March 2021 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							
Mar 2020	8,122,723	5.59	1.61	2.72	0.56	0.69	3.97
Apr	8,118,070	9.20	2.28	3.00	0.40	0.64	4.04
May	8,098,590	6.37	5.99	4.01	0.34	0.56	4.91
Jun	8,066,691	4.74	3.71	8.13	0.25	0.58	8.97
Jul	8,038,312	4.15	2.51	9.74	0.26	0.58	10.58
Aug	8,013,146	4.12	2.16	10.48	0.26	0.62	11.35
Sep	7,988,354	4.01	1.99	10.72	0.25	0.61	11.59
Oct	7,953,267	3.90	1.82	10.89	0.24	0.60	11.73
Nov	7,913,900	3.89	1.71	11.07	0.23	0.60	11.90
Dec	7,872,710	3.92	1.69	11.08	0.22	0.59	11.89
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
Seasonally Adjusted							
Mar 2020	8,122,723	6.47	1.86	2.83	0.54	0.70	4.07
Apr	8,118,070	10.05	2.61	3.15	0.39	0.64	4.18
May	8,098,590	6.80	6.62	4.26	0.34	0.55	5.15
Jun	8,066,691	4.81	3.93	8.63	0.25	0.57	9.45
Jul	8,038,312	4.25	2.56	10.40	0.26	0.58	11.24
Aug	8,013,146	4.02	2.10	10.88	0.26	0.62	11.76
Sep	7,988,354	3.85	1.88	10.76	0.26	0.62	11.64
Oct	7,953,267	3.67	1.68	10.74	0.25	0.60	11.60
Nov	7,913,900	3.54	1.52	10.34	0.23	0.60	11.17
Dec	7,872,710	3.48	1.48	10.13	0.22	0.59	10.94
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

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

SOURCE: U.S. Department of HUD/FHA, April 2021.

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	Marital Difficulties	No Contact	National Emergency[a]	Other[b]
2016 Q1	92,606	30.52	6.37	22.30	12.93	4.04	11.30	0.49	12.05
2016 Q2	78,978	30.06	6.65	22.44	12.75	3.92	11.85	0.55	11.77
2016 Q3	66,500	30.71	6.72	22.62	13.26	4.18	10.63	0.75	11.13
2016 Q4	85,289	31.66	6.95	23.35	13.05	4.01	9.64	0.74	10.59
2017 Q1	94,958	31.20	6.70	23.87	13.05	3.80	9.22	0.86	11.31
2017 Q2	75,376	31.28	6.83	23.77	13.08	3.83	9.78	1.09	10.33
2017 Q3	65,531	30.38	6.73	23.63	13.62	3.90	9.90	1.46	10.38
2017 Q4	87,286	30.85	6.73	24.06	12.83	3.73	9.13	1.83	10.85
2018 Q1	157,584	23.76	4.46	21.86	8.45	2.37	7.22	1.62	30.26
2018 Q2	88,660	28.40	5.91	23.55	11.44	3.21	8.81	2.09	16.59
2018 Q3	64,397	29.79	6.30	23.91	12.45	3.72	8.97	3.34	11.53
2018 Q4	84,222	30.12	6.37	24.06	12.63	3.75	8.80	4.21	10.06
2019 Q1	92,065	29.48	6.22	24.20	12.56	3.50	8.68	5.31	10.06
2019 Q2	84,788	29.01	6.32	23.13	12.48	3.49	8.71	7.47	9.40
2019 Q3	69,223	27.16	6.03	22.45	12.41	3.53	8.00	11.20	9.22
2019 Q4	90,457	25.73	5.68	21.93	11.68	3.14	7.52	15.66	8.66
2020 Q1	113,969	21.71	4.74	18.46	9.51	2.43	6.96	24.47	11.72
2020 Q2	86,490	17.11	4.79	15.06	7.52	1.83	8.50	37.53	7.66
2020 Q3	467,424	5.19	2.27	2.06	0.80	0.15	1.40	84.07	4.07
2020 Q4	349,928	4.11	2.06	1.85	0.76	0.13	1.48	86.38	3.23
2021 Q1	189,162	4.55	2.42	2.58	1.32	0.22	3.20	82.59	3.13
2021 Q2	138,349	4.21	2.45	2.62	1.54	0.22	4.42	80.84	3.70

[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, April 2021.

