



Mortgage Performance Summary

QUARTERLY UPDATE

Housing Market and Mortgage Performance in the Fifth District

4th Quarter, 2014

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**An Update on Housing Market and Mortgage Performance in the Fifth District
4th Quarter, 2014
Summary of Findings**

This report analyzes the size, composition, and performance of prime and subprime home mortgages in the Fifth District. It also provides information on trends in the District's housing market and charts with state level data.

Fifth District Delinquency and Foreclosure Rates

- The percentage of mortgages in foreclosure in the Fifth District was 1.7 percent in the fourth quarter of 2014, which was 0.2 percentage point lower than the prior quarter and 0.4 percentage point lower than the rate in the fourth quarter of 2013. (Table 1)
- The 90+ day delinquency rate was 2.3 percent in the fourth quarter of 2014, which was the same as in the third quarter of 2014 but a decrease of 0.3 percentage point from the rate in the fourth quarter of 2013. (Table 2)
- The prime foreclosure rate in the Fifth District fell 0.1 percentage point to 1.0 percent in the fourth quarter of 2014. Over the year, it fell 0.3 percentage point. (Table 3)
- In the fourth quarter of 2014, the subprime mortgage foreclosure rate fell 0.5 percentage point to 8.3 percent but rose 0.4 percentage point from the fourth quarter of 2013. (Table 5)
- Subprime mortgages make up approximately 7.5 percent of all loans in the Fifth District but 36.0 percent of all loans in foreclosure. (Table 4, Figure 2)

State Highlights

- Among Fifth District jurisdictions, D.C. had the highest foreclosure rate (3.2 percent) and Virginia had the lowest rate of 0.9 percent—one of the lowest in the nation. (Table 2)
- Similarly, D.C. had the highest prime foreclosure rate in the Fifth District (2.1 percent) and Virginia had the lowest prime foreclosure rate (0.5 percent). (Table 3)
- D.C. also had the highest subprime foreclosure rate in the Fifth District (17.8 percent) followed closely by Maryland (14.1 percent) while Virginia posted the lowest subprime foreclosure rate (4.5 percent). (Table 5)
- Finally, Maryland had the highest share of subprime mortgages (9.2 percent) in the Fifth District and Virginia had the lowest share (6.4 percent). (Table 4)

Fifth District Economic Conditions and Looking Forward

- Rising house prices can help to reduce the possibility of mortgage default. According to the Federal Housing and Finance Agency, Fifth District home values appreciated 0.7 percent in the fourth quarter of 2014 and 4.0 percent on a year-over-year basis.
- Lower rates of unemployment can also reduce the likelihood of mortgage delinquency since the loss of a job can affect a household's ability to repay. The unemployment rate (NSA) in the Fifth District declined from 5.8 percent in December 2013 to 5.3 percent in December 2014. (Table 7, Figure 10)

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 Fifth District 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: Fifth District

