



## Forbearances See Largest Improvement to Date

There was, as expected, a **huge improvement in the number of forbearance plans** during the week ended July 6. Black Knight reports that the number of homeowners in plans dropped by 189,000. This brought the total to 1.86 million, 3.5 percent of all active mortgages. This is the first time the total has dropped below 2 million since April 2020.

The decline came following quarterly servicer reviews of the large volume of borrowers who entered the program at the start of the pandemic. **Those early entries have reached their 15<sup>th</sup> month of forbearance protection** and, unless the program is extended, will reach final expiration in three months. At the same time, new entries and program reentries hit a new low, a total of fewer than 26,000.

Black Knight says that of the 325,000 plans that were reviewed, nearly two-third exited the program. That is the highest weekly exit rate in more than six months and that **highest removal volume since the first entrants reached their 12 month mark**.

There were significant reductions among all loan types. Loans held in bank portfolios and private label securities (PLS) had the greatest reduction at 78,000. FHA and VA forbearance volumes dropped by 67,000 and GSE loans by 44,000. This leaves 520,000 forborne loans in bank and PLS portfolios, 4.6 percent of those loans, 760,000 that are serviced for the FHA or VA (6.8 percent), and 582,000 for the GSEs (2.2 percent).

While the past week saw major improvements, the total number of forbearances has declined 254,000 over the past month, a 12 percent reduction.



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