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	7,754,867	15.52	2.72	1.19	10.88	0.20	0.53	11.61
Purchase	68.75	17.07	2.99	1.32	11.99	0.21	0.56	12.76
Refinance	31.25	12.13	2.13	0.91	8.44	0.19	0.46	9.08
Refinance								
Refinance Loans	2,423,758	12.13	2.13	0.91	8.44	0.19	0.46	9.08
Conventional	30.73	13.35	2.52	1.02	8.98	0.28	0.55	9.82
No Cash-out	17.62	12.63	2.48	0.98	8.34	0.28	0.56	9.17
Cash-out	13.12	14.33	2.56	1.08	9.85	0.29	0.54	10.68
FHA	14.25	12.43	2.02	0.91	8.97	0.12	0.41	9.49
No Cash-out	7.70	10.69	1.86	0.83	7.52	0.11	0.37	8.00
Cash-out	6.55	14.47	2.22	0.99	10.67	0.12	0.46	11.25
Streamline	55.02	11.37	1.95	0.85	8.00	0.16	0.41	8.57
Credit Score Range[d]								
Loans with Credit Scores	6,145,628	16.13	2.74	1.21	11.46	0.19	0.52	12.18
< 500	0.09	33.01	6.54	2.50	21.52	0.75	1.68	23.95
500-579	1.69	29.48	5.90	2.36	19.16	0.60	1.46	21.22
580-619	8.09	26.72	4.45	2.06	18.83	0.35	1.03	20.21
620-659	33.26	21.04	3.58	1.61	14.90	0.23	0.73	15.86
660-719	39.41	13.34	2.24	0.97	9.60	0.15	0.37	10.13
720-850	17.46	6.76	1.14	0.48	4.88	0.10	0.15	5.13
Fiscal Year Cohort								
All Cohorts	7,754,867	15.52	2.72	1.19	10.88	0.20	0.53	11.61
pre-2006	8.08	17.25	4.29	1.67	10.11	0.37	0.81	11.29
2006	0.87	21.64	4.70	1.84	13.57	0.54	0.99	15.10
2007	0.83	23.91	4.95	1.95	15.02	0.75	1.24	17.01
2008	1.93	24.59	4.96	2.01	15.71	0.74	1.17	17.62
2009	3.93	18.56	3.62	1.52	12.05	0.49	0.88	13.42
2010	4.84	15.57	2.88	1.18	10.49	0.32	0.70	11.51
2011	3.88	14.14	2.57	1.05	9.67	0.26	0.59	10.51
2012	4.86	12.57	2.16	0.90	8.81	0.18	0.52	9.51
2013	6.84	11.35	1.95	0.78	7.99	0.16	0.47	8.62
2014	3.11	17.66	3.05	1.24	12.12	0.29	0.96	13.37
2015	5.44	18.02	3.03	1.24	12.60	0.24	0.90	13.75
2016	7.80	18.27	3.03	1.23	13.02	0.21	0.78	14.01
2017	8.77	19.45	3.08	1.31	14.18	0.20	0.67	15.05
2018	7.40	22.58	3.25	1.51	17.01	0.22	0.60	17.82
2019	7.71	22.23	2.98	1.49	17.36	0.10	0.29	17.76
2020	14.49	11.47	1.88	1.05	8.48	0.01	0.05	8.54
2021	9.21	1.55	0.79	0.36	0.40	0.00	0.00	0.40

