

Mortgage Performance Summary



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

An Update on Housing Market and Mortgage Performance in West Virginia 4th 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 rates in West Virginia started to plateau or even decline in recent months. Nonetheless, foreclosure rates continue to rise on a year-over-year basis.
- The prime foreclosure rate in West Virginia edged up from 1.4 percent to 1.8 percent over the year ending in December 2010. Over the same period, the prime 90+ day delinquency rate decreased from 3.7 percent to 2.4 percent. (Table 6)
- The subprime foreclosure rate in West Virginia also edged up a bit from 7.9 percent in December 2009 to 10.0 percent in December 2010. The subprime 90+ day delinquency rate fell slightly from 16.8 percent to 12.7 percent over the same period. (Table 7)
- Subprime mortgages continue to make up 31.9 percent of the foreclosure inventory in West Virginia, although they make up only 9.1 percent of all mortgages. West Virginia is ranked 21st 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 3.1 percent prime foreclosure rate and a 15.2 percent subprime foreclosure rate in December. In the same month, prime foreclosure in the West Virginia portion of the Winchester MSA was around 2.4 percent and subprime foreclosure was 11.5 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 housing markets are still weak, it is one of the few states where house prices rose in the fourth quarter (0.2 percent) and over the preceding year. Home values appreciated 1.1 percent since the fourth quarter of 2009.
- 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 9.4 percent in December—above the national 9.1 percent rate. (Table 8)

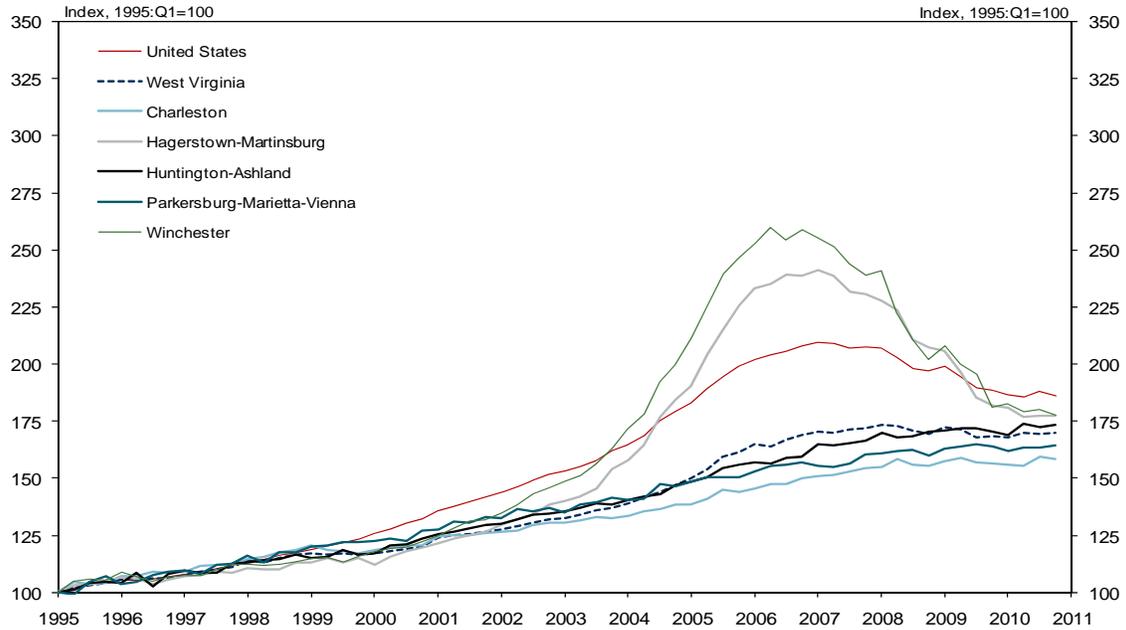
For more information on foreclosures, please visit the Richmond Fed's Foreclosure Center at http://www.richmondfed.org/community_development/foreclosure_resource_center/

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

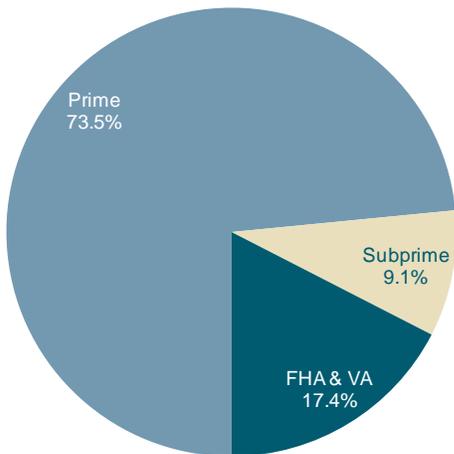
Figure 1
FHFA House Price Index: West Virginia



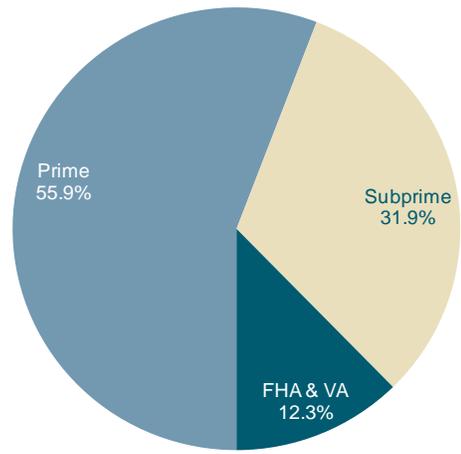
Source: Federal Housing Finance Agency (2010:Q4)/Haver Analytics

