

Mortgage Performance Summary



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

An Update on Housing Market and Mortgage Performance in West Virginia 3rd Quarter, 2009 Summary of Findings

This report analyzes the size, composition, and performance of prime and subprime home mortgages in West Virginia. It also provides information on trends in the region's housing market and charts with metropolitan and county level data. It is important to note that the data does not cover the mortgage market as well in West Virginia as it does in other states, introducing concerns that mortgage conditions are not captured as accurately in the Mountain State.

Highlights:

- Mortgage delinquencies and foreclosures continue to increase in West Virginia, although West Virginia's mortgages are generally performing better than the national average.
- From September 2008 to September 2009, the share of West Virginia prime mortgages with payments more than 90 days past due doubled from 1.7 percent to 3.4 percent. Over the same period, the state's prime foreclosure rate rose from 1.0 percent to 1.4 percent. (Table 6)
- The share of subprime mortgages with payments more than 90 days past due in West Virginia rose over the year, reaching 18.0 percent in September 2009 from 10.9 percent one year earlier. The subprime foreclosure rate in West Virginia increased to 8.2 percent in September 2009 from 6.9 percent in September 2008. (Table 7)
- West Virginia ranks 15th in the nation in its share of subprime mortgages. Subprime mortgages account for 10.7 percent of all mortgages in the state, on par with the 10.6 percent share in the nation. (Table 3)
- For the most part, house prices did not appreciate, or subsequently depreciate, as starkly in West Virginia as in other parts of the nation. However, the Winchester MSA and the Hagerstown-Martinsburg MSA – which are more connected with D.C., Maryland, and Virginia housing markets – did experience a far steeper rise and fall in house prices than other parts of West Virginia. (Figure 1)
- The Hagerstown and the Winchester MSAs now have the highest prime foreclosure rates of all state metro areas, with 2.1 percent and 1.8 percent, respectively. (Table 6)

Further Analysis and Looking Forward

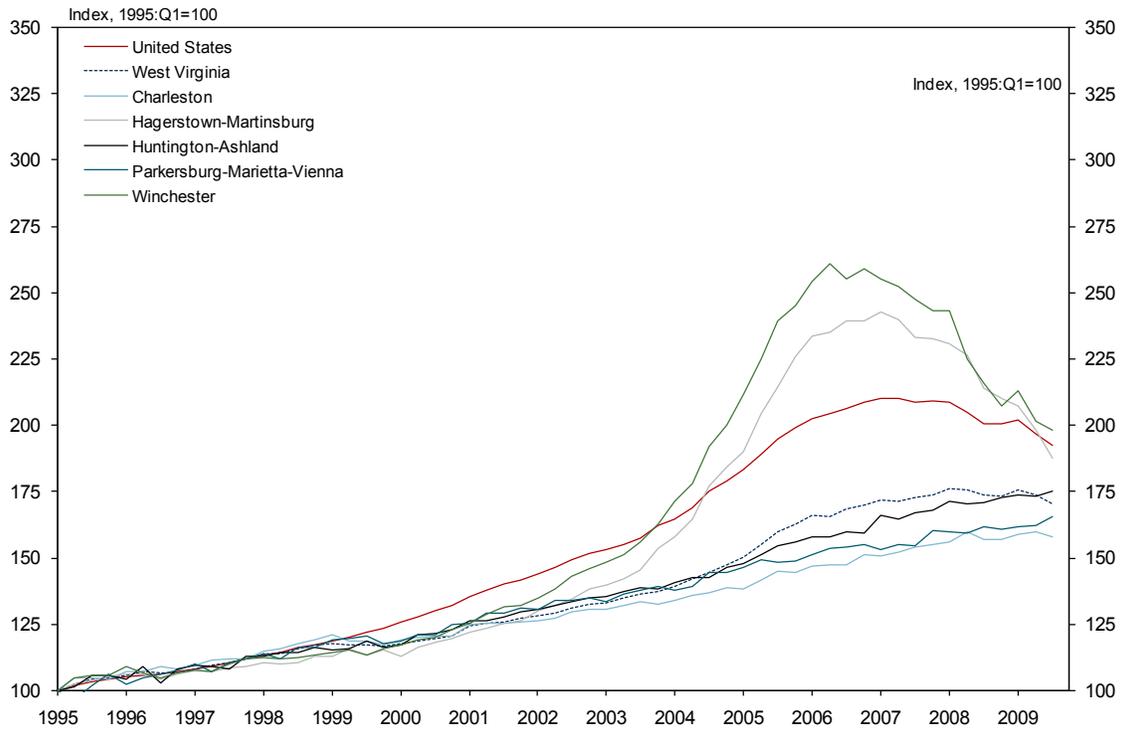
- As labor market conditions continue to weaken, there is concern that it will become even more difficult for homeowners in West Virginia to continue to make their mortgage payments. This is a particular concern for those loans with certain Alt-A characteristics – loans that are most prevalent in the Winchester MSA and Hagerstown-Martinsburg MSA.
- As noted above, the share of mortgages with payments 90 or more days past due approximately doubled in both the prime and subprime mortgage markets over the past year in West Virginia.
- Manufactured housing units comprise a sizeable share of total housing in West Virginia. Since these units are often financed through personal property loans, capturing loan performance is a greater challenge in areas with a high concentration of manufactured housing units.

