February 2023 Credit Risk Report

FHA Single Family Loan Performance Trends

Office of Risk Management and Regulatory Affairs, Office of Evaluation, Reporting & Analysis Division

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Table 1. Delinquency Rates by Month

Month	Active Insurance in Force (EOM)	Delinquency Rates[a](%) 30-day	60-day	90-day	Exceptions[b](%) In Foreclosure	In Bankruptcy	Serious Delinquency Rate[c] (%)
Non-Seasonally Adjusted							
Feb 2022	7,313,781	4.24	1.37	5.35	0.58	0.55	6.48
Mar	7,279,440	3.61	1.18	4.83	0.62	0.55	6.00
Apr	7,256,669	3.73	1.04	4.15	0.60	0.49	5.23
May	7,241,481	4.20	1.21	4.03	0.64	0.52	5.19
Jun	7,238,927	4.45	1.35	3.84	0.64	0.52	5.00
Jul	7,243,496	4.92	1.50	3.76	0.63	0.54	4.93
Aug	7,251,083	4.69	1.54	3.66	0.63	0.53	4.82
Sep	7,263,194	4.73	1.56	3.66	0.58	0.52	4.77
Oct	7,277,614	4.91	1.63	3.70	0.55	0.52	4.77
Nov	7,297,596	5.25	1.77	3.71	0.55	0.52	4.79
Dec	7,314,834	5.56	1.84	3.82	0.57	0.52	4.91
Jan 2023	7,334,648	5.18	1.77	3.80	0.59	0.51	4.90
Feb	7,342,653	5.30	1.70	3.74	0.60	0.51	4.86
Seasonally Adjusted							
Feb 2022	7,313,781	4.32	1.40	5.08	0.57	0.55	6.20
Mar	7,279,440	4.17	1.37	5.03	0.61	0.55	6.18
Apr	7,256,669	4.07	1.18	4.35	0.58	0.49	5.42
May	7,241,481	4.47	1.34	4.27	0.63	0.52	5.42
Jun	7,238,927	4.51	1.43	4.07	0.64	0.51	5.22
Jul	7,243,496	5.04	1.54	4.02	0.63	0.54	5.19
Aug	7,251,083	4.57	1.50	3.80	0.63	0.54	4.97
Sep	7,263,194	4.53	1.47	3.68	0.60	0.53	4.81
Oct	7,277,614	4.63	1.50	3.65	0.57	0.52	4.73
Nov	7,297,596	4.77	1.57	3.47	0.56	0.52	4.55
Dec	7,314,834	4.93	1.61	3.49	0.57	0.52	4.58
Jan 2023	7,334,648	4.97	1.59	3.42	0.59	0.51	4.51
Feb	7,342,653	5.40	1.73	3.55	0.59	0.51	4.66

EOM = end of month.
[a] The 90-day category includes all loans that are at least 3 months delinquent excluding those loans in-foreclosure or in-bankruptcy processing.Included in the delinquency counts are loans under active consideration for loss mitigation foreclosure avoidance.
[b] Exceptions are counted separately from delinquencies, regardless of the length of the delinquency period.
[c] Serious delinquency rates are the sum of 90 day delinquencies, plus in-foreclosures and in-bankruptcies. Due to differing reporting methodologies, the delinquency and foreclosure numbers shown above may not fully reconcile with other FHA reporting areas. These differences reflect ordering of intra-month default status codes which may result in different delinquency statuses of mortgages during a month and at month end. Due to late reporting by a large servicer, the delinquency rates for April 2022 are likely understated.
SOURCE: U.S. Department of HUD/FHA, March 2023.