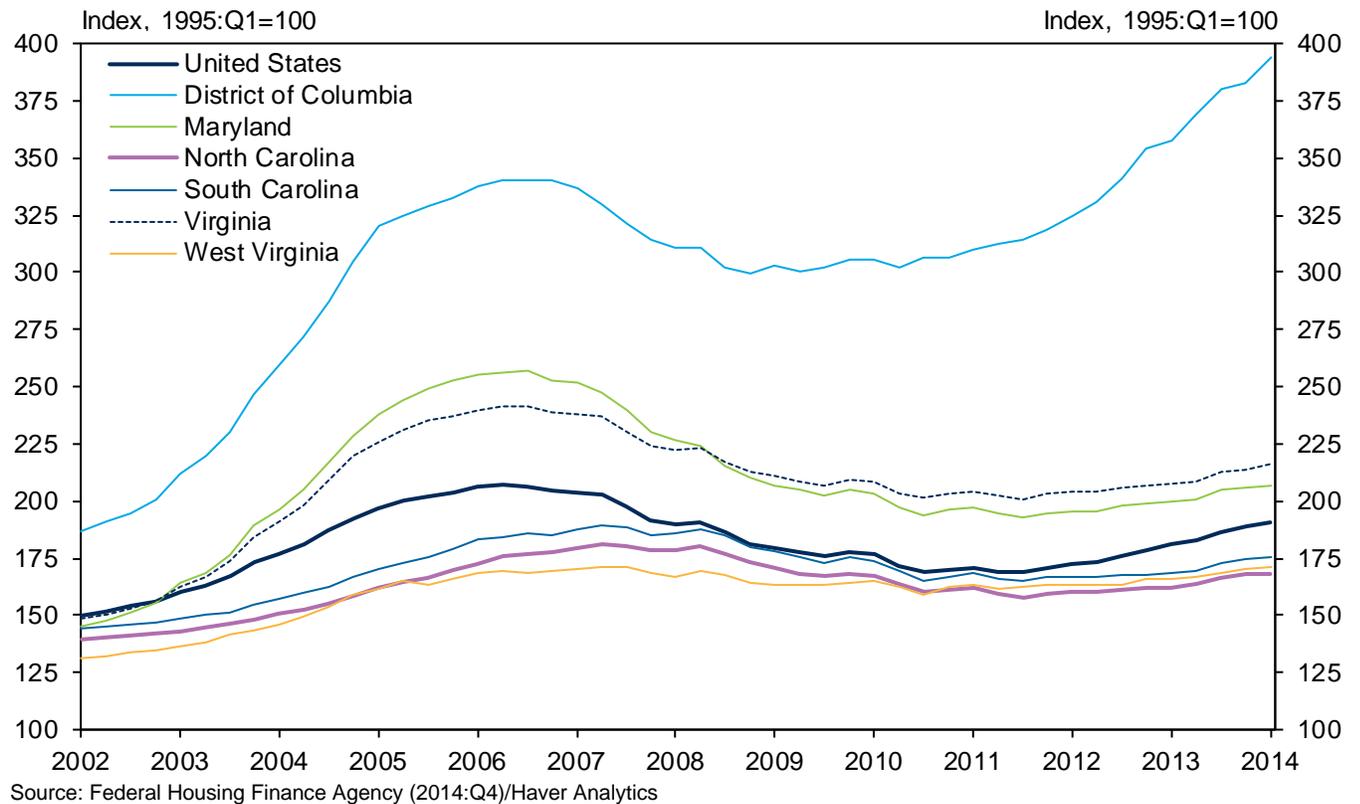
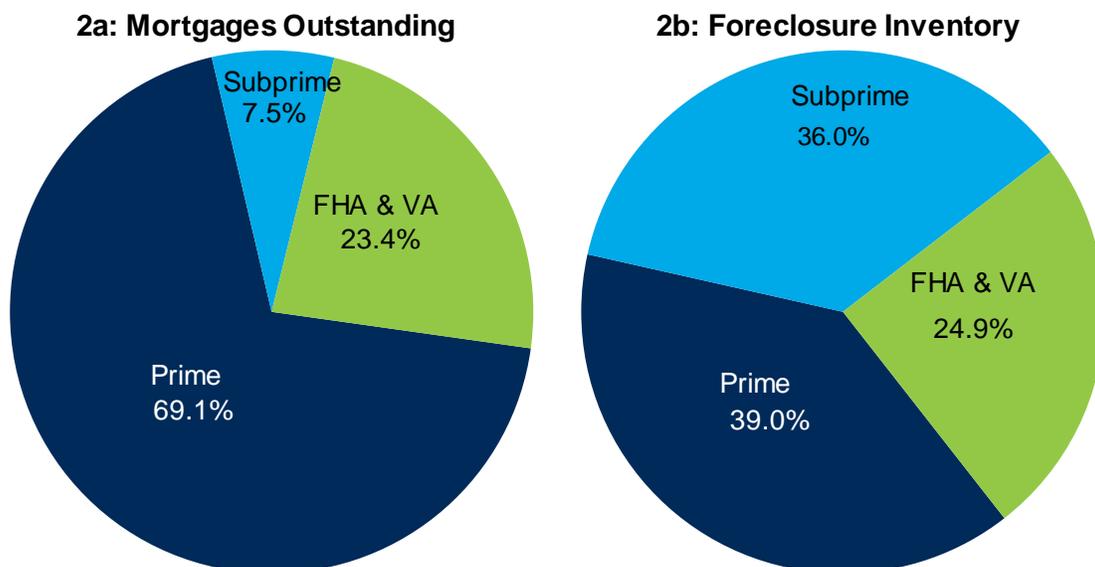
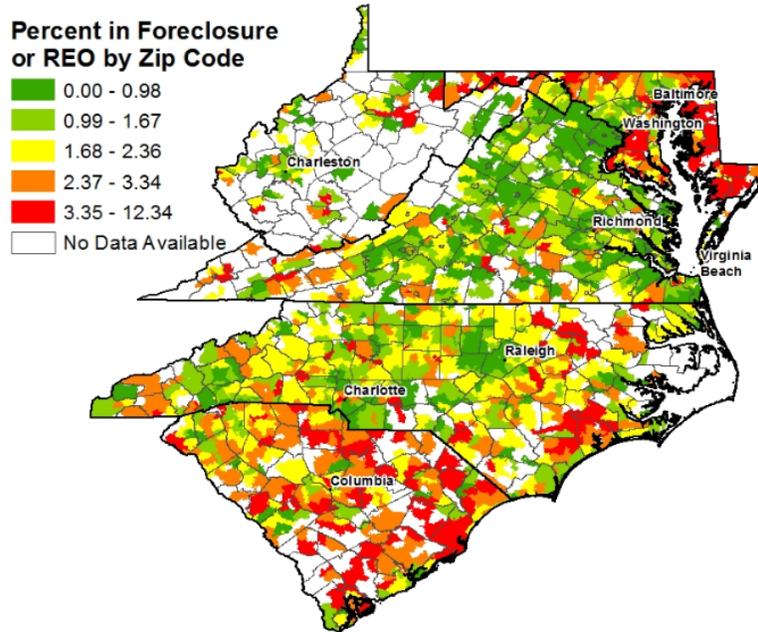


