

Mortgage Performance Summary



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

An Update on Housing Market and Mortgage Performance in South Carolina
4th Quarter, 2009
Summary of Findings

This report analyzes the size, composition, and performance of prime and subprime home mortgages in South Carolina. It also provides information on trends in the region's housing market and charts with metropolitan and county level data.

Highlights:

- Mortgage delinquencies continue to increase in South Carolina, although South Carolina's mortgages generally continue to perform better than the national average.
- From December 2008 to December 2009, the 90+ day delinquency rate on prime mortgages in South Carolina almost doubled from 2.1 percent to 4.2 percent. Over the same period, the prime foreclosure rate increased from 1.2 percent to 2.1 percent. (Table 6)
- The share of subprime mortgages with payments more than 90 days past due in South Carolina rose to 21.9 percent in December 2009 from 14.8 percent one year earlier. The subprime foreclosure rate in South Carolina increased to 11.8 percent in December 2009 from 7.5 percent in December 2008. (Table 7)
- South Carolina ranks 23rd in the nation in its share of subprime mortgages. Subprime mortgages account for 9.7 percent of all mortgages in the state, compared to 10.2 percent in the nation. (Table 3)
- Homes with subprime loans make up a smaller share of the foreclosure inventory in South Carolina (32.6 percent) than they do in the nation (35.0 percent). (Figure 2)
- House prices did not appreciate, or subsequently depreciate, as starkly in South Carolina as in other parts of the nation.

Further Analysis and Looking Forward

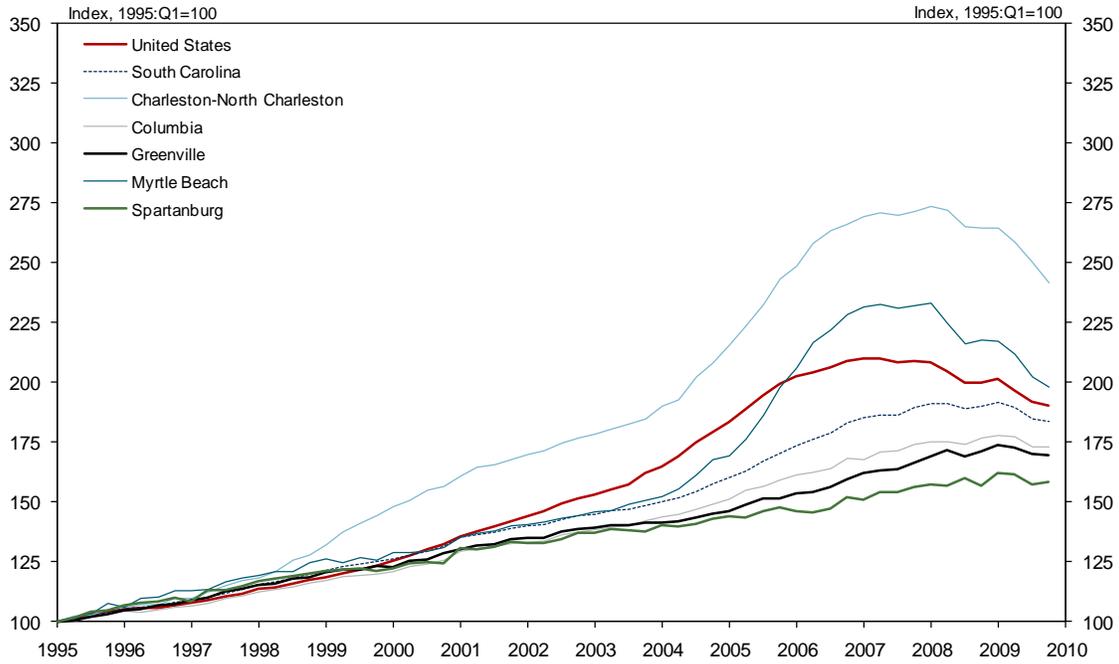
- Unemployment has increased dramatically in South Carolina – South Carolina's 12.4 percent unemployment rate in December 2009 (Table 9) is among the highest rates in the nation, after only Michigan (14.3 percent) and Nevada (12.8 percent). This suggests that the state may experience increasing mortgage foreclosure for some time.
- Fourth quarter house prices in South Carolina declined on a year-over-year basis (3.4 percent) for the third consecutive quarter – the first three-quarter decline in series' history. Research indicates that declining house prices are the most important factor in mortgage delinquency and foreclosure.
- Certain areas along the coast of South Carolina have relatively high shares of second homes and investment properties. For example, on Hilton Head Island, 21.6 percent of loans are for second homes and an additional 9.2 percent are investor-owned. In Myrtle Beach, second and investor-owned homes account for 30.5 percent and 11.2 percent of mortgages, respectively. (Table 10)
- Investor-owned properties tend to have higher rates of foreclosure than owner-occupied properties although most of the mortgages are in the prime market. In South Carolina 1.4 percent of owner-occupied properties are in foreclosure compared to 1.8 percent of investor-owned properties. (Table 11)

