

Mortgage Delinquencies and Forbearance

As of year end 2020, what is happening in mortgage delinquencies? Clearly forbearance has played a big role. In the most recent statistics, a little over 5% of all mortgages are in forbearance (or still in forbearance). This has decreased over time since the initial wave of forbearance as loans were re-worked, borrowers became re-employed, or borrowers realized that they could continue to pay the mortgage as required instead of incurring more interest and longer debt. The forbearance isn't forgiveness. It delays payments but at a cost. In addition, loans in forbearance could not re-finance except at **GREAT** cost due to penalty payments imposed for risk.

FHA loans continue to be the riskiest loans for borrowers. Delinquencies consistently are 3 times that of conventional loans and the recent pandemic shows to be no exception. Not evident in the graph is additional detail on how delinquent various loans are. While the delinquency rate for FHA noted in the graph ended the year at 14.65% and shows a decline from earlier in the year, the seriously delinquent rate reached a record high of all time at 11.19%. These would be loans 90 days past due, not just one payment late. And none of these numbers include loans already in the process of foreclosure.

Planning for a mortgage, understanding the various mortgage sources and the risks are important when selecting a mortgage. [Winning Mortgage, Winning Home](#) and [mywinningmortgage.com](#) can be important resources to prepare for the best choice and to avoid making the wrong choice.

