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## Q4 2015 Mortgage Delinquency Report – U.S. And Regions Footprint

- For the U.S. as a whole, the mortgage delinquency rate fell to 4.77 percent in Q4 2015 from 4.99 percent in Q3.
- Within the Regions footprint, the mortgage delinquency rate fell to 5.43 percent in Q4 2015 from 5.71 percent in Q3.
- Foreclosure starts fell 25.7 percent, year-on-year, for the U.S. as a whole and fell by 26.7 percent for the Regions footprint.

Data from the Mortgage Bankers Association (MBA) show the mortgage delinquency rate, which encompasses all stages of delinquency but not those loans in some stage of foreclosure, fell to 4.77 percent nationally in Q4 2015. Utilizing MBA data, we calculate a delinquency rate for the 16-state Regions footprint, which is a weighted average (based on the number of total mortgage loans serviced) of the delinquency rates reported for the individual states. The delinquency rate for the Regions footprint fell to 5.43 percent in Q4 from 5.71 percent in Q3. As of Q4 the MBA survey covers just under 39 million first lien mortgage loans for the U.S. as a whole and just under 16 million first lien mortgage loans within the Regions footprint.

As seen in the top chart, delinquency rates have fallen steadily since the cyclical peaks (10.09 percent nationally, 10.58 percent for the Regions footprint). The steady decline in overall delinquency rates masks a key trend seen both nationally and within the Regions footprint. Short-term mortgage delinquency rates (i.e., delinquent less than 90 days) have actually fallen below their longer-term averages but 90-plus day delinquency rates remain above their long-term norm. As such, despite the steady decline illustrated in the top chart, overall delinquency rates remain above historical norms. The same is true of foreclosure rates (i.e., loans at some point in the foreclosure process) – while down from their cyclical peaks they nonetheless remain above longer-term norms. Taken together, the 90-plus day delinquency rate and the foreclosure rate comprise what is known as the “serious” mortgage delinquency rate and, as of Q4 2015, both components of serious delinquencies are above their longer-term norms.

As seen in the middle chart, Mississippi has the footprint’s highest rate of total mortgage distress (i.e., combined mortgage delinquencies and foreclosures), at 10.80 percent as of Q4 2015. This is the nation’s second highest rate of mortgage distress, trailing only New Jersey at 12.14 percent. At 5.17 percent, Virginia posted the footprint’s lowest rate of mortgage distress in Q4 2015. Florida’s overall rate of mortgage distress fell to 8.39 percent in Q4, and it is worth noting the extent to which mortgage distress has eased in the state – Florida’s rate of total mortgage distress peaked at 26.11 percent in Q4 2009, the highest rate posted by any state in any quarter during the mortgage debacle.

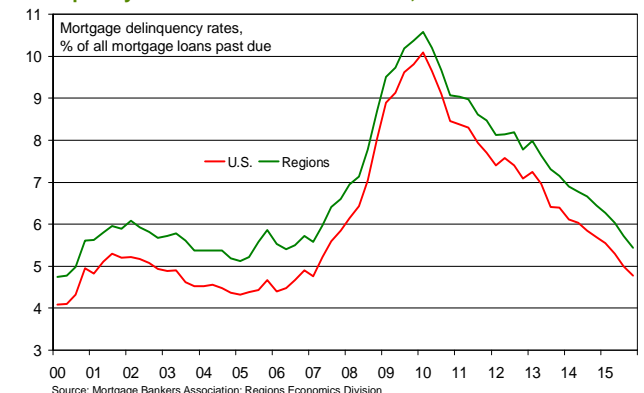
The data for Florida also help illustrate the point made above that late-stage delinquency rates and foreclosure rates are responsible for overall mortgage distress remaining above the long-term norm. For instance, Florida’s early stage delinquency rate is below the U.S. average but late-stage delinquencies remain high and, though down considerably from the cyclical peak, Florida’s foreclosure backlog remains above normal despite having fallen considerably from the cyclical peak. In contrast, Mississippi has the nation’s highest early-stage mortgage delinquency rate but continues to post a below-average foreclosure rate.

As would be expected given the steady decrease in the incidence of mortgage distress over the past several years, foreclosure starts have also been trending lower. During Q4 2015 there were 59,696 foreclosure starts in the Regions footprint based on the MBA data, which is the lowest number of starts since Q2 2003. For the U.S. as a whole, the number of foreclosure starts in Q4 2015 was also the lowest since Q2 2003. Foreclosure inventories were down 25.9 percent year-on-year for the U.S. as a whole in Q4 2015 and down 32.4 percent in the Regions footprint but in each case remain well above historical norms.

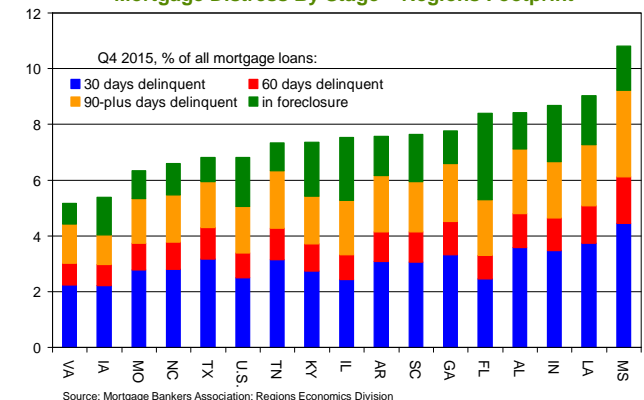
The tables that follow present additional data on mortgage delinquencies within the Regions footprint. Serious delinquencies will resolve over time but for now the good news is that what have been falling early-stage mortgage delinquency rates suggest inflows into the foreclosure process will remain low over coming quarters. An ambitious prediction would be foreclosure inventories will be back down to “normal” levels by year-end 2017.



