

Mortgage Performance Summary



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

An Update on Housing Market and Mortgage Performance in West Virginia 1st Quarter, 2010 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.

State Delinquency and Foreclosure Rates

- Recent data indicate that delinquency and foreclosure rates in West Virginia might have reached a plateau, or even started to decline, in recent months. Nonetheless, default rates continue to rise on a year-over-year basis.
- The prime foreclosure rate in West Virginia rose only slightly – from 1.4 percent to 1.5 percent – over the year ending in March 2010. Over the same period, the prime 90+ day delinquency rate increased from 2.2 percent to 3.6 percent. (Table 6)
- The subprime foreclosure rate in West Virginia, on the other hand, decreased from 7.6 percent to 7.2 percent from March 2009 to March 2010. The subprime 90+ day delinquency rate edged up from 14.9 percent to 17.6 percent over the same period. (Table 7)
- Subprime mortgages continue to make up 29.6 percent of the foreclosure inventory in West Virginia, although they make up only 10.1 percent of all mortgages. West Virginia is ranked 14th in the nation in its share of subprime loans. (Figure 2 and Table 3)

Metro Area Highlights

- The areas of West Virginia in close proximity to the Washington, D.C. MSA continue to post some of the highest prime and subprime foreclosure rates in the state. The West Virginia portion of the Hagerstown MSA reported a 2.3 percent prime foreclosure rate and a 9.1 percent subprime foreclosure rate in March. In the same month, prime foreclosure in the West Virginia portion of the Winchester MSA remained around 1.8 percent while subprime foreclosure was around 9.4 percent. (Tables 6 and 7)

State Economic Conditions and Looking Forward

- Declining house prices play a significant role in rising default rates. Although West Virginia has not experienced the extent of depreciation seen in other areas of the country, housing markets remain weak. House prices in the state rose 0.6 percent in the first quarter of 2010, but dropped 2.2 percent over the preceding year. Continued depreciation could impede any notable improvement in delinquency and foreclosure rates.
- An income shock to a household – such as unexpected unemployment – can affect the household's ability to repay a mortgage. The West Virginia unemployment rate reached 10.1 percent in March – a full 2.5 percentage points above its mark in March 2009. (Table 8)

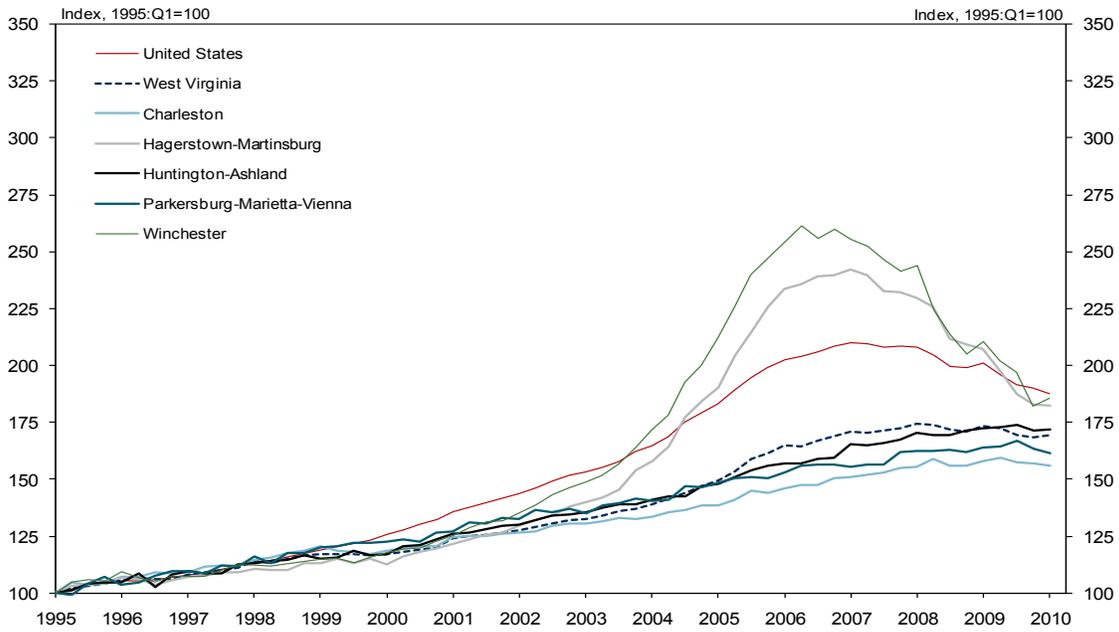
For more information on foreclosures, please visit the Richmond Fed's Foreclosure Center at http://www.richmondfed.org/community_development/foreclosure_resource_center/

For recent data on the West Virginia 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

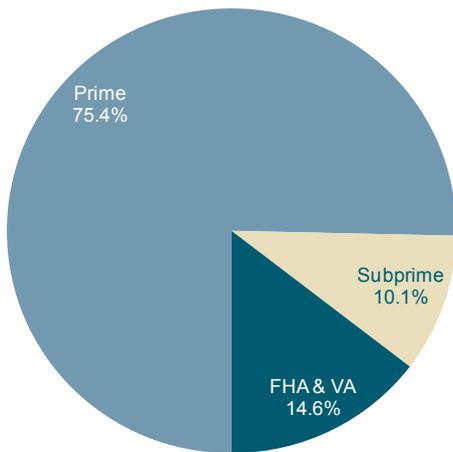
Figure 1
FHFA House Price Index: West Virginia



