

# Mortgage Performance Summary



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

## **An Update on Housing Market and Mortgage Performance in West Virginia 3<sup>rd</sup> 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 some delinquency and foreclosure rates in West Virginia might have started to plateau or even decline in recent months. Nonetheless, default rates continue to rise on a year-over-year basis.
- The prime foreclosure rate in West Virginia edged up from 1.4 percent to 1.7 percent over the year ending in September 2010. Over the same period, the prime 90+ day delinquency rate decreased from 3.4 percent to 2.8 percent. (Table 6)
- The subprime foreclosure rate in West Virginia also edged up a bit from 8.2 percent in September 2009 to 8.3 in September 2010. The subprime 90+ day delinquency rate fell slightly from 17.9 percent to 17.3 percent over the same period. (Table 7)
- Subprime mortgages continue to make up 32.0 percent of the foreclosure inventory in West Virginia, although they make up only 10.2 percent of all mortgages. West Virginia is ranked 14<sup>th</sup> 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 2.6 percent prime foreclosure rate and a 11.0 percent subprime foreclosure rate in September. In the same month, prime foreclosure in the West Virginia portion of the Winchester MSA was around 2.0 percent. (Tables 6 and 7)

### **State Economic Conditions and Looking Forward**

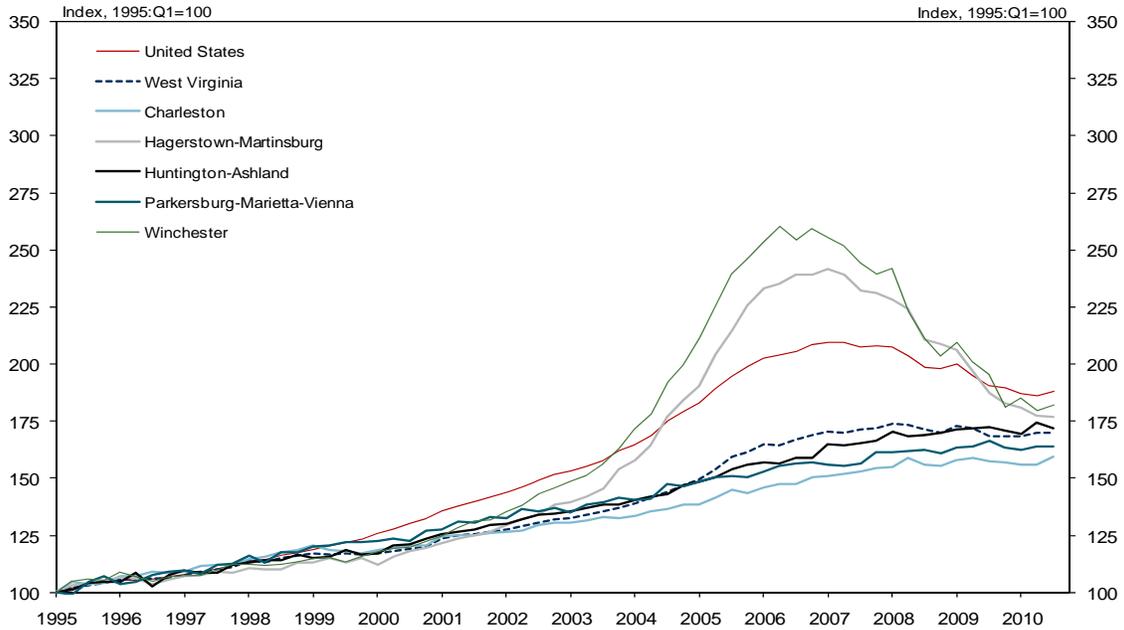
- Declining house prices play a significant role in rising default rates. Although West Virginia has not experienced the extent of depreciation seen in other areas of the country, housing markets remain weak. House prices in the state fell 0.1 percent in the third quarter of 2010, although they rose 0.7 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 was 8.5 percent in September—up from 7.9 percent in September 2009 and 3.7 percent in September 2008. (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/](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](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

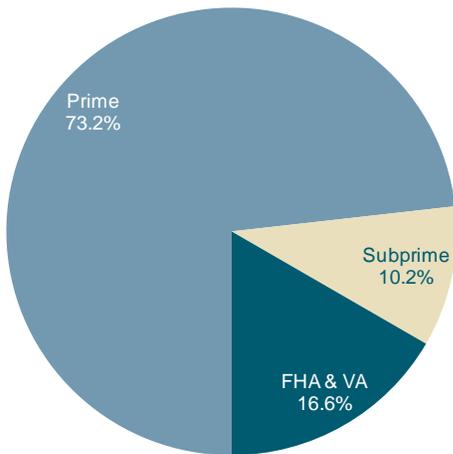
**Figure 1**  
**FHFA House Price Index: West Virginia**