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	Seriously Delinquency Rate[c]
Loan Amount at Origination ($ thousands)								
All Loan Amounts	7,754,867	15.52	2.72	1.19	10.88	0.20	0.53	11.61
< 50	2.29	13.03	3.33	1.26	7.37	0.45	0.62	8.44
50-99	20.06	13.94	2.99	1.21	8.78	0.31	0.65	9.74
100-149	25.58	15.14	2.83	1.21	10.27	0.22	0.62	11.10
150-199	20.22	15.80	2.67	1.19	11.25	0.16	0.52	11.93
200-249	13.43	16.07	2.53	1.16	11.83	0.13	0.42	12.38
250-399	15.33	17.12	2.45	1.17	13.02	0.12	0.36	13.50
400-499	1.92	18.15	2.21	1.12	14.37	0.14	0.31	14.82
> 499	1.17	19.83	2.18	1.04	16.16	0.20	0.24	16.60
Property Type								
All Property Types	7,754,867	15.52	2.72	1.19	10.88	0.20	0.53	11.61
Detached	86.26	15.60	2.76	1.20	10.92	0.19	0.54	11.64
Manufactured Housing	3.58	13.08	2.71	1.14	8.32	0.37	0.54	9.23
2-4 Units	2.30	16.47	2.19	1.13	12.45	0.39	0.31	13.15
Condo	2.66	13.20	2.03	0.91	9.55	0.24	0.47	10.25
Townhouse	5.20	16.73	2.79	1.24	11.97	0.20	0.52	12.69
Purchase Loan Type								
All Purchase Loans	5,330,736	17.07	2.99	1.32	11.99	0.21	0.56	12.76
Repeat	15.50	14.40	2.75	1.08	9.90	0.19	0.47	10.57
First-time	84.50	17.56	3.04	1.36	12.37	0.21	0.58	13.16
Down Payment Assistance (DPA) Type								
All Sources of Funds	7,754,867	15.52	2.72	1.19	10.88	0.20	0.53	11.61
Government	8.53	18.08	2.75	1.42	13.07	0.22	0.62	13.90
Relative	16.03	19.66	3.38	1.45	13.99	0.22	0.62	14.82
Other	1.87	21.61	4.15	1.76	14.40	0.34	0.96	15.70
Seller Funded	0.48	28.08	5.41	2.26	18.28	0.62	1.51	20.41
No DPA	73.09	14.08	2.52	1.08	9.80	0.19	0.48	10.47

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.
SOURCE: U.S. Department of HUD/FHA, April 2021.

Table 4. Monthly Foreclosure Statistics and Trends

Fiscal Year	Month	Insurance in Force	Foreclosure Starts	In Foreclosure[a]	Foreclosure Claims[b]	Foreclosure Starts: 6-month MA[c]	Annualized Foreclosure Rate[d]%
2018	Mar	8,007,182	10,252	92,153	5,708	9,365	0.85
	Apr	8,012,065	9,701	90,663	5,405	9,521	0.81
	May	8,015,714	10,277	89,409	5,804	9,819	0.87
	Jun	8,024,523	9,114	87,390	5,440	9,862	0.81
	Jul	8,031,487	8,390	82,258	4,882	9,613	0.73
	Aug	8,037,609	9,822	85,106	5,207	9,593	0.77
	Sep	8,048,639	7,836	83,334	4,151	9,190	0.62
2019	Oct	8,062,967	10,364	81,407	5,549	9,301	0.82
	Nov	8,077,125	9,326	80,980	4,488	9,142	0.66
	Dec	8,086,151	9,438	80,094	4,086	9,196	0.60
	Jan	8,112,026	11,406	83,174	4,469	9,699	0.66
	Feb	8,117,180	10,293	84,258	4,355	9,777	0.64
	Mar	8,118,034	10,213	81,377	4,703	10,173	0.69
	Apr	8,117,498	9,466	78,277	4,883	10,024	0.72
	May	8,114,839	8,886	76,321	3,984	9,950	0.59
	Jun	8,114,665	7,718	74,502	3,746	9,664	0.55
	Jul	8,116,418	8,065	73,946	3,761	9,107	0.55
	Aug	8,117,513	9,074	73,562	4,032	8,904	0.59
	Sep	8,107,806	7,841	72,575	3,558	8,508	0.53
2020	Oct	8,098,839	9,781	71,711	4,163	8,561	0.62
	Nov	8,094,347	8,622	71,543	3,652	8,517	0.54
	Dec	8,096,131	9,115	73,070	3,566	8,750	0.53
	Jan	8,125,137	10,759	75,086	3,855	9,199	0.57
	Feb	8,128,001	10,448	75,294	3,378	9,428	0.50
	Mar	8,122,723	6,021	45,107	3,910	9,124	0.58
	Apr	8,118,070	68	32,204	3,365	7,506	0.50
	May	8,098,590	291	27,748	2,301	6,117	0.34
	Jun	8,066,691	442	20,552	2,082	4,672	0.31
	Jul	8,038,312	593	20,737	1,802	2,977	0.27
	Aug	8,013,146	376	20,789	1,589	1,299	0.24
	Sep	7,988,354	475	20,009	1,666	374	0.25
2021	Oct	7,953,267	412	19,270	1,644	432	0.25
	Nov	7,913,900	391	17,932	1,342	448	0.20
	Dec	7,872,710	412	17,397	1,479	443	0.23
	Jan	7,854,545	331	17,037	1,206	400	0.18
	Feb	7,820,058	485	13,862	1,250	418	0.19
	Mar	7,754,867	534	15,667	1,541	428	0.24