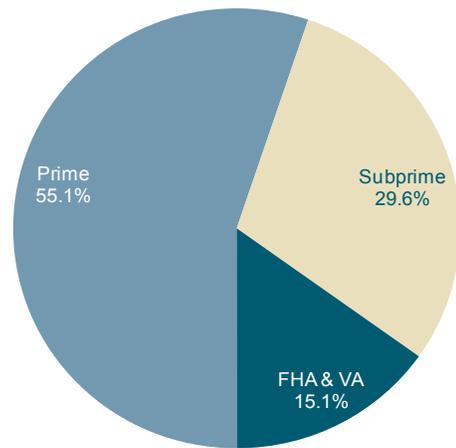
Source: Federal Housing Finance Agency (2010:Q1)/Haver Analytics

Figure 2
Mortgage Distribution: West Virginia

2a: Mortgages Outstanding

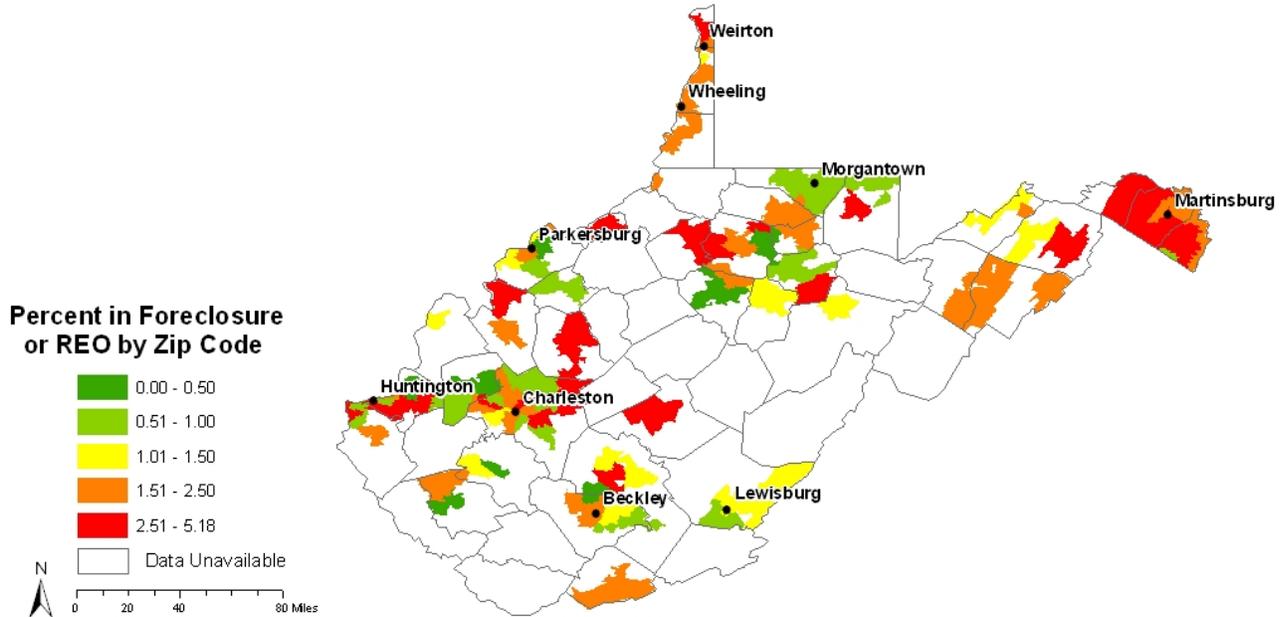


2b: Foreclosure Inventory



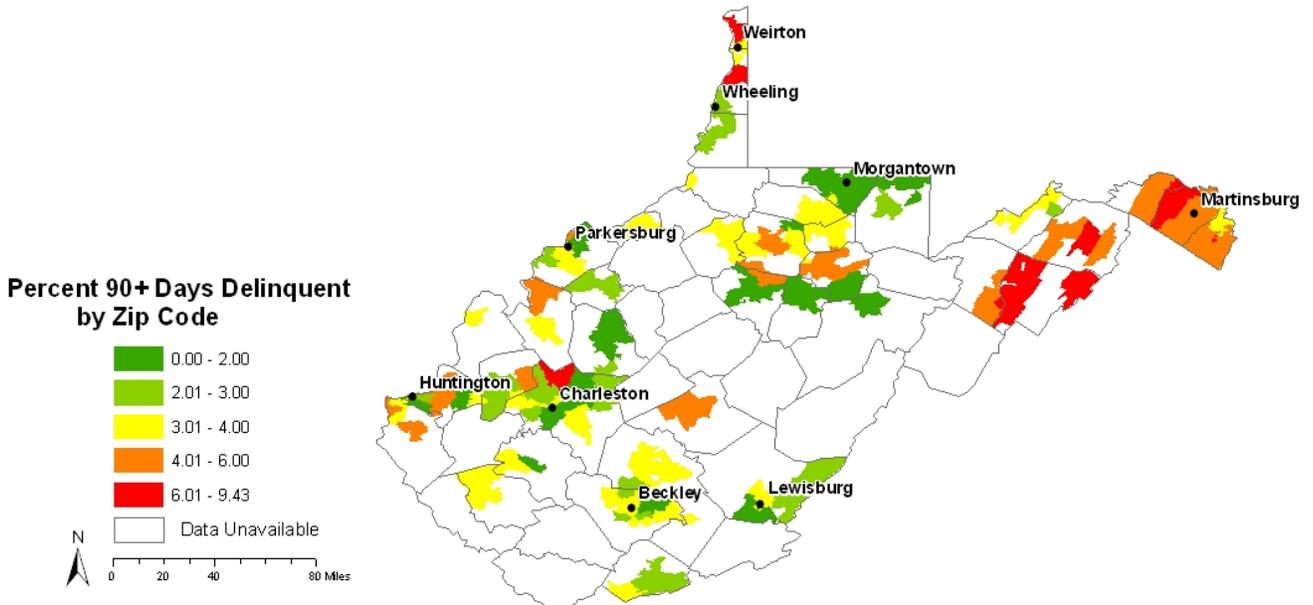