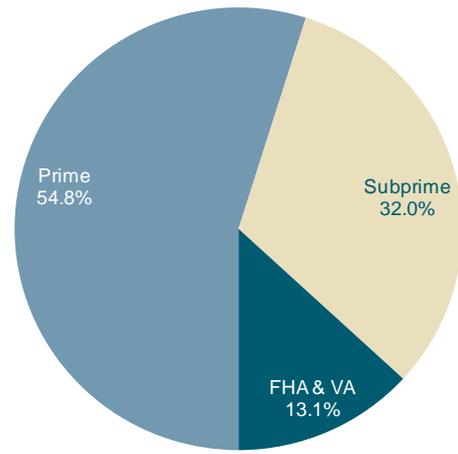
Source: Federal Housing Finance Agency (2010:Q3)/Haver Analytics

**Figure 2**  
**Mortgage Distribution: West Virginia**

**2a: Mortgages Outstanding**

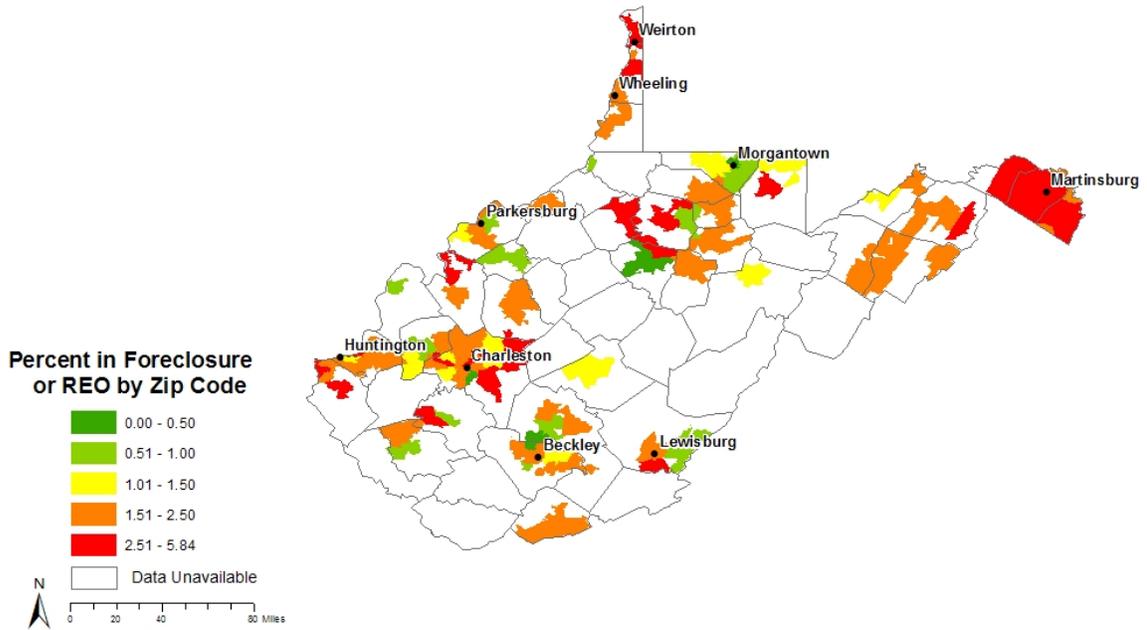


**2b: Foreclosure Inventory**



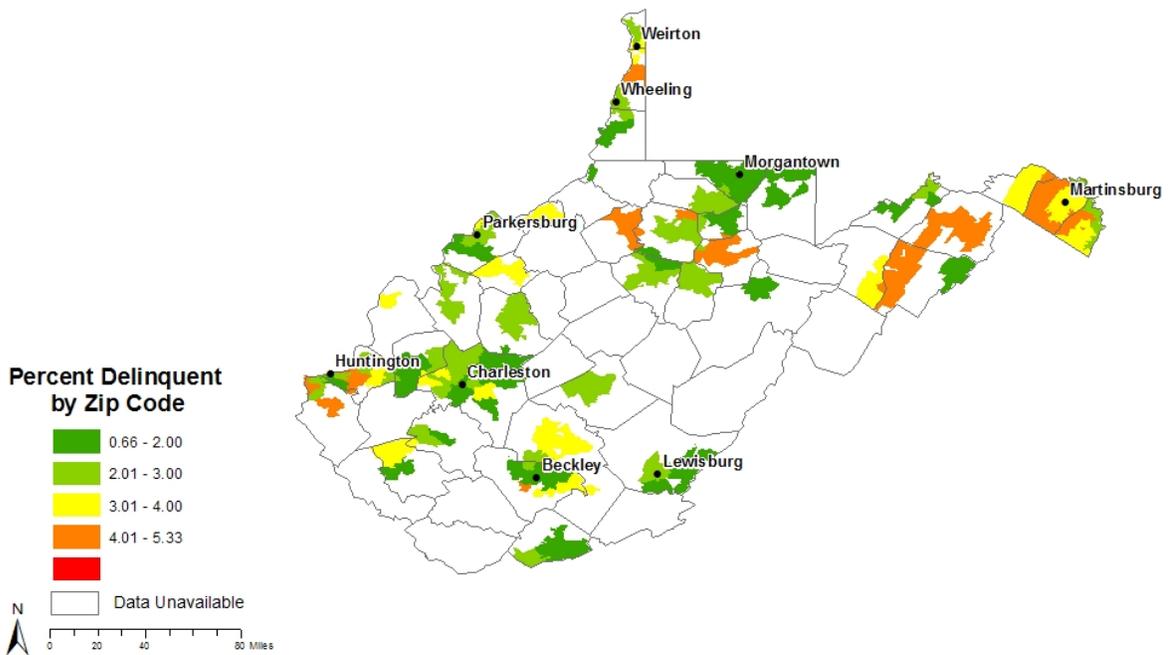
Source: Mortgage Bankers Association (2010:Q3)/Haver Analytics. Percentages may not sum to 100 due to rounding.

