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# **Foreclosure Trends**

# Q4 2015

Joseph Speer

# **Research Specialist**

# RESEARCH AND PLANNING DIVISION

Tennessee Housing Development Agency Andrew Jackson Building 502 Deaderick St., Third Floor Nashville, TN 37243



#### **Key Findings:**

- Tennessee's foreclosure rate ranked 39<sup>th</sup> in the nation as of December 2015 at 0.5 percent.<sup>1</sup> This was the lowest foreclosure rate in the Southeastern United States.
- Tennessee saw notable declines in delinquencies, REO properties, and foreclosures during the fourth quarter of 2015. Following the staggering declines that have occurred since the housing recovery, which kept pace in 2015, it remains to be seen when the downward trend of the past four years will come to a halt.
- Modifying our methodology for this report, and computing rates of delinquency/REO/ /foreclosure by loan count (rather than housing units) produces a noteable change in a) which counties greatly exceed the statewide average, and b) the relative standing of Shelby County, which, in previous reports, has been the state leader in delinquency and foreclosure rate.

The past several years of Tennessee's housing market data have fit well into the broader narrative of recovery from the Great Recession. Since their peak levels in 2011-12, Tennessee's delinquency, REO, and foreclosure totals have steadily diminished. The fourth quarter of 2015 was no exception to this trend; foreclosures declined by nearly eight percent from the third quarter, while delinquencies declined by more than four percent, and REOs by nearly 20 percent.

Of the state's four largest metros, Memphis has, by far, the highest Index Values,<sup>2</sup> with Nashville, Knoxville, and Chattanooga generally below the statewide average in all three categories.

Tennessee's Big Four Counties, Compared (listed by Population)					
County Delinquency Index REO Index Index					
Shelby	169	151	164		
Davidson	71	40	69		
Кпох	67	78	80		
Hamilton	101	81	79		

However, within Tennessee, the highest rates of delinquencies, REOs, and foreclosures are generally found within smaller counties, often in West Tennessee.

<b>Tennessee Counties with High Index Values in all Three Categories</b> (Irrespective of Population)					
County Delinquency Index REO Index Foreclosure   Index Index Index Index					
Hardeman	260	273	197		
Lauderdale	234	236	185		
Haywood	239	192	181		
Henderson	162	195	168		

<sup>&</sup>lt;sup>1</sup> http://www.corelogic.com/research/the-market-pulse/marketpulse\_2016-february.pdf

<sup>&</sup>lt;sup>2</sup> By indexing county-level delinquency, REO, and foreclosure rates relative to the state average, we can show which areas of the state stand out. Shelby County's Delinquency Index Value of 169, for example, signifies a delinquency rate 1.69 times the Tennessee overall delinquency rate.

For this report we are introducing significant revisions to our methodology. Prior to the 4<sup>th</sup> quarter of 2015, THDA's Foreclosure Trends reports had been calculating the Delinquency, REO, and Foreclosure Index using housing unit totals, rather than active loan totals. Before 2015, we had obtained our data through RealtyTrac, which computed its rate statistics relative to housing unit totals. Computing our CoreLogic<sup>®</sup> indices using housing unit statistics was initially done to maintain continuity with the archive of foreclosure reports.

After re-evaluating our methodology, however, it was decided that using the loan count statistics was preferable, both practically and theoretically. Accounting for the relative size of each county's mortgage market, rather than its overall housing inventory, produces a substantially different picture of foreclosure trends across Tennessee.

For each of the "foreclosure trend" variables, we have five maps: four mapping index values by zip code (showing East, Middle, West, and the State of Tennessee) and a fifth map showing incidence irrespective of rates. Because high index values may not necessarily reflect a noteworthy pattern (the highest zip code by Foreclosure Index Value, for example, held only three foreclosures, but was inflated by its extremely low number of active mortgages) we provide this fifth map to show "hot spots" by volume, whether it be delinquencies, REOs, or foreclosures.