For more information on foreclosures, please visit the Richmond Fed's Foreclosure Center at http://www.richmondfed.org/community_development/foreclosure_resource_center/

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

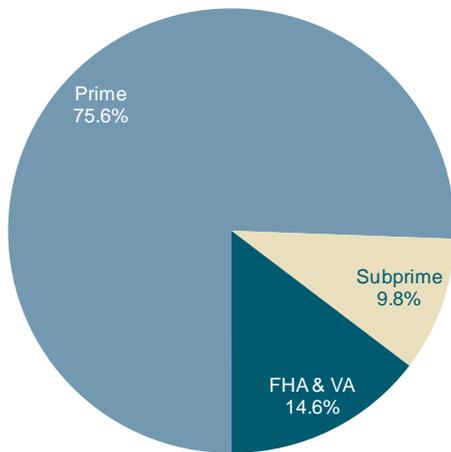
Figure 1
FHFA House Price Index: South Carolina



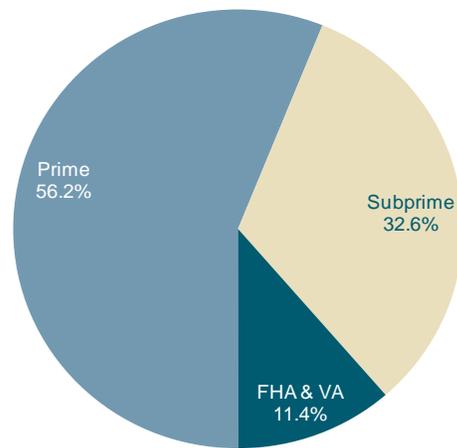
Source: Federal Housing Finance Agency (2009:Q4)/Haver Analytics

Figure 2
Mortgage Distribution: South Carolina

2a: Mortgages Outstanding

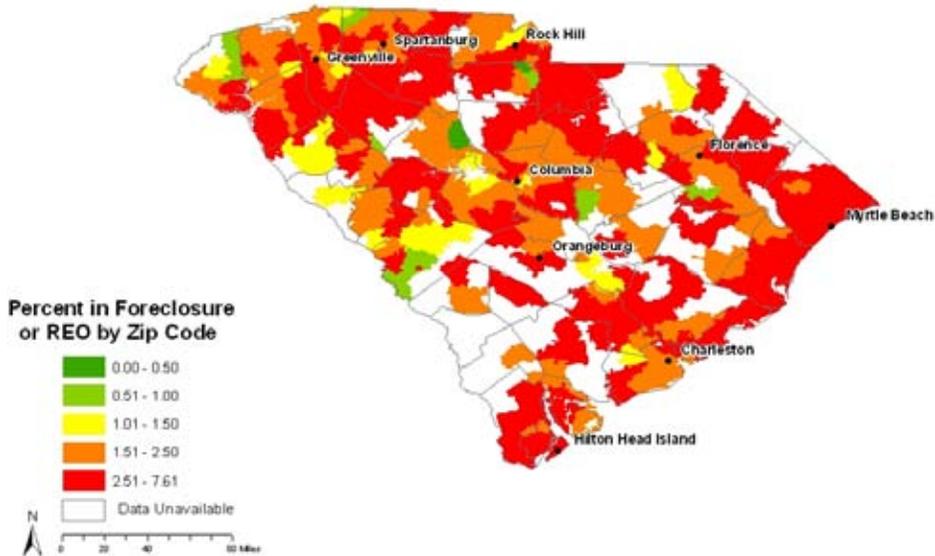


2b: Foreclosure Inventory



Source: Mortgage Bankers Association (2009:Q4)/Haver Analytics. Percentages may not sum to 100 due to rounding.

