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In June, U.S. Foreclosure Rate Fell to Lowest Level in More Than 22 Years

Loan Performance Insights Report Highlights: June 2021

- The nation's overall delinquency rate was 4.4% in June.
- The serious delinquency rate fell to its lowest level since May 2020.

In June 2021, 4.4% of home mortgages were in some stage of delinquency (30 days or more past due, including those in foreclosure)[1], which was a 2.7-percentage point decrease from June 2020 according to the latest CoreLogic Loan Performance Insights Report . However, overall delinquencies were still above the early 2020 pre-pandemic rate of 3.6%.

Overall Delinquency Rates

The share of mortgages that were 30 to 59 days past due — considered early-stage delinquencies — was 1.1% in June 2021, down from 1.8% in June 2020. The share of mortgages 60 to 89 days past due was 0.3% in June 2021, down from 1.8% in June 2020.

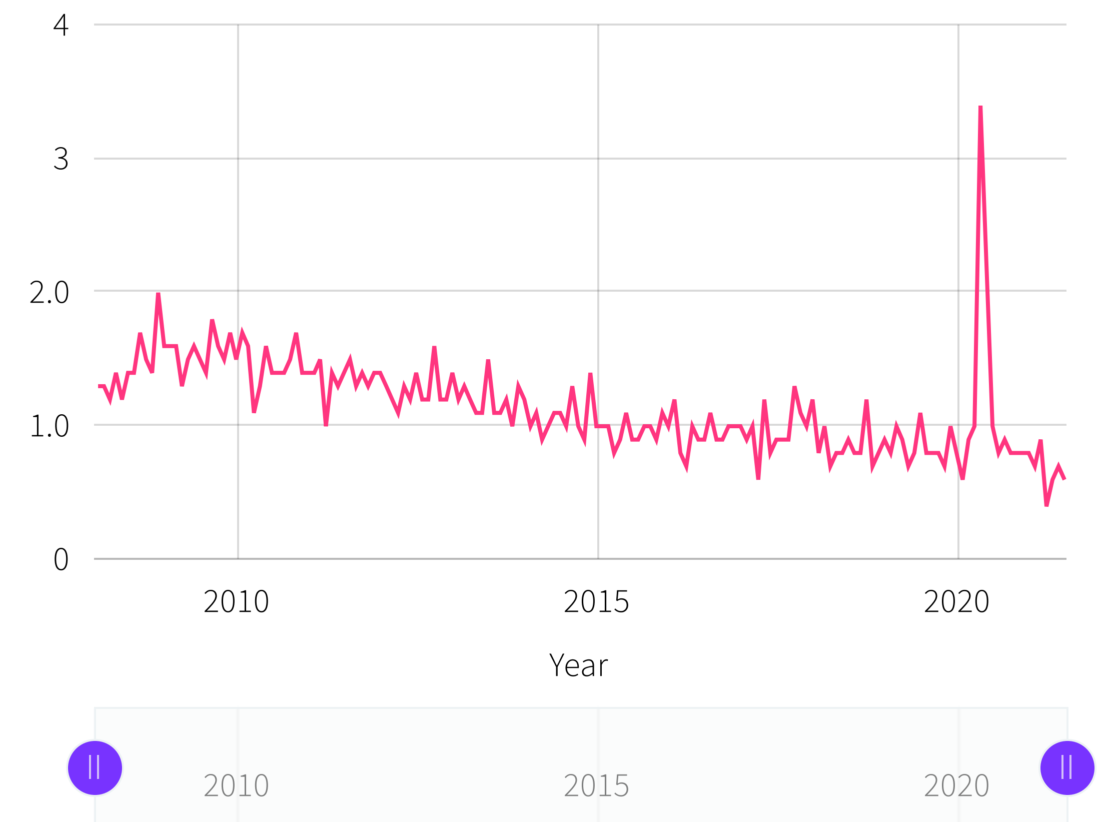
The serious delinquency rate — defined as 90 days or more past due, including loans in foreclosure — was 3% in June, down from 3.4% in June 2020, and the lowest rate since the initial jump in serious delinquencies during the pandemic. The CARES Act provides relief to mortgage holders and has worked to keep delinquencies from progressing to foreclosure and therefore the foreclosure inventory rate — the share of mortgages in some stage of the foreclosure process — fell to a 22-and-a-half year low of 0.2% in June 2021. While the decrease in delinquency rates lessens the likelihood of a foreclosure wave when homeowners emerge from forbearance, CoreLogic analysis found that as of June 2021, borrowers in forbearance and behind on mortgage payments missed an average of 10 monthly mortgage payments, indicating that many families remain in financial distress.