**Figure 3**  
**Percentage of Owner-Occupied Prime Loans in Foreclosure or REO<sup>1</sup>:**  
**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 2010)

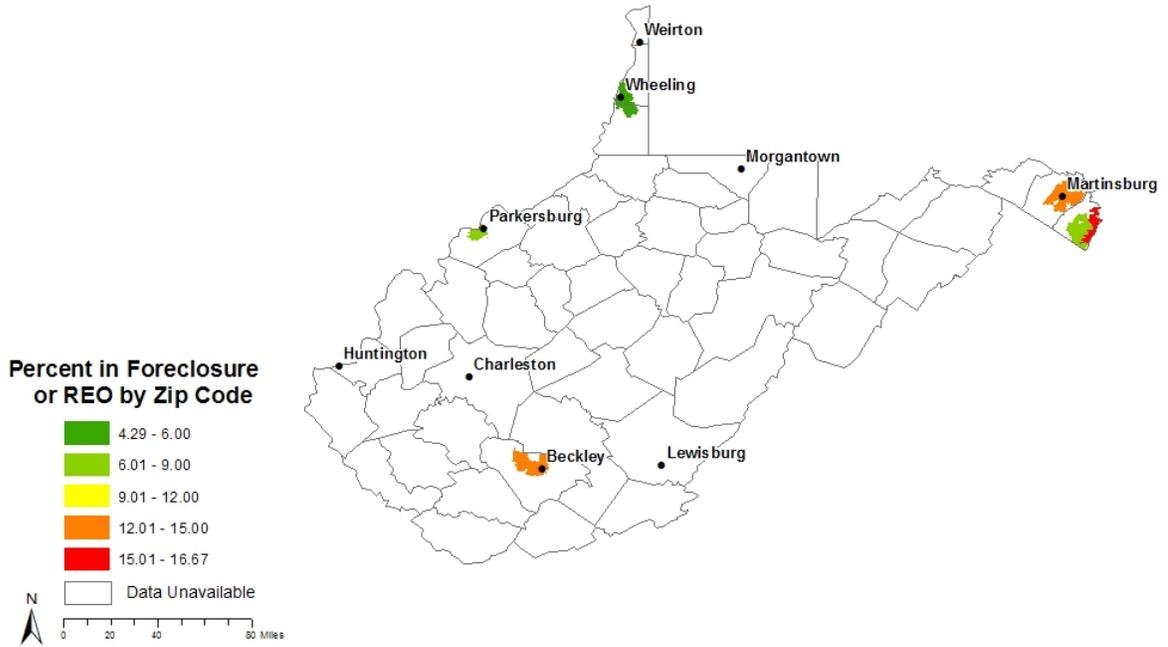
**Figure 4**  
**Percentage of Owner-Occupied Prime Loans with 90+ Day Delinquency**  
**West Virginia**



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 (September 2010)