Source: Mortgage Bankers Association (2010:Q1)/Haver Analytics. Percentages may not sum to 100 due to rounding.

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 (March 2010)

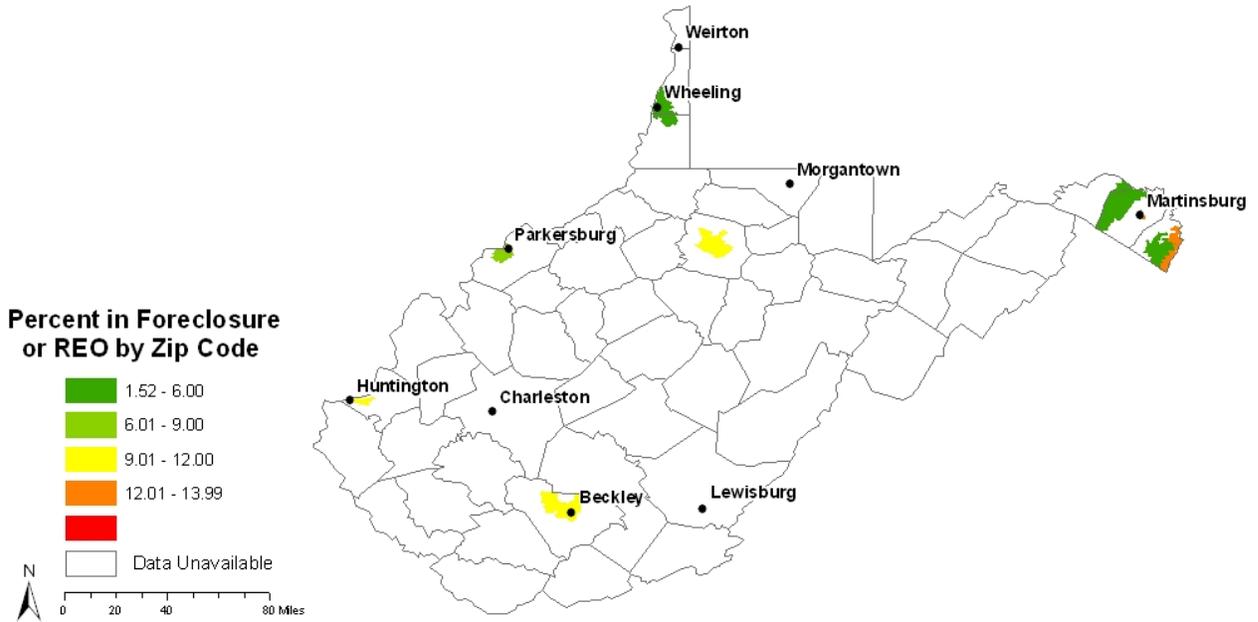
Figure 4
Percentage of Owner-Occupied Prime Loans with 90+ Day Delinquency
West Virginia



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 (March 2010)

