Mortgage Performance Summary

QUARTERLY UPDATE

Housing Market and Mortgage Performance in West Virginia

3rd Quarter, 2012

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THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

An Update on Housing Market and Mortgage Performance in West Virginia
3rd Quarter, 2012
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 area 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

- Data indicate that delinquency rates in West Virginia continued to decline in recent months, with the 90+ day delinquency rate falling from 2.4 percent in September 2011 to 2.2 percent in September 2012. Foreclosure rates declined on a year-over-year basis, falling from 2.1 percent in September 2011 to 1.8 percent in September 2012. (Table 7)
- The prime foreclosure rate in West Virginia edged down 0.2 percentage point to 1.5 percent over the year ending in September 2012. Over the same period, the prime 90+ day delinquency rate held steady at 2.0 percent. (Table 8)
- The subprime foreclosure rate in West Virginia declined from 8.7 percent in September 2011 to 7.6 percent in September 2012. The subprime 90+ day delinquency rate also fell, dropping from 8.7 percent to 6.8 percent over the same period. (Table 9)
- Subprime mortgages make up 30.2 percent of the foreclosure inventory in West Virginia, although they make up only 9.9 percent of all mortgages. West Virginia is ranked 22nd in the nation in its share of subprime loans. (Figure 2 and Table 4)

Metro Area Highlights

- The areas of West Virginia in close proximity to the Washington, D.C. MSA posted some of the highest foreclosure rates in the state in September 2012. The Cumberland MSA posted the highest prime foreclosure rate of 3.4 percent, while highest subprime foreclosure rate was 13.6 percent reported in the Hagerstown MSA. On the other side of the state, the Huntington-Ashland MSA also posted high foreclosure rates for prime (2.8 percent) and subprime (11.1 percent) loans.(Tables 8 and 9)

State Economic Conditions and Looking Forward

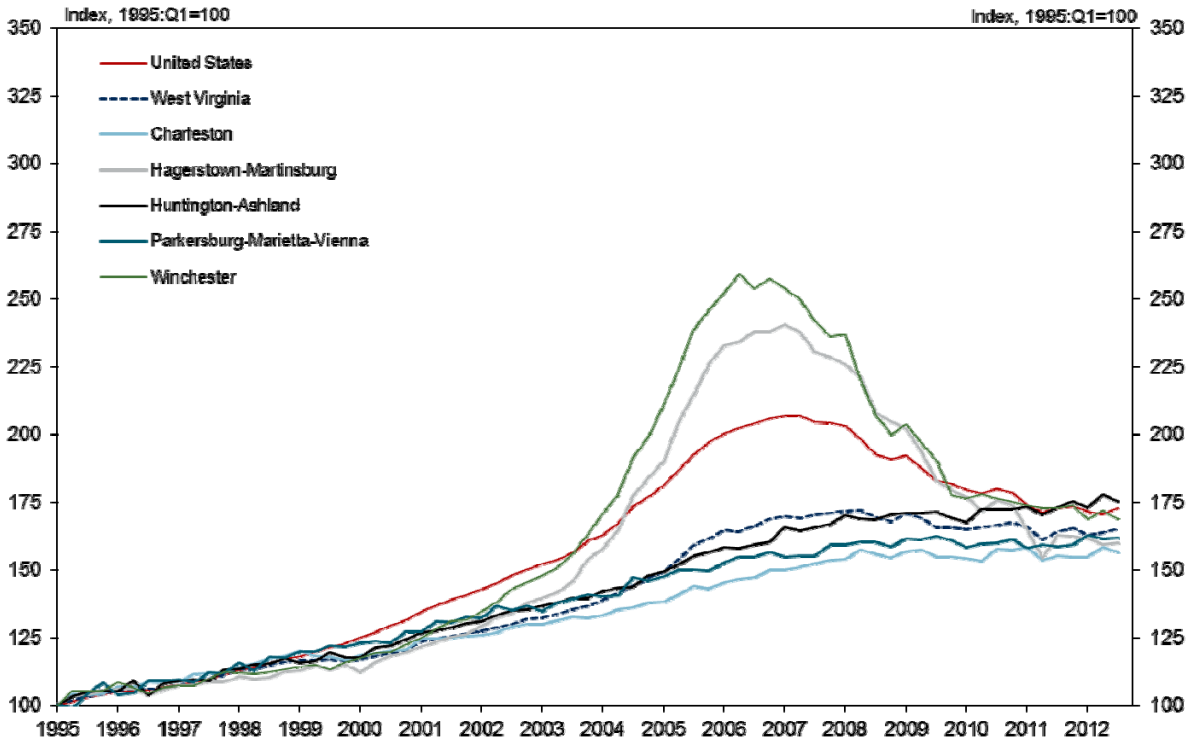
- Declining house prices play a significant role in rising default rates. West Virginia saw house prices increase by 0.9 percent in the third quarter of 2012. Home values also appreciated 0.6 percent on a year-over-year basis.
- An income shock to a household—such as unexpected unemployment—can affect the household's ability to repay a mortgage. The West Virginia unemployment rate (NSA) was 6.9 percent in September, remaining below the national 7.6 percent rate. (Table 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 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.

