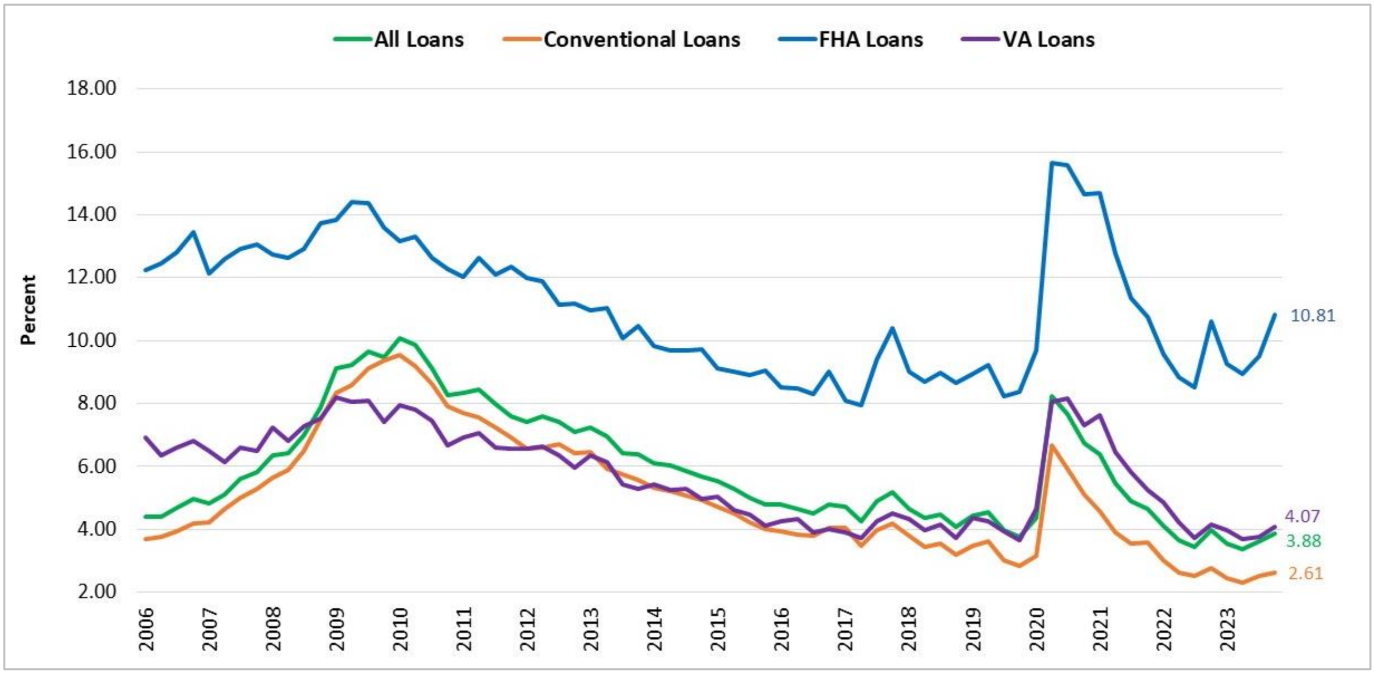
RESEARCH AND ECONOMICS

Chart of the Week – February 9, 2024
Delinquency Rates by Loan Type: Conventional, FHA, VA

Seasonally adjusted, based on loan counts, excludes loans in foreclosure



Source: MBA's National Delinquency Survey; www.mba.org/nds

According to the latest results from MBA's National Delinquency Survey (NDS), the overall delinquency rate for mortgage loans on one-to-four-unit residential properties increased to a seasonally adjusted rate of 3.88 percent of all loans outstanding at the end of the fourth quarter of 2023. The delinquency rate was up 26 basis points from the third quarter of 2023 but down 8 basis points from one year ago. The historical average for the seasonally adjusted mortgage delinquency rate from 1979 through 2023 is 5.25 percent.

Mortgage delinquencies increased across all product types for the second consecutive quarter. Of particular note, FHA delinquencies were up 131 basis points. The resumption of student loan payments, robust personal spending, and rising balances on credit cards and other forms of consumer debt, paired with declining savings rates, are likely behind some borrowers falling behind at the end of 2023.

The labor market is still quite resilient, with the unemployment rate – strongly correlated with mortgage performance – remaining at 3.7 percent in January, well below its historical average from 1979 through 2023 of 6.1 percent. Any weakening in employment conditions would likely lead to more borrowers falling behind on their payments in the coming quarters.

For more perspectives on the latest National Delinquency Survey and other data relevant to mortgage servicers, join us for the Market Outlook session at the MBA Servicing Solutions Conference and Expo in Orlando later this month.

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