



Delinquency Rate Continues to Improve Despite Health Crisis

While delinquencies are still elevated, especially those over 90 days, Black Knight's "first look" at November data notes a **sixth consecutive monthly decline**. The national delinquency rate dropped from 6.44 percent in October to 6.33 percent, a -1.75 percent change. It remains 79.20 percent higher year-over-year. The rate has fallen 1.5 percentage points from its peak of 7.8 percent in May but remains a full three percentage points (+93 percent) above pre-pandemic levels

At the end of the reporting period there were 3.381 million mortgage loans that were 30 or more days past due but not in foreclosure. This is down by 56,000 loans for the month, but 1.5 million more delinquencies nationally than in November 2019. Black Knight includes loans in active forbearance plans in its delinquency statistics.

The company says that, while early-stage delinquencies - borrowers one or two payments past due - **have fallen back below pre-pandemic levels**, seriously past-due (90+ days) mortgages remain 1.75 million above pre-pandemic levels.

The foreclosure moratoriums put in place at the beginning of the pandemic have kept many negative loan performance metrics at low levels. The foreclosure inventory, loans in process of foreclosure, is down by 2,000 loans since October and 72,000 since the previous November. There are 176,000 loans in the current inventory and there were 4,400 foreclosure starts during the month. Both are at the lowest level since Black Knight began reporting on them in 2000. The foreclosure sales rate, reported as a percentage of loans over 90 days, was 0.07 percent. This is down 3.49 percent and 95.76 percent for the month and on an annual basis.

Prepayments, which have been extraordinarily high since interest rates started to decline, **were down 11 percent from the 16-year high set in October**. Black Knight says, however, it expected the single month mortality (SMM) rate, a measure of prepayments, to remain elevated in coming months as low rates prompts a continued refinancing boom. The rate in November was 2.82 percent.

Black Knight will provide more details on the November loan performance in its Mortgage Monitor. It will be published early in the New Year.



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