#### DELINQUENCY

In the fourth quarter of 2015, loan delinquencies in Tennessee declined by roughly four percent compared to the third quarter of 2015, and by roughly 25 percent compared to the fourth quarter of 2014. This decline in delinquencies was consistent across larger and smaller, urban and rural counties; 78 of Tennessee's 95 counties saw their delinquency totals decrease, compared to just 11 counties that experienced an increase in delinquency (eight counties saw no change).

	The 10 Counties with the Highest Delinquency Index Values						
	CountyDelinquency Index ValuePercent Change from Q3 2015 Index ValuePercent Change from Q4 2014 Index Value				Grand Division		
1	Hardeman	260	3.2%	6.2%	West		
2	Haywood	239	10.1%	17.7%	West		
3	Lauderdale	234	3.5%	10.6%	West		
4	Shelby	169	1.5%	1.3%	West		
5	McNairy	166	-2.7%	18.6%	West		
6	Henderson	162	8.4%	21.5%	West		
7	Grundy	158	9.7%	46.6%	Middle		
8	Tipton	151	4.8%	9.3%	West		
9	Sequatchie	150	9.0%	26.7%	Middle		
10	Gibson	147	3.4%	18.4%	West		

\*State delinquency rate=100. Hardeman County's delinquency rate equals 2.60 times the Tennessee rate.

\*\*A positive value in "percent change" columns reflects an increase in the Index Value, not necessarily an increase in a county's delinquency rate. A county could see its delinquency rate fall, but if the state average falls faster, the county will show positive values in these columns.

The revisions to our Index methodology have produced some significant changes in the top 10 counties for delinquency rate, compared to the Quarter 3 report. By accounting for the relative size of each county's mortgage market, rather than its volume of housing units, Shelby County no longer sits at the top of the list. In fact, computing delinquency rate by loan count reduced Shelby County's Index Value considerably; whereas Shelby County's delinquency rate is now 1.69 times the state average (still 4<sup>th</sup> overall in the state), previous quarters' reports put Shelby County right at twice the state average for delinquency rate.<sup>3</sup>

Computing the Delinquency Index by loan count paints a slightly bleaker picture for some of Tennessee's smaller counties; while Hardeman, Haywood, and Lauderdale Counties all ranked high in previous editions of this report, they now rank in the top three of the Delinquency Index by a wide margin. While none of the top three saw significant changes in their total delinquencies, it should be noted that the trend of decline across the state was so strong that Haywood County's Q4 handful of added delinquencies was the largest county-level increase in Tennessee.



As shown in the above graph, the vast majority of Tennessee's counties saw marginal changes from the third quarter to the fourth quarter. However, a number of smaller counties showed surprisingly strong declines, Roane, Campbell, Carroll and Madison chief among them. While Shelby County showed an

<sup>&</sup>lt;sup>3</sup> However, all "Percentage Change from Q3 2015" and "Percentage Change from Q4 2014" are calculated using loan count-updated Index Values. Hardeman County's 3.2 percent change in Delinquency Index Value from Q3 2015 is not based on the Q3 Report, but a recomputed Delinquency Index from Q3 using loan count instead of housing unit totals. A complete listing of the loan count-updated Q3 Index has, however, been made available on the Research and Planning section of thda.org.

impressive drop in delinquency, its Index Value rose slightly because the state's delinquency drop outpaced that of Shelby County.



Year-over-year declines in loan delinquency have been especially impressive. In addition to declining by more than four percent from the previous quarter, the fourth quarter of 2015 ended with an almost 20 percent decline from the end of 2014. Even more astonishing is the steep drop off from five years ago, with Tennessee's peak delinquency total in early 2011 being more than twice its Q4 2015 total. In total, Tennessee has experienced eleven consecutive quarters of declines in loan delinquency.

The fourth quarter zip code-level Delinquency Index shows the variety of zip code-level outcomes within Tennessee's large urban counties, and reveals that, despite Hardeman County's overall worse standing in the Delinquency Index, Shelby County has the top three zip codes in the Index. Unlike Hardeman, Shelby County has better performing zip codes in Bartlett, Arlington, and Germantown to bring up its countywide average. All of Hardeman County's zip codes, by contrast, are above the state average. Maps 1-4 display the Delinquency Index for East, Middle, and West Tennessee, and for the state. Map 5 focuses on the delinquency hot spots, showing high totals of delinquencies, rather than the Index Values in Maps 1-4.