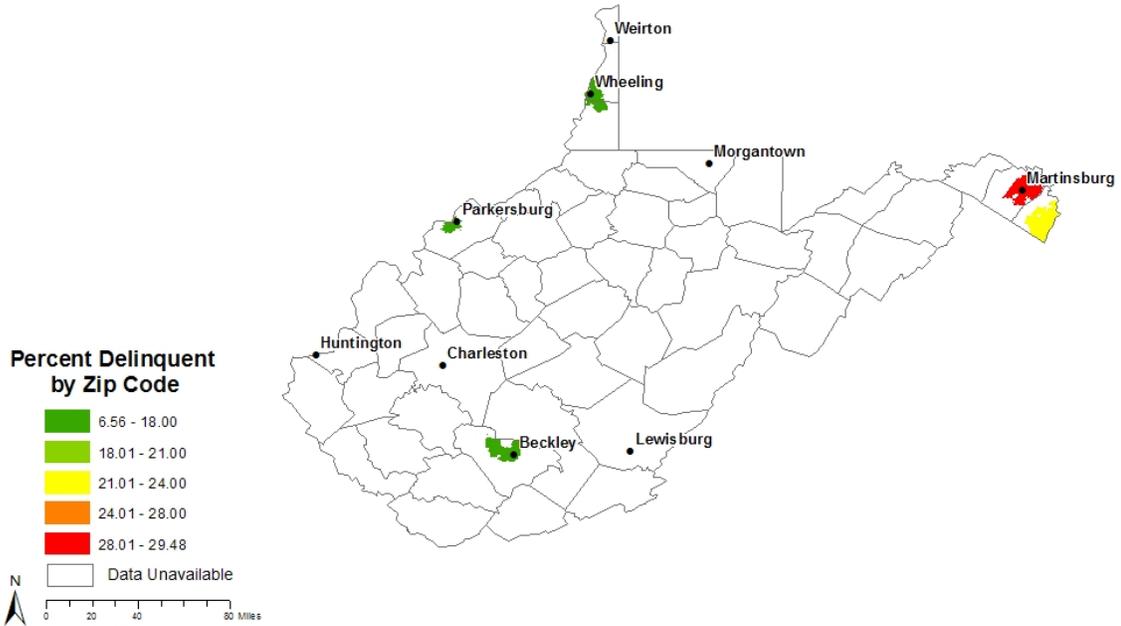
<sup>1</sup> Real Estate Owned (REO) properties are in the possession of the lender due to foreclosure or forfeiture.

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



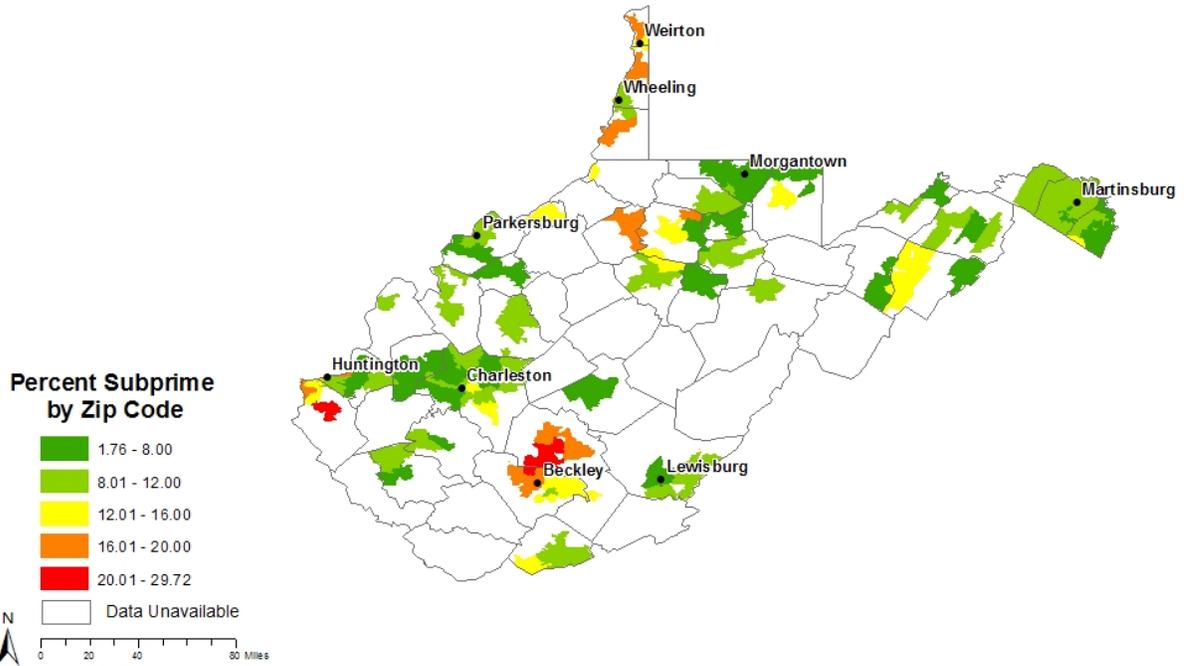
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans, fewer than 50 subprime loans, or have no data available.  
 Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (September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

