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TransUnion.com: Mortgage Loan Delinquency Rates Rise - But Pace Is Slowing

CHICAGO, Aug. 17 /PRNewswire/ -- TransUnion.com released today the results of its analysis of trends in the mortgage industry for the second quarter of 2009 and the associated impact on the U.S. consumer. The report is part of an ongoing series of quarterly consumer lending sector analyses focusing on credit card, auto loan and mortgage data available on TransUnion's Web site at www.transunion.com/trenddata. Information for this analysis is culled quarterly from approximately 27 million anonymous, randomly sampled, individual credit files, representing approximately 10 percent of credit-active U.S. consumers and providing a real-life perspective on how they are managing their credit health.

Statistics

Mortgage loan delinquency (the ratio of borrowers 60 or more days past due) increased for the tenth straight quarter, hitting an all-time national average high of 5.81 percent for the second quarter of 2009. Traditionally seen as a precursor to foreclosures, this statistic is up 11.3 percent from the previous quarter's 5.22 percent average. For comparison purposes, fourth quarter 2008 to first quarter 2009 saw an increase of almost 16 percent, indicating a continuing deceleration in delinquencies for the second quarter. Year-over-year, mortgage loan delinquency is up approximately 65 percent (from 3.53 percent).

Mortgage borrower delinquency rates in the second quarter of 2009 were highest in Nevada (13.8 percent) and Florida (12.3 percent), while the lowest mortgage delinquency rates were found in North Dakota (1.5 percent), South Dakota (2.1 percent) and Alaska (2.4 percent). The three areas showing the greatest percentage growth in delinquency from the previous quarter were Wyoming (+27.8 percent), Utah (+22.2 percent) and Hawaii (+21.7 percent). However, there were some bright spots: North Dakota and Ohio both showed a decline in mortgage delinquency rates, down 0.66 percent and 0.22 percent from the previous quarter, respectively.

The average national mortgage debt per borrower dropped (0.86 percent) to \$193,811 from the previous quarter's \$195,500. On a year-over-year basis, the second quarter 2009 average represents a 0.59 percent increase over the second quarter 2008 average mortgage debt per consumer of \$192,681.

The area with the highest average mortgage debt per borrower was the District of Columbia at \$360,891, followed by California at \$359,442 and Hawaii at \$314,495. The lowest average mortgage debt per borrower was in West Virginia at \$97,979. Quarter to quarter, Alaska showed the greatest percentage increase in mortgage debt (+4.5 percent), followed by North Dakota (+2.2 percent) and Alabama (+1.5 percent). Areas showing the largest percentage drop in average mortgage debt were Ohio (-4.4 percent), Idaho (-3.7 percent) and Connecticut (-3.0 percent).

Analysis

"In its first quarter analysis, TransUnion reported a potential positive sign in mortgage delinquency rate trends. For the first time since the recession began at the end of 2007, the quarter-to-quarter growth rate for national mortgage delinquency showed a *decrease*," said FJ Guarrera, vice president of TransUnion's financial services division. "Now, with the release of second quarter results, we see even more deceleration in mortgage delinquency, an indication that the mortgage market is beginning to stabilize.

"There are several complementary economic statistics at the national level to support this guarded optimism, such as the increase in consumer confidence in the second quarter. As for the labor market, although unemployment had continued to rise through the second quarter, July figures for unemployment insurance were lower than expected. Furthermore, recent figures from the government show the unemployment rate actually dipping to 9.4 percent nationally in July. These encouraging economic signs, coupled with a decrease in the rate of mortgage delinquency growth, suggest that we may have seen the worst of the recession. This is particularly noteworthy, in that delinquency statistics are generally lagging indicators of the economic environment," continued Guarrera.

Forecast

"TransUnion's 2009 second quarter national predictions were on target, missing the actual mortgage delinquency rate for second quarter 2009 by only 0.8 percent. Going forward, TransUnion has adjusted its new projections to reflect data from the most recent quarter, and has adopted a slightly more optimistic set of economic assumptions," said Guarrera. TransUnion's forecasts now indicate the 2009 mortgage delinquency rates continuing to climb at a slower pace, reaching less than 7 percent by year end. However, due to a continued downward trend in housing prices throughout the year as well as high unemployment levels, TransUnion does not see national delinquency rates beginning to fall until the first half of 2010.

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With regard to regional forecasts, Nevada has now eclipsed Florida as the state anticipated to experience the highest mortgage delinquency rate by the end of 2009, reaching as high as 16 percent. North Dakota is expected to continue to exhibit the lowest mortgage delinquency rate by year end (1.4 percent), with forecasts now beginning to show a downward trend.

(Related Graphs: <http://transunion.mediaroom.com/index.php?s=98>)

(MP3 File Sound bites: <http://transunion.mediaroom.com/index.php?s=102>)

TransUnion's Trend Data database

The source of the underlying data used for this analysis is TransUnion's Trend Data, a one-of-a-kind database consisting of 27 million anonymous consumer records randomly sampled every quarter from TransUnion's national consumer credit database. Each record contains more than 200 credit variables that illustrate consumer credit usage and performance. Since 1992, TransUnion has been aggregating this information at the county, Metropolitan Statistical Area (MSA), state and national levels.

About TransUnion

As a global leader in credit and information management, TransUnion creates advantages for millions of people around the world by gathering, analyzing and delivering information. For businesses, TransUnion helps improve efficiency, manage risk, reduce costs and increase revenue by delivering comprehensive data and advanced analytics and decisioning. For consumers, TransUnion provides the tools, resources and education to help manage their credit health and achieve their financial goals. Through these and other efforts, TransUnion is working to build stronger economies worldwide. Founded in 1968 and headquartered in Chicago, TransUnion employs associates in more than 25 countries on five continents.

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