Table 2. New 90+ Day Delinquencies by Reason for Delinquency

Fiscal Year and Quarter	New 90+ Day Delinquencies	Share by Reason for Delinquency (%)							
		Reduction of Income	Unemployed	Excessive Obligations	Death or Illness of Principal Borrower or Family	Marital Difficulties	No Contact	National Emergency[a]	Other[b]
2018 Q2	88,640	28.24	5.86	23.35	11.39	3.19	8.78	2.54	16.66
2018 Q3	64,418	29.58	6.19	23.61	12.31	3.67	9.00	4.01	11.62
2018 Q4	84,231	29.85	6.26	23.82	12.50	3.72	8.85	4.85	10.15
2019 Q1	92,102	29.23	6.04	23.86	12.44	3.45	8.77	6.07	10.16
2019 Q2	84,814	28.80	6.09	22.86	12.34	3.45	8.72	8.32	9.43
2019 Q3	69,314	26.73	5.76	22.12	12.27	3.48	8.04	12.33	9.27
2019 Q4	90,558	25.26	5.30	21.65	11.43	3.08	7.49	16.97	8.80
2020 Q1	114,287	21.47	4.44	18.27	9.42	2.39	6.68	25.66	11.67
2020 Q2	86,756	17.38	4.24	15.32	7.68	1.88	7.73	37.97	7.79
2020 Q3	467,582	5.89	1.90	2.87	1.12	0.23	1.34	82.08	4.56
2020 Q4	350,803	4.89	1.74	2.64	1.08	0.21	1.45	84.03	3.97
2021 Q1	190,200	5.51	2.03	3.55	1.76	0.34	2.52	80.34	3.95
2021 Q2	139,456	5.44	2.06	3.73	2.04	0.33	2.93	79.28	4.19
2021 Q3	79,489	5.59	1.94	4.49	2.80	0.45	3.62	76.57	4.55
2021 Q4	85,586	6.52	2.01	5.82	3.31	0.62	4.35	72.71	4.67
2022 Q1	106,161	6.94	2.01	6.42	3.62	0.64	4.48	70.71	5.18
2022 Q2	109,940	8.36	2.38	7.31	4.25	0.78	4.76	66.79	5.37
2022 Q3	95,258	10.03	3.00	8.95	5.25	0.96	5.01	60.83	5.98
2022 Q4	121,831	12.68	3.88	10.38	6.04	1.16	5.15	54.84	5.86
2023 Q1	137,926	14.53	4.43	11.33	6.75	1.27	6.88	46.97	7.84
2023 Q2 - Jan	45,601	16.21	5.28	11.68	7.19	1.16	10.70	40.13	7.64
2023 Q2 - Feb	40,583	15.39	5.01	11.20	7.06	1.24	15.96	36.95	7.19

[a] Includes neighborhood problems and COVID-19 Pandemic.
[b] Includes abandonment of property, distant employment transfer, property problems, inability to sell or rent property, military service, business failure, casualty loss, energy-environment cost, servicing problems, payment adjustment, payment dispute, transfer of ownership pending fraud and incarceration. Due to late reporting by a large servicer, delinquency for February 2021 and April 2022 are likely understated.
SOURCE: U.S. Department of HUD/FHA, March 2023.

