June 2012. (Table 7, Figure 10)

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/)

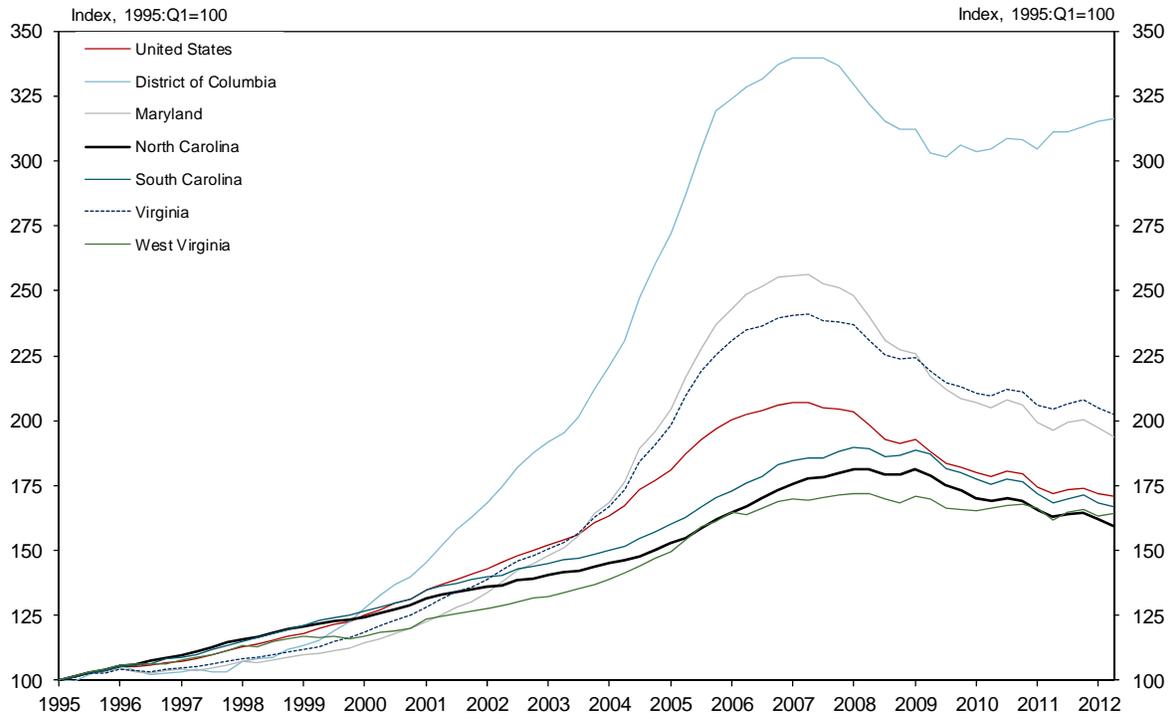
For recent data on the Fifth District economy, please visit the Richmond Fed's *Snapshot* publication at

[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

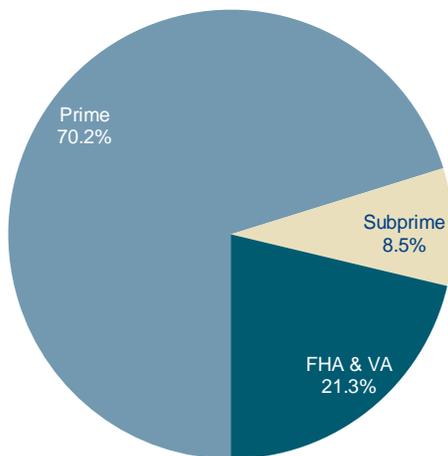
**Figure 1**  
**FHFA House Price Index: Fifth District**



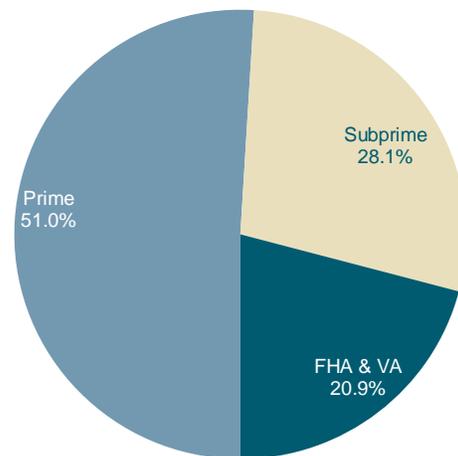
Source: Federal Housing Finance Agency/Haver Analytics

