National Mortgage News

# Half of serious mortgage delinquencies are at least 6 months late

By Bonnie Sinnock August 09, 2022, 4:43 p.m. EDT 1 Min Read

A near-majority of borrowers with long-term serious mortgage delinquencies have been late on their payments for a half year or more, according to a CoreLogic study released Tuesday.

Around half of the 1.3% of home loans that were 90+ days past due or in foreclosure during May were more than six months late. Serious delinquencies continue to dominate distress in the mortgage market. Payments 3059 days late followed with a 1.1% delinquency rate. Just 0.3% of borrowers were 60 to 59 days late.

These statistics add to expectations that the small number of mortgages remaining in forbearance will contribute to a slight rise in the number of distressed borrowers who lose their homes in the future.

"There could be small increases in the foreclosure rate later this year," said Molly Boesel, principal economist at CoreLogic, in a press release.

Her comments and the latest numbers add to a growing consensus on the part of servicers and data providers that the long-run of historically low delinquency rates and foreclosures may be nearing its end.

Redefault rates as of July 7 also were drifting upward, according to a separate study the Federal Reserve Bank of Philadelphia released Tuesday. The redefault rate for loans exiting loss mitigation in early July was 11%, up from 10% the previous month.

"Remaining loans in forbearance or delinquency face the prospect of much less payment relief from modifications going forward without some substantial changes in existing programs," said the Philly Fed's Risk Assessment, Data Analysis and Research Group in the report, confirming a previously identified trend.

Although these numbers suggest small upticks in overall distress are on the way, other data from a yet another separate study released Tuesday suggests short-term increases in foreclosure filings may not immediately be consistent.

Default notices, scheduled auctions and repossessions were up 143% from a year earlier in July due in part to the removal of pandemic-related constraints, but they were collectively down 4% from the previous month because activity tends to be slow this time of year according to Attom data.

"There may be some seasonality impacting the numbers," said Rick Sharga, executive vice president of market intelligence at Attom, in a press release. "In eight of the last 10 years Q3 foreclosure activity has been lower than the previous quarter."