Figure 2
Mortgage Distribution: Fifth District



Source: Mortgage Bankers Association (2014:Q4)/Haver Analytics. Percentages may not sum to 100 due to rounding

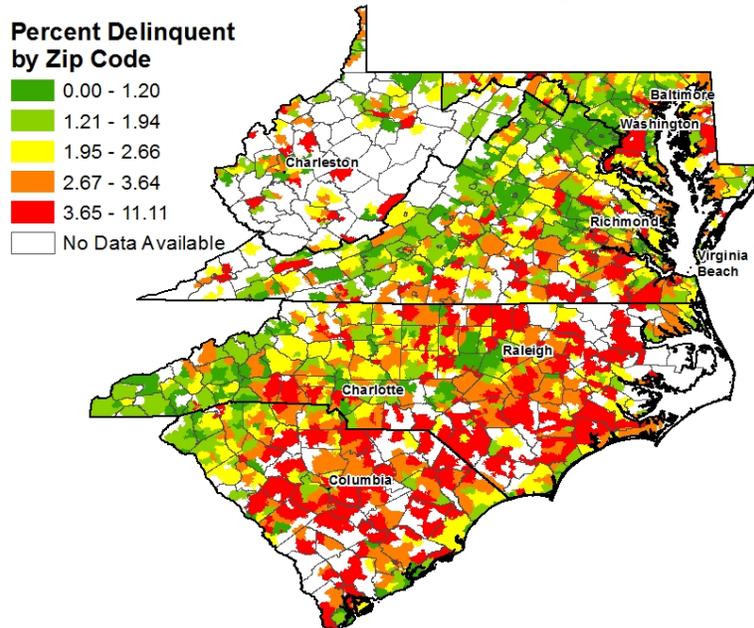
Figure 3
Percentage of Owner-Occupied Loans in Foreclosure or REO¹: Fifth District