Figure 2
Mortgage Distribution: West Virginia

2a: Mortgages Outstanding

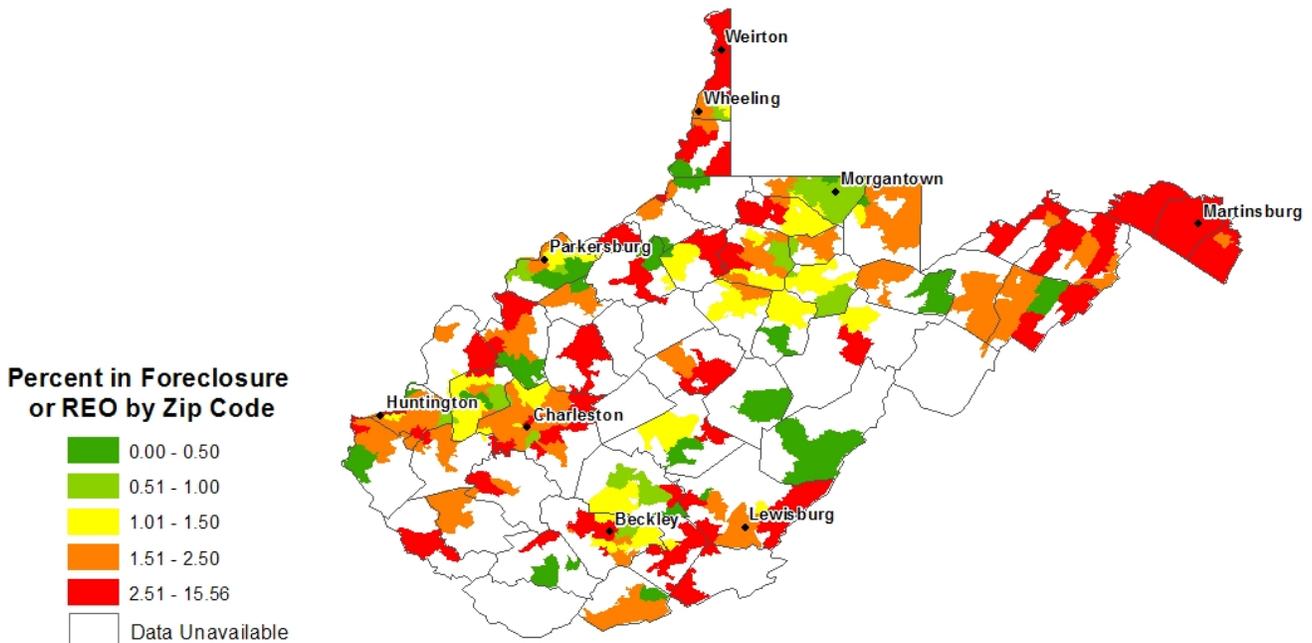


2b: Foreclosure Inventory



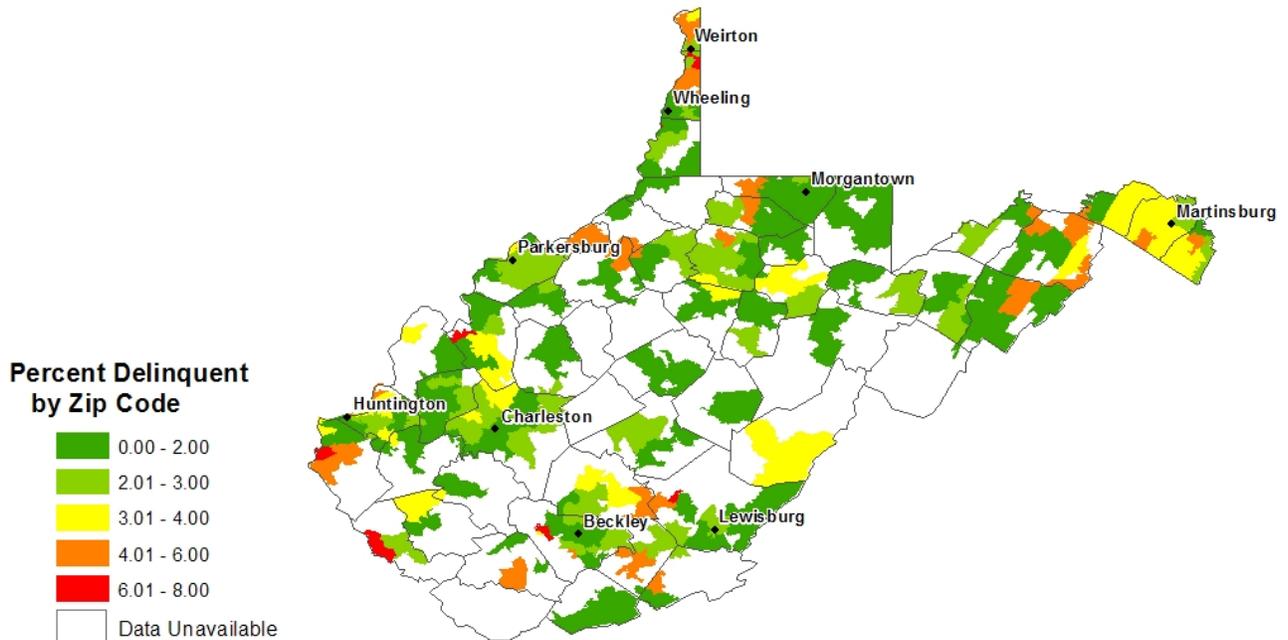
Source: Mortgage Bankers Association (2010:Q4)/Haver Analytics. Percentages may not sum to 100 due to rounding.