[a] Numbers of loans are in some stage of foreclosure processing at the end of each month.
[b] This is the number of claims paid by HUD. These are nearly all for completed foreclosure actions.
[c] The six-month moving average of foreclosure starts is presented here to smooth out variations in actual starts each month.
[d] 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.
SOURCE: U.S. Department of HUD/FHA, April 2021.

Table 5. REO Recovery Rates

Disposition State[b]	Dispositions	Recovery Rates (%) February 2021	January 2021	February 2020	Percentage Point Change From Previous Month	From Previous Year
US	555	56.5	54.3	44.6	2.2	12.0
IL	48	26.1	31.3	20.0	-5.1	6.1
NY	29	31.7	23.9	10.4	7.8	21.3
PR	28	71.7	69.7	58.7	2.0	13.0
OH	27	64.7	56.6	30.2	8.2	34.6
TX	27	65.4	63.9	61.0	1.6	4.4
CT	25	61.7	53.7	42.8	8.0	18.9
MI	25	52.1	76.9	47.6	-24.7	4.5
PA	23	56.1	43.4	38.3	12.8	17.8
MD	22	43.3	52.3	45.1	-9.0	-1.8
NJ	22	38.0	20.0	26.3	18.1	11.7
GA	20	88.9	70.3	56.4	18.6	32.6
AL	17	58.2	75.2	51.2	-17.0	6.9
FL	17	57.7	86.5	57.6	-28.8	0.2
LA	15	43.7	45.2	40.2	-1.5	3.5
OK	15	54.0	65.8	47.2	-11.8	6.8
IN	14	85.0	31.1	42.3	54.0	42.8
MO	12	59.1	54.5	51.0	4.6	8.1
MS	12	47.2	31.3	50.0	15.8	-2.8
SC	12	72.5	52.2	52.8	20.3	19.7
NM	11	40.7	27.4	63.5	13.3	-22.8
MA	10	70.8	84.9	38.4	-14.0	32.5
KS	9	57.8	64.9	57.9	-7.1	-0.1
MN	9	51.8	57.0	52.0	-5.2	-0.2
CO	8	86.0	83.1	84.9	2.9	1.1
KY	8	35.9	64.8	39.6	-28.8	-3.6
VA	8	62.2	36.0	61.3	26.2	0.9
WV	8	56.0	54.1	35.3	1.9	20.7
CA	5	78.2	71.3	73.6	6.9	4.5
SD	5	52.2	66.0	69.0	-13.8	-16.8
TN	5	68.3	88.4	58.8	-20.2	9.4
WI	5	58.4	30.9	40.3	27.6	18.2
WY	5	82.6	60.4	32.1	22.3	50.5
AK	4	66.7	43.9	62.8	22.9	3.9
AR	4	53.0	45.7	39.5	7.4	13.5
IA	4	33.4	23.1	20.3	10.3	13.1
ME	4	40.6	22.6	15.6	18.1	25.0
ND	4	49.1	-48.7	46.9	97.8	2.2
VT	4	1.1	50.8	-18.6	-49.7	19.7
WA	4	165.1	83.7	87.3	81.4	77.8