## Middle Tennessee Delinquency Index Values by Zip Code





# West Tennessee Delinquency Index Values by Zip Code

#### Top 5 Tennessee Zip Codes for Delinquency Index\*

38126	[Shelby; Memphis]	Index Value=413
38106	[Shelby; Memphis]	Index Value=401
38105	[Shelby; Memphis]	Index Value=385
37407	[Hamilton; Chattanooga]	Index Value=374
38118	[Hardeman/Fayette; Grand Junction]	Index Value=373
	*Excluding Zip Codes with fewer than	100 loans*



# The Top Tennessee Zip Codes for Loan Delinquencies



Top 5 Tennessee Counties for Delinquency Volume

Shelby

Davidson

Hamilton

Knox

Rutherford

#### Top 5 Tennessee Zip Codes for Delinguency Volume

38125	[Shelby;	Memphis]
00110	[011010])	mempinoj

37042 [Montgomery; Clarksville]

Top 45

- 38128 [Shelby; Memphis]
- 37013 [Davidson; Antioch]
- 38118 [Shelby; Memphis]

### REAL ESTATE OWNED (REO) INVENTORY

Real Estate Owned (REO) properties in Tennessee declined by more than 18 percent in the fourth quarter of 2015, which amounted to a 35 percent decline from a year ago.



While county-level REO totals tended to seesaw earlier in 2015 (with roughly half experiencing an increase and half experiencing a decrease), more than two thirds of Tennessee counties saw their REO totals fall in the fourth quarter (69 of 95). Much like delinquency, the magnitude of countywide REO declines was much greater than the increases experienced elsewhere in the state; Shelby County saw its REO total decrease by 48, while three REOs were the most gained by any one county in the third quarter.

	The 10 Counties with Tennessee's Highest REO Index Values						
	CountyREO Index ValuePercent Change from Q3 2015 Index ValuePercent Change from Q4 2014 Index Value		Percent Change from Q4 2014 Index Value	Grand Division			
1	Van Buren	389	-36.9%	-9.3%	Middle		
2	Sequatchie	365	42.4%	87.1%	Middle		
3	McNairy	338	19.0%	106.6%	West		
4	Fentress	307	-3.5%	40.7%	Middle		
5	Meigs	296	35.6%	21.7%	East		
6	Hickman	290	-0.9%	-11.1%	Middle		
7	Hardeman	273	4.0%	34.0%	West		
8	Scott	273	31.1%	198.2%	East		
9	Hawkins	256	33.3%	33.0%	East		
10	Wayne	255	-19.5%	72.7%	Middle		

\*State REO rate=100; Van Buren County's value of 389 denotes an REO rate 3.89 times that of the Tennessee overall rate.

\*\*A positive value in "percent change" columns reflects an increase in the Index Value, not necessarily an increase in a county's REO rate. A county could see its REO rate fall, but if the state average falls faster, the county will show positive values in these columns.

Unlike delinquency, the distribution of the REO Index is far less clustered around the state average of 100; the upper end of the distribution approaches four times the state average. Furthermore, top upper end of the REO Index distribution is heavily proliferated by smaller, rural counties; Shelby County, for example, is ranked 30<sup>th</sup> overall in REO rate, which, given the county's ranking in related measures, may seem surprisingly low. This was not the case in previous quarters' reports, where housing unit totals were used to compute REO rates. In fact, revising our methodology from Q3 to Q4 leaves only McNairy, Fentress, and Hardeman Counties as holdovers from the top 10.

The REO Index is prone to dispersion and extremes for two reasons: one, the relative infrequency of REOs in Tennessee, and two, the lack of home price appreciation in smaller, rural counties, that makes REO incidence so much higher there. In the fourth quarter of 2015, a delinquent loan was almost 14 times more frequent than an REO in Tennessee. This infrequency inevitably leads to huge swings in REO Index Values. Because REOs make up less than three tenths of a percent of Tennessee's active home loans, a countywide increase from 4 to 6 REOs, for example, very well could vault it into the upper end of the REO Index. In fact, there were five counties that finished the fourth quarter with no REOs at all.