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

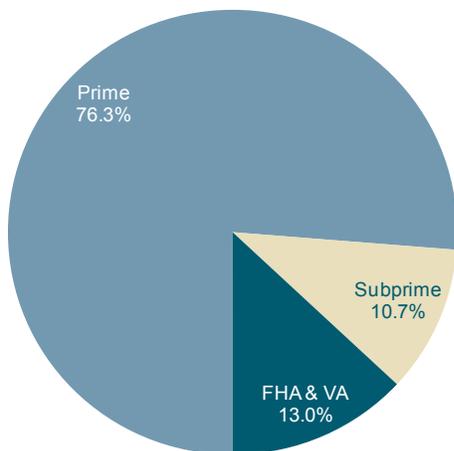
Figure 1
FHFA House Price Index: West Virginia



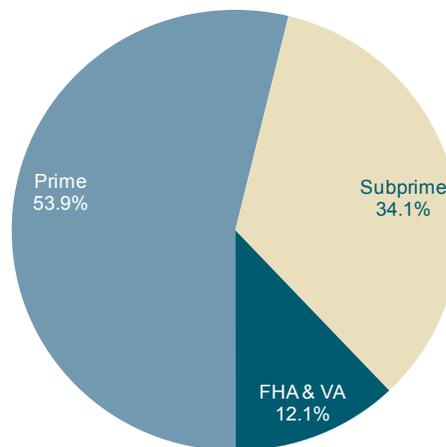
Source: Federal Housing Finance Agency (2009:Q3)/Haver Analytics