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 (December 2010)

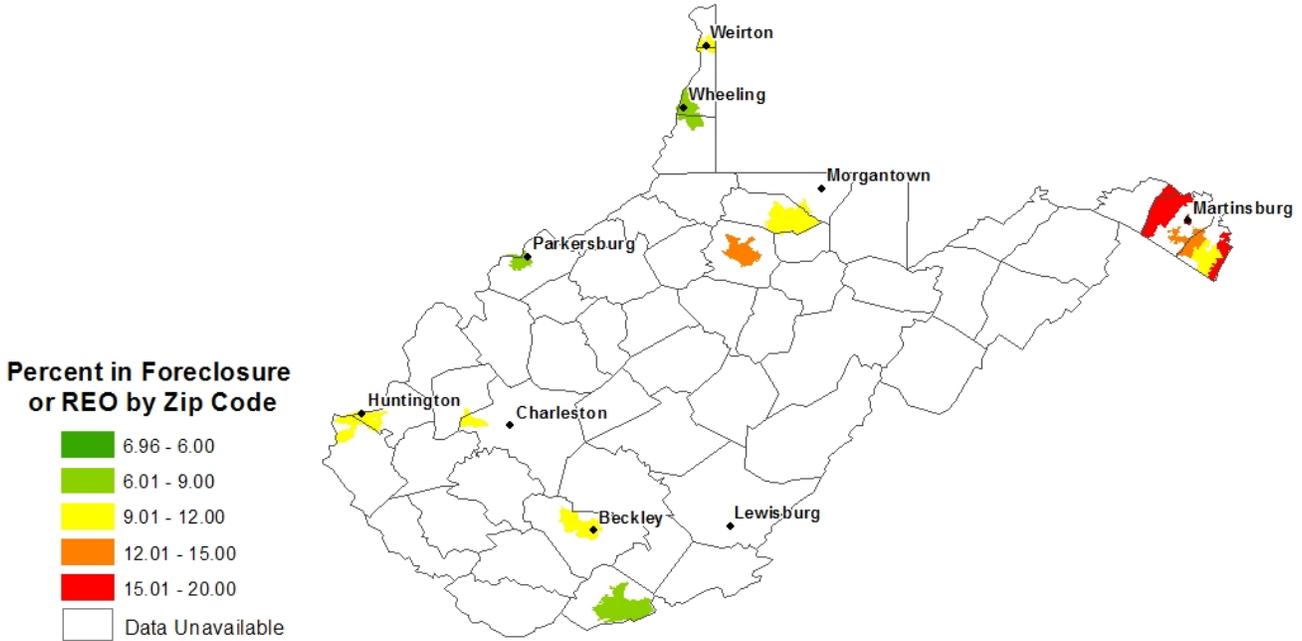
Figure 4
Percentage of Owner-Occupied Prime Loans with 90+ Day Delinquency
West Virginia



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 (December 2010)

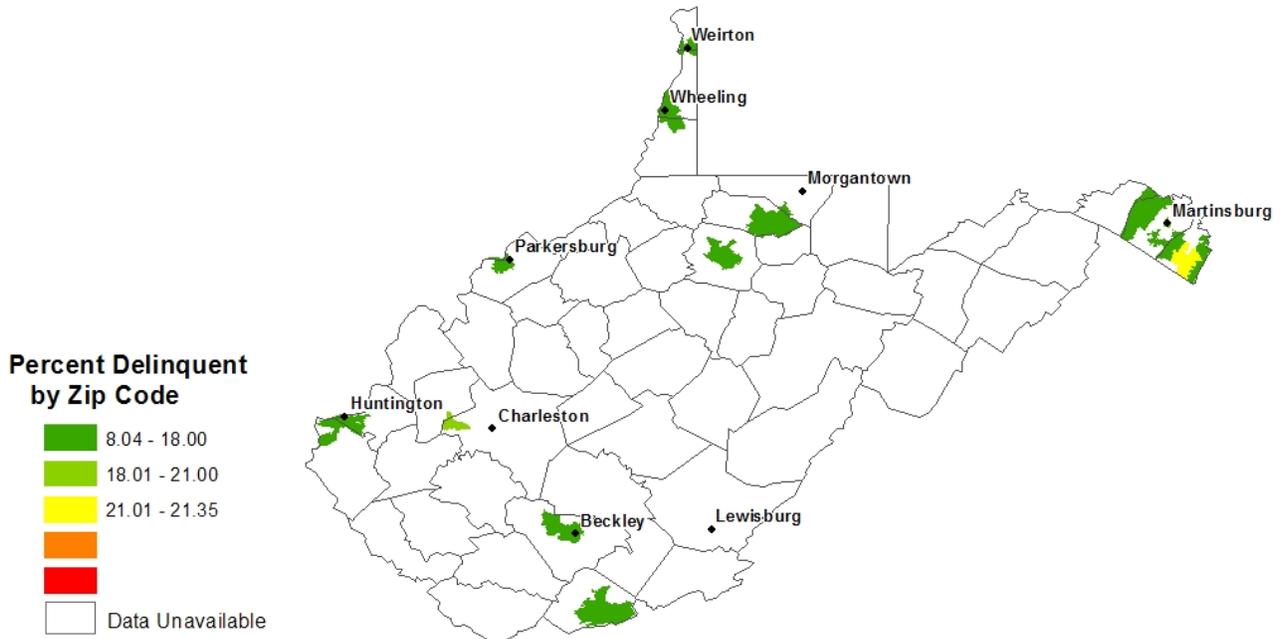
¹ Real Estate Owned (REO) properties are in the possession of the lender due to foreclosure or forfeiture.