Table 3. Delinquency Rates by Loan and Property Characteristics

	IIF Shares[a]	Rates in Percent of Active Loan Counts						
		All Past Due[b]	30 Day	60 Day	90+ Day	In Foreclosure	In Bankruptcy	Serious Delinquency Rate[c]
Loan Purpose								
All Active Loans	7,342,653	11.86	5.30	1.70	3.74	0.60	0.51	4.86
Purchase	70.09	13.44	5.94	1.98	4.33	0.65	0.54	5.53
Refinance	29.91	8.14	3.79	1.06	2.36	0.49	0.44	3.29
Refinance								
Refinance Loans	2,196,007	8.14	3.79	1.06	2.36	0.49	0.44	3.29
Conventional	30.53	8.93	4.03	1.15	2.47	0.73	0.55	3.75
No Cash-out	16.00	8.89	4.05	1.14	2.39	0.75	0.56	3.70
Cash-out	14.53	8.97	4.02	1.16	2.57	0.70	0.52	3.80
FHA	18.14	7.65	3.70	1.04	2.25	0.29	0.35	2.90
No Cash-out	8.00	7.62	3.65	0.99	2.27	0.32	0.37	2.97
Cash-out	10.14	7.67	3.75	1.08	2.24	0.27	0.33	2.84
Streamline	51.33	7.85	3.67	1.02	2.32	0.43	0.41	3.16
Credit Score Range[d]								
Loans with Credit Scores	6,011,337	12.30	5.46	1.77	3.95	0.60	0.51	5.07
< 500	0.08	25.02	10.21	3.59	7.47	1.93	1.82	11.22
500-579	1.61	21.98	9.39	3.22	6.38	1.51	1.47	9.36
580-619	8.75	21.10	8.85	3.20	6.99	1.11	0.96	9.06
620-659	34.72	16.58	7.33	2.42	5.41	0.74	0.68	6.83
660-719	39.11	9.42	4.30	1.32	2.98	0.46	0.36	3.80
720-850	15.72	4.06	1.90	0.53	1.20	0.29	0.15	1.63
Fiscal Year Cohort								
All Cohorts	7,342,653	11.86	5.30	1.70	3.74	0.60	0.51	4.86
pre-2008	8.15	14.66	6.72	2.22	3.89	1.01	0.82	5.72
2008	1.61	18.58	7.77	2.63	5.11	1.74	1.32	8.18
2009	3.15	13.67	5.97	1.87	3.67	1.25	0.92	5.84
2010	3.80	11.01	4.93	1.57	3.01	0.85	0.67	4.52
2011	3.04	9.52	4.31	1.34	2.65	0.68	0.54	3.87
2012	3.88	7.93	3.68	1.07	2.23	0.50	0.46	3.18
2013	5.46	6.78	3.19	0.91	1.82	0.44	0.41	2.68
2014	2.33	12.96	5.64	1.78	3.73	0.86	0.95	5.53
2015	3.92	13.27	5.90	1.84	3.76	0.79	0.98	5.53
2016	5.50	13.32	6.07	1.80	3.73	0.75	0.96	5.45
2017	6.07	14.44	6.45	2.01	4.24	0.81	0.93	5.98
2018	4.94	18.27	7.61	2.58	5.94	1.16	0.98	8.09
2019	4.97	19.05	7.82	2.79	6.55	1.17	0.73	8.45
2020	9.94	12.20	5.35	1.76	4.31	0.50	0.28	5.09
2021	16.53	10.15	4.54	1.43	3.82	0.22	0.14	4.18
2022	13.06	9.79	4.56	1.53	3.51	0.12	0.07	3.70
2023	3.65	2.65	1.93	0.47	0.25	0.00	0.00	0.25

Table 3. Delinquency Rates by Loan and Property Characteristics

		Rates in Percent of Active Loan Counts						
	IIF Shares[a]	All Past Due[b]	30 Day	60 Day	90+ Day	In Foreclosure	In Bankruptcy	Seriously Delinquency Rate[c]
Loan Amount at Origination ($ thousands)								
All Loan Amounts	7,342,653	11.86	5.30	1.70	3.74	0.60	0.51	4.86
< 50	1.90	12.33	5.45	1.77	3.25	1.27	0.60	5.11
50-99	17.73	11.52	5.16	1.65	3.20	0.87	0.64	4.71
100-149	23.13	11.84	5.32	1.68	3.52	0.67	0.65	4.84
150-199	19.38	12.18	5.48	1.74	3.86	0.55	0.55	4.96
200-249	13.90	12.09	5.44	1.74	4.02	0.47	0.43	4.91
250-399	19.09	11.92	5.28	1.73	4.17	0.41	0.33	4.91
400-499	3.08	10.87	4.71	1.62	3.97	0.38	0.19	4.54
> 499	1.80	10.70	4.37	1.55	4.12	0.49	0.17	4.78
Property Type								
All Property Types	7,342,653	11.86	5.30	1.70	3.74	0.60	0.51	4.86
Detached	85.52	12.04	5.42	1.74	3.78	0.58	0.52	4.88
Manufactured Housing	3.98	10.86	4.81	1.57	3.20	0.77	0.52	4.49
2-4 Units	2.57	9.20	3.64	1.18	3.18	0.94	0.26	4.38
Condo	2.43	8.68	3.64	1.12	2.77	0.70	0.45	3.92
Townhouse	5.50	12.43	5.31	1.77	4.23	0.64	0.48	5.35
Purchase Loan Type								
All Purchase Loans	5,146,338	13.44	5.94	1.98	4.33	0.65	0.54	5.52
Repeat	14.71	11.02	5.17	1.57	3.32	0.49	0.47	4.28
First-time	85.29	13.86	6.07	2.04	4.50	0.68	0.56	5.74
Down Payment Assistance (DPA) Type								
All Sources of Funds	7,342,653	11.86	5.30	1.70	3.74	0.60	0.51	4.86
Government	9.29	14.29	6.10	2.14	4.85	0.63	0.56	6.05
Relative	16.44	15.83	6.93	2.35	5.21	0.74	0.60	6.55
Other	1.73	16.67	7.26	2.56	5.05	0.85	0.95	6.85
Seller Funded	0.41	21.87	9.21	3.34	6.08	1.57	1.66	9.32
No DPA	72.13	10.47	4.75	1.47	3.22	0.56	0.47	4.25