Table 5. REO Recovery Rates

Disposition State[b]	Dispositions	Recovery Rates (%)			Percentage Point Change	
		February 2021	January 2021	February 2020	From Previous Month	From Previous Year
AZ	3	62.8	66.8	71.2	-4.0	-8.5
NE	3	37.8	-1.9	45.3	39.7	-7.5
RI	3	128.6	71.5	49.7	57.1	78.8
UT	3	55.8	54.1	55.7	1.7	0.1
MT	2	56.8	65.9	47.5	-9.1	9.3
NC	2	71.5	74.8	57.6	-3.2	13.9
NH	2	47.1	65.7	83.8	-18.6	-36.7
HI	1	67.0	na	na	na	na
NV	1	54.4	95.0	54.5	-40.6	-0.1
OR	1	72.7	109.4	85.6	-36.7	-12.9
DE	0	na	72.5	37.7	na	na
ID	0	na	na	76.1	na	na
VI	0	na	31.0	na	na	na

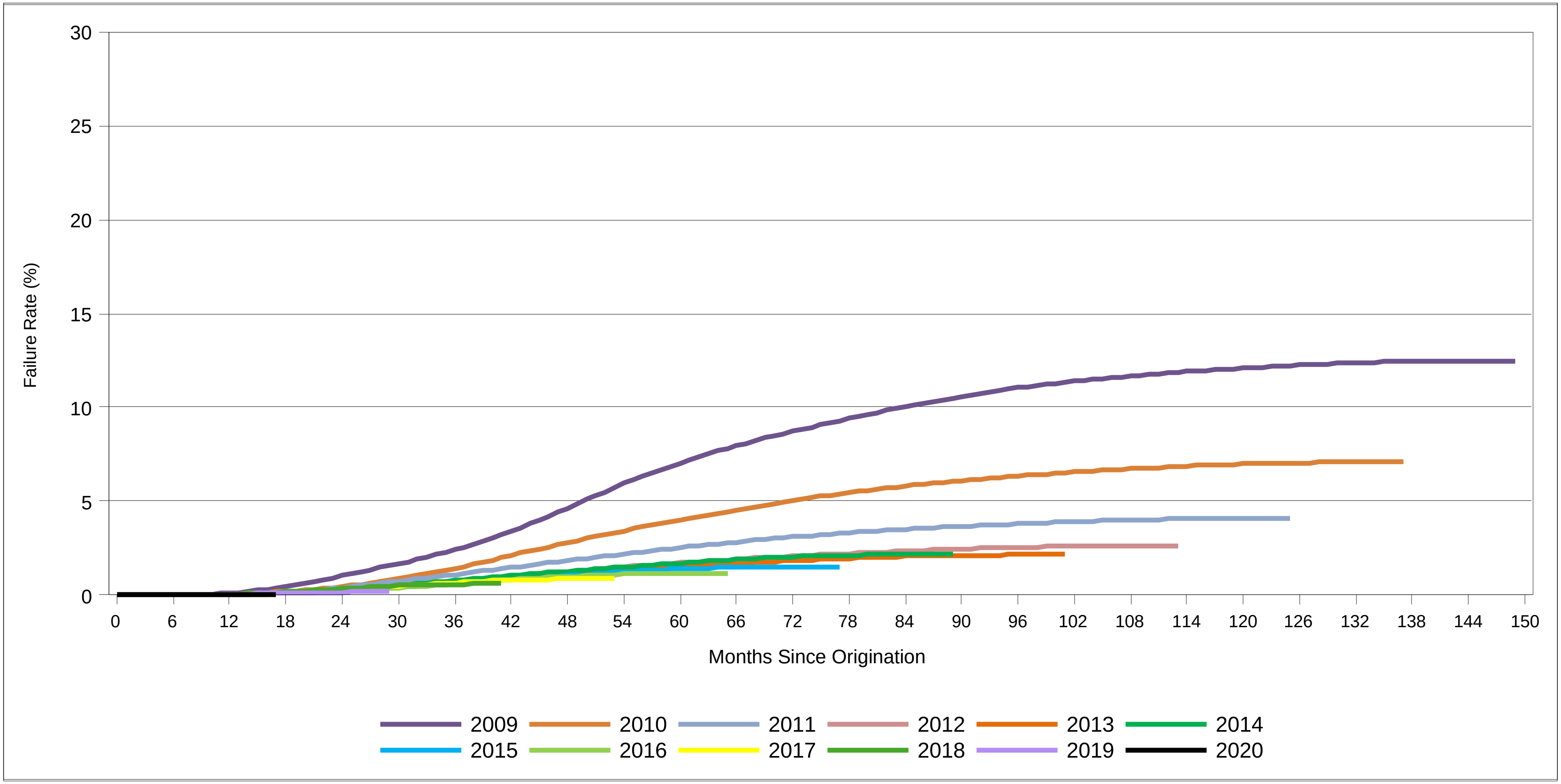
na = not applicable
[a] Rates are percentages of unpaid loan balance at time of default.
[b] State records are sorted by number of dispositions in the most recent month (largest to smallest).
SOURCE: U.S. Department of HUD/FHA, April 2021.