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (December 2014)

Figure 4
Percentage of Owner-Occupied Loans with 90+ Day Delinquency: Fifth District

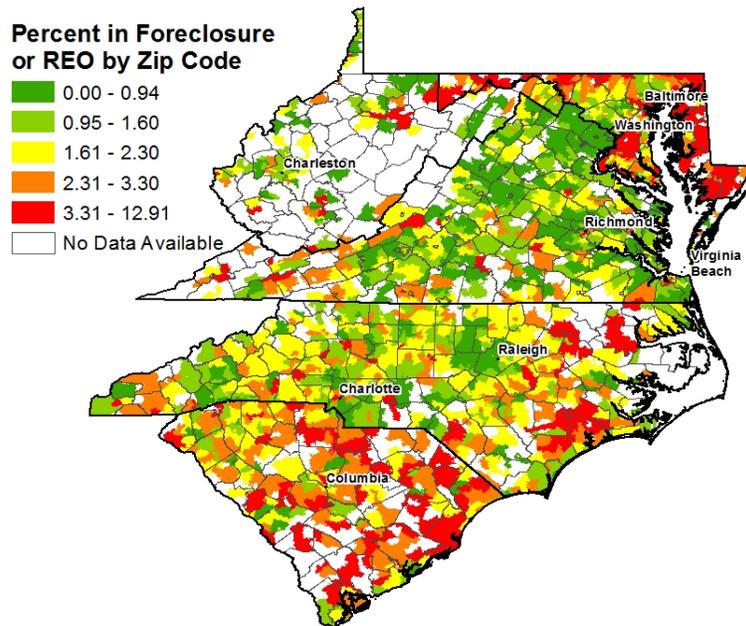


Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (December 2014)

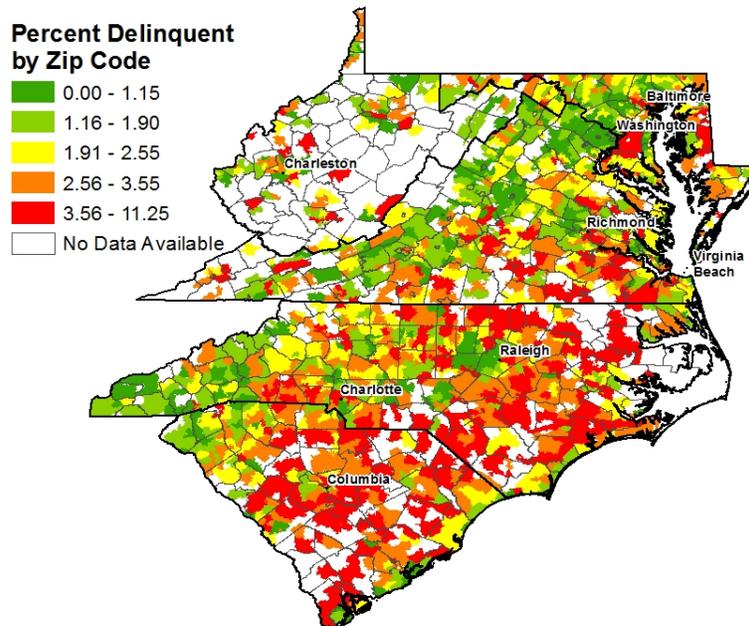
¹ Real Estate Owned (REO) properties are in the possession of the lender due to foreclosure or forfeiture.

