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Mortgage Delinquencies Drop for Fourth Consecutive Month - Equifax

Autos Loan Increases Show Glimmer of Growth

ATLANTA, June 29 /PRNewswire-FirstCall/ -- While consumer delinquency rates remain near historic highs across many businesses, those for auto, credit card and home equity loans continued their year-over-year decline in May, according to Equifax Inc.'s (NYSE: EFX) monthly Credit Trend Report. And for the fourth consecutive month, first or primary mortgage delinquencies decreased, though they remain higher than for the same months in 2009.

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The number of primary home mortgages at least 30 days late in May was 7.49 percent, down 2.7 percent from April's level of 7.69 percent. The May rate is significantly higher than the 7.01 percent rate of May 2009 and the 4.42 percent rate ofMay 2008.

Home equity revolving lines of credit (HELOC) available to consumers are now an estimated $112 billion lower and the number of accounts is an estimated 1.3 million lower than the September 2008 peak of approximately 14.5 million accounts. However, delinquency rates have eased down slightly from 3.27 percent in April to 3.09 percent in May. These rates show reductions from the 3.44 percent rate of May 2009, but still exceed the 2.52 percent rate of May 2008 and the 1.28 percent rate ofMay 2007.

"Credit rationing is continuing but at a much slower pace," explainedDann Adams, president of Equifax's U.S. Consumer Information Solutions. "Furthermore, we're continuing to see increases in auto loan originations which suggest we may have found a bottom in that category."

There were 1.5 million new auto loans in April, making it the second consecutive month for increases in auto loan originations compared to the same month a year ago.

Total consumer debt dropped six percent from October 2008's peak of$11.5 trillion to about $10.9 trillion in May 2010. First mortgage debt in May dropped by$528.9 billion to about $8.8 trillion or 5.7 percent from October 2008's peak of$9.3 trillion. Year-over-year in May, bank credit card balances were down by 9.5 percent and auto loan balances by 6.8 percent. Conversely, student loan balances are up by 9.7 percent after an almost 11 percent gain in 2009.

Bankcard issuers continued to close accounts and reduce credit lines. Bank card credit lines are down by $961 billion and the number of accounts by 107 million since their peak in July of 2008. The May 2010 60-days-past-due rate of 3.97 percent is down from 4.24 percent in

April, and is below May 2009's peak 4.79 percent but higher than May 2008's 3.30 percent.

The number of bankcard accounts opened in April 2010 (the most recent month that data is available) – 2.4 million – was off by nearly 65 percent from the peak month, October 2008, when more than 6.5 million bankcards were opened. And when they are establishing new bankcard accounts, lenders are continuing to be more selective about who they give credit to as the percent of cards issued to those with credit scores greater than 660 grew from about 61 percent in April 2007 to almost 80 percent by April 2010.

"New bank credit card limits – at $9.5 billion in April – are just 40 percent of 2006's $23.6 billion," Adams said. "Year-over-year reductions in average credit limits -- from $4600 to $4000 – means there have been a 13 percent reduction in credit limits for cards with the same risk or credit score. And, personal bankruptcies – both Chapter 13 and 7 – increased 10.5 percent year-over-year in May. All these factors suggest there is less credit in the system. "

With U.S. home prices declining, originations for home equity lines of credit are also declining. In April 2010 originations were 76,700 – up slightly from last month's total of 73,600.

Like bankcards, home equity lines are primarily being issued to lower-risk consumers. Almost 82 percent of the consumers who received HELOCs in April 2010 were considered low-risk (Equifax Risk Scores of 740 and above) an increase from about 66 percent from April 2007. In conjunction with declining home prices and home equity, average home equity lines have declined over the past two years, declining from approximately $101,125 to about $82,120 in April 2010.

Data for the Credit Trends Monitor Report is sourced from Equifax's nearly 200 million files of US consumers using credit.

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With a strong heritage of innovation and leadership, Equifax continuously delivers innovative solutions with the highest integrity and reliability. Businesses – large and small – rely on us for consumer and business credit intelligence, portfolio management, fraud detection, decisioning technology, marketing tools, and much more. We empower individual consumers to manage their personal credit information, protect their identity, and maximize their financial well-being.

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