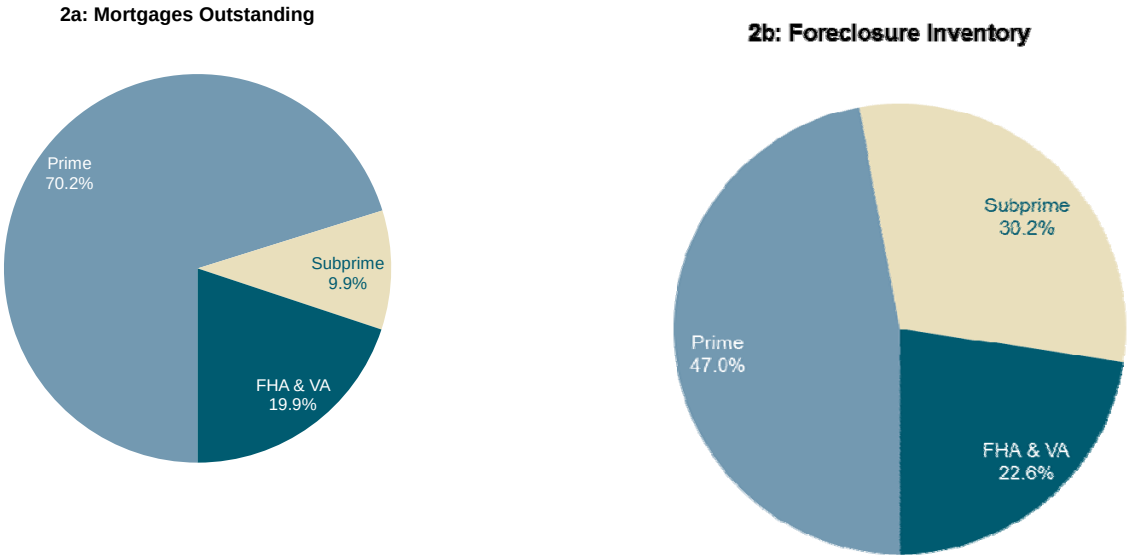
Graphs and Charts

Figure 1
FHFA House Price Index: West Virginia



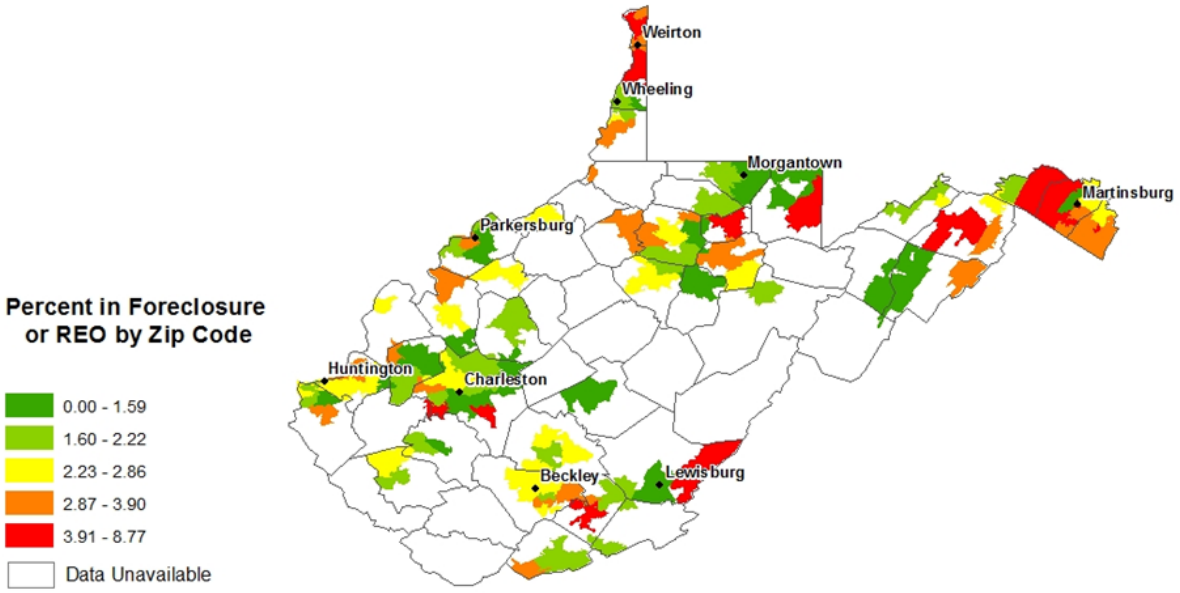
Source: Federal Housing Finance Agency/Haver Analytics

Figure 2
Mortgage Distribution: West Virginia



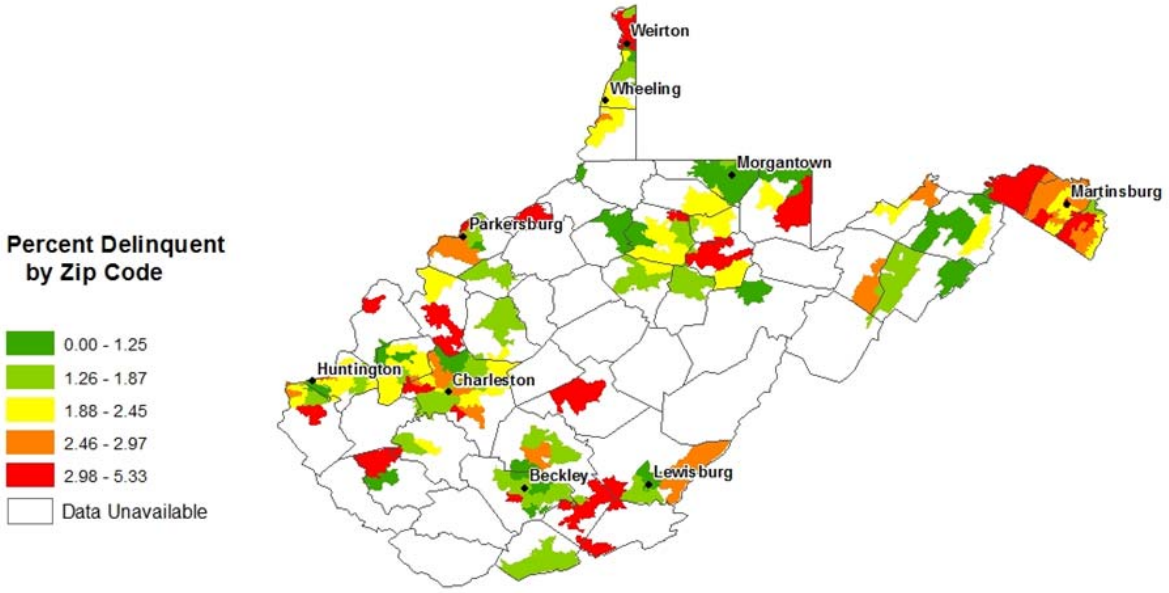
Source: Mortgage Bankers Association (2012:Q3)/Haver Analytics. Percentages may not sum to 100 due to rounding.

