January 2022 Credit Risk Report

FHA Single Family Loan Performance Trends

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

Table of Contents

Table of Figures

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							
Jan 2021	7,854,545	3.62	1.60	11.07	0.22	0.55	11.83
Feb	7,820,058	3.83	1.50	10.72	0.18	0.47	11.37
Mar	7,754,867	2.72	1.19	10.88	0.20	0.53	11.61
Apr	7,712,623	2.61	1.01	10.38	0.20	0.49	11.06
May	7,675,350	3.12	1.03	9.91	0.20	0.49	10.59
Jun	7,627,918	3.13	1.05	9.41	0.20	0.49	10.11
Jul	7,588,572	3.09	1.06	8.96	0.21	0.49	9.66
Aug	7,546,269	3.26	1.04	8.27	0.37	0.53	9.17
Sep	7,498,614	3.51	1.12	7.56	0.70	0.55	8.81
Oct	7,457,304	3.67	1.18	7.18	0.62	0.55	8.35
Nov	7,408,662	3.76	1.14	6.20	1.10	0.53	7.83
Dec	7,369,234	3.84	1.16	4.96	1.80	0.52	7.28
Jan 2022	7,344,489	4.04	1.27	5.50	0.80	0.52	6.81
Seasonally Adjusted							
Jan 2021	7,854,545	3.47	1.44	9.96	0.22	0.54	10.72
Feb	7,820,058	3.90	1.53	10.18	0.17	0.47	10.83
Mar	7,754,867	3.15	1.37	11.31	0.20	0.53	12.04
Apr	7,712,623	2.85	1.15	10.89	0.19	0.48	11.56
May	7,675,350	3.33	1.13	10.51	0.19	0.48	11.19
Jun	7,627,918	3.17	1.12	9.98	0.20	0.49	10.68
Jul	7,588,572	3.17	1.08	9.57	0.21	0.49	10.27
Aug	7,546,269	3.17	1.02	8.59	0.37	0.53	9.49
Sep	7,498,614	3.36	1.06	7.59	0.73	0.55	8.86
Oct	7,457,304	3.46	1.09	7.08	0.64	0.55	8.28
Nov	7,408,662	3.42	1.01	5.79	1.12	0.53	7.44
Dec	7,369,234	3.41	1.01	4.54	1.80	0.52	6.85
Jan 2022	7,344,489	3.88	1.14	4.95	0.79	0.52	6.25

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 late reporting by a large servicer, the delinquency rates for February 2021 are likely understated. 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, February 2022.

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

		Share by Reason for Delinquency (%)							
Fiscal Year and Quarter	New 90+ Day Delinquencies	Reduction of Income	Unemployed	Excessive Obligations	Death or Illness of Principal Borrower	Marital Difficulties	No Contact	National Emergency[a]	Other[b]
2017 Q1	94,958	31.12	6.67	23.76	13.01	3.81	9.19	1.09	11.35
2017 Q2	75,376	31.21	6.82	23.68	13.07	3.82	9.80	1.28	10.32
2017 Q3	65,531	30.29	6.69	23.46	13.58	3.89	9.91	1.80	10.39
2017 Q4	87,286	30.73	6.65	23.88	12.77	3.72	9.16	2.20	10.89
2018 Q1	157,584	23.66	4.40	21.74	8.40	2.37	7.28	1.92	30.24
2018 Q2	88,660	28.28	5.87	23.36	11.37	3.20	8.77	2.53	16.62
2018 Q3	64,397	29.67	6.22	23.62	12.32	3.69	9.03	3.94	11.51
2018 Q4	84,222	29.92	6.29	23.84	12.51	3.72	8.89	4.78	10.05
2019 Q1	92,065	29.22	6.08	23.88	12.43	3.46	8.81	6.04	10.08
2019 Q2	84,788	28.82	6.14	22.84	12.31	3.45	8.76	8.33	9.35
2019 Q3	69,223	26.77	5.83	22.07	12.19	3.50	8.06	12.43	9.16
2019 Q4	90,457	25.27	5.35	21.65	11.36	3.09	7.57	17.06	8.64
2020 Q1	113,969	21.39	4.47	18.18	9.34	2.39	6.79	25.90	11.54
2020 Q2	86,490	17.02	4.29	14.97	7.42	1.78	8.13	38.98	7.42
2020 Q3	467,424	5.52	1.90	2.54	0.94	0.19	1.33	83.44	4.13
2020 Q4	349,928	4.45	1.71	2.30	0.89	0.16	1.41	85.49	3.59
2021 Q1	189,162	4.94	2.02	3.08	1.48	0.28	2.54	82.18	3.48
2021 Q2	138,347	4.72	1.98	3.12	1.68	0.26	2.89	81.63	3.71
2021 Q3	78,119	4.35	1.95	3.43	2.26	0.35	3.66	80.16	3.84
2021 Q4	84,137	5.08	1.97	4.60	2.71	0.47	5.02	76.22	3.94
2022 Q1	103,682	5.20	2.14	4.96	2.95	0.49	7.01	72.63	4.62
2022 Q2 - Jan	34,560	5.33	2.13	5.47	3.25	0.52	13.13	64.78	5.38

