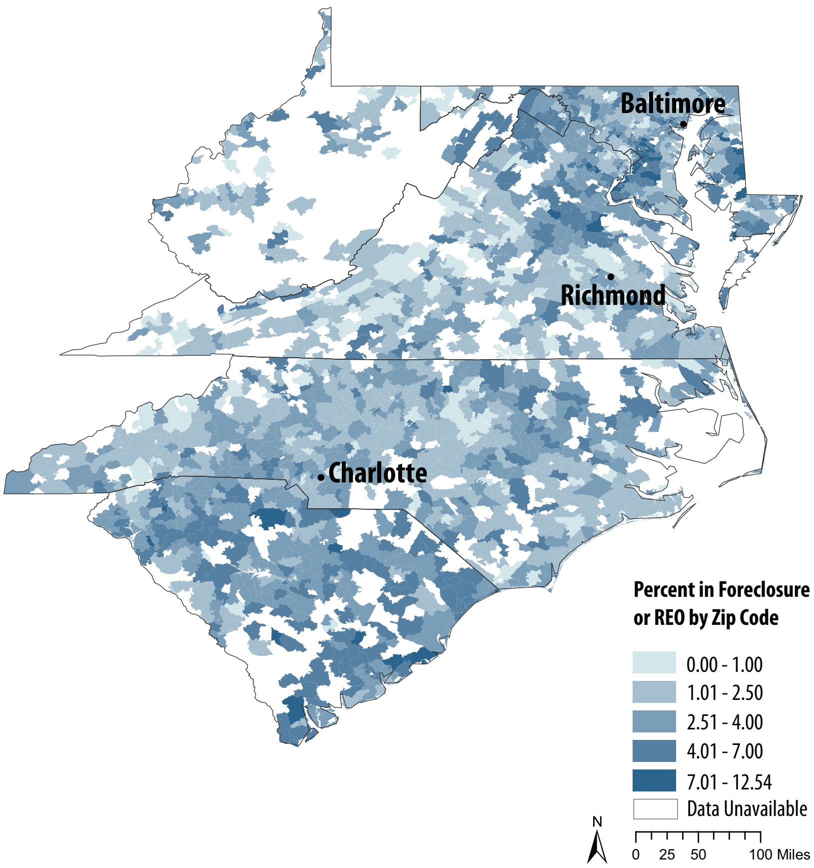
FIGURE 4

Fifth District: Percentage of Owner-Occupied Homes with Mortgages in Foreclosure or REO*



Geographic Area	Number of First-Lien Primary Owner Loans	Percent of First-Lien, Primary Owner Loans with Payments 90+ Days Past Due (%)	Percent of First-Lien, Primary Owner Loans in Foreclosure or REO (%)
DC	111,848	3.53	2.66
MD	1,253,219	5.29	3.96
NC	1,656,504	4.75	2.17
SC	778,740	4.66	3.47
VA	1,663,200	4.00	2.56
WV	157,326	4.66	3.07
5th District	5,620,836	4.61	2.93
United States	52,613,242	5.42	4.54

Source: Mortgage data estimates are from the Federal Reserve Bank of Richmond and are based on August 2009 data. Data is provided by McDash Analytics, LLC, a wholly owned subsidiary of Lender Processing Services, Inc., and Q2 2009 Mortgage Banker's Association data. (These numbers are adjusted to compensate for the datasets' estimated coverage of the market.) *REO is defined as real estate owned by the lender (after the foreclosure but before the house is sold). NOTE: Zip codes and counties with fewer than 100 raw loans are excluded. Zip codes with less than 50 raw subprime loans recieve an N/A for subprime performance.

Richmond Fed Hosts HOPE NOW Event to Help Homeowners

The Federal Reserve Bank of Richmond joined HOPE NOW, Making Home Affordable, the Maryland Department of Housing and Community Development and NeighborWorks America to sponsor events for borrowers in the Washington, D.C., area that are facing foreclosure. The events in Prince William County, Va., and Prince George's County, Md., drew more than 1,800 homeowners who wanted to take advantage of the opportunity for a one-on-one meeting with their mortgage servicers. Many homeowners were able to secure loan modifications and find counseling.