Figure 3
Percentage of Owner-Occupied Loans in Foreclosure or REO[1]:
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/Lender Processing Services (LPS) Applied Analytics (September 2012)

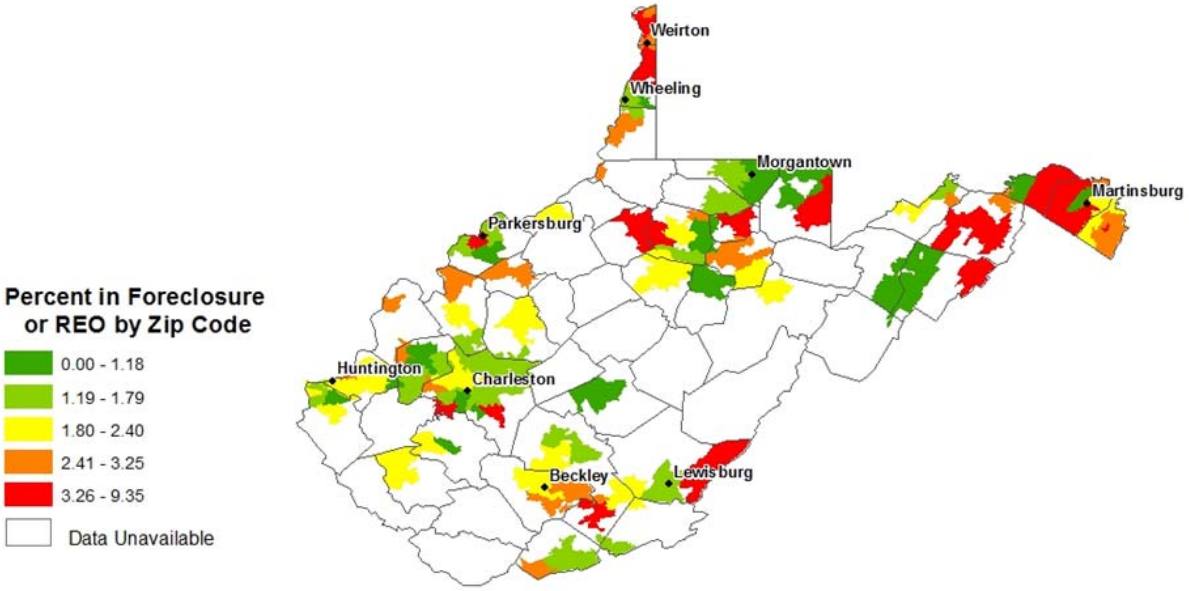
Figure 4
Percentage of Owner-Occupied Loans with 90+ Day Delinquency
West Virginia



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/Lender Processing Services (LPS) Applied Analytics (September 2012)

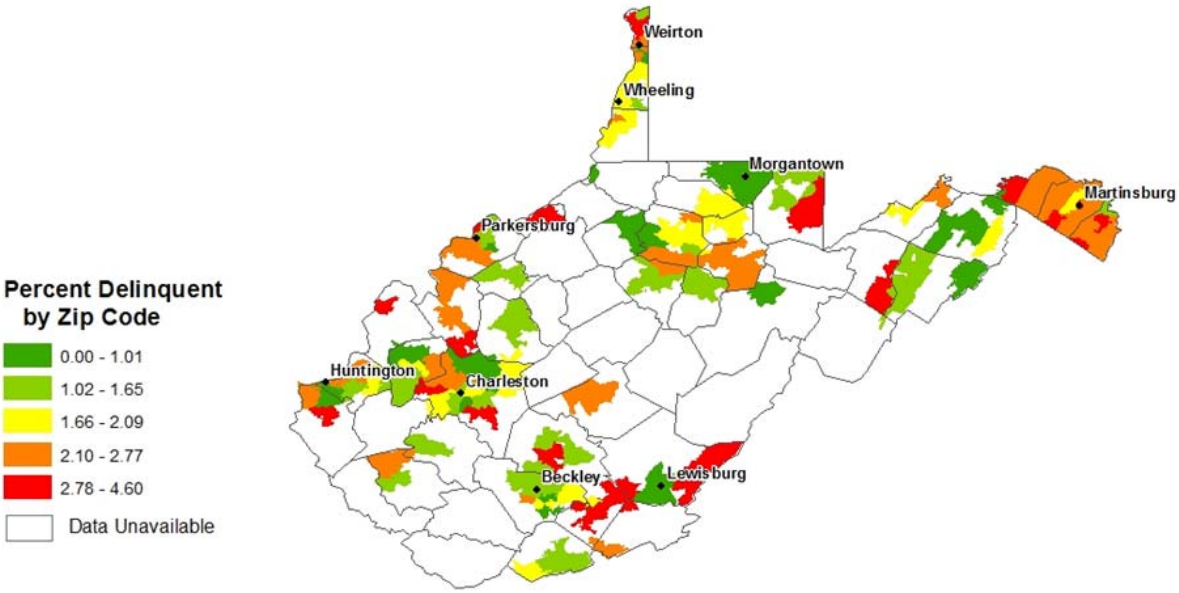
[1] Real Estate Owned (REO) properties are in the possession of the lender due to foreclosure or forfeiture.

Figure 5
Percentage of Owner-Occupied Prime Loans in Foreclosure or REO[1]:
West Virginia



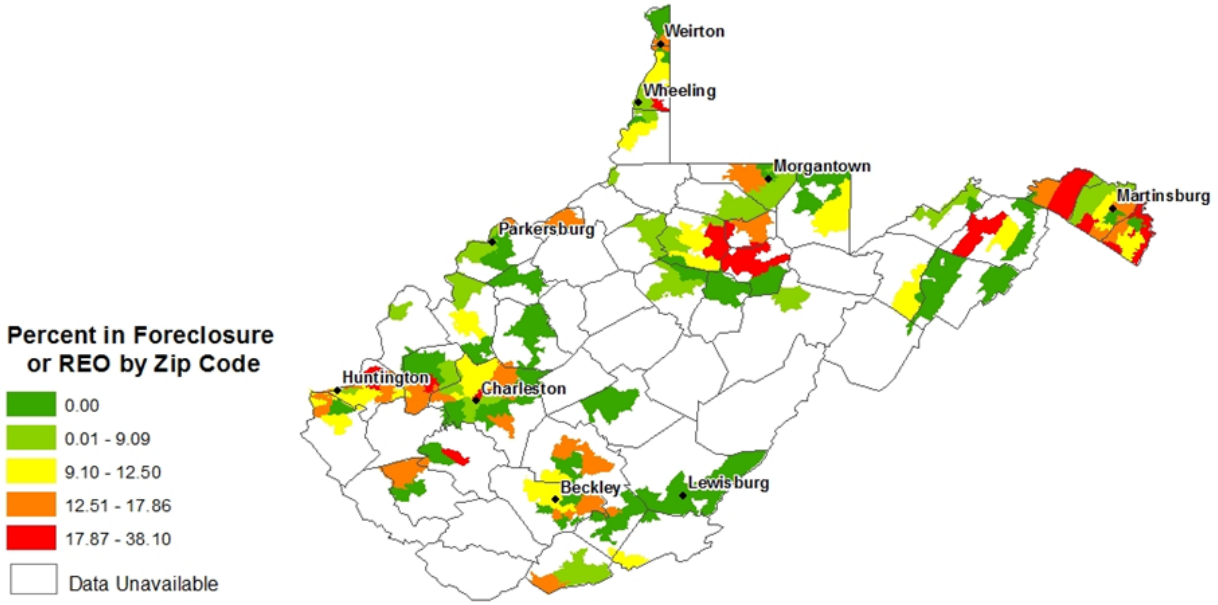
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2012)