Figure 2
Mortgage Distribution: West Virginia

2a: Mortgages Outstanding

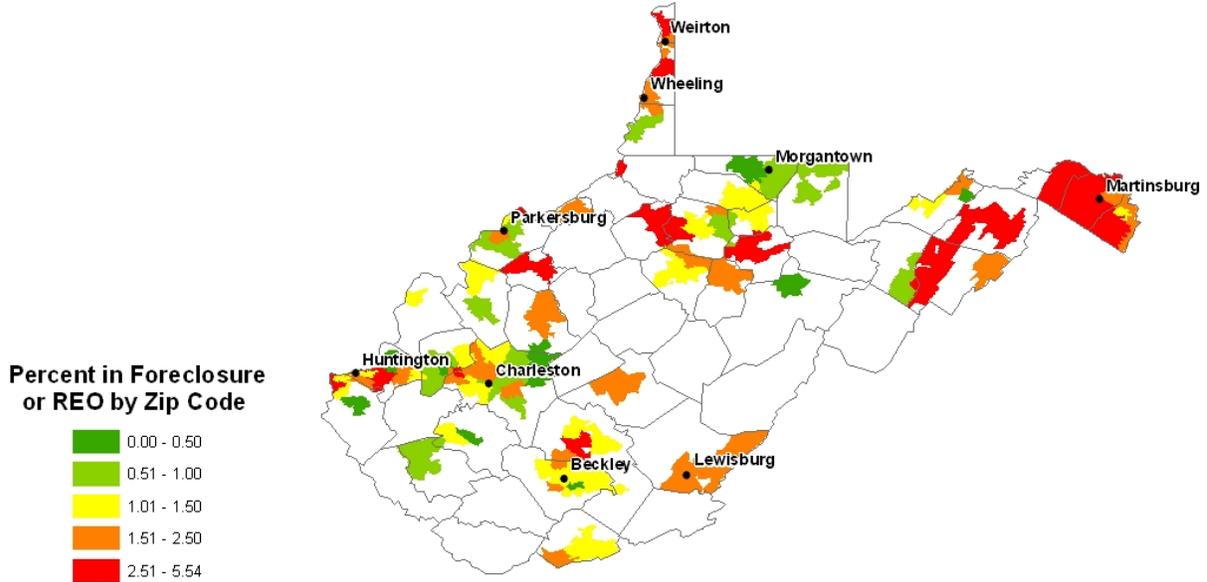


2b: Foreclosure Inventory



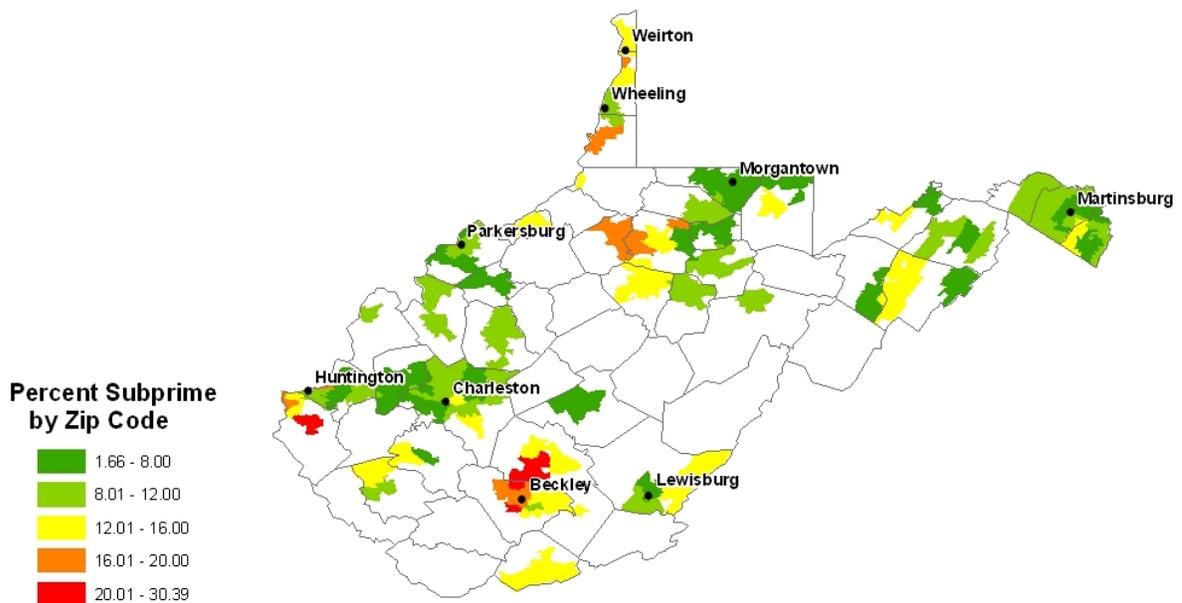
Source: Mortgage Bankers Association (2009:Q3)/Haver Analytics. Percentages may not sum to 100 due to rounding.

Figure 3
Percentage of Owner-Occupied Prime Loans in Foreclosure or REO¹:
West Virginia



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 (September 2009), Mortgage Bankers Association (2009:Q3)/Haver Analytics

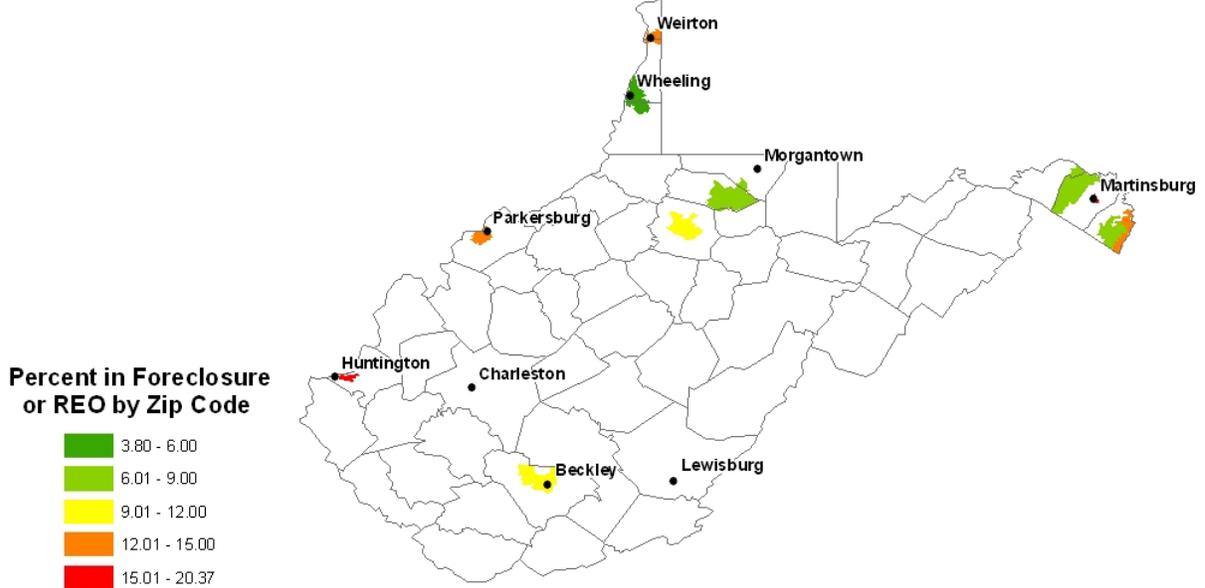
Figure 4
Percentage of Owner-Occupied Mortgages with Subprime Loans:
West Virginia



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 (September 2009) and Mortgage Bankers Association (2009:Q3)/Haver Analytics