[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, the delinquency rates for February 2021 are likely understated
SOURCE: U.S. Department of HUD/FHA, February 2022.

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	Serious Delinquency Rate[c]
Loan Purpose								
All Active Loans	7,344,489	12.12	4.04	1.27	5.50	0.80	0.52	6.81
Purchase	68.66	13.72	4.60	1.48	6.22	0.86	0.56	7.64
Refinance	31.34	8.63	2.82	0.80	3.90	0.66	0.44	5.00
Refinance								
Refinance Loans	2,301,950	8.63	2.82	0.80	3.90	0.66	0.44	5.00
Conventional	29.22	10.05	3.24	0.93	4.34	0.98	0.56	5.88
No Cash-out	16.44	9.72	3.20	0.91	4.09	0.96	0.56	5.61
Cash-out	12.78	10.47	3.29	0.96	4.67	1.01	0.55	6.23
FHA	15.25	7.79	2.62	0.72	3.60	0.46	0.39	4.45
No Cash-out	7.92	7.45	2.58	0.69	3.37	0.45	0.37	4.18
Cash-out	7.33	8.16	2.66	0.74	3.86	0.47	0.42	4.75
Streamline	55.53	8.11	2.66	0.75	3.75	0.55	0.39	4.69
Credit Score Range[d]								
Loans with Credit Scores	5,842,240	12.60	4.18	1.32	5.76	0.81	0.52	7.10
< 500	0.09	25.95	8.64	2.67	10.32	2.62	1.70	14.64
500-579	1.65	24.04	7.61	2.53	10.19	2.23	1.48	13.90
580-619	8.32	22.12	7.02	2.39	10.17	1.51	1.02	12.70
620-659	34.36	16.68	5.59	1.79	7.58	1.00	0.71	9.30
660-719	39.14	9.81	3.31	1.00	4.53	0.61	0.37	5.50
720-850	16.44	4.65	1.51	0.43	2.20	0.37	0.15	2.72
Fiscal Year Cohort								
All Cohorts	7,344,489	12.12	4.04	1.27	5.50	0.80	0.52	6.81
pre-2007	8.44	15.00	5.43	1.70	5.93	1.15	0.78	7.86
2007	0.79	20.21	6.63	2.02	8.11	2.23	1.22	11.56
2008	1.80	20.31	6.33	1.95	8.41	2.38	1.23	12.02
2009	3.55	15.18	4.79	1.42	6.42	1.67	0.88	8.97
2010	4.31	12.31	3.96	1.22	5.26	1.19	0.69	7.13
2011	3.44	10.75	3.49	1.08	4.63	0.98	0.57	6.18
2012	4.34	8.96	2.90	0.89	3.91	0.75	0.52	5.17
2013	6.10	7.98	2.61	0.72	3.53	0.64	0.48	4.64
2014	2.68	14.20	4.61	1.36	6.07	1.11	1.05	8.23
2015	4.53	14.41	4.68	1.35	6.25	1.02	1.11	8.38
2016	6.38	14.62	4.74	1.34	6.55	0.99	1.00	8.54
2017	7.07	16.00	5.18	1.45	7.53	0.99	0.85	9.37
2018	5.81	19.60	5.75	1.85	9.86	1.30	0.84	12.00
2019	5.86	19.87	5.79	1.97	10.47	1.19	0.45	12.11
2020	11.44	12.20	3.75	1.30	6.56	0.48	0.10	7.14
2021	18.11	6.24	2.73	0.96	2.45	0.08	0.02	2.55
2022	5.35	1.74	1.38	0.28	0.07	0.00	0.00	0.07

