Mapping New England

Government-Backed Mortgage Originations, by County

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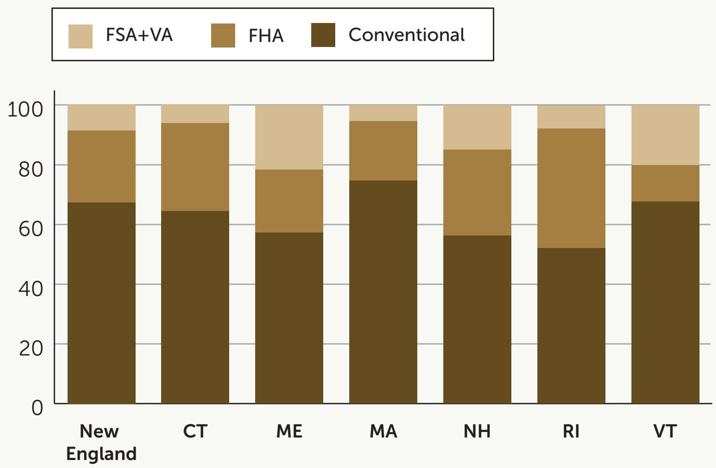
The virtual disappearance of subprime mortgages from New England's housing credit market in the wake of the 2008 financial crisis has sparked the proliferation of other products for borrowers who may not be able to afford the 20 percent down payment of conventional loans. Government-insured financing by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), and the Farm Service Agency (FSA) provide homeowners with underwriting standards that set lower minimum credit scores and typically require only a 3 percent down payment. Since such loans carry a greater risk of default, their insurance premiums, interest rates, and contract fees are also higher.

From the end of 2007 to the end of 2012, the share of government-backed mortgage originations in New England more than quadrupled, from 2.9 percent to 13.6 percent. In 2012, 10 of the region's 68 counties reported that over a quarter of their borrowers received one of the government-insured loans. It is also notable that about 32 percent of borrowers in the home purchase category obtained FHA, VA, and FSA mortgages, while less than 9 percent of people refinancing existing homes did. Maine and New Hampshire have the most counties with high rates of government-backed home loans.

New England Home-Purchase Loan Originations by State

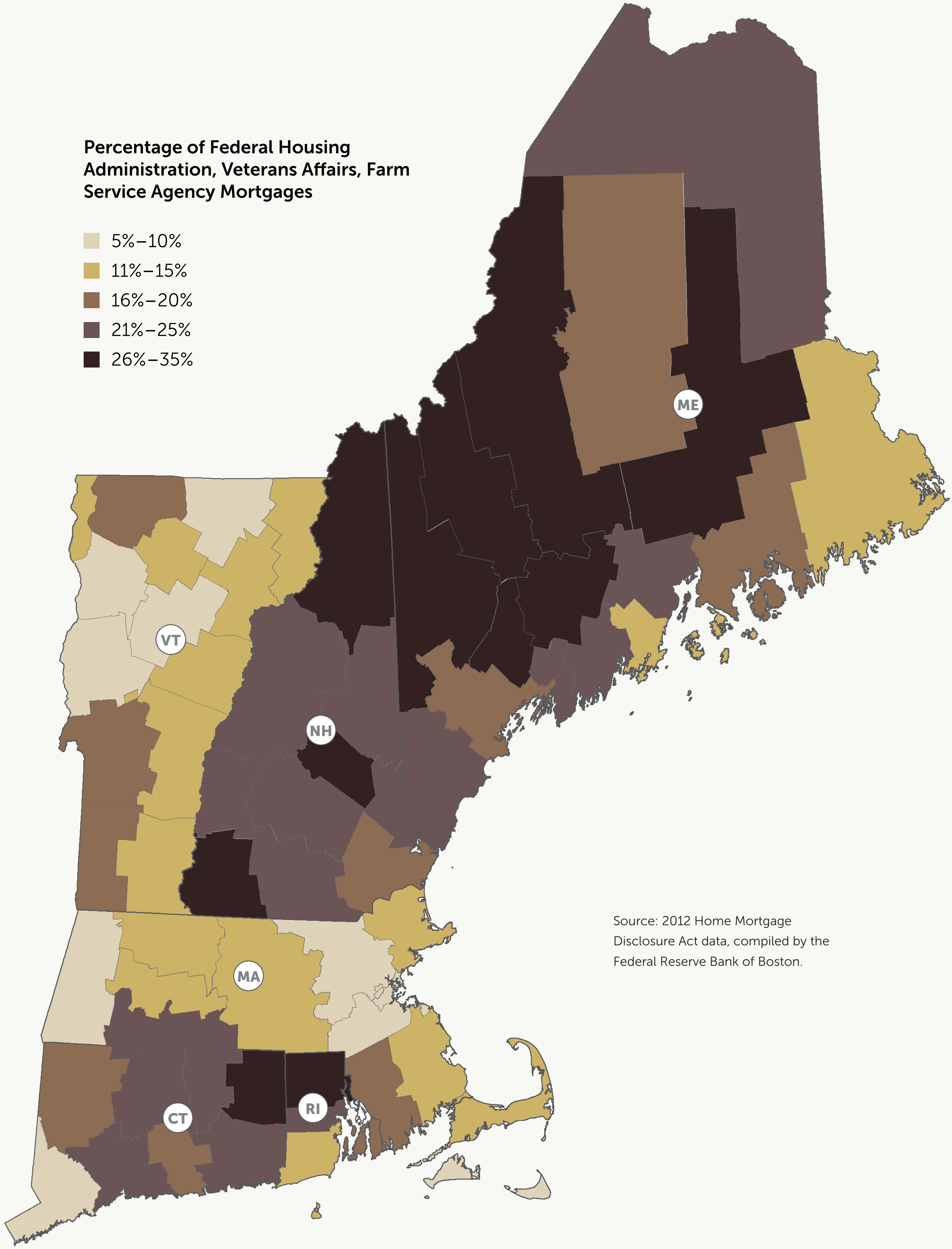
The chart highlights significant geographic variation in the proportion of borrowers getting FHA, FSA, and VA home purchase loans. At 25.3 percent, Massachusetts has the lowest proportion of government-backed purchase originations, and Vermont the second lowest rate, 32.4 percent. Conversely, Rhode Island's financial institutions report a high prevalence of such loan products, amounting to nearly 48 percent of the state's total home-purchase mortgages.

New England Home-Purchase Loan Originations by State and Type of Loan (as a Percentage of Total Originations), 2012



Source: 2012 Home Mortgage Disclosure Act data, compiled by the Federal Reserve Bank of Boston.

Percentage of Federal Housing Administration, Veterans Affairs, Farm Service Agency Mortgages



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