Figure 5
Percentage of Owner-Occupied Prime Loans in Foreclosure or REO: Fifth District



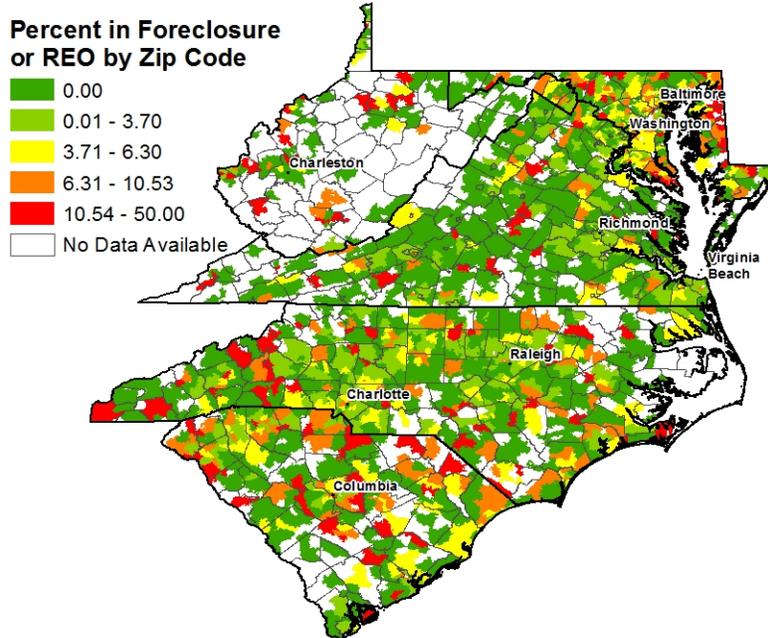
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.
 Source: Federal Reserve Bank of Richmond/ Lender Processing Services (LPS) Applied Analytics (December 2014)

Figure 6
Percentage of Owner-Occupied Prime Loans with 90+ Day Delinquency: Fifth District



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.
 Source: Federal Reserve Bank of Richmond/ Lender Processing Services (LPS) Applied Analytics (December 2014)

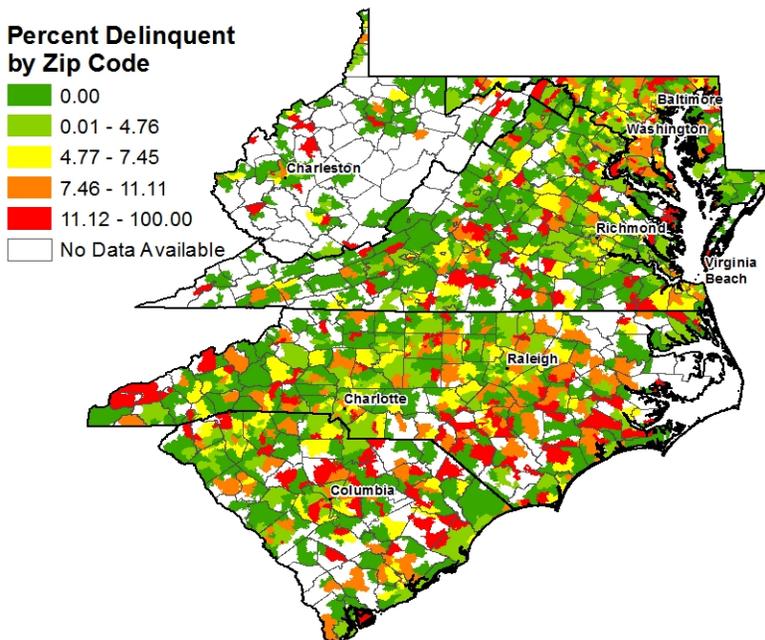
Figure 7
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO:
Fifth District



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (December 2014)

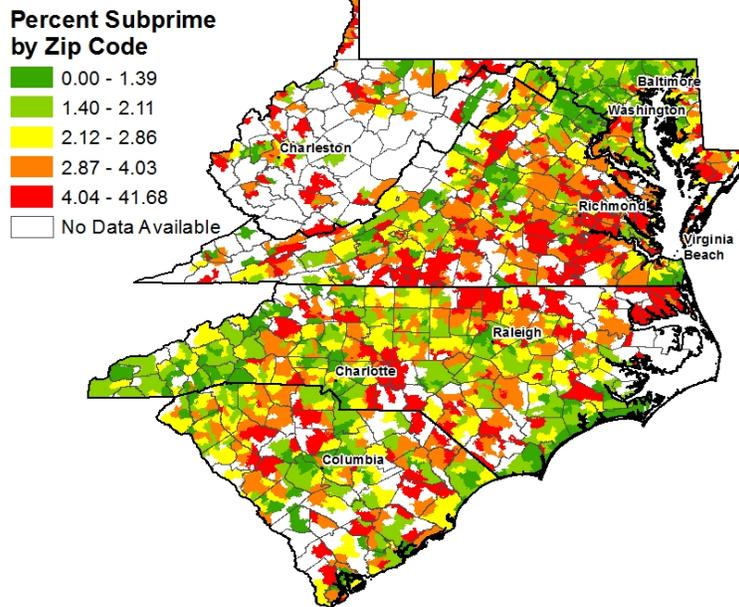
Figure 8
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency:
Fifth District