Table 6. REO Components of Loss by Property Disposition Month

	2021		2020										
Disposition Month	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb
Loss Components as Percent of Defaulted Loan Balance													
Claim Expenses[a] (%)	22.07	21.95	20.27	21.96	21.95	21.68	21.33	21.81	20.21	21.51	22.15	21.41	22.25
Holding Costs[b] (%)	6.90	6.42	6.05	6.68	6.51	6.05	5.86	5.72	5.62	5.61	5.48	5.43	5.42
Loss on Collateral[c] (%)	14.32	14.25	14.71	15.04	15.32	16.32	18.69	19.13	20.34	20.69	19.93	21.79	22.57
Sales Expense (%)	5.51	5.65	5.36	5.24	5.55	5.58	5.27	5.08	5.09	5.03	5.38	5.00	4.98
Program Discounts[d] (%)	0.39	0.27	0.14	0.48	0.41	0.48	0.43	0.11	0.32	0.27	0.42	0.25	0.15
Net Loss Rate[e] (%)	43.47	45.68	43.56	46.23	47.97	48.23	50.45	52.10	51.54	53.52	53.53	54.57	55.45
Average Amount													
Average Dollar Loss ($)	51,621	55,564	54,862	56,178	57,214	59,426	61,529	63,595	62,428	65,918	63,389	65,289	65,126
Average Unpaid Balance ($)	118,744	121,646	125,939	121,508	119,260	123,226	121,957	122,071	121,121	123,161	118,423	119,648	117,459
Occurrence Counts													
Number of Dispositions	555	590	737	659	970	1,034	1,243	1,537	1,745	1,617	1,233	1,523	1,507
Number of Discounts	6	5	2	5	6	12	11	4	10	7	10	9	5
Stage	**Average Time in Months**												
Delinquency[f]	10.2	10.5	9.0	10.1	9.8	10.1	9.6	9.9	9.7	9.8	10.0	9.6	9.9
Foreclosure[g]	13.7	12.9	13.2	13.0	13.0	12.9	12.2	12.9	11.9	11.8	10.9	10.9	12.4
Deed Transfer[h]	16.1	15.6	15.0	14.9	13.6	12.9	12.2	11.7	11.1	11.5	10.9	11.3	11.3
REO	5.1	5.2	5.0	5.0	5.2	5.1	4.8	4.9	4.8	4.7	4.5	4.5	4.5
All Stages	44.9	44.0	41.9	43.0	41.4	41.0	38.8	39.3	37.3	37.7	36.3	36.2	38.0

[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 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, April 2021.

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.
Due to late reporting by a large servicer, the delinquency rates for February 2021 are likely understated
SOURCE: U.S. Department of HUD/FHA, April 2021.