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Equifax Q1 2015 Data Shows Borrowers Managing Mortgage Debt Better; Subprime Lending Increases

ATLANTA, May 19, 2015 /PRNewswire/ -- When it comes to managing mortgage debt, U.S. borrowers are trending in a positive direction, according to Q1 2015 data from the latest Equifax (NYSE: EFX) *National Consumer Credit Trends Report*. The total balance of write-offs for first mortgage, and home equity lines and loans—excluding bankruptcy—in Q1 2015 was $12.34 billion, representing a decrease of 32.6% from the same time a year ago. Additionally severe delinquency rates—defined as more than 90-days past due; in bankruptcy or foreclosure and as a share of total balances—saw similar declines:

- First mortgage: from 3.27% to 2.35%;
- Home equity installment loans: from 2.59% to 1.98%; and
- Home equity revolving lines of credit: from 1.71% to 1.47%

"We're seeing borrowers become increasingly better at making on-time payments, but we're also seeing a faster rate of amortization due to low interest rates," said Amy Crews Cutts, Chief Economist at Equifax. "Because a larger portion of each payment is going to principal, consumers are now paying off their mortgage debts faster than they would have just a few years ago. Overall mortgage balances are unchanged from a year ago which means new mortgage credit is exactly offsetting the payoffs."

In January 2015, the total credit limit originated on home equity lines of credit (HELOC) was $9.5 billion, a seven year high and an increase of 26.9%. In that same time, more than 88,000 new accounts were originated, a year-over-year increase of 20.1%. The average credit limit of these loans is $108,010, a 5.7% increase from same time a year ago.

"With so many homeowners having very low interest rates on their first mortgage, the increased demand for HELOCs makes sense," said Cutts. "They don't want to refinance the first lien either because the new rate would be higher or they would have to pay large closing costs, when all they want to do is tap a little equity to make improvements or fund some other need,"

Lending to subprime borrowers is also increasing. For consumers with an Equifax Risk Score below 620, the total number of new HELOCs increased 36% from 2014, with a corresponding total credit limit of $49.3 million. In addition, subprime borrowers represent 1.5% of total new HELOC accounts, up from 1.3% same time a year ago.

As of March 2015, additional year-over-year changes include:

Home Equity Installment

- Balances: $136.1 billion, a 16.4% decrease; and
- Accounts: 4.5 million, a 10.6% decrease.

Home Equity Revolving

- Balances: $509.8 billion, a 3.1% decrease; and
- Accounts: 11.4 million, a 4.3% decrease.

Leveraging data from the Equifax U.S. Consumer Credit database of more than 210 million consumers, the *National Consumer Credit Trends Report* reveals population-level debt and lending insights, including originations, balances, number of loans, delinquencies and more.

About Equifax
Equifax is a global leader in consumer, commercial and workforce information solutions that provide businesses of all sizes and consumers with insight and information they can trust. Equifax organizes and assimilates data on more than 600 million consumers and 81 million businesses worldwide. The company's significant investments in differentiated data, its expertise in advanced analytics to explore and develop new multi-source data solutions, and its leading-edge proprietary technology enable it to create and deliver unparalleled customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 19 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. In 2013, Equifax was named a Bloomberg BusinessWeek Top 50 company, was #3 in Fortune's Most Admired list in its category, and was named to InfoWeek 500 as well as the FinTech 100. For more information, please visit: www.equifax.com.

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