Stage of Delinquency: Rate of Transition

In addition to delinquency rates, CoreLogic tracks the rate at which mortgages transition from one stage of delinquency to the next, such as going from current to 30 days past due (Figure 1).

Figure 1: Current- to 30-Day Transition Rate Shows Sharp Decrease From Year Ago

June 2021



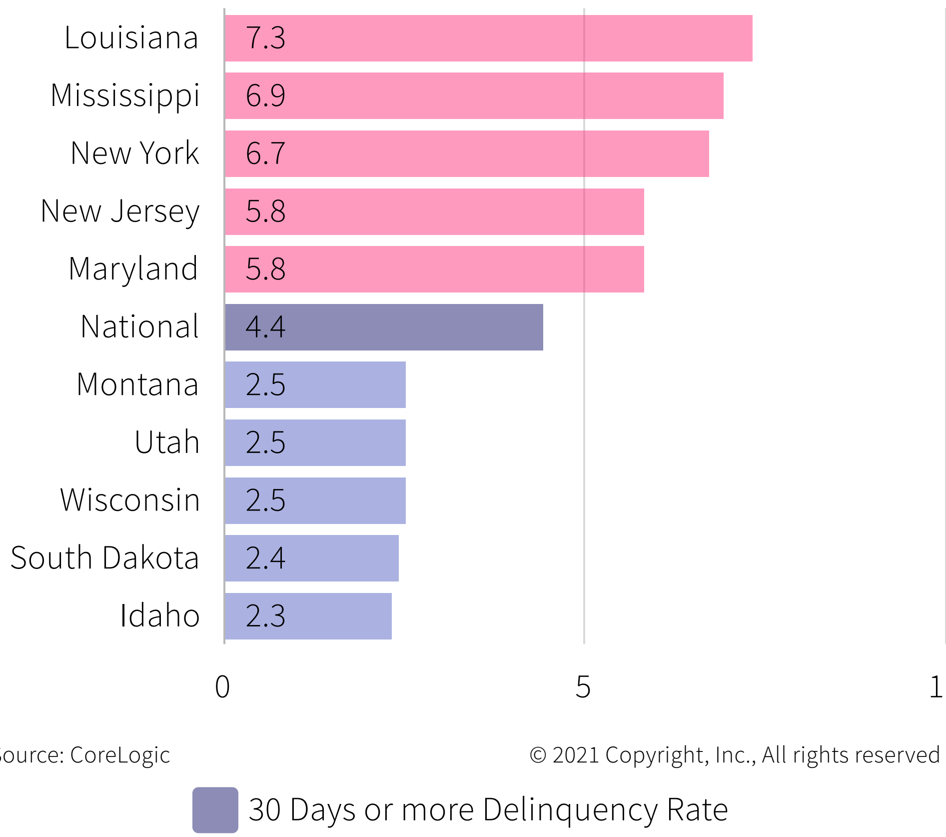
Source: CoreLogic

Current- to 30-Day 0.6

The share of mortgages that transitioned from current to 30 days past due was 0.6% in June 2021 — a decrease from 1% in June 2020. Low transition rates indicate that while the rate of mortgages in any stage of delinquency remained elevated, fewer borrowers slipped into delinquency than at the peak of delinquency rates in 2020.

Figure 2: States With the Highest and Lowest Rate of Mortgages At Least 30 Days Past Due

June 2021



Source: CoreLogic

State and Metro Level Delinquencies

Figure 2 shows the states with the highest and lowest share of mortgages 30 days or more delinquent. In June 2021, that rate was highest in Louisiana at 7.3% and lowest in Idaho at 2.3%. All states posted annual decreases in their overall delinquency rates in June 2021 as the employment picture improved across the country compared to a year earlier.