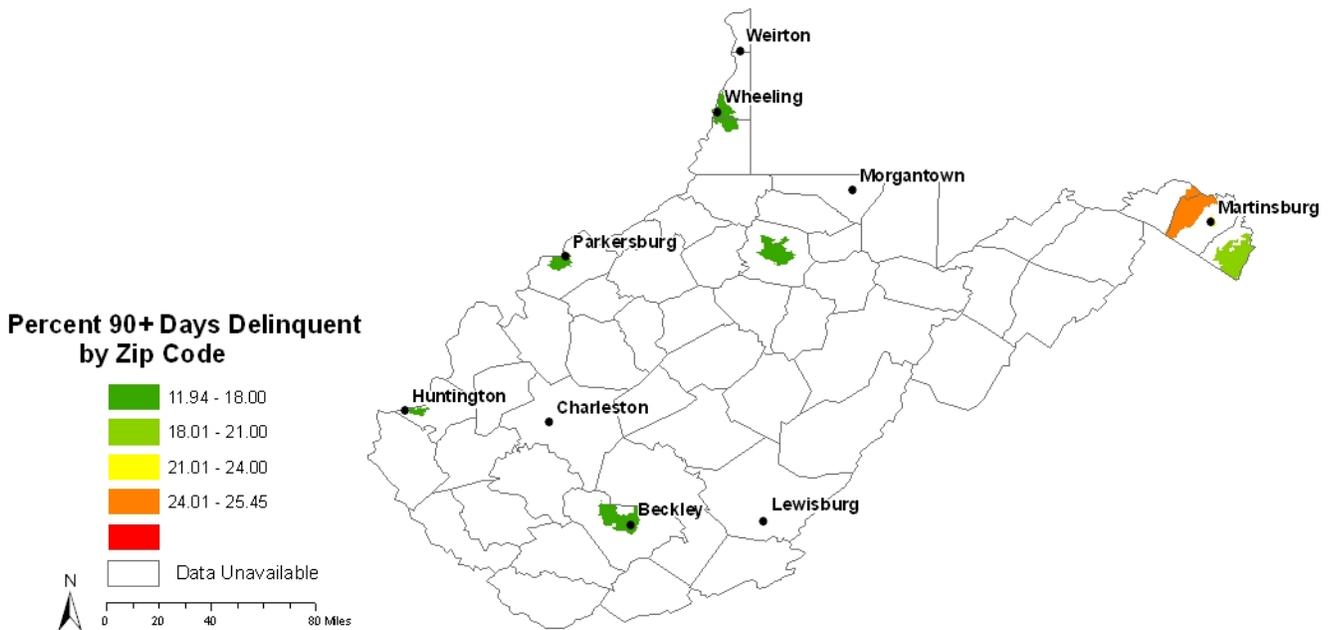
¹ Real Estate Owned (REO) properties are in the possession of the lender due to foreclosure or forfeiture.

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



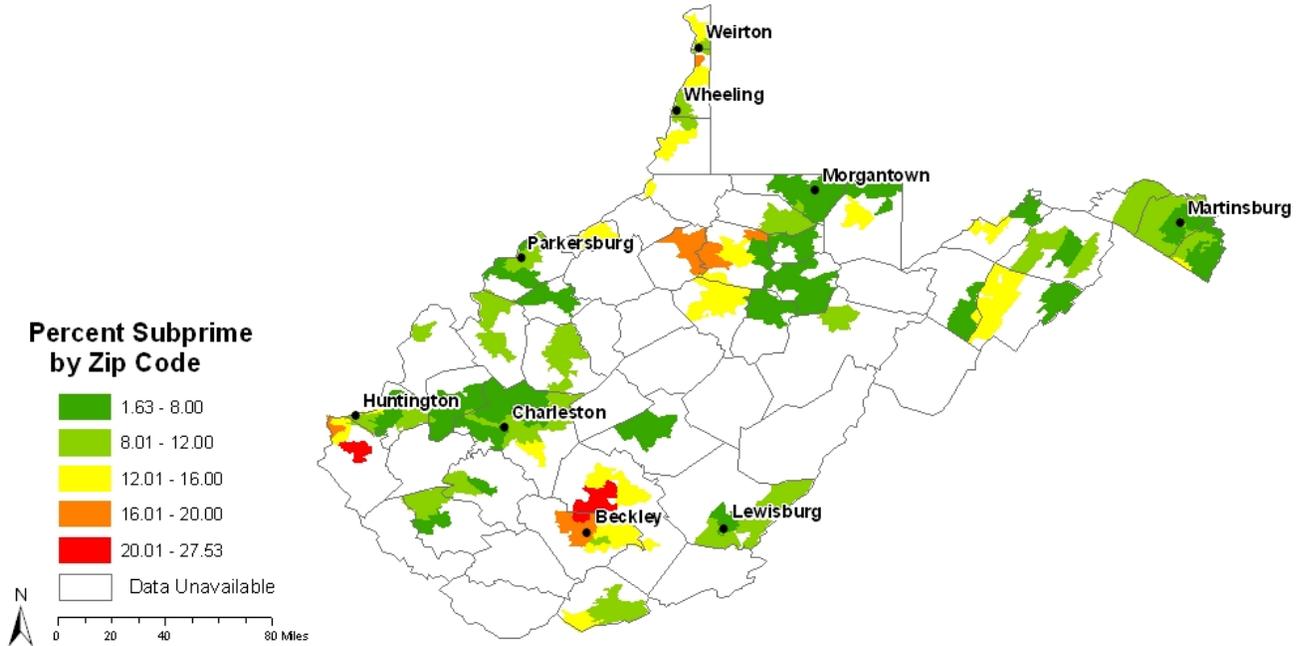
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans, fewer than 50 subprime loans, or have no data available.
 Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (March 2010)

Figure 6
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency:
West Virginia