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



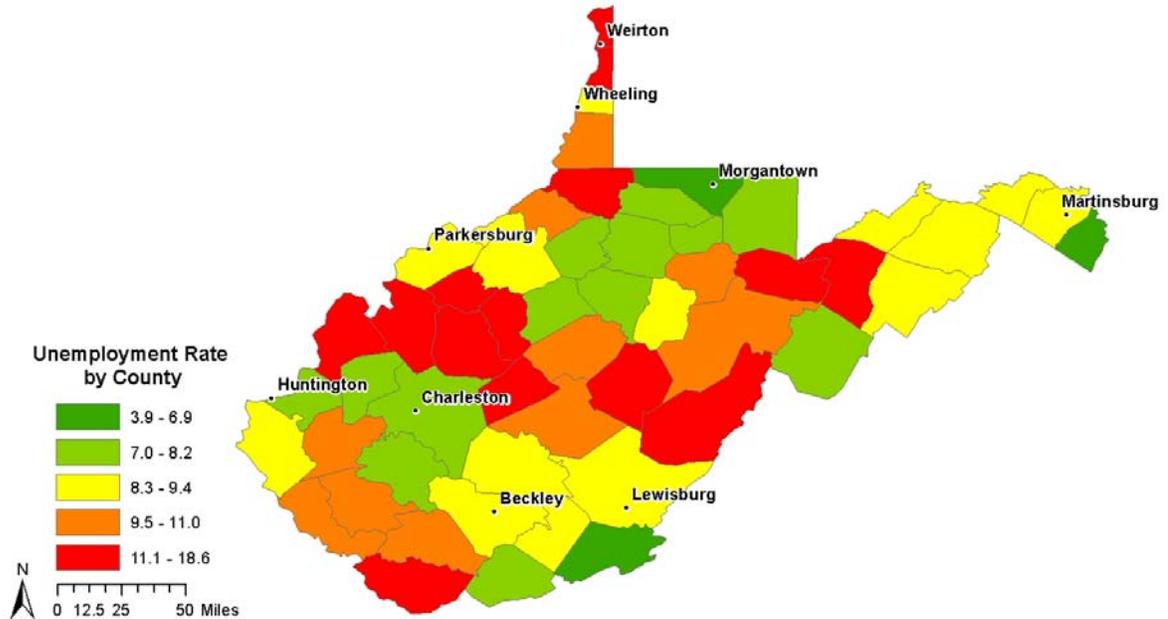
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans, fewer than 50 subprime loans, or have no data available.  
 Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (September 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 (September 2010) and Mortgage Bankers Association (2010:Q3)/Haver Analytics

**Figure 8**  
**Unemployment Rate: West Virginia**



Notes: Unemployment Rate in September 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	1.31	41	2.45
Prime Adjustable-Rate	3.96	41	10.05
Subprime Fixed-Rate	4.86	45	8.88
Subprime Adjustable-Rate	12.64	40	21.78

Source: Mortgage Bankers Association (2010: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	2.24	21	2.12	30
Maryland	3.48	5	2.32	24
North Carolina	2.14	22	1.70	37
South Carolina	2.34	17	2.87	14
Virginia	1.96	29	1.41	44
West Virginia	1.77	37	1.55	38
United States	2.97	--	3.46	--

Source: Mortgage Bankers Association (2010:Q3)/Haver Analytics

**Table 3**  
**Subprime Share of All Loans: Fifth District**

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.41	35
Maryland	9.40	22
North Carolina	8.06	30
South Carolina	9.56	18
Virginia	6.98	39
West Virginia	10.16	14
United States	9.76	--

Source: Mortgage Bankers Association (2010: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	13.52	23	12.12	20
Maryland	17.18	3	12.16	18
North Carolina	12.84	26	7.30	43
South Carolina	12.43	31	10.46	30
Virginia	13.21	25	7.56	42
West Virginia	11.82	36	6.51	48
United States	13.92	--	13.73	--

Source: Mortgage Bankers Association (2010: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	37,382	4,768	32,614	23,980	12,674	81.65	18.35	7.78	0.65
Bluefield									
Entire MSA	51,465	7,686	43,779	31,913	13,742				
WV Portion	-	-	-	-	-	88.85	11.15	3.89	0.40
Charleston	147,006	17,564	129,442	96,443	52,092	92.30	7.70	4.42	0.72
Clarksburg	43,188	6,061	37,127	26,613	14,037	89.57	10.43	6.07	1.08
Cumberland									
Entire MSA	46,544	6,350	40,194	28,400	15,148				
WV Portion	-	-	-	-	-	90.29	9.71	4.12	0.62
Hagerstown-Martinsburg									
Entire MSA	114,937	11,910	103,027	72,229	48,249				
WV Portion	-	-	-	-	-	91.95	8.05	10.51	5.49
Huntington-Ashland									
Entire MSA	133,192	14,791	118,401	81,486	41,253				
WV Portion	-	-	-	-	-	88.09	11.91	5.71	0.87
Morgantown	52,301	8,288	44,013	28,322	13,692	94.66	5.34	5.04	1.12
Parkersburg									
Entire MSA	75,548	10,248	65,300	49,411	26,851				
WV Portion	-	-	-	-	-	90.43	9.57	4.93	0.87
Wheeling									
Entire MSA	69,757	8,540	61,217	44,532	23,983				
WV Portion	-	-	-	-	-	88.22	11.78	4.84	0.73
Winchester									
Entire MSA	55,333	6,569	48,764	34,018	23,135				
WV Portion	-	-	-	-	-	93.56	6.44	4.86	3.11
West Virginia	893,766	145,249	748,517	551,063	274,517	89.84	10.16	6.82	2.37
Fifth District	13,193,677	1,752,942	11,440,735	7,787,066	5,370,756	91.71	8.29	11.96	6.68

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

Source: Housing units are 2009 estimates from the Census Bureau. Mortgage estimates are Federal Reserve Bank of Richmond calculations using data from Lender Processing Services (LPS) Applied Analytics (September 2010) and Mortgage Bankers Association (2010:Q3)/Haver Analytics.