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

**2a: Mortgages Outstanding**

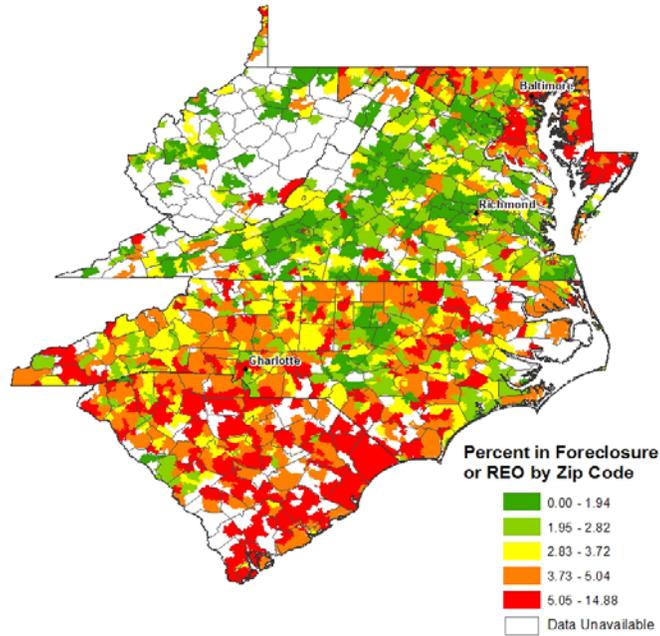


**2b: Foreclosure Inventory**



Source: Mortgage Bankers Association (2012:Q2)/Haver Analytics. Percentages may not sum to 100 due to rounding

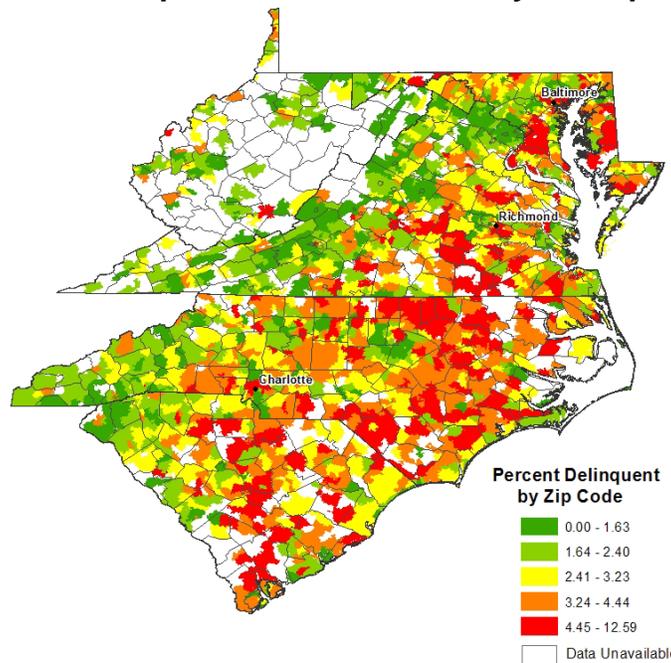
**Figure 3**  
**Percentage of Owner-Occupied Loans in Foreclosure or REO<sup>1</sup>: Fifth District**



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2012)

**Figure 4**  
**Percentage of Owner-Occupied Loans with 90+ Day Delinquency: Fifth District**

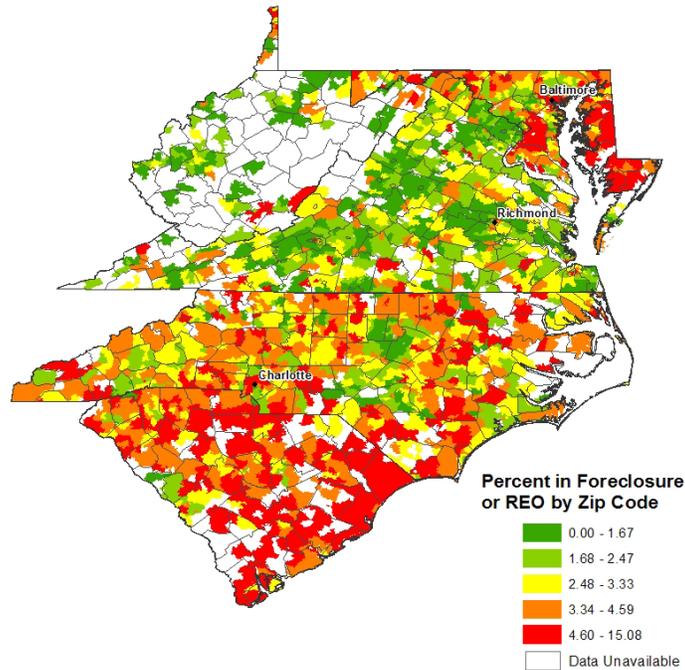


Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2012)

<sup>1</sup> Real Estate Owned (REO) properties are in the possession of the lender due to foreclosure or forfeiture.