IIF = insurance in force.
[a] For each subpanel, the loan shares add to 100%. However, in some of the subpanels, the total loans in the analysis do not add to 100% of IIF. For example, the IIF shares for refinance loans add to 100% of refinance loans. Streamline refinance loans are not included in the Credit Score Range analysis; the IIF shares in that panel, add to 100% of fully-underwritten loans.
[b] Includes all loans 30 or more days past due, including those in bankruptcy or foreclosure.
[c] Includes all loans 90 days past due plus all in-bankruptcy and in-foreclosure cases.
[d] Credit score reporting began in May 2004 but was not mandatory until July 2008. Streamline Refinance loans do not require credit score reporting. Due to differing reporting methodologies, the delinquency and foreclosure numbers shown above may not fully reconcile with other FHA reporting areas. These differences reflect ordering of intra-month default status codes which may result in different delinquency statuses of mortgages during a month and at month end.
SOURCE: U.S. Department of HUD/FHA, March 2023.

Table 4. Monthly Foreclosure Statistics and Trends

Fiscal Year	Month	Insurance in Force	Foreclosure Starts	In Foreclosure	Foreclosure Claims[a]	Foreclosure Starts: 6-month MA[b]	Annualized Foreclosure Rate[c]%
2020	Feb	8,128,001	10,603	75,294	3,377	9,526	0.50
	Mar	8,122,723	6,148	45,107	3,910	9,232	0.58
	Apr	8,118,070	79	32,204	3,363	7,602	0.50
	May	8,098,590	303	27,748	2,301	6,203	0.34
	Jun	8,066,691	448	20,552	2,082	4,746	0.31
	Jul	8,038,312	601	20,737	1,800	3,030	0.27
	Aug	8,013,146	385	20,789	1,589	1,327	0.24
	Sep	7,988,354	485	20,009	1,666	384	0.25
2021	Oct	7,953,267	418	19,270	1,644	440	0.25
	Nov	7,913,900	396	17,932	1,342	456	0.20
	Dec	7,872,710	432	17,397	1,479	453	0.23
	Jan	7,854,545	370	17,037	1,206	414	0.18
	Feb	7,820,058	503	13,862	1,250	434	0.19
	Mar	7,754,867	590	15,667	1,540	452	0.24
	Apr	7,712,623	517	15,230	1,130	468	0.18
	May	7,675,350	460	15,061	981	479	0.15
	Jun	7,627,918	545	15,607	1,088	498	0.17
	Jul	7,588,572	719	15,804	916	556	0.14
	Aug	7,546,269	1,097	27,891	979	655	0.16
	Sep	7,498,614	806	52,834	830	691	0.13
2022	Oct	7,457,304	997	46,526	735	771	0.12
	Nov	7,408,662	1,913	81,541	723	1,013	0.12
	Dec	7,369,234	1,928	132,560	738	1,243	0.12
	Jan	7,344,489	6,216	58,513	820	2,160	0.13
	Feb	7,313,781	6,408	42,421	784	3,045	0.13
	Mar	7,279,440	12,479	45,348	1,085	4,990	0.18
	Apr	7,256,669	7,255	43,255	1,236	6,033	0.20
	May	7,241,481	7,000	46,203	1,111	6,881	0.18
	Jun	7,238,927	7,395	46,146	1,113	7,792	0.18
	Jul	7,243,496	6,401	45,616	1,071	7,823	0.18
	Aug	7,251,083	7,106	45,509	1,312	7,939	0.22
	Sep	7,263,194	6,535	42,427	1,125	6,949	0.19
2023	Oct	7,277,614	6,192	40,020	1,042	6,772	0.17
	Nov	7,297,596	6,048	40,499	1,013	6,613	0.17
	Dec	7,314,834	6,607	41,967	1,044	6,482	0.17
	Jan	7,334,648	7,159	43,335	1,017	6,608	0.17
	Feb	7,342,653	6,894	44,386	1,238	6,573	0.20