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



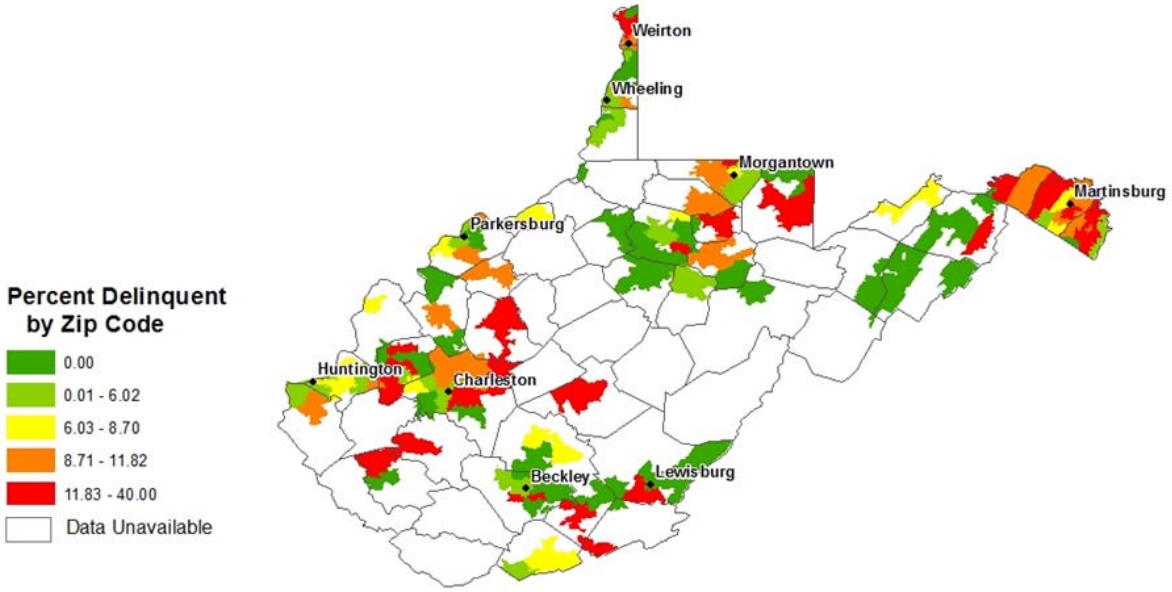
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2012)

Figure 7
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO[1]: West Virginia



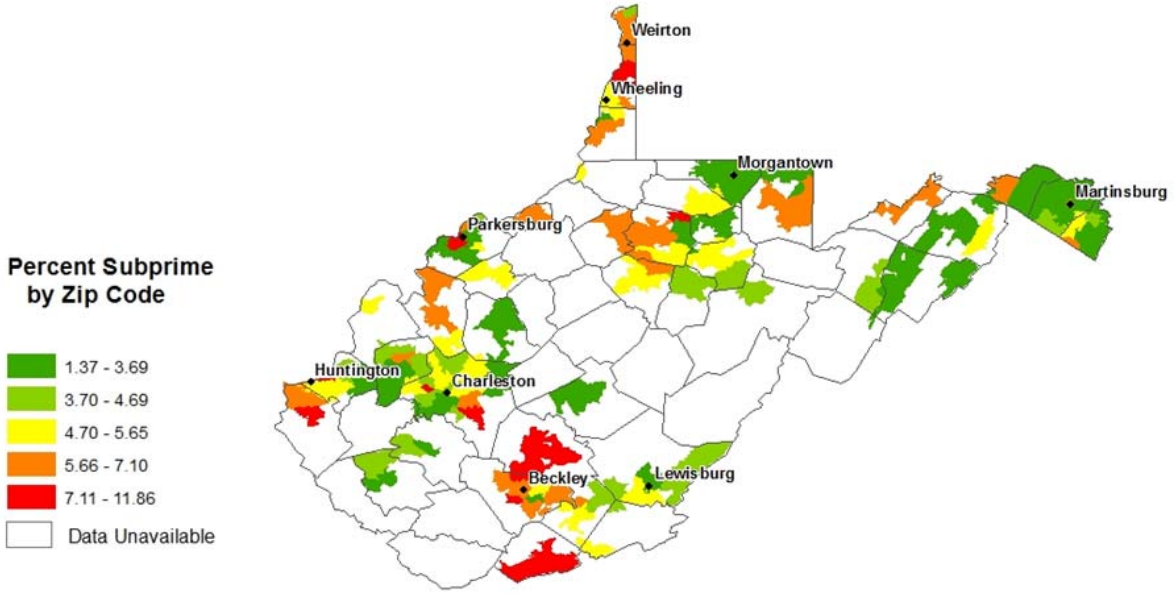
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2012)

Figure 8
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency: West Virginia