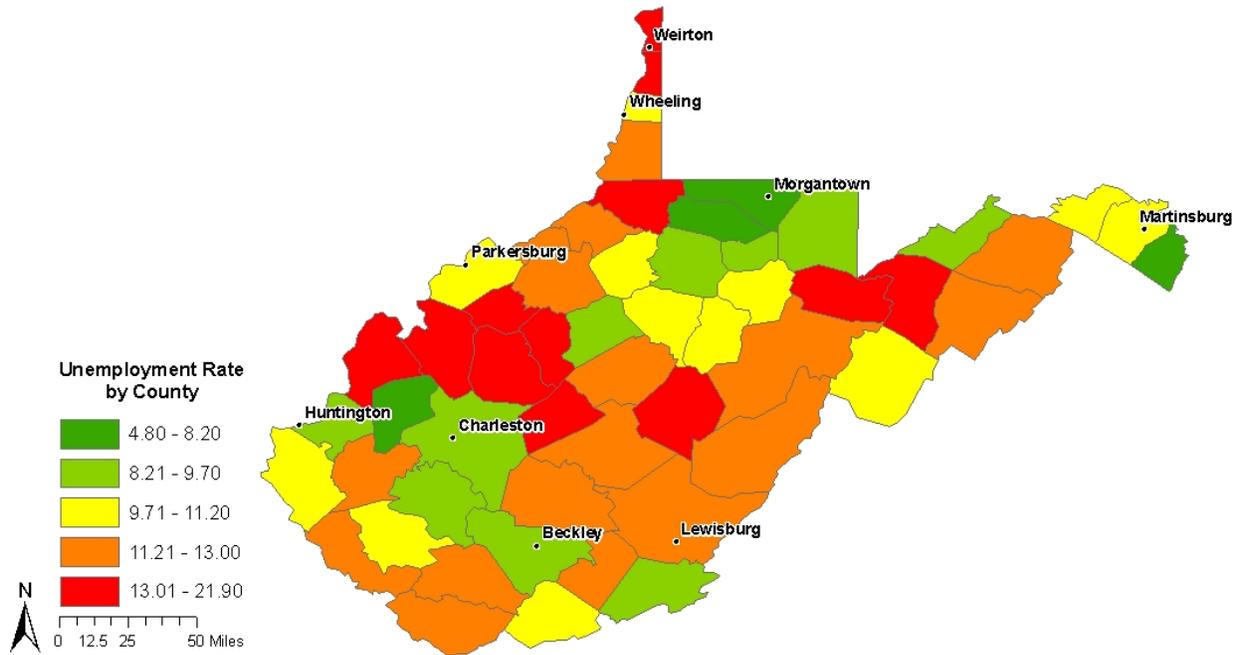
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans, fewer than 50 subprime loans, or have no data available.
 Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (March 2010)

Figure 7
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 (March 2010) and Mortgage Bankers Association (2010:Q1)/Haver Analytics

Figure 8
Unemployment Rate: West Virginia



Notes: Unemployment Rate in March 2010
 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	1.30	41	2.22
Prime Adjustable-Rate	4.81	40	10.37
Subprime Fixed-Rate	4.29	50	9.07
Subprime Adjustable-Rate	14.14	39	24.58

Source: Mortgage Bankers Association (2010:Q1)/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	2.69	23	2.10	28
Maryland	3.74	9	2.76	14
North Carolina	2.72	21	1.58	41
South Carolina	3.11	14	2.54	16
Virginia	2.50	30	1.61	37
West Virginia	2.26	36	1.63	36
United States	3.67	--	3.41	--

Source: Mortgage Bankers Association (2010:Q1)/Haver Analytics

Table 3
Subprime Share of All Loans: Fifth District

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.47	36
Maryland	9.57	19
North Carolina	8.21	31
South Carolina	9.52	21
Virginia	7.20	40
West Virginia	10.09	14
United States	9.81	--

Source: Mortgage Bankers Association (2010:Q1)/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	14.51	20	14.03	17
Maryland	17.24	6	15.14	14
North Carolina	13.24	26	7.68	43
South Carolina	12.77	31	10.96	29
Virginia	14.20	23	8.59	40
West Virginia	12.31	37	6.55	49
United States	14.82	--	15.39	--

Source: Mortgage Bankers Association (2010:Q1)/Haver Analytics

Table 5
General Housing Statistics: West Virginia

Geographic Area	Housing Units			Percent of Owner-Occupied Mortgages With:					
	Total	Vacant	Occupied	Total	With a Mortgage	Prime Loan	Subprime Loan	Adjustable Rate	Interest Only
Beckley	37,057	4,663	32,394	25,049	12,049	82.23	17.77	8.05	0.81
Bluefield									
Entire MSA	51,037	8,004	43,033	30,488	13,035				
WV Portion	-	-	-	-	-	86.79	13.21	4.20	0.40
Charleston	144,590	16,323	128,267	93,134	52,580	92.40	7.60	4.60	0.83
Clarksburg	43,279	5,278	38,001	28,456	15,954	89.36	10.64	6.28	1.10
Cumberland									
Entire MSA	46,340	7,211	39,129	29,044	16,373				
WV Portion	-	-	-	-	-	91.37	8.63	4.74	0.62
Hagerstown-Martinsburg									
Entire MSA	114,669	13,707	100,962	70,244	48,932				
WV Portion	-	-	-	-	-	90.77	9.23	11.06	5.80
Huntington-Ashland									
Entire MSA	132,447	14,877	117,570	82,414	45,431				
WV Portion	-	-	-	-	-	88.43	11.57	5.95	0.99
Morgantown	51,762	8,803	42,959	28,239	14,759	94.17	5.83	5.49	1.23
Parkersburg									
Entire MSA	75,236	7,921	67,315	50,022	30,173				
WV Portion	-	-	-	-	-	90.49	9.51	5.45	1.02
Wheeling									
Entire MSA	69,523	8,002	61,521	45,055	24,585				
WV Portion	-	-	-	-	-	88.41	11.59	5.18	0.80
Winchester									
Entire MSA	53,429	7,017	46,412	32,062	21,091				
WV Portion	-	-	-	-	-	91.72	8.28	5.48	3.34
West Virginia	886,419	136,833	749,586	552,651	289,450	89.91	10.09	7.21	2.56
Fifth District	13,068,131	1,717,299	11,350,832	7,801,889	5,427,813	91.57	8.43	12.56	7.29