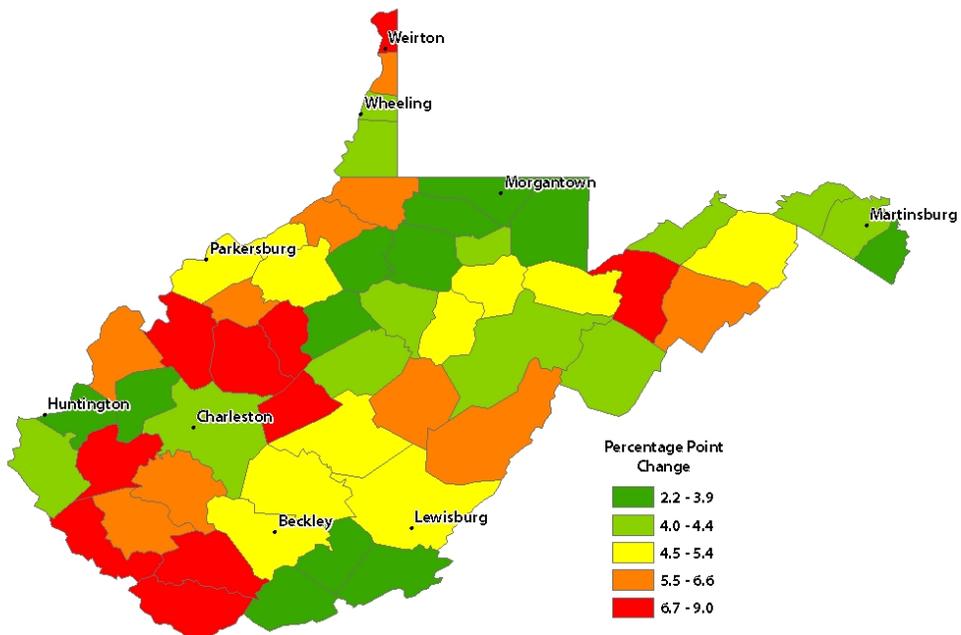
¹ Real Estate Owned (REO) properties are in the possession of the lender due to foreclosure or forfeiture.

Figure 5
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO:
West Virginia



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 (September 2009) and Mortgage Bankers Association (2009:Q3)/Haver Analytics

Figure 6
Change in the Unemployment Rate: West Virginia



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

Table 1
Foreclosure Rates by Mortgage Type: West Virginia

Loan Type	West Virginia		United States
	Percent in Foreclosure	National Rank	Percent in Foreclosure
Prime Fixed-Rate	1.12	40	1.95
Prime Adjustable-Rate	5.50	33	10.09
Subprime Fixed-Rate	4.18	50	8.41
Subprime Adjustable-Rate	15.04	36	24.70

Source: Mortgage Bankers Association (2009:Q3)/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	2.19	28	1.86	27
Maryland	2.98	10	2.51	13
North Carolina	2.25	23	1.39	43
South Carolina	2.43	16	2.39	17
Virginia	2.12	30	1.59	35
West Virginia	2.19	28	1.54	37
United States	3.06	--	3.20	--

Source: Mortgage Bankers Association (2009:Q3)/Haver Analytics

Table 3
Subprime Share of All Loans: Fifth District

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.52	42
Maryland	10.13	20
North Carolina	8.63	32
South Carolina	9.91	24
Virginia	7.72	40
West Virginia	10.70	15
United States	10.55	--

Source: Mortgage Bankers Association (2009:Q3)/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	11.49	30	15.42	14
Maryland	15.23	6	15.25	16
North Carolina	11.77	28	7.40	44
South Carolina	11.46	31	10.97	27
Virginia	12.51	23	9.67	35
West Virginia	11.29	32	6.95	48
United States	13.33	—	15.35	—

Source: Mortgage Bankers Association (2009:Q3)/Haver Analytics

Table 5
General Housing Statistics: West Virginia

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				
Beckley	37,057	4,663	32,394	25,049	12,049	80.83	19.17	8.28	0.84
Bluefield									
Entire MSA	51,037	8,004	43,033	30,488	13,035	-	-	-	-
WV Portion	-	-	-	-	-	87.52	12.48	4.75	0.47
Charleston	144,590	16,323	128,267	93,134	52,580	91.76	8.24	4.92	0.96
Clarksburg	43,279	5,278	38,001	28,456	15,954	88.02	11.98	6.68	1.23
Cumberland									
Entire MSA	46,340	7,211	39,129	29,044	16,373	-	-	-	-
WV Portion	-	-	-	-	-	89.52	10.48	4.94	0.63
Hagerstown-Martinsburg									
Entire MSA	114,669	13,707	100,962	70,244	48,932	-	-	-	-
WV Portion	-	-	-	-	-	91.11	8.89	11.94	6.44
Huntington-Ashland									
Entire MSA	132,447	14,877	117,570	82,414	45,431	-	-	-	-
WV Portion	-	-	-	-	-	86.99	13.01	6.43	1.08
Morgantown	51,762	8,803	42,959	28,239	14,759	93.88	6.12	6.11	1.26
Parkersburg									
Entire MSA	75,236	7,921	67,315	50,022	30,173	-	-	-	-
WV Portion	-	-	-	-	-	89.18	10.82	5.78	1.07
Wheeling									
Entire MSA	69,523	8,002	61,521	45,055	24,585	-	-	-	-
WV Portion	-	-	-	-	-	87.86	12.14	5.02	0.83
Winchester									
Entire MSA	53,429	7,017	46,412	32,062	21,091	-	-	-	-
WV Portion	-	-	-	-	-	92.43	7.57	6.09	3.71
West Virginia	886,419	136,833	749,586	552,651	289,450	89.02	10.98	7.69	2.84
Fifth District	13,068,131	1,717,299	11,350,832	7,801,889	5,427,813	90.75	9.25	13.19	7.86

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 (September 2009) and Mortgage Bankers Association (2009:Q3)/Haver Analytics. Definitions of the metropolitan areas are provided later in the document.

