August 2023 Credit Risk

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							
Aug 2022	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
Mar	7,358,889	4.56	1.48	3.44	0.60	0.50	4.53
Apr	7,377,794	5.47	1.59	3.33	0.58	0.49	4.39
May	7,399,291	5.17	1.65	3.29	0.54	0.48	4.30
Jun	7,424,630	5.21	1.69	3.24	0.50	0.48	4.21
Jul	7,450,024	5.43	1.79	3.18	0.46	0.48	4.12
Aug	7,483,303	5.52	1.83	3.06	0.45	0.46	3.97
Seasonally Adjusted							
Aug 2022	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
Mar	7,358,889	5.27	1.71	3.57	0.58	0.50	4.66
Apr	7,377,794	5.97	1.81	3.49	0.56	0.48	4.54
May	7,399,291	5.51	1.82	3.49	0.53	0.48	4.49
Jun	7,424,630	5.28	1.79	3.44	0.49	0.47	4.40
Jul	7,450,024	5.56	1.83	3.39	0.46	0.48	4.34
Aug	7,483,303	5.38	1.78	3.18	0.45	0.47	4.10

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 shownabove 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, September 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	Marital Difficulties	No Contact	National Emergency[a]	Other[b]
2018 Q4	84,207	29.86	6.25	23.85	12.51	3.72	8.78	4.84	10.20
2019 Q1	92,087	29.25	6.03	23.87	12.47	3.45	8.68	6.05	10.20
2019 Q2	84,804	28.81	6.09	22.86	12.36	3.45	8.65	8.29	9.48
2019 Q3	69,301	26.78	5.77	22.15	12.28	3.48	7.93	12.23	9.37
2019 Q4	90,540	25.33	5.30	21.65	11.47	3.09	7.39	16.89	8.88
2020 Q1	114,279	21.55	4.44	18.31	9.46	2.39	6.57	25.54	11.74
2020 Q2	86,764	17.53	4.25	15.32	7.79	1.88	7.63	37.75	7.85
2020 Q3	467,550	5.94	1.91	2.90	1.15	0.24	1.33	81.95	4.60
2020 Q4	350,800	4.95	1.75	2.67	1.10	0.22	1.44	83.87	4.01
2021 Q1	190,205	5.58	2.02	3.60	1.81	0.36	2.51	80.13	3.98
2021 Q2	139,462	5.52	2.06	3.79	2.08	0.35	2.89	79.06	4.25
2021 Q3	79,560	5.77	1.95	4.63	2.86	0.49	3.58	76.09	4.64
2021 Q4	85,599	6.75	2.06	5.92	3.41	0.65	4.35	72.09	4.77
2022 Q1	106,129	7.25	2.08	6.59	3.84	0.69	4.40	69.85	5.29
2022 Q2	109,858	8.86	2.48	7.57	4.52	0.79	4.58	65.60	5.60
2022 Q3	95,198	10.98	3.03	9.34	5.62	1.03	4.85	58.77	6.38
2022 Q4	121,555	13.72	3.79	10.67	6.56	1.24	4.78	53.04	6.22
2023 Q1	137,467	15.58	4.35	11.40	7.16	1.40	4.84	47.66	7.60
2023 Q2	120,678	17.92	5.29	12.15	8.18	1.46	5.67	42.01	7.32
2023 Q3	115,551	20.99	6.28	13.87	9.11	1.69	7.23	33.84	6.99
2023 Q4 - Jul	47,290	23.02	7.05	15.28	9.46	1.59	10.03	27.27	6.30
2023 Q4 - Aug	47,522	20.99	7.65	15.20	8.96	1.53	15.20	23.35	7.12