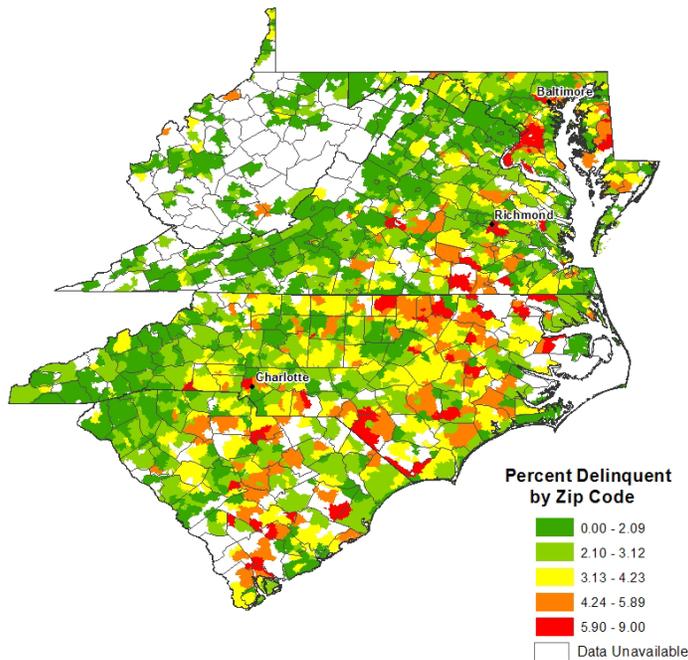
**Figure 5**  
**Percentage of Owner-Occupied Prime Loans in Foreclosure or REO: Fifth District**



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.

Source: Federal Reserve Bank of Richmond/ Lender Processing Services (LPS) Applied Analytics (June 2012)

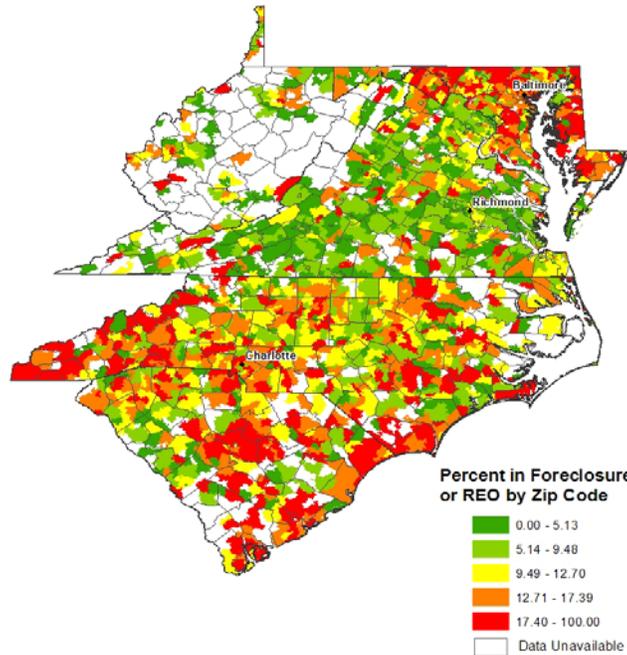
**Figure 6**  
**Percentage of Owner-Occupied Prime Loans with 90+ Day Delinquency: Fifth District**



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2012)

