

Mortgage Lending Patterns in 4th District Communities as of March 2009

Differences Between and Caveats of LPS and MBA Data

Since December of 2008, a significant increase in delinquency rates for subprime loans has been reported both by Lender Processing Services, Inc. Applied Analytics (LPS) and the Mortgage Bankers Association (MBA). However, the LPS and MBA figures are different, with MBA reporting much lower delinquency rates than LPS. Some of the disparity between the two data sets can be attributed to differences in the criteria used to determine which loans are designated as prime and which as subprime. Unfortunately, there isn't a universal definition of "subprime."

The MBA categorizes servicers as being either prime or subprime. Loans are designated as being either prime or subprime based upon the servicer's designation, regardless of the characteristics of the loans themselves. This can result in high-quality loans being classified as subprime, while loans with a much greater chance of delinquency can be classified as prime. This misclassification may result in overestimating delinquency rates for prime loans, as well as possible underestimating of the percentage of subprime loans that are delinquent.

LPS uses grades (A, B, or C), which are determined by the loan's servicer, to make the distinction between prime and subprime loans. However, LPS has a much smaller share of subprime loans in its data sample compared to the MBA dataset.

March 2009 Delinquencies & Foreclosures: U.S.

	LPS			MBA			
	30-59	60-89	90+ & F	30-59	60-89	90+ & F	
All	2.79%	1.33%	5.43%	3.27%	1.56%	7.24%	
Prime	2.59%	1.20%	4.53%	2.28%	1.05%	4.70%	
				FHA	5.68%	2.29%	7.37%
				VA	3.43%	1.26%	4.42%
Subprime	8.73%	4.96%	30.91%	7.98%	4.45%	24.88%	

March 2009 Percentage of Loans in Dataset by Provider: U.S.

	LPS		MBA	
Prime	96.59%		76.72%	
			FHA	9.39%
			VA	2.53%
Subprime	3.41%		11.36%	

4th District States

KY	LPS			MBA			
	30-59	60-89	90+ & F	30-59	60-89	90+ & F	
All	3.14%	1.23%	4.36%	3.48%	1.37%	5.37%	
Prime	2.90%	1.10%	3.59%	2.24%	0.80%	2.88%	
				FHA	5.47%	2.10%	6.93%
				VA	3.67%	1.29%	5.44%
Subprime	9.59%	4.57%	24.99%	8.68%	4.06%	19.40%	
OH	3.35%	1.38%	6.22%	3.73%	1.54%	7.73%	
Prime	3.13%	1.27%	5.20%	2.45%	0.90%	4.31%	
				FHA	5.86%	2.38%	9.98%
				VA	4.12%	1.64%	7.91%
Subprime	8.54%	4.14%	30.18%	8.19%	3.99%	23.38%	
PA	2.91%	1.16%	3.77%	3.41%	1.37%	5.01%	
All	2.91%	1.16%	3.77%	3.41%	1.37%	5.01%	
Prime	2.68%	1.02%	3.04%	2.24%	0.80%	2.71%	
				FHA	5.77%	1.98%	5.70%
				VA	3.87%	1.29%	4.87%
Subprime	9.47%	5.23%	24.08%	8.48%	4.33%	18.36%	
WV	4.29%	1.51%	4.63%	4.12%	1.45%	4.51%	
All	4.29%	1.51%	4.63%	4.12%	1.45%	4.51%	
Prime	3.86%	1.33%	3.64%	3.09%	0.99%	2.80%	
				FHA	6.30%	2.14%	5.57%
				VA	3.89%	1.35%	4.48%
Subprime	12.18%	4.90%	23.06%	9.80%	4.23%	15.87%	

4th District States

KY	LPS		MBA	
Prime	96.42%		69.90%	
			FHA	15.27%
			VA	4.16%
Subprime	3.58%		10.67%	
OH				
Prime	95.92%		70.33%	
			FHA	13.81%
			VA	2.45%
Subprime	4.08%		13.41%	
PA				
Prime	96.53%		75.41%	
			FHA	10.36%
			VA	1.77%
Subprime	3.47%		12.46%	
WV				
Prime	94.88%		77.55%	
			FHA	8.55%
			VA	3.05%
Subprime	5.12%		10.85%	

4th District States and the U.S.

First-lien loans more than 90 days delinquent or in foreclosure saw a substantial increase between the fourth quarter of 2008 and the first quarter of 2009. However, the percentage of loans less than 90 days delinquent fell in the 4th District states and across the U.S. Subprime loans continue to suffer from the highest rates in all categories. Ohio leads the 4th District in long-term delinquencies and foreclosures in all loan types, but West Virginia has overtaken Ohio in newer delinquencies (loans 30-89 days past due).