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 (March 2010) and Mortgage Bankers Association (2010:Q1)/Haver Analytics.

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

Table 6
Owner-Occupied Prime Loan Statistics: West Virginia

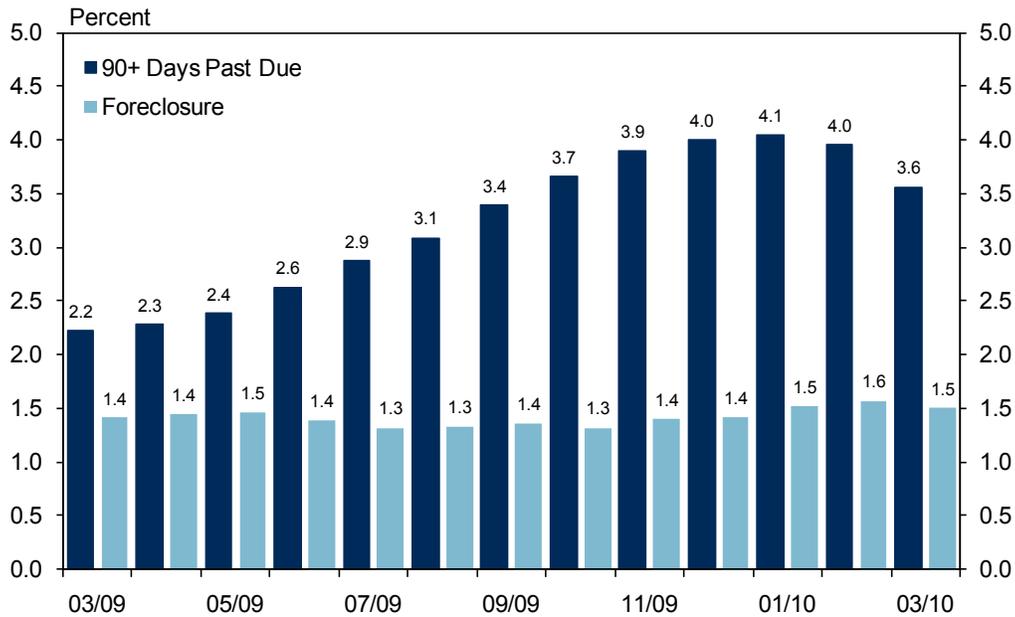
Geographic Area	March 2009			March 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Beckley	1.26	0.96	0.17	2.93	1.20	0.44
Bluefield*	1.65	1.19	0.18	2.52	1.42	0.47
Charleston	1.82	0.88	0.29	2.65	1.04	0.47
Clarksburg	2.14	1.00	0.40	3.75	1.27	0.56
Cumberland*	1.80	1.22	0.32	3.03	1.71	0.84
Hagerstown-Martinsburg*	2.93	2.07	0.86	4.87	2.33	1.28
Huntington-Ashland*	1.94	1.34	0.35	2.96	1.32	0.61
Morgantown	0.86	0.52	0.07	1.63	0.58	0.29
Parkersburg*	2.11	1.14	0.56	3.02	1.02	0.60
Wheeling*	1.58	0.99	0.59	2.85	1.43	0.52
Winchester*	2.52	1.86	1.03	4.33	1.82	1.13
West Virginia	2.22	1.40	0.55	3.56	1.50	0.72
Fifth District	2.24	1.16	0.43	3.83	1.62	0.57

*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. Areas with fewer than 100 raw loans receive an N/A.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (March 2010)

Figure 9
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 (March 2010)