This statistical reality of REOs is compounded further by the fact that Tennessee's urban areas are enjoying healthy demand and growth in home values; in larger counties, it is likely that lenders have greater success auctioning off foreclosed homes, where a high amount owed is more likely to be exceeded by the value of the property itself. In smaller counties still recovering from the foreclosure crisis, more of these homes fail to sell at auction, because the frenetic growth of the housing market in Tennessee's large cities is inherently uneven and may not apply to rural areas of the state.



Perhaps the biggest takeaway from the above chart is the exceptionally steep declines in the state's smallest counties, some of which were at the top end of the REO Index just one quarter ago.<sup>4</sup> Campbell, Roane, and Loudon Counties were ranked 1<sup>st</sup>, 2<sup>nd</sup>, and 6<sup>th</sup> in the Q3 REO Index, respectively, and so to see such a decrease in not one but all three counties is notable. In fact, Campbell County has seen its REO inventory slashed by two thirds in just six months.

The top REO Index zip codes are far more scattered across the state's smaller counties than the top zip codes in the Delinquency Index, which were by and large in Shelby and Montgomery County. Instead, the upper end of the zip code Index more closely mirrors the upper end of the county level Index. The following maps of REO Index by zip code further demonstrate this. Because these high zip codes, shown in maps 6-8, may not necessarily reflect a noteworthy pattern of bank-owned homes, Map 10 is included to show the 45 Tennessee zip codes with the highest REO totals. Map 9 shows the REO Index by county instead of zip code.

When we examine REO totals irrespective of loan count, Map 10 illustrates the share of REOs located in Shelby County; 12 of the 15 zip codes for REO volume were in Shelby. The smaller cities of La Follette (Campbell County) and Sevierville (Sevier County) had appeared in the top 15 in the second and third quarters, which was somewhat surprising. However, both fell out of the top 15 in the 4<sup>th</sup> quarter; Sevierville fell to 16<sup>th</sup>, while La Follette fell out of the top 45 completely,<sup>5</sup> which helps explain Campbell County's aforementioned REO declines. None of the top 15 were located in Knox or Hamilton County, for example, and other than the suburb of Antioch, Davidson County had zero zip codes in the top 45 for REO volume.



## East Tennessee REO Index Values by Zip Code

Map 6

<sup>&</sup>lt;sup>4</sup> While our methodology changed, Campbell County would have still been at the top of the REO Index in Q4, had it not seen any change in REO inventory. Loudon and Roane Counties are a similar story.

<sup>&</sup>lt;sup>5</sup> The aforementioned methodology change only affected rates of REOs, and not the raw totals as discussed here. In the absence of the methodology change, Sevierville and La Follette would still have fallen out of the top 15 for REO volume.





Middle Tennessee REO Index Values by Zip Code



## West Tennessee REO Index Values by Zip Code

### Top 5 Tennessee Zip Codes for REO Index\*

38067	[Hardeman; Saulsbury]	Index Value=783
37328	[Lincoln; Elora]	Index Value=627
38240	[Obion; Obion]	Index Value=597
37407	[Hickman; Centerville]	Index Value=535
38118	[Wayne; Clifton]	Index Value=527

\*Excluding Zip Codes with fewer than 100 loans\*

# Tennessee REO Index Values by County



# The Top Tennessee Zip Codes for REO Volume



#### Top 5 Tennessee Counties for REO Volume

Shelby

Knox

Davidson

Hamilton

Montgomery

#### Top 5 Tennessee Zip Codes for REO Volume

38128	[Shelby; Memphis]
37042	[Montgomery; Clarksville]
38127	[Shelby; Memphis]
38016	[Shelby; Cordova]
38118	[Shelby; Memphis]

#### FORECLOSURE RATES



While all three categories covered in this report have seen tremendous improvements over the last four or five years, foreclosures have seen the most improvement from their respective peak; delinquencies have fallen by 50 percent since their peak in February 2011, and REOs have fallen by 65 percent since they peaked in March 2012, but foreclosures have topped both of those measures, having fallen more than 75 percent from its peak total in October 2011. As shown in the above figure, 2015 saw foreclosures continue to drop, with a second quarter of precipitous declines and a third quarter of small declines. The fourth quarter of 2015 went even further, seeing a drop in foreclosures of nearly eight percent. When compared to the fourth quarter of 2014, Tennessee has seen a 25 percent reduction in foreclosure inventory.