Delinquency Rates by County, March 2009

Top 15 (highest)

State	County	Loans serviced	L/EMU	Delinquency
OH	Highland	1,383	18.37%	12.72%
OH	Fayette	927	17.67%	12.51%
OH	Coshocton	946	16.52%	11.31%
OH	Pike	639	16.06%	11.01%
OH	Trumbull	12,223	30.98%	11.11%
OH	Mahoning	12,648	28.07%	11.02%
OH	Allen	3,030	16.65%	10.84%
OH	Adams	767	18.36%	10.73%
OH	Cuyahoga	91,590	38.59%	10.43%
OH	Williams	1,161	16.25%	10.38%
OH	Brown	2,130	25.06%	10.09%
OH	Guernsey	1,263	18.48%	9.90%
OH	Clinton	2,880	35.87%	9.83%
OH	Defiance	958	12.62%	9.81%
OH	Muskingum	3,527	22.82%	9.81%

Bottom 15 (lowest)

State	County	Loans serviced	L/EMU	Delinquency
OH	Woodford	7,331	29.98%	5.04%
OH	Warren	22,138	49.28%	5.02%
PA	Allegheny	109,286	49.61%	4.94%
PA	Westmoreland	30,038	44.70%	4.91%
PA	Wasington	16,425	42.85%	4.85%
KY	Boone	13,403	54.30%	4.73%
PA	Somerset	3,687	31.63%	4.67%
KY	Rowan	666	22.13%	4.50%
KY	Scott	4,780	58.44%	4.23%
WV	Ohio	1,887	25.21%	4.18%
OH	Mercer	2,130	30.47%	3.95%
OH	Delaware	21,952	57.60%	3.85%
KY	Fayette	29,233	55.10%	3.63%
PA	Butler	16,189	46.51%	3.63%
KY	Woodford	2,454	47.76%	3.22%

Delinquency rates are defined as loans at least 60 days delinquent including those in foreclosure

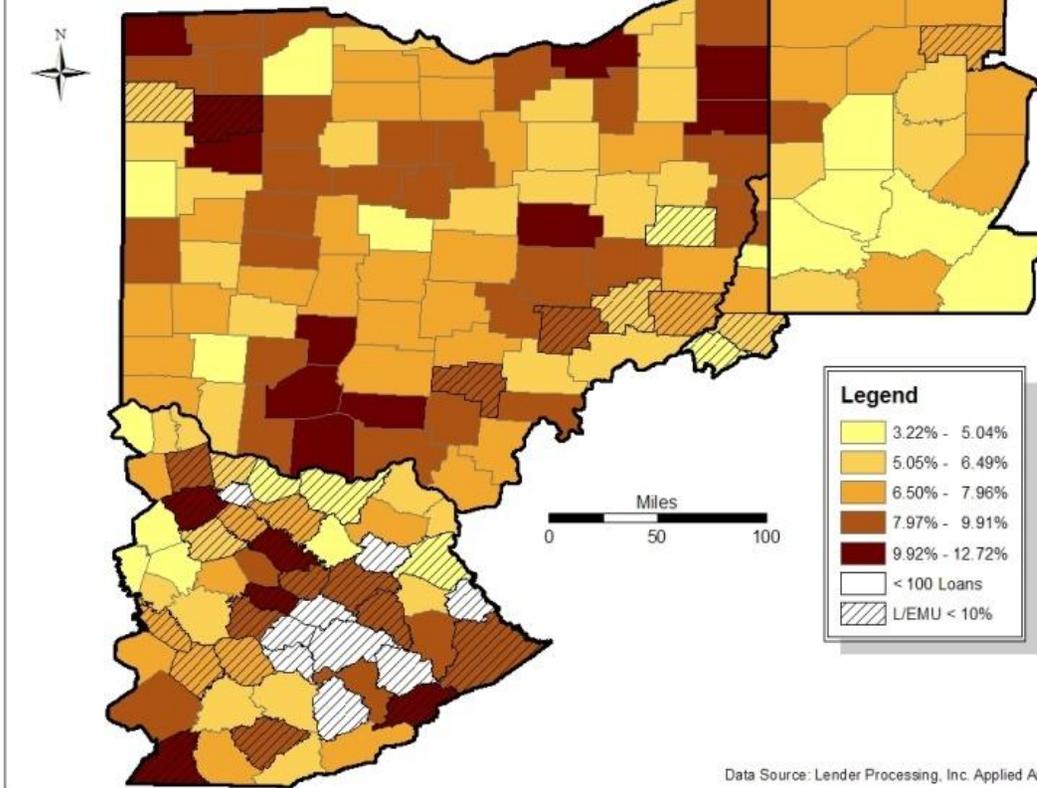
at least 70% of county's housing units are in a rural areas

at least 70% of county's housing units are in urban areas

L/EMU Loans in the database as a % of estimated mortgage units in the county according to the American Community Survey (2005-2007)

Percent of Loans at Least 60 Days Past Due or in Foreclosure

March 2009



Delinquency Rates by County, as of March 2009 (per chart at left)

The top 15 list is comprised exclusively of Ohio counties with Brooke County, WV vacating the previous list and newcomers Clinton and Defiance counties joining. Crawford County, OH also moved out of the top 15. Counties in the top 15 list continue to exhibit delinquency/foreclosure rates ranging from about 10% to 13%, while rates in the bottom 15 range from 3% to 5%. Note that the top 15 county rates are estimated based on a smaller sample when compared to the bottom 15 counties (compare L/EMU values in the list).

Mortgage Lending Patterns in 4th District Communities:

These data briefs provide periodic snapshots of mortgage lending activity and foreclosure patterns in our district at the county level, with the U.S. as a point of reference. Delinquency and foreclosure data are from LPS and MBA. MBA data is offered as a comparison and is at the state level. 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. Private securitized loans (subprime, Alt-A, and jumbo) comprise about 18% of the entire database, but this percentage does not necessarily apply to state or county levels.

The 4th Federal Reserve

District is comprised of the state of Ohio, the western third of Pennsylvania, the eastern half of Kentucky, and the northern panhandle of West Virginia.