Figure 3: Percentage of Mortgages At Least 30 Days Past Due For the Ten Largest Metropolitan Areas

June 2021

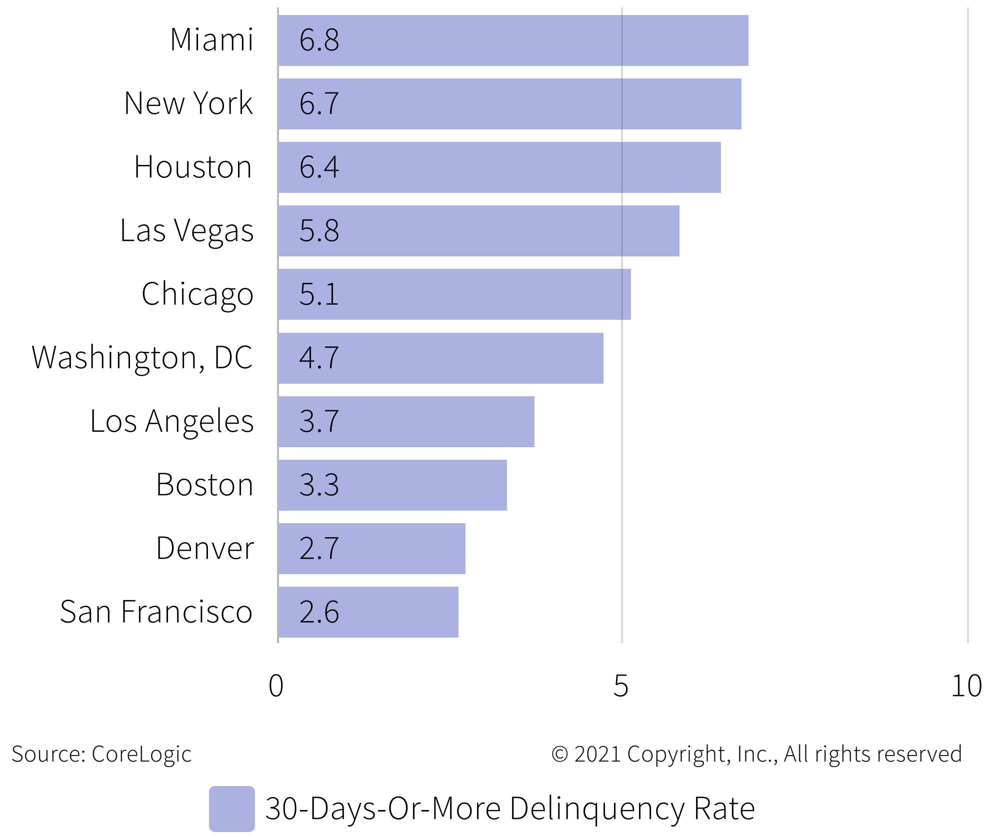


Figure 3 shows the 30-plus-day past-due rate for June 2021 for 10 large metropolitan areas.[2] Miami had the highest rate at 6.8%, and San Francisco had the lowest rate at 2.6%. Miami's rate decreased 6.6 percentage points from a year earlier. Outside of the largest 10, all metros recorded a decrease in the overall delinquency rate. Nevertheless, elevated overall delinquency rates remain in some metros, including Texas (Odessa and Laredo), Arkansas (Pine Bluff) and New Jersey (Vineland).

Mortgage delinquencies fell from a year ago, with the serious delinquency rate falling to the lowest level since May 2020 and large increases in home prices have given most borrowers a large home equity cushion. However, while job and income growth has helped to push delinquency rates down, there are many families that remain in financial distress. More than one million borrowers had missed six or more payments as of June, triple the number of borrowers pre-pandemic. Further, borrowers in forbearance with missed payments were behind an average of 10 monthly payments as of mid-year 2021.

[1] Data in this report is provided by TrueStandings Servicing. https://www.corelogic.com

/products/truestandings-servicing.aspx. The CARES Act provided forbearance for borrowers with federally backed mortgage loans who were economically impacted by the pandemic. Borrowers in a forbearance program who have missed a mortgage payment are included in the CoreLogic delinquency statistics, even if the loan servicer has not reported the loan as delinquent to credit repositories.

[2] Metropolitan areas used in this report are the 10 most populous Metropolitan Statistical Areas. The report uses Metropolitan Divisions where available.

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