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



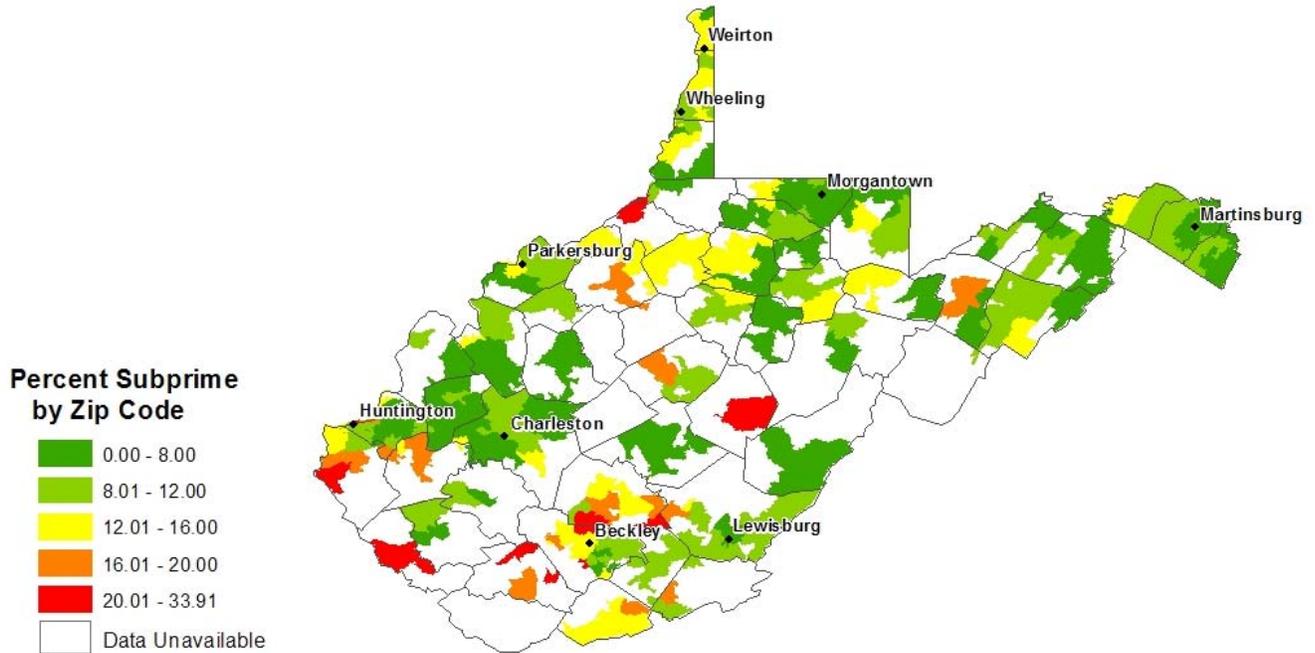
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans, fewer than 50 subprime loans, or have no data available.
 Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December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

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



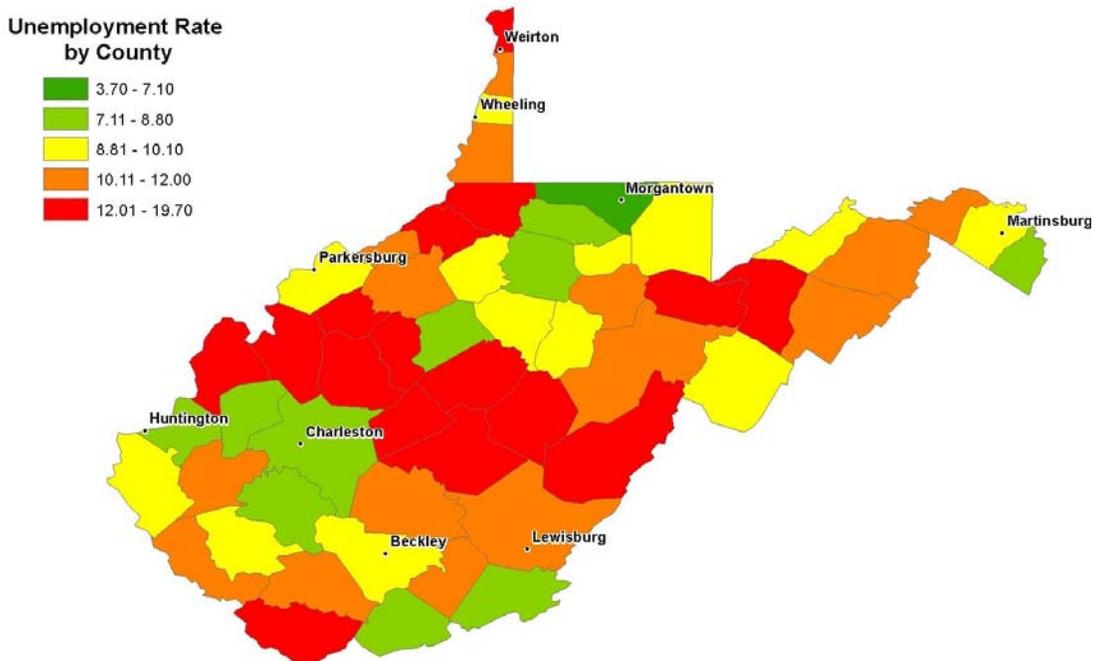
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans, fewer than 50 subprime loans, or have no data available.
 Source: Federal Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics (December 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 (December 2010) and Mortgage Bankers Association (2010:Q4)/Haver Analytics