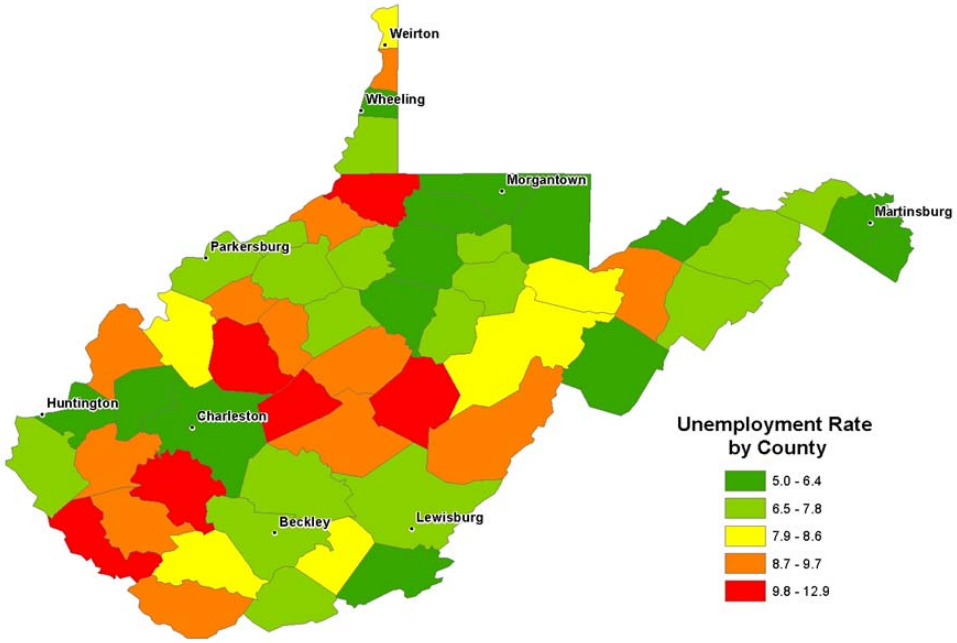
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or no data available.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2012)

Figure 9
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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Figure 10
Unemployment Rate: West Virginia



Notes: Unemployment Rate in September 2012
Source: Bureau of Labor Statistics

Table 1
Foreclosure Rates by Mortgage Type: West Virginia

Loan Type	West Virginia Percent in Foreclosure	West Virginia National Rank	United States Percent in Foreclosure
Total	1.79	41	4.07
Prime Total	1.20	41	2.97
Prime Fixed-Rate	0.98	42	2.34
Prime Adjustable-Rate	2.38	45	7.82
Subprime Total	5.45	46	12.38
Subprime Fixed-Rate	3.92	48	9.36
Subprime Adjustable-Rate	10.25	39	19.30

Source: Mortgage Bankers Association (2012:Q3)/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	3.48	12	2.72	29
Maryland	3.74	7	4.92	8
North Carolina	2.72	26	2.79	28
South Carolina	2.47	30	4.09	12
Virginia	2.22	35	1.65	45
West Virginia	2.16	37	1.79	41
Fifth District	2.77	--	3.08	--
United States	2.96	--	4.07	--

Source**:** Mortgage Bankers Association (2012:Q3)/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	2.26	7	2.14	22
Maryland	2.07	11	3.64	7
North Carolina	1.39	26	1.89	30
South Carolina	1.34	29	3.04	10
Virginia	1.12	36	1.10	42
West Virginia	1.07	38	1.20	41
Fifth District	1.47	--	2.19	--
United States	1.72	--	2.97	--

Source**:** Mortgage Bankers Association (2012:Q3)/Haver Analytics

Table 4
Subprime Share of All Loans: Fifth District

Geographic Area	Percent Subprime	National Rank
District of Columbia	7.72	39
Maryland	10.78	13
North Carolina	8.16	35
South Carolina	10.01	19
Virginia	7.43	42
West Virginia	9.92	22
Fifth District	8.82	--
United States	10.07	--

Source: Mortgage Bankers Association (2012:Q3)/Haver Analytics

Table 5
Subprime Mortgage Delinquency Rates: Fifth District

Geographic Area	Percent 90+ Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	14.05	1	9.52	27
Maryland	11.38	10	14.19	10
North Carolina	9.64	19	8.94	28
South Carolina	8.13	33	11.61	15
Virginia	9.30	21	6.45	39
West Virginia	9.05	26	5.45	46
Fifth District	9.86	--	10.07	--
United States	9.36	--	12.38	--

Source**:** Mortgage Bankers Association (2012:Q3)/Haver Analytics

Table 6
General Housing Statistics: West Virginia

	Housing Units					Percent of Owner-Occupied Mortgages With:			
				Owner-Occupied					
Geographic Area	Total	Vacant	Occupied	Total	With a Mortgage	Prime Loan	Subprime Loan	Adjustable Rate	Interest Only
Beckley	35,931	4,100	31,831	23,678	12,058	92.84	7.16	6.90	0.66
Bluefield	56,757	6,477	50,280	37,409	18,488	93.91	6.09	4.18	0.38
Charleston	141,585	12,964	128,621	93,571	49,796	95.80	4.20	5.24	0.49
Clarksburg	42,918	4,508	38,410	28,902	15,261	94.92	5.08	6.24	0.67
Cumberland	46,350	5,623	40,727	29,072	16,316	92.68	7.32	4.63	0.71
Hagerstown-Martinsburg	115,329	12,484	102,845	72,262	51,017	96.41	3.59	8.84	3.53
Huntington-Ashland	103,529	10,501	93,028	64,548	35,735	94.51	5.49	4.61	0.43
Morgantown	58,335	5,663	52,672	32,679	18,107	97.50	2.50	4.72	0.65
Parkersburg	75,203	7,793	67,410	49,382	27,992	95.06	4.94	5.12	0.71
Wheeling	69,542	8,080	61,462	44,290	23,319	95.06	4.94	4.62	0.51
Winchester	56,906	7,840	49,066	35,256	24,827	96.56	3.44	9.31	4.22
West Virginia	881,917	118,086	763,831	561,013	293,522	95.22	4.78	6.20	1.32
Fifth District	13,387,600	1,598,257	11,789,343	7,930,734	5,632,033	96.49	3.51	10.87	3.98
United States	131,704,730	14,988,438	116,716,292	75,986,074	51,208,208*	96.82	3.18	10.78	3.89