Table 7
Owner-Occupied Subprime Loan Statistics: West Virginia

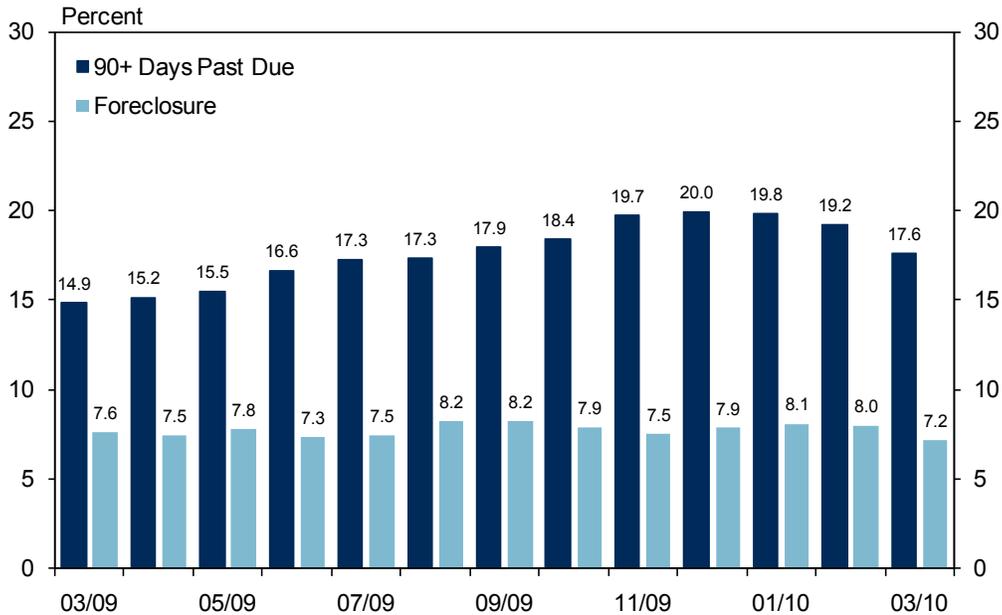
Geographic Area	March 2009			March 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Beckley	8.43	6.13	1.92	11.44	5.08	2.12
Bluefield*	14.86	6.08	1.35	7.45	12.77	4.26
Charleston	18.14	6.70	1.30	18.69	7.28	3.40
Clarksburg	11.28	11.28	0.00	15.79	6.14	1.75
Cumberland*	11.92	9.33	1.04	23.46	8.38	1.12
Hagerstown-Martinsburg*	20.69	9.82	4.39	23.59	9.09	4.65
Huntington-Ashland*	16.44	9.40	2.68	17.69	9.23	4.23
Morgantown	14.44	3.33	1.11	18.07	4.82	0.00
Parkersburg*	11.22	11.71	2.93	17.54	4.09	1.17
Wheeling*	10.34	6.90	1.38	16.42	6.72	2.24
Winchester*	17.85	9.38	6.86	24.24	9.37	4.41
West Virginia	14.92	7.63	2.16	17.60	7.15	2.41
Fifth District	17.95	7.55	2.97	22.46	8.27	2.83

*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. Areas with fewer than 100 raw loans and/or fewer than 50 raw subprime loans receive an N/A.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (March 2010)

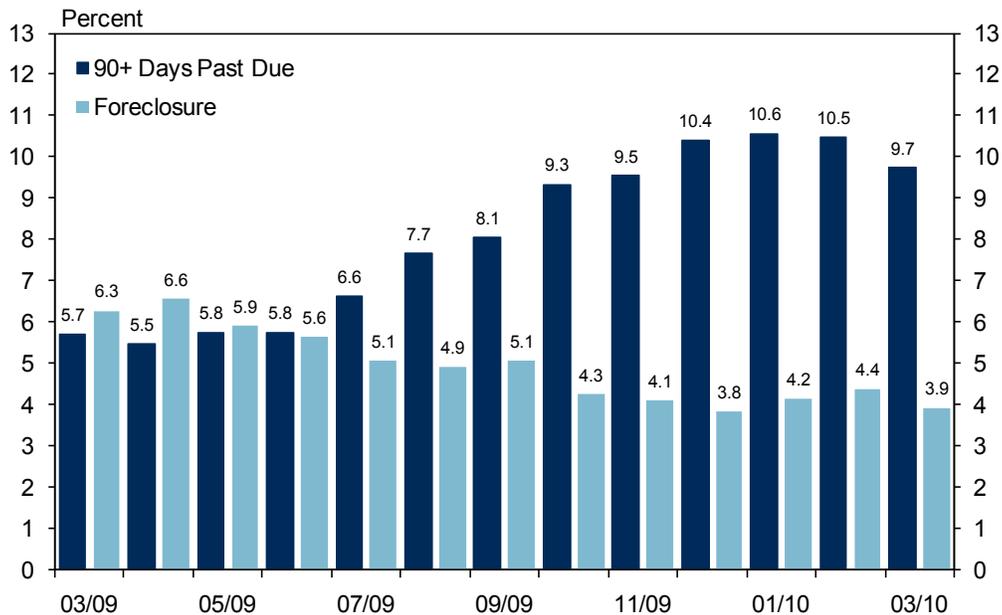
Figure 10
Owner-Occupied Subprime Loan Statistics: West Virginia



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 (March 2010)

Figure 11
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 (March 2010)

Table 8
Unemployment Rates: West Virginia

Geographic Area	Percentage Point	
	Unemployment Rate	Change from March 2009
Beckley	9.5	3.1
Bluefield	8.6	1.7
Charleston	8.8	2.4
Clarksburg	8.6	2.0
Cumberland	9.9	1.4
Hagerstown-Martinsburg	10.9	1.2
Huntington-Ashland	9.0	1.2
Morgantown	6.6	1.8
Parkersburg	10.9	1.8
Wheeling	11.4	2.9
Winchester	8.6	0.4
West Virginia	10.1	2.5
5th District	9.4	0.8

Notes: Data are not seasonally adjusted.

