Mortgage Lending Patterns in the 4th District as of August 2011

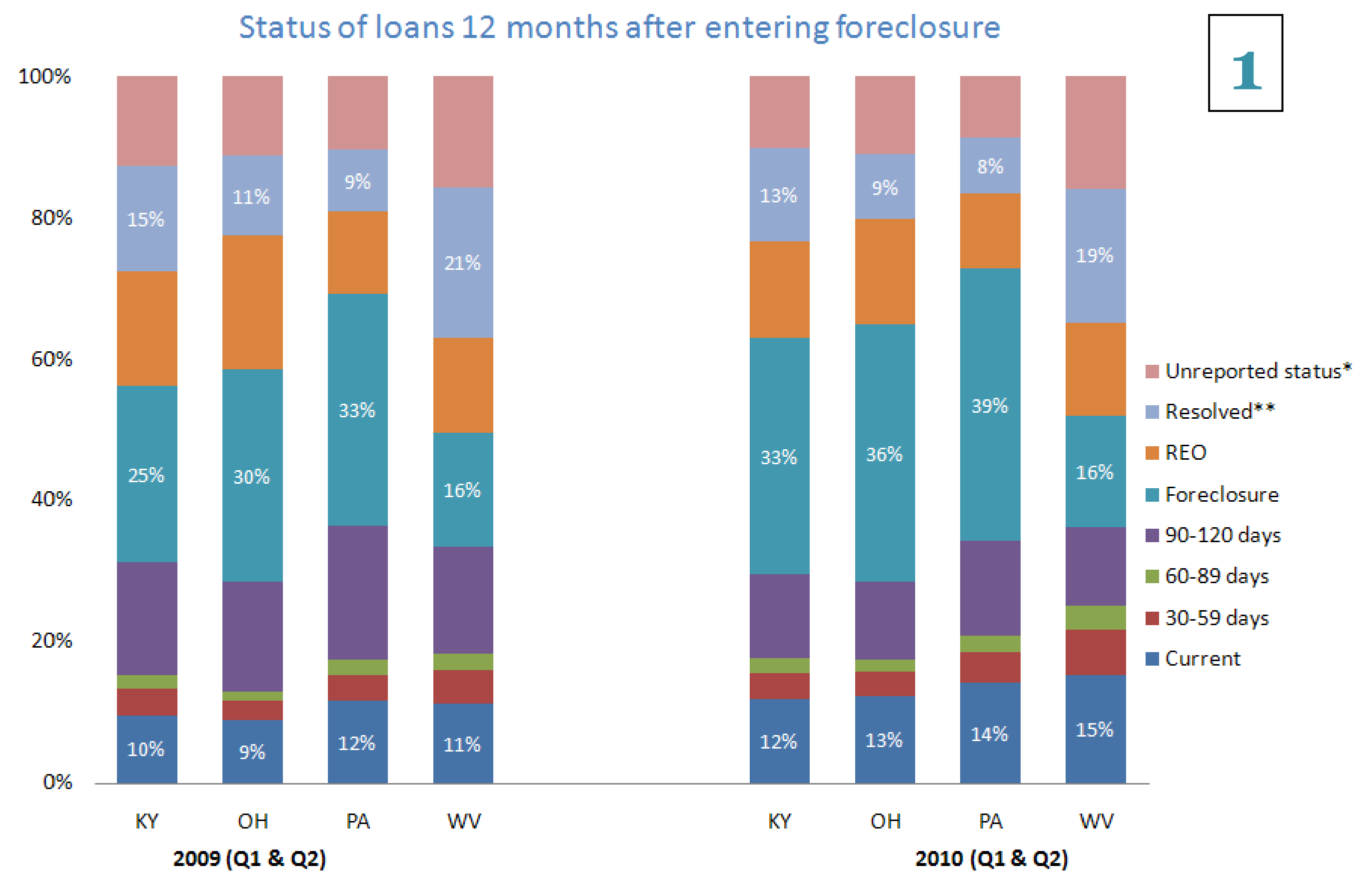
For this edition of our data brief, we look at how loans are faring 12 months after they enter foreclosure, and compare results from two time periods: those entering foreclosure in the first half of 2009, and those entering in the first half of 2010. We include the pool of loans in the database from the four states in our district. Results are graphed at right, and our findings summarized below.

Figure 1 observations:

- Compared to the 2009 pool, loans entering foreclosure in 2010 were more likely to **remain** in foreclosure 12 months later, with the exception of West Virginia, the only non-judicial state in the Fourth District. Non-judicial states do not require court action to proceed on a foreclosed home. This typically allows for a much quicker resolution.