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (December 2014)

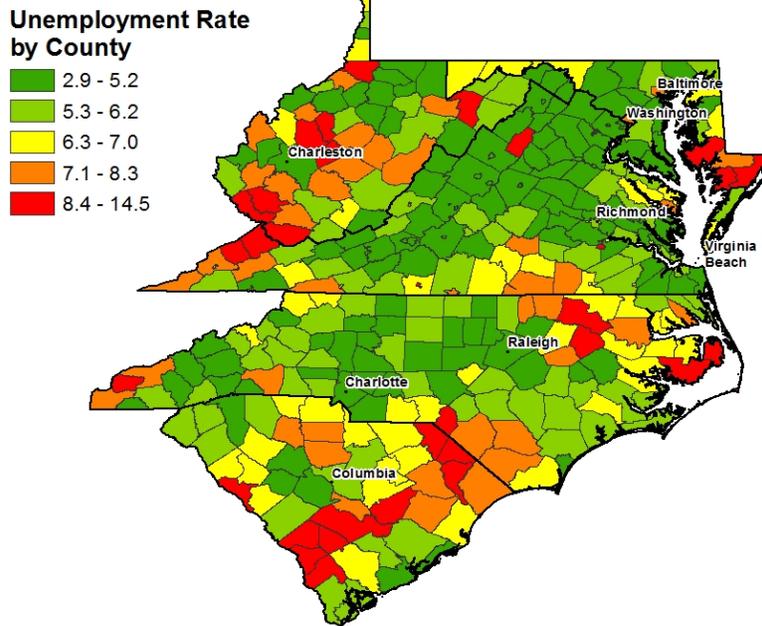
Figure 9
Percentage of Owner-Occupied Mortgages with Subprime Loans:
Fifth District



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/ Lender Processing Services (LPS) Applied Analytics (December 2014)

Figure 10
Unemployment Rate: Fifth District



Notes: Unemployment Rate in December 2014
 Source: Bureau of Labor Statistics/Haver Analytics

Table 1
Foreclosure Rates by Mortgage Type: Fifth District

Loan Type	Fifth District		United States
	Percent in Foreclosure	National Rank	Percent in Foreclosure
Total	1.74	-	2.27
Prime Total	0.98	-	1.36
Prime Fixed-Rate	0.86	-	1.18
Prime Adjustable-Rate	2.00	-	2.74
Subprime Total	8.31	-	9.63
Subprime Fixed-Rate	7.02	-	7.89
Subprime Adjustable-Rate	11.58	-	14.15

Source: Mortgage Bankers Association (2014:Q4)/Haver Analytics

Table 2
Mortgage Delinquency Rates: Fifth District

Geographic Area	Percent 90 + Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	1.95	30	3.24	7
Maryland	2.81	10	3.09	10
North Carolina	2.31	21	1.34	33
South Carolina	2.28	22	2.16	20
Virginia	1.83	33	0.89	44
West Virginia	2.20	24	1.23	34
Fifth District	2.26	-	1.74	-
United States	2.25	-	2.27	-

