HOUSING CONNECTION
Mortgage and Real Estate News That Matters

Although Gradually Improving, Delinquencies Remain Elevated

The rate of mortgage delinquencies remains **significantly elevated** from last year, **but there is gradual improvement**. The national rate moved higher in October on an annual basis per CoreLogic's *Loan Performance Insights Report*. Loans that were 30 or more days past due, including those in foreclosure, represented 6.1 percent of all active mortgages compared to 3.7 percent in October 2019. In September, however, the annual rate of increase was 6.3 percent.

Early-stage delinquencies are exhibiting the most positive trend. Loans that were 30 to 59 days past due declined from a 1.8 percent rate in October 2019 to 1.4 percent. The rate for that delinquency bucket spiked at 4.2 percent in April when the first financial effects of the COVID-19 pandemic hit. The rate for loans in "adverse" delinquency, i.e., 60 to 89 days non-current, was unchanged from a year earlier at 0.6 percent.

The rate of **serious delinquencies**, the share of loans more than 90 days past due, remains more than three times its year-ago rate of **1.3 percent but is slowly improving**. It inched down from the August and September rates of 4.3 percent and 4.2 percent respectively to 4.1 percent.

The foreclosure inventory rate, loans in the process of foreclosure, is down 0.1 percent on an annual basis. Due largely to the moratoriums in effect due to the pandemic, the rate has stayed at 0.3 percent for seven consecutive months. That is the lowest rate since CoreLogic began tracking the statistic in 1999.

In October 0.8 percent of active mortgages transitioned from current to 30-days past due. This is up from 0.7 percent in October 2019.

"During early autumn, the improving economy enabled more families to remain current on their home loan," said Dr. Frank Nothaft, chief economist at CoreLogic. "In September and October, 0.8 percent of current borrowers transitioned into 30-day delinquency. This is the same as the monthly average for the 12 months prior to the pandemic, and **well below the record peak of 3.4 percent of borrowers transitioning i**nto delinquency that we observed in April 2020."

Every state posted an annual increase in its delinquency rate. Hawaii and Nevada, both major tourist destinations, grew the most. Hawaii began lifting some of its travel restrictions during the month and its rate was up 4.7 points from October 2019. Nevada had a 4.6-point gain.

Similarly, nearly all U.S. metro areas logged an increase in overall delinquency rates in October. Lake Charles, Louisiana, with an economy damaged by both COVID-19 and Hurricane Laura, had the largest annual increase for the second consecutive month, 11 percentage points. Other metro areas with significant overall delinquency increases included Odessa, Texas (up 10.3 percentage points); Kahului, Hawaii (up 7.8 percentage points) and Midland, Texas (up 7.5 percentage points).

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