Table 6
Owner-Occupied Prime Loan Statistics: West Virginia

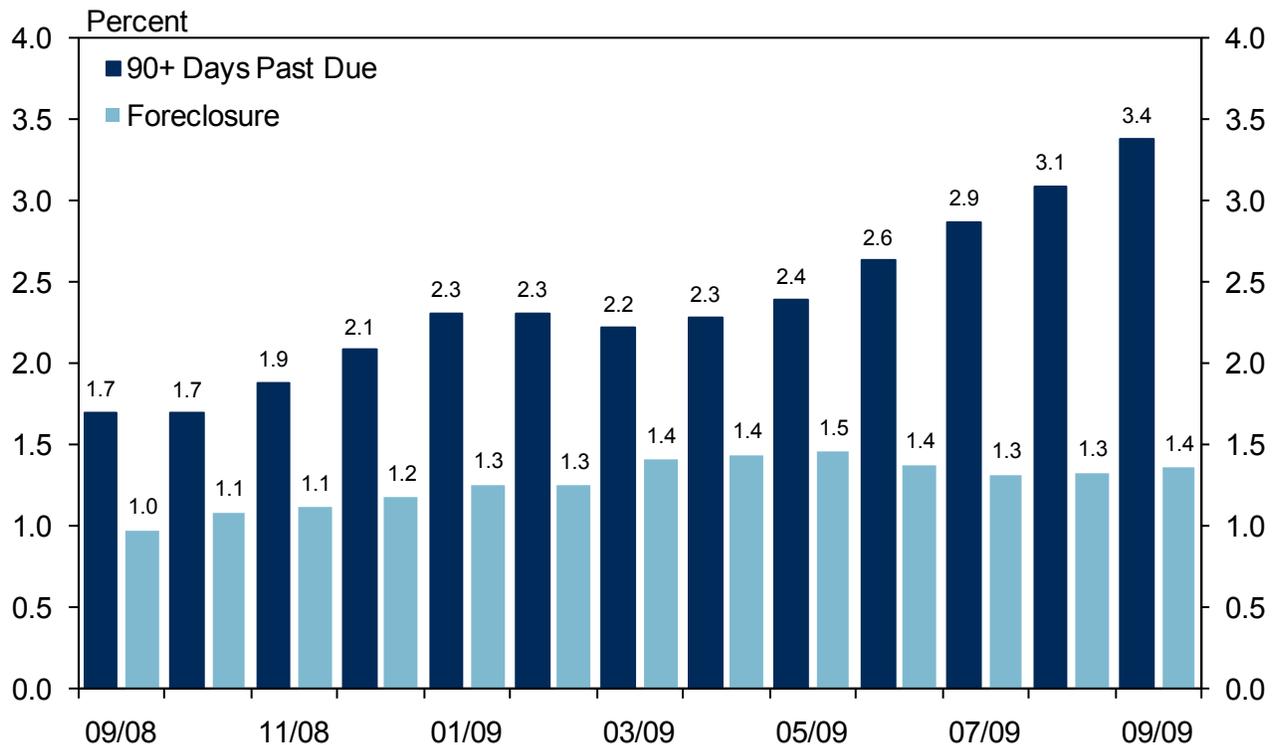
Geographic Area	September 2008		September 2009		Percent in REO
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	
Beckley	1.24	0.56	2.59	0.98	0.22
Bluefield*	1.09	0.78	2.47	0.95	0.38
Charleston	1.29	0.74	2.77	0.99	0.33
Clarksburg	1.91	0.88	3.72	0.96	0.30
Cumberland*	1.48	0.91	2.80	1.30	0.54
Hagerstown-Martinsburg*	1.84	1.35	4.40	2.07	1.28
Huntington-Ashland*	1.64	0.88	2.76	1.17	0.51
Morgantown	0.58	0.21	1.59	0.51	0.18
Parkersburg*	1.75	1.09	2.59	1.19	0.60
Wheeling*	1.27	0.57	2.75	0.74	0.56
Winchester*	1.46	0.99	4.28	1.77	1.08
West Virginia	1.70	0.98	3.39	1.37	0.73
Fifth District	1.46	0.73	3.21	1.50	0.51

*Only the West Virginia 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. 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 (September 2009) and Mortgage Bankers Association (2009:Q3)/Haver Analytics

Figure 7
Owner-Occupied Prime Loan Statistics: West Virginia



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 (September 2009)