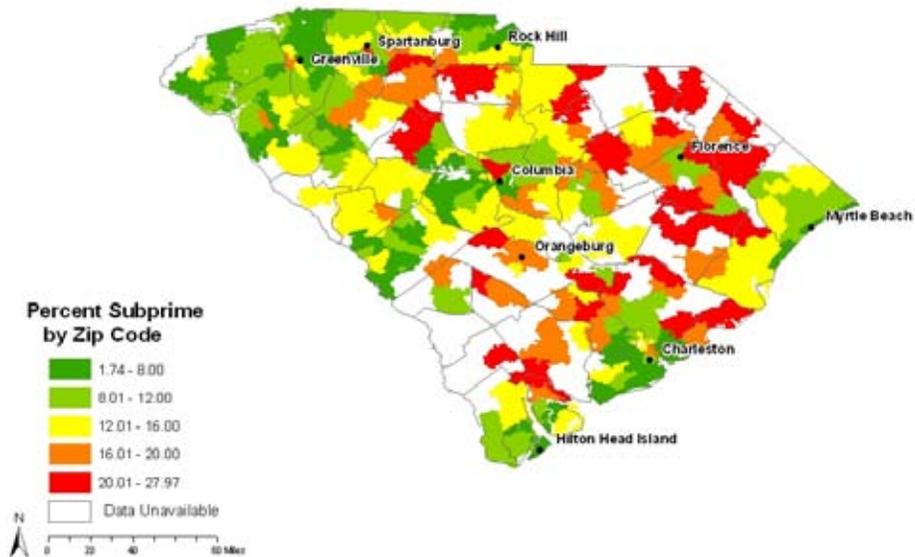
Figure 3
Percentage of Owner-Occupied Prime Loans in Foreclosure or REO¹:
South Carolina



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 estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009), Mortgage Bankers Association (2009:Q4)/Haver Analytics

Figure 4
Percentage of Owner-Occupied Mortgages with Subprime Loans:
South Carolina

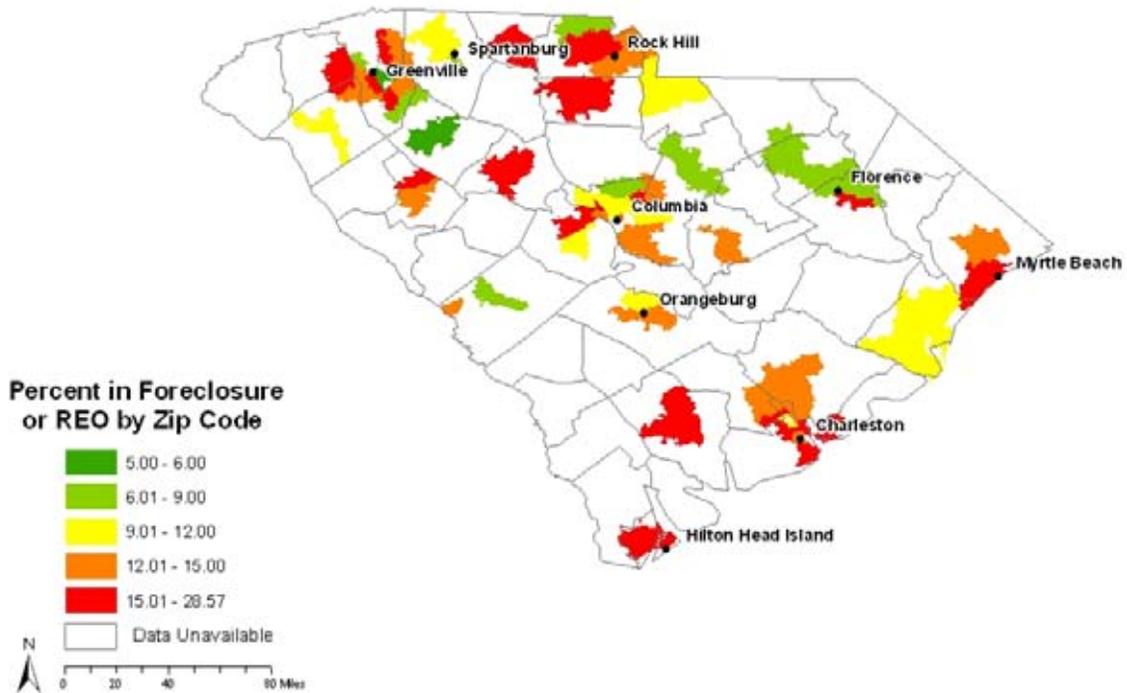


Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009), Mortgage Bankers Association (2009:Q4)/Haver Analytics