Figure 8
Unemployment Rate: West Virginia



Notes: Unemployment Rate in December 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	1.42	41	2.67
Prime Adjustable-Rate	4.45	40	10.22
Subprime Fixed-Rate	5.55	48	9.92
Subprime Adjustable-Rate	14.03	37	22.04

Source: Mortgage Bankers Association (2010: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	1.86	23	2.43	27
Maryland	3.34	5	2.47	26
North Carolina	1.88	22	1.99	36
South Carolina	2.25	15	2.99	15
Virginia	1.64	32	1.60	44
West Virginia	1.51	36	1.72	41
United States	2.58	--	3.67	--

Source: Mortgage Bankers Association (2010:Q4)/Haver Analytics

Table 3
Subprime Share of All Loans: Fifth District

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.94	32
Maryland	9.16	20
North Carolina	7.44	36
South Carolina	8.84	23
Virginia	6.75	42
West Virginia	9.10	21
United States	9.70	--

Source: Mortgage Bankers Association (2010: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	12.66	22	13.29	15
Maryland	16.85	2	12.88	18
North Carolina	12.53	25	8.31	42
South Carolina	11.59	33	11.65	28
Virginia	11.99	29	8.68	40
West Virginia	10.54	40	7.92	44
United States	12.93	--	14.53	--

Source: Mortgage Bankers Association (2010:Q4)/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	86.32	13.68	6.58	0.74
Bluefield									
Entire MSA	51,465	7,686	43,779	31,913	13,742				
WV Portion	-	-	-	-	-	87.77	12.23	4.08	0.41
Charleston	147,006	17,564	129,442	96,443	52,092	93.06	6.94	5.07	0.69
Clarksburg	43,188	6,061	37,127	26,613	14,037	90.80	9.20	5.44	0.89
Cumberland									
Entire MSA	46,544	6,350	40,194	28,400	15,148				
WV Portion	-	-	-	-	-	93.00	7.00	3.45	0.82
Hagerstown-Martinsburg									
Entire MSA	114,937	11,910	103,027	72,229	48,249				
WV Portion	-	-	-	-	-	91.96	8.04	9.40	4.90
Huntington-Ashland									
Entire MSA	133,192	14,791	118,401	81,486	41,253				
WV Portion	-	-	-	-	-	89.68	10.32	5.22	0.71
Morgantown	52,301	8,288	44,013	28,322	13,692	95.59	4.41	4.53	1.02
Parkersburg									
Entire MSA	75,548	10,248	65,300	49,411	26,851				
WV Portion	-	-	-	-	-	89.68	10.32	4.36	0.80
Wheeling									
Entire MSA	69,757	8,540	61,217	44,532	23,983				
WV Portion	-	-	-	-	-	89.64	10.36	4.55	0.55
Winchester									
Entire MSA	55,333	6,569	48,764	34,018	23,135				
WV Portion	-	-	-	-	-	92.75	7.25	4.53	2.37
West Virginia	893,766	145,249	748,517	551,063	274,517	90.90	9.10	6.45	2.05
Fifth District	13,193,677	1,752,942	11,440,735	7,787,066	5,370,756	92.13	7.87	11.34	6.23
United States	129,949,960	16,333,731	113,616,229	74,843,004	50,747,854	90.30	9.70	11.58	5.72

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 (December 2010) and Mortgage Bankers Association (2010:Q4)/Haver Analytics.