- In the 2010 period, Kentucky, Ohio, and Pennsylvania saw an increase of at least 6 percentage points in loans remaining in foreclosure after a year, and a smaller percentage of loans moving into REO or exiting the pool via a sale or other resolution.

- This may be due to more loans entering foreclosure, adding to an already elevated stock, as well as prolonged foreclosure processing times.

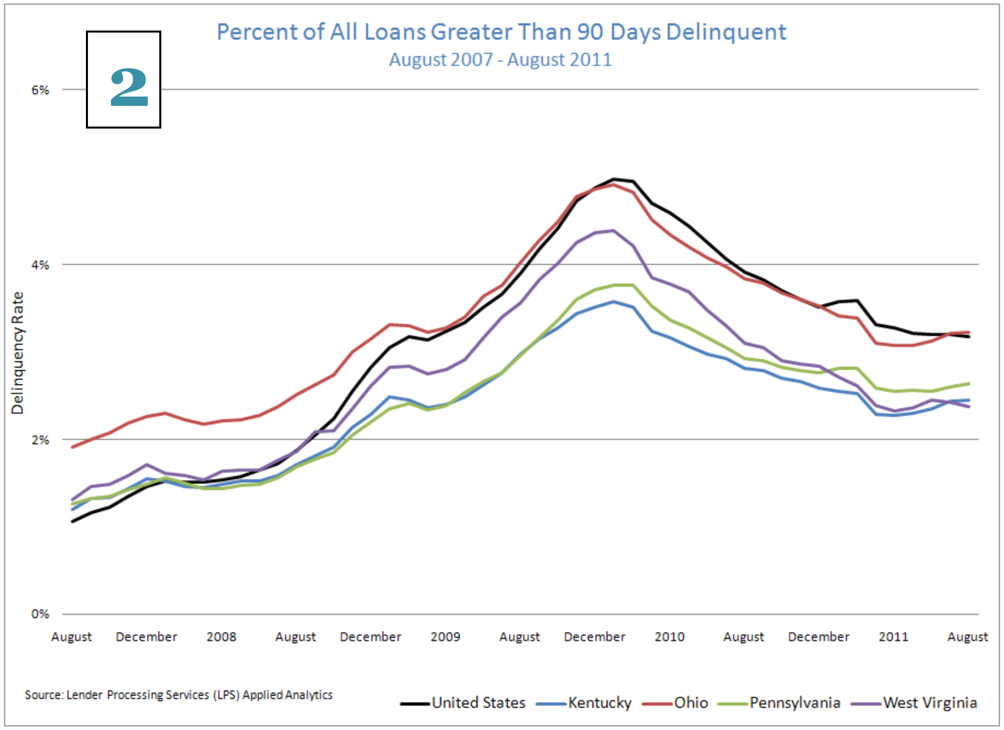


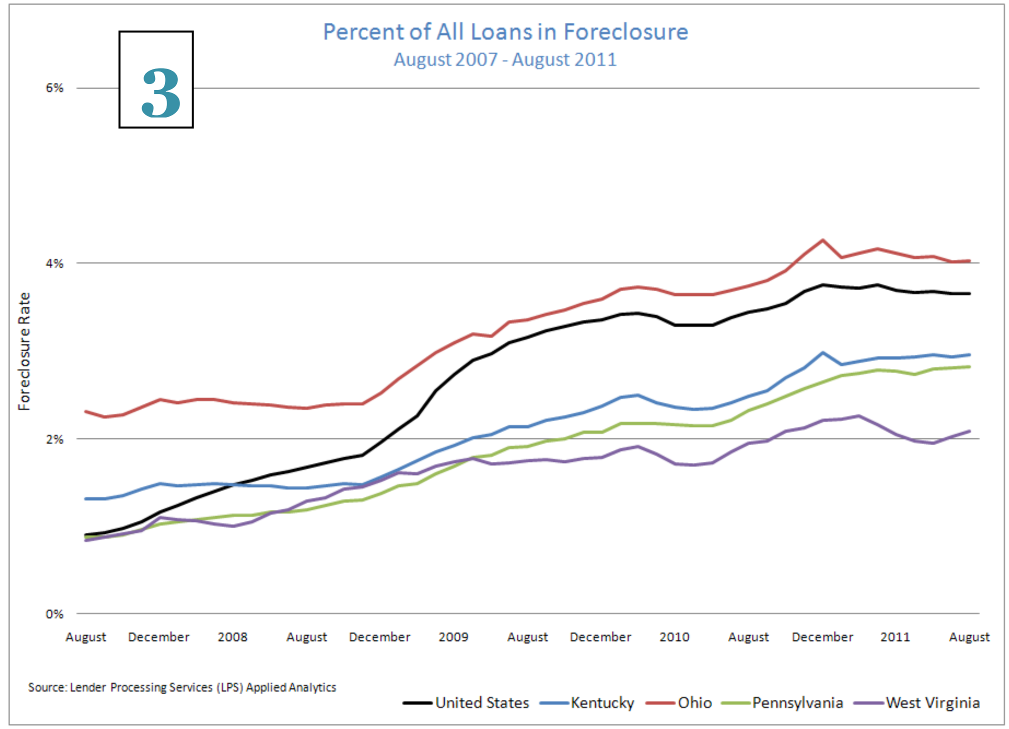
Source: Lender Processing Services (LPS) Applied Analytics
Note: Percentages have been rounded to whole numbers