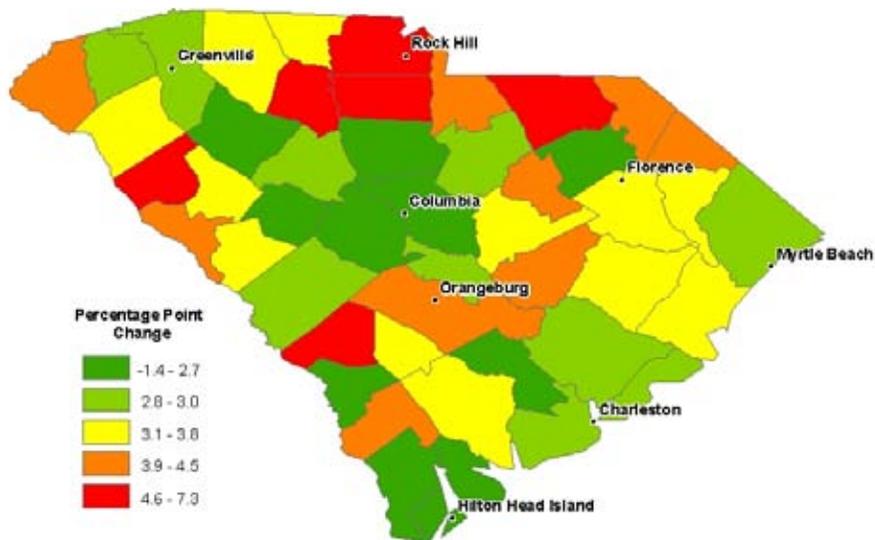
¹ Real Estate Owned (REO) properties are in the possession of the lender due to foreclosure or forfeiture.

Figure 5
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO:
South Carolina



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans, fewer than 50 subprime loans, or have no data available.
 Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009), Mortgage Bankers Association (2009:Q4)/Haver Analytics

Figure 6
Change in the Unemployment Rate: South Carolina



Notes: Twelve-month change is between December 2008 and December 2009
 Source: Bureau of Labor Statistics

Table 1
Foreclosure Rates by Mortgage Type: South Carolina

Loan Type	South Carolina		United States
	Percent in Foreclosure	National Rank	Percent in Foreclosure
Prime Fixed-Rate	2.00	12	2.08
Prime Adjustable-Rate	6.59	24	10.29
Subprime Fixed-Rate	8.09	26	9.02
Subprime Adjustable-Rate	19.28	23	24.93

Source: Mortgage Bankers Association (2009:Q4)/Haver Analytics

Table 2
Prime Mortgage Delinquency Rates: Fifth District

Geographic Area	Percent 90+ Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	2.70	25	1.93	29
Maryland	3.78	9	2.54	14
North Carolina	2.78	20	1.41	45
South Carolina	2.97	15	2.53	16
Virginia	2.58	30	1.57	38
West Virginia	2.53	31	1.57	38
United States	3.70	--	3.31	--

Source: Mortgage Bankers Association (2009:Q4)/Haver Analytics

Table 3
Subprime Share of All Loans: Fifth District

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.79	37
Maryland	9.89	19
North Carolina	8.43	32
South Carolina	9.72	23
Virginia	7.48	41
West Virginia	10.50	14
United States	10.22	--

Source: Mortgage Bankers Association (2009:Q4)/Haver Analytics.

Table 4
Subprime Mortgage Delinquency Rates: Fifth District

Geographic Area	Percent 90+ Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	13.76	24	14.59	16
Maryland	17.61	6	15.36	15
North Carolina	13.13	29	8.09	42
South Carolina	13.02	30	11.32	28
Virginia	14.29	22	9.44	38
West Virginia	12.88	31	6.84	49
United States	14.98	--	15.58	--

Source: Mortgage Bankers Association (2009:Q4)/Haver Analytics

Table 5
General Housing Statistics: South Carolina

Geographic Area	Housing Units					Percent of Owner-Occupied Mortgages With:			
	Total	Vacant	Occupied	Owner-Occupied		Prime Loan	Subprime Loan	Adjustable Rate	Interest Only
				Total	With a Mortgage				
Anderson	83,292	11,564	71,728	54,922	35,503	90.34	9.66	5.53	1.59
Augusta-Richmond									
Entire MSA	228,014	30,231	197,783	138,731	91,590	-	-	-	-
SC Portion	-	-	-	-	-	91.47	8.53	4.88	1.41
Charleston	288,338	51,334	237,004	163,057	115,276	91.13	8.87	14.86	8.98
Charlotte-Gastonia									
Entire MSA	729,678	68,286	661,392	451,165	354,251	-	-	-	-
SC Portion	-	-	-	-	-	92.24	7.76	9.17	3.87
Columbia	315,991	36,000	279,991	193,608	134,096	90.34	9.66	6.86	1.95
Florence	85,029	9,377	75,652	53,566	31,361	85.37	14.63	5.87	0.99
Greenville-Mauldin	272,941	32,133	240,808	167,475	110,596	91.80	8.20	7.56	2.18
Hilton Head Island	91,215	25,795	65,420	48,009	31,732	91.76	8.24	23.69	16.97
Myrtle Beach	172,847	62,491	110,356	77,677	47,250	91.08	8.92	10.43	5.03
Spartanburg	122,170	15,322	106,848	72,502	43,964	88.51	11.49	7.10	2.25
Sumter	45,791	6,160	39,631	28,308	17,112	88.89	11.11	6.21	1.15
South Carolina	2,056,179	353,879	1,702,300	1,201,508	761,654	90.21	9.79	9.44	4.24
Fifth District	13,068,131	1,717,299	11,350,832	7,801,889	5,427,813	91.27	8.73	12.89	7.53