	The 10 Counties with the Highest Foreclosure Index Values						
	County	Foreclosure Index Value	Percent Change from Q3 2015 Index Value	Percent Change from Q4 2014 Index Value	Grand Division		
1	Hancock	340	21.2%	57.5%	East		
2	Van Buren	229	11.6%	300.5%	Middle		
3	Perry	216	62.2%	95.6%	Middle		
4	Grundy	212	49.4%	57.3%	Middle		
5	Hardeman	197	-2.1%	12.3%	West		
6	Lauderdale	185	-5.9%	20.1%	West		
7	Haywood	181	28.9%	29.5%	West		
8	Henderson	168	14.0%	29.4%	West		
9	Marshall	167	26.5%	32.9%	Middle		
10	Shelby	164	4.2%	1.3%	West		

\*State rate=100; Hancock County's value of 340 denotes a foreclosure rate 3.4 times that of the Tennessee overall rate.

\*\*A positive value in "percent change" columns reflects an increase in the Index Value, not necessarily an increase in a county's REO rate. A county could see its REO rate fall, but if the state average falls faster, the county will show positive values in these columns.

In terms of volume, foreclosures are much closer to REOs than delinquencies, resulting in more erratic percentage changes on a quarter-to-quarter basis. Van Buren County, for example, has only seen a handful of foreclosures added over the past year, but because of its small size and the lower incidence of foreclosure, this was enough to spike Van Buren County's Foreclosure Index Value enormously. Furthermore, the change to computing foreclosure statistics by loan count drastically alters the top 10 as shown in the above table; of the 10 counties with the highest Foreclosure Index Values in Q3, just two, Shelby and Hardeman, finished in the top 10 for Q4. And similar to the transition seen in the Delinquency Index, Shelby County went from the state's far-and-away highest foreclosure rate, at nearly two times the state average, to a much more modest value.

As the state's smallest mortgage market (with fewer than 200 total active loans), Hancock County's stateleading foreclosure rate may not be the red flag its Index Value would indicate. The same may be said of Van Buren, Perry, and Grundy County as well. While it is likely that static real estate markets in some of Tennessee's smallest, rural counties (such as the above four counties) increase the likelihood of negative equity, strategic default and eventual foreclosure, the available data is too limited to conclusively label counties like Hancock as in the midst of a foreclosure spike.

The rest of the top 10, however, have large enough foreclosure totals and loan counts to soundly categorize them as Tennessee's standouts in foreclosure rate. In particular, Haywood, Henderson, and Marshall County, who all saw their foreclosure totals increase slightly, may be slated for further increases in future quarters when the statewide trend is not one of moderate declines in foreclosure.



Davidson County had the state's largest nominal decline in foreclosures; Shelby County usually experiences the largest nominal changes in any given category. The above graphic shows Shelby to decline much more slowly, relative to the rest of the state, than a county of its size was projected to, which helps explain its positive value in the "Percent Change" column. Other than Davidson County, Sumner, Maury, Madison, and Roane Counties all declined much faster than Tennessee did as a whole. Should counties such as Sullivan, Gibson, and Putnam continue to see increases that deviate so strongly from overall trends, as they did in Q4, they may warrant further research.

By zip code, the highest Foreclosure Index values (as high as seven times the state average) were not highly correlated with the top counties in foreclosure rates. A glance at the following maps of Tennessee foreclosure rates reveals a scattering of extremely high value zip codes that are quite often one to three foreclosures in sparsely populated areas. Shelby County held just one of the top 15 zip codes for Foreclosure Index, but 11 of the top 15 for total foreclosures. To highlight the sheer volume of foreclosure in some zip codes, Map 15 is included at the end of this report, following Index maps 11-14.