Table 7
Owner-Occupied Subprime Loan Statistics: West Virginia

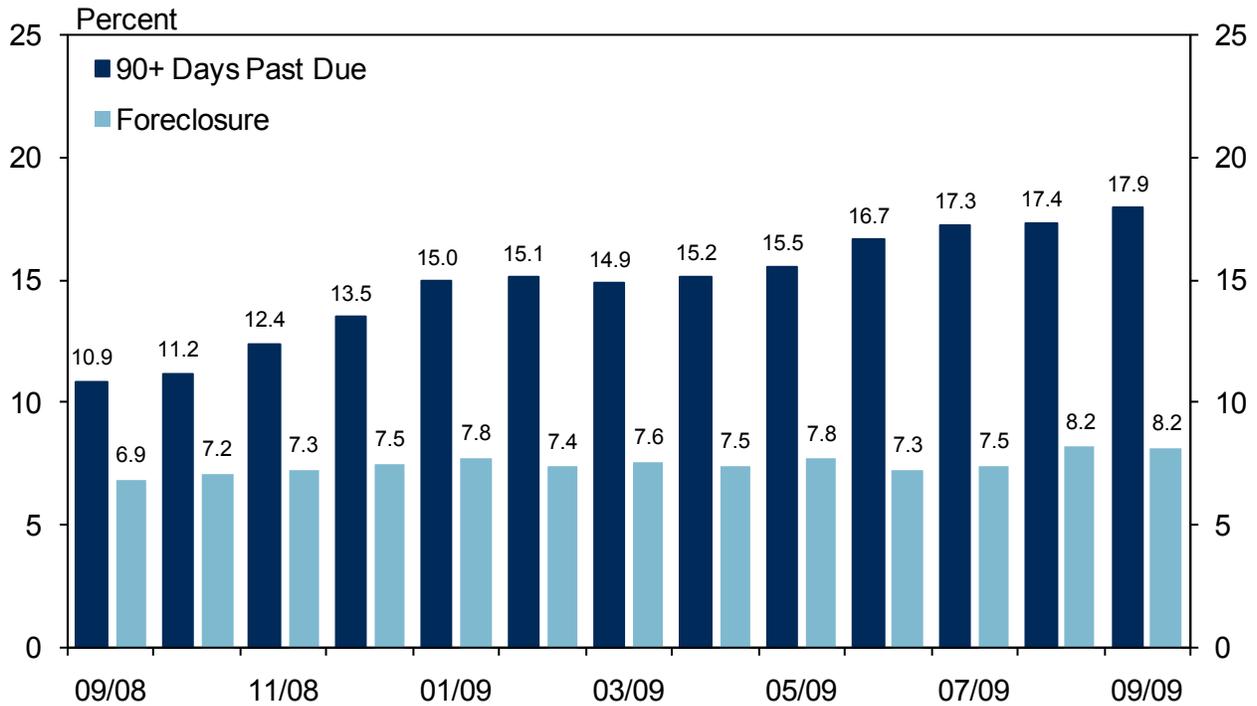
Geographic Area	September 2008		September 2009		Percent in REO
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	
Beckley	8.48	3.89	12.35	6.77	2.79
Bluefield*	12.42	6.83	17.01	6.80	3.40
Charleston	12.55	6.27	20.09	7.45	2.93
Clarksburg	8.97	8.28	15.32	4.84	4.03
Cumberland*	9.52	6.19	23.50	10.38	0.00
Hagerstown-Martinsburg*	14.15	8.68	23.03	11.62	4.75
Huntington-Ashland*	14.15	8.49	16.31	10.64	4.96
Morgantown	5.10	6.12	13.79	9.20	0.00
Parkersburg*	11.93	10.09	16.40	12.17	3.17
Wheeling*	8.02	7.41	14.18	5.67	2.13
Winchester*	11.27	5.43	24.63	9.20	7.46
West Virginia	10.89	6.92	17.99	8.16	3.11
Fifth District	11.85	6.34	21.80	9.39	3.08

*Only the West Virginia portion of these MSAs is included here.

Notes: Metro areas with fewer than 50 raw subprime loans receive an N/A for subprime performance. 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 (September 2009) and Mortgage Bankers Association (2009:Q3)/Haver Analytics