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	7,344,489	12.12	4.04	1.27	5.50	0.80	0.52	6.81
< 50	2.17	12.85	4.80	1.42	4.86	1.21	0.57	6.63
50-99	19.38	12.31	4.35	1.36	4.97	0.98	0.64	6.59
100-149	24.63	12.36	4.20	1.30	5.36	0.85	0.64	6.86
150-199	19.85	12.44	4.16	1.29	5.74	0.72	0.53	6.99
200-249	13.64	11.90	3.87	1.23	5.72	0.66	0.42	6.80
250-399	16.77	11.48	3.57	1.15	5.77	0.66	0.33	6.76
400-499	2.21	11.04	3.15	1.02	5.86	0.77	0.24	6.87
> 499	1.35	11.30	2.87	0.88	6.49	0.87	0.19	7.55
Property Type								
All Property Types	7,344,489	12.12	4.04	1.27	5.50	0.80	0.52	6.81
Detached	85.91	12.21	4.11	1.28	5.51	0.77	0.54	6.82
Manufactured Housing	3.82	11.73	4.11	1.32	4.71	1.07	0.51	6.29
2-4 Units	2.45	10.93	2.86	0.91	5.74	1.18	0.25	7.17
Condo	2.53	9.58	2.67	0.84	4.71	0.91	0.45	6.06
Townhouse	5.29	12.81	4.12	1.34	6.05	0.81	0.48	7.35
Purchase Loan Type								
All Purchase Loans	5,042,191	13.72	4.60	1.48	6.22	0.86	0.56	7.64
Repeat	14.76	11.25	3.96	1.16	4.96	0.70	0.47	6.14
First-time	85.24	14.15	4.71	1.53	6.44	0.88	0.57	7.90
Down Payment Assistance (DPA) Type								
All Sources of Funds	7,344,489	12.12	4.04	1.27	5.50	0.80	0.52	6.81
Government	9.01	14.11	4.54	1.65	6.49	0.85	0.58	7.92
Relative	15.92	16.19	5.45	1.73	7.42	0.98	0.62	9.01
Other	1.81	17.26	5.85	1.90	7.26	1.25	0.99	9.51
Seller Funded	0.45	23.32	7.43	2.38	9.57	2.40	1.54	13.50
No DPA	72.80	10.79	3.61	1.09	4.88	0.73	0.48	6.09

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, February 2022.