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

Table 6
Owner-Occupied Prime Loan Statistics: West Virginia

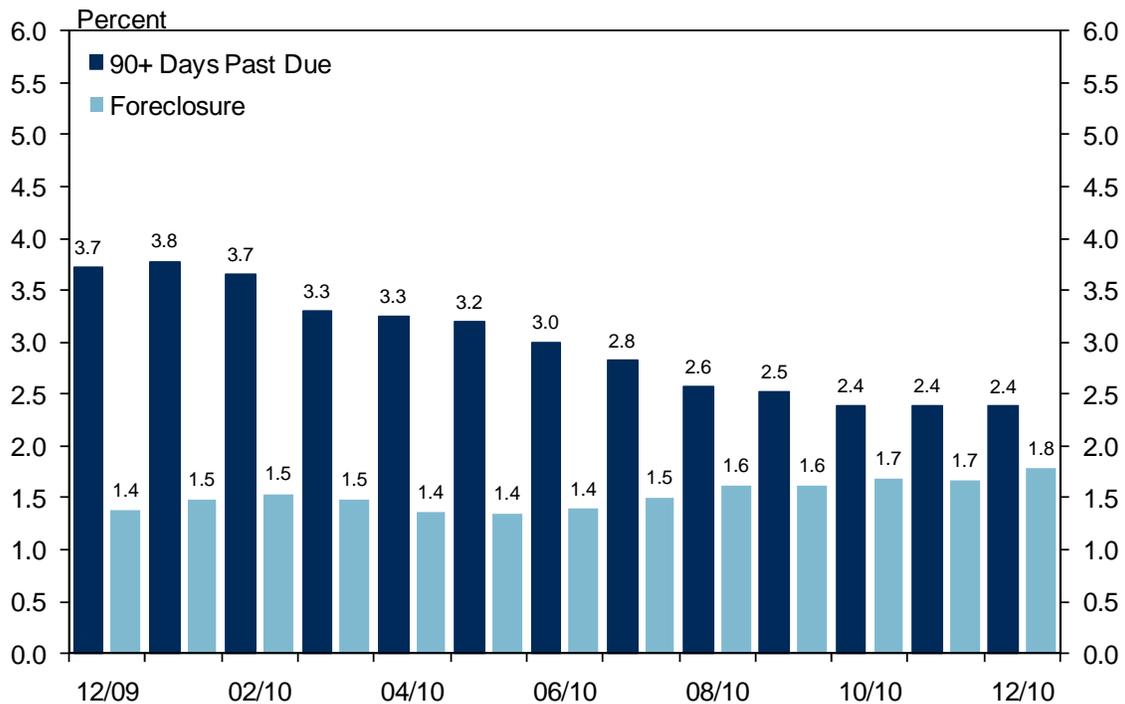
Geographic Area	December 2009			December 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Beckley	3.15	0.82	0.58	1.67	1.63	0.71
Bluefield*	2.87	1.20	0.33	1.63	1.09	0.75
Charleston	2.78	1.00	0.46	1.92	1.42	0.43
Clarksburg	3.59	1.04	0.38	2.12	1.31	0.34
Cumberland*	3.77	1.05	0.18	2.27	2.10	0.84
Hagerstown-Martinsburg*	5.72	2.29	1.34	3.36	3.09	1.98
Huntington-Ashland*	3.08	1.26	0.50	2.46	1.25	0.63
Morgantown	1.30	0.40	0.26	0.83	0.71	0.20
Parkersburg*	3.22	1.25	0.71	2.62	1.15	0.49
Wheeling*	3.67	0.78	0.65	1.82	1.53	0.62
Winchester*	4.68	1.87	1.02	2.85	2.43	1.09
West Virginia	3.71	1.38	0.72	2.39	1.79	0.86
Fifth District	3.99	1.62	0.61	2.90	2.13	0.73
United States	4.37	2.64	0.66	3.05	3.33	0.99

*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 (December 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 (December 2010)

Table 7
Owner-Occupied Subprime Loan Statistics: West Virginia

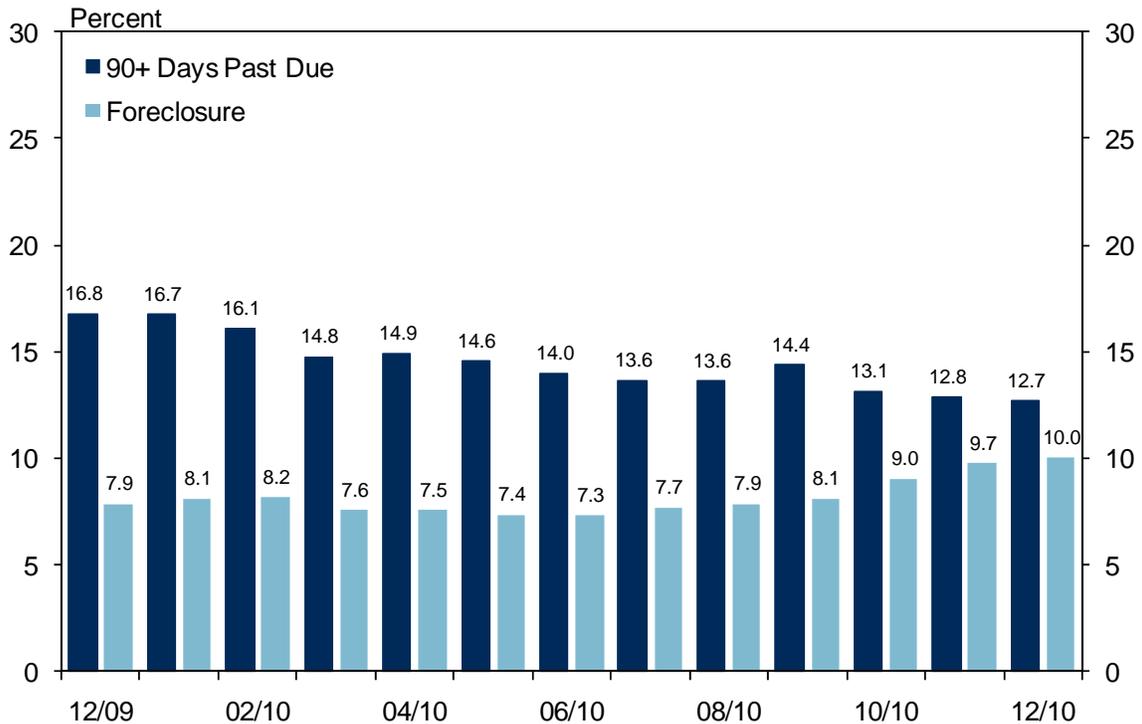
Geographic Area	December 2009			December 2010		
	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Beckley	11.69	5.85	2.15	9.44	8.04	2.45
Bluefield*	10.22	10.95	2.92	8.77	5.26	1.75
Charleston	16.36	8.57	2.96	13.72	11.01	1.81
Clarksburg	13.50	6.50	3.00	10.12	11.31	1.79
Cumberland*	18.03	8.20	3.28	12.00	8.00	0.00
Hagerstown-Martinsburg*	24.45	10.77	4.66	19.20	15.18	2.97
Huntington-Ashland*	17.54	8.52	2.51	11.02	11.30	3.39
Morgantown	14.49	7.97	0.72	11.30	9.57	0.00
Parkersburg*	13.20	5.28	3.30	10.66	6.62	1.47
Wheeling*	14.04	8.33	1.32	10.10	9.09	1.01
Winchester*	15.87	12.70	3.17	15.38	11.54	9.62
West Virginia	16.80	7.85	2.83	12.71	9.99	2.13
Fifth District	21.28	10.54	3.37	19.04	10.55	2.87
United States	25.33	14.18	2.75	19.75	15.11	2.53