[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, September 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	7,483,303	11.32	5.52	1.83	3.06	0.45	0.46	3.97
Purchase	70.85	12.85	6.21	2.12	3.55	0.48	0.49	4.52
Refinance	29.15	7.59	3.83	1.11	1.86	0.38	0.40	2.65
Refinance								
Refinance Loans	2,181,661	7.59	3.83	1.11	1.86	0.38	0.40	2.65
Conventional	31.45	8.27	4.02	1.19	2.05	0.54	0.48	3.06
No Cash-out	15.83	8.29	4.06	1.16	2.01	0.57	0.49	3.07
Cash-out	15.62	8.26	3.99	1.22	2.09	0.51	0.46	3.05
FHA	18.98	7.53	3.96	1.15	1.86	0.22	0.34	2.42
No Cash-out	7.97	7.32	3.80	1.09	1.83	0.25	0.34	2.42
Cash-out	11.01	7.68	4.07	1.19	1.89	0.20	0.33	2.42
Streamline	49.57	7.18	3.67	1.05	1.75	0.33	0.38	2.47
Credit Score Range[d]								
Loans with Credit Scores	6,207,835	11.74	5.70	1.91	3.22	0.45	0.46	4.13
< 500	0.07	23.57	9.91	3.59	6.95	1.53	1.60	10.08
500-579	1.59	21.09	9.82	3.34	5.59	1.08	1.26	7.93
580-619	8.79	20.17	9.31	3.44	5.73	0.81	0.88	7.42
620-659	34.53	15.99	7.74	2.65	4.42	0.55	0.62	5.60
660-719	39.24	8.94	4.47	1.40	2.41	0.34	0.32	3.08
720-850	15.78	3.68	1.84	0.53	0.97	0.21	0.13	1.32
Fiscal Year Cohort								
All Cohorts	7,483,303	11.32	5.52	1.83	3.06	0.45	0.46	3.97
pre-2008	7.58	14.50	7.12	2.30	3.56	0.78	0.73	5.07
2008	1.52	17.65	8.07	2.58	4.48	1.36	1.15	6.99
2009	2.97	12.81	6.04	1.91	3.12	0.95	0.79	4.86
2010	3.59	10.30	4.94	1.54	2.63	0.64	0.54	3.82
2011	2.87	8.97	4.32	1.42	2.29	0.51	0.45	3.24
2012	3.67	7.44	3.63	1.14	1.93	0.36	0.38	2.67
2013	5.18	6.28	3.11	0.94	1.57	0.31	0.35	2.22
2014	2.20	12.02	5.67	1.82	3.09	0.65	0.79	4.53
2015	3.69	12.17	5.83	1.88	3.07	0.56	0.83	4.46
2016	5.19	12.28	6.01	1.90	3.00	0.55	0.81	4.37
2017	5.72	13.33	6.44	2.07	3.38	0.61	0.82	4.82
2018	4.65	17.00	7.74	2.73	4.78	0.83	0.94	6.54
2019	4.68	17.99	8.17	2.98	5.21	0.88	0.76	6.85
2020	9.39	11.62	5.66	1.94	3.29	0.39	0.35	4.02
2021	15.73	10.23	5.16	1.70	2.94	0.22	0.21	3.36
2022	12.52	11.82	5.83	1.97	3.67	0.19	0.16	4.02
2023	8.84	4.72	2.78	0.87	1.02	0.03	0.02	1.07

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	7,483,303	11.32	5.52	1.83	3.06	0.45	0.46	3.97
< 50	1.75	12.23	5.86	1.91	2.92	0.99	0.56	4.46
50-99	16.84	11.14	5.44	1.74	2.71	0.67	0.57	3.96
100-149	22.34	11.32	5.56	1.80	2.88	0.50	0.58	3.96
150-199	19.11	11.68	5.75	1.90	3.12	0.41	0.50	4.03
200-249	14.01	11.48	5.65	1.88	3.18	0.35	0.42	3.95
250-399	20.28	11.26	5.45	1.86	3.34	0.31	0.32	3.96
400-499	3.58	10.30	4.82	1.67	3.33	0.31	0.18	3.82
> 499	2.09	9.86	4.38	1.56	3.33	0.42	0.17	3.92
Property Type								
All Property Types	7,483,303	11.32	5.52	1.83	3.06	0.45	0.46	3.97
Detached	85.44	11.48	5.63	1.86	3.09	0.43	0.47	3.99
Manufactured Housing	4.00	10.41	5.09	1.66	2.54	0.63	0.49	3.65
2-4 Units	2.58	8.83	3.91	1.29	2.68	0.72	0.22	3.62
Condo	2.39	8.28	3.81	1.22	2.33	0.51	0.41	3.25
Townhouse	5.58	11.90	5.57	1.93	3.46	0.51	0.43	4.40
Purchase Loan Type								
All Purchase Loans	5,301,349	12.85	6.21	2.12	3.55	0.48	0.49	4.52
Repeat	14.76	10.40	5.27	1.64	2.69	0.37	0.43	3.49
First-time	85.24	13.28	6.38	2.20	3.70	0.50	0.50	4.70
Down Payment Assistance (DPA) Type								
All Sources of Funds	7,483,303	11.32	5.52	1.83	3.06	0.45	0.46	3.97
Government	9.53	13.69	6.35	2.31	4.08	0.45	0.50	5.03
Relative	16.59	15.28	7.39	2.55	4.25	0.54	0.55	5.34
Other	1.69	16.16	7.65	2.61	4.42	0.64	0.83	5.89
Seller Funded	0.39	21.39	9.83	3.37	5.55	1.18	1.47	8.20
No DPA	71.80	9.92	4.90	1.57	2.60	0.42	0.43	3.45