[a] This is the number of claims paid by HUD. These are nearly all for completed foreclosure actions.
[b] The six-month moving average of foreclosure starts is presented here to smooth out variations in actual starts each month.
[c] An annualized foreclosure rate takes the monthly foreclosure claim rate and transforms that into its annual equivalency. That is, if the same foreclosure claim rate continued for 12 straight months, then the figure is the final annual foreclosure rate result as a percentage of beginning insurance-in-force. Due to differing reporting methodologies, the delinquency and foreclosure numbers shown above may not fully reconcile with other FHA reporting areas. These differences reflect ordering of intra-month default status codes which may result in different delinquency statuses of mortgages during a month and at month end.
SOURCE: U.S. Department of HUD/FHA, March 2023.

Table 5. REO Recovery Rates

Disposition State[b]	Dispositions	Recovery Rates (%) January 2023	December 2022	January 2022	Percentage Point Change From Previous Month	From Previous Year
US	204	67.8	68.4	66.4	-0.5	1.5
PR	35	70.7	77.3	77.6	-6.6	-6.9
IN	15	82.6	60.9	99.5	21.8	-16.9
TX	15	68.1	75.0	87.7	-7.0	-19.6
MO	12	67.9	67.5	52.0	0.4	16.0
KY	9	34.6	57.8	72.4	-23.2	-37.8
LA	9	55.6	43.1	81.1	12.5	-25.4
PA	9	36.0	32.4	40.0	3.6	-4.0
VA	9	86.2	73.6	52.3	12.6	33.9
NY	8	41.4	24.9	51.6	16.5	-10.2
OK	8	62.0	36.1	61.2	25.9	0.8
GA	7	78.0	110.5	117.0	-32.5	-39.0
AL	6	83.6	79.9	54.0	3.7	29.6
CT	5	44.6	91.3	75.8	-46.6	-31.1
FL	5	82.0	55.8	na	26.2	na
NC	5	95.4	72.0	64.1	23.4	31.2
OH	5	43.5	47.7	66.4	-4.3	-22.9
IL	4	55.8	53.5	50.3	2.3	5.4
KS	4	43.3	72.1	43.8	-28.8	-0.6
MS	4	35.5	57.6	50.0	-22.1	-14.5
NJ	4	88.6	70.0	46.8	18.6	41.8
TN	4	91.4	109.1	73.7	-17.7	17.7
IA	3	38.2	55.6	53.9	-17.4	-15.7
NM	3	81.0	77.9	76.6	3.2	4.4
AR	2	80.7	50.9	71.8	29.8	8.9
CO	2	100.6	83.3	90.7	17.2	9.8
ND	2	77.1	56.7	69.3	20.4	7.8
WY	2	95.5	99.2	58.9	-3.8	36.6
MA	1	99.3	105.5	na	-6.2	na
MD	1	97.1	64.7	94.6	32.3	2.4
MI	1	39.9	52.3	78.1	-12.3	-38.2
MN	1	53.4	na	82.9	na	-29.6
MT	1	26.6	na	106.6	na	-80.0
OR	1	59.9	101.7	na	-41.8	na
RI	1	122.8	na	na	na	na
WI	1	15.4	56.4	21.1	-41.1	-5.7
AK	0	na	51.8	62.3	na	na
AZ	0	na	67.3	na	na	na
CA	0	na	49.8	-11.1	na	na
DE	0	na	68.8	96.4	na	na