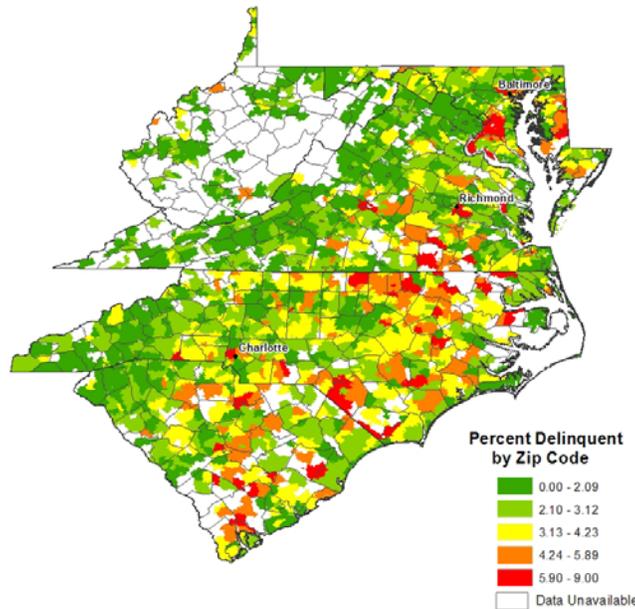
**Figure 7**  
**Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO:**  
**Fifth District**



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2012)

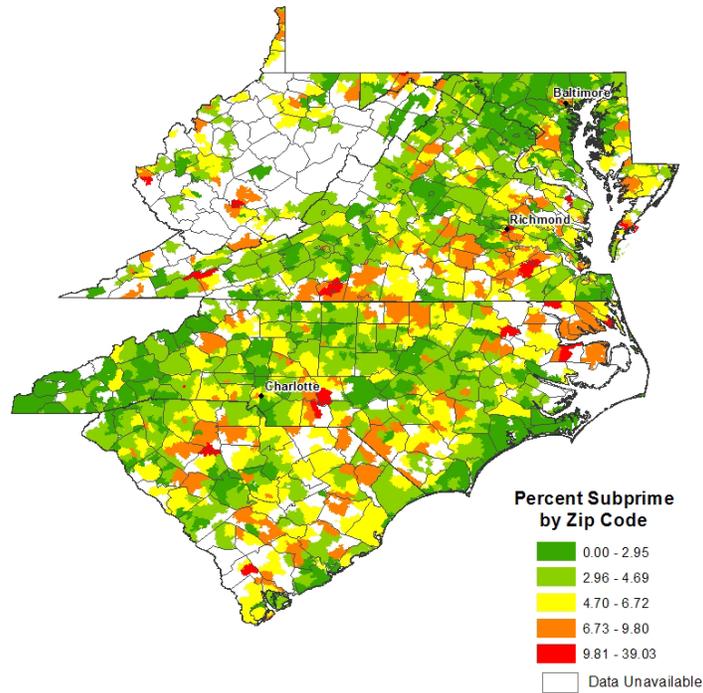
**Figure 8**  
**Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency:**  
**Fifth District**



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2012)

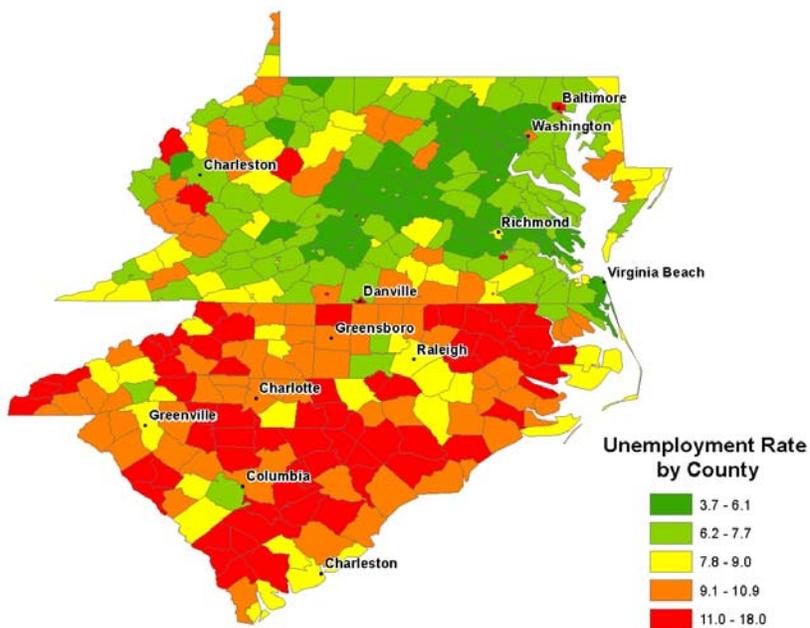
**Figure 9**  
**Percentage of Owner-Occupied Mortgages with Subprime Loans:**  
**Fifth District**



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.