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]%
2019	Jan	8,112,026	11,409	83,174	4,469	9,700	0.66
	Feb	8,117,180	10,294	84,258	4,355	9,778	0.64
	Mar	8,118,034	10,215	81,377	4,703	10,175	0.69
	Apr	8,117,498	9,471	78,277	4,883	10,026	0.72
	May	8,114,839	8,891	76,321	3,984	9,953	0.59
	Jun	8,114,665	7,722	74,502	3,746	9,667	0.55
	Jul	8,116,418	8,067	73,946	3,761	9,110	0.55
	Aug	8,117,513	9,083	73,562	4,032	8,908	0.59
	Sep	8,107,806	7,848	72,575	3,558	8,514	0.53
2020	Oct	8,098,839	9,787	71,711	4,163	8,566	0.62
	Nov	8,094,347	8,626	71,543	3,652	8,522	0.54
	Dec	8,096,131	9,119	73,070	3,566	8,755	0.53
	Jan	8,125,137	10,774	75,086	3,855	9,206	0.57
	Feb	8,128,001	10,461	75,294	3,378	9,436	0.50
	Mar	8,122,723	6,051	45,107	3,910	9,136	0.58
	Apr	8,118,070	71	32,204	3,364	7,517	0.50
	May	8,098,590	299	27,748	2,301	6,129	0.34
	Jun	8,066,691	443	20,552	2,082	4,683	0.31
	Jul	8,038,312	597	20,737	1,801	2,987	0.27
	Aug	8,013,146	381	20,789	1,589	1,307	0.24
	Sep	7,988,354	478	20,009	1,666	378	0.25
2021	Oct	7,953,267	413	19,270	1,644	435	0.25
	Nov	7,913,900	394	17,932	1,342	451	0.20
	Dec	7,872,710	426	17,397	1,479	448	0.23
	Jan	7,854,545	362	17,037	1,206	409	0.18
	Feb	7,820,058	498	13,862	1,250	429	0.19
	Mar	7,754,867	580	15,667	1,540	446	0.24
	Apr	7,712,623	499	15,230	1,130	460	0.18
	May	7,675,350	451	15,061	982	469	0.15
	Jun	7,627,918	531	15,607	1,088	487	0.17
	Jul	7,588,572	702	15,804	916	544	0.14
	Aug	7,546,269	1,064	27,891	980	638	0.16
	Sep	7,498,614	769	52,834	830	669	0.13
2022	Oct	7,457,304	960	46,526	735	746	0.12
	Nov	7,408,662	1,867	81,541	723	982	0.12
	Dec	7,369,234	1,864	132,560	738	1,204	0.12
	Jan	7,344,489	5,703	58,512	820	2,038	0.13

[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, February 2022.

Table 5. REO Recovery Rates

Disposition State[b]	Dispositions	Recovery Rates (%)			Percentage Point Change	
		December 2021	November 2021	December 2020	From Previous Month	From Previous Year
US	245	68.7	67.4	53.5	1.3	15.2
PR	47	76.6	69.6	55.1	7.1	21.5
IN	16	87.7	41.7	31.7	46.1	56.0
OH	15	55.8	44.7	47.7	11.1	8.1
IL	14	69.3	39.6	29.2	29.7	40.1
LA	13	43.8	14.9	42.8	28.9	1.0
CT	12	68.8	49.0	55.9	19.8	12.9
KY	10	99.5	68.9	51.5	30.6	48.0
MI	10	83.4	62.5	53.1	20.9	30.3
MO	10	48.0	109.0	58.3	-61.0	-10.3
NJ	10	50.3	57.9	40.5	-7.6	9.8
MD	9	49.4	85.4	55.4	-35.9	-6.0
AL	7	66.7	75.4	58.7	-8.7	8.0
FL	5	79.0	110.9	63.8	-32.0	15.2
ND	5	52.1	na	45.8	na	6.2
PA	5	97.0	74.1	49.0	22.9	48.0
SC	5	102.4	75.7	49.3	26.7	53.2
TN	5	78.0	103.5	49.9	-25.5	28.1
TX	5	61.2	67.5	66.3	-6.3	-5.1
IA	4	27.0	46.9	30.1	-19.9	-3.0
MS	4	63.5	52.1	62.9	11.4	0.6
OK	4	60.7	36.1	56.2	24.6	4.5
SD	4	76.7	61.3	51.2	15.5	25.5
GA	3	93.1	122.0	55.5	-28.9	37.6
VA	3	108.1	72.7	65.5	35.3	42.6
AR	2	51.4	46.5	41.8	4.9	9.6
NC	2	60.1	69.0	71.2	-8.9	-11.1
NY	2	45.9	52.0	22.1	-6.1	23.8
VT	2	64.0	na	15.5	na	48.5
WI	2	62.9	72.1	44.0	-9.2	18.9
WY	2	63.8	na	64.4	na	-0.6
AK	1	77.3	na	79.4	na	-2.1
CA	1	105.0	na	85.8	na	19.2
CO	1	85.2	na	76.4	na	8.8
KS	1	20.2	16.9	61.4	3.3	-41.3
MN	1	52.9	na	55.0	na	-2.0
NH	1	53.3	na	48.6	na	4.6
UT	1	102.3	44.0	na	58.3	na
WA	1	59.4	148.5	101.0	-89.0	-41.6
AZ	0	na	na	72.1	na	na