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

Source: Housing units are 2008 estimates from the Census Bureau. Mortgage estimates are Federal Reserve Bank of Richmond calculations using data from Lender Processing Services (LPS) Applied Analytics (December 2009) and Mortgage Bankers Association (2009:Q4)/Haver Analytics.

Definitions of the metropolitan areas are provided later in the document.

Table 6
Owner-Occupied Prime Loan Statistics: South Carolina

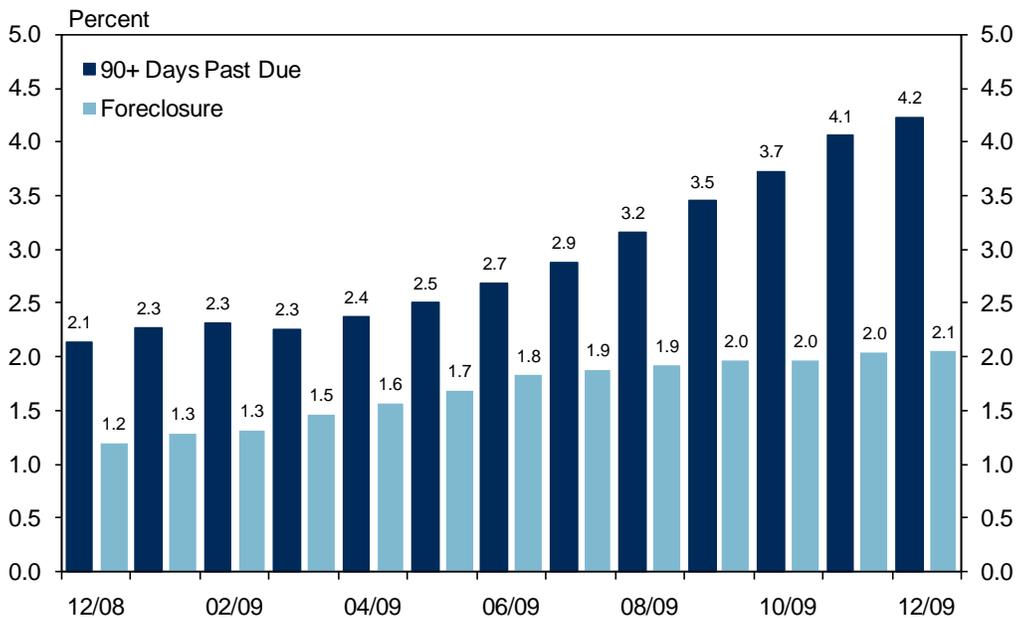
Geographic Area	December 2008		December 2009		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Anderson	2.55	1.49	4.14	2.25	0.67
Augusta-Richmond*	1.91	0.74	2.83	1.23	0.23
Charleston	1.93	1.07	4.45	2.25	0.29
Charlotte-Gastonia*	2.40	0.65	3.87	1.46	0.28
Columbia	2.32	1.13	4.29	1.72	0.35
Florence	2.40	1.32	4.07	1.69	0.42
Greenville-Mauldin	1.87	1.18	3.63	1.90	0.40
Hilton Head Island	1.89	1.56	4.53	3.10	0.77
Myrtle Beach	1.92	1.51	4.56	3.22	0.65
Spartanburg	2.27	1.20	4.28	2.01	0.45
Sumter	2.91	1.35	4.56	1.82	0.36
South Carolina	2.15	1.20	4.23	2.05	0.40
Fifth District	1.97	0.89	3.93	1.52	0.52

*Only the South Carolina portion of these MSAs is included here.