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

**Table 6**  
**Owner-Occupied Prime Loan Statistics: West Virginia**

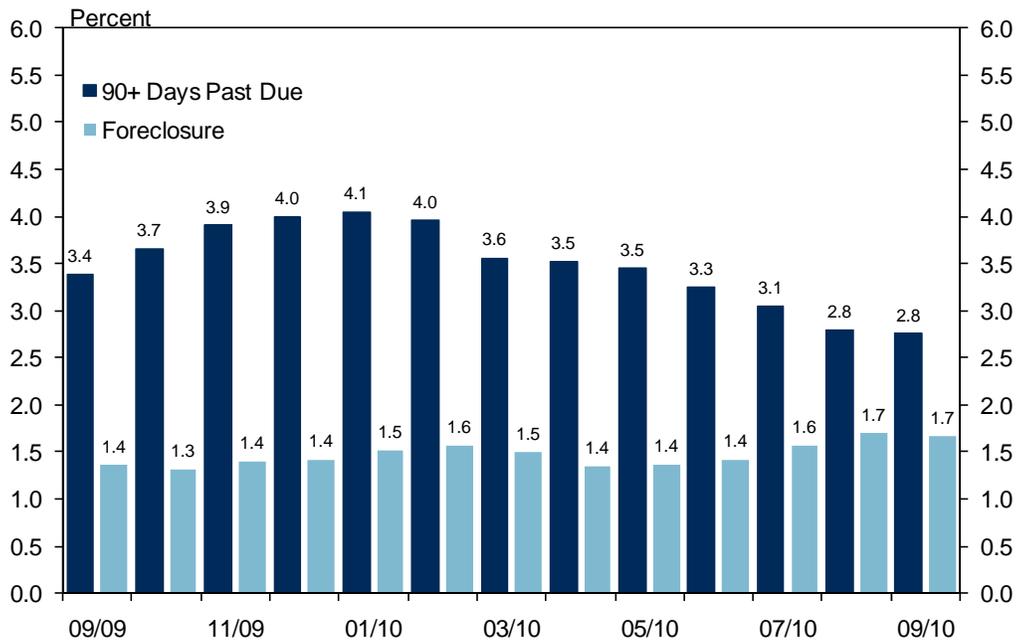
Geographic Area	September 2009			September 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Beckley	2.59	0.98	0.22	2.58	1.38	0.76
Bluefield*	2.47	0.95	0.38	1.83	1.75	0.40
Charleston	2.77	0.99	0.33	2.02	1.42	0.43
Clarksburg	3.72	0.96	0.30	2.63	1.24	0.67
Cumberland*	2.80	1.30	0.54	2.28	1.14	0.34
Hagerstown-Martinsburg*	4.40	2.07	1.28	3.80	2.60	1.74
Huntington-Ashland*	2.76	1.17	0.51	2.65	1.17	0.77
Morgantown	1.59	0.51	0.18	1.35	0.66	0.28
Parkersburg*	2.59	1.19	0.60	2.64	0.85	0.70
Wheeling*	2.75	0.74	0.56	2.27	1.50	0.68
Winchester*	4.28	1.77	1.08	3.99	2.00	1.22
West Virginia	3.39	1.37	0.73	2.77	1.66	0.83
Fifth District	3.21	1.50	0.51	3.13	1.77	0.68

\*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 (September 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 (September 2010)