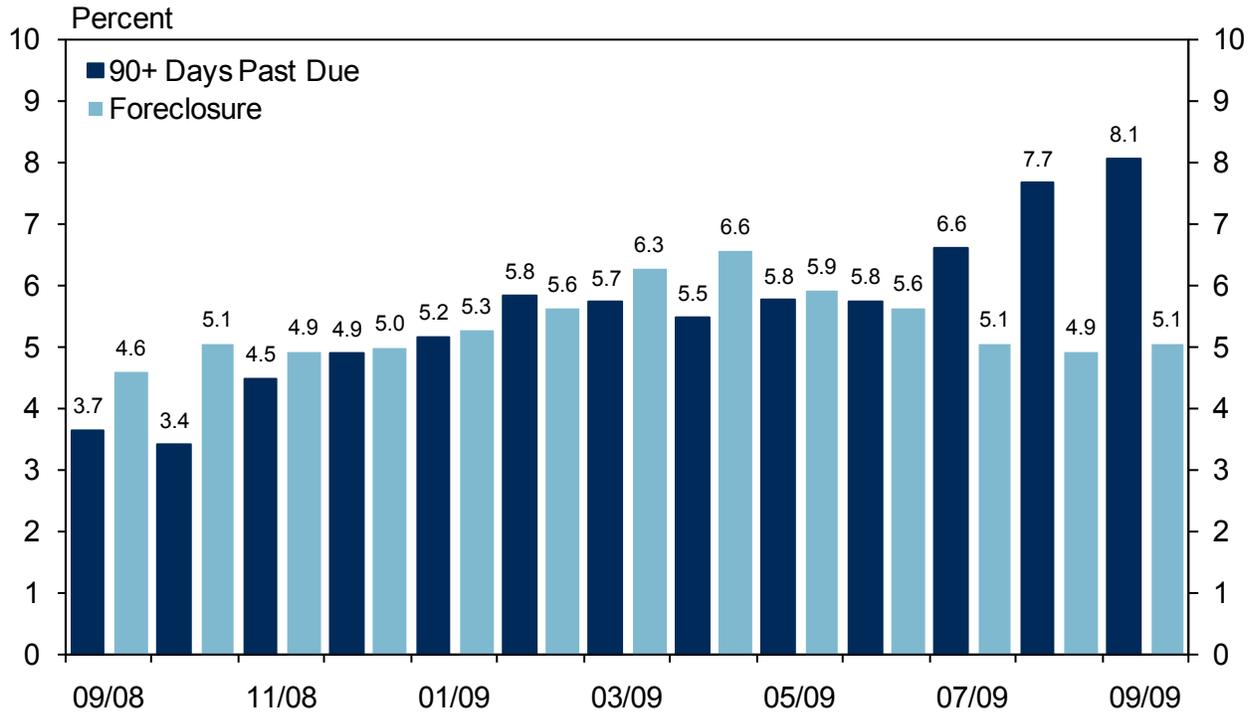
Figure 8
Owner-Occupied Subprime Loan Statistics: West Virginia



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 (September 2009)

**Figure 9
Owner-Occupied Interest Only Loan Statistics: West Virginia**



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 (September 2009)

**Table 8
Unemployment Rates: West Virginia**

Geographic Area	Unemployment Rate	Percentage Point Change from Sept. 2008
Beckley	7.9	4.5
Bluefield	7.3	3.3
Charleston	7.4	4.3
Clarksburg	7.2	3.7
Cumberland	7.6	2.5
Hagerstown-Martinsburg	9.0	3.9
Huntington-Ashland	7.9	3.1
Morgantown	5.2	2.6
Parkersburg	9.2	4.5
Wheeling	8.6	3.8
Winchester	7.5	3.2
West Virginia	8.0	4.4
5th District	8.8	3.3

Notes: Data are not seasonally adjusted.

Source: Bureau of Labor Statistics (September 2009)

Table 9
Owner-Occupied Prime Loan Statistics
Charleston MSA

Geographic Area	September 2008		September 2009		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Berkeley County	2.04	1.60	5.13	1.94	1.75
Morgan County	2.54	1.52	4.33	2.62	1.05

Notes: FHA and VA loans, as well as interest only loans, are included in the count of prime loans. 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 (September 2009)

Table 10
Owner-Occupied Prime Loan Statistics
Hagerstown-Martinsburg MSA

Geographic Area	September 2008		September 2009		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Boone County	1.98	0.50	2.90	1.13	0.64
Clay County	N/A	N/A	N/A	N/A	N/A
Kanawha County	1.45	0.80	2.79	1.12	0.38
Lincoln County	1.07	2.14	2.85	1.78	0.36
Putnam County	1.07	0.52	2.85	0.61	0.24

Notes: FHA and VA loans, as well as interest only loans, are included in the count of prime loans. Counties 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 (September 2009)

Table 11
Owner-Occupied Subprime Loan Statistics
Charleston MSA

Geographic Area	September 2008		September 2009		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Berkeley County	12.78	8.65	23.18	12.02	3.86
Morgan County	8.77	12.28	N/A	N/A	N/A

Notes: Counties with fewer than 100 raw loans and counties with fewer than 50 raw subprime loans receive an N/A for subprime performance. 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 (September 2009).

