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Home Finance Write-Offs Decrease 30% Year-Over-Year, Reach Five-Year Low

ATLANTA, July 1, 2013 (GLOBE NEWSWIRE) -- According to Equifax's (NYSE:EFX) latest *National Consumer Credit Trends Report*, home finance write-offs year-to-date through May 2013 total \$69.7 billion, a five-year low, and a decrease of more than 23% year-over-year (\$90.8 billion YTD in 2012) and almost 45% lower than the high set over the first five months of 2010 (\$126 billion). Conversely, non-home finance write-offs total \$33.9 billion year to date through May 2013, a year-over-year increase of 3% from \$32.8 billion.

In addition, year-over-year changes in home finance 30-day delinquency rates in May 2012 versus May 2013:

- First mortgage: decreased more than 22% (from a rate of 8.26% to 6.40%);
- Home equity revolving: decreased more than 22% (from 3.43% to 2.67%);
- Home equity installment: decreased 18% (from 6.39% to 5.24%)

"Improving payment behavior and decreasing delinquencies has brought some stability to the home-finance sector. While there is still concern over the high volume of existing severely delinquent loans, otherwise known as the shadow inventory, rising home values are bringing more and more borrowers into positive equity and decreasing the likelihood that they will fall into trouble," said Equifax Chief Economist Amy Crews Cutts. "Low mortgage rates, though recently rising to a two-year high of 4% on 30-year fixed-rate mortgages, have supported strong refinance activity and pushed homebuyer affordability to new highs."

"Originations of new first mortgages have failed to keep pace with write-offs and pay-offs, but other tradelines are seeing rising total balances and growth in accounts. Total new consumer credit, excluding first mortgages, in the first quarter of 2013 is 45% higher than same time in 2010, the recent year-to-date low point. Auto loan origination activity continues outpacing other verticals, accounting for nearly half of the total new credit dollars originated in the first quarter of 2013."

Other highlights from the most recent data include:

Auto:

- Year-over-year, the total balance of new credit increased nearly 9% from \$740.7 billion in May 2012 to \$806.5 billion in May 2013.
- The total number of new loans increased more than 8%, year-over-year, Q1 2012-2013, from 5.2 million to 5.6 million.
- By source, bank funded auto loans increased more than 13% year-over-year in Q1 2012-2013, from \$18 billion to \$20.4 billion, while auto finance company funded loans increased more than 5% in that same time, from \$20.6 billion to \$21.7 billion.

First Mortgage:

- 65% of severely delinquent balances are from loans opened 2005-2007.
- Year-over-year, agency funded first mortgage balances increased 4.5% from \$3.75 trillion in May 2012 to \$3.91 trillion in May 2013.
- Conversely, non-agency funded first mortgage balances decreased 7.7% in the same time, from \$4.13 trillion to \$3.81 trillion.

Home Equity Revolving

- The total number of new loans in Q1 2013 are 211,000, a year-over-year increase of more than 10%
- Year-over-year, the total balance of new credit increased more than 15% in that same time, from \$17.6 billion to \$20.2 billion.
- Both new loans and new credit for Q1 2013 are four-year highs for that time period.
- 73% of severely delinquent balances are from loans opened 2005-2007.

About Equifax, Inc.

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 500 million consumers and 81 million businesses worldwide, and uses advanced analytics and proprietary technology to create and deliver customized insights that enrich both the performance of businesses and the lives of consumers.

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