Table 5. REO Recovery Rates

Disposition State[b]	Dispositions	Recovery Rates (%) December 2021	Recovery Rates (%) November 2021	Recovery Rates (%) December 2020	Percentage Point Change From Previous Month	Percentage Point Change From Previous Year
DE	0	na	102.5	14.4	na	na
MA	0	na	na	53.3	na	na
ME	0	na	na	26.6	na	na
MT	0	na	na	38.8	na	na
NE	0	na	na	28.4	na	na
NM	0	na	58.4	61.0	na	na
NV	0	na	na	79.1	na	na
OR	0	na	214.2	145.5	na	na
RI	0	na	na	77.1	na	na
WV	0	na	102.6	46.6	na	na

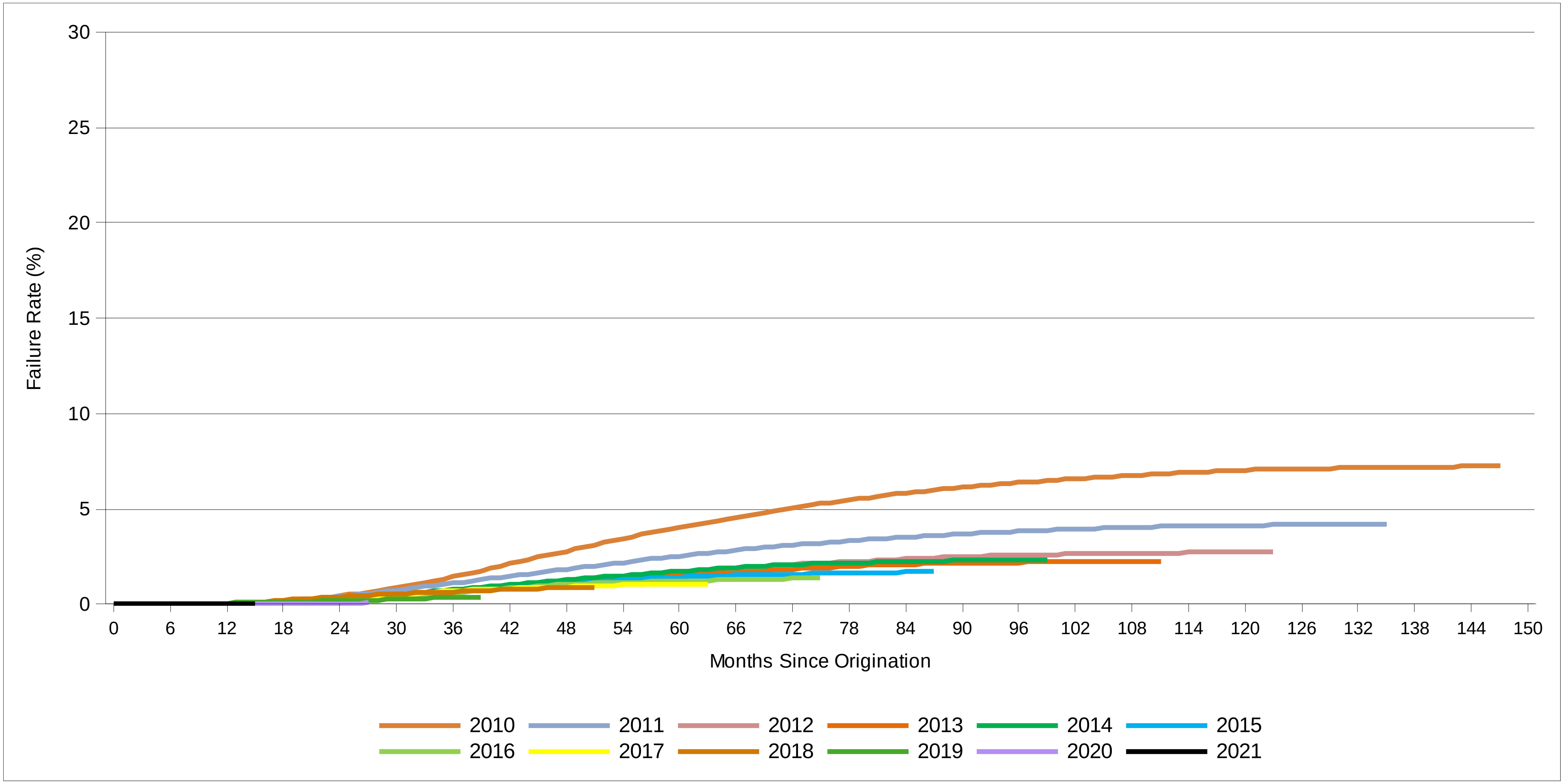
na = not applicable
[a] Rates are percentages of unpaid loan balance at time of default.
[b] State records are sorted by number of dispositions in the most recent month (largest to smallest).
SOURCE: U.S. Department of HUD/FHA, February 2022.