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 shownabove 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, September 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	Aug	8,013,146	386	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	415	0.18
	Feb	7,820,058	504	13,862	1,250	434	0.19
	Mar	7,754,867	589	15,667	1,540	452	0.24
	Apr	7,712,623	516	15,230	1,130	468	0.18
	May	7,675,350	460	15,061	981	479	0.15
	Jun	7,627,918	544	15,607	1,088	497	0.17
	Jul	7,588,572	719	15,804	916	555	0.14
	Aug	7,546,269	1,097	27,891	979	654	0.16
	Sep	7,498,614	806	52,834	830	690	0.13
2022	Oct	7,457,304	995	46,526	735	770	0.12
	Nov	7,408,662	1,913	81,541	723	1,012	0.12
	Dec	7,369,234	1,927	132,560	738	1,243	0.12
	Jan	7,344,489	6,218	58,513	820	2,159	0.13
	Feb	7,313,781	6,411	42,421	784	3,045	0.13
	Mar	7,279,440	12,484	45,348	1,085	4,991	0.18
	Apr	7,256,669	7,260	43,255	1,236	6,036	0.20
	May	7,241,481	7,009	46,203	1,111	6,885	0.18
	Jun	7,238,927	7,402	46,146	1,113	7,797	0.18
	Jul	7,243,496	6,411	45,616	1,071	7,830	0.18
	Aug	7,251,083	7,121	45,509	1,312	7,948	0.22
	Sep	7,263,194	6,549	42,427	1,125	6,959	0.19
2023	Oct	7,277,614	6,207	40,020	1,042	6,783	0.17
	Nov	7,297,596	6,063	40,499	1,013	6,626	0.17
	Dec	7,314,834	6,627	41,967	1,044	6,496	0.17
	Jan	7,334,648	7,207	43,335	1,017	6,629	0.17
	Feb	7,342,653	7,366	44,386	1,238	6,670	0.20
	Mar	7,358,889	8,259	44,042	1,377	6,955	0.22
	Apr	7,377,794	6,955	42,490	1,075	7,080	0.17
	May	7,399,291	6,512	39,764	1,348	7,154	0.22
	Jun	7,424,630	5,407	36,823	1,302	6,951	0.21
	Jul	7,450,024	4,887	34,171	1,169	6,564	0.19
	Aug	7,483,303	5,910	33,749	1,438	6,322	0.23

[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, September 2023.

Table 5. REO Recovery Rates

Disposition State[b]	Dispositions	Recovery Rates (%)			Percentage Point Change	
		July 2023	June 2023	July 2022	From Previous Month	From Previous Year
US	263	77.1	73.6	72.9	3.5	4.3
TX	32	77.0	73.2	81.7	3.8	-4.7
PR	29	76.7	66.4	69.9	10.3	6.8
OH	18	44.8	68.7	68.0	-23.9	-23.2
MI	15	67.2	68.6	80.4	-1.4	-13.2
IL	13	39.9	52.6	55.2	-12.7	-15.3
KY	13	69.8	84.6	62.7	-14.8	7.1
VA	13	96.3	88.5	84.9	7.8	11.4
AL	9	79.6	74.5	78.2	5.1	1.4
PA	9	78.6	65.3	62.5	13.3	16.1
LA	8	64.4	54.0	48.5	10.4	16.0
CO	7	82.0	91.2	103.2	-9.2	-21.2
NC	6	91.5	118.1	115.4	-26.6	-23.9
NY	6	44.8	27.6	56.1	17.2	-11.3
CT	5	71.1	81.9	97.5	-10.8	-26.4
MO	5	90.7	63.9	66.4	26.8	24.2
MS	5	100.1	40.9	82.9	59.2	17.2
NM	5	76.8	89.6	75.2	-12.8	1.7
WV	5	104.9	37.7	70.3	67.2	34.6
FL	4	91.2	116.0	92.0	-24.8	-0.9
GA	4	77.9	77.7	101.1	0.2	-23.2
IN	4	80.0	93.9	90.2	-13.9	-10.2
KS	4	73.8	61.2	81.8	12.6	-8.0
MD	4	84.9	77.4	55.0	7.5	29.9
OK	4	50.4	68.5	74.1	-18.1	-23.7
SC	4	103.0	63.6	112.6	39.4	-9.6
TN	4	102.6	108.6	71.1	-6.0	31.6
WY	4	83.5	70.2	68.4	13.3	15.1
CA	3	81.3	102.7	75.8	-21.4	5.5
MA	3	104.2	na	na	na	na
MN	3	74.4	83.4	58.3	-9.0	16.1
WI	3	89.2	94.1	101.9	-4.9	-12.7
IA	2	9.3	59.5	na	-50.2	na
ND	2	32.5	63.5	52.7	-31.0	-20.2
NJ	2	62.9	40.4	65.2	22.5	-2.2
WA	2	119.7	na	na	na	na
AR	1	-42.8	55.7	-5.2	-98.5	-37.6
AZ	1	93.5	148.0	79.1	-54.5	14.4
MT	1	48.9	69.5	58.8	-20.6	-9.9
OR	1	79.1	na	80.2	na	-1.2