Notes: FHA and VA loans as well as interest only loans are included in the count of prime loans. Areas with fewer than 100 raw loans receive an N/A. REO numbers for 2008 are not included due to changes in coverage

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009) and Mortgage Bankers Association (2009:Q4)/Haver Analytics

Figure 7
Owner-Occupied Prime Loan Statistics: South Carolina



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

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009)

Table 7
Owner-Occupied Subprime Loan Statistics: South Carolina

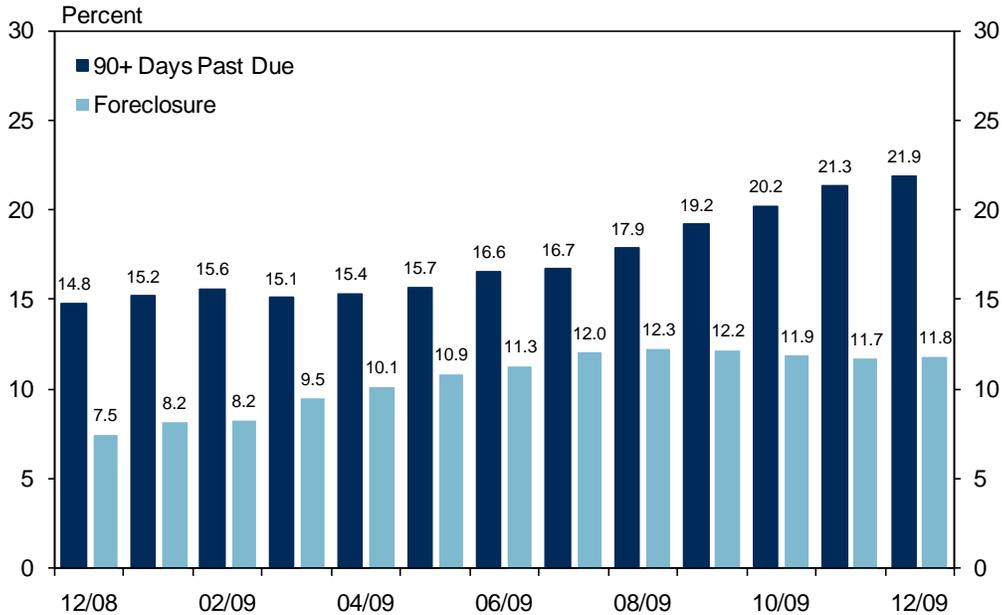
Geographic Area	December 2008		December 2009		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Anderson	13.03	9.21	18.28	10.44	2.35
Augusta-Richmond*	11.70	4.52	15.76	10.00	0.30
Charleston	15.76	7.43	24.11	13.02	1.72
Charlotte-Gastonia*	17.61	5.52	21.71	11.77	1.53
Columbia	15.92	7.50	23.32	12.57	1.14
Florence	17.59	5.86	24.58	9.68	1.30
Greenville-Mauldin	12.77	7.29	19.66	10.88	2.32
Hilton Head Island	17.20	8.49	25.99	14.11	1.49
Myrtle Beach	14.67	8.85	23.45	16.38	2.40
Spartanburg	14.49	6.94	21.25	11.17	0.95
Sumter	15.97	8.37	21.33	9.33	2.22
South Carolina	14.83	7.49	21.91	11.81	1.61
Fifth District	16.40	6.32	24.42	9.58	3.19

*Only the South Carolina portion of these MSAs is included here.

Notes: FHA and VA loans, and interest only loans, are included in the count of prime loans. Areas with fewer than 100 raw loans and/or fewer than 50 raw subprime loans receive an N/A. REO numbers for 2008 are not included due to changes in coverage.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009) and Mortgage Bankers Association (2009:Q4)/Haver Analytics

Figure 8
Owner-Occupied Subprime Loan Statistics: South Carolina



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

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009)