#### Map 11



East Tennessee Foreclosure Index Values by Zip Code



## Middle Tennessee Foreclosure Index Values by Zip Code



## West Tennessee Foreclosure Index Values by Zip Code

#### Top 5 Tennessee Zip Codes for Foreclosure Index\*

38126	[Shelby; Memphis]	Index Value=544
38345	[Henderson; Huron]	Index Value=490
38317	[Carroll; Bruceton]	Index Value=420
38067	[Hardeman; Saulsbury]	Index Value=410
38106	[Shelby; Memphis]	Index Value=390

\*Excluding Zip Codes with fewer than 100 loans\*

# Tennessee Foreclosure Index Values by County



# The Top Tennessee Zip Codes for Foreclosures



#### Top 5 Tennessee Counties for Foreclosure Volume

Shelby

Davidson

Knox

Montgomery

Hamilton

#### Top 5 Tennessee Zip Codes for Foreclosure Volume

37042	[Montgomery; Clarksville]
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- 38125 [Shelby; Memphis]
- 38128 [Shelby; Memphis]
- 38141 [Shelby; Memphis]
- 37013 [Davidson; Antioch]

# Appendix: Methodology

Delinquency, REO, and foreclosure rates are calculated by dividing the number of loans in each category by the total number of active home loans<sup>1</sup> in each county<sup>2</sup>. Since CoreLogic<sup>®</sup>'s Market Trends data are computed monthly, we estimated quarterly figures by averaging the monthly data points for each of the quarter's three months.

Because CoreLogic<sup>®</sup> Market Trends data are proprietary, we cannot publish specific numbers or rates in this report. We follow the methodology used by the Minnesota Housing Finance Agency<sup>3</sup> and calculate similar index values for each of the variables. The index is calculated by dividing each county (zip code) rate by the state rate. For example, a county (zip code) with a foreclosure rate identical to the statewide rate would have a Foreclosure Index value of 100; counties (zip codes) with Foreclosure Index scores above 100 exceed the statewide average for foreclosure rates.<sup>4</sup> For purposes of showing outliers and comparisons between counties, the index values we calculate may be interpreted similarly to rate statistics. For instance, the top ten counties ranked in our Delinquency<sup>5</sup> Index are also the ten counties with the highest delinquency rates. We show the index values because we are unable to present the raw data from CoreLogic<sup>®</sup>.

Prior to Quarter 4 2015, THDA's Foreclosure Trends reports had been calculating the Delinquency, REO, and Foreclosure Index using active housing unit totals, rather than active loan totals. Before 2015, we had gotten our data through RealtyTrac, which computed its rate statistics relative to housing unit totals instead. Computing our indices with housing unit statistics was initially done to maintain continuity with the archive of foreclosure reports. After re-evaluating our methodology, however, it was decided that using the loan count statistics was preferable, both practically and theoretically. Accounting for the relative size of each county's mortgage market, rather than its overall population, produces a substantially different picture of foreclosure trends across Tennessee—a picture that we believe to be more accurate.

#### **Previous Methodology**

County-Level Delinquency Index Value =

Total Delinquent Loans in County		Total Delinquent Loans in Tennessee	v 100
Total Housing Units in County	•	Total Housing Units in Tennessee	× 100

Using a different, smaller denominator to calculate delinquency ultimately raised the Index Values of many of Tennessee's smaller counties.

http://www.mnhousing.gov/wcs/Satellite?c=Page&cid=1358904870907&pagename=External%2FPage%2FEXTStan dardLayout

<sup>&</sup>lt;sup>1</sup> For the number of housing units, we used the number of residential addresses from HUD Aggregated USPS Administrative Data on Address Vacancies.

<sup>&</sup>lt;sup>2</sup> Even though discussion in the report is mostly at county level, maps are created using the zip code level data. <sup>3</sup> See "Residential Foreclosures in Minnesota," by Minnesota Housing Finance Agency at

<sup>&</sup>lt;sup>4</sup> The index values should be treated cautiously, especially on a zip code level, because some zip codes with a relatively small number of mortgages might have high rates, even if they have just a handful of delinquent, REO or foreclosure loans compared to other zip codes with more mortgages.