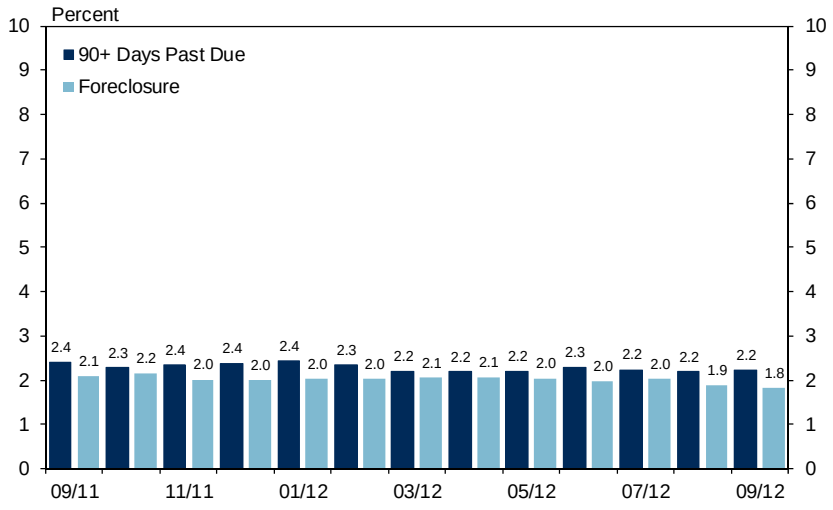
Notes: FHA and VA loans as well as interest only loans are included in the count of prime loans.
Source: Housing units are reported in the 2010 Census. Mortgage estimates are from Lender Processing Services (LPS) Applied Analytics (September 2012).
Definitions of the metropolitan areas are provided later in the document.
*The figure for owner-occupied units with a mortgage at the national level is calculated by summing the totals for the states.

Table 7
Owner-Occupied Loan Statistics: West Virginia

Geographic Area	September 2011 Percent 90+ Days Past Due	September 2011 Percent in Foreclosure	September 2011 Percent in REO	September 2012 Percent 90+ Days Past Due	September 2012 Percent in Foreclosure	September 2012 Percent in REO
Beckley	2.26	2.26	0.82	1.89	2.47	0.45
Bluefield	2.15	2.27	0.50	1.82	2.06	0.85
Charleston	1.88	1.67	0.41	2.11	1.51	0.65
Clarksburg	2.27	1.80	0.55	2.12	1.86	0.61
Cumberland	3.74	2.41	0.26	3.12	4.16	0.33
Hagerstown-Martinsburg	4.00	2.97	0.94	3.30	3.77	0.99
Huntington-Ashland	2.48	2.96	0.61	2.33	3.26	0.93
Morgantown	1.15	0.85	0.08	1.01	0.73	0.16
Parkersburg	2.43	2.23	0.52	2.55	1.82	0.80
Wheeling	2.34	2.71	0.63	2.24	2.58	0.69
Winchester	2.35	2.12	0.82	1.93	1.97	0.78
West Virginia	2.40	2.08	0.70	2.22	1.83	0.85
Fifth District	3.03	2.54	0.47	2.87	2.83	0.54
United States	3.19	3.62	0.79	3.02	3.57	0.69

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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Figure 11
Owner-Occupied Loan Statistics: West Virginia



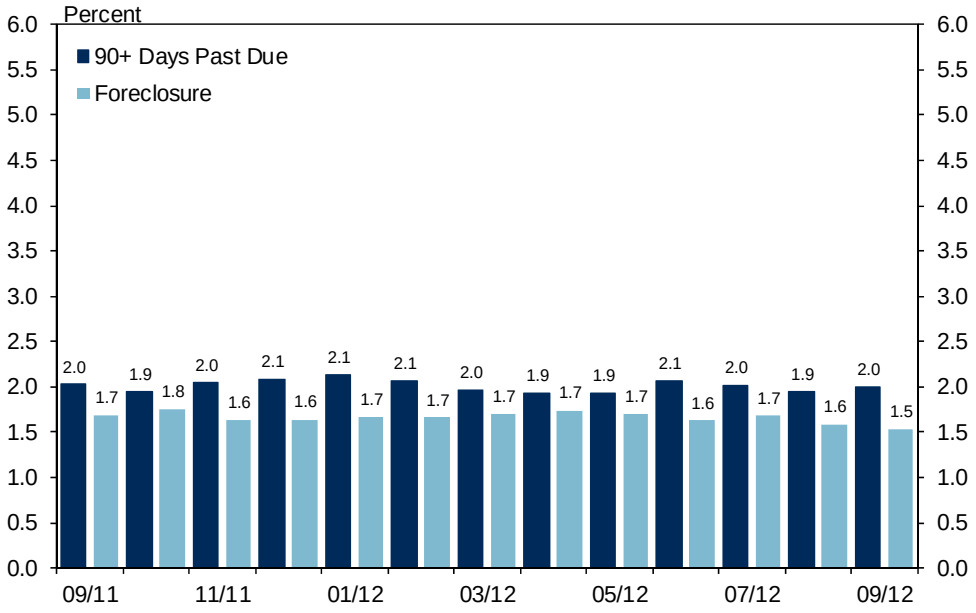
Notes: FHA and VA loans as well as interest only loans are included in the count of prime loans.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2012)

Table 8
Owner-Occupied Prime Loan Statistics: West Virginia

Geographic Area	September 2011 Percent 90+ Days Past Due	September 2011 Percent in Foreclosure	September 2011 Percent in REO	September 2012 Percent 90+ Days Past Due	September 2012 Percent in Foreclosure	September 2012 Percent in REO
Beckley	1.76	1.82	0.60	1.55	1.95	0.37
Bluefield	1.83	1.61	0.47	1.57	1.72	0.69
Charleston	1.58	1.37	0.36	1.89	1.26	0.56
Clarksburg	2.03	1.47	0.44	1.96	1.41	0.49
Cumberland	2.98	2.02	0.23	2.60	3.72	0.32
Hagerstown-Martinsburg	3.37	2.53	0.83	2.99	3.41	0.94
Huntington-Ashland	2.07	2.31	0.44	2.08	2.81	0.69
Morgantown	0.86	0.69	0.06	0.83	0.62	0.17
Parkersburg	2.08	1.96	0.42	2.35	1.64	0.73
Wheeling	1.93	2.34	0.53	2.12	2.22	0.63
Winchester	2.09	1.59	0.79	1.73	1.77	0.73
West Virginia	2.03	1.69	0.59	2.00	1.54	0.75
Fifth District	2.63	2.18	0.43	2.62	2.57	0.50
United States	2.78	3.09	0.73	2.77	3.23	0.64