Table 8
Owner-Occupied Interest Only Loan Statistics: South Carolina

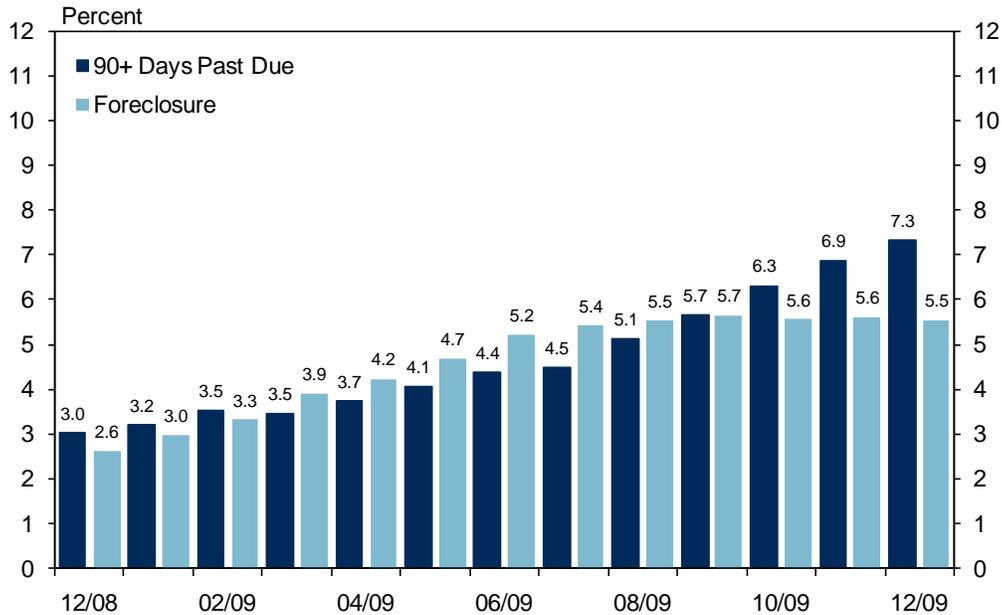
Geographic Area	December 2008		December 2009		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Anderson	3.08	3.96	8.74	7.10	2.19
Augusta-Richmond*	2.91	0.97	6.25	2.50	0.63
Charleston	2.62	2.08	6.96	5.15	0.83
Charlotte-Gastonia*	2.66	1.69	7.51	3.02	0.73
Columbia	3.45	2.45	6.95	4.53	1.02
Florence	6.30	3.94	9.80	1.96	0.98
Greenville-Mauldin	3.24	2.82	5.41	5.05	0.72
Hilton Head Island	2.85	3.09	7.41	6.35	1.56
Myrtle Beach	3.86	5.44	9.87	9.79	2.92
Spartanburg	6.08	1.26	8.01	6.07	1.21
Sumter	2.35	4.71	7.46	2.99	0.00
South Carolina	3.03	2.63	7.31	5.54	1.13
Fifth District	3.78	2.88	8.50	4.74	1.81

*Only the South Carolina portion of these MSAs is included here.

Notes: FHA and VA loans as well as interest only loans are included in the count of prime loans. Areas with fewer than 100 raw loans and/or fewer than 50 raw interest only loans receive an N/A. REO numbers for 2008 are not included due to changes in coverage.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009) and Mortgage Bankers Association (2009:Q4)/Haver Analytics

Figure 9
Owner-Occupied Interest Only Loan Statistics: South Carolina



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

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009)

Table 9
Unemployment Rates: South Carolina

Geographic Area	Unemployment Rate	Percentage Point Change from Dec. 2008
Anderson	13.4	3.8
Augusta-Richmond	9.3	1.6
Charleston	10.2	2.8
Charlotte-Gastonia	12.1	3.4
Columbia	9.8	2.3
Florence	12.9	2.8
Greenville-Mauldin	10.7	2.9
Hilton Head Island	9.5	2.4
Myrtle Beach	14.8	2.9
Spartanburg	12.7	3.5
Sumter	14.0	3.3
South Carolina	12.4	3.1
5th District	9.1	2.4

Note: Data are not seasonally adjusted.
Source: Bureau of Labor Statistics (December 2009)

Table 10
Percent of Loans by Occupancy Type: South Carolina

Geographic Area	All Loans		Prime Loans		Subprime Loans	
	Percent Second Homes	Percent Non-Owner/Investment	Percent Second Homes	Percent Non-Owner/Investment	Percent Second Homes	Percent Non-Owner/Investment
Anderson	3.27	4.77	3.35	4.86	1.06	2.11
Augusta-Richmond*	2.54	4.35	2.59	4.38	1.00	3.49
Charleston	7.26	7.80	7.43	7.90	1.60	4.21
Charlotte-Gastonia*	2.37	3.85	2.43	3.90	0.37	1.86
Columbia	2.31	5.13	2.36	5.21	0.80	3.00
Florence	1.83	3.82	1.85	3.93	1.52	1.98
Greenville-Mauldin	2.24	4.32	2.29	4.36	0.73	3.08
Hilton Head Island	21.61	9.20	21.95	9.26	6.73	6.91
Myrtle Beach	30.48	11.17	30.94	11.33	9.87	3.97
Spartanburg	2.38	4.94	2.44	4.98	0.92	3.90
Sumter	2.07	4.42	2.11	4.46	1.07	3.20
South Carolina	7.82	6.23	8.02	6.33	1.98	3.30
Fifth District	3.73	5.42	3.81	5.47	1.13	3.89

*Only the South Carolina portion of these MSAs is included here.