Table 12
Owner-Occupied Subprime Loan Statistics
Hagerstown-Martinsburg MSA

Geographic Area	September 2008		September 2009		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Boone County	16.36	3.64	N/A	N/A	N/A
Clay County	N/A	N/A	N/A	N/A	N/A
Kanawha County	12.00	6.13	17.82	6.95	3.32
Lincoln County	N/A	N/A	N./A.	N./A.	N./A.
Putnam County	12.37	4.12	28.05	7.32	2.44

Notes: Counties with fewer than 100 raw loans and counties with fewer than 50 raw subprime loans receive an N/A for subprime performance. 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 (September 2009)

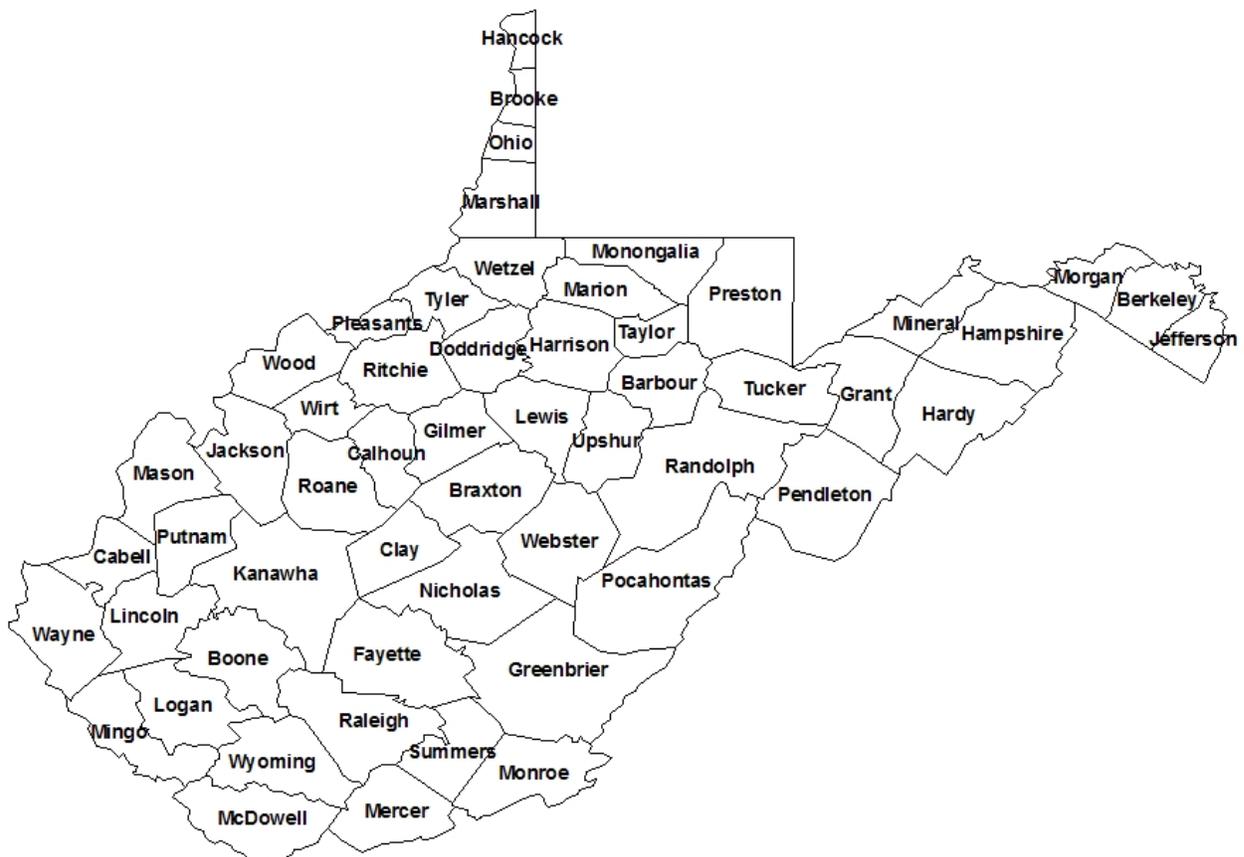
MSA Definitions

1. **Beckley***, **WV**– Raleigh County, WV
2. **Bluefield***, **WV-VA**– Mercer County, WV; Tazewell, VA
3. **Charleston, WV MSA**– Boone County, WV; Clay County, WV; Kanawha County, WV; Lincoln County, WV; Putnam County, WV
4. **Clarksburg***, **WV**– Doddridge County, WV; Harrison County, WV; Taylor County, WV
5. **Cumberland, MD-WV MSA**– Allegany County, MD; Mineral County, WV
6. **Hagerstown-Martinsburg, MD-WV MSA**– Berkeley County, WV; Morgan County, WV; Washington County, MD
7. **Huntington-Ashland, WV-KY-OH MSA**– Boyd County, KY; Greenup County, KY; Lawrence County, OH; Cabell County, WV; Wayne County, WV
8. **Morgantown, WV MSA**– Monongalia County, WV; Preston County, WV
9. **Parkersburg, WV-OH MSA**– Pleasants County, WV; Washington County, OH; Wirt County, WV; Wood County, WV
10. **Wheeling, WV-OH MSA**– Belmont County, OH; Marshall County, WV; Ohio County, WV
11. **Winchester, VA-WV MSA**– Frederick County, VA; Winchester city, VA; Hampshire County, WV

*Indicates a micropolitan statistical area

Source: Office of Management and Budget, 2008

West Virginia 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 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 West Virginia. It has no impact on the subprime performance numbers.

The LPS data in this document is subject to revision.