<sup>&</sup>lt;sup>5</sup> Delinquency tabulations in this report include REOs and loans in the foreclosure process.

#### **New Methodology**

County-Level Delinquency Index Value =

Total Delinquent Loans in County+Total Delinquent Loans in Tennessee× 100Total Home Loans in County+Total Home Loans in Tennessee× 100

This produced some changes in counties' rates relative to one another.

Loan Count			
Ronk County			
Kalik	Name		
1	Shelby		
2	Davidson		
3	Knox		
4	Hamilton		
5	Rutherford		
6	Williamson		
7	Montgomery		
8	Sumner		
9	Wilson		
10	Blount		
11	Maury		
12	Sevier		
13	Sullivan		
14	Bradley		
15	Washington		
16	Madison		
17	Robertson		
18	Anderson		
19	Putnam		
20	Loudon		

Hou	Housing Units				
Rank	County				
Natik	Name				
1	Shelby				
2	Davidson				
3	Knox				
4	Hamilton				
5	Rutherford				
6	Montgomery				
7	Williamson				
8	Sullivan				
9	Sumner				
10	Washington				
11	Blount				
12	Wilson				
13	Sevier				
14	Bradley				
15	Madison				
16	Maury				
17	Anderson				
18	Putnam				
19	Greene				
20	Cumberland				

For example, Washington County given *x* number of delinquent loans in Quarter 4, and Sevier County with *x* delinquencies as well, the revised methodology has significant implications for each county's Index Value. Under the old housing unit methodology, Washington County would have a larger denominator, and therefore a lower delinquency rate and lower Index Value than Sevier County. When switched to this report's methodology, Sevier County has the higher loan count, and therefore a lower delinquency rate and Index Value with the same number of delinquencies. The following pages shows a calculation of the Delinquency, REO, and Foreclosure Indices using both the old method and the new method, and compares the results of each.

Updated Methodology: Indices using Loan Count, rather than Housing Units

Rank	County Name	<b>REO Index</b>
1	Van Buren	389
2	Sequatchie	365
3	McNairy	338
4	Fentress	307
5	Meigs	296
6	Hickman	290
7	Hardeman	273
8	Scott	273
9	Hawkins	256
10	Wayne	255

Rank	County Name	Delinquency Index
1	Hardeman	260
2	Haywood	239
3	Lauderdale	234
4	Shelby	169
5	McNairy	166
6	Henderson	162
7	Grundy	158
8	Tipton	151
9	Sequatchie	150
10	Gibson	147

Rank	County Name	Foreclosure Index
1	Hancock	340
2	Van Buren	229
3	Perry	216
4	Grundy	212
5	Hardeman	197
6	Lauderdale	185
7	Haywood	181
8	Henderson	168
9	Marshall	167
10	Shelby	164

## Using Q4 data, but calculated via Q1-Q3 Methodology [housing unit totals]

Rank	County Name	<b>REO Index</b>
1	Meigs	201
2	McNairy	201
3	Cheatham	199
4	Hickman	195
5	Sevier	185
6	Shelby	177
7	Hardeman	171
8	Roane	170
9	Fayette	161
10	Fentress	161

Rank	County Name	Delinquency Index
1	Shelby	199
2	Tipton	188
3	Hardeman	163
4	Fayette	150
5	Robertson	147
6	Haywood	139
7	Madison	130
8	Montgomery	129
9	Cheatham	124
10	Lauderdale	123

Rank	County Name	Foreclosure Index
1	Shelby	193
2	Robertson	176
3	Montgomery	173
4	Fayette	172
5	Tipton	160
6	Marshall	144
7	Hardeman	123
8	Cheatham	122
9	Marion	115
10	Gibson	114