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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Figure 12
Owner-Occupied Prime Loan Statistics: West Virginia



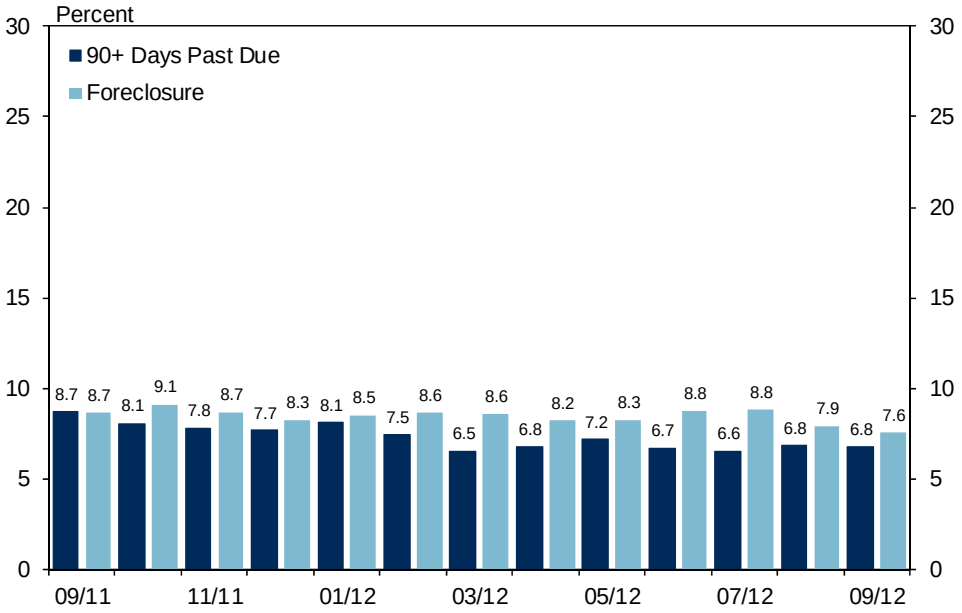
Notes: FHA and VA loans as well as interest only loans are included in the count of prime loans.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2012)

Table 9
Owner-Occupied Subprime Loan Statistics: West Virginia

	September 2011			September 2012		
Geographic Area	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Beckley	7.81	7.21	3.30	6.23	9.16	1.47
Bluefield	6.38	11.06	0.85	5.80	7.25	3.38
Charleston	7.85	7.73	1.60	7.12	7.26	2.71
Clarksburg	5.91	6.82	2.27	5.14	10.29	2.86
Cumberland	12.12	6.73	0.58	9.75	9.75	0.45
Hagerstown-Martinsburg	17.35	12.22	3.24	11.59	13.62	2.32
Huntington-Ashland	8.72	12.88	3.17	6.63	11.09	5.03
Morgantown	10.26	5.77	0.64	8.06	4.84	0.00
Parkersburg	8.28	6.75	2.18	6.53	5.22	2.09
Wheeling	8.98	8.75	2.36	4.58	9.46	2.01
Winchester	8.07	13.98	1.71	7.42	7.81	2.15
West Virginia	8.69	8.65	2.48	6.77	7.57	2.87
Fifth District	12.43	10.86	1.39	9.65	9.88	1.52
United States	13.69	17.03	2.17	10.77	13.92	2.09

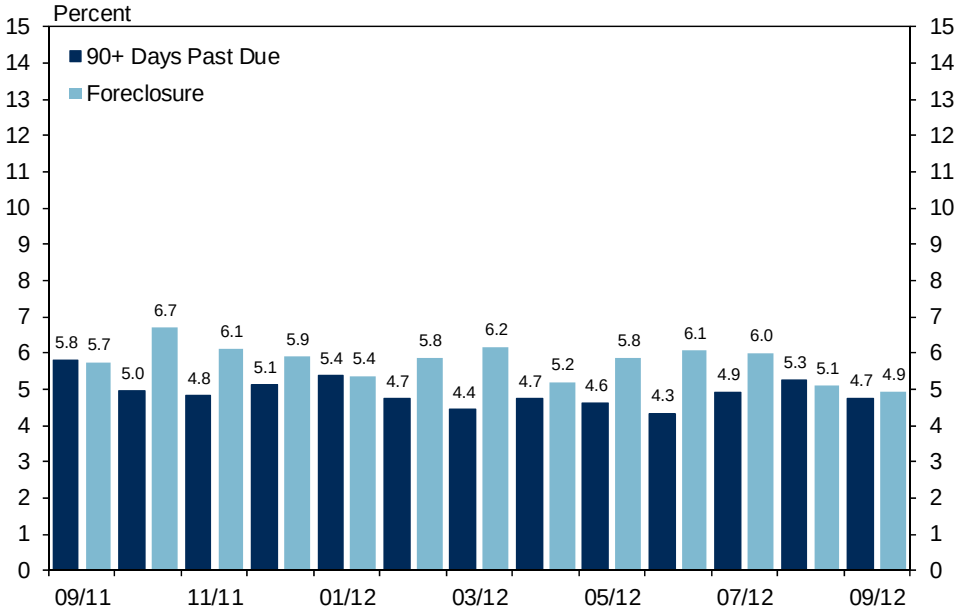
Notes: FHA and VA loans as well as interest only loans are included in the count of prime loans. Areas with fewer than 100 raw loans receive an N/A.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2012)

Figure 13
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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Figure 14
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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Table 10
Unemployment Rates: West Virginia

Geographic Area	Unemployment Rate	Percentage Point Change from September 2011
Beckley	7.0	0.1
Bluefield	7.5	0.2
Charleston	6.8	-0.3
Clarksburg	6.3	-0.6
Cumberland	7.2	-0.5
Hagerstown-Martinsburg	7.6	-1.0
Huntington-Ashland	6.8	-1.4
Morgantown	5.1	-0.6
Parkersburg	6.5	-1.3
Wheeling	7.2	-0.8
Winchester	5.8	-0.6
West Virginia	6.9	-0.5
Fifth District	7.3	-1.1

Notes: Data are not seasonally adjusted.
Source: Bureau of Labor Statistics (September 2012)