*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 (December 2010)

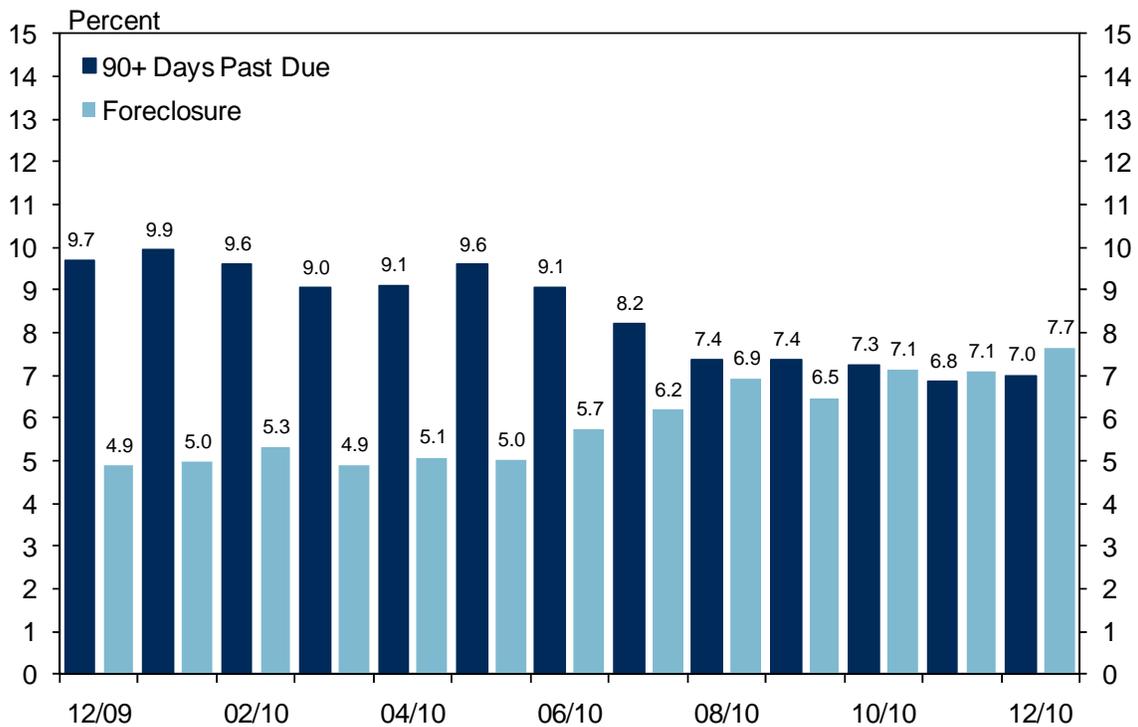
Figure 10
Owner-Occupied Subprime Loan Statistics: West Virginia



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 (December 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 (December 2010)

Table 8
Unemployment Rates: West Virginia

Geographic Area	Unemployment Rate	Percentage Point Change from December 2009
Beckley	9.1	1.1
Bluefield	7.6	0.5
Charleston	8.7	1.3
Clarksburg	8.6	1.1
Cumberland	9.1	0.2
Hagerstown-Martinsburg	10.0	0.4
Huntington-Ashland	8.7	0.9
Morgantown	6.5	1.1
Parkersburg	9.1	-0.4
Wheeling	9.6	0.2
Winchester	7.2	-0.4
West Virginia	9.4	1.2
5th District	8.4	-0.8

Notes: Data are not seasonally adjusted.