Table 5. REO Recovery Rates

Disposition State[b]	Dispositions	Recovery Rates (%)			Percentage Point Change	
		July 2023	June 2023	July 2022	From Previous Month	From Previous Year
AK	0	na	86.1	na	na	na
DE	0	na	87.5	89.7	na	na
HI	0	na	54.2	na	na	na
ME	0	na	na	29.8	na	na
NH	0	na	81.8	na	na	na
NV	0	na	88.8	na	na	na
RI	0	na	na	79.3	na	na
UT	0	na	na	81.4	na	na

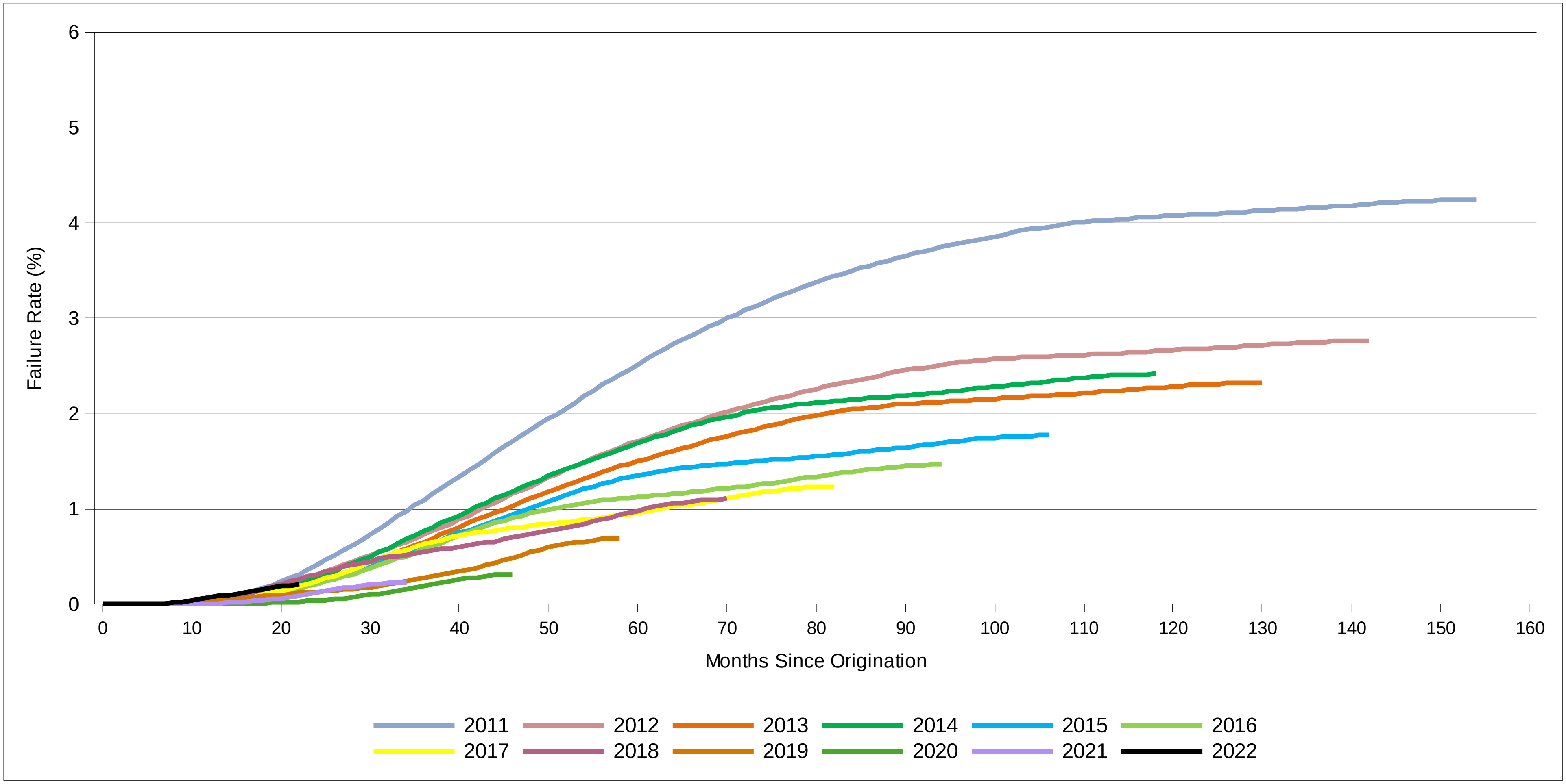
na = not applicable
[a] Rates are percentages of unpaid loan balance at time of default.
[b] State records are sorted by number of dispositions in the most recent month (largest to smallest).
SOURCE: U.S. Department of HUD/FHA, September 2023.