Table 11
Owner-Occupied Loan Statistics
Charleston MSA

	September 2011			September 2012		
Geographic Area	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Boone County	2.12	2.12	0.35	1.97	1.72	0.62
Clay County	4.23	2.82	1.41	2.24	2.99	0.75
Kanawha County	1.85	1.72	0.41	2.18	1.54	0.69
Lincoln County	2.86	2.42	0.66	2.97	3.43	1.37
Putnam County	1.72	1.33	0.37	1.85	1.16	0.47

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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Table 12
Owner-Occupied Loan Statistics
Hagerstown-Martinsburg MSA

	September 2011			September 2012		
Geographic Area	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Berkeley County	3.45	2.97	1.43	2.86	2.24	1.48
Morgan County	2.61	2.98	1.89	2.76	3.04	1.81

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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Table 13
Owner-Occupied Prime Loan Statistics
Charleston MSA

	September 2011			September 2012		
Geographic Area	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Boone County	1.63	1.50	0.38	1.69	1.30	0.65
Clay County	3.73	1.49	0.75	2.31	2.31	0.77
Kanawha County	1.55	1.49	0.36	1.98	1.29	0.60
Lincoln County	1.92	1.68	0.72	2.97	2.72	1.24
Putnam County	1.56	1.02	0.28	1.58	1.00	0.34

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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Table 14
Owner-Occupied Prime Loan Statistics
Hagerstown-Martinsburg MSA

	September 2011			September 2012		
Geographic Area	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Berkeley County	2.94	2.52	1.29	2.57	1.98	1.42
Morgan County	2.19	2.47	1.43	2.47	2.57	1.48

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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Table 15
Owner-Occupied Subprime Loan Statistics
Charleston MSA

	September 2011			September 2012		
Geographic Area	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Boone County	9.80	11.76	0.00	6.98	9.30	0.00
Clay County	12.50	25.00	12.50	0.00	25.00	0.00
Kanawha County	7.43	6.08	1.35	6.43	6.63	2.34
Lincoln County	13.16	10.53	0.00	3.03	12.12	3.03
Putnam County	7.14	11.90	3.17	11.93	7.34	5.50

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/Lender Processing Services (LPS) Applied Analytics (September 2012)

Table 16
Owner-Occupied Subprime Loan Statistics
Hagerstown-Martinsburg MSA

	September 2011			September 2012		
Geographic Area	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO	Percent 90+ Days Past Due	Percent in Foreclosure	Percent in REO
Berkeley County	13.74	12.06	4.36	10.38	9.27	3.31
Morgan County	10.34	12.07	10.34	10.00	15.00	10.00

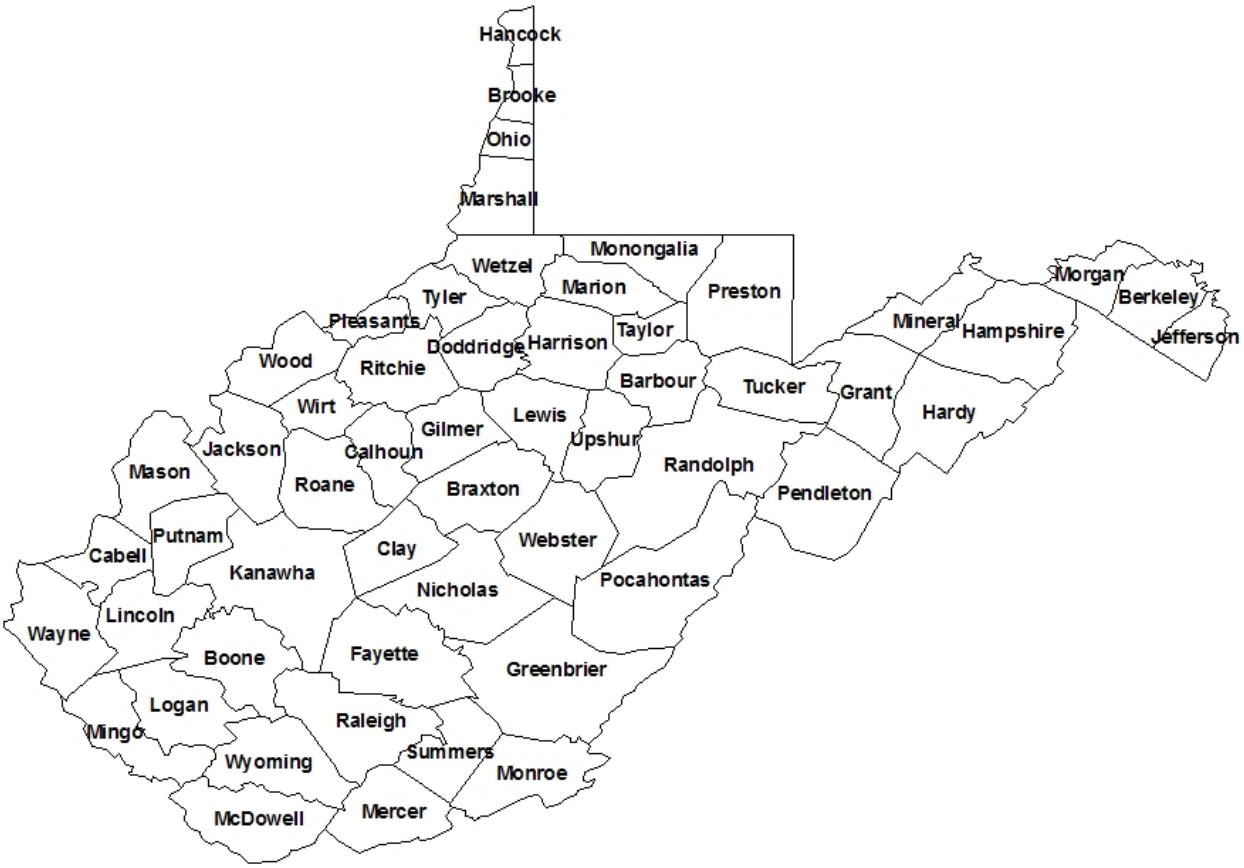
Notes: FHA and VA loans as well as interest only loans are included in the count of prime loans. Areas with fewer than 100 raw loans receive an N/A.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2012)

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. 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.