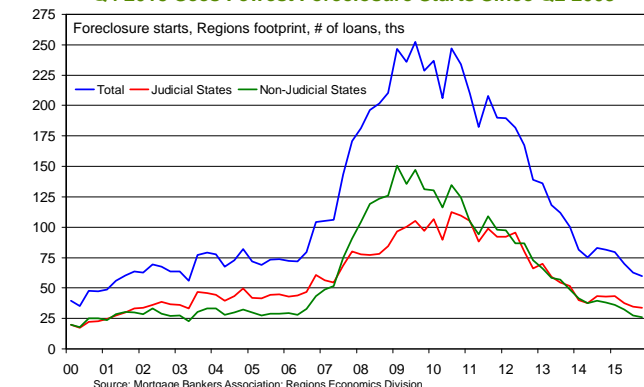
### Delinquency Rates: Further Decline In Q4; But Still Further To Go




### Mortgage Distress By Stage – Regions Footprint




### Q4 2015 Sees Fewest Foreclosure Starts Since Q2 2003



## Mortgage Distress, Regions Footprint

as of Q4 2015

<u>STATE</u>	<u>30-day delinquency rate</u>	<u>60-day delinquency rate</u>	<u>90-day delinquency rate</u>	<u>foreclosure inventory</u>	<u>total mortgage distress rate</u>	<u>"early stage" delinquency rate</u>	<u>"serious" delinquency rate</u>
Alabama	3.57	1.23	2.32	1.30	8.42	4.80	3.62
Arkansas	3.09	1.06	2.01	1.41	7.57	4.15	3.42
Florida	2.45	0.84	2.00	3.10	8.39	3.29	5.10
Georgia	3.31	1.20	2.09	1.17	7.77	4.51	3.26
Iowa	2.22	0.75	1.07	1.35	5.39	2.97	2.42
Illinois	2.43	0.90	1.94	2.25	7.52	3.33	4.19
Indiana	3.47	1.18	2.01	2.01	8.67	4.65	4.02
Kentucky	2.73	0.98	1.72	1.92	7.35	3.71	3.64
Louisiana	3.74	1.33	2.21	1.75	9.03	5.07	3.96
Missouri	2.77	0.96	1.60	1.01	6.34	3.73	2.61
Mississippi	4.45	1.68	3.09	1.58	10.80	6.13	4.67
North Carolina	2.79	0.98	1.69	1.14	6.60	3.77	2.83
South Carolina	3.06	1.09	1.79	1.70	7.64	4.15	3.49
Tennessee	3.15	1.12	2.06	1.01	7.34	4.27	3.07
Texas	3.16	1.14	1.64	0.88	6.82	4.30	2.52
Virginia	2.23	0.79	1.40	0.75	5.17	3.02	2.15
U.S.	2.50	0.88	1.67	1.77	6.82	3.38	3.44

NOTE: all rates expressed as a percentage of outstanding mortgage loans

Source: Mortgage Bankers Association; Regions Economics Division

## Serious Delinquency Rates, Regions Footprint

	2000-06	2006Q4	2007Q4	2008Q4	2009Q4	2010Q4	2011Q4	2012Q4	2013Q4	2014Q4	2015Q4
United States	1.99	2.21	3.62	6.30	9.67	8.60	7.73	6.78	5.41	4.52	3.44
Alabama	2.37	2.63	3.73	4.52	6.79	6.05	5.63	5.32	4.93	4.55	3.62
Arkansas	2.21	2.20	2.71	3.90	5.57	5.27	5.68	6.08	4.97	4.34	3.42
Florida	1.70	1.55	5.19	13.32	20.43	19.46	18.38	15.86	11.66	8.30	5.10
Georgia	2.37	2.97	3.97	5.98	9.85	8.59	7.64	6.42	5.07	4.25	3.26
Iowa	1.66	2.35	3.09	4.05	5.70	5.01	4.61	4.19	3.60	2.97	2.42
Illinois	2.31	2.56	3.98	6.63	11.23	10.72	10.93	9.52	7.26	5.81	4.19
Indiana	3.80	4.70	5.57	7.31	9.51	8.71	8.30	7.15	5.90	4.99	4.02
Kentucky	2.60	3.13	3.86	5.07	7.03	6.76	6.92	5.90	5.19	4.49	3.64
Louisiana	3.51	4.98	4.09	5.52	7.69	7.46	6.77	6.13	5.27	4.78	3.96
Missouri	4.14	2.26	3.04	4.30	6.18	5.29	4.98	4.28	3.78	3.30	2.61
Mississippi	1.76	5.30	5.28	6.54	9.10	8.49	8.14	7.34	6.15	5.68	4.67
North Carolina	2.21	2.31	2.62	3.77	6.42	5.99	6.20	5.39	4.25	3.65	2.83
South Carolina	2.95	2.75	3.28	4.70	7.76	7.37	7.33	6.33	5.14	4.44	3.49
Tennessee	2.78	2.92	3.54	4.93	7.11	6.64	6.31	5.34	4.68	3.96	3.07
Texas	2.21	2.85	3.16	4.28	5.97	5.15	4.74	4.05	3.57	3.07	2.52
Virginia	1.09	0.94	2.13	3.83	5.77	4.72	4.19	3.78	3.04	2.72	2.15

Source: Mortgage Bankers Association; Regions Economics Division