**Table 7**  
**Owner-Occupied Subprime Loan Statistics: West Virginia**

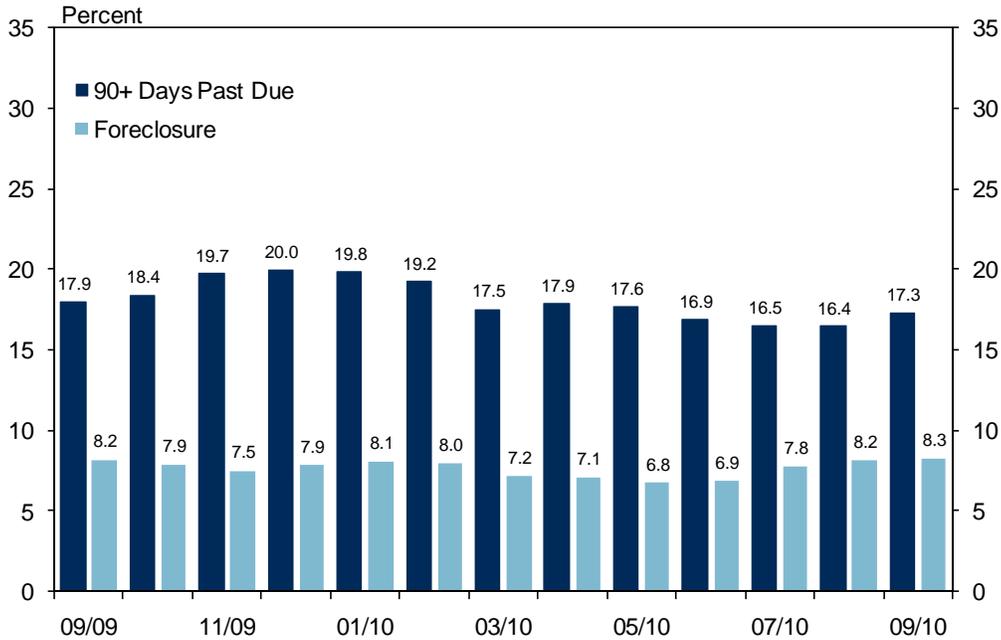
Geographic Area	September 2009			September 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Beckley	12.35	6.77	2.79	10.76	5.83	3.14
Bluefield*	17.01	6.80	3.40	10.71	7.14	1.19
Charleston	20.09	7.45	2.93	20.32	9.09	1.87
Clarksburg	15.32	4.84	4.03	10.00	10.00	1.00
Cumberland*	23.50	10.38	0.00	N/A.	N/A.	N/A.
Hagerstown-Martinsburg*	23.03	11.62	4.75	26.01	10.98	3.34
Huntington-Ashland*	16.31	10.64	4.96	14.52	9.96	3.73
Morgantown	13.79	9.20	0.00	18.06	6.94	0.00
Parkersburg*	16.40	12.17	3.17	16.23	5.19	0.65
Wheeling*	14.18	5.67	2.13	12.30	7.38	0.82
Winchester*	24.63	9.20	7.46	N/A.	N/A.	N/A.
West Virginia	17.93	8.16	3.11	17.26	8.27	2.14
Fifth District	21.80	9.39	3.08	22.15	9.21	3.06

\*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 (September 2010)

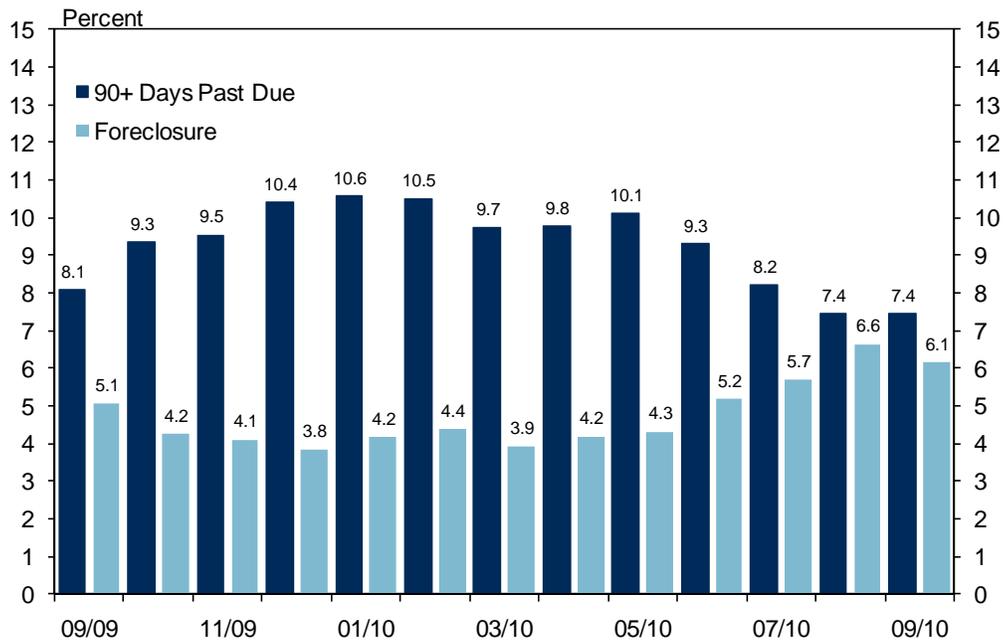
**Figure 10**  
**Owner-Occupied Subprime Loan Statistics: West Virginia**



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 (September 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 (September 2010)

**Table 8**  
**Unemployment Rates: West Virginia**

Geographic Area	Unemployment Rate	Percentage Point Change from September 2009
Beckley	8.4	0.6
Bluefield	7.5	0.1
Charleston	8.0	0.8
Clarksburg	7.8	0.8
Cumberland	8.6	1.0
Hagerstown-Martinsburg	9.7	0.8
Huntington-Ashland	8.6	0.7
Morgantown	6.0	0.8
Parkersburg	8.7	-0.5
Wheeling	9.3	0.6
Winchester	7.0	-0.4
West Virginia	8.5	0.6
5th District	8.3	-0.6

Notes: Data are not seasonally adjusted.