Table 5. REO Recovery Rates

Disposition State[b]	Dispositions	Recovery Rates (%) January 2023	Recovery Rates (%) December 2022	Recovery Rates (%) January 2022	Percentage Point Change From Previous Month	Percentage Point Change From Previous Year
NE	0	na	na	75.9	na	na
NH	0	na	96.8	na	na	na
SC	0	na	106.1	72.4	na	na
SD	0	na	na	81.0	na	na
VT	0	na	2.6	30.8	na	na
WA	0	na	111.8	na	na	na
WV	0	na	79.7	59.1	na	na

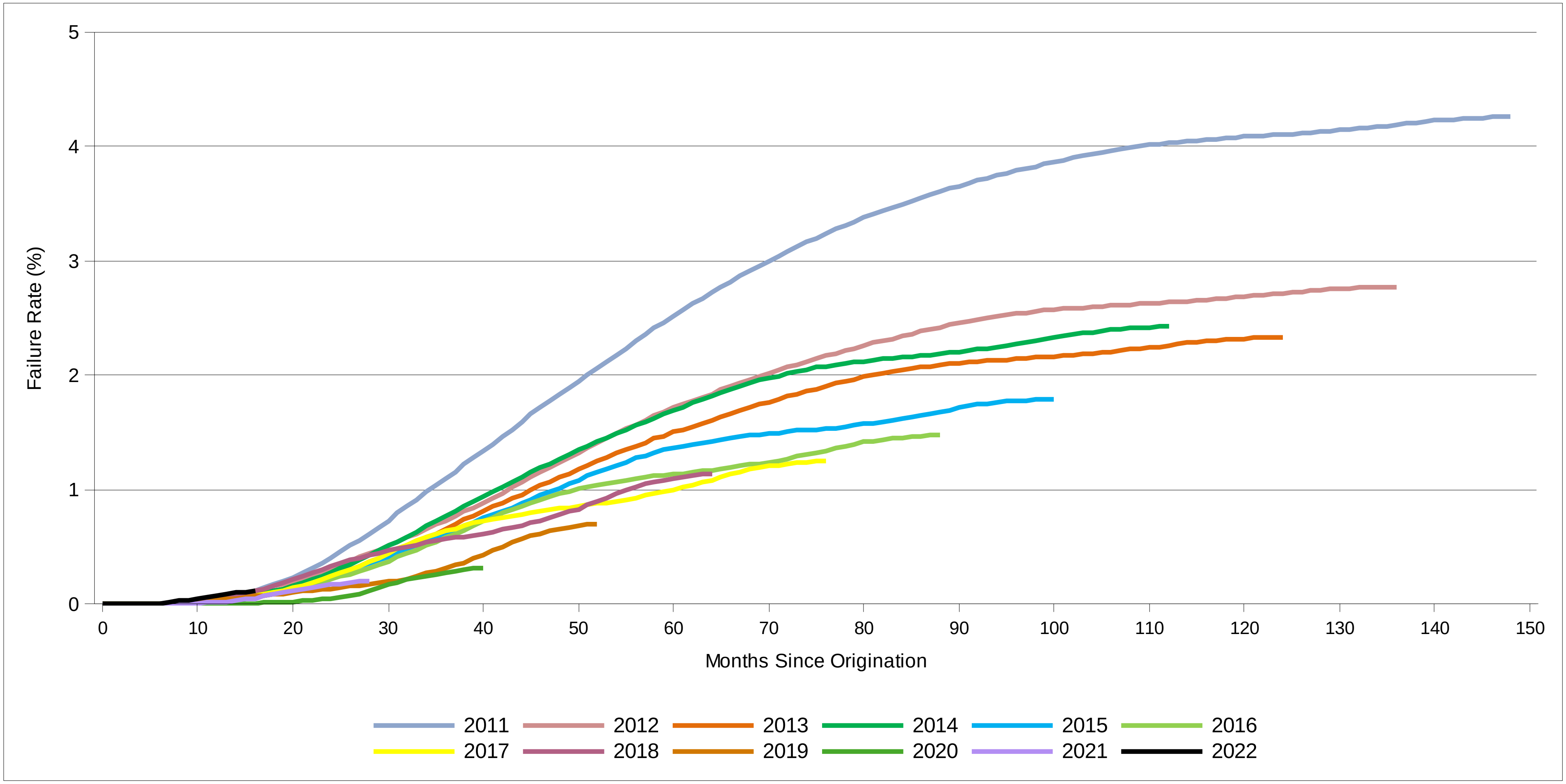
na = not applicable
[a] Rates are percentages of unpaid loan balance at time of default.
[b] State records are sorted by number of dispositions in the most recent month (largest to smallest).
SOURCE: U.S. Department of HUD/FHA, March 2023.