Weaknesses within the housing market and rising unemployment rates have left families uncertain about the viability of homeownership. Areas once unaffected by foreclosure are now experiencing spillover effects from adjacent communities. The Richmond Fed has identified the Washington, D.C., region – including Maryland, Virginia and West Virginia suburbs – as an area with increasing mortgage delinquency and foreclosure challenges. According to June 2009 LPS Applied Analytics data, 8.57 percent of the loans in Prince George's County, Md., and 5.72 percent of loans in Prince William County, Va., were more than 90 days delinquent.

Data from the Bureau of Labor Statistics revealed that the unadjusted rate of unemployed persons for the Washington area in June 2009 reached 6.8 percent.

Visit the Richmond Fed's Foreclosure Resource Center for foreclosure prevention resources at **www.richmondfed.org/foreclosure_resource_center**.

Photography: Sarah Eckstein

Richmond Fed's Foreclosure Report Shows Mixed Conditions in West Virginia

A report by the Federal Reserve Bank of Richmond shows that, on the whole, housing and labor market conditions in West Virginia have remained stronger than those in the rest of the nation. However, in communities where housing markets are strongly connected to markets in the District of Columbia, Maryland, and northern Virginia, house prices have fallen and subprime foreclosures have risen on par with prices and foreclosures in those neighboring areas. But limited data coverage and the prevalence of manufactured housing in the Mountain State make it difficult to fully understand housing conditions.

House prices in West Virginia did not appreciate as much as in other areas of the nation, nor did they fall as steeply. In fact, during this latest economic episode, house prices did not decline on a year-over-year basis until the first quarter of 2009, and the decline was small (0.2 percent). This was the first drop in house prices in nine years. "Although West Virginia permitting activity expanded and home sales grew in the beginning of the decade," said Sonya Waddell, associate regional economist and one of several report authors, "most areas of West Virginia did not see the sharp expansion in demand for housing as in other areas of the country; subsequently, the housing contraction has been less severe."

However, there has been considerable variation in house price movement within the state. The Winchester and Hagerstown-Martinsburg MSAs saw the steepest growth and, subsequently, the sharpest declines in house prices. "Housing conditions in the parts of West Virginia that are most closely linked with the District of Columbia, Maryland, and northern Virginia have softened along with those major metropolitan areas," noted Waddell.

As for the composition of mortgages in West Virginia, the overall distribution of mortgage types is similar to that in the United States. The state also closely tracks the nation in terms of mortgage performance. While subprime loans make up a relatively small fraction of outstanding mortgages, they account for a much larger share of the loans in foreclosure. In West Virginia, subprime mortgages accounted for almost 34 percent of all foreclosures. (Subprime mortgage loans are those made to people with credit scores of 620 or below.)

The full report provides information on the composition and performance of prime and subprime mortgage loans at the MSA level and for selected counties in West Virginia. The entire report can be accessed at **www.richmondfed.org/community_development/foreclosure_resource_center/mortgage_performance_summaries/**.

"While community development finance is a small part of our overall capital and credit markets, the Federal Reserve recognizes that these financial flows are critically important for many low- and moderate-income communities. In fact, the Board of Governors has been working with several of the Federal Reserve Banks to promote research on how best to promote CDFIs' effectiveness and financial stability.

The current crisis points to the importance of a strong network of healthy community-based organizations and lenders. As many communities struggle with rising unemployment, high rates of foreclosures, and vacant homes and stores, these organizations lead efforts to stabilize their neighborhoods. Rather than pulling back, CDFIs are introducing new products and programs to help communities respond to the crisis. For instance, a number of groups are purchasing homes, which might otherwise sit vacant, from loan servicers who take possession of foreclosed properties . . .

Healthy and vibrant neighborhoods are a source of economic growth and social stability. CDFIs and other community groups are already responding to the evident needs, but they will require many willing partners to ensure success in the long run. Strong community organizations can accomplish a great deal, but their capacity will be severely limited without the willing partnership of many other institutions."

– Ben S. Bernanke, Chairman,
Federal Reserve Board of Governors

Global Financial Literacy Summit,
Washington, D.C., June 17, 2009

The entire speech can be accessed at **http://federalreserve.gov/newsevents/speech/bernanke20090617a.htm**.