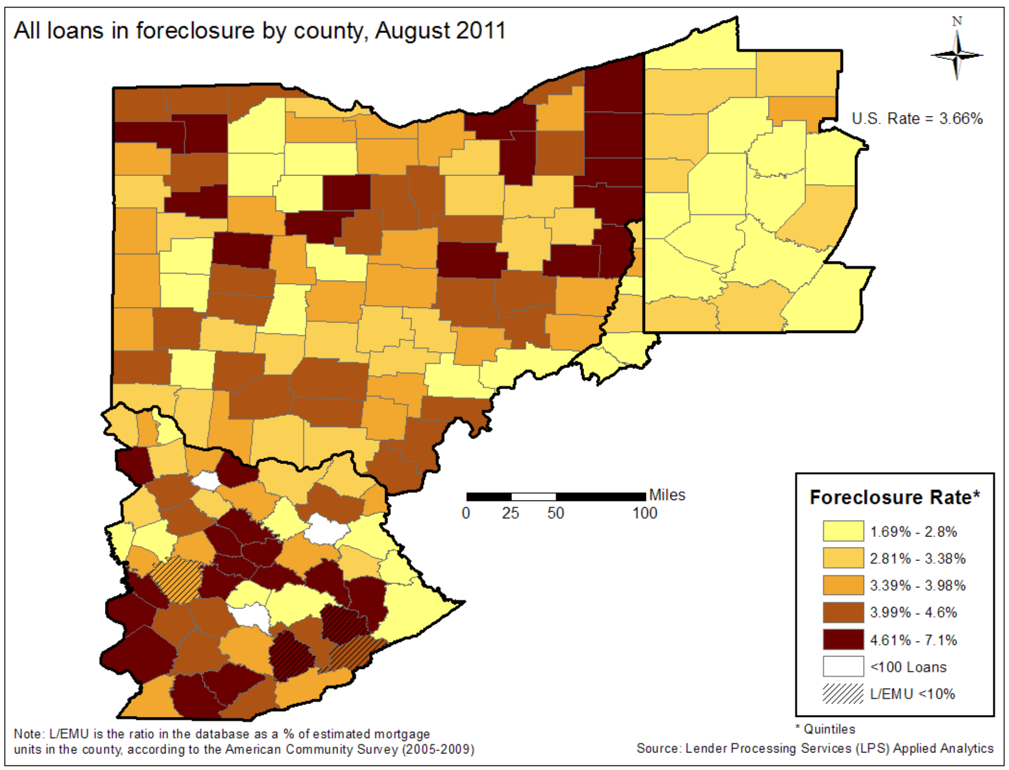
* Refers to a loan that a servicer has stopped reporting on to LPS or transferred to another servicer
** Examples include REO sale, voluntary payoff, or short sale

- On the positive side, each state saw an increase in the percentage of loans that became current, a possible indication of improved—and increased use of—loss mitigation strategies.

- West Virginia is resolving foreclosed loans at a much higher rate than the other three states, with a majority resulting in REO sales.







These data briefs, produced by the Federal Reserve Bank of Cleveland's Community Development team, provide periodic snapshots of mortgage lending activity and foreclosure patterns in our District using recently published data (check out this detailed, county-specific map of the 4th District). Delinquency and foreclosure data are from Lender Processing Services (LPS) Applied Analytics. The data include loan level servicing data for both securitized loans and loans held in portfolio from the top 10 residential mortgage servicers in the nation and others. Smaller servicers have less representation.

Interested in learning more? Additional maps and previous editions can be found on our publications page under Mortgage Lending Patterns:
www.clevelandfed.org/CommunityDevelopment/publications