# Appendix: Tennessee's 95 Counties, Complete Index

4<sup>th</sup> Quarter 2015

	Statewide Ranking (1 through 95)			In	dex Value	S
County Name	Delinquency	REO	Foreclosure	Delinquency REO Foreclos		
Anderson	51	53	34	101	133	122
Bedford	38	69	46	113	95	110
Benton	57	82	26	100	58	140
Bledsoe	13	25	82	145	183	70
Blount	74	66	63	78	103	88
Bradley	33	72	62	117	94	90
Campbell	32	17	51	120	204	103
Cannon	68	78	47	87	80	110
Carroll	21	23	16	132	185	148
Carter	58	34	67	99	150	87
Cheatham	66	41	65	88	142	87
Chester	25	48	53	127	136	96
Claiborne	42	16	22	109	207	142
Clay	93	95	95	38	0	0
Cocke	22	15	15	129	207	149
Coffee	67	36	73	88	149	79
Crockett	16	13	31	143	235	128
Cumberland	87	27	74	67	171	78
Davidson	82	89	84	71	40	69
Decatur	80	32	68	74	150	86
DeKalb	73	14	80	80	221	74
Dickson	47	54	40	104	131	115
Dyer	20	52	48	137	134	109
Fayette	41	59	32	110	118	125
Fentress	60	4	20	97	307	147
Franklin	70	73	61	84	90	92
Gibson	10	21	21	147	190	145
Giles	24	47	17	127	138	148
Grainger	65	63	86	90	110	63
Greene	40	40	24	110	145	142
Grundy	7	57	4	158	122	212
Hamblen	59	37	42	98	148	114
Hamilton	54	77	72	101	81	79
Hancock	14	91	1	144	0	340
Hardeman	1	7	5	260	273	197
Hardin	64	22	70	90	189	84
Hawkins	48	9	39	104	256	115
Haywood	2	20	7	239	192	181

	Statewide Ranking (1 through 95)		Index Values			
County Name	Delinquency	REO	Foreclosure	Delinquency	REO	Foreclosure
Henderson	6	18	8	162	195	168
Henry	76	65	45	77	103	110
Hickman	15	6	35	144	290	122
Houston	34	49	12	117	136	162
Humphreys	29	19	52	121	194	98
Jackson	43	75	41	109	83	115
Jefferson	62	26	60	94	171	92
Johnson	78	50	83	76	135	70
Кпох	86	80	71	67	78	80
Lake	12	46	57	146	138	95
Lauderdale	3	11	6	234	236	185
Lawrence	52	81	55	101	74	95
Lewis	49	29	25	103	153	140
Lincoln	61	35	64	97	149	87
Loudon	77	67	78	76	99	76
Macon	84	62	85	70	111	68
Madison	11	31	43	146	150	113
Marion	28	58	11	125	122	162
Marshall	35	79	9	116	79	167
Maury	83	83	87	71	57	61
McMinn	19	51	44	138	135	112
McNairy	5	3	28	166	338	133
Meigs	18	5	23	138	296	142
Monroe	37	24	38	113	184	116
Montgomery	31	71	13	120	94	161
Moore	79	93	58	75	0	94
Morgan	50	61	18	103	113	147
Obion	55	45	59	101	138	93
Overton	90	86	91	65	54	45
Perry	81	94	3	73	0	216
Pickett	94	43	94	31	141	0
Polk	23	55	14	127	128	155
Putnam	91	76	56	62	81	95
Rhea	17	44	19	139	141	147
Roane	30	12	36	121	236	118
Robertson	44	74	29	108	89	130
Rutherford	72	87	77	83	48	77
Scott	45	8	76	104	273	77

	Statewide Ranking (1 through 95)			In	dex Value	S
County Name	Delinquency	REO	Foreclosure	Delinquency	REO	Foreclosure
Sequatchie	9	2	27	150	365	138
Sevier	89	33	75	66	150	77
Shelby	4	30	10	169	151	164
Smith	85	60	92	68	116	40
Stewart	46	68	50	104	98	103
Sullivan	71	64	54	83	110	96
Sumner	75	84	81	78	56	71
Tipton	8	56	30	151	123	128
Trousdale	63	92	37	93	0	117
Unicoi	69	39	66	86	145	87
Union	39	28	90	111	170	47
Van Buren	53	1	2	101	389	229
Warren	26	42	49	126	142	107
Washington	88	70	79	66	94	74
Wayne	56	10	89	100	255	58
Weakley	36	38	69	115	146	84
White	27	85	33	126	55	124
Williamson	95	90	93	24	10	27
Wilson	92	88	88	59	47	59