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# Some Delinquency Metrics Fall Are Hitting Historic Levels

The delinquency rate for mortgages on one-to-four residential properties fell in the second quarter of 2016 to its **lowest rate in exactly ten years** while other distress measures are below their 37-year averages. The Mortgage Bankers Association (MBA) said the seasonally adjusted rate was down 11 basis points (bps) from the first quarter to 4.66 percent. This also represented a 64 bps decrease from the rate in the second quarter of 2015. The data, released on Thursday, was taken from MBA's National Delinquency Survey.

The delinquency rate includes loans that are **at least one payment past due** but does not include loans in the process of foreclosure. These loans, often referred to as the foreclosure inventory, represented 1.64 percent of all mortgage loans, down 10 bps from the first quarter and 45 bps year-over-year. It was the lowest foreclosure inventory rate since the second quarter of 2007.

## National Average Mortgage Rates




| Mortgage News Daily | Rate | Change | Points |
|---|---|---|---|
| 30YR Fixed | 7.51% | +0.01 | 0.00 |
| 15YR Fixed | 7.04% | +0.01 | 0.00 |
| 30YR FHA | 7.08% | +0.03 | 0.00 |
| 30YR Jumbo | 7.52% | +0.02 | 0.00 |
| 7/6 SOFR | 7.12% | -0.01 | 0.00 |
| 30YR VA | 7.10% | +0.03 | 0.00 |

Rates as of: 11/16

## MBS and Treasury

| | Price / Yield | Change |
|---|---|---|
| MBS UMBS 6.0 | 98.73 | +0.02 |
| 10 YR Treasury | 5.1250 | -0.0092 |
| 30 YR Treasury | 5.4731 | -0.0027 |

Pricing as of: 11/16 7:33PM EST

## Recent Housing Data

| | | Value | Change |
|---|---|---|---|
| Mortgage Apps | Nov 4 | 204.6 | +6.23% |
| Building Permits | Sep | 1.4M | +0.43% |
| Housing Starts | Sep | 1.22M | -4.24% |
| New Home Sales | Sep | 676K | -1.17% |
| Pending Home Sales | Aug | 71.2 | 0% |
| Existing Home Sales | Oct | 3.99M | +0.25% |
| Builder Confidence | Oct | 29 | -9.38% |

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Figure 1.

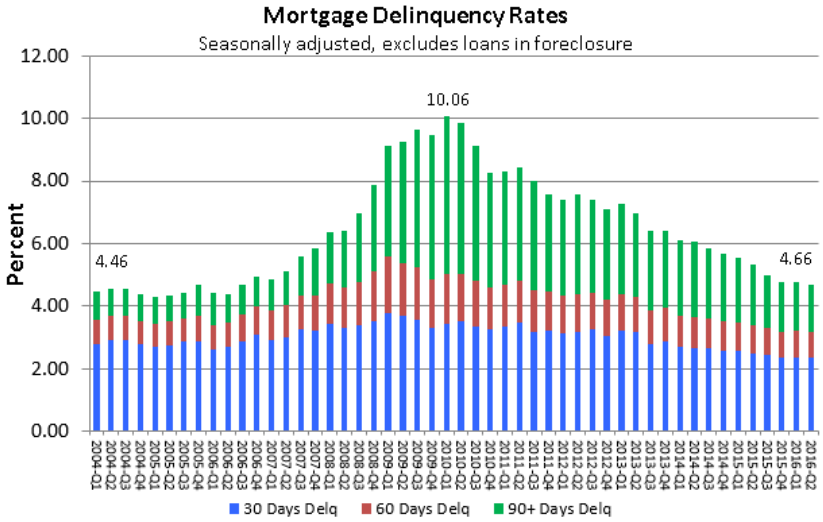



**Figure 2. Results Summary**

| | | | | Change from Q2 2015 | | |
|---|---|---|---|---|---|---|
| | Total Past Due | Percent of Loans in Foreclosure | Foreclosure Starts | Total Past Due | Percent of Loans in Foreclosure | Foreclosure Starts |
| All Loans | 4.66 | 1.64 | 0.32 | -64 | -45 | -8 |
| Conventional | 3.86 | 1.56 | 0.29 | -89 | -45 | -8 |
| FHA | 8.46 | 2.15 | 0.48 | -55 | -53 | -9 |
| VA | 4.31 | 1.19 | 0.32 | -31 | -18 | 0 |

The **serious delinquency rate** measures the percentage of loans that are 90 days or more past due and does include loans in the foreclosure inventory. That rate was 3.11 percent in the second quarter, the lowest rate since the third quarter of 2007, and down 18 bps and 84 bps quarter-over-quarter and year-over-year respectively.

The rate of **foreclosure** starts decreased 3 bps from the previous quarter to a rate of 32 percent and 8 bps lower than a year earlier. It was the lowest rate for starts since the second quarter of 2000, and well below the historical average (1979 to the present) of 0.45 percent. FHA loans saw a 15 bps drop in the percentage of new foreclosure activity, bringing the start rate down to 0.48 percent, its lowest level since 1993.

Marina Walsh, MBA's Vice President of Industry Analysis, said of the 2nd quarter survey, "Mortgage performance improved again in the second quarter primarily because of the combination of lower unemployment, strong job growth, and a continued nationwide housing market recovery. The mortgage delinquency rate tracks closely with the nation's improving unemployment rate. In the second quarter of 2016, the mortgage delinquency rate was 4.66 percent, while the unemployment rate was 4.87 percent. By comparison, at its peak in the first quarter of 2010, the delinquency rate was 10.06 percent and the unemployment rate stood at 9.83 percent.

She added that the second quarter delinquency rate was lower than the 5.36 historic average. The rate also improved for **conventional and FHA** loans with the latter, at 8.46 percent, the lowest since 2000.

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Walsh continued, "Of the 50 states and Washington, DC, 47 states **either had no change or saw declines** in the foreclosure inventory rate in the second quarter of 2016. New Jersey and New York had the highest percentage of loans in foreclosure, at 5.97 and 4.48, respectively. Florida's percentage of loans in foreclosure dropped to 2.72, a significant improvement over 2011, when it was the state with the nation's highest percentage of loans in foreclosure at 14.49 percent. California's percentage of loans in foreclosure was 0.66, the eighth lowest among all states in the nation."


## Responsive service, experienced expertise

I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

**Ted Rood** 


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