Source: Bureau of Labor Statistics (September 2010)

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

Geographic Area	September 2009			September 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	5.13	1.94	1.75	3.85	2.61	1.76
Morgan County	4.33	2.62	1.05	3.30	2.51	1.45

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 (September 2010)

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

Geographic Area	September 2009			September 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	2.90	1.13	0.64	2.44	1.30	0.65
Clay County	N/A	N/A	N/A	N/A	N/A	N/A
Kanawha County	2.79	1.12	0.38	2.19	1.57	0.50
Lincoln County	2.85	1.78	0.36	1.40	1.40	0.70
Putnam County	2.85	0.61	0.24	1.70	1.08	0.28

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 (September 2010)

**Table 11**  
**Owner-Occupied Subprime Loan Statistics**  
**Charleston MSA**

Geographic Area	September 2009			September 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	23.18	12.02	3.86	27.23	10.99	3.14
Morgan County	N/A	N/A	N/A	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 (September 2010).

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

Geographic Area	September 2009			September 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	17.82	6.95	3.32	18.75	8.68	1.74
Lincoln County	N/A	N/A	N/A	N/A	N/A	N/A
Putnam County	28.05	7.32	2.44	27.42	3.23	1.61

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 (September 2010)

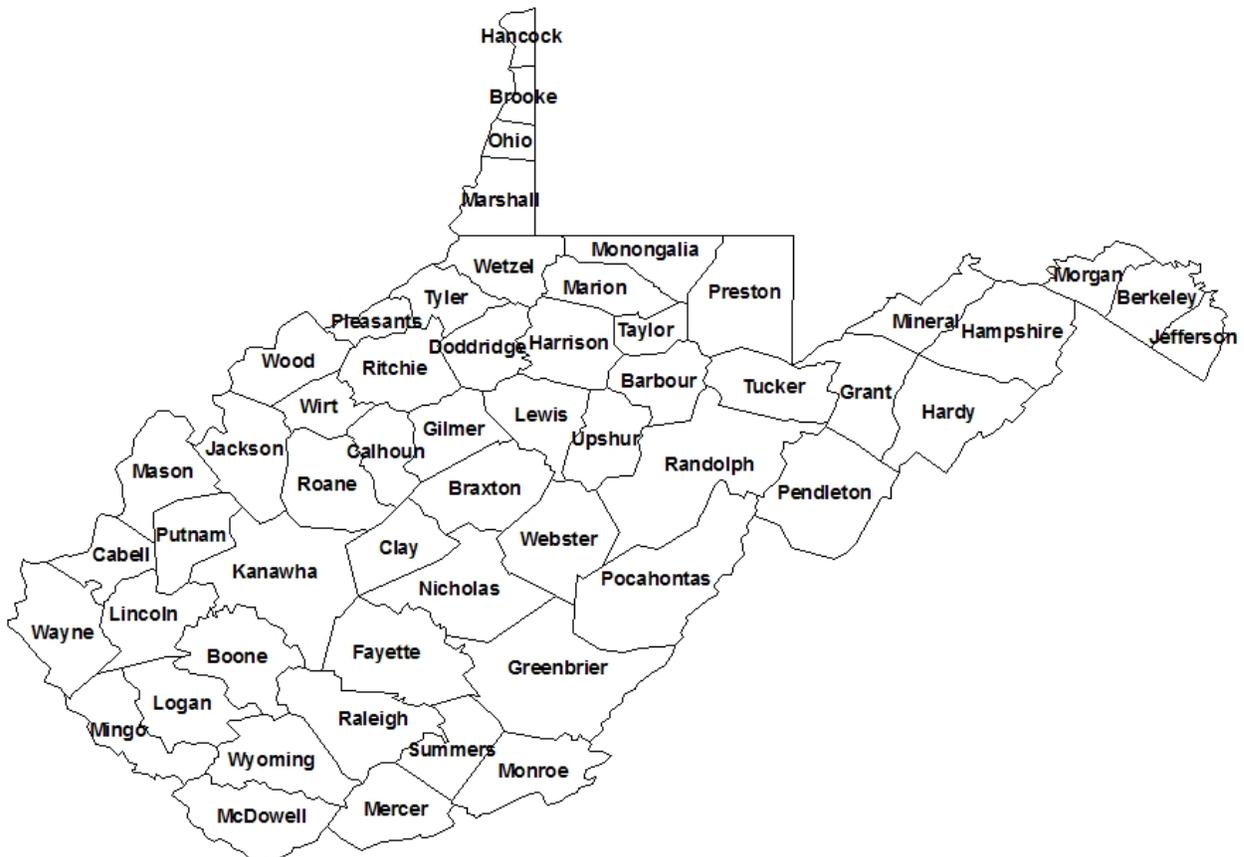
## MSA Definitions

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.