Table 6. REO Components of Loss by Property Disposition Month

Disposition Month	2023 Jul	2023 Jun	2023 May	2023 Apr	2023 Mar	2023 Feb	2023 Jan	2022 Dec	2022 Nov	2022 Oct	2022 Sep	2022 Aug	2022 Jul
Loss Components as Percent of Defaulted Loan Balance													
Claim Expenses[a] (%)	21.75	23.19	24.07	23.54	26.67	27.24	26.51	26.39	27.26	25.51	27.05	29.19	25.19
Holding Costs[b] (%)	8.56	9.30	7.87	7.48	7.59	8.37	8.36	8.26	8.34	8.77	9.05	9.49	9.31
Loss on Collateral[c] (%)	14.25	13.36	14.54	6.16	10.26	8.89	5.96	8.74	7.84	4.09	5.12	10.36	10.70
Sales Expense (%)	6.90	7.19	6.90	6.35	7.17	6.41	6.32	6.68	6.47	6.26	6.37	6.46	6.58
Program Discounts[d] (%)	0.05	0.91	0.62	0.05	0.65	0.00	0.00	0.24	0.20	0.47	0.25	0.00	0.00
Net Loss Rate[e] (%)	22.85	26.35	25.02	32.16	31.83	31.78	34.22	32.97	31.64	31.35	33.76	34.38	27.11
Average Amount													
Average Dollar Loss ($)	30,686	35,831	35,092	43,067	41,091	39,579	41,237	38,736	40,349	37,095	40,930	42,205	32,344
Average Unpaid Balance ($)	134,287	135,960	140,283	133,911	129,090	124,547	120,493	117,480	127,539	118,319	121,245	122,763	119,312
Occurrence Counts													
Number of Dispositions	263	355	339	280	314	271	204	271	253	232	218	218	212
Number of Discounts	1	4	4	1	3	0	0	1	1	2	1	0	0
Stage — **Average Time in Months**													
Delinquency[f]	14.9	16.2	14.0	16.4	15.1	13.2	15.2	14.1	14.4	15.6	16.1	10.6	12.4
Foreclosure[g]	16.1	15.9	16.6	14.7	19.2	18.3	17.9	19.3	19.7	17.5	15.9	18.5	19.4
Deed Transfer[h]	9.2	10.2	9.9	9.9	10.8	12.8	11.7	10.9	13.0	14.2	13.9	15.7	16.3
REO	4.9	5.8	4.7	4.9	5.2	5.9	5.4	5.7	5.4	5.5	6.1	6.2	6.6
All Stages	45.0	48.0	45.1	46.2	50.1	49.8	49.7	49.9	52.4	52.4	51.7	51.3	54.4

[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, September 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, September 2023.