Source: Federal Reserve Bank of Richmond/ Lender Processing Services (LPS) Applied Analytics (June 2012)

**Figure 10**  
**Unemployment Rate: Fifth District**



Notes: Unemployment Rate in June 2012  
 Source: Bureau of Labor Statistics

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

Loan Type	Fifth District		United States
	Percent in Foreclosure	National Rank	Percent in Foreclosure
Total	3.21	--	4.27
Prime Total	2.33	--	3.12
Prime Fixed-Rate	1.89	--	2.42
Prime Adjustable-Rate	5.72	--	8.31
Subprime Total	10.67	--	13.63
Subprime Fixed-Rate	8.45	--	10.15
Subprime Adjustable-Rate	15.76	--	21.12

Source: Mortgage Bankers Association (2012: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	3.24	14	2.94	29
Maryland	3.79	8	4.93	8
North Carolina	2.80	24	3.00	27
South Carolina	2.54	30	4.33	12
Virginia	2.23	35	1.74	45
West Virginia	2.19	37	1.98	42
Fifth District	2.81	--	3.21	--
United States	3.04	--	4.27	--

Source: Mortgage Bankers Association (2012: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	2.24	7	2.28	21
Maryland	2.17	9	3.77	7
North Carolina	1.45	24	2.06	28
South Carolina	1.42	26	3.24	11
Virginia	1.15	37	1.20	44
West Virginia	1.09	38	1.30	41
Fifth District	1.53	--	2.33	--
United States	1.86	--	3.12	--

Source: Mortgage Bankers Association (2012:Q2)/Haver Analytics

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

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.53	35
Maryland	10.11	15
North Carolina	7.97	31
South Carolina	9.69	19
Virginia	7.09	41
West Virginia	9.79	18
Fifth District	8.47	--
United States	9.48	--

Source: Mortgage Bankers Association (2012: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	11.68	5	11.39	22
Maryland	11.32	8	14.71	11
North Carolina	9.29	23	9.52	29
South Carolina	7.90	34	12.46	14
Virginia	9.45	20	6.97	42
West Virginia	8.33	32	6.37	44
Fifth District	9.67	--	10.67	--
United States	9.16	--	13.63	--

Source: Mortgage Bankers Association (2012:Q2)/Haver Analytics

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

Geographic Area	Housing Units			Percent of Owner-Occupied Mortgages					
	Total	Vacant	Occupied	Owner-Occupied		With:			
				Total	With a Mortgage	Prime Loan	Subprime Loan	Adjustable Rate	Interest Only
District of Columbia	296,719	30,012	266,707	112,055	90,116	96.38	3.62	17.42	8.07
Maryland	2,378,814	2,156,411	222,403	1,455,775	1,146,636	96.13	3.87	12.71	6.07
North Carolina	4,327,528	582,373	3,745,155	2,497,900	1,741,905	96.57	3.43	9.50	2.08
South Carolina	2,137,683	336,502	1,801,181	1,248,805	825,417	96.41	3.59	8.36	2.52
Virginia	3,364,939	308,881	3,056,058	2,055,186	1,534,437	96.42	3.58	12.24	5.33
West Virginia	881,917	118,086	763,831	561,013	293,522	95.04	4.96	6.29	1.37
Fifth District	13,387,600	1,598,257	11,789,343	7,930,734	5,632,033	96.36	3.64	11.01	4.15
United States	131,704,730	14,988,438	116,716,292	75,986,074	51,208,208*	96.65	3.35	10.95	4.07

Notes: FHA and VA loans as well as interest only loans are included in the count of prime loans.

Source: Housing units are reported in the 2010 Census. Mortgage estimates are Federal Reserve Bank of Richmond calculations using data from Lender Processing Services (LPS) Applied Analytics (June 2012).

\*The figure for owner-occupied units with a mortgage at the national level is calculated by summing the totals for the states.

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

Geographic Area	Unemployment Rate	Percentage Point
		Change from June 2011
District of Columbia	9.0	-2.3
Maryland	7.2	-0.3
North Carolina	9.9	-1.0
South Carolina	9.9	-0.9
Virginia	6.0	-0.5
West Virginia	7.3	-0.9
Fifth District	8.1	-0.7
United States	8.4	-0.9

Note: Data are not seasonally adjusted.

Source: Bureau of Labor Statistics (June 2012)

## **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**

*(1) Mortgage Bankers' Association/Haver Analytics*

*(2) Loan Processing Services Inc. Applied Analytics Mortgage Data*

Loan Processing Services, Inc. periodically enhances the LPS mortgage data by adding servicers. Additional servicers can change past performance numbers. Therefore, rates in this edition of the Mortgage Performance Summaries may differ from those in previous editions.