Source: Mortgage Bankers Association (2014:Q4)/Haver Analytics

Table 3
Prime Mortgage Delinquency Rates: Fifth District

Geographic Area	Percent 90 + Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	1.17	23	2.05	6
Maryland	1.64	7	1.75	11
North Carolina	1.11	27	0.74	30
South Carolina	1.26	20	1.27	19
Virginia	0.88	36	0.46	45
West Virginia	1.33	19	0.76	29
Fifth District	1.19	-	0.98	-
United States	1.24	-	1.36	-

Source: Mortgage Bankers Association (2014:Q4)/Haver Analytics

Table 4
Subprime Share of All Loans: Fifth District

<u>Geographic Area</u>	<u>Percent Subprime</u>	<u>National Rank</u>
District of Columbia	6.96	39
Maryland	9.19	11
North Carolina	7.00	38
South Carolina	8.52	22
Virginia	6.43	45
West Virginia	7.46	30
Fifth District	7.54	-
United States	8.62	-

Source: Mortgage Bankers Association (2014:Q4)/Haver Analytics

Table 5
Subprime Mortgage Delinquency Rates: Fifth District

<u>Geographic Area</u>	<u>Percent 90 + Days Past Due</u>	<u>National Rank</u>	<u>Percent in Foreclosure</u>	<u>National Rank</u>
District of Columbia	8.36	21	17.81	4
Maryland	8.76	17	14.11	8
North Carolina	9.73	8	5.53	29
South Carolina	8.11	24	8.98	19
Virginia	8.87	16	4.50	36
West Virginia	9.61	11	4.62	35
Fifth District	8.97	-	8.31	-
United States	8.05	-	9.63	-

Source: Mortgage Bankers Association (2014:Q4)/Haver Analytics

Table 6
General Housing Statistics: Fifth District

Geographic Area	Housing Units			Percent of Owner-Occupied Mortgages					
	Total	Vacant	Occupied	Owner-Occupied		With:			
				Total	With a Mortgage	Prime Loan	Subprime Loan	Adjustable Rate	Interest Only
District of Columbia	296,719	30,012	266,707	112,055	90,116	97.43	2.57	14.71	4.90
Maryland	2,378,814	2,156,411	222,403	1,455,775	1,146,636	97.69	2.31	10.73	3.56
North Carolina	4,327,528	582,373	3,745,155	2,497,900	1,741,905	97.83	2.17	8.05	1.20
South Carolina	2,137,683	336,502	1,801,181	1,248,805	825,417	97.98	2.02	6.90	1.37
Virginia	3,364,939	308,881	3,056,058	2,055,186	1,534,437	97.48	2.52	9.95	3.04
West Virginia	881,917	118,086	763,831	561,013	293,522	96.80	3.20	5.39	0.76
Fifth District	13,387,600	1,598,257	11,789,343	7,930,734	5,632,033	97.68	2.32	9.18	2.40
United States	131,704,730	14,988,438	116,716,292	75,986,074	51,208,208*	98.07	1.93	9.10	2.41

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

Source: Housing units are reported in the 2010 Census. Mortgage estimates are Federal Reserve Bank of Richmond calculations using data from Lender Processing Services (LPS) Applied Analytics (December 2014).

*The figure for owner-occupied units with a mortgage at the national level is calculated by summing the totals for the states.

Table 7
Unemployment Rates: Fifth District

Geographic Area	Unemployment Rate	Percentage Point
		Change from December 2013
District of Columbia	7.2	0.3
Maryland	5.3	-0.3
North Carolina	5.2	-1.4
South Carolina	6.2	-0.1
Virginia	4.5	-0.3
West Virginia	5.4	-0.2
Fifth District	5.3	-0.5
United States	5.4	-1.1

Note: Data are not seasonally adjusted.

Source: Bureau of Labor Statistics/Haver Analytics (December 2014)

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

Loan Distribution and Loan Performance

(1) Mortgage Bankers' Association/Haver Analytics

(2) Loan Processing Services Inc. Applied Analytics Mortgage Data

Loan Processing Services, Inc. periodically enhances the LPS mortgage data by adding servicers. Additional servicers can change past performance numbers. Therefore, rates in this edition of the Mortgage Performance Summaries may differ from those in previous editions.