Source: Bureau of Labor Statistics (December 2010)

Table 9
Owner-Occupied Prime Loan Statistics
Charleston MSA

Geographic Area	December 2009			December 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	5.79	2.28	1.36	3.33	3.12	2.01
Morgan County	4.88	2.34	1.12	3.70	2.75	1.69

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 (December 2010)

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

Geographic Area	December 2009			December 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	3.78	0.81	0.54	1.65	1.65	0.55
Clay County	7.53	1.08	0.00	4.12	1.03	0.00
Kanawha County	2.81	1.10	0.46	2.08	1.59	0.47
Lincoln County	2.25	1.69	0.85	2.49	1.66	0.55
Putnam County	2.77	0.64	0.50	1.71	0.91	0.37

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 (December 2010)

Table 11
Owner-Occupied Subprime Loan Statistics
Charleston MSA

Geographic Area	December 2009			December 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	24.24	10.59	4.17	19.73	14.89	2.51
Morgan County	26.56	12.50	9.38	14.29	17.86	7.14

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 (December 2010).

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

Geographic Area	December 2009			December 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	13.33	8.33	0.00	7.41	20.37	0.00
Clay County	N/A	N/A	N/A	N/A	N/A	N/A
Kanawha County	14.81	8.23	2.47	13.32	10.28	1.40
Lincoln County	N/A	N/A	N/A	N/A	N/A	N/A
Putnam County	24.79	6.84	5.98	12.63	13.68	4.21

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 (December 2010)

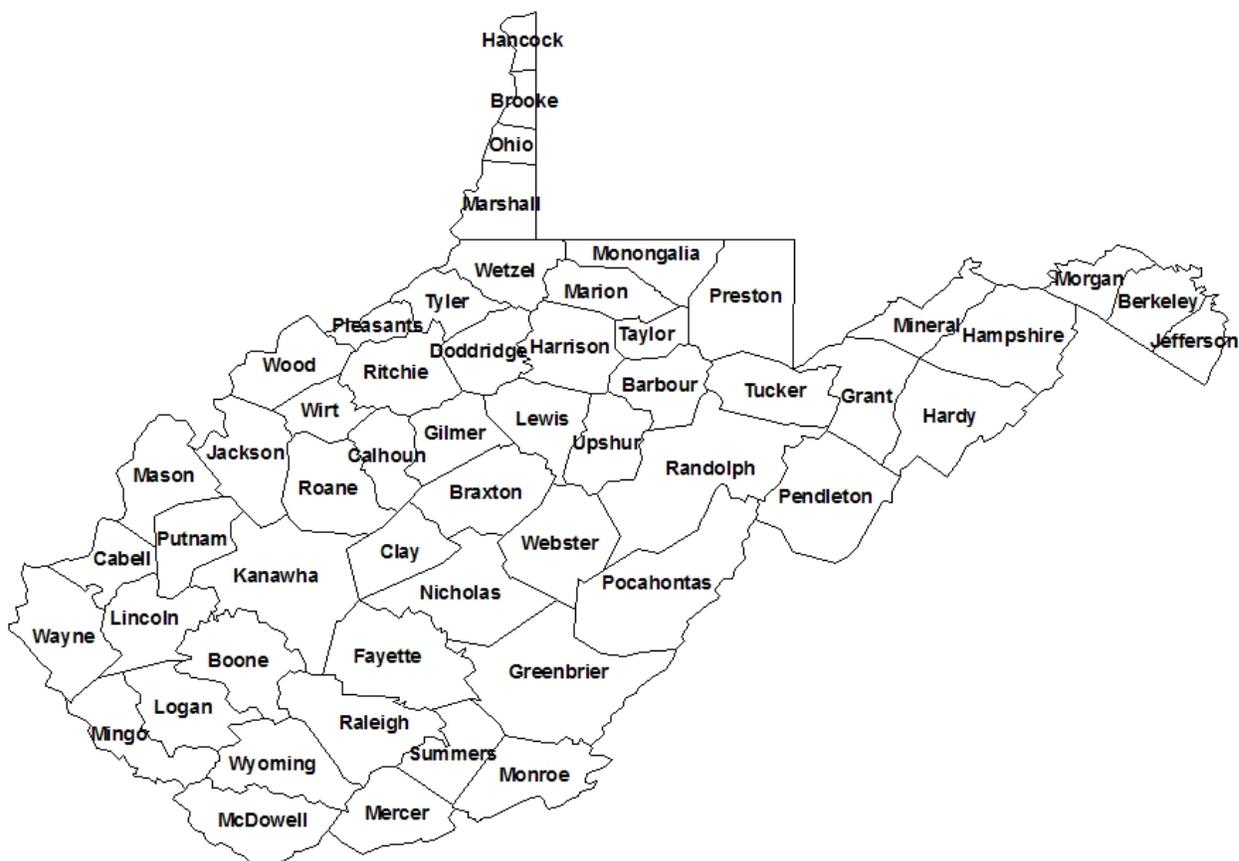
MSA Definitions

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.

Loan Processing Services, Inc. made a large enhancement to the Applied Analytics Mortgage Data (LPS Data) in November 2010 with the addition of several servicers. Performance numbers for the added servicers date back to January 2008. Historical rates may have changed in this version of the Mortgage Performance Summaries from previous versions.

The LPS data in this document is subject to revision.