Notes: Percentages may not sum to 100 because the occupancy status on some observations is unknown.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009)

Table 11
Owner- and Non-Owner-Occupied Total Loan Statistics: South Carolina

Geographic Area	Owner-Occupied Homes			Second Homes			Non-Owner/ Investment Properties		
	Percent			Percent			Percent		
	90+ Days Past Due	Percent in Foreclosure	Percent in REO	90+ Days Past Due	Percent in Foreclosure	Percent in REO	90+ Days Past Due	Percent in Foreclosure	Percent in REO
Anderson	2.45	1.44	0.59	0.66	0.22	0.22	0.90	2.41	1.36
Augusta-Richmond*	1.85	0.72	0.22	0.29	0.29	0.29	1.17	0.67	0.50
Charleston	1.86	1.03	0.27	0.64	0.67	0.15	1.35	1.23	0.25
Charlotte-Gastonia*	1.87	0.89	0.36	1.29	0.43	0.14	1.06	0.80	0.89
Columbia	2.23	1.09	0.34	1.03	1.09	0.27	1.66	1.17	1.29
Florence	2.25	1.24	0.30	1.38	1.38	0.00	1.32	2.43	0.00
Greenville-Mauldin	1.81	1.14	0.44	0.78	1.28	0.07	1.67	2.48	1.74
Hilton Head Island	1.84	1.51	0.59	0.76	0.38	0.17	2.15	1.66	0.45
Myrtle Beach	1.87	1.46	0.57	1.00	1.17	0.60	1.88	2.37	1.30
Spartanburg	2.17	1.14	0.56	2.10	1.14	0.00	4.13	3.67	2.11
Sumter	2.79	1.29	0.45	2.03	0.68	1.35	0.95	0.32	2.85
South Carolina	2.62	1.43	0.56	0.93	0.95	0.40	1.91	1.84	1.06
Fifth District	2.48	1.08	0.67	0.93	0.65	0.33	2.00	1.45	0.94

*Only the South Carolina portion of these MSAs is included here.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009)

Table 12
Non-Owner-Occupied Prime Loan Statistics: South Carolina

Geographic Area	Second Homes			Non-Owner/ Investment Properties		
	Percent 90+			Percent 90+		
	Days Past Due	Percent in Foreclosure	Percent in REO	Days Past Due	Percent in Foreclosure	Percent in REO
Charleston	0.64	0.67	0.15	1.38	1.25	0.25
Hilton Head Island	0.77	0.38	0.17	2.19	1.69	0.46
Myrtle Beach	1.01	1.17	0.61	1.89	2.39	1.31
South Carolina	0.87	0.88	0.36	1.76	1.72	0.99
Fifth District	0.83	0.59	0.30	1.78	1.30	0.84

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 2009)

MSA Definitions

1. **Anderson, SC MSA** – Anderson County, SC
2. **Augusta-Richmond, GA-SC MSA** – Burke County, GA; Columbia County, GA; McDuffie County, GA; Richmond County, GA; Aiken County, SC; Edgefield County, SC
3. **Charleston, SC MSA** – Berkeley County, SC; Charleston County, SC; Dorchester County, SC
4. **Charlotte-Gastonia, NC-SC MSA** – Charlotte, NC; Gastonia, NC; Concord, NC; Rock Hill, SC; Anson County, NC; Cabarrus County, NC; Gaston County, NC; Mecklenburg County, NC; Union County, NC; York County, SC
5. **Columbia, SC MSA**- Calhoun County, SC; Fairfield County, SC; Kershaw County, SC; Lexington County, SC; Richland County, SC; Saluda County, SC
6. **Florence, SC MSA** – Darlington County, SC; Florence County, SC
7. **Greenville-Mauldin, SC MSA** – Greenville County, SC; Laurens County, SC; Pickens County, SC
8. **Hilton Head Island micropolitan statistical area** – Beaufort County, SC; Jasper County, SC
9. **Myrtle Beach, SC MSA** – Horry County, SC
10. **Spartanburg, SC MSA** – Spartanburg County, SC
11. **Sumter, SC MSA** – Sumter County, SC

Source: Office of Management and Budget, 2008

South Carolina Counties



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

Metropolitan Statistical Area Definitions

Office of Management and Budget, 2008

Loan Distribution and Loan Performance

(1) Mortgage Bankers' Association/Haver Analytics

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

Loan Processing Services, Inc. Applied Analytics Mortgage Data (LPS Data) does not have as complete coverage of subprime loans as it does of prime loans. To compensate for this, we scaled the LPS subprime and prime data for each locality by common factors such that the LPS totals matched the MBA data at the state level. While this method of dealing with LPS's underrepresentation of loans is far from perfect, it only impacts the figures and tables that report the prevalence of subprime loans within geographic areas of South Carolina. It has no impact on the subprime performance numbers.

The LPS data in this document is subject to revision.