Source: Bureau of Labor Statistics (March 2010)

**Table 9
Owner-Occupied Prime Loan Statistics
Charleston MSA**

Geographic Area	March 2009			March 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Berkeley County	3.30	2.31	1.38	5.32	2.44	1.40
Morgan County	3.01	2.88	0.39	5.21	2.47	1.56

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.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (March 2010)

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

Geographic Area	March 2009			March 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Boone County	2.29	1.14	0.49	2.73	0.80	0.48
Clay County	N/A	N/A	N/A	N/A	N/A	N/A
Kanawha County	2.07	0.98	0.33	2.70	1.19	0.53
Lincoln County	1.07	1.42	0.36	1.38	2.41	0.69
Putnam County	1.35	0.62	0.16	2.74	0.58	0.24

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.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (March 2010)

Table 11
Owner-Occupied Subprime Loan Statistics
Charleston MSA

Geographic Area	March 2009			March 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Berkeley County	20.98	10.18	3.67	24.48	8.62	3.26
Morgan County	11.76	11.76	7.84	N/A	N/A	N/A

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 subprime loans receive an N/A.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (March 2010).

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

Geographic Area	March 2009			March 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Boone County	N/A	N/A	N/A	N/A	N/A	N/A
Clay County	N/A	N/A	N/A	N/A	N/A	N/A
Kanawha County	16.62	7.87	1.17	17.25	6.39	3.19
Lincoln County	N/A	N/A	N/A	N/A	N/A	N/A
Putnam County	16.28	3.49	2.33	25.68	5.41	4.05

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 subprime loans receive an N/A.

Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (March 2010)

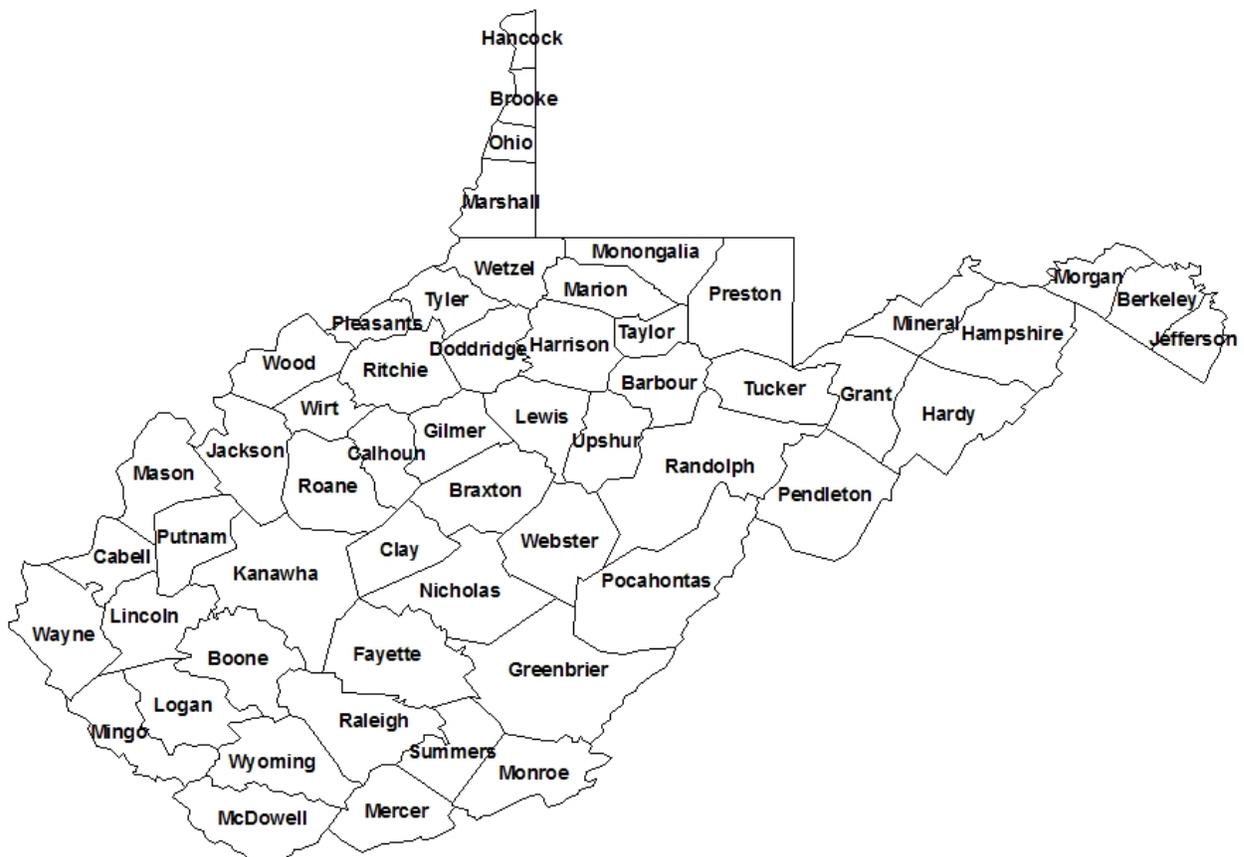
MSA Definitions

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.