Table 6. REO Components of Loss by Property Disposition Month

	2023	2022											
Disposition Month	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
Loss Components as Percent of Defaulted Loan Balance													
Claim Expenses[a] (%)	24.83	25.57	25.58	24.52	25.64	28.74	25.17	25.93	27.16	26.72	25.99	27.34	26.42
Holding Costs[b] (%)	8.22	8.20	8.30	8.72	9.02	9.47	9.28	8.02	8.49	7.93	7.28	7.48	8.04
Loss on Collateral[c] (%)	5.96	8.74	7.84	4.09	5.12	10.36	10.70	14.45	10.78	9.24	7.92	2.96	1.78
Sales Expense (%)	6.32	6.68	6.47	6.26	6.37	6.46	6.58	6.83	6.84	6.93	6.70	6.38	6.52
Program Discounts[d] (%)	0.00	0.24	0.20	0.47	0.25	0.00	0.00	0.40	0.66	0.52	0.36	0.36	0.56
Net Loss Rate[e] (%)	32.15	31.64	29.55	29.83	31.67	33.66	25.18	23.12	28.64	27.57	27.08	32.80	33.64
Average Amount													
Average Dollar Loss ($)	38,743	37,169	37,688	35,289	38,399	41,324	30,037	28,767	34,472	32,850	33,487	41,077	37,859
Average Unpaid Balance ($)	120,493	117,480	127,539	118,319	121,245	122,763	119,312	124,398	120,353	119,159	123,647	125,251	112,530
Occurrence Counts													
Number of Dispositions	204	271	253	232	218	218	212	227	267	290	306	221	275
Number of Discounts	0	1	1	2	1	0	0	1	3	2	2	2	3
Stage	**Average Time in Months**												
Delinquency[f]	15.2	14.1	14.4	15.6	16.0	10.6	12.4	10.8	11.7	10.7	11.4	9.6	10.4
Foreclosure[g]	17.9	19.3	19.7	17.5	16.0	18.5	19.4	19.8	16.5	16.6	16.5	17.6	15.8
Deed Transfer[h]	11.7	10.9	13.0	14.2	13.9	15.7	16.3	15.6	19.5	16.9	18.3	18.5	14.9
REO	5.4	5.7	5.4	5.5	6.1	6.2	6.6	6.0	6.9	6.2	6.2	6.6	6.7
All Stages	49.7	49.9	52.4	52.4	51.7	51.3	54.4	51.6	54.3	50.4	52.2	51.8	47.3

[a] Includes interest on principal.
[b] Management, maintenance, repairs, administration, and security, net of rent and other income.
[c] Value when foreclosed (UPB) minus value received in REO; does not include Streamline refinances.
[d] Rate over all dispositions; effect is greater in the cases where a discount actually is given.
[e] Profit (loss) divided by Unpaid Principal Balance (UPB). The listed cost categories are not exhaustive and may exclude certain recoveries; they will not sum to the loss rate.
[f] First missed payment to date foreclosure initiated.
[g] Initiation of foreclosure proceedings to auction date.
[h] Auction date to HUD acquisition date.
SOURCE: U.S. Department of HUD/FHA, March 2023.

Figure 1. Failure Rate by Fiscal Year



NOTES: A loan that is in foreclosure processing or has gone to claim is deemed to be a 'failure' for this illustration. The failure rate is the sum of Cumulative Claim Rate and Cumulative Active Foreclosure Rate divided by Total Loans.
SOURCE: U.S. Department of HUD/FHA, March 2023.