Table 6. REO Components of Loss by Property Disposition Month

	2021												2020
Disposition Month	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec
Loss Components as Percent of Defaulted Loan Balance													
Claim Expenses[a] (%)	22.89	23.04	24.53	27.83	24.60	23.45	24.45	24.81	24.74	23.56	24.55	24.41	22.68
Holding Costs[b] (%)	7.03	9.25	7.06	8.34	7.94	6.74	8.59	7.33	7.29	6.66	7.06	6.44	5.93
Loss on Collateral[c] (%)	3.13	0.95	2.43	0.37	3.67	6.56	3.04	5.41	11.32	11.50	14.15	14.25	14.71
Sales Expense (%)	6.15	6.39	5.74	6.11	5.93	6.38	6.22	6.56	5.47	5.66	5.53	5.65	5.36
Program Discounts[d] (%)	0.49	1.16	0.00	0.18	0.00	0.00	0.95	0.82	0.27	0.25	0.39	0.27	0.14
Net Loss Rate[e] (%)	31.30	32.55	30.52	32.64	41.72	27.78	36.44	35.86	44.15	42.34	48.16	48.97	46.52
Average Amount													
Average Dollar Loss ($)	37,067	36,755	41,769	38,244	50,857	35,794	44,903	42,913	53,460	49,813	57,160	59,570	58,584
Average Unpaid Balance ($)	118,423	112,913	136,869	117,185	121,896	128,848	123,225	119,680	121,101	117,644	118,694	121,646	125,939
Occurrence Counts													
Number of Dispositions	245	188	153	126	143	133	322	377	500	574	561	590	737
Number of Discounts	1	3	0	1	0	0	6	7	4	4	6	5	2
Stage	**Average Time in Months**												
Delinquency[f]	10.1	9.0	12.4	13.1	8.2	10.2	10.2	9.8	10.4	10.3	10.1	10.5	9.1
Foreclosure[g]	16.8	15.9	17.8	16.6	20.7	14.4	12.0	16.5	13.7	13.5	13.8	12.9	13.1
Deed Transfer[h]	17.0	17.2	22.3	17.6	15.6	16.8	16.2	18.0	15.7	15.6	16.0	15.6	15.0
REO	6.4	6.8	6.4	7.3	6.4	4.9	5.8	4.7	4.9	4.6	5.0	5.2	5.0
All Stages	50.0	48.9	58.3	54.0	50.3	46.0	44.3	48.7	44.7	43.7	44.8	44.0	41.9

[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, February 2022.

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, February 2022.